

May 4, 2010

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

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

RE: Message from the Executive Director

Dear Members of the Authority:

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

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

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

State Legislative Update

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

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

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

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

General IFA News

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

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

Respectfully,

Christopher B. Meister


Attachments:

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

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

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

Number of Material Findings - 1

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

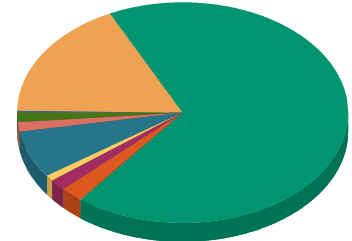
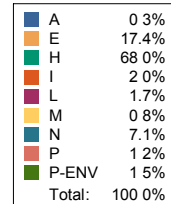


Bonds Issued and Outstanding as of April 30, 2010

Bonds Issued Since Inception

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

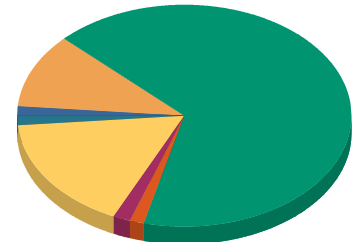
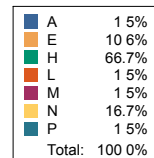
Bonds Issued Since Inception



Current Fiscal Year

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

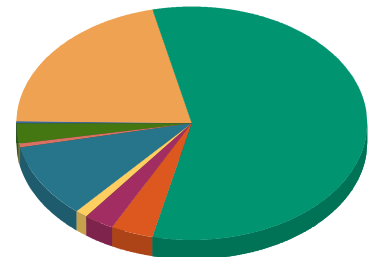
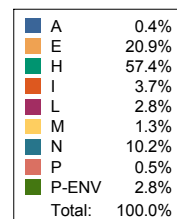
Bonds Issued - Current Fiscal Year



Schedule of Bonds Outstanding by Market Sector

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

Principal Outstanding by Market Sector



ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^[a]

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

Section I (a)

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	April 30, 2010		
Illinois Finance Authority "IFA"				
261 Agriculture	\$ 40,653,000	\$ 46,870,000		
86 Education	3,494,340,000	3,706,882,000		
203 Healthcare	9,089,122,000	10,506,955,000		
61 Industrial Development	366,045,000	343,563,000		
21 Local Government	271,480,000	264,060,000		
19 Multifamily/Senior Housing	164,768,000	164,431,000		
97 501(c)(3) Not-for Profits	1,186,916,000	1,252,632,000		
4 Exempt Facilities Bonds	77,000,000	105,500,000		
752 Total IFA Principal Outstanding	\$ 14,690,324,000	\$ 16,390,893,000		
Illinois Development Finance Authority "IDFA" ^[b]				
4 Education	75,163,000	42,200,000		
9 Healthcare	544,455,000	529,440,000		
78 Industrial Development	605,563,000	568,724,000		
35 Local Government	452,433,000	387,684,000		
16 Multifamily/Senior Housing	150,192,000	147,439,000		
107 501(c)(3) Not-for Profits	1,081,733,000	1,055,532,000		
1 Exempt Facilities Bonds	24,860,000	24,860,000		
246 Total IDFA Principal Outstanding	\$ 2,934,399,000	\$ 2,755,879,000		
Illinois Rural Bond Bank "IRBB" ^[b]				
18 Bond Bank Revenue Bonds	30,725,000	26,385,000		
2 Conduit Debt	3,860,000	3,715,000		
20 Total IRBB Principal Outstanding	\$ 34,585,000	\$ 30,100,000		
110 Illinois Health Facilities Authority "IHFA"	\$ 3,655,331,000	\$ 2,998,119,000		
52 Illinois Educational Facilities Authority "IEFA"	\$ 1,673,996,000	\$ 1,551,754,000		
604 Illinois Farm Development Authority "IFDA" ^[1]	\$ 47,029,000	\$ 47,029,000		
1,784 Total Illinois Finance Authority Debt	\$ 23,035,664,000	\$ 23,773,774,000	\$ 28,150,000,000	\$ 4,376,226,000

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

Section I (b)

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2009	April 30, 2010		
General Purpose Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
18 Issued through IRBB	\$ 30,725,000	\$ 30,100,000		
9 Issued through IFA	64,560,000	68,000,000		
27 Total General Moral Obligations	\$ 95,285,000	\$ 98,100,000	\$ 150,000,000	\$ 51,900,000
Financially Distressed Cities Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
1 Issued through IFA	\$ 2,925,000	\$ 2,395,000		
1 Issued through IDFA	5,720,000	4,660,000		
2 Total Financially Distressed Cities	\$ 8,645,000	\$ 7,055,000	\$ 50,000,000	\$ 42,945,000
State Component Unit Bonds ^[c]				
19 Issued through IRBB	\$ 30,725,000	\$ 26,385,000		
2 Issued through IDFA	105,530,000	100,915,000		
13 Issued through IFA	164,818,000	159,352,000		
34 Total State Component Unit Bonds	\$ 301,073,000	\$ 286,652,000		

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

Section I (c)

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

ILLINOIS FINANCE AUTHORITY
Schedule of Debt ^[a]

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

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

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

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

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

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

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

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

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

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

Illinois Finance Authority Funds at Risk

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

ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^[a]

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

[b] State Component Unit Bonds included in balance.

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

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

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

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

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

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

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

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

Beginner Farmer Bonds

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

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

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

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

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

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

Members present:

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

**Members participating by
telephone:**

None

Members absent:

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

Vacancies:

One

Staff Members Present:

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

Call to Order

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

Executive Director’s Presentation

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

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

Senior Staff Reports

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

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

Committee Reports:

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

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

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

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

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

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

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

Project Reports

Chairman Brandt then asked for the project reports.

Mr. Reed presented the following projects to the Board:

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

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

Mr. Rich Frampton presented the following projects for approval.

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

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

A brief discussion ensued and no objections were noted.

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

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

A brief discussion ensued and no objections were noted.

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

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

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

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

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

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

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

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

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

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

Closing Remarks and Adjournment:

The meeting adjourned at 10:56 a.m.

Respectfully Submitted,

Kara Nystrom-Boulahanis, Assistant Secretary