

November 9, 2010

TO: William A. Brandt, Jr., Chairman
Dr. William Barclay
Gila J. Bronner
Ronald E. DeNard
John E. Durburg
James J. Fuentes
Norman M. Gold
Dr. Roger D. Herrin

Michael W. Goetz, Vice Chairman
Edward H. Leonard, Sr.
Joseph McInerney
Terrence M. O'Brien
Heather D. Parish
Roger E. Poole
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

The IFA and its borrowers: a long-term relationship

At the Illinois Finance Authority (“IFA”), we pride ourselves on long-term relationships with the borrowers in our conduit portfolio. We recognize that the decision to borrow millions of dollars to fund capital improvements is not a decision to be undertaken lightly – or quickly.

This month we have several examples where persistence and cultivation of borrowers and their projects by the IFA over a period of years has paid off – in both the opportunity to issue bonds and to create jobs.

- ***CenterPoint Joliet Terminal Railroad, LLC***, a Freight Transfer Facilities Revenue Bond project, not to exceed \$200,000,000 (“CenterPoint Project”), was first induced in August 2007. The CenterPoint Project is the recipient of private activity volume cap allocation directly from the US Department of Transportation. The CenterPoint Project will finance land acquisition as well as capital improvements to a rail/truck intermodal facility in Joliet, Illinois. The CenterPoint Project is the latest example of a large innovative tax-exempt corporate financing undertaken since July. The CenterPoint Project will join (1) the Navistar Recovery Zone Facility Revenue Bonds 2010 (\$135 million, closed October 26, 2010); (2) Peoples Gas Light & Coke Company, Series 2010A and 2010B Gas Supply Revenue Bonds (\$50 million each, totaling \$100 million, closed August 18 and October 5, 2010, respectively) and (3) KONE Centre Investment Fund, LLC Midwestern Disaster Area Revenue Bonds (\$20.2 million, anticipated to close in December 2010). These projects reinforce IFA’s stature as a nationally recognized leader in issuing tax-exempt bonds for corporate projects.
- ***Roseland Community Hospital*** (“Roseland”), not to exceed \$35,000,000, ***Proctor Hospital*** (“Proctor”), not to exceed \$17,000,000, and ***Sarah Bush Lincoln Health Center*** (“Sarah Bush”), not to exceed \$65,000,000 are three smaller hospitals located on the south side of Chicago, Peoria and Mattoon, respectively, three very different Illinois communities. For Roseland, a critical access safety net hospital with 162 beds, a partnership with the IFA means the opportunity to

refinance existing debt at a lower interest rate as well as to issue new debt at a favorable interest rate, creating an adolescent behavioral center and upgrading information technology consistent with recent changes to federal law. For Proctor, a community hospital with 163 beds, this bank qualified financing allowing it to take advantage of low interest rates for needed capital improvements prior to the expiration of this federal financing tool which expires on December 31, 2010. Finally, the Sara Bush Lincoln financing allows the IFA to assist a small, 132-bed hospital in the Charleston-Mattoon area that serves patients in seven east-central Illinois counties (Coles, Cumberland, Douglas, Edgar, Clark, Moultrie and Shelby). Assisting smaller hospitals meet their capital financing needs is core to the IFA's mission.

The IFA Energy Efficiency Program

On October 27, 2010, after great personal effort by IFA Energy Committee Chair, Dr. Roger Herrin, we announced our Energy Efficiency Program supported by the State credit enhancement provided by SB 390. It is an innovative program that will provide financing to support energy efficiency projects undertaken by local governments, not-for-profits, including hospitals, as well as for-profit businesses. The IFA program has a unique insurance component aimed at preserving the State credit enhancement. We hope that this program will help borrowers reduce costs in financing energy efficiency projects while helping to preserve the environment.

Staff Changes

We congratulate Eric Reed, IFA's Regional Manager for Agriculture, on his new banking position in the private sector. We thank him for his service to the IFA and to private agricultural borrowers across Illinois. We also welcome Norma Sutton, an attorney who will be working on procurement matters, to the IFA. IFA will share Norma with the Illinois Department of Central Management Services.

Conclusion

I look forward to working with all of you to retain and create jobs for our State.

Respectfully,

Christopher B. Meister

Attachments:

Attachment 1 – General Fund, Financial Results, Consolidated Balance Sheet and Audit Tracking Schedule





Attachment 2 – Schedule of Debt; FY'11 Closed Projects

**Illinois Finance Authority
 FY09 Audit Finding: Material
 Update as of October 31, 2010**

Number of Material Findings - 1

Item Number	Description	Finding Type	Comments	Percentage Completed										
Government Auditing Standards:				10	20	30	40	50	60	70	80	90	100	
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. The Authority has procured a vendor and the valuation of the venture capital portfolio is underway.											

**Illinois Finance Authority
 FY09 Audit Finding: Immaterial
 Update as of October 31, 2010**

Item Number	Description	Percentage Completed
		10 20 30 40 50 60 70 80 90 100
Total Number of 4		
FY 09 Immaterial Findings		
IM09-01	Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller	
IM09-02	Inaccurate Agency Report of State Property (C-15)	
IM09-03	Lack of Disaster Contingency Testing to Ensure Recovery of Computer Systems	
IM09-04	Weaknesses Regarding the Security and Control of Confidential Information	



Bonds Issued and Outstanding as of October 31, 2010

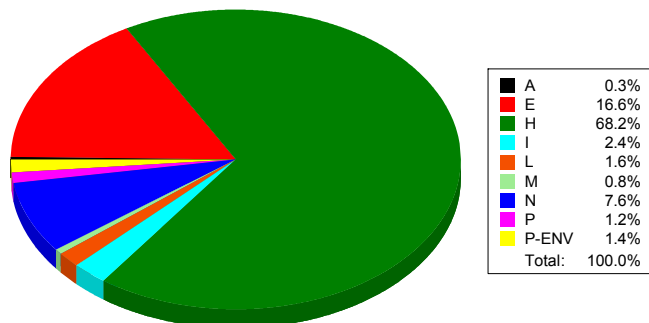
Bonds Issued Since Inception of Illinois Finance Authority

#	Market Sector	Principal Amount (\$)
309	Agriculture **	59,168,163
97	Education	3,806,258,100
312	Healthcare *	15,640,688,508
76	Industrial	686,080,669
27	Local Government	378,145,000
19	Multifamily/Senior Housing	175,417,900
129	501(c)(3) Not-for Profits	1,709,398,195
8	Exempt Facilities Bonds	275,700,000
9	Environmental issued under 20 ILCS 3515/9	326,630,000
		\$ 23,057,486,535

* Includes CCRC's

** Number of Agriculture bonds has been adjusted to reflect the actual number of Beginner Farmer Bonds issued.

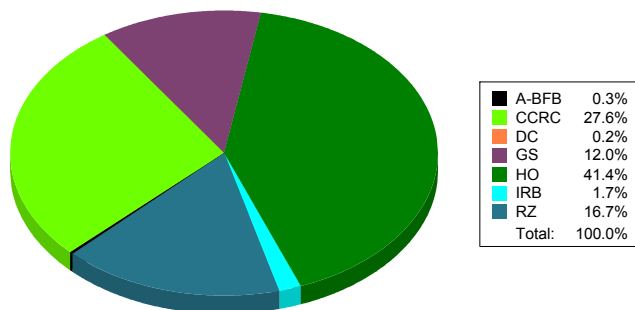
Bonds Issued Since Inception



Current Fiscal Year

#	Market Sector	Principal Issued
16	Agriculture - Beginner Farmer	2,583,951
1	Financially Distressed Cities	1,985,000
2	Gas Supply	100,000,000
6	Healthcare - Hospital	344,820,000
8	Healthcare - CCRC	230,105,000
2	Industrial Revenue	14,370,000
2	Recovery Zone	139,585,000
		\$ 833,448,951

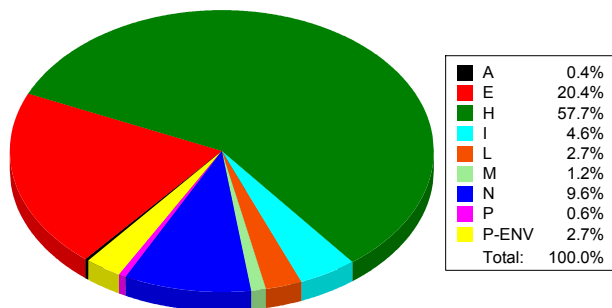
Bonds Issued - Current Fiscal Year



Schedule of Bonds Outstanding by Market Sector *Includes IFA and it's Predecessor Authorities*

Market Sector	Amount of Original Issue	Principal Outstanding
Agriculture	297,637,869	90,967,895
Education	5,527,345,730	5,088,606,647
Healthcare	16,323,947,337	14,362,705,923
Industrial	1,348,710,669	1,151,533,841
Local Government	1,135,309,413	669,709,169
Multifamily/Senior Housing	742,915,396	305,680,307
501(c)(3) Not-for Profits	2,869,824,996	2,385,915,506
Exempt Facilities Bonds	155,360,000	155,360,000
Environmental issued under 20 ILCS 3515/9	770,475,000	682,463,312
	\$ 29,171,526,410	\$ 24,892,942,600

Principal Outstanding by Market Sector



* Includes CCRC's

Bonds Issued between July 01, 2010 and October 31, 2010

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Initial Interest Rate</u>	<u>Principal Issued</u>	<u>Bonds Refunded</u>
A-BFB Beginner Farmer Bonds, Series 2011	07/01/2010	Various-See Below	2,583,951	0
HO NorthShore University HealthSystem, Series 2010	07/14/2010	2.00% to 5.25%	136,425,000	115,800,000
CCRC The Clare at Water Tower, Series 2010A&B	07/15/2010	5.10% to 6.125%	87,505,000	87,505,000
CCRC Christian Homes, Inc., Series 2010	07/29/2010	3.40% to 6.125%	25,000,000	8,090,000
IRB Bison Gear & Engineering Corporation, Series 2010	07/29/2010	VRB 0.32%	9,230,000	0
HO Institute for Transfusion Medicine, Series 2010	07/29/2010	VRB 3.60%	26,500,000	0
GS Peoples Gas Light and Coke Company, Series 2010A	08/18/2010	VRB 2.125%	50,000,000	0
RZ Annex II, LLC - Rock City Development, Series 2010	08/24/2010	6.00%	4,585,000	0
CCRC Greenfields of Geneva, Series 2010A-C	08/31/2010	7.50% to 8.25%	117,600,000	9,185,000
HO Provena Health, Series 2010C&D	09/22/2010	VRB 0.29%	72,000,000	0
GS Peoples Gas Light and Coke Company, Series 2010B	10/05/2010	2.625%	50,000,000	50,000,000
IRB Fabrication Technologies, Inc., Series 2010	10/15/2010	DP-VRB	5,140,000	0
HO Little Company of Mary Hospital, Series 2010	10/20/2010	5.25% to 5.50%	72,000,000	0
HO Beloit Health System, Series 2010	10/21/2010	VRB	37,895,000	40,325,000
RZ Navistar International Corporation, Series 2010	10/26/2010	6.50%	135,000,000	0
DC City of East St. Louis, Series 2010	10/26/2010	3.00%	1,985,000	1,650,000
Total Bonds Issued in Fiscal Year 2011			\$ 833,448,951	\$ 312,555,000

Legend: Fixed Rate Bonds as shown

DP-VRB = initial interest rate at the time of issuance on a Direct Purchase Bond

VRB = initial interest rate at the time of issuance on a Variable Rate Bond that does not include the cost of the LOC 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>	<u>Acres</u>	<u>County</u>
Stortzum, Brent A.	07/21/2010	4.25%	157,500	38.00	Effingham
Tolley, Daniel Steven	07/23/2010	4.50%	106,900	82.30	Knox
Justison, Keri L.	07/30/2010	4.25%	249,736	106.00	Montgomery
Justison, David M.	07/30/2010	4.25%	249,736	106.00	Montgomery
Will, Richard & Linda	07/30/2010	4.00%	206,712	71.30	Cumberland
Smithenry, Eric J.	07/30/2010	4.25%	135,000	20.00	Jasper
Stinnett, Sean & Cheryl	08/05/2010	4.75%	224,000	52.84	Macoupin
Alt, Lawrence & Loretta	08/12/2010	4.00%	100,000	26.67	Vermilion
Alt, James & Jo Ellen	08/12/2010	4.00%	102,667	26.67	Vermilion
Kopplin, Seth A.	08/16/2010	4.00%	184,000	73.62	Effingham
Gittleson, Brock	09/21/2010	4.46%	207,500	50.00	Lee
Mellendorf, Mark	09/21/2010	4.25%	25,200	20.00	Clay
Fritschle, Derek	10/07/2010	4.00%	125,000	78.00	Richland
Stahl, Rodney Lynn	10/25/2010	4.00%	122,500	50.00	Stark
Stahl, Kendall	10/25/2010	4.50%	137,500	50.00	Stark
Rosenthal, Darin T.	10/29/2010	4.00%	250,000	80.00	Montgomery
Total Beginner Farmer Bonds Issued			\$ 2,583,951	931.40	

<u>AG Farm Purchase Guarantee</u>	<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>	<u>State Guarantee</u>
Kerber, Gregory & Jan	10/28/2010	5.85%	500,000	425,000
Total AG Farm Purchase Guarantee			\$ 500,000	\$ 425,000

ILLINOIS FINANCE AUTHORITY
Schedule of Debt ^[a]

Illinois Finance Authority Act [20 ILCS 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, 2010	October 31, 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 ILCS 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, 2010	October 31, 2010			
Agri Debt Guarantees [Restructuring Existing Debt]		\$ 20,300,000	\$ 18,906,000	\$ 160,000,000	\$ 141,094,000	\$ 16,030,000
97	Fund # 994 - Fund Balance \$ 9,940,751					
AG Loan Guarantee Program		\$ 47,229,000	\$ 46,123,000	\$ 225,000,000 ^[e]	\$ 178,877,000	\$ 33,432,000
57	Fund # 205 - Fund Balance \$ 7,651,586					
12	Agri Industry Loan Guarantee Program	\$ 11,104,000	\$ 10,853,000			9,225,000
1	Renewable Fuels	24,445,000	23,904,000			14,546,000
2	Farm Purchase Guarantee Program	491,000	991,000			842,000
31	Specialized Livestock Guarantee Program	8,625,000	7,910,000			6,724,000
11	Young Farmer Loan Guarantee Program	2,564,000	2,465,000			2,095,000
154	Total State Guarantees	\$ 67,529,000	\$ 65,029,000	\$ 385,000,000	\$ 319,971,000	\$ 49,462,000

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

Section V		Fund #	Principal Outstanding		Appropriation Fiscal Year 2011	Fund Balance
			June 30, 2010	October 31, 2010		
116	Fire Truck Revolving Loan Program	572	\$ 18,730,135	\$ 17,548,241	\$ 6,003,342	\$ 2,444,057
10	Ambulance Revolving Loan Program	334	\$ 993,200	\$ 832,213	\$ 7,006,800	\$ 3,300,884

Note: Due to deposits in transit, the Cash Balance at the Illinois Office of the Comptroller may differ from the Illinois Finance Authority's General Ledger.

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

Section VI		Principal Outstanding		Program Limitations	Remaining Capacity
		June 30, 2010	October 31, 2010		
Environmental [Large Business]					
9	Issued through IFA	316,440,000	\$ 316,278,000		
20	Issued through IDFA	372,065,000	366,185,000		
29	Total Environmental [Large Business]	\$ 688,505,000	\$ 682,463,000	\$ 2,425,000,000	\$ 1,742,537,000
Environmental [Small Business]					
29	Total Environment Bonds Issued under Act	\$ 688,505,000	\$ 682,463,000	\$ 2,500,000,000	\$ 1,817,537,000

Illinois Finance Authority Funds at Risk

Section VII	#	Original Amount	Principal Outstanding	
			June 30, 2010	October 31, 2010
	Participation Loans			
56	Business & Industry	23,020,157.95	17,018,322.85	15,553,645.49
25	Agriculture	6,079,859.01	4,969,295.79	4,878,502.20
81	Participation Loans exluding Defaults & Allowances	\$ 29,100,016.96	\$ 21,987,618.64	\$ 20,432,147.69
	Plus: Legacy IDFA Loans in Default			1,143,112.67
	Less: Allowance for Doubtful Accounts			3,689,764.57
			Total Participation Loans	\$ 17,885,495.79
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	\$ 1,781,154.98	\$ 304,526.74
6	FmHA Loans	\$ 963,250.00	\$ 580,213.44	\$ 413,144.30
2	Renewable Energy [RED Fund]	\$ 2,000,000.00	\$ 1,819,903.95	\$ 1,726,933.97
94	Total Loans Outstanding	\$ 34,353,016.96	\$ 27,168,891.01	\$ 21,330,100.80

[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.

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, 2010	October 31, 2010		
Illinois Finance Authority "IFA"					
296	Agriculture	\$ 46,455,000	\$ 48,913,000		
88	Education	3,721,552,000	3,693,663,000		
223	Healthcare	10,851,968,000	11,361,536,000		
66	Industrial Development [includes Recovery Zone]	345,870,000	595,006,000		
22	Local Government	264,060,000	261,575,000		
18	Multifamily/Senior Housing	157,979,000	159,194,000		
94	501(c)(3) Not-for Profits	1,313,239,000	1,297,926,000		
5	Exempt Facilities Bonds	130,500,000	130,500,000		
812	Total IFA Principal Outstanding	\$ 16,831,623,000	\$ 17,548,313,000		
Illinois Development Finance Authority "IDFA" ^[b]					
4	Education	42,196,000	41,506,000		
6	Healthcare	404,660,000	288,860,000		
73	Industrial Development	562,917,000	556,527,000		
35	Local Government	386,034,000	380,029,000		
16	Multifamily/Senior Housing	147,219,000	146,487,000		
103	501(c)(3) Not-for Profits	1,025,002,000	1,013,445,000		
1	Exempt Facilities Bonds	24,860,000	24,860,000		
234	Total IDFA Principal Outstanding	\$ 2,592,888,000	\$ 2,451,714,000		
Illinois Rural Bond Bank "IRBB" ^[b]					
17	Bond Bank Revenue Bonds	26,385,000	25,715,000		
1	Conduit Debt	2,390,000	2,390,000		
18	Total IRBB Principal Outstanding	\$ 28,775,000	\$ 28,105,000		
104	Illinois Health Facilities Authority "IHFA"	\$ 2,908,471,000	\$ 2,712,310,000		
49	Illinois Educational Facilities Authority "IEFA"	\$ 1,446,134,000	\$ 1,427,982,000		
561	Illinois Farm Development Authority "IFDA" ^[f]	\$ 42,055,000	\$ 42,055,000		
1,778	Total Illinois Finance Authority Debt	\$ 23,849,946,000	\$ 24,210,479,000	\$ 28,150,000,000	\$ 3,939,521,000

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

Section I (b)		Principal Outstanding		Program Limitations	Remaining Capacity
		June 30, 2010	October 31, 2010		
General Purpose Moral Obligations					
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]					
17	Issued through IRBB	\$ 26,385,000	\$ 25,715,000		
9	Issued through IFA	68,000,000	67,640,000		
26	Total General Moral Obligations	\$ 94,385,000	\$ 93,355,000	\$ 150,000,000	\$ 56,645,000
Financially Distressed Cities Moral Obligations					
Illinois Finance Authority Act [20 ILCS 3501/825-60]					
2	Issued through IFA	\$ 2,395,000	\$ 4,380,000		
1	Issued through IDFA	4,660,000	4,660,000		
3	Total Financially Distressed Cities	\$ 7,055,000	\$ 9,040,000	\$ 50,000,000	\$ 40,960,000
State Component Unit Bonds ^[c]					
17	Issued through IRBB	\$ 26,385,000	\$ 25,715,000		
1	Issued through IDFA	14,580,000	14,580,000		
1	Issued through IFA	4,863,000	4,233,000		
19	Total State Component Unit Bonds	\$ 45,828,000	\$ 44,528,000		

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, 2010	October 31, 2010		
Midwest Disaster Bonds [Flood Relief]		\$ -	\$ -	\$ 1,515,271,000	\$ 1,515,271,000

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

Section II		Principal Outstanding		Program Limitations	Remaining Capacity
		June 30, 2010	October 31, 2010		
Illinois Power Agency		\$ -	\$ -	\$ 4,000,000,000	\$ 4,000,000,000

**MINUTES OF THE OCTOBER 12, 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”), pursuant to notice duly given, held a Committee of the Whole Meeting at 8:30 a.m. on October 12, 2010, at the Chicago Office of the IFA at 180 N. Stetson, Suite 2555, Chicago, IL 60601.

<p>Members Present:</p> <ol style="list-style-type: none"> 1. William A. Brandt Jr., Chairman 2. Michael Goetz, Vice Chairman 3. Gila Bronner 4. John “Jack” Durburg 5. James J. Fuentes 6. Norman Gold 7. Dr. Roger Herrin 8. Edward Leonard 9. Joseph McInerney (<i>present at 8:49 a.m.</i>) 10. Heather Parish 11. Roger Poole 12. Bradley A. Zeller 	<p>Members Absent:</p> <ol style="list-style-type: none"> 13. Dr. William Barclay 14. Ronald E. DeNard 15. Terrence O’Brien <p style="text-align: center;">Members Participating by Telephone:</p> <p>Vacancies: None</p>	<p>Staff Present:</p> <p>Christopher Meister, Executive Director Brendan Cournane, General Counsel Brad Fletcher, Paralegal Rich Frampton, Vice President Arthur Friedson, Chief HR Officer Ximena Granda, Asst. CFO Shannon Govia, Funding Mgr Assoc. Jim Senica, Senior Funding Manager Ahad Syed, Administrative Asst.</p> <p>Staff Participating by Telephone:</p> <p>Eric Reed, Regional Manager</p> <p>IFA Advisors Present:</p> <p>Lois Scott, President, Scott Balice Courtney Shea, Sr. VP, Acacia Financial Shannon Williams, Assoc., Scott Balice</p>
---	---	---

Call to Order

Chairman Brandt called the meeting to order at 8:43 a.m. with the above members present. He welcomed Members of the Board, IFA staff, and guests present to the meeting.

Chairman’s Remarks

Chairman Brandt thanked the Members of the Board and IFA Staff for being present and introduced the IFA’s newest appointees to the Board—Ms. Gila Bronner and Mr. Norman Gold. Additionally, the Chairman thanked Mr. Juan Rivera for his service to the IFA. The Chairman reasserted the IFA’s commitment to having a downstate Committee of the Whole and Board Meeting in the future. Chairman Brandt asked Director Meister to present his message.

Executive Director’s Presentation

Director Meister thanked the Chairman and began his presentation. The Director explained that the Navistar International Corporation (“Navistar”) deal is expected to close in late October. Navistar has requested that the IFA continue to aggregate Recovery Zone Facility Bond (“RZFB”) volume cap. Director Meister thanked the cities of Aurora, Elgin, Joliet, Naperville and Rockford as well as the counties of Coles, DeKalb, Douglas, DuPage, Edgar, Henry, Kankakee, Lake, Macoupin and Winnebago for ceding RZFB volume cap to the IFA to help finance the unique Navistar project which will retain and create new jobs in the State of Illinois. Director Meister thanked Mr. Poole for appearing on St. Louis television and in downstate media markets to discuss IFA’s RZFB program.

Director Meister talked next about the Agricultural Working Capital Guarantee Program which would help the IFA expand its toolbox to fight unemployment and help farmers obtain operating capital. This program, Director Meister explained, would allow agricultural borrowers to use bond proceeds for fertilizer, chemicals, feed, seed, fuel, parts

and repairs. The IFA, he stated, is ready to provide this valuable financing option to the Illinois farming community in advance of next year's planting season.

Director Meister said the IFA is excited that Chicago Rockford International Airport has attracted the attention of a world-class higher education institution, Embry-Riddle Aeronautical University ("ERAU"). Director Meister noted that Rockford is a finalist in competition for ERAU's third campus. Director Meister reported the IFA's would further support this prospect through a proposed Resolution for consideration at this month's Board Meeting that supports bringing ERAU to the Chicago Rockford International Airport.

Furthermore, Director Meister discussed IFA financings for both Beloit Health System, a Wisconsin-based healthcare provider with facilities in Illinois and Swedish Covenant Hospital, a Chicago safety-net hospital in Chicago's North Side. The Director welcomed back a long-time IFA borrower—the University of Chicago Medical Center—whose project would create an estimated 350 vertical construction jobs.

Finally, Director Meister stated that he was honored to be appointed, through the Governor's Executive Order No. 10-13, to the Elgin-O'Hare Bypass Advisory Council.

Chairman Brandt thanked Director Meister for his presentation and asked for the senior staff reports.

Senior Staff Reports

Chairman Brandt asked Mr. Senica for his report.

Mr. Senica presented his update report on Participation Loans that focused on four outstanding financings. Two of those loans were characterized as "troubled", while one loan is expected to be paid off by mid-October 2010. The fourth loan was written off by the IFA due to an unexpected illness by the principal owner, who was unable to maintain his business, leading to a default.

Chairman Brandt thanked Mr. Senica and asked Mr. Reed for his report.

Mr. Reed, calling in by telephone, presented the Agriculture Committee report. He explained that four of the six Beginning Farmer Bonds on the agenda this month were utilizing subordinate financing from the US Department of Agriculture. Mr. Reed also reported the nature of the outstanding loans on the Loan Watch List including the total exposure risk to the IFA.

Chairman Brandt thanked Mr. Reed and asked Ms. Granda for her report.

Ms. Granda presented the financials. She explained that the gross revenue year-to-date for August was \$2.067 Million or \$700,000 over budget. Total operating expenses were \$1.506 Million or \$255,000 over budget. Year-to-date net income for the month of fiscal month of September was \$561,000 or \$445,000 higher than budget and \$258,000 lower than the same period last fiscal year due to the Loan Loss Provision. Ms. Granda said that the ongoing audit of the IFA is scheduled to last into November. The auditors have submitted six potential findings which the IFA feels are immaterial. They are:

1. Untimely filing of agency workforce report;
2. No written performance evaluation report for new hires after 90 days;
3. Untimely signing/execution of contracts and unauthorized employee allowed to sign the contract;
4. Unsupported and incomplete travel expense reimbursements;
5. Untimely filing of travel headquarter (TA-2) report;
6. Inaccurate State Property Records

Ms. Granda stated that as of the moment these are potential findings and are not final.

Chairman Brandt thanked Ms. Granda for her presentation and asked for the Committee reports.

Committee Reports

Chairman Brandt asked Dr. Herrin for the Energy Committee Report.

Dr. Herrin explained that the greatest demand from the energy sector comes from retrofitting old factories with newer components. He explained that in the current economic climate many companies see retrofitting as an attractive, more viable alternative that brings down the high cost of construction and brings work to job-hungry communities. Dr. Herrin further explained that the Energy Committee is still investigating means by which the IFA can find create ways to finance energy projects statewide. There is small discussion on wind farms.

Chairman Brandt thanked Dr. Herrin and asked Vice Chairman Goetz for the Healthcare Committee Report.

Vice Chairman Goetz explained that the Healthcare Committee spent time discussing community and minority participation issues in regards to the University of Chicago Medical Center. The Vice Chairman explained that the leadership of the University of Chicago Medical Center spoke with him about a few upcoming issues such as: (a) Nurses joining a union group called the National Nurses Association; (b) the Medical Center is negotiating a new collective bargaining agreement with the National Nurses Association; (c) Potential protests due to the unavailability of a trauma center for adults at the University of Chicago Medical Center.

Chairman Brandt thanked the Vice Chairman for his report and asked for the Project Reports.

Project Reports

Agriculture

Mr. Reed presented the following projects for approval:

No. 1A: Rodney Lynn Stahl - \$122,500 – 50 acres

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not to exceed \$122,500 for the purchase of approximately 50 acres of farmland. This project is located in unincorporated Stark County, near Brimfield, IL.

No. 1B: Kendall Stahl - \$137,500 – 50 acres

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not to exceed \$137,500 for the purchase of approximately 50 acres of farmland. This project is located in unincorporated Stark County, near Brimfield, IL.

No. 1C: Darin T. Rosenthal - \$250,000 – 80 acres

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not to exceed \$250,000 for the purchase of approximately 80 acres of farmland. This project is located in unincorporated Montgomery County, near Raymond, IL.

No. 1D: Steven Truckenbrod - \$104,000 – 40 acres

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not to exceed \$104,000 for the purchase of approximately 40 acres of farmland. This project is located in unincorporated Ogle County.

No. 1E: Douglas D. & Cindy J. Stephens - \$240,000 – Undivided ½ interest of 120 acres

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not to exceed \$240,000 for the purchase undivided ½ interest of approximately 120 acres of farmland. This project is located in unincorporated Livingston County, near Forrest, IL.

No. 1F: Derek D. & Brynn A. Stephens - \$240,000 – Undivided ½ interest of 120 acres

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not to exceed \$240,000 for the purchase of undivided ½ interest of approximately 120 acres of farmland. This project is located in unincorporated Livingston County, near Dwight, IL.

No. 9 Extension of Participation Loan (Roy and Nathan Wiegand)

Highlights of the explanatory memorandum were presented and a short discussion followed.

No. 10 Collateral Release of Agri-Debt Guarantee (Keith Beer)

Highlights of the explanatory memorandum were presented and a short discussion followed.

Business and Industry

Mr. Frampton presented the following project for approval:

No. 2 PKY Properties, LLC and Fabrication Technologies, Inc. – \$5,500,000 – Final

PKY Properties, LLC and Fabrication Technologies, Inc are requesting the approval of a Final Bond Resolution in an amount not-to-exceed \$5,500,000 to enable Fabrication Technologies, Inc. to expand its existing Libertyville operations through the acquisition, renovation and equipping of an approximately 75,324 square foot (“SF”) building located near the Company’s existing 85,000 SF manufacturing facility in Libertyville.

Higher Education

No. 3 DePaul University - \$165,000,000 – Preliminary

DePaul University is requesting the approval of a Preliminary Bond Resolution in an amount not-to-exceed \$165,000,000. The proposed project will enable DePaul University (“DePaul” or the “Borrower”) to (i) current refund 100% of the outstanding balance of IFA Series 2005B and Series 2005C Bonds (DePaul University Project); (ii) finance construction, renovation, and equipping of new academic buildings located on DePaul’s Lincoln Park campus, and finance various other capital improvements at DePaul’s Lincoln Park campus in connection with the University’s Vision 2012 Project and to finance the build out of additional space at DePaul’s Loop Campus Buildings located at 14 E. Jackson Blvd., 55 E. Jackson Blvd., and at its DePaul Center Building at 333 S. State; (iii) pay capitalized interest during construction, capitalize certain reserve funds, and to pay bond issuance costs, if deemed necessary and desirable by the Borrower.

No. 4 East-West University - \$30,000,000 – Preliminary

East-West University is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed \$30,000,000. Bonds will be used by East-West University (“East-West”, the “University” or the “Borrower”) to finance the construction and equipping of a new, 14-story multi-purpose building to be located in the 800 block of South Wabash Avenue (i.e., formerly the site of building located at 825 and 831 S. Wabash) in Chicago. The new multi-purpose building will include limited ground floor parking, a lobby with retail shops and a food court, a student athletic center/health club; a campus library; instructional labs, classrooms, and faculty offices, and 10 floors of student housing including studio, one-bedroom, and two-bedroom apartments

with kitchen and bathroom that will house approximately 220 students. Additionally, Bond proceeds may also be used to finance renovation and equipping of East-West's existing buildings located at 816 S. Michigan Avenue and 819 S. Wabash Avenue in Chicago. Additionally, Bond proceeds may also be used to pay capitalized interest on certain portions of the project, pay costs associated with the Letter of Credit, if necessary or desirable, and to finance certain costs of issuance.

Non-Healthcare 501(c)(3)'s and Cultural

No. 5 The Old Town School of Folk Music - \$10,000,000 – Final

The Old Town School of Folk Music is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$10,000,000. The proposed project will enable The Old Town School of Folk Music, Inc. ("Old Town School" or the "Borrower") to (i) finance or refinance taxable debt of the School, (ii) to construct and equip new studio and classroom facilities to be located in a 3-story, 27,100 SF LEED Silver-certified building to be constructed at 4543 N. Lincoln Ave. in Chicago to be used to house dance studios, music classrooms, a 150-seat performance/dance/community gathering hall, and related uses, (iii) pay costs related to the demolition of existing buildings and other site preparation work at the new site, and (iv) prospectively pay costs of issuance, capitalized interest, and other professional costs associated with the bond issue.

No. 11 Resolution to Extend (IFA) IEFA Commercial Paper Rollovers for 5 Years

This Resolution is to extend the life of the Commercial Paper Revenue Notes Program as requested by the Program Participants for an additional five years, as customary since the time the Program was originally established at the Illinois Educational Facilities Authority in 1995.

No. 12 Amendment to Participation Loan with Alpine Bank [request to release Guarantor] (Midwest Investment Solutions, Inc./Orbital Tool Technologies, Inc. Project)

Alpine Bank was requesting the release of the Guarantor and stated that Alpine Bank subordinated approximately \$672,000 of first mortgage loan debt to the combined \$936,523 IFA/Alpine Bank Loans at closing, thereby underlying the Bank's confidence in the original appraisals and the ability of the project collateral to fully repay the outstanding balance of the \$936,523 IFA/Alpine Bank loan. A brief discussion followed.

No. 13 Amendments to Escrow Agreement and Certain Financial Covenants relating to IFA Series 2007 Revenue Bonds (Association House Project)

Association House is requesting approval of a Bond Resolution to amend the Escrow Agreement and to amend certain financial covenants.

Mr. Govia presented the following projects for approval:

Healthcare

No. 6 Swedish Covenant Hospital - \$20,000,000 - Final

Swedish Covenant Hospital is requesting the approval of a Final Bond Resolution in an amount not-to-exceed \$20,000,000. Proceeds will be used to finance or refinance the cost of equipment which will be used, together with other monies, (a) to pay or reimburse Hospital for the cost of capital equipment, construction and renovation improvements in connection with the Equipment, and (b) to pay certain expenses incurred in connection with the Equipment Financing and the issuance of the Bonds.

No. 7 Beloit Health System – \$42,000,000 – Final

Beloit Health System is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$42,000,000. Proceeds will be used to 1) Refinance Series 2006A Bonds and 2) pay costs of issuance.

No. 8 The University of Chicago Medical Center – \$92,500,000 – Final

The University of Chicago Medical Center is requesting a Final Bond Resolution in an amount not-to-exceed \$92,500,000. The proceeds will be used to (i) establish a project fund to pay for acquisition costs, construction and equipping of the New Hospital Pavilion (“NHP”) consisting of ten floors and a lower level, with a 2 level mechanical penthouse, and a helipad on the roof; (ii) reimburse UCMC for previously paid capital expenditures; (iii) capitalize interest costs; (iv) fund any original issue discount or premium, if applicable; and (v) pay costs of issuance.

Resolutions

Chairman Brandt then moved to the following Resolutions for consideration.

No. 14 Resolution to Extend Participation Loan to Pere Marquette Hotel Associates, L.P. for 120 Days

Mr. Senica noted highlights of his memorandum to the IFA Board on this project, which would extend, for up to 120 days, IFA’s Participation Loan with PNC Bank to Pere Marquette Hotel Associates, L.P.

No. 15 Resolution to designate a new Trustee for the Authority’s 401(a) Program

Director Meister discussed a Resolution that would designate a new employee to serve as Trustee for the Authority’s 401(a) Program.

No. 16 Resolution to Establish Criteria for Reallocating Unused or Undesignated Recovery Zone Facility Revenue Bond Allocations

Director Meister discussed the proposed Resolution and Exhibit A, which would provide a methodology for reviewing applications for projects that apply for any unused or undesignated Recovery Zone Facility Revenue Bond Allocations prior to the 12/31/2010 statutory sunset date of the RZFB Program.

No. 17 Resolution Requesting that Embry-Riddle Aeronautical University Locate its New Campus at the Chicago Rockford International Airport

Director Meister explained this Resolution by the Board would support the State of Illinois and the City of Rockford’s efforts to induce Embry-Riddle Aeronautical University to select Chicago Rockford International Airport as the site of its third campus.

Other Business

None.

Closing Remarks

The Chairman thanked the Board, the IFA staff and any guests for appearing at the meeting and asked if there was any additional information for the Board’s consideration. Hearing none he asked the Board for a motion to adjourn.

Adjournment

Vice Chairman Goetz moved to adjourn the meeting. Mr. Zeller seconded the motion which was then unanimously approved by the Board.

The meeting adjourned at 11:30 a.m.

Respectfully submitted by
Ahad Syed
Administrative Assistant
Assistant Board Secretary