

MINUTES OF THE FEBRUARY 10, 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 February 10, 2009 at the James R. Thompson Center, 100 W. Randolph, Room 9-040, Chicago, Illinois.

Members present:

William A. Brandt, Jr., Chairman
Michael W. Goetz, Vice Chairman
Dr. William J. Barclay
Ronald E. DeNard
James J. Fuentes
Edward H. Leonard, Sr.
Juan B. Rivera
April D. Verrett

Members absent:

Dr. Roger D. Herrin
Terrence M. O'Brien
Bradley A. Zeller

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 12:03 p.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests and asked Secretary, Carla Burgess Jones to call the roll. There being eight (8) members physically present, Ms. Burgess Jones declared a quorum present.

Chairman's Remarks

Chairman Brandt thanked fellow Board members and guests for coming. Chairman Brandt announced that future IFA board meetings will be held at the James R. Thompson Center, and that the March 10, 2009 board meeting previously scheduled to take place in Springfield, Illinois will now be held in Chicago.

Executive Director's Remarks

Director Filan reported that the Authority has taken significant steps towards its strategic priorities:

Rural Development - As part of this Initiative, Director Filan will host a series of meetings with downstate legislators, bankers, state and local representatives, and members of the business community. The Authority is assessing its downstate program and marketing efforts in order to evaluate how the Authority can improve its programs in addition to providing greater access to capital that otherwise would not be available to individuals and the business community.

Energy Initiative - The Authority is moving forward in its efforts to work with the University of Illinois, Southern Illinois University, Western Illinois University, Department of Commerce and Economic Opportunity, and the Illinois Environmental Protection Agency to form an Energy Consortium.

Agriculture - The Authority has met with senior staff members from 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.

Healthcare - The Authority continues to address the overall financing needs of the healthcare sector, which is a major component of the Authority's mission and revenue stream. Authority staff are diligently working to develop ways to assist lower rated hospitals in acquiring financial assistance, and staff are also working with various entities in order to develop creative solutions to meet the capital needs of lower rated hospitals.

Economic Development - In this challenging economic market, the IFA is evaluating the Federal Stimulus Package and its impact on our mission to provide financing assistance to various market sectors.

Lastly, Director Filan reported that the Illinois General Assembly has been supportive of the Authority's efforts.

Acceptance of Financial Statements

Financial statements for the period ending January 31, 2009, 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 January 13, 2009 Meeting of the Board. Chairman Brandt announced that the January 13, 2009 minutes were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. The January 13, 2009 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 9 projects totaling \$91,350,000.00 were being presented for board approval:

No. 1: **I-ID-TE-CD-8127 – Anderson-Shumaker Company**
Request for final approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$10M. Bond proceeds will be used to finance construction costs, acquisition of machinery and equipment, and to pay professional and certain bond issuance costs. This project is expected to create 18 new jobs and 60 construction jobs. This project is located in Chicago, Illinois. (09-02-01).

The Company is seeking a \$10M allocation in 2009 IFA Volume Cap. 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 product will enable the Company to continue its presence on the City's west side where it's been located since 1918.

No. 3: **E-PS-TE-CD-8148 – Montessori Elementary School of South West Cook County**
Request for final approval of the issuance of 501(c)3 Revenue Bonds in an amount not-to-exceed \$2.5M. Bond proceeds will be used to finance construction costs, refinance an existing mortgage and to pay certain bond issuance costs. This project is expected to create 7 new jobs and 50 construction jobs. This project is located in Lemont, Illinois. (09-02-03).

No guests attended with respect to Project Nos. 1 and 3. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 1 and 3. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 1 and 3. Leave was granted. Project Nos. 1 and 3 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 4: **L-GP-MO-8206 – Village of Kincaid**
Request for preliminary approval of the issuance of Local Government Bonds in an amount not-to-exceed \$250K to provide permanent financing for the Village's sewer system improvements. This project is expected to create 2 construction jobs. This project is located in Kincaid, Illinois. (09-02-04).

No. 5: **L-GP-MO-8207 – Village of Cowden**
Request for preliminary approval of the issuance of Local Government Bonds in an amount not-to-exceed \$300K to provide permanent financing for the Village's water system improvements. This project is expected to create 2 construction jobs. This project is located in Cowden, Illinois. (09-02-05).

- No. 6: L-GP-MO-8208 – Village of Ridgeway**
Request for preliminary approval of the issuance of Local Government Bonds in an amount not-to-exceed \$800K to provide permanent financing for infrastructure improvements to the Village's water treatment plant. This project is expected to create 5 construction jobs. This project is located in Ridgeway, Illinois. (09-02-06).
- No. 7: L-GP-MO-8209 – Village of Blandinsville**
Request for preliminary approval of the issuance of Local Government Bonds in an amount not-to-exceed \$250K to provide permanent financing for the Village's water system improvements. This project is expected to create 2 construction jobs. This project is located in Blandinsville, Illinois. (09-02-07).
- No. 8: L-GP-MO-8210 – City of Sumner**
Request for preliminary approval of the issuance of Local Government Bonds in an amount not-to-exceed \$750K to provide permanent financing for the City's water system infrastructure improvements. This project is expected to create 5 construction jobs. This project is located in Sumner, Illinois. (09-02-08).

No guests attended with respect to Project Nos. 4, 5, 6, 7 and 8. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 4, 5, 6, 7 and 8. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 4, 5, 6, 7 and 8. Leave was granted. Project Nos. 4, 5, 6, 7 and 8 received preliminary approval with 8 ayes, 0 nays, and 0 abstentions.

- No. 10: University of Chicago Medical Center Amendatory Resolution.**
Request to add additional underwriters, re-marketing agents, an additional LOC provider, and to engage additional underwriters and re-marketing agents, as agreed to by the Borrower and the Illinois Finance Authority. (09-02-10).

Chairman Brandt asked if there were any guests attending the meeting on behalf of the University of Chicago Medical Center. Ms. Pamela Lenane, Vice President, introduced Mr. Laurence Furnstahl, CFO, University of Chicago Medical Center. Mr. Furnstahl thanked the Board for its consideration. Chairman Brandt then asked if the Board had any questions for Mr. Furnstahl. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of the University of Chicago Medical Center Amendatory Resolution. Leave was granted. The University of Chicago Medical Center Amendatory Resolution received final approval with 8 ayes, 0 nays, and 0 abstentions.

- No. 11: Applewood Farms Amendatory Resolution.** Request by the Bank of Springfield and Applewood Farms LLC, to allow a six-month principal deferral of payments on two IFA guaranteed loans; extend the maturity date of the promissory notes and IFA Guarantees for two loans; and, to

allow subordination to ADM Nutrition for specific collateral of 5,200 weaned pigs in an amount not-to-exceed \$73K. (09-02-11).

No. 12: Illinois American Water Company Amendatory Resolution. A Resolution to Request an Execution of a Cancellation Agreement of MBIA (Municipal Bond Insurance) and Execution of an Amended and Restated Trust Indenture and Loan Agreement (IDFA Series 21002 Bonds). (09-02-12).

No guests attended with respect to Amendatory Resolutions Nos. 11 and 12. Chairman Brandt asked if the Board had any questions with respect to Amendatory Resolution Nos. 11 and 12. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Amendatory Resolution Nos. 11 and 12. Leave was granted. Amendatory Resolution Nos. 11 and 12 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 2: PU-WD-TE-CD-8182 – American Water Capital Corp., on behalf of Illinois-American Water Company

Request for final approval of Water Furnishing Facilities Revenue Bonds in an amount not-to-exceed \$28.5M. Bond proceeds will be used to finance a portion of the cost of new capital improvements to certain Illinois-American Water Company drinking water systems located statewide. This project is expected to create 4 new jobs and 120 construction jobs over an 18-month period. This project is located in Champaign-Urbana, Pesotum, Savoy, Alton, Grafton, East St. Louis, Granite City, Peoria and Streator, Illinois. (09-02-02).

This financing will require approximately \$28.5M of 2008 Carryforward Volume Cap (which has been designated specifically for Water Furnishing Facilities Bonds in the IRS 8328 Carryforward Election).

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 2. Mr. Rich Frampton, Vice President, introduced Mr. Mark Chierici, Manager, Treasury Services. Mr. Chierici thanked the Board for its consideration. Chairman Brandt then asked if the Board had any questions for Mr. Chierici. 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.

Other Business

Chairman Brandt asked if there was any other business to come before the Board. There being none, Chairman Brandt requested a motion to adjourn. Upon a motion by Mr. Goetz and seconded by Mr. Rivera, the meeting adjourned at approximately 12:17 p.m.

Respectfully Submitted

Carla B. Burgess Jones, Secretary

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Eric Reed/lk
Date: March 10, 2009
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** Up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$1,666,832.00**
- **Calendar Year Summary:** (as of March 10, 2009)
 - Volume Cap: \$15,000,000.00
 - Volume Cap Committed: \$3,426,486.00
 - Volume Remaining: \$ 11,573,514.00
 - Average Acreage Farm Size: 85
 - Number of Farms Financed: 16
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2009 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
 - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
 - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
 - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
 - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
 - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**
Stephen F. Welcome, Esq.
Three First National Plaza, Suite 4300
Chicago, IL 60602

Project Number: A-FB-TE-CD-8213
Funding Manager: Eric Reed
Borrower(s): Soltwedel, Kraig
Borrower Benefit: First time land buyer
Town: St. Joseph, IL
Amount: \$200,000.00
Use of Funds: Farmland – 100 acres
Purchase Price: \$400,000 / (\$4,000 per ac)
%Borrower Equity: 0%
%Other Agency: 50%
%IFA: 50%
County/Region: Shelby / Central
Lender/Bond Purchaser: First Mid Illinois Bank & Trust / Mark Cox
Legislative Districts: Congressional: 15th, Timothy Johnson
State Senate: 52nd, Michael Frerichs
State House: 104th, William Black

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

***Kraig Soltwedel:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.5% fixed for the first five years and adjust every five years thereafter to the Wall Street Journal Prime Rate plus 1.25% with a floor of 3.5% and a ceiling of 5.5% at first reset period, with future floors and ceilings to be determined at the next reset period. IFA Fee: \$3,000.00

Project Number: A-FB-TE-CD-8214
Funding Manager: Eric Reed
Borrower(s): Nelson, Neal & Lori
Borrower Benefit: First time land buyer
Town: Orion, IL
Amount: \$220,000.00
Use of Funds: Farmland – 115 acres
Purchase Price: \$439,875 / (\$3,825 per ac)
%Borrower Equity: 0%
%Other Agency: 50%
%IFA: 50%
County/Region: Mercer / Northwest
Lender/Bond Purchaser: BankOrion / Tim Fritz
Legislative Districts: Congressional: 14th, Bill Foster
State Senate: 36th, Mike Jacobs
State House: 71st, Mike Boland

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

***Neal & Lori Nelson:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.75% fixed to January 15, 2014 and adjust every five years thereafter to 1.00% above the weekly average yield on US Treasury Securities adjusted to a constant maturity of 5 years as published in the Wall Street Journal . At no time shall the interest rate be adjusted to under 4.50%. IFA Fee: \$3,300.00

*** Information enclosed in the border is to be considered confidential and may be exempt from disclosure under the Freedom of Information Act**

Project Number: A-FB-TE-CD-8215
Funding Manager: Eric Reed
Borrower(s): Baumann, Christopher
Borrower Benefit: First time land buyer
Town: Wyoming, IL
Amount: \$250,000.00
Use of Funds: Farmland – 40 acres/dairy
Purchase Price: \$250,000 / (\$6,250 per ac)
%Borrower Equity: 0%
%Other Agency: 0%
%IFA: 100%
County/Region: Stark / North Central
Lender/Bond Purchaser: State Bank of Speer / Steve Leuthold
Legislative Districts: Congressional: 18th, Aaron Schock
State Senate: 37th, Dale Risinger
State House: 74th, Donald Moffitt

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

***Christopher Baumann:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.75% fixed for the first ten years and adjust every ten years thereafter to 2.25% above the 10 year US Treasury rate as listed in the Wall Street Journal. IFA Fee: \$3,750.00

Project Number: A-FB-TE-CD-8216
Funding Manager: Eric Reed
Borrower(s): Carriker, Bradley & Amber
Borrower Benefit: First time land buyer
Town: Raymond, IL
Amount: \$229,632.00
Use of Funds: Farmland – 80 acres
Purchase Price: \$459,264 / (\$5,741 per ac)
%Borrower Equity: 0%
%Other Agency: 50%
%IFA: 50%
County/Region: Macoupin / Central
Lender/Bond Purchaser: First National Bank of Litchfield / Ken Elmore
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 49th, Deanna Demuzio
State House: 98th, Gary Hannig

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

***Bradley & Amber Carriker:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.00% fixed for the first five years and adjust every five years thereafter to 80% of the National Prime Rate as quoted in the Wall Street Journal. The interest rate on this note shall never be lower than 3.50% or higher than 10.50%. IFA Fee: \$3,445.00

Project Number: A-FB-TE-CD-8217
Funding Manager: Eric Reed
Borrower(s): Joos, Thomas & Crystal
Borrower Benefit: First time land buyer
Town: Buda, IL
Amount: \$103,200.00
Use of Funds: Farmland – 40 acres
Purchase Price: \$228,000.00 / (\$5,700 per ac)
%Borrower Equity: 5%
%Other Agency: 45%
%IFA: 50%
County/Region: Bureau / Northwest
Lender/Bond Purchaser: Central Bank of Illinois / Jason VanLanduit
Legislative Districts: Congressional: 11th, Debbie Halvorson
State Senate: 37th, Dale Risinger
State House: 74th, Donald Moffitt

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

***Thomas & Crystal Joos:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.03% fixed for the first five years and adjust every five years thereafter to 3.45% above the 5 year Treasury Rate as quoted in the Wall Street Journal. Lender will charge .10% points at closing. IFA Fee: \$1,548.00

Project Number: A-FB-TE-CD-8218
Funding Manager: Eric Reed
Borrower(s): France, Nicholas & Lynde
Borrower Benefit: First time land buyer
Town: Table Grove, IL
Amount: \$250,000.00
Use of Funds: Farmland – 99 acres
Purchase Price: \$564,870.00 / (\$5,706 per ac)
%Borrower Equity: 0%
%Other Agency: 44%
%IFA: 56%
County/Region: Fulton / North Central
Lender/Bond Purchaser: Havana National Bank / Greg Stephenson
Legislative Districts: Congressional: 17th, Phil Hare
State Senate: 47th, John Sullivan
State House: 94th, Richard Myers

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

***Nicholas & Lynde France** Note shall bear simple interest rate at the expressed rate. The expressed rate shall be 4.15% fixed for the first five years and adjust every 5 years thereafter to 2.75% over the 5 year US Treasury Rate as listed in the Wall Street Journal with a floor of 4.15%. IFA Fee: \$3,750.00

* Information enclosed in the border is to be considered confidential and may be exempt from disclosure under the Freedom of Information Act

Project Number: A-FB-TE-CD-8219
Funding Manager: Eric Reed
Borrower(s): Hartke, David
Borrower Benefit: First time land buyer
Town: Litchfield, IL
Amount: \$250,000.00
Use of Funds: Farmland – 60 acres
Purchase Price: \$336,960.00 / (\$5,616 per ac)
%Borrower Equity: 0%
%Other Agency: 26%
%IFA: 74%
County/Region: Macoupin / Central
Lender/Bond Purchaser: First National Bank of Litchfield / Ken Elmore
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 49th, Deanna Demuzio
State House: 98th, Gary Hannig

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

***David Hartke:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 3.75% fixed for the first three years and adjust every three years thereafter to .50% above the National Prime as quoted in the Wall Street Journal. At each adjustment period, said loan shall not adjusted more than 1.00% with a interest rate floor of 3.50% and a ceiling of 10.00% IFA Fee: \$3,750.00

Project Number: A-FB-TE-CD-8220
Funding Manager: Eric Reed
Borrower(s): Nofftz, James R.
Borrower Benefit: First time land buyer
Town: Tolono, IL
Amount: \$164,000.00
Use of Funds: Farmland – 40 acres
Purchase Price: \$256,000.00 / (\$6,400 per ac)
%Borrower Equity: 0%
%Other Agency: 36%
%IFA: 64%
County/Region: Champaign / East Central
Lender/Bond Purchaser: Busey Bank / Brady Allison
Legislative Districts: Congressional: 15th, Timothy Johnson
State Senate: 55th, Dale Righter
State House: 110th, Chapin Rose

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

***James Nofftz:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.00% fixed for the first five years and adjust annually thereafter to the National Prime Rate plus .50%.

*** Information enclosed in the border is to be considered confidential and may be exempt from disclosure under the Freedom of Information Act**

IFA Fee: \$2,460.00

*** Information enclosed in the border is to be considered confidential and may be exempt from disclosure under the Freedom of Information Act**