

Illinois Finance Authority

January 13, 2009

11:30 AM

Board Meeting

Mid America Club

200 E. Randolph Drive, 80th Floor

Chicago, Illinois



IFA File Copy

**ILLINOIS FINANCE AUTHORITY
BOARD MEETING
January 13, 2009
Chicago, Illinois**

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

AGENDA

- Chairman's Remarks
- Executive Director's Report
- Financials Report
- Executive Staff Reports
- Committee Reports
- Project Reports
- Other Business
- 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	North, Ellen	Darien	\$150,000	0	0	CEM
	Atherton, Jacob	Mendota	\$249,500	0	0	CEM
	Bomleny, Duane	Geneseo	\$120,000	0	0	CEM
	Steidinger, Craig and Leah	Fairbury	\$128,000	0	0	CEM
	Phillips, Joe and Diane	Effingham	\$248,544	0	0	ER
	Barrett, Ryan and Elizabeth	Paris	\$160,000	0	0	ER
	Soltwedel, David	Effingham	\$248,000	0	0	ER
	Bollman, Benjamin	Dundas	\$30,600	0	0	ER
TOTAL AGRICULTURE PROJECTS			\$1,334,644	0	0	

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Participation Loan						
<i>Final</i>						
2	Midwest Investment Solutions, Inc. (Orbital Tool Technologies Corp. Project)	Belvidere	\$485,000	39	20	RF/TA
Affordable Rental Housing Bonds						
<i>Final</i>						
3	Marion Supportive Living, L.P.	Marion	\$6,200,000	18	20	RF
TOTAL BUSINESS AND INDUSTRY PROJECTS			\$6,685,000	57	40	

COMMUNITIES AND CULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds						
<i>Preliminary</i>						
4	Everest Academy of Lemont, Inc.	Lemont	\$7,500,000	0	0	ST
5	Montessori Elementary School of South West Cook County	Lemont	\$2,500,000	7	50	SCM
TOTAL COMMUNITIES AND CULTURE PROJECTS			\$10,000,000	7	50	

HEALTH CARE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds						
<i>Final</i>						
6	OSF Healthcare System	Peoria	\$650,000,000	0	40	PL/DS
TOTAL HEALTH CARE PROJECTS			\$650,000,000	0	40	
GRAND TOTAL			\$668,019,644	64	130	



Illinois Finance Authority
Report of the Executive Director
January 13, 2009

To: IFA Board of Directors and Office of the Governor

From: John B. Filan, Executive Director

Financial Performance

General Fund:

The Illinois Finance Authority's General Fund financial position as of 12/31/2008 reports total assets of \$41,923,775 consisting of equity of \$40,151,676 and liabilities of \$1,772,099. This compares favorably to the December 2007 balance sheet of \$38,488,821 in total assets comprising of \$36,467,352 in equity and \$2,021,469 in liabilities.

Gross Income YTD for December ended at \$3,648,406 is \$545,584 below plan. The unfavorable plan performance is primarily due to fee income and investment income. Total operating expenses ended at \$2,658,137 which is \$571,492 below plan. This is primarily due to a reduction in employee related expenses, professional services and loan loss provision/bad debt.

In YTD comparison for actual fiscal year 2009 gross revenue ended at \$3,648,406 or \$1,537,423 below actual fiscal year 2008. This is primarily due to a decrease in interest on loans, fee income and investment income. Expenses YTD fiscal year 2009 ended at \$2,658,137 or \$896,673 lower than same period last fiscal year 2008. This is primarily due to a reduction in employee related expenses, a reduction in professional services and a reduction on loan loss reserve.

Consolidated Results:

Illinois Finance Authority's un-audited financial position as of 12/31/2008 reports total assets of \$176,983,898 consisting of equity of \$113,446,284 and liabilities of \$63,537,614. This compares favorably to the December 2007 balance sheet of \$161,546,717 in total assets comprising of \$96,667,712 in equity and \$64,879,005 in liabilities and bonds payable.

Gross Income YTD for December ended at \$6,147,559 is \$228,061 below plan. The unfavorable plan performance is primarily due to fee income, interest on loans and investment income. Total operating expenses ended at \$4,017,675 which is \$976,434 below plan. This is primarily due to a reduction in professional services, employee related expenses and loan loss provision/bad debt.

Financial Services

Market Update

The unprecedented demand for Treasuries, resulting from turmoil in the stock and credit markets, pushed the 3-mo T-bill to a negative yield (below zero), on 12/24, for the first time in its 79-year history. Some analysts project that significant increases in federal spending will further deflate Treasury bond prices and force investors to reduce their Treasury holdings. The 2-year Treasury yield declined to 0.80% last week, while the 10-year Treasury fell to 2.51%; near 50-year lows. The weakening in the Treasury market led to a slight correction in yield ratios between taxable and tax-exempt bonds.

Slight improvements in the municipal market over the holiday season were due to light volume and a modest return of institutional investors to the market. Retail investors continued to lead demand. Yields were down in the short-term, intermediate and long-term range, with long-term bonds down 12 basis points from the prior week. The fixed rate index (RBI) reset at 6% last week, down from the mid-December high of 6.07% and lowest level since the October spike (but roughly 140 basis points higher than the Jan. 08 low of 4.63%).

The variable rate index reset at 0.90% last week, which was 35 basis points lower than the prior week and 13 basis points below the prior month. However, only higher rated deals are pricing close to the index level. The IFA expects to price Northwestern Hospital's \$207mm variable rate transaction on January 12.

Economic data continues to be dismal with consumer confidence continuing to plunge and the manufacturing index reflecting record contraction in the sector. A loss of 500,000 jobs and an increase in the unemployment rate to 7% is expected for December. The Illinois unemployment rate was 7.3% in November with 486,100 unemployed persons.

FGIC Insurance was downgraded by Moody's with a negative outlook and S&P withdrew its rating on ACA.

Despite the dismal economic outlook and continue deterioration in the insurance market, an improving municipal market outlook for 2009 is expected. Issuers have begun to boost their supply in anticipation of investors search for portfolio improvements. Institutional demand is expected to improve.

Other Market News

- The Wachovia - Wells Fargo merger closed, effective Dec. 31, 2008, creating North America's most extensive distribution system for financial services.
- The Bank of America – Merrill Lynch merger closed, effective Jan. 1, 2009, creating the largest U.S. bank.
- Congressional Democrats are seeking to expand funding for airport runways, housing projects and sewage-treatment plants through a new tax break for municipal bondholders.
- President-elect Barack Obama's economic stimulus package is expected to include up to \$310 billion in tax cuts for businesses and the middle class, with total stimulus spending of up to \$800 billion.

- The Municipal Securities Rulemaking Board proposed a partial delay in the rollout of a new transparency system for short-term securities in response to industry requests for more time to test and implement the system. Broker-dealers are scheduled to begin reporting auction-rate securities information to the system by January 30.
- The Dow Jones Industrial Average was down 284.58 on January 7, 2009, closing at 8730. Over the last 30 days, the DJIA had a low of 8,419 (12/23) and a high of 9,034.

Sales, Marketing and Credit

December activities included the following:

- Agriculture & Rural Development Initiative – planning for statewide coordinated effort to leverage resources in support of projects.
- Energy Initiative – assist in planning for statewide effort to leverage resources in support of projects.
- Program Development
 - Researched various tools available for financing IFA projects including:
 - Clean Renewable Energy Bonds
 - New Market Tax Credits
 - Bonding for Energy projects – volume cap allocation or tax-exempt bonding authority
 - Federal Home Loan Bank Line of Credit – IFA will present its first transaction using the FHLB LOC. Use of the FHLB LOC for non-housing 501(c)3 entities was provided for in the 2008 Housing Bill.
 - Participation Loan Program – conducting program analysis of program guidelines and portfolio
 - Volume Cap - annual request – the IFA is requesting \$156,900,000 in current year volume cap, including \$141.9mm in IRB cap and \$15mm in agriculture cap. Both requests represent an increase from the prior year. Most of the \$66.9mm increase in IRB cap is expected to fund small energy supply companies. The \$3mm increase in agriculture will accommodate the planned increase in the beginning farmer bond cap.
 - Local Government – RFP for underwriters

Sales Activities

Funding Managers will be presenting 6 projects totaling \$668,019,644 for approval in January, 2009. Agriculture projects total \$1,334,644; Business and Industry total \$6,685,000; Communities and Culture projects total \$10,000,000; and Healthcare projects total \$650,000,000 according to applicants. These projects are expected to create 64 new jobs and 130 construction jobs.

Agriculture

For the month of December, the Ag staff attended two outside events related to Agriculture. These events were the annual Peoria Farm Show, which is attended by area farmers and agribusinesses. Several area lenders had informational booths at the show, which provided opportunities to meet with seven lenders to discuss IFA programs. Staff also attended the Illinois Farm Economics Summit in Bloomington and Mt. Vernon, which were sponsored and provided by the University of Illinois. These conferences provided valuable information on topics related to the agriculture market,

including the 2009 outlook for grain and livestock prices, expected crop input costs, the effect of the financial crisis on the availability of Ag credit, updates on crop insurance, and the outlook for farm land prices. Staff also had 4 calls to lenders to discuss potential projects. As evidenced by the eight Beginning Farmer Bonds brought for approval at the January board meeting, staff has continued to receive interest from lenders in the Beginning Farmer Bond program.

The Ag staff began a project, which will obtain recent financial and collateral value information from lenders on outstanding IFA guaranteed loans. This project is part of an overall risk management project, which will ultimately provide comprehensive loan reporting on outstanding loan balances, collateral position, payment status, risk rating, and IFA liability on the entire guaranteed loan portfolio.

Agriculture – December, 2008 Closings			
Closing Date	Issuance\$\$	Borrower	Location
12/01/2008	190,000	Allen Kasten	Hillsboro, IL
12/01/2008	250,000	Thomas W. Burnside	Kansas, IL
12/01/2008	250,000	Steven & Rhonda Calvert	Sciota, IL
12/05/2008	160,000	Jonathan & Marlene Weaver	Xenia, IL
12/05/2008	160,000	Rex Gehrig	Dunlap, IL
12/05/2008	81,250	Benjamin & Bryann Odom	Benton, IL
12/12/2008	225,000	Mathew Beeler	Raymond, IL
12/15/2008	100,000	Jason Tubbs	Wayne City, IL
12/19/2008	195,000	Kevin D. Woods	Newton, IL
12/19/2008	99,240	Luke Burling	Carthage, IL
12/22/2008	167,000	Matthew DeSutter	Woodhull, IL
12/22/2008	213,750	John & Staci Kramer	Avon, IL
12/22/2008	250,000	Nicholas Dolder	Serena, IL
12/22/2008	250,000	Aaron Hilmes	Carlyle, IL
12/22/2008	205,600	Ryan Hilmes	Carlyle, IL
12/22/2008	250,000	Matt McClain	Brocton, IL
12/22/2008	164,000	William Timmerman	Breese, IL

Healthcare

Recent media articles have referred to potential hospital closings and merger activity in rural areas as well as urban areas with excess hospital beds and a lot on poor, uninsured patients. Both Moody's and Fitch rating agencies have recently revised their general healthcare sector outlooks from stable to negative for the following reasons:

1. Rising charity care and bad debt expense because of an increase in unemployment
2. Softening of discretionary patient demand
3. Reductions in Medicaid as state economies struggle
4. Likely reductions in Medicare funding
5. Tougher negotiations with commercial payers as payer margin erodes
6. More merger and acquisition activity

Hospitals have also been struggling with poor investment returns and fewer donations. There are also concerns over a deep and protracted recession, which could result in patient volumes showing further softening and access to capital being even more limited.

Our experience at the Authority over this last month has been as follows:

1. **There is very little fixed rate debt being sold.** The Authority's last fixed rate transaction to close was for the Advocate acquisition of Condell on December 1st. Advocate is a AA hospital and priced at 6.57% all in. Northwestern tried to price their \$235 million refunding in early December, but pulled the offering because the rates were too high, between 7.00-7.50%. They will be issuing variable rate debt in January.
2. **The variable rate market is highly volatile.** This market is only available to higher rated credits that are able to secure Bank Letters of Credit – for example Rockford Hospital, Southern Illinois Healthcare and Rush University Health System. (Rush priced their weekly variable rate debt in early December at a very attractive rate of 0.55%).
3. **Hospitals are delaying and re-evaluating their capital needs** – quite a few hospitals find themselves in this situation. Most of the higher rated credits will be pricing and closing in January and February – i.e. Carle Foundation, Central DuPage Hospital, Silver Cross Hospital, OSF, Northwestern Memorial Hospital and the University of Chicago Medical Center.
4. **Lesser rated credits (BBB and below) will not be able to enter the market.** Hospitals, such as BroMenn Healthcare Hospitals (BBB) will have difficulty entering the market. Non-rated hospitals and senior living financings such as Bethany Methodist and The Admiral, respectively, will have to be restructured in order to enter the capital markets.
5. **Merger activity is increasing.** Hospital Sisters Health System (Springfield) is acquiring St. Anthony's Hospital in Alton. Northwestern Memorial Hospital has indicated an interest in Lake Forest Hospital. Advocate Health Care has indicated an interest in BroMenn Healthcare Hospitals and Rockford Memorial Hospital.

A potential resource to hospitals is the Federal Home Loan Bank (FHLB) Letter of Credit. The Housing and Economic Recovery Act of 2008, which was passed last summer, extended the authority of FHLB's to provide letters of credit for tax-exempt health care bonds. The participation of FHLB's enables more regional banks to offer letter of credits. Currently, two hospitals that will be issuing bonds through the IFA are in the process of applying to regional banks as well as the Federal Home Loan Bank.

Additionally, we have been looking into the FHA Section 242 Mortgage Insurance Program as another way to help certain hospitals access capital and will be reaching out

to representatives from Housing and Urban Development (HUD) locally, regionally and nationally to learn more about the FHA Section 242 Program. Recent efforts by HUD to increase access to the program, streamline the application process, and decrease the time necessary to complete a financing, have made the program more attractive to hospitals. In this current economic environment, this program may be the only way Critical Access Hospitals and Safety-Net Hospitals will be able to access the capital markets.

Healthcare – December, 2008 Closings		
Closing Date	Issuance\$\$	Borrower
12/1/2008	180,000,000	Advocate Healthcare
12/4/2008	55,000,000	Southern Illinois Healthcare
12/9/2008	50,000,000	Rush University Medical Center, Series 2008A
12/11/2008	60,800,000	Rockford Memorial Hospital
12/11/2008	75,000,000	NorthShore University HealthSystem [Evanston Northwestern]

Higher Education

The higher education team is pursuing several opportunities with Illinois private college and universities. Townsend Albright is talking with the Planning and Development staff of Lewis University at its main campus in Romeoville. The University is in the planning stages to construct two new academic buildings at its main campus. The University borrowed through the IDFA, an IFA predecessor authority, and will borrow funds through the IFA for the project. A date has not been set for construction. Mr. Albright will be talking to the decision makers in January about the future project.

Loyola University, Chicago, approached Townsend Albright about helping the University create a program whereby the University could issue bonds to provide loans to students to fill the "gap" between any student dollars, Pell and other grants, FASFA and other assistance, and the cost of the academic year's tuition. Such a program could solve the lack of credit available for students trying to obtain necessary funds to attend college. Mr. Albright discussed the concept with analysts at Standard & Poors and with the Presidents of the Illinois independent colleges and universities umbrella organizations. The result could be a unique program whereby the institutions "guarantee" the debt with a pledge to replenish draws to a debt service reserve fund. The loan rate needs to be competitive with what is available in the marketplace. The program is a concept, and there needs to be an assessment for demand.

Mr. Albright met with executive staff members at the Federation of Independent Illinois Colleges and Universities and The Associated Colleges of Illinois to assess the possibility of a loan program for Illinois colleges and universities to fund necessary sprinkler and HVAC installation expenses for campus buildings. This assessment will continue into January.

There were no Higher Education Closings in December, 2008

Communities and Culture

Chicago International Charter School Foundation approached Townsend Albright to learn of programs the Foundation could use to finance campus HVAC and other improvements which total approximately \$1 million - an amount too small to be effectively financed through a bond issue. Mr. Albright will be meeting with the CFO and others in January to discuss the Not-for-Profit Lease and Participation Loan programs as an alternative for financing the projects. Mr. Albright discussed future financing plans with the CFO of Soaring Eagle Academy, which will be a unique demonstration school located in one of Chicago's western suburbs. The Academy will teach academics and social skills to autistic children and children with special needs. The school hopes to open its doors by September, 2009.

The investment banking firm of William Blair & Company and the law firm of Ice Miller contacted Townsend Albright to discuss a program that both firms are developing to issue disaster relief bonds to finance the repair of agricultural, public utility, and commercial real estate damaged by floods in qualifying Illinois counties. The program could total approximately \$1.1 billion. Participating Illinois banks could commit for funds to make discreet loans to pay for actual repairs or replacements of disaster damaged property. The IFA is the conduit financier. The IFA program would be open to any bank or investment banker that has a qualifying client. The program needs to be developed and refined in such a way that there is no taint of a blind bond pool.

The proposed program provides a financing vehicle for the Heartland Disaster Tax Relief Act which was enacted in October, 2008 and designed to give relief to areas in the Midwest damaged by natural disasters similar to that previously provided to Hurricane Katrina victims. The disasters covered by the Act must have occurred on or after May 20, 2008 and before August 1, 2008 by reason of severe storms, tornado, or flooding. Specific counties in these damaged areas were designated by FEMA on October 15, 2008.

There were no Community & Culture Closings in December, 2008

Business & Industry

The December 2008 Manufacturing Institute of Supply Managements *Report on Business* (R) indicated that (1) manufacturing sector activity declined for the fifth consecutive month, (2) all manufacturing sectors are suffering from declines in activity, and (3) new orders have contracted for 13 consecutive months (and are the lowest since January 1948).

Many of IFA's prospective business/industrial borrowers are middle market companies that (1) produce components used in specific products (with growing sales) and (2) serve recession-proof industries (e.g., food processing; medical equipment components).

Accordingly, IFA staff has reason to believe IFA transaction volume for Participation Loans and Industrial Revenue Bonds in 2009 will result in volumes similar to 2008.

Business & Industry – December, 2008 Closings		
Closing Date	Issuance\$\$	Borrower
12/18/2008	3,200,000	SBLV Investments LLC [Jasper Meats, Inc.
12/30/2008	7,000,000	Overton Gear & Tool Corporation

Energy

The Chairman, Executive Director and IFA staff members met with the presidents of the University of Illinois and Southern Illinois University on December 8 to propose undertaking a joint Energy Initiative together with the Authority and the Department of Commerce and Economic Opportunity. The Director articulated the Authority's vision that Illinois has an unprecedented opportunity to leverage its natural, economic, transportation, intellectual and human resources in a clean and independent energy future. By harnessing its resources and developing a clear and compelling vision and plan of action, Illinois can capture the attention of decision makers in federal government, private equity, the capital markets and the energy and utilities industries. Our goal is make Illinois the center of the nation's energy future and position the State at the "top of the list" for developers, private equity community and federal energy policy makers.

Both presidents wholeheartedly agreed that Illinois is well-positioned to benefit from the nation's renewed interest in domestic, renewable and clean energy production and enthusiastically pledged their institution's resources to this effort. The participants agreed to focus on quickly developing a business plan to leverage the State's resources to make Illinois the center of national clean coal, renewable energy and energy dependence efforts. By the end of December, both universities identified individuals to develop such a plan in January together with representatives from IFA, DCEO, and IEPA.

We also agreed to seek out additional partners from leading utilities, industry associations, research institutions, private investors, labor and the farm community. Another goal is develop a legislative agenda to present to state and federal officials who support energy development in Illinois.

Other accomplishments include launching a new web page on the Authority's website (www.il-fa.com). The Authority is currently scheduling meetings with sponsor of a number projects in varying stages of development.

There were no Energy Closings in December, 2008

Local Government

During the month of December, IFA staff has received over ten inquiries regarding the IFA's Local Government Pooled Bond Program. Two local governments fit the parameters of the Pooled Program and have been submitted for management's preliminary approval. It appears that small communities are finding long-term fixed rate

financing (from local resources) difficult to achieve and are therefore turning to the IFA for assistance. Local governments have either been prior Illinois Rural Bond Bank participants, Fire Truck Revolving Loan participants or received our mass mailing that was distributed last fall. The desire for long-term financing by local governments has not diminished; however, concerns about the availability of funds to repay the debt are apparent.

There were no Local Government Closings in December, 2008

Venture Capital

Staff has nearly completed collecting the most recent financial information available for each of the active investments in the Venture Fund portfolio. This is part of standard operating procedure and needs to take place before a valuation review can be undertaken. A one page summary of key information about the Fund was prepared and distributed accordingly.

IFA is participating in the orderly wind down of the Champaign Urbana Venture Fund. This investment has already been written down to zero, and IFA's COO attended the ARCH Fund annual meeting and Harmonic Vision board meeting. Additionally, the IFA has sent Jaros Technology Corporation a demand letter requesting payment of equity risk premium and late fees owed to the IFA.

Lastly, the IFA is in receipt of a Freedom of Information Act request from Jaros requesting all information related to the Jaros/IFA transaction.

Human Resources/Operations

IFA held its annual holiday party on December 18, 2008. Staff selected two charities to which IFA is donating \$1,500 each. The charities are The Illinois Hunger Coalition and the Children's Home and Aid Society.

- The Agency Workforce Report was completed and submitted to the appropriate State authorities.
- A review was completed to insure that the IFA is in compliance with the Information Technology Accessibility Act.
- A health benefits review and comparison of IFA's and the State plan options is in process.
- IFA successfully responded to a Microsoft browser security breach.
- Staff participated in the Legislative Audit Commission hearing on December 12, 2008.
- Development of an Investment Strategy Funds session after the February, 2009 board meeting is being drafted to provide guidance for managing fund balances in each of the Funds IFA is responsible for overseeing.

- A meeting was set up to prepare for completing IFA's annual insurance policy renewal process.
- IFA was notified of attempted check fraud on one of its depository accounts maintained at Bank of America. Staff worked with bank personnel to implement all necessary actions to minimize the risk of any financial loss. Staff also completed and presented to the Executive Director a review of its existing bank accounts and relationships with the objective of consolidating and simplifying management of these services. Action on implementing recommendations has begun.
- IFA submitted a preliminary response to the findings from the Fiscal Year 2008 audit.
- IFA's State Purchasing Officer completed a review of vendors used in Fiscal Year 2008 requested by the Executive Director.

Marketing/Public Relations

The IFA presented successful testimony before the Legislative Audit Commission. Some press follow-up resulted in articles in the business and trade press. *IFA News* was issued in December featuring 24 project stories across all sectors of our operations, various news items and IFA updates. A new Energy section was created on the web site.

FOIA Activity

- Tribune request regarding Wrigley Field project
- AP request regarding Wrigley Field project and related appeal
- Request for documents regarding Jaros Technology project

Press coverage included:

- Food desert program
- Wrigley Field project
- Blackhawk Biofuels project
- Financial coverage of Carle Foundation, DePaul, Friendship Village, Southern IL Healthcare, Central DuPage Hospital, and Rush Medical Center.

**Illinois Finance Authority
 Audit Findings Material and Immaterial
 Update as of December 31, 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	3/4																	
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

IM07-01 A meeting is schedule to review the Travel and Marketing reimbursement process and to review the automated process we plan to implement.

**Illinois Finance Authority
 Audit Findings Material and Immaterial
 Update as of December 31, 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 8																				
FY 07 Material Findings																				
07-01	Missing Policy on Nondiscrimination	7/31/2008	2/2																	
07-02	Failure to Report Revenue bond Information to the Illinois Office of the Comptroller		4/3																	
07-03	Bad-Debts not Referred to the Illinois Office of the Comptroller	7/31/2008	4/4																	
07-04	Noncompliance with the Illinois Procurement Code and SAMS Procedures	6/30/2008	2/2																	
07-05	Lack of Segregation of duties in Managing Property and Equipment	4/30/2008	4/4																	
07-06	No Established Rules to Administer Loan Programs	12/31/2008	2/1																	
07-07	Authority is Not a Member of the Illinois Forestry Development Council	4/30/2008	2/2																	
07-08	Failure to Administer the Exporter Award Program	11/30/2008	2/2																	

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

Finding 07-02 The Authority is in constant communication with the Office of the Comptroller with formal discussion/meetings quarterly. They have agree to send their delinquency report quarterly. We are currently working to send a letter to the trustee to remind them of their duty to avoid having late CO 8's.

Finding 07-06 A draft for the rules have been written, but not approved.

ILLINOIS FINANCE AUTHORITY
FINANCIAL STATEMENTS
CONSOLIDATED ANALYSIS

Balance Sheet Comparison

Actual Results December 2008 to December 2007

ASSETS

- Total Assets increased by \$15,437,180 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 \$1,341,391 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 \$6,147,559 or \$1,364,736 below same period last fiscal year 2008. This is primarily due a decrease on interest on loans, fee income, and investment income.

- Expenses

Expenses YTD for fiscal year 2009 ended at \$4,017,675 or \$910,899 lower than same period last fiscal year 2008 due to:

1. A reduction in employee related expenses, due to vacancies.
2. A reduction in professional services, due to legal expenses
3. 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
December 31, 2008

	Actual December 2008	Budget December 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	303,269	339,491	(36,222)	-10.67%	1,861,161	1,940,519	(79,358)	-4.09%	3,733,944	49.84%
INVESTMENT INTEREST & GAIN(LOSS)	271,034	199,793	71,241	35.66%	1,132,103	1,191,456	(59,353)	-4.98%	2,399,092	47.19%
ADMINISTRATIONS & APPLICATION FEES	365,630	480,842	(115,212)	-23.96%	2,409,216	2,876,652	(467,436)	-16.25%	5,781,179	41.67%
ANNUAL ISSUANCE & LOAN FEES	69,384	57,085	12,299	21.54%	325,235	325,491	(256)	-0.07%	665,579	48.87%
OTHER INCOME	23,830	6,917	16,913	244.32%	419,824	41,502	378,322	911.57%	83,004	505.79%
TOTAL REVENUE	1,033,147	1,084,128	(50,981)	-4.70%	6,147,559	6,375,620	(228,061)	-3.58%	12,662,798	48.53%
EXPENSES										
EMPLOYEE RELATED EXPENSES	239,589	268,969	(29,380)	-10.92%	1,386,387	1,599,534	(213,147)	-13.33%	3,206,787	43.23%
COMPENSATION & TAXES	24,000	27,288	(3,288)	-12.05%	135,141	142,191	(7,050)	-4.96%	281,903	47.94%
BENEFITS	9,344	3,333	6,011	180.36%	39,465	19,998	19,467	97.35%	40,000	98.66%
TEMPORARY HELP	-	417	(417)	0.00%	893	2,502	(1,609)	-64.29%	5,000	17.87%
EDUCATION & DEVELOPMENT	2,351	10,250	(7,899)	-77.06%	34,037	61,500	(27,463)	-44.66%	123,000	27.67%
TRAVEL & AUTO	275,284	310,257	(34,973)	-11.27%	1,595,923	1,825,725	(229,802)	-12.59%	3,656,690	43.64%
TOTAL EMPLOYEE RELATED EXPENSES	32,691	70,200	(37,509)	-53.43%	210,512	421,200	(210,688)	-50.02%	842,400	24.99%
PROFESSIONAL SERVICES	230,214	228,907	1,307	0.57%	1,386,809	1,373,442	13,367	0.97%	2,671,824	51.90%
CONSULTING, LEGAL & ADMIN	45,800	31,975	13,825	43.24%	179,242	191,850	(12,608)	-6.57%	383,700	46.71%
LOAN EXPENSE & BANK FEE	172	8,333	(8,162)	-97.94%	13,888	49,998	(36,110)	-72.22%	100,000	13.89%
ACCOUNTING & AUDITING	25,000	25,000	-	0.00%	150,000	150,000	-	0.00%	300,000	50.00%
MARKETING GENERAL	-	1,250	(1,250)	0.00%	8,485	7,500	985	13.13%	15,000	56.57%
FINANCIAL ADVISORY	3,333	4,166	(833)	0.00%	39,998	24,996	15,002	60.02%	50,000	80.00%
CONFERENCE/TRAINING	3,863	3,750	113	3.01%	18,736	22,500	(3,764)	-16.73%	45,000	41.64%
MISC. PROFESSIONAL SERVICES	341,073	373,581	(32,508)	-8.70%	2,007,669	2,241,486	(233,817)	-10.43%	4,407,924	45.55%
DATA PROCESSING										
TOTAL PROFESSIONAL SERVICES										

**Illinois Finance Authority
Consolidated - Actual to Budget
Statement of Activities
for Period Ending
December 31, 2008**

	Actual December 2008	Budget December 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%	145,660	155,430	(9,770)	-6.29%	310,860	46.86%
EQUIPMENT RENTAL AND PURCHASES	6,643	3,867	2,776	71.78%	27,728	23,202	4,526	19.51%	46,404	59.75%
TELECOMMUNICATIONS	9,994	5,420	4,574	84.39%	30,684	32,520	(1,835)	-5.65%	65,040	47.18%
UTILITIES	1,318	933	385	41.29%	7,388	5,598	1,790	31.97%	11,196	65.99%
DEPRECIATION	6,527	7,355	(828)	-11.26%	39,078	44,130	(5,052)	-11.45%	88,236	44.28%
INSURANCE	1,702	1,500	202	13.48%	9,738	9,000	738	8.20%	18,000	54.10%
TOTAL OCCUPANCY COSTS	51,881	44,980	6,901	15.34%	260,275	269,880	(9,605)	-3.56%	539,756	48.22%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	9,926	9,450	476	5.04%	44,606	56,700	(12,094)	-21.33%	113,400	39.34%
BOARD MEETING - EXPENSES	3,273	2,983	290	9.71%	23,028	17,898	5,130	28.66%	35,796	64.33%
PRINTING	727	1,200	(473)	-39.46%	11,210	7,200	4,010	55.69%	14,400	77.85%
POSTAGE & FREIGHT	3,000	2,300	700	30.43%	15,114	13,800	1,314	9.52%	27,600	54.76%
MEMBERSHIP, DUES & CONTRIBUTIONS	4,605	3,083	1,522	49.35%	14,549	18,498	(3,949)	-21.35%	36,996	39.32%
PUBLICATIONS	398	300	98	32.71%	2,390	1,800	590	32.76%	3,600	66.38%
OFFICERS & DIRECTORS INSURANCE	15,024	14,524	500	3.44%	88,630	87,144	1,486	1.71%	174,292	50.85%
MISCELLANEOUS	1,500	42	1,458	0.00%	3,928	252	3,676	1458.89%	504	779.44%
TOTAL GENL & ADMIN EXPENSES	38,453	33,882	4,571	13.49%	203,456	203,292	164	0.08%	406,588	50.04%
LOAN LOSS PROVISION/BAD DEBT	10,647	75,000	(64,353)	-85.80%	(53,465)	450,000	(503,465)	-111.88%	900,000	-5.94%
OTHER										
INTEREST EXPENSE	597	621	(24)	-3.82%	3,817	3,726	91	2.43%	7,447	51.25%
TOTAL OTHER	597	621	(24)	-3.82%	3,817	3,726	91	2.43%	7,447	51.25%
TOTAL EXPENSES	717,934	838,321	(120,387)	-14.36%	4,017,675	4,994,109	(976,434)	-19.55%	9,918,405	40.51%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	315,213	245,807	69,406	28.24%	2,129,884	1,381,511	748,373	54.17%	2,744,393	77.61%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	(16,667)	16,667	-100.00%	(1,095)	(100,002)	98,907	-98.91%	(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%	-	0.00%
NET INCOME/(LOSS)	315,213	229,140	86,073	37.56%	628,789	1,281,509	(652,720)	-50.93%	2,544,393	24.71%

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

	Actual December 2008	Actual December 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	303,269	758,486	(455,217)	-60.02%	1,861,161	1,989,995	(128,834)	-6.47%
INVESTMENT INTEREST & GAIN(LOSS)	271,034	420,055	(149,021)	-35.48%	1,132,103	1,462,971	(330,869)	-22.62%
ADMINISTRATIONS & APPLICATION FEES	365,630	1,118,559	(752,929)	-67.31%	2,409,216	3,577,769	(1,168,553)	-32.66%
ANNUAL ISSUANCE & LOAN FEES	69,384	127,504	(58,120)	-45.58%	325,255	442,667	(117,412)	-26.52%
OTHER INCOME	23,830	10,946	12,884	117.70%	419,824	38,893	380,931	979.44%
TOTAL REVENUE	1,033,147	2,435,551	(1,402,404)	-57.58%	6,147,559	7,512,295	(1,364,736)	-18.17%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	239,589	210,192	29,397	13.99%	1,386,387	1,689,412	(303,025)	-17.94%
BENEFITS	24,000	23,305	695	2.98%	135,141	144,712	(9,571)	-6.61%
TEMPORARY HELP	9,344	9,443	(99)	-1.05%	39,465	52,687	(13,222)	-25.10%
EDUCATION & DEVELOPMENT	-	329	(329)	0.00%	893	1,385	(492)	-35.49%
TRAVEL & AUTO	2,351	6,800	(4,449)	-65.43%	34,037	76,317	(42,281)	-55.40%
TOTAL EMPLOYEE RELATED EXPENSES	275,284	250,070	25,214	10.08%	1,595,923	1,964,513	(368,591)	-18.76%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	32,691	(9,851)	42,543	-431.85%	210,512	482,892	(272,381)	-56.41%
LOAN EXPENSE & BANK FEE	230,214	722,210	(491,996)	-68.12%	1,386,809	1,421,155	(34,346)	-2.42%
ACCOUNTING & AUDITING	45,800	43,075	2,725	6.33%	179,242	202,498	(23,256)	-11.48%
MARKETING GENERAL	172	834	(663)	-79.44%	13,888	22,240	(8,352)	-37.55%
FINANCIAL ADVISORY	25,000	20,475	4,525	22.10%	150,000	127,813	22,187	17.36%
CONFERENCE/TRAINING	-	264	(264)	-100.00%	8,485	3,729	4,756	127.54%
MISC. PROFESSIONAL SERVICES	3,333	-	3,333	0.00%	39,998	2,225	37,773	1697.66%
DATA PROCESSING	3,863	4,379	(517)	-11.79%	18,736	26,411	(7,675)	-29.06%
TOTAL PROFESSIONAL SERVICES	341,073	781,386	(440,313)	-56.35%	2,007,669	2,288,963	(281,294)	-12.29%

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

	Actual December 2008	Actual December 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	25,911	(214)	-0.82%	145,660	134,758	10,902	8.09%
EQUIPMENT RENTAL AND PURCHASES	6,643	7,244	(602)	-8.31%	27,728	36,407	(8,678)	-23.84%
TELECOMMUNICATIONS	9,994	6,189	3,805	61.49%	30,684	41,090	(10,406)	-25.33%
UTILITIES	1,318	703	615	87.47%	7,388	5,271	2,117	40.16%
DEPRECIATION	6,527	7,973	(1,446)	-18.14%	39,078	42,797	(3,719)	-8.69%
INSURANCE	1,702	1,192	510	42.75%	9,738	8,740	998	11.41%
TOTAL OCCUPANCY COSTS	51,881	49,213	2,668	5.42%	260,275	269,062	(8,787)	-3.27%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	9,926	6,428	3,498	54.42%	44,606	49,462	(4,855)	-9.82%
BOARD MEETING - EXPENSES	3,273	2,875	397	13.81%	23,028	32,734	(9,706)	-29.65%
PRINTING	727	1,200	(473)	-39.46%	11,210	9,051	2,159	23.85%
POSTAGE & FREIGHT	3,000	3,088	(87)	-2.83%	15,114	13,969	1,145	8.20%
MEMBERSHIP, DUES & CONTRIBUTIONS	4,605	6,853	(2,248)	-32.81%	14,549	16,385	(1,837)	-11.21%
PUBLICATIONS	398	165	233	141.81%	2,390	955	1,435	150.17%
OFFICERS & DIRECTORS INSURANCE	15,024	14,746	278	1.88%	88,630	88,479	151	0.17%
MISCELLANEOUS	1,500	396	1,104	0.00%	3,928	536	3,393	633.18%
TOTAL GENL & ADMIN EXPENSES	38,453	35,751	2,702	7.56%	203,456	211,571	(8,116)	-3.84%
LOAN LOSS PROVISION/BAD DEBT	10,647	(81,595)	92,242	-113.05%	(53,465)	190,324	(243,789)	-128.09%
OTHER	597	690	(93)	-13.45%	3,817	4,140	(324)	-7.82%
INTEREST EXPENSE	597	690	(93)	-13.45%	3,817	4,140	(324)	-7.82%
TOTAL OTHER	597	690	(93)	-13.45%	3,817	4,140	(324)	-7.82%
TOTAL EXPENSES	717,934	1,035,514	(317,580)	-30.67%	4,017,675	4,928,575	(910,899)	-18.48%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	315,213	1,400,036	(1,084,824)	-77.49%	2,129,884	2,583,721	(453,837)	-17.57%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	2,202	(2,202)	-100.00%	(1,095)	44,759	(45,854)	-102.45%
TRANSFER TO STATE OF ILLINOIS	-	-	-	0.00%	(1,500,000)	-	(1,500,000)	-
REVENUE GRANT	-	-	-	0.00%	-	2,000,000	(2,000,000)	-100.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%
NET INCOME/(LOSS)	315,213	1,402,239	(1,087,026)	-77.52%	628,789	4,628,480	(3,999,691)	-86.41%

Illinois Finance Authority
Consolidated
Balance Sheet
for the Six Months Ending December 31, 2008

	Actual December 2007	Actual December 2008	Budget December 2008	Variance to budget
ASSETS				
CASH & INVESTMENTS, UNRESTRICTED	\$ 21,994,746	\$ 29,186,178	\$ 33,785,418	\$ (4,599,240)
RECEIVABLES, NET	324,364	70,375	274,877	(204,502)
LOAN RECEIVABLE, NET	92,569,217	89,329,713	99,843,599	(10,513,886)
OTHER RECEIVABLES	1,387,021	1,438,920	1,232,748	206,172
PREPAID EXPENSES	76,933	77,976.29	171,664	(93,688)
TOTAL CURRENT ASSETS	116,352,281	120,103,162	135,308,305	(15,205,143)
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	224,494	120,743	138,893	(18,150)
DEFERRED ISSUANCE COSTS	742,470	630,027	641,134	(11,107)
OTHER ASSETS				
CASH, INVESTMENTS & RESERVES	35,010,147	46,917,817	34,555,967	12,361,850
VENTURE CAPITAL INVESTMENTS	5,535,254	5,530,076	5,738,223	(208,147)
OTHER	3,682,072	3,682,072	3,682,072	-
TOTAL OTHER ASSETS	44,227,473	56,129,965	43,976,262	12,153,703
TOTAL ASSETS	\$ 161,546,717	\$ 176,983,898	\$ 180,064,594	\$ (3,080,696)
LIABILITIES				
CURRENT LIABILITIES	\$ 1,322,160	\$ 1,225,865	\$ 746,190	\$ 479,675
LONG-TERM LIABILITIES	63,556,845	62,311,749	65,219,398	(2,907,651)
TOTAL LIABILITIES	64,879,005	63,537,614	65,965,588	(2,427,976)
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)	4,628,480	628,789	1,281,509	(652,720)
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	96,667,712	113,446,284	114,099,005	(652,720)
TOTAL LIABILITIES & EQUITY	\$ 161,546,718	\$ 176,983,898	\$ 180,064,594	\$ (3,080,696)

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

as of 12/31/2008

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	.00	300,894.82
3			.00	.00	.00	.00	.00	.00	300,894.82

**MINUTES OF THE DECEMBER 9, 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 December 9, 2008 at the Mid America Club, 200 E. Randolph Drive, 80th Floor, Chicago, Illinois.

<u>Members present:</u> William A. Brandt, Jr., Chairman Michael W. Goetz, Vice Chairman Dr. William J. Barclay Ronald E. DeNard Edward H. Leonard, Sr. Terrence M. O'Brien Juan B. Rivera Bradley A. Zeller	<u>Members absent:</u> James J. Fuentes Dr. Roger D. Herrin April D. Verrett <u>Vacancies:</u> 4	<u>Members participating by telephone:</u> None
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GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:57 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 Remarks

Chairman Brandt thanked fellow Board members and guests for coming. Chairman Brandt acknowledged various media reports dated December 9, 2008. Chairman Brandt announced recent personnel changes at the Authority, including the appointment of Chris Meister as Deputy Director-General Counsel, J. Stuart Boldry as Treasurer-Chief Operating Officer, and Kara Nystrom-Boulahanis as Assistant Secretary.

Executive Director's Remarks

Director Filan gave a brief status report on new initiatives currently under development at the Authority. Director Filan stated that the Authority plans to work in partnership with other State agencies and universities to implement these initiatives.

Acceptance of Financial Statements

Financial statements for the period ending November 30, 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. 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 November 12, 2008 Meeting of the Board. Chairman Brandt announced that the November 12, 2008 minutes were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. The November 12, 2008 minutes were unanimously approved by members of the Board.

Project Approvals

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

Ms. Walker, Director of Financial Services, reported that at today's meeting 8 projects totaling \$53,397,590.75, and one amendatory resolution, were being presented for board approval:

- No. 1: A-FB-TE-CD-8185 – John & Staci Kramer**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$213,750.00 to provide permanent financing to purchase approximately 100 acres of farmland. This project is located in Avon, Illinois. **(08-12-01).**
- A-FB-TE-CD-8186 – Luke Burling**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$99,240.75 to provide permanent financing to purchase approximately 63 acres of farmland. This project is located in Carthage, Illinois. **(08-12-01).**
- A-FB-TE-CD-8187 – Nicholas Dolder**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$250,000.00 to provide permanent financing to purchase approximately 36.4 acres of farmland. This project is located in Serena, Illinois. **(08-12-01).**

A-FB-TE-CD-8188 – Aaron Hilmes

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 51.82 acres of farmland. This project is located in Carlyle, Illinois. (08-12-01).

A-FB-TE-CD-8189 – Ryan Hilmes

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$205,600.00 to provide permanent financing to purchase approximately 40.72 acres of farmland. This project is located in Carlyle, Illinois. (08-12-01).

A-FB-TE-CD-8190 – William A. Timmermann, III

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$164,000.00 to provide permanent financing to purchase approximately 34.8 acres of farmland. This project is located in Breese, Illinois. (08-12-01).

A-FB-TE-CD-8191 – Matt McClain

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$250,000.00 to provide permanent financing to purchase approximately 60 acres of farmland. This project is located in Brocton, Illinois. (08-12-01).

A-FB-TE-CD-8192 – Marcella J. Jackson

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$250,000.00 to provide permanent financing to purchase approximately 167.11 acres of farmland. This project is located in Litchfield, Illinois. (08-12-01).

No guests attended with respect to the eight Beginning Farmer Bonds listed under Project No. 1. Chairman Brandt asked if the Board had any questions with respect to the eight 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 eight 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: I-ID-TE-CD-8008 – Overton Gear Corporation

Request for final approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$7 million. Bond proceeds will be used to finance the acquisition of equipment to modernize and expand the company's production capacity. This project will use \$7 million 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. (08-12-02)

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

No. 3: I-ID-TE-CD-8151 – SBLV Investments, LLC and Jasper Meats, Inc.
Request for final approval of Industrial Revenue Bonds in an amount not-to-exceed \$3.3 million. Bond proceeds will be used to finance the acquisition of land and equipment, construction costs and to pay certain bond issuance costs. The Company is seeking \$3.2 million in 2008 IFA Volume Cap. The proposed project will be located in the Village of Bloomingdale which is a home-rule community. Bloomingdale has used \$1.9 million of its 2008 allocation and as a result they have no remaining 2008 Volume Cap to support this project. This project is expected to create 19 new jobs and 83 construction jobs. This project is located in Bloomingdale, Illinois. **(08-10-03)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 3. Ms. Sharnell Curtis-Martin, Senior Funding Manager, introduced Mr. Stanley Pajerski, Owner, Jasper Meats, Inc. Mr. Pajerski 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 Mr. Pajerski. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 3. Leave was granted. Project No. 3 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 4: PU-WD-TE-CD-8182 – American Water Capital Corp., on behalf of Illinois-American Water Company
Request for preliminary approval of Water Furnishing Facilities Revenue Bonds in an amount not-to-exceed \$28.5 million. Bond proceeds will be used to finance a portion of the cost of new capital improvements. This project 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. This project is expected to create 4 new jobs and 120 construction jobs over an 18 month period. This project has locations in Champaign, Urbana, Pesotum, Savoy, Alton, Grafton, East St. Louis, Granite City, Peoria, Streator, Homer Glen, and Lemont, Illinois. **(08-12-04)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 4. Mr. Rich Frampton, Vice President, introduced Mr. Mark Chierci, Manager, Treasury Services, American Water Capital Corporation. Mr. Chierci thanked the Board for its consideration and gave a brief description of the project. Chairman Brandt asked if the Board had any questions for Mr. Chierci. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 4. Leave was granted. Project No. 4 received final approval with 8 ayes, 0 nays, and 0 abstentions.

- No. 5:** **N-NP-TE-8183 – White Pines Academy of Lemont, Inc.**
Request for preliminary approval of 501(c)3 Bonds in an amount not-to-exceed \$7.5 million. Bond proceeds will be used to finance the construction of Phase 1 of a new campus, refinance outstanding debt, and pay issuance costs. This project is located in Lemont, Illinois. **(08-12-05)**.

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

- No. 6:** **L-DP-TE-8061 – Village of Freeman Spur**
Request for final approval of a Direct Bond Purchase in an amount not-to-exceed \$85,000. The purpose of the bond purchase is to provide financing for water system improvements. This project is expected to create 3 construction jobs. This project is located in Freeman Spur, Illinois. **(08-12-06)**.

- No. 7:** **L-DP-TE-8160 – Village of West Salem**
Request for final approval of a Direct Bond Purchase in an amount not-to-exceed \$130,000. The purpose of the bond purchase is to provide financing for water system improvements. This project is expected to create 3 construction jobs. This project is located in West Salem, Illinois. **(08-12-07)**.

- No. 8:** **E-PC-TE-CD-8181 – Chicago School of Professional Psychology**
Request for final approval of 501(c)3 Revenue Bonds in an amount not-to-exceed \$5.2 million. Bonds will be used to finance acquisitions and renovations, and pay certain bond issuance costs. This project is expected to create 50 new jobs 110 construction jobs. This project is located in Chicago, Illinois. **(08-12-08)**.

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

- No. 9:** **David & Becki Damhoff Amendatory Resolution.** An Amendatory Resolution for David & Becki Damhoff to allow Wells Fargo Bank to adjust the interest rate on a Participation Loan in the amount of \$417,000.

No guests attended with respect to the above mentioned Amendatory Resolution. Chairman Brandt asked if the Board had any questions with respect to the Amendatory Resolution. There being none, Chairman Brandt requested leave to apply the last

unanimous vote in favor of the above mentioned Amendatory Resolution. Leave was granted. The David & Becki Damhoff Amendatory Resolution 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. Goetz and seconded by Dr. Barclay, the meeting adjourned at approximately 12:16 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: January 13, 2009
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: \$1,334,654.00**
- **Calendar Year Summary:** (as of January 13, 2009)
 - Volume Cap: \$ (Waiting on allocation from GOMB)
 - Volume Cap Committed: \$1,334,654.00
 - Volume Remaining: \$ N/A
 - Average Acreage Farm Size: 61
 - Number of Farms Financed: 8
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2009 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-8194
Funding Manager: Cory Mitchell
Borrower(s): North, Ellen
Borrower Benefit: First time farm buyer
Town: Darien, IL (*borrower location*)
Amount: \$150,000.00
Use of Funds: Farmland – 11.75 acres w/improvements & equipment; this zoned agriculture parcel is adjacent to residential development property.
Purchase Price: \$196,500 / (\$163,000 / \$13,872 per ac)
%Borrower Equity: 24%
%Other Agency: 0%
%IFA: 76%
County/Region: Piatt / East Central (*Monticello, IL purchase location*)
Lender/Bond Purchaser: First Mid-Illinois Bank / Brett Hermann
Legislative Districts: Congressional: 13th, Judy Biggert / 15th, Timothy Johnson
State Senate: 41st, Christine Radogno / 55th, Dale Righter
State House: 82nd, Jim Durkin / 110th, Chapin Rose

Principal shall be paid monthly in installments determined pursuant to Twenty year amortization schedule, with the first principal payment date to begin February 20, 2009. Accrued interest on the unpaid balance hereof shall be paid monthly, with the first interest payment date to be on February 20, 2009 with the 240th and final payment of all principal and interest then outstanding due twenty years from the date of closing.

***Ellen North:** The Note shall bear simple interest at the rate of 6.00% fixed for the first 3 years and then adjust every 3 years thereafter for the term of the note to 1.75% above the Wall Street Journal Prime Rate.
IFA Fee: \$2,250.00

Project Number: A-FB-TE-CD-8195
Funding Manager: Cory Mitchell
Borrower(s): Atherton, Jacob
Borrower Benefit: First time farm buyer
Town: Mendota, IL
Amount: \$249,500.00
Use of Funds: Farmland – 74 acres
Purchase Price: \$499,500 / (\$6,750 per ac)
%Borrower Equity: 0%
%Other Agency: 50%
%IFA: 50%
County/Region: LaSalle / Northwest
Lender/Bond Purchaser: First State Bank / Craig Ayers
Legislative Districts: Congressional: 11th, Jerry Weller
State Senate: 38th, Gary Dahl
State House: 76th, Frank Mautino

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on March 1, 2010. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 1, 2010 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

***Jacob Atherton:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.10% fixed for the first 5 years and then adjust every 5 years thereafter for the term of the note to 2.00% above the Wall Street Journal Prime Rate times 85%. There will a rate floor of 5.00%.
IFA Fee: \$3,742.50

*** 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-8196
Funding Manager:	Cory Mitchell
Borrower(s):	Bomleny, Duane
Borrower Benefit:	First time farm buyer/continuing family ownership
Town:	Geneseo, IL
Amount:	\$120,000.00
Use of Funds:	Farmland – 57.66 acres
Purchase Price:	\$296,949 / (\$5,150 per ac)
%Borrower Equity	10%
%Other Agency	50%
%IFA	40%
County/Region:	Bureau / Northwest
Lender/Bond Purchaser	Citizens First National Bank / Alan Forristall
Legislative Districts:	Congressional: 14 th , Bill Foster State Senate: 45 th , Tim Bivins State House: 90 th , Jerry Mitchell

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on March 1, 2010. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 1, 2010 with the twentieth and final payment of all outstanding balances due twenty years from the date of closing.

***Duane Bomleny:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.75% fixed for the first 5 years and then adjust every 5 years thereafter for the term of the note to 3% over Bloomberg.com 5 year Treasury Yield as of rate change date.
IFA Fee: \$1,800.00

Project Number:	A-FB-TE-CD-8197
Funding Manager:	Cory Mitchell
Borrower(s):	Steidinger, Craig & Leah
Borrower Benefit:	First time land buyer/family farming operation
Town:	Fairbury, IL
Amount:	\$128,000.00
Use of Funds:	Farmland – 57.62 acres
Purchase Price:	\$132,526 / (\$2,300 per ac)
%Borrower Equity	4%
%Other Agency	0%
%IFA	96%
County/Region:	Ford / East Central
Lender/Bond Purchaser	Bluestem National Bank / Brad Brown
Legislative Districts:	Congressional: 15 th , Timothy Johnson State Senate: 53 rd , Dan Rutherford State House: 105 th , Shane Cultra

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on April 15, 2010. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on April 15, 2010 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

***Craig & Leah Steidinger:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.00% fixed until April 15, 2012 and then adjust annually thereafter for the term of the note to 80% of the Wall Street Journal Prime. There will be a interest rate cap for the life of the loan of 5.3%.
IFA Fee: \$1,920.00

*** 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-8198
Funding Manager:	Eric Reed
Borrower(s):	Phillips, Joe & Dianna
Borrower Benefit:	First time farm buyer
Town:	Effingham, IL
Amount:	\$248,554.00
Use of Funds:	Farmland – 127.46 acres
Purchase Price:	\$497,094 / (\$3,900 per ac)
%Borrower Equity	0%
%Other Agency	50%
%IFA	50%
County/Region:	Effingham / Southeastern
Lender/Bond Purchaser	Peoples State Bank / Brian Bohnhoff
Legislative Districts:	Congressional: 19 th , John Shimkus State Senate: 55 th , Dale Righter State House: 109 th , Roger Eddy

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on April 1, 2010. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on April 1, 2010 with the twentieth and final payment of all outstanding balances due twenty years from the date of closing.

***Joe & Dianna Phillips:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.75% fixed for the first 5 years and then adjust every 5 years thereafter for the term of the note to 2.00% below the Wall Street Journal Prime, with a minimum rate to customer of 4.75% and a maximum rate of 12.99%. Notwithstanding the above provisions, the maximum increase or decrease in the interest rate at any one time on this loan shall not exceed 2.00% points.
IFA Fee: \$3,728.00

Project Number:	A-FB-TE-CD-8199
Funding Manager:	Eric Reed
Borrower(s):	Barrett, Ryan & Elizabeth
Borrower Benefit:	First time farm buyer
Town:	Paris, IL
Amount:	\$160,000.00
Use of Funds:	Farmland – 40 acres
Purchase Price:	\$160,000 / (\$4,000 per ac)
%Borrower Equity	0%
%Other Agency	0%
%IFA	100%
County/Region:	Edgar / Southeastern
Lender/Bond Purchaser	State Bank of Chrisman / John Brinkerhoff
Legislative Districts:	Congressional: 15 th , Timothy Johnson State Senate: 55 th , Dale Righter State House: 109 th , Roger Eddy

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.

***Ryan & Elizabeth Barrett:** 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 3.75% above the 1-year Treasury Constant Rate. Lender will charge .25% points.
IFA Fee: \$2,400.00

Project Number: A-FB-TE-CD-8200
Funding Manager: Eric Reed
Borrower(s): Soltwedel, David
Borrower Benefit: First time land buyer
Town: Effingham, IL
Amount: \$248,000.00
Use of Funds: Farmland – 109.66 acres
Purchase Price: \$513,200 / (\$4,680 per ac)
 %Borrower Equity 0%
 %Other Agency 52%
 %IFA 48%
County/Region: Effingham / Southeastern
Lender/Bond Purchaser: Peoples State Bank / Brian Bohnhoff
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 55th, Dale Righter
State House: 109th, Roger Eddy

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on January 15, 2010. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on April 1, 2010 with the twentieth and final payment of all outstanding balances due twenty years from the date of closing.

***David Soltwedel:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.75% fixed for the first 5 years and then adjust every 5 years thereafter for the term of the note to 2.00% below the Wall Street Journal Prime, with a minimum rate to customer of 4.75% and a maximum rate of 12.99%. Notwithstanding the above provisions, the maximum increase or decrease in the interest rate at any one time on this loan shall not exceed 2.00% points.
IFA Fee: \$3,720.00

Project Number: A-FB-TE-CD-8201
Funding Manager: Eric Reed
Borrower(s): Bollman, Benjamin
Borrower Benefit: First time land buyer/family farming operation
Town: Dundas, IL
Amount: \$30,600.00
Use of Funds: Farmland – 10 acres
Purchase Price: \$34,000 / (\$3,400 per ac)
 %Borrower Equity 10%
 %Other Agency 0%
 %IFA 90%
County/Region: Jasper / Southeastern
Lender/Bond Purchaser: Peoples State Bank / Brian Bohnhoff
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 54th, John Jones
State House: 108th, David Reis

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on February 1, 2010. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on February 1, 2010 with the twentieth and final payment of all outstanding balances due twenty years from the date of closing.

***Benjamin Bollman:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.75% fixed for the first 5 years and then adjust every 5 years thereafter for the term of the note to 2.00% below the Wall Street Journal Prime, with a minimum rate to customer of 4.75% and a maximum rate of 12.99%. Notwithstanding the above provisions, the maximum increase or decrease in the interest rate at any one time on this loan shall not exceed 2.00% points.
IFA Fee: \$459.00

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 13, 2009**

**Project: Midwest Investment Solutions, Inc.
(Orbital Tool Technologies Corp. Project)**

STATISTICS

Project Number:	B-LL-TX-8193	Amount:	\$485,000
Project Type:	Participation Loan	Total Bank Loan:	\$1,641,652
Location:	Belvidere	IFA Staff:	Rich Frampton/ Townsend Albright
		County/Region:	Boone /Northern

BOARD ACTION

Purchase of a Participation Loan from Alpine Bank & Trust Company (Belvidere, IL)
IFA Funds contributed and at risk: \$485,000
Staff recommends approval subject to compliance with all of Alpine Bank & Trust Company's terms and conditions (including execution of Alpine Bank's required Environmental Questionnaire/Statement.).
Also see assessment of Strengths and Weaknesses of this proposed Loan on Page 15.

Additional term/condition:

1. IFA's Participation Agreement will require that all present and future Alpine Bank loans secured by the subject project Real Estate will be subordinate to the IFA/Alpine Bank combined \$1,641,652 Participation Loan (this is a standard requirement of IFA's Participation Loan Agreement.)

VOTING RECORD

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

PURPOSE

This project will provide permanent financing on a building addition that is currently under construction that will enable Orbital to consolidate all activity at its Belvidere, Illinois facility. As a result of this financing, Orbital will close and relocate production from a second facility in Gainesville, Georgia to Belvidere.

IFA Participation Loan proceeds will be loaned to Midwest Investment Solutions, Inc. to (i) provide permanent financing for the construction of an 11,400 SF addition to its existing 23,920 SF manufacturing facility located at 6550 Revlon Drive, Belvidere (Boone County), Illinois that is leased to Orbital Tool Technologies Corp. (ii) finance installation expenses for existing equipment, and (iii) fund accrued interest on a construction loan for the subject property. Midwest Investment Solutions, Inc. and Orbital Tool Technologies Corp. are affiliates that have identical shareholders and management.

The subject project site is located in the DCEO-designated Belvidere/Boone County Enterprise Zone.

IFA PROGRAM AND CONTRIBUTION

Under the IFA Participation Loan Program, the Authority purchases *pari passu* participations in bank loans financing capital projects for business, industry, farmers and agri-industry. The Authority will purchase participations in loans for up to 10 years at a rate of interest that may be fixed for up to 5 years and coterminous with the bank loan. IFA's loan may be extended to a maximum maturity of 10 years. The interest rate for IFA participation is set at closing based at 100 basis points below the Bank's interest rate. 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 appraised orderly liquidated value for used equipment. IFA's participation produces a lower, blended interest rate for the Borrower.

VOLUME CAP

Not applicable.

JOBS

Current employment: 61
Jobs retained: N/A

Projected new jobs: 39 (two years)
Construction jobs: 20 (7 months); *[Note: The IFA/Bank Participation Loan will take-out Alpine Bank's Construction loan]*

ESTIMATED SOURCES AND USES OF FUNDS – Construction of Addition

Sources:	IFA Participation Loan:	\$485,000	Uses:	Building – Addition	\$ 970,000
	Alpine Bank – New	485,000		Moving/Equip. Install.	250,000
	*Alpine Bank-Existing	671,652		*Alpine Bank-Existing	671,652
	Equity Contribution	149,375		Interest	<u>29,375</u>
	**NICDC Loan (Subord.)	<u>130,000</u>			
	Total	<u>\$1,921,027</u>		Total	<u>\$1,921,027</u>

* The existing Alpine Bank Loan is a First Mortgage Loan of approximately \$671,652 will be combined with the new, IFA/Alpine Bank \$970,000 First Mortgage Loan originated by Alpine Bank into a single \$1,641,652 loan. As a result, IFA will be purchasing a \$485,000 Participation in the new \$1,641,652 Alpine Bank First Mortgage Loan.

** The Northern Illinois Community Development Corporation loan will be subordinate to the IFA and Alpine Bank & Trust Company loans.

The equity contribution will pay for a portion of the expenses related to moving equipment and cranes from the Georgia facility into the new addition.

FINANCING SUMMARY

Obligor: Midwest Investment Solutions, Inc.
Corporate
Guarantor: Orbital Tool Technologies Corp.
Personal
Guarantors: Harry A. Beck [President of Midwest Investment Solutions, Inc. and VP of Orbital Tool Technologies Corp. (Single)]
Terry A. Orcholski [Vice President of Midwest Investment Solutions, Inc. and President of Orbital Tool Technologies Corp.] and Anne Orcholski (Spouse)

Security:

- Pro rata first mortgage on the project real estate located at 6550 Revlon Drive, Belvidere, Boone County, Illinois 61008, having an estimated Fair Market Value upon Completion of the Project [i.e., construction of a proposed 11,400 SF addition to the existing 23,920 SF building] at \$2,500,000 as of October 22, 2008. [As proposed, IFA would purchase a participation of \$485,000 to support a new \$970,000 First Mortgage Loan. The new IFA/Alpine Bank loan will be combined with an existing, approximately \$671,652 Alpine Bank First Mortgage loan on the subject property. As a result, IFA will effectively be purchasing a \$485,000 participation in a \$1,641,652 loan.]

- Corporate guaranty of Orbital Tool Technologies Corp. (tenant and affiliate of Borrower)
- Collateral assignment of rents and leases on the subject property
- Personal guaranties of Mr. Terry A. (& Mrs. Anne) Orcholski and Mr. Harry A. Beck (single). Mr. Terry Orcholski, President, and Mr. Harry Beck, VP, each own a 50% ownership interest in Orbital Tool Technologies Corp., the corporate guarantor and tenant of the subject facility.

Collateral Value: Pro-rata first mortgage on subject real estate, aggregate LTV not to exceed 80% of assets:
 Note: Orbital's Line of Credit from Midwest Bank is not secured by any real estate assets (i.e., the Line of Credit is secured by Accounts Receivable, Inventory, and Equipment).

<u>Assets:</u>	<u>Market Value:</u>	<u>Adv Rate:</u>	<u>Discounted Value:</u>
FMV Real Estate	\$2,500,000	80%	\$2,000,000
LESS: Alpine Bank/ IFA First Mortgage:	(1,641,652)		(1,641,652)
Excess Coverage after First Mortgage:	\$858,348		\$358,348
LTV of First Mortgage:	65.67%	(Positive Discounted Collateral Coverage)	
	(Conforms with IFA Standard)	(Conforms to IFA Requirements)	

Structure IFA will purchase a \$485,000 participation in a First Mortgage Loan of \$1,641,652 by Alpine Bank & Trust Company (comprised of the new, IFA/Alpine Bank \$970,000 Participation Loan and an existing Alpine Bank \$671,652 First Mortgage Loan.) The existing Alpine Bank Loan was used to finance construction of a building addition in 2003.

Maturity Date/
 Term on IFA
 Participation:

Five year initial term with balloon. Alpine Bank will evaluate performance and pricing at that time. (Assuming the loan is performing adequately, IFA could extend its commitment for a second five year term at that time, but the Bank must take-out IFA after a maximum of 10 years from initial closing.)

Amortization:

25 Years. (IFA Participation Loan will initially subject to the 5 year balloon imposed by Alpine Bank and, prospectively, may be extended subject to bank and IFA approval for up to 10 years.) This extension is not mandatory.

IFA

Interest Rate:

Estimated rate of 4.375% as of 12/31/2008, which is set at 1.0% less than the Alpine Bank's proposed rate of 5.375% (fixed for an initial term of five years). Alpine may adjust this rate prior to closing.

Estimated

Closing Date:

April 1 – May 15, 2009

Rationale:

This Participation Loan will provide permanent financing to help Orbital Tool Technologies Corp. (through its Midwest Investment Solutions, Inc. real estate affiliate) consolidate manufacturing and other activities at its principal facility in Belvidere, Illinois. As a result of this financing, Orbital will be closing its Gainesville, Georgia satellite facility and relocating certain Georgia production equipment and cranes to the new building addition in Belvidere. The new addition will also accommodate anticipated growth.

The new facility addition will be used to manufacture replacement parts including bushings, sleeves, stems, discs, and screens and nuts for the power generating industry. Ultimately, this consolidation is expected to improve operating efficiencies by enabling Orbital to more effectively utilize both its production capabilities and employees.

Additional local support is evidenced by (1) the willingness of the Rockford Local Development Corporation to subordinate its existing \$337,000 loan to the new IFA/Alpine Bank Loan, (2) the willingness of the Northern Illinois Community Development Corporation to provide a new \$130,000 loan to support the subject project that will also be subordinate to the new IFA/Alpine Bank Participation Loan for the new addition.

Savings attributable to the reduced IFA Participation Loan interest rate will generate approximately \$4,850 of initial annual savings, thereby improving debt service coverage on the subordinate loans provided by Rockford Local Development Corporation and the Northern Illinois Community Development Corporation.

This financing was referred to IFA by Growth Dimensions, Inc. of Belvidere/Boone County (a 501(c)(3) economic development organization for Boone County), and Alpine Bank of Belvidere.

Finally, as required as a standard condition in all IFA Participation Loan Agreements, the combined IFA/Alpine Bank First Mortgage Loans of \$1,641,652 will be senior to all other term loans secured by real estate between Alpine Bank and Midwest Investment Solutions, Inc., and Orbital Tool Technologies Corp.

PROJECT SUMMARY

IFA's Participation Loan will be combined with loan proceeds from (1) Alpine Bank & Trust Co. (Belvidere), (2) \$149,000 of Cash Equity (from Orbital), and (3) a \$130,000 subordinate loan from the Northern Illinois Community Development Corporation to provide permanent financing for Midwest Investment Solutions, Inc.'s new, approximately 11,400 SF building addition to its existing 23,920 SF manufacturing facility located on an approximately 2.424 acre site at 6550 Revlon Drive, Belvidere, IL (Boone County) 61008. The Facility will be leased to Orbital Tool Technologies Corp., an affiliated company with common ownership.

Equity and the NICDC loan will be used to relocate and install two overhead cranes and other equipment currently located at Orbital's Gainesville, Georgia facility to the new addition in Belvidere. Separately, Orbital has already purchased a new lathe and milling center for use in the new facility.

BUSINESS SUMMARY

Organization: Midwest Investment Solutions, Inc. (the "Applicant", the "Obligor", or "Midwest") is an Illinois S Corporation and serves as a special purpose real estate entity that owns (1) the subject property and (2) selected equipment that is leased to Orbital Tool Technologies Corp. (the "Tenant", "Operating Company", "Corporate Guarantor", or "Orbital"), Orbital is an Illinois C Corporation.

Midwest and Orbital are under common ownership. Orbital was established in 1996 by Mr. Harry A. Beck (President of Midwest; VP of Orbital) and Mr. Terry Orcholski (VP of Midwest and President of Orbital). Mr. Beck and Mr. Orcholski each own 50% of both Midwest and Orbital.

Midwest also owns an unrelated residential rental property (single family home) located in Belvidere (a legacy asset; Alpine Bank is also the lender).

Background: Orbital Tool Technologies Corp. is a full service repair and engineering service established in 1996 in Belvidere, Illinois (Boone County). Orbital specializes in the repair of large turbines and other machined components used in various steam and gas turbines and industrial valves used in the power generating, chemical, and petrochemical industries.

Orbital provides its customers with complete outage support services, specializing in on-site field machining, shaft restoration, reverse engineering services, machine tool manufacturing, on-site

welding services, and in providing and fabricating term that serves power generation facilities (fossil, hydroelectric, nuclear), chemical and petrochemical production facilities; and commercial and military marine cargo ship turbines.

According to the Company, Orbital is the world's only company that specializes in stationary shaft and journal machining.

Orbital provides these services both on-site and in-house machining and assembly at its Belvidere production facility. Orbital has several in-house rapid response emergency service teams that are on call 365 days/year.

Orbital was formed in 1996 with three employees and annual sales of \$600,000 and now has 61 employees in Belvidere.

Orbital has been located at its present facility since 1996. Orbital leased the subject facility from the Chrysler Corporation – the subject building was originally constructed in 1990 as a parts warehouse facility (9,595 SF) serving Chrysler's nearby Belvidere Assembly Plant. The subject building was later purchased and also expanded by Midwest/Orbital in 2003, with construction of a 14,325 SF addition, bringing the building up to 23,920 SF (its current size, prior to the subject project).

According to the Company's management, Orbital Tool Technologies Corp. is one of America's premier on-site repair companies serving the (1) power generating, (2) petrochemical and oil refining, and (3) chemical industries worldwide.

- Major power industry customers include Alliant Energy, Ameren UE (Missouri), Ameren CIPS and Ameren IP (Illinois), Florida Power and Light, and Wisconsin Electric Power.
- Major oil refining customers include: ConocoPhillips, Shell Oil Products, ExxonMobil, and BP.
- Major chemical customers include Dow Chemical and Eastern Chemical Corporation.

Owners'

Backgrounds:

Mr. Beck and Mr. Orcholski already had 23 years combined experience in working on field engineering jobs for heavy industrial service companies when they established Orbital in 1996.

Mr. Beck and Mr. Orcholski previously worked together at Continental Field Machining Company in Schaumburg, Illinois where they developed skills in heavy machinery specialty tool design and development. The principal previously worked together in similar capacities at In-Place Machining Company's Norfolk, VA facility.

Harry Beck currently has over than 25 years' experience in managing field machining jobs for heavy industry. At Orbital, Mr. Beck is responsible for all of the managerial and administrative areas of the company. He also schedules and manages field projects so they are completed in a timely fashion. Mr. Beck holds a BS in Mechanical Engineering and is a Journeyman Machinist.

Mr. Orcholski currently has over 22 years' of design, development and marketing of machine tools for heavy industry including the public power industry. Prior to founding Orbital, for Mr. Orcholski was a Lead Field Technician and General Manager in charge of all field equipment tracking and costing at Holiday Service International in Milwaukee, WI. He later joined In-Place Machining Company, Norfolk, VA, and Continental Field Machining Company, Schaumburg, IL, respectively, in various engineering, sales, and management positions. Mr. Orcholski has also designed and developed specialty machine tools used in heavy field industry applications.

At Orbital, Mr. Orcholski is in charge of overseeing manufacturing, prototype testing, and field use of the latest state of the art equipment to accomplish on-site manufacturing machining globally.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant/
Obligor: Midwest Investment Solutions, Inc.
Operating Co./
Corporate
Guarantor: Orbital Tool Technologies Corp.
Contact: Mr. Terry A. Orcholski, President, Orbital Tool Technologies Corp., 6550 Revlon Drive, Belvidere, IL 61008; Ph.: 815-547-3725
Project
Location: 6550 Revlon Drive, Belvidere (Boone County), Illinois 61008
Organization: Midwest Investment Solutions, Inc. Orbital Tool Technologies Corp.
Form/State: S Corporation (Illinois) C Corporation (Illinois)
Ownership: For Both Midwest Investment Solutions, Inc. and Orbital Tool Technologies Corp:
 • Harry A. Beck, (President of Midwest Investment Solutions, Inc. and VP of Orbital Tool Technologies Corp.), 2111 NE 55th Street, Fort Lauderdale, FL 33308: 50.0%
 • Terry A. Orcholski, (VP of Midwest Investment Solutions, Inc. and President of Orbital Tool Technologies Corp.), 1315 Iles Ave., Belvidere, IL 61008: 50.0%
Current Land
Owner: The subject land is already owned by the Applicant (Midwest Investment Solutions, Inc.)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Law Offices of Nathan J. Noble	Belvidere, IL	Nathan J. Noble
Accountant:	Roger Boake and Associates	Rockford, IL	
Bank:	Alpine Bank & Trust Company	Belvidere, IL	Paul Fischer
Bank Counsel:	Law Offices of James Stevens	Rockford, IL	James Stevens
Appraiser:	W. Dale Scott & Associates	Loves Park, IL	Glenn Scott
IFA Counsel:	Dykema Gossett PLLC	Chicago, IL	Darrell Pierce
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	16	Donald Manzullo
State Senate:	34	Dave Syverson
State House:	69	Ronald A. Wait

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 13, 2009**

**Obligor: Marion Supportive Living, L.P.
(River to River Marion SLF Project)**

STATISTICS

Project Number: M-MH-TE-CD-7261	Amount: \$6,200,000 (not-to-exceed amount)
Type: Affordable Rental Housing Bonds	IFA Staff: Rich Frampton
Location: Marion	County/Region: Williamson/Southern

BOARD ACTION

Final Bond Resolution

Conduit Tax-Exempt Affordable Rental Housing Bonds	No IFA Funds contributed
Staff recommends approval	No extraordinary conditions

Material Changes from Previous Considerations:

1. Bonds to be directly purchased by US Bank as Lender/Investor. (Previously, US Bank was going to provide a Direct Pay LOC to support a 7-day variable rate demand note financing.)
2. New Tax Credit Investor: NDC Corporate Equity Fund, L.P., is replacing Stratford Capital Group, LLC. (NDC Corporate Equity Fund, L.P., is an affiliate of the National Development Council, a 501(c)(3) economic development and housing development finance educational and financing organization.)
3. The proposed IFA Bonds will now only finance development and construction of the proposed Marion project. Development of a second SLF project located in Anna has been deferred by River-to-River Development Corporation, the 501(c)(3) project developer/sponsor (and is now not contemplated to be bond financed).
4. All 50 units will now be affordable (previously 5 units were to be market rate) and rent restricted (since 100% of the units will now be financed with Low Income Housing Tax Credits).
5. Revised structure eliminates proposed \$250,000 of subordinate debt (from the Federal Home Loan Bank of Chicago).
6. Updated Sources and Uses of Funds (Page 2), Project Budget (Page 4), and Net Operating Income Statement/Financial Summary (Pages 9-11).

VOTING RECORD

Final Bond Resolution, April 8, 2008:

Ayes: 10	Nays: 0	Abstentions: 0
Absent: 4 (*Fuentes, Herrin, Talbott, Valenti)	Vacancies: 1	

*Present by telephone at Call to Order; no vote posted on this agenda item

Preliminary Bond Resolution, January 15, 2008:

Ayes: 10	Nays: 0	Abstentions: 0
Absent: 5 (Boyles, Herrin, Rice, Valenti, Verrett)	Vacancies: 0	

PURPOSE

The proposed Bonds will finance the acquisition of land, and the construction and equipping of a new, 50-unit Supportive Living Facility located in Marion. This financing will facilitate construction and development of this property under the State of Illinois' Supportive Living Facility program and provide affordable assisted living services in Williamson County. All 50 units will be allocated to qualified low and moderate income seniors. The

General Partner of the Borrower is an affiliate of a 501(c)(3) corporation that develops and manages senior housing/senior care facilities in Southern Illinois.

IFA CONTRIBUTION AND PROGRAM

Conduit Tax-Exempt Affordable Rental Housing Bonds. (Because more than 50% of project's tax basis will be financed with Tax-Exempt Bonds, this project will be automatically eligible for 4% Low Income Housing Tax Credits ("LIHTCs"), which will generate upfront cash equity equivalent to approximately 24% of total project cost.)

VOLUME CAP

IFA received \$11.8 million of 2007 Carryforward Volume Cap from the Governor's Office of Management and Budget specifically for this Marion project and for a second proposed River-to-River SLF project in Anna. Assuming that \$6.2 million of Bonds are issued for this Project, \$5.6 million of 2007 Carryforward Volume Cap would remain available for River to River's proposed Anna SLF project (previously induced by IFA) or for an alternate senior housing project to be located in Herrin.

JOBS

Current employment (both facilities):	0	Projected new jobs:	18-20 (FTE)
Jobs retained:	Not applicable	Construction jobs:	20-35 (range over 9 months)

This project will provide 50 units of affordable Assisted Living in Marion.

SOURCES AND USES OF FUNDS – PRELIMINARY, SUBJECT TO CHANGE

Sources:		Uses:	
IFA Bonds	\$6,200,000	Project Costs (see p. 4)	\$6,475,037
4% Low Income Housing Tax Credits	2,159,475	Tax Credit Fees	44,913
General Partner Contribution	<u>216</u>	Professional Fees – Non-Bond (see p. 4)	324,909
Total:	\$8,359,691	Capitalized Interest	350,000
		Construction Period Taxes, Insurance & Required Escrow	127,389
		Operating Reserve	254,029
		US Bank Reserve Req.	100,190
		Replacement Reserve Req.	12,500
		Marketing and Lease-Up	240,000
		Lender Fee	62,000
		Bond Issuance Costs	164,990
		Deferred Developer Fee (released by the Tax Credit Investor /Equity Investor) at (i) closing of financing and (ii) upon substantial project completion)	<u>203,734</u>
		Total:	\$8,359,691

In addition to the Developer Fee, noted above, the Internal Revenue Code provides an allowance for Performance-Based Developer Fees to be paid from cash flows, subject to IRS-specified limits, that provide contingent, performance-based compensation for the General Partner.

Terms and conditions specifying performance benchmarks for payment of these Performance-Based Developer Fees are negotiated as part of the Limited Partnership Agreement between the General Partner and the Tax Credit Investor/Syndicator (i.e., the entity purchasing the 4% Low Income Housing Tax Credits).

- On the subject transaction, any Performance-Based Deferred Developer Fees would be paid out of cash flow over the 15-year Tax Credit Compliance Period pursuant to the Limited Partnership Agreement negotiated between the General Partner (i.e., River to River of Marion, LLC) and the Limited Partner (NDC Corporate Equity Fund VIII, L.P., the 4% LIHTC Tax Credit Investor).
- These Performance-Based Deferred Developer Fees are currently estimated at \$621,266 and would be pursuant to benchmark performance objectives specified in the Limited Partnership Agreement (combined Developer Fees are limited to 15% of tax basis by the IRS).

FINANCING SUMMARY/STRUCTURE

Security/ Structure:	The Bonds will be purchased directly by US Bank, N.A. as Lender/Bond Purchaser. US Bank intends to service and hold the subject bonds in its portfolio until maturity. [US Bank as Lender/Bond Purchaser will be (1) secured by a First Mortgage on the subject property, (2) a collateral assignment of Rents and Leases, and (3) a Security Agreement and Fixture Filing.]
Interest Rate:	Bonds will bear interest at an estimated initial fixed rate of 6.40% for 17 years, with a provision for extension/reset after 17 years.
Maturity/ Amortization:	30 Year Maturity (Bond Resolution permits a Final Maturity of up to 40 years). Payments will be amortized with interest-only payments for the first 2 years (i.e., through construction and the first 14 months of operation – through 2010), with payments amortized assuming level debt service payments for the next 28 years (i.e., 2011 through 2039).
Rating:	Not applicable. These Bonds will be purchased as a direct investment by US Bank (as Lender/Bond Purchaser).
Estimated Closing Date:	January 27, 2009 (preliminary; subject to change)
Rationale:	This financing will result in construction of a new 50-unit Supportive Living Facility in Marion that will meet the needs of an expanding, underserved low-income elderly population in Williamson County. This project will provide 50 units of new, affordable low-income senior housing that will be reserved for households earning less than 60% of adjusted median income for the County. Additionally, these units will also be available to special needs residents (i.e., non-seniors) with physical disabilities. Availability of Tax-Exempt Bond financing (and Volume Cap) sufficient to finance 50% or more of eligible cost basis for each project will provide access to 4% Low Income Housing Tax Credits that will generate cash equity (i.e., approximately 25.8% of total project development cost, excluding Developer Fees) for this project.

PROJECT SUMMARY (FOR IFA BOND RESOLUTION)

Bond proceeds will be used by Marion Supportive Living, L.P. (the “Borrower”) to finance or refinance the acquisition, construction, and equipping of (i) the costs of the acquisition of land and construction of River to River of Marion Supportive Living, a single-story, 50-unit, affordable multifamily housing facility located at 1515 East DeYoung Street, Marion (Williamson County), Illinois (not to exceed amount is \$6,200,000), and (ii) to pay the costs of issuance, capitalized interest, and various reserve funds for the Bonds (the “Project”).

Preliminary estimated project costs are as follows (subject to change):

	Total
Land/Site Acquisition:	\$280,000
Building Construction:	5,427,844
Architectural/Design:	315,412
Survey & Engineering:	20,500
Soil Testing, Environ. Audit:	7,500
Furniture, Fixtures, Equipment:	<u>423,781</u>
Total – Project Costs:	\$6,475,037

Estimated (Non-Bond) Professional Fees (subject to change):

Partnership and Bank Legal:	\$125,000
Consultant to Borrower:	100,000
Accounting – Cost Certification:	50,000
Title Insurance, Recording, and Disbursement Fees:	32,909
Appraisal & Market Study:	<u>17,000</u>
Total – Professional Fees (Non-Bond):	\$324,909

BUSINESS SUMMARY

Description of

Borrower: **Marion Supportive Living, L.P.** (the “Applicant” or “Borrower”) was formed as a special purpose entity in 2007 (and subsequently amended in January 2009) by **River to River Residential Corporation** (“River to River”), a Herrin, Illinois-based 501(c)(3) owner and manager of senior rental housing/assisting living facilities in Southern Illinois

The ownership of the Borrower will be structured in a manner consistent with projects financed with a combination of Tax-Exempt Bond financing (debt) and 4% Low Income Housing Tax Credits (equity).

Accordingly, the ownership structure of the Borrower is as follows:

- 1. General Partner: River to River of Marion, LLC will own a 0.01% beneficial interest in the Borrower**
 - The General Partner will be a special purpose Illinois Limited Liability Company formed by River to River Residential Corporation, which will be the Manager/Sole Member of the LLC. River to River Residential Corporation is a 501(c)(3) corporation – see Economic Disclosure Statement section on Page 6 for information on Board Members.
- 2. Limited Partner: 99.99% beneficial interest in the Borrower:**
 - The Limited Partner and 99.99% owner of the project will be **NDC Corporate Equity Fund L.P. (and, specifically, through its NDC Corporate Equity Fund VIII, L.P. affiliate)**, a New York, NY-based tax credit syndicator, and affiliate of

- the 501(c)(3) National Development Council. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits to corporations.
- o See http://www.nationaldevelopmentcouncil.org/secondary_n/financing/cef.aspx for additional information.

Background on Developer:

River to River Residential Development Corporation is a 501(c)(3) corporation based in Herrin, Illinois (Williamson County) and established in 1996. River to River has developed five senior housing projects totaling 166 units (see Page 5). Each of these senior housing projects also provide assistance with one or more daily living activities.

Although none of the prior projects were developed under the Illinois Supportive Living Facility Program, River to River’s direct experience in providing assisted living support at its five existing facilities will be directly applicable to operating the proposed Marion SLF project.

Three of River to River’s previous five new construction projects were filled within 45 days of completion. Additionally, three of River to River’s projects were financed with 9% Low Income Housing Tax Credits through the Illinois Housing Development Authority. According to the Developer, all five projects are currently complying with all financing covenants.

River to River’s five senior housing/senior care projects include:

<u>Project</u>	<u>Location</u>	<u>Type of Project</u>	<u># of Units (166 Total)</u>
Cache Valley Apartments	Ullin, IL	Elderly (9% LIHTC - IHDA)	40
Big Muddy River Apts.	Murphysboro, IL	Elderly (9% LIHTC - IHDA)	50
Hurricane Creek Apts.	Herrin, IL	Elderly (9% LIHTC - IHDA)	24
Big Muddy River Apts. West	Murphysboro, IL	Elderly	24
Hurricane Creek Market Apts.	Herrin, IL	Elderly	28

Management Agent:

River to River Senior Services, LLC (“RR Senior Services”), an affiliate of River to River Residential Development Corporation, will serve as Management Agent for the Marion SLF property. RR Senior Services currently manages all five senior housing projects under its ownership.

RR Senior Services has over 80 employees and has more than 11 years experience managing senior living projects including Cache Valley Apartments in Ullin (Pulaski County), its first project.

Terms of RR Senior Services’ compensation as Management Agent will be periodically reviewed by the Lender/Bond Purchaser (US Bank) and by the Tax Credit Investor (i.e., NDC Corporate Equity Fund, L.P.) pursuant to the Limited Partnership Agreement between River to River and NDC Corporate Equity Fund.

Background on Project:

This financing will provide 50 new units of senior housing in at a new Illinois Department of Healthcare & Human Services licensed facility located in Marion (Williamson County) near Illinois Hwy. 13, approximately 3.5 miles east of I-57 (and 20 miles east of Carbondale).

The unit mix for the 50-unit Marion SLF will consist of: (1) 8 affordable studio units, (2) 37 affordable 1 BR units, and 5 affordable 2 BR units. All 50 units must be leased to qualified seniors (and other qualified adults with disabilities) earning less than 60% of AMI (Adjusted Median Income) in Williamson County. (Two of the 1 BR units will be leased to qualified seniors earning less than 50% of AMI.)

Unit amenities will include kitchenettes, private bathrooms, an emergency call system, and cable/internet access.

Common facilities will include management offices, a computer room, a beauty salon/barber shop, a resident-managed convenience store, exercise room, dining room, sunroom, and two living room/parlor areas. Outdoor amenities on the property will include a rose garden and a walking path.

The Marion SLF will be located near and a senior citizen center. Additionally, the site will provide additional room for development of projects servicing senior citizens, including a proposed health clinic. RR Senior Services will offer group transportation to parks and other recreational opportunities.

The Marion SLF will provide off-street parking for approximately 52 cars.

OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

Applicant: **Marion Supportive Living, L.P.**, c/o Ms. Sherry Hamlin, Executive Director, River to River Residential Development Corporation, 400 B Lou Ann Drive, Herrin, IL 62948; Ph.: 618-942-4531; e-mail: shamlin7@verizon.net
Web site: www.rivertorivercorp.org
Project name: River to River Marion SLF
Location: 1515 East DeYoung Street, Marion (Williamson County), Illinois 62959-5013
Organization: Limited Partnership
State: Illinois
Ownership of Applicant: **Marion Supportive Living, L.P., an Illinois Limited Partnership**

- **General Partner (0.01%): River to River of Marion, LLC**, c/o River to River Residential Corporation, 400B Lou Ann Drive, Herrin, IL 62948.
 - River to River Residential Corporation, Manager (and Sole Member); Contact: Ms. Sherry Hamlin, Executive Director. The current Board of Directors of River to River Residential Corporation are listed below:

Ms. Toby J. Saken
Chairman, Cobden, IL (Retired
from Shawnee Health Services,
Carterville, IL)

Dr. Raymond C. Lenzi
Vice Chairman, Carbondale, IL
(Retired; formerly Executive
Director SIU Office of Economic

and Regional Development)

Jerry A. Hickam, Treasurer,
Murphysboro, IL (Retired from
Southern Illinois Healthcare)

Jerry P. Fiorina, Herrin, IL
(Retired CEO of Ponder & Co.,
Financial Advisory)

Betty Gaffney, Secretary
 Makanda, IL (Retired from St.
 Joseph Hospital, Murphysboro, IL)

(Regional Administrator, State of
 Illinois Guardianship Program)

Rex Budde, Herrin, IL
 (CEO of Southern Illinois
 Healthcare)

Helen Porter, Carbondale, IL
 (Social Services Director of
 Rehabilitation and Care Center,
 Jackson County, IL)

Carole Goodman, Cobden, IL
 (CEO/Administrator, Union
 County Hospital District and
 Nursing Home, Anna, IL)

David Melby, Creal Springs, IL
 (CEO, Franklin-Williamson
 Human Services, Inc., West
 Frankfort, IL)

Perry H. Patterson, Carbondale, IL

- **Limited Partner (99.99%): NDC Corporate Equity Fund VIII, L.P. (Limited Partner), New York, NY.**
 - NDC Corporate Equity Fund VIII, L.P., is a tax credit investor that will ultimately sell beneficial limited partnership interests to large corporations (primarily publicly owned companies), subsequent to closing. The General Partner of NDC Corporate Equity Fund VIII, L.P. is the National Development Council, a 501(c)(3) educational and development finance service entity headquartered at 708 Third Avenue, Suite 710, New York, NY, 10017; Ph.: 212-682-1106. Contact: John Linner, Fund Manager, 1346 N. 13th St., Suite 484, Toledo, OH 43604; Ph.: 419-242-5713
 - The NDC's eight Board Members include: Samuel S. Beard, (Founder & Chairman of National Development Council), Wilmington, DE; Robert W. Davenport, (President, National Development Council), New York, NY; Seth Bongartz (Executive Director – Hildene), Manchester Center, VT; David O. Boone, (Retired – formerly Chairman, LaGrange Products, Inc., LaGrange, OH) Westlake, OH; Saundra Hudson (Madison County Urban League, Alton, IL), Edwardsville, IL; Barry J. Lang (Chairman and Founding Partner, Covington Capital Corp., Santa Monica, CA), Los Angeles, CA; William W. Lawrence, (Retired – formerly, National Development Council), Montclair, NJ; Burton S. Tauber (Retired), New York, NY
 - See www.nationaldevelopmentcouncil.org for additional information.

Current Property
 Owners/Sellers:

The Marion site at 1515 E. DeYoung Street in Marion is already owned by River to River Development Corporation.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Wolf & McCahan, LLC	St. Louis, MO	Tim Wolf
Auditor:	Sherbert Associates, P.C.	Charlotte, NC	Tara Sherbert
Borrower's Consultants:	ND Consulting Group Endswell	St. Louis, MO St. Louis, MO	Ken Nuernberger Patrick Connolly
Lender/Bond Purchaser:	US Bank, N.A.	St. Louis, MO	William Ulm
Lender/Bond Purchaser's Counsel:	Thompson Coburn, LLP	St. Louis, MO	Steve Mitchell
Bond Counsel:	Ice Miller LLP	Chicago, IL Indianapolis, IN	Patra Geroulis Phil Genetos
Tax Credit Investor:	NDC Corporate Equity Fund, L.P.	Toledo, OH	John Linner
Tax Credit Investor's Counsel:	Law Office of Mark D. Foster	Dallas, TX	Mark Foster

Trustee:	Not applicable (Bank-purchased Bonds)		
General Contractor:	Fager-McGee Commercial Construction	Murphysboro, IL	Steven McGee
Architect:	The Lawrence Group	St. Louis, MO	Dan Rosenthal
Management Agent:	River to River Senior Services, LLC	Herrin, IL	Sherry Hamlin
Appraisal/Market Study:	Development Strategies, Inc.	St. Louis, MO	Brad Beggs, MAI
Appraiser:	Tellatin, Short, Hansen & Clark, Inc.	Chesterfield, MO	Mark Tracy
Environmental Audit:	Specialized Ecological Services	Greenville, IL	Bob Rinella
Issuer's Counsel:	Hart, Southworth & Witsman	Springfield, IL	Sam Witsman
IFA Financial Advisors:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago Chicago	Bill Morris Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	12	Jerry F. Costello
State Senate:	59	Gary Forby
State House:	117	John E. Bradley

BACKGROUND/SUPPLEMENTAL INFORMATION ON SUPPORTIVE LIVING FACILITIES

Illinois'

SLF Program: The Developer and the Illinois Department of Healthcare and Family Services executed a Contract for Furnishing Services (the "Contract") under the Supportive Living Program in August 2005. Pursuant to this Contract, the Owner must begin operations by May 2009 (subject to extension if project is under construction by May 2009). This Contract provides for the reimbursement of Covered Services to Eligible Residents under the Medical Assistance Program.

The State of Illinois (Department of Healthcare and Family Services) developed the Supportive Living Program as an alternative to nursing home care for (1) low-income older persons and (2) persons with disabilities under Medicaid. Supportive Living Facilities are designed to combine apartment-style housing with personal care and other services, enabling residents to continue to live independently.

The objective of the SLF Program is to reduce the State's Medicaid expenditures. SLF Facilities can reduce daily Medicaid reimbursement rates from \$100/day to \$60.23/day in certain regions. Approximately 32% of current SLF residents have relocated from a nursing home. Illinois has 105 open and operating SLF's (providing over 9,200 apartments), with approximately 42 additional facilities approved according to the State's SLF website (as of 12/3/2008; see www.sfillinois.com).

To test the concept of supportive living for Medicaid clients, the Department of Healthcare and Family Services has obtained a "waiver" to allow payment for services that are not routinely covered by Medicaid including personal care, homemaking, laundry, medication supervision, social activities, recreation, and 24-hour staffing. Residents are responsible for paying the cost of room and board.

Medicaid service reimbursement rates in Illinois are set at approximately 60% of the regional nursing home per diem rate. Maximum income for single tenants is approximately \$23,000 for the Marion SLF project. Certified SLF's can charge a different rate for private pay residents.

Each qualified Medicaid-eligible resident must contribute all but \$90 of income each month to cover monthly room and board.

State-certified SLF's are exempt from (1) the Nursing Home Care Act, (2) the Health Facilities Planning Act, and (3) the Assisted Living and Shared Housing Act. IFA Bonds issued for these facilities are classified as "Qualified Residential Rental Facilities" under Section 142(a)(7) of the Internal Revenue Code and issued as "Multifamily Housing Bonds".

Finally, the Bond Documents for this project will require Marion Supportive Living L.P., IFA, and US Bank to execute a Land Use Restriction Agreement, as customary for all affordable rental housing transactions. This Land Use Restriction Agreement will assure that the Project is leased to qualified Low or Moderate Income Tenants (i.e., occupants whose adjusted income does not exceed 60% of the Median Gross Income) for the life of the Project.

Accessibility: As a new construction project, the Marion SLF must comply with the Americans with Disabilities Act ("ADA"). Accordingly, all public areas of the facility will comply with ADA. Additionally, because the facility will cater to seniors, the 50-unit property will feature three (3) fully handicapped accessible units and the remaining 47 units will be handicapped adaptable.

Features:

- Doorways and Bathrooms designed to 360 degree rotation of wheelchairs and walkers.
- Door handles throughout equipped with levers, rather than doorknobs.
- Bathrooms will feature grab bars and be readily convertible to handicapped accessible by replacing the bathroom vanity with a sink featuring a knee cavity.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 13, 2009**

Deal: Everest 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

Final Bond Resolution	No IFA funds at risk
Conduit 501(c)(3) Bond Financing	No Extraordinary Conditions
Staff recommends approval, subject:	Changes since 12/9/08: Disclosure on LOC Bank Collateral:
<ul style="list-style-type: none"> • LOC issued by FHLB • Review of certain documents 	Interest Reserve and Corporate and Personal Guarantees
	Change in Borrower's Name from Everest Academy

PURPOSE

Bond proceeds will be used to 1) finance the construction of Phase I of a new private school campus located at the 11550 South 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

The Board gave its preliminary approval for this request on December 9, 2008 by the following vote:

Ayes: 9 Nays: 0 Abstentions: 0 Absent: 2 (Herrin and Leonard) Vacancies: 4

ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE)

Sources:	IFA Bonds	<u>\$6,900,000</u>	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:	16	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. The "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.

- Enhancement:** Payment on the Bonds will be secured by a direct-pay Letter of Credit provided by Midwest Bank ("the Bank"). This 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.. First Midwest Bank recently received an upgrade to A2/A-/A- respectively from Moody's, Standard & Poor's and Fitch IBCA.
- 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:** 1) First mortgage in the subject real estate (to be granted by Koshkonong) 2) an interest reserve to be initially capitalized at \$800,000, 3) an unconditional personal guarantees from certain members of the Academy's Board of Advisors, and 4) a \$1,000,000 guarantee from the Legion of Christ.
- FHLB Collateral:** FHLB will be secured by First Midwest's pledge of loans, deposits and other eligible assets.
- Interest Reserve:** Everest will be required to place at the Bank an Interest Reserve to be initially capitalized at \$800,000 to make up interest payment shortfalls. The Academy shall be required to not to allow the Reserve to fall below \$341,000.
- Closing:** First quarter of 2009.

BUSINESS SUMMARY

Background: Everest Academy of Lemont is a Catholic private elementary school that was founded in 1990s as Everest Academy by a group of parents living in and around Lemont who sought an academically rigorous Catholic education for their children. The Academy began by holding classes in the home of one of the founders. In 1996, Everest 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 at the Center were for just 20 students. In 1998, the Priests of the Legion of Christ assumed spiritual leadership of the school.

The Academy quickly grew into a pre-Kindergarten through 8th Grade program that appeared poised for continued growth. In 1999, Everest acquired a 32-acre site for the new campus that is large enough to offer a pre-kindergarten to 12th grade education for up to 1,500 boys and girls. Unfortunately, the Board was unable to develop the new campus in a timely manner. Enrollment declined from a 130 students to 79 students at present, as parents became frustrated with delays in building the new campus. Falling enrollment has led to significant operating losses in recent years.

In 2007, Everest Academy of Lemont, Inc. was established to assume the assets and liabilities of Everest Academy, Inc, the former entity. The new Academy is an Illinois 501(c)(3) corporation that is overseen by a self-perpetuating Board with a majority composition of its membership from The Legion of Christ. A new Board of Advisors was also established that year and has been instrumental in developing the campus. Three members of the Board of Advisors have each offered unconditional personal guarantees as additional security for the letter of credit that will enhance the Bonds and recently made large pledges to a Capital Campaign to support this project.

Recently the Academy legally changed its name to Everest Academy of Lemont, Inc.

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 the Academy's Board expects will be achieved within five years of opening the new campus.

Everest's 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 Legion now directs 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 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, according to Victor Prieto, Finance Officer of Consolidated Catholic Administrative Services, who solicited a letter of credit for the Project.*

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.

Administrative

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. Everest seeks to provide financial aid to all applicants.

PROJECT SUMMARY

Bond proceeds will be used to 1) finance the construction of Phase I of the a new campus located at the 11550 South 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: Everest Academy of Lemont, Inc., 14911 127th Street, Lemont, IL 60439 (Contact: Victor Prieto, Finance Officer, CCAS, Phone: 914/495-9121)

Project Location: 11550 South Bell Road, Lemont (DuPage County), IL 60439

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

Board: The Academy's Board currently consists of the following members, all of whom are Catholic priests affiliated with The Legion of Christ::

Scott Reilly	President	Jason Brooks	Director
André LaSana	Vice President	Juan Alejandro Muñoz	Director
José Félix Ortega	Secretary / Treasurer	Paul Campbell	Director
James Pieczynski	Director		

Land Lessor: Koshkonong Pastoral Center, Inc., a Wisconsin 501(c)(3) not-for profit corporation and related entity

Lessor's Board: Koshkonong's Board currently consists of the following members, all of whom are Catholic priests affiliated with The Legion of Christ:

Anthony Ballieres	President	Ernest Daley	Director
Jason Brooks	Vice President	Timothy Walsh	Director
Jose Felix Ortega	Secretary / Treasurer		

Everest Academy of Lemont, Inc.,
501(c)(3) Bond
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Final Resolution
January 13, 2009
IFA Staff: Steve Trout

PROFESSIONAL & FINANCIAL

Bond Counsel:	Peck Shaeffer	Chicago	George Buzard
Bond Underwriter and Remarketing Agent:	Wells Fargo Capital Markets	Chicago	
Bond Underwriter:	Coughlin & Company, Inc.	Denver	Walter Coughlin
Letter of Credit Bank:	First Midwest Bank One	Tinley Park	James Hynes
Issuer's Counsel:	Requested		
Management:	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
January 13, 2009**

Project: Montessori Elementary School of South West Cook County

STATISTICS

Project Number:	E-PS-TE-CD-8148	Amount:	\$2,500,000
Type:	501(c)(3) Revenue Bond	IFA Staff:	Sharnell Curtis Martin
County/Region:	Will County/Northeast	City:	Lemont

BOARD ACTION

Final Bond Resolution	Conduit 501(c)(3) Revenue Bonds
No IFA Funds contributed	Staff recommends approval
No Extraordinary conditions	
Material changes from Preliminary:	Financing structure finalized

VOTING RECORD

Preliminary Bond Resolution: October 23, 2008

Ayes: 9 Nays: 0 Abstentions: 0 Absent: 2 (Herrin and Leonard) Vacancies: 4

PURPOSE

Bond proceeds will be used to finance construction, to refinance an existing mortgage 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.

VOLUME CAP

Not applicable, 501(c)(3) projects do not require Volume Cap.

JOBS

Current employment:	9	Projected new jobs:	7
Jobs retained:	N/A	Construction jobs:	50

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA Bonds	<u>\$2,500,000</u>	Uses: Project Costs	\$1,830,000
			Refinancing	570,000
			Cost of Issuance	<u>100,000</u>
	Total Sources	<u>\$2,500,000</u>	Total Sources	<u>\$2,500,000</u>

FINANCING SUMMARY/STRUCTURE

Security:	The Bonds will be purchased directly by MB Financial and held as an investment. The Bank's will be secured by a first mortgage on the subject property and blanket lien on all assets.
Est. Interest Rate:	The bonds will have a fixed interest rate of 4.85% with a five year reset. During the construction period of 18 months, the borrower will make interest only payments.
Credit Enhancement:	N/A
Final Maturity:	27 years
Rating:	The Bonds are not anticipated to bear a rating as it's expected the bonds will be purchased and held as an investment by MB Financial.
Est. Closing Date:	January 15, 2009

PROJECT SUMMARY

Bond proceeds will be used to refinance existing conventional debt, finance the construction of a new school building located at 16427-29 West 135th Street in Lemont (Cook County) Illinois, to pay for machinery and equipment for use therein, to pay certain bond issuance costs. Project costs are estimated as follows:

Construction	\$1,500,000
Contingency	150,000
Furnishings	75,000
Equipment	75,000
Landscaping	<u>30,000</u>
Total Project Costs	<u>\$1,830,000</u>

BUSINESS SUMMARY

Background: Montessori School of Southwest Cook County (The "School" or the "Applicant") is an Illinois not-for-profit alternative educational organization incorporated in 1979. The School's purpose is to serve the needs of students age 3 to 14 years in adherence to the Montessori philosophy of education. Ms. Norine Colby is the school's Executive Director and has been with the School since it opened in 1979 as a teacher and administrator.

The school currently serves the greater Lemont area including Lockport, Homer, Glen, Orland Park, New Lenox, Romeoville, Bolingbrook, Woodridge, Oak Lawn, Burr Ridge and Hinsdale

Description: The School presently has two, one-story buildings sitting on 7.43 acres of land and total approximately 6,700 square feet. One building serves the toddler/primary program ages 3-6, while the other serves students age 6-14. The new building will add an additional 5,775 square foot building to accommodate students ages 6-14 and the two original buildings will now be devoted to the toddler/primary program.

Demand for the school's services continues to increase and caused the need to expand. After the current project is completed, additional building projects are planned for a toddler program, physical education facilities, and additional higher level Montessori programs.

The new building will closely resemble the two existing buildings and will incorporate numerous "green" project elements into the construction. The School's land was a gift from a parent several years ago and the new project will utilize on a portion of the school's land.

Project Name: Montessori Elementary School of Southwest Cook County
Product Type: 501(c)(3) Revenue Bonds
Page 3

Final Bond Resolution
Date of Board Meeting: January 13 2009
FM: Sharnell Curtis Martin

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Montessori Elementary School of Southwest Cook County
16427-29 West 135th Street
Lemont, IL (Will County)
Norine Colby, Executive Director

Project Location: 16427-29 West 135th Street
Lemont, IL (Will County)

Borrower: Montessori Elementary School of Southwest Cook County

Board Members (501c3): Norine Colby, President Thomas S. Leonard, Treasurer
Therese Colby, Secretary Thomas W. Donnelly, Vice President
James Hilgenbrink Virginia B. Fleege

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Dykema Gossett	Chicago	Andrew Conners
Accountant:	Leonard & Associates	Chicago	Thomas S. Leonard
Bond Counsel:	Dykema Gossett	Chicago	Walter Deitch
Purchasing Bank:	MB Financial	Chicago	John Sassaris
Bank Counsel:	To Be Determined		
IFA Advisors:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott
Issuer's Counsel:	To Be Determined		

The firm of Dykema Gossett has requested permission to serving in dual capacity for this transaction as bond counsel and borrower's counsel. Pursuant to the Authority's Bond Handbook, the Authority's General Counsel has issued a waiver allowing Dykema Gossett to serve in this capacity for this transaction.

LEGISLATIVE DISTRICTS

Congressional: 13 – Judy Biggert
State Senate: 41 – Christine Radogno
State House: 82 – Jim Durkin

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 13, 2009**

Project: OSF Healthcare System

STATISTICS

Project Number: H-HO-TE-CD-8202	Amount: \$650,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Dana Sodikoff
County/Region: Peoria/North Central	City: Peoria

BOARD ACTION

Final Resolution- Streamlined Process due to Market Conditions	Staff recommends approval
Conduit 501 (c)(3) bonds	No extraordinary conditions
No IFA funds at risk	

VOTING RECORD

This is the first time this project has been brought before the Board.

This project is coming for a One-time Final Resolution because of market conditions.

PURPOSE

The project contemplates the following projects:

- 1) Refund FSA insured auction bonds- approximately \$275 million total (which were extended in April, 2008 to reset on various dates in the first quarter of 2009)
 - a. IFA Series 2005A (\$52,825,000),
 - b. IFA Series 2005B (\$52,550,000),
 - c. IFA Series 2007B (\$40,000,000),
 - d. IFA Series 2007C (\$65,000,000), and
 - e. IFA Series 2007D (\$65,000,000).

- 2) Potentially refund FSA insured variable rate demand bonds- approximately \$140 million total
 - a. IFA Series 2007E (\$70,000,000), and
 - b. IFA Series 2007F (\$70,000,000).

OSF is hopeful that they will not have to refinance the bonds listed above, but have included them in the plan of finance in the event that market conditions occur that negatively impact the remarketing of the bonds.

- 3) Potentially finance a portion of an information technology project- approximately \$75 million. Depending on borrowing costs OSF may choose to finance the IT project with the 1985 Pool and/or the Commercial Paper Pool.

- 4) Potentially finance termination costs for 3 swaps associated with the IFA Series 2005 and 2007 bonds OSF's present intention is for the swap termination to occur only in the event that FSA, the swap insurer, is downgraded below "A3" by Moody's or "A-" by S&P prior to the sale of the bonds thereby requiring OSF to post collateral, and OSF determines that any such posting of collateral would not be in their economic best interest. Merrill Lynch is the counterparty on the swaps.
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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 paid to bondholders and thereby reducing the borrower's interest expense.

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment: 10,189 FTE's Projected new jobs: N/A
Jobs retained: 10,189 FTE's Construction jobs: 40

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	\$632,125,000	Uses:	Refund Prior Bonds	\$415,375,000
				Capital Project	75,000,000
				Debt Service Reserves	65,000,000
				Est. Cost of issuance (1.5%)	9,750,000*
				Est. Swap terminations	<u>67,000,000</u>
	Total	\$632,125,000	Total		\$632,125,000**

*Based on similar healthcare transactions, the underwriter's discount for fixed rate bonds is expected to be between \$7.50 and \$15.00 per bond and the underwriter's discount for variable rate bonds is expected to be between \$3.00 and \$5.00 per bond. These ranges depend on the maturities, ratings, and timing of the issuance.

**This total Sources and Uses of Bonds is based on the financing of all projects described in the Project Section above. If only a portion of the proposed refunding/IT project occurs, the cost of issuance will be no more than 2% of the total par amount, and the debt service reserve fund will decrease to at a maximum 10% of the total par amount.

FINANCING SUMMARY/STRUCTURE

Security: The Bonds will be secured by a master indenture note of OSF.

Structure: The Series 2009 bonds will consist of either fixed or variable rate bonds, or a combination of both. The variable rate bonds will be credit enhanced with direct pay letters of credit (bank(s) to be determined, but will carry a long-term rating of A- or better)

Interest Rate: To be determined based on the market

Interest Mode: Fixed and/or Variable

Credit Enhancement: None for the fixed rate bonds and letters of credit for the variable rate bonds

Maturity: 30 years

Rating: Fixed Rate Bonds: Moody's "A2", Standard & Poor's "A", and Fitch "A"
Variable Rate Bonds: To be determined based on the credit of the bank(s) (bank(s) to be determined, but will carry a long-term rating of A- or better)

Est. Closing Date: Mid-February, 2009

PROJECT SUMMARY

The Project is primarily the refunding of the insured auction rated bonds. In addition, OSF may include \$75 million in the bond issue to finance an IT project and associated new data center. Whether the financing for this project is included in the bond issue will be determined based on market conditions at the time of the offering.

BUSINESS SUMMARY

Background: OSF Healthcare System ("OSF" or the "Corporation") is an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. OSF was incorporated in 1880 as The Sisters of the Third Order of St. Francis. The Corporation's current name was adopted as part of a corporate restructuring in 1989. The sole corporate member of OSF is The Sisters of the Third Order of St. Francis, a religious congregation

founded in 1877 in Peoria, Illinois. The Corporation operates its health care facilities as a single corporation, with each health care facility functioning as an operating division of the Corporation.

Description: OSF is headquartered in Peoria. Six of the Corporation's facilities (five hospitals and one continuing care and nursing home center) are located in Illinois. One hospital is located in Michigan. OSF has 1,316 licensed acute care beds and 155 licensed long term care beds. The Corporation's largest hospital, St. Francis Medical Center in Peoria, is a 616-licensed bed tertiary care teaching center providing numerous specialty services and extensive residency programs for physicians. The array of health services provided by OSF also includes 27 hospital-based outpatient facilities, approximately 88 physician office facilities of employed physicians, six home health agencies and five hospices. Multi-institutional membership status has been conferred on the Corporation by the Illinois Hospital Association and the American Hospital Association. Similar membership status exists with the Catholic Health Association of the United States and the Illinois Catholic Health Association.

Project Rationale: The refunding is necessitated by current market conditions

Timing: The current schedule anticipates a Closing in mid-February, 2009.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Project name: OSF Healthcare System
Location: 800 North East Glen Oak Avenue; Peoria, Illinois 61603
Applicant: OSF Healthcare System
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board Members 501(c)(3):

Sister Judith Ann Duvall, O.S.F., Chairperson
James M. Moore, CEO
Sister Diane Marie McGrew, O.S.F., President/Treasurer
Sister Theresa Ann Brazeau, O.S.F., Secretary
Sister Maria Elena Padilla, O.S.F.
Sister Agnes Joseph Williams, O.S.F.
Sister Mary Ellen Flannery, O.S.F.
Sister Rose Therese Mann, O.S.F.
Leonard E. Nevitt
Vance C. Parkhurst
James W. Girardy, M.D.
Gerald J. McShane, M.D.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Corporate Counsel Hinshaw & Culbertson, LLP Hinshaw & Culbertson, LLP	Peoria Rockford Chicago	Vance C. Parkhurst Charles Thomas Leslie Richards-Yellen
Accountant:	KPMG	Peoria	Charles Klescewski
Bond Counsel:	Jones Day	Chicago	John Bibby
Credit Enhancer	To be Determined		
Bank Counsel:	To be Determined		
Bond Underwriter:	Merrill Lynch	New York	Neil Matthews
Underwriter's Counsel:	Sonnenschein Nath & Rosenthal	Chicago	Kathryn Ashton
Financial Advisor to OSF	Anne Donahoe	Chicago	Anne Donahoe
Trustee	Wells Fargo	Chicago	Patricia Martirano
Issuer's Counsel:	Requested	Chicago	Requested
IFA Advisors:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago Chicago	Bill Morris Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 18- Ray LaHood, 15-Timothy V. Johnson, 16- Donald A. Manzullo, 17- Phil Hare
State Senate: 46- David Koehler, 37- Dale E. Risinger, 53- Dan Rutherford, 44- Bill Brady, 47- John M. Sullivan
State House: 92- Aaron Schock, 73- David R. Leitch, 106- Keith P. Sommer, 69-Ronald A. Wait, 74- Donald L. Moffitt, 88-Dan Brady, 94- Richard P. Myers

SERVICE AREA

Service Area: OSF has facilities in the following locations in Illinois: Peoria (St. Francis Medical Center); Rockford (Saint Anthony Medical Center); Bloomington (St. Joseph Medical Center); Galesburg (St. Mary Medical Center); Pontiac (Saint James Hospital); Peoria Heights (Saint Clare Home); Monmouth (Holy Family Medical Center). The facility in Michigan, St. Francis Hospital, is located in Escanaba.