

Illinois Finance Authority

December 9, 2008

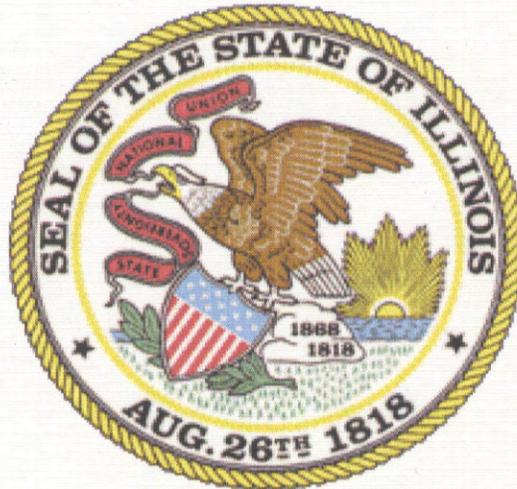
11:30 AM

Board Meeting

Mid America Club

200 E. Randolph Drive, 80th Floor

Chicago, Illinois



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**ILLINOIS FINANCE AUTHORITY
BOARD MEETING
December 9, 2008
Chicago, Illinois**

**COMMITTEE OF THE WHOLE
8:30 a.m.
Illinois Finance Authority
180 N. Stetson, Suite 2555**

AGENDA

- Chairman's Report
- Executive Director's Report
- Financials Report
- Executive Staff Reports
- Committee Reports
 - Renewable Fuels / Guarantees / Formation of an Energy Committee
- Project Reports
- Other Business
 - Ratification of Signature Resolution
 - Delegation Resolution
 - re: Authority to develop a program to address lack of access to healthy foods in rural and urban areas
- Adjournment

**BOARD MEETING
11:30 a.m.
Mid-America Club
200 E. Randolph Drive, 80th Floor
Chicago, Illinois**

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

AGRICULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Beginning Farmer Bonds						
<i>Final</i>						
1	Kramer, John & Staci	Avon	\$213,750	0	0	CEM
	Burling, Luke	Carthage	\$99,240.75	0	0	CEM
	Dolder, Nicholas	Serena	\$250,000	0	0	CEM
	Hilmes, Aaron	Carlyle	\$250,000	0	0	ER
	Hilmes, Ryan	Carlyle	\$205,600	0	0	ER
	Timmermann, William A III	Breese	\$164,000	0	0	ER
	McClain, Matt	Brocton	\$250,000	0	0	ER
	Jackson, Marcella J.	Litchfield	\$250,000	0	0	ER
TOTAL AGRICULTURE PROJECTS			\$1,682,590.75	0	0	

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Industrial Revenue Bonds						
<i>Final</i>						
2	Overton Gear and Tool Corporation	Addison	\$7,000,000	20	0	RF
3	SBLV Investments, LLC and Jasper Meats, Inc.	Bloomingtondale	\$3,300,000	19	83	SCM
Water Furnishing Facilities Revenue Bonds						
<i>Preliminary</i>						
4	American Water Capital Corp., on behalf of Illinois-American Water Company	Multiple	\$28,500,000	4	120	RF
TOTAL BUSINESS AND INDUSTRY PROJECTS			\$38,800,000	43	203	

COMMUNITIES AND CULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds						
<i>Preliminary</i>						
5	White Pines Academy of Lemont, Inc.	Lemont	\$7,500,000	0	0	ST
Local Government Direct Purchase						
<i>Final</i>						
6	Village of Freeman Spur	Freeman Spur	\$85,000	0	3	KC
7	Village of West Salem	West Salem	\$130,000	0	3	KC
TOTAL COMMUNITIES AND CULTURE PROJECTS			\$7,715,000	0	6	

HIGHER EDUCATION

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds						
<i>Final</i>						
8	Chicago School of Professional Psychology	Chicago	\$5,200,000	50	110	SCM
TOTAL HIGHER EDUCATION PROJECTS			\$5,200,000	50	110	
GRAND TOTAL			\$53,397,590.75	93	319	

RESOLUTIONS

Tab	Project	FM
Amendatory Resolutions / Resolutions		
9	Request to allow Wells Fargo Bank to adjust interest rate on the David and Becki Damhoff Participation Loan (IFA Project Number A-LL-TX-8178)	CEM

Other

Adjournment



Illinois Finance Authority
Report of the Executive Director
December 9, 2008

To: IFA Board of Directors and Office of the Governor

From: John B. Filan, Executive Director

Financial Performance

As of November 30, 2008 the Illinois Finance Authority's financial position was strong with total assets of \$176,393,504 consisting of equity of \$113,131,071 and liabilities of \$63,262,433. This compares favorably to the November 2007 balance sheet of \$159,639,190 in total assets comprising of \$95,265,473 in equity and \$64,373,717 in liabilities and bonds payable.

Gross income year-to-date for November ended at \$5,114,412 or \$177,080 below plan. The unfavorable plan performance is primarily due to fee income, interest on loans and investment income. Total operating expenses ended at \$3,299,741 or \$856,047 below plan. This is primarily due to a reduction in professional services, employee related expenses and loan loss provision/bad debt. Staff will continue to close monitor these items in light of the current economic recession.

Audit and Compliance

The Authority is scheduled to appear before the Legislative Audit Commission on December 11, 2008 to discuss the FY 07 Material Audit Findings. Six of eight of the FY 07 Material Audit Findings have been implemented and eight of nine of the FY 08 Immaterial Audit Findings have been implemented.

Due to a question published in the 2008 version of the GASB implementation guide the definition of the financial reporting entity was clarified to include all entities of the State of Illinois. Because of this, several bond issues that were treated as conduit debt no longer meet the definition. Since the bonds were issued to the State of Illinois or component units of the State, the Authority has to record the activity of these bonds in its financial reporting system. This effects the June 30, 2008 financial statements, since we have to record the activity for fiscal year 2008. We are currently working with the Office of the Comptroller and the auditors to expedite this process. We anticipate having this issue resolved by the end of this month.

Attached at the end of this report is the current status of the audit findings for your review.

Financial Services

Market Update

The volume of new municipal market transactions fell 22% nationwide in November, compared to last year, due to the ongoing lack of investor demand. Retail investors continued to support higher quality transactions, primarily "AA" or better rated, while institutions generally showed negligible interest. A small number of lower rated deals found buyers willing to accept higher risk for higher yields. The fixed rate index (RBI) remained fairly flat for the month, resetting at 6.06% last week. Though lower than the mid-October high of 6.48%, this index is roughly 140 basis points higher than the year to date low of 4.63% (1/17). Higher fixed rates are expected to continue due to limited demand.

The variable rate index dropped further due to investor demand for liquidity. The index reset at 1.03% last week. However, as with the fixed rate market, only higher rated deals are pricing close to the index level. The market faces ongoing challenges stemming from bank and insurance company downgrades and credit constraints. Lower rated and downgraded deals are resetting at high rates and/or having their bonds put back to the liquidity provider. Issuers with expiring liquidity facilities are also facing renewal risk as some banks are unwilling to renew existing facilities for lower rated credits.

On November 14, Assured Guaranty Ltd agreed to purchase Financial Security Assurance Holdings Ltd. from Dexia SA. Both FSA and Assured Guaranty were downgraded, leaving no insurer with triple-A ratings from all three rating agencies. Bond insurer downgrades during November were as follows:

- AMBAC downgraded to Baa1 by Moody's (11/5) and to A by S&P with negative outlook (11/19)
- MBIA downgraded to Baa1 by Moody's (11/7)
- Assured Guaranty downgraded to Aa2 by Moody's (11/21) with stable outlook
- FSA downgraded to Aa3 by Moody's (11/21)

New issue volume is expected to rebound the week of December 1, after the November holiday lull, and continue through mid-December. December volume will be led by the IFA's \$500 million University of Chicago transaction, scheduled to price December 3.

The 2-year Treasury yield declined to 0.98% last week, while the 10-year Treasury fell to 2.93%. The Dow Jones Industrial Average was up 172 on December 3, 2008 to close at 8591.

Sales, Marketing and Credit

Director of Financial Services efforts were focused on marketing and program development. November activities included the following:

- Marketing – (1) Attended conferences and other marketing/networking events, including the Bond Buyer Midwest conference, the Illinois Independent Colleges and Universities Fall Reception, the Fifth Third Presidential Outlook breakfast, the Mid-America Club reception and the Bank of New York reception. (2) Held

strategy meeting with staff to review the impact of the economy and credit markets on business plans.

- Program Development – (1) Completed summary of IFA bond and loan programs. (2) Bridge Financing – ongoing development of new programs to fund cash flow needs of non-profits, local governments and school districts. (3) Energy – assessment of resources and development of new IFA strategy and developing P3's. (4) Agriculture – assessment of resources and development of overall strategy. (5) Local Government – program assessment and development of request for qualifications for underwriters.

Calendar Year 2008 Volume Cap Summary

- Current Year IRB Cap - Of the \$90 million in current year IRB cap received from the State, the IFA has used or committed \$46.1 million and has \$43.9 million unused. The IFA received \$15.6 million in transferred IRB cap from local municipalities, \$7.6 million of which has been used or committed and \$7.9 million is unused. The total \$51.8 million balance of unused cap will be carried forward and available for IFA solid waste, water utility and/or housing financings over the next three years. The following is a summary:

	<u>IFA Cap</u>	<u>Transferred Cap</u>	<u>Total</u>
Received	90,000,000	15,589,615	105,589,615
Closed	29,079,730	4,509,270	33,589,000
Allocated	<u>17,052,025</u>	<u>3,147,975</u>	<u>20,200,000</u>
Unused	43,868,245	7,932,370	51,800,615

- Number of IRB Projects Closed: 9 (Includes December 2008 activity)
- Average IRB Project Amount Financed: \$5,976,556
- Average IFA State Agency Cap Used per project: \$5,125,751

- Current Year Beginning Farmer Bond Cap - Of the \$12 million in cap received from the State, \$11.5 million has been used or committed and only \$469k is unused. The unused cap will be carried forward and available for IFA solid waste, water utility and/or housing financings over the next three years.

- 66 farms financed with average farm size of 53.56 acres

- Carryforward Cap – The balances and activity for carryforward cap are summarized below:

<u>Expiring</u>	<u>Housing</u>	<u>Solid Waste</u>	<u>Single Family</u>	<u>Water</u>
12/31/2008	19,629,360	18,527,522	25,000,000*	-
12/31/2009	17,663,520	112,399,153	-	-
12/31/2010	<u>11,800,000</u>	<u>70,029,920</u>	-	-
Total	49,092,880	200,956,595	25,000,000*	-

- \$51.2 million in solid waste cap was used for 1 project (Prairie State).

*The \$25 million of single family cap has been converted the Mortgage Credit Certificate program for use in the Military-Veterans Housing Program with the Illinois Housing Development Authority and Illinois Department of Veterans Affairs.

Sales Activities

Funding Managers will be presenting 8 projects totaling \$53,297,590.75 for approval in December, 2008. Agriculture projects total \$1,682,590.75 Business and Industry total \$38,700,000; Communities and Culture projects total \$7,715,000; and Higher Education projects total \$5,200,000 according to applicants. These projects are expected to create 93 new jobs and 309 construction jobs.

Agriculture

On the afternoon of December 9, the Executive Director will meet with the Presidents of the University of Illinois, Southern Illinois University and Western Illinois University to discuss cooperation on issues relating to agriculture and rural development.

During the month of November, the Agriculture staff continued to receive strong interest from lenders for Beginning Farmers Bonds. Staff received several new applications for approval at the December board meeting. Staff also worked toward closing seven pending Beginning Farmer Bond transactions. While interest from lenders focused primarily on the Beginning Farmer Bond Program, the Ag staff also received inquiries for potential Participation Loans and Livestock Guarantee programs.

Activities outside the IFA for the Agriculture Staff included attending the annual Illinois Commodity Conference in Bloomington. This conference is attended by various commodity and producer groups from across the State. Staff also attended the Champaign County Agri-Business Council Meeting and toured the Illinois Sustainability Technology Center at the University of Illinois to learn about their research with biofuels.

For the December board meeting, the Agriculture staff will be presenting eight Beginning Farmer Bonds for consideration.

Agriculture - November, 2008 Closings		
Closing Date	Issuance\$\$	Borrower
11/06/2008	236,250	Clint Niemerg
11/06/2008	149,150	Joel Hartman
11/19/2008	22,500	Allan & Cyndi Adams
11/19/2008	160,000	Steve & Edward Cushing

Healthcare

The month of November was another busy month for the Healthcare staff. Most Healthcare borrowers who passed final resolutions in the last several months are proceeding in December with the variable rate portion of their financing. The Healthcare Group anticipates closing five transactions in December. Borrowers who were planning on issuing fixed rate debt have delayed until January and February, because of the "freeze" in the fixed rate credit market; only one AA rated fixed-rate credit priced in November. Also, several other Borrowers, including OSF Health System, wanted to begin their financing this month, but have been delayed because of the recent merger/acquisition activity in the commercial banking sector.

This month the Healthcare staff attended several market-related seminars. Ungaretti and Harris hosted their Third Annual Healthcare Conference regarding, "The Continuing Challenges to the Charitable Exemption of Illinois Not for Profit Hospitals". The conference featured presentations regarding the Procedural Issues and Challenges to Tax Exemption for Currently Exempt Property and Acquired Non-Exempt Property, A Case Statement for Not for Profit Healthcare and a presentation from the Cook County Assessor. Wells Capital Management hosted an annual seminar featuring James Paulsen, Chief Financial Strategist for Wells Capital, in which he discussed his views on the economy and more specifically the effects on the capital markets.

The Healthcare staff has also been working on familiarizing themselves with the FHA Mortgage Insurance Program (Section 242) for hospitals, which may become more attractive for credits that may have trouble entering the capital markets during the difficult time in the economy.

There were no Healthcare closings in November, 2008

Higher Education

The Higher Education team continues to move ahead with marketing efforts that focus on the immediate needs of most independent Illinois colleges and universities need for sprinkler systems that are mandated by State law to be completed by 2013. Many colleges and universities have cancelled campus expansion projects because of the economy, but they must comply with the sprinkler mandate.

Staff has prepared a memo for memberships to The Federation of Independent Illinois Colleges and Universities and also to the Associated Colleges of Illinois. The Federation has 57 members and the Associated Colleges have 23 members mostly located in the Chicagoland area. The memo outlined using the IFA's Participation Loan program to partner with local banks to fund immediate sprinkler installation expenses. The loan could be combined with future campus projects and taken out with bonds when the economy improves. The Director of the Associated Colleges of Illinois forwarded the memo to Association members, and the Director of the Federation discussed the IFA proposed program with members at the Federation's annual meeting that was held on November 12, 2008 in Chicago. The Directors of both organizations have informed Townsend Albright, IFA Senior Funding Manager, that members were searching for a program to help them fund smaller expenses since bond issues in this economic environment would never receive their respective board's approval. Mr. Albright will

follow-up with both organizations to find out if they are ready to participate in the program.

Additionally, Karen Walker, Director of Financial Services and Townsend Albright, Senior Funding Manager, attended a reception hosted by the Federation of Independent Illinois Colleges and Universities after their board meeting, and talked to several of the attending college Presidents about the IFA's financing programs.

There were no Higher Education closings in November, 2008

Communities and Culture

Smaller not-for-profit project bond financings which rely on direct placement with banks for investing are having difficulty closing as banks have reduced their tolerance for risk and banks are strengthening their capital structures. However, the IFA continues to receive requests for financing and applications for Board inducement.

Townsend Albright is scheduled to meet with the CFO, and other staff, from the Soaring Eagle Academy. The school will be a demonstration school for autistic children and will be located in the Chicagoland area.

Mr. Albright attended the grand opening of the Field House of Barrington, which the IFA Board approved in the fall of 2007. The reception was well attended, and the proprietor emphasized that all contracts are in place. Mr. Albright also attended a reception for the financing team of Loyola University which was held at the University's Water Tower Campus. The University has scaled back its plans to construct a new 700-bed student housing facility due to current economic conditions.

There were no Community & Culture closings in November, 2008

Business & Industry

General Business Update: Recession fears continue to constrain application and closing activity for Industrial Revenue Bonds. The owners of many companies are scaling back or deferring capital expansion projects.

Most new projects will be for companies that have a diversified customer base that manufacture components used in non-cyclical industries (e.g., medical products/diagnostic equipment), growth industries (e.g., wind energy, mining, drilling), or food manufacturing/processing.

The owners of many companies will elect to defer new building construction or acquisition projects as long as possible. The consensus of most IFA lenders is that business owners will continue to be cautious in pursuing expansion plans in 2009. Most lenders believe that the owners of small and middle market manufacturing companies will focus on equipment purchases to enhance long-term viability by (1) enabling the company to further diversify its customer base by providing complimentary service/production capacity, (2) better serve existing customers by reducing backlogged orders and increasing production capacity.

Industrial Revenue Bonds: Credit is still available to manufacturers that demonstrate the ability to attain debt service coverage based on historical operations.

Although closings for bank-purchased Industrial Revenue Bonds have not been disrupted by turmoil in the credit markets, some owners that had contemplated pursuing LOC-enhanced Variable Rate Bond issues have either (1) deferred their Variable Rate Bond issues (until variable rates stabilize or until failed remarketing of LOC's from certain institutions subside) or (2) have opted to proceed with bank-purchased bond issues instead.

LOC-enhanced Fixed Rate Bond Issues are not a viable option for nearly all Industrial Revenue Bond borrowers since the issuance of Fixed Rate Bonds requires borrowers to disclose their underlying financial statements to the SEC. (Variable Rate Demand Bonds are exempted from this SEC disclosure requirement provided that the interest rate is reset at least once every 270 days.) This financial statement disclosure requirement makes issuance of LOC-enhanced Fixed Rate Bonds undesirable for owners of privately-held manufacturing companies (i.e., any private company that is not already subject to SEC financial reporting requirements to the market).

Accordingly, LOC-enhanced fixed rate financings are only viable for projects undertaken by publicly-traded companies (i.e., companies that are already subject to SEC-mandated financial statement disclosure).

Calendar 2007 activity was phenomenal. IFA successfully closed on financings for all pending applications, including a backlog of applications to May 2006, when the Internal Revenue Code was amended to increase the 6 Year Capital Expenditure Limitation applicable to IRB-financed projects from \$10 million to \$20 million.

Finally, as expected, 2008 IRB application and closing volume will be down significantly compared to 2007. Due to the recession, it's anticipated that 2009 IRB volume will be similar to 2008 IRB volume.

Participation Loan Update: Effective October 23, 2008, the Participation Loan interest rate formula changed to 1% Below the Bank Rate -- this higher rate should improve the Authority's return. Additionally, this modification will reduce interest rate risk for both the Authority and the Borrower (i.e., previously, IFA locked its interest rate upfront at the time of application).

This modification in IFA's interest rate formula will also simplify execution of closing documents, thereby expediting future Participation Loan closings with Banks.

Business & Industry – November, 2008 Closings		
Closing Date	Issuance\$\$	Borrower
11/14/2008	7,500,000	Monarch Holdings LLC
11/20/2008	8,189,000	Regis Technologies
11/20/2008	3,900,000	F&F Holding
11/6/2008	345,307	TCI Manufacturing and Equipment Sales

Energy

On the afternoon of December 8, the Executive Director will meet with the Presidents of the University of Illinois and Southern Illinois University as well as senior representatives of the Governor's Office and the Department of Commerce and Economic Opportunity to discuss further opportunities for cooperation on issues relating to energy.

Recent price volatility for oil and natural gas as well as ongoing instability in the Middle East, increased demand for electricity and growing awareness of global warming have spurred interest in projects that can produce energy in the U.S. efficiently, reliably and cleanly.

Illinois has vast coal reserves, corn and soybean production capacity, manufacturing, research and management talent that could be harnessed to increase energy production for use in the Midwest and throughout the nation. Many of these projects offer significant economic benefits, such as substantial investment in regions with little recent new economic activity, construction and permanent jobs in regions with high unemployment, the creation of coal mining jobs, increased income for farmers from higher prices for corn or soybeans or rent payments to site wind turbines, and opportunities to redeploy underutilized manufacturing capacity.

The Authority has recently supported this initiative through the issuance of bonds for ethanol projects (Illinois River Energy), coal power (Prairie Power) and loans for wind projects (Agriwind). This month, the Board will be asked to grant its final approval for the issuance of bonds for a supplier of parts to the wind power industry (Overton Gear).

The IFA has identified energy projects as a key market opportunity in 2009 and beyond. On November 19, members of the Authority's Executive Staff spoke at a ribbon cutting ceremony in Danville celebrating Blackhawk Biofuels' commencement of biodiesel production. On November 20 and 21, the Executive Director traveled to Washington, DC to meet with legislators and officials from the American Council of Renewable Energy (ACORE) and the Renewable Fuels Association.

Energy - November, 2008 Closings

Closing Date	Issuance\$\$	Borrower
11/14/2008	51,200,000	Prairie Power

Local Government

The Local Government staff will be submitting two participants for the Local Government Direct Purchase Bond Program, Village of Freeman Spur and Village of West Salem for final board IFA Board approval. Also, staff closed one local government bond issue in November. In addition, the State Fire Marshal's Office announced the acceptance of applications for the Fire Truck and Ambulance Revolving Loan Programs. IFA staff anticipates that funds related to these programs will be distributed in late fiscal year 2009.

Local Government - November, 2008 Closings

Closing Date	Issuance\$\$	Borrower
11/26/2008	19,820,000	East Richland CUSD # 1

Venture Capital

Venture Capital: Board meetings for two of IFA's portfolio firms, FireFly and Harmonic Vision, were attended. Meeting summaries were completed and distributed. The IFA will begin to receive a dividend payout as a shareholder in Harmonic Vision.

A final proposal was received for engaging a firm to complete a valuation review of IFA's venture capital portfolio. The most recent valuation of the IFA venture capital portfolio was completed in June of 2006. In order to assess current portfolio value the IFA Venture Capital Committee has approved the engagement of a third party firm to conduct a "Calculation Engagement". A summary of the Venture Capital Fund program was provided to the Executive Director..

Human Resources/Operations

Human Resources: A health benefits review and comparison of IFA's and the State plan options is underway.

Records Management: Staff attended a meeting in Springfield with a State Archivist to understand and assess the scope of the impending records management project.

Marketing/Public Relations

Two stories dominated IFA's general press coverage in November: the appointment of John Filan as IFA's Executive Director on November 12. and the ribbon cutting of the Blackhawk Biodiesel plant in Danville on November 19. Other local stories ran in Girard City (potential water tower project) and in the Taylorville, Morrisonville, and Assumption area (approved Ag lender program) as well as coverage of key bond issues in the financial press. An interview with Director Filan will run in the January issue of the Illinois Issues magazine.

Updates to IFA materials (stationery, literature, website, etc.) have been made to reflect the change in Executive Director. IFA also promoted the call for nominations for the Illinois Governor's Export Award program and submitted two nominations. Work progresses on a number of fronts including database development and program support.

FOIA activity in November, 2008

Chicago Sun-Times (Tim Novak) – documents and bond transcripts regarding 2006 Chicago Christian Industrial League (CCIL) project.

**Illinois Finance Authority
Audit Findings Material and Immaterial
Update as of November 30, 2008**

Item Number	Description	Estimated Completion Date	Status Action Items/ (not final) Action Items Completed	Percentage Completed
Total Number of 8				
FY 07 Material Findings				
07-01	Missing Policy on Nondiscrimination	7/31/2008	2/2	100%
07-02	Failure to Report Revenue bond Information to the Illinois Office of the Comptroller		4/3	75%
07-03	Bad-Debts not Referred to the Illinois Office of the Comptroller	7/31/2008	4/4	100%
07-04	Noncompliance with the Illinois Procurement Code and SAMS Procedures	6/30/2008	2/2	100%
07-05	Lack of Segregation of duties in Managing Property and Equipment	4/30/2008	4/4	100%
07-06	No Established Rules to Administer Loan Programs	12/31/2008	2/1	50%
07-07	Authority is Not a Member of the Illinois Forestry Development Council	4/30/2008	2/2	100%
07-08	Failure to Administer the Exporter Award Program	11/30/2008	2/1	50%

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

**Illinois Finance Authority
 Audit Findings Material and Immaterial
 Update as of November 30, 2008**

Item Number	Description	Estimated Completion Date	Status Action Items/ (not final) Action Items Completed	Percentage Completed
				10 20 30 40 50 60 70 80 90 100
Total Number of 9				
FY 07 Immaterial Findings				
IM07-01	Approval of Incomplete Travel and Marketing Reimbursement Forms	6/30/2008	5/4	
IM07-02	Inadequate Processing and Untimely Deposit of Cash Receipts and Refunds	4/30/2008	4/4	
IM07-03	Corrected Agency Workforce Report was not Filed Timely	4/30/2008	4/4	
IM07-04	Use of Telecommunications Devices Not Properly Monitored	4/30/2008	3/3	
IM07-05	Outdated Investment Report	4/30/2008	4/4	
IM07-06	Allowance of Old Accounts Receivable Not Performed	7/31/2008	4/4	
IM07-07	Statement of Economic Interest Report Not Filed Timely	4/30/2008	4/4	
IM07-08	Failure to File for a Refund of Telephone Excise Tax	4/30/2008	2/2	
IM07-09	Noncompliance with Printing Requirements	4/30/2008	2/2	

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

ILLINOIS FINANCE AUTHORITY
FINANCIAL STATEMENTS
ANALYSIS

Balance Sheet Comparison

Actual Results November 2008 to November 2007

ASSETS

- Total Assets increased by \$16,754,314 due to:
 1. An increase in cash balance due to the payoff of loans
 2. An increase in fee revenue
 3. An increase due to a State Appropriation for the Fire truck and Ambulance Revolving Funds

LIABILITIES

- Total Liabilities decreased by \$1,111,284 due to:
 1. A reduction in the local government bond pools, because of principal payments and an offset of a new bond issue.

Statement of Activities

Year to Date Comparison

Fiscal Year 2009 to Fiscal Year 2008

REVENUE/EXPENSES

- Revenue

Gross revenue YTD for fiscal year 2009 ended at \$5,114,412 or \$37,667 above same period last fiscal year 2008. This is primarily due an increase on interest on loans, a realized gain from a venture capital sale and an offset decrease in investment income and fee income.

- Expenses

Expenses YTD for fiscal year 2009 ended at \$3,299,741 or \$593,320 lower than same period last fiscal year 2008 due to:

1. A reduction in employee related expenses, due to vacancies.
2. A reduction in loan loss reserve due to a lower outstanding loan balances

**Illinois Finance Authority
Consolidated - Actual to Budget
Statement of Activities
for Period Ending
November 30, 2008**

	Actual November 2008	Budget November 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Budget YTD FY 2009	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2009	% of Budget Expended
REVENUE										
INTEREST ON LOANS	302,576	333,273	(30,697)	-9.21%	1,557,891	1,601,028	(43,137)	-2.69%	3,733,944	41.72%
INVESTMENT INTEREST & GAIN (LOSS)	104,024	199,303	(95,279)	-47.81%	861,069	991,663	(130,594)	-13.17%	2,399,092	35.89%
ADMINISTRATIONS & APPLICATION FEES	681,974	479,617	202,357	42.19%	2,043,587	2,395,810	(352,223)	-14.70%	5,781,179	35.35%
ANNUAL ISSUANCE & LOAN FEES	50,992	52,273	(1,281)	-2.45%	255,871	268,406	(12,535)	-4.67%	665,579	38.44%
OTHER INCOME	23,534	6,917	16,617	240.23%	395,994	34,585	361,409	1044.99%	83,004	477.08%
TOTAL REVENUE	1,163,099	1,071,383	91,716	8.56%	5,114,412	5,291,492	(177,080)	-3.35%	12,662,798	40.39%
EXPENSES										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	225,709	268,969	(43,260)	-16.08%	1,146,798	1,330,565	(183,767)	-13.81%	3,206,787	35.76%
BENEFITS	22,053	23,288	(1,235)	-5.30%	111,141	114,903	(3,762)	-3.27%	281,903	39.43%
TEMPORARY HELP	7,437	3,333	4,104	123.12%	30,121	16,665	13,456	80.74%	40,000	75.30%
EDUCATION & DEVELOPMENT	-	417	(417)	0.00%	893	2,085	(1,192)	-57.15%	5,000	17.87%
TRAVEL & AUTO	7,615	10,250	(2,635)	-25.71%	31,686	51,250	(19,564)	-38.17%	123,000	25.76%
TOTAL EMPLOYEE RELATED EXPENSES	262,814	306,257	(43,443)	-14.19%	1,320,639	1,515,468	(194,829)	-12.86%	3,656,690	36.12%
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	29,437	70,200	(40,763)	-58.07%	177,820	351,000	(173,180)	-49.34%	842,400	21.11%
LOAN EXPENSE & BANK FEE	225,217	228,907	(3,690)	-1.61%	1,156,595	1,144,535	12,060	1.05%	2,671,824	43.29%
ACCOUNTING & AUDITING	17,108	31,975	(14,867)	-46.50%	133,442	159,875	(26,433)	-16.53%	383,700	34.78%
MARKETING GENERAL	1,840	8,333	(6,493)	-77.92%	13,716	41,665	(27,949)	-67.08%	100,000	13.72%
FINANCIAL ADVISORY	25,000	25,000	-	0.00%	125,000	125,000	-	0.00%	300,000	41.67%
CONFERENCE/TRAINING	145	1,250	(1,105)	0.00%	8,485	6,250	2,235	35.76%	15,000	56.57%
MISC. PROFESSIONAL SERVICES	3,333	4,166	(833)	0.00%	36,665	20,830	15,835	76.02%	50,000	73.33%
DATA PROCESSING	2,437	3,750	(1,313)	-35.01%	14,873	18,750	(3,877)	-20.68%	45,000	33.05%
TOTAL PROFESSIONAL SERVICES	304,517	373,581	(69,064)	-18.49%	1,666,596	1,867,905	(201,309)	-10.78%	4,407,924	37.81%

**Illinois Finance Authority
Consolidated - Actual to Budget
Statement of Activities
for Period Ending
November 30, 2008**

	Actual November 2008	Budget November 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Budget YTD FY 2009	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2009	% of Budget Expended
OCCUPANCY COSTS										
OFFICE RENT	25,697	25,905	(208)	-0.80%	119,962	129,525	(9,563)	-7.38%	310,860	38.59%
EQUIPMENT RENTAL AND PURCHASES	3,489	3,867	(378)	-9.77%	21,086	19,315	1,751	9.06%	46,404	45.44%
TELECOMMUNICATIONS	4,723	5,420	(697)	-12.86%	20,690	27,100	(6,410)	-23.65%	65,040	31.81%
UTILITIES	795	933	(138)	-14.80%	6,070	4,665	1,405	30.11%	11,196	54.21%
DEPRECIATION	6,527	7,355	(828)	-11.26%	32,551	36,775	(4,224)	-11.49%	88,256	36.88%
INSURANCE	1,607	1,500	107	7.14%	8,036	7,500	536	7.14%	18,000	44.64%
TOTAL OCCUPANCY COSTS	42,838	44,980	(2,142)	-4.76%	208,394	224,900	(16,506)	-7.34%	539,756	38.61%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	3,924	9,450	(5,526)	-58.48%	34,680	47,250	(12,570)	-26.60%	113,400	30.58%
BOARD MEETING - EXPENSES	4,969	2,983	1,986	66.56%	19,756	14,915	4,841	32.46%	35,796	55.19%
PRINTING	3,819	1,200	2,619	218.24%	10,483	6,000	4,483	74.72%	14,400	72.80%
POSTAGE & FREIGHT	2,074	2,300	(226)	-9.81%	12,114	11,500	614	5.34%	27,600	43.89%
MEMBERSHIP, DUES & CONTRIBUTIONS	1,540	3,083	(1,543)	-50.04%	9,944	15,415	(5,471)	-35.49%	36,996	26.88%
PUBLICATIONS	454	300	154	51.24%	1,992	1,500	492	32.77%	3,600	55.32%
OFFICERS & DIRECTORS INSURANCE	15,509	14,524	985	6.78%	73,606	72,620	986	1.36%	174,292	42.23%
MISCELLANEOUS	532	42	490	0.00%	2,428	210	2,218	1056.38%	504	481.83%
TOTAL GENL & ADMIN EXPENSES	32,821	33,882	(1,061)	-3.13%	165,003	169,410	(4,407)	-2.60%	406,588	40.58%
LOAN LOSS PROVISION/BAD DEBT	25,000	75,000	(50,000)	-66.67%	(64,111)	375,000	(439,111)	-117.10%	900,000	-7.12%
OTHER										
INTEREST EXPENSE	644	621	23	3.69%	3,219	3,105	114	3.69%	7,447	43.23%
TOTAL OTHER	644	621	23	3.69%	3,219	3,105	114	3.69%	7,447	43.23%
TOTAL EXPENSES	668,634	834,321	(165,687)	-19.86%	3,299,741	4,155,788	(856,047)	-20.60%	9,918,405	33.27%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	494,466	237,062	257,404	108.58%	1,814,671	1,135,704	678,967	59.78%	2,744,393	66.12%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	(16,667)	16,667	-100.00%	(1,095)	(83,335)	82,240	-98.65%	(200,000)	0.55%
TRANSFER TO STATE OF ILLINOIS	-	-	-	0.00%	(1,500,000)	-	(1,500,000)	0.00%	-	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%	-	-
NET INCOME/(LOSS)	494,466	220,395	274,071	124.35%	313,576	1,052,369	(738,793)	-70.20%	2,544,393	12.33%

**Illinois Finance Authority
Consolidated
Statement of Activities
Comparison
for November 2008 and November 2007**

	Actual November 2008	Actual November 2007	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2009	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
REVENUE								
INTEREST ON LOANS	302,576	322,093	(19,517)	-6.06%	1,557,891	1,231,509	326,383	26.50%
INVESTMENT INTEREST & GAIN (LOSS)	104,024	176,543	(72,519)	-41.08%	861,069	1,042,916	(181,848)	-17.44%
ADMINISTRATIONS & APPLICATION FEES	681,974	497,806	184,168	37.00%	2,043,587	2,459,210	(415,623)	-16.90%
ANNUAL ISSUANCE & LOAN FEES	50,992	58,555	(7,563)	-12.92%	255,871	315,163	(59,292)	-18.81%
OTHER INCOME	23,534	10,390	13,144	126.51%	395,994	27,946	368,047	1316.97%
TOTAL REVENUE	1,163,099	1,065,386	97,713	9.17%	5,114,412	5,076,745	37,667	0.74%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	225,709	259,816	(34,107)	-13.13%	1,146,798	1,479,220	(332,422)	-22.47%
BENEFITS	22,053	22,017	36	0.16%	111,141	121,407	(10,266)	-8.46%
TEMPORARY HELP	7,437	8,316	(879)	-10.37%	30,121	43,244	(13,123)	-30.35%
EDUCATION & DEVELOPMENT	-	-	-	0.00%	893	1,056	(163)	-15.40%
TRAVEL & AUTO	7,615	10,479	(2,864)	-27.33%	31,686	69,517	(37,831)	-54.42%
TOTAL EMPLOYEE RELATED EXPENSES	262,814	300,628	(37,814)	-12.58%	1,320,639	1,714,444	(393,805)	-22.97%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	29,437	82,598	(53,161)	-64.36%	177,820	492,744	(314,923)	-63.91%
LOAN EXPENSE & BANK FEE	225,217	220,131	5,086	2.31%	1,156,595	698,946	457,649	65.48%
ACCOUNTING & AUDITING	17,108	67,495	(50,387)	-74.65%	133,442	159,423	(25,981)	-16.30%
MARKETING GENERAL	1,840	93	1,748	1889.19%	13,716	21,406	(7,690)	-35.92%
FINANCIAL ADVISORY	25,000	21,519	3,481	16.18%	125,000	107,338	17,662	16.45%
CONFERENCE/TRAINING	145	145	-	0.00%	8,485	3,465	5,020	144.88%
MISC. PROFESSIONAL SERVICES	3,333	-	3,333	0.00%	36,665	2,225	34,440	1547.87%
DATA PROCESSING	2,437	2,574	(137)	-5.30%	14,873	22,032	(7,159)	-32.49%
TOTAL PROFESSIONAL SERVICES	304,517	394,554	(90,037)	-22.82%	1,666,596	1,507,577	159,019	10.55%

Illinois Finance Authority
Consolidated
Statement of Activities
Comparison
for November 2008 and November 2007

	Actual November 2008	Actual November 2007	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2009	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
OCCUPANCY COSTS								
OFFICE RENT	25,697	6,579	19,119	290.62%	119,962	108,847	11,115	10.21%
EQUIPMENT RENTAL AND PURCHASES	3,489	4,444	(954)	-21.48%	21,086	29,162	(8,076)	-27.69%
TELECOMMUNICATIONS	4,723	7,857	(3,134)	-39.89%	20,690	34,901	(14,211)	-40.72%
UTILITIES	795	985	(191)	-19.33%	6,070	4,568	1,502	32.88%
DEPRECIATION	6,527	7,973	(1,446)	-18.14%	32,551	34,824	(2,273)	-6.53%
INSURANCE	1,607	1,192	415	34.78%	8,036	7,548	488	6.46%
TOTAL OCCUPANCY COSTS	42,838	29,030	13,808	47.56%	208,394	219,850	(11,455)	-5.21%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	3,924	9,385	(5,461)	-58.19%	34,680	43,034	(8,354)	-19.41%
BOARD MEETING - EXPENSES	4,969	5,987	(1,018)	-17.01%	19,756	29,859	(10,103)	-33.84%
PRINTING	3,819	1,205	2,614	216.89%	10,483	7,851	2,632	33.53%
POSTAGE & FREIGHT	2,074	2,028	47	2.30%	12,114	10,881	1,233	11.33%
MEMBERSHIP, DUES & CONTRIBUTIONS	1,540	2,055	(515)	-25.04%	9,944	9,533	411	4.31%
PUBLICATIONS	454	236	218	92.11%	1,992	791	1,201	151.91%
OFFICERS & DIRECTORS INSURANCE	15,509	14,746	763	5.17%	73,606	73,732	(126)	-0.17%
MISCELLANEOUS	532	140	392	0.00%	2,428	140	2,288	1634.57%
TOTAL GENL & ADMIN EXPENSES	32,821	35,782	(2,961)	-8.28%	165,003	175,820	(10,817)	-6.15%
LOAN LOSS PROVISION/BAD DEBT	25,000	33,333	(8,333)	-25.00%	(64,111)	271,919	(336,030)	-123.58%
OTHER								
INTEREST EXPENSE	644	690	(46)	-6.69%	3,219	3,450	(231)	-6.69%
TOTAL OTHER	644	690	(46)	-6.69%	3,219	3,450	(231)	-6.69%
TOTAL EXPENSES	668,634	794,018	(125,384)	-15.79%	3,299,741	3,893,061	(593,320)	-15.24%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	494,466	271,369	223,097	82.21%	1,814,671	1,183,684	630,987	53.31%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	1,343	(1,343)	-100.00%	(1,095)	42,557	(43,652)	-102.57%
TRANSFER TO STATE OF ILLINOIS	-	-	-	0.00%	(1,500,000)	-	(2,000,000)	-100.00%
REVENUE GRANT	-	-	-	0.00%	-	2,000,000	(2,000,000)	-100.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%
NET INCOME/(LOSS)	494,466	272,712	221,754	81.31%	313,576	3,226,241	(2,912,665)	-90.28%

**Illinois Finance Authority
Consolidated
Balance Sheet**

for the Five Months Ending November 30, 2008

	Actual November 2007	Actual November 2008	Budget November 2009	Variance to budget
ASSETS				
CASH & INVESTMENTS, UNRESTRICTED RECEIVABLES, NET	\$ 27,294,596	\$ 36,080,748	\$ 33,771,840	\$ 2,308,908
LOAN RECEIVABLE, NET	587,103	474,368	270,690	203,678
OTHER RECEIVABLES	92,720,296	89,210,706	98,034,118	(8,823,412)
PREPAID EXPENSES	585,523	1,207,387	1,251,597	(44,210)
	100,236	95,452,13	171,941	(76,489)
TOTAL CURRENT ASSETS	121,287,754	127,068,661	133,500,186	(6,431,525)
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	232,467	127,270	142,244	(14,974)
DEFERRED ISSUANCE COSTS	756,872	636,325	646,686	(10,361)
OTHER ASSETS				
CASH, INVESTMENTS & RESERVES	28,801,322	39,349,100	35,390,208	3,958,892
VENTURE CAPITAL INVESTMENTS	5,535,254	5,530,076	5,738,223	(208,147)
OTHER	3,025,522	3,682,072	3,682,072	-
TOTAL OTHER ASSETS	37,362,098	48,561,248	44,810,503	3,750,745
TOTAL ASSETS	\$ 159,639,190	\$ 176,393,504	\$ 179,099,619	\$ (2,706,115)
LIABILITIES				
CURRENT LIABILITIES	\$ 1,460,151	\$ 1,158,990	\$ 750,713	\$ 408,277
LONG-TERM LIABILITIES	62,913,565	62,103,443	64,479,041	(2,375,600)
TOTAL LIABILITIES	64,373,717	63,262,433	65,229,754	(1,967,323)
EQUITY				
CONTRIBUTED CAPITAL	36,061,462	35,608,692	35,608,692	-
RETAINED EARNINGS	17,921,049	24,799,651	24,799,651	-
NET INCOME / (LOSS)	3,226,241	313,576	1,052,369	(738,793)
RESERVED/RESTRICTED FUND BALANCE	25,491,190	39,760,982	39,760,982	-
UNRESERVED FUND BALANCE	12,565,531	12,648,171	12,648,171	-
TOTAL EQUITY	95,265,473	113,131,071	113,869,865	(738,793)
TOTAL LIABILITIES & EQUITY	\$ 159,639,190	\$ 176,393,504	\$ 179,099,619	\$ (2,706,115)

Illinois Finance Authority
Participations
30-60-90-120-180 Day Delinquencies

as of 11/30/2008

Loan #	Borrower Name	Due Date	Current Principal Balance	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 + Days
Participations									
10041	NEWLINE HARWOODS, INC	2/4/2008	\$171,093.38	.00	.00	.00	.00	.00	171,093.38
10049	SHULTS MACHINE	4/5/2007	\$124,342.00	.00	.00	.00	.00	.00	124,342.00
10142	THIRD PANCAKE, LLC	6/1/2008	\$5,459.44	.00	.00	.00	.00	.00	5,459.44
3				.00	.00	.00	.00	.00	300,894.82
3				.00	.00	.00	.00	.00	300,894.82

MINUTES OF THE NOVEMBER 12, 2008 MEETING OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Board Meeting at 11:30 a.m. on November 12, 2008 in the Indiana Room located at 200 E. Randolph Drive, Lower Level, Chicago, Illinois.

Members present:

William A. Brandt, Jr., Chairman
Michael W. Goetz, Vice Chairman
Dr. William J. Barclay
Ronald E. DeNard
James J. Fuentes
Edward H. Leonard, Sr.
Terrence M. O'Brien
Bradley A. Zeller

Members absent:

Dr. Roger D. Herrin
Juan B. Rivera
April D. Verrett

Vacancies:

4

**Members participating
by telephone:**

None

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:45 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests and asked Secretary, Carla Burgess Jones to call the roll. There being eight (8) members physically present, Ms. Burgess Jones declared a quorum present.

Chairman's Report

Chairman Brandt thanked fellow Board members and guests for coming. Chairman Brandt announced that Governor Blagojevich submitted to the IFA Board of Directors two nominees for the position of Executive Director. Members of the Board interviewed both candidates and the position was offered to John B. Filan. Mr. Filan will join the Illinois Finance Authority as Executive Director effective November 16, 2008.

Chairman Brandt announced that projects being presented today for approval were thoroughly reviewed at the Committee of the Whole Meeting held at 8:30 a.m. today.

Acceptance of Financial Statements

Financial statements for the period ending October 31, 2008, were presented to members of the Board and accepted by the Board. Chairman Brandt stated that the Authority's financial statements were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt requested a motion to approve the minutes. Motion was moved by Mr. Leonard and seconded by Mr. Goetz.

The October 31, 2008 Financial Statements were unanimously approved by members of the Board.

Minutes

Chairman Brandt announced that the next order of business was to approve the minutes of the October 23, 2008 Special Meeting of the Board. Chairman Brandt announced that the October 23, 2008 minutes were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt requested a motion to approve the minutes. Motion was moved by Dr. Barclay and seconded by Mr. Goetz. The October 23, 2008 minutes were unanimously approved by members of the Board.

Authorized Officer's Report

Ms. Walker, Director of Financial Services and Authorized Officer, reported that the Authority's financial position remains strong with total assets at \$176M consisting of equity of \$113M, liabilities at \$63M, and gross year-to-date income for October 31, 2008 ended at \$3.9M. Ms. Walker reported that at today's meeting 17 projects totaling \$1,779,153,500 were being provided for board approval.

Projects

Chairman Brandt asked Ms. Walker to present the following projects for consideration to the Board:

No. 1: A-FB-TE-CD-8166 – Michael & Lindsey Urish

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$175,000 to provide permanent financing to purchase approximately 40 acres of farmland, with a machine shed and grain bin. This project is located in Morrison, Illinois. **(08-11-01)**.

A-FB-TE-CD-8172 – Matthew DeSutter

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$167,000 to provide permanent financing to purchase approximately 57.06 acres of farmland. This project is located in Woodhull, Illinois. **(08-11-01)**.

A-FB-TE-CD-8167 – Matthew Beeler

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$225,000 to provide permanent financing to purchase approximately 76 acres of farmland. This project is located in Raymond, Illinois. **(08-11-01)**.

A-FB-TE-CD-8168 – Thomas Burnside

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$250,000 to provide permanent financing to purchase approximately 86.75 acres of farmland. This project is located in Kansas, Illinois. (08-11-01).

A-FB-TE-CD-8169 – Jonathan & Marlene Weaver

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$160,000 to provide permanent financing to purchase approximately 46.2 acres of farmland with two barns. This project is located in Xenia, Illinois. (08-11-01).

A-FB-TE-CD-8170 – Benjamin & Bryann Odom

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$81,250 to provide permanent financing to purchase approximately 50 acres of farmland. This project is located in Benton, Illinois. (08-11-01).

A-FB-TE-CD-8171 – Jason Tubbs

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$100,000 to provide permanent financing to purchase approximately 80 acres of farmland with a barn and grain bins. This project is located in Wayne City, Illinois. (08-11-01).

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

No. 2: A-LL-TX-8178 – David and Becki Damhoff

Request for final approval of the issuance of a Participation Loan in an amount not-to-exceed \$417,000. Loan proceeds will be used to provide permanent financing for the purchase of 195.15 acres of farm land. This project is located in Chadwick, Illinois. (08-11-02).

No. 3: A-LL-TX-8177 – Donald B. Latherow

Request for final approval of the issuance of a Participation Loan in an amount not-to-exceed \$325,000. Loan proceeds will be used to provide permanent financing for the purchase of 268 acres of farmland. This project is located in Carthage, Illinois. (08-11-03).

No. 4: A-LL-TX-8175 – Joseph Healy

Request for final approval of a Participation Loan in an amount not-to-exceed \$27,000. Loan proceeds will be used to provide permanent

financing for the purchase of a corn/soybean planter. This project is located in Streator, Illinois. (08-11-04).

No. 5: A-DR-GT-8176 – John & Nancy Howard

Request for final approval of an Agri-Debt Guarantee in an amount not-to-exceed \$276,250. Loan proceeds will be used to refinance and restructure various existing term debts for the borrower. This project is located in Texico, Illinois. (08-11-05).

No guests attended with respect to Project Nos. 2 through 5. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 2 through 5. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 2 through 5. Leave was granted. Project Nos. 2 through 5 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 6: I-ID-TE-CD-8130 - Fitzpatrick Brothers, Inc.

Request for final approval of Industrial Revenue Bonds in an amount not-to-exceed \$10 million. Bond proceeds will be used to finance the acquisition of land and equipment, new machinery and equipment, and to pay legal and professional issuance costs. Issuance of bonds will require an allocation of \$10 million of IFA Volume Cap to be provided by the Governor's Office of Management and Budget. The City of Quincy did not reserve its 2008 Volume Cap by April 30, 2008 because the City was not aware at that date of any local projects that could use the City's 2008 allocation. Consequently, the City's entire 2008 allocation of approximately \$3,400,000 was automatically reallocated to the Governor's Office as of May 15, 2008. This project is expected to create 65 new jobs and 50 construction jobs. This project is located in Quincy, Illinois.(08-11-06).

No. 7: I-ID-TE-CD-8106 – Regis Technologies, Inc.

Request for final approval of Industrial Revenue Bonds in an amount not-to-exceed \$8.2 million. Bond proceeds will be used to assist Regis in undertaking the largest capital improvement project in the Company's 50 year history. The Village of Morton Grove will be providing its entire 2008 allocation (i.e., \$1,909,270) to support this project prior to closing. As a result, IFA will contribute \$6,290,730 of the Authority's 2008 State Agency Volume Cap to support this financing. IFA's allocation is contingent on receipt of the Village's 2008 allocation. This project is expected to create 40 new jobs and 25 construction jobs. This project is located in Morton Grove, Illinois.(08-11-07).

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

- No. 8:** **L-GP-MO-8180 – City of Benton**
 Request for preliminary approval to participate in the Local Government Pooled Bond Program in an amount not-to-exceed \$2.1 million. Bonds will be used to provide financing for sewer system improvements. This project is expected to create 10 construction jobs. This project is located in Benton, Illinois. **(08-11-08).**
- No. 9:** **L-GP-MO-8179 – City of Charleston**
 Request for preliminary approval to participate in the Local Government Pooled Bond Program in an amount not-to-exceed \$700,000. Bonds will be used to provide financing for the renovation of the City's waste water treatment plants. This project is expected to create 5 construction jobs. This project is located in Charleston, Illinois. **(08-11-09).**
- No. 10:** **L-GP-MO-8082 – City of Girard**
 Request for preliminary approval to participate in the Local Government Pooled Bond Program in an amount not-to-exceed \$950,000. Bonds will be used to provide financing for the construction of a new water storage tank. This project is expected to create 5 construction jobs. This project is located in Girard, Illinois. **(08-11-10).**

No guests attended with respect to Project Nos. 8 through 10. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 8 through 10. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 8 through 10. Leave was granted. Project Nos. 8 through 10 received preliminary approval with 8 ayes, 0 nays, and 0 abstentions.

- No. 11:** **H-SL-RE-TE-CD-8184 - Timothy Place NFP, d/b/a Park Place of Elmhurst**
 Request for preliminary approval of Conduit 501(c)3 Bonds in an amount not-to-exceed \$195 million. Bond proceeds will be used to construct and equip a new facility, repay pre-development costs, fund one or more debt service reserve funds, fund interest expense and certain enhancement costs, and pay professional and bond issuance costs. This project is expected to create 129 new jobs and 200 construction jobs. This project is located in Elmhurst, Illinois. **(08-11-11).**

No guests attended with respect to Project No. 11. Chairman Brandt asked if the Board had any questions with respect to Project No. 11. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 11. Leave was granted. Project No. 11 received preliminary approval with 8 ayes, 0 nays, and 0 abstentions.

- No. 12:** **H-HO-TE-CD-8174 – Northwestern Memorial Hospital**
 Request for final approval of Conduit 501(c)3 Bonds in an amount not-to-exceed \$240 million. Bond proceeds will be used to refund the outstanding principal amount of the IFA Variable Rate Demand Revenue Bonds, pay a portion of the interest on the bonds, fund a debt service

reserve fund, and pay certain expenses in connection with the issuance of the bonds. This project is located in Chicago, Illinois. (08-11-12).

No. 13: **H-HO-TE-CD-8158 – Rockford Health**
Request for final approval of Conduit 501(c)3 Bonds in an amount not-to-exceed \$70 million. Bond proceeds will be used to refinance IHFA Revenue Bonds, Series 1994, Select Auction Variable Rate Securities originally issued in the amount of \$75 million of which \$55.8 million is currently outstanding, and to pay issuance costs associated with the refinancing (including a swap termination payment). This project is located in Rockford, Illinois. (08-11-13).

No. 14: **H-HO-TE-CD-8146 – The Carle Foundation**
Request for final approval of Conduit 501(c)3 Bonds in an amount not-to-exceed \$450 million. Proceeds from the sale of the Series 2009 Bonds will be used to refinance a taxable loan, finance the costs of the acquisition, construction, renovations and equipment, pay a portion of the interest on the Series 2009 Bonds, fund a debt service reserve, and pay issuance costs. This project is expected to create 470 construction jobs. This project is located in Urbana, Illinois. (08-11-14).

No. 16: **H-HO-TE-CD-8157 – NorthShore University HealthSystem (f/k/a Evanston Northwestern Healthcare)**
Request for final approval of 501(c)3 Commercial Paper Revenue Notes in an amount not-to-exceed \$75 million. Proceeds will be used to finance the costs of discharging outstanding debt in connection with the acquisition, and to pay issuance costs. This project is located in Evanston, Illinois. (08-11-16).

No guests attended with respect to Project Nos. 12,13,14 and 16. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 12,13,14 and 16. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 12,13,14 and 16. Leave was granted. Project Nos. 12,13,14 and 16 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 18: **F&F Holdings, LLC (Murphy Machine Products, Inc.) Amendatory Resolution.** Request to replace the underwriter (Wachovia Securities), with Wells Fargo Public Finance.

No. 19: **Southern Illinois Healthcare Amendatory Resolution.** Request to substitute and/or add an underwriter as agreed to by the Borrower and the Illinois Finance Authority.

No guests attended with respect to Resolution Nos. 18 and 19. Chairman Brandt asked if the Board had any questions with respect to Resolution Nos. 18 and 19. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Resolution Nos. 18 and 19. Leave was granted. Resolution Nos. 18 and 19 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 15: H-HO-TE-CD-7182 – The Admiral at the Lake

Request for final approval of the issuance of Conduit 501(c)3 Bonds in an amount not-to-exceed \$225 million. Bond proceeds will be used to construct and equip a new facility, refinance a bank loan, reimburse the borrower for pre-development costs, fund one or more debt service reserve funds, fund interest expense on the bonds for a certain period, fund credit enhancement costs, and to pay issuance costs. This project is expected to create 131 new jobs and 200 construction jobs. This project is located in Chicago, Illinois.. **(08-11-15)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 15. Ms. Pamela Lenane, Vice President, introduced Dr. Glenn Brichacek, President/CEO, The Admiral at the Lake. Dr. Brichacek thanked the Board for its consideration and gave a brief history and description of the project. Chairman Brandt asked if the Board had any questions for Dr. Brichacek. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 15. Leave was granted. Project No. 15 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 17: E-PC-TE-CD-8165 – The University of Chicago

Request for final approval of Conduit 501(c)3 Revenue Bonds in an amount not-to-exceed \$500 million. Bond proceeds will be used for various capital construction costs and renovations. This project is expected to create 50 to 100 new jobs within two years of the project's completion, and 150-200 construction jobs over a 12-24 month period. This project is located in Chicago, Illinois. **(08-11-17)**.

Chairman Brandt asked if there were any guests from The University of Chicago attending the meeting with respect to Project No. 17. Mr. Rich Frampton, Vice President, introduced Mr. Nim Chinniah, VP for Administration and CFO, The University of Chicago. Mr. Chinniah thanked the Board again for its consideration and then gave a brief description of the project. Mr. Chinniah also announced that the University has added Loop Capital Markets and Cabrera Capital Markets to the financing team for this project. Chairman Brandt asked if the Board had any questions for Mr. Chinniah. There were no questions from the Board. Chairman Brandt then asked if there were others wishing to address the Board concerning The University of Chicago. Mr. Paul McKinley, a representative from V.O.T.E., stated his organization's concerns in regard to the Authority's financing of the University of Chicago project. Mr. McKinley asked that the Board reconsider funding this project. Chairman Brandt acknowledged Mr. McKinley's concerns. Board Member, Mr. DeNard commended the University of Chicago for their decision to include minority firms on the financing team for this project. Mr. DeNard also suggested that the University's Community Development person meet with Mr. McKinley's organization to address the concerns that were presented by Mr. McKinley on behalf of his organization. Chairman Brandt asked Secretary Jones to do a roll call vote on this project so that Mr. McKinley would know each board members vote. Board members voted as follows: Dr. Barclay-yes, Chairman Brandt-yes, Mr. DeNard-yes, Mr.

Fuentes-yes, Vice Chairman Goetz-yes, Mr. Leonard-yes, Mr. O'Brien-yes, Mr. Zeller-yes. Project No. 17 received final approval with 8 ayes, 0 nays, and 0 abstentions.

Other Business

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

Respectfully Submitted,

Carla B. Burgess Jones, Secretary

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Eric Reed & Cory Mitchell/lk
Date: December 9, 2008
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** Up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$1,682,590.75**
- **2008 Calendar Year Summary:**
 - Volume Cap: \$12,000,000
 - Volume Cap Committed: \$11,530,882(Including December 08 Bonds)
 - Volume Remaining: \$469,118
 - Average Acreage Farm Size: 53.56 acres
 - Number of Farms Financed: 66
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – No direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2008 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
 - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
 - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
 - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
 - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
 - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**
Stephen F. Welcome, Esq.
Three First National Plaza, Suite 4300
Chicago, IL 60602

Project Number:	A-FB-TE-CD-8185
Funding Manager:	Cory Mitchell
Borrower(s):	Kramer, John & Staci
Borrower Benefit:	First time land buyer/family farming operation
Town:	Avon, IL
Amount:	\$213,750.00
Use of Funds:	Farmland – 100 acres
Purchase Price:	\$450,000 / (\$4,500 per ac)
%Borrower Equity	0%
%Other Agency	53%
%IFA	47%
County/Region:	Warren / West Central
Lender/Bond Purchaser	Tompkins State Bank / Wes Strode
Legislative Districts:	Congressional: 17 th , Phil Hare State Senate: 47 th , John Sullivan State House: 94 th , Richard Myers

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

***John & Staci Kramer:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.40% fixed for the first 5 years and then adjust every 5 years thereafter for the term of the note to 1.00% above the Bloomberg published 5 year AAA rated Tax Exempt Municipal General Obligation Bond.

****Pending a non contested TEFRA meeting****

IFA Fee: \$3,206.25

Project Number:	A-FB-TE-CD-8186
Funding Manager:	Cory Mitchell
Borrower(s):	Burling, Luke
Borrower Benefit:	First time land buyer/family farming operation
Town:	Carthage, IL
Amount:	\$99,240.75
Use of Funds:	Farmland – 63 acres
Purchase Price:	\$198,481.50 / (\$3,150.50 per ac)
%Borrower Equity	0%
%Other Agency	50%
%IFA	50%
County/Region:	Hancock / West Central
Lender/Bond Purchaser	Marine Bank & Trust / Gabe Pettit
Legislative Districts:	Congressional: 17 th , Phil Hare State Senate: 47 th , John Sullivan State House: 94 th , Richard Myers

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on December 1, 2009. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on December 1, 2009 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

***Luke Burling:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.50% fixed for five years then adjust annually thereafter based on the weekly average yield on US Treasury Securities adjusted to a constant maturity of one year +2.00%. However, at no time will the rate on the loan go below 4%. Lender will charge .50% points.
IFA Fee: \$1,488.61

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

Project Number: A-FB-TE-CD-8187
Funding Manager: Cory Mitchell
Borrower(s): Dolder, Nicholas
Borrower Benefit: First time land buyer/Transition to next generation
Town: Serena, IL
Amount: \$250,000.00
Use of Funds: Farmland – 36.4 acres
Purchase Price: \$270,000.00 / (\$7,500 per ac)
%Borrower Equity: 8%
%Other Agency: 0%
%IFA: 92%
County/Region: LaSalle
Lender/Bond Purchaser: National Bank of Earlville / Ed McConville
Legislative Districts: Congressional: 11th, Jerry Weller
State Senate: 38th, Gary Dahl
State House: 75th, Careen Gordon

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

***Nicholas Dolder:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.75% fixed for the term of the note. Lender will charge .10% points. **IFA Fee: \$3,750.00**

Project Number: A-FB-TE-CD-8188
Funding Manager: Eric Reed
Borrower(s): Hilmes, Aaron
Borrower Benefit: First time land buyer/family farming operation
Town: Carlyle, IL
Amount: \$250,000.00
Use of Funds: Farmland – 51.82 acres
Purchase Price: \$347,000.00 / (\$6,696.25 per ac)
%Borrower Equity: 0%
%Other Agency: 28%
%IFA: 72%
County/Region: Clinton / Southwestern
Lender/Bond Purchaser: Germantown Bank & Trust / Floyd Trame
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 51st, Frank Watson
State House: 102nd, Ron Stephens

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on December 31, 2009. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on December 31, 2009 with the twentieth and final payment of all outstanding balances due twenty years from the date of closing.

***Aaron Hilmes:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.50% fixed for the first 3 years and then adjust every 3 years thereafter for the term of the note to 0.25% under the banks prime rate. Lender will charge .25% points. **IFA Fee: \$3,750.00**

Project Number: A-FB-TE-CD-8189
Funding Manager: Eric Reed
Borrower(s): Hilmes, Ryan
Borrower Benefit: First time land buyer/family farming operation
Town: Carlyle, IL
Amount: \$205,600.00
Use of Funds: Farmland – 40.72 acres
Purchase Price: \$257,000.00 / (\$6,311.39 per ac)
%Borrower Equity: 0%
%Other Agency: 20%
%IFA: 80%
County/Region: Clinton / Southwestern
Lender/Bond Purchaser: Germantown Bank & Trust / Floyd Trame
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 51st, Frank Watson
State House: 102nd, Ron Stephens

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on December 30, 2009. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on December 30, 2009 with the twentieth and final payment of all outstanding balances due twenty years from the date of closing.

***Ryan Hilmes:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.50% fixed for the first 3 years and then adjust every 3 years thereafter for the term of the note to 0.25% under the banks prime rate. Lender will charge .25% points. **IFA Fee: \$3,084.00**

Project Number: A-FB-TE-CD-8190
Funding Manager: Eric Reed
Borrower(s): Timmermann, William A III
Borrower Benefit: First time land buyer
Town: Breese, IL
Amount: \$164,000.00
Use of Funds: Farmland – 34.8 acres
Purchase Price: \$205,000.00 / (\$5,890.80 per ac)
%Borrower Equity: 0%
%Other Agency: 20%
%IFA: 80%
County/Region: Clinton / Southwestern
Lender/Bond Purchaser: Germantown Bank & Trust / Floyd Trame
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 51st, Frank Watson
State House: 102nd, Ron Stephens

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on December 31, 2009. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on December 31, 2009 with the twentieth and final payment of all outstanding balances due twenty years from the date of closing.

***William Timmermann III:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.50% fixed for the first 3 years and then adjust every 3 years thereafter for the term of the note to 0.25% under the banks prime rate. Lender will charge .25% points. **IFA Fee: \$2,460.00**

Project Number: A-FB-TE-CD-8191
Funding Manager: Eric Reed
Borrower(s): McClain, Matt
Borrower Benefit: First time land buyer/family farming operation
Town: Brocton, IL
Amount: \$250,000.00
Use of Funds: Farmland – 60 acres
Purchase Price: \$346,550.00 / (\$5,775.83 per ac)
%Borrower Equity: 0%
%Other Agency: 28%
%IFA: 72%
County/Region: Edgar / Central
Lender/Bond Purchaser: Citizens National Bank / Renee Craig
Legislative Districts: Congressional: 15th, Timothy Johnson
State Senate: 55th, Dale Righter
State House: 110th, Chapin Rose

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

***Matt McClain:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.00% fixed for the first 5 years and then adjust every 5 years thereafter for the term of the note to 10 basis point below the 5 year Federal Home Loan Bank rate. Lender will charge .50% points. **IFA Fee \$3,750.00**

Project Number: A-FB-TE-CD-8192
Funding Manager: Eric Reed
Borrower(s): Jackson, Marcella J.
Borrower Benefit: Maintain family ownership of the farm
Town: Litchfield, IL
Amount: \$250,000.00
Use of Funds: Farmland – 167.11 acres
Purchase Price: \$683,314.00 / (\$4,089 per ac)
%Borrower Equity: 5%
%First National Bank: 23%
%Other Agency: 36%
%IFA: 36%
County/Region: Montgomery / Central
Lender/Bond Purchaser: First National Bank of Litchfield / Kevin Nieman
Legislative Districts: Congressional: 17th, Phil Hare
State Senate: 49th, Deanna Demuzio
State House: 98th, Gary Hannig

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

***Marcella Jackson:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.25% fixed for the first 5 years and then adjust every 5 years thereafter for the term of the note to 80% of the National Prime Rate as quoted in the Wall Street Journal. The interest rate on this note shall never be lower than 4.00% or higher than 9.00%.
IFA Fee \$3,750.00

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

The ability to finance capital improvements with tax-exempt Industrial Revenue Bonds is critical to an employee-owned company such as Overton (the Overton employee ESOP purchased a controlling interest in Overton from the founding family in 2006). Overton established its employee ESOP plan in 1985 with the employees initially owning a 49% ownership stake in the Company.

All Overton employees with a minimum of one year of service receive Overton ESOP stock as a retirement benefit (and thereby own an equity interest in the Company).

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

This project will use \$7,000,000 of 2008 Volume Cap, comprised of approximately \$3.15 million transferred by the Village of Addison and approximately \$3.85 million of IFA Volume Cap.

Transferred Volume Cap: The Village of Addison (the "Village") has transferred 100% of the Village's 2008 Volume Cap allocation (i.e., \$3,147,975) to IFA specifically to support this expansion by Overton Gear. The Village of Addison's Board of Trustee approved a Resolution on November 17, 2008 that amended a previous Resolution that transferred the Village's entire 2008 allocation of \$3,147,975 to IFA, thereby enabling IFA to use Addison's 2008 Volume Cap allocation to support the Overton Gear Corporation Project.

IFA Volume Cap Requested: As a result of Addison's Volume Cap transfer, this bond issue will only require \$3,852,025 of 2008 IFA Volume Cap.

Overton is a 100% employee-owned, Illinois-based industrial gear manufacturer established in 1955. 100% of Overton's employees with more than one year of service receive beneficial stock transfers in Overton's ESOP Trust as a retirement benefit.

Overton has diversified its product lines through strategic acquisitions over the last 5 years that have enabled Overton to (1) expand its product offerings to produce gears used in emerging industries (e.g., wind turbine gears), and (2) add equipment enabling production of large diameter gears (which generally result in higher profit margins, since Overton provides extensive design and engineering assistance).

This project will also enable Overton to reduce ongoing order backlogs and produce a wider variety of gears for its customers enabling Overton to attain its objective of becoming a one-stop design/engineering/production resource for its customers.

As typical with most design/manufacturing companies, Overton focuses most of its capital expenditures on upgrading and modernizing its production technology to improve quality and increase productivity. Ongoing production technology investments are necessary to retain customers against offshore competitors (many of which are subsidized by their national governments and have pricing advantages due to national monetary policies).

Overton's proposed capital improvements help assure ongoing viability of this 100% employee-owned company and will help retain Overton's 141 existing jobs.

- **IRB (Current Year) Volume Cap Summary – Calendar Year 2008:**

– IFA IRB State Volume Cap Allocation:	\$90,000,000
– IFA IRB Cap Used to Date (closed deals):	(\$29,079,730)
– IFA IRB Cap Committed (includes subject deal):	(\$17,052,025)
– IFA IRB Cap Unused:	<u>\$43,868,245</u>

In addition to the State allocation, the IFA received \$15,586,615 in transferred IRB cap from local municipalities. Of the total received, \$4,509,270 has been applied to IFA projects, \$3,147,975 is committed to calendar year 2008 projects and the \$7,932,370 balance is unused. Unused IRB cap (IFA and transferred) will be carried forward and available for IFA solid waste, water utility and/or housing financings over the next three years.

SOURCES AND USES OF FUNDS

Sources:	IRB	\$7,000,000	Uses:	Project Cost	\$7,000,000
	Equity	<u>160,000</u>		Issuance Costs	<u>160,000</u>
	Total	<u>\$7,160,000</u>		Total	<u>\$7,160,000</u>

Overton will make a cash equity contribution to support this financing and pay prospective costs of issuance.

JOBS

Current employment:	141	Projected new jobs:	20 (within 2 years)
Jobs retained:	141	Construction jobs:	Not applicable

Proceeds of the subject Bonds would entirely finance production equipment, with an estimated useful life of 7 years (see *Project Summary on Page 4 for detailed listing*). Although the proposed IFA Series 2008 Bonds will not finance substantial real estate improvements (aside from building modifications required to install a pit furnace), Overton initiated and completed various building improvements at its Addison production facility in 2007, in anticipation of this project. Because these real estate improvements were placed in service more than 60 days prior to the February 12, 2008 IFA Inducement Resolution date, these prior improvements cannot be refinanced with proceeds of the IFA Series 2008 Bonds (Overton Gear Corporation Project).

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

FINANCING SUMMARY

Direct Lender/

Bond Investor Security: The Direct Lenders/Investors (i.e., GE Capital Government Finance, Inc. and Key Bank) will be secured by a blanket first security interest in all accounts receivable, inventory, and equipment that will be cross-collateralized and cross-defaulted with Overton's Line of Credit.

Structure: As proposed, the Bonds would be purchased directly by GE Government Finance, Inc. and Key Bank, the Direct Lenders/Investors, and held by one or both as a portfolio investment until maturity.

Interest Rate: Fixed Rate Bonds to maturity (estimated interest rate of 4.25% based as of 11/24/2008)

Amortization: 7 Years (maximum maturity)

Timing: December 2008

Rationale: The proposed project will enable Overton Gear to increase its production capacity significantly, thereby reducing the Company's longstanding sales backlogs. As a result of these backlogs, Overton has been turning away business. Furthermore, the upgraded equipment will help assure that Overton can manufacture products within specified tolerances and remain technologically competitive. The Company will be adding skilled and semi-skilled workers who will have an opportunity to ultimately own stock in the Company through the Overton Gear ESOP Trust (which owns 100% of the company's outstanding stock) after completing one year of service. Overton is a 100% employee-owned company. All Overton employees receive annual beneficial stock ownership interest transfers in the ESOP Trust as a retirement benefit after completing each full year of service.

BUSINESS SUMMARY

Description: **Overton Gear Corporation**, (“Overton” or the “Company”) is an Illinois S Corporation originally established in 1955. The Company’s founders established an ESOP Trust in 1985 to own 49% of the Company. In 2006, the Overton Gear ESOP Trust purchased the remaining 51% of the company’s outstanding stock to become a 100% employee-owned company.

The Officers of the Company and the ESOP Trust are (1) Mr. Louis Ertel, President and CEO, (2) Mr. Kevin Walsh, VP-Operations, and (3) Mr. Peter LaMontagna, VP-Finance. All Overton employees receive annual beneficial stock ownership interest transfers in the ESOP Trust as a retirement benefit after completing each full year of service.

Background: Overton Gear Corporation manufactures custom spur, helical, and bevel gears according to customer specifications. Overton’s machinery cuts, grinds, and heat tempers its gears. *The Company specializes in custom gears for the marine, off-shore, locomotive, mining, wind energy, transportation, and construction industries, as well as various Original Equipment Manufacturers (OEMs).*

In recent years, Overton has diversified its product lines significantly (away from its original focus on locomotive gears) adding several new products, including helical/spherical gears for wind energy turbines. In 2005, Overton acquired the Illinois Gear Corp. division of Regal Beloit Corporation and relocated Illinois Gear’s bevel gear (i.e., right angle gears) manufacturing machines to its Addison manufacturing facility, thereby further diversifying its product mix.

Subsequent to its 2005 acquisition of Illinois Gear, Overton has supplemented its product lines by adding gears designed for marine applications (e.g., thruster drive gears for cargo ships) and mining (e.g., gears used in stone crushers), thereby diversifying its sales base across new industries. Many of these specialty gears range from 85” to 100” in diameter.

Overton previously received \$3.1 million of IRB financing from IFA (IDFA) in 1994 that financed the acquisition of new manufacturing equipment and building improvements. Overton successfully paid off the remaining principal balance (i.e., \$200,000) of their IFA (IDFA) Series 1994 Bonds on October 1, 2008.

PROJECT SUMMARY

Bond proceeds will be used to finance (1) the acquisition and installation of various manufacturing equipment and fixtures (including but not limited to a new pit furnace, gear grinding machines, and other machinery and equipment) for use at the Overton Gear Corporation’s existing approximately 150,000 SF manufacturing facility located at 530 Westgate Drive, Addison (DuPage County), IL 60101-4525, and to also pay bond issuance costs.

Estimated project costs are as follows (fixtures and equipment):

		<u>Estimated Life</u>
Pit Furnace	\$840,000	10 years
Gear Grinding Machines	2,900,000	7 years
Gear Generating Machines	2,115,000	7 years
Gear Hobber	<u>1,145,000</u>	7 years
Total	<u>\$7,000,000</u>	

ECONOMIC DISCLOSURE STATEMENT

Applicant: Overton Gear Corporation (Contact: Mr. Pete LaMontagna, Vice President – Finance, 530 Westgate Drive, Addison, IL 60101-4525; Ph.: 630-543-9570, x263; Fax: 630-543-7440; E-mail: petel@overtongear.com)

Web site: www.overtongear.com
Project name: Overton Gear
Location: 530 Westgate Drive, Addison, IL 60101-4525
Borrower: **Overton Gear Corporation**
Organization: Illinois S Corporation
Ownership: **Overton Gear ESOP Trust: 100%;**

ESOP Trustee: Ms. Kjersti Cory, **First Bankers Trust**, 2321 Kochs Lane, Quincy, IL 62305; Ph.: 217-228-8060. (First Bankers Trust is based in Quincy and specializes in personal and other corporate trust serves, including ESOP's trusteeships. First Bankers Trust also has offices in Chicago, Philadelphia, and Phoenix. Web Site: www.fbt-services.com)

There are no shareholders with a 7.5% or greater ownership interest in the Overton ESOP Trust (all individual participants in the ESOP Trust own beneficial ownership interest of less than 2.0% in the Overton Gear ESOP Trust).

Management of Overton includes:

- Louis Ertel, President & CEO (and Board Member appointed by First Bankers Trust)
- Kevin Walsh, VP-Manufacturing (and Board Member appointed by First Bankers Trust)
- Peter LaMontagna, VP-Finance

PROFESSIONAL & FINANCIAL

General Counsel:	Huck Bouma PC	Wheaton, IL	Greg Mieczynski
Auditor:	Crowe Horwath LLP	Oak Brook, IL	Alex Wodka
Bond Counsel:	Ice Miller LLP	Chicago, IL	Jim Snyder
Direct Lenders/ Bond Purchasers:	GE Capital Government Finance, Inc.	Oak Brook, IL	Brian Riordan
	Key Bank Government Finance	Green Cove Springs, FL	Denise Beauchamp
Lender's Counsel:	Kutak Rock LLP	Omaha, NE	
General Contractor:	Not applicable		
IFA Counsel:	Cahill Law	Chicago, IL	Kevin Cahill
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 6 Peter J. Roskam
State Senate: 23 Carole Pankau
State House: 46 Dennis Reboletti

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 9, 2008**

Project: SBLV Investments, LLC and Jasper Meats, Inc.

STATISTICS

Project Number:	I-ID-TE-CD- 8151	Amount:	\$3,300,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	IFA Staff:	Sharnell Curtis Martin
County/Region:	DuPage County /Northeast	City:	Bloomingtondale

BOARD ACTION

Final Bond Resolution	Subject to Volume Cap Allocation
No IFA Funds contributed	No Extraordinary conditions
No substantial changes since initial Board consideration	Staff request approval

VOTING RECORD

Preliminary Bond Resolution: October 23, 2008

Ayes: 9 Nays: 0 Abstentions: 0 Vacancies: 4

Absent: 2 (Herrin, Leonard)

PURPOSE

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

IFA PROGRAM AND CONTRIBUTION

The Authority's Industrial Revenue Bond Program provides low interest rate financing for qualifying industrial projects. IFA's issuance of Industrial Revenue Bonds will exempt income earned on the Bonds from federal income tax and thereby enable the Borrower to obtain a lower interest rate on the debt.

VOLUME CAP

The Company is seeking \$3.2 million in 2008 IFA Volume Cap. The proposed project will be located in the Village of Bloomingtondale which is a home-rule community. Bloomingtondale has used its approximate \$1.9 million of its 2008 allocation and as a result, has no remaining 2008 Volume Cap to support this project. The borrower would like to close this project in December 2008.

IRB (Current Year) Volume Cap Summary – Calendar Year 2008:

- IFA IRB State Volume Cap Allocation:	\$90,000,000
- IFA IRB Cap Used to Date (closed deals):	(\$29,079,730)
- IFA IRB Cap Committed (includes subject deal):	<u>(\$17,052,025)</u>
- IFA IRB Cap Unused:	<u>\$43,868,245</u>

In addition to the State allocation, the IFA received \$15,586,615 in transferred IRB cap from local municipalities. Of the total received, \$4,509,270 has been applied to IFA projects, \$3,147,975 is committed to calendar year 2008 projects and the \$7,932,370 balance is unused. Unused IRB cap (IFA and transferred) will be carried forward and available for IFA solid waste, water utility and/or housing financings over the next three years.

JOBS

Current employment: 16	Projected new jobs: 19
Jobs retained: 16	Construction jobs: 83

The Borrower is presently located the City of Chicago's Lake Street/ Halsted/Fulton Market area in the west Loop. This area is a primary location for Meat processors similar to Jasper Meats and the City of Chicago would like a higher and better use of the surrounding area for housing needs. As a result of this relocation, the borrower will retain the existing 16 jobs as well as add 19 new jobs at the proposed location in the Village of Bloomingdale.

ESTIMATED SOUCES AND USES OF FUNDS

Total Sources: IFA Bonds	\$3,200,000	Total Uses: Project Costs	\$3,900,000
Equity	<u>850,000</u>	Bond Issuance Costs	<u>150,000</u>
Total Sources	<u>\$4,050,000</u>	Total Uses	<u>\$4,050,000</u>

The source of equity is from internally generated funds.

FINANCING SUMMARY/STRUCTURE

Security:	The Bonds will be secured by a Harris Bank, N.A. Direct Pay Letter of Credit
Bank Collateral:	First mortgage on subject real estate and assignment of rents and leases.
Interest Rate:	Variable Rate Weekly Demand Bonds (1.12% as of 11/19/98)
Maturity:	30 Years
Rating:	The bonds are expected to bear a rating equal to that of the Letter of Credit, Moody's A3 and S& P A
Estimated Closing Date:	December 17, 2008

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of approximately 2.2 acres of land located at 220 Madsen (Lots 6 and 7 in the Bloomingdale Corporate Center) in Bloomingdale (DuPage County), the construction of a 25,000 square foot manufacturing facility, the acquisition of machinery and equipment for use therein and to pay certain bond issuance costs. Project costs are estimated as follows:

Construction	\$2,800,000
Land	700,000
Machinery and Equipment	<u>400,000</u>
Total Project Costs	<u>\$3,900,000</u>

BUSINESS SUMMARY

Description of Business: Jasper Meats, Inc. ("Jasper" or the "Company") was established in June 1997 by Stanley and Janice Pajerski. Mr. Pajerski has been working in the processed meats area for more than 30 years and jointly manages the business with his wife Janice.

SBLV Investments LLC is a limited liability company that will own the land and building and lease the assets to the Company. Jasper Meats, Inc. will own the equipment and be co-obligors on the transaction.

Meat products sold by Jasper primarily consist of pork, beef, poultry and lamb and at least 50% of its customers base is ethnic foods, particularly polish products. Customers of Jasper typically include small delicatessens, restaurants, banquet halls and medium size grocery stores. Some of the Company's major customers include: Andy Deli, Belmont Sausage, Michocan Meats, Caputo's Food Stores and Eurofresh Markets.

The Company presently operates out of a leased 4,000 square foot facility located at 840 W. Fulton in Chicago. Current operations primarily consist of shipping and distribution.

Project Description: The new facility will allow the Company to purchase its own operations and construct a new 25,000 facility located in Bloomingdale. The new facility will include meat processing, storage, cooling and additional shipping capacity that will significantly expand the Company's operations

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: SBLV Investments and Jasper Meats, Inc.
9 Morgan Lane, South Barrington, Illinois

Project Location: 220 Madsen (Lots 6 and 7 in the Bloomingdale Corporate Center)
Bloomingdale, IL 60108 (DuPage County)

Borrower: SBLV Investments and Jasper Meats, Inc.

Tenant: Jasper Meats, Inc.

Ownership:

SBLV Investments:	Stanley Pajerski	50%
	Janice Pajerski	50%
Jasper Meats, Inc.:	Stanley Pajerski	50%
	Janice Pajerski	50%

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Carponelli and King	Chicago	Bob Krug
Accountant:	Rozovic and Wojicki	Park Ridge	Michael Rozovic
Bond Counsel:	Ice Miller	Chicago	Jim Snyder
LOC Provider	Harris Bank, N.A.	Chicago	Monique Lundgren
Bond Underwriter:	BMO Harris Bank GKST	Chicago	Nick Knorr
Underwriter's Counsel:	Chapman and Cutler	Chicago	Bill Hunter
Trustee:	Bank of New York	Chicago	Rodney Harrington
Rating Agency:	Standard & Poor's	New York	Katie Curry
IFA Advisors:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott
Issuer's Counsel:	To Be Determined		

LEGISLATIVE DISTRICTS

Congressional: 6 – Peter J. Roskam
State Senate: 28 – John J. Milner
State House: 56 – Paul D. Froehlcih

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 9, 2008**

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

STATISTICS

Project Number:	PU-WD-TE-CD-8182	Amount:	\$28,500,000 (not-to-exceed amount)
Type:	Water Furnishing Facilities Revenue Bonds (Exempt Facility Bonds)	IFA Staff:	Rich Frampton
*Locations:	Champaign, Urbana, Pesotum, Savoy; Alton, Grafton; East St. Louis, Granite City; Peoria; Streator; Homer Glen, Lemont; and scattered locations in SW Cook County, DuPage County, Kendall County, and Will County	*Counties/ Regions:	Champaign/East Central; Madison, St. Clair, Jersey/Southwest; Peoria/North Central; LaSalle/Northwest; Livingston/North Central; Suburban Cook, DuPage, Kendall, Will/Northeast

*In addition to these municipalities, many of these projects will also benefit adjacent unincorporated areas adjacent to each project site.

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Water Furnishing Facilities Revenue Bonds
No IFA funds at risk
Staff recommends approval (subject to an allocation of Volume Cap, a standard IFA pre-condition)
No extraordinary conditions

PURPOSE

As proposed, IFA would issue \$28.5 million of New Money Water Furnishing Facilities Revenue Bonds to finance a portion of the cost of new capital improvements to Illinois-American Water Company ("Illinois-American" or the "Operating Company") drinking water systems located statewide. The total construction cost of these projects is approximately \$50 million including, but not limited to various mains, meters, pumping stations, and treatment plant improvements.

The proposed IFA Series 2009 Bonds will finance a portion of total capital improvement costs (subject to complying with the Illinois Commerce Commission's regulatory Debt to Capitalization ratio) located in Illinois-American Water Company's Alton, Champaign, Chicago Metro, Interurban (Madison and St. Clair Counties), Peoria, and Streator Districts.

IFA PROGRAM AND CONTRIBUTION

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

Water Furnishing Facilities Revenue Bonds finance essential purpose drinking water system improvements that improve the quality of life by (1) increasing drinking water capacity to facilitate continued economic development,

(2) financing access to an improved water supply, (3) providing financing for ongoing improvements in drinking water quality and to enable compliance with upcoming EPA Drinking Water standards, and (4) providing capacity enhancements that will enable improved fire protection service in certain districts.

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

IFA (IDFA) has had a longstanding relationship with Illinois-American Water Company and its predecessors (including Northern Illinois Water Corporation and Citizens Utilities Company of Illinois) since 1984. As of 10/31/2008, IFA had approximately \$66.7 million of Revenue Bonds outstanding for Illinois-American Water Company (and predecessors) comprising five bond issues (the "Prior Bonds").

VOLUME CAP

Calendar Year Cap Required: This proposed financing will close in 2009. Accordingly, this financing will require approximately \$28.5 million of 2008 Carryforward Volume Cap (which would need to be designated specifically for Water Furnishing Facilities Bonds in the IRS 8328 Carryforward Election) and prospectively, combined with new money 2009 Volume Cap.

Prospective Transferred 2008 and/or 2009 Volume Cap: The IFA Series 2009 Bonds (Illinois-American Water Company Project) could use (1) 2008 IFA Carryforward Volume Cap derived from any unused IFA 2008 allocation (request forthcoming), (2) 2009 IFA Volume Cap, or (3) any 2008 and/or 2009 Volume Cap transferred by Home Rule Units to IFA (IFA staff has initial calls in requesting (i) 2008 and/or 2009 Volume Cap pending to City of Urbana and (ii) 2009 Volume Cap from the City of Champaign (no 2008 allocation remains available), which are the primary Home Rule Units that will benefit from this financing). IFA staff will also seek available 2008 Volume Cap from other Home Rule Units, as available, to support this project (thereby minimizing the amount of Volume Cap required from IFA's State Agency allocation).

Comments on Changes in Transaction Timing due to market conditions: Illinois-American had originally planned to close on the proposed IFA Bond issue in December 2008 (which would have required an allocation of 2008 Volume Cap). Due to relatively unfavorable market conditions for the sale of Baa2/BBB+ fixed rate Bonds (30 years) at present, America Water Capital has elected to defer previously induced financings located in New Jersey, Ohio, and Kentucky from the 4th Quarter of calendar 2008 to early 2009.

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

Portions of certain Illinois-American Water Company Service Districts that will benefit from the proposed IFA Series 2009 Bonds are located Federal Enterprising Communities (i.e., City of East St. Louis), State-Designated Enterprise Zones (i.e., portions of Alton/Riverbend (Madison County), American Bottoms (St. Clair County), Bartonville/Peoria County, Belleville, Champaign/Champaign County, Gateway Commerce Center (Madison County), Granite City, East St. Louis/Washington Park, Peoria, SW Madison County, Streator, and Urbana), and State-Designated River Edge Development Zones (i.e., portions of East St. Louis, Peoria).

Illinois-American Water Company provides approximately one million Illinois citizens with drinking water.

Impact of Transaction Timing on Future Illinois Commerce Commission Rate Base Computation: Because the final IFA Bonds interest rate will be reflected in Illinois-American's rate base, Illinois-American believes that deferring this financing to 2009 will provide maximum savings to its customers.

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 -- PRELIMINARY, SUBJECT TO CHANGE

Sources:	IFA New Money Bonds	\$28,500,000	Uses:	Project Costs	\$50,000,000
	Equity	21,946,500		Costs of Issuance	496,500
	Total	\$50,496,500		Total	\$50,496,500

Source of Equity: To the extent the Costs of Issuance exceed the amounts represented above (or if the Costs of Issuance exceed 2% of bond proceeds) any additional costs of issuance will be drawn from available corporate resources. Illinois-American's regulatory borrowing limit for this financing (and these projects) is \$28.5 million.

JOBS

Current employment: 476 statewide;
68 in Champaign District

Projected new jobs: 4 (Champaign District only)

Jobs retained: Not Applicable

Construction jobs: 120 (18 months) – Champaign District;

The proposed IFA Series 2009 Bonds will finance a series of essential purpose drinking water infrastructure projects that will enable Illinois-American to (1) construct a new, 15 Million Gallon per Day ("MGD") Water Treatment Facility in Champaign that will enable Illinois-American to provide adequate drinking water supply to satisfy anticipated demand in Champaign County through 2023, and (2) to finance pumping stations, new water mains, and increased capacity to provide new water service to the Village of Grafton (Jersey County), which has requested to be added to Illinois-American's Alton District.

Additionally, this project will (3) provide additional drinking water capacity and enhance drinking water quality (Peoria District; Streator District; Chickasaw Water Treatment Plant in the Metro Chicago District near Homer Glen), (4) provide various water main and related improvements to increase water flow to enhance local fire protection (Chicago Metro), and (5) improve and automate chemical storage and feeds to improve water treatment, reduce costs and improve (Interurban District – East St. Louis and Granite City, and Champaign Mattis Avenue Water Treatment Plant).

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

Because employment creates overhead that must be recovered through Illinois-American's rate base, long-term job creation is a secondary result of these financings.

FINANCING SUMMARY

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

or the “Parent Company”) and an affiliate of the Operating Company. AWCC’s Long Term Debt is currently rated Baa2/BBB+ (Moody’s/S&P), both with Stable outlooks.

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

Note: Please see Business Summary Below for additional description of organizational relationships between American Water Capital Corp., Illinois-American Water Company, and the Parent Company (American Water Works Company, Inc.).

Structure: Fixed Rate Bonds. Estimated market rate of 7.50% to 8.50% as of 11/19/2008.
Maturity: Approximately 30 years (estimated April 1, 2039)
Estimated
Closing Date: March-June 2009 (timing of closing depend on market conditions for pricing 30-year, fixed rate Baa2/BBB+ rated Tax-Exempt Bonds)

Rationale: This financing will enable a regulated public utility that provides drinking water to 21 counties and 125 municipalities serving approximately one million residents (and 273,000 metered water customers) in Illinois. The subject Bonds will enable Illinois-American to finance the proposed improvements more economically. Savings attributable to these reduced financing costs will ultimately be reflected in the rate base computed by the Illinois Commerce Commission in the Districts where these projects are located. Consequently, the IFA Series 2009 Bonds will reduce water rates in service areas where capital improvements are ultimately financed with IFA Series 2009 Bond proceeds. Again, the degree of customer savings will vary based across Districts based on the extent to which assets are financed with IFA Series 2009 Bond Proceeds.

PROJECT SUMMARY FOR IFA PRELIMINARY BOND RESOLUTION

Bond proceeds will be used by American Water Capital Corp. to provide lower cost financing for its Illinois-American Water Company operating affiliate. Bond proceeds will be used to finance various capital improvements to Illinois-American Water Company’s drinking water systems including, but not limited to, mains, meters, pumping stations, and treatment plants located in portions of Illinois-American Water Company’s service area and including, but not limited to, a series of local capital improvement projects described below (and comprising the “Project”):

- (1) **Champaign District (new Water Treatment Plant is the largest local capital improvement project to be financed with proceeds of the proposed IFA Series 2009 Bonds; improvements to Mattis Avenue Water Treatment Facility):** (a) the construction of seven new water wells, and construction of a new, 15 Million Gallon per Day (“MGD”) *Champaign County Water Treatment Facility* on a 40 acre site in Champaign County located at 560 County Road 1700N near Champaign, that will enable Illinois-American to satisfy projected capacity needs through 2023, and (b) installation of an automated chemical storage and feed facility that will also improve the disinfection capabilities of the *Mattis Avenue Water Treatment Facility* to enable compliance with future EPA drinking water standards.
- (2) **Alton District Water Treatment Facility expansion (and expansion of service to the Village of Grafton):** (a) expansion of the *Alton Water Treatment Facility* to increase capacity to accommodate anticipated economic growth, and (b) extension of water mains and upgrades to pumping stations that will *add water service to the Village of Grafton* (Jersey County; population 715), which has requested new water service, to be added to Illinois-American Water’s service territory. (Grafton is located approximately 18 miles west of Alton on Illinois Hwy. 100.)
- (3) **Interurban District (upgrades chemical storage and feed facilities):** improvements to various chemical storage and feed facilities at the East St. Louis Conventional Water Treatment Facility and Granite City Water Treatment Facility. These improvements will upgrade existing systems and are expected to reduce ongoing maintenance costs (which are passed through to local water users throughout the Interurban District in Madison and St. Clair County).

- (4) **Peoria District (capacity upgrade and water quality enhancement):** expansion of capacity to the Illinois River Station in Peoria to increase capacity by 8 MGD and to enhance treatment to allow compliance with new EPA Stage 2 regulations (which will benefit users in Bartonville, Peoria, Peoria Heights, and West Peoria).
- (5) **Streator District (capacity upgrade and water quality enhancement):** add filtration and water treatment capacity to increase capacity from 1.8 MGD to 2.6 MGD, thereby enabling the Streator system to meet anticipated maximum daily demand of 2.4 MGD.
- (6) **Chicago Metro Districts (fire flow capacity improvements):** install water mains, tanks, pumps, and other equipment to increase the desired fire flow level in area various water systems in Illinois-American's Chicago Metro District (includes portions of Cook, DuPage, Kendall, and Will Counties).
- (7) **Chicago Metro (capacity expansion for Chickasaw District):** increase Water Treatment Facility capacity from 0.7 MGD to 1.0 MGD to accommodate anticipated population and development growth (includes portions of SW Cook and NW Will Counties near Homer Glen and Lemont).

Illinois-American has estimated that Combined Total Project Costs are approximately \$50,000,000 for this series of local projects. *Of the estimated \$50,000,000 Project cost, Illinois-American has identified approximately \$36.8 million of capital expenditure that will be eligible for reimbursement from proceeds of the IFA Series 2009 Bonds (assumes approval of a December 9, 2008 Inducement Resolution).*

Table 1: Summary of Reimbursement Eligible Project Costs for the proposed \$28,500,000 Bond issue:

New Champaign Water Treatment Facility ("WTF") Supply Wells:	\$7,100,000
New Champaign WTF Power Generation Equipment:	1,000,000
New Champaign WTF Pumping Equipment:	2,000,000
New Champaign WTF Water Treatment Plant Equipment:	5,300,000
New Champaign WTF Distribution Mains:	<u>1,900,000</u>
<i>Subtotal – Reimbursement Eligible New Champaign WTF Improvements:</i>	<i>\$17,300,000</i>
Champaign – Mattis Ave. WTF Improvements:	<u>1,754,165</u>
Subtotal – Reimbursement Eligible Champaign District Capital Expenditures:	<u>\$19,054,165</u>
Alton WTF Expansion:	\$1,200,000
Grafton Water Service Extension/Improvements:	1,375,000
Interurban PAC Improvements:	2,092,552
Peoria WTF Capacity Expansion:	980,345
Streator WTF Improvements:	3,485,199
Chicago Metro Fire Flow – Mains:	2,108,510
Chicago Metro Fire Flow – Tanks:	3,202,257
Chicago Metro Chickasaw Plant Expansion:	<u>3,301,548</u>
Subtotal – Other Capital Projects Eligible for Reimbursement:	<u>\$17,745,411</u>
Grand Total – Project Costs Eligible for Reimbursement:	<u>\$36,799,576</u>

BUSINESS SUMMARY

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

AWK became an independent, stand-alone company again following its September 28, 2007 partial spin-off from RWE AG ("RWE"), a stock corporation incorporated in the Federal Republic of Germany. AWK remains an indirect majority-owned subsidiary of RWE. Prior to

being acquired by RWE in 2003, AWK was the largest publicly traded water utility company in the United States.

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

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

See “Ownership” section on Pages 8-9 of the Economic Disclosure Statement section of this report for a description and organization chart that indicates the ownership and organizational structure of American Water Works Company, Inc. and its various operating subsidiaries including (1) Illinois-American Water Company, a regulated subsidiary, and (2) American Water Capital Corp., a rated, non-regulated subsidiary through which AWK finances the operations of its various affiliates.

Description: Illinois-American Water Company provides drinking water and/or wastewater services to more than one million people in 125 incorporated municipalities and in unincorporated areas throughout Illinois. Primary service areas are concentrated in Champaign County, Peoria and vicinity, Alton/Interurban/Metro East (Jersey, Madison and St. Clair Counties), and Suburban Chicago (portions of [SW Suburban] Cook, DuPage, Kendall, and Will Counties). Illinois-American also owns systems located in Cairo (Alexander Co.), Lincoln (Logan Co.), Pontiac (Livingston Co.), South Beloit (Winnebago Co.), Sterling (Whiteside Co.), Streator (LaSalle and Livingston Counties). Illinois-American and its predecessors have been operating in Illinois since 1884. (Also see map of Illinois-American Water Company’s Major Service Areas on Page 11.)

Illinois-American’s parent company is American Water Works Company (“American Water”), the largest investor-owned water and wastewater utility company in the United States as measured by both operating revenue and population served. AWK was established in 1886 and provides water, wastewater, and other water resource management services to more than 15 million people in 32 states. American Water operates through nineteen state subsidiaries. According to the Borrower, American Water has invested over \$1.5 billion over the past three years on water and wastewater treatment facility infrastructure improvements across the US. AWK employs approximately 6,900 people in the US.

As a public utility operating in Illinois, Illinois-American is regulated by the Illinois Commerce Commission (“ICC”). The ICC approves rates, franchise areas, rates of return to stockholders, establishes debt management policies, and establishes certain operating policies and procedures.

Statewide, Illinois-American employs 476 people across Illinois. According to the Company, approximately 70% of Illinois-American’s employees are skilled, 22% are clerical and administrative, and 8% are professional.

In addition to Illinois-American’s 476 employees, Illinois-American’s parent company (American Water Works Company, Inc.) also operates (1) a National customer service call center in Alton and (2) a National research/testing laboratory in Belleville that together employ over 100 people. (The cost of these corporate employees is allocated across all of American Water Works Company’s operating entities, including Illinois-American Water Company. These employees have not been included in Illinois-American’s current employment total [476].)

The US EPA and Illinois EPA regulate environmental, health, safety, and water quality matters (e.g., compliance with the Safe Drinking Water Act). According to Illinois-American's management, all of Illinois-American's drinking water complies with current EPA Safe Drinking Water Act standards.

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

IFA (IDFA) currently has five series of Prior Bonds outstanding totaling approximately \$66,745,000 for Illinois American Water (and predecessors) as of 10/31/2008, including:

- \$23,325,000, Series 1997, Citizens Utilities Company, due 5/1/2032
- \$6,990,000, Series 1992, Northern Illinois Water Company, due 12/1/2026
- \$5,865,000 Series 1994, Northern Illinois Water Company, due 2/1/2028
- \$5,715,000 Series 1993, Illinois-American Water Company, due 8/1/2023
- \$24,860,000, Series 2002, Illinois-American Water Company, due 3/1/2032

All payments relating to all prior IDFA obligations with the Borrower and its predecessors (including the Prior Bonds) were current as of 10/31/2008.

ICC Regulation
and approval of
Debt Financing:

The Company is a regulated public water utility that is subject to regulation by the **Illinois Commerce Commission** ("ICC"). The ICC has jurisdiction with respect to rates, service, accounting procedures, acquisitions, financial leverage, and other matters. Accordingly, Illinois-American Water Company has already submitted details of this financing to the ICC.

Based on market developments and difficulties relating to availability of credit enhancement (and municipal bond insurance, in particular) subsequent to ICC approval, Illinois-American now plans to finance this project through American Water Capital Corp. (which itself is also a wholly-owned subsidiary of American Water Works Company, Inc.). Accordingly, Illinois-American will be requesting permission to borrow directly from its rated affiliate (i.e., American Water Capital Corp.) to finance the proposed projects. (As noted previously, American Water Capital Corp. currently has long-term debt ratings of Baa2/BBB+ from Moody's/S&P.)

According to Illinois-American's management, the ICC regulates Illinois-American's leveraging and will limit the maximum amount that Illinois-American can borrow under the proposed IFA Bond Issue to \$28.5 million.

ECONOMIC DISCLOSURE STATEMENT

Applicant/Primary

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

Illinois-American

Contact: Illinois-American Water Company, 300 N. Water Works Drive, Belleville, IL 62223 (Contact: Fred Ruckman; 618-236-1180)

Web Sites:

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

Project name:

IFA Series 2009 Water Furnishing Facilities Revenue Bonds (American Water Capital

Locations: Corp./Illinois-American Water Company Project)
Alton District (including the Village of Grafton, IL); Champaign District (Champaign, Urbana, Savoy, Bondville, Pesotum, and portions of unincorporated Champaign County); Interurban District (East St. Louis, Granite City and adjacent municipalities and unincorporated areas of Madison and St. Clair Counties); Peoria District (Bartonville, Peoria, Peoria Heights, West Peoria, and adjacent municipalities and portions of unincorporated Peoria County); Streator District (Streator and portions of adjacent unincorporated areas of LaSalle and Livingston Counties; and Metro Chicago Districts (portions of SW Cook County near Homer Glen and Lemont; portions of DuPage County, Kendall County, and Will County).

Land Owner: The principal plants and properties of Illinois-American Water Company, other than mains, meters, regulators, pumping stations, and treatment plants are located on property owned in fee simple interest. Substantially all water mains are located under public rights-of-way (i.e., public streets, alleys, and highways), or under property owned by other under grants of easement. Illinois-American Water Company also already owns the approximately 40 acre site for the new Champaign County Water Treatment facility located at 560 County Road 1700 N, Champaign, IL 61822 (the site is located in unincorporated Champaign County West of the City of Champaign and East of the Village of Bondville).

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

Ownership: Illinois-American Water Company is a wholly-owned subsidiary of American Water Works Company, Inc., with stock traded on the New York Stock Exchange. Major shareholders of more than 5.0% of AWK's stock (i.e., SEC ownership disclosure threshold) according to public filings as of 6/30/2008 were:

- **RWE Aqua Holdings, GmbH**, a limited liability company organized under the laws of the Federal Republic of Germany that is a holding company for RWE's global water business is a direct beneficial owner: **60.45%**
 - RWE Aqua Holdings, GmbH is a direct wholly-owned subsidiary of **RWE Aktiengesellschaft** ("RWE"), a stock corporation incorporated in the Federal Republic of Germany whose shares are publicly listed on the Frankfurt and Dusseldorf stock exchanges.
 - RWE Aktiengesellschaft indirectly beneficially owns these shares through its ownership of RWE Aqua Holdings GmbH
 - Both RWE Aqua Holdings, GmbH, and its Parent Company (RWE Aktiengesellschaft) are headquartered at: RWE, Opernplatz 1, Essen, 2M, 45128.
 - *Because RWE Aktiengesellschaft is an offshore company, no further ownership disclosure is required pursuant to IFA policy.*
- **Capital World Investors**, 333 South Hope Street, 55th Floor, Los Angeles, CA 90071-1447; Phone: 213-486-9200: **7.55%**.
 - Capital World Investors is an institutional money management firm as registered on Form 13F with the Securities and Exchange Commission. Capital World Investors is affiliated with The Capital Group Companies and The American Funds family of mutual funds.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Jones Day LLP	Chicago, IL	Bill Harmon
Auditor:	PricewaterhouseCoopers, LLP	Philadelphia, PA	Timothy Connor
Bond Counsel:	American Water is negotiating with: Chapman and Cutler LLP, Greenberg Traurig LLP, Peck Shaffer LLP		
Underwriter:	Morgan Stanley & Co., Inc.	New York, NY	Jay Sweeney
Co-Manager:	To be determined		
Underwriter's Counsel:	To be engaged by the Underwriter.		
General Contractor:	See Below		
Project Engineer:	See Below		
Trustee:	To be determined		
Rating Agencies:	Moody's Investors Service	New York, NY	
	Standard & Poor's Rating Service	New York, NY	
Issuer's Counsel:	Forthcoming		

Preliminary List of Project Engineering Consultants

Berns Clancy & Associates, Urbana, IL
Foth Engineering, Champaign, IL
Farnsworth Group, Champaign, IL
Kaskaskia Engineering, Belleville, IL
Hazen and Sawyer, Raleigh, NC (Water Treatment Facility Design Engineer)

Preliminary List of General Contractors

River City Construction, East Peoria, IL (General Contractor)
GA Rich and Sons, Deer Creek, IL (Mechanical Contractor)
Cross Construction, Urbana, IL (Finished Water Main Contractor)
Layne Christensen Company, Mission Woods, KS (Well Contractor)

American Water Works Company, Inc. (In-House Crews) – will be retained for projects other than construction of (1) the new Champaign County Water Treatment Facility and (2) the Village of Grafton Water Main Extension (Alton District)

Note: the General Contractor for construction of the Village of Grafton Water Main Extension Project has not been bid. Updated information regarding all third party project engineers and general contractors will be provided when this financing returns to the IFA Board.

LEGISLATIVE DISTRICTS

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

Alton District (including Grafton)

Congressional: 12, 17, 19
State Senate: 49, 56
State House: 97, 111

Champaign District

Congressional: 15
State Senate: 5
State House: 110

Chicago Metro Districts

Congressional: Forthcoming – I have requested additional detail. This is complicated due to (1) scattered, irregular sites, many of which are in unincorporated areas. This information is not of critical importance until (1) documentation is initiated and (2) the TEFRA Hearings are scheduled. Only certain local systems within the Chicago Metro Districts will ultimately receive Bond proceeds.
State Senate: Forthcoming
State House: Forthcoming

Interurban District (Metro East)

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

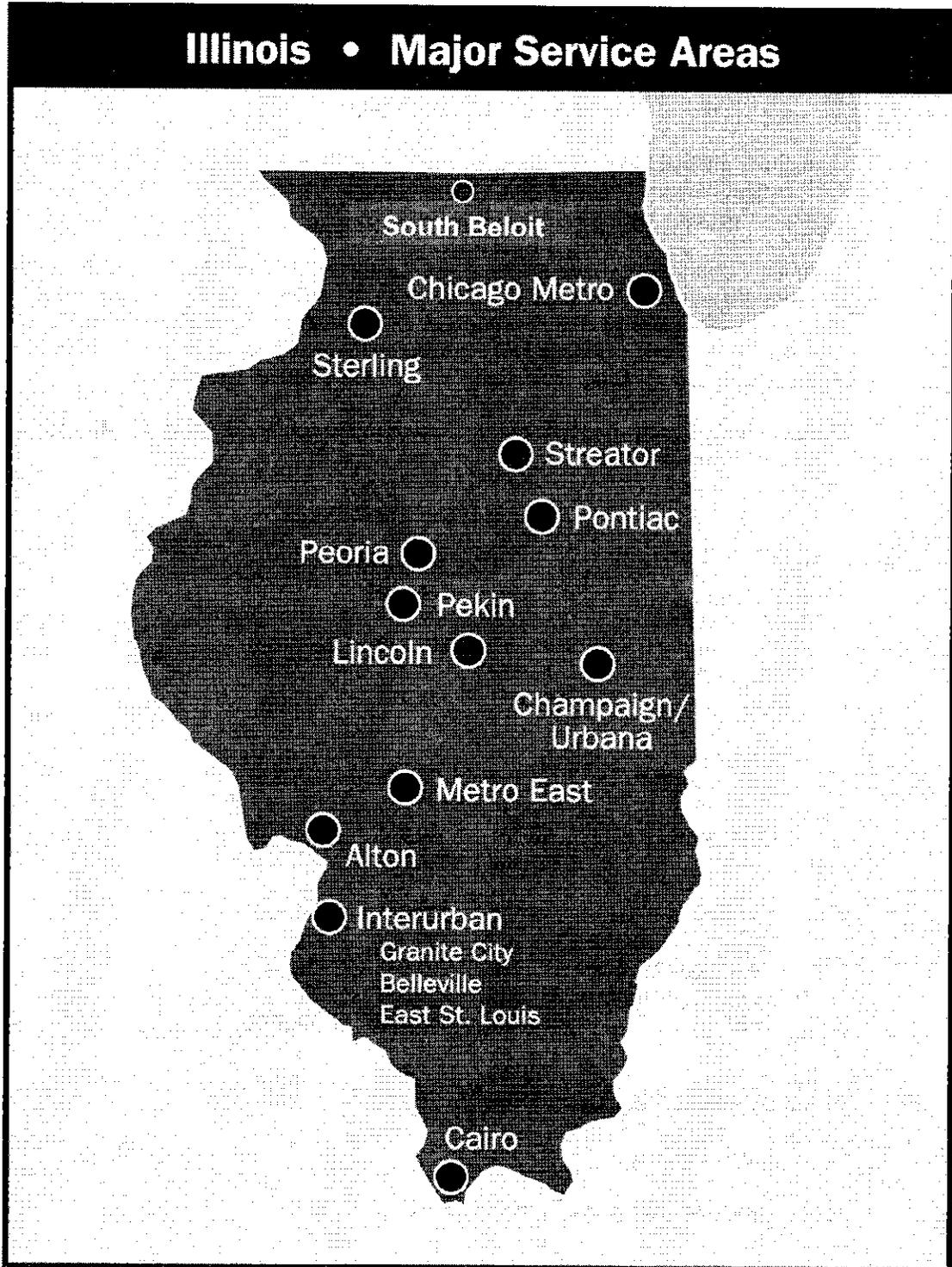
Peoria District

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

Streator District

Congressional: 11, 15
State Senate: 38
State House: 76

Illinois-American Water Company – Major Service Areas



**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 9, 2008**

Deal: White Pines Academy of Lemont, Inc.

STATISTICS

Deal Number:	N-NP-TE-8183	Amount:	\$7,500,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Steve Trout
Location:	Lemont	County/Region:	DuPage / Northeast

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to 1) finance the construction of Phase I of the a new campus located at the 115th Street and Bell Road in Lemont, 2) refinance approximately \$1,450,000 of outstanding debt incurred to improve the site and build the foundation for construction and fund other capital improvements, and 3) pay costs of issuance.

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 Board.

ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE)

Sources:	IFA Bonds	\$6,900,000	Uses:	Project Costs:	\$5,300,000
				Refinance Debt:	1,400,000
				Costs of Issuance/Other:	<u>200,000</u>
	Total	<u>\$6,900,000</u>		Total	<u>\$6,900,000</u>

JOBS

Current employment:	18	Projected new jobs (2 years):	TBD
Jobs retained:	N/A	Construction jobs:	TBD (6 months)

FINANCING SUMMARY

Bonds: Tax-exempt 501(c)(3) bonds amortizing over approximately 30 years.

Interest: The Bonds are expected to be structured as Variable Rate Demand Notes, with interest rates initially reset every 7 days. "All-in" interest rates on similar bonds, including fees for letters of credit, remarketing and other services is estimated at approximately 2.5% as of 11/19/08.

Credit Enhancement: Payment on the Bonds will be secured by a direct-pay Letter of Credit provided by Midwest Bank. The Bank's credit facility will be wrapped by a confirming Letter of Credit issued by the Federal Home Loan Bank ("FHLB").

- Credit Rating: The Bonds will be rated based on the FHLB Letter of Credit. Comparable FHLB facilities are rated P-1/Aa1 by Moody's and A-1+/AA by Standard & Poor's.
- Lease: The Academy will enter into a 50-year triple net lease to lease the site on which the Project will be built from Koshkonong Pastoral Center, Inc., a related entity
- Bank Collateral: First mortgage in the subject real estate (to be granted by Koshkonong) and unconditional personal guarantees provided by certain members of the Academy's Board of Advisors
- Closing: First quarter of 2009.

BUSINESS SUMMARY

Background: White Pines Academy is a Catholic private elementary school that was founded in 1990s by a group of parents living in and around Lemont who sought to give their children an academically rigorous Catholic education. The Academy began by holding classes in the home of one of the founders. In 1996, the Academy began renting space in the Lithuanian World Center at 14911 127th Street in Lemont, the site of the Academy's current campus. The Academy's first classes held at the Center were for just 20 students. In 1998, the Priests of the Legion of Christ assumed spiritual leadership of the school.

White Pines Academy quickly grew into a pre-Kindergarten through 8th Grade program that appeared poised for continued growth. In 1999, the Academy's Board acquired the site for the new campus, a 32-acre site that is expected to be sufficient to provide pre-kindergarten to 12th grade educate up to 1,500 boys and girls. Unfortunately, that Board was unable to develop the new campus in a timely manner. Enrollment declined as parents and students became frustrated with delays in building the new campus. In 2007, White Pines Academy of Lemont, Inc. was established to assume the assets and liabilities of White Pines Academy, Inc, the former entity. The new Academy is a Illinois 501(c)(3) corporation that is overseen by a self-perpetuating Board with a majority composition of its membership of the Legion of Christ. A new Board of Advisors was also established that year.

The Project: The Academy's future campus will be located on 35 acres at the intersection of 115th Street and Bell Road in Lemont. The campus is expected to accommodate 1,500 students once fully developed over the next 15 years. Phase I consists of a new 32,000 square-foot academic building, which is designed to accommodate students and faculty for pre-Kindergarten through 8th Grade education. The building will include fourteen classrooms, a gymnasium, a multi-purpose room, mechanical rooms and administrative spaces consisting of a reception area, secretarial space, staff lounge, nurse office and a conference room. Site improvements include utilities, on-site parking, grading and improvements to Bell Road, the major road that is adjacent to the property. Student capacity for Phase I is about 300, which White Pines' Board expects will be achieved within five years of opening the new campus.

White Pines' Board contemplates building as Phase II an additional building to be used as a Middle School that would be separate from the Elementary School, once enrollment has grown to a sufficient level. Until then, the Phase I building will be used for students of all grades. The Board anticipate that the campus will eventually include seven buildings, including a boys and girls elementary school, middle school, high school, pre-Kindergarten school and an administrative building,

The Legion Of Christ: The Legion is a Roman Catholic congregation of Priests and Brothers at the service of the Catholic Church and others through direct contact through the Legion's universities, schools, training and education centers to form the character and Christian virtue of families, youth and married couples as well as humanitarian development of the poor. The Legion was founded in 1941 is active in 20 countries with over 650 priests and approximately 2,500 seminarians, representing 40 nationalities. The Legionaries now direct 145 schools, 21 institutes of higher education and 12 universities. The Legion opened its first University in the US (University of Sacramento) in January 2005 and seeks to establish another University in Westchester County, New York in the coming decade. The Legion oversees 10 schools in the US, including the Academy. The schools are different stages of development. Three of the schools are in Phase 4 of their development and are already open for Kindergarten through 12th Grade. Six of the schools have issued tax-exempt bonds to finance

development. Two of these have issued more than one series of bonds. *To date no Legionary school in the world has ever defaulted in any of their financings.*

National
Consultants

For Education: NCE helps Legionary schools in the US and Canada to implement Integral Foundation the education methodology developed the Legion. Services include curriculum, professional development, school operations and administration, school development and member services.

Consolidated Catholic
Administrative

Services: CCAS provides legal, administrative, financial and construction services to the 10 schools and other apostolates overseen by the Legion in the US.

Admissions: The Academy is open to students of all faiths. Students are not required to make a faith statement . All students are welcome at the Academy regardless of family income. White Pines seeks to provide financial aid to all who apply.

PROJECT SUMMARY

Bond proceeds will be used to 1) finance the construction of Phase I of the a new campus located at the 115th Street and Bell Road in Lemont, 2) refinance approximately \$1,450,000 in outstanding debt incurred to improve the site and build the foundation for construction and fund other capital improvements, and 3) pay costs of issuance. The General Contractor for the Project will be Wight & Company of Darien. Wight will build the Project pursuant to a Guaranteed Maximum Price Contract. Project costs are estimated at \$5,300,000.

ECONOMIC DISCLOSURE STATEMENT

Applicant: White Pines Academy of Lemont, Inc., 14911 127th Street, Lemont, IL 60439 (Contact: Victor Prieto, Finance Officer, CCAS, Phone: 914/495-9121)
Project Location: 115th Street and Bell Road, Lemont (DuPage County), IL 60439
Organization: Illinois 501(c)(3) Not-for-Profit Corporation
Land Lessor: Koshkonong Pastoral Center, Inc., a Wisconsin Not-for Profit 501(c)(3) Corporation and a related entity

PROFESSIONAL & FINANCIAL

Bond Counsel:	Peck Schaeffer	Chicago	George Buzard
Financial Advisor:	Coughlin & Company, Inc.	Denver	Walter Coughlin
Bond Underwriter & Remarketing Agent:	Wells Fargo Capital Markets	Chicago	
Letter of Credit Bank:	First Midwest Bank One	Tinley Park	James Hynes
	Bank of West	Omaha, NE	Tom Weinandt
Bank Counsel:	TBD		
Issuer's Counsel:	Requested		
Management Services:	Consolidated Catholic Administrative Services	Thornwood, NY	Victor Prieto
General Contractor:	Wight & Company, Inc.	Darien, IL	Jim Nagle

LEGISLATIVE DISTRICTS

Congressional:	Judy Biggert	13 th District
State Senate:	Christine Radogno	41 st District
State House:	Jim Durkin	82 nd District

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 9, 2008**

Project: Village of Freeman Spur

STATISTICS

Number:	L-DP-TE-8061	Amount:	\$85,000 (not to exceed)
Type:	IFA Direct Bond Purchase	IFA Staff:	Kristi Conrad
Location:	Freeman Spur, Illinois	County / Region:	Williamson / Southern

BOARD ACTION

Final Resolution
IFA Direct Local Government Bond Purchase
\$85,000 IFA funds at risk
Staff recommends approval

VOTING RECORD

Preliminary Bond Resolution: October 23, 2008

Ayes: 9 Nays: 0 Abstentions: 0 Vacancies: 4

Absent: 2 (Herrin, Leonard)

PURPOSE

Provide financing for Village water system improvements.

IFA PROGRAM AND CONTRIBUTION

The IFA's Local Government Direct Bond Purchase Program directly purchases the debt of units of local government. The Program serves units of local government who may otherwise participate in the pooled bond program, but the amount desired and / or the term make the Pooled Program less feasible. The Direct Bond Purchase Program utilizes funds (currently totaling \$2.5 million) transferred from the Illinois Rural Bond Bank to the IFA that are designated for local government purposes. The Program finances the bonds at a fixed rate for a term not to exceed twenty years.

SOURCES AND USES OF FUNDS

Sources:	IFA Bond Purchase	\$85,000	Uses: Water Project	\$317,000
	CDAP Funding	<u>237,000</u>	Costs of Issue	<u>5,000</u>
	Total	<u>\$322,000</u>	Total	<u>\$322,000</u>

JOBS

Current employment: 0
Jobs retained: 0

Projected new jobs: 0
Construction jobs: 3

FINANCING SUMMARY

Debt: The IFA will purchase the Village of Freeman Spur's Alternate Revenue Bonds. The Water System Fund's net revenues will be pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the Village has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The Village must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The Village will pass a "backdoor referendum" authorizing issuance of the bonds unless a sufficient number of voters petition to require referendum approval. In the event that there are not adequate funds for debt service payment, the Village will pledge its intercept State revenues (State Income Tax, State Sales Tax and State Replacement Tax).

Collateral: The bonds are general obligations of the Village and are payable from (i) net revenues of the Water System and (ii) ad valorem property taxes levied against all of the taxable property in the City without limitation as to rate or amount. The bonds will also be secured by the City's intercept State revenues.

Structure: Principal is expected to be due on January 1 beginning in 2010 with a final maturity in 2029. Interest will be fixed rate and payable each July 1 and January 1, beginning July 1, 2009. The bonds are subject to redemption prior to maturity.

Maturity: 20 years

Estimated Closing: January 2009

BUSINESS SUMMARY

Background: The Village of Freeman Spur, located in Williamson County has a population of 280 as of the 2007 Freeman Spur is approximately 20 miles northwest of Carbondale, Illinois.

Project: The Village of Freeman Spur was awarded a Community Development Assistance Program (CDAP) grant from DCEO in 2006. The grant was utilized to replace the only water transmission main that supplies the Village with portable water from the City of Herrin. The main was over 50 years old with numerous leaks which caused huge water losses that lead to the Village's Water System to suffer financial losses over the past three years. In fact, engineers estimate that the Village was losing just as much water as it was trying to sell to its residents.

The Village utilized CDAP funds to correct the water line infrastructure needs but unfortunately did not secure CDAP required leveraged funds for the remaining costs of the project. If the Village does not attain the additional \$80,000 in leveraged funds, it will be forced to return the (already spent) \$237,000 in CDAP funds.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Village of Freeman Spur
Location: 19072 Freeman Spur Road, Freeman Spur, IL 62841
Organization: Illinois Municipality
Village President: Curtis Spaven

PROFESSIONAL & FINANCIAL

Accountant: Sarah Gibbens, CPA
Local Bond Counsel: Evans Froehlich Beth and Chamley LLC Champaign Kurt Froehlich
IFA Financial Advisors: D.A. Davidson & Co. Chicago Bill Morris

LEGISLATIVE DISTRICTS

Congressional: 19th - John Shimkus
State Senate: 59th - Gary Forby
State House: 117th - John E. Bradley

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 9, 2008**

Project: Village of West Salem

STATISTICS

Number:	L-DP-TE-8160	Amount:	\$130,000 (not to exceed)
Type:	IFA Direct Bond Purchase	IFA Staff:	Kristi Conrad
Location:	West Salem, Illinois	County / Region:	Edwards / Southern

BOARD ACTION

Final Resolution
IFA Direct Local Government Bond Purchase
\$130,000 IFA funds at risk
Staff recommends approval

VOTING RECORD

Preliminary Bond Resolution: October 23, 2008

Ayes: 9 Nays: 0 Abstentions: 0 Vacancies: 4

Absent: 2 (Herrin, Leonard)

PURPOSE

Provide financing for Village water system improvements.

IFA PROGRAM AND CONTRIBUTION

The IFA's Local Government Direct Bond Purchase Program directly purchases the debt of units of local government. The Program serves units of local government who may otherwise participate in the pooled bond program, but the amount desired and / or the term make the Pooled Program less feasible. The Direct Bond Purchase Program utilizes funds (currently totaling \$2.5 million) transferred from the Illinois Rural Bond Bank to the IFA that are designated for local government purposes. The Program finances the bonds at a fixed rate for a term not to exceed twenty years.

SOURCES AND USES OF FUNDS

Sources:	IFA Bond Purchase	\$130,000	Uses: Water Project	\$405,000
	CDAP Funding	<u>280,000</u>	Costs of Issue	<u>5,000</u>
	Total	<u>\$410,000</u>	Total	<u>\$410,000</u>

JOBS

Current employment: 4 (full time) 20 (part time)
Jobs retained: 0

Projected new jobs: 0
Construction jobs: 3

FINANCING SUMMARY

Debt: The IFA will purchase the Village of West Salem’s Alternate Revenue Bonds. The Water System Fund’s net revenues will be pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the Village has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The Village must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The Village will pass a “backdoor referendum” authorizing issuance of the bonds unless a sufficient number of voters petition to require referendum approval. In the event that there are not adequate funds for debt service payment, the Village will pledge its State intercept revenues (State Income Tax, State Sales Tax and State Replacement Tax).

Collateral: The bonds are general obligations of the Village and are payable from (i) net revenues of the Water System and (ii) ad valorem property taxes levied against all of the taxable property in the City without limitation as to rate or amount. The bonds will also be secured by the Village’s State intercept revenues.

Structure: Principal is expected to be due on January 1 beginning in 2010 with a final maturity in 2024. Interest will be fixed rate and payable each July 1 and January 1, beginning July 1, 2009. The bonds are subject to redemption prior to maturity.

Maturity: 15 years

Estimated Closing: December 2009

BUSINESS SUMMARY

Background: The Village of West Salem, located in Edwards County has a population of 1,001 as of the 2000 census. West Salem is approximately 140 miles east of St. Louis.

Project: IFA financing will provide funds to improve the Village’s water system infrastructure. Specifically, the Village will construct 2620 feet of replacement waterline. The work will replace an existing cast iron line that is in poor condition. The line is the main supply to the water tower and has experienced many breaks. The Village was awarded a \$280,000 CDAP grant for the project. The IFA’s financing will provide required complementary funds to the CDAP grant.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Village of West Salem
Location: P.O. Box 456, West Salem, Illinois 62476
Organization: Illinois Municipality
Mayor: Eric Goldsmith

PROFESSIONAL & FINANCIAL

Accountant:	Terry L Harper, CPA		
Local Bond Counsel:	Evans Froehlich Beth and Chamley LLC	Champaign	Kurt Froehlich
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 19th - John Shimkus
State Senate: 54th - John Jones
State House: 108th - David Reis

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 9, 2008**

Project: Chicago School of Professional Psychology

STATISTICS

Deal Number:	E-PC-TE-CD-8181	Amount:	\$5,200,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Sharnell Curtis Martin
Location:	Chicago	SIC Code:	8221 (Colleges, Universities and Professional Schools)

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Conduit 501(c)(3) Revenue Bonds	No extraordinary conditions
No IFA funds contributed	
Initial Board consideration	

PURPOSE

Bond proceeds will be used to finance acquisition and renovations and to pay certain bond issuance costs.

IFA PROGRAM and CONTRIBUTION

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

VOTING RECORD

This is the first time this project has been presented to the IFA Board for a one-time final approval.

SOURCES AND USES OF FUNDS

Sources:	IFA Bond	<u>\$5,200,000</u>	Uses:	Project Costs	5,100,000
				Issuance Costs	<u>100,000</u>
	Total Sources	<u>\$5,200,000</u>		Total Uses	<u>\$5,200,000</u>

JOBS

Current employment:	191	Projected new jobs:	50
Jobs retained:	N/A	Construction jobs:	110

BUSINESS SUMMARY

Background: The Chicago School of Professional Psychology (the "School" or the "Applicant") is an Illinois 501(c)(3) corporation established in 1979 as a school specializing in psychology training operated by practicing psychologists.

Description: The School offers Master's Degrees in Industrial/Organizational, Clinical Counseling, Forensic, Applied Behavioral Analysis and School Psychology; as well as Doctoral Degrees in Business and Clinical Psychology.

The mission of the School is integrating theory, professional practice and innovation in the field of psychology while providing excellent education for careers in psychology and related behavioral and health sciences.

Currently serving more than 1460 students from the United States and internationally, more than 70% of its enrollment are students based in the Midwest. The new project expansion will allow the School to acquire space and make necessary renovations to accommodate the projected student growth of approximately 250 – 300 students over the next three years.

Remarks: The bond financing will finance the acquisition and renovation of a condo unit at 350 N. Wells Street and 215 West Ohio Street. Also, the project will renovate and reconfiguration of classrooms and offices, information technology operations and other facilities at the existing 325 N. Wells campus.

This financing will be the third bond transaction with the IFA and its predecessor, the Illinois Development Finance Authority in 2003. The 2007 IFA bond issue refunded the prior IDFA bond issue and is presently current on principal and interest payments.

FINANCING SUMMARY

Security: The Bonds will be purchased and held as an investment by First American Bank.

Structure: Weekly Variable Rate Demand Bonds (1.12% as of 11/19/08)

Maturity: 7 Years

Bank Collateral: First Mortgage on subject real estate and first lien on furnishings and equipment financed.

Credit Rating: First American Bank, the purchaser of the bonds is an unrated lender and therefore does not have a credit rating.

Closing: December 17, 2008

PROJECT SUMMARY

Bond proceeds will be used to financing the acquisition and renovation of a condo unit at 350 N. Wells Street and 215 West Ohio Street. Also, the project will renovate and reconfiguration of classrooms and offices, information technology operations and other facilities at the existing 325 N. Wells campus and to pay certain bond issuance costs. Project costs are estimated as follows:

Condo Acquisition	\$1,600,000
Construction/Renovations	<u>\$3,500,000</u>
Total Project Costs	<u>\$5,100,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Chicago School of Professional Psychology
325 N. Wells Street - 3rd Floor
Chicago, IL 60610 (Cook County)
Mr. Jeff, Keith, Chief Financial Officer

Project name: The Chicago School of Professional Psychology Project 2007

Location: 325 N. Wells Street – 10th Floor
Chicago, IL 60610 (Cook County)

Organization: 501(c)(3) Corporation

State: Illinois

Board of Directors: Richard Grinstein, Chair Louise Lane, Vice-Chair R. Edward Bergmark, Ph.D.
Dean Chung, MBA Ronald Decker, JD Paul Dillon, CMC, M.S.
Brian Fabes, Ph.D. Kathy Ford, M.A. Bruce Fox, JD
Linda Harvard, MBA Michael Horowitz, Ph.D. William Houston
Betty Laston, M.A. George Mitchel David I. Scott
Frank Seever, Ph.D. Rev. Mary Tudela, MBA Theodore Weber, CPA
Harold Wilson Daniel Broadhurst

Land Sellers: 215 W. Ohio LLC.
Members: Bold Development LLC 65%
Harvey J. Olsher Family Trust 35%

PROFESSIONAL & FINANCIAL

Borrower's Counsel: Neal, Gerber & Eisenberg Chicago Peter Barron

Accountant: Virchow Krause & Co. Chicago

Bond Counsel: Greenberg and Traurig Chicago Matt Lewin

Bond Purchaser: First American Bank Elk Grove Village Steve Eikenberry

Bond Purchaser's Counsel: Greenberg and Traurig Chicago Scott Kapp

Issuer's Counsel: To Be Determined

IFA Financial Advisor: D. A. Davidson Chicago Bill Morris
Scott Balice Strategies Chicago Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 7 -- Danny Davis
State Senate: 5 – Kenneth Dunkin
State House: 3 – Mattie Hunter

Illinois Finance Authority

Memorandum

To: IFA Board of Directors

From: Cory E. Mitchell

Date: December 9, 2008

Re: Request to allow Wells Fargo Bank to adjust interest rate on the David and Becki Damhoff Participation Loan #A-LL-TX-8178. This project will continue to allow the applicant to grow their Illinois family farm.

The IFA Board of Directors approved participation loan # A-LL-TX-8178 for David and Becki Damhoff in the amount of \$417,000 at the November 12, 2008 board meeting. IFA will purchase the participation loan from Wells Fargo Bank in Morrison, IL.

The David and Becki Damhoff loan has not closed and Wells Fargo Bank is requesting a change in interest rate on their portion of the loan. Originally, the bank's rate was 6.06%, which was priced at 100 basis points over the 12 month LIBOR. (October, 2008) Currently the 12 month LIBOR has risen and the bank is requesting a rate of 6.43% on their portion of the loan to reflect the increase of their index. IFA's approved rate on their portion is 5.01% and will not change. The IFA pricing of 5.01% was established under the former program guidelines of 100 basis points over the 90 day LIBOR. All participation loans presented after the November 12, 2008 board meeting fall under the new pricing index of 100 basis points below the lending institutions rate. (At the November 12, 2008 board meeting, the IFA board chairman requested the ag committee to look into other pricing mechanisms for the participation loan by polling some of the active lenders who use the program and report back to the board).

Original approval indicates a five year fixed rate; bank rate would be 6.06%, IFA at 5.01%, with an overall blended rate to the borrower of 5.54%. With the proposed amendment the bank rate would change to 6.43%, IFA rate will stay at 5.01% with a blended rate to the borrower of 5.72%. This would create an increase in interest rate of 18 basis points to the borrower.

Original approval:

Bank 6.06% IFA 5.01% Blended rate to Borrower 5.54%

Proposed amendment:

Bank 6.43% IFA 5.01% Blended rate to Borrower 5.72%

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With the overall increase of 18 basis points the borrower would have an increased interest expense of \$1,500 per year which slightly affects the borrower's cash-flow and debt coverage. However, it should be noted that the borrower has paid off a real estate note prematurely, which had a principal and interest payoff balance totaling \$15,000(\$10,200 principal, \$4,800 interest). With this being said, the proforma cash flow will be affected positively by \$15,000(in comparison to the proforma cash flow presented at the November 12, 2008 board meeting).

The overall credit will not be affected adversely with this amendment request. If approved, this request will net a positive \$13,500 in cash flow, after considering the \$15,000 paid off loan, less the \$1,500 increase in interest expense.

ORIGINAL APPROVAL

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 12, 2008**

Project: David and Becki Damhoff

STATISTICS

Project Number: A-LL-TX-8178	Amount: \$417,000
Type: Participation Loan	IFA Staff: Cory E. Mitchell
County/Region: Carroll/Northwest	City: Chadwick

BOARD ACTION

Final Resolution	Staff request: Approval subject to bank conditions
IFA Funds contributed: \$417,000	Extraordinary conditions: Satisfactory appraisal on real estate demonstrating an 80% LTV or less
Staff Recommendation: Approval to purchase a loan from Wells Fargo of Morrison.	

VOTING RECORD

None

PURPOSE

Use of proceeds: Provide permanent financing for the purchase of 195.15 acres of farm land

IFA PROGRAM AND CONTRIBUTION

Under its Participation Loan Program, the Authority participates in bank loans financing capital projects for business, industry, farmers and agri-industry. The Authority will participate in loans for up to 10 years at a rate of interest that is variable or fixed for up to 5 years at 100 basis points above the 3-month LIBOR. The Authority shares pro-rata in the Bank's collateral and generally in conjunction with the Bank's loan advances funds at rates up to 80% of appraised fair market value for real estate, 65% of cost for new equipment and 65% of orderly appraised liquidated value for used equipment. IFA's participation reduces the borrower's interest expense.

VOLUME CAP

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soybeans. In addition to farming the applicants also operate an auctioneering business, as well as perform farm equipment appraisals.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: David and Becki Damhoff, 18367 Holly Road, Morrison, IL 61270
Project Location: Shibley Road, Chadwick, IL 61014
Borrower: David and Becki Damhoff
Ownership: Sole Proprietorship

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	None		
Accountant:	William R. Shirk	Morrison	William R. Shirk
Originating Bank:	Wells Fargo Bank	Morrison	Michael Urish
	100 West Lincoln Way	Morrison, IL 61270	
	815-772-5307	Michael.J.Urish@wellsfargo.com	
Bank Counsel:	N/A		
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott
IFA Counsel:	Dykema	Chicago	Darrell Pierce

LEGISLATIVE DISTRICTS

Congressional: 16th, Donald Manzullo
State Senate: 36th, Mike Jacobs
State House: 71st, Mike Bolland

SERVICE AREA

N/A

BACKGROUND INFORMATION

David and Becki Damhoff have been involved in agriculture their entire life in the Whiteside and Carroll county area. They have operated their own operation for over 30 years and reside in Morrison. Dave manages 100% of the day to day operations of his farming, appraisal and auctioneering business. His wife and two son's help as needed during planting and harvesting season. Becki works full time at a local optometrist's office. Corn yields have averaged 185 bushels per acre over the past three crops. Soybeans have averaged 55 bushels per acre over the same time period. Grain prices for the 2007 corn crop was near \$3/bushel and soybeans \$7/bushel. 2008 projections showed corn near \$6/bushel and soybeans at \$12/bushel. Crop insurance purchased by the borrower will guarantee actual bushels and price, 80% of the corn crop at a price of \$5.40/ bushel and 75% of his soybean crop at \$13.36/ bushel. Bushel guarantees are based on the actual production history over the past 10 years on each crop.

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CONFIDENTIAL INFORMATION

Estimated Fee

\$20,891 (first years interest)

INTEREST RATE: The interest rate on the proposed loan will be fixed for 5 years at 5.54% as a result of an interest rate of 6.06% from Wells Fargo of Morrison on the banks portion and 5.01% on the IFA portion of the loan(90-day LIBOR , 4.01+1.0%=5.01. LIBOR rate was quoted on October 1, 2008. IFA rate will reset to 100 BP over the 90 day LIBOR at the End of 5 years. The banks rate will adjust to 200 BP over the 12 Mo. LIBOR at the end of 5 years.

FINANCIALS

Financial Statements are borrower prepared, verified and submitted by Wells Fargo Bank, Morrison.

The lender has approved and set-up a line of credit for the applicant in the amount of \$600,000.

Working capital has been acceptable for the 3 years reported with '07 displaying an excellent level of \$183,457. Forward contracting of grain sales has attributed to the excess working capital for '07 and many of the bushels are pre-sold for the '08 crop, locking in efficient gains in the market for the applicant. The applicant's current ratio has followed the same trend as working capital. Real estate makes up 87% of the applicants total assets FY 07. The remaining 13% is in equipment.

Debt coverage for the 3 years reported ('05-'07) has been acceptable by demonstrating an average of 1.26x. Projected debt coverage (1.4x) will increase due to a larger net income than in 2007. Higher grain prices and input prices have attributed to these increases in net income.

Collateral for the project will be a 1st REM on the proposed purchase of 195.15(\$926,962) acres as well as a 1st REM on 180 acres (\$810,000). Per IFA adjustment factor of 80%, our overall adjusted LTV is 60%. It should be noted that the borrower has applied \$96,962 as a down payment on the property.

David's credit bureau score is 788, while his wife Becki's is 807. Generally speaking, lenders look at scores of 700+ as good credit scores, and 750 + as excellent.

The applicant has made an attempt to control the ever-rising cost of inputs by pre-paying for the majority of fertilizer, chemicals and fuel for the following growing season. The applicant estimates an annual savings of 10% by pre-paying. The applicant also protects against crop losses due to weather with multi-peril crop insurance. He carries CRC (crop revenue coverage) at 80% on corn and 75% CRC on soybeans. The applicant's marketing practices over the years have helped him lock in profitable price received on grain. They utilize hedge-to-arrive contracts for future delivery dates into future crop years which allow them to lock in favorable prices for their grain. Applicant pays property tax.

The lender has stated that the applicant's operation is a very sound, viable operation. The applicant's and their son's assist in all phases of the productive Illinois family farm.

CONFIDENTIAL INFORMATION

FINANCIAL DATA FOR:					
D&B Damhoff	Year	Year	Year	Proforma	
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	
Cash.....	22,500	3,800	3,600	4,000	
Crops/Livestock.....	58,729	104,500	240,130	245,000	
Other Current Assets.....	52,625	109,897	261,131	255,000	
Total Current Assets.....	133,854	218,197	504,861	504,000	
Farm Machinery/Equipment....	395,450	396,600	332,950	335,000	
Real Estate/Improvements.....	1,906,000	2,241,400	2,426,400	3,346,400	
Other LT Assets.....	213,130	173,100	170,866	170,000	
Total Non-Current Assets.....	2,514,580	2,811,100	2,930,216	3,851,400	
Total Assets.....	2,648,434	3,029,297	3,435,077	4,355,400	
Notes Payable.....	22,200	111,932	242,553	240,000	
Current Maturities LT debt.....	80,612	98,936	78,851	145,780	
Other Current Liabilities.....	0	4,017	0	0	
Total Current Liabilities.....	102,812	214,885	321,404	385,780	
Equipment debt.....	144,009	92,330	118,808	110,000	
Real Estate Debt.....	539,676	679,886	712,656	1,521,427	
Other LT Liabilities.....	51,957	56,679	0	20,000	
Total Non-Current Liabilities...	735,642	828,895	831,464	1,651,427	
Total Liabilities.....	838,454	1,043,780	1,152,868	2,037,207	
Net Worth.....	1,809,980	1,985,517	2,282,209	2,318,193	
Working Capital.....	31,042	3,312	183,457	118,220	
Current Ratio.....	1.30	1.02	1.57	1.31	
Debt-to-asset ratio.....	0.32	0.34	0.34	0.47	
Debt-to-worth Ratio.....	0.46	0.53	0.51	0.88	

CONFIDENTIAL INFORMATION

Cash Basis Accounting					
	2005	2006	2007	Average	Proj
Crop/Livestock Sales	427,640	465,393	681,904	524,979	1,150,000
Other Farm Income	0	0	0	0	0
Total Farm Income	427,640	465,393	681,904	524,979	1,150,000
General Operating Expenses	349,483	369,601	521,586	413,557	841,000
Depreciation	36,898	40,073	43,937	40,303	55,000
Interest Expense	31,506	36,441	52,500	40,149	110,000
Total Farm Expenses	417,887	446,115	618,023	494,008	1,006,000
Net Cash Farm Income	9,753	19,278	63,881	30,971	144,000
Repayment Margin Analysis					
	2005	2006	2007	Average	Proj
Net Farm Operating Income	9,753	19,278	63,881	30,971	144,000
Add: Non-farm Income	24,267	39,335	6,400	23,334	6,000
Add: Depreciation Expense	36,898	40,073	43,937	40,303	55,000
Add: Annual Term Debt Interest	31,506	36,441	52,500	40,149	110,000
Less: Income Taxes	(3,400)	(7,044)	(10,400)	(6,948)	(25,000)
Less: Family Living W/D	(25,000)	(27,500)	(30,000)	(27,500)	(35,000)
Balance Available for Term Debt R	74,024	100,583	126,318	100,308	255,000
Principal on Term Debt	25,000	52,000	42,000	39,667	72,000
Interest on Term Debt	31,506	36,441	52,500	40,149	110,000
Total Principal and Interest Pymts	56,506	88,441	94,500	79,816	182,000
Equals Term Debt Coverage Ratio	1.31	1.14	1.34	1.26	1.40
Equals Term Debt Repayment Marj	17,518	12,142	31,818	20,493	73,000
COLLATERAL ANALYSIS:					
Collateral Description	Value	Advance	Adj. Value		
1st REM on 191.15 Acres	\$ 926,962	80%	\$ 741,569		
1st REM on 180 Acres	\$ 810,000	80%	\$ 648,000		
Total Collateral	\$ 1,736,962		\$ 1,389,569		
Total Loans Outstanding:		\$ 834,000			
Raw LTV:		48%			
Adjusted LTV:		60%			
Excess Collateral:		\$ 555,569			