

ILLINOIS FINANCE AUTHORITY

BOARD MEETING

Tuesday, May 4, 2010

Chicago, Illinois

COMMITTEE OF THE WHOLE

8:30 a.m.

Two Prudential Plaza - IFA Chicago Office

180 N Stetson, Suite 2555

Chicago, Illinois

AGENDA

- I. Call to Order
- II. Roll Call
- III. Chairman's Remarks
- IV. Message from the Executive Director (Tab A)
Attachment 1 - Financial Report
Attachment 2 - Schedule of Debt and Listing of FY10 closed projects
- V. Committee Reports
- VI. Project Reports
- VII. Project Update
- VIII. Other Business
- IX. Adjournment

BOARD MEETING

11:30 a.m.

One Prudential Plaza Conference Center

130 East Randolph, 7th Floor

Chicago, Illinois

- I. Call to Order
- II. Chairman's Remarks
- III. Roll Call
- IV. Acceptance of Financials
- V. Approval of Minutes (Tab B & C)
- VI. Project Approvals
- VII. Resolutions / Amendments
- VIII. Other Business

AGRICULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Beginning Farmer Bonds						
<i>Final</i>						
1	A) Gregory J. Dowdall	Hamilton (Hancock County)	\$ 131,500	0	0	ER
	B) Michael Nelson	Alexis (Warren County)	\$ 273,750	0	0	ER
	C) Lynette Hemker	Mulberry Grove (Bond County)	\$ 115,000	0	0	ER
	D) Jason McKay	Beecher City (Fayette County)	\$ 177,500	0	0	ER
	E) Matthew James Elam	Smithboro (Bond County)	\$ 220,000	0	0	ER
	F) Chad Edward Hawkey	Kinmundy (Marion County)	\$ 153,000	0	0	ER
TOTAL AGRICULTURE PROJECTS			\$ 1,070,750	0	0	

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Water Furnishing Facilities Revenue Bonds						
<i>Final</i>						
2	American Water Capital Corp., on behalf of Illinois-American Water Company	Multiple	\$ 25,000,000	2	70	RF
Participation Loan						
3	Par-Ko Enterprises, Inc.	Morton (Tazewell County)	\$ 168,750	4	30	JS
TOTAL BUSINESS AND INDUSTRY PROJECTS			\$ 25,168,750	6	100	

HEALTHCARE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds <i>Preliminary</i>						
4	Institute for Transfusion Medicine	Rosemont (Cook County)	\$ 30,000,000	TBD	TBD	PL/BC
5	OSF Healthcare System	Peoria (Peoria County)	\$ 160,000,000	0	0	PL/BC
6	NorthShore University HealthSystem (F/K/A Evanston Northwestern Healthcare)	Evanston (Cook County)	\$ 160,000,000	N/A	N/A	PL/BC
501(c)(3) Bonds <i>Final</i>						
7	Centegra Health System	McHenry (McHenry County)	\$ 7,000,000	0	N/A	PL/SG
8	Friendship Village of Mill Creek, NFP (GreenFields of Geneva Project)	Geneva (Kane County)	\$ 130,000,000	140	200	PL/BC
501(c)(3) Bonds <i>Tender and Exchange</i>						
9	The Clare at Water Tower	Chicago (Cook County)	\$ 91,500,000	N/A	N/A	PL/BC
TOTAL HEALTHCARE			\$ 578,500,000	140	200	
GRAND TOTAL			\$ 604,739,500	146	300	

RESOLUTIONS

Tab	Project	FM
Amendatory Resolutions / Resolutions		
10	Resolution Authorizing the Execution and Delivery of a First Amendment to a Modification Agreement between Slovak American Charitable Association and MB Financial Bank relating to IDFA (IFA) Series 2000 Bonds (Slovak American Charitable Association Project) to (1) provide for the extension of the Current Interest Rate Holding Period, and (2) reset the interest rate in the extended holding period at a lower interest rate	RF/MN
11	Resolution Authorizing the Execution and Delivery of Amendments to the Mortgage and Security Agreement between Columbia College Chicago and the Illinois Finance Authority ("IFA" or the "Authority") relating to (1) Illinois Educational Facilities Authority ("IEFA") Series 1998 Revenue Bonds, (2) IEFA Series 2003 Bonds, (3) IFA Series 2004 Bonds, and (4) IFA Series 2007 Bonds (collectively, the "Prior Bonds"), and Authorizing the Execution and Delivery of any Other Necessary Documents Required to Effect Such Amendment; and Authorizing and Approving Related Matters	RF/MN
12	Resolution Establishing a Fee for the Illinois Finance Authority for Healthcare Equipment Financing Transactions	PL
13	Resolution to Authorize the extension of the Maturity Date of IFA Participation Loan with PNC Bank, as successor to National City Bank (IFA Participation Loan B-LL-TX-582: Pere Marquette Hotel Associates, L.P.)	ML/JS
14	Resolution to the United States Congress to Quickly Enact Legislation to Extend the Tax Incentives for the Domestic Biodiesel Industry	CM

**OTHER
 ADJOURNMENT**

May 4, 2010

TO: William A. Brandt, Jr., Chairman
Dr. William Barclay
Ronald E. DeNard
James J. Fuentes
Edward H. Leonard, Sr.
Terrence M. O'Brien
Juan B. Rivera

Michael W. Goetz, Vice Chairman
Roderick S. Bashir
John E. Durburg
Dr. Roger D. Herrin
Joseph McInerney
Roger E. Poole
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

As you know, the Illinois Finance Authority (“IFA”) is having its May 2010 meeting on the first Tuesday, May 4, rather than the traditional second Tuesday, May 11, due to longstanding commitments of senior staff to the Council of Development Finance Authorities (“CDFA”). CDFFA, along with the National Association of Health, Education Facilities Finance Authorities (“NAHEFFA”) and the National Council of State Agricultural Finance Programs (“NCOSAFP”), help IFA share best practices, leverage national resources and save money. Since we have an early meeting, this Message will be brief.

Roosevelt University – a great asset to Illinois and a valued borrower of the IFA

Roosevelt University (“Roosevelt”) closed a conduit bond financing through IFA on December 9, 2009 in the amount of \$183,645,000. Given the tough economic climate, Roosevelt overcame a number of difficult obstacles to bringing its financing to closing. This required hard work, diligence, and most importantly, creativity, from all of the participants in the project, including Rich Frampton, who handled the project for the IFA. From a large field of submissions, the Roosevelt transaction is one of three national finalists for CDFFA’s 2010 Practitioner’s Showcase – Best 2009 Bond Deal award to be given on May 12 at the CDFFA Annual Summit in Portland, Oregon. The two other finalists are from Jackson, Mississippi and Atlanta, Georgia. The three finalists will be giving presentations and a winner will be selected. Best of luck to Roosevelt University and the entire project finance team, including IFA’s Rich Frampton, at their presentation on May 12.

State Legislative Update

On April 28, 2010, the Senate passed and sent to Governor Quinn HB 5854 that allows the IFA to finance non-profit healthcare, education, housing, and cultural projects located outside of Illinois as long as Illinois projects are also financed in the same transaction. This legislation will benefit 501(c)(3) financing in general, and healthcare financing in particular. It will lower the cost of issuance for non-profit borrowers and stimulate economic development and job creation and retention in the State of Illinois.

IFA appears before the Senate Appropriations II Committee (Chairman John Sullivan; Vice-Chairman Jeff Schoenberg; Minority Spokesperson Pam Althoff) on April 28.

SB 3719 (Frerichs-McCarter/Bradley-Franks-Farnham-Chapa LaVia-Black) passed both chambers of the General Assembly on April 15, 2010 with a vote of 112-0-0 in the House. This important IFA initiative will help provide working capital loans to Illinois farmers and strengthens the security of the IFA portfolio of agricultural guarantee loans. SB 3719 will now go to Governor Quinn for consideration.

We will have further legislative updates at the May 4 meeting.

General IFA News

As of July 1, 2010, IFA's Springfield Office will be moving with the Department of Commerce & Economic Opportunity from 620 East Adams to a new office, also in downtown Springfield, 500 East Monroe.

Regarding the planned Fiscal Year 2010 audit, IFA will be meeting with a team from E.C. Ortiz & Co., LLP, the newly assigned special assistant auditors for the Illinois Office of the Auditor General, on May 10.

Respectfully,

Christopher B. Meister

Attachments:

Attachment 1– General Fund, Financial Results plus the consolidated balance sheet and the audit tracking schedule will be distributed at the meeting

Attachment 2 – Schedule of Debt plus a listing of all FY 10 closed projects

**Illinois Finance Authority
General Fund - Actual to Budget
Statement of Activities
for Period Ending
April 30, 2010**

	Actual April 2010	Budget April 2010	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2010	Budget YTD FY 2010	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2010	% of Budget Expended
REVENUE										
INTEREST ON LOANS	78,836	83,375	(4,539)	-5.44%	853,024	1,006,573	(153,549)	-15.25%	1,175,722	72.55%
INVESTMENT INTEREST & GAIN(LOSS)	3,620	20,834	(17,214)	-82.62%	36,131	208,332	(172,201)	-82.66%	250,000	14.45%
ADMINISTRATIONS & APPLICATION FEES	522,385	183,214	339,171	185.12%	4,271,328	3,130,288	1,141,040	36.45%	3,496,715	122.15%
ANNUAL ISSUANCE & LOAN FEES	45,666	51,781	(6,115)	-11.81%	688,843	542,051	146,792	27.08%	645,618	106.70%
OTHER INCOME	7,701	2,975	4,726	158.86%	221,755	29,750	192,005	645.40%	35,700	100.00%
TOTAL REVENUE	658,208	342,179	316,029	92.36%	6,071,082	4,916,994	1,154,088	23.47%	5,603,755	108.34%
EXPENSES										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	219,789	229,167	(9,378)	-4.09%	2,289,683	2,291,670	(1,987)	-0.09%	2,750,000	83.26%
BENEFITS	18,045	23,042	(4,997)	-21.69%	232,420	230,420	2,000	0.87%	276,500	84.06%
TEMPORARY HELP	3,112	3,157	(45)	-1.43%	27,345	31,570	(4,225)	-13.38%	37,880	72.19%
EDUCATION & DEVELOPMENT	-	417	(417)	-100.00%	15,410	4,170	11,240	269.54%	5,000	308.20%
TRAVEL & AUTO	12,790	5,175	7,615	147.16%	53,043	51,750	1,293	2.50%	62,100	85.42%
TOTAL EMPLOYEE RELATED EXPENSES	253,736	260,958	(7,222)	-2.77%	2,617,901	2,609,580	8,321	0.32%	3,131,480	83.60%
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	15,850	15,833	17	0.11%	157,758	158,330	(572)	-0.36%	190,000	83.03%
LOAN EXPENSE & BANK FEE	9,446	11,208	(1,762)	-15.72%	100,023	112,080	(12,057)	-10.76%	134,500	74.37%
ACCOUNTING & AUDITING	22,695	21,667	1,028	4.74%	233,691	216,670	17,021	7.86%	260,000	89.88%
MARKETING GENERAL	72	9,285	(9,214)	-99.23%	5,852	46,425	(40,573)	-87.40%	65,000	9.00%
FINANCIAL ADVISORY	18,333	18,333	-	0.00%	183,330	183,330	0	0.00%	220,000	83.33%
CONFERENCE/TRAINING	3,359	1,250	2,109	168.72%	8,662	12,500	(3,838)	-30.70%	15,000	57.75%
MISC. PROFESSIONAL SERVICES	17,142	17,142	-	0.00%	107,332	85,710	21,622	25.23%	120,000	89.44%
DATA PROCESSING	2,445	2,917	(472)	-16.17%	41,400	29,170	12,230	41.93%	35,000	118.29%
TOTAL PROFESSIONAL SERVICES	89,342	97,635	(8,293)	-8.49%	838,049	844,215	(6,166)	-0.73%	1,039,500	80.62%

**Illinois Finance Authority
General Fund - Actual to Budget
Statement of Activities
for Period Ending
April 30, 2010**

	Actual April 2010	Budget April 2010	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2010	Budget YTD FY 2010	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2010	% of Budget Expended
OCCUPANCY COSTS										
OFFICE RENT	22,420	22,917	(497)	-2.17%	216,621	229,170	(12,549)	-5.48%	275,000	78.77%
EQUIPMENT RENTAL AND PURCHASES	1,063	5,167	(4,104)	-79.43%	24,579	51,670	(27,091)	-52.43%	62,000	39.64%
TELECOMMUNICATIONS	3,879	4,358	(479)	-10.99%	41,475	43,580	(2,105)	-4.83%	52,300	79.30%
UTILITIES	994	800	194	24.30%	9,861	8,000	1,861	23.26%	9,600	102.72%
DEPRECIATION	3,254	4,025	(771)	-19.16%	45,470	40,250	5,220	12.97%	48,300	94.14%
INSURANCE	1,665	500	1,165	232.92%	19,097	5,000	14,097	281.94%	6,000	318.28%
TOTAL OCCUPANCY COSTS	33,274	37,767	(4,493)	-11.90%	357,104	377,670	(20,566)	-5.45%	453,200	78.80%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	4,001	8,667	(4,666)	-53.83%	35,623	72,670	(37,047)	-50.98%	90,000	39.58%
BOARD MEETING - EXPENSES	3,207	1,600	1,607	100.44%	25,488	16,000	9,488	59.30%	19,200	132.75%
PRINTING	700	600	100	16.64%	6,107	6,000	107	1.79%	7,200	84.83%
POSTAGE & FREIGHT	1,741	1,250	491	39.27%	14,142	12,500	1,642	13.14%	15,000	94.28%
MEMBERSHIP, DUES & CONTRIBUTIONS	1,807	3,083	(1,276)	-41.40%	27,544	30,830	(3,286)	-10.66%	37,000	74.44%
PUBLICATIONS	248	250	(2)	-0.78%	1,665	2,500	(835)	-33.41%	3,000	55.49%
OFFICERS & DIRECTORS INSURANCE	16,846	16,917	(71)	-0.42%	157,477	169,170	(11,693)	-6.91%	203,000	77.58%
MISCELLANEOUS	-	-	-	0.00%	(245)	-	(245)	0.00%	-	0.00%
TOTAL GENL & ADMIN EXPENSES	28,550	32,367	(3,817)	-11.79%	267,802	309,670	(41,868)	-13.52%	374,400	71.53%
LOAN LOSS PROVISION/BAD DEBT	25,000	25,000	-	0.00%	632,202	250,000	382,202	152.88%	300,000	210.73%
OTHER										
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL EXPENSES	429,902	453,727	(23,825)	-5.25%	4,713,058	4,391,135	321,923	7.33%	5,298,580	88.95%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	228,306	(111,548)	339,854	-304.67%	1,358,023	525,858	832,164	158.25%	305,175	445.00%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TRANSFER	-	-	-	0.00%	80,608	-	80,608	100.00%	-	-
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%	-	-
NET INCOME/(LOSS)	228,306	(111,548)	339,854	-304.67%	1,438,631	525,858	912,773	173.58%	305,175	471.41%

**Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
April 30, 2010**

	Actual April 2010	Actual April 2009	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2010	Actual YTD FY 2009	Year to Date Variance Actual vs. Actual	YTD % Variance
REVENUE								
INTEREST ON LOANS	78,836	106,506	(27,671)	-25.98%	853,024	1,092,743	(239,719)	-21.94%
INVESTMENT INTEREST & GAIN(LOSS)	3,620	6,867	(3,247)	-47.28%	36,131	226,342	(190,210)	-84.04%
ADMINISTRATIONS & APPLICATION FEES	522,385	389,491	132,895	34.12%	4,271,328	4,247,691	23,637	0.56%
ANNUAL ISSUANCE & LOAN FEES	45,666	53,403	(7,737)	-14.49%	688,843	545,607	143,236	26.25%
OTHER INCOME	7,701	8,633	(932)	-10.80%	221,755	87,312	134,443	153.98%
TOTAL REVENUE	658,208	564,900	93,308	16.52%	6,071,082	6,199,695	(128,613)	-2.07%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	219,789	222,820	(3,031)	-1.36%	2,289,683	2,331,397	(41,714)	-1.79%
BENEFITS	18,045	24,064	(6,019)	-25.01%	232,420	241,077	(8,657)	-3.59%
TEMPORARY HELP	3,112	1,200	1,912	159.33%	27,345	52,680	(25,335)	-48.09%
EDUCATION & DEVELOPMENT	-	-	-	0.00%	15,410	893	14,517	1624.87%
TRAVEL & AUTO	12,790	5,763	7,027	121.93%	53,043	53,252	(209)	-0.39%
TOTAL EMPLOYEE RELATED EXPENSES	253,736	253,847	(111)	-0.04%	2,617,901	2,679,299	(61,398)	-2.29%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	15,850	8,037	7,814	97.22%	157,758	245,552	(87,794)	-35.75%
LOAN EXPENSE & BANK FEE	9,446	10,046	(600)	-5.98%	100,023	111,653	(11,630)	-10.42%
ACCOUNTING & AUDITING	22,695	21,708	987	4.55%	233,691	268,422	(34,731)	-12.94%
MARKETING GENERAL	72	15,786	(15,715)	-99.55%	5,852	39,007	(33,155)	-85.00%
FINANCIAL ADVISORY	18,333	30,000	(11,667)	-38.89%	183,330	270,075	(86,745)	-32.12%
CONFERENCE/TRAINING	3,359	1,325	2,034	153.51%	8,662	10,621	(1,959)	-18.44%
MISC. PROFESSIONAL SERVICES	17,142	-	17,142	0.00%	107,332	20,000	87,332	436.66%
DATA PROCESSING	2,445	5,951	(3,505)	-58.90%	41,400	37,214	4,186	11.25%
TOTAL PROFESSIONAL SERVICES	89,342	92,853	(3,511)	-3.78%	838,049	1,002,544	(164,494)	-16.41%

**Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
April 30, 2010**

	Actual April 2010	Actual April 2009	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2010	Actual YTD FY 2009	Year to Date Variance Actual vs. Actual	YTD % Variance
OCCUPANCY COSTS								
OFFICE RENT	22,420	25,638	(3,218)	-12.55%	216,621	248,210	(31,588)	-12.73%
EQUIPMENT RENTAL AND PURCHASES	1,063	4,187	(3,124)	-74.62%	24,579	49,819	(25,240)	-50.66%
TELECOMMUNICATIONS	3,879	4,342	(463)	-10.67%	41,475	51,193	(9,718)	-18.98%
UTILITIES	994	821	173	21.08%	9,861	12,578	(2,717)	-21.60%
DEPRECIATION	3,254	5,247	(1,994)	-37.99%	45,470	61,050	(15,580)	-25.52%
INSURANCE	1,665	1,400	265	18.90%	19,097	13,267	5,830	43.95%
TOTAL OCCUPANCY COSTS	33,274	41,635	(8,361)	-20.08%	357,104	436,117	(79,013)	-18.12%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	4,001	6,732	(2,731)	-40.56%	35,623	74,173	(38,550)	-51.97%
BOARD MEETING - EXPENSES	3,207	1,539	1,668	108.32%	25,488	32,105	(6,617)	-20.61%
PRINTING	700	400	300	74.95%	6,107	12,694	(6,587)	-51.89%
POSTAGE & FREIGHT	1,741	1,987	(246)	-12.37%	14,142	20,811	(6,668)	-32.04%
MEMBERSHIP, DUES & CONTRIBUTIONS	1,807	4,844	(3,037)	-62.70%	27,544	36,458	(8,913)	-24.45%
PUBLICATIONS	248	129	119	92.73%	1,665	3,254	(1,589)	-48.84%
OFFICERS & DIRECTORS INSURANCE	16,846	15,000	1,846	12.30%	157,477	147,682	9,795	6.63%
MISCELLANEOUS	-	-	-	-	(245)	4,048	(4,293)	-
TOTAL GENL & ADMIN EXPENSES	28,550	30,631	(2,081)	-6.79%	267,802	331,225	(63,423)	-19.15%
LOAN LOSS PROVISION/BAD DEBT	25,000	8,333	16,667	200.01%	632,202	(106,957)	739,159	-691.08%
OTHER								
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%
TOTAL EXPENSES	429,902	427,299	2,603	0.61%	4,713,058	4,342,228	370,830	8.54%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	228,306	137,601	90,705	65.92%	1,358,023	1,857,467	(499,444)	-26.89%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%
TRANSFER	-	-	-	0.00%	80,608	20,125	60,483	300.54%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%
NET INCOME/(LOSS)	228,306	137,601	90,705	65.92%	1,438,631	1,877,592	(438,961)	-23.38%

**Illinois Finance Authority
General Fund
Unaudited
Balance Sheet
for the Ten Months Ending April 30, 2010**


		Actual April 2010
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	\$	20,159,595
RECEIVABLES, NET		283,632
LOAN RECEIVABLE, NET		19,987,384
OTHER RECEIVABLES		99,221
PREPAID EXPENSES		93,910
TOTAL CURRENT ASSETS		40,623,742
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION		53,819
DEFERRED ISSUANCE COSTS		367,837
OTHER ASSETS		
CASH, INVESTMENTS & RESERVES		1,580,506
VENTURE CAPITAL INVESTMENTS		-
OTHER		881
TOTAL OTHER ASSETS		1,581,387
TOTAL ASSETS	\$	42,626,785
LIABILITIES		
CURRENT LIABILITIES	\$	1,562,253
LONG-TERM LIABILITIES		532,969
TOTAL LIABILITIES		2,095,222
EQUITY		
CONTRIBUTED CAPITAL		4,111,479
RETAINED EARNINGS		23,010,156
NET INCOME / (LOSS)		1,438,631
RESERVED/RESTRICTED FUND BALANCE		1,732,163
UNRESERVED FUND BALANCE		10,239,134
TOTAL EQUITY		40,531,563
TOTAL LIABILITIES & EQUITY	\$	42,626,785

**Illinois Finance Authority
Consolidated
Unaudited
Balance Sheet
for the Ten Months Ending April 30, 2010**

	<u>Actual April 2009</u>	<u>Actual April 2010</u>
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	\$ 27,748,461	\$ 33,667,315
RECEIVABLES, NET	67,423	283,632
LOAN RECEIVABLE, NET	84,240,684	89,153,942
OTHER RECEIVABLES	464,211	800,979
PREPAID EXPENSES	<u>59,809</u>	<u>93,910</u>
 TOTAL CURRENT ASSETS	 112,580,588	 123,999,778
 FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	 109,652	 53,819
 DEFERRED ISSUANCE COSTS	 591,567	 497,957
OTHER ASSETS		
CASH, INVESTMENTS & RESERVES	49,066,102	39,602,528
VENTURE CAPITAL INVESTMENTS	5,377,739	5,377,739
OTHER	<u>3,646,693</u>	<u>2,999,998</u>
 TOTAL OTHER ASSETS	 58,090,534	 47,980,265
 TOTAL ASSETS	 <u>\$ 171,372,341</u>	 <u>\$ 172,531,819</u>
 LIABILITIES		
CURRENT LIABILITIES	\$ 1,108,559	\$ 1,653,792
LONG-TERM LIABILITIES	<u>56,672,665</u>	<u>56,310,179</u>
 TOTAL LIABILITIES	 57,781,224	 57,963,971
EQUITY		
CONTRIBUTED CAPITAL	35,608,692	35,608,692
RETAINED EARNINGS	24,795,357	27,173,957
NET INCOME / (LOSS)	773,622	1,665,835
RESERVED/RESTRICTED FUND BALANCE	39,765,275	37,471,193
UNRESERVED FUND BALANCE	<u>12,648,171</u>	<u>12,648,171</u>
 TOTAL EQUITY	 113,591,117	 114,567,848
 TOTAL LIABILITIES & EQUITY	 <u>\$ 171,372,341</u>	 <u>\$ 172,531,819</u>

**Illinois Finance Authority
 FY09 Audit Finding: Material
 Update as of April 30, 2010**

Number of Material Findings - 1

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

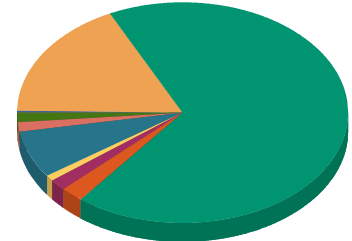
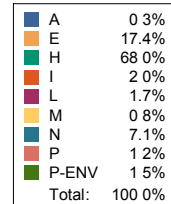


Bonds Issued and Outstanding as of April 30, 2010

Bonds Issued Since Inception

#	Market Sector	Principal Amount (\$)
8	Agriculture	54,635,632
95	Education	3,781,818,100
288	Healthcare	14,580,745,075
69	Industrial	429,425,669
26	Local Government	376,160,000
19	Multifamily/Senior Housing	175,417,900
126	501(c)(3) Not-for Profits	1,545,618,195
7	Exempt Facilities Bonds	250,700,000
9	Environmental issued under 20 ILCS 3515/9	326,630,000
		\$ 21,521,150,571

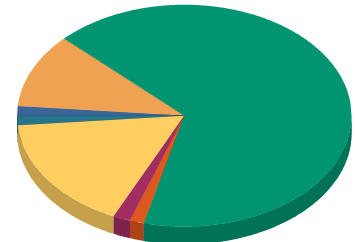
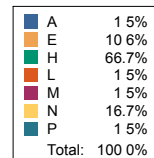
Bonds Issued Since Inception



Current Fiscal Year

#	Market Sector	Principal Issued
1	Agriculture	6,531,720
7	Education	283,745,000
44	Healthcare	2,208,867,015
1	Local Government	4,460,000
1	Multifamily/Senior Housing	5,700,000
11	501(c)(3) Not-for Profits	127,922,520
1	Exempt Facilities Bonds	28,500,000
		\$ 2,665,726,255

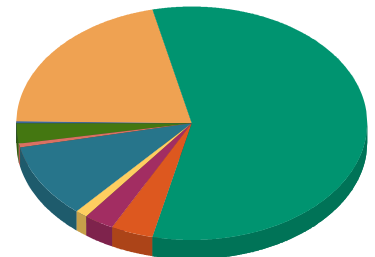
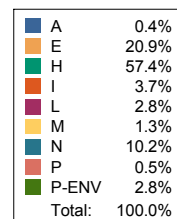
Bonds Issued - Current Fiscal Year



Schedule of Bonds Outstanding by Market Sector

Market Sector	Amount of Original Issue	Principal Outstanding
Agriculture	293,105,338	93,899,174
Education	5,502,905,730	5,123,051,146
Healthcare	16,041,273,904	14,034,513,881
Industrial	1,108,975,669	912,286,930
Local Government	1,139,929,413	681,844,169
Multifamily/Senior Housing	749,333,296	311,869,666
501(c)(3) Not-for Profits	2,895,944,996	2,485,948,730
Exempt Facilities Bonds	130,360,000	130,360,000
Environmental issued under 20 ILCS 3515/9	770,475,000	689,383,762
	\$ 28,632,303,346	\$ 24,463,157,458

Principal Outstanding by Market Sector



ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^[a]

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

Section I (a)	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	April 30, 2010		
Illinois Finance Authority "IFA"				
261	Agriculture	\$ 40,653,000	\$ 46,870,000	
86	Education	3,494,340,000	3,706,882,000	
203	Healthcare	9,089,122,000	10,506,955,000	
61	Industrial Development	366,045,000	343,563,000	
21	Local Government	271,480,000	264,060,000	
19	Multifamily/Senior Housing	164,768,000	164,431,000	
97	501(c)(3) Not-for Profits	1,186,916,000	1,252,632,000	
4	Exempt Facilities Bonds	77,000,000	105,500,000	
752	Total IFA Principal Outstanding	\$ 14,690,324,000	\$ 16,390,893,000	
Illinois Development Finance Authority "IDFA" ^[b]				
4	Education	75,163,000	42,200,000	
9	Healthcare	544,455,000	529,440,000	
78	Industrial Development	605,563,000	568,724,000	
35	Local Government	452,433,000	387,684,000	
16	Multifamily/Senior Housing	150,192,000	147,439,000	
107	501(c)(3) Not-for Profits	1,081,733,000	1,055,532,000	
1	Exempt Facilities Bonds	24,860,000	24,860,000	
246	Total IDFA Principal Outstanding	\$ 2,934,399,000	\$ 2,755,879,000	
Illinois Rural Bond Bank "IRBB" ^[b]				
18	Bond Bank Revenue Bonds	30,725,000	26,385,000	
2	Conduit Debt	3,860,000	3,715,000	
20	Total IRBB Principal Outstanding	\$ 34,585,000	\$ 30,100,000	
110	Illinois Health Facilities Authority "IHFA"	\$ 3,655,331,000	\$ 2,998,119,000	
52	Illinois Educational Facilities Authority "IEFA"	\$ 1,673,996,000	\$ 1,551,754,000	
604	Illinois Farm Development Authority "IFDA" ^[1]	\$ 47,029,000	\$ 47,029,000	
1,784	Total Illinois Finance Authority Debt	\$ 23,035,664,000	\$ 23,773,774,000	\$ 28,150,000,000

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

Section I (b)	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	April 30, 2010		
General Purpose Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
18	Issued through IRBB	\$ 30,725,000	\$ 30,100,000	
9	Issued through IFA	64,560,000	68,000,000	
27	Total General Moral Obligations	\$ 95,285,000	\$ 98,100,000	\$ 150,000,000
Financially Distressed Cities Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
1	Issued through IFA	\$ 2,925,000	\$ 2,395,000	
1	Issued through IDFA	5,720,000	4,660,000	
2	Total Financially Distressed Cities	\$ 8,645,000	\$ 7,055,000	\$ 50,000,000
State Component Unit Bonds ^[c]				
19	Issued through IRBB	\$ 30,725,000	\$ 26,385,000	
2	Issued through IDFA	105,530,000	100,915,000	
13	Issued through IFA	164,818,000	159,352,000	
34	Total State Component Unit Bonds	\$ 301,073,000	\$ 286,652,000	

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

Section I (c)	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	April 30, 2010		
Midwest Disaster Bonds [Flood Relief]	\$ -	\$ -	\$ 1,515,271,000	\$ 1,515,271,000

ILLINOIS FINANCE AUTHORITY
Schedule of Debt ^[a]

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

Section II	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	April 30, 2010		
Illinois Power Agency	\$ -	\$ -	\$ 4,000,000,000	\$ 4,000,000,000

Illinois Finance Authority Act [20 LCS 3501/825-65(f)] - see also P.A. 96-103 effective 01/01/2010

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

Issued under the Illinois Finance Authority Act [20 LCS 3501 Sections 830-25 (see also P.A.96-103); 830-30; 830-35; 830-45 and 830-50]

Section IV	Principal Outstanding		Program Limitations	Remaining Capacity	State Exposure
	June 30, 2009	April 30, 2010			
Agri Debt Guarantees [Restructuring Existing Debt]	\$ 21,986,000	\$ 20,181,000	\$ 160,000,000	\$ 139,819,000	\$ 17,111,000
102 Fund # 994 - Fund Balance	\$ 9,911,327				
13 Agri Industry Loan Guarantee Program	\$ 13,648,000	\$ 9,954,000			8,461,000
1 Renewable Fuels	24,445,000	24,445,000			14,875,000
1 Farm Purchase Guarantee Program	496,000	496,000			421,000
35 Specialized Livestock Guarantee Program	12,696,000	8,909,000			7,572,000
12 Young Farmer Loan Guarantee Program	2,430,000	2,570,000			2,184,000
AG Loan Guarantee Program	\$ 53,715,000	\$ 46,374,000	\$ 225,000,000 ^[e]	\$ 178,626,000	\$ 33,513,000
Fund # 205 - Fund Balance	\$ 7,628,938				
164 Total State Guarantees	\$ 75,701,000	\$ 66,555,000	\$ 385,000,000	\$ 318,445,000	\$ 50,624,000

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

Section V	Principal Outstanding		Appropriation Fiscal Year 2010	Fund Balance
	June 30, 2009	April 30, 2010		
119 Fire Truck Revolving Loan Program	\$ 19,258,322	\$ 18,800,769	\$ 6,003,342	\$ 1,054,823
10 Ambulance Revolving Loan Program	\$ 993,200	\$ 993,200	\$ 7,006,800	\$ 3,127,252

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

Section VI	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	April 30, 2010		
Environmental [Large Business]				
9 Issued through IFA	\$ 317,704,492	\$ 317,319,000		
21 Issued through IDFA	407,370,000	372,065,000		
30 Total Environmental [Large Business]	\$ 725,074,492	\$ 689,384,000	\$ 2,425,000,000	\$ 1,735,616,000
Environmental [Small Business]				
30 Total Environment Bonds Issued under Act	\$ 725,074,492	\$ 689,384,000	\$ 2,500,000,000	\$ 1,810,616,000

Illinois Finance Authority Funds at Risk

Section VII	#	Participation Loans	Original Amount	Principal Outstanding	
				June 30, 2009	April 30, 2010
63		Business & Industry	27,584,793.27	20,487,542.83	17,203,157.50
26		Agriculture	6,106,859.01	5,323,214.12	5,052,218.16
89		Total Participation Loans	\$ 33,691,652.28	\$ 25,810,756.95	\$ 22,255,375.66
1		Illinois Facility Fund	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
4		Local Government Direct Loans	\$ 1,289,750.00	\$ 387,931.74	\$ 318,303.50
6		FmHA Loans	\$ 963,250.00	\$ 617,776.68	\$ 521,202.72
2		Renewable Energy [RED Fund]	\$ 2,000,000.00	\$ 1,841,011.12	\$ 1,769,975.24
102		Total Loans Outstanding	\$ 38,944,652.28	\$ 29,657,476.49	\$ 25,864,857.12

ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^[a]

[a] Total subject to change; late month payment data may not be included at issuance of report.

[b] State Component Unit Bonds included in balance.

[c] Does not include Unamortized issuance premium as reported in Audited Financials.

[d] Program Limitation reflects the increase to \$3 billion effective 01/01/2010 under P.A. 96-103.

[e] Program Limitation reflects the increase from \$75 million to \$225 million effective 01/01/2010 under P.A. 96-103.

[f] Beginner Farmer Bonds are currently updated annually; new bonds will be added under the Illinois Finance Authority when the bond closes.

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

Bonds Issued between July 01, 2009 and April 30, 2010

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Initial Interest Rate</u>	<u>Principal Issued</u>
Beginner Farmer Bonds - Fiscal Year 2010	07/01/2009	Various-See Below	6,531,720
Provena Health, Series 2009B-D	07/09/2009	VRB 0.20%	116,000,000
Jewish Charities RAN, Series 2009-2010A	07/09/2009	VRB 0.26%	14,370,000
Hospice of Northeastern Illinois, Series 2009	07/16/2009	VRB 0.28%	8,500,000
Illinois Institute of Technology, Series 2009	07/22/2009	4.750% to 7.125%	30,000,000
Alexian Brothers Health System, Inc., Series 2009	07/23/2009	DP-VRB 2.53%	13,607,000
Rush University Medical Center, Series 2009C&D	07/29/2009	6.20% to 6.625%	200,000,000
Riverside Health System, Series 2009	08/13/2009	5.75% to 6.25%	66,500,000
OSF Healthcare System, Series 2009E-G	08/18/2009	DP-VRB 4.98%	70,000,000
University of Chicago Medical Center, Series 2009C-E	08/20/2009	5.25% to 5.50%	225,000,000
Aunt Martha's Youth Service Center, Inc., Series 2009	08/20/2009	DP-VRB 5.65%	8,924,195
St. Patrick High School, Series 2009	08/20/2009	DP-VRB 5.19%	5,431,458
Our Lady of Angels Village, Series 2009	08/20/2009	DP-VRB	7,911,000
American Water Capital Corp., Series 2009	10/01/2009	5.25%	28,500,000
Lake Forest Hospital, Series 2009	10/16/2009	DP-VRB 1.109%	52,000,000
Trinity International University, Series 2009	10/22/2009	VRB 0.24%	22,870,000
Edward Hospital, Series 2009A	10/28/2009	VRB 0.28%	43,500,000
Concordia University Chicago, Series 2009	10/29/2009	VRB 0.23%	30,000,000
Central DuPage Health, Series 2009B	11/18/2009	3.00% to 5.75%	240,000,000
Bond Bank Revenue Bonds, Series 2009A	12/04/2009	1.90% to 5.375%	4,460,000
Roosevelt University, Series 2009	12/09/2009	5.00% to 6.50%	183,645,000
Rehabilitation Institute of Chicago, Series 2009A-C	12/10/2009	VRB 0.25%	90,675,000
Villa Guadalupe Senior Services, Series 2009	12/15/2009	DP-VRB 3.26%	3,345,000
Elgin Academy, Series 2009	12/16/2009	DP-VRB 4.80%	11,505,000
The Joliet Montessori School, Series 2009	12/16/2009	DP-VRB 5.00%	625,000
Marion SLF, Series 2009	12/16/2009	DP-VRB 6.75%	5,700,000
Museum Science & Industry, Series 2009A-D	12/17/2009	VRB 0.23%	64,000,000
IV HealthCorp, Inc. [Illinois Valley Hospital], Series 2009	12/17/2009	VRB 0.32%	22,955,000
Resurrection Health Care, Series 2009	12/22/2009	3.00% to 6.125%	103,805,000
Memorial Health System, Series 2009	12/22/2009	3.00% to 5.50%	150,000,000
Providence Life Services, Series 2009A&B	12/29/2009	DP-VRB 4.18%/4.23%	27,689,820
Advocate Health Care Network, Series 2010A-D	01/06/2010	5.50%	238,255,000
Jewish Charities RAN, Series 2009-2010B	01/14/2010	VRB 0.15%	14,545,000
Swedish Covenant Hospital, Series 2010A	02/02/2010	4.00% to 6.00%	100,690,000
Provena Health, Series 2010A&B	02/11/2010	5.00% to 6.25%	126,000,000
Adler School of Professional Psychology, Series 2010	02/16/2010	DP-VRB 4.60%	5,100,000
Hispanic Housing Development Corporation, Series 2010	02/19/2010	DP-VRB 4.32%	2,192,400
Saint Anthony's Health Center, Series 2010A-C	03/18/2010	DP-VRB 5.76%	10,000,000
Friendship Village of Schaumburg, Series 2010	03/22/2010	7.00% to 7.25%	33,610,000
Palos Community Hospital, Series 2010A&B	04/12/2010	BL-VRB	100,000,000
SwedishAmerican Hospital, Series 2010	04/19/2010	DP-VRB 4.05%	25,000,000
Alexian Brothers Health System, Series 2010	04/21/2010	3.00% to 5.25%	133,400,000
The Poetry Foundation, Series 2010	04/28/2010	2.75% to 5.30%	15,000,000
National Opinion Research Center, Series 2010	04/29/2010	3.60%	3,883,662
Total Bonds Issued in Fiscal Year 2010			\$ 2,665,726,255

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

Beginner Farmer Bonds

<u>Borrower</u>	<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>
Dietmeier, Thomas & Wendy	10/15/2009	5.50%	87,500
Kane, Jason	10/15/2009	5.00%	250,000
Mueller, Charles	10/15/2009	5.75%	178,400
Adair, Tye & Jill	10/20/2009	4.35%	137,500
Walk, Chad	10/29/2009	4.50%	150,000
Miller, Curtis	10/29/2009	4.25%	120,000
Huschen, Rob	10/29/2009	4.50%	202,202
Reeves, Jeremy & Tara	11/02/2009	4.50%	201,000
Van Fleet, Ryan	11/18/2009	4.25%	150,000
Swanson, Matthew & Angela	11/18/2009	4.25%	101,500
Hill, Barrett	12/01/2009	4.25%	239,000
Weber, Daniel	12/10/2009	4.00%	177,300
Boehl, Bruce	12/15/2009	4.25%	149,000
Wolber, DuWayne & Abby	12/15/2009	4.25%	250,000
Holland, Nicholas	12/22/2009	4.00%	113,920
Jensen, Jeffrey	12/22/2009	4.50%	250,000
Killiam, Mark & Beth	12/22/2009	3.75%	469,200
Nichelson, William & Jennie	12/22/2009	3.75%	469,200
Laue, Jonathan	02/19/2010	4.25%	72,500
Behrens, Ronald & Sandra	03/01/2010	3.95%	470,100
Semple, Jacob	03/03/2010	4.25%	139,750
McKeown, Richard & Linda	03/23/2010	4.39%	160,000
Shike, Ronald & Suellen	03/23/2010	4.39%	160,000
Eshbach, Galen	03/23/2010	4.75%	470,100
Pilman, Jacob E.	03/25/2010	5.00%	136,000
Kalaher, Chad	03/25/2010	4.00%	203,500
Belusko, David	03/31/2010	4.25%	229,000
Belusko, Matthew	03/31/2010	4.25%	229,000
Steidinger, Gary & Annette	04/22/2010	3.50%	127,920
Altwardt, Justin	04/27/2010	3.90%	220,000
Dotterer, Alex	04/27/2010	3.50%	131,128
Voss, Brian & Karen	04/27/2010	4.80%	87,000

Total Beginner Farmer Bonds Issued \$ 6,531,720

	<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>	<u>State Guarantee</u>
AG Debt Restructuring Guarantee				
Beer, Keith	10/23/2009	6.00%	500,000	425,000
Hayden Farms	09/30/2009	7.50%	500,000	425,000
Blackhawk REG [Danville Biofuels Plant]	02/26/2010	4.23%	24,444,583	14,874,529
Total AG Debt Restructuring Guarantee			\$ 25,444,583	\$ 15,724,529

	<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>	<u>State Guarantee</u>
AG Young Farmer Guarantee				
Wagner, Kyle & Jenny	12/15/2009	5.25%	310,000	263,500
Total AG Young Farmer Guarantee			\$ 310,000	\$ 263,500
Total Agriculture Guarantees			\$ 25,754,583	\$ 15,988,029

**MINUTES OF THE APRIL 13, 2010 MEETING OF THE COMMITTEE OF THE
WHOLE OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE
AUTHORITY**

The Board of Directors (the “Board”) of the Illinois Finance Authority (the “IFA” or the “Authority”), pursuant to notice duly given, held a Committee of the Whole Meeting at 8:30 a.m. on Tuesday, April 13, 2010 at the IFA’s Chicago Office at 180 N. Stetson Avenue, Ste. 2555, Chicago, IL 60601.

Members present:

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Terrence M. O’Brien
4. Dr. William J. Barclay
5. John “Jack” Durburg
6. James J. Fuentes
7. Roger Poole
8. Joseph McInerney

**Members participating by
telephone:**

None

Members absent:

1. Ronald E. DeNard
2. Juan B. Rivera
3. Roderick Bashir
4. Dr. Roger D. Herrin
5. Edward H. Leonard, Sr.
6. Bradley A. Zeller

Vacancies:

One

Staff Members Present:

Chris Meister, Executive Director
Yvonne Towers, Chief Financial &
Technology Officer
Pam Lenane, Vice President & Acting
General Counsel
Art Friedson, Chief Human Resources
Officer
Rich Frampton, Vice President
Eric Reed, Downstate Regional
Manager
Kara Boulahanis, Project Coordinator
& Asst. Secretary to the Board

Call to Order

Chairman Brandt called the meeting to order at 8:37 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests. He stated that he was pleased to report that the IFA appeared to be on track to have revenues similar to the previous year. This is well above the revenue projected for the year.

Executive Director’s Presentation

Director Meister presented the Executive Director’s report in accordance with the Board Book. A brief discussion of the different types of borrowers that would benefit from the passage of the IFA’s multi-state bonding authority initiative, HB 5854, ensued and no objections were noted.

Director Meister congratulated Ms. Pam Lenane for her election to Vice-President of the National Association of Health and Educational Facilities Finance Authorities (NAHEFFA) in March, to Mr. Rich Frampton for his long-term work on the Board of the Council of Development Finance Agencies (CDFA) and to Mr. Eric Reed for his work with the National Council of State Agricultural Finance Programs (NCOSAFP) and other peer State agencies on improvements to the Beginning Farmer Bond program at the Federal level.

Senior Staff Reports

Chairman Brandt asked Ms. Yvonne Towers, CFO, to present the financials. Ms. Towers presented in accordance with the Board Report. Chairman Brandt noted that the Governor has encouraged the IFA to make use of the volume cap it has been awarded and encouraged IFA staff to utilize this resource to its maximum.

Chairman Brandt stated that the Audit Committee meeting had occurred earlier that morning and asked Ms. Towers to report on it.

Committee Reports:

Ms. Towers stated that the Audit Committee had met the morning of the Board Meeting and discussed the outcome of the financial audit and compliance examination. Ms. Towers noted that IFA had received one material finding on the financial audit and four (4) immaterial findings on the compliance examination. The material finding was related to the lack of an independent valuation of the venture capital investments since 2006. The four immaterial findings pertained to (i) the filing of CO8 forms with the State Comptroller's office, (ii) an error on an agency report filed with the State Comptroller, (iii) a failure to adequately test the Authority's Disaster Contingency Plan and (iv) the lack of encryption software on IFA's laptops. Chairman Brandt noted that the audit costs were not set by the Authority and were non-negotiable.

Chairman Brandt added that the issue of the venture capital (VC) portfolio valuation is a finding that needs to be properly addressed. He added that there was concern on the Board level that an attempt to address this finding through the current, properly procured financial advisory firms may not be adequate. Chairman Brandt asked staff to ensure that this plan of action would be acceptable to the Auditor General's office; otherwise the Authority may be spending scarce resources on services that may not address the finding. He noted that anecdotal evidence indicated that the VC portfolio had not been performing strongly.

Chairman Brandt then moved onto the Compensation Committee. He stated that the meeting will be moved to June from May to accommodate the personnel review schedule.

Director Meister then gave the Energy Committee report. He stated that the Energy Committee recommended one board action item: the Energy Efficiency Guidelines. He stated that this document outlines the guidelines for the acceptance of energy efficiency projects and stipulates fees for such projects. It also details internal collateral and security requirements for these projects.

Director Meister continued by stating that the US Department of Energy (USDOE) had sent a letter to the Authority in late March acknowledging receipt of the Authority application to the Financial Institute Partnership Program for Development Finance Organizations. It stated that the USDOE had determined that the IFA appeared to be qualified to submit projects and that USDOE looked forward to reviewing any project applications IFA wished to submit.

Chairman Brandt then asked Dr. Barclay to present the Healthcare Committee Report. Dr. Barclay stated that due to the withdrawal of Project No. 6, The Clare, the Healthcare Committee had little to report. He stated that the Healthcare Committee discussed the project in question in great detail and it was determined that at this time it was in the best interest of the Authority and the project to defer consideration of the project to a later date. A discussion of the issues related to the project ensued but no objections were noted.

Mr. Reed presented the Agriculture Committee report. He stated that the Agriculture Committee had met and recommended all of the projects before the Board today for approval. He added that IFA has initiated efforts to revive a prior consulting relationship with the University of Illinois' College of Agriculture, Consumer and Environmental Sciences (ACES). ACES would serve as financial advisor and public policy partner for IFA's agricultural programs, a role it had previously served for the Illinois Farm Development Authority (an IFA predecessor).

Project Reports

Chairman Brandt then asked for the project reports.

Mr. Reed presented the following projects to the Board:

- No. 1A:** – **Michael T. Marron**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$165,000 for the purchase of approximately 40 acres of farmland. This project is located in unincorporated Vermillion County near Fithian, IL.
- No. 1B:** – **Benjamin A. & Sonya L. Coulter**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$188,880 for the purchase of an undivided 1/3 interest in approximately 188.88 acres of farmland. This project is located in unincorporated Iroquois County near Paxton, IL.
- No. 1C:** – **Dustin & Christine Bauer**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$125,000 for the purchase of approximately 65 acres of farmland. This project is located in unincorporated Bond County near Greenville, IL.
- No. 1D:** – **Justin Alwardt**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$220,000 for the purchase of approximately 93 acres of farmland and related buildings. This project is located in unincorporated Effingham County near Altamont, IL.
- No. 1E:** – **Steven R. Smithenry**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$40,950 for the purchase of approximately 19.5 acres of farmland. This project is located in unincorporated Jasper County near Newton, IL.
- No. 1F:** – **Alex Dotterer**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$131,128 for the purchase of approximately 40.82 acres of farmland. This project is located in unincorporated McLean County near Fairbury, IL.
- No. 1G:** – **Brian Scott & Karen Sue Voss**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$87,000 for the purchase of approximately 41.25 acres of farmland. This project is located in unincorporated Adams County near Columbus, IL.
- No. 1H:** – **Gary & Annette Steidinger**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$127,920 for the purchase of approximately 40 acres of farmland and related buildings. This project is located in unincorporated Livingston County near Fairbury, IL.
- No. 2:** – **Gregory R. & Jan R. Kerber**
Request for final approval of the issuance of an agri-debt guarantee on a loan not-to-exceed \$500,000 that would provide an 85% loan guarantee (i.e., \$425,000) in favor of the Bank of Gibson City to finance the purchase of approximately 122 acres of farmland. This project is located in unincorporated Ford County near Sibley, IL.

Mr. Reed noted that Mr. and Mrs. Kerber were applying for an agri-debt guarantee instead of a Beginning Farmer Bond due to the income requirements of the Beginning Farmer Bond program. A brief discussion ensued and no objections were noted.

Mr. Rich Frampton presented the following projects for approval.

No. 3: – **Concordia Place Apartments, L.P.**
Request for approval of a preliminary bond resolution for the issuance of an amount not-to-exceed \$17.5 million of affordable rental housing bonds. Proceeds of these bonds will be used to: (1) current refund the remaining outstanding balance of the City of Chicago Series 2003 Revenue Bonds and IFA Series 2006 Subordinate Bonds, (2) finance capitalization of certain reserve funds required by the new credit enhancer, (3) prospectively fund renovations, and (4) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds. This 297-unit affordable rental housing property is located in Chicago, IL. (Cook County).

No. 4: – **The Art Institute of Chicago.**
Request for approval of a final bond resolution for the issuance of 501(c)(3) Bonds in an amount not to exceed \$245 million. Bond proceeds will be used by The Art Institute of Chicago (“AIC”, the “Institute”, or the “Borrower”), together with other funds of the Borrower, to refund all or a portion of AIC’s outstanding IFA (IEFA) Series 1992, Series 1995, Series 1996 Bonds, Series 1998A, Series 2000A Bonds, Series 2009B-1 Bonds, and Series 2009B-2 Bonds (collectively, the “Prior Bonds”) and/or converting some or all of the series of Bonds described above to another interest rate mode, and to pay costs of issuance. This Project is located in Chicago, IL. (Cook County).

A brief discussion ensued and no objections were noted.

Mr. Mauricio Nares, Associate Funding Manager, presented the following project for approval.

No. 5: – **National Opinion Research Center**
Request for approval of a one-time final bond resolution for the issuance of 501(c)(3) Bonds in an amount not to exceed \$4.4 million. The proceeds of this issuance will be used to: (i) finance, refinance or reimburse National Opinion Research Center (the “Corporation”), for all or a portion of the costs of the acquisition, construction, renovation, improvement, upgrading, furnishing and equipping of certain of its “educational facilities” (the “Projects”), including, without limitation, the acquisition and installation of certain computer hardware and software, audio-visual equipment and telecommunication equipment and various other fixed assets, including but not limited to furniture, for the Corporation’s facilities located in Chicago, (ii) to pay a portion of the accrued interest on the Bonds, if deemed desirable by the Corporation, (iii) to pay certain working capital expenditures, if deemed desirable by the Corporation, (iv) to fund one or more debt service reserve funds for the Bonds, if deemed desirable by the Corporation, and (v) to pay certain costs of issuance. This project is located in Chicago, IL (Cook County).

A brief discussion ensued and no objections were noted.

Mr. Jim Senica, Senior Funding Manager, presented the following resolutions and amendatory resolutions for approval.

No. 7: **Brett & Christine Zehr Participation Loan.** Request for Loan Modification and 90-day Extension of Commitment.

No. 8: **Ill-MO Products Company.** Resolution to approve and authorize an amendment to the Loan Agreement and related covenants between US Bank and Ill-MO Products Company.

Ms. Pam Lenane, Vice President and Acting General Counsel presented the following resolution for approval:

No. 9: **Union Oil Company of California/PDVMR Project.** Resolution authorizing the release of the Illinois Finance Authority's interest in certain personal and real property located in Will County, Illinois.

Mr. Steve Trout, Vice President, presented the following amendatory resolution for approval:

No. 10: **Ockerlund Industries Project.** Amendatory Resolution Authorizing a Change in Bond Purchaser and an Extension in the Amortization Schedule Associated with IFA Series 2005 Industrial Revenue Bonds.

Mr. Marnin Lebovits, Senior Funding Manager, presented the following resolution for approval.

No. 11: **Energy Efficiency Guidelines.** Resolution to adopt program guidelines for Energy Efficiency projects.

Mr. Goetz added that he requested Director Meister include the responsible contracting language that IDOT and other State Agencies use in the procurement posting for any contractors associated with the Energy Efficiency program. Director Meister agreed. Mr. Fuentes brought up the issue of staffing for the energy initiative. Director Meister stated that once the fiscal year is over and a clearer picture of next year emerges, hiring for this initiative will become a priority.

Closing Remarks and Adjournment:

The meeting adjourned at 10:56 a.m.

Respectfully Submitted,

Kara Nystrom-Boulahanis, Assistant Secretary

**MINUTES OF THE APRIL 13, 2010 MEETING OF THE BOARD OF DIRECTORS OF THE
ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the “Board”) of the Illinois Finance Authority (the “IFA” or the “Authority”), pursuant to notice duly given, held a Board Meeting at 11:30 a.m. on Tuesday, April 13, 2010 at the Prudential Plaza Conference Center at 130 E. Randolph Street, 7th Floor, Chicago, IL 60601.

Members present:

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Terrence M. O’Brien
4. Dr. William J. Barclay
5. John “Jack” Durburg
6. James J. Fuentes
7. Roger Poole
8. Joseph McInerney

Members absent:

1. Ronald E. DeNard
2. Juan B. Rivera
3. Roderick Bashir
4. Dr. Roger D. Herrin
5. Edward H. Leonard, Sr.
6. Bradley A. Zeller

**Members participating by
telephone:**

None

Vacancies:

One

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:35 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests. He then asked Assistant Secretary Kara Nystrom-Boulahanis to call the roll. There being eight (8) members physically present Ms. Nystrom-Boulahanis declared the quorum met.

Acceptance of Financial Statements and Minutes

Financial statements for the period ending March 31, 2010 and minutes for both the March 9, 2010 Committee of the Whole and Board of Directors meetings were presented to the Board. Chairman Brandt stated that the Authority’s financial statements and minutes were reviewed at the regularly scheduled Committee of the Whole meeting held at 8:30 a.m. that day. Chairman Brandt requested a motion to approve the March 31, 2010 financial statements and minutes from both the March 9, 2010 Committee of the Whole and the Board of Directors meeting.

The motion was moved by Mr. Goetz and seconded by Mr. Poole. The March 31, 2010 financial statements and minutes from both the March 9, 2010 Committee of the Whole and the Board of Directors meetings were unanimously approved by members of the Board.

Senior Staff Reports

None.

Project Approvals

Chairman Brandt asked Mr. Rich Frampton, Vice President, to present the projects for consideration to the Board. Chairman Brandt announced that the projects presented undergo an extensive review process prior to presentation to the Board. All projects are thoroughly vetted by a staff credit committee. All agriculture, energy and healthcare projects are also reviewed at their respective committees’ public

meetings each month. Finally, each project is thoroughly reviewed at the Committee of the Whole meeting held at 8:30 a.m. before the Board Meeting.

Mr. Frampton presented the following projects for board approval:

- No. 1A:** – **Michael T. Marron**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$165,000 for the purchase of approximately 40 acres of farmland. This project is located in unincorporated Vermillion County near Fithian, IL.
- No. 1B:** – **Benjamen A. & Sonya L. Coulter**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$188,800 for the purchase of an undivided 1/3 interest in approximately 188.88 acres of farmland. This project is located in unincorporated Iroquois County near Paxton, IL.
- No. 1C:** – **Dustin & Christine Bauer**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$125,000 for the purchase of approximately 65 acres of farmland. This project is located in unincorporated Bond County near Greenville, IL.
- No. 1D:** – **Justin Alwardt**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$220,000 for the purchase of approximately 93 acres of farmland and related buildings. This project is located in unincorporated Effingham County near Altamont, IL.
- No. 1E:** – **Steven R, Smithenry**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$40,950 for the purchase of approximately 19.5 acres of farmland. This project is located in unincorporated Jasper County near Newton, IL.
- No. 1F:** – **Alex Dotterer**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$131,128 for the purchase of approximately 40.82 acres of farmland. This project is located in unincorporated Livingston County near Fairbury, IL.
- No. 1G:** – **Brian Scott & Karen Sue Voss**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$87,000 for the purchase of approximately 41.25 acres of farmland. This project is located in unincorporated Adams County near Columbus, IL.
- No. 1H:** – **Gary & Annette Steidinger**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$127,920 for the purchase of approximately 40 acres of farmland and related buildings. This project is located in unincorporated Effingham County near Altamont, IL.

Director Meister noted that due to a scrivener's error, the not-to-exceed amounts for Project Nos. 1A, 1F and 1G were incorrectly transcribed into the agenda distributed at the Board Meeting and re-read the correct not-to-exceed amounts into the record for Project 1A (\$165,000), Project 1F (\$131,128) and Project 1G (\$87,000).

No. 2: -- Gregory R. & Jan R. Kerber

Request for final approval of the issuance of an agri-debt guarantee supporting a loan in an amount not-to-exceed \$500,000 to provide an 85% loan guarantee (i.e., \$425,000) in favor of the Bank of Gibson City to finance the purchase of approximately 122 acres of farmland. This project is located in unincorporated Ford County near Sibley, IL.

No guests attended with respect to Project Nos. 1A, 1B, 1C, ID, 1E, 1F, 1G, 1H or 2. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 1A, 1B, 1C, ID, 1E, 1F, 1G, 1H or 2. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 1A, 1B, 1C, ID, 1E, 1F, 1G, 1H and 2. Project Nos. 1A, 1B, 1C, ID, 1E, 1F, 1G, 1H and 2 received approval with 8 ayes, 0 nays, and 0 abstentions.

No. 3: – Concordia Place Apartments, L.P.

Request for the approval of a preliminary bond resolution for the issuance of up to \$17.5 million of affordable rental housing bonds. The proceeds of these bonds will be used to: (1) current refund the remaining outstanding balance of the City of Chicago Series 2003 Revenue Bonds and IFA Series 2006 Subordinate Bonds, (2) finance capitalization of certain reserve funds required by the new Credit Enhancer, (3) prospectively fund renovations, and (4) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds. This 297-unit affordable rental housing property is located in Chicago, IL. (Cook County).

No. 5: – National Opinion Research Center

Request for approval of a one-time final bond resolution for the issuance of 501(c)(3) Bonds in an amount not to exceed \$4.4 million. The proceeds of this issuance will be used to: (i) finance, refinance or reimburse National Opinion Research Center (the “Corporation”), for all or a portion of the costs of the acquisition, construction, renovation, improvement, upgrading, furnishing and equipping certain of its “educational facilities” (the “Projects”), including, without limitation, the acquisition and installation of certain computer hardware and software, audio-visual equipment and telecommunication equipment and various other fixed assets, including furniture for the Corporation’s facilities located in Chicago, (ii) to pay a portion of the accrued interest on the Bonds, if deemed desirable by the Corporation, (iii) to pay certain working capital expenditures, if deemed desirable by the Corporation, (iv) to fund one or more debt service reserve funds for the Bonds, if deemed desirable by the Corporation, and (v) to pay certain costs of issuance. This project is located in Chicago, IL (Cook County).

No guests attended with respect to Project Nos. 3 or 5. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 3 or 5. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 3 and 5. Project Nos. 3 and 5 received approval with 8 ayes, 0 nays, and 0 abstentions.

No. 6: *Withdrawn.*

No. 7: Brett & Christine Zehr Participation Loan. Request for Loan Modification and 90-day Extension of Commitment.

No. 8: Ill-MO Products Company. Resolution to approve and authorize an amendment to the Loan Agreement and related covenants between US Bank and Ill-MO Products Company.

- No. 9:** **Union Oil Company of California/PDVMR Project.** Resolution authorizing the release of the Illinois Finance Authority's interest in certain personal and real property located in Will County, Illinois
- No. 10:** **Ockerlund Industries Project.** Amendatory Resolution Authorizing a Change in Bond Purchaser and an Extension in the Amortization Schedule Associated with IFA Series 2005 Industrial Revenue Bonds.
- No. 11:** **Energy Efficiency Guidelines.** Resolution to adopt program guidelines for Energy Efficiency projects

Mr. Goetz, Vice Chair, asked to make a few remarks regarding the Energy Efficiency Program Guidelines. He stated that Energy Committee Chair Dr. Roger Herrin spent countless hours working on these guidelines and he would like to thank Dr. Herrin on behalf of the Board for his efforts on this endeavor. He added that this program is innovative and streamlined for the most efficient use. He noted the program guidelines would be posted on the IFA's website and suggested that everyone download them.

Chairman Brandt asked if the Board had any questions with regard to Resolution Nos. 7, 8, 9 10 or 11. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Resolution Nos. 7, 8, 9, 10 and 11. Projects 7, 8, 9, 10 and 11 received approval with 8 ayes, 0 nays, and 0 abstentions.

- No. 4:** – **The Art Institute of Chicago.**
Request for approval of a final bond resolution for the issuance of 501(c)(3) Bonds in an amount not to exceed \$245 million. Bond proceeds will be used by The Art Institute of Chicago ("AIC", the "Institute", or the "Borrower"), together with other funds of the Borrower, to refund all or a portion of AIC's outstanding IFA (IEFA) Series 1992, Series 1995, Series 1996 Bonds, Series 1998A, Series 2000A Bonds, Series 2009B-1 Bonds, and Series 2009B-2 Bonds (collectively, the "Prior Bonds) and/or converting some or all of the series of Bonds described above to another interest rate mode, and to pay costs of issuance. This Project is located in Chicago, IL. (Cook County).

Mr. Frampton introduced Mr. Eric Anyah, Executive Vice President and Chief Financial Officer, of The Art Institute of Chicago. Mr. Anyah thanked the Board for their consideration of the Institute's project. He stated that this project would be a fundamental restructuring of the Institute's financial portfolio by converting 75% of its outstanding debt to a low interest, fixed rate mode. He added that he would also like to extend his thanks for the Authority's earlier funding for the new Modern Wing at the Institute. He stated that it was a draw for tourists from around the world and the Museum's own backyard as well as a cultural jewel for the city of Chicago.

No guests attended with respect to Project No. 4. Chairman Brandt asked if the Board had any questions with respect to Project No. 4. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 4. Project No. 4 received approval with 8 ayes, 0 nays, and 0 abstentions.

Other Business

Chairman Brandt asked if there was any other business to come before the Board. There being none, Chairman Brandt requested a motion to adjourn. Upon a motion by Mr. O'Brien and seconded by Mr. Goetz, the meeting adjourned at 11:50 a.m.

Chairman Brandt reminded all guests that next month's meeting will be on May 4, 2010 at the Conference Center at One Prudential Plaza, Chicago, IL and to please check www.il-fa.com for more information.

Respectfully Submitted,

Kara Nystrom-Boulahanis, Assistant Secretary

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Eric Reed (lk)
Date: May 4, 2010
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached project
- **Amount:** Up to \$470,100 maximum of new money for each project*
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$1,070,750**
- **Calendar Year Summary:** (as of May 4, 2010)
 - Volume Cap: \$25,000,000
 - Volume Cap Committed: \$4,687,008
 - Volume Remaining: \$19,940,365
 - Average Acreage Farm Size: 71
 - Number of Farms Financed: 25
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2010 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
 - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
 - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
 - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
 - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
 - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**
Stephen F. Welcome, Esq.
Three First National Plaza, Suite 4300
Chicago, IL 60602

* Increase from prior cap of \$250,000 due to SB260/ Public Act 96-0531, effective date August 14, 2009.

Beginning Farmer Bonds

Page 2 of 4

A.

Project Number:	A-FB-TE-CD-8350
Funding Manager:	Eric Reed
Borrower(s):	Dowdall, Gregory J.
Borrower Benefit:	First Time Land Buyer
Town:	Hamilton, IL
IFA Bond Amount:	\$131,500
Use of Funds:	Farmland – 40 acres
Purchase Price:	\$263,000 / (\$6,575 per ac)
%Borrower Equity	5%
%USDA Farm Service Agency	45% (<i>Subordinate Financing</i>)
%IFA	50%
County/Region:	Hancock / West Central
Lender/Bond Purchaser	Marine Bank & Trust / Lynn Fisher
Legislative Districts:	Congressional: 17 th , Phil Hare State Senate: 47 th , John Sullivan State House: 94 th , Richard Myers

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on March 1, 2011. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 1, 2011 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

B.

Project Number:	A-FB-TE-CD-8351
Funding Manager:	Eric Reed
Borrower(s):	Nelson, Michael
Borrower Benefit:	First Time Land Buyer
Town:	Alexis, IL
IFA Bond Amount:	\$273,750
Use of Funds:	Farmland – 157 acres w/bldgs.
Purchase Price:	\$525,000 (\$450,000) / (\$2,866 per ac)
%Borrower Equity	5%
%USDA Farm Service Agency	45% (<i>Subordinate Financing</i>)
%IFA	50%
County/Region:	Warren / West Central
Lender/Bond Purchaser	Midwest Bank of Western IL / Matt Gillen
Legislative Districts:	Congressional: 17 th , Phil Hare State Senate: 47 th , John Sullivan State House: 94 th , Richard Myers

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

Beginning Farmer Bonds

Page 3 of 4

C.

Project Number: **A-FB-TE-CD-8352**
Funding Manager: Eric Reed
Borrower(s): **Hemker, Lynette**
Borrower Benefit: First Time Land Buyer
Town: Mulberry Grove, IL
IFA Bond Amount: **\$115,000**
Use of Funds: Farmland – 60 acres & used bldgs.
Purchase Price: \$230,000 (\$220,000) / (\$3,666 per ac)
 % Borrower Equity 5%
 % USDA Farm Services Agency 45% (*Subordinate Financing*)
 % IFA 50%
County/Region: Bond/Southwestern
Lender/Bond Purchaser: Bradford National Bank / Bob Tompkins
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 51st, Kyle McCarter
State House: 102nd, Ron Stephens

Principal shall be paid monthly in installments determined pursuant to a Twenty five year amortization schedule, with the first principal payment date to begin one month from the date of closing. Accrued interest on the unpaid balance hereof shall be paid monthly, with the first interest payment date to begin one month from the date of closing with the 300th and final payment of all outstanding balances due twenty five years from the date of closing.

D.

Project Number: **A-FB-TE-CD-8353**
Funding Manager: Eric Reed
Borrower(s): **McKay, Jason**
Borrower Benefit: First Time Land Buyer
Town: Beecher City, IL
IFA Bond Amount: **\$177,500**
Use of Funds: Farmland – 80 acres
Purchase Price: \$350,000 / (\$4,375 per ac)
 % Borrower Equity 5%
 % USDA Farm Service Agency 45% (*Subordinate Financing*)
 % IFA 50%
County/Region: Fayette / Southeastern
Lender/Bond Purchaser: Peoples Bank & Trust / Joe Wills
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 55th, Dale Righter
State House: 109th, Roger Eddy

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on January 15, 2011. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on January 15, 2011 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

Beginning Farmer Bonds

Page 4 of 4

E.

Project Number:	A-FB-TE-CD-8355
Funding Manager:	Eric Reed
Borrower(s):	Elam, Matthew James
Borrower Benefit:	First Time Land Buyer
Town:	Smithboro, IL
IFA Bond Amount:	\$220,000
Use of Funds:	Farmland – 104 acres
Purchase Price:	\$440,000 / (\$4,231 per ac)
%Borrower Equity	5%
%USDA Farm Service Agency	45% (<i>Subordinate Financing</i>)
%IFA	50%
County/Region:	Bond / Southwestern
Lender/Bond Purchaser	Bradford National Bank / Bob Tompkins
Legislative Districts:	Congressional: 19 th , John Shimkus State Senate: 51 st , Kyle McCarter State House: 102 nd , Ron Stephens

Principal shall be paid annually in installments determined pursuant to a Twenty Five year amortization schedule, with the first principal payment date to begin on October 30, 2011. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on October 30, 2010 with the twenty fifth and final payment of all outstanding balances due twenty five years from October 30, 2010.

F.

Project Number:	A-FB-TE-CD-8356
Funding Manager:	Eric Reed
Borrower(s):	Hawkey, Chad Edward
Borrower Benefit:	First Time Land Buyer
Town:	Kinmundy, IL
IFA Bond Amount:	\$153,000
Use of Funds:	Farmland – 80 acres
Purchase Price:	\$340,000 / (\$4,250 per ac)
%Borrower Equity	5%
%USDA Farm Service Agency	45% (<i>Subordinate Financing</i>)
%IFA	50%
County/Region:	Marion / Southeastern
Lender/Bond Purchaser	Fifth Third Bank / Mel Stock
Legislative Districts:	Congressional: 19 th , John Shimkus State Senate: 54 th , John Jones State House: 107 th , John Cavaletto

Principal and interest shall be paid annually in nineteen installments, with the first nineteen installments to be equal principal and interest payments pursuant to a thirty year amortization schedule. The first payment date shall begin on May 1, 2011 and successive payment dates shall be at one year intervals thereafter, with the twentieth and final balloon payment of all principal and interest then outstanding due twenty years from the date hereof. The bank will exercise a call feature five years from the date of closing and every 5 years thereafter.



CONDUIT

\$25,000,000

AMERICAN WATER CAPITAL CORP., ON BEHALF OF ILLINOIS-AMERICAN WATER COMPANY

May 4, 2010

REQUEST	<p>Purpose: Provide conduit financing for Water Furnishing Facilities (Private Water Utility)</p> <p>Project Description: Finance Construction, Equipment, and Bond Issuance Costs</p> <p>Program: Water Furnishing Facilities/Exempt Facilities Revenue Bonds</p> <p>No State resources.</p> <p>Volume Cap required \$25,000,000 (Carryforward; \$25.0MM of 2008 Carryforward for Water Furnishing Facilities Revenue Bonds)</p> <p>Extraordinary Conditions: None (Standard condition: subject to availability of Volume Cap or Carryforward Volume Cap).</p>									
BOARD ACTIONS	<p>Final Bond Resolution</p> <p>Voting Record – Preliminary Bond Resolution, December 8, 2009: Ayes: 8; Nays: 0; Abstentions: 0; Absent: 6 (Bashir, DeNard, Leonard, McInerney, Poole, Rivera); Vacancies: 1</p>									
MATERIAL CHANGES	<p>(1) Addition of one additional project in Peoria District (see Project #11 on p. 6 – Peoria Well Disinfection Improvements); and (2) engagement of Bond Counsel, Co-Manager, Underwriter’s Counsel, and Bond Trustee (see p. 10).</p>									
JOB DATA	<table> <tr> <td>476</td> <td>Current jobs</td> <td>0-2</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>70</td> <td>Construction jobs projected (12 months)</td> </tr> </table>	476	Current jobs	0-2	New jobs projected	N/A	Retained jobs	70	Construction jobs projected (12 months)	
476	Current jobs	0-2	New jobs projected							
N/A	Retained jobs	70	Construction jobs projected (12 months)							
BORROWER DESCRIPTION	<ul style="list-style-type: none"> • Type of entity: Private Water Utility • Location (Multiple – Statewide; see p. 2) • When was it established: predecessors to Illinois-American Water Company – 1884 • What does the entity do: Private Water Utility serving general public • Who does the entity serve: all water users within the Company’s service areas • What will new project facilitate: enhanced drinking water capacity and quality. 									
CREDIT INDICATORS	<ul style="list-style-type: none"> • Rated. Underlying Ratings and anticipated Bond Ratings: Baa2/BBB+ (Moody’s/S&P) 									
PROPOSED STRUCTURE	<p>Not Enhanced (sold based on underlying Baa2/BBB+ rating of Borrower)</p> <p>Fixed Rate Bonds: estimated rate of 5.30% to 5.60% (as of 4/15/2010).</p> <p>Maturity Years: Not to exceed 40 years (anticipated final maturity in 30 years)</p>									
SOURCES AND USES	<table> <tr> <td>IFA Bonds: \$25,000,000</td> <td>Project Cost:</td> <td>\$40,000,000</td> </tr> <tr> <td>Equity: <u>16,049,000</u></td> <td>Costs of Issuance</td> <td><u>1,049,000</u></td> </tr> <tr> <td>Total \$41,049,000</td> <td>Total</td> <td>\$41,049,000</td> </tr> </table>	IFA Bonds: \$25,000,000	Project Cost:	\$40,000,000	Equity: <u>16,049,000</u>	Costs of Issuance	<u>1,049,000</u>	Total \$41,049,000	Total	\$41,049,000
IFA Bonds: \$25,000,000	Project Cost:	\$40,000,000								
Equity: <u>16,049,000</u>	Costs of Issuance	<u>1,049,000</u>								
Total \$41,049,000	Total	\$41,049,000								
RECOMMENDATION	<p>Credit Review Committee recommends approval.</p>									

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 4, 2010**

Project: American Water Capital Corp., on behalf of Illinois-American Water Company

STATISTICS

Project Number:	PU-WD-TE-CD-8304	Amount:	\$25,000,000
Type:	Water Furnishing Facilities Revenue Bonds (Exempt Facility Bonds)	IFA Staff:	Rich Frampton
Locations*:	Champaign District, Interurban District (East St. Louis and Granite City), Lincoln District, Peoria District, Pontiac District [see Project Summary for Details]	*Counties/ Regions:	Champaign/East Central Livingston/North Central, Madison/Southwestern, Peoria/North Central, St. Clair/Southwestern

*These projects will benefit multiple municipalities and adjacent unincorporated areas that comprise each service district.

BOARD ACTION

Final Bond Resolution Conduit Tax-Exempt Water Furnishing Facilities Revenue Bonds	No IFA funds at risk
Staff recommends approval.	No extraordinary conditions

VOTING RECORD

Preliminary Bond Resolution, December 8, 2009:

Ayes: 8 Nays: 0 Abstentions: 0 Absent: 6 (Bashir, DeNard, Leonard, McInerney, Poole, Rivera)
Vacancies: 1

PURPOSE

As proposed, IFA would issue up to \$25 million of New Money Water Furnishing Facilities Revenue Bonds to finance a portion of the cost of new capital improvements to certain Illinois-American Water Company ("Illinois-American" or the "Operating Company") drinking water systems located statewide. Illinois-American has obtained an Illinois Commerce Commission ("ICC") order that approves debt financing for these projects of up to approximately \$39 million including, but not limited to, various mains, meters, pumping stations, and water treatment plant improvements.

The proposed IFA Series 2010 Bonds will finance a portion of total capital improvement costs (subject to complying with the ICC's regulatory Debt to Capitalization ratio) located in Illinois-American Water Company's Champaign, Interurban (Granite City and East St. Louis), Lincoln, Peoria, and Pontiac Districts.

IFA PROGRAM AND CONTRIBUTION

The Bonds will be issued as Tax-Exempt Water Furnishing Facilities Revenue Bonds, a category of Exempt Facilities Bonds under the Internal Revenue Code (Section 142(a)(4)). These Bonds provide Tax-Exempt financing for capital improvements for drinking water furnishing facilities owned by investor-owned water companies. These Bonds would be issued under IFA's general statute, consistent with past practice.

Water Furnishing Facilities Revenue Bonds finance essential purpose drinking water system improvements that improve the quality of life by (1) increasing drinking water capacity to facilitate continued economic development, (2) financing access to an improved water supply, (3) providing financing for ongoing improvements in drinking water quality and to enable compliance with upcoming EPA Drinking Water standards, and (4) providing capacity enhancements that will enable improved fire protection service in certain districts.

IFA (IDFA) has had a longstanding relationship with Illinois-American Water Company and its predecessors (including Northern Illinois Water Corporation and Citizens Utilities Company of Illinois) since 1984. As of 3/31/2010, IFA had approximately \$95.2 million of Revenue Bonds outstanding for Illinois-American Water Company (and predecessors) comprising six bond issues (the "Prior Bonds").

VOLUME CAP

Calendar Year Cap Required: This proposed financing will close in 2010. Accordingly, this financing will require up to \$25.0 million of 2008 Carryforward Volume Cap designated specifically for Water Furnishing Facilities Bonds pursuant to an IRS 8328 Carryforward Election filed in February 2009. Additionally, to the extent Bonds are issued for Wastewater Treatment Facilities, 2009 Carryforward Volume Cap may be necessary to finance facilities that represent Wastewater Treatment Facilities.

Volume Cap Justification: The primary purpose of IFA's Tax-Exempt Water Furnishing Facilities or Wastewater Treatment Facilities Revenue Bonds is to provide ICC-regulated, investor-owned water utilities that serve the general public with the same access to municipal bond financing that these citizens would have if their water distribution or wastewater treatment facilities were publicly-owned. Reduced costs resulting from IFA's Tax-Exempt Water Furnishing and Wastewater Treatment Facilities Revenue Bonds of local projects are ultimately reflected in the rate base of the local service district, thereby producing savings for local residents, businesses, not-for-profits, and units of government. Accordingly, direct job creation at these water utilities is a secondary purpose of these essential purpose projects that provide drinking water facilities that serve the general public.

Portions of certain Illinois-American Water Company Service Districts that will benefit from the proposed IFA Series 2010 Bonds are located in (1) a Federal Empowerment Zone (i.e., City of East St. Louis), several DCEO-designated Enterprise Zones, including (2) American Bottoms (St. Clair County), Bartonville/Peoria County, Champaign/Champaign County, Granite City (Madison County), East St. Louis/Washington Park (St. Clair County), Peoria (Peoria), and Urbana (Champaign County)); and, (3) a State-Designated River Edge Redevelopment Zone (i.e., portions of East St. Louis).

Illinois-American Water Company provides approximately one million Illinois citizens with drinking water and wastewater treatment services.

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

Sources:	IFA New Money Bonds	\$25,000,000	Uses:	Project Costs	\$40,000,000
	Equity	<u>16,049,000</u>		Costs of Issuance	<u>1,049,000</u>
	Total	<u>\$41,049,000</u>		Total	<u>\$41,049,000</u>

Source of Equity: To the extent the Costs of Issuance exceed the amounts represented above (or if the Costs of Issuance exceed 2% of bond proceeds) additional costs of issuance will be drawn from available corporate resources.

Although Illinois-American's regulatory borrowing limit for this financing (and these projects) is \$39.0 million, the Company currently anticipates borrowing up to \$25.0 million for these projects with proceeds of the subject Tax-Exempt Water Furnishing Facilities Revenue Bond issue.

JOBS (PRELIMINARY, SUBJECT TO CHANGE)

Current employment: 476 statewide	Projected new jobs:	0-2
Jobs retained: Not Applicable	Construction jobs:	70

The primary purpose of IFA Water Furnishing Facilities Revenue Bonds is to provide low-cost, essential purpose drinking water infrastructure to communities served by private water utilities. Savings attributable to IFA's Bonds are ultimately reflected in the Illinois Commerce Commission's rate base cases, thereby reducing water rates for residential, commercial, non-profit, and units of local government in Illinois-American Service Districts that benefit from IFA Bond financing.

The proposed IFA Series 2010 Bonds will finance a series of essential purpose drinking water infrastructure projects that will enable Illinois-American to provide additional drinking water capacity and enhance drinking water quality throughout the subject service areas and to improve and automate chemical storage and feeds to improve water treatment and reduce operating costs. Because employment creates overhead that must be recovered through Illinois-American's rate base, long-term job creation is a secondary result of these financings.

FINANCING SUMMARY

Security: Bonds will be sold based on the rating of **American Water Capital Corp.** ("AWCC" or the "**Borrower**"), a wholly-owned subsidiary of **American Water Works Company, Inc.** ("AWK", or the "**Parent Company**") and an affiliate of the Operating Company.

AWCC is a wholly-owned financing subsidiary of American Water Works Company, Inc., and serves as the borrowing entity for all of the Parent Company's operating subsidiaries, including Illinois-American Water Company.

Rating: AWCC's Long Term Debt is currently rated Baa2/BBB+ (Moody's/S&P), both with Stable outlooks. Bonds will be sold in minimum denominations of \$5,000 consistent with requirements specified in IFA's Bond Program Handbook.

Structure: Fixed Rate Bonds. Estimated market rate of 5.30% to 5.60% as of 4/15/2010.

Maturity: Not to exceed parameter: 40 years (Anticipated Final Maturity in 30 years and estimated at June 1, 2040)

Estimated Closing Date: May-June 2010 (timing of closing depends on market conditions for pricing 30-year, fixed rate Baa2/BBB+ rated Tax-Exempt Bonds)

Rationale: This financing will enable a regulated public utility that provides drinking water to 21 counties and 125 municipalities serving approximately one million residents (and 273,000 metered water customers) in Illinois. The subject Bonds will enable Illinois-American to finance the proposed drinking water improvements across its districts more economically. Again, the degree of customer savings will vary based across Districts based on the extent to which assets are financed with allocated proceeds from the IFA Series 2010 Bonds.

PROJECT SUMMARY FOR IFA BOND RESOLUTION

Bond proceeds will be used by American Water Capital Corp., a Delaware corporation (the “Borrower”) to provide lower cost financing for its Illinois-American Water Company (the “Operating Company”), an Illinois operating affiliate. Bond proceeds will be used to finance various capital improvements to Illinois-American Water Company’s drinking water systems including, but not limited to, acquiring, constructing, refurbishing, creating, developing, and redeveloping certain facilities for the public supply, control, treatment and distribution of water, including production equipment, water treatment facilities, and miscellaneous equipment, pumps and miscellaneous and building appurtenances, distribution system improvements (e.g., mains, meters, hydrants and services), office and laboratory equipment, transportation equipment, tools and work equipment and communication equipment and related facilities and improvements (the “Facilities”), which Facilities shall be owned and operated by Illinois-American Water Company and will or may be located at various sites throughout the Counties of Champaign, Livingston, Logan, Madison, Peoria, and St. Clair, and will or may consist of all or portions of the eleven projects summarized below:

Summary of Preliminary Reimbursement-Eligible Project Costs for the proposed not-to-exceed \$25,000,000 Bond issue (see detailed descriptions of the underlying projects following this preliminary reimbursement schedule):

Project 1: Grand Blvd. Improvements - Peoria:	\$1,474,000
Project 2: Replace San Koty Well #12 - Peoria:	500,000
Project 3: South WTF Pump Station Replacement - Lincoln	1,599,000
Project 4: Pontiac WTP Chem Feed System Improvements - Pontiac:	1,850,000
Project 5: Tolono Pump Station Replacement – Champaign District:	455,660
Project 6: Interurban PAC Improvements – Granite City and East St. Louis:	2,000,000
Project 7: Peoria Main Station Pilot Study and Filtration Improvements – Peoria:	19,000,000
Project 8: Neil Street Booster Station – Champaign:	740,671
Project 9: Embarrass Area Pump Station – Champaign:	397,931
Project 10: Granite City WTP Clearwell Improvements – Granite City:	2,700,000
Project 11: Peoria Well Disinfection Improvements – Peoria:	<u>4,500,000</u>

Subtotal – Bond Reimbursement Eligible IAWC Capital Expenditures: \$39,717,262
(Project Costs Rounded to \$40,000,000 in Uses of Funds on p. 1 and p. 3)

Descriptions of the eleven (11) underlying projects are detailed below:

- (1) **Project 1: Grand Blvd. Improvements – Peoria District:** Design and construction of pump station improvements. Existing pumping station capacity in Peoria District is inadequate to accommodate anticipated flow after expansion of treatment plant. Improvements will increase capacity of distribution system and improve energy efficiency. The estimated construction cost of this project is \$1,474,000 and the bond financed portion of this project is estimated at \$1,474,000.
- (2) **Project 2: Replace San Koty Well #12 – Peoria District:** Design and construction of a new water supply well. An existing supply well for the San Koty WTP in the Peoria District is failing due to age and condition of the subsurface components of the well. A new well will be installed in the same general vicinity to replace this supply capacity. Construction is expected to begin during Summer 2011 and be completed by Fall 2011. The estimated construction cost of this project is \$500,000 and the bond financed portion of this project is estimated at \$500,000.
- (3) **Project 3: South WTF Pump Station Replacement – Lincoln District:** Design and construction of new raw water pump station to feed the South WTP in the Lincoln District. The existing raw water pump station is subject to flooding and has poor reliability due to the age and condition of the existing equipment. A new pump station will be constructed with protection from flooding to provide more reliable and energy efficient operation. Construction is expected to begin during Summer 2011 and be completed by Fall 2011. The estimated construction cost of this project is \$1,599,000 and the bond financed portion of this project is estimated at \$1,599,000.
- (4) **Project 4: Pontiac WTP Chem Feed System Improvements – Pontiac District:** Design and construction of new chemical storage and feed facilities in the Pontiac District. Existing chemical feed facilities are located within the flood plain and do not meet current standards for containment, redundancy, etc. New building and equipment will meet current and anticipated new standards for chemical storage and feed systems, will be protected from flooding, and will add an ammonia feed system to aid in compliance with disinfection byproduct regulations. Construction is expected to begin during Spring 2011 and be completed by Spring 2012. The estimated construction cost of this project is \$1,850,000, and the bond financed portion of this project is estimated at \$1,850,000.

- (5) **Project 5: Tolono Pump Station Replacement – Champaign District: (capacity upgrades and water quality enhancement):** Design and construction of a new pump station to replace aging infrastructure in the Champaign District. Growth in service area and condition of existing pump station dictated the replacement of the existing pump station to improve supply and reliability. Construction is expected to begin during Spring/Summer 2011 and be completed by Fall 2011. The estimated construction cost of this project is \$455,660, and the bond financed portion of this project is estimated at \$455,660.
- (6) **Project 6: Interurban Powdered Activated Carbon (“PAC”) Improvements – Granite City and East St. Louis Interurban District:** Design and construction of powdered activated carbon (“PAC”) storage and feed facilities to serve the Granite City and East St. Louis Water Treatment Plants (“WTPs”). The existing PAC storage and feed systems are undersized to provide the level of PAC feed required, are unreliable due to age and harshness of the PAC material, and utilize a dry storage and feed method which is maintenance intensive and a fire risk. The existing systems are also within plant buildings that house other facilities and these facilities are impacted by the PAC material. The new facilities will be sized for anticipated increases in treatment capacity, will utilize a wet (i.e., slurry) storage and feed method to eliminate fire risk, and will be housed in separate structures to eliminate prospective impact on other plant facilities. Construction is expected to begin during Winter 2009/2010 and be completed by Fall 2010. The estimated construction cost of these improvements is approximately \$4,735,000, of which the bond financed portion of this project is estimated at \$2,000,000. (Note: this project was previously included in the previous December 2008 Inducement Resolution for American Water Capital Corp., but was not financed in the IFA Series 2009 Bonds that closed 10/1/2009.)
- (7) **Project 7: Peoria Main Stations Pilot Study and Filtration Improvements – Peoria:** Completion of preliminary treatment investigation, and the design and construction of plant improvements to provide enhanced treatment and an additional 8 million gallons per day of treatment capacity at the existing Peoria Main Station Water Treatment Plant. Project will include treatment process modification, additional coagulation, settling, filtration and clearwell capacity, and electrical improvements at the existing high service pump station. Maximum-day demand in the Peoria District has increased and future demand is anticipated to outpace current water supply capacity in the next five years. Additionally, new regulations will lower allowable levels of disinfection by-products (“DBPs”) by the end of 2011, requiring modifications to the current treatment process. Construction is expected to begin during Spring/Summer 2010 and be completed by Fall 2011. The estimated project construction cost is approximately \$20,892,000, of which the bond financed portion of this project is estimated at \$19,000,000.
- (8) **Project 8: Neil Street Booster Station – Champaign District:** Design and construction of a new pump station to replace aging infrastructure. Ongoing economic growth in the Champaign District service area and the condition of the existing pump station dictates replacement of the existing pump station to improve supply and reliability. Construction is expected to begin during Summer 2011 and be completed by Fall 2011. The estimated construction cost of this project is \$740,671, and the bond financed portion of this project is estimated at \$740,671.
- (9) **Project 9: Embarrass Area Pump Station – Champaign District:** Design and construction of a new pump station to replace aging infrastructure. Ongoing growth in the Champaign District service area dictates replacement of the existing pump station to increase available supply and pressure to the Embarrass Area Water Sub-District. Construction is expected to begin during Spring 2010 and be completed by Fall 2010. The estimated construction cost of this project is \$448,168, of which the bond financed portion of this project is estimated at \$397,931.
- (10) **Project 10: Granite City Water Treatment Plant (“WTP”) Clearwell Improvements – Interurban/Granite City District:** Design and construction of a new clearwell at the Granite City Water Treatment Plant (“WTP”). Regulatory requirements dictate the need for additional clearwell capacity to equalize flow through the plant and provide additional disinfection capability. Construction is expected to begin during Spring 2010 and be completed by Fall 2010. The estimated construction cost of this project is \$2,700,000, and the bond financed portion of this project is estimated at \$2,700,000.
- (11) **Project 11: Peoria Well Disinfection Improvements:** Design and construction of disinfection improvements at the San Koty, Griswold and Dodge Street well treatment facilities in the Peoria District. The estimated construction cost of this project is \$4,500,000, and the bond financed portion of this project is estimated at up to \$4,500,000.

BUSINESS SUMMARY

Background: **Illinois-American Water Company (“Illinois-American”, “IAWC”, or the “Operating Company”)** was established and incorporated under State of Illinois law in 1967 (although predecessors of the Company have provided drinking water to Champaign Illinois since 1884). The Company is a wholly-owned subsidiary of **American Water Works Company, Inc.**, a publicly traded company on the NYSE (ticker symbol: “AWK”).

AWK became an independent, stand-alone company again following its September 28, 2007 partial spin-off from **RWE AG (“RWE”)**, a stock corporation incorporated in the Federal Republic of Germany. On November 24, 2009, RWE completed divestiture of its remaining ownership interest in AWK (see current ownership information on p. 9).

AWK is a holding company for various operating subsidiaries, including its regulated water utility operations throughout the U.S., including Illinois-American Water Company. *AWK conducts all of its borrowing activity through its American Water Capital Corp. subsidiary.*

American Water Capital Corp. (“AWCC” or the “**Borrower**”) is a wholly-owned financing subsidiary of American Water Works Company, Inc. AWCC incurs long-term debt to fund capital expenditures at AWK’s regulated subsidiaries (including Illinois-American Water). Additionally, AWCC also issues short-term Commercial Paper and borrows under Credit Facilities to provide short-term and working capital financing to all AWK operating subsidiaries (including Illinois-American Water Company). AWK’s operating subsidiaries (including Illinois-American) upstream payments to AWCC sufficient to cover scheduled payments on AWCC’s debt obligations.

Again, see the “Ownership” section on p. 9 contained in the Economic Disclosure Statement section of this report for a description of the ownership structure of American Water Works Company, Inc. and its various operating subsidiaries including (1) Illinois-American Water Company, a regulated subsidiary, and (2) American Water Capital Corp., a rated, non-regulated subsidiary through which AWK finances the operations of its various operating affiliates.

Description: Illinois-American Water Company provides drinking water and/or wastewater services to more than one million people in 126 incorporated municipalities and in unincorporated areas in 21 counties throughout Illinois. IAWC has organized its Illinois operations into 12 districts with primary service areas concentrated in Champaign County, Peoria/Pekin and vicinity, Alton/Interurban/Metro East (Jersey, Madison and St. Clair Counties), and Suburban Chicago (portions of Cook, DeKalb, DuPage, Grundy, Kendall, and Will Counties). Illinois-American also owns systems located in Cairo (Alexander County), Lincoln (Logan County), Pontiac (Livingston County), South Beloit (Winnebago County), Sterling (Whiteside County), and Streator (LaSalle and Livingston Counties). Illinois-American and its predecessors have been operating in Illinois since 1884. (Also see map of Illinois-American Water Company’s Major Service Areas on p. 11.)

Illinois-American’s parent company is American Water Works Company (“American Water”), the largest and most geographically diverse investor-owned water and wastewater utility and services company in the United States as measured by both operating revenues and population served. AWK was established in 1886 and provides drinking water, wastewater, and other water resource management services to more than 16 million people in 35 states and two Canadian provinces. According to the Borrower, American Water has invested over \$1.5 billion over the past three years on water and wastewater treatment facility infrastructure improvements across the U.S. AWK employs over 7,000 people in the U.S.

In addition to Illinois-American’s 476 employees statewide, Illinois-American’s parent company (American Water Works Company, Inc.) also operates (1) a national customer service call center in Alton and (2) a national research/testing laboratory in Belleville that together employ over 100 people. (The cost of these corporate employees is allocated across all of American Water Works Company’s operating entities nationally (including Illinois-American Water Company). *These employees have not been included in Illinois-American’s current employment total (i.e., 476).* Approximately 75% of IAW’s employees are members of collective bargaining units.

Today, Illinois-American Water’s operations include facilities formerly owned by (1) Northern Illinois Water Company (purchased in 1999; serves Champaign-Urbana-Savoy & vicinity; Pontiac, Sterling, Streator), and (2) Citizens Utilities Company (purchased in 2002; territory now comprises the Chicago Metro District).

IFA (IDFA) currently has six series of Prior Bonds outstanding totaling approximately \$95,355,000 for Illinois American Water (and predecessors) as of 4/1/2010, including:

- \$23,325,000, Series 1997, American Water Capital Corp. (Citizens Utilities Company Project), due 5/1/2032
- \$6,990,000, Series 1992, Northern Illinois Water Company, due 12/1/2026

- \$5,865,000 Series 1994, Northern Illinois Water Company, due 2/1/2028
- \$5,715,000 Series 1993, Illinois-American Water Company Project), due 8/1/2023
- \$24,860,000, Series 2002, American Water Capital Corp. (Illinois-American Water Company), due 3/1/2032
- \$28,500,000, Series 2009, American Water Capital Corp., due 10/1/2039

All payments relating to all prior IDFA obligations with the Borrower and its predecessors (including the Prior Bonds) were current as of 4/1/2010.

ICC Regulation
and approval of
Debt Financing:

The Company is a regulated public water utility that is subject to regulation by the **Illinois Commerce Commission (“ICC”)**. The ICC approves rates, franchise areas, rates of return to stockholders, establishes debt management policies, and establishes certain operating policies and procedures.

According to Illinois-American’s management, the ICC regulates IAWC’s leveraging (and debt issuance through American Water Capital Corp.). On September 21, 2009, IAWC filed a petition with the ICC and on November 12, 2009, the ICC issued Order #09-0427 authorizing IAWC to issue up to approximately \$39 million of long-term indebtedness, which includes tax-exempt bonds issued through the Illinois Finance Authority. According to the Company, this authorization to issue up to \$39 million of debt (including through prospective IFA bond issues) expires June 30, 2010.

According to IAWC’s management, no additional public hearings will be required to obtain approval for proceeding with the proposed financing. Expenditures projected to occur in 2011 and 2012 would be included in a future rate proceeding before the ICC. As with prior financings, Illinois-American expects that the ICC will consider the rate impact each project will have on its respective District based on bond proceeds allocated to each location.

Again, Illinois-American plans to finance this project through its rated American Water Capital Corp. affiliate (which itself is also a wholly-owned subsidiary of American Water Works Company, Inc.). Accordingly, Illinois-American received IEPA approval to borrow directly from its rated affiliate (i.e., American Water Capital Corp.) to finance the proposed projects. (As noted previously, American Water Capital Corp. currently has long-term debt ratings of Baa2/BBB+ from Moody’s/S&P.)

IEPA Regulation: **The United States Environmental Protection Agency (“USEPA”)** and **Illinois EPA (“IEPA”)** regulate environmental, health, safety, and water quality matters (e.g., compliance with the Safe Drinking Water Act). According to Illinois-American’s management, all of Illinois-American’s drinking water supplied to its Illinois customers complies with current EPA Safe Drinking Water Act standards.

ECONOMIC DISCLOSURE STATEMENT

Applicant/Primary
Contact: American Water Capital Corp. (Contact: Mr. Mark A. Chierici, Manager – Treasury Services, American Water Capital Corp., 1025 Laurel Oak Road, Voorhees, NJ 08043; Direct: 856-566-4088; Fax: 856-566-4004; E-mail: Mark.Chierici@amwater.com)

Illinois-American Water Co. (Local)
Contact: Illinois-American Water Company, 300 N. Water Works Drive, Belleville, IL 62223 (Contact: Scott Rungren, Financial Analyst, (314) 996-2454)

Web Sites: American Water Works Company, Inc.: www.amwater.com
Illinois-American Water Company: www.amwater.com/ilaw/

Project name: IFA Series 2010 Water Furnishing Facilities Revenue Bonds (American Water Capital Corp./Illinois-American Water Company Project)

Locations: Champaign District (Champaign, Urbana, Savoy, Bondville, Pesotum, and portions of unincorporated Champaign County); Interurban District (East St. Louis, Granite City and adjacent municipalities and unincorporated areas of Madison and St. Clair Counties); Lincoln District (Lincoln and adjacent unincorporated portions of Logan County); Peoria District (Bartonville, Peoria, Peoria Heights, West Peoria, and adjacent municipalities and portions of unincorporated Peoria County); Pontiac District (Pontiac and adjacent unincorporated portions of Livingston County).

Land Owner: The principal plants and properties of Illinois-American Water Company, other than mains, meters, regulators, pumping stations, and treatment plants are located on property owned in fee simple interest. Substantially all water mains are located under public rights-of-way (i.e., public streets, alleys, and highways), or under property owned by other under grants of easement. Illinois-American Water Company also already owns the subject properties.

Organization:

<u>American Water Works Company, Inc. (Parent)</u>	<u>American Water Capital Corp. (Financing Subsidiary/Affiliate)</u>	<u>Illinois-American Water Co. (Oper. Sub.)</u>
Corporation	Corporation	Corporation
State: Delaware	State: Delaware	State: Illinois

Ownership: Illinois-American Water Company is a wholly-owned subsidiary of American Water Works Company, Inc., a publicly-traded company with stock traded on the New York Stock Exchange (NYSE Ticker: "AWK"). The only shareholder with more than 5.0% of AWK's stock (i.e., SEC ownership disclosure threshold) according to public filings as of 12/31/2009 was:

- **J. P. Morgan Chase & Company ("J. P. Morgan Chase"), 270 Park Avenue, New York, NY 10017-2014; (212) 270-6000; www.jpmorganchase.com: 5.96% (as of 12/31/2009)**
- J. P. Morgan Chase is the beneficial owner of 10,304,762 shares of AWK's common stock on behalf of other persons, none of whom have an interest in more than 5 percent of AWK's common stock.

Although J. P. Morgan Chase has sole voting power as to these shares. J. P. Morgan Chase disclaims beneficial ownership of these shares. This information was derived from a Schedule 13G filed by J. P. Morgan Chase & Company on its own behalf and on behalf of its wholly owned subsidiaries, J.P. Morgan Chase Bank, National Association, J. P. Morgan Investment Management, Inc., J. P. Morgan Investment Advisors, Inc., J. P. Morgan Trust Company of Delaware and J. P. Morgan Asset Management (UK) Ltd., with the SEC on January 28, 2010.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Jones Day LLP	Chicago, IL	Bill Harmon
Auditor:	PricewaterhouseCoopers, LLP	Philadelphia, PA	Timothy Connor
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Debbi Boye
Underwriter:	Stifel Nicolaus	Edwardsville, IL	Mary Kane
Co-Manager:	Blaylock Robert Van LLC	Chicago, IL	Eric Small
Underwriter's Couns.:	Dilworth Paxson LLP	Philadelphia, PA	
General Contractors:	Selections will be bid, candidates for certain of the projects including: Pirtano Construction Co., Addison, IL; Lane Christensen Company, Overland Park, KS; Engineered Fluid, Inc., Centralia, IL; USEMCO, Tomah, WI; River City Construction, Peoria; Reynolds Inc., Orleans, IN; McCoy Construction, Pontiac, IL; Holland Construction, Belleville, IL; Bowen Engineering Corp., Indianapolis, IN; Felmley Dickerson, Bloomington, IL (Note: This listing is preliminary and subject to change.)		
Project Engineer:	Black & Veatch, Inc., Chicago, IL (for projects requiring a Project Engineer)		
Bond Trustee:	Wells Fargo Bank, N.A.	New York, NY	
Rating Agencies:	Moody's Investors Service	New York, NY	
	Standard & Poor's Rating Service	New York, NY	
Issuer's Counsel:	Goldberg Kohn	Chicago, IL	Keith Sigale
IFA Fin. Advisor:	Scott Balice Strategies	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Note: Illinois-American Water Company has preliminarily identified project sites located in the following legislative districts at the time of application for Inducement Resolution. Illinois-American ultimately plans to apply proceeds to a portion of these projects based on useful life considerations and reimbursement timing prior to closing. Accordingly, the list of prospective projects and legislative districts will be subject to change prior to closing.

Champaign District (Champaign, Pesotum)

Congressional:	15
State Senate:	52, 53, 55
State House:	103, 105, 110

Interurban District (Granite City and East St. Louis)

Congressional:	12, 19
State Senate:	56, 57
State House:	111, 112, 113, 114

Lincoln District

Congressional:	18
State Senate:	44, 50
State House:	87, 100

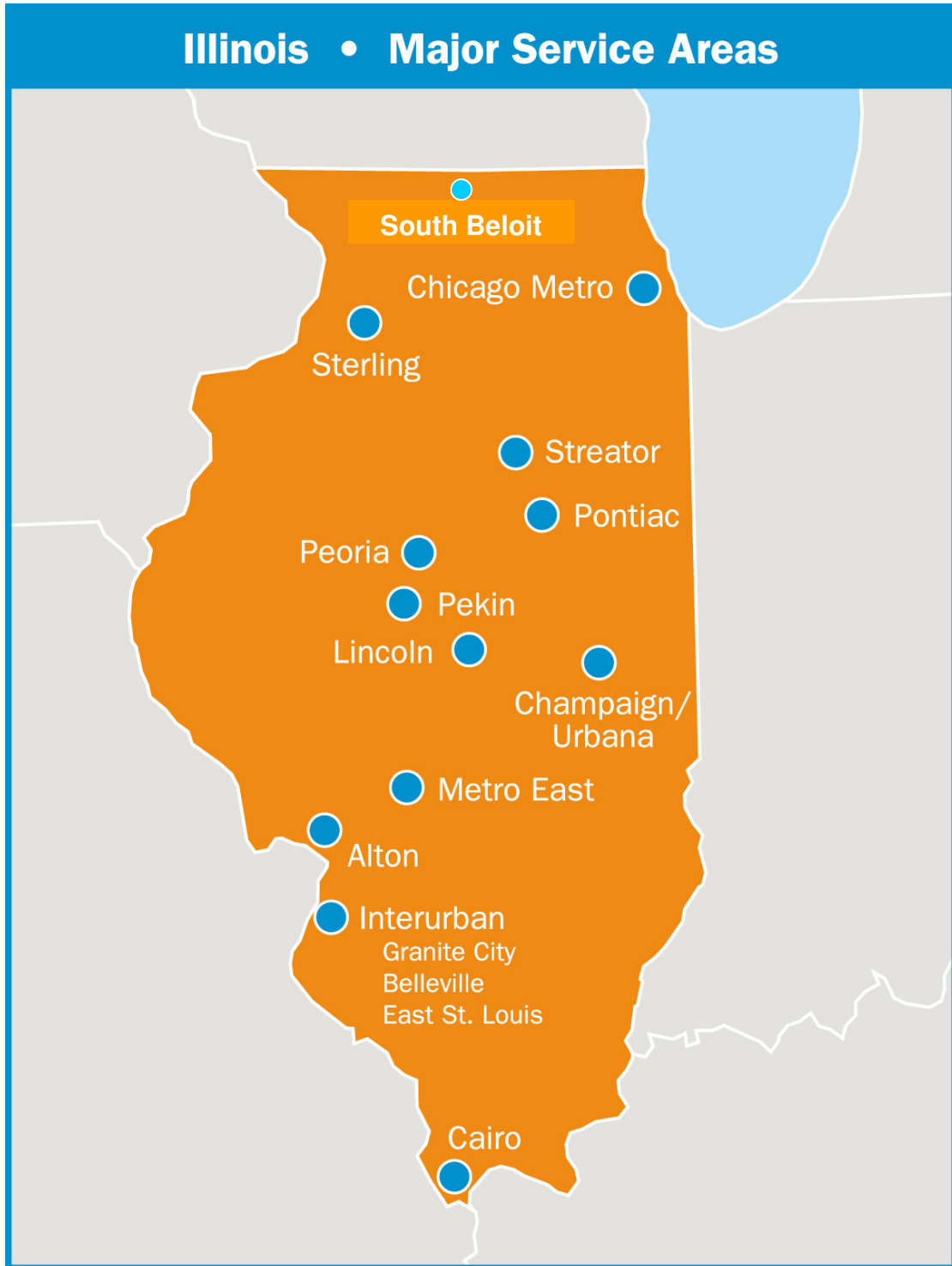
Peoria District

Congressional:	18
State Senate:	37, 46
State House:	73, 91, 92

Pontiac District

Congressional:	15
State Senate:	53
State House:	105, 106

Illinois-American Water Company – Major Service Areas





NON-CONDUIT

May 4, 2010

\$168,750

PAR-KO ENTERPRISES, INC.

PRODUCT TYPE : PARTICIPATION LOAN

REQUEST

Purpose: To provide permanent financing for the construction of an 8,300 SF addition to the Borrower’s existing 54,000 SF manufacturing facility located at 501 E Courtland Avenue in Morton, Illinois (Tazewell County) that is leased to Parker Fabrication, Inc. (the “Operating Company” and “Corporate Guarantor”). Par-KO Enterprises, Inc. (the “Borrower” and “Obligor” and Parker Fabrication, Inc. are affiliates with common shareholders.

Program: Participation Loan

IFA Funds at risk: \$168,750

Extraordinary Condition: IFA’s Participation Agreement will be amended to add an Intercreditor Agreement/Rider that will require that Busey Bank repay the combined IFA/Busey Bank \$337,500 Participation Loan first, prior to liquidating any other Busey Bank Loans irrespective of security position of the Banks other loans (this strengthens an existing IFA Participation Loan provision that requires subordination of all other bank loans secured by the same collateral as the IFA Participation Loan).

BOARD ACTIONS

Approval of a Participation Loan Resolution

Voting Record: This is the first time this Project has been presented to the IFA Board.

MATERIAL CHANGES

Not applicable.

JOB DATA

26	Current jobs	4	New jobs projected
26	Retained jobs	30	Construction jobs projected

BORROWER

●Par-Ko Enterprises, Inc.

DESCRIPTION

- Real estate to be leased to Parker Fabrication, Inc. The subject real estate has been owned by Par-Ko Enterprises, Inc. for 16 years
- The Purpose of this financing is to assist in financing the Borrower’s construction of an 8,300 square foot addition onto the existing manufacturing facility.

CREDIT INDICATORS

Corporate Guaranty from Parker Fabrication, Inc.
Collateral Assignment of Rents and Leases.
Personal guarantees from Patrick and Mathew Parker

PROPOSED

Although IFA and Busey Bank would be secured by a *pari passu* security interest in a 2nd Mortgage Loan that will be financing the proposed addition, due to the Intercreditor Agreement to be executed with Busey Bank, the new \$168,750 IFA Participation/Busey Bank loans will be paid first from any liquidation or disposition of proceeds connected with any other Busey Bank loan, including their existing First Mortgage Loan of \$697,273, and other existing or future loans obligations secured by the same collateral as the IFA Participation Loan.

STRUCTURE

10 Year Maturity
1% under Bank’s interest rate

SOURCES AND USES

New Bank Loan:	\$168,750	Project Cost:	<u>\$675,000</u>
IFA Participation	168,750		
SBA 504 Loan (4th mortgage)	<u>337,500</u>		
Total	\$675,000	Total	\$675,000

RECOMMENDATION

Credit Review Committee Recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
MAY 4, 2010**

Project: Par-Ko Enterprises

STATISTICS

Project Number: B-LL-TX-8346	Amount:	\$168,750
	Total Bank Loan:	\$337,500
Project Type: Participation Loan	IFA Staff:	Jim Senica
Location: Morton	County/Region:	Tazewell/North Central

BOARD ACTION

Approval of IFA Participation Loan Resolution
Purchase of a Participation Loan from Busey Bank (Peoria, IL)
IFA Funds contributed and at risk: \$168,750
Staff recommends approval subject to compliance with all of Busey Bank's terms and conditions and the additional term/condition listed below.

Additional term/condition:

1. IFA's Participation Agreement will require that all present and future Busey Bank loans secured by the subject project Real Estate will be subordinate to the IFA/Busey Bank combined maximum \$337,500 Participation Loan (in addition to the standard IFA Participation Loan Agreement condition – this will be evidenced by a separate acknowledgement/agreement/rider satisfactory to IFA Counsel – pursuant to this Agreement, this \$337,500 combined IFA/Busey Bank Loan would be repaid first, before any of Busey Bank's other term loans secured by the same collateral).

VOTING RECORD

None. This is the first time the project has been considered.

PURPOSE

The project will provide permanent financing for the construction of an 8,300 SF addition to its existing 54,000 SF manufacturing facility located at 501 E Courtland Avenue in Morton, Illinois (Tazewell County) that is leased to Parker Fabrication, Inc.

IFA PROGRAM AND CONTRIBUTION

Under its Participation Loan Program, the Authority participates in bank loans financing capital projects for business, industry, farmers and agri-industry. The Authority will participate in loans for up to 10 years at a rate of interest that is variable or fixed for up to 5 years at 100 basis points below the originating bank's rate. The Authority shares pro-rata in the Bank's collateral and generally in conjunction with the Bank's loan advances funds at rates up to 80% of appraised fair market value for real estate, 65% of cost for new equipment and 65% of orderly appraised liquidated value for used equipment. IFA's participation reduces the borrower's interest expense.

VOLUME CAP

Not applicable

JOBS

Current employment: 26	Projected new jobs:	4
Jobs retained 26	Construction jobs:	30

ESTIMATED SOURCES AND USES OF FUNDS – Construction of Addition

Sources:	IFA Participation:	\$168,750	Uses:	Building Construction	\$675,000
	Busey Bank	168,750			
	SBA 504 Loan	<u>337,500</u>			
	(Subordinated to IFA/Bank loan)				
	Total	<u>\$675,000</u>		Total	<u>\$675,000</u>

- There is n existing Busey Bank First Mortgage Loan of approximately \$697,273 which will remain outstanding (but will be subject to payment from any Busey Bank foreclosure/disposition after the new combined \$337,500 IFA Participation/Busey Bank Second Mortgage Loan pursuant to an Intercreditor Agreement/Rider between IFA and Busey Bank since this loan is secured by the same collateral as the new IFA Participation/Busey Bank loans).

- IFA will execute an Intercreditor Agreement/Rider to the standard Participation Agreement (as has been used in another IFA Participation Loan and approved by IFA Special Counsel for the Participation Loan Program) that will require Busey Bank to pay down the combined 2nd Mortgage IFA Participation Loan/Busey Bank Loans totaling approximately \$337,500 before paying down Busey Bank’s existing 1st Mortgage Loan balance of approximately \$697,273 in the event of foreclosure on this loan.

- As a result of the proposed structure, IFA would be recovering its principal and interest on a *pari passu* basis on the first \$337,500 of collateral liquidated, as opposed to combined loan balances of \$1,034,773. This structure strengthens this loan by improving the Authority’s prospective recovery on any disposition of assets.

FINANCING SUMMARY/STRUCTURE

Security: IFA will purchase a \$168,500 *pari passu* participation in a Second Mortgage Loan of \$337,500 by Busey Bank. Although secured by a Second Mortgage, there will be an Intercreditor Agreement between IFA and Busey Bank that will require Busey Bank to apply the proceeds of any asset disposition to repayment of the \$337,500 IFA Participation/Busey Bank loan first, before applying to any other assets. The IFA Participation/Busey Bank Loan will be secured by the project real estate located at 501 E Courtland Avenue Morton, IL 61550, (having an estimated Fair Market Value upon Completion of the Project [i.e., construction of a proposed 8,300 SF addition to the existing 54,000 SF building] of \$3,054,000 as of July 1, 2009 and assignment of rents and leases. *(Please see collateral summary on page 8.)*)

Additionally, there will be a Collateral Assignment of Rents and Leases from Parker Fabrication.

Corporate guarantor: Parker Fabrication, Inc.

Personal guarantors: Patrick Parker and Mathew Parker

Structure: Monthly principal and interest payments over 10 years with a 20 year amortization and a balloon payment due at the end of the loan term.

Interest Rate: See confidential section

Interest Mode: Fixed with rate reset after first five years

Maturity: 10 Years

Estimated Closing Date: June 10, 2010

PROJECT SUMMARY

Summary: The Borrower is in the final stages of completing construction of an 8,300 square foot building addition onto its existing manufacturing building located in the Morton Industrial Park in Morton, Illinois. It is important to note that the acquisition of the borrower's existing manufacturing building purchased from Caterpillar, Inc. in 1994 was financed in part with a \$250,000 IDFA Rural Development Loan which was previously repaid in full as scheduled.

Project Rationale: Par-Ko Enterprises, Inc. is constructing the 8,300 square foot building addition to create additional manufacturing capacity to accommodate increased demand for its products. The project is expected to create 4 new manufacturing positions within 2 years of the project completion in a metropolitan area that is currently experiencing an unemployment rate in excess of 13%. In fact, the Company was recently praised in a recent newspaper article for maintaining its entire staff without layoff by adjusting hours worked by all employees.

Timing: The transaction is expected to close within 60 days of approval.

BUSINESS SUMMARY

Par-Ko Enterprises, Inc. is an Illinois S corporation equally-owned by Mathew and Patrick Parker that was created to own and manage the real estate leased to Parker Fabrication. Parker Fabrication is an Illinois C corporation that is a manufacturer engaged in the tube bending and exhaust, air and fluid markets for industrial engines.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Par-Ko Enterprises, Inc.
Project Location: 501 E Courtland Avenue
Morton, IL 61550 (Tazewell County)
Borrower: Par-Ko Enterprises, Inc.
Operating Company/
Corporate Guarantor: Parker Fabrication, Inc. (web site: www.parkerfab.com)
Ownership: Patrick Parker – 50%, Mathew Parker – 50%

PROFESSIONAL & FINANCIAL

Accountant:	Heinold-Banwart, Ltd. CPA's	East Peoria, IL	
Originating Bank:	Busey Bank	Peoria, IL	Mike Swearingen
Contractor:	Core Construction	Morton, IL	
IFA Advisor:	Acacia Financial	Chicago, IL	Courtney Shea
IFA Counsel:	Dykema Gossett PLLC.	Chicago, IL	Darrell Pierce

LEGISLATIVE DISTRICTS

Congressional: 18th – Aaron Schock
State Senate: 44th – Bill Brady
State House: 87th – Bill Mitchell

BUSINESS BACKGROUND INFORMATION

Par-Ko Enterprises, Inc. is an Illinois S corporation equally owned by Mathew and Patrick (*father and son*) Parker that owns the real estate leased to Parker Fabrication. Par-Ko Enterprises currently owns the 6.18 acres and building located at 501 E Courtland Avenue in the Morton Industrial Park. This manufacturing facility of heavy masonry construction was originally built by Caterpillar ("CAT"), Inc. for use as a waste water treatment facility to serve the

Company's Morton parts plant; it was, however, never occupied by CAT but sold to the Parkers in 1994. The industrial building comprises over 44,000 square feet on the main level, 10,000 square feet on the basement level and has ceiling heights of 32 feet on the main floor and 23 feet in the basement level. The building contains 1,200 square feet of office space with the remainder devoted to industrial use.

Parker Fabrication, Inc. is an Illinois C corporation engaged in tube bending and exhaust, air and fluid operations for industrial engines. The Company manufactures components to supplement the installation or repair of large industrial engines with its typical customers being major OEM's (Original Equipment Manufacturers), heavy equipment dealers or heavy equipment end users located in the central United States. It has many niche markets for its exhaust systems and specialized tube bending product lines as well as generator set installations. The exhaust systems it manufactures are used for large industrial engines and provide means to route exhaust fumes outside of an enclosed vehicle, building or generator set.

Parker Fabrication, Inc. currently has 4 defined markets in which it competes: exhaust systems, contract tube bending/forming, crane work/installations and general contract fabrication. The exhaust systems presently comprise about 70% of Parker's sales as federal regulations of exhaust emissions have become a paramount concern in the manufacture of large industrial engines.

Parker Fabrication, Inc was established by Mathew and his father Patrick in 1990 and has been in continuous operation since its inception.

MANAGEMENT BACKGROUND INFORMATION

Mathew Parker has been involved in the fabrication business since 1988 when he began working in the Packaging Division of Altorfer, Inc. (then Capitol Machinery). Altorfer is a Caterpillar dealer that builds custom generator enclosures that are used as prime, peak or backup power supplies. Many of Parker Fabrication's customers include contacts developed while Mathew was working at Altorfer, Inc. Mathew has been in charge of all day-to-day operations for Parker Fabrications since March of 1992. Patrick Parker is retired from Caterpillar, Inc. and brings extensive knowledge of industrial engines to the Operating Company.

May 4, 2010

\$30,000,000
INSTITUTE FOR TRANSFUSION MEDICINE

REQUEST

Purpose: To (i) fund the acquisition of a new building in Rosemont; (ii) fund the renovations and refurbishment of the newly acquired facility and; (iii) pay expenses related to costs of issuance.

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

Extraordinary Conditions: None.

BOARD ACTIONS

Preliminary Bond Resolution

MATERIAL CHANGES

None

JOB DATA

607	Current jobs	TBD	New jobs projected
607	Retained jobs	TBD	Construction jobs projected

DESCRIPTION

- Rosemont (Cook County)

- The Institute for Transfusion Medicine (“ITxM”) is a recognized leader in transfusion medicine and related services. ITxM was founded in 1950 and is comprised of LifeSource Blood Center of Chicago (“LifeSource”), Central Blood Bank of Pittsburgh, ITxM Clinical Services (ITxMCS), ITxM Diagnostics (ITxMD) and the Blood Science Foundation. ITxM acquired LifeSource in 1996. LifeSource is the number one supplier of blood products for transfusion procedures, providing more than 50% of red blood cell units to area hospitals. Central Blood Bank is a major supplier of transfusion medicine in western Pennsylvania.

CREDIT

- Bank Qualified Bank Purchase Bonds

SECURITY

- Secured by revenue pledge and mortgage on par with outstanding debt

INDICATORS

- No rating

MATURITY

- No later than 2040

SOURCES AND USES

IFA Bonds	<u>\$30,000,000</u>	Project Fund	\$29,650,000
		COI Total	<u>\$350,000</u>
Total	<u>\$30,000,000</u>	Total	<u>\$30,000,000</u>

RECOMMENDATION

Credit Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 4, 2010**

Project: INSTITUTE FOR TRANSFUSION MEDICINE

STATISTICS

Project Number: H-HF-TE-CD-8357	Amount:	\$30,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff:	Pam Lenane and Bill Claus
City: Rosemont	County/	
	Region:	Cook/Northeast

BOARD ACTION

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

VOTING RECORD

This is the first time the project will be brought before the board.

PURPOSE

Purpose: To (i) fund the acquisition of a new building; (ii) fund the renovations and refurbishment of the newly acquired facility and; (iii) pay expenses related to the cost of issuance.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment: 607	Projected new jobs: TBD
Jobs retained: 607	Construction jobs: TBD

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA bonds	<u>\$30,000,000</u>	Uses: Project Fund	\$29,650,000
Trustee Held Funds			
Equity Contribution		Issuance Costs	<u>\$350,000</u>
Total	<u>\$30,000,000</u>	Total	<u>\$30,000,000</u>

FINANCING SUMMARY/STRUCTURE

Security:	Secured by revenue pledge and mortgage on par with outstanding debt
Structure:	The Series 2010 Bonds will be purchased directly by a Bank [to-be-determined] and Institute for Transfusion Medicine has elected to utilize bank qualified status.
Interest Rate:	Currently deciding between fixed rate proposal (Term: 10 years – Rate: 3.80%) or variable rate proposal (Term: 10 years – Rate: 67% (1-Month LIBOR + 1.85%))

Interest Mode: Bank Qualified
Rating: None
Maturity: 2040 (30 Years)
Estimated Closing Date: 7/1/2010

PROJECT SUMMARY

The proceeds from the Series 2010 Bonds will be used to renovate and equip a new 140,000 square foot blood operations facility located in Rosemont, Illinois near the O'Hare International Airport. The new facility will consolidate all of the administrative functions and operations for LifeSource which are currently spread over two buildings, approximately 22 miles apart. Additionally, it will increase the capacity of ITxM's donor testing lab and provide space to implement transfusion services.

BUSINESS SUMMARY

The Institute for Transfusion Medicine ("ITxM") is a recognized leader in transfusion medicine and related services. ITxM was founded in 1950 and is composed of LifeSource Blood Center of Chicago ("LifeSource"), Central Blood Bank of Pittsburgh, ITxM Clinical Services (ITxMCS), ITxM Diagnostics (ITxMD) and the Blood Science Foundation. ITxM acquired LifeSource in 1996. LifeSource is the number one supplier of blood products for transfusion procedures, providing more than 50% of red blood cell units to area hospitals. Central Blood Bank is a major supplier of transfusion medicine in western Pennsylvania.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Project name: Rosemont Building Acquisition and Refurbishment
9800 Bryn Mawr Ave, Rosemont, IL 60018
Applicant: Institute for Transfusion Medicine/LifeSource
Ownership (501(c)(3)): 501(c)(3) Not-for-Profit Corporation
State: Illinois

Member	Term Expiration	Title
Charles Bracken	2011	Chair-ITxM Board
Michael Jones	2011	Vice Chair, Chair-Governance & Nominating Committee
James Covert	2012	President & CEO
Twyla Johnson	2010	
Kathy Mayle	2010	
Chris Murtaugh	2010	
Peter Myhre	2010	Chair-Compensation & Human Resource Committee
Matt Suhey	2010	
Sunny Chico	2011	
Alan Dean	2011	
Donald McGraw, M.D.	2011	
Kay Braymer Peterson	2011	
Laura Karet	2012	
Pat Laughlin	2012	
Richard McHugh, M.D.	2012	Chair-Quality & Regulatory Committee
Pat Pulido Sanchez	2012	
Richard Stover	2012	Chair-Audit & Finance Committee

Terrance Bilkey

2012

Chair-Blood Science Board

PROFESSIONAL & FINANCIAL

Borrower’s Counsel:	TBD	TBD	TBD
Accountant:	TBD	TBD	TBD
Bond Counsel:	TBD	TBD	TBD
Bank:	TBD	TBD	TBD
Bank’s Counsel:	TBD	TBD	TBD
Structuring Agent	Cain Brothers	New York	Carsten Beith
Master Trust Trustee:	TBD	TBD	TBD
Issuer’s Counsel:	TBD	TBD	TBD
Issuer’s Advisor:	Scott Balice Strategies	Chicago	Lois Scott

LEGISLATIVE DISTRICTS – Glenview facility

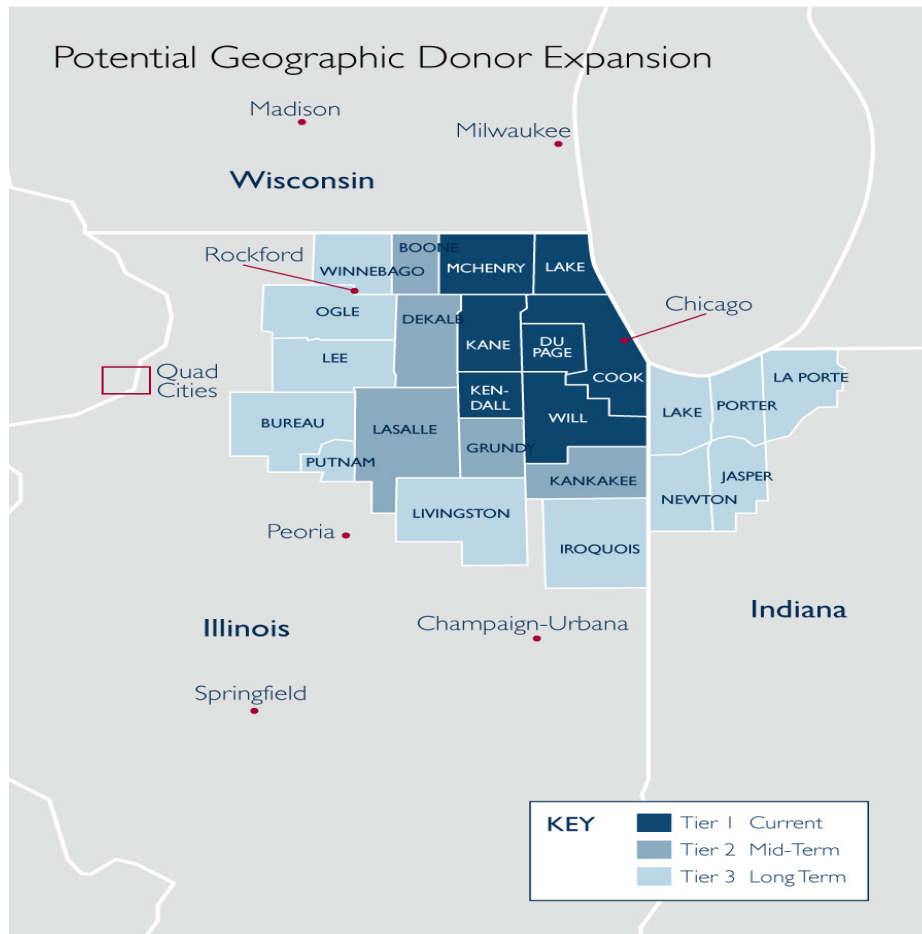
Glenview Facility

Congressional:	District #10 – Mark Steven Kirk (R)
State Senate:	District #29 – Susan Garrett (D)
State House:	District #57 – Elaine Nekritz (D)

Rosemont Building

Congressional:	District #9 – Janice D. Schakowsky(D)
State Senate:	District #39 – Don Harmon (D)
State House:	District #77 – Angelo “Skip” Saviano (D)

SERVICE AREA





May 4, 2010

\$160,000,000
OSF HEALTHCARE SYSTEM

REQUEST **Purpose:** The Series 2010 Bonds will be used to currently refund approximately \$142 million of OSF's variable rate bonds with fixed rate. OSF wishes to rebalance their debt in what is currently an attractive market for solid healthcare credits. At the same time, OSF plans to take the opportunity to finance reimbursement for certain prior capital expenditure.
Program: Conduit 501(c)(3) Bonds
Extraordinary Conditions: None.

BOARD ACTIONS Preliminary Bond Resolution

MATERIAL CHANGES This is the first time this financing request has been presented to the IFA Board.

JOB DATA	10,450	Current jobs (FTEs)	0	Jobs created by project
	10,450	Retained jobs (FTEs)	0	Construction jobs created by project

BORROWER DESCRIPTION

- Location: Peoria
- OSF Healthcare System ("OSF" or the "Corporation") is an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. OSF was incorporated in 1880 as The Sisters of the Third Order of St. Francis. The Corporation's current name was adopted as part of a corporate restructuring in 1989. The sole corporate member of OSF is The Sisters of the Third Order of St. Francis, a religious congregation founded in 1877 in Peoria, Illinois. The Corporation operates its health care facilities as a single corporation, with each health care facility functioning as an operating division of the Corporation.
- The Series 2010 Bonds will be used to current refund approximately \$142 million of OSF's variable rate bonds issued for their Illinois facilities with fixed rate bonds. The bond issues to be refunded are the Series 1985B (\$75,000,000), Series 2001 (\$46,050,000), and Series 2007D (\$20,050,000). Refunding these bond issues with fixed rate bonds will eliminate the risks associated with variable rate bonds for this portion of OSF's long-term debt. OSF plans to contribute approximately \$12 million of equity toward the refunding. The Series 2010 Bonds will also include approximately \$25 million for reimbursement for a portion of the cost of the construction of a new 72,000 square foot corporate data center located in Peoria, Illinois.

CREDIT INDICATORS Public Offering
Ratings: A2/A/A by Moody's/S&P/Fitch
Interest Rate: Fixed Rate
Maturity: 30 Years

SOURCES AND USES	IFA Bonds	\$158,000,000	Current Refunding	\$142,000,000
	Equity	<u>\$12,000,000</u>	Reimbursement	\$25,000,000
			Costs of Issuance	<u>\$3,000,000</u>
	Total	\$170,000,000	Total	\$170,000,000

RECOMMENDATION The Credit Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 4, 2010**

Project: OSF Healthcare System

STATISTICS

Project Number: H-HO-TE-CD-8358	Amount: \$160,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and William Claus
City: Peoria	County/Region: Peoria/North Central

BOARD ACTION

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

VOTING RECORD

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

PURPOSE

Proceeds of the Bonds will be used to: (1) current refund approximately \$142 million of OSF's variable rate bonds, issued for their Illinois facilities, with fixed rate bonds. The bond issued to be refunded are (i) Illinois Health Facilities Authority, Variable Rate Demand Revenue Bonds, Series 1985B, (ii) Illinois Finance Authority Variable Rate Revenue Bonds, Series 2001, and (iii) Illinois Finance Authority Revenue Bonds, Series 2007D; (2) provide reimbursement for a portion of the costs associated with the construction and equipping a new 72,000 square foot corporate data center located in Peoria, Illinois.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

JOBS

Current employment: 10,450 FTE's	Projected new jobs: 0
Jobs retained: 10,450 FTE's	Construction jobs: 0

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	\$158,000,000	Uses: Current Refunding	\$142,000,000
	OSF Equity	<u>\$12,000,000</u>	Reimbursement	\$25,000,000
	Total	\$170,000,000	Est. Cost of issuance	<u>\$3,000,000</u>
			Total	\$170,000,000

FINANCING SUMMARY/STRUCTURE

Security: The Bonds will be secured by a master indenture note of OSF.

Structure: --- The structure of the bond issue will include serial as well as terms bonds.

Interest Rate: --- Fixed rate

Interest Mode: --- Fixed

Credit Enhancement: --- None

Maturity: --- 30 Years

Rating: The Borrower ratings are as follows: Moody's "A2", Standard & Poor's "A", and Fitch "A".

Est. Closing Date: June 29, 2010

PROJECT SUMMARY

The Series 2010 Bonds will be used to currently refund approximately \$142 million of OSF's variable rate bonds issued for their Illinois facilities with fixed rate bonds. The bond issues to be refunded are the Series 1985B (\$75,000,000), Series 2001 (\$46,050,000), and Series 2007D (\$20,050,000). Refunding these bond issues with fixed rate bonds will eliminate the risks associated with variable rate bonds for this portion of OSF's long-term debt. OSF plans to contribute approximately \$12 million of equity toward the refunding. The Series 2010 Bonds will also include approximately \$25 million for reimbursement for a portion of the cost of the construction of a new 72,000 square foot corporate data center located in Peoria, Illinois.

BUSINESS SUMMARY

Background: OSF Healthcare System ("OSF" or the "Corporation") is an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. OSF was incorporated in 1880 as The Sisters of the Third Order of St. Francis. The Corporation's current name was adopted as part of a corporate restructuring in 1989. The sole corporate member of OSF is The Sisters of the Third Order of St. Francis, a religious congregation founded in 1877 in Peoria, Illinois. The Corporation operates its health care facilities as a single corporation, with each health care facility functioning as an operating division of the Corporation.

Description: OSF is headquartered in Peoria. Six of the Corporation's facilities (six hospitals and one continuing care and nursing home center) are located in Illinois. One hospital is located in Michigan. OSF has 1,314 licensed acute care beds and 155 licensed long term care beds. The Corporation's largest hospital, St. Francis Medical Center in Peoria, is a 616-licensed bed tertiary care teaching center providing numerous specialty services and extensive residency programs for physicians. The array of health services provided by OSF also includes 27 hospital-based outpatient facilities, approximately 92 physician office facilities of employed physicians, six home health agencies and five hospices. Multi-institutional membership status has been conferred on the Corporation by the Illinois Hospital Association and the American Hospital Association. Similar membership status exists with the Catholic Health Association of the United States and the Illinois Catholic Health Association.

Project Rationale: Rebalance their long term debt converting variable rate bonds at what is currently an attractive fixed rate market for solid healthcare credits

Timing: Closing in June 29, 2010.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Project name: OSF Healthcare System
Location: 800 North East Glen Oak Avenue; Peoria, Illinois 61603
Applicant: OSF Healthcare System
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board Members 501(c)(3):

Sister Judith Ann Duvall, O.S.F., Chairperson
James M. Moore, CEO
Sister Diane Marie McGrew, O.S.F., President/Treasurer
Sister Theresa Ann Brazeau, O.S.F., Secretary
Sister Maria Elena Padilla, O.S.F.
Sister Agnes Joseph Williams, O.S.F.
Sister Rose Therese Mann, O.S.F.
Leonard E. Nevitt
Vance C. Parkhurst
James W. Girardy, M.D.
Gerald J. McShane, M.D.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	OSF Corporate Counsel	Peoria	Vance C. Parkhurst
Borrower's Special Counsel:	Hinshaw & Culbertson	Rockford	Charles Thomas
Accountant:	KPMG	Peoria	Charles Klescewski
Bond Counsel:	Jones Day	Chicago	John Bibby
Underwriters:	Merrill Lynch	New York	Neil Matthews
	Cabrera Capital	Chicago	Santino Bibbo
Underwriter's Counsel:	Sonnenschein Nath & Rosenthal	Chicago	Kathryn Ashton
Financial Advisor:	Anne Donahoe	Chicago	Anne Donahoe
Bond Trustee:	Wells Fargo	Chicago	Christopher Duncan
Issuer's Counsel:	Perkins Coie	Chicago	Bill Corbin
IFA Advisors:	Scott Balice Strategies	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 18- Aaron Schock
15-Timothy V. Johnson
16- Donald A. Manzullo
17- Phil Hare

State Senate: 46- David Koehler
37- Dale E. Risinger
53- Dan Rutherford
44- Bill Brady
47- John M. Sullivan

State House: 92 - Jehan Gordon
73 - David R. Leitch
106 - Keith P. Sommer
69 -Ronald A. Wait
74 - Donald L. Moffitt
88 - Dan Brady
94 - Richard P. Myers

SERVICE AREA

Service Area: OSF has facilities in the following locations in Illinois: Peoria (St. Francis Medical Center); Rockford (Saint Anthony Medical Center); Bloomington (St. Joseph Medical Center); Galesburg (St. Mary Medical Center); Pontiac (Saint James Hospital); Peoria Heights (Saint Clare Home); Monmouth (Holy Family Medical Center). The facility in Michigan, St. Francis Hospital, is located in Escanaba.



\$160,000,000

May 4, 2010

NORTHSHORE UNIVERSITY HEALTHSYSTEM (F/K/A EVANSTON NORTHWESTERN HEALTHCARE)

REQUEST **Purpose:** To convert or refund existing variable rate debt to fixed rate debt and to terminate two fixed payer swaps.

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

Extraordinary Conditions: None

BOARD ACTIONS Preliminary Bond Resolution.

MATERIAL CHANGES None

JOB DATA	8,910 Current jobs	N/A New jobs projected
	8,910 Retained jobs	N/A Construction jobs projected

DESCRIPTION

- Location: Evanston, Illinois
- **NorthShore University HealthSystem** (the “**Corporation**”) owns four hospitals. Evanston Hospital occupies approximately 15 acres in Evanston on which facilities house 368 licensed acute-care beds, ancillary and support services and a medical office building. Glenbrook Hospital occupies approximately 55 acres on which facilities house 153 licensed acute-care beds, all ancillary and support services and two medical office buildings. Highland Park Hospital occupies approximately 25 acres in Highland Park on which facilities house 158 licensed acute-care beds, ancillary and support facilities and a medical office building. Skokie Hospital occupies approximately 28 acres in Skokie on which facilities house 237 licensed acute-care beds and a medical office building. As of September 30, 2009, the combined licensed acute-care beds for the four hospitals was 916. The Corporation also owned 600,000 gross square feet of building space at 10 locations and leases certain additional space at locations throughout its service area that are used for physician offices and related services. The Corporation's corporate offices are located approximately 0.2 miles from Evanston Hospital.
- In March 2010, NorthShore was awarded Magnet designation by the American Nurses Credentialing Center. The Magnet designation includes all four of NorthShore’s hospitals. Additionally in March 2010, the Corporation was named among the Top 100 Hospitals and Top 15 Major Teaching Hospitals in America for the 14th time, more than any hospital in the United States. The annual study, conducted by Thomson Reuters, identifies top performing hospitals based on weighted performance measures of clinical excellence, operating efficiency and responsiveness to the community. In 2009, the Corporation was named one of the Most Wired hospitals in the country for the sixth consecutive year according to the results of the 2009 Most Wired Survey and Benchmarking Study released by Hospitals & Health Networks magazine. The Most Wired Survey, conducted annually, focuses on how the nation’s hospitals use information technologies for quality, customer service, public health and safety, business processes and workforce issues.

STRUCTURE • The plan of finance contemplates the refunding or conversion of existing variable rate debt to fixed rate debt and the termination of two outstanding fixed payer swaps.

RATINGS • Current NorthShore Ratings: Aa2/AA/NR (Moody’s/S&P/Fitch).

MATURITY • Bonds will Mature no later than 2040.

SOURCES AND USES¹			
IFA Bonds:	<u>\$144,330,000</u>	Refunding/Conversion ²	\$120,000,000
		Swap Termination Fee	\$21,500,000
		Cost of Issuance	2,830,000
		Additional proceeds	<u>0</u>
Total	\$144,330,000	Total	\$144,330,000

1) Preliminary, subject to change.

2) Uses currently include the refunding the Corporation’s Series 2001A Bonds and the termination of two swaps, however the final plan of finance will depend upon market conditions at the time of pricing and may include the refunding of certain maturities of other series of bonds as management deems appropriate.

RECOMMENDATION Credit Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 4, 2010**

Project: NorthShore University HealthSystem (F/K/A Evanston Northwestern Healthcare)

STATISTICS

Project Number: H-HO-TE-CD-8359	Amount: \$160,000,000 (Not to Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Bill Claus
City: Evanston	County/Region: Cook County

BOARD ACTION

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

VOTING RECORD

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

PURPOSE

Proceeds will be used to: (i) convert or refund outstanding variable rate debt into fixed rate debt, (ii) terminate two outstanding fixed payer swaps, and (iii) pay costs of issuance.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

JOBS

Current employment: 8,910 FTEs	Projected new jobs: N/A
Jobs retained: 8,910 FTEs	Construction jobs: N/A

ESTIMATED SOURCES AND USES OF FUNDS¹

Sources: IFA Bonds	\$144,330,000	Uses: Conversion or refunding deposit ²	\$120,000,000
		Swap Termination Fee	21,500,000
		Cost of Issuance	2,830,000
Total	\$144,330,000		\$144,330,000

- 1) Preliminary, subject to change.
- 2) Uses currently include the refunding of the Corporation's Series 2001A Bonds and termination of two fixed payer swaps, however the final plan of finance will depend upon market conditions at the time of pricing and may include the refunding of certain maturities of other series of bonds as management deems appropriate.

FINANCING SUMMARY/STRUCTURE

Security:	The Bonds are expected to be secured by an Obligation of NorthShore University HealthSystem under a Master Trust Indenture.
Structure:	The plan of finance contemplates conventional fixed rate bonds.
Interest Rate:	To be determined
Interest Mode:	Fixed
Credit Enhancement:	Not applicable
Maturity:	Up to 30 years final maturity
Ratings:	Aa2/AA/NR (Moody's/S&P/Fitch)
Estimated Closing Date:	July 14, 2010

PROJECT SUMMARY

NorthShore University HealthSystem ("NorthShore" or "the Corporation"), in order to add conventional fixed rate debt to its capital structure, will either convert or refund outstanding debt which is currently in a variable rate mode. Concurrently, NorthShore will terminate two fixed payer swaps. By introducing committed funding to its capital structure and by unwinding the swaps, NorthShore will effectively reduce the risk profile of its debt portfolio. The transaction is expected to close within NorthShore's current fiscal year, which ends September 30, 2010.

BUSINESS SUMMARY

Description of Business: The predecessor of the Corporation was established in 1891 in an eight-room cottage located at 806 Emerson Street, Evanston, Illinois. In 1895, the Corporation moved to its present location where it operates Evanston Hospital. An overview of NorthShore's four hospitals in the near northern suburbs of Chicago is included below.

- **Evanston Hospital** – occupies approximately 15 acres in Evanston on which facilities house 368 licensed acute-care beds, ancillary and support services and a medical office building.
- **Glenbrook Hospital** – occupies approximately 55 acres on which facilities house 153 licensed acute-care beds, all ancillary and support services and two medical office buildings.
- **Highland Park Hospital** – occupies approximately 25 acres in Highland Park on which facilities house 158 licensed acute-care beds, ancillary and support facilities and a medical office building.
- **Skokie Hospital** – occupies 28 acres in Skokie on which facilities house 237 licensed acute-care beds and a medical office building.

As of September 30, 2009, the combined licensed acute-care beds for the four hospitals was 916. The Corporation also owned 600,000 gross square feet of building space at 10 locations and leased certain additional space at locations throughout its service area which are used for physician offices and related services. The Corporation's corporate offices are located approximately 0.2 miles from Evanston Hospital.

On July 16, 2008, the Corporation, The University of Chicago and The University of Chicago Medical Center entered into a Master Affiliation Agreement to establish and govern an academic medical center affiliation for teaching, research and community service. The affiliation became effective July 1, 2009. The Corporation supports over 160 residents and fellows with this new affiliation.

The Corporation and The University of Chicago's Pritzker School of Medicine formed an academic affiliation that places medical students, residents and fellows from The University of Chicago Medical Center (UCMC) at the Corporation's four hospital locations for a portion of their medical education.

This affiliation creates opportunities for collaborative research projects that take advantage of each institution's respective strengths, particularly in the areas of clinical outcomes, clinical trials, oncology and imaging. Neither The University of Chicago nor The University of Chicago Medical Center has any obligation with respect to the Obligations issued under the Master Indenture or with respect to any series of Related Bonds issued for the benefit of the Corporation.

In March 2010, NorthShore was awarded Magnet designation by the American Nurses Credentialing Center. The Magnet designation includes all four of NorthShore's hospitals. Additionally in March 2010, the Corporation was named among the Top 100 Hospitals and Top 15 Major Teaching Hospitals in America for the 14th time, more than any hospital in the United States. The annual study, conducted by Thomson Reuters, identifies top performing hospitals based on weighted performance measures of clinical excellence, operating efficiency and responsiveness to the community. In 2009, the Corporation was named one of the Most Wired hospitals in the country for the sixth consecutive year according to the results of the 2009 Most Wired Survey and Benchmarking Study released by Hospitals & Health Networks magazine. The Most Wired Survey, conducted annually, focuses on how the nation's hospitals use information technologies for quality, customer service, public health and safety, business processes and workforce issues.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: NorthShore University HealthSystem (f/k/a Evanston Northwestern Healthcare, f/k/a Evanston Hospital Corporation)

1301 Central Street
Evanston, IL 60201

Borrower: NorthShore University HealthSystem

Ownership/Board Members (501(c)(3)):

Berger, Percy L.
Caplan, Michael S., M.D.
Claiborne, Touré S.
Crown, A. Steven
Davis, William L.
Dillon, Mary
Duckworth, Connie K.
Hochberg, Laurie C., M.D.
Hong, Ike
Jones, Gregory D.
Keyser, Richard L.
Khandekar, Janardan D., M.D.
Knight, Lester B., III
Kraemer, Harry M. Jansen, Jr.
Mencoff, Samuel M.
Mills, Andrew J.
Neaman, Mark N.
Reyes, Jude M.
Sentell, Susan B.
Talamonti, Mark S., M.D., F.A.C.S.
Thomas, J. Mikesell
Walter, John R
Wang, Sona
Ward, Jonathan P.
White, William J.
Wrigley, William Jr.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Accountant:	Ernst & Young	Chicago	Tadd Ingles
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Bond Underwriter:	J.P. Morgan	Chicago	Tim Wons
	Barclays Capital	Los Angeles	James Kim
	Barclays Capital	Chicago	Ben Klemz
	Loop Capital	Chicago	Lerry Knox
	Wells Fargo	Chicago	Phil Kaplan
Trustee:	The Bank of New York Mellon	Chicago	Robert Hardy
Underwriter's Counsel:	Chapman & Cutler	Chicago	James Luebchow
IFA Advisor:	Scott Balice Strategies	Chicago	Lois Scott
Issuer's Counsel:	Ice Miller	Chicago	Jim Snyder

LEGISLATIVE DISTRICTS

Congressional: 9- Janice D. Schakowsky
State Senate: 9- Jeffrey M. Schoenberg
State House: 18- Robin Gable

SERVICE AREA

The Corporation's service area consists of a 50-zip code area in the suburbs bounded by the City of Chicago to the south; Arlington Heights to the west; Long Grove and Round Lake to the northwest; Waukegan to the north; and Lake Michigan to the east. This broad service area, which is typical of a major tertiary care provider, has a population of over 1.6 million people with an estimated median household income of \$110,000. (Source: Thomson Reuters Market Planner Plus). The Corporation's share of admissions in this service area was approximately 21.5% for the twelve-month period ended September 30, 2009. (Source: Illinois Hospital Association COMPdata)

May 4, 2010

\$7,000,000
CENTEGRA HEALTH SYSTEM

REQUEST

Purpose: Proceeds will be used by **Centegra Health System**, an Illinois not-for-profit corporation (“**Centegra**” or the “**Borrower**”), to fund capital expenditures and other improvements for the health care facilities of the Borrower including, but not limited to, an advanced GE Healthcare (“GE Healthcare”) Clinical Information System Project including Enterprise Clinical Data Repository, Pharmacy Information System, Medication Administration and Reconciliation Technology, Inpatient Electronic Medical Record, Emergency Room Information System, Perinatology Information System and Surgical Information System, (the “**Project**”).

Program: Conduit 501(c)(3) Bonds

Extraordinary Conditions: None.

BOARD ACTIONS

Final Bond Resolution

MATERIAL CHANGES

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

JOB DATA

2,638	Current jobs	0	Jobs created by project
2,638	Retained jobs	N/A	Construction jobs created by project

BORROWER DESCRIPTION

- Location: McHenry, IL
- Centegra Health System (“Centegra” and / or the “System”) is an Illinois not-for-profit corporation that provides health care and other related services to Chicago’s far northwestern suburban metropolitan area. Acute inpatient care services are provided at the System’s two hospitals, the 157-acute-care-bed Northern Illinois Medical Center (“NIMC”) in McHenry, IL, and the 84-acute-care-bed Memorial Medical Center (“MMC”) in Woodstock, IL. Centegra is the parent and sole corporate member of NIMC and MMC.
- In addition to acute inpatient services provided at NIMC and MMC, the System also provides health care services thorough other affiliates and subsidiary corporations. Such services include eight primary care clinics located in McHenry and Lake Counties, a health and wellness center, behavioral health services, rehabilitation and sports medicine, a diabetes center, home health care, cardiac rehabilitation, and occupational health.

CREDIT INDICATORS

- The plan of finance contemplates the issuance of Bonds in an aggregate amount not to exceed \$7,000,000 under a Master Financing Agreement. The amount of the first Bond to be issued in May 2010 will be approximately \$4,588,633 plus costs of issuance, if applicable.
- The implementation schedule for the Project is estimated to take place over a 2-year period. The Borrower is requesting the ability to document and fund periodic schedules under the Master Financing Agreement to coincide with the timing of payments due to the vendor, GE Healthcare. The first schedule (phase) would close in May 2010. It is anticipated that the second schedule (phase) would close approximately March 2011.

Rating:

The Series 2010 Bonds will not be rated. Centegra Health System is currently rated A-minus / Stable by Standard & Poor’s (affirmed on December 28, 2009).

Interest Rate:

Approximately 3.92%; final rate to be determined three days before closing. Rates on all Bonds will be fixed for their entire terms

Maturity:

2017

SOURCES AND USES

IFA Bonds	\$7,000,000	Capital Projects	\$6,950,000
Equity	--	Costs of Issuance	<u>\$50,000</u>
Total	\$7,000,000	Total	\$7,000,000

RECOMMENDATION

The Credit Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 4, 2010**

Project: Centegra Health System

STATISTICS

Project Number:	Amount: \$7,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane & Shannon Govia
City: McHenry	County/Region: McHenry/Northeast

BOARD ACTION

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

VOTING RECORD

This is the first time this project has been brought before the Board. This project is being presented as a one-time final.

PURPOSE

Proceeds will be used by Centegra Health System, an Illinois not-for-profit corporation (the "Borrower"), to fund capital expenditures and other improvements for the health care facilities of the Borrower including, but not limited to, an advanced GE Healthcare ("GE Healthcare") Clinical Information System Project including Enterprise Clinical Data Repository, Pharmacy Information System, Medication Administration and Reconciliation Technology, Inpatient Electronic Medical Record, Emergency Room Information System, Perinatology Information System and Surgical Information System, (the "Project").

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

JOBS

Current Jobs: 2638 FTE's	Projected new jobs: 0 (Some consulting services jobs may be created during implementation)
Jobs Retained: 2638 FTE's	Construction Jobs: N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bond Proceeds	<u>\$7,000,000</u>	Uses:	Project Costs	\$6,950,000
				Cost of Issuance	<u>\$50,000</u>
	Total	\$7,000,000		Total	\$7,000,000

FINANCING SUMMARY/STRUCTURE

Security:	The Bonds will be secured a first priority security interest in the Project.
Structure:	Bank Qualified – Private Placement. Bonds will be purchased directly by GE Healthcare. The plan of finance contemplates the issuance of Bonds in an aggregate amount not to exceed \$7,000,000 under a Master Financing Agreement. The amount of the first Bond to

be issued in May 2010 will be approximately \$4,588,633 plus costs of issuance, if applicable.

The implementation schedule for the Project is estimated to take place over a 2-year period. Borrower is requesting the ability to document and fund periodic schedules under the Master Financing Agreement to coincide with the timing of payments due to the vendor, GE Healthcare. The first schedule (phase) would close in May 2010. It is anticipated that the second schedule (phase) would close approximately March 2011. Subsequent schedules would be closed if the second schedule is not for the entire remaining Project Costs.

Interest Rate:	Approximately 3.92%; final rate to be determined three days before closing.
Interest Mode:	Rates on all Bonds will be fixed for their entire terms.
Credit Enhancement:	None.
Maturity:	Not later than 2017 – The term of the first schedule will be seven (7) years. During the first two (2) years of the term, interest expense will be capitalized, after which the Borrower will fully amortize the principal balance through sixty (60) equal payments of principal and interest. Subsequent schedules will mature on the same date as the first. For example, if a second schedule is closed exactly one year after the first, it would have a 6-year term with capitalized interest in the first year, followed by sixty (60) equal payments of principal and interest.
Rating:	The Series 2010 Bonds will not be rated. Centegra Health System is currently rate A-minus / Stable by Standard & Poor's (affirmed on December 28, 2009).
Est. Closing Date:	May 2010 (first Bond origination)

PROJECT SUMMARY

No Certificate of Notice (“CON”) was required for this project.

The project consists of an electronic health record system, including:

- Enterprise Clinical Data Repository
- Pharmacy Information System
- Medication Administration and Reconciliation Technology
- Inpatient Electronic Medical Record
- Emergency Room Information System
- Perinatology Information System
- Surgical Information System

BUSINESS SUMMARY

Description: Centegra Health System (“Centegra” and/or the “System”) is an Illinois not-for-profit corporation that provides health care and other related services to Chicago’s far northwestern suburban metropolitan area. Acute inpatient care services are provided at the System’s two hospitals, the 157-acute-care-bed Northern Illinois Medical Center (“NIMC”) in McHenry, IL, and the 84-acute-care-bed Memorial Medical Center (“MMC”) in Woodstock, IL. Centegra is the parent and sole corporate member of NIMC and MMC.

In addition to acute inpatient services provided at NIMC and MMC, the System also provides health care services through other affiliates and subsidiary corporations. Such services include eight primary care clinics located in McHenry and Lake Counties, a health and wellness center, behavioral health services, rehabilitation and sports medicine, a diabetes center, home health care, cardiac rehabilitation, and occupational health.

- Centegra Foundation;

- NIMED Corp., a not-for-profit entity that owns real estate, leases office space, and houses joint ventures;
- Health Bridge Corp., a fitness center;
- Centegra Management Services, a for-profit general management services company for physician practices;
- Centegra Insurance Services, a captive insurance plan;
- Centegra Primary care, an operator of various group physician practices with an emphasis on primary care and 62 physicians.

Only Centegra, NIMC and MMC are members of the Centegra Health System Obligated Group.

Project Rationale: Implementation of clinical information systems to assist in improving quality and efficiency of care through better access & coordination of health information

Timing: Implementation of the Project will take place over an approximately 2-year period.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Centegra Health System
Project Location: Multiple locations including:
4201 Medical Center Drive McHenry IL
4309 Medical Center Drive McHenry, IL
4305 Medical Center Drive McHenry, IL
527 West South Street, Woodstock, IL
3701 Doty Road, Woodstock, IL
10350 Haligus Road, Huntley, IL
360 Station Street, Crystal Lake IL
7190 Industrial Road, Florence KY - Data Center only, all use occurs remotely in Illinois

Borrower: Centegra Health System

Ownership/Board Members (501c3):

Terrence J. Bugno
Tom Carey
William Cox
Mike Curran
Michael S. Eesley
Paul Hills
Luke Johnsos
Angela McAuley
Pat Morehead
Parmod Narang
Chris Newkirk
Jack Porter
Kathy Powell
Charles Ruth
Charie Zanck
Ifzal Bangash – Ex-Officio
Arun Narang – Ex-Officio

PROFESSIONAL & FINANCIAL

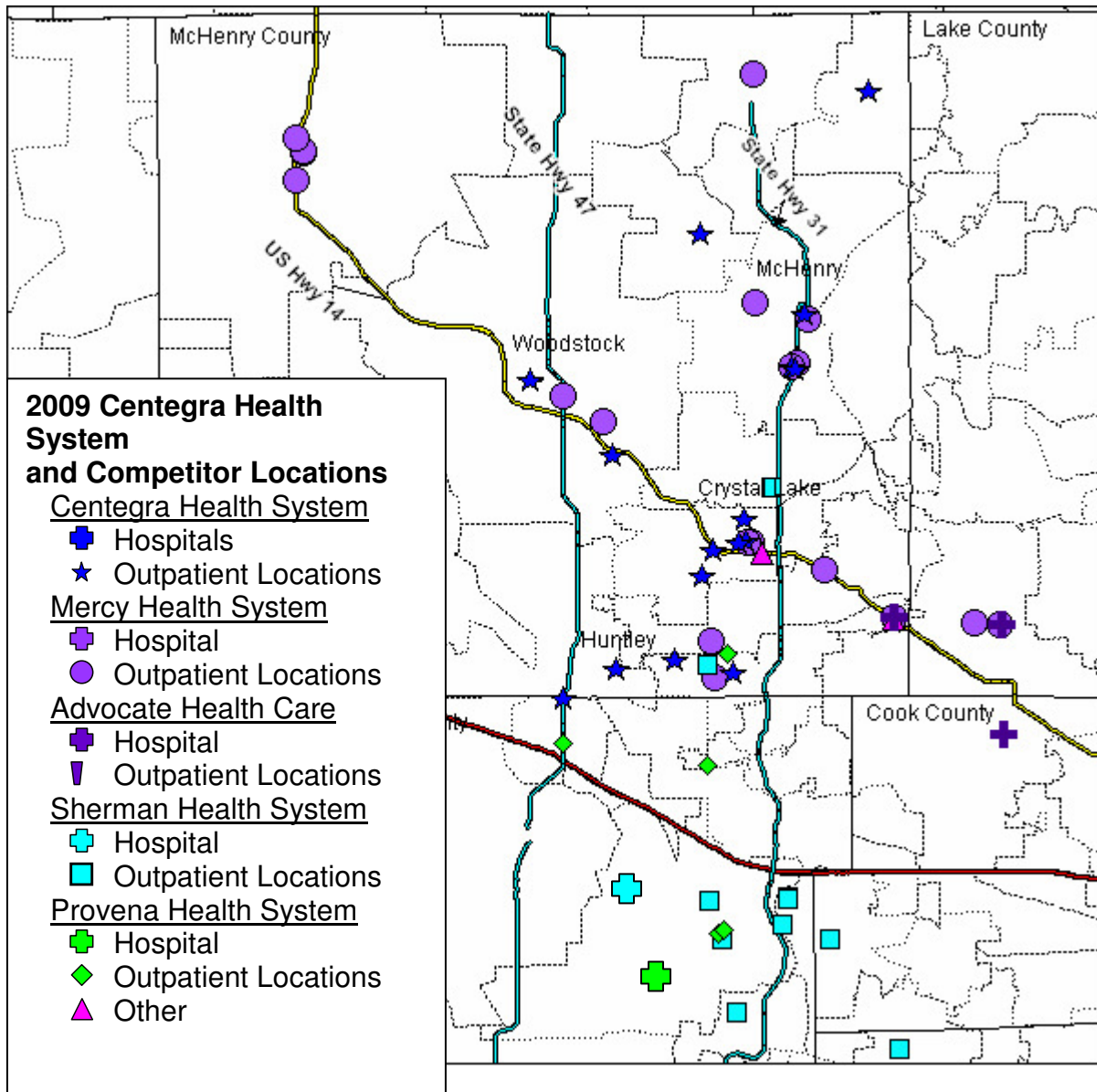
Borrower's Counsel:	KL Gates	Chicago, IL	Ken Peterson
Accountant:	KPMG LLP	Chicago, IL	
Bond Counsel:	Peck Shaffer & Williams	Chicago, IL	Thomas C. Smith
Bond Purchaser:	GE Government Finance, Inc.	Eden Prairie, MN	Bill Reveille
Purchaser's Counsel:	Kutak Rock	Omaha, NE	Andrew Romshek
Issuer's (IFA) Counsel:	MHT Law	Chicago, IL	Richard Joseph
Escrow & Paying Agent:	Wells Fargo Bank, N.A.	Chicago, IL	Patricia Martirano

LEGISLATIVE DISTRICTS

Congressional: 8th – Melissa Bean, 16th – Donald A. Manzullo
 State Senate: 26th – Dan Duffy, 32nd – Pamela Althoff
 State House: 52nd – Mark H. Beaubien, Jr., 63rd – Jack D. Franks, 64th Michael W. Tryon

SERVICE AREA

Centegra’s total service area includes McHenry County, northern portions of Kane County and the western portion of Lake County. Approximately 82% of the System’s inpatient discharges are derived from McHenry County, which is considered the primary service area.



May 4, 2010
\$130,000,000
FRIENDSHIP VILLAGE OF MILL CREEK, NFP (GREENFIELDS OF GENEVA PROJECT)
REQUEST

Purpose: (i) to construct and equip a new Continuing Care Retirement Community, (ii) repay monies used to finance pre-development costs, including the BANs referenced below and other seed capital funds provided by various sources (iii) fund one or more Debt Service Reserve Funds, (iv) fund interest expense on the Bonds for a period of approximately 20 months, and (v) fund certain professional and bond issuance costs.

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

Extraordinary Conditions: None.

BOARD ACTIONS

Final Bond Resolution.

Note that two series of Bond Anticipation Notes (“BANs”) for this project were issued by IFA in 2007 (for \$5,500,000) and 2008 (\$3,685,000).

MATERIAL CHANGES

None.

JOB DATA

4 FTE’s	Current jobs	140	New jobs projected
N/A FTE’s	Retained jobs	200	Construction jobs projected

DESCRIPTION

- **Location:** Geneva (Kane County).
- GreenFields of Geneva is being developed to meet the needs of the elderly population of the Geneva area. The Community, once constructed, will consist of 147 independent living units, 51 assisted living units, 26 memory support assisted living units, and 43 nursing beds. The Community is being constructed on approximately 18.5 acres in the Mill Creek master planned development and will be surrounded by a golf course, park, school and residential neighborhood. Mill Creek is near Geneva, Illinois which is approximately 40 miles due west of downtown Chicago near Interstate 88.
- GreenFields of Geneva is being developed by Friendship Senior Options (“FSO”). Friendship Senior Options was created in 2003 to serve as the sole corporate member of Evangelical Retirement Homes of Greater Chicago, Inc., d/b/a Friendship Village of Schaumburg (“FVS”), and other affiliates. FVS was organized in 1974 and today is the largest single site continuing care retirement community in the Chicago area and the fifteenth largest in the nation. Currently, Friendship Village includes approximately 28 garden homes, 629 independent living units, 98 assisted living units and a 250 bed skilled nursing facility located on a 60-acre campus in suburban Schaumburg, approximately 32 miles northwest of downtown Chicago. The Geneva Community is not being financed as a part of FSO’s or FVS’ existing obligated group. GreenFields of Geneva will be a stand-alone credit for financing purposes. FSO will provide all management services to the Community. In addition, as part of the financing, FSO is anticipating providing credit support as a form of additional security. The exact type of credit support that will be provided is still being determined but is likely to consist of a Liquidity Support Agreement of at least \$3 million. Funds provided by FSO under the Liquidity Support Agreement would be available to GreenFields to cover operating shortfalls, debt service, project overruns and other items.

CREDIT

- The expected plan of finance does not include credit enhancement.

SECURITY

- The security for the Bonds will include a mortgage and revenue pledge. Additionally, the sole corporate member of the project’s sponsor, Friendship Senior Options, NFP, will provide additional credit support to the Project as described directly above.

INDICATORS

- The underlying Borrower is unrated.

MATURITY

- No later than 2046. See below for specific maturity dates for each type of bonds to be issued.

SOURCES AND USES

IFA Bonds	\$116,610,000	Project Fund	\$92,519,000
Sub Debt from Parent	<u>\$4,000,000</u>	Debt Service Reserve Funds	\$10,153,000
		Funded Interest (20 months)	\$14,531,000
		Cost of Issuance	<u>\$3,407,000</u>
Total	\$120,610,000	Total	\$120,610,000

RECOMMENDATION

Credit Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 4, 2010**

Project: Friendship Village of Mill Creek, NFP (GreenFields of Geneva Project)

STATISTICS

Number:	H-HO-TE-CD-8324	Amount:	\$130,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane/ Bill Claus
Location:	Geneva	County/Region:	Kane County/Northeast

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Conduit 501(c)(3) Bonds	No extraordinary conditions
No IFA funds at risk	Requesting a waiver of IFA Policy for nonrated, unenhanced debt, to be based on a feasibility study by Management and LarsonAllen LLP.

VOTING RECORD

February Voting Record: 10 ayes, 0 nays, 0 abstentions, and 4 absent.

Members Present: William A. Brandt, Jr., Chairman, Michael W. Goetz, Vice Chairman, Terrence M. O'Brien, Dr. William J. Barclay, Bradley A. Zeller, John "Jack" Durburg, Roger Poole, Joseph McInerney, Roderick Bashir, Edward H. Leonard, Sr

Note that two series of Bond Anticipation Notes ("BANs") for this project were issued by the IFA in 2007 (for \$5,500,000) and 2008 (\$3,685,000).

PURPOSE

Proceeds will be used to (i) construct and equip a new Continuing Care Retirement Community, (ii) repay monies used to finance pre-development costs, including the BANs referenced above and other seed capital funds provided by various sources, (iii) fund one or more Debt Service Reserve Funds, (iv) fund interest expense on the Bonds for a period of approximately 20 months, and (v) fund certain professional and bond issuance costs.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment:	4	Projected new jobs:	140
Jobs retained:	N/A	Construction jobs:	200 (20 months)

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA Bonds	\$116,610,000	Uses: Project Fund	\$92,519,000
Subordinate Debt from Parent	<u>4,000,000</u>	Debt Service Reserve Funds	10,153,000
		Funded Interest (20 months)	14,531,000
		Cost of Issuance	<u>3,407,000</u>
		(including underwriter's discount)	
Total	\$120,610,000	Total	\$120,610,000

Note: The above table reports the sources and uses pertaining to the IFA Bonds and the subordinate note held by Friendship Senior Options (the Borrower's parent) as a result of foregoing reimbursement of certain project expenses at closing. In addition, resident entrance fees will be used as a significant source of funds to provide for a Working Capital Fund, an Operating Reserve Fund, and the redemption of a portion of the IFA Bonds.

FINANCING SUMMARY

Security: The security for the bonds will include a mortgage and revenue pledge. The key bond documents will include a master indenture, bond indentures and loan agreements. Additionally, the sole corporate member of the project's sponsor, Friendship Senior Options, NFP, may provide additional credit support to the project.

Structure: The Series 2010 Bonds will consist of the following two types of parity debt:

- **Permanent Debt:** Debt that will be outstanding on a long-term basis. Principal payments on this debt will occur beginning in approximately 2016 through 2045, with a 35-year final maturity and consists of fixed rate bonds
- **Temporary Debt:** Debt that will be repaid within approximately five to six years of issuance from resident entrance fees that are paid at the time a resident moves into the community. The pace of Temporary Debt repayment will be determined by the pace of the move-ins.

The current plan of finance, subject to change, will consist of fixed rate bonds for the Permanent debt and a combination of fixed rate bonds and adjustable rate bonds for the Temporary Debt. It is expected that the Temporary Debt will include the following types of bonds:

- **ARROSsm ("Accelerated Redemption Reset Option Securities"):** Similar to Ziegler EXTRASsm, the rate on these adjustable rate bonds is reset every few years. It is expected that the first interest rate reset date for these bonds would be approximately 6 years after issuance. It is anticipated that these Bonds would be repaid with entrance fees prior to the initial interest rate reset date. If the Bonds are not repaid at the time of the first interest rate reset, then the rate will be reset each year until the Bonds are repaid in full. The plan of finance currently includes \$5 million of ARROS.
- **TEMPSsm (Tax-Exempt Mandatory Paydown Securitiessm):** TEMPSsm are fixed rate bonds that are typically designated to be repaid at a particular occupancy level. For example, TEMPS-50 bonds are planned to be repaid at approximately 50% occupancy. Repayment will occur as entrance fees are received from residents upon move-in. It is likely that the GreenFields financing will include multiple series of TEMPS, such as TEMPS-50, TEMPS-65 and TEMPS-75.

- **Taxable Mandatory Pay-Down Securities (Taxable MPS):** These Bonds would also be repaid with entrance fees. They would have a fixed rate and a stated final maturity date. The taxable bonds are planned to be paid off first in the order of Temporary Debt redemption.

The optimal mix of Temporary and Permanent Debt, and the combination of ARROS, TEMPS and fixed rate, will be determined as the financing progresses. At the present time, it is estimated that the financing will consist of \$84.3 million of Permanent Debt and \$32.31 million of Temporary Debt.

Interest Rate: To be determined.

Interest Mode: Paid semi-annually.

Credit Enhancement: The expected plan of finance does not include credit enhancement.

Maturity: The permanent debt will be amortized during approximately 2016 through 2045. Temporary debt is expected to be repaid through optional redemptions during 2012 through 2014. Each series of Temporary Debt will have a stated final maturity date. These stated maturity dates for the Temporary Debt are based upon the expected payoff dates (from entrance fees) plus several years of "cushion". The TEMPS and Taxable Bonds are expected to have final maturity dates no later than 2017. The ARROS will have a first interest rate reset date not later than 2017 and a final maturity date not later than 2045.

Rating: Underlying Borrower is unrated.

Estimated Closing Date: May 2010

Waiver: The Bonds will be sold in denominations less than \$100,000 (i.e., \$5,000). The Borrower has requested a waiver of our unrated and non-credit enhanced debt policy based on satisfying the feasibility study requirement. They expect to meet the conditions for a waiver, for which they qualify.

Conditions for Waiver:

The Borrower is currently working on a feasibility study with an independent and qualified accounting or consulting firm acceptable to the Authority demonstrating the financial viability of the project. This report and interim drafts will be available to the Authority as needed.

*A full market and financial feasibility study is being prepared by Management and LarsonAllen LLP, a national accounting firm that provides financial forecast and feasibility studies for the senior living industry, in connection with the issuance of the Bonds.

PROJECT SUMMARY

Friendship Village of Mill Creek, NFP intends to use the net proceeds of the Authority loan to provide funds to (i) construct and equip a continuing care retirement community facility ("GreenFields of Geneva" or the "Community") having 147 one and two bedroom independent living units, 51 assisted living units, 26 memory support assisted living units, 43 nursing beds, common areas, and an underground parking garage containing space for 108 cars to be located on approximately 18.5 acre site in the Mill Creek master planned development in Geneva, Illinois, (ii) refinance and repay monies used to finance pre-development costs, (iii) fund one or more Debt Service Reserve Funds, (iv) fund interest expense on the Bonds for a period of approximately 20 months, and (v) fund certain professional and bond issuance costs.

Project Costs: Estimated to be approximately \$92.5 million before financing related costs (Debt Service Reserve Fund, Funded Interest, etc.). The total par amount of Bonds is estimated to be \$116.6 million (which includes all financing-related costs). These figures represent all project costs to be funded with IFA Bonds and equity, other than certain late-occurring development fees to be funded with entrance fees. Entrance fees will also be used to fund items not included in the \$116.6 million. These items include the funding of a Working Capital Fund, an Operating Reserve Fund and redemption of Temporary Debt.

The Project: GreenFields of Geneva is being developed in two phases. Phase I, which is being financed with the proceeds from the Series 2010 Bonds, is described under PROJECT SUMMARY above. Phase II is anticipated to be constructed after the Community has reached stabilized occupancy and is assumed to add an additional 20 to 30 independent living units to the Community. There will be an underground parking garage containing space for approximately 108 vehicles. As of April, 12, 2010, 110 of the 147, or 75% of the independent living units had been reserved by applicants each making a reservation deposit equal to 10% of the required entrance fee.

The Community's common areas are planned to include:

- Dining rooms offering three meals daily
- Café/bistro
- Private dining room for special occasions
- Library/Resource Center
- Beauty salon/barber shop
- Creative arts center
- Card/game room
- Aquatic center; and a
- Fitness center.

It is anticipated that project construction will begin in May, 2010, and be completed by January, 2012. Initial occupancy for independent living units is planned to begin in May 2012.

Admission to GreenFields of Geneva: generally will be open to persons at least 62 years of age who are able to live independently, and have assets and income that are sufficient to meet ordinary and customary living expenses after assuming occupancy.

Healthcare and other licensure: Once the project is completed, GreenFields of Geneva anticipates that it will obtain an amendment to its existing Life Care Facilities permit, licensure as an assisted living facility under the Assisted Living and Shared Housing Act and licensure of the skilled nursing beds from the Illinois Department of Public Health. GreenFields received its Certificate of Need from the Illinois Health Facilities and Services Review Board for 40 nursing units in September 2009. An amendment to the CON increasing the beds by three was received in 2010 .

Sponsor: GreenFields of Geneva is being developed by Friendship Senior Options ("FSO"). Friendship Senior Options was created in 2003 to serve as the sole corporate member of Evangelical Retirement Homes of Greater Chicago, Inc., d/b/a Friendship Village of Schaumburg ("FVS"), and other affiliates. FVS was organized in 1974 and today is the largest single site continuing care retirement community in the Chicago area and the fifteenth largest in the nation. Currently, Friendship Village includes approximately 28 garden homes, 629 independent living units, 98 assisted living units and a 250 bed skilled nursing facility located on a 60.4-acre campus in suburban Schaumburg, approximately 32 miles from downtown Chicago. The Community is not being financed as part of FSO's or FVS' existing obligated group. GreenFields of Geneva will be a stand-alone credit for financing purposes. FSO will provide all management services to the Community. In addition, as part of the financing, FSO is contemplating providing credit support as a form of additional security. The type of credit support that will be provided is still being determined.

BUSINESS SUMMARY

Background: GreenFields of Geneva is being developed to meet the needs of the elderly population of the Geneva area. The Community, once constructed, will consist of 147 independent living units, 51 assisted living units, 26 memory support assisted living units, and 43 nursing beds. The Community is being constructed on approximately 18.5 acres in the Mill Creek master planned development and will be surrounded by a golf course, park, school and residential neighborhood. Mill Creek is near Geneva, Illinois which is approximately 40 miles due west of downtown Chicago near Interstate 88.

Corporate Structure: The Applicant's and Sponsor's corporate structure are depicted below:

FVMC will be the only member of a to-be-formed obligated group. Neither the Parent nor the other operating entities of FSO will be members of the obligated group and neither of them will have any obligations with respect to the Bonds, the Master Indenture, and the Mortgage or the Loan Agreements that may be required with respect to the Bonds.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Friendship Village of Mill Creek, NFP – GreenFields of Geneva Project
Project: New Facility Project
Location: Geneva, Kane County, IL
Contact Person: Mr. Steve Yenchek, President and CEO of Friendship Senior Options (847-884-5008)
 Mr. Kim Klockenga, CFO of Friendship Senior Options (847-884-5371)
Organization: 501(c)(3) Corporations
State: Illinois

Board of Trustees:

Friendship Village of Mill Creek, NFP Board of Directors		
Name	Profession	Years of Tenure
Charles W. Cassell* Chair	Retired, Founding Partner Burnidge Cassell Associates, Architects	Since 2005
Ronald Ahlman* Treasurer	Retired Executive, Fox Valley Contractors Association	Since 2005
Tom Castronovo* Member	Managing Director, Chief Marketing Officer PrivateBancorp	Since 2006
Bruce Dopke Member	Self-Employed Attorney	Since 2005
Thomas A. Johnson* Member	Retired, Dean of Business and Social and Science Division at William Rainey Harper College	Since 2005
Kathy Rivera* Secretary	President/Executive Director KRT Productions	Since 2005

Larry Shoemake* Member	Case Manager, Seniors Kenneth Young Center	Since 2008
Gary Howard*	Retired Vice President, Motorola	Since 2005
Catherine Tardy Member	Vice President, Branch Sales Manager Baird & Warner	Since 2005

* - Indicated member of Friendship Senior Options Board.

Friendship Senior Options Board of Directors

Name	Profession
Thomas A. Johnson Chair	Retired Dean, Business and Social Sciences William Rainey Harper College
Charles W. Cassell Vice Chair	Founding Partner Burnidge Cassell Associates, Architects
Jan L. Tucker Secretary	Trustee Arlington Heights Library
William L. Spencer Treasurer	Retired, Senior Vice President Motorola
Gary Howard Past Chair	Retired, Vice President, Global Employee Relations Human Resources & Legislative Affairs, Motorola
Ronald A. Ahlman	Retired Executive Fox Valley Contractors Association
Thomas Castronovo	Managing Director, Chief Marketing Officer PrivateBancorp
Clark Delanois	Senior Vice President The Northern Trust Companies
Kathleen A. Gilmer	Director, Outreach Centers Northern Illinois University
Kathy Rivera	President/Executive Director KRT Productions
Jean Schlinkmann	Executive Director Schaumburg Park District
Paul J. Schaffhausen	Retired Senior Legal Counsel MacDonald's Corporation
Larry L. Shoemake	Case Manager, Seniors Kenneth Young Center
Duane L. Tyler	Retired, Senior Vice President, Growth McGladrey & Pullen, LLC

PROFESSIONAL & FINANCIAL

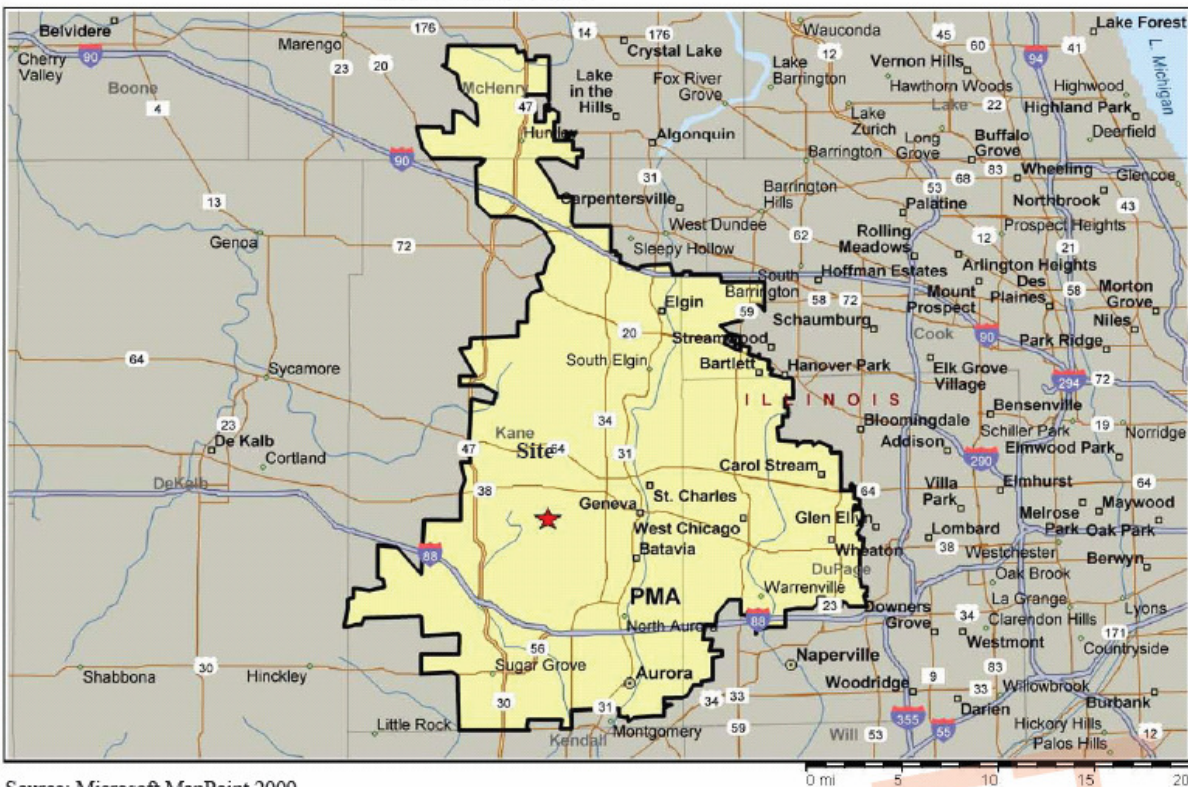
Borrower’s Counsel:	Smith, Hemmesch, Burke Brannigan & Guerin	Chicago, IL	Don Hemmesch
Bond Counsel:	Peck Shaffer	Chicago, IL	George Buzard
Special Counsel:	Jones Day	Chicago, IL	John Bibby
Underwriter:	Ziegler Capital Markets	Chicago, IL	Dan Hermann Steve Johnson
Underwriter’s Counsel:	Katten Muchin Rosenman	Chicago, IL	Janet Hoffman
Issuer’s Counsel:	Hinshaw & Culbertson LLC	Chicago, IL	Leslie Richards-Yellen
Trustee:	Wells Fargo Bank, N.A.	Chicago, IL	Christopher Duncan
Feasibility Consultant:	LarsonAllen LLP	Minneapolis, MN	Gail Miller
IFA Financial Advisor:	Scott Balice Strategies	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 9th Janice D. Schakowsky
 State Senate: 7th Heather Steans
 State House: 13th Greg Harris

SITE MAP

The following map depicts the IL PMA and the location of the proposed Community:



ILLINOIS FINANCE AUTHORITY
MEMORANDUM

To: IFA Board of Directors

From: Pam Lenane & Shannon Govia

Date: May 4, 2010

Re: **The Clare at Water Tower – Series 2005 – Tender and Exchange Offer**

The Clare at Water Tower (the “**Borrower**”) is a not-for-profit corporation incorporated in 2001 under the laws of the State of Illinois. The Borrower has developed a senior living community known as **The Clare at Water Tower** (“**The Clare**,” the “**Project**,” the “**Facility**” or the “**Community**”) on an approximate 0.6-acre site in downtown Chicago, Illinois. The Clare is designed to provide a comprehensive continuum of care for the changing health care needs of its residents. The IFA issued \$229 million on behalf of The Clare at Water Tower Project. The issue was segregated into the following series designations:

1. Series 2005A Bonds – Fixed Rate Revenue Bonds - \$5,000 Denominations
2. Series 2005B-1 Bonds – EXTRAS - \$5,000 Denominations
3. Series 2005B-2 Bonds – EXTRAS - \$5,000 Denominations
4. Series 2005C Bonds – Fixed Rate Revenue Bonds - \$5,000 Denominations
5. Series 2005D Bonds – Variable Rate Bonds - \$100,000 Denominations
6. Series 2005E Bonds – Taxable Variable Rate Bonds - \$100,000 Denominations

The recent economic downturn has had a significant adverse impact on the Borrower and the Project. Many factors – including the steep decline in the residential real estate market, which has impaired the ability of some potential residents to sell their houses and then move into the Facility – have resulted in the Facility not attracting initial residents as quickly as was projected at the beginning of development of the Project. A slower fill up with residents and the utilization of interest reserves has meant less revenue for the Borrower to pay operating expenses and to prepay certain outstanding indebtedness as described in its original financial projections for the Project. Additionally, the slower fill-up has resulted in the Borrower’s failure to satisfy certain financial and operating requirements contained in the Master Indenture and the Letter of Credit Agreement.

The first resident moved in on December 10, 2008. As of January 31, 2010, 78 of the Borrower’s Independent Living Units were occupied and 80 Life Care contracts have been closed. This is significantly less than the 235 Independent Living Units projected to be occupied by the feasibility study prepared October 27, 2005, and updated November 29, 2005 (the “*Feasibility Study*”) in connection with the initial issuance of the Series 2005 Bonds.

The construction cost of the Facility was originally projected at approximately \$120.5 million (approximately \$161 per square foot), but the final construction cost is currently expected to be approximately \$135.0 million (approximately \$180 per square foot), or approximately \$14.5 million above the original estimate. These cost overruns are the result of certain unforeseen construction challenges and delays. The significant construction delays led to a 13 month delay in the opening of the Independent Living Units. Additional interest costs were incurred during this period, requiring disbursement of approximately \$10.0 million in reserve funds. The cost overruns and the payment of additional interest from reserves were not anticipated in the Feasibility Study.

The objective of the *Tender and Exchange Offer* (the “*Bond Exchange*”) is to restructure the Borrower’s debt obligations by reducing annual debt service payments to a level that can be sustained by present and anticipated future operations. The consummation of the Bond Exchange and the resulting reduction in the Borrower’s annual debt service requirements is expected to improve the Borrower’s financial performance and condition and increase its ability to generate sufficient cash flow to pay debt service and meet its other obligations, thereby reducing the risk of a default and its uncertain consequences. Accordingly, the Borrower believes that the Bond Exchange is in the best interest of the Borrower and the holders of the Series 2005 Bonds and will recommend its acceptance to the holders of the Series 2005 Bonds.

***Proposed Tender and Exchange Restructuring Diagram**

Original Issuance		Tender and Exchange	
Series 2005 A	\$74,000,000	Series 2010 A	\$64,050,000
Series 2005 B-1	\$4,000,000	Series 2010 B	\$27,450,000
Series 2005 B-2	\$6,000,000	Series 2005 D	\$125,000,000
Series 2005 C	\$7,500,000	Series 2005 E	<u>\$12,500,000</u>
Series 2005 D	\$125,000,000		
Series 2005 E	<u>\$12,500,000</u>		
Total	\$229,000,000		\$229,000,000

** Please note that the Series 2005 A, B-1, B-2, and C will be exchanged for Series 2010 A and Series 2010 B. The 2005 Series D and Series E are not covered by the proposed 70 / 30 tender and exchange but have been included in this diagram as they were a portion of the original issuance.*

See the section titled “Terms of Restructuring Plan” on pages 9 and 10 of the “Confidential” section of the Board Summary for further information regarding the exchange and tender offer.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 4, 2010**

Project: The Clare at Water Tower

STATISTICS

Project Number:H-HO-TE-CD-8349	Amount: \$91,500,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Shannon Govia
County/Region: Cook	City: Chicago

BOARD ACTION

Tender and Exchange Resolution	Staff recommends approval
Conduit 501 (c)(3) bonds	Request Waiver of the Board policy for non-rated debt
No IFA funds at risk	

VOTING RECORD

Original financing for this project was approved by the Board in September 2005. This is the first time this restructuring transaction has been brought before the Board.

PURPOSE

The objective of the Exchange is to restructure the Borrower's debt obligations by reducing its annual debt service to a level that can be sustained by present and anticipated future operations. The Bonds will be exchanged for that portion of Series 2005 A, B & C Bonds of the Authority that are tendered by the holders thereof (the "Prior Bonds") with each holder of Prior Bonds to receive: (a) Series 2010A Bonds in a principal amount equal to 70% of the principal amount of the Prior Bonds and (b) Series 2010B Bonds in a principal amount equal to 30% of the principal amount of such Prior Bonds, (the "Bond Exchange").

Note: The Series 2005 D&E Bonds totaling \$137.5 million (LOC backed variable rate bonds) are also being restructured with the banks outside of this exchange offer.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment:	89 FTE's	Projected additional new jobs:	53 FTE's
Jobs retained:	89 FTE's	Construction jobs:	0 FTE's

There were an estimated 400 construction jobs created in association with 2005's The Clare at Water Tower Project.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	Series 2010A	\$64,050,000	Uses:	Series 2005A Refunding	\$74,000,000
	Series 2010B	\$27,450,000		Series 2005B-1 Refunding	\$4,000,000
	The Clare Funds	<u>\$6,600,000</u>		Series 2005B-2 Refunding	\$6,000,000
				Series 2005C Refunding	\$7,500,000
				Cost of Restructuring*	\$4,550,000
	Total	\$98,100,000		Cost of Exchange*	\$1,450,000
				DSRF & Other	<u>\$600,000</u>
				Total	\$98,100,000

* Cost of Restructuring and Exchange to be paid by The Clare at Water Tower.

FINANCING SUMMARY/STRUCTURE

Security: The Bonds will be secured on a parity basis by a gross revenues pledge provided through the Borrower's Master Trust Indenture and by a leasehold mortgage lien provided through the Borrower's Leasehold Mortgage and Security Agreement.

Existing Master Trustee and Bond Funds: (as of 3/25/10)	Working Capital and Lease Fund	\$1,408,940
	Operating Reserve Fund	\$1,074
	Entrance Fee Fund	\$2,786,730
	Funded Interest	\$440,740
	Debt Service Reserve Fund	
	A	\$5,061,575
	B-1 & B-2	\$425,182
	C	\$320,393
	D	\$4,705,891
	E	\$612,500

* Entrance Fee
Escrow Account: \$32,808,035

Estimated Remaining
Entrance Fee Pool: \$150 million to \$160 million (168 independent living units)

Structure: The plan of finance contemplates that the Series 2010A Bonds will be fixed rate bonds and that the Series 2010B Bonds will be capital appreciation bonds. Capital appreciation bonds are bonds that don't pay interest until final maturity.

Interest Rate: Interest rates on the Series 2010A Bonds will be identical to the interest rates on the Prior Bonds at the time of issuance and the Series 2010B Bonds will accrete at 5% per annum compounded semi-annually.

Maturity: Not later than 2038

Rating: Not rated

Estimated Closing Date: May 2010

* Resident entrance fees collected subsequent to February 14, 2009.

PROJECT SUMMARY

The proceeds of the Series 2005 Bonds were used to (i) pay or reimburse The Clare at Water Tower (the “Corporation”) for the payment of certain costs of acquiring, constructing and equipping certain “projects” (as such term is defined in the Act), including the construction and equipping of a continuing care retirement community containing independent living facilities, assisted living facilities and skilled nursing facilities and known as The Clare at Water Tower (the “Project”); (ii) pay a portion of the interest on the Series 2005 Bonds; (iii) fund debt service reserve funds; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2005 Bonds.

The Project is leased by Loyola University to the Corporation pursuant to a Lease Agreement dated as of November 2, 2005. The term of the Lease Agreement is for 99 years (from the commencement date of November 2, 2005), subject to earlier termination as provided in the Lease Agreement. The Lease Agreement provides for rental payments by the Corporation to Loyola University in accordance with the terms of the Lease Agreement.

BUSINESS SUMMARY

Description
of Business:

The Clare at Water Tower (the “Corporation”) is a not-for-profit corporation incorporated in 2001 under the laws of the State of Illinois. The Corporation has been approved by the Archdiocese of Chicago, Illinois for inclusion in the United States Catholic Conference Group Ruling (the “Group Ruling”) and listing in the Official Catholic Directory (the “OCD”) which establishes the Corporation’s exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Corporation has developed a senior living community known as The Clare at Water Tower (“The Clare,”) on an approximate 0.6-acre site in downtown Chicago, Illinois. The Clare is designed to provide a comprehensive continuum of care for the changing health care needs of its residents. The Clare provides seniors four levels of care in one location, in addition to related health, social and quality of life programs and services. Currently, The Clare consists of 248 independent living apartments, 54 assisted living apartments, including 15 memory support suites, and 32 skilled nursing beds. The Clare opened for operations in December 2008 and the first resident moved in on December 10, 2008.

The Corporation is affiliated with **Franciscan Sisters of Chicago Service Corporation (“FSCSC”)**, an Illinois not-for-profit corporation, which oversees the senior services, facilities and programs sponsored by the Franciscan Sisters of Chicago. FSCSC is the sole corporate member of the Corporation. FSCSC has received a determination letter from the IRS that it is a charitable organization under Section 501(c)(3) of the Code and is exempt from federal income taxation under Section 501(a) of the Code.

FSCSC was established as an integral part of the apostolate of the **Franciscan Sisters of Chicago, Inc. (“FSC”)**, an Illinois not-for-profit corporation, and a religious institute of women represented in the Archdiocese of Chicago, Illinois and the Dioceses of Gary, Indiana and Cleveland, Ohio of the Roman Catholic Church. Since 1894, the members of FSC have dedicated themselves to the care of the elderly and the infirm, in addition to education, pastoral ministry, social service activities and the ministry of prayer and suffering.

FSCSC is also the sole corporate member of affiliated corporations which own and operate senior living communities in four states: Ohio, Indiana, Illinois and Texas. These senior living

communities include continuing care retirement communities, assisted living facilities and intermediate and skilled nursing facilities. FSCSC also operates St. Jude House in Crown Point, Indiana, a shelter and family violence prevention center, and Community Based Services, which provides adult day care, child care and hospice services.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: The Clare at Water Tower.
Location: 41-47 Pearson Street, Chicago, IL
Project name: The Clare at Water Tower
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board Members: Sister M. Francis Clare Radke,
Chairperson of the Corporation - Chairperson of the Board of Directors of FSCSC

Sister M. Francine Labus
Vice Chairperson of the Corporation - Board Member of FSCSC

Thomas J. Allison
President of the Corporation - Chief Executive Officer and Board Member of FSCSC

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti & Harris LLP	Chicago	Thomas Fahey
Accountant:	Ernst & Young	Chicago	Tadd Ingles
Bond Counsel:	Jones Day	Chicago	John Bibby
Bank/Purchaser:	Bank of America	Chicago	Andrew Maidman
Bank Counsel:	Winston & Strawn LLP	Chicago	Kay McNab
Financial Advisor:	Mesirow Financial Interim Management, LLC	Chicago	James Nugent
	Cain Brothers & Company, LLC	Chicago	Thomas Barry
Bond Trustee:	Bank of New York Mellon	Chicago	Christopher Holly
Issuer's Counsel:	Charity & Associates	Chicago	Alan Bell
IFA Advisor:	Acacia Financial Group	Chicago	Courtney Shea

LEGISLATIVE DISTRICTS

Congressional: 7 – Danny K. Davis
State Senate: 13 – Kwame Raoul
State House: 26 – William D. Burns

SERVICE AREA

The Clare's service area remains the same as described in the feasibility study prepared in connection with the original financing. The community is located on a 0.6-acre parcel of land on the southwest corner of Rush Street and Pearson Street in Chicago, Illinois. The community is in the Gold Coast neighborhood of Chicago in Cook County. Lake Michigan is approximately one-half mile east of the Community site. The primary market area ("PMA") includes 10 zip codes: 60601, 60602, 60606, 60610, 60611, 60613, 60614, 60640, 60654, 60657. The PMA extends approximately 6.0 miles to the North, 1.2 miles to the South, 1.2 miles to the East and 1.3 miles to the West of the proposed site.

**ILLINOIS FINANCE AUTHORITY
MEMORANDUM**

To: IFA Board of Directors

From: Rich Frampton and Mauricio Nares

Date: May 4, 2010

Re: Resolution Authorizing the Execution and Delivery of a First Amendment to a Modification Agreement between Slovak American Charitable Association and MB Financial Bank relating to Illinois Development Finance Authority Series 2000 Bonds (Slovak American Charitable Association Project) to (1) provide for the extension of the Current Interest Rate Holding Period, and (2) reset the interest rate in the extended holding period at a lower interest rate

IDFA (IFA) Series 2000 Bonds (Slovak American Charitable Association/Rolling Hills Manor Project)

IDFA Project 9289-NP

The Request: **Slovak America Charitable Association** (the “**Borrower**”) has requested the Illinois Finance Authority (“IFA”) to approve a Resolution that will amend the Bond and Loan Agreement in the existing documents (last amended in 2007) to:

1. Create a new 7-year Adjustable Interest Rate Mode.
 2. Reset the existing interest rate (with current expiration in 2012) at a lower rate for a new 7-year holding period that will end in 2017.
- There will be no extension of final maturity date or amortization.

Creation of this new interest rate mode will result in a Reissuance for tax purposes. Additionally, the Borrower will benefit from an additional interest rate reduction that will be attributable to the ARRA provision enabling 501(c)(3) Revenue Bonds that reissued in 2009 and 2010 to be considered “qualified tax exempt bonds” (i.e., “Bank Qualified Bonds”) issued pursuant to Section 265(b) of the Internal Revenue Code.

MB Financial Bank originally restructured by original bonds through a Reissuance in 2007. The IFA Series 2007 Bonds were sold for an initial 5-year period that will expire in 2012. The Bonds currently bear an interest rate of 5.75% fixed until 2012. Based on current market interest rates (as of 4/22/2010), MB is projecting fixed rates between approximately 4.00% and 5.25% on the Bonds as a result of the requested Amendment.

Background: Slovak American Charitable Association is the owner of the Rolling Hills Manor Nursing Home, a 130-bed 501(c)(3) nursing home located in Zion (130 beds are Medicaid/Medicare certified; there are 135 total beds). IFA and IDFA have a long history of issuing bonds for this Borrower (i.e., back to 1992). Most recently, IFA reissued the subject Bonds in 2007 to create a bank-purchased mode (at which time MB Financial Bank became the Lender/Direct Purchaser of the subject Bonds). IDFA issued \$8.2 million of Series 2000 501(c)(3) Revenue Bonds that financed construction of the new Rolling Hills Manor project in 2000. Approximately \$6,885,000 remains outstanding and all payments have been current as of 4/1/2010.

VOTING RECORDS

Amendatory Bond Resolution – May 8, 2007 (conversion to Direct Purchase Structure by MB Financial Bank):

Ayes: 11 Nays: 0 Abstentions: 0 Absent: 3 (Boyles, DeNard, Nesbitt)
Vacancies: 1

ECONOMIC DISCLOSURE STATEMENT

Applicant/Contacts: Slovak American Charitable Association; (Contact: Jim Stefo, President) 3615 16th St., Zion, IL 60099-1423; Ph.: 847-746-8382; E-mail: jimstefocpa@aol.com;
Project Name: Rolling Hills Manor Nursing Home
(IDFA Series 2000 Bonds -- Slovak American Charitable Association/Rolling Hills Manor Project)
Location: 3615 16th St., Zion (Lake County), IL 60099-1423
Land Owner: The subject property is owned by Slovak American Charitable Association
Organization: Corporation
State: Illinois
Board of Directors: See list on p. 3

ECONOMIC DISCLOSURE STATEMENT

Borrower's Counsel:	Polsinelli Schugart PC	Chicago, IL	Jason Lundy
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Matt Lewin
Secured Lender/ Bond Purchaser:	MB Financial Bank	Rosemont, IL	John Sassaris
Credit Enhancement:	None		
Bank Counsel:	Burke Burns & Pinelli	Chicago, IL	Mary Ann Murray
Trustee:	MB Financial Bank		
Issuer's Counsel:	Steve Lawrence	Chicago, IL	Steve Lawrence
IFA Financial Advisor:	Acacia Financial	Chicago, IL	Courtney Shea

Attachments: IFA Resolution 2010-05-__ (see p. 4)

Board of Directors:

<u>Title</u>	<u>First</u>	<u>Last Name</u>
President	James	Stefo, Jr.
Vice President	Anne	Scott
Treasurer	Janet	Pilch
Secretary	Dorothy	Mitchell
Director	Bess	Cerny
Director	Linda	Fusek
Director	Steve	Fusek
Director	Keith	Lencho
Director	Paul	Medo
Director	Dr. Sandra	Milton
Director	Eleanor	Petras
Director	Sam	Pertras
Director	James	Stefo Sr.
Director	Lucia	Soberano-Stefo
Director	Nan	Stefo
Director	Irene	Tomaskovic
Director	Joe	Tomaskovic

IFA RESOLUTION NO. 2010-05-__

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO MODIFICATION AGREEMENT RELATING TO THE ADJUSTABLE DEMAND REVENUE BOND, SERIES 2000 (SLOVAK AMERICAN CHARITABLE ASSOCIATION PROJECT) OF THE ILLINOIS FINANCE AUTHORITY PROVIDING FOR THE EXTENSION OF CURRENT INTEREST RATE HOLDING PERIOD AND A REDUCED INTEREST RATE FOR THE BOND, AND RELATED AMENDMENTS; AND RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a political subdivision and a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the “**Authority**”), including, without limitation, the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the “**Act**”), has previously issued its \$8,200,000 initial aggregate principal amount Adjustable Demand Revenue Bonds, Series 2000 (Slovak American Charitable Association Project) (the “**Bond**”); and

WHEREAS, the Authority entered into a Modification Agreement (the “**Original Modification Agreement**”) dated June 13, 2007 among the Authority, MB Financial Bank, N.A. (the “**Bond Purchaser**”), Slovak American Charitable Association, an Illinois not for profit corporation (the “**Borrower**”), The Bank of New York Trust Company, N.A. (the “**Prior Trustee**”) and JPMorgan Chase Bank, N.A. (the “**Prior Credit Enhancer**”) (the “**Original Modification Agreement**”), which itself modified the Trust Indenture dated as of June 1, 2000 (the “**Original Indenture**”) between the predecessor to the Authority and the Prior Trustee and the Loan Agreement dated as of June 1, 2000 (the “**Original Loan Agreement**”) between the Authority and the Borrower; and

WHEREAS, the parties desire to amend the Modification Agreement pursuant to a First Amendment to Modification Agreement (the “**Modification Agreement Amendment**”) to extend the current interest rate holding period for the Bond and to reduce the interest rate on the Bond during such interest rate holding period; and

WHEREAS, it is necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of (i) the Modification Agreement Amendment, (ii) a Second Supplement to Tax Compliance Agreement among the Authority, the Borrower and MB Financial Bank, N.A (the “**Supplemental Tax Agreement**”) in connection with the deemed reissuance of the Bond as a result of the amendments, and (iii) the revised Bond in substantially the form set forth in the Modification Agreement Amendment (the “**Revised Bond**”); and

WHEREAS, the Modification Agreement Amendment and the Supplemental Tax Agreement are referred to collectively herein as the “**Authority Documents**.”

NOW THEREFORE, BE IT RESOLVED by the Members of the Illinois Finance Authority, as follows:

Section 1. That all of the recitals contained in the preambles to this Resolution are full, true and correct, and are hereby incorporated into this Resolution by this reference.

Section 2. That, pursuant to the Act, the modification of the terms of the financing of the facilities originally financed with the proceeds of the Bond in accordance with the terms of the Modification Agreement Amendment are hereby approved and authorized, and such modifications are in furtherance of the Authority's public purposes.

Section 3. That the Authority is hereby authorized to enter into the Authority Documents with the other party or parties thereto; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute, and the Secretary or any Assistant Secretary of the Authority be, and each of them hereby is, authorized, empowered and directed to (as may be required) attest and to affix the official seal of the Authority to, the Authority Documents in the name, for and on behalf of the Authority, and thereupon to cause the Authority Documents to be delivered to the other party or parties thereto in forms consistent with this Resolution, his or her execution thereof to constitute conclusive evidence of such approval of such Authority Documents; that when the Authority Documents are executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Authority Documents shall be binding on the Authority; that from and after the execution and delivery of the Authority Documents, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Authority Documents as executed; and that the Authority Documents shall constitute, and hereby are made, a part of this Resolution, and a copy of the Authority Documents shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 4. That the current interest rate holding period for the Revised Bond shall be amended to extend to not later than June 1, 2025 and the interest rate on the Revised Bond shall be reduced from the rate currently in effect for the duration of such amended interest rate holding period; that the form of the Revised Bond as so amended is hereby approved; that the Revised Bond shall be executed in the name, for and on behalf of the Authority with the manual or facsimile signature of the Chairman, the Vice Chairman, the Treasurer or the Executive Director and attested with the manual or facsimile signature of the Secretary or any Assistant Secretary and the official seal of the Authority shall be impressed or imprinted thereon; that the Authority deems it proper to delegate to the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority the power to approve any and all changes to the Revised Bond as the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority shall, on behalf of the Authority, determine, subject to the terms of the Revised Bond contained in the Modification Agreement Amendment; that any such determinations shall be conclusive, shall be evidenced by the execution and delivery by the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority of the Revised Bond, and shall be authorized by this Resolution; that the Revised Bond, as executed, shall be binding on the Authority; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority or the Secretary or any Assistant Secretary of the Authority shall cause the Revised Bond, as so executed and attested, to be delivered to the Trustee for authentication; that when the Revised Bond shall be executed on behalf of the Authority in the manner and containing the terms contemplated by the Modification Agreement Amendment and this Resolution in an

aggregate principal amount not to exceed the amount of Bond outstanding on the date of such execution, it shall represent the approved form of Revised Bond of the Authority.

Section 5. That the Chairman, the Vice Chairman, the Treasurer, the Executive Director, the Secretary and any Assistant Secretary of the Authority be, and each of them hereby is, authorized to execute and deliver such documents, certificates, and undertakings of the Authority and to take such other actions as may be required in connection with the execution, delivery and performance of the Authority Documents and the Revised Bond authorized by this Resolution, including without limitation, the signing of IRS Form 8038 and the filing thereof with the Internal Revenue Service if required by Bond Counsel.

Section 6. That all acts of the officers, employees and agents of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, be, and the same hereby are, in all respects, ratified, confirmed and approved.

Section 7. That any references in this Resolution to the "Executive Director" shall be deemed also to refer to the "Authorized Officers" to whom the delegation of the authority of the Executive Director was authorized and approved pursuant to, and in accordance with the terms of, Section 2 of Resolution Number 2009-06-17 adopted by the Authority on June 9, 2009.

Section 8. That the weighted average maturity of the Bond shall not be extended pursuant to the Authority Documents and, accordingly, no re-approval of the Bond pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, shall be necessary.

Section 9. That the provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 10. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 11. That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 4th day of May, 2010.

**ILLINOIS FINANCE AUTHORITY
MEMORANDUM**

To: IFA Board of Directors

From: Rich Frampton and Mauricio Nares

Date: May 4, 2010

Re: Resolution Authorizing the Execution and Delivery of Amendments to the Mortgage and Security Agreement between Columbia College Chicago and the Illinois Finance Authority (“IFA” or the “Authority”) relating to (1) Illinois Educational Facilities Authority (“IEFA”) Series 1998 Revenue Bonds, (2) IEFA Series 2003 Bonds, (3) IFA Series 2004 Bonds, and (4) IFA Series 2007 Bonds (collectively, the “Prior Bonds”), and Authorizing the Execution and Delivery of any Other Necessary Documents Required to Effect Such Amendment; and Authorizing and Approving Related Matters

The Request: **Columbia College Chicago** (the “**College**” or the “**Borrower**”) has requested the Illinois Finance Authority to approve a Resolution that will amend the Mortgage and Security Agreement related to an annual written “no default statement regarding the Colleges performance of its covenants under the Mortgage”. This “no default statement” is delivered in connection with the College’s annual audits (currently performed by KPMG, LLP, as engaged by the College).

This technical amendment provided in the attached Resolution will enable the content of the annual written statement to be amended to conform to current Generally Accepted Auditing Standards.

Prior Bonds are Insured: Principal and Interest payments on each of the Prior Bonds when due are insured as follows: (1) the Series 1998 and Series 2007 Bonds are insured by National Public Finance Guarantee Corporation (or “NPFGC” as successor to MBIA Insurance Corporation) and (2) the Series 2003 and Series 2004 Bonds are insured by Syncora Guarantee, Inc. (as successor to XL Capital Assurance, Inc.). (Collectively, NPFGC and Syncora are the “Bond Insurers”).

Insurers deemed as Owners/ Bondholders for purposes of

Consent: Pursuant to the Section 1004 of the Trust Indenture provides that for purposes of any amendment, change, or modification to the Mortgage and Security Agreement requiring Bondholder consent pursuant to Section 1002 of the Indenture, the Bond Insurers shall be deemed to the “owner” of the Bonds they insure.

All payments are current on each series of Prior Bonds.

ECONOMIC DISCLOSURE STATEMENT

Applicant/Contacts: Columbia College Chicago; (Contact: Kevin Doherty; 312-344-7162)
Project Name: Columbia College Chicago
Location: 600 S. Michigan Ave., Chicago, IL 60605
Land Owner: Columbia College Chicago
Organization: Corporation
State: Illinois
Board of Directors: *See Page 3*

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ice Miller LLP	Lisle, IL	David Hight
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Chris Walrath
Credit Enhancement:	National Public Finance Guarantee Guarantee Corporation Syncora Guarantee, Inc.		
Trustee:	US Bank	Chicago, IL	Grace Gorka

Attachments: IFA Resolution 2010-05-__

Members of the Board of Trustees

Andrew Alexander The Second City	Bill Hood American Airlines	Stephen H. Pugh Pugh, Jones, Johnson & Quandt
Lerone Bennett Jr.	Don Jackson Central City Productions	Madeline Murphy Rabb Murphy Rabb, Inc.
Warrick L. Carter, Ph.D. Columbia College Chicago	Chester T. Kamin Jenner & Block	Michelle Rosen Airlift Ideas, Inc.
William Cellini Jr. New Frontier Companies	Richard Kiphart William Blair & Company	Arlen Rubin
Warren King Chapman, Ph.D. University of Illinois at Chicago	Pamela Kendall-Rijos Goldman Sachs & Co.	Barry M. Sabloff Marquette National Corporation
Lester Coney Mesirow Financial	Paul R. Knapp DST Systems	Joseph Seminetta Premier Asset Management, LLC
Steve Devick Concert Hot Spot	Bill Kurtis Kurtis Productions, Ltd.	Victor Skrebneski Skrebneski, Inc.
Susan V. Downing	Marcia Lazar Asset Recovery International, Ltd.	Lawrence K. Snider
Allan R. Drebin, Ph.D. Northwestern University	Averill Leviton Liaison to Consular Corps for the Office of Secretary of State	David S. Solomon, M.D. Doctors Solomon, SC
Loranne Ehlenbach Team E-I and Team E-II	Barry Mayo Radio One, Inc.	Raymond Spencer Capgemini
Brent W. Felitto William Blair & Company	Daniel E. McLean MCL Companies	Ellen Stone Belic Jerome H. Stone Family Foundation
Georgia Fogelson	Howard Mendelsohn Howard Mendelsohn & Company	Arthur Sussman MacArthur Foundation
John Gehron	Sylvia Neil Northwestern University	Nancy Tom Center for Asian Arts and Media
Ralph Gidwitz Capital Results LLC	Joseph F. Peyronnin III Vfinity	Allen M. Turner The Pritzker Organization
Sydney Smith Gordon	Samuel E. Pfeffer	Helena Chapellin Wilson
Mary Louise Haddad		Robert A. Wislow U.S. Equities Realty, Inc
Joan Hammel President of Chicago Alumni Association		

RESOLUTION 2010-05-__

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AMENDMENTS TO THE MORTGAGE AND SECURITY AGREEMENT BETWEEN COLUMBIA COLLEGE CHICAGO AND THE ILLINOIS FINANCE AUTHORITY RELATING TO (I) THE ILLINOIS EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, COLUMBIA COLLEGE CHICAGO, SERIES 1998, (II) THE ILLINOIS EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, COLUMBIA COLLEGE CHICAGO, SERIES 2003, (III) THE ILLINOIS FINANCE AUTHORITY REVENUE REFUNDING BONDS, COLUMBIA COLLEGE CHICAGO, SERIES 2004, AND (IV) THE ILLINOIS FINANCE AUTHORITY REVENUE BONDS, COLUMBIA COLLEGE CHICAGO, SERIES 2007; AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER NECESSARY DOCUMENTS REQUIRED TO EFFECT SUCH AMENDMENT; AND AUTHORIZING AND APPROVING RELATED MATTERS.

WHEREAS, the Illinois Finance Authority (the "Authority") or the Illinois Educational Facilities Authority, as predecessor to the Authority (the "IEFA"), has heretofore issued (i) the Illinois Educational Facilities Authority Revenue Bonds, Columbia College Chicago, Series 1998 (the "Series 1998 Bonds"), under and pursuant to a Trust Indenture dated as of June 1, 1992, as heretofore supplemented and amended (the "Indenture"), between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), (ii) the Illinois Educational Facilities Authority Revenue Bonds, Columbia College Chicago, Series 2003 (the "Series 2003 Bonds"), under and pursuant to the Indenture, (iii) the Illinois Finance Authority Revenue Refunding Bonds, Columbia College Chicago, Series 2004 (the "Series 2004 Bonds"), under and pursuant to the Indenture, and (iv) the Illinois Finance Authority Revenue Bonds, Columbia College Chicago, Series 2007 (the "Series 2007 Bonds" and, collectively with the Series 1998 Bonds, the Series 2003 Bonds and the Series 2004 Bonds, the "Bonds"), under and pursuant to the Indenture; and

WHEREAS, the IEFA or the Authority, as the case may be, loaned the proceeds from the sale of the Bonds of each series to Columbia College Chicago, an Illinois not for profit corporation (the "College"), pursuant to the provisions of the Mortgage and Security Agreement dated as of June 1, 1992, as heretofore supplemented and amended (the "Mortgage"), between the College and the Authority; and

WHEREAS, the regularly scheduled payment of the principal of and interest on the Series 1998 Bonds and the Series 2007 Bonds as and when due is insured by National Public Finance Guarantee Corporation, as successor to MBIA Insurance Corporation ("NPFGC"); and

WHEREAS, the regularly scheduled payment of the principal of and interest on the Series 2003 Bonds and the Series 2004 Bonds as and when due is insured by Syncora Guarantee, Inc., as successor to XL Capital Assurance, Inc. ("Syncora" and, together with NPFGC, the "Bond Insurers"); and

WHEREAS, Section 2.8(a) of the Mortgage requires that, for each of its fiscal years, the College deliver to the Authority, the Bond Insurers and the Trustee (i) its financial statements for such fiscal year, certified by KPMG LLP, independent certified public accountants ("KPMG"), or by another independent certified public accountant or firm of independent certified public accountants of nationally recognized standing selected by the College, and (ii) a separate written statement of KPMG or such other accountant or firm of accountants to the effect that it has obtained no knowledge of any default by the College in the fulfillment of any of the terms, covenants, provisions or conditions of the Mortgage relating to accounting

matters which have not been cured or, if such accountants shall have obtained such knowledge of any such default or defaults and the nature thereof, they shall disclose the same; and

WHEREAS, KPMG has advised the College that it cannot provide the separate written statements regarding defaults required by Section 2.8(a) of the Mortgage pursuant to current auditing standards generally accepted in the United States; and

WHEREAS, the College now desires to amend the Mortgage in order to enable KPMG, or such other accountant or firm of accountants, as the case may be, selected by the College, to deliver written statements regarding the College's performance of its covenants under the Mortgage in accordance with said Section 2.8(a) that comply with current auditing standards generally accepted in the United States, as they may be modified from time to time; and

WHEREAS, Section 1002 of the Indenture provides that the Authority and the College may enter into supplements to the Mortgage with the written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding; and

WHEREAS, Section 1004 of the Indenture provides that, for purposes of any proposed amendment, change or modification to the Mortgage requiring Bondholder consent pursuant to Section 1002 of the Indenture, the Bond Insurers shall be deemed to be the owner of the Bonds they insure; and

WHEREAS, the Authority has been informed that the Bond Insurers have agreed to consent to the amendment of the Mortgage described above; and

WHEREAS, the College has requested that the Authority enter into a Sixth Supplemental Mortgage and Security Agreement (the "Supplemental Mortgage") with the College amending Section 2.8(a) of the Mortgage as aforesaid; and

WHEREAS, the College has requested that the Authority also authorize and approve the execution and delivery of all other necessary documentation required to effectuate the amendment of the Mortgage pursuant to the provisions of the Supplemental Mortgage;

NOW THEREFORE, Be It Resolved by the members of the Illinois Finance Authority, as follows:

Section 1. That the Authority hereby approves the amendment to the Mortgage described in the recitals hereto, subject to the consent of the Bond Insurers to such amendment, which consent shall be evidenced by the execution by the Bond Insurers of their respective joinders to the Supplemental Mortgage.

Section 2. That the Authority is hereby authorized to enter into the Supplemental Mortgage with the College in substantially the form thereof now before the Authority; that the form, terms and provisions of the Supplemental Mortgage be, and they hereby are, in all respects approved; that the Chairperson, the Vice Chairperson, the Treasurer, the Assistant Treasurer, the Executive Director or any Assistant Executive Director (and for purposes of this Resolution, any person duly appointed to any such office on an interim or acting basis) of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver, and the Secretary or any Assistant Secretary of the Authority be and each of them hereby is, authorized, empowered and directed to attest and to affix the

official seal of the Authority to, the Supplemental Mortgage in the name, for and on behalf of the Authority, and thereupon to cause the Supplemental Mortgage to be executed, acknowledged and delivered to the College and the Trustee, in substantially the form thereof now before the Authority or with such changes therein as the Chairperson, the Vice Chairperson, the Treasurer, the Assistant Treasurer, the Executive Director or any Assistant Executive Director (and for purposes of this Resolution, any person duly appointed to any such office on an interim or acting basis) shall approve, his or her execution thereof to constitute conclusive evidence of such approval of any and all changes or revisions therein from the form of the Supplemental Mortgage now before the Authority; that when the Supplemental Mortgage is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, the Supplemental Mortgage shall be binding on the Authority; that from and after the execution and delivery of the Supplemental Mortgage, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Supplemental Mortgage as executed.

Section 3. That the Chairperson, the Vice Chairperson, the Treasurer, the Assistant Treasurer, the Executive Director or any Assistant Executive Director (and for purposes of this Resolution, any person duly appointed to any such office on an interim or acting basis) be, and each of them hereby is, authorized to execute and deliver such documents, certificates, and undertakings of the Authority, including, if necessary, any related amendment or supplement to the Mortgage or the Indenture, and to take such other actions as may be required in connection with the execution, delivery and performance of the Supplemental Mortgage and the effectuation of the amendment to the Mortgage as provided herein, all as authorized by this Resolution.

Section 4. That all acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, ratified, approved and confirmed.

Section 5. That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 6. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 7. That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 4th day of May, 2010

Resolution Number 2010-05-12
Resolution Establishing a Fee
of the Illinois Finance Authority for Healthcare Equipment Financing Transactions

WHEREAS, the Illinois Finance Authority (the “Authority”) is empowered by Section 801-30(e) of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq.* (the “Act”), to “adopt all needful ordinances, resolutions, by-laws, rules and regulations for the conduct of its business and affairs and for the management and use of the projects developed, constructed, acquired and improved in furtherance of its purposes”; and

WHEREAS, Section 801-40(j) of the Act grants the Authority the explicit power to “fix, determine, charge and collect any premiums, fees, charges, costs and expenses. . . from any person in connection with its activities under the Act”; and

WHEREAS, the Executive Director and staff of the Authority have undertaken a review and analysis to determine the fees that the Authority should charge in connection with its activities as they relate to pre-existing/pre-approved Authority transactions that may require additional or subsequent action of the Authority so as to defer the operating expenses of the Authority and to enable it to pursue its various purposes as set forth in the Act; and

WHEREAS, the fee established by this Resolution revises the fee schedule approved by the Board of the Authority at its June 22, 2004 meeting as Resolution 2004-10; and

WHEREAS, the Board of the Authority has the power to adopt this Resolution pursuant to Section 801-25 of the Act, and it has determined that the adoption of the revised fee is in the best interest of the Authority; and

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

Section 1. Recitals. The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

Section 2. Fees. The Authority hereby adopts the following fee for the Healthcare Equipment Leasing Financings to be one-half of the scheduled fees for healthcare transactions:

Section 3. With regard to any proposed project or transaction, a Borrower who submits an application to the Authority shall pay the requisite application fee, if any, in accordance with the rules and policies of the Authority. Such application fee shall be non-refundable, meaning that the Authority shall retain such application fee regardless of whether the project set forth in the application fee is approved or, if approved, ultimately closes. The Authority’s fee for a particular project or transaction that is approved by the Authority, including, but not limited to, the issuance of a bond(s) or the funding of a

loan(s), shall be paid to the Authority at closing. In the event a particular project or transaction that has been approved by the Authority does not close, the Borrower shall not have to pay the Authority the fee that it anticipated receiving at closing; however, the Borrower shall be liable for and shall pay any and all costs associated with the Authority's retention of outside professionals, including, but not limited to, issuer's counsel, in connection with said project or transaction.

Section 5. The fee schedule contained in Resolution 2004-10, adopted on June 22, 2004, is hereby amended. Except for this change, the terms and provisions of Resolution 2004-10 remain in full force and effect.

Section 6. The Executive Director or his designee may take all action consistent with this Resolution that is necessary to implement this Resolution.

Section 7. Enactment. This Resolution shall take effect immediately. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

This Resolution 2010- is adopted this 4th day of May, 2010 by roll vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Chairman

Attested to:

Secretary

MEMORANDUM

TO: Illinois Finance Authority (“IFA”) Board of Directors
FROM: Chris Meister, Executive Director
DATE: May 3, 2010
RE: Pere` Marquette Hotel Associates, L.P. (“Borrower”) Participation Loan Term Extension Request by PNC Bank as successor to National City Bank (“Bank” or “PNC”)

Loan No. B-LL-TX-582 –	Original Note Date:	08/08/06
	Original Balance:	\$990,950.73
	Original Interest Rate:	1.014%
	Maturity Date:	03/31/10
	Balance @ 4/30/10:	\$832,713.26

Request: The Bank requested on April 23, 2010, that IFA join with it and the other four bank participants in this loan to approve a 90-day extension of its loan term until June 30, 2010. This five-year loan, was closed by the IFA in August 2006 and had been approved and amended by the IFA Board in April 2005, October 2005 and April 2006. The loan had a maturity date of March 31, 2010.

Although the balance was due on March 31, 2010, the Borrower made their April 2010 principal and interest payments in accordance with the loan’s previous terms and conditions. A review of the Borrowers’ loan repayment history indicates that all payments were submitted when due. The Borrower made principal and interest payments of \$6,950.81 on April 1, 2010 and \$7012.10 on April 30, 2010.

The Hotel’s current owners, Pere` Marquette Hotel Associates, L.P., are in the process of selling the facility and are awaiting closure of the sale with the Hotel’s proposed purchaser, EM Properties of East Peoria. Both the Bank and Pere` Marquette Hotel Associates, L.P. are anticipating the closing to take place within the requested 90-day term extension period.

If the Bank’s request is approved, a 90-day extension, until June 30, 2010 would be granted. IFA would reserve the right to charge interest consistent with current IFA policy and practice as well as an additional fee, if appropriate.

Background: IFA began communications with the Bank well in advance of the March 31, 2010 loan maturity date. However, IFA did not receive the Bank’s formal extension request until April 23, 2010. All five of the banks in this Participation Loan had agreed to the extension prior to the submission of the formal request to the IFA (PNC, Busey Bank, Commerce Bank, N.A., Heartland Bank and Trust Co., and First Bank, N.A.). Due to this timing, the formal PNC

request could not be considered by the IFA Credit Committee for consideration in advance of the May 4 meeting. The extension request is now being presented directly to the Board for approval.

Under the IFA Participation Loan Program, it is the contractual obligation of the bank, not the IFA, to administer the loan and service the loan, including remitting and forwarding payments to IFA; as well as regular servicing calls to monitor collateral; and collecting and reviewing financial statements; and managing loan work-outs and asset disposition, as necessary.

This Participation Loan and any proposed amendments thereto, is an entirely separate transaction from the proposed retrofit/expansion by EM Properties. There is no guarantee or representation by the Illinois Finance Authority that the EM Properties project will ever be placed on the Agenda or approved by the Illinois Finance Authority Board.

RESOLUTION 2010-05-14

RESOLUTION URGING CONGRESS TO EXTEND THE BLENDER'S CREDIT FOR BIODIESEL TO IMPROVE AIR QUALITY AND PROMOTE GREEN JOBS

WHEREAS, The American Lung Association recognizes that motor vehicles are contributing to adverse air quality, especially older vehicles and equipment, and an enlarging body of research indicates that exposure to traffic-related air pollution adversely affects the health of all citizens, but especially children; and

WHEREAS, Exposure to diesel engine exhaust can pose a cancer risk to children that is 23 to 46 times higher than the risk level considered significant under federal law and diesel exhaust particles are small enough to be inhaled deep into the lungs; and

WHEREAS, B20 Biodiesel fuel can reduce particulate emissions by up to 20% and reduce life cycle carbon dioxide emissions by up to 19%; and

WHEREAS, Because biodiesel fuel is made in the United States from renewable resources, such as soybeans, its use decreases our dependence on foreign oil and contributes to the growth of our economy; and

WHEREAS, Biodiesel fuel is better for the environment than petroleum diesel because biodiesel generates fewer emissions than petroleum diesel; and

WHEREAS, Over 170 companies have invested millions of dollars in the development of biodiesel manufacturing plants in the United States and are actively marketing biodiesel; and

WHEREAS, The production capacity of these plants is approximately 2.7 billion gallons of biodiesel per year; and

WHEREAS, The federal government has offered biodiesel tax incentives, including an income tax credit, a blenders' excise tax credit, and a small producers' tax credit; and

WHEREAS, The federal Energy Improvement and Extension Act of 2008 (Public Law 110-343) extended certain biodiesel tax incentives for one year; and these federal biodiesel tax incentives designed to promote the development, production, and use of Biodiesel fuel expired on December 31, 2009 and

WHEREAS, Only about 15% of the nation's biodiesel plants were in operation during the first week of 2010, primarily due to concerns about the availability of a \$1 per gallon biodiesel fuel blenders credit; and

WHEREAS, A December 2009 study warned that eliminating the credit would have a substantial negative impact on biodiesel production and the consequent economic and environmental benefits made by the biodiesel industry; and

WHEREAS, Efforts are underway in Washington to extend the credit retroactively to January 1, 2010 in order to spur biodiesel purchases; and

WHEREAS, The elimination of the credit would result in a loss of regional jobs and income, an increased demand for diesel from foreign oil, and degradation of energy security;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ILLINOIS FINANCE AUTHORITY, that we urge the United States Congress to quickly enact legislation to extend the tax incentives for domestic biodiesel production.

Passed and approved this 4th day of May, 2010.

Attest:

ILLINOIS FINANCE AUTHORITY

[SEAL]

By _____
Chairman

By _____
Secretary