ILLINOIS FINANCE AUTHORITY

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February 8, 2011

TO: William A. Brandt, Jr., Chairman
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James J. Fuentes
Norman M. Gold
Dr. Roger D. Herrin
Michael W. Goetz, Vice Chairman
Edward H. Leonard, Sr.
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Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

As we consider our planned efforts for the second half of Fiscal Year 2011 (the first half of calendar year 2011), we note that both the volume and number of Illinois Finance Authority ("IFA") conduit issuances is tied to the general state of the municipal bond market in general, and the municipal conduit bond market in particular.

The primary financing tool offered by the IFA, federal tax-exemption of interest payments on capital borrowing, needs to make economic sense for the not-for-profit, corporate and individual borrowers eligible to use this tool. Borrowers need to both have revenue streams sufficient to support project finance, and capital projects that can be paid for with the proceeds of such borrowing. There needs to be willing lenders available to provide such financing. In sum, the capital markets need to appropriately recognize the interest discount inherent in tax-exempt borrowing and the borrowers must have both the need and the ability to support such borrowing.

State of the Municipal Conduit Bond Market

While January and February have traditionally been slow months for tax-exempt conduit issuance, the opening of calendar year 2011 has posed some special challenges to the municipal bond market nationally. One of these challenges is related to the end of the Build America Bond ("BAB") program at the end of 2010. BABs were a federal taxable direct payment interest program for state and local governments that Congress created with the federal stimulus. Long-term, BABs had the potential to be a competitor to tax-exempt conduit issuances, but in the short-term, BABs supported the entire municipal bond market during a period of recession and high unemployment.

The following excerpts from recent ***Bond Buyer*** articles provide a good summary of the situation:

Municipal bond issuances dropped to an 11-year-low in January as borrowers paused to re-acquaint themselves with a market devoid of new Build America Bonds.

The first month of the post-BAB era saw just $12.2 billion of new debt, according to preliminary data from **Thomson Reuters**. That's nearly 64% less than in January 2010 and the slimmest volume of any month since January 2000.

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BABs accounted for 24% of the $757.6 billion of state and local debt issued from April 2009 through last month.

BAB issuance spiked as the program neared its end, with borrowers moving debt sales up to beat the clock. Fourth quarter issuance totaled $133.8 billion, the second-highest quarterly volume on record.

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The yield environment of the new year also is not as friendly to borrowers of long-term debt.

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The yield on the gilt-edged 30-year bond also peaked at 5.08%, the highest since late December 2008.

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Amid this climate, refundings fell 55% from last January to $3 billion, while new-money issuances dropped 68% to $7.3 billion.

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Most sectors also saw a major decrease. Issuance in the biggest – education- was more than halved as it tumbled 55% to $3.2 billion. Issuance of health care bonds fell 31% to $2.1 billion"
Volume Hits 11-Year Low, Just $12.2B After Demise of BABs, Patrick McGee, ***Bond Buyer***, February 1, 2010.

"In some respects, the volume this year reminds us of the extremely light volume of 1987 when issuance was about a third of the volume that was sold before the Tax Reform Act took full effect,' [John] Hallacy, [municipal research strategist at Bank of America Merrill Lynch] wrote. *Light Calendars Continue as South Carolina Leads with $324 Million,* Christine Albano, ***Bond Buyer***, February 7, 2010.

While IFA did not have the ability to issue BABs and benefited from BABs only to the extent that they provided general support to the overall municipal bond market, IFA and its borrowers did directly benefit from other stimulus programs that also expired at the end of 2010: Recovery Zone Facility Bonds; Bank Qualification; Federal Home Loan Letter of Credit, and others. The net impact of the aforementioned stimulus era programs boosted volume in the fourth quarter of 2010 and accelerated the closing of projects.

Consistent with the national trends, IFA saw high volume of closings late in 2010: the IFA closed 17 conduit bond projects between December 16 and December 30, 2010 compared with 10 bond closings between December 4 and December 29, 2009. The majority of the late 2010 closings were attributable directly to borrowers seeking the benefits of the expiring Recovery Zone Facilities and Bank Qualified programs. Also consistent with national trends, IFA did not close a bond project until February 1, 2011: DePaul University, $164.440 million.

Calendar Year Comparisons: 2010 and 2009; Lower Overall Volume but Greater Diversity

This month's Board Book also provides a year-to-year comparison of calendar years 2010 and 2009. While overall volume dropped from $4.7 billion in 2009 to $3.2 billion in 2010, you will also notice that IFA successfully diversified its issuance in 2010. In 2009, almost 92% of IFA conduit issuances were attributable to hospital financing (75%) and not-for-profit higher education (16.7%). Many of the 2009 financings were attributable to refundings into long-term fixed rate debt due to historically low interest rates. Much of the IFA's volume in the second half of calendar year 2009 was attributable to these general market conditions that made refundings economically attractive to borrowers.

In contrast, in 2010, the IFA moved effectively to bring one-time borrowers using expiring federal financing incentives as well as less-regular borrowers to closing. The result was a far more diversified revenue picture: Continuing Care Retirement Communities ("CCRC") 21% (up from .7%in 2009); Recovery Zone Facilities Bonds 6.7% (expired 12-31-10); Freight Transfer Bonds 4.8% (first time issuance for IFA); Gas Supply Bonds 3.2% (first time in years); Midwest Disaster Bonds .6% (first time in Illinois, expires 12-31-12, potential for growth). In 2010, the downside was that hospital issuances declined to $1.5 billion (49.1%) from $3.5 billion in 2009 and not-for-profit higher education declined to $202 million (6.4%) from $786 million in 2010.

Calendar Year 2011: Looking Ahead

Unfortunately, many of the programs that brought diversity to the IFA's portfolio in 2010 will not or cannot repeat themselves in 2011. CCRCs are expected to see a decline in volume as the current portfolio of projects fills up. CCRC financings are also intertwined with the health of the residential housing market. The Recovery Zone Facilities Bond Program expired at the end of 2010. Freight Transfer and Gas Supply Bonds are both project specific and very dependent on overall market conditions. Midwest Disaster Bonds and to a lesser extent, Qualified Energy Conservation Bonds, remain potential avenues of growth in 2011.

In the important hospital sector, we remain optimistic despite current market conditions. Based on published reports, we hope to see financings resulting from possible mergers. Federal healthcare reform as well as economics will encourage such mergers. For example we hope to see issuances based on the announced mergers (or potential mergers) of OSF (Peoria) and Rockford Memorial; Central DuPage and Delnor; and Provena and Resurrection. Given that IFA has multi-state bonding authority for not-for-profits, we are also well positioned if any Illinois not-for-profit health systems choose to expand into other states. The merger trend builds on past experience, Advocate's merger with Condell, OSF's merger with Bromen, and Northwestern Memorial's merger with Lake Forest Hospital, all of which were financed through IFA.

In the higher education, business, industry and general-not-for-profit sector, the pipeline for a diverse number of potential projects is strong. For example, we expect to see the two not-for-profit student housing projects affiliated with Northern Illinois University and Illinois State University close within the next several months. Energy Efficiency remains a potential area of project and revenue growth.

For calendar year 2011, the IFA will focus on the following goals:

1. ***Maximize job retention and creation:***
    - Remain as the preeminent issuer of federally tax-exempt conduit debt in the State of Illinois, particularly in the areas of healthcare, higher education, cultural institutions, general not-for-profits and industry;
    - Promote investment in our State's agricultural sector through the expanded use of conduit beginning farmer bonds and State-backed agricultural loan guarantees;
    - Implement a broad-based energy efficiency program for a range of not-for-profit, corporate and governmental borrowers;
    - Maximize, to the extent possible, the use of limited purpose federal tools such as Midwestern Disaster Area Bonds and Qualified Energy Conservation Bonds.

2. ***Support economic development as partner to government agencies statewide:***
    - Be prepared to assist local governments in efforts to reduce their borrowing costs wherever possible;
    - Partner, wherever possible with counties, cities, economic development organizations and regional development organizations created by Illinois statute to finance projects that retain and create jobs in a timely and efficient manner.

Conclusion

I look forward to working with the Members of the Authority to continue to complete projects that retain and create jobs for all of Illinois.

Respectfully,

Christopher B. Meister

Attachments:

Attachment 1 – General Fund, Financial Results, Consolidated Balance Sheet and Audit Tracking Schedule

Attachment 2 – Schedule of Debt; FY'11 Closed Projects

Attachment 3 – Month by Month Summary of Conduit Bond Issuances

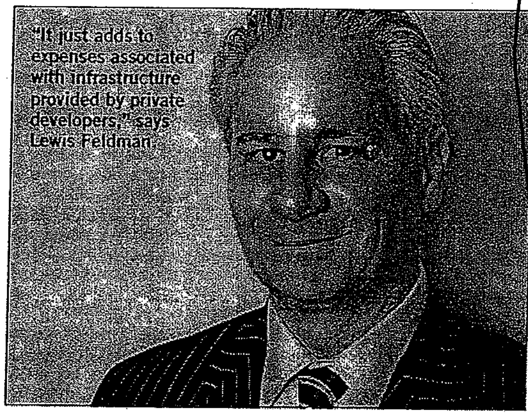
THE BOND BUYER

Vol. 375 No. 33459 N.Y., N.Y. THE DAILY NEWSPAPER OF PUBLIC FINANCE Tuesday, February 1, 2011

Ruling Hits California Developers

Districts Must Pay Prevailing Wages

By Rich Saskal



ALAMEDA, Calif. — A recent California appeals court ruling will require developers of many community facilities districts to pay so-called prevailing wages for all public improvements, whether or not they are financed with bonds.

The development could make it more difficult for many such projects to get off the ground, according to Los Angeles public finance and real estate attorney **Lewis Feldman.**

"It just adds to expenses associated with infrastructure provided by private developers," said Feldman, who heads the public-private development practice at **Goodwin Procter LLP,** which highlighted the case in its monthly Public Finance Update publication.

The ruling came in late December in the case *Azusa Land Partners LLP v. Department of Industrial Relations.*

The developers petitioned the California State Supreme Court for a review on Friday, said their attorney, Patrick Perry. The high court has up to 90 days to decide

Turn to California page 18

Volume Hits 11-Year Low

Just $12.2B After Demise of BABs

By Patrick McGee

Municipal bond issuance dropped to an 11-year-low in January as borrowers paused to re-acquaint themselves with a market devoid of new Build America Bonds.

The first month of the post-BAB era saw just $12.2 billion of new debt, according to preliminary data from **Thomson Reuters.** That's nearly 63% less than in January 2010 and the slimmest volume of any month since January 2000.

"The muni market is dependent on a precariously thin base of demand in the aftermath of the demise of Build America Bonds," **Citi's George Friedlander** wrote.

Issuers rushed to market in the fourth quarter of 2010, ahead of

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MSRB Looking at Pension Disclosure

By Andrew Ackerman

WASHINGTON — The Municipal Securities Rulemaking Board is exploring state public pension laws to see if there are common types of disclosures they could encourage issuers to submit to its Electronic Municipal Market Access site, MSRB officials told reporters Monday.

The board's incipient initiative comes at a time when there is unprecedented concern about the viability of public pensions and no regulator is compiling and disseminating information about pensions on a systematic basis.

"It gets down to would an investor want to know the funding status of a pension plan and how it would impact the likelihood of their bonds being paid off or affect the credit quality of bonds that they've bought," MSRB chairman **Michael Bartolotta,** the vice chairman of **First Southwest Co.,** said in a conference call with reporters Monday to highlight the results of last week's board meeting in San Diego.

But market participants warned that the MSRB is straying beyond its jurisdiction in considering enhanced pension disclosures.

The Dodd-Frank Wall Street Reform and Consumer Protection Act expanded the MSRB's mission to include issuer protection, on top of its existing mandate to protect investors.

Under Dodd-Frank, the MSRB also can regulate muni advisers, including third-party solicitors and placement agents to public pensions. But the board has no actual authority over issuers, market participants stressed.

In addition, they noted that without Congress amending the securities laws, any plan to promote pension disclosures would have to be voluntary.

That is because the second portion of the two-pronged Tower Amendment restricts the MSRB from directly or indirectly requiring issuers to make any filings with it before or after a bond sale. The amendment was added in 1975 to the Securities Exchange

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Nassau Woes Smell Like Opportunity

By Ted Phillips

The takeover of a Long Island county's finances by an oversight board last week looked like an opportunity to some investors who hoped to pick up an improving New York credit on the cheap.

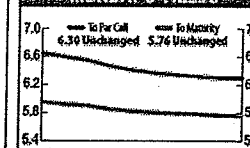
The Nassau County Interim Finance Authority imposed a control period on Nassau County last week after finding that its $2.6 billion 2011 budget had a deficit greater than the 1% that mandated a takeover.

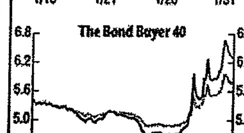
What happens next is uncertain after County Executive **Ed Mangano** filed a suit on Monday in state Supreme Court seeking a permanent injunction blocking NIFA's action.

Fred Yosca, manager of underwriting and trading at **BNY Capital Markets,** said he's had

Turn to Nassau page 18

MONDAY'S YIELDS





The municipal market was mostly unchanged Monday amid lethargic secondary trading activity. *Complete market coverage by Michael Scarchilli appears on Page 2.*

Volume

With the Demise of BABs, January Sees Skimpy Slate

Continued from page 1

the Dec. 31 expiration of the BAB program, which offered qualified borrowers a 35% federal subsidy to issue taxable debt. BABs accounted for 24% of the $757.6 billion of state and local debt issued from April 2009 through last month.

BAB issuance spiked as the program neared its end, with borrowers moving debt sales up to beat the clock. Fourth-quarter issuance totaled $133.8 billion, the second-highest quarterly volume on record.

But with so much borrowing front-loaded into 2010 at subsidized levels, few issuers were prepared to sell much debt in January.

The yield environment in the new year also is not as friendly to borrowers of long-term debt.

For example, the triple-A rated, 10-year bond reached a 24-month high of 3.46% in mid-month and had a median yield of 3.32% in January. By contrast, its highest yield was 3.27% in 2010 and the median was 2.76%, according to **Municipal Market Data.**

"Many issuers are still choosing to wait it out until a more favorable rate environment appears," said **Tom Kozlik**, credit analyst at **Janney Capital Markets**, who noted the recent triple-A rated 10-year yield was 80 basis points higher than on Nov. 1.

The yield on the gilt-edged 30-year bond also peaked at 5.08%, the highest since late December 2008.

These jumps in yield, attributed to headline risk causing 11 straight weeks of outflows from muni mutual funds, are all the more worrisome to market participants given the light supply.

Evan Rourke, a portfolio manager at **Eaton Vance**, said the market is still in a "discovery" process. It's finding out what yields will tempt retail investors into tax-exempt bonds, he said, noting that a heavier batch of supply would probably offer more information.

"We haven't hit a very large surge in supply," Rourke said. "That might be something that would impact our market."

For related statistical tables, see page 20

Amid this climate, refundings fell 55% from last January to $3 billion, while new-money issuance dropped 68% to $7.3 billion.

Declines in volume were seen in all sizes of borrowers. Issuance from state governments dropped 86% to $936 million, borrowing from state agencies fell nearly 60% to $4.0 billion, and new debt from counties and parishes fell 77% to $555 million.

General purpose bonds, the most common form of issuance, fell by two-thirds to $4.3 billion in January from the same period a year earlier.

Most sectors also saw a major decrease. Issuance in the biggest — education — was more than halved as it tumbled 55% to $3.2 billion. Issuance of health care bonds fell 31% to $2.1 billion, while new debt for the utilities sector declined 73% to $1.1 billion.

Just three states accounted for 46% of all new debt in the month.

New York led the way with $2.4 billion of borrowing, while **California** issuers floated $1.8 billion of munis and New Jersey peddled $1.3 billion.

Most of New Jersey's debt was from a single deal issued by the **New Jersey Economic Development Authority**. It borrowed $1.1 billion in the month's biggest deal, on Jan. 13.

Bond insurers, represented by two platforms run by **Assured Guaranty Ltd.**, insured just 40 deals with a par value of $308 million, or 2.5% of the month's volume.

State-backed guarantee programs, such as the **Texas Permanent School Fund**, wrapped more than double that volume, with 47 deals worth $607 million.

BABs had siphoned borrowing from the tax-exempt market, where Assured is strongest. The company hopes to find more of a footing this year after guaranteeing less than 7% of all borrowing in 2010. It wrapped about 1% of BABs.

Yields have risen and credit spreads have widened since late November, when it became clear that federal lawmakers would not be extending the BAB program. Its demise represents a window of opportunity for Assured and potential new entrants.

However, **Standard & Poor's** warns that investment-grade insurers may be downgraded by a full category later this year, pending a new ratings methodology that would take into account a series of business risks and a new leverage test.

Chris Holmes and **Alex Roever**, analysts from **JPMorgan**, estimate that under the proposed criteria, Assured would have to raise $2 billion of fresh capital to maintain its AA-plus rating.

"If AGO were unable to raise this amount of capital, it would eventually be downgraded to A or possibly A-minus," they wrote, noting that implementation of the proposed changes could easily take until the end of the year.

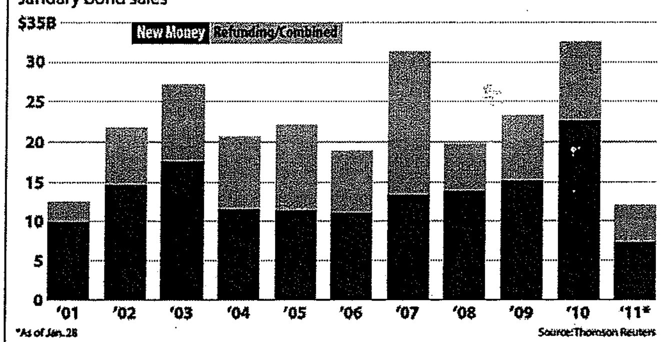
Meanwhile, letters of credit fell 91% to $30.6 million.

Rich Raffetto, head of government banking at **U.S. Bank**, said issuers continue to issue longer-term fixed-rate debt rather than go through the hassle of selling short-term, variable-rate demand notes, or VRDNs, which require bank guarantees and interest rate swaps.

"Frankly, it's simpler to not have to deal with liquidity and credit enhancement for VRDN structures in an environment where supply of those [facilities] remains depressed," he said "You continue to have reduced supply of interested players in the market." □

Slim Pickings

January bond sales

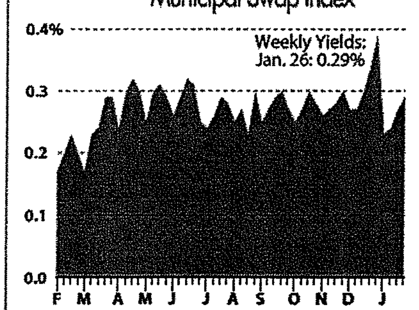


*As of Jan. 28

Source: Thomson Reuters

Derivatives & Structured Products

SIFMA Municipal Swap Index



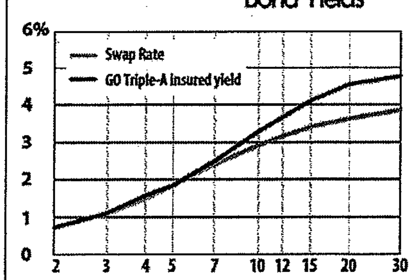
Average yield on seven-day high-grade variable-rate demand obligations, as compiled by Municipal Market Data. Index was previously called the BMA Municipal Swap Index.
Source: Municipal Market Data

Index-Linked Muni Swaps

Term (Years)	Dealer Receives Index & Pays Fixed rate of:	Dealer Pays Index & Receives Fixed rate of:
2	0.63%	0.73%
3	1.01	1.11
4	1.39	1.49
5	1.75	1.85
7	2.29	2.39
10	2.81	2.91

Rates are representative midmorning interdealer swap prices on Jan. 28 using a quarterly net interest payment and weekly reset structure.
The SIFMA rate in effect on that date was 0.29%.
Source: Swap Financial Group

Swap Rates vs Bond Yields



Graph shows cost of funds for a fixed-coupon bond compared with a synthetic bond created from variable-rate debt and a swap. Bond and swap rates reflect pricing on Jan. 28 at 2:30 p.m. Note: Figures exclude remarketing and liquidity costs on any underlying variable-rate bonds.
Sources: Swap Financial Group, Municipal Market Data

Illinois Finance Authority

PRIMARY BUDGET OUTCOME

- Continue as the preeminent issuer of federally tax-exempt conduit bonds in the State of Illinois.
- Continue to partner with sister State agencies, particularly the Department of Commerce and Economic Opportunity ("DCEO") and the Illinois Power Agency ("IPA"), to retain and create jobs.
- Continue to perform its operations in an accountable and transparent manner without State appropriations

MEETING THE OBJECTIVE

General Revenue Fund:

- IFA supports its operations without State appropriations.
- IFA requires fund numbers 994 (agri-debt guarantees) and 205 (agricultural loan guarantees) to be re-appropriated at their current amounts.
- These two funds are necessary to support the existing portfolio of agricultural guarantee loans and to support future loans under the IFA's agricultural guarantee programs.

Capital Budget:

- Funds 572 and 334 (the *Fire Truck* and *Ambulance* revolving loan programs, respectively) could be replenished through appropriations under the State's capital program.
- These programs are jointly administered by the IFA and the Office of the State Fire Marshal.

PROGRAM PROPOSALS

- Remain as the preeminent issuer of federally tax-exempt conduit debt in the State of Illinois, in the areas of healthcare, higher education, cultural institutions, general not-for-profits and industry.
- Promote investment in our State's agricultural sector.
- Maximize the use of limited purpose federal tools such as Midwestern Disaster Area Bonds and Qualified Energy Conservation Bonds, to retrain and create jobs.
- Implement a broad-based energy efficiency program for a range of not-for-profit, corporate and governmental borrowers.
- Stand ready to partner with DCEO and the IPA on the financing of renewable energy and clean coal projects.
- Be prepared to assist local governments in efforts to reduce their borrowing costs wherever possible.

- Partner, when possible with countries, cities, economic development organizations and regional development organizations created by Illinois statute to finance projects that retain and create jobs in a timely and efficient manner.

KONE Centre

Date	*Publication*	*Headline*	*Message*	*Link*
1/18/2011	*WQAD*	New Kone Centre to bring jobs to Moline	“The KONE project will serve as a catalyst to rebuild the city's core business district known as the Moline Centre, which is comprised of Moline’s downtown and Mississippi Riverfront. KONE Centre will complete Phase III of Moline’s four-phase Bass Street Landing redevelopment project which offers a venue for outdoor events, festival and gatherings along the Mississippi Riverfront,” according to a statement from the Illinois Finance Authority.	http://www.wqad.com/news/wqad-new-kone-centre-to-bring-jobs-01182011,0,4726657.story
1/18/2011	*The Dispatch (Moline)*	KONE Financing Set	The IFA, in partnership with QCREDA, approved $20.2 million in Midwestern Disaster Area Bonds for construction. The project will retain 375 KONE jobs, and add 53 construction jobs and 50 new permanent positions. Renew Moline chairman Tom Robinson: “This announcement reflects the results of a marriage between public and private partnerships and perseverance.” Sen. Mike Jacobs: “This demonstrates what can be accomplished when the state of Illinois joins hands with the private sector to promote economic development in the 36th District."	http://qconline.com/archives/qco/display.php?id=526983
1/18/2011	*Quad City Times*	Kone Gets Green Light	The project is becoming a reality due to public-private partnership that includes Blackwell, U.S. Bank, the City of Moline, and a package of creative state programs and financing tools. Among the state resources are low interest-rate financing through the Illinois Finance Authority and a $471,000 grant from the Illinois Department of Commerce and Economic Opportunity.	http://qctimes.com/news/local/article_283b4a3c-22b7-11e0-bec7-001cc4c002e0.html

1/18/2011	*Quad Cities Online* (excerpted in *USA Today*)	KONE Centre ready to start building	Construction of the long-planned $40 million KONE Centre in Moline is ready to begin with final financing in place, city officials and the project developer announced Monday. Tom Robinson: "In this difficult economic environment, securing the innovative financing package announced today will enable the KONE Centre project to advance ... This exciting and long-awaited project challenged numerous parties to roll up their sleeves and explore creative financing solutions."	http://www.usatoday.com/topics/quote/Tom+Robinson/02r05A05Rz2n3/03ut9hubdPbUp/2
1/19/2011	*The Dispatch (Moline)*	KONE Centre Worth Wait	Positive editorial enthuses, “Indeed, the project is the kind of mix of public and private investment that communities hunger for.... Applause all around.” Quotes Christopher Meister: “...just the kind of project the program was designated to support, and IFA is proud to leverage this program to help move the creative riverfront vision from dream to reality.”	http://qconline.com/archives/qco/display.php?id=527063
1/24/2011	*KWQC 6 News*	Funding For Kone Building	The largest portion of project financing came from the Illinois Finance Authority and in partnership with the Quad City Regional Economic Development Authority, which approved $20.2 million in Midwestern Disaster Area Bonds to help facilitate the construction of the high-rise.	http://www.kwqc.com/Global/story.asp?S=13856975

PUBLICATION: WQAD.COM
DATE: January 18, 2011

New Kone Centre to bring jobs to Moline

MOLINE, Ill. Elevator and escalator manufacturer Kone, Inc. will build its new $40 million headquarters in Moline. Ground was broken on the ten-story building nearly three years ago. The new facility means the company will retain 375 jobs, add an estimated 53 construction jobs and 50 new permanent positions at the site. A combination of low-interest financing, a state grant and federal stimulus funds rounded out the public-private funding partnership to make the Kone Centre possible. "The KONE project will serve as a catalyst to rebuild the city's core business district known as the Moline Centre, which is comprised of Moline's downtown and Mississippi Riverfront. KONE Centre will complete Phase III of Moline's four-phase Bass Street Landing redevelopment project which offers a venue for outdoor events, festival and gatherings along the Mississippi Riverfront," according to a statement from the Illinois Finance Authority. An exact date for construction to begin has not yet been announced.

PUBLICATION: The Dispatch
DATE: January 18, 2011

The Dispatch
Tuesday, January 18, 2011
Moline, Illinois
ON THE WEB: QCOnline.com 75¢

KONE financing set

Submitted
This artist's rendering shows the completed KONE Centre as it will appear in Moline's Bass Street Landing. Financing for the project has been secured, and construction is expected to begin soon.

Construction to begin soon on downtown Moline tower

By Jonathan Turner
jturner@qconline.com

Construction of the long-planned $40 million KONE Centre in Moline is ready to begin with final financing in place, city officials and the project developer announced Monday.

The 10-story, eight-floor KONE Centre will be built north of River Drive, east of the Arsenal Bridge ramp and west of 17th Street, at Bass Street Landing.

"Today we are deeply pleased to announce crucial financing provisions, which ensure the complete development of this project and all of its possibilities," Moline Mayor Don Welvaert said Monday in a news release.

Developer Rodney Blackwell of Financial District Properties praised U.S. Bank and subsidiary U.S. Bancorp Community Development Corp. for "working tirelessly" to get financing in place.

The Illinois Finance Authority, in partnership with the Quad City Regional Economic Development Authority, approved $20.2 million in Midwestern Disaster Area Bonds for construction of the high-rise. The tax-exempt bonds are part of a federal program to finance

See KONE, A2

PUBLICATION: The Dispatch (cont'd)
DATE: January 18, 2011

KONE

From Page A1

private projects that will generate jobs and economic development activity in 18 designated Illinois counties damaged in mid-2008 by floods and other storms.

"In this difficult economic environment, securing the innovative financing package announced today will enable the KONE Centre project to advance," Renew Moline chairman Tom Robinson said in the release. "This exciting and long-awaited project challenged numerous parties to roll up their sleeves and explore creative financing solutions."

'This structure, along with KONE signage, will be highly visible and will change the downtown Moline skyline. Everything is really starting to synergize. It's amazing how we have turned the corner.'

Rodney Blackwell, developer

"This announcement reflects the results of a marriage between public and private partnerships and perseverance," he said.

U.S. Bank bought the bonds and USBCDC, which specializes in tax credit financing, will provide $7 million in tax credits to help complete funding, Mr. Blackwell said. His company is putting up $6 million in project costs, $2.7 million for pre-sold condominiums, and will receive a maximum $10 million property tax rebate over 23 years from the city tax increment financing (TIF) district.

Through the TIF, Mr. Blackwell will get back 90 percent of the property taxes he pays from the new development, he said. After the life of the TIF, all the tax revenue goes back to the public taxing bodies.

"This development furthers the shared goals of USBCDC and our Community Banking group, which seek to provide innovative financing solutions to meet the needs of our customers and communities," said Jim Richardson, U.S. Bank vice president. "We're excited to build new relationships with all parties involved as well as continue our commitment to the Quad Cities."

Plans call for the KONE Corp., a Finland-based company that makes elevators and escalators, to consolidate its current Moline administrative and call center operations to the state-of-the-art high-rise to be conveniently located just two blocks from its existing location.

"Today's announcement continues KONE's 100-plus-year track record of serving this community and our customers while also reaffirming our commitment to maintaining a strong presence in the Quad-Cities," said Vance Tang, KONE executive vice president and area director for the Americas.

KONE will become the anchor tenant, occupying the third to eighth floors, with four condominiums on the top floor, Renew Moline executive director Jim Bowman said Monday. The project will retain 375 KONE jobs and add an estimated 53 construction jobs and 50 new permanent positions.

The development has been in the works for more than three years, with a ceremonial groundbreaking on Nov. 17, 2008. Mr. Bowman said Ryan Companies will be general contractor, with earth-moving to start immediately and full construction, including interior work, expected to take about two years.

"The KONE Centre initiative, which is a key component of the continued successful revitalization of the Moline Mississippi riverfront, is the first project in the state to receive Midwestern Disaster Area Bonds," said Christopher Meister, Illinois Finance Authority executive director. "This is just the kind of project the program was designated to support and, IFA is proud to leverage this program to help move the creative riverfront vision from dream to reality."

State Sen. Mike Jacobs, D-East Moline, said the action "reflects a lot of hard work and perseverance by many people in both the public and private sectors.

"This demonstrates what can be accomplished when the state of Illinois joins hands with the private sector to promote economic development in the 36th District," he said. "I want to commend Rodney Blackwell, too, who is the type of entrepreneur we need to retain existing and create new jobs."

"The enormity of this project, combined with tough economic conditions, has made progress more challenging," Mayor Welvaert said. The jobs KONE will retain equate to more than $10 million in annual payroll, he noted.

The development also is to achieve Leadership in Energy and Environmental Design silver designation. The project won a $471,000 grant from the Illinois Department of Commerce and Economic Opportunity for installation of a 316-kilowatt solar photovoltaic system to help earn the LEED certification.

LEED is the "nationally accepted benchmark for the design, construction, and operation of high-performance green buildings," Mr. Blackwell said.

"This structure, along with KONE signage, will be highly visible and will change the downtown Moline skyline," he added. "Everything is really starting to synergize," Mr. Blackwell added of the downtown.

"It's amazing how we have turned the corner. This is the place to be for corporate, entertainment and lodging," he said. "The people of Moline made this happen over 15 years. It's really working at a time when nothing is working."

PUBLICATION: Quad-City Times (online)
DATE: January 18, 2011

Kone gets green light; full financing approved

With the final pieces of a complex financing package now in place, developers of the long-awaited Kone Centre project have the green light to begin construction in downtown Moline.

The project's developer, Rodney Blackwell, said Monday that he closed on the bank financing in late December with U.S. Bank. Ryan Companies, Davenport, could break ground on the $40 million project in as early as 30 to 40 days, he said.

The 10-story, eight-floor Kone Centre, which will consolidate and retain Kone's administrative and call center operations in downtown Moline, will be the final phase in the city's Bass Street Landing redevelopment project.

"With these essential financial agreements anchoring this exciting initiative, we can now turn the page and look ahead to construction," Blackwell said, applauding the key role of U.S. Bank and U.S. Bancorp Community Development Corp. in the project. "It's exciting. It will definitely be more fun to work on a different portion of the project … and get the construction guys out (working)."

"This is definitely a done deal," Jim Bowman, the executive director of Renew Moline, said Monday. "The bank financing is the critical, final piece.

"In my career, this has clearly been the most challenging project in terms of its complexity and the need to have patience," he added. "This just shows when we plan properly, execute our plan and vision, and have patience, we can put all the pieces together and this type of success occurs."

Blackwell said the project will retain 375 jobs with elevator and escalator manufacturer Kone Inc. as well as add about 53 construction jobs and 50 new permanent positions. Kone will occupy five floors of the eight usable floors.

The project was first envisioned as an eight- to 20-story building, but Blackwell said his plans to make it a green, energy efficient structure did not work with the taller design.

"What people have in their mind is because I made it shorter that I made it smaller and spent less money. I did not," he said. Blackwell said the building continues to be 125,000 square feet — but now 10 stories and a $40 million investment.

The project, first publicly announced nearly four years ago, is becoming a reality due to public-private partnership that includes Blackwell, U.S. Bank, the City of Moline, and a package of creative state programs and financing tools. Among the state resources are low interest-rate financing through the Illinois Finance Authority and a $471,000 grant from the Illinois Department of Commerce and Economic Opportunity. The grant, administered by the commerce department, is to fund installation of a 316-kilowatt solar photovoltaic system that will help the building be green-friendly and Leadership in Energy and Environmental Design certified (Silver).

The largest portion of the financing came from the finance authority, in partnership with the Quad-City Regional Economic Development Authority, which approved $20.2 million in Midwestern Disaster Area Bonds. The high-rise project will receive the bonds through a federal program designed to help generate jobs and economic development activity in 18 Illinois counties that suffered flood and storm damage in mid-2008.

Christopher Meister, the finance authority's executive director, said the Kone Centre initiative "is the first project in the state to receive Midwestern Disaster Area Bonds."

The state agencies partnered with Illinois Sen. Mike Jacobs, D-East Moline, the city of Moline, Renew Moline, the Quad-Cities Regional Economic Development Authority, Kone, U.S. Bank and Blackwell.

Blackwell stressed that the project "could not have happened without U.S. Bank, period." He applauded the efforts of Ken Koupal, U.S. Bank Quad-City market president; Jim Richardson, vice president of commercial real estate; Steve Caves, regional division manager; and Steve Kramer, senior vice president of U.S. Bancorp Community

Development Corp.

U.S. Bank was the direct Private Placement Purchaser of the disaster relief bonds, and the bank's subsidiary, U.S. Bancorp Community Development Corp., which specializes in tax credit financing, purchased $11.7 million in New Markets Tax Credits to help complete project sources.

Moline Mayor Don Welvaert hailed the financing announcement as another "shot in the arm for the city's riverfront and downtown development."

"Kone Corporation has a strong regional impact upon our community," he said. "The jobs that Kone have committed to retaining equate to more than $10 million in annual payroll. And when those dollars ripple throughout the economy, the total impact to our economy is in excess of $15 million annually."

Bowman said the city has made a number of major investments in Bass Street. Over the past five years, the city has acquired property, demolished old buildings, done the environmental cleanup and built a new street into the area. "The good news for the developer and Kone is that they have a construction-ready site," he said.

He admits that the time lag since the building first was announced to now caused "many folks to lose faith in Blackwell. But many of them didn't. Rodney Blackwell deserves a lot of credit for hanging in there. Those financing this project have great faith. He is willing to take the risk."

Of the doubters, he said "they were not patient. No one could control the recession that hit. We lost one and a half to two years because of that."

Blackwell said the project has been "a moving target" but one he is committed to. "The way we funded this project, I had to borrow all the money upfront. Every day I sit here, I'm paying interest on $38 million. All the money is sitting in U.S. Bank and interest is being paid daily."

In addition to retaining Kone in Moline, he said there also have been and will be more new jobs linked to the properties Kone will leave when it moves into Kone Centre. "Kone has a payroll of $10 million … but with the tenants I have and the ones I will get the payroll of all those will be another $20 million."

"This should be an amazing story for downtown Moline," he added.

PUBLICATION: Quad-City Times (print)
DATE: January 18, 2011

Quad-City Times
TUESDAY, JANUARY 18, 2011 • 75 CENTS

CONTRIBUTED ART
This architectural drawing shows the $40 million Kone Centre planned for downtown Moline.

Kone gets green light

$40M project has full financing; construction could begin next month

By Jennifer DeWitt
jdewitt@qctimes.com

INSIDE Get a closer look at the new Kone Centre project. A4

With the final pieces of a complex financing package now in place, developers of the long-awaited Kone Centre project have the green light to begin construction in downtown Moline.

The project's developer, Rodney Blackwell, said Monday that he closed on the bank financing in late December with U.S. Bank. Ryan Companies, Davenport, could break ground on the $40 million project in as early as 30 to 40 days, he said.

The 10-story, eight-floor Kone Centre, which will consolidate and retain Kone's administrative and call center operations in downtown Moline, will be the final phase in the city's Bass Street Landing redevelopment project.

"With these essential financial agreements anchoring this exciting initiative, we can now turn the page and look ahead to construction," Blackwell said, applauding the key role of U.S. Bank and U.S. Bancorp Community Development Corp. in the

— KONE | A4

PUBLICATION: Quad Cities Online (excerpted in USA Today)
DATE: January 18, 2011

Index > Tom Robinson

Index > Tom Robinson

Comment | Recommend

> In this difficult economic environment, securing the innovative financing package announced today will enable the KONE Centre project to advance ... This exciting and long-awaited project challenged numerous parties to roll up their sleeves and explore creative financing solutions.

01/17/2011 06:00 AM Quad-Cities Online

KONE Centre ready to start building

01/17/2011 06:00 AM Quad-Cities Online

Construction of the long-planned $40 million KONE Centre in Moline is ready to begin with final financing in place, city officials and the project developer announced Monday. The 10-story, eight-floor KONE Centre will be built north of River Drive, east

PUBLICATION: The Dispatch
DATE: January 19, 2011

EDITORIAL

The Dispatch

Jean Alice Small, Chairman 1980-2002

Gerald J. Taylor, Editor/Publisher
Scott Aswege, General Manager
Roger A. Ruthhart, Managing Editor
Kenda Burrows, Editorial Page Editor

Len R. Small, President
Thomas P. Small, Vice President
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KONE Centre worth wait

"Basically, the state of the city of Moline, in one word, is strong," said Mayor Don Welvaert on Monday.

That's not surprising when local leaders manage, in tough economic times, to put together complex deals for projects such as the long-awaited KONE Centre in Moline.

On the same day the mayor was talking about the healthy state of his city with Moline Kiwanis and Rotary members, economic-development, city and private-sector leaders were holding a press conference to announce that the final financing is in place for the $40 million, 10-story, eight-floor KONE Centre.

An elated Rodney Blackwell of Financial District Properties was praising U.S. Bank and subsidiary U.S. Bancorp Community Development Corp. for their tireless work in making the project happen.

Submitted

This artist rendering shows the proposed KONE Centre on Moline's riverfront.

Naysayers no doubt are begrudging spending any public dollars in challenging economic times, but sometimes such investments are necessary. Indeed, the project is the kind of mix of public and private investment that communities hunger for. For example, the Illinois Finance Authority worked with the Quad City Regional Economic Development Authority — remember that panel? — to secure $20.2 million in tax-exempt Midwestern disaster-relief bonds for the project. The project is the first to receive such funds. Christopher Meister, Illinois Finance Authority executive director, called it "just the kind of project the program was designated to support, and IFA is proud to leverage this program to help move the creative riverfront vision from dream to reality."

Without the perseverance of public/private partners, it might not have gone forward.

"In this difficult economic environment, securing the innovative financing package announced today will enable the KONE Centre project to advance," Renew Moline chairman Tom Robinson said. "This exciting and long-awaited project challenged numerous parties to roll up their sleeves and explore creative financing solutions."

It is a complicated agreement that includes property-tax relief for developers, who also are putting up $6 million in project costs. Once the 23-year life of the tax-increment financing district expires, however, property taxes will go to taxing bodies.

The plan also ensures that good-paying jobs with Finland-based KONE Corp. stay in the Quad-Cities at the new location, just two blocks from its old digs.

KONE will be the anchor tenant in the development, and its presence ensures that 375 jobs remain here, as well as creating 53 construction jobs and 50 new permanent positions. Annual estimated payroll is $10 million.

On Nov. 17, 2008, optimistic officials held a ceremonial groundbreaking for the project. It might have been premature then, but KONE Centre and the development it will bring is no less welcome for the long wait.

Those who have worked to move the project along say the sky is the limit for downtown Moline.

"This structure, along with KONE signage, will be highly visible and will change the downtown Moline skyline," Mr. Blackwell said. "Everything is really starting to synergize. It's amazing how we have turned the corner. This is the place to be for corporate, entertainment, and lodging.

"That's what the people of Moline made happen over 15 years. It's really working, at a time where nothing is working."

Applause all around.

PUBLICATION: KWQC
DATE: January 24, 2011

KWQC HD NEWS 6
DAVENPORT·BETTENDORF·MOLINE·EAST MOLINE·ROCK ISLAND

Funding For Kone Building

Jan 24, 2011

A big development announced Monday toward building a new high rise in downtown Moline. Illinois Governor Pat Quinn announced funding approval for the KONE Centre project. According to a news release, the funding gives the green light to begin construction of the ten-story, eight-floor $40 million building.

The largest portion of project financing came from the Illinois Finance Authority and in partnership with the Quad City Regional Economic Development Authority, which approved $20.2 million in Midwestern Disaster Area Bonds to help facilitate the construction of the high-rise. The tax exempt bonds are part of a federal program to finance certain types of privately-owned projects that will generate jobs and economic development activity in 18 designated counties in Illinois that suffered damage in mid-2008 from floods and other storm damage.

Plans call for KONE Corporation to consolidate its current Moline-based administrative and call center operations into the new high-rise, to be built two blocks away. The developer says the structure, along with KONE signage, will be highly visible and will change the downtown Moline skyline.

Illinois Finance Authority
FY09 Audit Finding: Material
Update as of January 31, 2011

Number of Material Findings - 1

Item Number	Description	Finding Type	Comments	Percentage Completed 10 20 30 40 50 60 70 80 90 100
Government Auditing Standards:				
09-01	**Valuation of Venture Capital Investments**	Significant Deficiency	**Auditor Recommendation:** The IFA has not had an independent valuation of its venture capital investments since fiscal year 2006. We recommend the Authority obtain an independent valuation of the investment portfolio periodically in order to support the amounts recorded and disclosed in the financial statements. **Authority Response:** The Authority accepted the auditor's recommendation. The Authority has procured a vendor and the valuation of the venture capital portfolio is underway.	

Illinois Finance Authority
FY09 Audit Finding: Immaterial
Update as of January 31, 2011

Item Number	Description	Percentage Completed 10 20 30 40 50 60 70 80 95 100
Total Number of 4		
FY 09 Immaterial Findings		
IM09-01	Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller	
IM09-02	Inaccurate Agency Report of State Property (C-15)	
IM09-03	Lack of Disaster Contingency Testing to Ensure Recovery of Computer Systems	
IM09-04	Weaknesses Regarding the Security and Control of Confidential Information	

Bonds Issued and Outstanding as of January 31, 2011

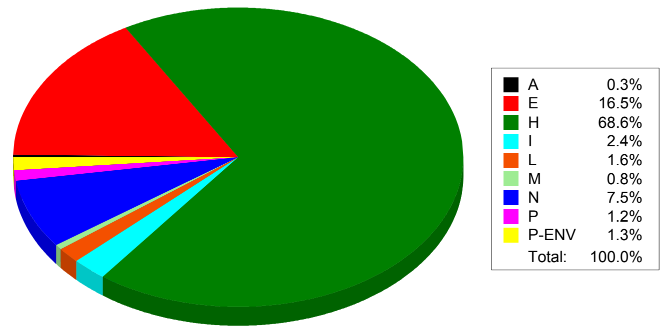
Bonds Issued Since Inception of Illinois Finance Authority

#	Market Sector	Principal Amount ($)
319	Agriculture **	61,109,881
100	Education	3,850,158,100
326	Healthcare *	16,022,288,508
86	Industrial	931,142,853
27	Local Government	378,145,000
19	Multifamily/Senior Housing	175,417,900
131	501(c)(3) Not-for Profits	1,717,098,195
8	Exempt Facilities Bonds	275,700,000
9	Environmental issued under 20 ILCS 3515/9	326,630,000
		$ 23,737,690,437

* Includes CCRC's

** Number of Agriculture bonds has been adjusted to reflect the actual number of Beginner Farmer Bonds issued.

Bonds Issued Since Inception



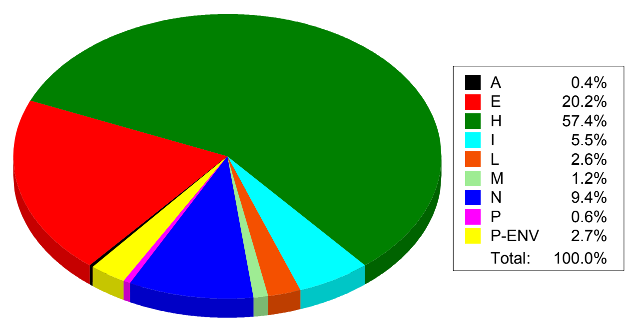
Schedule of Bonds Outstanding by Market Sector

Includes IFA and it's Predecessor Authorities

Market Sector	Amount of Original Issue	Principal Outstanding
Agriculture	299,579,587	92,815,113
Education	5,646,245,730	5,092,157,674
Healthcare *	16,473,242,337	14,448,485,304
Industrial	1,588,772,853	1,383,610,456
Local Government	1,116,059,413	642,676,238
Multifamily/Senior Housing	742,915,396	305,172,519
501(c)(3) Not-for Profits	2,874,624,996	2,357,421,413
Exempt Facilities Bonds	155,360,000	155,160,000
Environmental issued under 20 ILCS 3515/9	770,475,000	673,320,856
	$ 29,667,275,311	$ 25,150,819,573

* Includes CCRC's

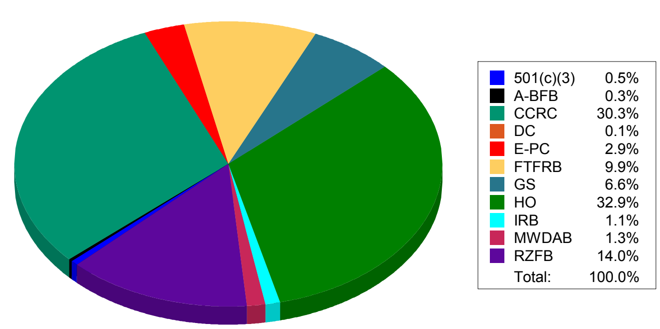
Principal Outstanding by Market Sector



Current Fiscal Year

#	Market Sector	Principal Issued
26	Agriculture - Beginner Farmer	4,525,669
3	Education	43,900,000
1	Financially Distressed Cities	1,985,000
2	Freight Transfer Facilities Bonds	150,000,000
2	Gas Supply	100,000,000
12	Healthcare - Hospital	497,820,000
16	Healthcare - CCRC	458,705,000
3	Industrial Revenue	17,329,184
1	Midwest Disaster Area Bonds	20,200,000
2	501(c)(3) Not-for-Profit	7,700,000
8	Recovery Zone Facilities Bonds	211,488,000
77		$ 1,513,652,853

Bonds Issued - Current Fiscal Year



Bonds Issued between July 01, 2010 and January 31, 2011

Bond Issue		Date Issued	Initial Interest Rate	Principal Issued	Bonds Refunded
A-BFB	Beginner Farmer Bonds, Series 2011	07/01/2010	Various-See Below	4,525,669	0
HO	NorthShore University HealthSystem, Series 2010	07/14/2010	2.00% to 5.25%	136,425,000	115,800,000
CCRC	The Clare at Water Tower, Series 2010A&B	07/15/2010	5.10% to 6.125%	87,505,000	87,505,000
CCRC	Christian Homes, Inc., Series 2010	07/29/2010	3.40% to 6.125%	25,000,000	8,090,000
IRB	Bison Gear & Engineering Corporation, Series 2010	07/29/2010	VRB 0.32%	9,230,000	0
HO	Institute for Transfusion Medicine, Series 2010	07/29/2010	VRB 3.60%	26,500,000	0
GS	Peoples Gas Light and Coke Company, Series 2010A	08/18/2010	VRB 2.125%	50,000,000	0
RZFB	Annex II, LLC - Rock City Development, Series 2010	08/24/2010	6.00%	4,585,000	0
CCRC	Greenfields of Geneva, Series 2010A-C	08/31/2010	7.50% to 8.25%	117,600,000	9,185,000
HO	Provena Health, Series 2010C&D	09/22/2010	VRB 0.29%	72,000,000	0
GS	Peoples Gas Light and Coke Company, Series 2010B	10/05/2010	2.625%	50,000,000	50,000,000
IRB	Fabrication Technologies, Inc., Series 2010	10/15/2010	DP-VRB	5,140,000	0
HO	Little Company of Mary Hospital, Series 2010	10/20/2010	5.25% to 5.50%	72,000,000	0
HO	Beloit Health System, Series 2010	10/21/2010	VRB	37,895,000	40,325,000
RZFB	Navistar International Corporation, Series 2010	10/26/2010	6.50%	135,000,000	0
DC	City of East St. Louis, Series 2010	10/26/2010	3.00%	1,985,000	1,650,000
HO	Swedish Covenant Hospital, Series 2010	11/03/2010	DP 4.99%	20,000,000	0
HO	University of Chicago Medical Center, Series 2010A&B	11/09/2010	VRB 0.24%	92,500,000	0
CCRC	Admiral at the Lake, Series 2010A-E	11/19/2010	7.25% to 8.00%	202,350,000	0
RZFB	BPJ Investments, LLC - Nueco, Inc., Series 2010	12/16/2010	DP-VRB 4.00%	2,803,000	0
HO	Proctor Hospital, Series 2010	12/16/2010	DP-VRB 2.59202%	15,500,000	0
E-PC	The Old Town School of Folk Music, Inc., Series 2010	12/20/2010	DP-VRB 4.25%	10,000,000	0
MWDAB	KONE Centre, Series 2010	12/21/2010	DP-VRB 2.30%	20,200,000	0
FTFRB	CenterPoint Joliet Terminal Railroad, Series 2010A&B	12/21/2010	DP-VRB 2.1074%	150,000,000	0
E-PC	East-West University, Series 2010	12/22/2010	DP-VRB 2.025%	30,000,000	0
501(c)(3)	Quest Academy, Series 2010	12/22/2010	DP-VRB 1.987016%	3,200,000	2,100,000
RZFB	Rochelle Energy LLC, Series 2010	12/22/2010	DP 4.53%	10,000,000	0
E-PC	Illinois College, Series 2010	12/23/2010	DP 4.22%	3,900,000	0
IRB	Alef Sausage, Series 2010	12/23/2010	DP 4.25%	2,959,184	0
HO	Silver Cross Hospital & Medical Center, Series 2010	12/27/2010	DP-VRB 1.1973%	25,000,000	0
501(c)(3)	St. Francis High School College Preparatory, Series 2010	12/28/2010	DP-VRB 2.18%	4,500,000	0
RZFB	JH Naperville Hotel, LLC, Series 2010	12/28/2010	5.16%	30,000,000	0
RZFB	1200 Internationale Parkway, LLC, Series 2010	12/28/2010	DP-VRB 3.97%	3,500,000	0
CCRC	Mercy Circle, Series 2010	12/29/2010	DP-VRB 2.10%	26,250,000	0
RZFB	SMART Hotels/Olympia Chicago, Series 2010	12/30/2010	DP-VRB 1.9876%	21,500,000	0
RZFB	Mayo Properties, LLC, Series 2010	12/30/2010	DP-VRB 3.825%	4,100,000	0
		Total Bonds Issued in Fiscal Year 2011		**$ 1,513,652,853**	**$ 314,655,000**

Legend: Fixed Rate Bonds as shown
DP-VRB = initial interest rate at the time of issuance on a Direct Purchase Bond
VRB = initial interest rate at the time of issuance on a Variable Rate Bond that does not include the cost of the LOC arrangement .
Beginner Farmer Bonds interest rates are shown in section below.

Beginner Farmer Bonds

Borrower	Date Funded	Initial Interest Rate	Loan Proceeds	Acres	County
Stortzum, Brent A.	07/21/2010	4.25%	157,500	38.00	Effingham
Tolley, Daniel Steven	07/23/2010	4.50%	106,900	82.30	Knox
Justison, Keri L.	07/30/2010	4.25%	249,736	106.00	Montgomery
Justison, David M.	07/30/2010	4.25%	249,736	106.00	Montgomery
Will, Richard & Linda	07/30/2010	4.00%	206,712	71.30	Cumberland
Smithenry, Eric J.	07/30/2010	4.25%	135,000	20.00	Jasper
Stinnett, Sean & Cheryl	08/05/2010	4.75%	224,000	52.84	Macoupin
Alt, Lawrence & Loretta	08/12/2010	4.00%	100,000	26.67	Vermilion
Alt, James & Jo Ellen	08/12/2010	4.00%	102,667	26.67	Vermilion

Kopplin, Seth A.	08/16/2010	4.00%	184,000	73.62	Effingham
Gittleson, Brock	09/21/2010	4.46%	207,500	50.00	Lee
Mellendorf, Mark	09/21/2010	4.25%	25,200	20.00	Clay
Fritschle, Derek	10/07/2010	4.00%	125,000	78.00	Richland
Stahl, Rodney Lynn	10/25/2010	4.00%	122,500	50.00	Stark
Stahl, Kendall	10/25/2010	4.50%	137,500	50.00	Stark
Rosenthal, Darin T.	10/29/2010	4.00%	250,000	80.00	Montgomery
Stephens, Douglas & Cindy	11/05/2010	3.50%	240,000	60.00	Livingston
Stephens, Derek & Brynn	11/05/2010	3.50%	240,000	60.00	Livingston
Richter, Brett Alan	11/05/2010	2.76%	120,000	46.00	Clinton
Truckenbrod, Steven	11/18/2010	5.25%	104,000	40.00	Ogle
Elliott, Lee Wayne & Latisha	11/30/2010	4.25%	112,000	80.00	Jasper
Mattingly II, Douglas E.	12/27/2010	3.75%	77,120	30.00	Edgar
McLaughlin, Wade C.	12/27/2010	4.67%	150,000	60.70	Henry
Ridgely, Jordan	12/27/2010	3.95%	316,000	149.00	Hamilton
Werkheiser, Wade	12/27/2010	3.90%	345,330	161.00	Henry
Waldrop, Ryan D. & Heather D.	12/28/2010	4.25%	237,268	130.60	Lawrence
	Total Beginner Farmer Bonds Issued		**$ 4,525,669**	**1,748.70**	

AG Farm Purchase Guarantee	**Date Funded**	**Initial Interest Rate**	**Loan Proceeds**	**State Guarantee**
Kerber, Gregory & Jan	10/28/2010	5.85%	500,000	425,000
	Total AG Farm Purchase Guarantee		**$ 500,000**	**$ 425,000**
	Total Agriculture Guarantees		**$ 500,000**	**$ 425,000**

ILLINOIS FINANCE AUTHORITY

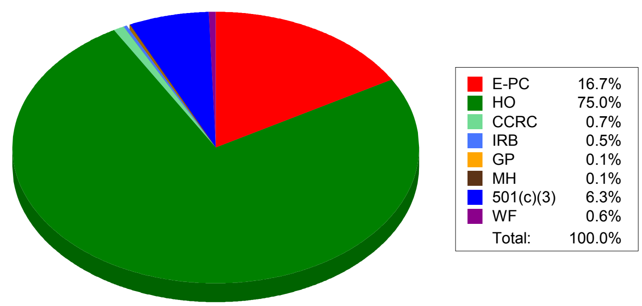
Bonds Issued - Calendar Year Comparison

Calendar Year 2009

#	Market Sector	Principal Issued
38	Agriculture - Beginner Farmer	7,286,635
9	Education - Private College	786,245,000
26	Healthcare - Hospital	3,526,456,927
2	Healthcare - CCRC	31,034,820
3	Industrial Revenue	24,000,000
1	Local Government	4,460,000
1	Multifamily/Senior Housing	5,700,000
11	501(c)(3) Not-for-Profit	295,436,458
1	Exempt Facilities Bonds	28,500,000
92		$4,711,143,452

Bonds Issued in 2009

[excludes Beginner Farmer Bonds]

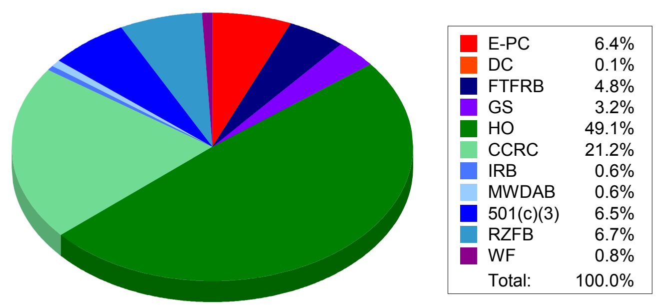


Calendar Year 2010

#	Market Sector	Principal Issued
52	Agriculture - Beginner Farmer	9,310,247
6	Education - Private College	201,895,000
1	Financially Distressed Cities	1,985,000
1	Freight Transfer Facilities Bonds	150,000,000
2	Gas Supply	100,000,000
20	Healthcare - Hospital	1,545,643,433
7	Healthcare - CCRC	667,855,000
4	Industrial Revenue	20,029,184
1	Midwest Disaster Area Bonds	20,200,000
8	501(c)(3) Not-for-Profit	203,041,062
8	Recovery Zone Facilities Bonds	211,488,000
1	Exempt Facilities Bonds	25,000,000
111		$3,156,446,926

Bonds Issued in 2010

[Excludes Beginner Farmer Bonds]



includes all transactions; bond sales as posted on EMMA and Direct Purchases.

ILLINOIS FINANCE AUTHORITY

Schedule of Debt [a]

Conduit debt issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)] which does not constitute an indebtedness or an obligation, either general or moral, or a pledge of the full faith or a loan of the Authority, the State of Illinois or any Political Subdivision of the State within the purview of any constitutional or statutory limitation or provisions with special limited obligations of the Authority secured under provisions of the individual Bond Indentures and Loan Agreements with the exception of the bonds identified below in Section I (b) -- General Purpose Moral Obligation/State Component Parts -- which are subject to the $28.15B cap in Section 845-5(a).

Section I (a)

		Principal Outstanding		Program Limitations	Remaining Capacity
		June 30, 2010	**January 31, 2011**		
Illinois Finance Authority "IFA"					
306	Agriculture	$ 46,455,000	$ 50,761,000		
91	Education	3,721,552,000	3,706,239,000		
234	Healthcare	10,851,968,000	11,582,500,000		
76	Industrial Development [includes Recovery Zone/Midwest Disas	345,870,000	835,826,000		
22	Local Government	264,060,000	259,285,000		
18	Multifamily/Senior Housing	157,979,000	159,270,000		
96	501(c)(3) Not-for Profits	1,313,239,000	1,300,602,000		
5	Exempt Facilities Bonds	130,500,000	130,300,000		
848	**Total IFA Principal Outstanding**	**$ 16,831,623,000**	**$ 18,024,783,000**		
Illinois Development Finance Authority "IDFA" [b]					
4	Education	42,196,000	41,506,000		
5	Healthcare	404,660,000	219,360,000		
70	Industrial Development	562,917,000	547,784,000		
34	Local Government	386,034,000	355,436,000		
16	Multifamily/Senior Housing	147,219,000	145,902,000		
100	501(c)(3) Not-for Profits	1,025,002,000	981,560,000		
1	Exempt Facilities Bonds	24,860,000	24,860,000		
226	**Total IDFA Principal Outstanding**	**$ 2,592,888,000**	**$ 2,316,408,000**		
Illinois Rural Bond Bank "IRBB" [b]					
17	Bond Bank Revenue Bonds	26,385,000	25,715,000		
1	Conduit Debt	2,390,000	2,240,000		
18	**Total IRBB Principal Outstanding**	**$ 28,775,000**	**$ 27,955,000**		
102	**Illinois Health Facilities Authority "IHFA"**	**$ 2,908,471,000**	**$ 2,646,626,000**		
49	**Illinois Educational Facilities Authority "IEFA"**	**$ 1,446,134,000**	**$ 1,419,672,000**		
561	**Illinois Farm Development Authority "IFDA"** [f]	**$ 42,055,000**	**$ 42,055,000**		
1,804	**Total Illinois Finance Authority Debt**	**$ 23,849,946,000**	**$ 24,477,499,000**	**$ 28,150,000,000**	**$ 3,672,501,000**

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

Section I (b)

		Principal Outstanding		Program Limitations	Remaining Capacity
		June 30, 2010	**January 31, 2011**		
General Purpose Moral Obligations					
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]					
17	Issued through IRBB - Local Government Pools	$ 26,385,000	$ 25,715,000		
7	Issued through IFA - Local Government Pools	28,000,000	28,000,000		
2	Issued through IFA - Illinois Medical District Commission	40,000,000	39,640,000		
26	**Total General Moral Obligations**	**$ 94,385,000**	**$ 93,355,000**	**$ 150,000,000**	**$ 56,645,000**
Financially Distressed Cities Moral Obligations					
Illinois Finance Authority Act [20 ILCS 3501/825-60]					
3	Issued through IFA	$ 2,395,000	$ 3,825,000		
1	Issued through IDFA	4,660,000	3,565,000		
4	**Total Financially Distressed Cities**	**$ 7,055,000**	**$ 7,390,000**	**$ 50,000,000**	**$ 42,610,000**
State Component Unit Bonds [c]					
17	Issued through IRBB	$ 26,385,000	$ 25,715,000		
1	Issued through IDFA	14,580,000	13,890,000		
1	Issued through IFA	4,863,000	4,233,000		
19	**Total State Component Unit Bonds**	**$ 45,828,000**	**$ 43,838,000**		

Designated exclusive Issuer by the Governor of the State of Illinois to issue Midwest Disaster Area Bonds in Illinois, February 11, 2010.

Section I (c)

		Principal Outstanding		Program Limitations	Remaining Capacity
		June 30, 2010	**January 31, 2011**		
1	**Midwest Disaster Bonds [Flood Relief]**	**$ -**	$ 20,200,000	**$ 1,515,271,000**	**$ 1,495,071,000**

Designated by the Governor of the State of Illinois to manage and coordinate the re-allocation of Federal ARRA Volume Cap and the issuance of Recovery Zone Bonds in the State of Illinois to fully utilize RZBs before December 31, 2010.

Section I (d)

		ARRA Act of 2009 Volume Cap Allocated [h]	City/Counties Ceded Voluntarily to IFA	Bonds Issued as of January 31, 2011	Available "Ceded" Volume Cap
-	**Recovery Zone Economic Development Bonds;**	**$ 666,972,000**	**$ 16,940,000**	**$ 12,900,000**	**$ 4,040,000**
8	**Recovery Zone Facilities Bonds**	**$ 1,000,457,000**	**$ 292,400,000**	**$ 218,745,000**	**$ 73,655,000**
-	**Qualified Energy Conservation Bonds**	**$ 133,846,000**	**$ -**	**$ -**	**$ -**

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

Section II

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2010	**January 31, 2011**		
Illinois Power Agency	**$ -**	**$ -**	**$ 4,000,000,000**	**$ 4,000,000,000**

ILLINOIS FINANCE AUTHORITY

Schedule of Debt [a]

Illinois Finance Authority Act [20 ILCS 3501 Section 825-65(f); 825-70 and 825-75] - see also P.A. 96-103 effective 01/01/2010

Section III		Principal Outstanding June 30, 2010	Principal Outstanding January 31, 2011	Program Limitations	Remaining Capacity
Clean Coal, Coal ,Renewable Energy and Efficiency Projects	**Energy**	**$ -**	**$ -**	**$ 3,000,000,000** [d]	**$ 3,000,000,000**

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]

Section IV		Principal Outstanding June 30, 2010	Principal Outstanding January 31, 2011	Program Limitations	Remaining Capacity	State Exposure
	Agri Debt Guarantees [Restructuring Existing Debt]	**$ 20,300,000**	**$ 18,642,000**	**$ 160,000,000**	**$ 141,358,000**	**$ 15,806,000**
97	**Fund # 994 - Fund Balance $ 9,940,751**					
	AG Loan Guarantee Program	**$ 47,229,000**	**$ 43,771,000**	**$ 225,000,000** [e]	**$ 181,229,000**	**$ 31,531,000**
55	**Fund # 205 - Fund Balance $ 7,651,586**					
12	Agri Industry Loan Guarantee Program	$ 11,104,000	$ 10,447,000			8,880,000
1	Renewable Fuels	24,445,000	23,498,000			14,299,000
2	Farm Purchase Guarantee Program	491,000	991,000			842,000
29	Specialized Livestock Guarantee Program	8,625,000	6,401,000			5,441,000
11	Young Farmer Loan Guarantee Program	2,564,000	2,434,000			2,069,000
152	**Total State Guarantees**	**$ 67,529,000**	**$ 62,413,000**	**$ 385,000,000**	**$ 322,587,000**	**$ 47,337,000**

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 825-80 and 825-85

Section V			Principal Outstanding June 30, 2010	Principal Outstanding January 31, 2011	Appropriation Fiscal Year 2011	Fund Balance
116	Fire Truck Revolving Loan Program	**Fund # 572**	$ 18,730,135	$ 17,515,298	$ 6,003,342	$ 2,542,444
10	Ambulance Revolving Loan Program	**Fund # 334**	$ 993,200	$ 832,213	$ 7,006,800	$ 590

Note: Due to deposits in transit, the Cash Balance at the Illinois Office of the Comptroller may differ from the Illinois Finance Authority's General Ledger.

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

Section VI		Principal Outstanding June 30, 2010	Principal Outstanding January 31, 2011	Program Limitations	Remaining Capacity
	Environmental [Large Business]				
9	Issued through IFA	316,440,000	$ 316,156,000		
19	Issued through IDFA	372,065,000	357,165,000		
28	**Total Environmental [Large Business]**	**$ 688,505,000**	**$ 673,321,000**	**$ 2,425,000,000**	**$ 1,751,679,000**
	Environmental [Small Business]	-	$ -	**$ 75,000,000**	**$ 75,000,000**
28	**Total Environment Bonds Issued under Act**	**$ 688,505,000**	**$ 673,321,000**	**$ 2,500,000,000**	**$ 1,826,679,000**

Illinois Finance Authority Funds at Risk

Section VII #		Original Amount	Principal Outstanding June 30, 2010	Principal Outstanding January 31, 2011
	Participation Loans			
50	Business & Industry	23,020,157.95	17,018,322.85	14,086,303.55
22	Agriculture	6,079,859.01	4,969,295.79	4,600,580.37
72	**Participation Loans exluding Defaults & Allowances**	**$ 29,100,016.96**	**$ 21,987,618.64**	**$ 18,686,883.92**
			Plus: Legacy IDFA Loans in Default	1,143,112.67
			Less: Allowance for Doubtful Accounts	3,761,032.86
			Total Participation Loans	**$ 16,068,963.73**
1	**Illinois Facility Fund**	**$ 1,000,000.00**	**$ 1,000,000.00**	**$ 1,000,000.00**
4	**Local Government Direct Loans**	**$ 1,289,750.00**	**$ 309,303.50**	**$ 294,526.74**
5	**FmHA Loans**	**$ 963,250.00**	**$ 495,772.95**	**$ 331,374.37**
2	**Renewable Energy [RED Fund]**	**$ 2,000,000.00**	**$ 1,755,664.28**	**$ 1,712,458.48**
84	**Total Loans Outstanding**	**$ 34,353,016.96**	**$ 25,548,359.37**	**$ 19,407,323.32**

[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.

[g] Midwest Disaster Bonds - Illinois Counties eligible for Midwest Disaster Bonds include Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside and Winnebago.

[h] Recovery Zone Bonds - Federal government allocated volume cap directly to all 102 Illinois counties and 8 municipalities with population of 100,000 or more. [Public Act 96-1020]

[i] IFA is working with all of the 110 entities to encourage voluntary waivers to ensure that these resources are used to support project financing before the program expires on December 31, 2010.