

February 9, 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 Authority:

During the past month we have continued our three-tiered strategy for growth: driving business in our traditional markets, shaping legislation to enhance and create opportunities, and pursuing strategic partnerships to leverage our core competencies.

Our reputation for bringing outstanding expertise and operational excellence to complex transactions has brought the IFA more financings from existing clients. Since the last board meeting, we closed financings from long-term clients like Advocate Health Care, Swedish Covenant Hospital, and Jewish Charities. In the agriculture sector, we completed new marketing materials and arranged for Eric Reed to be interviewed on local radio shows and to speak at regional banking conferences to increase the visibility of the IFA in agricultural markets.

We have been actively shepherding legislation to increase the limits of the statutory cap on our outstanding conduit bond portfolio, and to allow the IFA to be involved with the financing of multi-state projects by not-for-profit entities. We also hope to boost economic development opportunities by maximizing the use of federal stimulus tools such as recovery zone bonds, and increase the effectiveness of IFA's agriculture guarantee programs.

We continue to aggressively pursue all avenues of partnership and collaboration in pursuit of job creation and economic development in Illinois. During January we transmitted our response to the U.S. Department of Energy (USDOE) seeking designation as a delegated lender for federal guarantees to back renewable energy projects. This came on the heels of the December filing of a joint application with DCEO for up to \$75 million in energy efficiency funds for use as bridge loans and debt service reserves. We hope to hear a response from the USDOE within the next 30 to 60 days on the competitive USDOE grant for energy efficiency funds. On the program development front, IFA staff continues to work to develop a financing program for energy efficiency projects. In addition, we fast-tracked a wind energy project for consideration by USDOE for a federal guarantee. Finally, I attended a meeting in Washington, D.C. in connection with our State's effort to assist the FutureGen project in Mattoon, Illinois.

Collaborative efforts were not limited to the Department of Energy. Pam Lenane and Rich Frampton hosted the first web-casted quarterly meeting of National Association of Health and Educational Facilities Finance Authorities (NAHEFFA). Over 20 Executive Directors from agencies throughout the nation attended the two-day conference where they addressed the applicability of Build America Bonds for 501(c)(3) transactions and the impact of Federal Healthcare Reform on not-for-profits.

All of these efforts continue to reap very real benefits. YTD revenues continue to run ahead of budget, at 29.8%, while operating income climbed to \$1,496,184. Operating expenses climbed higher YOY, resulting from increased bad debt reserve for the participation loan portfolio in light of the current recession.

On the administrative side, we have concluded the very successful financial audit and moved towards wrapping up the compliance audit. We are working with CMS to manage procurement issues associated with benefits for our employees.

Looking forward, we are concentrating on keeping the pipeline of pending transactions full and flowing. We continue to actively seek out business in healthcare, business and industry, 501(c)(3)'s, energy and agriculture. We continue to stress the highest level of ethical conduct and transparency in everything we do. We are working to strengthen the skills and increase the motivation of each staff member. And, we continue to review our processes and procedures to promote maximum efficiency.

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 1-31-10

Attachment 3 – Background memo on FutureGen

Attachment 4 – Background memo on Blackhawk Biofuels

**Illinois Finance Authority
FY08 Audit Findings: Material and Immaterial
Update as of January 31, 2010**

Attachment 1

Number of Material Findings - 7

Item Number	Description	Finding Type	Comments	Percentage Completed										
				10	20	30	40	50	60	70	80	90	100	
Government Auditing Standards:				10	20	30	40	50	60	70	80	90	100	
08-01	Draft Financial Statements Not Completed Timely	Significant Deficiency	People, processes and systems are in place to produce timely financial statements.	[Redacted]										
08-02	Failure to Provide a Listing of Laws and Regulations Applicable to the Authority	Significant Deficiency	Database developed; identification and tracking, and maintenance of the statutory mandate database have been executed.	[Redacted]										
Federal Compliance:				10	20	30	40	50	60	70	80	90	100	
08-03	Missing Policy on Nondiscrimination	Noncompliance and Significant Deficiency	The product bulletin and the application for the Rural Development Program have been updated and posted to the IFA website.	[Redacted]										
State Compliance:				10	20	30	40	50	60	70	80	90	100	
08-04	Failure to Report Revenue Bond Information to the Office of the Comptroller	Noncompliance and Significant Deficiency	Implemented a "reminder" process with trustees/paying agents. Changes required from the IOC to totally eliminate this finding.	[Redacted]										
08-05	No Established Rules to Administer Loan Program (Fire Sprinkler Dormitory Revolving Loan Program)	Noncompliance and Significant Deficiency	No appropriation to fund the program; rules filed with the Secretary of State.	[Redacted]										
08-06	Failure to Administer the Exporter Award Program	Noncompliance and Significant Deficiency	IFA posted an invitation on its website; nominated borrowers; actual award by DCEO were made on 06/29/09; none of the awardees were submitted by IFA.	[Redacted]										
08-07	No Formal Record Retention Plan	Noncompliance and Significant Deficiency	State Record Commission reviewed and approved the Records Retention Schedule.	[Redacted]										

Number of Immaterial Findings - 2

Item Number	Description	Finding Type	Status Action Items/ (not final) Action Items Completed	Percentage Completed										
				10	20	30	40	50	60	70	80	90	100	
FY 08 Immaterial Findings				10	20	30	40	50	60	70	80	90	100	
IM08-01	Statement of Economic Interest Report Not Filed Timely			[Redacted]										
IM08-02	Inadequate Documentation of Internal Control Procedures			[Redacted]										

ILLINOIS FINANCE AUTHORITY
Schedule of Debt ^[a]

Attachment 2

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

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	January 31, 2010		
Illinois Finance Authority "IFA"				
460 Revenue Bonds	\$ 14,115,957,000	\$ 15,507,763,000		
3 State Component Units ^[b]	45,778,000	45,214,000		
1 Clean Water State Revolving Fund ^[b]	94,480,000	90,415,000		
3 Commercial Paper Revenue Notes	291,000,000	261,000,000		
2 Revenue Financing Notes	3,613,000	3,424,000		
9 Leases, Notes and Certificates of Participation	11,772,000	34,445,000		
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		
248 Agriculture: Beginner Farmer Bonds ^[f]	36,004,000	39,700,000		
737 Total IFA Principal Outstanding	\$ 14,631,589,000	\$ 16,022,561,000		
254 Illinois Development Finance Authority "IDFA" ^[b]	\$ 2,934,399,000	\$ 2,807,941,000		
117 Illinois Health Facilities Authority "IHFA"	\$ 3,655,331,000	\$ 3,165,835,000		
55 Illinois Educational Facilities Authority "IEFA"	\$ 1,734,177,000	\$ 1,640,657,000		
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		
1,788 Total Illinois Finance Authority Debt	\$ 23,037,110,000	\$ 23,718,188,000	\$ 28,150,000,000	\$ 4,431,812,000

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

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	January 31, 2010		
General Purpose Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
19 Issued through IRBB	\$ 30,725,000	\$ 30,450,000		
9 Issued through IFA	64,560,000	69,020,000		
28 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]				
19 Issued through IRBB	\$ 30,725,000	\$ 30,450,000		
1 Issued through IDFA	105,530,000	99,570,000		
3 Issued through IFA	164,818,000	164,649,000		
23 Total State Component Unit Bonds	\$ 301,073,000	\$ 294,669,000		

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

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	January 31, 2010		
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	January 31, 2010		
Clean Coal, Coal and Renewable Energy Projects	\$ -	\$ -	\$ 3,000,000,000 ^[d]	\$ 3,000,000,000

ILLINOIS FINANCE AUTHORITY
Schedule of Debt ^[a]

Attachment 2

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	\$ 22,111,000	\$ 160,000,000	\$ 137,889,000	\$ 18,737,000
Agri Industry Loan Guarantee Program	\$ 13,648,000	\$ 12,288,000			10,445,000
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	10,399,000			8,840,000
Young Farmer Loan Guarantee Program	2,430,000	2,684,000			2,281,000
AG Loan Guarantee Program	\$ 53,715,000	\$ 50,312,000	\$ 225,000,000 ^[e]	\$ 174,688,000	\$ 36,862,000
Total State Guarantees	\$ 75,701,000	\$ 72,423,000	\$ 385,000,000	\$ 312,577,000	\$ 55,599,000

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

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	January 31, 2010		
Environmental [Large Business]				
9 Issued through IFA	\$ 317,704,000	\$ 317,438,000		
22 Issued through IDFA	407,370,000	372,320,000		
31 Total Environmental [Large Business]	\$ 725,074,000	\$ 689,758,000	\$ 2,425,000,000	\$ 1,735,242,000
Environmental [Small Business]				
31 Total Environment Bonds Issued under Act	\$ 725,074,000	\$ 689,758,000	\$ 2,500,000,000	\$ 1,810,242,000

^[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

#	Participation Loans	Original Amount	Principal Outstanding	
			June 30, 2009	January 31, 2010
69	Business & Industry	27,584,793.27	20,487,542.83	18,275,868.63
26	Agriculture	6,106,859.01	5,323,214.12	5,149,285.03
95	Total Participation Loans	\$ 33,691,652.28	\$ 25,810,756.95	\$ 23,425,153.66
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	\$ 387,931.74	\$ 322,154.98
6	FmHA Loans	\$ 963,250.00	\$ 617,776.68	\$ 545,506.16
2	Renewable Energy [RED Fund]	\$ 2,000,000.00	\$ 1,841,011.12	\$ 1,798,689.64
108	Total Loans Outstanding	\$ 38,944,652.28	\$ 29,657,476.49	\$ 27,091,504.44



Bonds Issued in Fiscal Year 2010

Attachment 2

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
12/17/09	5,700,000.00	Marion SLF	43,890.00	18	20
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
01/06/10	238,255,000.00	Advocate Health Care Network	211,000.00	0	150
01/14/10	14,545,000.00	Jewish Charities RAN, Series 2009-2010B	12,500.00	0	0
	\$ 2,104,318,472.63		Total Fees Collected	\$ 2,991,408.69	721 4,885

Participation Loans

Closing Date	Loan Amount	Issue	New Jobs	Cons Jobs
12/23/09	468,261.83	Midwest Investment Solution, Inc. [Orbital Tool Technologies Corp.]	39	20
	\$ 468,261.83	Total Participation Loans Funded	39	20



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

AG Young Farmer Bond Closings

Closing Date	Bond Issue Principal	Issue	Invoice Amount
12/15/09	310,000.00	Wagner, Kyle & Jenny	2,800.00
	\$ 310,000.00	Total AG Young Farmer Fees Collected	\$ 2,800.00

ILLINOIS FINANCE AUTHORITY
Memorandum

To: IFA Board of Directors

From: Steve Trout

Date: February 9, 2010

RE: Update on FutureGen

For Information Only

At the January 12, 2010 Board Meeting, the IFA Board of Directors approved a Resolution (IFA Resolution 2010-02-09) expressing support for FutureGen, a 275 megawatt Integrated Gasification Combined Cycle (“IGCC”) power plant proposed for Mattoon (“the Project”). The Project seeks to demonstrate the viability of coal sequestration and advanced gasification processes on a commercial scale. The FutureGen Alliance (“the Alliance”), a consortium of leading energy companies, is developing the Project.

IFA Executive Director Meister participated in a January 20th meeting in Washington, DC with Alliance officials, Senator Dick Durbin, representatives from the Illinois Department of Commerce and Economic Opportunity (“DCEO”), the Office of the Governor and the US Department of Energy (“USDOE”) to present an overall plan for the Project’s development and financing. This meeting, together with the submission of a written plan and supplemental information, was scheduled to facilitate USDOE’s decision on a prospective \$1.1 billion grant by the end of January, its original deadline.

On January 30, 2010, Exelon Corporation announced that it intends to join the Alliance.

USDOE officials expressed interest in having the Alliance submit additional details on the Project’s development and finance plan. They have advised that its decision to proceed should be made by mid-March.

In connection with the project, IFA is working closely with DCEO and the Illinois Power Authority to legislatively address any statutory issues that could hinder a joint IFA-IPA financing of the Project.

ILLINOIS FINANCE AUTHORITY
Memorandum

To: IFA Board of Directors

From: Steve Trout

Date: February 9, 2010

RE: Update on Blackhawk Biofuels, Danville, IL

For Information Only

REG's Chief Operating Officer, Dan Oh, has advised IFA that REG and Blackhawk Biofuels are proceeding with the merger, with a Blackhawk member vote scheduled for February 18, 2010.

The biodiesel industry has generally been hampered by Congress' failure to extend the \$1 per gallon Blender's Tax Credit (the "Tax Credit"), which expired on December 31, 2009. Continuation of the Tax Credit is critical to keeping the cost of biodiesel competitive with traditional, petroleum-based diesel.

Biodiesel production in most states has halted except in Illinois, which REG believes remains viable largely due to the State's sales tax-exemption for biodiesel. Blackhawk continues to receive orders for biodiesel at about 60% of recent levels from investors that anticipate prompt extension of the Tax Credit retroactive to January 1, as is widely expected.

IFA Executive Director has worked closely with the Office of the Governor to advocate for an extension of the Tax Credit with the Illinois Congressional delegation.

REG hopes that the Blender's Tax Credit will be enacted within 30 to 120 days, and that market conditions for biodiesel to improve in 2010. REG is proceeding with the merger with two other biodiesel companies that had been contemplated to occur contemporaneously with the Blackhawk merger. REG also plans to acquire NovaBioSource's nearly completed biodiesel plant in Seneca, a more recent opportunity. The Board was advised of these mergers last Fall.

Fifth Third Bank is seeking internal approval to grant a waiver for Blackhawk's failure to complete the merger with REG by the end of 2009, a key term of its amendment to the term loan that IFA guarantees. Fifth Third expects prompt approval of the waiver and plans to seek consent from the IFA Board at the March 9th Board Meeting.