

January 12, 2010

TO: William A. Brandt, Jr., Chairman
Dr. William Barclay
Ronald E. DeNard
James J. Fuentes
Edward H. Leonard, Sr.
Terrence M. O'Brien
Juan B. Rivera

Michael W. Goetz, Vice Chairman
Roderick S. Bashir
John E. Durburg
Dr. Roger D. Herrin
Joseph McInerney
Roger E. Poole
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Board of Directors:

Over the past several months, the Illinois Finance Authority has seen transition coupled with a measure of uncertainty. At the halfway mark in Fiscal Year 2010, I would like to share my view of the mission of the IFA and the role of the Executive Director, summarize the activities of the past six months, provide some background and context for our new Board members, and give you a clear indication of the priorities that I believe we share in the next six months and beyond.

First, I would like to express my deepest appreciation for the confidence the Board expressed in me by appointing me Executive Director on December 8, 2009. It is a privilege to serve this Board and the people of the State of Illinois, and I look forward to a highly productive collaboration as we work together to fulfill the mission of the IFA. At the same time, you have my pledge that I will unremittingly uphold the highest standards of ethical practice and transparency that I know each of you expect.

OUR DRIVING VISION:

The Executive Director is the chief administrative and operational officer of the IFA who has the duty to direct and supervise the management and administration of the IFA staff. It is my intent to work under the leadership of IFA Chairman William A. Brandt, Jr., and all Members of the IFA Board, in concert with Governor Pat Quinn and his office, and in cooperation with the Illinois General Assembly, to pursue the statutory mission of the IFA: facilitating access to lower cost capital through the issuance of federally tax-exempt conduit debt, loan guarantees, and loans to borrowers that retain and create jobs in Illinois. These borrowers include not-for-profit organizations, private businesses, including agricultural and energy businesses, utilities, local governments, and individuals.

Not only will we meet our statutory mission through established programs but we will also identify and maximize new opportunities such as our energy initiative, leveraging tools available through ARRA and other federal programs, and cooperation with other State agencies in ways outlined by Governor Quinn's Economic Recovery Plan announced on December 14, 2009. Through partnership with the Office of the Auditor General and our

own internal efforts, we also aim to continuously identify and solve potential organizational weaknesses in order to better serve our borrowers and the people of the State of Illinois. I plan to accomplish these goals through an effective partnership with our senior management team: Yvonne Towers, Chief Financial Officer-Chief Technology Officer; Pam Lenane, Vice-President Healthcare and Acting General Counsel; Rich Frampton, Vice President, Business, Industry, Higher Education and 501(c)(3) entities; Eric Reed, Downstate Regional Manager-Agriculture; and Art Friedson, Chief Human Resources Officer; as well as the entire IFA staff.

FY10 did not have an auspicious beginning. As the depth of the economic downturn and the impact of that downturn on the IFA's revenues became evident, the IFA tightened its belt and focused its efforts on finding ways to fulfill our mission in a highly challenging environment. This effort culminated in the economic layoff of six valued members of the IFA staff. Although clearly a painful process for all, we have equitably resolved all of the outstanding issues resulting from the layoff and are now keenly focused on the future.

MARKET SEGMENT REVIEWS:

The IFA has benefited from the outstanding efforts of Pam Lenane and the other members of the IFA healthcare team, Bill Claus and Shannon Govia. **Not-for-profit healthcare borrowers** remain the IFA's primary revenue engine and the team has demonstrated their ability to overcome macroeconomic obstacles by closing 18 transactions with a par value of \$1,680,167,015, delivering YTD revenues of \$2,058,196. This YTD figure is 7.5% greater than the budgeted healthcare projections for the entire fiscal year. These projects created 540 new jobs and 2,801 construction jobs. Looking towards the second half of FY10, the rate and size of transactions are expected to return to a more modest level once the current flurry of activity ends in February 2010.

The successes of the IFA healthcare team extended beyond originating and closing financings. In keeping with State and Board policy to promote opportunities for disadvantaged businesses, the IFA held its first diversity forum for minority-owned and woman-owned (MBE/WBE) underwriters in September 2009. Encouraging opportunities for MBE/WBE businesses in connection with the issuance of conduit debt continues to be a policy success of the IFA. The success of the healthcare sector is all the more significant when viewed in the context of Pam Lenane's additional duties as Deputy General Counsel and now Acting General Counsel.

Under the direction of Rich Frampton and despite economic challenges and tight credit availability, the IFA has remained the preferred partner in the conduit financing of **business, industry, higher education, cultural institutions and other not-for-profits** throughout Illinois. During the first half of FY10, Rich and his team, Kim Du'Prey, Jim Senica and Mauricio Nares, closed 14 bond transactions representing \$414,616,458 in outstanding debt and \$949,249 in revenue to the Authority. Recent highlights include Roosevelt University, the Museum of Science and Industry, Orbital Tool Technologies

Corporation, and the Authority's first local government pooled issuance in almost two years. Projects managed by this team created 163 new jobs and 1,914 construction jobs. In addition to attaining transaction volume and revenues that exceeded budgeted targets, Rich has led an effort to build a robust credit review process that facilitates the IFA's effectiveness while providing valuable training to staff and more effectively manages risk.

Rich Frampton and Pam Lenane deserve special commendation for hosting and organizing the Chicago meeting of NAHEFFA, the National Association of Healthcare and Educational Facility Financing Authorities, September 2009, in Chicago on behalf of the IFA. More than 165 representatives of health and educational facilities and finance professionals from across the country attended this conference. In addition, Rich Frampton was appointed to the national board of CDFA, the Council of Development Finance Agencies, where he has been an active participant in the CDFA's Federal Legislative Committee and has presented various professional training seminars. Work with these national organizations has been critical in creating growth opportunities for IFA and our conduit bond borrowers, including the Federal Home Loan Bank Letter of Credit provision recently inserted into the Internal Revenue Code, and the temporary Bank Qualified Status under the 2009 Federal Recovery Act (ARRA) for 501(c)(3) bonds issued in amounts up to \$30 million through the end of calendar 2010.

Agriculture and rural development remain major priorities of the IFA and Eric Reed has successfully led efforts in this sector. Year to Date, 18 Beginning Farmer bonds and 2 Agribusiness loan guarantees have been closed. After years of lobbying by Eric, the IFA and peer agencies, the loan limit for beginning farmer bonds was increased to \$429,200 (Public Act 96-531; SB 260). In addition, the portfolio maintenance of the agricultural loan portfolio is a model for other sectors within the IFA. The creation of a loan scoring system has brought increased efficiency and reduced risk to the agricultural loan process. Lorrie Karcher and Jim Senica, who was recently moved to the agricultural market segment, are the members of Eric's team. To ensure better agricultural coverage, we are evaluating a modest expansion of the agricultural team.

For much of the past year, a major policy focus of the IFA has been the development and implementation of tools that will allow the IFA to play a leading role in the financing of **renewable energy, energy efficiency and clean coal projects**. With Public Acts 96-103 (SB 1906) and 96-817 (SB 390) becoming effective January 1, 2010, the creation of the IFA Energy Committee, and our ongoing effort to obtain and leverage financing resources through the United States Department of Energy, these tools are largely in place. Our next challenge is to use these tools to successfully participate in the financing and completion of renewable energy, energy efficiency and clean coal projects. The IFA teamed with the Illinois Department of Commerce and Economic Opportunity (DCEO) and the Midwest Energy Efficiency Alliance to apply for up to \$75 million through a U.S. Department of Energy (USDOE) competitive program to fund revolving loans and a debt service reserve to support an energy efficiency financing program available to local governments as well as private and not-for-profit borrowers. The IFA continues to work towards delegated

lending status with the USDOE for its federal loan guarantees for renewable energy projects. Pursuant to a USDOE request, IFA is nominating a “first mover” project for eligibility for a USDOE federal loan guarantee. Marnin Lebovits and Steve Trout compose the Energy Team with the support of Kim Du’Prey and Kara Boulahanis. The Executive Director directly supervises the energy initiative.

In the areas of **Finance, Accounting, and IT**, Yvonne Towers has done an outstanding job as Chief Financial Officer and Chief Technology Officer, and as Co-Authorized Agent during the vacancy in the Executive Director’s office. The Office of the Auditor General is completing the FY09 audit of the IFA, and preliminary results show that under Yvonne’s leadership, the IFA will receive the “cleanest” audit since its inception. Yvonne’s team, including Ximenda Granda, Joy Kuhn, Rob Litchfield and Frankie Patterson, were relentless in their efforts during the audit. The audit results serve as a strong affirmation of the ongoing efforts the IFA has made to tighten controls and improve administrative accuracy and productivity. In addition and pursuant to Board direction, Yvonne led an outside review of the management of the loan portfolio by the Bronner Group. Efforts are underway to implement the recommendations of the Bronner Group.

Since 2004, the IFA’s role in within the State **procurement** system, now managed by Central Management Services (CMS), has been somewhat ambiguous. However, the IFA recognizes that it is subject to the procurement system administered by CMS and overseen by the Procurement Policy Board. In our effort to more effectively navigate this complex system, IFA has entered into an intergovernmental agreement with CMS for a part-time Purchasing Agent at a discounted rate. This prepares the IFA for the transfer of procurement duties to a new agency when new procurement reforms become effective July 1, 2010 (Public Acts 96-793, 795; SB 51).. Since October, procurement has been under Yvonne’s supervision.

All **human resources** activities at the IFA had been outsourced to ADP since the inception of the Authority. In recognition of the critical role our staff play in the success of the Authority, we have brought in a highly experienced human resources professional and former public company senior executive to create a hands-on HR presence at the IFA. Art Friedson is concentrating on ending the outsourcing arrangement for human resources services and focusing on professional development, organizational dynamics and executive coaching.

The Authority currently has 22 employees plus one temp and one intern. We are looking to buttress our strength by adding a chief credit officer and analyst to build our credit analysis and portfolio management skills, and a lower level professional to oversee Fire truck and Ambulance lending, conduct TEFRA hearings, and assist with JCAR, the State’s Joint Committee on Rules. Art will be working with me to ensure that we have current accurate reviews on all senior staff that include professional development plans and focus on performance metrics such as revenue generation and mitigation of risk.

MOVING FORWARD:

As we move into the second half of FY10, I have set the following priorities for my first year as Executive Director of the IFA:

- **Revenue Improvement.** While we have outperformed expectations for the first half of FY10, we expect the business climate to remain challenging. If current interest rates rise, it would decrease demand for re-financings and threaten the viability of pending project financings. Being mindful of the need to self-fund the Agency and to offset some of the expense incurred by the more mission-driven segments of our business, the IFA will be working tirelessly to seek out high-quality transactions in all of our business sectors. We will attract business by building on our reputation of having experienced, knowledgeable and expert staff, and highly efficient processes that reduce the stress of bringing these complex transactions to closing. And, we will seek out opportunities to partner with State and Federal agencies to leverage the impact of the IFA on the economic development of the State of Illinois.
- **Personnel Development.** As Executive Director, I am committed to establishing a culture of learning and development throughout the Agency. We will pursue the professional development of every member of our team with a goal that each person at the IFA will exceed even his/her own expectations of what s/he is equipped to accomplish. We will be establishing personal development plans for each employee as part of the annual review program. We will aggressively pursue an internship program and an apprenticeship model and seek out appropriate training opportunities to allow our staff to grow and develop into positions of increasing responsibility, adding value to our customers while building loyalty and dedication to the IFA's mission.
- **Organizational Planning.** The IFA seeks to always have the right mix of talent in the right positions to make the Agency as efficient and productive as possible. Professional development and cross training will help this effort by enabling us to redeploy existing staff as business conditions shift. We will also be working to identify gaps in our organizational skill set and geographic coverage, and will cautiously proceed to fill those gaps and buttress our strength.
- **Business Process Improvement.** The Authority is remarkably productive given the limits on its resources, but we are not satisfied. As we move ahead, we will continually look for process improvements, technological advances, and all other activities and resources that might reduce waste and duplication of effort and increase productivity. In addition, we will increase our attention to the credit analysis process and concentrate on our existing loan portfolio to ensure that it is being managed prudently and monitored vigorously.

In closing, I would like to reiterate my personal gratitude to the Board for selecting me for this important opportunity. In light of the severe economic challenges facing our nation

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and Illinois, the collective work of the IFA becomes all the more important. Over the coming months, I look forward to working together with each of you, as well as the staff of the IFA, to fulfill our mission: retaining and creating jobs by facilitating access to capital.

Respectfully,

Christopher Meister
Executive Director

Attachments:

Attachment 1-General Fund, Financial Results plus the Consolidated balance sheet and the audit tracking schedule

Attachment 2 – Schedule of Debt plus a listing of all FY 10 closed projects thru 12-31-09

Attachment 3– Senior Staff Bios and Org Chart

Attachment 2

ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^[a]

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)]

		Principal Outstanding		Program Limitations	Remaining Capacity
		June 30, 2009	December 31, 2009		
Illinois Finance Authority "IFA"					
461 Revenue Bonds		\$ 14,115,957,000	\$ 15,426,291,000		
3 State Component Units ^[b]		45,778,000	45,214,000		
1 Clean Water State Revolving Fund ^[b]		94,480,000	90,415,000		
2 Commercial Paper Revenue Notes		291,000,000	261,000,000		
2 Revenue Financing Notes		3,613,000	3,428,000		
9 Leases, Notes and Certificates of Participation		11,772,000	20,248,000		
7 Bond Bank Revenue Bonds ^[b]		24,560,000	29,020,000		
1 Financially Distressed City Bonds		2,925,000	2,395,000		
3 Bond Anticipation Notes		5,500,000	9,185,000		
262 Agriculture: Beginner Farmer Bonds ^[f]		36,004,000	39,700,000		
751 Total IFA Principal Outstanding		\$ 14,631,589,000	\$ 15,926,896,000		
263 Illinois Development Finance Authority "IDFA" ^[b]		\$ 2,934,399,000	\$ 2,894,499,000		
119 Illinois Health Facilities Authority "IHFA"		\$ 3,655,331,000	\$ 3,251,892,000		
57 Illinois Educational Facilities Authority "IEFA"		\$ 1,734,177,000	\$ 1,662,057,000		
604 Illinois Farm Development Authority "IFDA" ^[f]		\$ 47,029,000	\$ 47,029,000		
21 Illinois Rural Bond Bank "IRBB" ^[b]		\$ 34,585,000	\$ 34,165,000		
1,815 Total Illinois Finance Authority Debt		\$ 23,037,110,000	\$ 23,816,538,000	\$ 28,150,000,000	\$ 4,333,462,000

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)]

		Principal Outstanding		Program Limitations	Remaining Capacity
		June 30, 2009	December 31, 2009		
General Purpose Moral Obligations					
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]					
19 Issued through IRBB		\$ 30,725,000	\$ 30,450,000		
8 Issued through IFA		64,560,000	69,020,000		
27 Total General Moral Obligations		\$ 95,285,000	\$ 99,470,000	\$ 150,000,000	\$ 50,530,000
Financially Distressed Cities Moral Obligations					
Illinois Finance Authority Act [20 ILCS 3501/825-60]					
1 Issued through IFA		\$ 2,925,000	\$ 2,395,000		
1 Issued through IDFA		5,720,000	4,660,000		
2 Total Financially Distressed Cities		\$ 8,645,000	\$ 7,055,000	\$ 50,000,000	\$ 42,945,000
State Component Unit Bonds ^[c]					
2 Issued through IDFA		\$ 105,530,000	\$ 99,570,000		
4 Issued through IFA		140,258,000	135,629,000		
6 Total State Component Unit Bonds		\$ 245,788,000	\$ 235,199,000		

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(b)]

		Principal Outstanding		Program Limitations	Remaining Capacity
		June 30, 2009	December 31, 2009		
Illinois Power Agency		\$ -	\$ -	\$ 4,000,000,000	\$ 4,000,000,000

Illinois Finance Authority Act [20 ILCS 3501/825-65(f)] - see also P.A. 96-103 effective 01/01/2010

		Principal Outstanding		Program Limitations	Remaining Capacity
		June 30, 2009	December 31, 2009		
Clean Coal, Coal and Renewable Energy Projects		\$ -	\$ -	\$ 3,000,000,000	\$ 3,000,000,000

Attachment 2

ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^[a]

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 830-25 (see also P.A.96-103); 830-30; 830-35; 830-45 and 830-50]

	Principal Outstanding		Program Limitations	Remaining Capacity	State Exposure
	June 30, 2009	December 31, 2009			
Agri Debt Guarantees [Restructuring Existing Debt]	\$ 21,986,000	\$ 22,408,000	\$ 160,000,000	\$ 137,592,000	\$ 18,990,000
Agri Industry Loan Guarantee Program	\$ 13,648,000	\$ 12,572,000			10,686,000
Renewable Fuels	24,445,000	24,445,000			14,875,000
Farm Purchase Guarantee Program	496,000	496,000			421,000
Specialized Livestock Guarantee Program	12,696,000	10,553,000			8,970,000
Young Farmer Loan Guarantee Program	2,430,000	2,684,000			2,281,000
AG Loan Guarantee Program	\$ 53,715,000	\$ 50,750,000	\$ 225,000,000	^[e] \$ 174,250,000	\$ 37,233,000
Total State Guarantees	\$ 75,701,000	\$ 73,158,000	\$ 385,000,000	\$ 311,842,000	\$ 56,223,000

Issued under the Illinois Environmental Facilities Financing Act [20 ILCS 3515/9]

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	December 31, 2009		
Environmental [Large Business]				
9 Issued through IFA	\$ 317,704,000	\$ 317,476,000		
22 Issued through IDFA	407,370,000	407,015,000		
31 Total Environmental [Large Business]	\$ 725,074,000	\$ 724,491,000	\$ 2,425,000,000	\$ 1,700,509,000
Environmental [Small Business]				
31 Total Environment Bonds Issued under Act	\$ 725,074,000	\$ 724,491,000	\$ 2,500,000,000	\$ 1,775,509,000

^[a] Total subject to change; late month payment data may not be included at issuance of report.

^[b] State Component Unit Bonds included in balance.

^[c] Does not include Unamortized issuance premium as reported in Audited Financials.

^[d] Program Limitation reflects the increase to \$3 billion effective 01/01/2010 under P.A. 96-103.

^[e] Program Limitation reflects the increase from \$75 million to \$225 million effective 01/01/2010 under P.A. 96-103.

^[f] Beginner Farmer Bonds are currently updated annually; new bonds will be added under the Illinois Finance Authority when the bond closes.

Illinois Finance Authority Funds at Risk

#		Original Amount	Principal Outstanding	
			June 30, 2009	December 31, 2009
	Participation Loans			
71	Business & Industry	27,584,793.27	20,487,542.83	18,667,427.45
26	Agriculture	6,106,859.01	5,323,214.12	5,375,248.89
97	Total Participation Loans	\$ 33,691,652.28	\$ 25,810,756.95	\$ 24,042,676.34
1	Illinois Facility Fund	\$ 1,000,000.00	\$ 1,000,000.00	\$ -
4	Local Government Direct Loans	\$ 1,289,750.00	\$ 387,931.74	\$ 1,000,000.00
6	FmHA Loans	\$ 963,250.00	\$ 617,776.68	\$ 322,154.98
2	Renewable Energy [RED Fund]	\$ 2,000,000.00	\$ 1,841,011.12	\$ 561,145.21
110	Total Loans Outstanding	\$ 38,944,652.28	\$ 29,657,476.49	\$ 25,925,976.53



Bonds Issued in Fiscal Year 2010

Closing Date	Bond Issue Principal	Issue	*Invoice Amount	New Jobs	Cons Jobs
07/09/09	116,000,000.00	Provena Health Systems, Series 2009B-D	138,000.00	0	0
07/09/09	14,370,000.00	Jewish Charities RAN, Series 2009-2010A	12,500.00	0	0
07/16/09	8,500,000.00	Hospice of Northeastern Illinois	40,500.00	31	125
07/22/09	30,000,000.00	Illinois Institute of Technology	85,000.00	0	130
07/23/09	13,607,000.00	Alexian Brothers Health System	55,821.00	0	0
07/29/09	200,000,000.00	Rush University Medical Center	200,000.00	300	300
08/13/09	66,500,000.00	Riverside Health System	121,500.00	55	n/a
08/18/09	70,000,000.00	OSF Healthcare System	62,500.00	0	40
08/20/09	7,911,000.00	Our Lady of Angels Village Project [Joliet Franciscans]	38,733.00	2	80
08/20/09	225,000,000.00	University of Chicago Medical Center	211,000.00	0	700
08/20/09	5,431,458.00	St. Patrick High School	27,157.29	0	0
08/20/09	8,924,194.63	Aunt Martha's Youth Project	41,772.58	0	0
10/01/09	28,500,000.00	American Water Capital Corp.	219,450.00	4	120
10/16/09	52,000,000.00	Lake Forest Hospital	107,000.00	40	50
10/21/09	22,870,000.00	Trinity International University	75,740.00	3	40
10/28/09	43,500,000.00	Edward Hospital [refund IHFA 2001C]	98,500.00	0	0
10/29/09	30,000,000.00	Concordia University Chicago	77,500.00	53	70
11/18/09	240,000,000.00	Central DuPage Health, Series 2009B	211,000.00	33	400
12/04/09	4,460,000.00	Bond Bank Revenue Bonds	22,512.50	0	100
12/09/09	183,645,000.00	Roosevelt University	154,822.50	40	400
12/10/09	90,675,000.00	Rehabilitation Institute of Chicago	138,000.00	0	0
12/15/09	3,345,000.00	Villa of Guadalupe Senior Services Corporation	16,725.00	0	0
12/16/09	11,505,000.00	Elgin Academy	49,515.00	5	0
12/16/09	625,000.00	Joliet Montessori School	3,125.00	5	15
12/17/09	64,000,000.00	Museum of Science & Industry	119,000.00	22	914
12/17/09	22,955,000.00	Illinois Valley Community Hospital	37,955.00	3	200
12/22/09	103,805,000.00	Resurrection Healthcare	138,000.00	0	0
12/23/09	150,000,000.00	Memorial Health System	138,000.00	107	1,031
12/29/09	27,689,820.00	Rest Haven Christian Convalescent Home	82,689.82	0	0
\$ 1,845,818,472.63		Total Fees Collected	\$ 2,724,018.69	703	4,715



Bonds Issued in Fiscal Year 2010

Beginner Farmer Bonds Closings

Closing Date	Bond Issue Principal	Issue	*Invoice Amount
10/15/09	250,000.00	Kane, Jason W.	3,650.00
10/15/09	178,400.00	Mueller, Charles	2,576.00
10/15/09	87,500.00	Dietmeier, Thomas & Wendy	1,212.50
10/20/09	137,500.00	Adair, Tye & Jill	1,962.50
10/29/09	120,000.00	Miller, Curtis	1,700.00
10/29/09	202,202.00	Huschen, Rob	2,933.03
10/29/09	150,000.00	Walk, Chad	2,150.00
11/02/09	201,000.00	Reeves, Jeremy & Tara	2,915.00
11/18/09	150,000.00	VanFleet, Ryan	2,150.00
11/18/09	101,500.00	Swanson, Matthew & Angela	1,422.50
12/01/09	239,000.00	Hill, Barrett	3,485.00
12/10/09	177,300.00	Weber, Daniel	2,560.00
12/15/09	250,000.00	Jensen, Jeffrey R.	3,650.00
12/15/09	149,000.00	Boehl, Bruce	2,135.00
12/15/09	250,000.00	Wolber, DuWayne & Abby	3,650.00
12/16/09	113,920.00	Holland, Nicholas	1,608.80
12/22/09	469,200.00	Killiam, Mark & Beth	6,938.00
12/22/09	469,200.00	Nichelson, William & Jennie	6,938.00
\$	3,695,722.00	Total Beginner Farmer Bonds Fees Collected	\$ 53,636.33

AG Debt Restructuring Bond Closings

Closing Date	Bond Issue Principal	Issue	*Invoice Amount
09/30/09	500,000.00	Hayden Farms Partnership	3,750.00
10/23/09	500,000.00	Beer, Keith G.	3,450.00
\$	1,000,000.00	Total AG Debt Restructuring Fees Collected	\$ 7,200.00

Participation Loan Closings

Closing Date	Amount Funded	Issue
12/23/09	468,261.83	Midwest Investment Solution, Inc. (Orbital Tool Technologies Corp)

*Invoice Amount column represents actual fees collected.

Senior Staff Bios and Organization Chart

Chris Meister, Executive Director, has been working to promote commerce and create jobs in the State of Illinois since he entered State government in 2003. He has worked on numerous pieces of important legislation promoting commerce through public financing authorizations and targeted tax credits. He has ushered through legislation expanding the IFA's bond authorization limit to \$28.15 Billion, and securing funding for \$3.225 Billion in State loan guarantees for renewable energy and clean coal projects. Chris left private practice at Holland & Knight, LLP, to serve as the Associate General Counsel of the Illinois Department of Commerce and Economic Activity. He was named General Counsel of the IFA in 2007, granted the additional designation as Deputy Director in 2008, then was named Executive Director in December, 2009. Chris holds a BA from DePaul University, and a JD from the University of Illinois College of Law.

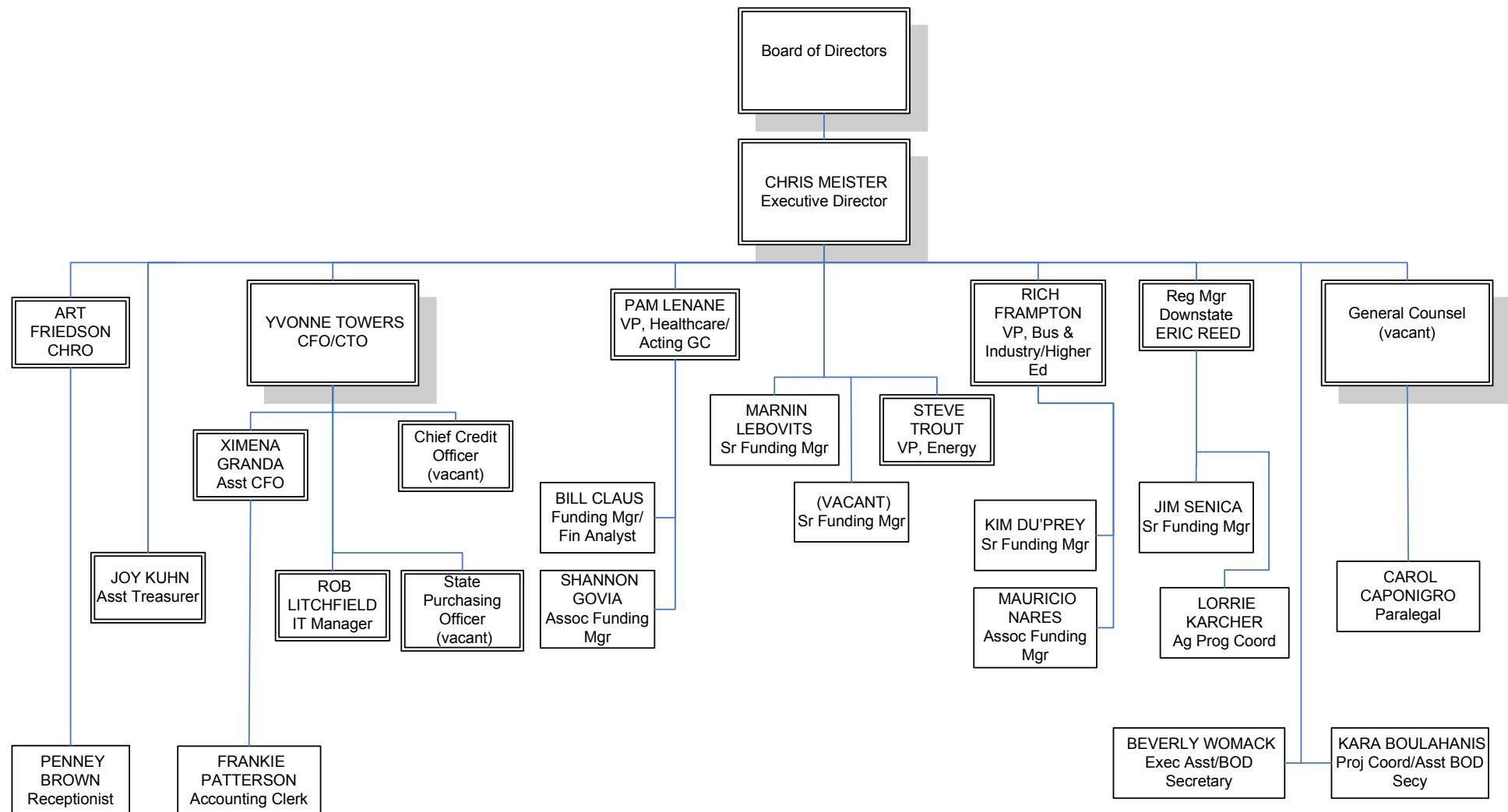
Yvonne Towers, Chief Financial Officer/Chief Technology Officer. Since beginning her career in accounting at Amsted Industries in 1984, Yvonne has held a series of increasingly responsible accounting and finance positions at outstanding Chicago companies like L'Oréal and Ariel Investments. She joined IFA in early 2009 and immediately established improved processes and implemented controls that led to a nearly flawless audit that was concluded earlier this month. Yvonne also served with distinction as Co-Authorized Agent in the absence of an Executive Director. Yvonne, a CPA since 1988, holds a BS in accounting and business administration from Illinois State University, and an MBA in finance from the Keller Graduate School of Business.

Pam Lenane, VP Healthcare Markets and Acting General Counsel, is in charge of all healthcare financings. Before joining the IFA in 2004, she was the Deputy Director of the Illinois Health Facilities Authority, and Acting Director of the Illinois Housing Development Authority (IHDA). She is a graduate of Dominican University and Northwestern University School of Law. Before entering State government, Pam was a partner at McDermott, Will & Emery, where she specialized in real estate, international tax and business law; General Counsel of a publicly traded savings bank, and a partner at Katten Muchin Zavis Rosenman, specializing in commercial finance and banking law.

Rich Frampton, VP Business & Industry and Not-For-Profit Markets, is an industry authority with twenty-five years in public finance. Starting at the Illinois Development Finance Authority in 1984, Rich has held a series of progressively responsible positions both there and at the IFA, its successor agency. He has instituted significant changes in the credit review process at the IFA, and has led the Authority's Credit Review Committee since March, 2009. He has revamped and rejuvenated the IFA's local government finance pool, and has worked to develop a formalized curriculum for training funding managers. He leads the IFA's financing efforts in the business, industry, higher education and 501(c)(3) markets. Rich holds a BA in Economics from the University of Illinois at Urbana-Champaign, and has completed commercial lending training at American National Bank's Correspondent Banking Division.

Eric Reed, Regional Manager (Downstate), came to the IFA in 2004 from Fifth Third Bank in Haustadt, Indiana. A banker in Southern Illinois since 1990, Eric manages all downstate activities with a concentration on new farmer bonds and agribusiness financing. Eric holds a BS in Agribusiness Economics from Southern Illinois University, and has completed graduate certificate courses at the Illinois Agricultural Banking School and Purdue University's Midwest Agricultural Banking School.

Art Friedson, Chief Human Resources Officer, recently joined the IFA after a long career in human resources management and consulting in the private sector. Art held progressively responsible positions at Amoco Corporation and Hospital Corporation of America before leading the HR function and sitting on the Executive Committee at CDW Corporation as it grew from \$500 million to over \$5 Billion. At IFA, Art is concentrating on ending the outsourcing arrangement for human resources services and focusing on professional development, organizational dynamics and executive coaching. Art holds a BA in psychology from The City College, City University of New York, and an MS in industrial relations from Loyola University of Chicago.



**MINUTES OF THE DECEMBER 8, 2009 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”), pursuant to notice duly given, held a Committee of the Whole Meeting at 8:30 a.m. on December 8, 2009 at the Chicago Office of the IFA at 180 N. Stetson, Suite 2555, Chicago, IL 60601.

Members present:

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Dr. Roger D. Herrin
4. Terrence M. O’Brien
5. Dr. William J. Barclay
6. James J. Fuentes
7. Bradley A. Zeller
8. John “Jack” Durburg (Temporary)

Members absent:

1. Juan B. Rivera
2. Roderick Bashir (Temporary)
3. Joseph McInerney (Temporary)
4. Roger Poole (Temporary)
5. Edward H. Leonard, Sr.
6. Ronald E. DeNard

Vacancies:

One

Staff Members Present:

- Chris Meister,
Deputy Director – General Counsel
(Authorized Officer)
Yvonne Towers, CFO and CTO
(Authorized Officer)
Rich Frampton, V.P.
Art Friedson, CHRO
Kara Boulahanis, Project Coordinator
& Asst. Secretary to the Board
Eric Reed, Regional Manager
Pamela Lenane,
V.P.-Asst. General Counsel

**Members participating by
telephone:**

None

Call to Order

Chairman Brandt called the meeting to order at 8:48 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests. Chairman Brandt welcomed Mr. Jack Durburg, a new appointee to IFA’s Board from CB Richard Ellis.

Chairman’s Remarks

Chairman Brandt announced that four (4) new appointments had been made to the IFA’s Board of Directors, all of which are effective immediately, as the Illinois State Senate is not in session. The first appointment is Mr. Jack Durburg, in attendance at the meeting. Mr. Roderick Bashir from Service Employees Union International (SEIU), Mr. Roger Poole, a recently retired labor leader and Mr. John McInerney of Cardinal Investments completed the group of appointees. Mr. Durburg replaces former board member Ms. April Verrett. Mr. Bashir replaces former board member Mr. Andrew Rice. Mr. Pool replaces Ms. Lynn Talbot and Mr. McInerney replaces Mr. Joseph Valenti.

Chairman Brandt then stated that the Governor is required by statute to send to the IFA Board two candidates for consideration for the position of Executive Director of the Authority. In anticipation of this possibility, the Board placed consideration and/or appointment of an Executive Director on the agenda, to meet any Open Meetings Act requirements. Governor Quinn forwarded two candidates for consideration late Friday night, Mr. Gabriel Saunders and Mr. Chris Meister. Mr. DeNard requested before the meeting that the Board discuss the nominations at 10:30 a.m. to allow to him to be present and Chairman Brandt agreed to oblige him.

Chairman Brandt raised the possibility of procuring or hiring a legislative liaison, as he had been requested by several members of the legislature to do so. A brief discussion ensued regarding different options and it was decided to research further before taking action.

Senior Staff Reports

Chairman Brandt introduced Ms. Yvonne Towers, Chief Financial Officer of the IFA, to Mr. Durburg. Ms. Towers began her presentation by sharing with that Board that the budget remains in alignment with projections. She then presented in accordance with the Senior Staff Report. Mr. Fuentes raised the issue of the venture capital fund valuation and shared with the Board that he had narrowed the scope with the hope of keeping the total cost under \$20,000.

Mr. Frampton then presented the business & industry market report in accordance with the board report. Mr. Reed then shared the agriculture market report consistent with the board report. He also added that he was excited to report that he had two beginning farmer bonds to present at the new, higher limit.

Chairman Brandt then asked Mr. Friedson to report on the outcome of the October layoffs. Mr. Friedson then shared the details of the negotiations and settlements that had been made. He shared that all outstanding claims had been settled and no further issues remained. He then informed that Board that the IFA had recently hired a paralegal, Carol Caponigro. He stated that she was an excellent addition to the IFA team and he looked forward to working with her for some time to come. Finally Mr. Friedson closed by stating that he was working on a new bid for the staff benefit plans with the hope of achieving some savings.

Chairman Brandt thanked everyone for way the layoff and the subsequent issues had been handled.

Ms. Lenane then presented an update on the Healthcare sector consistent with the senior staff report. She explained the purpose and reasoning behind Resolution No. 17 as well.

Mr. Meister presented the legislative update, consistent with the senior staff report. He shared that Senate Bill 390 was signed by the Governor. It grants the IFA the authority to issue energy efficiency bonds backed by the moral obligation of the State of Illinois. Mr. Meister continued that the legislative agenda of the IFA has been raised with the Governor's Office and will be close to finalization in January. Finally, the IFA has been working with the Department of Labor to come to an understanding on the scope of the expansion of the prevailing wage act that was recently passed.

Committee Reports:

Dr. Barclay shared the Healthcare Committee report. The Healthcare Committee passed several projects that had not yet passed the Credit Committee. He then stated that Ms. Lenane covered the remainder of the committee report in her senior staff report.

Mr. Zeller stated that the Agriculture Committee approved primarily beginning farmer bond projects with only one, fairly complicated Agri-Debt Guarantee, in favor of Baby Bacon, Inc. A brief discussion of adding an additional downstate agriculture focused funding manager ensued.

Dr. Herrin then presented the Energy Committee report. He stated that the energy staff has been hard at work completing two US DOE applications, Retrofit Ramp-Up and the FIPP delegated lender, due on December 14 and January 15, respectively. He stated that it was the goal of the Energy Committee to accelerate the energy efficiency (EE) program now that SB 390 had been signed into law. Chairman Brandt added that the new EE sector will place the IFA into a new, direct lending role it has never before held. Due to this, the IFA will need additional credit and

underwriting analysis. Mr. Meister then added that the IFA had contracted with Illinois State University's wind center to evaluate these projects for a set fee to augment IFA's analysis.

Project Reports

The Chairman then asked for the projects reports.

Mr. Reed began by introducing Ms. Lorrie Karcher, Agriculture Program Coordinator, to the Board.

No. 1A: A-FB-TE-CD-8297– Jared W. Brewer

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$166,375 for the purchase of 55 acres of farmland. This project is located in Cambridge, IL (Henry County).

Mr. Reed presented consistent with the Board report. Minimal discussion ensured and no objection was noted.

No. 1B: A-FB-TE-CD-8298– Mark J. & Beth A. Killam

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$469,200 for the purchase of an undivided 1/3 interest in a farm equal to 76.48 acres of farmland. This project is located in Auburn, IL (Sangamon County).

Mr. Reed presented consistent with the Board report. Minimal discussion ensured and no objection was noted.

No. 1C: A-FB-TE-CD-8299– William C. & Jennie M. Nichelson

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$469,200 for the purchase of an undivided 1/3 interest in a farm equal to 76.48 acres of farmland. This project is located in Girard, IL (Sangamon County).

Mr. Reed presented consistent with the Board report. Minimal discussion ensured and no objection was noted.

No. 1D: A-FB-TE-CD-8300 – Nicholas L. Holland

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$113,920 for the purchase of 40 acres of farmland. This project is located in Mason, IL (Effingham County).

Mr. Reed presented consistent with the Board report. Minimal discussion ensured and no objection was noted.

No. 2: A-AD-GT-8293– Baby Bacon, Inc.

Request for final approval for the issuance of an Agri-Debt Guarantee in an amount not-to-exceed \$300,000. Proceeds from this financing will be used to provide an 85% loan guarantee in favor of Resource Bank to refinance the borrowers' debts. This project is located in Amboy, IL (Lee County).

Mr. Reed presented consistent with the Board report. He added that the project came to the IFA in late October and was held from the November meeting for additional discussion. The project has

added six (6) restrictions and the par amount decreased by \$200,000 as the result of those discussions. Mr. Reed drew the Board Members attention to the concerns noted on the bottom of page four (4) of the board report, in the next to the last paragraph. He also stated this project would be backed by a guarantee, and the guarantors were located on the last page of the summary. Chairman Brandt added that this loan would be made on the basis of IFA's mission and not the credit. Dr. Herrin requested that Mr. Reed obtain a negative pledge from the borrowers.

Mr. Frampton then presented the following project:

No. 3: PU-WD-TE-CD-8304– American Water Capitol Corp. on behalf of Illinois-American Water Company

Request for preliminary approval for the issuance of up to \$25 million of New Money Water Furnishing Facilities Revenue Bonds to finance a portion of the cost of new capital improvements to certain Illinois-American Water Company drinking water systems located statewide. The total construction cost of these projects is approximately \$35.4 million including, but not limited to, various mains, meters, pumping stations, and water treatment plant improvements. The proposed IFA Series 2010 Bonds will finance a portion of total capital improvement costs located in Illinois-American Water Company's Champaign, Interurban (Granite City and East St. Louis), Lincoln, Peoria, and Pontiac Districts.

Mr. Frampton stated that this project is consistent with IFA's effort to create counter-cyclical transactions. He then stated that the IFA issued \$28.5M on October 1, 2009 for this same borrower. These projects will be located in Central and Southwestern IL.

Mr. Frampton described the required Illinois Commerce Commission (ICC) approval process which includes a mandated public hearing process. He then stated that the borrower does not anticipate any public hearings will be required but the ICC will need to approve the plans. This process should be complete in March or April of 2010 and the project hopes to close within the first six (6) months of the year.

No. 4: B-LL-TX-8193–Midwest Investment Solutions, Inc. (Orbital Tool Technologies Corp.)

Request for the final approval of the issuance of a participation loan in an amount not to exceed \$475,632.50. The proceeds of this issuance will be used to (i) provide permanent financing for the construction of an 11,400 SF addition to its existing 23,920 SF manufacturing facility located in Belvidere, Illinois that is leased to Orbital Tool Technologies Corp. (ii) finance installation expenses for existing equipment, and (iii) fund accrued interest on a construction loan for the subject property. This project is located in Belvidere, IL (Boone County).

Mr. Frampton presented consistent with the board report. Minimal discussion ensued and no objections were noted.

No. 13: The Center for Research Libraries Project. Resolution to approve a First Supplemental Security Agreement and to Authorize Execution of an Account Control Agreement, and to authorize the substitution of certain collateral securing the Loan (IEFA Series 1985 Cultural Pool).

Mr. Frampton presented consistent with the board report. Minimal discussion ensued and no objections were noted.

- No. 14:** **Embers Elementary School Project.** Resolution to approve an Amended and Restated Trust Indenture and a First Amendment to the Loan Agreement, which provides for the creation of a new interest rate, and related matters

Mr. Frampton presented consistent with the board report. Minimal discussion ensued and no objections were noted.

- No. 5:** **E-PS-TE-CD-8270-The Joliet Montessori School**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$650,000. The proceeds of this issuance will be used to (i) pay amounts due under the Borrower's Tax-Exempt Lease (evidenced by a Sublease dated as of April 1, 1998), (ii) paying or reimbursing the Borrower for costs of acquiring, constructing, renovating, remodeling and equipping approximately 2,325 SF educational facility located at 1612 Root Street, Crest Hill (Will County), Illinois; (iii) funding a debt service reserve fund for the benefit of the Series 2009 Bonds; (iv) paying a portion of the interest on the Series 2009 Bonds; (v) providing working capital, if deemed necessary; and (vi) paying certain expenses incurred in connection with the issuance of the Series 2009 Bonds. This project is located in Crest Hill, IL (Will County).

Mr. Frampton presented consistent with the board report. Minimal discussion ensued and no objections were noted.

Mr. Senica presented the following project:

- No. 6:** **H-HO-TE-CD-8301– Community Memorial Hospital**
Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$955,000. The proceeds of this issuance will be used for (i) construction of a 5,500 square foot medical office building that will provide space to house Hospital physicians who are currently in space within the Hospital and who are committed to transition to the new offices (ii) Acquisition of equipment for use therein and (iii) legal and professional issuance costs associated with the bond issuance. This project is located in Staunton, IL (Macoupin County).

Mr. Senica presented consistent with the board report. Minimal discussion ensued and no objections were noted.

Ms. Lenane presented the following projects:

- No. 8:** **H-HO-TE-CD-8305– Swedish Covenant Hospital**
Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$140 million. The proceeds of this issuance will be used to (i) to refund all or a portion of the outstanding Series 2003A, 2003B, and 2008B Variable Rate Demand Bonds, (ii) to establish a debt service reserve fund; (iii) to pay Cost of Issuance of the Bonds; and (iv) fund future hospital renovation and equipment purchases. This project is located in Chicago, IL (Cook County)

Ms. Lenane presented consistent with the board report. Minimal discussion ensued and no objections were noted.

- No. 7:** **H-HO-TE-CD-8303– Saint Anthony's Health Center**

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$10 million. The proceeds of this issuance will be used to fund capital expenditures and other improvements for the health care facilities of the Borrower including, but not limited to, certain radiology, hospital and other medical and non-medical equipment, information systems hardware and software, and various hospital building renovations and improvements. This project is located in Alton, IL (Madison County)

Ms. Lenane presented consistent with the board report. She stated that she had suggested diversifying the underwriting team to the project, but she is unsure of her reception. No objections were noted.

No. 9: H-HO-TE-CD-8296– Illinois Valley Community Hospital

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$24 million. The proceeds of this issuance will be used to (i) funding for capital projects, (ii) the refinance of an existing bank loan and (iii) funding for bond issuance costs and other delivery date expenses associated with the transaction. This project is located in Peru, IL (LaSalle County)

Ms. Lenane presented consistent with the board report. Minimal discussion ensued and no objections were noted.

No. 10: H-HO-TE-CD-8276– Memorial Health System

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$185 million. The proceeds of this issuance will be used to provide funds to Memorial Health System, Memorial Medical Center, Taylorville Memorial Hospital and The Abraham Lincoln Memorial Hospital (collectively, the “Borrowers”), each an Illinois not for profit corporation, together with certain funds of the Borrowers, necessary to (i) pay or reimburse, or refinance certain indebtedness the proceeds of which were used to pay or reimburse, the costs of acquiring, constructing, renovating, remodeling and equipping certain of the Borrowers’ health care facilities, (ii) cash defease and/or currently refund all or a portion of the outstanding principal amount of the \$48,460,000 Illinois Health Facilities Authority Revenue Bonds, Series 1997 (Memorial Health System) (the “Series 1997 Bonds”), (iii) fund a debt service reserve fund, if deemed necessary or advisable, (iv) pay a portion of the interest on the Bonds, if deemed necessary or advisable, (v) provide working capital, if deemed necessary or advisable, and (vi) pay certain expenses incurred in connection with the issuance of the Bonds, including but not limited to the costs of cash defeasing and/or refunding the Series 1997 Bonds. This project is located in Springfield, Taylorville and Lincoln, IL (Sangamon, Christian and Logan Counties).

Ms. Lenane presented consistent with the board report. Minimal discussion ensued and no objections were noted.

**No. 11: H-SL-RE-TE-CD-8283– Rest Haven Illiana Christian Convalescent Home,
D/B/A Providence Life Services**

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$30 million. The proceeds of this issuance will be used (i) refund a majority of the Illinois Finance Authority Weekly Adjustable Rate Revenue Bonds, Series 2004B (Rest Haven Christian Services), and (ii) fund certain professional and bond issuance costs. This project is located in multiple locations in Chicago, IL (Cook County).

Ms. Lenane presented consistent with the board report. She stated that this was a one time final resolution to convert outstanding variable rate debt backed by a letter of credit that is not being renewed. This project needs to close by the end of the month. Minimal discussion ensued and no objections were noted.

No. 12: H-SL-RE-TE-CD-8283– Villa Guadalupe Senior Service Corporation

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$23.5 million. The proceeds of this issuance will be used (1) refund the existing Series 1990 Variable Rate Demand Bonds issued by the County of Cook, Illinois 2) fund future capital expenditures, and 3) pay for cost of issuance associated with the Series 2009 Bonds. This project is located in Carbondale, Herrin and Murphysboro, IL.

Ms. Lenane presented consistent with the board report. Minimal discussion ensued and no objections were noted.

Mr. Frampton presented the following project:

No. 16: **Credit Criteria. Resolution Establishing the Credit Criteria of the Illinois Finance Authority**

Mr. Frampton presented consistent with the board report. Minimal discussion ensued and no objections were noted.

No. 17: **Illinois Finance Authority Healthcare Initiative for Small and Mid-size Rural and Urban Not-for-Profit Hospitals, Critical Access Hospitals and Community Providers of Behavioral Healthcare. Resolution establishing the Illinois Finance Authority Healthcare Initiative for Small and Mid-size Rural and Urban Not-for-Profit Hospitals, Critical Access Hospitals and Community Providers of Behavioral Healthcare services in the State of Illinois.**

Mr. Frampton presented consistent with the board report. Minimal discussion ensued and no objections were noted.

Chairman Brandt then stated that the Governor had sent two nominations to the Board. The Board is limited to selecting one of the two nominations sent by the Governor. Chairman Brandt explained that if the Board should vote on the nominations today, the executive director named would be in place as of the vote. He would then be appointed to a one-year term. He stated that the nominations for Executive Director were Gabriel Sanders of the Department of Commerce and Economic Opportunity and Chris Meister of the IFA. Chairman Brandt stated that he was pleased the Governor nominated two such accomplished individuals. He stated that the Board would go into closed session and interview the candidates separately. They would then take a vote and finally leave closed session to announce the vote on the public record. Dr. Roger Herrin

moved to take the meeting into closed session. Mr. Goetz seconded Dr. Herrin's motion. Secretary Nystrom-Boulahanis took a roll call vote and the motion passed unanimously. The meeting moved into closed session at 10:43 a.m.

The meeting moved out of closed session with a motion by Mr. Goetz, seconded by Mr. Durburg. The motion carried unanimously and the meeting moved out of closed session at 11:50 a.m. Chairman Brandt announced that Mr. Chris Meister was named Executive Director of the IFA by a motion of Mr. Zeller and seconded by Dr. Herrin that carried unanimously.

Closing Remarks and Adjournment:

The meeting adjourned at 11:53 a.m.

Respectfully Submitted,

Kara Nystrom-Boulahanis, Assistant Secretary