

**MINUTES OF THE APRIL 13, 2010 MEETING OF THE BOARD OF DIRECTORS OF THE
ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the “Board”) of the Illinois Finance Authority (the “IFA” or the “Authority”), pursuant to notice duly given, held a Board Meeting at 11:30 a.m. on Tuesday, April 13, 2010 at the Prudential Plaza Conference Center at 130 E. Randolph Street, 7th Floor, Chicago, IL 60601.

Members present:

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Terrence M. O’Brien
4. Dr. William J. Barclay
5. John “Jack” Durburg
6. James J. Fuentes
7. Roger Poole
8. Joseph McInerney

Members absent:

1. Ronald E. DeNard
2. Juan B. Rivera
3. Roderick Bashir
4. Dr. Roger D. Herrin
5. Edward H. Leonard, Sr.
6. Bradley A. Zeller

**Members participating by
telephone:**

None

Vacancies:

One

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:35 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests. He then asked Assistant Secretary Kara Nystrom-Boulahanis to call the roll. There being eight (8) members physically present Ms. Nystrom-Boulahanis declared the quorum met.

Acceptance of Financial Statements and Minutes

Financial statements for the period ending March 31, 2010 and minutes for both the March 9, 2010 Committee of the Whole and Board of Directors meetings were presented to the Board. Chairman Brandt stated that the Authority’s financial statements and minutes were reviewed at the regularly scheduled Committee of the Whole meeting held at 8:30 a.m. that day. Chairman Brandt requested a motion to approve the March 31, 2010 financial statements and minutes from both the March 9, 2010 Committee of the Whole and the Board of Directors meeting.

The motion was moved by Mr. Goetz and seconded by Mr. Poole. The March 31, 2010 financial statements and minutes from both the March 9, 2010 Committee of the Whole and the Board of Directors meetings were unanimously approved by members of the Board.

Senior Staff Reports

None.

Project Approvals

Chairman Brandt asked Mr. Rich Frampton, Vice President, to present the projects for consideration to the Board. Chairman Brandt announced that the projects presented undergo an extensive review process prior to presentation to the Board. All projects are thoroughly vetted by a staff credit committee. All agriculture, energy and healthcare projects are also reviewed at their respective committees’ public

meetings each month. Finally, each project is thoroughly reviewed at the Committee of the Whole meeting held at 8:30 a.m. before the Board Meeting.

Mr. Frampton presented the following projects for board approval:

- No. 1A:** – **Michael T. Marron**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$165,000 for the purchase of approximately 40 acres of farmland. This project is located in unincorporated Vermillion County near Fithian, IL.
- No. 1B:** – **Benjamen A. & Sonya L. Coulter**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$188,800 for the purchase of an undivided 1/3 interest in approximately 188.88 acres of farmland. This project is located in unincorporated Iroquois County near Paxton, IL.
- No. 1C:** – **Dustin & Christine Bauer**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$125,000 for the purchase of approximately 65 acres of farmland. This project is located in unincorporated Bond County near Greenville, IL.
- No. 1D:** – **Justin Alwardt**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$220,000 for the purchase of approximately 93 acres of farmland and related buildings. This project is located in unincorporated Effingham County near Altamont, IL.
- No. 1E:** – **Steven R, Smithenry**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$40,950 for the purchase of approximately 19.5 acres of farmland. This project is located in unincorporated Jasper County near Newton, IL.
- No. 1F:** – **Alex Dotterer**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$131,128 for the purchase of approximately 40.82 acres of farmland. This project is located in unincorporated Livingston County near Fairbury, IL.
- No. 1G:** – **Brian Scott & Karen Sue Voss**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$87,000 for the purchase of approximately 41.25 acres of farmland. This project is located in unincorporated Adams County near Columbus, IL.
- No. 1H:** – **Gary & Annette Steidinger**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$127,920 for the purchase of approximately 40 acres of farmland and related buildings. This project is located in unincorporated Effingham County near Altamont, IL.

Director Meister noted that due to a scrivener's error, the not-to-exceed amounts for Project Nos. 1A, 1F and 1G were incorrectly transcribed into the agenda distributed at the Board Meeting and re-read the correct not-to-exceed amounts into the record for Project 1A (\$165,000), Project 1F (\$131,128) and Project 1G (\$87,000).

No. 2: -- Gregory R. & Jan R. Kerber

Request for final approval of the issuance of an agri-debt guarantee supporting a loan in an amount not-to-exceed \$500,000 to provide an 85% loan guarantee (i.e., \$425,000) in favor of the Bank of Gibson City to finance the purchase of approximately 122 acres of farmland. This project is located in unincorporated Ford County near Sibley, IL.

No guests attended with respect to Project Nos. 1A, 1B, 1C, ID, 1E, 1F, 1G, 1H or 2. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 1A, 1B, 1C, ID, 1E, 1F, 1G, 1H or 2. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 1A, 1B, 1C, ID, 1E, 1F, 1G, 1H and 2. Project Nos. 1A, 1B, 1C, ID, 1E, 1F, 1G, 1H and 2 received approval with 8 ayes, 0 nays, and 0 abstentions.

No. 3: – Concordia Place Apartments, L.P.

Request for the approval of a preliminary bond resolution for the issuance of up to \$17.5 million of affordable rental housing bonds. The proceeds of these bonds will be used to: (1) current refund the remaining outstanding balance of the City of Chicago Series 2003 Revenue Bonds and IFA Series 2006 Subordinate Bonds, (2) finance capitalization of certain reserve funds required by the new Credit Enhancer, (3) prospectively fund renovations, and (4) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds. This 297-unit affordable rental housing property is located in Chicago, IL. (Cook County).

No. 5: – National Opinion Research Center

Request for approval of a one-time final bond resolution for the issuance of 501(c)(3) Bonds in an amount not to exceed \$4.4 million. The proceeds of this issuance will be used to: (i) finance, refinance or reimburse National Opinion Research Center (the “Corporation”), for all or a portion of the costs of the acquisition, construction, renovation, improvement, upgrading, furnishing and equipping certain of its “educational facilities” (the “Projects”), including, without limitation, the acquisition and installation of certain computer hardware and software, audio-visual equipment and telecommunication equipment and various other fixed assets, including furniture for the Corporation’s facilities located in Chicago, (ii) to pay a portion of the accrued interest on the Bonds, if deemed desirable by the Corporation, (iii) to pay certain working capital expenditures, if deemed desirable by the Corporation, (iv) to fund one or more debt service reserve funds for the Bonds, if deemed desirable by the Corporation, and (v) to pay certain costs of issuance. This project is located in Chicago, IL (Cook County).

No guests attended with respect to Project Nos. 3 or 5. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 3 or 5. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 3 and 5. Project Nos. 3 and 5 received approval with 8 ayes, 0 nays, and 0 abstentions.

No. 6: *Withdrawn.*

No. 7: Brett & Christine Zehr Participation Loan. Request for Loan Modification and 90-day Extension of Commitment.

No. 8: Ill-MO Products Company. Resolution to approve and authorize an amendment to the Loan Agreement and related covenants between US Bank and Ill-MO Products Company.

- No. 9:** **Union Oil Company of California/PDVMR Project.** Resolution authorizing the release of the Illinois Finance Authority's interest in certain personal and real property located in Will County, Illinois
- No. 10:** **Ockerlund Industries Project.** Amendatory Resolution Authorizing a Change in Bond Purchaser and an Extension in the Amortization Schedule Associated with IFA Series 2005 Industrial Revenue Bonds.
- No. 11:** **Energy Efficiency Guidelines.** Resolution to adopt program guidelines for Energy Efficiency projects

Mr. Goetz, Vice Chair, asked to make a few remarks regarding the Energy Efficiency Program Guidelines. He stated that Energy Committee Chair Dr. Roger Herrin spent countless hours working on these guidelines and he would like to thank Dr. Herrin on behalf of the Board for his efforts on this endeavor. He added that this program is innovative and streamlined for the most efficient use. He noted the program guidelines would be posted on the IFA's website and suggested that everyone download them.

Chairman Brandt asked if the Board had any questions with regard to Resolution Nos. 7, 8, 9 10 or 11. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Resolution Nos. 7, 8, 9, 10 and 11. Projects 7, 8, 9, 10 and 11 received approval with 8 ayes, 0 nays, and 0 abstentions.

- No. 4:** – **The Art Institute of Chicago.**
Request for approval of a final bond resolution for the issuance of 501(c)(3) Bonds in an amount not to exceed \$245 million. Bond proceeds will be used by The Art Institute of Chicago ("AIC", the "Institute", or the "Borrower"), together with other funds of the Borrower, to refund all or a portion of AIC's outstanding IFA (IEFA) Series 1992, Series 1995, Series 1996 Bonds, Series 1998A, Series 2000A Bonds, Series 2009B-1 Bonds, and Series 2009B-2 Bonds (collectively, the "Prior Bonds) and/or converting some or all of the series of Bonds described above to another interest rate mode, and to pay costs of issuance. This Project is located in Chicago, IL. (Cook County).

Mr. Frampton introduced Mr. Eric Anyah, Executive Vice President and Chief Financial Officer, of The Art Institute of Chicago. Mr. Anyah thanked the Board for their consideration of the Institute's project. He stated that this project would be a fundamental restructuring of the Institute's financial portfolio by converting 75% of its outstanding debt to a low interest, fixed rate mode. He added that he would also like to extend his thanks for the Authority's earlier funding for the new Modern Wing at the Institute. He stated that it was a draw for tourists from around the world and the Museum's own backyard as well as a cultural jewel for the city of Chicago.

No guests attended with respect to Project No. 4. Chairman Brandt asked if the Board had any questions with respect to Project No. 4. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 4. Project No. 4 received approval with 8 ayes, 0 nays, and 0 abstentions.

Other Business

Chairman Brandt asked if there was any other business to come before the Board. There being none, Chairman Brandt requested a motion to adjourn. Upon a motion by Mr. O'Brien and seconded by Mr. Goetz, the meeting adjourned at 11:50 a.m.

Chairman Brandt reminded all guests that next month's meeting will be on May 4, 2010 at the Conference Center at One Prudential Plaza, Chicago, IL and to please check www.il-fa.com for more information.

Respectfully Submitted,

Kara Nystrom-Boulahanis, Assistant Secretary

**MINUTES OF THE APRIL 13, 2010 MEETING OF THE COMMITTEE OF THE WHOLE OF
THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the “Board”) of the Illinois Finance Authority (the “IFA” or the “Authority”), pursuant to notice duly given, held a Committee of the Whole Meeting at 8:30 a.m. on Tuesday, April 13, 2010 at the IFA’s Chicago Office at 180 N. Stetson Avenue, Ste. 2555, Chicago, IL 60601.

Members present:

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Terrence M. O’Brien
4. Dr. William J. Barclay
5. John “Jack” Durburg
6. James J. Fuentes
7. Roger Poole
8. Joseph McInerney

**Members participating by
telephone:**

None

Members absent:

1. Ronald E. DeNard
2. Juan B. Rivera
3. Roderick Bashir
4. Dr. Roger D. Herrin
5. Edward H. Leonard, Sr.
6. Bradley A. Zeller

Vacancies:

One

Staff Members Present:

Chris Meister, Executive Director
Yvonne Towers, Chief Financial &
Technology Officer
Pam Lenane, Vice President & Acting
General Counsel
Art Friedson, Chief Human Resources
Officer
Rich Frampton, Vice President
Eric Reed, Downstate Regional
Manager
Kara Boulahanis, Project Coordinator
& Asst. Secretary to the Board

Call to Order

Chairman Brandt called the meeting to order at 8:37 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests. He stated that he was pleased to report that the IFA appeared to be on track to have revenues similar to the previous year. This is well above the revenue projected for the year.

Executive Director’s Presentation

Director Meister presented the Executive Director’s report in accordance with the Board Book. A brief discussion of the different types of borrowers that would benefit from the passage of the IFA’s multi-state bonding authority initiative, HB 5854, ensued and no objections were noted.

Director Meister congratulated Ms. Pam Lenane for her election to Vice-President of the National Association of Health and Educational Facilities Finance Authorities (NAHEFFA) in March, to Mr. Rich Frampton for his long-term work on the Board of the Council of Development Finance Agencies (CDFA) and to Mr. Eric Reed for his work with the National Council of State Agricultural Finance Programs (NCOSAFP) and other peer State agencies on improvements to the Beginning Farmer Bond program at the Federal level.

Senior Staff Reports

Chairman Brandt asked Ms. Yvonne Towers, CFO, to present the financials. Ms. Towers presented in accordance with the Board Report. Chairman Brandt noted that the Governor has encouraged the IFA to make use of the volume cap it has been awarded and encouraged IFA staff to utilize this resource to its maximum.

Chairman Brandt stated that the Audit Committee meeting had occurred earlier that morning and asked Ms. Towers to report on it.

Committee Reports:

Ms. Towers stated that the Audit Committee had met the morning of the Board Meeting and discussed the outcome of the financial audit and compliance examination. Ms. Towers noted that IFA had received one material finding on the financial audit and four (4) immaterial findings on the compliance examination. The material finding was related to the lack of an independent valuation of the venture capital investments since 2006. The four immaterial findings pertained to (i) the filing of CO8 forms with the State Comptroller's office, (ii) an error on an agency report filed with the State Comptroller, (iii) a failure to adequately test the Authority's Disaster Contingency Plan and (iv) the lack of encryption software on IFA's laptops. Chairman Brandt noted that the audit costs were not set by the Authority and were non-negotiable.

Chairman Brandt added that the issue of the venture capital (VC) portfolio valuation is a finding that needs to be properly addressed. He added that there was concern on the Board level that an attempt to address this finding through the current, properly procured financial advisory firms may not be adequate. Chairman Brandt asked staff to ensure that this plan of action would be acceptable to the Auditor General's office; otherwise the Authority may be spending scarce resources on services that may not address the finding. He noted that anecdotal evidence indicated that the VC portfolio had not been performing strongly.

Chairman Brandt then moved onto the Compensation Committee. He stated that the meeting will be moved to June from May to accommodate the personnel review schedule.

Director Meister then gave the Energy Committee report. He stated that the Energy Committee recommended one board action item: the Energy Efficiency Guidelines. He stated that this document outlines the guidelines for the acceptance of energy efficiency projects and stipulates fees for such projects. It also details internal collateral and security requirements for these projects.

Director Meister continued by stating that the US Department of Energy (USDOE) had sent a letter to the Authority in late March acknowledging receipt of the Authority application to the Financial Institute Partnership Program for Development Finance Organizations. It stated that the USDOE had determined that the IFA appeared to be qualified to submit projects and that USDOE looked forward to reviewing any project applications IFA wished to submit.

Chairman Brandt then asked Dr. Barclay to present the Healthcare Committee Report. Dr. Barclay stated that due to the withdrawal of Project No. 6, The Clare, the Healthcare Committee had little to report. He stated that the Healthcare Committee discussed the project in question in great detail and it was determined that at this time it was in the best interest of the Authority and the project to defer consideration of the project to a later date. A discussion of the issues related to the project ensued but no objections were noted.

Mr. Reed presented the Agriculture Committee report. He stated that the Agriculture Committee had met and recommended all of the projects before the Board today for approval. He added that IFA has initiated efforts to revive a prior consulting relationship with the University of Illinois' College of Agriculture, Consumer and Environmental Sciences (ACES). ACES would serve as financial advisor and public policy partner for IFA's agricultural programs, a role it had previously served for the Illinois Farm Development Authority (an IFA predecessor).

Project Reports

Chairman Brandt then asked for the project reports.

Mr. Reed presented the following projects to the Board:

- No. 1A:** – **Michael T. Marron**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$165,000 for the purchase of approximately 40 acres of farmland. This project is located in unincorporated Vermillion County near Fithian, IL.
- No. 1B:** – **Benjamin A. & Sonya L. Coulter**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$188,880 for the purchase of an undivided 1/3 interest in approximately 188.88 acres of farmland. This project is located in unincorporated Iroquois County near Paxton, IL.
- No. 1C:** – **Dustin & Christine Bauer**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$125,000 for the purchase of approximately 65 acres of farmland. This project is located in unincorporated Bond County near Greenville, IL.
- No. 1D:** – **Justin Alwardt**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$220,000 for the purchase of approximately 93 acres of farmland and related buildings. This project is located in unincorporated Effingham County near Altamont, IL.
- No. 1E:** – **Steven R. Smithenry**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$40,950 for the purchase of approximately 19.5 acres of farmland. This project is located in unincorporated Jasper County near Newton, IL.
- No. 1F:** – **Alex Dotterer**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$131,128 for the purchase of approximately 40.82 acres of farmland. This project is located in unincorporated McLean County near Fairbury, IL.
- No. 1G:** – **Brian Scott & Karen Sue Voss**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$87,000 for the purchase of approximately 41.25 acres of farmland. This project is located in unincorporated Adams County near Columbus, IL.
- No. 1H:** – **Gary & Annette Steidinger**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$127,920 for the purchase of approximately 40 acres of farmland and related buildings. This project is located in unincorporated Livingston County near Fairbury, IL.
- No. 2:** – **Gregory R. & Jan R. Kerber**
Request for final approval of the issuance of an agri-debt guarantee on a loan not-to-exceed \$500,000 that would provide an 85% loan guarantee (i.e., \$425,000) in favor of the Bank of Gibson City to finance the purchase of approximately 122 acres of farmland. This project is located in unincorporated Ford County near Sibley, IL.

Mr. Reed noted that Mr. and Mrs. Kerber were applying for an agri-debt guarantee instead of a Beginning Farmer Bond due to the income requirements of the Beginning Farmer Bond program. A brief discussion ensued and no objections were noted.

Mr. Rich Frampton presented the following projects for approval.

No. 3: – Concordia Place Apartments, L.P.

Request for approval of a preliminary bond resolution for the issuance of an amount not-to-exceed \$17.5 million of affordable rental housing bonds. Proceeds of these bonds will be used to: (1) current refund the remaining outstanding balance of the City of Chicago Series 2003 Revenue Bonds and IFA Series 2006 Subordinate Bonds, (2) finance capitalization of certain reserve funds required by the new credit enhancer, (3) prospectively fund renovations, and (4) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds. This 297-unit affordable rental housing property is located in Chicago, IL. (Cook County).

No. 4: – The Art Institute of Chicago.

Request for approval of a final bond resolution for the issuance of 501(c)(3) Bonds in an amount not to exceed \$245 million. Bond proceeds will be used by The Art Institute of Chicago (“AIC”, the “Institute”, or the “Borrower”), together with other funds of the Borrower, to refund all or a portion of AIC’s outstanding IFA (IEFA) Series 1992, Series 1995, Series 1996 Bonds, Series 1998A, Series 2000A Bonds, Series 2009B-1 Bonds, and Series 2009B-2 Bonds (collectively, the “Prior Bonds”) and/or converting some or all of the series of Bonds described above to another interest rate mode, and to pay costs of issuance. This Project is located in Chicago, IL. (Cook County).

A brief discussion ensued and no objections were noted.

Mr. Mauricio Nares, Associate Funding Manager, presented the following project for approval.

No. 5: – National Opinion Research Center

Request for approval of a one-time final bond resolution for the issuance of 501(c)(3) Bonds in an amount not to exceed \$4.4 million. The proceeds of this issuance will be used to: (i) finance, refinance or reimburse National Opinion Research Center (the “Corporation”), for all or a portion of the costs of the acquisition, construction, renovation, improvement, upgrading, furnishing and equipping of certain of its “educational facilities” (the “Projects”), including, without limitation, the acquisition and installation of certain computer hardware and software, audio-visual equipment and telecommunication equipment and various other fixed assets, including but not limited to furniture, for the Corporation’s facilities located in Chicago, (ii) to pay a portion of the accrued interest on the Bonds, if deemed desirable by the Corporation, (iii) to pay certain working capital expenditures, if deemed desirable by the Corporation, (iv) to fund one or more debt service reserve funds for the Bonds, if deemed desirable by the Corporation, and (v) to pay certain costs of issuance. This project is located in Chicago, IL (Cook County).

A brief discussion ensued and no objections were noted.

Mr. Jim Senica, Senior Funding Manager, presented the following resolutions and amendatory resolutions for approval.

No. 7: **Brett & Christine Zehr Participation Loan.** Request for Loan Modification and 90-day Extension of Commitment.

No. 8: **Ill-MO Products Company.** Resolution to approve and authorize an amendment to the Loan Agreement and related covenants between US Bank and Ill-MO Products Company.

Ms. Pam Lenane, Vice President and Acting General Counsel presented the following resolution for approval:

No. 9: Union Oil Company of California/PDVMR Project. Resolution authorizing the release of the Illinois Finance Authority's interest in certain personal and real property located in Will County, Illinois.

Mr. Steve Trout, Vice President, presented the following amendatory resolution for approval:

No. 10: Ockerlund Industries Project. Amendatory Resolution Authorizing a Change in Bond Purchaser and an Extension in the Amortization Schedule Associated with IFA Series 2005 Industrial Revenue Bonds.

Mr. Marnin Lebovits, Senior Funding Manager, presented the following resolution for approval.

No. 11: Energy Efficiency Guidelines. Resolution to adopt program guidelines for Energy Efficiency projects.

Mr. Goetz added that he requested Director Meister include the responsible contracting language that IDOT and other State Agencies use in the procurement posting for any contractors associated with the Energy Efficiency program. Director Meister agreed. Mr. Fuentes brought up the issue of staffing for the energy initiative. Director Meister stated that once the fiscal year is over and a clearer picture of next year emerges, hiring for this initiative will become a priority.

Closing Remarks and Adjournment:

The meeting adjourned at 10:56 a.m.

Respectfully Submitted,

Kara Nystrom-Boulahanis, Assistant Secretary