

Illinois Finance Authority

Tuesday, February 17, 2004

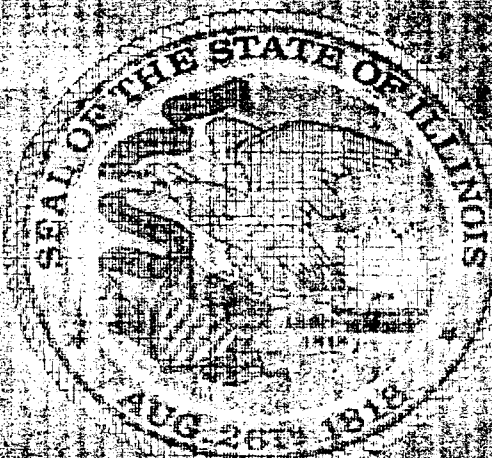
2:00 p.m.

Formal Board Meeting

State of Illinois Building

160 North LaSalle, 5th Floor

Chicago, Illinois 60606



ALL DATA

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**ILLINOIS FINANCE AUTHORITY
BOARD MEETING**

February 17, 2004
160 North LaSalle, 5th Floor
State of Illinois Building
Chicago, Illinois 60606

Executive Committee -(all Board Members)
IFA Office, Sears Tower, Suite 4000 – 40th Floor
10:00 a.m.

- Opening Remarks – Chairman Gustman
- IFA Overview – Director Ata
- Presentations – Marketers

Compensation — Farming Sub Committee
Financial Report
HP Manual
Sales Report

Board Meeting
2:00 P.M.
160 North LaSalle, 5th Floor

Agenda

- Call to Order – Chairman Gustman
- Chairman's Report
- A. Director's Report
 - Consent Agenda for Financing Projects
 - Other Business
 - Roll Call
- 1. Adoption of January 23, 2004 Minutes
- 2. Acceptance of January 23, 2004 Financial Statements

Initial Project Considerations

<u>Number</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Const Jobs</u>	<u>PA</u>
3.	H-HO-TE-CD-408 Central DuPage Health	Winfield	\$240,000,000	TBD	TBD	PL
4.	H-HO-TE-CD-407 SwedishAmerican Health System	Rockford	\$125,000,000	N/A	TBD	PL
5.	H-HO-TE-CD-405 Children's Memorial Medical Center	Chicago	\$56,000,000	N/A	N/A	PL/CV
6.	H-HO-TE-CD-406 Riverside Health System	Kankakee, Bourbonnais	\$40,000,000	N/A	N/A	PL
7.	H-HO-TE-CD-409 Southern Illinois Healthcare Enterprises	Carbondale, Herrin, Murphysboro	\$35,000,000	N/A	200	PL

8.	M-FR-TE-NC-401	Tax-Exempt FreshRate™ Single Family Mortgage Revenue Bond Program, Series 2004	Statewide	\$50,000,000	N/A	N/A	TA
9.	N-NP-TE-CD-401	Kishwaukee Family Young Men's Christian Association, Inc (Kishwaukee Family YM CA)	Sycamore	\$1,000,000	16	50	SCM
10.	I-ID-TE-CD-401	CFC International, Inc.	Chicago Heights	\$2,000,000	30	N/A	SCM

Final Project Considerations

<u>Number</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Const Jobs</u>	<u>PA</u>
11.	H-HO-TE-CD-404	Franciscan Communities, Inc. Obligated Group (St. Joseph Village Project)	Chicago	\$21,000,000	N/A	100 PL/SCM
12.	E-PC-TE-CD-406	DePaul University	Various	\$60,000,000	N/A	N/A ST/RF
13.	E-PS-TE-CD-403	Alliance for Character in Education	Des Plaines Niles	\$5,650,000	5	64 TA
14.	N-NP-TE-CD-403	Community Action Partnership of Lake County	Waukegan	\$7,350,000	14	146 TA
15.	N-NP-TE-CD-402	Huskies Hockey Club, Inc. (Internationale Ice Center Development Project)	Romeoville	\$13,000,000	10	150 ST
16.	L-PW-TE-CD-402	Pooled Warrant Program 2004A		\$18,300,000	N/A	N/A EW
	L-PW-TE-CD-402A	Springfield Public SD #186	Sangamon Cnty	\$15,000,000	N/A	N/A
	L-PW-TE-CD-402B	Nippersink School District #2	McHenry County	\$2,000,000	N/A	N/A
	L-PW-TE-CD-402C	Massac County CUSD #1	Massac County	\$1,000,000	N/A	N/A
	L-PW-TE-CD-402D	Grand Ridge Community Consolidated SD #95	LaSalle County	\$300,000	N/A	N/A
17.	L-GP-TE-MO-401	Local Government Pooled Bond Program 2004A (Moral Obligation)	Various	\$3,140,000	N/A	N/A EW
	L-GP-TE-MO-401A	Village of Norris City	White County	\$575,000	N/A	N/A
	L-GP-TE-MO-401B	Village of Williamsville	Sangamon County	\$440,000	N/A	N/A
	L-GP-TE-MO-401C	Village of Farmington	Fulton County	\$2,125,000	N/A	N/A
18.	B-LL-TX-401	Alvar, Inc.	Washburn	\$100,000	5	20 JS

Project Revisions/Amendatory Resolutions

- | | | |
|-------------|--|--------------------------------------|
| 19. 2100-NP | Trinity International University
Series 2000A&B | Request a change interest rate mode |
| 20. 9801-NP | National Commission on Correctional Healthcare | Approve change in interest rate mode |

Other Business

- | | | | | | | |
|------------------------------------|--------------------------|---------|-------------|-----|-----|-------|
| 21. E-PC-TE-RE-402 | Columbia College Chicago | Chicago | \$7,275,000 | N/A | N/A | CV/RF |
| 22. Glossary of Acronyms and Terms | | | | | | |
| 23. Market and Product Codes | | | | | | |
| 24. Newspaper Clippings | | | | | | |

Adjournment

Appendix



Illinois Finance Authority – Director’s Report
February 17, 2004

To: Governor’s Office and IFA Board of Directors
From: Executive Director Ata

This report highlights seven issues: Sales Activity, Market Conditions, Financial Issues, Human Resources, Legislative Issues, Volume Cap, Office Leases and Liability Insurance.

I. *Sales Activity:* We have seen a sharp increase in sales activities from January 2004. We are submitting for your review and approval 21 preliminary and final proposals compared to four preliminary proposals in January. All market segments, except Farming have submitted financing requests. Farming is seasonal and we expect an increase in activity next month.

Total estimated fees, paid on closing, and from above deals is estimated at \$861,000 consisting of \$629,000 for preliminaries and \$232,000 for the finals.

We will be identifying more projects in 2004 through aggressive sales and marketing activities and fees will increase accordingly. A focused effort is being placed on creating a “Selling and Service” culture. A sales campaign was launched on January 23, 2004 and expectations were set to make targeted customer phone calls. The objectives of the calls are to create awareness of IFA and assure all customers that we are open for business and capable of serving their needs and to generate new business. The campaign has had a positive impact on the number of projects in the pipeline and is sending a strong message that IFA will aggressively seek projects to support the Governor’s economic development objectives.

We have also initiated the development of tracking databases. The Sales/Service Call Database will track the number of Sales Calls and Service Calls made by each Marketer. This tracking tool will help ensure call activity, but it will also help us manage resource allocation between selling and servicing. A second database will be used to track projects. The principle purpose of this database will be to provide current estimates of project progress and estimated fees.

II. *Market Conditions:* As in other businesses, there is tough competition for the products and services IFA offers. All home-rule municipalities and counties can also issue bonds. In addition to local governments, the Illinois General Assembly has created six (6) regional finance authorities that also have the capability to issue bonds similar to IFA. These regional authorities are typically governed by local business and government leaders and have fee structures that may be similar to IFA’s fees. These regional authorities draw upon their local presence

for their competitive advantage. Local Governments often issue bonds at severely discounted closing fees with little or no follow-up maintenance. We are working at trying to understand this whole competitive environment better, so that we may formulate our best course of action.

III. Financial: Washington, Pittman & McKeever staff prepared the transition audit report including December 31, 2003 balance sheets and income statements for IDFA, IRBB, IHFA, IEFA and IFDA. A consolidated statement was also prepared for IFA. The majority of the accounting effort in late January and early February was focused on establishing the year-end actual revenue and expenses for each of the five predecessor Authorities.

Laura Lanterman, former CFO of the IFDA, was named IFA Chief Accountant in January.

- A. Profit and Loss: December 31, 2003 P&L statements were not finalized at the time of this writing, nor was the January 2004 P&L for IFA. System integration is underway so that January 2004 and February 2004 P&L statements can be generated for the March 2004 Board meeting.
- B. Revenues: Revenues from the five Authorities are now directed to the IFA in Chicago. We are developing an interim process for recording revenues associated with their respective predecessor Authority.
- C. Audits: IFA received 2003 year-end reports from the Office of the Auditor General. Entrance conference for the IDFA and IHFA stub audits will take place on February 16, 2004 at the IFA office. Bidders conference for the IFA year-end 2004 audit will take place on March 10, 2004 at the IFA office.

IV. Human Resource: As of February 9, 2004, IFA employs 20 employees located in the following offices: Chicago-13; Springfield- 5; Carbondale- 1; Peoria- 1. IFA has 4 contract employees assigned to reception/clerk and to accounting; two of these contractors are temporary full-time.

The Human Resources manual has been drafted and circulated to the IFA Board members for their review and approval. We will discuss the employee benefits package at the February Board Committee meeting.

V. Legislative Issues: IFA has hired Kristina Koch, a former IDFA employee as its lobbyist for several critical measures:

- A. Bond Authorization: IFA has \$23 billion of bond authorization, \$18.5 of which has been committed. Of the \$4.5 billion of uncommitted bond authorization, only \$1.5 exists in the general statute. This is the section of the statute, which allows for, among other things, hospital transactions. Since one-half of this remaining amount was spoken for last month for several hospital projects, this leaves IFA with critically low bond authorization in its most utilized category.

IFA will seek legislation granting it \$6-20 billion in future bond authorization, much of it in its general statute category.

- B. Language Issues: The IFA legislation inadvertently picked up language from the Illinois Educational Facilities Act that would prevent IFA from financing several categories of projects which IDFA had been able to finance in the past, including projects which happened to have a religious affiliation. IFA will seek legislation amending these provisions in order to allow this type of financing to continue with the new Authority. Several other of these "language" inconsistencies with the new statute will be corrected with modifying legislation.

- C. Out-of-State Bonding Capacity: IFA can currently only issue bonds for projects in Illinois. Projects with locations outside of Illinois are being lost to out-of-state issuers. Other states with out-of-state bond capacity have taken business away from IFA because they can finance bonds in Illinois from their home state.

IFA will seek legislation to allow IFA to have out-of-state bonding capacity.

- D. Appropriation: IFA currently does not have an appropriation for programs run by the former Farm Development Authority and the former Rural Bond Bank. IFA's venture capital program fund account is depleted, and as a result no further investment can take place.

IFA will seek a \$400,000 appropriation from the General Assembly to provide money to fund the previously-appropriated programs still being run by the IFA employees who were previously employed by the Farm Development Authority and the Rural Bond Bank. Further, IFA will seek an appropriation of \$2,000,000 to fund further venture capital investment in Illinois.

VI. *Volume Cap*: IFA must use private activity allocation ("Volume Cap") for most for-profit projects. The Office of Management and Budget allocates Volume Cap. Prior year's Volume Cap is carried forward for three years and must be allocated toward specific categories of projects. Current year state agency allocation must be used in the current calendar year, or else it will be carried forward during the following year.

- A. Carryforward Volume Cap: IFA received \$56 million in reallocated Volume Cap from the Office of Management and Budget. IFA will carry-forward this amount, allocating this Volume Cap between multi-family housing projects, and solid waste disposal projects.

IFA also received \$31 million in ceded Volume Cap from various home rule municipalities. This volume cap will be carried forward for multi-family housing projects brought to IFA by the underwriting firm of Stern Brothers.

B. 2004 State Agency Allocation ("Fresh") Volume Cap: IFA applied for \$130 million in 2004 state agency allocation of "fresh" Volume Cap, to be used in 2004. This will be split between manufacturing transactions, a tax-exempt down-payment assistance first-time homebuyers mortgage program, multi-family housing transactions, and solid-waste disposal transactions.

VII. Office Leases: The IDFA Springfield office was vacated and returned to the landlord on January 30, 2004; contents were relocated to the office of the former IFDA. We met with the IFDA and IRBB landlord and launched a plan to vacate and remodel the IRBB office.

Cushman & Wakefield is evaluating options to 1) sub-let or surrender the Prudential property, and 2) remain in the Sears Tower or another nearby Chicago Loop office space.

The former IHFA office in the Prudential Building is vacant; contents will be relocated to the IFA office, off-site storage and the balance captured by CMS.

January 2004 lease/expense/tax payment was \$8,855. This lease expires on October 31, 2005. The 4,385 square feet of floor space is insufficient for IFA.

The IFA office is 9,979 square feet in the Sears Tower presently. IFA presently has 5 vacant offices and 7 vacant cubicles. Contents of the former IHFA office will be relocated to the IFA office in February. January lease/expense/tax payment was \$21,200. The lease expires on September 30, 2004 as a result of a Notice of Termination filed by IDFA on September 23, 2003.

VIII. Liability Insurance: IFA received quotations for liability insurance coverage for Directors, Officers and employees. IFA requested three quotations; one was received, one is pending and the third declined to quote on the coverage. The quote in hand is for \$1million per occurrence & \$1million aggregate coverage for an annual premium of \$175,000 from Rummell & Associates, former IDFA broker. Former IDFA liability coverage for \$1million per occurrence and \$3million aggregates had an annual premium of approximately \$150,000. IFA plans to select a liability insurance carrier by February 17, 2004.

Three-year tail liability coverage purchased by IDFA late in 2003 cost IDFA \$136,000. IFA requested an adjustment to this coverage to reduce the term from three years to one year. The term will be adjusted and IFA will receive a premium refund of \$60,000.

**MINUTES OF THE REGULARLY SCHEDULED MEETING OF THE BOARD OF
DIRECTORS OF THE ILLINOS FINANCE AUTHORITY**

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held its regularly scheduled meeting at 2:00 p.m., on January 23, 2004 in the Lincoln Conference Room at the Sears Tower Conference Center, 233 South Wacker Drive, 33rd Floor, in the City of Chicago, Illinois.

MEMBERS PRESENT:

David Gustman
Joseph Alford
Michael Goetz
Edward Leonard
Talat Othman
Andrew Rice
Joseph Valenti
Jill Rendleman York

MEMBERS ABSENT:

Timothy Ozark

GENERAL BUSINESS ITEMS

Call to Order

Chairman Gustman called the meeting to order at 2:12, with the above members present.

Roll Call

Chairman Gustman asked Secretary Pisarcik, to call the roll. Having eight members present, Chairman Gustman declared a quorum.

Item 1 – Adoption of January 5, 2004 Minutes

Upon a motion by Mr. Valenti and seconded by Mr. Goetz, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present. (04-01-01)

Item 2 – Acceptance of January 5, 2004 Financial Statements

Upon a motion by Mr. Othman and seconded by Mr. Rice, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present. (04-01-02)

Initial Project Considerations

Item-03

H-HO-TE-C-001: Northwestern Memorial Hospital.

This applicant requests initial approval of **\$550,000,000** in 501(c)(3), Revenue Bonds to finance a project located in **Chicago, Illinois**. This project is expected to create **600** new jobs and **3,500** construction jobs.

Upon a motion by Mr. Valenti and seconded by Mr. Leonard, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present. (04-01-03)

Item-04

H-HO-TE-C-002: Alexian Brothers

This applicant requests initial approval of **\$80,000,000** in 501(c)(3), Revenue Bonds to finance projects located in **Elk Grove Village, Illinois** and **Hoffman Estates, IL**. These projects are expected to create **200** construction jobs.

Upon a motion by Mr. Goetz and seconded by Mr. Alford, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present. (04-01-04)

Item-05

H-HO-TE-C-003: BroMenn Healthcare

This applicant requests initial approval of **\$60,000,000** in 501(c)(3), Revenue Bonds to finance projects located in **Normal, IL** and **Eureka, IL**.

Upon a motion by Mr. Othman and seconded by Mr. Valenti, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present. (04-01-05)

Item-06

H-HO-TE-C-004: Franciscan Communities, Inc. (St. Joseph's Home)

This applicant requests initial approval of **\$21,000,000** in 501(c)(3), Revenue Bonds to finance a project located in **Chicago, IL**.

Upon a motion by Mr. Goetz and seconded by Mr. Rice, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present. (04-01-06)

Project Revisions/Amendatory Resolutions

Item-07 **9835-PL: Eagle Theatre**

This applicant requests a revision to the terms of an existing Participation Loan to permit First Crawford State Bank to increase its loan to Eagle Theatre Corporation.

Upon a motion by Mr. Othman and seconded by Mr. Goetz, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present. (04-01-07)

Item-08 **Jewish Federation of Metropolitan Chicago**


This applicant requests a restructuring of the interest rate mode on several of its outstanding bonds.

Upon a motion by Mr. Goetz and seconded by Mr. Valenti, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present. (04-01-08)

There being no further business, Chairman Gustman adjourned the meeting at approximately 2:40 P.M.

Respectfully Submitted,

Michael R. Pisarcik, Secretary



**Financials will
follow by fax on Friday,
February 13, 2004.**

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 17, 2004**

Deal: Central DuPage Health

STATISTICS

Deal Number:	H-HO-TE-CD-408	Amount:	\$240,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Locations:	Winfield	Originator:	Pam Lenane
Tax ID:		Est fee:	\$138,000

BOARD ACTION

Preliminary Bond Resolution	Staff recommends approval
Conduit 501(c)(3) bonds	No extraordinary conditions
No IFA funds at risk	

PURPOSE

Bond proceeds will finance the expansion and modernization of certain health facilities owned by Central DuPage Health. Additionally, bond proceeds will be used to refinance existing tax-exempt bonds previously issued on behalf of Wyndemere.

VOLUME CAP

No Volume Cap is required for 501(c)(3) Bond financing.

VOTING RECORD

Not applicable.

INDICATIVE SOURCES AND USES OF FUNDS*

Sources:	IFA bonds	\$240,000,000	Uses:	Project Costs	\$188,723,447
	Estimated Bond Funds	<u>1,069,922</u>		Refunding Escrow	38,086,422
				Capitalized Interest	12,508,053
				Estimated Issuance Costs	<u>1,752,000</u>
	Total	<u>\$241,069,922</u>		Total	<u>\$241,069,922</u>

* Preliminary and subject to change.

JOBS

Current employment:	Approximately 2,600 FTEs	Projected new jobs:	TBD
Jobs retained:	TBD	Construction jobs:	TBD

BUSINESS SUMMARY

Background: Central DuPage Health was incorporated in 1980 as an Illinois not-for-profit corporation and is the parent corporation of an integrated network of health care organizations (the "System") serving western DuPage and Kane Counties, Illinois.

Description: Central DuPage Health's primary affiliate is Central DuPage Hospital Association (the "Hospital"), which was formed in 1958 by a group of concerned citizens and which began operating a general acute-care hospital in 1964 in Winfield, Illinois, located approximately 30 miles west of Chicago.

The System consists of Central DuPage Health and the following controlled affiliates (the "Affiliates") of which Central DuPage Health is the sole voting member:

- Central DuPage Hospital Association - owns and operates a 394 licensed bed, acute-care hospital providing inpatient, outpatient and emergency care
- Centra Corporation ("Centra") - employs or contracts with licensed physicians to provide medical care to patients, hospitals, affiliated group practices or medical care facilities
- Community Convalescent Center of Naperville, doing business as Wynscape Nursing and Rehabilitation Center ("Wynscape") - owns and operates a 209 licensed bed skilled and intermediate care nursing facility in Wheaton, Illinois
- Community Nursing Service of DuPage County, Inc., doing business as CNS Home Health ("CNS Home Health") - provides home health care services
- PAHCS II - operates a business dedicated to the advancement and promotion of health for employees of companies within the communities served by the System
- Wyndemere Retirement Community ("Wyndemere") - provides housing, health care and other related services to residents through the operation of a life care retirement facility with 219 congregate units, 26 town homes and 77 assisted living units in Wheaton, Illinois
- Central DuPage Special Health Association - a newly-formed entity that will operate a pharmaceutical distribution center serving the Affiliates and their patients

Financials: Central DuPage Health and Affiliates
Audited Financial Statements FY 2001-2003

	<u>Year Ended June 30</u>		
	2001	2002	2003
	(Dollars in 000s)		
Statement of Revenues/Exp.:			
Revenue	\$351,846	\$391,889	\$419,129
Operating Income	25,021	26,180	(3,957)
Balance sheet:			
Current Assets	\$114,347	\$101,581	\$120,365
PP&E – Net	229,615	251,222	267,239
Other Assets	462,371	486,780	480,795
Total Assets	\$806,333	\$839,583	\$868,399
Current Liabilities	62,755	63,019	83,858
LT Debt/Liabil.	243,526	242,604	241,617
Other Non-Current Liab.	45,193	45,109	44,669
Net Assets	454,859	488,851	498,255
Total Liab. & Net. Assets	\$806,333	\$839,583	\$868,399
Ratios:			
Debt service coverage*	4.50x	8.10x	6.66x
Current ratio	1.82	1.61	1.44
Debt/Net Assets	0.54	0.50	0.48

*Excludes provision for community reinvestment; excludes \$25.2 million refunding of 1985A VRDNs from FY 2001 debt service.

Discussion: CDH has experienced consistently strong operations (with exception of FY 2003 due to approximately \$22.5 million of non-recurring items), generating sufficient cash flow to cover its fixed obligations by multiples of 4.5 times or better. CDH also has significant liquidity, with 449 days cash on hand at the end of FY 2003.

FINANCING SUMMARY

Security: CDH's long-term ratings are AA/AA- (S&P/Fitch) – both are expected to be affirmed. CDH intends on issuing these bonds uninsured but will provide self-liquidity on \$100 million of VRDNs. Revenues of the Obligated Group will be pledged to pay debt service.

Structure: The current plan of finance includes \$100 million of VRDNs and \$140 million of Periodic Auction Reset Securities (PARS). Approximately \$203 million will be new money and \$37 million will be a refunding.

Maturity: The final maturity of the new money is planned to be 2034.

PROJECT SUMMARY

Bond proceeds will be used to provide a portion of the funds necessary to (i) pay or reimburse CDH for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities; (ii) refund all of the outstanding principal from the Series 1992 Wyndemere Bonds.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Central DuPage Health
Location: 25 North Winfield Road, Winfield (DuPage County), IL 60190
Project name: Central DuPage Health New Money and Refinancing
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board of Directors: David J. Allen Catherine E. Kozik
John R. Born Richard A. Mark
James E. Comerford Luke McGuinness (CEO)
Mark F. Daniels Mary Lou McLennan
Mary Lou Decosterd F. John Motsinger
Walter W. Filkin C. William Pollard
Sara Gerlach Christine M. Roche
Neal T. Halleran James T. Spear (Treasurer)
Kathleen L. Halloran (Secretary) Peter J. Weeks
Jeffrey P. Huml Judith A. Whinfrey (Vice Chair)
Bradley J. Kinsey (Chair) Thomas E. Williams

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Zavis Rosenman	Chicago	Renee Friedman
Accountant:	KPMG	Chicago	James Stark
			Justin Johnson
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Underwriter:	Goldman, Sachs & Co.	Chicago	Mark Florian and Rob Collins
Underwriter's Counsel:	Foley & Lardner	Chicago	Bob Zimmerman
Bond Trustee:	Bank One (J.P. Morgan Chase)	Chicago	Patricia Martirano
Issuer's Counsel:	Jones Day	Chicago	Mike Mitchell

LEGISLATIVE DISTRICTS

Congressional: 6-Henry J. Hyde
State Senate: 48-Peter J. Roskam
State House: 95-Randall M. Hultgren

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 17, 2004**

Deal: SwedishAmerican Health System

STATISTICS

Deal Number:	H-HO-TE-CD-407	Amount:	\$125,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Locations:	Rockford	Originator:	Pam Lenane
Tax ID:		Est fee:	\$138,000-\$203,000

BOARD ACTION

Preliminary Bond Resolution	Staff recommends approval
Conduit 501(c)(3) bonds	No extraordinary conditions
No IFA funds at risk	

PURPOSE

Bond proceeds will finance the construction and modernization of the Hospital campus and routine capital expenditures of existing health facilities owned by SwedishAmerican Health System ("SAHS") in Rockford. Additionally, bond proceeds may be used to refinance existing tax-exempt bond debt previously issued by the Illinois Health Facilities Authority and other outstanding indebtedness.

VOLUME CAP

No Volume Cap is required for 501(c)(3) Bond financing.

VOTING RECORD

Not applicable.

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	<u>\$125,000,000</u>	Uses:	Project Costs	\$65,000,000
				Refunding Escrow	<u>60,000,000</u>
				*Issuance Costs	
	Total	<u>\$125,000,000</u>		Total	<u>\$125,000,000</u>

* Information on Issuance Costs will be available at the time of final bond resolution.

JOBS

Current employment:	FTEs	Projected new jobs:	N/A
Jobs retained:	TBD	Construction jobs:	TBD

BUSINESS SUMMARY

Background: SwedishAmerican Health System ("SAHS") is a 501(c)(3) corporation established under Illinois law. SwedishAmerican Hospital is a subsidiary of SwedishAmerican Health System and is comprised of a 400-bed, full-service, non-profit hospital serving the greater Rockford region.

Description: On June 6, 1911, the SwedishAmerican Hospital Association received its charter of incorporation from the Illinois Secretary of State. After an extensive fund-raising campaign, the 55-bed SwedishAmerican Hospital was completed on July 17, 1918 at a cost of \$175,000.

Today, the SwedishAmerican Hospital is a 400-bed, full-service, non-profit hospital serving the greater Rockford region, northern Illinois and southern Wisconsin and serves as the flagship of the SwedishAmerican Health System. SwedishAmerican is a teaching hospital with an affiliation to the University of Illinois College of Medicine and has earned a reputation for its commitment to quality health care, including clinical excellence, outcome measurements and placing the needs and concerns of our patients first.

SwedishAmerican has many physicians who maintain active or courtesy privileges. This staff encompasses approximately 40 different specialties. In addition, many specially trained allied health professionals work closely with this staff to provide skilled care using state-of-the-art technology.

Financials: SwedishAmerican Health System
Audited Financial Statements 2000-2003

	<u>Year Ended May 31</u>		
	2001	2002	2003
	(Dollars in 000's)		
Statement of Revenues/Exp.:			
Revenue/Support	\$209,429	\$246,641	\$259,044
Operating Income	6,028	10,461	11,222
Balance sheet:			
Current Assets	\$62,749	\$61,847	\$134,018
PP&E – Net	74,148	96,330	99,017
Other Assets	87,512	81,945	20,169
Total Assets	224,409	240,122	253,204
Current Liabilities	24,357	26,000	28,269
LT Debt/Liabil.	73,742	77,942	75,114
Other Non-Current Liab.	8,613	10,245	12,679
Net Assets	117,697	125,903	135,842
Total Liab. & Net. Assets	\$224,409	\$240,122	\$253,204
Ratios:			
Debt coverage	4.80x	4.73x	4.85x
Days Cash on Hand	120	102	122
Current ratio	2.58	2.38	4.74
Debt/Net Assets	0.39	0.39	0.37

Discussion: Over the last three years, SAHS has experienced consistently strong operations, generating sufficient cash flow to cover its fixed obligations (debt service payments plus rent expense).

SAHS's strong balance sheet (including cash and investments) provide sufficient liquidity to cover 122 days of operating expenses as of 5/31/2003.

FINANCING SUMMARY

Security: SAHS has recently met with two of the rating agencies (Fitch and S&P) and expects long-term ratings of "A - stable"; certain bonds may also be rated based upon the use of credit enhancement and/or liquidity facilities (i.e., provided by an Aaa/AAA-rated municipal bond insurer).

Structure: The current plan of finance contemplates the issuance of a combination of fixed and floating rate bonds. An interest rate swap may be employed to lock in a fixed rate on all or a portion of the bonds. Certain bonds may be insured by Aaa/AAA-rated municipal bond insurance.

Maturity: Up to 30 years

PROJECT SUMMARY

Bond proceeds will be used to provide a portion of the funds necessary to (i) pay or reimburse SAHS for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by SAHS, including but not limited to the construction and equipping of the Rockford facility and certain routine capital expenditures; (ii) refund or refinance all or a portion of the outstanding principal amount of the Illinois Health Facilities Authority Series 1993 (SwedishAmerican Health System) (the "Series 1993 Bonds"); (iii) pay a portion of the interest on the Series 2004 Bonds, if deemed necessary or advisable by SAHS; (iv) fund working capital for SAHS, if deemed necessary or advisable by SAHS; (v) fund a debt service reserve fund, if deemed necessary or advisable by SAHS; and (vii) pay certain expenses incurred in connection with the issuance of the Series 2004 Bonds and the refunding of the Series 1993 Bonds, including but not limited to fees for credit or liquidity enhancement for the Series 2004 Bonds, all as permitted by the Illinois Financing Authority Act.

ECONOMIC DISCLOSURE STATEMENT

Applicant: SwedishAmerican Health Systems, Rockford, IL
Location: 1313 East State Street, Rockford, IL 61104
Project name: SwedishAmerican Health System
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois

Board of Trustees: Danny Copeland, M.D. John Shugart Karl Jacobs
Patrick Derry Richard Walsh James Waddell
Frank Walter William Gorski, M.D.
Tara Blazer James Gingrich
Gordon Geddes Dennis Johnson
John Halbrook Fran Morrissey
Robert B. Klint, M.D. William Roop
Marco Lenis Ted Brolund
Robert Meuleman Gregory Jury
John Myers, M.D. David Rydell
Richard Rundquist C. Steven Sjogren
John Scheub, M.D. Lawrence Gloyd

PROFESSIONAL & FINANCIAL

Borrower's Counsel: Holmstrom & Kennedy Chicago
Accountant: Ernst & Young LLP Chicago
Bond Counsel: Jones Day Chicago Richard K. Tomei
Underwriter: Merrill Lynch & Co. Chicago Ken Vallrugo and
Jeffrey Sahrbeck
Underwriter's Counsel: TBD Chicago

Bond Trustee: TBD
Issuer's Counsel: TBD

LEGISLATIVE DISTRICTS

Congressional: 16-Donald Manzullo
State House: 67-Chuck Jefferson

State Senate: 34-Dave Syverson

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 17, 2004**

Deal: Children's Memorial Medical Center

STATISTICS

Deal Number:	H-HO-TE-CD-405	Amount:	\$56,000,000(not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pamela Lenane and Christopher Vandenberg
Locations:	Chicago, IL	Est fee:	\$119,000

BOARD ACTION

Preliminary Bond Resolution	Staff recommends approval
Conduit 501(c)(3) bonds	No extraordinary conditions
No IFA funds at risk	

PURPOSE

Bond proceeds will be used to (i) advance refund the callable Series 1999A and (ii) pay bond issuance and enhancement costs.

VOLUME CAP

No Volume Cap is required for 501(c)(3) Bond financing.

VOTING RECORD

Not applicable.

SOURCES AND USES OF FUNDS

Sources:	Bonds	\$56,000,000	Uses:	Refunding Escrow	\$53,051,000
				Cost of Issuance	845,000
				Insurance	<u>2,104,000</u>
	Total	<u>\$56,000,000</u>		Total	<u>\$56,000,000</u>

JOBS

Current employment:	2,697 FTEs	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: The Children's Memorial Medical Center ("CMMC") is an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, that is based and principally operated in the City of Chicago.

CMMC is the sole corporate member of The Children's Memorial Hospital (the "Hospital"), The Children's Memorial Foundation and several other corporations which were created and are operated to serve the health and well-being of children. The Obligated Group consists of the Hospital and Children's Memorial Home Health, LLC. The Foundation is a Limited Credit Group Participant. CMMC is guided by the belief that each child should be given the opportunity to reach his or her potential in order to provide a brighter future.

Description: The Hospital owns and operates the only freestanding tertiary pediatric hospital in the State of Illinois, with 262 licensed beds (222 of which currently are in operation), as well as a full range of inpatient and outpatient care and related ancillary services. The Hospital is a designated Level I pediatric trauma center for the City of Chicago, with a Level III neonatal nursery that serves as a regional referral center in the State of Illinois Perinatal Network.

In addition to providing direct healthcare services, the Hospital functions as a teaching and research institution whose research efforts have contributed significantly to improvements in the quality of life and healthcare for children. The Hospital serves as the practice site for Northwestern University's Feinberg School of Medicine ("FSM") Department of Pediatrics. The Hospital is the primary teaching site for the clinical training of FSM's resident physicians, fellows and medical students in pediatric specialties and sub-specialties.

Service Area: The primary service area is defined as the immediate City of Chicago. The secondary service area consists of outlying Cook County as well as DuPage, Kane, Kendall, Lake, McHenry and Will counties.

Financials:

(\$ in millions)	Fiscal Years Ended August 31,		
	2001	2002	2003
Income Statement			
Support and Revenues	\$14.0	\$11.2	\$11.7
Revenue Over Expenses	9.0	(36.3)	6.0
*EBIDA	39.0	6.0	35.2
Balance Sheet			
Current Assets	93.1	98.9	122.4
Total Investments	479.5	432.5	480.6
PP&E	121.1	150.4	172.3
Other Assets	7.9	6.9	17.2
Total Assets	701.6	688.7	792.5
Current Liabilities	55.9	69.6	87.0
Debt	179.6	174.0	168.1
Other Liabilities	50.1	50.2	68.9
Total Net Assets	416.0	394.9	468.5
Total Liabilities and Net Assets	\$701.6	\$688.7	\$792.5
Ratios			
Debt Service Coverage (x)	2.7	2.3	2.9
Current Ratio	1.7	1.4	1.4
Debt / Total Net Assets	43.2%	44.1%	35.9%

Discussion: The Hospital has experienced consistently strong operations over the last few years, with strong cash flow margins and liquidity. In 2003 and 2002, the Hospital was required by GAAP to recognize a \$1.6 million and a \$24.3 million loss, respectively, on impaired investments which is included in the numbers shown above. These non-cash losses were also added back to EBIDA to determine operating debt service coverage.

The numbers above reflect the financial statements of the Obligated Group (Children's Memorial Hospital only). After November 2003, Children's Memorial Home Health, LLC became a member of the Obligated Group.

FINANCING SUMMARY

Security: CMMC would provide security consistent with its Master Indenture and on par with its Series 2003 Bonds, which is primarily a pledge of revenues. The 2004 Bonds will be insured by Ambac.

Structure: The current plan of finance contemplates the issuance of floating rate bonds with an interest rate swap that would essentially lock in a fixed rate for the life of the 2004 Bonds.

Maturity: 2033

Bond proceeds will be used to (i) advance refund the callable Series 1999A Bonds and (ii) pay bond issuance and enhancement costs.

ECONOMIC DISCLOSURE STATEMENT

Project name: Children's Memorial Medical Center Refinancing
Location: Children's Memorial Hospital, 2300 Children's Plaza, Chicago, IL 60614
Applicant: Children's Memorial Medical Center
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board of Directors: Ahern, Joseph J. Kennedy, George D.
Aldinger, William F. Kesman, Anthony K.
Amboian, John P., Jr. Landsberg, Lewis, MD
Baird, Stephen W. Langdon, Lorna S.
Batts, Warren L. Lewin, Luis E.
Bax, William L. -- Liska, Paul J.
Begley, Christopher B. Logan, Lyle
Bensinger, Peter B. Longmuir Shelley A.
Best, William J. Magoon, Patrick M.
Block, Philip D., III Manassa, Mitchell J.
Bowles, Barbara L. Manley, John F.
Brennan, Mrs. Richard S. Manning, Frederick J.
Carr, Robert F., III Maruri, Victor L.
Clarke, Mrs. Charles F., Jr. Mavroudis, Constantine, MD
Crecos, Gregory P. McGinley, Jack L.
Crocker, John M., Jr. McKenna, Andrew J.
Crown, Lester McKenna, William J.
Crown, Paula H. McNally, Andrew, IV
Czerepak, Charles S., DMD Mills, Louise C.
Davis, Leticia Peralta Minogue, Rev. John P., CM
DePree, Susan Moen, Timothy P.
Devers, William J., Jr. Murley, Robert S.
Donnelley, James R. Ogata, Edward S., MD
Douglas, Charles W. O'Halleran, Michael D.
Drescher, Dennis J. Patterson, Mrs. O. Macrae
Dulcan, Mina, MD Pedersen, Peer
Eisenberg, JoAnn B., PhD Phillips, Theodore P.
Gates, John S., Jr. Polsky, Michael P.
Geller, Laurence S. Redmond, Andrea
Getz, Bert A., Jr. Reusche, Thomas R.
Gomez, David P. Reyes, J. Christopher
Green, Thomas P., MD Sanchez, Manuel
Griffin, Roger S. Segal, Gordon I.
Grumhaus, David D. Shoemaker, Mrs. Donald
Gutman, Joseph D. Steers, Stephen T.
Hanzlik, Paul F. Steingraber, Fred G.
Hendrix, Mary J.C., PhD Susman, Louis B.
Hennessy, Daniel J.
Higginbottom, Elzie L.
Hill, Arthur J.
Jenness, James M.
Johnson, Kirk B.
Kennedy, Christopher G.

Board of Directors cont.

Traubet, Bryan S., MD
Tully, Thomas M.
Wehmer, Edward J.
Weigel, Thomas J., MD
Wheeler, Mrs. Henry P.
Williams, Brian E.

Willmott, Peter S.
Wineman, Jeffrey S., Jr.
Wolf, Linda S.
Yeager, David P.
Zafirovski, Mike S.
Zhoa, Jia

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Gardner, Carton & Douglas	Chicago	Steve Kite
Accountant:	Deloitte & Touche LLP	Chicago	Bob Clarke
Bond Counsel:	TBD	Chicago	TBD
Underwriter:	Goldman, Sachs	Chicago	Jay Sterns
Underwriter's Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Financial Advisor:	Kaufman Hall	Northfield	Therese Wareham
Bond Trustee:	LaSalle Bank	Chicago	Kristine Brutsman

LEGISLATIVE DISTRICTS

Congressional:	5-Rahm Emanuel
State Senate:	6-John J. Cullerton
State House:	12-Sara Feigenholtz

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 17, 2004**

Deal: Riverside Health System

STATISTICS

Deal Number:	H-HO-TE-CD-406	Amount:	\$40,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pamela Lenane
Locations:	Kankakee/Bourbonnais	Est fee:	\$95,000

BOARD ACTION

Preliminary Bond Resolution:	Staff recommends approval
Conduit 501(c)(3) bonds:	No extraordinary conditions
No IFA funds at risk	

PURPOSE

Bond proceeds will be used to (i) currently refund all or a portion of the Series 2000 Bonds of Riverside Health System ("RHS") and its subsidiaries/affiliates; (ii) fund a debt service reserve fund; and (iii) pay bond issuance and credit enhancement costs.

VOLUME CAP

No Volume Cap is required for 501(c)(3) Bond financing.

VOTING RECORD

Not applicable.

SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA bonds	\$35,375,000	Refunding Escrow	34,700,000
Release of Prior Funds	<u>3,445,000</u>	Debt Service Reserve	2,430,000
		Issuance Costs	<u>1,690,000</u>
Total	<u>\$38,820,000</u>	Total	<u>\$38,820,000</u>

JOBS

Current employment:	1,511 FTE	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Riverside Health System ("RHS") is an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Description: RHS is the parent corporation of a regional health system operating in the far southern portion of the Chicago metropolitan market and headquartered in Kankakee. RHS is the sole corporate member of Riverside Medical Center ("Medical Center"), Oakside Corporation ("Oakside"), Butterfield Service Corporation ("Butterfield") and Riverside Senior Living Center ("Living Center"). Riverside Medical Center Foundation (the "Foundation") is a not-for profit organization serving in an agency capacity by holding and managing certain investment assets contributed for the benefit of the Medical Center. RHS, the Medical Center, Oakside, Living Center and the Foundation are Illinois not-for-profit corporations and are organized as described under Section 501(c)(3) of the Internal Revenue Code. Butterfield is an Illinois business corporation.

In 1989, RHS, the Medical Center and Oakside became the initial members of an obligated group (the "Obligated Group") established under a Master Trust Indenture dated as of December 15, 1989, as amended and supplemented from time to time, among the members of the Obligated Group and Bank One, National Association, as Master Trustee. Living Center became a member of the Obligated Group in 1990. Butterfield and the Foundation are not members of the Obligated Group.

The Medical Center owns and operates a general acute care hospital in Kankakee, IL, which is licensed for 341 beds, of which 238 beds are currently staffed. In addition to the main hospital facility, the Medical Center operates the Resolve Center in Manteno Illinois, which houses an 18-bed licensed inpatient substance abuse program and associated outpatient services. The Medical Center also operates Riverside Ambulance which provides ambulance service to the Medical Center's primary service area from four remote locations in Momence, Kankakee, St. Anne and Ashkum. Riverside Ambulance is also responsible for 16 communities through its Emergency Medical Service System. In addition, the Medical Center operates nine community, primary and specialty care clinics located in Kankakee, Bourbonnais, Manteno, Monee, Momence, Hopkins Park, Wilmington, Peotone, and Manhattan. The Medical Center also owns the Atrium Building in Bradley, Illinois which provides medical office space, space for a joint venture single-specialty ambulatory surgery center, and industrial medicine services.

Oakside operates the 70,000 square foot Riverside Health Fitness Center located in Bourbonnais, Illinois. Additionally, Oakside operates a community counseling program (three (3) outreach clinics - Kankakee, Wilmington and Olympia Fields), commercial pharmacy, health equipment sales and leasing, home health care and supports the new business activities of other affiliates.

Living Center was incorporated in 1989 and owns and operates a senior living community that includes ninety (90) independent living apartments known as Westwood Oaks, ninety-six (96) assisted living apartments known as Butterfield Court, and an one hundred-twenty (120) bed nursing facility. The senior living community is located directly across from the Medical Center in Kankakee and was constructed in phases beginning in 1990.

There are no activities being operated by Butterfield.

The Foundation raises funds for RHS and its affiliates and supervises the management of the Riverside Foundation Trust, which was established in 1968 by the Medical Center as an irrevocable trust for the investment of gifts, contributions and bequests to the Medical Center.

Remarks: The primary service area is defined as Kankakee County. The secondary service area consists of portions of Will, Iroquois, Ford, Grundy and Livingston Counties. Approximately 34% of the admissions come from Kankakee, 14% from Bourbonnais, 8% from Bradley, 7% from Momence, and 5% each from St. Anne and Manteno with the remainder from the other surrounding communities.

Financials: **Riverside Health System**
 Audited Financial Statements 2001 – 2002
 Unaudited Financial Statements 2003

	Fiscal Year Ended December 31,		
	2001	(000s) 2002	2003
Income Statement:			
Total Revenue	138,187	161,851	170,975
Income from Operations	5,668	9,011	1,908
Revenue and Gains in Excess of Expenses and Losses	9,522	7,673	7,782
Balance Sheet:			
Cash, Cash Equivalents and Short-term Investments	18,311	27,096	20,343
Other Current Assets	36,892	37,052	41,524
Board Designated Assets	66,071	72,871	89,980
Plant, Property and Equipment	97,595	107,369	137,647
Other Non-Current Assets	33,741	72,874	42,960
	252,610	317,262	332,454
Current Liabilities	25,574	28,838	28,233
Long-term Debt	86,903	138,992	136,134
Other Liabilities	3,089	3,393	4,315
	115,566	171,223	168,682
Net Assets	137,044	146,039	163,772
Ratios:			
Current Ratio	2.2	2.2	2.2
Debt/Net Assets	63.4%	95.2%	83.1%
Operating Margin	4.1%	5.6%	1.1%

Discussion: RHS maintains a very strong liquidity position and moderate debt levels, while continuing to generate strong Revenue and Gains in Excess of Expenses and Losses.

FINANCING SUMMARY

Security: RHS expects to issue debt secured by municipal bond insurance and a Note issued under its Master Trust Indenture, as amended.

Structure: The current plan of finance contemplates the issuance of auction rate bonds with a floating-to-fixed interest rate swap.

Maturity: Not greater than 30 years (existing maturity of the Series 2000 Bonds is 2029).

PROJECT SUMMARY

Bond proceeds will be used to (i) refinance all or a portion of the Series 2000 Bonds of RHS and its subsidiaries/affiliates; (ii) fund a debt service reserve fund; and (iii) pay bond issuance and credit enhancement costs.

Approximately \$28,200,000 of Series 2000 Bond proceeds were used for the purchase of a magnetic resonance imaging (MRI) system, remodel patient floors, construct the East Side Clinic, construct 48 assisted living units at Butterfield Court, and purchase capital equipment.

ECONOMIC DISCLOSURE STATEMENT

Project name: Riverside Health System Refinancing
Locations: Riverside Medical Center, 350 N.Wall Street, Kankakee, IL 60901
and numerous other locations in Kankakee and Will Counties
Applicant: Riverside Health System
Organization: 501 (c)(3) Not-for-Profit Corporation
State: Illinois
Board of Trustees: Connie Ashline, Chairperson
John Bowling, PhD Vice Chairperson
Dennis Millirons, President
Bill Douglas, Treasurer
Marta Campbell, Secretary
Donald Boroian
Jerald Hoekstra
Harry Bond
Ed Lambert
Lawrence Linman
Karen Reid

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Zavis Rosenman	Chicago	Janet G. Hoffman
Accountant:	KPMG	Chicago	James A. Stark
Bond Counsel:	Jones Day	Chicago	Michael J. Mitchell
Underwriter:	Goldman, Sachs Inc.	Chicago	Jay B. Sterns
Underwriter's Counsel:	Gardner, Carton & Douglas	Chicago	Mary G. Wilson
Bond Trustee:	TBD		
Issuer's Counsel:	TBD		

LEGISLATIVE DISTRICTS

Congressional: 11 – Jerry Weller
State Senate: 40 – Debbie Halberson
State House: 79 – Lisa Dugan

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 17, 2004**

Deal: Southern Illinois Healthcare Enterprises

STATISTICS

Deal Number:	H-HO-TE-CD-409	Amount:	\$35,000,000 (not to exceed amount)
Type:	Not-for-profit Bond	PA:	Pam Lenane
Locations:	Carbondale, Herrin & Murphysboro	Est. fee:	\$86,000

BOARD ACTION

Preliminary Bond Resolution	Staff recommends approval
Conduit 501(c)(3) bonds	No extraordinary conditions
No IFA funds at risk	

PURPOSE

Bond proceeds will be used to modernize and expand hospital facilities located in Carbondale, Herrin & Murphysboro.

VOLUME CAP

No Volume Cap is required for 501(c)(3) bond financing.

VOTING RECORD

Not applicable.

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	\$35,000,000	Uses:	Project costs	TBD
				Debt service reserve	TBD
				Issuance costs	TBD
	Total	<u>\$35,000,000</u>		Total	<u>\$35,000,000</u>

JOBS

Current employment:	1873	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	200 (estimated)

BUSINESS SUMMARY

Southern Illinois Healthcare Enterprises, Inc. ("SIHE") was incorporated in July 1983 as an Illinois not-for-profit corporation, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). SIHE is the sole Member of the Obligated Group and owns and operates several medical office building facilities in Carbondale, Illinois and nearby communities. SIHE is the sole member of Southern Illinois Hospital Services ("SIHS").

SIHS was incorporated in April 1946 as an Illinois not-for-profit corporation, exempt from federal income tax under Section 501(c)(3) of the Code. SIHS operates four acute-care hospital facilities: Memorial Hospital of Carbondale ("Memorial") located in Carbondale, Illinois; Herrin Hospital ("Herrin") located in Herrin, Illinois; St. Joseph Memorial Hospital ("St. Joseph") located in Murphysboro, Illinois; and Ferrell Hospital ("Ferrell") located in Eldorado, Illinois. SIHS owns Memorial, Herrin, St. Joseph, and leases Ferrell from a land trust whose beneficial owners are various private individuals. Memorial, Herrin, St. Joseph, and Ferrell are collectively referred to as the "Hospitals." SIHS provides a full array of services through their primary and tertiary hospitals as well as clinics.

Fiscal Years Ended March 31,

Consolidated Statement of Operations (000s)	2002	2003
Net Patient Service Revenue	\$189,506	\$196,683
Excess of Revenues Over Expenses	(80)	13,252
Consolidated Balance Sheet (000s)	2002	2003
Cash	6,092	14,404
Assets Limited as to Use	68,163	79,199
PP&E	109,152	102,364
Total Assets		\$238,022
Current Liabilities	27,037	33,005
Long Term Debt	92,998	88,762
Total Liabilities & Net Assets	\$238,022	\$246,833
Debt service coverage	3.14x	5.53
Days cash on hand	120	194

FINANCING SUMMARY

- Security:** Bonds may be secured by a Direct Pay Letter of Credit. The bank will be secured by a Gross Revenue Pledge and Negative Pledge.
- Structure:** The current plan of finance contemplates the issuance of floating rate bonds supported by a Bank One letter of credit. Alternatively, it may be a fixed, rated transaction.
- Maturity:** 30 years

PROJECT SUMMARY

Bond proceeds will be used to modernize and expand Hospital facilities at Memorial Hospital, St. Joseph's and Herrin Hospital as well as reimburse SIHE. Projects include expansion of outpatient and rehab facility, bed modernization, and various renovations.

ECONOMIC DISCLOSURE STATEMENT

Project name: Southern Illinois Healthcare Enterprises, University Mall, 1239 East Main Street, P.O. Box 3988, Carbondale, IL 62902-3988

Locations: Memorial Hospital of Carbondale, 405 West Jackson, and Carbondale, IL 62902
Herrin Hospital, 201 South 14th Street, Herrin, IL 62948
St. Joseph Memorial Hospital, 2 South Hospital Drive, Murphysboro, IL 62966
Ferrell Hospital, 1201 Pine Street, Eldorado, IL 62930
Miners Memorial Health Center, 2553 Ken Gray Blvd., West Frankfort, IL 62896

Applicant: Southern Illinois Healthcare
Organization: 501(c)(3) Not-for-profit Corporation
State: Illinois

Board of Trustees: Harold Bardo
Dale Blaise, M.D.
Russell Brown, D.O., Vice Chair
J. Kevin Dorsey, M.D., Ph. D.
Sr. Margaret Mary Kopish, ASC
Maxine Pyle, Ph.D.

W. Eugene Basanta
George O'Neill
Steve Sabens, Secretary
Kathleen Fralish, Chair
Morton Levine
Thomas J. Firestone, MD

PROFESSIONAL AND FINANCIAL

Borrower's Counsel:	Armstrong Teasdale	St. Louis	Kirby Colson
Accountant:	RSM McGladrey	Springfield	
Bond Counsel:	Jones Day	Chicago	Rich Tomei
Underwriter:	RBC Dain Rauscher Inc	Minneapolis	Tom Laird
Underwriter's Counsel:	Gardner Carton & Douglas	Chicago	Steve Kite
Financial Advisor:	NA		
Bond Trustee:	TBD		
Issuer's Counsel:	TBD		

LEGISLATIVE DISTRICTS

Carbondale

Congressional: 12-Jerry Costello
State Senate: 58 -David Luechtefeld
State House: 115-Mike Bost

Herrin

Congressional: 19-John Shimkus
State Senate: 59-Larry Woolard

State House: 117-Gary Forby

Murphysboro

Congressional: 12-Jerry Costello

State Senate: 58-David Luechtefeld

State House: 115-Mike Bost

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Tax-Exempt FreshRate™ Single Family Mortgage Revenue Bond Program, Series 2004

STATISTICS

Project Number:	M-FR-TE-NC-401	Amount:	\$50,000,000
Type:	Single Family Housing	PA:	Townsend Albright
Location:	Statewide	Tax ID:	71-0641478
Fee:	0.10% annual fee based on committed loans packaged into either FNMA or GNMA mortgage backed securities		
SIC:	6162		

BOARD ACTION

Preliminary Bond Resolution: The Applicant requests (i) IFA Board approval to carve out \$50,000,000 from the IDFA Board approved but as yet unissued balance of approximately \$134,000,000 taxable FreshRate™ bonds to issue the proposed tax-exempt bonds, and (ii) approval to allocate of \$50,000,000 in IFA Volume Cap that is necessary to issue the proposed. Staff recommends approval.

PURPOSE

Provide low mortgage rates and 4% downpayment assistance to low and moderate income qualified homebuyers.

VOLUME CAP

Request Board approval for \$50,000,000 in Volume Cap for this project.

VOTING RECORD

Voting record from IDFA Amendatory Bond Resolution on July 11, 2002.

Ayes: 12 Nays: 0 Abstentions: 0 Absent: 4 (Beattie, Cisco, P. O'Brien, Filan)

Vacancy: 1 T. O'Brien

SOURCES AND USES OF FUNDS

Sources:	Bonds	\$50,000,000	Uses:	Program Fund	\$50,000,000
	Bond Premium	2,000,000		Acquisition Account	
	Commitment and Servicer Fees	<u>500,000</u>		Down Payment	2,000,000
				Assistance Subaccount	
				Cost of Issuance	<u>500,000</u>
Total		<u>\$52,500,000</u>	Total		<u>\$52,500,000</u>

JOBS

Current employment:	N/A	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: The Taxable FreshRate™ Single Family Mortgage Revenue Program (the "Program") was created and proposed to IDFA by Banc One Capital Markets, Inc., Oklahoma City, OK. IDFA Board authorized the issuance of \$600 million in bonds for the Program. Banc One Capital Markets, Inc. passed the Program to Stephens, Inc when Banc One exited the housing finance market.

Description: The Taxable program provides funds to provide 4% downpayment assistance to FHA/VA, RHS, and conventional qualified homebuyers. Income and home price limits are set by the U.S. Treasury. Income restrictions for this program generally are the greater of 115% of median county or state average income, which is approximately \$55,000.

Remarks: (i) Discount points can be collected by the lender out of sale proceeds from the seller or home builder as is customary to the market. The Program allows the lender a 1% Origination Fee on the amount of requested allocation and the lender collects a 1% Service Release Fee for FHA-VA-RHS loans or a 0.5% Service Release Fee on conventional loans at loan sale to the Servicer, (ii) the Program Servicer purchases the mortgages after they have been vetted for compliance with requirements. The Program Servicer accumulates the loans and pools them into \$2-\$10 million tranches that are guaranteed by FNMA or GNMA. Each new tranche is assigned a fixed-market interest rate upon origination that is current with the home mortgage market. This keeps the Program competitive in the marketplace with other programs.

In mid-2003 IDFA, one of IFA's predecessor authorities, used the National Association of Home Builder's model, which Illinois Housing Development Authority also uses to calculate the number of construction and trade jobs created by each mortgage. Between January 1, 1999 and December 31, 2002s IDFA's Taxable Program generated 2,067 mortgage loans having an average amount of \$110,000. The \$200 million 1998 Program generated approximately 1,800 mortgages and 1,900 jobs. The 2002 approval of the remaining \$185 million in the Program should generate approximately 1,700 mortgages and 1,750 jobs. *The Program has generated approximately 4,100 good paying jobs, and should generate approximately 1,750 more for a total of 5,850 jobs for Illinois residents. Additionally, the numbers tell us approximately 69.0% of participating mortgagees are minorities.*

Risk Factors: FNMA and GNMA are federal agencies who are chartered to purchase mortgages by issuing Mortgage Backed Securities, which are sold to institutional, and private investors. GNMA securities have the pledge of the full faith and credit of the United States.

FINANCING SUMMARY

Security: FHA insured, VA guaranteed, RHS guaranteed, and conventional mortgages will be wrapped into \$2-\$10 million pools of FNMA and GNMA pass-through securities

Placement: Placement of all Series 2004 bonds to Federal National Mortgage Association or general municipal investors

Structure: Five or seven-year Adjustable Rate Mortgage loans

Rating: The bonds will be rated "AAA" by S&P

PROJECT SUMMARY

- (i) Bond proceeds will be used to finance the acquisition of mortgage-backed certificates guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association and the Government National Mortgage Association
- (ii) At the borrower's option, an amount equal to 4% of the loan amount will be set aside to cover homeowner downpayment and closing cost assistance.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Stephens, Inc. Little Rock, Arkansas
Project name: Tax-Exempt FreshRate™ Single Family Mortgage Program
Location: Statewide except Buda, Butler, Crestwood, Dunfermline, Green Oaks, Manteno, Morton Grove, New Berlin, Oakbrook Terrace, Olympia Fields, and Sleepy Hollow
Organization: Corporation
State: Arkansas

PROFESSIONAL & FINANCIAL

Underwriter	Stephens, Inc.	Chicago, IL	Tom Langdon
Underwriter's Counsel	Peck, Schaffer & Williams	Chicago, IL	George A. Buzard
Servicer	Mortgage Clearing Corp.	Tulsa, OK	Jarry Jones
Accountant:	PricewaterhouseCoopers, LLP	Columbus, OH	
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Matt Lewin
Tax Counsel:	Pugh, Jones & Johnson, P.C.	Chicago, IL	Scott A. Bremer
Issuer's Counsel:	Burke, Burns & Pinelli	Chicago, IL	Mary Pat Burns
Trustee:	JP Morgan	Chicago, IL	

LEGISLATIVE DISTRICTS

Congressional: Statewide
State Senate: Statewide
State House: Statewide

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

**Deal: Kishwaukee Family Young Men's Christian Association, Inc.
(Kishwaukee Family YMCA)**

STATISTICS

Deal Number:	N-NP-TE-CD-401	Amount:	\$1,000,000 (not to exceed amount)
Type:	Not-For-Profit Bond	PA:	Sharnell Curtis-Martin
Location:	Sycamore	Tax ID:	36-2379643
SIC Code:	8641	Est. fee:	\$5,000

BOARD ACTION

Preliminary Bond Resolution	Staff recommends approval
501(c)(3) Lease Financing	Direct Purchase by The National Bank & Trust Company of Sycamore
No IFA funds at risk	No extraordinary conditions

PURPOSE

Lease proceeds will be used to finance new construction and to refinance an existing mortgage.

VOLUME CAP

Volume Cap is not required for 501(c)(3) lease financing.

VOTING RECORD

Initial board consideration; no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Lease	\$900,000	Uses:	Project Costs	\$550,000
	Equity	<u>15,000</u>		Refinancing	350,000
	Total	<u>\$915,000</u>		Bond Issuance Costs	<u>15,000</u>
				Total	<u>\$915,000</u>

JOBS

Current employment:	111	Projected new jobs:	16
Jobs retained:	N/A	Construction jobs:	50

BUSINESS SUMMARY

Background: Kishwaukee Family YMCA ("YMCA") is an Illinois 501(c)(3) not-for-profit corporation formed in 1957. Relocated to its present location in 1970, the facility located on Bethany Road in Sycamore provides more than 15 different programs including: Big Brothers/Big Sisters, Girl Scouts, Boy Scouts, Adult and Children Day Care, Summer Day Camp and a Health and Wellness Center that is open to the public.

The YMCA's service area is not limited to DeKalb County. Residents from DuPage, Ogle, Kane and Boone counties are included among the 7,500 members and program participants.

Description: The YMCA is refinancing an existing mortgage and constructing a 7,000 square foot expansion that will provide new facilities for the growth of its programs, in particular, its day care facility and wellness center.

The YMCA has a staff of 130 full-time and part-time employees and volunteers.

Financials: Audited Financial Statements 12/31/01 – 12/31/03
 Internally Prepared Financial Projections 12/31/04 – 12/31/06

	Year Ended Dec 31			Year Ending Dec. 31		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)					
Income statement:						
Total Support and Revenue	\$1,834	\$1,621	\$1,585	\$1,597	\$1,681	\$1,743
Change in Net Assets	239	(78)	17	43	49	45
*EBIDA	474	151	241	267	273	269
Balance sheet:						
Current assets	\$51	\$88	\$36	\$128	\$135	138
PP&E	4,741	4,590	4,413	4,961	4,886	4,811
Total assets	<u>4,792</u>	<u>4,678</u>	<u>4,449</u>	<u>5,089</u>	<u>5,021</u>	<u>4,949</u>
Current liabilities	13	15	19	16	16	16
Non Current liabilities	645	607	393	890	872	853
Net Assets	<u>4,134</u>	<u>4,056</u>	<u>4,037</u>	<u>4,183</u>	<u>4,133</u>	<u>4,080</u>
Total liabilities/Net Assets	<u>\$4,792</u>	<u>\$4,679</u>	<u>\$4,449</u>	<u>\$5,089</u>	<u>\$5,021</u>	<u>\$4,949</u>
Ratios:						
Debt coverage	5.64x	1.80x	2.44x	2.57x	2.63x	2.59x
Current ratio	3.92	5.87	1.89	8.00	8.44	8.63
Debt/equity	0.17	0.16	0.11	0.23	0.23	0.22

*Earnings Before Interest Depreciation and Amortization

Discussion: In 2001, the YMCA received a one time Illinois First Grant in the amount of \$300,000 to assist with the completion of the new pool facility. In 2002, the YMCA suffered a decrease in public support and contributions of approximately \$95,000.

FINANCING SUMMARY

Security: The National Bank & Trust Company will be secured by a blanket first mortgage and first security interest as "investor/lender".
Structure: Fixed rate to be determined
Maturity: 10-year term with 25-year amortization

PROJECT SUMMARY

Lease proceeds will be used to finance a 7,000 square foot expansion and refinance an existing mortgage for a facility located at 2500 Bethany Road West in Sycamore, Illinois (DeKalb County). New project costs are estimated as follows:

Construction	\$510,000
Architectural/Engineering	<u>40,000</u>
Total Project Costs	<u>\$550,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Kishwaukee Family Young Men's Christian Association Inc.
2500 Bethany Road West, Sycamore, IL 60178 (DeKalb County)
Project name: Kishwaukee Family YMCA Expansion
Project location: 2500 Bethany Road West, Sycamore, IL 60178 (DeKalb County)
Organization: 501(c)(3) Not-For-Profit Corporation
State: Illinois
Board of Directors: Tim Beasley Liz Bockman
Larry Bolles James Buck
Kim Feczko Julie Fritz-Doyle
Warren Holdridge Cathie Johnson
Christine Lamb Mark Leach
Ahmed Rifai Sally Stevens
Ted Strack Sandy Stinson

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	To Be Determined		
Accountant:	J. Scott Chilton	Dekalb	J. Scott Chilton
Bond Counsel:	To Be Determined		
Bank:	National Bank & Trust Company	Sycamore	Ted Strack
Issuer's Counsel:	To Be Determined		

LEGISLATIVE DISTRICTS

Congressional: 14 - J. Dennis Hastert
State Senate: 35 - J. Bradley Burzynski
State House: 70 - David A. Wirsing
City Clerk: Candy Smith, 308 West State Street, Sycamore, IL 60178

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Deal: CFC International, Inc.

STATISTICS

Deal Number:	I-ID-TE-CD-401	Amount::	\$2,000,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	PA:	Sharnell Curtis-Martin
Location:	Chicago Heights	Tax ID:	36-3434526
SIC Code:	2759	Est. fee:	\$13,100

BOARD ACTION

Preliminary Bond Resolution	Staff recommends approval
Conduit Industrial Revenue Bonds	No extraordinary conditions
No IDFA funds at risk	

PURPOSE

Bond proceeds will be used to finance the purchase of a building, the purchase of machinery and equipment and to pay certain bond issuance costs.

VOLUME CAP

The Applicant will be seeking approximately \$1.7 million in Volume Cap.

VOTING RECORD

Preliminary Bond Resolution, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Bond	<u>\$1,735,000</u>	Uses:	Project Costs	\$1,700,000
				Bond Issuance Costs	<u>35,000</u>
	Total	<u>\$1,735,000</u>		Total	<u>\$1,735,000</u>

JOBS

Current employment:	357 (245 Illinois jobs) (112 European jobs)	Projected new jobs:	30
Jobs retained:	N/A	Construction jobs:	N/A

The 30 new jobs will be located at CFC's new Chicago Heights facility.

BUSINESS SUMMARY

Background: CFC International, Inc. ("CFC" or the "Company") was incorporated as a Delaware Corporation in April 1985. The day to day operations of CFC are managed by Gregory Jehlik, President and Chief Operating Officer. The new facility being purchased is adjacent to CFC's existing facility.

The Company has five facilities located in Chicago Heights, IL; Countryside, IL; Dartford, England; Paris, France and Goppinger, Germany.

Description: CFC formulates, manufactures and sells chemically complex, multi-layered functional coatings. The Company produces five primary types of coated products: *holographic products* such as authentication seals used principally to certify and protect the authenticity of proprietary products and documents susceptible to counterfeiting; *printed products* such as simulated wood grain patterns for furniture, manufactured homes and home interiors; *pharmaceutical pigmented coatings* used as heat transfer printing approved by the FDA for pharmaceutical products such as intravenous solution bags; *security products* such as magnetic stripes and signature panels for credit cards; and *specialty pigmented and simulated metal coatings* used on products such as beverage cases and cosmetics.

Remarks: CFC is a publicly traded company. Their major customers consist of: Baxter Medical, Intel, Unifoil, Abbott Labs and Sauder Woodworking.

Financials: Audited Financial Statements 12/31/01 – 12/31/02
 Internally Prepared Financial Statements 12/31/03
 Financial Projections are not required for publicly traded companies.

Year Ended Dec 31
 2001 2002 2003
 (Dollars in 000's)

Income statement:			
Sales	\$61,995	\$61,877	\$62,787
Net income	(74)	2,278	(245)
*EBITDA	5,420	8,445	5,402
Balance sheet:			
Current assets	\$23,762	\$27,113	\$30,624
PP&E	24,793	25,215	28,117
Other assets	<u>6,642</u>	<u>6,278</u>	<u>6,042</u>
Total assets	<u>55,197</u>	<u>58,606</u>	<u>64,783</u>
Current liabilities	10,998	14,935	19,664
Non Current liabilities	21,557	17,302	17,318
Equity	<u>22,642</u>	<u>26,369</u>	<u>27,801</u>
Total liabilities/equity	<u>\$55,197</u>	<u>\$58,606</u>	<u>\$64,783</u>
Ratios:			
Debt coverage	1.07x	1.11x	1.05x
Current ratio	2.16	1.82	1.56
Debt/equity	1.07	0.90	0.86

*Earnings Before Interest Taxes Depreciation and Amortization

Discussion: In 2001, CFC expensed an additional \$700,000 in R&D on new security product technology.

In October 2003, CFC's major competitor announced they were shutting down their manufacturing facility on January 31, 2004 and no longer accepting orders as of November 15, 2003. CFC has attempted to accommodate the increased demand as a result of the new customers from its former competitor. In order to serve these new customers, CFC had an unusually high level of salary expense due to mandatory overtime in November and December 2003. Additionally, CFC has incurred additional expenses associated with hiring and training new staff. CFC will hire 30 new permanent employees to accommodate the expected increase in demand over the next two years.

FINANCING SUMMARY

Security: Direct Pay Letter of Credit from LaSalle Bank/ABN AMRO Bank, N.A.
 Structure: Variable Rate Demand Bonds
 Maturity: To Be Determined

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of 5.7 acres of land and a 58,000 square foot manufacturing facility located at 385 East Joe Orr Road in Chicago Heights, IL (Cook County), the acquisition of machinery and equipment and to pay certain costs of issuance. Project costs are estimated as follows:

Building Acquisition	\$1,300,000
Land	300,000
Machinery and Equipment	<u>100,000</u>
Total Project Costs	<u>\$1,700,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: CFC International Inc.
 500 State Street, Chicago Heights, IL 60411 (Cook County)

Project name: CFC International New Building Project

Location: 385 East Joe Orr Road, Chicago Heights, IL 60411

Organization: Corporation

State: Delaware

Ownership:

Roger F. Hruby	54.7%
Royce & Associates	8.7%
Wellington Management Co., LLP	8.1%
Dennis W. Lakomy	7.4%
William G. Brown	4.0%
Various other individuals owning less than 1% interest	17.10%

Land Sellers:

Chroma Injectacolor Systems			
Ownership: Robert D. Swain	23.80%	Preston B. Heller, Jr.	18.84%
Herbert J. Wanderer	3.62%	Gary G. Bryan	2.90%
Susan Faurot	8.39%	Stuart D. Swain	12.74%
Alexander Henry Faurot Trust	2.90%	Margaret S. Bogle	11.29%
William Stuart Faurot Trust	2.90%	Katherine S. Bogle	2.90%
Peter A. Bogle, Jr.	2.90%	Toni Swain	1.31%
Peter A. Bogle	1.31%	Sandy Faurot	1.31%
Keelan Duncan Swain	2.90%		

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Holland & Knight	Oak Brook	Carl Neumann
Accountant:	Price Waterhouse Coopers	Chicago	Dean Beckas
Bond Counsel:	Chapman & Cutler	Chicago	Chuck Jarik
LOC Bank:	LaSalle Bank, N.A.	Chicago	
Underwriter:	LaSalle Capital Markets	Chicago	Peter Glick
Underwriter's Counsel:	To Be Determined		
Issuer's Counsel:	To Be Determined		
Trustee:	To Be Determined		

LEGISLATIVE DISTRICTS

Congressional:	2 – Jesse L. Jackson, Jr.
State Senate:	40 – Debbie DeFrancesco Halvorson
State House:	80 – George Scully
City Clerk:	Ms. Ethel Taylor, 1601 Chicago Road, Chicago Heights, IL 60411

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 9, 2004**

**Deal: Franciscan Communities, Inc. Obligated Group
(St. Joseph Village Project)**

STATISTICS

Deal Number:	H/HO/TE/CD-404	Amount:	\$21,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane and Sharnell Curtis-Martin
Location:	Chicago	Est fee:	\$55,436.91

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Conduit 501(c)(3) Bonds	No extraordinary conditions
No IFA funds at risk	

PURPOSE

Bond proceeds will be used to finance the construction of a skilled nursing facility and assisted living facility to be located in Chicago, to fund a debt service reserve, to pay capitalized interest, to pay certain bond issuance costs and to refinance the Borrower's existing tax-exempt bond obligations originally issued by the Illinois Health Facilities Authority.

VOLUME CAP

No Volume Cap is required for 501(c)(3) Bond financing.

VOTING RECORD

Not applicable.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	\$17,880,000	Uses:	Project Costs	\$16,594,000
	Equity	5,000,000		Refunding Escrow	3,500,000
				Debt Service Reserve	1,006,600
				Capitalized Interest	1,230,850
				Issuance Costs	<u>548,550</u>
	Total	<u>\$22,880,000</u>		Total	<u>\$22,880,000</u>

JOBS

Current employment: 700 FTEs (entire obligated group)
Jobs retained: 90

Projected new jobs: N/A
Construction jobs: 100

Note – St. Joseph Home currently has approximately 162 FTEs. The replacement project will decrease capacity for residents and will have a corresponding decrease to FTEs, resulting in the retention of 90 FTEs.

BUSINESS SUMMARY

Background: The Franciscan Communities, Inc. (the “Borrower”) is a 501(c)(3) corporation incorporated under Indiana law. The Borrower owns and operates 13 senior living facilities with a total of 2,230 units/beds located in Illinois, Indiana, Kentucky, and Ohio, which comprise the (“Obligated Group”).

The Franciscan Sisters of Chicago Service Corporation (“FSCSC”), an Illinois nonprofit corporation, is the sole corporate member of the Borrower. The senior living communities owned and operated by the Obligated Group are sponsored by and affiliated with the Franciscan Sisters of Chicago (“FSC”). FSCSC and FSC have no obligation or liability with respect to payment of debt issued by the Obligated Group.

Description: FSC was founded in 1894 and its members have dedicated themselves to the care of the aged and the sick in hospitals and nursing homes, the education of students at the elementary and secondary levels, the operation of day care centers, religious education, pastoral ministry, social service activities and the ministry of prayer and suffering. FSC ministers in Illinois, Indiana, Ohio and Kentucky. The General Minister and the members of the General Council of FSC constitute the Board of Directors of FSC, an Illinois not-for-profit corporation, and are also the members of FSCSC.

FSCSC was organized to coordinate all FSC-sponsored facilities and assist FSC in establishing and extending its charitable mission in health care, social and pastoral services and education. FSCSC is the sole corporate member of the Borrower as well as a number of other organizations outside of the Obligated Group, all of which further the mission of FSC.

The Obligated Group is pursuing a tax-exempt bond issuance to provide new money for the replacement of one of its Illinois nursing facilities.

St. Joseph Home (the “Home”) is a nonprofit 172 nursing bed facility located in the Logan Square area of Chicago, Illinois that primarily serves Medicaid-eligible seniors. Due to the age and obsolescence of the facility, the Borrower is pursuing a tax-exempt bond issuance in an amount not to exceed \$20 million to construct, furnish and equip a replacement nursing facility eight blocks west of its current campus. The replacement facility would be located on the former site of Madonna High School. The land on which the high school was located has been donated to the Home as equity in the project. The address of the new facility, to be known as St. Joseph Village, is 4055 West Belmont in Chicago, Illinois.

The replacement facility will consist of 54 nursing beds and 40 assisted living units, 11 of which will be dementia units. The facility would continue to primarily serve Medicaid-eligible seniors. In addition to the land, it is the intent of the sponsoring organization, the Franciscan Sisters of Chicago Service Corporation, to contribute \$5 million towards the construction of the project.

In addition to the new money project, the Obligated Group intends to refund approximately \$3.5 million of outstanding Variable Rate Demand Bonds (“VRDBs”) originally issued by the Illinois Health Facilities Authority.

The issue will consist of both fixed rate bonds and EXTRASsm (Extendable Rate Adjustable Securities, a proprietary product created and sold by Ziegler Capital Markets Group). All of the bonds will be federally tax-exempt and sold to retail investors.

Remarks: The primary service area for the new senior living community includes the following twelve zip codes: 60110, 60612, 60614, 60618, 60622, 60625, 60630, 60634, 60639, 60641, 60647 and 60657. This new, high quality senior living community will provide needed care to seniors in a somewhat underserved area of Chicago. Franciscan Communities is a well known and highly reputable senior living system that strives to provide quality healthcare and housing to seniors across a range of economic levels.

Financials: **Franciscan Communities, Inc.**
Audited Financial Statements 2001 – 2003

	Fiscal Years Ended June 30,		
	2001	2002	2003
	(Dollars in 000's)		
Income Statement:			
Net resident service revenue	\$80,720	\$88,991	\$94,875
Revenues less than expenses	<u>(6,363)</u>	<u>(6,199)</u>	<u>(9,687)</u>
EBIDA ⁽¹⁾	5,731	5,664	2,999
Transfers from FSCSC	4,996	4,369	3,330
Balance Sheet:			
Current assets	\$23,707	\$26,927	\$24,003
Assets limited as to use	56,750	43,005	39,016
PP&E, net	111,652	124,017	123,096
Other assets	<u>6,762</u>	<u>6,166</u>	<u>5,976</u>
Total assets ⁽²⁾	<u>198,871</u>	<u>200,115</u>	<u>192,091</u>
Current liabilities	14,698	18,684	15,944
Long-Term Debt, net of current maturities	98,075	96,774	96,280
Other liabilities	18,357	21,355	22,598
Net assets	<u>67,741</u>	<u>63,302</u>	<u>57,269</u>
Total liabilities & net assets	<u>\$198,871</u>	<u>\$200,115</u>	<u>\$192,091</u>
Ratios:			
Debt service coverage	1.78x	1.94x	1.49x
Days Cash on Hand	184	165	145
Cash to Debt	43.3%	41.7%	39.4%
Current ratio	1.6	1.4	1.5
Debt/net assets	144.8%	152.9%	168.1%

(1) Earnings Before Interest, Depreciation, and Amortization.

(2) Includes unrestricted cash and investments of \$42.5 million, \$40.38 million and \$37.93 million in fiscal years 2001, 2002 and 2003, respectively.

Discussion: The Borrower has experienced operating losses due to factors that have impacted most senior living communities: cuts in Medicare and Medicaid reimbursement rates, delays in receipt of government reimbursement, rising insurance costs, investment losses and implementation of certain required accounting changes. Transfers from the FSCSC totaling over \$13 million since FY 2001 have

maintained debt service coverage levels at comfortable levels. A Support Agreement in connection with letters of credit for Franciscan Communities' variable rate bonds mandates that FSCSC transfer cash to maintain debt service coverage above 1.2 times and maintain liquidity at Franciscan Communities. These transfers are in addition to transfers that FSCSC and FS may make to fund capital projects at Franciscan Communities.

Ongoing support has maintained Franciscan Communities' liquidity despite weak operating results. FSCSC has the ability to continue its support, as indicated by its current balance of \$34 million in cash. The Sisters currently have an additional \$75 million in cash.

Operating results in FY 2003 were impacted by: 1) cuts in Medicare and Medicaid reimbursement rates (\$1.25 million), 2) increased insurance rates (\$800,000) and 3) charges to refinance debt (\$1 million) and close St. Clare (\$600,000).

Management believes that it is on track to improve operating performance and eliminate the need for continued operating support from FSCSC within several years. The Borrower has been reducing nursing home capacity to reduce dependence on government reimbursement. Additionally, the Borrower has shifted its focus to developing assisted and independent living facilities to attract more residents with private insurance. Increased marketing has helped to boost occupancy from 85% in FY 2001 to 90% at present. New personnel policies and purchasing practices have been implemented to realize savings. Refinancings are expected to cut interest costs by \$560,000 per year.

FINANCING SUMMARY

Security: Consists of gross revenue pledge and master notes under a master indenture. This Obligated Group does not grant a mortgage on any of its financings. Covenants and other legal provisions are generally consistent with those in use throughout the senior living industry

Structure: One series of fixed rate non-rated bonds and one series of non-rated EXTRASsm. All of the bonds will be federally tax-exempt.

Maturity: 30 years

PROJECT SUMMARY

Bond proceeds will be used to (i) refinance all or a portion of the Series 1996B, 1996C, 1996E and 2001 Bonds; (ii) pay or reimburse the Borrower for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain of its health care facilities, including the construction and equipping of an approximately 54-bed replacement skilled nursing facility and approximately 40-bed assisted living facility to be located at 4055 West Belmont, Chicago (Cook County), Illinois 60641-4700, (iii) pay a portion of the interest on the Bonds, (iv) fund a debt service reserve fund for the benefit of the holders of the Bonds, and (v) pay certain bond issuance costs.

ECONOMIC DISCLOSURE STATEMENT

Project name: Franciscan Communities, Inc. – St. Joseph Village Project New Money/Refinancing
Obligated Group Home Office: 1055 West 175th Street, Homewood, IL 60430

Location: St. Joseph Village: 4055 West Belmont, Chicago, IL 60641-4700

Applicant: Franciscan Communities, Inc., an Obligated Group

Organization: 501(c)(3) Not-for-Profit Corporation

State: Illinois

Board of Trustees: Mr. Leonard A. Wychocki
Sr. M. Francis Clare Radke
Walter Garbarczyk
Sr. M. Francine Labus, OSF

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Zavis Rosenman	Chicago	Elizabeth Weber
Accountant:	Ernst & Young	Chicago	Tadd Ingles
Bond Counsel:	Jones Day	Chicago	John Bibby
Underwriter:	Ziegler Capital Markets Group	Chicago	Dan Hermann
Underwriter's Counsel:	Gardner, Carton & Douglas	Chicago	Steve Kite
Bond Trustee:	Amalgamated Bank of Chicago	Chicago	Michele Martello
Issuer's Counsel:	Aronberg Goldgehn Davis & Garmisa	Chicago	Paul Gilman

LEGISLATIVE DISTRICTS

Congressional: 5 - Rahm Emanuel
State Senate: 20 - Iris Martinez
State House: 40 - Richard Bradley
City Clerk: James Laski, 121 N. LaSalle Street, Chicago, IL 60602

I:\Pam\St. Joseph's deal summary-PBR 1-15-04

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Deal: DePaul University

STATISTICS

Deal Number:	E-PC-TE-CD-406	Amount:	\$60,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	PA:	Steve Trout and Rich Frampton
Location:	Chicago, DesPlaines, Naperville, Oak Forest, Lake Forest, Rolling Meadows	Est. fee:	\$138,000
SIC Code:	8221 Colleges and Universities		

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Conduit 501(c)(3) Bond Financing	
No IFA funds at risk	No Extraordinary Conditions

PURPOSE

Advance refund outstanding Illinois Educational Facilities Authority ("IEFA") 2000 Series Bonds to obtain relief from restrictive financial covenants.

VOLUME CAP

No Volume Cap is required for 501(c)(3) Bond Financing.

VOTING RECORD

The IEFA Board gave an Initial Resolution for this project on December 16, 2003.

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	<u>\$60,000,000</u>	Uses:	Project Costs	\$59,400,00
				Issuance Costs	<u>600,000</u>
	Total	<u>\$60,000,000</u>		Total	<u>\$60,000,000</u>

JOBS

Current employment:	2,600	Projected new jobs:	NA
Jobs retained:	N/A	Construction jobs:	NA

BUSINESS SUMMARY

Background: DePaul University is an Illinois not-for-profit corporation that was founded in 1898 as St. Vincent's College by the Congregation of the Mission, an order of Roman Catholic priests on Judaeo-Christian principles and the heritage of St. Vincent DePaul. The University's mission is to acquire, disseminate and advance knowledge, to pursue learning, and to engage in liberal and professional studies. DePaul has evolved into a major urban institution, serving metropolitan Chicago and offering undergraduate and graduate degree programs. The University is the largest Catholic university in the nation with 23,745 students enrolled for the Fall 2003 semester. DePaul does not discriminate based on race, color, national origin, religion, sex, age or handicap in admissions, employment or provision of services.

Description: DePaul delivers its academic programs through its College of Liberal Arts and Science, College of Commerce, Schools of Computer Science, Telecommunications and Information Systems, School of Education, School of Music, The Theatre School and Brat College. The University offers 121 undergraduate degree programs and requires all undergraduate students to take basic core instruction from the College of Liberal Arts and Sciences. DePaul offers 91 academic and professional graduate degree programs, including 7 programs offered by the College of Law.

As of June 2003, the University had 769 full-time faculty members, of which 51% are tenured. The University employs 261 part-time faculty members who are working practitioners. As of June 2003, DePaul had 1,282 full-time and 288 part-time staff members. Approximately 100 of its full-time staff members are unionized, all of whom are craftsmen and custodians. Management believes that relations with its union and employees are good.

Fall semester full-time equivalent enrollment has increased 28% over the past 5 years to 18,579 in 2003. Full-time undergraduate and graduate enrollment has grown 36%, while enrollment in part-time undergraduate and graduate programs the law programs has remained relatively flat. Total full- and part-time enrollment for the Fall 2003 semesters was 23,475, a University record. Management believes that DePaul is on track to meet its goal of enrolling 26,000 students by Fall 2006.

The Chicago metropolitan area accounts for 68% of incoming freshmen and over 85% of incoming transfer, graduate and law students for the Fall 2003 semester. Undergraduate applications have increased 56% over the past five years. DePaul accepted 73% of its applicants and 33% of admitted students enrolled for the Fall Semester. Enrolling freshmen averaged 1,117 on the SAT and 23.8 on the ACT, compared to respective national averages of 1,026 and 20.8.

DePaul's core academic and administrative programs are provided at its Lincoln Park and Loop campuses. The Lincoln Park Campus, located on 34 acres 3 miles north of the downtown Chicago, consists of 40 buildings with 2.3 million square feet of space. The Loop Campus, located at the corner of Jackson and Wabash avenues, consists of 3 interconnected and 2 adjacent buildings with 1.3 million square feet of space. DePaul offers business, computer science and continuing education instruction on leased campuses near O'Hare Airport, in DesPlaines, Naperville, Rolling Meadows and Oak Forest.

DePaul recently announced its intent to discontinue operations at Barat College in Lake Forest (acquired in 2001) at the end of the 2003-4 academic year because income from current and projected enrollment is insufficient to cover its capital and operating expenses.

Financials: Financial summary for fiscal years ended 2001 through 2003 were prepared from audited financial. Projections for fiscal years 2004, 2005 and 2006 were prepared by staff. (Figures in \$Millions.)

	<u>Year Ended June 30</u>			<u>Year Ending April 30</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Statement						
Revenues/Support	<u>\$294</u>	<u>\$332</u>	<u>\$362</u>	<u>\$374</u>	<u>\$386</u>	<u>\$399</u>
Change in Net Assets	12	(8)	16	21	24	27
EBIDA *	32	16	40	46	50	53

Balance sheet:

Current assets	\$306	\$273	\$308	\$337	\$360	\$375
Net PP&E	311	330	328	321	323	335
Other Assets	<u>4</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total assets	<u>621</u>	<u>608</u>	<u>640</u>	<u>662</u>	<u>687</u>	<u>714</u>
Current liabilities	105	94	94	97	100	104
LT Debt & Cap. Leases	189	193	207	202	198	192
Other LT Liabilities	50	52	54	56	58	60
Net Assets	<u>277</u>	<u>269</u>	<u>285</u>	<u>307</u>	<u>331</u>	<u>358</u>
Tot Liabs & Net Assets	<u>621</u>	<u>608</u>	<u>640</u>	<u>662</u>	<u>687</u>	<u>714</u>

Ratios:

Debt Service/Fixed						
Obligation Coverage	1.46x	0.59x	1.44x	1.71x	2.20x	2.76x
Current ratio	2.92	2.90	3.29	3.48	3.58	3.61
LT Debt/Net Assets	0.78	0.81	0.82	0.74	0.66	0.59

* Earnings Before Interest, Depreciate and Amortization

Discussion:

The University's major revenue sources are tuition and fees (78%), auxiliary income (room, dining, parking, entertainment and other services, (10%), government grants (3%), private grants (3%), investment income (3%), and other sources (3%). Revenues increased over 7% per annum over the past 3 years. Growing enrollment and fee increases spurred rapid growth in tuition and fees and auxiliary income, offsetting flat growth in grants, investment income and other sources. DePaul's operating expenses consist of salaries (61%), general (19%), occupancy (10%), depreciation (5%) and other (5%). Operating expenses increased by 7% per year over the period reviewed, primarily because of rapid growth in salaries and benefits.

Realized and unrealized net losses on investments reduced income from operating and non-operating activities (shown above as "Change in Net Assets") by \$33.5 million over the past 3 years. Despite these losses, DePaul's investments totaled \$248.4 million as of June 30, 2003 or 117% of its total indebtedness. Liquidity is excellent and the debt burden appears manageable.

The projections indicate the University should have no difficulty covering its fixed obligations (debt and lease payments) over the next several years. Leverage should continue to improve and leverage should decline over the forecast period. The forecast assumes 5% annual growth in tuition and fees and auxiliary income and no growth in other revenues. Operating expenses are expected to increase 3.5% per year. No gains on investment are forecast. Losses on investments are forecast to decline from recent, unusually high levels as the investment environment stabilizes. The forecast incorporates a modest increase in debt service (approximately \$95,000 compared to \$7 million in current aggregate annual fixed obligations) that the underwriter is now anticipating.

FINANCING SUMMARY

- Bonds:** Fixed rate obligations to be sold without credit enhancement. The Bonds will be rated based solely on the rating of DePaul University. Fitch IBCA is expected to rate the Bonds "A-" and Moody's is expected to rate the Bonds "Baa1". The underwriters expect to structure the issue with serial bonds maturing over 20 years. The final configuration of term and serial bonds will be depend on prevailing market conditions when the Bonds are priced.
- Security:** The Bonds are secured by the University's pledge to apply all available unrestricted assets to pay principal and interest on the bonds.

PROJECT SUMMARY

The proceeds of the Bonds will be loaned to DePaul to: 1) advance refund outstanding IEFA Revenue Bonds, DePaul University, Series 2000, 2) fund a debt service reserve for the benefit of bondholders, and 3) pay costs of issuance. Proceeds of the Series 2000 bonds were used to finance or reimburse the University for a portion of costs to acquire, construct, and equip a new student center and new campus facilities in Rolling Meadows, acquire, install and implement computer software and equipment at the Naperville Campus, remodel the Thomas Levan Center, relocate administrative units and renovate classrooms on the Loop Campus and pay costs of issuance.

DePaul manages its facilities pursuant to a rolling multiyear capital plan. It currently has identified \$65 million in capital projects to be financed from operations, charitable contributions and issuance of debt. The loan agreement for the Series 2000 Bonds restricts the University from issuing additional indebtedness it can not maintain its finances within certain ratios. DePaul is refinancing the Series 2000 Bonds because it believes that it may be restricted from issuing sufficient additional indebtedness in the future to complete its capital plan in a timely manner. While the University currently has no plans for a significant issuance of new debt, it is acting now to preserve its flexibility and take advantage of today's favorable interest rates.

ECONOMIC DISCLOSURE STATEMENT

Applicant: DePaul University, 55 East Jackson Boulevard, Chicago, Illinois 60604 (Contact: Peter Harris, Senior Treasury Analyst, Phone: (312) 362-8456)

Project name: DePaul University Refunding Project

Locations: Facilities that were financed by the Series 2000 bonds that are being refinanced include: 1) Lincoln Park Campus, between Halsted Street and Racine Avenue and Dickens Avenue and Montana Street, 2) Loop Campus at 243 S. Wabash Avenue, 1 E., 25 E., and 55 E., Jackson Boulevard, 312 S., 316 S., and 332 S. Wabash Avenue, 59 E. Van Buren Avenue, and 60 E. Balbo, 3) O'Hare Campus at 3166 S. River Road, Des Plaines, 4) Naperville Campus at 150 W. Warrenville Road, Naperville, 5) South Suburban Campus at 16333 S. Kilbourne Avenue, Oak Forest, 6) Rolling Meadows Campus at 2850 W. Golf Road, Rolling Meadows.

Organization: Illinois 501(c)(3) organization.

Board

Membership: See attached list of Trustees

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	O'Keefe Lyons & Hynes, LLC	Chicago, IL	Daniel Coyne Bond
Counsel:	Chapman and Cutler, LLP	Chicago, IL	James Luebchow
Underwriter:	Lehman Brothers	Chicago, IL	John Augustine
Underwriter Counsel:	Foley & Lardner	Chicago, IL	Chris Knight
IFA Counsel:	Arnstein & Lehr	Chicago, IL	Tom Conley
Trustee:	Wells Fargo NA	Minneapolis, MN	Paula Schuster
Accountant:	KPMG Peat Marwick LLP	Chicago, IL	John Naughton

LEGISLATIVE DISTRICTS

Congressional: 7 Danny Davis
State Senate: 13 Barack Obama
State House: 26 Lovan "Lou" Jones

DePaul University
Board of Trustees Membership

The following table presents a list of the Trustees and their principal businesses or professional affiliations as of January 1, 2004.

<u>Name</u>	<u>Affiliation</u>
William E. Bennett*	Consultant
Hon. Anne M. Burke	Justice, Illinois Appellate Court
Martin R. Castro	Partner, Seyfarth Shaw
Gery J. Chico	Chairman, Altheimer & Gray
Frank M. Clark	President, ComEd
Robert A. Clifford	Attorney at Law, Clifford Law Offices
James W. Compton	President and Chief Executive Officer, Chicago Urban League
Rev. James B. Cormack, C.M.	Pastor, St. Catherine Laboure Church
Curtis J. Crawford*	President and CEO, Onix Microsystems Inc.
Mary A. Dempsey*	Commissioner, Chicago Public Library
James M. Denny*	Consultant, Retired Vice Chairman of Sears Roebuck
Anne S. Drennan*	Consultant
Richard H. Driehaus	President, Driehaus Capital Management Inc.
Jean-Pierre Ergas	Chairman and CEO, BWAY Corporation
Sue L. Gin*	Chairman, Flying Food Group Inc.
Robert E. Goldberg	Chicago Board of Trade
Rev. Paul L. Golden, C.M.	Director, Vincentian Canonical Services
Howard S. Goss*	Retired Chairman of the Board Transco Inc.
Jack M. Greenberg *	Chairman & CEO McDonald's Corporation
Richard A. Hanson	Principal, Mesa Development LLC
William E. Hay	President, William E. Hay & Co.
Sondra A. Healy	Chairman of the Board, Turtle Wax Inc.
Richard A. Heise, Sr.	Heise & Company
Carrie J. Hightman	President, SBC Ameritech Illinois
James Jenness	Chief Executive Officer, Integrated Merchandising Systems LLC
Sister Anne C. Leonard, D.N.D.	Provincial, Congregation of Notre Dame
John W. Martin, Jr.	Retired Vice President, General Counsel / Ford Motor Company
Mike M. Murad	Vice Chairman & CEO, International Bank of Asia, LTD
Ernesto Nieto	President, The National Hispanic Institute
Patricia Parson	President & CEO & Chair, AmerInd Inc.
Peter Pesce	Chief People Officer, Diamond Cluster International
Roger Plummer	President, Plummer & Associates Consulting
Rev. Prudencio Rodriguez DeYurra, C.M.	DePaul House
Robert E. Ross	President & CEO, Northern Trust Bank FSB-Ohio
Lawrence C. Russell	Managing Director, The Firm
Rev. Charles Shelby, C.M.*	President, Association of the Miraculous Medal
John B. Simon*	Partner, Jenner & Block
Sheila A. Smith	President & Chief Operating Officer, ARC Global Technologies, Inc.
John C. Staley*	Retired Managing Partner, Ernst & Young LLP
Harrison I. Steans*	Chairman, Financial Investments Corporation
Errol I. Stone*	Partner, Sonnenschein, Nath & Rosenthal
Rev. James E. Swift, C.M.	Provincial Superior, Midwest Province Congregation of the Mission
Richard E. Terry	Retired Chairman and CEO of Peoples Energy Corporation
John J. Vitanovec	Vice President/General Manager, WGN-TV
John G. Weithers*	Corporate and Community Director

* Members of the Board of Trustees = Executive Committee

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: **Alliance for Character in Education**

STATISTICS

Project Number:	E-PS-TE-CD-403	Amount:	\$5,650,000
Type:	501(c)(3) Bonds	PA:	Townsend Albright
Locations:	Des Plaines, Niles	Tax ID:	36-2813264
Est. fee:	\$29,380	SIC:	8211

BOARD ACTION

Final Bond Resolution	Extraordinary condition:
Conduit Not for Profit Bonds	\$100,000 minimum denominations to be sold to institutional investors
No IDFA funds at risk	Staff recommends approval

PURPOSE

Bond proceeds will be used to (i) construct a new gymnasium at the Willows Academy, (ii) refinance existing debt, (iii) capitalize interest, and (iv) fund professional and bond issuance costs.

No Volume Cap is required for 501(c)(3) bonds.

VOTING RECORD

Voting record from IDFA Preliminary Bond Resolution on December 18, 2003.

Ayes: 11 Nays: 0 Absent: 4 (Filan, O'Brien, Santo, Zavis) Abstain: 1 (Lavin)
Vacancy: 1

SOURCES AND USES OF FUNDS

Sources:	IDFA bonds	<u>\$5,650,000</u>	Uses:	Project Costs	\$2,751,000
				Debt Refinancing	2,731,000
				Legal/Prof	100,000
				Capitalized Interest	<u>68,000</u>
	Total	<u>\$5,650,000</u>		Total	<u>\$5,650,000</u>

JOBS

Current employment:	75	Projected new jobs:	5
Jobs retained:	N/A	Construction jobs:	64 (12 months)

BUSINESS SUMMARY

Background: Alliance for Character in Education (the "Applicant", "Alliance"), is an Illinois not-for-profit corporation incorporated in 1997 to serve as the parent organization of two private independent Catholic schools; the Willows Academy ("the Willows") for girls, and Northridge Preparatory School ("Northridge") for boys. Alliance oversees the financial affairs of both schools and promotes collaborative opportunities between them. The Applicant's mission is to aid parents in fulfilling their role as the primary educators of their children's moral, social, intellectual, and spiritual lives. The religious and spiritual formation of its schools and programs is entrusted to the Prelature of Opus Dei. Although the schools are grounded in Catholic principals, other students are welcome. Alliance is governed by a 21-member Board. A list of Board members is attached for Board review.

Description: **The Willows** is an independent College preparatory school for girls, grades 6 – 12, and is located in Des Plaines, Illinois. Founded in 1974, it offers an academic program of the highest caliber, a moral atmosphere complementary to that of the home, and character education to instill lifelong values. The Willows offers many extracurricular activities including performing arts, newspaper, yearbook, social service, National Honor Society, and student government. The Willows draws its students from approximately 40 Chicagoland and Illinois communities. A portion of the proposed financing will fund the construction of the Willows gymnasium. The much needed structure will allow for sufficient space for physical-ed classes, competition size volleyball courts, spectator seating, and room for school gatherings. Its current enrollment is 206. The construction of the gym is expected to allow the Willows to increase enrollment from 206 to 300 in future years.

Northridge was founded in 1976 as an independent Catholic college preparatory school for boys, grades 6 – 12. It operated out of leased space until it purchased its current Niles, Illinois site in 1997. Northridge's mission is to work closely with parents, through a sound academic curriculum and a challenging athletic and extracurricular program to instill in its students qualities that foster personal development, especially personal responsibility. Northridge is a member of the Illinois High School Association and fields competitive middle and high school teams in soccer, cross country, basketball, baseball, golf, and track. In March 16, 2003, the *Chicago Sun Times* cited Northridge as one of the top ten high schools in the Chicago area. A portion of the proposed bond issue will refund the remaining balance of an Illinois Education Facilities Authority, Series 2000, \$3.0 million bond issue for the Northridge gymnasium. Northridge also draws from approximately 40 Chicagoland and Illinois communities, and has a current enrollment of approximately 270 students.

Both schools offer need-based financial aid, which is distributed from each school's separate pooled funds. Approximately 30.0% of the students attending each school receive aid. Each year the Alliance provides over \$400,000 in financial aid to qualifying families.

Remarks: The proposed financing will enable the Applicant to significantly reduce interest expense on outstanding debt, and enable the Willows to effectively compete with high-ranking private schools in the Chicago metropolitan area. Competing schools for both the Willows and Northridge include Loyola Academy and Regina High School (Wilmette), St. Viator (Arlington Heights), Fenwick (Oak Park), Mother McCauley (Chicago), and Benet Academy (Lisle).

Financials: Audited financial statements for fiscal years August 31, 1999, June 30, 2000-2002, and draft audited statements for fiscal year ending June 30, 2003

(Dollars in 000s)

	1999	2000	2001	2002	2003
Income Statement					
Earned income	\$2,585	\$2,859	\$2,697	\$3,048	\$3,091
Contributed Income	720	1,157	2,331	1,297	1,114
Other income	<u>21</u>	<u>304</u>	<u>2942</u>	<u>46</u>	<u>174</u>
Total Income	3,326	4,320	7,970	4,391	4,379
Total Expenses	<u>(3,530)</u>	<u>(3,561)</u>	<u>(3,947)</u>	<u>(4,123)</u>	<u>(4,733)</u>
Change in Net Assets	<u>(204)</u>	<u>759</u>	<u>4,023</u>	<u>268</u>	<u>(354)</u>
Balance Sheet					
Current Assets	1,475	1,675	3,770	858	942
PP&E	3,201	3,632	6,810	9,334	9,295
Other Assets	<u>0</u>	<u>0</u>	<u>800</u>	<u>933</u>	<u>876</u>
Total	<u>4,676</u>	<u>5,307</u>	<u>11,380</u>	<u>11,125</u>	<u>11,113</u>
Current Liabilities	1,109	1,406	1,789	1,560	1,570
Other LT Liabilities	599	200	36	42	74
Debt	943	916	2,700	2,400	2,700
Net Assets	<u>2,025</u>	<u>2,785</u>	<u>6,855</u>	<u>7,123</u>	<u>6,769</u>
Total	<u>\$4,676</u>	<u>\$5,307</u>	<u>\$11,380</u>	<u>\$11,125</u>	<u>\$11,113</u>
Ratios:					
Debt coverage	0.15x	1.31x	3.03x	1.66x	N/A
Current Ratio	1.33	1.19	2.11	0.55	0.60
Debt/Net Assets	0.47	0.33	0.39	0.34	0.40

Note: In fiscal year 2000 the Applicant entered into a grant agreement with the City of Des Plaines and the City of Chicago for funding through the Federal Aviation Commission of approximately \$3 million to fund project costs related to the soundproofing of the Des Plaines school facility. Amounts received have been recorded as revenue in the fiscal year they were received. The related costs have been capitalized as building improvements. The Applicant received grant amounts of approximately \$289,000, \$2,937,000, \$46,000, and \$248,000 in fiscal years 2000, 2001, 2002, and 2003, respectively. These amounts have been subtracted from the Applicant's Change in Net Assets in the respective fiscal years to reflect a more accurate picture of debt service coverage.

FINANCING SUMMARY

Placement: Direct Purchase by First American Bank, Elk Grove Village, Illinois for portfolio
 Collateral: First mortgage on the financed property and first lien on equipment
 Structure: Fixed Rate Bonds
 Maturity: 25 years

PROJECT SUMMARY

Proceeds will be used to (i) construct a gymnasium at the Willows which is located at 1012 Thacker Street, Des Plaines, Cook County, Illinois, (ii) refinance the outstanding amount of the Series 2000 bonds, (iii) capitalize interest, and (iv) fund professional and bond issuance costs

Project Costs:	New Construction	<u>\$2,751,000</u>
	Total	<u>\$2,751,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Alliance for Character in Education
Project name: Northridge debt refinancing and the Willows gymnasium project
Locations: (Northridge) 8320 Ballard Road, Niles, Cook County, Illinois
(The Willows) 1012 Thacker Drive, Des Plaines, Cook County, Illinois
(Alliance) 1480 Renaissance Drive, Suite 203, Park Ridge, Cook County, Illinois
Organization: (Applicant) 501(c)(3) Corporation
State: Illinois
Board of Directors: List attached

PROFESSIONAL & FINANCIAL

Counsel:	Speranza and Bates	Lake Forest, IL	Pete Speranza
Accountants:	Knorr & Company, Ltd., CPAs (2001-2002, and 2003) Large and Associates (1999-2000)	Arlington Heights, IL Chicago, IL	Donald Knorr
Bond Counsel:	Gardner Carton & Douglas LLP	Chicago, IL	Bill Corbin
Issuer's Counsel	Burke, Burns & Pinelli	Chicago, IL	Stephen Welcome
Underwriter,:	Griffin, Kubik, Stephens &	Chicago, IL	Michael Boisvert
Financial Advisor	Thompson		
Bond Purchaser:	First American Bank	Elk Grove Village, IL	Brian T. Hagen
Purchaser's Counsel:	Chapman and Cutler	Chicago, IL	Fred Snow
Trustee:	First American Bank	Elk Grove Village, IL	John K. Leonard
General Contractor:	Kenney Construction Co.	Wheeling, IL	
Development Consultant:	Foley Consulting, Inc.	Oak Park, IL	

LEGISLATIVE DISTRICTS

Congressional: 09, Schakowsky
State Senate: 29, Garrett
State House: 57, Nekritz

Alliance for Character in Education
Board Members

Name	Occupation	Term
Anne Armstrong	Homemaker	FY 04-06
Thomas Burke	Civil Engineer	FY 04-06
David Currie	Marketing Entrepreneur	FY 98-06
Franca Giannelli	Homemaker	FY 04-06
Helen Kraus	Plastic Surgeon	FY 01-06
Patti Lechner	Executive	FY 98-06
John Muenzer	Executive	FY 04-06
Lloyd Cassidy	Trader	FY 00-05
Ben Cleveland	Executive Entrepreneur	FY 97-05
Anne Marie Dempsey	Attorney	FY 97-05
Marlene Dollive	CFO, Retired	FY 02-05**
Saulius Kuprys	Attorney	FY 00-05
Rich McEwen	Airline Pilot	FY 97-05
Frank Brinckerhoff	Auto Parts Managmt	FY 03-04***
John Conroy	Attorney	FY 96-04
Barbara Gewalt	Executive, Retired	FY 02-04
Doug Hinderer	Human Resources	FY 04*
Heide Kenny	Executive	FY 96-04
Barbara Keleher	Educator	FY 99-04
John Large	CPA	FY 03-04
John Hunt	Executive Dir, Alliance	ex officio

- * Completing unexpired term of Al Sherbin
- ** Completing unexpired term of John Hunt, Jr.
- *** Completing unexpired term of LeRoy Wauck

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: **Community Action Partnership of Lake County**

STATISTICS

Number:	N-NP-TE-CD-403	Amount:	\$7,350,000
Type:	501(c)(3) Bonds	PA:	Townsend Albright
Location:	Waukegan	Tax ID:	36-2580774
Est. fee:	\$38,220	SIC:	8351

BOARD ACTION

Final Bond Resolution	No Extraordinary conditions
Conduit Not for Profit Bonds	Staff recommends approval
No IDFA funds at risk	

PURPOSE

Proceeds will be used to (i) construct the first building of a proposed three-building complex, (ii) purchase and install equipment and fixtures, (iii) capitalize interest, and (iv) pay a portion of bond issuance costs.

VOLUME CAP

No Volume Cap is required for 501(c)(3) bonds.

VOTING RECORD

Voting record from IDFA Preliminary Bond Resolution on December 12, 2002.

Ayes: 13 Nays: 0 Absent: 4 (Beattie, Kaplan, Ratner, Santo)

Note: The Applicant's financials have been updated to include unaudited interim 2003 numbers.

SOURCES AND USES OF FUNDS

Sources:	IDFA bonds	\$7,350,000	Uses:	Project	\$8,860,000
	Equity	333,000		Capitalized Interest	155,000
	Head Start Grant	750,000		Legal/Professional	<u>118,000</u>
	Proceeds of land sale	<u>700,000</u>			
	Total	<u>\$9,133,000</u>		Total	<u>\$9,133,000</u>

JOBS

Current employment:	71	Projected new jobs:	14
Jobs retained:	N/A	Construction jobs:	146 (1 year)

BUSINESS SUMMARY

Background: An Act of Congress passed in 1966 declared a war on poverty and created not-for-profit community action agencies. Community Action Partnership of Lake County (the "Applicant", "CAP") is one of those agencies and was incorporated in 1965 as an Illinois 501(c)(3) corporation. CAP's mission is to alleviate poverty and its causes and consequences by linking its services with all available resources for the purpose of coordinating and delivering comprehensive human services that lead to individual and family self-sufficiency. The Applicant is governed by a nine-member Board of Directors. A list is attached for IDFA Board review.

Description: CAP seeks financing to construct the first building of an Early Childhood Development Center of approximately 82,000 sq. ft. This phase one facility of approximately 31,000 sq. ft. will be licensed for approximately 240 children, and will serve as a center for Head Start programs. This first building of a three-building complex will provide (a) 12 classrooms for 18-20 pre-school children per classroom, (b) play areas, (c) administrative offices and (d) a kitchen and eating area. Future phases of the complex will provide additional classrooms to accommodate up to 240 low income children that are above the poverty level but are considered low to moderate income, and a garage to house Head Start buses and facilities for their maintenance and repair. The proposed project will be used for the Lake County Head Start Program, which focuses on at-risk children and teaches social and learning skills not found in their home environment.

Remarks: The proposed project will expand the Applicant's facilities to match the program's growing need. Between 1991 and 2002 the Lake County Head Start Program has grown from helping 300 children to approximately 700, respectively. The Applicant serves over 12,000 residents in Lake County that are low to moderate income. Services range from housing and emergency shelter, energy assistance, emergency food and medical assistance, to employment and training opportunities, senior volunteering, youth prevention services, and quality childhood development programs. This project will represent the initial building of a three-building complex.

Financials: Audited financial statements for calendar years 1999 – 2002, unaudited interim financial statements for nine months ending September 30, 2003
(Dollars in 000's)

	1999	2000	2001	2002	2003
Income Statement					
Earned income	\$1,790	\$1,495	\$723	\$1,209	\$706
Contributed Income	8,385	7,944	9,403	9,237	7,619
Other Income	<u>14</u>	<u>24</u>	<u>100</u>	<u>153</u>	<u>327</u>
Total	10,189	9,463	10,226	10,599	8,652
Total Expenses	<u>(10,402)</u>	<u>(9,444)</u>	<u>(10,344)</u>	<u>(10,388)</u>	<u>(8,904)</u>
Change in Net Assets	<u>(213)</u>	<u>19</u>	<u>(118)</u>	<u>211</u>	<u>(252)</u>
Balance Sheet					
Current Assets	459	557	408	454	741
PP&E	3,014	2,912	3,657	5,446	5,358
Other Assets	<u>140</u>	<u>137</u>	<u>56</u>	<u>118</u>	<u>0</u>
Total	<u>3,613</u>	<u>3,606</u>	<u>4,121</u>	<u>6,018</u>	<u>6,099</u>
Current Liabilities	1,051	1,151	1,724	3,129	2,941
Other LT Liabilities	0	0	0	0	0
Debt	2,118	1,992	2,052	2,305	2,826
Net Assets	444	<u>463</u>	<u>345</u>	<u>584</u>	<u>332</u>
Total	<u>\$3,613</u>	<u>\$3,606</u>	<u>\$4,121</u>	<u>\$6,018</u>	<u>\$6,099</u>

Ratios:					
Debt coverage	0.28x	1.43x	0.51x	1.24x	N/A
Current Ratio	0.44	0.48	0.24	0.15	0.25
Debt/Net Assets	4.77	4.30	5.95	3.95	8.51

Note: A prior period of adjustment of \$28,000 is included in the calendar year 2002 Net Asset amount.

The Applicant's Federal and State sources of revenue for calendar year 2002 include:

1. Federal Grants	\$ 7,730,115
2. State Grants	1,130,635
3. Other Grant Revenues	10,000
4. Donations	<u>366,250</u>
Total	<u>\$9,237,000</u>

FINANCING SUMMARY

Security: Direct Pay Letter of Credit from Citigroup, Inc., Chicago, Illinois
 Structure: Multi-mode weekly floating rate bonds
 Maturity: 35 years

PROJECT SUMMARY

Proceeds will be used to (i) construct an approximately 31,000 sq. ft. building on a 6.8 acre site located at 1200 Glen Flora, Waukegan, Lake County, Illinois, (ii) purchase equipment and fixtures, (iii) capitalize interest, and (iv) pay a portion of bond issuance costs.

Phase I Project Costs:	Building	\$7,920,000
	Equipment/Fixtures	<u>940,000</u>
	Total	<u>\$8,860,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Community Action Partnership of Lake County
 Project names: Early Childhood Development Center
 Location: 1200 Glen Flora, Waukegan, Lake County, Illinois
 Organization: 501(c)(3) Corporation
 State: Illinois
 Board: List attached for IDFA Board review

PROFESSIONAL & FINANCIAL

Counsel:	Gardner, Carton & Douglas	Chicago, IL	Katherine O'Connell
Accountant:	Diehl, Banwart, Bolton, Jarred & Bledsoe, Chartered, CPAs	Chanute, KS	Philip A. Jarred, CPA
Bond Counsel:	IceMiller	Chicago, IL	Tom Smith
Issuer's Counsel:	Hart, Southworth & Witsman	Springfield, IL	Sam Witsman
Underwriter/ Placement Agent:	Legg Mason Wood Walker, Inc.	Chicago, IL	John Peterson
LOC Bank:	Citigroup, Inc.	Chicago, IL	
LOC Bank Counsel:	Albert & Whitehead	Chicago, IL	Greg Whitehead
Financial Advisor:	Barnes & Company	Afton, VA	Ellen Barnes
Trustee:	US Bank	Milwaukee, WI	Peter Brennan
Architect:	Belli & Belli	Wheeling, IL	James J. Belli
General Contractor:	Boller Construction Company	Waukegan, IL	Lyle Ehlers

LEGISLATIVE DISTRICTS

Congressional: 10, Mark S. Kirk
 State Senate: 30, Terry Link
 State House: 59, Susan Garrett

**Department of Commerce and Community Affairs
Community Services Block Grant
Board of Directors Membership
October 20, 2003**

Number of Vacancies:

In Which Sector: CR:

PS:

PO:

Updated: October 20, 2003

Name	Address & Phone Number	Office Address & Phone Number	Represents:	CR	PS	PO	Appointed
Bill McNeely, President - Active	2410 Washington Street Waukegan, IL 60085 (847) 625-1525	Fax: (847) 625-1767 2534 Eilm Avenue Zion, IL 60099 (847) 748-8435 (847) 748-1744 - (Fax)	Patrl Cake Early Childhood (Partners in Business Assn.) Sheridan Healthcare RSVP Advisory Council			X	September 1997
Debbie Lewis, Vice-President - Active	38703 Sheridan Road Lot # 205 Beach Park, IL 60099	Home: (847) 360-9135) Pager: (847) 802-7921 (847) 830-9123 - Cell	Weston House	X			March 2001
Ernest Smith, Treasurer - Active	824 Kirkwood Drive Winthrop Harbor, IL 60096 (847) 746-1195	email: stefiasmith@gattbl.com 3235 Belvidere Waukegan, IL 60085 (847) 263-1444	Head Start Policy Council	X			July 2000
Cynthia Hawkins, Director - Active	1316 N. Benwick Blvd. Waukegan, IL 60085 (847) 782-8462		Department of Human Services	X			December 1999
Sheriff Gary Del Re, Director	25 South Ulca Street Waukegan, IL 60085 (847) 377-4210		Lake County Sheriff Department		X		March 1974
Philip Carrigan, Director - Active	1944 Ash Waukegan, IL 60087	100 Abbott Park Road Abbott Park, IL 60064 (847) 837-5129	Abbot Laboratory FAX: (847) 938-2510			X	March 1998
Mayor Bette Thomas, Director - Active		1850 Lewis Avenue North Chicago, IL 60084 Ph: (847) 596-8610 Fax: (847) 596-8619	Mayor City of North Chicago		X		February 1998
Meri Quarles, Director - Active		10 Greenwood Avenue Waukegan, IL 60085 Ph: (847) 599-2261 Fax: (847) 599-2265	Midwest Generation (ComEd)		X		February 2003
Honorary Member: Senator Adeline Geo-Karis	P. O. Box 33 Zion, IL 60099	(847) 872-7500	Public				
Alternates: Anthony Ward, Alternate - Active	643 West Johns-Mannville Waukegan, IL 60085	(847) 244-5630	Sheriff Del Re				
Transitional Housing Advisory Board: Ernest Smith, Chair							
Kelly McDade, Advisory Board	2408 Joanna Avenue Zion, IL 60099 (847) 872-0508		Client Housing Council	X			August, 2003
Al Buford, Director - Advisory Board	1015 North Ash Apt #2 Waukegan, IL 60085 (847) 249-7578 (847) 302-4253 - (Cell)		Client Housing Council	X			August, 2003

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Deal: Huskies Hockey Club, Inc. (Internationale Ice Centre Development Project)

STATISTICS

Deal Number:	N-NP-TE-CD-402	Amount:	\$13,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	PA:	Steve Trout
Location:	Romeoville	Tax ID:	36-3259872
SIC Code:	713940 Fitness & Rec Centers	Est. fee:	\$59,733

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Conduit 501(c)(3) Bond Financing	No IFA funds at risk
Bonds will be sold in minimum \$100,000 denominations to accredited investors	

PURPOSE

Construction of an ice arena in Romeoville for youth hockey, figure and recreational skating

VOLUME CAP

No Volume Cap is required for 501(c)(3) Bond Financing.

VOTING RECORD

The IDFA Board gave its initial approval for this project on June 12, 2003 by the following vote:

Aye-10	Absent-7 (Alper, Filan, Gidwitz, Lavin, O'Brien, Ratner and Santo)
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SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$12,090,000	Uses:	Project Costs	\$11,715,000
	Contributed Capital	<u>2,000,000</u>		Debt Service Reserve	1,052,963
				Capitalized Interest	892,462
				Issuance Costs	<u>429,575</u>
Total		<u>\$14,090,000</u>	Total		<u>\$14,090,000</u>

JOBS

Current employment:	16	Projected new jobs:	10
Jobs retained:	N/A	Construction jobs:	150 (11 months)

BUSINESS SUMMARY

Background: The Huskies Hockey Club, Inc. ("the Huskies" or "the Club"), is an Illinois not-for-profit 501(c)(3) corporation that was incorporated on February 17, 1969. The Club's purpose is to promote, train, teach and develop organized youth hockey and develop the physical, mental and emotional well-being of participants, including developing personal character traits of aggressiveness, self-esteem, self-discipline, perseverance, respect for authority, cooperative relationships and sportsmanship.

Huskies Hockey Club, Inc. (Internationale Ice Centre Development Project)

Page 2

Description: The Club sponsors and develops programs that encourage children and adults to participate in hockey. The Club currently has over 500 hockey players in its organization. It attracts players from Darien, Downers Grove, Lisle, Hinsdale, Glen Ellyn, Lombard, Orland Park and Naperville. The Huskies are affiliated with USA Hockey, the Amateur Hockey Association of Illinois (AHA), Northern Illinois Hockey League (NIHL), and Northwestern Illinois Hockey League (NWHL).

Currently the Huskies lease time from ice rinks in Darien, Downers Grove and Bolingbrook. The Club is seeking to own and operate its own facility to provide first-rate instruction at a lower cost and offer more programs than is now possible because of limited ice availability. The Club has entered into multiyear contracts with organizations that sponsor hockey, figure and recreational skating programs.

Management: Don Juckins has served as the Huskies President for the past 5 years, during which time membership has grown 35% and club teams have won 16 NIHL championships, 12 state championships and 1 national championship. Mr. Juckins is also President of NIHL, the nation's second largest hockey league, with 5,500 members.

Ray Saganiuk has been the Huskies' Director of Operations for the past 2 ½ years. He is a former NHL Hockey Player (Toronto Maple Leafs and Pittsburgh Penguins), a highly successful youth hockey coach and previously served for 5 years as Director of Operations for the Seven Bridges Ice Arena.

The Huskies have 2 Directors of Player Development. Gino Linkevitch has served in this capacity since 1997. He played semiprofessional hockey in Latvia (former USSR) and earned a degree in physical education and hockey coaching from the Latvian Academy of Sports and has successfully coached in Latvia and the United States. Anders Sorenson, played semiprofessional hockey in the United States, Norway and France and has many years of coaching experience in these countries. Former NHL player Ross MacKay heads the Huskies highly successful goalie instruction program.

The Indoor Sports Management Group will manage the Centre full-time. The Group was established in 1991 and currently manages Sportsplex in Darien, a 135,000 s.f. hockey rink and indoor soccer complex, Poplar Creek Sports Centre in Hoffman Estates, a 75,000 indoor soccer facility and skate park, Sportsplex, in St. Charles, a 63,000 s.f. indoor soccer facility and two smaller indoor facilities in Chicago and Downers Grove.

Financials: Financial summary prepared from audited financial statements for fiscal years ended June 30, 2001, 2002 and 2003. Projections for fiscal years 2004-2006 incorporate operating revenue and cost estimates provided by Ice Age Information Services and balance sheet estimates prepared by staff. (Figures are in \$000s.)

	<u>Year Ended April 30</u>			<u>Year Ending April 30</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Statement						
Revenues/Support	<u>\$1,314</u>	<u>\$1,451</u>	<u>\$1,610</u>	<u>\$1,642</u>	<u>\$3,765</u>	<u>\$3,837</u>
Net Asset Change	(12)	(41)	127	224	502	505
Balance sheet:						
Current assets	319	290	437	656	1,154	2,023
Net PP&E	0	4	3	12,383	13,047	12,572
Ice Rink Deposits	<u>51</u>	<u>41</u>	<u>31</u>	<u>1,741</u>	<u>1,071</u>	<u>1,056</u>
Total assets	<u>370</u>	<u>335</u>	<u>471</u>	<u>14,780</u>	<u>15,272</u>	<u>15,651</u>
Current liabilities	75	81	90	208	329	343
Long-term Debt	0	0	0	13,968	13,837	13,696
Net Assets	<u>307</u>	<u>295</u>	<u>381</u>	<u>604</u>	<u>1,106</u>	<u>1,612</u>
Tot Liabs & Net Assets	<u>373</u>	<u>370</u>	<u>471</u>	<u>14,780</u>	<u>15,272</u>	<u>15,651</u>

Huskies Hockey Club, Inc. (Internationale Ice Centre Development Project)

Page 3

Ratios:

Debt Service Coverage	NA	NA	NA	NA	2.20x	1.69x
Current ratio	5.1	4.3	4.9	3.15	3.51	5.90
LT Debt/Net Assets	0.0	0.0	0.0	23.12	12.51	8.50

Discussion: The Huskies have generated significant revenues, operated at a modest deficit recently but have maintained significant financial flexibility. Revenues include activity dues and fees (85%), fundraising (9%), resale of unused ice time to others (5%) and interest income (1%). Expenses include ice rental (53%), coach and referee fees (24%), other program costs (19%), and fundraising (4%).

Ice rental is the Club's largest expense and has been growing at 7% a year during the period reviewed. Rates have been increasing as ice time becomes increasingly difficult to secure. As a result, the Huskies have had to limit the number of new players that it can accept each year. Building the new facility is expected to eliminate capacity concerns and reduce the cost of ice time.

The Club operated at a modest loss in 2001 and 2002. Management opted to draw down ample reserves rather than raising rates to cover deficits. Management raised dues in 2003, which restored operations to profitability. The Huskies' affluent membership and waiting list for new members provides the Huskies with flexibility to increase dues and fundraising if needed to cover increased operating and capital costs. Annual dues remain 15% to 25% below other area clubs.

The Huskies currently have no long-term debt. They currently have a \$50,000 line of credit from First National Bank of Brookfield, which is rarely drawn.

The operating forecast is based on a feasibility study prepared by Ice Age Information Services, a consultant that has prepared similar studies for most of the arenas that have been recently built in Chicagoland. Ice rentals currently paid by the Huskies and paid by area clubs under multiyear agreements will cover principle and interest on the Bonds and Contributed Capital by 1.1 times.

Revenues are projected to increase by \$2.1 million to \$3.8 million when the facility opens in FY 2005. Growth is projected from: 1) contractually obligated ice rental payments (\$0.5 million), 2) expansion in Huskies youth and adult programs, based on existing waiting lists (\$0.6 million), 3) new figure, public and inline skate programs, a goalie training school, vending and food service leases (\$1.0 million), based on discounting the lower of 3 comparable facilities by 20% to 40%. Expense estimates assume continuation of existing Huskies expenses plus estimates for Centre expenses using area comparables. Revenue and expense growth is forecast at 2%.

The forecast assumes issuance of the Bonds in March 2003 and project completion prior October 2004 when the hockey season begins. Interest will be capitalized during the construction period. Debt service assumes \$12,090,000 of debt amortizing over 30 years at an average rate of 7.75% and interest paid on contributed capital at 8.25%.

FINANCING SUMMARY

Bonds: Unenhanced, non-rated, fixed rate, tax-exempt Bonds, payable at an average rate of 7.75%.
Security: First lien pledge of lease revenue from the Huskies and a mortgage on the subject property.

Accredited Investors: Pursuant to Board policy pertaining to non-rated bonds, the bonds will be sold in minimum \$100,000 denominations. The bonds will privately placed to investors who will be required to execute an investor letter certifying that they are "accredited investors" as defined in 15 U.S.C.

Contributed Capital: Interest on contributed capital is payable at 8.25%, after paying debt service on the Bonds. Capital is to be repaid in 30 years after payment of debt service on the Bonds.

PROJECT SUMMARY

The Huskies are planning to build the area's best and largest ice arena devoted to youth hockey, figure and family skating. The facilities will include three sheets of ice maintained by state-of-the-art equipment and will be used by the Huskies and other area hockey, figure and recreational skating programs. The facility will offer extensive locker rooms, training facilities, weight rooms, concessions, meeting rooms, seating areas, and an equipment sale shop. Project costs include the following:

Land Acquisition	\$1,600,000
Sitework, Shell Construction and First Floor Finish Out (\$72.91 S.F.):	\$8,543,884
Precast Mezzanine (\$11.44 S.F.):	38,422
Refrigeration	1,000,000
Architectural	\$206,000
Municipal and County Permits	\$198,000
Contingency	128,694
Total	<u>\$11,715,000</u>

The Huskies have entered into a fixed price contract with Kiferbaum, a leading Chicago area contractor, to complete the project by October 31, 2004.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Huskies Hockey Club, Inc., 1411 Hunter Circle, Naperville, Illinois 60540 (Contact: Donald LaPato, Vice President, Phone: (312) 786-5324)

Project name: Internationale Ice Center Development Project

Location: 1205 Lakeview Drive, Romeoville, Illinois (Will County) 60446

Organization: Illinois 501(c)(3) organization.

Land Owner: Panattoni Development Corporation
10255 West Higgins Road, Suite 110, Rosemont, Illinois 60018

Board Members:

Donald Juckins	President
Donal LaPato	Vice President
Linda Wikie	Director
Brian Cahanin	Director
Andrew Faville	Director
James Nolan	Director
William Creed	Director
Julie Chcuck	Director
Wayne Partaz	Director
Joseph Pedota	Director
Henry McKay	Director

PROFESSIONAL & FINANCIAL

To come

LEGISLATIVE DISTRICTS

Congressional: 13 Judy Biggert
State Senate: 24 Kirk Dillard
State House: 48 James Meyer

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 9, 2004**

Pooled Warrant Program for Illinois School Districts 2004-A

Participants:

Springfield Public School District #186	\$15,000,000
Nippersink School District #2	\$ 2,000,000
Massac County Community Unit School District #1	\$ 1,000,000
Grand Ridge Community Consolidated School District #95	\$ 300,000
Total Issue:	\$18,300,000

Purpose:

Springfield Public School District #186: The District proposes to borrow \$15,000,000 to cover operational costs in advance of their scheduled distribution of property tax dollars from the County Treasurer.

Nippersink School District #2: The District proposes to borrow \$2,000,000 to cover operational costs in advance of their scheduled distribution of property tax dollars from the County Treasurer.

Massac County Community Unit School District #1: The District proposes to borrow \$1,000,000 to cover operational costs in advance of their scheduled distribution of property tax dollars from the County Treasurer.

Grand Ridge Community Consolidated School District #95: The District proposes to borrow \$300,000 to cover operational costs in advance of their scheduled distribution of property tax dollars from the County Treasurer.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 4, 2004**

Deal: Springfield Public School District #186

STATISTICS and FINANCIAL SUMMARY

Deal Number:	L-PW-TE-CD-402A	Amount:	\$15,000,000
Type:	Tax Anticipation Warrant	PA:	Eric Watson
Location:	Sangamon County		

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Tax Anticipation Warrants	No extraordinary conditions
No IFA funds at risk	

PURPOSE

To facilitate the gap between operational expenses of the District and the disbursement of property tax dollars from the County Treasurer.

VOLUME CAP

No Volume Cap required.

VOTING RECORD

No prior voting record. This is the first time the IFA Board of Directors has reviewed this project.

SOURCES AND USE OF FUNDS

Sources:	IFA Bonds	<u>\$15,000,000</u>	Uses:	Working Cash	\$15,000,000
	Total	<u>\$15,000,000</u>		Total	<u>\$15,000,000</u>

BUSINESS SUMMARY

Background: Springfield Public School District No. 186 (the "District") is governed by a seven member Board of Education. Its members are elected to four year terms.

The District is located in Springfield, Illinois, which is the state capital, and is in the central portion of Sangamon County, approximately 200 miles south of Chicago, Illinois and approximately 100 miles northeast of St. Louis, Missouri. The District encompasses approximately 65 square miles. The population of the District is estimated at 117,000.

Description: The Board has approved a Resolution authorizing the issuance of Tax Anticipation Warrants in anticipation of the collection of taxes levied for the year 2003, by the Board of Education of School District Number 186, Sangamon County, Illinois, for educational purposes.

Revenues: Prior Year Property Tax Receipts:

July 2003:	\$36,413,891.22
September 2003:	\$31,174,283.37
November 2003:	\$ 3,357,077.09
Total:	\$70,945,251.68

Discussion: The Equalized Assessed Valuation of Taxable Property has increased 11.1% from 1998 to 2002, from \$4,222,267,554 in 1998 to \$4,700,101,509 in 2002.

There is no concentration of property taxpayers.

The proposed bond issuance brings the District's Bonded Indebtedness to \$59,850,000, which is approximately 27.68% of the District's Statutory Debt Limitation (13.8% of the 2002 EAV) of \$216,204,669.

The District's annual audit history verifies that the District is sound financially, listing the General Fund Balance of \$4,401,142 and Total Fund Balance of \$34,248,954.

The percentage of taxes collected for the last ten years averaged more than 99%.

FINANCIAL SUMMARY

Structure: Fixed Rate Bonds --- Maturity: November 15, 2004

ECONOMIC DISCLOSURE STATEMENT

Applicant: Springfield Public School District #186
Project Name: Tax Anticipation Warrant Program
Location: 1900 West Monroe Street, Springfield, IL 62704
Organization: School District
State: Illinois
Officials: Dr. Diane Rutledge, Superintendent
Board of Directors: Rick E. Heironimus, President
Cindy Tate, Vice-President
Cheryl Wise, Member
Judy Johnson, Member
Thomas Blasko, Member
Melinda LaBarre, Member
Pat Grady, Member

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti & Harris	Chicago, IL	Ray Fricke
Bond Counsel:	Chapman & Cutler	Chicago, IL	Chuck Jarik
Underwriter:	LaSalle Capital Markets	Chicago, IL	Courtney Shea
Underwriter Counsel:	Ungaretti & Harris	Chicago, IL	Ray Fricke
Issuer's Counsel:	Katten, Muchin, Zavis, Rosenman	Chicago, IL	Lewis Greenbaum
Paying Agent:	LaSalle	Chicago, IL	Vernita Anderson
Bond Issuer:	IFA	Chicago, IL	
Rating Agency:	TBD		

LEGISLATIVE DISTRICTS

Congressional:	17, 18, 19	Lane Evans, Ray LaHood, John Shimkus
State Senate:	50	Larry Bomke
State House:	99, 100	Raymond Poe, Rich Brauer

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 4, 2004**

Deal: Nippersink School District #2

STATISTICS

Deal Number:	L-PW-PE-CD-402B	Amount:	\$2,000,000
Type:	Local Government	PA:	Eric Watson
Location:	McHenry County		

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Tax Anticipation Warrant	No extraordinary conditions
No IFA funds at risk	

PURPOSE

To facilitate the gap between operational expenses of the District and the disbursement of property tax dollars from the County Treasurer.

VOLUME CAP

No Volume Cap required.

VOTING RECORD

No prior voting record. This is the first time the IDFA Board of Directors has reviewed this project.

SOURCES AND USE OF FUNDS

Sources:	IFA Bonds	<u>\$2,000,000</u>	Uses:	Working Capital	\$2,000,000
	Total	<u>\$2,000,000</u>		Total	<u>\$2,000,000</u>

BUSINESS SUMMARY

Background: Nippersink School District No. 2 (the "District") is governed by a seven member Board of Education. Its members are elected to four-year terms.

The District is located in McHenry County, approximately 60 miles south of Milwaukee, Wisconsin, 60 miles northwest of Chicago, Illinois and 50 miles east of Rockford, Illinois.

Description: The Board has approved a Resolution authorizing the issuance of Tax Anticipation Warrants in anticipation of the collection of taxes levied for the year 2003, by the Board of Education of School District Number 2, McHenry County, Illinois, for educational purposes.

Revenues: Prior Year Property Tax Receipts:

May 2003:	\$ 244,402.02
June 2003:	\$3,350,303.59
July 2003:	\$ 85,723.33
August 2003:	\$ 278,651.64
September 2003:	\$2,952,331.46
October 2003:	\$ 143,736.67

January 2003:	\$ 185,951.89
Total:	\$7,241,100.60

Discussion: The Equalized Assessed Valuation of Taxable Property has increased 15.1% from 2000 (first year for the consolidated school district) to 2002, from \$223,084,530 in 2000 to \$262,643,457 in 2002.

There is no concentration of property taxpayers.

The proposed bond issuance brings the District's Bonded Indebtedness to \$4,708,190, which is approximately 38.97% of the District's Statutory Debt Limitation (13.8% of the 2002 EAV) of \$12,080,370.

The District's annual audit history verifies that the District is sound financially, listing the General Fund Balance of \$2,231,275 and Total Fund Balance of \$22,165,424.

The percentage of taxes collected for collection years 1999/2000 - 2001/2002 averaged 99.1%.

FINANCIAL SUMMARY

Structure:	Fixed Rate Bonds	Maturity:	November 15, 2004
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ECONOMIC DISCLOSURE STATEMENT

Applicant: Nippersink School District #2
Project Name: Tax Anticipation Warrant Program
Location: 10006 Main Street, Richmond, IL 60071
Organization: School District
State: Illinois
Officials: Dr. George Zimmer, Superintendent
Board of Directors: Nadine Kottner, President
Diane Bushing, Vice President
Lynn Hunter, Board Secretary
James Hasken, Member
Tom Wisinski, Member
Mike Gullifor, Member
Dan Vetter, Member

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti & Harris	Chicago, IL	Ray Fricke
Bond Counsel:	Chapman & Cutler	Chicago, IL	Chuck Jarik
Underwriter:	LaSalle Capital Markets	Chicago, IL	Courtney Shea
Underwriter Counsel:	Ungaretti & Harris	Chicago, IL	Ray Fricke
Issuer's Counsel:	Katten, Muchin, Zavis, Rosenman	Chicago, IL	Lewis Greenbaum
Paying Agent:	LaSalle	Chicago, IL	Vernita Anderson
Bond Issuer:	IFA	Chicago, IL	
Rating Agency:	TBD		

LEGISLATIVE DISTRICTS

Congressional: 8 Phillip M. Crane
State Senate: 32 Pamela Althoff
State House: 63 Jack D. Franks

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 4, 2004**

Deal: Massac County Community Unit School District #1

STATISTICS and FINANCIAL SUMMARY

Deal Number:	L-PW-PE-CD-402C	Amount:	\$1,000,000
Type:	Tax Anticipation Warrant	PA:	Eric Watson
Location:	Massac County		

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Tax Anticipation Warrants	No extraordinary conditions
No IFA funds at risk	

PURPOSE

To facilitate the gap between operational expenses of the District and the disbursement of property tax dollars from the County Treasurer.

VOLUME CAP

No Volume Cap required.

VOTING RECORD

No prior voting record. This is the first time the IFA Board of Directors has reviewed this project.

SOURCES AND USE OF FUNDS

Sources:	IFA Bonds	<u>\$1,000,000</u>	Uses:	Working Capital	\$1,000,000
	Total	<u>\$1,000,000</u>		Total	<u>\$1,000,000</u>

BUSINESS SUMMARY

Background: Massac County Community Unit School District No. 186 (the "District") is governed by a seven member Board of Education. Its members are elected to four year terms.

The District is located in Massac County, Illinois, which is in the southeastern tip of Illinois, approximately 400 miles south of Chicago. Metropolis, population 6500, is the county seat. The student enrollment is approximately 2250 and encompasses 197 square miles.

Description: The Board has approved a Resolution authorizing the issuance of Tax Anticipation Warrants in anticipation of the collection of taxes levied for the year 2003, by the Board of Education of School District Number 1, Massac County, Illinois, for educational purposes.

Revenues: Prior Year Property Tax Receipts:

September 2003:	\$ 1,077,271.79
October 2003:	\$ 706,811.50
December 2003:	\$2,574,222.74
Total:	\$4,358,306.03

Discussion: The Equalized Assessed Valuation of Taxable Property has increased 17.1% from 1998 to 2002, from \$95,193,069 in 1998 to \$114,898,752 in 2002.

There is no concentration of property taxpayers.

The proposed bond issuance brings the District's Bonded Indebtedness to \$11,470,000, which is approximately 72.34% of the District's Statutory Debt Limitation (13.8% of the 2002 EAV) of \$15,856,028.

The District's 2003 audit lists the General Fund Balance with a deficit of \$426,121 and Total Fund Balance of \$4,678,693.

The percentage of taxes collected for the last ten years averaged just under 99%.

FINANCIAL SUMMARY

Structure: Fixed Rate Bonds Maturity: November 15, 2004

ECONOMIC DISCLOSURE STATEMENT

Applicant: Massac County Community School District #1
Project Name: Tax Anticipation Warrant Program
Location: 401 Metropolis Street, Metropolis, IL 62960
Organization: School District
State: Illinois
Officials: Dr. William Hatfield, Superintendent
Board of Directors: Bob Wheeler, President
Jerry Ellerbusch, Vice President
Janet Ulrich, Member
Lisa Bremer, Member
Mike Hausman, Member
Linn Smith, Member
Todd Sumner, Member

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti & Harris	Chicago, IL	Ray Fricke
Bond Counsel:	Chapman & Cutler	Chicago, IL	Chuck Jarik
Underwriter:	LaSalle Capital Markets	Chicago, IL	Courtney Shea
Underwriter Counsel:	Ungaretti & Harris	Chicago, IL	Ray Fricke
Issuer's Counsel:	Katten, Muchin, Zavis, Rosenman	Chicago, IL	Lewis Greenbaum
Paying Agent:	LaSalle	Chicago, IL	Vernita Anderson
Bond Issuer:	IFA	Chicago, IL	
Rating Agency:	TBD		

LEGISLATIVE DISTRICTS

Congressional:	19	John Shimkus
State Senate:	59	Gary Forby
State House:	118	Brandon Phelps

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 4, 2004**

Deal: Grand Ridge Community Consolidated School District #95

STATISTICS

Deal Number:	L-PW-PE-CD-402D	Amount:	\$300,000
Type:	Tax Anticipation Warrants	PA:	Eric Watson
Location:	LaSalle County		

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Tax Anticipation Warrant	No extraordinary conditions
No IFA funds at risk	

PURPOSE

To facilitate the gap between operational expenses of the District and the disbursement of property tax dollars from the County Treasurer.

VOLUME CAP

No Volume Cap required.

VOTING RECORD

No prior voting record. This is the first time the IFA Board of Directors has reviewed this project.

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	<u>\$300,000</u>	Uses:	Working Capital	300,000
	Total	<u>\$300,000</u>		Total	<u>\$300,000</u>

BUSINESS SUMMARY

Background: Grand Ridge Community Consolidated School District No. 95 (the "District") is governed by a seven member Board of Education. Its members are elected for four year terms.

The District is located in Grand Ridge, Illinois, and is in the southern portion of LaSalle County, approximately 88 miles southwest of Chicago, Illinois and approximately 70 miles north of Bloomington, Illinois. Enrollment in the District is 365, a decrease of 4 students from the previous year. The District anticipates enrollment to remain constant over next few years.

Description: The Board has approved a Resolution authorizing the issuance of Tax Anticipation Warrants in anticipation of the collection of taxes levied for the year 2003, by the Board of Education of School District Number 95, LaSalle County, for educational purposes.

Revenues: Prior Year Property Tax Receipts:
July 2003: \$696,633.68
September 2003: \$548,787.17
December 2003: \$69,291.86
Interest: \$821.62

Total: \$1,317,534.33

Discussion: The Equalized Assessed Valuation of Taxable Property has increased approximately 16% from 1998 to 2002, from \$41,885,820 in 1998 to \$48,569,209 in 2002.

There is no concentration of property taxpayers.

The proposed bond issuance brings the District's Bonded Indebtedness to \$300,000, which is approximately 13.42% of the District's Statutory Debt Limitation (13.8% of the 2002 EAV) of \$2,233,960.

The District's annual audit history verifies the General Fund Balance has a deficit of \$188,781 and Total Fund Balance of \$145,306. Note: A deficit exists due to insurance co-op assessments above and beyond budgeted premium for the last three years which the school district changed insurance companies and will be increasing the Tort Levy for 2004.

The percentage of taxes collected for collection years 1997/98 -2001/02 averaged 98.9%.

FINANCIAL SUMMARY

Structure: Fixed Rate Bonds Maturity: November 15, 2004

ECONOMIC DISCLOSURE STATEMENT

Applicant: Grand Ridge Community Consolidated School District #95
Project Name: Tax Anticipation Warrant Program
Location: 400 West Main Street, Grand Ridge, IL 61325
Organization: School District
State: Illinois
Officials: Wally Marquardt, Superintendent
Board of Directors: Michael Wielgopolan, President
Doug Dewalt, Vice-President
Robert Beutke, Member
Joseph Hughes, Member
Kenneth Bernard, Member
Ruben Dittmer, Member
Richard Frye, Member

PROFESSIONAL & FINANCIAL

Borrower's Counsel: Ungaretti & Harris Chicago, IL Ray Fricke
Bond Counsel: Chapman & Cutler Chicago, IL Chuck Jarik
Underwriter: LaSalle Capital Markets Chicago, IL Courtney Shea
Underwriter Counsel: Ungaretti & Harris Chicago, IL Ray Fricke
Issuer's Counsel: Katten, Muchin, Zavis, Rosenman Chicago, IL Lewis Greenbaum
Paying Agent: LaSalle Chicago, IL Vernita Anderson
Bond Issuer: IFA Chicago, IL
Rating Agency: TBD

LEGISLATIVE DISTRICTS

Congressional: 11 Gerald C. Weller
State Senate: 38 Pat Welch
State House: 76 Frank J. Mautino

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 9, 2004**

Local Government Pooled Bond Program 2004-A

Participants:

Village of Norris City	\$575,000
Village of Williamsville	\$440,000
Village of Farmington	\$2,125,000

Total Issue: \$3,140,000

Purpose:

Village of Norris City: The Village proposes to borrow \$575,000 to refinance the existing debt of the Sanitary District. The defeasance of the District's debt will allow the Sanitary District to dissolve under the Sanitary District Act of 1917 and combine with the Village.

Village of Williamsville: The Village proposes to borrow \$440,000 to fund the construction of sanitary sewer improvements.

City of Farmington: The City of Farmington proposes to borrow \$2,125,000 to construct sewer, a pump station, force main and upgrade an existing water facility in order to come into compliance with present rules and regulations.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 9, 2004**

Deal: Village of Norris City

STATISTICS

Deal Number:	L-PG-TE-MO-401A	Amount:	\$575,000
Type:	Local Government	PA:	Eric Watson
Location:	White County	Est. fee:	\$9,160

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Local Government Bonds - Rural Bond	Conditions: Pledge intercept and generate at least
IFA State funds at Risk: Moral Obligation of the State	1.10x coverage from operations.

PURPOSE

The Village proposes to borrow \$575,000 to refinance the existing debt of the District. The defeasance of the District's debt will allow the District to dissolve under the Sanitary District Act of 1917 and combine with the Village.

VOLUME CAP

Local government bonds -- no volume cap required.

VOTING RECORD

No prior voting record. This is the first time the IFA Board of Directors has reviewed this project.

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$575,000	Uses:	Refinancing	\$490,000
				Issuance Costs	85,000
	Total	<u>\$575,000</u>		Total	<u>\$575,000</u>

JOBS

Current employment:	n/a	Projected new jobs:	n/a
Jobs retained:	n/a	Construction jobs:	n/a

CREDIT SUMMARY

The Village of Norris City (the "Village") is located in southeastern Illinois in White County approximately 45 miles east of Marion. Assessed value growth has been good at nearly 4.39% during the past five years. The assessed valuation is primarily residential and commercial with such evaluations accounting for approximately 73% and 23% of the Village's total EAV, respectively. The Village does have some taxpayer concentration with the top ten taxpayers accounting for over 34% of the Village's EAV. The Village's 2000 Census population of 1,057 decreased 21.18% from the 1990 Census and 13.62% from the 1970. The Village does not have employer concentration.

Village of Norris City

Page 2

General Fund performance has been adequate over the last five fiscal years, with the last two years showing negative results. Revenue decreased by 1.06% while expenses increased by 6.46%. The fund balance is 75.90% of expenses and the Village has no general obligation debt outstanding. The Village does have one water revenue bond issue outstanding. The revenues of the Norris City Sanitary District (the "District") grew by 3.45% the last five years and expenses increased by 7.55% over the same period of time. Connection growth is flat and average and peak demands are reported by the District to be 40.18% and 80.36% of capacity, respectively. The top five users of the system account for 10.2% of system revenues.

The Village proposes to borrow \$575,000 to refinance the existing debt of the District. The defeasance of the District's debt will allow the District to dissolve under the Sanitary District Act of 1917 and combine with the Village. The intercept on the proposed issue is good at 2.32x proposed debt service. According to the Ordinance, the Village is pledging the revenues of the District and the revenues distributed by the State of Illinois including income taxes and sales taxes. *Using 2003 State shared revenues and District revenues, coverage on the proposed debt service is estimated to be 2.39x, however, net revenues from operations only provide 50% of debt service requirements.* It had been the Bond Bank's practice to require enterprise operations to generate at least 110% of debt service from operations. Therefore, provided the Village additionally pledges an intercept of its State shared revenues and raises rates to generate debt service coverage from operations of at least 1.10x proposed debt service, this issue is recommended as an alternate revenue bond.

Analysis

Ratios

Fund Balance/Expenses	75.90%
Cash/Liabilities	n/a
Short Term Borrowing/Expenses	0.00%
Debt/Market Value	0.00%
Per Capita Debt	\$0
Existing GO Debt Service/Expenses	0.00%
Existing GO and Alternate Revenue Debt Service/Expenses	0.00%
Projected GO Debt Service/Net	(0.69x)

Sewer Fund Coverage Using Historical Numbers

<u>2003 Net Available</u>	<u>Current Max P&I</u>	<u>Coverage</u>	<u>Total Max P&I</u> *	<u>Coverage</u>
\$39,403	\$59,085	0.67x	\$78,100	0.50x

After the refinancing of existing debt, new debt service equals \$78,100

FINANCING SUMMARY

Security: Alternate Revenue Bond. Not Rated
Structure: Fixed rate serial bonds
Maturity: 10 Years

PROJECT SUMMARY

The Village proposes to borrow \$575,000 to refinance the existing debt of the District. The defeasance of the District's debt will allow the District to dissolve under the Sanitary District Act of 1917 and combine with the Village.

Project costs include the following:

Refinancing	\$490,000
Issuance Costs	<u>85,000</u>
Total Project Costs	<u>\$575,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Village of Norris City
Project Name: The Village proposes to refinance the existing debt of the District. The defeasance of the District's debt will allow the District to dissolve under the Sanitary District Act of 1917 and combine with the Village.
Location: P.O. Box 280, Norris City, IL 62869
Organization: Village
State: Illinois
Officials: Carl R. Whipple, Village President
James E. Crouch, Clerk
Nancy Ruth Edwards, Treasurer
Trustee: Bob Chapman
Judy Daubs
Sue James
Jack Johnson
Roy A. Kissel
Norman Trousdale

PROFESSIONAL & FINANCIAL

Accountant:	Botsch & Associates	Carmi, IL	Keith Botsch
Borrower's Counsel:		Carmi, IL	Mark Stanley
Engineer:	NA		
Bond Counsel:	Hart Southworth & Whitman	Springfield, IL	Mike Southworth
Underwriter:	A.G. Edwards	St. Louis, MO	Anne Noble
Issuer's Counsel:	Chapman & Cutler	Chicago, IL	Chuck Jarik
Paying Agent:	US Bank NA	St. Louis, MO	Brian Kabbes
Rating Agency:	Standard & Poor's	Chicago, Illinois	
Rating Agency:	Fitch Ratings	Chicago, Illinois	
Financial Advisor:	Robert W. Baird & Co.	Naperville, Illinois	Thomas J. Gavin

LEGISLATIVE DISTRICTS

Congressional: 19 John Shimkus
State Senate: 59 Gary Forby
State House: 117 Gary Forby (Inactive)

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 9, 2004**

Deal: Village of Williamsville

STATISTICS

Deal Number:	L-PG-TE-MO-401B	Amount:	\$440,000
Type:	Local Government	PA:	Eric Watson
Location:	Sangamon County	Est. fee:	\$6,940

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Local Government Bonds - Bond Bank	Conditions: Pledge intercept and 1.25x coverage
IFA/State funds at Risk: Moral Obligation of the State	

PURPOSE

The Village proposes to borrow \$440,000 to fund the construction of sanitary sewer improvements.

VOLUME CAP

Local government bonds - no volume cap required.

VOTING RECORD

No prior voting record. This is the first time the IFA Board of Directors has reviewed this project.

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$440,000	Uses:	New Construction	\$415,250
	Funds on Hand	<u>100,000</u>		Engineering	70,000
				Issuance Costs	<u>54,750</u>
	Total	<u>\$540,000</u>		Total	<u>\$540,000</u>

JOBS

Current employment:	n/a	Projected new jobs:	n/a
Jobs retained:	n/a	Construction jobs:	n/a

CREDIT SUMMARY

The Village of Williamsville (the "Village") is located in central Illinois in Sangamon County approximately 20 miles north of Springfield. Assessed value growth has been good at nearly 4.57% during the past five years. The assessed valuation is primarily residential with such evaluations accounting for approximately 92.3% of the Village's total EAV. The Village does not have taxpayer or employer concentration. The Village's 2000 Census population of 1,439 increased 26.23% from the 1990 Census and 19.29% from the 1970.

General Fund performance has been good over the last five fiscal years, with only one year of negative results. Revenue increased by 7.02% during the last five years while expenses increased by 1.45%. The fund balance is 56.79% of expenses and the Village has no general obligation debt outstanding. The Village does have one water

note outstanding. The Sewer Fund revenues grew by 1.72% the last five years and expenses increased by 1.69% over the same period of time. Connection growth averaged 1.79% over the past five years and average and peak demands are reported by the Village to be 11.24% and 17.64% of capacity, respectively. The top five users of the system account for 11.6% of system revenues.

The Village proposes to borrow \$440,000 to fund the construction of sanitary sewer improvements. The intercept on the proposed issue is good at 4.67x proposed debt service. Coverage on the proposed debt service is estimated to be 1.98x. *Provided the Village pledges an intercept of its State shared revenues and keeps rates at levels that generate debt service coverage of at least 1.25x on proposed debt service this issue is recommended as an alternate revenue bond.*

Analysis

Ratios

Fund Balance/Expenses	56.79%
Cash/Liabilities	110.69%
Short Term Borrowing/Expenses	0.00%
Debt/Market Value	0.00%
Per Capita Debt	\$0
Existing GO Debt Service/Expenses	0.00%
Existing GO and Alternate Revenue Debt Service/Expenses	0.00%
Projected GO Debt Service/Net	0.59x

Sewer Fund Coverage Using Historical Numbers

<u>2003 Net Available</u>	<u>Current Max P&I</u>	<u>Coverage</u>	<u>Total Max P&I</u> *	<u>Coverage</u>
\$89,913	\$0	n/a	\$45,300	1.98x

* Outstanding maximum annual debt service of \$0 plus new debt service of \$45,300

FINANCING SUMMARY

Security: Alternate Revenue Bond. Not Rated
Structure: Fixed rate serial bonds
Maturity: 15 Years

PROJECT SUMMARY

The Village proposes to borrow \$440,000 and contribute \$100,000 to fund the construction of sanitary sewer improvements.

Project costs include the following:

Construction/Equipment	\$415,250
Engineering	70,000
Issuance Costs	54,750
Total Project Costs	<u>\$540,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Village of Williamsville
Project Name: The Village proposes to fund the construction of sanitary sewer improvements.
Location: 141 West Main, Willimasville, Illinois 62693
Organization: Village
State: Illinois
Officials: Thomas R. Yokley, President
Katherine L. Tabit, Clerk
Heidi Dowell, Treasurer
Trustees: Larry Barregarye
Sheila Caldwell
Jack Caldwell
William McCarty
Jason R. Hanson

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Bargber, Segatto, Hoffee & Hanes	Springfield, IL	Randy Segatto
Engineer:	Greene & Bradford, Inc.	Springfield, IL	
Bond Counsel:	Hart Southworth & Whitman	Springfield, IL	Mike Southworth
Underwriter:	A.G. Edwards	St. Louis, MO	Anne Noble
Issuer's Counsel:	Chapman & Cutler	Chicago, IL	Chuck Jarik
Paying Agent:	US Bank NA	St. Louis, MO	Brian Kabbes
Rating Agency:	Standard & Poor's	Chicago, Illinois	
Rating Agency:	Fitch Ratings	Chicago, Illinois	
Financial Advisor:	Robert W. Baird & Co.	Naperville, Illinois	Thomas J. Gavin

LEGISLATIVE DISTRICTS

Congressional: 18 Ray LaHood
State Senate: 50 Larry K. Bomke
State House: 99 Raymond Poe

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 9, 2004**

Deal: City of Farmington

STATISTICS

Deal Number:	L-PG-TE-MO-401C	Amount:	\$2,125,000
Type:	Local Government	PA:	Eric Watson
Location:	Fulton County	Est. fee:	\$33,900

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Local Government Bonds - Bond Bank	Conditions: Pledge intercept and 1.25x coverage
IFA State funds at Risk: Moral Obligation of the State	

PURPOSE

The City proposes to borrow \$2,125,000 to construct sewer, a pump station, force main and to upgrade an existing water facility in order to come into compliance with present rules and regulations.

VOLUME CAP

Local government bonds – no volume cap required.

VOTING RECORD

No prior voting record. This is the first time the IFA Board of Directors has reviewed this project.

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$2,125,000	Uses:	New Construction	\$1,510,000
	Funds on Hand	<u>0</u>		Engineering	202,000
				Miscellaneous	185,000
				Issuance Costs	<u>228,000</u>
Total		<u>\$2,125,000</u>	Total		<u>\$2,125,000</u>

JOBS

Current employment:	n/a	Projected new jobs:	n/a
Jobs retained:	n/a	Construction jobs:	n/a

CREDIT SUMMARY

The City of Farmington (the "City") is located in central Illinois in Fulton County approximately 30 miles west of Peoria. The City is in a rural area and many of its residents are employed in Peoria. The assessed valuation is primarily residential and commercial with such evaluations accounting for approximately 84% and 15% of the City's total EAV, respectively. Assessed value growth has been good at nearly 4.71% during the past five years. The City does not have taxpayer or employer concentration. The City's 2000 Census population of 2,601 increased 2.60% from the 1990 Census but decreased 8.01% from 1980.

General Fund performance has been poor over the last five fiscal years, with negative results in each of the last three years. Revenues increased by 2.12% while expenses increased by 3.58%. The fund balance is 32.37% of expenses. The City has one existing general obligation note outstanding, one alternate revenue bond issue and one revenue bond issued through the Illinois Rural Bond Bank. Enterprise system revenues decreased by 0.63% the last five years and expenses increased by 11.15% over the same period of time. Historical coverage on existing debt averaged 2.27x over the last five years and 1.77x in 2002. Coverage from operations on existing and proposed debt service based on 2002 results is estimated to be 0.97x. Connection growth is flat and average and peak demands are reported by the City to be 56.46% and 164.41% of capacity, respectively. The proposed project is expected to alleviate the lack of peak capacity. The top five users of the system account for 4.3% of system revenues.

The City proposes to borrow \$2,125,000 to construct sewer, a pump station, force main and to upgrade an existing water facility in order to come into compliance with present rules and regulations. The City will enter into a debt certificate for \$500,000 in order to finance initial costs of the proposed project. It is anticipated that this issue will refinance the debt certificate. According to the draft bond ordinance, the City will pledge revenues of the waterworks and sewerage system. *The intercept on the proposed issue is good at 2.54x proposed debt service. Provided the City pledges an intercept of its State shared revenues and raises rates to generate debt service coverage from operations of at least 1.25x proposed debt service this issue is recommended as an alternate revenue bond.*

Analysis

Ratios

Fund Balance/Expenses	32.37%
Cash/Liabilities	19.25%
Short Term Borrowing/Expenses	0.00%
Debt/Market Value	0.08%
Per Capita Debt	\$16
Existing GO Debt Service/Expenses	1.79%
Existing GO and Alternate Revenue Debt Service/Expenses	32.51%
Projected GO Debt Service/Net	(0.46x)

Enterprise Fund Coverage Using Historical Numbers

<u>2002 Net Available</u>	<u>Current Max P&I</u>	<u>Coverage</u>	<u>Total Max P&I</u> *	<u>Coverage</u>
\$416,806	\$244,260	1.71x	\$429,560	0.97x

* Outstanding maximum annual debt service of \$244,260 plus new debt service of \$185,300

FINANCING SUMMARY

Security: Alternate Revenue Bond. Not Rated
 Structure: Fixed rate serial bonds
 Maturity: 20 Years

PROJECT SUMMARY

The City proposes to borrow \$2,125,000 to construct sewer, a pump station, force main and to upgrade an existing water facility in order to come into compliance with present rules and regulations.

Project costs include the following:

Construction/Equipment	\$1,510,000
Engineering	202,000
Miscellaneous	185,000
Issuance Costs	<u>228,000</u>
Total Project Costs	<u>\$2,125,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: City of Farmington
Project Name: The City proposes to borrow to construct sewer, a pump station, force main and to upgrade an existing water facility in order to come into compliance with present rules and regulations.
Location: 33 North East Street, Farmington, Illinois 61531
Organization: City
State: Illinois
Officials: Cyril Stobaugh, Mayor
Roger Woodcock, City Administrator
Donna DeGroot, Clerk
Aldersperson: James Morgan
Todd Stromeyer
Butch VanHouten
Sarah Veach
June Whitmer
Ronald Zessin

PROFESSIONAL & FINANCIAL

Accountant:	McGladrey & Pullen LLP	Peoria, IL	
Borrower's Counsel:	William Connor Attorney at Law	Peoria, IL	William Connor
Engineer:	Farnsworth Group	Peoria, IL	
Bond Counsel:	Hart Southworth & Whitman	Springfield, IL	Mike Southworth
Underwriter:	A.G. Edwards	St. Louis, MO	Anne Noble
Issuer's Counsel:	Chapman & Cutler	Chicago, IL	Chuck Jarik
Paying Agent:	US Bank NA	St. Louis, MO	Brian Kabbes
Rating Agency:	Standard & Poor's	Chicago, Illinois	
Rating Agency:	Fitch Ratings	Chicago, Illinois	
Financial Advisor:	Robert W. Baird & Co.	Naperville, Illinois	Thomas J. Gavin

LEGISLATIVE DISTRICTS

Congressional: 17 Lane Evans
State Senate: 46 George P. Shadid
State House: 91 Michael K. Smith

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 17, 2004

Deal: Alvar, Inc.

STATISTICS

Deal Number:	B-LL-TX-401	Amount	\$100,000
Type:	Participation Loan	PA:	Jim Senica
Location:	Washburn	Est fee:	N/A

BOARD ACTION

Purchase of Participation Loan from First Capital Bank – Peoria.
\$100,000 IFA funds at risk.
Collateral is *pari passu* first position with the bank.
Staff recommends approval of a resolution subject to the Bank covenants noted on page 3 of this report.

PURPOSE

Construction of a 10,500 square foot building addition.

VOTING RECORD

Initial presentation for IFA Board consideration, no voting record; however, this loan was originally approved by the IDFA Board with 13 ayes, 0 nays, 0 abstentions and 4 members absent. Due to delays in constructing the building addition, the loan was never closed and is being presented for an extension of the loan commitment by IFA to the borrower.

SOURCES AND USES OF FUNDS

Sources:	IFA	\$100,000	Uses: Project Costs	\$200,000
	First Capital Bank	<u>520,000</u>	Bank refinancing	<u>420,000</u>
	Total	<u>\$620,000</u>	Total	<u>\$620,000</u>

JOBS

Current employment:	25	Projected new jobs:	5
Jobs retained:	N/A	Construction jobs:	20
		(6-month period)	

BUSINESS SUMMARY

Background: Alvar, Inc., an Illinois S corporation, was founded in 1978 by Mr. Arthur Lersch, Sr. After Mr. Lersch, Sr.'s death in 1992, the Company has been owned and managed by his son, Arthur Lersch, Jr.

Description: Alvar, Inc. is engaged in the manufacturing of various types of high quality specialty ink components, varnishes and resins for the graphic print industry (advertising and packaged marketing materials). The Company's products are sold to design print companies that can add to a base product and then produce a finished ink that is sold directly to publishers. Demand for the Company's products is consistent, with no seasonality.

Remarks: Alvar, Inc.'s customers are large printer's ink shops that produce a wide range of products, with no single customer accounting for more than 8% of sales. Management has stated that the Company has engaged in the production of a new additional product that will be used in the marine paint industry. This new product is a special undercoating that is applied to the underside of ships and boats when they are removed from the water for periodic maintenance. There are currently few manufacturers of the undercoat products and the Company estimates that the new product could eventually bring in an additional \$1.5 million in annual revenue and an additional \$500,000 in net income. (For conservative purposes, this anticipated revenue is not included in the projections presented below).

Financials: Audited financial statements for years 2000 through 2002
Projected financial information 2003 through 2005

	Fiscal year-end		Calendar year-end			
	August 31		December 31			
	2000	2001	2002	2003	2004	2005
	(Dollars in 000's)					
Income Statement						
Sales	3,048	4,072	4,436	4,590	4,682	4,775
Net income	110	258	334	484	494	504
Balance sheet						
Current assets	1,050	1,352	1,954	2,211	2,680	3,160
PP&E	438	478	399	515	426	337
Total assets	<u>1,488</u>	<u>1,830</u>	<u>2,353</u>	<u>2,726</u>	<u>3,106</u>	<u>3,497</u>
Current liabilities	259	306	250	250	251	252
CP Senior Debt	33	116	61	60	53	56
CP Subordinated Debt	40	60	50	55	60	66
Other Current liab.	<u>65</u>	<u>80</u>	<u>73</u>	<u>73</u>	<u>73</u>	<u>73</u>
Total current liab.	397	562	434	438	437	447
Senior Debt	456	470	584	524	471	415
Subordinated Debt	473	378	328	273	213	146
Equity	<u>162</u>	<u>420</u>	<u>1,007</u>	<u>1,491</u>	<u>1,985</u>	<u>2,489</u>
Total liab. & equity	<u>1,488</u>	<u>1,830</u>	<u>2,353</u>	<u>2,726</u>	<u>3,106</u>	<u>3,497</u>
Ratios						
Senior debt svc cov.	3.27	6.18	4.75	6.12	6.56	7.51
Current ratio	2.64	2.41	4.50	5.05	6.13	7.07
Senior debt/equity	3.02	1.40	0.64	0.39	0.26	0.19

Discussion: Alvar, Inc. converted from a C corporation to an S corporation on December 31, 2001, and at the same time changed its reporting period from a fiscal year-end of August 31st to a calendar year-end of December 31st. Operating results for the short period between September 1, 2001, and December 31, 2001, reveal revenue earned of approximately \$1.324 million and net income of approximately 112,000.

The increase in revenue of \$1.024 million from FY 2000 to FY 2001 reflects the result of several special order products being produced in FY 2001 that commanded a higher selling price. The Company has indicated that it plans to continue with special order manufacturing to augment its core products. The corresponding increase in net income in fiscal years 2000 to 2001 is attributed to increased cost savings and price increases that have not impeded the Company's ability to move product. The Company posted a nearly 9% increase in revenues in 2002 to \$4.436 million and a 29% increase in net income to \$334,000. Interim results for the 11 months ending November 30, 2003, indicate that the Company has earned revenues of \$4.746 million, significantly exceeding the revenue and net income projections prepared for this project.

The original projected increases in net income in years 2003 through 2005 also reflect the effect of these factors in addition to the conversion to the S corporation, in which income taxes would be paid by the shareholder. For conservative purpose, projected revenues were computed to increase at 2% per annum (again not including the revenue anticipated from the new product line referenced above). Also, projected amounts do not reflect any personal distributions that may be withdrawn by the business owner.

Subordinated debt on the balance sheet represents obligation on a note for treasury stock sold back to the Company by the original founder's wife (Mrs. Arthur Lersch, Sr.). Payments on this note are subordinated to the Bank and IFA and will be made only after payment has been made on this IFA/Bank loan.

Bank covenants include the following:

- 1) Quarterly interim financial statements
- 2) Annual audited financial statements
- 3) Prior to funding, certified fair market value appraisal on the pledged real estate of not less than \$900,000
- 4) Evidence of adequate insurance on the collateral
- 5) Personal guaranty of Arthur Lersch, Jr.
- 6) Shared first mortgage and a blanket first security interest on all other assets
- 7) Assignment of a \$500,000 life insurance policy
- 8) No material negative changes in personal financial condition from statement dated 11/24/02.

Note: Updated personal financial statement was in process at time of Board Book mailing and will be available for committee and formal IFA Board meetings.

In addition to refinancing its mortgage at First Capital Bank - Peoria, the Company will also have access to a \$600,000 revolving line of credit for operating purposes with this Bank. The revolving line of credit will be priced at prime floating daily and will be secured by a blanket UCC filing and a second mortgage on the property.

FINANCING SUMMARY

Borrower: Alvar, Inc.

Security: Pro-rata first position "*pari passu*" with First Capital Bank - Peoria on the project real estate. Collateral is based on a minimum appraised fair market value of \$900,000 resulting in collateral coverage on senior debt to IFA and the Bank on this participation loan of 1.45 times. Additionally, IFA will share with the bank on a pro-rata basis in a blanket lien on all Company assets (machinery and equipment, accounts receivable and inventory), in the personal guaranty of Arthur Lersch, Jr. and in assignment of a \$500,000 life insurance policy on Arthur Lersch, Jr. Staff recognizes that in the event of default with respect to this loan, standard wording in IFA's participation agreement states that the IFA/Bank loan will be paid prior to any other loan, including a line-of-credit loan, that the borrower may have with the Bank.

Structure: Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 150 basis points below what the Bank is charging the customer. The Bank's interest rate will be fixed at 6.50 % for the first five years of the loan, then adjusted to the 3-year treasury rate in effect at that time plus 350 basis points for the second five years of the loan.

Maturity: The loan will be set on a 10-year amortization with 120 payments of principal and interest over the ten-year term of the loan.

PROJECT SUMMARY

The proposed project involves the construction of a new 10,500 square foot addition to the Company's current 25,000 square foot manufacturing facility on approximately 5 acres of land owned by the Company and located at 112 Illinois Highway 89, Washburn, Illinois (Marshall County).

Project costs are estimated as follows:

Building Addition	<u>\$200,000</u>
Total	<u>\$200,000</u>

The proposed project will provide the applicant with the additional manufacturing capacity needed to accommodate growing demand for its products.

ECONOMIC DISCLOSURE STATEMENT

Project name: Alvar, Inc. Building Expansion
Location: 112 State Route 89 Washburn, Illinois (Marshall County)
Applicant: Alvar, Inc.
Organization: Illinois S corporation
Ownership: Arthur Lersch, Jr. - 100%

PROFESSIONAL & FINANCIAL

Accountant:	Geary & Frashier, CPA's	Centralia, IL	
Bank:	First Capital Bank	Peoria, IL	Tim Warren
Attorney:	Dean R. Essig	Washington, IL	
General Contractor:	Becker Construction, Inc.	Peoria, IL	
IFA Counsel:	Dykema Gossett PLLC	Chicago, IL	Darrell W. Pierce

LEGISLATIVE DISTRICTS

Congressional:	18 - Ray LaHood
State Senate:	45 - Claude Stone
State House:	89 - Keith P. Sommer

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors
FROM: Townsend S. Albright
DATE: February 17, 2004
RE: Trinity International University requests to amend the structure of its Series 2000-A and Series 2000-B Tax Exempt Bonds

Request: Trinity International University ("Trinity") requests the IFA Board consent to allow the Series 2000-A and 2000-B Bonds to include a new series of Variable rate Multi-Mode Bonds in the form of a "Bank Mode".

Background: Currently, Trinity has approximately \$11.9 million of Series 2000-A and Series 2000-B Bonds outstanding. Trinity's bank is CIB Bank ("CIB"). CIB does not have a rating on its own sufficient to re-market the Bonds as variable rate demand bonds. Trinity used a combination of banks in 2000 to gain market access using FirstStar (now US Bank) as the confirming letter of credit for CIB.

There is currently an imbalance between the pricing of these two letters of credit for Trinity and the actual interest cost on the bonds in terms of the fees charged by charged by CIB upon renewal and extension of the letter of credit. This results in the unusual situation where CIB is able to directly carry a LIBOR based, monthly floating interest rate bond for Trinity at a lower rate than the all-end cost of the bond rate plus the two letters of credit. CIB has proposed that they take the bonds "in-house".

Trinity wishes to preserve its right to put a letter of credit back on the bonds and access lower floater markets. For now and the indefinite future Trinity would like to accept CIB's proposal. There is no current mode in the Trust Indenture that allows this.

Trinity requests to amend the Series 2000-A and 2000-B Bonds, the Trust Indenture, and Loan Agreement to provide an additional mode to the bond structure. The letter of credit would be used to take out the existing bondholders, and, in essence, CIB would hold the bonds as reimbursement for that letter of credit draw.

Staff recommends approval.

Voting record from IDFA Final Bond Resolution on July 16,1998

Ayes: 9 Nays: 0 Abstentions: 0 Absent: 2 Vacancies: 4

Absent: Cisco, Munson Vacancies: Davis, Grayson, Musgrave, Seigle

ta/h/Trinityuamend12704



ILLINOIS FINANCE AUTHORITY

Chicago Office • Sears Tower • 233 South Wacker, Suite 4000 • Chicago, Illinois 60606 • 312.627.1434 • Fax 312.496.0578

Rod R. Blagojevich
Governor

To: IFA Board of Directors

From: John Haderlein
Senior Bond Counsel

Date: February 10, 2004

Re: \$1,300,000 Illinois Development Finance Authority
501(c)(3) Revenue Bonds, Series 2003
(National Commission on Correctional Healthcare Project)
#9801-NP

Board Action Requested

Approve a change in the interest rate calculation method.

Purpose

In 2003, IDFA issued bonds on behalf of the borrower, the National Commission on Correctional Healthcare, in the amount of \$1,300,000 for a project located in Chicago, Illinois. Since that time, it was discovered that the interest rate calculation method was not correct. The bond documents indicate that interest is to be calculated on the basis of a "360-day year and actual number of days elapsed". The proper basis for the calculation of interest payable should be a "360-day year of twelve months" basis.

In order to correct this error, certain bond documents must be amended to allow for the proper interest rate calculation method to be used.

The borrower is requesting that the IFA board adopt a resolution that allows the borrower to so amend the relevant bond documents to achieve this correction.

Voting Record from the IDFA Final Board Resolution – December 12, 2002

Ayes:	13
Nays:	0
Abstentions:	0
Absent:	4
	T. Beattie
	H. Kaplan
	H. Ratner
	R. Santo
Vacancy:	0

Recommendation

Staff recommends that the board adopt a resolution amending certain bond documents in order to allow the borrower to correct the interest calculation method consistent with the foregoing.

c:\0204\amend1.doc



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Rod R. Blagojevich
Governor

Date: February 9, 2004

To: IFA Board Members

From: Christopher Vandenberg, Program Administrator

Re: **E-PC-RE-410: Columbia College Advance Refunding of Illinois Educational Facilities Authority Revenue Bonds, Series 1992**

Attached is a draft board write-up for a project expected to be presented to the IFA Board of Directors in March 2004 for a one-time approval. Columbia College Chicago is expected to request board approval for an advance refunding of its Series 1992 IEFA Revenue Bonds. The refunding will provide interest savings to the College and free up funds for additional capital projects.

The College has chosen to defer application until they have final approval from their Board of Trustees to proceed with the refunding. As a result of this delay, the College would like to bring this project for preliminary and final approval in March. In order to facilitate this approval, please review the attached write-up for any potential conflicts of interest or other concerns.

Additional information on this application is forthcoming (including financial statements) and will be included in the IFA Board Report to be presented in March.

Please call me at (312) 651-1363 if you have any questions or comments.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
DRAFT**

Deal: Columbia College Chicago

STATISTICS

Deal Number:	E-PC-RE-402	Amount:	\$7,275,000 (not-to-exceed amount)
Type:	501(c)(3) Bonds	PA:	Rich Frampton and Christopher Vandenberg
Locations:	Chicago	SIC Code:	8821

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Conduit 501(c)(3) Bond Financing	No IFA funds at risk
No extraordinary conditions	

PURPOSE

Proceeds will be used to (i) advance refund outstanding Series 1992 A&B IEFA revenue bonds and (ii) finance the cost of construction, renovation, acquisition and/or equipping of certain educational facilities of Columbia College.

VOLUME CAP

No Volume Cap is required for 501(c)(3) Bond financings.

VOTING RECORD

No prior vote. This is the first time this project has been presented to the IFA Board of Directors.

PROPOSED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	<u>\$7,275,000</u>	Uses:	Advance Refunding	\$6,413,074
	Total	<u>\$7,275,000</u>		Additional Proceeds	558,563
				Insurance	162,426
				Costs of Issuance	140,937
			Total		<u>\$7,275,000</u>

JOBS

Current employment:	234(FT) 1,065(PT)	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Columbia College Chicago (hereinafter, "College" or the "Borrower") is incorporated under Illinois law and is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code.

Description: Columbia College Chicago is private, not for profit, independent, fully accredited, unaffiliated undergraduate and graduate college located in downtown Chicago. The College offers educational opportunities in the performing, visual, communications, and writing arts at both the graduate and undergraduate levels, including the largest film school in the world. Its primary location in the south loop area of Chicago provides easy access to the Art Institute of Chicago, Alder Planetarium and Astronomy Museum, Field Museum, Chicago Symphony Orchestra and other notable cultural and educational institutions.

Founded in 1890 as the Columbia School of Oratory, the College has grown to become the fifth largest private college or university in Illinois. The enrollment of approximately 9,800 students is drawn primarily from the city of Chicago and its suburbs, but also attracts students from across the United States and from thirty-six other countries. Enrollment is expected to continue growth at approximately 3 to 3.5% through 2008. The student body is virtually evenly divided between men and women. Approximately six percent of the student body is enrolled in graduate studies.

Financials: Audited financial statements forthcoming.

FINANCING SUMMARY

Security: The Series 2004 Bonds will be secured by a limited obligation of the College. The bonds will most likely be insured by XL Capital Assurance, which carries a AAA rating by S&P.

Structure: Fixed Rate

Maturity: To be determined.

PROJECT SUMMARY

Bond proceeds will be used to (i) advance refund outstanding Series 1992 A&B Illinois Educational Facilities Authority revenue bonds and (ii) construct, renovate, acquire and/or equip certain educational facilities of the College.

Project costs are estimated as follows:

Advance Refunding	\$6,413,074
Additional Proceeds	558,563
Insurance	162,426
Costs of Issuance	<u>140,937</u>
Total	<u>\$7,275,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Columbia College Chicago
Project name: Advance refunding of existing Illinois Educational Facilities Authority Revenue Bonds
Location: 600 S. Michigan Avenue, Chicago, Illinois 60605
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Ownership: Not applicable for 501(c)(3) Corporations. *See list of Board of Directors attached.*

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Wildman, Harrold, Allen & Dixon	Lisle, IL	David Hight
College's Advisor:	John S. Vincent & Company, LLC	Chicago, IL	John S. Vincent
College's Auditor:	KPMG, LLP	Chicago, IL	Stuart Millar
Bond Counsel:	Chapman and Cutler	Chicago, IL	James E. Lochehow
Senior Manager:	RBC Dain Rauscher	Chicago, IL	Jim Pass
Co-Manager:	Loop Capital Markets	Chicago, IL	Bo Daniels
Underwriter's Counsel:	Barnes & Thornburg	Chicago, IL	Jeff Qualkinbush
Trustee:	U.S. Bank National Association	St. Paul, MN	Lori-Anne Rosenberg
Rating Agency:	Standard & Poor's Rating Services	Chicago, IL	Susan L. Carlson
Insurance Provider:	XL Capital Assurance, Inc.	New York, NY	Scott Beinhacker
IDFA Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Congressional:	7	Danny K. Davis
State Senate:	13	Barack Obama
State House:	26	Lovana Jones

**COLUMBIA COLLEGE CHICAGO
BOARD OF TRUSTEES
2002-2003**

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Osvaldo "Ozzie" Rodriguez, Executive Vice Chair
Fay Hartog Levin, Vice Chair
Tom Kallen, Treasurer
Madeline Murphy Rabb, Secretary
Warrick L. Carter, Ph.D., President

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William L. Hood	Patrick A. Sweeney
Gary Stephen Hopmayer	Nancy Tom
Don Jackson	Dempsey Travis
Tom Kallen	Pamela J. Turbeville
Bradley A. Keywell	Allen Turner
Karen F. Kizer	Tony G. Weisman
Bill Kurtis	Helena Chapellin Wilson
Marcia Lazar	Robert A. Wislow

**GLOSSARY OF ACRONYMS
AND TERMS
USED BY IFA**

I. Terms commonly used in IFA write-ups

Bond Counsel	On financing team for Borrower
Issuers Counsel	Outside counsel to represent IFA
AD	Restructuring Ag Debt Guarantee
AL	Assisted Living
B	Business
CD	Conduit
CF	Coal Fired Power Plants
CL	Construction Loan Interim Financing
CP	Community Provider
DC	Distressed Cities
E	Education/Cultural
FF	Fund to Funds
FR	FreshRate
FT	Fire Truck Revolving Loan
GO	Local Government Obligation
GP	Local Government Pooled Bond
GR	Local Government Revenue Bond
H	Health Care

HO	Hospital
HF	Health Facility
I	Industrial
ID	Industrial Development Bonds
IF	Tax Increment Financing
IFA	Illinois Finance Authority
L	Local Government
LOC	A form of supplement or, in some cases, direct security for a municipal bond under which a commercial bank or private corporation guarantees payment on the bond under certain specified conditions
M	Mortgage
MH	Multifamily Housing
MS	Medical School
NP or FP	Not for Profit
NH	Nursing Home
P	Pollution Control
PC	Private College
Placement Agent/ Underwriter	Securities firm that purchases Bonds and places with investors. Engaged by Borrower
PF	Private Foundation

PL	Participation Loan
PO	Pollution Control/Environment
PS	Private School
Private Placement	Negotiated sale in which the new issue securities are sold directly to institutional or private investors rather than through a public offering.
PW	Pooled Warrant Program for School
RD	Rural Development
SD	Local School District
SG	Specialized Livestock Guarantee
SL	Senior Living
SS	Local Special Service Area
SW	Solid Waste
TA	Tax Anticipation Notes
TB	Technology Development Loan
TX	Taxable
RE	Refunding
UR	Water or Gas - Utility Revenue Bonds
V	Venture Capital
YF	Young Farmer Guarantee

II. General Bond and Financing Terms

Amortize Retire the Principal of an issue by periodic payments either directly to bondholders, or first to a Sinking Fund and then to bondholders.

Arbitrage Interest rate differential that exists when proceeds from a municipal bond which is tax-free and carries a lower yield are invested in taxable securities with a yield that is higher. **THIS IS ILLEGAL** solely as a borrowing tactic per 1986 Tax Reform Act.

Average Life Average length of time an issue of serial bonds and/or term bonds with mandatory sinking funds and/or estimated prepayment is expected to be outstanding.

Basis Point One one-hundredth of one percent (1/100% or 0.01 percent) 100 basis points equal one percent.

Capitalized Interest A portion of the proceeds of an issue that is set aside to pay interest on the securities for a specified period of time.

Conduit Bonds	Bonds whose repayment is the responsibility of the business or developer who benefits from the financing, rather than the issuer who only collects the taxes, fees or revenues and passes them on to the bondholder.
Cost of Issuance	Expenses associated with the sale of new issue of municipal securities, including such items as underwriter" spread, printing, legal fees and rating costs.
Covenant	Legally binding commitment by the issuer of municipal bonds to the bondholder.
Debt Ratio	Ration of the issuer's general obligation debt to a measure of value, such as real property valuations, personal income, general fund resources, or population.
Debt Service	Required payments for principal and interest.
Debt Service Fund	Separate account in the overall sinking fund into which moneys are placed to be used to redeem securities, by open-market purchase, request for tenders or all, in accordance with a redemption schedule in the bond contract.
Default	Breach of some covenant, promise or duty imposed by the bond contract – failure to pay in a timely manner principal and/or interest when due.
Direct Sale	Sale of new security by the issuer to investors, bypassing the underwriter or middleman.

Face Value	Stated principal amount of a bond
Fiscal Agent	Also known as Paying Agent – bank, designated by the issuer to pay interest and principal to the bondholder.
Fixed-interest	Bond with an interest rate that stays the same over its life span.
Floater	Variable rate – Method of determining the interest to be paid on a bond issue by reference to an index or according to a formula or other standard of measurement at intervals as stated in the bond contract.
GO	General Obligation Bonds – voter approved bonds – backed by the full faith, credit and unlimited taxing power of the issuer
Indenture	Bond Contract – states time period for repayment; amount of interest paid etc.
Maturity	Length of time before the principal amount of a bond is due to the bondholders. It is the time until a bond may be surrendered to its issuer.
MO	Moral Obligation Bonds – sold by state without voter approval and are used for specific purposes – in the event of a shortfall, it is implied that the state will make up the difference.

OS	Official Statement – Prospectus document circulated for an issuer prior to a bond sale with salient facts regarding the proposed financing. There are two: Preliminary/or Red Herring because some of the type on its cover is printed in red and, (it is subject to final change and update upon completion of sale of bonds) it is supposed to be available to the investor before the sale; Final OS must be sent to the purchaser before delivery of the bonds.
Par Value	Face value of bond – generally \$1000
Pari Passu	Equitably and without preference – all equal
Principal	Amount owed; face value of a debt
Public Offering	Sale of bonds (generally through an underwriter) to the general public (or a limited section of the general public).
Refunding Bond	Issuance of a new bond for the purpose of retiring an already outstanding bond issue.
Revenue Bond	Municipal Bond whose debt service is payable solely from the revenues derived from operating the facilities acquired or constructed with the proceeds of the bonds
Secondary Market	Trading market for outstanding bonds and notes.

Serial Bond	Bond of an issue that features maturities every year, annually or semiannually over a period of years, as opposed to a Term Bond, which is a large block of bonds maturing in a single year.
Sinking Fund	Fund established by the bond contract of an issue into which the issuer makes periodic deposits to assure the timely availability of sufficient moneys for the payment of debt service requirements.
State & Local Government Series	United States Treasury obligations, which take the form of Treasury Notes, Treasury Bonds or Treasury Certificates of Indebtedness. The US Government created a "State & Local Government Series" of such notes, bonds and certificates to allow municipal bond proceeds to be put into "permitted" investments which would comply with IRS arbitrage provisions, and to not engage in "yield burning".
Swap	Exchange of one bond for another. Generally, act of selling a bond to establish an income tax loss and replacing the bond with a new item of comparable value.
Tax-Exempt Bond	Bonds exempt from federal income, state income, or state tax and local personal property taxes. States do not tax instruments of the federal government and the federal government does not tax interest of securities of state and local governments.

Technical Default	Failure by the issuer to meet the requirement of a bond covenant. These defaults do not necessarily result in losses to the bondholder. The default may be cured by simple changes of policy or actions by the issuer.
Term Bond	Bonds comprising a large part of all of a particular issue that come due in a single maturity.
Trust Indenture	Contract between the issuer of municipal securities and a trustee, for the benefit of the bondholders.
Trustee	Bank designated as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the trust indenture and represents bondholders to enforce their contract with the issuer.
Underwrite	Agreement to purchase an issuer's unsold securities at a set price, thereby guaranteeing the issuer proceeds and a fixed borrowing cost.
Underwriter	Dealer that purchases a new issue of securities for resale.
Variable Rate Demand Bond	Bond whose yield is not fixed but is adjusted periodically according to a prescribed formula.
Yield	Measure of income generated by a bond
Yield to Maturity	Rate of return anticipated on a bond held until maturity

**Illinois Finance Authority
Market and Product Codes**

Market	Market Code	Submarket	Submarket Code	Type of Product	Type Code
Industrial	I	Industrial Development Bonds	ID	Tax Exempt	TE
		Utility Revenue Bonds	UR	Taxable	TX
				Refinancing	RE
Mortgage	M	Multifamily Housing	MH	Conduit	CD
		FreshRate	FR	Non-Conduit	NC
				Moral Obligation	MO
Pollution Control	P	Solid Waste	SW	Tech Devl	TD
		Pollution Control	PO	Fund to Funds	FF
		Coal Fired Power Plants	CF	Guaranteed	GT
Business	B	Loans	LL		
		Rural Devel Loan	RD		
Farm	F	Young Farmer Guarantee	YF		
	F	Specialized Livestock Guar	SG		
	F	Restructuring Ag Debt Guar	AD		
	F	Ag Industry	AI		
	F	Beginning Farmer Bond	FB		
	F	Beginning Farmer Contract Bond	CB		
Venture Capital	V				
Education/Cultural	E	Private School	PS		
		Private College	PC		

Market	Market Code	Submarket	Submarket Code	Type of Product	Type Code
		Private Foundation	PF		
Local Government	L	Local Gov. Obligation	GO		
		Local Gov. Pooled Bond	GP		
		Local Gov. Revenue	GR		
		Tax Increment Financing	IF		
		Local School District	SD		
		Local Special Service Area	SS		
		Distressed Cities	DC		
		Tax Anticipation Notes	TA		
		Construction Loan Interim Fin	CL		
		Fire Truck Revolving Loan	FT		
		Pooled Warrant Program for Schools	PW		
Health Care	H	Hospital	HO		
		Assisted Living	AL		
		Nursing Home	NH		
		Senior Living	SL		
		Community Provider	CP		
		Health Facility	HF		
		Medical Schools	MS		
Other non-profits	N	Other types of non-profits	NP		

New Illinois Finance Authority Gives Nod to Four Health Care Offerings

By Yvette Shields

CHICAGO — The newly created Illinois Finance Authority gave initial approval to a handful of health care deals at a board meeting Friday, including a new-money and refunding transaction of up to \$550 million for Northwestern Memorial Hospital in Chicago.

The other borrowers that received initial approval include Alexian Brothers, which would borrow \$80 million of new-money debt, BroMenn Healthcare with a \$60 million new-money and refunding transaction, and Franciscan Communities Inc. for \$21 million in new money. All four must return for final approval.

Northwestern is putting together a roughly even mix of new-money and refunding bonds in a \$550 million sale with J.P. Morgan Securities Inc. as the book-runner and UBS Financial Services Inc. a co-senior manager. It will include a mix of fixed- and variable-rate securities, but the division between each is not yet set, according to J.P. Morgan health care banker Mark Melio. The hospital is working with Jones Day as bond counsel.

The prestigious Chicago hospital carries a AA-plus from Standard & Poor's and an Aa2 from Moody's Investors Service. A final decision on whether the bonds would carry triple-A insurance has not been made, said chief financial officer Peter McCanna. The variable-rate piece could sell as soon as April, with the fixed-rate following it as soon as May.

The refinancing portion of the transaction will current-refund fixed-rate bonds sold in 1994 and variable-rate bonds sold in 2002. The hospital has just \$375 million of debt outstanding, of which about two-thirds is floating rate. Authority documents said the hospital entered into two forward-starting interest rate swap agreements to lock in present-value savings levels on the refunding of the 1994 bonds.

The deal represents just one piece of the hospital's financing scheme for a \$1.5 billion capital program that runs through 2010. About \$150 million of the new-money proceeds will help pay for Northwestern's new Prentice Women's Hospital within its larger downtown hospital campus. The remaining new money will cover other expansion and renovation projects and technology upgrades.

Only between \$300 million and \$400 million of the capital program will come

from borrowing. "The lion's share of that plan is actually coming from operating cash and investment income," McCanna said. The hospital also has a fundraising campaign to raise capital.

Officials working on the Northwestern deal said the transition to working with a new conduit went smoothly. The hospital previously borrowed through the Illinois Health Facilities Authority, which was among five active statewide conduits that were merged into the IFA Jan. 1.

The authority has yet to set a policy on borrowers' use of underwriters, financial advisers, or bond counsel. The previous agencies abided by varying policies with some dictating what firms could be used and others leaving it up to the borrower. Public finance professionals are eagerly awaiting a decision as it stands to hurt the business of some firms and help others.

Borrowers with deals on the Friday agenda were free to select their teams, and board officials said the lack of a policy should not stop borrowers from submitting their deals. "We are looking at them on a deal-by-deal basis and anybody with a project should come to us," said board chairman David Gustman.

Alexian's deal this spring will finance several additional projects as part of a larger \$400 million, five-year capital program for its facilities in the suburbs of Elk Grove Village and Hoffman Estates. The bonds will sell with a variable rate-structure and a letter of credit from Bank One. Merrill Lynch & Co. is the underwriter, Kaufman Hall is the financial adviser, and Jones Day is the bond counsel.

BroMenn, based in Bloomington-Normal, Ill., will sell a mix of fixed-rate and floating-rate bonds to refund debt sold in 1985, 1990, 1992, and 2002. Piper Jaffray & Co. is the underwriter, Kaufman Hall the financial adviser, and Jones Day the bond counsel.

Chicago-based Franciscan will use proceeds of its bond issue to finance construction of a skilled nursing facility and assisted-living facility in the city and to refund outstanding debt sold in 1996 and 2001. Ziegler Capital Markets Group is the underwriter and Jones Day is bond counsel.

Many health care borrowers have long-term relationships with Jones Day because the former Health Facilities Authority required that they use the firm.

1/26/2004

Contains old IFDA

Farm financing programs for state continue under IFA

The Illinois Finance Authority (IFA), which has a Springfield office for rural and farming communities, is offering all the agricultural finance programs previously provided by the Illinois Farm Development Authority (IFDA).

New requests are being accepted for the ag financial programs and the service continues without interruption.

Last year, Gov. Rod Blagojevich signed legislation consolidating IFDA and several bonding authorities into the IFA. IFDA was a self-funded state agency created by the General Assembly to help farmers obtain agricultural loans for farm operations.

Ali Ata, the newly hired IFA executive director, noted Blagojevich recognized the importance of Illinois agriculture and continues to support ag financing programs.

IFA's farm loan programs operate with bonds and guarantees offered through local lenders just as IFDA did in the past. The programs are:

- Beginning farmer bond, a

low-interest loan for first-time farmland purchases;

- Debt restructuring guarantee, a guarantee for restructuring and refinancing any existing debt;

- Specialized livestock

New requests are being accepted for the ag financial programs and the service continues without interruption.

guarantee, a guarantee for capital purchases and construction of livestock buildings;

- Young farmer guarantee, a guarantee for all types of capital purchases made by young farmers; and

- Agri-industries guarantee, a guarantee for value-added processing or for production of commodities not commonly produced in Illinois.

The governor recently

appointed Joseph Alford and Edward Leonard to the IFA board.

Alford of Girard had served on the IFDA board and recently was part of the Governor's Advisory Committee on Farms and Farm Families.

Alford's term on the board expires in July 2006.

Leonard of Niantic is the owner and operator of Ed Leonard Farms.

He also served on the IFDA board, as well as the Niantic Farmers Grain Co. Board of Directors. Leonard's term also expires in July 2006.

The Springfield IFA office staff includes the core employees who had been with IFDA for more than 10 years.

Those employees include: Kevin Koenigstein, Laura Lanterman, Rick Schramm, and David Wirth.

For information about IFA's farm loan programs, visit www.state.il.us/ifda or call 800-406-4332 or 217-782-5792.

Treasurer seeks applicants for ag scholarships

Illinois State Treasurer Judy Baar Topinka is accepting applications for 2004 Excellence in Agriculture Scholarships.

Five scholarships of \$2,500 each will be awarded to Illinois high school seniors who plan to pursue careers in agriculture or ag-related fields.

Eligible applicants must be residents of Illinois and a high school senior in 2003-2004 with a grade point average of at least 2.5 their senior year.

They must be accepted in an agricultural major at an accredited college, university, or community college within Illinois.

Applicants must submit a completed form,

two letters of reference, and a typed essay of at least 250 words explaining why they've chosen an agricultural career.

Applications must be postmarked on or before April 16. Winners will be notified by May 2.

Scholarship money may be used only for tuition, books, and/or room and board by the institution.

Applications may be obtained by contacting: Office of State Treasurer, Agriculture Programs Division, 1 W. Old State Capitol Plaza, Suite 814, Springfield, Ill., 62701. The telephone number is 217-557-6436.

FARM WEEK

friendly system components. The environmental liquid men-lacked, is systems where light white color ne cooler air conditioning fees over the 20 Popovich vice aquarium renewable products and rural environment. said Soybean Check n Hiskilwa EGO - A Uni-neering profes-to build robotic s, the same toy children students in an course to tack-encounter with as divided into nt project from r itself to creat-could be pulled aren't the only ng unique chal-ember can have

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page 2

identifiers and display them on individual insurance cards. The IBA will initiate legislation that prohibits the use of Social Security numbers on insurance cards, while working with the insurance industry to provide adequate time to make the proposed changes.

- **Safe Harbor for Banks Regarding Reverse Pin ATM Alarm Systems.** Illinois enacted a law last year that permits ATM operators to program their ATMs to send an alarm to local law enforcement officers when a personal identification number (PIN) is entered in reverse order. The law is permissive, not mandatory; however, if a bank chooses to not implement the system, and a person is victimized by a crime committed near an ATM, it is unclear under the present language whether the bank nonetheless can be sued by the victim. The IBA will seek a "safe harbor" in this law to ensure that ATM operators are not subject to liability based on the permissive authority provided in that law.

- **Collateral Concerns for State of Illinois Vendors.** Illinois' Revised Article 9 of the Uniform Commercial Code excludes transfers by a government or governmental subdivision or agency from the applicability of Article 9. This means that a governmental body may not be considered to be an "account debtor" under Article 9, and the attachment and enforceability of an account and its proceeds from a governmental body might not be secured by a security agreement and perfected by a timely UCC filing. The IBA intends to pursue legislation to clarify that a government or governmental subdivision or agency may be an "account debtor" under Article 9 in order to protect the priority status of a lien on accounts receivable from government bodies.

- **Other IBA Issues.** In addition to pursuing our own agenda, the IBA will be analyzing, tracking and negotiating thousands of other proposals pursued by advocacy groups that may impact our industry. We also know that mergers like the recently announced one of Bank One and J.P. Morgan Chase are the reality of our marketplace today, and that unless the General Assembly modernizes the state's banking laws, we are certain to lose more Illinois-based financial institutions to other, more competitive banking states in the future . . . ultimately resulting in fewer jobs and less tax revenues for Illinois. The IBA will work hard to ensure that the Illinois banking laws provide state and national banking charters headquartered in Illinois with the same rights and privileges, and to make certain that all Illinois banks, regardless of size, have the same rights and privileges as financial institutions doing business in Illinois that are chartered in other states.

- **For Our Ag Bankers.** Effective December 31st, the Illinois Finance Development Authority (IFDA) merged with several other bonding authorities into the Illinois Finance Authority (IFA). The IFA Springfield office will retain the core group of

employees that have been with IFDA office for more than ten years. The IFA office is at 427 East Monroe, Suite 201, Springfield, Illinois 62701. IFA's phone number is 217.782.5792, and its website is <http://www.state.il.us/ifda/>.

Federal Issues

IBA Submits Comment Letters to the FCA. During the past month, the IBA has filed two comment letters with the Farm Credit Administration: (1) opposing management and trust powers for farm credit system institutions, and (2) supporting young, beginning, and small farmers and ranchers. Read these letters at: www.ilbanker.com.

Customer Identification Program Q&A Available. OCC Bulletin 2004-3 contains frequently asked questions about the final Customer Identification Program (CIP) rules which implement Section 326 of the USA PATRIOT Act. This guidance was prepared jointly by federal regulators along with FinCEN and the Treasury. Read the Bulletin, FAQs and the final rule at: www.occ.treas.gov/ftp/bulletin/2004-3.doc.

7(a) Loans Temporarily Resumed. On January 13th, the Small Business Administration (SBA) temporarily resumed its Section 7(a) guaranteed loan program. The SBA received approximately \$740 million in lending authority from the federal Office of Management and Budget. Although all loans will be capped at \$750,000 each, the funding is not expected to last beyond this month.

Living Trust Rule Adopted. Also on January 13th, the FDIC adopted a final rule regarding living trust accounts that will take effect on April 1st. The rule includes a provision to reduce record-keeping requirements, and it simplifies the insurance rules for deposits held in connection with living trusts. Read the rule at: <http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2004/pdf/04-1198.pdf>

18th Annual Springfield IBA Lobby Day Register Today!

Join your colleagues at our Lobby Day on Wednesday, March 24th. Hear Joel Weisman, senior editor of *Chicago Tonight*, meet with the state's legislative leaders and your own legislators on key banking issues, and network with other Illinois bankers and elected officials at our popular Legislative Reception. On-line registrations are now being taken at www.ilbanker.com. Save money with our *two-for-one special* for paid registrations from the same member bank received before March 1st!

Illinois' Victory Health Has 23 Years to Repay Provena

By Yvette Shields

CHICAGO — Victory Health Services & Vista Health remains obligated to repay Provena Health \$34 million in debt for a hospital in Illinois that will remain part of Vista, although Provena will withdraw from the system — but Victory was spared having to come up with a lump sum payment, according to a recent arbitration decision.

Standard & Poor's analysts said they were reviewing the details of the binding arbitration agreement for its impact on Victory's A-minus credit on \$80 million of outstanding debt, which includes an even mix of fixed-rate and floating-rate bonds sold in 1997 through the Illinois Health Facilities Authority. Standard & Poor's does not carry an underlying rating on Provena's \$409 million of debt, which carries insurance from NREA Insurance Corp.

Moody's Investors Service last year downgraded Victory two notches to Baa2 from A3 and left a negative outlook on the credit. The agency rates Provena's debt, issued through the Illinois Development Finance Authority in 1998, at Baa1 and last fall revised its outlook to stable from negative. Moody's Lisa Martin said analysts would review the decision.

As a result of a binding arbitration process, Victory must eventually pay Provena \$34 million to cover the debt of St. Therese Medical Center, located in Waukegan. Victory called the decision a victory because Provena had been seeking a lump sum payment.

Under the original agreement that created Vista, Victory was obligated to attempt to seek a tax-exempt bond financing to quickly repay the bonds. Given Victory's current credit status, chief financial officer Jim McNichols said a debt issue was too "burdensome." The arbitra-

Albany Reform Talk Could Delay Local New York Pension Bond Sales

By Michael McDonald

Local pension obligation bond sales in New York to help fund contributions to the state-run pension system could be de-

tor agreed, and Victory can repay the debt in monthly payments through 2027.

Provena said the arbitrator's decision would "facilitate" its withdrawal from Vista. "We are pleased that we can conclude our participation in Vista Health and allow them to continue serving the Waukegan community," Provena chief executive officer William T. Foley said in the statement.

Vista Health plans to consolidate its two Waukegan hospitals — St. Therese and Victory Memorial — at the Victory site, which is also in Waukegan, and to build a new facility in a nearby community. The hospitals are located about 40 miles north of Chicago. Vista must still get state regulatory approval for its plans.

In February 2000, the joint operating company Vista was created by combining Victory with Provena's St. Therese. Victory and Provena had hoped to combine the two acute care hospitals into one, a move that would save \$12 million annually, but the two clashed over consolidation decisions.

The proposed consolidation had other problems, including a Federal Trade Commission probe into potential antitrust issues. FTC staff subsequently urged the FTC not to challenge the merger.

Mokena, Ill.-based Provena announced in February 2002 that it would not financially support Vista plans due to the financial drain on its own system and began

steps to withdraw from Vista. However, it was required to leave St. Therese with Vista.

Victory has struggled in recent years, and when Moody's downgraded the credit last year analysts said they believed the system faces a difficult time reversing operating losses, restoring liquidity levels, and addressing capital needs. At the time, Victory was in violation of some covenants related to its letter of credit, and that forced it to hire a consultant to assist in improving operations. Victory received a four-month extension to Feb. 16 on its L.O.C. and expects to receive a further extension to August due to the resolution of arbitration and FTC issues, McNichols said.

He added that he hoped the resolution of the FTC probe and the arbitration settlement would prevent a Standard & Poor's downgrade but that he still anticipates one. "Both are positive developments," McNichols said. The hospital closed out 2003 with an operating loss of \$10 million, about \$2 million less than in 2002.

The repayment schedule is not likely to affect Provena's credit. Last year Moody's attributed its outlook revision to stable from negative to analysts' belief that a new management team had permanently reversed operating losses and re-established growth.

The turnaround in 2002 that resulted in a \$1.4 million profit followed four years of operating losses. □

Agenda for Executive Meeting February 17, 2004

- 10:00 – 10:15 Opening Remarks, Chairman Gustman
-Sub Committees (Closed Session)
- Compensation
 - Venture Capital
 - Farming *& food deserts*
- Human Resources (Mike Pisarcik)
- 10:15 – 11:00 IFA Overview, Director Ata
- Sales/Marketing
 - Financial Report (Ron Archie)
 - Legislative Issues
- 11:00 – 12:30 Marketers Presentations
- Pam Lenane
 - Chris Vandenberg
 - Townsend Albright
 - Sharnell Curtis-Martin
 - Steven Trout
 - Rich Frampton
 - Eric Watson
 - Jim Senica
 - David Wirth
- 12:30 – 1:30 Lunch – IFA Presentation
- 1:30 Leave for State of Illinois Building
160 N. LaSalle
5th Floor

can we
skip the
power point
on

prostate +

just have Tom + Townsend
briefly describe it?

BOARD MEETING SCRIPT
February 17, 2004

Initial Project Considerations

- ✓ 3. **Central DuPage Health** requests initial approval of **\$240,000,000** in conduit 501(c)(3) Revenue Bonds to finance the expansion and modernization of ~~certian~~ health facilities located in **Winfield, Illinois**, as well as to refinance bonds previously issued.

Program Administrator – Pamela Lenane

This project is expected to create 125 new jobs, and 400 construction jobs. Let me introduce the Senior Vice-President, Finance and Chief Financial Officer, Paul Piro, and he will introduce his team.

- ✓ 4. ^{Piro} **Swedish American Health System** requests initial approval of **\$125,000,000** in conduit 501(c)(3) Revenue Bonds to finance the construction and modernization of existing healthcare facilities located in **Rockford, Illinois**, as well as to refinance bonds and other outstanding indebtedness.

Program Administrator – Pamela Lenane

~~This project will finance the construction and modernization of the Hospital campus. Let me introduce the Vice President, Finance and Treasurer, Donald Haring and he will introduce his team.~~

- ✓ 5. ^{Haring} **Children's Memorial Medical Center** requests initial approval of **\$56,000,000** in conduit 501(c)(3) Revenue Bonds to refinance previously issued bonds that were issued in 1999 for Children's Memorial Hospital in **Chicago, Illinois**.

Program Administrators – Pamela Lenane & Christopher Vandenberg

~~Children's Memorial Medical Center is here to advance refund their Series 1999A bonds. Let me introduce the Chief Financial Officer and Treasurer of the Hospital, Paula Noble, and she will introduce her team.~~

- ✓ 6. **406: Riverside Health System** requests initial approval of **\$40,000,000** in conduit 501(c)(3) Revenue Bonds to refinance bonds issued in 2000 for ~~these~~ healthcare facilities located in **Kankakee & Bourbonnais, Illinois**.

Program Administrator – Pamela Lenane

Initial Project Considerations (Cont'd)

~~Riverside Health System is here to currently refund their Series 2000 bonds. Let me introduce the Treasurer and Chief Financial Officer of the System, Bill Douglas and he will introduce his team.~~

7. **Southern Illinois Healthcare Enterprises** requests initial approval of **\$35,000,000** in conduit 501(c)(3) Revenue Bonds to expand and modernize its hospital facilities located in **Carbondale, Herrin & Murphysboro, Illinois**. This project is expected to create **200** construction jobs.

Program Administrator - Pamela Lenane

~~Unfortunately, the Chief Financial Officer of Southern Illinois, Rex Budde, could not be here today. In his absence Tom Laird of RBC Dain Rauscher is here to present the Project.~~

8. **Tax-Exempt Fresh-Rate Single Family Mortgage Revenue Bond Program, Series 2004** requests initial approval of **\$50,000,000** in tax-exempt Revenue Bonds to finance IFA's own single-family, down payment assistance and mortgage program, **throughout Illinois**.

Senior Program Administrator - Townsend Albright

9. **Kishwaukee Family YMCA** requests initial approval of **\$1,000,000** in conduit 501(c)(3) Revenue Bonds to finance a new 7,000 square foot expansion to the YMCA located in **Sycamore, Illinois**, as well as to refinance a taxable mortgage.

This project is expected to create **16** new jobs and **50** construction jobs.

Senior Program Administrator - Sharnell Curtis-Martin

10. **CFC International, Inc.** requests initial approval of **\$2,000,000** in conduit industrial Revenue Bonds to finance a manufacturing facility and to pay for equipment costs for this borrower located in **Chicago Heights, Illinois**.

This project is expected to create **30** new jobs.

Senior Program Administrator - Sharnell Curtis-Martin

Final Project Considerations

11. **Franciscan Communities, Inc. Obligated Group (St. Joseph Village Project)** requests final approval of **\$21,000,000** in 501(c)(3) Revenue Bonds to finance a skilled nursing facility and an assisted living facility to be located in **Chicago, Illinois**, and to refinance previously issued bonds. This project is expected to create 100 construction jobs.

Program Administrator – Pam Lenane

~~In the event that there are any questions,~~ ^{Langlois} **Chester Labus, Chief Financial Officer of Franciscan Sisters of Chicago, and Dan Hermann of Zeigler Capital Markets** are here to answer them _{10/23/05}

12. **DePaul University** requests final approval of **\$60,000,000** in 501(c)(3) Revenue Bonds to refinance bonds previously issued in 2000 for university facilities located in **Chicago, DesPlaines, Naperville, Oak Forest, Lake Forest, and Rolling Meadows, Illinois**.

Program Administrator – Steve Trout, &
Principal Program Administrator – Richard Frampton

David Dabny, Treasurer

13. **Alliance for Character in Education** requests final approval of **\$5,650,000** in 501(c)(3) Revenue Bonds to construct a new gymnasium located in **DesPlaines &** to refinance outstanding debt for a project originally done in **Niles, Illinois**. This project is expected to create 5 new jobs and 64 construction jobs.

Senior Program Administrator – Townsend Albright

14. **Community Action Partnership of Lake County** requests final approval of **\$7,350,000** in 501(c)(3) Revenue Bonds to finance the first building of a three-building project and to purchase equipment for a project located in **Waukegan, Illinois**. This project is expected to create 14 new jobs and 146 construction jobs.

Senior Program Administrator – Townsend Albright

15. **Huskies Hockey Club, Inc. (Internationale Ice Center Development Project)** requests final approval of **\$13,000,000** in 501(c)(3) Revenue bonds to construct and ice arena for youth hockey, figure skating and recreational skating in **Romeoville, Illinois**. This project is expected to create 10 new jobs and 150 construction jobs.

Program Administrator – Steve Trout

Final Project Considerations (Cont'd)

16. **Pooled Loan Warrant Program for Illinois School Districts, Series 2004-A** requests final approval of **\$18,300,000** in tax anticipation warrants to fund operational costs of the following school districts:
\$15,000,000 for **Springfield Public School District # 186**,
\$2,000,000 for **Nippersink School District #2**,
\$1,000,000 for **Massac County Community Unit School District #1**, & 4
\$300,000 for **Grand Ridge Community Consolidated School District #95**.

Program Administrator – Eric Watson

17. **Local Government Pooled Loan Program, Series 2004-A** requests final approval of **\$3,140,000** in local government revenue bonds as follows:
\$575,000 for **Village of Norris City** to refinance previous debt,
\$440,000 for **Village of Williamsville** to construct sanitary sewer improvements,
\$2,125,000 for **Village of Farmington** to construct a water pump and a water main, and to upgrade its water facility.

Program Administrator – Eric Watson

18. **Alvar, Inc.** requests final approval of a **\$100,000** participation loan to construct a manufacturing facility building in **Washburn, Illinois**. This project is expected to create **5** new jobs and **20** construction jobs.

Senior Program Administrator – Jim Senica

Project Revisions/ Amendatory Resolutions

19. **Trinity International University, Series 2000-A and Series 2000-B** requests an amendatory resolution to restructure these bonds in order to include a new series of variable rate multi-mode (~~“Bank Mode”~~) revenue bonds. The bonds were originally issued for university construction and improvements in **Deerfield, Illinois**.

Senior Program Administrator – Townsend Albright

Project Revisions/ Amendatory Resolutions (continued)

20. **National Commission on Correctional Healthcare, Series 2003** requests an amendatory resolution to correct the interest rate calculation method on these 501(c)(3) revenue bonds. The bonds were originally issued for this not-for-profit healthcare facility in **Chicago, Illinois**.

Senior Bond Counsel – John Haderlein

The number of jobs for this month's projects are 205 new jobs and 1130 construction jobs.