Illinois Finance Authority

Tuesday, April 20, 2004
2:00 p.m.
Board Meeting
Sears Tower Conference Center
233 S. Wacker, Suite 3350
Chicago, Illinois

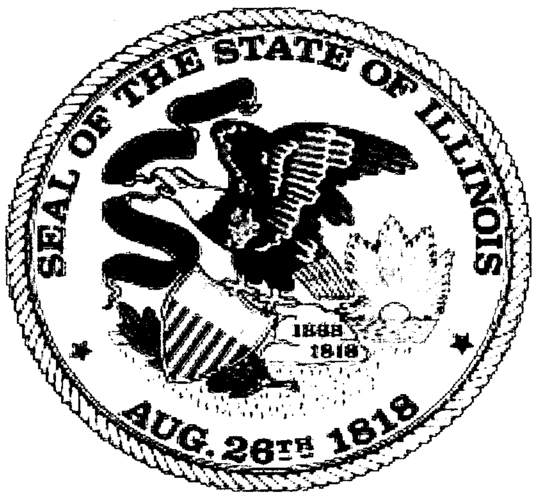

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TABLE OF CONTENTS

TABLE OF CONTENTS

BOARD MEETING
April 20, 2004

Board Meeting

A. Director's Report
B. Amended Budget
1. Adoption of March 2004 Minutes
2. Acceptance of February and March 2004 Financial Statements

Project Presentations
3 through 26

Miscellaneous
27. Glossary of Acronyms and Terms
28. Market and Product Codes
29. Newspaper Clippings

ILLINOIS FINANCE AUTHORITY
BOARD MEETING

April 20, 2004
Chicago, Illinois

Executive Committee
IFA Office, Sears Tower, Suite 4000 – 40th Floor
9:30 a.m.

- Opening Remarks – Chairman Gustman
- Director's Report – Ali D. Ata
  - Amended Budget
  - Legislation
  - Venture Capital Monitoring Report
- Project Presentations – Marketers

Board Meeting
Sears Tower Conference Center
233 S. Wacker Drive, 33rd Floor
2:00 P.M.

- Call to Order – Chairman Gustman
- Roll Call
- Chairman's Report

A. Director's Report

- Consent Agenda for Financing Projects

B. Amended Budget

- Other Business

1. Adoption of March 2004 Minutes
2. Acceptance of February and March 2004 Financial Statements

Initial Project Considerations

	Number	Project	Location	Amount	New Jobs	Const Jobs	Mkter
3.	N-NP-TE-CD-405	The Clare at Water Tower	Chicago	$225,000,000	147	400	PL
4.	M-MH-TE-CD-403	Buena Vista Apartments, L.P. (Buena Vista Apartments Project)	Elgin	$12,800,000	N/A	20	RF/SCM
5.	I-ID-TE-TX-CD-404	MacLean-Fogg Company and Subsidiaries	Various	$12,500,000	42	0	ST
6.	E-PC-RE-CD-402	Columbia College Chicago	Chicago	$10,000,000	N/A	N/A	RF/CV

7.	E-PS-TE-CD-403	Aspira, Inc. of Illinois (Mirta Ramirez Computer Science Charter School)	Chicago	$10,000,000	134	12	TA
8.	N-NP-TE-CD-404	Search Development Center	Various	$5,600,000	N/A	N/A	SCM
9.	A-FB-TE-CD-413	Brent Vanhoveln and Kyria Vanhoveln	El Paso	$108,000	N/A	N/A	LL
	A-FB-TE-CD-414	William R. Clothier	Polo	$250,000	N/A	N/A	LL
	A-FB-TE-CD-415	Matthew Blum	Polo	$107,000	N/A	N/A	LL

Final Project Considerations

	Number	Project	Location	Amount	New Jobs	Const Jobs	Mkter
10.	H-HO-TE-CD-401	Northwestern Memorial Hospital	Chicago	$550,000,000	600	3500	PL
11.	H-HO-TE-CD-402	Alexian Brothers Health System	Hoffman Estates Elk Grove Village	$80,000,000	N/A	200	PL
12.	H-HO-TE-CD-406	Riverside Health System	Kankakee Bourbonnais	$50,000,000	N/A	N/A	PL
13.	H-HO-TE-CD-412	Edward Hospital	Naperville	$30,000,000	N/A	N/A	PL
14.	H-AL-TX-CD-413	Covenant Retirement Communities, Inc. (Windsor Park Manor)	Carol Stream	$24,000,000	N/A	N/A	PL
15.	L-GP-TE-NC-403	State of Illinois Revolving Fund Revenue Bonds Series 2004 (Master Trust)	Statewide	$130,000,000	N/A	N/A	RF/SCM
16.	P-SW-PO-TE-CD-402	Republic Services, Inc. and its affiliates	DeSoto & Mt. Prospect	$18,000,000	14	15	RF
17.	L-GO-TE-RE-401	Village of Romeoville	Romeoville	$16,500,000	N/A	N/A	TA
18.	N-NP-TE-CD-406	Hopedale Medical Complex	Hopedale	$1,400,000	10	N/A	JS
19.	B-LL-TX-403	J. Allen Potter (Eyecare Focus)	East Peoria	$300,000	2	N/A	JS
20.	V-TD-401	Mobitrac	Chicago	$250,000	N/A	N/A	CV
21.	V-TD-402	Firefly Energy, Inc.	Peoria	$350,000	10	N/A	CV
22.	A-AI-GT-TX-412	AquaRanch Industries, LLC and Myles Harston	Flanagan	$285,000	N/A	N/A	KK
23.	A-AD-GT-TX-411	David and Cindy Stoll	Chestnut	$190,000	N/A	N/A	KK
24.	A-DR-GT-TX-416	Haas, Stewart and Beverly	Elizabeth	$500,000	N/A	N/A	DW
25.	A-FB-TE-CD-401	Alexander Chung and Tricia Chung	Peru	$207,900	N/A	N/A	LL
	A-FB-TE-CD-402	Robert H. Goeddeke and Julia A. Goeddeke	Poplar Grove	$150,000	N/A	N/A	LL
	A-FB-TE-CD-403	Paul B. Hooks and Pamela S. Hooks	Mason	$207,500	N/A	N/A	LL
	A-FB-TE-CD-404	Mark D. Dozier and Kelli J. Dozier	Morrisonville	$250,000	N/A	N/A	LL
	A-FB-TE-CD-406	Larry W. Messer and Susan M. Messer	Goodfield	$32,000	N/A	N/A	LL

A-FB-TE-CD-407	Ronald J. Shike and Suellen J. Shike	Aledo	$140,000	N/A	N/A	LL
A-FB-TE-CD-408	Matthew Lynn Merritt and Michelle Elaine Merritt	Carthage	$152,000	N/A	N/A	LL

Project Revisions/Amendatory Resolutions

26.	Hubbard Street Dance Chicago	Document Amendments

Other Business

27. Glossary of Acronyms and Terms
28. Market and Product Codes
29. Newspaper Clippings

Adjournment

Illinois Finance Authority – Director's Report
April 12, 2004

To: **Governor's Office and IFA Board of Directors**

From: **Executive Director Ata**

I. Sales Activity:

- We are pleased to report that our Sales and Marketing efforts are showing very encouraging results. We are submitting for your approval 32 proposals compared to 18 proposals in the previous month.

- Total fees, paid at closing, to IFA for these transactions are estimated to be $1,317,211, consisting of $398,015 for preliminaries and $919,196 for the finals.

  These are record revenue numbers.

- The attached project summary titled "IFA Opportunity Returns" is a list of 56 IFA projects (since the inception of the IFA in January, 2004) in 6 market segments totaling **$2 billion** and generating **7,000 jobs**

- Our Sales Campaign continues to identify new opportunities and to send a strong message that IFA is aggressively seeking new business. Our "business approach" will continue to focus on creating a strong "Selling and Service" culture. The Campaign has had a positive impact on the number of projects in the pipeline. All Marketers are utilizing the Deal Tracking and Sales/Service Call database.

II. Marketing:

1) Health Care:
   - The low interest rate environment has created a wave of refinancing.
   - IFA is exploring alternative financing programs for small hospitals with no access to low cost capital

2) Education
   - IFA is working with partners to expand the School District Pooled Warrant Financing Program

3) Agricultural
   - After a slow start, we are starting to see increased activity in this market. David Wirth will be outlining IFA's vision and plans for this market at the next Board Meeting

4) Industrial:
   - This market segment continues to show weakness, as is the case across the country. IFA staff is working with financial partners to develop new programs to increase sales activity in this area.

5) Quality of Life Initiatives:
   - The Governor's office has approved the launching of IFA's $50 million home mortgage program in June 2004.

We continue to develop our new approach to create and deliver value to our customers at a fair price and seek opportunities to price on value. A new pricing system has been developed and will be presented at the next Board Meeting for your approval.

III. Communication:

Diane Hamburger is in the process of developing a comprehensive Marketing and Communication plan and will present it at at the next Board Meeting.

IV. Financial:

A. Profit and Loss:
   - In January, IFA inherited $1.9 million in operational losses from the previous authorities. We had no closings in January and February of this year due to a "dry" sales pipeline. For the first time in 9 months, we are starting to show profit and we expect to keep this nice trend. The income statements and balance sheets for February 2004 and March 2004 are attached.

   - Since March 1, we have consolidated four (4) bank accounts of the predecessor authorities in to IFA; the account consolidation process continues.

   - Microsoft Great Plains Solutions accounting software will be the accounting platform for IFA going forward. The project plan includes full IFA general ledger information loaded into this software by May 15, 2004.

IFA income statement and balance sheet for May 2004 should be generated directly from Great Plains.

- Ms. Ximena Granda began with IFA as Staff Accountant.

B. Financial Audits:
Audits for the period of July 1 – December 31, 2003 for predecessor authorities are underway; there are a few outstanding issues associated with the difficulty locating documents requested by the auditors. The IFA audit for the period January 1 – June 30, 2004 is expected to begin next month.

V. Legislative Issues:

A. Bond Authorization:

IFA is seeking legislation granting it $6 billion in bond authorization, much of it in its general statute category.

B. Statutory Language Issues:
The IFA consolidation legislation inadvertently included language provisions that need to be corrected. IFA is seeking legislation amending these various provisions.

VI. Office Leases:

Chicago:

- Since the proposed offer to purchase the Sears Tower, the potential buyer and property manager, Trizec, have not been able to or available to discuss continuation of the IFA lease. We are presently evaluating the cost and feasibility of IFA office space in the Prudential Building, where the former IHFA lease remains in effect through October 2005. We have identified a third office alternative for IFA on Monroe St.; this alternative is available for build-out immediately.

Springfield:

- The office build-out for the consolidated IFA office in Springfield is underway. Occupancy is expected on or about May 1, 2004. This office will include operations for the former Illinois Rural Bond Bank, Illinois Farm Development Authority and the Illinois Development Finance Authority, at an occupancy cost similar to that of the IRBB.

IFA
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	DESCRIPTION	NEW JOBS	CONST. JOBS	LOCATION
MacLean-Fogg Company	$12,500,000	Refinance, purchase new machinery and equipment, rehabilitate existing manufacturing facilities.	42	0	Various
CFC Inernational Inc.	2,000,000	Finance purchase of building, machinery, equipment and pay certain issuance costs.	30	N/A	Chicago Heights
The Steel Works, LLC	4,000,000	Finance construction of building, purchase equipment and machinery, and pay certain issuance costs.	28	25	Granite City
Alvar, Inc.	100,000	Construction of building addition.	5	20	Washburn
INDUSTRIAL TOTALS:	**$18,600,000**		**105**	**45**	

IFA
OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	DESCRIPTION	NEW JOBS	CONST. JOBS	LOCATION
Columbia College	$10,000,000	Refinancing, construction, renovation, and acquisition.	N/A	N/A	Chicago
Aspira, Inc., of Illinois	10,000,000	Purchase/Renovate Building, purchase furniture, fixtures and equipment, capitalize interest, and issuance costs.	134	12	Chicago
DePaul University	60,000,000	Refund outstanding IEFA 2000 Series Bonds.	N/A	N/A	Chicago
Alliance for Character in Education	5,650,000	Construction of new gymnasium, refinance existing debt, capitalize interest and fund professional and bond issuance costs.	5	64	DesPlaines & Niles
Pooled Warrant Program for Illinois School Districts 2004-A	**18,300,000**				
Springfield Public SD #186	15,000,000	*Note 15M,2M,1M & 3MM included in the $18.3M total.			Sangamon County
Nippersink SD #2	2,000,000				McHenry County
Massac County CUSD #1	1,000,000				Massac County
Grand Ridge Community Consolidated SD #95	300,000				LaSalle County
EDUCATION TOTALS:	**$103,950,000**		**139**	**76**	

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	DESCRIPTION	NEW JOBS	CONST. JOBS	LOCATION
The Clare at Water Tower	$225,000,000	Finance development, construction and equipment of new continuing care retirement community.	147	400	Chicago
Northwestern Memorial Hospital	550,000,000	Expansion and modernization of health facilities.	600	3,500	Chicago
Alexian Brothers Health System	80,000,000	Modernize and expand hospital facilties.	N/A	200	Elk Grove & Hoffman Estates
Riverside Health System	50,000,000	Refund Series 1998 and 2000 Bonds, issuance costs, fund debt service reserve fund.	N/A	N/A	Kankakee/Bourbonnais
Edward Hospital	30,000,000	Current Refunding of Series 1993A Bonds, and issuance costs.	N/A	N/A	Naperville
Covenant Retirement Communities	24,000,000	Advance Refund Series 1997 Village of Carol Stream Bonds, fund debt service reserve fund, and issuance costs.	N/A	N/A	Carol Stream
BroMenn Healthcare	70,000,000	Refinance 1985D, 1990A, 1992 and 2002 Bonds, capital expenditures at facilities, and pay issuance costs.	N/A	N/A	Normal & Eureka
Franciscan Communities, Inc.	21,000,000	Finance construction of nursing and assisted living facility, fund debt service reserve, refinance borrower's existing tax-exempt bond obligation issued by IHFA.	N/A	100	Chicago
Central DuPage Health	240,000,000	Finance expansion and modernization of health facilities, refinance existing tax-exempt bonds previously issued by Wyndemere.	TBD	TBD	Winfield
SwedishAmerican Health System	125,000,000	Finance construction and modernization of hospital campus and routine capital expenditures of existing health facilities.	N/A	TBD	Rockford

IFA
OPPORTUNITY RETURNS

HEALTHCARE (CONTINUED)

PROJECT TYPE	AMOUNT	DESCRIPTION	NEW JOBS	CONST. JOBS	LOCATION
Children's Memorial Medical Center	56,000,000	Advance Refund Callable Series 1999A Bonds, issuance and enhancement costs.	N/A	N/A	Chicago
Southern Illinois Healthcare Enterprises	35,000,000	Modernize and expand hospital facilties located in Carbondale, Herrin and Murphysboro.	N/A	200	Carbondale,Herrin,Murphysboro
OSF Healthcare System	100,000,000	Current Refund of Callable IFA (IHFA) Series 1993 Bonds and pay issuance costs.	N/A	N/A	Peoria County
J. Allen Potter	300,000	Construct building and purchase land for vision and eyecare facility.	2	N/A	East Peoria
Hopedale Medical Complex	1,400,000	Acquisition of Siemens CT Scanner.	10	N/A	Tazewell County
HEALTHCARE TOTALS:	**$1,607,700,000**		**759**	**4400**	

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	DESCRIPTION	NEW JOBS	CONST. JOBS	LOCATION
Ronald and Suelleen Shike	$140,000	Farmland Purchases	N/A	N/A	Carthage
Matthew and Michelle Merritt	152,000	Farmland Purchases	N/A	N/A	Carthage
Brent and Kyria Vanhoveln	108,000	Farmland Purchases	N/A	N/A	El Paso
William Clothier	250,000	Farmland Purchases	N/A	N/A	Polo
Alexander and Trisha Chung	207,900	Farmland Purchases	N/A	N/A	Peru
Robert and Julia Goddeke	150,000	Farmland Purchases	N/A	N/A	Poplar Grove
Paul and Pamela Hooks	207,500	Farmland Purchases	N/A	N/A	Mason
Mark and Kelli Dozier	250,000	Farmland Purchases	N/A	N/A	Morrisonville
Larry and Susan Messer	32,000	Farmland Purchases	N/A	N/A	Goodfield
Matthew Blum	107,000	Farmland Purchases	N/A	N/A	Polo
David and Cindy Stoll	190,000	Refinancing	N/A	N/A	Chestnut
AquaRanch Industries & Myles Harston	285,000	Construct Greenhouse	N/A	N/A	Flanagan
Stewart and Beverly Haas	500,000	Refinancing	N/A	N/A	Elizabeth
Brice and Carol Lawson	300,000	Restructure debt of guaranteed loan.	0	0	Chambersburg
Daniel K. Reed (Pearl Valley Cheese Company, Inc.)	390,000	Loan guarantee for buildings, equipment, improvements and working capital.	11	0	Kent
Ken and Windy Gerlach	171,000				Waggoner
AGRICULTURE TOTALS:	**$3,343,200**		**11**	**0**	

IFA
OPPORTUNITY RETURNS

ENVIRONMENTAL

PROJECT TYPE	AMOUNT	DESCRIPTION	NEW JOBS	CONST. JOBS	LOCATION
Village of Romeoville	$16,500,000	Refund 2001A&B Bonds, and issuance costs.	N/A	N/A	Romeoville
LG Pooled Bond Program 2004-A	**3,140,000**	*Note 575MM, 440MM & 2.125M included in $3.14M			
Village of Norris City	575,000				White County
Village of Williamsville	440,000				Sangamon County
City of Farmington	2,125,000				Fulton County
Construction Loan Interim Financing Program 2004	7,500,000	Provide funds for interim loans to certain units of local government of the State for construction and infrastructure projects.	N/A	Unknown	Statewide
Republic Service Inc.	18,000,000	New Money: Finance landfill improvements, purchase equipment and current refunding.	14	15	DeSoto & Mt. Prospect
SRF	130,000,000	Leverage existing IEPA program assets dedicated to IEPA's Clean Water and Drinking Water State Revolving Funds.	N/A	N/A	Statewide
ENVIRONMENTAL TOTALS:	**$175,140,000**		**14**	**15**	

IFA
OPPORTUNITY RETURNS

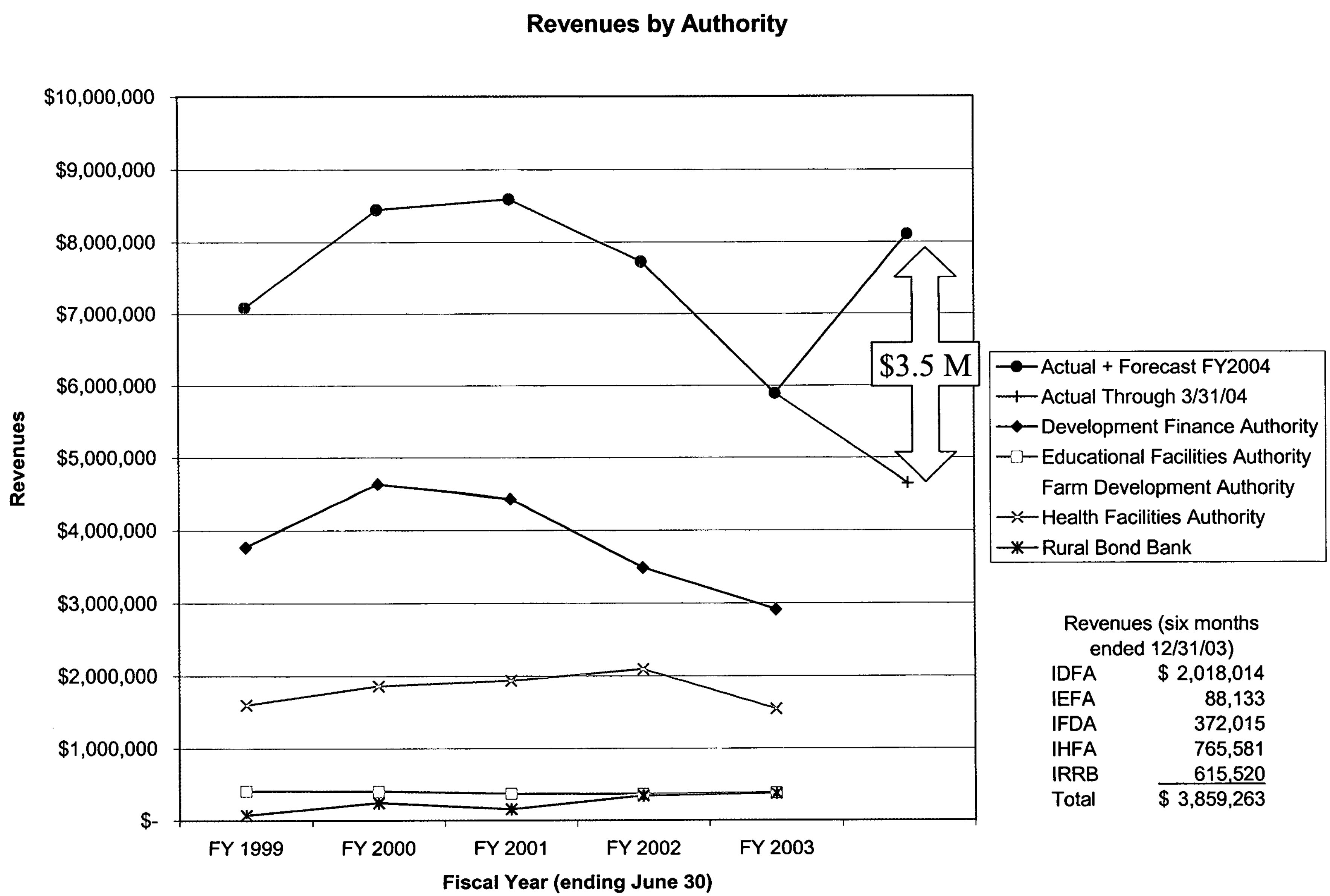
VENTURE CAPITAL

PROJECT TYPE	AMOUNT	DESCRIPTION	NEW JOBS	CONST. JOBS	LOCATION
Mobitrac	$250,000	Enterprise software company with a routing and tracking product.	N/A	N/A	Chicago
Firefly	350,000	Advanced battery technology.	10	N/A	Peoria
VENTURE CAPITAL TOTALS:	**$600,000**		**10**	**0**	

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

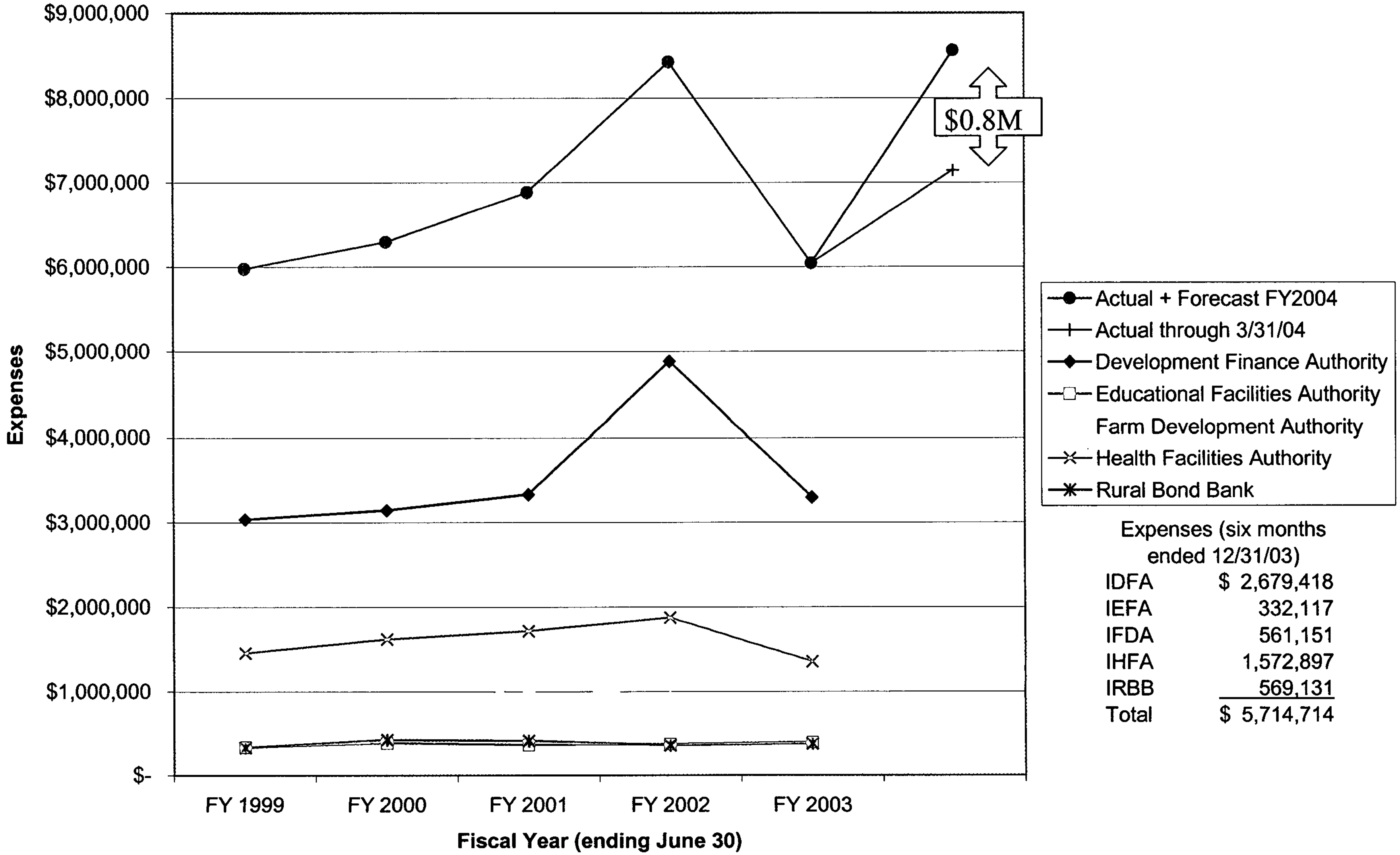
PROJECT TYPE	AMOUNT	DESCRIPTION	NEW JOBS	CONST. JOBS	LOCATION
Buena Vista Apartments	$12,800,000	Acquistion and renovation of existing building, and purchase of equipment.	N/A	20	Elgin
Tax-Exempt Single Family Mortgage Revenue Bond Program, Series 2004	50,000,000	Provide low mortgage rates and 4% downpayment assistance to low and moderate income qualified homebuyers.	N/A	N/A	Statewide
Community Action Partnership of Lake County	7,350,000	Construct first building of proposed 3 building complex, purchase equipment, capitalize interest and portion of issuance costs.	14	146	Waukegan
Kishwaukee Family Young Men's Christian Association	1,000,000	Finance new construction and refinance existing mortgage.	16	50	Sycamore
Huskies Hockey Club, Inc.	13,000,000	Construction of ice arena in Romeoville.	10	150	Romeoville
Search Development Center	5,600,000	Refinancing. Supportive program services for individuals with developmental disabilities.	N/A	N/A	Various
QUALITY OF LIFE TOTALS:	**$89,750,000**		**40**	**366**	
GRAND TOTALS:	**$1,999,083,200**		**1,078**	**4,902**	



Revenues (six months ended 12/31/03)

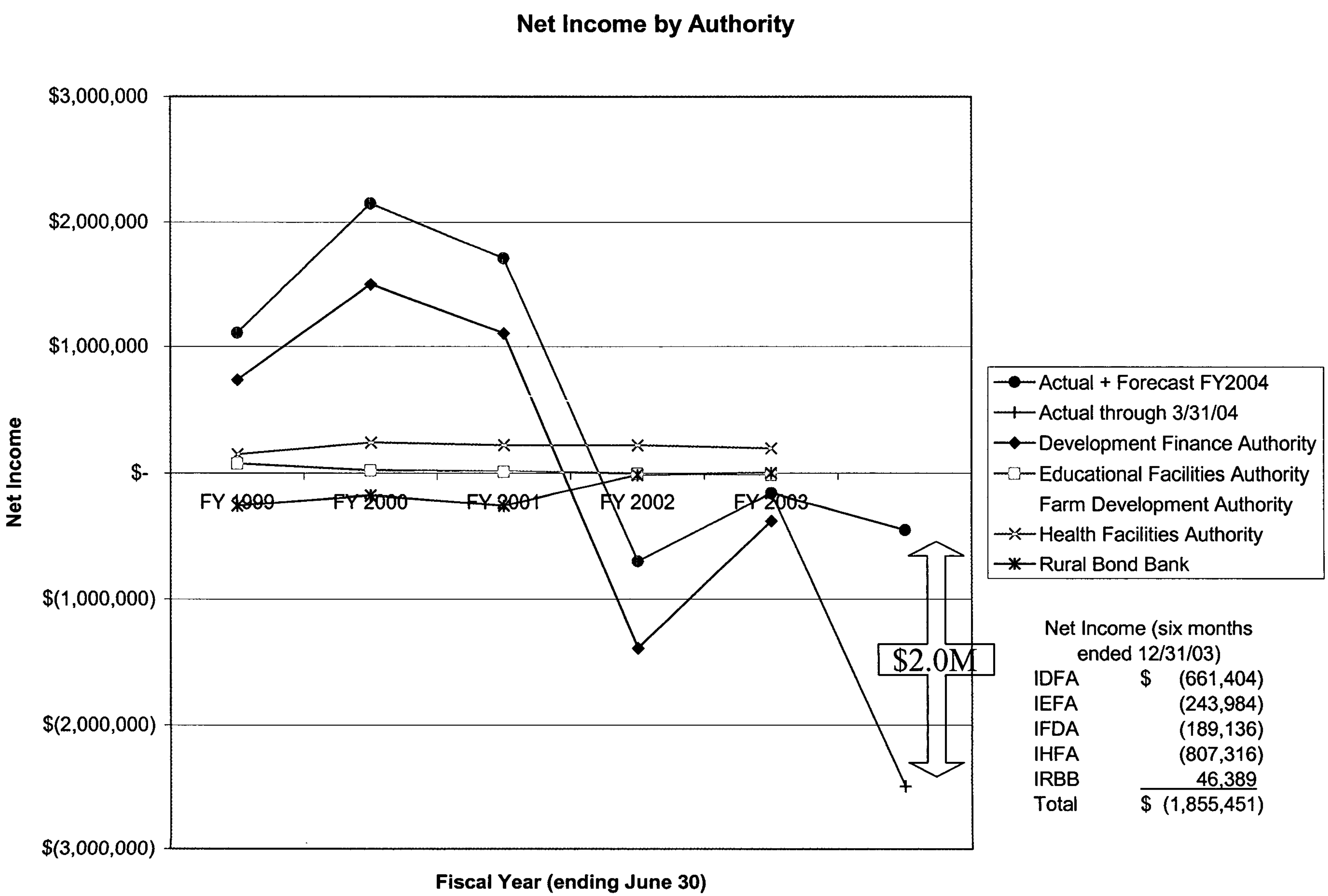
IDFA	$ 2,018,014
IEFA	88,133
IFDA	372,015
IHFA	765,581
IRRB	615,520
Total	$ 3,859,263

Expenses by Authority



Expenses (six months ended 12/31/03)

IDFA	$ 2,679,418
IEFA	332,117
IFDA	561,151
IHFA	1,572,897
IRBB	569,131
Total	$ 5,714,714



Net Income (six months ended 12/31/03)

IDFA	$ (661,404)
IEFA	(243,984)
IFDA	(189,136)
IHFA	(807,316)
IRBB	46,389
Total	$ (1,855,451)

Combined Fee Forcast Estimate
4/13/2004

	Six months ended 12/31/03	Actual Jan-04	Actual Feb-04	Actual Mar-04	Apr-04	May-04	Jun-04	Six months ended 6/30/04	FY 2004	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Six months ended 12/31/04
# of Transactions (1)	107	0	0	3	12	18	20	53	160	15	18	8	8	2	6	57
Revenues																
Expected Fees ($000)		$ -	$ -	$ 237	$ 620	$1,381	$ 993	$ 3,231	$ 3,231	$ 1,538	$ 831	$ 392	$ 376	$ 14	$ 273	$ 3,424
Annual Fees (2)		-	109	36	125	125	125	520	520	125	125	125	125	125	125	750
Application fees		31	39	-	28	29	29	155	155	25	12	11	13	11	15	86
Investment Interest & Gain/(Loss)		61	56	126	-	-	-	242	242	-	-	-	-	-	-	-
Interest on Loans		12	40	34	-	-	-	86	86	-	-	-	-	-	-	-
Other Income		8	3	1	-	-	-	11	11	-	-	-	-	-	-	-
Total Revenue ($000)	$ 3,859	$ 111	$ 247	$ 433	$ 772	$1,535	$ 1,147	$ 4,234	$ 8,104	$ 1,688	$ 968	$ 528	$ 513	$ 150	$ 413	$ 4,260
Expenses ($000)																
Employee Related Expenses		$ 239	$ 82	$ 190	$ 197	$ 197	$ 197	$ 1,102	$ 1,102	$ 197	$ 197	$ 197	$ 197	$ 197	$ 197	$ 1,182
Professional Services		70	89	114	214	214	214	$ 915	915	114	114	114	114	114	114	684
G&A, Other		59	288	61	61	61	61	$ 591	591	61	61	61	61	61	61	366
Total Expenses	$ 4,756	$ 368	$ 459	$ 365	$ 472	$ 472	$ 472	$ 2,608	$ 7,364	$ 372	$ 372	$ 372	$ 372	$ 372	$ 372	$ 2,232
Net Income before VC loss	$ (897)	$ (257)	$ (212)	$ 69	$ 300	$1,063	$ 675	$ 1,637	$ 740	$ 1,316	$ 596	$ 156	$ 141	$ (222)	$ 41	$ 2,028
Net Unrealized loss on investment	$ (959)	-	(231.2)	(2.7)	-	-	-	$ (234)	(1,193)	-	-	-	-	-	-	-
Net Income	$ (1,856)	$ (257)	$ (443)	$ 66	$ 300	$1,063	$ 675	$ 1,403	$ (453)	$ 1,316	$ 596	$ 156	$ 141	$ (222)	$ 41	$ 2,028

Notes:
1 Transactions that will close that month
2 Assumed $500,000/ year from IEFA and $1,000,000/year from IHFA

Illinoiis Finance Authority

Revised Interim Operating Budget

Based on Actual Expense january through March 2004

	Original Interim Budget	January (Actual)	February (Actual)	March (Actual)	Jan-Mar (Actual)	April (Projected)	May (Projected)	June (Projected)	Revised Interim Budget
Expenses									
Personnel Expenses									
Compensation & Taxes	$ 550,000	$ 203,257	$ 46,851	$ 153,368	$ 403,476	$ 110,000	$ 115,000	$ 120,000	$ 748,476
Benefits	$ 175,000	$ 34,407	$ 21,302	$ 24,400	$ 80,109	$ 38,500	$ 40,250	$ 42,000	$ 200,859
Temporary Help	$ 10,000	$ 597	$ 6,240	$ 9,576	$ 16,413	$ 7,500	$ 2,500	$ 2,500	$ 28,913
Travel & Auto	$ 35,000	$ 1,168	$ 7,678	$ 3,053	$ 11,899	$ 3,000	$ 3,000	$ 3,000	$ 20,899
Miscellaneous	$ 5,000	$ -	$ -		$ -	$ 500	$ 500	$ 500	$ 1,500
Total Personnel Expenses	$ 775,000	$ 239,429	$ 82,071	$ 190,397	$ 511,897	$ 159,500	$ 161,250	$ 168,000	$ 1,000,647
Professional Services									
Accounting & Auditing	$ 125,000	$ 39,348	$ 37,738	$ 35,768	$ 112,854	$ 20,000	$ 20,000	$ 20,000	$ 172,854
Loan Expense & Bank Fee	$ -	$ 1,439	$ 5,311	$ 2,536	$ 9,286	$ 3,000	$ 3,000	$ 3,000	$ 18,286
Consulting, Legal & Administrative	$ 75,000	$ 25,985	$ 36,715	$ 62,242	$ 124,942	$ 20,000	$ 20,000	$ 20,000	$ 184,942
Financial Advisory & Legal Counsel	$ 75,000	$ -	$ -	$ -	$ -	$ 25,000	$ 25,000	$ 25,000	$ 75,000
Litigation	$ 50,000	$ -	$ -	$ -	$ -	$ -	$ 50,000	$ -	$ 50,000
Marketing - General & Production	$ 50,000	$ 857	$ 2,944	$ -	$ 3,801	$ 100,000	$ 100,000	$ 100,000	$ 303,801
Data Processing	$ 25,000	$ 2,431	$ 5,940	$ 2,389	$ 10,760	$ 3,500	$ 3,500	$ 3,500	$ 21,260
Miscellaneous Professional Services	$ 20,000	$ -	$ -	$ 11,000	$ 11,000	$ -	$ -	$ -	$ 11,000
Total Professional Services	$ 420,000	$ 70,060	$ 88,648	$ 113,935	$ 272,643	$ 171,500	$ 221,500	$ 171,500	$ 837,143
Occupancy Costs									
Office Rent	$ 60,000	$ 30,838	$ 27,315	$ 32,957	$ 91,110	$ 33,000	$ 33,000	$ 30,000	$ 187,110
Telecommunications	$ 15,000	$ 2,604	$ 8,199	$ 4,176	$ 14,979	$ 4,000	$ 4,000	$ 3,000	$ 25,979
Equipment Rental & Purchases	$ 10,000	$ 1,364	$ 3,087	$ 3,421	$ 7,872	$ 3,000	$ 1,000	$ 1,000	$ 12,872
Repairs & Maintenance	$ 5,000	$ -	$ -	$ -	$ -	$ 1,000	$ 500	$ 500	$ 2,000
Utilities	$ 5,000	$ 852	$ 2,044	$ 1,213	$ 4,109	$ 1,500	$ 1,500	$ 1,500	$ 8,609
Depreciation	$ -	$ 804	$ 804	$ 804	$ 2,412	$ 1,000	$ 1,000	$ 1,000	$ 5,412
Insurance	$ 5,000	$ -	$ -		$ -	$ 1,000	$ 1,000	$ 1,000	$ 3,000
Total Occupancy Costs	$ 100,000	$ 36,462	$ 41,449	$ 42,571	$ 120,482	$ 44,500	$ 42,000	$ 38,000	$ 244,982
General & Support Services									
Officers & Directors Insurance	$ 50,000	$ 7,439	$ 8,856	$ 14,511	$ 30,806	$ 14,500	$ 14,500	$ 14,500	$ 74,306
Office Supplies	$ 10,000	$ 1,231	$ 3,704	$ 1,008	$ 5,943	$ 2,500	$ 2,500	$ 2,500	$ 13,443
Printing	$ 10,000	$ 803	$ -	$ -	$ 803	$ 1,000	$ 1,000	$ 1,000	$ 3,803
Postage & Freight	$ 10,000	$ 2,811	$ 2,265	$ 1,437	$ 6,513	$ 2,500	$ 2,500	$ 2,500	$ 14,013
Travel	$ 10,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Membership & Dues	$ 2,500	$ 885	$ 5,676	$ -	$ 6,561	$ 1,000	$ 1,000	$ 1,000	$ 9,561
Publications	$ 7,500	$ 753	$ 1,179	$ 273	$ 2,205	$ 500	$ 500	$ 500	$ 3,705
Bad Debt Expenses	$ -	$ -	$ 223,224	$ -	$ 223,224	$ -	$ -	$ -	$ 223,224
Miscellaneous	$ 10,000	$ 8,552	$ 401	$ 487	$ 9,440	$ -	$ -	$ -	$ 9,440
Total General & Support Expense	$ 110,000	$ 22,474	$ 245,305	$ 17,716	$ 285,495	$ 22,000	$ 22,000	$ 22,000	$ 351,495
Other Expenses									
Interest Expense	$ 5,000	$ -	$ 1,652	$ -	$ 1,652	$ 500	$ 500	$ 500	$ 3,152
Unclassified Expense	$ 15,000	$ 75	$ -		$ 75	$ -	$ -	$ -	$ 75
Total Other Expenses	$ 20,000	$ 75	$ 1,652	$ -	$ 1,727	$ 500	$ 500	$ 500	$ 3,227
Total Expenses	$ 1,425,000	$368,500	$ 459,125	$364,619	$1,192,244	$ 398,000	$ 447,250	$ 400,000	$ 3,629,738

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORTY

The Board of Directors (the "Board) of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Special meeting at 9:30 a.m., on March 31, 2004 in the State of Illinois Building, 5th floor, located at 160 North LaSalle in Chicago, Illinois.

MEMBERS PRESENT:
Joseph Alford
Natalia Delgado
Demetris Giannoulias
Edward Leonard
Terrence O'Brien
Talat Othman
Timothy Ozark
Andrew Rice
Joseph Valenti
Jill Rendleman York

MEMBERS ABSENT:
David Gustman
Michael Goetz

NOT VOTING:
Martin Nesbitt

GENERAL BUSINESS ITEMS

Call to Order

Acting-Chairman Othman called the meeting to order at 9:35, with the above members present.

Introduction of New Members

Acting-Chairman Othman introduced and welcomed the new members.

Roll Call

Acting-Chairman Othman asked Acting-Secretary Haderlein to call the roll. Having ten members present, Acting-Chairman Othman declared a quorum.

Item 1 – Adoption of February 17, 2004 Minutes

Adoption of the February 17, 2004 Minutes was continued to the April 20, 2004 Board Meeting.

Item 2 - Acceptance of January 23, 2004 Financial Statements

Upon a motion by Mr. Leonard and seconded by Mr. Alford, Acting-Chairman Othman requested a roll call vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-03-02)

Initial Project Considerations

Item-03 ***P-SW-PO-TE-CD-402: Republic Services, Inc. and its Affiliates***

This applicant requests initial approval of **$18,000,000** in conduit Solid Waste Revenue Bonds to finance a project located in **DeSoto, Illinois** and **Mount Prospect, Illinois**.

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-03-03)

Item-04 ***I-ID-TE-CD-402: The Steel Works, L.L.C.***

This applicant requests initial approval of **$4,000,000** in conduit Industrial Revenue Bonds to finance a project located in **Granite City, Illinois**.

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-03-04)

Item-05 ***A-FB-TE-CD-404: Mark D. Dozier & Kelli J. Dozier***

This applicant requests initial approval of **$250,000** in Beginning Farmer Bond Loans to finance projects located in **Morrisonville, Illinois.**

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-03-05)

Item-06 ***A-FB-TE-CD-401: Alexander Chung & Tricia Chung***

This applicant requests initial approval of **$207,900** in Beginning Farmer Bond Loans to finance projects located in **Peru, Illinois.**

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-03-06)

Item-07 ***A-FB-TE-CD-403: Paul B. Hooks & Pamela S. Hooks***

This applicant requests initial approval of **$207,500** Beginning Farmer Bond Loans to finance projects located in **Mason, Illinois**.

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-03-07)

Item-08 ***A-FB-TE-CD-408: Matthew Lynn Merritt & Michelle Elaine Merritt***

This applicant requests initial approval of **$152,000** in Beginning Farmer Bond Loans to finance projects located in **Carthage, Illinois**.

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-03-08)

Item-09 ***A-FB-TE-CD-402: Robert H. Goeddeke & Julia A. Goeddeke***

This applicant requests initial approval of **$150,000** in Beginning Farmer Bond Loans to finance a project located in **Poplar Grove, Illinois**.

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-03-09)

Item-10 ***A-FB-TE-CD-407: Ronald J. Shike & Suellen J. Shike***

This applicant requests initial approval of **$140,000** in Beginning Farmer Bond Loans to finance a project located in **Aledo, Illinois**.

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-03-10)

Item-11 ***A-FB-TE-CD-406: Larry W. Messer & Susan M. Messer***

This applicant requests initial approval of **$32,000** in Beginning Farmer Bond Loans to finance a project located in **Goodfield, Illinois**.

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-03-11)

At this point, Mr. Nesbitt arrived to the meeting. Acting Chairman Othman welcomed Mr. Nesbitt to the Board.

Final Project Considerations

Item-12 ***H-HO-TE-CD-408: Central DuPage Health***

This applicant requests final approval of **$240,000,000** in conduit 501 (c)(3), Revenue Bonds to finance a project located in **Winfield, Illinois**.

Upon a motion by Mr. Leonard and seconded by Mr. Alford, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-12)

Item-13 ***H-HO-TE-CD-410: OSF Healthcare System***

This applicant requests final approval of **$100,000,000** in conduit 501(c)(3), Revenue Bonds to finance a project located in **Peoria, Illinois**.

Upon a motion by Mr. Leonard and seconded by Mr. Alford, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-13)

Item-14 ***H-HO-TE-CD-405: Children's Memorial Medical Center***

This applicant requests final approval of **$58,000,000** in conduit 501(c)(3), Revenue Bonds to finance projects located in **Chicago, Illinois.**

Upon a motion by Mr. Leonard and seconded by Mr. Alford, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-14)

Item-15 ***H-HO-TE-CD-403: BroMenn Healthcare***

This applicant requests final approval of **$55,000,000** in 501(c)(3), Revenue Bonds to finance projects located in **Normal, IL** and **Eureka, IL.**

Upon a motion by Mr. Leonard and seconded by Mr. Alford, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-15)

Item-16 ***L-PW-TE-CD-404: Construction Loan Interim Financing Program 2004***

This applicant requests final approval of **$7,500,000** in conduit 501(c)(3), Revenue Bonds to finance a project located **Statewide.**

Upon a motion by Mr. Leonard and seconded by Mr. Alford, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-16)

Item-17 ***L-PG-TE-MO-401: Local Government Pooled Bond Program 2004-A***

This applicant requests final approval of **$4,040,000** in Local Government Bonds to finance projects for the **Villages of Norris City ($575,000), Williamsville ($440,000), Farmington ($2,125,000), and Bourbonnais Township Park District ($900,000)**. These bonds will carry the Moral Obligation of the State of Illinois.

Upon a motion by Mr. Leonard and seconded by Mr. Alford, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-17A-D)

Item-18 ***A-DR-GT-TX-405: Brice & Carol Lawson***

This applicant requests final approval of **$300,000** in Agricultural Debt Restructuring Loan Guarantees for a project located in **Chambersburg, Illinois.**

Upon a motion by Mr. Leonard and seconded by Mr. Alford, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-18)

Item-19 ***Daniel K. Reed (Pearl Valley Cheese Company, Inc.)***

This applicant requests final approval of **$390,000** in Loan Guarantees for a project located in **Kent, Illinois.**

Upon a motion by Mr. Leonard and seconded by Mr. Alford, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-19)

Item 20 ***A-FB-TE-CD-410: Ken J. Gerlach & Windy D. Gerlach***

This applicant is requesting final approval for **$171,000** in Beginning Farmer Bond Loans to finance a project in **Waggoner, Illinois**.

Upon a motion by Mr. Leonard and seconded by Mr. Alford, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-20)

Project Revisions/Amendatory Resolutions

Item-21 ***I-ID-TE-CD-403: LA-CO Industries, Inc***

This applicant requests a revision to amend various bond documents in order to extend the maturity of the bonds and to make certain other technical changes.

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-21)

Item-22 ***H-HO-TE-CD-411: Little Company of Mary Hospital and Health Center***

This applicant requests a consent to allow the Series 1997B Bonds to include a new series of Variable Rate Multi-Mode Bonds in the form of an "Auction Rate Mode."

Upon a motion by Mr. Alford and seconded by Mr. Valenti, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-21)

Other Business

Item-26 ***Executive Director's Compensation***

A resolution to set the compensation of the Executive Director.

Upon a motion by Mr. Valenti and seconded by Mr. Alford, Acting-Chairman Othman requested a leave to record the last unanimous vote. The motion was approved with 10 ayes, 0 nays, and 1 present. (04-03-26)

Acting Chairman Othman remarked that the projects approved would create approximately **178 new jobs** and **400 construction jobs**. Furthermore he extended to the staff the Board appreciation for their hard work on bringing the projects before the Board.

There being no further business, a motion was made by Mr. Valenti and seconded by Mr. Alford to adjourn at approximately 9:52 A.M.

Respectfully Submitted,

John Haderlein, Acting-Secretary

ILLINOIS FINANCE AUTHORITY

FEBURARY, 2004 FINANCIAL STATEMENTS

ASSETS

- Cash & Investments

    1. IFA reclassified $2,459,481 of cash & investments from unrestricted account to restricted account because that amount belongs to Special Reserve Fund for Rural Bond Bank. The reclassification resulted in a decrease of cash & investment - unrestricted and an increase of cash & investment - restricted.

    2. The restricted cash balance of $27,443,129 included $17,590,968 that is maintained in the State Treasury.

- Receivables, net

    1. Accounts Receivable increased by $167,039 due to new participation loans issued for Development Finance Authority and annual fees receivable recorded for Health Authority in February 04.

- Prepaid Expenses

    1. Prepaid Expenses increased by $127,730 or 204% in February 2004. The net increase can be attributed to several factors as follows:

        1) $21,200 of advanced tower leasing payment for March 2004 was paid by IFA in February 2004.

        2) IFA purchased a new insurance policy that cost $173,770 and covers from 2/15/04 to 2/16/05.

- Deferred Issuance Costs/Revenue

    1. Per Working Trial Balance provided by Laura Lanterman, there is a $149,064 of increase for deferred issuance costs for Rural Bond Bank. Also, the deferred issuance revenue increased by $382,119. The net change of two amounts is $233,055. The change resulted in a prior period adjustment and is reflected in the February 2004's financial statement.

LIABILITIES

- Current Liabilities

    1. Total current liabilities increased by $43,839 because IFA recorded all February 2004 invoices that haven't been paid in February as current liabilities.

    2. Accounting service costs totaling $35,000 have been accrued and are reflected in February 2004.

REVENUE/EXPENSES

- Revenue

For Health Authority, IFA recognized Jan. & Feb. 04 annual fees this month. The total annual fees recognized in Feb. 04 are $86,589. Also, IFA reversed $22,458 from deferred revenue to revenue in February 2004 because the transactions were made 10 months ago and no any activities occurred during the 10 month-period.

- Expenses

    1. Total employee related expenses decreased by $157,358 due to the following:
       Number of employees decreased
       January severance
       Director salary Jan – Feb was not paid until March

    2. Per working trial balance provided by Laura Lanterman, IFA recorded $223,224 bad debt expenses for Farm Authority in February 2004.

OTHERS

- Activity for the Construction Notes Funds, Aggregate Bond Funds and Interest Buy Back Program is not included in the financial statements because the information was not available.

ILLINOIS FINANCE AUTHORITY
BALANCE SHEET
FEBRUARY 29, 2004

	JANUARY 31, 2004	FEBRUARY 29, 2004
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	$ 30,578,901	$ 27,875,623
RECEIVABLES, NET	6,761,876	6,928,916
OTHER RECEIVABLES	1,249,792	1,234,142
PREPAID EXPENSES	62,558	190,288
TOTAL CURRENT ASSETS	38,653,126	36,228,969
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	30,702	29,898
DEFERRED ISSUANCE COSTS	1,002,918	1,151,982
OTHERS ASSETS - RESTRICTED		
CASH, INVESTMENTS & RESERVES	25,177,657	27,443,129
VENTURE CAPITAL INVESTMENTS	4,603,897	4,603,897
OTHER	3,839,475	3,832,910
TOTAL OTHER ASSETS	33,621,029	35,879,936
TOTAL ASSETS	**$ 73,307,775**	**$ 73,290,785**
LIABILITIES		
CURRENT LIABILITIES	715,538	759,377
LONG-TERM LIABILITIES	2,913,067	3,295,186
TOTAL LIABILITIES	**$ 3,628,605**	**$ 4,054,563**
EQUITY		
CONTRIBUTED CAPITAL	36,060,658	36,060,658
RETAINED EARNINGS	10,330,503	9,839,019
NET INCOME/(LOSS)	(258,428)	(209,893)
RESERVED/RESTRICTED FUND BALANCE	11,344,111	11,344,111
UNRESERVED FUND BALANCE	12,202,326	12,202,326
TOTAL EQUITY	**$ 69,679,170**	**$ 69,236,222**
TOTAL LIABILITIES & EQUITY	**$ 73,307,775**	**$ 73,290,785**

ILLINOIS FINANCE AUTHORITY
INCOME STATEMENT
FOR THE PERIOD ENDED FEBRUARY 29, 2004

	FEBRUARY 29, 2004	YEAR-TO-DATE
REVENUE		
INTEREST ON LOANS	$ 40,077	$ 51,909
INVESTMENT INTEREST & GAIN(LOSS)	55,499	116,164
ADMINISTRATIONS & APPLICATION FEES	39,415	70,097
ANNUAL ISSUANCE & LOAN FEES	109,048	109,048
OTHER INCOME	3,308	10,855
TOTAL REVENUE	**247,347**	**358,073**
EXPENSES		
EMPLOYEE RELATED EXPENSES		
COMPENSATION & TAXES	46,851	250,108
BENEFITS	21,302	55,709
TEMPORARY HELP	6,240	6,837
TRAVEL & AUTO	7,678	8,846
TOTAL EMPLOYEE RELATED EXPENSES	82,071	321,501
PROFESSIONAL SERVICES		
CONSULTING, LEGAL & ADMIN	36,715	62,700
LOAN EXPENSE & BANK FEE	5,311	6,750
ACCOUNTING & AUDITING	37,738	77,087
MARKETING GENERAL	1,681	1,737
MARKETING-STAFF	-	260
VENTURE CAPITAL CONFERENCE/TRAINING	1,263	1,803
DATA PROCESSING	5,940	8,371
TOTAL PROFESSIONAL SERVICES	88,648	158,708
OCCUPANCY COSTS		
OFFICE RENT	27,315	58,153
SECURITY	-	75
EQUIPMENT RENTAL AND PURCHASES	3,087	4,450
TELECOMMUNICATIONS	8,199	10,802
UTILITIES	2,044	2,896
DEPRECIATION	804	1,607
TOTAL OCCUPANCY COSTS	41,448	77,984
GENERAL & ADMINISTRATION		
OFFICE SUPPLIES	5,489	6,720
BOARD BOOK-PRINTING	-	366
PRINTING	-	437
POSTAGE & FREIGHT	2,265	5,076
MEMBERSHIP & DUES	5,676	6,561
PUBLICATIONS	1,179	1,932
OFFICERS & DIRECTORS INSURANCE	8,856	16,295
BAD DEBT EXPENSES	223,224	223,224
MISCELLANEOUS	(1,384)	7,169
TOTAL GENERAL & ADMINISTRATION EXPENSES	245,306	267,780
OTHER		
INTEREST EXPENSE	1,652	1,652
TOTAL OTHER	1,652	1,652
TOTAL EXPENSES	**459,126**	**827,624**
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(I	(211,779)	(469,551)
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	1,886	1,229
NET INCOME/(LOSS)	**(209,893)**	**(468,323)**
TOTAL EQUITY - BEGINNING	**69,679,170**	**69,753,683**
PRIOR PERIOD ADJUSTMENT	**(233,055)**	**(49,139)**
TOTAL EQUITY-ENDING	**$ 69,236,222**	**$ 69,236,222**

ILLINOIS FINANCE AUTHORITY

MARCH, 2004 FINANCIAL STATEMENTS

PRELIMINARY

REVENUE/EXPENSES

Preliminary Financials (waiting for bank statements to finalize).

Revenue

1. Increase in Total Revenue is due to the following:
   Two bonds closing for a total of $173,555
   Received investment income of $90,000
   Interest on Loan and Applications Fees $64,768

Expenses

1. Total employee related expenses decreased by $157,358 due to the following:
   Number of employees decreased
   January severance
   Director salary Jan – Feb was not paid until March

2. Professional Services increase is due to the following:
   Consulting: Mr. Ata was paid in March for consulting for Nov. and Dec. 2003
   Accounting & Audit: Washington, Pittman & Mckeever and Velma Butler & Company were for accounting support

3. Officers & Directors Insurance full premium was paid in February 2004 the Monthly expense of $14,511 will be taken until February 2005.

ILLINOIS FINANCE AUTHORITY
INCOME STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2004

	MARCH 31, 2004	YEAR-TO-DATE
REVENUE		
INTEREST ON LOANS	$ 33,638	$ 85,547
INVESTMENT INTEREST & GAIN(LOSS)	126,139	242,304
ADMINISTRATIONS & APPLICATION FEES	237,092	307,188
ANNUAL ISSUANCE & LOAN FEES	35,984	145,032
OTHER INCOME	523	11,379
TOTAL REVENUE	433,377	791,449
EXPENSES		
EMPLOYEE RELATED EXPENSES		
COMPENSATION & TAXES	153,368	403,476
BENEFITS	24,400	80,109
TEMPORARY HELP	9,576	16,413
TRAVEL & AUTO	3,053	11,899
TOTAL EMPLOYEE RELATED EXPENSES	190,397	511,898
PROFESSIONAL SERVICES		
CONSULTING, LEGAL & ADMIN	62,242	124,942
LOAN EXPENSE & BANK FEE	2,536	9,286
ACCOUNTING & AUDITING	35,768	112,854
MARKETING GENERAL	-	1,737
MARKETING-STAFF	-	260
VENTURE CAPITAL CONFERENCE/TRAINING	-	1,803
MISCELLANEOUS PROFESSIONAL SERVICES	11,000	11,000
DATA PROCESSING	2,389	10,760
TOTAL PROFESSIONAL SERVICES	113,935	272,643
OCCUPANCY COSTS		
OFFICE RENT	32,957	91,111
SECURITY	-	75
EQUIPMENT RENTAL AND PURCHASES	3,421	7,871
TELECOMMUNICATIONS	4,176	14,979
UTILITIES	1,213	4,109
DEPRECIATION	804	2,411
TOTAL OCCUPANCY COSTS	42,571	120,556
GENERAL & ADMINISTRATION		
OFFICE SUPPLIES	1,008	5,943
BOARD BOOK-PRINTING	-	366
PRINTING	-	437
POSTAGE & FREIGHT	1,437	6,512
MEMBERSHIP & DUES	-	6,561
PUBLICATIONS	273	2,205
OFFICERS & DIRECTORS INSURANCE	14,511	30,806
BAD DEBT EXPENSES	-	223,224
MISCELLANEOUS	487	9,441
TOTAL GENERAL & ADMINISTRATION EXPENSES	17,715	285,494
OTHER		
INTEREST EXPENSE	-	1,652
TOTAL OTHER	-	1,652
TOTAL EXPENSES	364,619	1,192,241
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	68,758	(400,792)
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	(2,646)	(1,417)
NET INCOME/(LOSS)	66,112	(402,209)
TOTAL EQUITY - BEGINNING	69,236,222	69,753,683
PRIOR PERIOD ADJUSTMENT	-	(49,139)
TOTAL EQUITY-ENDING	$ 69,302,334	$ 69,302,334

ILLINOIS FINANCE AUTHORITY
BALANCE SHEET
MARCH 31, 2004

	FEBRUARY 29, 2004	MARCH 31, 2004
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	$ 27,875,623	$ 27,938,117
RECEIVABLES, NET	6,928,916	6,860,346
OTHER RECEIVABLES	1,234,142	1,232,658
PREPAID EXPENSES	190,288	178,683
TOTAL CURRENT ASSETS	36,228,968	36,209,803
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	29,898	29,094
DEFERRED ISSUANCE COSTS	1,151,982	1,151,982
OTHERS ASSETS - RESTRICTED		
CASH, INVESTMENTS & RESERVES	27,443,129	27,467,713
VENTURE CAPITAL INVESTMENTS	4,603,897	4,633,897
OTHER	3,832,910	3,829,328
TOTAL OTHER ASSETS	35,879,936	35,930,938
TOTAL ASSETS	**$ 73,290,785**	**$ 73,321,818**
LIABILITIES		
CURRENT LIABILITIES	759,377	724,296
LONG-TERM LIABILITIES	3,295,186	3,295,186
TOTAL LIABILITIES	**$ 4,054,563**	**$ 4,019,482**
EQUITY		
CONTRIBUTED CAPITAL	36,060,658	36,058,248
RETAINED EARNINGS	9,839,019	9,629,126
NET INCOME/(LOSS)	(209,893)	66,112
RESERVED/RESTRICTED FUND BALANCE	11,344,111	11,344,112
UNRESERVED FUND BALANCE	12,202,326	12,204,737
TOTAL EQUITY	**$ 69,236,222**	**$ 69,302,335**
TOTAL LIABILITIES & EQUITY	**$ 73,290,785**	**$ 73,321,818**

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane, Program Administrator

Date: April 20, 2004

Re: Overview Memo for The Clare at Water Tower

- **Borrower/Project Name:** The Clare at Water Tower
- **Locations:** Chicago (Cook County)
- **Principal Project Contact:** Chester Labus, Vice President and CFO of Franciscan Sisters of Chicago Service Corporation.
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed $225,000,000, comprised of
  - New Money: $225 million non-rated bonds
    - Uses:
      - To finance the development, construction and equipping tof a new Continuing Care Retirement Community ("CCRC") to be known as The Clare at Water Tower, consisting of 271 independent living apartments, 54 assisted living suites, and 32 private and semi-private nursing rooms.
- **Project Type: Continuing Care Retirement Community ("CCRC")**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
- **IFA Fees:**
  - One-time, upfront closing fee will be $138,000 - $211,000
- **Structure/Ratings:**
  - **Structure**- "Temporary Debt" consisting of LOC-backed VRDBs (variable rate demand bonds), and possibly a series of fixed rate bonds (if needed). "Permanent Debt" consisting of fixed non-rated serial and term bonds. The vast majority of the bonds being tax-exempt. The Temporary Debt will be repaid in full within 6-7 years following issuance. The Permanent Debt will have a 30-year final maturity.
  - **Security** – Consisting of mortgages, a gross revenue pledge and master notes under a master indenture. Covenants and other legal provisions will be generally consistent with those in use throughout the senior living industry for CCRCs

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
April 20, 2004

Deal: **The Clare at Water Tower**

STATISTICS

Deal Number:	N-NP-TE-CD-405	Amount:	$225,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Location:	Chicago	Est fee:	$138,000-$211,000

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will be used to finance the development, construction and equipping of a new Continuing Care Retirement Community ("CCRC") to be known as *The Clare at Water Tower* ("The Clare").

Specifically, bond proceeds will be used to fund (1) the costs of developing, constructing and equipping The Clare, (2) one debt service reserve fund for each series of bonds, (3) interest expense, letter of credit and remarketing fees for a period of 30 months and (4) bond issuance costs.

VOLUME CAP

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

VOTING RECORD

Not applicable.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:			Uses:		
	IFA Bonds	$199,135,000		Land and Related	$7,662,000
	Resident Deposits (1)	23,324,000		Construction Related Costs	117,696,000
				Occupancy Development/Marketing	9,000,000
				Development and Planning	13,195,000
				Return on Pre-Finance Capital	10,305,000
				Other Costs	2,021,000
				Project Contingency	5,000,000
				Financing and Issuance Costs	5,067,000
				Funded Interest, LOC & Remarketing Fees for 30 Months	26,401,000
				Debt Service Reserve Funds	13,703,000
				Start-up Deficits	12,409,000
	Total	$222,459,000			$222,459,000

(1) Resident deposits will primarily be used to fund start-up deficits (See accompanying proprietary, preliminary cash flow projections).

JOBS

Current employment:	N/A	Projected new jobs:	147 (at full occupancy)
Jobs retained:	N/A	Construction jobs:	see below

During the construction period, it is estimated that an average of approximately 400 construction jobs will exist at any one time. However, throughout the entire construction process it is expected that 1,500 distinct jobs will be required to complete the project.

BUSINESS SUMMARY

Background: Although The Clare will be a stand-alone credit, it will be associated with Franciscan Communities, Inc. ("FC"), Franciscan Sisters of Chicago ("FSC") and Franciscan Sisters of Chicago Service Corporation ("FSCSC"), each of which are described below. The Clare will also be affiliated with Loyola University, which will utilize the first two floors of the new building for student housing.

FC owns and operates 13 senior living facilities with a total of 2,230 units/beds located in Illinois, Indiana, Kentucky, and Ohio. FC is an obligated group viewed to be a leading Catholic senior living provider in the Midwest.

FSC was founded in 1894 and its members have dedicated themselves to the care of the aged and the sick in hospitals and nursing homes, the education of students at the elementary and secondary levels, the operation of day care centers, religious education, pastoral ministry, social service activities and the ministry of prayer and suffering. FSC ministers in Illinois, Indiana, Ohio and Kentucky.

FSCSC was organized to coordinate all FSC-sponsored facilities and assist FSC in establishing and extending its charitable mission in health care, social and pastoral services and education.

The Clare will be developed with assistance from Greystone Communities ("Greystone"), a leading national developer of not-for-profit CCRCs. Greystone specializes in planning, development, marketing, management and strategic consulting services related to all areas critical to the senior housing and services business. Greystone currently has a staff of approximately 120 persons, and senior management provides more than 20 years of senior living experience. services, and financing structure.

Greystone has been engaged by more than 300 sponsors and owners of senior living communities to assist in project planning, financing, marketing and management. Greystone has been responsible for more than 50 senior Greystone is based in the Dallas, Texas area. Greystone has developed a number of projects in the past 10 years that are similar to The Clare with respect to its size, resident profile, amenities and living community development and expansion projects. In addition, Greystone's management experience encompasses more than forty communities, including 8,000 housing and supportive care units.

Description: The Clare will be the Borrower for this financing. The Clare will be built on land located at the intersection of Rush Street and Pearson Street in the Water Tower area of Chicago. The 0.6-acre piece of land is located at 41-47 Pearson Street. The land will be leased from Loyola University pursuant to a 100-year land lease.

The Clare will be new full service, world-class high rise CCRC. FC currently owns and operates 13 senior living communities in the Midwest. The Clare will target a different geographic and economic market (versus its existing communities) due to its location and price points. Compared to the existing FC communities, The Clare will be more expensive and the project will be more upscale and prestigious. The Clare will offer residents a lifestyle and personal services strategically designed to appeal to seniors seeking an active social environment, high quality maintenance-free housing, and supportive services in an upscale urban environment.

Given the size and location of the project site, the project is designed to consist of 271 independent living apartments, 54 assisted living suites and 32 private and semi-private nursing rooms. Services provided to independent living residents include one meal daily and continental breakfast, housekeeping, utilities, concierge services, valet parking, unit maintenance, scheduled transportation, security monitoring, 24-hour emergency response and a full array of educational, recreational, cultural, spiritual and social programs designed to enhance independence. Assisted living residents will receive the same services as independent living residents plus two additional meals per day and assistance with activities of daily living. Residents requiring nursing care will receive the same basic services as assisted living, as well as 24-hour medical assistance and a full complement of physical, social and recreational services consistent with their needs.

The site currently has two existing structures owned by Loyola University that will have to be demolished prior to the initiation of construction. When completed, The Clare will consist of approximately 670,000 square feet, including a 250-car parking garage. The first two floors will be utilized by Loyola University. The building is envisioned to be more than 50 stories tall and will have a distinct impact on the Chicago skyline. The ninth floor of the community will include a swimming pool, fitness and aerobics studio, beauty salon, café and outdoor landscaped terrace with walking paths. The community will also include various dining rooms, library rooms, administrative spaces, living rooms, art studio, educational conference center, chapel, game rooms and access to the rooftop terrace. A 24-month construction period is expected. The overall appearance of the project will be a stone and glass base with a painted concrete and glass tower.

Entrance Fees: A preliminary resident fee structure has been developed and is expected to be in place until January 1, 2008. Residents who first enter the CCRC in an independent living unit will pay an initial entrance fee ranging from $491,000 to $1,085,000 (depending on unit size, location and amenities) and a monthly fee ranging from $2,395 to $4,595. When the resident permanently leaves The Clare and the unit is re-occupied, the resident or his/her estate will receive a refund equal to 90%-95% of the initial entrance fee. Residents who first enter The Clare in an assisted living unit will pay an initial entrance fee ranging from $53,000 to $94,000 (depending on unit size, location and amenities) and a monthly fee ranging from $4,995 to $5,500. When the resident permanently leaves The Clare and the unit is re-occupied, the resident or his/her estate will receive a refund equal to 90% of the initial entrance fee. Nursing care is estimated to be $150 per day for a semi-private room and $275 per day for a private room. Initial entrance fees will not be paid by residents who first enter the CCRC through nursing.

Debt tranches: The issue is expected to consist of two tranches of debt: (1) The"Temporary Debt" will consist of Letter of Credit-backed Variable Rate Demand Bonds ("VRDBs") and EXTRAS[sm] (Extendable Rate Adjustable Securities, a proprietary product created and sold by Ziegler Capital Markets Group). If necessary, a series of fixed rate bonds may be added to the Temporary Debt tranche. The Temporary Debt of approximately $165 million is expected to be fully repaid from resident initial entrance fees in the first few years after the project opens. (2) The Permanent Debt is expected to consist of 100% fixed rate bonds, the principal on which will be repaid over a 25-year period on a level debt service basis after the project has reached stable occupancy. All of the bonds will be federally tax-exempt and sold on a non-rated basis (with the exception of the VRDBs, which will carry the LOC Bank's rating). To the extent necessary, it may be necessary to issue a small about of taxable VRDBs to cover certain project costs that cannot be financed on a tax-exempt basis under current tax law.

Pre-Finance Capital: The project will receive pre-finance capital from a seed capital provider who is active in the senior living area. This pre-finance capital will enable the Borrower to make progress on the project prior to the issuance of new IFA bonds.

Financial Feasibility study: In connection with the bond offering, a comprehensive financial feasibility study will be prepared and included in the Offering Statement. Greystone has prepared a comprehensive development plan which includes a market analysis, recommended project scope and definition, project economics and finance plan, marketing plan, analysis of regulatory requirements and preliminary development timeline.

Financing will not occur until presales equal to 10% of the initial entrance fee have been received for 70% of the independent living units. It is expected that this level of presales will be achieved in late 2004 or early 2005.

Financials: Because The Clare is a start-up, historical financial statements do not exist. The bonds will be sold based on the credit structure and the projected financial performance shown in the financial feasibility study. Based on current projections prepared by Greystone, the project is expected to generate cash reserves of approximately $23 million after the retirement of all Temporary Debt and substantially full occupancy of the project. (Attached are some preliminary proprietary projections prepared by Greystone.) The projected debt service and lease payment coverage ratio is projected to be 1.46x upon stabilization and the projected cash to debt ratio is 70% in 2010, the first full year of stabilized occupancy. The financial feasibility study will likely be initiated in the Fall of 2004, once presales reach a significant level.

Project Team: Greystone is the national premier developer of high quality CCRCs for non-profit senior living organizations. Similarly, Ziegler is the leading underwriter in the area of startups and senior living in general. Both have worked with the Franciscans for a number of years. Chicago has a limited amount of upscale senior housing so competition will be somewhat limited, at least in the short-term. The projected operating performance is strong, especially when compared to other startups which have successfully been financed, constructed and filled. FC is an experienced senior living provider striving to service the elderly at many different economic levels. A comprehensive financial feasibility study will be prepared by a reputable firm (i.e. BDO Seidman).

FINANCING SUMMARY

Security:	Consists of a mortgage, gross revenue pledge and master notes under a master indenture. Covenants and other legal provisions will be generally consistent with those in use throughout the senior living industry for startup CCRCs.
Structure:	Temporary Debt consisting of LOC-Backed VRDBs, EXTRAS and possibly a series of fixed rate bonds (if needed). Permanent debt consisting of fixed rate non-rated serial and term bonds. The vast majority of the bonds will be federally tax-exempt.
Maturity:	The Temporary Debt will be repaid in full within 6-7 years following issuance. The Permanent Debt will have a 30-year final maturity

PROJECT SUMMARY

Bond proceeds will be used to finance The Clare, an upscale non-profit CCRC to be located at Rush Street and Pearson Street on Chicago's north side. The project will be affiliated with Franciscan Communities, Inc. and Loyola University. Bond proceeds will be used to fund (1) the costs of developing and constructing The Clare, (2) one debt service reserve fund for each series of bonds, (3) interest expense, letter of credit and remarketing fees for a period of 30 months and (4) bond issuance costs.

ECONOMIC DISCLOSURE STATEMENT

Project name:	The Clare at Water Tower
	Project Sponsor's Home Office: 1055 West 175th Street, Homewood, IL 60430
Location:	41-47 Pearson Street, Chicago, IL
Applicant:	The Clare at Water Tower. Sponsored by Franciscan Sisters of Chicago Service Corporation
Organization:	501(c)(3) Not-for-Profit Corporation (IRS tax exemption not yet received)
State:	Illinois
Board of Trustees:	Mr. Leonard A. Wychocki
	Sr. M. Francis Clare Radke
	Sr. M. Francine Labus, OSF

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	KMZ Rosenman	Chicago	Elizabeth Weber
Accountant:	Ernst & Young	Chicago	Tadd Ingles
Bond Counsel:	Jones Day	Chicago	John Bibby
Underwriter:	Ziegler Capital Markets Group	Chicago	Dan Hermann
Underwriter's Counsel:	Gardner, Carton & Douglas	Chicago	Steve Kite
Bond Trustee:	Amalgamated Bank of Chicago	Chicago	Michele Martello
Issuer's Counsel:	Freeborn & Peters	Chicago	Jordan H.Peters

LEGISLATIVE DISTRICTS

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

THE CLARE
PROPOSED SENIOR LIVING COMMUNITY
PROJECTED CASH FLOW
FOR THE YEARS ENDING JUNE 30,
Dollars in Thousands

	2007	2008	2009	Stabilized Year 2010	2011	2012	2013	2014	2015	2016	2017
REVENUES											
INDEPENDENT LIVING MONTHLY FEES	$797	$8,355	$12,248	$13,277	$13,647	$14,027	$14,417	$14,818	$15,230	$15,654	$16,089
ASSISTED LIVING MONTHLY FEES	401	1,744	2,634	2,959	3,048	3,139	3,233	3,330	3,430	3,533	3,639
HEALTH CENTER PER DIEM FEES	220	1,177	2,242	2,828	3,106	3,199	3,295	3,394	3,496	3,601	3,709
ADDITIONAL REVENUE	62	329	488	536	555	570	585	602	618	636	654
LIFE CARE DISCOUNT	(85)	(251)	(487)	(994)	(1,638)	(2,254)	(2,725)	(3,112)	(3,372)	(3,615)	(3,752)
TOTAL REVENUE	1,395	11,354	17,125	18,606	18,718	18,681	18,805	19,032	19,402	19,809	20,339
EXPENSES											
ADMINISTRATION	(689)	(1,039)	(1,161)	(1,474)	(1,519)	(1,563)	(1,610)	(1,659)	(1,709)	(1,759)	(1,813)
RESIDENT ACTIVITIES	(129)	(203)	(265)	(315)	(325)	(335)	(345)	(355)	(366)	(377)	(388)
ASSISTED LIVING	(156)	(639)	(835)	(1,098)	(1,131)	(1,165)	(1,200)	(1,236)	(1,273)	(1,311)	(1,350)
NURSING	(473)	(865)	(1,532)	(1,577)	(1,625)	(1,674)	(1,724)	(1,775)	(1,829)	(1,884)	(1,940)
PLANT AND MAINTENANCE	(276)	(426)	(485)	(552)	(567)	(585)	(602)	(620)	(639)	(658)	(678)
SECURITY	(115)	(178)	(183)	(189)	(195)	(200)	(206)	(213)	(219)	(225)	(232)
FOOD SERVICE	(771)	(2,007)	(2,675)	(3,091)	(3,175)	(3,263)	(3,352)	(3,444)	(3,539)	(3,636)	(3,736)
HOUSEKEEPING AND LAUNDRY	(175)	(330)	(449)	(593)	(611)	(629)	(648)	(667)	(686)	(707)	(728)
TRANSPORTATION	(90)	(203)	(238)	(245)	(252)	(259)	(267)	(275)	(284)	(292)	(301)
MANAGEMENT FEES	(160)	(464)	(704)	(784)	(814)	(837)	(861)	(886)	(911)	(937)	(964)
PROPERTY TAXES	(58)	(179)	(185)	(190)	(195)	(201)	(207)	(214)	(220)	(227)	(234)
OTHER	(1,116)	(1,724)	(1,777)	(1,830)	(1,884)	(1,941)	(1,999)	(2,059)	(2,121)	(2,185)	(2,251)
TOTAL EXPENSES	(4,208)	(8,257)	(10,489)	(11,938)	(12,293)	(12,652)	(13,021)	(13,403)	(13,796)	(14,198)	(14,615)
OPERATING MARGIN	(2,813)	3,097	6,636	6,668	6,425	6,029	5,784	5,629	5,606	5,611	5,724
INTEREST INCOME	1,717	3,559	2,286	1,144	847	910	1,003	1,123	1,272	1,455	1,675
LAND LEASE PAYMENT	(1,854)	(2,285)	(2,353)	(2,424)	(2,497)	(2,572)	(2,649)	(2,728)	(2,810)	(2,894)	(2,981)
FUNDS GENERATED BEFORE DEBT SERVICE	(2,950)	4,371	6,569	5,388	4,775	4,367	4,138	4,024	4,068	4,172	4,418
DEBT SERVICE											
INTEREST PAID	(14,028)	(10,345)	(5,643)	(3,650)	(3,340)	(3,297)	(3,249)	(3,198)	(3,141)	(3,080)	(3,014)
INTEREST FUNDED	11,690	0	0	0	0	0	0	0	0	0	0
PRINCIPAL RETIRED	0	0	0	(314)	(499)	(543)	(590)	(642)	(698)	(759)	(826)
TOTAL DEBT SERVICE	(2,338)	(10,345)	(5,643)	(3,964)	(3,839)	(3,840)	(3,839)	(3,840)	(3,839)	(3,839)	(3,840)
CAPITAL EXPENDITURES	0	(381)	(466)	(551)	(636)	(721)	(806)	(891)	(976)	(1,061)	(1,146)
NET CASH FLOW BEFORE RES. DEPOSITS	(5,288)	(6,355)	460	873	300	(194)	(507)	(707)	(747)	(728)	(568)
NET RESIDENT DEPOSITS	78,350	80,273	31,258	238	898	1,615	2,109	2,674	3,306	4,006	4,772
NET CASH FLOW	$73,062	$73,918	$31,718	$1,111	$1,198	$1,421	$1,602	$1,967	$2,559	$3,278	$4,204

THE CLARE
PROPOSED SENIOR LIVING COMMUNITY
PROJECTED CASH RESERVES AND RATIOS
FOR THE YEARS ENDING JUNE 30,
Dollars in Thousands

	2007	2008	2009	Stabilized Year 2010	2011	2012	2013	2014	2015	2016	2017
DEBT COVERAGE											
BASED ON MADS				1.36	1.24	1.14	1.08	1.05	1.06	1.09	1.15
BASED ON MADS & NET RESIDENT DEPOSITS				1.42	1.48	1.56	1.63	1.74	1.92	2.13	2.39
RESIDENT DEPOSITS											
REFUNDABLE RESIDENT DEPOSITS RECEIVED	$71,266	$74,307	$32,294	$5,688	$7,013	$8,252	$9,575	$10,977	$12,454	$14,003	$15,622
NONREFUNDABLE RESIDENT DEPOSITS RECEIVED	7,918	8,256	3,588	632	779	917	1,084	1,220	1,384	1,556	1,736
RESIDENT DEPOSITS REFUNDED	(834)	(2,290)	(4,624)	(6,082)	(6,894)	(7,554)	(8,530)	(9,523)	(10,532)	(11,553)	(12,586)
NET RESIDENT DEPOSITS RECEIVED	78,350	80,273	31,258	238	898	1,615	2,109	2,674	3,306	4,006	4,772
RESIDENT DEPOSITS USED											
OPERATING DEFICITS	(5,288)	(6,355)	0	0							
PROJECT BUDGET	(7,206)	0	(4,800)	0	0	0	0	0	0	0	0
EARLY DEBT REDEMPTION	0	(85,000)	(66,000)	(13,000)	0	0	0	0	0	0	0
REPAY EQUITY/OTHER	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL RESIDENT DEPOSITS USED	(12,494)	(91,355)	(70,800)	(13,000)	0	0	0	0	0	0	0
NET RESIDENT DEPOSITS INTO RESERVES	$65,856	($11,082)	($39,542)	($12,762)	$898	$1,615	$2,109	$2,674	$3,306	$4,006	$4,772
CASH RESERVES SUMMARY											
RESIDENT DEPOSITS	$55,856	$48,457	$23,617	$12,534	$13,556	$15,171	$17,280	$19,954	$23,260	$27,266	$32,038
DEBT SERVICE RESERVE	14,028	10,345	5,643	3,964	3,840	3,840	3,840	3,840	3,840	3,840	3,840
OPERATING RESERVE FUND	10,000	10,000	0	0	0	0	0	0	0	0	0
RETAINED PROJECT CASH FLOW	0	0	460	1,333	1,633	1,633	1,633	1,633	1,633	1,633	1,633
TOTAL CASH RESERVES	79,884	68,802	29,720	17,831	19,029	20,644	22,753	25,427	28,733	32,739	37,511
RESIDENT REFUND LIABILITY	$70,432	$142,449	$170,119	$169,725	$169,844	$170,542	$171,587	$173,041	$174,963	$177,413	$180,449
PERCENT OF RESIDENT DEPOSITS TO REFUND LIABILITY	79%	34%	14%	7%	8%	9%	10%	12%	13%	15%	18%
LONG TERM DEBT OUTSTANDING	$202,490	$117,490	$51,490	$38,176	$37,677	$37,134	$36,544	$35,902	$35,204	$34,445	$33,619
PERCENT OF TOTAL CASH RESERVES TO LONG TERM DEBT OUTSTANDING	39%	59%	58%	47%	51%	56%	62%	71%	82%	95%	112%
DAYS CASH ON HAND				281	306	331	365	408	460	523	596

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton, Principal Program Administrator
Sharnell Curtis-Martin, Senior Program Administrator

Date: April 20, 2004

Re: Buena Vista Apartments, L.P. (Buena Vista Apartments Project)

IFA Project #: M-MH-TE-CD-403

- **Borrower/Project Name:** Buena Vista Apartments L.P. (Buena Vista Apartments)
- **Location:** Elgin (Kane County)
- **Principal Project Contact:** Jeffrey C. Rappin, Chairman, c/o Evergreen Real Estate Services, L.L.C., 566 W. Lake Street, Suite 400, Chicago, IL 60661
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed $12.8 million
  - New Money: $12.8 million
    - Uses:
      - Acquisition and renovation of an existing 231-unit multifamily apartment property
      - New appliances, carpet, flooring, light fixtures, HVAC systems, windows, common area improvements
- **Project Type:** **Multifamily Rental Housing Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2003 Carryforward Volume Cap obtained by the Developer
    - the City of Elgin will transfer approximately $6.2 million of its 2004 Volume Cap allocation for this project
    - IFA tax-exempt bonds will the enable project to qualify for 4% Low Income Housing Tax Credits that are syndicated to a third party corporation, thereby generating equity for the project.
- **IFA Fees:**
  - One-time, upfront closing fee will be $78,740

- **Structure/Ratings:**
  - Bonds to be sold with FNMA or HUD/GNMA credit enhancement, as proposed
  - **Ratings** - based on proposed credit enhancement, bonds would be rated Aaa/AAA/AAA by Moody's/S&P/Fitch.
  - **Estimated term/rates:** Not to exceed 35 years at a fixed rate to be determined

- **Positive Factors for Recommendation:**
- **Conduit transaction**
- No IFA or State funds at risk
- Support from City of Elgin as evidenced by willingness to transfer earmarked Volume Cap to IFA for this project
- IFA will use available Carryforward Volume Cap dedicated to Multifamily Rental Housing Projects purchased by the Underwriter and transferred to IFA

- **Recommendations/Conditions:**
  - Staff recommends approval - because transaction will be credit enhanced by Aaa/AAA/AAA-rated credit enhancement, no extraordinary conditions will be required.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Buena Vista Apartments, L.P.**
(Buena Vista Apartments Project)

STATISTICS

Deal Number:	M-MH-TE-CD-403	Amount:	$12,800,000 (not-to-exceed amount)
Type:	Multi-Family Housing Bonds	PA:	Rich Frampton and Sharnell Curtis-Martin
Location:	Elgin	Tax ID:	36-4274778
SIC Code:	6513	Est fee:	$78,740

BOARD ACTION

Preliminary Bond Resolution
Conduit Multi-Family Housing Revenue Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

Purchase of an existing 231-unit multifamily apartment property, and renovations including new appliances, carpet, flooring, light fixtures, HVAC systems, windows, common area improvements

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VOLUME CAP

This project will use dedicated 2003 Carryforward Volume Cap obtained by the Developer in addition to approximately $6.2 million of Volume Cap transferred from the City of Elgin and the City of Naperville from their 2004 allocation.

VOTING RECORD

This project is being considered for a Preliminary Bond Resolution, there is no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Bond	$12,700,000	Uses:	Project Costs	$15,238,000
	Equity	5,020,000		Deferred Developer Fee	2,000,000
				Costs of Issuance	482,000
Total		**$17,720,000**		**Total**	**$17,720,000**

The project equity will be generated through the syndication of 4% Low Income Housing Tax Credits. The Tax Credit Syndicator has not yet been determined. The Deferred Developer Fee will be paid out over time based on project performance as permitted in the Partnership Agreement with the Tax Syndicator, and acceptable to HUD.

JOBS

Current employment: 10

Jobs retained:

Projected new jobs: N/A

Construction jobs: 18-20 (12 months)

BUSINESS SUMMARY

Background: **Buena Vista Apartments, L.P.** ("BVA", the "Partnership", or the "Borrower") was formed as an Illinois Limited Partnership pursuant to an agreement executed as of 3/1/2004.

The beneficial owners are (1) Evergreen Real Estate Services, L.L.C. of Chicago, the General Partner, and (2) Jeffrey Rappin and Philip Hickman. Messrs. Rappin and Hickman are each 50% owner of Evergreen Real Estate Services, L.L.C. Ultimately, the limited partnership interests in the property will be sold by a tax credit syndicator to unrelated third parties.

Description: Evergreen Real Estate Services, L.L.C. ("ERES") was created in 1999 to develop and manage rental housing for seniors and families. ERES is a full service real estate management and development company with a portfolio of 12 properties in six states. Evergreen's property management division currently manages over 1,500 apartments and townhomes in the following locations: Illinois: Elgin, Joliet, and Rockford. Additionally, Evergreen also manages properties located in Mishawaka, IN, Kansas City, MO, Olathe, KS, Knoxville, TN, and Asheville, NC.

In October 2001, Philip Hickman and Jeffrey Rappin acquired the ownership interest in ERES. Mr. Hickman currently serves as the Company's President and Mr. Rappin serves as Chairman. ERES' corporate offices are located at 566 West Lake Street in Chicago. ERES current employs 55 people.

Buena Vista Apartments is an affordable housing project located in Elgin, Illinois. This project is a low-income subsidized housing project with 100% project-based Section 8 certificates. Other comparable affordable projects located within close proximity include: Hunter's Ridge, Garden Quarter Apartments and Blackhawk Apartments of Elgin, Illinois.

Buena Vista Apartments is a renovation project originally built in 1976. As a result, it is exempt from Americans with Disabilities Act requirements with the exception of the projects common areas.

Financials: Audited Financial Statements for Fiscal Years 2001-2003
Internally prepared projections 2004-2006

	Year Ended December 31					
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)					
Income:						
Gross Rental Income	$2,287	$2,343	$2,400	$2,472	$2,546	$2,622
Vacancy	(13)	(29)	(83)	(123)	(127)	(131)
Other Income	163	128	79	38	39	40
Project Income (Net)	2,437	2,442	2,396	2,387	2,458	2,531

Operating Expenses:						
Payroll	$280	$267	$273	$199	$205	$211
General & Administrative	118	86	136	104	107	110
Operating and Maintenance	358	540	522	135	139	142
Utilities	169	175	202	199	205	211
R/E Taxes	273	282	320	312	321	331
Insurance	68	102	124	122	126	130
Management Fees	166	175	188	119	123	126
Replacement Reserve	70	73	73	39	71	73
Other Expenses	82	107	114	60	62	64
Total Operating Expenses	1,584	1,807	1,952	1,289	1,359	1,398
Net Operating Income	853	635	444	1,098	1,099	1,133
Debt Service Payments	711	529	370	865	865	865
Debt Service Coverage Ratio	1.20x	1.20x	1.20x	1.27x	1.27x	1.31x

Discussion: The projected Statement of Net Operating Income is based on information prepared by the Applicant. The projections assume a $12.8 million bond issue, an estimated 5.5% interest rate and a 35-year term. These projections also assume a 3% annual increase in Revenues and Expenses over the next three years and a 95% occupancy rate. The Applicant also projects debt service coverage of at least 1.27 times in 2005, the first year after completion.

Subsidies: The development is presently under an original HUD Project-Based Section 8 Rental Assistance Program contract until 2016. In 2017, the development will continue to be eligible for renewal of the contract on an annual basis. All of the units are designated as Low Income Units and will be reserved by the Borrower for rent to Section 8 eligible tenants who receive rental assistance under HUD's Section 8 program. The contemplated 4% tax credits will require that the project remain low and moderate income for a minimum of 30 additional years. 100% of the units will remain low income.

FINANCING SUMMARY

Security:	Bonds to be sold with FNMA or FHA/GNMA credit enhancement as proposed
Ratings:	Based on proposed credit enhancement, would be rated Aaa/AAA/AAA by Moody's/S&P/Fitch
Structure:	Fixed Rate Tax-Exempt Bonds (projected interest rate of 5.5%)
Maturity:	35 years

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition and renovation of an existing 231-unit multifamily apartment property located at 1199 - 1319 Fleetwood Drive on an approximately 27.7 acre site in Elgin, Illinois (Kane County) 60123. Bond proceeds will be used to pay costs of issuance.

Additional renovations will include new appliances, carpet, flooring, light fixtures, HVAC systems, windows, and common area improvements. Project costs are estimated as follows:

Building Acquisition	$12,065,000
Construction/Renovations	2,200,000
Land	635,000
Miscellaneous	338,000
Total Project Costs	$15,238,000

ECONOMIC DISCLOSURE STATEMENT

Borrower:	Evergreen Real Estate Services, L.L.C.
Project Contact:	Mr. Jeffrey C. Rappin, Chairman, Evergreen Real Estate, L.L.C./Buena Vista Apartments L.P. 566 West Lake Street, Chicago, IL 60661
Phone:	312/382-3232
Fax:	312/382-3250
e-mail:	jrappin@evergreenres.com
Project Name:	Buena Vista Apartments L.P.
Organization:	Partnership
State:	Illinois
Land Seller:	Mill Associates, L.P. National Realty Partners - 1% Beneficial Owners: Phillip Hickman -- 50% Interest Jeffrey Rappin -- 50% Interest Elgin Association II Limited Partnership - 99% Partners: Please see attached list.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	To Be Determined		
Accountant:	Friduss Lukee Schiff & Company	Chicago	Bruce Schiff
Bond Counsel:	Sidley Austin Brown & Wood	Washington, DC	Peter Canzano
Credit Enhancement:	FNMA or HUD/GNMA	Washington, DC	TBD
Credit Enhancement Counsel:	To Be Determined		
Underwriter:	Stern Brothers & Co.	Chicago	Dave Rasch
Underwriter's Counsel:	Chapman and Cutler, LLP		
Issuer's Counsel:	To Be Determined		
Bond Trustee:	To Be Determined		
Management Agent:	Evergreen Real Estate Services, LLC	Chicago	Michelle Kamenjarin
General Contractor:	Evergreen Construction Company, LLC	Chicago	
Project Administrator:	Evergreen Real Estate Services, LLC	Chicago	James Castner
Architect:	Christus Design Group Architects, Inc.	Elgin, IL	TBD

LEGISLATIVE DISTRICTS

Congressional:	14 – J. Dennis Hastert
State Senate:	22 – Steven J. Rauschenberger
State House:	43 – Ruth Munson

Elgin II Investors List
4/9/2004

Partner # 1
National Realty Partners, Inc.
566 West Lake Street, Ste 400
Chicago, IL 60603

Partner # 2
[illegible] Executives, L.P.
c/o National Realty Partners, Inc.
566 West Lake Street, Ste 400
Chicago, IL 60603

Partner # 3
Mr. Albert C. Hogan
c/o Arrowhead Corporation
P.O. Box 819
Old Fort, NC 28762

Partner # 4
Mr. A.J. Bass, Jr.
P.O. Box 835
Clinton, NC 28329

Partner # 5
Dr. George A. Binder
401 Lakeshore Drive
Fayetteville, NC 28305

Partner # 6
Mr. Ronald BV. Black
25883 SE 22nd Pl.
Sammamish, WA 98075

Partner # 7
N/A

Partner # 8
Mr. George J. Brooks, Jr.
1005 Driftwood Drive
Siler City, NC 27344

Partner # 9
Mr. Robert M. Bundy
804 Florham
High Point, NC 27262

Partner # 10
Mr. Warren P. Cantrell
Mrs. Linda M. Cantrell
20 Capitan Court
Hanahan, SC 29418-8607

Partner # 11
Mr. Michael S. Colo
P.O. Box 353
Rocky Mount, NC 27801

Partner # 12
Dr. A. Robert Cordell
349 Arbor Road
Winston-Salem, NC 27104

Partner # 13
Ms. Anna Wolff Dixon
2317 Danbury Road
Greensboro, NC 27408

Partner # 14
N/A

Partner # 15
Mr. W. Thomas Fickling
503 20th Avenue North, unit 31-D
North Myrtle Beach, SC 29582

Partner # 16
Mr. M. Ronald Gahan
Mrs. Agatha J. Gahan
19313 Silver Oak Drive
Fort Myers, FL 33912

Partner # 17
Mr. Abdul R. Gangoo
404 N. Garrison Street
Kings Mountain, NC 28086

Partner # 18
Mr. Don N. Gregson
Mrs. Gail L. Gregson
13562 Old Wire Road
Laurel Hill, NC 28351

Partner # 19
Mr. Joel S. Goldberg
Route 1, Box 2602
Hillsborough, NC 27278

Partner # 20
Mr. Gene T. Hamilton
Mrs. Sumiko T. Hamilton
419 Lee Street
Greenville, NC 27834

Partner # 21
Mr. Gary L. Honbarrier
495 Griffith Road
Advance, NC 27006

Partner # 22
N/A

Partner # 23
Mr. Arthur T. Hunt
1359 Elysium Boulevard
Mount Dora, FL 32757

Elgin II Investors List
4/9/2004

Partner # 24
Dr. Donald L. Jarrett
Ashton Park Medical Center
53 S. French Braod Avenue
Asheville, NC 28801

Partner # 25
Dr Irwin S. Johnsrude
Mrs. Wanda D. Johnsrude
171 Holly Hill Road
Greenville, NC 27858

Partner # 26
Mr. Robert H. Kahn
2500 Arbroath Trace
Gastonia, NC 28054

Partner # 27
Mr. William H. Kincheloe
P.O. Box 671
Rocky Mount, NC 27802

Partner # 28
Mr. Talmadge Knight, Jr.
500 Ambler Road
Saluda, SC 29138

Partner # 29
Dr. Rufus H. Knott, Jr.
7144 River Road
Washington, NC 27889

Partner # 30
Mr. Charles T. Lane
P.O. Box 353
Rocky Mount, NC 27801

Partner # 31
Mr. Haywood Laughinghouse, Jr. Trustee
Haywood Dail Laughinghouse Living Trust
P.O. Drawer H
Greenville, NC 27835

Partner # 32
Mr. Charles E. Mashburn
P.O. Box 98
Marshall, NC 28753

Partner # 33
Mr. Joseph H. Nelson
1528 West Haven Boulevard
Rocky Mount, NC 27803

Partner # 34
N/A

Partner # 35
N/A

Partner # 36
Mr. Henry Overton
312 Gravely Drive
Rocky Mount, NC 27801

Partner # 37
Mr. Ronald H. Patterson
14411 Clipper Cove Court
Midlothian, VA 23112

Partner # 38
Mr. H. Graham Reynolds
P.O. Box 10
Trenton, SC 29847

Partner # 39
Mr. James S. Roebuck
1816 Rivershore Road
Elizabeth City, NC 27909

Partner # 40
N/A

Partner # 41
Ms. Helen C. Rowe
106 Wild Horse Trail
Mount Airy, NC 27030

Partner # 42
Mr. James A. Sibley, Jr.
22 Nicka Jack Road
Mableton, GA 30059

Partner # 43
Dr. Jerry J. Smaha
4733 Braeburn Lane
Macon, GA 31210

Partner # 44
Mr. William R. Stallings
Stallings Group, Ltd.
1645 E. Arlington Blvd., Ste E
Greenville, NC 27858

Partner # 45
Mr. Robert E. Stroupe
P.O. Box 728
Thomasville, NC 27360

Partner # 46
Mr. William B. Sturgis
209 Wilmington Road
Greenville, SC 29615

Partner # 47
Mr. Phillip R. Sturm
P.O.Box 431
Dayton, VA 22821

Elgin II Investors List
4/9/2004

Partner # 48
Mr. Gerald B. Swanson
Silicones, Inc.
6904 Woodenrail Lane
Summerfield, NC 27358

Partner # 49
Mr. Johnny E. Ward
P.O. Box 98
Moncks Corner, SC 29461

Partner # 50
Mr. Carl B. Watson
137 Edisto Avenue
Columbia, SC 29205

Partner # 51
N/A

Partner # 52
Mr. Donald H. Williams, Jr.
c/o Lewis Advertising—CONFIDENTIAL
P.O. Drawer L
Rocky Mount, SC 27801

Partner # 53
Dr. Shyam S.R.V. Yallapragada
402 Lakeview Drive
Summerville, SC 29483

Partner # 54
N/A

Partner # 55
N/A

Partner # 56
Robert W. Rogers, Sr. Trust
c/o Wachovia Bank, N.A. (NC 6778)
ATTN: Closely-Held Business Group
P.O. Box 3099
Winston-Salem, NC 27150

Partner # 57
Ms. Susan L. Holland
2 Crowders Ridge Road
Lake Wylie, SC 29710-8929

Partner # 58
Aileen B. Oldham Irrevocable Life Insurance Trust
c/o Ms. Parker H. Washburn
1007 North Elm Street
Greensboro, SC 27401

Partner # 59
Estate of Mildred S. Wells
James G. Sullivan, Executor
P.O. Box 20067
Greenville, NC 27858

Partner # 60
B.M. Blease Revocable Trust Blease Share
c/o C.M. Reames, M.C. Blease, or R.E. Trotter
P.O. Box 677
Saluda, SC 29138

Partner # 61
B.M. Blease Revocable Trust Reames Share
c/o C.M. Reames, M.C. Blease, or R.E. Trotter
P.O. Box 677
Saluda, SC 29138

Partner # 62
Mr. D. Henry Ohlandt
8730 Raccoon Island Road
Edisto Island, SC 29438

Partner # 63
Estate of F.W. Ohlandt
Sinkler & Boyd, P.A.
c/o Tammela Suggs
P.O. Box 340
Charleston, SC 29402

Partner # 64
N/A

Partner # 65
Ms. Lucy Earnest Wilcox
255 N. Wallace Avenue
Wilmington, NC 28403

Partner # 66
Mr. Scott Ernest Griffin
P.O. Box 51435
Amarillo, TX 79159

Partner # 67
Mr. L. M. Ernest, IV
702 E. Main St.
Washington, NC 27889

Partner # 68
Ms. Brenda Ernest
108 N. Harding Street
Greenville, NC 27858

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **MacLean-Fogg Company and Subsidiaries**

STATISTICS

Project Number:	I-ID-TE/TX-CD-404	Amount:	$12,500,000 (not-to-exceed amount)
Type:	Industrial Revenue Bond	PA:	Steven Trout
Location:	Mundelein, Wheeling, Franklin Park, Green Oaks and Savanna	Tax ID:	36-2431745
SIC Code:	5085 Industrial Supplies	Est. fee:	$48,750

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt/Taxable Industrial Revenue Bonds
No extraordinary conditions

No IDFA funds at risk.
Staff recommends approval.

PURPOSE

Proceeds will be used to refinance outstanding Industrial Development Bonds, acquire new machinery and equipment, rehabilitate a manufacturing plan and pay costs of issuance.

VOLUME CAP

Up to $8 million of IFA Volume Cap

VOTING RECORD

None. This is the first time this project has been presented to the IFA Board of Directors.

SOURCES AND USES OF FUNDS

Sources:

Tax-exempt Refunding Bonds	$4,500,000
Tax-exempt New Money Bonds	$3,500,000
Taxable New Money Bonds	$4,500,000
Total	$12,500,000

Uses:

Refunding Escrow (1994 Bonds)	Savanna	$ 4,500,000
Building, Machinery and Equipment	Savanna	$ 4,688,000
Machinery and Equipment	Franklin Park	$ 1,075,000
Machinery and Equipment	Mundelein	$ 921,000
Machinery and Equipment	Wheeling	$ 866,000
Machinery and Equipment	Green Oaks	$ 200,000
Costs of Issuance		$ 250,000
Total		$12,500,000

JOBS

Current Illinois employment:	240	Projected new jobs:	42
Jobs retained:	N/A	Construction jobs:	0

ILLINOIS FINANCE AUTHORITY
Memorandum

To: IFA Board of Directors

From: Steven Trout, Program Administrator

Date: April 20, 2004

Re: Overview Memo for MacLean-Fogg Company and Subsidiaries

- **Borrower/Project Name:** MacLean-Fogg Company and Subsidiaries
- **Locations:** Mundelein (Lake Co.), Wheeling (Cook Co.), Franklin Park (Cook Co.), Green Oaks (Lake Co.) and Savanna (Carroll Co.)
- **Principal Project Contact:** Edward J. Ashton, Treasurer
- **Board Action Requested:** Initial Bond Resolution
- **Amount:** Not to $12,500,000, comprised of:
    - **Tax-Exempt Refunding Bonds:** $4,500,000 to refinance outstanding Industrial Development Bonds
    - **Tax-Exempt New Money Bonds:** $3,500,000 to finance equipment and machinery at facilities located in Mundelein, Wheeling, Frank Park, Green Oaks and Savanna
    - **Taxable New Money Bonds** $4,500,000 to finance building, equipment and machinery, which do not qualify for tax-exempt funding and is located in Savanna
- **Project Type: Industrial**

IFA Benefits:

- **New Money Tax-exempt:** Conveys tax-exempt status to projects located in multiple locations across Illinois
- **New Money Taxable:** Offers a much lower "all-in" interest rate than bank loans
- **Refunding Bonds:** Extending maturities to match the extended economic life of equipment and machinery that has been extensively refurbished

IFA Fees: One-time upfront closing fee will be $48,750

Structure:

- Conduit Bond Issue—no IFA funds at risk
- Secured by a Letter of Credit provided by Bank of America
- Estimated Blended Interest Rate: 7% (2.5% as of 4/7/04)

BUSINESS SUMMARY

Company: MacLean-Fogg Company is an Illinois S-corporation that designs, engineers and manufactures components and assemblies used in a variety of industries. John MacLean, Sr., founded the company in 1925 offering an innovative locknut that extended the lives and reliability of railcars. Through innovative product development and acquisitions, the business has grown to 1,800 employees and 23 locations throughout North America and Europe. MacLean-Fogg is a global leader in high performance fasteners and component systems, forgings, precision machined parts, suspension and transmission components, connectors and insulators for the automotive and truck markets, off-road, recreational and military vehicles, farm equipment and aerospace.

MacLean-Fogg primarily serves the transportation equipment, electrical and telecommunication markets. MacLean Vehicle Systems consists of eight business units with fourteen locations around the world that offers engineering, manufacturing, and supply chain expertise to automobile, truck, recreational, farm, military and aerospace vehicle manufacturers. The Vehicle Systems group is headquartered in Mundelein. Other Illinois facilities are located in Green Oaks, Richmond, Savanna and Wheeling. Product offerings include wheel and axle fasteners, engineered components, power train and chassis parts, and specialty fasteners, metal and plastic parts.

MacLean Power Systems manufactures a comprehensive line of automatic connectors, non-ceramic insulators, fiberglass products, line hardware, fabrications, grounding products and tools available to electrical and telecommunications utilities. The Power Systems group is headquartered in Franklin Park, Illinois. It operates three other facilities in the US and one in Montreal, Canada.

Borrower Financials: Audited financial statements for 2001 and 2002 and interim financial statements for 2003. Projections for 2004, 2005 and 2006 prepared by staff. (Dollars in 000s.)

	Year Ended December 31			Year Ending December 31		
	2001	2002	2003	2004	2005	2006
Income statement:						
Sales	$316,461	$334,258	$332,210	$338,854	$345,631	$352,544
Net Income Before Extraordinary Loss	5,528	5,202	4,473	5,681	5,391	4,638
Net income	5,528	5,202	(2,327)	5,681	5,391	4,638
EBITDA	28,704	29,298	22,425	31,391	32,325	32,971
Balance sheet:						
Current Assets	86,292	93,783	135,040	136,128	143,514	152,070
PP&E-Net	78,180	82,120	79,055	81,450	81,998	82,272
Other Assets	36,596	40,392	48,020	48,980	49,960	50,959
Total	201,068	216,295	262,115	266,558	275,472	285,301
Current Liabilities	49,414	57,567	115,871	114,246	125,130	138,739
Long Term Debt	85,900	86,845	75,458	78,947	74,525	68,566
Other Liabilities	2,338	2,358	2,639	2,945	3,240	3,564
Minority Interest	9,160	20,140	22,713	22,713	22,713	22,713
Equity	54,256	49,385	45,434	47,707	49,864	51,719
Total	201,098	216,295	262,115	266,558	275,472	285,301
Ratios:						
Debt coverage	1.86x	1.79x	1.69x	1.70x	2.16x	2.19x
Current ratio	1.75	1.63	1.17	1.19	1.15	1.10
LT Debt to equity	1.58	1.76	1.66	1.65	1.49	1.33

Discussion: MacLean-Fogg has enjoyed rapid growth and 18 consecutive years of operating profitability because of its success in developing new products through innovation and acquisitions to meet customer needs. The company recorded a loss in 2003 due to a $6.8 million extraordinary charge taken on the sale of two divisions, consolidation charges and acquisition costs. After adjusting for the noncash charge, debt service coverage has remained solid at 1.69 times in 2003. The forecast assumes 2% growth in revenues and operating expenses and issuance of the new debt by June 30, 2004. The proposed borrowing will have a modest impact on MacLean-Fogg's finances.

FINANCING SUMMARY

Bond:	Tax-Exempt and Taxable Industrial Development Bond to be placed by Banc One Capital Markets
Security:	Letter of credit to be provided by Bank of America.
Maturity:	25 years

PROJECT SUMMARY

Bond proceeds will be used to refinance outstanding City of Savanna Industrial Development Bonds Series 1994C that financed a plant in Savanna, Illinois and to finance new machinery and equipment and real estate for the following five divisions and affiliates: 1) MacLean Fasteners, LLC in Mundelein (Lake Co.), 2) MacLean Molded Components, Wheeling (Cook Co.), 3) MacLean Power, LLC in Franklin Park (Cook Co.), 4) Dynalink in Green Oaks (Lake Co.) and 5) Metform, LLC in Savanna (Carroll Co.). Bond counsel believes that about $3.5 million of costs for real estate, machinery and equipment will be eligible for tax-exempt financing, with the remaining $4.5 million to be financed with a taxable industrial development bond. Estimated project costs are as follows:

Refinancing	$4,500,000
New Machinery & Equipment	7,783,000
Rehabilitation	217,000
Total:	**$12,500,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant: MacLean-Fogg Company and Subsidiaries (Contact: Mr. Edward J. Ashton, Treasurer, 1000 Allanson Road, Mundelein, Illinois 60060; Telephone: (847) 837-3544)

Project name: MacLean-Fogg Company Refunding Bond and Development

Location:
1) MacLean Fasteners, 1000 Allanson Road, Mundelein (Lake Co.), Illinois 60060
2) MacLean Molded Components, LLC, 410 Mercantile Court, Wheeling (Cook Co.), Illinois 60090
3) MacLean Power LLC, 1141 Addison Street, Franklin Park (Cook Co.), Illinois 60131
4) Dynalink, 13820 West Polo Trail Drive, Green Oaks (Lake Co.), Illinois 60045
5) Metform LLC, 2551 Wacker Road, Savanna (Cook Co.), Illinois 61074

Organization: Illinois S-Corporation

Ownership:

Barry MacLean	1000 Allanson Road, Mundelein	26.675%
Mary Ann MacLean	Same as above	0.542%
1987 Children's Trust	Same as above	10.918%
1998 Children's Trust	Same as above	28.065%
Duncan MacLean	Same as above	5.762%
Gillian MacLean	Same as above	5.762%
Adrian MacLean	Same as above	5.762%
Elizabeth Larned	Same as above	5.762%
Margaret MacLean	Same as above	5.762%
David MacLean	Same as above	5.762%

PROFESSIONAL AND FINANCIAL

Corporate and Bond Counsel:	Winston & Strawn	Chicago, IL	Kay McNabb
Placement Agent	Banc One Capital Markets	Chicago, IL	
LOC Bank	Bank of America	Chicago, IL	
Consultant	NexGen Advisors LLC	Chicago, IL	Michael Laube
Accountant:	PriceWaterhouseCoopers	Chicago, IL	
Issuer's Counsel:	To be determined		

LEGISLATIVE DISTRICTS

	Mundelein	Wheeling & Green Oaks	Franklin Park	Savanna
Congressional:	8-Phillip Crane	10-Mark Steven Kirk	5-Rahn Emmanuel	16-Don Manzullo
State Senate:	26-William Peterson	30-Terry Link	39-Don Harmon	36-Denny Jacobs
State House:	51-Ed Sullivan, Jr.	39-Kathleen Ryq	77-Anglo Saviano	71-Michael Boland

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Christopher Vandenberg, Program Administrator

Date: April 20, 2004

Re: Overview Memo for Columbia College Chicago Project

- **Borrower/Project Name:** Columbia College Chicago
- **Locations:** Chicago
- **Principal Project Contact:** Michael DeSalle, VP Finance & CFO, Columbia College Chicago
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed $10 million to refund existing IFA (IEFA) bonds.
- **Project Type:** 501(c)(3) Revenue Bonds
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **Refunding Bonds:** Fixed Rate, Tax-Exempt Bonds to provide
- **IFA Fees**:
  - One-time, upfront closing fee will be $35,000
- **Structure/Ratings:**
  - Bonds will be limited obligations of the College, which has an underlying rating of 'BBB' by S&P.
  - Bonds will be insured through XL Capital Assurance, Inc., which has a rating of 'AAA' by S&P.
  - **Current rates:**
    - Series 1992 Bonds – 6.25% to 6.875% callable on December 1, 2004.
- **Positive Factors for Recommendation:**
  - **Conduit transaction**
    - No IFA or State funds at risk
  - **Bonds insured by XL Capital Assurance.**
- **Recommendations/Conditions:**
  - Staff recommends approval –transaction is an insured, conduit bond issue with no extraordinary conditions.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Deal: **Columbia College Chicago**

STATISTICS

Deal Number:	E-PC-RE-CD-402	Amount:	$10,000,000 (not-to-exceed amount)
Type:	501(c)(3) Bonds	PA:	Rich Frampton and Christopher Vandenberg
Locations:	Chicago	Est. fee:	$35,000
SIC Code:	8821		

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Bond Financing
No extraordinary conditions

Staff recommends approval
No IFA funds at risk

PURPOSE

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

VOLUME CAP

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

VOTING RECORD

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

PROPOSED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$7,030,000	Uses:	Refunding	$7,030,000
	Equity	260,000		Issuance Costs	260,000
				Bond Insurance	
	Total	**$7,290,000**		**Total**	**$7,290,000**

JOBS

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

BUSINESS SUMMARY

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

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

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

Financials: Audited financial statements 2001-2003.

	Year Ended August 31		
	2001	2002	2003
	(Dollars in millions)		
Income Statement			
Revenues/Support	$5.1	$9.1	$11.0
Change in Net Assets	5.3	(5.7)	8.7
EBIDA *	15.1	3.8	18
Balance sheet:			
Current assets	$10.5	$11.7	$24.3
Net PP&E	99.7	103.2	109.4
Other Assets	57.8	52.0	57.0
Total assets	168.0	166.9	190.7
Current liabilities	17.1	23.0	39.7
LT Debt & Cap. Leases	54.7	53.3	51.9
Other LT Liabilities	-	-	-
Net Assets	96.2	90.4	99.1
Tot Liabs & Net Assets	168.0	166.7	190.7
Ratios:			
Debt Service/Fixed Obligation Coverage	4.00x	5.34x	6.34x
Current ratio	0.61	0.51	0.61
LT Debt/Net Assets	0.59	0.61	0.54

* Earnings Before Interest, Depreciate and Amortization

Discussion: Columbia College Chicago's net operating income has increased for three consecutive years, from $5.1 million for FY 2001 to $11.0 million for FY 2003. The reported loss in 2002 is attributable to an $8.9M non-cash pension liability adjustment and $6.5M in realized and unrealized investment losses. FY 2003 also required a non-cash pension liability adjustment of $8.4M. Effective June 30, 2003, ended benefit accruals under the two prior pension plans and re-established a new plan.

FINANCING SUMMARY

Security:	The Series 2004 Bonds will be secured by a limited obligation of the College (which has an underlying rating of BBB by S&P). The bonds will most likely be insured by XL Capital Assurance, which carries an 'AAA' rating by S&P.
Structure:	Tax-Exempt Fixed Rate. Delayed delivery structure to take advantage of current interest rate environment (Priced in June 2004 and delivered on September 1, 2004.)
Maturity:	To be determined.

PROJECT SUMMARY

Bond proceeds will be used to (i) refinance outstanding Series 1992 A&B Illinois Educational Facilities Authority.

Project costs are estimated as follows:

Refunding	$7,030,000
Total	**$7,030,000**

ECONOMIC DISCLOSURE STATEMENT

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

PROFESSIONAL & FINANCIAL

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

LEGISLATIVE DISTRICTS

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

COLUMBIA COLLEGE CHICAGO
BOARD OF TRUSTEES
2002-2003

ILLINOIS DEVELOPMENT FINANCE AUTHORITY
BOARD SUMMARY

Project: **Aspira, Inc. of Illinois**
Mirta Ramirez Computer Science Charter School

STATISTICS

Deal Number:	E-PS-TE-CD-403	Amount:	$10,000,000
Type:	NP	PA:	Townsend Albright
Location:	Chicago	Tax ID:	36-2666800
Est. fee:	$52,000	SIC:	8211

BOARD ACTION

Preliminary Bond Resolution
Conduit Not for Profit Bonds
No IDFA funds at risk

No extraordinary conditions
Staff recommends approval

PURPOSE

(i) purchase and renovate an existing building, (ii) purchase furniture, fixtures and equipment, (iii) capitalize interest, and (iv) fund professional and bond issuance costs

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

VOTING RECORD

This is a Preliminary Bond Resolution. There is no prior vote.

SOURCES AND USES OF FUNDS

Sources:	IDFA bonds	$10,000,000	Uses:	Project Costs	$ 9,525,000
				Capitalized Interest	375,000
				Legal/Prof	100,000
	Total	$10,000,000		Total	$10,000,000

JOBS

Current employment:	17	Projected new jobs:	134
Jobs retained:	N/A	Construction jobs:	12 (15 months)

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors

FROM: Townsend S. Albright

DATE: April 20, 2004

RE: Overview Memo for Aspira, Inc.

- **Borrower/Project Name:** Aspira, Inc.
- **Location:** Chicago (Cook County)
- **Principal Project Contact:** Jose E. Rodriguez, President and CEO
- **Amount:** $10,000,000
- **Board Action Requested:** Approval of a Preliminary Bond Resolution
- **Project Type:** New money to (i) purchase and renovate an existing building, (ii) purchase furniture, fixtures and equipment, (iii) capitalize interest, and (iv) fund professional and bond issuance costs
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds at risk
- **IFA Fee:** $52,000
- **Ratings:** The bonds will carry a Direct Pay Letter of Credit from a "AA" rated bank, and a guarantee of payment of principal and interest from Chicago Public Schools.

ta/h/aspiraincmemo

BUSINESS SUMMARY

Charter Schools: A Charter School is a public, nonsectarian, non-religious, non-home based, and nonprofit school. Under Illinois statutes a charter may be granted for a period not less than three years or more than five school years. A charter may be renewed in incremental periods not to exceed five school years. Pupils enrolled in a charter school shall be included in the pupil enrollment of the school district within which the pupil resides. Illinois legislation allows 45 charter schools to operate statewide.

As part of the charter school contract the charter school and the local school board shall agree on funding and services to be provided, of which the funding will not be less than 75.0% or more than 125.0% of the school district's per capita school tuition multiplied by the number of students residing in the district who are enrolled in the charter school. The local school boards perform annual evaluations of charter schools within their districts. A major hurdle to financing charter schools is the five school year charter limitation. Mirta Rameriz Charter School was established in 2003 by a five-year charter agreement with the Chicago public School System that was approved by the Illinois State Board of Education.

Background: Aspira, Inc. of Illinois (the "Applicant", "Aspira"), is an Illinois not-for-profit corporation incorporated in 1968 to address the high dropout rate of Latino youth of Illinois. Aspira is a Puerto Rican organization founded in 1961that is committed to the development and self-determination of the Latino community through education, leadership, and intellectual development of Latinos. It is a national organization with offices in five states, Puerto Rico, and the District of Columbia. The primary goals are to encourage youth to stay in school, develop leadership skills, establish and reach academic goals, plan and prepare for post-secondary institutions and careers, and contribute to the community. Aspira is governed by a seven-member board. A list of members is attached for IFA Board review.

Description: To achieve these goals Aspira developed a unique and successful intervention model called the Aspira Process. The Aspira Process places an emphasis on developing the potential of youth and exposes youth to (i) **awareness**, a sense of heritage and the social and political climate that surrounds youth, (ii) **analysis**, the process of broadening youth knowledge by fostering an atmosphere that promotes critical thinking and allows youth to question the issues and situations that face them, and (iii) **action**, the process of confronting situations that face youth through active participation in the community.

Aspira has several divisions: (i) the Miguel del Valle Youth Development Center provides the environment for Aspira's programs that empower Latino and other youth from 24 Chicago Public Schools, (ii) the Antonia Pantoja High School, founded in 1985, is a state-certified alternative high school that serves youth between the ages of 16 and 21 who have been officially dropped from the public school system. The curriculum is based on improving basic skills and developing personal and career goals, and to facilitate enter into college or employment, (iii) Aspira Technical College, in its fourth year, trains adults in the fields of engineering, accounting, computer technology and business administration, (iv) Mirta Ramirez Computer Science Charter School, (the "Charter School") which opened in 2003, provides a comprehensive high school education integrated with practical and advanced instruction in the latest computer technology, and (v) Aspira parents for Educational Excellence which has 12 bilingual workshops that help parents develop leadership skills, understand their rights, and develop effective communication techniques. Aspira currently maintains relationships with over 50 community organizations including, Association House, Catholic Charities, Casa Central, Illinois Teen Institute, Youth Service Bureau, YMCA, and ChildCare Connections.

Description: Aspira proposes to purchase a two-story industrial building to be developed into a high school, community center, child care center, senior center, and house administrative offices. Phase I includes construction of the computer science high school with 28 classrooms to accommodate 700 students. The school will occupy 50.0% of the building. The remaining space will be rented on a short-term basis to another non-profit entity until student enrollment necessitates expanding classrooms into the rented space. Enrollment projections are (i) 2004, 200; (ii) 2005, 275; (iii) 2006, 425; and (iv) 2007, 500. Current enrollment of the Charter School is 150 students.

Remarks: The proposed financing will enable the Applicant to finance a facility for a computer learning center and community center that will serve the Latino community. The computer school will become a model high school that provides technological knowledge and computer access to Puerto Rican, Latino and inner city youth and their families.

Financials: Audited financial statements for fiscal years June 30, 2001 - June 30, 2003, and unaudited statements for six months beginning July 1, 2003 through January 1, 2004

	(Dollars in 000s)			
	2001	2002	2003	2004
Income Statement				
Fees and Governmental grants	$1,844	$2,479	$2,317	$2,040
Contributed Income	204	272	256	68
Other income	0	0	0	26
Total Income	2,048	2,751	2,573	2,134
Total Expenses	(2,035)	(2,432)	(2,523)	(2,131)
Change in Net Assets	13	319	50	3
Balance Sheet				
Current Assets	593	335	222	799
PP&E	54	493	587	633
Other Assets	4	4	4	0
Total	651	832	813	1,432
Current Liabilities	552	264	138	811
Other LT Liabilities	0	0	0	0
Debt	0	150	207	150
Net Assets	99	418	468	471
Total	$651	$832	$813	$1,432
Ratios:				
Debt coverage	N/A	28.75x	10.17x	3.14x
Current Ratio	1.07	1.27	1.61	0.99
Debt/Net Assets	N/A	0.36	0.44	0.32

In June 2002, Aspira purchased a building for $380,000 to provide space for ongoing programs. A portion of the funds used to purchase the building came from $150,000 note dated 6-28-02 having an interest rate of 8.0%. The note has 50 installments with the last payment of $132,814 due upon maturity on 7-01-07. The balance came from a State grant.

Sources of revenue:
1. Funding per student for the 2003-04 school year will be $5,373.
2. State General Supplemental Aid ("SGSA") is approximately $635 per student per year. Approximately 80.0% of students enrolled at the Applicant's campuses are eligible for SGSA.
3. Federal funding per student through Title 1 funds for school year 2003-04 is $535 per student. Approximately 80.0% of the Applicant's student body are eligible.
4. Aspira actively solicits funding from philanthropic organizations.

FINANCING SUMMARY

Security: Direct Pay Letter of Credit from a bank to be determined.
Structure: Multi-mode Variable Rate Bonds
Maturity: 25 years

The Chicago Public Schools has pledged to provide a 100.0% guarantee of timely payment of principal and interest on the proposed bond issue.

PROJECT SUMMARY

(i) purchase and renovate an existing building located at 3850 West Cortland, Chicago, Cook County, Illinois, (ii) purchase furniture, fixtures and equipment, (iii) capitalize interest, and (iv) fund professional and bond issuance costs

Project Costs:	Land/Building	$2,300,000
	Renovation	6,000,000
	Machinery/Equip	1,025,000
	Arch/Eng	200,000
	Total	$9,525,000

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Aspira, Inc. of Illinois
Project name:	Mirta Ramirez Computer Science Charter School
Address:	3850 West Cortland, Chicago, Cook County, Illinois 60647
State:	Illinois
Board of Directors:	List attached

PROFESSIONAL & FINANCIAL

Counsel:	Maragos & Maragos	Chicago, IL	Dean Maragos
Accountant:	James Williams & Company, LLC	Chicago, IL	
Bond Counsel:	Mayer, Brown, Rowe & Maw	Chicago, IL	David Narefsky
Issuer's Counsel	TBD		
LOC Bank:	TBD		
LOC Bank Counsel:	TBD		
Underwriter:	TBD		
Underwriter's Counsel:	TBD		
Trustee:	TBD		
General Contractor:	TBD		

LEGISLATIVE DISTRICTS

Congressional:	04, Luis Gutierrez
State Senate:	02, Miguel del Valle
State House:	04, Cynthia Soto

ASPIRA INC. OF ILLINOIS
BOARD OF DIRECTORS
2004

Name	Position	Professional Background	Address/ Phone
Sonia Sanchez	Chairperson	Chief of Staff to State Senator Martinez	3024 N. Pulaski Road Chicago IL 60641 (Wk) 773-283-7000
Hector Rodriguez	Vice Chair of Programs	Coordinator of Economic Development	Office of City Treasurer 121 N. LaSalle St Rm 204 Chicago, IL 60602 (Wk) 312-744-5196
Luz Calderon Croswell	Treasurer	Administrator	Illinois Dept of Employment Security 401 S. State St Chicago IL 60610 (Wk) 312-793-6811
Carlos Claudio	Secretary	Assistant State's Attorney	State's Attorney Office 69 W. Washington Chicago Il 60602 312-603-8780
Juan Candelaria		President, City Light LTD	5261 W. Harrison Chicago, IL 60644 (Wk) 773-626-9162
Lia Garcia	College Rep	College Student, University of Illinois, Urbana	Registrar Office 901 W. Illinois Urbana Illinois 61801 217-333-1000
OPEN	High School Rep		

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Search Development Center**

STATISTICS

Deal Number:	N-NP-TE-CD-404	Amount:	$5,600,000
Type:	Not-For-Profit Bond	PA:	Sharnell Curtis-Martin
Location:	Various	Tax ID:	23-7058758
SIC Code:	8322	Est. fee:	$29,200

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Revenue Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will be used to refinance existing conventional debt and to pay certain bond issuance costs.

VOLUME CAP

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

VOTING RECORD

Project is for initial board consideration; no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Bond	$5,600,000	Uses:	Refinancing/Reimbursement	$5,330,000
	Equity	20,000		Bond Issuance Costs	150,000
	Total Sources	$5,620,000		Total Uses	$5,620,000

Illinois Finance Authority
Memorandum

To: IFA Board of Directors

From: Sharnell Curtis-Martin

Date: April 20, 2004

Re: Overview Memo for Search Development Center

IFA Project #: N-NP-TE-CD-404

Borrower/Project Name: Search Development Center

Location(s): Chicago, Morton Grove, Mt. Prospect and Skokie (Cook County)

Principal Project Contact: Mr. John Lipscomb, Executive Director

Board Action Requested: Preliminary Bond Resolution

Amount: $5,600,000 (not-to-exceed amount)

Project Type: Not-For-Profit

IFA Benefits:
- Conduit Tax-Exempt Bonds
- Refinancing of conventional debt
- Interest Savings estimate approximately $150,000 annually

IFA Fees:
- Issuance Fee of $29,200

Structure/Ratings:
- Direct Pay Letter of Credit from Bank One, N.A.
- 7-day Variable Rate Demand Bonds
- 20 year maturity
- Moody's Rating of Aa2/VMIG1

JOBS

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

BUSINESS SUMMARY

Background: Search Development Center ("Search" or the "Applicant") was incorporated in 1968 as 501(c)(3) organization and has been operating in Chicago and northern suburbs for 35 years. Search's mission is to creating opportunities for persons with developmental disabilities and their families. The management team consists of John Lipscomb as the Executive Director and CFO and Donna Catalano as Chief Operations Officer.

Description: The Applicant provides program services including: Adult Day Training, Residential Services and Community Employment Services, Community Recreation and Healthcare Programs.

Currently, 377 adults with developmental disabilities receive quality care that fosters personal growth and self-respect. Services are provided at 29 various program locations throughout Chicago, Morton Grove, Mt. Prospect, Skokie, Northbrook, and Waukegan.

Remarks: Search is licensed to operate by the Illinois Department of Human Services Department of Developmental Disabilities. This contract generates approximately 73% of program revenue. Non-governmental fees for services, investment income and donations account for the remaining support and revenues.

Financials: Audited Financial Statements 6/30/01 – 6/30/03
Internally prepared projections 6/30/04 – 6/30/06

	Year Ended June 30			Year Ending June 30		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)					
Income statement:						
Total Support and Revenues	$8,494	$9,081	$9,932	$10,525	$10,788	$11,004
Change in Net Assets	273	287	345	357	341	360
Balance sheet:						
Current assets	$2,780	$3,621	$3,902	$3,975	$4,436	$4,925
PP&E	4,135	4,338	6,008	6,681	6,399	6,104
Other assets	238	259	239	0	0	0
Total assets	7,153	8,218	10,149	10,656	10,835	11,029
Current liabilities	1,921	1,953	2,397	1,357	1,385	1,419
Non Current liabilities	2,565	3,312	4,454	5,245	5,055	4,855
Equity	2,667	2,953	3,298	4,054	4,396	4,755
Total liabilities/Net Assets	$7,153	$8,218	$10,149	$10,656	$10,836	$11,029
Ratios:						
Debt coverage	1.36x	1.35x	1.21x	1.46x	1.48x	1.51x
Current ratio	1.45	1.85	1.63	2.93	3.20	3.47
Debt/equity	1.04	1.20	1.48	1.34	1.20	1.06

Discussion: Search has a $1 million line of credit with Bank One for working capital needs. The line of credit presently has no outstanding balance.

FINANCING SUMMARY

Security:	Direct Pay Letter of Credit from Bank One, N.A.
Structure:	7-day Variable Rate Demand Bonds
Maturity:	20 years
Rating:	Moody's Aa2/VMIG1
Interest Savings:	Approximately $150,000 annually

PROJECT SUMMARY

Bond proceeds will be used to refinance existing debt for Search owned facilities located at:

8556 N. Central Park, Skokie, Illinois, 60076 (Cook County)
2013 Pin Oak, Mt. Prospect, Illinois, 60056 (Cook County)
1007 N. Sycamore, Mt. Prospect, Illinois, 60056 (Cook County)
908 S. Golfview, Mt. Prospect, Illinois, 60056 (Cook County)
5141 N. Coyle, Skokie, Illinois, 60077 (Cook County)
8119 N. Karlov, Skokie, Illinois, 60076 (Cook County)
5307 W. Church, Skokie, Illinois, 60077 (Cook County)
8248 N. Gross Point Road, Morton Grove, Illinois, 60053 (Cook County)
5000 N. New England, Chicago, Illinois, 60656 (Cook County)
4000 Colfax, Skokie, Illinois, 60076 (Cook County)
7716 Laramie Avenue, Skokie, Illinois, 60077 (Cook County)
7721 Kildare, Skokie, Illinois, 60076 (Cook County)
4505 N. Concord Lane, Skokie, Illinois, 60076 (Cook County)
8611 N. Keeler, Skokie, Illinois, 60076 (Cook County)
4255 W. Enfield, Skokie, Illinois, 60076 (Cook County)
9007 Austin Avenue, Morton Grove, Illinois, 60053 (Cook County)
8600 N. Hamlin, Skokie, Illinois, 60076 (Cook County)
4930 N. Lincoln Avenue, Chicago, Illinois, 60625 (Cook County)

Project costs are estimated as follows:

Refinancing(s)	$4,745,000
Reimbursement	360,000
Contingencies	225,000
Total Project Costs	$5,330,000

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Search Development Center 1925 North Clybourn Avenue, Chicago, IL 60614 (Cook County) Mr. John Lipscomb, Executive Director		
Project name:	Search Development Center Refinancing Project		
Location:	Various locations within Chicago, Morton Grove, Mt. Prospect and Skokie.		
Organization:	501(c)(3) Not-For-Profit Corporation		
State:	Illinois		
Board of Directors:	Alan Nadolna, President Ray Covyeau, Vice-President LaVon Green, Secretary Brett Johnson, Treasurer	Sue Averill Beverly Covyeau Larry Luchowski Bonnie Newett	Michael Newett Dane Shepherd Inez Shepherd
Land Sellers:	Not Applicable		

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti and Harris	Chicago	Julie Seymour
Accountant:	Chris G. Cosmas, CPA	Chicago	Chris G. Cosmas
Bond Counsel:	Ice Miller Donadio and Ryan	Chicago	Tom Smith
LOC Bank:	Bank One, N.A.	Chicago	Tim Ruby
LOC Bank's Counsel:	Jones Day	Chicago	Eric Reeves
Underwriter:	Banc One Capital Markets	Chicago	Kristyn Harrell
Underwriter's Counsel:	Ice Miller Donadio and Ryan	Chicago	Tom Smith
Issuer's Counsel:	Law Offices of Kevin Cahill	Chicago	Kevin Cahill
Trustee:	J. P. Morgan Trust	Chicago	Rodney Harrington
Rating Agency:	Moody's Investor Services	New York	Joann Hempel

LEGISLATIVE DISTRICTS

See attached list.

Properties to be Refinanced by Bond Issuance

	Property Address	Congress	IL Senate	IL Rep	Village/City Clerk
1.	8556 N. Central Park Skokie, IL 60076-2302	9	9	17	Marlene Williams 5127 Oakton St. Skokie, IL 60077 847-673-0500
2.	2013 Pin Oak Mt. Prospect, IL 60056-1847	10	29	57	Velma Lowe 100 S. Emerson St. Mount Prospect, IL 60056 847-392-6000
3.	1007 N. Sycamore Mt. Prospect, IL 60056-1535	10	27	53	Velma Lowe
4.	908 S. Golfview Mt. Prospect, 60056-4333	6	33	66	Velma Lowe
5.	5141 N. Coyle Skokie, IL 60077-3402	9	8	15	Marlene Williams
6.	8119 N. Karlov Skokie, IL 60076-3225	9	8	16	Marlene Williams
7.	5307 W. Church Skokie, IL 60077-1128	9	9	17	Marlene Williams
8.	8248 N. Gross Point Morton Grove, IL 60053-3536	9	8	16	Ralph Czerwinski 6101 Capulina Ave. Morton Grove, IL 60053 847-965-4100
9.	5000 N. New England Chicago, IL 60656-3703	5	10	20	James Laski 121 N. LaSalle St. #107 Chicago, IL 60602 312-744-6861
10.	4000 Colfax Skokie, IL 60076-1102	9	9	17	Marlene Williams
11.	7716 Laramie Ave. Skokie, IL 60077-2837	9	8	16	Marlene Williams
12.	7721 Kildare Skokie, IL 60076-3605	9	8	16	Marlene Williams
13.	4505 N. Concord Lane Skokie, IL 60076-2607	9	8	16	Marlene Williams
14.	8611 N. Keeler Skokie, IL 60076-2013	9	9	17	Marlene Williams
15.	4255 W. Enfield Skokie, IL 60076-1950	9	9	17	Marlene Williams
16.	9007 Austin Ave. Morton Grove, IL 60053-2407	9	9	17	Ralph Czerwinski
17.	8600 N. Hamlin Skokie, IL 60076-2210	9	9	17	Marlene Williams
18.	4930 N. Lincoln Avenue Chicago, IL 60625-2610	5	7	13	James Laski

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Laura Lanterman

Date: April 20, 2004

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Througout Illinois
- **Board Action Requested:** Preliminary Bond Resolutions/Inducement Resolutions for each attached project
- **Amounts:** amounts up to $250,000 maximum of new money for each project
- **Project Type:** **Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2004 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
  - One-time closing fee equal to 1.50% of the bond amount for each project ($6,825 combined for Preliminary Bond Resolutions, as proposed)
- **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

BEGINNING FARMER BOND LOANS
New Projects for Inducement Resolution – Page 1 of 1
April 20, 2004

Project Number:	A-FB-TE-CD-413
Borrower(s):	Brent Vanhoveln and Kyria Vanhoveln
City:	El Paso
Amount:	$108,000
Use of Funds:	Farmland
County:	Vermilion
Lender/Bond Purchaser:	Flanagan State Bank, El Paso

Principal shall be paid annually in twenty equal installments of $5,420.00 each, with the first principal payment date to be one year from the date hereof. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 4.00% per annum for the first year, thereafter adjusted annually to a rate not to exceed 1.00% above the then Weekly Average Yield of U.S. Treasury Securities at a One Year Constant Maturity with a floor of 4.00%.

Project Number:	A-FB-TE-CD-414
Borrower(s):	William R. Clothier
City:	Polo
Amount:	$250,000
Use of Funds:	Farmland
County:	Ogle
Lender/Bond Purchaser:	Forreston State Bank

Principal shall be paid annually in installments determined pursuant to a thirty year amortization schedule, with the first principal payment date to be one year from close. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 5.50% per annum for the first five years, thereafter adjusted every five years to a rate not to exceed 1.50% below the then Prime Rate as quoted in The Wall Street Journal with a floor of 5.50%.

Project Number:	A-FB-TE-CD-415
Borrower(s):	Matthew Blum
City:	Polo
Amount:	$107,000
Use of Funds:	New Buildings
County:	Ogle
Lender/Bond Purchaser:	Forreston State Bank

Principal and interest shall be paid semi-annually in fourteen equal installments of $9,500.32 each pursuant to a seven year amortization schedule with the first payment date to be six months from the date hereof.

Interest shall be charged at the rate of 6.00% per annum

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane, Program Administrator

Date: April 20, 2004

Re: Overview Memo for Northwestern Memorial Hospital

- **Borrower/Project Name:** Northwestern Memorial Hospital ("NMH")
- **Locations:** Chicago (Cook County)
- **Principal Project Contact:** Peter J. McCanna, Senior Vice President, Finance & CFO
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed $550,000,000, comprised of approximately
  - $225 million of project costs
    - To pay or reimburse NMH for the costs of acquiring, constructing, renovating, remodeling and equipping of certain health facilities, including but not limited to the acquisition, construction and equipping of its new Prentice Women's Hospital
  - $260 million refundings (Refund 1994A bonds and the Series 2002A-B bonds)
- **Project Type:** Hospital
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
  - **Refunding Bonds:** the underwriter anticipates the Hospital will realize over $19 million in present value savings from the refinancing of the Series 1994 Bonds – achieved through a forward starting interest rate swap executed in September 2003 in order to lock in low cost of funds
- **IFA Fees:**
  - One-time, upfront closing fee will be $213,000
- **Structure/Ratings:**
  - **Structure**- Underwriter plans to issue $190,000,000 "Aa2/AA+" fixed rate bonds, $217,100,000 FSA Insured Auction Rate Bonds, $83,600,000 Variable Rate bonds with liquidity
  - **Ratings** – NMH's long-term ratings are Aa2/AA+ (Moody's/S&P) – both are expected to be affirmed
  - **Days cash on hand** – 395 days

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
April 20, 2004

Deal: **Northwestern Memorial Hospital**

STATISTICS

Deal Number:	H/HO/TE/CD-401	Amount:	$550,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane, Rich Frampton
Locations:	Chicago	Originator:	Pam Lenane
Tax ID:	37-0960170	Est fee:	$213,000

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will finance the expansion and modernization of certain health facilities owned by Northwestern Memorial Hospital ("NMH") in Chicago. Additionally, bond proceeds will be used to refinance existing tax-exempt bond debt previously issued by the Illinois Health Facilities Authority and other outstanding indebtedness.

IFA CONTRIBUTION

Federal Tax-Exempt status on the Bonds

VOTING RECORD

The IFA Board gave its initial approval for this project on January 23, 2004 by the following vote:

Ayes: 8 Nayes: 0 Absent: 1 (Valenti) Vacancies: 6

SOURCES AND USES OF FUNDS*

Sources:	IFA bonds	$490,700,000	Uses:	Project Costs	$225,000,000
				Refundings	260,000,000
				Costs of Issuance	5,700,000
	Total	$490,700,000		Total	$490,700,000

* preliminary, subject to change.

JOBS

Current employment:	5,235 FTEs	Projected new jobs:	600
Jobs retained:	N/A	Construction jobs:	3,500

BUSINESS SUMMARY

Background: Northwestern Memorial Hospital ("NMH" or the "Hospital") is a subsidiary of Northwestern Memorial HealthCare and is a 501(c)(3) corporation established under Illinois law.

Description: Although the Hospital traces its roots back over 130 years, NMH was officially founded in 1972 through the consolidation of Chicago Wesley Memorial and Passavant Memorial Hospital. In 1975, Prentice Women's Hospital and Maternity Center and the Institute of Psychiatry joined NMH. Olson Pavilion, housing NMH's critical care nursing units and the emergency department, opened in 1979. NMH opened the new Northwestern Memorial Hospital, a state-of-art hospital facility, in 1999.

Northwestern Memorial Hospital is an academic medical center with its main campus located in downtown Chicago's Streeterville neighborhood. NMH serves as the primary teaching hospital for the Northwestern University Medical School and provides a complete range of adult inpatient and outpatient services in an educational and research environment. NMH will be the direct obligor on the subject bond issue.

NMH has 825 liscensed beds (including 81 new beds for the new Prentice Women's Hospital). Approximately 1,300 physicians, representing virtually every specialty, are affiliated with the Hospital. Market research consistently recognizes the Hospital and its affiliated physicians and nurses as the most preferred in Chicago.

Financials: Northwestern Memorial Hospital and Subsidiaries
Audited Financial Statements 2001-2003

	Year Ended August 31,		
	2001	2002	2003
	(Dollars in 000's)		
Statement of Revenues/Exp.:			
Revenue/Support	$721,522	$805,158	$882,268
Operating Income	11,573	22,461	35,981
Balance sheet:			
Current Assets	$284,286	$342,868	$355,310
PP&E – Net	775,886	763,373	765,554
Other Assets	1,103,434	988,796	1,139,947
Total Assets	**2,163,606**	**2,095,037**	**2,260,811**
Current Liabilities	253,353	248,172	241,665
LT Debt/Liabil.	304,391	377,901	375,248
Other Non-Current Liab.	116,749	128,720	160,091
Net Assets	1,489,113	1,340,244	1,483,807
Total Liab. & Net. Assets	**$2,163,606**	**$2,095,037**	**$2,260,811**
Ratios (NMH only):			
Historical Proforma MADS*	3.1x	1.3x	3.4x
Days Cash	485	390	395
Current ratio	1.17	1.36	1.45
Debt/Unrestricted Net Assets	0.22	0.31	0.29

Discussion: The Hospital has experienced consistently strong operations, generating sufficient cash flow to cover its fixed obligations. NMH's combined cash/short-term investments and long-term investments provided sufficient liquidity to cover 395 days of operating expenses as of 8/31/2003.

*represents estimated pro forma maximum annual debt service of $38,230, which incorporates the 2004 financing.

FINANCING SUMMARY

Security: NMH's long-term ratings are Aa2/AA+ (Moody's/S&P) – both are expected to be affirmed; certain bonds may also be rated based upon the use of credit enhancement and/or liquidity facilities (i.e., provided by an Aaa/AAA-rated municipal bond insurer).

Structure: The current plan of finance contemplates the issuance of a combination of fixed and floating rate bonds for a total par amount of $490.7 million (supporting approximately $225 million of project costs):

$190,000,000 "Aa2/AA+" fixed rate
$217,100,000 FSA Insured Auction Rate bonds
$83,600,000 Variable Rate bonds with liquidity

On March 8, 2004, NMH executed two forward-starting interest rate swaps totaling $95 million to lock in current low interest rates and effectively hedge half of the anticipated Series 2004A Fixed Rate Bond issuance. Also, in preparation for the refinancing portion of this transaction, NMH entered into two forward-starting interest rate swap agreements in September 2003. NMH entered into these swap agreements in September in order to lock in desirable present value savings on the refunding of NMH's Series 1994 Bonds.

Maturity: 40yr - fixed rate bonds
35yr - variable rate bonds

INTEREST SAVINGS

NMH anticipates realizing over $19 million in present value savings or 13.9% of refunded par, from the refinancing of the Series 1994 Bonds – achieved through a forward starting interest rate swap executed in September 2003 in order to lock in low cost of funds.

PROJECT SUMMARY

Bond proceeds will be used to provide a portion of the funds necessary to (i) pay or reimburse NMH for, or refinance outstanding indebtedness, the proceeds of which were used for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Northwestern Memorial Hospital at its Chicago campus, including but not limited to the acquisition, construction and equipping of its new Prentice Women's Hospital and certain other capital expenditures; (ii) refund or refinance all or a portion of the outstanding principal amount of the Illinois Health Facilities Authority Revenue Bonds, Series 1994A (Northwestern Memorial Hospital) (the "Series 1994 Bonds") and the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2002A-B (Northwestern Memorial Hospital) (the "Series 2002 Bonds"), (iii) refinance other outstanding indebtedness related to NMH facilities; (iv) pay a portion of the interest on the Series 2004 Bonds, if deemed necessary or advisable by NMH; (v) fund working capital for NMH, if deemed necessary or advisable by NMH; (vi) fund a debt service reserve fund, if deemed necessary or advisable by NMH; and (vii) pay certain expenses incurred in connection with the issuance of the Series 2004 Bonds and the refunding of the Series 1994 and 2002 Bonds, including but not limited to fees for credit or liquidity enhancement for the Series 2004 Bonds, all as permitted by the Illinois Financing Authority Act.

As a part of the refunding of the Series 1994 Bonds, NMH entered into two forward-starting interest rate swap agreements on September 30, 2003, with a notional amount totaling $148,600,000, which is approximately equal to the outstanding par amount of the Series 1994 Bonds. NMH will be paying a fixed interest rate on the swaps commencing August 15, 2004 through August 15, 2024, which corresponds to the final maturity of the Series 1994 Bonds. NMH entered into these agreements as part of management's overall strategy to lock-in a desirable amount of present value savings on the refunding of the Series 1994 Bonds.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Northwestern Memorial Hospital, Chicago, IL	
Location:	251 E. Huron, Chicago (Cook County), IL 60611-3081	
Project name:	Northwestern Memorial Hospital	
Organization:	501(c)(3) Not-for-Profit Corporation	
State:	Illinois	
Board of Directors:	John A. Canning, Jr. *Vice Chairman*	Edward M. Liddy, *Chairman*
	Thomas A. Cole	Gary A. Mecklenburg
	Peter D. Crist	Lee M. Mitchell
	Sharon Gist Gilliam	Robert L. Parkinson, Jr.
	Dean M. Harrison	Harold J. Pelzer, M.D.
	J. Larry Jameson, M.D.	Abra Prentice Wilkin
	Lewis Landsberg, M.D.	Richard L. Wixson, M.D.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Gardner, Carton & Douglas	Chicago	Steve Kite, Mary Wilson
Accountant:	Ernst & Young LLP	Chicago	Jo Ellen Helmer
Bond Counsel:	Jones Day	Chicago	Rich Tomei
Underwriter:	JP Morgan Securities and UBS Financial Services	Chicago	Mark Melio and Jennifer Daugherty
Underwriter's Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Bond Trustee:	JPMorgan Trust Company	Chicago	Kathy Cokic
Issuer's Counsel:	Foley & Lardner	Chicago	Jim Broeking

LEGISLATIVE DISTRICTS

Congressional:	7 – Danny Davis
State Senate:	13 – Barack Obama
State House:	26 – Lovana Jones
City Clerk:	James Laski, 121 N. LaSalle Street, Chicago, IL 60602

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane, Program Administrator

Date: April 20, 2004

Re: Overview Memo for Alexian Brothers Health System

- **Borrower/Project Name:** Alexian Brothers Health System ("ABHS")

- **Locations:** Elk Grove Village, Hoffman Estates (Cook County)

- **Principal Project Contact:** James Sances, Chief Financial Officer

- **Board Action Requested:** Final Bond Resolution

- **Amount:** not to exceed $80,000,000, comprised of
  - New Money: $80 million
    - Uses:
      - Projects include expansion of cardiac care facility, bed modernization, expansion of diagnostic center and surgery unit, construction of new parking deck, and expansion of emergency room facilities.

- **Project Type: Hospital**

- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status

- **IFA Fees:**
  - One-time, upfront closing fee will be $134,450

- **Structure/Ratings:**
  - **Structure**- Floating rate bonds supported by a Bank One letter of credit
  - **Security** – Bonds will be secured by a direct pay letter of credit from Bank One
  - **Bank Security** – Pledge of receivables
  - **Days cash on hand** –189 days

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
April 20, 2004

Deal: **Alexian Brothers Health System**

STATISTICS

Deal Number:	H/HO/TE/CD-402	Amount:	$80,000,000
Type:	Not-for-profit Bond	PA:	Pam Lenane
Locations:	Elk Grove Village, Hoffman Estates	Est. fee:	$134,450

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will be used to modernize and expand hospital facilities located in Elk Grove Village and Hoffman Estates.

VOLUME CAP

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

VOTING RECORD

Preliminary Bond Resolution adopted on January 23, 2004 by the following vote:

Ayes-8	Nayes-0	Absent-0	Vacancies-6

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	$80,000,000	Uses:	Project costs	$74,400,000
				Debt service reserve	4,400,000
				Issuance costs	1,200,000
	Total	$80,000,000		Total	$80,000,000

JOBS

Current employment:	6571	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	200 (estimated)

BUSINESS SUMMARY

The Alexian Brothers Health System is a diversified multi-corporate healthcare delivery system sponsored by the Congregation of Alexian Brothers, Immaculate Conception Province, a Roman Catholic religious institute.

The Alexian Brothers began their ministry in the United States in 1866 with the opening of an eight-bed hospital in Chicago. Two years later, a larger hospital was build but destroyed in the Chicago fire of 1871. Over the years, the Brothers twice rebuilt the facility. Today, the Alexian Brothers sponsor the following facilities:

- Three hospitals in the northwest suburbs of Chicago, including Alexian Brothers Medical Center in Elk Grove Village, St. Alexius Medical Center in Hoffman Estates, and Alexian Brothers Behavioral Health Hospital, also in Hoffman Estates
- Life care centers in Signal Mountain, Tennessee and Milwaukee, Wisconsin
- Two nursing homes in St. Louis, Missouri
- Programs for All Inclusive Care of the Elderly in St. Louis, Missouri and Chattanooga, Tennessee
- Free-standing assisted living facility serving persons affected by Alzheimer's or other dementia related disorders in Chattanooga, Tennessee
- Affordable housing primarily to serve seniors in St. Louis, Missouri, Elizabeth, New Jersey, and Chattanooga, Tennessee.

The proposed financing will enable the Borrower to modernize and expand its three Chicago-area hospitals, thereby enhancing services in northwest suburban Chicago.

Financial Summary: Audited statements for 2001 and 2002 and interim, non-audited statements for 11 months of 2003.

	Fiscal Years Ended December 31,		
	2001	2002	2003 (11 months)
Income Statement:			
Support and revenues	$433,950	$474,133	$533,398
Revenue over expenses	15,592	9,607	31,363
Balance Sheet:			
Current assets	$105,654	$115,276	$125,368
Assets limited to use	246,502	231,666	290,209
Advances due	8,981	9,741	---
PP&E	266,859	280,601	325,597
Other assets	155,343	146,698	136,560
Total assets	783,339	783,982	877,734
Current liabilities	94,955	107,678	113,230
Deferred fees and revenues	29,259	28,131	42,112
Debt	348,643	341,297	342,662
Net assets	310,482	306,876	379,730
Total liabilities and assets	$783,339	$783,982	$877,734
Ratios:			
Debt service coverage	2.80x	2.60x	3.50x
Days cash on hand	211	186	189

Discussion: The Hospital has experienced consistent strong operations over the last few years, with especially strong cash flow and profitability in FY 2003.

FINANCING SUMMARY

Security: Bonds will be secured by a Direct Pay Letter of Credit from Bank One.
Bank Security: Pledge of receivables.
Structure: Floating rate bonds supported by a Bank One letter of credit
Maturity: 30 years

PROJECT SUMMARY

Bond proceeds will be used to modernize and expand hospital facilities at Alexian Brothers Medical Center, 955 Beisner Road, Elk Grove Village (Cook County), IL 60007-3475 , St. Alexius Medical Center, 1555 Barrington Road, Hoffman Estates (Cook County), IL 60194-1018, and Alexian Brothers Behavioral Health Hospital, 1650 Moon Lake Boulevard, Hoffman Estates (Cook County), IL 60194-1010. Projects include expansion of cardiac care facility, bed modernization, expansion of diagnostic center and surgery unit, construction of a new parking deck, and expansion of emergency room facilities.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Alexian Brothers Health System Construction and Remodeling	
Locations:	Alexian Brothers Medical Center, 955 Beisner Road, Elk Grove Village (Cook County), IL 60007-3475 , St. Alexius Medical Center, 1555 Barrington Road, Hoffman Estates (Cook County), IL 60194-1018, and Alexian Brothers Behavioral Health Hospital, 1650 Moon Lake Boulevard, Hoffman Estates (Cook County), IL 60194-1010.	
Applicant:	Alexian Brothers Health System	
Organization:	501(c)(3) Not-for-profit Corporation	
State:	Illinois	
Board of Trustees:	Brother Lawrence Kreuger, C.F.A.	Jerry Capizzi
	Brother James Classon	Brother Richard Dube, C.F.A.
	Charles R. Goulet	Brother Thomas Keusenkothen, C.F.A
	Brother Theodore Loucks, C.F.A.	Kenneth McHugh
	Thomas Rand	Sister Renee Rose
	Brother Edward Walsh, C.F.A.	

PROFESSIONAL AND FINANCIAL

Borrower's Counsel:	Foley & Lardner	Chicago	Robert Zimmerman
Accountant:	KPMG	Chicago	
Bond Counsel:	Jones Day	Chicago	S. Louise Rankin
Underwriter:	Merrill Lynch	Chicago	Joe Hegner
Underwriter's Counsel:	Ungaretti & Harris	Chicago	Tom Fahey
Financial Advisor:	Kaufman Hall	Northfield	Ken Kaufman
Bond Trustee:	Wells Fargo Bank	Chicago	Pat Matirano
Issuer's Counsel:	Gardner Carton & Douglas	Chicago	William Corbin

LEGISLATIVE DISTRICTS

Elk Grove Village

Congressional:	6 – Henry J. Hyde
State Senate:	33 – Dave Sullivan
State House:	66 – Carolyn H. Krause

Hoffman Estates

Congressional:	8 – Philip M. Crane
State Senate:	22 – Steven J. Rauschenberger
State House:	44 – Terry R. Parke

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane, Program Administrator

Date: April 20, 2004

Re: Overview Memo for Riverside Health System

- **Borrower/Project Name:** Riverside Health System ("RHS")
- **Locations:** Kankakee, Bourbonnais (Kankakee County)
- **Principal Project Contact:** Bill W. Douglas, Chief Financial Officer/Treasurer
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed $50,000,000, comprised of
  - Refunding: $50 million (Refund Series 1998 Bonds and the Series 2000 Bonds)
- **Project Type: Hospital**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **Refunding Bonds:** the Underwriter anticipates that RHS will realize approximately $4.0 million of present value savings from the refinancing of the Series 1998 and Series 2000 Bonds. Savings are estimated assuming a fixed payor swap rate of approximately 3.39% plus annual program costs of .26% (and the annualized costs of municipal bond insurance, costs of issuance and underwriting fees). Average annual savings are estimated to be $260,000.
- **IFA Fees:**
  - One-time, upfront closing fee will be $126,350
- **Structure/Ratings:**
  - **Structure-** Underwriter plans to issue Auction Rate Bonds with a floating-to-fixed interest rate swap.
  - **Security** – The Bonds will be insured by Radian Asset Assurance, Inc., which is rated AA by S&P and Fitch. A Note issued under RHS's Master Indenture will secure the Bonds.
  - **Days cash on hand** – 270 days

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
April 20, 2004

Deal: **Riverside Health System**

STATISTICS

Deal Number:	H-HO-TE-CD-406	Amount:	$50,000,000
Type:	Not-for-Profit Bond	PA:	Pamela Lenane
Locations:	Kankakee/Bourbonnais	Est fee:	$126,350

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to (i) currently refund all or a portion of the Series 1998 and Series 2000 Bonds of Riverside Health System ("RHS") and its subsidiaries/affiliates; (ii) capitalize a debt service reserve fund; and (iii) pay bond issuance and credit enhancement costs.

VOLUME CAP

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

VOTING RECORD

Preliminary Bond Resolution adopted on February 17, 2004 by the following vote:

Ayes-8	Nayes-0	Absent-1 (Valenti)	Vacancies-6

SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	$47,900,000	Refunding Escrow	$44,662,340
Release of Trustee-Held Funds	2,756,748	Debt Service Reserve	3,688,235
		Issuance Costs[1]	2,306,173
Total	$50,656,748	Total	$50,656,748

[1]Includes Costs of Issuance, Credit Enhancement Costs, Bond Inurance, Underwriter's Discount and Contingency

JOBS

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

BUSINESS SUMMARY

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

Description: RHS is the parent corporation of a regional health system that serves the far south Chicago suburbs and is headquartered in Kankakee. RHS is the sole corporate member of Riverside Medical Center ("Medical Center"), Oakside Corporation ("Oakside"), Butterfield Service Corporation ("Butterfield") and Riverside Senior Living Center ("Living Center"). Riverside Medical Center Foundation (the "Foundation") is a not-for profit organization that holds and manages certain investment assets contributed to benefit the Medical Center. RHS, the Medical Center, Oakside, Living Center and the Foundation are Illinois 501(c)(3) not-for-profit corporations. Butterfield is an Illinois business corporation.

In 1989, RHS, the Medical Center and Oakside became the initial members of an obligated group (the "Obligated Group") under a Master Trust Indenture among the members of the Obligated Group and Bank One, as Master Trustee. Living Center became a member of the Obligated Group in 1990. Butterfield and the Foundation are not members of the Obligated Group.

The Medical Center owns and operates a general acute care hospital in Kankakee that is licensed for 341 beds and currently staffs 238 beds. The Medical Center also operates the Resolve Center in Manteno, Illinois that houses an 18-bed licensed inpatient substance abuse program and associated outpatient services. The Medical Center operates Riverside Ambulance to provide ambulance service for its primary service area and coverage for 16 communities through its Emergency Medical Service System. The Medical Center also operates nine community, primary and specialty care clinics located in Kankakee, Bourbonnais, Manteno, Monee, Momence, Hopkins Park, Wilmington, Peotone, and Manhattan. The Medical Center also owns the Atrium Building in Bradley, Illinois that houses medical offices, a joint venture single-specialty ambulatory surgery center, and industrial medical services.

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

The Living Center was incorporated in 1989 and owns and operates a senior living community that includes ninety (90) independent living apartments known as Westwood Oaks, a ninety-six (96) assisted living apartments known as Butterfield Court, and a one hundred-twenty (120) bed nursing facility. The senior living community is located directly across from the Medical Center in Kankakee and was constructed in phases beginning in 1990. Butterfied currently has no activities.

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

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

Financials: Riverside Health System
Audited financial statements for 2001 and 2002. Unauadited financial statements for 2003.

	Fiscal Year Ended December 31, (000s) 2001	2002	2003
Income Statement:			
Total Revenue	138,187	161,851	170,975
Income from Operations	5,668	9,011	1,908
Revenue and Gains in Excess of Expenses and Losses	9,522	7,673	7,782
Earnings Before Interest, Depreciation & Amortization	26,507	24,592	27,492
Balance Sheet:			
Cash, Cash Equivalents and Short-term Investments	18,311	27,096	20,343
Other Current Assets	36,892	37,052	41,524
Board Designated Assets	66,071	72,871	89,980
Plant, Property and Equipment	97,595	107,369	137,647
Other Non-Current Assets	33,741	72,874	42,960
	252,610	317,262	332,454
Current Liabilities	25,574	28,838	28,233
Long-term Debt	86,903	138,992	136,134
Other Liabilities	3,089	3,393	4,315
	115,566	171,223	168,682
Net Assets	137,044	146,039	163,772
Ratios:			
Maximum Annual Debt Service Coverage (1) (2)	2.36x	2.18x	2.45x
Current Ratio	2.2	2.2	2.2
Debt/Net Assets	63.4%	95.2%	83.1%
Operating Margin	4.1%	5.6%	1.1%
Days Cash On Hand	261	278	270

(1) Assumes all variable rate debt at 3% and Series 1998 Bonds at the Revenue Bond Index of 4.85% ($11,229,844)

(2) Includes both realized and unrelaized losses on investments

Discussion: RHS maintains excellent liquidity and moderate debt levels, while generating healthy growth in revenues and solid profitability.

FINANCING SUMMARY

Security: The Bonds will be insured by Radian Asset Assurance, Inc., which is rated AA by Standard & Poor's and Fitch IBCA and issued as Note under RHS's Master Trust Indenture, as amended.

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

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

INTEREST SAVINGS

The underwriter anticipates that RHS will realize approximately $4.0 million of present value savings from the refinancing of the Series 1998 and Series 2000 Bonds. Savings are estimated assuming a fixed payor swap rate of approximately 3.39% plus annual program costs of .26% (and the annualized costs of municipal bond insurance, costs of issuance and underwriting fees). Average annual savings are estimated to be $260,000.

PROJECT SUMMARY

Bond proceeds will be used to (i) refinance all or a portion of the Series 1998 and Series 2000 Bonds of RHS and its subsidiaries/affiliates; (ii) capitalize a debt service reserve; and (iii) pay bond issuance and credit enhancement costs.

The Series 1998 Bonds were used to construct and develop the Riverside Health Fitness Center in Bourbonnais, Illinois. Approximately $28,200,000 of Series 2000 Bond proceeds were used for the purchase of a magnetic resonance imaging (MRI) system, remodel patient floors, construct the East Side Clinic, construct 48 assisted living units at Butterfield Court, and purchase capital equipment. The balance of the Series 2000 Bond proceeds were used to refund the Series 1989A Bonds, fund interest during the construction period, capitalize a debt service reserve fund, and pay costs of issuance

ECONOMIC DISCLOSURE STATEMENT

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

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	KMZ Rosenman	Chicago	Janet G. Hoffman
Accountant:	KPMG	Chicago	James A. Stark
Bond Counsel:	Jones Day	Chicago	Michael J. Mitchell
Underwriter:	Goldman, Sachs Inc.	Chicago	Jay B. Sterns
Underwriter's Counsel:	Winston & Strawn	Chicago	Kay McNab
Bond Trustee:	TBD		
Issuer's Counsel:	Bell Boyd & Lloyd	Chicago	Larry Eppley

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane, Program Administrator

Date: April 20, 2004

Re: Overview Memo for Edward Hospital

- **Borrower/Project Name:** Edward Hospital
- **Locations:** Naperville (DuPage County)
- **Principal Project Contact:** William Devoney, Vice President, Finance & CFO
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed $30,000,000, comprised of
  - Refunding: $30 million (Refund 1993A Bonds)
- **Project Type: Hospital**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **Refunding Bonds:** the underwriter anticipates the Hospital will realize $1.3 million in present value savings.
- **IFA Fees:**
  - One-time, upfront closing fee will be $74,000
- **Structure/Ratings:**
  - **Structure**- The Series 2004 bonds are fixed rate, including serial bonds maturing in 2005 through 20019
  - **Ratings** – Edward Hospital's bonds are rated A3/A+ (Moody's/S&P) – both are expected to be affirmed
  - **Days cash on hand** – 208 days

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
April 20, 2004

Deal: **Edward Hospital**

STATISTICS

Deal Number:	H-HO-TE-CD-412	Amount:	$30,000,000 (not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pamela Lenane
Location:	Naperville, IL	Est. fee:	$74, 000

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will be used for the (i) current refunding of the callable Illinois Health Facilities Authority (IHFA) Series 1993A Bonds and (ii) to pay bond issuance costs.

IFA CONTRIBUTION

Federal income tax exempt status on bond interest.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	Bonds	$30,000,000	Uses:	Refunding Escrow	$28,000,000
				Cost of Issuance	$ 500,000
				Debt Service Res.	$ 1,500,000
	Total	$30,000,000		Total	$30,000,000

JOBS

Current employment:	2388 FTEs (as of 1/1/04)	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Edward Hospital, an Illinois not for profit corporation ("Edward Hospital"), together with Edward Health Services Corporation, an Illinois not for profit corporation, Edward Health Ventures, an Illinois not for profit corporation, and Edward Health and Fitness Center, an Illinois not for profit corporation, comprise the "Obligated Group."

Description: The Obligated Group is headquartered in Naperville, Illinois. Edward Hospital has 236 licensed acute care beds. All of the beds are located in private rooms. The licensed acute-care bed complement consists of 171 medical-surgical beds, 7 pediatrics beds, 8 neonatal intensive care beds, 25 intensive care beds and 25 obstetrics/gynecology beds. Edward Hospital provides a full range of medical, surgical, obstetrics/gynecology, pediatric and ancillary and support services, including but not limited to the following: cardiology and cardiovascular surgery, thoracic and vascular surgery, orthopedics, diagnostics radiology, oncology, physical and occupational health, emergency medicine and trauma services, neonatology, infectious disease, pulmonary medicine, gastroenterology, internal medicine, hemodialysis, neurology and neurosurgery and urology. Edward Hospital is designated as a Level II Trauma Center by the State of Illinois. Edward Hospital was designated as a Level III Perinatal Center by the Illinois Health Facilities Planning Board in November 2000. Edward Hospital is a member of the Illinois Hospital Association and the American Hospital Association.

Service Area: Edward Hospital is located in the City of Naperville, Illinois, a western suburb approximately 25 miles outside Chicago. The Hospital's primary service area includes the cities of Naperville, Bolingbrook, Lisle, Warrenville, Woodridge and Plainfield. The surrounding communities of Aurora, Downers Grove, Oswego, Romeoville, Wheaton, Yorkville and Lemont comprise its secondary service area.

The Obligated Group has facilities in the following locations: a) Naperville: Edward Hospital, Edward Cancer Center, Edward Pain Management Clinic, The Center for Surgery, Edward Healthcare Center, Linden Oaks Hospital at Edward, Edward Women's Center for Health, Edward Women's Imaging Center, Edward Center for Diabetes Education; b) Lisle: Edward Center for Radiation Therapy; c) Bolingbrook: Edward Healthcare Center / Bolingbrook; and d) Plainfield: Edward Healthcare Center / Plainfield.

Financials: Audited Financial Statements for Fiscal Years 2001-2003

	Fiscal Years Ended June 30,		
($ in millions)	2001	2002	2003
Income Statement			
Support and Revenues	$236	$273	$310
Revenue Over Expenses – Operating Income	11	5	9
*EBIDA	35	39	47
Balance Sheet			
Current Assets	77	56	54
PP&E	220	254	264
Other Assets	209	206	228
Total Assets	506	516	546
Current Liabilities	48	55	69
Debt	251	249	247
Other Liabilities	0	0	0
Total Net Assets	207	212	230
Total Liabilities and Net Assets	506	516	546
Ratios			
Debt Service Coverage	4.9x	3.3x	3.9x
Days Cash	139	172	208
Current Ratio	2.7	2.9	3.1
Debt / Total Net Assets	121.6	117.4	107.4.0

Discussion: The Hospital's positive financial results in recent years reflect management's commitment in executing its strategies to provide healthcare services to the residents of the greater Naperville area. Management's key strategies are solidifying the strength of the acute care hospital, strengthening its relationships with specialty care physicians that utilize the Obligated Group's facilities and developing allied health providers.

FINANCING SUMMARY

Security: Edward Hospital will provide security consistent with its Master Indenture and on par with its Series 1997 Bonds and Series 2001 Bonds. The Master Indenture includes an unrestricted revenue pledge. Edward Hospital's uninsured bonds are rated A3/A+ by Moody's/S&P. The Series 2004 Bonds are expected to carry the same rating.

Structure: The current plan of finance contemplates the issuance of fixed rate bonds, including serial bonds maturing in 2005 through 2019.

Maturity: 2019 (coincides with the final maturity of the Series 1993A Bonds that are being refunded)

INTEREST SAVINGS

This refunding will result in net present value savings for Edward Hospital of approximately $1.3 million.

PROJECT SUMMARY

Series 2004 Bond proceeds will be used to (i) currently refund the callable Illinois Health Facilities Authority (IHFA) Series 1993A Bonds and (ii) pay bond issuance costs. The Series 1993A Bonds financed facilities that are located in Naperville.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Edward Hospital
Location:	801 W. Washington, Naperville, Illinois 60566
Applicant:	Edward Hospital
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois
Board of Directors:	Kenneth Barun
	Kathryn Birkett
	Robert Covert, MD
	Pamela Meyers Davis
	Thomas Gruenwald, Ph,D Chairperson
	Rocco Martino
	Richad Pehlke, Vice-Chairperson
	David Piazza
	Thom Rooke, MD
	Frank Slocumb, Immediate Past Chair
	Michael Wegener, MD
	Herman White Jr., PhD
Officers:	Tom Gruenwald, Chairperson
	Frank Slocumb, Immediate Past Chair
	Rich Pehlke, Vice-Chairperson
	William Devoney, Treasurer
	Nanette Bufalino, Secretary

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	McDermott, Will & Emery	Chicago	Robert Hoban
Accountant:	Ernst & Young	Chicago	TBD
Bond Counsel:	Jones Day	Chicago	John Bibby
Underwriter:	Bear, Stearns & Co. Inc.	New York	Neil Matthews
Underwriter's Counsel	Gardner Carton & Douglas	Chicago	Steve Kite
Bond Trustee:	JPMorgan	Chicago	Chitra Patel
Issuer's Counsel:	TBD	TBD	TBD

LEGISLATIVE DISTRICT

Congressional:	13: Judy Biggert
State Senate:	48: Peter Roskam
State House:	96: Joe Dunn

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane, Program Administrator

Date: April 20, 2004

Re: Overview Memo for Covenant Retirement Communities, Inc. (Windsor Park Manor)

- **Borrower/Project Name:** Covenant Retirement Communities, Inc. (Windsor Park Manor)

- **Locations:** Carol Stream (DuPage County)

- **Principal Project Contact:** Elizabeth Buikema, Vice President/ CFO

- **Board Action Requested:** Final Bond Resolution

- **Amount:** not to exceed $24,000,000, comprised of
  - Refunding: $24 million (Advance refund Series 1997 Village of Carol Stream, Illinois Bonds)

- **Project Type: CCRC,** consisting of 366 independent living units, 38 assisted living units, and 80 skilled nursing beds.

- **IFA Benefits:**
  - **Conduit Taxable Bonds** – no direct IFA or State funds at risk
  - **Refunding Bonds** – Upon issuance of the Series 2004 Bonds, Windsor Park Manor will become a member of Covenant Retirement Communities, Inc. ("Obligated Group"), which will strengthen the Obligated Group.

- **IFA Fees:**
  - One-time, upfront closing fee will be $63,000

- **Structure/Ratings:**
  - **Structure**- The Bonds will be structured as taxable 7-day variable rate bonds secured by a bank letter of credit from the date of issuance until 12/01/07. The Bonds are taxable because the Series 1997 Bonds could not otherwise be refunded with tax-exempt bonds until the first call date (12/1/2007). Management expects that the Bonds will be converted to tax-exempt bonds on the call date for the remaining life of the issue. Such a conversion would be a reissuance for tax purposes and would require Covenant Retirement Communities and Windsor Park Manor to come back to the IFA for certain documents and filings.
  - **Security** – Direct-Pay Letter of Credit from LaSalle Bank, secured by mortgages of, assignment of leases and rents with respect to, the facilities of the Obligated Group, including Windsor Park Manor. All Master Notes, including the Series 2004 Master Notes, will be secured by a pledge of the Obligated Group's Unrestricted Receivables.
  - **Days cash on hand** – 228 days

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
April 20, 2004

Deal: **Covenant Retirement Communities, Inc. (Windsor Park Manor)**

STATISTICS

Deal Number:	H-AL-TX-CD-413	Amount:	$24,000,000 (not to exceed)
Type:	Taxable Bonds for Not-for-Profit	PA:	Pamela Lenane
Location:	Carol Stream, IL	Est fee:	$63,000

BOARD ACTION

Final Bond Resolution
Conduit Taxable 501(c)(3) Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will be used to (i) advance refund the Series 1997 Village of Carol Stream, Illinois bonds issued for Windsor Park Manor (the "Series 1997 Bonds"), (ii) capitalize a debt service reserve fund, and (iii) pay certain bond issuance costs.

VOLUME CAP

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

VOTING RECORD

Not applicable.

ESTIMATED SOURCES AND USES OF FUNDS

Sources	IFA taxable bonds	20,620,000	**Uses:**	Refunding Escrow – (Series 1997 Bonds)	21,088,742
	Series 1997 DSRF	2,305,000		DSRF	1,381,235
				Issuance Costs	455,023
	Total	$22,925,000		**Total**	$22,925,000

JOBS

Current employment:	2184 (entire obligated group)	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: The Covenant Retirement Communities, Inc. (the "Corporation") is an Illinois not-for-profit 501(c)(3) corporation extablished in 1986 in recognition of the administrative organization that operated a multi-institutional continuing care system of retirement communities, assisted living facilities (personal care facilities) and skilled nursing homes for the Board of Benevolence (the "Board of Benevolence") of The Evangelical Covenant Church (the "Church"). The Corporation's central corporate office is located in Chicago. It operates regional offices in Westminster, Colorado and Mercer Island, Washington and owns facilities in California, Washington, Connecticut, Florida, Illinois, Minnesota, Colorado and Michigan.

The Corporation is the sole corporate member of Covenant Village of Colorado, Inc., Covenant Village of Florida, Inc., Covenant Care Center, Inc., Bethany Covenant Home, Colonial Acres Home, Inc., Covenant Retirement Communities of Minnesota, Inc., Covenant Home, Covenant Home of Chicago, The Holmstad, Inc., Covenant Health Care Center, Inc., Covenant Home, Inc., Covenant Retirement Communities West and Covenant Retirement Communities of the Great Lakes Conference and, as of April 2004, Windsor Park Manor (collectively, the "Subsidiaries"). The Corporation also provides management services to Irvington Village located in Portland, Oregon, which is not a member of the Obligated Group.

In 1886, when Chicago was teeming with European refugees seeking shelter and employment, the fledgling Swedish Covenant Church established the Home of Mercy in Chicago to care for the elderly, orphans and invalids. The Church established a hospital to care for the seriously ill in 1903. The facility was later renamed Swedish Covenant Hospital. In 1928 the Church rebuilt, expanded and renamed the Home of Mercy to Covenant Home to care for long-term residents. Covenant Home was rebuilt again in 1997. Covenant Retirement Communties' network of 14 retirement centers in eight states is now one of the largest retirement systems in the nation.

Description: As of January 31, 2004, the system cared for 4,555 residents in 2,621 residential apartment units, 661 assisted living units (sometimes referred to as "sheltered care units") and 829 skilled nursing beds. Windsor Park Manor's entry into the Obligated Group will increase the system's capacity by an additional 366 independent living units, 38 assisted living units, and 80 skilled nursing beds.

Windsor Park Manor: In 1999, the Corporation acquired Windsor Park Manor, an Illinois not-for-profit corporation ("Windsor Park") that owns and operates Windsor Park Manor, a lifecare facility that is located on 42 acres in Carol Stream, Illinois. The campus originally consisted of 365 independent living units, 23 assisted living units and 60 skilled beds. The acquisition was effectuated by an amendment to the articles of incorporation and bylaws of Windsor Park Manor, whereby the Corporation was made the sole corporate member of Windsor Park Manor. A change in the corporate membership of Windsor Park Manor from the Corporation to Covenant Ministries of Benevolence became effective later in 1999. At the time the 2004 Illinois Bonds are to be issued, a change in the corporate membership of Windsor Park Manor from Covenant Ministries of Benevolence to the Corporation will be made and Windsor Park Manor will become a member of the Obligated Group.

In 2001, the Corporation began construction of a new 24 bed skilled nursing addition and a 16 unit assisted living space. Both facilities opened in early 2002. The Corporation financed these projects through a capital campaign and advances. Concurrently, 30 independent living units were remodeled to accommodate 35 independent living with assistive services which were available in late 2002. This project was funded through internal reserves, advances from the Corporation and entrance fees. Windsor Park Manor currently consists of 366 independent living units, 38 assisted living units, and 80 skilled nursing beds. The Corporation is currently constructing another independent living facility project known as "The Estates of Windsor Park Manor" next to the existing campus.

Financials: **Covenant Retirement Communities, Inc. (excluding Windsor Park Manor)**
Audited Financial Statements for the Obligated Group (2001 – 2003)

	Fiscal Years Ended January 31,		
	2001	2002	2003
	(Dollars in 000's)		
Income Statement:			
Total operating revenues	$116,644	$127,238	$ 133,644
Revenues over expenses	16,858	(9,651)	(8,289)
EBIDA[1]	37,180	13,135	17,228
Balance Sheet:			
Current assets	$ 37,020	$ 26,697	$ 27,971
Assets whose use is limited	125,530	134,015	155,800
PP&E, net	260,176	282,025	301,631
Other assets	6,326	20,064	29,938
Total assets	439,847	462,801	515,340
Current liabilities	39,345	30,121	22,390
Long-Term Debt, net of current maturities	178,645	194,901	260,427
Other liabilities	3,314	12,340	15,951
Deferred Revenue from Entrance Fees	141,849	159,421	164,651
Net assets	71,586	66,018	51,921
Total liabilities & net assets	$439,847	$ 462,801	$ 515,340
Ratios:			
Debt service coverage	2.60x	1.59x	1.51x
Days Cash on Hand	345	322	249
Cash to Debt	67.6%	64.1%	43.7%
Current ratio	0.94	0.89	1.25
Debt/net assets	40.62%	42.11%	50.53%

(1) Earnings Before Interest, Depreciation, and Amortization.
(2) Includes unrestricted cash and investments of $103.6 million, $102.9 million and $82.9 million in fiscal years 2001, 2002 and 2003, respectively.

Covenant Retirement Communities, Inc. With Windsor Park Manor
Audited Financial Statements for the Obligated Group (2002 – 2003)

	Fiscal Years Ended January 31,	
	2002	2003
	(Dollars in 000's)	
Income Statement:		
Total operating revenues	$ 139,849	$ 146,289
Revenues less than expenses	417	(4,109)
EBIDA[1]	17,001	21,247
Balance Sheet:		
Current assets	$ 28,647	$ 28,654
Assets whose use is limited	140,897	162,340
PP&E, net	317,689	343,031
Other assets	15,436	19,308
Total assets [2]	508,643	558,876
Current liabilities	33,040	24,786
Long-Term Debt, net of current maturities	213,359	277,972

	Fiscal Years Ended January 31,	
	2002	2003
	(Dollars in 000's)	
Other liabilities	7,313	11,724
Deferred Revenue from Entrance Fees	186,546	189,913
Net assets	63,273	49,869
Total liabilities & net assets	$508,643	$558,876
Ratios:		
Debt service coverage	1.65x	1.64x
Days Cash on Hand	295	228
Cash to Debt	58.5%	40.9%
Current ratio	0.87	1.16
Debt/net assets	41.95%	49.74%

(1) Earnings Before Interest, Depreciation, and Amortization.
(2) Unrestricted cash and investments of $108.0 million and $87.3 million, respectively, in FY 2002 and 2003.

Discussion: In 1989, Windsor Park Manor ("WPM") issued $28.26 million in bonds through the Village of Hanover Park, Illinois to fund construction of a new CCRC campus in Carol Stream. These Bonds were advance refunded in 1997 by WPM through the Village of Carol Stream. Ownership of WPM was transferred to Covenant Ministries of Benevolence, CRC's parent organization in 2000. Upon closing of the Series 2004 Bonds, WPM will become a member of the Obligated Group.

CRC experienced operating losses in 2002 and 2003 due to increased interest, depreciation and marketing expense. Investment in property and equipment caused depreciation expense to increase. Borrowing to finance the new assets caused interest costs to grow. CRC added marketing staff and increased spending on advertising and promotions to attract residents in Grand Rapids, a new market for CRC, and raise awareness of new and expanded services offered at existing locations.

Management expects profitability to gradually improve, as occupancy improves at several of its existing facilities, and the new Grand Rapids facility. Windsor Park Manor's inclusion appears to strengthen the Obligated Group. Had WPM been included in the Obligated Group in 2003, debt service coverage would have increased from 1.51 times to 1.64 and EBIDA would have improved from $17.2 million to $21.2 million

FINANCING SUMMARY

Security: Direct-pay Letter of Credit provided by LaSalle Bank

Bank Security: LaSalle Bank and other credit enhancers of debt of the Obligated Group will be secured by mortgages of, and assignments of leases and rents with respect to, the facilities of the Obligated Group, including Windsor Park Manor ("the Mortgage Pool"), which will be held by the Master Trustee. All Master Notes, including Series 2004 Master Notes, will also be secured by a pledge of the Obligated Group's Unrestricted Receivables.

Structure: The Bonds will be structured as taxable 7-day variable rate bonds secured by a bank letter of credit from the date of issuance to 12/01/07. The Bonds will be taxable because the Series 1997 Bonds could not otherwise be refunded with tax-exempt bonds until the first call date (12/1/2007). Management expects that the Bonds will be converted to tax-exempt bonds on the call date for the remaining life of the issue. Such a conversion would be a reissuance for tax purposes, and would require the Corporation and WPM to come back to the Authority for certain documents and filings.

Maturity: 2034 (restructuring the 1997 bonds, and extending the final maturity for an additional 20 years).

PROJECT SUMMARY

Bond proceeds will be used to (i) advance refund the Series 1997 Village of Carol Stream, Illinois bonds issued for Windsor Park Manor (the "Series 1997 Bonds"), (ii) fund a debt service reserve fund, and (iii) pay certain bond issuance costs. None of the proceeds of this bond issue will be used to fund any new money project.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Covenant Retirement Communities, Inc. – Windsor Park Manor Refinancing Obligated Group Home Office: 5115 North Francisco Avenue, Chicago, Illinois 60625-3611
Location:	Windsor Park Manor: 124 Windsor Park Dr, Carol Stream, IL 60188
Applicant:	Covenant Retirement Communities, Inc., an Obligated Group
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois
Board of Directors:	Mr. Mark C. Eastburg Mr. Marc E. Espinosa Mr. Donald D. Holt Mr. Mark A. Nilson Mr. Edward L. Olsen Mr. Ralph L. Sager Ms. Linda J. Solie Mr. Richard L. Swedberg Mr. John A. Tyler Ms. Ann P. Wiesbrock Ms. Joan E. Zetterlund

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Erickson-Papanek-Peterson-Erickson	Minneapolis	Julie Peterson
Accountant:	Deloitte & Touche	Chicago	Brenda Davis
Bond Counsel:	Jones Day	San Francisco	S. Louise Rankins
Underwriter:	Ziegler Capital Markets Group	Chicago	Don Carlson
Underwriter's Counsel:	Gardner, Carton & Douglas	Chicago	Geoffrey Shields
Bond Trustee:	Wells Fargo	Chicago	Patricia Martirano
Bank:	LaSalle Bank	Chicago	Jody Stasky
Bank Counsel:	KMZ Rosenman	Chicago	Janet Hoffman
Issuer's Counsel:	TBD		

LEGISLATIVE DISTRICTS

Congressional: 6- Henry Hyde
State Senate: 23-Ray Soden
State House: 45-Carole Pankau

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton, Principal Program Administrator
Sharnell Curtis-Martin, Senior Program Administrator

Date: April 20, 2004

Re: State of Illinois Revolving Fund Revenue Bonds Series 2004 (Master Trust)

IFA Project: L-GP-TE-NC-403

Background/History

The State of Illinois Revolving Fund ("SRF") Revenue Bonds Series 2004 represents a cooperative, interagency program between IFA, the Illinois Environmental Protection Agency ("IEPA"), and the Governor's Office of Management and Budget ("OMB") pursuant to a Memorandum of Agreement ("MOA") originally executed in 2002. IFA in-house counsel has represented that the 2002 MOA originally executed by the Illinois Development Finance Authority remains valid.

OMB has engaged a project financing team for this transaction that is listed on page 3 of this memorandum.

The objective of this bond program is to leverage existing IEPA program assets dedicated to IEPA's Clean Water and Drinking Water State Revolving Funds.

The US Environmental Protection Agency ("USEPA") has provided states with annual capitalization grants (i.e., "capitalization grants") since 1988 to municipalities and sanitary districts to finance compliance with USEPA's Clean Water (i.e., sewage) and Drinking Water standards.

Over time, total capitalization of IEPA's Clean Water and Drinking Water Programs has increased to approximately \$1.2 billion. The USEPA annual capitalization grants have been supplemented with a required 20% annual match from the State of Illinois.

Rationale for the Initial Series 2002 SRF Revenue Bonds

The USEPA has encouraged states to issue SRF Revenue Bonds to leverage existing SRF assets (i.e., loans) held by the IEPA (and counterparts elsewhere) to accelerate fund availability.

These bond issues provide additional program funding by leveraging existing Clean Water and Drinking Water program assets (i.e., loan repayments and current year capitalization grants) to securitize a Aaa/AAA-rated (Moody's/Fitch) bond issue. The size of the bond issue exceeds the total otherwise available through the USEPA's annual capitalization grants alone.

Key Highlights

Issuer/Project Name: Illinois Finance Authority/State of Illinois Revolving Fund Series 2004 Leveraged SRF Bonds (issued on behalf of the Illinois Environmental Protection Agency)

- **Locations:** Statewide (for municipalities and local/regional sanitary districts)

- **Principal Project Contact:** Ron Drainer, IEPA, Manager, SRF Programs

- **Board Action Requested:** Final Bond Resolution on April 20, 2004

- **Anticipated Amount:** $130 million

- **IFA Benefits:**
  - **Bonds to be issued under IFA's General Statute, providing federal tax-exemption only**
    - IFA serves as Issuer, on behalf of the IEPA – IFA will be the nominal Issuer on this transaction.
      - Because there is no third-party, corporate entity as "conduit borrower", these Bonds are not a conduit bond issue
    - IFA issues on behalf of the IEPA and State of Illinois but will do so without conveying State of Illinois tax-exempt status on the Bonds
      - Accordingly, this issuance of Bonds will not generate additional debt that is exempt from State of Illinois income taxes
    - IFA can issue bonds to fund IEPA project loans statewide
    - Tax-Exempt Bonds
      - no direct IFA funds at risk
      - State funds at risk: IEPA is pledging a portion of its total SRF loan portfolio ($1.84 billion; 562 loans) to Bondholders under the Master Trust Indenture to further secure the Bonds (thereby providing cash flows that result in "Aaa"/"AAA"/"AAA" ratings)

- **IFA Fees:**
  One-time, up-front closing fee will be $141,000 for issuance of Series 2004 Bonds

- **Structure/Ratings:**
  - **Bonds will be issued as a non-designated, blind pool – mitigation of blind pool risks are detailed below** (see page 3)
  - IEPA will pledge an amount (to be determined) of Clean Water SRF Loans and Drinking Water SRF Loans to secure the Series 2004 IFA Bonds under the existing Master Trust Indenture *(The amount will be determined by the Underwriters.)*
  - IEPA will also pledge 2004 USEPA Capitalization Grants and 20% State Match to secure the IFA Bonds
  - **Ratings:** These pledged assets result in over-collateralization and surplus cash flow sufficient for Aaa/AAA/AAA ratings from Moody's/S&P/Fitch (anticipated -- based on 2002 ratings)

- **IEPA Loan Origination to Local Governments/Sanitary Districts**
  - IEPA will continue to market its Clean Water and Drinking Water Revolving Loan Funds to end users
  - IEPA determines demand by filing an Intended Use Plan with USEPA that lists compliance projects
    - the Plan lists all local Clean Water and Drinking Water compliance projects
  - **IEPA will continue to originate, perform due diligence, and close all bond-funded SRF Program Loans**
  - IFA has no ongoing loan marketing or origination responsibilities, other than to issue the Leveraged State Revolving Fund Bonds and collaborate with IEPA and OMB per a 2002 Memorandum of Agreement executed by the three agencies

- **IEPA's SRF Loan Features that Mitigate Blind Pool Risk to IFA:**
  1. **IEPA's deep interest rate buy-down:** IEPA buys down the interest rate on all loans to 50% of the AA-rated 20-year municipal bond index (subject to a floor of 2.50%)
     - this deep subsidy has proven attractive to highly rated borrowers (2.50% loans from Series 2002 Bonds)
     - the "AA" rated Metropolitan Water Reclamation District of Greater Chicago and the "Aaa" rated City of Evanston have been two of IEPA's largest borrowers due to the SRF Program's rates
  2. **Successful blind pool program origination history in Illinois and other states**
     - The initial $150 million Illinois Leveraged SRF Pool closed 6/30/2002
     - All proceeds were loaned in 13 ½ months -- well within the 3-year origination period for blind pools – more evidence that IEPA's interest rate buy-down provides an unmatched interest rate
     - IEPA's program features, including the discounted interest rate (in place prior to 2002 Bonds)
  3. **Legal necessity of projects to achieve compliance with USEPA standards.**
  4. **Ongoing excess demand for SRF funds.**
  5. **The USEPA has encouraged states to pursue similar leveraged bond issues nationally.**
  6. **IEPA projects Series 2004 Bond proceeds will be drawn down quickly (9 months for Clean Water projects and 12 months for (Drinking Water projects).**

- **Recommendations/Conditions:**
  - Staff recommends approval subject to final IFA Counsel sign off on all program documents.

Financing/Development Team:

	Firm Name	Location	Contact
Issuer:	Illinois Finance Authority	Chicago	Rich Frampton Sharnell Curtis-Martin
State of Illinois:	Governor's Office of Management and Budget	Chicago	John Filan David Abel
	Illinois EPA	Springfield	Lisa Bonnet, Esq. Ron Drainer
Bond Counsel:	Chapman and Cutler, LLP	Chicago	Kelly Kost David Cholst
Underwriter's Counsel:	Bell Boyd & Lloyd	Chicago	Larry Eppley Nick Fink
Financial Advisor:	Scott Balice Strategies	Chicago	Lois Scott Marty Luby Phoebe Selden
Underwriter (Co-Senior Manager):	Lehman Brothers	Chicago	Carole Brown Beth Coolidge
Underwriter (Co-Senior Manager)	UBS (PaineWebber) Securities, Inc.	Chicago New York, NY	Alex Rorke Tom Coomes Tom Liu
Underwriter (Co-Manager)	First Albany Securities, Inc.	Chicago, Albany, NY	Adrienne Archia Guy Nagahama
Underwriter (Co-Manager)	Loop Capital Markets, Inc.	Chicago	Warren Daniels Mohammed Elahi
Bond Trustee:	Amalgamated Bank	Chicago	Gail Klewin
Rating Agencies:	Moody's, S&P and Fitch		
Counsel to IFA:	Katten Muchin Zavis Rosenman	Chicago	Lewis Greenbaum

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton, Principal Program Administrator

Date: April 20, 2004

Re: Overview Memo for Republic Services, Inc. Project

- **Borrower/Project Name:** Republic Services, Inc. and its affiliates

- **Locations:** DeSoto (Jackson Co.) and Mt. Prospect (Cook Co.)

- **Principal Project Contact:** Ed Lang, VP Finance, Republic Services, Inc., Ft. Lauderdale, FL

- **Board Action Requested:** Final Bond Resolution

- **Amount:** not to exceed $18 million, comprised of :
  - New Money: $8 million (DeSoto only)
    - Uses:
      - Landfill cell construction
      - Machinery and equipment
  - Refunding: $10 million (DeSoto and Mt. Prospect)

- **Project Type: Solid Waste Disposal Revenue Bonds**

- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2002 Carryforward Volume Cap designated specifically for Solid Waste projects through 2006
  - **Refunding Bonds:** enable a floating to fixed rate conversion on $10 million of IFA Series 2001 Bonds.

- **IFA Fees:**
  - One-time, upfront closing fee will be $113,600

- **Structure/Ratings:**
  - Bonds to be sold directly based on Republic Services' investment grade credit rating, without outside credit enhancement
  - **Ratings** – investment grade ratings based on cash flows and liquidity on Republic's balance sheet. Recent credit ratings trends have been positive as evidenced by Moody's and S&P ratings upgrades in 2003.
    - **Moody's:** Baa2/Stable (upgraded from Baa3 as of May 27, 2003)
    - **S&P:** BBB+/Stable (upgraded from BBB as of May 28, 2003)
    - **Fitch:** BBB+/Stable (affirmed June 20, 2003)

- **Current and estimated rates:** Series 2001 Bonds – 7-day floating rate bonds; 25-year maturity. Refunding and new money bond rates estimated at approximately 5.25% for 25 years. Existing effective rate on 7-day floating rate bonds is approximately 2.00%.

- ## Recent Developments/Other Comments:
  - Moody's and S&P upgraded unsecured corporate debt ratings in 2003
  - Republic has the highest credit ratings of any company in the solid waste services business

- ## Positive Factors for Recommendation:
  - **Conduit transaction**
    - IFA indemnified by a third-party Borrower
    - No IFA or State funds at risk
  - **Long-term investment grade credit rating** from all three major rating agencies
  - IFA has unused Carryforward Volume Cap dedicated to Solid Waste Disposal Revenue Bonds

- ## Recommendations/Conditions:
  - Staff recommends approval – because transaction is an investment grade conduit bond issue, no extraordinary conditions will be required.

- ## Voting Record

Preliminary Bond Resolution, March 31, 2004:

Ayes:	10	
Nays:	0	
Abstentions:	0	
Absent:	3	(Goetz, Gustman, Nesbitt)
Vacancies:	2	

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Transaction: Republic Services, Inc. and its affiliates

STATISTICS

Project Number:	P-SW-PO-TE-CD-402	Amount:	$18,000,000 (New Money: $8,000,000; Current Refunding: $10,000,000)
Type:	Solid Waste	IFA Contact:	Rich Frampton
Locations:	DeSoto (Jackson County) and Mt. Prospect (Cook County)	Tax ID:	65-0716904
SIC Code:	5620	Est. fee:	$113,600 (based on $18mm closing)

BOARD ACTION

Final Bond Resolution
Conduit Solid Waste Revenue Bonds
No IFA funds at risk
Staff recommends approval
No extraordinary conditions

PURPOSE

- <u>Series 2004A Bonds (New Money):</u> Bond proceeds will be used to finance landfill improvements and to purchase equipment for use at Republic's Southern Illinois Regional Landfill in DeSoto (Jackson County).

- <u>Series 2004B Bonds (Current Refunding):</u> Rationale: Conversion of existing Series 2001 Bonds from variable rate to a fixed rate thereby locking-in current, low fixed market rates. The Series 2001 Bonds financed (1) landfill cell improvements and equipment at the DeSoto landfill facility, and (2) building renovation/addition and new hauling trucks and containers for the Company's Arc Disposal & Recycling solid waste transfer station in Mt. Prospect (Cook County).

IFA CONTRIBUTION

This project will use up to $8.0 million of unused 2002 IFA Carryforward Volume Cap designated for Solid Waste Disposal Revenue Bond projects. Overall, IFA has existing inducements of $84 million outstanding and will have $71 million of unused 2002-2003 Carryforward Volume Cap available assuming this transaction closes. *<u>No current year (2004) IFA Volume Cap will be used for this project.</u>*

VOTING RECORD

Preliminary Bond Resolution, March 31, 2004:

Ayes: 10 Nays: 0 Abstentions: 0 Absent: 2 (Goetz, Gustman, Nesbitt)

Vacancies: 2

PRELIMINARY SOURCES AND USES OF FUNDS

Sources:	Series 2004 A Bonds	$8,000,000	Uses:	New Project Cost	$8,000,000
	Series 2004 B Refunding Bds.	10,000,000		Refunding Bonds	10,000,000
	Bank Term Loan/Line of Cr.	325,000		Costs of Issuance	325,000
	Total	**$18,325,000**		**Total**	**$18,325,000**

ESTIMATED NEW PROJECT COSTS

Landfill Cell Improvements:	$7,000,000
Equipment:	1,000,000
Total:	**$8,000,000**

JOBS

Current employment:	256	Projected new jobs:	14 (DeSoto and Southern Illinois)
Jobs retained:	Not applicable	Construction jobs:	10-15 (7-9 months); cell construction to be completed by outside vendors.

BUSINESS SUMMARY

Background: **Republic Services, Inc.** ("Republic" or the "Company") was established and incorporated under State of Delaware law in 1980. Republic's stock is sold publicly on the NYSE (ticker symbol **RSG**). Republic was spun off from automotive retailer AutoNation, Inc. in 1998. Institutions hold approximately 91% of Republic's common shares.

The proposed new money bonds will finance expansion of the Company's existing Southern Illinois Regional Landfill in DeSoto. The Company's DeSoto landfill is owned by Southern Illinois Regional Landfill, Inc., a wholly-owned subsidiary of Republic Services, Inc.

Description: Republic Services is the third largest provider of non-hazardous solid waste services in the United States (trailing only Waste Management, Inc. and Allied Waste Services, Inc.). Republic provides collection services for commercial, industrial, municipal, and residential customers through more than 142 collection companies in 22 states. The Company also operates 90 waste transfer stations, 57 landfills, and 33 recycling facilities.

Republic's Illinois operations employ 256 people (62 in DeSoto and Southern Illinois; 194 in Mt. Prospect). Operations include the Southern Illinois Regional Landfill in DeSoto (Jackson County) and four transfer station/recycling facilities located in Marion (Williamson County), Mount Prospect (Cook County), Mt. Vernon (Jefferson County), and Sparta (Randolph County).

This financing will support Republic's ongoing capital investment program at its Southern Illinois Regional Landfill.

Permit Status: The subject facilities, construction, and improvements to be financed through the proposed bond issue are fully permitted by the Illinois EPA.

Financials: Audited Financial Statements for Fiscal Years 2000-2003
No projections were prepared since Republic Services is a public company, pursuant to SEC regulations.

Year Ended December 31 ***(Dollars in Million's)***	2000	2001	2002	2003
		Historical		
Income statement:				
Sales	$2,103	$2,258	$2,365	$2,518
Net income	221	126	240	178
EBITDA	638	599	654	665
Balance sheet:				
Current Assets	784	332	406	556
PP&E	1,096	1,606	1,668	1,931
Other Assets	932	1,351	1,488	2,067
Total	**2,812**	**3,289**	**3,562**	**4,554**
Current Liabilities	785	385	382	391
Long Term Liabilities	557	1,152	1,200	1,923
Other Non-Cur. Liab.	171	249	305	335
Equity	1,299	1,503	1,675	1,905
Total	**2,812**	**3,289**	**3,562**	**4,554**
Ratios:				
Debt/Fixed Oblig Cov.	4.60x	5.25x	8.17x	9.70x
*Recast Debt/Fixed Oblig. Cov.	4.49x	5.09x	7.82x	9.22x
Current Ratio	1.06	0.84	1.15	0.83
Debt/Equity	0.77	0.78	0.75	0.68

***Note:** Recast coverage adds the proposed debt service payments attributable to the Series 2004 Bonds to the Company's existing debt service payments to determine adequacy of historical cash flows to service the proposed debt. (Reflects new $8M and $3.5M of additional annual interest on $72.5M floating-to-fixed conversion.)

Discussion: Republic has recorded compound average sales growth of 6.18% over the last three years. This growth was attributable to both almost equally to price increases (50%) and volume increases (50%).

Republic has generated strong adjusted earnings (EBITDA) resulting in recast debt service coverage of 4.49 times or better over the last four years (4.60 times or better if the proposed financing is excluded). Accordingly, recast debt service was computed instead, thereby indicating Republic's ability to cover the proposed and its historical debt service payments with historical cash flows.

The proposed IFA new money bonds will be issued in conjunction with a multi-state financing that will include a current refunding of approximately $72.5 million of floating rate tax-exempt bonds in Michigan, Wisconsin, Ohio, as well as IFA's (IDFA's) Series 2001 Bonds. The IFA new money bonds will represent the only new debt resulting from this transaction. Annual debt service on IFA's new money bonds is estimated at $575,000 annually, compared to historical corporate principal and interest payments of $81 million in 2002. Accordingly, the proposed new money bonds will not have a material impact on Republic's total future debt service payments.

The Company's debt service coverage hase improved over the period primarily reflecting a reduction in principal payments – Republic's adjusted net income (EBITDA) has been relatively constant, ranging from $599 million to $665 million. The stability in Republic's earnings reflects both the annuity-like characteristics of the Company's revenues and effective expense control.

Republic has a $750 million unsecured senior credit facility. Agent banks include Bank of America, Bank One, and Citibank. Republic had approximately $326 million of availability under this revolving credit facility as of 12/31/2003.

FINANCING SUMMARY

Security:	Bondholders will be secured directly by the assets of Republic Services, Inc.
Structure:	Fixed rate bonds sold based on the long-term ratings of Republic Services, Inc.
Ratings:	**Republic's long-term senior unsecured debt is currently rated Baa2/Stable as of 11-15-2003 (Moody's), BBB+/Stable as of 5-28-2003 (S&P), and BBB+/Stable as of 6-20-2003 (Fitch).**
Maturity:	Not to exceed 30 years (25 years likely based on IFA (IDFA) Series 2001 Bonds)
Estimated Rate:	5.25% Fixed

INTEREST SAVINGS

Because the purpose of the IFA Series 2004 B Refunding Bonds is to convert floating rate bonds to fixed rate mode, the IFA Series 2004B Refunding Bonds will not result in any reduction in debt service payments. The impact of the increased payments is reflected in the recast debt service/fixed obligation coverages indicated in the financial summary section of this report.

PROJECT DESCRIPTION FOR IFA BOND RESOLUTION

Bond proceeds will be used to finance landfill construction, equipping, and related improvements located on an approximately 250 acre site at 1540 Landfill Road, DeSoto (Jackson County), Illinois 62924. The facility is owned and operated by Southern Illinois Regional Landfill, Inc., a wholly-owned subsidiary of Republic Services, Inc. Republic Services, Inc. will be the obligor on the subject Bonds.

Bond proceeds will also be used to current refund 100% of the outstanding principal balance of Series 2001 IDFA Bonds that financed the costs of (i) the acquisition of collection vehicles and containers and the construction, renovation, and equipping of the Company's Arc Disposal Company, Inc. waste transfer station at 2101 South Busse Road, Mount Prospect (Cook County), Illinois 60056, and (2) landfill construction, equipping, and related improvements located on an approximately 250 acre site at 1540 Landfill Road, DeSoto (Jackson County), Illinois 62924.

Bond proceeds will be applied to pay costs of issuance.

New project costs are estimated as follows:

Landfill Cell Improvements:	$7,000,000
Equipment:	1,000,000
Total:	**$8,000,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Republic Services, Inc. (Contact: Mr. Edward ("Ed") A. Lang, III, Vice President Finance & Treasurer, Republic Services, Inc., 110 SE 6th Street, 28th Floor, Fort Lauderdale, FL 33301; Ph.: 954/769-3591; Fax: 954/769-6407; e-mail: lange@repsrv.com).
Project Name:	Republic Services, Inc. (Southern Illinois Regional Landfill, Inc. and Arc Disposal & Recycling, Inc.)
Project Locations:	(1) <u>*New Money/Refunding:*</u> Southern Illinois Regional Landfill, Inc., 1540 Landfill Road, DeSoto (Jackson County), Illinois 62924 (2) <u>*Refunding only:*</u> Arc Disposal & Recycling, Inc., 2101 S. Busse Road, Mt. Prospect (Cook County), Illinois 60056
Land Owner:	*The subject properties are owned by Southern Illinois Regional Landfill, Inc. and Arc Disposal & Recycling, Inc., both of which are wholly owned subsidiaries of Republic Services, Inc.*
Organization:	Corporation
State:	Delaware
7.5% or Greater Ownership:	**Republic Services, Inc. (all shareholders noted below are institutional investors)**

- Cascade Investment LLC, Kirkland, WA, 11.41%. The shares owned by Cascade may be deemed beneficially owned by William H. Gates, III, and the Bill and Melinda Gates Foundation.
- Wellington Management Company. LLP, Boston, MA: 9.48%

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Akerman, Senterfitt & Eidson, P.A.	Orlando, FL	Joe Stanton
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Andrea Bacon
Underwriter:	Banc One Capital Markets, Inc.	Chicago, IL	John Raben, Jr.
Placement Counsel:	Chapman and Cutler, LLP	Chicago, IL	Andrea Bacon
Accountant:	Ernst & Young, LLP	Miami, FL	Dennis Pastrana
Letter of Credit:	Bank One, NA	Chicago, IL	Kim Striegel
LOC Bank Counsel:	Bank One, NA (in-house counsel)	Chicago, IL	Anne Fritz
General Contractor:	Republic Services, Inc.	Ft. Lauderdale, FL	
Trustee:	Wells Fargo Bank, N.A.		
Issuer's Counsel:	Shefsky & Froelich	Brian Hynes	Chicago, IL

LEGISLATIVE DISTRICTS

	<u>**DeSoto**</u>	<u>**Mt. Prospect**</u>
Congressional:	12	6
State Senate:	58	25
State House:	115	53

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors

FROM: Townsend S. Albright

DATE: April 20, 2004

RE: Overview Memo for Village of Romeoville

- **Borrower/Project Name:** Village of Romeoville
- **Location:** Romeoville (Will County)
- **Principal Project Contact:** Kevin McCanna, Speer Financial (Financial Advisor)
- **Board Action Requested:** Approval of a Final Bond Resolution. This project was not presented to the Board for a Preliminary Bond Resolution.
- **Amount:** $16,500,000
- **Project Type:** Refunding Bonds
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds at risk
- **IFA Fee:** $24,750
- **Rating:** The bonds will be insured by either MBIA or AMBAC and rated AAA by Moodys Investors Service

ta/h/romeoville2004memo

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Village of Romeoville**

STATISTICS

Project Number:	L-GO-TE-RE-401	Amount:	$16,500,000
Type:	GO Refunding	PA:	Townsend Albright
Location:	Romeoville	Est. fee:	$24,750

BOARD ACTION

Final Bond Resolution
Conduit Local Government Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

(i) To refund callable maturities of the Village's Series 2001A and 2001B Alternate Revenue Bonds, and (ii) fund costs of issuance

VOLUME CAP

Local government bonds - no Volume Cap required.

VOTING RECORD

This is the first time this project will be presented to the Board.

SOURCES AND USES OF FUNDS

Source:	IFA Bonds	$16,500,000	Uses:	Deposit to Escrow	$15,931,969
				Original Issue Discount	453,031
				Costs of Issuance	115,000
Total		$16,500,000		Total	$16,500,000

JOBS

Current employment:	252 FTE	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

MUNICIPAL SUMMARY

Background: The Village of Romeoville ("the Village") was incorporated in 1895 and is located in Will County. The Village acquired home rule status in 2004 when its population exceeded 25,000. The Village Board is composed of the Village President and six trustees who are elected at large for staggered four-year terms.

Description: The Village encompasses approximately 13 square miles and is bordered by the Village of Bolingbrook to the north and the City of Lockport to the southeast. The Village has experienced rapid growth over the past two decades. The 2000 Census population was 21,523, a 50% increase from the 1990 census of 14,101. In 2003, a special census was conducted and established that the population increased 60.0% from 2000, totaling 33,861. The Village's major employers include (i) Will County C/U/S/D #365U (1,900), (ii) Lockport T/H/S/D # 205 (386), (iii) Ultra Salon Cosmetics Fragrance, Inc., (325), (iv) Lewis University, (320), and (v) Marquette Property Investment, (300).

The Village has several industrial parks including (i) Marquette Industrial Park (323 acres), (ii) Marquette Center and Marquette West Industrial Parks (215 acres), and (iii) Ridgewood Industrial park (110 acres).

Remarks: The Village has a diverse economic base and is located in one of the fastest growing areas of Illinois. The proposed refunding will significantly reduce the Village's costs of borrowing.

Financials: Statement of Bonded Indebtedness as of 2/13/04:

		Ratio to		Per Capita
		EAV	Actual	(Current est. 33,861)
Assessed Valuation: 2002	$ 572,017,019	100.00%	33.33%	$16,893
Est. Actual Value: 2002	$1,716,051,057	300.00%	100.00%	$50.679
Total Direct Bonded Debt	$ 48,570,000*	8.49%	2.83%	$ 1,434
Total overlapping Debt	$ 63,877,085	11.17%	3.72%	$ 1,886
Total Dir. and OL Debt	$ 112,447,085	19.66%	6.55%	$ 3,320

Discussion: The District's percentage of taxes collected for collection years 1998/99-2002/03 averaged 99.56%. The Village is a home rule unit, and under the Illinois Constitution of 1970 has no debt limitation. There is no pending or anticipated litigation against the Village, which would be expected to have a material adverse effect on its ability to service its debt.

* Includes the par amount of the proposed bond issue.

FINANCING SUMMARY

Security: Bonds will be insured by either MBIA or AMBAC, and rated "Aaa" by Moodys Investors Service

Structure: Serial General Obligation Refunding Bonds

Maturity: 14 years

PROJECT SUMMARY

Proceeds of the bond issue will be used to (i) refund the callable maturities of the Village of Romeoville's (Will County) Series 2001A and 2001B Alternate Revenue Bonds and (ii) pay for costs of issuance

Project Costs:	Refunding Bonds (Deposit to Escrow)	$15,931,969
	Total	$15,931,969

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Village of Romeoville		
Project Name:	Refunding Bonds		
Location	13 Montrose Drive, Romeoville, Will County, Illinois 60446-1329		
Organization:	Village		
State:	Illinois		
Officials:	Fred P. Dewald, Jr. President	Marion Gibson, Village Manager	
	Kirk Openchoswski, Finance Director, Treasurer		
	Prudence Pukula, Village Clerk		
Board of Trustees:	Marty Duffels	Linda S. Palmiter	Dennis Veselsky
	Dr. Edward McCartan	Steve Spandonidis	Thomas Weinrick, Sr.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Chapman and Cutler	Chicago, IL	Chuck Jarik
Accountant:	McGladry & Pullen, LLP	Mokena, IL	
Bond Counsel:	Chapman and Cutler	Chicago, IL	Chuck Jarik
Underwriter:	Griffin, Kubik, Stephens &. Thompson	Chicago, IL	Michael Boisvert
Issuer's Counsel:	Pugh, Jones & Johnson. P.C.	Chicago, IL	Scott M. Bremer Robyn Dent
Trustee:	Amalgamated Bank of Chicago	Chicago, IL	Kristine Schossow
Financial Advisor:	Speer Financial, Inc.	Chicago, IL	Kevin. McCanna
Bond Insurer:	TBD		

LEGISLATIVE DISTRICTS

Congressional: 13, Judy Biggert
State Senate: 43, Lawrence M. "Larry" Walsh
State House: 85, Brent Hassert

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From : Jim Senica, Senior Program Administrator

Date: April 20 2004

Re: Overview memo for Hopedale Medical Complex

- **Borrower/Project Name:** Hopedale Medical Complex
- **Location:** Hopedale (Tazewell County)
- **Principal Project Contact:** Mark F. Rossi, Chief Operating Officer
- **Board Action Requested:** Final approval to issue not-for-profit lease
- **Amount:** $1,400,000
- **Project Type:** Hospital
- **IFA Benefits:**
  - Conduit Tax-Exempt Lease – no direct IFA or State funds at risk
  - New Money Lease: Convey tax-exempt status
- **IFA Fees:**
  - Application fee: $1,000
  - One-time, upfront closing fee: $7,280
- **Structure:**
  - Not-for-profit lease issued by IFA will be purchased by Seimens Financial Services, Inc.
  - Tax-exempt rate to Hopedale Medical Complex set by Seimens Financial Services, Inc. at 5-year U.S. Treasury Note yield in effect one week prior to lease commencement
  - Maturity not to exceed 5 years

ILLINOIS DEVELOPMENT FINANCE AUTHORITY
BOARD SUMMARY
April 20, 2004

Deal: **Hopedale Medical Complex**

STATISTICS

Deal Number:	N-NP-TE-CD-406	Amount:	$1,400,000
Type:	Not-for-Profit Lease	PA:	Jim Senica
Location:	Hopedale	Tax ID:	37-0808925
		Est fee:	$7,280

BOARD ACTION

Final Presentation to Board
Conduit 501(c)(3) lease
No IFA funds at risk

Staff recommends approval
Private Placement – Siemens Financial Services, Inc.

PURPOSE

Acquisition of a Siemens CT Scanner.

VOLUME CAP

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

VOTING RECORD

No prior voting record, as this is the first time this project is being presented for IFA Board consideration.

SOURCES AND USES OF FUNDS

Sources:	IDFA Lease	$1,400,000	Uses:	Project Costs	$1,400,000
	Total	$1,400,000		Total	$1,400,000

JOBS

Current employment:	260	Projected new jobs:	10
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: The Hopedale Medical Complex was established in 1955 when the residents of Hopedale, a community of 945 residents located 25 miles from Peoria, agreed with village physician, Lawrence J. Rossi, M.D. to build a much needed small hospital. Constructed entirely with private funds raised through the sale of bonds to local area citizens, the hospital operates as an Illinois 501 (c)(3) not-for-profit corporation.

Description: The Hopedale Medical Complex includes an acute general hospital offering such services as surgery, emergency treatment, coronary care, radiology, physical therapy, and laboratory activities. The full time active medical staff includes physicians specializing in general practice, surgery, anesthesiology and radiology. Additionally, patients have available to them the services of more than 30 consulting staff physicians from the surrounding area with specialties in pediatrics, oncology, cardiology, urology, opthamology, obstetrics/gynecology, internal medicine and orthopedics. Emergency room services are available 24 hours per day.

Remarks: In addition to the hospital referred to above, the Hopedale Medical Complex also includes Hopedale Nursing Home, Hopedale Commons (an assisted & independent living center), Hopedale Wellness Center and 3 satellite physicians offices. The service area for the Hopedale Medical Complex primarily comprises the thirty square mile region surrounding Hopedale with a population of approximately 30,000 residents, many of who are rural and elderly.

Financials: Audited Financial Statements 2000 through 2003

	Year Ended June 30 2000	2001	2002	2003
	(Dollars in 000's)			
Income Statement				
Support and revenues	15,458	14,379	15,307	16,768
Revenue over expenses	(590)	(1,687)	709	260
Balance Sheet				
Current assets	6,163	4,110	4,643	4,162
PP &E	10,835	12,230	12,606	11,917
Other assets	2,370	653	692	832
Total assets	19,368	16,993	17,941	16,911
Current liabilities	3,729	3,004	3,736	3,056
Debt	10,151	10,199	9,706	9,111
Net assets	5,488	3,790	4,499	4,744
Total liabilities & net assets	19,368	16,993	17,941	16,911

Ratios				
Debt service coverage	0.90	0.30	2.50	2.20
Current ratio	1.65	1.37	1.24	1.36
Debt/net assets	2.08	2.68	2.27	2.05

Discussion: Hopedale Medical Complex has experienced increasing revenues in years 2002 and 2003, from $14.379 million in FY 2001 to $15,307 million in FY 2002 to $16.768 million in FY 2003. More importantly, bottom line results reveal a return to profitability with net incomes of $709,000 in FY 2002 and $260,000 in FY 2003 after back-to-back losses in years 2000 and 2001.

FINANCING SUMMARY

Security: First security interest on subject equipment acquired
Structure: Installment purchase agreement - maturity not to exceed 5 years
Purchaser: Siemens Financial
Interest Rate: 5-year U.S. Treasury Note yield in effect one week prior to lease commencement

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PROJECT SUMMARY

Lease proceeds will be used to finance the acquisition of a Siemens sensation (multi-slice) 16, Ultrasound, PACA and Mammomat CT scanner to be installed in the Hopedale Hospital building located at 107 Tremont Street, Hopedale, Illinois.
Project costs are estimated as follows:

Acquisition of Equipment	$1,400,000
Total	$1,400,000

The new CT scanner will replace Hopedale Hospital's outdated CT scanner with one offering current technology to better serve their patients.

ECONOMIC DISCLOSURE STATEMENT

Project name: CT Scanner – Siemens
Location: 107 Tremont Street Hopedale, Illinois 61747 (Tazewell County)
Applicant: Hopedale Medical Complex
Organization: 501 (c)(3) Not-for-Profit Corporation
State: Illinois
Board of Directors: Neil Alford, Jr. Michael L. McLaughlin Tom Hieser
David Thornburg Joe Serangeli William Henry Allen
Don Davis, Jr.

PROFESSIONAL & FINANCIAL

Accountant:	McGladrey & Pullen	Burlington, IA	
Lease Purchaser:	Siemens Financial Services, Inc.	Iselin, NJ	Lisa Grieco
Bond Counsel:	Evans, Froehlich & Beth	Champaign, IL	Ken Beth
Issuer's Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Congressional:	18 – Ray LaHood
State Senate	44 – Bill Brady
State House:	87 – Bill Mitchell

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From : Jim Senica, Senior Program Administrator

Date: April 20 2004

Re: Overview memo for J. Allen Potter (EyeCare Focus)

- **Borrower/Project Name:** J. Allen Potter
- **Location:** East Peoria (Tazewell County)
- **Principal Project Contact:** Michael A. Swearingen, VP Commercial Lending First Capital Bank
- **Board Action Requested:** Approval to purchase loan participation
- **Amount:** $300,000
- **Project Type:** Business – Participation Loan
- **IFA Benefits:**
  - Buy-down of interest rate – $300,000 IFA funds at risk
  - Borrower provided with lower blended interest rate
- **IFA Fees:**
  - 2.50% additional interest income earned over CD rate: $7,500
- **Structure:**
  - Loan participation to be purchased by First Capital Bank – Peoria
  - Loan term will be 10 years with a 20-year amortization and a balloon payment due at the end of the ten year loan term
  - Interest rate will be 150 basis points below bank rate which will be set at time of closing at either 300 basis points over the 3-year treasury rate adjusting at the 3-year anniversaries or 300 basis points over the 5-year treasury rate adjusting at the fifth year anniversary
  - Collateral will be a pro-rata first mortgage "*pari passu*" with First Capital Bank on project real estate with a minimum appraised value of $866,666 providing collateral coverage of at least 1.33 times

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
April 20, 2004

Deal: J. Allen Potter
(Eyecare Focus)

STATISTICS

Deal Number:	B-LL-TX-403	Amount	$300,000
Type:	Participation Loan	PA:	Jim Senica
Location:	East Peoria	Est. 2.5% additional first year interest	$7,500

BOARD ACTION

Purchase of Participation Loan from First Capital Bank - Peoria
$300,000 IFA funds at risk.
Collateral is ***pari passu*** first mortgage with the bank.
Staff recommends approval of a resolution subject to the Bank covenants noted on page 3 of this report.

PURPOSE

Construction of a 9,360 square foot professional building and acquisition of 1.25 acres of land.

VOTING RECORD

Initial presentation for IFA Board consideration, no prior voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA	$300,000	Uses: Project Costs	$987,795
	First Capital Bank	350,000	Total	$987,795
	Equity*	337,795		
	Total	$987,795		

*Equity contribution will be from the applicant's borrowings to be received from a trust valued at $1.3 million established by his father and to which the applicant is a co-beneficiary with his sister.

JOBS

Current employment:	4	Projected new jobs:	2
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: J. Allen Potter is a sole proprietor operating as EyeCare Focus in East Peoria, Illinois. He has been an optometrist his entire adult life, having followed his father into the profession. Their jointly-owned practice had been located in the First National Bank building in downtown Peoria prior to the father's retirement and Allen's office relocation to East Peoria approximately 20 years ago.

Description: J. Allen Potter's EyeCare Focus practice offers state-of-the-art vision and eye health care for children and adults, complete contact lens services, detailed tests and treatments of eye diseases and injuries, foreign substance removal as well as fashionable eyeware and thin light lenses. J. Allen Potter's competition includes other sole practitioners as well as large retail stores that offer glasses, contact lenses and routine eye examinations.

Remarks: A national optometric consulting firm, Williams Consulting, estimates that the new location will result in an increase of revenue of 20% the first year and 10% each year after the first year for several years. This new location, on Illinois Route 24 near Illinois Central College, offers high visibility on a major link between Washington and Peoria. EyeCare Focus will utilize the major portion of the building with the remaining building space to be leased from J. Allen Potter by two businesses which have expressed interest.

Financials: Federal tax returns of J. Allen Potter for years 2000 through 2002
Interim financial statement for EyeCare Focus for the period 1/1/03 through 10/31/03
Projected financial information 2003 through 2005

	Year Ended December 31					
	2000	2001	2002	2003	2004	2005
	(Dollars in 000's)					
Income Statement						
Sales	414	403	379	380	380	456
Net income	116	84	64	79	85	102
Balance sheet (1)						
Current assets	-	-	-	88	95	100
PP&E	-	-	-	96	92	88
Total assets	-	-	-	184	187	188
Current liabilities	-	-	-	20	20	20
Debt	-	-	-	70	70	58
Capital	-	-	-	94	97	110
Total liab. & capital	-	-	-	184	187	188
Ratios						
Debt svc cov.	-	-	-	1.19	1.27	1.83
Current ratio	-	-	-	4.40	4.75	5.00
Debt/capital	-	-	-	0.74	0.72	0.53

(1) No balance sheets were prepared by the applicant in years 2000 through 2002. With the form of business entity being a sole proprietorship, income statement data was obtained from the Schedule C's of the applicant's individual federal income tax returns for years 2000 through 2002.

Discussion: EyeCare Focus has experienced declines in revenues in years 2001 and 2002 from $414,000 in 2000 to $403,000 in 2001 to $379,000 in 2002. The primary reason for the declines was the fact that large retailers were able to purchase goods such as eyeglasses much cheaper than could EyeCare Focus and then offer them at lower prices, undercutting EyeCare Focus' sales. However, J. Allen Potter has recently become a member of an affiliated buying organization of 1,200 optometrists enabling EyeCare Focus to acquire the goods its needs at significantly reduced cost and compete much more favorably with the larger companies.

Additionally, a national optometric consulting firm, Williams Consulting, has estimated that the new location should provide EyeCare Focus with the ability to generate a 20% increase in revenue the first year of operation (reflected in the 2005 projected revenue amount) and 10% increases each year thereafter for several years.

Bank covenants include the following:

1) Annual personal financial statement of borrower
2) Annual tax returns of borrower (sole proprietor business activity reported on Schedule C of personal return)
3) Prior to funding, certified fair market value appraisal on the pledged real estate of not less than $866,666
4) Evidence of adequate insurance on the collateral
5) Shared first mortgage

FINANCING SUMMARY

Borrower: J. Allen Potter

Security: Pro-rata first mortgage "*pari passu*" with First Capital Bank - Peoria on the project real estate. Collateral is based on a <u>minimum</u> appraised fair market value of at least $866,666 resulting in minimum collateral coverage to IFA and the Bank on this participation loan of at least 1.33 times. (Note: It is expected that the appraised value will be significantly higher.) A signed personal financial statement of J. Allen Potter dated July 21, 2003, reveals a net worth of approximately $511,000, excluding investment in his EyeCare Focus business. Staff recognizes that in the event of default with respect to this loan, standard wording in IFA's participation agreement states that the IFA/Bank loan will be paid prior to any other loan that the borrower may have with the Bank.

Structure: Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 150 basis points below what the Bank is charging the customer. The Bank's interest rate will be set at 300 basis points over the 3-year treasury rate (currently 5.25%), adjusting at the 3-year anniversaries or 300 basis points over the 5-year treasury rate (currently 6.125%), adjusting at the fifth year annivarsary.

Maturity: The loan will be set on a 20-year amortization with 120 payments of principal and interest over the ten-year term of the loan with a balloon payment due at the end of the lending period.

PROJECT SUMMARY

The proposed project involves the acquisition of 1.25 acres of land on the north side of Illinois Route 24 near Illinois Central College in East Peoria, Illinois, and the construction of a 9,360 square foot professional building thereon.
Project costs are estimated as follows:

Land Acquisition	$188,495
Building	799,300
Total	$987,795

The proposed project will provide the applicant with the practice area needed to grow his EyeCare Focus optometric practice. It is important to note that the property being purchased will be in an enterprise zone which will provide for property tax abatement for five years.

ECONOMIC DISCLOSURE STATEMENT

Project name:	EyeCare Focus Professional Building
Location:	Illinois Route 24 East Peoria, Illinois 61611 (Tazewell County)
Applicant:	J. Allen Potter
Organization:	Sole Proprietorship
Ownership:	100% - J. Allen Potter

PROFESSIONAL & FINANCIAL

Accountant:	Donald M. Heinold, CPA, P.C.	Eureka, IL	
Bank:	First Capital Bank	Peoria, IL	Michael A. Swearingen
IFA Counsel:	Dykema Gossett PLLC	Chicago, IL	Darrell W. Pierce

LEGISLATIVE DISTRICTS

Congressional:	18 – Ray LaHood
State Senate:	53 – Dan Rutherford
State House:	106 – Keith P. Sommer

FINANCIAL STATEMENT

DATE: JULY 1, 2003		JOINT OR INDIVIDUAL	FIN. STATEMENT
TO:		SOCIAL SECURITY NUMBER: 327-36-8748	
NAME: J. Allen Potter			
RESIDENCE ADDRESS:		RES. PHONE # (309) 745-8378	
106 Windridge Dr.		BUS. PHONE # (309) 698-2020	
Washington, IL 61571		OCCUPATION: Optometrist	
BUSINESS ADDRESS: 2400 N. Main St. Ste.200			
East Peoria, IL 61611		FIN-JULY2003-1	
ASSETS		**LIABILITIES**	
CASH ON HAND&IN BANKS (CHECKING)	$2,263	NOTES PAYABLE (SEE SCHEDULE F)	
CD'S & SAVINGS	$4,868	BANKS - SECURED ——— Cars	$5,850
U.S. GOVT.SECURITIES (SEE SCHEDULE B)		BANKS - UNSECURED	
LISTED SECURITIES (SEE SCHEDULE B)	$17,705	SECURITY INTEREST, LIENS	
UNLISTED SECURITIES (SEE SCHEDULE C)		OTHERS	
CASH VALUE LIFE INSURANCE (SEE SCH. D)		ACCOUNTS AND BILLS DUE	
ACCOUNTS & NOTES RECEIVALBE (ITEMIZE)		UNPAID REAL ESTATE TAXES	
		UNPAID INCOME TAXES	
		MORTGAGES PAYABLE ON REAL	
		ESTATE (SEE SCHEDULE E)	$358,000
REAL ESTATE OWNED	$557,000	LOANS ON LIFE INSURANCE	$6,677
AUTOMOBILES	$20,400	OTHER DEBTS - ITEMIZE	
PERSONAL PROPERTY	$37,000		
INVESTMENT IN OWN BUSINESS	$158,130		
(optometric practice value)		TOTAL LIABILITIES	$370,527
OTHER ASSETS - ITEMIZE			
Retirement Funds	$242,000	NET WORTH	$668,839
TOTAL ASSETS	$1,039,366	TOTAL LIABILITIES AND NET WORTH	$1,039,366
SALARY (ANNUAL)	$90,000	**PERSONAL INFORMATION**	
BONDS AND/OR COMMISSIONS		BUSINESS OR OCCUPATION:	
DIVIDENDS AND/OR BOND INTEREST		Optometrist	
REAL ESTATE INCOME (NET)		PARTNER OR OFFICER IN ANY OTHER	
OTHER INCOME (ITEMIZE)	$11,000	VENTURE? yes	
		New Strategies	
		BIRTHDATE: 9-17-44	
TOTAL	$101,000	NO. OF DEPENDENTS? 0	
CONTINGENT LEABILITIES		DO YOU HAVE A WILL? yes	
AS ENDORSER OR GUARANTOR?		NAME OF EXECUTOR: John M. Potter	
ON LEASES OR CONTRACTS?		ARE YOU A DEFENDANT IN ANY	
ARE YOU LIABLE FOR ANY		SUITS OR LEGAL ACTION? no	
UNSATISFIED JUDGMENTS?		PERSONAL BANK ACCOUNTS	
OTHER CONTINGENT LIABILITIES?		CARRIED AT? Commerce Bank, Wash.State Bank	
		EVER TAKEN BANKRUPTCY? no	

REMARKS: PLEASE USE THE FOLLOWING SPACE FOR ANY COMMENTS OR EXPLANATIONS YOU WISH TO MAKE. Most of the retirement funds are in a Roth (taxes already paid) and is accessable. The value of the practice is figured conservatively. New Strategies is a new start up business with no [illegible] value.

DATE SIGNED: JULY 21, 2003 | SIGNATURE:

TTY 1.800.526.0844
Voice 1.800.526.0857

ILLINOIS FINANCE AUTHORITY

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Rod R. Blagojevich
Governor

Ali D. Ata
Executive Director

DATE: April 13, 2004

FROM: Christopher Vandenberg, Program Administrator

TO: Illinois Finance Authority Board of Directors

RE: Mobitrac, Inc.

Due to continued negotiations of terms, the Board Report for Mobitrac, Inc. will be forwarded later this week. Below please find a brief summary of the Company, its recent history/progress, and the funding request. I look forward to answering any questions you may have regarding this transaction.

<u>Summary</u>
Mobitrac is an enterprise-software company that offers a hosted software platform that provides predictive route visualization and continuous intra-route optimization of mobile resources. While routing and scheduling applications currently exist, Mobitrac is the only solution that allows for the modification of the routes while they are in progress to provide the dispatcher with information on how changes affect future pick-ups or drop-offs. Mobitrac is focusing on for hire, less-than-truckload (LTL) shippers and utility and commercial fleets.

In May 2002, the Authority invested $295,385 along with a $320,000 investment by Arch Development Partners into Mobitrac. Since this initial investment, the Company has also received approximately $2.2 million in bridge loans from Arch and IllinoisVENTURES. It was anticipated that the bridge loans would allow the company to complete the product, complete a beta-test with a large shipping company and permit the Company to raise its next round of funding. Due to various development delays and difficulties, the Company now anticipates completion of these tests in May 2004 and to receive a commitment from the large customer in June 2004. Unfortunately, the funding raised to date will not permit the accomplishment of this goal.

Mobitrac is raising $750,000 from Arch, IllinoisVENTURES and the Authority. Mobitrac is requesting a $250,000 investment from the Authority. This funding will allow the completion of the beta-test with the large shipping customer and allow the Company the time required to raise a future round of $3M to $5M. This round is anticipated to bring the company to profitability. Mobitrac has several West Coast venture capitalists interested in making an investment in the Company, pending the outcome with the shipping client.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Deal: **Firefly Energy, Inc.**
211 Fulton Street, Suite 200 Peoria, IL 61602

firefly energy

STATISTICS

Deal Number:	V-TD-402	Amount:	Up to $350,000
Type:	Venture Capital	PA:	Christopher Vandenberg
Locations:	Peoria		

BOARD ACTION

Voting Record:	This is the first time this project has been presented to the IFA Board of Directors
IFA Staff:	Recommends approval
IFA Funds at Risk?	YES: ☒ NO: ☐ Amount: Up to $350,000

JOBS

Current Employment:	6.5	Projected new jobs:	10
Jobs Retained:	N/A	Construction jobs:	N/A

COMPANY SUMMARY

Firefly Energy, a Peoria-based spin out of Caterpillar, has developed a next generation lead acid battery technology that has the opportunity to replace major portions of the $30 billion worldwide lead acid battery market. The technology can deliver a disruptive combination of high performance, extremely low weight and low cost. The Company's intellectual property, founding scientists and seed funding came from Caterpillar, Inc. Caterpillar, along with many years' experience in lead-acid battery technology, has built a significant business unit of battery products with revenues in excess of $35 million annually.

Firefly's opportunity exists through its two products – one evolutionary and one revolutionary. The evolutionary technology, dubbed the Rainbow Grid (RG), consists of a coating technology to the lead grids that currently exist in Pb-acid batteries. This coating is expected to extend the battery life by 30%.

The revolutionary technology, or advanced battery (AB), delivers to battery markets a performance associated with advanced materials (Nickel Metal Hydride & Lithium) but of 1/10th the cost. Furthermore, it can be both manufactured and recycled within the existing lead acid battery infrastructure.

In October 2003, the Authority invested $300,000 in Firefly alongside a $600,000 investment from Caterpillar. The Authority received a 10% ownership stake in Firefly. Since then, Firefly has continued product and business development efforts. Specifically, they have completed testing on the Rainbow Grid (RG) coating technology and begun preliminary testing/design-work on the Advanced Battery (AB).

The Series A funds are expected to sustain the company until Q1 2005 and are intended to allow the company to begin manufacturing the RG battery and to complete engineering prototypes for the AB. The round is being led by United Defense Industries (UDI), who in addition to the investment, will be providing R&D assistance in exchange for an exclusive worldwide license of the technology for the defense industry. The Authority's investment will permit it to maintain its 10% ownership stake. The Authority, regardless of participation, will have an unrealized gain on its original investment.

Seed Preferred		Series A	
IFA Investment:	$300,000	IFA Investment:	$350,000
Investment Leveraged:	600,000	Investment Leveraged:	3,150,000
Pre-Money Valuation:	2,000,000	Pre-Money Valuation:	5,200,000
Post-Money Valuation:	2,900,000	Post-Money Valuation:	8,700,000
IFA Ownership:	10.3% (fully diluted)	IFA Ownership:	10.3% (fully diluted)
Security Type:	Seed Preferred Stock	Security Type:	Seed & Series A Preferred Stock
# of Shares:	540,000	# of Shares:	841,827
Price Per Share:	$0.59	Price Per Share:	$1.05

TERM SHEET

IFA will invest up to its pro-rata share of the Series A Round, pursuant to the Seed Preferred Investors' Rights Agreement. The amount is approximately $350,000. A $400,000 investment from Caterpillar, Inc. and a $2,500,000 investment from United Defense will be used to match IFA's investment. The Company is also seeking an additional $250,000 from other interested parties. The price per share is $1.05, yielding a post-money valuation of approximately $8.7 million.

Current Seed Preferred Provisions:

The Seed Preferred holders receive a 5% non-cumulative dividend, liquidation preference over the Common Stock, weighted average dilution protection, conversion rights, and voting rights, and standard protective provisions.

The Authority, if it chooses to participate, will be granted the same rights as the Series A Preferred Stockholders. The Series A Preferred holders will have a liquidation preference over the Seed Preferred and Common Stock, weighted average dilution protection, conversion rights and standard protective provisions. Firefly has also granted observation and information rights for the Authority.

Liquidation preference and Redemption Rights

First priority is given to Preferred stockholders in the amount equal to the original purchase price and any declared but unpaid dividends. Holders of Common Stock would then be entitled to the amount originally paid to the Company for the Common Stock plus and accrued, yet unpaid, dividends. Finally, all Holders will receive ratably, on an as-if-converted basis, the remaining assets.

Dividend Provisions

Series A Preferred will receive a non-cumulative dividend of 4% per annum when declared by the board. They will also receive pro rata any dividends paid on common stock on an as-if-converted basis.

Conversion rights

Series A Preferred shareholders shall have the right to convert to common stock at any time, initially on a 1:1 basis. Series A Preferred Stock will be automatically converted under the following conditions: (1) 2/3rd majority of Seed Preferred consent or (2) Closing of a firmly underwritten public offering of shares of common stock of the company at a per share price not less than four times the Original Purchase Price and netting the Company not less than $25 million.

Redemption

The Series A Preferred Stock will be redeemable at the election of at least two-thirds of the Series A Preferred made on or before the fifth anniversary of the closing. The redemption shall occur in two annual payments beginning on the sixth anniversary of the Closing.

Voting Rights

Preferred Stock votes with the Common Stock on an as-if-converted basis. Three-quarters (75%) of outstanding Preferred Stock is required for any liquidation; changes to the rights, preferences and privileges of the Preferred Stock; increase or decrease of the number of authorized shares of Preferred Stock; issuance of any securities having preference or being in parity with the Preferred Stock; change the size of the Board; or redeem, purchase or acquire any share of Preferred or Common Stock.

Seed Preferred consent shall be required to amend the Seed Preferred terms or to relocate the Company's principle place of business outside the State of Illinois prior to the fourth anniversary of the closing.

Exclusive License & Series B participation

As part of the agreement, United Defense has requested an exclusive, worldwide license of the Firefly technology for the defense market. Finalization of this agreement is not required prior to funding. Also, United has committed to participating in the Series B round for at least $1,000,000.

USE OF FUNDS

The funds of from the current round of financing will be used to support research and development (R&D) operations. Specifically, to continue development of engineering prototypes and to attract beta customers for the Advanced Battery. Additionally, the funds will be used to bring the Rainbow Grid battery to market. Firefly anticipates the Rainbow Grid introduction in mid-2005 with revenues to follow shortly thereafter.

The current round of financing is anticipated to take the Company through Q1 2005. Firefly anticipates that an additional $5 million will be required to bring the company to profitability across the initial strategic market segments.

Burn Rate

The current burn rate is approximately $130,000, of which 30% is the salaries of the management team. Following the financing, it is expected that the Company will be sustained through April 2005.

Co-Investors:

United Defense Industries (NYSE: UDI) – UDI is a $1.75 billion leader in the design, development and production of combat vehicles, artillery, naval guns, missile launchers and precision munitions used by the U.S. Department of Defense (DoD) and allies worldwide. UDI's primary military programs include upgrades of the Bradley Fighting Vehicle and its derivatives, Naval Ordinance production and development programs and development for several manned ground vehicle types within the Army's Future Combat Systems program. This latter program is what attracted UDI to the Firefly technology.

UDI's business strategy focuses on increasing revenues, profitability and shareholder value by expanding its role as a leading systems integrator and prime contractor to the DoD. To achieve these goals, UDI invests in R&D and advanced technologies and design techniques to capture new business, generate revenues from installed base through upgrades, apply advanced technologies across a range of new programs, capitalize on its global presence, and selectively pursue acquisitions with complementary products and technologies.

Caterpillar, Inc. – Caterpillar manufactures construction and mining equipment, diesel and natural gas engines and industrial gas turbines. The Company is a technology leader in construction, transportation, mining, forest, energy, logistics, electronics, financing and electric power generation. Caterpillar also spends over $900 million a year on R&D. Of the technology that is yielded from this research, only about 30% is retained by Caterpillar for use in its products.

Approximately three years ago, the Technical Services Division of Caterpillar started the Innovation and New Technology group to utilize the 70% of unused technology. Two main questions that Caterpillar uses to determine whether to keep the technology internal or spin it out are: 1) Is the technology in Caterpillar's core competency? And 2) Can the technology produce a viable company that can survive independently of Caterpillar? If it will be spun out, Caterpillar begins a process by which they find a management team that has both the experience and ability to spin the technology out of Caterpillar. The intellectual property is then transferred over to the new entity.

Firefly represents the latest in a series of venture investments by Caterpillar, which have included both equity and intellectual property development investments in such companies as IronPlanet.com, yet2.com, Mincom Ltd., Aquila Mining Systems, Ltd., ASV Inc., Hook-Up, Inc. and others.

BACKGROUND

Over the last 20 years, the lead acid battery industry has seen minor improvements in performance, but has had little technological innovation based on the commodity nature of the market. Furthermore, the industry of lead-acid for energy storage has been challenged by newer materials (Nickel Metal Hydride & Lithium) that offer greater performance for innovative industrial and consumer product introductions. However, these newer materials have a cost and price penalty of up to 10 times the current cost of lead acid production.

The Firefly technology was created and discovered by Caterpillar, Inc. as part of its $900 million a year research and development operations. Various business groups in Caterpillar sought to increase performance from battery products for their existing and advanced product designs. Caterpillar then took the research further to perfect an industry-wide technology that could be successful well beyond their served markets. Caterpillar sought out early stage executives to bring this product to market under a separate, venture-funded company. Caterpillar will remain a partial investor and will likely become a customer for the Company's products.

In the design of any high performance battery, there are always four overriding objectives:

1) **Maximize the *specific energy*** (energy storage per unit of weight, measured in watt-hours per kilogram) over designated discharge scenarios.
2) **Maximize the *specific power*** (power per unit of weight, measured in watts per kilogram) over the designated high rate discharge scenarios.
3) **Maximize the *battery life***, not only in environmental durability, but most importantly in cycle life (number of possible charges and discharges).
4) **Extremely *low cost*.**

Low cost of the battery has traditionally driven the other three objectives. While pursuing higher performance in lead acid batteries, Caterpillar discovered that following typical product limitations, namely:

- Life – Lead-acid batteries have a limited life due to corrosion on the positive plate and sulfation on the negative plate. This gives the battery a fraction of the life of more advanced batteries, particularly in varying temperature environments.
- Cycle Life – Lead acid batteries are only capable of handling discharges down to 20%-30% of total capacity verses more advanced batteries that are capable of discharges to near zero charge. Frequent lead-acid battery discharges below 80% of capacity greatly diminishes the useful life of the battery. This greatly limits the use of lead-acid batteries in electric vehicles.
- Recharge Time – Typically the recharge time of lead-acid batteries are 8-16 hours, which is significantly longer than advanced material batteries.
- Size & Weight – Although lead-acid batteries are the cheapest energy storage products in the world, they use of lead gives them a large footprint and weight. In addition, the traditional lead-acid battery typically only utilizes 30%-40% of the surface are over the life of the battery, thus creating more inefficiencies.

Primary users of lead-acid battery products from automotive companies to power utilities, military and submarines have sought for decades for the ability to obtain advanced performance beyond the current limitations of lead acid batteries, yet still retaining similar costs and strength characteristics of the existing products.

FIREFLY SOLUTION & VALUE PROPOSITION

Firefly's first product to market will be the Rainbow Grid coated battery. This carbon coating to the standard grid of a Pb-acid battery will extend the life of the traditional Pb-acid battery by 30% with a minimal impact on the manufacturing process.

Through the initial research that was conducted at Caterpillar, Firefly has also developed a novel material science that removes most of the current limitations of lead acid battery products. When compared to current lead acid batteries, Firefly's technology delivers:

- 4 times the power density
- Less than ¼ of the weight
- Double the life expectancy
- 7 times faster recharge rate
- Lead acid manufacturing cost (1/10th the cost of Nickel Metal Hydride or Lithium ion)
- A reduction in lead of 80%
- A battery that fits into the existing lead acid battery infrastructure.

INTELLECTUAL PROPERTY

Firefly currently has four patents submitted with an additional nine in the process of being submitted. Firefly should hear from the patent office within then next four to six months regarding the submitted patents. A summary of the four submitted patents are as follows:

- An enhanced lead acid battery using commercially viable modifications to the existing materials. These modifications can use the existing manufacturing base.
- A new battery concept using novel materials to improve battery performance with only minor changes in the manufacturing process.

- Enhanced durability of the new battery concept.
- A current collector for new battery concept.

As a part of the due diligence in the patent process, Caterpillar assesses the open area for the patent as well as the ease of physical verification of violations before pursuing the patent activity. Therefore, Firefly believes that the patents in process represent an un-addressed technology space and can be sufficiently protected through patent protection. Additionally, due to the commodity nature of the battery industry, Firefly believes that there is great reluctance to put significant efforts into product innovation and research. Finally, Firefly is in the process of obtaining a technology evaluation from a renowned lead acid battery industry expert, Dr. Robert Nelson (See Scientific Advisory Board).

TARGET MARKET

According to Frost & Sullivan, lead acid batteries are a $30 billion world-wide market. The market is divided into three main segments: Starting, Lighting, and Ignition (SLI), Motive Power, and Stationary Power. SLI represents 80% of the lead acid battery market. This segment includes replacement & new automotive, heavy duty commercial, and marine batteries. Also included are batteries for hybrid and 42V automotive vehicles. Motive power, representing approximately 10% of the market, include industrial trucks, forklifts and golf carts. Finally, stationary power represents the un-interruptable power supplies (UPS) and telecommunication applications.

Firefly hopes to penetrate two markets initially: the Stationary Power Market and the Defense Market.

The total UPS market is approximately $4 billion, but the market segment that Firefly is focusing on is approximately a $1.4 billion market. Firefly chose this segment because they believe that the testing of the product will be less demanding, there is a quantifiable market pain, and the market will be easy to enter. The UPS market provides for controlled environments to test the batteries while providing significant value to the customer through reduced weight and size and increased power density and recharge rate.

Revenue Model

Firefly's business model calls for both licensing and co-branding the product and manufacturing IP. They plan to utilize the industry and infrastructure in a phased commercialization process.

Recent consolidation in the battery industry has caused an excess of capacity. Firefly plans to utilize this capacity to manufacture the batteries. Firefly has been working with industry leaders in all of the major markets to license the technology on a market by market basis.

Initially, Firefly will implement the Rainbow Grid, replacing the lead grids in traditional lead-acid batteries. Through manufacturing relationships, Firefly plans to enhance the product design and manufacturing IP. Licensing and co-branding the Firefly technology through battery manufacturers will drive the initial revenues of the company. These relationships will then be leveraged to commercialize the Advanced Battery.

KEY PERSONNEL

Management Team

Edward F. Williams, *Chief Executive Officer* –Mr. Williams worked for eight years at Apple Computer, where he led channel strategy development and operational turn-arounds of various business units. He has most recently led early and expansion stage software companies assisting with market traction, fundraising, and subsequent acquisition. Mr. Williams has also served as a CEO in Residence with Arch Venture Partners in Chicago, where he served on the board of portfolio companies and provided strategic and operational consulting. Mr. Williams graduated Cum Laude with his Bachelors of Science degree in Accounting and Economics, and received his MBA in Finance and Marketing both from University of Detroit. He is a Certified Public Accountant and a guest lecturer at the University of Colorado undergraduate and graduate business schools.

Mil Ovan, *Senior Vice President – Product & Business Development* – Mr. Ovan has most recently served as President & Co-founder of Verascape, a $10 million start-up company providing voice recognition infrastructure to major enterprises & carriers. Prior to Verascape, Mr. Ovan was Vice President of Marketing and Business Development for WarpSpeed Communications, a $30 million start-up funded by several telecommunication companies to provide broadband on demand Wide Area Network services. Prior to that, Mr. Ovan spent 12 years at Motorola, where he was involved with the creation or advancement of several new communication categories. Just prior to leaving Motorola, he was the co-founder and executive director of the Wireless Broadband Systems Division. Mr. Ovan has his MBA in Marketing from Northwestern University's Kellogg Graduate School of Management and holds his Bachelor of Science degree in International Business from Elmhurst College. He is a past President of Elmhurst College's National Alumni Association, sits on the Editorial board of Speech Technology Magazine, as well as on the Advisory Board of Centerpost, a Chicago-based electronic messaging company.

Kurtis Kelley, *Chief Research & Development Officer* – Mr. Kelley has most recently been a senior research scientist in the Advanced Materials Technology division of Caterpillar's center for research and is responsible for developing and applying materials and design solutions to corporate challenges. In his 15 years at Caterpillar he has directed concept to product research projects covering multiple disciplines. He has extensive scientific & development background. And is a recognized expert and innovator over a broad range of technical fields. He currently holds over 25 patents in electronics and material sciences discoveries. Mr. Kelley received a Master of Science degree in Geology/Botany/Paleobotany from Michigan State University, and holds a Bachelor of Science degree in Botany from Arizona State University.

BOARD OF DIRECTORS

Firefly Energy has approved seven board seats, five of which are currently occupied. Two members shall be designated by the Series A holders. The board meetings are held the first Tuesday of each month from 9 A.M to 12 P.M. Although authorized to do so, the board has not yet formed any formal committees.

Representing the existing shareholders:

Edward Williams – *Chairman of the Board, President, CEO & CFO, Firefly Energy*

Mil Ovan – *Senior Vice President, Firefly Energy*

Phil McCluskey – *Division Manager, Advanced Materials Technology, Caterpillar (Investor)* – Mr. McCluskey oversees the Research, Development & Engineering of inorganic materials and their applications. Prior to this, he served for 2 years in Caterpillar's Intellectual Property (IP) Department where he managed the intellectual assets from the Technical Services Division & the Chemical Products Business Unit. Prior to working in the IP Department, he was a Technology Manager for Engineered Surfaces at Caterpillar's Technical Center, where he prepared the business plan for, and launched, the technology incubator in thin film coatings. Mr. McCluskey was a staff scientist with United Technologies Corporation for nine years before coming to Caterpillar. He has earned his PhD in Ceramic Science from Alfred University and holds more than 15 patents, and has produced numerous technical publications and presentations.

Sean Leuba – *Legal Counsel, Caterpillar (Investor)* - Mr. Leuba is currently the Caterpillar, Inc. Power Systems Marketing Division Counsel. He actively participates in mergers and acquisitions, private equity investments, joint ventures, strategic alliances, joint development agreements, electric power generation projects, and other general commercial transactions involving the Power Systems Division. Prior to joining CAT, he was an associate with Arnold & Porter in the corporate and securities practice group in Washington DC. He has his MBA from the University of Chicago with concentrations in management & entrepreneurship. He graduated *magna cum laude* from Washington & Lee University School of Law with a Juris Doctorate and holds a Bachelors degree in Political Science from the University of Maryland.

Charles Cunningham – Mr. Cunningham recently retired as director of Delphi Packard Electric Systems, North American Operations, responsible for a $4 billion revenue line. Cunningham earned his Bachelor of Arts degree in history from Thiel College in 1967, and served on the Board if Trustees. He has also served on the Youngstown/Warren (Ohio) Regional Chamber of Commerce Board of Directors & the Great Lakes Chapter of the US/Mexico Chamber of Commerce Board of Directors.

ADVISORY BOARD MEMBERS

Robert F. Nelson, Ph.D. – Dr. Nelson has over 26 years directing lead-acid battery development and manufacturing at all levels & has been the chief technologist and advisor for many of the major lead-acid battery companies. Founder of the Advanced Lead-Acid Battery consortium, he holds several industry patents and is a frequent lecturer, advisor, and professional expert witness to the industry. Dr. Nelson holds a B.A, from Northwestern University in Chemistry, graduating cum laude and completing his Ph.D., at the University of Kansas, in Analytical Chemistry.

Michael Semmens, P.E. – Mr. Semmens is a senior executive with extensive manufacturing engineering experience and one of seven key executives that led the explosive growth at the engineering firm BDM International. Subsequent to his position at BDM, Mr. Semmens was CEO of Electrosource, a battery manufacturer that obtained the 1996 R&D 100 Award from R&D Magazine and has since been an active consultant in the battery industry. Mr. Semmens received both a M.S. & B.S. in Mechanical Engineering, from Colorado State University.

Lt. Gen. Charles Mahan, Jr. – General Mahan recently joined The Home Depot as Senior Director, Government Solutions, after retiring from a distinguished career as three star Lieutenant General of the U.S. Army, where he last served as the Deputy Chief of Staff, G-4, Department of the Army, responsible for much of the logistics activities of the Department. General Mahan holds a M.B.A. from University of Miami and a B.S. from the U.S. Military Academy – West Point.

STRATEGIC PARTNERS

Caterpillar – CAT, in addition to providing the initial technology and funding for the company, has continued to provide assistance to Firefly. CAT has provided space and equipment, as well as technical assistance during the R&D for the products. Additionally, the use of CAT's reputation has afforded the Company significant opportunities that most likely would have not been made available without their backing.

United Defense – In addition to their participation as an investor, UDI will also receive a market exclusive license to provide the Firefly technology to the defense community. It is expected that UDI will provide both milestone payments, as well as technical/contractual assist with the development of the technology.

NASA/NICC – Firefly has recently executed a contract with NASA to have one of their scientists working full time on R&D of the Firefly technology. This individual is being supported through NASA funding and is expected to provide significant value to Firefly.

IIT – IIT, through its engineering department, has provided assistance in developing a computer model the Firefly AB. Through this model, Firefly will be able to optimize the design of the Advanced Battery. In particular, this model will be useful in comparing the AB to other batteries in Hydrogen Electric Vehicle applications.

Firefly is also taking advantage of other expertise at

Firefly is also pursing licensing opportunities in other market segments for both the RG and AB technologies.

COMPETITION

The competition for Firefly will come from both advanced materials and current lead acid battery market manufacturers. Several major lead acid battery manufactures are Exide, Johnson Controls and C&D Technologies.

Exide Technologies – Exide has operations in 89 countries and fiscal 2003 net sales of approximately $2.4 billion, is one of the world's largest producers and recyclers of lead-acid batteries. The company's two global business groups – industrial energy and transportation – provide a comprehensive range of stored electrical energy products and services for industrial and transportation applications.

C&D Technologies – Technology company that produces and markets systems for the power conversion and storage of electrical power, including industrial batteries and electronics. Approximately 70% of the companies current sales are reserve power systems supplied to leading operators of telecommunications, data transmission, infrastructure, computer systems and utilities.

Johnson Controls, Inc. – Johnson Controls is North America's largest supplier of lead acid batteries. After-market battery customers include AutoZone, Pep Boys, Interstate Battery, Sears, Wal-Mart and Costco. JCI also make original equipment batteries for auto-makers including DaimlerChrysler, Ford, Honda, Nissan and Toyota.

Competitive Advantages

- Increased performance over traditional lead acid batteries at the same price.
- Fits into the existing recycling and manufacturing infrastructure. Advanced materials require complex and expensive infrastructure investments.

EXIT STRATEGY

The most likely exit strategy for Firefly will be a sale of the company to an existing battery manufacturer such as C&D Technologies, Exide and Johnson Controls, or another strategic partner. The manufacturers are starving for innovation and have over the last five years acquiring technology, particularly Exide and Johnson Controls.

POST-MONEY OWNERSHIP AND SALARIES

	Pre-Money Equity Stake		Post-Money Equity Stake	
	# of shares	**% ownership**	**# of shares** [2]	**% ownership** [2]
Investors				
Caterpillar, Inc.	1,020,000	20.7%	1,399,231	17.0%
IFA	510,000	10.3%	841,827	10.2%
United Defense	-	-	1,896,154	23.0%
Other Investors	-	-	711,058	8.6%
Sub-Total	**1,530,000**	**31.0%**	**4,848,269**	**58.8%**
Common Stock				
Caterpillar, Inc.	2,000,000	40.6%	2,000,000	24.3%
Founders[1]	887,400	18.0%	887,400	10.8%
Directors & Advisors	-	-	82,000	0.9%
Option Pool	512,600	10.4%	430,600	5.2%
Sub-Total	**3,400,000**	**69.0%**	**3,400,000**	**41.2%**
TOTAL	**4,930,000**	**100.0%**	**8,248,269**	**100%**

[1] The founders consist of Edward Williams (7.5%), Mil Ovan (7.5%), and Kurt Kelley (3%). Their shares consist of options that will vest over three years in the following manner: First ¼ vests at the end of 12 months. The balance vests monthly over 3 years.

SALARIES OF MANAGEMENT TEAM:

	Salary:
Edward F. Williams, *President, Chief Executive Officer, Chief Financial Officer*	$174,000
Mil Ovan, *Senior Vice President – Product & Business Development*	$174,000
Kurtis Kelley, *Chief Research & Development Officer*	$110,000

Prior to the formation of the Company in May 2003, Ed Williams and Mil Ovan dedicated six months to support the development of business plans, and market research with no compensation.

ECONOMIC DISCLOSURE INFORMATION

	Firm	Location	Contact
Company	*Firefly Energy, Inc.*	*Peoria*	*Mil Ovan*
General Counsel:	Schwartz, Cooper, Greenberger & Krauss	Chicago	James J. Greenberger
Accountant:	RSM McGladrey	Peoria	Michael S. Rineberg
Co-Investor	*United Defense*	*Washington, D.C.*	*Frank Finelli*
Counsel:	Gibson Dunn	Washington, D.C.	Bill Thomas
Accountant:	Ernst & Young	McLean, VA	
Co-Investor	*Caterpillar, Inc.*	*Peoria*	*Sean Leuba*
Counsel:	Caterpillar, Inc.	Peoria	Sean Leuba
Accountant:	Pricewaterhouse Cooper, LLC	Peoria	Rick Hanna

LEGISLATIVE DISTRICTS

Congressional:	Ray LaHood
State Senate:	George P. Shadid
State House:	Ricca Sloan

Financial Projections

	2004	2005	2006	2007
Revenues	$ -	$ 450.0	$6,540.0	$ 6,990.0
Cost Of Goods Sold	-	50.1	1,432.4	1,482.5
Gross Margin	$ -	$ 399.9	$5,107.6	$ 5,507.6
Expenses				
R & D	$ 1,008.6	$ 1,668.4	$2,302.2	$ 4,979.3
Sales	-	283.4	834.5	1,117.9
Marketing	33.5	217.9	611.3	862.7
G & A	697.1	722.8	1,053.7	2,473.6
Total Operations	$ 1,739.2	$ 2,892.5	$4,801.7	$ 9,433.4
EBITDA	$ (1,739.2)	$(2,492.6)	$ 305.9	$(3,925.8)
Head Count	15	22.5	39	39
Unit Volume - RG (000's)		300	2800	3100
Unit Volume - AB (000's)			6.3	6.3

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: April 20, 2004
Re: Overview memo for AquaRanch Industries and Myles Harston

- **Borrower/Project name:** AquaRanch Industries and Myles Harston

- **Location:** Flanagan (Livingston County)

- **Principal Contact:** Myles Harston

- **Board Action Requested:** Final Approval

- **Amount:** $285,000

- **Project Type:** Agri-Industries Guaranteed Loan

- **Benefits Provided by IFA:**
  - Borrower receives lower interest rate
  - Lender receives a 85% guaranteed of principal and interest

- **Fees Received by IFA:**
  - Application/Closing fee 50 bp = $1,425
  - Annual Maintenance Fee 25 bp

- **Structure:** 15 Year Amortization

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Applicant(s): AquaRanch Industries, LLC and Myles Harston

Project Number: A-AI-GT-TX-412
Type: Agri-Industries Guarantee
Location(s): Flanagan, IL in Livington County
Lender : Flanagan State Bank

Amount: $285,000
Staff Contact: Kevin Koenigstein
Est fee: $1,425
SIC Code = 0182

IFA CONTRIBUTION and BOARD ACTION

Final Approval
Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval
Site visit by Kevin Koenigstein on March 18, 2004

PURPOSE

Construct Greenhouse with retractable roof and related equipment including fish equipment. The Harstons will raise fish in tanks and grow hydroponic vegetables to sell in local markets.

Greenhouse Constuction and Equipment	$285,000
Farm Service Agency Loan for Equipment	$65,000

	$350,000

COLLATERAL

1st lien on the greenhouse and equipment appraised at $285,000
2nd mortgage on 4.5 acres and buildings in Flanagan appraised at $210,000
with a first mortgage of $154,000

Loan to Appraised Value $439,000 / $495,000 = 88.7%

REPAYMENT TERMS

15 Year Amortization with Montly Payments
Interest Only the first year
Interest Rate of Prime plus 1% with a current rate of 5%

2004 CASH FLOW SOURCES

Vegetable Sales
Fish Sales
Horse Training Fees

FINANCIAL INFORMATION

Balance Sheet	01/04	Pro-forma	
Assets:	$384,000	$724,000	
Liabilities:	$256,000	$596,000	
Net Worth:	$128,000	$128,000	
Debt/Asset:	66.6%	82.3%	
Income Statement	**2003**	**2002**	**2001**
Wages	$3,323	$32,547	$33,244
Capital Gain	$0	($649)	$3,793
Other Income	$14,159	$0	$0
Total Income	$17,536	$31,922	$37,050
Adj. Gross Income	$16,693	$31,262	$36,782

Debt Repayment Abliltiy

Cashflow to service debt & living expenses (Total Income + Interest + Depreciation)	$108,000
-Living Expenses & taxes	$36,000
-Interest Expense	$26,000

Capital & Term debt repayment capacity (CDRC)	$46,000
-Principal Payments	$31,000
-Capital Expenditures	$0

CDRC Margin	$15,000
Debt Coverage Ratio	1.48

PROJECT SUMMARY

Myles Harston is planning to construct a greenhouse with a retractable roof for hydroponic vegetable production and fish production in tanks. He will sell the produce locally and the fish in Chicago. His daughter, Katie, will operate the facilty at a commercial site in Flanagan. Katie had a summer internship at a hydroponic greenhouse facility in California. Myles has nearly 20 years experience as a sales representative for AquaRanch Industries. He currently raises fish at this site utilizing the fish equipment from the fish program of Illinois State University. The rental income on the sheds and trailers will service the debt and taxes of the commercial lot. A friend will loan him approximately $40,000 of cash and product for start up costs. Myles and his family have the dedication to accomplish this project. Myles will continue his employment as a horse trainer. Flanagan State Bank has been a big participant of IFA farm programs over the past 10 years.

RECOMMENDATIONS

Approve, subject to the following

1) Personal Guarantee from Myles Harston
2) Life Insurance Assignment of $100,000 or more from Myles Harston
3) Loan approval by Farm Service Agency (FSA)
4) First lien of all equipment excepting FSA's loan on purchase money interest

LEGISLATIVE DISTRICTS

Congressional:	15
State Senate:	53
State House:	106

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: April 20, 2004
Re: Overview memo for David and Cindy Stoll

- **Borrower/Project name:** David and Cindy Stoll
- **Location:** Chesnut (Logan County)
- **Principal Contact:** David Stoll
- **Board Action Requested:** Final Approval
- **Amount:** $190,000
- **Project Type:** Loan Guarantee for agriculture debt restructuring
- **Benefits Provided by IFA:**
  - Borrower receives a lower interest rate
  - Lender receives a 85% guarantee of principal and interest
- **Fees Received by IFA**: $950.00
  - Application/Closing fee 50bp = $950
  - Annual Maintenance fee 25 bp
- **Structure:** 7 Year Amortization

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Applicant(s): David and Cindy Stoll

Project Number: A-AD-GT-TX-411
Type: Agriculture Debt Restructuring
Location(s): Chesnut, IL in Logan County
Lender : Bank of Chesnut

Amount: $190,000
Staff Contact: Kevin Koenigstein
Est fee: $950

IFA CONTRIBUTION and BOARD ACTION

Final Approval
Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval
Farm visit by Kevin Koenigstein on March 5, 2004

PURPOSE

Refinance existing Machinery Notes and Operating Carryover

Bank of Chesnut	$77,000 – 6.50% - Carryover and Machinery
Case Credit	$89,000 – 5.90% - Combine and heads
John Deere	$4,000 – 8.0% - Cultivator
Logan Co Bank	$14,000 – 11% - Pickup truck
Batavia Leasing	$6,000 – Lease - Mower

COLLATERAL

1st lien on all machinery and equipment appraised at $246,750
Loan to Appraised Value $190,000 / $246,750 = 77.0%

REPAYMENT TERMS

7 Year Amortization with Annual Payments
Interest Rate of Treasury plus 325 basis points
Proposal of 3 Year Rate of 5.25% currently

2004 CASH FLOW SOURCES

Grain farming income of 1125 acres
30 Beef Cow and calf herd
Non-farm income of Teachers Aide

FINANCIAL INFORMATION

Balance Sheet	3/01/04	2/18/03	3/28/02
Assets:	$323,950	$433,824	$245,140
Liabilities:	$207,821	$262,331	$136,738
Net Worth:	$116,129	$171,492	$168,401
Debt/Asset:	64.2%	60.5%	55.8%

Income Statement	2003	2002	2001
Gross Farm Returns	$211,842	$167,584	$222,277
-Depreciation	$41,808	$19,511	$19,240
-Interest	$18,313	$15,782	$13,311
-Production Expenses	$173,733	$137,003	$181,454
=Net Farm Income	($22,012)	($4,712)	$8,272
+Wages	$11,439	$10,450	$8,882
+Capital Gain	$3,200	$0	$0
+Other Income	$0	$0	$0
Total Income	($7,344)	$5,738	$17,154
Adj. Gross Income	($7,344)	$5,777	$16,609
Interest Exp as a % of farm returns	8.64%	9.42%	5.99%

Debt Repayment Abliltiy

Cashflow to service debt & living expenses (Total Income + Interest + Depreciation)	$89,000
-Living Expenses & taxes	$36,000
-Interest Expense	$15,000

Capital & Term debt repayment capacity (CDRC)	$38,000
-Principal Payments	$23,000
-Capital Expenditures	$0

CDRC Margin	$15,000
Debt Coverage Ratio	1.395

PROJECT SUMMARY

This project is a $190,000 Ag debt restructuring guaranteed loan. The Stoll bought a new combine 3 years ago and financial effects on the income statement and balance sheet are negative. 2003 was not a good year for soybeans and this loan will pay off the Stolls carryover debt. The Stolls farm with their sons in Logan County raising corn, soybeans, and some beef cattle. Cindy Stoll works off-farm as a teachers aide. 2004 cash flow is great with $2.80 corn and $7.00 soybeans.

RECOMMENDATIONS

Approve

LEGISLATIVE DISTRICTS

Congressional:	18
State Senate:	44
State House:	87

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: David Wirth
Date: April 20, 2004
Re: Overview memo for Haas, Stewart and Beverly

- **Borrower/Project name:** Haas, Stewart and Beverly
- **Location:** Elizabeth IL, Jo Daviess County
- **Principal Contact:** Stewart Haas
- **Project Type:** Loan Guarantee for agricultural debt restructuring
- **Amount:** $500,000 (maximum loan amount allowed in this program)
- **No IFA funds at risk.** A specific loss reserve fund is established in the state treasury for this guaranteed loan program.
- **Board Action Requested:** Approval of loan guarantee
- **Benefits Provided by IFA:**
  - To Borrower: Favorable loan terms - lower rate, better debt structure; time to make operational changes to business
  - To Lender: Safety of 85% guarantee of principal and interest, stronger customer, legal lending limit exemption on guaranteed amount
- **Fees Received by IFA:**
  - Application/Closing fee 50 bp = $2,500
  - Annual maintenance fee 25 bp = $1,250 in year one
- **Structure:**
  - 20 year amortization, monthly payments
  - $5000 per month milk assignment

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Applicant(s): Haas, Stewart and Beverly

Project Number:	A-DR-GT-TX-416	Loan Amount:	$500,000
Type:	Agriculture Debt Restructuring	Staff Contact:	David Wirth
Location(s):	Elizabeth IL, Jo Daviess County	Est fee:	$2500
Lender :	Kent Bank, Kent IL	Applicants year of birth: 1949 and 1964	

IFA CONTRIBUTION and BOARD ACTION

Final Approval
Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval
Farm visit: to be conducted

PURPOSE

Refinance existing real estate notes, machinery debt and operating loan carryover

Kent Bank (term loans)	$397,500
Case Credit, John Deere Credit	$ 12,500
Kent Bank (operating loan)	$ 90,000

COLLATERAL

Second lien on 558 acres farmland. Appraised at $1,367,000
First lien $200,000 Kent Bank
Loan to Appraised Value ($200,000 + $500,000) / $1,367,000 = 51%

REPAYMENT TERMS

20 year year amortization, monthly payments
$5000 per month milk assignment

2004 CASH FLOW SOURCES

Grain farm 1428 acres
70 cow dairy
60 beef cows
Beef calves and dairy steers finishing

FINANCIAL INFORMATION

Balance Sheet	**1/20/04**	**12/11/02**	**3/10/02**
Assets:	$2,565,215	$2,257,405	$2,163,999
Liabilities:	$1,354,182	$1,164,638	$1,093,169
Net Worth:	$1,214,033	$1,092,767	$1,070,830
Debt/Asset:	52.8%	51.5%	50.5%
Income Statement	**2003**	**2002**	**2001**
Gross Farm Returns	$538,635	$613,739	$500,515
-Depreciation	$76,012	$72,011	$68,020
-Interest	$73,884	$56,814	$84,713
-Production Expenses	$522,568	$500,178	$370,475
=Net Farm Income	($133,829)	($15,264)	$(22,693)
+Wages	$993	$506	$0
+Capital Gain	$1,172	$0	$1,905
+Other Income	$2,536	$2859	$1,244
Total Income	($129,128)	($11,899)	$(19,544)
Interest Exp as a % of farm returns	14%	9%	17%

Debt Repayment Abliltiy (Projected)

Cashflow to service debt & living expenses (Total Income + Interest + Depreciation)	$208,844
-Living Expenses & taxes	$37,000

Capital & Term debt repayment capacity (CDRC)	$171,844
-Interest and Principal Payments	$156,523
-Capital Expenditures	$2,500

CDRC Margin	$12,821
Debt Coverage Ratio	1.08%

PROJECT SUMMARY

This project is a $500,000 Ag debt restructuring guaranteed loan. ($500,000 is the maximum in this program.) Traditional diversified farm with dairy, beef and row crop production. Refinancing will improve cash flow and allow time to make needed improvements.

Real estate mortgage makes this loan very safe.
Cash flow and profitability need to improve to assure future success of the business.

STRENGTHS

Diversified operation
Collateral value

WEAKNESSES

Cash flow
Earnings history
Excessive debt
Needs to make improvement in dairy productivity
Needs to improve profitability

RECOMMENDATION

Approve

LEGISLATIVE DISTRICTS

Congressional:	16
State Senate:	45
State House:	89

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Laura Lanterman

Date: April 20, 2004

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:** amounts up to $250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2004 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 ($17,091 combined for Final Bond Resolutions, as proposed)
- **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:** Jenner & Block, Chicago; Paula Goedert

Voting Records – Preliminary Bond Resolutions for all projects – March 31, 2004:

Ayes: 10 Nays: 0 Abstentions: 0

Absent: 3 (Goetz, Gustman, Nesbitt-arrived later) Vacant: 2

BEGINNING FARMER BOND LOANS
Previously Approved Projects for Bond Resolution – Page 1 of 2
April 20, 2004

Project Number:	A-FB-TE-CD-401
Borrower(s):	Alexander Chung and Tricia Chung
City:	Peru
Amount:	$207,900
Use of Funds:	Farmland
County:	LaSalle
Lender/Bond Purchaser:	Illini State Bank, Tonica

Project Number:	A-FB-TE-CD-402
Borrower(s):	Robert H. Goeddeke and Julia A. Goeddeke
City:	Poplar Grove
Amount:	$150,000
Use of Funds:	Farmland and Depreciable Property
County:	Boone
Lender/Bond Purchaser:	Belvidere National Bank & Trust Company

Project Number:	A-FB-TE-CD-403
Borrower(s):	Paul B. Hooks and Pamela S. Hooks
City:	Mason
Amount:	$207,500
Use of Funds:	Farmland
County:	Effingham
Lender/Bond Purchaser:	First Mid-Illinois Bank & Trust, Altamont

Project Number:	A-FB-TE-CD-404
Borrower(s):	Mark D. Dozier and Kelli J. Dozier
City:	Morrisonville
Amount:	$250,000
Use of Funds:	Farmland
County:	Christian
Lender/Bond Purchaser:	Peoples Bank & Trust, Pana

Project Number:	A-FB-TE-CD-406
Borrower(s):	Larry W. Messer and Susan M. Messer
City:	Goodfield
Amount:	$32,000
Use of Funds:	Farmland
County:	Woodford
Lender/Bond Purchaser:	First National Bank in Tremont

BEGINNING FARMER BOND LOANS
Previously Approved Projects for Bond Resolution – Page 2 of 2
April 20, 2004

Project Number:	A-FB-TE-CD-407
Borrower(s):	Ronald J. Shike and Suellen J. Shike
City:	Aledo
Amount:	$140,000
Use of Funds:	Farmland
County:	Warren
Lender/Bond Purchaser:	Farmers State Bank of Western Illinois, Alexis

Project Number:	A-FB-TE-CD-408
Borrower(s):	Matthew Lynn Merritt and Michelle Elaine Merritt
City:	Carthage
Amount:	$152,000
Use of Funds:	Farmland
County:	Hancock
Lender/Bond Purchaser:	First Community Bank, Carthage

TTY 1.800.526.0844
Voice 1.800.526.0857

ILLINOIS FINANCE AUTHORITY

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Rod R. Blagojevich
Governor

To: Illinois Finance Authority
Board of Directors

From: John Haderlein
Senior Bond Counsel

Date: April 20, 2004

Re: $2,914,150 Illinois Development Finance Authority
Conduit 501(c)(3) Revenue Bonds, Series 1998
(Hubbard Street Dance Chicago Project)

Board Action Requested

Approve a change amending various bond documents in order to change the fixed and variable rate periods, as well as to make certain other technical changes to the bond documents.

Purpose

In 1998, the Illinois Educational Facilities Authority, a predecessor to the Illinois Finance Authority (hereinafter "IFA"), issued bonds on behalf of the borrower, Hubbard Street Dance Chicago, in the amount of $2,914,150 for a project located in Chicago, Illinois. The borrower now wishes to make certain changes to the documents in order to change the fixed and variable rate periods and to change other technical provisions of the transaction.

In order to make these changes, certain bond documents must be amended, and this requires IFA board approval.

The borrower is requesting that the IFA board adopt a resolution that allows the borrower to so amend the relevant bond documents to make these changes.

Recommendation

Staff recommends that the board adopt a resolution amending certain bond documents in order to allow the borrower to make changes consistent with the foregoing.

c:\0404\amend1.doc

GLOSSARY OF ACRONYMS AND TERMS USED BY IFA

I. Terms commonly used in IFA write-ups

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

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

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

II. General Bond and Financing Terms

Amortize	Retire the Principal of an issue by periodic payments either directly to bondholders, or first to a Sinking Fund and then to bondholders.
Arbitrage	Interest rate differential that exists when proceeds from a municipal bond which is tax-free and carries a lower yield are invested in taxable securities with a yield that is higher. THIS IS ILLEGAL solely as a borrowing tactic per 1986 Tax Reform Act.
Average Life	Average length of time an issue of serial bonds and/or term bonds with mandatory sinking funds and/or estimated prepayment is expected to be outstanding.
Basis Point	One one-hundredth of one percent (1/100% or 0.01 percent) 100 basis points equal one percent.
Capitalized Interest	A portion of the proceeds of an issue that is set aside to pay interest on the securities for a specified period of time.

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

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

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

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

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

Illinois Finance Authority
Market and Product Codes

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

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

Report: Big Hospitals Set to Capitalize, But Most Are Left Out

By A.J. Daulerio

Many larger hospitals with access to capital and a need for expanded emergency rooms, upgraded physician order-entry systems, and maintenance to dilapidated facilities plan to go on a spending spree over the next five years. Smaller hospitals — those of the nonrated variety, specifically — that have a more urgent need to tend to similar problems won't be able to do so through the capital markets.

These are the findings of Financing the Future, a report published this month by the Healthcare Financial Management Association that tallied results from responses from more than 460 hospital chief financial officers from both the for-profit and not-for-profit sectors.

According to the numbers, almost three-fourths of that group said they would increase spending over the next five years. The CFOs expect to increase capital spending by an average of 14% per year — which, according to the report, compares to the 1% average increase in capital spending between 1997 and 2001.

But according to **Kevin Ponton** of **Sprain Brook Group**, a health care consulting firm based in Hawthorne, N.Y., accessing capital for most hospitals in the U.S. is not even a possibility.

> **"You're talking about a little less than one-third of the hospitals that can access capital. The others are the great unwashed," says consultant Kevin Ponton.**

"This report is skewed toward large systems," said Ponton, who did not work on the report. "If you're a hospital administrator in a small town in the Midwest, this kind of access to capital stuff doesn't mean that much. The report gets into that — you're talking about a little less than one-third of the hospitals that can access capital. The others are the great unwashed."

According to the most recent report, the CFOs of the more privileged or affluent hospitals will focus the majority of capital spending on the upkeep of deteriorating fixed assets — plant, property, and medical equipment — technology upgrades, and how to handle increasing capacity.

In fact, one-third of the CFOs surveyed said their hospitals were in worse condition than they were 10 years ago, and almost half believe that their infrastructure is deteriorating faster than they can make capital improvements.

What's more, 50% of teaching hospitals expect capital spending to increase at a rate of 15% or more annually. Small, rural facilities and nonprofit hospitals reported the most aggressive capital spending plans, which the report concludes may be a result of improved reimbursement rates. However, that does not necessarily mean the smaller hospitals will be able to follow through with those plans.

"Seventy percent of hospitals are so small they aren't able to do it," Ponton said. "When you talk to capital access, there are only 30% of the hospitals that are rated. The [other hospitals] are left to local banks, grant funds — they don't get tax-exempt financing."

Rick Gundling, vice president of the HFMA, agreed that the CFOs who are planning to increase capital spending are still a rarified, unique portion of the sector — this is not indicative of a sea change.

"It's still comes down to the [hospitals] who have the money to do this," Gundling said. "They know they need to buy digital radiology, they need to upgrade plans — the 'haves' are the ones who are going to be able to do it. The 'have-nots' can't."

Gundling added that the next report from HFMA's Financing the Future series — due out in the beginning of May — will focus on where hospitals are getting the money for capital spending. The report will explore the sources of capital, the relative amounts available from those sources, and the tapping non-traditional sources.

Gundling said the upcoming report shows a widening of the gap between the hospitals that are well-financed and those that are not. □

THE BOND BUYER

ol. 347 No 31843 New York, N.Y. THE DAILY NEWSPAPER OF PUBLIC FINANCE Wednesday, March 17, 2004

Illinois Selling $850M of GOs, With the Fed's Wind at Its Back

By Yvette Shields

CHICAGO — **Illinois** will enter the market today with an $850 million new-money and refunding general obligation sale, the second in a series of four transactions totaling $1.7 billion that are planned for the first half of the year.

The deal scheduled for today received a boost yesterday when the Federal Reserve Board decided to hold interest rates steady and signaled that it feels little pressure to raise rates in the near-term since inflation remains in check and job creation is still lackluster.

The state's sale is split into two series — Series A is for $485 million of new money with maturities from 2005 through 2029 and a term bond in 2034 and Series B refunds outstanding debt and totals roughly $345 million with maturities between 2005 and 2014. The Series B offers a $94.6 million 2013 maturity and a $98.7 million 2014 maturity, according to the schedule sent to institutional investors yesterday. **William Blair** & Co. is the book-runner.

While the Fed comments drove bond prices up yesterday, the state will be pressured to hike yields on the 2013 and 2014 maturities due to their size and market interest in that part of the yield curve, according to several fund managers.

"They have too many bonds in the 2013 and 2014 maturities," said one portfolio manager. "That area has been saturated for the last two weeks and there's a lot of balance out there from older deals. Illinois is going to have to lower the price" for the two matu-

Please turn to Illinois page 32

Illinois Readies $850M New-Money and Refunding GO Sale

Continued from page 1

rities.

The deal represents one of the biggest ever for Blair, which also senior managed a large Illinois GO sale last year. The firm has made an extra push with buyers to ensure it brings in sufficient orders. **Bear, Stearns & Co.** and **Morgan Stanley** are co-senior managers. **Greenburg Traurig** and **Burris Wright Slaughter & Tom** are co-bond counsel and underwriter's counsel is **Freeborn Peters. Kirkpatrick Pettis** and **Scott Balice Strategies** are co-financial advisers.

Proceeds of the new-money piece will finance projects in the state's capital program for schools, roads, infrastructure, environmental purposes, and transportation. The refunding should net the state at least 3% in present value savings.

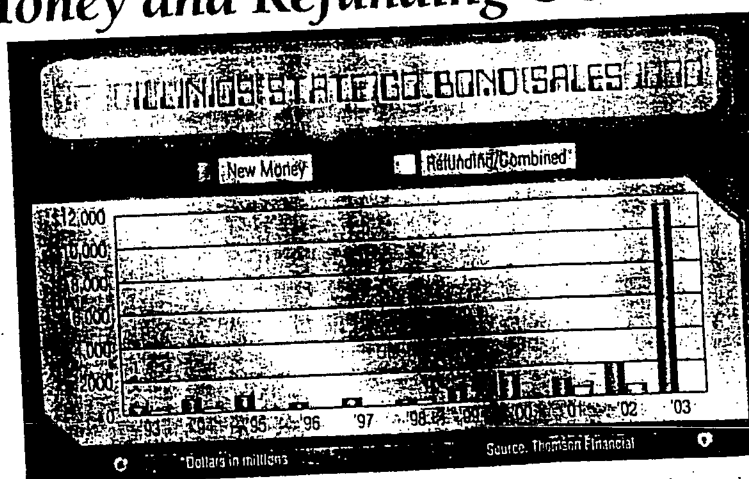
The state ended up with a fairly traditional fixed-rate structure after considering a more complex structure that involved the use of variable-rate debt that may or may not have been converted to a synthetic fixed rate through an interest rate swap.

Illinois picked the final structure because there was so little interest rate savings to be gained through a more sophisticated one, according to one market source. The state also considered a larger refunding piece but decided against putting a transaction of more than $1 billion in the market.

The state last month sold $150 million of sales tax-backed bonds and will return to the market over the next month with a $200 million state revolving fund deal and a $500 million unemployment trust fund revenue bond sale.

In other state news, the **Illinois Finance Authority** was forced to cancel its monthly meeting scheduled Monday due to a lack of a quorum. Eight of the board's 15 members must be present at the meeting to achieve a quorum.

Gov. **Rod Blagojevich** has so far named only nine members to the board. Two members on Monday were unable to make the meeting. The board, created Jan. 1 to replace a handful of statewide conduits, was scheduled to give final approval to nine projects including a $240 million bond sale for Central DuPage Health, a $100 million sale for OSF Healthcare System and a $56 million refunding for Children's Memorial Hospital.



State officials said early in January that they expected the remaining board members would be named shortly and blamed the delay then on a lengthy and difficult vetting process for candidates.

Officials have said privately that an ethics law adopted last year has made it more difficult to find eligible candidates. The new law bans individuals registered as lobbyists with the state from serving on boards with decision-making powers and limits the amount board members who do state business can earn from that work. ☐

THE BOND BUYER

Vol 347 No. 31841 New York, N.Y. THE DAILY NEWSPAPER OF PUBLIC FINANCE Monday, March 15, 2004

Chicago Symphony Orchestra Gets Moody's Downgrade

By Yvette Shields

CHICAGO — **Moody's Investors Service** last week downgraded the **Chicago Symphony Orchestra**'s underlying rating on $80.7 million of its $150 million of debt by one notch, to A3 from A2.

The downgrade comes amid the prestigious cultural institution's ongoing struggle to fill seats and attract a younger audience.

The not-for-profit's debt was sold through the **Illinois Educational Facilities Authority**. The $80 million of fixed-rate debt rated by Moody's carries triple-A insurance from **Ambac Assurance** Corp. The remaining debt is structured as auction-rate securities.

"While Moody's expects CSO to remain one of Chicago's most prominent cultural institutions, management will continue to face a challenging market in subscription and single-ticket sales," analysts wrote in a report issued Friday.

The 113-year-old CSO is working to increase ticket sales by developing new programs and revisiting its pricing strategy in an effort to improve demand, according to analysts. Annual sales and performance revenues have been flat at around $25 million annually for the last six years. About 40% of the CSO's revenues in fiscal 2003 came from ticket sales and performance fees. The CSO leadership "recognizes the importance of audience development to its long-term financial health," analysts wrote.

Despite its struggles and a 5.1% operating deficit in fiscal 2003, the CSO's fundraising efforts remain strong and should help ease its budget problems. Total gift revenues averaged $25.3 million for the last three years.

The CSO also enjoys healthy financial resources that totaled $235 million as of June 30, 2003, through its endowment and unrestricted capital fund. The orchestra faces other financial pressures, including increased costs for health care benefits and growing payroll, as it prepares to begin negotiations on a new contract with its musicians this fall. The CSO's vice president for finance, **Isabelle Goossen**, did not return a call seeking comment.

The CSO announced last month that its conductor since 1991, **Daniel Barenboim**, would not renew his contract, which expires in August 2006. Local published reports attributed Barenboim's decision to his refusal to increase his "non-artistic" duties promoting the orchestra in Chicago, as sought by CSO leadership in their quest to increase ticket sales and raise the orchestra's profile among younger audiences. ❑

Two Chicago-Area Hospital Systems Complete Merger

By Yvette Shields

CHICAGO — Chicago-based **Resurrection Health Care** last week finalized its acquisition of **West Suburban Health Care** in Oak Park, but the system has not yet released its restructuring plans for West Suburban's $75 million of outstanding debt.

Fitch Ratings issued a report following the closure of the deal stating that it was monitoring the developing situation as to how the debt would be treated. "Until we get the details of the transaction, it's difficult to say what the impact on both organizations will be," said analyst **Emily Wong**. Fitch rates West Suburban BBB-plus with rating watch evolving status, while $380 million of Resurrection's overall $520 million of debt is rated AA-minus with a negative outlook. West Suburban has $29 million of fixed-rate bonds outstanding and another $46 million of variable-rate bonds.

Resurrection's negative outlook is due largely to its expansion spree over the last seven years, which has resulted in the acquisition of a handful of hospitals. With this acquisition, West Suburban becomes the system's ninth hospital. "Our concerns relate to their acquisition of hospitals and dealing with the issues of cultural differences and additional capital needs," said Fitch analyst **John Wells**.

For West Suburban, Resurrection has proven something of a financial savior, though it remains to be seen how successful will be the union between a Catholic-run system and an independent community hospital. West Suburban had previously joined forces with another Catholic system, **Loyola University Medical Center**, but that marriage splintered five years ago over West Suburban's resistance to following Catholic doctrine regarding reproductive services.

Since the split, West Suburban has struggled financially, and many local market participants believe West Suburban had no choice but to accept the latest union. **Moody's Investors Service** rates West Suburban's debt Baa2 and Resurrection's A1, while **Standard & Poor's** rates only Resurrection, which it assigns an A rating.

For Resurrection, the largest local Catholic system, the acquisition positions it better to compete in the west suburbs against Oak Brook-based **Advocate Health Care**, the largest system in the region.

Resurrection isn't alone in seeking to expand its base, and its deal is just one in a series of pending health care transactions. Advocate wants to build a new 144-bed, $220 million hospital in the south suburbs of Chicago, not far from where **St. Francis Hospital and Health Center** in Blue Island — a part of St. Louis-based **SSM Health Care** — wants to build a 130-bed, $190 million facility.

Both projects have come under fire in recent hearings before the Illinois Health Facilities Planning Board, which must provide hospitals with a certificate of need before any new facilities can be built. Existing hospitals have argued that they can expand to meet the area's needs. If the board determines there is a need for a new hospital, it's likely that only one will receive approval.

Naperville-based **Edward Hospital** wants to build a new facility in the southwest suburb of Plainfield, and **Adventist Health System** in Hinsdale is also seeking approval for a new hospital in that area.

Other local hospitals have major expansion and renovation plans in the works or in the pipeline. **Northwestern Memorial Hospital** in Chicago plans to soon sell $550 million in new-money and refunding bonds, including $150 million for a new women's hospital at its downtown campus.

Children's Memorial Hospital, one of the country's top pediatric facilities, recently announced plans to build a replacement hospital for its 50-year old main building in Chicago. The hospital has little room to expand and turns away about 200 children annually due to a lack of space. **Rush-Presbyterian-St. Luke's Medical Center** is considering a $500 million expansion, according to local published reports.

Financial adviser **Kenneth Kaufman** of **Kaufman, Hall & Associates** said the latest wave of building is due in part to hospitals' response to population growth in certain areas. He also said the spree is simply the latest in an ongoing series of building cycles that have occurred locally over the last century.

"The architects and facility planners are saying there is nothing that can be done to upgrade and equip the hospital to deliver the kind of care that's possible due to technology," said Kaufman, who is a financial adviser to Children's and who worked on the West Suburban acquisition. "It's a technical issue for these old buildings." The Chicago area saw previous waves in the early 20th century, after World War II, and again in the late 1970s and early 1980s.

While rating agency analysts have noted that the health care market has experienced two somewhat stable years following a financially turbulent period, Kaufman said he believes the current local wave is due more to planning than to the current overall stability. "I think you are seeing hospitals doing this that have paid attention to their credit requirements and have made sure that they have the capital capacity," he said. ☐

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State audits criticize defunct agencies

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■ Inaccurate records, ethics problems cited

By KATE CLEMENTS
News-Gazette Capitol Bureau Chief

SPRINGFIELD — State audits released Tuesday found problems of possible conflict of interest and incomplete financial reporting at the Illinois Farm Development Authority and inaccurate accounting records at the Illinois Rural Bond Bank.

The two state lending agencies have since been dissolved and consolidated into the new Illinois Finance Authority.

Auditor General William Holland reported two instances where the Illinois Farm Development Authority approved a transaction that could potentially benefit one of its board members.

In one case, the Illinois Farm Development Authority authorized the sale of a $135,000 Agricultural Development Bond to a bank whose board of directors included a member of the authority board. That member was also part owner of the bank, according to the audit.

In another case, the authority authorized the sale of a $158,500 Agricultural Development Bond that ultimately benefited a relative of an authority board member, the audit said.

The names of the board members involved were not included in the audit.

David Wirth, former executive director of the authority, told auditors that the agency sought legal counsel before voting on those transactions and believed it acted appropriately because the members in question recused themselves from those specific votes.

However, auditors said that did not make up for the lack of a written policy on how such situations ought to be handled.

"Without a clearly established conflict-of-interest policy, loans authorized by the board where a conflict of interest may exist, could result in the appearance of favoritism to the general public in the Authority's lending practices," Holland's audit stated.

The Illinois Farm Development Authority, which was created in 1981, never had a written conflict-of-interest policy for board members or employees, according the audit.

Wirth agreed with the audit's recommendation to establish such a written policy, but the authority was dissolved as of Jan. 1.

The state audit of the Illinois Rural Bond Bank found a large number of errors in the accounting records it submitted to the state comptroller's office, including misclassification of certain income and expenses, inconsistencies in the statement of cash flows and failure to report short-term debt activity and bond premiums properly.

Those errors were later corrected, state auditors reported.

Eric Watson, director of the former Illinois Rural Bond Bank, said the mistakes were a result of the agency's switch from an external accountant to handling the work internally, and that future accounting records would be handled by the new Illinois Finance Authority.

State auditors also found that the agency's written contracts for services were missing clauses required by state law, including a bribery clause, drug free workplace clause, bid rigging/bid rotating certification, and a right to audit records clause, among others.

Watson said the contracts would be amended after the merger with the Illinois Finance Authority.

The Illinois Farm Development Authority and the Illinois Rural Bond Bank were dissolved and their duties moved into the new Illinois Finance Authority on Jan. 1 as part of Gov. Rod Blagojevich's initiative to streamline state government.

The new Illinois Finance Authority also assumed the duties of the former Illinois Development Finance Authority, Illinois Health Facilities Authority, Illinois Research Park Authority, Illinois Educational Facilities Authority, and Illinois Community Development Finance Corp.

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312-222-2222

LEGAL NOTICES

NOTICE OF PUBLIC HEARING

Public Notice is hereby given that a public hearing will be held on April 16, 2004, at 9:00 A.M., at the offices of the Illinois Finance Authority, 427 East Monroe, Room 202, Springfield, Illinois, by the Illinois Finance Authority (the "Authority"), regarding a plan to issue one or more series of its revenue bonds (the "Bonds"), in an aggregate principal amount not to exceed $90,000,000. The proceeds of the Bonds will be loaned to Alexian Brothers Health System, an Illinois not for profit corporation (the "Borrower"), to be used, together with certain other funds, to (i) pay or reimburse the Borrower for, or refinance outstanding indebtedness the proceeds of which were used for, the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities including but not limited to the modernization and expansion of hospital facilities at Alexian Brothers Medical Center, Elk Grove Village, Illinois, St. Alexius Medical Center, Hoffman Estates, Illinois and Alexian Brothers Behavioral Health Hospital, Hoffman Estates, Illinois, including expansion of a cardiac catheterization facility, bed modernization, expansion of a diagnostic center and a surgery unit, construction of a new parking deck, and expansion of emergency room facilities; (ii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Authority or the Borrower; (iii) fund a debt service reserve fund, if deemed necessary or advisable by the Authority or the Borrower; (iv) fund 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 credit or liquidity enhancement for the Bonds.

All of the improvements financed or refinanced by the Bonds are or will be located on land owned by or leased to the Borrower or its affiliates at 1555 and 1575 North Barrington Road and 1650 and 1786 Moon Lake Blvd., all in Hoffman Estates, Illinois, at 800, 820 and 850 Biesterfield Road, all in Elk Grove Village, Illinois, and at 347 W. Golf Road in Schaumburg, Illinois, and are or will be owned and operated by the Borrower or its affiliates.

Under no circumstances shall the Bonds issued by the Authority under the Act be or become an indebtedness or obligation of the State of Illinois, within the purview of any constitutional limitation or provision. The Bonds shall be payable solely from the funds pledged and assigned under one or more Loan Agreements, each between the Authority and the Borrower. The Authority does not have the power to levy taxes for any purpose, including, but not limited to, the payment of the Bonds.

The public hearing is required by Section 147(f) of the Internal Revenue Code of 1986, as amended. Written comments may be submitted to the Hearing Officer of the Illinois Finance Authority at his office located at 427 East Monroe, Room 202, Springfield, Illinois 62701 until April 16, 2004. Subsequent to the public hearing, the members of the Authority will meet to consider approving the issuance of the Bonds.

NOTICE DATED: April 1, 2004

/s/ Eric Watson
Hearing Officers
Illinois Finance Authority

Bank Trust National Association filed an application with the Comptroller of the Currency on April 1, 2004, for permission to establish a branch office at 1301 Meijer Drive, Rolling Meadows, IL 60008. Any person wishing to comment on this application may file comments in writing with the Licensing Manager, Central District, OCC, One Financial Plaza, #2700, 440 So. LaSalle St., Chicago, IL 60605-1073, within 30 days of the date of this publication. The non-confidential portions of the application are on file with the Deputy Comptroller as part of the public file. This file is available for public inspection during regular business hours. Published: April 1, 2004.

LEGAL NOTICES

Notice of Public Hearing

NOTICE IS HEREBY GIVEN that a public hearing will be held on Friday, April 16, 2004 at 9:00 A.M. by the Illinois Finance Authority (the "Authority") at its offices at 427 East Monroe Street, Room 200, Springfield, Illinois, with respect to (i) a plan by the Highlands County Health Facilities Authority to issue its Revenue Bonds (Adventist Health System/Sunbelt) in an aggregate principal amount not to exceed $361,000,000 with respect to facilities in Illinois, in one or more series over the longest period permitted by law, (ii) a plan by the Orange County Health Facilities Authority to issue its Revenue Bonds (Adventist Health System/Sunbelt) in an aggregate principal amount not to exceed $361,000,000 with respect to facilities in Illinois, in one or more series over the longest period permitted by law, (iii) a plan by the Colorado Health Facilities Authority to issue its Revenue Bonds (Adventist Health System/Sunbelt) in an aggregate principal amount not to exceed $361,000,000 with respect to facilities in Illinois, in one or more series over the longest period permitted by law, (iv) a plan by the Kansas Development Finance Authority to issue its Revenue Bonds (Adventist Health System/Sunbelt) in an aggregate principal amount not to exceed $361,000,000 with respect to facilities in Illinois, in one or more series over the longest period permitted by law, and (v) a plan by the Highlands County Health Facilities Authority to issue its Revenue Bonds (Adventist Health System/Sunbelt, Inc. Accounts Receivable Program), in an aggregate principal amount not to exceed $361,000,000 with respect to facilities in Illinois, in one or more series over the longest period permitted by law. The proceeds of the bonds issued under each of such plans (the "Bonds") will be used to (a) finance, refinance, or reimburse each of the corporations listed below as owner, operator or manager for its prior payment of, the costs of acquiring, constructing, renovating and equipping certain health care facilities at the locations listed below, (b) provide one or more debt service reserve funds for the benefit of all or a portion of the Bonds, if deemed necessary or desirable, (c) pay a portion of the interest to accrue on the Bonds, if deemed necessary or desirable, (d) pay certain working capital expenditures, if deemed necessary or desirable, and (e) pay certain costs of issuance of the Bonds, including the costs of any credit or liquidity enhancement thereof.

The proceeds of the Bonds will be used to finance, refinance or reimburse the costs of acquiring, constructing, improving or renovating the facilities (including related land costs) listed below and the costs of acquiring and installing equipment (including, but not limited to, medical equipment, computer equipment, office equipment and general building equipment and fixtures) to be used at the facilities listed below. The initial owner, operator or manager, a general functional description, and the location of each such facility, and the estimated maximum aggregate principal amount of Bonds to be issued with respect to each such facility are listed below.

A. Facility owned, operated or managed by Adventist Health System/Sunbelt, Inc., a Florida not-for-profit corporation: LaGrange Memorial Hospital, a 274-bed acute care hospital located at 5101 and 5201 South Willow Springs Road, LaGrange, Illinois-----$128,000,000.
B. Facilities owned, operated or managed by Hinsdale Hospital, an Illinois not-for-profit corporation:
   1. Hinsdale Hospital, a 404-bed acute care hospital located at 119, 120 and 135 North Oak Street, Hinsdale, Illinois-----$54,000,000;
   2. Administrative offices located at 421 East Ogden Avenue, Hinsdale, Illinois-----$4,000,000; and
   3. Medical office building and new 138-bed acute care hospital to be constructed adjacent thereto, located at 400 and 420 Medical Center Drive, Bolingbrook, Illinois-----$150,000,000.
C. Facility owned, operated or managed by GlenOaks Hospital, an Illinois not-for-profit corporation: GlenOaks Hospital, a 186-bed acute care hospital located at 701 Winthrop Avenue, Glendale Heights, Illinois-----$25,000,000.

The above notice of public hearing is required by Section 147(f) of the Internal Revenue Code of 1986, as amended. At the time and place set for the public hearing, residents, taxpayers and other interested persons will be given the opportunity to express their views for or against the proposed plan of financing. Written comments may also be submitted to the Executive Director of the Authority at his office located at 233 South Wacker Drive, Suite 4000, Chicago, Illinois 60606, until April 15, 2004.

In accordance with the Americans with Disabilities Act ("ADA"), if any person with a disability as defined by the ADA needs special accommodations to participate in the public hearing, then not later than April 14, 2004, he or she should contact the Authority at (312) 495-1130.

Notice Dated April 1, 2004

/s/ Ali Ata
Executive Director,
Illinois Finance Authority

NOTICE IS GIVEN YOU:
Steven Malik Dockery (Father), Respondents and to all whom it may concern, that on November 18, 2003, petition was filed under the Juvenile Court Act by Richard A. Devine, in this court and that in the courtroom of Judge Ray Chao in the Cook County Juvenile Building 1100 So. Hamilton Avenue, Chicago, Illinois, on May 11, 2004 at 9:00 A.M. in Calendar 12 Rm. L
or as soon thereafter as this case may be heard, and adjudicatory hearing will be held upon the petition to have the minor declared to be a ward of the court and for other relief under the Act.
THE COURT HAS AUTHORITY IN THIS CASE TO TAKE FROM YOU THE CUSTODY AND GUARDIANSHIP OF THE MINOR, TO TERMINATE YOUR PARENTAL RIGHTS AND TO APPOINT A GUARDIAN WITH POWER TO CONSENT TO ADOPTION. YOU MAY LOSE ALL PARENTAL RIGHTS TO YOUR CHILD. IF THE PETITION REQUESTS THE TERMINATION OF YOUR PARENTAL RIGHTS AND APPOINTMENT OF A GUARDIAN WITH POWER TO CONSENT TO ADOPTION, YOU MAY LOSE ALL PARENTAL RIGHTS TO THE CHILD.
UNLESS YOU appear, you will not be entitled to further written notices or publication notices of the proceedings in this case, including the filing of an amended petition or a motion to terminate parental rights.
UNLESS YOU appear at the hearing and show cause against the petition, the allegations of the petition may stand admitted as against you and each of you, and an order or judgement entered.

DOROTHY BROWN,
Clerk of the Court

March 25, 2004
Dorothy Brown, Clerk of the Circuit Court of Cook County