

RESOLUTION NUMBER 2010-07-09

**RESOLUTION ADOPTING THE BUDGET OF THE ILLINOIS FINANCE
AUTHORITY FOR FISCAL YEAR 2011**

WHEREAS, pursuant to Section 801-30(e) of the Illinois Finance Authority Act, 20 Illinois Compiled Statutes 3501/801-1 et seq. (the "Act") and Article VI, Section 3 of Resolution No. 2007-07-21, Resolution Adopting the Amended and Restated By-Laws of the Illinois Finance Authority, the Authority is authorized to adopt a budget and appropriate the funds to defray the expenses of the Authority for Fiscal Year 2011; and

WHEREAS, the Executive Director along with the Staff of the Authority, have, based upon review and analysis, prepared the attached Budget for Fiscal Year 2011 ("Budget" attached as Exhibit A) to support the operations of the Authority during Fiscal Year 2011 pursuant to the various purposes set forth in the Act; and

WHEREAS, the Budget is based upon the following revenue assumptions for Fiscal Year 2010:

- A. Federally tax-exempt conduit financing represents both the core revenue activity and reputational foundation of the Authority. The reduced cost of capital provided through federally tax-exempt conduit financing is the main value-added product that the Authority provides to its non-profit (healthcare; higher education; cultural, and other 501(c)(3)'s) and private for-profit (industrial; water utilities; gas utility; solid waste; beginning farmer) borrowers. The Authority plans to focus on cultivating its existing relationships among its current portfolio of borrowers, commercial lenders, and other bond finance professionals;
- B. In addition, the Authority plans to aggressively pursue new conduit opportunities through the tools provided by Midwestern Disaster Area Bonds, Recovery Zone (private borrowers; public borrowers) and Qualified Energy Conservation Bonds (HB 2369), and multistate bond authorization (HB 5854). These tools have additional anticipated potential for job creation and retention as well as revenue generation for the IFA, but their impact remains difficult to assess at present;
- C. The Authority will remain a steadfast and committed financing partner to the community of 501(c)(3) non-profit Healthcare providers. However, given the uncertainties associated with the implementation of Healthcare reform and an anticipated slowdown in refinancings, the Authority recognizes that Healthcare financings may be less than in recent years;
- D. During Fiscal Year 2009 and Fiscal Year 2010, many large Healthcare systems and other large 501(c)(3) Higher Education and Cultural Institutions took advantage of historically low fixed rates to reduce variable interest rate risk, thereby boosting the Authority's financing activity during this time period. These circumstances are not likely to be repeated in the near-term;

- E. Countercyclical private activity financings and exempt facilities bond financings, in particular (e.g., water utility and gas utility) could gain momentum in the current economic climate;
- F. Agriculture's proportion of the revenue picture is anticipated to remain consistent. The Authority remains committed to the Agricultural sector through its Loan Guarantee, Beginning Farmer and Agricultural Participation Loan programs. The Agriculture sector begins Fiscal Year 2011 with the new working capital loan guarantee program made available through SB 3719; and
- G. Over the longer-term, the Authority will remain available as a resource and potential partner to renewable energy and clean coal borrowers as well as to the U.S. Department of Energy ("USDOE"). However, in the near term, the Authority sees benefit to developing and implementing a usable energy efficiency program that will seek to reduce capital costs to borrowers across sectors.

WHEREAS, by maintaining the above priorities, the Authority plans to continue to fulfill its statutory mission to retain and create jobs and improve the quality of life for Illinois citizens by expanding access to capital for qualified borrowers across economic sectors -- and to remain a self-funding entity, not supported by State appropriations.

WHEREAS, through the Budget, the Authority seeks to optimize operational performance, an efficient and functional administrative support infrastructure is integral to fulfilling the Authority's mission and serving the public effectively. In addition, the Authority, through the Budget, seeks to expand resources to strengthen transparency and accountability;

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

NOW, THEREFORE BE, IT RESOLVED BY THE ILLINOIS FINANCE AUTHORITY AS, FOLLOWS:

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

Section 2. Adoption of Fiscal Year 2011 Budget. The revenues and other available funds set forth in the Budget for Fiscal Year 2011, commencing July 1, 2010 and ending June 30, 2011, are hereby appropriated to meet the purposes set forth therein. The Executive Director, in conjunction with the other officers of the Authority, is authorized to expend funds during Fiscal Year 2011 in accordance with the Budget. Nothing in this Resolution prohibits the Members of the Authority or the Executive Director from revising this Budget during Fiscal Year 2011 if necessary and in accordance with the Act and Resolution No. 2007-07-21 ("By-Laws").

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

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

Section 5. Enactment. This Resolution shall take effect immediately. This Resolution shall be retroactive to July 1, 2010.

This Resolution No. 2010-07-09 is adopted this 13th day of July 2010, by roll call vote as follows:

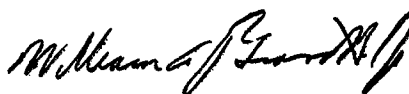
Ayes: 8

Nays: 0

Abstain: 0

Absent: 6

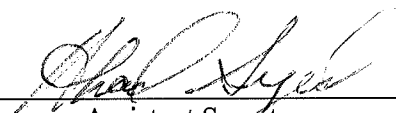
Vacant: 1



Chairman



[SEAL]



Assistant Secretary

Illinois Finance Authority
 IFA General Fund - Budget
 FY 2011

Exhibit A to Resolution No. 2010-07-09

	Unaudited Actual FY 2010	Budget FY 2011	\$ Variance	% Variance
REVENUE				
INTEREST ON LOANS	1,018,399	1,146,121	127,722	11.14%
INVESTMENT INTEREST & GAIN(LOSS)	45,720	20,500	(25,220)	-123.02%
ADMINISTRATIONS & APPLICATION FEES	5,132,676	3,569,338	(1,563,338)	-43.80%
ANNUAL ISSUANCE & LOAN FEES	841,881	582,892	(258,989)	-44.43%
OTHER INCOME	237,157	82,537	(154,620)	-187.33%
TOTAL REVENUE	7,275,833	5,401,388	(1,874,445)	-34.70%
EXPENSES				
EMPLOYEE RELATED EXPENSES				
COMPENSATION & TAXES	2,678,798	2,354,798	(324,000)	-13.76%
BENEFITS	276,832	286,314	9,482	3.31%
TEMPORARY HELP	33,281	5,000	(28,281)	-565.62%
EDUCATION & DEVELOPMENT	15,410	20,000	4,590	22.95%
TRAVEL & AUTO	74,144	75,000	856	1.14%
TOTAL EMPLOYEE RELATED EXPENSES	3,078,465	2,741,112	(337,353)	-12.31%
PROFESSIONAL SERVICES				
CONSULTING, LEGAL & ADMIN	287,914	250,000	(37,914)	-15.17%
LOAN EXPENSE & BANK FEE	122,337	130,500	8,163	6.26%
ACCOUNTING & AUDITING	364,101	315,904	(48,197)	-15.26%
MARKETING GENERAL	5,990	25,000	19,010	76.04%
FINANCIAL ADVISORY	219,996	375,000	155,004	41.33%
CONFERENCE/TRAINING	17,977	20,000	2,023	10.11%
PROFESSIONAL SERVICES	141,616	184,500	42,884	23.24%
DATA PROCESSING	53,478	55,000	1,522	2.77%
TOTAL PROFESSIONAL SERVICES	1,213,409	1,355,904	142,495	10.51%
OCCUPANCY COSTS				
OFFICE RENT	261,461	274,076	12,615	4.60%
EQUIPMENT RENTAL AND PURCHASES	26,598	20,400	(6,198)	-30.38%
TELECOMMUNICATIONS	48,558	60,600	12,042	19.87%
UTILITIES	11,717	11,000	(717)	-6.52%
DEPRECIATION	50,568	49,305	(1,263)	-2.56%
INSURANCE	22,682	22,800	118	0.52%
TOTAL OCCUPANCY COSTS	421,585	438,181	16,596	3.79%
GENERAL & ADMINISTRATION				
OFFICE SUPPLIES	39,099	53,500	14,401	26.92%
BOARD MEETING - EXPENSES	29,635	36,000	6,365	17.68%
PRINTING/COPYING	6,543	6,500	(43)	-0.66%
POSTAGE & FREIGHT	17,763	15,000	(2,763)	-18.42%
MEMBERSHIP, DUES & CONTRIBUTIONS	30,882	32,500	1,618	4.98%
PUBLICATIONS/SUBSCRIPTIONS	2,267	3,000	733	24.43%
OFFICERS & DIRECTORS INSURANCE	187,336	190,000	2,664	1.40%
MISCELLANEOUS	(245)	-	245	-
TOTAL GENERAL & ADMINISTRATION EXPENSES	313,279	336,500	23,221	6.90%
LOAN LOSS PROVISION/BAD DEBT	485,293	300,000	(185,293)	-61.76%
OTHER				
INTEREST EXPENSE	-	-	-	0.00%
TOTAL OTHER	-	-	-	0.00%
TOTAL EXPENSES	5,512,030	5,171,897	(340,333)	-6.58%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	1,763,803	229,691	(1,534,112)	-667.90%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%
TRANFERS	80,608	-	(80,608)	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%
NET INCOME/(LOSS)	1,844,411	229,691	(1,614,720)	-703.00%

Illinois Finance Authority
IFA Consolidated - Budget
FY 2011

	Unaudited Actual FY 2010	Budget FY 2011	\$ Variance	% Variance
REVENUE				
INTEREST ON LOANS	3,299,090	3,291,666	(7,424)	-0.23%
INVESTMENT INTEREST & GAIN(LOSS)	777,620	728,492	(49,128)	-6.74%
ADMINISTRATIONS & APPLICATION FEES	5,132,676	3,569,338	(1,563,338)	-43.80%
ANNUAL ISSUANCE & LOAN FEES	841,881	642,892	(198,989)	-30.95%
OTHER INCOME	485,691	82,537	(403,154)	-488.45%
TOTAL REVENUE	10,536,958	8,314,925	(2,222,033)	-26.72%
EXPENSES				
EMPLOYEE RELATED EXPENSES				
COMPENSATION & TAXES	2,678,798	2,354,798	(324,000)	-13.76%
BENEFITS	276,832	286,314	9,482	3.31%
TEMPORARY HELP	33,281	5,000	(28,281)	-565.62%
EDUCATION & DEVELOPMENT	15,410	20,000	4,590	22.95%
TRAVEL & AUTO	74,144	75,000	856	1.14%
TOTAL EMPLOYEE RELATED EXPENSES	3,078,465	2,741,112	(337,353)	-12.31%
PROFESSIONAL SERVICES				
CONSULTING, LEGAL & ADMIN	305,417	285,000	(20,417)	-7.16%
LOAN EXPENSE & BANK FEE	2,652,871	2,771,070	118,199	4.27%
ACCOUNTING & AUDITING	607,502	341,054	(266,448)	-78.12%
MARKETING GENERAL	5,990	25,000	19,010	76.04%
FINANCIAL ADVISORY	219,996	375,000	155,004	41.33%
CONFERENCE/TRAINING	17,977	20,000	2,023	10.11%
PROFESSIONAL SERVICES	181,612	224,500	42,888	19.10%
DATA PROCESSING	53,478	55,000	1,522	2.77%
TOTAL PROFESSIONAL SERVICES	4,044,842	4,096,624	51,782	1.26%
OCCUPANCY COSTS				
OFFICE RENT	261,461	274,076	12,615	4.60%
EQUIPMENT RENTAL AND PURCHASES	26,598	20,400	(6,198)	-30.38%
TELECOMMUNICATIONS	48,558	60,600	12,042	19.87%
UTILITIES	11,717	11,000	(717)	-6.52%
DEPRECIATION	50,568	49,305	(1,263)	-2.56%
INSURANCE	22,682	22,800	118	0.52%
TOTAL OCCUPANCY COSTS	421,585	438,181	16,596	3.79%
GENERAL & ADMINISTRATION				
OFFICE SUPPLIES	39,099	53,500	14,401	26.92%
BOARD MEETING - EXPENSES	29,635	36,000	6,365	17.68%
PRINTING/COPYING	6,543	6,500	(43)	-0.66%
POSTAGE & FREIGHT	17,763	15,000	(2,763)	-18.42%
MEMBERSHIP, DUES & CONTRIBUTIONS	30,882	32,500	1,618	4.98%
PUBLICATIONS/SUBSCRIPTIONS	2,267	3,000	733	24.43%
OFFICERS & DIRECTORS INSURANCE	187,336	190,000	2,664	1.40%
MISCELLANEOUS	(245)	-	245	-
TOTAL GENERAL & ADMINISTRATION EXPENSES	313,279	336,500	23,221	6.90%
LOAN LOSS PROVISION/BAD DEBT	477,972	1,400,000	922,028	65.86%
OTHER				
INTEREST EXPENSE	6,885	-	(6,885)	0.00%
TOTAL OTHER	6,885	-	(6,885)	0.00%
TOTAL EXPENSES	8,343,028	9,012,417	669,389	7.43%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	2,193,930	(697,492)	(2,891,422)	414.55%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%
TRANSFERS	-	-	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%
NET INCOME/(LOSS)	2,193,930	(697,492)	(2,891,422)	414.55%