ILLINOIS FINANCE AUTHORITY
BOARD MEETING
February 10, 2009
Chicago, Illinois

COMMITTEE OF THE WHOLE
8:30 a.m.
James R. Thompson Center
100 W. Randolph, 9th Floor, Room 9-034

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.
James R. Thompson Center
100 W. Randolph, 9th Floor, Room 9-040
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

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
	Industrial Revenue Bonds *Final*					
1	Anderson Shumaker	Chicago	$10,000,000	18	60	SCM
	Water Furnishing Facilities Revenue Bonds *Final*					
2	American Water Capital Corp., on behalf of Illinois-American Water Company	Multiple	$28,500,000	4	120	RF
	TOTAL BUSINESS AND INDUSTRY PROJECTS		$38,500,000	22	180	

COMMUNITIES AND CULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
	501(c)(3) Bonds *Preliminary*					
3	Montessori Elementary School of South West Cook County	Lemont	$2,500,000	7	50	SCM
	Local Government Alternative Revenue Bonds *Preliminary*					
4	Village of Kincaid	Kincaid	$250,000	0	2	KC
5	Village of Cowden	Cowden	$300,000	0	2	KC
6	Village of Ridgway	Ridgway	$800,000	0	5	KC
7	Village of Blandinsville	Blandinsville	$250,000	0	2	KC
8	City of Sumner	Sumner	$750,000	0	5	KC
	TOTAL COMMUNITIES AND CULTURE PROJECTS		$4,850,000	7	66	

HEALTHCARE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
	501(c)(3) Bonds *Final*					
9	Rehabilitation Institute of Chicago	Chicago	$48,000,000	0	0	PL/DS
	TOTAL HEALTHCARE PROJECTS		$48,000,000	0	0	
	GRAND TOTAL		$91,350,000	29	246	

RESOLUTIONS

Tab	Project	FM
	Amendatory Resolutions / Resolutions	
10	Request to add additional underwriters, request to add additional re-marketing agents and request to add additional letter of credit provider: to engage additional underwriters, re-marketing agents, and Letter of Credit providers as agreed to by the Borrower and the Illinois Finance Authority (University of Chicago Medical Center Project)	PL/DS
11	Request by Bank of Springfield and Applewood Farms LLC to: (1) Allow six month principal deferral of payments on two IFA guaranteed loans (2) Extend the maturity date of the promissory notes and IFA Guarantees for two loans (3) Allow subordination to ADM Nutrition for specific collateral of 5,200 weaned pigs in an amount not to exceed $73,000.00 (Applewood Farms Project)	ER
12	Resolution to Request Execution of a Cancellation Agreement of MBIA Municipal Bond Insurance and Execution of an Amended and Restated Trust Indenture and Loan Agreement IDFA Series 2002 Bonds (Illinois-American Water Company Project)	RF

Other

Adjournment

ILLINOIS FINANCE AUTHORITY

Illinois Finance Authority
Report of the Executive Director
February 10, 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 1/31/2009 reports total assets of $41,986,681.00 consisting of equity of $40,319,823.00 and liabilities of $1,666,858.00. This compares favorably to the January 2008 balance sheet of $38,309,548.00 in total assets comprising of $36,406,059.00 in equity and $1,903,489.00 in liabilities.

Gross Income YTD for January ended at $4,294,753.00 is $618,538.00 below plan. The unfavorable plan performance is primarily due to fee income and investment income. Total operating expenses ended at $3,136,337.00 which is $633,533.00 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 $4,294,753.00 or $1,386,517.00 below actual fiscal year 2008. This is primarily due to a decrease in interest on loans, fee income and investment income. Expenses YTD for fiscal year 2009 ended at $3,136,337.00 or $988,422.00 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 1/31/2009 reports total assets of $177,448,912.00 consisting of equity of $113,834,719.00 and liabilities of $63,614,193.00. This compares favorably to the January 2008 balance sheet of $164,354,737.00 in total assets comprising of $97,954,279.00 in equity and $66,400,458.00 in liabilities and bonds payable.

Gross Income YTD for January ended at $7,279,018.00 is $175,566.00 below plan. The unfavorable plan performance is primarily due to fee income and interest on loans. Total operating expenses ended at $4,760,699.00 which is $1,067,731.00 below plan. This is primarily due to a reduction in professional services, employee related expenses and loan loss provision/bad debt.

Attached is the status of the FY 2007 audit findings for your review.

Financial Services

Market Update

New issues of municipal securities for the month of January totaled $21.2 billion (511 deals), a 5.3% increase over last January as last year's volume was negatively impacted by bond insurance downgrades. Investors continue to avoid long-term exposure. This week's volume, estimated at $3.86 billion is up $48 million from the prior week. Treasury yields were higher across the board this month due to the large supply of Treasuries and uncertainty over the proposed purchase of long-term treasuries. Investors continue to be concerned about the timing, effectiveness and cost of the proposed stimulus package.

Tax-Exempt Rates

- Variable Index (SIFMA): 0.53% at 1/28, down 37 basis points from last month.
- Fixed Revenue Bond Index (RBI): 5.89% at 1/29, down 11 basis points from last month.
- Fixed GO Bond (MMD-30yr-Aa): 5.13% at 1/29, down 6 basis points from last month.

Taxable Rates

- Fed Reserve Target: 0.25% unchanged
- 90-day LIBOR: 1.22%, down 19 basis points from last month
- 2-yr Treasury: 0.95%, up 12 basis points from last month
- 30-yr Treasury: 3.61% at 1/30, up 81 basis points from last month

Market volatility has caused some large municipal issuers that typically sell GO bonds competitively, to sell bonds on a negotiated basis; which gives them more flexibility as market conditions changes during pricing.

The fourth quarter showed a worsened economy with annualized 3.8% contraction in GDP. National jobless claims for December were 524,000 with unemployment at 7.2%. The January expectation for jobless claims is 525,000 with an increase in unemployment to 7.5%. Illinois unemployment was 7.69% for December with 488,806 unemployed persons. Illinois does not release expectations.

Proposed Federal Legislation

Proposed new TARP provisions, passed by the House on January 21, would allow the Treasury to assist the municipal bond market by using TARP funds to purchase municipal bonds directly or provide credit enhancement through the Federal Reserve Board or any Federal Reserve Bank.

The Senate Finance and Appropriations Committee approved a $900 billion stimulus bill on 1/27 and the House approved an $819 billion measure on 1/28. Debate continues on the Senate version. Items included in the bills that are related to the municipal bond market are summarized below. The bills include a number of new or expanded products, such as Clean Energy Renewable Bonds, Qualified Energy Conservation Bonds, Recovery Zone Bonds, and Qualified School Construction Bonds. The Recovery Zone bonds will likely target infrastructure, job training, education and economic development. Though the tax credit bonds are designed to enhance financing for energy projects and schools, there is currently little to no demand for tax credits. The IFA and others have recommended changes to the proposed legislation that would create special tax exempt bonding authority in lieu of tax credits. The special bonding authority would allow the sale of tax-exempt bonds for a broader spectrum of energy related projects. Though demand for municipal bonds is low in this economy, tax-exempt bonds have greater market appeal than tax credits. These products or modified versions of them would be incorporated into IFA's program portfolio and marketed in connection with our Energy Initiative and Agriculture & Rural Development Initiative.

Legislators, including Representative Gerald Connolly (D-VA) announced plans to seek federal support for municipal securities and find ways to increase investor demand. IFA borrowers would benefit from the AMT provision noted below, which potentially brings large buyers, such as property & casualty insurers, back to the market.

- Alternative Minimum Tax Relief – repeal of AMT on private activity bonds issued in 2009 and 2010.

- Bank Deductibility – increase in "bank qualified" limit from $10MM to $30MM for bonds issued in 2009 and 2010; applied to borrowers rather than issuers.
- De Minimus Rule - allow banks to deduct 80% of the interest on tax-exempt bonds issued in 2009 and 2010, to the extent tax-exempt holdings do not exceed 2% of assets.
- Taxable Bond Option – Federal government would pay the issuer a cash subsidy for taxable GO debt issued in 2009 and 2010 (also 2011 in Senate bill). After final date, subsidy is replaced with investor tax credits.
- Small Issue IDBs – Senate version only – use IDBs for intangible facilities or projects including physical components.
- Recovery Zone Bonds – Two new bond categories for distressed areas; issued in 2009 and 2010. Senate version focuses on unemployment with state allocation based on unemployment.
    a. $10B in recovery zone economic development tax credit bonds
    b. $15B of recovery zone economic development private activity bonds
- Clean Renewable Energy Bonds ("CREBs") - $1.6B increase in tax credit bonds used for renewable energy projects.
- Qualified Energy Conservation Bonds ("QECBs") - $2.4B increase in tax credit bonds for projects that reduce greenhouse gas emissions.
- Qualified School Construction Bonds ("QSCBs") – new bond category for construction/rehab of public school facilities; bonds issued in 2009 and 2010; $22B (House) and $10B (Senate).
- Qualified Zone Academy Bonds ("QZABs") - $1.4B increase in qualified zone academy bonds issued in 2009 and 2010.
- Prevailing Wage – required on tax credit bonds (CREBs, QECBs, QZABs, QSCBs) and recovery zone bonds.

The increase in the "bank qualified" limit would induce banks to purchase more local government and 501c3 bonds. Since banks purchase these bonds directly, this provision could potentially (if bank liquidity/lending activity increases) reduce the IFA's competitive position. In this event, we would expand our marketing efforts and look for ways to partner with banks.

There is also discussion of easing the "use-it-or lose it" provisions to allow states more time to obligate stimulus funds, including highway, bridge and clean/drinking water projects.

Other Market News

- The Government Finance Officers Association (GFOA) and other market participants are urging the Treasury and Federal Reserve to consider a "Muni Czar" to advise the Obama Administration on market issues.
- Assured Guaranty shareholders will meet on March 16 to vote on its proposed acquisition of FSA, currently owned by Dexia Holdings Inc. Dexia will cut 900 jobs.
- The Obama Administration continues efforts to establish a "bad bank" designed to relieve the credit crisis; FDIC may manage the proposed bank.
- Moody's placed FHLBs subordinated debt under review for possible downgrade – no current impact on other ratings. A downgrade on its short-term/long-term debt would reduce the effectiveness of its LOC and impact IFA's current efforts to expand the use of the FHLB LOC.
- A January S&P report focuses on the negative impact of the ongoing weakness and volatility in the capital markets, on municipal investment portfolios.

Sales, Marketing and Credit

- Agriculture & Rural Development Initiative – Illinois Farm Bureau meeting and follow up; working group meeting and follow up call on legislation strategy.
- Energy Initiative – review of legislative recommendations; working group call.
- Treasury, Risk Management and Management Reporting – committee meetings
- Marketing/Networking – IRB prospect call, 501c3 prospect call, Women in Public Finance reception – Kathleen Brown honored.
- Program Development

- Continued research on financing tools, CREBs, New Market Tax Credits, QECBs.
- Healthcare – receivables program development
- Participation Loan Program – analysis of program guidelines and portfolio
- Volume Cap – carry forward cap election due 2/13/09. IFA proposes the following election:
  - Water Utility Bonds - $53.5MM, Housing Bonds - $3.4MM, Solid Water Bonds - $80.87MM
- Local Government – review of guidelines for moral obligation bonds.

Sales Activities

Funding Managers will be presenting 9 projects totaling $91,350,000 for approval in February, 2009. Business and Industry total $38,500.000; Communities and Culture projects total $4,850,000; and Healthcare projects total $48,000,000 according to applicants. These projects are expected to create 29 new jobs and 246 construction jobs.

Agriculture

For the month of January, the Ag staff was involved in a variety of marketing and sales efforts. Staff made a presentation at the DCEO Green Energy Conference in Springfield to discuss IFA products and programs for Agriculture and Agri-Energy. Approximately 30 representatives from DCEO attended the meeting.

As part of the Agricultural Initiative, IFA management and members of the board of directors, met with the University of Illinois, Western Illinois University, and Southern Illinois University, as well as representatives from the Illinois Farm Bureau to discuss the Ag Initiative.

Staff attended both the Quad City Farm Show and the Midwest Equipment Dealers Association Farm Show in Gifford, where Ag staff met with twelve lending institutions about IFA products and programs. Staff also received thirteen calls from various lenders and producers inquiring about the Beginning Farmer Bond, Participation Loans, and Agri-Debt Guarantee programs. The Agri-Debt Guarantee inquiry is located in the Jasper County area, which, if approved, will provide for refinancing for a turkey grower operation. While no agricultural projects were submitted for the February meeting, staff does expect to present projects for consideration at the March board meeting.

There were no Agriculture closings for the month of January, 2009.

Healthcare

The Executive Director and staff will be meeting with the Illinois Hospital Association as well as hospital groups, to discuss FY 2009 and FY 2010 plans.

This month, Rush University Medical Center (an A- credit) priced $211 million of fixed rate bonds at an all in rate of 7.51%. This was the Healthcare team's first healthcare fixed rate transaction to price since Advocate priced at the end of November, 2008. All of the board approved healthcare transactions are currently forecasted to close in FY09. Additionally, we have two refundings that are not presently on the revenue forecast that are both set to close in FY09: OSF, which received final approval at the January board meeting, and the Rehabilitation Institute of Chicago, which is being presented on the February, 2009 agenda.

The Healthcare team continues to work on promoting the use of the Federal Home Loan Bank (FHLB) Letter of Credit Program. Staff will be meeting with the Chicago FHLB this month to discuss their process and their recent experiences with two of our hospital clients that are considering using the FHLB letter of credit wrap on their upcoming financings. Further, Pam

Lenane, Vice President, gave a presentation entitled "New Financing Opportunities for Hospitals and Federal Home Loan Bank Letters of Credit" at the Healthcare Financial Management Association's Chapter Meeting in Peoria on January 23, 2009. Approximately 100 healthcare financial professionals attended this meeting.

In the IFA's efforts to assist lesser credit hospitals, we have continued our discussions and meetings with the Department of Healthcare and Family Services and underwriters to discuss development of additional programs to help these hospitals finance their capital and cash flow needs.

In response to the proposed American Recovery and Reinvestment Bill of 2009, which contains targeted efforts in transforming our economy with science and technology, the healthcare team has been working on programs to advance technology and broadband access in Illinois, especially to small and rural hospitals. The Healthcare team met with Bill Reveille, of GE Capital Finance, to discuss a potential technology program to implement this stimulus effort. He has indicated that GE Capital Finance would be interested in working with the IFA on this program.

The Healthcare team also attended an HFMA conference titled " Healthcare Finance: Focus on Change" featuring a discussion by Patti O'Neil, Associate Vice President, of Finance, from Rush University Medical Center and Craig Standen, Senior Vice President, Ziegler Capital Markets, and highlighted the capital markets environment and the debt restructuring and capital structure management of Rush University Medical Center.

Healthcare – January, 2009 Closings		
Closing Date	Issuance$$	Borrower
1/13/2009	$207,260,000	Northwestern Memorial Hospital

<u>Higher Education</u>

The Higher Education team's marketing initiatives which focus on Illinois colleges and universities immediate infrastructure needs, such as mandated sprinkler systems in dorms and related facilities, and to address diverse needs as partial funding for the "gap" between the respective cost of student tuition and the ability of the student to pay, plus any scholarships and Pell grants, are creating interest. Greenville College approached Townsend Albright, Senior Funding Manager, to learn more about how the Not-for-Profit Lease program would facilitate funding sprinkler systems in dormitories and campus academic buildings. The College wants to satisfy their current infrastructure needs before beginning an ambitious campus improvement and expansion project which will use traditional bond financing or a combination of commercial paper to be taken out with conventional bond financing similar to the Loyola University and DePaul University financing programs which were completed during the first quarter of 2008. Lewis University's, Romeoville campus, is moving ahead, albeit slowly, with plans for the possible construction of two new academic buildings at the campus. IFA staff anticipates having a meeting with decision makers at the University in February, 2009 to discuss IFA financing. The University financed campus projects thorough the IDFA, a predecessor authority.

Higher Education – January, 2009 Closings		
Closing Date	Issuance$$	Borrower
1/7/2009	$500,000,000	The University of Chicago

Communities and Culture

The Director of Finance for Newmark, Knight & Frank invited Townsend Albright, Senior Funding Manager, to speak to a group of broker associates who specialize in not-for-profit and charter schools. The firm is one of the largest real estate service firms in the world. They are headquartered in New York and have 196 offices worldwide. The firm is currently finding space for three charter schools to be located in the Chicago Metropolitan Area. Mr. Albright is giving a presentation about not for profit financing to the firm's Chicago's associates the second week of February.

Bill Adrian, Business Manager, United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry, Local Union 101, in Belleville, met with Executive Director John Filan, Deputy Director and General Counsel Chris Meister, and Townsend Albright, to discuss financing of a training center for members that would provide training for approximately 500 new prevailing wage jobs annually, and train members to work at the Prairie State Energy Campus located at Lively Grove, Illinois. Local Union 101 plans to submit an application for preliminary Board approval at the March, 2009 board meeting for a $4,000,000 Enterprise Zone bond issue to finance the construction of a new Union training center located in one of the City of Belleville's Enterprise Zones.

The Prairie State Energy Campus is a planned 1,600 megawatt energy generating station. The Peabody Energy facility will provide electricity for more than 1.7 million families throughout the Midwestern and Eastern United States. According to a recent study prepared by the University of Illinois at Champaign, Urbana, the generating facility will create approximately 500 new jobs and will inject nearly $125,000,000 into the Southwest Illinois region annually. The facility will come on stream in 2010-2011. The IFA issued $51,200,000 in Solid Waste Disposal Facilities Revenue Bonds for Prairie Power, a rural cooperative that serves central Illinois, and is one of several investors in the Prairie State Energy Campus project. The Bonds financed a portion of Prairie Power's investment in the project and closed in November, 2008.

Directors of the Harris House Institute for Early Learning contacted Townsend Albright about conduit financing for a proposed Montessori school to be located either in Midlothian or Lisle, Illinois.

IFA Staff is continuing to work with the investment banking firm of William Blair & Company on the Qualified Midwest Area Disaster Relief Bond Program. The IRS has given a narrow interpretation of the legislation in that only direct reimbursement for damaged property would qualify for financing. This interpretation does not allow for enough demand to make the program viable. The Law firm of Ice Miller is preparing a technical corrections amendment that would expand the legislation to include financing the replacement of a damaged facilities building's new infrastructure. There is no timetable for enactment at this time.

Community & Culture – January, 2009 Closings		
Closing Date	Issuance$$	Borrower
1/14/2009	$16,535,000	Jewish Federation Ran 2008-2009B

Business & Industry

The House and Senate stimulus bills contain several temporary provisions that would temporarily amend the Internal Revenue Code for a two-year period (calendar years 2009-2010).

The key prospective provision would benefit manufacturers that have embedded research and development laboratories. Currently, research laboratories not involved in testing of on-site manufactured projects are difficult to finance under the existing Internal Revenue Code. The proposed provision would enable manufacturing companies that have extensive laboratory facilities to support their on-site manufacturing activity to qualify these functions for bonds issued in 2009 and 2010 (i.e., through 12/31/2010).

From time to time, IFA staff has encountered manufacturing projects with a significant laboratory or product development operation that were ineligible for IRB financing despite manufacturing tangible, value-added products on site.

As events develop, IFA Staff will work with (1) our key Illinois constituents (members of the Illinois Manufacturers Association and the Illinois Development Council), (2) key organizations that work with conduit bond issuers nationally, (e.g., Council of Development Finance Agencies and National Association of Health and Educational Facilities Finance Authorities) to support pertinent legislation and, if signed, to accelerate use of any newly approved financing tools enabled by changes in the Internal Revenue Code.

There were no Business & Industry Closings in January, 2009

Energy

IFA has pursued a number of initiatives during the past month:

Strategic Plan for the State of Illinois: This month the Energy Initiative Working Group and Consortium began preparing a strategic plan to make Illinois a national leader for clean coal and renewable energy. This Group includes many of Illinois' experts on clean coal and renewable energy, including representatives from the University of Illinois and Southern Illinois University, the Department of Commerce and Economic Opportunity, Illinois Environmental Protection Agency, Department of Natural Resources and Illinois Geological Survey. To enhance the Group's efforts, IFA successfully recruited specialists from Western Illinois University, Illinois State University and Argonne National Laboratory.

Federal Policy Initiatives:

The American Recovery and Reinvestment Plan of 2009: IFA staff has been closely monitoring bills now advancing through Congress. As has been widely noted, promoting Clean, Efficient and American Energy is a major policy objective. The IFA and other development authorities across the nation are seeking broader authority to issue tax-exempt bonds to finance energy projects that support this initiative. IFA is hopeful that the Plan will appropriate funds and authorize bonding authority other financing powers that the IFA and the State can utilize to finance clean coal and renewable energy projects in Illinois.

Carbon Credits: IFA attended a seminar on carbon credits to learn how a national carbon cap and trade system may work and reshape the economy to respond to the threat of Global Warming. Most observers expect that the U.S. will adopt within the next two years a national system that caps carbon emissions and allows carbon emitters to trade carbon credits to reduce carbon dioxide and other greenhouse gas emissions. Most people expect that the system will draw heavily on cap and trade systems developed on regional basis in the US and the European Union. Steve Frenkel, formerly from the Governor's Office and now with IEPA, has helped to lead efforts to formulate a Midwestern Greenhouse Gas Reduction Accord, which if approved by Illinois and other member states which may form the basis for a regional carbon cap and trade system.

State Legislative Initiatives: IFA is evaluating the need for additional capacity under its Agricultural Guarantee program to provide credit enhancement for biodiesel and other renewable energy projects.

Market Conditions: Market conditions remain very difficult for biodiesel and ethanol, two of the most important renewable energy sectors in Illinois. Market conditions for clean coal are more promising but development is complicated by uncertainty regarding future regulation of carbon emissions and the lack of debt capital for all but the most credit worthy projects.

Industry Contacts: IFA remains in regular contact with trade associations, investment bankers, counsel, developers and their advisors. IFA staff met with representatives from the American Council of Renewable Energy ("ACORE"), Wind Energy Association, Chadbourne & Parke and Stern Brothers.

Project Pipeline: IFA receives on a regular basis inquiries for financing for a range of energy projects. IFA staff is currently evaluating requests for financing for a multi-feedstock biodiesel plant, a municipal solid waste to energy plant and has scheduled meetings in February with developers of two coal to substitute natural gas plants.

There were no Energy Closings in January, 2009

Local Government

During the month of January, the Local Government team received four inquiries regarding the IFA's Local Government bond program. As previously indicated, 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. IFA helped finance the Village of West Salem's water infrastructure improvements in January. The State Fire Marshal's Office recommended 72 ambulance and fire truck loans for IFA review for the Fire Truck and Ambulance Revolving Loan Programs. In addition to local government financings, IFA staff received two rural development loan inquiries.

There were no Local Government Closings in January, 2009

Venture Capital

Staff has identified three different firms interested in performing valuation services related to the IFA's venture fund. Formal invitations to respond were sent on February 2, 2009.

IFA is participating in the orderly wind down of the Champaign Urbana Venture Fund. This investment has already been written down to zero. Final cash disbursements from the Fund have been received. The final tax return is scheduled for completion within 30 days. Timing of the formal dissolution of the Fund is still being decided.

Staff participated in board meetings for FireFly Energy, zuChem, and Harmonic Vision. The VHT meeting was not attended, but the board package was reviewed. Updates for zuChem, Harmonic Vision, and VHT were distributed to the Venture Capital Board Committee.

The issues outlined in the demand letter presented to Jaros have been resolved. IFA collected the risk premium and other fees it was owed and received payment for the entire outstanding loan amount. IFA is no longer involved with this transaction.

Human Resources/Operations

IFA requested a comparison of medical benefits offered to its staff versus medical benefits offered to State employees. Both Central Management Services and Healthcare and Family Services are involved in the review. Preliminary results of the review were expected the week of February 2, 2009.

IFA's second quarter EEO/AA report was completed and submitted to the Illinois Department of Human Rights.

An application was submitted to the IRS to request a favorable determination letter for IFA's retirement plan (401(a) Plan). This determination is not required but it is desirable to have such a letter on file.

Two human resource policies were updated in the Employee Handbook and distributed to staff

Staff Changes

Resignations – Dana Sodikoff, Cory Mitchell and Kristi Conrad. Reviewing candidates for possible replacements. Also working with DCEO on joint staffing and marketing, especially in downstate regions.

Compliance

Staff complied with the Abused and Neglected Child Act and the Technology Accessibility Act.

Facilities

Staff finalized the floor plan for converting what was previously storage space into four office cubicles. Office furniture was selected and ordered. Completion of the project is scheduled for mid-February.

Work to reconfigure the Library space was approved and has begun.

Treasury

A draft investment strategy addressing the funds for which the IFA has investment responsibility was completed.

IT

Staff completed a review of video conferencing capabilities feasible for an organization like the IFA. Options were presented to the Executive Director. Approval was received to move forward with a leasing option available from the State of Illinois.

Marketing/Public Relations

FOIA Activity

- Appeals related to two FOIA requests regarding Wrigley Field
- Eyres, Brotherhood of Carpenters Union – regarding Village Market IGA, Prince Agri-Products, and TEFRA hearing minutes

- Kolberg, Baxter & Woodman – regarding IFA Local Government projects in USDA Area 1 in 2007 and 2008

Projects in the News:

- NIU Proton Cancer Therapy Center
- Chatham water treatment plant

Financial coverage of Northwestern University, Riverside Health System, University of Chicago, OSF Healthcare System, Resurrection Healthcare, Rush University Medical Center.

Legal/Legislative

A verbal report will be provided at the February 10, 2009 meeting of the Committee of the Whole.

Illinois Finance Authority
General Fund
Unaudited
Balance Sheet
for the Seven Months Ending January 31, 2009

		Actual January 2009
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	$	13,160,948
RECEIVABLES, NET		105,094
LOAN RECEIVABLE, NET		25,523,956
OTHER RECEIVABLES		161,936
PREPAID EXPENSES		59,505
TOTAL CURRENT ASSETS		39,011,438
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION		114,217
DEFERRED ISSUANCE COSTS		455,293
OTHER ASSETS		
CASH, INVESTMENTS & RESERVES		371,179
VENTURE CAPITAL INVESTMENTS		-
OTHER		2,034,555
TOTAL OTHER ASSETS		2,405,734
TOTAL ASSETS	$	41,986,681
LIABILITIES		
CURRENT LIABILITIES	$	1,013,984
LONG-TERM LIABILITIES		652,874
TOTAL LIABILITIES		1,666,858
EQUITY		
CONTRIBUTED CAPITAL		4,111,479
RETAINED EARNINGS		23,058,506
NET INCOME / (LOSS)		1,178,541
RESERVED/RESTRICTED FUND BALANCE		1,732,164
UNRESERVED FUND BALANCE		10,239,134
TOTAL EQUITY		40,319,823
TOTAL LIABILITIES & EQUITY	$	41,986,681

Illinois Finance Authority
General Fund - Actual to Budget
Statement of Activities
for Period Ending
January 31, 2009

	Actual January 2009	Budget January 2009	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	107,428	132,440	(25,012)	-18.89%	782,523	854,700	(72,177)	-8.44%	1,374,474	56.93%
INVESTMENT INTEREST & GAIN(LOSS)	11,861	45,707	(33,846)	-74.05%	198,734	315,294	(116,560)	-36.97%	547,221	36.32%
ADMINISTRATIONS & APPLICATION FEES	463,428	484,417	(20,989)	-4.33%	2,872,644	3,361,069	(488,425)	-14.53%	5,781,179	49.69%
ANNUAL ISSUANCE & LOAN FEES	54,069	56,737	(2,668)	-4.70%	379,324	382,228	(2,904)	-0.76%	665,579	56.99%
OTHER INCOME	9,561	-	9,561	0.00%	61,528	-	61,528	0.00%	-	0.00%
TOTAL REVENUE	646,346	719,301	(72,955)	-10.14%	4,294,753	4,913,291	(618,538)	-12.59%	8,368,453	51.32%
EXPENSES										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	245,730	268,969	(23,239)	-8.64%	1,632,116	1,868,503	(236,387)	-12.65%	3,206,787	50.90%
BENEFITS	24,666	23,288	1,378	5.92%	159,806	165,479	(5,673)	-3.43%	281,903	56.69%
TEMPORARY HELP	7,654	3,333	4,321	129.64%	47,119	23,331	23,788	101.96%	40,000	117.80%
EDUCATION & DEVELOPMENT	-	417	(417)	0.00%	893	2,919	(2,026)	-69.39%	5,000	17.87%
TRAVEL & AUTO	2,701	10,250	(7,549)	-73.64%	36,738	71,750	(35,012)	-48.80%	123,000	29.87%
TOTAL EMPLOYEE RELATED EXPENSES	280,751	306,257	(25,506)	-8.33%	1,876,674	2,131,982	(255,308)	-11.98%	3,656,690	51.32%
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	31,398	66,867	(35,470)	-53.04%	229,305	468,069	(238,764)	-51.01%	802,400	28.58%
LOAN EXPENSE & BANK FEE	11,335	11,825	(490)	-4.14%	80,377	82,775	(2,398)	-2.90%	141,900	56.64%
ACCOUNTING & AUDITING	30,713	29,764	949	3.19%	201,708	208,348	(6,640)	-3.19%	357,168	56.47%
MARKETING GENERAL	2,856	8,333	(5,477)	-65.72%	16,744	58,331	(41,587)	-71.29%	100,000	16.74%
FINANCIAL ADVISORY	30,000	25,000	5,000	20.00%	180,000	175,000	5,000	2.86%	300,000	60.00%
CONFERENCE/TRAINING	811	1,250	(439)	0.00%	9,296	8,750	546	6.24%	15,000	61.97%
MISC. PROFESSIONAL SERVICES	-	-	-	0.00%	20,000	-	20,000	0.00%	-	0.00%
DATA PROCESSING	2,942	3,750	(808)	-21.54%	21,678	26,250	(4,572)	-17.42%	45,000	48.17%
TOTAL PROFESSIONAL SERVICES	110,056	146,789	(36,733)	-25.02%	759,108	1,027,523	(268,415)	-26.12%	1,761,468	43.10%

Illinois Finance Authority
General Fund - Actual to Budget
Statement of Activities
for Period Ending
January 31, 2009

	Actual January 2009	Budget January 2009	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	25,638	25,905	(267)	-1.03%	171,297	181,335	(10,038)	-5.54%	310,860	55.10%
EQUIPMENT RENTAL AND PURCHASES	4,714	3,867	847	21.91%	32,443	27,069	5,374	19.85%	46,404	69.91%
TELECOMMUNICATIONS	7,153	5,420	1,733	31.98%	37,837	37,940	(103)	-0.27%	65,040	58.17%
UTILITIES	1,266	933	333	35.72%	8,654	6,531	2,123	32.51%	11,196	77.30%
DEPRECIATION	6,527	7,355	(828)	-11.26%	45,605	51,485	(5,880)	-11.42%	88,256	51.67%
INSURANCE	1,607	1,500	107	7.14%	11,345	10,500	845	8.05%	18,000	63.03%
TOTAL OCCUPANCY COSTS	46,905	44,980	1,925	4.28%	307,180	314,860	(7,680)	-2.44%	539,756	56.91%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	7,271	9,450	(2,179)	-23.06%	51,877	66,150	(14,273)	-21.58%	113,400	45.75%
BOARD MEETING - EXPENSES	4,014	2,983	1,031	34.56%	27,042	20,881	6,161	29.51%	35,796	75.55%
PRINTING	284	1,200	(916)	-76.35%	11,494	8,400	3,094	36.83%	14,400	79.82%
POSTAGE & FREIGHT	752	2,300	(1,548)	-67.31%	15,866	16,100	(234)	-1.45%	27,600	57.49%
MEMBERSHIP, DUES & CONTRIBUTIONS	5,147	3,083	2,064	66.94%	19,695	21,581	(1,886)	-8.74%	36,996	53.24%
PUBLICATIONS	164	300	(136)	-45.48%	2,553	2,100	453	21.58%	3,600	70.92%
OFFICERS & DIRECTORS INSURANCE	14,524	14,524	0	0.00%	103,154	101,668	1,486	1.46%	174,292	59.18%
MISCELLANEOUS	-	42	(42)	0.00%	3,928	294	3,634	1236.19%	504	779.44%
TOTAL GENL & ADMIN EXPENSES	32,155	33,882	(1,727)	-5.10%	235,611	237,174	(1,563)	-0.66%	406,588	57.95%
LOAN LOSS PROVISION/BAD DEBT	8,333	8,333	-	0.00%	(42,236)	58,331	(100,567)	-172.41%	100,000	-42.24%
OTHER										
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL EXPENSES	478,200	540,241	(62,041)	-11.48%	3,136,337	3,769,870	(633,533)	-16.81%	6,464,502	48.52%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	168,147	179,060	(10,913)	-6.09%	1,158,416	1,143,421	14,995	1.31%	1,903,951	60.84%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TRANSFER	-	-	-	0.00%	20,125	-	20,125	0.00%	-	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%	-	-
NET INCOME/(LOSS)	168,147	179,060	(10,913)	-6.09%	1,178,541	1,143,421	35,120	3.07%	1,903,951	61.90%

Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
January 31, 2009

	Actual January 2009	Actual January 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
REVENUE								
INTEREST ON LOANS	107,428	135,312	(27,883)	-20.61%	782,523	916,446	(133,922)	-14.61%
INVESTMENT INTEREST & GAIN(LOSS)	11,861	53,816	(41,955)	-77.96%	198,734	401,411	(202,677)	-50.49%
ADMINISTRATIONS & APPLICATION FEES	463,428	157,086	306,342	195.02%	2,872,644	3,734,230	(861,586)	-23.07%
ANNUAL ISSUANCE & LOAN FEES	54,069	86,142	(32,073)	-37.23%	379,324	528,809	(149,485)	-28.27%
OTHER INCOME	9,561	63,086	(53,525)	0.00%	61,528	100,375	(38,847)	0.00%
TOTAL REVENUE	646,346	495,441	150,905	30.46%	4,294,753	5,681,270	(1,386,517)	-24.41%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	245,730	233,895	11,835	5.06%	1,632,116	1,923,307	(291,190)	-15.14%
BENEFITS	24,666	17,546	7,119	40.57%	159,806	162,258	(2,452)	-1.51%
TEMPORARY HELP	7,654	6,029	1,625	26.95%	47,119	58,717	(11,597)	-19.75%
EDUCATION & DEVELOPMENT	-	-	-	0.00%	893	1,385	(492)	-35.49%
TRAVEL & AUTO	2,701	6,535	(3,834)	-58.66%	36,738	82,853	(46,114)	-55.66%
TOTAL EMPLOYEE RELATED EXPENSES	280,751	264,006	16,745	6.34%	1,876,674	2,228,519	(351,845)	-15.79%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	31,398	108,691	(77,294)	-71.11%	229,305	580,948	(351,643)	-60.53%
LOAN EXPENSE & BANK FEE	11,335	13,224	(1,889)	-14.28%	80,377	92,658	(12,282)	-13.25%
ACCOUNTING & AUDITING	30,713	17,499	13,214	75.51%	201,708	201,913	(205)	-0.10%
MARKETING GENERAL	2,856	10,881	(8,024)	-73.75%	16,744	33,120	(16,376)	-49.44%
FINANCIAL ADVISORY	30,000	21,050	8,950	42.52%	180,000	148,863	31,137	20.92%
CONFERENCE/TRAINING	811	514	297	0.00%	9,296	4,243	5,053	119.09%
MISC. PROFESSIONAL SERVICES	-	9,830	(9,830)	0.00%	20,000	12,055	7,945	0.00%
DATA PROCESSING	2,942	3,828	(885)	-23.13%	21,678	30,239	(8,560)	-28.31%
TOTAL PROFESSIONAL SERVICES	110,056	185,517	(75,461)	-40.68%	759,108	1,104,039	(344,931)	-31.24%

Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
January 31, 2009

	Actual January 2009	Actual January 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
OCCUPANCY COSTS								
OFFICE RENT	25,638	26,040	(403)	-1.55%	171,297	160,798	10,499	6.53%
EQUIPMENT RENTAL AND PURCHASES	4,714	4,019	695	17.30%	32,443	40,425	(7,983)	-19.75%
TELECOMMUNICATIONS	7,153	3,371	3,782	112.18%	37,837	44,461	(6,624)	-14.90%
UTILITIES	1,266	1,040	226	21.76%	8,654	6,311	2,343	37.13%
DEPRECIATION	6,527	7,973	(1,446)	-18.14%	45,605	50,770	(5,166)	-10.17%
INSURANCE	1,607	1,192	415	34.79%	11,345	9,933	1,412	14.22%
TOTAL OCCUPANCY COSTS	46,905	43,636	3,269	7.49%	307,180	312,698	(5,518)	-1.76%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	7,271	7,497	(227)	-3.02%	51,877	56,959	(5,082)	-8.92%
BOARD MEETING - EXPENSES	4,014	4,493	(479)	-10.66%	27,042	37,227	(10,185)	-27.36%
PRINTING	284	823	(540)	-65.54%	11,494	9,874	1,619	16.40%
POSTAGE & FREIGHT	752	2,361	(1,609)	-68.16%	15,866	16,330	(464)	-2.84%
MEMBERSHIP, DUES & CONTRIBUTIONS	5,147	14,147	(9,000)	-63.62%	19,695	30,532	(10,837)	-35.49%
PUBLICATIONS	164	409	(246)	-60.03%	2,553	1,364	1,189	87.14%
OFFICERS & DIRECTORS INSURANCE	14,524	14,746	(222)	-1.51%	103,154	103,225	(71)	-0.07%
MISCELLANEOUS	-	-	-	0.00%	3,928	536	3,393	633.18%
TOTAL GENL & ADMIN EXPENSES	32,155	44,477	(12,322)	-27.70%	235,611	256,048	(20,437)	-7.98%
LOAN LOSS PROVISION/BAD DEBT	8,333	33,333	(25,000)	-75.00%	(42,236)	224,473	(266,709)	-118.82%
OTHER								
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%
TOTAL EXPENSES	478,200	570,969	(92,769)	-16.25%	3,136,337	4,125,778	(989,442)	-23.98%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	168,147	(75,528)	243,674	-322.63%	1,158,416	1,555,492	(397,076)	-25.53%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	1,422	(1,422)	0.00%	-	41,186	(41,186)	0.00%
TRANSFER	-	12,813	(12,813)	0.00%	20,125	781,137	(761,012)	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%
NET INCOME/(LOSS)	168,147	(61,293)	229,440	-374.33%	1,178,541	2,377,815	(1,199,274)	-50.44%

Illinois Finance Authority
Consolidated
Unaudited
Balance Sheet
for the Seven Months Ending January 31, 2009

	Actual January 2008	Actual January 2009	Budget January 2009	Variance to budget
ASSETS				
CASH & INVESTMENTS, UNRESTRICTED	$ 19,332,213	$ 26,699,861	27,964,498	$ (1,264,636)
RECEIVABLES, NET	292,883	105,094	279,064	(173,970)
LOAN RECEIVABLE, NET	91,299,019	89,445,446	101,653,080	(12,207,634)
OTHER RECEIVABLES	358,388	1,594,947	1,213,899	381,048
PREPAID EXPENSES	66,980	59,504.99	171,387	(111,882)
TOTAL CURRENT ASSETS	111,349,482	117,904,853	131,281,927	(13,377,073)
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	216,521	114,217	135,542	(21,325)
DEFERRED ISSUANCE COSTS	735,220	617,095	635,581	(18,486)
OTHER ASSETS				
CASH, INVESTMENTS & RESERVES	42,836,189	49,752,936	39,555,059	10,197,877
VENTURE CAPITAL INVESTMENTS	5,535,254	5,377,739	5,738,223	(360,484)
OTHER	3,682,072	3,682,072	3,682,072	-
TOTAL OTHER ASSETS	52,053,514	58,812,747	48,975,354	9,837,393
TOTAL ASSETS	$ 164,354,737	$ 177,448,912	$ 181,028,404	$ (3,579,492)
LIABILITIES				
CURRENT LIABILITIES	$ 1,177,808	$ 1,129,055	741,666	$ 387,388
LONG-TERM LIABILITIES	65,222,651	62,485,138	65,959,756	(3,474,620)
TOTAL LIABILITIES	66,400,458	63,614,193	66,701,422	(3,087,231)
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)	5,915,046	1,017,224	1,509,485	(492,261)
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	97,954,279	113,834,719	114,326,981	(492,261)
TOTAL LIABILITIES & EQUITY	$ 164,354,737	$ 177,448,912	$ 181,028,404	$ (3,579,492)

General Operating Fund
Projected Cash Flow
For Fiscal Year 2009

Cash Beg. Bal as of 06/30/08		9,886,971
Additions:		
Principal repayments Jul 08 thru Dec 08	2,563,519	
Revenues from Jul 08 thru Dec 08 Collected in cash	4,556,110	
Total cash Receipts		7,119,629
Total Cash		17,006,600
Projected Additions: Jan thru Jun 09		
Administration Fees	1,598,438	
Service Fees	173,232	
Application Fees	37,400	
Interest on Loans	591,685	
Principal Bal. Reductions	1,223,770	
Investment Income	72,000	
Total projected income		3,696,525
Total Incoming Cash Flows thru June 30, 2009		20,703,125
Deductions:		
Expenses from July 08 thru Dec 08 Paid in cash	2,640,567	
Projected Operating Expenses thru June	2,930,847	
Less non cash transactions		
Depreciation Expense	(42,000)	
Cost of issuance	(37,788)	
Loan Loss provision	(86,000)	
Total Outflows in Operating Exp.	5,405,626	
Loans funded Jul 08 thru Dec 08	1,968,222	
Loans to be funded/approved by the board as of Jan 09 board meeting	2,135,000	
Potential loan prospects	1,555,000	
Total Loans	5,658,222	
Total Outflows as of June 30, 2009		11,063,848
Ending Cash balance as of 6/30/09		9,639,277
Net increase/(decrease) on cash		(247,694)
Reserve for 6 months Operating Expenses	3,150,000	
	3,150,000	
Total Cash Available as of June 30, 2009		6,489,277

General Operating Fund
Projected Cash Flow
for the six months ending June 30, 2009

Cash Beg. Bal as of 12/31/08		12,397,811
Projected Additions: Jan thru Jun 09		
Administration Fees	1,598,438	
Service Fees	173,232	
Application Fees	37,400	
Interest on Loans	591,685	
Principal Bal. Reductions	1,223,770	
Investment Income	72,000	
Total projected income		3,696,525
Total Incoming Cash Flows thru June 30, 2009		16,094,336
Deductions:		
Operating Expenses thru June	2,930,847	
Less non cash transactions		
Depreciation Expense	(42,000)	
Cost of issuance	(37,788)	
Loan Loss provision	(86,000)	
Total Outflows in Operating Exp.	2,765,059	
Loans to be funded/approved by the board as of Jan. board meeting	2,135,000	
Potential loan prospects	1,555,000	
	3,690,000	
Total Outflows as of June 30, 2009		6,455,059
Ending Cash balance as of 6/30/09		9,639,277
Net Increase/(decrease) on cash		(2,758,534)
Reserve for 6 months Operating Expenses	3,150,000	
	3,150,000	
Total Cash Available as of June 30, 2009		6,489,277

MINUTES OF THE JANUARY 13, 2009 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 January 13, 2009 at the Mid America Club, 200 E. Randolph Drive, 80th Floor, Chicago, Illinois.

Members present:
William A. Brandt, Jr., Chairman
Dr. William J. Barclay
Ronald E. DeNard
James J. Fuentes
Edward H. Leonard, Sr.
Terrence M. O'Brien
April D. Verrett
Bradley A. Zeller

Members absent:
Michael W. Goetz
Dr. Roger D. Herrin
Juan B. Rivera

Vacancies:
4

Members participating by telephone:
None

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:44 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. The Chair emphasized that, despite economic conditions, the Authority will continue to seek creative ways to meet its statutory mission: creating and retaining jobs in Illinois.

Executive Director's Remarks

Executive Director Filan concurred with the Chairman's assessment of the economy, the agenda and the Authority's mission. In today's economy, access capital is a primary obstacle to expansion or even the survival of many companies. In light of the current situation, the Authority can play an even more vital role --- by providing access to capital that would otherwise not be available. This is one of the many reasons that the Authority is reviewing and working to improve its programs so that it can meet its job creation mission in an innovative manner.

The areas of Energy, Agriculture/Rural Development, and Healthcare are major priorities for the Authority. The Authority recognizes that given the State's vast resources - natural, transportation, human - that Illinois can truly be the center of the nation's energy future. This is the reason why the Authority is working with the University of Illinois ("U of I"), Southern Illinois University ("SIU") and Western Illinois University ("WIU") as well as DCEO and IEPA to form an Energy Partnership or Consortium ("Energy Consortium"). Through the Energy Consortium, the State can speak with one voice to Federal and State policy makers as well as to utilities, energy project developers and the private equity community to leverage the State's strengths into a clean, efficient energy future that also creates jobs.

Similarly, the Authority has engaged U of I, SIU, WIU and the Illinois Farm Bureau to ensure that the Authority's programs and policies are designed to effectively meet the needs of today's agricultural and rural economy.

Finally, with respect to healthcare, it remains a major component of the Authority's mission - and revenue stream. The staff of the Authority is working with the Department of Healthcare & Family Services to develop creative solutions to the capital needs of Illinois hospitals and health facilities.

Acceptance of Financial Statements

Financial statements for the period ending December 31, 2008, were presented to members of the Board and accepted by the Board. Chairman Brandt stated that the Authority's financial statements were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. 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 December 9, 2008 Meeting of the Board. Chairman Brandt announced that the December 9, 2008 minutes were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. The December 9, 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 5 projects totaling $650 million were being presented for board approval:

No. 1: **<u>A-FB-TE-CD-8194 – Ellen North</u>**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $150,000.00 to provide permanent financing to

purchase approximately 11.75 acres of farmland and equipment. This project is located in Monticello, Illinois. **(09-01-01).**

A-FB-TE-CD-8195 – Jacob Atherton
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $249,500.00 to provide permanent financing to purchase approximately 74 acres of farmland. This project is located in Mendota, Illinois. **(09-01-01).**

A-FB-TE-CD-8196 – Duane Bomleny
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $120,000.00 to provide permanent financing to purchase approximately 57.66 acres of farmland. This project is located in Genesco, Illinois. **(09-09-01).**

A-FB-TE-CD-8197 – Craig & Leah Steidinger
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $128,000.00 to provide permanent financing to purchase approximately 57.62 acres of farmland. This project is located in Fairbury, Illinois. **(09-01-01).**

A-FB-TE-CD-8198 – Joe & Dianna Phillips
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $248,544.00 to provide permanent financing to purchase approximately 127.56 acres of farmland. This project is located in Effingham, Illinois. **(09-01-01).**

A-FB-TE-CD-8199 – Ryan & Elizabeth Barrett
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $160,000.00 to provide permanent financing to purchase approximately 40 acres of farmland. This project is located in Paris, Illinois. **(09-01-01).**

A-FB-TE-CD-8200 – David Soltwedel
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $248,000.00 to provide permanent financing to purchase approximately 109.66 acres of farmland. This project is located in Effingham, Illinois. **(09-01-01).**

A-FB-TE-CD-8201 – Benjamin Bollman
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $30,600.00 to provide permanent financing to purchase approximately 10 acres of farmland. This project is located in Dundas, Illinois. **(09-01-01).**

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: **B-LL-TX-8193 – Midwest Investment Solutions, Inc. (Orbital Tool Technologies Corp. Project)**

Request for final approval of the issuance of a Participation Loan in an amount not-to-exceed $485,000.00. Loan proceeds will be used to provide permanent financing for a building addition. This project is expected to create 39 new jobs over two-years, and 20 construction jobs over 7 months **(09-01-02)**

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. 4: **N-NP-TE-8183 – Everest 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 I of a new private school campus, refinance outstanding debt, fund capital improvement costs, and pay issuance costs. This project is located in Lemont, Illinois. **(09-01-04)**.

No guests attended with respect to Project No. 4. Chairman Brandt asked if the Board had any questions with respect to Project No. 4. 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 preliminary approval with 8 ayes, 0 nays, and 0 abstentions.

No. 5: **Project Withdrawn**

No. 3: **M-MH-TE-CD-7261 – Marion Supportive Living, L.P. (River to River Marion SLF Project)**

Request for final approval of Affordable Rental Housing Bonds in an amount not-to-exceed $6.2 million. Bond proceeds will be used to finance the acquisition of land, construction costs, and equipment for a new Supportive Living Facility. This project is expected to create 18 new jobs and 20 construction jobs. This project is located in Marion, Illinois. **(09-01-03)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 3. Mr. Rich Frampton, Vice President, introduced Ms. Sherry Hamlin, Executive Director, River-to-River Residential Corporation. Ms. Hamlin, thanked the Board for its consideration and gave a brief description of the project. Chairman Brandt asked if the Board had any questions for Ms. Hamlin. 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. 6: **H-HO-TE-CD-8202 – OSF Healthcare**

Request for final approval of 501(c)3 Bonds in an amount not-to-exceed $650 million. Bond proceeds will be used to refund FSA insured Auction Rate Bonds, potentially refund FSA insured Variable Rate Demand Bonds, potentially finance a portion of an information technology project, and potentially finance termination costs for 3 Swaps associated with IDFA Series 2005 and 2007 bonds. This project is expected to create 40 construction jobs. This project is located in Peoria, Illinois. **(09-01-06)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 6. Ms. Pamela Lenane, Vice President, introduced Ms. Michelle Carrothers, Director of Debt Management, OSF, and Anne Donahoe, Financial Advisor. Ms. Carrothers thanked the Board for its consideration and gave a brief description of the project and the purpose of the financing. Chairman Brandt asked if the Board had any questions for Ms. Carrothers. Board Member, Mr. DeNard addressed the absence of minority firms being included on the OSF project's financing team, and also stated that the Authority does have a policy on minority participation and that a commitment is expected from all organizations/companies that receive financial assistance through the Illinois Finance Authority. Dr. Barclay also encouraged OSF to comply with the Authority's policy on minority participation, particularly on a transaction of this size. Ms. Carrothers replied that OSF plans to interview two minority firms, and will then communicate with Ms. Lenane. Chairman Brandt asked if the Board had any more questions with respect to Project No. 6. There being none. Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 6. Leave was granted. Project No. 6 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. O'Brien and seconded by Mr. Leonard, the meeting adjourned at approximately 11:58 a.m.

Respectfully Submitted,

Carla B. Burgess Jones, Secretary

ILLINOIS FINANCE AUTHORITY

CONDUIT

February 10, 2009 **$10,000,000**
ANDERSON SHUMAKER

REQUEST

Purpose: Bond proceeds will be used to provide IRB financing for construction, acquisition of machinery and equipment to pay professional and certain bond issuance costs.

Project Description: Bond proceeds will be used to finance the construction of 23,000 square foot addition and acquisition of machinery and equipment at a manufacturing facility located at 824 S. Central Ave. in Chicago, IL.

Program: Conduit Industrial Revenue Bonds
Extraordinary Conditions: Volume cap required $10,000,000.

BOARD ACTIONS

Final Bond Resolution
Preliminary Bond Resolution: September 9, 2008

10 ayes 0 nays 0 abstentions 4 vacancies
1 absent (Roger Herrin)

MATERIAL CHANGES

Financing Structure and Financing Team Finalized, Identified Bank Purchaser of the bonds.

JOB DATA

40	Current jobs	18	New jobs projected
N/A	Retained jobs	60	Construction jobs projected

DESCRIPTION

- Location (Chicago/ Cook County / Northeast Region)
- Anderson Shumaker Company ("Anderson" or the "Company") was established in 1902 and incorporated in 1916. Mr. Dick Tribble is the President and CEO and manages the day-to-day operations of Anderson. The Company is located within City of Chicago Empowerment Zone #1.

- The Company produces iron and steel forging used in construction, power generation, tool & die and aerospace industries. Anderson has been located at its present location since 1918. The Company presently operates two buildings totaling approximately 41,500 square feet, the company is adding another 23,000 square feet with the proposed project.

- The new project is a 23,000 square foot expansion next to the existing facility and will include the acquisition of approximately $10 million in equipment for use therein. Larger products will be produced in the new expanded facility that will allow Anderson to increase its overall capacity by 25%.

CREDIT INDICATORS

- Not Rated
- Direct Bond Purchaser Associated Bank.

Proposed Structure

- Not Enhanced
- Variable Rate Demand Bonds
- 30 Year Maturity with a 15-Year amortization

- The Company has the option to enter into a five year interest rate swap contract at any point to a fixed interest rate.

Sources and Uses	IFA Bonds	$10,000,000	Project Cost	$13,250,000
	Equity	0	Refinancing	0
	Bank Financing	$ 3,500,000	Cap Int.	0
	Other Sources	0	Underwriter / Placement Fees	0
			Cost of Issuance	$250,000
	Total	$13,500,000	Total	$13,500,000

Recommendation Staff Recommends Approval
Credit Review Committee Recommends Approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 10, 2009

Project: Anderson-Shumaker Company

STATISTICS

Project Number:	I-ID-TE-CD-8127	Amount:	$10,000,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	IFA Staff:	Sharnell Curtis Martin
County/Region:	Cook County/Northeast	City:	Chicago

BOARD ACTION

Final Bond Resolution	Staff recommends approval
No IFA Funds contributed	No Extraordinary conditions
Volume Cap allocation anticipated	

VOTING RECORD

Preliminary Bond Resolution: September 9, 2008

10 ayes	0 nays	0 abstentions	4 vacancies	1 absent (Roger Herrin)

PURPOSE

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

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

The Company is seeking a $10 million allocation in 2009 IFA Volume Cap. The new project will be located in a City of Chicago which is a home-rule community within an Empowerment Zone. IFA management has discussed the City of Chicago's interest in ceding Volume Cap on behalf of this project. Due to the City's many policy requirements to qualify for Volume Cap; the Company has withdrawn its application from City of Chicago and will only pursue IFA Volume Cap for the proposed project.

The proposed project will require an allocation of Volume Cap in order to add a 23,000 square foot addition that can accommodate the new equipment necessary to manufacture larger scale products. The new project will enable the Company to continue its presence on City's west side where it's been located since 1918.

JOBS

Current employment:	40	Projected new jobs:	18
Jobs retained:	N/A	Construction jobs:	60

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$10,000,000	Uses:	Project Costs	$13,250,000
	Equity	3,500,000		Bond Issuance Costs	250,000
	Total Sources	$13,500,000		Total Uses	$13,500,000

The source of equity is from internally generated funds.

FINANCING SUMMARY/STRUCTURE

Security:	The Bonds will be purchased directly by Associated Bank and held as an investment.
Structure:	The Bank will be secured by a first mortgage on the subject property. Unlimited personal guarantee of Richard Tribble.
Interest Rate:	The bonds will have a variable interest rate of 80% of one month LIBOR plus 300 basis points with a five year reset. The Company has the option to enter into a five year interest rate swap contract at any point to a fixed interest rate.
Maturity:	30 Years with a 15-year amortization
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 Associated Bank.
Estimated Closing Date:	March 2009

PROJECT SUMMARY

Bond proceeds will be used to finance the construction of 23,000 square foot addition and acquisition of machinery and equipment at a manufacturing facility located at 824 S. Central Avenue in Chicago, IL (Cook County) and to pay certain bond issuance costs. Project costs are estimated as follows:

Machinery and Equipment	$9,900,000
Construction	2,800,000
Miscellaneous	550,000
Total Project Costs	$13,250,000

BUSINESS SUMMARY

Background

Anderson-Shumaker Company ("Anderson" or the "Company") was established in 1902 and incorporated in 1916. Mr. Dick Tribble is the President and CEO and manages the day-to-day operations of Anderson. The Company is located within City of Chicago Empowerment Zone #1.

The Company produces iron and steel forging used in construction, power generation, tool & die and aerospace industries. Anderson has been located at its present location since 1918. The Company presently operates two buildings totaling approximately 41,500 square feet, the company is adding another 23,000 square feet with the proposed project.

The Company presently operates one shift per day and will be adding a second shift with the new project. Some of Anderson's major customers include Isys, Fisher Marshall, Conmeta, Reduction ENG and Turbne Sp Cooper. The Company has a diversified customer base with no one customer representing more than 8% of total sales.

Description:

The new project is a 23,000 square foot expansion next to the existing facility and will include the acquisition of approximately $10 million in equipment for use therein. Larger products will be produced in the new expanded facility that will allow Anderson to increase its overall capacity by 25%.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Anderson -Shumaker Company 824 S. Central Avenue, Chicago, IL 60644 (Cook County) Richard Tribble, President and CEO
Project Location:	824 S. Central Avenue, Chicago, IL 60644 (Cook County)
Organization:	Corporation
State:	Illinois
Ownership:	Richard Tribble 100%

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Meltzer, Purtell & Stelle, LLC	Chicago	Randy Kulat
Accountant:	McGladrey & Pullen	Schaumburg	Chris Sokolowski
Bond Counsel:	Greenberg and Traurig	Chicago	Matt Lewin
Purchasing Bank:	Associated Bank	Chicago	Paul Mokhatas
Purchasing Bank Counsel:	Pedersen & Houpt	Chicago	Brian Collins
IFA Advisors:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott
Financial Advisor	Total Capital Solutions	Oak Park	Tony Grant
Issuer's Counsel:	Drinker Biddle &Reath	Chicago	Charles Katz

LEGISLATIVE DISTRICTS

Congressional:	7 -- Danny Davis
State Senate:	4 -- Kimberly Lightford
State House:	8 – LaShawn Ford

ILLINOIS FINANCE AUTHORITY

CONDUIT

Date of Board Meeting:
February 10, 2009

$Amount: $28,500,000
BORROWER: AMERICAN WATER CAPITAL CORP. (ILLINOIS-AMERICAN WATER COMPANY PROJECT)

REQUEST	Purpose: Provide conduit financing for Water Furnishing Facilities (Private Water Utility) Project Description: Finances Construction, Equipment, and Bond Issuance Costs Program: Exempt Facilities Extraordinary Conditions: No State resources. Volume cap required $28,500,000 (Carryforward). Waiver request: N/A Conditions: Subject to standard conditions (Volume Cap); (Exception: TEFRA Hearing to be held after consideration of Final Bond Resolution)
BOARD ACTIONS	Final Bond Resolution Voting Record: Ayes-8; Nays-0; Abstentions-0; Absent-3; Vacancies-4
MATERIAL CHANGES	(Financing Team Additions, Added 3rd Q financial results/comments)
JOB DATA	476 Current jobs 4 New jobs projected (Champaign District only) N/A Retained jobs 120 Construction jobs projected
BORROWER DESCRIPTION	• Type of entity: Private Water Utility • Location (Multiple – Statewide; see p. 2) • When was it established: predecessors to Illinois-American Water Company --1884 • What does the entity do: Private Water Utility serving general public • Who does the entity serve: all water users within the Company's service areas • What will new project facilitate: enhanced drinking water capacity in greater Champaign/Urbana and expansion of Alton-area District to provide new service to the Village of Grafton.
CREDIT INDICATORS	• Rated. Underlying Ratings and anticipated Bond Ratings: Baa2/BBB+ (Moody's/S&P)
Proposed Structure	Not Enhanced Fixed Rate Bonds: estimated rate of 8.0% to 8.5% as of 1/19/2009 Maturity Years: 30 Swap Component (if applicable): N/A

Sources and Uses

IFA Bonds:	$28,500,000	Project Cost:	$50,000,000
Equity:	21,946,500	Refinancing	
Bank Financing		Cap Int.	
Loan		Debt Service Reserve	
		Underwriter / Placement Fees	
Other Sources		Other Cost of Issuance	496,500
Total	$50,496,500	Total	$50,496,500

Recommendation Credit Review Committee Recommends approval subject to standard IFA conditions above.

2/4/2009 12:14 PM

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 10, 2009

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

STATISTICS

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

*In addition to these municipalities, many of these projects will benefit unincorporated areas adjacent to each incorporated municipality.

BOARD ACTION

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

Material Changes from prior consideration:

- Added quarterly financial statements for the 3rd quarter ended 9/30/2008 and related comments to the financial review.
- Updated ownership information on American Water Works Company, Inc. (Parent Company) – see p. 9.
- Updated the Professional and Financing Team (p. 9)

VOTING RECORD

Preliminary Bond Resolution, December 9, 2008:

Ayes: 8 Nays: 0 Abstentions: 0
Absent: 3 (Fuentes, Herrin, Verrett) Vacancies: 4

PURPOSE

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

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

IFA PROGRAM AND CONTRIBUTION

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

<u>Water Furnishing Facilities Revenue Bonds finance essential purpose drinking water system improvements that improve the quality of life by</u> (1) increasing drinking water capacity to facilitate continued economic development, (2) financing access to an improved water supply, (3) providing financing for ongoing improvements in drinking water quality and to enable compliance with upcoming EPA Drinking Water standards, and (4) providing capacity enhancements that will enable improved fire protection service in certain districts.

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

VOLUME CAP

Calendar Year Cap Required: This proposed financing will close in 2009. Accordingly, this financing will require approximately $28.5 million of 2008 Carryforward Volume Cap (which has been designated specifically for Water Furnishing Facilities Bonds in the IRS 8328 Carryforward Election).

Prospective Transferred 2009 Volume Cap: The Cities of Urbana and Champaign are engaged in discussions with Illinois-American Water on several matters, including the prospective transfer of Volume Cap to IFA, but are not likely to take action on transferring portions of their 2009 allocations until March 2009 or later. (As presently contemplated, Illinois-American Water hopes to close the proposed bond issue in March.)

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

Portions of certain Illinois-American Water Company Service Districts that will benefit from the proposed IFA Series 2009 Bonds are located in (1) a Federal Empowerment Zone (i.e., City of East St. Louis), (2) State-Designated Enterprise Zones (i.e., portions of Alton/Riverbend (Madison County), American Bottoms (St. Clair County), Bartonville/Peoria County, Belleville (St. Clair County), Champaign/Champaign County, Gateway Commerce Center (Madison County), Granite City (Madison County), East St. Louis/Washington Park (St. Clair County), Peoria (Peoria), SW Madison County, Streator (LaSalle County), and Urbana (Champaign County)), and (3) a State-Designated River Edge Redevelopment Zone (i.e., portions of East St. Louis).

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

ESTIMATED SOURCES AND USES OF FUNDS

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

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

JOBS

Current employment: 476 statewide;
68 in Champaign District
Jobs retained: Not Applicable

Projected new jobs: 4 (Champaign District only)
Construction jobs: 120 (18 months) – Champaign District

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

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

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

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

FINANCING SUMMARY

Security: Bonds will be sold based on the rating of **American Water Capital Corp. ("AWCC"** or the **"Borrower")**, a wholly-owned subsidiary of **American Water Works Company, Inc. ("AWK"**, or the **"Parent Company")** and an affiliate of the Operating Company. AWCC's Long Term Debt is currently rated Baa2/BBB+ (Moody's/S&P), both with Stable outlooks.

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

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

Structure:	Fixed Rate Bonds. Estimated market rate of 8.00% to 8.50% as of 1/19/2008.
Maturity:	Approximately 30 years (estimated April 1, 2039)
Estimated Closing Date:	March-June 2009 (timing of closing depend on market conditions for pricing 30-year, fixed rate Baa2/BBB+ rated Tax-Exempt Bonds)
Rationale:	This financing will enable a regulated public utility that provides drinking water to 21 counties and 125 municipalities serving approximately one million residents (and 273,000 metered water customers) in Illinois. The subject Bonds will enable Illinois-American to finance the proposed drinking water improvements across its districts more economically. The key improvement projects will include construction of a new well system to serve the Champaign-Urbana District and an extension of Illinois-American Water's territory to include the Village of Grafton, and other capital projects described immediately below. Again, the degree of customer savings will vary based across Districts based on the extent to which assets are financed with IFA Series 2009 Bonds.

PROJECT SUMMARY FOR IFA BOND RESOLUTION

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

(1) **Champaign District (new Water Treatment Plant is the largest local capital improvement project to be financed with proceeds of the proposed IFA Series 2009 Bonds; improvements to Mattis Avenue Water Treatment Facility):** (a) the construction of seven new water wells, and construction of a new, 15 Million Gallon per Day ("MGD") *Champaign County Water Treatment Facility* on a 40 acre site in Champaign County located at 560 County Road 1700N near Champaign, that will enable Illinois-American to satisfy projected capacity needs through 2023, and (b) installation of an automated chemical storage and feed facility that will also improve the disinfection capabilities of the *Mattis Avenue Water Treatment Facility* to enable compliance with future EPA drinking water standards.

(2) **Alton District Water Treatment Facility expansion (and expansion of service to the Village of Grafton):** (a) expansion of the *Alton Water Treatment Facility* to increase capacity to accommodate anticipated economic growth, and (b) extension of water mains and upgrades to pumping stations that will *add water service to the Village of Grafton* (Jersey County; population 715), which has requested new water service, to be added to Illinois-American Water's service territory. (Grafton is located approximately 18 miles west of Alton on Illinois Hwy. 100.)

(3) **Interurban District (upgrades chemical storage and feed facilities):** improvements to various chemical storage and feed facilities at the East St. Louis Conventional Water Treatment Facility and Granite City Water Treatment Facility. These improvements will upgrade existing systems and are expected to reduce ongoing maintenance costs (which are passed through to local water users throughout the Interurban District in Madison and St. Clair County).

(4) **Peoria District (capacity upgrade and water quality enhancement):** expansion of capacity to the Illinois River Station in Peoria to increase capacity by 8 MGD and to enhance treatment to allow compliance with new EPA Stage 2 regulations (which will benefit users in Bartonville, Peoria, Peoria Heights, and West Peoria).

(5) **Streator District (capacity upgrade and water quality enhancement):** add filtration and water treatment capacity to increase capacity from 1.8 MGD to 2.6 MGD, thereby enabling the Streator system to meet anticipated maximum daily demand of 2.4 MGD.

(6) **Chicago Metro Districts (fire flow capacity improvements):** install water mains, tanks, pumps, and other equipment to increase the desired fire flow level in area various water systems in Illinois-American's Chicago Metro District (includes portions of Cook, DeKalb, DuPage, Kendall, and Will Counties).
(7) **Chicago Metro (capacity expansion for Chickasaw District):** increase Water Treatment Facility capacity from 0.7 MGD to 1.0 MGD to accommodate anticipated population and development growth (includes portions of SW Cook and NW Will Counties, near Homer Glen and Lemont).

Illinois-American has estimated that Combined Total Project Costs are approximately $50,000,000 for this series of local projects. *Of the estimated $50,000,000 Project cost, Illinois-American has identified approximately $36.8 million of capital expenditure that will be eligible for reimbursement from proceeds of the IFA Series 2009 Bonds.*

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

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

BUSINESS SUMMARY

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

AWK became an independent, stand-alone company again following its September 28, 2007 partial spin-off from **RWE AG** ("**RWE**"), a stock corporation incorporated in the Federal Republic of Germany. AWK remains an indirect majority-owned subsidiary of RWE. Prior to being acquired by RWE in 2003, AWK was the largest publicly traded water utility company in the United States.

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

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

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

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

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

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

Statewide, Illinois-American employs 476 people across Illinois. According to the Company, approximately 70% of Illinois-American's employees are skilled, 22% are clerical and administrative, and 8% are professional. Approximately 75% of Illinois-American's direct employees are members of collective bargaining units.

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

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

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

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

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

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

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

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

According to Illinois-American's management, the ICC regulates Illinois-American's leveraging and will limit the maximum amount that Illinois-American can borrow under the proposed IFA Bond Issue to $28.5 million. The ICC entered its Order authorizing Illinois-American to incur up to $28.5 million of debt to undertake the financing of various Illinois capital improvements as of January 16, 2008. Illinois-American is also awaiting approval of the ICC's consent to allow American Water Capital Corp. to serve as the Borrowing Entity on the proposed Tax-Exempt Bonds. (Note: American Water Capital Corp. is already authorized to be an obligor on certain of Illinois-American's Commercial Paper and Taxable Loan borrowings.)

ECONOMIC DISCLOSURE STATEMENT

Applicant/Primary Contact:	American Water Capital Corp. (Contact: Mr. Mark A. Chierici, Manager – Treasury Services, American Water Capital Corp., 1025 Laurel Oak Road, Voorhees, NJ 08043; Direct: 856-566-4088; Fax: 856-566-4004; E-mail: Mark.Chierici@amwater.com)
Illinois-American Contact:	Illinois-American Water Company, 300 N. Water Works Drive, Belleville, IL 62223 (Contact: Scott Rungren, Financial Analyst, (314) 996-2454)
Web Sites:	American Water Works Company, Inc.: www.amwater.com Illinois-American Water Company: www.amwater.com/ilaw/
Project name:	IFA Series 2009 Water Furnishing Facilities Revenue Bonds (American Water Capital Corp./Illinois-American Water Company Project)
Locations:	Alton District (including the Village of Grafton, IL); Champaign District (Champaign, Urbana, Savoy, Bondville, Pesotum, and portions of unincorporated Champaign County);

Interurban District (East St. Louis, Granite City and adjacent municipalities and unincorporated areas of Madison and St. Clair Counties); Peoria District (Bartonville, Peoria, Peoria Heights, West Peoria, and adjacent municipalities and portions of unincorporated Peoria County); Streator District (Streator and portions of adjacent unincorporated areas of LaSalle and Livingston Counties; and Metro Chicago Districts (portions of Cook County, DeKalb County; DuPage County, Grundy County, Kendall County, and Will County).

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

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

Ownership: Illinois-American Water Company is a wholly-owned subsidiary of American Water Works Company, Inc., with stock traded on the New York Stock Exchange. Major shareholders of more than 5.0% of AWK's stock (i.e., SEC ownership disclosure threshold) according to public filings as of 9/30/2008 were:

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

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Jones Day LLP	Chicago, IL	Bill Harmon
Auditor:	PricewaterhouseCoopers, LLP	Philadelphia, PA	Timothy Connor
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Debbi Boye
Underwriter:	Negotiating with Morgan Stanley, JPMorgan Securities, Inc., and Edward D. Jones		
Co-Manager:	Company is interviewing candidates		
Underwriter's Counsel:	To be determined [Contemplate negotiating with: Ballard Spahr, Edward Angell Palmer & Dodge LLP, Hawkins Delafield & Wood LLP, Dewey & LeBoeuf LLP, and Squire Sanders & Dempsey LLP] – Note: Greenberg Traurig LLP has prepared draft underwriting documents, including a Bond Purchase Agreement and Preliminary Official Statement for review by Issuer's Counsel)		
General Contractor:	See Preliminary Lists Below		
Project Engineer:	See Preliminary Lists Below		
Trustee:	Negotiating with US Bank, National Association; Bank of New York/Mellon, and Wells Fargo Corporate Trust Services		
Rating Agencies:	Moody's Investors Service	New York, NY	
	Standard & Poor's Rating Service	New York, NY	
Issuer's Counsel:	Forthcoming		
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

Preliminary List of Project Engineering Consultants

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

Preliminary List of General Contractors

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

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

Note: Contracts for construction of the Village of Grafton Water Main Extension Project have not been bid. Updated information regarding all third party project engineers and general contractors will be provided to the Board if identified prior to consideration of the Bond Resolution.

LEGISLATIVE DISTRICTS

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

	Alton District (including Grafton)
Congressional:	12, 17, 19
State Senate:	49, 56
State House:	97, 111

	Champaign District
Congressional:	15
State Senate:	5
State House:	110

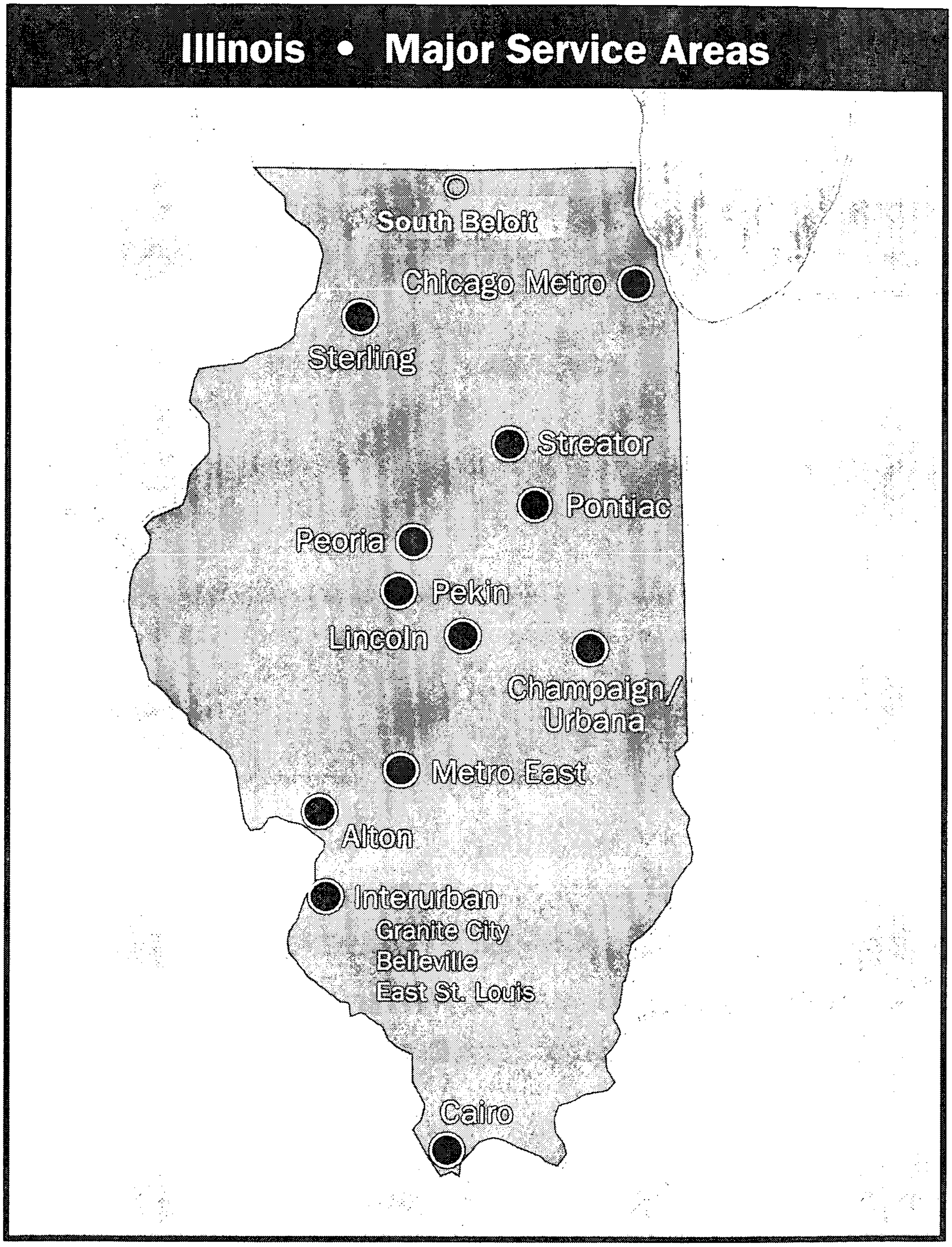
	Chicago Metro Districts (Preliminary)
Congressional:	6, 9, 10, 11, 14
State Senate:	10, 23, 29, 38, 41, 42
State House:	20, 46, 57, 75, 81, 84

	Interurban District (Metro East)
Congressional:	12, 19
State Senate:	56, 57
State House:	111, 112, 113, 114

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

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

Illinois-American Water Company – Major Service Areas



ILLINOIS FINANCE AUTHORITY

CONDUIT

February 10, 2009

$2,500,000
MONTESSORI ELEMENTARY SCHOOL OF SOUTH WEST COOK COUNTY

REQUEST

Purpose: Provide conduit 501(c)(3) financing for construction, to refinance an existing mortgage, to purchase furnishings and equipment and to pay certain bond issuance costs.

Project Description: 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 purchase furnishings and equipment for use therein and pay certain bond issuance costs.

Program: Conduit 501(c)(3) Revenue Bonds

Extraordinary Conditions: No State resources.

BOARD ACTIONS

Final Bond Resolution
Preliminary Bond Resolution: October 23, 2008

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

MATERIAL CHANGES

Financing Structure Finalized

JOB DATA

9	Current jobs	7	New jobs projected
N/A	Retained jobs	50	Construction jobs projected

DESCRIPTION

- Location (Lemont / Will County / North east Region)
- : Montessori School of Southwest Cook County 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 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

CREDIT INDICATORS

- Not Rated
- Direct Bond Purchaser MB Financial Bank

ILLINOIS FINANCE AUTHORITY

CONDUIT

February 10, 2009

$2,500,000
MONTESSORI ELEMENTARY SCHOOL OF SOUTH WEST COOK COUNTY

Proposed Structure	Not Enhanced			
	Direct Bond Purchaser MB Financial			
	The bonds will bear a fixed interest rate of 4.85% with a five year reset.			
	27 Years			
Sources and Uses	IFA Bonds	$2,500,000	Project Cost	$1,830,000
	Equity		Refinancing	570,000
	Bank Financing		Cap Int.	
	Loan		Debt Service Reserve	
			Underwriter / Placement Fees	
	Other Sources		Other Cost of Issuance	100,000
	Total Sources	$2,500,000	Total Uses	$2,500,000
Recommendation	Credit Review Committee Recommends Approval			

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 10, 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
No IFA Funds contributed
No Extraordinary conditions
Material changes from Preliminary: Financing structure finalized

Conduit 501(c)(3) Revenue Bonds
Staff recommends approval

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	$2,500,000	Uses:	Project Costs	$1,830,000
				Refinancing	570,000
				Cost of Issuance	100,000
	Total Sources	$2,500,000		Total Sources	$2,500,000

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:	February 27, 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 (Will 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	30,000
Total Project Costs	$1,830,000

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.

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
IFA Advisors:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott
Issuer's Counsel:	Drinker Biddle & Reath	Chicago	Charles Katz

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

IFA ILLINOIS FINANCE AUTHORITY

NON - CONDUIT

$250,000
VILLAGE OF KINCAID
ALTERNATIVE REVENUE BONDS

February 10, 2009

MORAL OBLIGATION

REQUEST	**Purpose:** Combine the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate. **Project Description:** Provide financing for Village sewer system improvements. **Program**: Product Type: Local Government Moral Obligation Program **State Funds:** $250,000 Moral Obligation of the State at Risk **Conditions:** All local approvals in place prior to closing Annual certification of Debt Service Coverage
BOARD ACTIONS	Preliminary Bond Resolution
MATERIAL CHANGES	None
JOB DATA	16 Current jobs 0 New jobs projected 0 Retained jobs 2 Construction jobs projected
BORROWER DESCRIPTION	• Local Government • Village of / Kincaid / Christian / Central
CREDIT INDICATORS	• Pursuing Rating with Spring 2009 Pool • 1.25x Debt Service Coverage Ability • Surplus Reserve • Debt Service Reserve and/or Depreciation Expense Fund • Moral Obligation
PROPOSED STRUCTURE	Alternate Revenue Bonds backed by system revenues, borrower's reserves, debt service reserve, surplus reserve and State revenue intercept. Maturity Years: 20 Interest Rate: TBD

SOURCES AND USES

IFA Bonds	$250,000	Project Cost:	$225,000
		Underwriter / Placement Fee	$3,000
Other Sources		Other Cost of Issuance	$22,000
Total	**$250,000**	**Total**	**$250,000**

RECOMMENDATION	Credit Review Committee Recommends Approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 10, 2009

Project: **Village of Kincaid**

STATISTICS

Number: L-GP-MO-		Amount:	$250,000 (not to exceed)
Type:	Local Government Pooled Program	Location:	Kincaid, Illinois
County / Region:	Christian / Central	IFA Staff:	Kristi Conrad

BOARD ACTION

Preliminary Bond Resolution
No IFA funds contributed
Staff recommends approval

VOTING RECORD

This is the first time that this project has been presented for Board consideration

PURPOSE

Provide financing for Village sewer system improvements.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate.

JOBS

Current employment: 6 (full time) 10 (part time)	Projected new jobs: 0
Jobs retained: 0	Construction jobs: 2

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$250,000	Uses: Sewer System Improvements	$225,000
			Underwriter	3,000
			Other Costs of Issue	22,000
	Total	$250,000	Total	$250,000

FINANCING SUMMARY

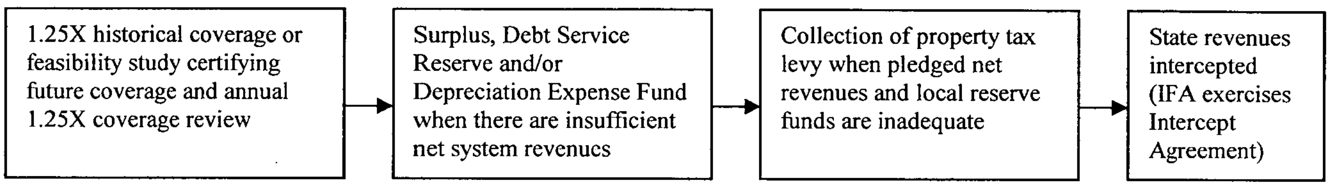
Local Bonds: The bonds will be Alternate Revenue Bonds, with Village's Sewer System's net revenues pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the Village has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The Village must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without holding a voter referendum to do so. The Village will give notice of a "backdoor referendum". A referendum need not be held unless a sufficient number of voters petition to require a referendum approval. In the event that there are not adequate funds for debt service payment, the Village will pledge its interceptable state revenues (State Income Tax, State Sales Tax and State Replacement Tax).

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

The Village will also fund a depreciation account valued at 10% of the bonds. The Village will have up to five years to fund the account. Moneys set aside in the depreciation account are to be used for financed system improvements if or when needed. In addition, depreciation expense account dollars may be used to meet debt service requirements, if the Village is unable to meet its obligations.

Additional security will be provided by an Intercept Agreement between the Village and the IFA. The Village will pass an Ordinance that pledges Village Intercept Revenues to the IFA to provide payment for delinquent or defaulted principal, premium, interest, and other fees related to the issued securities.

Below provides a pictorial review of the local government's flow of funds.

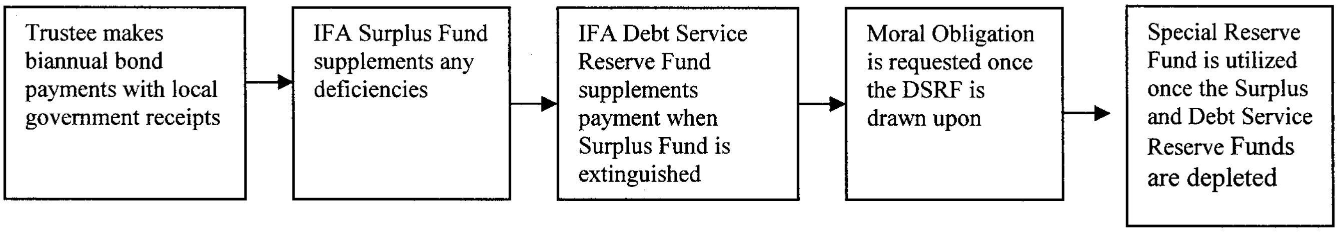


Structure: Principal is expected to be due on February 1, beginning in 2010 with a final maturity in 2029. Interest will be fixed rate and payable each August 1 and February 1, beginning February 1, 2010. The bonds are subject to redemption prior to maturity.

IFA Bonds: As a conduit, the IFA Bonds will be Revenue Bonds. The Pool trustee will collects each of the underlying pool participants' bond payments and then applies these payments to the biannual pool bond payments.

IFA Collateral: **Since the Program's 1990 inception, there has never been a participant default and there has never been a need to draw upon the Debt Service Reserve Fund nor a request for Moral Obligation Funds.** Should the IFA not receive payment from a local government, the IFA's Surplus Fund (totaling approximately $900,000) makes the payment to the bondholders (so as not to incur a delinquency). Should the Surplus Fund be extinguished, the IFA will draw upon the program's Debt Service Reserve Fund (totaling approximately $8.8 million). Upon drawing upon the Debt Service Reserve Fund, the IFA is obligated to notify the Governor's Office that the State's Moral Obligation is requested. If the Debt Service Reserve Fund is entirely exhausted, the IFA may utilize its locally held Special Reserve Fund (totaling approximately $2.5 million). Below provides a pictorial review of the IFA's flow of funds.

IFA's Flow of Funds:



Credit Enhancement: Moral Obligation

Maturity: 20 years

Estimated Closing: Spring 2009

PROJECT SUMMARY

The Village of Kincaid will utilize bond proceeds to update failing and collapsed sewers in the Village.

BUSINESS SUMMARY

The Village of Kincaid, located in Christian County, covers approximately 1.3 square miles and boasts a current population of 1,446. Kincaid is approximately 20 miles southeast of Springfield and serves as a bedroom community for the Village.

The chart provided below offers a comparative analysis of key income indicators between the Village and Illinois.

	Kincaid	Illinois
2007 Estimated Median Household Income	$ 41,200	$ 54,124
2004 Adjusted Gross Income	$ 33,992	$ 54,625
2004 Average Salary	$ 30,753	$ 46,811

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The Village of Kincaid
Location:	114 Central Street, PO Box 615, Kincaid IL 62540
Organization:	Illinois Municipality
Mayor:	Doug Thomas
Treasurer:	Beverly Merano

PROFESSIONAL & FINANCIAL

Underwriter:	TBD		
Underwriter Counsel:	TBD		
Local Bond Counsel:	TBD		
IFA Pooled Bond Counsel	TBD		
Issuers Counsel:	TBD		
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	19^{th} – John M. Shimkus
State Senate:	49^{th} – Deanna Demuzio
State House:	98^{th} Gary Hannig

ILLINOIS FINANCE AUTHORITY

NON-CONDUIT

$300,000
VILLAGE OF COWDEN
ALTERNATIVE REVENUE BONDS

February 10, 2009

MORAL OBLIGATION

REQUEST	**Purpose:** Combine the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate. **Project Description:** Provide financing for Village water system improvements. **Program:** Product Type: Local Government Moral Obligation Program **State Funds:** $300,000.00 Moral Obligation lf the State at Risk **Conditions:** All local approvals in place prior to closing Annual certification of Debt Service Coverage
BOARD ACTIONS	Preliminary Bond Resolution
MATERIAL CHANGES	None

JOB DATA	33	Current jobs		New jobs projected
		Retained jobs	2	Construction jobs projected

BORROWER DESCRIPTION	• Local Government • Village of Cowden /Shelby/ Central
CREDIT INDICATORS	• Pursuing Rating with Spring 2009 Pool • 1.25x Debt Service Coverage Ability • Surplus Reserve • Debt Service Reserve and/or Depreciation Expense Fund • Moral Obligation
PROPOSED STRUCTURE	Alternate Revenue Bonds backed by system revenues, borrower's reserves, debt service reserve, surplus reserve and State revenue intercept. Maturity Years: 30 Interest Rate: TBD

Sources and Uses	IFA Bonds $300,000		Project Cost:	$287,000
			Underwriter / Placement Fee	4,500
	Other Sources		Other Cost of Issuance	8,500
	Total	$300,000	Total	$300,000

Recommendation	Credit Review Committee Recommends Approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 10, 2009

Project: **Village of Cowden**

STATISTICS

Number: L-GP-MO-		Amount:	$300,000 (not to exceed)
Type:	Local Government Pooled Program	Location:	Cowden, Illinois
County / Region: Shelby/ Central		IFA Staff:	Kristi Conrad

BOARD ACTION

Preliminary Bond Resolution
No IFA funds contributed
Staff recommends approval

VOTING RECORD

This is the first time that this project has been presented for Board consideration

PURPOSE

Provide financing for Village water system improvements.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate.

JOBS

Current employment: 0 (full time) 33 (part time)	Projected new jobs: 0
Jobs retained: 0	Construction jobs: 2

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$300,000	Uses: Water System Improvements	$287,000
			Underwriter	4,500
			Other Costs of Issue	8,500
	Total	$300,000	Total	$300,000

FINANCING SUMMARY

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

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

The Village will also fund a depreciation account valued at 10% of the bonds. The Village will have up to five years to fund the account. Moneys set aside in the depreciation account are to be used for financed system improvements if or when needed. In addition, depreciation expense account dollars may be used to meet debt service requirements, if the Village is unable to meet its obligations.

Additional security will be provided by an Intercept Agreement between the Village and the IFA. The Village will pass an Ordinance that pledges Village Intercept Revenues to the IFA to provide payment for delinquent or defaulted principal, premium, interest, and other fees related to the issued securities.

Below provides a pictorial review of the local government's flow of funds.

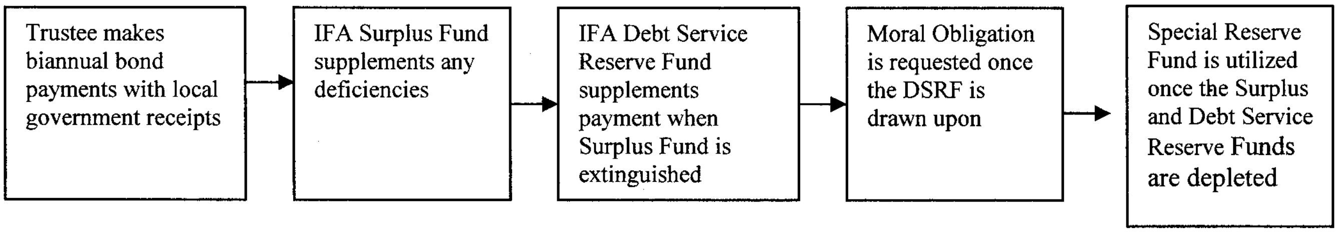
1.25X historical coverage or feasibility study certifying future coverage and annual 1.25X coverage review	→	Surplus, Debt Service Reserve and/or Depreciation Expense Fund when there are insufficient net system revenues	→	Collection of property tax levy when pledged net revenues and local reserve funds are inadequate	→	State revenues intercepted (IFA exercises Intercept Agreement)

Structure: Principal is expected to be due on February 1, beginning in 2010 with a final maturity in 2039. Interest will be fixed rate and payable each August 1 and February 1, beginning February 1, 2010. The bonds are subject to redemption prior to maturity.

IFA Bonds: As a conduit, the IFA Bonds will be Revenue Bonds. The Pool trustee will collects each of the underlying pool participants' bond payments and then applies these payments to the biannual pool bond payments.

IFA Collateral: **Since the Program's 1990 inception, there has never been a participant default and there has never been a need to draw upon the Debt Service Reserve Fund nor a request for Moral Obligation Funds.** Should the IFA not receive payment from a local government, the IFA's Surplus Fund (totaling approximately $900,000) makes the payment to the bondholders (so as not to incur a delinquency). Should the Surplus Fund be extinguished, the IFA will draw upon the program's Debt Service Reserve Fund (totaling approximately $8.8 million). Upon drawing upon the Debt Service Reserve Fund, the IFA is obligated to notify the Governor's Office that the State's Moral Obligation is requested. If the Debt Service Reserve Fund is entirely exhausted, the IFA may utilize its locally held Special Reserve Fund (totaling approximately $2.5 million). Below provides a pictorial review of the IFA's flow of funds.

IFA's Flow of Funds:



Credit Enhancement: Moral Obligation

Maturity: 30 years

Estimated Closing: Spring 2009

PROJECT SUMMARY

The Village wishes to secure financing (to complement Community Development Assistance Program (CDAP) grant that was already received) to make water system infrastructure updates. Specifically, the Village will install a new water tower.

Recipients of DCEO's CDAP grant must secure financed funds to complement the infrastructure project. The community has already received the grant, which will be compromised if the community does not secure complementary funds.

BUSINESS SUMMARY

The Village of Cowden, located in Shelby County, covers approximately 0.4 square miles and boasts a current population of 612. Cowden is approximately 85 miles southeast of Springfield. The chart provided below offers a comparative analysis of key income indicators between the Village and Illinois.

	Cowden	**Illinois**
2007 Estimated Median Household	33,420	54,124
2004 Adjusted Gross Income	30,644	54,625
2004 Average Salary	28,467	46,811

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Village of Cowden
Location: 127 W. Locust, PO Box 127, Cowden IL 62422
Organization: Illinois Municipality
Village President: Loren Barnes

PROFESSIONAL & FINANCIAL

Underwriter:	TBD		
Underwriter Counsel:	TBD		
Local Bond Counsel:	TBD		
IFA Pooled Bond Counsel	TBD		
Issuers Counsel:	TBD		
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 19th – John M. Shimkus
State Senate: 51st – Frank Watson
State House: 102nd – Ron Stephens

IFA
ILLINOIS FINANCE AUTHORITY

NON - CONDUIT

$800,000
VILLAGE OF RIDGWAY
ALTERNATIVE REVENUE BONDS

February 10, 2009

MORAL OBLIGATION

REQUEST	**Purpose:** Combine the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate. **Project Description:** Provide financing for infrastructure improvements to the Village's water treatment plant. **Program**: Product Type: Local Government Moral Obligation Program **State Funds:** $800,000 Moral Obligation of the State at Risk **Conditions:** All local approvals in place prior to closing Annual certification of Debt Service Coverage
BOARD ACTIONS	Preliminary Bond Resolution
MATERIAL CHANGES	None
JOB DATA	9 Current jobs 0 New jobs projected 0 Retained jobs 5 Construction jobs projected
BORROWER DESCRIPTION	• Local Government • Village of / Ridgway / Galletin / Southern
CREDIT INDICATORS	• Pursuing Rating with Spring 2009 Pool • 1.25x Debt Service Coverage Ability • Surplus Reserve • Debt Service Reserve and/or Depreciation Expense Fund • Moral Obligation
PROPOSED STRUCTURE	Alternate Revenue Bonds backed by system revenues, borrower's reserves, debt service reserve, surplus reserve and State revenue intercept. Maturity Years: 30 Interest Rate: TBD

SOURCES AND USES

IFA Bonds	$800,000	Project Cost:	$760,000
		Underwriter / Placement Fee	10,000
Other Sources		Other Cost of Issuance	30,000
Total	**$800,000**	**Total**	**$800,000**

RECOMMENDATION Credit Review Committee Recommends Approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 10, 2009

Project: **Village of Ridgway**

STATISTICS

Number: L-GP-MO-		Amount:	$800,000 (not to exceed)
Type:	Local Government Pooled Program	Location:	Ridgway, Illinois
County / Region: Gallatin / Southern		IFA Staff:	Kristi Conrad

BOARD ACTION

Preliminary Bond Resolution
No IFA funds contributed
Staff recommends approval

VOTING RECORD

This is the first time that this project has been presented for Board consideration

PURPOSE

Provide financing for infrastructure improvements to the Village's water treatment plant.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate.

IFA's February 2009 preliminary approval will be indicated in the Village's application for DCEO's Community Development Assistance Program (CDAP) grant. Ridgway must secure complimentary funding for the project as a condition of receiving CDAP dollars.

JOBS

Current employment: 7 (full time) 2 (part time)	Projected new jobs: 0
Jobs retained: 0	Construction jobs: 5

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$800,000	Uses: Water System Improvements	$760,000
			Underwriter	10,000
			Other Costs of Issue	30,000
	Total	$800,000	Total	$800,000

FINANCING SUMMARY

Local Bonds: The bonds will be Alternate Revenue Bonds, with the Water & Sewer Fund's net revenues pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the Village has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The Village must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without holding a voter referendum to do so. The Village will give notice of a "backdoor referendum". A referendum need not be held unless a sufficient number of voters petition to require a referendum approval. In the event that there are not adequate funds for debt service payment, the Village will pledge its interceptable state revenues (State Income Tax, State Sales Tax and State Replacement Tax).

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

The Village will also fund a depreciation account valued at 10% of the bonds. The Village will have up to five years to fund the account. Moneys set aside in the depreciation account are to be used for financed system improvements if or when needed. In addition, depreciation expense account dollars may be used to meet debt service requirements, if the Village is unable to meet its obligations.

Additional security will be provided by an Intercept Agreement between the Village and the IFA. The Village will pass an Ordinance that pledges Intercept Revenues to the IFA to provide payment for delinquent or defaulted principal, premium, interest, and other fees related to the issued securities.

Below provides a pictorial review of the local government's flow of funds.

1.25X historical coverage or feasibility study certifying future coverage and annual 1.25X coverage review → Surplus, Debt Service Reserve and/or Depreciation Expense Fund when there are insufficient net system revenues → Collection of property tax levy when pledged net revenues and local reserve funds are inadequate → State revenues intercepted (IFA exercises Intercept Agreement)

Structure: Principal is expected to be due on February 1, beginning in 2011 with a final maturity in 2040. Interest will be a fixed rate and payable each August 1 and February 1, beginning February 1, 2011. The bonds are subject to redemption prior to maturity.

Credit Enhancement: Moral Obligation

Maturity: 30 years

Estimated Closing: Spring 2010

IFA Bonds: As a conduit, the IFA Bonds will be Revenue Bonds. The Pool trustee will collects each of the underlying pool participants' bond payments and then applies these payments to the biannual pool bond payments.

IFA Collateral: **Since the Program's 1990 inception, there has never been a participant default and there has never been a need to draw upon the Debt Service Reserve Fund nor a request for Moral Obligation Funds.**
The following reflects the IFA's collection procedures which work in conjunction with
Should the IFA not receive payment from a local government, the IFA's Surplus Fund (totaling approximately $900,000) makes the payment to the bondholders (so as not to incur a delinquency). Should the Surplus Fund be extinguished, the IFA will draw upon the program's Debt Service Reserve Fund (totaling approximately $8.8 million). Upon drawing upon the Debt Service Reserve Fund, the IFA is obligated to notify the Governor's Office that the State's Moral Obligation is requested. If the Debt Service Reserve Fund is entirely exhausted, the IFA may utilize its locally held Special Reserve Fund (totaling approximately $2.5 million). Below provides a pictorial review of the IFA's flow of funds.

IFA's Flow of Funds:

Trustee makes biannual bond payments with local government receipts → IFA Surplus Fund supplements any deficiencies → IFA Debt Service Reserve Fund supplements payment when Surplus Fund is extinguished → Moral Obligation is requested once the DSRF is drawn upon → Special Reserve Fund is utilized once the Surplus and Debt Service Reserve Funds are depleted

PROJECT SUMMARY

The Village will utilize bond proceeds towards water system infrastructure improvements. Ridgway's water treatment plant is over thirty years old and the components have deteriorated beyond repair. Improvements are also needed, due to the fact that the water supply has high amounts of arsenic.

The Village will utilize the IFA's preliminary approval of financing when applying for the Department of Commerce and Economic Opportunity's (DCEO) Community Development Assistance Program (CDAP) Grant. Should the community be awarded grant funds, only a portion of the requested financing will be necessary. If they are not awarded the grant, the community intends to finance the entire project (for $800,000).

BUSINESS SUMMARY

The Village of Ridgway, located in Gallatin County, covers approximately 1 square mile and has a current population of 982. Ridgway is approximately 160 miles southeast of St. Louis.

The chart provided below offers a comparative analysis of key income indicators between the Village and Illinois.

	Ridgway	**Illinois**
2007 Estimated Median Household Income	32,200	54,124
2004 Adjusted Gross Income	37,494	54,625
2004 Average Salary	29,380	46,811

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Village of Ridgway
Location: 112 Edwards Street, PO Box 627, Ridgway 62979
Organization: Illinois Village
Village President: Rebecca Mitchell

PROFESSIONAL & FINANCIAL

Underwriter:	TBD		
Underwriter Counsel:	TBD		
Local Bond Counsel:	TBD		
IFA Pooled Bond Counsel	TBD		
Issuers Counsel:	TBD		
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 19th – John M. Shimkus
State Senate: 59th – Gary Forby
State House: 118th – Brandon W. Phelps

IFA ILLINOIS FINANCE AUTHORITY

NON - CONDUIT

$250,000
VILLAGE OF BLANDINSVILLE
ALTERNATIVE REVENUE BONDS

February 10, 2009

MORAL OBLIGATION

REQUEST	**Purpose:** Combine the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate. **Project Description:** Provide financing for Village water system improvements. **Program**: Product Type: Local Government Moral Obligation Program **State Funds:** $250,000 Moral Obligation of the State at Risk **Conditions:** All local approvals in place prior to closing Annual certification of Debt Service Coverage
BOARD ACTIONS	Preliminary Bond Resolution
MATERIAL CHANGES	None
JOB DATA	19 Current jobs; 0 New jobs projected 0 Retained jobs; 2 Construction jobs projected
BORROWER DESCRIPTION	• Local Government • Village of / Blandinsville / McDonough / West Central
CREDIT INDICATORS	• Pursuing Rating with Spring 2009 Pool • 1.25x Debt Service Coverage Ability • Surplus Reserve • Debt Service Reserve and/or Depreciation Expense Fund • Moral Obligation
PROPOSED STRUCTURE	Alternate Revenue Bonds backed by system revenues, borrower's reserves, debt service reserve, surplus reserve and State revenue intercept. Maturity Years: 30 Interest Rate: TBD

SOURCES AND USES

Sources		Uses	
IFA Bonds	$250,000	Project Cost:	$225,000
		Underwriter / Placement Fee	$3,000
Other Sources		Other Cost of Issuance	$22,000
Total	**$250,000**	**Total**	**$250,000**

RECOMMENDATION Credit Review Committee Recommends Approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 10, 2009

Project: **Village of Blandinsville**

STATISTICS

Number: L-GP-MO-		Amount:	$250,000 (not to exceed)
Type:	Local Government Pooled Program	Location:	Blandinsville, Illinois
County / Region:	McDonough / West Central	IFA Staff:	Kristi Conrad

BOARD ACTION

Preliminary Bond Resolution
No IFA funds contributed
Staff recommends approval

VOTING RECORD

This is the first time that this project has been presented for Board consideration

PURPOSE

Provide financing for Village water system improvements.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate.

IFA's February 2009 preliminary approval will be indicated in the Village's application for DCEO's Community Development Assistance Program (CDAP) grant. Blandinsville must secure complimentary funding for the project as a condition of receiving CDAP dollars.

JOBS

Current employment: 0 (full time) 19 (part time)	Projected new jobs: 0
Jobs retained: 0	Construction jobs: 2

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$250,000	Uses: Water System Improvements	$225,000
			Underwriter	3,000
			Other Costs of Issue	22,000
	Total	$250,000	Total	$250,000

FINANCING SUMMARY

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

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

The Village will also fund a depreciation account valued at 10% of the bonds. The Village will have up to five years to fund the account. Moneys set aside in the depreciation account are to be used for financed system improvements if or when needed. In addition, depreciation expense account dollars may be used to meet debt service requirements, if the Village is unable to meet its obligations.

Additional security will be provided by an Intercept Agreement between the Village and the IFA. The Village will pass an Ordinance that pledges Village Intercept Revenues to the IFA to provide payment for delinquent or defaulted principal, premium, interest, and other fees related to the issued securities.

Below provides a pictorial review of the local government's flow of funds.

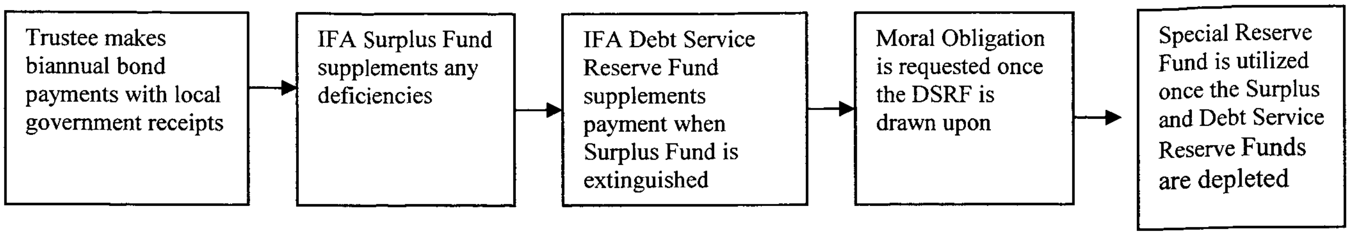
1.25X historical coverage or feasibility study certifying future coverage and annual 1.25X coverage review	→	Surplus, Debt Service Reserve and/or Depreciation Expense Fund when there are insufficient net system revenues	→	Collection of property tax levy when pledged net revenues and local reserve funds are inadequate	→	State revenues intercepted (IFA exercises Intercept Agreement)

Structure: Principal is expected to be due on February 1, beginning in 2011 with a final maturity in 2039. Interest will be fixed rate and payable each August 1 and February 1, beginning February 1, 2011 The bonds are subject to redemption prior to maturity.

IFA Bonds: As a conduit, the IFA Bonds will be Revenue Bonds. The Pool trustee will collects each of the underlying pool participants' bond payments and then applies these payments to the biannual pool bond payments.

IFA Collateral: **Since the Program's 1990 inception, there has never been a participant default and there has never been a need to draw upon the Debt Service Reserve Fund nor a request for Moral Obligation Funds.** Should the IFA not receive payment from a local government, the IFA's Surplus Fund (totaling approximately $900,000) makes the payment to the bondholders (so as not to incur a delinquency). Should the Surplus Fund be extinguished, the IFA will draw upon the program's Debt Service Reserve Fund (totaling approximately $8.8 million). Upon drawing upon the Debt Service Reserve Fund, the IFA is obligated to notify the Governor's Office that the State's Moral Obligation is requested. If the Debt Service Reserve Fund is entirely exhausted, the IFA may utilize its locally held Special Reserve Fund (totaling approximately $2.5 million). Below provides a pictorial review of the IFA's flow of funds.

IFA's Flow of Funds:



Credit Enhancement: Moral Obligation

Maturity: 30 years

Estimated Closing: Spring 2009

PROJECT SUMMARY

The Village of Blandinsville wishes to replace their existing 50,000 gallon elevated water storage tank with a 100,000 gallon tank. The exiting tank is painted with lead based paint, the steel is severely pitted and the railings, walks and ladders do not meet OSHA standards.

BUSINESS SUMMARY

The Village of Blandinsville, located in McDonough County, covers approximately 0.9 square miles and boasts a current population of 777. Blandinsville is approximately 100 miles west of Peoria.

The chart provided below offers a comparative analysis of key income indicators between the Village and Illinois.

	Blandinsville	Illinois
2007 Estimated Median Household Income	40,660	54,124
2004 Adjusted Gross Income	32,998	54,625
2004 Average Salary	26,772	46,811

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The Village of Blandinsville
Location:	100 West Washington, Blandisville, IL 61420
Organization:	Illinois Municipality
Village:	
President:	Marilyn Moore

PROFESSIONAL & FINANCIAL

Underwriter:	TBD		
Underwriter Counsel:	TBD		
Local Bond Counsel:	TBD		
IFA Pooled Bond Counsel	TBD		
Issuers Counsel:	TBD		
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	17th – Phil Hare
State Senate:	47th – John M. Sullivan
State House:	94th – Richard P. Myers

NON-CONDUIT

IFA ILLINOIS FINANCE AUTHORITY

$750,000
CITY OF SUMNER
ALTERNATIVE REVENUE BONDS

February 10, 2009

MORAL OBLIGATION

REQUEST	**Purpose:** Combine the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate. **Project Description:** Provide financing for City water system improvements. **Program**: Product Type: Local Government Moral Obligation Program **State Funds:** $750,000 Moral Obligation of the State at Risk **Conditions:** All local approvals in place prior to closing Annual certification of Debt Service Coverage
BOARD ACTIONS	Preliminary Bond Resolution
MATERIAL CHANGES	None
JOB DATA	24 Current jobs / New jobs projected Retained jobs / 5 Construction jobs projected
BORROWER DESCRIPTION	• Local Government • City of Sumner /Lawrence/ Southeastern
CREDIT INDICATORS	• Pursuing Rating with Spring 2009 Pool • 1.25x Debt Service Coverage Ability • Surplus Reserve • Debt Service Reserve and/or Depreciation Expense Fund • Moral Obligation
Proposed Structure	Alternate Revenue Bonds backed by system revenues, borrower's reserves, debt service reserve, surplus reserve and State revenue intercept. Maturity Years: 30 Interest Rate: TBD

Sources and Uses

Sources		Uses	
IFA Bonds	$750,000	Project Cost:	$710,000
		Underwriter / Placement Fee	9,000
Other Sources		Other Cost of Issuance	31,500
Total	$750,000	Total	

Recommendation Credit Review Committee Recommends Approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 10, 2009

Project: **City of Sumner**

STATISTICS

Number:	L-GP-MO-	Amount:	$750,000 (not to exceed)
Type:	Local Government Pooled Program	Location:	Sumner, Illinois
County / Region:	Lawrence / Southeastern	IFA Staff:	Kristi Conrad

BOARD ACTION

Preliminary Bond Resolution
No IFA funds contributed
Staff recommends approval

VOTING RECORD

This is the first time that this project has been presented for Board consideration

PURPOSE

Provide financing for City water system infrastructure improvements.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate.

IFA's February 2009 preliminary approval will be indicated in the City's application for DCEO's Community Development Assistance Program (CDAP) grant. Sumner must secure complimentary funding for the project as a condition of receiving CDAP dollars.

JOBS

Current employment: 5 (full time) 19 (part time)	Projected new jobs: 0
Jobs retained: 0	Construction jobs: 5

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$750,000	Uses: Water System Improvements	$710,000
			Underwriter	9,000
			Other Costs of Issue	31,000
	Total	$750,000	Total	$750,000

FINANCING SUMMARY

Local Bonds: The bonds will be Alternate Revenue Bonds, with City's Water System's net revenues pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the City has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The City must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without holding a voter referendum to do so. The City will give notice of a "backdoor referendum". A referendum need not be held unless a sufficient number of voters petition to require a referendum approval. In the event that there are not adequate funds for debt service payment, the City will pledge its interceptable state revenues (State Income Tax, State Sales Tax and State Replacement Tax).

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

The City will also fund a depreciation account valued at 10% of the bonds. The City will have up to five years to fund the account. Moneys set aside in the depreciation account are to be used for financed system improvements if or when needed. In addition, depreciation expense account dollars may be used to meet debt service requirements, if the Village is unable to meet its obligations.

Additional security will be provided by an Intercept Agreement between the City and the IFA. The City will pass an Ordinance that pledges City Intercept Revenues to the IFA to provide payment for delinquent or defaulted principal, premium, interest, and other fees related to the issued securities.

Below provides a pictorial review of the local government's flow of funds.

1.25X historical coverage or feasibility study certifying future coverage and annual 1.25X coverage review	→	Surplus, Debt Service Reserve and/or Depreciation Expense Fund when there are insufficient net system revenues	→	Collection of property tax levy when pledged net revenues and local reserve funds are inadequate	→	State revenues intercepted (IFA exercises Intercept Agreement)

Structure: Principal is expected to be due on February 1, beginning in 2011 with a final maturity in 2040. Interest will be fixed rate and payable each August 1 and February 1, beginning February 1, 2011. The bonds are subject to redemption prior to maturity.

Credit Enhancement: Moral Obligation

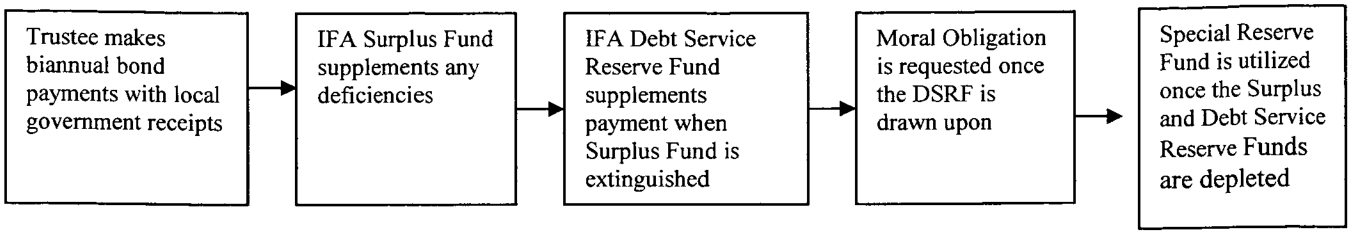
Maturity: 30 years

Estimated Closing: Spring 2010

IFA Bonds: As a conduit, the IFA Bonds will be Revenue Bonds. The Pool trustee will collects each of the underlying pool participants' bond payments and then applies these payments to the biannual pool bond payments.

IFA Collateral: **Since the Program's 1990 inception, there has never been a participant default and there has never been a need to draw upon the Debt Service Reserve Fund nor a request for Moral Obligation Funds.** Should the IFA not receive payment from a local government, the IFA's Surplus Fund (totaling approximately $900,000) makes the payment to the bondholders (so as not to incur a delinquency). Should the Surplus Fund be extinguished, the IFA will draw upon the program's Debt Service Reserve Fund (totaling approximately $8.8 million). Upon drawing upon the Debt Service Reserve Fund, the IFA is obligated to notify the Governor's Office that the State's Moral Obligation is requested. If the Debt Service Reserve Fund is entirely exhausted, the IFA may utilize its locally held Special Reserve Fund (totaling approximately $2.5 million). Below provides a pictorial review of the IFA's flow of funds.

IFA's Flow of Funds:



PROJECT SUMMARY

The City of Sumner will use bond proceeds for costs related to water system infrastructure improvements. The City has been plagued with inconsistencies in their water supply received from the City of Lawrenceville. The inconsistencies have included high nitrate levels. Recently, the City of Lawrenceville was unable to produce water due to a flooding emergency. This project will allow the City of Sumner to construct a new water tower and establish an emergency connection with an alternate water source, being the South Lawrence Water District. The City of Sumner services its own residents, and also services the IDOC Lawrence County Correctional Facility. This project will provide a more consistent and reliable source of water to both of these entities.

The City will be utilizing the IFA's preliminary approval when applying for DCEO's Community Development Assistance Program (CDAP) grant. Sumner must secure complimentary funding for the project as a condition of receiving CDAP dollars.

BUSINESS SUMMARY

The City of Sumner, located in Lawrence County, covers approximately 1 square mile and boasts a current population of 1,799. Sumner is approximately 140 miles southwest of Indianapolis.

The chart provided below offers a comparative analysis of key income indicators between the City and Illinois.

	Sumner	**Illinois**
2007 Estimated Median Household Income	29,700	54,124
2004 Adjusted Gross Income	33,551	54,625
2004 Average Salary	29,802	46,811

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The City of Sumner
Location:	110 E. South Street, Sumner IL 62466
Organization:	Illinois Non Home Rule City
Mayor:	Betty Brian

PROFESSIONAL & FINANCIAL

Underwriter:	TBD		
Underwriter Counsel:	TBD		
Local Bond Counsel:	TBD		
IFA Pooled Bond Counsel	TBD		
Issuers Counsel:	TBD		
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	15th, 19th– Timothy Johnson, John Shimkus
State Senate:	55th – Dale Righter
State House:	109th- Roger Eddy

IFA
ILLINOIS FINANCE AUTHORITY

CONDUIT

February 10, 2009

$48,000,000
REHABILITATION INSTITUTE OF CHICAGO ("RIC")

REQUEST	**Purpose**: to (1) refinance the Series 2003 tax-exempt direct note obligation, which has approximately $6.1 million outstanding; (2) refinance a term note with an outstanding amount of approximately $4.3 million and (2) fund a $28 million acquisition of land located near the current campus in Chicago, Illinois that is intended to be the future site of a hospital replacement facility **Project Description**: Refinance all of RIC's Series 2003 direct note obligation and its term note. Fund the $28 million acquisition of land located near the current campus in Chicago, Illinois. RIC intends to use the land as the site for the future replacement rehabilitation hospital **Program**: Conduit 501(c)(3) Revenue Bonds **Extraordinary Conditions**: None.
BOARD ACTIONS	Preliminary Bond Resolution
MATERIAL CHANGES	None
JOB DATA	1,278 Current jobs — 0 New jobs projected 1,278 Retained jobs — 0 Construction jobs projected
DESCRIPTION	• Location (Chicago/ Cook County / Northeast Region) • RIC operates a 155-bed hospital and outpatient facility located in downtown Chicago near the medical center campus of Northwestern University as well as a number of other non-hospital facilities in the Chicago metropolitan area. • RIC's mission is to provide for quality programs in patient care, education and research and to strive for the fullest assimilation and acceptance of the physically disabled in the community. • The land acquisition located near the current campus in Chicago, Illinois will serve as RIC's location for a future replacement facility, as RIC has determined that constructing a new facility is the most cost effective way to meet the latest rehabilitation facility standards while also increasing its capacity
CREDIT INDICATORS	• Long Term and Short Term ratings will be determined by the LOC provider. • LOC bank has not yet be determined.
Proposed Structure	• Enhanced by a Direct Pay Letter of Credit • Variable Rate Demand Bonds • Maturity to be determined

Sources and Uses				
	IFA Bonds	$38,500,000	Refinancing	$10,000,000
			Land Acquisition	$28,000,000
			Issuance Costs	$500,000
	Total	**$38,500,000**	Total	**$38,500,000**

Recommendation Credit Committee recommends approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 10, 2009

Project: Rehabilitation Institute of Chicago ("RIC")

STATISTICS

Project Number: H-HO-TE-CD- 8205
Type: 501(c)(3) Bonds
County/Region: Cook County/Northeast

Amount: $48,000,000 (Not-to-Exceed)
IFA Staff: Pam Lenane and Dana Sodikoff
City: Chicago

BOARD ACTION

Preliminary Bond Resolution
Conduit 501 (c)(3) bonds
No IFA funds at risk

Credit Committee recommends approval
No extraordinary conditions

VOTING RECORD

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

PURPOSE

Use of proceeds: Bonds will be used to (1) refinance the Series 2003 tax-exempt direct note obligation, which has approximately $6.1 million outstanding; (2) refinance a term note with an outstanding amount of approximately $4.3 million and (2) fund a $28 million acquisition of land located near the current campus in Chicago, Illinois that is intended to be the future site of a hospital replacement facility.

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: 1,278 FTE's
Jobs retained: 1,278 FTE's

Projected new jobs: 0
Construction jobs: 0

ESTIMATED SOURCES AND USES OF FUNDS (1,2)

Sources:	IFA bonds	$38,500,000	Uses:	Refinancing	$10,000,000
				Land acquisition	28,000,000
				Issuance Costs	500,000
	Total	$38,500,000		Total	$38,500,000

(1) Although the not-to-exceed amount is $48 million, the Obligated Group anticipates issuing approximately $39 million in bonds.
(2) Estimate does not include a debt service reserve fund, which may or may not ultimately be used.

FINANCING SUMMARY/STRUCTURE

Security: The bonds are expected to be secured by an obligation of Rehabilitation Institute of Chicago, the sole member of the Obligated Group, under a Master Trust Indenture. Such obligation will include a pledge of revenues and may or may not include a debt service reserve fund.

Structure: The plan of finance contemplates issuing weekly Variable Rate Demand Bonds ("VRDBs") supported by a direct pay letter of credit ("LOC"). The LOC provider has yet to be determined, but will carry a long-term rating of A- or better.

Interest Rate: Variable

Interest Mode: VRDBs reset weekly and are paid monthly.

Credit Enhancement: Direct pay LOC

Maturity: To be determined.

Rating: Long-term and short-term ratings based upon the LOC obtained, but will carry a long-term rating of A- or better.

Estimated Closing Date: Late March or early April.

PROJECT SUMMARY

Refinance all of RIC's Series 2003 direct note obligation and its term note. Fund the $28 million acquisition of land located near the current campus in Chicago, Illinois. RIC intends to use the land as the site for the future replacement rehabilitation hospital.

BUSINESS SUMMARY

Description of Business:
The Rehabilitation Institute of Chicago is the sole member of the Obligated Group. RIC's mission is to provide for quality programs in patient care, education and research and to strive for the fullest assimilation and acceptance of the physically disabled in the community. It operates a health care system specializing in providing comprehensive rehabilitation services to the physically disabled through an array of diagnostic and therapeutic services including physical, occupational and speech therapies. RIC operates a 155-bed hospital and outpatient facility located in downtown Chicago near the medical center campus of Northwestern University as well as a number of other non-hospital facilities in the Chicago metropolitan area. These facilities provide various day rehabilitation, outpatient, vocational and recreational care and activities.

Project Rationale: The land acquisition located near the current campus in Chicago, Illinois will serve as RIC's location for a future replacement facility, as RIC has determined that constructing a new facility is the most cost effective way to meet the latest rehabilitation facility standards while also increasing its capacity. Construction for the new facility is expected to begin within the next 3 - 5 years.

Timing: Closing is estimated to be in late March or early April. RIC expects to purchase the land in the fourth quarter of calendar year 2009.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Rehabilitation Institute of Chicago
Project Location: The northwest corner of Ontario and McClurg Court in the Chicago, Illinois
Borrower: Rehabilitation Institute of Chicago
Ownership/Board Members (501c3): M. Jude Reyes, Thomas A. Reynolds III, Esq., The Honorable Wayne R. Andersen, Susan Barclay, John H. Catlin, William Cernugel, Wesley M. Dixon, Jr., Daniel D. Dolan, Jr., Polly B. Kawalek, Michael P. Krasny, William E. Lowry, Jr., Andrew J. McKenna, Jr., David D. Olson, Joanne C. Smith, MD, Marilynn Thoma

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PROFESSIONAL & FINANCIAL

Borrower's Counsel: Nancy Paridy, RIC, Senior Vice President, General Counsel & Government Affairs

Accountant:	Deloitte & Touche LLP	Chicago	
Bond Counsel:	Sonnenschein Nath & Rosenthal, LLP	Chicago	Katie Ashton
Credit Enhancer:	TBD		
Bank Counsel:	TBD		
Bond Underwriter:	TBD	Chicago	TBD
Underwriter's Counsel:	TBD	Chicago	TBD

Trustee:	TBD	Chicago	TBD
Issuer's Counsel:	Requested	Chicago	Requested
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 7 – Danny K. Davis
State Senate: 13 – Kwame Raoul
State House: 26 – William D. "Will" Burns

SERVICE AREA

RIC's primary service area is the city of Chicago and the surrounding suburbs. RIC has developed strategic relationships with community hospitals extending to these communities our unique rehabilitation services. RIC also has strong referral relationships with Chicago's premier academic institutions. In addition to servicing the Chicagoland area, RIC maintains an international reach. In recent years RIC has gained significant exposure through providing leading services to our returning military heroes.

Illinois Finance Authority
Memorandum

To: IFA Board of Directors

From: Pam Lenane and Dana Sodikoff

Date: January 23, 2009

Re: Request to add additional underwriters, request to add additional re-marketing agents and request to add additional letter of credit provider: to engage additional underwriters, re-marketing agents, and Letter of Credit providers as agreed to by the Borrower and the Illinois Finance Authority, (University of Chicago Medical Center: H-HO-TE-CD-8118)

The IFA Board approved a $185 million 501(c)(3) Final Bond Resolution for The University of Chicago Medical Center at the September 9, 2008 Board Meeting. At the time the project was initially considered, JP Morgan Securities, Inc was serving as lead underwriter, JP Morgan Securities, Inc was the re-marketing agent and Wells Fargo Bank, N.A. was the Letter of Credit Provider.

Since September, 2008, The University of Chicago Medical Center has decided to add additional members to the financing team and requests the Illinois Finance Authority's approval of the following additions:

<u>Additional Co-Managing Underwriters:</u>
-BMO Capital Markets, Inc.
-Cabrera Capital Markets, LLC
-Wells Fargo Brokerage Services, LLC

<u>Additional Co-Re-Marketing Agents:</u>
-BMO Capital Markets, Inc.
-Wells Fargo Brokerage Services, LLC

<u>Additional Co-Letter of Credit Provider:</u>
- BMO Capital Markets GKST, Inc.

The transaction is presently scheduled to close on February 12, 2009.

Staff recommends approval of the request.

The voting record of this Final Bond Resolution for University of Chicago Medical Center was approved at the September 9, 2008 Board meeting as follows:

Ayes:	9
Nays:	0
Abstentions:	0
Absent:	2
Vacancy:	4

AMENDMENT TO
RESOLUTION NUMBER 2009-02-10

WHEREAS, the Illinois Finance Authority (the "Authority") has been created by, and exists under, the Illinois Finance Authority Act, as amended (the "Act"); and

WHEREAS, on September 9, 2008, the Authority passed Resolution Number 2008-09-17 (the "Original Resolution") for the benefit of The University of Chicago Medical Center, an Illinois not for profit corporation (the "Corporation"), authorizing and approving the issuance of one or more series of bonds hereinafter referred to as the "Series 2009 Bonds"; and

WHEREAS, the Corporation has requested that the Authority amend the provisions of the Original Resolution in order to allow for the addition of BMO Capital Markets GKST Inc., Cabrera Capital Markets, LLC, Wells Fargo Brokerage Services, LLC, and/or such other purchasers as may be approved by the Authority and the Corporation to be included as parties to the Purchase Contracts as described in the Original Resolution; and

WHEREAS, the Corporation has requested that the Authority amend the provisions of the Original Resolution in order to allow for the addition of BMO Capital Markets GKST Inc. and Wells Fargo Brokerage Services, LLC, or such other remarketing agents as may be approved by the Authority and the Corporation to be included as parties to the Remarketing Agreements as described in the Original Resolution; and

WHEREAS, the Corporation has requested that the Authority amend the provisions of the Original Resolution in order to allow for the addition of Bank of Montreal, acting through its Chicago branch, or such other bank or banks as may be approved by the Authority and the Corporation to be included as a party to the Reimbursement Agreements described in the Original Resolution;

NOW, THEREFORE, BE IT RESOLVED by the Illinois Finance Authority as follows:

Section 1. For purposes of the Original Resolution, all references to Purchaser, J.P. Morgan Securities, Inc., as purchaser of the Series 2009 Bonds are hereby amended to refer to J.P. Morgan Securities, Inc., BMO Capital Markets GKST Inc., Cabrera Capital Markets, LLC, Wells Fargo Brokerage Services, LLC and/or such other firm or firms of municipal bond underwriters as may be approved by the Authority (with execution of the Purchase Contracts constituting approval by the Authority) and the Corporation.

Section 2. For purposes of the Original Resolution, all references to J.P. Morgan Securities, Inc. as the Remarketing Agent for the Series 2009 Bonds are hereby amended to refer to J.P. Morgan Securities, Inc., BMO Capital Markets GKST Inc., Wells Fargo Brokerage Services, LLC and/or such other firm or firms of remarketing agents as may be approved by the Authority (with execution of the Loan Agreements referred to in the Original Resolution constituting approval by the Authority) and the Corporation.

Section 3. For purposes of the Original Resolution, all references to Initial Credit Facility Issuer and Wells Fargo Bank, N.A., as letter of credit provider, are hereby amended to refer to Wells Fargo Bank, N.A., Bank of Montreal, acting through its Chicago branch, and/or such other bank or banks as may be approved by the Authority (with execution of the Loan Agreements referred to in the Original Resolution constituting approval by the Authority) and the Corporation.

Section 4. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents as may be necessary to carry out and comply with the provisions of this Resolution, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved.

Section 5. This Resolution is intended to confer additional authority to act under the Original Resolution and the Original Resolution shall remain in full force and is hereby ratified, provided, that the Original Resolution is hereby amended to the extent that it is not consistent with this Resolution.

ADOPTED this 10th day of February, 2009 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

____

Secretary

Illinois Finance Authority

Memorandum

To: Board of Directors

From: Eric Reed, Senior Funding Manager

Re: Request by Bank of Springfield and Applewood Farms LLC to:
1) Allow a 6 month principal deferral of payments on 2 IFA guaranteed loans
2) Extend the maturity date of the promissory notes and IFA Guarantees for 2 loans
3) Allow subordination to ADM Nutrition for specific collateral of 5,200 weaned pigs in an amount not to exceed $73,000.00.
(Loan numbers 2006-AI-0801 and 2007-SL-0701)

***The above requests were approved on 2/3/09 by the IFA Agricultural Loan Committee subject to:**
1) Receipt and review of updated personal financial statements for Dr. Alan Wildt and Giertz Bros
2) Requirement from Applewood Farms to provide monthly updates to IFA on herd health status
3) Review and concurrence of proposed subordination agreement from IFA General Counsel

Applewood Farms LLC is a large farrow to wean hog operation located near Virginia, which manages 9,880 sows, who produce approximately 220,000 pigs annually for sale. The company's sow herd is located in eight leased facilities, located in various locations. Dr. Alan Wildt is the majority owner of the company and is responsible for all daily operations, marketing, and herd health. Dr. Wildt has 20 years of experience in veterinary medicine, half of which has been in the swine industry.

Applewood Farms LLC (Applewood) was created by Dr. Wildt and his partners in 2006 in order to provide a reliable, high quality, and uniform source of weaned pigs for Applewood's member owners and other area producers. The company started production with 6,300 sows and increased production capacity to 9,200 sows in 2007 with the acquisition of additional leased facilities. Total production capacity has increased from internal growth to 9,880 sows, which produce approximately 220,000 weaned pigs annually.

Applewood and BoS have requested a 6 month principal deferral, which will also require the extension of the loan guarantee maturities, due to an infection of the sow herd by the PRRS virus. BoS has already carefully examined and approved Applewood's request for deferral and maturity extension on their loans, and is asking for IFA's concurrence on the request. Unfortunately, even well managed operations such as Applewood can become victims of PRRS disease which results in the loss of production while the disease is being treated and in many cases could result in the need to cull sows from the heard. BoS has tremendous confidence in Dr. Wildt's management ability to solve the disease problem and rebuild Applewood's herd. It is expected the impact on cash flow will be 10 to 18 weeks. Applewood estimates that 7,200 of the herd's 9,880 sows are infected with PRRS.

The Bank of Springfield (BoS) originated two loans to fund the initial startup of the company as well as the 2007 expansion for Applewood. The original loan in 2006 was funded for $1,649,330 to fund the purchase of breeding stock, equipment, and various startup costs. The loan, which was written with a 6 month interest only period followed by a 36 month amortization, currently has a principal balance of $737,102 and matures on 1/10/10. BoS originated a second loan in 2007 to fund the expansion of the sow herd by 2,000 sows, bringing the total sow herd to 9,200 sows at full production capacity. The second loan, which was funded in the amount of $300,000 was also written with a 36 month amortization. The loan currently has a principal balance of $171,828 and matures 7/20/10. With the approval for the maturity extensions, the two loans would then mature on 7/10/10 and 1/20/11, respectively. Both of the loans for Applewood are 85% guaranteed by the IFA, which provides exposure to IFA of approximately $785,522 under the guarantee. Both of the loans have performed very well with rapid repayment of the principal and all payments are kept current. Under the terms of the deferment, all interest payments will be kept current.

The PRRS virus, (pronounced as PURS) is the acronym for Porcine Reproductive and Respiratory Syndrome, which is a problematic virus in the swine industry. The virus shows no outward signs in the animals and must be tested for by management. The infection of the herd is not related in any way to a management deficiency. Dr. Wildt is an excellent manager according to BoS, who provides excellent care for all livestock and implemented a plan at inception of the business to segregate animals in various locations to guard against diseases.

PRRS is a common virus, which as the name suggests, affects the reproductive cycle and respiratory systems in swine. Reproduction is impacted by the virus as it usually causes abortions, stillbirths, and weak born piglets. The result is smaller and weaker litter sizes produced by each sow, which reduces the number and quality of pigs produced by the producer. The pig's respiratory system is impacted by the virus' infection of the animal's immune system in the lungs. This infection can easily cause pneumonia or sudden death. While the origination of the virus is not known, it is thought to spread in a sow herd through the breeding process from the use of infected boar semen during the artificial insemination process.

Dr. Wildt has an aggressive plan to treat the herd for PRRS in order to regain overall herd health and obtain a PRRS negative rating for the herd. He estimates the production capacity of the herd will be compromised for 10 weeks, after which he expects to begin to see improvement from vaccination. In many cases, sows infected with the PRRS virus are culled from the herd and replaced with new guilts. However, Dr. Wildt feels he can vaccinate the herd and maintain his current inventory of sows. From discussions with BoS, it is impossible to estimate how many of the sows may need to be replaced. In a worst case scenario, none of the sows would respond to vaccination and be able to produce healthy pigs for resale. In that case, the sows would have to be culled from the herd, sold a slaughter price, and Applewood would have to replace these sows with new guilts, which they produce internally. The IFA along with BoS will require a monthly summary report of Applewood's progress in restoring the health of the sow heard and restoring production capabilities. Should Applewood need to replace a portion of the sows, they will have the option to do so, as Applewood's guilt replacement unit has not been infected by PRRS, which will allow Applewood to continue to produce quality guilts for future sows. If the entire portion of the infected sow herd is lost from production capabilities, this would further delay Applewood's timeline for regaining production capacity.

According to BoS, Dr. Wildt has indicated that 3 weeks of the total treatment period have transpired. Over the course of the next 2 months the infected sows will be non-productive, which will severely impact cash flow. Applewood has accumulated and maintained strong cash reserves, which will help them weather this downturn. Applewood also has a $300,000 line of credit with BoS, which currently has a zero balance, although BoS has indicated it is Dr. Wildt's preference not to use the line of credit if at all possible. According to the attached monthly cash flow, Applewood estimates it will return to profitability in May of 2009. Under the current loan agreement between Applewood, BoS, and the IFA, the borrower must submit quarterly financial statements to IFA for review. During, the deferral period, staff suggests that IFA ask for monthly financial statements, after which the borrower may resume submission of quarterly statements.

Applewood and BoS have also requested concurrence by IFA to allow a subordination of collateral on 5,200 head of weaned pigs with a maximum subordination amount of $73,000 to ADM. These pigs have recently been born by the infected sows and thus are also infected by PRRS as well. Currently there is little or no demand for these animals, which would likely result in the pigs being destroyed. Because of Dr. Wildt's veterinary expertise, he feels he can vaccinate these pigs and eventually sell them as feeder pigs. He would like to raise these pigs to 50 pounds and then sell them on the open market. Once the pigs reach 50 pounds, they are usually healthy, which will attract finishers, who will likely purchase them and finish them to market weight for sale. Applewood has secured nursery space for these pigs, which will allow them keep the pigs and complete this process. Applewood estimates that by retaining these animals, they will be able to realize a small profit from their sale, rather than destroying them. Dr. Wildt estimates that he will incur a $40/head expense for each pig and sell them for $50-$60 per pig based on the current futures market. Of the $40/head total expense, Dr. Wildt estimates that feed inputs financed by ADM Nutrition will be $14/head. Based on 5,200 pigs, the maximum amount of the subordination should be $73,000. This means that no matter what the sale proceeds of the animals is, ADM would only have a claim for $73,000 against them. Any remaining funds or equity in the animals would belong to Applewood with BoS having a security interest in the proceeds. These pigs will be specifically identified in the subordination agreement by tag number and physical location. The subordination will also expire with the sale of these animals as market hogs and not remain in force afterward. It should be noted, that Applewood has successfully completed a similar transaction for 2,500 excess pigs in 2007 with ADM.

ILLINOIS FINANCE AUTHORITY
MEMORANDUM

TO: IFA Board of Directors

FROM: Rich Frampton

DATE: February 10, 2009

RE: Resolution to Request Execution of a Cancellation Agreement of MBIA Municipal Bond Insurance and Execution of an Amended and Restated Trust Indenture and Loan Agreement
IDFA Series 2002 Bonds (Illinois-American Water Company Project)
IDFA Project No. 9751-IRB (Water Utility Bonds)

Illinois-American Water Company is requesting the Illinois Finance Authority to authorize the following actions relating to the Illinois-American Water Company's ("IAWC's"), a wholly-owned subsidiary of American Water Works Company, Inc. (the "Parent"), $24,860,000 IDFA Series 2002 Bonds: (1) execution of a Cancellation Agreement to remove MBIA Bond Insurance, and (2) execution of an Amended and Restated Indenture of Trust and an Amended and Restated Loan Agreement, which will (a) eliminate the provisions relating to the MBIA Bond Insurance and the Standby Bond Purchase Agreement, and (b) eliminate the General Mortgage Bond Provided by IAWC as security for the Bonds, (c) substitute American Water Capital Corp. ("Cap Corp."), a wholly-owned subsidiary of the Parent, in place of IAWC as Obligor under the Loan Agreement between the Authority and IAWC, (d) eliminate the Auction Period as a permissible interest rate mode for the Bonds, and (e) add an Extraordinary Optional Redemption Provision (for calamity calls) .

IAWC is a non-rated, regulated subsidiary of publicly-traded American Water Works Company, Inc., while Cap Corp. is a Baa2/BBB+ rated (Moody's/S&P) unregulated subsidiary that serves as the rated financing entity on all Commercial Paper and Term Financings for American Water Works Company's operating affiliates. Thus, the substitution of Cap Corp. for IAWC provided in the accompanying Resolution will improve the underlying rating on the existing IFA Series 2002 Bonds to Baa2/BBB+ (Cap Corp.) from non-rated (IAWC).

MBIA Insurance Corporation requires the Bondholders, the Bond Trustee, and the Issuer to consent to remove the MBIA Bond Insurance from any Bond issue.

The Series 2002 Bonds are bearing interest in 7-day Variable Rate Mode and all but $600,000 are currently held by JPMorgan Chase Bank pursuant to terms of a Standby Bond Purchase Agreement that is set to expire as of 3/20/2009.

The existing Indenture of Trust and Loan Agreement allow IAWC's Series 2002 Bonds to either (1) continue in 7-Day Variable Rate Demand Mode or (2) to convert to a Daily Mode, a Flexible Mode, an Auction Mode, or a Fixed Rate Mode.

Upon cancellation of the MBIA Bond Insurance, IAWC will purchase and hold the Bonds, until a new investor emerges (at which time Baa2/BBB+ rated Cap Corp. will become the Obligor).

It is the intention of Cap Corp. to convert the Bonds to a fixed rate to maturity provided the fixed rate is equal to or less than the rate provided in the Order of the Illinois Commerce Commission related to the Bonds and until such time to market the Bonds in the 7-Day Variable Rate Mode in minimum denominations of $100,000 based on the unsecured Long-Term Baa2/BBB+ (Moody's/S&P) Ratings of Cap Corp.

The Credit Review Committee recommends approval subject to the Bonds being sold to investors pursuant to IFA Board Policy based on the underlying rating for the applicable mode.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Jones Day LLP	Chicago, IL	Bill Harmon
Auditor:	PricewaterhouseCoopers, LLP	Philadelphia, PA	Timothy Connor
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Debbi Boye
Current Remarketing Agent:	JPMorgan Securities, Inc.	Chicago, IL	
Trustee:	US Bank, National Association	St. Paul, MN	
Rating Agencies:	Moody's Investors Service	New York, NY	
	Standard & Poor's Rating Service	New York, NY	
Issuer's Counsel:	Forthcoming		
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

IFA RESOLUTION NO. 09-02-12

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED INDENTURE OF TRUST AND AN AMENDED AND RESTATED LOAN AGREEMENT RELATING TO $24,860,000 AGGREGATE PRINCIPAL AMOUNT OF VARIABLE/FIXED RATE DEMAND WATER FACILITIES REVENUE REFUNDING BONDS (ILLINOIS-AMERICAN WATER COMPANY PROJECT), SERIES 2002 OF THE ILLINOIS DEVELOPMENT FINANCE AUTHORITY WHICH AMENDMENTS PROVIDE FOR THE ELIMINATION OF THE SECURITY FOR THE BONDS AND THE SUBSTITUTION OF AMERICAN WATER CAPITAL CORP. AS OBLIGOR; AUTHORIZING THE EXECUTION AND DELIVERY OF A CANCELLATION AGREEMENT WITH RESPECT TO THE FINANCIAL GUARANTY INSURANCE POLICY OF MBIA INSURANCE CORPORATION; AND RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, successor to the Illinois Development Finance Authority and a political subdivision and a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "Authority"), including, without limitation, the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the "Act"), has previously issued its $24,860,000 aggregate principal amount Variable/Fixed Rate Demand Water Facilities Revenue Refunding Bonds (Illinois-American Water Company Project), Series 2002 (the "Bonds"); and

WHEREAS, in furtherance of the issuance of the Bonds, the Authority entered into an Indenture of Trust dated as of March 1, 2002 (the "Indenture") with U.S. Bank National Association (as successor to Wachovia Bank National Association, as successor to First Union National Bank), as Trustee (the "Trustee"), and a Loan Agreement dated as of March 1, 2002 (the "Loan Agreement") with Illinois-American Water Company ("Illinois-American"), a wholly-owned subsidiary of American Water Works Company, Inc. (the "Parent"); and

WHEREAS, the obligations of Illinois-American under the Loan Agreement are secured from payments to be made by Illinois-American of principal of and interest and premium, if any, on its General Mortgage Bonds, 2002 Series due March 1, 2032 (the "Mortgage Bonds") delivered by Illinois-American to the Trustee; and

WHEREAS, payment of the regularly scheduled payments of principal of and interest on the Bonds, and payment of the principal of and interest on the Bonds upon mandatory redemption on a determination of taxability, are insured by a financial guaranty insurance policy (the "Insurance Policy") issued by MBIA Insurance Corporation ("MBIA"); and

WHEREAS, payment of the purchase price of Bonds tendered and not remarketed are secured from payments made under a Standby Bond Purchase Agreement dated as of March 28, 2002, as amended (the "Initial Standby Purchase Agreement"), from JPMorgan Chase Bank, National Association (as successor to Bank One, NA) (the "Bank"), which expires on March 20, 2009; and

WHEREAS, pursuant to the terms of the Initial Standby Purchase Agreement, the Bank now owns all but $600,000 of the Bonds (such $600,000 of Bonds being herein referred to as the "Publicly Owned Bonds") because all Bonds other than the Publicly Owned Bonds have been tendered previously to the Tender Agent for purchase under the Indenture but have not been remarketed by J.P. Morgan Securities Inc., the Remarketing Agent under the Indenture (the "Remarketing Agent"); and

WHEREAS, pursuant to the terms of the Indenture, the Bonds are subject to mandatory tender on March 19, 2009 because such date is the last Business Day before the March 20, 2009 stated expiration date of the Initial Standby Purchase Agreement; and

WHEREAS, payment of the purchase price of the Publicly Owned Bonds on March 19, 2009 will be made from payments made under the Initial Standby Purchase Agreement so that the Bank will be the owner of 100% of the Bonds on March 19, 2009; and

WHEREAS, in accordance with the terms of the Initial Standby Purchase Agreement, Illinois-American will purchase 100% of the Bonds from the Bank on March 19, 2009 and will become the owner thereof under the Indenture; and

WHEREAS, Sections 1202 and 1302 of the Indenture permit the supplementation and amendment of the Indenture, the Loan Agreement and the Mortgage Bonds with the consent of the owners of all of the Bonds then outstanding to make any change in the Indenture, in the Loan Agreement or in the Mortgage Bonds, including the release of the Mortgage Bonds or any other collateral held under the Indenture; and

WHEREAS, Sections 1203 and 1303 of the Indenture require the consent of Illinois-American, the Trustee, MBIA, the Agent Bank (as defined in the Indenture) and, in certain instances, the Remarketing Agent, as the case may be, to make changes in the Indenture, the Loan Agreement or the Mortgage Bonds, and Sections 1202 and 1303 of the Indenture require the delivery of a Favorable Opinion of Tax Counsel (as defined in the Indenture) in connection therewith; and

WHEREAS, on March 19, 2009, Illinois-American, as the obligor under the Loan Agreement and the owner of 100% of the outstanding principal amount of the Bonds, will (1) enter into a Cancellation Agreement with MBIA to cancel the Insurance Policy in the form of the Cancellation Agreement dated March 19, 2009 (the "Cancellation Agreement") among Illinois-American, the Authority, the Trustee and MBIA; and (2) consent to amendments to the Indenture (including the revised form of Bond contained therein) and the Loan Agreement in the form, respectively, of the Amended and Restated Indenture of Trust dated March 19, 2009 (the "Amended Indenture") between the Authority and the Trustee and the Amended and Restated Loan Agreement dated March 19, 2009 (the "Amended Loan Agreement") between the Authority, Illinois-American and American Water Capital Corp., a Delaware corporation wholly-owned by the Parent ("Cap Corp"), to (a) release, and eliminate all references to, the Mortgage Bonds, (b) eliminate the requirement for, and all references to, the Insurance Policy, (c) eliminate the requirement for, and all references to, the Standby Purchase Agreement (as defined in the Indenture), (d) substitute Cap Corp for Illinois-American as the obligor under the Loan Agreement, (e) eliminate the provisions relating to the auction of the Bonds and (f) otherwise accomplish the intent and purposes of clauses (2)(a) through (2)(e) of this paragraph; and (3) enter into or provide any supplemental tax or other certificates required in order to obtain the Favorable Opinion of Tax Counsel or opinions of other counsel provided in connection with the above (the "Supplemental Certificates"); and

WHEREAS, in order to effectuate the above, Illinois-American and Cap Corp have requested the Authority to approve and enter into the Cancellation Agreement, the Amended Indenture (including the revised form of Bond contained therein) and the Amended Loan Agreement, each in substantially the form submitted to the Authority and before it at this meeting, and to enter into or provide any Supplemental Certificates; and

WHEREAS, it is necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of (1) the Cancellation Agreement, (2) the Amended Indenture, (3) the Amended Loan Agreement, and (4) the revised Bonds in substantially the form set forth in the Amended Indenture (the "Revised Bonds");

NOW THEREFORE, BE IT RESOLVED by the Members of the Illinois Finance Authority on February 10, 2009, as follows:

Section 1. That all of the recitals contained in the preambles to this Resolution are full, true and correct, and are hereby incorporated into this Resolution by this reference.

Section 2. Pursuant to the Act, that the modification of the terms of the refinancing of the facilities refinanced with the proceeds of the Bonds in accordance with the terms of the Amended Indenture and the Amended Loan Agreement are hereby approved and authorized, and such modifications are in furtherance of the Authority's public purposes.

Section 3. That the Authority is hereby authorized to enter into the Cancellation Agreement with Illinois-American, the Trustee and MBIA in substantially the same form now before the Authority; that the form, terms and provisions of the Cancellation Agreement be, and they hereby are, in all respects approved; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute the Cancellation Agreement in the name, for and on behalf of the Authority, and thereupon to cause the Cancellation Agreement to be delivered to Illinois-American, the Trustee and MBIA in substantially the form now before the Authority or with such changes or revisions therein as the individual executing the Cancellation Agreement on behalf of the Authority shall approve, his or her execution thereof to constitute conclusive evidence of such approval of any and all changes and revisions therein from the form of the Cancellation Agreement now before the Authority; that when the Cancellation Agreement is executed and delivered on behalf of the Authority as hereinabove provided, such Cancellation Agreement shall be binding on the Authority; that from and after the execution and delivery of the Cancellation

Agreement, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Cancellation Agreement as executed; and that the Cancellation Agreement shall constitute, and hereby is made, a part of this Resolution, and a copy of the Cancellation Agreement shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 4. That the Authority is hereby authorized to enter into the Amended Indenture with the Trustee in substantially the same form now before the Authority; that the form, terms and provisions of the Amended Indenture be, and they hereby are, in all respects approved; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute, and the Secretary or any Assistant Secretary of the Authority be, and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Amended Indenture in the name, for and on behalf of the Authority, and thereupon to cause the Amended Indenture to be delivered to the Trustee in substantially the form now before the Authority or with such changes or revisions therein as the individual executing the Amended Indenture on behalf of the Authority shall approve, his or her execution thereof to constitute conclusive evidence of such approval of any and all changes and revisions therein from the form of the Amended Indenture now before the Authority; that when the Amended Indenture is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Amended Indenture shall be binding on the Authority; that from and after the execution and delivery of the Amended Indenture, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Amended Indenture as executed; and that the Amended Indenture shall constitute, and hereby is made, a part of this Resolution, and a copy of the Amended Indenture shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 5. That the Authority is hereby authorized to enter into the Amended Loan Agreement with Illinois-American and Cap Corp in substantially the same form now before the Authority; that the form, terms and provisions of the Amended Loan Agreement be, and they hereby are, in all respects approved; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute, and the Secretary or any Assistant Secretary of the Authority be, and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Amended Loan Agreement in the name, for and on behalf of the Authority, and thereupon to cause the Amended Loan Agreement to be delivered to Illinois-American and Cap Corp in substantially the form now before the Authority or with such changes or revisions therein as the individual executing the Amended Loan Agreement on behalf of the Authority shall approve, his or her execution thereof to constitute conclusive evidence of such approval of any and all changes and revisions therein from the form of the Amended Loan Agreement now before the Authority; that when the Amended Loan Agreement is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Amended Loan Agreement shall be binding on the Authority; that from and after the execution and delivery of the Amended Loan Agreement, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Amended Loan Agreement as executed; and that the Amended Loan Agreement shall constitute, and hereby is made, a part of this Resolution, and a copy of the Amended Loan Agreement shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 6. That the form of the Revised Bonds in substantially the same form now before the Authority, subject to appropriate insertions and revisions in order to comply with the provisions of the Amended Indenture (as executed and delivered), is hereby approved; that the Revised Bonds shall be executed in the name, for and on behalf of the Authority with the manual or facsimile signature of the Chairman, the Vice Chairman, the Treasurer or the Executive Director and attested with the manual or facsimile signature of the Secretary or any Assistant Secretary and the official seal of the Authority shall be impressed or imprinted thereon; that the Authority deems it proper to delegate to the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority the power to approve any and all changes to the Revised Bonds as the Chairman, the Vice Chairman. the Treasurer or the Executive Director of the Authority shall, on behalf of the Authority, determine, subject to the terms of the Revised Bonds contained in the Amended Indenture; that any such determinations shall be conclusive, shall be evidenced by the execution and delivery by the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority of the Revised Bonds, and shall be authorized by this Resolution; that the Revised Bonds, as executed, shall be binding on the Authority; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority or the Secretary or any Assistant Secretary of the Authority shall cause the Revised Bonds, as so executed and attested, to be delivered to the Trustee for authentication; that when the Revised Bonds shall be executed on behalf of the Authority in the manner and containing the terms contemplated by the Amended Indenture and this Resolution in an aggregate principal amount not to exceed the amount of Bonds outstanding on the date of such execution, they shall represent the approved form of Revised Bonds of the Authority.

Section 7. That the Chairman, the Vice Chairman, the Treasurer, the Executive Director, the Secretary and any Assistant Secretary of the Authority be, and each of them hereby is, authorized to execute and deliver such documents, Supplemental Certificates, certificates, and undertakings of the Authority and to take such other actions as may be required in connection with the execution, delivery and performance of the Cancellation Agreement, the Amended Indenture, the Amended Loan Agreement and the Revised Bonds authorized by this Resolution, including without limitation the signing of IRS Form 8038 and the filing thereof with the Internal Revenue Service as therein required.

Section 8. That all acts of the officers, employees and agents of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, be, and the same hereby are, in all respects, ratified, confirmed and approved.

Section 9. That the provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 10. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 11. That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

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Passed and approved this 10th day of February, 2009.

Attest: ILLINOIS FINANCE AUTHORITY

[SEAL]

By ______________________________________
____

By ______________________________
Secretary

CERTIFICATE

I, __________________, Secretary of the Illinois Finance Authority (the "Authority"), a political subdivision and a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the Resolution of the Authority passed at a meeting held upon all due and proper public notice required by law, on the 10th day of February, 2009, at which a quorum of members was present and acting throughout, and that the Resolution set forth in the foregoing extract was duly adopted at such meeting, has not been amended, modified or rescinded and is in full force and effect on the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of ________________, 2009.

[SEAL]

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Secretary