

Illinois Finance Authority

Tuesday, December 7, 2004
1:30 p.m.

Board Meeting

The Meeting Place
123 N. Wacker Drive
13th Floor – Room 123
Chicago, Illinois



Ali D. Ata

**ILLINOIS FINANCE AUTHORITY
BOARD MEETING**

**December 7, 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
- Chief Administrative Officer's Report – Michael R. Pisarcik
 - Audit Response
 - Financial Statements
 - Venture Capital Strategy
- Legal – Anthony D'Amato
 - Appointment of Executive Director 2005
- Diane Hamburger
 - Marketing
- Nick Kyros
 - Northern Region Update
- Jill Rendleman
 - Central and Southern Region Update
- Project Presentations – Funding Managers

**Board Meeting
The Meeting Place
123 N. Wacker Drive
13th Floor – Room 123
Chicago, IL
1:30 p.m.**

- Call to Order – Chairman Gustman
- Roll Call
- Chairman's Report
- Director's Report
- Other Business
 - November 2004 Preliminary Financial Statements
 - Acceptance of November 2004 Minutes
 - Appointment of Executive Director 2005

Preliminary Project Considerations

<u>Tab</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Construction Jobs</u>	<u>Funding Manager</u>
4	Kane County Senior Living	Geneva	\$14,000,000	16	100	S. Trout
5	Wise Investments, LLC and Wise-Hamlin Plastics, Inc.	St. Charles	\$6,200,000	125	TBD	S. Martin
6	Opportunity, Inc.	Highland Pk.	\$3,700,000	14	N/A	T. Albright
7	P & P Press, Inc.	Peoria	\$650,000	4	N/A	J. Senica
8	Deiters Family Land Co., LLC	East Peoria	\$300,000	1	30	J. Senica
9	Chateau Apartments, LP	Carol Stream	\$15,000,000	1	N/A	R. Frampton
10	MNM Real Estate Ventures	Aurora	\$7,300,000	16	N/A	R. Frampton
11	Villagebrook Apartments, LP	Carol Stream	\$13,000,000	1	N/A	R. Frampton
12	Matthew Schertz	El Paso	\$60,000	N/A	N/A	K. Koenigstein
	Adam Birchen	Pearl City	\$219,000	N/A	N/A	K. Koenigstein
	Andrew Birchen	Pearl City	\$219,000	N/A	N/A	K. Koenigstein
	David & Sharon Ortmann	Germantown	\$175,000	N/A	N/A	K. Koenigstein
	Dana Michelle Morris	Farmersville	\$250,000	N/A	N/A	K. Koenigstein
	Michael J. Mizeur	Taylorville	\$82,000	N/A	N/A	K. Koenigstein
	Brian A. Wood	Raymond	\$250,000	N/A	N/A	K. Koenigstein
	William & Margo Weber	Chadwick	\$250,000	N/A	N/A	K. Koenigstein
	Philip & Marilyn Dague	Oakland	\$186,000	N/A	N/A	K. Koenigstein
	Matthew Trowitch	Fairbury	\$116,000	N/A	N/A	K. Koenigstein

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Final Project Considerations

<u>Tab</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Construction Jobs</u>	<u>Funding Manager</u>
13	Southern Illinois Healthcare Enterprises	Carbondale, Herrin and Murphysboro	\$73,000,000	N/A	200	P. Lenane
14	Swedish American Health System	Rockford	\$135,000,000	N/A	TBD	P. Lenane
15	Illinois College	Jacksonville	\$20,000,000	15	200	T. Albright J. Senica
16	Englewood Cooperative Apartments, Inc.	Chicago	\$6,500,000	N/A	15	T. Albright J. Senica
17	Excel Foundry & Machine, Inc.	Pekin	\$795,000	10	15	J. Senica
18	Campagna-Turano Bakery, Inc. Knead Dough Baking Company	Berwyn Bolingbrook	\$4,000,000 \$4,000,000	20 20	N/A N/A	R. Frampton R. Frampton
19	Valley View Preservation, LP	Rockford	\$7,500,000	N/A	N/A	R. Frampton

Final Project Considerations
(continued)

<u>Tab</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Construction Jobs</u>	<u>Funding Manager</u>
20	Peoples Gas Light and Coke Co.	Chicago	\$50,000,000	N/A	N/A	R. Framptonm
21	Kent Pearl Valley Cheese Co.	Kent	\$325,000	7	0	K. Koenigstein
22	Philip & Katherine Richardson	Roberts	\$60,000	N/A	N/A	K. Koenigstein
	Michael & Gabriele Oltmann	Nokomis	\$45,000	N/A	N/A	K. Koenigstein
	Michael & Clarissa Hunt	Galesburg	\$194,600	N/A	N/A	K. Koenigstein
	David Gerdes	Bartelso	\$146,000	N/A	N/A	K. Koenigstein
	Darin Ratermann	Germantown	\$126,000	N/A	N/A	K. Koenigstein
	Paul George Steinhilber	Minonk	\$33,000	N/A	N/A	K. Koenigstein
	Mark & Jennifer Kinneer	Kirkwood	\$210,000	N/A	N/A	K. Koenigstein
	Jessica L. Wernsing	Springfield	\$250,000	N/A	N/A	K. Koenigstein
	Clint & Rebecca Dotterer	Fairbury	\$78,000	N/A	N/A	K. Koenigstein
23	Ralph & Deborah Diericks	Atkinson	\$500,000	N/A	N/A	K. Koenigstein
24	David & Katherine S. Tolley	Avon	\$165,000	N/A	N/A	K. Koenigstein

Other

25 Newspaper Articles

Adjournment



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Illinois Finance Authority – Director’s Report December 7, 2004

To: IFA Board of Directors and Governor’s Office

From: Director Ata

I. Sales:

- Sales activity continues to trend upwards. We are pleased to submit for your approval 21 proposals.
- Total fees paid at closing to IFA, for these transactions; are estimated to be \$1,082,767.00. Consisting of \$374,912.00 for preliminaries, and \$707,854.00 for finals.

Northern Region

- **Sales.** Sales activity during November was strong, in spite of our funding managers having been slowed by the short Thanksgiving week. Potential deals being worked on increased by \$250,000 (fees), for a total of \$4.4 million.
- **Product Development.** IFA co-sponsored a workshop, *Financing Options for Not-For-Profits* on November 19th. There were 78 paid attendees. The response to the material presented was very well received. We were given several indications for future funding opportunities from participants.
- **Customer Service.** Implementation of IFA’s contact management system for the funding managers began during November and should be fully functioning by December 15th. This will allow for better control of prospect and customer information management and permit a convenient way to communicate with various business sources in a timely manner.

- **Housing.** The Opportunity Home Ownership Program (OHOP) was slowed by the current interest rate spread, a seasonally down time of the year, and a low level of consumer marketing by lenders. We are now moving forward to market the program, without a Governor's media event, working with Stephens, Inc., and American Home Mortgage (applications processor) and various loan originators. Three new lenders have been added to the program this month, with additional lenders evaluating their willingness to participate. With expected interest rate increases, we believe our 5/1 ARM mortgage will have greater appeal in the marketplace when new home sales pick up in early 2005.

Funding for multifamily housing projects continues to show strength. IFA is building a significant reputation for funding such transactions, witnessed by our year-to-date activity in this area.

- **Health Care.** Two final resolutions for hospitals are being presented to the Board this month totaling \$260,540 in fees.

Only one application for a new hospital was approved at the November meeting of the Illinois Health Facilities Planning Board for Adventist Health System in Bolingbrook. The other three applications for new hospitals for Advocate Health Care, Edward Hospital and St. Francis Hospital & Health Center were denied. Mercy Hospital will be coming before the Board in January for its new hospital in Crystal Lake.

Our first Capital Opportunity Bond Program ("COB") financing for St. Anthony's in Alton closed on November 30. A marketing effort is planned for after the first of the year to stimulate more financing for small urban and rural hospitals. There are currently 4 hospitals considering commitments that have been presented to them.

In addition to the COB Program, Citigroup in Illinois has approached the Authority for their nationwide Small Hospital Program. Their focus is critical access hospitals. Citigroup made it very clear that they do not want to interfere with our COB Program with GE Healthcare Financial Services, and see their Program as complimentary to ours. They expect to have their Program specifications available next month.

- **Industrial.** Six industrial projects are up for consideration in December: (1) Participation Loans for P&P Press and Deiters Family Land Co., (2) Industrial Development Bonds for Wise-Hamlin Plastics, Campagna-Turano Bakery and Knead Dough Bakery and (3) Gas Supply Bonds for Peoples Gas Light and Coke.

Central and Southern Region

- **Agriculture.** We have ten new beginning farmer bonds this month. Two new funding managers came on board December 1.

We continue our introduction of IFA to the agricultural community, using publicity and direct mail to 900 agricultural banks with excellent results. Follow up presentations are being scheduled with bank boards and loan officers over the next several months.

IFA is participating in the Governor's Livestock Summit, the National Coalition for Ethanol Production, and will participate in the Northern Illinois Farm Show and the Illinois Pork Exposition.

- **Education.** Demand for the Pooled Tax Anticipation Warrant Program for schools is now \$30 million for 25 schools. Feedback on the TAW program indicates that there is tremendous opportunity to support the capital needs of schools as well.

We continue to network with school administrators via the TriConference of Education Associations, the Illinois Education Association, and the Illinois Association of School Board Officials.

- **Community/Local Government.** We launched a direct mail campaign to 1300 mayors and city managers across the state to introduce IFA and its expanded capabilities. Already we have several major requests to further develop totaling over \$60 million.

The first issuance of the Fire Truck Pool of \$4.5 million has been received. Funds will be disbursed beginning in late December.

- **Industrial.** Activity continues strong with several large projects to be presented to the Board in December.
- **Staff.** The transfer of responsibilities in Carbondale to Rick Pigg following the retirement of Marcia Cochran is going smoothly.

***II.* Marketing Communications**

- We have begun a major redesign of the IFA web site to upgrade the graphic look and feel, organize information by market segments, and update all content from the former IDFA, IFDA and IRBB sites into an integrated IFA approach.

- We are interviewing freelance writers around the state to set up a regional public relations network to help produce local stories and build awareness for IFA.
- Sales support materials and activities include direct mailings in various market segments, tradeshow exhibits and seminar support.

IV. Legislative Issues:

- The General Assembly returned for the Veto Session on November 8, 2004. During the Session, the Authority pursued two matters.
 1. 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.
 2. 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.
- The General Assembly did not act on either matter. The General Assembly has once again deferred action on "capital" issues until January. The General Assembly will revisit these matters on January 10 and 11, 2005, which are the last two days of the current legislative session. If the General Assembly refuses to act on these matters, the Authority will have to pursue these matters further during the new legislative session, which begins January 12, 2005.

V. Financial:

1) Financial Performance:

- The (preliminary) income statement and balance sheet for November 2004 are attached. IFA reports a net income of \$136,963 for the period of October 2004, and a net income of \$1,082,170 for FYTD, or 14% above our FY plan.
- IFA operating expenses for the period of November 2004 came in 18% below the Board-approved Operating Expense Budget primarily in the area of employment-related expenses.

2) Financial Audits:

- The Audit Committee met on Thursday, November 18, 2004 to review the progress toward meeting the requests of the auditors. IFA mounted an aggressive effort to deliver a wide range of requested information at the direction of the Auditor General, The Honorable William Holland; the auditors from McGladrey & Pullen are satisfied with the progress, and we know of no barriers to completion of the on-site work within the next two weeks.

2,306,469

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 Company	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

OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
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Industrial Revenue Bonds.						
Cherry Valley Tool & Machine	2,400,000	Acquisition/renovation of existing manufacturing facility, construction of building addition, and equipment purchase.	20	15	15	Belvedere
Conduit Industrial Revenue Bond.						
CFC International Inc.	2,000,000	Finance purchase of building, machinery, equipment and pay certain issuance costs.	30	N/A	N/A	Chicago Heights
Participation Loan. Purchase						
Deli Star Corporation	150,000	production equipment.	14	10	10	Fayetteville
Participation Loan. Construct new						
Doreen's Pizza, Inc.	359,500	manufacturing/warehouse facility.	25	48	48	Calumet City
Participation Loan. Renovate, expand						
Durango Products, Inc.	1,000,000	and equip an industrial site in Chicago.	N/A	N/A	N/A	Chicago
Conduit Tax-Exempt Bonds. Finance						
E. Kinast Distributors, Inc.	3,600,000	acquisition of land, construction, machinery and equipment.	13	87	87	Hanover Park
Participation Loan. Construction of an						
Excel Crusher Technologies, LLC	1,000,000	industrial building and acquisition of manufacturing machinery and equipment.	40	N/A	N/A	Pekin
Participation Loan. Machinery and						
Excel Foundry and Machine, Inc.	795,000	equipment acquisition.	10	15	15	Pekin

IFA
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Homeway Homes, Inc.	300,000	Participation Loan. Acquisition of various equipment used in the applicant's modular home manufacturing business.	56	N/A	Beardstown
Illinois Biodiesel Company	21,800,000	Conduit Taxable Industrial Revenue Bonds. 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
MacLean-Fogg Company	\$2,800,000	Tax-Exempt New Money Bonds and Tax-Exempt Refunding Bonds. Proceeds will be used to refinance outstanding Industrial Revenue Bonds, acquire new machinery and equipment, rehabilitate a manufacturing plant and pay costs of issuance.	42	0	Various
Newline Hardwoods, Inc.	\$300,000	Acquisition of kiln drying lumber equipment	38	N/A	Beardstown
Olympia Food Industries, Inc.	\$8,500,000	Industrial Revenue Bonds. Industrial Revenue Bonds. Finance purchase, renovation and equip existing 52,000 sq. ft. manufacturing facility.	N/A	N/A	Chicago Heights
P&P Press, Inc.	\$650,000	Participation Loan. Acquisition of new machinery and equipment.	4	N/A	Peoria

OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS LOCATION
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Peoples Gas Light and Coke Company	\$50,000,000	IRB. Refinance Prior Series 1995 Bonds originally issued by the City of Chicago.	N/A	N/A	Chicago
Roesch, Inc.	300,000	Participation Loan. Purchase production equipment.	16	N/A	Belleville
Roho, Inc.	300,000	Participation Loan. Purchase production equipment. Roho is the premier medical air-cushion manufacturer worldwide.	0	N/A	Belleville
Republic Service Inc.	18,000,000	Series 2004A Bonds & Series 2004B Bonds. Finance landfill improvements, purchase equipment and current refunding.	14	15	DeSoto & Mt. Prospect
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

IFA
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS LOCATION
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
MERUG Limited Liability Co. (Turano Bakery and Knead Dough Baking Company)	8,000,000	Industrial Revenue Bonds. Purchase and installation of equipment and fixtures for commercial bakery facilities in Berwyn and Bolingbrook.	40	N/A	Berwyn and Bolingbrook
Uresil Acquisition Group, LLC	300,000	Participation Loan. 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
Vision Molded Products, Inc.	3,200,000	Industrial Revenue Bonds. Acquisition and renovation of a manufacturing facility that Vision currently leases.	63	10	Elgin
Wise Investments, LLC	6,200,000	Conduit Industrial Revenue Bonds. Purchase, renovate and equip a manufacturing facility, and pay certain bond issuance costs.	125	TBD	St. Charles
INDUSTRIAL TOTALS:	\$216,129,500		499	321	

IFA
OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Alliance for Character in Education	5,650,000	Conduit 501(c)(3) Bonds. Construction of new gymnasium, refinance existing debt, capitalize interest and fund professional and bond issuance costs.	5	64	DesPlaines & Niles
Aspira, Inc., of Illinois	10,000,000	Conduit Not-for-Profit Bonds. Purchase and renovate existing building, purchase furniture, fixtures and equipment, capitalize interest, and bond issuance costs.	134	12	Chicago
Columbia College	\$10,000,000	Conduit Tax-Exempt Bonds and Refunding Bonds. 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
DePaul University	55,580,000	Conduit 501(c)(3) Bonds. Acquisition financing of residential facilities.	N/A	N/A	Chicago
Fox River Valley Country Day School	33,000,000	501(c)(3) Bond Financing. Finance the construction of a new school building.	N/A	N/A	Elgin

IFA
OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Illinois College	20,000,000	Conduit Tax-Exempt Bonds. Refund outstanding indebtedness, and fund bond issuance costs.	15	200	Jacksonville
Illinois Institute of Technology	20,000,000	Conduit Tax-Exempt Bonds. Renovations, equipment, capitalize interest and fund professional bond issuance costs.	60	150	Chicago
Loyola University	60,000,000	Conduit Tax-Exempt and Taxable Bonds. 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	501(C)(3) Revenue Bonds. New dorm construction at DePaul University's Lincoln Park campus.	22	150	Chicago
North Shore Country Day School	11,500,000	Conduit Not-for-Profit Bonds. Construct and equip new sciencecenter, renovate existing facilities, capitalize interest and pay for bond issuance costs.	106	100	Winnelka
Northwestern University	135,000,000	Conduit Tax-Exempt Bonds. Construction, renovation, equipment, fund professional bond issuance costs.	150	250	Chicago

IFA
OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Penny Lane School	740,000	Participation Loan. Acquisition and rehab loan.	60	75	Chicago Ridge
Pooled Warrant Program for Illinois School Districts 2004-A Springfield Public SD #186 (\$15M) Nippersink SD #2 (\$2M) Massac County CUSD #1(\$1M) Consolidated SD #95 (\$300MM)	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
Robert Morris College	11,675,000	Conduit Tax-Exempt Bonds. 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	Conduit 501(c)(3) Bonds. 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

IFA
OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
		501(c)(3) Revenue Bonds. 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.			
University of Chicago	80,000,000		200	200	Chicago
EDUCATION TOTALS:	\$563,445,000		802	1,521	

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST.	JOBS LOCATION
<p>Conduit 501(c)(3) Bonds. Modernize and expand hospital facilities</p>	80,000,000	N/A	200	Elk Grove & Hoffman Estates
<p>Conduit 501(c)(3) Bonds. Refinance 1985D, 1990A, 1992 and 2002 Bonds, capital expenditures at facilities and pay issuance costs.</p>	50,097,346	N/A	N/A	Normal & Eureka
<p>Conduit Tax Exempt Bonds. Refund portion of outstanding principal. Finance cost of acquisition, construction, renovation and equipment.</p>	200,000,000	0	0	Champaign, Urbana
<p>Conduit 501(c)(3) Bonds. Finance expansion and modernization of certain health facilities, refinance existing tax-exempt bonds previously issued by Wyndemere.</p>	240,000,000	N/A	N/A	Winfield
<p>Conduit 501(c)(3) Bonds. Advance refund callable Series 199A Bonds, issuance and enhancement costs.</p>	54,725,000	N/A	N/A	Chicago



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OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST.	JOBS LOCATION
The Clare at Water Tower	\$225,000,000	147	400	Chicago
Conduit Tax Exempt Bonds. Finance development and construction equipping of new continuing care retirement community.				
Covenant Retirement Communities	19,315,000	N/A	N/A	Carol Stream
Conduit Taxable Bonds. Advance refund Series 1997 bonds, capitalize debt service reserve fund, and pay certain issuance costs.				
Edward Hospital	30,000,000	N/A	N/A	Naperville
Conduit Tax-Exempt Bonds. Current refunding of callable Series 1993A Bonds, and pay bond issuance costs.				
Conduit 501(c)(3) Bonds. Finance construction of nursing and assisted living facility, fund debt service reserve, refinance borrower's existing tax-exempt bond obligation issued by IHFA.				
Franciscan Communities, Inc.	17,340,000	N/A	100	Chicago
Conduit Tax-Exempt Lease. Acquisition of Siemens MRI equipment.				
Greenville Regional Hospital, Inc.	1,684,000	11	20	Greenville

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST.	JOBS	LOCATION
<p>Conduit Tax-Exempt Lease. Acquisition of Siemens CT Scanner.</p>	1,400,000	10	N/A		Tazewell County
<p>Conduit 501(c)(3) Bonds. Finance new clinic/administrative building, refinance existing debt and leases.</p>	8,700,000	6	7		Chicago, Cairo, Carbondale
<p>Participation Loan. Construction of 9,360 sq. ft. professional building and acquisition of 1.25 acres of land.</p>	300,000	2	N/A		East Peoria
<p>Conduit 501(c)(3) Bonds. Finance expansion and modernization of facilities. Bond proceeds to refinance existing tax-exempt bond debt issued by IHFA, and other outstanding indebtedness.</p>	499,930,000	600	3,500		Chicago
<p>Conduit Tax-Exempt Bonds. Current Refund of Callable IFA (IHFA) Series 1993 Bonds and pay issuance costs.</p>	92,605,000	N/A	N/A		Peoria County

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST.	JOBS	LOCATION
Rest Haven Christian Services	50,000,000	N/A	N/A	N/A	Tinley Park, Palos heights, South Holland, Crete, Downers Grove, Homer Glen
Riverside Health System	46,450,000	N/A	N/A	N/A	Kankakee & Bourbonnais
Roseland Community Hospital	10,500,000	8	45		Chicago
St. Anthony's Health Center	5,000,000	N/A	N/A	N/A	Alton

Conduit Tax-Exempt Bonds.
Refinance existing indebtedness, enhance liquidity, capitalize a debt service reserve fund, and pay costs of issuance.

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.

Conduit Tax-Exempt Bonds.
Bond proceeds used to fund expansion and renovation of the Obstetrics Department, renovate and replace heating and cooling plants, refinance Series 1978 Bonds and pay bond issuance costs.

501(c)(3) Bond Financing.
Pay/reimburse borrower, equipment, construction, and renovation.

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OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST.	JOBS	LOCATION
Southern Illinois Healthcare Enterprises	47,000,000	N/A	200		Carbondale, Herrin & Murphysboro
Springfield Center for Independent L	355,000	6	30		Springfield
Swedish American Health System	135,000,000	N/A	N/A		Rockford
Thorek Hospital	4,000,000	N/A	N/A		Chicago
HEALTHCARE TOTALS:	\$1,819,401,346	790	4,502		

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	Flanagan
Clayton D and Ashlyn L. Becker	131,040	Beginning farmer bond loan.	N/A	N/A	DeKalb
Eric W. and Dawn M. Beyers	100,000	Beginning farmer bond loan.	N/A	N/A	Rosamond
Adam Birchen	219,000	Beginning farmer bond loan.	N/A	N/A	Pearl City
Andrew Birchen	219,000	Beginning farmer bond loan.	N/A	N/A	Pearl City
James Lee and Bonnie May Brewer	110,000	Beginning farmer bond loan.	N/A	N/A	Bethany
Matthew Blum	107,000	Beginning farmer bond loan.	N/A	N/A	Polo
Alexander and Trisha Chung	207,900	Beginning farmer bond loan.	N/A	N/A	Peru
William Clothier	250,000	Beginning farmer bond loan.	N/A	N/A	Polo
Philip and Marilyn Dague	186,000	Beginning farmer bond loan.	N/A	N/A	Oakland
Jeff Delheimer	250,000	Beginning farmer bond loan.	N/A	N/A	Elgin
Ralph and Deborah Diericks	500,000	Loan Guarantee. For specialized livestock.	N/A	N/A	Atkinson
Clint and Rebecca Dotterer	78,000	Beginning farmer bond loan.	N/A	N/A	Fairbury
Mark and Kelli Dozier	250,000	Beginning farmer bond loan.	N/A	N/A	Morrisonville
Jeremiah D. Fleming	165,150	Beginning farmer bond loan.	N/A	N/A	Olney

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
David Gerdes	146,000	Beginning farmer bond loan.	N/A	N/A	Bartelso
Ken and Windy Gerlach	171,000	Beginning farmer bond loan.	N/A	N/A	Waggoner
Robert and Julia Goddeke	150,000	Beginning farmer bond loan.	N/A	N/A	Poplar Grove
Stewart and Beverly Haas	500,000	Refinance existing real estate notes, machinery debt and operating loan carryover.	N/A	N/A	Elizabeth
Daniel and Pamela Hish	205,000	Extend existing IFA guaranteed loan.	N/A	N/A	Ridgeway
Paul and Pamela Hooks	207,500	Beginning farmer bond loan.	N/A	N/A	Mason
Michael and Clarissa Hunt	194,600	Beginning farmer bond loan.	N/A	N/A	Galesburg
Kyle Kiefer	132,300	Beginning farmer bond loan.	N/A	N/A	Jefferson
Mark and Jennifer Kinneer	210,000	Beginning farmer bond loan.	N/A	N/A	Kirkwood
Brice and Carol Lawson	300,000	Restructure debt on guaranteed loan.	0	0	Chambersburg
Kevin and Emily Lilienthal	250,000	Beginning farmer bond loan.	N/A	N/A	Bloomington
Matthew and Michelle Merritt	152,000	Beginning farmer bond loan.	N/A	N/A	Carthage
Larry and Susan Messer	32,000	Beginning farmer bond loan.	N/A	N/A	Goodfield
Michael J. Mizeur	82,000	Beginning farmer bond loan.	N/A	N/A	Taylorville

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
Dana Morris	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	Farmersville
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
Michael and Gabriele Oltmann	45,000	Beginning farmer bond loan.	N/A	N/A	N/A	Germentown
David and Sharon Ortman	175,000	Beginning farmer bond loan.	N/A	N/A	N/A	Nokomis
Garry M. Pope	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	Mahomet
Craig Ratermann	132,000	Beginning farmer bond loan.	N/A	N/A	N/A	Germentown
Darin Ratermann	126,000	Beginning farmer bond loan.	N/A	N/A	N/A	Germentown
Daniel K. Reed (Pearl Valley Cheese Company, Inc.)	390,000	Loan guarantee for buildings, equipment, improvements and working capital.	11	0	0	Kent
Philip J. and Katherine Richardson	60,000	Beginning farmer bond loan.	N/A	N/A	N/A	Roberts
Matthew Schertz	60,000	Beginning farmer bond loan.	N/A	N/A	N/A	El Paso
Paul G. Steinhilber	33,000	Beginning farmer bond loan.	N/A	N/A	N/A	Minonk
Paul D. and Lynn R. Schneider	500,000	Refinance existing operating carryover and increase guaranteed loan amount	N/A	N/A	N/A	Flanagan
Jeff Delheimer	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	El Paso

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
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	325,000	Business expansion	N/A	N/A	Stephenson County
David and Katherine Tolley	165,000	Loan Guarantee. For extension of debt restructuring.	N/A	N/A	Avon
Matthew R. Trowitch	116,000	Beginning farmer bond loan.	N/A	N/A	Fairbury
Brent and Kyria Vanhovel	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
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
William and Margo Weber	250,000	Beginning farmer bond loan.	N/A	N/A	Raymond

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Jessica L. Wernsing	250,000	Beginning farmer bond loan.	N/A	N/A	Springfield
Kent Wesson	500,000	Refinance operating loan carryover and existing IFDA guaranteed loan.	N/A	N/A	Leland
Brian A. Wood	250,000	Beginning farmer bond loan.	N/A	N/A	Raymond
AGRICULTURE TOTALS:	\$13,153,490		11	0	

IFA
OPPORTUNITY RETURNS

ENVIRONMENTAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
City of Harvey	650,000	Conduit Tax-Exempt Bonds. To construct and install sewers and a lift station.	N/A	5	Harvey	
City of Sparta	8,000,000	Conduit Tax-Exempt Bonds. Construct water and sewer infrastructure.	150	N/A	Sparta	
Construction Loan Interim Financing Program 2004	7,500,000	Pooled Bond. 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	Local Government Bonds. Develop nature trails, interpretive center, access road and parking.	N/A	N/A	Bourbonnais Township	
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	

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
ENVIRONMENTAL TOTALS:	\$161,190,000		180	75		

IFA
OPPORTUNITY RETURNS

VENTURE CAPITAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
AccelChip	250,000	Sustain the company while building market share.	N/A	N/A	Milpitis, CA
Firefly	350,000	Advanced battery technology.	10	N/A	Peoria
Metaforming 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
VENTURE CAPITAL TOTALS:	\$1,600,000		14	0	

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
Architektur/80, Inc. (Valley View Preservation, LP)	\$7,500,000	Multi-family Housing Revenue Bonds. Acquisition and renovation of an existing 179 unit, 13 story senior housing property.	N/A	85		Rockford
Buena Vista Apartments	\$12,700,000	Multi-family Rental Housing Revenue Bonds. Acquisition and renovation of existing building, and purchase of equipment.	N/A	20		Elgin
Central City Studios, LLC		Conduit Empowerment Zone Industrial Revenue Bonds. Purchase land, equipment, construction, fund legal and professional costs.	1,015	235		Chicago
Chateau Apartments, LP	\$15,000,000	Multifamily Housing Revenue Bonds. Purchase and renovation of an existing 210 unit rental property.	1	10		Carol Stream
Community Action Partnership of Lake County	6,250,000	Conduit 501(c)(3) Bonds. Construct first building of proposed 3 building complex, purchase equipment, capitalize interest and portion of issuance costs.	14	146		Waukegan
Dieters Family Land Company	300,000	new funeral home.	1	30		East Peoria

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
Eagle Theatre Corporation	\$300,000	Participation Loan. 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	Conduit Tax-Exempt Bonds. Refinance existing HUD Direct 202 debt, and finance building renovations.	N/A	15	Chicago	
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	

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
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
Kane County Senior Living	\$14,000,000	501(c)(3) Revenue Bonds. Acquisition of land and construction costs.	16	100		Geneva
Kishwaukee Family Young Men's Christian Association	950,000	501(c)(3) Lease Financing. Bond proceeds will be used to finance new construction and refinance existing mortgage.	16	50		Sycamore
Kohl's Childrens Museum	\$13,395,000	Conduit Tax-Exempt Bonds. New facility construction, equipment, capitalize interest, fund professional and bond issuance costs.	46	100		Glenview
MNIM Real Estate Ventures, LLC	\$7,300,000	Industrial Revenue Bonds. Acquisition of land, construction and equipping a new manufacturing facility.	16	12		Aurora
Merit School of Music	\$5,000,000	Not-for-Profit 501(c)(3) Bonds. Finance the acquisition, renovation and furnishing of a building located at 38 S. Peoria.	13	15		Chicago

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Opportunity Home Mortgage	\$50,000,000	Tax-Exempt Single Family Mortgage Revenue Bonds. Provide low mortgage rates and 4% downpayment assistance to low and moderate income homebuyers.	N/A	N/A	Statewide
Richard H. Driehaus Museum	\$15,500,000	501(c)(3) Revenue Bonds. Acquisition, renovation, and equipping of the Nickerson Mansion and renovation of the adjacent Murphy Auditorium.	N/A	N/A	Chicago
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

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS LOCATION
Sterling Park Development	\$190,000,000	Revenue Bonds. Acquisition, renovation and conversion of three building located in North Lawndale.	N/A	N/A	Chicago
Sunshine Through Golf Foundation	\$3,000,000	Conduit Tax-Exempt Bonds. Refund outstanding indebtedness, and fund bond issuance costs.	2	N/A	Lemont
Villagebrook Apartments, LP	\$13,000,000	Multifamily Housing Revenue Bonds. Purchase and renovation of an existing 189 unit rental property.	1	10	Carol Stream
Waterton Vistas II, LLC	\$8,500,000	Multifamily Housing Revenue Bonds. 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	Conduit Tax Exempt Bonds. Proceeds will be used to finance construction, refinance prior debt, refund outstanding bond issue and other acquisitions, renovations and equipment purchases.	65	200	Various
QUALITY OF LIFE TOTALS:	\$543,480,000		1,257	1,348	
GRAND TOTALS:	\$3,318,399,336		3,792	7,840	

Illinois Finance Authority
Statements of Activities
For Period Ending November 30, 2004

	Actual November 2004	Actual YTD FY 2005
REVENUE		
INTEREST ON LOANS	\$ 21,658	\$ 131,451
INVESTMENT INTEREST & GAIN(LOSS)	2,335	285,839
ADMINISTRATIONS & APPLICATION FEES	567,140	2,005,546
ANNUAL ISSUANCE & LOAN FEES	115,875	605,647
OTHER INCOME	<u>0</u>	<u>291</u>
TOTAL REVENUE	707,007	3,028,774
EXPENSES		
EMPLOYEE RELATED EXPENSES		
COMPENSATION & TAXES	198,476	908,016
BENEFITS	18,877	87,123
TEMPORARY HELP	0	24,593
EDUCATION & DEVELOPMENT	218	559
TRAVEL & AUTO	<u>10,015</u>	<u>38,809</u>
TOTAL EMPLOYEE RELATED EXPENSES	227,586	1,059,099
PROFESSIONAL SERVICES		
CONSULTING, LEGAL & ADMIN	39,195	72,700
LOAN EXPENSE & BANK FEE	7,753	16,277
ACCOUNTING & AUDITING	11,488	42,133
MARKETING GENERAL	8,985	53,901
FINANCIAL ADVISORY	12,125	36,125
VENTURE CAPITAL CONFERENCE/TRAINING	0	1,955
MISCELLANEOUS PROFESSIONAL SERVICES	0	26,250
DATA PROCESSING	<u>1,564</u>	<u>16,778</u>
TOTAL PROFESSIONAL SERVICES	81,111	266,118
OCCUPANCY COSTS		
OFFICE RENT	15,401	118,594
EQUIPMENT RENTAL AND PURCHASES	669	15,926
TELECOMMUNICATIONS	4,424	18,025
UTILITIES	638	5,371
DEPRECIATION	3,958	5,865
INSURANCE	<u>0</u>	<u>7,413</u>
TOTAL OCCUPANCY COSTS	25,090	171,194
GENERAL & ADMINISTRATION		
OFFICE SUPPLIES	1,585	46,472
BOARD MEETING - EXPENSES	2,216	5,141
PRINTING	0	3,154
POSTAGE & FREIGHT	1,372	16,012
MEMBERSHIP & DUES	601	3,177
PUBLICATIONS	0	586
OFFICERS & DIRECTORS INSURANCE	9,657	68,907
MISCELLANEOUS	<u>0</u>	<u>1,917</u>
TOTAL GENERAL & ADMINISTRATION EXPENSES	15,431	145,366
OTHER		
INTEREST EXPENSE	<u>826</u>	<u>4,129</u>
TOTAL OTHER	826	4,129
TOTAL EXPENSES	<u>350,044</u>	<u>1,645,906</u>
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)		
	356,963	1,382,868
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT		
	(220,000)	(300,698)
NET INCOME/(LOSS)	<u>\$ 136,963</u>	<u>\$ 1,082,170</u>

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

	Actual November 2004	Budget November 2004	Current Month Variance Actual vs Budget	Current % Variance	Actual YTD FY 2005	Budget YTD FY 2005	Year to Date Variance Actual vs Budget	YTD % Variance	Explanations
EXPENSES									
EMPLOYEE RELATED EXPENSES									
COMPENSATION & TAXES	198,476	240,472	(41,996)	(17.5%)	908,016	1,119,822	(211,806)	(18.9%)	
BENEFITS	18,877	17,000	1,877	11.0%	87,123	91,233	(4,110)	(4.5%)	
TEMPORARY HELP	0	7,000	(7,000)	(100.0%)	24,593	53,000	(28,407)	(53.6%)	
EDUCATION & DEVELOPMENT	218	0	218	0.0%	559	0	559	0.0%	
TRAVEL & AUTO	10,015	4,500	5,515	122.6%	38,809	22,500	16,309	72.5%	Catch-up expenses from prior months
TOTAL EMPLOYEE RELATED EXPENSES	227,586	268,972	(41,386)	(15.4%)	1,059,099	1,286,555	(227,456)	(17.7%)	
PROFESSIONAL SERVICES									
CONSULTING, LEGAL & ADMIN	39,195	38,000	1,195	3.1%	72,700	164,000	(91,300)	(55.7%)	
LOAN EXPENSE & BANK FEE *	7,753	1,500	6,253	416.9%	16,277	7,500	8,777	117.0%	LaSalle & Ponder Investment Charge
ACCOUNTING & AUDITING	11,488	20,000	(8,512)	(42.6%)	42,133	110,000	(67,867)	(61.7%)	
MARKETING GENERAL	8,985	10,000	(1,015)	(10.2%)	33,901	50,000	(16,099)	(32.2%)	
FINANCIAL ADVISORY	12,125	12,000	125	1.0%	36,125	60,000	(23,875)	(39.8%)	
VENTURE CAPITAL CONFERENCE/TRAINING	0	0	0	0.0%	1,955	0	1,955	0.0%	
MISCELLANEOUS PROFESSIONAL SERVICES	0	1,500	(1,500)	(100.0%)	26,250	7,500	18,750	250.0%	
MISCELLANEOUS	1,564	400	1,164	291.1%	16,778	2,000	14,778	738.9%	
DATA PROCESSING	81,111	83,400	(2,289)	(2.7%)	266,118	401,000	(134,882)	(33.6%)	
TOTAL PROFESSIONAL SERVICES	154,011	169,900	(15,889)	(9.4%)	318,594	468,000	(149,406)	(32.1%)	
OCCUPANCY COSTS									
OFFICE RENT	669	3,000	(2,331)	(77.7%)	15,926	15,000	926	6.2%	
EQUIPMENT RENTAL AND PURCHASES	4,424	1,850	2,574	139.1%	18,025	9,250	8,775	94.9%	Prior invoices due to move
TELECOMMUNICATIONS	638	1,400	(762)	(54.4%)	5,371	7,000	(1,629)	(23.3%)	
UTILITIES	3,958	300	3,658	1219.3%	5,865	1,500	4,365	291.0%	Great Plains Depreciation
DEPRECIATION	0	2,000	(2,000)	(100.0%)	7,413	10,000	(2,587)	(25.9%)	
INSURANCE	25,090	25,430	(340)	(1.4%)	171,194	211,550	(40,356)	(19.1%)	
TOTAL OCCUPANCY COSTS	31,119	33,680	(2,561)	(7.6%)	145,366	190,000	(44,634)	(23.5%)	
GENERAL & ADMINISTRATION									
OFFICE SUPPLIES	1,585	3,800	(2,215)	(58.3%)	46,472	19,000	27,472	144.6%	
BOARD MEETING - EXPENSES	2,216	0	2,216	0.0%	5,141	0	5,141	0.0%	
PRINTING	0	300	(300)	(100.0%)	3,154	1,500	1,654	110.3%	
POSTAGE & FREIGHT	1,372	3,000	(1,628)	(54.3%)	16,012	15,000	1,012	6.7%	
MEMBERSHIP & DUES	601	2,400	(1,799)	(75.0%)	3,177	12,000	(8,823)	(73.5%)	
PUBLICATIONS	0	300	(300)	(100.0%)	586	1,500	(915)	(61.0%)	
OFFICERS & DIRECTORS INSURANCE	9,657	11,700	(2,043)	(17.5%)	68,907	58,500	10,407	17.8%	
MISCELLANEOUS	0	500	(500)	(100.0%)	1,917	2,500	(583)	(23.3%)	
TOTAL GENERAL & ADMINISTRATION EXPENSES	15,431	22,000	(6,569)	(29.9%)	145,366	110,000	35,366	32.2%	
OTHER									
INTEREST EXPENSE	826	850	(24)	(2.8%)	4,129	4,250	(121)	(2.8%)	
TOTAL OTHER	826	850	(24)	(2.8%)	4,129	4,250	(121)	(2.8%)	
TOTAL EXPENSES	350,044	400,672	(50,628)	(12.6%)	1,645,906	2,013,355	(367,449)	(18.3%)	

Illinois Finance Authority
Balance Sheet
for the Five Months Ending November 30, 2004

	October 2005	November 2005
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	\$ 28,670,289	\$ 29,075,396
RECEIVABLES, NET	7,927,076	7,666,546
OTHER RECEIVABLES	1,239,264	1,239,264
PREPAID EXPENSES	<u>64,244</u>	<u>51,896</u>
TOTAL CURRENT ASSETS	37,900,872	38,033,103
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	52,767	48,809
DEFERRED ISSUANCE COSTS	1,071,597	1,071,597
OTHER ASSETS - RESTRICTED		
CASH, INVESTMENTS & RESERVES	9,959,735	9,960,845
VENTURE CAPITAL INVESTMENTS	5,188,436	5,093,436
OTHER	<u>3,700,000</u>	<u>3,700,000</u>
TOTAL OTHER ASSETS	18,848,171	18,754,281
TOTAL ASSETS	<u>\$ 57,873,407</u>	<u>\$ 57,907,789</u>
LIABILITIES		
CURRENT LIABILITIES	897,102	794,522
LONG-TERM LIABILITIES	<u>2,280,682</u>	<u>2,280,682</u>
TOTAL LIABILITIES	3,177,784	3,075,204
EQUITY		
CONTRIBUTED CAPITAL	23,828,249	23,828,249
RETAINED EARNINGS	11,296,979	11,296,979
NET INCOME / (LOSS)	945,207	1,082,170
RESERVED/RESTRICTED FUND BALANCE	5,956,301	5,956,301
UNRESERVED FUND BALANCE	<u>12,668,887</u>	<u>12,668,887</u>
TOTAL EQUITY	54,695,623	54,832,586
TOTAL LIABILITIES & EQUITY	<u>\$ 57,873,407</u>	<u>\$ 57,907,789</u>

VENTURE CAPITAL INVESTMENTS

MANAGED FUNDS

ARCH FUND II PARALLEL	252,685
ARCH FUND - NEW	148,823
CHAMPAIGN-URBANA VENTURE FUND	181,000
CERULEAN PARTNERSHIP	-

TOTAL MANAGED FUNDS 582,508

TECHNOLOGY DEVELOPMENT BRIDGE

ACCELCHIP [MACH DESIGN SYSTEMS	147,752
BLACKMON & YOUNG	-
CLEARSTACK	300,000
CYBERLOANOFFICER.COM	400,000
DELIVERY STATION	-
EPIGRAPH	-
FIREFLY ENERGY, INC.	650,000
FOREST ONE, INC.	160,000
GO READER, INC	-
HARMONIC VISION	261,000
INFLUX, INC.	150,000
METALFORMING CONTROLS	500,000
MOBITRAC	265,644
NEODESIC CORPORATION	-
NEPHYRX CORPORATION	110,000
NEURONAUTICS	300,000
OPEN CHANNELED SOFTWARE	250,000
PERCEPTUAL ROBOTICS	-
PREVIEWPORT	-
PROOF SPACE T-STAMPS	-
SMART SIGNAL	226,932
STONEWATER SOFTWARE	-
U. COMMUNICATIONS	-
USERACTIVE MEDIA.COM	-
VENTURE CAPITAL ONLINE	-
VIDEO HOME TOURS	246,500
WANDER ON, INC	-
ZUCHEM, INC.	543,100

TOTAL TECHNOLOGY DEVELOPMENT BRIDGE 4,510,928

TOTAL VENTURE CAPITAL 5,093,436

13/15

IFA Aging Report - DL-PL-PLMPF - 11/30/04

Client#	Client Name	Date of Closing	P.A.	Payment 11/30/2004	Original Loan Amt	1-30 days	31-60 days	61-90 days	Past Due 91-180 days	181-days - 1 Year	over 1 year	Total Due	Loan Balance 11/30/2004
PARTICIPATION LOANS													
9718-PL	Alcast Company	6/26/2002	Senica		198,187.78						143,235.50	143,235.50	143,235.50
9879-PL	Alexis Fire Equipment	12/31/2003	Senica	Yes	133,928.74								113,071.29
9879-PL	Alexis Fire Equipment	12/31/2003	Senica	Yes	113,682.04								94,381.51
9830-PL	Arnold, Michael & Sandy	7/15/2003	Senica	Yes	147,406.77								140,947.84
9677-PL	Berry, Todd (Precision Lase)	11/5/2001	Senica	Yes	188,613.10								157,276.65
2110-PL	Bob Brady Dodge, Inc.	1/4/2000	Senica	Yes	300,000.00								238,953.67
9757-PL	Blahler, Richard W	4/30/2002	Senica	Yes	297,591.78								277,284.47
1881-PL	Bushert, Forrest D.	8/10/1998	Senica	Yes	237,500.00								186,385.91
9792-PL	Caywood's Youth Center, Inc	6/16/1998	Cochran	Yes	230,000.00								189,762.54
9817-PL	Chapman, Marc (Oakley Water Services, Inc)	10/25/2002	Senica	Yes	227,386.96								167,487.78
1940-PL	Centuron Investments	11/4/2003	Cochran	Yes	300,000.00								291,428.36
9588-PL	Cushing, Steve & Ed	4/28/1998	Cochran	Yes	280,000.00								158,613.59
9835-PL	Eagle Theater Corporation	5/21/2001	Senica	Yes	149,237.50								105,515.41
9793-PL	Excel Foundry	3/27/2003	Trout/Albright	Yes	237,112.35								203,301.22
1804-PL	Hagel & Leong (2nd loan)	2/8/2002	Senica	Yes	100,817.48								47,199.78
1844-PL	Hawkeye Food Machinery, Inc	1/17/1997	Senica	Yes	250,000.00								191,457.11
9738-PL	Illinois Forest (equip portion)	5/14/2002	Senica	Past due	96,450.00								76,144.04
9286-PL	Illinois Forest (real estate portion)	5/14/2002	Senica	Past due	150,000.00						76,144.04	76,144.04	136,900.61
9629-PL	J & J Dog Supplies, Inc.	5/9/2001	Senica	Yes	216,928.69								53,283.60
9726-PL	Kevin Krosse	7/26/2001	Senica	Yes	197,816.19								192,609.16
9783-PL	Keyser, David (Klean Wash, Inc)	2/15/2002	Senica	Yes	114,084.45								98,491.19
1907-PL	Lincoln Tool Company	8/13/2002	Senica	Yes	100,000.00								77,978.99
1927-PL	Moerchen, William J.	6/12/1997	Senica	Yes	150,000.00								109,897.52
2117-PL	NGI LLC (Collision Plus)	6/12/1997	Cochran	Yes	300,000.00						109,897.52	109,897.52	203,015.16
9781-PL	Newline Harwoods, Inc	4/15/1999	Cochran	Yes	300,000.00								240,223.39
9699-PL	Roesch, Inc	9/23/2004	Cochran	New Loan	294,600.74								294,600.74
1869-PL	S & B Investments	11/26/2002	Cochran/ Trout	Yes	197,869.23								180,638.16
9579-PL	Shultz Machine	4/21/1997	Cochran	Yes	234,693.00								192,351.01
9225-PL	Specialty Machine & Tool, Inc.	11/26/2002	Cochran	Past due	235,698.79							71,943.86	214,549.58
9671-PL	Sirbenberger, Douglas & Robt. Ewen	5/17/2002	Cochran	Yes	300,000.00								281,133.22
9631-PL	Siacusa, Charles & Sharon	3/23/2000	Frampton	Yes	300,000.00								218,601.54
9672-PL	The Weisiger Family Trust	5/4/2001	Cochran	Yes	300,000.00								227,462.74
9672-PL	Wilson, Michael L. Sr.	4/6/2001	Senica	Yes	250,000.00								150,834.35
9687-PL	Work Saver Inc	12/6/2002	Senica	Past due	296,031.82								284,228.68
9647-PL	Young, Clinton (Precision Pattern)	8/1/2001	Senica	Past due	183,484.09								142,092.25
9647-PL	Young, Clinton (Precision Pattern)	8/1/2001	Senica	Past due	149,600.71								94,240.62
9647-PL	Octochem	12/1/2003	Cochran	Yes	112,500.00								271,341.32
9647-PL	Octochem	12/1/2003	Cochran	Yes	281,538.00								271,341.32
9733-PLMPF	PL-Motion Picture Financing	2/20/2002											
9739-PLMPF	Big Picture Chicago, LLC	7/29/2002	Trout	Yes	82,500.00						16,431.63	16,431.63	16,431.63
	SMS Productions			Yes	49,269.97								9,874.98
	TOTAL				\$ 10,286,894.75	\$ 1,640.15	\$ -	\$ -	\$ -	\$ -	\$ 482,409.30	\$ 555,993.31	\$ 7,097,913.44
DL Loans													
98	Roe Machine Co	12/31/1980	Cochran	Yes	45,000.00								8,128.03
1470	T K G Inc	8/26/1994	Cochran	Not yet	179,000.00								107,807.53
	TOTAL				\$ 224,000.00						\$ 107,807.53	\$ 107,807.53	\$ 115,935.56
FMHA Loans													
9627	Grayson Hill Energy, LLC	1/31/2001	Cochran	Past Due	130,000.00								\$89,756.30
1589	Rays Body, Inc	1/17/1995	Cochran	Past Due	100,000.00								\$4,637.30
1952	Sublette Developers, Inc	1/15/1998	Albright	Yes	150,000.00								\$114,193.90
9643	Ultra Play Systems, Inc	5/3/2001	Cochran	Past Due	90,000.00								\$52,251.90
1789	Walters Trucking	6/25/1996	Senica		100,000.00								\$23,204.00
	TOTAL				\$ 570,000.00	\$ 4,978.66	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,003.00

IDFA Aging Report - DEFUNCT - 11/30/04

Client#	Client Name	Date of Closing	Original Loan Amt	1-30 days	31-60 days	61-90 days	91-180 days	Past Due 181 Days-1 Year	over 1 year	Loan Balance 12/31/2003	
Defunct Loans											
1619-DL	Sonyo Automotive Parts	12/11/1995	240,000.00						182,932.77	182,932.77	Request to Attorney Gen for writsoff 4/26/02
622-DL	Tallman, Jack & Associates	8/28/1986	150,000.00						130,517.87	130,517.87	Request to Attorney Gen for writsoff 1/20/01
1816-CL	River City Mobile Catering	7/24/1996	58,500.00						17,372.04	17,372.04	AG agreement w/ client - rec'd \$100 (2/5/03) - Previously requested Ally Gen for writsoff
870-T9	Advanced Thermal	8/28/1987	100,000.00						91,483.50	91,483.50	Request to Ally Gen for writsoff
1612-SBA	Frank Alexander Enterprises	12/21/1994	25,000.00						25,000.00	25,000.00	SBA Writsoff - Req to Ally Gen For writsoff \$200 rec'd 12/12/03 per new agreement
1692-SBA	Cool Temptations, Inc.	5/10/1995	15,700.00						14,779.43	14,779.43	(previously-SBA Writsoff - Req to Ally Gen For writsoff
1489-SBA	Energy Savings Associates	12/29/1993	25,000.00						25,000.00	25,000.00	Prime Partners Collection Agency.
1564-SBA	Martin, Karen Ann	7/25/1994	25,000.00						15,285.27	15,285.27	SBA Writsoff - Req to Ally Gen For writsoff
1841-PL	Symonds, Ronald (Deceased)	10/11/1987	46,600.00						16,932.27	16,932.27	Request to Ally Gen for writsoff
1172-EF	Hughes Industries	3/29/1991	200,000.00						200,000.00	200,000.00	Request to Ally Gen for writsoff
1055-EF	Washington Terrace	5/14/1990	250,000.00						235,000.00	235,000.00	Request to Ally Gen for writsoff
TOTAL			\$ 1,135,800.00						\$ 954,303.15	\$ 954,303.15	

Illinois Finance Authority
 Balance Sheet
 for Five Months Ending November 30, 2004
 ASSETS DETAIL

	October 2005	November 2005
CASH & INVESTMENTS, UNRESTRICTED:		
GENERAL OPERATING - IFA - CASH & INVESTMENTS, UNRESTRICTED	16,844,566	17,249,673
INDUSTRIAL REVENUE BOND INSURANCE FUND - CASH & INVESTMENTS, UNRES	11,410,885	11,410,885
IRBB SPECIAL RESERVE FUND - CASH & INVESTMENTS, UNRESTRICTED	5,620	5,620
IRBB TRUST FUND - CASH & INVESTMENTS, UNRESTRICTED	409,218	409,218
Total CASH & INVESTMENTS, UNRESTRICTED	<u>28,670,289</u>	<u>29,075,396</u>

	October 2005	November 2005
CASH & INVESTMENTS, UNRESTRICTED:		
LASALLE NATIONAL BANK - OPERATING	99,239	505,624
Illinois Funds - Chicago General Operating	2,250,809	2,250,809
II. Funds - Springfield Operating	128,663	127,284
PETTY CASH -	100	100
PETTY CASH - CARBONDALE OFFICE	100	100
PETTY CASH - SPRINGFIELD OFFICE	50	150
MONEY MARKET ACCOUNT	-37	-37
MONEY MARKET- MS	37,313	37,313
BANTERRA BANK	171,147	171,147
BANTERRA BANK - CARBONDALE	43,135	43,135
IPTIP	1,146,138	1,146,138
IPTIP	1,593,359	1,593,359
IPTIP	823,794	823,794
INVESTMENT - HEALTH	8,091,154	8,091,154
INVESTMENT - FARM	2,409,166	2,409,166
CERTIFICATE OF DEPOSIT - LASALLE BANK	85,000	85,000
AMORTIZED INTEREST EARNED	-8,833	-8,833
CONTRA - INV. AT MARKET	-4,567	-4,567
Unrealized Gain/Loss on Investment	-16,509	-16,509
Discount on FNA	-3,992	-3,992
ACCRUED INVESTMENT INTEREST - HEALTH	269	269
Premium on FHLB	425	425
Discount on FNM	-1,359	-1,359
Total CASH & INVESTMENTS, UNRESTRICTED	<u>16,844,566</u>	<u>17,249,673</u>

	October 2005	November 2005
RECEIVABLES, NET		
GENERAL OPERATING - IFA - RECEIVABLES, NET	7,925,076	7,664,546
IRBB TRUST FUND - RECEIVABLES, NET	2,000	2,000
TOTAL RECEIVABLES, NET	<u>7,927,076</u>	<u>7,666,546</u>

Illinois Finance Authority
 Balance Sheet
 for Five Months Ending November 30, 2004
 ASSETS DETAIL

	October 2005	November 2005
OTHER RECEIVABLES		
GENERAL OPERATING - IFA - OTHER RECEIVABLES	1,223,022	1,223,022
INDUSTRIAL REVENUE BOND INSURANCE FUND - OTHER	4,243	4,243
CREDIT ENHANCEMENT DEVELOPMENT FUND - OTHER	12,000	12,000
TOTAL OTHER RECEIVABLES	1,239,264	1,239,264

	October 2005	November 2005
PREPAID EXPENSES		
GENERAL OPERATING - IFA - PREPAID EXPENSES	64,244	51,896
TOTAL PREPAID EXPENSES	64,244	51,896

	October 2005	November 2005
OTHER ASSETS - RESTRICTED		
CASH, INVESTMENTS & RESERVES		
GENERAL OPERATING - IFA- CASH INVESTMENTS	5,038,116	5,039,226
CREDIT ENHANCEMENT DEVELOPMENT FUND - CASH, INVESTMENTS & RESERVES	2,447,694	2,447,694
IRBB SPECIAL RESERVE FUND - CASH, INVESTMENTS & RESERVES	2,473,926	2,473,926
	9,959,735	9,960,845

**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 November 9, 2004 at the Plaza Club located in One Prudential Plaza, 40th Floor at 130 East Randolph in Chicago, Illinois.

MEMBERS PRESENT:

Natalia Delgado
Demetris Giannoulis
Michael Goetz
David Gustman
Dr. Roger Herrin
Martin Nesbitt
Terrence O'Brien
Timothy Ozark
Andrew Rice
Joseph Valenti

MEMBERS ABSENT:

Edward Leonard

GENERAL BUSINESS ITEMS

Call to Order

Chairman Gustman called the meeting to order at approximately 1:40 P.M., with the above members present.

Roll Call

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

Director's Report

Director Ata welcomed the audience and pointed out the increased number of transactions for approval by the Members, including a focus on downstate projects.

Item 1 - Acceptance of October 2004 Preliminary Financial Statements

Chairman Gustman asked for any comments on the financial statements. There being none, the Board continued on with the meeting.

Item 2 – Acceptance of the October 2004 Minutes

The Chairman asked if any member had any comments regarding the minutes of the Board's October minutes. Upon a motion by Mr. Ozark and seconded by Mr. Valenti, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions. (04-11-02)

Initial Project Considerations

Item-03 I-UR-TE-CD-418: The Peoples Gas Light and Coke Company

This applicant requests preliminary approval of \$50,000,000 in conduit Gas Supply Revenue Refunding Bonds to finance projects located throughout **Chicago**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-11-03).

Item-04 I-ID-TE-CD-417: Spring Hill Holding, LLC and Trim-Rite Food Corporation (as co-applicants)

This applicant requests preliminary approval of \$8,500,000 in conduit Industrial Revenue Bonds to finance a project located in **Rockford**. This project is expected to create **265 new jobs** and **100 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-11-04).

Item-5 A-FB-TE-CD-446: Philip J. and Katherine Richardson

A-FB-TE-CD-447: Michael and Gabriele Oltmann

A-FB-TE-CD-449: Jeff Delheimer

A-FB-TE-CD-450: Michael and Clarissa Hunt

A-FB-TE-CD-451: David Gerdes

A-FB-TE-CD-453: Craig Ratermann

A-FB-TE-CD-454: Paul George Steinhilber

A-FB-TE-CD-456: Mark and Jennifer Kinneer

A-FB-TE-CD-457: Jessica Wernsing

A-FB-TE-CD-458: Clint and Rebecca Dotterer

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

Philip J. and Katherine Richardson	\$60,000	Roberts
Michael and Gabriele Oltmann	\$45,000	Nokomis
Jeff Delheimer	\$250,000	Elgin
Michael and Clarissa Hunt	\$194,600	Galesburg

David Gerdes	\$155,000	Bartelso
Craig Ratermann Germantown	\$132,000	
Paul George Steinhilber	\$33,000	Minonk
Mark and Jennifer Kinneer	\$210,000	Kirkwood
Jessica Wernsing	\$250,000	Springfield
Clint and Rebecca Dotterer	\$78,000	Fairbury

The Chairman requested leave to apply the last unanimous vote to each item. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-11-05).

A-FB-TE-CD-448: Matthew Schertz

A-FB-TE-CD-452: Darin Ratermann

These applications were withdrawn at the borrowers' request prior to consideration by the Members.

Final Project Considerations

Item-6 ***H-HO-TE-CD-407: Swedish American Health System***

This applicant requests final approval of **\$135,000,000** in conduit, tax-exempt 501(c)(3), Revenue Bonds to finance projects located in **Rockford**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-11-06).

Item-7 ***H-HO-TE-CD-409: Southern Illinois Health Enterprises***

This applicant requests final approval for **\$73,000,000** in conduit tax-exempt 501(c)(3) Revenue Bonds to finance projects located in **Carbondale, Herrin and Murphysboro**. These projects are expected to create **200 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-11-07).

Martin Nesbitt arrives.

Item-9

E-PC-TE-CD-416: University of Chicago

This applicant requests final approval of **\$80,000,000** in conduit tax-exempt/taxable 501(c)(3) Revenue Refunding Bonds to finance a project located in **Chicago**.

Prior to the vote, Mr. Ozark announced that he would be abstaining from the vote because he is on the Board of Trustees for the University of Chicago Hospital. Upon a motion by Mr. Goetz and a second by Mr. Valenti, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 1 abstentions/present (04-11-09).

Item-8

E-PC-TE-CD-407: MJH Education Assistance IV, LLC (Fullerton Village Project)

This applicant requests final approval of **\$97,500,000** in conduit tax-exempt 501(c)(3) Revenue Bonds to finance a project located in **Chicago**. This project is expected to create **22 new jobs**.

Prior to the vote, Chairman Gustman announced that he would be abstaining from the vote because the firm at which he is a partner, Freeborn and Peters LLP, has been selected to represent the Authority as Issuer's Counsel. Upon a motion by Mr. Valenti, seconded by Mr. Goetz, the Chairman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 1 abstentions/present (04-11-08).

Natalia Delgado arrives.

Item-10

E-PC-TE-CD-414B: Loyola University

This applicant requests final approval of **\$46,000,000** in a conduit, 501(c)(3) Revenue Bonds to finance a project located in **Chicago**. This project is expected to create **30 new jobs** and **250 construction jobs**.

Upon a motion by Mr. Goetz and seconded by Mr. Ozark, Chairman Gustman requested a roll call vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-10-19).

Item-11

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

This applicant requests final approval of **\$15,900,000** in a conduit, tax-exempt, 501(c)(3) Revenue Bonds to finance a project located in **Chicago**. This project is expected to 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 10 ayes, 0 nays, and 0 abstentions/present (04-11-11).

Item-12 **N-NP-TE-CD-418: The YMCA of Metropolitan Chicago Foundation**

This applicant is requesting final approval of **\$15,000,000** in conduit 501(c)(3) Revenue Bonds to finance projects located in **Chicago and Harvey**. This project is expected to create **12 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-12).

Item-13 **N-NP-TE-CD-419: Sunshine Through Golf Foundation**

This applicant is requesting final approval of **\$3,000,000** in conduit 501(c)(3) Revenue Bonds to finance a project located in **Lemont**. This project is expected to create **2 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-13).

Item-14 **N-NP-TE-CD-416: Greenville Regional Hospital, Inc (formerly Edward A. Utlaut Memorial Hospital, Inc.)**

This applicant is requesting final approval of **\$1,700,000** in conduit 501(c)(3) Revenue Bonds to finance a project located in **Greenville**. This project is expected to create **11 new jobs** and **20 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-14).

Item-15 **V-TD-408: AccelChip, Inc.**

This applicant is requesting a **\$250,000 follow on investment** from the Illinois Venture Investment Fund. AccelChip is an existing investment. This follow-on investment is necessary to permit the Authority to protect its position from further dilution.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-15).

Item-16

B-LL-TX-416: Excel Crusher Technologies, L.L.C.

This applicant is requesting final approval of a **\$1,000,000** Participation Loan to finance a project located in **Pekin**. This project is expected to create **40 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-16).

Item-17

B-LL-TX-418: Francisco and Cecilia Barrera Durango Products, Inc. (d/b/a Junior Produce)

This applicant is requesting final approval of a **\$1,000,000** Participation Loan to finance a project located in **Chicago**. This project is expected to create **15 new jobs** and **50 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-17).

Item-18

B-LL-TX-417: Doreen's Pizza, Inc.

This applicant is requesting final approval of a **\$359,500** Participation Loan to finance a project located in **Calumet City**. This project is expected to create **20 new jobs** and **48 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-18).

Item-19

B-LL-TX-415: Deli Star Corporation

This applicant is requesting final approval of a **\$150,000** Participation Loan to finance a project located in **Fayetteville**. This project is expected to create **14 new jobs** and **10 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-19).

Item-20

L-LL-TE-NC-410: Austin Township

This applicant is requesting final approval of a **\$85,000** Local Government Direct Loan from the Bond Bank Reserve Fund to finance a project located in **Austin Township**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-20).

Item-21

A-DR-TX-GT-455: Jeff and Dee Dee Seabaugh

This applicant requests \$500,000 in Debt Restructuring Guaranteed Loans for a project located in **Walshville**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-21).

Item-22

A-FB-TE-CD-440: Gary M. Pope

These applicants request final approval of \$250,000 in Beginning Farmer Bonds to finance a project located in **Mahomet**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-11-22).

Project Revisions/Amendatory Resolutions

Item 23

Featherfist

This applicant is now requesting the Authority issue the Bond and loan the proceeds of the Bond solely to Featherfist as opposed to Featherfist and Featherfist Development Corporation.

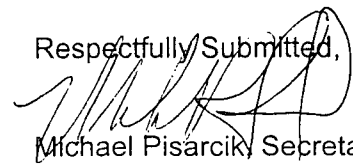
North Shore Country Day School

This applicant requests permission to use excess funds in its capitalized interest account to pay certain project costs.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-10-23).

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 2:40 P.M.

Respectfully Submitted,



Michael Pisarcik, Secretary

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Steven Trout, Funding Manager
Date: December 7, 2004
Re: Overview Memo for Kane County Senior Living
N-NP-TE-CD-421

Borrower/Project Name: Kane County Senior Living (The Reserve of Geneva)

Locations: Geneva (Kane Co.)

Principal Project Contact: Howard F. Hahn, Director (402) 964-5150

Board Action Requested: Preliminary Bond Resolution

Amount: \$14,000,000 (Not to exceed)

Uses:

- Finance the construction and equipping of a new senior living facility

Project Type: 501(c)(3) Revenue Bonds

IFA Benefits:

- Convey federal tax-exempt status
- No IFA or State funds at risk

IFA Fees: \$55,000

Structure:

- 10-year initial term, amortizing over 28 years, beginning 18 months from closing
- To be purchased directly by a bank as a direct investment to be held to maturity by Commercial Federal Bank of Omaha, Nebraska

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Deal: Kane County Senior Living (The Reserve of Geneva)

STATISTICS

Deal Number:	N-NP-TE-421	Amount:	\$14,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	Marketer:	Steve Trout
Location:	Geneva	Tax ID:	68-0563752
		Est. fee:	\$55,000

BOARD ACTION

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

PURPOSE

Finance the acquisition of land at Kaneville Road and Fargo Boulevard in Geneva and construction of the first phase of a senior living community, consisting of 61 condominiums and other common areas.

VOLUME CAP

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

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$13,430,000	Uses:	Project Costs	\$20,214,600
	Equity *	<u>8,083,000</u>		Capitalized Interest	922,600
				Financing Costs *	<u>375,800</u>
Total		<u>\$21,513,000</u>	Total		<u>\$21,513,000</u>

* Equity will come from entrance fees paid by residents. The developer has already collected \$1,500,000 in non-refundable deposits and has an additional \$600,000 committed. Financing costs in excess of 2% of the bond issue (\$268,600) will be paid from equity.

JOBS

Current employment:	0	Projected new jobs (2 years):	16
Jobs retained:	N/A	Construction jobs:	100

BUSINESS SUMMARY

Background: Kane County Senior Living ("KCSL") is an Illinois not-for-profit 501(c)3 organization that was incorporated on August 22, 2003 to provide residential facilities for the elderly.

Essex Corporation, a Nebraska Corporation is the project's developer and administrator pursuant to an agreement with KCSL. Essex Corporation has been active in designing,

developing, constructing, marketing, financing and managing senior housing since its incorporation in 1976. The company offers its services to not-for-profit or for-profit sponsors on a bundled or unbundled basis and on a turn-key or joint venture format. The company has developed over 3,000 senior housing units in 11 states in the West and Midwest, in projects ranging in size from \$500,000 to \$25,000,000. Essex Corporation currently manages over 20 similar projects.

Description: This project consists of the first phase of a new senior living community to be called The Reserve of Geneva. It will include construction of 61 one- and two-bedroom condominiums and common areas, including a lobby, kitchen, dining room, theater, coffee shop, parking lot and administrative offices. The lobby, offices, kitchen, dining and entertainment areas are housed together with the residential units in a three-story U-shaped building serviced by elevators. The residential units range in size from 780 square-feet, one-bedroom/one-bathroom units to 1,570 square-feet, two-bedroom/two-bathroom units. All units include a living room, terrace, full kitchen and laundry rooms in several different design configurations.

The developers plan to undertake a second phase of additional residential units attached to the main building and townhouses upon the successful completion of the first phase.

The project is modeled after Carriage Oaks, a \$20 million, 80-unit senior living community that Essex Corporation developed in St. Charles, 2.5 miles from the planned site. Carriage Oaks of St. Charles, a not-for-profit organization that is unrelated to KCSL. All of Carriage Oaks units were purchased prior to opening and currently has a waiting list for 20 units. Its cashflows that have consistently generated 1.2 times debt service coverage. The City of St. Charles issued \$13 million in bonds in two series in 1998 and 1999 to finance the first phase of the project. IDFA issued \$1,650,000 in 501(c)(3) bonds in 1999 to finance the project's second phase.

According to US Census data, there are 7,652 households with people over 65 years of age and annual incomes over \$35,000. living within a 10-mile radius of the project site. The developers have received non-refundable commitments for 22 of 61 units to date.

The smallest units are now priced with an entrance fee of \$58,500 and a monthly fee of \$1,625, while the largest units are priced with an entrance fee of \$103,620 and a monthly fee of \$2,595. Residents may enroll in a meal plan for an additional monthly fee. Residents paying a supplemental fee equal to the entrance fee receive a 25% discount in the standard monthly fee, which the developer believes provides a 7% after-tax return. The entrance and supplemental fees are returned to residents or their estate upon leaving the community from payments made by new incoming residents. The developer has received \$2.1 million in entrance/supplemental fee commitments, of which \$1.5 has been collected and is held in an escrow account.

Borrower
Financials:

Projections are based on the developer's operating forecast. (Figures in \$000s.)

	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Budget					
Gross Lease Income	1,502	1,577	1,624	1,673	1,723
Vacancy Allowance	(225)	(158)	(81)	(84)	(86)
Absorption Reserve	151	31	0	0	0
Total Income	1,428	1,451	1,543	1,589	1,637
Administrative Expense	178	187	193	199	205
Personnel Expense	163	171	176	181	187
Maintenance Expense	53	56	57	59	61

Utilities Expense	<u>63</u>	<u>66</u>	<u>68</u>	<u>70</u>	<u>72</u>
Operating Expenses	457	480	494	509	525
Income Bef Debt Service	971	971	1,049	1,080	1,112
Debt Service	845	845	845	845	845
Debt Service Coverage	1.15x	1.15x	1.24x	1.28x	1.32x
	Year 1	Year 2	Year 3	Year 4	Year 5
Reserve Balances					
Beg Absorption Reserve	845	820	845	845	845
Less: Reserve Depletion	(151)	(31)	0	0	0
Plus: Residual Income	<u>126</u>	<u>56</u>	<u>0</u>	<u>0</u>	<u>0</u>
End Absorption Reserve	820	845	845	845	845
Beg Oper, Repair & Replcmt	0	0	71	275	511
Plus: Residual Income	<u>0</u>	<u>71</u>	<u>204</u>	<u>236</u>	<u>269</u>
End Oper, Repair & Replcmt	0	71	275	511	780

Discussion: The operating forecast was prepared by the developer based on experience operating 20 similar facilities. The forecast assumes 85% occupancy in year 1; 90% in year 2, and 95% occupancy thereafter. A similar facility located 2 ½ miles away from the subject site has been fully occupied since it opened 7 years ago. The project budget (see below) includes an \$844,600 reserve for absorption equal to 1 year's debt service, to cover operating costs in the event that the project does not lease up as planned. A downside analysis indicates that the project could operate for nearly 4 years with a sustained 30% vacancy rate.

Residents or their estates are not entitled to return of the entrance fees and must continue paying the monthly fees until a new resident has paid the entrance fees and has committed to paying the monthly fee for the vacated unit. This arrangement largely insulates the project from vacancy risk once it has been fully occupied for the first time.

The forecast assumes a modest depletion of the absorption reserve in years 1 and 2. This depletion is fully replenished from residual income (income after payment of debt service) by the end of year 2, at which time cashflows should be sufficient to begin funding a reserve for operations, repair and replacement.

The forecast assumes that the project is financed with \$13,430,000 in bonds and \$8,083,000 contributed from entrance fees paid by residents. Bank funding is contingent on the developer securing commitments for 18 units; 22 units are now irrevocably committed. The project budget includes 18 months of capitalized interest at 4.5%. Our forecast estimates interest expense at an average rate of 4.5% for the first five years. Interest rates will be fixed for five years pursuant to a 5-year swap offered by the bank. That rate would have been 4.25% as of November 9, 2004.

The developer has estimated that \$8,083,000 in equity will be available from entrance fees, based on an assumption that only 25% of residents will pay a supplemental fee (equal to the entrance fee) to reduce the monthly fee by 25%. Based on initial interest, it appears that more residents may opt to pay a supplemental fee because yields on other investments are currently very low. In this case, the developer plans to apply additional funds collected to redeem bonds, which will reduce leverage and increase debt service coverage from levels projected above.

FINANCING SUMMARY

Bonds: Tax-exempt 501(c)(3) bonds amortizing over 29 ½ years and containing a 10-year initial term. The bonds are expected to be purchased by Commercial Financial Bank of Omaha, Nebraska.

Amount: Up to \$13,430,000, provided that the project appraises at at least an 80% loan to value ratio, based on net operating income.

Kane County Senior Living (The Reserve of Geneva)

Page 4

Interest Rate: Fixed for 5 years, pursuant to 70% of the 5-year swap rate plus 2.15% for both the first and second 5-year periods. As of November 9, 2004 this rate would have been 4.25%.

Payments: Monthly interest payments only for 18 months, the expected construction period. Principal and interest payments for the next 8.5 years (102 months), based on a 28-year amortization schedule.

Obligor: Kane County Senior Living

Bond Security: First deed of trust, construction loan agreement and assignment of rents and leases.

Support from the Developer: The developer will be required to provide a performance bond or a corporate guarantee until the project's cashflow generates 1.15 debt service coverage for 12 consecutive months. Payment of the management fee will be subordinated to payment of principal and interest on the Bonds for the first three years.

Covenant: Maintain debt service coverage ratio of at least 1.15 times, calculated on an annual basis.

PROJECT SUMMARY

Bond proceeds, together with entrance fees, will finance the acquisition of land at Kaneville Road and Fargo Boulevard in Geneva and construction of the first phase of a senior living community, consisting of 61 residential units and other common areas. The site is zoned R-7 and is located in a Planned Unit District, which permits this type of use for the site, with no need for rezoning. FCSL has entered into a maximum fixed-price contract with Essex Corporation to develop the facility. Project costs are estimated as follows:

Land Acquisition and Holding	\$1,180,000
Construction and Development	15,550,000
Absorption Reserve	844,600
Marketing and Organizational Costs	1,024,500
Architectural, Feasibility and Other Professional	899,000
Furnishings	325,000
Insurance and Taxes	100,000
Contingency	<u>291,500</u>
Total	<u>\$20,214,600</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Kane County Senior Living, 1620 Dodge Street, Omaha, Nebraska 68102 (Contact: Mr. Howard F. Hahn, Director, Phone: (402) 964-5150)

Project name: Kane County Senior Living (The Reserve of Geneva)

Location: Kaneville Road and Fargo Boulevard, Geneva (Kane County), IL 60134

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

Land Owner: Geneva Banc Shares, Inc. 22 S. Fourth Street, Geneva, IL 60134

Board Members: Howard F. Hahn Omaha, NE
B. Richard Lundholm Geneva, IL
John R. Anderson Geneva, IL

Mr. Hahn serves as counsel to Essex Corporation. A permanent board including residents and other community leaders will be appointed after the project is occupied.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Blackwell, Sanders, Peper, Martin, LLP	St. Charles, IL	Howard Hahn
Bond Counsel:	Baird Holm	Omaha, NE	Charles Addy
Bond Purchaser	Commercial Federal Bank	Omaha, NE	Tom Winandt
Bank Counsel:	To be determined		
Issuer's Counsel:	To be determined		
Accountant	Lutz and Company	Omaha, NE	Shawn Wederquist

Development			
Consultant:	Essex Corporation	Omaha, NE	Don Deines
Architect	Avant Architects	Omaha, NE	
General Contractor	Essex Corporation	Omaha, NE	Don Deines
Property Manager	Essex Corporation	Omaha, NE	Don Deines

LEGISLATIVE DISTRICTS

Congressional:	1	Dennis Hastert
State Senate:	25	Chris Lauzen
State House:	49	Tim Schmitz

Illinois Finance Authority
Memorandum

To: IFA Board of Directors
From: Sharnell Curtis-Martin
Date: December 7, 2004
Re: Overview Memo for Wise Investments, LLC and Wise-Hamlin Plastics, Inc.
IFA Project # I-ID-TE-CD-420

Borrower: Wise Investments, LLC and Wise Hamlin Plastics, Inc.

Location(s): St. Charles, IL (Kane County)

Principal Project Contact: Lenore Tocki, Chief Financial Officer and Vice President

Board Action Requested: Preliminary Bond Resolution

Amount: \$6,200,000

- Uses:
 - Purchase, renovate and equip a manufacturing facility and to pay certain bond issuance costs

Project Type: Conduit Industrial Revenue Bonds

IFA Benefits:

- Conduit Tax-Exempt and Taxable Bonds
- Interest rate savings is to be determined.

IFA Fees:

- Application Fee \$1,000
- Bond Issuance Fees \$35,340

Structure/Ratings:

- Direct Pay Letter of Credit provided by Bank One, N.A.
- Maturity and Mode to be determined

Recommendation:

- Staff recommends approval

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Wise Investments, LLC and Wise-Hamlin Plastics, Inc.

STATISTICS

Deal Number:	I-ID-CD-TE-420	Amount:	\$6,200,000
Type:	Industrial Revenue Bonds	IFA Staff:	Sharnell Curtis-Martin
Location:	St. Charles	Tax ID:	36-2887892
SIC Code:	3089 – Manufacturing Plastics	Est. fee:	\$35,340

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to acquire a manufacturing facility, renovations, equipment and to pay certain bond issuance costs.

IFA CONTRIBUTION

The Applicant will be seeking approximately \$4.2 million in IFA Volume Cap.

VOTING RECORD

Preliminary Bond Resolution; no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Tax-Exempt Bond	\$4,200,000	Uses:	Project Costs	\$7,405,000
	IFA Taxable Bond	2,000,000		Bond Issuance Costs	<u>180,000</u>
	Owner Equity	1,000,000			
	Bank Financing	<u>385,000</u>			
	Total Sources	<u>\$7,585,000</u>		Total Uses	<u>\$7,585,000</u>

JOBS

Current employment:	100	Projected new jobs:	125 <i>AM</i>
Jobs retained:	N/A	Construction jobs:	TBD

BUSINESS SUMMARY

Background: Wise-Hamlin Plastics, Inc. was incorporated as an Illinois corporation in March 1974 by Fred Wise and Wells Hamlin. Upon Mr. Hamlin's retirement in 1992, Fred Wise acquired Mr. Hamlin's shares in the Company to become the sole shareholder of Wise-Hamlin Plastics, Inc. Mr. Wise has served as CEO and President since 1992. Mr. Wise manages the Company's day-to-day operations.

Description: Wise-Hamlin Plastics is a full service injection molding manufacturer of components, assemblies and other plastic products for use in the medical, dental, electronics, safety and exercise equipment industries. The Company produces a variety of plastic products including plastic label holders, plastic containers and packaging for various products. The Company's five major customers include: Respironics, Honeywell, Phillips Lighting, Life Fitness and Saft America.

Financials: Reviewed Financial Statements 2/28/02 – 2/28/04
Internally Prepared Financial Projections 2/28/05 – 2/28/07

	Year Ended Feb 28			Year Ending Feb 28		
	2002	2003	2004	2005	2006	2007
	(Dollars in 000's)					
Income statement:						
Sales	\$13,812	\$14,287	\$15,866	\$17,400	\$20,000	\$22,000
Net income	757	96	158	152	96	231
EBITDA	1,093	384	492	504	550	828
Balance sheet:						
Current assets	\$3,157	\$3,208	\$3,271	\$4,795	\$4,897	\$4,942
PP&E	557	698	654	2,107	6,827	6,081
Other assets	187	47	13	0	0	0
Total assets	<u>3,901</u>	<u>3,953</u>	<u>3,938</u>	<u>6,902</u>	<u>11,724</u>	<u>11,024</u>
Current liabilities	2,678	2,733	2,562	3,773	3,601	3,262
Non Current liabilities	102	3	1	1,602	6,500	5,907
Equity	1,121	1,217	1,375	1,527	1,623	1,854
Total liabilities/equity	<u>\$3,901</u>	<u>\$3,953</u>	<u>\$3,938</u>	<u>\$6,902</u>	<u>\$11,724</u>	<u>\$11,024</u>
Ratios:						
Debt coverage	1.96x	1.55x	2.20x	1.60x	1.57x	2.18x
Current ratio	1.18	1.17	1.28	1.27	1.36	1.52
Debt/equity	0.45	0.13	0.09	1.21	4.16	3.32

Discussion: The Company has experienced healthy sales growth over the last three years with average sales growth of 6% from 2002 through 2004. The Applicant expects the sales growth to continue by an average of 8% based on an assessment of customer demand. Net Income over the last three years has been positive and was significantly better in 2002 due to lower than average cost of materials.

FINANCING SUMMARY

Security: The bonds will be secured by a Direct Pay Letter of Credit from Bank One, N.A.
Structure: To Be Determined
Maturity: To Be Determined

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition and renovation of a 100,300 square foot manufacturing facility located at 3810 Stern Avenue in St. Charles, Illinois (Kane County), finance the acquisition of machinery and equipment for use therein, and pay for certain bond issuance costs.

Project costs are estimated as follows:

Building	\$3,750,000
Machinery and Equipment	1,836,000
Used Machinery and Equipment	454,200
Renovations	838,000
Land	500,000
Architectural and Engineering	<u>26,800</u>
Total Project Costs	<u>\$7,405,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Fred Wise and Wise-Hamlin Plastics, Inc.
Project name: Wise-Hamlin Plastics New Facility
Location: 3810 Stern Avenue, St. Charles, Illinois, 60174 (Kane County)
Organization: Corporation
State: Illinois
Ownership: Fred Wise - 100%
Land Sellers: First Industrial L.P., a Delaware Corporation
Mr. Donald Stoffle - 100%

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Huck, Bouma, Martin, Charlton & Bradshaw	Wheaton	Greg Mieczynski
Accountant:	Plante Moran	Elgin	Salvatore Veltri
Bond Counsel:	Wildman & Harrold	Chicago	Jim Snyder
LOC Bank:	Bank One, N.A.	St. Charles	Keith Johnson
Underwriter:	J. P. Morgan Securities	Chicago	Shelley Phillips
Underwriter's Counsel:	To Be Determined		
Issuer's Counsel:	To Be Determined		
Trustee:	To Be Determined		

LEGISLATIVE DISTRICTS

Congressional: 14 - Dennis Hastert
State Senate: 33 - Dave Sullivan
State House: 65 - Rosemary Mulligan

Illinois Finance Authority
Memorandum

To: IFA Board of Directors
From: Sharnell Curtis-Martin
Date: December 7, 2004
Re: Overview Memo for Wise Investments, LLC and Wise-Hamlin Plastics, Inc.
IFA Project # I-ID-TE-CD-420

Borrower: Wise Investments, LLC and Wise Hamlin Plastics, Inc.

Location(s): St. Charles, IL (Kane County)

Principal Project Contact: Lenore Tocki, Chief Financial Officer and Vice President

Board Action Requested: Preliminary Bond Resolution

Amount: \$6,200,000

- Uses:
 - Purchase, renovate and equip a manufacturing facility and to pay certain bond issuance costs

Project Type: Conduit Industrial Revenue Bonds

IFA Benefits:

- Conduit Tax-Exempt and Taxable Bonds
- Interest rate savings is to be determined.

IFA Fees:

- Application Fee \$1,000
- Bond Issuance Fees \$35,340

Structure/Ratings:

- Direct Pay Letter of Credit provided by Bank One, N.A.
- Maturity and Mode to be determined

Recommendation:

- Staff recommends approval

BUSINESS SUMMARY

Background: Wise-Hamlin Plastics, Inc. was incorporated as an Illinois corporation in March 1974 by Fred Wise and Wells Hamlin. Upon Mr. Hamlin's retirement in 1992, Fred Wise acquired Mr. Hamlin's shares in the Company to become the sole shareholder of Wise-Hamlin Plastics, Inc. Mr. Wise has served as CEO and President since 1992. Mr. Wise manages the Company's day-to-day operations.

Description: Wise-Hamlin Plastics is a full service injection molding manufacturer of components, assemblies and other plastic products for use in the medical, dental, electronics, safety and exercise equipment industries. The Company produces a variety of plastic products including plastic label holders, plastic containers and packaging for various products. The Company's five major customers include: Respironics, Honeywell, Phillips Lighting, Life Fitness and Saft America.

Financials: Reviewed Financial Statements 2/28/02 – 2/28/04
Internally Prepared Financial Projections 2/28/05 – 2/28/07

	<u>Year Ended Feb 28</u>			<u>Year Ending Feb 28</u>		
	2002	2003	2004	2005	2006	2007
	(Dollars in 000's)					
Income statement:						
Sales	\$13,812	\$14,287	\$15,866	\$17,400	\$20,000	\$22,000
Net income	757	96	158	152	96	231
EBITDA	1,093	384	492	504	550	828
Balance sheet:						
Current assets	\$3,157	\$3,208	\$3,271	\$4,795	\$4,897	\$4,942
PP&E	557	698	654	2,107	6,827	6,081
Other assets	187	47	13	0	0	0
Total assets	<u>3,901</u>	<u>3,953</u>	<u>3,938</u>	<u>6,902</u>	<u>11,724</u>	<u>11,024</u>
Current liabilities	2,678	2,733	2,562	3,773	3,601	3,262
Non Current liabilities	102	3	1	1,602	6,500	5,907
Equity	<u>1,121</u>	<u>1,217</u>	<u>1,375</u>	<u>1,527</u>	<u>1,623</u>	<u>1,854</u>
Total liabilities/equity	<u>\$3,901</u>	<u>\$3,953</u>	<u>\$3,938</u>	<u>\$6,902</u>	<u>\$11,724</u>	<u>\$11,024</u>
Ratios:						
Debt coverage	1.96x	1.55x	2.20x	1.60x	1.57x	2.18x
Current ratio	1.18	1.17	1.28	1.27	1.36	1.52
Debt/equity	0.45	0.13	0.09	1.21	4.16	3.32

Discussion: The Company has experienced healthy sales growth over the last three years with average sales growth of 6% from 2002 through 2004. The Applicant expects the sales growth to continue by an average of 8% based on an assessment of customer demand. Net Income over the last three years has been positive and was significantly better in 2002 due to lower than average cost of materials.

FINANCING SUMMARY

Security: The bonds will be secured by a Direct Pay Letter of Credit from Bank One, N.A.
Structure: To Be Determined
Maturity: To Be Determined

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors
FROM: Townsend S. Albright
DATE: December 7, 2004
RE: Overview Memo for Opportunity, Inc.

- o **Borrower/Project Name:** Opportunity, Inc.
- o **Location:** Highland Park (Lake County)
- o **Principal Project Contact:** Lawrence W. Rosser President and CEO
- o **Amount:** \$3,700,000
- o **Board Action Requested:** Approval of a Preliminary Bond Resolution.
- o **Project Type:** New money to will be used to (i) purchase the Applicant's current facility, and (ii) fund bond issuance costs.
- o
- o **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds are at risk.
- o **IFA Fee:** \$18,500
- o **Ratings:** The bonds will carry a Direct Pay Letter from an "AA"-rated bank or be sold on a non-rated basis to sophisticated investors.

ta/h/opportunityincmemoprelim

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: **Opportunity, Inc.**

STATISTICS

Number:	N-NP-TE-CD-420	Amount:	\$3,700,000
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Highland Park	Tax ID:	51-0189472
Est. fee:	\$18,500	SIC Code:	7389

BOARD ACTION

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

PURPOSE

Proceeds will be used to (i) purchase land and the Applicant's existing facility, and (ii), and 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:	IFA bonds	\$3,700,000	Uses:	Project cost	\$4,005,000
	IFF Funds*	<u>450,000</u>		Legal/Professional	<u>145,000</u>
	Total	<u>\$4,150,000</u>		Total	<u>\$4,150,000</u>

* The Applicant is negotiating with the Illinois Facilities Fund for a \$450,000 subordinated loan to (i) finance the portion of the facility it leases to a for-profit entity and (ii) to pay a portion of bond issuance costs.

JOBS

Current employment:	66	Projected new jobs:	14
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Opportunity, Inc. (the "Applicant", "Opportunity") is an Illinois 501(c)(3) Corporation established in 1976 which provides a workplace for mentally, physically, and developmentally challenged persons. It was in this context that John Cornell, himself a parent of a child with developmental disabilities, founded Opportunity, Inc. in 1976. The Applicant offers businesses subcontract services with a specialty in medical/surgical packaging and assembly in order to provide gainful

employment to these persons. Opportunity provides careers for these Handicapable™ individuals and a greater degree of financial independence and dignity. Opportunity is governed by a ten-member board. A list of members is attached for IFA Board review.

Description: The proposed financing will enable Opportunity to purchase the building where it is currently located in Highland Park. The facility is ideal for the Applicant's mission as it is already outfitted with "clean rooms" registered by the FDA for the purpose of assembling medical packaging and supplies. Current clients include Baxter International, Cardinal Health, Pfizer International, U.S. Navy Medline, U-Ten Corp., Couer, Inc., and UreSil L.P.

The facility has an existing approved secure room for document destruction. Opportunity won a sole source contract to provide Secure Document Destruction for the Internal Revenue service Chicago office. Beginning October, 2004, Opportunity will have a state-of-the-art secure room with IRS approved shredding and bailing equipment that meets or exceeds the requirements of the National Association of Information Destruction. This new line of business will require hiring and additional 14-15 Handicapable™ individuals. Opportunity's clients come from all over Lake County, Northern Cook County, and Chicago.

Remarks: The proposed project financing will enable the Applicant to reduce occupancy costs by approximately \$100,000 annually. This will free up cash for operations and make cash available to grow its new secure document destruction business.

Financials: Audited financial statements for fiscal years ending 6-30-2002 – 2004, and preliminary audited financial statements for fiscal year through 5-31-2004.
(Dollars in 000s)

	2002	2003	2004
Income Statement			
Total Revenues	\$3,373	\$3,730	\$3,149
Operating expenses	<u>(3,477)</u>	<u>(3,926)</u>	<u>(3,382)</u>
Change in Net Assets	<u>(104)</u>	<u>(196)</u>	<u>(233)</u>
EBIDA	<u>(9)</u>	<u>(94)</u>	<u>(129)</u>
Balance Sheet			
Current Assets	1,021	669	609
PP&E	322	302	207
Other Assets	<u>169</u>	<u>369</u>	<u>267</u>
Total	<u>1,512</u>	<u>1,340</u>	<u>1,083</u>
Current Liabilities	655	418	374
Other LT Liabilities	0	264	287
Debt	3	0	98
Net Assets	<u>854</u>	<u>658</u>	<u>324</u>
Total	<u>\$1,512</u>	<u>\$1,340</u>	<u>\$1,083</u>
Ratios:			
Debt coverage	N/A	N/A	N/A
Current Ratio	1.56	1.60	1.63
Debt/Net Assets	N/A	N/A	0.30

Note: Sources of Applicant revenue for fiscal year 2004 include:

1. Income for programs and operations	\$2,494,000
2. Government grants (local, county, state and federal)	\$400,000
3. Foundation grants	\$120,000
4. Individual and other contributions	\$135,000

Opportunity lost its largest customer, VPI, which moved its operations to Mexico during fiscal year 2004. As a result, manufacturing revenue declined. The Applicant is simultaneously working to develop new lines of business, while trying to increase donations and government grants to make up for the loss of revenue. Management has streamlined staff, reduced employee fringe benefits, and initiated a new service division.

- This division received its first five-year administrative support contract from Great Lakes Naval Training Center in North Chicago. Projected net income from this project should be approximately \$104,000 in 2005 and increase to \$208,000 annually through the life of the contract.
- As noted above, Opportunity received a contract from all Chicagoland the Internal Revenue Service offices for document shredding beginning late calendar 2004. Opportunity should receive approximately \$30,000 annually from the project.
- The National Industries for the Severely Handicapped (NISH) signed a long term contract for document management with the National Archives. Chicago is one of four cities for this project. NISH made a grant to Opportunity for \$160,000 to pay for shredding machinery and equipment so it could work on the project. Net income from the project is expected to increase Opportunity's bottom line by approximately \$125,000 per year.

FINANCING SUMMARY

Security: The Bonds will either be secured by a Direct Pay Letter of Credit from an "AA"- rated bank or by a first mortgage on the land and building in case of a direct placement..

Structure: Either Fixed-Rate or Multi-Mode Floating-Bonds

Maturity: 2029

PROJECT SUMMARY

Proceeds will be used to: (i) purchase the Applicant's current 53,774 sq. ft. facility which is located at 1200 Old Skokie Road, Highland Park, Lake County, Illinois, and (ii) fund bond issuance costs.

Project Costs:	Land/Building	<u>\$4,005,000</u>
	Total	<u>\$4,005,000</u>

Note: The facility will house a commercial tenant, Rover's Place, which is a dog day care and kennel facility. Illinois Facility Fund will provide that taxable portion of the proposed financing. IFF will also provide a portion of the funds to pay bond issuance costs

ECONOMIC DISCLOSURE STATEMENT

Applicant: Opportunity, Inc.

Project names: Facility Purchase

Location: 1200 Old Skokie Road, Highland Park, Lake County, Illinois 60035

Organization: 501(c)(3) Corporation

State: Illinois

Board: Please see attached list.

PROFESSIONAL & FINANCIAL

Counsel:	Brown and Brown	Highland Park, IL	Kenneth Brown
Accountant:	Friduss, Lukee, Schiff & Co., P.C.	Chicago, IL	Michael Morse
Bond Counsel:	Ice Miller	Chicago, IL	Tom Smith
Issuer's Counsel	TBD		

Underwriters/: Griffin, Kubik, Stephens Chicago, IL
Placement Agent: & Thompson
Underwriters' Counsel: TBD
LOC Bank Counsel: TBD
Trustee: TBD
General Contractor: N/A

Helena Burke-Bevan

LEGISLATIVE DISTRICTS

Congressional: 10, Mark Kirk
State Senate: 29, Susan Garrett
State House: 58, Karen May

ta/h/opportunityincprelim

OPPORTUNITY, INC
OFFICERS AND BOARD OF DIRECTORS
2004

OFFICERS:

BERG, BRUCE A., Chairman of the Board

ROSSER, LAWRENCE W., President and Chief Executive Officer

SHAPIRO, BARRY, Corporate Treasurer/Assistant Secretary

BEISER, MARGE, Corporate Secretary

.....

BOARD:

CORNELL, JOHN J. –*Director Emeritus*

Chicago, Illinois

(Founder of Opportunity in 1976. Project manager with Walsh Construction.)

.....

1. BENN, KATHY - Class of June 2007

VP, Supplier Diversity, Cardinal Health

1430 Waukegan Road, KB-2A

McGaw Park, Illinois 60085

(With more than 24 years of healthcare experience, including positions in sales, marketing, distribution and logistics, Kathy Benn has been a key player in the transformation of healthcare information and management systems.)

2. BERG, BRUCE A., Board Chair (Finance Comm.) – Class of June 2005

President and CEO, Liftomatic Material Handling, Inc.

700 Dartmouth Road

Buffalo Grove, IL 60089

(Bruce serves on the Finance Committee. Liftomatic is a family business that has a number of patents on technology to handle 55 gallon drums with folk lift trucks. Brings experience in manufacturing, finance, offshore purchasing, and production.)

3. BIESER, MARJORIE – Class of June 2005

831 Surrey Lane

Glenview, IL 60025

(Marge is a parent advocate. Her middle-aged son, Brett, is Handicapable™ and has worked at Opportunity for over 15 years.)

OPPORTUNITY, INC
OFFICERS AND BOARD OF DIRECTORS - 2004

4. **CULLEN BRIAN – Class of June 2007**
Vice President, T.J. Adams Group
333 East Butterfield Road, 5th Floor
Lombard, IL 60148

(Brian is a seasoned Risk Management professional with 29 years of experience in the industry include underwriting, marketing & product development, and sales management with two national insurance companies.)

5. **DODRILL, BOB – Class of June 2007**
Chairman and CEO,
Rollprint Packaging Products, Inc.
320 South Stewart Avenue
Addison, IL 60101

(After 13 years as a chemical engineer with DuPont, Bob joined Rollprint in 1975. Rollprint is a manufacturer of high value flexible packaging materials to the healthcare industry and industrial markets. It was one of the early leaders in developing flexible packaging materials for sterile disposable medical products especially for irradiation sterilization.)

6. **KIEFFER, ROGER, (Finance Comm.) – Class of June 2007**
Vice Chairman, Chief Credit Officer
Metropolitan Bank Group
7460 W. Irving Park Road
Norridge, IL 60706

(Roger represents the banking group which owns Edens Bank, the financial institution with which Opportunity does business. Roger is very familiar with issues of meaningful work for persons with disabilities since he has an adult family member with developmental disabilities.)

7. **ROSSER, LAWRENCE WINSTED – Coterminous with service as Pres./CEO**
Opportunity, Inc.
1200 Old Skokie road
Highland Park, IL

(Experienced executive who previously served as president and general partner of mission-driven venture capital fund that had investors ranging from Fortune 500 companies and the City of Chicago to major private foundations. Fund's mission was to invest in and provide technical assistance to small, job generating businesses located in Chicago that could not normally access equity markets. Father of two sons with special needs. Named to Crain's list of "Who's Who in Chicago Business" in May 1991.)

OPPORTUNITY, INC
OFFICERS AND BOARD OF DIRECTORS - 2004

8. SHECHTMAN, Michael, (Finance Comm.) – Class of June 2006

**Owner, Fidelity Capital
1000 Skokie Blvd. Suite 315
Wilmette, IL 60091**

(Michael owns a commercial brokerage finance company, and represented Opportunity on a pro bono basis in refinancing approximately \$2.2 Million in Industrial Revenue Bonds. He joined the Board in 2000.)

9. SMITH, SHEILA A., (Finance Comm.) – Class of June 2005

**President, Consult Ltd. and Chair, Barat Education Foundation
2800 Lake Shore Drive, Apt. 4107
Chicago, IL 60657**

(Sheila was an owner and president of this closely held international specialty printing company that uses proprietary technology to imbed information in keypads and other devices for companies such as Motorola. In addition, she has extensive knowledge of individual contributors on the North Shore as well as foundation contacts as a result of her service as Chairman of the Board of Trustees of Barat College in Lake Forest. She also has been very helpful in our efforts to begin selling to the federal government since she has dealt with a number of federal officials in her capacity as Director of the National Cooperative Bank in Washington, D.C.)

10. SPELLMAN, MARY A., (Finance Comm.) – Class of June 2006

**1427 W. Berteau Avenue
Chicago, IL 60613**

(Formerly Senior Vice President for Commercial Real Estate at Draper & Kramer in Chicago, Mary is also the sister of one of our long-time Handicapable™ employees. Her major contributions have been in the areas of general management and finance, and through her extensive contacts with major contributors both corporate and individual. She retired from Draper & Kramer two years ago, is completing her Ph.D. at Northwestern University, and she formerly served as President of the Barat College Foundation.)

ILLINOIS FINANCE AUTHORITY
Memorandum

To: IFA Board of Directors
From: Jim Senica
Date: December 7, 2004
Re: Overview memo for P & P Press, Inc.

- **Borrower/Project Name:** P & P Press, Inc.
- **Location:** Peoria (Peoria County)
- **Principal Project Contact:** Donald Shafer, Executive Vice President, Heartland Bank and Trust
- **Board Action Requested:** Participation Loan Resolution
- **Amount:** \$650,000
- **Project Type:** Business – Participation Loan
- **IFA Benefits:**
 - Buy-down of interest rate – \$650,000 IFA funds at risk
- **IFA Fees:**
 - \$25,187.50 (first year's interest)
- **Structure:**
 - Loan participation to be purchased by Heartland Bank and Trust Company
 - Loan term will be 10 years with a 10-year amortization
 - **Exception:** Loan to Value exceeds IFA policy (mitigated by ample secondary collateral)
 - Interest rate will be a combination fixed/floating rate with 50% of the rate being fixed at 6.25% and 50% of the rate floating at prime plus 50 basis points over the term of the loan
 - Collateral will consist of the following:
 1. Pro-rata first position "*pari passu*" with Heartland Bank and Trust Company on the project machinery and equipment based on the Bank's discounted (75%) cost basis of \$1,072,500
 2. Pro-rata first mortgage with Heartland Bank and Trust Company on Wyoming land with an appraised value of \$236,000
 3. Shared blanket lien on the Company's inventory, receivables and existing equipment valued at \$1.5 million as of 8/31/04
 4. Shared guaranty of P & P's owner, Sheila Perkins with a net worth excluding her interest in P & P Press, Inc. of approximately \$1,000,000
 5. Assignment of life insurance - \$1,000,000 on Sheila Perkins, \$600,000 on Bill Starks

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Deal: P & P Press, Inc.

STATISTICS

Deal Number:	B-LL-TX-421	Amount	\$650,000
Type:	Participation Loan	IFA Staff:	Jim Senica
Location:	Peoria	Est fee:	\$25,187.50 (first year's interest)

BOARD ACTION

Purchase of Participation Loan from Heartland Bank and Trust Company
\$650,000 IFATreasury funds at risk
Collateral is *pari passu* first position with the bank
Exception: Loan to Value exceeds IFA guidelines
Staff recommends approval of a resolution subject to the Bank covenants noted on page 3 of this report.

PURPOSE

Acquisition of new machinery and equipment.

VOTING RECORD

Initial board consideration, no voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA	\$650,000	Uses: Project Costs	<u>\$1,430,000</u>
	Heartland Bank	650,000		
	Equity*	<u>130,000</u>		
	Total	<u>\$1,430,000</u>	Total	<u>\$1,430,000</u>

*Equity contributed through cash reserves of the Company.

JOBS

Current employment:	60	Projected new jobs:	4
Jobs retained:	60	Construction jobs:	N/A

BUSINESS SUMMARY

Background: P & P Press, Inc., an Illinois S corporation, was established by Larry and Sheila Perkins in 1970. Since Larry's death of a heart attack in 2002, the Company has been managed by Bill Starks who has been with the Company for 20 years.

Description: P & P Press, Inc. is a multi-faceted printing company providing high-speed, professional printing services primarily to commercial customers. Company services include color offset printing, graphic design and layout, custom binding and finishing, digital printing, electronic files and digital output and large format color prints. The Company publishes several periodicals such as FarmWeek and the national publication Farm Bureau News (which is headquartered in Washington, DC).

P & P Press, Inc. had been able to provide its customers with state-of-the-art electronics and software for the past decade and was well ahead of its local competition in that area. P & P Press, Inc. has a reputation for assisting its customers in adapting to this technology. Most smaller customers are unable to utilize this capability without P & P's assistance because they lack staff with skill in this area.

Financials: Financial statements prepared by P & P Press, Inc. for years 2002 and 2003
Interim financial statements prepared by P & P Press, Inc. for the 8 months ending 8/31/04
Projected financial information for years 2004 through 2006

	<u>Year Ended December 31</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Dollars in 000's)				
Income Statement					
Sales	5,345	4,904	4,975	5,224	5,485
Net income	448	87	164	172	181
Earnings before Interest, Taxes & Depreciation	951	504	564	643	667
Balance sheet					
Current assets	752	700	804	902	1149
PP&E	1,195	1,040	873	1,969	1,604
Other assets	<u>150</u>	<u>160</u>	<u>160</u>	<u>162</u>	<u>165</u>
Total assets	<u>2,097</u>	<u>1,900</u>	<u>1,837</u>	<u>3,033</u>	<u>2,918</u>
Current Liabilities	344	265	275	285	295
Debt	1,735	1,530	1,293	2,307	2,001
Equity	<u>18</u>	<u>105</u>	<u>269</u>	<u>441</u>	<u>622</u>
Total liab. & equity	<u>2,097</u>	<u>1,900</u>	<u>1,837</u>	<u>3,033</u>	<u>2,918</u>
Ratios					
Debt service coverage	3.60	1.90	2.14	1.55	1.56
Current ratio	2.19	2.64	2.92	3.16	3.89
Debt/equity	101.94	16.04	5.43	5.85	3.71

Discussion: Over the past three years, P & P Press, Inc. has experienced the loss of two accounts due to limitations of its equipment combined with aggressive pricing in the marketplace. P & P's equipment/process limitations resulted in higher operating costs, capacity constraints and ultimately higher prices than the customers were willing to pay. These factors are reflected in the decline in revenue from \$5.34 million in 2002 to \$4.90 million in 2003; the higher operating costs significantly impacted the bottom line as illustrated by a decrease from 2002's net income of \$448,000 to 2003's \$87,000.

In 2004, P & P's largest account, FarmWeek, faced the decision of selecting their printer for their next customary three-year contract period. In order to retain this account, P & P committed to upgrading its printing capability, technology, and capacity as well as being more aggressive in its pricing. Not only did this strategy result in the retention of this account, but P & P's proposal resulted in an unprecedented 5-year contract being signed by FarmWeek.

In consideration of potential business being anticipated as a result of the new equipment being acquired, the projected financial information assumes 5% growth in sales and bottom line income. The new equipment will result in significantly lower operating costs, allowing the Company to be much more aggressive in its pricing.

FINANCING SUMMARY

Borrower: P & P Press, Inc.

Security: Pro-rata first position "*pari passu*" with Heartland Bank & Trust Company on the project machinery and equipment with collateral based on the Bank's discounted (75%) cost basis of \$1,072,500 and in a first mortgage on Wyoming property with an appraised value of \$236,000. Additionally, IFA will share in the Bank's blanket lien on all of the Company's inventory, existing equipment and accounts receivable valued at approximately \$1.5 million as of August 31, 2004 and in the personal guaranty of Sheila Perkins with a net worth excluding her interest in P & P Press, Inc. of approximately \$1,000,000. IFA and the Bank will also share in the assignment of life insurance policies amounting to \$1,000,000 on Sheila Perkins and \$650,000 on Bill Starks. The Authority's Participation and the Bank loan will be paid prior to any other loan including but not limited to any line-of-credit that the borrower has established with the Bank.

Exception: Loan to value on the primary collateral, consisting of real estate and equipment, exceeds IFA guidelines approved by the Board on 10/1/04. Under that policy, loan amounts should not exceed 80% of market value of real estate and 65% of value on equipment for loans under 5 years and 50% of value for loans with terms of 5 years or longer. Staff believes that this concern is mitigated by the availability of ample secondary collateral, consisting of other equipment, and accounts receivable and a personal guaranty from Sheila Perkins.

Interest: Based on the guidelines of the Participation Lending Program, IDFA's interest rate will be 200 basis points below the Bank's interest rate. Half of the Bank's loan will pay interest at a fixed rate of 6.25% and half will pay interest at Prime (currently 5.0%) plus 0.5%, changing as the Bank adjusts its Prime rate.

Revenues: First year income, based on current rates, is projected at \$25,187.50.

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

Covenants: Annual financial statements of P & P Press, Inc.
Annual income tax returns of P & P Press, Inc.
Annual personal financial statement of guarantor
Evidence of insurance on the collateral
Assignment of life insurance policies

PROJECT SUMMARY

The proposed project involves the acquisition of machinery and equipment for use in the applicants commercial printing operation at an estimated cost of \$1,430,00.

The project will enable the applicant to lower its operating costs, generate higher quality products, increase capacity and become much more aggressive in its pricing strategy.

ECONOMIC DISCLOSURE STATEMENT

Project name: P & P Press, Inc.
Location: 6513 N Galena Road Peoria, IL 61615 (Peoria County)
Applicant: P & P Press, Inc.
Organization: S Corporation 100% owned by Sheila Perkins
State: Illinois

PROFESSIONAL & FINANCIAL

Bank:	Heartland Bank & Trust company	Peoria, IL	Don Shafer
Accountant:	McGladrey & Pullen, LLP	Peoria, IL	
IFA Counsel:	Dykema Gossett PLLC	Chicago, IL	Darrell Pierce

LEGISLATIVE DISTRICTS

Congressional: 18 – Ray LaHood
State Senate: 46 – George Shadid
State House: 93 – David R. Leitch

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From : Jim Senica
Date: December 7, 2004
Re: Overview memo for Deiters Family Land Company, LLC

- o **Borrower/Project Name:** Deiters Family Land Company, LLC (Deiters Funeral Home, Ltd.)
- o **Location:** East Peoria (Tazewell County)
- o **Principal Project Contact:** Steven Cantrell, National City Bank
- o **Board Action Requested:** Approval to purchase loan participation
- o **Amount:** \$300,000
- o **Project Type:** Business – Participation Loan
- o **IFA Benefits:**
 - Buy-down of interest rate – \$300,000 IFA treasury funds at risk
 - Borrower provided with lower blended interest rate
- o **IFA Fees:**
 - 2.50% additional interest income earned over CD rate: \$7,500
- o **Structure:**
 - Loan participation to be purchased by National City Bank – Peoria
 - Loan term will be 5 years with a 5-year amortization
 - Interest rate will be a 5-year fixed rate based on the Bank's cost of funds plus 250 basis points
 - Collateral will be a pro-rata first position "*pari passu*" with National City Bank – Peoria on the project real estate based on an as-if-completed appraisal of \$1,756,888 providing coverage on project debt to IFA and the Bank of 2.00 times (50% LTV)

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 7, 2004

Deal: Deiters Family Land Company, LLC
(Deiters Funeral Home, Ltd.)

STATISTICS

Deal Number:	B-LL-TX-411	Amount	\$300,000
Type:	Participation Loan	IFA Staff:	Jim Senica
Location:	East Peoria	Est fee:	\$7,500

BOARD ACTION

Purchase of Participation Loan from National City Bank -- Peoria
\$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 3 of this report.

PURPOSE

Proceeds will be used to finance the construction of a new funeral home.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA	\$300,000	Uses: Project Costs	<u>\$1,756,888</u>
	National City Bank	578,444	Total	<u>\$1,756,888</u>
	SBA 504 Loan	614,911		
	Equity*	<u>263,533</u>		
	Total	<u>\$1,756,888</u>		

*Equity contributed will consist of land being financed with a City of East Peoria loan to be repaid through sales and real estate taxes only.

JOBS

Current employment:	3	Projected new jobs:	1
Jobs retained:	N/A	Construction jobs:	30 (6-month Period)

BUSINESS SUMMARY

Background: Gary W. and Stephanie A. Deiters established Deiters Funeral Home, Ltd. (an Illinois S Corporation) in early 1999 with the construction of a new facility in Washington, Illinois. The Deiters are both licensed funeral directors and embalmers; Stephanie is a Washington native, Gary was new to the area. The Washington funeral home was built to accommodate 125 – 150 funerals per year and at the time of construction, there was only one competitor in Washington averaging 100 funerals per year. This property is owned by Memorial Development Group, an S corporation owned 90% by Gary and Stephanie Deiters and 10% divided up among 5 other individuals mostly extended family. The operating entity, Deiters Funeral Home, Ltd. owned 50/50 by Gary and Stephanie Deiters, leases the property from Memorial Development Group.

Description: Gary W. and Stephanie A. Deiters are planning to build a full-service funeral home in East Peoria 7 miles west of their current facility in Washington which will remain open. The land and new funeral home will be owned by Deiters Family Land Company, LLC. As in the current operation, the Deiters will provide personal, detail oriented, affordable funeral services to families in the Tri-County area. The Deiters are rapidly reaching the point at which the Washington funeral home would need to be expanded to accommodate the growth expected in the upcoming years; since the Deiters are serving both Washington and East Peoria, they feel the most efficient course of action would be to build a separate funeral home in the East Peoria community.

Remarks: Prior to 1997, East Peoria had two funeral homes, the Remmert Funeral Home and the Schmidt-Haller Funeral Home, both owned by Gary L. Remmert. Gary sold both homes in 1997 to Service Corporation International, the world's largest funeral home chain. Under the Service Corporation International management, the number of funerals conducted at the Company's one remaining home has significantly decreased as families realize that they are now working with a large corporate funeral home chain as opposed to a family-owned funeral home. To position itself as the family operated funeral home in East Peoria, construction of a new funeral home in East Peoria is an integral part of the Deiter's marketing plan for the community.

Financials: Corporate Tax Returns of Deiters Funeral Home for years 2001 through 2003 ~~and~~
 Projected financial information for years 2004 through 2006

	<u>Year Ended December 31</u>					
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Dollars in 000's)					
Income Statement						
Sales	498	583	659	741	1,001	1,067
Net income	26	16	12	110	118	128
Earnings before interest, taxes and depreciation	59	45	97	114	122	147

Balance sheet

Current assets	91	72	66	132	108	246
PP&E	46	38	54	50	186	167
Total assets	<u>137</u>	<u>110</u>	<u>120</u>	<u>182</u>	<u>294</u>	<u>413</u>
Current liabilities	13	8	2	1	6	8
Senior Debt	42	46	113	102	91	80
Subordinated Debt	75	47	4	-0-	-0-	-0-
Equity	<u>7</u>	<u>9</u>	<u>1</u>	<u>79</u>	<u>197</u>	<u>325</u>
Total liab. & equity	<u>137</u>	<u>110</u>	<u>120</u>	<u>182</u>	<u>294</u>	<u>413</u>

Ratios

Debt service cov.	1.41	1.29	1.62	1.78	1.40	1.48
Current ratio	7.00	7.75	33.00	132.00	18.00	30.75
Senior Debt/equity	6.71	5.77	-	1.43	1.14	0.28

Discussion: When opening their Washington, Illinois funeral home in 1999, Gary and Stephanie Deiters predicted that it would take ten to twelve years to reach the funeral home's capacity of 125 to 150 funerals per year. Four years later, the Deiters are well on their way as in 2003 they conducted 92 funerals. In fact, each year the Deiters have been in business, both sales and profitability goals have either been met or in most cases exceeded. Revenues have risen steadily over the last several years from \$498,000 in 2001 to \$585,000 in 2002 to \$659,000 in 2003. Given the fact that the funeral home is an S corporation, bottom line income is of course managed and what appears to be a declining trend is actually the result of adjusting draws to control the amount of income flowing into the personal income tax return of the Deiters. Also reflected in net income is the \$120,000 rent paid annually to Memorial Development Group to service the debt on the Washington funeral home property.

The projected financial information is based on maintaining revenues of at least \$600,000 annually for the Washington funeral home while generating revenues of \$400,000 in 2005 and \$553,000 in 2006 in the new East Peoria funeral home. (The Deiters are currently serving only a small portion of the East Peoria community accounting for about 18% of total Company revenues). Net income amounts for the projected periods of 2005 and 2006 include \$150,000 rent paid annually to Deiters Family Land Company, LLC to service the debt on the new East Peoria funeral home. Also, net income amounts for the projected periods were computed without regard to customary withdrawals made in prior years.

FINANCING SUMMARY

Borrower: Deiters Family Land Company, LLC

Security: Pro-rata first mortgage "*pari passu*" with National City Bank – Peoria on the project real estate. Collateral is based on an as-if-completed appraisal of \$1,756,888 providing coverage on project debt to IFA and the Bank on this participation loan of 2.00 times (50% LTV). IFA will also share with the Bank in the corporate guaranty of Deiters Funeral Home, Ltd. as well as in an assignment of rents and leases from Deiters Funeral Home, Ltd. 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 a 5-year fixed rate based on the Bank's cost of funds plus 250 basis points.

Maturity: The loan will be set on a 5-year amortization with 60 payments of principal and interest.

Covenants:

- 1) Annual financial statements of Deiters Funeral Home, Ltd.
- 2) Annual income tax returns of Gary and Stephanie Deiters
- 3) Assignment of rents and leases from Deiters Funeral Home, Ltd.

PROJECT SUMMARY

The proposed project involves the construction of a 9000 square foot funeral home in the 400 and 500 blocks of East Washington Street near downtown East Peoria, Illinois. The facility will be a brick structure designed to handle 150 to 225 funerals annually.

Project costs are as follows:

Land	\$270,000
Building construction	<u>1,486,888</u>
Total	<u>\$1,756,888</u>

ECONOMIC DISCLOSURE STATEMENT

Project name: Deiters East Peoria Funeral Home
Location: East Peoria (Tazewell County)
Applicant: Deiters Family Land Company, LLC
Organization: Limited Liability Company
Ownership: 50% Gary W. Deiters & 50% Stephanie A. Deiters

FINANCIAL

Bank: National City Bank Peoria, IL Steven Cantrell
Accountant: Clifton Gunderson LLP Peoria, IL

Deiters Family Land Company, LLC
(Deiter's Funeral Home, Ltd.)
Page 5

LEGISLATIVE DISTRICTS

Congressional: 18 – Ray LaHood
State Senate: 46 – George P. Shadid
State House: 91 – Michael K. Smith

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Rich Frampton
Date: December 7, 2004
Re: Overview Memo for Chateau Apartments Limited Partnership
(Chateau Apartments Project)
M-MH-TE-CD-409

- **Borrower:** Chateau Apartments Limited Partnership
- **Location:** Carol Stream (DuPage County)
- **Principal Project Contact:** Mr. Milton Pinsky, Managing Member, Chateau General Partner LLC (General Partner of the Borrower), an affiliate of Banner Apartments, LLC of Northbrook, IL
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$15.0 million
 - **Uses:**
 - Purchase and renovation of an existing 210-unit, 3-story, seven-building affordable multifamily rental property (plus clubhouse) that will preserve the property as affordable to low- and moderate income households.
 - Substantial renovations of facilities (approximately \$1.93 million) for roof repairs; parking lot resurfacing, and various interior and exterior upgrades.
- **Project Type:** Multifamily Housing Revenue Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use \$14.4 million of dedicated of 2003-2004 Carryforward Volume Cap designated specifically for affordable rental housing projects
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$89,280 (reflects use of Volume Cap)
- **Structure/Ratings:**

- **\$12,200,000 Senior Series 2005A Bonds** to be sold directly based on FHLMC (“Freddie Mac”) credit enhancement.
- **\$2,200,000 Subordinate Series 2005B Bonds** to be sold on a non-rated, non-credit-enhanced basis to Accredited Investors pursuant to IFA policy (see recommendation/conditions below)
- **Ratings:**
 - **Senior Series 2005A Bonds:** based on Aaa/AAA-rated FHLMC credit enhancement (Moody’s/S&P)
 - **Subordinate Series 2005B Bonds:** to be sold on a non-rated, non-credit-enhanced basis to Accredited Investors pursuant to IFA policy
- **Current and estimated rates:** Senior Series 2005A Bonds will be sold as 7-day variable rate demand bonds with a mandatory 7.124% interest rate cap as mandated by FHLMC (current market rate estimated at 2.80% as of 11/17/04). The estimated interest rate on the Subordinate Series 2005B Bonds is 6.50%.
- **Recommendations/Conditions:**
 - Staff recommends approval subject to the following condition:
 - **Condition:** The Subordinate Series 2005B Bonds must be sold to Accredited Investors pursuant to IFA Policy.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

**Project: Chateau Apartments Limited Partnership
(Chateau Village Apartments)**

STATISTICS

IFA Project #:	M-MH-TE-CD-409	Amount:	\$15,000,000 (not-to-exceed amount)
Type:	Housing Bond	IFA Staff:	Rich Frampton
Location:	Carol Stream (DuPage County)	Tax ID:	Applied for
SIC Code:	6513	Est. fee:	\$89,280 (based on \$14.4 million project)

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Multi-Family Housing Revenue Bonds
No IFA Funds at risk

Staff recommends approval subject to the following extraordinary condition that applies to the proposed Subordinate Series 2005B Bonds:

- **Condition:** Subordinate Series 2005B Bonds will be non-rated and privately placed with an Accredited Institutional Investors as evidenced by execution of an Accredited Investor Letter that must be delivered to the Trustee prior to the initial sale.

PURPOSE

Purchase and renovation of an existing 210-unit, 3-story, seven building affordable multifamily rental property (plus clubhouse/community building) that will preserve the property as affordable to low- and moderate income households.

IFA CONTRIBUTION

IFA will convey tax-exempt bond status on this financing.

The Developer and Financing Team will use approximately \$14.4 million of prior year IFA Carryforward Volume Cap that was transferred to the Authority by Home Rule Municipalities.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources: Senior Bonds (Series 2005A) <i>FHLMC/GNMA Enhanced</i>	\$12,200,000	Uses: Project costs	\$18,125,000
Subordinate Bonds (Series 2005B) <i>Non-Rated</i>	2,200,000	Tax Credit Costs	150,578
LIH Tax Credits	5,480,000	Oper. Deficit Reserve	244,000
Deferred Developer Fees	1,302,958	Other Reserves	252,000
Prorations and GP Equity	<u>121,000</u>	Issuance/Fin. Costs	252,000
Total	\$21,303,958	Developer Fee	<u>2,532,380</u>
		Total	\$21,303,958

Note: The Developer's Fee will be deferred and paid over time subject to the Partnership Agreement to be executed between the Developer and Paramount Financial Group, Inc., the Tax Credit Syndicator. Payment of these fees will be contingent on project performance. Typical performance hurdles include: satisfying certain benchmark debt service coverage, occupancy rates, and other negotiated covenants.

JOBS

Current employment:	4.5 FTE	Projected new jobs:	1
Jobs retained:	N/A	Construction jobs (9 mo's.):	10

BUSINESS SUMMARY

Background: **Chateau Apartments Limited Partnership** (the "Applicant") is an Illinois limited partnership to be formed. The Applicant will be a special purpose entity established for the express purpose of acquiring, redeveloping, and owning the Chateau Village Apartments in Carol Stream, Illinois.

The **General Partner** and 0.01% owner of the Applicant will be **Chateau General Partner, LLC**, whose sole member will be **Banner Apartments LLC** of Northbrook, Illinois. The ultimate owner of Banner Apartments LLC is **Banner Apartments, Inc.** of Northbrook, IL. The principal shareholders of Banner Apartments are Milton Pinsky and Martin Pinsky (also see the accompanying Economic Disclosure Statement section of this report on page 6).

The **Limited Partner** and 99.99% owner of the project will be affiliates of **Paramount Financial Group, Inc.** of Granville, Ohio, the tax credit syndication division of GMAC Commercial Mortgage, Inc. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits.

Description: Chateau Village Apartments is a 210-unit rental apartment property located in Carol Stream, Illinois (DuPage County). The property was constructed in 1970 and is located south of North Avenue (Illinois Hwy. 64) and approximately 0.5 miles west of the intersection of Bloomingdale Road and St. Charles Road.

The property is located on an approximately 10.34 acre site .

The property's rental buildings consist of seven, 3-story multifamily residential buildings. The Property's common facilities include a community resource/clubhouse building, and 399 parking spaces.

The property is currently an affordable multifamily property that currently includes 132 units (out of 210) supported by a HUD Housing Assistance Payment (HAP) Contract. Because the Developer intends to use the proceeds of a syndication of 4% Low Income Housing Tax Credits allocable to all units, the property will become a 100% affordable, rent-restricted project for a minimum period of 15 years (i.e., the initial 15-year Tax Credit compliance period).

The proposed project will include a substantial renovation of interiors, exteriors, and common areas. Banner has estimated an average renovation cost per unit at \$9,167 as of 11/12/2004.

Background on
Developer and
Affiliates:

Banner's current multifamily portfolio consists of approximately 3,800 units in six Midwestern states. The Company's current focus is acquiring and renovating affordable properties located in the Midwest.

Banner Construction Services L.L.C., another Chicago-based, Banner affiliate, will serve as General Contractor for the proposed renovations, subject to approval by the bond insurer (i.e., AMBAC). Banner Construction Services has completed over \$140,000,000 of new construction and renovation projects for Banner-owned properties.

The proposed property manager will be Banner Property Management ("BPM"), also a Banner affiliate. BPM provides property management services for all Banner properties, including its affordable/tax credit financed properties.

Banner's most recent acquisition was the 168-unit Rosewood Apartment property in Round Lake (Lake County), Illinois. The Rosewood Apartments facility is a HUD Section 236 property that has a HAP contract on 17 of its units.

Banner, its affiliates, or principals have acquired, renovated, and financed six properties financed with a combination of tax-exempt bonds and 4% Low Income Housing Tax Credits including: (1) The Breckinridge, 168-unit property in Portage, IN; (2) Wind River Apartments, a 238-unit property located in Reynoldsburg (Columbus), OH; (3) Pine Crossing Apartments, a 192-unit property in Columbus, OH; (4) Regency Arms Apartments, a 406-unit property located in Grove City (Columbus), OH; (5) The Meadows Apartments, a 434-unit property in Grove City (Columbus), OH; and (6) Emerald Point Apartments, 120-unit facility located in Vernon Hills (Lake County), IL.

There will be no tenant relocation during the renovation period except for temporary hotel stays paid by Banner.

Financials: Historical Results Prepared by Applicant based on Audited Results: 12/31/01-12/31/03
 Projected Net Operating Income Statements 2004-2008. (\$ in Thousands)

	<u>12/31/2001</u>	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
				Year 1	Year 2	Year 3
Income:						
Gross Rental Income	\$1,963	\$2,028	\$2,085	\$2,120	\$2,179	\$2,239
Vacancy/Coll. Loss	-132	-143	-229	-127	-131	-134
Other Income (Net):	<u>31</u>	<u>347</u>	<u>29</u>	<u>38</u>	<u>40</u>	<u>41</u>
Project Income:	<u>1,862</u>	<u>1,919</u>	<u>1,885</u>	<u>2,032</u>	<u>2,087</u>	<u>2,145</u>
Operating Expenses:						
Payroll	173	173	146	147	151	155
General Administrative	54	38	71	50	51	53
Operating & Maintenance	131	115	130	122	126	129
Utilities	200	154	212	183	188	193
R/E Taxes	189	195	198	204	209	215
Insurance	29	39	56	47	49	50
Mgmt. Fees	113	116	113	71	73	75
Replacement Reserve	138	166	72	42	43	44
Other Exp.	=	=	=	=	=	=
Total Oper. Expenses & Repl. Reserve:	<u>1,027</u>	<u>996</u>	<u>998</u>	<u>866</u>	<u>890</u>	<u>914</u>
Net Operating Income Before Debt Service:	835	1,236	887	1,165	1,198	1,232
Max. Senior 2005A Bond Debt Svc. Payments	990	990	990	990	990	990
Pro Forma Debt Svc. Coverage (x)	0.84	1.24	0.90	1.17	1.21	1.24

Discussion : These projections assume:

- (1) 1st Mortgage Series 2005A Bond payments assume an interest rate cap on the underlying 7-day variable rate demand bonds at 7.124% amortized over 30 years (current effective rate of 2.80%).
- (2) Subordinate Series 2005B Bond payments will be based on the residual available after payments on the 1st Mortgage Series 2005A Bonds. Payments on the Subordinate Series 2005B Bonds will be the greater of (i) \$0 and (ii) \$930,000 less the actual 1st Mortgage debt service payments.
- (3) Structural rehabilitation will be 100% complete as of 11/1/06 (9 months).
- (4) 6% vacancy/collection loss rate assumed.
- (5) Projected annual rent and expense escalation of approximately 3.75%.
- (6) Minimum \$42,000 annual replacement reserve to be funded from operations beginning in 2005.

Based on these assumptions, Banner will generate Net Operating Income sufficient to cover proposed bond payments by multiples of 1.24 times or better beginning in 2006.

The proposed substantial renovations will improve the property thereby improving the property's vacancy rate. Additionally, the tax credit-related rent restrictions will also make the property's units more desirable to prospective tenants.

Market Facts:

The combined unit mix for Chateau Apartments is as follows. All 210 units will be low income (i.e., affordable) units upon completion:

# Units	Unit Type	Ave. SF	Monthly Rents (include. utilities)
118	1 BR	600	\$843
92	2 BR	855	\$998
210	Total Units	\$1.19/SF rental income per month	

Chateau Apartments immediate submarket consists of approximately eight rental properties of 150 units or more. There are no other existing multifamily tax credit properties in the Carol Stream vicinity.

Although the principals of Chateau are involved in Full Circle LP, a 501(c)(3) development company that has executed a contract to acquire the Villagebrook Apartments, also in Carol Stream. Full Circle is seeking to finance its acquisition of Villagebrook with FHLMC/GNMA tax-exempt financing and 4% Low Income Housing Tax Credits. No other multifamily properties in the submarket are affordable properties.

Although there is one other existing affordable bond/tax credit financed senior property (Colony Park Apartments) in Carol Stream, Chateau Village and Villagebrook are the only (partial HAP) subsidized multifamily properties in the Carol Stream submarket.

The submarket's subsidized units report 100% occupancy with waiting lists for designated Section 8 units. Chateau Village averaged 9 vacant market rate units during the first eight months of 2004. After the proposed financing and renovation, Chateau's occupancy rate should improve since rents will be restricted and affordable on 100% of the Property's units.

The absence of comparable, subsidized/affordable multifamily units in the Carol Stream submarket and the existing waiting lists at Chateau Village and Villagebrook suggest that the proposed tax-exempt bond/4% tax credit financed property will support the long-term viability and demand for these properties. With 100% of the units rent restricted, Chateau Village anticipates continued demand and viability.

Subsidies: This financing will include syndication proceeds generated by the sale of 4% Low Income Housing Tax Credits. Syndication of the tax credits is anticipated to generate approximately \$5,480,000 in proceeds. Upon completion of the proposed renovations, a minimum of 40% of the units will be set aside to households earning no more than 60% of area median income. The Developer has elected to designate 100% of the units as "affordable" and rent restricted, thereby enhancing future occupancy rates.

Accessibility: According to the Applicant, this project is exempt from Americans with Disabilities Act ("ADA") requirements regarding minimum unit set-asides and related accessibility and adaptability requirements due to the age of the property (i.e., originally constructed in 1970).

FINANCING SUMMARY

Security: **Senior Series 2005A Bonds:** FHLMC (“Freddie Mac”) credit enhancement (Aaa/AAA-rated by Moody’s/S&P)
 Subordinate Series 2005B Bonds: Nonrated and to be sold without credit enhancement. These Bonds will be collateralized by a 2nd mortgage on the property.

Structure: **Senior Series 2005A Bonds:** 7-day variable rate demand bonds with an interest rate cap of 7.124% (current effective rate estimated at 2.80%).
 Subordinate Series 2005B Bonds: estimated fixed rate of 6.50% (non-rated; sold pursuant to IFA policy)

Maturity: Senior Series 2005A Bonds: 30 years
 Subordinate Series 2005B Bonds: 30 years

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition and substantial rehabilitation/renovation of Chateau Village Apartments, a seven building, three-story, 210-unit rental property with a clubhouse facility located on a 10.34 acre site at 326 S. President Street in Carol Stream (DuPage County), IL 60188-2835. Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, an operating deficit reserve, and development-related soft costs.

Preliminary estimated project costs are as follows:

Land	\$1,620,000
Bldg. Acquisition:	14,580,000
**Renovations:	<u>1,925,000</u>
Total:	<u>\$18,125,000</u>

**Proposed renovations include roof repair and replacement, parking lot resurfacing, and various interior and exterior upgrades/improvements.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Chateau Apartments Limited Partnership, an Illinois Limited Partnership (c/o Mr. Milton Pinsky (Managing Member), Director, Banner Property Management, Inc., 500 Skokie Blvd., Suite 600, Northbrook, IL 60062; Ph.: 847-501-5450; Fax: 847-480-5760; e-mail:)

Project name: Chateau Village Apartments
Location: 326 S. President Street, Carol Stream (DuPage County), Illinois 60188-2835.
Organization: Limited Partnership
State: Illinois

Ownership of Applicant: Chateau Apartments Limited Partnership, an Illinois Limited Partnership

- General Partner: **Chateau General Partner, LLC:** 0.01%. The sole member of the General Partner will be **Banner Apartments LLC of Northbrook, Illinois.** The ultimate owner of **Banner Apartments LLC** is Banner Apartments, Inc. The principal shareholders of Banner Apartments are Milton Pinsky and Martin Pinsky.
- Limited Partner: **Paramount Financial Group, Inc. and affiliates, Granville, OH:** 99.99% (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing). Paramount Financial Group is GMAC Commercial Mortgage Corporation’s tax credit syndication affiliate.

Owner: Chateau Apartments LLC, with General Partner and Limited Partnership interests totaling 80%.

Chateau Apartments LLC is owned by the principals of Banner Apartments. As approved by HUD, 90% of total ownership by the purchaser will be transferred to unaffiliated 3rd Parties (i.e., the tax credit investors). Banner will transfer 80% of the project cash flow to Full Circle Communities and will serve as Property Manager and General Contractor (also as approved by HUD).

PROFESSIONAL & FINANCIAL

Counsel:	Much Shelist Freed Denenberg & Ament	Chicago, IL	Steven Stender
Bond Counsel:	Peck Shaffer & Williams LLP	Chicago, IL	George Buzard
Underwriter:	Piper Jaffray & Co.	Minneapolis, MN	Mark Appelbaum
		Chicago, IL	Nessy Shems
Underwriter's Coun.:	Gilmore & Bell, P.C.	Kansas City, MO	Kim Wells
		Washington, DC	Peter Canzano
Credit Enhancement:	Federal Home Loan Mortgage Corp.	McLean, VA	
	Government National Mortgage Assoc.	Washington, DC	
FHLMC/GNMA Lender:	Berkshire Mortgage/FHLMC	Rosemont, IL	Allan Edelson
Counsel to Credit Enhancer:	Cassin Cassin & Joseph LLP	New York, NY	Deborah Franzblau
Tax Credit Investor:	Paramount Financial Group, Inc.	Granville, OH	Amanda Burger
Tax Credit Investor's Counsel:	Nixon Peabody LLP	Boston, MA	Thomas Giblin
Trustee:	To be determined		
General Contractor Management Agent:	Banner Construction Services LLC	Northbrook, IL	
	Banner Communities LLC	Northbrook, IL	JoAngela Cooper-Scott
Rating Agencies:	Moody's Investors Service	New York, NY	
	S&P Ratings Group	New York, NY	Chris Moriarty
IFA Counsel:	To be determined		

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: December 7, 2004

Re: Overview Memo for Chateau Apartments Limited Partnership
(Chateau Apartments Project)
M-MH-TE-CD-409

- **Borrower:** Chateau Apartments Limited Partnership
- **Location:** Carol Stream (DuPage County)
- **Principal Project Contact:** Mr. Milton Pinsky, Managing Member, Chateau General Partner LLC (General Partner of the Borrower), an affiliate of Banner Apartments, LLC of Northbrook, IL
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$15.0 million
 - **Uses:**
 - Purchase and renovation of an existing 210-unit, 3-story, seven-building affordable multifamily rental property (plus clubhouse) that will preserve the property as affordable to low- and moderate income households.
 - Substantial renovations of facilities (approximately \$1.93 million) for roof repairs; parking lot resurfacing, and various interior and exterior upgrades.
- **Project Type:** Multifamily Housing Revenue Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use \$14.4 million of dedicated of 2003-2004 Carryforward Volume Cap designated specifically for affordable rental housing projects
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$89,280 (reflects use of Volume Cap)
- **Structure/Ratings:**

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

**Project: Chateau Apartments Limited Partnership
(Chateau Village Apartments)**

STATISTICS

IFA Project #:	M-MH-TE-CD-409	Amount:	\$15,000,000 (not-to-exceed amount)
Type:	Housing Bond	IFA Staff:	Rich Frampton
Location:	Carol Stream (DuPage County)	Tax ID:	Applied for
SIC Code:	6513	Est. fee:	\$89,280 (based on \$14.4 million project)

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Multi-Family Housing Revenue Bonds
No IFA Funds at risk

Staff recommends approval subject to the following extraordinary condition that applies to the proposed Subordinate Series 2005B Bonds:

- **Condition:** Subordinate Series 2005B Bonds will be non-rated and privately placed with an Accredited Institutional Investors as evidenced by execution of an Accredited Investor Letter that must be delivered to the Trustee prior to the initial sale.
-

PURPOSE

Purchase and renovation of an existing 210-unit, 3-story, seven building affordable multifamily rental property (plus clubhouse/community building) that will preserve the property as affordable to low- and moderate income households.

IFA CONTRIBUTION

IFA will convey tax-exempt bond status on this financing.

The Developer and Financing Team will use approximately \$14.4 million of prior year IFA Carryforward Volume Cap that was transferred to the Authority by Home Rule Municipalities.

VOTING RECORD

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

The property is currently an affordable multifamily property that currently includes 132 units (out of 210) supported by a HUD Housing Assistance Payment (HAP) Contract. Because the Developer intends to use the proceeds of a syndication of 4% Low Income Housing Tax Credits allocable to all units, the property will become a 100% affordable, rent-restricted project for a minimum period of 15 years (i.e., the initial 15-year Tax Credit compliance period).

The proposed project will include a substantial renovation of interiors, exteriors, and common areas. Banner has estimated an average renovation cost per unit at \$9,167 as of 11/12/2004.

Background on
Developer and
Affiliates:

Banner's current multifamily portfolio consists of approximately 3,800 units in six Midwestern states. The Company's current focus is acquiring and renovating affordable properties located in the Midwest.

Banner Construction Services L.L.C., another Chicago-based, Banner affiliate, will serve as General Contractor for the proposed renovations, subject to approval by the bond insurer (i.e., AMBAC). Banner Construction Services has completed over \$140,000,000 of new construction and renovation projects for Banner-owned properties.

The proposed property manager will be Banner Property Management ("BPM"), also a Banner affiliate. BPM provides property management services for all Banner properties, including its affordable/tax credit financed properties.

Banner's most recent acquisition was the 168-unit Rosewood Apartment property in Round Lake (Lake County), Illinois. The Rosewood Apartments facility is a HUD Section 236 property that has a HAP contract on 17 of its units.

Banner, its affiliates, or principals have acquired, renovated, and financed six properties financed with a combination of tax-exempt bonds and 4% Low Income Housing Tax Credits including: (1) The Breckinridge, 168-unit property in Portage, IN; (2) Wind River Apartments, a 238-unit property located in Reynoldsburg (Columbus), OH; (3) Pine Crossing Apartments, a 192-unit property in Columbus, OH; (4) Regency Arms Apartments, a 406-unit property located in Grove City (Columbus), OH; (5) The Meadows Apartments, a 434-unit property in Grove City (Columbus), OH; and (6) Emerald Point Apartments, 120-unit facility located in Vernon Hills (Lake County), IL.

There will be no tenant relocation during the renovation period except for temporary hotel stays paid by Banner.

The proposed substantial renovations will improve the property thereby improving the property's vacancy rate. Additionally, the tax credit-related rent restrictions will also make the property's units more desirable to prospective tenants.

Market Facts:

The combined unit mix for Chateau Apartments is as follows. All 210 units will be low income (i.e., affordable) units upon completion:

# Units	Unit Type	Ave. SF	Monthly Rents (include. utilities)
118	1 BR	600	\$843
92	2 BR	855	\$998
210	Total Units	\$1.19/SF rental income per month	

Chateau Apartments immediate submarket consists of approximately eight rental properties of 150 units or more. There are no other existing multifamily tax credit properties in the Carol Stream vicinity.

Although the principals of Chateau are involved in Full Circle LP, a 501(c)(3) development company that has executed a contract to acquire the Villagebrook Apartments, also in Carol Stream. Full Circle is seeking to finance its acquisition of Villagebrook with FHLMC/GNMA tax-exempt financing and 4% Low Income Housing Tax Credits. No other multifamily properties in the submarket are affordable properties.

Although there is one other existing affordable bond/tax credit financed senior property (Colony Park Apartments) in Carol Stream, Chateau Village and Villagebrook are the only (partial HAP) subsidized multifamily properties in the Carol Stream submarket.

The submarket's subsidized units report 100% occupancy with waiting lists for designated Section 8 units. Chateau Village averaged 9 vacant market rate units during the first eight months of 2004. After the proposed financing and renovation, Chateau's occupancy rate should improve since rents will be restricted and affordable on 100% of the Property's units.

The absence of comparable, subsidized/affordable multifamily units in the Carol Stream submarket and the existing waiting lists at Chateau Village and Villagebrook suggest that the proposed tax-exempt bond/4% tax credit financed property will support the long-term viability and demand for these properties. With 100% of the units rent restricted, Chateau Village anticipates continued demand and viability.

Subsidies: This financing will include syndication proceeds generated by the sale of 4% Low Income Housing Tax Credits. Syndication of the tax credits is anticipated to generate approximately \$5,480,000 in proceeds. Upon completion of the proposed renovations, a minimum of 40% of the units will be set aside to households earning no more than 60% of area median income. The Developer has elected to designate 100% of the units as "affordable" and rent restricted, thereby enhancing future occupancy rates.

Accessibility: According to the Applicant, this project is exempt from Americans with Disabilities Act ("ADA") requirements regarding minimum unit set-asides and related accessibility and adaptability requirements due to the age of the property (i.e., originally constructed in 1970).

Owner: Chateau Apartments LLC, with General Partner and Limited Partnership interests totaling 80%.

Chateau Apartments LLC is owned by the principals of Banner Apartments. As approved by HUD, 90% of total ownership by the purchaser will be transferred to unaffiliated 3rd Parties (i.e., the tax credit investors). Banner will transfer 80% of the project cash flow to Full Circle Communities and will serve as Property Manager and General Contractor (also as approved by HUD).

PROFESSIONAL & FINANCIAL

Counsel:	Much Shelist Freed Denenberg & Ament	Chicago, IL	Steven Stender
Bond Counsel:	Peck Shaffer & Williams LLP	Chicago, IL	George Buzard
Underwriter:	Piper Jaffray & Co.	Minneapolis, MN	Mark Appelbaum
		Chicago, IL	Nessy Shems
Underwriter's Coun.:	Gilmore & Bell, P.C.	Kansas City, MO	Kim Wells
		Washington, DC	Peter Canzano
Credit Enhancement:	Federal Home Loan Mortgage Corp.	McLean, VA	
	Government National Mortgage Assoc.	Washington, DC	
FHLMC/GNMA			
Lender:	Berkshire Mortgage/FHLMC	Rosemont, IL	Allan Edelson
Counsel to Credit			
Enhancer:	Cassin Cassin & Joseph LLP	New York, NY	Deborah Franzblau
Tax Credit Investor:	Paramount Financial Group, Inc.	Granville, OH	Amanda Burger
Tax Credit Investor's			
Counsel:	Nixon Peabody LLP	Boston, MA	Thomas Giblin
Trustee:	To be determined		
General Contractor	Banner Construction Services LLC	Northbrook, IL	
Management Agent:	Banner Communities LLC	Northbrook, IL	JoAngela Cooper-Scott
Rating Agencies:	Moody's Investors Service	New York, NY	
	S&P Ratings Group	New York, NY	Chris Moriarty
IFA Counsel:	To be determined		

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Rich Frampton
Date: December 7, 2004
Re: Overview Memo for MNM Real Estate Ventures, LLC
(Excel Container, Inc.)
I-ID-TE-CD-419

- **Borrower/Project Name:** MNM Real Estate Ventures, LLC (Excel Container, Inc.)
- **Location(s):** Aurora (DuPage County)
- **Principal Project Contact:** Shane Mikula, CFO, Excel Container, Inc.
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$7.3 million
 - Uses – 100% New Money:
 - Acquisition of land, construction and equipping of a new manufacturing facility in Aurora. Facility will manufacture paperboard products, including retail point-of-purchase displays.
- **Project Type:** Industrial Revenue Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Industrial Revenue Bonds:**
 - no direct IFA or State funds at risk
 - this financing will use approximately \$5.0 million of IFA Volume Cap
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$38,500
- **Structure/Ratings:**
 - Bonds to be purchased directly by National City Bank and held as a portfolio investment until maturity
 - Bonds will be non-rated and non-credit-enhanced with resale to the secondary market prohibited
 - 20-year final maturity; 5-year initial term

- **Estimated interest rates:**
 - National City Bank will negotiate pricing directly with the Borrower that will be based on an index on 30-day LIBOR (*i.e.*, 76% of the sum of 30-day LIBOR [*currently 2.13% as of 11/17/2004*] plus 2%) which is 76% of 4.13% = 3.14%).

- **Recommendations/Conditions:**
 - Because the Bonds will be purchased directly by a Bank and held as a direct investment, resale in the secondary market will be prohibited. The Bank, as Bondholder, will be secured by underlying project assets, just as on a conventional mortgage loan. No extraordinary conditions will be required.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

**Project: MNM Real Estate Ventures, LLC
(Excel Container, Inc.)**

STATISTICS

IFA Project #:	I-ID-TE-CD-419	Amount:	\$7,300,000 (not-to-exceed amount)
Type:	IRB	IFA Staff:	Rich Frampton
Locations:	Aurora	Tax ID:	35-2239247
SIC Code:	2650	Est. fee:	\$38,500 (based on \$5M bond issue)

BOARD ACTION

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

PURPOSE

Acquisition of land, construction and equipping of a new manufacturing facility in Aurora. Facility will manufacture paperboard products, including retail point-of-purchase displays.

IFA CONTRIBUTION

The proposed bonds will require approximately \$5.0 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:	IFA Bonds	\$5,000,000	Uses:	Project costs	\$7,670,000
	Equity	<u>2,750,000</u>		Issuance costs	<u>80,000</u>
	Total	<u>\$7,750,000</u>		Total	<u>\$7,750,000</u>

The principals of Excel Container, Inc. will contribute personal cash as required by National City Bank, the prospective direct bond purchaser (i.e., lender/investor).

JOBS

Current employment:	60	Projected new jobs:	16
Jobs retained:	N/A	Construction jobs:	10-12 avg. (10 months)

BUSINESS SUMMARY

Background: MNM Real Estate Ventures, LLC is a newly formed special purpose entity established on 9/28/2004 for the express purpose of owning and developing the subject project for lease to Excel Container.

MNM is affiliated through common ownership with the principal officers/shareholders of **Excel Container, Inc. (the "Company") of Aurora, Illinois**. Collectively, these borrowing entities and users will be referred to as the "Borrower" herein.

Excel Container was originally established in 1989 and is incorporated under Illinois law. Excel is affiliated through common shareholders with The Five Star Group of paperboard companies based in South Bend, Indiana. Excel was originally established in 1989 to serve as an affiliate to design and produce projects for the Chicago metropolitan area.

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

Description: Excel Container was established in Aurora in 1989 by Michael Mikula. Members of the Mikula family own affiliated operations that operate similar facilities near South Bend, IN, New Albany, IN, Racine, WI, Holland, MI, Detroit, MI, and Toledo, OH.

Excel Container has been servicing companies with their corrugated packing needs since 1989. Excel provides a comprehensive graphic design service that provides its customers with an integrated, secure design and production facility that helps assure confidentiality of its customers' intellectual property and marketing plans.

Excel Container designs and manufactures 4-color direct print, point-of-purchase displays, and laminated lithographic die cut products. Excel sells its corrugated products to a diverse, longstanding group of middle market manufacturing and packaging companies in a variety of industries. Excel's largest customers include (1) a caulking/tile manufacturer, (2) a lock manufacturer, (3) a corrugated box broker, (4) an OEM truck parts supplier, and (5) an office furniture manufacturer/distributor. Sales concentrations are very reasonable – no single customer comprises more than 7% of Excel's sales volume.

Excel Container's Aurora facility is comprised of over 120,000 SF of manufacturing/warehousing space. Excel Container specializes in providing just-in-time production, warehousing, and logistical support.

Excel provides package design, assembly, and collation. Excel's service includes (1) the ability to provide production with two-day lead times, (2) product and just-in-time warehousing, (3) delivery using Excel's own truck fleet, and (4) packaging/shrink wrapping of the final product.

Financials: Consolidated audited financial statements 2001-2003 for Excel Container, Inc.
 Projected financial statements 2004-2006.

	Year Ended December 31			Year Ending December 31		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)			(Dollars in 000's)		
Income statement:						
Sales	\$6,607	\$6,976	\$7,807	\$10,180	\$11,198	\$12,137
Net income	99	123	74	217	32	29
EBITDA	813	743	945	1,062	783	892
Balance sheet:						
Current assets	1,139	1,137	1,848	2,063	2,069	2,275
PP&E	745	648	919	1,169	1,419	1,669
Other assets	25	22	18	15	15	15
Total assets	1,909	1,807	2,785	3,247	3,503	3,959
Current liabilities	262	425	1,602	1,321	1,402	1,679
Debt	1,190	803	530	1,056	1,200	1,350
Other LT Liab.	--	--	--	--	--	--
Equity	457	579	653	870	901	930
Total Liab./Equity	1,909	1,807	2,785	3,246	3,503	3,959
Ratios:						
Debt Service/ Fixed Oblig. Coverage	2.33x	2.37x	2.86x	2.71x	1.84x	1.96x
Current Ratio	4.35	2.68	1.15	1.56	1.48	1.35
Debt/Equity	2.60	1.39	0.81	1.21	1.33	1.45

**Discussion
 (Proprietary):**

The historical and projected results reflect Excel Container, Inc. only.

The projections assume that the proposed bonds will close as of 6/30/2005 and that Excel's revenues will increase by 10% annually beginning in 2005. Additionally, the projections assume that debt service payments associated with the proposed bond debt will be reflected as rent expense (rather than principal and interest payments). As a result of the proposed financing, Excel's annual rent payments are scheduled to increase by only \$46,000 per annum (i.e., from \$314,000 in 2004 to \$360,000 in 2006) as a result of this project. Because the projections assume this will be on off-balance-sheet financing, the assets and liabilities associated with the project and proposed bond financing are not reflected on the projected balance sheet.

Excel has generated strong historical cash flows sufficient to cover its fixed charges by multiples of 2.33 times or better over the last three years. The projections indicate that Excel will continue to generate strong operating cash flows as evidenced by projected debt service/fixed charge coverage of 1.96 times in 2006, the first full year following project completion.

FINANCING SUMMARY

Bond Security/

Bank Security: Bonds to be purchased directly by National City Bank as lender/investor, which will be secured by a senior mortgage on the subject project assets, and additionally secured by senior first security interest in all assets of Excel Container, Inc. and Mikula Enterprises, Inc. (an Excel affiliate). Additionally, the Bank will be secured by a collateral assignment of Rents and Leases on the subject facility.

Structure: Bonds to be purchased directly by National City Bank and held as an investment until maturity.

Maturity: 5 year initial term, extendable to 20 years. 20 year amortization on project real estate.

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of approximately 12.275 acres of land, the construction, equipping, and furnishing of a new 143,136 SF manufacturing facility, including landscaping and site improvement thereon, to be located at Lot 2, Meridian Business Park – Liberty Subdivision, in Aurora (DuPage County), IL. Additionally, Bond proceeds may also be used to pay capitalized interest and to pay bond issuance costs.

Preliminary estimated project costs are as follows:

Land Acquisition:	\$2,059,448
New Construction:	5,335,552
Machinery & Equipment:	<u>275,000</u>
Total	\$7,670,000

ECONOMIC DISCLOSURE STATEMENT

Applicant: MNM Real Estate Venture, LLC (c/o Mr. Shane Mikula, CFO, Excel Container, Inc. 633 West park Avenue, Aurora, IL 60506; Ph.: 630-896-3610; Fax: 630-896-3843; E-mail: smikula@excelcontainer.com)

Web site: <http://www.excelcontainer.com>

Project name: Excel Container, Inc.

Location: Lot 2, Meridian Business Park – Liberty Subdivision, in Aurora (DuPage County), IL

Obligor/Guarantor:	Organization	State
MNM Real Estate Ventures, LLC	Limited Liability Company	Illinois
Excel Container, Inc.	Corporation	Illinois

Ownership of Co-Applicants and Corporate Guarantors:

To-be-formed LLC (to own the Aurora manufacturing facility):

- Members:
Michael Mikula,
Naperville, IL: 100% (Manager)

Excel Container, Inc. (operating company):

- Shareholders:
Michael Mikula,
Naperville, IL: 100%

PROFESSIONAL & FINANCIAL

Counsel:	Piper Rudnick LLP	Chicago, IL	William Zolla
Accountant:	Mooney & Thomas, PC	Aurora, IL	Ralph Monney
Bond Counsel:	Barnes & Thornberg LLP	South Bend, IN and Chicago, IL	Alan Feldbaum Larry Blust
Bond Purchaser:	National City Bank Indiana	South Bend, IN	Tim Miller
Placement Agent:	Not applicable (direct purchase by bank to be held until maturity)		
General Contractor:	To be determined		
Architect:	To be determined		
Trustee:	Not applicable since a direct purchase by a bank.		
IFA Counsel:	To be determined		

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Rich Frampton
Date: December 7, 2004
Re: Overview Memo for MNM Real Estate Ventures, LLC
(Excel Container, Inc.)
I-ID-TE-CD-419

- **Borrower/Project Name:** MNM Real Estate Ventures, LLC (Excel Container, Inc.)
- **Location(s):** Aurora (DuPage County)
- **Principal Project Contact:** Shane Mikula, CFO, Excel Container, Inc.
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$7.3 million
 - Uses – 100% New Money:
 - Acquisition of land, construction and equipping of a new manufacturing facility in Aurora. Facility will manufacture paperboard products, including retail point-of-purchase displays.
- **Project Type:** Industrial Revenue Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Industrial Revenue Bonds:**
 - no direct IFA or State funds at risk
 - this financing will use approximately \$5.0 million of IFA Volume Cap
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$38,500
- **Structure/Ratings:**
 - Bonds to be purchased directly by National City Bank and held as a portfolio investment until maturity
 - Bonds will be non-rated and non-credit-enhanced with resale to the secondary market prohibited
 - 20-year final maturity; 5-year initial term

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

**Project: MNM Real Estate Ventures, LLC
(Excel Container, Inc.)**

STATISTICS

IFA Project #:	I-ID-TE-CD-419	Amount:	\$7,300,000 (not-to-exceed amount)
Type:	IRB	IFA Staff:	Rich Frampton
Locations:	Aurora	Tax ID:	35-2239247
SIC Code:	2650	Est. fee:	\$38,500 (based on \$5M bond issue)

BOARD ACTION

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

PURPOSE

Acquisition of land, construction and equipping of a new manufacturing facility in Aurora. Facility will manufacture paperboard products, including retail point-of-purchase displays.

IFA CONTRIBUTION

The proposed bonds will require approximately \$5.0 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:	IFA Bonds	\$5,000,000	Uses:	Project costs	\$7,670,000
	Equity	<u>2,750,000</u>		Issuance costs	<u>80,000</u>
	Total	<u>\$7,750,000</u>		Total	<u>\$7,750,000</u>

The principals of Excel Container, Inc. will contribute personal cash as required by National City Bank, the prospective direct bond purchaser (i.e., lender/investor).

JOBS

Current employment:	60	Projected new jobs:	16
Jobs retained:	N/A	Construction jobs:	10-12 avg. (10 months)

Financials: Consolidated audited financial statements 2001-2003 for Excel Container, Inc.
 Projected financial statements 2004-2006.

	Year Ended December 31			Year Ending December 31		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)			(Dollars in 000's)		
Income statement:						
Sales	\$6,607	\$6,976	\$7,807	\$10,180	\$11,198	\$12,137
Net income	99	123	74	217	32	29
EBITDA	813	743	945	1,062	783	892
Balance sheet:						
Current assets	1,139	1,137	1,848	2,063	2,069	2,275
PP&E	745	648	919	1,169	1,419	1,669
Other assets	25	22	18	15	15	15
Total assets	1,909	1,807	2,785	3,247	3,503	3,959
Current liabilities	262	425	1,602	1,321	1,402	1,679
Debt	1,190	803	530	1,056	1,200	1,350
Other LT Liab.	--	--	--	--	--	--
Equity	457	579	653	870	901	930
Total Liab./Equity	1,909	1,807	2,785	3,246	3,503	3,959
Ratios:						
Debt Service/ Fixed Oblig. Coverage	2.33x	2.37x	2.86x	2.71x	1.84x	1.96x
Current Ratio	4.35	2.68	1.15	1.56	1.48	1.35
Debt/Equity	2.60	1.39	0.81	1.21	1.33	1.45

Discussion
 (Proprietary): The historical and projected results reflect Excel Container, Inc. only.

The projections assume that the proposed bonds will close as of 6/30/2005 and that Excel's revenues will increase by 10% annually beginning in 2005. Additionally, the projections assume that debt service payments associated with the proposed bond debt will be reflected as rent expense (rather than principal and interest payments). As a result of the proposed financing, Excel's annual rent payments are scheduled to increase by only \$46,000 per annum (i.e., from \$314,000 in 2004 to \$360,000 in 2006) as a result of this project. Because the projections assume this will be on off-balance-sheet financing, the assets and liabilities associated with the project and proposed bond financing are not reflected on the projected balance sheet.

Excel has generated strong historical cash flows sufficient to cover its fixed charges by multiples of 2.33 times or better over the last three years. The projections indicate that Excel will continue to generate strong operating cash flows as evidenced by projected debt service/fixed charge coverage of 1.96 times in 2006, the first full year following project completion.

PROFESSIONAL & FINANCIAL

Counsel:	Piper Rudnick LLP	Chicago, IL	William Zolla
Accountant:	Mooney & Thomas, PC	Aurora, IL	Ralph Monney
Bond Counsel:	Barnes & Thornberg LLP	South Bend, IN and Chicago, IL	Alan Feldbaum Larry Blust
Bond Purchaser:	National City Bank Indiana	South Bend, IN	Tim Miller
Placement Agent:	Not applicable (direct purchase by bank to be held until maturity)		
General Contractor:	To be determined		
Architect:	To be determined		
Trustee:	Not applicable since a direct purchase by a bank.		
IFA Counsel:	To be determined		

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Rich Frampton
Date: December 7, 2004
Re: Overview Memo for Villagebrook Apartments Limited Partnership
(Villagebrook Apartments Project)
M-MH-TE-CD-408

- **Borrower:** Villagebrook Apartments Limited Partnership
- **Location:** Carol Stream (DuPage County)
- **Principal Project Contact:** Mr. David Gottlieb, Executive Director, Full Circle Communities, Inc. (a 501(c)(3) corporation), Northbrook, IL
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$13.0 million
 - **Uses:**
 - Acquisition and preservation of existing 189-unit affordable multifamily apartment facility
 - Substantial renovations of facilities (approximately \$1.55 million) including tuckpointing and boiler system rehabilitation
- **Project Type:** Multifamily Housing Revenue Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use \$13.0 million of Carryforward Volume Cap, including Volume Cap to be purchased by the Developer
 - use of tax-exempt bonds makes project eligible for 4% Low Income Housing Tax Credits thereby generating upfront project equity
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$77,500 (reflects use of Volume Cap)

- **Structure/Ratings:**
 - **\$12,000,000 Senior Series 2005A Bonds** to be sold directly based on FHLMC (“Freddie Mac”) credit enhancement.
 - **\$500,000 Subordinate Series 2005B Bonds** to be sold as an alternative to subordinate debt from (1) the Federal Home Loan Bank of Chicago or (2) DuPage County HOME funds (see extraordinary condition below on Subordinate Bonds).
 - **Ratings:**
 - **Senior Series 2005A Bonds:** based on Aaa/AAA-rated FHLMC credit enhancement (Moody’s/S&P)
 - **Subordinate Series 2005B Bonds:** to be sold on a non-rated, non-credit-enhanced basis to Accredited Investors pursuant to IFA policy (as noted below)
 - **Current and estimated rates:** Bonds will be sold as 7-day variable rate demand bonds (current effective rate of 2.90%) with an effective 7.124% interest rate cap as mandated by FHLMC. The estimated interest rate on the Subordinate Series 2005B Bonds is 6.50%.
- **Recommendations/Conditions:**
 - Staff recommends approval subject to the following condition:
 - **Condition:** In the event that Subordinate Series 2005B Bonds are sold, Bonds must be sold to Accredited Investors pursuant to IFA Policy.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

**Project: Villagebrook Apartments Limited Partnership
(Villagebrook Apartments)**

STATISTICS

IFA Project #:	M-MH-TE-CD-408	Amount:	\$13,000,000 (not-to-exceed amount)
Type:	Housing Bond	IFA Staff:	Rich Frampton
Location:	Carol Stream (DuPage County)	Tax ID:	Applied for
SIC Code:	6513	Est. fee:	\$77,500 (based on \$12.5 million project)

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Multi-Family Housing Revenue Bonds
No IFA Funds at risk

Staff recommends approval subject to the following extraordinary condition that applies to the proposed Subordinate Series 2005B Bonds, if issued:

- **Condition:** Subordinate Series 2005B Bonds will be non-rated and privately placed with an Accredited Institutional Investors as evidenced by execution of an Accredited Investor Letter that must be delivered to the Trustee prior to the initial sale.
-

PURPOSE

Purchase and renovation of an existing 189-unit, 3-story, 4-building affordable multifamily rental property that will preserve the property as affordable to low- and moderate income households.

IFA CONTRIBUTION

IFA will convey tax-exempt bond status on this financing.

The Developer and Financing Team will use approximately \$12.5 million of prior year IFA Carryforward Volume Cap that was transferred to the Authority by Home Rule Municipalities.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources: Senior Bonds (Series 2005A) <i>FHLMC Enhanced</i>	\$12,000,000	Uses: Project costs	\$14,845,000
Subordinate Bonds (Series 2005B) <i>Non-Rated</i>	500,000	Tax Credit Costs	125,000
LIH Tax Credits	4,551,250	Oper. Deficit Reserve	
Deferred Developer Fees	1,459,380	Other Reserves	241,000
Prorations and GC Equity	<u>86,000</u>	Issuance/Fin. Costs	275,000
Total	\$17,686,380	Total	\$17,686,380

Note: The Developer's Fee will be deferred and paid over time subject to the Partnership Agreement to be executed between the Developer and Paramount Financial Group, Inc., the Tax Credit Syndicator. Payment of these fees will be contingent on project performance. Typical performance hurdles include: satisfying certain benchmarks (e.g., debt service coverage, occupancy rates, and other negotiated covenants).

JOBS

Current employment:	6	Projected new jobs:	1
Jobs retained:	N/A	Construction jobs (10 mo's.):	10

BUSINESS SUMMARY

Background: Villagebrook Apartments Limited Partnership (the "Applicant") is an Illinois limited partnership to be formed. The Applicant will be a special purpose entity established for the express purpose of acquiring, redeveloping, and owning the Villagebrook Apartments in Carol Stream, Illinois.

The General Partner and 0.01% owner of the Applicant will be **Full Circle Villagebrook GP, LLC**, whose sole member is **Full Circle Communities, Inc.**, of Northbrook, Illinois, an Illinois 501(c)(3) corporation. A listing of the Board Members of Full Circle Communities is attached.

Full Circle Communities, Inc., is a fully independent, philanthropic, 501(c)(3) acquirer and redeveloper of affordable rental housing. Full Circle was founded by the principals of Banner Apartments, Inc., a developer/manager of multifamily apartments based in Northbrook, Illinois. Banner's partners serve as three of Full Circle's sever board members. Banner Property Management donates the time and expertise of its management and construction employees at its affiliates to Full Circle's operations, on an as-needed basis. Banner donates the time of David Gottlieb to serve as Executive Director for Full Circle and Milton Pinsky to serve as Associate Director.

The Limited Partner and 99.9% owner of the project will be affiliates of **Paramount Financial Group, Inc.** of Granville, Ohio, the tax credit syndication division of GMAC Commercial Mortgage, Inc. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits made possible through the issuance of tax-exempt bonds to finance more than 50% of the cost basis of this project.

Description: Villagebrook Apartments is a 189-unit rental apartment property and is located at 244-288 West St. Charles Road in Carol Stream, Illinois (DuPage County). The property was constructed in 1971.

The property's rental buildings consist of four, 3-story, multifamily residential buildings and the property's common facilities include a community resource/clubhouse building.

The property is currently an affordable multifamily property that currently includes 147 units (out of 189) supported by a HUD Housing Assistance Payment (HAP) Contract. Because the Developer intends to use the proceeds of a syndication of 4% Low Income Housing Tax Credits allocable to all units, the property will become a 100% affordable, rent-restricted project for a minimum period of 15 years (i.e., the initial 15-year Tax Credit compliance period).

The proposed project will include a substantial renovation of interiors, exteriors (tuckpointing), and common areas as noted in the overview memo. Villagebrook has estimated an average renovation cost per unit at \$8,148 as of 11/12/2004.

**Background on
Developer and
Affiliates:**

Full Circle Communities, Inc.'s initial acquisition was the Goodlette Arms Apartments, a 250-unit, low-income, senior independent living community in Naples, Florida purchased in 2002. Full Circle financed the acquisition with tax-exempt bonds issued through the Collier County Housing Finance Authority. Full Circle's acquisition enabled preservation of the project as affordable. HUD facilitated this acquisition by providing for (1) a term extension on the project-HAP contract for 147 of the 189 units, (2) "decoupling" (i.e., transfer) of the Section 236 Mortgage Interest Reduction Payment from the prior owner to support Full Circle's tax-exempt bond acquisition/renovation financing.

Full Circle's Board has committed that at least 75% of the free cash flow (NOI after debt service) to provide service enhancements to residents. Service enhancements for seniors at Goodlette Arms include nutritional counseling, handicap-accessible transportation to shopping medical appointments, field trips, physical improvements to the property to enhance mobility and security, and social events with catered meals.

Full Circle's management will apply the same free cash flow retainage for tenant programs upon its proposed acquisition of Villagebrook Apartments.

**Property
Manager:**

The proposed property manager will be Metroplex, Inc. of Chicago (www.metroplex.com) which will continue to manage the property under Full Circle's ownership. Metroplex manages approximately 6,000 apartments in Illinois, Iowa, Wisconsin, Minnesota, and Florida. Metroplex is not affiliated through common ownership with Banner or Full Circle (although Metroplex is, in fact, affiliated with Tandem Associates of Chicago, the current owner).

Financials: Historical Results Prepared by Applicant based on Audited Results: 12/31/01-12/31/03
Projected Net Operating Income Statements 2004-2008. (\$ in Thousands)

	<u>12/31/2001</u>	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>2004</u> Year 1	<u>2005</u> Year 2	<u>2006</u> Year 3
Income:						
Gross Rental Income	\$1,809	\$1,879	\$1,974	\$2,038	\$2,094	\$2,152
Vacancy/Coll. Loss	-40	-41	-69	-82	-84	-86
Other Income (Net):	<u>24</u>	<u>26</u>	<u>22</u>	<u>29</u>	<u>30</u>	<u>31</u>
Project Income:	<u>1,793</u>	<u>1,864</u>	<u>1,927</u>	<u>1,985</u>	<u>2,040</u>	<u>2,097</u>
Operating Expenses:						
Payroll	235	197	214	176	181	186
General Administrative	72	88	96	48	49	51
Operating & Maintenance	356	335	196	114	117	120
Utilities	197	172	181	179	184	189
R/E Taxes	128	131	131	135	139	143
Insurance	38	43	48	46	47	49
Mgmt. Fees	109	115	110	101	104	107
Replacement Reserve	--	21	8	57	59	60
Other Exp.	<u>13</u>	<u>13</u>	<u>8</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Oper. Expenses & Repl. Reserve:	<u>1,148</u>	<u>1,115</u>	<u>992</u>	<u>856</u>	<u>880</u>	<u>905</u>
Net Operating Income Before Debt Service:	645	749	935	1,129	1,160	1,192
HUD Interest Reduction Payment (IRP)	171	170	169	168	166	165
Adjusted NOI	816	919	1,104	1,297	1,326	1,357
Max. Senior 2005A Bond Debt Svc. Payments	974	974	974	974	974	974
Pro Forma Debt Svc. Coverage (x)	0.84	0.94	1.13	1.33	1.30	1.39

Discussion: These projections assume:

- (1) 1st Mortgage Bond Payments assume Bond Interest Rate Cap at 7.124% (including FHLMC fees) amortized over 30 years. Actual interest rate will be a 7-day variable rate bond (current effective rate is 2.90%).
- (2) Subordinate Series 2005B Debt Service will be made contingent upon available cash flow from the Senior Bonds (which will vary based on the underlying interest rate on the 7-day floaters). Thus, payments on the Subordinate Bonds will vary inversely with interest rates on the Senior Bonds. Payments will be the greater of (i) \$0 or (ii) \$711,000 less Senior Series 2005A debt service payments.
- (3) Structural rehabilitation will be 100% complete as of 9/30/2005 (10 months).
- (4) 4% vacancy and collection loss .
- (5) Projected rent escalation of approximately 2.75%.

- (6) Projected expense escalation of approximately 2.75%.
- (7) Minimum \$57,000 annual replacement reserve to be funded from operations beginning in 2005.

Based on these assumptions, Villagebrook Apartments will generate Net Operating Income (adjusted by HUD's Interest Reduction Payments) sufficient to cover proposed bond payment by multiples of 1.39 times in 2006, the first full year of operation following completion of the proposed renovations.

The proposed substantial renovations will improve the property thereby reducing vacancies in the current non-subsidized units. Upon acquisition and renovation, all 189 units will be rent restricted during the initial 15 year 4% Low Income Housing Tax Credit compliance period.

Market Facts:

The combined unit mix for Villagebrook Apartments is as follows. All 582 units will be low income (i.e., affordable) units upon completion:

# Units	Unit Type	Ave. SF	Monthly Rents (include utilities)
46	1 BR, Low Income (Cost to LI Tenant: \$267)	700	\$813
11	1 BR Market	700	\$740
86	2 BR, Low Income (cost to LI Tenant: \$321)	925	\$961
28	2 BR Market	925	\$894
15	3 BR Low Income (cost to LI Tenant: \$398)	1,100	\$1,205
3	3 BR Market	1,100	\$1,039
189	Total Units		\$166,503

Villagebrook Apartments immediate submarket consists of approximately eight rental properties of 150 units or more. There are no other existing multifamily tax credit properties in the Carol Stream vicinity.

Full Circle LP, a 501(c)(3) development company has executed a contract to acquire the Villagebrook Apartments. Affiliates of Banner Apartments (whose key employees/management donate time to Full Circle) has also proposed to purchase Chateau Apartments, also located in Carol Stream. Full Circle is seeking to finance its acquisition of Villagebrook with FHLMC tax-exempt financing and 4% Low Income Housing Tax Credits. No other multifamily properties in the submarket are affordable properties.

Villagebrook and Chateau Apartments are the only HAP-subsidized multifamily properties in the Carol Stream submarket. There is one other existing affordable bond/tax credit financed senior property (Colony Park Apartments) in Carol Stream.

The submarket's subsidized units report 100% occupancy with waiting lists for designated Section 8 units. The submarket's market-rate properties all report physical vacancy rates ranging from 3% to 11%, with an average vacancy rate of approximately 6%.

The absence of comparable, subsidized/affordable units in the Carol Stream submarket and the existing waiting lists at Chateau Village and Villagebrook suggest that the proposed tax-exempt bond/4% tax credit financed property will support the long-term viability and demand for this property. With 100% of the units rent restricted due to the use of 4% Low Income Housing Tax Credits to generate equity for this financing, IFA's bond financing (which avails the use of 4%

Low Income Housing Tax Credits) will preserve and extend these units as affordable housing in DuPage County.

Subsidies: This financing will include syndication proceeds generated by the sale of 4% Low Income Housing Tax Credits that are currently estimated to generate approximately \$4,551,000 in proceeds. Upon completion of the proposed renovations, a minimum of 40% of the units will be set aside to households earning no more than 60% of area median income. The Developer has elected to designate 100% of the units as “affordable” and rent restricted.

The Developer is also seeking \$500,000 of Subordinate Financing from (1) the Federal Home Loan Bank of Chicago, and (2) DuPage County HOME funds. In the event, no subordinate loans are available, Full Circle will finance the non-credit-enhanced portion of its required debt financing with Series 2005B Subordinate Bonds.

Accessibility: According to the Applicant, this project is exempt from Americans with Disabilities Act (“ADA”) requirements regarding minimum unit set-asides and related accessibility and adaptability requirements due to the age of the property (i.e., originally constructed in 1971).

FINANCING SUMMARY

Security: **Senior Series 2005A Bonds:** FHLMC (“Freddie Mac”) credit enhancement (Aaa/AAA-rated by Moody’s/S&P)
Subordinate Series 2005B Bonds: Non-rated and to be sold without credit enhancement. These Bonds will be collateralized by a 2nd mortgage on the property. Note: Full Circle also has requests pending for 2nd Mortgage Loans from (1) the Federal Home Loan Bank of Chicago and (2) DuPage County HOME funds which will preclude the need for a subordinate series of IFA Bonds if committed by either of these respective lenders

Structure: **Senior Series 2005A Bonds:** 7-day variable rate demand bonds with an effective interest rate cap of 7.124% (current effective interest rate of 2.90%)
Subordinate Series 2005B Bonds: estimated fixed rate of 6.50%

Maturity: Senior Series 2005A Bonds: 30 years
Subordinate Series 2005B Bonds: 30 years

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition and substantial rehabilitation/renovation of Villagebrook Apartments, a four building, three-story, 210-unit rental property with a community/clubhouse facility located on a 10.34 acre site located at 244-288 E. St. Charles Road, Carol Stream (DuPage County), IL 60188-2835.

Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, an operating deficit reserve, and development-related soft costs.

Preliminary estimated project costs are as follows:

Land	\$1,330,000
Bldg. Acquisition:	11,970,000
Renovations:	<u>1,545,000</u>
Total:	<u>\$14,845,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Villagebrook Apartments Limited Partnership, an Illinois Limited Partnership (c/o Mr. David Gottlieb, Executive Director, Full Circle Communities, Inc., 500 Skokie Blvd., Suite 600, Northbrook, IL 60062; Ph.: 847-501-5450; Fax: 847-480-5760; e-mail:)

Project name: Villagebrook Apartments
Location: 244-288 E. St. Charles Rd, Carol Stream (DuPage County), Illinois 60188-2835
Organization: Limited Partnership
State: Illinois

Ownership of Applicant: **Villagebrook Apartments Limited Partnership, an Illinois Limited Partnership**

- **Full Circle Villagebrook GP, LLC, an Illinois Limited Liability Company, General Partner: 0.01%** . The sole member of Full Circle Villagebrook GP, LLC is Full Circle Communities, Inc., Northbrook, Illinois, a 501(c)(3) corporation. **A list of Board Members for Full Circle Communities, Inc. follow:**
 - David Gottlieb, Director/Executive Director (Full Circle Communities, Inc. and Banner Properties, Inc., Northbrook, IL
 - Milton Pinsky, Director/Associate Executive Director (Full Circle Communities, Inc. and Banner Properties, Inc., Northbrook, IL
 - Lynn Bergstrom, Director, (Director of Consulting for Lakefront SRO, Chicago)
 - John Lukehart, Director, Oak Park, IL (Leadership Council for Metropolitan Open Communities)
 - Martin Pinsky, Director (CFO Banner Property Management, Northbrook, IL)
 - Kale Williams, Director (Loyola University, Chicago; Center for Urban Research)
 - Hank Zuba, Director, Oak Park, IL (President of Merriam/Zuba LTD>)
- **Paramount Financial Group, Inc. and affiliates, Granville, OH: 99.99%** (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing). Paramount Financial Group is GMAC Commercial Mortgage Corporation's tax credit syndication affiliate.

Current Property Owner: **Villagebrook Investors, an Illinois limited partnership**

Tandem Associates, an Illinois limited partnership (General Partner): The principal owner of General Partner is **Tandem Property Affiliates, Inc.,** an Illinois corporation (Jan E. Juynh, President; Daniel N. Epstein, VP; Tandem Property Affiliates, Inc., 222 N. LaSalle St., Suite 1414, Chicago, IL 60601)

PROFESSIONAL & FINANCIAL

Counsel:	Much Shelist Freed Denenberg & Ament	Chicago, IL	Steven Stender	
Accountant:	Dauby O'Connor & Zaleski		Carmel, IN	Bill Farrington
Bond Counsel:	Peck Shaffer & Williams LLP		Chicago, IL	George Buzard
Underwriter:	Piper Jaffray & Co.	Chicago, IL	Minneapolis, MN	Mark Appelbaum
Underwriter's Coun.:	Gilmore & Bell, P.C.	Washington, DC	Kansas City, MO	Kim Wells
Credit Enhancement:	Federal Home Loan Mortgage Corp.		Peter Canzano	
Government National Mortgage Assoc.			McLean, VA	
FHLMC/GNMA			Washington, DC	
Lender:	Berkshire Mortgage/FHLMC		Rosemont, IL	Allan Edelson
Counsel to Credit Enhancer:	Cassin Cassin & Joseph LLP		New York, NY	Deborah Franzblau

Tax Credit Investor:	Paramount Financial Group, Inc.	Granville, OH	Amanda Burger
Tax Credit Investor's Counsel:	Nixon Peabody LLP	Boston, MA	Thomas Giblin
Trustee:	To be determined		
General Contractor:	Full Circle Management, LLC	Northbrook, IL	
Management Agent:	Metroplex, Inc.	Chicago, IL	Linda Capriotti
Rating Agencies:	Moody's Investors Service	New York, NY	
S&P Ratings Group	New York, NY	Chris Moriarty	
IFA Counsel:	To be determined		

LEGISLATIVE DISTRICTS

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

Tab no. 14

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Pam Lenane
Date: December 7, 2004
Re: Overview Memo for Swedish American Health System

- **Borrower/Project Name:** Swedish American Health System
- **Locations:** Rockford
- **Principal Project Contact:** Don Haring, Vice President - Finance
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed \$135,000,0000
- **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 of \$138,000
- **Structure/Ratings:**
 - **Structure** – Underwriters plan to sell \$135,000,000
 - \$75,000,000 AMBAC “AAA” insured
 - \$60,000,000 Radian “AA” insured
 - **Days’ cash on hand** – 118 days

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 7, 2004**

Deal: SwedishAmerican Health System

STATISTICS

Deal Number:	H-HO-TE-CD-407	Amount:	\$135,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Locations:	Rockford	Originator:	Pam Lenane
		Est fee:	\$138,000

BOARD ACTION

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

PURPOSE

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

IFA CONTRIBUTION

Federal tax exempt status on the Bonds.

VOTING RECORD

The IFA gave its approval for a Purchase Contract resolution at the November 9, 2004 by the following vote:

Ayes -8 Nays - 0 Absences -3 Vacancies -4

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	<u>\$135,000,000</u>	Uses:	Project Costs	\$60,000,000
				Refunding Escrow	75,000,000
	Total	<u>\$135,000,000</u>		Total	<u>\$135,000,000</u>

JOBS

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

BUSINESS SUMMARY

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

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

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

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

Financials: SwedishAmerican Health System
Audited Financial Statements 2002-2004

	<u>Year Ended May 31</u>		
	2002	2003	2004
(Dollars in 000's)			
Statement of Revenues/Exp.:			
Revenue/Support	\$249,439	\$264,310	\$272,207
Operating Income	10,461	5,121	6,760
Balance sheet:			
Current Assets	\$61,847	\$77,022	\$66,878
PP&E – Net	96,330	93,468	100,954
Other Assets	81,945	79,956	94,182
Total Assets	240,122	250,446	262,014
Current Liabilities	26,000	26,705	29,074
LT Debt/Liabil.	77,974	72,134	70,782
Other Non-Current Liab.	10,245	17,475	20,495
Net Assets	125,903	134,132	141,663
Total Liab. & Net. Assets	\$240,122	\$250,446	\$262,014
Ratios:			
Debt coverage	4.73x	3.33x	3.28x
Days Cash on Hand	102	122	118
Current ratio	2.38	2.88	2.30
Debt/Net Assets	0.39	0.35	0.34

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

SAHS's strong balance sheet (including cash and investments) provide sufficient liquidity to cover 118 days of operating expenses as of 5/31/2004.

FINANCING SUMMARY

Security: SAHS has recently met with two of the rating agencies (Fitch and S&P) and expects long-term ratings of "A - stable".

Structure: Underwriter's plan to sell \$135,000,000 - \$75,000,000 AMBAC "AAA" insured and \$60,000,000 Radian "AA" insured.

Maturity: Up to 30 years

PROJECT SUMMARY

Bond proceeds will be used to provide a portion of the funds necessary to (i) pay or reimburse SAHS for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by SAHS, including but not limited to the construction and equipping of the Rockford facility and certain routine capital expenditures; (ii) refund or refinance all or a portion of the outstanding principal amount of the Illinois Health Facilities Authority Series 1993 (SwedishAmerican Health System) (the "Series 1993 Bonds"); (iii) refund or refinance all or a portion of the outstanding principal amount of the Illinois Health Facilities Authority Series 2000 (SwedishAmerican Health System) (the "Series 2000 Bonds"); (iv) pay a portion of the interest on the Series 2004 Bonds, if deemed necessary or advisable by SAHS; (v) fund working capital for SAHS, if deemed necessary or advisable by SAHS; (vi) fund a debt service reserve fund, if deemed necessary or advisable by SAHS; and (vii) pay certain expenses incurred in connection with the issuance of the Series 2004 Bonds and the refunding of the Series 1993 Bonds or 2000 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.

ECONOMIC DISCLOSURE STATEMENT

Applicant: SwedishAmerican Health Systems, Rockford, IL
Location: 1313 East State Street, Rockford, IL 61104
Project name: SwedishAmerican Health System
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board of Trustees: Danny Copeland, M.D. John Shugart Karl Jacobs
Patrick Derry Richard Walsh James Waddell
Frank Walter William Gorski, M.D.
Tara Blazer James Gingrich
Gordon Geddes Dennis Johnson
John Halbrook Fran Morrissey
Robert B. Klint, M.D. William Roop
Marco Lenis Ted Brolund
Robert Meuleman Gregory Jury
John Myers, M.D. David Rydell
Richard Rundquist C. Steven Sjogren
John Scheub, M.D. Lawrence Gloyd

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Holmstrom & Kennedy	Chicago	Phil Fankfurt
Accountant:	Ernst & Young LLP	Chicago	Joe Ellen Helmer
Bond Counsel:	Jones Day	Chicago	Richard K. Tomei
Underwriter:	Merrill Lynch & Co.	Chicago	Ken Vallrugo and Jeffrey Sahrbeck
Underwriter's Counsel	Ungaretti & Harris	Chicago	Tom Fahey
Bond Trustee:	Wells Fargo	Chicago	Patricia Martirano
Issuer's Counsel:	Bell Boyd	Chicago	Larry Epply

LEGISLATIVE DISTRICTS

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

State Senate: 34-Dave Syverson

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Rich Frampton
Date: December 7, 2004
Re: Overview Memo for Villagebrook Apartments Limited Partnership
(Villagebrook Apartments Project)
M-MH-TE-CD-408

- **Borrower:** Villagebrook Apartments Limited Partnership
- **Location:** Carol Stream (DuPage County)
- **Principal Project Contact:** Mr. David Gottlieb, Executive Director, Full Circle Communities, Inc. (a 501(c)(3) corporation), Northbrook, IL
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$13.0 million
 - **Uses:**
 - Acquisition and preservation of existing 189-unit affordable multifamily apartment facility
 - Substantial renovations of facilities (approximately \$1.55 million) including tuckpointing and boiler system rehabilitation
- **Project Type:** Multifamily Housing Revenue Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use \$13.0 million of Carryforward Volume Cap, including Volume Cap to be purchased by the Developer
 - use of tax-exempt bonds makes project eligible for 4% Low Income Housing Tax Credits thereby generating upfront project equity
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$77,500 (reflects use of Volume Cap)

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Rich Frampton
Date: December 7, 2004
Re: Overview Memo for Villagebrook Apartments Limited Partnership
(Villagebrook Apartments Project)
M-MH-TE-CD-408

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- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use \$13.0 million of Carryforward Volume Cap, including Volume Cap to be purchased by the Developer
 - use of tax-exempt bonds makes project eligible for 4% Low Income Housing Tax Credits thereby generating upfront project equity
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$77,500 (reflects use of Volume Cap)

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

**Project: Villagebrook Apartments Limited Partnership
(Villagebrook Apartments)**

STATISTICS

IFA Project #:	M-MH-TE-CD-408	Amount:	\$13,000,000 (not-to-exceed amount)
Type:	Housing Bond	IFA Staff:	Rich Frampton
Location:	Carol Stream (DuPage County)	Tax ID:	Applied for
SIC Code:	6513	Est. fee:	\$77,500 (based on \$12.5 million project)

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Multi-Family Housing Revenue Bonds
No IFA Funds at risk
Staff recommends approval subject to the following extraordinary condition that applies to the proposed Subordinate Series 2005B Bonds, if issued:

- **Condition:** Subordinate Series 2005B Bonds will be non-rated and privately placed with an Accredited Institutional Investors as evidenced by execution of an Accredited Investor Letter that must be delivered to the Trustee prior to the initial sale.
-

PURPOSE

Purchase and renovation of an existing 189-unit, 3-story, 4-building affordable multifamily rental property that will preserve the property as affordable to low- and moderate income households.

IFA CONTRIBUTION

IFA will convey tax-exempt bond status on this financing.

The Developer and Financing Team will use approximately \$12.5 million of prior year IFA Carryforward Volume Cap that was transferred to the Authority by Home Rule Municipalities.

VOTING RECORD

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

The property's rental buildings consist of four, 3-story, multifamily residential buildings and the property's common facilities include a community resource/clubhouse building.

The property is currently an affordable multifamily property that currently includes 147 units (out of 189) supported by a HUD Housing Assistance Payment (HAP) Contract. Because the Developer intends to use the proceeds of a syndication of 4% Low Income Housing Tax Credits allocable to all units, the property will become a 100% affordable, rent-restricted project for a minimum period of 15 years (i.e., the initial 15-year Tax Credit compliance period).

The proposed project will include a substantial renovation of interiors, exteriors (tuckpointing), and common areas as noted in the overview memo. Villagebrook has estimated an average renovation cost per unit at \$8,148 as of 11/12/2004.

Background on
Developer and
Affiliates:

Full Circle Communities, Inc.'s initial acquisition was the Goodlette Arms Apartments, a 250-unit, low-income, senior independent living community in Naples, Florida purchased in 2002. Full Circle financed the acquisition with tax-exempt bonds issued through the Collier County Housing Finance Authority. Full Circle's acquisition enabled preservation of the project as affordable. HUD facilitated this acquisition by providing for (1) a term extension on the project-HAP contract for 147 of the 189 units, (2) "decoupling" (i.e., transfer) of the Section 236 Mortgage Interest Reduction Payment from the prior owner to support Full Circle's tax-exempt bond acquisition/renovation financing.

Full Circle's Board has committed that at least 75% of the free cash flow (NOI after debt service) to provide service enhancements to residents. Service enhancements for seniors at Goodlette Arms include nutritional counseling, handicap-accessible transportation to shopping medical appointments, field trips, physical improvements to the property to enhance mobility and security, and social events with catered meals.

Full Circle's management will apply the same free cash flow retainage for tenant programs upon its proposed acquisition of Villagebrook Apartments.

Property
Manager:

The proposed property manager will be Metroplex, Inc. of Chicago (www.metroplex.com) which will continue to manage the property under Full Circle's ownership. Metroplex manages approximately 6,000 apartments in Illinois, Iowa, Wisconsin, Minnesota, and Florida. Metroplex is not affiliated through common ownership with Banner or Full Circle (although Metroplex is, in fact, affiliated with Tandem Associates of Chicago, the current owner).

- (6) Projected expense escalation of approximately 2.75%.
- (7) Minimum \$57,000 annual replacement reserve to be funded from operations beginning in 2005.

Based on these assumptions, Villagebrook Apartments will generate Net Operating Income (adjusted by HUD's Interest Reduction Payments) sufficient to cover proposed bond payment by multiples of 1.39 times in 2006, the first full year of operation following completion of the proposed renovations.

The proposed substantial renovations will improve the property thereby reducing vacancies in the current non-subsidized units. Upon acquisition and renovation, all 189 units will be rent restricted during the initial 15 year 4% Low Income Housing Tax Credit compliance period.

Market Facts:

The combined unit mix for Villagebrook Apartments is as follows. All 582 units will be low income (i.e., affordable) units upon completion:

# Units	Unit Type	Ave. SF	Monthly Rents (include. utilities)
46	1 BR, Low Income (Cost to LI Tenant: \$267)	700	\$813
11	1 BR Market	700	\$740
86	2 BR, Low Income (cost to LI Tenant: \$321)	925	\$961
28	2 BR Market	925	\$894
15	3 BR Low Income (cost to LI Tenant: \$398)	1,100	\$1,205
3	3 BR Market	1,100	\$1,039
189	Total Units		\$166,503

Villagebrook Apartments immediate submarket consists of approximately eight rental properties of 150 units or more. There are no other existing multifamily tax credit properties in the Carol Stream vicinity.

Full Circle LP, a 501(c)(3) development company has executed a contract to acquire the Villagebrook Apartments. Affiliates of Banner Apartments (whose key employees/management donate time to Full Circle) has also proposed to purchase Chateau Apartments, also located in Carol Stream. Full Circle is seeking to finance its acquisition of Villagebrook with FHLMC tax-exempt financing and 4% Low Income Housing Tax Credits. No other multifamily properties in the submarket are affordable properties.

Villagebrook and Chateau Apartments are the only HAP-subsidized multifamily properties in the Carol Stream submarket. There is one other existing affordable bond/tax credit financed senior property (Colony Park Apartments) in Carol Stream.

The submarket's subsidized units report 100% occupancy with waiting lists for designated Section 8 units. The submarket's market-rate properties all report physical vacancy rates ranging from 3% to 11%, with an average vacancy rate of approximately 6%.

The absence of comparable, subsidized/affordable units in the Carol Stream submarket and the existing waiting lists at Chateau Village and Villagebrook suggest that the proposed tax-exempt bond/4% tax credit financed property will support the long-term viability and demand for this property. With 100% of the units rent restricted due to the use of 4% Low Income Housing Tax Credits to generate equity for this financing, IFA's bond financing (which avails the use of 4%

ECONOMIC DISCLOSURE STATEMENT

Applicant: Villagebrook Apartments Limited Partnership, an Illinois Limited Partnership (c/o Mr. David Gottlieb, Executive Director, Full Circle Communities, Inc., 500 Skokie Blvd., Suite 600, Northbrook, IL 60062; Ph.: 847-501-5450; Fax: 847-480-5760; e-mail:)
Project name: Villagebrook Apartments
Location: 244-288 E. St. Charles Rd, Carol Stream (DuPage County), Illinois 60188-2835
Organization: Limited Partnership
State: Illinois

Ownership of Applicant: **Villagebrook Apartments Limited Partnership, an Illinois Limited Partnership**

- **Full Circle Villagebrook GP, LLC, an Illinois Limited Liability Company, General Partner: 0.01%** . The sole member of Full Circle Villagebrook GP, LLC is Full Circle Communities, Inc., Northbrook, Illinois, a 501(c)(3) corporation. **A list of Board Members for Full Circle Communities, Inc. follow:**
 - David Gottlieb, Director/Executive Director (Full Circle Communities, Inc. and Banner Properties, Inc., Northbrook, IL
 - Milton Pinsky, Director/Associate Executive Director (Full Circle Communities, Inc. and Banner Properties, Inc., Northbrook, IL
 - Lynn Bergstrom, Director, (Director of Consulting for Lakefront SRO, Chicago)
 - John Lukehart, Director, Oak Park, IL (Leadership Council for Metropolitan Open Communities)
 - Martin Pinsky, Director (CFO Banner Property Management, Northbrook, IL)
 - Kale Williams, Director (Loyola University, Chicago; Center for Urban Research)
 - Hank Zuba, Director, Oak Park, IL (President of Merriam/Zuba LTD>)
- **Paramount Financial Group, Inc. and affiliates, Granville, OH: 99.99%** (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing). Paramount Financial Group is GMAC Commercial Mortgage Corporation's tax credit syndication affiliate.

Current Property Owner: **Villagebrook Investors, an Illinois limited partnership**

Tandem Associates, an Illinois limited partnership (General Partner): The principal owner of General Partner is **Tandem Property Affiliates, Inc., an Illinois corporation** (Jan E. Juynh, President; Daniel N. Epstein, VP; Tandem Property Affiliates, Inc., 222 N. LaSalle St., Suite 1414, Chicago, IL 60601) .

PROFESSIONAL & FINANCIAL

Counsel:	Much Shelist Freed Denenberg & Ament Chicago, IL	Steven Stender Carmel, IN	Bill Farrington
Accountant:	Dauby O'Connor & Zaleski	Chicago, IL	George Buzard
Bond Counsel:	Peck Shaffer & Williams LLP	Minneapolis, MN	Mark Appelbaum
Underwriter:	Piper Jaffray & Co. Chicago, IL	Nessy Shems Kansas City, MO	Kim Wells
Underwriter's Coun.:	Gilmore & Bell, P.C. Washington, DC	Peter Canzano McLean, VA	
Credit Enhancement:	Federal Home Loan Mortgage Corp. Government National Mortgage Assoc. FHLMC/GNMA	Washington, DC	
Lender:	Berkshire Mortgage/FHLMC	Rosemont, IL	Allan Edelson
Counsel to Credit Enhancer:	Cassin Cassin & Joseph LLP	New York, NY	Deborah Franzblau

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: December 7, 2004
Re: Overview Memo for Beginning Farmer Bonds

- **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 (\$27,105) 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
December 7, 2004

Project Number: A-FB-TE-CD-448
Borrower(s): Matthew Schertz
Town: El Paso
Amount: \$60,000
Fees: \$900
Use of Funds: Farmland – 20 acre grain and ranch farming
Purchase Price: \$96,000
% Borrower Equity 37%
% Other Agency 0%
% IFA 63%
County: Woodford
Lender/Bond Purchaser: Flanagan State Bank

Principal shall be paid annually in installments determined pursuant to equal principal payments over a thirty year period, with the first principal payment due one year from closing. Accrued interest shall be paid annually.

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

Project Number: A-FB-TE-CD-459
Borrower(s): Adam Birchen
Town: Pearl City
Amount: \$219,000
Fees: \$3,285
Use of Funds: Farmland – 220 acre grain farm
Purchase Price: \$660,000
% Borrower Equity 34%
% Other Agency 0%
% IFA 66%
County: Stephenson
Lender/Bond Purchaser: Galena State Bank

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 5.00% for the first five years of the loan, thereafter adjusted every year to a rate not to exceed the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-460
Borrower(s): Andrew Birchen
Town: Pearl City
Amount: \$219,000
Fees: \$3,285
Use of Funds: Farmland – 220 acre grain farm
Purchase Price: \$660,000
 % Borrower Equity 34%
 % Other Agency 0%
 % IFA 66%
County: Stephenson
Lender/Bond Purchaser: Galena State Bank

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 5.00% for the first five years of the loan, thereafter adjusted every year to a rate not to exceed the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-463
Borrower(s): David P. and Sharon K. Ortmann
Town: Germantown
Amount: \$175,000
Fees: \$2,625
Use of Funds: Farmland – 175 acre grain farm
Purchase Price: \$175,713
 % Borrower Equity 1%
 % Other Agency 0%
 % IFA 99%
County: Clinton
Lender/Bond Purchaser: Germantown Trust and Savings Bank

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

Interest shall be charged at the rate of 4.75% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed 0.25% below the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-464
Borrower(s): Dana Michelle Morris
Town: Farmersville
Amount: \$250,000
Fees: \$3,750
Use of Funds: Farmland – 80 acre grain farm
Purchase Price: \$253,000
% Borrower Equity 1%
% Other Agency 0%
% IFA 99%
County: Montgomery
Lender/Bond Purchaser: First National Bank in 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 4.00% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed 0.75% below the National Prime Rate as quoted in the Wall Street Journal with a floor of 4.00% and a ceiling of 7.50%.

Project Number: A-FB-TE-CD-465
Borrower(s): Michael J. Mizour
Town: Taylorville
Amount: \$82,000
Fees: \$1,230
Use of Funds: Farmland – 30 acre grain farm
Purchase Price: \$96,000
% Borrower Equity 15%
% Other Agency 0%
% IFA 85%
County: Christian
Lender/Bond Purchaser: First National Bank Taylorville

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 5.25% for the first five years of the loan, thereafter adjusted every five years to a rate not to exceed 250 basis points over the five year U.S. Treasury Bond as quoted in the Wall Street Journal with a floor of 5.25% and a ceiling of 10.75% and rate adjustment cap of 2.75%.

Project Number: A-FB-TE-CD-466
Borrower(s): Brian A. Wood
Town: Raymond
Amount: \$250,000
Fees: \$3,750
Use of Funds: Farmland – 80 acre grain farm
Purchase Price: \$253,000
 % Borrower Equity 1%
 % Other Agency 0%
 % IFA 99%
County: Montgomery
Lender/Bond Purchaser: First National Bank in 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 4.00% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed 0.75% below the National Prime Rate as quoted in the Wall Street Journal with a floor of 4.00% and a ceiling of 7.50%.

Project Number: A-FB-TE-CD-467
Borrower(s): William and Margo Weber
Town: Chadwick
Amount: \$250,000
Fees: \$3,750
Use of Funds: Farmland – 183 acre grain farm
Purchase Price: \$400,000
 % Borrower Equity 0%
 % Other Agency 0%
 % IFA 63%
County: Carroll
Lender/Bond Purchaser: Milledgeville State Bank

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 5.50% for the first seven years of the loan, thereafter adjusted every five years to a rate not to exceed the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-468
Borrower(s): Philip A. Dague and Marilyn E. Dague
Town: Oakland
Amount: \$186,000
Fees: \$2,790
Use of Funds: Farmland – 72 acre grain farm
Purchase Price: \$232,230
% Borrower Equity 20%
% Other Agency 0%
% IFA 80%
County: Douglas
Lender/Bond Purchaser: Effingham State Bank

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 5.125% for the first five years of the loan, thereafter adjusted every five years to a rate not to exceed 0.125% above the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-468
Borrower(s): Matthew R. Trowitch
Town: Fairbury
Amount: \$116,000
Fees: \$1,740
Use of Funds: Farmland – 35 acre grain farm
Purchase Price: \$145,140
% Borrower Equity 20%
% Other Agency 0%
% IFA 80%
County: McLean
Lender/Bond Purchaser: Bluestem National Bank

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 3.75% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed 90% of the National Prime Rate as quoted in the Wall Street Journal with an interest cap of 6.25%.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane

Date: December 7, 2004

Re: Overview Memo for Southern Illinois Healthcare Enterprises

- **Borrower/Project Name:** Southern Illinois Healthcare Enterprises
 - **Locations:** Carbondale, Herrin & Murphysboro
 - **Principal Project Contact:** Rex Budde, Senior Vice President of Finance, Treasurer & CFO
 - **Board Action Requested:** Final Bond Resolution
 - **Amount:** \$47 million in new money to be used to modernize and expand hospital facilities located in Carbondale, Herrin & Murphysboro and \$26 million to currently refund the certain outstanding bonds of the borrower.
 - **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 of \$122,540
- **Structure/Ratings:**
 - **Structure** – Bonds will be insured.
 - **Ratings** – Insurance from either FGIC or FSA both “AAA” rated..
 - **Days’ cash on hand** – 235 days

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 7, 2004**

Deal: Southern Illinois Healthcare Enterprises

STATISTICS

Deal Number:	H-HO-TE-CD-409	Amount:	\$73,000,000 (not to exceed amount)
Type:	Not-for-profit Bond	PA:	Pam Lenane
Locations:	Carbondale, Herrin & Murphysboro	Est. fee:	\$122,540

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to modernize and expand hospital facilities located in Carbondale, Herrin & Murphysboro and currently refund certain outstanding bonds of the borrower.

IFA CONTRIBUTION

Federal Tax-Exempt status on the Bonds.

VOTING RECORD

The IFA Board gave its approval for a Purchase Contract Resolution on November 9, 2004 by the following vote:

Ayes - 8 Nays - 0 Absent - 3 Vacancies - 4

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	\$73,000,000	Uses:	Project and Escrow costs	\$73,000,000
				Debt service reserve	
				Issuance costs	
	Total	<u>\$73,000,000</u>		Total	<u>\$73,000,000</u>

JOBS

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

BUSINESS SUMMARY

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

SIHS was incorporated in April 1946 as an Illinois not-for-profit corporation, exempt from federal income tax under Section 501(c)(3) of the Code. SIHS operates four acute-care hospital facilities: Memorial Hospital of Carbondale

("Memorial") located in Carbondale, Illinois; Herrin Hospital ("Herrin") located in Herrin, Illinois; St. Joseph Memorial Hospital ("St. Joseph") located in Murphysboro, Illinois; and Ferrell Hospital ("Ferrell") located in Eldorado, Illinois. SIHS owns Memorial, Herrin, St. Joseph, and leases Ferrell from a land trust whose beneficial owners are various private individuals. Memorial, Herrin, St. Joseph, and Ferrell are collectively referred to as the "Hospitals." SIHS provides a full array of services through their primary and tertiary hospitals as well as clinics.

Fiscal Years Ended March 31,			
Consolidated Statement of Operations (000s)	2002	2003	2004
Net Patient Service Revenue	\$189,506	\$196,683	\$222,610
Excess of Revenues Over Expenses	(80)	13,252	22,877
Consolidated Balance Sheet (000s)	2002	2003	2004
Cash	6,092	14,404	9,412
Assets Limited as to Use	68,163	79,199	114,114
PP&E	109,152	102,364	98,958
Total Assets	\$238,022	\$246,833	\$283,531
Current Liabilities	27,037	33,005	40,980
Long Term Debt	92,998	88,762	84,259
Total Liabilities & Net Assets	\$238,022	\$246,833	\$283,531
Debt service coverage	3.14x	5.53x	5.57x
Days cash on hand	120	194	235

FINANCING SUMMARY

Security: Bonds will be insured by either FGIC or FSA rated "AAA".

Structure: The current plan of finance contemplates the issuance of insured auction rate bonds.

Maturity: 30 years

PROJECT SUMMARY

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

ECONOMIC DISCLOSURE STATEMENT

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

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

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

Board of Trustees: Harold Bardo W. Eugene Basanta
Dale Blaise, M.D. George O'Neill
Russell Brown, D.O., Vice Chair Steve Sabens, Secretary
J. Kevin Dorsey, M.D., Ph. D. Kathleen Fralish, Chair
Sr. Margaret Mary Kopish, ASC Morton Levine
Maxine Pyle, Ph.D. Thomas J. Firestone, MD

PROFESSIONAL AND FINANCIAL

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

LEGISLATIVE DISTRICTS

Carbondale

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

Herrin

Congressional: 19-John Shimkus
State Senate: 59-Larry Woolard
State House: 117-Gary Forby

Murphysboro

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

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 7, 2004**

Deal: SwedishAmerican Health System

STATISTICS

Deal Number:	H-HO-TE-CD-407	Amount:	\$135,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Locations:	Rockford	Originator:	Pam Lenane
		Est fee:	\$138,000

BOARD ACTION

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

PURPOSE

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

IFA CONTRIBUTION

Federal tax exempt status on the Bonds.

VOTING RECORD

The IFA gave its approval for a Purchase Contract resolution at the November 9, 2004 by the following vote:

Ayes -8 Nays - 0 Absences -3 Vacancies -4

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	<u>\$135,000,000</u>	Uses:	Project Costs	\$60,000,000
				Refunding Escrow	75,000,000
	Total	<u>\$135,000,000</u>		Total	<u>\$135,000,000</u>

JOBS

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

BUSINESS SUMMARY

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Pam Lenane
Date: December 7, 2004
Re: Overview Memo for Swedish American Health System

- **Borrower/Project Name:** Swedish American Health System
- **Locations:** Rockford
- **Principal Project Contact:** Don Haring, Vice President - Finance
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed \$135,000,000
- **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 of \$138,000
- **Structure/Ratings:**
 - **Structure** – Underwriters plan to sell \$135,000,000
 - \$75,000,000 AMBAC “AAA” insured
 - \$60,000,000 Radian “AA” insured
 - **Days’ cash on hand** – 118 days

Maturity: Up to 30 years

PROJECT SUMMARY

Bond proceeds will be used to provide a portion of the funds necessary to (i) pay or reimburse SAHS for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by SAHS, including but not limited to the construction and equipping of the Rockford facility and certain routine capital expenditures; (ii) refund or refinance all or a portion of the outstanding principal amount of the Illinois Health Facilities Authority Series 1993 (SwedishAmerican Health System) (the "Series 1993 Bonds"); (iii) refund or refinance all or a portion of the outstanding principal amount of the Illinois Health Facilities Authority Series 2000 (SwedishAmerican Health System) (the "Series 2000 Bonds"); (iv) pay a portion of the interest on the Series 2004 Bonds, if deemed necessary or advisable by SAHS; (v) fund working capital for SAHS, if deemed necessary or advisable by SAHS; (vi) fund a debt service reserve fund, if deemed necessary or advisable by SAHS; and (vii) pay certain expenses incurred in connection with the issuance of the Series 2004 Bonds and the refunding of the Series 1993 Bonds or 2000 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.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	SwedishAmerican Health Systems, Rockford, IL		
Location:	1313 East State Street, Rockford, IL 61104		
Project name:	SwedishAmerican Health System		
Organization:	501(c)(3) Not-for-Profit Corporation		
State:	Illinois		
Board of Trustees:	Danny Copeland, M.D.	John Shugart	Karl Jacobs
	Patrick Derry	Richard Walsh	James Waddell
	Frank Walter	William Gorski, M.D.	
	Tara Blazer	James Gingrich	
	Gordon Geddes	Dennis Johnson	
	John Halbrook	Fran Morrissey	
	Robert B. Klint, M.D.	William Roop	
	Marco Lenis	Ted Brolund	
	Robert Meuleman	Gregory Jury	
	John Myers, M.D.	David Rydell	
	Richard Rundquist	C. Steven Sjogren	
	John Scheub, M.D.	Lawrence Gloyd	

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Holmstrom & Kennedy	Chicago	Phil Fankfurt
Accountant:	Ernst & Young LLP	Chicago	Joe Ellen Helmer
Bond Counsel:	Jones Day	Chicago	Richard K. Tomei
Underwriter:	Merrill Lynch & Co.	Chicago	Ken Vallrugo and Jeffrey Sahrbeck
Underwriter's Counsel	Ungaretti & Harris	Chicago	Tom Fahey
Bond Trustee:	Wells Fargo	Chicago	Patricia Martirano
Issuer's Counsel:	Bell Boyd	Chicago	Larry Epply

LEGISLATIVE DISTRICTS

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

State Senate: 34-Dave Syverson

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

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

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

Financials: SwedishAmerican Health System
Audited Financial Statements 2002-2004

	<u>Year Ended May 31</u>		
	2002	2003	2004
	(Dollars in 000's)		
Statement of Revenues/Exp.:			
Revenue/Support	\$249,439	\$264,310	\$272,207
Operating Income	10,461	5,121	6,760
Balance sheet:			
Current Assets	\$61,847	\$77,022	\$66,878
PP&E – Net	96,330	93,468	100,954
Other Assets	81,945	79,956	94,182
Total Assets	240,122	250,446	262,014
Current Liabilities	26,000	26,705	29,074
LT Debt/Liabil.	77,974	72,134	70,782
Other Non-Current Liab.	10,245	17,475	20,495
Net Assets	125,903	134,132	141,663
Total Liab. & Net. Assets	\$240,122	\$250,446	\$262,014
Ratios:			
Debt coverage	4.73x	3.33x	3.28x
Days Cash on Hand	102	122	118
Current ratio	2.38	2.88	2.30
Debt/Net Assets	0.39	0.35	0.34

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

SAHS's strong balance sheet (including cash and investments) provide sufficient liquidity to cover 118 days of operating expenses as of 5/31/2004.

FINANCING SUMMARY

Security: SAHS has recently met with two of the rating agencies (Fitch and S&P) and expects long-term ratings of "A - stable".

Structure: Underwriter's plan to sell \$135,000,000 - \$75,000,000 AMBAC "AAA" insured and \$60,000,000 Radian "AA" insured.

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors
FROM: Townsend S. Albright
DATE: December 7, 2004
RE: Overview Memo for Illinois College

- **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 Final Bond Resolution.
- **Project Type:** New money to 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 of Credit from US Bank, Chicago, Illinois.

ta/h/illinoiscollgefinalmemo

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Illinois College

STATISTICS

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

BOARD ACTION

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

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.

IFA CONTRIBUTION

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

VOTING RECORD

Voting record from Preliminary IFA Bond Resolution on October 12, 2004

Ayes: 8 Nays: 0 Abstentions: 0 Absent: 3 (Delgado, Goetz, Herrin) Vacancies: 4

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>

JOBS

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

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 21st 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 (draft) audited financial statements for fiscal year through 5-31-2004.

	(Dollars in 000s)			
	2001	2002	2003	2004
Income Statement				
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>
Balance Sheet				
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>
Ratios:				
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.

FINANCING SUMMARY

Security: The Bonds will be secured by a Direct Pay Letter of Credit from US Bank, Chicago, Illinois.
Structure: Weekly Multi-Mode Floating-Rate Bonds
Maturity: 2029

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>

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

* Illinois College graduates

PROFESSIONAL & FINANCIAL

Counsel:	Bellatti, Fay, Bellatti and Beard	Jacksonville, IL	Dan Beard
Accountants:	McGladrey & Pullen (2004)	Springfield, IL	
	Clifton Gunderson LLP (2001-2003)	Springfield, IL	
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy Burke
Issuer's Counsel:	Charity & Associates, P.C.	Chicago, IL	Alan Bell
Underwriters/:	Griffin, Kubik, Stephens & Thompson	Chicago, IL	Michael Boisvert
Placement Agents:	RBC Dain Rauscher	Hilliard, OH	Bill Elliot
Disclosure Counsel:	Ice Miller	Chicago, IL	Tom Smith

Illinois College
Page 4

LOC Bank Counsel: Gould & Washburn
Trustee: TBD
General Contractors: Various

Chicago, IL

John Washburn

LEGISLATIVE DISTRICTS

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

ta/h/illinscollegefinal

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Applegate Thorne Thompson	Chicago, IL	Mark Burns
Accountant:	Corner, Nowling and Associates	Indianapolis, IN	Rob Ford
Bond Counsel:	Kutak Rock LLP	Chicago, IL	Kevin Barney
Underwriter:	Ziegler Capital Markets Group	Milwaukee, WI	Miriam R. Simon
Underwriter's Counsel:	Eichner & Norris PLLC	Washington, DC	Kent Neumann
Trustee:	Wells Fargo	Chicago, IL	Patricia Martirano
IDFA Counsel:	Schiff, Hardin & Waite LLP	Chicago, IL	Bruce Weisenthal

LEGISLATIVE DISTRICTS

Congressional:	1 – Bobby L. Rush
State Senate:	3 – Mattie Hunter
State House:	6 – Patricia Bailey

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Jim Senica
Date: December 7, 2004
Re: Overview memo for Excel Foundry and Machine, Inc.

- **Borrower/Project Name:** Excel Foundry and Machine, Inc.
- **Location:** Pekin (Tazewell County)
- **Principal Project Contact:** Kevin Goodman, CFO Excel Foundry and Machine, Inc.
- **Board Action Requested:** Approval to purchase loan participation
- **Amount:** \$795,000
- **Project Type:** Business – Participation Loan
- **IFA Benefits:**
 - Buy-down of interest rate – \$795,000 IFA treasury funds at risk
 - Borrower provided with lower blended interest rate
- **IFA Fees:**
 - 2.00% additional interest income earned over CD rate: \$15,900
- **Structure:**
 - Loan participation to be purchased by Commerce Bank, N.A. – Peoria
 - Loan term will be 5 years with a 7-year amortization and a balloon payment due at the end of the 5-year loan term
Interest rate will be fixed at 5.5% for the full 5-year loan term
 - Collateral will be a pro-rata first position “*pari passu*” with Commerce Bank, N.A. – Peoria on project machinery and equipment with a discounted (60%) cost value of \$1,185,000 and a shared second mortgage with the Bank valued at \$1.70 million (fair market appraised value of \$3.79 less Commerce Bank’s and IFA’s shared first mortgage of \$2.09 Million) providing collateral coverage of at least 1.46 times (68% LTV).

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 7, 2004

Deal: Excel Foundry and Machine, Inc.

STATISTICS

Deal Number:	B-LL-TX-420	Amount	\$795,000
Type:	Participation Loan	IFA Staff:	Jim Senica
Location:	Pekin	Est fee:	\$15,900

BOARD ACTION

Purchase of Participation Loan from Commerce Bank, N.A. – Peoria
\$795,000 IFA Treasury Funds at risk.
Collateral is *pari passu* first position with the bank.
Staff recommends approval of a resolution subject to the Bank covenants noted on page 3 of this report.

PURPOSE

Acquisition of manufacturing machinery and equipment and reconfiguration of an industrial building.

VOTING RECORD

Initial board consideration, no voting record. However, IFA currently has another participation loan with this borrower, an original \$237,500 loan with a paid-down balance of \$205,000 as of November 15, 2004, proceeds of which were used to construct a 14,000 square foot industrial building addition. This loan is secured by a pro-rata share of a \$2.09 million first mortgage on the project real estate with Commerce Bank, N.A. – Peoria. At its October 12, 2004 Board meeting, the IFA Board approved a \$1,000,000 participation loan to Excel Crusher Technologies, L.L.C. secured by a pro-rata share of a \$1.8 million first mortgage on the project real estate and a pro-rata share of a \$540,000 first position on the project machinery and equipment.

SOURCES AND USES OF FUNDS

Sources:	IFA	\$795,000	Uses: Project Costs	\$1,975,000
	Commerce Bank, N.A.	<u>1,180,000</u>	Total	<u>\$1,975,000</u>
	Total	<u>\$1,975,000</u>		

JOBS

Current employment:	110	Projected new jobs:	10
Jobs retained:	N/A	Construction jobs:	15

BUSINESS SUMMARY

- Background:** Excel Foundry and Machine, Inc., an Illinois S corporation, was established in 1932 and was purchased from the original owner by Merrill Parsons in 1975. Merrill Parsons has worked for the Company since 1966 and remains as the Company's chairman. Merrill's sons, Doug and Rick, hold the positions of President and Director of Sales respectively.
- Description:** Excel Foundry and Machine, Inc. is an air set foundry utilizing centrifugal force and permanent molds to manufacture and market precision bronze, brass, aluminum and steel cast replacement parts for mining and rock-crushing equipment used by mining and aggregate industries as well as components used in turbine power generation operations. Excel is a leading supplier to both the original equipment manufacturers and the world-wide after-market for replacement parts, serving in excess of 3,000 customers in over 30 countries. The Company has the capacity to produce castings up to 30,000 pounds and accurately machine parts up to 120" in diameter.
- Remarks:** Excel Foundry and Machine, Inc. has demonstrated its leadership in the industry and commitment to uncompromised quality by becoming the first non-ferrous foundry in the United States to achieve ISO 9001 certification in 1995. The Company also recently received the Illinois Governor's Export Award.
- Financials:** Audited financial statements of Excel Foundry and Machine, Inc. for years 2000 through 2004. - Projected financial information of Excel Foundry and Machine, Inc. for years 2005 through 2006

	<u>Year Ended February 28</u>						
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Dollars in 000's)						
Income Statement							
Sales	10,954	11,058	11,970	12,881	16,101	17,111	19,482
Net income	552	20	766	1,154	1,366	1,502	1,653
Balance sheet							
Current assets	4,852	5,187	5,403	6,440	8,166	9,777	11,914
PP&E	4,526	4,438	4,027	4,150	4,327	6,167	6,385
Other assets	458	465	64	73	86	90	90
Total assets	<u>9,836</u>	<u>10,090</u>	<u>9,494</u>	<u>10,663</u>	<u>12,579</u>	<u>16,034</u>	<u>18,389</u>
Current Liabilities	1,240	2,237	1,505	1,375	2,892	2,950	2,275
Debt	2,210	2,113	1,980	2,256	2,117	4,012	5,389
Equity	<u>6,386</u>	<u>5,740</u>	<u>6,009</u>	<u>7,032</u>	<u>7,570</u>	<u>9,072</u>	<u>10,725</u>
Total liab. & equity	<u>9,836</u>	<u>10,090</u>	<u>9,494</u>	<u>10,663</u>	<u>12,579</u>	<u>16,034</u>	<u>18,389</u>
Ratios							
Debt service coverage	4.95	1.03	4.20	4.15	4.69	4.30	3.88
Current ratio	3.91	2.32	3.59	4.68	2.82	3.31	5.24
Debt/equity	0.37	0.39	0.35	0.28	0.30	0.48	0.53

Discussion: Excel Foundry and Machine, Inc. has a consistent earnings history as evidenced by 16 years of excellent financial results. (In fact, the company has just experienced 12 consecutive months of record sales.) Results for fiscal year-end February 28, 2004, for example, indicate a net profit of \$1.37 million on sales of \$16.1million. Excel's largest customer is Milwaukee-based Bucyrus International, with sales of \$1.10 million in the past fiscal year. Foreign sales totaled \$2.50 million in the past fiscal year. Excel is well capitalized and highly liquid, as indicated by the current and debt-to-equity ratios.

The projected financial information assumes 10% growth in sales and operating expenses, well below recent experience. The projected balance sheet information includes not only the debt and assets being acquired in this project but also includes the debt and assets financed by an associated operation, Excel Crusher Technologies, L.L.C. for which Excel Foundry and Machine is the primary guarantor on that loan. These amounts are included to illustrate the exceptional capacity of Excel Foundry and Machine, Inc. to easily service all potential debt of the two operations.

The company has access to a \$4,000,000 revolving line of credit for operating purposes secured by receivables and inventory with Commerce Bank, N.A. – Peoria. The company had an outstanding balance of \$2,050,000 as of October 31, 2004.

The Bank's sizeable commitment and attractive pricing is attributable to its confidence in management.

FINANCING SUMMARY

Borrower: Excel Foundry and Machine, Inc.

Security: Pro-rata first position "*pari passu*" with Commerce Bank, N.A. – Peoria on the project machinery and equipment with a discounted (60%) cost value of \$1,185,000 and a shared second mortgage with the Bank valued at \$1.70 million (fair market appraised value of \$3.79 million less Commerce Bank's and IFA's first mortgage of \$2.09 million) representing collateral coverage to IFA and the bank on this participation loan of 1.46 times (68% LTV). 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 the line-of-credit that the borrower has established with the Bank.

Structure: Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 200 basis points below what the Bank is charging the customer. The Bank's interest rate will be fixed at 5.5% for the 5-year term of the loan. The loan will be reviewed at the end of the 5-year term for renewal with IFA participation including a provision to extend its term to a maximum of 10 years.

Maturity: The loan will be set on a 7-year amortization with 60 payments of principal and interest and a 5-year balloon due at the end of the loan.

Covenants: Annual financial statements of Excel Foundry and Machine, Inc.
Vendor invoice on the equipment being purchased
Proof of insurance on the collateral

PROJECT SUMMARY

The proposed project involves the acquisition of new manufacturing machinery and equipment and the reconfiguration of an industrial building to accommodate the new machinery and equipment. Project costs are estimated as follows:

Building Construction	\$330,000
Machinery & Equipment Acquisition	<u>1,645,000</u>
Total	<u>\$1,975,000</u>

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

ECONOMIC DISCLOSURE STATEMENT

Project name: Excel Foundry and Machine, Inc.
Location: 14463 Wagonseller Road Pekin, Illinois 61554 (Tazewell County)
Applicant: Excel Foundry and Machine, Inc.
Organization: Illinois S corporation

PROFESSIONAL & FINANCIAL

Accountant:	Wolf, Tesser & Co. CPA's	Peoria, Illinois	Jim Wolf
Bank:	Commerce Bank, N.A. - Peoria	Peoria, Illinois	Brian Egeberg
Borrowers Counsel:	Hush & Eppenberger LLC	Peoria, Illinois	David Higgs
Bank Counsel:	Elliss, Keyser, Oberle & Dancy PC	Pekin, Illinois	Bill Streeter
IFA Counsel:	Dykema Gossett PLLC	Chicago, Illinois	Darrell Pierce

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: December 7, 2004

Re: Overview Memo for MERUG Limited Liability Company
(Campagna-Turano Bakery, Inc. Projects)
I-ID-TE-CD-416

- **Borrowers/Project Names:**
 - I-ID-TE-CD-416(a): MERUG Limited Liability Company (Campagna-Turano Bakery, Inc. Project)
 - I-ID-TE-CD-416(b): MERUG Limited Liability Company (Knead Dough Baking Company Project)
- **Locations:**
 - (a) Campagna-Turano Bakery, Inc., Berwyn (Cook County), IL
 - (b) Knead Dough Baking Company, Bolingbrook (Will County), IL
- **Principal Project Contact:** Mr. Ron Turano, President, Campagna-Turano Bakery, Inc., Berwyn, Illinois
- **Board Action Requested:** Final Bond Resolution for projects located in Berwyn and Bolingbrook
- **Amount:** not to exceed \$8.0 million comprised of two series of \$4.0 million each
 - **Uses – 100% New Money:**
 - Series 2004A Bonds (amount not-to-exceed \$4.0 million): Acquisition and installation of new baking manufacturing lines and related equipment to expand the Campagna-Turano Bakery, Inc. facility in Berwyn
 - Series 2004B Bonds (amount not-to-exceed \$4.0 million): Acquisition and installation of new baking manufacturing lines and related equipment to expand the Knead Dough Baking Co. facility in Bolingbrook
- **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 \$8.0 million of IFA Volume Cap

- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$61,600 for the two series combined (i.e., \$30,800 for each \$4.0 million series)

- **Structure/Ratings:**
 - Bonds to be credit enhanced by a Direct Pay Letter of Credit from Bank One (Chase) and sold by J.P. Morgan Securities, Inc. 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 11/23/04.

- **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) MERUG Limited Liability Company
 (Campagna-Turano Bakery, Inc.)
 (b) MERUG Limited Liability Company
 (Knead Dough Baking Company)**

STATISTICS

IFA Project #:	I-ID-TE-CD-416(a) I-ID-TE-CD-416(b)	Amount:	\$4,000,000 (Berwyn - Series 2004A) \$4,000,000 (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:	\$61,600 (assumes \$30,800 closing fee for both series combined; closings to be split by 14 days as required under the IRC)

BOARD ACTION

Final 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 \$8.0 million of Volume Cap.

VOTING RECORD

Preliminary Bond Resolution, October 12, 2004:

Ayes: 8	Nays: 0	Abstentions: 0
Absent: 3 (Delgado, Goetz, Herrin)		Vacant: 4

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	Berwyn IRB (Ser. A)	\$4,000,000	Uses:	Berwyn Project	\$4,000,000
	Bolingbrook IRB-(Ser. B)	4,000,000		Bolingbrook Project	4,000,000
	Equity	<u>215,000</u>		Issuance costs	<u>215,000</u>
	Total	<u>\$8,215,000</u>		Total	<u>\$8,215,000</u>

The principals of Campagna-Turano Baking Company and Knead Dough Baking Company will 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.

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

BUSINESS SUMMARY

Background: **MERUG LLC** is an Illinois limited liability company established in 1994 by the principals of Campagna-Turano Bakery, Inc. to own all equipment in Berwyn and Bolingbrook. MERUG serves as the captive equipment leasing entity for Campagna-Turano and its affiliates.

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 equipment, (2) own and lease real estate, 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% ownership interest of the Bolingbrook facility.

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 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. IFA (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 and employs 188. 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. (The Bolingbrook facility is located adjacent to I-55, and is southeast of the I-55/Illinois 53 interchange.)

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.

These Bonds will finance IFA's (IDFA's) fourth and fifth projects for Campagna-Turano Bakery, Inc. and 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 Subsidiaries (reflects consolidation with 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)			
Income statement:							
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
Balance sheet:							
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.

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 respective operating companies, and personal guarantees from corporate officers of the operating entities.

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition and installation of baking manufacturing lines and related equipment to be installed (a) at the 163,000 SF building owned by Berwyn Properties, LLC, which is leased to and operated by Campagna-Turano Bakery, Inc. (d/b/a/ Turano Baking Company), as a bakery, and located at 6501 West Roosevelt Road in Berwyn (Cook County) (the "*Berwyn Project*"), and (b) at the 92,000 SF manufacturing facility owned by Bolingbrook Properties, LLC, which is leased to and operated by Knead Dough Baking Company, as holder of the beneficial interest in a land trust, as a bakery, and located at 555 South Joliet Road in Bolingbrook (Will County), Illinois (the "*Bolingbrook Project*") and to finance costs of both the Berwyn Project and Bolingbrook Project through the issuance of tax-exempt Industrial Development Revenue Bonds. 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:	\$4,000,000	\$4,000,000
Total	\$4,000,000	\$4,000,000

ECONOMIC DISCLOSURE STATEMENT

Applicant: MERUG Limited Liability Company, an Illinois 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: (a) Campagna-Turano Baking Co., 6417-6519 W. Roosevelt Road, Berwyn (Cook County), Illinois 60402-0718 (and including contiguous properties)
 (b) Knead Dough Baking Co., 555 S. Joliet Rd., Bolingbrook (Will County), Illinois 60440-3607

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

Ownership of Co-Applicants and Corporate Guarantors:

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

Members:		Members
RGT Family LLC:	33.33%	Renato G. Turano
UAT Family LLC:	33.33%	Umberto A. Turano
GT Family LLC:	33.33%	Giancarlo Turano

Berwyn Properties LLC (owns the Berwyn manufacturing facility):

Members:		Members
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):

o Bolingbrook Properties LLC:	100.00% beneficiary of Land Trust No. 1098617	
o Members of Bolingbrook Properties LLC:		Members
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):

Shareholders:		Shareholders
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):

Shareholders:		Shareholders
RGT Family LLC:	33.33%	Renato G. Turano
UAT Family LLC:	33.33%	Umberto A. Turano
GT Family LLC:	33.33%	Giancarlo Turano

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:	Forthcoming		
Placement Agent:	JP Morgan Securities, Inc.	Chicago, IL	
Placement Counsel:	Chapman and Cutler LLP	Chicago, IL	Glenn Weinstein
General Contractor:	Not applicable (equipment)		
Trustee/Fiscal Agent:	J.P. Morgan Corporate Trust	Chicago, IL	
IDFA Counsel:	Burke Burns & Pinelli	Chicago, IL	Steve Welcome

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: Rich Frampton
Date: December 7, 2004
Re: Overview Memo for Valley View Preservation, L.P.
(Valley View Apartments Project)
M-MH-TE-CD-404

- **Borrower:** Valley View Preservation, L.P.
- **Location:** Rockford (Winnebago Co.)
- **Principal Project Contact:** Mr. Alden Orput, President
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed \$7.5 million
 - **Uses:**
 - Acquisition of existing 167-unit affordable senior apartment facility
 - Substantial renovations of facilities (approximately \$3.765 million) for
 - *Residential Unit Improvements:* new kitchen cabinets and appliances; new flooring/carpeting in kitchen, bath, and living areas; repainting; new window blinds; new window A/C units; new bathroom vanities and mirrors; substantial reconfiguration of certain units from Efficiencies to 1 BR units
 - *Common Area Improvements:* Support Services Floor (4740 sf of additional space via enclosure of common area 2nd floor balcony); new laundry and beauty shop facilities, new craft shop, new library and computer room, new exercise and game rooms, kitchen facility for lunch programs, medical examination room, refurbished and upgraded corridors and common areas; adaptability of certain common areas to meet ADA requirements as required.
 - *Building/Exterior Improvements:* new water heater, water pipe replacement, parking lot resurfacing; new ramp installation; increase unit storage facilities; outside lighting replacement; extensive roof repair
- **Project Type:** Multifamily Housing Revenue Bonds

- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use \$7.5 million of dedicated of 2003 Carryforward Volume Cap designated specifically for affordable rental housing projects
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$57,750 (reflects use of Volume Cap)
- **Structure/Ratings:**
 - Bonds to be sold directly based on FHA/GNMA credit enhancement
 - **Ratings** – based on AAA rated (S&P) FHA/GNMA credit enhancement
 - **Current and estimated rates:** Estimated at 5.25% for a 40-year term by the project consultant.
- **Recommendations/Conditions:**
 - Staff recommends approval – because transaction is an investment grade conduit bond issue, no extraordinary conditions will be required.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Valley View Preservation, L.P.
(Valley View Apartments Project)

STATISTICS

IFA Project #:	M-MH-TE-CD-404	Amount:	\$7,500,000 (not-to-exceed amount)
Type:	Housing Bonds	IFA Contact:	Rich Frampton
Location:	Rockford	Tax ID:	36-2785168
SIC Code:	6513	Est. fee:	\$57,750

BOARD ACTION

Final Bond Resolution
Staff recommends approval
Conduit Multifamily Rental Housing Revenue Bonds
No extraordinary conditions

PURPOSE

Acquisition, renovation, and equipping of an existing 167-unit, 13-story senior housing property in Rockford, Illinois.

VOLUME CAP

IFA has \$7.5 million of unused 2003 Carryforward Volume Cap available for this project.

VOTING RECORD

Preliminary Bond Resolution: May 18, 2004

Ayes: 11 Nays: 0 Abstentions: 0
Absent: 2 (Nesbitt, Giannoulis) Vacant: 2

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	Tax-Exempt Bonds	\$6,417,900	Uses:	Project costs:	\$8,622,382
	LIH Tax Credits	2,346,907		GNMA Payment Lag	30,000
	Interest Reduct. Pmts.(IRP)	282,401		Reserves	250,000
	*Deferred Devel. Fee	312,706		Construction Interest	380,674
	Subordinate Seller Note	<u>1,200,000</u>		Issuance/Fin. Costs	378,358
	Total	<u>\$10,559,914</u>		Development Fee	<u>898,500</u>
				Total	<u>\$10,559,914</u>

*Note: The Deferred Developer's Fee is to be paid out of cash flows and tax credit investor funds (available after mortgage payments and required reserves) subject to satisfying terms of FHA's [HUD 221(d)(4)] financial performance covenants and the Partnership Agreement to be negotiated with RED Capital Corporation, the Project's Tax Credit Syndicator. Payment of the Deferred Developer's Fee will conform to pertinent federal statutes for Low Income Housing Tax Credits (i.e., Section 42 of the Internal Revenue Code).

JOBS

Current employment:	4	Projected new jobs:	0
Jobs retained:	N/A	Construction jobs (18 mo's.):	85

BUSINESS SUMMARY

Background: Valley View Preservation, L.P., an Illinois Limited Partnership (the "Project Owner", the "Borrower", or the "Limited Partnership") was established in 2004 specifically to acquire, own, renovate, maintain, and operate the subject property.

The General Partner of the Borrower is 100% owned by Arch 80 View, Inc., an Illinois Corporation established in 2004 as an affiliate of Architektur/80, Inc. of Rockford. Both Arch 80 View, Inc. and Architektur/80, Inc. are engaged in real estate development and management. The principal owners of Arch 80 View, Inc. and Architektur/80, Inc. are Mr. Alden Orput of Chicago, Illinois and Mr. Jeffery Orput of Rockford, Illinois.

The Limited Partner of the Borrower will be a limited partnership established by RED Capital Markets, Inc. to own this partnership interest and to syndicate limited partnership interests/4% tax credits for this project to corporate entities.

The Economic Disclosure Statement section of this project provides additional information regarding the parties with beneficial ownership interests in the Borrower.

Description: Arch 80 View, Inc. is an affiliate of Architektur/80, Inc. and is owned by the same individuals.

Architektur/80, Inc. was formed in 1973 by Mr. Alden E. Orput of Chicago, Illinois. Mr. Orput serves as President of Orput Companies, a design/build and property management company based in Rockford, Illinois. Additionally, Mr. Orput serves as Managing Partner of (1) Willow Creek Development, a 300-acre, mixed use development in Machesney Park, Illinois (just north of Rockford) and (2) Edgebrook Ltd. Partnership, owner of the 5-story Edgebrook professional building and the 35-store Edgebrook Center constructed in Northeast Rockford in 1973.

Through Architektur/80, Inc., the principals have owned, developed, or managed five affordable rental properties, including four senior rental properties and one multifamily rental property. The Company's Illinois properties include three projects financed by the Illinois Housing Development Authority, including (1) IHDA/HUD Section 236 Valley View (Senior) Apartments in Rockford, Illinois (the subject property), (2) the 121-unit IHDA HUD Section 236 Westport Village multifamily project in Freeport and (3) the 119-unit IHDA Section 8 elderly Shadley Apartments in Belvidere. Additionally, affiliates of the Applicant have developed and managed two properties in Wisconsin, including (1) a 130-unit Section 8 elderly building in Waukesha, WI and (2) a 182-unit Section 8 elderly building in Kenosha, WI.

Remarks: The proposed project will finance improvements, upgrades, and structural repairs all considered essential by the proposed purchaser to maintain competitiveness of the property. The proposed financing will maintain the property as an affordable property. Tax-exempt financing provided through IFA will help finance the acquisition and renovation of the proposed improvements at the most reasonable cost possible.

The purchaser will be acquiring a fee simple interest in the subject property.

Valley View Preservation, L.P.
 (Valley View Apartments Project)
 Page 3

Financials: Historical Project Income/Expense Statements 2001-2003. Projected 2004 results based on 10 month results through 10/31/2004. Projected Project Income/Expense Statements 2005-2007 under new ownership, following project completion.

(000's) omitted	<u>12/31/2001</u>	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>2004</u> Projected	<u>2005</u> Year 1	<u>2006</u> Year 2	<u>2007</u> Year 3
Income:							
Gross Rental Income	\$905	\$929	\$929	\$922	\$975	975	\$975
Vacancy/Coll. Loss	-61	-51	-62	-54	-97	-97	-49
HUD IRP/Other Income (Net): (HUD IRP- \$188m/yr.)	<u>214</u>	<u>210</u>	<u>216</u>	<u>234</u>	<u>207</u>	<u>207</u>	<u>207</u>
Project Income:	<u>1,058</u>	<u>1,088</u>	<u>1,083</u>	<u>1,102</u>	<u>1,085</u>	<u>1,085</u>	<u>1,133</u>
Operating Expenses:							
Payroll	94	103	107	142	145	145	145
General Administrative	65	65	74	168	8	8	8
Operating & Maintenance	133	112	116	98	79	79	79
Utilities	101	86	113	107	74	76	78
R/E Taxes	118	120	99	89	118	124	130
Insurance	53	58	68	85	28	29	30
Mgmt. Fees	74	79	77	55	54	54	54
Replacement Reserve						26	26
Other Exp.	<u>11</u>	<u>10</u>	<u>11</u>	<u>22</u>	<u>27</u>	<u>27</u>	<u>28</u>
Total Oper. Expenses & Repl. Reserve:	<u>649</u>	<u>633</u>	<u>665</u>	<u>766</u>	<u>533</u>	<u>568</u>	<u>578</u>
Net Operating Income Before Debt Service:	409	455	418	336	552	517	555
Max. Senior 2005 Bond Debt Svc. Payments	191	185	179	286	186	186	493
Pro Forma Debt Svc. Coverage (x)	2.14	2.46	2.34	1.17	2.97	2.78	1.13

Discussion:

Projection Assumptions:

- (1) Construction begins January 2005
- (2) A 16-month renovation period for the entire project; no material tenant displacement
- (3) 7% vacancy and collection loss rate – consistent with historical levels
- (4) Stabilized occupancy at new monthly rental rates in 2007; first full year after project completion
- (5) Bond issued as of 1/1/05; debt service payments begin 3/05
- (6) \$188,000 HUD Section 236 annual Interest Reduction Payments will continue pursuant to “decoupling” as proposed by HUD. These payments are reflected under “Other Income”.

Proposed debt service payments reflect additional debt financing substantial renovations to the subject property. The projections indicate that the project will generate 1.14 times debt service coverage or better beginning in 2006, the first full year following completion of the proposed improvements. HUD loan covenants will require cash flows sufficient to cover Valley View's

obligation on the IFA Bonds by 1.10 times or better. These projections indicate that the property will continue to satisfy

Upon completion of the substantial renovations, Valley View will consist of 48 Efficiency/1BA units (456 SF) and 119 1BR/1BA units (600 SF). All 167 units will be designated as low income units. Projected monthly rents will be \$403/mo. for the Efficiency units and \$520/mo. for the 1 BR units (excluding estimated monthly utilities of \$23-\$26/mo.).

Market Facts: *The following market facts were prepared by the Applicant and their financial consultant in connection with the IFA Bond Application. Staff has not independently verified the rental or vacancy rates reported below since the final financing commitment will be contingent on a satisfactory real estate appraisal on the subject property (to be prepared as a preclosing condition for Prudential-Huntoon Paige, Associates (the FHA Lender) and RED Capital Markets, Inc. (the Tax Credit Investor/Syndicator).*

According to the Applicant, there are three comparable senior rental properties within the market area of the subject and are all currently 100% occupied.

Market Comparables:

- (1) *Longwood Plaza* is a 65-unit senior apartment facility located at 1055 E. State Street in Rockford, Illinois that was constructed in 1998. Monthly rents for the units range from \$319 (Studio/1BA; 300 SF) to \$397 (1BR/1BA; 450 SF). Rents on most units are limited to no more than 50% of adjusted median income for most of the units. Project is 100% occupied and has had waiting lists of up to 30 during the past two years.
- (2) *Skyrise Apartments* is a 170-unit senior apartment facility located at 837 N. Main Street in Rockford, Illinois that was constructed in 1972. This property has a combination of Section 236 units and market rate units. 34 units are Section 8. This property features both 425 SF and 525 SF 1 BR/1BA units. The Section 236 units rent at \$341/month and the market rate units rent at \$403/mo. for the 425 SF units and \$448/mo. for the 525 SF units. Project has been 100% occupied with waiting lists of three to nine months, depending on unit size during the past two years.
- (3) *Valkommen Plaza* is a 171-unit senior apartment property located at 310 South 7th Street in Rockford, Illinois that was constructed in 1981. This property is 100% Section 8 (by tenant) and features 600 SF, 1BR/1BA units that rent for \$733/mo., excluding heat/water/parking. Project has had waiting lists of up to two months during the past two years.

Compared to these three comparables, Valley View is the only property with vacancies. Valley View has a high percentage of less desirable efficiency units compared to comparable properties. Additionally, historical rents have been significantly higher than its comparables. The proposed improvements will strengthen the competitive position of the building by renovating units and expanding common/recreational areas.

Subsidies: This financing will include syndication proceeds generated by the sale of 4% Low Income Housing Tax Credits that are estimated to generate approximately \$2,346,907 of syndication proceeds/equity for this financing. Upon completion of the proposed renovations, a minimum of 40% of the units will be set aside to households earning no more than 60% of area median income.

Because of the use of Tax Credits for 100% of the units, rents at this property will be 100% rent-restricted pursuant to IRS regulations for a minimum of 15 years.

Accessibility: According to Martin Financial Corporation, financial consultant to the Developer, this project is exempt from Americans with Disabilities Act ("ADA") requirements regarding minimum unit set-asides and related accessibility and adaptability requirements. According to the Developer, two of the 167 units for rental will be fully wheelchair accessible. Common areas will be adapted to comply with code requirements for ADA.

FINANCING SUMMARY

Security: The Bonds will be secured by Government National Mortgage Association ("GNMA") mortgage-backed securities (the "GNMA Securities"). Timely payment of principal and interest will be guaranteed by GNMA. To cover GNMA's customary 20-day payment lag, the Applicant plans to capitalize capitalizing an estimated \$30,000 GNMA Payment Lag Reserve to satisfy S&P's "AAA" rating benchmark.

Bondholder's recourse is limited to the Project. This financing is non-recourse to its Owners. (The GNMA Security will be backed by a single mortgage loan made by the GNMA Lender/Servicer to the Borrower. The mortgage loan will be insured by the Federal Housing Administration ("FHA") under the HUD 221(d)(4) mortgage insurance program.

Ratings: AAA-rated (S&P) based on HUD 221(d)(4) Mortgage Insurance and GNMA credit enhancement

Structure: Fixed Rate Bonds

Maturity: 40 Years (interest payments only during renovation period then 40 years of permanent financing); estimated rate is 5.25% by project financial consultant as of date of application.

Subordinate Debt: \$1.2 million Seller Note paid from excess cash flow. This note will bear a rate at least equal to the "Applicable Federal Rate" as required under IRC Section 42 (i.e., as pertinent to Low Income Housing Tax Credits).

PROJECT SUMMARY

Valley View Preservation, L.P. has requested approval of an amount not-to-exceed \$7.5 million of Conduit Multifamily Housing Revenue Bonds. Bond proceeds will be used to finance the acquisition and substantial renovation of an existing 13-story, 167-unit senior apartment property commonly known as Valley View Apartments and located at 3303 East State Street, Rockford (Winnebago County), Illinois.

The proposed renovations will include but be not limited to roof improvements, door replacements throughout, reconfiguration of certain common areas, and the reconfiguration of certain units. Bond proceeds will also be used to finance site improvements and to purchase new kitchen appliances, cabinets, improvements to the HVAC system, carpet and flooring surface replacement, and other fixtures therein. Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, and development-related soft costs.

Estimated project costs are as follows:

Land Acquisition:	\$250,000
Building Acquisition.:	3,050,000
Renovations:	3,764,856
Arch./Eng./Profess. Fees	193,000
Construction Contingency	164,288
Relocation	100,000
Tax Escrow	85,000
Taxes during Construction	120,000
Insurance during Construction	50,000
Accountant/Financial Reports	66,000
AQ legal/Title	78,000
Construction Period Interest	380,674
Negative Arbitrage	213,500
Other	<u>107,064</u>
Total:	\$8,622,382

Renovation Costs are estimated as follows:

Roof Improvements	\$179,110
Parking Lot resurfacing/concrete repair	138,541
Plumbing Hot Water/HVAC/Unit AC	1,229,363
Building Doors/Window/Trim Replacement	160,000
2 nd Floor Common Area Renovations	771,793
Conversion of Efficiencies to 1 BR	407,113
Kitchen/bathroom Rehabilitation (Cabinets/Flooring)	181,455
Carpeting	116,088
Appliances	104,081
General Requirements	150,594
Builder's Overhead	<u>326,718</u>
Total:	\$3,764,856

ECONOMIC DISCLOSURE STATEMENT

Applicant: Valley View Preservation, L.P. (c/o Mr. Alden Orput, President, Architectur/80 Inc., 1639 N. Alpine Road, Rockford (Winnebago County), IL 61107; Tel.: 815-316-1060)
 Alternate Contact: Mr. Martin E. Willis, President, Martin Financial Corporation, 180 N. LaSalle Street, Suite 2001, Chicago, IL 60606; Ph.: 321/541-2600;
 E-mail: martinfinancial@sbcglobal.net

Project name: Valley View Apartments
Location: 3303 East State Street, Rockford (Winnebago County), IL 61107
Organization: Limited Partnership
State: Illinois
Ownership: Illinois Limited Partnership
General Partner: 0.01% An Illinois Limited Partnership to-be-formed and affiliated through common ownership with Arch View 80, Inc. and Architectur/80, Inc.: 0.01% (Mr. Alden Orput and Mr. Jeffery Orput will be the sole beneficiaries of this limited partnership).
Limited Partner: 99.99% RED Capital Markets, Inc., a subsidiary of RED Capital Group, Inc., Columbus, OH. RED Capital Markets is a tax credit investor/syndicator that will ultimately sell beneficial limited partnership interests in the Valley View project to public companies. Red Capital Group is a subsidiary of National City Corp. of Cleveland, OH.

Current Land Owner: Valley View Apartments, Ltd. Liquidating Trust, c/o Thomas A. Killoren, Esq., Trustee, 120 West State Street, Suite 400, Rockford, IL 61101

PROFESSIONAL & FINANCIAL

Counsel:	Applegate & Thorne-Thomsen	Chicago, IL	Mark Burns
Accountant:	BDO Seidman	Rockford, IL	
HUD Consultant:	Martin Financial Corp.	Chicago, IL	Marty Willis, Claude Mann
FHA Lender	Prudential-Huntoon Paige Associates, Inc.	Edison, NJ	
Bond Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Underwriter:	Griffin Kubik Stephens and Thompson, Inc.	Chicago, IL	Jamie Rachlin
Underwriter's Coun.:	Chapman and Cutler, LLP	Chicago, IL	Matt Lewin
Credit Enhancement:	HUD/ GNMA	Chicago, IL Washington, DC	Ed Hinsberger
Bond Trustee:	Amalgamated Bank	Chicago, IL	

Valley View Preservation, L.P.
(Valley View Apartments Project)
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Architect/Eng.:	Seigfreid, Edwards, Coady, LLC	Cherry Valley, IL	
General Contractor:	Ringland-Johnson Construction, Inc.	Cherry Valley, IL	
Management Agent:	Architektur/80 Management, Inc.	Rockford, IL	Jeff Orput
Tax Credit Syndicators:	RED Capital Markets, Inc.	New York, NY	
Counsel to Syndicators:	Squires Sanders & Dempsey, L.L.P.	New York, NY	
Rating Agency:	Standard & Poor's	Chicago, IL	
IFA Counsel:	Sanchez & Daniels	Chicago, IL	John Cummins

LEGISLATIVE DISTRICTS

Congressional:	16	Donald A. Manzullo
State Senate:	34	Dave Syverson
State House:	67	Chuck Jefferson

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Rich Frampton
Date: December 7, 2004
Re: Overview Memo for The Peoples Gas Light and Coke Company
I-UR-TE-CD-418

- **Borrower/Project Name:** The Peoples Gas Light and Coke Company
- **Locations:** throughout the City of Chicago (Cook County)
- **Principal Project Contact:** Mr. Doug Ruschau, Vice President - Finance
- **Board Action Requested:** Final Bond Resolution to refinance Series 1995A Bonds
- **Amount:** not to exceed \$50.0 million
 - Uses – 100% Refunding Bonds to refinance 100% of the outstanding balance of Peoples Gas' Series 1995A Gas Supply Revenue Refunding Bonds originally issued by the City of Chicago
 - The original proceeds were used to finance various capital improvements to Peoples' gas supply and distribution system located in the City of Chicago
- **Project Type:** Gas Supply Revenue Refunding Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Gas Supply Revenue Refunding Bonds:**
 - no direct IFA or State funds at risk
 - these financings will not require any Volume Cap
 - these Bonds will be issued under IFA's General Statute and will require the use of IFA debt limit, since these Bonds are not refinancing existing IFA debt

- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$185,000

- **Structure/Ratings:**
 - Bonds to be credit enhanced by Aaa/AAA- rated (Moody's/Fitch) bond insurance from AMBAC, FGIC, MBIA, or XL Capital Assurance, Inc.
 - Bonds will be sold as Multi-Modal Bonds, at an initial fixed rate for up to 15 years (10-15 year initial term anticipated by Borrower)
 - Bonds scheduled to close in December pursuant to a Forward Purchase Contract
 - Bonds to be delivered and settled on or after 3/1/05 (i.e., within 90 days of the 6/1/05 call date)
 - Closing and sale of these Bonds pursuant to a Forward Purchase Contract will enable Peoples to lock-in December rates in advance of the Delivery Date (anticipated delivery date: 5/31/05)
 - Forward Purchase Contracts are a method to facilitate Refundings in advance of call dates for non-501(c)(3) Private Activity Bonds since the Internal Revenue Code prohibits private companies from undertaking Advance Refundings.

- **Estimated interest rates:**
 - Multi-mode interest rate structure, initially the Bond will bear interest at a Term Rate for up to 15 years (triggered by a mandatory put). The anticipated initial term is 10 years. The initial mode will not be subject to an optional call. The initial rate is estimated at approximately 4.25%, compared to 6.10% on the Series 1995A Bonds.
 - The Bonds are estimated to generate savings of approximately \$1,000,000 per annum. These savings will result in adjustments to Peoples Gas' rate base by the Illinois Commerce Commission, thereby benefiting Peoples' customers throughout Chicago. Net Present Value savings are estimated at \$7,000,000.
 - Bonds are expected to have a 3.5 to 5.5 month forward settlement date.

- **Recommendations/Conditions:**
 - Because these Bonds will be credit enhanced by bond insurance, Staff recommends approval with no extraordinary conditions.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: The Peoples Gas Light and Coke Company

STATISTICS

IFA Project #:	I-UR-TE-CD-418	Amount:	\$50,000,000
Type:	IRB (Exempt Facilities: Gas Supply Revenue Bonds are issued under IFA's General Statute)	IFA Staff:	Rich Frampton
Location:	Chicago	Tax ID:	36-1613900
SIC Code:	2212 (Gas Distribution)	Est. fee:	\$185,000

BOARD ACTION

Final Bond Resolution
Conduit Gas Supply Facilities Refunding Revenue Bonds (Series 2004A)
No IFA funds at risk
Staff recommends approval
No extraordinary conditions

PURPOSE

The proposed Bonds will refinance Prior Series 1995 Bonds originally issued by the City of Chicago.

IFA CONTRIBUTION

The proposed Refunding Bonds will not require any IFA Volume Cap but will require \$50 million of IFA General Statute debt limit, since these Bonds will not be refunding prior IFA debt.

VOTING RECORD

Preliminary Bond Resolution, November 9, 2004:

Ayes: 8	Nays: 0	Abstentions: 0
Absent: 3	Vacant: 4	

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Refunding Bonds	\$50,000,000	Refunding Bonds	\$50,000,000
	Equity/Bank Revolver	<u>515,000</u>	Costs of Issuance	<u>515,000</u>
	Total	<u>\$50,515,000</u>	Total	<u>\$50,515,000</u>

Source of Equity: Company will draw from cash balances and its unused balances from its \$200 million bank credit facilities as necessary to pay costs of issuance. According to the Company, there were only \$58,000 of draws against this credit facility as of 10/31/2004.

JOBS

Current employment: 1636 (PT and FT)	Projected new jobs: Not applicable (Refunding)
Jobs retained: Not applicable	Construction jobs: Not applicable (Refunding)

BUSINESS SUMMARY

Background: The Peoples Gas Light and Coke Company (“Peoples Gas” or the “Borrower”) is a wholly owned subsidiary of Peoples Energy Corporation based in Chicago (“PEC” or the “Parent Company”). The Parent Company was incorporated in 1967 under Illinois law, is solely a holding company, and does not engage directly in any business of its own.

PEC’s stock is publicly traded on the NYSE under the ticker symbol “PGL”.

Description: PEC’s core business is the distribution of natural gas through its two gas utilities, Peoples Gas (serving Chicago) and North Shore Gas (serving 54 communities in Cook and Lake Counties).

Peoples Gas has approximately 825,000 residential, commercial, and industrial retail sales and transportation customers with the City of Chicago. Residential customers account for approximately 80% of the Company’s operating revenues. Commercial and industrial customers generate about 20% of sales.

Peoples Gas also owns a storage facility in Central Illinois (Manlove Field, located in unincorporated Champaign County) and a pipeline that connects the Manlove Field facility with six major interstate pipelines to Chicago.

Peoples Gas operates under franchise and license agreements granted by the City of Chicago. Peoples Gas holds a perpetual, nonexclusive franchise from the City of Chicago. Additionally, Peoples Gas is subject to the jurisdiction of and regulation by the Illinois Commerce Commission (the “ICC”). The ICC has general supervisory and regulatory powers over practically all phases of Peoples Gas operations, including rates and charges based on cost structure (i.e., the cost of financing).

IFA (IDFA) issued approximately \$277 million through 5 series of Refunding Bonds during calendar 2003. IFA also closed \$25 million of Gas Supply Revenue Bonds with PEC’s North Shore Gas subsidiary in 1992. The Series 1992 Bonds were current refunded in 1998 and are credit enhanced with AMBAC municipal bond insurance and consequently “Aaa/AAA” ratings from Moody’s/Fitch). All payments on prior Peoples Gas and North Shore Gas Bonds have been current.

The underlying ratings on IFA’s Peoples Gas and North Shore Gas Bonds are not affected by changes to their respective Moody’s/Fitch credit ratings downgrades since all of IFA’s outstanding bonds are credit enhanced with Aaa/AAA-rated bond insurance.

Financials: Audited Financial Statements for The Peoples Gas Light and Coke Co.: Fiscal Years 2000-2003
No projections were prepared since Peoples Gas’ PEC parent is a publicly-held company.
(Source of financial information: Peoples Energy Corp.’s 2001 and 2003 10-K filings.)

	Year Ended September 30				(Dollars in 000’s)
	2000	2001	2002	2003	
	Historical				
Income statement:					
Sales	\$956,609	\$1,569,896	\$913,523	\$1,291,669	
Net income	73,576	75,259	77,818	79,582	

Balance sheet:

Current Assets	287,780	438,568	275,083	341,809
PP&E-Net	1,312,094	1,333,201	1,348,640	1,356,604
Other Assets	200,822	267,435	336,787	357,432
Total	\$1,800,696	\$2,039,204	\$1,960,510	\$2,055,845
Current Liabilities	345,217	542,563	443,072	499,017
Long Term Liabilities	452,000	452,000	377,000	350,000
Other Non-Cur. Liab.	397,524	424,011	504,552	580,345
Equity	605,955	620,630	635,886	626,483
Total	\$1,800,696	\$2,039,204	\$1,960,510	\$2,055,845

Supplemental Information:

EBITDA	225,042	221,476	211,448	208,156
Debt Svc. & Fixed Ob.	33,640	36,737	23,673	97,314

Ratios:

EBITDA/Debt Svc. & Fixed Oblig. Coverage	6.69x	6.03x	8.93x	2.14x
Current Ratio	0.83	0.81	0.62	0.68
Debt/Equity	0.75	0.73	0.71	0.54
Debt/Capitalization (Capitalization = LTD + Equity)	0.43	0.42	0.45	0.36

Discussion:

Although Peoples Gas' sales are affected by changes in the unit cost of the Company's gas purchases, in general, the unit cost of gas does not have a significant direct effect on the Company's gross profit margin because of tariffs that provide for dollar-for-dollar recovery of gas costs. In general, however, operating profits of Peoples Gas are directly correlated with volume increases.

In 2003, PGL's revenues increased by approximately \$378 million over 2002 resulting from both (1) higher gas prices, and (2) increased deliveries due to weather that was approximately 19 percent colder. The Company's 2002 revenues decreased by approximately \$661 million compared to 2001 due (1) lower gas prices, and (2) decreased deliveries due to warmer winter weather. In 2001, PGL's revenues increased significantly compared to 2000 again reflecting (1) a significantly higher unit cost of gas and (2) weather that was four percent colder than normal and 19 percent colder than in 2000.

Peoples Gas has generated strong operating cash flows over the last four fiscal years that have been sufficient to cover the Company's fixed obligations (primarily interest payments due on tax-exempt bonds) by multiples of at least 2.14 times or better since 2000. PGL's reduced 2003 debt service coverage reflected payment of a \$75 million principal maturity that came due (prior years did not require any principal payments).

The Peoples Gas Light and Coke Company's strong financial position is reflected in its excellent historical cash flows. The Company's high investment grade ratings also reflect the relatively low risk of operating a regulated gas distribution utility. As of June 30, 2004, Peoples Gas had \$167.5 million of credit facilities of which all except for \$500,000 was unused and available. As of August 4, 2004, Peoples Gas replaced this \$167.5 million credit facility with a \$200.0 million, 364-day syndicated facility from 10 banks led by ABN AMRO Bank, N.V. (Agent).

The proposed Bonds will be secured with Aaa/AAA-rated (Moody's/Fitch) municipal bond insurance as credit enhancement (*consequently, future changes in the Company's underlying ratings will be immaterial to prospective IFA Bondholders*). Nevertheless, as a disclosure item to the IFA Board of Directors, The Peoples Gas Light and Coke Company's current long-term Senior Secured 1st Mortgage Revenue Bonds were as follows as of 10/29/2004:

- Moody's: Aa3
- S&P: A-
- Fitch: AA-

The proposed \$50,000,000 Series 2004A Refunding Bonds will refinance existing fixed rate bonds at current market rates estimated to be approximately 2.1% lower than rates borne on the outstanding bonds (i.e., 4.25% on the Refunding Bonds compared to 6.10% on the outstanding City of Chicago Series 1995A Revenue Refunding Bonds). Accordingly, the proposed Series 2004A Refunding Bonds would reduce Peoples Gas' annual interest expense by approximately \$1,000,000 annually. Net Present Value savings are estimated at approximately \$7,000,000. The residual savings will benefit residential, commercial, industrial, and governmental ratepayers throughout Chicago through reductions in Peoples' regulated rate base. Any residual profits that remain will increase Peoples Gas' taxable income in Illinois, thereby increasing its tax payments to the State of Illinois.

FINANCING SUMMARY

Security:	Bonds will be credit enhanced with municipal bond insurance from AMBAC, MBIA, FGIC, or XL Capital Assurance rated Aaa/AAA by Moody's/Fitch.
Structure:	\$50.0 million Series 2004A Bonds: Multi-Modal Bonds (estimated 35-year maturity with an initial term of less than 15 years (mandatory put) and a 5 month delayed settlement). Initially, the Bonds are expected to be priced for an initial period of 10 years (with a delayed settlement expected between 3/1/05 and 5/1/05).
Maturity:	35 years (12/31/2040)

PROJECT SUMMARY

Bond proceeds of the \$50 million Series 2004A Bonds will be used to refinance the entire outstanding principal amount of Series 1995A Gas Supply Revenue Bonds originally issued by the City of Chicago. These City of Chicago Bonds, partially or totally, were also used to finance the costs of acquiring, constructing, improving, and equipping the gas distribution and supply systems of Peoples Gas located wholly within and throughout the City of Chicago (Cook County), Illinois, including but not limited to distribution mains and related pressure regulators, services (e.g., pipes connecting mains with piping on customers' premises), meters, buildings, building improvements, computer and power operated equipment, monitoring and regulating systems.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The Peoples Gas Light and Coke Company (Contact: Mr. Doug Ruschau, Vice President-Finance, Peoples Energy Corporation, 130 East Randolph St., Chicago, IL 60601-6207; General Ph.: 312/240-4000; Direct Ph.: 312/240-3818; Fax: 312/240-4082; E-mail: d.ruschau@pecorp.com.)
Project name:	The Peoples Gas Light and Coke Company Series 2004A Gas Supply Refunding Revenue Bonds
Locations:	Throughout the City of Chicago (Cook County), Illinois.
Land Owner:	Most of the principal plants and properties of Peoples Gas, other than mains, meters, regulators, and gas held in underground storage, are located on property owned in fee. Substantially all gas mains are located under public streets, alley and highways, or under property owned by other under grants of easements.
Organization:	Corporation
State:	Illinois

Ownership: The Peoples Gas Light and Coke Co. is 100% owned by Peoples Energy Corporation. No single shareholder owns greater than 5.0% of PEC's outstanding stock pursuant to public filings as of 6/30/04. Consequently, no further ownership disclosure is required pursuant to IFA Board Policy for publicly held companies.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	McGuire Woods, LLP	Chicago, IL	Mark McGuire
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Rick Cosgrove
Bond Insurance:	AMBAC, MBIA, FGIC, or XL Capital	New York, NY	
Accountant:	Deloitte & Touche, LLP	Chicago, IL	
First Mortgage Bond Trustee:	Bank of New York	Chicago, IL	
Rating Agencies:	Moody's Investor Services, Inc. Fitch Ratings	New York, NY Chicago, IL	
Senior Manager:	LaSalle Capital Markets	Chicago, IL	Victor Chang
Co-Managers:	BNY Capital Markets, Inc. (Bank of New York) Loop Capital Markets, LLC	New York, NY Chicago, IL	Daniel de Menocal, Jr. Frank Paul
Underwriter's Counsel:	Squire, Sanders & Dempsey, L.L.P.	New York, NY	Ed Sinick
Issuer's Counsel:	Kevin Cahill	Chicago, IL	Kevin Cahill

LEGISLATIVE DISTRICTS

Note: Project sites include all City of Chicago Legislative Districts.

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: December 7, 2004
Re: Overview memo for Kent Pearl Valley Cheese Company, Inc.

- **Borrower/Project name:** Kent Pearl Valley Cheese Company, Inc.
Dan Reed – Sole Owner
- **Location:** Kent (Stephenson County)
- **Principal Contact:** Dan Reed
- **Board Action Requested:** Final Approval
 - IFA Board Approved a request for \$390,000 on March 31, 2004
- **Amount:** \$325,000
- **Project Type:** Loan Guarantee for Agri-Industries Program
- **Benefits Provided by IFA:**
 - Borrower receives a lower interest rate
 - Lender receives a 85% guarantee of principal and interest
- **Structure:** 15 Year amortization with monthly payments
 - Interest only the first six months of the loan

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Borrower: Daniel K. Reed,
Project: Kent Pearl Valley Cheese Company, Inc.

STATISTICS

Project #:	A-AI-GT-TX-409	Amount:	\$325,000
Type:	Agri Industries Guarantee	IFA Contact:	Kevin Koenigstein
Location:	Kent, Stephenson County, Illinois	Tax ID:	760739198
SIC Code:	2022	Est. Fee:	\$1,625

BOARD ACTION

Final Approval Guarantee Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval subject to the following conditions:

1. Signed, executed Senior Loan commitment from Kent Bank, loan guarantee from Kent Pearl Valley Cheese, Inc. and an assignment of rents and leases
 2. Continuing commitment of subordinated DCEO Loan for \$80,000 plus any additional DCEO funds.
 3. Senior Loan to appraised value, inclusive of additional equipment and building improvements, not to exceed 85%.
-

PURPOSE

The former Saputo Cheese employed 60 or more people before closing in the late 1990's. IFA approve a guaranteed loan for \$390,000 in March of 2004. An additional loan guarantee of \$325,00 is needed for equipment and improvements. Several factors have contributed to the need for additional funds. Steel prices are significantly higher, affecting new and used equipment; some needed refurbishing was not anticipated such as repairs to some ceilings; some items were overlooked in the original proposal. Kevin Koenigstein toured the facility on November 5, 2004 and met with Dan Reed and the lender to discuss the situation. Kent Pearl Valley Cheese will need approximately \$100,000 in additional working capital financed by Kent Bank and possibly DCEO.

IFA CONTRIBUTION

Project is located in the Governor's Opportunity Returns Northern Stateline Region, and in an enterprise development zone.

IFA's involvement will create and retain greatly needed jobs and provide significant economic benefit to many businesses and dairy farms in the region. There is additional job growth potential beyond the 13 listed here.

85% Guarantee backed by the State of Illinois. Any losses are paid from a specific loss reserve fund that was established for that purpose. Funding is provided by Kent bank, guaranteed by IFA. No IFA funds are at risk.

VOTING RECORD

The IFA board approved the original guarantee request of \$390,000 March 31, 2004.

SOURCES AND USES OF FUNDS

Sources:	Uses:
\$325,000 Kent Bank	\$325,000 Equipment

Kent Pearl Valley Cheese will need approximately \$100,000 in working capital.

JOBS

Current employment:	6	Projected new jobs:	7
Jobs retained:	6	Construction jobs:	0

BUSINESS SUMMARY

Background: Daniel K. Reed is establishing a cheese manufacturing business in the former Saputo Cheese Plant in Kent, IL. The plant was closed in 1999 and employed 68 people prior to its closing. Mr. Reed has 14 years of experience in the dairy and cheese industry.

Description: Products will be gourmet, high quality cheeses and will include hand dipped Ricotta cheese and hand packed Feta cheese.

Remarks: The facility is about 45 days away from production. Needs several items of equipment and working capital in order to commence cheese manufacturing. Will have licensed cheese maker on staff; skilled labor is readily available; the proposed manufacturing process is environmentally sound – Ricotta uses the whey by-product from Feta - production; start up venture; Reed will own the building personally and lease to Kent Pearl Valley Cheese. Lease payments from KPVC will service this loan.

FINANCIALS

	<u>2/1/2004</u>	<u>11/01/2004</u>	<u>\$ Projected</u>
Assets	617,800	1,032,501	1,457,501
Liabilities	213,300	643,076	1,068,076
Net Worth	404,500	389,425	389,425

Ratios:

Debt / Asset	35%	62%	73%
Debt / Equity	.53	1.65	2.75

Senior Loan to collateral value \$715,000 / \$960,000* = 74.5%

CDRC Ratio = 1.05%

*The collateral value was established using a Fair Market Value Appraisal (\$760,000) on the subject property (54,000-sq. ft. masonry building) plus estimated increase in value (\$200,000) from additional equipment and building improvements. An updated appraisal was conducted in late November and is pending.

Revenue projections summary:

		Year 2	
Year 1 (fractional year)		Revenue	\$1,640,000
Revenue	\$750,000	Expense	<u>\$1,387,200</u>
Expense	<u>\$726,000</u>	Net	\$252,800
Net	\$24,000		

FINANCING SUMMARY

Security: First mortgage liens on all real estate and equipment, Estimated Appraised at \$960,000.
DCEO loan will be subordinate to the first lien of IFA and Kent Bank

Structure: Conventional loan with IFA guarantee, DCEO subordinated loan of \$80,000.

Maturity: Fifteen years, monthly payments of principal and interest,
interest only during first six months of operation

Interest Rate: Prime plus two variable, floor of 6%, ceiling of 9%

Subject To: 1. Approved and sufficient operating line of credit by bank or approved agency
2. Evidence of capability to repay operating line with sufficient debt service ratio
3. Evidence of the full current and 18 month capital needs of the company
4. Evidence of sufficient forward contracts for purchases of end product
5. Monthly review and variance to plan report by lender: monthly profit and loss and balance sheet
6. Sufficient collateral valuation by a certified equipment and real estate appraiser
7. Business coaching by ICGR Services

PROJECT SUMMARY

Kent Pearl Valley Cheese, Inc. will add much needed employment in an economically depressed area. It is located in the Northern Stateline Region of Governor Blagojevich's Opportunity Returns program. We are working together with DCEO to leverage the state's financial assistance resources.

The local lender, Kent Bank, is a strong supporter of the project, partly because they clearly see the need for economic development. Kent Bank has significant exposure with over \$207,000 at risk on this project. They currently have \$100,000 of direct non-guaranteed debt, and their exposure on the guaranteed loans (the first 15%) will be more than \$107,000.

The owner of Kent Pearl Valley Cheese, Dan Reed, has the vision and the work ethic to see a modern, refurbished facility and a successful venture, when others could only see an empty building.

IFA's 85% guarantee will be on the new Kent Bank loan of \$325,000, plus the already outstanding amount of \$390,000, for a guaranteed loan total of \$715,000. There is a potential for a \$40,000 grant from the Department of Agriculture under the Agri-First program. Furthermore, DCEO may provide 25% to 50% of the operating loan in direct financing.

This is an opportunity for IFA to promote job creation and small business growth in rural Illinois. Without IFA's loan guarantee, this project will not be able to go forward.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Daniel K. Reed, Kent Pearl Valley Cheese, Inc.
Location: 752 North Kent Road, Kent IL 61044, Stephenson County
Organization: Sole proprietor as Borrower; (Guarantor/Operating Company Kent Pearl Valley Cheese, Inc. is incorporated in Illinois as a subchapter S corporation)
Accountant: Bauer and Fonseca, CPA's, Pearl City, IL

LEGISLATIVE DISTRICTS

Congressional: 16

State Senate: 45

State House: 89

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: December 7, 2004
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** amounts up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2004 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
 - One-time closing fee will total 1.50% of the bond amount for each project (\$17,229) 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 – November 9, 2004

Ayes: 8 Nays: 0 Abstentions: 0 Absent: 3 Vacant: 4

BEGINNING FARMER BOND LOANS

Projects for Final Resolution

December 14, 2004

Project Number: A-FB-TE-CD-446
Borrower(s): Philip J. and Katherine Richardson
Town: Roberts
Amount: \$60,000
Fees: \$900
Use of Funds: Farmland – 40 acre grain farm
Purchase Price: \$80,000
% Borrower Equity 25%
% Other Agency 0%
% IFA 75%
County: Ford
Lender/Bond Purchaser: First National Bank in Paxton

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

Interest shall be charged at the rate of 5.00% for the life of the loan.

Project Number: A-FB-TE-CD-447
Borrower(s): Michael and Gabriele Oltmann
Town: Nokomis
Amount: \$45,000
Fees: \$675
Use of Funds: Farmland – 20 acre grain farm
Purchase Price: \$55,000
% Borrower Equity 18%
% Other Agency 0%
% IFA 72%
County: Montgomery
Lender/Bond Purchaser: First National Bank in 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 5.15% for the first year of the loan, thereafter adjusted every year to a rate not to exceed 0.40% above the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-450
Borrower(s): Michael and Clarissa Hunt
Town: Galesburg
Amount: \$194,600
Fees: \$2,919
Use of Funds: Farmland – 97 acre grain farm
Purchase Price: \$194,600
% Borrower Equity 0%
% Other Agency 0%
% IFA 100%
County: Knox
Lender/Bond Purchaser: Farmers State Bank of Western IL, Alexis

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

Interest shall be charged at the rate of 4.95% for the first three years of the loan, thereafter adjusted every year to a rate not to exceed 2.00% above the three year U.S. Treasury Note adjusted every three years.

Project Number: A-FB-TE-CD-451
Borrower(s): David Gerdes
Town: Bartelso
Amount: \$146,000
Fees: \$2,325
Use of Funds: Farmland and used depreciable property – 40 acres
Purchase Price: \$140,000 for farmland and \$15,000 for a tractor
% Borrower Equity 0%
% Other Agency 0%
% IFA 100%
County: Clinton
Lender/Bond Purchaser: Germantown Trust and Savings Bank

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

Interest shall be charged at the rate of 4.50% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed 0.25% below the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-452
Borrower(s): Darin Ratermann
Town: Germantown
Amount: \$126,000
Fees: \$1,980
Use of Funds: Farmland – 40 acre grain farm
Purchase Price: \$132,000
% Borrower Equity 0%
% Other Agency 0%
% IFA 100%
County: Clinton
Lender/Bond Purchaser: Germantown Trust and Savings Bank

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

Interest shall be charged at the rate of 4.50% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed 0.25% below the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-454
Borrower(s): Paul George Steinhilber
Town: Minonk
Amount: \$33,000
Fees: \$495
Use of Funds: Farmland – 11 acre grain farm
Purchase Price: \$33,000
% Borrower Equity 0%
% Other Agency 0%
% IFA 100%
County: Woodford
Lender/Bond Purchaser: Alpha Community Bank, Minonk

Principal shall be paid annually in installments determined pursuant to a fifteen year amortization, 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 year of the loan, thereafter adjusted every year to a rate not to exceed .50% below the National Prime as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-456
Borrower(s): Mark and Jennifer Kinneer
Town: Kirkwood
Amount: \$210,000
Fees: \$3,150
Use of Funds: Farmland – 72 acre grain farm
Purchase Price: \$210,000
% Borrower Equity 0%
% Other Agency 0%
% IFA 100%
County: Henderson
Lender/Bond Purchaser: First Midwest Bank of Western, IL, Monmouth

Principal shall be paid annually in installments determined pursuant to a twenty five years of equal principal payments, with the first principal payment due one year from closing. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 4.65% for first five years of the loan, thereafter the rate shall be adjusted every five years to a rate not to exceed 200 basis points below the National Prime as quoted in the Wall Street Journal with a floor of 4.65%.

Project Number: A-FB-TE-CD-457
Borrower(s): Jessica L. Wernsing
Town: Springfield
Amount: \$250,000
Fees: \$3,750
Use of Funds: Farmland – 70 acre grain farm
Purchase Price: \$253,750
% Borrower Equity 1%
% Other Agency 0%
% IFA 99%
County: Christian
Lender/Bond Purchaser: First National Bank in Raymond

Principal shall be paid monthly in installments determined pursuant to a schedule of twenty years of equal principal payments, with the first principal payment due one month from closing. Accrued interest shall be paid annually on February 5th of each year.

Interest shall be charged at the rate of 4.00% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed .75% below the National Prime as quoted in the Wall Street Journal on January 1, 2008 and on this same date every third year thereafter. Furthermore, the interest rate floor shall be 4.00% and the ceiling shall be 7.50%.

Project Number: A-FB-TE-CD-458
Borrower(s): Clint and Rebecca Dotterer
Town: Fairbury
Amount: \$78,000
Fees: \$1,170
Use of Funds: Farmland – 40 acre grain farm
Purchase Price: \$156,000
% Borrower Equity 0%
% Other Agency 50% - FSA 50-50 Program
% IFA 50%
County: McLean
Lender/Bond Purchaser: Citizens State Bank of Cropsey, Fairbury

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

Interest shall be charged at the rate of 5.00% for the first five years of the loan, thereafter adjusted every five years to a rate not to exceed .25% above the National Prime as quoted in the Wall Street Journal. The rate shall not adjust more than 2% at each adjustment period. The interest rate floor shall be 5.00% and the rate ceiling shall be 11.00%.

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: December 7, 2004
Re: Overview memo for Ralph and Deborah Diericks

- **Borrower/Project name:** Ralph and Deborah Diericks
- **Location:** Atkinson (Henry County)
- **Principal Contact:** Ralph and Deborah Diericks
- **Board Action Requested:** Final Approval
- **Amount:** \$500,000
- **Project Type:** Loan Guarantee for Specialized Livestock Guarantee
- **Benefits Provided by IFA:**
 - Borrower receives a lower interest rate
 - Lender receives a 85% guarantee of principal and interest
- **Structure:** 7 Year irregular principal payments with quarterly payments

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Applicant(s): Ralph and Deborah Diericks

Project Number:	A-SG-TX-GT-461	Amount:	\$500,000
Type:	Specialized Livestock Guarantee	Staff Contact:	Kevin Koenigstein
Location(s):	Atkinson in Henry County	Estimated fee:	\$3,750
Lender :	1 st Farm Credit Services, Geneseo		
Principals:	Ralph and Deborah Diericks		

IFA CONTRIBUTION and BOARD ACTION

Final Approval

Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval; no extraordinary conditons
Approved 98-SL-0061 for \$560,000 in 1998
Kevin Koenigstein made a farm visit on November 16, 2004.

PURPOSE

Purchase an existing 3300 head swine finishing building built in 1998 with an old farm house and farm buildings on a 10 acre tract of land. The swine buildings are under contract with Smithfield Foods, a publicly traded company and the largest swine producer in the United States.

Purchase Farm	\$500,000
---------------	-----------

COLLATERAL

1st mortgage on 10 acres with a 3300 pig space Murphy Unit, older farm house and farm buildings @ \$500,000
2nd mortgage on 5 acres with a 3300 pig space Murphy Unit, @ \$450,000 with a first mortgage of \$295,000 to 1st Farm Credit Services guaranteed by IFA @ 5.65% fixed for four years

Loan to Collateral Value = $\$795,000 / \$950,000 = 83.7\%$
Assignment of Swine Contract Proceeds from Smithfield Foods

REPAYMENT TERMS

7 Years with irregular principal payments on a quarterly basis
Interest Rate of 7.00% fixed for 7 years

2005 CASH FLOW SOURCES

Grain farming income of 443 acres with his father
3300 pig spaces @ \$36.00 per pig space with \$1.50 bonus per pig sold
3300 pig spaces @ \$36.00 per pig space with \$1.50 bonus per pig sold
Non-farm income of \$48,000; Ralph – Wyffels Seed and Deborah – Village of Atkinson

FINANCIAL INFORMATION

Balance Sheet	<u>1/15/2004</u>	<u>Pro-forma</u>
Assets:	\$776,000	\$1,276,000
Liabilities:	\$552,000	\$1,052,000
Net Worth:	\$224,000	\$224,000
Debt/Asset:	71.13%	82.45

Income Statement	<u>2003</u>	<u>2002</u>	<u>2001</u>
Gross Farm Returns	\$337,594	\$298,553	\$201,969
-Depreciation	\$39,613	\$39,613	\$39,613
-Interest	\$38,241	\$53,381	\$40,444
-Production Expenses	\$236,109	\$264,130	\$166,454
=Net Farm Income	\$23,631	(\$58,571)	(\$44,542)
+Wages	\$47,958	\$18,598	\$15,964
+Capital Gain	\$8,019	\$0	\$0
+Other Income	\$131	\$844	\$956
Total Income	\$79,739	(\$39,129)	(\$27,622)
Adj. Gross Income	\$78,624	(\$39,129)	(\$27,622)

Debt Repayment Ability – 2005 Production – Swine Contract Finishing and Non-farm

Gross Farm Sales	\$247,500
Non-farm income	\$48,000

Total Revenue	\$295,500
-Production Expenses	\$46,000
-Living Expenses & taxes	\$50,000
-Interest Expense	\$75,000

Capital & Term debt repayment capacity (CDRC)	\$171,000
-Principal Payments	\$120,000
-Capital Expenditures	\$0

CDRC Margin	\$51,000

PROJECT SUMMARY

This project is a \$500,000 Specialized Livestock guaranteed loan for Ralph and Deborah Diericks. The Diericks closed a guaranteed loan in 1998 in the amount of \$560,000 for the construction of a set of Murphy swine buildings. The 1998 guaranteed loan has a current balance of \$295,000 and four years remaining on the original ten year loan.

The Diericks would like to purchase the neighboring set of Murphy Swine buildings for \$500,000 and raise pigs under a contract with Smithfield Foods. The Diericks currently raise pigs for Smithfield Foods via the Murphy Family Farms contract at \$36.00 per pig space with a \$1.50 bonus per pig sold. The house will be rented to someone who will help manage the livestock facility in exchange for rent. IFA has a six guaranteed loans with the contract growers of pigs of Smithfield Foods.

The Diericks farm 443 acres as part of his father's operation utilizing his father's equipment. Ralph pays his dad for the use of his machinery and trades labor. Ralph owns minimal farm equipment. The income and expenses for the grain side of his operation net each other out in a typical year. Ralph farmed more acres with his father from 2000 to 2002 and operated a cattle feeding farm. Ralph lost money each year before giving up the cattle feeding operation and some rented farmland and returned to working for Wyffels Seed in 2003. The financial picture improves in 2003 due to these changes.

Ralph Diericks has worked with Wyffels Seed for a number of years prior to his farming full time in 2000. Deborah Diericks works for the town of Atkinson and she operates the swine facility on a daily basis. IFA will have a second mortgage on the Diericks first set of Murphy Swine buildings as security of the loan. Ralph and Deborah Diericks will each pledge \$200,000 of life insurance toward the seven year loan. The credit underwriting on this project is typical of other existing swine contract finishing loans in the portfolio. The cash flow is excellent given the stability of the swine contract payments and the non-farm income of the Diericks. The repair expenses should not be a problem for a number of years.

RECOMMENDATIONS

Approval, subject to the following:

- 1) Life insurance assignment of \$200,000 each on the Diericks
- 2) Manure easement on 500 tillable acres
- 3) Swine contract with Smithfield Foods

LEGISLATIVE DISTRICTS

Congressional:	14
State Senate:	45
State House:	90



80000 SERIES
30% P.C.W.

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: December 7, 2004
Re: Overview memo for David A. Tolley and Katherine S. Tolley

- **Borrower/Project name:** David A. Tolley and Katherine S. Tolley
- **Location:** Avon (Fulton County)
- **Principal Contact:** David A. Tolley and Katherine S. Tolley
- **Board Action Requested:** Final Approval
- **Amount:** \$165,000
- **Project Type:** Loan Guarantee for Extension of Debt Restructuring
- **Benefits Provided by IFA:**
 - Borrower receives a lower interest rate
 - Lender receives a 85% guarantee of principal and interest
- **Structure:** 10 Year equal principal payments

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Applicant(s): David A. Tolley and Katherine S. Tolley

Project Number:	A-AD-TX-GT-462	Amount:	\$165,000
Type:	Debt Restructuring Guarantee	Staff Contact:	Kevin Koenigstein
Location(s):	Avon in Fulton County	Estimated fee:	\$825
Lender :	Tompkins State Bank		
Principals:	David A. Tolley and Katherine S. Tolley		

IFA CONTRIBUTION and BOARD ACTION

Final Approval
Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval; no extraordinary conditons
Approved 94-GP-0969 for \$267,000 in 1994
Kevin Koenigstein made a farm visit on August 12, 1994.

PURPOSE

In 1994, the Tolleys closed a Debt Restructuring Loan in the amount of \$267,000 with a ten year balloon. They have paid their loan down to the current balance of \$165,000 and they are seeking a ten year extension of the guaranteed loan.

Continuation of Existing Debt Restructuring Loan	\$165,000
--	-----------

COLLATERAL

1st mortgage on 100 acres with older farm buildings @ \$225,000
1st and 2nd liens on farm machinery @ \$293,875
1st lien on 80 head of Beef cattle @ \$65,700

Loan to Collateral Value on real estate = $\$165,000 / \$225,000 = 73.3\%$
We will not require an appraisal since we are just continuing the loan.

REPAYMENT TERMS

10 Years with equal principal payments of \$16,500 annually
Interest Rate of ½% above National Prime adjusted annually

2005 CASH FLOW SOURCES

Grain farming income of 575 acres
Cow-calf Beef Cattle operation of 65 Cows
300 Head Swine finishing building rented
Non-farm income Registered Nurse for Fulton County

FINANCIAL INFORMATION

Balance Sheet 12/31/2003

Assets: \$1,096,000

Liabilities: \$688,000

Net Worth: \$408,000

Debt/Asset: 62.8%

Income Statement 2003 2002 2001

Gross Farm Returns \$261,179 \$255,568 \$250,459

-Depreciation \$33,133 \$36,595 \$37,704

-Interest \$38,121 \$59,465 \$38,822

-Production Expenses \$189,925 \$162,221 \$176,016

=Net Farm Income \$30,767 (\$2,713) (\$2,083)

+Wages \$509 \$2,042 \$1,185

+Capital Gain (\$2,009) \$6,975 \$14,833

+Other Income \$115 \$45 \$352

Total Income \$28,667 \$6,214 \$14,461

Adj. Gross Income (\$206,968) (\$230,464) (\$229,328)

Debt Repayment Ability – 2005 Production

Gross Farm Sales \$257,500

Non-farm income \$25,000

Total Revenue \$282,500

-Production Expenses \$170,000

-Living Expenses & taxes \$40,000

-Interest Expense \$40,000

Capital & Term debt repayment capacity (CDRC) \$32,500

-Principal Payments \$30,000

-Capital Expenditures \$0

CDRC Margin \$2,500

PROJECT SUMMARY

David and Katherine Tolley seek a continuation of an existing debt restructuring guaranteed loan in the amount of \$165,000. The Tolleys closed a guaranteed loan in 1994 in the amount of \$267,000 with a ten year balloon.

The Tolleys grain farm and raise livestock on their farm operation in Fulton County. They have had some financial difficulties over the past ten years due to drought and low hog prices in 1998. They have weathered the storm, but their outstanding debt level is high considering the size of their operation. Income from the operation has been limited due to the level of debt and interest expense. They have a net operating loss carry forward of \$200,000. Katherine Tolley started as a registered nurse for the Fulton County Health Department in 2004 adding to the potential income of the borrowers. Cash flow will remain tight each year in the years ahead. The financial picture is about the same as when we started in 1994.

We are well secured with a mortgage on 100 acres valued at \$225,000 plus we have liens on the machinery and the beef cattle. An appraisal will not be required since no new money is added to the guaranteed loan.

RECOMMENDATIONS

Approval

LEGISLATIVE DISTRICTS

Congressional:	17
State Senate:	47
State House:	94

THE BOND BUYER FRIDAY, NOVEMBER 12, 2004

Illinois Finance Authority OKs Over \$400M for Universities, Health Care

By Yvette Shields

CHICAGO — The Illinois Finance Authority earlier this week approved a handful of new-money and refunding deals totaling more than \$400 million for several state universities and health care systems.

SwedishAmerican Health System later this year plans to sell up to \$135 million of revenue bonds in a deal divided into two series, with one for \$75 million that is expected to be insured by triple-A Am-bac Assurance Corp. and another for \$60 million that will have double-A rated Radian Asset Assurance Corp. backing. The hospital expects to receive A-minus under-lying ratings from Fitch Ratings and Standard & Poor's, according to board documents.

The hospital will use the proceeds to finance various improvements at its Rockford campus and to refund outstanding debt from 1993 and 2000. Merrill Lynch & Co.'s underwriter and Jones Day is bond counsel. Hospital officials anticipate selling about 80% of the bonds in a fixed-rate mode with the remainder sold at a floating rate.

Southern Illinois Healthcare Enterprises proposed borrowing up to \$73 million, including \$47 million of new money to expand its hospital facilities in Carbondale, Herrin, and Murphysboro, and \$26 million to refund outstanding debt.

Officials are leaning towards selling the securities in an auction-rate structure but are also considering a traditional variable rate demand or fixed-rate structure. RBC Dain Rauscher Inc. is the underwriter and

Jones Day, the bond counsel. The bonds were expected to carry triple-A insurance. Both hospital deals still require final approval from the board.

In another partnership with DePaul University in Chicago, MJH Education Associates Inc. plans to sell up to \$97.5 million of bonds to finance the acquisition of a new student dormitory at the university's main campus in Chicago's Lincoln Park neighborhood. Officials tentatively have structured the deal to sell in three series, with the first two carrying ratings and the third nonrated.

The bonds will be secured solely by a first mortgage and first security interest in the present obligations of either the school or MJH. The senior A series is expected to carry an A3 rating from Moody's Investors

Service, with the subordinate B series carrying a Baa2 and the third junior-subordinated series being privately placed without a rating, according to agency documents.

Citigroup Global Markets Inc. is the senior manager on the A and B fixed-rate series and the placement agent on the C series. Chapman and Cutler is bond counsel.

The authority also approved the University of Chicago's plans later this month to sell up to \$80 million of revenue bonds to advance refund its 2001 series. The bonds will be sold in a variable-rate mode but may eventually be swapped to a synthetic fixed rate. Morgan Stanley & Co. is the underwriter and has estimated present-value savings at about \$11 million. Chapman is bond counsel. □

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Governor says he wants to grow state livestock industry

Governor of Illinois Rod Blagojevich recently called together leaders of the agriculture community to lay the groundwork for future plans to build up Illinois' diminishing livestock industry.

The Livestock Summit, held at Illinois Department of Agriculture in Springfield, gathered representatives from the Illinois Pork Producers, Beef Association, Poultry Association, Meat Processors, Milk Producers, Sheep Industry, Corn Growers and Soybean Association along with various state agencies to discuss concerns that will help in formulating future solutions.

"Illinois is the number one producer of soybeans in the nation and the second largest producer of corn, yet our livestock production ranks 22nd," Blagojevich said. "We have the land and the resources to build the livestock sec-

tor of our agriculture industry, create more jobs and optimize our capability to be an even stronger agricultural leader on a national and international level. In working together with industry leaders we're searching for ways to best use those resources to stimulate livestock production and in turn the Illinois economy."

In 2003, the livestock industry generated cash receipts in excess of \$1.5 billion and contributed \$3.4 billion in total economic activity for the state. While nationwide, livestock receipts have gone up 40 percent in the last decade, the trend in Illinois continues to move in the opposite direction. In 2003, Illinois recorded 4 million hogs, down from 5.7 million in 1990 and 6.6 million in 1980. The cattle inventory also fell to 1.3 million in 2003 from 1.7 million in 1990 and 2.7 million in 1980.

"Reversing this gradual decline of our livestock inventory is critical to the future of Illinois' number one industry," Agriculture Director Chuck Hartke said. "Illinois already produces the crop needed to feed its livestock. In addition, as our ethanol production grows, the by-product of ethanol, Distillers grain, would serve as a great source of feed for a growing livestock industry. These various sectors of agriculture will feed off each other, which will in turn feed millions of dollars into the Illinois economy."

Along with identifying industry concerns, representatives from the Illinois Department of Agriculture, Illinois Environmental Protection Agency, the Illinois Department of Revenue, the Illinois Department of Commerce and Economic Opportunity and the Illinois Finance Authority also discussed their roles in the livestock industry

ADVENTIST
HEALTH SYSTEM

RECEIVED
NOV 16 2004
ILLINOIS FINANCE AUTHORITY

November 12, 2004

Ms. Pamela A. Lenane
Fund Manager
Illinois Finance Authority
180 North Stetson Avenue
Suite 2555
Chicago, Illinois 60601

Re: Adventist Health System Bond Issues

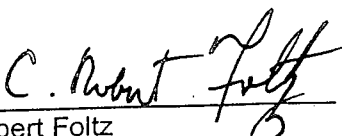
Dear Ms. Lenane:

I am writing to thank you, the members of the Illinois Finance Authority and the members of the Governor's staff who helped you for the assistance you gave us in processing the "TEFRA" or federal tax approval for our five interstate tax-exempt bond programs. As a result of your assistance, we were able to have tax-exempt bonds totaling \$225,000,000 issued for our benefit under four of these programs in the last 45 days.

As you know, a portion of the proceeds from the sale of these bonds will be used to pay for capital improvements used in the operations of our four hospital facilities in Illinois and to finance their accounts receivable. Without your help, this would not have been possible.

Please convey to the members of the Authority and those on the Governor's staff who worked with you our deep appreciation and gratitude for their efforts.

Sincerely,


C. Robert Foltz
Attorney

bof

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<http://www.chicagotribune.com/business/chi-0411040281nov04,1.3540942.story?coll=chi-business-hed>

Children's widens home hunt

Hospital could leave Lincoln Park

By Bruce Japsen
Tribune staff reporter

November 4, 2004

Children's Memorial Hospital confirmed Wednesday it is expanding its search for a location for a replacement hospital beyond the boundaries of Lincoln Park—its home for more than 120 years.

The hospital said staying in Lincoln Park remains a possibility, but congestion and the need for additional space required officials to look elsewhere in the city north of the Chicago River.

"We definitely know we want to be in the city. But ... we realize we need to expand our boundaries," said Children's spokeswoman Kathleen Ellis of the cramped 265-bed location at the intersection of Lincoln Avenue and Fullerton Parkway. "We are not only building a hospital for today, but for 10, 20 and 30 years from now."

The decision to look beyond Lincoln Park is a change from February when the hospital's board first approved a facilities plan that replaces the old hospital with a new one. In the months since, Children's said consultants from the health-care and real estate industries advised hospital officials to broaden their selection zone.

Children's and Chicago-based real estate firm U.S. Equities Realty LLC are scouting locations in an area bounded by the Chicago River on the south, Belmont Avenue on the north, the Kennedy Expressway on the west and Chicago's lakefront on the east.

Children's executives say the proposed new hospital, which is still in early planning stages, must have enough space to provide convenience and access for patients and their families.

Consumers are increasingly demanding medical care that does not require them to move from building to building. Like many large community and teaching hospitals, Children's multibuilding campus, which covers nearly eight acres, has been cobbled together over many years.

Children's had no comment about potential sites, which executives said would be narrowed down by early next year. But sources close to Northwestern Memorial Hospital said sites near its Streeterville

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location that may become available in the next two or three years are under consideration.

When Northwestern Memorial completes its new women's hospital, planned for opening in 2007, the site of its existing Prentice Women's Hospital could offer ample space for Children's. Northwestern Memorial sources also said Northwestern University owns several nearby parcels that could come on the block as part of various redevelopment projects being discussed in Streeterville.

Speculation in the Lincoln Park neighborhood has also centered on the possibility the new hospital would remain in the neighborhood just west of the existing hospital where Children's owns a parking garage. That, however, might mean acquisition of nearby buildings or a bridge across Lincoln Avenue that would not be to the liking of the neighborhood, community groups have said.

Children's main building is nearly 50 years old, and small enough to force the medical center to turn away more than 300 children a year.

Because the hospital has a mandate to treat the poor and uninsured, Children's said it tends to turn away patients who are covered by commercial insurance when its critical-care beds are full.

Because of space constraints, Children's turned away 329 children in its fiscal 2004, which ended Aug. 31. That is an increase of 75 percent from the 188 turned away in 2003.

Founded in 1882, Children's started out as a cottage on the corner of Belden Avenue and Halsted Street. Its campus now includes buildings that are 43 years old on average.

Given the history and the facility's positive effect on nearby businesses, city officials say community groups would like Children's to stay in the neighborhood.

"I know the community is very interested in them remaining a part of Lincoln Park," said Chuck Eastwood, chief of staff for Ald. Vi Daley (43rd).

"It is a very important part of the community. If they were to leave the community, it would have an effect on the community."

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Advocate, Rush talk partnership

By Bruce Japsen
Tribune staff reporter

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November 17, 2004, 3:25 PM CST

Two of the Chicago area's largest hospital operators are in preliminary talks about potential collaborations and partnerships, according to the firms and sources close to the discussions.

Advocate Health Care, which owns eight area hospitals, and Rush University Medical Center, confirmed they are in preliminary discussions about "various possibilities."

Sources close to the talks say both sides are considering working together on a variety of programs. These sources also say Advocate may purchase certain ancillary services from Rush, although both sides say a merger of hospitals is not in the offing.

Neither Rush or Advocate executives would comment on the specifics of the talks. "We routinely have dialogue with a variety of organizations about how we might further our mission to meet the growing needs of the community," said Dan Parker, spokesman for Advocate. "Such preliminary discussion is currently under way with (Rush) and these discussions are part of the normal course of seeking to fulfill our mission."

Although both Rush and Advocate are part of large networks of hospitals, the relationships among their hospitals is different.

Advocate, for example, owns and operates all eight of its area hospitals and affiliated clinics and outpatient operations.

In contrast, Rush University Medical Center, the large teaching hospital on the city's West Side and related businesses, but does not own four affiliate hospitals through its network, known as the Rush System for Health. Through the Rush System for Health, members' hospitals are independent but linked to share in purchasing, some contracting with insurers or marketing activities using the Rush name.

There has been speculation among hospitals in the western suburbs that Rush-Copley Medical Center in Aurora is for sale but executives at that facility say that is "definitely" not the case. "We are committed to remaining independent and maintaining our affiliation with Rush University Medical Center," said Barry Finn, chief executive of Rush-Copley.

Rush earlier this year sold its home-care business.

Industry observers say it would make more sense for the Rush University Medical Center to sell other non-core ancillary services. Hospitals have historically taken that route as a way to focus on their core inpatient operations while raising cash.

At Rush, any sale of assets would provide much-needed cash for its planned renovation and expansion on its West Side medical campus.

The long-range plan at Rush University Medical Center is in early analysis and planning stages. Early projections on cost are running between \$400 million and \$500 million but financing has not been ironed out, executives have said.

"It is true we are having discussions with Advocate about various possibilities," said John Pontarelli, spokesman for Rush University Medical Center. "We frequently have discussions with other providers about mutual interests."

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Hospitals to acquire old VA site

Northwestern, Rehab Institute to expand facilities

By James Kimberly
Tribune staff reporter

November 15, 2004

Northwestern Memorial Hospital and the Rehabilitation Institute of Chicago are poised to acquire the former Lakeside VA Hospital property in Streeterville, a crucial building block for a major expansion of both facilities, several sources close to the deal confirmed Sunday.

Details of the agreement between the medical institutions and the U.S. Department of Veterans Affairs will be announced Monday when Secretary Anthony J. Principi comes to Chicago to break ground on a major construction project at the Jesse Brown VA Medical Center on the West Side, the sources said.

VA spokesman Carl Henderson confirmed that Principi would make an announcement regarding the Lakeside property, but Henderson said he did not know what would be announced.

The sources said Northwestern Memorial and the Rehabilitation Institute would pay the Department of Veterans Affairs \$50 million and in return receive a 75-year lease on the property with an option to buy it outright.

Northwestern Memorial and the Rehabilitation Institute have been trying to acquire the property, which sits across Fairbanks Court from Northwestern Memorial, since the Department of Veterans Affairs closed the VA hospital in August 2003. Currently, the VA operates the outpatient Lakeside Clinic on the site.

The agreement would benefit Northwestern Memorial and the Rehabilitation Institute, which are looking for room to grow, and the Department of Veterans Affairs, which is trying to convert valuable real estate into cash that can be used for medical services.

Northwestern to pay two-thirds

Northwestern Memorial will pay two-thirds of the cost and most likely occupy two-thirds of a yet-to-be determined new building on the site. The VA will continue to run a clinic on the site through 2007.

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The lease agreement is laden with incentives for the Department of Veterans Affairs that, if met, could increase the bottom-line cost to Northwestern Memorial and the Rehabilitation Institute, the sources said.

Situated on contiguous blocks and connected by tunnels, Northwestern Memorial and the Rehabilitation Institute are two separate health-care facilities that work closely with each other. The institute performs almost all of the rehabilitation work at Northwestern Memorial, and the two facilities share graduate residents from the McGaw Medical Center at Northwestern University.

The Northwestern and the institute submitted a joint bid for the Lakeside property because the land, which covers a little more than a square city block and can support more than 1 million square feet of medical facilities, would fit in nicely with the expansion plans of both.

"This is a once-in-a-lifetime opportunity," a source said of the property's location. "We're absolutely thrilled to have this opportunity."

The land acquisition will bring the story of the property full-circle and is a far cry from where the two sides were just 60 days ago.

The VA acquired the property from Northwestern in the early 1950s and built the Lakeside VA Hospital in 1954.

In August, the VA announced that it was rejecting the bid from Northwestern Memorial and the Rehabilitation Institute and intended to seek new offers for the properties at 333 E. Huron St. and a smaller site at 400 E. Ontario St.

One of the sources familiar with the negotiations said Northwestern Memorial and the Rehabilitation Institute were the only ones to bid on the property the second time around.

Both Northwestern Memorial and the Rehabilitation Institute say they need room to grow.

The Rehabilitation Institute of Chicago is nationally renowned for its work, and its 165-bed in-patient hospital at 345 E. Superior St. is at or near capacity. The center has offices throughout Chicago, in several suburbs and in downstate Illinois.

Likewise, Northwestern Memorial has operated at capacity since opening a 482-bed hospital in 1999. The hospital operates the only level 1 trauma center in downtown Chicago.

Northwestern Memorial said it would need to add 250 beds by 2010 to keep up with population growth.

Sources at both facilities said they do not know what would be built on the Lakeside site. The two facilities will spend at least another year evaluating and planning for the property, the sources said.

But it is clear something will be built there.

"There's really no city block more ideally suited or situated for medical expansion in this town," said a source close to Northwestern Memorial. "It's been the key to our expansion plans for decades."

At least 1 million square feet

The site will support a medical complex of between 1 million and 1.5 million square feet. By

comparison, the 16-story hospital and the 21-story outpatient offices that Northwestern Memorial opened in 1999 contain about 1.2 million square feet.

A building or buildings that size could cost \$500 million.

In addition to keeping up with projected growth downtown, the expansion would enable Northwestern Memorial to expand its neuroscience programs, transplant surgery program or its heart program, among other things.

Northwestern Memorial has been trying to raise the quality and the profile of its heart program.

Earlier this year, the hospital renamed the cardiology, vascular and heart surgery programs the Northwestern Memorial Heart Institute and recruited a well-known heart surgeon from the Cleveland Clinic. In announcing the hiring of Dr. Patrick McCarthy, Northwestern officials acknowledged they might look for a separate home for the heart institute.

The lease agreement also will benefit the VA, which has been looking for ways to raise money from the property it holds. The money raised from land-use leases will pay for projects at other VA hospitals, such as the one at the Jesse Brown VA Medical Center.

The Brown medical center is building an \$81.6 million tower that will contain 43,000 square feet of space and 200 hospital beds. The tower will replace the existing 209-bed facility, which is more than 50 years old, in the spring of 2007, said Ray Leber, a spokesman for the VA medical center.

There are two other VA hospitals in the Chicago area: the North Chicago VA Medical Center and the Edward J. Hines Jr. VA Hospital near Maywood.

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