

**MINUTES OF THE FEBURARY 8, 2010 MEETING OF THE ENERGY COMMITTEE
OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY**

The Energy Committee (the “Committee”) of the Illinois Finance Authority (the “IFA” or the “Authority”), pursuant to notice duly given, held its regularly scheduled meeting via teleconference at 1:30 p.m. on February 8, 2010 originating from the Illinois Finance Authority, 180 N. Stetson, Suite 2555, Chicago, Illinois:

Members participating via telephone:

1. Dr. Roger D. Herrin, Chair
2. Michael W. Goetz
3. Bradley A. Zeller
4. Roger Poole

Members absent:

1. James J. Fuentes
2. Ronald E. DeNard

Guests Attending:

None

Staff Members Present:

Chris Meister, Executive Director
Pam Lenane, Vice President and Acting General Counsel
Kara Boulahanis, Project Coordinator & Asst. Secretary
Steve Trout, Vice President
Marnin Lebovits, Senior Funding Manager
Bill Claus, Funding Manager
Kim Du’Prey, Senior Funding Manager

Call to Order

Committee Chair Dr. Herrin called the meeting to order at 1:34 p.m. with the above members present.

Approval of Minutes

The minutes from the Energy Committee meetings held on December 7, 2009 and January 11th, 2010 were reviewed. Dr. Herrin motioned for approval of the December 7, 2009 and January 11th, 2010 Energy Committee minutes and Mr. Zeller seconded that motion. The minutes of the December 7, 2009 and January 11th, 2010 Energy Committee meetings were unanimously approved by the Committee.

Projects

Agenda Item III: Energy Efficiency Program Guidelines

Chairman Herrin stated that IFA staff had made significant progress on the Energy Efficiency Program Guidelines; however, they were not yet ready for presentation to the committee. He added that he hoped a draft would be ready in time for the March Energy Committee meeting.

Agenda Item IV(a): White Oak Wind, LLC

Mr. Lebovits shared with the Committee that White Oak Wind, LLC received preliminary approval for up to \$51 MM of taxable bonds backed by the “additional security” of the moral obligation of the State of Illinois to finance a portion of a wind farm project in McLean County at the January 12, 2010 Board Meeting. Mr. Lebovits shared that White Oak was in the beginning stages of its application to the US Department of Energy (USDOE) for a loan guarantee under the “First Mover” program for Section 1705 Renewable Energy Loan Guarantees. Mr. Lebovits

shared that excellent progress had been made and he would continue to update the Committee as more information became available. Dr. Herrin stated Bill Young, consultant to the Energy Initiative, had been asked to assist Mr. Lebovits on this project.

Agenda Item IV(b): Future Gen

Director Meister began his presentation with a review of the FutureGen project's history and purpose. He then explained that the FutureGen Industrial Alliance approached the IFA in January for a non-binding resolution in support of the Alliance in anticipation of a "go" or "no go" decision from the Secretary of the USDOE. The Authority approved that resolution on January 12, 2010. The final decision has since been extended to allow the Alliance to recruit additional members. The effort to recruit more members was successful. Exelon committed to join the Alliance on January 30th and Caterpillar committed to join on February 8th.

On January 20th, 2010 Director Meister traveled to Washington, D.C. with a delegation from the State of Illinois to meet with Senator Durbin and key officials at the USDOE and to show the support of the State of Illinois for the FutureGen project. Director Meister explained that IFA Staff is currently working with the Illinois Power Agency (IPA) to address any lingering questions or legislative barriers to financing. He added that a preliminary timeline had been prepared and a USDOE decision was expected six to eight weeks after the Energy Committee meeting. Mr. Goetz asked when the project hoped to be financed. Mr. Trout responded that the soonest this project could be financed would be 2011.

Agenda Item IV(c): Cinespace Movie Studio

Director Meister informed the Committee that the initial equity investor has withdrawn from the project. Director Meister indicated that an update from Mark Angelini, SB Friedman, was anticipated shortly regarding a potential new equity investor to buy, develop and finance the conversion of the former Ryerson steel mill. Dr. Herrin added that this project will be considered dormant until a new equity investor was located.

Agenda Item IV(d): EM Properties, LTD (Hotel Pere Marquette)

Director Meister updated the Committee on the status of the Hotel Pere Marquette project. He stated that staff had not yet received the information the Board requested from the developer at the January 11th, 2010 Committee of the Whole. Director Meister indicated that as soon as that information was received IFA staff would continue due diligence on the project.

Agenda Item IV(e): Rain CII

Mr. Trout explained that Rain CII is currently the world's leading producer of "pet coke" or petroleum coke. They are interested in building a \$70MM combined heat and power plant project located in Southeastern Illinois backed by the moral obligation of IFA's SB 1906/390 authority. Rain CII already has several similar facilities in operation around the world. Mr. Trout stated that the project seemed promising but that significantly more information was necessary before bringing the project before the Committee for approval.

Dr. Herrin asked for an update on the Blue Northern project. Mr. Trout stated that the project was reviewed by the IFA during the early stages of the energy initiative in late 2009. It was determined that as proposed, the project did not meet the IFA's guidelines. The developer then

informed the IFA that he was considering different options to bring the project into alignment with IFA's guidelines.

Mr. Trout explained that IFA has not heard from the developer since that update so energy staff considers this project on indefinite hold. Dr. Herrin asked if this was the project that claimed to have a significantly cheaper and more flexible production system. Mr. Trout responded affirmatively and explained that the IFA was not able to independently review any of the technical information therefore staff could not comment on the validity of those claims. The project developer has also reached out to the Department of Commerce and Economic Opportunity (DCEO).

Agenda Item IV(f): Southern Illinois Power Cooperative

Director Meister explained that the Southern Illinois Power Co-Op does not have permanent financing in place for their portion of the Prairie State Energy Campus in Washington County, IL. At the time of the meeting, Southern Illinois was involved in protracted negotiations with one of their lenders regarding a barrier to financing. Southern Illinois Power Co-Op was hopeful that the barrier could be removed. Director Meister stated that staff was in discussions regarding possible financing tools given their unusual situation. Dr. Herrin reminded the Committee of the importance of this project to Southern Illinois and explained that approximately 2,600 jobs will be associated with the Energy Campus.

Agenda Item IV(g): Illinois River Energy (IRE)

Mr. Trout informed the committee that Illinois River Energy, an ethanol plant located in Rochelle, IL supported by a grant from DCEO, closed on an IFA financing for \$30MM in late 2007. IRE is proposing to expand their plant to include an advanced bio refining project which could generate additional revenue, reduce expense and create additional jobs.

Illinois River Energy has approached the IFA with a request to refinance their existing senior debt of approximately \$113 MM. Mr. Trout explained that this project is still in the initial stages.

Agenda Item V(a): REG – Blackhawk Biofuels, LLC

Director Meister explained the history of the Blackhawk Biofuels, LLC project for the benefit of the new Committee Members. He then shared that the Authority had previously consented to the merger between Blackhawk Biofuels, LLC and Renewable Energy Group (REG) but that approval had a sunset date of December 31, 2009. Mr. Trout explained that Blackhawk Biofuels, LLC is now before the Board again this month to receive permission for the merger to occur and to defer principal payments for six months. Mr. Trout explained that this amendment was necessary to allow the merger to be completed and to facilitate the plant's continued operation.

Director Meister advised the Committee that the Biodiesel industry has been impacted by Congress's failure to extend the Federal Blender's Tax Credit of \$1 per gallon produced before the December 31, 2009 sunset. Director Meister added that REG brought this issue to the Authority's attention in late December and the Authority immediately brought it to Senator Durbin's office's attention. He explained that the extension was delayed by the focus on healthcare reform in Congress despite extensive industry lobbying. Governor Quinn also weighed in with a letter of support.

Dr. Herrin asked Mr. Zeller for his opinion on the project. Mr. Zeller stated that he believed this amendment was in the best interests of the plant and of the Authority. Mr. Goetz then made a motion to recommend approval to the full board and Mr. Poole seconded that motion. The motion passed unanimously by roll call vote.

Agenda Item VI: Other Business

Mr. Lebovits updated the Board on the Authority's submission to the U.S. Department of Energy's (DOE) Financial Institute Partnership Program (FIPP) for Development Finance Organizations (DFOs). The DOE's consultants informed the IFA that 27 applications had been received under the program. The IFA hopes to receive a favorable response in mid-March. Mr. Goetz asked how many DFOs would be selected and Mr. Lebovits responded that that information was not released.

Closing Remarks and Adjournment:

Mr. Goetz made a motion to adjourn. Mr. Zeller seconded that motion. The motion carried unanimously. The meeting was adjourned at 2:15 p.m.

Respectfully Submitted,

Kara Nystrom-Boulanis, Assistant Secretary