

1 ILLINOIS FINANCE AUTHORITY
2 REGULAR MEETING
3 April 13, 2017 at 9:30 a.m.
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7 Report of Proceedings had at the Regular
8 Meeting of the Illinois Finance Authority on April
9 13, 2017, at the hour of 9:30, a.m., pursuant to
10 notice, at 160 North LaSalle Street, Suite S1000,
11 Chicago, Illinois.
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1 APPEARANCE:
2 ILLINOIS FINANCE AUTHORITY MEMBERS
Page 1

3 MR. R. ROBERT FUNDERBURG, Chair man
MR. ERIC ANDERBERG
4 MR. ROBERT HORNE
MS. ARLENE JURACEK
5 MR. LERRY KNOX
MS. GILA J. BRONNER
6 MR. MICHAEL W. GOETZ
MR. BRADLEY A. ZELLER
7 MR. LYLE McCOY
MS. BETH SMOOTS
8 MR. GEORGE OBERNAGEL
9
ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
10 MR. BRAD FLETCHER, Assi stant
Vi ce-Presi dent
11 MR. RI CH FRAMPTON, Vi ce-Presi dent
MS. PAMELA LENANE, Vi ce-Presi dent
12 MS. ELI ZABETH WEBER, General Counsel
MS. XIMENA GRANDA, Control l er
13 MR. CHRI STOPHER B. MEI STER, Executi ve
Di rector
14 MR. PATRI CK EVANS, Agri cul tural Banker
(Vi a Audi o Conference)
15 MS. DENI SE BURN, Deputy General Counsel
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18
19 GUESTS:
20 MS. BARBARA NATHAN, CEO, Westmi nster Vi ll age
MS. LESLIE SHOWERS, Insti tute of Cul tural Affai rs
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CHAIRMAN FUNDERBURG: I would like to call
to order the Illinois Finance Authority
meeting. Thank you all for coming. We do have
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7 a full agenda and would like to move through.
8 First order of business is a call to order.
9 FLETCHER: Certainly. The time is 9:35
10 a.m. I will call the roll of the Members
11 physically present first.
12 Mr. Anderberg?
13 ANDERBERG: Here.
14 FLETCHER: Ms. Bronner?
15 BRONNER: Here.
16 FLETCHER: Mr. Goetz?
17 GOETZ: Here.
18 FLETCHER: Mr. Horne?
19 HORNE: Here.
20 FLETCHER: Ms. Juracek?
21 JURACEK: Here.
22 FLETCHER: Mr. Knox?
23 KNOX: Here.
24 FLETCHER: Mr. McCoy?

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1 McCOY: Here.
2 FLETCHER: Mr. Obernagel?
3 OBERNAGEL: Here.
4 FLETCHER: Ms. Smoots?
5 SMOOTS: Here.
6 FLETCHER: Mr. Zeller?
7 ZELLER: Here.
8 FLETCHER: Mr. Chairman?
9 CHAIRMAN FUNDERBURG: Here.
10 FLETCHER: Mr. Chairman, a quorum of
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11 Members physically present in the room has been
12 constituted. At this time, I would like to ask
13 if any Members would like to attend by audio
14 conference.

15 (No response.)

16 Hearing none, we may continue.

17 CHAIRMAN FUNDERBURG: All right. Thank
18 you. Does anyone wish to make any additions,
19 edits or corrections to today's agenda?

20 (No response.)

21 If not, then I would like to ask for a
22 motion to approve the agenda. Is there such a
23 motion?

24 BRONNER: So moved.

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1 CHAIRMAN FUNDERBURG: Second?

2 HORNE: Second.

3 CHAIRMAN FUNDERBURG: All those in favor,
4 say aye.

5 (Chorus of ayes.)

6 CHAIRMAN FUNDERBURG: Any opposed?

7 (No response.)

8 CHAIRMAN FUNDERBURG: Ayes have it.

9 Also, in my remarks, I would like to just
10 read this so bear with me as I go through it.
11 I will note that I called a Special Meeting of
12 the Executive Committee today, which is
13 composed of the respective Chairs of all the
14 functional committees, Audit Plus, Tax Exempt,

15 and Direct and Alternative, as well as
16 Governance. That will be at 11:00 o'clock
17 today, immediately following this meeting.

18 At this point in the fiscal year, we are
19 interested in looking at the following: 1 is a
20 forward outlook for the remainder of the fiscal
21 year, 2017, which is shaping up to be a very
22 good year by a number of measures, as well as
23 what we can see going forward in fiscal '18.
24 Also, framework for emergency contingency

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1 planning, as well as a framework for our
2 Authority's public mission, statutory powers
3 and current programs.

4 The Executive Committee agenda is posted
5 and included in your manila folders for your
6 convenience. I anticipate that these agenda
7 items will be for discussion purposes only. If
8 necessary, the Executive Committee can
9 reconvene in advance of the May meeting for
10 action in ultimate recommendation to the full
11 Board for consideration and approval.

12 Chris.

13 MEISTER: Thank you, Rob. My April
14 remarks are found in the Board book and on-line
15 in the Message from the Executive Director. I
16 just want to highlight a number of exciting
17 projects that are on the agenda.

18 The Camcraft project is the first
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19 industrial revenue bond on our agenda since
20 2015. We did close the latest tranche on the
21 ConterPoint deal, and as the Members and
22 stakeholders know, that is a huge job impact
23 for our state, in the thousands of jobs.

24 We also have a newer borrower, Pacific

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1 Oaks Education, which is multi-state, a couple
2 of CCRCs, continuing care retirement
3 communities, of which Barbara Nathan of
4 Westminster Village is here from Bloomington.
5 Thank you for making the trip up I-55, as well
6 as The Lodge at Northbrook.

7 Also, something that is not on our agenda
8 everyday, we have the tail end of our
9 allocation of some federal Qualified Energy
10 Conservation Bonds that is part of a very
11 innovative urban redevelopment project with a
12 non-profit The Institute of Cultural Affairs,
13 and finally, and, again, a statewide resource
14 and asset, we are very pleased to have the Ann
15 and Robert H. Lurie Children's Hospital of
16 Chicago on the agenda. And again, one of the
17 great things about working with this Board is,
18 we have a mix of newer Members and
19 longer-tenured Members, but I do want to
20 highlight a project from 2008 that is
21 performing well, that has some, that had some
22 really remarkable statewide benefit.

23 We did a small part, about \$50,000,000 of
24 an enormous new coal plant that was located at

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1 the mouth of a coal mine in Washington County,
2 Illinois. It's called Prairie Power, and the
3 Kroll Bond Rating Agency recently reaffirmed
4 its stable outlook and its rating of A-, and I
5 think we do have one Member that has some
6 firsthand experience with the enormous jobs
7 benefit of this project.

8 GOETZ: Yeah. I was on the Board back in
9 2008 when we initially approved this, and I
10 said back then that it looks like this could be
11 a full employment program for construction
12 craft workers, and a lot of you know I come out
13 of a construction craft union, and it would be
14 a full employment program for our members down
15 there, and what I said became true, and they
16 employed over 4,000 people to build this power
17 plant. They worked 24 million manhours on this
18 power plant and were paid over a billion
19 dollars in wages.

20 So this indeed has been a full-approach
21 employment program for the construction crafts
22 down in Southwestern, Illinois, so...

23 CHAIRMAN FUNDERBURG: Thank you. Thank
24 you, Chris. Thank you, Mike.

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1 Next is a consideration of the minutes.
2 Does anyone have any additions, edits or
3 corrections to the minutes of the March 9th
4 meeting?

5 (No response.)

6 If not, then is there a motion to approve
7 the minutes?

8 OBERNAGEL: I will, Mr. Chairman.

9 CHAIRMAN FUNDERBURG: Motion made by Mr.
10 Obernagel. Is there a second?

11 KNOX: Second.

12 CHAIRMAN FUNDERBURG: Seconded by
13 Mr. Knox. All of those in favor, please say
14 aye.

15 (Chorus of ayes.)

16 CHAIRMAN FUNDERBURG: Opposed?

17 (No response.)

18 CHAIRMAN FUNDERBURG: Okay. Thank you.
19 Next, Six.

20 GRANDA: Good morning, Everyone. I will
21 be presenting the financial statements for the
22 nine months ending March 31st, 2017. I will be
23 brief since we have a big agenda.

24 The Authority's general operating fund is

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1 as follows: Our total annual revenue equals
2 \$4.3 million, and is \$618,000, or 16.6 percent

3 higher than budget, and that's due primarily to
4 our higher closing fees.

5 In March, the Authority generated \$135,000
6 in closing fees, which is \$156,000 lower than
7 the monthly budget of \$291,000. Our total
8 annual expenses equals \$2.4 million and are
9 \$1.3 million, or 34.4 percent lower than
10 budget, which is mostly driven by the vacant
11 budgeted staff positions and our reduction in
12 spending on professional services.

13 In March, the Authority recorded operating
14 expenses of \$263,000, which is lowered by
15 \$149,000 from the budgeted amount of \$412,000.
16 The variance is due to employer-related
17 expenses, as professional services, as
18 mentioned before.

19 Our total monthly net loss for March is
20 \$25,000, and this is due to lower-than-expected
21 closing fees.

22 Our total annual net income is at \$2.5
23 million. The major driver of the annual
24 positive bottom line continues to be the level

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1 of overall spending below budget at 34.4%, as
2 well as higher closing fees and administrative
3 service fees.

4 Since I have to be brief, I'm just going
5 to mention something about looking forward in
6 the coming month, in the month of April the

7 Authority anticipates closing fees from
8 Montgomery Place in the amount of \$95,000;
9 Westminster Village in the amount of \$87,000;
10 Muirfield West, LLC, in the amount of \$65,000;
11 and a TEFRA Hearing for the Black Ensemble
12 Theatre in the amount of \$5,000.

13 Also in April, the Authority anticipates
14 paying out \$418,000 on an agricultural
15 guarantee loan. This disbursement will be made
16 from our industrial revenue insurance fund, and
17 the Authority already reserved for this loss in
18 fiscal year 2016.

19 Is there any questions?

20 (No response.)

21 Any additional reports are located in the
22 financial statements tab, which is just a
23 listing of all of our local government loans
24 that we have done.

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1 CHAIRMAN FUNDERBURG: Thank you, Ms.
2 Granda.

3 At this time I would like to ask for a
4 motion to accept the Financial Reports. Is
5 there such a motion?

6 BRONNER: So moved.

7 CHAIRMAN FUNDERBURG: Okay. Second?

8 JURACEK: Second.

9 CHAIRMAN FUNDERBURG: All those in favor,
10 say aye.

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(Chorus of ayes.)

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CHAIRMAN FUNDERBURG: Any opposed?

(No response.)

CHAIRMAN FUNDERBURG: Okay. Ayes have it.
Next, our monthly procurement reports.

Ms. Burn.

BURN: Good morning.

CHAIRMAN FUNDERBURG: Good morning.

BURN: In addition to closing a number of
small purchases, we completed our legal
services RFQ, and a couple of other contracts
with our loan portfolio management company and
also with our telecom agency, and we also are
kicking off today, as a matter of fact, the

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competitive solicitation with respect to the
underwriters for the State Revolving Loan
Program.

Any questions?

(No response.)

CHAIRMAN FUNDERBURG: Okay. Thank you.
Next are Committee Reports. Mr. McCoy.

McCOY: I will probably defer to Mr.
Horne.

CHAIRMAN FUNDERBURG: Oh, I'm sorry. Mr.
Horne.

HORNE: Sure. So the Tax Exempt Conduit
Committee met this morning, and unanimously
recommended for approval on today's agenda the

15 beginning farm bond; the Muirfield West, LLC
16 application; Pacific Oaks Education
17 Corporation; the Westminster Village; the Lodge
18 of Northbrook; and the Ann and
19 Robert H. Lurie Children's Hospital.

20 There was also the establishment of a
21 Green Community Program using Qualified Energy
22 Conservation Bonds, and a resolution approving
23 the preliminary allocation for the bonding
24 authority of Qualified Energy Conservation

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1 Bonds to the Institute of Cultural Affairs. So
2 that's our report.

3 CHAIRMAN FUNDERBURG: Thank you. Next we
4 have presentation and Consideration of Project
5 Reports and Resolutions. Oh, excuse me. Thank
6 you. Yeah. I would like to ask for the
7 general consent of the Members to consider the
8 Project Reports and Resolutions collectively
9 and to have the subsequent recorded vote apply
10 to each respective individual project and
11 resolution, unless are there any specific
12 Project Reports and Resolutions that a Member
13 would like to consider separately.

14 GOETZ: Mr. Chairman, I need to recuse
15 myself from Item No. 6, the Ann and Robert H.
16 Lurie Children's Hospital of Chicago. My son
17 works for the financial adviser.

18 CHAIRMAN FUNDERBURG: Okay. Thank you.

19 HORNE: And I would also like to recuse
20 myself from the same matter. I'm a member of,
21 a senior member of the foundation board and a
22 member of their real estate committee.

23 CHAIRMAN FUNDERBURG: Okay. Thank you.
24 So please note that Mr. Goetz and Mr. Horne

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1 will be recusing themselves from that, and
2 anybody else at all?

3 (No response.)

4 CHAIRMAN FUNDERBURG: If not, we would
5 like to ask the staff to now present the
6 Project Resolutions which may be considered
7 collectively. Item No. 6 will be considered
8 separately at the end.

9 Patrick Evans, I think you are up first.

10 EVANS: Yes. Thank you, Chairman. Today
11 there is one beginner farming bond. This bond
12 will have a first mortgage position relating to
13 it. The borrowers are Benjamin & Amberlyn
14 Wendling. They are purchasing 80 acres of bare
15 land real estate. The total cost of this
16 purchase is \$516,000, or \$6,450 per acre.
17 Peoples State Bank of Newton will retain
18 50 percent of purchase, or \$258,000. They will
19 utilize the FSA 5-45-50 Beginning Farmer
20 Program, and as stated, our loan, IFA's loan,
21 will have the first mortgage on 80 acres, with
22 FSA having a second mortgage relating to the

23 45 percent.

24 The property is located in the

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1 southeastern corner of Effingham County, and
2 the terms of the bonds are identified in the
3 write-up.

4 Any questions?

5 (No response.)

6 EVANS: Thank you.

7 CHAIRMAN FUNDERBURG: Thank you.

8 FRAMPTON: Okay. Tab 2 in your Board book
9 is a Final Bond Resolution for Muirfield West.
10 The underlying borrower is Camcraft, Inc.,
11 along with their affiliate, Matrix Design. The
12 Board last reviewed this project in June of
13 2011. It's returning now for a bond
14 resolution. Since that time, Matrix Design
15 actually has leases running out, and that's one
16 of the reasons the project has taken two years
17 to move forward.

18 In terms of structure, very
19 straightforward. First American Bank will be
20 the purchaser of the bonds. First American
21 Bank is the relationship bank for Muirfield
22 West, as well as the underlying operating
23 companies.

24 Camcraft was purchased by the current

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1 owners in 1986. At that time they formed
2 Muirfield West to own real estate that is
3 leased to Camcraft. This project will
4 construct a second satellite manufacturing
5 facility in Bartlett, Illinois. It's located
6 exactly 6 miles west of Camcraft's current
7 operation in Hanover Park.

8 Additionally, the Matrix Design operation,
9 which is currently in South Elgin, will move
10 exactly 6 miles to the east in Bartlett. So
11 upon completion of this project, Camcraft will
12 have an 85,000 square foot facility in Hanover
13 Park, and 100,000 square feet in Bartlett.

14 Overall, the two companies currently
15 employ 349 people. 35 people will be
16 transferred from Hanover Park to Bartlett and
17 all 110 will move from the leased facilities in
18 South Elgin to Bartlett.

19 Again, First American Bank is the
20 purchaser of the bonds. The financials of this
21 company, the financial condition of these
22 companies is extremely strong. Camcraft
23 manufactures custom design and engineered
24 machine components for cars, heavy-duty trucks

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1 and construction equipment. Applications
2 include fuel-injector bodies and nozzles,
3 control valves used in variable valve timing,

4 stability control systems and continuously
5 variable transmissions. Matrix Design designs
6 and engineers robotic automation systems,
7 deburring machines, as well as automated
8 pallet-moving devices.

9 So given the fact that this is an
10 engineering-based company, they need to have
11 their engineering, they need to have their
12 engineering resources located close by. So
13 this new Bartlett facility will really be a
14 satellite operation in Hanover Park.

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

17 (No response.)

18 FRAMPTON: Okay. Thank you very much.

19 CHAIRMAN FUNDERBURG: Thank you.

20 FLETCHER: Mr. Chairman, Members, next is
21 Tab 3 in your Board books, which is a Final
22 Bond Resolution on behalf of Pacific Oaks
23 Education Corporation in an not to exceed
24 amount of \$22 million.

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1 Pacific Oaks Education Corp. is a
2 California non-profit public benefit
3 corporation. It is comprised of two
4 institutions. First being Pacific Oaks
5 College, and second, Pacific Oaks Children's
6 School. Pacific Oaks Children's School was
7 established first in 1945. Shortly thereafter,

8 Pacific Oaks College was established in 1959 to
9 train educators for the Children's School.

10 Recently, as of June 2010, TCS Education
11 System, which is an Illinois not-for-profit
12 corporation and classified as a Type 2
13 non-profit supporting organization, became the
14 sole member of Pacific Oaks.

15 TCS provides Pacific Oaks with management
16 services, conducts other supporting activities
17 and receives a fee in return. Supporting
18 organizations such as TCS are classified as
19 either a Type 1, Type 2 or Type 3 by the IRS.
20 Type 2, being the case here, is often described
21 by the IRS as a brother/sister relationship
22 because the affiliates share Board membership.
23 I point all this out, that because TCS is based
24 here in downtown Chicago, we as an Authority

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1 are able to issue bonds for facilities located
2 out in California. Hence, we are using our
3 multi-state authorization to issue tax exempt
4 bonds.

5 I do want to point out, Greenberg Traurig
6 here is bond counsel. So they are providing
7 necessary guidance for the transaction, that we
8 can in fact issue bonds in California.

9 To the transaction itself before you, the
10 plan of finance seeks to issue bonds in two
11 series to acquire both land and buildings that

12 Pacific Oaks College currently leases at its
13 Pasadena, California campus. Approximately
14 1267 students are currently enrolled there.

15 The Private Bank will be purchasing the
16 bonds for an initial term of 12 years at a
17 variable rate based on LIBOR, while the bonds
18 will be amortized over 25 years.

19 Turning to Page 8 in your confidential
20 section of the Report, Pacific Oaks College is
21 a non-rated entity, so we provided a 4-year
22 forecast going forward. It does demonstrate
23 that they would generate sufficient operating
24 cash flows to cover the proposed debt service.

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1 Heretofore, they have issued no longterm debt.
2 Their fixed charges are mostly comprised of
3 rent expense.

4 So in summary, reduction of their rent
5 expense will contribute to their continued
6 improvement and net operating margins going
7 forward as a result of this bond issue. So we
8 are pleased to have this, and we ask for your
9 consideration.

10 Are there any questions?

11 (No response.)

12 CHAIRMAN FUNDERBURG: Thank you.

13 FLETCHER: Thank you.

14 LENANE: Hi. No. 4 on the agenda is
15 Westminster Village, a Continuing Care

16 Retirement Community in Bloomington, Illinois.
17 They are requesting a one-time Final Bond
18 Resolution to approve the issuance of tax
19 exempt bonds in the amount not to exceed
20 \$36 million. These proceeds will be used to
21 construct and equip a 38,370 square foot
22 48-unit, two-story addition to the Martin
23 Health Center and to construct and equip
24 approximately a 13,295 square foot addition to

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1 The Community Center.
2 Also, a portion of this, of the existing
3 beds at the Martin Health Center, 30 beds to be
4 exact, will be demolished, resulting in a net
5 increase of 18 Skilled Nursing beds.
6 These projects will create 21 new jobs and
7 74 construction jobs. The bonds will be a
8 direct purchase by First Midwest and Commerce
9 Bank. The bonds will be variable rates,
10 synthetically fixed with an interest rate swap.
11 Westminster Village, as Ms. Nathan will
12 explain, is a 40-acre campus comprised of 98
13 Independent Living Units, including 22
14 Duplexes, 52 Assisted Living Units, and 78
15 Skilled Nursing beds.
16 At the end of the fiscal year, June 30,
17 2016, Westminster had good debt service
18 coverage of 6.76 and 379 days cash-on-hand.
19 Barb Nathan, the CEO of Westminster

20 Village, is here to say a few words, after
21 driving in the rain all the way from
22 Bloomington.

23 NATHAN: Good morning. I'm Barbara
24 Nathan, and I am the CEO of Westminster

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1 Village, and it's my honor to be in that
2 position and to address you today.

3 We actually had approximately 340
4 residents that put their head on a pillow in
5 Westminster Village last night. We are a
6 Continuing Care Retirement Community. We are
7 expanding our Skilled Care units, as she
8 mentioned, as Martin Health Center, and not
9 only expanding, but renovating today's
10 standard. Currently it is a private room
11 nursing home, and turning into 80 private rooms
12 and 8 semi's with showers in every room, not
13 giving a preference to new construction, but
14 making sure we have the same standard across
15 the renovated area as well as the new
16 construction.

17 I would make one clarification. We
18 actually have 176 Independent Units, the 52
19 Assisted Living, and today's 78 licensed beds
20 in Skilled Care, and increasing to 96.

21 In addition to the 340 people that slept
22 there last night, there are 300 people on the
23 waiting list. We are incredibly blessed, and

24 we are thrilled to begin what will be a major
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1 expansion of Westminster Village. This is the
2 first phase, and we anticipate two phases to
3 follow that will add a new Assisted
4 Living/Memory Care to our campus, and then
5 expand Independent Living.

6 So we thank you so much for your service
7 and your consideration.

8 CHAIRMAN FUNDERBURG: Great. Thank you.

9 LENANE: No. 5 on the agenda is The Lodge
10 of Northbrook, a Continuing Care Retirement
11 Community located in Northbrook, Illinois.
12 They are requesting a one-time Final Bond
13 Resolution to approve the issuance of a series
14 of tax exempt bonds in an amount not to exceed
15 \$20,160,000 to refinance an existing
16 construction loan and finance capital
17 improvements, including the acquisition of
18 approximately 5.3 acres of land, the
19 construction of -- actually, the acquisition of
20 an additional leasehold interest in
21 approximately 5.3 acres of land for the
22 construction of 60 independent living units and
23 eight two-bed assisted living units in a
24 157,983 square foot, three-story building,

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1 including construction of a 26,266 square foot
2 underground parking facility, which is Phase IV
3 of a housing complex for the elderly at 2244
4 Founders Drive in Northbrook, Illinois.

5 This is the second time the Lodge of
6 Northbrook has come to the Authority. In 2012
7 they financed the construction of Phase I, II
8 and III of the project, consisting of 96 units
9 and common areas and services located at 2220
10 Founders Drive.

11 Phase IV contains 60 independent living
12 units, eight two-bed assisted living units and
13 common areas, and the will commence the
14 construction in February of 2017.

15 Essex Corporation is the developer of the
16 community. They bring substantial experience,
17 having done many projects, similar projects,
18 including the Reserve of Geneva in Geneva,
19 Illinois.

20 The 2017 bondholders will have a leasehold
21 mortgage and an assignment of funds. The lease
22 expires in February of 2112. There is a
23 guarantee by the individual shareholders of the
24 Essex Corporation until stabilization.

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1 These projects will create 18 new jobs and
2 75 construction jobs. The bonds will be
3 directly purchased by Great Western Bank. The

4 bonds will be variable at an initial interest
5 rate of 3.95 percent, to be adjusted every five
6 years.

7 At the end of their fiscal year, July 31,
8 2016, The Lodge had good debt service coverage
9 of 38.4 percent and days cash-on-hand of 379
10 days.

11 Any questions?

12 (No response.)

13 CHAIRMAN FUNDERBURG: Thank you.

14 LENANE: Thank you.

15 FRAMPTON: Okay. Next we are jumping
16 ahead to Tab 7, which is a resolution to
17 authorize establishment of a Qualified Energy
18 Conservation Bond Green Community Program. The
19 last time this Board visited the subject of
20 Qualified Energy Conservation Bonds was a year
21 ago in connection with a QECB allocation
22 transfer to the Metropolitan Water Reclamation
23 District of Metropolitan Chicago. Subsequent
24 to that financing, if you refer to the table on

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1 Page 2 of the Memo, the gray-shaded column
2 notes the unused amounts of QECB allocation
3 that remain available.

4 This QECB program was actually a one-shot
5 deal, one allocation, one-and-done, that was
6 created pursuant to the American Recovery and
7 Reinvestment Act of 2009, and subsequent to the

8 ARRA Act going into effect, the Authority, the
9 Illinois Finance Authority, received statutory
10 power to aggregate unused allocations from any
11 municipality or county, and that applied to
12 three of the ARRA programs.

13 The other two ARRA programs were
14 temporary. They just operated during the
15 calendar years of 2009 and 2010, whereas this
16 QECB program has no expiration date, but it was
17 a one-shot deal in terms of the allocations,
18 and as reported in the table, roughly,
19 32 percent of the original \$133 million
20 allocation remains available and unused, and
21 roughly, \$755,000 of that is the Authority's
22 own allocation.

23 In looking at solving problems in
24 connection with some 501(c)(3) projects, I

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1 found that through research that QECBs through
2 a Green Community Program can be used to
3 leverage new markets tax credit equity. So
4 that is part of the impetus to create a Green
5 Community Program, and the intent is to make
6 this program, is for the Authority to make this
7 program available statewide, to not just all 27
8 of the allocatees, but prospectively for any
9 501(c)(3) or business purpose project in the
10 state.

11 So what a Green Community Program would do

12 is, it would enable a community that has a
13 rehab project that involves retrofitting a
14 building in any way, it can be the building
15 envelope, it can be installation of solar
16 panels, it can be anything that results in
17 energy or water conservation, to use the
18 Authority's QECB Green Community Program to
19 provide financing on a conduit basis. For a
20 hotel renovation project. Really it can be a
21 rehab project owned by any kind of for-profit
22 or non-profit business.

23 So what the Authority is looking to do is,
24 to provide a statewide program and invent the

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1 wheel so that this allocation can be used, and
2 the substantial benefit that results from the
3 Treasury-paid QECB subsidy to come to Illinois.

4 So that's the objective of this first
5 resolution in Tab 7. Do you have any
6 questions?

7 (No response.)

8 CHAIRMAN FUNDERBURG: And I will point out
9 that all of these have been through our
10 committee meeting earlier this morning, lots of
11 questions there. So there are no other ones,
12 Rich.

13 FRAMPTON: Okay. Moving on next to Tab 8,
14 Tab 8 is a resolution that would provide for
15 the Authority to set aside and reserve up to

16 \$800,000 of unused QECB allocation for a Green
17 Community Program project to be undertaken by
18 the Institute of Cultural Affairs and the
19 Ecumenical Institute to assist in financing a
20 portion of the qualified capital costs for
21 their ICA GreenRise project, which is located
22 in the former Kemper Insurance building at 4750
23 North Sheridan Road in Chicago.

24 Just as background, the Institute of

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1 Cul tural Affai rs and the Ecumenical Insti tute
2 were gi fted thi s bui lding by Kemper Insuranc e
3 back in 1971. They have owned it ever since.
4 In addi ti on to ICA's own operations, they lease
5 thi s bui lding. So they receive tenant income
6 from 25 not-for-profit organi zati ons, and they
7 also have several busi ness tenants, incl uding a
8 pharmacy on the ground floor.

9 Just in terms of the financi ng stack for
10 thi s parti cular project, ICA has been, has been
11 looki ng to obtai n both hard and soft financi ng
12 for thi s bui lding. So they are goi ng to be
13 looki ng for seni or bank mortgag e financi ng, in
14 addi ti on to vari ous forms of subordi nate
15 financi ng, incl uding those financi ed through new
16 market s credi ts.

17 What the QECBs wou ld do, wou ld real ly be
18 two-fold. Fi rst of all, on Page 3 of the
19 report, there is an exampl e that quanti fies the

20 savings associated with the QECB structure.
21 Basically it would buy down the interest rate
22 on up to \$800,000 of their senior bank debt,
23 which right now is estimated at 3 to
24 \$4 million. It could be as large as

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1 \$6 million, but basically the Qualified Energy
2 Conservation Bond rebate writes down the
3 interest rate on the bank debt by 3.14 percent.

4 So in the example on Page 3, for
5 simplicity, just assume the prime plus 2,
6 borrowing at 5.75 percent, netting out the QECB
7 rebate, that would result in a net borrowing
8 cost at 2.61 percent. So that sums up the
9 benefit. The benefit actually, or spread is
10 actually substantially larger than it would be
11 on a tax exempt bond issue.

12 So we are looking at this as a
13 demonstration project to show how a QECB Green
14 Community Program can be used to support a
15 substantial rehab project that involves new
16 markets credits, and tax counsel on this
17 transaction, Dentons, has been examining the
18 use of the prospective use of QECBs very
19 carefully to make sure that it will conform
20 with all the requirements for the various
21 federal tax credits that are contemplated.

22 So that is -- and, also just given the
23 fact when you look at this prospective

24 financing on a loan-to-value basis, it's

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1 evident this is the kind of deal that needs
2 lots of soft money to make it work, and as a
3 result of that, we are recommending an initial
4 commitment of one year, extendable for two
5 additional terms of up to one year each.

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

8 CHAIRMAN FUNDERBURG: Any questions?

9 (No response.)

10 FRAMPTON: Finally, I would just like to
11 introduce Leslie Showers, who is the property
12 manager of the ICA GreenRise building. She
13 will be available to discuss the ICA project
14 further if you have any questions.

15 Okay. Thank you.

16 CHAIRMAN FUNDERBURG: Thank you, Rich.

17 Okay. Now I would like to request a
18 motion to pass and adopt the following Project
19 Reports and Resolutions, Items 1, 2, 3, 4, 5, 7
20 and 8. Is there such a motion?

21 McCOY: So moved.

22 CHAIRMAN FUNDERBURG: Is there a second?

23 JURACEK: Second.

24 CHAIRMAN FUNDERBURG: Okay. Please.

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1 FLETCHER: On the motion and the second I
2 will call the roll.
3 Mr. Anderberg?
4 ANDERBERG: Yes.
5 FLETCHER: Ms. Bronner?
6 BRONNER: Yes.
7 FLETCHER: Mr. Goetz?
8 GOETZ: Yes.
9 FLETCHER: Mr. Horne?
10 HORNE: Yes.
11 FLETCHER: Ms. Juracek?
12 JURACEK: Yes.
13 FLETCHER: Mr. Knox?
14 KNOX: Yes.
15 FLETCHER: Mr. McCoy?
16 McCOY: Yes.
17 FLETCHER: Mr. Obernagel ?
18 OBERNAGEL: Yes.
19 FLETCHER: Ms. Smoots?
20 SMOOTS: Yes.
21 FLETCHER: Mr. Zeller?
22 ZELLER: Yes.
23 FLETCHER: Mr. Chairman?
24 CHAIRMAN FUNDERBURG: Yes.

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1 FLETCHER: Mr. Chairman, the motion
2 carries.
3 CHAIRMAN FUNDERBURG: Thank you. Now I
4 would like to ask Ms. Lenane to come up and
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5 present Item No. 6 and, and I would like to
6 also ask Members Goetz and Horne to recuse
7 themselves. Thank you.

8 FLETCHER: Let the record reflect that
9 Members Goetz and Horne have exited the room
10 and recused themselves from deliberations
11 please.

12 LENANE: Okay. No. 6 is a one-time Final
13 Bond resolution for Ann and Robert H. Lurie
14 Children's Hospital of Chicago to approve the
15 issuance of a series of tax exempt bonds in the
16 amount of \$225,000,000, refunding all or a
17 portion of their Illinois Finance Authority
18 Series 2008A and 2008B bonds.

19 Lurie employees 4,758 people. Since this
20 is solely a refunding, there are no
21 construction jobs. Lurie is the only full
22 service, independent, freestanding pediatric
23 hospital in Illinois with 288 licensed beds, as
24 well as a full range of inpatient and

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1 outpatient and ancillary-related services. It
2 is nationally-recognized, and is the leading
3 provider of complex quaternary pediatric
4 services in the Chicago area.

5 In addition, for more than 60 years Lurie
6 has been the pediatric training center for
7 Northwestern University's Feinberg School of
8 Medicine, training residents, medical students

9 and fellows who will comprise the next
10 generation of healthcare providers.

11 Lurie maintains ratings of A+ and AA-
12 stable. For the A+ that's positive and the AA-
13 that's stable are from S & P & Fitch,
14 respectively. The bonds will be sold in a
15 public offering by JP Morgan Securities,
16 Goldman Sachs and Loop Capital Markets. They
17 will be fixed rates, and the rate will be
18 determined at pricing.

19 Lurie Children's audited financials from
20 August 31st, 2016 show very strong debt service
21 coverage of 8.0 percent with 451 days
22 cash-on-hand. The net present value savings of
23 this refunding is approximately \$18 million.

24 Is there any questions?

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1 (No response.)

2 LENANE: Thank you.

3 CHAIRMAN FUNDERBURG: Thank you.

4 LENANE: Do you want me to ask them to
5 come back?

6 CHAIRMAN FUNDERBURG: Yes, please,
7 after --

8 JURACEK: The vote.

9 CHAIRMAN FUNDERBURG: We will go ahead and
10 do the vote.

11 All right. So is there a motion to
12 approve that?

13 OBERNAGEL: So moved.
14 KNOX: Second.
15 CHAIRMAN FUNDERBURG: Motion by
16 Mr. Obernagel. Seconded by Mr. Knox.
17 FLETCHER: On the motion and second, I
18 will call the roll.
19 Mr. Anderberg?
20 ANDERBERG: Yes.
21 FLETCHER: Ms. Bronner?
22 BRONNER: Yes.
23 FLETCHER: Ms. Juracek?
24 JURACEK: Yes.

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1 FLETCHER: Mr. Knox?
2 KNOX: Yes.
3 FLETCHER: Mr. McCoy?
4 McCOY: Yes.
5 FLETCHER: Mr. Obernagel?
6 OBERNAGEL: Yes.
7 FLETCHER: Ms. Smoots?
8 SMOOTS: Yes.
9 FLETCHER: Mr. Zeller?
10 ZELLER: Yes.
11 FLETCHER: Mr. Chairman?
12 CHAIRMAN FUNDERBURG: Yes.
13 FLETCHER: Mr. Chairman, the motion
14 carries.
15 CHAIRMAN FUNDERBURG: Thank you. Now, if
16 someone would -- thank you.

17 FLETCHER: Let the record reflect please
18 that Members Goetz and Horne have returned in
19 the room.

20 CHAIRMAN FUNDERBURG: Okay. At this point
21 then I would like to ask, is there any other
22 business to come before the Members?

23 (No response.)

24 CHAIRMAN FUNDERBURG: If not, I would like

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1 to ask for a request to approve the, approve
2 the motion -- excuse me. To make a motion to
3 excuse the absences of Members unable to
4 participate today. Is there such a motion?

5 KNOX: So moved.

6 CHAIRMAN FUNDERBURG: Is there a second?

7 JURACEK: Second.

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

10 (Chorus of ayes.)

11 CHAIRMAN FUNDERBURG: Any opposed?

12 (No response.)

13 CHAIRMAN FUNDERBURG: Public comment? Any
14 public comment?

15 (No response.)

16 CHAIRMAN FUNDERBURG: Again, thank you all
17 for coming. I would like to ask for a motion
18 to adjourn.

19 BRONNER: So moved.

20 CHAIRMAN FUNDERBURG: Is there a second?

21 McCOY: Second.

22 CHAIRMAN FUNDERBURG: All those in favor,
23 say aye.

24 (Chorus of ayes.)

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1 CHAIRMAN FUNDERBURG: Any opposed?

2 (No response.)

3 CHAIRMAN FUNDERBURG: Okay. Meeting
4 adjourned. Thank you all very much.

5 FLETCHER: The time is 10:19 a.m.

6 (Which were all the proceedings
7 had at 10:19 a.m.)

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

3 KATHLEEN MUHNE, C. S. R. , being first
 4 duly sworn, says that she is a court reporter
 5 doing business in the city of Chicago, that she
 6 reported in shorthand the proceedings had at
 7 the Proceedings of said cause, that the
 8 foregoing is a true and correct transcript of
 9 her shorthand notes, so taken as aforesaid, and
 10 contains all the proceedings of said Illinois
 11 Finance Authority Public meeting.

12

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KATHLEEN MUHNE

15

16

SUBSCRIBED AND SWORN TO
 Before me this 28th day
 Of April, A. D. 2017.

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Notary Public

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