

**ILLINOIS FINANCE AUTHORITY**

**BOARD MEETING**

**April 14, 2009**

**Chicago, Illinois**

**COMMITTEE OF THE WHOLE**

**8:30 a.m.**

**James R. Thompson Center**

**100 W. Randolph, Governor's Conference Room, 15th Floor, Room 15-216**

**AGENDA**

- Chairman's Remarks
- Executive Director's Report
- Financials Report
- Executive Staff Reports
- Committee Reports
- Project Reports
- Closed Session
- Other Business
- Adjournment

**BOARD MEETING**

**11:30 a.m.**

**James R. Thompson Center**

**100 W. Randolph, Senate Conference Room, 16th Floor, Room No. 16-503**

**Chicago, Illinois**

- Call to Order
- Chairman's Remarks
- Roll Call
- Acceptance of Financials
- Approval of Minutes
- Executive Director's Remarks
- Project Approvals
- Resolutions / Amendments
- Other Business

**AGRICULTURE**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>Beginning Farmer Bonds</b>						
<i>Final</i>						
1	Engelkens, Kal	Milledgeville	\$240,000	0	0	ER
	Purdom, Cody A.	Marengo	\$120,000	0	0	ER
	Shepherd, Paul	Hillsboro	\$110,000	0	0	ER
	Biefeldt, Brian & Evelyn	Paxton	\$95,000	0	0	ER
<b>TOTAL AGRICULTURE PROJECTS</b>			\$565,000	0	0	

**BUSINESS AND INDUSTRY**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>Industrial Revenue Bonds</b>						
<i>Preliminary</i>						
2	Carri Scharf Materials Company	Spring Bay	\$4,000,000	9	0	JS
<b>TOTAL BUSINESS AND INDUSTRY PROJECTS</b>			\$4,000,000	9	0	

**COMMUNITY AND CULTURE**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>501(c)(3) Bonds</b>						
<i>Preliminary</i>						
3	Museum of Science and Industry	Chicago	\$115,000,000	22	914	RF
4	Near North Montessori School	Chicago	\$12,000,000	5	84	SCM
<b>501(c)(3) Bonds</b>						
<i>Final</i>						
5	Namaste Charter School, Inc	Chicago	\$4,000,000	15	150	SCM
<b>TOTAL COMMUNITY AND CULTURE PROJECTS</b>			\$131,000,000	42	1,148	

**HEALTHCARE**

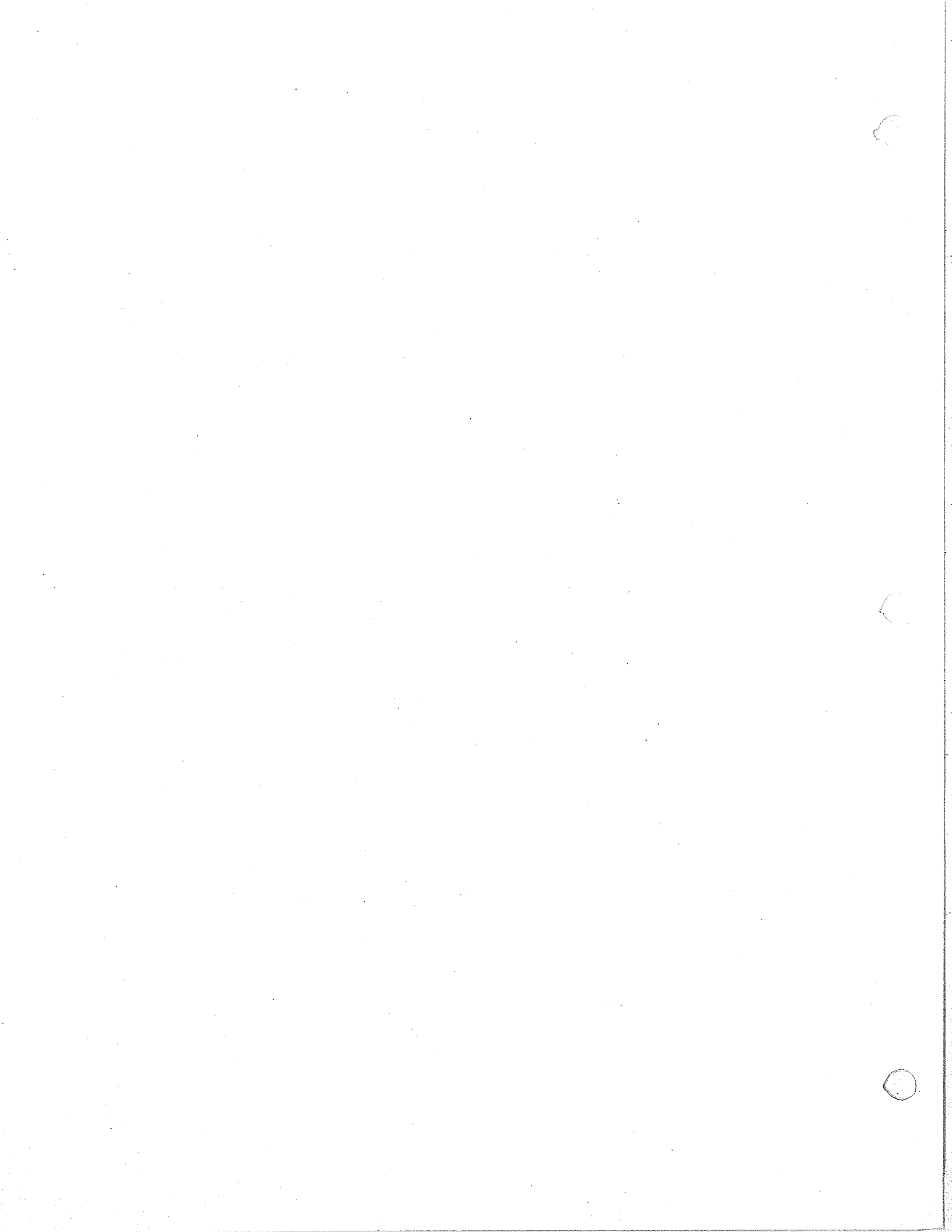
Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>501(c)(3) Bonds</b>						
<i>Preliminary</i>						
6	Norwood Crossing	Chicago	\$30,000,000	44	200	PL & BC
<b>501(c)(3) Bonds</b>						
<i>Final</i>						
7	Bethany Methodist Corporation and Affiliates	Morton Grove	\$15,000,000	50	40	PL & SCM
8	Provena Health	Chicago	\$200,000,000	0	0	PL & BC
<b>TOTAL HEALTHCARE PROJECTS</b>			\$245,000,000	94	240	
<b>GRAND TOTAL</b>			\$380,565,000	145	1,388	

## RESOLUTIONS

Tab	Project	FM
<b>Amendatory Resolutions / Resolutions</b>		
9	Request to Authorize Execution of an Amended and Restated Trust Indenture and Loan Agreement and related documents to enable LOC replacement and extension of the Final Maturity Date IFA Series 2004 Bonds (Sunshine Through Golf Foundation Project)	RF
10	Request to Authorize an Amendment to \$51,200,000 Illinois Finance Authority Solid Waste Disposal Facilities Revenue Bonds (Prairie Power, Inc.), Series 2008 to Permit a Conversion to Non-AMT Status and the Addition of a 13-Month Interest Mode Options	ST
11	Request to Authorize Pricing and Process changes to the IFA Local Government Bond Program	TA

### Other

### Adjournment





Illinois Finance Authority  
Report of the Executive Director  
April 14, 2009

To: IFA Board of Directors and Office of the Governor

From: John B. Filan, Executive Director

**Financial Performance**

**General Fund:**

The Illinois Finance Authority's General Fund unaudited financial position for the nine months ending 3/31/2009, reports total assets of \$42,555,511, liabilities of \$1,674,238 and total equity of \$40,881,273. This compares favorably to the March 2008 balance sheet, with \$38,244,368 in total assets, liabilities at \$1,912,902 and total equity of \$36,331,466.

Gross revenue YTD for March was \$5,634,795, or \$678,656 (-10.8%) below plan. The unfavorable plan performance is primarily due to fee income and investment income. Total operating expenses were \$3,914,929, or \$933,572 (-19.3%) below plan. This is primarily due to a reduction of employee related expenses, professional services and loan loss provision/bad debt.

Gross revenue YTD of \$5,634,795, was \$937,969 (-14.3%) below same period last fiscal year 2008. This is primarily due to reductions from interest on loans (\$185,587), fee income (\$439,433) and investment income (\$273,836). Operating expenses YTD were \$3,914,929, or \$1,202,064 (-23.5%) lower than same period last fiscal year 2008. This is due to a reduction in employee related expenses, professional services and reduced loan loss reserve.

**Consolidated Results:**

The Illinois Finance Authority's unaudited financial position as of 3/31/2009 reports consolidated total assets of \$177,740,586, liabilities of \$64,039,261 and total equity of \$113,701,326. This compares favorably to the March 2008 balance sheet of \$158,212,370 in total assets, liabilities of \$61,342,765 and total equity of \$96,869,605.

**Audit and Compliance**

The FY 2008 audit report is complete. Audited financial statements are expected by mid-April. Responses for the audit findings were due and submitted on March 19, 2009.

Attached is the status of fiscal year 2007 audit findings for your review.

## Financial Services

### *Market Update*

In a ranking of top issuers for the first quarter of 2009 conducted by Source Media, the Bond Buyer, Illinois Finance Authority was ranked second nationally in dollar volume with \$1.70 billion. IFA ranked first nationally with 15 bond issues closed during the period. Among issuers specializing in conduit financings, IFA was ranked #1 nationally in both dollar volume and issues closed. The only other conduit issuer in the Top 10 was the New York State Dormitory Authority with \$1.31 billion issued comprised of 12 issues. (Note: these rankings do not include bank purchased transactions – which have become increasingly common on smaller IFA 501(c)(3) and Industrial Revenue Bond issues over the past three years.)

Although overall municipal issuance volume is off only 1.9% for the first three months of the year compared with the first three months of 2008, according to Thomson Reuters, the relatively stable dollar volume obscures demand is skewed towards high-quality, general obligation state and local government debt. Not so for many other types of municipals. So while the \$83.8 billion of issuance so far in 2009 is not down much from \$85.4 billion in the same period last year, that volume comes from 2,249 issues compared to 2,367 issues during the first three months of 2008. Volume has only declined 1.9% while issues have declined 9.5%. Accordingly, the average 1st Q 2009 bond sale has been slightly larger (\$37.3 million) than for the same period in 2008 (\$34.4 million). With the decline in the number of issues, prospective investors have less selection than in 2008.

Based on anecdotal evidence from market participants and IFA's inventory of transactions, 501(c)(3) borrowers with underlying Double-A ratings also have garnered substantial investor interest. Investor demand for credit enhanced Daily and 7-Day Variable Rate Bonds (enhanced with Bank Letters of Credit) also remains strong given the flight to safety and liquidity.

Issuance has declined markedly within certain sectors. Development bond issuance is down 93.8% so far this year (Small Issue Industrial Revenue Bonds, Tax Increment Bonds). Environmental facilities bonds are down 73.3% as noted by the Bond Buyer.

The ratio of 30-year "Aaa" General Obligation bonds to 30-year Treasuries was 134%; up from 132% last month. The municipal market was three to five basis points firmer as moderate supply was met with strong demand. The Dow Jones Industrial Average rallied to 7,978.08 on April 2, 2009 as the result of new guidelines on mark-to-market accounting. Financial shares have rebounded significantly in the past month, and are well above their March lows.

### Tax-Exempt Rates:

- Variable Index (SIFMA): 0.54% (3/31), down 13 basis points from last month
- Fixed GO Bond (MMD-30yr-AA): 4.76% (3/31), down 22 basis points from last month.

### Taxable Rates:

- Fed Reserve Target: 0.16% (3/31) down 9 basis points from last month
- 90-day LIBOR: 1.19% (3/31), down 8 basis points from last month
- 2-yr Treasury: 0.86%, (3/31) down 2 basis points from last month
- 30-yr Treasury: 3.60% (4/2) down 1 basis point from last month

The Tax-Exempt SIFMA Variable Rate Index remains near historical lows, consistent with investor demand for liquidity, as noted above. The decline in this SIFMA index also reflects expectation of less cash outflow this year at tax time.

90-day LIBOR, which is used to determine borrowing rates for many interbank loans, continued to decline in March, approaching its lowest levels since 2004. 90-day LIBOR (plus a margin) is also used as a benchmark for determining variable rate commercial loan interest rates.

The Federal Reserve is expected to hold rates near 0% for an extended period of time, many economists believe well into 2010. For the first time in 50 years, the Fed will purchase longer-term Treasuries and will also buy up to \$1.25 trillion of agency Mortgage Backed Securities (25% of market). These Fed measures have reduced long-term interest rates; long-term Treasury rates are expected to remain low for most of 2009 given the ongoing recession and the prospect of future Fed purchases.

**Economic Data:**

Illinois 4<sup>th</sup> Quarter ("Q") 2008 economic data (vs. 4<sup>th</sup> Q 2007): Retail sales grew 2.1% (vs. 7.6% decrease US). Manufacturing exports rose 5.75% (vs. 5% drop US). Manufacturing exports increased 7.8 percent, surpassing \$13 billion. Total Illinois direct exports of \$15.9 billion marked an increase of 7.0 %, U.S manufacturing exports decreased by 5.0 percent during 4<sup>th</sup> Q 2008.

Business conditions in the Chicago region deteriorated in March representing the worst results since 1980, according to the NAPM-Chicago's business barometer released Tuesday 3/31. The index fell to 31.4% in March from 34.2% in February (the lowest since July 1980). The new orders index was roughly flat at 30.9%. The employment index improved by about three points to 28.1%; (any reading below 50 indicates contraction). Illinois' unemployment rate rose to 8.6% for the month of February (data for March have not yet been released -- expected 4/16) -- a 0.1% higher than the national rate.

The U.S. unemployment rate rose to 8.5% in March, 4 basis points higher than February, and representing the highest national unemployment rate posted in 25 years. Overall, the economy shed more than 660,000 additional jobs. The ADP National Private Employment Report® indicated that March US total nonfarm private employment decreased by 742,000 to 110,735,000. According to the Conference Board, March's total online job postings on internet job boards decreased by 100,000 (i.e., from 3,348,000 in February to 3,248,000).

The March 2009 Manufacturing ISM Report on Business® (by the Institute of Supply Management) was released on April 1, 2009 and reported that economic activity in the manufacturing sector failed to grow in March for the 14<sup>th</sup> consecutive month. Additionally, the Report noted that the overall economy contracted for the sixth consecutive month. The March PMI index of 36.3, if annualized, would correspond to a 1.5% decrease in Gross Domestic Product (GDP) annually.

Although the March 2009 ISM Manufacturing Index of 36.3 indicated that although both the overall economy and manufacturing sector are continuing to decline, the rate of

contraction is slowing (the Manufacturing ISM of 36.3 represented an improvement of 0.5 compared to 35.8 reported in February). Additionally, the March index bested predictions of a 36.0 March index in a consensus of economists polled by *Thomson Reuters*.

ISM also surveyed manufacturing supply managers in March to determine expectations regarding the Economic Stimulus Package. Industries in which a majority of respondents anticipating that the Stimulus Package will have a positive impact on both their company and in their industry included: Electrical Equipment; Appliances and Components; Nonmetallic Mineral Products; and Machinery.

### **Other Market News**

- Governor Quinn unveiled a \$52.9 billion fiscal 2010 budget that will help close the record \$11.5 billion deficit and fund a long sought \$26 billion capital program.
- HB 289 was signed by Governor Pat Quinn to jumpstart Illinois' economy and is expected to create thousands of jobs through much-needed road construction projects. Legislation grants the State \$3 billion in bond authorization to make critical improvements to roads, bridges and mass transit. (More details follow in the legislative update report below.)
- HR 58: Promote green schools, a bill introduced by Illinois Cong. Kirk is currently being reviewed by Congress if approved the bill would extend the authorization of Qualified Zone Academy Bonds "QZAB's" through 2013 and would require any projects financed with the bonds to be environmentally friendly.
- HR 537: Water and Sewer Bonds has been introduced which would exclude water and sewer bonds from Volume Cap for private-activity bonds.
- Bank of America Corp. and Merrill Lynch & Co. have emerged to combine as the top senior manager for the first quarter of the year, as noted by the Bond Buyer.
- S&P and Moody's have assigned "Aaa"/"AAA" financial strength and financial enhancement ratings to Berkshire Hathaway Assurance Corp. (BHAC). S&P also assigned a stable outlook to BHAC.
- The average 30-year home loan rate fell 0.07 percentage point in the week ended April 2 to 4.78 percent, the lowest since Freddie Mac started tracking weekly 30-year fixed rates in 1971.
- In response to the Art Institute of Chicago's plan to raise admission next month to \$18 from \$12, two Chicago City council members proposed an ordinance that would strip not-for-profit museums of their municipal fee waivers if admission fees exceed \$10.

### **Sales, Marketing and Credit**

- **Marketing** – Spurred by the 2009 Recovery Act (or "ARRA"), there are changes to the Alternative Minimum Tax ("AMT") on municipal bonds issued for private companies, and IFA is evaluating a marketing plan to target certain previous Business and Industry borrowers for refunding opportunities. IFA staff believes that most AMT-driven reissuances will be limited to relatively large bond issues, primarily in the Solid Waste and Private Water Utility Revenue Bond segments. Today's agenda includes the Authority's first request for a reissuance to enable private corporate bonds to be exempt from AMT (See Agenda Item 10 - Prairie Power.)
- **Energy Initiative** – Added Eastern Illinois University to the group of Illinois public universities participating in strategic planning. IFA will participate with the Illinois Department of Commerce and Economic Opportunity ("DCEO") in the American Wind



Energy Association's 2009 Conference in Chicago in early May (more in the Energy sector report).

- **Agriculture & Rural Development Initiative** – Reviewing plans for a more concise scope is under way for the next working group call.
- **Treasury, Risk Management and Management Reporting** – committee meetings to improve practices
- **Program Development:**
  - **Fire Truck and Ambulance Revolving Loan Funds** – New ambulance and fire truck loan documents have been completed. Administrative Rules have been filed and revised loan documents were finalized. Loans closings will be beginning soon.
  - **Local Government** – Today's agenda includes a proposal to revise fees and streamline procedures for conduit Local Government Program Bonds. The objective of this proposal is to induce more activity. The recommended changes reflect input from various market participants.
    - The Spring 2009 Local Government Pool is now in marketing mode. The objective is to identify prospective borrowers for a mid-year, consolidated bond issue.
    - Proposals for Investment Bankers for the Local Government Programs are currently under review
  - **SBA Micro Loan Program** – Application has been completed and will be submitted to the US Small Business Administration during the week of April 13th
  - **Participation Loan Program** – Initial recommendations for program have been reviewed. Additional discussion and due diligence forthcoming.

### Sales Activities

Funding Managers will be presenting 8 financings totaling \$380,565,000 for consideration today.

- Agriculture projects total \$565,000.
- Business and Industry projects total \$4.0 Million.
- Non-Healthcare Projects (Cultural and other 501(c)(3)) total \$131 Million.
- Healthcare Projects total \$245 Million.

The eight financings presented for consideration today are expected to create 145 new jobs and 1,388 construction jobs.

### Agriculture

#### **Marketing Activities:**

- The Ag staff participated in a variety of events during the month of March. Staff attended two economic development meetings, the first of which was a breakfast meeting held at SIU in Carbondale hosted by SIU President Glenn Poshard, his staff, local officials, and area commercial lenders. Approximately 20 people were in attendance.
- Later that day, IFA staff held a lunch meeting in Marion, which was attended by approximately 60 people, including local legislators, mayors, economic development officials, and lenders. In addition to IFA staff and Management, IFA Board Members Roger Herrin and Michael Goetz attended both the meetings, which allowed IFA the opportunity to brief attendees on IFA programs, as well as receive feedback on economic needs in the area.

Ag staff spent significant time during March working on legislative issues pertinent to IFA's Beginning Farmer Bond program. Staff attended a three day legislative trip in Washington D.C. as part of a joint effort between states that belong to the National Council of State Ag Finance Programs. As part of this effort, each state called on respective Senators and Congressman seek further improvements for the Aggie Bond legislation, which governs the Beginning Farmer Bond program used by IFA. IFA staff met with representatives from six different Congressman and Senators from Illinois to discuss the need for further enhancements to the Aggie Bond Program, to educate them of the importance of the program to Illinois, and ask them for support on future legislation for improving the program.

As a result of prior efforts by the group, two major improvements to the program were obtained last year as part of the 2008 Farm Bill. While the NCOSAFP was successful in obtaining two major improvements to the Aggie Bond Program, there are other requests which were excluded in the 2008 Farm Bill. Three requests which are longstanding initiatives for amending and improving the Aggie Bond Program, remain on the agenda including:

1. Exempting of Aggie Bonds from State Volume Cap
2. Increasing the Bond amount for eligible depreciable property to equal the total for eligible land (this request was inadvertently excluded from the 2008 legislation), and
3. Allowing USDA guarantees on Aggie Bonds. Membership of NCOSAFP will continue to work to introduce legislation to obtain further improvements and gain support for those changes.

The ag staff also attended the annual Illinois Ag Legislative Day breakfast meeting held in Springfield sponsored by Illinois Farm Bureau. The annual meeting attended by various agricultural groups across the State educates attendees on pending legislation affecting the agricultural community across Illinois. As part of attending the meeting, attendees were given a list of legislators to visit, which provided IFA staff the opportunity to share information on the IFA with those legislators.

Other marketing activities for the month included nine visits with bankers for potential ag projects. These projects range from beginning farmer bonds, Agri-debt guarantees, and a participation loan. For the April board meeting, staff will present 4 Beginning Farmer Bonds totaling \$565,000 for approval consideration.

### **Healthcare**

This month the Healthcare Team spent a majority of time speaking and networking at numerous conferences. The IFA co-sponsored the Illinois Critical Access Hospital (ICAHN) 2009 Facilities Workshop entitled "Hospital Building/Renovation Strategies for Success-Planning, Financing, Building and Compliance", in Springfield on March 18, 2009. Pam Lenane spoke on a panel "Financing in Today's Credit Crunch" and staffing a booth at the conference. ICAHN is composed of 52 small rural and urban hospitals. The Healthcare Team was able to determine 5 separate potential bank qualified issues ranging from \$1.7 to \$32 million in par (Mercer County Hospital, Mendota Hospital, Kirby Hospital, Paris Hospital & Graham Hospital) from discussion originating at ICAHN. The Healthcare Team also attended day conferences with the Wisconsin Health and Educational Finance Authority (WHEFA) and Life Services Network (LSN) which included many of the key participants in the senior living sector.

This month we successfully closed the OSF bond financing for \$250 million and Carle Foundation for \$240 million. We also priced Northwestern Memorial \$475 million financing (fixed), which is scheduled to close on April 6, 2009. We continue to work with our Borrowers who are restructuring their plans of finance to try to get into this very turbulent and unpredictable market, such as The Admiral, Timothy Place and Silver Cross Hospital, both of which financings are for new facilities.

In April, the Healthcare Team plans to close Northwestern Memorial (\$475 million Fixed Rate), Provena Health (\$200 million) and Rehab Institute (\$48 million). The closings are all in line with the proposed budget target for the fiscal year.

Finally, the Healthcare Team met with the President of the Illinois Hospital Association (who is also Advocate Health's CEO) on March 27, 2009 to discuss IFA programs that are under development to assist health care providers. Based upon positive feedback from the President of IHA the team has spend considerable time with underwriters, bond counsel and members from the office of public aid to determine the ability securitize the Hospital Assessment Provider payments made from the state and the federal government to providers. This would allow hospital to access low cost funding today for new projects thereby creating new job and spurring further economic growth now rather than delaying until the capital markets are more favorable. The Healthcare Team plans to develop a viable structure with their respective counsels and begin discussions with borrowers in the coming weeks.

Healthcare – March, 2009 Closings

Closing Date	Issuance\$	Borrower
03/18/09	\$240,000,000	Carle Foundation, Series 2009
03/31/09	\$249,990,000	OSF, Series 2009

**Higher Education, Cultural, and Other Non-Healthcare 501(c)(3)'s**

Market conditions continue to favor institutions with strong investment grade ratings and borrowers seeking credit enhancement. Market activity remains strong for small borrowers seeking direct purchases with commercial banks.

Today's agenda also features IFA's second 501(c)(3) project to successfully structure a bond issue using the Federal Home Loan Bank's Letter of Credit initiative (the Sunshine Through Golf Foundation (see IFA Agenda Item 9).

After the Sunshine Through Golf financing (a Letter of Credit Substitution) closes in late April or May, IFA will likely be the first issuer nationally to have two Federal Home Loan Bank enhanced transactions outstanding under the new legislation approved in the 2008 Housing Bill. (Additional information on the Federal Home Loan Bank Initiative follows below)

The Federal Home Loan Bank Letter of Credit initiative has had the greatest impact on IFA's 501(c)(3) Non-Healthcare segment so far.

IFA's Higher Education team attended the one-day WHEFA Capital Insights conference which is widely attended by a variety of market participants in Illinois and Wisconsin.

Townsend Albright held two meetings with the Clinton Foundation; the Foundations Climate Initiative includes advising higher education, not for profit and commercial building owners

about how to finance retrofitting existing structures to make them fuel efficient and environmentally "green" to qualify for LEED's "Silver" designation. The Foundation will also advise the building owner about how to select a contractor who will be capable of fulfilling its commitment on a performance contract bond issue (the contractor guarantees the projects's cost savings, if the savings does not accrue as provided in the contract the supplier must fund the gap). The Foundation wants to partner with IFA to provide the initial financing of the retrofitted structures. A plan has been submitted for review to the Executive Director.

Higher Education, Cultural Institutions and Other 501(c)(3)'s – March, 2009 Closings

Closing Date	Issuance \$	Borrower
3/26/2009	\$150,000,000	The Art Institute of Chicago
3/24/2009	\$5,100,000	Chicago School of Professional Psychology
3/17/2009	\$2,500,000	Montessori of SW Cook County

**Business & Industry**

Application volume for Industrial Revenue Bonds and Participation Loans continues to track below prior year levels. Anecdotal evidence from prior borrowers and commercial lenders with as expected, as family-owned companies attempt to control fixed overhead expenses.

IFA staff will be targeting calls over the next several months to Illinois-based suppliers to the OEM automotive and equipment manufacturers (e.g., CAT and John Deere), and Illinois-based companies that supply the wind turbine industry. The purpose of these calls will be to increase awareness regarding capital financing with Industrial Revenue Bonds and Participation Loans.

IFA staff met with Ford Motor Company's Illinois Government Affairs Manager (and with corporate affairs managers in Dearborn via teleconference) to discuss facilitating project financings for Ford and its suppliers.

Townsend Albright spoke on a panel about IFA financing programs before a group of approximately 50 attendees at the South Suburban Business Incentives Expo held at the South Holland Community Center. Mr. Albright, also presented for 60 people in Rockford including local bankers, local officials and commercial realtors about IFA's programs: Industrial Revenue Bond, Participation Loan, and 501(c)(3) financing.

Jim Senica gave an economic development financing presentation at the Rural Community Economic Development Conference held at the Holiday Inn City Center in downtown Peoria on March 4<sup>th</sup> and 5<sup>th</sup>. The conference, presented by the Governor's Rural Affairs Council, Illinois Institute for Rural Affairs and Rural partners is the preeminent rural economic development conference in the state bringing together bankers, development specialist and municipal personnel from communities throughout Illinois. IFA additionally served as a sponsor for the event attended by nearly 400 and maintained an informational booth during both days of the conference.

Business and Industry – March, 2009 Closings

Closing Date	Issuance \$	Borrower
3/27/2009	\$10,000,000	Anderson Shumaker

## Energy

### **SB 1912 - New State Legislation to Expand Moral Obligation for Renewable Energy**

**Projects:** We are pleased to report that IFA's initiative that will build on existing IFA financing tools to leverage federal renewable resources to the greatest extent possible. With (1) coal, wind, and transmission resources, as well as (2) high-yield agricultural land for biofuel feedstock production, combined with (3) intellectual capital of the Illinois Energy Team (IFA, IEPA, and DCEO along with the University of Illinois, Argonne National Laboratory, Southern Illinois University, Western Illinois University, Eastern Illinois University and Illinois State University), the State can ideally leverage the future federal stimulus funds focused on renewable energy.

- **Bonding Authority Clarification:** SB 1912 updates the definitions of renewable energy projects and clean coal project to provide credit enhancement necessary to assure access to capital markets (Moral Obligation).
- **Agri-Business Guarantee Increase:** By increasing the existing agribusiness guarantee, the IFA will be able to continue to assist small projects, such as livestock facilities and farm purchases, and prospectively renewable energy projects (e.g. as biodiesel plants). Due to constraints under the Internal Revenue Code, financing incentives for renewable energy projects are very limited.

Highlights of IFA's strategic and marketing initiatives relating to renewable energy and clean coal in March include:

**The Energy Initiative:** On March 20, IFA Executive Director John Filan and Deputy Director Chris Meister briefed presidents from participating universities (University of Illinois, Southern Illinois University, Western Illinois University, and Illinois State University) on the Initiative's progress since convening in January 2009.

The university presidents reiterated their support for this Initiative and its objectives, including the completion of a strategic plan for the development of renewable energy and clean coal projects. The presidents agreed to assign business school students to assist in forecasting the impact of a federal Carbon Cap and Trade system on energy and the economic viability of key energy sectors. We are pleased to add Eastern Illinois University as a new participant in The Energy Initiative.

**Advanced Battery Initiative:** IFA is awaiting a response to its offer to use its best efforts to provide the National Alliance for Advanced Transportation ("NAATBatt") with State Moral Obligation Bonds to finance part of an advanced lithium battery production facility in Illinois.

IFA's offer was submitted together with an offer submitted by DCEO on March 23 to encourage NAATBatt to choose Illinois as the site for a production facility that it hopes to develop with support from the US Department of Energy ("DOE"). The Alliance sought bids from 8 states and plans to select a site within the next month. Applications for funding are due to DOE by May 19.

IFA is evaluating requests for assistance from other prospective applicants for DOE's advanced battery and component initiative.

**American Wind Energy Association's 2009 Conference, May 4-7, Chicago:** IFA plans to participate in the American Wind Energy Association's 2009 Conference to be held in Chicago on May 4 through 7. Governor Quinn and Mayor Daley are expected to address the conference

and to attend a reception that IFA plans to sponsor together with DCEO and World Business Chicago for leading wind power developers and industry leaders.

IFA continues to receive inquiries from wind power developers for projects of various sizes and has been advised that the availability of credit enhancement, such as the expanded authority to issue State Moral Obligation bonds contemplated in SB 1912, could induce additional development of new utility scale wind power projects in Illinois.

### **Local Government**

IFA staff has completed analyzing 72 applications based on Credit Criteria approved at IFA's March 2009 Board Meeting. IFA Legal has completed administrative rules, loan agreements for the Ambulance and Fire Truck Revolving Loan Programs.

Staff is currently reviewing proposals from Underwriters resulting from a Request for Qualifications posted on IFA's Local Government programs.

IFA Staff are also contacting municipalities, school districts, library districts, and community college districts. Additionally, staff are contacting several communities to create a critical mass of borrowers for a Spring Pooled Program issuance.

Several calls have been received this month in the Springfield Office from Fire Protection Districts and Fire Departments seeking information about proposed legislation (HB 0038) that would establish a Revolving Loan Program for the acquisition, construction, expansion, rehabilitation or remodeling of a fire station. If this legislation passes and funds are appropriated, the legislation provides for zero percent loans up to \$2 million per applicant. Like the Ambulance and Fire Truck Revolving Loan Programs, the Fire Station Revolving Loan Program would be co-administered by the Illinois Office of the State Fire Marshal and IFA.

*There were no Local Government Closings in March, 2009*

### **Program Development Update - Federal Home Loan Bank Initiative:**

The Federal Home Loan Bank Letter of Credit initiative approved as part of the 2008 Housing Relief Bill was touted as a method to increase the universe of prospective credit enhancers for both new and existing transactions in response to the bond insurance meltdown and general liquidity crisis in late 2007 and early 2008.

On today's agenda, the IFA Board will be considering a Resolution for the Sunshine through Golf Foundation, a 501(c)(3) organization.

Thanks to the 2008 Housing Relief Bill, this Resolution will enable the Sunshine through Golf Foundation to replace its existing Letter of Credit (from a rated, national banking institution) with a Direct Pay Letter of Credit from First American Bank (a Bank that is not rated by the rating agencies) and further secured by a Confirming Letter of Credit from the Federal Home Loan Bank of Chicago ("FHLB Chicago"). This Resolution will enable Sunshine through Golf to accomplish an additional technical change to the documents required by the IRS (i.e., extension of the final maturity date by a minimum of one year).

Availability of the Federal Home Loan of Chicago LOC has enabled the Sunshine through Golf Foundation:

1. to negotiate with many more prospective Banks LOC providers located within its service territory (including First American Bank),
2. to maintain the same LOC structure used to finance its original IFA Series 2004 Bonds (as a result, the Foundation did not need to substantially rewrite its bond documents for an alternate structure -- thereby saving the Foundation substantial money), and.
3. to keep its Bonds bearing interest in the same low, 7-day Variable Rate Interest Mode as under its existing LOC.

The Sunshine through Golf Foundation represents the second IFA transaction that will be structured with the new FHLB Letter of Credit. This financing will also represent the second LOC-enhanced Economic Development project financed by the FHLB Chicago

IFA closed its initial FHLB of Chicago LOC-enhanced bond issue on February 19th for the Everest Academy in Lemont. This \$6.9 million bond issue will finance the construction of a new private school facility in Lemont. As with all FHLB-enhanced financings, 100% of the project risk is assumed by the FHLB Member Bank (just as with any commercial loan). FHLB Chicago provided a Confirming (i.e., Standby) Letter of Credit on behalf of First Midwest Bank (to protect the Bondholders in the event of insolvency by First Midwest).

Standard & Poor's rates bonds secured by a letter of credit from any of the 12 regional members of the Federal Home Loan Bank system "AAA" long-term and "A-1+" short-term -- thus, any FHLB member bank (large or small) can support Tax-Exempt Bonds through the Federal Home Loan Bank in which they hold an ownership interest.

### Venture Capital

Staff participated in Board meetings for zuChem, Harmonic Vision, Firefly, VHT, OHMX, and Smart Signal. Updates for all companies but zuChem were completed and distributed to the Venture Capital Board Committee.

Staff continues to solicit proposals from three vendors interested in completing valuation reviews for companies in the Venture Fund. Non-disclosure agreements have been signed and financial information has been assembled and shared with each firm. Proposals are due April 15, 2009.

### Human Resources

The health care benefits comparison between State provided benefits those obtained through ADP TotalSource was completed. Additional work was undertaken update the comparison results as well as to identify other actions that can be researched or pursued to ensure the best medical benefits result for IFA and IFA staff.

ADP TotalSource Open Enrollment for the next benefit plan year has started. Open Enrollment kits have been mailed to staff. Benefit elections are due by April 10, 2009.

William Claus joined IFA on March 20, 2009 as a Funding Manager and Financial Analyst.

### **Treasury**

The Investment Committee submitted a proposed investment strategy for managing the seven funds for which IFA has investment responsibility. Work on tasks required for implementation is underway including development of two RFPs and updating the Authority's Investment Policy. Staff continues to meet with the State Treasurer's Office to better understand how the four IFA funds managed by the State are invested.

### **Operations**

**Risk Management:** Insurance policy renewals for IFA's Professional Liability, Property and Casualty, and Crime Policies are due for renewal. Additional options for the Professional Liability policy were researched and will be presented at the next Committee of the Whole meeting. Options for Property and Casualty and Crime Policies were presented to the Executive Director and final decisions reached.

**Procurement:** Five RFP's have been completed: Legal Services: Issuers and Bond Counsel; Overnight and Ground Delivery Service; Copy and Binding Service; Underwriters: Units of Local Government; and Computer Supplies and Services. Responses have been received for the first four RFPs and evaluations are or will be in process.

**IT:** CMS confirmed that the Video Conference equipment requested by IFA has been ordered.

### **Legal/Legislative**

*A verbal report will be provided at the April 14, 2009 meeting of the Committee of the Whole.*



**Illinois Financial Authority  
 Audit Findings Material and Immaterial  
 Update as of March 31, 2009**

Item Number	Description	Estimated Completion Date	Action Items/ (not final) Action Items Completed	Status	Percentage Completed
					10 20 30 40 50 60 70 80 90 100
<b>Total Number of 8</b>					
<b>FY 07 Material Findings</b>					
07-01	Missing Policy on Nondiscrimination	7/31/2008	2/2		100%
07-02	Failure to Report Revenue bond Information to the Illinois Office of the Comptroller		4/3		100%
07-03	Bad-Debts not Referred to the Illinois Office of the Comptroller	7/31/2008	4/4		100%
07-04	Noncompliance with the Illinois Procurement Code and SAMS Procedures	6/30/2008	2/2		100%
07-05	Lack of Segregation of duties in Managing Property and Equipment	4/30/2008	4/4		100%
07-06	No Established Rules to Administer Loan Programs		2/1		100%
07-07	Authority is Not a Member of the Illinois Forestry Development Council	4/30/2008	2/2		100%
07-08	Failure to Administer the Exporter Award Program	11/30/2008	2/2		100%

<50% = Partially Completed or under review  
 60% = Substantially Completed  
 100% = Completed

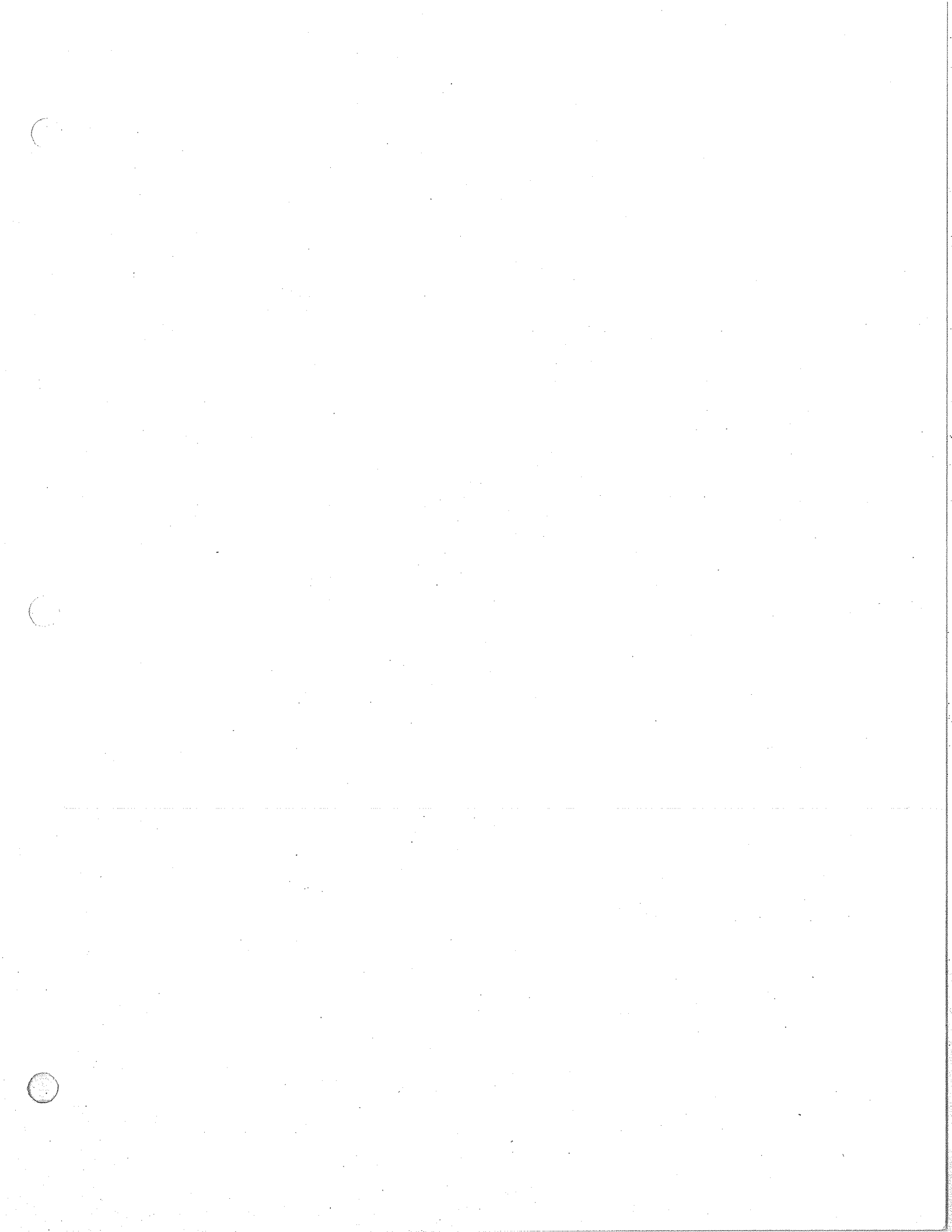
Finding 07-02 The Authority is in constant communication with the Office of the Comptroller, with formal discussion/meetings quarterly. They have agreed to send their delinquency report quarterly. Letters have been sent to each trustee to remind them of their duty and to avoid having late CO 8's.

Finding 07-06 A draft for the rules have been written, but not approved.

**Illinois Finance Authority  
 Audit Findings Material and Immaterial  
 Update as of March 31, 2009**

Item Number	Description	Estimated Completion Date	Status Action Items/ (not final) Action Items Completed	Percentage Completed
				10 20 30 40 50 60 70 80 90 100
Total Number of 9				
<b>FY 07 Immaterial Findings</b>				
IM07-01	Approval of Incomplete Travel and Marketing Reimbursement Forms	3/31/2009	4/4	██████████
IM07-02	Inadequate Processing and Untimely Deposit of Cash Receipts and Refunds	4/30/2008	4/4	██████████
IM07-03	Corrected Agency Workforce Report was not Filed Timely	4/30/2008	4/4	██████████
IM07-04	Use of Telecommunications Devices Not Properly Monitored	4/30/2008	3/3	██████████
IM07-05	Outdated Investment Report	4/30/2008	4/4	██████████
IM07-06	Allowance of Old Accounts Receivable Not Performed	7/31/2008	4/4	██████████
IM07-07	Statement of Economic Interest Report Not Filed Timely	4/30/2008	4/4	██████████
IM07-08	Failure to File for a Refund of Telephone Excise Tax	4/30/2008	2/2	██████████
IM07-09	Noncompliance with Printing Requirements	4/30/2008	2/2	██████████

<50% = Partially Completed or under review  
 60% = Substantially Completed  
 100% = Completed



**Illinois Finance Authority  
General Fund  
Unaudited  
Balance Sheet  
for the Nine Months Ending March 31, 2009**

	Actual March 2009
<b>ASSETS</b>	
CASH & INVESTMENTS, UNRESTRICTED	\$ 13,769,370
RECEIVABLES, NET	109,623
LOAN RECEIVABLE, NET	24,978,096
OTHER RECEIVABLES	173,832
PREPAID EXPENSES	<u>57,959</u>
TOTAL CURRENT ASSETS	39,088,880
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	114,899
DEFERRED ISSUANCE COSTS	442,697
<b>OTHER ASSETS</b>	
CASH, INVESTMENTS & RESERVES	871,509
VENTURE CAPITAL INVESTMENTS	-
OTHER	<u>2,037,526</u>
TOTAL OTHER ASSETS	2,909,035
TOTAL ASSETS	<u>\$ 42,555,511</u>
<b>LIABILITIES</b>	
CURRENT LIABILITIES	\$ 1,038,515
LONG-TERM LIABILITIES	<u>635,723</u>
TOTAL LIABILITIES	1,674,238
<b>EQUITY</b>	
CONTRIBUTED CAPITAL	4,111,479
RETAINED EARNINGS	23,058,506
NET INCOME / (LOSS)	1,739,991
RESERVED/RESTRICTED FUND BALANCE	1,732,164
UNRESERVED FUND BALANCE	<u>10,239,134</u>
TOTAL EQUITY	40,881,273
TOTAL LIABILITIES & EQUITY	<u>\$ 42,555,511</u>

Illinois Financial Authority  
 General Fund - Actual to Budget  
 Statement of Activities  
 for Period Ending  
 March 31, 2009

	Actual March 2009	Budget March 2009	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Budget YTD FY 2009	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2009	% of Budget Expended
<b>REVENUE</b>										
INTEREST ON LOANS	107,652	106,075	1,577	1.49%	986,237	1,073,490	(87,253)	-8.13%	1,374,474	71.75%
INVESTMENT INTEREST & GAIN(LOSS)	10,706	46,158	(35,452)	-76.81%	219,474	407,384	(187,910)	-46.13%	547,221	40.11%
ADMINISTRATIONS & APPLICATION FEES	666,875	489,667	177,208	36.19%	3,858,200	4,336,278	(478,078)	-11.03%	5,781,179	66.74%
ANNUAL ISSUANCE & LOAN FEES	58,323	58,099	224	0.39%	492,205	496,299	(4,094)	-0.82%	665,579	73.95%
OTHER INCOME	7,854	-	7,854	0.00%	78,679	-	78,679	0.00%	-	0.00%
<b>TOTAL REVENUE</b>	<b>851,409</b>	<b>699,999</b>	<b>151,410</b>	<b>21.63%</b>	<b>5,634,795</b>	<b>6,313,451</b>	<b>(678,656)</b>	<b>-10.75%</b>	<b>8,368,433</b>	<b>67.33%</b>
<b>EXPENSES</b>										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	231,328	267,754	(36,426)	-13.60%	2,108,577	2,404,590	(296,013)	-12.31%	3,206,787	65.75%
BENEFITS	21,123	23,288	(2,165)	-9.29%	217,013	212,055	4,958	2.34%	281,903	76.98%
TEMPORARY HELP	419	3,333	(2,914)	-87.43%	51,480	29,997	21,483	71.62%	40,000	128.70%
EDUCATION & DEVELOPMENT	-	417	(417)	0.00%	893	3,753	(2,860)	-76.20%	5,000	17.87%
TRAVEL & AUTO	5,304	10,250	(4,946)	-48.23%	47,489	92,250	(44,761)	-48.52%	123,000	38.61%
<b>TOTAL EMPLOYEE RELATED EXPENSES</b>	<b>264,174</b>	<b>305,042</b>	<b>(40,868)</b>	<b>-13.40%</b>	<b>2,423,452</b>	<b>2,742,645</b>	<b>(317,193)</b>	<b>-11.57%</b>	<b>3,656,690</b>	<b>66.33%</b>
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	325	66,867	(66,542)	-99.51%	237,515	601,803	(364,288)	-60.53%	802,400	29.60%
LOAN EXPENSE & BANK FEE	10,443	11,825	(1,382)	-11.68%	101,607	106,425	(4,818)	-4.53%	141,900	71.60%
ACCOUNTING & AUDITING	21,708	29,764	(8,056)	-27.07%	246,714	267,876	(21,162)	-7.90%	357,168	69.08%
MARKETING GENERAL	5,922	8,333	(2,411)	-28.93%	23,221	74,997	(51,776)	-69.04%	100,000	23.22%
FINANCIAL ADVISORY	30,075	25,000	5,075	20.30%	240,075	225,000	15,075	6.70%	300,000	80.03%
CONFERENCE/TRAINING	-	1,250	(1,250)	0.00%	9,296	11,250	(1,954)	-17.37%	15,000	61.97%
MISC. PROFESSIONAL SERVICES	6,065	-	6,065	0.00%	20,000	-	20,000	0.00%	-	0.00%
DATA PROCESSING	-	3,750	3,750	61.73%	31,263	33,750	(2,487)	-7.37%	45,000	69.47%
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>74,538</b>	<b>146,789</b>	<b>(72,251)</b>	<b>-49.22%</b>	<b>909,691</b>	<b>1,321,101</b>	<b>(411,410)</b>	<b>-31.14%</b>	<b>1,761,468</b>	<b>51.64%</b>

Illinois Finance Authority  
General Fund - Actual to Budget  
Statement of Activities  
for Period Ending  
March 31, 2009

	Actual March 2009	Budget March 2009	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Budget YTD FY 2009	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2009	% of Budget Expended
OCUPANCY COSTS										
OFFICE RENT	25,638	25,905	(267)	-1.03%	222,572	233,145	(10,573)	-4.53%	310,860	71.60%
EQUIPMENT RENTAL AND PURCHASES	3,913	3,867	46	1.19%	45,632	34,803	10,829	31.11%	46,404	98.34%
TELECOMMUNICATIONS	5,314	5,420	94	1.74%	46,851	48,780	(1,929)	-3.95%	65,040	72.03%
UTILITIES	2,130	933	1,197	128.31%	11,757	8,397	3,360	40.01%	11,196	105.01%
DEPRECIATION	5,247	7,355	(2,108)	-28.66%	55,803	66,195	(10,392)	-15.70%	88,256	63.23%
INSURANCE	(1,086)	1,500	(2,586)	-172.37%	11,867	13,500	(1,633)	-12.10%	18,000	65.93%
TOTAL OCUPANCY COSTS	41,357	44,980	(3,623)	-8.06%	394,481	404,820	(10,339)	-2.55%	539,756	73.09%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	4,864	9,450	(4,586)	-48.53%	67,441	85,050	(17,609)	-20.70%	113,400	59.47%
BOARD MEETING - EXPENSES	841	2,983	(2,142)	-71.81%	30,566	26,847	3,719	13.85%	35,796	85.39%
PRINTING	503	1,200	(697)	-58.06%	12,294	10,800	1,494	13.83%	14,400	85.38%
POSTAGE & FREIGHT	1,876	2,300	(424)	-18.45%	18,824	20,700	(1,876)	-9.06%	27,600	68.20%
MEMBERSHIP, DUES & CONTRIBUTIONS	10,270	3,083	7,187	233.12%	27,747	31,614	3,867	13.94%	36,996	85.45%
PUBLICATIONS	515	300	215	71.53%	3,125	2,700	425	15.76%	3,600	86.82%
OFFICERS & DIRECTORS INSURANCE	15,004	14,524	480	3.31%	132,682	130,716	1,966	1.50%	174,292	76.13%
MISCELLANEOUS	-	42	(42)	0.00%	4,048	378	3,670	971.01%	504	803.25%
TOTAL GENL. & ADMIN EXPENSES	33,872	33,882	(10)	-0.03%	300,595	304,938	(4,343)	-1.42%	406,588	73.93%
LOAN LOSS PROVISION/BAD DEBT	(81,387)	8,333	(89,720)	-1076.68%	(115,290)	74,997	(190,287)	-253.73%	100,000	-115.29%
OTHER	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL EXPENSES	332,555	539,026	(206,471)	-38.30%	3,914,929	4,848,501	(933,572)	-19.25%	6,464,502	60.56%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	518,854	160,973	357,881	222.32%	1,719,866	1,464,950	254,916	17.40%	1,903,951	90.33%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TRANSFER	-	-	-	0.00%	20,125	-	20,125	0.00%	-	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%	-	-
NET INCOME/(LOSS)	518,854	160,973	357,881	222.32%	1,739,991	1,464,950	275,041	18.77%	1,903,951	91.39%

**Illinois Fire Authority**  
**General Fund - Actual to Actual**  
**Statement of Activities**  
**for Period Ending**  
**March 31, 2009**

	Actual March 2009	Actual March 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
<b>REVENUE</b>								
INTEREST ON LOANS	107,652	131,299	(23,648)	-18.01%	986,237	1,171,823	(185,587)	-15.84%
INVESTMENT INTEREST & GAIN(LOSS)	10,706	37,762	(27,056)	-71.65%	219,474	478,750	(259,276)	-54.16%
ADMINISTRATIONS & APPLICATION FEES	666,875	251,640	415,235	165.01%	3,838,200	4,132,036	(293,836)	-6.63%
ANNUAL ISSUANCE & LOAN FEES	58,323	64,639	(6,315)	-9.77%	492,205	657,802	(165,597)	-25.17%
OTHER INCOME	7,854	22,187	(14,333)	0.00%	78,679	132,352	(53,673)	0.00%
<b>TOTAL REVENUE</b>	<b>851,409</b>	<b>507,527</b>	<b>343,882</b>	<b>67.76%</b>	<b>5,634,795</b>	<b>6,572,764</b>	<b>(937,969)</b>	<b>-14.27%</b>
<b>EXPENSES</b>								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	231,328	223,382	7,946	3.56%	2,108,577	2,370,168	(261,591)	-11.04%
BENEFITS	27,123	22,729	4,394	19.33%	217,013	207,407	9,606	4.63%
TEMPORARY HELP	419	2,729	(2,310)	-84.65%	51,480	65,471	(13,990)	-21.37%
EDUCATION & DEVELOPMENT	-	-	-	0.00%	893	3,553	(2,660)	-74.85%
TRAVEL & AUTO	5,304	5,979	(675)	-11.29%	47,489	95,306	(47,817)	-50.17%
<b>TOTAL EMPLOYEE RELATED EXPENSES</b>	<b>264,174</b>	<b>254,819</b>	<b>9,356</b>	<b>3.67%</b>	<b>2,425,452</b>	<b>2,741,904</b>	<b>(316,452)</b>	<b>-11.54%</b>
PROFESSIONAL SERVICES								
CONSULTING LEGAL & ADMIN	325	49,632	(49,307)	-99.34%	237,515	664,498	(426,983)	-64.26%
LOAN EXPENSE & BANK FEE	10,443	11,634	(1,190)	-10.23%	101,607	117,592	(15,985)	-13.59%
ACCOUNTING & AUDITING	21,708	46,031	(24,323)	-52.84%	246,714	274,542	(27,828)	-10.14%
MARKETING GENERAL	5,922	2,566	3,356	130.77%	23,221	40,149	(16,928)	-42.16%
FINANCIAL ADVISORY	30,075	24,000	6,075	25.31%	240,075	216,559	23,516	10.86%
CONFERENCE/TRAINING	-	905	(905)	0.00%	9,296	4,203	5,093	82.53%
MISC. PROFESSIONAL SERVICES	-	-	(1,435)	0.00%	20,000	12,055	7,945	0.00%
DATA PROCESSING	6,065	7,499	(1,435)	-19.13%	31,263	41,007	(9,743)	-23.76%
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>74,538</b>	<b>142,267</b>	<b>(67,728)</b>	<b>-47.61%</b>	<b>909,691</b>	<b>1,371,495</b>	<b>(461,804)</b>	<b>-33.67%</b>

Illinois Finance Authority  
 General Fund - Actual to Actual  
 Statement of Activities  
 for Period Ending  
 March 31, 2009

	Actual March 2009	Actual March 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
<b>OCCUPANCY COSTS</b>								
OFFICE RENT	25,638	26,040	(403)	-1.55%	222,572	212,879	9,693	4.55%
EQUIPMENT RENTAL AND PURCHASES	3,913	4,377	(464)	-10.59%	45,632	52,092	(6,460)	-12.40%
TELECOMMUNICATIONS	5,514	8,004	(2,490)	-31.11%	46,851	57,443	(10,592)	-18.44%
UTILITIES	2,130	2,022	108	5.34%	11,757	9,537	2,219	23.27%
DEPRECIATION	5,247	(1,206)	6,453	-535.02%	55,803	56,681	(878)	-1.55%
INSURANCE	(1,086)	1,100	(2,186)	-198.69%	11,867	12,133	(266)	-2.19%
<b>TOTAL OCCUPANCY COSTS</b>	<b>41,357</b>	<b>40,337</b>	<b>1,020</b>	<b>2.53%</b>	<b>394,481</b>	<b>400,765</b>	<b>(6,283)</b>	<b>-1.57%</b>
<b>GENERAL &amp; ADMINISTRATION</b>								
OFFICE SUPPLIES	4,864	6,525	(1,661)	-25.46%	67,441	69,174	(1,733)	-2.51%
BOARD MEETING - EXPENSES	841	5,277	(4,436)	-84.06%	30,566	44,983	(14,417)	-32.05%
PRINTING	503	1,331	(827)	-62.18%	12,294	12,231	63	0.52%
POSTAGE & FREIGHT	1,876	3,235	(1,359)	-42.01%	18,824	21,497	(2,673)	-12.44%
MEMBERSHIP, DUES & CONTRIBUTIONS	10,270	1,570	8,700	554.26%	31,614	33,065	(1,452)	-4.39%
PUBLICATIONS	515	352	163	46.19%	3,125	1,856	1,270	68.43%
OFFICERS & DIRECTORS INSURANCE	15,004	14,746	258	1.75%	132,682	132,718	(36)	-0.03%
MISCELLANEOUS	-	500	(500)	0.00%	4,048	1,348	2,700	200.23%
<b>TOTAL GENL &amp; ADMIN EXPENSES</b>	<b>33,872</b>	<b>33,535</b>	<b>338</b>	<b>1.01%</b>	<b>300,595</b>	<b>316,873</b>	<b>(16,278)</b>	<b>-5.14%</b>
<b>LOAN LOSS PROVISION/BAD DEBT</b>	<b>(81,387)</b>	<b>28,151</b>	<b>(109,538)</b>	<b>-389.11%</b>	<b>(115,290)</b>	<b>285,957</b>	<b>(401,247)</b>	<b>-140.32%</b>
<b>OTHER</b>								
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%
<b>TOTAL OTHER</b>								
<b>TOTAL EXPENSES</b>	<b>332,555</b>	<b>499,108</b>	<b>(166,553)</b>	<b>-33.37%</b>	<b>3,914,929</b>	<b>5,116,993</b>	<b>(1,202,064)</b>	<b>-23.49%</b>
<b>NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) &amp; TRANSFERS</b>	<b>518,854</b>	<b>8,419</b>	<b>510,435</b>	<b>6063.09%</b>	<b>1,719,866</b>	<b>1,455,770</b>	<b>264,095</b>	<b>18.14%</b>
<b>NET UNREALIZED GAIN/(LOSS) ON INVESTMENT</b>	-	4,913	(4,913)	0.00%	-	53,189	(53,189)	0.00%
<b>TRANSFER</b>	-	13,125	(13,125)	0.00%	20,125	794,262	(774,137)	0.00%
<b>REVENUE GRANT</b>	-	-	-	0.00%	-	-	-	0.00%
<b>APPROPRIATIONS FROM STATE</b>	-	-	-	0.00%	-	-	-	0.00%
<b>NET INCOME/(LOSS)</b>	<b>518,854</b>	<b>26,457</b>	<b>492,397</b>	<b>1861.11%</b>	<b>1,739,991</b>	<b>2,303,222</b>	<b>(563,231)</b>	<b>-24.45%</b>



Illinois Finance Authority  
Consolidated  
Unaudited  
Balance Sheet

for the Nine Months Ending March 31, 2009

	Actual March 2008	Actual March 2009	Budget March 2009	Variance to budget
<b>ASSETS</b>				
CASH & INVESTMENTS, UNRESTRICTED	\$ 18,335,048	\$ 29,775,851	26,303,041	\$ 3,472,810
RECEIVABLES, NET	443,718	109,623	287,438	(177,815)
LOAN RECEIVABLE, NET	90,838,211	88,855,182	105,272,041	(16,416,859)
OTHER RECEIVABLES	715,689	2,040,519	1,176,200	864,319
PREPAID EXPENSES	68,096	57,959	170,832	(112,873)
<b>TOTAL CURRENT ASSETS</b>	<b>110,400,762</b>	<b>120,839,134</b>	<b>133,209,553</b>	<b>(12,370,419)</b>
<b>FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b>210,610</b>	<b>114,899</b>	<b>128,840</b>	<b>(13,941)</b>
<b>DEFERRED ISSUANCE COSTS</b>	<b>713,568</b>	<b>604,499</b>	<b>624,476</b>	<b>(19,977)</b>
<b>OTHER ASSETS</b>				
CASH, INVESTMENTS & RESERVES	37,370,104	47,157,621	39,553,243	7,604,378
VENTURE CAPITAL INVESTMENTS	5,835,254	5,377,739	5,738,223	(360,484)
OTHER	3,682,072	3,646,693	3,682,072	(35,379)
<b>TOTAL OTHER ASSETS</b>	<b>46,887,430</b>	<b>56,182,053</b>	<b>48,973,538</b>	<b>7,208,515</b>
<b>TOTAL ASSETS</b>	<b>\$ 158,212,370</b>	<b>\$ 177,740,586</b>	<b>\$ 182,936,406</b>	<b>\$ (5,195,821)</b>
<b>LIABILITIES</b>				
CURRENT LIABILITIES	\$ 1,231,001	\$ 1,167,534	732,619	\$ 434,915
LONG-TERM LIABILITIES	60,111,764	62,871,727	67,440,471	(4,568,746)
<b>TOTAL LIABILITIES</b>	<b>61,342,765</b>	<b>64,039,261</b>	<b>68,173,091</b>	<b>(4,133,832)</b>
<b>EQUITY</b>				
CONTRIBUTED CAPITAL	36,061,462	35,608,692	35,608,692	-
RETAINED EARNINGS	17,921,049	24,799,651	24,799,651	-
NET INCOME / (LOSS)	4,830,373	883,831	1,945,820	(1,061,989)
RESERVED/RESTRICTED FUND BALANCE	25,491,190	39,760,982	39,760,982	-
UNRESERVED FUND BALANCE	12,565,531	12,648,171	12,648,171	-
<b>TOTAL EQUITY</b>	<b>96,869,605</b>	<b>113,701,326</b>	<b>114,763,316</b>	<b>(1,061,989)</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 158,212,370</b>	<b>\$ 177,740,586</b>	<b>\$ 182,936,407</b>	<b>\$ (5,195,820)</b>

**General Operating Fund  
Projected Cash Flow  
for the three months ending June 30, 2009**

Cash Beg. Bal as of 3/31/2009		13,612,889
Projected Additions: Apr thru Jun 09		
Administration Fees	1,335,903	
Service Fees	86,616	
Application Fees	21,038	
Interest on Loans	295,842	
Principal Bal. Reductions	604,416	
Investment Income	30,000	
Total projected income		2,373,815
Total Incoming Cash Flows thru June 30, 2009		15,986,704
Deductions:		
Operating Expenses Apr thru June 09	1,292,656	
Less non cash transactions		
Depreciation Expense	(17,055)	
Cost of issuance	(21,000)	
Loan Loss provision	(12,000)	
Total Outflows in Operating Exp.	1,242,601	
Loans to be funded/approved by the board as of March 09 board meeting	2,385,000	
Potential loan prospects	1,000,000	
	3,385,000	
Total Outflows as of June 30, 2009		4,627,601
Ending Cash balance as of 6/30/09		11,359,103
Net Increase/(decrease) on cash		(2,253,786)
Reserve for 6 months Operating Expenses	3,150,000	
	3,150,000	
Total Cash Available as of June 30, 2009		8,209,103

**General Operating Fund  
Projected Cash Flow  
For Fiscal Year 2009**

Cash Beg. Bal as of 06/30/08		9,886,971
Additions:		
Principal repayments Jul 08 thru Mar 09	3,655,965	
Revenues from Jul 08 thru Mar 09 Collected in cash	<u>6,679,525</u>	
Total cash Receipts		10,335,490
Total Cash		20,222,461
Projected Additions: Apr 09 thru Jun 09		
Administration Fees	1,335,903	
Service Fees	86,616	
Application Fees	21,038	
Interest on Loans	295,842	
Principal Bal. Reductions	604,416	
Investment Income	<u>30,000</u>	
Total projected income		2,373,815
Total Incoming Cash Flows thru June 30, 2009		22,596,276
Deductions:		
Expenses from July 08 thru Mar 09 Paid in cash	3,899,350	
Projected Operating Expenses Mar 09 thru June 09	1,292,656	
Less non cash transactions		
Depreciation Expense	(17,055)	
Cost of issuance	(21,000)	
Loan Loss provision	<u>(12,000)</u>	
Total Outflows in Operating Exp.	5,141,951	
Loans funded Jul 08 thru Mar 09	2,710,222	
Loans to be funded/approved by the board as of March 09 board meeting	2,385,000	
Potential loan prospects	1,000,000	
Total Loans	<u>6,095,222</u>	
Total Outflows as of June 30, 2009		11,237,173
Ending Cash balance as of 6/30/09		11,359,103
Net increase/(decrease) on cash		1,472,132
Reserve for 6 months Operating Expenses	<u>3,150,000</u>	
	3,150,000	
Total Cash Available as of June 30, 2009		8,209,103



**MINUTES OF THE FEBRUARY 10, 2009 MEETING OF THE BOARD OF  
DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Board Meeting at 11:30 a.m. on March 10, 2009 at the James R. Thompson Center, 100 W. Randolph, Room 9-040, Chicago, Illinois.

**Members present:**

William A. Brandt, Jr., Chairman  
Michael W. Goetz, Vice Chairman  
Ronald E. DeNard  
Dr. Roger D. Herrin  
Edward H. Leonard, Sr.  
Terrence M. O'Brien  
Juan B. Rivera  
April D. Verrett

**Members absent:**

Dr. William J. Barclay  
James J. Fuentes  
Bradley A. Zeller

**Members participating  
by telephone:**

None

**Vacancies:**

4

**GENERAL BUSINESS**

**Call to Order, Establishment of Quorum and Roll Call**

Chairman Brandt called the meeting to order at 12:16 p.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests and asked Secretary, Carla Burgess Jones to call the roll. There being eight (8) members physically present, Ms. Burgess Jones declared a quorum present.

**Chairman's Remarks**

Chairman Brandt thanked fellow Board members and guests for coming. Chairman Brandt introduced Ms. Yvonne Towers as the new CFO of the Illinois Finance Authority. Chairman Brandt announced the resignation of Ms. Karen Walker as the Authority's Director of Financial Services and that Rich Frampton will read the projects that are being presented today. Chairman Brandt announced the formation of a new Energy sub-committee that will be chaired by IFA board member, Dr. Roger D. Herrin

**Executive Director's Remarks**

Director Filan gave a brief report on the regional meetings.

**Acceptance of Financial Statements**

Financial statements for the period ending February 28, 2009, were presented to members of the Board and accepted by the Board. Chairman Brandt stated that the Authority's financial statements were reviewed at the regularly scheduled Committee of

the Whole Meeting held today at 8:30 a.m. Financial Statements were unanimously approved by members of the Board.

### **Minutes**

Chairman Brandt announced that the next order of business was to approve the minutes of the February 10, 2009 Meeting of the Board. Chairman Brandt announced that the February 10, 2009 minutes were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. The February 10, 2009 minutes were unanimously approved by members of the Board.

### **Project Approvals**

Chairman Brandt asked Rich Frampton to present the projects for consideration to the Board. Chairman Brandt announced that projects being presented today for approval were thoroughly reviewed at the Committee of the Whole Meeting held at 8:30 a.m. today.

Rich Frampton presented the following projects for board approval:

**No. 1: A-FB-TE-CD-8213 - Kraig Soltwedel**

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$200,000 for the purchase of 100 acres of farmland. This project is located in St. Joseph, Illinois. **(09-03-01)**.

**A-FB-TE-CD-8214 – Neal & Lori Nelson**

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$220,000 for the purchase of 115 acres of farmland. This project is located in Orion, Illinois. **(09-03-01)**.

**A-FB-TE-CD-8215 – Christopher Baumann**

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$250,000 for the purchase of 40 acres of dairy farmland. This project is located in Wyoming, Illinois. **(09-03-01)**.

**A-FB-TE-CD-8216 – Bradley & Amber Carriker**

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$229,632 for the purchase of 80 acres of farmland. This project is located in Raymond, Illinois. **(09-03-01)**.

**A-FB-TE-CD-8217 – Crystal & Thomas Joos**

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$103,200 for the purchase of 40 acres of farmland. This project is located in Buda, Illinois. **(09-03-01)**.

**A-FB-TE-CD-8218 – Lynde & Nicholas France**

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$250,000 for the purchase of 989 acres of farmland. This project is located in Table Grove, Illinois. **(09-03-01)**.

**A-FB-TE-CD-8219 – David Hartke**

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$250,000 for the purchase of 60 acres of farmland. This project is located in Litchfield, Illinois. (09-03-01).

**A-FB-TE-CD-8220 – James R. Nofftz**

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$200,000 for the purchase of 100 acres of farmland. This project is located in St. Joseph, Illinois. (09-03-01).

No guests attended with respect to the 8 Beginning Farmer Bonds that were presented. Chairman Brandt asked if the Board had any questions with respect to the 8 Beginning Farmer Bonds that were presented. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of the 8 Beginning Farmer Bonds presented under Project No. 1. Project No. 1 received final approval with 8 ayes, 0 nays, and 0 abstentions.

**No. 2: A-LL-TX-8222 – Helgen Partners**

Request for final approval of the issuance of a Participation Loan in an amount not-to-exceed \$250,000. Loan proceeds will be used to provide permanent financing for the purchase of 448 acres of farmland. This project is located in Litchfield, Illinois. (09-03-02).

**No. 3: I-ID-TE-CD-8211 – Joliet Asphalt, LLC**

Request for preliminary approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$5.5M. Bond proceeds will be used to provide financing for construction, site improvements on leased land, and to purchase equipment. This project is expected to create 51 new jobs and 40 construction jobs. This project is located in Joliet, Illinois. (09-03-03).

Issuance of the Bonds is subject to an allocation of Volume Cap. The Borrower has requested that the City of Joliet combine Volume Cap for this project. The city is not yet committed to an amount.

**No. 6: H-HO-TE-CD-8205 – Rehabilitation Institute of Chicago (“RIC”)**

Request for final approval of the issuance of 501(c)3 Bonds in an amount not-to-exceed \$48M. Bond proceeds will be used to refinance the Series 2003 tax-exempt direct note obligation; refinance a term note; pay or reimburse costs for capital improvements; and fund acquisition costs. This project is located in Chicago, Illinois. (09-03-06).

**No. 7: H-HO-TE-CD-8119 – Central DuPage Health**

Request for final approval of the issuance of 501(c)3 Bonds in an amount not-to-exceed \$100M. Bond proceeds will be used to fund capital expenditures; pay a portion of the interest on the Series 2009 Bonds; provide working capital; fund a debt service reserve; and pay issuance

costs. This project is expected to create 33 new jobs and 400 construction jobs. This project is located in Winfield, Illinois. (09-03-07).

No guests attended with respect to Project Nos. 2, 3, 6 and 7. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 2, 3, 6 and 7. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 2, 3, 6 and 7. Leave was granted. Project Nos. 2, 3, 6 and 7 received approval with 8 ayes, 0 nays, and 0 abstentions.

- No. 8: Fitzpatrick Brothers, Inc. - Amendatory Resolution.** Request to change Underwriter and LOC provider as agreed to by the Borrower and the Illinois Finance Authority. (09-03-08).
- No. 9: Ambulance Revolving Loan Fund Program. Amendatory Resolution.** Resolution to approve IFA funding criteria for individual applicants seeking loans for the Ambulance Revolving Loan Program that is jointly administered by the Office of the State Fire Marshall (OSFM) and the Illinois Finance Authority. (09-03-09).
- No. 10: Fire Truck Revolving Loan Fund. Amendatory Resolution.** Resolution to approve IFA funding criteria for individual applicants seeking loans for the Fire Truck Revolving Loan Program that is jointly administered by the Office of the State Fire Marshall (OSFMO) and the Illinois Finance Authority. (09-03-10).
- No. 11: OSF Healthcare System. Amendatory Resolution.** Request to add additional underwriters, request to add additional re-marketing agents, and request to add additional LOC providers as agreed to by the Borrower and the Illinois Finance Authority. (09-03-11).
- No. 12: Project to finance a Lithium Ion Battery Production Facility. Resolution.** A Resolution to authorize the Executive Director to offer assistance in connection with a State of Illinois bid to compete for a U.S. Department of Energy ("USDOE") Project to finance a Lithium Ion Battery Production Facility, subject to further Board consideration and approval by the Governor's Office. (09-03-12).
- No. 13: Micro Loan Program. Resolution.** Resolution to authorize the Executive Director to submit an application to the U.S. Small Business Administration to become an intermediary Lender of the Micro Loan program. (09-03-12).

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



**No. 4: E-PC-TE-CD-8212 – Illinois Institute of Technology**

Request for preliminary approval of the issuance of 501(c)3 Bonds in an amount not-to-exceed \$25M. Bond proceeds will be used to fund various campus renovations. This project is expected to create 130 construction jobs. This project is located in Chicago, Illinois. (09-03-04).

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 4. Mr. Townsend Albright, Senior Funding Manager, introduced Ms. Susan Wallace, VP & CFO, Mr. David Ulaszek, Associate VP of Finance and Ms. Tondalay Lewis-Hozier, Financial Analyst. Ms. Wallace thanked the Board for its consideration, and also shared with the Board that the Illinois Institute of Technology is in the process of reaching out to minority underwriters. Chairman Brandt then asked if the Board had any questions for Ms. Wallace. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 4. Leave was granted. Project No. 4 received preliminary approval with 8 ayes, 0 nays, and 0 abstentions.

**No. 5: H-HO-TE-CD-8221 – Northwestern Memorial Hospital**

Request for final approval of the issuance of 501(c)3 Bonds in an amount not-to-exceed \$475M. Bond proceeds will be used to refund some or all of the outstanding principal amount of the IFA Variable Rate Demand Revenue Bonds; finance, refinance or reimburse NMH for costs associated with the acquisition, construction, renovation, remodeling or equipping of certain capital projects; pay interests on the Bonds; fund a debt service reserve fund; pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the refunded bonds. This project is located in Chicago, Illinois. (09-03-05).

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 5. Ms. Pamela Lenane, Vice President & Associate General Counsel, introduced Mr. Francis Fraher, Director of Finance. Mr. Fraher thanked the Board for its consideration. Chairman Brandt then asked if the Board had any questions for Mr. Fraher. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 5. Leave was granted. Project No. 5 received final approval with 8 ayes, 0 nays, and 0 abstentions.

**Other Business**

Chairman Brandt asked if there was any other business to come before the Board. There being none, Chairman Brandt requested a motion to adjourn. Upon a motion by Mr. O'Brien and seconded by Mr. Goetz, the meeting adjourned at approximately 12:36 p.m.

Respectfully Submitted

Carla B. Burgess Jones, Secretary



# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Eric Reed/lk  
Date: April 14, 2009  
Re: Overview Memo for Beginning Farmer Bonds

---

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** Up to \$250,000 maximum of new money for each project
- **Project Type:** Beginning Farmer Revenue Bonds
- **Total Requested:** \$565,000.00
- **Calendar Year Summary:** (as of April 14, 2009)
  - Volume Cap: \$15,000,000.00
  - Volume Cap Committed: \$3,991,486.00
  - Volume Remaining: \$11,008,514.00
  - Average Acreage Farm Size: 85
  - Number of Farms Financed: 20
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2009 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
  - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**  
Stephen F. Welcome, Esq.  
Three First National Plaza, Suite 4300  
Chicago, IL 60602

**Project Number:** A-FB-TE-CD-8229  
**Funding Manager:** Eric Reed  
**Borrower(s):** Engelkens, Kal  
**Borrower Benefit:** First Time Land Buyer  
**Town:** Milledgeville, IL  
**Amount:** \$240,000.00  
**Use of Funds:** Farmland – 75 acres  
**Purchase Price:** \$300,000 / (\$4,000 per ac)  
**%Borrower Equity:** 20%  
**%Other Agency:** 0%  
**%IFA:** 80%  
**County/Region:** Whiteside / Northwest  
**Lender/Bond Purchaser:** The National Bank / Bart Ottens  
**Legislative Districts:** Congressional: 16<sup>th</sup>, Donald Manzullo  
State Senate: 45<sup>th</sup>, Tim Bivins  
State House: 89<sup>th</sup>, Jim Sacia

Principal shall be paid annually in installments determined pursuant to a Twenty five year amortization schedule, with the first principal payment date to begin one year from the date of closing. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin one year from the date of closing with the twenty fifth and final payment of all outstanding balances due twenty five years from the date of closing.

**\*Kal Engelkens:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.25% fixed for the first five years and adjust every five years thereafter equal to prime as listed in the Wall Street Journal. IFA Fee: \$3,650.00

**Project Number:** A-FB-TE-CD-8230  
**Funding Manager:** Eric Reed  
**Borrower(s):** Purdom, Cody A.  
**Borrower Benefit:** First Time Land Buyer  
**Town:** Marengo, IL  
**Amount:** \$120,000.00  
**Use of Funds:** Farmland – 1/3 interest in 95 acres & equipment  
**Purchase Price:** \$370,000 / (\$3,684 per ac)  
**%Borrower Equity:** 38%  
**%Other Agency:** 0%  
**%IFA:** 62%  
**County/Region:** McHenry / Northeast  
**Lender/Bond Purchaser:** Alpine Bank & Trust Co. / Carl Dumoulin  
**Legislative Districts:** Congressional: 16<sup>th</sup>, Donald Manzullo  
State Senate: 32<sup>nd</sup>, Pamela Althoff  
State House: 63<sup>rd</sup>, Jack Franks

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on April 1, 2010. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to on April 1, 2010 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

**\*Cody A. Purdom:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.25% fixed for the first five years and adjust every five years thereafter to 2.5 points above the prevailing 5 year Treasury Bond rate with a floor of 4.0%. IFA Fee: \$1,800.00

**\* Information enclosed in the border is to be considered confidential and may be exempt from disclosure under the Freedom of Information Act**

**Project Number:** A-FB-TE-CD-8231  
**Funding Manager:** Eric Reed  
**Borrower(s):** Shepherd, Paul  
**Borrower Benefit:** First Time Land Buyer  
**Town:** Hillsboro, IL  
**Amount:** \$110,000.00  
**Use of Funds:** Farmland – 55 acres  
**Purchase Price:** \$220,000 / (\$4,000 per ac)  
**%Borrower Equity:** 0%  
**%Other Agency:** 50%  
**%IFA:** 50%  
**County/Region:** Montgomery / Central  
**Lender/Bond Purchaser:** First National Bank of Litchfield / Ken Elmore  
**Legislative Districts:** Congressional: 17<sup>th</sup>, Phil Hare  
State Senate: 49<sup>th</sup>, Deanna Demuzio  
State House: 98<sup>th</sup>, Betsy Hannig

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin one year from the date of closing. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin one year from the date of closing with the thirty and final payment of all outstanding balances due thirty years from the date of closing.

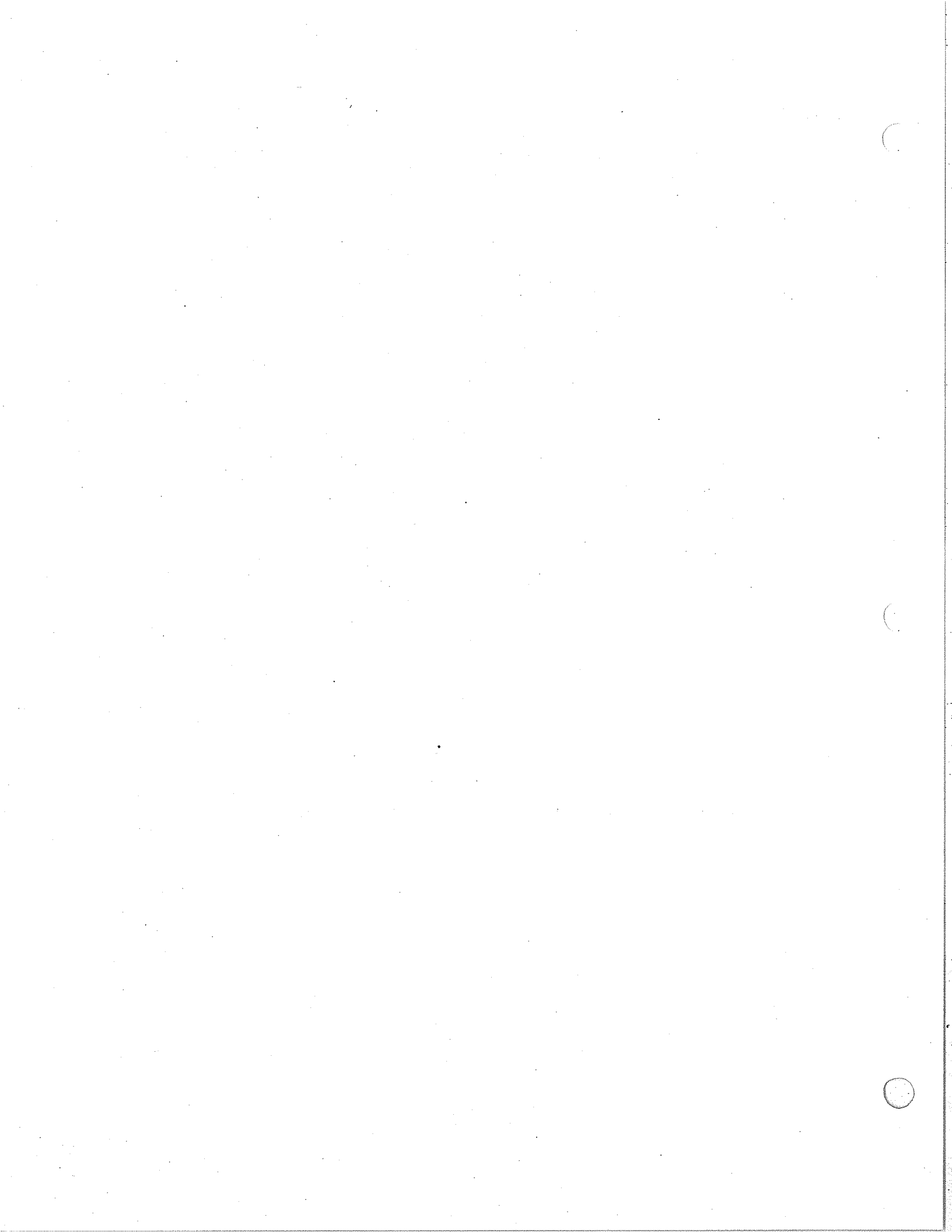
**\*Paul Shepherd:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.50% fixed for the first five years and adjust every five years thereafter to the National Prime Rate as quoted in the Wall Street Journal. The interest rate on this loan shall never be lower than 4.00% or higher than 10.50%.  
IFA Fee: \$1,650.00

**Project Number:** A-FB-TE-CD-8232  
**Funding Manager:** Eric Reed  
**Borrower(s):** Bielfeldt, Brian & Evelyn  
**Borrower Benefit:** First Time Land Buyer  
**Town:** Paxton, IL  
**Amount:** \$95,000.00  
**Use of Funds:** Farmland – 40 acres  
**Purchase Price:** \$120,000 / (\$3,000 per ac)  
**%Borrower Equity:** 21%  
**%Other Agency:** 0%  
**%IFA:** 79%  
**County/Region:** Ford / East Central  
**Lender/Bond Purchaser:** First National Bank of Paxton / Donald Rasmus  
**Legislative Districts:** Congressional: 15<sup>th</sup>, Timothy Johnson  
State Senate: 53<sup>rd</sup>, Dan Rutherford  
State House: 105<sup>th</sup>, Shane Cultra

Principal and interest shall be paid annually in ten equal installments, with the first nine installments to be equal payments of \$7,000.00 each pursuant to a twenty five year amortization schedule. The first payment date shall be one year from the date hereof and successive payment dates shall be at one year intervals thereafter, with the tenth and final balloon payment of all principal and interest then outstanding due ten years from the date hereof.

**\*Brian & Evelyn Bielfeldt:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.25% fixed for the term of the note. Lender will charge \$100.00 fee.  
IFA Fee: \$1,425.00

**\* Information enclosed in the border is to be considered confidential and may be exempt from disclosure under the Freedom of Information Act**





**\$4,000,000**

April 14, 2009

**CARRI SCHARF MATERIALS COMPANY**

**REQUEST** Purpose: Provide conduit IRB financing  
 Project Description: Finance acquisition of new dredging equipment (\$4,000,000)  
 Issuance Cost: Estimated at \$80,000  
 Program: IRB  
 Extraordinary Conditions: None No State resources.  
 Volume cap required \$4,000,000 Waiver request: N  
 No Extraordinary Conditions

**BOARD ACTIONS** Preliminary  
 Voting Record: None Prior

**MATERIAL CHANGES** N/A

**JOB DATA** 63 Current jobs 9 New jobs projected  
 63 Retained jobs N/A Construction jobs projected

**BORROWER DESCRIPTION**

- Type of entity: C Corporation - Manufacturer
- Location: Spring Bay/Woodford/North Central
- When was it established: 1982
- What does the entity do Manufactures & Distributes Aggregate Products
- Who does the entity serve Construction Contractors
- What will new project facilitate Business Expansion

**CREDIT INDICATORS**

- Not Rated.
- Direct Bond Purchaser: Bank of Illinois
- Insurer: N/A

**Proposed Structure** Not Enhanced  
 Fixed Rate Bonds  
 Maturity: 10 Years

<b>Sources and Uses</b>	IFA Bonds:	\$4,000,000	Project Cost	\$5,920,000
	Bank Financing:	\$2,000,000	Cost of Issuance	\$80,000
	<b>Total</b>	<b>\$6,000,000</b>	<b>Total</b>	<b>\$6,000,000</b>

**Recommendation** Credit Review Committee Recommends Approval

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 14, 2009**

**Project: Carri Scharf Materials Company**

---

**STATISTICS**

IFA Project:	I-ID-TE-CD-8226	Amount:	\$4,000,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	IFA Staff:	Jim Senica
County/		Location:	Spring Bay
Region:	Tazewell/North Central		

---

**BOARD ACTION**

Preliminary Bond Resolution	No IFA funds at risk
Conduit Industrial Revenue Bonds	No extraordinary conditions
Credit committee recommends approval	

---

**VOTING RECORD**

Preliminary Bond Resolution, no prior vote

---

**PURPOSE**

The IFA Bond portion of this project will finance the acquisition of new dredging equipment to be located in Spring Bay, Illinois and to finance the legal and professional issuance costs associated with the bond issuance. The Bank portion of the project will finance the acquisition of land mineral rights and used equipment.

The equipment acquisition is being made to maintain quality of service and increase the volume of product to be produced at this site. The Company has been turning away business due to a lack of production capacity and this project will improve the capacity and productivity of the Company's overall operation.

The proposed financing is consistent with the State's efforts to modernize and upgrade manufacturing technology to help assure retention of manufacturing companies and related value-added jobs in Illinois. Carri Scharf is now a major supplier of aggregate used for the base material required for the installation of wind energy turbines.

---

**IFA PROGRAM AND CONTRIBUTION**

The Authority's Industrial Revenue Bond Program provides low interest rate financing for qualifying manufacturing projects. IFA's issuance of Industrial Revenue Bonds will enable the Borrower to obtain a lower interest rate on this debt.

---

**VOLUME CAP**

**IFA Volume Cap Requested:** This financing will require \$4,000,000 of 2009 IFA Volume Cap.

*The project site is located in a rural area of Central Illinois in Spring Bay, a non-home rule community located approximately 10 miles east of Peoria on Illinois Highway 26.*



---

**SOURCES AND USES OF FUNDS**

Sources:	IRB	\$4,000,000	Uses:	Project Cost	\$5,920,000
	Bank of Illinois	<u>2,000,000</u>		Issuance Costs	<u>80,000</u>
	<b>Total</b>	<b><u>\$6,000,000</u></b>		<b>Total</b>	<b><u>\$6,000,000</u></b>

---

**JOBS**

Current employment:	63	Projected new jobs:	9 (within 2 years)
Jobs retained:	63	Construction jobs:	Not applicable

Proceeds of the subject Bonds would entirely finance production equipment, with an estimated useful life of 10 years.

For Carri Scharf Materials Company, ongoing investments in production equipment are essential to assure the Company's long-term viability. Financing these investments at the lowest possible interest rate should enhance the Company's profitability at any given sales volume, thereby generating more taxable income for the State of Illinois at no direct cost to the State.

---

**FINANCING SUMMARY**

Direct Lender/ Bond Investor Security:	The Direct Lender/Investor (i.e., Bank of Illinois) will be secured by a first security interest in the equipment, a second mortgage on commercial real estate ( <i>1<sup>st</sup> mortgage secures additional loans from Bank of Illinois</i> ) as well as with the personal guarantees of Joseph and Carri Scharf.
Structure:	As proposed, the Bonds would be purchased directly by Bank of Illinois, the Direct Lender/Investor, and held as a portfolio investment until maturity.
Interest Rate:	Fixed Rate Bonds to maturity (estimated interest rate of 5.25% as of 3/30/2009)
Amortization:	10 Years (maximum maturity)
Timing:	June 2008
Rationale:	The proposed project will enable Carri Scharf Materials Company to increase its production capacity significantly, thereby reducing the Company's sales backlog. As a result of these backlogs, Carri Scharf Materials Company has had to turn away business.

---

**BUSINESS SUMMARY**

Description:	Carri Scharf Materials Company or the "Company" is an Illinois C Corporation established in Bloomington, Illinois in 1982. The Company's founders, Joseph and Carri Scharf originally founded the operation as Cari Scharf Trucking, Inc. and then expanded the operation in 1993 with the establishment of Carri Scharf Materials Company to engage in the mining/production of aggregate material.
Background:	Carri Scharf Materials Company engages in the mining of mineral reserves to process into various forms of aggregate material primarily for use as a base support material for wind turbine installation and highway construction. The Company grinds, molds, washes and blends various kinds of sand, gravel and rock from the mined mineral reserves. Sizes of the Company's aggregate will vary from finally ground mason sand for use in the making of concrete and mortar used in concrete block installation as well as the construction of streets, sidewalks and curbs in both residential and state/federal roads to mid-sized aggregate used in the manufacture of concrete blocks, basement walls and crawlspaces as well as drainage for all facets of the construction industry to large aggregate used as base material for wind tower installation and highway construction. Very large aggregate material is utilized for trench embankment, soil stabilization

and numerous types of landscaping applications. The Company's trucking operation is strategically located to insure prompt delivery of the Company's products while enabling the Company to maintain control over the cost and quality of its product distribution.

---

### PROJECT SUMMARY

Bond proceeds will be used to finance (1) the acquisition of new dredging equipment to be located in Spring Bay, Illinois and (2) to finance the legal and professional issuance costs associated with the bond issuance. Bank loan proceeds will finance the acquisition of land mineral rights and used equipment.

Estimated project costs are as follows:

New Dredging Equipment	\$3,920,000
Used Mining Equipment	1,200,000
Land Mineral Rights	<u>800,000</u>
Total Project Costs	<u>\$5,920,000</u>

---

### ECONOMIC DISCLOSURE STATEMENT

**Applicant:** Carri Scharf Materials Company (Contact: Mr. Joseph A. Scharf, - Operations Manager, 7 Cari Drive, Bloomington, IL 61705; Ph: (309) 828-7329  
E-mail: [cstcsm@aol.com](mailto:cstcsm@aol.com))

**Project name:** Carri Scharf Materials Company Spring Bay Project

**Location:** 50 Eichhorn Road Spring Bay, IL 61611 (Woodford County)

**Borrower:** Carri Scharf Materials Company

**Organization:** Illinois C Corporation

**Ownership:** Carri Scharf - 51%  
Joseph Scharf - 49%

---

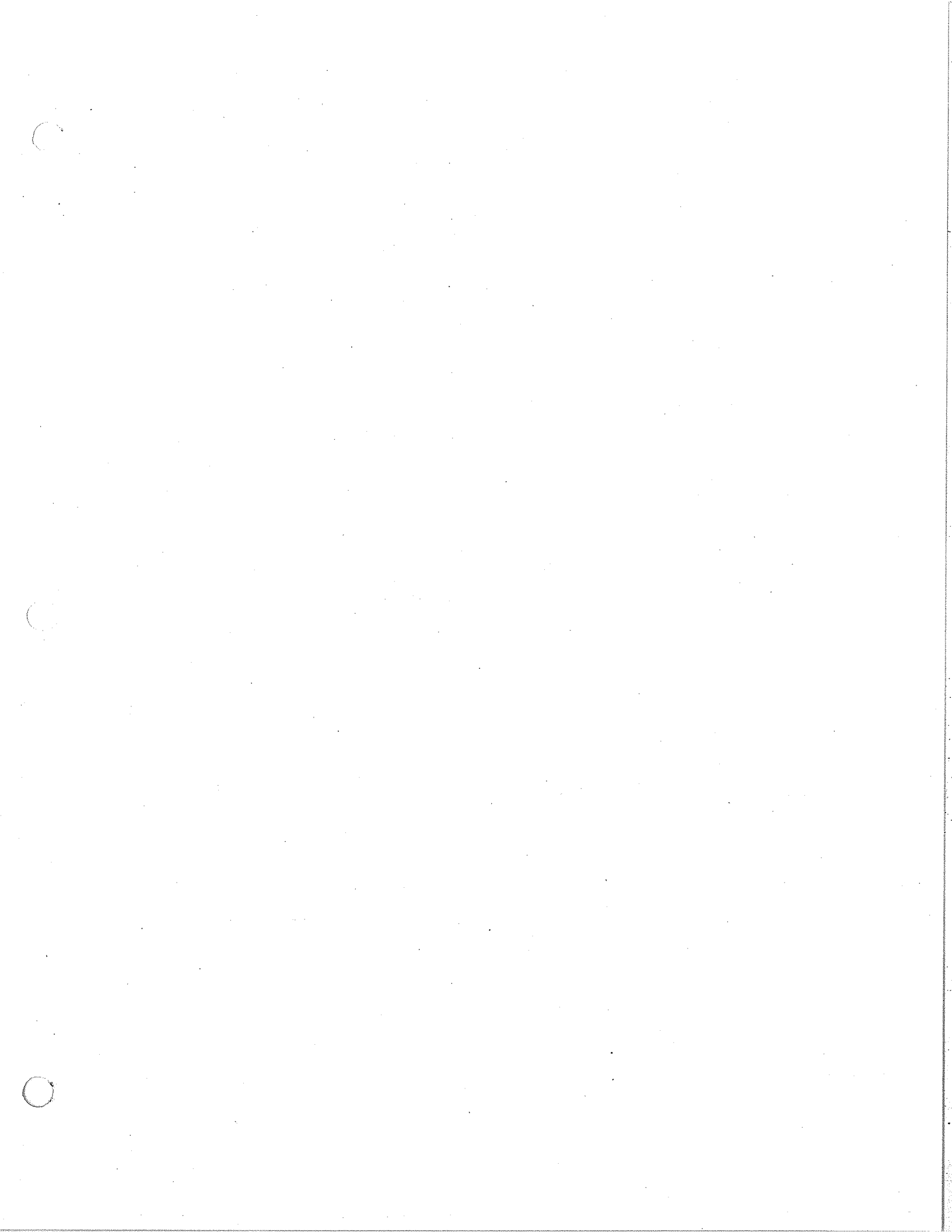
### PROFESSIONAL & FINANCIAL

<b>General Counsel:</b>	Clayton W. Moushon, LTD	East Peoria, IL	Clayton W. Moushon
<b>Accountant:</b>	Striegel & Knobloch	Bloomington, IL	Gene Striegel
<b>Consultant:</b>	MACTEC Engineering	Chicago, IL	Eric Carlson
<b>Bond Counsel:</b>	Borrower is currently in negotiation with bond counsel.		
<b>Direct Lender/ Bond Purchaser:</b>	Bank of Illinois	Bloomington, IL	Eriche Maschhoff
<b>IFA Counsel:</b>	To be determined		
<b>IFA Financial Advisors:</b>	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

---

### LEGISLATIVE DISTRICTS

<b>Congressional:</b>	18	Aaron Schock
<b>State Senate:</b>	37	Dale E. Risinger
<b>State House:</b>	73	David R. Leitch





# CONDUIT

April 14, 2009

**\$115,000,000**

**Museum of Science and Industry ("MSI")**

**REQUEST**

**Purpose:** Bonds will be used to (1) refinance several outstanding series of IFA (IEFA) Variable Rate Bonds to conform debt covenants and extend the final maturity date; (2) finance the purchase and installation of a new, integrated HVAC system that will provide MSI with a building-wide temperature and humidity control system for the first time (particularly important for new exhibits with computer controls), and (3) to finance and refinance major renovations with the \$113 Million capital portion of MSI's \$205 Million *Science Rediscovered* Campaign, which will build new, interactive, exhibits designed to inspire children and students to achieve their full potential in the fields of science, technology, medicine, and engineering.

**Project Description:** (i) refund all of the Museum of Science and Industry's existing IFA (IEFA) Bonds and Direct Notes Obligations (totaling \$30,430,000), (ii) finance the acquisition and installation of a new, integrated HVAC system, and (iii) to finance or refinance various capital improvements, including, but not limited to, the construction and installation of new exhibits in connection with the Museum of Science and Industry's *Science Rediscovered* Campaign. All improvements will be located at the Museum of Science and Industry's Main Campus located at 57<sup>th</sup> Street and Lake Shore Drive in Chicago (Cook County), Illinois 60637-2093. Additionally, bond proceeds may also be used to (iv) to pay bond issuance costs.

**Program:** Conduit 501(c)(3) Revenue Bonds

**Extraordinary Conditions:** None.

**BOARD ACTIONS**

Preliminary Bond Resolution

**MATERIAL CHANGES**

Not applicable – this is the initial presentation to the IFA Board

**JOB DATA**

296	Current jobs	22	New jobs projected
N/A	Retained jobs	914	Construction jobs projected (through 2012)

**DESCRIPTION**

- Location (Chicago/ Cook County / Northeast Region)
- The Museum of Science and Industry opened to the public in 1933, in a renovated building as part of the Century of Progress Exposition. MSI is the oldest science museum of its kind in the Americas and attracts approximately 1.5 million visitors per annum.
- MSI is one of the most popular tourist destinations in the City of Chicago, and is one of the ten most visited museums in the U.S. In 2008, nearly 250,000 children and students in school groups and youth organizations visited MSI and participated in educational programs.
- MSI's facility is the largest science museum located within a single building in the Americas and features over 350,000 SF of exhibit space.

**CREDIT**

- Members of MSI's Banking Syndicate will be providing Direct Pay Letters of Credit to Credit Enhance the subject bonds to enable sale of Daily or Weekly Variable Rate Demand Bonds.

**INDICATORS**

- The anticipated short-term ratings of the LOC Banks are VMIG-1 (P-1)/ A-1+/F1+

**Proposed Structure**

- Variable Rate Demand Bonds (anticipated initial mode: daily or weekly)
- Final Maturity of up to 35 years; structuring details to be determined.

**Sources and Uses**

IFA Series 2008A (HVAC)	\$15,450,000	HVAC Improvements	\$15,450,000
IFA Series 2008B (Science Rediscovered)	69,120,000	Project Costs (Science Rediscovered)	113,437,000
IFA Refunding Bonds (2008C)	30,430,000	Refinancing of Bonds	31,188,870
Fundraising	<u>46,000,870</u>	Cost of Issuance	<u>925,000</u>
<b>Total</b>	<b>\$161,000,870</b>	<b>Total</b>	<b>\$161,000,870</b>

**Recommendation**

Credit Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 14, 2009**

**Project: Museum of Science and Industry ("MSI")**

---

**STATISTICS**

Project Number: N-NP-TE-CD-8223                      Amount: \$115,000,000 (Not-to-Exceed)  
Type: 501(c)(3) Bonds                                      IFA Staff: Rich Frampton  
County/Region: Cook County/Northeast                City: Chicago

---

**BOARD ACTION**

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

---

**VOTING RECORD**

This is the first time this project has been presented to the IFA Board of Directors.

---

**PURPOSE**

Use of proceeds: Bonds will be used to (1) refinance several outstanding Series of IFA (IEFA) Variable Rate Bonds totaling \$30.4 Million to extend the final maturity date and conform debt covenants; (2) finance the purchase and installation of a new, approximately \$15.5 million integrated HVAC system that will provide MSI with a building-wide temperature and humidity control system for the first time (particularly important for new exhibits with computer controls), and (3) to finance (and refinance interim taxable financing) approximately \$113 Million of capital expenditures in connection with MSI's \$205 Million *Rediscover Science* Campaign, which will build new, interactive, exhibits designed to inspire children and students to achieve their full potential in the fields of science, technology, medicine, and engineering. Additionally, bond proceeds may be used to pay bond issuance costs.

---

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bond financing that 501(c)(3) corporations may use to finance capital projects that further their organizational mission. IFA's issuance will convey federal income tax-exempt status on interest paid to bondholders thereby reducing the borrower's interest expense.

---

**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

---

**JOBS**

Current employment: 296                                      Projected new jobs: 22  
Jobs retained: Not applicable                                Construction jobs: 914 (estimated through 2012)

---

**ESTIMATED SOURCES AND USES OF FUNDS (PRELIMINARY, SUBJECT TO CHANGE)**

Sources:	IFA Series 2008A	\$15,450,000	Uses: HVAC Improvements	\$15,450,000
	IFA Series 2008B		Science Rediscovered Project,	
	* <i>(Science Rediscovered -</i>		Refinance Taxable Line of Credit	113,437,000
	Capital Portion only)	69,120,000	Refunding Prior	
	IFA Refunding		IFA Bonds	31,188,870
	Bonds (2008C)	30,430,000	Costs of Issuance:	<u>925,000</u>
	Fundraising/Equity:	<u>46,000,870</u>		
	<b>Total</b>	<b><u>\$161,000,870</u></b>	<b>Total</b>	<b><u>\$161,000,870</u></b>

*\*Note:* Approximately \$113 million of the \$205 Million *Science Rediscovered* Campaign will be allocated for capital purposes. Financing of these capital improvements, along with the related HVAC improvements and Refunding of Prior Bonds are shown above.

---

### FINANCING SUMMARY/STRUCTURE

- Security:** Bondholders will be secured by a Direct Pay Letter of Credit from one or more Banks including: JPMorgan Chase, Bank of America, Harris Bank, Fifth Third Bank, and National City Bank/PNC, and The Northern Trust Company.
- LOC Bank Security:** The LOC banks will be a general obligation of Museum of Science and Industry, the sole member of the Obligated Group, under a Master Trust Indenture. Such obligation will include a pledge of revenues.
- Structure:** The plan of finance contemplates issuing Multi-Modal Bonds that would initially bear interest in a floating rate (e.g., daily or weekly) mode. Each Series of Bonds would be credit enhanced by a Direct Pay Letter of Credit ("LOC") from with a short-term rating of VMIG-1/A-1+/F1+.
- Interest Rate Mode:** VRDBs reset daily or weekly. Banc of America Securities LLC will be the Remarketing Agent. The most recent average interest rate for 7-day floating rate bonds was approximately 0.54% as of 3/25/2009 (thereby resulting in a current effective rate of approximately 1.67%-1.92% after adding typical ongoing LOC and Remarketing Agent Fees, and Trustee Expenses).
- Maturity:** Up to 35 years (preliminary)
- Rating:** The applicable initial rating(s) will be the short-term rating(s) of the Direct Pay LOC Banks.
- Estimated Closing Date:** Late June 2009 or July 2009

---

### PROJECT SUMMARY

The Museum of Science and Industry will use Bond Proceeds to (i) refund all of the Museum of Science and Industry's existing IFA (IEFA) Bonds and Direct Notes Obligations (4 prior bond issues with outstanding balances totaling \$30,430,000), (ii) finance the acquisition and installation of a new, integrated HVAC system, (iii) to finance or refinance various capital improvements, including, but not limited to, the construction and installation of new exhibits and related improvements in connection with the Museum of Science and Industry's *Science Rediscovered* Campaign, and (iv) to pay bond issuance costs. All improvements will be located at the Museum of Science and Industry's Main Campus located at 57<sup>th</sup> Street and Lake Shore Drive in Chicago (Cook County), Illinois 60637-2093.

---

### BUSINESS SUMMARY

**Organization:** The Museum of Science and Industry ("MSI") is a not-for-profit incorporated under Illinois law in 1926. MSI is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. MSI's Board of Trustees is listed on Pages 5-6 and Life Trustees on Page 7 of this report.

**Background:** The Museum of Science and Industry opened to the public in 1933, in a renovated building originally constructed as part of the Century of Progress Exposition in 1893.

MSI is the oldest science museum of its kind in the Americas and attracts approximately 1.5 million visitors per annum. Additionally, MSI was the first museum in North America to develop hands-on, interactive permanent and temporary exhibits on current issues and developments in science and technology. MSI was also the first museum to obtain the participation and sponsorship of industrial businesses.

MSI is a museum of national prominence. MSI is one of the most popular tourist destinations in the City of Chicago, and one of the ten most visited museums in the U.S. Approximately 250,000 children in school groups and youth organizations visit MSI and participate in educational programs annually. The Museum also conducts teacher professional development programs. Based on attendance data for the past five years, approximately 44% of MSI's visitors are from states other than Illinois, and 6% of MSI's attendance is attributable to international visitors.

MSI's facility is the largest science museum located within a single building in the Americas – with over 350,000 SF of exhibit space. MSI's building has been used in two World's Fairs including the 1893 Columbian Exposition (where it served as the Palace of Fine Arts) and the 1933 Century of Progress Exposition. MSI has continuously occupied its building under a 1929 agreement executed between the Museum and the South Park Commissioners (a predecessor to the Chicago Park District).

In April 2008, MSI announced its *Science Rediscovered* capital campaign to raise \$205 million to support its vision to inspire and motivate children to achieve their full potential in the fields of science, technology, medicine and engineering. *Science Rediscovered* is the Museum's largest fundraising effort since its opening in 1933.

According to MSI's web site, approximately \$142 million of commitments to *Science Rediscovered* have been received to date. Aside from the \$113 million targeted for capital expenditures (including transformative exhibits that will include an indoor tornado and an enhanced exhibit on the human body), MSI anticipates using the remaining \$92 million for education and public engagement programs.

---

#### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

**Applicant:** The Museum of Science and Industry, 57<sup>th</sup> Street and Lake Shore Drive, Chicago, IL 60637-2093  
**Web Site:** [www.msichicago.org](http://www.msichicago.org) and for *Science Rediscovered*: [www.msichicago.org/donate/](http://www.msichicago.org/donate/)  
**Borrower Contact:** Robert Fisher, VP of Finance and Administration/CFO; Ph.: 773-947-4177;  
E-mail: [Bob.Fisher@msichicago.org](mailto:Bob.Fisher@msichicago.org)  
**Borrower:** The Museum of Science and Industry  
**Location:** 57<sup>th</sup> Street and Lake Shore Drive, Chicago (Cook County), Illinois 60637-2093  
**Organization:** 501(c)(3) not-for-profit Corporation  
**State:** Illinois  
**Current landowner:** The Chicago Park District owns the subject real estate and has granted the sole and permanent right to use and occupancy of the original building and subject land to the Museum of Science and Industry under an agreement that extends into perpetuity as long as the Museum uses the property for its original corporate mission.

---

#### PROFESSIONAL & FINANCIAL

<b>Borrower's Counsel:</b>	Schiff Hardin LLP	Chicago	Bruce Weisenthal
<b>Accountant:</b>	Grant Thornton LLP	Chicago	Thomas Brean
<b>Bond Counsel:</b>	Chapman and Cutler LLP	Chicago	Nancy Burke
<b>LOC Banks:</b>	Negotiating with: JPMorgan Chase, Bank of America, Harris Bank, Fifth Third Bank, National City Bank/PNC, and The Northern Trust Company		
<b>Bank Counsel:</b>	Chapman and Cutler LLP	Chicago	Nancy Burke
<b>Bond Underwriter/Senior Managers:</b>	Banc of America Securities, LLC	Chicago	Michelle Salomon
<b>Prospective Co-Managers:</b>	Because 100% of the subject Bonds are expected to be sold initially as Daily or Weekly Variable Rate Bonds, MSI's candidates for Co-Managers will be limited to firms with sufficient liquidity to support a variable rate financing.		
<b>Underwriter's Counsel:</b>	To be selected by Banc of America Securities, LLC		
<b>Borrower's Financial Advisor:</b>	Kenneth A. Kerznar	Chicago	Ken Kerznar
<b>Trustee:</b>			
<b>Issuer's Counsel:</b>	Requested		Requested
<b>IFA Advisors:</b>	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, LLC	Chicago	Lois Scott

---

#### LEGISLATIVE DISTRICTS

**Congressional:** 2 – Jesse L. Jackson, Jr.  
**State Senate:** 13 – Kwame Raoul  
**State House:** 25 – Barbara Flynn Currie

---

**BOARD OF TRUSTEES**

**Jeffrey S. (JEFF) Aronin**  
President and CEO Ovation  
Pharmaceuticals

**Lawrence D. (Larry) Kingsley**  
Chairman, President and CEO IDEX  
Corporation

**W. James (JIM) Farrell**  
Retired Chairman Illinois Tool Works  
Inc.

**William C. (BILL) Bartholomay**  
Group Vice Chairman Willis Group  
Holdings

**Frederick A. (FRED) Krehbiel**  
Co-Chairman Molex Incorporated

**Michael W. Ferro, Jr.**  
Chairman and CEO Merrick Ventures,  
LLC

**J. Paul Beitler**  
President Beitler Real Estate Corporation

**Dr. Leon M. Lederman**  
Resident Scholar Illinois Mathematics  
and Science Academy

**Dennis J. FitzSimons**  
Chairman McCormick Foundation

**Cheryl R. Berman**

**Edward (ED) M. Liddy**  
Chairman Emeritus Allstate Insurance  
Company

**William C. (BILL) Foote**  
Chairman and CEO USG Corp

**Michael (MIKE) J. Birck**  
Chairman of the Board of Directors  
Tellabs, Inc.

**H. John Livingston**  
Managing Partner, Chicago Office  
McKinsey & Company

**James J. (JIM) Fuentes**

**Robert D. (BOB) Blackwell**  
President and CEO Blackwell Consulting  
Services, Inc.

**Barry L. MacLean**  
President and CEO MacLean-Fogg  
Company

**Ronald J. (RON) Gidwitz**  
Partner GCG Partners

**Charles K. (CHARLIE) Bobrinsky**  
Vice Chairman Ariel Capital Management  
LLC

**Chuck Maniscalco**

**William M. (BILL) Goodyear**  
Chairman and CEO Navigant Consulting  
Inc.

**Barbara L. Bowles, CFA**

**Dr. Walter E. Massey**  
President Emeritus Morehouse College

**James A. (JIM) Gordon**  
Managing Partner The Edgewater Funds

**Allan E. Bulley, Jr.**  
Chairman and CEO Bulley & Andrews

**Andrew J. (ANDY) McKenna**  
Chairman, McDonald's Corporation

**Daniel J. (DAN) Hennessy**  
Founding Partner Code, Hennessy &  
Simmons

**John A. Canning, Jr.**  
Chairman Madison Dearborn Partners,  
Inc.

**Robert S. (BOB) Morrison**

**Roberto R. Herencia**  
Former President Banco Popular North  
America, Inc.

**Gery J. Chico**

President Chicago Park District; Partner  
Chico & Nunes, P.C.

**Mr. and Mrs. Robert S. Morrison  
(Susan)**  
Retired Vice-Chairman, PepsiCo., Inc.  
Former Chairman, President and CEO,  
The Quaker Oats Company

**Lawrence I. (LARRY) Hollins**  
President The Hollins Group, Inc.

**Alison L. Chung**  
President TeamWerks, Inc.

**David R. Mosena**  
President and CEO Museum of Science  
and Industry

**Richard M. (DICK) Jaffee**  
Chairman Oil-Dri Corp. of America



**Frank M. Clark**  
Chairman and CEO ComEd

**Robert S. (BOB) Murley**  
Chairman of Investment Banking  
Americas Credit Suisse

**Edward L. (Ed) Kaplan**  
Nalpak Inc.

**James S. (JIM) Crown**  
President Henry Crown and Company

**Terry E. Newman**  
Partner Katten Muchin Rosenman LLP

**John P. Keller**  
President Keller Group, Inc.

**Christa Davies**  
Executive Vice President, Global Finance  
and Chief Finance Officer Aon  
Corporation

**William A. (BILL) Osborn**  
Chairman Northern Trust Corporation

**Thomas J. (TOM) Wilson**  
Chairman, President and CEO Allstate  
Insurance Company

**Deborah L. (DEB) DeHaas**  
Vice Chairman and Regional Managing  
Partner Deloitte & Touche LLP

**R. J. (BOB) Pickens**  
Vice President Chicago Park District

**James A. (JIM) Skinner**  
Vice Chairman and CEO McDonald's  
Corporation

**William J. (BILL) Devers, Jr.**  
President Devers Group, Inc.

**Scott A. Rafferty**  
Managing Director of Investor Relations  
Citadel Investment Group LLC

**Melody A. Spann-Cooper**  
Chairman, Midway Broadcasting  
President and General Manager WVON  
Radio-AM 1450

**David (DAVE) E. Donovan**  
Co-CEO Chase Capital Corporation

**J. Christopher (CHRIS) Reyes**  
Chairman Reyes Holdings, LLC

**David B. Speer**  
Chairman and CEO Illinois Tool Works  
Inc.

**James J. (JIM) Drury III**  
Chairman and CEO James Drury Partners

**Larry D. Richman**  
Chairman, President and CEO The Private  
Bank

**Robert Y. (Bob) Sperling**  
Partner Winston & Strawn LLP

**Arthur R. (ART) Velasquez**  
President and CEO Azteca Foods, Inc.

**James T. (JIM) Ryan**  
President and CEO W. W. Grainger, Inc.

**Glenn F. Tilton**  
Chairman, President and Chief Executive  
Officer UAL Corporation

**David J. (DAVE) Vitale**

**Michael J. Sacks**  
  
Chief Executive Officer Grosvenor  
Capital Management, L.P.

**Dr. John J. Tracy**  
Chief Technology Officer and Senior  
Vice President, Engineering, Operations  
& Technology The Boeing Company

**Ralph Wanger**  
Private Investor LZW Group, LLC

**Alejandro (ALEX) Silva**  
Chairman of the Board Evans Food  
Group Ltd.

**Ronald M. (Ron) Saslow**  
President and CEO Hu-Friedy  
Manufacturing Company, Inc.

**Bruce W. White**  
Chairman and CEO White Lodging  
Service Corporation

**John F. (JACK) Sandner**  
Retired Chairman of the Board CME  
Group

**Betsy D. Holden**  
Senior Advisor  
McKinsey & Company

**Louis A. (LOU) Simpson**  
President and CEO GEC Investment  
Managers

**Rhett W. Butler**  
**Miles D. White**

**James A. (JIM) Gray**  
Chairman and Founder OptionsXpress

*Life Trustees*

**Peter R. (PETE) Carney**  
Chairman Superior Graphite Co.

**Dr. James S. (JACK) Kahn**  
President Emeritus Museum of Science  
and Industry

**James C. (JIM) Dowdle**  
Retired Executive Vice President Tribune  
Company

**Frank W. Considine**

**Donald P. (DON) Kelly**  
President and CEO D.P. Kelly &  
Associates, L.P.

**Robert M. (BOB) Drevs**

**Stanton R. (STAN) Cook**  
Retired Chairman Tribune Company

**Richard A. (DICK) Lenon**

**Jere D. Fluno**  
Retired Vice Chairman

**Lester (LES) Crown**  
Chairman Henry Crown and Company

**Charles S. (CHARLEY) Locke**

**David W. (DAVE) Grainger**  
President The Grainger Foundation

**Dr. Victor J. (VIC) Danilov**  
President Emeritus Museum of Science  
and Industry

**Frank W. Luerssen**  
Retired Chairman of the Board Inland  
Steel Industries, Inc.

**J. Ira Harris**  
Vice Chairman J. I. Harris and  
Associates, LLC

**Robert J. (BOB) Darnall**

**Cindy Pritzker**

**James R. (JIM) Kackley**

**Donald E. (DON) Nordlund**

**Charles (CHUCK) Marshall**

**Eugene A. (GENE) Tracy**  
Retired Chairman Peoples Energy  
Corporation

**James J. (JIM) O'Connor**  
Retired Chairman and CEO  
Commonwealth Edison Co.

**Dr. Thomas L. (TOM) Martin, Jr.**

**Dr. Arnold R. (ARNIE) Weber**  
President Emeritus Northwestern  
University

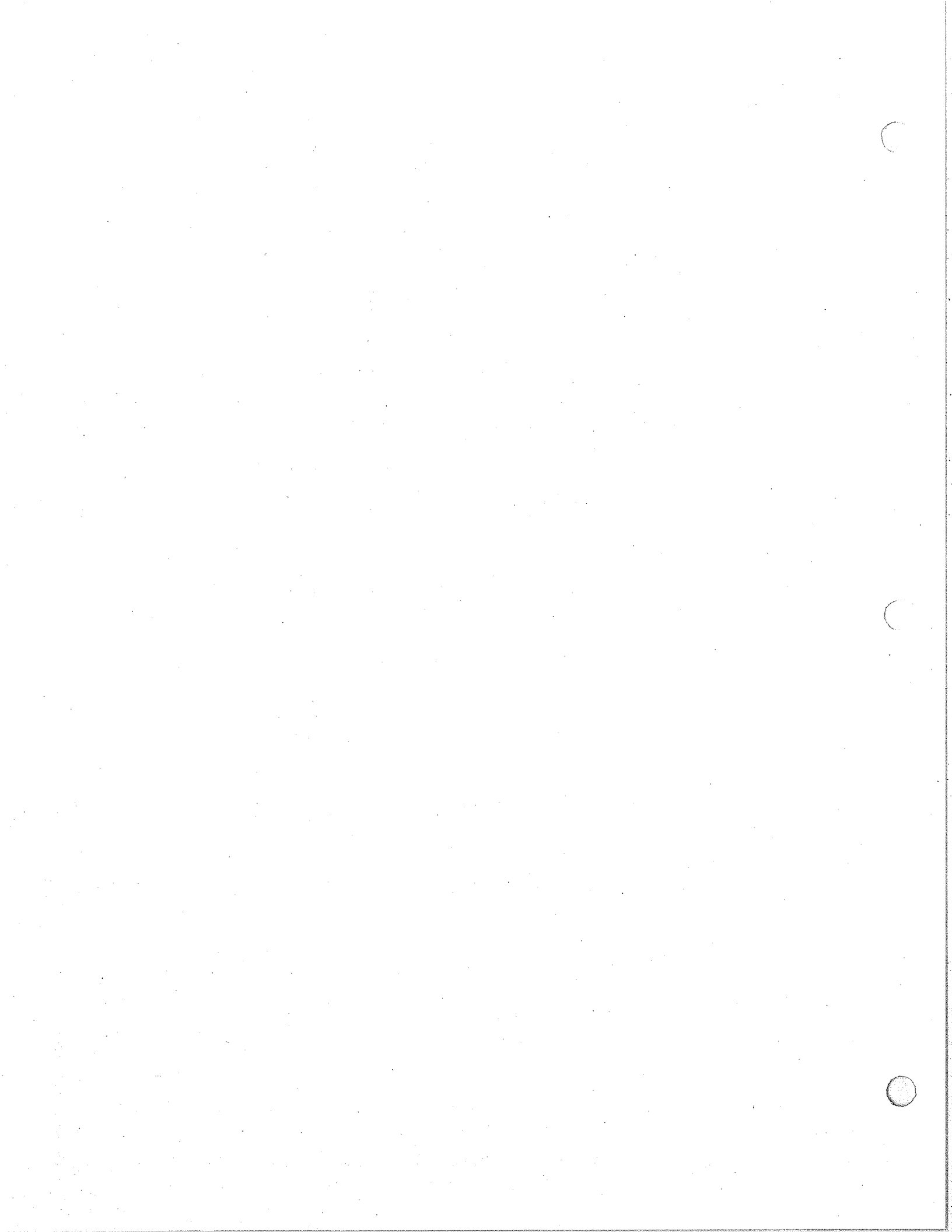
**Walter R. Peirson**

**John D. Nichols**  
The Pritzker Organization

**William L. (BILL) Weiss**  
Chairman Emeritus Ameritech

**Dr. John T. Rettaliata**  
President Emeritus Illinois Institute of  
Technology

**S. Jay Stewart**





\$12,000,000

NEAR NORTH MONTESSORI SCHOOL

April 14, 2009

**REQUEST** Purpose: Provide conduit financing 501(c)(3) financing for construction, renovations, to purchase equipment and furnishings and to pay certain bond issuance costs.  
 Project Description: Finance construction, renovations, and pay certain bond issuance Costs.  
 Program: Conduit 501(c)(3) Revenue Bonds  
 No Extraordinary Conditions

**BOARD ACTIONS** Preliminary Bond Resolution  
 No previous voting record, initial board consideration

**MATERIAL CHANGES** Not Applicable

<b>JOB DATA</b>	138	Current jobs	5	New jobs projected
	N/A	Retained jobs	84	Construction jobs projected

**BORROWER DESCRIPTION**

- Montessori School
- Location ( Chicago / Cook County / Northeast Region)
- Near North Montessori School (“Near North”, “Borrower” or the “School”) is an Illinois not-for-profit corporation that owns and operates a school that offers families in the metropolitan Chicago area education for preschool through junior high school level children. The School’s purpose is to serve the needs of students age 3 to 14 years in adherence to the Montessori philosophy of education. Ms. Jacqueline Bergen, is the school’s Executive Director and has been with the School since it opened in 1972 as a teacher and administrator.
- The new project includes major renovations to the existing school building, constructed in 1892 as well as construction of a new multi purpose gymnasium immediately adjacent to the school. The work will be completed in two phases beginning with the renovation to the school’s existing major systems including: HVAC, Electrical, Plumbing, and Safety/Security. The second phase of work will begin in the summer and consist of the large gymnasium, locker rooms and rooftop playground.

**CREDIT INDICATORS**

- Not Rated
- Direct Bond Purchase with MB Financial Bank

**Proposed Structure** Not Credit Enhanced  
 The bonds will be direct purchased by MB Financial Bank  
 Fixed Rate Bonds 5.05%  
 Up-front 10 year term (First 24 months interest only. Month 25 and thereafter, monthly principal and interest payments with balloon payment plus accrued interest due at the end of year eight.)

<b>Sources and Uses</b>	IFA Bonds	\$12,000,000	Project Cost	\$14,325,400
	Equity	<u>3,265,400</u>	Refinancing	750,000
			Cost of Issuance	<u>190,000</u>
	Total	\$15,265,400	Total	\$15,265,400

**Recommendation** Credit Review Committee Recommends Approval

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 14, 2009**

**Project: NEAR NORTH MONTESSORI SCHOOL**

---

**STATISTICS**

Project Number: N-NP-TE-CD-828	Amount: \$12,000,000
Type: 501(c)(3) Revenue Bonds	IFA Staff: Sharnell Curtis Martin
County/Region: Cook County/Northeast Region	City: Chicago

---

**BOARD ACTION**

Preliminary Bond Resolution	Credit Review Committee Recommends Approval
No IFA Funds contributed	No Extraordinary conditions
Material changes from Preliminary	

---

**VOTING RECORD**

Initial Board Consideration

---

**PURPOSE**

Bond proceeds will be used to finance construction, renovations, to purchase equipment and furnishings and to pay certain bond issuance costs.

---

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds and thereby reduce the borrower's interest expense.

---

**VOLUME CAP**

Not Applicable, 501(c)(3) Revenue Bonds do not require Volume Cap.

---

**JOBS**

Current employment: 138	Projected new jobs: 5
Jobs retained: N/A	Construction jobs: 84

---

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$12,000,000	Uses:	Project Costs	\$14,325,400
	Equity	<u>3,265,400</u>		Refinancing	750,000
				Cost of Issuance	<u>190,000</u>
Total Sources		<u>\$15,265,400</u>	Total Uses		<u>\$15,265,400</u>

The sources of equity is from the proceeds of Near North's building fund currently held with Vanguard; in a short-term bond fund and Near North's Capital Campaign which has a goal of \$3 million. The Capital Campaign is presently in the quiet phase and has received pledges and donations of approximately \$1.2 million. \$2 million of the \$3 million capital campaign will be used to support the project.

---

---

### FINANCING SUMMARY/STRUCTURE

Security: The bonds will be purchased directly by MB Financial and held as investment.  
Collateral: First mortgage on subject real estate and first lien on all receivables, equipment and furnishings.  
Structure: Fixed rate bonds to be held by MB Financial as an investment.  
Interest Rate: Fixed rate of 5.05%  
Maturity: 10 Years  
Rating: Not applicable  
Est. Closing Date: June 30, 2009

---

### PROJECT SUMMARY

Bond proceeds will be used to finance renovations and construction of a gymnasium located at 1434 West Division Street in Chicago, IL (Cook County), and to pay certain bond issuance costs. Project costs are estimated as follows:

Renovations	\$7,969,900
Construction	5,260,700
Architectural and Engineering	<u>1,094,800</u>
Total Project Costs	<u>\$14,325,400</u>

---

### BUSINESS SUMMARY

Description: Near North Montessori School ("Near North", "Borrower" or the "School") is an Illinois not-for-profit corporation that owns and operates a school that offers families in the metropolitan Chicago area education for preschool through junior high school level children. The School's purpose is to serve the needs of students age 3 to 14 years in adherence to the Montessori philosophy of education. Ms. Jacqueline Bergen is the school's Executive Director and has been with the School since it opened in 1972 as a teacher and administrator.

The School attracts children from the greater Chicago area. The highest concentration of students come from Bucktown, Lincoln Park, DePaul, Logan Square, Humboldt Park, Old Irving, Horner Park, Edison/Jefferson Park, Lakeview, Pilsen, Little Village, Bridgeport and Little Italy neighborhoods. Near North is one of the largest Montessori schools in the world and is a respected voice in the Montessori movement, now scientifically validated and considered the "gold standard" for education because of its high academic standards, good track record, and hands on philosophy of learning. The School was named a "Blue Ribbon" School by the US Department of Education in 2001. Near North's reputation is strong as evidenced by the 600 student waiting list.

Project: The new project includes major renovations to the existing school building constructed in 1892 as well as construction of a new multi purpose gymnasium immediately adjacent to the school. The work will be completed in two phases beginning with the renovation to the school's existing major systems including: HVAC, Electrical, Plumbing, and Safety/Security. The second phase of work will begin in the summer and consist of the large gymnasium, locker rooms and rooftop playground.

---

### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Near North Montessori School  
1434 West Division Street, Chicago, IL 60642 (Cook County)  
Linda Rudnick, Finance Director  
Project Location: 1434 West Division Street, Chicago, IL 60642 (Cook County)  
Borrower: Near North Montessori School

Board Members :	Janet Cory, President	Susan Nash, Vice President	Lois Scott, Treasurer
	David Morrison, Secretary	Alina Cowden	Stephanie Cox-Batson
	Eddie Gersham	Doug Guthrie	Cathy Jackson
	Faye Katt	Brian King	Jerry Krulewitch
	Michelle Nicolet	Kirti Patel	Simon Reeves
	Roc Rooney	David Kelson	

---

**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	To Be Determined		
Accountant:	John Kopczyk, Ltd.	Chicago	John Kopczyk
Bond Counsel:	Greenberg Traurig	Chicago	Matt Lewin
Purchasing Bank:	MB Financial Bank	Chicago	John Sarris
Bank Counsel:	Burke Burns Pinelli	Chicago	Mary Anne Murray
IFA Advisors:	D. A. Davidson	Chicago	Bill Morris
Issuer's Counsel:	To Be Determined		

---

**LEGISLATIVE DISTRICTS**

Congressional:	7 – Danny Davis
State Senate:	2 – William Delgado
State House:	4 – Cynthia Soto

---

**SERVICE AREA**

The School attracts children from the greater Chicago area. The highest concentration of students come from Bucktown, Lincoln Park, DePaul, Logan Square, Humboldt Park, Old Irving, Horner Park, Edison/Jefferson Park, Lakeview, Pilsen, Little Village, Bridgeport and Little Italy neighborhoods.



**\$4,000,000**  
**NAMASTE CHARTER SCHOOL, INC.**

# CONDUIT

April 14, 2009

**REQUEST** Purpose: Provide conduit 501(c)(3) financing for construction, renovations, to purchase equipment and furnishings and to pay certain bond issuance costs.

Project Description: Bond proceeds will be used to finance construction, to pay capitalized interest and to pay certain bond issuance costs.

Program: Conduit 501(c)(3) Revenue Bonds

Extraordinary Conditions: None

**BOARD ACTIONS** Final Bond Resolution

**MATERIAL CHANGES** None, This is the first time this project is being presented to the IFA Board.

<b>JOB DATA</b>	32	Current jobs	15	New jobs projected
	N/A	Retained jobs	150	Construction jobs projected

**BORROWER DESCRIPTION**

- Charter School
- Location ( Chicago / Cook County / Northeast Region)
- Namaste Charter School was established in 2004. A public elementary charter school in Chicago located in the McKinley Park area that draws ethnically diverse students from the Back of the Yards, Chinatown and Bridgeport neighborhoods.
- As of Fall 2008, Namaste served 300 children in grades Kindergarten through fifth grade and plans to add one grade each year to reach full enrollment of 450 students in grades K-8 in fall 2011.
- The new project will facilitate a 12,000 square foot addition on the existing school building that will add six new classrooms and other student areas.

**CREDIT INDICATORS**

- Not Rated
- Direct Purchase with MB Financial Bank

**Proposed Structure** The bonds will be direct purchased by MB Financial Bank  
 Fixed Rate Bonds 4.97%  
 Up-front 5 year term with 15 year amortization

<b>Sources and Uses</b>	IFA Bonds	4,000,000	Project Cost	7,500,000
	Equity	1,000,000	Debt Service Reserve	400,000
	IFF Loan	2,500,000	Cap Int.	400,000
	CPS Grant	500,000	Other Cost of Issuance	<u>100,000</u>
	IFF/DOE Grant	<u>400,000</u>		
	<b>Total</b>	<b>\$8,400,000</b>	<b>Total</b>	<b>\$8,400,000</b>



**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 14, 2009**

**Project: Namaste Charter School**

---

**STATISTICS**

Project Number: N-NP-TE-CD-8225	Amount: \$4,000,000
Type: 501(c)(3) Revenue Bonds	IFA Staff: Sharnell Curtis Martin
County/Region: Cook/Northeast	City: Chicago

---

**BOARD ACTION**

Final Bond Resolution	Staff request approval
IFA Funds contributed: None	No extraordinary conditions
Material changes from Preliminary: Not Applicable	

---

**VOTING RECORD**

This is the first time this project has been presented to the IFA Board.

---

**PURPOSE**

Bond proceeds will be used to finance construction , purchase equipment and furnishings, pay capitalized interest and to pay certain bond issuance costs.

---

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds and thereby reduce the borrower's interest expense.

Namaste Charter School participates in the Illinois Charter Capital Program (ICCP) sponsored by the Illinois Facilities Fund (IFF). The ICCP is a program that utilizes a U.S. Department of Education Grant for credit enhancement for Charter Schools that use bond financing for capital improvement projects.

---

**VOLUME CAP**

Not applicable, 501(c)(3) projects do not require Volume Cap.

---

**JOBS**

Current employment: 32	Projected new jobs: 15
Jobs retained: N/A	Construction jobs: 150

---

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$4,000,000	Uses:	Project Costs	\$7,500,000
	IFF Subordinated Loan	2,500,000		Debt Service Reserve	400,000
	Equity	1,000,000		Capitalized Interest	400,000
	CPS Grant	500,000		Cost of Issuance	<u>100,000</u>
	IFF Grant	<u>400,000</u>			
Total Sources		<u>\$8,400,000</u>	Total Uses		<u>\$8,400,000</u>

---

**FINANCING SUMMARY/STRUCTURE**

Security: The bonds will be purchased directly by MB Financial and held as investment.  
Collateral: First mortgage on subject real estate and first lien on all receivables, equipment and furnishings.  
Structure: Fixed rate bonds to be held by MB Financial as an investment. Initially set for a five year period with a reset. As a participant in the Illinois Charter Capital Program sponsored by the Illinois Facilities Fund, Namaste will have a debt service reserve funded by a Department of Education Grant. The debt service reserve is 10% of the bonds issued.  
Interest Rate: Fixed rate of 4.97%  
Maturity: 15 Year  
Est. Closing Date: May 15, 2009

---

**PROJECT SUMMARY**

Bond proceeds will be used to finance a 12,000 square foot addition located at 3737 S. Paulina in Chicago, IL (Cook County), pay capitalized interest, and to pay certain bond issuance costs. Project costs are estimated as follows:

Construction	\$6,000,000
Equipment/Furnishings	800,000
Contingency	<u>700,000</u>
Total Project Costs	<u>\$7,500,000</u>

---

**BUSINESS SUMMARY**

Background: Namaste Charter School ("Namaste" or the "Company") was established in 2004. A public elementary charter school in Chicago located in the McKinley Park area that draws ethnically diverse students from the Back of the Yards, Chinatown and Bridgeport neighborhoods.

As of Fall 2008, Namaste served 300 children in grades Kindergarten through fifth grade and plans to add one grade each year to reach full enrollment of 450 students in grades K-8 in fall 2011.

The school is open to all students in Chicago but the selection process is competitive. 75% of the school's students are Hispanic, 10% African American, 10% Caucasian, 2% Asian American, 2% Native American and 1% other.

Namaste was founded to address two of the most difficult, growing educational and public health issues facing low-income, minority urban children: (1) lack of access to good quality education and (2) the dramatic increase in childhood obesity. Namaste's philosophy is to help students achieve optimal academic performance by nourishing and stimulating the mind and body of each child through rigorous academic instruction, health and nutrition training and regular exercise.

---

**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Namaste Charter School, 3737 S. Paulina St., Chicago, IL 60609 (Cook County)  
Allison Slade, Principal  
Kathleen Clarke, Director of Operations  
Project Location: 3737 S. Paulina St., Chicago, IL 60609 (Cook County)  
Borrower: Namaste Charter School  
Board Members (501c3):  
Doug Porter                      Michael Mahaffey                      Alan Hutchinson  
Archana Chawala                      Jill Billhorn                      Cathy Calhoun  
James P. Fieweger                      Sylvia Klinger                      Donald Monroe  
Leo Olper                      R. James Scott                      Allison Slade

---

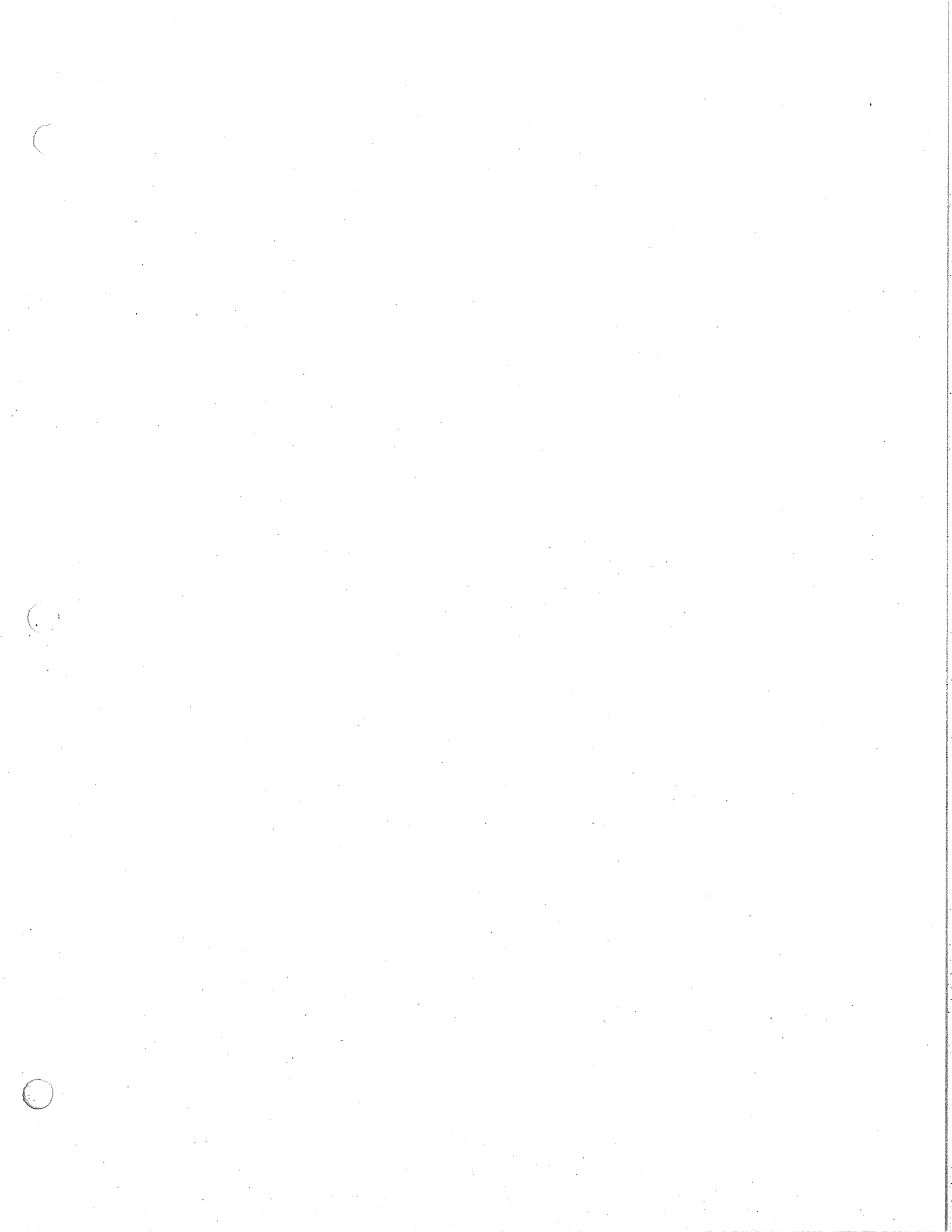
**PROFESSIONAL & FINANCIAL**

Sponsor:	Illinois Facilities Fund	Chicago	Jill Levine
Borrower's Counsel:	Dykema Gossett	Chicago	Michael D. Rothstein
Accountant:	Ostrow Reisin Berk & Abrams, Ltd.	Chicago	
Bond Counsel:	Greenberg Traurig, LLP	Chicago	Matt Lewin
Purchasing Bank:	MB Financial Bank	Rosemont	John Sassaris
Bank Counsel:	Burke, Burns & Pinelli	Chicago	Mary Ann Murray
IFA Advisors:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott
Issuer's Counsel:	To Be Determined		

---

**LEGISLATIVE DISTRICTS**

Congressional: 3 - Daniel Lipinski  
State Senate: 1 - Antonio "Tony" Munoz  
State House: 2 - Edward J. Acevedo





# CONDUIT

**\$30,000,000**  
**NORWOOD CROSSING**

April 14, 2009

**REQUEST**

**Purpose:** to (i) construct and equip a new 55 unit assisted living facility, (ii) repay monies used to finance pre-development and construction costs, (iii) fund interest expense on the bonds for a period of approximately 12 months, (iv) fund certain credit enhancement costs, if applicable, and (v) fund certain professional and bond issuance costs limited to fees for insurance, credit enhancement or liquidity enhancement for the Bonds.

**Project Description:** Norwood Crossing's project includes the construction of 55 new Assisted Living units as well as the renovation of a portion of the Health Center. Construction began on the construction of the 55 new Assisted Living units in January of 2008. In addition, the Series 2009 Bonds will fund the completion of the Project, reimburse the Community for monies spent on the Project prior to the financing, retire other outstanding debt, as well as pay for relevant costs of issuance.

**Program:** Conduit 501(c)(3) Revenue Bonds

**Extraordinary Conditions:** None.

**BOARD ACTIONS**

Preliminary Bond Resolution  
 Voting Record

**MATERIAL CHANGES**

None

**JOB DATA**

232	Current jobs	44	New jobs projected
232	Retained jobs	200	Construction jobs projected

**DESCRIPTION**

- Location ( Chicago/ Cook County / Northeast Region)
- Norwood Life Care Foundation, originally founded as the Norwegian Old People's Home Society in 1896, is a not-for-profit organization that focuses its efforts on "enhancing the independence and well-being of older adults."
- Norwood Crossing is known amongst nursing homes in Chicago and throughout the United States as an exceptionally fine not-for-profit provider of quality long-term and elder care assisted living and nursing home care services, as evidenced by a "Six Star" rating from the Illinois Department of Public Aid.

**CREDIT**

- Variable Rate Debt

**INDICATORS**

- Norwood is non-rated underlying

**PROPOSED STRUCTURE**

- Enhanced Letter of Credit (Charter One Bank)

**MATURITY**

- Bonds will Mature no later than 2049

**SOURCES AND USES**

IFA Bonds	<u>\$30,000,000</u>	Projects	\$5,000,000
		Bank Line	20,500,000
		Term Loan	2,500,000
		Debt Service Reserve	1,200,000
		Funded Interest	2,000,000
		Cost of Issuance	<u>800,000</u>
Total	<b>\$30,000,000</b>	Total	<b>\$30,000,000</b>

**RECOMMENDATION**

Credit Committee recommends approval

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 14, 2009**

**Project: Norwood Crossing**

**STATISTICS**

Number:	H-SL-RE-TE-CD-8233	Amount:	\$30,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane & Bill Claus
Location:	Chicago (Cook County)	Region:	Northeast

**BOARD ACTION**

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

**VOTING RECORD**

This is the first time this project has been brought before the Board.

**PURPOSE**

Proceeds will be used to (i) construct and equip a new 55 unit assisted living facility, (ii) repay monies used to finance pre-development and construction costs, (iii) fund interest expense on the bonds for a period of approximately 12 months, (iv) fund certain credit enhancement costs, if applicable, and (v) fund certain professional and bond issuance costs.

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest paid to bondholders thereby reducing the borrower's interest rate.

**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

**JOBS**

Current employment:	232	Projected new jobs:	44
Jobs retained:	232	Construction jobs:	200

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA bonds	\$30,000,000	Uses: Project Fund	\$5,000,000
Equity	2,000,000	Bank Line Takeout	23,000,000
		Term Loan	2,500,000
		Debt Service Reserve Funds	1,200,000
		Funded Interest (12 months)	2,000,000
		Cost of Issuance	800,000
Total	\$32,000,000	Total	\$32,000,000

**FINANCING SUMMARY**

Security: The security for the bonds will include a mortgage and revenue pledge. The key bond documents will include a master indenture, bond indenture, loan agreement, and reimbursement agreement between the bank and the Borrower.

Structure:	The current plan of finance, subject to change, is that this issue will consist of Letter of Credit enhanced Variable Rate Demand Bonds ("VRDBs"). If circumstances in the capital markets change in the near future, it is possible that the Borrower will diversify the plan of finance to include fixed rate bonds or EXTRAS (Extendable Rate Adjustable Securities). The Borrower and Underwriter will select the exact and ideal bond structure as the deal progresses in the future and the financial markets return to a semblance of normalcy.
Interest Rate:	Variable. Please refer to the paragraph above.
Interest Mode:	Interest will be paid weekly for an VRDBs issued. If fixed rate bonds and EXTRAS are issued, interest will be paid semi-annually.
Credit Enhancement:	Letter of Credit to be provided by a bank to be determined.
Maturity:	The debt is anticipated to amortize from 2013 through 2039. It is assumed that the LOC commitment will be for 3 years.
Rating:	Underlying borrower is unrated. The bonds will carry the applicable rate of the credit enhancer at the time of financing.
Estimated Closing Date:	May, 2009
Waiver:	None

---

#### PROJECT SUMMARY

Norwood Crossing (the "Community") intends to use the net proceeds of the Authority loan to provide funds to (i) construct and equip a 55 unit assisted living facility and its supporting common areas, (ii) repayment of monies used to finance pre-development and construction costs, (iii) fund interest expense on the bonds for a period of approximately 12 months, (iv) fund certain credit enhancement costs, if applicable, and (v) fund certain professional and bond issuance costs.

**Project Costs:** Estimated to be \$32,000,000. This represents all project costs, funded interest, and expenses to be funded with IFA bonds (\$30,000,000) and equity (\$2,000,000).

**The Project:** Norwood Crossing's project includes the construction of 55 new Assisted Living units as well as the renovation of a portion of the Health Center. Construction began on the construction of the 55 new Assisted Living units in January of 2008. Norwood Crossing utilized a construction loan from Charter One Bank to begin the construction of the Assisted Living units and the renovation of the Health Center units. It is assumed that as part of the Series 2009 financing that the existing construction loan will be repaid. In addition, the Series 2009 Bonds will fund the completion of the Project, reimburse the Community for monies spent on the Project prior to the financing, retire other outstanding debt, as well as pay for relevant costs of issuance. Management engaged New Life for development services for the Project. New Life is considered one of the leaders in senior living development nationally and has been instrumental throughout the development process. It is anticipated that the new Assisted Living units will be available for occupancy in July of 2009. At the completion of the project, Norwood Crossing will have 122 skilled nursing units, 76 sheltered care units and 55 assisted living units.

**Sponsor:** Norwood Life Care Foundation, originally founded as the Norwegian Old People's Home Society in 1896, is a not-for-profit organization that focuses its efforts on "enhancing the independence and well-being of older adults." The organization exists to serve the community of older adults through:

1. *Norwood Crossing* (formerly known as the Norwood Park Home), the residential and health care campus;
2. *Norwood Seniors Network*, the community outreach program that provides in-home services and transportation, and
3. *Norwood Life Care Foundation*, which raises funds to support our mission.

The proposed financing relates to Norwood Crossing, which includes Assisted Living, Skilled Nursing Care, Rehabilitation Services and Respite Services and is conveniently located on the Northwest side of Chicago. Norwood Crossing is known amongst nursing homes in Chicago and throughout the United States as an exceptionally fine not-for-profit provider of quality long-term and elder care assisted living and nursing home care services, as evidenced by a "Six Star" rating from the Illinois Department of Public Aid.

Robert Bua in "The Inside Guide to America's Nursing Homes" has rated Norwood Crossing as one of the "Best Nursing Homes in Illinois". They voluntarily participate in a progressive, ongoing quality improvement circle known as Chicagoland Quality First, which helps them to continually improve the quality of care they provide.

---

#### BUSINESS SUMMARY

**Background:** Norwood Crossing, a subsidiary of Norwood Life Society, has roots that date back to 1896 with the founding of the Norwegian Old People's Home Society, a not-for-profit organization focused on enhancing the independence and well-being of older adults. Norwood Crossing is regarded as one of the top nursing facilities in the state of Illinois. Through the current project, Norwood Crossing will be adding 55 Assisted Living Units to their existing continuum of care and renovating a portion of the Health Center to create new modern skilled nursing units.

Management had done market research prior to the start of the project. In addition, they have demand from their existing sheltered care occupants and a portion of the IL depositors from their ILU expansion which is currently on hold. Further, the assisted living units enhances the levels of care that are currently being offered at Norwood Crossing and will serve as a feeder for the Nursing and Sheltered Care units as individuals become more frail and require additional services. Management is assuming that 96% of the AL units will be private pay. These new units should not be impacted by any State uncertainty.

**Corporate Structure:** It is assumed that both Norwood Crossing and the Norwood Life Care Foundation will be a part of an Obligated Group which will secure the Series 2009 Bonds. The Norwood Seniors Network will not be a part of the Obligated Group.



---

**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Norwood Crossing  
**Location:** Chicago, Cook County, IL  
**Contact Person:** Michael Toohey, CEO, 773-631-4856  
**Organization:** 501(c)(3) Corporation

**Board of Trustees: Norwood Crossing Association**

**Chairman** – Richard Corrin, Jr.  
**Vice Chairman** – Susan Kroll  
**Secretary/Treasurer** – Vacant  
**Director** – Martha Peterson  
**Director** – Jorunn Scheiderich  
**NCA CEO** – Michael Toohey

**Board of Trustees: Norwood Life Society**

**Chairman** – Didrik Emil Ulstrup  
**Vice Chairman** – Allen Iversón  
**Secretary/Treasurer** – Jorunn Scheiderich  
**Director** – Richard Corrin, Jr.  
**Director** – Susan Kroll  
**Director** – Richard Fieldheim  
**Director** – Mark Heckler  
**Director** – John Lavelle  
**Director** – Ronald Norene  
**Director** – Arthur Peterson, MD  
**Director** – Terri Scott  
**Director** – James Soreng, Jr.  
**NLS CEO** – Michael Toohey

---

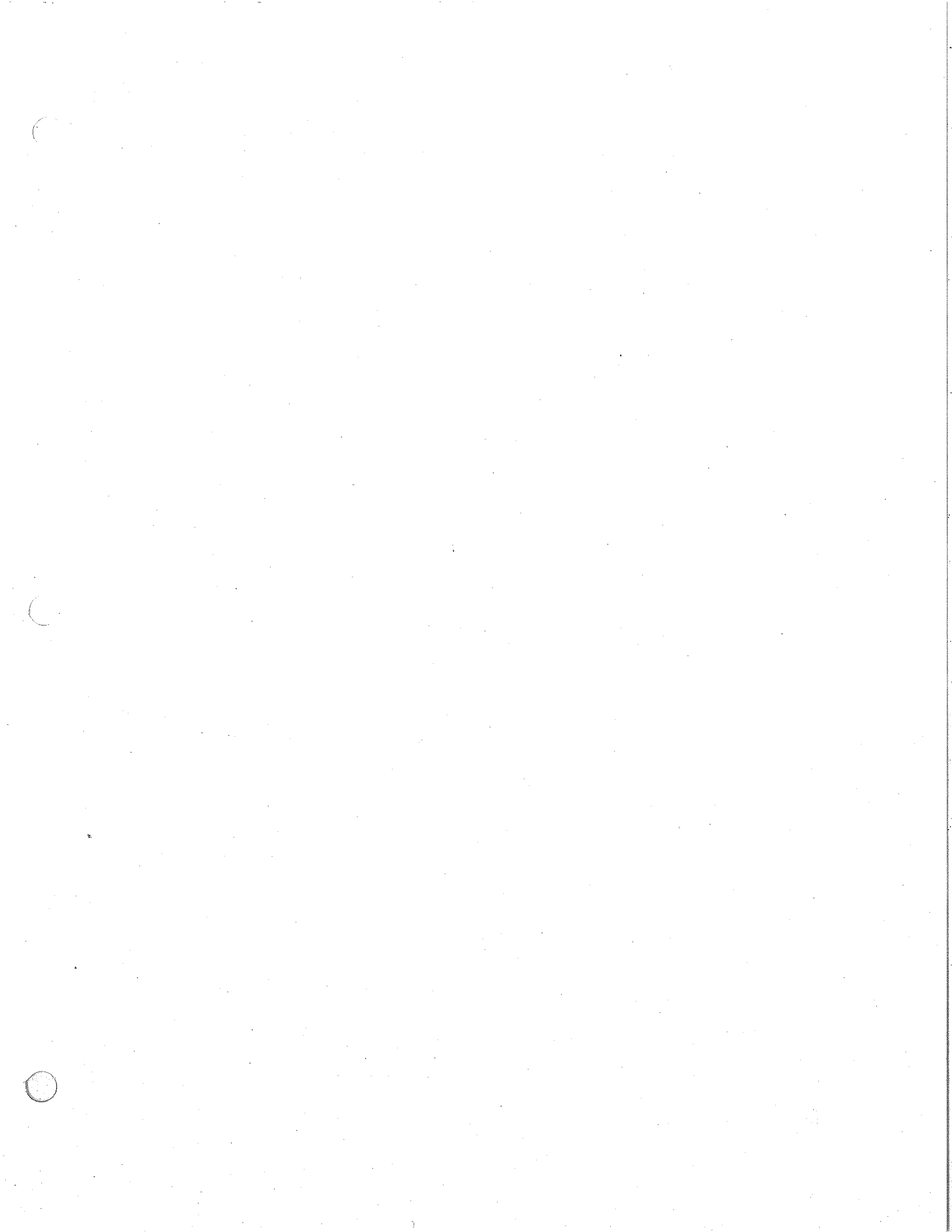
**PROFESSIONAL & FINANCIAL**

<b>Counsel:</b>	TBD		
<b>Accountant:</b>	TBD		
<b>Bond Counsel:</b>	Jones Day	Chicago, IL	John F. Bibby Jr.
<b>Underwriter:</b>	Ziegler Capital Markets	Chicago, IL	Steve Johnson
<b>Underwriter's Counsel:</b>	Katten Muchin Rosenman	Chicago, IL	Janet Hoffman
<b>LOC Provider:</b>	TBD	Chicago, IL	TBD
<b>LOC Counsel:</b>	TBD	Chicago, IL	TBD
<b>Issuer's Counsel:</b>	TBD	Chicago, IL	TBD
<b>Trustee:</b>	Wells Fargo Bank, N.A.	Chicago, IL	Patricia Martirano
<b>IFA Financial Advisors:</b>	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott
	D. A. Davidson & Co.	Chicago, IL	Bill Morris

---

**LEGISLATIVE DISTRICTS**

**Congressional:** 9<sup>th</sup> District - Janice D. Schakowsky  
**State Senate:** 10<sup>th</sup> District – James A. DeLeo  
**State House:** 20<sup>th</sup> District – Michael P. McAuliffe





April 14, 2009

\$15,000,000

**Bethany Methodist Corporation and Affiliates (Bethany Homes and Methodist Hospital)**

**REQUEST** Bethany Methodist Corporation and Affiliates will use bond proceeds to finance construction, reimburse for project related expenses, fund and interest reserve account for Bethany Gardens Assisted Living Center at Bethany Terrace Nursing Center . The new project, Bethany Gardens Assisted Living Center, a 52-unit assisted living facility, will be a conversion of a portion of the existing campus of Bethany Terrace in Morton Grove, Illinois.  
 Program: 501(c)(3) Revenue Bonds  
 Extraordinary Conditions: None

**BOARD ACTIONS** Final Bond Resolution  
 Voting Records  
 The IFA gave its approval for a Preliminary Bond Resolution on July 8, 2008 by the following vote: Ayes – 10 Nays – 0 Absent – 3 (DeNard, Rivera and Valenti) Vacancies – 2  
 The IFA gave its approval for a Final Bond Resolution on October 23, 2008 by the following vote: Ayes – 9 Nays – 0 Absent – 2 (Herrin and Leonard) Vacancies – 4

**MATERIAL CHANGES** Change in Financing Team, Financing Structure, and Change in Maturity

<b>JOB DATA</b>	248	Current jobs	50	New jobs projected
	248	Retained jobs	40 to 50	Construction jobs projected

**BORROWER DESCRIPTION**

- Assisted Living Facility
- Location ( Morton Grove / Cook County / Region)
- Bethany Methodist Corporation (“Bethany” or the “Applicant”) is a not-for-profit healthcare corporation that has served the Chicago community for more than 115 years. Bethany Terrace Nursing Centre is a 275-bed fully licensed nursing home located in suburban Morton Grove, Illinois. Bethany Terrace provides a full range of nursing and rehabilitative services.
- The new project, Bethany Gardens Assisted Living Center, a 52-unit assisted living facility, will be a conversion of a portion of the existing campus of Bethany Terrace in Morton Grove, Illinois.
- The project will service seniors in the surrounding areas including: Morton Grove, Niles, Glenview, Skokie, Evanston, Des Plaines, and Park Ridge

**CREDIT INDICATORS**

- Not Rated.
- Direct Bond Purchaser is MB Financial Bank

**Proposed Structure** Not Enhanced  
 Bonds will be purchased directly by MB Financial and held as an investment  
 Fixed Rate of 4.74%  
 Maturity: 7 years with a 25 year amortization

<b>Sources and Uses</b>	IFA Bonds	<u>\$15,000,000</u>	Project Cost	\$10,300,000
			Reimbursement for prior expenses	3,500,000
			Cap Int.	1,000,000
			Other Cost of Issuance	<u>200,000</u>
	<b>Total</b>	<b>\$15,000,000</b>	<b>Total</b>	<b>\$15,000,000</b>

**Recommendation** Credit Review Committee Recommends Approval

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 14, 2009**

**Project: Bethany Gardens Assisted Living Center at Bethany Terrace Nursing Center**

**Obligor: Bethany Methodist Corporation and Affiliates (Bethany Homes and Methodist Hospital)**

---

**STATISTICS**

Project Number:	H-HO-TE-CD-8052	Amount:	\$15,000,000 (Not to exceed amount)
Type:	501(c)(3) Bonds	IFA Staff:	Sharnell Curtis Martin and Pam Lenane
Locations:	Morton Grove	Region:	Northeast
County:	Cook		

---

**BOARD ACTION**

Final Bond Resolution	No extraordinary conditions
Conduit 501(c)(3) Bonds	Staff recommends approval
No IFA funds at risk	Changes since Preliminary: Change in Financing Team and structure
Feasibility Study has been completed	
Sources and Uses have been updated	

---

**VOTING RECORD**

The IFA gave its approval for a Preliminary Bond Resolution on July 8, 2008 by the following vote:

Ayes – 10                  Nays – 0                  Absent – 3 (DeNard, Rivera and Valenti)                  Vacancies – 2

The IFA gave its approval for a Final Bond Resolution on October 23, 2008 by the following vote:

Ayes – 9                  Nays – 0                  Absent – 2 (Herrin and Leonard)                  Vacancies – 4

---

**PURPOSE**

Bond proceeds will be used to finance construction, reimburse for project related expenses, fund an interest reserve account.

---

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense.

---

**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

---

**JOBS**

Current employment:	248 FTE's	Projected new jobs:	50
Jobs retained:	248 FTE's	Construction jobs:	40 to 50

---

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA Bonds	<u>\$15,000,000</u>	Uses: Project Costs	\$10,300,000
		Reimbursement for Prior Expenditures	3,500,000
		Cost of Issuance (estimate)	200,000
		Capitalized Interest	<u>1,000,000</u>
<b>Total</b>	<b><u>\$15,000,000</u></b>	<b>Total</b>	<b><u>\$15,000,000</u></b>

---

**FINANCING SUMMARY**

Collateral: First Mortgage on subject property located at 8425 Waukegan Road in Morton Grove, IL (Cook County) (Bethany Terrace Nursing Centre). The Obligor will covenant not to transfer the property to a non-obligated person with out the prior consent of the Lender.

Structure: Fixed Rate of 4.74%

Maturity: 7 years with a 25 year amortization

Credit Rating(s): Non-rated

**Covenants:**

- Minimum Debt Service Coverage Ratio
- Minimum Leverage Ratio
- Minimum Liquidity Requirements
- Restrictions on Capital Expenditures

---

**PROJECT SUMMARY**

The proceeds of the proposed bond deal will be used to:

- (i) reimburse Bethany North Suburban Group for prior expenditures used to renovate the Bethany Terrace Nursing Centre.
- (ii) to fund the construction of a new assisted living conversion at Bethany Terrace called Bethany Gardens Assisted Living Center, which will include 52 private suites.
- (iii) Fund an interest reserve account

General objectives are focused upon development of the north suburban campus and Bethany Gardens in order to complete the "continuum of care" and effectively compete in the current North Shore marketplace.

**The Bethany Terrace renovations include:**

- Three (3) new/renovated wings
- Renovated lobby area
- Renovated central meeting area and offices
- Renovated snack shop
- Renewal of the physical therapy and beauty shop area
- Upgrade of one additional wing (Bendix)
- Additional parking lot space (Main Street annexation)
- Modified roof line and front entry decor

Timing: April 2009

---

---

### BUSINESS SUMMARY

**Background:** Bethany Methodist Corporation ("Bethany" or the "Applicant") is a not-for-profit healthcare corporation that has served the Chicago community for more than 115 years. Bethany Terrace Nursing Centre is a 275-bed fully licensed nursing home which is located in suburban Morton Grove, Illinois. Bethany Terrace provides a full range of nursing and rehabilitative services.

The project will service seniors in the surrounding areas including: Morton Grove, Niles, Glenview, Skokie, Evanston, Des Plaines, and Park Ridge.

**Project:** The new project, Bethany Gardens Assisted Living Center, a 52-unit assisted living facility, will be a conversion of a portion of the existing campus of Bethany Terrace in Morton Grove, Illinois.

---

### OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

**Project name:** Bethany Gardens Assisted Living Center at Bethany Terrace Nursing Center  
**Location:** 8425 Waukegan Road, Morton Grove, IL (Cook County)  
**Applicant:** Bethany Methodist Corporation and its Affiliates (Bethany Homes and Methodist Hospital)  
**Organization:** 501(c)(3) Not-for-Profit Corporation  
**State:** Illinois  
**Board of Trustees:** David E. Carlson, Chairman  
Bruce Balfe, Secretary/Treasurer  
Satish Barnabas, MD  
Gessel Berry, Jr.  
Jennifer Christy  
Stephen Dahl  
Robert Hoellen  
Charles Jackson  
Keith Reed  
Janice Rode

---

### PROFESSIONAL & FINANCIAL

<b>Borrower's Counsel:</b>	Drinker Biddle & Reath	Chicago	Jennifer R. Breuer
<b>Bond Counsel:</b>	Greenberg Traurig	Chicago	Matt Lewin
<b>Bond Purchaser:</b>	MB Financial Bank	Chicago	John Sarris
<b>Accountant:</b>	PricewaterhouseCoopers	Chicago	
<b>Issuer's Counsel:</b>	Schiff Hardin	Chicago	Bruce Weisenthal
<b>IFA Advisors:</b>	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

---

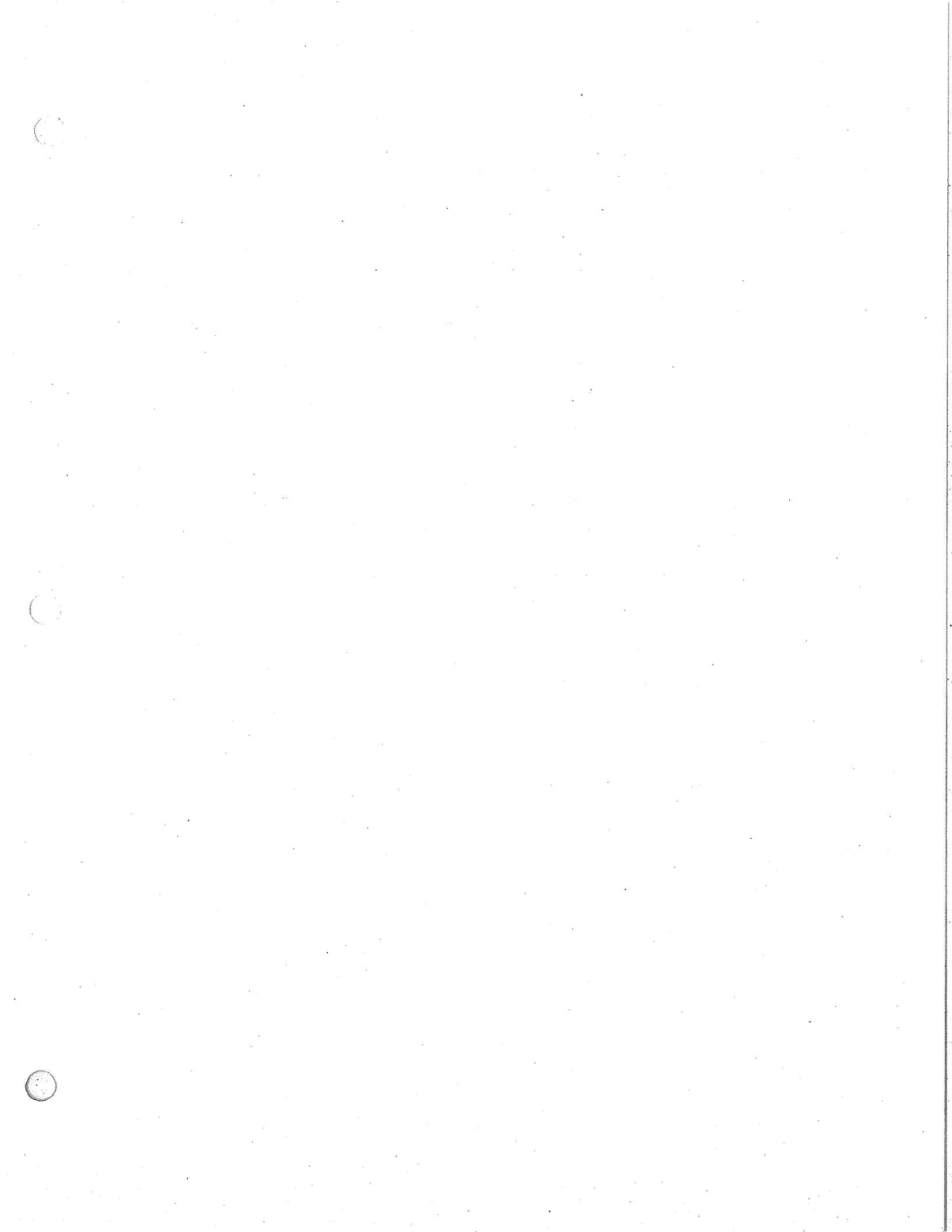
### LEGISLATIVE DISTRICTS

**Congressional:** 9- Janice D. Schakowsky  
**State Senate:** 8- Ira I. Silverstein  
**State House:** 15- John D'Amico

---

### SERVICE AREA

**Service Area:** Morton Grove, Niles, Glenview, Skokie, Evanston, Des Plaines, Park Ridge





April 14, 2009

**\$200,000,000**  
**PROVENA HEALTH**

**REQUEST**

**Purpose:** to (i) pay or reimburse the Borrower, Provena Hospitals (the "Hospital") or Provena Senior Services ("Senior Services") for, or refinance outstanding taxable indebtedness the proceeds of which were used for, the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health care facilities owned by the Borrower, the Hospital or Senior Services and all necessary and attendant facilities, equipment, site work and utilities thereto; (ii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Authority or the Borrower; (iii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Authority or the Borrower; (iv) provide working capital, if deemed necessary or advisable by the Authority or the Borrower; and (v) pay certain expenses incurred in connection with the issuance of the Bonds, including but not limited to fees for insurance, credit enhancement or liquidity enhancement for the Bonds.

**Project Description:** The proceeds will be used to reimburse Provena Health for certain qualified projects placed in service throughout the various hospital and senior service ministries which were set forth in detail in draw requests.

**Program:** Conduit 501(c)(3) Revenue Bonds

**Extraordinary Conditions:** None.

**BOARD ACTIONS**

Final Bond Resolution  
This project is coming for a One-time Final Resolution because of market conditions

**MATERIAL CHANGES**

None

**JOB DATA**

10,924	Current jobs	0	New jobs projected
10,924	Retained jobs	0	Construction jobs projected

**DESCRIPTION**

- Location ( Chicago/ Cook County / Northeast Region)
- Provena Health is a Catholic health system that includes six hospitals, 16 long-term care and senior residential facilities, 28 clinics, five home health agencies and other health-related activities operating in Illinois and Indiana.
- Provena Health ministries are sponsored by the Franciscan Sisters of the Sacred Heart, the Servants of the Holy Heart of Mary and the Sisters of Mercy of the Americas.

**CREDIT**

- Fixed and Variable Rate Debt (actual structure TBD)

**INDICATORS**

- Current rating of Provena Health is Baa1 / A- (Moody's / S&P)

**Proposed Structure**

- Uninsured
- Bonds will Mature no later than 2049

**Sources and Uses**

IFA Bonds	<u>\$200,000,000</u>	Projects	\$197,500,000
		Cost of Issuance	<u>\$2,500,000</u>
<b>Total</b>	<b>\$200,000,000</b>	<b>Total</b>	<b>\$200,000,000</b>

**Recommendation**

Credit Committee recommends approval



**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 14, 2009**

**Project: Provena Health**

---

**STATISTICS**

Project Number: H-HO-TE-CD-8234  
Type: 501(c)(3) Bonds  
County/Region: Cook / Chicago

Amount: \$200,000,000 (Not-to-Exceed)  
IFA Staff: Pam Lenane & Bill Claus

---

**BOARD ACTION**

Final Bond Resolution  
Conduit 501(c)(3) Bonds  
No IFA Funds at Risk

No Extraordinary Conditions  
  
Staff Recommends Approval

---

**VOTING RECORD**

This is the first time this project has been brought before the Board.  
This project is coming for a One-time Final Resolution because of market conditions.

---

**PURPOSE**

Bond proceeds along with certain other funds will be used to (i) pay or reimburse the Borrower, Provena Hospitals (the "Hospital") or Provena Senior Services ("Senior Services") for, or refinance outstanding taxable indebtedness the proceeds of which were used for, the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health care facilities owned by the Borrower, the Hospital or Senior Services and all necessary and attendant facilities, equipment, site work and utilities thereto; (ii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Authority or the Borrower; (iii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Authority or the Borrower; (iv) provide working capital, if deemed necessary or advisable by the Authority or the Borrower; and (v) pay certain expenses incurred in connection with the issuance of the Bonds, including but not limited to fees for insurance, credit enhancement or liquidity enhancement for the Bonds.

---

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense.

---

**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

---

**JOBS**

Current employment: 10,924 FTE's  
Jobs retained: 10,924 FTE's

Projected new jobs: N/A  
Construction jobs: N/A

---

**ESTIMATED SOURCES AND USES OF FUNDS**

<i>Sources</i>		<i>Uses</i>	
IFA Bonds	\$ 200,000,000	Projects	\$ 197,500,000
		Costs of Issuance	\$ 2,500,000
<b>Total</b>	<b>\$ 200,000,000</b>	<b>Total</b>	<b>\$ 200,000,000</b>

---

**FINANCING SUMMARY/STRUCTURE**

**Security:** The Bonds are expected to be secured by an Obligation of Provena Health under a Master Trust Indenture. Collateral is expected to include a pledge of gross revenue and debt service reserve funds (for fixed rate bonds). The Bonds will be secured by Direct Pay Letter of Credits provided by JPMorgan Chase Bank, The Northern Trust Company, and 5<sup>th</sup>/3rd Bank (expected). The anticipated initial Bank LOC term is three years, subject to extension.

**Structure:** Fixed and Variable Rate Demand Bonds (Mode TBD)

**Interest Rate:** To be determined at pricing

**Interest Mode:** Fixed Rate and Variable Rate Demand Bonds

**Credit Enhancement:** Variable: Letter of Credit from: JPMorgan Chase, The Northern Trust Co. & 5th3rd Bank

**Maturity:** 2039

**Rating:** Baa1 / A- (Moody's / S&P)

**Estimated Closing Date:** April 23rd, 2009

---

**PROJECT SUMMARY**

The proceeds will be used to reimburse Provena Health for certain qualified projects placed in service throughout the various hospital and senior service ministries which were set forth in detail in draw requests.

---

**BUSINESS SUMMARY**

**Description of Business:** Provena Health is a Catholic health system that includes six hospitals, 16 long-term care and senior residential facilities, 28 clinics, five home health agencies and other health-related activities operating in Illinois and Indiana. Provena Health ministries are sponsored by the Franciscan Sisters of the Sacred Heart, the Servants of the Holy Heart of Mary and the Sisters of Mercy of the Americas.

---

**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Provena Health  
**Location:** N/A  
**Borrower:** Provena Health  
**State:** Illinois  
**Ownership/Board Members (501c3):** See below

As of January 1, 2009, the members of the Board were as follows:

<u>Name</u>	<u>Professional Affiliation</u>	<u>Term Ends December 31,</u>
William Berry, PhD	Associate Chancellor; Associate Professor University of Illinois	2011
Robert Biedron <i>Chairperson</i>	President, Voyager's Landing Development Corp.	2009
Aida Giachello, PhD	Associate Professor and Director Midwest Latino Health Research, Training and Policy Center	2009
Sister Lois Graver, RSM Secretary	Treasurer Sisters of Mercy of the Americas Regional Community of Chicago	2009
Mark Hanson	Attorney in Private Practice	2011
Sister Linda Hatton, sscm	Provincial Superior Servants of the Holy Heart of Mary	2009
Thomas Huberty, MD	Physician	2011
Sister Mary Elizabeth Imler, OSF	General Community Leader Franciscan Sisters of the Sacred Heart	2009
Bettina Johnson Treasurer	Vice President, Retired (2007) J.P. Morgan Chase	2010
Marsha Ladenburger	Quality Management Consultant L&A Healthcare	2010
Bethann McGregor	The Luvian Group	2009
Daniel Russell Vice Chairperson	President-Emeritus Catholic Health East	2011
Kent Russell	Retired Executive VP/CFO Catholic Health East	2011
Sister Mary Shinnick, OSF	Treasurer Franciscan Sisters of the Sacred Heart	2008
Guy Wiebking, Retired	President and CEO Provena Health	

**PROFESSIONAL & FINANCIAL**

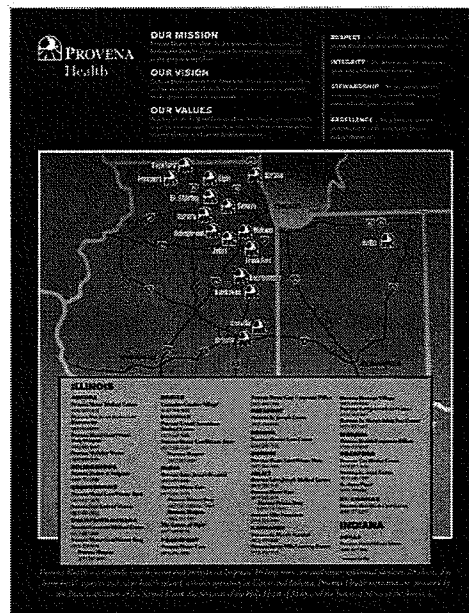
Borrower's Counsel:	Ungaretti & Harris	Chicago	Tom Fahey
Borrower's Financial Advisor:	KaufmanHall	Chicago	Ken Kaufman
Accountant:	KPMG		
Bond Counsel:	Jones Day	Chicago	Mike Mitchell David Kates
Credit Enhancer/Purchasing Bank:	TBD		
Bank Counsel:	TBD		
Bond Underwriter:	JPMorgan Securities, Inc.	Chicago	Tim Wons
Underwriter's Counsel:	Sonnenschein Nath & Rosenthal LLP	Chicago	Mary Wilson
Issuer's Counsel:	Charity & Associates PC	Chicago	Alan Bell
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

**LEGISLATIVE DISTRICTS**

Congressional: Districts 6, 11, 13, 14, 15  
 State Senate: Districts 21, 23, 24, 25, 28, 38, 40, 41, 42, 43, 48, 52, 53, 55  
 State House: Districts 41, 42, 45, 46, 47, 48, 49, 55, 56, 75, 79, 80, 81, 82, 83, 84, 85, 86, 95, 96, 103, 104, 105, 110  
 Note: Completed based on Provena Health service areas

**SERVICE AREA**

Provena Health provides services to the northern and central regions of Illinois.



---

## BACKGROUND INFORMATION

### System Overview

Provena Health (the "Corporation") was formed as an Illinois not for profit corporation on November 30, 1997 and is the parent corporation of a regionally focused health care system which concentrates on providing ongoing quality health care, long-term care and home health services to communities primarily located in central and northern Illinois and northern Indiana (the "System"). The System consists of the Corporation and various wholly-owned controlled subsidiaries, including: Provena Hospitals ("Provena Hospitals"), Provena Senior Services ("Provena Senior Services"), Provena Home Health ("Provena Home Health"), Provena Care at Home ("Provena Care at Home"), Provena Health Assurance SPC ("Provena Health Assurance SPC") and Provena Ventures, Inc. ("Provena Ventures").

### Sponsorship

The System was jointly formed by the Franciscan Sisters of the Sacred Heart (the "Franciscan Sisters"), the Servants of the Holy Heart of Mary, Holy Family Province, U.S.A. (the "Servants of the Holy Heart") and the Sisters of Mercy of the Americas, Regional Community of Chicago (the "Sisters of Mercy"), collectively the "Sponsors," to consolidate their respective facilities and operations in order to offer a full range of health care services to a broader community.

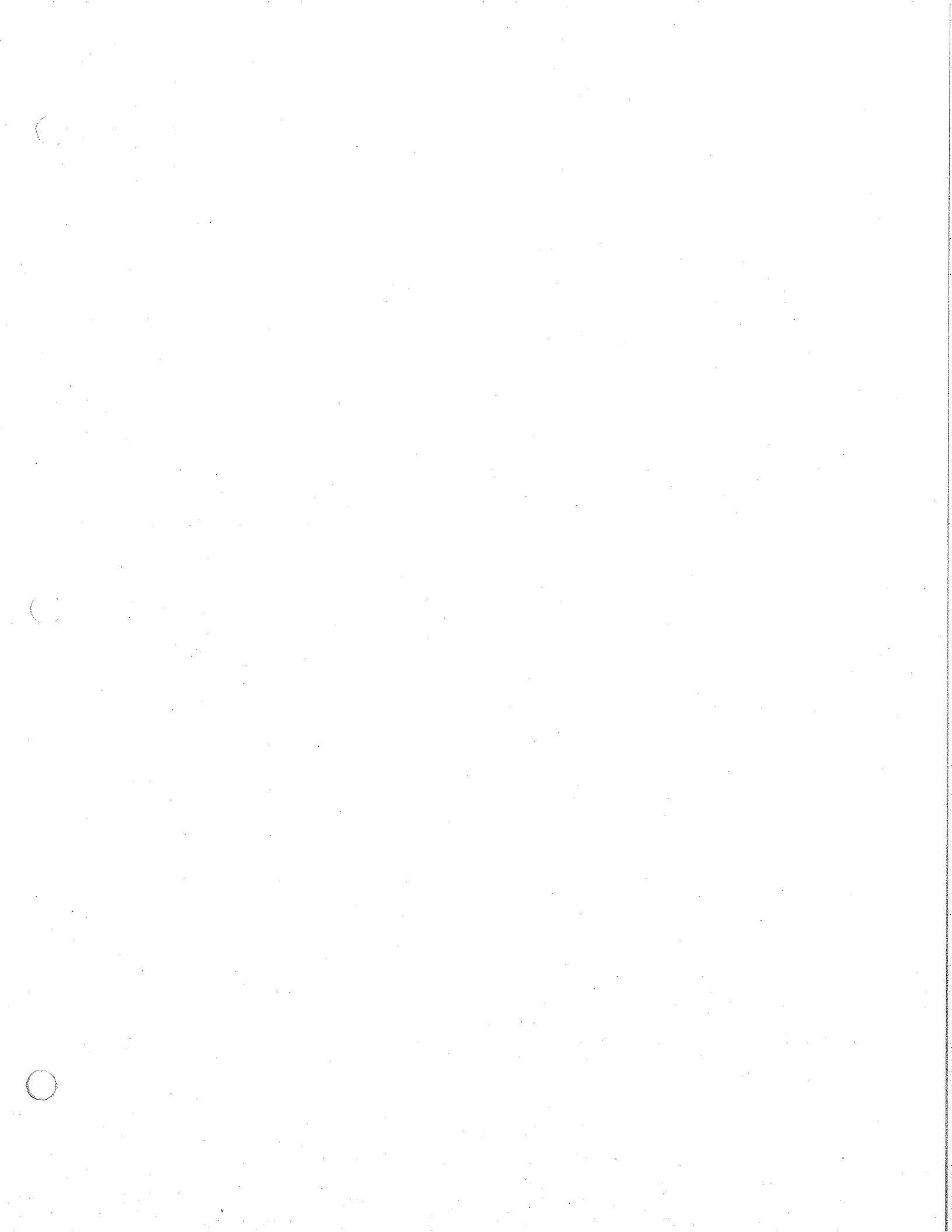
All three sponsoring congregations have a long history of service to the sick and needy. The Franciscan Sisters of the Sacred Heart was formed in Germany in 1866 and came to the United States in 1876. They have operated hospitals and long-term care facilities in Illinois and Indiana since the 1880s. They were among the earlier organizations to create a multi-hospital health care system, with the incorporation of Franciscan Sisters Health Care Corporation as an Illinois not for profit corporation in 1977.

The Servants of the Holy Heart was formed in France in 1860, and came to the United States in 1889. They have been providing hospital and other health care services in Illinois since the late 1890s. They organized ServantCor, an Illinois not for profit corporation, to function as their system holding company in December of 1982.

The Sisters of Mercy was established in Ireland in 1831 and came to the United States to continue to serve the needy in 1843. They have been operating in the Aurora, Illinois community since 1911, when Mercy Health Corporation was incorporated as an Illinois not for profit corporation.

### Corporate Organization

Each of the Corporations, Provena Health, Provena Hospitals, Provena Senior Services, Provena Home Health and Provena Care at Home is an Illinois not for profit corporation, exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Section 501(c)(3) of the Code, and is not a private foundation as defined in Section 509(a) of the Code. Provena Ventures, whose sole shareholder is the Corporation, is an Illinois business corporation which is nonexempt. As a Catholic health care system, the Corporation and its controlled subsidiaries act in accordance with Roman Catholic tradition in all matters of operation and in the discharge of governance, and abide by the "Ethical and Religious Directives for Catholic Health Care Services." Provena Health was adapted from the word "providence," which means "divine guidance or care," and Health to reflect the broad spectrum of health care services to be offered. It was chosen by the Sponsors to communicate their mission as an integrated Catholic health care system.



**ILLINOIS FINANCE AUTHORITY  
MEMORANDUM**

**TO:** IFA Board of Directors

**FROM:** Rich Frampton

**DATE:** April 14, 2009

**RE:** Resolution to Authorize Execution of an Amended and Restated Trust Indenture and Loan Agreement and related documents to enable LOC replacement and extension of the Final Maturity Date  
IFA Series 2004 Bonds (Sunshine Through Golf Foundation)  
IFA Project No.: N-NP-TE (TX)-CD-419

---

**Request:**

The Sunshine Through Golf Foundation, a 501(c)(3) corporation incorporated under Illinois law, is requesting the Illinois Finance Authority to authorize the following actions relating to the Sunshine Through Golf Foundation's \$2,100,000 IFA Series 2004A Tax-Exempt and \$700,000 Series 2004B Taxable 501(c)(3) Revenue Bonds: (1) execution of an Amended and Restated Indenture of Trust and an Amended and Restated Loan Agreement that will (a) extend the Final Maturity Date from 11/1/2024 to 11/1/2025 (as required to satisfy the new issuance requirement pursuant to IRS Notice 2008-79 for FHLB Letters of Credit issued pursuant to the 2008 Housing Act), (b) enable replacement of the existing Direct Pay Letter of Credit from Bank of America with a Triple-A rated (S&P) Confirming Letter of Credit from the Federal Home Loan Bank of Chicago and an underlying Direct Pay Letter of Credit from First American Bank. Additionally, in connection with these changes, the Borrower will be executing (c) a new Tax Certificate and (d) a Supplement to the Official Statement.

The FHLB LOC will enable First American Bank to provide access to Triple-A rated rates as a result of the joint and several Triple-A rating attributable the FHLB System. First American Bank bears all underlying project risk.

The Series 2004A Bonds are currently bearing interest in 7-day Tax-Exempt Variable Rate Mode and the Series 2004B Bonds are currently bearing interest in 7-day Taxable Variable Rate Mode. Both Series will continue to bear interest in these Modes going forward.

**Recommendation:**

The Credit Review Committee recommends approval

**The Sunshine Through Golf Foundation:**

The Sunshine Through Golf Foundation (the "Foundation") is the charitable affiliate of the Chicago District Golf Association ("CDGA"). The mission of the organization is to enhance the quality of life by bringing golf into the lives of beginners, juniors, individuals with disabilities, minorities, and the economically disadvantaged throughout the CDGA's service area. The Foundation operates a 3-hole golf course and practice facility in located directly across (i.e., south) from the Cog Hill Golf & Country Club in Lemont, Illinois. More information on the Foundation may be found at: [www.sunshinethroughgolf.org](http://www.sunshinethroughgolf.org)

**Original Use of Proceeds of the Series 2004 Bonds:**

Proceeds of the IFA Series 2004 Bonds were used to finance and refinance taxable financing (pursuant to an Inducement Resolution) for a portion of the costs of the acquisition, construction and equipping of the Foundation's office facilities and its three hole golf course, the acquisition and construction of a maintenance building for the

three hole golf course, including chemical storage facilities and related equipment, the build out of approximately 4,000 square feet of unfinished space in the Borrower's office facility, and the acquisition of new computer and telephone equipment for use therein, all located at 11855 Archer Avenue, Lemont, Illinois (the "Project"). Portions of the facility are leased to the following not for profit corporations: Chicago District Golf Association, The First Tee, the Illinois Junior Golf Association, Midwest Association of Golf Course Superintendents, Illinois Turfgrass Foundation, and the Mid West Sod Council.

---

**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Seyfarth Shaw LLP	Chicago, IL	Michael Thompson, Gerald Skoning
Bond Counsel:	Ice Miller LLP	Chicago, IL	Jim Snyder, Patra Geroulis
Remarketing Agent:	Banc of America Securities, LLC	Chicago, IL	Jason Bormann
Confirming LOC	Federal Home Loan of Chicago Bank of Chicago	Chicago, IL	Eldridge Edgecombe Suzanne Thackston Barbara Watkins
Direct Pay LOC: Trustee:	First American Bank US Bank, N.A.	Elk Grove Village, IL Chicago, IL	Steve Eikenberry Vernita Anderson
Rating Agency: Issuer's Counsel:	Standard & Poor's Chris Meister (in-house counsel)	New York, NY	
IFA Financial Advisors:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago, IL Chicago, IL	Bill Morris Lois Scott

---

**SUNSHINE THROUGH GOLF FOUNDATION BOARD OF DIRECTORS**

<b>Name</b>	<b>Title</b>	<b>Corporate Affiliation</b>	<b>Membership</b>
Matthew L. Pekarek	President	Village Links of Glen Ellyn, General Manager	Village Links of Glen Ellyn
Keith Frankland	Vice President	Retired	Village Greens of Woodridge
Michael J. Grandinetti	Treasurer		Calumet CC
Jerry Williams	Ex-Officio	Retired	Olympia Fields CC
Peter Carey	Director	Attorney, Peter B. Carey Law Offices	Beverly CC
Edward Hockfield	Director	Hockfield & Associates	Hillcrest CC
Gary Skoning	General Counsel	Attorney, Seyfarth Shaw	Cog Hill G & CC
Sheldon Solow	Director	Attorney, Kaye Scholer	Briarwood CC
Robert F. Berry	Director	President, TC Industries	St. Charles CC
Tom Hayward	Director	Retired Attorney, Bell, Boyd & Associates	At Large
Clint Mabie		Executive Director, Return on Chicago	At Large
Lyle Logan		Executive VP, Northern Trust Bank	At Large



DRAFT

IFA RESOLUTION 09-04-09

A RESOLUTION PROVIDING FOR THE APPROVAL BY THE ILLINOIS FINANCE AUTHORITY (THE "ISSUER") OF THE EXECUTION AND DELIVERY OF AN AMENDMENT TO BOND DOCUMENTS IN CONNECTION WITH THE OUTSTANDING VARIABLE RATE DEMAND REVENUE BONDS (SUNSHINE THROUGH GOLF PROJECT) SERIES 2004A AND TAXABLE VARIABLE RATE DEMAND REVENUE BONDS (SUNSHINE THROUGH GOLF PROJECT) SERIES 2004B; APPROVING THE DISTRIBUTION OF A SUPPLEMENT TO OFFICIAL STATEMENT; AND RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "Issuer") is authorized and empowered by the provisions of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as from time to time supplemented and amended (the "Act") to issue its revenue bonds to finance or refinance the costs of any project in order to promote the expansion, retention or diversification of employment opportunities within the State or any area thereof and promote the health, safety, morals and general welfare of the people of the State of Illinois (the "State"); and

WHEREAS, the Issuer on November 8, 2004 adopted a resolution authorizing the issuance and delivery of its \$2,100,000 original principal amount Variable Rate Demand Revenue Bonds (Sunshine Through Golf Project) Series 2004A and its \$700,000 original principal amount Taxable Variable Rate Demand Revenue Bonds (Sunshine Through Golf Project) Series 2004B (collectively, the "Bonds"); and

WHEREAS, the Bonds were issued pursuant to an Indenture of Trust dated as of November 1, 2004 (the "Indenture") between the Issuer and U.S. Bank National Association (as successor to LaSalle Bank National Association) (the "Trustee") and a Loan Agreement dated as of November 1, 2004 (the "Loan Agreement") between the Issuer and Sunshine Through Golf Foundation, an Illinois not for-profit corporation (the "Borrower"); and

WHEREAS, the Borrower has requested to amend certain provisions of the Indenture and Loan Agreement, in order to provide for certain amendments relating to the delivery of an Alternate Credit Facility and to extend the maturity date of the Bonds; and

WHEREAS, it is necessary and proper for the interests and convenience of the Issuer to authorize such amendments to the Indenture and the Loan Agreement; and

WHEREAS, the Issuer has caused to be prepared and presented to this meeting the Amendment to Bond Documents dated as of April 1, 2009 among the Issuer, the Borrower and the Trustee (the "Amendment"), which the Issuer proposes to enter into and which amends the Indenture and Loan Agreement; and

WHEREAS, pursuant to the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended, due to the amendments and the extension of the maturity date of the Bonds, which are considered a "reissuance" of the Bonds, a public hearing was held by the Executive Director of the Issuer, or his designee, prior to the approval by the Governor of the State of

Illinois, pursuant to notice published at the direction of the Issuer at least fourteen (14) days prior to the public hearing in The State Journal-Register, a newspaper qualified by law to publish legal notices of the State of Illinois and in the Lemont Reporter, a newspaper of general circulation in the Village of Lemont, Illinois;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:

Section 1. That the form, terms and provisions of the proposed Amendment be, and its hereby is, in all respects approved, and that the Chairman, Vice Chairman, Treasurer or Executive Director (or other person duly appointed to any such office on an interim or acting basis) and the Secretary or Assistant Secretary be, and they are hereby authorized, empowered and directed to execute and deliver such instrument in the name and the behalf of the Issuer and that the Amendment is to be in substantially the form thereof submitted to this meeting and hereby approved, with such changes therein as shall be approved by the officials of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from and after the execution and delivery of such instrument, the officials, agents and employees of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such instrument as executed.

Section 2. That the distribution and use of a Supplement to Official Statement presented at this meeting (with such changes therein as shall be required or approved by counsel to the Issuer) is hereby authorized.

Section 3. That from and after the execution and delivery of the Amendment, the proper officials, agents and employees of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed and to further the purposes and intent of this Resolution, including the preamble hereto. The Chairman, Vice Chairman, Treasurer or Executive Director (or other person duly appointed to any such office on an interim or acting basis) and the Secretary or Assistant Secretary be, and they are hereby, further authorized and directed for and on behalf of the Issuer, to execute all papers, documents, certificates and other instruments that may be required for the carrying out of the authority conferred by this Resolution or to evidence said authority, including without limitation, the execution and delivery of the Certificate of the Issuer re: Arbitrage, the signing of IRS Form 8038 and the filing thereof as therein required and the certifications relating to Section 148 of the Code and the regulations promulgated thereunder and changes in the documents approved hereby as approved by the officials of the Issuer executing the same, and to exercise and otherwise take all necessary action to the full realization of the rights, accomplishments and purposes of the Issuer under the Amendment and to discharge all of the obligations of the Issuer thereunder. For purposes of certifying as to matters of arbitrage, the Chairman, the Vice Chairman, the Treasurer, the Executive Director, any Assistant Executive Director (or other person duly appointed to any such office on an interim or acting basis) or any one of them, is hereby designated an officer responsible for issuing the Bonds.

Section 4. That the Issuer hereby acknowledges that a Public Hearing was held and hereby approves the reissuance of the Bonds, the amendments and the extension of the weighted average maturity of the Bonds pursuant to Section 147(f) of the Code and directs that this issue be submitted to the Governor of the State of Illinois for approval of the elected representative.

Section 5. That all acts and doings of the officials of the Issuer which are in conformity with the purposes and intent of this Resolution are, in all respects, approved and confirmed.

Section 6. That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision shall, for any reason, be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions.

Section 7. That all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby superseded.

Section 8. This Resolution shall be in full force and effect from and after its passage and approval, in accordance with law.

APPROVED this 14th day of April, 2009.

ILLINOIS FINANCE AUTHORITY

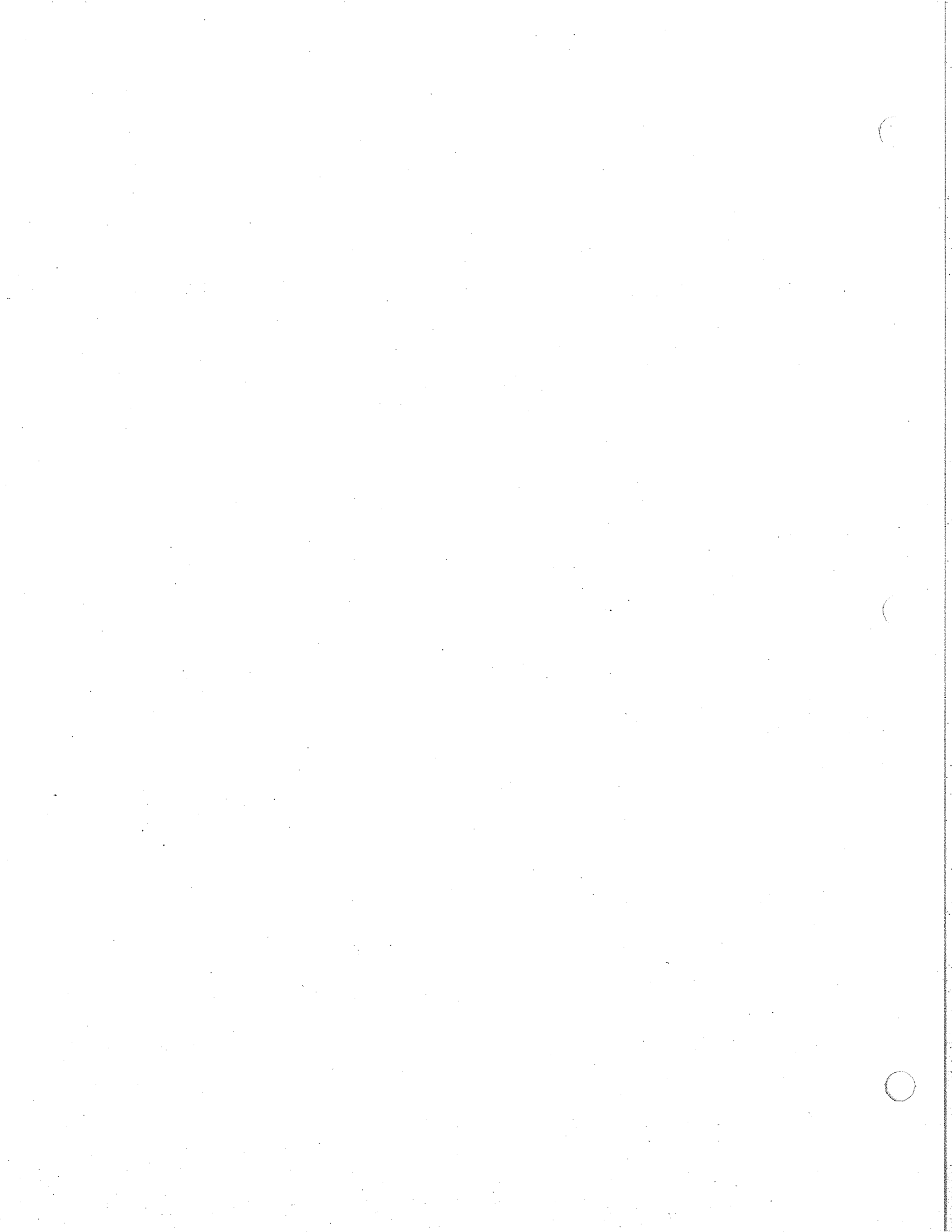
---

Chairman (or Vice Chairman)

ATTEST:

---

Secretary (or Assistant Secretary)



ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: Members of the Illinois Finance Authority

From: Steven Trout

Date: April 7, 2009

**Re: Request to Authorize an Amendment to \$51,200,000 Illinois Finance Authority Solid Waste Disposal Facilities Revenue Bonds (Prairie Power, Inc.), Series 2008 to Permit a Conversion to Non-AMT Status and the Addition of a 13-Month Interest Mode Option**

The American Recovery and Reinvestment Act of 2009 ("the Stimulus Act") has presented the IFA with an opportunity to assist recent borrowers whose bonds are subject to the Alternative Minimum Tax ("AMT") in obtaining lower interest rate financing by converting the bonds to non-AMT status. Prairie Power, Inc., a non-profit, rural generation cooperative that serves Central Illinois, is the first borrower that has asked IFA to assist in such a conversion. Other IFA borrowers that may benefit from such a conversion include entities that recently financed their projects with Industrial Revenue Bonds, Solid Waste Disposal Facilities Revenue Bonds and Affordable Housing Bonds.

Prairie Power has asked IFA to authorize an amendment to the bonds referred to above (the "Bonds"), which closed in on November 14, 2008 and generated a fee to IFA of \$379,240. The amendment's main purpose is to permit the Bonds to be converted to "non-AMT status". The Stimulus Act permits bonds issued between 2004 and 2008 that are subject to AMT to be converted so that interest is no longer subject to AMT. Merrill Lynch, the lead investment banker for the Bonds, has advised that spreads between AMT Bonds and non-AMT have historically ranged between 20 and 25 basis points (0.20% and 0.25%) but are expected to exceed 25 basis points for these Bonds, based on current market conditions. Merrill Lynch expects that the conversion will make the Bonds attractive to more buyers as more investors become subject to AMT. (The lack of liquidity prevailing last Fall delayed Bonds sale, leading to a higher-than-normal interest rate for Prairie Power, Inc. for the first six-month interest period.) Any savings realized from the conversion will be passed on via lower electric rates charged to Prairie Power's members, which are non-profit rural distribution cooperatives and ultimately their customers.

Achieving a conversion to non-AMT status will require a change in certain features of the Bonds to cause a "reissuance" of the Bonds under the technical rules of the IRS. Prairie Power, has decided, in consultation with the following members of the original finance team, Chapman and Cutler, as Bond Counsel, National Rural Utilities Cooperative Finance Corporation, as Guarantor of the Bonds and Merrill Lynch, as Lead Underwriter and Remarketing Agent, to add a "13-Month Interest Mode" that would provide for an interest period ranging between 390 to 397 days. Prairie Power is currently considering adding several interest modes. Prairie Power is currently leaning toward adding a new type of interest rate mode that is similar to the existing Annual

While the option to convert to non-AMT status has only recently been authorized with the passage of the Stimulus Act, Prairie Power seeks to make this change as soon as possible, because of the potential for considerable interest savings. By coincidence, the Bonds will be subject to mandatory tender on May 6<sup>th</sup>, 2009, the end of the Bonds' first Semiannual Interest Rate period.

Prairie Power is attempting this change into effect by May 6th, to avoid having to pay interest at higher-than necessary rates for the next six-months. To accomplish this change, Prairie Power has asked the Illinois Finance Authority to approve, by resolution, a Supplemental Indenture that provides for the new interest rate mode option or a conversion with a minor change in terms. Once the new Mode is inserted into the existing documents, Prairie Power will follow the normal procedures for converting the Bonds to a different interest rate mode.

Bond Counsel will submit to IFA prior to the IFA Board meeting a draft of the Supplemental Indenture, together with a draft Resolution, which must be adopted by the Authority to permit such a change. Bond Counsel anticipates completing the amendment with a relatively minor change to the documents. Prairie Power anticipates that it will convert the Bonds to a 13-Month Interest Mode on May 6 for at least one interest period.

IFA's standard fee for amending IFA bonds with over \$5,000,000 outstanding that requires the issuance of an issuer's counsel opinion, that results in the issuance of a new or modified or updated official statement or that requires a TEFRA Hearing is \$10,000. The finance team has sought to hold costs for the re-issuance to a minimum. Prairie Power expects to pay \$52,800 for the re-issuance, with expenses to be limited to IFA's amendment fee, legal and printing costs. Prairie Power anticipates that Merrill Lynch's remarketing fees will decrease during the 13-month interest period from the current level set for the 6-month period.

## IFA RESOLUTION 09-04-10

RESOLUTION authorizing and approving the amending of certain provisions contained in the Indenture of Trust relating to the National Rural Utilities Cooperative Finance Corporation Guaranteed Solid Waste Disposal Revenue Bonds (Prairie Power Inc. Project) Series 2008A of the Illinois Finance Authority, issued in the original aggregate principal amount of \$51,200,000; authorizing the execution and delivery of any necessary documentation required to effect the foregoing; and authorizing and approving certain related matters.

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "Authority"), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1, *et seq.* and 20 ILCS 3515/1, *et seq.*, as supplemented and amended (collectively, the "Act"), is authorized by the laws of the State of Illinois, including without limitation the Act, to issue its revenue bonds for the purposes set forth in the Act and to permit the expenditure of the proceeds thereof to defray, among other things, the cost of the development, construction, acquisition and improvement of "industrial projects," as defined in the Act; and

WHEREAS, the Authority has heretofore issued its \$51,200,000 in aggregate principal amount of National Rural Utilities Cooperative Finance Corporation Guaranteed Solid Waste Disposal Revenue Bonds (Prairie Power Inc. Project) Series 2008A (the "Bonds"), in accordance with the provisions of that certain Indenture of Trust dated as of August 1, 2008 (the "Original Indenture") between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), to provide Prairie Power, Inc. (the "Company"), an Illinois not-for-profit corporation, with funds to finance certain "industrial projects," constituting certain sewage and solid waste disposal facilities and related facilities (the "Project"), which Project is part of the Prairie State Energy Campus, and the Company owns an undivided ownership interest in the Prairie State Energy Campus; and

WHEREAS, the Bonds were initially issued at a semiannual rate of interest; and

WHEREAS, in accordance with the terms of the Indenture, on May 6, 2009, the bondholders are required to tender the Bonds for purchase, and the interest rate thereon is to be reset at a new rate of interest, all as more fully described in the Indenture; and

WHEREAS, in connection with such May 6, 2009 tender date, the Company desires, among other things, to provide for the additional option of an Interest Rate Mode which allows for an interest rate period of thirteen months; and

WHEREAS, the Company desires that the Authority authorize and approve (i) the establishment of a such Interest Rate Mode, as described above, and (ii) the execution and delivery of a supplement to the Indenture to effect the foregoing and to make certain conforming changes; and

WHEREAS, the Company has informed the Authority that the establishment of the interest rate periods and related tender dates, as described above, will result in the Bonds being considered "reissued" for technical purposes under the federal tax law; and

WHEREAS, the Authority desires to authorize and approve (i) the establishment of such new Interest Rate Mode, as described above, (ii) the execution and delivery of a supplement to



the Indenture to effect the foregoing and to make certain conforming changes, and (iii) the execution and delivery of replacement Bonds and any documentation that may be necessary to effect any of the foregoing;

**NOW THEREFORE, Be It Resolved by the Authority that:**

**Section 1. Amendments.** The Authority hereby authorizes and approves the amendment of the Indenture and the Bonds to provide for an Interest Rate Mode which allows for an interest rate period of thirteen months.

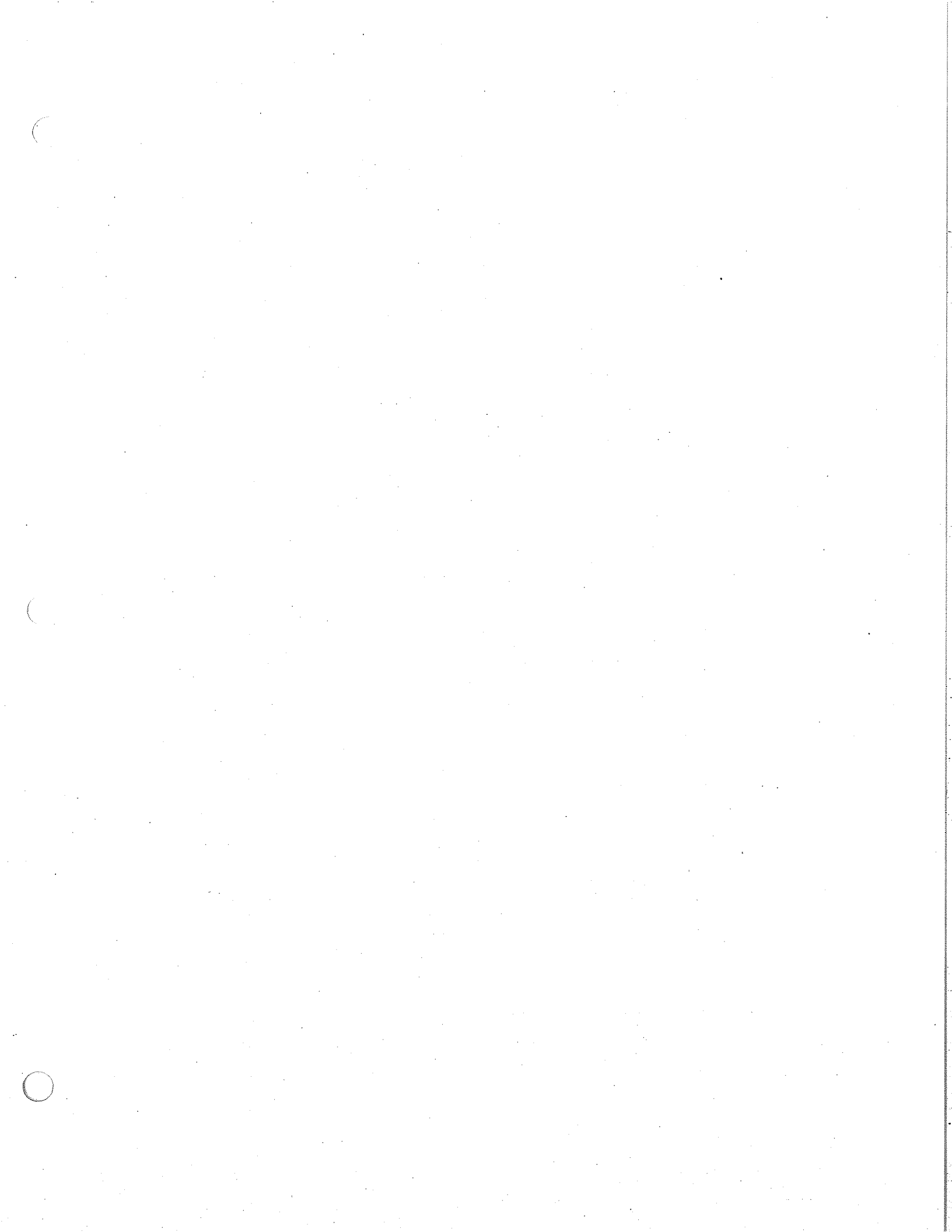
**Section 2. First Supplemental Indenture.** The Chairman, the Vice Chairman, the Executive Director or the Secretary of the Authority are each authorized, empowered and directed to execute and deliver and, if required, the Secretary or any Assistant Secretary of the Authority are each authorized, empowered and directed to attest and to affix the official seal of the Authority to, a First Supplemental Trust Indenture dated May 6, 2009 (the "*Supplemental Indenture*") between the Authority and the Trustee, supplementing and amending the Indenture, as described above and subject to the parameters set forth in Section 1 above. Such Supplemental Indenture shall be substantially in the form of the Supplemental Indenture attached hereto and marked *Exhibit A* and hereby approved, or with such changes therein as shall be approved by the officials of the Authority executing the same, such execution to constitute conclusive evidence of their approval, and of the Authority's approval, of any changes or revisions therein from the form of the Supplemental Indenture attached hereto.

**Section 3. Additional Documentation.** The Chairman, the Vice Chairman, the Executive Director or the Secretary of the Authority, under the seal of the Authority attested by the Secretary or any Assistant Secretary of the Authority, if appropriate, are each hereby authorized, empowered and directed to enter into, execute and deliver, for and on behalf of the Authority, such other amendments and supplements to the legal documentation, and such other certificates, agreements or documents, if any, as are deemed necessary or appropriate to accomplish the matters set forth in this Resolution, including, without limitation, the execution and delivery of an I.R.S. Form 8038 and one or more amended and restated Bonds, such amendments, supplements and documents to be in the forms prepared and/or approved for such execution by Chapman and Cutler LLP, Bond Counsel, and approved by the officials of the Authority executing the same, the execution thereof by such officials to constitute conclusive evidence of their approval and of the Authority's approval of the forms thereof.

**Section 5. Authorization and Ratification of Related Matters.** The members, officials, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute and deliver all such documents and showings as may be necessary or desirable to carry out and comply with the provisions of this Resolution, and all of the acts and doings of the members, officials, agents and employees of the Authority that are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved.

**Section 6. Repeal of Conflicting Resolutions; Effective Date.** All resolutions and parts of resolutions in conflict herewith be and the same are hereby repealed, and this Resolution shall be in full force and effect forthwith upon its passage.

Adopted this 14th day of April, 2009.



## Illinois Finance Authority

**To:** IFA Board of Directors  
John Filan, Executive Director

**From:** Townsend Albright

**Date:** April 14, 2009

**Re:** Request to Authorize Pricing and Process changes to the IFA Local Government Bond Program

---

### Rationale:

President Obama's economic stimulus legislation (The American Reinvestment and Recovery Act of 2009) offers an extraordinary opportunity for the IFA to launch an evaluation of the Local Government Bond Program targeted to both Illinois individual and institutional investors.

- The Bank Qualification limit increases from \$10 million to \$30 million,
- The stimulus legislation, which changes the application of the limit for bank qualification from the issuer (IFA) to the borrower (local government, school district) opens up the bank qualification market for IFA bonds. Illinois, unlike other states, has over 400 community banks that can buy a double-tax-exempt bank qualified bond for their investment portfolio for the next two years.
- Presents an opportunity for the IFA to work with banks in this market for 2009 and 2010.
- Individual investors are searching for safety, and local government bonds traditionally have a low default rate in good and bad economic times.
- Bank qualification coupled with the features of double tax-exemption and the revenue intercept mechanism offer a unique product for investors seeking security.

The marketing opportunities for IFA are considerable.

- Major and regional underwriters of Illinois bonds tend to be Chicago and St. Louis based.
- Because of Illinois Community Banking laws, there are more than 400 community banks Statewide that are potential buyers of IFA bonds.
- There are more than 800 Illinois School Districts that are potential issuers of debt.
- Creates an opportunity to market to Community College Districts which have traditionally not issued through the IFA.

### Program Features/Benefits:

IFA's Local Government statute provides two structuring features that make it particularly attractive for issuers and in-state investors:

1. **Exemption from State of Illinois Income Taxes:** IFA-issued local government bonds are exempt from both State and Federal income taxes. The current bond market values the double tax-exemption to be worth approximately 10 – 15 basis points savings on a bond issue's true interest cost ("TIC") when the bonds are sold to individuals, and approximately 3 – 5 basis points savings on TIC when sold to an institutional investor such as a bond fund. (The double tax-exemption enhances liquidity of the bonds for institutional trading purposes.) **If the Governor's income tax increase is approved by the Illinois General Assembly, it is estimated that savings attributable to the double tax-exemption would increase to 18-20 basis points.**
2. **State-Aid Intercept:** This is an optional structuring feature available to school districts, municipalities, and other units of local government that issue municipal bonds through IFA. This optional State-Aid Intercept enables the Borrower to consent to the intercept of state aid payments to the Borrower to cover shortfalls in debt service payments and assure that Bondholders are paid in a timely manner.

**Historic Local Government Program Activity:**

Unfortunately, the program has not attracted larger local government and local school district borrowers. From discussions with market participants, the reasons appear to be cost and process related.

- Local Government Business Managers, Financial Advisors, and Underwriters have advised IFA Funding Managers that Local Government Program fees are disproportionate to savings and negate the Program’s benefits. (The only G.O. bond issue of size the IFA has completed to date in FY 2009 was \$18,000,000 Olney School District General Obligation Bonds.)
- Borrowers complain that the process is cumbersome with having to come before the Board for “two approvals”.
- The two approval procedure can cost the borrower serious money if rates increase during the application and Board approval time intervals.
- Underwriters have competition and don’t want to make the transaction more complicated for the potential borrower to understand.

**Recommendations to Improve Pricing and Approval Process:**

- The Application Fee would be credited at closing of the bond issue.
- Legal fees would be revised to make the program more competitive. The table presents the current and proposed revisions in Issuer’s Counsel fees.
- Streamline the Board approval process to one meeting. Most local government and school district bond issuers tend to be straightforward transactions. An exception would be a complicated transaction that would require preliminary and final approval at separate board meetings.

Current Fees		Proposed Fees	
Application	\$250	Application	\$250 *fee refunded at closing.
Closing	15bp	Closing	15bp
<hr/>		<hr/>	
Legal		Legal	
\$0-5MM	\$4,750	\$0-10mm	\$3,000
\$5mm-\$10mm	\$6,500	\$10mm-\$25mm	\$5,000
\$10mm-\$25mm	\$8,250	>25mm	\$7,500
\$25mm-\$50mm	\$9,750		
>\$50mm	\$11,750		

- If the revenue intercept mechanism is exercised (actually called upon) there would be a \$1,000 annual fee for any year in which the intercept is utilized.

The proposed re-evaluation makes the program extremely user friendly and exceptionally competitive for cash strapped municipal borrowers. The coupling of the features of double tax-exemption and bank qualification give the IFA as a issuer a major competitive edge over direct issuer borrowing for the next two years. This edge provides the IFA with opportunity to a client base that could extend past the two-year bank qualification provision.

## **Conclusion**

The proposed program provides a unique opportunity to expand IFA's presence as a conduit financier for local governments and school districts statewide. This opportunity results from the confluence of the new legislation designating the borrower as the issuer coupled with IFA's double-tax exemption feature. Funding Managers have a compelling story to tell to economic development directors, investment bankers, bond counsels, ISBE, and individual issuers.

## **Addenda:**

### **Underwriters and Bond Counsels interviewed:**

It is critical to know how the "market" values the features of double tax-exemption and the revenue intercept mechanism before moving forward with a marketing plan. It is equally important to understand how the market views the IFA program. Staff interviewed six investment banking firms that underwrite Illinois local government and school district bonds to learn their answers. Staff interviewed Bernardi Securities, BMO-GKST (Bank of Montreal-Griffin, Kubik, Stephens, and Thompson), Edward Jones, Hutchinson, Shockey, Erly & Co., Loop Capital Markets LLC, and William Blair & Company.

Investment bankers confirmed that the current market places a value of 10 basis points to 15 basis points ("bp") for double tax-exemption if the bonds are sold to individual investors, and 3 bp-5bp if the bonds are sold to institutional investors. Underwriters said the current market is lowering the value of bank qualified bonds from 35 bp to approximately 20 bp due to an anticipated increase in volume. The combination of double tax-exemption and bank qualification brings reduces the borrowers true interest cost ("TIC") by approximately one-third of one percent. If the Governor's tax increase is approved by the Illinois General Assembly, the double tax-exemption rises to approximately 18-20 basis points, thereby increasing savings to the borrower.

Interviewees said that, although the revenue intercept mechanism is not well understood, it would be of benefit in obtaining credit enhancement. Hutchinson Shockey mentioned the importance of IFA's compliance capabilities as a selling advantage in light of the fact that the IRS is currently auditing 200 local government issuers.

Each investment banking firm interviewed prior to the Governor's proposed income tax increase projected a minimum of five bond issues they could possibly bring through the IFA as conduit issuers if the program had lower fees and was less cumbersome. All said municipal boards are loath to pay extra fees for a program that could significantly delay the bond closing.