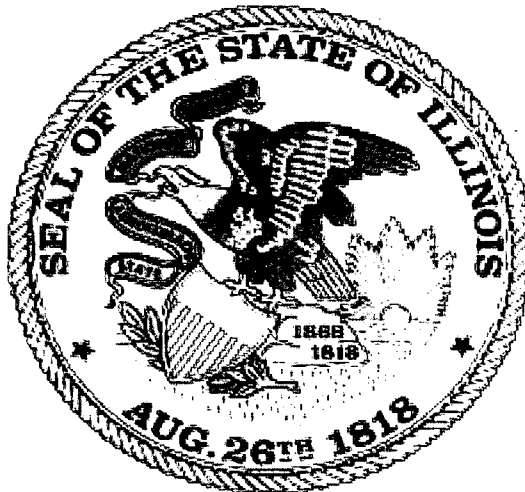


# Illinois Finance Authority

Tuesday, October 12, 2004  
1:30 p.m.

## **Board Meeting**

One Prudential Plaza  
The Plaza Club  
130 E. Randolph, 40<sup>th</sup> Floor  
Chicago, Illinois



Ali D. Ata

**ILLINOIS FINANCE AUTHORITY  
BOARD MEETING**

October 12, 2004  
Chicago, Illinois

**Executive Committee**  
**Two Prudential Plaza**  
**180 N. Stetson, Suite 2555**  
**Chicago Illinois**  
**8:30 a.m.**

- Opening Remarks – Chairman Gustman
- Director's Report – Ali D. Ata
- Reports
  - Operations - Mike Pisarcik
    - Strategic Incentive Plan
    - Financial Statements
  - Programs - Patrick McGee
    - Participation Loan Program
  - Project Presentations – Funding Managers

**Board Meeting**  
**One Prudential Plaza**  
**The Plaza Club**  
**130 E. Randolph, 40<sup>th</sup> Floor**  
**Chicago, Illinois**  
**1:30 p.m.**

- Call to Order – Chairman Gustman
- Roll Call
- Chairman's Report
- A. Director's Report
  - Consent Agenda for Financing Projects
  - Other Business
    1. September 2004 Preliminary Financial Statements
    2. Acceptance of September 2004 Minutes
    3. Resolutions
      - Participation Loan Program Policy
      - Authority of the Venture Capital Committee and Executive Director
      - Compensation for Non-Funding Managers (hand-out)
      - Short-Term Emergency Loan Program for School Districts (hand-out)

### Initial Project Considerations

<u>Number</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Const Jobs</u>	<u>Mkter</u>	
4.	E-PC-TE-CD-416	The University of Chicago	Chicago	\$86,000,000	N/A	N/A	RF
5.	E-PC-TE-CD-414-A	Loyola University	Chicago	\$46,000,000	30	250	TA
6.	E-PC-TE-CD-415	Illinois College	Jacksonville	\$20,000,000	15	200	TA/MC/JS
7.	N-NP-TE-CD-418	The YMCA of Metropolitan Chicago Foundation	Chicago Harvey	\$15,000,000	N/A	12	TA/SCM
8.	N-NP-TE-CD-419	Sunshine Through Golf Foundation	Lemont	\$3,000,000	2	N/A	TA
9.	I-ID-TE-CD-416	Campagna-Turano Bakery, Inc. Projects					
	a.	Berwyn Properties, LLC & MERUG, LLC (Campagna-Turano Bakery, Inc.)	Berwyn	\$5,000,000	20	N/A	RF
	b.	Bolingbrook Properties, LLC & MERUG, LLC (Knead Dough Baking Company)	Bolingbrook	\$5,000,000	20	N/A	RF
10.	I-ID-TE-CD-415	Rose Road LLC and Edward J. Smith, Trustee (Termax Corporation)	Lake Zurich	\$3,800,000	28	TBD	SCM
11.	I-ID-TE-CD-414	Vision Molded Products, Inc. and its affiliates	Elgin	\$3,200,000	63	5	RF
12.	A-FB-TE-CD-440	Garry M. Pope	Mahomet	\$250,000	N/A	N/A	KK

### Final Project Considerations

<u>Number</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Const Jobs</u>	<u>Mkter</u>	
13.	H-HO-TE-CD-417	The Carle Foundation	Urbana	\$200,000,000	60	200	PL
14.	H-HO-TE-CD-418	Ingalls Health Systems	Harvey Tinley Park	\$50,000,000	12	80	PL
15.	H-HO-TE-CD-419	Saint Anthony's Health Center	Alton	\$5,000,000	4	15	PL
16.	H-HO-TE-CD-420	Loyola University Medical Center	Maywood	\$15,500,000	N/A	50	PL
17.	E-PC-TE-CD-414-B	Loyola University	Chicago	\$24,000,000	30	250	TA
18.	E-PC-TE-CD-412	Illinois Institute of Technology	Chicago	\$20,000,000	66	N/A	TA
19.	E-PS-TE-CD-411	Rogers Park Montessori School	Chicago	\$12,000,000	20	50	TA
20.	N-NP-TE-CD-415	The YMCA of Metropolitan Chicago	Multiple	\$27,000,000	65	200	TA/SCM
21.	N-NP-TE-CD-417	Sauk Valley Student Housing, L.L.C. (to be formed)	Dixon	\$8,000,000	5	100	JS
22.	B-LL-TX-413	Homeway Homes, Inc.	Deer Creek	\$300,000	56	N/A	JS
23.	B-LL-TX-414	Christine Bonczyk (Penny Lane School Ltd.)	Chicago Ridge	\$740,000	60	75	PM
24.	V-TD-407	Moiré, Inc.	West Chicago Champaign	\$300,000	4	N/A	CV
25.	A-FB-TE-CD-438	Jared Walter	Forrest	\$250,000	N/A	N/A	KK
	A-FB-TE-CD-439	Brent A. West	Taylorville	\$90,000	N/A	N/A	KK
	A-FB-TE-CD-441	Kevin and Emily Lilienthal	Bloomington	250,000	N/A	N/A	KK

A-FB-TE-CD-442	Carl J. Kettlekamp and Lori Kettlekamp	Nokomis	\$189,000	N/A	N/A	KK
A-FB-TE-CD-443	Larry W. Eldridge	Mason City	\$250,000	N/A	N/A	KK

### **Project Revisions/Amendatory Resolutions**

#### 26. Amendatory Changes

- American Allied Freight Car Company, Inc. Request that loan be assumed and repriced by Heartland Bank in Peoria, IL

### **Other Business**

- 27. Glossary of Acronyms and Terms
- 28. Market and Product Codes

### **Adjournment**



Governor / Rod R. Blagojevich  
Executive Director / Ali D. Ata



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312.651.1350 fax  
www.il-fa.com

## Illinois Finance Authority – Director’s Report October 12, 2004

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

**From: Director Ata**

### ***I. Sales Activity:***

- Sales activity continues to trend upwards. We are pleased to submit for your approval 27 proposals.
- Total fees paid at closing to IFA, for these transactions, are estimated to be \$1,077,160 consisting of \$187,250,000 for preliminaries, and \$363,869,000 for finals.

### **Midwest Region**

- As of September 30, 2004, the pipeline of activity exceeds \$5.0M in fees.
- To complement our revenues generated primarily by individual transactions with borrowers, we continue to research our ability to offer statewide programs. To date three programs have been brought to market:
  1. Illinois Opportunity Home Mortgage: Low/moderate income first time home buyer mortgages.
  2. Tax Anticipation Warrant Program: School district financing is needed due to delays in receiving tax revenue reimbursements.
  3. Capital Opportunity Bond Program: Funding for small urban and rural hospitals .
- Particular focus has been given to generating a greater number of Participation Loans. Efforts in this regard have been excellent with over \$3.0M loans pending, and additional \$5.0M commitments to be issued over the next six months.

SPRINGFIELD 427 E. Monroe St., Ste. 202, Springfield, IL 62701 217.782.5792 217.782.3989 fax

PEORIA 124 S. W. Adams St., Ste. 300, Peoria, IL 61602 309.495.5959 309.676.7534 fax

CARBONDALE 150 E. Pleasant Hill Rd., P.O. Box 46, Carbondale, IL 62903 618.453.5566 618.453.4332 fax

- Illinois Finance Authority, along with representatives from the Council of Development Finance Authorities met with Congressman Phil Crane to gain support to increase the \$10.0M cap on Industrial Revenue Bonds to \$20M. Rich Frampton represented IFA at this meeting with Mr. Crane and other officials to garner support for the industrial revenue bond provisions in HR 4520.

### **Central and Southern Region**

- There is a \$46M demand for the Fire Truck Revolving Loan Program. IFA is awaiting receipt of the legislative appropriation for this Program. A plan is being developed for the next pooled bond program for local governments' which provides funds for local governments and communities to expand or add capital improvements to their communities.
- Legislation for the Fire Sprinkler Dormitory Act has passed. However, no funds have been appropriated at this time. We are looking into ways to assess the demand and present our analysis to legislators.
- Downstate Funding Managers attended the Illinois Community Bankers Association conference in St. Louis and spoke to an audience of participants interested in IFA's Loan Participation Program. In addition, improvements to our agricultural programs were shared with bankers.

## **II. Marketing:**

### 1) Health Care:

- The IFA was cited in the October 5<sup>th</sup> issue of the Bond Buyer as the 3<sup>rd</sup> Largest Healthcare Issuer in the country for the first three quarters of 2004.
- Governor Blagojevich has appointed Glenn Poshard as Chairman of the Illinois Health Facilities Planning Board. He also appointed Pamela Woodard and Susana Lopatka as members of the Board, constituting a quorum. The Board is scheduled to hold its first meetings on October 21<sup>st</sup> and 22<sup>nd</sup>. As previously noted, there are 11 hospital transactions with \$1.1M in IFA fees that are before the Board awaiting a decision.
- Four final resolutions for hospitals are being presented to the Board this month totaling \$260,000 in fees.

- The healthcare sector continues to be busy, and we expect the next few months to be very active.

2) Education:

- IFA's Higher Education borrowers are moving forward with current and advance refundings while market conditions remain favorable. New refunding opportunities for some repeat IFA Borrowers will be presented in upcoming months. The University of Chicago will be on the October Agenda for a \$86M Advance Refunding. The University expects to return to the IFA Board for a Final Bond Resolution in November.
- Eric Watson and other funding managers continue to focus on pooled tax anticipation warrants which fill a statewide need for short term operating funds to schools who are experiencing cash flow problems due to late disbursements of local and tax revenue reimbursements. Assessed demand for the program currently exceeds \$40Million.

3) Housing:

- Downstate funding managers are in contact with the Federal Housing Authority's list of approved lenders to generate interest in the Fresh Rate Homebuyer Assistance Program which provides low to moderate first time homebuyers with low interest loans on home mortgages.

4) Agriculture:

- One new Beginning Farmer Bond for \$250,000 will be presented at the October 12th Board Meeting.
- IFA continues to aggressively market our agricultural program to downstate farmers. In September IFA hosted a seminar in Ina, IL which was attended by legislators that represent the agricultural community and the Illinois Farm Bureau. Favorable comments were received from the group. This goodwill is invaluable to the program. We will continue to aggressively market IFA programs to downstate farmers and businesses.
- IFA exhibited at the annual Community Bankers Association conference last month in an effort to meet with lenders across the state to introduce IFA's various loan programs designed to meet the needs of the agricultural community.

5) Industrial:

- Four industrial projects are up for consideration at the October Board meeting: Industrial development bonds for Termax Corporation, Vision Molded Products, and Industrial revenue bonds for Turano Bakery, Inc., and a Participation Loan for Penny Lane School.
- We expect to see a dramatic increase in Participation Loans based on bankers' enthusiastic response to recent enhancements to the Authority's Participation Loan Program. Patrick McGee will make a presentation explaining the enhancements that have been made to the Program at the October 14<sup>th</sup> meeting.

6) Volume Cap:

- To date, IFA has closed four projects totaling approximately \$61M in 2004 Volume Cap projects for manufacturing and/or housing projects and 12 projects totaling approximately \$2.1M in 2004 Volume Cap for agricultural projects. Additionally, six industrial projects totaling approximately \$37M in Volume Cap, are expected to close by December 2004.
- On September 9, 2004, the Authority received a mid-year allocation of Volume Cap from the Office of Management and Budget in the amount of \$41.4M for manufacturing and/or housing projects.
- To date, the Authority has approximately \$6.9M in Volume Cap available for agricultural projects and \$24.5M in Volume Cap for manufacturing and/or housing projects. Projects will continue to be funded on a first come first serve basis.

**III. Legislative Issues:**

- The General Assembly returns for the Veto Session on November 8, 2004. At that time, the Authority will pursue two matters. The first will be an increase in the Authority's bond authorization cap from \$23 billion to \$29 billion. The Authority sought this change in the Spring Session, but the General Assembly decided to defer all bonding and most capital matters until the Veto Session. The second will be passage of Senate Bill 1010. This bill makes a number of technical corrections to the Authority's Enabling Act, most notably, repeal of the language concerning the funding of certain projects owned, operated or managed by religiously affiliated entities, and modifications to the Act's quorum requirement to allow members to participate by telephonic means.



#### ***IV. Financial:***

##### 1) Financial Performance:

- The income statement and balance sheet for September 2004 is attached. IFA reports a net income of \$250,591 for the period of September 2004. For the first quarter of fiscal year 2005, IFA net income is \$817,877.
- IFA operating expenses for the period of August 2004 came in 21% below the Board-approved Operating Expense Budget primarily in the area of employment-related expenses.

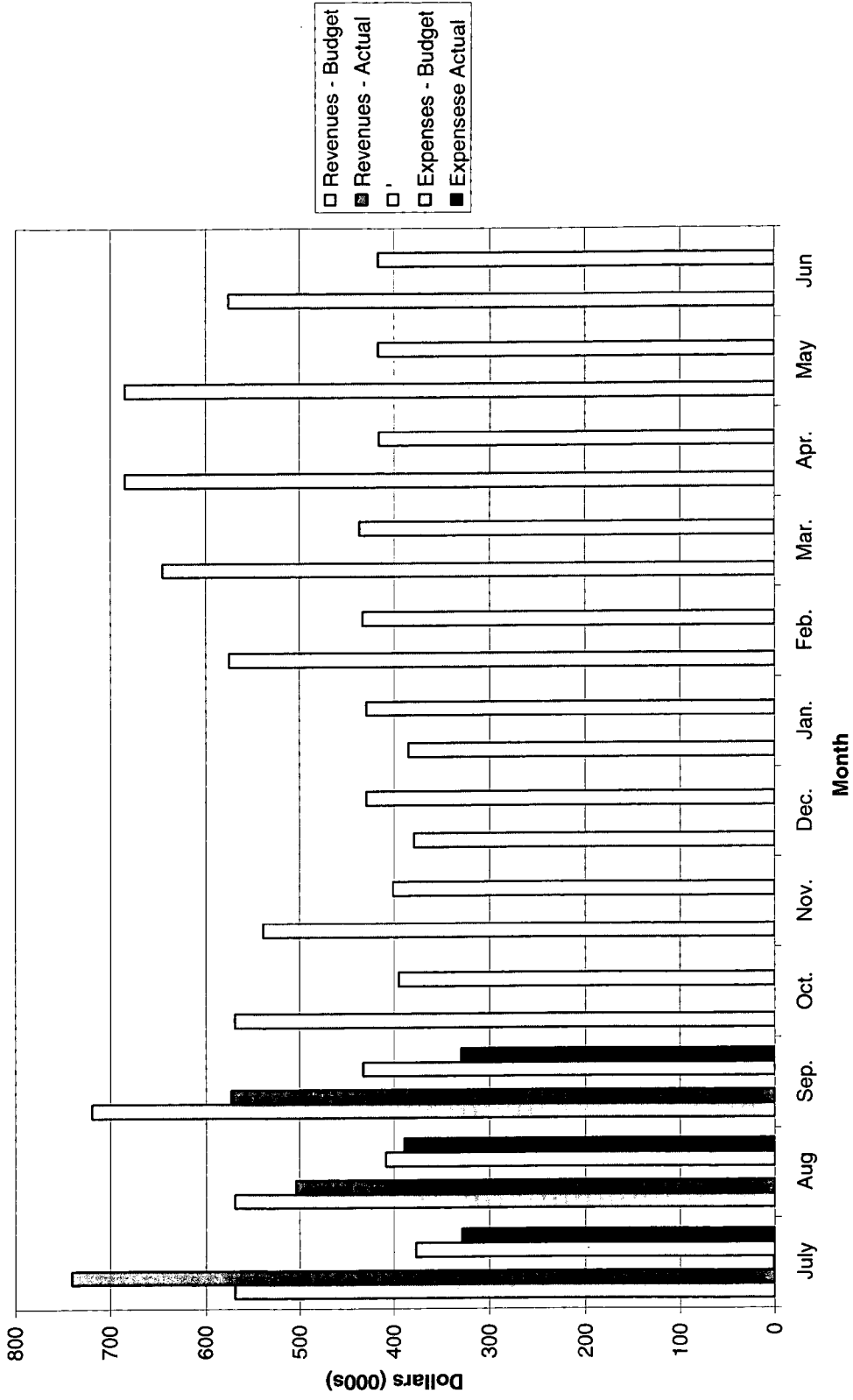
##### 2) Financial Audits:

- The Office of the Auditor General has now issued a report for the audit of each of the predecessor Authorities for the period of July 1 – December 31, 2003. Audit of the IFA operations continues.

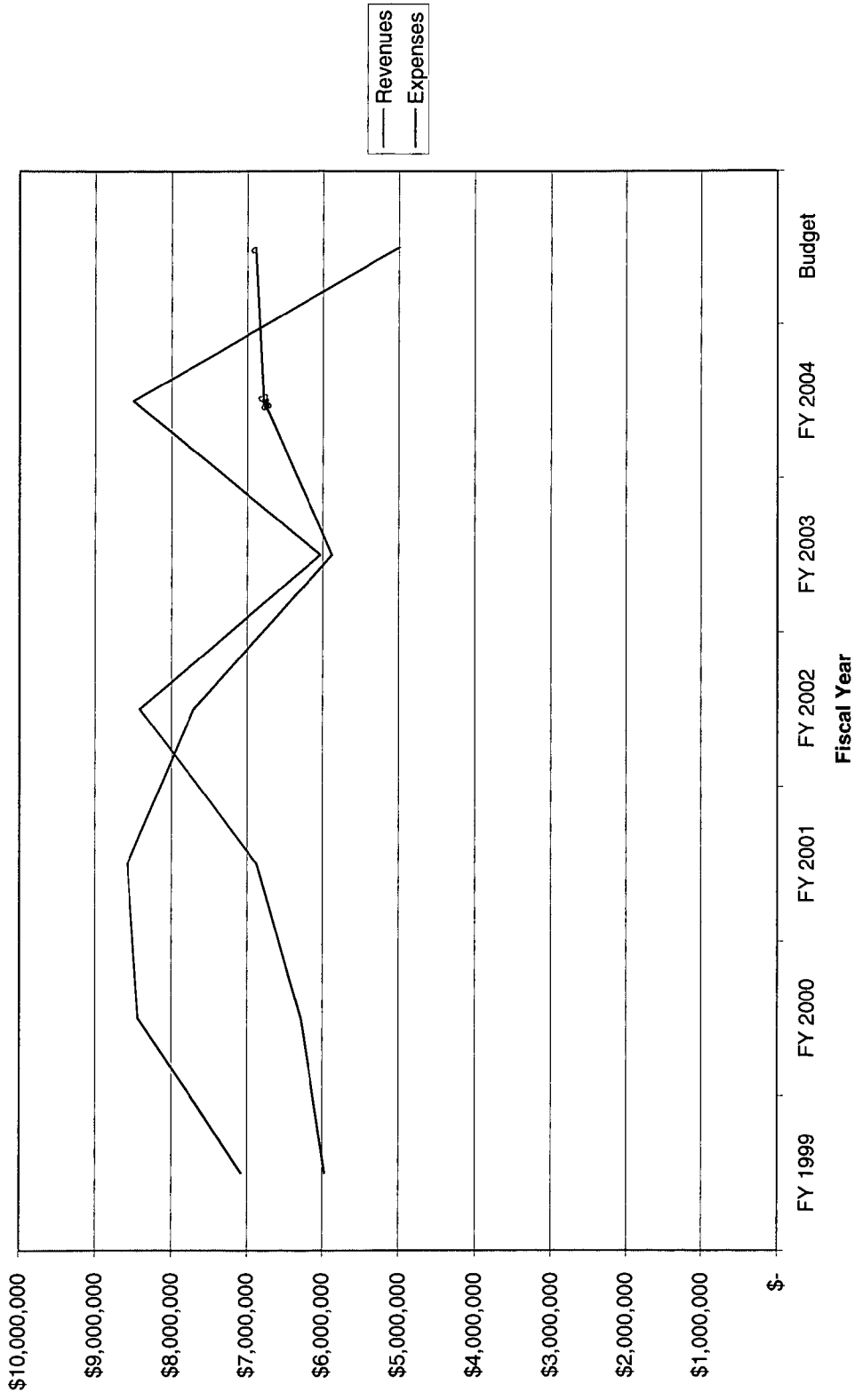
#### ***IV. Chicago Office:***

- IFA successfully relocated from the Sears Tower to Two Prudential Plaza over the weekend of September 17, 2004. IFA experienced only temporary and minimal disruption in systems and service to customers. The Sears Tower office is now vacated and returned to CB Richard Ellis, the Sears Tower property management group.
- The IHFA offices have been vacated and returned to Shorenstein Realty, the Prudential Plaza's property management group.

# Monthly Revenues & Expenses



### Revenues and Expenses of Combined Authorities & IFA



IFA  
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
Alvar, Inc.	100,000	Participation Loan. Construction of 10,500 sq. ft. building addition.	5	20	Washburn	
American Allied Freight Car Co.	275,000	Participation Loan. Construction of a 15,000 square foot industrial building addition.	24	20	Peoria	
American BioScience, Inc.	7,400,000	Conduit Tax-Exempt Bonds. Bonds will be used to finance the acquisition of a building, renovations, machinery and equipment and pay certain bond issuance costs.	N/A	N/A	Elk Grove Village	
Central Illinois Light Company	19,200,000	Pollution Control Revenue Refunding Bonds. Proceeds will be used to refinance \$19,200,000 of outstanding Series 1992A and Series 1992B Pollution Control Refunding Revenue Bonds for the Duck Creek Power Plant located in unincorporated Fulton County.	N/A	N/A	Coffeen and Newton	
Central Illinois Public Service Compe	35,000,000	Pollution Control Revenue Refunding Bonds. Proceeds will be used to refinance \$35,000,000 of outstanding IFA (IDFA) Series 1993A Pollution Control Revenue Refunding Bonds.	N/A	N/A	Coffeen and Newton	

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OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
Cherry Valley Tool & Machine	2,400,000	<b>Industrial Revenue Bonds.</b> Acquisition/renovation of existing manufacturing facility, construction of building addition, and equipment purchase.	20	15	Belvedere	
CFC International Inc.	2,000,000	<b>Conduit Industrial Revenue Bond.</b> Finance purchase of building, machinery, equipment and pay certain issuance costs.	30	N/A	Chicago Heights	
E. Kinast Distributors, Inc.	3,600,000	<b>Conduit Tax-Exempt Bonds.</b> Finance acquisition of land, construction, machinery and equipment.	13	87	Hanover Park	
Excel Foundry and Machine, Inc.	300,000	<b>Participation Loan.</b> Machinery and equipment acquisition.	3	N/A	Pekin	
Homeway Homes, Inc.	300,000	<b>Participation Loan.</b> Acquisition of various equipment used in the applicant's modular home manufacturing business.	56	N/A	Beardstown	
Illinois Biodiesel Company	21,800,000	<b>Conduit Taxable Industrial Revenue Bonds.</b> Acquire land, construct a new building, purchase new equipment and pay bond issuance costs.	11	100	Pekin	
JR Plastics/StyleMaster	3,200,000	Equipment acquisition and issuance costs.	53	0	Chicago	

IFA  
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
		<b>Tax-Exempt New Money Bonds and Tax-Exempt Refunding Bonds.</b> Proceeds will be used to refinance outstanding Industrial Revenue Bonds, acquire new machinery and equipment, rehabilitate a manufacturing plan and pay costs of issuance.	42	0	Various	
MacLean-Fogg Company	\$2,800,000					
		Acquisition of kiln drying lumber equipment	38	N/A	Beardstown	
Newline Hardwoods, Inc.	\$300,000					
		<b>Industrial Revenue Bonds. Industrial Revenue Bonds. Finance purchase, renovation and equip existing 52,000 sq. ft. manufacturing facility.</b>	N/A	N/A	Chicago Heights	
Olympia Food Industries, Inc.	\$8,500,000					
		<b>Participation Loan. Purchase production equipment.</b>	16	N/A	Belleville	
Roesch, Inc.	300,000					
		<b>Participation Loan. Purchase production equipment. Roho is the premier medical air-cushion manufacturer worldwide.</b>	0	N/A	Belleville	
Roho, Inc.	300,000					
		<b>Series 2004A Bonds &amp; Series 2004B Bonds. Finance landfill improvements, purchase equipment and current refunding.</b>	14	15	DeSoto & Mt. Prospect	
Republic Service Inc.	18,000,000					

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OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
The Spotted Cow, Inc.	300,000	Participation loan. Land acquisition and construction of 4,500 sq. ft. commercial building	10	9	Peoria	
The Steel Works, LLC	4,000,000	Industrial Revenue Bonds. Finance building construction, purchaser machinery & equipment, and pay certain issuance costs.	28	25	Granite City, IL	
Stookey Township	5,000,000	Conduit Tax-Exempt Bonds. To purchase land and make improvements for use as public parks to be located in the township.	0	N/A	St. Claire County	
Termax Corporation	3,700,000	Industrial Revenue Bonds. Finance acquisition of land, building, renovations, machinery and equipment and pay certain bond issuance costs.	20	TBD	Lake Zurich	
Transparent Container	6,000,000	Conduit Tax-Exempt Bonds. Finance building acquisition, machinery and equipment. Renovations, and pay bond issuance costs.	37	20	Addison	
Turano Bakery, Inc.	10,000,000	Industrial Revenue Bonds. Purchase and installation of equipment and fixtures for commercial bakery facilities in Berwyn and Bolingbrook.	40	N/A	Berwyn and Bolingbrook	

10/1/01

IFA  
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
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Uresil Acquisition Group, LLC	300,000	Participation loan. Acquisition of business assets. Uresil produces medical devices for specialized fields of interventional radiology and minimally invasive surgery.	N/A	N/A	Skokie	
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Vision Molded Products, Inc.	3,200,000	Industrial Revenue Bonds. Acquisition and renovation of a manufacturing facility that Vision currently leases.	63	10	Elgin	
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**INDUSTRIAL TOTALS: \$158,275,000 499 321**



IFA  
OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
		<b>Conduit 501(c)(3) Bonds.</b> Construction of new gymnasium, refinance existing debt, capitalize interest and fund professional and bond issuance costs.	5	64	DesPlaines & Niles
Alliance for Character in Education	5,650,000				
		<b>Conduit Not-for-Profit Bonds.</b> Purchase and renovate existing building, purchase furniture, fixtures and equipment, capitalize interest, and bond issuance costs.	134	12	Chicago
Aspira, Inc., of Illinois	10,000,000				
		<b>Conduit Tax-Exempt Bonds and Refunding Bonds.</b> Proceeds will be used to refund outstanding Series 1992 A&B IFA (IEFA) revenue bonds, deposit funds into debt service reserve fund, and pay certain costs of issuance.	N/A	N/A	Chicago
Columbia College	\$10,000,000				
		<b>Conduit 501(c)(3) Bonds.</b> Acquisition financing of residential facilities.	N/A	N/A	Chicago
DePaul University	55,580,000				
		<b>501(c)(3) Bond Financing.</b> Finance the construction of a new school building.	N/A	N/A	Elgin
Fox River Valley Country Day School	33,000,000				

10/1/91

IFA  
OPPORTUNITY RETURNS

**EDUCATION**

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Illinois College	20,000,000	<b>Conduit Tax-Exempt Bonds.</b> Refund outstanding indebtedness, and fund bond issuance costs.	15	200	Jacksonville
Illinois Institute of Technology	20,000,000	<b>Conduit Tax-Exempt Bonds.</b> Renovations, equipment, capitalize interest and fund professional bond issuance costs.	60	150	Chicago
Loyola University	60,000,000	<b>Conduit Tax-Exempt and Taxable Bonds.</b> Construct a new student living facility, construct a new Life Sciences Building, and fund bond issuance costs.	30	250	Chicago
MJH Education Assistance	80,000,000	<b>501(C)(3) Revenue Bonds.</b> New dorm construction at DePaul University's Lincoln Park campus.	22	150	Chicago
Northwestern University	135,000,000	<b>Conduit Tax-Exempt Bonds.</b> Construction, renovation, equipment, fund professional bond issuance costs.	150	250	Chicago
Penny Lane School	740,000	<b>Participation Loan.</b> Acquisition and rehab loan.	60	75	Chicago Ridge

11/1/11

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Pooled Warrant Program for Illinois School Districts 2004-A	18,300,000	Tax Anticipation Warrant. Provide assistance to cover short-falls in working cash.	N/A	N/A	Sangamon County McHenry County Massac County LaSalle County
Springfield Public SD #186 (\$15M) Nippersink SD #2 (\$2M) Massac County CUSD #1(\$1M) Consolidated SD #95 (\$300MM)					
Robert Morris College	11,675,000	<b>Conduit Tax-Exempt Bonds.</b> Bond proceeds will be used to finance the expansion of several campus facilities, fund a debt service reserve, pay capitalized interest, and pay certain bond issuance costs.	N/A	20	Chicago, Orland Park, Peoria, Springfield
Rogers Park Montessori School	12,000,000	<b>Conduit 501(c)(3) Bonds.</b> Purchase land, construct & equip classroom, cafeteria, library, administrative areas and play lots. Capitalize interest and pay a portion of professional and bond issuance costs.	20	50	Chicago
University of Chicago	86,000,000	<b>501(c)(3) Revenue Bonds.</b> Finance, refinance, or reimbursement for all or a portion of the costs of acquisition, construction, renovation and equipping certain educational facilities, and pay costs of bonds issuance.	200	200	Chicago

IFA  
OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST JOBS	LOCATION
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EDUCATION TOTALS:

\$557,945,000

696

1,421

199

IFA  
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST. JOBS	LOCATION
<b>Conduit 501(c)(3)</b> <b>Bonds.</b> Modernize and expand hospital facilities	80,000,000	N/A	200	Elk Grove & Hoffman Estates
<b>Conduit 501(c)(3)</b> <b>Bonds.</b> Refinance 1985D, 1990A, 1992 and 2002 Bonds, capital expenditures at facilities and pay issuance costs.	50,097,346	N/A	N/A	Normal & Eureka
<b>Conduit Tax Exempt</b> <b>Bonds.</b> Refund portion of outstanding principal. Finance cost of acquisition, construction, renovation and equipment.	200,000,000	0	0	Champaign, Urbana

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IFA  
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST. JOBS	LOCATION
<b>Conduit 501(c)(3)</b> Bonds. Finance expansion and modernization of certain health facilities, refinance existing tax-exempt bonds previously issued by Wyndemere.	240,000,000	N/A	N/A	Winfield
<b>Conduit 501(c)(3)</b> Bonds. Advance refund callable Series 199A Bonds, issuance and enhancement	54,725,000	N/A	N/A	Chicago
<b>Conduit Tax Exempt</b> Bonds. Finance development and construction equipping of new continuing care retirement community.	\$225,000,000	147	400	Chicago
Central DuPage Health  Children's Memorial Medical Center  The Clare at Water Tower				

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IFA  
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST. JOBS	LOCATION
<b>Conduit Taxable Bonds.</b> Advance refund Series 1997 bonds, capitalize debt service reserve fund, and pay certain issuance costs.	19,315,000	N/A	N/A	Carol Stream
<b>Conduit Tax-Exempt Bonds.</b> Current refunding of callable Series 1993A Bonds, and pay bond issuance costs.	30,000,000	N/A	N/A	Naperville
<b>Conduit Tax-Exempt Lease.</b> Acquisition of Siemens MRI equipment.	1,662,000	11	20	Greenville
<b>Conduit 501(c)(3) Bonds.</b> Finance construction of nursing and assisted living facility, fund debt service reserve, refinance borrower's existing tax-exempt bond obligation issued by IHFA.	17,340,000	N/A	100	Chicago

10/1/01

IFA  
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST.	JOBS	LOCATION
Hopedale Medical Complex	1,400,000	10	N/A		Tazewell County
<p><b>Conduit Tax-Exempt Lease.</b> Acquisition of Siemens CT Scanner.</p>					
Illinois Primary Healthcare Assoc.	8,700,000	6	7		Chicago, Cairo, Carbondale
<p><b>Conduit 501(c)(3) Bonds.</b> Finance new clinic/administrative building, refinance existing debt and leases.</p>					
J. Allen Potter	300,000	2	N/A		East Peoria
<p><b>Participation Loan.</b> Construction of 9,360 sq. ft. professional building and acquisition of 1.25 acres of land.</p>					
Northwestern Memorial Hospital	499,930,000	600	3,500		Chicago
<p><b>Conduit 501(c)(3) Bonds.</b> Finance expansion and modernization of facilities. Bond proceeds to refinance existing tax-exempt bond debt issued by IHFA, and other outstanding indebtedness.</p>					

10/1/00



IFA  
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST. JOBS	LOCATION
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OSF Healthcare System	92,605,000	N/A	N/A	Peoria County
<b>Conduit Tax-Exempt Bonds. Current Refund of Callable IFA (IHFA) Series 1993</b> Bonds and pay issuance costs.				
Rest Haven Christian Services	50,000,000	N/A	N/A	Tinley Park, Palos heights, South Holland, Crete, Downers Grove, Homer Glen
<b>Conduit Tax-Exempt Bonds. Refinance existing indebtedness, enhance liquidity, capitalize a debt service reserve fund, and pay costs of issuance.</b>				
Riverside Health System	46,450,000	N/A	N/A	Kankakee & Bourbonnais
<b>Conduit 501(c)(3) Bonds. Refund all or a portion of Series 1998 and Series 2000 Bonds of Riverside and its subsidiaries/affiliates, capitalize debt service reserve fund, pay bond issuance and credit enhancement costs.</b>				

10/1/01

IFA  
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST.	JOBS	LOCATION
<b>Conduit Tax-Exempt Bonds.</b> Bond proceeds used to fund expansion and renovation of the Obstetrics Department, renovate and replace heating and cooling plants, and refinance Series 1978 Bonds and pay bond issuance costs.	10,500,000	8	45		Chicago
<b>501(c)(3) Bond Financing.</b> Pay/reimburse borrower, equipment, construction, and renovation.	5,000,000	N/A	N/A		Alton
<b>Conduit 501(c)(3) Bonds.</b> Modernize and expand hospital facilities located in Carbondale, Herrin and Murphysboro.	35,000,000	N/A	200		Carbondale, Herrin & Murphysboro

10/13/11

IFA  
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST.	JOBS	LOCATION
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Springfield Center for Independent L	355,000	6	30	30	Springfield
<b>Conduit Tax-Exempt Lease. Land acquisition and office building.</b>					
<b>Conduit 501(c)(3) Bonds. Finance construction and modernization of hospital campus and routine capital expenditures of existing health facilities.</b>					
Swedish American Health System	125,000,000	N/A	N/A	N/A	Rockford
Thorek Hospital	4,000,000	N/A	N/A	N/A	Chicago

HEALTHCARE TOTALS: \$1,797,379,346

790 4,502

11

IFA  
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
AquaRanch Industries & Myles Harston	285,000	Construct greenhouse, and related equipment.	N/A	N/A	N/A	Flanagan
Clayton D and Ashlyn L. Becker	131,040	Beginning farmer bond loan.	N/A	N/A	N/A	DeKalb
Eric W. and Dawn M. Beyers	100,000	Beginning farmer bond loan.	N/A	N/A	N/A	Rosamond
James Lee and Bonnie May Brewer	110,000	Beginning farmer bond loan.	N/A	N/A	N/A	Bethany
Matthew Blum	107,000	Beginning farmer bond loan.	N/A	N/A	N/A	Polo
Alexander and Trisha Chung	207,900	Beginning farmer bond loan.	N/A	N/A	N/A	Peru
William Clothier	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	Polo
Mark and Kelli Dozier	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	Morrisonville
Jeremiah D. Fleming	165,150	Beginning farmer bond loan.	N/A	N/A	N/A	Olney
Ken and Windy Gerlach	171,000	Beginning farmer bond loan.	N/A	N/A	N/A	Waggoner
Robert and Julia Goddeke	150,000	Beginning farmer bond loan.	N/A	N/A	N/A	Poplar Grove

11/1/11

IFA  
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST	JOBS	LOCATION
Stewart and Beverly Haas	500,000	Refinance existing real estate notes, machinery debt and operating loan carryover.	N/A	N/A	N/A	Elizabeth
Daniel and Pamela Hish	205,000	Extend existing IFA guaranteed loan.	N/A	N/A	N/A	Ridgeway
Paul and Pamela Hooks	207,500	Beginning farmer bond loan.	N/A	N/A	N/A	Mason
Kyle Kiefer	132,300	Beginning farmer bond loan.	N/A	N/A	N/A	Jefferson
Brice and Carol Lawson	300,000	loan.	0	0	0	g
Kevin and Emily Lillenthal	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	Bloomington
Matthew and Michelle Merritt	152,000	Beginning farmer bond loan.	N/A	N/A	N/A	Carthage
Larry and Susan Messer	32,000	Beginning farmer bond loan.	N/A	N/A	N/A	Goodfield
Brandon Niekamp	108,000	Beginning farmer bond loan.	N/A	N/A	N/A	Coatsburg
Jason D. Organ	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	McLeansboro
Garry M. Pope	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	Mahomet

10/13

IFA  
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
Daniel K. Reed (Pearl Valley Cheese Company, Inc.)	390,000	Loan guarantee for buildings, equipment, improvements and working capital.	11	0		Kent
Paul D and Lynn R. Schneider	500,000	Refinance existing operating carryover and increase guaranteed loan amount	N/A	N/A		Flanagan
Ronald and Suelleen Shike	\$140,000	Beginning farmer bond loan.	N/A	N/A		Carthage
Scott Soberg	250,000	Beginning farmer bond loan.	N/A	N/A		Chrisman
Soylutions, Inc.	300,000		N/A	N/A		
David and Cindy Stoll	190,000	Refinancing existing machinery notes and operating carryover.	N/A	N/A		Chestnut
David Thompson (Thompson Pearl Valley	7,518,000	Business expansion	N/A	N/A		Stephenson County
Brent and Kyria Vanhovein	108,000	Beginning farmer bond loan.	N/A	N/A		El Paso
Phil and Tracy Vock, Oink, Inc.	750,000	Loan guarantee for specialized livestock guarantee	N/A	N/A		Morrison
Jared Walter	250,000	Beginning farmer bond loan.	N/A	N/A		Forrest
Jordan Walter	250,000	Beginning farmer bond loan.	N/A	N/A		Forrest

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IFA  
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Chad S. Weaver	50,000	Beginning farmer bond loan.	N/A	N/A	Whiteside
Brent A. West	90,000	Beginning farmer bond loan.	N/A	N/A	Christian
Allen and Marilyn Weidner	500,000	Debt restructuring loan.	N/A	N/A	Marengo
Kent Wesson	500,000	Refinance operating loan carryover and existing IFDA guaranteed loan.	N/A	N/A	Leland
<b>AGRICULTURE TOTALS:</b>	<b>\$16,099,890</b>		<b>11</b>	<b>0</b>	

10/1/01

IFA  
OPPORTUNITY RETURNS

ENVIRONMENTAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS LOCATION
City of Harvey	650,000	<b>Conduit Tax-Exempt Bonds.</b> To construct and install sewers and a lift station.	N/A	5	Harvey
City of Sparta	8,000,000	<b>Conduit Tax-Exempt Bonds.</b> Construct water and sewer infrastructure.	150	N/A	Sparta
Construction Loan Interim Financing Program 2004	7,500,000	<b>Pooled Bond.</b> Provide funds for interim loans to certain units of local government of the State for construction and infrastructure projects.	N/A	Unknown	Statewide
LG Pooled Bond Program 2004-A	4,040,000	<b>Local Government Bonds.</b> Develop nature trails, interpretive center, access road and parking.	N/A	N/A	Bourbonnais Township
Bourbonnais Township Park District (\$900,000)					
Village of Norris City (\$575,000)		Water sewer system improvements.	N/A	N/A	White County
Village of Williamsville (\$440,000)		Water sewer system improvements.	N/A	N/A	Sangamon County

1 3 1



IFA  
OPPORTUNITY RETURNS

ENVIRONMENTAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
City of Farmington (\$2,125,000)		Water sewer system improvements.	N/A	N/A		Fulton County
Recycling Systems, Inc.	11,000,000	Solid Waste Disposal Revenue Bonds. Real estate improvements and purchase containers and other solid waste disposal sorting and transfer equipment.	30	70		Chicago
SRF	130,000,000	Series 2004 Leveraged SRF Bonds. Leverage existing IEPA program assets dedicated to IEPA's Clean Water and Drinking Water State Revolving Funds.	N/A	N/A		Statewide
<b>ENVIRONMENTAL TOTALS:</b>	<b>\$161,190,000</b>		<b>180</b>	<b>75</b>		

3/1/04

IFA  
OPPORTUNITY RETURNS

VENTURE CAPITAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Firefly	350,000	Advanced battery technology.	10	N/A	Peoria
Metalfforming Controls	100,000	N/A	N/A	N/A	N/A
Mobitrac	\$350,000	Enterprise software company with a routing and tracking product.	N/A	N/A	Chicago
Moire, Inc.	\$300,000	Technology	4	N/A	West Chicago and Champaign
ZuChem	250,000	N/A	N/A	N/A	N/A
<b>VENTURE CAPITAL TOTALS:</b>	<b>\$1,350,000</b>		<b>14</b>	<b>0</b>	

3-1-83

IFA  
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
Architektur/80, Inc.	\$6,500,000	<b>Multi-family Housing Revenue Bonds.</b> Acquisition and renovation of an existing 179 unit, 13 story senior housing property.	N/A	85		Rockford
Buena Vista Apartments	\$12,700,000	<b>Multi-family Rental Housing Revenue Bonds.</b> Acquisition and renovation of existing building, and purchase of equipment.	N/A	20		Elgin
Central City Studios, LLC	\$25,000,000	<b>Conduit Empowerment Zone Industrial Revenue Bonds.</b> Purchase land, equipment, construction, fund legal and professional costs.	1,015	235		Chicago
Community Action Partnership of Lake County	6,250,000	<b>Conduit 501(c)(3) Bonds.</b> Construct first building of proposed 3 building complex, purchase equipment, capitalize interest and portion of issuance costs.	14	146		Waukegan
Eagle Theatre Corporation	\$300,000	<b>Participation Loan.</b> Acquisition, renovation and equipping 20,000 square foot building in Robinson, for use as a five-screen 600 seat movie theatre.	10	25		Robinson
Englewood Cooperative Apartments, Inc.	\$6,500,000	<b>Conduit Tax-Exempt Bonds.</b> Refinance existing HUD Direct 202 debt, and finance building renovations.	N/A	15		Chicago

1 3 1

IFA  
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
Fairview Obligated Group	\$50,000,000	Conduit Tax-Exempt Bonds. Advance refund IHFA Series 1995 bonds, 1999 bonds, enhance liquidity, capitalize debt service reserve, pay issuance costs.	0	N/A		Downers Grove and Rockford
Featherfist & Featherfist Development Corporation	\$1,500,000	Conduit 501(c)(3) Bonds. Partially finance the construction of a commercial office building, and refinance property indebtedness.	25	N/A		Chicago
Freeport Area Economic Development Foundation, Inc.	\$250,000	Participation Loan. Construction of a new Freeport/Stephenson County Visitors Center.	1	15		Freeport
Harvest Christian Academy	\$16,250,000	Conduit Tax Exempt Bonds. Bond proceeds will be used to finance construction and renovations.	N/A	N/A		Elgin & Rolling Meadows
Hinsdale Mirabel LP	\$45,000,000	Multi-family Housing Revenue Bonds. Purchase and renovation of an existing 582 unit building for low-income families.	N/A	20		DuPage County
Huskies Hockey Club, Inc.	13,000,000	Conduit 501(c)(3) Bond. Construction of ice arena in Romeoville.	10	150		Romeoville
Jewish Federation of Metropolitan Chicago	\$15,330,000	Revenue Anticipation Notes. Cash management savings used to expand services provided to affiliates.	N/A	N/A		Chicago

1 2 3 4

IFA  
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
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**501(c)(3) Lease Financing.** Bond proceeds will be used to finance new construction and refinance existing mortgage.

Kishwaukee Family Young Men's Christian Association	950,000		16	50		Sycamore
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**Conduit Tax-Exempt Bonds.** New facility construction, equipment, capitalize interest, fund professional and bond issuance costs.

Kohl's Childrens Museum	\$13,395,000		46	100		Glenview
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**Not-for-Profit 501(c)(3) Bonds.** Finance the acquisition, renovation and furnishing of a building located at 38 S. Peoria.

Merit School of Music	\$5,000,000		13	15		Chicago
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**Tax-Exempt Single Family Mortgage Revenue Bonds.** Provide low mortgage rates and 4% downpayment assistance to low and moderate income homebuyers.

Opportunity Home Mortgage	\$50,000,000		N/A	N/A		Statewide
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**501(c)(3) Revenue Bonds.** Acquisition, renovation, and equipping of the Nickerson Mansion and renovation of the adjacent Murphy Auditorium.

Richard H. Driehaus Museum	\$15,500,000		N/A	N/A		Chicago
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10/1

IFA  
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST JOBS	LOCATION
Sauk Valley Student Housing, LLC	\$8,000,000	Conduit Tax-Exempt Bonds. Bond proceeds will be used to finance the construction of a 3-building student housing complex and to pay bond issuance costs.	5	100	Dixon
Search Development Center	5,455,000	Conduit Tax-Exempt Bonds. Bond proceeds will be used to refinance existing conventional debt and to pay certain bond issuance costs.	N/A	N/A	Various

1/3

IFA  
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Sunshine Through Golf Foundation	\$3,000,000	Conduit Tax-Exempt Bonds. Refund outstanding indebtedness, and fund bond issuance costs.	2	N/A	Lemont
Waterton Vistas II, LLC	\$8,500,000	<b>Multifamily Housing Revenue Bonds.</b> Purchase and renovation of existing 154 unit, 4 story, 6 building low-income multifamily rental property.	N/A	10	Chicago
YMCA of Metropolitan Chicago	\$27,000,000	<b>Conduit Tax Exempt Bonds.</b> Proceeds will be used to finance construction, refinance prior debt, refund outstanding bond issue and other acquisitions, renovations and equipment purchases.	65	200	Various
<b>QUALITY OF LIFE TOTALS:</b>	<b>\$328,880,000</b>		<b>1,222</b>	<b>1,186</b>	
<b>GRAND TOTALS:</b>	<b>\$3,044,024,236</b>		<b>3,412</b>	<b>7,505</b>	

1/2/11

**Illinois Finance Authority**  
**Statement of Activities**  
**For Period Ending September 30, 2004**

	Actual September 2004	Actual YTD FY 2005
REVENUE		
INTEREST ON LOANS	\$ 24,120	\$ 82,460
INVESTMENT INTEREST & GAIN/(LOSS)	36,057	135,545
ADMINISTRATIONS & APPLICATION FEES	448,130	1,189,702
ANNUAL ISSUANCE & LOAN FEES	83,866	429,112
OTHER INCOME	-	291
	<hr/>	<hr/>
TOTAL REVENUE	592,174	1,837,109
EXPENSES		
EMPLOYEE RELATED EXPENSES		
COMPENSATION & TAXES	185,048	515,873
BENEFITS	13,986	56,032
TEMPORARY HELP	6,127	30,181
EDUCATION & DEVELOPMENT	230	341
TRAVEL & AUTO	8,334	18,175
	<hr/>	<hr/>
TOTAL EMPLOYEE RELATED EXPENSES	213,726	620,601
PROFESSIONAL SERVICES		
CONSULTING, LEGAL & ADMIN	20,398	125,420
LOAN EXPENSE & BANK FEE	35	4,420
ACCOUNTING & AUDITING	11,697	32,991
MARKETING GENERAL	755	25,431
FINANCIAL ADVISORY	10,000	10,000
VENTURE CAPITAL CONFERENCE/TRAINING	400	1,880
MISCELLANEOUS PROFESSIONAL SERVICES	-	11,250
DATA PROCESSING	4,693	12,551
	<hr/>	<hr/>
TOTAL PROFESSIONAL SERVICES	47,977	223,944
OCCUPANCY COSTS		
OFFICE RENT	24,949	83,641
EQUIPMENT RENTAL AND PURCHASES	4,607	14,756
TELECOMMUNICATIONS	1,913	12,110
UTILITIES	781	3,245
DEPRECIATION	-	1,607
INSURANCE	1,631	5,762
	<hr/>	<hr/>
TOTAL OCCUPANCY COSTS	33,881	121,122
GENERAL & ADMINISTRATION		
OFFICE SUPPLIES	25,069	27,391
BOARD MEETING - EXPENSES	1,282	5,823
PRINTING	-	610
POSTAGE & FREIGHT	3,137	6,911
MEMBERSHIP & DUES	84	648
PUBLICATIONS	268	496
OFFICERS & DIRECTORS INSURANCE	14,481	44,770
MISCELLANEOUS	851	3,221
	<hr/>	<hr/>
TOTAL GENERAL & ADMINISTRATION EXPENSES	45,174	89,870
OTHER		
INTEREST EXPENSE	826	2,477
	<hr/>	<hr/>
TOTAL OTHER	826	2,477
<b>TOTAL EXPENSES</b>	<b>341,584</b>	<b>1,058,014</b>
NET INCOME (LOSS)		
BEFORE UNREALIZED GAIN/(LOSS)	250,591	779,095
NET UNREALIZED GAIN/(LOSS)		
ON INVESTMENT	-	38,782
<b>NET INCOME/(LOSS)</b>	<b>\$ 250,591</b>	<b>\$ 817,877</b>





**Illinois Finance Authority**  
**Balance Sheet**  
**For the Three Months Ending September 30, 2004**

	August 2004	September 2004
<b>ASSETS</b>		
CASH & INVESTMENTS, UNRESTRICTED	\$ 28,357,834	\$ 28,604,523
RECEIVABLES, NET	7,807,976	7,736,130
OTHER RECEIVABLES	1,260,326	1,223,889
PREPAID EXPENSES	<u>113,441</u>	<u>106,839</u>
<b>TOTAL CURRENT ASSETS</b>	<b>37,539,576</b>	<b>37,671,381</b>
<b>FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b>25,264</b>	<b>25,264</b>
<b>DEFERRED ISSUANCE COSTS</b>	<b>1,084,966</b>	<b>1,084,966</b>
<b>OTHER ASSETS - RESTRICTED</b>		
CASH, INVESTMENTS & RESERVES	9,925,580	9,938,437
VENTURE CAPITAL INVESTMENTS	6,225,684	6,325,684
OTHER	<u>3,700,000</u>	<u>3,700,000</u>
<b>TOTAL OTHER ASSETS</b>	<b><u>19,851,264</u></b>	<b><u>19,964,121</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 58,501,070</u></b>	<b><u>\$ 58,745,731</u></b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES	\$ 1,159,561	\$ 1,153,632
LONG-TERM LIABILITIES	<u>3,220,343</u>	<u>3,220,343</u>
<b>TOTAL LIABILITIES</b>	<b>4,379,904</b>	<b>4,373,975</b>
<b>EQUITY</b>		
CONTRIBUTED CAPITAL	23,828,249	23,828,249
RETAINED EARNINGS	11,139,695	11,139,695
NET INCOME / (LOSS)	567,287	817,877
RESERVED/RESTRICTED FUND BALANCE	5,968,199	5,968,199
UNRESERVED FUND BALANCE	<u>12,617,735</u>	<u>12,617,735</u>
<b>TOTAL EQUITY</b>	<b><u>54,121,165</u></b>	<b><u>54,371,756</u></b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>\$ 58,501,070</u></b>	<b><u>\$ 58,745,731</u></b>

VENTURE CAPITAL INVESTMENTS

MANAGED FUNDS

ARCH FUND II PARALLEL	252,685
ARCH FUND - NEW	166,988
CHAMPAIGN-URBANA VENTURE FUND	181,000
CERULEAN PARTNERSHIP	-

TOTAL MANAGED FUNDS 600,673

TECHNOLOGY DEVELOPMENT BRIDGE

ACCELCHIP [MACH DESIGN SYSTEMS	52,275
BLACKMON & YOUNG	-
CLEARSTACK	300,000
CYBERLOANOFFICER.COM	754,520
DELIVERY STATION	-
EPIGRAPH	-
FIREFLY ENERGY, INC.	917,000
FOREST ONE, INC.	160,000
GO READER, INC	-
HARMONIC VISION	261,000
INFLUX, INC.	150,000
METALFORMING CONTROLS	500,000
MOBITRAC	329,179
NEODESIC CORPORATION	-
NEPHYRX CORPORATION	121,211
NEURONAUTICS	300,000
OPEN CHANNELED SOFTWARE	610,035
PERCEPTUAL ROBOTICS	-
PREVIEWPORT	-
PROOF SPACE T-STAMPS	-
SMART SIGNAL	226,932
STONEWATER SOFTWARE	4,759
U. COMMUNICATIONS	-
USERACTIVE MEDIA.COM	220,000
VENTURE CAPITAL ONLINE	-
VIDEO HOME TOURS	275,000
WANDER ON, INC	-
ZUCHEM, INC.	543,100

TOTAL TECHNOLOGY DEVELOPMENT BRIDGE 5,725,011

TOTAL VENTURE CAPITAL 6,325,684

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

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a regularly scheduled meeting at 1:30 P.M., on September 14, 2004 in the Illinois State Library Room 403 located at 300 South Second Street in Springfield, Illinois.

**MEMBERS PRESENT:**

Joseph Alford  
Demetris Giannoulis  
David Gustman  
Michael Goetz  
Dr. Roger Herrin  
Martin Nesbitt  
Timothy Ozark  
Andrew Rice  
Joseph Valenti

**MEMBERS ABSENT:**

Natalia Delgado  
Edward Leonard  
Terrence O'Brien

**GENERAL BUSINESS ITEMS**

***Call to Order***

Chairman Gustman called the meeting to order at approximately 1:30 P.M., with the above members present.

***Roll Call***

Chairman Gustman asked Assistant Secretary D'Amato to call the roll. Having nine members present, a quorum was declared.

***Director's Report***

Director Ata reported that this month the Capital Opportunity Bond (Small Hospital Financing) Program was financing its first hospital, St. Anthony's in Alton. He also welcomed Jill Rendleman as the new Financial Services Director, Central and Southern Illinois.

***Item 1 - Acceptance of August 2004 Preliminary Financial Statements***

Upon a motion by Mr. Goetz and seconded by Mr. Nesbitt, Chairman Gustman requested a roll call vote. The motion was approved with 9 ayes, 0 nays, and 0 abstentions. (04-09-01)

## ***Item 2 – Acceptance of the August 2004 Minutes***

The Chairman noted that the minutes reflect the Board's approval of not to exceed \$145 million in conduit revenue bond financing to Northwestern University (IFA No. E-PC-TE-CD-408), which was the amount set forth in the Bond resolution and other financing documents that were before the Board, adding that the August agenda mistakenly had listed the amount at \$135 million. With that, the Chairman asked if any member had any comments regarding the minutes of the Board's August minutes. Hearing none, the Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions. (04-09-02).

## ***Item 3 – Resolution 2004-19: Establishing the Capital Opportunity Bond Program for Small and Mid-Size Rural and Urban Not-For-Profit Hospitals and Other Healthcare Providers in the State of Illinois, Approving the Form of Documents Therefore and Delegating to the Executive Director the Authority to Implement Said Program.***

***Resolution 2004-20: Expressing the Policy Considerations of the Members on the Use of Businesses Owned by Minorities, Women and Persons with Disabilities and Small Businesses in Illinois Finance Authority Conduit Financings.***

Upon a motion by Mr. Valenti and seconded by Mr. Alford, the Chairman requested leave to record the last unanimous vote to each resolution. The motion was approved with 9 ayes, 0 nays, and 0 abstentions. (04-09-03).

## ***Initial Project Considerations***

***Item-07      N-NP-TE-CD-415: The YMCA of Metropolitan Chicago***  
This applicant requests preliminary approval of **\$27,000,000** in conduit 501(c)(3) Revenue Bonds to finance projects located in **multiple locations across the State**. These projects are expected to create **65 new jobs** and **200 construction jobs**.

Upon a motion by Mr. Goetz and seconded by Mr. Alford, the Chairman requested a roll call vote. Prior to the vote, Mr. Rice indicated that he would be abstaining from the vote due to the fact that he knew members of the Board of the YMCA of Metropolitan Chicago. The motion was approved with 8 ayes, 0 nays, and 1 abstentions/present (04-09-07).

**Item-04**

**H-HO-TE-CD-401: The Carle Foundation**

This applicant requests preliminary and purchase contract approval of **\$200,000,000** in conduit 501(c)(3), Revenue Bonds to finance a project located in **Urbana**.

Upon a motion by Mr. Goetz and seconded by Mr. Alford, Chairman Gustman requested a roll call vote. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-04).

**Item-05**

**H-HO-TE-CD-418: Ingalls Health System**

This applicant requests preliminary approval of **\$50,000,000** in conduit 501(c)(3), Revenue Bonds to finance projects located in **Harvey and Tinley Park**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-05).

**Item-06**

**H-HO-TE-CD-419: Saint Anthony's Health Center**

This applicant requests preliminary approval under the Board's new Capital Opportunity Bond Program of **\$6,000,000** in conduit 501(c)(3) Revenue Bonds to finance a project located in **Alton, Illinois**. This project is expected to create **4 new jobs** and **15 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-05).

**Item-08**

**N-NP-TE-CD-417: Sauk Valley Student Housing, L.L.C. (to be formed)**

This applicant requests preliminary approval of **\$8,000,000** in conduit 501(c)(3) Revenue Bonds to finance a project located in **Dixon**. This project is expected to create **5 new jobs** and **100 construction jobs**.

Upon a motion by Mr. Goetz and seconded by Mr. Alford, the Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present. (04-09-08)

**Item-09**

**N-NP-TE-CD-416: Fox River Valley Country Day School**

This application was withdrawn at the request of the borrower prior to consideration by the Members.

**Item-10**

**E-PC-TE-CD-413: The Richard H. Driehaus Museum Chicago**

This applicant request preliminary approval of \$15,500,000 in conduit 501(c)(3) Revenue Bonds to finance a project located in **Chicago**. It is expected that this project will create **3 new jobs** and **40 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-10).

**Item-11**

**I-ID-TE-CD-413: E. Kinast Distributors, Inc.**

This applicant requests preliminary approval of \$3,600,000 in conduit Industrial Revenue Bonds to finance a project located in **Hanover Park**. This project will be using \$3,600,000 of the Authority's 2004 Volume Cap. It is expected that this project will create **13 new jobs** and **87 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-11).

**Item-12**

**A-FB-TE-CD-439: Brent A. West**

**A-FB-TE-CD-441: Kevin and Emily Lilienthal**

**A-FB-TE-CD-444: Carl J. Kettlekamp and Lori Kettlekamp**

**A-FB-TE-CD-445: Larry W. Eldridge**

These applicants request preliminary approval for Beginning Farmer Bonds for the amounts and locations listed below:

Brent A. West	<b>\$90,000</b>	<b>Taylorville</b>
Kevin & Emily Lilienthal	<b>\$250,000</b>	<b>Bloomington</b>
Carl J. & Lori Kettlekamp	<b>\$189,000</b>	<b>Nokomis</b>
Larry W. Eldridge	<b>\$250,000</b>	<b>Mason City</b>

The Chairman requested leave to apply the last unanimous vote to each item. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-12).

**Item-16**

**E-PC-TE-CD-412: Illinois Institute of Technology**

This applicant requests preliminary approval for \$15,000,000 in conduit 501(c)(3) Revenue Bonds to finance a project located in **Chicago**. This project is expected to create **66 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-16).

***Final Project Considerations***

***Item-15***

***E-PC-TE-CD-410: The University of Chicago***

This applicant requests final approval of **\$200,000,000** in conduit 501(c)(3), Revenue Bonds to finance projects located in **Chicago**. This project is expected to create **100 new jobs** and **150 construction jobs**.

Upon a motion by Mr. Alford and seconded by Mr. Rice, the Chairman requested a roll call vote. Prior to the vote, Mr. Ozark stated that he would be abstaining from the vote because he is a member of of the University of Chicago Hospital System Board of Trustees. The motion was approved with 8 ayes, 0 nays, and 1 abstentions/present (04-09-15).

***Item-13***

***H-NH-RE-TE-CD-414: Rest Haven Christian Services***

This applicant requests final approval for **\$50,000,000** in conduit Tax-Exempt 501(c)(3) Refunding Revenue Bonds to finance a project located in **multiple locations across the State**.

Upon a motion by Mr. Rice and seconded by Mr. Nesbitt, the Chairman requested a roll call vote. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-13).

***Item-14***

***P-PO-TE-CD-406: Ameren Corporation (Central Illinois Public Service Company, d/b/a AmerenCIPS, and Central Illinois Light Company, d/b/a AmerenCILCO)***

This applicant requests final approval of **\$35,000,000** in conduit Pollution Control Revenue Refunding Bonds for Central Illinois Public Service Company to finance projects located in **Coffeen** and **Newton** and final approval for **\$19,200,000** in conduit Pollution Control Revenue Refunding Bonds for Central Illinois Light Company to finance projects located in **unincorporated Fulton County**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-14).

***Item-17***

***E-PS-TE-CD-411: Rogers Park Montessori School***

This applicant requests final approval of **\$12,000,000** in conduit, Tax-Exempt 501(c)(3) Revenue Bonds to finance a project located in **Chicago**. These bonds are to be sold in a minimum denominations of \$100,000 and will require delivery of a



Sophisticated Investor's Letter. This project is expected to create **20 new jobs** and **50 construction jobs**.

Upon a motion by Mr. Rice and seconded by Mr. Nesbitt, the Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-17).

**Item-18**      **N-NP-TE-CD-414: Illinois Primary Health Care Association Facilities Acquisition Program**

The following applicants request final approval for conduit, Tax-Exempt, 501(c)(3) Revenue Bonds to finance projects in the amounts and locations listed below.

Chicago Family Health Center	\$3,500,000	Chicago
Community Health & Emergency Services, Inc.	\$3,100,000	Cairo & Carbondale
Erie Family Health Center Refinancing Project	\$2,100,000	Chicago

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-18).

**Item-19**      **N-NP-TE-CD-413: Merit School of Music**

This applicant requests final approval of **\$5,00,000** in a conduit, Tax-Exempt, 501(c)(3) Revenue Bonds to finance a project located in **Chicago**. This project is expected to create **13 new jobs** and **15 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-19).

**Item-20**      **N-NP-TE-CD-412: Featherfist and Featherfist Development Corporation**

This applicant requests final approval of **\$1,500,000** in conduit tax-exempt 501(c)(3) Revenue Bonds to finance a project located in **Chicago, Illinois**. This project is expected to create **25 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-20).

**Item-21**

**L-GO-TE-RE-401: Village of Romeoville**

This application was withdrawn at the request of the borrower prior to consideration by the Members.

**Item 22**

**L-GO-TE-CD-406: City of Sparta**

This applicant is requesting final approval for **\$8,000,000** in conduit Local Government Alternate Revenue Bonds to finance a project located in **Sparta**. This project is expected to create **150 new jobs**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-22).

**Item 23**

**L-GO-TE-CD-408: Stookey Township**

This applicant is requesting final approval for **\$5,000,000** in conduit Local Government General Obligation Bonds finance a project located in **Stookey Township**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-23).

**Item 24**

**B-LL-TX-410: Newline Hardwoods, Inc.**

This applicant is requesting final approval for a **\$300,000** Participation Loan for a project located in **Beardstown**. This project is expected to create **38 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-24).

**Item 25**

**V-TD-408: ZelleRx Corporation**

This application was withdrawn at the request of the borrower prior to consideration by the Members.

**Item 26**

**A-AI-GT-TX-416: David Thompson, Thompson Pearl Valley Eggs**

This applicant requests final approval for **\$7,518,000** in Agri-Industries Loan Guarantees to finance a project located in **Kent**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-26).

**Item 27**

**A-SC-TX-GT-443: Timberline Farm, LLC**

This applicant requests final approval for **\$750,000** in Specialized Livestock Loan Guarantees to finance a project in **Milton**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-27).

**Item 28**

**A-SG-TX-GT-442: Oink, Inc**

This applicant requests final approval for **\$978,000** in Specialized Livestock Loan Guarantees to finance a project in **Morrison**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-28).

**Item-29**

**A-FB-TE-CD-434: Clayton D. and Ashlyn L. Becker**

**A-FB-TE-CD-435: James Lee and Bonnie May Brewer**

**A-FB-TE-CD-436: Jason D. Organ**

**A-FB-TE-CD-437: Jordan Walter**

These applicants request final approval of Beginning Farmer Bonds for the amounts:

Becker	\$131,400	(DeKalb)
Brewer	\$110,000	(Bethany)
Organ	\$250,000	(McLeansboro)
Jordan Walter	\$250,000	(Forrest)

The Chairman requested leave to apply the last unanimous vote to each. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-29).

**A-FB-TE-CD-438: Jared Walter**

This application was withdrawn that the request of the borrower prior to consideration by the Members.

**Project Revisions/Amendatory Resolutions**

**Item 30**

**Concordia University**

This applicant requests the Members' approval of (i) a First Supplemental Trust Indenture and (ii) a First Supplemental Loan Agreement in order to make the necessary amendments thereto to permit and provide for a new letter of credit bank and the issuance and delivery of a confirming letter of credit for the bonds.

**Adventist Health System/Sunbelt Obligated Group**

Adventist requests the Members' approval of a Second Supplemental Trust Indenture in order to make the necessary amendments thereto to permit and provide for a new broker-dealer for the Bonds.

The Chairman requested leave to apply the last unanimous vote to each. Leave was granted. The motion was approved with 9 ayes, 0 nays, and 0 abstentions/present (04-09-30).

The Chairman asked if there was any other business to come before the Board or if any member of the public wished to address the Board. There being no further business and no one seeking to address the Board, Chairman Gustman adjourned the meeting at approximately 2:05 P.M.

Respectfully Submitted,

Michael Pisarcik, Secretary

**RESOLUTION 2004-21**

**APPROVING MODIFIED PARTICIPATION LOAN PROGRAM POLICIES  
AND PROCEDURES FOR THE ILLINOIS FINANCE AUTHORITY**

**WHEREAS**, Section 801-30 of the Illinois Finance Authority Act, 20 Illinois Compiled Statutes 3501/801-1 et seq. (the "Act"), grants generally the Illinois Finance Authority (the "Authority") all the "powers as a body corporate necessary and convenient to accomplish the purposes of" the Act"; and

**WHEREAS**, Section 801-30(e) of the Act specifically authorizes the Authority 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 801-30(f) of the Act specifically empowers the Authority to "have and exercise all powers. . . otherwise necessary to effectuate the purposes of" the Act; and

**WHEREAS**, Section 801-10(i) of the Act grants the Authority the power "to make loans to person to finance a project, to enter into loan agreements with respect thereto, and to accept guarantees from persons on its loans or the resultant evidences of obligations of the Authority"; and

**WHEREAS**, on August 10, 2004, pursuant to the foregoing statutory powers, the Members of the Authority did adopt Resolution 2004-17, which established the Policies and Procedures Manual of the Authority (the "Manual"), which included Procedure Nos. 40.20.000, entitled, Participation Loan Program Procedures, and 40.20.001, entitled Participation Loan Program Lending Criteria; and

**WHEREAS**, the Executive Director has lead a comprehensive review of the current policies and procedures applicable to the Authority's Participation Loan Program, including an analysis of current market lending conditions, conversations with financial institutions and current and potential borrowers and the economic realities confronting projects traditionally funded through the Participation Loan Program, and he has reported the findings and recommendation developed as a result of this review to the Members; and

**WHEREAS**, based on this review, the Members of the Authority have determined that certain provisions of the Manual that govern the Authority's Participation Loan Program should be revised in order to make the Participation Loan Program more efficient and competitive, thereby facilitating the Program's purpose of fostering economic development and job creation and retention throughout the State of Illinois; and

**WHEREAS**, the Members of the Authority have the power to adopt this Resolution pursuant to Sections 801-25, 801-30 and 801-40 of the Act; and

**NOW, THEREFORE, BE IT RESOLVED BY MEMBERS OF 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. Adoption of Manual.** The Members do hereby approve and adopt revised Procedures Nos. 40.20.000 and 40.20.001 of the Manual, as attached hereto in Exhibit A.

**Section 3. Amendatory Effect.** Except for the changes explicitly made to Procedure Nos. 40.20.000 and 40.20.001 by Section 2 above, nothing in this Resolution is intended nor should be any provision hereof be construed as modifying, amending or repealing Resolution 2000-17, and all actions taken in reliance on and in accordance with said Resolution 2004-17 are hereby ratified and affirmed.

**Section 4. Enactment.** This Resolution shall take immediate effect. 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 2004-21 is adopted this 12<sup>th</sup> day of October 2004 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

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Chairman

Attested to:

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Secretary

**RESOLUTION 2004-22**

**AUTHORIZING THE VENTURE CAPITAL COMMITTEE OF THE ILLINOIS FINANCE AUTHORITY AND THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY TO TAKE CERTAIN ACTIONS IN BETWEEN MEETINGS OF THE MEMBERS**

**WHEREAS**, the public purpose of and the specific financing powers granted to the Illinois Finance Authority (the "Authority") by the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq.* (the "Act"), contemplate and authorize the Authority to make loans and investments and to issue bonds to foster the economic vitality of the State of Illinois as a whole and particular sectors of its economy, including, but not limited to, agriculture, manufacturing, education, healthcare, government, not-for-profit, technology and cultural; and

**WHEREAS**, pursuant to Resolution 2004-12, the Members of the Authority are currently scheduled to meet on the second Tuesday of every month; and

**WHEREAS**, given the nature, scope and purpose of the Authority, matters may arise that require the Authority to take immediate action and make decisions within a limited time; and

**WHEREAS**, Section 801-15 of the Act contemplates and acknowledges the potential need for such action and decision-making, by establishing the Executive Director as "the chief administrative and operational officer of the Authority" with the power to direct and supervise its administrative affairs and general management"; and

**WHEREAS**, Section 801-15 further authorizes that the "Executive Director or any committee of the members may carry out such responsibilities of the members as the members by resolution may delegate"; and

**WHEREAS**, the Members find it to be in the best interests of the Authority, its mission and its borrowers to provide for the delegation of certain powers to its Venture Capital Committee and Executive Director so as to enable these parties to take immediate action and to make decisions in critical or time-sensitive situations as necessary in between regular scheduled meetings of the Members; and

**NOW, THEREFORE, BE IT RESOLVED BY MEMBERS OF 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. Venture Capital.** The Venture Capital Committee of the Members of the Authority is hereby delegated the power and authority, upon a majority vote of its then current membership, to take all action and make all decisions normally taken or made by the Members as a whole that may need to be taken or made to preserve, enhance, protect and maintain any of the Authority's venture capital investments (as

authorized by Article 810 of the Act or any such similar provisions of a Predecessor Authority), provided that the exercise of such power and authority (i) is reasonably necessary such that the failure to act could result in a financial loss to the Authority or a missed opportunity that could enhance the Authority's financial position and the timeframe for taking action or making a decision does not permit deferment until the next meeting of the Members, (ii) is consistent and in accordance with the Act, other applicable statutes, rules and regulations and the resolutions and policies of the Authority, and (iii) is reported to the Members at their next meeting.

**Section 3. Executive Director.** Except as provided for in Section 2 above, the Executive Director of the Authority is hereby delegated the power and authority to take all action and make all decisions in between meetings of the Members that may need to be taken or made to preserve, enhance, protect and maintain any of the Authority's financial position or one or more of its bonds, loans and investments, provided that the exercise of such power and authority (i) is reasonably necessary such that the failure to act could result in a financial loss to the Authority or a missed opportunity that could enhance the Authority's financial position and the timeframe for taking action or making a decision does not permit deferment until the next meeting of the Members, (ii) is consistent and in accordance with the Act, other applicable statutes, rules and regulations and the resolutions and policies of the Authority, and (iii) is reported to the Members at their next meeting. This Section 3 is not intended in any way to limit the power and authority granted to the Executive Director by the Act, the Authority's By-Laws or any other Resolution of the Members; rather, it is intended as additional authority to take actions and make decisions, consistent herewith, not otherwise delegated or authorized.

**Section 4. Enactment.** This Resolution shall take immediate effect. 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 2004-22 is adopted this 12<sup>th</sup> day of October 2004 by roll vote as follows:

Ayes:

Nays:

Abstain:

Absent:

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Chairman

Attested to:

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Secretary



# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: October 12, 2004

Re: Overview Memo for The University of Chicago  
E-PC-TE-CD-416

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- **Borrower/Project Name:** The University of Chicago
- **Location:** Chicago (Cook County) [Hyde Park neighborhood]
- **Principal Project Contact:** Bill Hogan, Comptroller
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$86 million
  - **Uses:**
    - This project will Advance Refunding the University's Series 2001 IFA (IEFA) Bonds.
- **Project Type:** 501(c)(3) Revenue Bonds
- **IFA Benefits:**
  - **Conduit Tax-Exempt and Taxable Bonds:**
    - no direct IFA or State funds at risk
  - **Advance Refunding Bonds:**
    - facilitates a refinancing prior to the original call dates
- **IFA Fees:**
  - One-time, upfront closing fee estimated at \$138,000
- **Structure/Ratings:**
  - Bonds to be sold directly based on the University's credit rating which is expected to be affirmed soon in connection with the University's scheduled 10/26/04 issuance of \$200 million of Tax-Exempt Bonds through IFA.
  - **Short-Term Ratings:** VMIG1/A-1+/F1+ (Moody's/S&P/Fitch)
- **Current and estimated rates:** Bonds will be sold initially as 7-day variable rate demand bonds with an anticipated 38-year maturity. These Bonds may ultimately be swapped to a fixed rate if market conditions become favorable.

- **Initial estimated savings:** The existing Series 2001 Bonds currently bear an interest rate of 5.25% fixed. The current effective initial rate on the 7-day variable rate demand bonds is approximately 1.50%, inclusive of all costs as of 9/28/04. Assuming that the effective underlying rate on the 7-day tax-exempt-taxable floaters averages 4.00% over the next 3 years, the proposed savings would be approximately \$937,500 per annum. Ultimately, the University of Chicago may swap these Bonds to a Fixed Rate (i.e., pursue a synthetic refunding) if market conditions are favorable.
  - Morgan Stanley (Senior Manager) has estimated the Net Present Value savings at approximately \$11 million.
  
- **Recommendations/Conditions:**
  - Because the proposed 7-day variable rate demand bonds will carry a high short-term investment grade ratings from each of the three ratings agencies, Staff recommends approval with no extraordinary conditions.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project: The University of Chicago**

**STATISTICS**

IFA Project #:	E-PC-TE-CD-416	Amount:	\$86,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Rich Frampton
Locations:	Chicago	Est. fee:	\$138,000
SIC Code:	8221		

**BOARD ACTION**

Preliminary Bond Resolution	
Conduit 501(c)(3) Tax-Exempt/Taxable Revenue Bonds	No IFA funds at risk
Staff recommends approval	No extraordinary conditions

**PURPOSE**

This project will involve advance refund the University's Series 2001 Bonds issued by IFA (IEFA). Bonds that cannot be initially advance refunded on a Tax-Exempt basis will be advance refunded on a Taxable basis then converted to Tax-Exempt mode at the next call date (anticipated within 90 days of 7/1/2011).

**IFA CONTRIBUTION**

IFA will convey federal tax exemption on the Tax-Exempt Advance Refunding Series and on the Taxable Convertible Series at the next applicable call date. No Volume Cap is required for 501(c)(3) financings.

**VOTING RECORD**

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

**SOURCES AND USES OF FUNDS**

Sources:	IFA Tax-Exempt and Taxable Bonds	\$86,000,000	Uses:	Refund 2001 Bonds	\$86,000,000
	Equity	<u>475,000</u>		Issuance Costs	<u>475,000</u>
	<b>Total</b>	<b><u>\$86,475,000</u></b>		<b>Total</b>	<b><u>\$86,475,000</u></b>

Sources of Equity: The University of Chicago had total endowment fund balances totaling approximately \$3.1 billion as of 6/30/2003. Additionally, the University has a \$65 million unsecured operating cash line of credit with the Northern Trust Company that will be drawn as needed to pay costs of issuance for this bond issue. The University had no draws outstanding against this credit line as of 6/30/2003. Donations from the University's annual capital campaign may also be used to pay issuance costs.

**JOBS**

Current employment:	11,300	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

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**BUSINESS SUMMARY**

**Background:** The University of Chicago (the "University") is a 501(c)(3) organization incorporated under Illinois law. The University is a private, non-sectarian, co-educational educational and research founded by John D. Rockefeller in 1890.

**Description:** The University's mission is to provide education in liberal and professional studies. The University consists of an undergraduate College, and six professional schools (Business, Divinity, Law, Medicine, Public Policy Studies, and Social Service Administration). Additionally, the University also operates the Graham School of General Studies (continuing education for adults) and the Laboratory Schools (K-12 primary and secondary education). The University of Chicago Press is an academic unit of the University and is the largest academic press in the nation.

The University has 2,135 full-time faculty and 638 part-time faculty. The University's support staff totals approximately 8,500 full-time and part-time employees, approximately 1,775 of whom are represented by labor unions.

Since 1998-99, applications to the University have increased 47%. The University's admissions rate was 42% in 2002-2003. From 1998-99 to 2002-03, undergraduate enrollment increased from 3,852 to 4,216. This growth reflects the University's policy of controlled growth. The University plans to enroll a maximum of 4,500 undergraduate students in 2006-07.

Combined undergraduate and professional enrollment increased from 12,441 in 1998-99 to 13,234 in 2002-2003.

The University has an extensive financial aid program designed to enable the most qualified student to attend the University regardless of their financial circumstances. For the 2001-02 academic year, approximately 70% of all students received financial aid.

All payments relating to the approximately \$783 million of outstanding IFA (IEFA) Bonds issued on behalf of the University of Chicago were current as of 6/30/04.

**Financials:** Audited Financial Statements, 2001-2003 (University only -- excludes University of Chicago Hospitals from Consolidated Results).

	(Dollars in Thousands)		
	Year Ended June 30		
	2001	2002	2003
<b>Income Statement:</b>			
Revenues/Support	\$968,067	\$1,088,167	\$1,127,529
Change in Net Assets	14,137	58,930	51,130
* EBIDA	87,686	137,323	133,876
<b>Balance sheet:</b>			
Current assets	1,033,356	930,966	680,639
Net PP&E	702,076	829,204	942,402
Investments	<u>3,778,903</u>	<u>3,605,852</u>	<u>3,477,946</u>
<b>Total assets</b>	<b><u>5,514,335</u></b>	<b><u>5,366,022</u></b>	<b><u>5,100,987</u></b>
Current liabilities	903,120	849,837	661,591
Long Term Debt & Capital Leases	515,660	662,283	665,177
Other LT Liabilities	38,010	38,538	38,970
Net Assets	<u>4,057,545</u>	<u>3,815,364</u>	<u>3,735,249</u>
<b>Total Liabilities &amp; Net Assets</b>	<b><u>5,514,335</u></b>	<b><u>5,366,022</u></b>	<b><u>5,100,987</u></b>

**Ratios:**

Debt Service Coverage	3.63x	5.55x	5.22x
Current Ratio	1.14	1.10	1.03
LT Debt/Net Assets	0.15	0.21	0.22

\* EBIDA = Earnings Before Interest, Depreciation and Amortization

**Discussion:** The University's principal revenue sources for fiscal year 2003 were net tuition and fees (19%; after deducting student aid), auxiliary income [i.e., room, dining, parking, entertainment and other services] (13%), government grants and contracts (23%), private grants (8%), and investment income (16%). Revenues increased at a compound growth rate of approximately 7.9% per annum from 2001 to 2003. The two primary sources of revenue growth from 2001 to 2003 were tuition/fees and government grants/contracts.

The University's principal operating expenses consist of compensation (64%), supplies and services (25%), and utilities/alterations/repairs (3%).

The University of Chicago's balance sheet reflects investment and endowment balances totaling approximately \$3.48 billion as of 6/30/2003 which represents reflects one of the largest endowments of any academic institution in the nation. The University's investment balances as of 6/30/03 represented 523% of total indebtedness. These investments are allocated in a diversified portfolio across several asset classes including: fixed income, equities, real estate, high yield funds, real estate, and cash.

As of 6/30/03, the University had outstanding general obligations indebtedness totaling \$667.7 million (including current portions), evidenced by bonds and notes.

The University's cash flows have been sufficient to generate operating cash flow sufficient to cover scheduled debt service payments on existing indebtedness by multiples of 3.52 times or better over the last 3 years. Liquidity has been excellent and has enabled the University to prepay an average of \$88 million of debt annually since 2001. Additionally, the University has a \$65 million unsecured operating cash line of credit with the Northern Trust Company that was unused as of 6/30/04.

The proposed refunding bonds are expected to reduce the University's interest rate by at least 1.25% compared to the existing Series 2001 Bonds. This advance refunding would have improved the University's debt service coverage ratio from 5.07x to 5.22x in 2003.

The financial presentation herein will be updated to include the University's 2004 financial results at the time of the Final Bond Resolution (anticipated in November).

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**FINANCING SUMMARY**

- Structure:** Bonds to be sold as 7-day variable rate demand bonds based on the University's underlying credit rating. Because of the University's short-term, high investment grade credit ratings, no third party credit enhancement will be necessary.
- Term/  
Interest Rate:** 7-day variable rate demand bonds. The most recent current effective 7-day floater interest rate (for a non-credit-enhanced floater) was approximately 1.50% as of 9/28/04. These Bonds may ultimately be swapped to a fixed rate if market conditions become favorable.
- Security:** The Bonds will be secured by a general obligation of the University. The Bonds will not be secured by a mortgage or security interest on any of the University's assets, properties, or funds.

The University's Short-Term Debt is currently rated VMIG1/A-1+/F1+ (Moody's/S&P/Fitch). The University's expects these ratings to be affirmed soon in connection with the new \$200 million issue scheduled to close on 10/26/04, which will include \$100 million of 7-day variable rate demand bonds.

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### PROJECT SUMMARY

Bond proceeds will be used by the University to advance refund \$86 million of Series 2001 Bonds (the "Prior Bonds"). The proceeds of the Prior Bonds financed current refunding bonds that refinanced several pre-2001 capital projects. The Prior Bonds bear a fixed interest rate of 5.25%. This Advance Refunding will refinance the Prior Bonds as 7-day variable rate demand bonds.

A portion of the Bonds to be advance refunded were previously advance refunded. Those Bonds will be initially advance refunded as Taxable Convertible Bonds. These Taxable Convertible Refunding Bonds will convert to Tax-Exempt mode in 2011, within 90 days of the 7/1/2011 call date.

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### ECONOMIC DISCLOSURE STATEMENT

**Applicant:** The University of Chicago, 1225 E. 60<sup>th</sup> St., Chicago, IL, 60637; web site: [www.uchicago.edu](http://www.uchicago.edu)  
**Contact:** William J. ("Bill") Hogan, Jr., Comptroller, Ph.: 773/702-1940; [whogan@uchicago.edu](mailto:whogan@uchicago.edu);  
**Project name:** Series 2004C (Tax-Exempt) and Series 2004D (Taxable Convertible) Advance Refunding Bonds

**Location:** Original proceeds were expended for capital projects at The University of Chicago's Hyde Park Campus, 1225 E. 60<sup>th</sup> St., Chicago, IL 60637

**Organization:** Illinois 501(c)(3) Corporation  
**Board**  
**Membership:** *See attached list of Board of Trustees*  
**Current Land**  
**Owner:** The University of Chicago

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### PROFESSIONAL & FINANCIAL

<b>Borrower's Counsel:</b>	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
<b>Borrower's Financial Consultant:</b>	Public Financial Management, Inc.	Boston, MA	June Matte
<b>Bond Counsel:</b>	Chapman and Cutler, LLP	Chicago, IL	Nancy Burke
<b>Senior Manager:</b>	Morgan Stanley & Co.	New York, NY	Matthew Pearson
<b>Co-Managers:</b>	To be determined		
<b>Underwriter Counsel:</b>	Foley & Lardner	Chicago, IL	Chris Knight
<b>Trustee:</b>	US Bank – Corporate Trust Services	Chicago, IL	Grace Gorka
<b>Escrow Agent:</b>	LaSalle Bank National Association	Chicago, IL	Alvita Griffin
<b>General Contractor/Architect:</b>	Not applicable for a refinancing		
<b>Accountant:</b>	KPMG LLP	Chicago, IL	Stuart Miller
<b>Rating Agencies:</b>	Moody's/S&P/Fitch		
<b>IFA Counsel:</b>	To be determined		

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### LEGISLATIVE DISTRICTS

**Congressional:** 1 Bobby L. Rush  
**State Senate:** 13 Barack Obama  
**State House:** 25 Barbara Flynn Currie

Trustees of the University

Affiliation

Andrew M. Alper  
David G. Booth  
John H. Bryan  
Thomas A. Cole

President, NYC Economic Development Corporation  
Chairman and CEO, Dimensional Fund Advisors, Inc.  
Retired Chairman and CEO, Sara Lee Corporation  
Chairman of the Executive Committee and Partner,  
Sidley Austin Brown and Wood  
Vice Chairman and CEO, William Blair & Company, L.L.C.  
United States Senator, State of New Jersey  
President, Henry Crown and Company  
Retired Senior Vice President, The New York Times Company

E. David Coolidge III\*  
Jon S. Corzine  
James S. Crown  
Katharine P. Darrow

Anthony T. Dean  
Jamie Dimon\*  
Strachan Donnelley  
Craig J. Duchossois  
James S. Frank  
Jack W. Fuller  
Eric J. Gleacher  
Stanford J. Goldblatt  
Mary Louise Gamo  
Katherine C. Gould  
Sanford J. Grossman  
Rajat K. Gupta  
King W. Harris  
Valerie B. Jarrett  
Ann Dibble Jordan  
Karen L. Katen  
Dennis J. Keller  
Arthur L. Kelly  
James M. Kilts, Jr.  
Michael J. Klingensmith  
Michael L. Klowden  
Sherry Lansing

Retired President & COO, The John Nuveen Company  
President and Chief Operating Officer, JPMorgan Chase & Co.  
President, Center for Humans and Nature  
Chief Executive Officer, Duchossois Industries  
President and CEO, Wheels, Inc.  
President, Tribune Publishing Company  
Chairman, Gleacher Partners, L.L.C.  
Partner, Winston & Strawn  
Vice President and Global Account Director at Kearney, Inc.  
Founder and General Partner, Foundation Capital  
Chairman, Quantitative Financial Strategies, Inc.  
Managing Director, McKinsey & Company, Inc.  
Chairman, Harris Holdings, Inc  
Executive Vice President, The Habitat Company  
Washington, DC  
President, Pfizer Global Pharmaceuticals  
Chairman, DeVry Inc.  
Managing Partner, KEL Enterprises, L.P.  
Chairman, President & CEO, Gillette Company  
Executive Vice President, Time, Inc.  
Chief Executive Officer Milken Institute  
Chairman & CEO, Motion Picture Group, Paramount Pictures  
Corp.

Lien Chan

Chairman, Central Committee of the Kuomintang,  
Republic of China

John Martin  
Walter E. Massey  
Peter W. May  
John W. McCarter, Jr.  
Joseph Neubauer  
Emily Nicklin  
Harvey B. Plotnick  
Thomas Jay Pritzker  
Don Michael Randel  
George A. Ranney, Jr.  
John W. Rogers, Jr.

President & CEO Gilead Sciences  
President, Morehouse College  
President and COO, Triarc Companies, Inc.  
President and CEO, The Field Museum  
Executive Chairman of the Board, ARAMARK Corp.  
Partner Kirkland & Ellis  
President, Paradigm Holdings Inc.  
Chairman and CEO, Hyatt Corporation  
President, The University of Chicago  
President, Chicago Metropolis 2020  
Chairman and CEO, Ariel Capital Management, Inc.,  
Ariel Mutual Funds

Andrew M. Rosenfield  
Steven G. Rothmeier  
Richard P. Strubel  
Byron D. Trott\*  
Marshall I. Wais, Jr.  
Paula Wolff  
Francis T. F. Yuen

Chairman and CEO, Leaf Group LLC  
Chairman and CEO, Great Northern Capital  
President and COO, UNext, Inc.  
Managing Director and Partner, Goldman, Sachs & Company  
Chief Executive Officer, Marwais International L.L.C.  
Senior Executive, Chicago Metropolis 2020  
Deputy Chairman, Pacific Century CyberWorks Limited

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

MEMO TO: IFA Board of Directors  
FROM: Townsend S. Albright  
DATE: October 12, 2004  
RE: Overview Memo for Loyola University

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- **Borrower/Project Name:** Loyola University
- **Location:** Chicago, Cook County, Illinois
- **Principal Project Contact:** Tom Hickey, Associate VP - Finance
- **Amount:** \$70,000,000 (not to exceed)
- **Board Action Requested:** Approval of a Final Bond Resolution for approximately \$24 million fixed-rate bonds and approval of a Preliminary Bond Resolution for the balance of an amount not to exceed \$46million auction-rate bonds at the November 9, 2004 IFA Board meeting.
- **Project Type:** New money will be used to (i) construct a new student living facility, (ii) construct a new Life Sciences Building, (iii) capitalize interest, and (iv) fund bond issuance costs.
- **IFA Benefits:** Conduit tax-exempt and taxable bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$125,000
- **Ratings:** The Bonds will either be insured by a major bond insurer or be sold based upon the Applicant's bond ratings. The Applicant's outstanding bond issues are rated Moodys "A-3" and S & P "A-".



ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY

Project: Loyola University

STATISTICS

Number:	E-PC-TE-CD-414-A	Amount:	\$70,000,000 (not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Chicago	Tax ID:	36-1408475
Est. fee:	\$125,000	SIC Code:	8221

BOARD ACTION

Preliminary and Final Bond Resolutions\*      No Extraordinary conditions  
Conduit      Staff recommends approval  
No IFA funds at risk

\* Approximately \$24 million fixed-rate bonds will be presented to the IFA Board for final approval at the October 12 Board meeting. The bonds will either be insured by a major bond insurer or be sold based upon the Applicant's bond ratings. The balance, consisting of an amount not to exceed \$46 million tax-exempt auction-rate bonds, will be presented to the IFA Board for Initial approval at the October 12, 2004 Board meeting and return for the IFA Board's final approval at the IFA November 9, 2004 Board meeting.

PURPOSE

Proceeds will be used to (i) construct a new student living facility, (ii) construct a new Life Sciences Building, and (iii) fund bond issuance costs.

IFA CONTRIBUTION

No Volume Cap is required for 501(c)(3)'s

VOTING RECORD

Preliminary Bond Resolution, no prior Board vote

SOURCES AND USES OF FUNDS

Sources:	IDFA bonds	\$ 60,000,000	Uses:	Project costs	\$ 96,375,000
	State grant	11,000,000		Capitalized Interest	2,800,000
	Applicant equity	<u>29,500,000</u>		Bond Issuance Costs	<u>1,325,000</u>
Total		<u>\$100,500,000</u>	Total		<u>\$100,500,000</u>

JOBS

Current employment:	2430 FTEs, 1012 PTEs	Projected new jobs:	30
Jobs retained:	N/A	Construction jobs:	250 (18months)

BUSINESS SUMMARY

**Background:** Loyola University (the "Applicant", the "University") is a private, co-educational not-for-profit institution of higher education, research, and healthcare founded in 1870 by the Society of Jesus (Jesuits). The University operates as several divisions: (i), University Academic consisting of Loyola Higher Education, Loyola Management Company, and Mundelein College. University Academic operates on four campuses and serves more than 13,000 undergraduate, graduate, and professional degree students., (ii) Loyola University Health System, which is a wholly-owned subsidiary corporation of the University, and (iii) Loyola University of Chicago Insurance Company, which is a for-profit Cayman Islands insurance company. The College is governed by a 38-member Board. A list of members is included for IFA Board review.

**Description:** The proposed financing will provide funds for two projects: (i), a new 25-story student residence hall to be located within walking distance from the Applicant's Lake Shore Campus and (ii) a state-of-the-art Life Sciences Building to be located on Sheridan Road in Chicago.

**Remarks:** The proposed financing will provide much needed student housing and up to date science facilities. These projects will help ensure the University can remain competitive, continue to attract quality students well into the 21<sup>st</sup> Century, and enable it to take advantage of historically low interest rates. Shore Campus.

**Financials:** Audited financial statements for fiscal years ending 6-30-2003 – 2004.  
(Dollars in 000s)

	2003	2004
<b>Income Statement</b>		
Total Revenues	\$883,107	\$1,062,594
Operating Expenses	<u>(932,763)</u>	<u>(971,151)</u>
Change in Net Assets	<u>(49,656)</u>	<u>91,443</u>
EBIDA	<u>17,806</u>	<u>160,867</u>
<b>Balance Sheet</b>		
Current Assets	784,094	875,287
PP&E	591,404	622,649
Other Assets	<u>7,176</u>	<u>7,781</u>
Total	<u>1,382,674</u>	<u>1,505,717</u>
Current Liabilities	285,148	337,067
Other LT Liabilities	33,576	30,100
Debt	491,589	504,756
Net Assets	<u>572,361</u>	<u>633,794</u>
Total	<u>\$1,382,674</u>	<u>\$1,505,717</u>
<b>Ratios:</b>		
Debt coverage*	2.16x	3.29x
Current Ratio	2.75	2.60
Debt/Net Assets	0.86	0.80

\*Debt service excludes bullet maturities which were refinanced during these years.

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**FINANCING SUMMARY**

Security: The Bonds will be General Obligations of the University and will either be insured by a major bond insurer or be sold based upon the Applicant's bond ratings. The Applicant's outstanding bond issues are rated Moodys "A-3" and S & P "A-".

Structure: Approximately \$24 million Series A Tax-Exempt Fixed Rate Bonds and approximately \$36 million Series B Tax-Exempt Auction-Rate Bonds.

Maturity: 2044

Note: Approximately \$24 million fixed-rate bonds will be presented to the IFA Board for final approval at the October 12 Board meeting. The bonds will either be insured by a major bond insurer or be sold based upon the Applicant's bond ratings. The balance, consisting of an amount not to exceed \$46 million tax-exempt auction-rate bonds, will be presented to the IFA Board for Initial approval at the October 12, 2004 Board meeting and return for the IFA Board's final approval at the IFA November 9, 2004 Board meeting.

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**PROJECT SUMMARY**

Proceeds will be used to: Proceeds will be used to (i) construct a new 25-story student residence hall to be located at 26 E. Pearson Street, Chicago, Cook County, Illinois, (ii) construct a new Life Sciences Building to be located at 1050 W Sheridan Road, Chicago, Cook County, Illinois, (iii) capitalize interest, and (iv) fund bond issuance costs.

Project Costs:	Student Residence Hall	Life Sciences Building
New Construction	\$49,000,000	\$33,800,000
Machinery/Equip.	1,650,000	2,150,000
Arch/Eng	<u>3,725,000</u>	<u>4,550,000</u>
Totals	<u>\$54,375,000</u>	<u>\$40,500,000</u>

Note: Approximately \$48,000,000 and approximately \$12,000,000 of the proposed IFA financing will be allocated to the Student Residence Hall and Life Sciences Building, respectively.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Loyola University  
 Project names: Refunding and New Facilities Project  
 Locations: 820 N. Michigan Avenue, and 1050 W. Sheridan Road, Chicago, Cook County, Illinois  
 Organization: 501(c)(3) Corporation  
 State: Illinois  
 Board: List attached for IFA Board review.

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**PROFESSIONAL & FINANCIAL**

Counsel:	In House	Chicago, IL	Ellen Munro
	Jones Day Revis & Pogue	Chicago, IL	William J. Harmon
Accountants:	Deloitte & Touche	Chicago, IL	
Bond Counsel:	Chapman and Cutler	Chicago, IL	Jim Luebchow
Issuer's Counsel	Perkins Coie, LLC	Chicago, IL	William E. Corbin, Jr.
Underwriter/:	Piper Jaffray & Co.	St. Louis, MO	Janet Laney
Placement Agent		Chicago, IL	Keith Morgan
Underwriters' Counsel:	Sonnenschein Nath & Rosenthal	Chicago, IL	Marc L. Schultz
Trustee:	LaSalle Bank, N.A.	Chicago, IL	Margaret Muir
General Contractor:	Power Construction and Engineering Company	Schaumburg, IL	Jeff Karp

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LEGISLATIVE DISTRICTS

Congressional: 07, Danny K. Davis; 9, Janice Schakowsky  
State Senate: 03, Mattie Hunter; 07, Carol Ronen  
State House: 05, Kenneth Duncan; 14, Harry Osterman

ta/h/loyolauniversityprelim

LOYOLA UNIVERSITY CHICAGO  
TRUSTEES AND THEIR AFFILIATIONS

September, 2004

MR. PATRICK H. ARBOR  
Principal  
Shatkin, Arbor & Karlov

MRS. ROSEMARY CROGHAN  
Civic Volunteer

MS. RHONDA D. CARTWRIGHT  
Vice President of Business and  
Finance  
Loyola University New Orleans

SR. MARGARET MARY COSGROVE,  
B.V.M.  
Treasurer  
Sisters of Charity of  
the Blessed Virgin Mary

MR. JOHN F. CUNEO, JR.  
The Cuneo Foundation

MR. WILLIAM M. DALEY  
Chairman, Midwest Region  
JPMorgan Chase

REV. KEVIN T. FITZGERALD, S.J.  
David P. Lauer Chair in Catholic  
Health Care Ethics  
Georgetown University

REV. DANIEL L. FLAHERTY, S.J.  
Assistant for Business and Finance  
Chicago Province of the Society of  
Jesus

REV. MICHAEL J. GARANZINI, S.J.  
President  
Loyola University Chicago

REV. MICHAEL J. GRAHAM, S.J.  
President  
Xavier University

MR. WILLIAM J. HANK  
Chairman and CEO  
Farnham Investment Group

ALICE BOURKE HAYES, PH.D.  
Former President  
University of San Diego

VICTOR J. HECKLER, PH.D.  
Management Psychologist

MR. JOHN W. HIGGINS  
Chairman and CEO  
Higgins Development Partners

MR. FRANK HOGAN, III  
Former President and Headmaster  
The Latin School of Chicago

MS. CHRISTINA M. JOHNSON-WOLFF  
President and CEO  
Christina Johnson & Associates

MR. W.G. JURGENSEN  
(Vice Chairman)  
Chief Executive Officer  
Nationwide

MR. RICHARD J. KLARCHEK  
President and CEO  
Capital First Realty, Inc

MR. BILL KURTIS  
President  
Kurtis Productions, LTD.

MR. GREGORY LEVERT  
Chairman  
Concentrix Corp.

MR. MICHAEL R. LEYDEN  
Former Sr. Corporate Vice President  
First National Bank of Chicago

REV. JOHN F. LIBENS, S.J.  
Director and Superior  
Jesuit First Studies Program, LUC

MRS. SHIRLEY R. MADIGAN  
Chairman  
Illinois Arts Council

MS. RUTHELLEN MUSIL  
Sr Vice President, Corporate Relations  
Tribune Company

MRS. ELLEN L. O'CONNOR  
Civic Volunteer

REV. SCOTT R. PILARZ, S.J.  
President  
University of Scranton

MR. JOSEPH A. POWER, JR.  
Partner  
Power, Rogers, Smith, P.C.

MR. WILLIAM M. PLANTE  
News Correspondent, CBS News

MR. MICHAEL R. QUINLAN  
(Chairman)  
Former Chairman and CEO  
McDonald's Corporation

MR. JOHN E. ROONEY  
President and CEO  
U.S. Cellular

REV. BRADLEY M. SCHAEFER, S.J.  
President  
Jesuit Conference

MR. MICHAEL D. SULLIVAN  
Chairman  
Life Source, Inc.

MRS. TERESE TERRY  
Business Information Specialist  
Lippincott Library-Wharton School  
University of Pennsylvania

MS. CHERYL T. THOMAS  
Ardmore Associates

REV. MICHAEL V. TUETH, S.J.  
Associate Chair, Dept of  
Communication and Media Studies  
Fordham University

MR. FIDELIS N. UMEH  
Former President and CEO  
SEI Information Technology

MR. EDWARD WANANDI  
Chairman  
Trailmobile Corporation

REV. KEVIN W. WILDES, S.J.  
President  
Loyola University New Orleans

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**MEMO TO:** IFA Board of Directors  
**FROM:** Townsend S. Albright  
**DATE:** October 12, 2004  
**RE:** Overview Memo for Illinois College

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- **Borrower/Project Name:** Illinois College
- **Location:** Jacksonville (Morgan County)
- **Principal Project Contact:** John Gibbons, VP of Business Affairs
- **Amount:** \$20,000,000
- **Board Action Requested:** Approval of a Preliminary Bond Resolution.
- **Project Type:** New money to will be used to (i) purchase land and an existing building, (ii) construct a new student residence hall, (iii) create a campus mall, (iv) renovate and equip existing facilities, (v) capitalize interest, and (vi) fund bond issuance costs.
- 
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$70,000
- **Ratings:** The bonds will carry a Direct Pay Letter from an “AA”-rated bank or be insured by a major bond insurer.

ta/h/illinoiscollegememoprelim

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project:** Illinois College

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**STATISTICS**

Number:	E-PC-TE-CD-415	Amount:	\$20,000,000
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright, Marcia Cochrane, Jim Senica
Location:	Jacksonville	Tax ID:	37-0661211
Est. fee:	\$70,000	SIC Code:	8221

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**BOARD ACTION**

Preliminary Bond Resolution	No Extraordinary conditions
Conduit	Staff recommends approval
No IFA funds at risk	

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**PURPOSE**

Proceeds will be used to (i) purchase land and an existing building, (ii) construct a new student residence hall, (iii) create a campus mall, (iv) renovate and equip existing facilities, (v) capitalize interest, and (vi) fund bond issuance costs.

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**IFA CONTRIBUTION**

No Volume Cap is required for 501(c)(3)'s

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**VOTING RECORD**

Preliminary Bond Resolution, no prior Board vote

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**SOURCES AND USES OF FUNDS**

Sources:	IDFA bonds	\$20,000,000	Uses:	Project cost	\$24,000,000
	Equity	4,500,000		Capitalized Interest	1,300,000
	Grants	<u>1,000,000</u>		Legal/Professional	<u>200,000</u>
	Total	<u>\$25,500,000</u>		Total	<u>\$25,500,000</u>

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**JOBS**

Current employment:	194	Projected new jobs:	15
Jobs retained:	N/A	Construction jobs:	200 (12 months)

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**BUSINESS SUMMARY**

Background: Illinois College, (the "Applicant", the "College") is a co-educational independent liberal arts college that offers Bachelors of Arts and Science degrees. The College was founded in Jacksonville, Illinois in 1829. The College was the first college in Illinois to conduct classes and grant a baccalaureate degree. The first President was Edward Beecher. His sister, Harriet Beecher

Stowe, wrote *Uncle Tom's Cabin*. His brother, Henry Ward Beecher lectured at the College. Illinois College was prominent in the abolitionist movement.

The College is governed by a twenty-member Board. A list of members is included for IFA Board review.

Description: The College offers majors in twenty-seven fields of study which are divided into three disciplines; Humanities, Natural Science, and Social Sciences. Student enrollment has grown from 868 students in 1998 to 1,028 full-time students for the 2004 academic year. Illinois College students come from 18 states and 8 foreign countries. The majority, however, are from Illinois. The College receives minimal funding from the State and Federal governments. College students receive grants through the State of Illinois MAP Program, the Federal Pell Grant Program, and loans through the Federal Stafford Guaranteed Loan Program.

The proposed financing will consist of (i) purchasing and renovating an apartment building for students and staff, (ii) creating adequate student parking, (iii) renovating a vacated street which bisects the campus, (iv) constructing a 225-bed student residence hall, and (v) renovate existing academic buildings to accommodate student needs in the 21<sup>st</sup> century.

Remarks: The proposed project financing will enable the College to offer state-of-the-art teaching facilities that will continue to attract quality students. The College plans to increase enrollment by 25 students per year so that enrollment in 2010 would increase to 1,200. The proposed financing will be the College's first debt initiative in more than 40 years.

Financials: Audited financial statements for fiscal years ending 6-30-2001 – 2003, and preliminary audited financial statements for fiscal year through 5-31-2004.

	(Dollars in 000s)			
	2001	2002	2003	2004
<b>Income Statement</b>				
Total Revenues	\$27,885	\$15,332	\$25,994	\$24,758
Operating expenses	<u>(15,852)</u>	<u>(17,384)</u>	<u>(19,060)</u>	<u>(20,907)</u>
Change in Net Assets	<u>12,033</u>	<u>-2,052</u>	<u>6,934</u>	<u>3,851</u>
EBIDA	<u>13,307</u>	<u>-640</u>	<u>8,455</u>	<u>5,531</u>
<b>Balance Sheet</b>				
Current Assets	6,571	5,567	3,123	832
PP&E	31,000	41,756	51,319	54,753
Other Assets	<u>128,262</u>	<u>116,684</u>	<u>115,631</u>	<u>117,357</u>
Total	<u>165,833</u>	<u>164,007</u>	<u>170,073</u>	<u>172,942</u>
Current Liabilities	5,723	5,949	5,081	4,099
Other LT Liabilities	0	0	0	0
Debt	0	0	0	0
Net Assets	<u>160,110</u>	<u>158,058</u>	<u>164,992</u>	<u>168,843</u>
Total	<u>\$165,833</u>	<u>\$164,007</u>	<u>\$170,073</u>	<u>\$172,942</u>
<b>Ratios:</b>				
Debt coverage	N/A	N/A	N/A	N/A
Current Ratio	1.15	0.94	0.61	0.21
Debt/Net Assets	N/A	N/A	N/A	N/A

Note: Between fiscal years 2000 and 2003 the College's cash and long term investments fell from approximately \$128 million to \$117 million. The reduction was in part due to heavy investment in physical plant and in part due to portfolio losses, which were approximately \$5.6 million and \$5.4 million, respectively. If the physical plant investment were added back to change in net assets, the number would be approximately \$3.55 million. Fiscal year 2002 EBIDA would be approximately \$4.96 million.



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**FINANCING SUMMARY**

Security: The Bonds will either be insured by a major bond insurer or secured by a Direct Pay Letter of Credit from an "AA"-rated bank.  
Structure: Either Fixed-Rate or Multi-Mode Floating-Bonds  
Maturity: 2029

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**PROJECT SUMMARY**

Proceeds will be used to: (i) purchase and renovate a 72-bed apartment house for students having parking space for 51 cars, (ii) create a campus mall from a vacated street that bisects the campus, (iii) renovate existing academic buildings, (iv) construct a 225-bed student residence hall of which facilities are and will be located at the College address of 1101 W. College Avenue, Jacksonville, Morgan County, Illinois, (v) capitalize interest, and (vi) fund bond issuance costs.

Project Costs:	Renovation	\$21,500,000
	Machinery/Equipment	2,000,000
	Land/Building	<u>500,000</u>
	Total	<u>\$24,000,000</u>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Illinois College  
Project names: New Facilities and Renovation Project  
Location: 1101 W. College Avenue, Jacksonville, Morgan County, Illinois 62650  
Organization: 501(c)(3) Corporation  
State: Illinois  
Board: William F. Cellini\*, Donald E. Minnick, Ronald W. Wallace\*, Jon D. Ware, Diana D. Chesley\*, John R. Fairfield\*, James L. Green\*, John T. Porter\*, Eugene E. Wells\*, Jonathan G. Utley\*, Axel G. Steuer, James H. Voyles\*, James P. Bruner\*, Joy F. Becker\*, Del C. Dunham, Robert E. Chipman\*, Katherine J. Tillery\*, Jean C. Statler, Harmon B. Deal, III, Robert B. Thompson, III

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**PROFESSIONAL & FINANCIAL**

Counsel: TBD  
Accountants: McGladrey & Pullen Springfield, IL (2004)  
Clifton Gunderson LLP Springfield, IL (2001-2003)  
Bond Counsel: TBD  
Issuer's Counsel: TBD  
Underwriters/: Griffin, Kubik, Stephens Chicago, IL Michael Boisvert  
Placement Agents: & Thompson  
RBC Dain Rauscher Hilliard, OH Bill Elliot  
Underwriters' Counsel: TBD  
LOC Bank Counsel: TBD  
Trustee: TBD  
General Contractor: Various

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**LEGISLATIVE DISTRICTS**

Congressional: 18, Ray LaHood  
State Senate: 49, Deanna Demunzio  
State House: 97, Jim Watson

ta/h/illinscollegeprelim

# Illinois Finance Authority

## Memorandum

To: IFA Board of Directors

From: Townsend Albright  
Sharnell Curtis-Martin

Date: October 12, 2004

Re: Overview Memo for the YMCA of Metropolitan Chicago Foundation  
IFA Project #: N-NP-TE-CD-418

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- **Borrower:** The YMCA of Metropolitan Chicago Foundation
- **Location(s):** Chicago and Harvey
- **Principal Project Contact:** Deborah Stevens, Executive Vice-President & CFO
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** \$15,000,000 (not-to-exceed amount)
  - **Uses:**
    - *Refunding:* bond proceeds will refund an outstanding bond issue
    - *New Money:* fund capital improvement projects such as tuck pointing, window replacement, boiler/mechanical work, electrical upgrades, HVAC repairs, resurfacing of parking lots, and replacing roofs.
- **Project Type:** Not-For-Profit Bonds
- **IFA Benefits:**
  - Conduit Tax-Exempt Bonds
  - Interest Savings estimate to be determined
- **IFA Fees:**
  - Application Fee of \$1,000
  - Bond Issuance Fee of \$60,000
- **Structure/Ratings:**
  - Purchased and held as an investment by U.S. Bank
  - Fixed interest rate bonds at a rate to be determined (estimated 5.75% - 6.25%)
  - 19-year maturity with a 30-year amortization
- **Recommendation:**
  - Staff recommends approval

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project:** The YMCA of Metropolitan Chicago Foundation

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**STATISTICS**

Deal Number: N-NP-TE-CD-418	Amount: \$15,000,000 (not-to-exceed amount)
Type: Not-For-Profit Bonds	IFA Staff: Townsend Albright/ Sharnell Curtis-Martin
Location: Chicago and Harvey	Tax ID: 23-7191849
SIC Code: 8641	Est. fee: \$60,000

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**BOARD ACTION**

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

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**PURPOSE**

Bond proceeds will be used to finance capital improvements, refund outstanding debt, fund a debt service reserve, and to pay certain bond issuance costs.

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**IFA CONTRIBUTION**

501(c)(3) Revenue Bond projects do not require Volume Cap.

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**VOTING RECORD**

Preliminary Bond Resolution, no previous voting record

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Bond	<u>\$15,000,000</u>	Uses:	Project Costs	\$3,583,000
				Refinancing/Refunding	10,040,000
				Debt Service Reserve	506,000
				Bond Issuance Costs	650,000
				Replacement Reserve	<u>221,000</u>
	Total Sources	<u>\$15,000,000</u>		Total Uses	<u>\$15,000,000</u>

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## JOBS

Current employment: 12	Projected new jobs: N/A
Jobs retained: N/A	Construction jobs: 12

## BUSINESS SUMMARY

**Background:** The YMCA of Metropolitan Chicago Foundation (the "Foundation") was incorporated on September 15, 1972. The Foundation is an Illinois not-for-profit corporation and provides elderly and handicapped persons with housing facilities and related services. The Foundation operates two elderly housing facilities: the Harvey YMCA elderly housing project and the South Chicago YMCA elderly housing project. Both are regulated by the U.S. Department of Housing and Urban Development in terms of operation and rent levels. All units are under the HUD Section 202 project based Section 8 program.

The Foundation is affiliated with the YMCA of Metropolitan Chicago (the "YMCA"). Although the Foundation is not a wholly or partly owned or sponsored by the YMCA, six directors of the Foundation's board are also board members of the YMCA.

**Description:** The primary service area for the properties is the cities of Chicago and Harvey. Funds from the bond proceeds will primarily be used to refund an outstanding bond issue of (\$10 million) and fund \$3.5 million in capital improvement projects such as tuckpointing, window replacement, boiler/mechanical work, electrical upgrades, HVAC repairs, resurfacing of parking lots, and replacing roofs.

**Financials:** Project's Audited Historical Financial Statements 12/31/01 - 12/31/03  
Project's Internally Prepared Projections 12/30/04 - 12/30/06

	Year Ended Dec 30			Year Ending Dec 30		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)					
<b>Income statement:</b>						
Gross Rental Income	\$2,602	\$2,714	\$2,803	\$2,805	\$2,875	\$2,947
Vacancy	(2)	0	(16)	(10)	(28)	(29)
Other Income	81	56	50	43	45	45
Project Income (Net)	<u>\$2,681</u>	<u>\$2,770</u>	<u>\$2,837</u>	<u>\$2,838</u>	<u>\$2,892</u>	<u>\$2,963</u>
<b>Operating Expenses:</b>						
Salaries, wages and benefits	\$413	\$412	\$436	\$445	\$458	\$472
Utilities	268	230	246	263	270	279
Maintenance & Repairs	544	482	461	440	453	467
Management Fees	111	116	116	116	119	122
Replacement Reserve	0	0	0	76	76	76
Other Expenses	144	159	174	175	180	186
Total Operating Expenses	<u>\$1,480</u>	<u>\$1,399</u>	<u>\$1,433</u>	<u>\$1,515</u>	<u>\$1,556</u>	<u>\$1,602</u>
Net Operating Income	\$1,201	\$1,371	\$1,404	\$1,323	\$1,336	\$1,361
Debt Service Payments	1,059	1,059	1,059	990	990	990
Debt Service Coverage ratio	1.13	1.29	1.33	1.35	1.37	1.40

Discussion: Because these are project-based rental housing financings, Net Operating Income (NOI) is the pertinent financial indicator. These facilities have generated NOI sufficient to cover existing bonds by multiples of 1.29 times or better since 2002.

The projections assume (1) a 2% vacancy rate, (2) \$76,000 in annual replacement reserves, and (3) a 2% annual increase in rents beginning in 2005. NOI is expected to remain at historical levels. Annual debt service payments are expected to decrease by \$69,000 per annum as a result of this financing. The projections also indicate good debt service coverage of 1.37 times or better beginning in 2005.

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### FINANCING SUMMARY

Security: Bonds will be purchased directly and held as an investment by U.S. Bank  
Structure: Fixed interest rate bonds at a rate to be determined (estimated 5.75% - 6.25%)  
Maturity: 19-year maturity with a 30-year amortization

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### PROJECT SUMMARY

Bond proceeds will be used to refund outstanding debt of facilities located at 3039 East 91<sup>st</sup> Street, Chicago, IL 60617 (Cook County) and 178 East 155<sup>th</sup> Street, Harvey, IL 60426 (Cook County) to finance capital improvements/renovations, fund a debt service reserve and to pay bond issuance costs. Project costs are estimated as follows:

Capital Improvements/Renovations	<u>\$3,583,000</u>
Total Project Costs	<u>\$3,583,000</u>

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Young Men's Christian Association of Chicago  
Project name: YMCA Metropolitan Chicago Housing Refunding Project  
Locations: 3039 East 91<sup>st</sup> Street, Chicago, IL 60617 (Cook County)  
178 East 155<sup>th</sup> Street, Harvey, IL 60426 (Cook County)  
Organization: 501(c)(3) Corporations  
State: Illinois  
Board of Directors: Henry T. Chandler Morgan L. Fitch, Jr.  
Donald J. Gralen Allen J. Cizner  
Benno C. Friedrich Stephen C. Anthony  
Harlan Newkirk, Secretary Deborah Stevens, Vice President and Treasurer  
Stephen S. Cole, President James H. Hayes, Assistant Secretary  
Land Sellers: Not Applicable

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Kutak Rock, LLP	Chicago	Bob Star
Accountant:	Price Waterhouse Coopers	Chicago	Gary Davenport
Bond Counsel:	Chapman and Cutler, LLP	Chicago	Matt Lewin
Bond Purchaser:	U.S. Bank	Denver, CO	Gail Huntsman
Underwriter:	Newman & Associates	Denver, CO	Mark Risch
Underwriter's Counsel:	To Be Determined		
Issuer's Counsel:	To Be Determined		
Trustee:	LaSalle Bank, N.A.	Chicago	John Deutsch

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**LEGISLATIVE DISTRICTS**

**Chicago**

Congressional: 2 -- Jesse Jackson, Jr.  
State Senate: 25 -- Chris Lauzen  
State House: 13 -- Larry McKeon

**Harvey**

Congressional: 2 -- Jesse Jackson Jr.  
State Senate: 15 -- James Meeks  
State House: 30 -- William Davis

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**MEMO TO:** IFA Board of Directors  
**FROM:** Townsend S. Albright  
**DATE:** October 12, 2004  
**RE:** Overview Memo for the Sunshine Through Golf Foundation

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- **Borrower/Project Name:** Sunshine Through Golf Foundation
- **Location:** Lemont (Cook County)
- **Principal Project Contact:** Robert Markionni, Executive Director
- **Amount:** \$3,000,000 (not to exceed)
- **Board Action Requested:** Approval of a Preliminary Bond Resolution.
- **Project Type:** New money to will be used to (i) refund an outstanding mortgage and (ii) fund bond issuance costs.
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$15,000
- **Ratings:** The bonds will carry a Direct Pay Letter of Credit from LaSalle Bank, N.A., Chicago, Illinois.

ta/h/sunshinethroughgolffdnmemo



**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project:** **Sunshine Through Golf Foundation**

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**STATISTICS**

Number:	N-NP-TE-CD-419	Amount:	\$3,000,000 (not to exceed)
Type:	NP	IFA Staff:	Townsend S. Albright
Location:	Lemont	Tax ID:	36-2374223
Est. fee:	\$15,000	SIC Code:	7992

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**BOARD ACTION**

Preliminary Bond Resolution	No Extraordinary conditions
Conduit	Staff recommends approval
No IFA funds at risk	

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**PURPOSE**

Proceeds will be used to (i) refinance an outstanding mortgage and (ii) fund bond issuance costs.

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**IFA CONTRIBUTION**

No Volume Cap required for 501(c)(3)'s

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**VOTING RECORD**

Preliminary Bond Resolution, no prior Board vote

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**SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	<u>\$2,800,000</u>	Uses:	Debt refinancing	\$2,700,000
				Bond issuance costs	<u>100,000</u>
	Total	<u>\$2,800,000</u>		Total	<u>\$2,800,000</u>

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**JOBS**

Current employment:	15	Projected new jobs:	2
Jobs retained:	N/A	Construction jobs:	N/A

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**BUSINESS SUMMARY**

**Background:** The Sunshine Through Golf Foundation (the "Applicant", the "Foundation") is an Illinois 501(c)(3) corporation which was founded in 1944 as the Chicago District Golf Charities. The Foundation changed its name to the Chicago District Golf Foundation ("CDGA") in 1979. The initial purpose of the Foundation was to assist war veterans coming back from WWII. The veterans benefited from 9-hole courses and clubhouses built around the Chicago District. Today the Foundation concentrates on junior golf for the underprivileged, turfgrass research, and individuals with disabilities. The Foundation continues to support the VA Lakeside VA Hospital.

The Applicant receives its income from (i) grants, (ii) tournament and CDGA contributions, (iii) rental income from not-for-profit associations who rent space at the Midwest Golf House, (iv) Corporate partner contributions, (v) club insurance contributions, and (iv) CDGA usage fees. The Applicant is governed by a nine-member Board. A list of members is included for IFA Board review.

**Description:** Proceeds of the proposed financing will refinance the Foundation's current debt in the form of an outstanding mortgage with LaSalle Bank, N.A. The mortgage is secured by the Midwest Golf House, which was completed in June, 2001. It is a 17,000 sq. ft. facility with office space for the CDGA, CDGA Foundation, the Illinois Junior Golf Association, and the Chicago women's Golf Association, an auditorium, museum/library, conference room, and space for future expansion. It is part of the The Midwest Golf House Complex, which is located at Cog Hill.

A land grant of 14 acres by the Jemsek family adjacent to Cog Hill allows for the CDGA Foundation programs including special programs. The Foundation supports Hook a Kid on Golf, Marianjoy, and the National Amputee Golf Association. The Sunshine Campus golf course features three par-3 holes totaling 500 yards, a 12,000 sq. ft. chipping and putting green, and the I\*Mag\*Jen Clubhouse.

**Remarks:** The proposed financing will provide savings and improvements in cash flow which will enable the Foundation to expand its programs which bring the benefits and resources of the game of golf to beginners, individuals with disabilities, minorities, and the economically disadvantaged throughout the area served by the CDGA.

**Financials:** Audited financial statements for fiscal years ending 11-30-2001- 2003  
(Dollars in 000s)

	2001	2002	2003
Income Statement			
Total Revenues	\$3,321	4,525	4,667
Operating expenses	<u>(3,069)</u>	<u>(4,341)</u>	<u>(4,602)</u>
Change in Net Assets	<u>252</u>	<u>184</u>	<u>65</u>
EBIDA	<u>1,298</u>	<u>1,166</u>	<u>813</u>
Balance Sheet			
Current Assets	1,487	1,521	1,494
PP&E	6,384	5,725	5,403
Other Assets	<u>0</u>	<u>20</u>	<u>24</u>
Total	<u>7,871</u>	<u>7,266</u>	<u>6,921</u>
Current Liabilities	1,160	961	861
Other LT Liabilities	0	0	0
Debt	3,317	2,727	2,417
Net Assets	<u>3,394</u>	<u>3,578</u>	<u>3,643</u>
Total	<u>\$7,871</u>	<u>\$7,266</u>	<u>\$6,921</u>
Ratios:			
Debt coverage	1.36x	1.45x	1.32x
Current Ratio	1.28	1.58	1.74
Debt/Net Assets	0.98	0.76	0.66

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### FINANCING SUMMARY

**Security:** Direct Pay Letter of Credit from LaSalle Bank, N.A., Chicago, Illinois  
**Structure:** Multi-mode 7-day weekly floating rate bonds  
**Maturity:** 20 years

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**PROJECT SUMMARY**

Proceeds will be used to (i) refinance an outstanding mortgage of approximately \$2,700,000 which is in the form of a loan and security agreement and was used to finance the construction of Midwest Golf House which is located at 118955 Archer Avenue, Lemont, Cook County, Illinois and (ii) fund bond issuance costs.

Project Costs:	Refunding	<u>\$2,700,000</u>
	Total	\$2,700,000

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Sunshine Through Golf Foundation  
Project name: Midwest Golf House Complex  
Location: 118955 Archer Avenue, Lemont, Cook County, Illinois 60439  
Organization: 501(c)(3) Corporation  
State: Illinois  
Board: List attached for IFA Board review

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**PROFESSIONAL & FINANCIAL**

Counsel:	Seyfarth Shaw	Chicago, IL	Andy Laidlaw
Accountants:	McCullough, Rossi & Co. Ltd.	Hoffman Estates, IL	
Bond Counsel:	Bell Boyd & Lloyd, LLC	Chicago, IL	William Price
Issuer's Counsel	TBD		
Underwriter/:	LaSalle Capital Markets	Chicago, IL	Peter Glick
Placement Agent			
LOC Bank Counsel:	Bell Boyd & Lloyd, LLC	Chicago, IL	William Price
Trustee:	LaSalle Bank, N. A.		
General Contractor:	TBD		

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**LEGISLATIVE DISTRICTS**

Congressional: 13 Judy Biggert  
State Senate: 41 Christine Radogno  
State House: 82 Eileen Lyons

Sunshine Through Golf Foundation Board of Director

Robert F. Berry	President
Peter B. Carey	1 <sup>st</sup> Vice President
Jerry F. Williams	2 <sup>nd</sup> Vice President
Henry J. Close	Vice President at Large
Lorraine Scodro	Vice President at Large
Matthew L. Pekarek	Secretary
John W. Ingold	Treasurer
Andrew Laidlaw	General Counsel
Steven R. Becker	Ex-Officio

Management

Robert Markionni (1989)	Executive Director
Ernie Roth (2001)	Associate Executive Director
Todd Alfred (1999)	Director of Foundation Operations
John Petrarca (1996)	Director of Course Rating & Administration

Federal ID# 36-2374223

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: October 12, 2004

Re: Overview Memo for Campagna-Turano Bakery, Inc. Projects  
I-ID-TE-CD-416

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- **Borrowers/Project Names:**
  - I-ID-TE-CD-416(a): Berwyn Properties, LLC, and MERUG Limited Liability Company (Campagna-Turano Bakery, Inc. Project)
  - I-ID-TE-CD-416(b): Bolingbrook Properties, LLC, and MERUG Limited Liability Company (Knead Dough Baking Company Project)
- **Locations:** (1) Campagna-Turano Bakery, Inc., Berwyn, IL (Cook County) and (2) Knead Dough Baking Company, Bolingbrook (Will County), IL
- **Principal Project Contact:** Mr. Ron Turano, President, Campagna-Turano Bakery, Inc., Berwyn, Illinois
- **Board Action Requested:** Preliminary Bond Resolution for projects located in Berwyn and Bolingbrook
- **Amount:** not to exceed \$10.0 million combined
  - Uses – 100% New Money:
    - Series 2004A (amount not-to-exceed \$5 million): Acquisition and installation of new equipment lines to expand the Campagna-Turano Bakery, Inc. facility in Berwyn and related building fixtures (anticipated final amount: \$4.5 million).
    - Series 2004B (amount not-to-exceed \$5 million): Acquisition and installation of new equipment lines to expand the Knead Dough Baking Co. facility in Bolingbrook and related building fixtures (anticipated final amount: \$4.5 million).
- **Project Type: Industrial Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Industrial Revenue Bonds:**
    - no direct IFA or State funds at risk
    - these financings will use approximately \$9.0 million of IFA Volume Cap

- **IFA Fees:**
  - One-time, upfront closing fee estimated at \$69,300 for the two series combined (i.e., \$34,650 for each \$4.5 million series)
  
- **Structure/Ratings:**
  - Bonds to be credit enhanced by a Direct Pay Letter of Credit from Bank One (Chase) and sold initially as 7-day variable rate demand bonds
  - Bank One's current ratings:
    - **Long-Term Ratings:** AA3 (stable)/AA- (stable)/AA- (positive) (Moody's/S&P/Fitch)
    - **Short-Term Ratings:** VMIG1/A-1+/F1+ (Moody's/S&P/Fitch)
    - **These ratings were affirmed as of 6/29/04 (Moody's) and 7/1/04 (S&P/Fitch).**
  - 10-year maturity (reflects useful life of equipment)
  
- **Estimated interest rates:**
  - The Bonds will be sold initially as 7-day variable rate demand bonds. The most recent average effective interest rate on IFA's 7-day floaters was 2.70% as of 9/28/04.
  
- **Recommendations/Conditions:**
  - Because the proposed 7-day variable rate demand bonds will be credit enhanced by a high investment grade Direct Pay Bank LOC, Staff recommends approval with no extraordinary conditions.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Projects:** (a) Berwyn Properties, LLC and MERUG Limited Liability Company  
(Campagna-Turano Bakery, Inc.)  
(b) Bolingbrook Properties, LLC and MERUG Limited Liability Company  
(Knead Dough Baking Company)

**STATISTICS**

IFA Project #:	I-ID-TE-CD-416(a) I-ID-TE-CD-416(b)	Amount:	\$5,000,000 (Berwyn - Series 2004A) \$5,000,000 (Bolingbrook - Series 2004B) (not to exceed amounts)
Type:	IRB	IFA Staff:	Rich Frampton
Locations:	Berwyn & Bolingbrook	Tax ID:	36-2659816 and 36-4201015
SIC Code:	2759	Est. fee:	\$69,300 (assumes \$34,650 closing fee for both series combined; closings to be split by 15 days as required)

**BOARD ACTION**

Preliminary Bond Resolutions (2 projects) Conduit Industrial Revenue Bonds No extraordinary conditions	Staff recommends approval No IFA funds at risk
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**PURPOSE**

Purchase and installation of equipment and fixtures for commercial bakery facilities in Berwyn and Bolingbrook.

**IFA CONTRIBUTION**

The two Series of Bonds will altogether require approximately \$9.0 million of Volume Cap.

**VOTING RECORD**

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

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	Berwyn IRB (Ser. A)	\$4,500,000	Uses:	Project costs	\$9,000,000
	Bolingbrook IRB (Ser. B)	4,500,000		Issuance costs	<u>215,000</u>
	Equity	<u>215,000</u>		<b>Total</b>	<b><u>\$9,215,000</u></b>
	<b>Total</b>	<b><u>\$9,215,000</u></b>			

The principals of Campagna-Turano Baking Company and Knead Dough Baking Company will also contribute personal cash as required by Bank One (Chase), the prospective LOC Bank. The principals already have substantial equity in the pledged assets securing the proposed LOC.

	<b>JOBS</b>	
	<b>Berwyn</b>	<b>Bolingbrook</b>
Current employment:	340	188
Projected new jobs:	20	20
Jobs retained:	N/A	N/A
Construction jobs:	N/A	N/A

**BUSINESS SUMMARY**

**Background:** All borrowing entities and principal users of fixed assets to be financed under the proposed bond issue are affiliated by common ownership to the principal officers/shareholders of **Campagna-Turano Bakery, Inc.** of Berwyn, Illinois. Collectively, these borrowing entities and users will be referred to as the “Borrower” herein. Campagna-Turano Bakery, Inc. is also registered to do business as Turano Baking Company.

Predecessors of Campagna-Turano Bakery, Inc. [d/b/a Turano Baking Company (“Turano”, or the “Company”)] were established in Chicago in 1962. The Company is now owned and operated by the second generation of Turano family members and has been headquartered at its current Berwyn manufacturing facility since 1966.

The three brothers, who each control a one-third interest in Campagna-Turano Bakery, Inc. and Knead Dough Baking Co. are Renato (“Ron”) G. Turano, Umberto Turano, and Giancarlo Turano. *Additionally, the Turano brothers also control all affiliates of Campagna-Turano connected with this application that will either (1) own and lease real estate, (2) own and lease equipment, or (3) serve as a Corporate Guarantor (i.e., the underlying operating companies). Each owns a one-third interest in each of the affiliates listed below.*

**Knead Dough Baking Company** (“Knead Dough”) was established by the principals of Turano in 1993 to serve as the operating company for the Bolingbrook manufacturing facility. Knead Dough does not own any real or personal property, but produces bakery products sold to institutional clients.

**Berwyn Properties LLC** owns a 100% ownership interest in the Berwyn facility. **Bolingbrook Properties LLC**, the sole beneficiary of Chicago Title & Trust Co. under Land Trust No. 1098617, ultimately owns 100% beneficial interest of the Bolingbrook facility.

**MERUG LLC** owns all equipment in Berwyn and Bolingbrook. MERUG serves as the captive equipment leasing entity for Campagna-Turano and its affiliates.

The Berwyn project site is located in the City of Berwyn’s Roosevelt Road Tax Increment Financing District. The City of Berwyn previously deeded city street sections adjacent to Roosevelt Road to the Company to facilitate its 2000 expansion.

The Economic Disclosure Statement section of this report provides detailed ownership disclosure information on these entities.

**Description:** Campagna-Turano and its affiliates operate three Illinois plants located in Berwyn (Turano Baking Company Facility), Bolingbrook (Knead Dough Baking Company Facility), and Bloomingdale (Turano Pastry Company Facility). Campagna-Turano and its affiliates currently employ 578 people at its three Illinois locations.

The Berwyn bakery was originally established in 1966 and has been expanded several times – most recently in connection with the Series 2000 IFA (IDFA) Bonds. The 113,000 sq. ft. Berwyn facility provides 85,000 sq. ft. of production space and runs three shifts daily, 24 hours/day, six days a week.



The Berwyn facility has four semi-automated lines that produce over 120 bread items for sale to retail stores. The Berwyn bakery currently employs 340 people.

The Company purchased and renovated a vacant 92,000-sq. ft. building in Bolingbrook in 1994 to manufacture partially baked/frozen European-style breads sold to the Company's institutional customers. IDFA provided \$9.5 million of Industrial Revenue Bond financing to the Company in 1994 to finance the acquisition, renovation, and equipping of the Knead Dough Baking Company facility. All payments relating to the Series 1994 Bonds are current. The Bolingbrook facility currently operates three shifts daily, 24 hours/day, five days a week. (The Bolingbrook facility is located adjacent to I-55, and is southeast of the I-55/Illinois 53 interchange.)

At the time of the Company's 1993-4 application, the Borrower projected total employment of 120 within two years of start-up of the new Bolingbrook bakery facility.

In 2000, IFA (IDFA) also issued (1) \$6.9 million of Industrial Revenue Bonds to finance expansion of its Berwyn manufacturing facility and (2) \$3.5 million of Industrial Revenue Bonds to purchase production equipment for its Bolingbrook manufacturing facility. The two companies employed a total of 472 people at the time of the 2000 application. Turano and Knead Dough now employ a total of 528 people in Berwyn and Bolingbrook (with an additional 50 employees at the Turano Pastry Shop in Bloomingdale, Illinois. The Bloomingdale facility employs 50 people and manufactures cakes, cookies, and specialty products sold to restaurants and institutional food distributors.

This project will be IFA (IDFA's) third financing for Campagna-Turano Bakery, Inc. and its affiliates since 1994.

**Awards:** *Snack Food and Wholesale Bakery Magazine* named Turano Baking Company the 1998 Wholesale Baker of the Year. Turano/Knead Dough was also a 2000 recipient of the *William B. Darden Distinguished Vendor Award* by Darden Restaurants, Inc. of Orlando, FL (Darden is the parent company of The Olive Garden and Red Lobster restaurant chains).

**Financials:** Consolidated audited financial statements 2001-2003 for Campagna-Turano Bakery, Inc. and subsidiary, Berwyn Properties, LLC, Bolingbrook Properties, LLC, and MERUG Limited Liability Company. Projected financial statements 2004-2007.

	Year Ended December 31				Year Ending December 31		
	2001	2002	2003	2004	2005	2006	2007
	(Dollars in 000's)				(Dollars in 000's)		
<b>Income statement:</b>							
Sales	\$60,241	\$62,735	\$64,965	\$74,053	\$106,153	\$108,275	\$110,439
Net income	(260)	(485)	(63)	1,278	1,758	1,398	1,443
EBITDA + Rent Exp. in Excess of Debt Service	1,966	2,118	2,015	3,296	7,376	7,770	7,895
<b>Balance sheet:</b>							
Current assets	13,877	12,917	14,182	14,589	17,939	19,120	19,971
PP&E	10,804	11,908	13,702	12,828	19,049	17,479	16,077
Other assets	468	389	1,771	1,692	1,807	1,731	1,679
Total assets	25,149	25,214	29,655	29,109	38,795	38,330	37,727
Current liabilities	2,165	2,389	8,301	8,252	10,047	10,373	10,541
Debt	12,503	12,613	11,190	9,797	16,293	14,104	11,890
Other LT Liab.	337	328	765	765	765	765	765
Equity	10,144	9,884	9,399	10,295	11,690	13,088	14,531
Total Liab/Equity	25,149	25,214	29,655	29,109	38,795	38,330	37,727

Ratios:

Debt Service/ Fixed Oblig. Coverage	1.33x	1.10x	1.10x	1.29x	1.70x	1.60x	1.59x
Current Ratio	6.41	5.41	1.71	1.77	1.79	1.84	1.89
Debt/Equity	1.37	1.41	1.34	1.09	1.57	1.24	0.97

Discussion

(Proprietary): The historical and projected results reflect consolidation of Campagna-Turano and all affiliates. Accordingly, all long-term debt to third parties (including both the existing and proposed IRB) and the related fixed assets are reflected on the balance sheet of the consolidated entity.

The Company's 2005 sales assume new sales primarily to two existing customers (*Proprietary*: McDonald's Corporation and Sara Lee) associated with the expansion projects financed with IFA's Series 2004 Bonds.

The projections assume that (1) the proposed Bond issues closes as of January 31, 2005, (2) monthly payments begin in January 2005, (3) bond payments are amortized over 10 years with level debt service payments at an assumed fixed interest rate of 10%, and (4) due to economies of scale the Company projects improved net margins in future years.

Campagna-Turano and its affiliates have recorded new net sales records in each of the last seven years. Much of this sales growth has resulted from increased institutional sales from the Bolingbrook facility that opened in 1994 and the 2000 Berwyn and Bolingbrook expansions financed by IFA (IDFA).

The Company has generated strong historical debt service coverage of 1.10 times or better over the past three years. The projections indicate that future debt service coverage is expected to remain strong at least 1.59 times or better.

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**FINANCING SUMMARY**

Security: Direct Pay Letter of Credit from Bank One (Chase) (the "Bank").  
 Structure: 7-day Variable Rate Demand Bonds (current effective average rate 2.70% as of 9/28/04)  
 Maturity: 10 Years for both Series 2004A and Series 2004B  
 Bank Security: Bank One is secured by First Mortgages on the subject properties and by a blanket first security interest in all equipment. Additionally, the Bank will be secured by an Assignment of Rent and Lease Payments on all assets leased from affiliated or captive entities, corporate guarantees from the operating companies, and personal guarantees from corporate officers of the operating entities.

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**PROJECT SUMMARY**

Bond proceeds will be used to finance (1) the purchase and installation of commercial bakery equipment, fixtures, and related site improvements at the Company's existing, approximately 163,000 SF manufacturing facility located at 6417-6519 W. Roosevelt Road, Berwyn (Cook County), Illinois, and to (2) the purchase and installation of commercial bakery equipment, fixtures, and related site improvements at the Company's existing, approximately 92,000 sq. ft. manufacturing facility located at 555 S. Joliet Road, Bolingbrook (Will County), Illinois 60440-3607. Additionally, Bond proceeds may also be used to pay bond issuance costs.

Estimated project costs are as follows:

	<u>Berwyn</u>	<u>Bolingbrook</u>
Machinery & Equipment:	\$4,500,000	\$4,500,000
<b>Total</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>

**ECONOMIC DISCLOSURE STATEMENT**

Co-Applicants: Berwyn Properties LLC, Bolingbrook Properties LLC; and MERUG Limited Liability Company, (c/o Mr. Renato G. "Ron" Turano, President, Campagna-Turano Baking Co., 6501 W. Roosevelt Rd., Berwyn, IL 60402-0718 Ph.: 708/788-9220; Fax: 708/788-3075);  
Web site: <http://www.turanobaking.com>  
Project name: Campagna-Turano Bakery Inc. Project and Knead Dough Baking Co. Project  
Locations: (1) Campagna-Turano Baking Co., 6417-6519 W. Roosevelt Road, Berwyn (Cook County), Illinois 60402-0718 (and including contiguous properties)  
(2) Knead Dough Baking Co., 555 S. Joliet Rd., Bolingbrook (Will County), Illinois 60440-3607

<i>Co-Obligor/Guarantor:</i>	<b>Organization</b>	<b>State</b>
Berwyn Properties LLC	LLC	Illinois
Bolingbrook Properties LLC	LLC	Illinois
MERUG LLC	LLC	Illinois
Campagna-Turano Bakery, Inc.	Corporation	Illinois
Knead Dough Baking Co.	Corporation	Illinois

**Ownership of Co-Applicants and Corporate Guarantors:**

***Berwyn Properties LLC (owns the Berwyn manufacturing facility):***

<b>Members:</b>		<b>Managing Member</b>
RGT Family LLC:	33.33%	Renato G. Turano
UAT Family LLC:	33.33%	Umberto A. Turano
GT Family LLC:	33.33%	Giancarlo Turano

***Bolingbrook Properties LLC (owns the Bolingbrook manufacturing facility), is the sole beneficiary of Chicago Title and Trust Company, as Trustee under Illinois Land Trust No. 1098617 (the Land Trust holds title to the Bolingbrook manufacturing facility):***

Bolingbrook Properties LLC:	100.00% beneficiary of Land Trust No. 1098617	
Members of Bolingbrook Properties LLC:		<b>Managing Member</b>
RGT Family LLC:	33.33%	Renato G. Turano
UAT Family LLC:	33.33%	Umberto A. Turano
GT Family LLC:	33.33%	Giancarlo Turano

***MERUG LLC (owns all equipment leased to the operating companies in Berwyn and Bolingbrook):***

<b>Members:</b>		<b>Managing Member</b>
RGT Family LLC:	33.33%	Renato G. Turano
UAT Family LLC:	33.33%	Umberto A. Turano
GT Family LLC:	33.33%	Giancarlo Turano

***Campagna-Turano Bakery, Inc. (operating company in Berwyn and corporate offices/administration):***

<b>Shareholders:</b>		<b>Managing Member</b>
RGT Family LLC:	33.33%	Renato G. Turano
UAT Family LLC:	33.33%	Umberto A. Turano
GT Family LLC:	33.33%	Giancarlo Turano

***Knead Dough Baking Co. (operating company in Bolingbrook):***

<b>Shareholders:</b>		<b>Managing Member</b>
RGT Family LLC:	33.33%	Renato G. Turano
UAT Family LLC:	33.33%	Umberto A. Turano
GT Family LLC:	33.33%	Giancarlo Turano

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**PROFESSIONAL & FINANCIAL**

Counsel:	Campagna-Turano Bakery, Inc.	Berwyn, IL	Lisa Turano
Accountant:	R. J. Augustine & Associates, Ltd.	Schaumburg, IL	Richard Augustine
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Matt Lewin
LOC Bank:	Bank One (Chase)	Bensenville, IL	Andrew Salsky
LOC Bank Counsel:	TBD		
Placement Agent:	JP Morgan Securities, Inc.	Chicago, IL	
Placement Counsel:	TBD		
General Contractor:	Not applicable		
Trustee/Fiscal Agent:	TBD		
IDFA Counsel:	To be determined		

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**LEGISLATIVE DISTRICTS**

	<u>Berwyn</u>		<u>Bolingbrook</u>	
Congressional:	4	Luis V. Gutierrez	13	Judy Biggert
State Senate:	4	Kimberly A. Lightford	43	Larry Walsh
State House:	8	Calvin L. Giles	85	Brent Hassert

# Illinois Finance Authority

## Memorandum

To: IFA Board of Directors

From: Sharnell Curtis-Martin

Date: October 12, 2004

Re: Overview Memo for Rose Road LLC and Edward J. Smith, Trustee  
(Termax Corporation)  
IFA Project # I-ID-TE-CD-415

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- **Borrower/Project Name:** Rose Road LLC and Edward J. Smith, Trustee (Termax Corporation)
- **Location:** Lake Zurich, IL (Lake County)
- **Principal Project Contact:** William R. Smith, General Manager
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** \$3,800,000 (not-to-exceed amount)
  - Uses:
    - New Money: proceeds will be used to finance the acquisition of land, building, renovations, machinery and equipment and to pay certain bond issuance costs.
- **Project Type:** Industrial Revenue Bonds
- **IFA Benefits:**
  - Conduit Tax-Exempt Bonds
  - Interest Savings estimate to be determined
- **IFA Fees:**
  - Application Fee \$1,500
  - Bond Issuance Fee \$28,500
- **Structure/Ratings:**
  - Direct Pay Letter of Credit provided by Bank One, N.A.
  - Variable Rate Demand Bonds
  - Maturity to be determined
- **Recommendation:**
  - Staff recommends approval

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project:** Rose Road LLC and Edward J. Smith, Trustee (Termax Corporation)

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**STATISTICS**

IFA Project #	I-ID-TE-CD-415	Amount:	\$3,800,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	IFA Staff:	Sharnell Curtis-Martin
Location:	Lake Zurich	Tax ID:	36-2737583
SIC Code:	3940	Est. fee:	\$28,500

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**BOARD ACTION**

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

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**PURPOSE**

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

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**IFA CONTRIBUTION**

The Applicant will be seeking approximately \$3.7 million of 2004 IFA Volume Cap.

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**VOTING RECORD**

Preliminary Bond Resolution; no previous voting record.

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Bond	\$3,700,000	Uses:	Project Costs	\$4,900,000
	Equity	<u>1,300,000</u>		Bond Issuance Costs	<u>100,000</u>
	Total Sources	<u>\$5,000,000</u>		Total Uses	<u>\$5,000,000</u>

Equity for the project is personal cash contributions of Mssrs. William and Michael Smith.

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**JOBS**

Current employment:	72	Projected new jobs:	28
Jobs retained:	N/A	Construction jobs:	To Be Determined

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## BUSINESS SUMMARY

**Background:** Termax Corporation was incorporated as an Illinois corporation in June 1971 by Edward J. Smith. Mr. William R. Smith presently serves as the President and General Manager of Termax and Mr. Michael W. Smith serves as the Vice President of Sales.

When the Company was incorporated, its primary function was the manufacturing and sale of electrical terminals. Over the last 30 years Company's core business has shifted from electrical terminals to automotive fasteners. The Company has operated in its present Rolling Meadows facility September 2000 and acquired a new smaller facility in Schaumburg. Key products include fasteners for automotive and passenger trucks and headliners by General Motors, Ford and Daimler Chrysler.

**Description:** Rose Street LLC was created in August 2004 for the express purpose of purchasing and maintaining the facility located at 1155 Rose Street, Lake Zurich, and Illinois. The Principal members of Rose Street LLC are also the same owners of Termax Corporation.

**Remarks:** Termax's major customers include: Chrysler, Ford, General Motors, Lear Corporation, Collins & Aikman and Johnson Controls.

**Financials:** Reviewed Financial Statements 10/31/01 – 10/31/03  
Internally prepared financial projections 10/31/04 – 10/31/06

	<u>Year Ended Oct 31</u>			<u>Year Ending Oct 31</u>		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)					
<b>Income statement:</b>						
Sales	\$9,495	\$11,778	\$12,512	\$15,500	\$17,500	\$20,000
Net income	396	635	710	1,316	1,368	1,685
<b>Balance sheet:</b>						
Current assets	\$3,718	\$4,007	\$4,088	\$6,721	\$7,381	\$8,881
PP&E	1,573	1,531	1,703	6,639	6,830	6,880
Other assets	29	6	11	0	0	0
Total assets	<u>5,320</u>	<u>5,544</u>	<u>5,802</u>	<u>13,360</u>	<u>14,211</u>	<u>15,761</u>
Current liabilities	1,263	1,141	812	1,640	1,300	1,350
Non Current liabilities	726	438	316	3,515	3,330	3,145
Equity	<u>3,329</u>	<u>3,965</u>	<u>4,675</u>	<u>8,205</u>	<u>9,581</u>	<u>11,266</u>
Total liabilities/equity	<u>\$5,320</u>	<u>\$5,544</u>	<u>\$5,803</u>	<u>\$13,360</u>	<u>\$14,211</u>	<u>\$15,761</u>
<b>Ratios:</b>						
Debt coverage	7.32x	4.25x	10.09x	6.07x	6.01x	7.03x
Current ratio	2.94	3.51	5.04	4.10	5.68	6.58
Debt/equity	0.22	0.17	0.07	0.45	0.37	0.30

**Discussion:** Termax currently has two line of credit available through Bank One and Cornerstone National Bank for a total of \$1,300,000 with nothing presently outstanding on either line of credit.

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## FINANCING SUMMARY

Security: Bonds are to be secured by a direct pay Letter of Credit provided by Bank One, N.A.  
Structure: Variable Rate Bonds (current average effective market rate of 2.7% as of 9/28/04)  
Maturity: To Be Determined

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## PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of approximately five acres of land, acquisition of an approximately 76,500 square foot manufacturing facility located at 1155 Rose Street, Lake Zurich (Lake County), IL, renovations, and to finance the acquisition of machinery and equipment for use therein and to pay certain bond issuance costs. Project costs are estimated as follows:

Building	\$3,570,000
Land	655,000
Renovations	275,000
New Machinery and Equipment	300,000
Used Machinery and Equipment	<u>100,000</u>
<b>Total Project Costs</b>	<b><u>\$4,900,000</u></b>

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## ECONOMIC DISCLOSURE STATEMENT

Applicant: Rose Road LLC and Edward J. Smith, Trustee (Termax Corporation)  
920 Remington Road, Schaumburg, IL 60173  
Project name: Termax Corporation New Facility  
Location: 1155 Rose Street, Lake Zurich (Cook County), IL  
Organization: Corporation  
State: Illinois  
Ownership: William R. Smith 24.5%  
Michael W. Smith 24.5%  
Edward J. Smith 51.0 %  
Land Sellers: Jeff Tideman

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## PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Drost, Kivlahan and McMahon	Arlington Heights	Pat McMahon
Accountant:	Nykiel, Carlin & Company, Ltd.	Schaumburg	Thad Jurczak
Bond Counsel:	Chapman and Cutler	Chicago	Fred Snow
LOC Bank:	Bank One, N.A.	Chicago	
Underwriter:	JP Morgan Securities	Chicago	Shelley Phillips
Underwriter's Counsel:	To Be Determined		
Issuer's Counsel:	To Be Determined		
Trustee:	To Be Determined		

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**LEGISLATIVE DISTRICTS**

Congressional: 8 -- Phillip M. Crane  
State Senate: 26 -- William E. Peterson  
State House: 52 -- Mark H. Beaubien, Jr.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: October 12, 2004

Re: Overview Memo for Vision Molded Products, Inc. and its affiliates  
I-ID-TE-CD-414

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- **Borrower/Project Name:** Vision Molded Products, Inc. and its affiliates
- **Location:** Elgin (Kane County)
- **Principal Project Contact:** John Dombek, Jr., President, c/o Wisconsin Tool Products, Inc., Schiller Park, Illinois
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$3.2 million
  - Uses – 100% New Money
    - Acquisition and renovation of a manufacturing facility that Vision currently leases.
- **Project Type:** Industrial Revenue Bonds
- **IFA Benefits:**
  - **Conduit Tax-Exempt Industrial Revenue Bonds:**
    - no direct IFA or State funds at risk
    - this project will use approximately \$3.15 million of IFA Volume Cap
- **IFA Fees:**
  - One-time, upfront closing fee estimated at \$24,255
- **Structure/Ratings:**
  - Bonds to be credit enhanced by a Direct Pay Letter of Credit from Bank One (Chase) and sold initially as 7-day variable rate demand bonds
  - Bank One's current ratings:
    - **Long-Term Ratings:** AA3 (stable)/AA- (stable)/AA- (positive) (Moody's/S&P/Fitch)
    - **Short-Term Ratings:** VMIG1/A-1+/F1+ (Moody's/S&P/Fitch)
    - **These ratings were affirmed as of 6/29/04 (Moody's) and 7/1/04 (S&P/Fitch).**
  - 20-year maturity

- **Estimated interest rates:**

- The Bonds will be sold initially as 7-day variable rate demand bonds. The most recent average effective interest rate on IFA's 7-day floaters was 2.70% as of 9/28/04.

- **Recommendations/Conditions:**

- Because the proposed 7-day variable rate demand bonds will be credit enhanced by a high investment grade Direct Pay Bank LOC, Staff recommends approval with no extraordinary conditions.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project:**      **Vision Molded Products, Inc. and its affiliates**

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**STATISTICS**

Project Number:	I-ID-TE-CD-414	Amount:	\$3,200,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	IFA Staff:	Rich Frampton
Location:	Elgin	Tax ID:	20-0818445
SIC Code:	3089	Est. fee:	\$24,255 (based on a \$3.15 million bond amount)

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**BOARD ACTION**

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

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**PURPOSE**

Proceeds will be used to purchase, renovate, and equip a manufacturing facility in Elgin for use as plastic injection molding manufacturing facility

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**IFA CONTRIBUTION**

This project will require approximately \$3.1 million of 2004 IFA Volume Cap.

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**VOTING RECORD**

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

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$3,150,000	Uses:	Project Costs	\$3,150,000
	Equity/Bank Line	<u>120,000</u>		Costs of Issuance	<u>120,000</u>
	<b>Total</b>	<b><u>\$3,270,000</u></b>		<b>Total</b>	<b><u>\$3,270,000</u></b>

Equity will be provided from personal assets of the principals and other collateral pledged to Bank One.

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**JOBS**

Current employment:	50	Projected new jobs:	63
Jobs retained:	50	Construction jobs:	5-10 (2 months)

By purchasing the assets of this Company through a Bank One negotiated workout with the previous owners, the Dombeks have already retained 50 existing jobs in Elgin.

## BUSINESS SUMMARY

**Background:** Vision Molded Products, Inc. ("Vision" or the "Borrower") is an Illinois corporation formed in March 2004 to purchase the assets of the former Vision, Inc. John Dombek, Jr., President, and John Dombek, III, Vice President, now own a controlling ownership interest in the Company, which the prior owners Jeff Angston and Jeff Kurgan, the prior owners of Vision, Inc. retaining a non-controlling (see Economic Disclosure Statement section on Page 4 of this report for additional information).

Prior to closing, the principals of Vision Molded Products, Inc. will form a special purpose limited liability company to hold title to the subject property and serve as Borrower. (Bank One/Chase, the prospective Letter of Credit Bank, would also be secured by a corporate guarantee from Vision Molded Products, Inc. and an Assignment of Rents and Leases.)

**Description:** John Dombek, Jr., and John Dombek, III, the principal owners of Vision Molded Products, Inc., have specialized in the acquisition and turnaround of distressed middle market manufacturing companies over the last ten years. The Dombeks reputation for successfully managing turnarounds has been recognized by several banks. Pursuant to a referral from Bank One (also the Dombek's lender), the Dombeks closed on the acquisition of the former Vision, Inc. in early 2004.

Typically, the Dombeks purchase companies that offer complimentary products and services to those offered by the Dombek's existing family of companies. By reducing costs and improving value-added custom engineering, and assuring quality that complies with ISO 9000 and QS9000 guidelines (often a first for the companies that they have acquired) the Dombeks have built an impressive track record of turnarounds.

In late 2002, the Dombeks purchased the assets of Wisconsin Tool & Stamping Company from the U.S. Bankruptcy Court. In December 2003, IFA (IDFA) provided \$4.3 million of Industrial Revenue Bond financing that enabled the Dombeks to purchase and upgrade Wisconsin Tool's existing manufacturing facility in Schiller Park. (The facility had previously been under control of the U.S. Bankruptcy Court.)

Subsequent to that purchase, the Dombeks relocated the operations of several affiliated Illinois-based companies to the Wisconsin Tool facility in Schiller Park including Smithco Fabricators, Inc., Akorat Metal Fabricators, Inc., Fracar Sheet Metal Inc., Midland Metal Fabricating, Inc., Illinois Range, Inc., thereby consolidating operations at a single location.

The Dombek's recent experience in turning around Wisconsin Tool repeats their success in prior turnaround efforts. At Wisconsin Tool, the Dombeks were able to increase sales by from \$7.5 million in 2001 to \$18.7 million in 2002 while posting net income of \$472,000 in 2002 (compared to a \$79,000 loss in 2001).

The Dombek's customer list includes several prominent OEM manufacturers including: Ford Motor Company, General Motors Corp., Sony Corp., Skil Tool, Delphi Electronics, Illinois Tool Works, Inc., Snap-On Tools, Canon Business Machines, Tower Automotive, and Walsh Construction.

John Dombek, Jr., has over 40 years experience managing and owning manufacturing companies. Prior to his initial purchase of Skokie-based Scherer Manufacturing in 1978, John Dombek, Jr., served as plant manager, controller, and VP-Manufacturing for several companies. John Dombek, Jr., holds a BS in Mechanical Engineering from Northwestern University, an MBA from Harvard University, and is also a Certified Public Accountant.

John Dombek, III, has a BS in Mechanical Engineering from the University of Illinois at Urbana-Champaign and an MS in Manufacturing Engineering and MBA from Carnegie Mellon University. John Dombek III also worked as a management consultant with KPMG Peat Marwick and joined his father's companies in 1989.

Financials: Historical Results are irrelevant for the prior Company and are not presented. Interim statements for (new) Vision Molded Products, Inc. for the 3 months from inception 3/31/04 through 6/30/2004. Projection for the 9 months ended 12/31/2004 and fiscal years ended 12/31/2005-12/31/07.

	Year Ended Dec. 31			Projections-Year Ended Dec. 31		
	6/30/04	2004	2004	2005	2006	2007
	3 mo's.	9 mo's.	Annualized	(Dollars in 000's)		
	Actual	Projected	Sales/Income Only			
<b>Income statement:</b>						
Sales	\$1,233	\$3,503	\$4,671	\$5,824	\$7,280	\$9,100
Net income	105	133	177	398	545	741
<b>Balance sheet:</b>						
Current Assets	1,779	1,949		1,957	2,445	3,086
Net PP&E	778	695		3,681	3,567	3,756
Other Assets	--	--		120	120	120
<b>Total</b>	<b>2,557</b>	<b>2,644</b>		<b>5,758</b>	<b>6,132</b>	<b>6,962</b>
Current Liabilities	307	476		602	432	522
Long Term Liab.	1,574	1,464		3,840	3,546	3,246
Subordinate Debt	300	300		300	300	300
Equity	376	404		1,016	1,854	2,894
<b>Total</b>	<b>2,557</b>	<b>2,644</b>		<b>5,758</b>	<b>6,132</b>	<b>6,962</b>
<b>Ratios:</b>						
Debt coverage	2.36x	1.58x		3.75x	4.29x	5.35x
Current ratio	5.79	4.09		3.25	5.66	5.91
Senior Debt/Equity	3.39	3.07		3.56	1.80	1.05

Discussion: Vision Molded Products, Inc. initiated operations under its current ownership as of 4/1/04. Because of the recapitalization of the Company, including new terms on debt with Bank One, the prior financial statements are not comparable. The financial statements reported above include: (1) the first 3 months of operation, through 6/30/04, (2) projections for the 9 months ended 12/31/04, (3) annualized sales results for 2004 based on the Company's nine-month projections, and (4) projections for 2005-2007.

Under the proposed bond issue, Bank One will be cross collateralized by other business and personal assets owned by the Dombeks until certain financial performance benchmarks and covenants are attained by Vision Molded Products, Inc., as a stand-alone company. These cross guarantees will expire based on Vision's attaining specified financial performance parameters, including minimum debt service coverage from operations and tangible net worth benchmarks.

The Dombeks are basing their sales projection for Vision on their ability to provide integrated cross-selling with their other companies for certain plastic assemblies. Although the Dombeks have projected more rapid sales growth than represented above (i.e., \$8.1 million in 2005 and \$12.15 million in 2006), IFA staff has assumed a more conservative growth rate of 25% per annum over the next three years. The Dombeks previous turnaround experience with Wisconsin Tool suggests that a 25% annual growth rate is reasonable.

The accompanying projections assume that (1) the proposed bonds are issued as of 1/1/05, (2) the Company will record 25% sales growth from 2005-2007, (3) expenses will trend according to expenses incurred to date in 2004, (4) payments will be amortized over 20 years at a 6% fixed interest rate (actual bonds will be sold as 7-day floaters; current effective rate as of 9/23/04 was 2.60%, so this assumption is conservative and consistent with bank-prepared forecasts).

The Company has a \$1,000,000 Line of Credit from Bank One. The Company had \$171,000 outstanding against this Line as of 6/30/04.

Significantly, the new facility will enable Vision Molded Products, Inc. to reduce occupancy expenses compared to the Company's existing lease with a third party lessor. Vision's current annual building rent expense is \$343,000. The proposed debt service payments will be approximately \$277,000 per annum under proposed terms on the Bonds. Accordingly, in the projections, Vision's debt service/fixed obligation coverage improves to 3.75 times or better beginning in 2005.

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### FINANCING SUMMARY

**Security:** Bonds will be secured by a Bank One (Chase) Direct Pay Letter of Credit [Aa3/Stable (long-term) and VMIG1 (short-term) by Moody's; AA-/Stable (long-term) and A-1+ (short-term) by S&P, and AA-/Positive and F1+ by Fitch].

**Structure:** Bonds will be sold initially as 7-day floaters (*i.e.*, 7-day variable rate demand bonds) based on Bank One's short-term A-1+ rating (S&P). The most recent average rate on 7-day floaters was 1.35% as of 9/23/2004 (thereby resulting in an effective interest rate of approximately 2.60% – inclusive of all credit enhancement, remarketing agent, and trustee fees).

**Maturity:** 20 years

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### PROJECT SUMMARY

Bond proceeds will be used to finance the purchase, renovation, and equipping of an existing approximately 42,500 SF manufacturing facility located on an approximately 2.0 acre site at 2425 Alft Lane, Elgin (Kane County), IL 60123-7864. Additionally, bond proceeds may also be used to finance miscellaneous site improvements, and to pay bond issuance costs.

Estimated project costs are as follows:

Land and Building Acquisition:	\$2,670,000
Renovation:	300,000
Equipment:	<u>180,000</u>
<b>Total:</b>	<b>\$3,150,000</b>

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### ECONOMIC DISCLOSURE STATEMENT

**Applicant:** Vision Molded Products, Inc. (Contact: Mr. John Dombek, Jr., c/o Wisconsin Tool & Stamping, 9521 W. Ainslie Street, Schiller Park, IL 60176; Ph.: 847/678-7573)

**Project name:** Vision Molded Products, Inc.

**Location:** 2425 Alft Lane, Elgin (Kane County), IL 60123-7864

**Organization:** C Corporation

**State:** Illinois

**Ownership:** John Dombek, Jr., Chicago, IL: 25.0%  
John Dombek, III, Barrington, IL: 25.0%  
Jeff Angston, Elburn, IL: 25.0%  
Jeff Kurgan, Hoffman Estates, IL: 25.0%

**Seller**

**Disclosure:** Slough Estates USA, Inc., 444 North Michigan Ave., Suite 3230, Chicago, IL 60611, 312-755-0700;

Slough Estates USA, Inc. is the US-based subsidiary of Slough Estates PLC. Slough Estates PLC is a UK-based, publicly-traded real estate development company. The Company's stock is publicly traded on the London Stock Exchange. Web site: [www.sloughestates.com](http://www.sloughestates.com)

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**PROFESSIONAL & FINANCIAL**

<b>Borrower's Counsel:</b>	Robbins, Saloman & Patt	Chicago, IL	Michael Schlesinger
<b>Bond Counsel:</b>	Ice Miller	Chicago, IL	Tom Smith
<b>LOC Bank:</b>	Bank One (Chase)	Chicago, IL	Andrew Salsky
<b>Placement Agent:</b>	Wachovia Securities	Grand Rapids, MI	
<b>Remarketing Agent:</b>	Wachovia Securities	Grand Rapids, MI	
<b>Bank Counsel:</b>	TBD		
<b>Placement Counsel:</b>	TBD		
<b>Accountant:</b>	Grey Hunter Stenn	Oak Brook, IL	Charles Arbiter
<b>General Contractor:</b>	TBD		
<b>Project Consultant:</b>	Carroll Financial Group, Inc.	Des Plaines, IL	Allan Carroll
<b>Trustee:</b>	TBD		
<b>Issuer's Counsel:</b>	To be determined		

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**LEGISLATIVE DISTRICTS**

<b>Congressional:</b>	14 J. Dennis Hastert
<b>State Senate:</b>	25 Chris Lauzen
<b>State House:</b>	49 Timothy L. Schmitz

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# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Kevin Koenigstein  
Date: October 12,, 2004  
Re: Overview Memo for Beginning Farmer Bonds

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- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Preliminary Bond Resolutions/Inducement Resolutions for each attached project
- **Amounts:** amounts up to \$250,000 maximum of new money for each project
- **Project Type:** Beginning Farmer Revenue Bonds
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2004 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
  - One-time closing fee equal to 1.50% of the bond amount for each project (\$3,750) combined for Preliminary Bond Resolutions, as proposed)
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan

**BEGINNING FARMER BOND LOANS**  
**New Projects for Inducement Resolution**  
**October 12, 2004**

Project Number: A-FB-TE-CD-440  
Borrower(s): Garry M. Pope  
Town: Mahomet  
Amount: \$250,000  
Fees: \$3,750  
Use of Funds: Farmland – 80 acre grain farm  
Purchase Price: \$368,000  
    % Borrower Equity 32%  
    % Other Agency 0%  
    % IFA 68%  
County: Montgomery  
Lender/Bond Purchaser: First National Bank of Raymond

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

Interest shall be charged at the rate of 4.25% for the first five years, thereafter adjusted every five years to a rate not to exceed 0.25% below the National Prime Rate as quoted in the Wall Street Journal provided a 4.00% floor and a 7.50% ceiling.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Pam Lenane  
Date: October 12, 2004  
Re: Overview Memo for The Carle Foundation

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- **Borrower/Project Name:** The Carle Foundation
- **Locations:** Urbana
- **Principal Project Contact:** Rob Tonkinson, Vice President - Finance
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed \$200,000,000, comprised of approximately:
  - \$80.7 million of new project costs: A portion of the proceeds of the Series 2004A Bonds will be used, together with other available funds, to pay, or reimburse Carle for paying, the cost of the Project, including the construction, renovation and equipping of certain health care facilities, including without limitation a two-story addition to the Carle's 295-licensed bed main hospital, a five-story addition to the North Tower on the Corporation's main hospital campus and the renovation of the main hospital's emergency room.
  - \$109.7 million of refundings (Refund 1996 and 1998A bonds, restructure 1999 bonds)
  - \$5.6 million in costs of issuance
- **Project Type:** Hospital
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
  - **Refunding Bonds:** the underwriters anticipate that the Hospital will realize approximately \$2.6 million in present value savings, or 15.5% of refunded par, from the refinancing of the Series 1996 Bonds – achieved through an interest rate swap to be executed in September 2004 in order to lock in a fixed rate The underwriters also anticipate that the Hospital will realize approximately \$1.7 million in present value savings, or 6.3% of refunded par, from the refinancing of the Series 1998A Bonds – also achieved through an interest rate swap to be executed in September 2004 in order to lock in a fixed rate.
- **IFA Fees:**
  - One-time, upfront closing fee of \$137,420

- **Structure/Ratings:**

- **Structure** – Underwriters plan to sell \$196,025,000 FGIC insured (Aaa/AAA/AAA-) auction rate bonds
- **Ratings** – Carle does not currently maintain public, long-term ratings
- **Days' cash on hand** – 389 days

12  
20  
10-21

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 12, 2004**

**Deal:           The Carle Foundation**

**STATISTICS**

Deal Number:	H/HO/TE/CD-417	Amount:	\$200,000,000 (not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Locations:	Urbana	Originator:	Pam Lenane
		Est fee:	\$137,420.00

**BOARD ACTION**

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

**PURPOSE**

The proceeds from the sale of the Series 2004A Bonds will be used to: (i) advance refund a portion of the outstanding principal amount of the Illinois Health Facilities Authority Revenue Bonds, Series 1996 (The Carle Foundation Issue), (ii) advance refund a portion of the outstanding principal amount of the Illinois Health Facilities Authority Revenue Bonds, Series 1998A (The Carle Foundation), (iii) current refund the outstanding Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 1999 (The Carle Foundation), (iv) finance the cost of the acquisition, construction, renovation and equipping of certain health care facilities of the Corporation, (v) pay a portion of the interest on the Series 2004A Bonds, and (vi) pay certain expenses incurred in connection with the issuance of the Series 2004A Bonds and the refunding of the Prior Bonds to be refunded, including the premium for a financial guaranty insurance policy with respect to the Series 2004A Bonds.

**IFA CONTRIBUTION**

Federal Tax-Exempt status on the Bonds

**VOTING RECORD**

The IFA Board gave its initial approval for this project on September 14, 2004 by the following vote:

Ayes - 9	Nays - 0	Absent - 3	Vacancies - 3
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**SOURCES AND USES OF FUNDS\***

Sources:	IFA bonds	<u>\$196,025,000</u>	Uses:	Project Costs	\$80,739,600
				Refundings	109,660,860
				Costs of Issuance	<u>5,624,540</u>
	Total	<u>\$196,025,000</u>	Total		<u>\$196,025,000</u>

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**JOBS**

Current employment:	1,807	Projected new jobs:	60
Jobs retained:	1,807	Construction jobs:	200

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**BUSINESS SUMMARY**

**Background:** The Carle Foundation Hospital ("Carle" or the "Hospital") is a subsidiary of the Carle Health Care System and is a 501(c)(3) corporation established under Illinois law.

**Description:** The Carle Health Care System (the "Health Care System" or "Health System") consists of The Carle Foundation ("Corporation"), its affiliated corporations, all of which either are controlled by or all the outstanding stock of which is owned directly or indirectly by the Corporation, and a group of entities that are not controlled by the Corporation. The Health Care System functions as a vertically integrated provider of a broad spectrum of inpatient, outpatient and long-term health care services to a large and predominantly rural service area in east central Illinois and west central Indiana surrounding the cities of Champaign and Urbana, Illinois. The Health Care System, through The Carle Foundation Hospital (the "Hospital"), is the primary teaching hospital of the University of Illinois School of Basic Medical Services and Clinical Medicine at Urbana-Champaign. The Corporation and its controlled affiliates operate a variety of health care facilities and programs, including a 295-bed hospital; a 240-bed skilled nursing facility; a nine-county home care agency; a certified hospice; an emergency transportation system; a 174-unit continuing care retirement community; retail pharmacies; and a durable medical equipment company.

On the date of issuance of the Series 2004A Bonds, the Corporation, The Carle Foundation Hospital ("Hospital"), Carle Health Care Incorporated ("Carle Health Care"), The Carle Arbours, Inc. ("Arbours"), and Carle Retirement Centers, Inc. ("Retirement Centers") will be the only Members of the Obligated Group. Each Member of the Obligated Group is jointly and severally liable on each Obligation now or hereafter issued and outstanding under the Master Indenture, and pursuant to the Master Indenture each Member of the Obligated Group pledges its Unrestricted Receivables to secure payment of the Obligations. Each of the Corporation, the Hospital, Carle Health Care, the Arbours, and Retirement Centers is an Illinois not for profit corporation and is exempt from federal income taxation.

Financials: The Carle Foundation  
Consolidated Audited Financial Statements 2002-2003, Unaudited 2004

	Year Ended June 30,		
	2002	2003	2004*
(Dollars in 000's)			
<b>Statement of Revenues/Exp.:</b>			
Revenue/Support	\$252,686	\$301,934	\$331,572
Operating Income	3,180	21,050	18,046
<b>Balance sheet:</b>			
Current Assets	\$154,804	\$190,207	\$269,307
PP&E – Net	185,167	189,689	190,074
Other Assets	234,788	237,629	248,882
<b>Total Assets</b>	<b>\$574,759</b>	<b>\$617,525</b>	<b>\$708,263</b>
Current Liabilities	49,877	59,702	88,850
LT Debt/Liabil.	157,455	152,213	146,753
Other Non-Current Liab.	64,582	90,671	90,944
<b>Net Assets</b>	<b>302,844</b>	<b>314,939</b>	<b>381,716</b>
<b>Total Liab. &amp; Net. Assets</b>	<b>\$574,758</b>	<b>\$617,525</b>	<b>\$708,263</b>
<b>Ratios:</b>			
Historical Proforma MADS**	2.0x	1.4x	4.4x
Days Cash	375	344	389
Current ratio	3.10	3.19	3.03
Debt/Net Assets	0.52	0.48	0.38

Discussion: The Foundation has experienced consistently strong operations in recent years, generating sufficient cash flow to cover its debt obligations. Carle's combined cash/short-term investments and long-term investments provided sufficient liquidity to cover 389 days of operating expenses as of 6/30/2004.

#### FINANCING SUMMARY

Security: Carle does not currently maintain long-term, public ratings. The Series 2004 financing will be rated "AAA" based upon insurance from Financial Guaranty Asset Corporation (FGIC). FGIC is rated "AAA" by all three rating agencies.

Structure: The current plan of finance contemplates the issuance of floating rate bonds in the form of auction rate securities for a total par amount of \$196.0 million (supporting approximately \$80.7 million of new project costs, \$109.7 of refunding/restructuring costs, plus costs of issuance):

\$196,025,000 Insured Auction Rate Bonds

In preparation for the refinancing portion of this transaction, Carle anticipates entering into two interest rate swap agreements in September 2004. Carle will enter into these swap agreements in order to lock in desirable present value savings on the refunding of Carle's Series 1996 and 1998A Bonds as well as to fix out the restructuring of the Series 1999 Bonds.

Maturity: 24yr – refunding, synthetic fixed rate bonds (Series 2004A-1)  
30yr – restructuring, synthetic fixed rate bonds (Series 2004A-2)  
30yr – new money, variable rate bonds (Series 2004A-3 and 2004A-4)

\*Fiscal year 2004 financial performance is unaudited.

\*\* Represents estimated pro forma maximum annual debt service of \$13,244, which incorporates the 2004 financing.

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**INTEREST SAVINGS**

Carle anticipates realizing approximately \$2.6 million in present value savings, or 15.5% of refunded par, from the refinancing of the Series 1996 Bonds – achieved through an interest rate swap to be executed in September 2004 in order to lock in a fixed rate. Carle also anticipates realizing approximately \$1.7 million in present value savings, or 6.3% of refunded par, from the refinancing of the Series 1998A Bonds – also achieved through an interest rate swap to be executed in September 2004 in order to lock in a fixed rate.

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**PROJECT SUMMARY**

A portion of the proceeds of the Series 2004A Bonds will be used, together with other available funds, to pay, or reimburse the Corporation for paying, the cost of the Project. The Project includes the acquisition, construction, renovation and equipping of certain health care facilities of the Corporation, including without limitation a two-story addition to the Corporation's 295-licensed bed main hospital, a five-story addition to the North Tower on the Corporation's main hospital campus and the renovation of the main hospital's emergency room.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: The Carle Foundation, Urbana IL  
Location: 611 West Park Street Urbana (Champaign County), IL 61801  
Project name: The Carle Foundation  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois  
Board of Trustees: Van A. Dukeman, *Chairman* Thomas E. Harrington Jr., *Vice Chairman*  
James J. Harms, M.D., *Secretary* David L. Chicoine  
James S. Gregory, M.D. Malcolm C. Hill, M.D.  
E. Phillips Knox James C. Leonard, M.D.  
Charles R. Maris, M.D. Mary McGrath  
Judith Lee-Sigler, M.D. George T. Timmons

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	McDermott Will & Emery LLP	Chicago	Kerrin Slattery, Lisa Kaderabek
Accountant:	McGladrey & Pullen, LLP	Springfield	Randy Ragan
Bond Counsel:	Jones Day	Chicago	Lynn Coe, David Kates
Underwriters:	UBS Financial Services Inc. & Citigroup Global Markets Inc.	New York	Rondy Jennings, James Kim, Patrick Sheehan, Michael Brown
Underwriters' Counsel:	McGuireWoods	Chicago	Paul Durbin, Kevin Dougherty
Bond Trustee:	JP Morgan	Chicago	Kathy Cokic
Issuer's Counsel:	Schiff Hardin	Chicago	Bruce Weisenthal, Paul Marengo

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**LEGISLATIVE DISTRICTS**

Congressional: 15 – Timothy V. Johson  
State Senate: 52 – Richard J. Winkel, Jr.  
State House: 103 – Naomi D. Jakobsson

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# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Pam Lenane, Vice President  
Date: October 12, 2004  
Re: Overview Memo for the Ingalls Health System

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- **Borrower/Project Name:** The Ingalls Health System
- **Locations:** Harvey, Tinley Park
- **Principal Project Contact:** Vince Pryor, Vice President - Finance
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed \$50,000,000, to be used to fund an operating room renovation at IHS's main facility and the completion of a Cancer Care Center at IHS's Tinley Park facility
- **Project Type:** Hospital
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
- **IFA Fees:**
  - One-time, upfront closing fee will be \$108,000
- **Structure/Ratings:**
  - **Structure** – \$50,000,000 Insured Auction Rate Bonds.
  - **Ratings** - The Series 2004 financing will be rated AA based upon insurance from Radian Asset Assurance Inc. ("Radian"). Radian is rated Aa3/AA/AA by Moody's/ S&P/Fitch.
  - **Days' cash on hand** – 288 days

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 12, 2004**

**Deal:           Ingalls Health System**

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**STATISTICS**

Deal Number:	H-HO-TE-CD-418	Amount:	\$50,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Locations:	Harvey, Tinley Park	Originator:	Pam Lenane
Tax ID:	36-3181170	Est fee:	\$108,000

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**BOARD ACTION**

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

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**PURPOSE**

Bond proceeds will finance the construction and modernization of the Hospital campus and routine capital expenditures of existing health facilities owned by Ingalls Health System ("IHS") in Harvey. Specifically, the bond proceeds will be used to fund an operating room renovation at IHS's main facility and the completion of a Cancer Care Center at IHS's Tinley Park facility. Additionally, bond proceeds may be used for costs of issuance and other deal expenses.

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**IFA CONTRIBUTION**

Federal Tax-Exempt status on the Bonds.

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**VOTING RECORD**

The IFA Board gave its initial approval for this project on September 14, 2004 by the following vote:

Ayes - 9           Nayes- 0           Absent - 3           Vacancies - 3

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**SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	<u>\$50,000,000</u>	Uses:	Project Costs	<u>\$50,000,000</u>
	Total	<u>\$50,000,000</u>		Total	<u>\$50,000,000</u>

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**JOBS**

Current employment:	2,162 FTEs	Projected new jobs:	12
Jobs retained:	2,162 FTEs	Construction jobs	0

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**BUSINESS SUMMARY**

**Background:** Ingalls Health System ("IHS") is a 501(c)(3) corporation established under Illinois law. Ingalls Memorial Hospital ("IMH") is a subsidiary of IHS and is a 553-bed, full-service, acute care independent community hospital offering a wide variety of services in the South Suburban Cook County region.

**Description:** IMH was originally established in 1923 and has grown into IHS, a full service health system, encompassing IMH, three separate ambulatory care facilities (Calumet City, Tinley Park, and Matteson), a real estate holding company, a fundraising affiliate, a hospital based home care agency, a physician-hospital organization, and a for profit management services organization. IHS is a full service provider in the Cook County region, serving a population of over 700,000.

This year, IMH was again named one of "America's Best Hospitals" in the 15th annual edition of U.S. News & World Report, which was released on July 5th. This year, IMH was cited in two separate categories - ranked 26th in the nation for excellence in Neurology and Neurosurgery, and 44th in the category of Digestive Diseases.

IMH has been listed in the Neuroscience category for three years in a row, with a ranking that has gone up each year (47th in 2002, and 28th in 2003). These prestigious ranking - consisting mostly of large university-affiliated or big-city hospitals across the nation - includes such names as Mayo Clinic, Cleveland Clinic, and Johns Hopkins Hospital. Ingalls was the only community hospital in the area and one of only a few in the entire nation to receive these distinctions.

**Financials:** Ingalls Health System  
Audited Financial Statements 2001-2003

	<u>Year Ended September 30</u>		
	2001	2002	2003
	(Dollars in 000's)		
<b>Statement of Revenues/Exp.:</b>			
Revenue/Support	\$215,626	\$225,120	\$243,223
Operating Income	7,660	3,364	2,917
<b>Balance sheet:</b>			
Current Assets	\$97,733	\$56,852	\$60,656
PP&E - Net	93,215	96,105	104,183
Other Assets	125,622	149,218	174,647
<b>Total Assets</b>	<b>316,570</b>	<b>302,175</b>	<b>339,486</b>
Current Liabilities	47,178	44,857	51,008
LT Debt/Liabil.	89,576	88,233	86,814
Other Non-Current Liab.	8,493	5,299	8,773
Net Assets	171,323	163,786	192,891
<b>Total Liab. &amp; Net. Assets</b>	<b>\$316,570</b>	<b>\$302,175</b>	<b>\$339,486</b>
<b>Ratios:</b>			
Debt coverage	4.50x	3.55x	3.00x
Days Cash on Hand	288	243	267
Current ratio	2.07	1.27	1.19
Debt/Net Assets	0.52	0.54	0.45

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

IHS's strong balance sheet (including cash and investments) provides sufficient liquidity to cover over 267 days of operating expenses as of 9/30/2003.

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**FINANCING SUMMARY**

Security: The Series 2004 bonds will be rated "AA" based upon insurance from Radian Asset Assurance Inc. ("Radian"). Radian is rated Aa3/AA/AA by Moody's/S&P/Fitch.

Structure: The current plan of finance contemplates the issuance of floating rate bonds in the form of auction rate securities for a total par amount of approximately \$50,000,000.

\$50,000,000 Insured Auction Rate Bonds (current representative 7-day Auction Rate as of 9/28/04 was 1.45%).

Maturity: Up to 30 years

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**PROJECT SUMMARY**

Bond proceeds will be used to provide a portion of the funds necessary to (i) pay or reimburse IHS for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by IHS, including but not limited to the renovation and equipping of the Harvey facility and Tinley Park facility, and certain routine capital expenditures; (ii) pay a portion of the interest on the Series 2004 Bonds, if deemed necessary or advisable by IHS; (iii) fund working capital for IHS, if deemed necessary or advisable by IHS; (iv) fund a debt service reserve fund, if deemed necessary or advisable by IHS; and (v) pay certain expenses incurred in connection with the issuance of the Series 2004 Bonds, including but not limited to fees for credit or liquidity enhancement for the Series 2004 Bonds, all as permitted by the Illinois Finance Authority Act.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Ingalls Health System, Harvey, IL  
Location: One Ingalls Drive, Harvey, IL 60426  
Project name: Ingalls Health System  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois  
Board of Trustees: Lyndell S. Beckham  
Eugene M. Feingold, Esq.  
Robert L. Harris  
Dennis J. Irvin  
Henry K. Johnson  
James P. Kellner  
Richard M. King  
Neal E. Kitchell  
Mark F. Kozloff, M.D.  
David H. Orth, M.D.  
Michael F. Roy  
Nathaniel K. Sutton  
James F. Tapscott, CPA  
Robert H. Topel  
Robert G. Velo

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Sosin, Lawler & Arnold, LLC	Palos Heights	Tim Lawler
Accountant:	KPMG	Chicago	James Stark
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Co-Bond Counsel	Pugh Jones	Chicago	Steve Pugh
Underwriter:	Merrill Lynch & Co.	Chicago	Ken Vallrugo and Jeffrey Sahrbeck
Underwriter's Counsel:	Ungaretti & Harris LLP	Chicago	Tom Fahey
Bond Trustee:	TBD		
Issuer's Counsel:	Charity & Associates	Chicago	Elvin Charity

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**LEGISLATIVE DISTRICTS**

Congressional:	Jesse L. Jackson, Jr., -2
State Senate:	James T. Meeks, -15
State House:	William Davis -30

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ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors  
From: Pam Lenane  
Date: October 12, 2004  
Re: Overview Memo for Saint Anthony's Health Center

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- **Borrower/Project Name:** Saint Anthony's Health Center
- **Locations:** Alton, IL
- **Principal Project Contact:** Noncy Dooling, CFO
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed \$5,000,000, comprised of
  - **New Money:** Approximately \$5,000,000 for acquiring certain capital equipment, including without limitation the acquisition of a magnetic resonance imaging unit ("MRI"), MRI communications system, IMRT /linear accelerator upgrade, wound care equipment and a radiography and fluoroscopy room upgrade, and the construction and renovation of the MRI room, expansion of emergency services, private room conversion in nursing units and oncology department renovations.
- **Project Type:** Hospital
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds:** no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
- **IFA Fees:** One-time, upfront closing fee will be \$6,000
- **Structure/Ratings:**
  - **Structure-** This will be a private placement with GE Healthcare Financial Services as part of the Capital Opportunity Bond ("COB") Program
  - **Ratings** – Non-rated
  - **Days cash on hand** – 70 days

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 12, 2004**

**Deal: Saint Anthony's Health Center**

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**STATISTICS**

Deal Number:	H-HO-TE-CD-419	Amount:	\$5,000,000 (not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pamela Lenane
Location:	Alton, IL	Est fee:	\$6,000

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**BOARD ACTION**

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

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**PURPOSE**

Bond proceeds will be used to (i) pay, or reimburse the Borrower for the payment of, the cost of acquiring certain capital equipment, including without limitation the acquisition of a magnetic resonance imaging unit ("MRI"), MRI communications system, IMRT /linear accelerator upgrade, wound care equipment and a radiography and fluoroscopy room upgrade, (ii) pay, or reimburse the Borrower for the payment of, the cost of various construction and renovation projects including without limitation MRI room renovations, expansion of emergency services, private room conversion in nursing units and oncology department renovations, and (iii) pay certain related expenses.

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**IFA CONTRIBUTION**

Federal Tax-Exempt status on the Bond.

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**VOTING RECORD**

This IFA gave its preliminary approval at the September 14, 2004 by the following vote:

Ayes – 9      Nays – 0      Absences – 0      Vacancies - 3

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**SOURCES AND USES OF FUNDS**

Sources:	Bonds	\$4,975,000	Uses:	Escrow Funding	\$4,975,000
				Cost of Issuance	
				Debt Service Res.	
	Total	<u>\$4,975,000</u>		Total	<u>\$4,975,000</u>

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**JOBS**

Current employment:	999	Projected new jobs:	4
Jobs retained:	974	Construction jobs:	15

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**BUSINESS SUMMARY**

**Background:** Saint Anthony's Health Center ("Saint Anthony's") 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. Saint Anthony's operates a 243-bed, dual campus, acute care facility located in Alton, Illinois. It was incorporated in 1925 under the laws of Illinois. The sole member of Saint Anthony's is Saint Anthony's Health System, an Illinois not-for-profit corporation. Both the Health System and Saint Anthony's are operated by the Sisters of Saint Francis of the Martyr Saint George, some of who are employees of Saint Anthony's. The Sisters is a worldwide congregation based in Germany with its American headquarters in Alton, Illinois.

**Description:** Saint Anthony's Health Center is a two-campus, 243-bed acute care facility located in Alton, Illinois. Comprised of Saint Anthony's Hospital and Saint Clare's Hospital, the organization offers the latest in technology and state-of-the-art medicine administered with care and skill.

Services based at Saint Anthony's Hospital, located on Saint Anthony's Way, include: Emergency, Obstetrics, Surgery, Cardiology, a Gastrointestinal Diagnostic Center, diagnostic services and medical care.

The Saint Clare's Hospital campus at 915 East Fifth Street features: Occupational Health Services, Cancer Treatment, Adult Day Services, outpatient and inpatient Rehabilitative Services, an inpatient Alzheimer's program and Extended Care Services. Saint Clare's Villa, a supportive living facility for seniors, is also located on the Saint Clare's campus.

Additional facilities of Saint Anthony's Health Center include: Saint Anthony's Medical Equipment, located at 2600 State Street in Alton; Saint Anthony's Medical Mall, located at 4325 Alby in Alton; Saint Anthony's Imaging Center, located at 325 East Madison in Wood River; and Saint Anthony's Wellness Center, located at 220 Alton Square in Alton.

In addition to these inpatient and outpatient services, the Health Center offers a multitude of community outreach programs. The Home Health Care staff serves patients in a five-county region with home health, hospice and Lifeline services. The Employee Assistance Program (EAP) maintains two home offices in Alton and Granite City, as well as additional counseling sites throughout a three-county area. A variety of support groups and community education programs are offered through Saint Anthony's Wellness Center.

**Service Area:** Alton is one of eleven communities, which comprise the River Bend area that utilizes Saint Anthony's services. The City of Alton, plus the surrounding cities and townships of Gofrey, East Alton, Wood River, Bethalto, Jerseyville, Brighton, and Cottage Hills comprise Saint Anthony's primary service area. Saint Anthony's secondary service area encompasses the cities of Bunker Hill, South Roxana, Hartford, Moro, Edwardsville, Granite City, Grafton and Roxana.



**Financials:**

(\$ in thousands)	Fiscal Years Ended December 31,		
	2003	2002	2001
<b>Income Statement</b>			
Support and Revenues	\$89,553	\$85,588	\$74,619
Revenue Over Expenses – Operating Income	1,396	3,536	4,043
	5,542	7,915	8,757
<b>Balance Sheet</b>			
Current Assets	21,778	23,031	23,628
PP&E	21,337	23,069	21,799
Other Assets	<u>15,514</u>	<u>14,937</u>	<u>16,944</u>
<b>Total Assets</b>	<b>58,629</b>	<b>61,037</b>	<b>62,371</b>
Current Liabilities	11,099	14,631	15,075
Debt	15,718	16,593	18,083
Other Liabilities	6,037	5,882	6,296
<b>Total Net Assets</b>	<b><u>25,775</u></b>	<b><u>23,932</u></b>	<b><u>22,917</u></b>
<b>Total Liabilities and Net Assets</b>	<b>58,629</b>	<b>61,037</b>	<b>62,371</b>
<b>Ratios</b>			
Debt Service Coverage (x)	1.4	1.6	2.0
Current Ratio	2.0	1.6	1.6
Debt / Total Net Assets	60.9%	69.2%	78.9%
Days cash on hand	70	86	110

**Discussion:** Net patient service revenue has increased the past four fiscal years. Net patient service revenue increased 3.6% from FYE 2002 to FYE 2003 and 30.8% from FYE 1999 to FYE 2003. Expenses as a percentage of net patient revenue have increased from FY 2001 from 97.3% to 106.3% as YTD June 2004. Rising malpractice costs have triggered this negative trend. The county in which Saint Anthony's practices has become known as a plaintiff's court regarding malpractice lawsuits. As a result, malpractice insurance has increased and physicians are leaving.

Saint Anthony's management has begun implementing revenue generating and expense reducing initiatives to combat the situation. The most significant step is the reduction of 40 FTE's. Approximately 40 line items are being targeted for savings. Other significant cost savings have been achieved by:

- Closing the In-Patient Psychiatric Program - \$600K.
- Opening a Chronic Wound Care Program - \$500K.
- Replacing a mobile MRI with GE MRI - \$300K.
- Opening a new sleep lab - \$300K.
- Enhancing a new nursing home program - \$700K.

In addition, the State of Illinois recently passed legislation for a provider tax that will net Saint Anthony's approximately \$5.2MM over the next two years - \$3.9MM in FY 2004 and \$1.3MM in FY 2005, if approved by the federal government.

Saint Anthony's maintains solid liquidity with a current ratio of 1.86 and 70 days of cash on hand as of December 31, 2003. Leverage is manageable at 60.9% net assets as of year end.

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#### FINANCING SUMMARY

Security: Saint Anthony's would grant a security interest in the capital equipment to be financed and a mortgage on a physician office building to secure the construction and renovation projects.  
Structure: The current plan of finance contemplates a private placement with GE Healthcare Financial Services.  
Maturity: 2014 (maximum)

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#### PROJECT SUMMARY

Bond proceeds will be used to (i) pay, or reimburse the Borrower for the payment of, the cost of acquiring certain capital equipment, including without limitation the acquisition of a magnetic resonance imaging unit ("MRI"), MRI communications system, IMRT /linear accelerator upgrade, wound care equipment and a radiography and fluoroscopy room upgrade, (ii) pay, or reimburse the Borrower for the payment of, the cost of various construction and renovation projects including without limitation MRI room renovations, expansion of emergency services, private room conversion in nursing units and oncology department renovations, and (iii) pay certain related expenses.

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#### ECONOMIC DISCLOSURE STATEMENT

Project name: Saint Anthony's Health Center  
Location: Alton, Illinois  
Applicant: Saint Anthony's Health Center  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois

Board of Directors:

Dr. Edward B. Blair, Jr.	Mr. Richard J. Mark, CHE
Mr. John M. Carroll	Sister M. Ancilla Matter, fsgm
Dr. Dale T. Chapman, Ed.D.	Mr. Donald V. Miller
Mother M. Regina Pacis Coury, fsgm	Mr. Thomas M. Moore
Sister M. Christine Crowder, fsgm	Mr. H. Bruce Nethington
Mr. J. Terrence Dooling	Sister M. Angelica Neumann, fsgm
Senator William R. Haine	Mr. Donald W. Norton
Mr. Melvin G. Hall	Dr. Joseph Paone
Dr. Edward E. Hightower, Ed.D.	Sister M. Theotima Plass, fsgm
Mr. A. Jesse Hopkins	Mr. Herman L. Seedorf, III
Mr. William E. Kessler	Mrs. Joan L. Sheppard
Mr. L. Thomas Lakin	Mr. Jerry W. Thomas
Sister M. Nika Lee, fsgm	Mr. Randy E. Timmerman
Mr. J. Thomas Long	Mr. Dwight A. Werts
Most Rev. George J. Lucas, D.D.	

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Gardner Carton & Douglas	Chicago	Steven Kite
Accountant:	Ernst & Young		
Bond Counsel:	Sanchez & Daniels	Chicago	Manny Sanchez John Cummins
Underwriter:	GE Healthcare Financial Services	Chicago	Bill Reveille
Underwriter's Counsel	Kutak Rock	Omaha	Andrew Romshek
Issuer's Counsel	Sanchez & Daniels	Chicago	Manny Sanchez
Bond Trustee:	Wells Fargo	Chicago	Pat Martirano

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**LEGISLATIVE DISTRICTS**

Congressional:	12 – Jerry F. Costello
State Senate:	56 – William Haine
State House:	111 – Steve Davis

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Pam Lenane  
Date: October 12, 2004  
Re: Overview Memo for Loyola University Medical Center

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- **Borrower/Project Name:** Loyola University Medical Center
- **Locations:** Maywood, IL
- **Principal Project Contact:** Sabrina Olsen, Vice President Finance
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed \$15,500,000, comprised of
  - **New Money:** Approximately \$15,500,000 for the construction of a 1,300 stall parking garage.
- **Project Type:** Hospital
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
- **IFA Fees:** One-time, upfront closing fee will be \$7,500
- **Structure/Ratings:**
  - **Structure-** This will be a private placement with GE Healthcare Financial Services.
  - **Ratings** – “Baa” with a stable outlook (“Moody’s”)
  - **Days cash on hand** – 143 days

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 12, 2004**

**Deal:** Loyola University Medical Center

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**STATISTICS**

Deal Number:	H-HO-TE-CD-420	Amount:	\$15,500,000 (not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pamela Lenane
Location:	Maywood, IL	Est fee:	\$7,500

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**BOARD ACTION**

Final Bond Resolution (Subject to TEFRA Hearing) Staff recommends approval  
Conduit 501(c)(3) bonds  
No IFA funds at risk

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**PURPOSE**

Bond proceeds will be used to (i) build a 1,300 stall parking garage to be located on the campus of Loyola University Medical Center in Maywood, IL, and to (ii) pay certain related expenses including, without limitation, legal, appraisal, survey and environmental costs, title insurance, recording and filing fees, and costs of issuance.

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**IFA CONTRIBUTION**

Federal Tax-Exempt status on the Bond.

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**VOTING RECORD**

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

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**SOURCES AND USES OF FUNDS**

Sources:	Bonds	\$15,500,000	Uses:	Cost of Construction and related expenses	\$15,500,000
	Total	<u>\$15,500,000</u>		Total	<u>\$15,500,000</u>

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**JOBS**

Current employment: 5,900  
Jobs retained: 5,900

Projected new jobs: N/A  
Construction jobs: 50

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**BUSINESS SUMMARY**

**Background:** Loyola University Medical Center ("LUMC") 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. It employs over 6,000 people and operates a major academic medical center located primarily on a 70-acre campus approximately fourteen miles west of downtown Chicago in Maywood, IL. The primary facility at the LUMC campus is the Foster G. McGaw Hospital (the "McGaw Hospital").

The sole member of LUMC is Loyola University Health System ("LUHS"), also an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986. LUHS is affiliated with Loyola University of Chicago (the "University"), Loyola University Physician Foundation ("LUPF"), the University's Strick School of Medicine ("SSOM") and Marcella Niehoff School of Nursing, and Loyola University Chicago Insurance Company ("LUCIC"). LUHS is the sole member of LUCIC.

**Description:** LUMC is licensed to operate 523 beds, is one of the Midwest's leading academic healthcare institutions, and is a major referral center for the Chicago metropolitan area. LUMC is a designated Level I trauma center serving 1.8 million people in LUMC's primary service area, which consists of western suburban Cook and the eastern DuPage counties. It has received national recognition in cardiology, cardiac surgery, transplantation, cancer treatment, pediatric services and trauma services.

LUMC provides services to patients in a variety of settings, including an acute care hospital, outpatient service facilities, emergency care facilities, primary and specialty care practice sites, and home care and hospice services. The McGaw Hospital is a teaching, tertiary care facility operated in conjunction with the academic programs of SSOM. It is staffed by the full-time medical faculty of SSOM.

The Ronald McDonald Children's Hospital (the "Children's Hospital") is housed within the McGaw Hospital and encompasses a 50-bed neonatal intensive care unit, a pediatric emergency room and a pediatric trauma program.

The Emergency Care Facility at LUMC, leased from the University and occupied by McGaw Hospital's 17,000 square foot Emergency Medical Services unit includes a state-of-the-art emergency medical services unit composed of five trauma rooms, one psychiatric and twelve general medicine treatment rooms, and areas devoted to orthopaedic, obstetric, gynecologic, and eye, ear, nose and throat services.

LUMC's Cardinal Bernardin Cancer Center is a 125,000 square foot facility that integrates research and education with state-of-the-art patient care.

A 223,000 square foot Ambulatory Center, completed in 2003 at a cost of \$70 million, has five major clinical areas: radiation oncology, diagnostic radiology, ambulatory surgery, women's health and clinic and outpatient services. It also serves as a teaching facility for the students of SSOM and is staffed by the full-time medical faculty of SSOM.

**Service Area:** LUMC's service area is comprised of a primary service area consisting of a 10-mile radius around LUMC's main campus and a secondary service area consisting of Cook, DuPage, Kane and Will counties. The services areas include the communities of Bellwood, Berwyn, Burbank, Burr Ridge, Chicago, Cicero, Darien, Downers Grove, Elmhurst, Elmwood Park, Forest Park, Glendale Heights, Hickory Hill, LaGrange, Lombard, Maywood, Melrose Park, Naperville, Oak Park, Oakbrook, Oakbrook Terrace, Orland Park, River Grove, Riverside, Westmont and Wheaton.

Financials:

(\$ in thousands)	Fiscal Years Ended June 30,		
	2004	2003	2002
<b>Income Statement</b>			
Support and Revenues	<u>656,715</u>	<u>\$589,969</u>	<u>\$549,483</u>
Revenue Over Expenses – Operating Income	10,348	8,926	10,181
<b>Balance Sheet</b>			
Current Assets	207,622	193,047	217,391
PP&E	311,837	305,170	270,378
Other Assets	<u>235,769</u>	<u>212,264</u>	<u>241,389</u>
<b>Total Assets</b>	<b>755,228</b>	<b>710,481</b>	<b>729,158</b>
Current Liabilities	93,101	99,050	128,507
Debt	273,431	277,662	281,213
Other Liabilities	135,216	116,838	89,774
<b>Total Net Assets</b>	<b><u>253,480</u></b>	<b><u>216,931</u></b>	<b><u>229,664</u></b>
<b>Total Liabilities and Net Assets</b>	<b>755,228</b>	<b>710,481</b>	<b>729,158</b>
<b>Ratios</b>			
Debt Service Coverage (x)	3.2	3.2	3.4
Current Ratio	2.2	1.9	1.7
Debt / Total Net Assets	108%	128%	122%
Days cash on hand	143	130	139

Discussion: In October 2003, Moody's affirmed its Baa1 rating of LUHS outstanding debt with a stable outlook. The rating was based on:

- Stable, although slim, operating margins;
- Modest unrestricted cash and a relatively high debt position relative to operating performance;
- Future capital needs that may limit cash growth or require debt;
- Prominent market position in the Chicago area healthcare market.

LUHS maintains a high profile position in the greater Chicago area. It is the only academic medical center not located in the city of Chicago, which make it more accessible to suburban patients. Over the last several years, LUHS's capital spending has been double its depreciation levels. The largest projects included a sizable oncology center, parking facilities and a large ambulatory care center, which opened in June 2003 to alleviate capacity constraints at its existing facilities. Through these investments in its facilities as well as its primary care network, LUHS has achieved good revenue growth that has supported relatively stable operations. Future revenue should be enhanced by the opening of the ambulatory care center.

For the fiscal year ended June 30, 2004, LUHS's revenue increased by 11% over the previous year to \$657 million. Expenses as a percentage of total revenue showed a slight decrease and EBIDA grew to \$50.1 million, providing debt service coverage of a very comfortable 3.2x.

Liquidity improved as evidence by a current ratio of 2.2x and working capital of \$115 million. Days cash on hand increased to 143.

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**FINANCING SUMMARY**

Security: A leasehold interest in the building, fixtures and real property comprising the facility generally described as a 1,300 stall parking garage located on the campus of Loyola University Medical Center

Structure: The current plan of finance contemplates a private placement with GE Healthcare Financial Services. The transaction would be structured as a synthetic lease that is intended to qualify as an operating lease for financial accounting purposes and as a financing for Federal income tax purposes with the tax benefits of ownership accruing to LUMC.

Maturity: 2012

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**PROJECT SUMMARY**

Bond proceeds will be used to (i) build a 1,300 stall parking garage to be located on the campus of Loyola University Medical Center in Maywood, IL, and to (ii) pay certain related expenses including, without limitation, legal, appraisal, survey and environmental costs, title insurance, recording and filing fees, and costs of issuance.

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**ECONOMIC DISCLOSURE STATEMENT**

Project name: Loyola University Medical Center  
Location: Maywood, Illinois  
Applicant: Loyola University Medical Center  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois

Board of Directors:

Frank W. Considine, Chairperson  
James C. Dowdle, Vice Chairperson  
Anthony L. Barbato, M.D., President & Chief Executive Officer  
James R. Boris  
Rev. Daniel L. Flaherty, S.J.  
Richard L. Gamelli, M.D.  
Rev. Michael L. Garanzini, S.J., President, Loyola University of Chicago  
Patrick J. Kelly  
Nancy W. Knowles-Kolden  
Michael R. Leyden  
Terry Light, M.D.  
Sen. Patrick J. O'Malley  
Michael R. Quinlan  
Stephen Slogoff, M.D.

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:		Chicago	Steve Ruff
Accountant:	Deloitte & Touche	Chicago	
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Underwriter:	GE Healthcare Financial Services	Chicago	Bill Reveille
Underwriter's Counsel	Kutak Rock	Omaha	Andrew Romshek
Issuer's Counsel	TBD	Chicago	
Bond Trustee:	TBD		



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LEGISLATIVE DISTRICTS

Congressional: - 4 – Luis V. Gutierrez  
State Senate: - 4 – Kimberly A. Lightford  
State House: - 77 – Angelo “Skip” Saviano

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**MEMO TO:** IFA Board of Directors  
**FROM:** Townsend S. Albright  
**DATE:** October 12, 2004  
**RE:** Overview Memo for Loyola University

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- **Borrower/Project Name:** Loyola University
- **Location:** Chicago, Cook County, Illinois
- **Principal Project Contact:** Tom Hickey, Associate VP - Finance
- **Amount:** \$70,000,000 (not to exceed)
- **Board Action Requested:** Approval of a Final Bond Resolution for approximately \$24 million fixed-rate bonds and approval of a Preliminary Bond Resolution for the balance of an amount not to exceed \$46million auction-rate bonds at the November 9, 2004 IFA Board meeting.
- **Project Type:** New money will be used to (i) construct a new student living facility, (ii) construct a new Life Sciences Building, (iii) capitalize interest, and (iv) fund bond issuance costs.
- **IFA Benefits:** Conduit tax-exempt and taxable bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$125,000
- **Ratings:** The Bonds will either be insured by a major bond insurer or be sold based upon the Applicant's bond ratings. The Applicant's outstanding bond issues are rated Moodys "A-3" and S & P "A-".

ta/hillinoiscollegememoprelim

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project:** Loyola University

**STATISTICS**

Number:	E-PC-TE-CD-414-B	Amount:	\$70,000,000 (not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Chicago	Tax ID:	36-1408475
Est. fee:	\$125,000	SIC Code:	8221

**BOARD ACTION**

Preliminary and Final Bond Resolutions*	No Extraordinary conditions
Conduit	Staff recommends approval
No IFA funds at risk	

\* Approximately \$24 million fixed-rate bonds will be presented to the IFA Board for final approval at the October 12 Board meeting. The bonds will either be insured by a major bond insurer or be sold based upon the Applicant's bond ratings. The balance, consisting of an amount not to exceed \$46 million tax-exempt auction-rate bonds, will be presented to the IFA Board for Initial approval at the October 12, 2004 Board meeting and return for the IFA Board's final approval at the IFA November 9, 2004 Board meeting.

**PURPOSE**

Proceeds will be used to (i) construct a new student living facility, (ii) construct a new Life Sciences Building, and (iii) fund bond issuance costs.

**IFA CONTRIBUTION**

No Volume Cap is required for 501(c)(3)'s

**VOTING RECORD**

Preliminary Bond Resolution, no prior Board vote

**SOURCES AND USES OF FUNDS**

Sources:	IDFA bonds	\$ 60,000,000	Uses:	Project costs	\$ 96,375,000
	State grant	11,000,000		Capitalized Interest	2,800,000
	Applicant equity	29,500,000		Bond Issuance Costs	1,325,000
Total		<u>\$100,500,000</u>	Total		<u>\$100,500,000</u>

**JOBS**

Current employment:	2430 FTEs, 1012 PTEs	Projected new jobs:	30
Jobs retained:	N/A	Construction jobs:	250 (18months)

**BUSINESS SUMMARY**

**Background:** Loyola University, (the "Applicant", the "University") is a private, co-educational not-for-profit institution of higher education, research, and healthcare founded in 1870 by the Society of Jesus (Jesuits). The University operates as several divisions: (i), University Academic consisting of Loyola Higher Education, Loyola Management Company, and Mundelein College. University Academic operates on four campuses and serves more than 13,000 undergraduate, graduate, and professional degree students., (ii) Loyola University Health System, which is a wholly-owned subsidiary corporation of the University, and (iii) Loyola University of Chicago Insurance Company, which is a for-profit Cayman Islands insurance company. The College is governed by a 38-member Board. A list of members is included for IFA Board review.

**Description:** The proposed financing will provide funds for two projects: (i), a new 25-story student residence hall to be located within walking distance from the Applicant's Lake Shore Campus and (ii) a state-of-the-art Life Sciences Building to be located on Sheridan Road in Chicago.

**Remarks:** The proposed financing will provide much needed student housing and up to date science facilities. These projects will help ensure the University can remain competitive, continue to attract quality students well into the 21<sup>st</sup> Century, and enable it to take advantage of historically low interest rates. Shore Campus.

**Financials:** Audited financial statements for fiscal years ending 6-30-2003 – 2004.  
(Dollars in 000s)

	2003	2004
<b>Income Statement</b>		
Total Revenues	\$883,107	\$1,062,594
Operating Expenses	<u>(932,763)</u>	<u>(971,151)</u>
Change in Net Assets	<u>(49,656)</u>	<u>91,443</u>
EBIDA	<u>17,806</u>	<u>160,867</u>
<b>Balance Sheet</b>		
Current Assets	784,094	875,287
PP&E	591,404	622,649
Other Assets	<u>7,176</u>	<u>7,781</u>
Total	<u>1,382,674</u>	<u>1,505,717</u>
Current Liabilities	285,148	337,067
Other LT Liabilities	33,576	30,100
Debt	491,589	504,756
Net Assets	<u>572,361</u>	<u>633,794</u>
Total	<u>\$1,382,674</u>	<u>\$1,505,717</u>
<b>Ratios:</b>		
Debt coverage*	2.16x	3.29x
Current Ratio	2.75	2.60
Debt/Net Assets	0.86	0.80

\*Debt service excludes bullet maturities which were refinanced during these years.

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**FINANCING SUMMARY**

Security: The Bonds will be General Obligations of the University and will either be insured by a major bond insurer or be sold based upon the Applicant's bond ratings. The Applicant's outstanding bond issues are rated Moodys "A-3" and S & P "A-".

Structure: Approximately \$24 million Series A Tax-Exempt Fixed Rate Bonds and approximately \$36 million Series B Tax-Exempt Auction-Rate Bonds.

Maturity: 2044

**Note: Approximately \$24 million fixed-rate bonds will be presented to the IFA Board for final approval at the October 12 Board meeting. The bonds will either be insured by a major bond insurer or be sold based upon the Applicant's bond ratings. The balance, consisting of an amount not to exceed \$46 million tax-exempt auction-rate bonds, will be presented to the IFA Board for Initial approval at the October 12, 2004 Board meeting and return for the IFA Board's final approval at the IFA November 9, 2004 Board meeting.**

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**PROJECT SUMMARY**

Proceeds will be used to: Proceeds will be used to (i) construct a new 25-story student residence hall to be located at 26 E. Pearson Street, Chicago, Cook County, Illinois, (ii) construct a new Life Sciences Building to be located at 1050 W Sheridan Road, Chicago, Cook County, Illinois, (iii) capitalize interest, and (iv) fund bond issuance costs.

Project Costs:	Student Residence Hall	Life Sciences Building
New Construction	\$49,000,000	\$33,800,000
Machinery/Equip.	1,650,000	2,150,000
Arch/Eng	<u>3,725,000</u>	<u>4,550,000</u>
Totals	<u>\$54,375,000</u>	<u>\$40,500,000</u>

Note: Approximately \$48,000,000 and approximately \$12,000,000 of the proposed IFA financing will be allocated to the Student Residence Hall and Life Sciences Building, respectively.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Loyola University  
Project names: Refunding and New Facilities Project  
Locations: 820 N. Michigan Avenue, and 1050 W. Sheridan Road, Chicago, Cook County, Illinois  
Organization: 501(c)(3) Corporation  
State: Illinois  
Board: List attached for IFA Board review.

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**PROFESSIONAL & FINANCIAL**

Counsel:	In House	Chicago, IL	Ellen Munro
	Jones Day Revis & Pogue	Chicago, IL	William J. Harmon
Accountants:	Deloitte & Touche	Chicago, IL	
Bond Counsel:	Chapman and Cutler	Chicago, IL	Jim Luebchow
Issuer's Counsel:	Perkins Coie, LLC	Chicago, IL	William E. Corbin, Jr.
Underwriter/:	Piper Jaffray & Co.	St. Louis, MO	Janet Laney
Placement Agent:		Chicago, IL	Keith Morgan
Underwriters' Counsel:	Sonnenschein Nath & Rosenthal	Chicago, IL	Marc L. Schultz
Trustee:	LaSalle Bank, N.A.	Chicago, IL	Margaret Muir
General Contractor:	Power Construction and Engineering Company	Schaumburg, IL	Jeff Karp

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**LEGISLATIVE DISTRICTS**

Congressional: 07, Danny K. Davis; 9, Janice Schakowsky  
State Senate: 03, Mattie Hunter; 07, Carol Ronen  
State House: 05, Kenneth Duncan; 14, Harry Osterman

ta/h/loyolauniversityprelim

LOYOLA UNIVERSITY CHICAGO  
TRUSTEES AND THEIR AFFILIATIONS

September, 2004

**MR. PATRICK H. ARBOR**  
Principal  
Shatkin, Arbor & Karlov

**MRS. ROSEMARY CROGHAN**  
Civic Volunteer

**MS. RHONDA D. CARTWRIGHT**  
Vice President of Business and  
Finance  
Loyola University New Orleans

**SR. MARGARET MARY COSGROVE,  
B.V.M.**  
Treasurer  
Sisters of Charity of  
the Blessed Virgin Mary

**MR. JOHN F. CUNEO, JR.**  
The Cuneo Foundation

**MR. WILLIAM M. DALEY**  
Chairman, Midwest Region  
JPMorgan Chase

**REV. KEVIN T. FITZGERALD, S.J.**  
David P. Lauler Chair in Catholic  
Health Care Ethics  
Georgetown University

**REV. DANIEL L. FLAHERTY, S.J.**  
Assistant for Business and Finance  
Chicago Province of the Society of  
Jesus

**REV. MICHAEL J. GARANZINI, S.J.**  
President  
Loyola University Chicago

**REV. MICHAEL J. GRAHAM, S.J.**  
President  
Xavier University

**MR. WILLIAM J. HANK**  
Chairman and CEO  
Farnham Investment Group

**ALICE BOURKE HAYES, PH.D.**  
Former President  
University of San Diego

**VICTOR J. HECKLER, PH.D.**  
Management Psychologist

**MR. JOHN W. HIGGINS**  
Chairman and CEO  
Higgins Development Partners

**MR. FRANK HOGAN, III**  
Former President and Headmaster  
The Latin School of Chicago

**MS. CHRISTINA M. JOHNSON-WOLFF**  
President and CEO  
Christina Johnson & Associates

**MR. W.G. JURGENSEN**  
(Vice Chairman)  
Chief Executive Officer  
Nationwide

**MR. RICHARD J. KLARCHEK**  
President and CEO  
Capital First Realty, Inc

**MR. BILL KURTIS**  
President  
Kurtis Productions, LTD.

**MR. GREGORY LEVERT**  
Chairman  
Concentrix Corp.

**MR. MICHAEL R. LEYDEN**  
Former Sr. Corporate Vice President  
First National Bank of Chicago

**REV. JOHN F. LIBENS, S.J.**  
Director and Superior  
Jesuit First Studies Program, LUC

**MRS. SHIRLEY R. MADIGAN**  
Chairman  
Illinois Arts Council

**MS. RUTHELLEN MUSIL**  
Sr Vice President, Corporate Relations  
Tribune Company

**MRS. ELLEN L. O'CONNOR**  
Civic Volunteer

**REV. SCOTT R. PILARZ, S.J.**  
President  
University of Scranton

**MR. JOSEPH A. POWER, JR.**  
Partner  
Power, Rogers, Smith, P.C.

**MR. WILLIAM M. PLANTE**  
News Correspondent, CBS News

**MR. MICHAEL R. QUINLAN**  
(Chairman)  
Former Chairman and CEO  
McDonald's Corporation

**MR. JOHN E. ROONEY**  
President and CEO  
U.S. Cellular

**REV. BRADLEY M. SCHAEFER, S.J.**  
President  
Jesuit Conference

**MR. MICHAEL D. SULLIVAN**  
Chairman  
Life Source, Inc.

**MRS. TERESE TERRY**  
Business Information Specialist  
Lippincott Library-Wharton School  
University of Pennsylvania

**MS. CHERRYL T. THOMAS**  
Ardmore Associates

**REV. MICHAEL V. TUETH, S.J.**  
Associate Chair, Dept of  
Communication and Media Studies  
Fordham University

**MR. FIDELIS N. UMEH**  
Former President and CEO  
SEI Information Technology

**MR. EDWARD WANANDI**  
Chairman  
Trailmobile Corporation

**REV. KEVIN W. WILDES, S.J.**  
President  
Loyola University New Orleans

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**MEMO TO:** IFA Board of Directors  
**FROM:** Townsend S. Albright  
**DATE:** October 12, 2004  
**RE:** Overview Memo for the Illinois Institute of Technology

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- **Borrower/Project Name:** Illinois Institute of Technology
- **Location:** Chicago (Cook County)
- **Principal Project Contact:** Kevin Doherty, Associate Vice President for Finance and Controller
- **Amount:** \$20,000,000 (not to exceed)
- **Board Action Requested:** Approval of a Final Bond Resolution.
- **Project Type:** New money to will be used to (i) refund outstanding indebtedness, (ii) renovate and equip existing facilities, and (iii) fund bond issuance costs.
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$70,000
- **Ratings:** The bonds will either be MBIA or AMBAC insured, or carry a Direct Pay Letter of Credit from an "AA"-rated" bank.

ta/h/illinoisinstituterefundingbondmemofinal



**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project:** Illinois Institute of Technology

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**STATISTICS**

Number:	E-PC-TE-CD-412	Amount:	\$20,000,000 (not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Chicago	Tax ID:	52-297563
Est. fee:	\$70,000	SIC Code:	8221

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**BOARD ACTION**

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

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**PURPOSE**

Proceeds will be used to (i) current refund outstanding indebtedness, (ii) renovate and equip existing facilities, and (iii) fund bond issuance costs.

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**IFA CONTRIBUTION**

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

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**VOTING RECORD**

Voting record from IFA Preliminary Bond Resolution on September 14, 2004

Ayes: 9   Nays: 0   Absent: 3 (Delgado, Leonard, O'Brien)   Abstain: 0   Vacancies: 3

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**SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	<u>\$20,000,000</u>	Uses:	Project cost	\$ 2,700,000
				Debt refinancing	17,000,000
				Bond issuance costs	<u>300,000</u>
	Total	<u>\$20,000,000</u>		Total	<u>\$20,000,000</u>

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**JOBS**

Current employment:	902	Projected new jobs:	66
Jobs retained:	N/A	Construction jobs:	N/A

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**BUSINESS SUMMARY**

Background: The Illinois Institute of Technology (the "Applicant", the "University") is a private co-educational, non-sectarian institute of higher learning located in Chicago. The University was established in 1940 through the merger of the Armour Institute of Technology and the Lewis Institute. The Institute of Design, founded in 1937, joined the University in 1949. The Chicago-Kent College of

Law merged with the University in 1969. The University is a 501(c)(3) Corporation and is governed by a Board of Directors. A list of Board members is provided for IFA Board review.

**Description:** The University's curriculum emphasizes preparation for professional careers in the sciences, engineering, the social and behavioral sciences, architecture, planning, and business administration and law. This interprofessional and technology-focused curriculum prepares the University's students for leadership roles in an increasingly complex and culturally diverse global workplace. The University is accredited by the North Central Association of Colleges and Schools. Specific professional programs are accredited or approved by the Accreditation Board of Engineering and Technology, the National Architectural Accrediting Board, the National Association of Schools of Art, the American Chemical Society, the Council on Rehabilitation Education, and the American Bar Association. The University has a current enrollment of 6,050 students, comprised of (i) 1,842 undergraduate students, (ii) 3,159 graduate students, and (iii) 1,049 law students.

**Remarks:** **The current refunding of the 1994 Series bonds will generate significant cash flow savings. The University will use the savings to pay debt service on the new money portion of the Series 2004 Bonds to fund needed improvements. As a result, there will be no increase in the University's annual debt service.**

**Financials:** Audited financial statements for fiscal years ending 5-31-2000– 2003, and *pro forma* unaudited financial statements for fiscal year 2004

(Dollars in 000s)

	2000	2001	2002	2003	2004
<b>Income Statement</b>					
Total Revenues	\$310,396	\$339,864	\$321,652	\$330,957	\$163,310
Operating Expenses	<u>(269,533)</u>	<u>(337,630)</u>	<u>(350,424)</u>	<u>(302,959)</u>	<u>(159,942)</u>
Change in Net Assets	<u>40,863</u>	<u>2,234</u>	<u>(28,772)</u>	<u>27,998</u>	<u>3,848</u>
EBIDA	<u>59,971</u>	<u>22,118</u>	<u>(10,006)</u>	<u>44,773</u>	<u>18,264</u>
<b>Balance Sheet</b>					
Current Assets	332,377	337,618	338,167	325,454	319,985
PP&E	137,445	135,876	161,438	169,548	178,241
Other Assets	<u>32,071</u>	<u>63,699</u>	<u>30,294</u>	<u>19,780</u>	<u>31,143</u>
Total	<u>501,893</u>	<u>537,193</u>	<u>529,899</u>	<u>514,782</u>	<u>529,369</u>
Current Liabilities	43,868	52,040	65,887	38,798	27,002
Other LT Liabilities	10,005	11,365	9,906	10,199	24,514
Debt	96,969	120,503	129,592	113,271	121,491
Net Assets	351,051	353,285	324,514	352,514	356,362
Total	<u>\$501,893</u>	<u>\$537,193</u>	<u>\$529,899</u>	<u>\$514,782</u>	<u>\$529,369</u>

**Ratios:**

Debt Coverage	5.80x	1.07x	N/A	2.74x	2.49x
Current Ratio	7.58	6.49	5.13	8.39	11.85
Debt/Net Assets	0.28	0.34	0.40	0.32	0.34

Note: (i) The fiscal 2002 negative Change in Net Assets (deficit) was caused primarily by losses on investments (approximately \$13.9 million), and costs associated with an early faculty retirement program (approximately \$2.5 million), and Endowment payouts for operations of approximately \$24.5 million.

(ii) The Applicant sold IITRI during fiscal year 2003. Fiscal 2004 revenues and expenses reflect the absence of IITRI's income and expenses, and

(iii) The University has a \$5,000,000 line of credit with Harris Bank, Chicago, Illinois.

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**FINANCING SUMMARY**

Security: The Bonds will either be insured by a major bond insurer or secured by a Direct Pay Letter of Credit from an "AA-rated" bank.  
Structure: Either Fixed-Rate or Multi-Mode Floating-Bonds  
Maturity: 2015

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**PROJECT SUMMARY**

Proceeds will be used to: (i) refund the outstanding maturities of the University's IFA (IEFA) Refunding Bonds, Series 1994 which are callable on December 1, 2004 at 102 and a term loan, (ii) renovate and equip existing University facilities which are located at 10 West 33<sup>rd</sup> Street, Chicago, Cook County, Illinois, and (iii) fund bond issuance costs.

Project Costs:	Renovation	\$ 2,500,000
	Machinery/Equipment	200,000
	Refunding	<u>17,000,000</u>
	Total	<u>\$19,700,000</u>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Illinois Institute of Technology  
Project names: Current refunding and Renovation  
Location: 10 West 33<sup>rd</sup> Street, Chicago, Cook County, Illinois 60616  
Organization: 501(c)(3) Corporation  
State: Illinois  
Board: List attached for IFA Board review.

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**PROFESSIONAL & FINANCIAL**

Counsel:	In House	Chicago, IL	Mary Anne Smith
Accountants:	KPMG LLP	Chicago, IL	
Bond Counsel:	Chapman and Cutler	Chicago, IL	James E. Luebchow, Esq.
Issuer's Counsel	Arnstein & Lehr	Chicago, IL	Thomas P. Conley, Esq.
Underwriter/:	William Blair & Company	Chicago, IL	Thomas E. Lanctot
Placement Agent:			Celia Miller
Underwriter's Counsel:	Mayer, Brown, Rowe & Maw	Chicago, IL	David Narefsky
LOC Bank Counsel:	TBD		
Trustee:	TBD		
General Contractor:	TBD		

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**LEGISLATIVE DISTRICTS**

Congressional: 1, Bobby L. Rush  
State Senate: 3, Mattie Hunter  
State House: 5, Kenneth Dunkin

ILLINOIS INSTITUTE  
OF TECHNOLOGY



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# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**MEMO TO:** IFA Board of Directors  
**FROM:** Townsend S. Albright  
**DATE:** October 12, 2004  
**RE:** Overview Memo for Rogers Park Montessori School (Revised)

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- **Borrower/Project Name:** Rogers Park Montessori School
- **Location:** Chicago (Cook County)
- **Principal Project Contact:** Ms. Lanie Adair, Business Manager
- **Amount:** \$12,000,000 (not to exceed)
- **Board Action Requested:** Approval of a Final Bond Resolution. The IDFA Board initially approved this project in an amount not to exceed \$7,000,000 at the May 8, 2003 Board meeting.
- **Project Type:** New money to (i) purchase land, (ii) construct and equip a school that will house classrooms, a cafeteria, a library, administrative areas, and two play lots, (iii) capitalize interest, and (iv) pay a portion of professional and bond issuance costs.
- **IFA Benefits:** Conduit Tax-Exempt Bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$51,000
- **Ratings:** (i) The Bonds will be non-rated and will be sold in minimum denominations of \$100,000 to institutional and sophisticated individual investors, and (ii) a Sophisticated Investor's Letter will be delivered with the Bonds; in accordance with IFA policy.

ta/h/rogersparkmontessorimemo

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project:**                            **Rogers Park Montessori School  
Revised Final Board Presentation  
(Revised as to structure)**

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**STATISTICS**

Number:	E-PS-TE-CD-411	Amount:	\$12,000,000 (not to exceed)
Type:	NP	IFA Staff:	Townsend Albright
Location:	Chicago	Tax ID:	36-2597822
Est. fee:	\$51,000	SIC:	8221

---

**BOARD ACTION**

Final Bond Resolution Conduit Not for Profit Bonds No IFA funds at risk Staff recommends approval	Extraordinary conditions: 1. Minimum denominations of \$100,000.00 2. Delivery of a Sophisticated Investor's Letter with the Bonds
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**PURPOSE**

Proceeds will be used to (i) purchase land, (ii) construct and equip a school that will house classrooms, a cafeteria, a library, administrative areas, and two play lots, (iii) capitalize interest, and (iv) pay a portion of professional and bond issuance costs.

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**IFA CONTRIBUTION**

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

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**VOTING RECORD**

Voting record from IFA Final Bond Resolution on September 14, 2004  
Ayes: 9    Nays: 0    Absent: 3 (Delgado, Leonard, O'Brien)    Abstain: 0    Vacancies: 3

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**SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	\$10,000,000	Uses:	Project cost	\$ 9,900,000
	Equity	<u>1,000,000</u>		Capitalized interest	900,000
				Legal/Professional	<u>200,000</u>
Total		<u>\$11,000,000</u>	Total		<u>\$11,000,000</u>

---

**JOBS**

Current employment:	35	Projected new jobs:	20
Jobs retained:	N/A	Construction jobs:	50 (one year)



The increase in operating expenses for fiscal year 2002 and projected for fiscal year 2003 includes substantial increases in administrative and staff salaries and fringe benefits which were necessary to bring teacher's and staff's pay to competitive levels.

1. Fiscal 2002 expenses include \$50,000 for the proposed project.
2. For purposes of this due diligence the Applicant's rent has been characterized as debt in computing coverage.
3. The decrease in Net Assets from Fiscal Years 2002 and 2003 was caused by (i) the effect of a change in fiscal year end, and (ii) the Applicant paid feasibility and other costs related to evaluating and locating different sites for the school facility.
4. A projected Statement of Cash Flows is attached for review.

---

### FINANCING SUMMARY

**Security:** First mortgage on land and building, first lien on furniture, fixtures and equipment

**Structure:** Fixed-Rate Bonds which will not be credit enhanced. It is anticipated the bonds will be sold to an institutional (mutual fund) investor. It is anticipated the Bonds will carry a rate of approximately 7.125%.

**Maturity:** 30 years.

**Note:** **The prior structure consisted of (i) approximately \$8,000,000 Series 2004A Fixed-Rate Credit-Enhanced Bonds, and (ii) approximately \$3,000,000 Series 2004B Non-Credit-Enhanced Tax-Exempt Fixed-Rate Subordinate Bonds.**

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### PROJECT SUMMARY

Proceeds will be used to (i) purchase land, (ii) construct and equip a 47,000 sq. ft. school to be located at 1800 West Balmoral, Chicago, Cook County, Illinois that will house 17 classrooms, a cafeteria, a library, administrative areas, and two play lots, (iii) capitalize interest, and (iv) pay a portion of professional and bond issuance costs.

Project Costs:	Land	\$2,000,000
	New Construction	7,400,000
	Machinery/Equipment	<u>500,000</u>
	Total	<u>\$9,900,000</u>

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### ECONOMIC DISCLOSURE STATEMENT

**Applicant:** Rogers Park Montessori School  
**Project names:** New Facility Project  
**Location:** 1800 West Balmoral, Chicago, Cook County, Illinois 60640  
**Organization:** 501(c)(3) Corporation  
**State:** Illinois  
**Board:** List attached for IFA Board review

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### PROFESSIONAL & FINANCIAL

<b>Counsel:</b>	Piper Rudnick	Baltimore, MD	Kristin Franceschi
<b>Accountants:</b>	John D. K Kopczyk, Ltd. McNulty & Associates (2001-1999)	Chicago, IL Chicago, IL	
<b>Bond Counsel:</b>	Chapman and Cutler	Chicago, IL	Matt Lewin
<b>Issuer's Counsel:</b>	Dykema Gossett	Chicago, IL	Darrell Pierce
<b>Underwriter/</b>	Oppenheimer and Co., Inc.	Minneapolis, MN	Bryan Nelson
<b>Placement Agent:</b>			
<b>Underwriter's Counsel:</b>	Icemiller	Chicago, IL	Tom Smith
<b>Consultant:</b>	Nadroj Operating Corp.	Evanston, IL	Jordan Zoot
<b>Trustee:</b>	TBD		
<b>General Contractor:</b>	TBD		

**Rogers Park Montessori School**  
**Projected Statement of Cash Flows**  
(including FY2004 acquisition of new building)

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
<b>Cash flows from operation activities:</b>							
Cashflow b/f debt service & occupancy	166,353	(100,689)	179,033	323,364	532,315	656,696	/12,831
<b>Adjustments:</b>							
Depreciation/Amortization	31,915	316,453	331,851	342,956	342,967	344,508	349,004
Changes in operating assets and liabilities	31,709	0	0	0	0	0	0
Accounts receivable	107,694	0	0	0	0	0	0
Prepaid Expenses	(51,172)	0	0	0	0	0	0
Accounts payable	(8,376)	150,745	137,870	94,006	92,460	51,714	37,957
Advances							
<b>Cashflow from operations before occupancy &amp; debt service</b>	<b>278,123</b>	<b>366,509</b>	<b>648,754</b>	<b>760,326</b>	<b>967,142</b>	<b>1,052,918</b>	<b>1,099,192</b>
Change in project fund	(7,661,729)	7,661,729	0	0	0	0	0
Change in Capitalized Interest Fund	(821,493)	546,292	275,200	0	0	0	0
Change in Debt Service Reserve Fund	0	0	0	0	0	0	0
Change in Repair and Replacement Fund	0	0	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Change in Issuance & Underwriting Costs	(523,485)	0	0	0	0	0	0
Capital Expenditures	(2,028,325)	(7,729,245)	(107,668)	(113,103)	(43,908)	(45,601)	(47,385)
<b>Cashflow before occupancy &amp; debt service</b>	<b>(10,756,909)</b>	<b>845,284</b>	<b>796,286</b>	<b>627,223</b>	<b>903,834</b>	<b>987,317</b>	<b>1,032,409</b>
<b>Debt Service &amp; Occupancy</b>							
Rent	(80,580)	(80,580)	0	0	0	0	0
Note Payable	10,140,000	0	0	0	0	0	0
Debt Service on senior debt	0	(460,804)	(460,804)	(460,804)	(594,075)	(595,805)	(591,974)
Debt Service on subordinated debt	0	(187,500)	(187,500)	(187,500)	(217,500)	(215,250)	(218,000)
<b>Debt Service &amp; Occupancy</b>	<b>10,059,420</b>	<b>(728,884)</b>	<b>(648,304)</b>	<b>(648,304)</b>	<b>(811,575)</b>	<b>(811,055)</b>	<b>(809,994)</b>
<b>Net increase (decrease) in cash</b>	<b>(697,489)</b>	<b>116,400</b>	<b>147,982</b>	<b>(21,081)</b>	<b>92,259</b>	<b>176,262</b>	<b>222,415</b>
<b>Cash at beginning of year</b>	<b>675,220</b>	<b>(22,269)</b>	<b>94,131</b>	<b>242,113</b>	<b>221,032</b>	<b>313,291</b>	<b>489,553</b>
<b>Cashflow after debt service and occupancy</b>	<b>(10,226,909)</b>	<b>(10,226,909)</b>	<b>(10,226,909)</b>	<b>(10,226,909)</b>	<b>(10,226,909)</b>	<b>(10,226,909)</b>	<b>(10,226,909)</b>
<b>Overall Debt Coverage Ratio</b>	<b>N/A</b>	<b>N/A</b>	<b>1.00</b>	<b>1.17</b>	<b>1.19</b>	<b>1.30</b>	<b>1.36</b>

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**LEGISLATIVE DISTRICTS**

Congressional: 05 Rahm Emanuel  
State Senate: 07 Carol Ronen  
State House: 13 Larry McKeon

**LIST OF CURRENT BOARD MEMBERS**

Ashley Thom, President  
Ian Gallagher, Treasurer  
Debra Senoff-Langford, Principal  
Patti Blagojevich  
Bert Vescolani  
Ann Scholhamer  
Patricia Bayerlein  
Holly Crilly  
Kathy Lunsky  
Joy Baer  
Karen Salmon  
Kelly Velasquez

# Illinois Finance Authority

## Memorandum

To: IFA Board of Directors

From: Townsend Albright  
Sharnell Curtis-Martin

Date: October 12, 2004

Re: Overview Memo for the YMCA of Metropolitan Chicago  
IFA Project #: N-NP-TE-CD-415

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- **Borrower:** The YMCA of Metropolitan Chicago
- **Location(s):** Multiple locations located within: Chicago, Des Plaines, Downers Grove, Elmhurst, Grayslake, Harvey, Ingleside, LaGrange, Lake Zurich, Lindenhurst, Niles, and Palatine
- **Principal Project Contact:** Deborah Stevens, Executive Vice-President & CFO
- **Board Action Requested:** Final Bond Resolution
- **Amount:** \$27,000,000 (not-to-exceed amount)
- **Project Type:** Not-For-Profit Bonds
- **IFA Benefits:**
  - Conduit Tax-Exempt Bonds
  - Interest Savings estimate to be determined
- **IFA Fees:**
  - Application Fee of \$1,000
  - Bond Issuance Fee of \$82,000
- **Structure:**
  - Direct Pay Letter of Credit by Harris Trust and Savings Bank
  - Multi-modal Bonds
  - 35 year maturity
- **Recommendation:**
  - Staff recommends approval



**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project:** The YMCA of Metropolitan Chicago

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**STATISTICS**

Deal Number: N-NP-TE-CD-415	Amount: \$27,000,000 (not-to-exceed amount)
Type: No-For-Profit Bonds	PA: Townsend Albright/ Sharnell Curtis Martin
Location: Multiple	Tax ID: 36-217-9782
SIC Code: 8641	Est. fee: \$82,000

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**BOARD ACTION**

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

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**PURPOSE**

Bond proceeds will be used to finance construction, refinance prior debt, refund outstanding bond issue and other acquisitions, renovations and equipment purchases at existing facilities.

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**VOLUME CAP**

501(c)(3) Revenue Bond projects do not require Volume Cap.

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**VOTING RECORD**

Preliminary Bond Resolution: September 14, 2004

Ayes: 9	Nays: 0	Abstentions: 0
Absent: 3 (Delgado, Leonard, O'Brien)		
Vacancies: 3		

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Bond	\$27,000,000	Uses:	Project Costs	\$18,426,625
	Equity	<u>2,847,075</u>		Refinancing/Refunding	10,405,061
				Capitalized Interest	660,997
				Bond Issuance Costs	<u>354,392</u>
	Total Sources	<u>\$29,847,075</u>		Total Uses	<u>\$29,847,075</u>

---

## JOBS

Current employment: 3,323  
Jobs retained: N/A

Projected new jobs: 65  
Construction jobs: 200

## BUSINESS SUMMARY

**Background:** The YMCA of Metropolitan Chicago (the "Applicant", the "YMCA") opened its doors in Chicago in 1858 as the Chicago YMCA to accommodate the historical influx of young men moving to Chicago to work on the railroads and in the stockyards. The YMCA became an Illinois not-for-profit corporation in 1937.

Additionally, the YMCA has issued bonds on two prior occasions through an IFA predecessor, the Illinois Development Finance Authority.

**Description:** In 1944, the Applicant opened its first suburban YMCA in Harvey, Illinois. In 1955 the Applicant adopted the name "YMCA of Metropolitan Chicago". The Applicant is the second largest YMCA in the U.S. The current service area is bordered by Mokena, Illinois on the South, by Lake Michigan on the East, and on the North and West by Libertyville, Illinois.

The YMCA improves the quality of life for families and their communities through programs that provide support and enrichment of life skills and promote wellness of body and mind. The Applicant supports 31 centers in diverse communities. The YMCA served over one million people during fiscal year 1999.

**Financials:** Audited Historical Financial Statements 6/30/01 - 6/31/02  
Audited Historical Financial Statements 7/1/02 - 12/30/02  
Audited Historical Financial Statements 12/30/03  
Internally Prepared Projections 12/30/04 - 12/30/06

	Year Ended June 30		Dec 30		Year Ending Dec 30		
	2001	2002	2002	2003	2004	2005	2006
			(6 months)		(Dollars in 000's)		
<b>Income statement:</b>							
Sales	\$100,957	\$94,223	\$46,190	\$82,394	\$78,977	\$81,347	\$83,787
Change in Net Assets	(2,463)	(16,323)	(8,017)	15,390	1,601	944	1,137
EBIDA*	6,306	(6,012)	(2,945)	25,257	10,712	11,810	12,524
<b>Balance sheet:</b>							
Current assets	\$53,708	\$11,312	\$19,499	\$15,913	\$7,807	\$7,405	\$7,163
Investments	89,533	76,153	68,987	83,519	106,167	97,875	91,866
PP&E	103,904	111,458	109,628	109,774	105,725	114,031	121,420
Other assets	6,308	6,065	5,437	4,222	6,100	4,432	4,432
Total assets	<u>260,962</u>	<u>210,353</u>	<u>203,552</u>	<u>213,428</u>	<u>225,799</u>	<u>223,743</u>	<u>224,881</u>
Current liabilities	61,593	28,091	26,358	22,232	15,882	12,882	12,882
Non Current liabilities	82,737	81,954	84,903	83,514	100,634	100,634	100,634
Net Assets	<u>116,631</u>	<u>100,308</u>	<u>92,290</u>	<u>107,682</u>	<u>109,282</u>	<u>110,226</u>	<u>111,363</u>
Total liabilities/equity	<u>\$260,962</u>	<u>\$210,353</u>	<u>\$203,552</u>	<u>\$213,428</u>	<u>\$225,799</u>	<u>\$223,743</u>	<u>\$224,881</u>

EBIDA \* Earnings Before Interest Depreciation and Amortization

Ratios:

Debt coverage	0.69x	(0.00x)	(0.00x)	12.70x	5.30x	5.97x	6.32x
Current ratio	0.87	0.40	0.74	0.72	0.49	0.57	0.56
Debt/equity	0.56	0.65	0.30	0.60	0.82	0.82	0.81

Discussion: The Applicant experienced financial difficulties in 2001 and 2002. During the fiscal year 2002, the YMCA posted several unusual expenses and events including realized and unrealized investment losses of \$7.5 million, a reduction in contributions of \$6 million and reorganizational costs of \$3 million due to the closure of three facilities, reduction of staff and elimination of the Child Welfare Program.

During the six month period ended December 2002, there was a one-time adjustment for additional pension liability in the amount of \$7.6 million. This resulted in a negative change in net assets amount of approximately \$8 million for the six month period between July 2002 through December 2002.

Due to its sizable investment balances of \$89.5 million as of 6/30/01, the YMCA was able to sustain this short-term downturn by liquidating a portion of its long-term investments. The YMCA has had an encouraging financial recovery as evidenced by the year end financials in 2003.

As of 12/31/03, the YMCA is in compliance with existing covenant requirements of previous IDFA bond transactions. Debt service coverage improved to 12.70 times. The projections assume 2% annual revenue growth and assume a bond closing date of 12/31/04. Based on the projections, the YMCA will generate cash flow sufficient to cover its fixed obligation by multiples of 5.97 times or better beginning in 2005.

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### FINANCING SUMMARY

Security: Direct Pay Letter of Credit by Harris Trust and Savings Bank  
Structure: Multi-modal Revenue Bonds  
Maturity: 35-year

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### PROJECT SUMMARY

Bond proceeds will be used to finance new construction and rehabilitation of centers, refinance prior debt, and refund outstanding bond issues, to capitalize interest and to pay certain bond issuance costs. Project costs are estimated as follows:

Construction	\$12,297,075
Rehabilitation	<u>6,129,550</u>
Total Project Costs	<u>\$18,426,625</u>

---

### ECONOMIC DISCLOSURE STATEMENT

Applicant: Young Men's Christian Association of Chicago  
Project name: YMCA Metropolitan Chicago Series 2004  
Location: Multiple  
Organization: 501(c)(3) Corporations  
State: Illinois  
Board of Directors: See attached list.

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Perkins Coie	Chicago	Bill Corbin
Accountant:	Price Waterhouse Coopers	Chicago	
Bond Counsel:	Chapman and Cutler	Chicago	Chris Walrath
LOC Bank:	Harris Trust and Savings Bank	Chicago	Gregory Bins
Placement Agent:	J.P. Morgan Securities	Chicago	Michelle Salomon
Placement Agent's Counsel:	Foley & Lardner	Chicago	Heidi Jeffery
Issuer's Counsel:	Pugh Jones Johnson & Quandt	Chicago	Scott Bremer
Trustee:	LaSalle Bank, N.A.	Chicago	John Deutsch
Rating Agency:	Moody's Investor Services	Chicago	Joann Hempel

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**LEGISLATIVE DISTRICTS**

See attached list.

EXHIBIT A  
 YMCA of Metropolitan Chicago  
 Proposed Project Name and Location  
 IFA Application

<u>YMCA</u> <u>Location</u>	<u>Congressional</u> <u>District</u>	<u>Illinois</u> <u>Senate</u>	<u>Illinois</u> <u>House</u>	<u>City Clerk</u>
Austin YMCA 501 North Central Chicago, IL 60644-1599	7		39	78 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Buehler YMCA 1400 West NW Highway Palatine, IL 60067-1837	10		27	54 Marg Duer 200 East Wood Street Palatine, IL 60067
Camp Duncan YMCA 32405 North Highway 12 Ingleside, IL 60041-9312	8		26	52 Nancy L. Nystrom 26725 West Molidor Road Ingleside, Illinois 60041
Duncan YMCA 1001 West Roosevelt Road Chicago, IL 60608-1559	7		5	9 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Elmhurst YMCA 211 West First Elmhurst, IL 60126-2601	6		23	46 Norma Cronin c/o City Hall 209 North York Street Elmhurst, IL 60126
Foglia YMCA 1025 Old McHenry Road Lake Zurich, IL 60047-8428	8		26	51 Gloria M. Palmblad 70 East Main Street Lake Zurich, IL 60047
Grayslake YMCA 1850 E. Belvidere Grayslake, IL 60030-2289	8		31	62 Joanne Lawrence 10 South Seymour Grayslake, Illinois 60030
Greater Roseland YMCA 4 East 111 <sup>th</sup> Street Chicago, IL 60628-4394	2		14	28 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Hastings Lake 20517 W. Grass Lake Rd Lindenhurst, IL 60046-7452	8		31	61 Donna L. Bauschke 2301 East Sand Lake Road Lindenhurst, Illinois 60046
High Ridge YMCA 2424 West Touhy Chicago, IL 60645-3310	9		8	16 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Indian Boundary 711 59 <sup>th</sup> Downers Grove, IL 60516-1420	13		24	47 Diane A. Konicek 801 Burlington Avenue Downers Grove, IL 60515
Irving Park YMCA 4251 West Irving Park Chicago, IL 60641-2938	5		8	15 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Lake View 3333 North Marshfield Chicago, IL 60657-2123	5		6	11 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602

EXHIBIT A  
 YMCA of Metropolitan Chicago  
 Proposed Project Name and Location  
 IFA Application

Lattof YMCA 300 East NW Highway Des Plaines, IL 60016-2262	9	33	66 Donna McAllister 1420 Miner Street Des Plaines, IL 60016
Lawson House YMCA 30 West Chicago Avenue Chicago, IL 60610-4331	7	3	5 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Leaning Tower YMCA 6300 West Touhy Niles, IL 60714-4627	5	8	15 Marcia Jendreas 1000 Civic Center Drive Niles, IL 60714
McCormick Tribune YMCA 1834 North Lawndale Chicago, IL 60647-4700	4	2	4 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
New City YMCA 1515 North Halstead Avenue Chicago, IL 60622-2529	7	3	5 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Rauner YMCA 2700 S. Western Chicago, IL 60608-5294	7	1	1 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Rich Port YMCA 31 East Ogden LaGrange, IL 60525-2016	3	41	82 Gayle Decker 53 South LaGrange Road LaGrange IL 60525
South Chicago 3039 E. 91st Street Chicago, IL 60617-4499	2	13	25 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
South Side YMCA 6330 South Stony Island Chicago, IL 60637-3773	1	13	25 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
South Suburban 178 E. 155th Street Harvey, IL 60426-3622	2	15	30 Gwendolyn L. Davis 15320 Broadway Avenue Harvey, IL 60426.
Wabash YMCA 3763 S. Wabash Chicago, IL 60653-1528	7	3	5 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
West Communties 6235 S. Homan Avenue Chicago, IL 60629-3337	3	12	23 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602

**EXHIBIT B**  
**YMCA of Metropolitan Chicago**  
**Board of Directors**  
**IFA Application**

**Board of Managers**

Bruce Baker  
Rocky Barber  
Thomas M. Begel  
William E. Bennett  
David C. Blowers  
Kevin Buggy  
Christopher T. Carley  
Arthur W. Catrambone  
Henry T. Chandler  
Allen J. Cizner  
A. Steven Crown  
James S. DiMatteo  
Mark Faber  
William M. Fausone  
Fred I. Feinstein  
Leon D. Finney, Jr.  
Amanda C. Fox  
David W. Fox, Jr.  
Charles E. Frank  
Benno C. Friedrich  
Scott Gordon

Donald J. Gralen  
Donald C. Grenesko  
Craig A. Griffith  
Richard A. Hanson  
Roger A. Haupt  
Linda H. Heagy  
Saul Hernandez  
Bruce A. Heyman  
Roger P. Hickey  
David L. Hill  
Terry G. Hillard  
Michael B. Johnstone  
John W. Jordan II  
Gary Kachadurian  
Joseph P. Karczewski  
Jose A. Lopez  
Robert H. Lyon  
Francesca M. Maher  
William McClayton  
Peter McNitt  
William C. Mitchell

Robert S. Murley  
John E. Neal  
William A. Osborn  
S. James Perlow  
Joseph R. Ponteri  
Bruce V. Rauner  
Robert E. Reilly, Jr.  
John H. Simpson  
Donald A. Smith  
Paul L. Snyder  
Avy H. Stein  
Frederick B. Thomas  
M. Jay Trees  
Charlene Vickery  
David J. Vitale  
Craig M. Watson  
Earl E. Webb  
Mark D. Wilcox  
Marsha Williams  
Jeffrey A. Wolfson

**Officers**

William E. Bennett, Chairman  
A. Steven Crown, Vice Chairman  
Linda H. Heagy, Vice Chairman  
Francesca M. Maher, Vice Chairman  
William A. Osborn, Vice Chairman  
Donald J. Gralen, Recording Secretary  
Paul L. Snyder, Treasurer

**Executive Committee**

Thomas M. Begel  
William E. Bennett  
David C. Blowers  
A. Steven Crown  
James S. DiMatteo  
David W. Fox, Jr.

Benno C. Friedrich  
Donald J. Gralen  
Linda H. Heagy  
Francesca M. Maher  
William C. Mitchell  
William A. Osborn

S. James Perlow  
M. Jay Trees  
Paul L. Snyder  
David J. Vitale  
Mark D. Wilcox

# ILLINOIS FINANCE AUTHORITY

## Memorandum

**To:** IFA Board of Directors  
**From :** Jim Senica  
**Date:** October 12, 2004  
**Re:** Overview memo for Sauk Valley Student Housing, L.L.C. (to be formed)

---

- **Borrower/Project Name:** Sauk Valley Student Housing, L.L.C.
- **Location:** Dixon (Lee County)
- **Principal Project Contact:** Cal Lyons, Executive Director
- **Board Action Requested:** Final Bond Resolution
- **Amount:** \$8,000,000 (not-to-exceed amount)
- **Project Type:** Student Housing Complex
- **IFA Benefits:**
  - Conduit Tax-Exempt Bonds – no direct IFA or State funds at risk
  - New Money Bonds: Convey tax-exempt status
- **IFA Fees:**
  - Application fee: \$1,000
  - One-time, upfront closing fee: \$40,000
- **Structure:**
  - Not-for-profit bonds issued by IFA will be placed by Stern Brothers & Co
  - Tax-exempt rate to Sauk Valley Student Housing, L.L.C.
  - Variable rate bonds
  - Maturity not to exceed 25 years



**ILLINOIS DEVELOPMENT FINANCE AUTHORITY  
BOARD SUMMARY  
October 12, 2003**

**Project: Sauk Valley Student Housing, L.L.C. (to be formed)**

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**STATISTICS**

Project Number: N-NP-TE-CD-417	Amount: \$8,000,000 (not-to-exceed amount)
Type: Not-for-Profit Bond	IFA Staff: Jim Senica
Location: Dixon	Tax ID: Applied-For
	Est fee: \$40,000

---

**BOARD ACTION**

Final Bond Resolution	Staff recommends approval
Conduit 501(c)(3) Revenue Bonds	No extraordinary conditions

---

**PURPOSE**

Bond proceeds will be used to finance the construction of a 3-building student housing complex and to pay bond issuance costs.

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**IFA CONTRIBUTION**

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

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**VOTING RECORD**

Preliminary Bond Resolution was adopted on September 14, 2004, by the following vote:

Ayes: 9    Nays: 0    Abstentions: 0    Absences: 3 (O'Brien, Delgado & Leonard)

Vacancies: 3

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**SOURCES AND USES OF FUNDS**

Sources: Revenue Bonds	<u>\$8,000,000</u>	Uses: Project Costs	\$7,840,000
Total	<u>\$8,000,000</u>	Issuance Costs	<u>160,000</u>
		Total	<u>\$8,000,000</u>

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**JOBS**

Current employment:	N/A*	Projected new jobs:	5
Jobs retained:	N/A	Construction jobs:	100 (9 to 11 Months)

\*The Student Housing L.L.C. (to-be-formed) currently has no employees - all administrative work performed by Sauk Valley Community College employees.

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**BUSINESS SUMMARY**

**Background:** Sauk Valley Community College Foundation is a 501 (c)(3) nonprofit public benefit corporation formed in the late 1980's. The Foundation was organized to engage in the raising of funds to support the educational, charitable and benevolent purposes of Sauk Valley Community College District 506, a community college based in Dixon, Illinois. The 501 (c)(3) Student Housing L.L.C. is being formed as a subsidiary of the Foundation to own and operate the student housing units being constructed in this project. It is necessary to form the Residential L.L.C. because under Illinois statute governing community colleges, a community college is prohibited from directly owning a student housing facility.

**Description:** The Residential L.L.C.'s mission will be to own and operate the new student residential housing units to be built on a 5-acre parcel of land owned by the Sauk Valley Community College Foundation on Sauk Valley Community College's Dixon campus. The Student housing L.L.C. will derive its revenue solely from the cash flows of the project. Probable Board members of the L.L.C. as well as principals involved in the development of the L.L.C., would include Calvin W. Lyons, Sauk Valley Community College Foundation Executive Director and James Say, Sauk Valley Community College Foundation Finance Committee Chairman. Vacancy rates in area apartments are currently extremely low.

**Remarks:** The Sauk Valley Community College Foundation supports the activities of Sauk Valley Community College where there are approximately 2,700 students enrolled. The accounts of the Foundation are maintained separately from the College as the Foundation receives funds restricted as to their use by grantors and unrestricted funds whose use is determined by the Foundation Board of Trustees.

**Financials:** Audited Financial Statements of Sauk Valley Community College Foundation 2001 through 2003

Year Ended September 30  
2001      2002      2003  
(Dollars in 000's)

Income statement			
Support and revenues	339	347	136
Net Income	(70)	52	(10)
Earnings before interest, depreciation and amortization	(62)	57	(8)
Balance Sheet			
Current assets	2,982	2,639	2,878
P P & E	<u>108</u>	<u>108</u>	<u>108</u>
Total assets	<u>3,090</u>	<u>2,747</u>	<u>2,986</u>
Current liabilities	-0-	-0-	-0-
Debt	-0-	-0-	-0-
Net assets	<u>3,090</u>	<u>2,747</u>	<u>2,986</u>
Total liab. & net assets	<u>3,090</u>	<u>2,747</u>	<u>2,986</u>
Ratios			
Debt Service Coverage	N/A	N/A	N/A
Current Ratio	N/A	N/A	N/A
Debt/Equity	N/A	N/A	N/A

Discussion: A feasibility study prepared by Century Development shows that debt service on the project will be funded entirely from rents received on the project rentals.

The foundation's net worth is comprised of donations received, both unrestricted as well as those restricted for specific usage by the donor.

**FINANCING SUMMARY**

Security: Irrevocable, direct-pay letter of credit from Amcore Bank secured by a confirming letter of credit from Fifth Third Bank.

Structure: 25-year variable-rate bonds

**PROJECT SUMMARY**

Bond proceeds will be used to construct three buildings on five acres of land owned by the Sauk Valley Community College Foundation. Two buildings will be residential with a housing capacity of approximately 140 students. The third building will serve as a community center providing such services as a postal center, community meeting rooms and washers and dryers.

Project costs are estimated as follows:

Building Construction	<u>\$7,840,000</u>
Total	<u>\$7,840,000</u>

Since Sauk Valley Community College District 506 encompasses a large rural area, many students are required to commute considerable distances to the campus in Dixon on a daily basis. Making available the affordable housing on campus will allow the college to provide highly qualified students, who would otherwise be unable to attend, with the opportunity to complete their college coursework on campus.

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**ECONOMIC DISCLOSURE STATEMENT**

Project name: Sauk Valley Student Housing, L.L.C.  
Location: 173 Illinois Route 2 Dixon, Il 61021 (Lee County)  
Applicant: Sauk Valley Student Housing, L.L.C. (to be formed)  
Organization: 501 (c)(3) Not-for-Profit Corporation  
State: Illinois  
Ownership: Not applicable for 501(c)(3) Corporation - List of Board of Trustees attached  
General Contractor: Century Development  
Property Owner: Sauk Valley Community College Foundation

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Ward, Murray, Pace	Dixon, IL	Jock Heaton
Bond Counsel:	Wildman Harold	Chicago, IL	James M. Snyder
Issuer's Counsel:	Hart, Southworth & Wittsman	Springfield, IL	Sam Wittsman
Underwriter	Stern Brothers & Co.	St. Louis, MO	John M. May
Underwriter's Counsel:	Miller, Hall & Triggs	Peoria, IL	Rick Joseph
Accountant:	Clifton Gunderson	Peoria, IL	
Engineering Consultant:	Clark Engineers, Inc.	Peoria, IL	Mark Otten

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**LEGISLATIVE DISTRICTS**

Congressional: 14 – Dennis J. Hastert  
State Senate: 45 – Todd Sieben  
State House: 90 – Jerry L. Mitchell

## Sauk Valley Community College Foundation

### Board of Trustees

John McCormick, President

Amy Shaw, Vice President

Jim Say, Secretary

John Prange Treasurer

Dave Barajas

Marilyn Blum

Walt Clevenger

Deb Crowson

Thomas Fin D.C.

Barry Flint

Linda Giesen

Dan Hawkins

Dale Heuck

Dorris Kennay

Larry Leffelman

Marc Melton

Kim Pattygrove

Curt Perki

Howard Sims, Ph. D.

Jack Spencer

John Thompson

Stan Weber

Harry S. Dixon Jr., Trustee Liaison

Richard Behrendt, SVCC President

Cal Lyons, Executive Director

Shirley Walker, Recording Secretary

# ILLINOIS FINANCE AUTHORITY

## Memorandum

**To:** IFA Board of Directors  
**From :** Jim Senica  
**Date:** October 12, 2004  
**Re:** Overview memo for Homeway Homes, Inc.

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- **Borrower/Project Name:** Homeway Homes, Inc.
- **Location:** Beardstown (Tazewell County)
- **Principal Project Contact:** Robert D. Knepp, Morton Community Bank
- **Board Action Requested:** Approval to purchase loan participation
- **Amount:** \$300,000
- **Project Type:** Business – Participation Loan
- **IFA Benefits:**
  - Buy-down of interest rate – \$300,000 IFA funds at risk
  - Borrower provided with lower blended interest rate
- **IFA Fees:**
  - 2.50% additional interest income earned over CD rate: \$7,500
- **Structure:**
  - Loan participation to be purchased by Morton Community Bank - Eureka  
Loan term will be 5 years with a 5-year amortization.  
Bank interest rate will be fixed at 1.75% over prime at time of closing.  
IFA's rate will be 1.5% below bank's rate.
  - Collateral will be a pro-rata first position "*pari passu*" with Morton Community Bank on project equipment with a 71% discounted cash value of \$1,200,000 and a pro-rata first mortgage on land valued at \$500,000 providing collateral coverage of at least 1.70 times (59% LTV).

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 12, 2004**

**Project: Homeway Homes, Inc.**

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**STATISTICS**

Project Number: B-LL-TX-413	Amount	\$300,000
Type: Participation Loan	IFA Staff:	Jim Senica
Location: Deer Creek	Est fee:	\$7,500

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**BOARD ACTION**

Purchase of Participation Loan from Morton Community Bank  
\$300,000 IFA funds at risk.  
Collateral is *pari passu* first position with the bank.  
Staff recommends approval of a resolution subject to the Bank covenants noted on page 4 of this report.

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**PURPOSE**

Acquisition of various equipment used in the applicant's modular home manufacturing business.

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**VOTING RECORD**

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

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**SOURCES AND USES OF FUNDS**

Sources:	IFA	\$300,000	Uses: Project Costs	<u>\$1,700,000</u>
	Morton CommunityBank	650,000	Total	<u>\$1,700,000</u>
	Tazewell County RLF	100,000		
	Equity*	<u>650,000</u>		
	Total	<u>\$1,700,000</u>		

\*Equity is comprised of a capital contribution by each of the applicant's three owners.

---

**JOBS**

Current employment:	N/A	Projected new jobs:	56 (End of year 1)*
Jobs retained:	N/A	Construction jobs:	N/A

\*The applicant is projecting employment of 141 by the end of year 5.

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## BUSINESS SUMMARY

**Background:** Homeway Homes, Inc. is a recently formed Illinois C corporation established to engage in the manufacture of modular home units. The organization was founded by Mr. Robert Schieler, President of the 42-year-old Scheiler & Rassi Quality Builders, Inc., as an adjunct supplier to his home construction business. The Company will be owned equally by Robert's three sons, Brian, Rich and Ted, and Robert Scheiler will serve on the Board as an advisor to the management team on day-to-day operations.

In 1996, Robert Scheiler made a pivotal company decision to enter the modular home construction business. Scheiler & Rassi Quality Builders, Inc. entered into a working agreement with Contempri Homes of Pickneyville, Illinois, a company that had been producing modular homes for 35 years. Robert has guided the modular construction division of Scheiler & Rassi to become one of the largest builders for Contempri Homes having built more than 350 homes in 7 years, with an annual high of more than 100 homes built in the last year. Robert and his sons have made the decision to develop their own modular manufacturing business to allow them to maintain better control of their building operations by not having to rely on a third party supplier for their homes.

**Description:** Homeway Homes, Inc. will manufacture high quality wood framed modular buildings, with the primary focus of the factory being the production of single family and multi-family residential structures and secondarily light commercial buildings such as offices, temporary classrooms and retail shops.

Modular homes begin as components that are designed, engineered and assembled in a climate-controlled factory and delivered to the site in sections called modules. Finished homes range from two modular affordable ranch style homes to multimillion-dollar mansions that consist of multiple units from 4 to 20 modular units.

Production takes place on an assembly line, with components moving from workstation to workstation (such as framing, drywall, electrical, plumbing and window installation). An average two-module home can be produced in six to seven days. Before leaving the factory, modulars must pass rigorous third-party inspections by building officials and state regulatory agencies.

**Remarks:** Homeway Homes, Inc. products will be sold in a variety of ways, based on where the products will be delivered and the type of customer placing the order. Homes sold as a "turn-key" product will be delivered to Scheiler & Rassi who will then set them on the foundation and then fully complete the home. The second basis of sale, the "modular set basis", will be one in which Homeway Homes delivers and sets the home on the prepared foundation, and then it is completed by a third party other than Scheiler & Rassi. The third method of sale is referred to as the "drop and run" whereby Homeway Homes merely delivers the modular units to the purchaser's job site, disconnects the units from the semi tractor and then leaves. It is anticipated that the majority of sales will be of either the "turn key" or "modular set" variety with most of the "drop and run" activity being relegated to third party builders located beyond 200 miles from the plant.



Financials: Financial Statements of Scheiler & Rassi, Inc. for years 2002 and 2003  
Projected Income Statement of Homeway Homes, Inc. for years 1 through 5

	<u>Year Ended December 31</u>	
	<u>2002</u>	<u>2003</u>
	(Dollars in 000's)	
Income Statement		
Sales	17,330	17,258
Net income	42	73
Balance sheet		
Current assets	1,963	2,612
PP&E	1,445	1,023
Other assets	<u>94</u>	<u>97</u>
Total assets	<u>3,502</u>	<u>3,732</u>
Current liabilities	1,905	2,296
Debt	991	756
Equity	<u>606</u>	<u>680</u>
Total liab. & equity	<u>3,502</u>	<u>3,732</u>

	<u>Year Ended December 31</u>				
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
	(Dollars in 000's)				
Income Statement					
Sales	4,880	9,714	13,629	16,581	20,528
Less: Cost of Sales	<u>3,823</u>	<u>6,985</u>	<u>9,654</u>	<u>11,815</u>	<u>14,580</u>
Gross Operating Profit	1,057	2,729	3,975	4,766	5,948
Less:					
Variable Expenses	379	738	930	1,177	1,183
Fixed Expenses	1,136	1,438	1,590	1,616	1,626
G & A Expenses	<u>148</u>	<u>212</u>	<u>598</u>	<u>856</u>	<u>1,423</u>
Operating P & L	<u>(606)</u>	<u>341</u>	<u>857</u>	<u>1,117</u>	<u>1,716</u>
Debt service coverage available - equipment and rent on real estate	0.20x	1.47x	2.15x	2.49x	3.29

Discussion: Financial statements of Scheiler & Rassi Quality Builders, Inc. are included merely for illustrative purposes only to highlight the success attained in that operation by the principals of Homeway Homes, Inc.

Detailed P & L projections for Homeway Homes, Inc. for years 1 through 5 have been provided by the borrower, have been conservatively prepared and reflect anticipated and historical demand patterns experienced by Scheiler & Rassi Quality Builders, Inc. as well as other builders engaged in the modular housing construction business.

Bank covenants include the following:

- 1) Internally-prepared Company financial statements
- 2) Annual compiled financial statements of Homeway Homes, Inc.
- 3) Prior to funding, certified fair market value appraisal on the pledged real estate of \$500,000
- 4) Evidence of adequate insurance on the collateral
- 5) Shared first position on project equipment and shared first mortgage on land with an appraised value of \$500,000.
- 6) Personal guaranties of Richard, Brian and Ted Scheiler for the full amount of the loan and Robert Scheiler to \$250,000
- 7) Assignment of life insurance

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### FINANCING SUMMARY

**Borrower:** Homeway Homes, Inc.

**Security:** Pro-rata first position "*pari passu*" with Morton Community Bank on the project equipment (collateral is based on a 71% discounted cost value of \$1,200,000) and pro-rata first mortgage "*pari passu*" on land with an appraised value of \$500,000. Collateral coverage on project debt to IFA and the Bank on this participation loan is 1.70 times (59% LTV). IFA will also share with the Bank in the personal guaranties of Richard (NW \$436m) Brian (NW \$731 m) and Ted Scheiler (NW \$907 m) for the full amount of the loan and the personal guaranty of Robert Scheiler (NW \$1.216 mm) to the extent of \$250,000. Staff recognizes that in the event of default with respect to this loan, standard wording in IFA's participation agreement states that the IFA/Bank loan will be paid prior to any other loan, including any future line-of-credit loan that the borrower may establish with the Bank.

**Structure:** Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 150 basis points below what the Bank is charging the customer. The Bank's interest rate will be fixed at 1.75% over prime at time of loan closing.

**Maturity:** The loan will be set on a 5-year amortization with 60 payments of principal and interest Over the 5-year term of the loan.

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### PROJECT SUMMARY

The proposed project involves the acquisition of equipment for use in the applicant's modular building manufacturing operation.

Project costs are estimated as follows:

Equipment acquisition	<u>\$1,700,000</u>
Total	<u>\$1,700,000</u>

The proposed project will provide the applicant with the equipment needed to operate a state-of-art production facility creating 56 new jobs in the first year with an expected total employment of 141 by the end of year 5 in a community that has been economically challenged.

**ECONOMIC DISCLOSURE STATEMENT**

Project name: Homeway Homes, Inc. Equipment Acquisition  
Location: Deer Creek, Illinois (Tazewell County)  
Applicant: Homeway Homes, Inc.  
Organization: Illinois C corporation  
Ownership: Brian Scheiler 1/3, Rich Scheiler 1/3 and Ted Scheiler 1/3

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**FINANCIAL**

Bank: Morton Community Bank          Eureka, Illinois          Robert D. Knepp

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**LEGISLATIVE DISTRICTS**

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors  
From: Patrick McGee  
Date: September 27, 2004  
Re: Overview Memo for Penny Lane School, Ltd.  
(Penny Lane Daycare Center School Project)  
B-LL-TX-414

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- **Borrower/Project Name:** Penny Lane School, Ltd. an S corporation  
(Penny Lane Daycare Center Project)
- **Tenant:** Penny Lane School, Ltd., an S corporation
- **Location:** Chicago Ridge (Cook County)
- **Principal Project Contact:** Mrs. Christine Bonczyk, Owner
- **Board Action Requested:** Participation Loan Resolution
- **Amount:** not to exceed \$740,000
  - **Uses:**
    - Acquisition and Rehab Loan for property located at 10255 S. Ridgeland in Chicago Ridge
    - Facility will provide facilities similar to other two facilities owned by borrower, located at 8901 S. 52<sup>nd</sup> in Oak Lawn, IL and 4527 Southwest Highway in Oak Lawn, IL.
- **Project Type:** Participation Loan
- **IFA Benefits:**
  - IFA will purchase a \$740,000 Participation in a \$1,850,000 loan, which is 40% of loan originated by Founders Bank.
  - The proposed Founders Bank loan will bear an interest rate of 6.375% over an initial 5 year term – accordingly, IFA's Participation will be priced at 5.375% over the initial 5 year term, thereby resulting in a blended rate to the Penny Lane School, Ltd. of 5.875% over the initial 5 year term.
- **IFA Fees:**
  - Assumes a 2.5% spread over IFA CD investment during year one: \$18,500

- **Description of Ownership Structure/Terms:**
  - Founders Bank will finance over an initial term of 5 years, extendable in 5-year increments, for up to 25 years maximum.
  - 25-year amortization
  - IFA will finance over an initial 5 year term, extendable for an additional 5 years (IFA will be taken out no later than year 10).
  
- **Description of Founders Bank/IFA Collateral:**
  - Shared first mortgage security interest and assignment of rents on the subject property
  
- **Principal Source of Repayment:**
  - Six months interest only from interest reserve for construction period and monthly P + I payments thereafter based on a 25 year amortization
  - Proposed annual debt service payments on the Bank/IFA Loan are approximately \$149,000 per annum.
  
- **Recommendations/Conditions:**
  - Staff recommends approval of a Participation Loan Resolution in an amount not to exceed \$740,000 pursuant to the extraordinary conditions noted on Page 1 of the accompanying report.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project: Christine Bonczyk  
(Penny Lane School Ltd.)**

**STATISTICS**

Deal Number:	B-LL-TX-414	Amount:	\$740,000
Type:	PL	FM:	Patrick McGee
Locations:	Chicago Ridge	Tax ID:	36-3864693
SIC Code:	624410 (Daycare School)	Est. fee:	\$18,500

**BOARD ACTION**

Final Participation Loan Resolution Staff recommends approval  
 \$740,000 of IFA funds at risk.  
*Condition:* IFA Participation of \$740,000 in Founders Bank Loan (in amount of \$1,850,000) approved subject to Borrower and Guarantor satisfying all terms and conditions set forth in Founders Bank's loan commitment.

**PURPOSE**

Acquisition and rehab of building for conversion into daycare center. Project site located in Cook County in Chicago Ridge.

**VOTING RECORD**

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

**SOURCES AND USES OF FUNDS**

Sources:	Founders Bank	\$1,850,000	Uses:	Project costs	\$1,748,442
	Equity	0		Soft/finance costs	101,558
	<b>Total</b>	<u>\$1,850,000</u>		<b>Total</b>	<u>\$1,850,000</u>

*IFA will purchase a \$740,000 participation in a \$1,850,000 senior bank loan originated by Founders Bank.*

The bank has obtained a current appraisal of the Ridgeland property based upon completion of the rehab. The valuation is \$2,400,000. Actual loan to value based on "as completed" value is 77%, creating equity of 23% after construction is completed.

**JOBS**

Current employment:	0	Projected new jobs:	60
Jobs retained:	0	Construction jobs:	75 (6 to 12 mo.'s)

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**BUSINESS SUMMARY**

**Background:** Mrs. Christine Bonczyk owns 100% of the Penny Lane School Ltd., an S Corporation, incorporated under Illinois law in 1993. Penny Lane School is a major provider of daycare services in Oak Lawn. Christine Bonczyk will own the subject facility personally and will lease it to the Penny Lane School Ltd. Christine Bonczyk acts as the CEO of her center and has a director for her two existing locations. She will also have a director for the new location.

Penny Lane School Ltd was established in 1989 and was closely associated with the Brandt School District in Oak Lawn. In fact, the school's first location at 8901 S. 52<sup>nd</sup> in Oak Lawn is on the school district property. This facility is leased from the school district. In 2002, Christine Bonczyk purchased the property located at 4527 Southwest Highway in Oak Lawn for use as her second daycare facility. This center has been very successful nearly reaching its licensed limit of 200 children participating in the center's programs. With this growth, Penny Lane continues to get about 100 calls a month with parents looking to enroll their children, and most if not all have to be turned away when they are near their licensed limit. Penny Lane's current waiting list is 40 children, which range from infants to 4 year old.

With this continued demand, Christine Bonczyk set about seeking another location. She is working closely with, and has the support of, the Village of Chicago Ridge to facilitate the redevelopment of this facility into a daycare center.

**Description:** The facility at 8901 S. 52<sup>nd</sup> in Oak Lawn offers programs for infants and toddlers (6 weeks to 2 years old), preschool age (2 to 5 years old) and grammar school age children (6 to 12 years old) and will continue to do so. The facility at 4527 Southwest Highway in Oak Lawn provides programs for infants, toddlers, and preschool aged children only and will continue to do so. The new facility in Chicago Ridge will be licensed for 250 children and will have programs for infants, toddlers and preschool aged children.

**Comments:** Chicago Ridge is actively working with the applicant to facilitate development of this facility. The municipality has worked with Christine Bonczyk and agreed to vacate 103<sup>rd</sup> Street just south of the building for use as a driveway for the clients of the new facility. Further, Bonczyk has applied for a Class 7A Property Tax abatement that would reduce real estate taxes by approximately one third for a ten year period. Chicago Ridge appears inclined to approve this application. Current real estate taxes are in excess of \$51,000. The primary competition is the Bobbie Noonan Centers in the southwest suburbs with nine locations, but none in Oak Lawn or Chicago Ridge. In Oak Lawn at 91<sup>st</sup> and Ridgeland there is a day care facility at the 1<sup>st</sup> Church of the Nazarene that takes infants and pre-schoolers and in Chicago Ridge at 111<sup>th</sup> and Ridgeland there is High Hopes Day Care Pre-school Learning Center that takes infants and pre-schoolers.

**Financials:** Corporate tax returns for 2001-2003. Projected financial statements 2004 & 2005 prepared by staff.

	<u>Year Ended December 31</u>			<u>Year Ending December 31</u>	
	2001	2002	2003	2004	2005
	(Dollars in 000's)			(Dollars in 000's)	
<b>Income statement:</b>					
Sales/Revenues	\$1,028	\$1,379	\$2,238	\$2,462	\$3,703
Net income	55	34	60	58	53
<b>Balance sheet:</b>					
Current assets	(2)	10	34	244	339
PP&E	20	151	162	1,931	1,878
Other assets	7	2	2	2	2
Total assets	25	163	198	2,177	2,219

	2001	2002	2003	2004	2005
Current liabilities	28	73	46	168	196
Debt	12	9	137	1,936	1,897
Subordinate Debt	0	144	39	39	39
Equity	(16)	(63)	(24)	34	87
Total Liab/equity	24	163	198	2,177	2,219

Ratios:

Fixed Charge Cov.	1.98x	1.38x	1.30x	1.21x	1.23x
Current ratio	(0.07)	0.14	.074	1.45	1.73
Debt/equity	0	0	(6.38)	57.14	22.19
Days cash on hand	0.0	3.0	6.5	6.4	4.9

Discussion: Over the period reviewed, revenues have grown rapidly, spurred by rapid growth in enrollment following the opening of the center on Southwest Highway. The School has been consistently profitable over this period.

Liquidity has been modest and has been supported by advances from the owner. The School's fixed assets primarily consist of transportation equipment and leasehold improvements. The School owns several passenger vans to transport children to field trips and other events. Renovations to the center on Southwest highway account for growth in leasehold improvements. Long-term liabilities consist primarily of vehicle loans. Subordinated debt consists of loans made by the owner. Distributions to the owner have exceeded net income in recent years, resulting in a negative equity position.

Debt service requirements have been negligible until 2003. The School has generated ample cashflow to cover annual debt service and lease obligations, as reported above in the fixed charge coverage ratio.

The forecast assumes that the new center is filled over two years, rather than one, as the owner expects. Non-debt cash expenses are projected based on historical operating margins.

Collateral Review:

Staff has reviewed the personal financial statement of Christine and Jack Bonczyk prepared as of 6/23/04. The Bonczyk's net worth, after deducting (1) the value of their holding in Penny Lane School Ltd. And (2) reducing the value of the 4527 Southwest Highway facility from \$2,125,000 to \$1,800,000 to reflect the Fair Market Value Appraisal in use as a day care facility as of 7/12/04, further reduces the Bonczyk's net worth to \$888,257.

In addition to the project-related collateral, a second mortgage will be taken on Bonczyk's personal residence. It has an estimated value of \$350,000 and is encumbered by a first mortgage with a balance of \$262,000. Jack Bonczyk is not signing on the loan, but is signing collateral assignment with Christine Bonczyk for second lien to be placed on personal residence. A first lien position will be taken on all business assets of Penny Lane School Ltd. Finally, a collateral assignment of a key man life insurance policy on the life of Christine Bonczyk in an amount to be determined, but no less than, \$1,000,000, will be taken.

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**FINANCING SUMMARY**

Bank Security: The Bank and IFA will be jointly secured by the following: (1) shared first mortgage on the subject real estate; (2) Collateral Assignment of Rents and Leases on the underlying lease between Christine Bonczyk and the Company; (3) Corporate Guarantee of Penny Lane School Ltd. (the operating company); and, (4) the principals will be signing the mortgage note personally.

Structure: \$1,850,000 Term Loan from Founders Bank with \$740,000 a participation interest purchased by IFA.



Maturity: Five (5) year balloon with provision to extend for additional five (5) year terms (i.e., IFA participation in effect for up to 10 years). Final maturity: 25 years. Amortization: 25 years.

Interest Rate: Bank loan will be priced at a fixed rate based on the 5-year Treasury Bill rate plus 2.40%. (Current estimated interest rate of 6.375% on the \$1,049,065 Bank Term Loan and 5.375% on IFA's \$699,377 Participation, thereby resulting in an estimated blended rate of approximately 5.875% on the mortgage loan for the first five years.)

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### PROJECT SUMMARY

Loan proceeds will be used to provide permanent financing for the acquisition and rehab of approximately 44,144 sq. feet of land, rehab of approximately 29,791 sq. feet industrial/office complex into a daycare center and related site improvements thereon at 10255 S. Ridgeland, Chicago Ridge (Cook County), Illinois 60415. The Founders Bank/IFA Participation Loan will be used to take-out a Founders Bank construction loan upon completion. Penny Lane School expects to close on the permanent loan in October, 2005 and open the new facility in October 2005.

Estimated project costs are as follows:

Land & Building:	\$857,000
Improvements:	<u>\$891,442</u>
<b>Total</b>	<b><u>\$1,748,442</u></b>

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Christine Bonczyk (Borrowers); Current Business Address: 25 S. White Street, Frankfort, Illinois 60423, 708-424-1335; Home Address: 37 Lake Katehrine Way, Palos Heights, IL 60463

Project name: Penny Lane School Ltd.

Location: → 10255 S. Ridgeland, Chicago Ridge (Cook County), Illinois 60415. Target opening date: 04/04/05.

Organization: Penny Lane School Ltd.: Corporation (S Corporation)

State: Illinois

Shareholders of Penny Lane School Ltd. (3.00% or greater): Christine Bonczyk, Palos Heights, IL – 100%

R/E Owners: Dick Pulver, Interactive Tool, Chicago Ridge, IL

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### PROFESSIONAL & FINANCIAL

Counsel:	Terese O'Brien	Orland Park	Terese O'Brien
Accountant:	Laura Baxter	Frankfort, IL	
Bank:	Founders Bank	Worth, IL	Joe Glab
Bank Counsel:	(Founders Bank in-house counsel)		
Architect:	Chicago Assoc. of Planners & Architects	Chicago, IL	
General Contractor:	Byus Construction	Markham, IL	Jack Bonczyk
Appraiser:	William H. Metz & Assoc., Inc.	Oak Forest, IL	Sharon Metz-Gohla
IFA Counsel:	To be determined	Chicago, IL	

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### LEGISLATIVE DISTRICTS

Congressional: 3 William Lipinski  
State Senate: 18 Edward Maloney  
State House: 36 James Brosnahan

ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY



Transaction: **Moiré, Inc.**  
60 Hazelwood Drive, Suite 216  
2700 Int'l Drive, Suite 305  
Champaign, IL  
West Chicago, IL

STATISTICS

Transaction Number: V-TD-407 Amount: \$300,000  
Type: Venture Capital IFA Staff: Christopher Vandenberg  
Locations: West Chicago, Champaign

BOARD ACTION

Voting Record: This is the first time this project has been presented to the IFA Board of Directors. The Venture Capital Sub-Committee will meet prior to the Board meeting to discuss this transaction.  
IFA Staff: Recommend approval  
Illinois VENTURES: Recommended to IFA  
IFA Funds at Risk? YES:  NO:  Amount: \$300,000

JOBS

Current Employment: 4 Projected new jobs: 4  
Jobs Retained: N/A Construction jobs: N/A

SUMMARY

The ability to analyze incoming data is beginning to be seen as the next wave of data analytics for corporations looking to both be pro-active with network security issues, but also to correlation apparently unrelated events. Many companies already have access to tremendous amounts of data, but their sheer volume prevents them from any analytics. One example is in network intrusion, when a company will have millions of "hits" per day. A large percentage of these are false positives, preventing staff from identifying real threats and taking action to correct/prevent damage.

Moiré, Inc. was founded in December 2003 as a spin out of the National Center for Supercomputing Applications at the University of Illinois – Urbana-Champaign. Moiré provides customers with scalable data mining enterprise software capable of real-time, streaming analysis of multi-dimensional data. Furthermore, the predictive modeling feature of the program enables proactive steps to improve efficiencies or prevent security breaches, depending on the need of the customer.

Moiré is raising approximately \$1.5M to establish their initial infrastructure and further validate the selected markets. Moiré has engaged several large companies for alpha tests, which are expected to be completed in Q1 2005. The Company then expects raise its final institutional fundraising round.

Moiré presents a great opportunity for the Authority for the following reasons:

- Low capital requirements – Moire anticipates needing only an additional \$4M to \$7M to achieve profitability;
- Cutting edge, differentiated technology in a market with a recognized need – This technology addresses a recognized pain in the market and has been tested over eight years at the NCSA. Additionally, it has been used in over 40 real world applications.
- CEO with strong track record – Kirk Dauksavage has a track record of growing companies from start-up to sustainable entities, establishing key partnerships and providing substantial return to the investors.

First Round

IFA Investment: \$300,000

Investment Leveraged:	\$830,000
Pre-Money Valuation:	\$1,000,000
Post-Money Valuation:	\$2,130,000
IFA Ownership:	14.1%
Security Type:	Series A Preferred Stock
# of Shares:	505,728
Price Per Share:	\$0.5932

## TERM SHEET

Moire is raising up to \$1,500,000 in the form of Series A Preferred Stock. IllinoisVENTURES will provide \$500,000 and the Authority is being requested to invest \$300,000. The balance of the funds will be from the conversion of existing bridge loans from angel investors, the founders and a Champaign-area venture fund.

Series A Preferred holders will liquidation preference, conversion rights, protective provisions, and *weighted average anti-dilution* protection. The Authority will be granted observation rights to meetings of the Board of Directors. The Authority will also have information and management rights.

### *Dividend Provisions*

Series A Preferred will receive cumulative dividends of 8% of the original price per annum when declared by the board. Series A will also receive pro rata any dividends paid on common stock on an as-if-converted basis.

### *Liquidation Rights*

The Series A Preferred Stock will receive a preference of the Original Purchase Price plus any accrued but unpaid dividends. The Series A holders shall share ratably with the common holders in any remaining assets.

### *Conversion rights*

Series A Preferred shall have the right to convert to common stock at any time, initially on a 1:1 basis. Series A will be automatically converted under the following conditions: (1) consent of 66 2/3% of the outstanding Series A Stock or (2) Closing of a firmly underwritten public offering of shares of common stock of the company at a per share price not less than ten times the original purchase price and not less than \$30 million.

### *Voting Rights*

The Series A holders will vote on all matter on an as-if-converted basis.

### *Conversion Price and Anti-Dilution Provisions*

The Series A Preferred Stock shall be subject to weighted average anti-dilution protection in the event any additional common, or securities exchangeable to common, are issued with the customary exception.

### *Protective Provisions.*

Series A holders will have standard protective provisions including, but not limited to, changes in the equity securities or structure of the company, legal documents, indebtedness and sale/change of control of the company.

### *Use of funds*

Moire is raising approximately \$1.5M to establish their initial infrastructure and further validate the selected markets. Specifically, the funds will be used to:

- Complete 2-3 Alpha customers in the initial markets and convert at least one to a customer,
- Secure initial pipeline,
- Further refine the product,
- Establish the initial infrastructure, and
- Prepare to raise the Series B (last institutional round).

The Company expects that it will need to raise an additional \$4,000,000 to 7,000,000 to bring the Company to profitability.

### *Burn Rate*

The burn rate of the company is approximately \$55,000. Salaries of the management team will represent approximately 26% of the total burn. The burn is expected to increase to \$60,000 to \$70,000 as staff is added.

### *Funding Sources*

IllinoisVENTURES – IllinoisVENTURES operates two of Illinois' Technology Enterprise Centers (ITECs) which assist in the commercialization of technologies coming out of the University of Illinois. The ITEC also considers other technologies not affiliated with the University. VENTURES receives yearly appropriations to operate and make small investments into companies. IllinoisVENTURES invests both public monies (from the ITEC) and through its

Emerging Technology Fund. The public monies are generally invested at an earlier stage and are used to advance the company to the point where it is suitable for institutional investment.

In January 2004, IllinoisVENTURES had its first close on the first \$12M of a proposed \$20M seed/early stage venture fund. The fund, which has a bias towards

investing in technologies originating from the University of Illinois, is part of the University's efforts to capitalize on the its \$650M research budget. The venture fund was raised from alumni and other institutions. IllinoisVENTURES cooperates with the Office of Technology Management (OTM) of the University to identify technologies that are able to support themselves independently.

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## BACKGROUND

The technological advancements of the last several years have led the generation vast amounts of information regarding different aspects of their businesses. While the availability of this information seemed to promise vast improvements in of businesses, what many have discovered is the information is so voluminous that it is impossible effectively utilize. As it has become more difficult to maintain the productivity increases experienced over the last several years, businesses have looked to use the information that they already possess to further drive costs down. While there are many different solutions that permit data analysis on historical data, none provide for the real time analysis of streaming data. Real-time analytical capabilities permit immediate responses to changes, thereby creating opportunity to both prevent losses and increase the efficiencies of different systems.

The Moiré solution permits the real-time analysis of structured and unstructured/streaming data. The platform is the result of over eight years of research at the NCSA. It was funded through a variety of sources including the federal government and a number of private sector partners of the NCSA. The platform has been used in over 40 commercial engagements, including the following Fortune 100 companies: Motorola, Ford, Boeing, JP Chase, Caterpillar, Allstate, and Sears. It also has been utilized by the Department of the Navy. Several examples of the results of these applications include:

- Ford - Identifying patterns of inappropriate warranty work in the dealer channels, targeting over \$200M of potentially unnecessary annual expenses;
- Caterpillar – By computing buying propensities CAT was able to achieve a 25% increase in directed cross/upsell resulting in approximately \$65M in incremental revenue; and
- Sears – By monitoring point of sale transaction flow variations, Moiré was able to deter inappropriate behavior and fraudulent transactions which resulted in \$125M in savings.

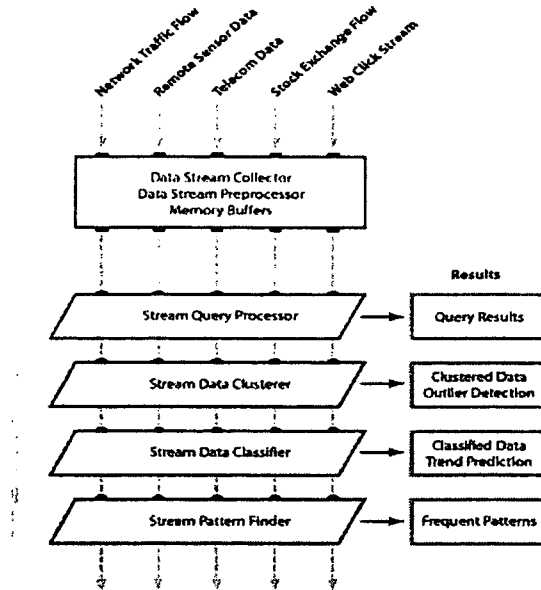
## PRODUCT

The Moiré Stream Data Mining System (SDMS), with is based on the D2K technology from the NCSA, is divided into three segments: Stream Catcher, Stream Analytics and the Stream Mining Visualizer. Although the system normally does not store all the data that streams through the platform, it does permit data to be captured and stored when necessary.

When data comes into the Stream Catcher, the data is pre-processed (formatted, normalized, etc.). Data then is fed into the Stream Analytics system where it goes through the Query Engine, the Data Classifier, Pattern Finder and Cluster Analyzers. The Query Engine supports many different query options, including whether data is shown graphically or in report form. The Data Classifier constructs classification models dynamically based on the tilted time-frame (see below), which permits the integration of both current and historical data. Using Naïve-Bayes algorithms adapted for data streams, classification models are produced which are immediately applied to predict incoming data. The Pattern Finder then finds frequent patterns to discover unusual events by comparing the current pattern with the historical data stored by the tilted window. The Cluster Analyzer clusters the data using both current and stored data in the tilted window. Several features of these applications are potentially patentable. Finally, data is sent to the Data Stream Mining Visualizer which contains a number of visualization tools.

The Moiré Solution has a number of unique features: the ability to view multiple data streams, the tilted-time frame, unique cube architecture and unique query functions. First, the Stream Catcher is its ability to accept text, numeric, image, structure and unstructured data. Furthermore, the Stream Catcher can accept multiple, permitting a larger number of data sources to be combined and the correlation of apparently disparate "events."

Another unique feature is the “tilted time-frame.” The “tilted time-frame” permits analyses based both on the current and historical data. The historical data is still included in the analysis, but is weighted less than the newer information (i.e. the new information is more important than the old information). The unique cube architecture is a variation on a standard way of classifying data, but also contains some novel features. Finally, the visualizer can show data both as continuous queries and mining displays.



## INTELLECTUAL PROPERTY

Moiré has an exclusive, worldwide, perpetual, royalty-bearing, license to the D2K platform from the University of Illinois. Furthermore, Moiré is entitled to any new related works created by the Automated Learning Group related to data mining for the next five years.

Under the licensing agreement, Moiré is working with the University of Illinois – Office of Technology Management to file patent applications on several aspects of the platform that may be protectable via patents. These include the tilted time-frame, data-cubing and book-marking features. If these ultimately are approved, they will be licensed to Moiré under the terms of the existing license agreement.

## Alpha Engagements

The Company has engaged in several alpha projects with Country Financial, British Petroleum, the Illinois State Police and Motorola. Specifically, Moiré will use its system assist in optimizing the cell-tower usage of Motorola towers for their clients. This will provide savings to tower owners by maximizing the utilization of their own bandwidth and minimizing the need to utilize bandwidth from competitors.

The Illinois State Police pilot will utilize various streams of data from different sources – local police departments, the Department of Homeland Security and the FBI. These projects are expected to be completed over the next several months.

## BUSINESS MODEL

Moiré plans to use a combination of direct sales and channel sales. Initially, sales will be oriented towards direct sales, but will shift to more of a partner-based

sales strategy. The CEO has a good track record of establishing partnerships with appropriate partners to accelerate the growth of the last two companies he founded. Partners that would be appropriate for Moiré include IBM, Cisco,

Although still being formulated, Moiré is planning on using a software & services model. The software will be priced between \$200,000 and \$1,000,000 per engagement. Maintenance fees are expected to be

approximately 18% of the value. Services will be approximately 40% to 60% of the software revenues.

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### **TARGET MARKET**

The Moiré solution falls into the Business Intelligence category of software. The Business Intelligence market is large and diverse, containing players of all sizes. The unique nature of the Moiré data analytics solution allows it to be used across a wide range of verticals. Over the last nine months, IllinoisVENTURES and the Company have researched the potential applications. While Moiré is still in the process of selecting the market in which it will first penetrate, the most likely is network event management, which includes revenue assurance and security event management.

Network security is a growing problem for corporations and governments alike. Companies are expected spend \$16B in 2005 on IT security. Network security systems have many intrusion detection devices, which create "events" whenever tripped. Companies currently are swamped by millions of "events" every day. These events are nothing but a red flag, providing no detail as to the context of the error.

The Intrusion Detection Device market is predicted to be approximately \$1.7B by 2005. According to IDC the Security Event Management market, which consists of products that manage the events generated by the Intrusion Detection Devices, is predicted to grow to approximately \$400M in 2005. Currently, many of these events are managed manually or via some rudimentary program.

According to a report by Forrester, ease of use, ability to track operating system and application events, visualization, ability to store data and incident response and investigation ability are major factors in choosing a solution.

The streaming analytical ability of the Moiré platform will greatly reduce the manpower needed to handle these events by determining what events are "false" and which events are real.

In addition to private sector applications, the government faces tremendous network security issues. The federal government spent approximately \$4.5B on IT security in 2003. Beyond the security issues, the Moiré platform can be utilized by the Departments of Defense and Homeland Security to monitor incoming data to correlate different forms data to locate terrorists and confront other Homeland Security issues.

Another promising market is the network optimization markets and revenue assurance markets. According to GIGI, this market is expected to be \$1B by 2008. These applications generally will integrate information from existing enterprise solutions and analyzing the data flow to realize increased efficiencies. Several examples of this are listed above under the background section.

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### **KEY PERSONNEL**

The management of the company currently consists of several founders and a CEO who was recruited by IllinoisVENTURES.

#### **Management Team**

**Kirk Dauksavage – CEO** – Mr. Dauksavage previously was Vice President of Sales for the i-Solutions division of CheckFree Corporation, a company that provides electronic commerce software and services to Fortune 1000 companies. Mr. Dauksavage was responsible for a national services and software group that included sales, inside sales, pre-sales and product marketing and generated about \$20 million in revenue annually.

Mr. Dauksavage joined CheckFree in May of 2000 after the company bought BlueGill Technologies, where he was Vice President of Sales from 1998 to 2000, playing a key role in the company's growth. He was instrumental in its sale to CheckFree for \$250 million. Mr. Dauksavage also spent time at Korn/Ferry International as the lead principal in the Chicago office for the firm's technology practice. Prior to that, Mr. Dauksavage was Vice President of Sales for Intuit Services, a division of Intuit, where they provided back-end processing for the home banking platforms of many leading banks. Under his leadership, the division's sales grew from \$2 million to a run rate of over \$75 million in only four years before its sale to CheckFree.

Mr. Dauksavage has also held senior sales positions at Gateway Systems and Ceridian Employer Services. A native of the Chicago area who currently lives in Bartlett, IL, he is a graduate of Purdue University and holds a BS in Finance.

**Tom Prudhomme, Ph.D. – Founder and VP Product Development** – Dr. Prudhomme currently directs the Cybercommunities Division at the National Center for Supercomputing Applications (NCSA) at the University of Illinois, Urbana-Champaign. At NCSA, he has led efforts to build R&D partnerships between the center and both the business sector and public agencies. Dr. Prudhomme is a principal investigator or project director of several NCSA and TRECC projects.

Before coming to NCSA in 1998, Prudhomme spent four years as CEO of MetaQuest, Inc., a technology consulting firm in Research Triangle Park, NC. He was Director of Strategic Planning and Business Development for the Microelectronics Center of North Carolina from 1991-1993 and worked at the University of Illinois, Chicago, as Vice Chancellor for Sponsored Research and Technology Programs and Director of the Office of Industry Research Relations.

Prudhomme holds a Ph.D. in Biology from McGill University, Montreal (1985), and was a post doctoral research associate in systems modeling and analysis at San Diego State University.

**Michael Welge – Founder & Chief Scientist – Mr. Welge** is one of the founders of Moiré and its Chief

In these positions Welge has been helping Fortune 100 companies, government agencies, and academic institutions make sense of the data mining process, frameworks to support the process, and data mining applications. He has worked in the fields of data mining, mathematical modeling, applied AI, and stochastic simulation since 1982. He has developed models and systems that use applied technologies including decision trees, neural networks, genetic algorithms, self-organizing maps, association rules, and models that use more traditional statistical methods. This work spans a diverse set of data mining applications dealing with issues such in manufacturing, environmental engineering, medicine, education policy, fraud detection, customer relationship management, water treatment, business intelligence, telecommunications, risk management and crisis management. Current work includes algorithm design and development for the data mining environment D2K---the technology that Moiré solutions are based on.

Welge is a frequently invited industry lecturer and has presented briefing and courses on data mining to the NSF Alliance, DOD and State of Illinois. He was awarded the 1995, 1997 and 1998 Industrial Grand Challenge awards for his work in the area of data mining with Motorola, Sears, and Caterpillar. Along with his team, Michael was the recipient of University of Illinois Innovative Technology Award.

Welge holds a B.S. in Mathematics and Computer Science from Southern Illinois University (1980), an

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Scientist. Welge is also, currently the R&D Program Manager for the Automated Learning Group at the National Center for Supercomputing Applications, co-director National Laboratory for Advanced Data Research, adjunct faculty at the Institute for Genomic Biology, and faculty member in the Center for Information Technology at the University of Illinois.

#### **BOARD OF DIRECTORS**

In addition to the three directors in place, the current investors will have two Board seats. These will be filled following the close of the round.

**Kirk Dauksavage – CEO**

**Michael Welge - CSO**

**Rob Schultz - Senior Director, Illinois VENTURES** – Rob is responsible for managing the Champaign, Illinois office. In his role, he evaluates investment

M.S. in Mathematics from Washington University, St. Louis (1982) and was a post-graduate research associate at the Santa Fe Institute –Aspen Center for Physics (1986).

opportunities and works with early stage companies on all strategic, operating, financial and business development activities. On behalf of Illinois VENTURES, he currently serves on the boards of iCyt, Moiré, Mobitrac, Renew Power, and PRZM. Prior to Illinois VENTURES, Rob was the Founder and former CEO of DigitalWork, Inc. As CEO, Rob led the company, raising over \$70 million from top-tier venture firms, and leading the Company through an IPO process. Prior to DigitalWork, Rob was the President of Nequity, a subsidiary of Signet Bank that was acquired in 1997. Prior to Nequity, Rob was a

consultant with McKinsey and Company and Deloitte and Touche. In 2000, Rob was a Year 2000 Ernst & Young Entrepreneur of the Year finalist. He was named as one of the "100 most important executives, decision-makers, financiers and idea people in the Chicago Internet community" by Crain's Chicago Business and

Chicago's new economy" by i-Street Reporter. Rob has been a frequent guest lecturer at the University of Chicago's Graduate School of Business since 1994, is a member of the Economic Club of Chicago, and sits on the Boards of the Chicago Software Association and the Illini-ITEC.

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one of the "top 100 people who put the 'new' in  
**SCIENTIFIC ADVISORY BOARD**

**Jiawei Han – Professor, Department of Computer Science, UIUC – Specializes in Database systems; data mining; data warehousing; stream data mining; Web mining; spatiotemporal data mining; and bio-data mining.**

**David Goldberg – Professor, General Engineering, UIUC - research centers on the theory and application of genetic algorithms--search procedures based on the mechanics of natural genetics and selection.**

**Dan Roth – Associate Professor, Department of Computer Science, UIUC – Specializes in artificial intelligence and theoretical computing**

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## **STRATEGIC ALLIANCES AND PARTNERSHIPS**

### **NCSA – Automated Learning Group**

NCSA (National Center for Supercomputing Applications) is a national high-performance computing center that develops and deploys cutting-edge computing, networking and information technologies. Located at the University of Illinois at Urbana-Champaign, NCSA is funded by the National Science Foundation. Additional support comes from the state of Illinois, the University of Illinois, private sector partners and other federal agencies. For more information, see <http://www.ncsa.uiuc.edu/>. The NCSA is most widely known for its participation in the TeraGrid project which will be the most comprehensive cyber-infrastructure ever deployed for open scientific research, including high-resolution visualization environments, and computing software and toolkits connected over the world's fastest network.

The Automated Learning Group extends the state of the art in the field of data mining. Toward that end, they collaborate with researchers to invent new approaches and tools that will become the basis for future commercial software. Development efforts are primarily fueled by data and problems brought by our industrial, government, and academic partners. The algorithms and solutions developed are then made available to partners and collaborators through web repositories, tutorials, and direct collaboration with ALG group members. By this process partners have access to new methods long before they become commercially available.

Through its relationship with the NCSA, Moiré has access to the ALG group for both support and future product development. Under a services use agreement with the NCSA, the members of the ALG group are permitted use their time and the NCSA equipment to assist Moiré.

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## **COMPETITION**

While Moiré is still in the process of selecting the market in which it will first penetrate, the most likely is network event management, which includes revenue assurance and security event management. According to a 2004 Gartner report, there is no clear leader in the Security Event Management market. **ArcSight, Consul, e-Security, GuardedNet, Intellitactics, netForensic** and **Symantec** constitute the bulk of the market. **ArcSight** is widely regarded to be the best



of these programs, but none of these applications are able to analyze streaming data real-time. **netForensics** currently has a relationship with Cisco, but Cisco is currently undertaking a pilot with Moiré to determine its functionality. Feedback to date has been extremely positive, particularly regarding the ability to ability to handle streaming data real-time.

Other larger players in the network security/data analytics include IBM, Cisco, Computer Associates and Symantec. While these companies all have the ability to quickly spend to develop and market a solution, to date they have not shown any initiatives in this direction. Given the liquidity of these companies, they are more inclined to partner or acquire to grow their market share in this area.

*Competitive Advantages*

- Only solution that provides real-time analytics on streams of data – current players only offer reporting and query information on streaming data.
- Can incorporate heterogeneous data streams and analyze it real time – Can receive both structured and unstructured text, numeric and images.
- Predictive modeling – Permits users to model data and perform various predictive functions.
- Automatically generate rules, rather relying on manual inputs – results in large time savings, in addition to proactively developing new rules as necessary.

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**EXIT STRATEGY**

The most likely exit scenario for Moiré is through a sale to a large software company looking to make an entrance into to data analytics space. Potential acquirers are Cisco, Symantec, McAfee, IBM and Microsoft. All of these players have a history of bringing “must have” technologies internally via acquisition rather than building a solution for themselves.

**POST-MONEY OWNERSHIP AND SALARIES**

	Pre-Money Ownership		Post-Money Ownership	
	# Shares	% (fully diluted)	# Shares	% (fully diluted)
<b>Investors</b>				
IETF	-	0.0%	842,881	23.5%
Illinois VENTURES*	128,000	8.2%	444,080	12.4%
ITEC	-	0.0%	84,288	2.3%
<b>IFA</b>	-	<b>0.0%</b>	<b>505,728</b>	<b>14.1%</b>
Kirk Dauksavage*	-	0.0%	31,608	0.9%
Hal Davis*	-	0.0%	31,608	0.9%
Ray Simonson*	-	0.0%	52,680	1.5%
Andy Sze*	-	0.0%	105,360	2.9%
Fox Ventures*	-	0.0%	52,680	1.5%
<i>Sub-Total</i>	<u>128,000</u>	<u>8.2%</u>	<u>2,150,913</u>	<u>59.9%</u>
<b>Other Equity holders</b>				
Michael Welge	250,000	15.9%	250,000	7.0%
Tom Prudhome	175,000	11.2%	175,000	4.9%
University of IL	139,758	8.9%	139,758	3.9%
Other Employees	175,000	11.2%	175,000	4.9%
Option Pool	<u>700,000</u>	<u>44.6%</u>	<u>700,000</u>	<u>19.5%</u>
<i>Sub-Total Other holders</i>	<u>1,439,758</u>	<u>91.8%</u>	<u>1,439,758</u>	<u>40.1%</u>
<b>Total Ownership</b>	<u><b>1,567,758</b></u>	<u><b>100.0%</b></u>	<u><b>3,590,671</b></u>	<u><b>100.0%</b></u>

\* Bridge Note Holders received 25% warrant coverage.

**SALARIES OF MANAGEMENT TEAM:**

Kirk Dauksavage - CEO	<b>Salary:</b> \$175,000
Michael Welge and Tom Prudhomme	\$2,000 per month

**ECONOMIC DISCLOSURE INFORMATION**

	<b>Firm</b>	<b>Location</b>	<b>Contact</b>
<b>Company</b>	<i>Moire, Inc.</i>	<i>Champaign, West Chicago</i>	<i>Kirk Dauksavage</i>
General Counsel:	Katten Muchin Zavis Rosenman	Chicago	Craig Bradley
Accountant:	Thane Hanson		Thane Hanson
<b>Co-Investor</b>	<i>Illinois VENTURES</i>	<i>Champaign</i>	<i>Rob Schultz</i>
Counsel:	Gordon & Glickson	Chicago	Scott Glickson
Accountant:			

**LEGISLATIVE DISTRICTS**

	Champaign	West Chicago
Congressional:	Timothy Johnson (15)	J. Dennis Hastert (14)
State Senate:	Richard "Rick" J. Winkel (52)	Kathleen L. "Kay" Wojcik (28)
State House:	Naomi Jakobsson (103)	John J. Millner (55)

	2004	2005	2006	2007
<b>Income Statement</b>				
Revenue	244,500	2,000,000	5,500,000	16,016,770
Operating Expenses	556,402	2,372,987	6,957,934	15,020,701
EBITDA	(311,902)	(372,987)	(1,457,934)	996,070
<b>Headcount</b>				
FTE	5	31	62	123

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Kevin Koenigstein  
Date: October 12, 2004  
Re: Overview Memo for Beginning Farmer Bonds

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- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** amounts up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2004 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
  - One-time closing fee will total 1.50% of the bond amount for each project (\$15,435) combined for Final Bond Resolutions, as proposed)
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** Jenner & Block, Chicago; Paula Goedert

### Voting Record:

#### Preliminary Bond Resolutions – September 14, 2004

Ayes: 9      Nays: 0      Abstentions: 0      Absent: 3      Vacant: 3

#### Preliminary Bond Resolutions – August 10, 2004

*Jared Walter*

Ayes: 12      Nays: 0      Abstentions: 0      Absent: 0      Vacant: 3

## BEGINNING FARMER BOND LOANS

### Final Resolution

October 12, 2004

Project Number: A-FB-TE-CD-438  
Borrower(s): Jared Walter  
Town: Forrest  
Amount: \$250,000  
Fees: \$3,750  
Use of Funds: Farmland – 125 acre grain farm  
Purchase Price: \$250,000  
% Borrower Equity 0%  
% Other Agency 0%  
% IFA 100%  
County: Livingston  
Lender/Bond Purchaser: Bluestem National Bank

Principal shall be paid annually in installments determined pursuant to a thirty year amortization schedule, with the first principal payment due March 15, 2005. Accrued interest shall be paid annually on March 15 of each year.

Interest shall be charged at the rate of 3.75% for the three years, thereafter adjusted annually to a rate not to exceed 90% of the National Prime as quoted in the Wall Street Journal. The bond will have an interest rate ceiling of 6.25% for the life of the loan.

Project Number: A-FB-TE-CD-439  
Borrower(s): Brent A. West  
Town: Taylorville  
Amount: \$90,000  
Fees: \$1,350  
Use of Funds: Farmland – 40 acre grain farm  
Purchase Price: \$100,000  
% Borrower Equity 10%  
% Other Agency 0%  
% IFA 90%  
County: Christian  
Lender/Bond Purchaser: Peoples Bank & Trust, Taylorville

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

Interest shall be charged at the rate of 5.75% for the first five years, thereafter adjusted every five years to a rate not to exceed 1.00% below the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-441  
Borrower(s): Kevin and Emily Lilienthal  
Town: Bloomington  
Amount: \$250,000  
Fees: \$3,750  
Use of Funds: Farmland – 74 acre grain farm  
Purchase Price: \$278,388  
    % Borrower Equity 10%  
    % Other Agency 0%  
    % IFA 90%  
County: McLean  
Lender/Bond Purchaser: Flanagan State Bank

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

Interest shall be charged at the rate of 4.00% for the first year, thereafter adjusted every year to a rate not to exceed 1.00% above the weekly average yield of one year constant maturity index for US Treasury Securities provided a 4.00% floor.

Project Number: A-FB-TE-CD-442  
Borrower(s): Carl J. Kettlekamp and Lori Kettlekamp  
Town: Nokomis  
Amount: \$189,000  
Fees: \$2,835  
Use of Funds: Farmland, – 210 acre grain farm  
Purchase Price: \$239,000  
    % Borrower Equity 20%  
    % Other Agency 0%  
    % IFA 80%  
County: Christian  
Lender/Bond Purchaser: First National Bank of Nokomis

Principal shall be paid annually in installments determined pursuant to a twenty-five year amortization schedule, with the first principal payment due one year from closing. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 4.90% for the first five years, thereafter adjusted every five years to a rate not to exceed 0.75% above the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-443  
Borrower(s): Larry W. Eldridge  
Town: Mason City  
Amount: \$250,000  
Fees: \$3,750  
Use of Funds: Farmland, – 152 acre grain farm  
Purchase Price: \$308,000  
% Borrower Equity 19%  
% Other Agency 0%  
% IFA 81%  
County: Mason  
Lender/Bond Purchaser: National Bank of Petersburg

Principal shall be paid semi-annually in installments determined pursuant to a thirty year equal principal amortization schedule, with the first principal payment due February 1, 2005. Accrued interest shall be paid semi-annually.

Interest shall be charged at the rate of 4.50% for the first five years, thereafter adjusted every year to a rate not to exceed 75% of the National Prime Rate as quoted in the Wall Street Journal, with a floor of 4.5% and a ceiling of 9%.