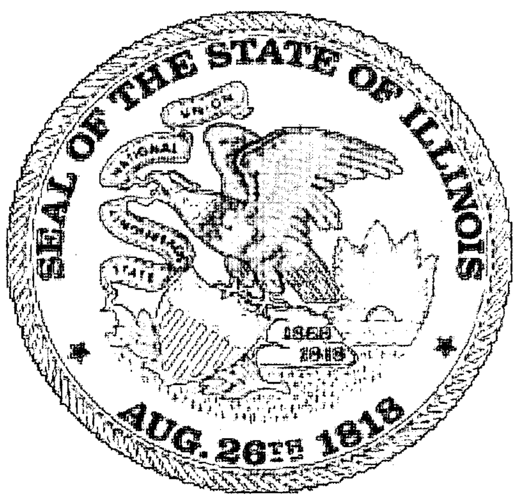
Illinois Finance Authority

August 9, 2005
11:30 AM
Board Meeting
The Plaza Club
One Prudential Plaza
130 E. Randolph, 40th Floor
Chicago, Illinois



Jose Garcia

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IFA
ILLINOIS FINANCE AUTHORITY

Illinois Finance Authority
Executive Session
Tuesday, August 9, 2005

AGENDA

8:30 am	Opening Remarks	Chairman Gustman
8:45 am	Interim Executive Director's Report	Jill Rendleman
9:00 am	Financial Performance	Jill Rendleman
	Sales Activity	Michael Pisarcik
	Marketing/Public Relations	Diane Hamburger
	Human Resources	Stuart Boldry
	Audit & Compliance	Jill Rendleman
9:45 am	Funding Managers Presentations	
	Renewable Energy Development Fund Presentation	Michael Pisarcik
11:00 am	Review Resolutions	Steven Trout
11:15 am	Adjournment	
11:30 am	Board Meeting, One Prudential Plaza, Plaza Club, 40th Floor.	
12:30 pm	Lunch will be served in the IFA Board Room.	

IFA
ILLINOIS FINANCE AUTHORITY

EXECUTIVE SESSION
August 9, 2005
8:30 a.m.
Illinois Finance Authority
180 N. Stetson, Suite 2555

BOARD MEETING
August 9, 2005
11:30 a.m.
One Prudential Plaza
130 E. Randolph, Plaza Club, 40th Floor
Chicago, Illinois

- Call to Order – Chairman Gustman
- Roll Call
- Chairman's Report
- Director's Report
- Other Business
- Projects
- Resolutions / Amendments

AGRICULTURE

Tab	Project	Location	Amount	New Jobs	Constr Jobs	FM
1	**Participation Loan** Roy and Nathan Wiegand	Roanoke	$175,000	1.5	6	ER
2	Earl and Sue Hesterberg	Gifford	103,500	n/a	n/a	BB
3	**Beginning Farmer Bonds (Final)** Brian Atherton	Earlville	194,500	n/a	n/a	BB
	Alan Rumbold	Tremont	250,000	n/a	n/a	BB
TOTAL AGRICULTURE PROJECTS			**$ 723,000**			

COMMUNITIES AND CULTURE

Tab	Project	Location	Amount	New Jobs	Constr Jobs	FM
4	**Housing Bonds (Initial)** Urban St. Pauls Limited Partnership	Chicago	$7,000,000	0	10	RKF
5	Revenue Refunding Bonds City of East St. Louis	East St. Louis	6,000,000	n/a	n/a	RKF
TOTAL COMMUNITIES AND CULTURE PROJECTS			**$ 13,000,000**			

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Constr Jobs	FM
6	**Industrial Revenue Bonds (Final)** E. Kinast Distributors, Inc.	Hanover Park	$ 4,300,000	13	87	SCM
7	Waste Management of Illinois, Inc.	Multiple	30,000,000	20	30-40	RKF
TOTAL BUSINESS AND INDUSTRY PROJECTS			**$ 34,300,000**			

HEALTHCARE

Tab	Project	Location	Amount	New Jobs	Constr Jobs	FM
8	**501(c)(3) Bonds (Final)** Alexian Brothers Health System	Elk Grove Village	$265,000,000	n/a	n/a	PL/DS
9	**501(c)(3) Bonds (Initial)** Kishwaukee Health System	Hoffman Estates, DeKalb	85,000,000	n/a	TBD	PL/DS
TOTAL HEALTHCARE PROJECTS			**$ 350,000,000**			

GRAND TOTAL	**$398,023,000**

Project Revisions/Amendatory Resolutions

Tab	Resolution	Amendatory Resolution
10	2006-4	Resolution to authorize the IFA to approve the sale of certain state guarantees in the secondary market.
11	2006-5	Resolution to authorize the extension of the IFA's approval of a participation loan with Peoples National Bank to Soylutions, Inc. and increase IFA's participation in the loan
12	2006-6	Resolution to authorize the extension of IFA's approval of a participation loan with Morton Community Bank to Homeway Homes, Inc. and substitution of certain collateral.
13	2006-7	Amendment to resolution authorizing the issuance of IFA First Home Illinois Single Family Mortgage Revenue Bonds

Other

Adjournment

IFA
ILLINOIS FINANCE AUTHORITY

Illinois Finance Authority
Executive Director's Report
August 9, 2005

To: IFA Board of Directors and Office of the Governor

From: Jill Rendleman, Interim Executive Director

I. Financial Performance

Illinois Finance Authoritys financial position remains strong with total equity of $56M, comprised of assets of $58.5M and liabilities of $2.5M. This compares favorably to the July 30, 2004 balance sheet with total equity of $53M, comprised of assets of $57M and liabilities of $4M. Net revenues for the first month of fiscal year 2006 were weak, posting at $12k with revenues of $457K off-set by expenses of $445k. Significant improvements in revenues are expected in future months to reach our annual performance plan which targets net income of $2M.

II. Sales Activities

IFA funding managers will be presenting 10 projects totaling $398M for approval in August.

Health Care: The healthcare group continues to work on programs which benefit the small and rural health care sector. Developing programs which focus on long term as well as intermediate term financing and provide options for "critical access" hospitals has been a focus for the month. Mike Pisarcik is working with staff to finalize formal calling programs for both the rural and metro market areas.

Higher Education: Sales activities in this sector in July included initial development efforts for a pooled loan program for independent Illinois colleges which may provide financing for safety and other facility improvements for higher education. Rich Frampton was a presenter at the Association of College and University Housing Officers annual meeting, covering the financing of student housing. He also met with members of Oppenheimer & Co. in Chicago to discuss IFA's commitment to higher education and 501(c)(3) financing activity.

Agriculture: The agricultural staff made presentations to the Illinois Agricultural Leadership Foundation and the University of Illinois Department of Agriculture and Consumer Economics. Ag funding managers continue to call on agricultural lenders across the state and additionally are beginning calling efforts with farm operators, accountants, estate planners, and others directly involved in agricultural capital decision making. After due diligence, bond counsel for the agricultural programs has significantly reduced redundant steps in beginning farmer bond processing, reducing time and increasing efficiency for our ag lender clients.

Community and Culture: IFA staff in rural Illinois contacted several local government units and made numerous presentations to associations and economic development groups. Mike Pisarcik is working with staff to develop a pooled public financing in September which will focus on units of local government. Rick Pigg brought together legislators, public officials, and economic development staff from the city of Cairo to discuss IFA programs to support communities. Kristi Conrad, a new funding and underwriting manager for community programs in rural Illinois, has been analyzing potential candidates to evaluate the need for a local government refunding program that would refund existing bond issues. A formal calling program is being designed for calling on units of local government and public schools.

Industry and Commerce: Sales activities in rural Illinois communities involved making presentations to participation loan and industrial revenue bond prospects. Chicago staff focused on continued discussion with energy groups including a new $1B coal gasification project as well as Prairie State Energy and others. Additionally, program parameters were developed for a new to update a home mortgage program which focuses on supporting low to moderate income families in "targeted" communities.

Venture Capital: Christopher Vandenberg continues to work with the Illinois Clean Energy Community Foundation on the Renewable Energy Development Fund. The ICECF board has asked for further revisions to the IFA proposal, including the elimination of the original program parameters which focus on super scale wind energy projects, and performance benchmarks for the new program. These funds will permit the IFA to provide loans and guarantees to community small scale wind projects in Illinois.

III. Marketing and Public Relations

IFA had good press coverage of several project stories during the month of July including improvements to the Rural Development Loan program. Marketing continues to manage numerous issues of interest to the press including the IFA settlement with the IRS concerning a transaction of a predecessor authority which later merged with IFA. An increasingly common form of public and press interest comes in the form of requests for information under the Freedom of Information Act which requires disclosure of information and documents surrounding IFA activities and transactions. Our approach continues to be open and responsive to these requests.

IV. Human Resources and Operations

Human resource management reporting, corrective actions for HR issues in the 2004 Compliance Audit, and 2005 incentive compensation program payouts continues to be the focus of Stuart Boldry, Chief Administrative and Human Resources Officer. Additionally there has been a focused effort to develop parameters and schedules for employee performance reviews for all staff members.

V. Legal and Legislative Issues

IFA legal needs include transaction documentation, risk management, regulatory compliance, contract administration and management, policy and procedure, bad debt collection, and intergovernmental affairs. We continue to review long term solutions for coverage in each of these areas ranging from paralegal to contract legal services. After a thorough RFP process IFA has awarded a contract for Governmental Affairs Consultant to Howard Kenner Governmental Consulting. Mr. Kenner is a Certified Public Accountant and former Chicago area legislator with a broad background in governmental affairs and strong relationships with legislators and key governmental entities throughout the state. He holds a Masters of Public Administration from Harvard University and earned a Bachelor of Science in Accounting from University of Illinois. IFA has worked to expand this important role to include strategic intergovernmental planning and representation of proactive legislation which supports IFA's mission, in addition to monitoring and representing the views of IFA in the legislature. Management has developed a legislative calling program for funding managers who will be meeting with non-collar county representatives to discuss IFA programs and support for their districts.

VI. Audit and Compliance

Jill Rendleman met with Joe Evans of McGladry & Pullen to discuss audit progress and ongoing management of the process. Mr. Evans was complimentary of the positive working relationship between state audit and IFA staff and of the progress made to correct previous compliance and financial audit findings. Currently 7 of 14 findings from the fiscal year 2004 audit are substantially complete and 7 of the findings are 100% complete. Significant progress in meeting audit requirements for IFA HR files has been made in July including establishing a list of documents to be collected, updating files, and providing missing documents. Fiscal year 2005 audit progress continues on track and we are meeting timelines established during the audit planning process with state audit staff.

Illinois Finance Authority
Statement of Activities
for Period Ending July 31, 2005

	Actual July 2005	Budget July 2005	Current Month Variance Actual vs.Budget	Current % Variance	Actual YTD FY 2006	Budget YTD FY 2006	Year to Date Variance Actual vs. Budget	YTD % Variance	Explanations
REVENUE									
INTEREST ON LOANS	32,363	30,000	2,363	7.9%	32,363	30,000	2,363	7.9%	
INVESTMENT INTEREST & GAIN(LOSS)	90,201	70,000	20,201	28.9%	90,201	70,000	20,201	28.9%	
ADMINISTRATIONS & APPLICATION FEES	213,853	120,000	93,853	78.2%	213,853	120,000	93,853	78.2%	
ANNUAL ISSUANCE & LOAN FEES	108,860	135,000	(26,140)	(19.4%)	108,860	135,000	(26,140)	(19.4%)	
OTHER INCOME	11,982	0	11,982	0.0%	11,982	0	11,982	0.0%	
TOTAL REVENUE	457,259	355,000	102,259	28.8%	457,259	355,000	102,259	28.8%	
EXPENSES									
EMPLOYEE RELATED EXPENSES									
COMPENSATION & TAXES	252,667	255,000	(2,333)	(0.9%)	252,667	255,000	(2,333)	(0.9%)	
BENEFITS	27,516	19,510	8,006	41.0%	27,516	19,510	8,006	41.0%	
TEMPORARY HELP	4,228	2,500	1,728	69.1%	4,228	2,500	1,728	69.1%	
EDUCATION & DEVELOPMENT	0	540	(540)	(100.0%)	0	540	(540)	(100.0%)	
TRAVEL & AUTO	4,165	10,410	(6,245)	(60.0%)	4,165	10,410	(6,245)	(60.0%)	
TOTAL EMPLOYEE RELATED EXPENSES	288,576	287,960	616	0.2%	288,576	287,960	616	0.2%	
PROFESSIONAL SERVICES									
CONSULTING, LEGAL & ADMIN	37,100	34,333	2,767	8.1%	37,100	34,333	2,767	8.1%	
LOAN EXPENSE & BANK FEE	1,266	2,070	(804)	(38.9%)	1,266	2,070	(804)	(38.9%)	
ACCOUNTING & AUDITING	33,423	29,000	4,423	15.3%	33,423	29,000	4,423	15.3%	
MARKETING GENERAL	2,453	25,000	(22,547)	(90.2%)	2,453	25,000	(22,547)	(90.2%)	
FINANCIAL ADVISORY	8,000	8,000	0	0.0%	8,000	8,000	0	0.0%	
VENTURE CAPITAL CONFERENCE/TRAINING	0	590	(590)	(100.0%)	0	590	(590)	(100.0%)	
MISCELLANEOUS PROFESSIONAL SERVICES	0	10,833	(10,833)	(100.0%)	0	10,833	(10,833)	(100.0%)	
DATA PROCESSING	1,581	3,750	(2,169)	(57.8%)	1,581	3,750	(2,169)	(57.8%)	
TOTAL PROFESSIONAL SERVICES	83,823	113,577	(29,754)	(26.2%)	83,823	113,577	(29,754)	(26.2%)	
OCCUPANCY COSTS									
OFFICE RENT	15,433	15,745	(312)	(2.0%)	15,433	15,745	(312)	(2.0%)	
EQUIPMENT RENTAL AND PURCHASES	1,873	2,585	(712)	(27.5%)	1,873	2,585	(712)	(27.5%)	
TELECOMMUNICATIONS	4,325	4,583	(258)	(5.6%)	4,325	4,583	(258)	(5.6%)	
UTILITIES	638	1,065	(427)	(40.1%)	638	1,065	(427)	(40.1%)	
DEPRECIATION	1,798	3,000	(1,202)	(40.1%)	1,798	3,000	(1,202)	(40.1%)	
INSURANCE	735	1,300	(565)	(43.5%)	735	1,300	(565)	(43.5%)	
TOTAL OCCUPANCY COSTS	24,801	28,278	(3,477)	(12.3%)	24,801	28,278	(3,477)	(12.3%)	
GENERAL & ADMINISTRATION									
OFFICE SUPPLIES	7,161	9,167	(2,006)	(21.9%)	7,161	9,167	(2,006)	(21.9%)	
BOARD MEETING - EXPENSES	2,493	1,400	1,093	78.1%	2,493	1,400	1,093	78.1%	
PRINTING	0	900	(900)	(100.0%)	0	900	(900)	(100.0%)	
POSTAGE & FREIGHT	1,716	2,900	(1,184)	(40.8%)	1,716	2,900	(1,184)	(40.8%)	
MEMBERSHIP, DUES & CONTRIBUTIONS	2,019	1,700	319	18.8%	2,019	1,700	319	18.8%	
PUBLICATIONS	373	200	173	86.5%	373	200	173	86.5%	
OFFICERS & DIRECTORS INSURANCE	8,699	10,000	(1,301)	(13.0%)	8,699	10,000	(1,301)	(13.0%)	
MISCELLANEOUS	0	450	(450)	(100.0%)	0	450	(450)	(100.0%)	
TOTAL GENERAL & ADMINISTRATION EXPENSES	22,461	26,717	(4,256)	(15.9%)	22,461	26,717	(4,256)	(15.9%)	
LOAN LOSS PROVISION	25,000	25,000	0	0.0%	25,000	25,000	0	0.0%	
OTHER									
INTEREST EXPENSE	781	800	(19)	(2.4%)	781	800	(19)	(2.4%)	
TOTAL OTHER	781	800	(1[illegible]	(2.4%)	781	800	(19)	(2.4%)	
TOTAL EXPENSES	445,441	482,332	(36,8[illegible]	(7.6%)	445,441	482,332	(36,890)	(7.6%)	
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOS	11,818	(127,332)	139,14[illegible]	(109.3%)	11,818	(127,332)	139,149	(109.3%)	
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	0	(58,333)	58,33[illegible]	(100.0%)	0	(58,333)	58,333	(100.0%)	
NET INCOME/(LOSS)	11,818	(185,665)	197,483	(106.4%)	11,818	(185,665)	197,483	(106.4%)	

Illinois Finance Authority
Balance Sheet
for the One Month Ending July 31, 2005

	June 2005	July 2005
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	$ 27,274,025	$ 26,998,565
LOAN RECEIVABLE, NET	12,982,143	13,096,618
ACCOUNTS RECEIVABLE	721,615	477,047
OTHER RECEIVABLES	32,624	24,328
PREPAID EXPENSES	82,201	81,694
TOTAL CURRENT ASSETS	41,092,607	40,678,251
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	71,200	69,402
DEFERRED ISSUANCE COSTS	942,817	933,227
CASH, INVESTMENTS & RESERVES	7,458,743	7,471,516
VENTURE CAPITAL INVESTMENTS	5,318,237	5,318,237
OTHER	4,000,000	4,000,000
TOTAL OTHER ASSETS	16,776,981	16,789,753
TOTAL ASSETS	$ 58,883,605	$ 58,470,632
LIABILITIES		
CURRENT LIABILITIES	$ 886,180	$ 473,372
LONG-TERM LIABILITIES	2,062,585	2,050,602
TOTAL LIABILITIES	2,948,765	2,523,975
EQUITY		
CONTRIBUTED CAPITAL	23,828,249	23,828,249
RETAINED EARNINGS	11,242,481	13,151,863
NET INCOME / (LOSS)	1,909,382	11,818
RESERVED/RESTRICTED FUND BALANCE	6,268,199	6,268,199
UNRESERVED FUND BALANCE	12,686,528	12,686,528
TOTAL EQUITY	55,934,840	55,946,658
TOTAL LIABILITIES & EQUITY	$ 58,883,605	$ 58,470,632

Illinois Finance Authority
Balance Sheet
for One Month Ending July 31, 2005
ASSETS DETAIL

	June 2005	July 2005
CASH & INVESTMENTS, UNRESTRICTED:		
GENERAL OPERATING - IFA - CASH & INVESTMENTS, UNRESTRICTED	15,590,376	15,314,917
INDUSTRIAL REVENUE BOND INSURANCE FUND - CASH & INVESTMENTS, UNRESTRICTEI	11,263,302	11,263,302
IRBB SPECIAL RESERVE FUND - CASH & INVESTMENTS, UNRESTRICTED	5,708	5,708
IRBB TRUST FUND - CASH & INVESTMENTS, UNRESTRICTED	414,639	414,639
Total CASH & INVESTMENTS, UNRESTRICTED	27,274,025	26,998,565

	June 2005	July 2005
CASH & INVESTMENTS, UNRESTRICTED:		
LASALLE NATIONAL BANK - OPERATING	191,657	861,708
Illinois Funds - Chicago General Operating	8,631,554	7,835,836
Il. Funds - Springfield Operating	401,438	445,554
PETTY CASH -	100	100
PETTY CASH - CARBONDALE OFFICE	100	100
PETTY CASH - SPRINGFIELD OFFICE	200	200
MONEY MARKET ACCOUNT	(37)	(37)
MONEY MARKET- MS	69,319	69,319
BANTERRA BANK	221,950	228,042
BANTERRA BANK - CARBONDALE	43,135	43,135
IPTIP	1,146,138	1,146,138
IPTIP	1,593,359	1,593,359
IPTIP	823,794	823,794
INVESTMENT - FARM	2,398,149	2,198,149
CERTIFICATE OF DEPOSIT - LASALLE BANK	85,000	85,000
Unrealized Gain/Loss on Investment	(10,976)	(10,976)
Discount on FNA	(3,706)	(3,706)
Premium on FHLB	369	369
Discount on FNM	(1,166)	(1,166)
Total CASH & INVESTMENTS, UNRESTRICTED	15,590,376	15,314,917

	June 2005	July 2005
LOANS RECEIVABLE, NET		
GENERAL OPERATING - LOANS RECEIVABLE OUTSTANDING, NET	8,897,143	9,011,618
ILLINOIS FACILITIES FUND	1,000,000	1,000,000
CREDIT ENCHANCEMENT DEVELOPMENT - RECEIVABLES	600,000	600,000
IRBB SPECIAL RESERVE FUND - RECEIVABLE, NET	2,485,000	2,485,000
TOTAL LOANS RECEIVABLE, NET	12,982,143	13,096,618

	June 2005	July 2005
RECEIVABLES, NET		
ACCOUNTS RECEIVABLE	721,615	477,047
TOTAL RECEIVABLES, NET	721,615	477,047

Illinois Finance Authority
Balance Sheet
for One Month Ending July 31, 2005
ASSETS DETAIL

	June 2005	July 2005
OTHER RECEIVABLES		
GENERAL OPERATING - IFA - OTHER RECEIVABLES	28,645	20,349
INDUSTRIAL REVENUE BOND INSURANCE FUND - OTHER	3,978	3,978
IRBB SPECIAL RESERVE FUND - OTHER RECEIVABLES	-	-
IRBB TRUST FUND - OTHER RECEIVABLES	-	-
TOTAL OTHER RECEIVABLES	32,624	24,328

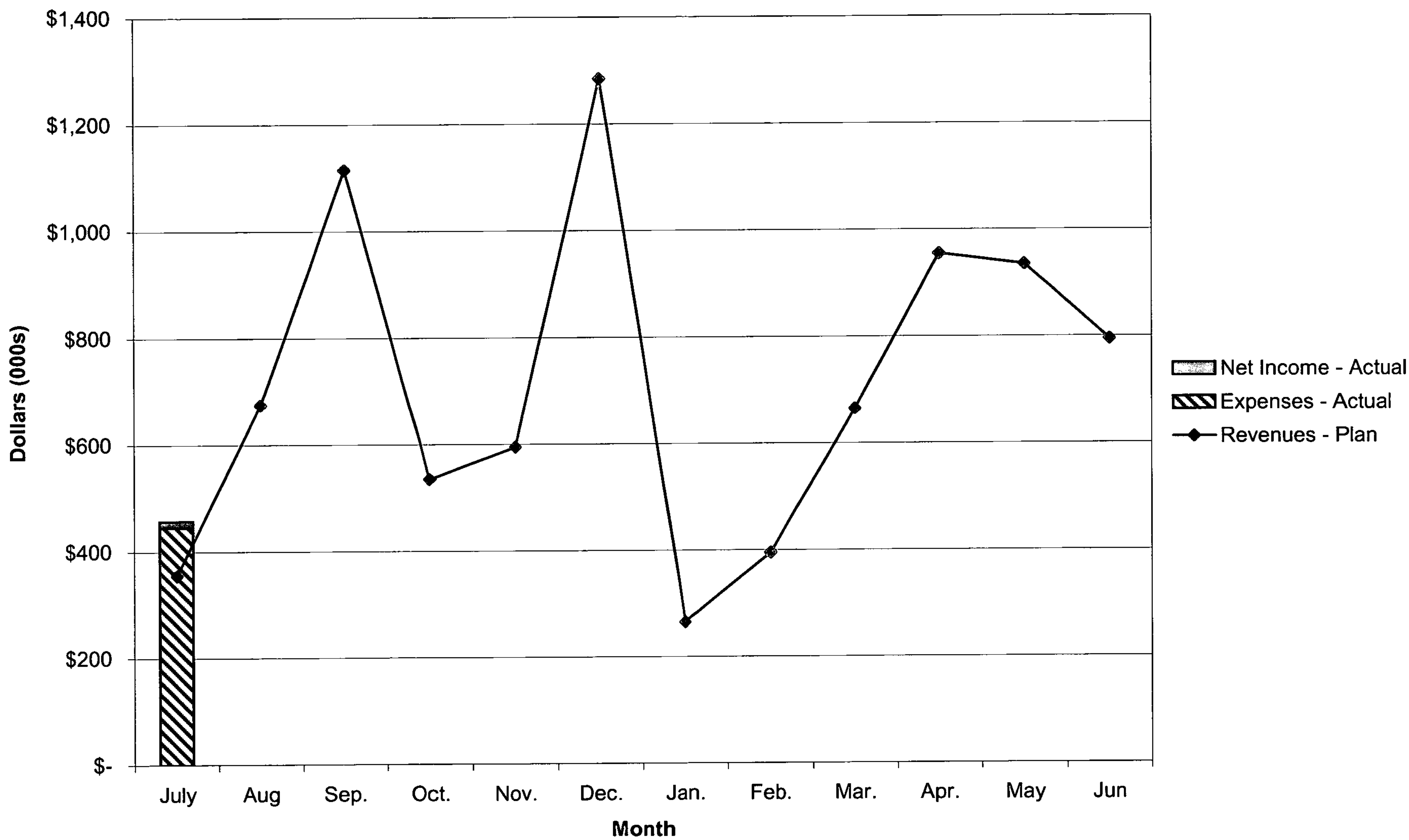
	June 2005	July 2005
PREPAID EXPENSES		
GENERAL OPERATING - IFA - PREPAID EXPENSES	82,201	81,694
TOTAL PREPAID EXPENSES	82,201	81,694

	June 2005	July 2005
OTHER ASSETS - RESTRICTED		
CASH, INVESTMENTS & RESERVES		
GENERAL OPERATING - IFA- CASH INVESTMENTS	6,052,866	6,065,638
CREDIT ENHANCEMENT DEVELOPMENT FUND - CASH, INVESTMENTS & RESERVES	1,401,319	1,401,319
IRBB SPECIAL RESERVE FUND - CASH, INVESTMENTS & RESERVES	4,558	4,558
	7,458,743	7,471,516

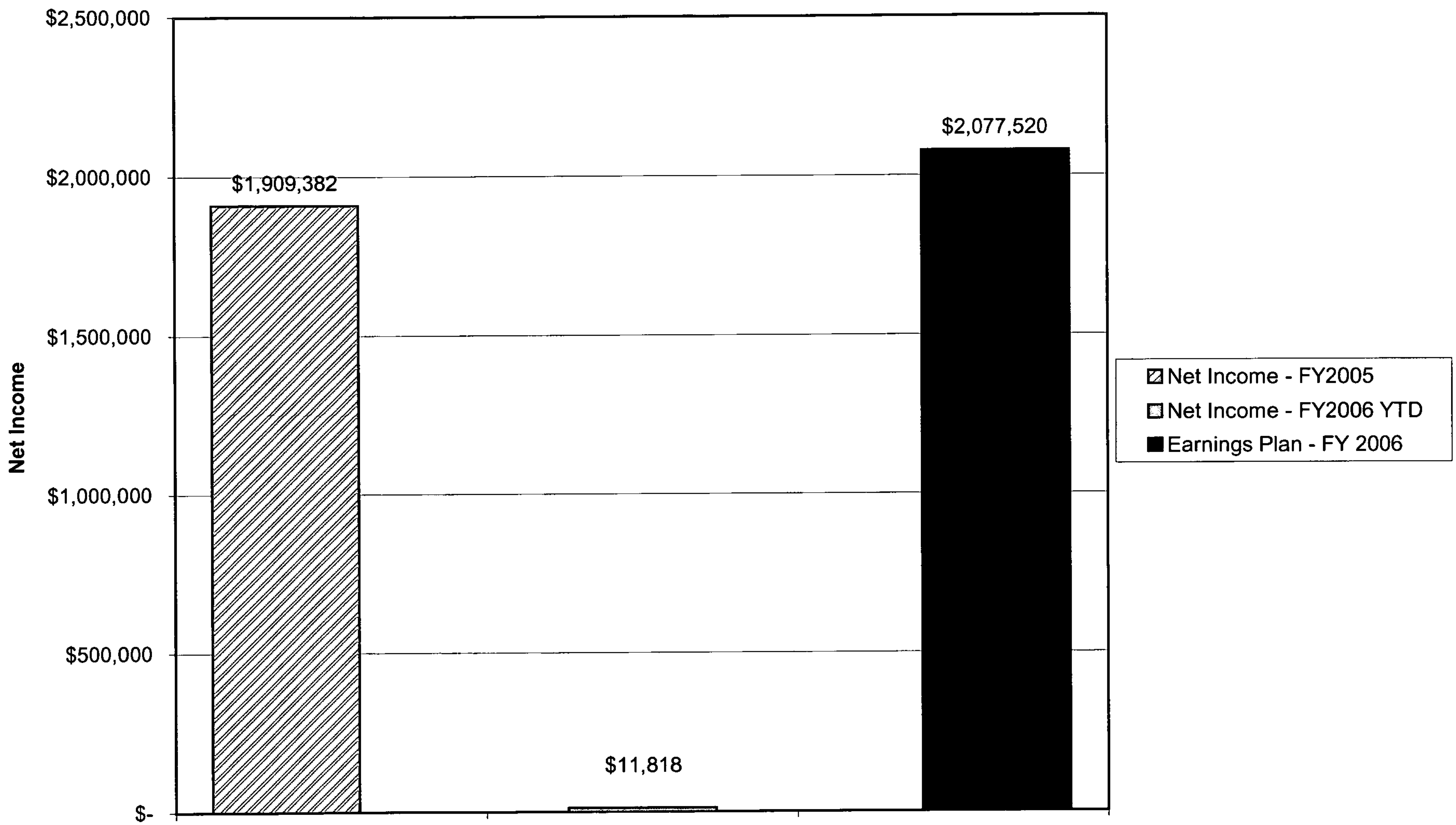
IFA Aging Report - DL-PL-PL/MPF - July 31, 2005

Client#	Client Name	Date of Closing	P.A	Payment 7/31/2005	Original Loan Amt	1-30 days	31-60 days	61-90 days	Past Due 91-180 days	181-days - 1 Year	over 1 year	Loan Balance 7/31/2005
PARTICIPATION LOANS												
9580-pl	Act Bending & Steel Company, Inc.	4/3/2001		Past Due	300,000.00						143,236	143,236
9879-pl	Alexis Fire Equipment	3/4/2004	Senica	Yes	247,610.78							172,284
	American Allied Freight Car Co. Inc.	3/23/2005	Senica	Yes	246,766.18							238,455
9830-PL	Arnold, Michael & Sandy	7/15/2003	Senica	Yes	147,406.77							137,067
9677-PL	Berry, Todd (Precision Laser)	11/5/2001	Senica	Yes	188,613.10							151,197
2110-PL	Bob Brady Dodge, Inc. (J & C Investment)	1/4/2000	Senica	Yes	300,000.00							227,518
9757-PL	Brahler, Richard W.	4/30/2002	Senica	Yes	297,591.78							271,340
	Bramm, Karen	3/22/2005	Reed	Annual Pymnt	847,738.68							847,739
1943-PL	Bushert, Forrest D.	8/10/1998	Senica	Yes	240,000.00							178,266
1881-PL	Caywood's Youth Center, Inc.	6/16/1998	Pigg	Yes	237,500.00							183,464
9792-PL	Chapman, Marc (Quality Water Services, I	10/25/2002	Senica	Yes	227,386.96	1,800						157,553
9817-PL	Centurion Investments	11/4/2003	Pigg	Yes	300,000.00							286,869
9588-PL	Cushing, Steve & Ed	5/21/2001	Pigg	Yes	149,237.50							95,733
	Deli Star Corporation	1/10/2005	Pigg	Yes	150,000.00							139,769
9835-PL	Eagle Theater Corporation	9/8/2003	Trout/Albright	Yes	295,070.51							269,877
	Excel Crusher Technologies	4/19/2005	Senica	No	1,000,000.00	2,600						973,005
9793-PL	Excel Foundry	3/27/2003	Senica	Yes	237,112.35							187,933
	Excel Foundry	5/24/2005	Senica	Yes	762,561.63							746,343
1904-PL	Hagel & Leong (2nd loan)	2/8/2002	Senica	Yes	100,817.48							33,653
1844-PL	Hawkeye Food Machinery, Inc.	1/17/1997	Senica	Yes	250,000.00							184,081
9286-PL	Illinois Valley Plastics, Inc.	5/9/2001	Senica	Yes	216,928.69							22,834
9726-PL	Kevin Krosse	2/15/2002	Senica	Yes	114,084.45	990						94,094
9783-PL	Keyser, David (Klean Wash, Inc.)	8/13/2002	Senica	Yes	100,000.00							71,578
1907-PL	Lincoln Tool Company	6/12/1997	Senica	Yes	150,000.00						106,772	106,772
	Martin & Rebecca Koster	7/27/2005	Reed	New Loan	200,000.00							200,000
1927-PL	Moerchen, William J.	6/12/1997	Pigg	Yes	300,000.00							85,337
	Newline Harwoods, Inc	11/4/2004	Senica	Yes	294,600.74							270,447
	Octochem	12/31/2003	Pigg	Yes	281,538.00							266,450
	Roesch, Inc	9/23/2004	Pigg	Yes	294,368.11							275,645
9781-PL	S & B Investments	2/18/2003	Pigg/Trout	Yes	197,889.23							174,797
9699-PL	Shults Machine	11/26/2002	Pigg	Yes	234,693.00							180,003
9579-PL	Siebenberger, Douglas & Robt. Ewen	5/17/2002	Pigg	Yes	235,698.79							208,751
9225-PL	Siracusa, Charles & Sharon	3/23/2000	Frampton	Yes	300,000.00							255,082
1889-PL	Specialty Machine & Tool, Inc.	4/2/1997	Cochran	Past due	87,172.87						71,943	71,943
	Spaulding Composites, Inc	3/23/2005	Curtis-Martin	Yes	622,508.14							614,610
9671-PL	Upchurch Oil & Ready Mix Concrete	5/4/2001	Pigg	Received Not Posted	300,000.00	3,144						197,791
	Uresil	12/1/2004	Curtis-Martin	Yes	300,000.00							278,683
9631-PL	The Weisiger Family Trust	4/6/2001	Senica	Yes	250,000.00							222,725
2164-PL	Wiegand, Beth A.	6/10/1999	Senica	Yes	183,484.09							144,141
9782-PL	Wilson, Michael L. Sr.	12/6/2002	Senica	Past due	296,031.82					284,229		284,229
	WorkSaver Inc	12/31/2003	Pigg	Yes	112,500.00							81,803
9672-PL	Young, Clinton (Precision Pattern)	8/1/2001	Senica	Yes/paid only interest	149,600.71							139,699
PL-Motion Picture Financing												
9733-PL/MPF	Big Picture Chicago,LLC	2/20/2002			82,500.00						16,432	16,432
	TOTAL				$ 12,604,548.52	10,090	-	-	-	284,229	338,382	9,889,229
PL/MPF Late amounts are estimates.												
DL Loans												
98	Roe Machine Co.	12/31/1980	Pigg	Received Not Posted	45,000.00							4,940
1470	T.K.G. Inc.	8/26/1994	Pigg	Past due	179,000.00						107,808	107,808
	TOTAL				$ 224,000.00	-	-	-	-	-	107,808	112,747
FMHA Loans												
9627	Grayson Hill Energy, LLC	1/31/2001	Pigg	Yes	130,000.00							80,230
1952	Sublette Developers, Inc.	1/15/1998	Albright	Yes	150,000.00							109,758
9643	Ultra Play Systems, Inc.	5/3/2001	Pigg	Yes	90,000.00	1,314						43,245
1789	Walters Trucking	6/25/1996	Senica	No	100,000.00					21,209		21,209
	TOTAL				$570,000.00	1,314	-	-	-	21,209	-	254,442
	GRAND TOTAL					11,404	-	-	-	305,438	446,190	10,256,419

IFA Monthly Revenues vs. Plan, FY 2006



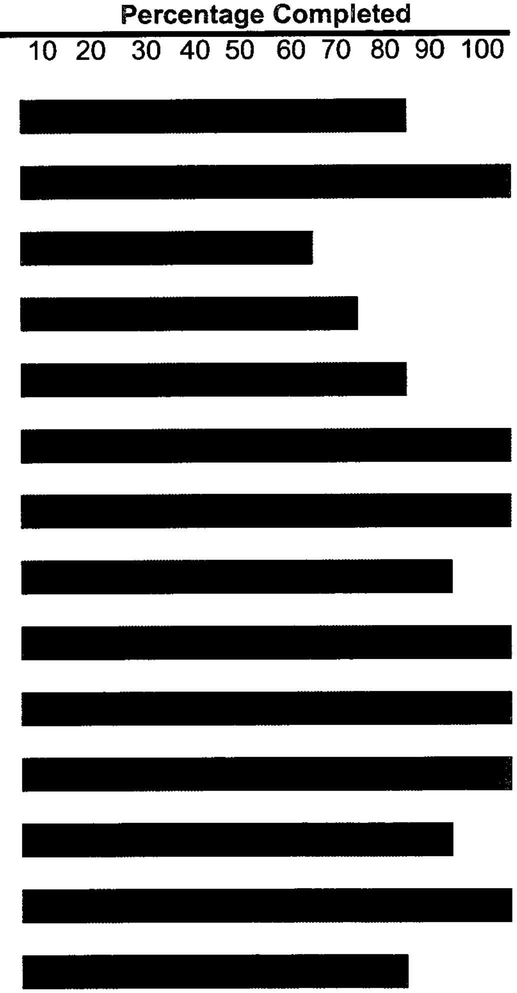
IFA Net Income



Illinois Finance Authority
Status of
FY 04 Audit Findings
Update as of July 31, 2005

Total Number of 14

Item Number	Description	Status Action Items/ Action Items Completed
04-01	Lack of Comprehensive Accounting System and Procedures	13/17
04-02	Inadequate Segregation of Duties	**Complete**
04-03	Failure to Monitor Bond Compliance	5/8
04-04	Inadequate Internal Control Review of Bond trustees	4/6
04-05	Non Compliance with Illinois Procurement Code and SAMS	2/3
04-06	Inadequate Invoice processing	**Complete**
04-07	Non-Submission of Credit Enhancement Development Report	**Complete**
04-08	Inadequate Maintenace of Personnel Files	**90% of files completed**
04-09	Inadequate Cash reciepts processing	**Complete**
04-10	InAccurate Completion of Agency Fee Imposition	**Complete**
04-11	Lack of Adequate Time reporting Documentation	**Complete**
04-12	Untimely Review of Monthly Reconciliations	**90% reviewed**
04-13	Unreported Assignments of State Vehicles	**Complete**
04-14	Incomplete accounting for Capital Assets	**Year-end inventory**



Notes:

50% = Partially Completed	0
60% = Substantially Completed	7
100% = Completed	7

ILLINOIS FINANCE AUTHORITY
JULY 12, 2005
BOARD MEETING

MINUTES OF THE REGULARLY SCHEDULED 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 its regularly scheduled meeting at 11:30 a.m., on July 12, 2005 in the Plaza Club at 130 E. Randolph, 40th Floor, in Chicago, Illinois.

Members Present:	Members Present Via Telephone:	Members Absent:
Magda M. Boyles	Michael W. Goetz	Terrence M. O'Brien
James J. Fuentes		Andrew W. Rice
Demetris A. Giannoulias		Joseph P. Valenti
David C. Gustman, Chairman		
Dr. Roger D. Herrin		
Edward H. Leonard, Sr.		
Martin H. Nesbitt		
Bradley A. Zeller		

GENERAL BUSINESS ITEMS

Call to order

Chairman Gustman called the meeting to order at 11:34 a.m., with the above members present.

Roll Call

Chairman Gustman asked Secretary Burgess Jones to call the roll. There being eight members physically present, a quorum was declared. Secretary Burgess Jones also noted that one member was present via telephone.

Chairman's Report

On behalf of the Members, Chairman Gustman welcomed Ms. Magda M. Boyles to the Board and noted that roughly $480M in projects were being presented today.

In addition, Chairman Gustman stated that the Board reviewed the Authority's FY 2006 Budget during the Executive Session. A motion was made to approve the Authority's FY 2006 Budget. The Budget was unanimously approved by 9 ayes and 0 nays.

Acceptance of the June 2005 Financial Statements

Chairman Gustman called for a vote to accept the June 2005 Financial Statements. Financial Statements were unanimously approved by 9 ayes and 0 nays.

Acceptance of Minutes of June 2005 Board Meeting

Chairman Gustman called for a vote to accept the Minutes of the June 2005 Board Meeting. Minutes were unanimously approved by 9 ayes and 0 nays.

Interim Executive Director's Report

Director Rendleman gave an overview of the projects being presented to the Board this month, noting that projects for approval total $436M.

Project Considerations

Project considerations began with Items 10 (Museum of Science and Industry) and 29 (Firefly Energy, Inc.) due to the fact that Board Member Michael W. Goetz was participating via telephone.

Item-10 **N-NP-TE-CD-620 Museum of Science and Industry**

Museum of Science and Industry, located in Chicago, seeks final approval of a 501(c)3 Cultural Pool Loan in an amount not-to-exceed **$6.7 million.**

Chairman Gustman requested a motion to approve. The motion was approved with 8 ayes, 0 nays and 1 abstention.

Item-29 **V-TD-630 Firefly Energy, Inc.**

Firefly Energy, Inc., Firefly Energy, Inc., located in Peoria, seeks approval of a venture capital investment in an amount up to $125,000.

Chairman Gustman requested a motion to approve. The motion was approved with 8 ayes, 0 nays and 1 abstention.

Board Director, Michael W. Goetz exited the meeting via telephone at approximately 11:51 a.m. Interim Executive Director Rendleman continued with the following project considerations:

AGRICULTURE

Item-01 **A-SG-TX-GT-625 Tracy L. Kitley and Mike Kitley**

Tracy and Mike Kitley, of Flora, seeks preliminary approval for a livestock guarantee in an amount not-to-exceed **$1M** for construction purposes. This project is expected to create 6 constructions jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-02 **A-DR-TX-598 Lynne L. and Madonna J. Brown**

Lynne and Madonna, of Danforth, seeks preliminary approval of an agricultural debt guarantee in an amount not-to-exceed **$145,000** to purchase farm land and consolidate debt.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-03 **A-DR-TX-611 Steve and Merry Pitstick**

Steve & Merry Pitstick, of Maple Park seeks preliminary approval of an agricultural guarantee in an amount not-to-exceed **$500,000** to purchase farm land.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-04 **A-YF-TX-CD-614 James C. and Mildred J. Grubb**

James and Mildred Grubb of Winchester seeks preliminary approval for a young farmer guarantee in an amount not-to-exceed **$181,000** to purchase farm land.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-05 **B-LL-TX-622 Walk Stock Farm, Inc.**

Walk Stock Farm, Inc. of Neoga seeks a participation loan for construction of a new machine shed and corporate office space in an amount not-to-exceed **$75,000** for construction and equipment.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-06 **BB-LL-TX-623 Madonna L. Morell**

Madonna L. Morrell, of Effingham seeks a participation loan for the construction of a hog building in an amount not-to-exceed **$200,000** for construction purposes. This project is expected to create 10 construction jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-07 **A-FB-TE-CD-612 Brian Atherton**

Brian Atherton, of Earlville seeks preliminary approval of a beginning farmer bonds in an amount not-to-exceed **$194,500.**

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-08 **A-FB-TE-CD-609 Brian Schwierjohn**

Brian Schwierjohn, of Pocahontas seeks final approval of a beginning farmer bond in an amount not-to-exceed **$163,000**.

Item-09 **A-FB-TE-CD-603 John and Shelly Hunter**

John and Shelly Hunter, of Burnside seeks final approval of a beginning farmer bond in an amount not-to-exceed **$147,000**.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

COMMUNITIES AND CULTURE:

Item-11 **N-NP-TE-CD-615 The WBEZ Alliance, Inc. (dba Chicago Public Schools)**

The WBEZ Alliance, of Chicago seeks preliminary approval for 501(C)3 bonds in an amount not-to-exceed **$22 million** for renovation and expansion purposes. This project is expected to create 14 new jobs and 140 construction jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-12 **H-HO-TE-CP-619-PS-TE-CD-538 The University of Chicago Hospitals and Health Systems**

University of Chicago Hospitals and Health Systems, of Chicago seeks preliminary approval for Commercial Paper Revenue Notes in an amount not-to-exceed **$75 million** to provide interim financing.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-13 **L-GO-LL-TX-633 Village of Warren**

Village of Warren seeks a Local Government Interim Loan in an amount not-to-exceed **$1.62 million** to cover construction costs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-14 **L-GO-LL-TX-610 Village of Rankin**

Village of Rankin, located in Rankin, seeks final approval of a Local Government Direct Loan in an amount not-to-exceed **$130,000** to match a grant from DCEO/CDAP.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-15 **IL-GO-LL-TX Ottawa Elementary School**

Ottawa Elementary School, located in Ottawa, seeks a Short Term Emergency Loan in an amount not-to-exceed **$350,000** to provide short-term financing.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-16 **L-GP-TE-MO-627 Village of Matherville**

Village of Matherville, located in Mercer County, seeks final approval of a Local Government Loan in an amount not-to-exceed **$250,000** to finance construction costs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-17 **B-LL-TX-628 Park Lawn Association, Inc.**

Park Lawn Association, Inc., located in Oak Lawn, seeks a Participation Loan in an amount not-to-exceed **$175,000** to finance acquisition and improvements. This project is expected to create 10 new jobs and 3 construction jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

BUSINESS and INDUSTRY:

Item-18 **B-LL-TX-602 Jeffrey J. Gutzwiller (Associated Veterinary Clinic, LLC)**
Jeffrey J. Gutzwiller, located in Staunton, seeks a Participation Loan in an amount not-to-exceed **$127,500** to purchase a building. This project is expected to create 2 new jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-19 **B-LL-TX-624 AgriWind LLC**
AgriWind, LLC, located in Tiskilwa, seeks a Participation Loan in an amount not-to-exceed **$712,500** to purchase and install a wind turbine. This project is expected to create 10 construction jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-20 **B-LL-TX-607 Vee Properties South LLC and Vee Park Inc.**
Vee Properties South LLC / Vee Pak, Inc., located in Hodgkins, seeks a Participation Loan in an amount not-to-exceed **$1 million** for the acquisition and construction of a warehouse. This project is expected to create 25 new jobs and 150 construction jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-21 **B-LL-TX-616 Commercial Transport, Inc.**
Commercial Transport, Inc., located in Belleville, seeks a Participation Loan in an amount not-to-exceed **$250,000** to refinance a construction loan. This project is expected to create 3 new jobs and 10 construction jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-22 **I-ID-TE-CD-629 Freedman Seating Company**
Freedman Seating Company, located in Chicago, seeks preliminary approval of an Industrial Revenue Bond in an amount not-to-exceed **$2 million** for equipment purchases and pay professional costs. This project is expected to create 43 new jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item – 23 **I-ID-TE-CD-634 MRT Sureway, Inc. (dba Sureway Tool & Engineering Co.) and its affiliates**

MRT Sureway, Inc., located in Franklin Park, seeks preliminary approval of a Conduit Industrial Revenue Bond in an amount not-to-exceed **$4.9 million** for renovations and equipment purchases. This project is expected to create 21 new jobs and 4 construction jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item – 24 **I-ID-TE-CD-605 Regis Technologies, Inc.**

Regis Technologies, Inc., located in Morton Grove, seeks final approval of an Industrial Revenue Bond in an amount not-to-exceed **$5 million** for renovations and equipment This project is expected to create 10 new jobs and 5 construction jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item – 25 **I-ID-TX-CD-618 Argonne National Laboratory**

Argonne National Laboratory, located in Argonne, seeks preliminary approval of a Taxable Conduit Revenue Bond in an amount not-to-exceed **$60 million** for Construction costs, equipment purchases and fund professional costs. This project is expected to create 400 new jobs and 200 construction jobs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

HEALTHCARE:

Item-26 ***H-HO-TE-CD-555 Norwegian American Hospital***

Norwegian American Hospital, located in Chicago, seeks final approval of a Conduit 501c3 Bond in an amount not-to-exceed **$8 million** for refinancing, pay professional costs and related expenses

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-27 ***H-HO-TE-CD-621 Swedish Covenant Hospital***

Swedish Covenant Hospital, located in Chicago, seeks final approval of a Conduit 501c3 Equipment Loan in an amount not-to-exceed **$15 million for r**efinancing, pay professional costs and related expenses, and equipment purchases.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-28 ***N-NP-TE-CD-405 The Clare at Water Tower***

The Clare at Water Tower, located in Chicago, seeks approval of a Conduit 501c3 Bond in an amount not-to-exceed **$230 million to f**inance construction costs, and pay certain issuance costs. **This project is expected to create 147 new jobs and 400 construction jobs**.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Venture Capital:

Item-30 **V-TD-631 Metalforming Controls Corporation**

Metalforming Controls Corporation, located in Cary seeks approval of a Venture Capital investment in an amount not-to-exceed **$150,000**. **This investment is expected to create 2 new jobs.**

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Project Revisions / Amendatory Resolutions:

Item-31 **Resolution No. 2006-1. Shults Machine, Inc.,** seeks approval to authorize the release of one of the co-obligors under the Authority's Participation Loan.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions.

Item – 32 **Resolution No. 2006-2. Thompson Pearl Valley Eggs, Inc.,** seeks approval to authorize the deferment of principal payments due on July 1, 2005 under certain agriculture loans from 1st Farm Credit Services in the amount of $52,194.00.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions.

There being no further business Chairman Gustman adjourned the meeting at approximately 12:20 p.m.

Respectfully Submitted,

Carla B. Burgess Jones

Carla B. Burgess Jones, Secretary

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Roy E. and Nathan T. Wiegand**

STATISTICS

Project Number:	B-LL-TX-638	Amount:	Not to exceed $175,000
Type:	Participation Loan	IFA Staff:	Eric Reed
Location:	Roanoke, IL	Tax ID:	350-44-4649
SIC Code:	0213-Swine Production	Est. fee:	$7,000(1st year's int.)

BOARD ACTION

Approval to purchase $175,000 loan participation from the Goodfield State Bank.
$175,000 of IFA funds at risk.
Staff recommends approval, subject to satisfying all conditions of the bank loan, including:

- Receipt of an independent appraisal confirming loan to fair market value ≤ 70%

PURPOSE

Provide permanent financing for the construction of a 350 head sow breeding facility and a 1,500 head finishing facility. Goodfield State Bank will finance the construction loan for this project.

VOTING RECORD

None. This is the first time that this project has been presented to the IFA Board of Directors.

SOURCES AND USES OF FUNDS

Sources:	IFA Portion	$175,000	Uses:	Project Costs	$350,000
	Goodfield State Bank	$175,000			
	Total	**$350,000**	**Total**		**$350,000**

JOBS

Current employment:	2	Projected new jobs:	1.5
Jobs retained:	2	Construction jobs:	6

BUSINESS SUMMARY

Background: Roy and Nathan Wiegand, who are father and son respectively, operate a small farrow to finish swine operation, which consists of 300 sows that produce market hogs for sale. Roy is 57 years old, while Nathan is 29 years old. Roy started farming in 1972 and raising hogs in 1980 with a 100 head sow operation. The Wiegands sell their hogs in a cooperative effort with other local farmers in order to provide larger numbers of hogs for sale directly to the packer. Currently, the Wiegands and the other producers that collectively sell hogs together receive a premium of $3-$4 per cwt over the local cash price for hogs.

Their farming operations also include a 500 acre row crop operation, which is 100% owned by Roy Wiegand. Roy plants corn on all his acres, which he sells to the Wiegand partnership, in order to provide feed to the hogs. Any additional corn required for feed, is purchased from local farmers at the prevailing local cash price.

Two years ago, Roy and Nathan Wiegand formed a partnership to allow Nathan the opportunity to gain further ownership in the family farm. Roy owns all of the current buildings and facilities, while Nathan will own the proposed facilities. Since the real estate is owned by the principals individually, it is then leased back to the partnership. With the increased production, the farm will be able to add one full time and one part time employee. As partners, Roy and Nathan will each be jointly and severally liable for this obligation. According to the loan officer, Roy and Nathan each currently have $250K in life insurance, with each other listed as the beneficiary. They are in the process of increasing this amount to cover the new debt. The bank has not requested an assignment of these policies.

Project Rationale: The Wiegands are seeking to expand their sow herd to increase annual sales of market hogs. In today's industry, producers must be able to deliver substantial numbers of hogs to packers, in order to obtain favorable pricing. By doubling their sow herd, the Wiegands will be able to position themselves to negotiate more favorable contracts with packers.

Transaction: Roy and Nathan Wiegand have requested financing in the amount of $350,000 to construct a new 350 head sow building and a 1,500 head finishing facility. The borrowers are currently undergoing construction of the new facilities. Goodfield State Bank has requested that IFA participate in the permanent financing in order to lower the cost of financing for the borrower. The bank has proposed 12 year amortization on the loan, with a 5 year fixed rate of 6.0%. Goodfield State Bank will pass on the full 2% savings from IFA to the borrowers.

Financial Commentary: Financial statements and tax returns for Roy Wiegand are prepared by Pioneer Farm Business Farm Management. For Roy Wiegand, current assets have generally been declining over the last 3 years as he and his son entered into a partnership, where livestock inventories were transferred to the partnership.

Other than stored crop inventory and machinery, most of Roy Wiegand's assets consist of 300 acres of farmland and improvements, which are valued at $1.5M. At FYE, his balance sheet reflected $100K in debt against the properties.

Mr. Wiegand's statements reflect a general trend of thin liquidity over the periods reviewed, however he has maintained a very low debt load in his operation. Prior to 2004, most of his debt was associated with an annual operating loan, which had a $200K balance. With the inception of the partnership, the majority of the operating debt is now carried by the partnership. As an accounting function, cash is shown as negative because checks are written at year end for prepaid expenses, however sales are delayed until the next calendar year to pay for those expenses.

Mr. Wiegand's net worth has been steadily increasing over the past three years. This increase can be attributed to a mixture of realized profits, appreciation in real estate value, and reduction in total liabilities.

A current balance sheet was also submitted by Nathan Wiegand to Goodfield State Bank. This was the only financial statement available to the lender. Nathan's balance sheet reflects strong liquidity. His current assets are comprised of $25K in cash, $99K in crop and livestock inventories, and $45K in marketable securities.

With minimal current liabilities, his current ratio is excellent at 42:1.

Nathan's other major assets consist of his real estate, which includes his house and the hog facilities under construction. However, since the equity in the real estate is limited, his leverage position is higher than desired at 2:1.

FINANCIAL DATA FOR: **Roy Wiegand**

			Year
	12/31/2002	**12/31/2003**	**12/31/2004**
Cash	(65,668)	(29,726)	(31,274)
Crops/Livestock	270195	108,460	144,322
Other Current Assets	32229	202,266	25,996
Total Current Assets	**236,756**	**281,000**	**139,044**
Farm Machinery/Equipment	240000	185,000	175,000
Real Estate/Improvements	1469000	1,494,000	1,537,000
Partial interest in other entity	0	0	263,857
Other LT Assets	89649	57,104	58,362
Total Non-Current Assets	**1,798,649**	**1,736,104**	**2,034,219**
Total Assets	**2,035,405**	**2,017,104**	**2,173,263**
Notes Payable	202000	213,000	58,000
Current Maturities LT debt	23100	25,800	44,800
Other Current Liabilities	23500	20,000	29,700
Total Current Liabilities	**248,600**	**258,800**	**132,500**
Equipment Debt	40150	27,230	154,697
Real Estate Debt	207207	189,356	100,182
Other LT Liabilities	0	0	0
Total Non-Current Liabilities	**247,357**	**216,586**	**254,879**
Total Liabilities	**454,564**	**405,942**	**387,379**
Net Worth	**1,580,841**	**1,611,162**	**1,785,884**
Working Capital	**(11,844)**	**22,200**	**6,544**
Current Ratio	**0.95**	**1.09**	**1.05**
Debt-to-asset ratio	**0.22**	**0.20**	**0.18**
Debt-to-worth Ratio	**0.29**	**0.25**	**0.22**

Financial Statements for the Wiegand Partnership are prepared by Pioneer Farm Business Farm Management. Since the partnership was formed at the beginning of 2003, only two years of balance sheets are available.

As expected, during the first year of operations, total assets and liabilities were minimal. However, the company was able to generate $455K in sales and a net income of $50K.

For the FYE 2004, the Wiegand Partnership significantly increased total assets and net worth, with no liabilities. They were also able to increase sales by $158K, which was a 34% increase over 2003. The increase in sales also generated an increased net income of $114K for 2004.

Income and Expense amounts listed below are combined for Roy, Nathan, and the Wiegand Partnership to reflect a global cash flow analysis. Total sales have been increasing over the 3 year period, most notably 2004, which was an excellent crop year for producers. The borrowers also increased their hog production in 2004.

With the doubling of their sow heard, the Wiegands will be able to significantly increase their annual hog sales. Forecasts project sales to increase to 10,200 head in 2006 and 11,000 head annually in 2007. Sales for 2006 are projected to be $1.1M, which is an increase of 55% over the 2004.

Debt Service Coverage for the years reviewed has been very strong, and in fact increasing each year with the increase in sales and net income. For FYE 2004, the borrowers collectively had a DSC ratio of 3.21x debt service. Projections for the 2006 indicate continued strong repayment ability, with a debt service coverage of 3.12x debts.

Collateral for the loan request appears to be adequate. Based on the bank's estimate of value, the adjusted LTV is 67%. An appraisal has been ordered on the property in order to verify the estimated values.

FINANCIAL SUMMARY

Borrower's Finances: Borrower prepared statements submitted by Goodfield State Bank.

FINANCIAL DATA FOR:	Nathan Wiegand Year 12/31/2004
Cash	25,050
Crops/Livestock	99,135
Other Current Assets	45,000
Total Current Assets	**169,185**
Farm Machinery/Equipment	11,340
Real Estate/Improvements	410,000
Breeding stock	35,613
Other LT Assets	17,500
Total Non-Current Assets	**474,453**
Total Assets	**643,638**
Notes Payable	0
Current Maturities LT debt	4,000
Other Current Liabilities	0
Total Current Liabilities	**4,000**
Equipment Debt	0
Real Estate Debt	386,000
Other LT Liabilities	40,500
Total Non-Current Liabilities	**426,500**
Total Liabilities	**430,500**
Net Worth	**213,138**
Working Capital	**165,185**
Current Ratio	**42.30**
Debt-to-asset ratio	**0.67**
Debt-to-worth Ratio	**2.02**

FINANCIAL DATA FOR:	Wiegand Partnership Year 12/31/2003	Year 12/31/2004
Cash	25,127	(2,017)
Crops/Livestock	0	278,615
Other Current Assets	0	0
Total Current Assets	**25,127**	**276,598**
Farm Machinery/Equipment	0	33,700
Real Estate/Improvements	0	0
Other LT Assets	69,409	66,640
Total Non-Current Assets	**69,409**	**100,340**
Total Assets	**94,536**	**376,938**
Notes Payable	1,928	0
Total Current Liabilities	**1,928**	**0**
Equipment Debt	0	0
Real Estate Debt	0	0
Total Non-Current Liabilities	**0**	**0**
Total Liabilities	**1,928**	**0**
Net Worth	**92,608**	**376,938**
Working Capital	**23,199**	**276,598**
Current Ratio	**13.03**	**#DIV/0!**
Debt-to-asset ratio	**0.02**	**0.00**
Debt-to-worth Ratio	**0.02**	**0.00**
Sales	455622	612976
Depreciation	0	3668
Interest	0	0
General Expenses	405124	495168
Net Farm Income	50498	114140

Cash Basis Accounting	Roy and Nathan Wiegand(Combined)				Year 1
	2002	2003	2004	Average	Projection
Crop/Livestock Sales	424,993	535,078	735,480	565,184	1,140,360
Government payments	19,905	19,795	32,732	24,144	19,000
Other Farm Income	53,866	129,745	2,895	62,169	20,000
Total Farm Income	**498,764**	**684,618**	**771,107**	**651,496**	**1,179,360**
General Operating Expenses	362,991	553,125	639,009	518,375	811,993
Depreciation	73,689	22,041	20,947	38,892	73,892
Interest Expense	15,918	19,804	17,736	17,819	35,236
Total Farm Expenses	**452,598**	**594,970**	**677,692**	**575,087**	**921,121**
Net Cash Farm Income	**46,166**	**89,648**	**93,415**	**76,410**	**258,239**
Accrual Adjustments					
Stored Crops Adj.	**(14,135)**	**17,874**	**107,833**	37,191	**0**
Accounts Rec. Adj.	**0**	**0**	**0**	0	**0**
Prepaid Exp. Adj.	**(6,043)**	**(18,147)**	**13,708**	(3,494)	**0**
Accounts Payable Adj.	**0**	**0**	**0**	0	**0**
Accrual Adj. Income	**25,988**	**89,375**	**214,956**	**110,106**	**258,239**

Repayment Margin Analysis

	2002	2003	2004	Average	Projection
Net Farm Operating Income	25,988	89,375	214,956	110,106	258,239
Add: Non-farm Income	30,634	48,008	35,642	38,095	35,000
Add: Depreciation Expense	73,689	22,041	20,947	38,892	73,892
Add: Annual Term Debt Interest	15,918	19,804	17,736	17,819	35,236
Less: Income Taxes	(10,907)	(7,991)	(15,509)	(11,469)	(15,826)
Less: Family Living W/D	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Balance Available for Term Debt Rpymt	**75,322**	**111,237**	**213,772**	**133,444**	**326,541**
Principal on Term Debt	23,100	25,800	48,800	32,567	69,300
Interest on Term Debt	15,918	19,804	17,736	17,819	35,236
Total Principal and Interest Pymts	**39,018**	**45,604**	**66,536**	**50,386**	**104,536**
Equals Term Debt Coverage Ratio	**1.93**	**2.44**	**3.21**	**2.53**	**3.12**
Equals Term Debt Repayment Margin	**36,304**	**65,633**	**147,236**	**83,058**	**222,005**

COLLATERAL ANALYSIS:

Collateral Description	**Value**	**Advance**	**Adj. Value**
Stored Crops		0.85	$ -
Growing Crops		0.65	$ -
Breeding Stock	$ -	0.80	$ -
Proposed facilities	$ 350,000	0.70	$ 245,000
Existing 12 ac w/facilities	$ 400,000	0.70	$ 280,000
Total Collateral	$ 750,000		$ 525,000

Total Loans Outstanding:	$ 350,000
Adjusted LTV:	67%
Excess Collateral:	$ 175,000

PROJECT SUMMARY

The Wiegand partnership has requested financing in the amount of $350,000 to construct a new 350 head sow building and a 1500 head finishing facility. The borrowers are currently undergoing construction of the new facilities. Goodfield State Bank has requested that IFA participate in the permanent financing in order to lower the cost of financing for the borrower.

FINANCING SUMMARY

Interest:	The borrower's note rate will be fixed at 6.0% for 5 years. Goodfield State Bank will pass on the 2% discount from IFA to the borrower, resulting in an IFA rate of 4%.	
Security:	This loan facility will be secured by a first mortgage on 12 acres with all existing and proposed facilities. IFA will have an equal share in all collateral.	
Sources of Repayment:	Primary: Secondary:	Sale of market livestock. Other farm income/liquidation of collateral.
Maturity:	10 year Term, 12 year amortization, with monthly P&I of $3,500.	

COLLATERAL

The proposed loan facility will be secured by a 1st mortgage and assignment of rents and leases on 12 acres, which includes all existing hog facilities, two large two story frame houses, and the proposed hog facilities, which are estimated to cost $350,000. The bank estimates the total value of the real estate at $750,000. A satisfactory appraisal, substantiating this estimate or an overall LTV of ≤ 70% is a requirement of this loan prior to IFA funding. **Based on the estimated value of the collateral, the adjusted LTV is 67%.**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Roy E. Wiegand Nathan T. Wiegand
Location:	2157 County Hwy 5, Roanoke, IL 61561 (Woodford Co.)
Organization:	Partnership
State:	Illinois
Ownership:	Roy E. Wiegand and Nathan T. Wiegand

PROFESSIONAL & FINANCIAL

Accountant:	Pioneer Farm Business Farm Management in Bloomington, IL	
Bank:	Goodfield State Bank	Dana Wiegand, VP **

(** <u>Note:</u> The bank's loan officer, Dana Wiegand, is a son of Roy Wiegand. Goodfield State Bank is comfortable with Dana acting as the primary lender for this credit. Financial statements are prepared by FBFM and appear to be uninfluenced by the loan officer.)

LEGISLATIVE DISTRICTS

Congressional:	18th	State Senate:	37th	State House	73rd

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Earl & Sue Hesterberg**

STATISTICS

Project Number:	B-LL-TX-637	Amount:	Not to exceed $103,500
Type:	Participation Loan	IFA Staff:	Bart Bittner
Location:	Gifford, IL	Tax ID:	350-38-6315
SIC Code:	0191-Grain Farming	Est. fee:	$6,200(1st year's int.)

BOARD ACTION

Approval to purchase a $103,500 participation loan from Gifford State Bank.
$103,500 of IFA funds at risk.
Staff recommends approval, subject to satisfying all conditions of the bank loan including:

- Proof of property and casualty insurance with lender listed as loss payee.

PURPOSE

Finance the purchase of a new combine, corn head and refinance loan for a used tractor.

VOTING RECORD

None. This is the first time that this project has been presented to the IFA Board of Directors.

SOURCES AND USES OF FUNDS

Sources:	IFA	$103,500	Uses:	New Combine and Head	$155,000
	Gifford State Bank	$103,500		Used Tractor	$52,000
	Total	**$207,000**		**Total**	**$207,000**

JOBS

Current employment:	2	Projected new jobs:	0
Jobs retained:	0	Construction jobs:	0

BUSINESS SUMMARY

Background: Earl and Sue Hesterberg live and farm in Gifford, Illinois, a small rural community located in northeastern Champaign County. Their farming operation consists of 570 acres of corn and 361 acres of soybeans. Approximately 65% of their corn production is sold under contract to Frito Lay to process corn chips. The remaining corn crop and their entire soybean crop is sold on the commercial market to a local grain buyer at a local cooperative.

Earl and Sue stabilized their finances years ago. According to their lender, Cory Mitchell, they have always paid as agreed in a timely fashion, sometimes ahead of schedule. In a typical year they have the entire amount of prepaid expenses for the following year paid for with that year's crop proceeds. Overall the Hesterbergs seem to run a very efficient and profitable farming operation.

The Financing: The proceeds of the loan facility will be used to finance the purchase of a new combine and corn head and refinance a loan that financed the purchase of a used tractor. The equipment will be financed on a 5 year amortization with annual payments. The lender will pass on 1% of the IFA buy down to the customer and retain 1% of the savings as a servicing fee. The borrower's effective interest rate will be 6%.

Project Rationale: The acquisition of a new combine and corn head will increase operating efficiency and reduce repair expenses. The Hesterberg's current combine is nearly 10 years old and the tractor to be replaced was even older. This participation loan will allow the Hesterbergs to benefit from a lower interest rate on this machinery note. Consolidating the new and existing loans, will enhance the Hesterberg's cash flow. Gifford State Bank will improve its collateral position by avoiding the need to share collateral with another lender.

Financial Commentary: The Hesterberg's operate a well established grain operation that has shown good profitability and appropriate levels of debt. Their debt to asset ratios for the 3 years of financial information provided have been satisfactory. Leverage has generally been low and decreasing over the past three years.

The borrower's liquidity has been satisfactory for each of the years reviewed. At FYE 2004, their current ratio was 1.96:1, which is excellent. Current assets at FYE are comprised of $338K in stored crops and $168K in prepaid expenses.

Current liabilities consist of an operating loan balance of $159K and $54K in CMLTD. Working capital for 2004 is more than adequate at $249K.

Farm income is bolstered by the fact that 75% of the corn they grow is food grade and grown on contract with Frito Lay. The Frito Lay contracts are very popular with growers and come with healthy premiums that vary based on the variety of food grade corn raised. We do not have access to the details of the contracts due to confidentiality clauses in the contracts.

The Hesterberg's financial statements reflect a large net worth of $2.3M. Their net worth has been increasing the past three years, as a result of increased profits and real estate values, and decreased total liabilities.

Cash-based sales and net income for the years reviewed has fluctuated but has been robust. Accrual based sales and net income peaked in 2004. Operating expenses have generally been consistent for the past three years.

Debt service coverage has historically been satisfactory. With the increased crop yields in 2004, accrual adjusted cashflow increased significantly, dramatically increasing debt service coverage to 3.26 times.

Conservative forecasts indicate a debt service coverage ratio of 1.12x debts. Sales are projected to decrease for 2005 due to recent weather conditions, which have hurt expected crop yields in Illinois. The Hesterbergs had $338K in stored crops at FYE 2004, which provide ample cushion to cover debt service and operating expenses, if actual revenues fall below forecasted levels.

FINANCIAL SUMMARY

FINANCIAL DATA FOR:	Earl and Sue Hesterberg Year 12/31/2002	Year 12/31/2003	Year 12/31/2004
Cash	2,000	2,000	1,000
Crops/Livestock	344,131	271,408	338,736
Other Current Assets	104,148	128,424	168,678
Total Current Assets	**450,279**	**401,832**	**508,414**
Farm Machinery/Equipment	362,000	402,000	423,500
Real Estate/Improvements	1,280,000	1,358,000	1,445,000
Other LT Assets	372,700	409,680	469,828
Total Non-Current Assets	**2,014,700**	**2,169,680**	**2,338,328**
Total Assets	**2,464,979**	**2,571,512**	**2,846,742**
Notes Payable	227,055	183,500	159,000
Current Maturities LT debt	57,921	53,945	53,737
Other Current Liabilities	58,882	47,723	46,707
Total Current Liabilities	**343,858**	**285,168**	**259,444**
Equipment Debt	9,833	65,416	110,182
Real Estate Debt	276,606	252,276	213,799
Other LT Liabilities	0	0	0
Total Non-Current Liabilities	**286,439**	**317,692**	**323,981**
Total Liabilities	**630,297**	**602,860**	**583,425**
Net Worth	**1,834,682**	**1,968,652**	**2,263,317**
Working Capital	**106,421**	**116,664**	**248,970**
Current Ratio	**1.31**	**1.41**	**1.96**
Debt-to-asset ratio	**0.26**	**0.23**	**0.20**
Debt-to-worth Ratio	**0.34**	**0.31**	**0.26**

Cash Basis Accounting

	2002	2003	2004	Average	Projection
Crop/Livestock Sales	335,847	475,776	365,785	392,469	338,640
Government payments	30,642	46,551	71,183	49,459	33,000
Other Farm Income	7,054	3,283	22,410	10,916	5,550
Total Farm Income	**373,543**	**525,610**	**459,378**	**452,844**	**377,190**
General Operating Expenses	241,246	272,389	271,930	261,855	214,093
Depreciation	50,384	121,263	100,154	90,600	125,000
Interest Expense	19,239	41,640	23,081	27,987	32,905
Total Farm Expenses	**310,869**	**435,292**	**395,165**	**380,442**	**371,998**
Net Cash Farm Income	**62,674**	**90,318**	**64,213**	**72,402**	**5,192**
Accrual Adjustments					
Stored Crops Adj.	**0**	**(72,723)**	**67,328**	(1,798)	**0**
Accounts Rec. Adj.	**0**	**4,500**	**15,687**	6,729	**0**
Prepaid Exp. Adj.	**0**	**9,676**	**33,617**	14,431	**0**
Accounts Payable Adj.	**0**	**0**	**0**	**0**	**0**
Accrual Adj. Income	**62,674**	**31,771**	**180,845**	**91,763**	**5,192**

Repayment Margin Analysis

	2002	2003	2004	Average	Projection
Net Farm Operating Income	62,674	31,771	180,845	91,763	5,192
Add: Non-farm Income	(2,812)	(2291)	(1914)	(2,339)	0
Add: Depreciation Expense	50,384	121,263	100,154	90,600	125,000
Add: Annual Term Debt Interest	19,239	41,640	23,081	27,987	32,905
Less: Income Taxes	(10,831)	(19,318)	(11,842)	(13,997)	0
Less: Family Living W/D	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Balance Available for Term Debt Rpymt	**78,654**	**133,065**	**250,324**	**154,014**	**123,097**
Principal on Term Debt	27,784	53,944	53,736	45,155	77,434
Interest on Term Debt	19,239	41,640	23,081	27,987	32,905
Total Principal and Interest Pymts	**47,023**	**95,584**	**76,817**	**73,141**	**110,339**
Equals Term Debt Coverage Ratio	**1.67**	**1.39**	**3.26**	**2.11**	**1.12**
Equals Term Debt Repayment Margin	**31,631**	**37,481**	**173,507**	**80,873**	**12,758**

COLLATERAL ANALYSIS:

Collateral Description	Value	Advance	Adj. Value
Stored Crops		0.85	$ -
Growing Crops		0.65	$ -
Breeding Stock	$ -	0.80	$ -
Equipment	$ 235,000	0.65	$ 152,750
Real Estate	$ -	0.80	$ -
Total Collateral	$ 235,000		$ 152,750

Total Loans Outstanding: $ 103,500

Adjusted LTV: 68%

Excess Collateral: $ 49,250

PROJECT SUMMARY

Loan proceeds will be used to finance the purchase of a new Case IH 2377 combine and corn head for $155,000. The borrowers will also refinance balance of the purchase of a used Case IH MX255 tractor for $52,000.

FINANCING SUMMARY

Interest:	The interest rate on the proposed loan will be a blended rate of 6% to the borrower fixed for 5 years or the term of the note. IFA's interest rate will be 5% for the first 5 year term. Gifford State Bank will pass on 1% of the discount from IFA to the borrower and keep 1% as a service fee as allowed by the provisions of the program.
Security:	Security interest in a new Case IH 2377 combine and corn head with a purchase agreement of $155,000 and a used Case IH MX255 tractor market valued at $80,000.
Sources of Repayment:	Primary: Sale of harvested crops. Secondary: Other income/Liquidation of collateral
Maturity:	5 year term with annual P&I

COLLATERAL

Based on a 65% advance rate, **the adjusted LTV is 68%**. The loan will be secured by a security interest in a new Case IH 2377 combine and corn head with a purchase agreement of $155,000 and a used Case IH MX255 tractor market valued at $80,000.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Earl & Sue Hesterberg
Location:	2311 Co. Road 2800N, Gifford, IL 61847
Organization:	Sole Proprietorship
State:	Illinois
Ownership:	Earl & Sue Hesterberg

PROFESSIONAL & FINANCIAL

Accountant:	FBFM
Bank:	Gifford State Bank, Cory Mitchell, Vice President, Agri-Business

LEGISLATIVE DISTRICTS

Congressional: 15th   State Senate: 52nd   State House 103rd

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Bart Bittner/bar

Date: August 9, 2005

Re: **Beginning Farmer Bonds Overview Memo/Proposed New Approval Process**

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Resolutions for each attached project
- **Amounts:** amounts up to $250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
- **IFA Fees:**
  - One-time closing fee equal to 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

- <u>**Adoption of a Single Step Approval Process:**</u>
  - Staff is seeking final approval for both projects submitted herein. One project (Brian Atherton) received Preliminary Approval on July 12, 2005. The second project (Alan Rumboldt) has never been presented to the Board. To enhance the utility of this program, we recommend approving all Beginning Farmer Bonds in one step, rather than requiring an Initial Approval one month and Final Approval the next month. Adopting a two step approval process serves no business purpose for this product and has been used by IFA based on IDFA's practice. Issuer's Counsel, Stephen Welcome, has confirmed that no resolution is required to begin approving all Beginning Farmer Bonds in single step as this process has been a informal practice rather than one adopted by formal Board policy. The Ag Committee approved this change in its meeting on July 26, 2005.

BEGINNING FARMER BOND LOANS
Projects for Final Resolution
August 9, 2005

Project Number:	A-FB-TE-CD-612
Borrower(s):	Brian Atherton
Town:	Earlville, IL
Amount:	$194,500
Fees:	$2,917.50
Use of Funds:	Farmland – 53.3 acres grain farm
Purchase Price:	$389,090
%Borrower Equity	49.9%
%Other Agency	0%
%IFA	50.1%
County:	LaSalle
Lender/Bond Purchaser	First State Bank, Mendota, IL

The Note shall bear simple interest at the Expressed Rate. The Expressed Rate shall be 5.31% for the first five years of the loan; thereafter, the rate shall be adjusted every five years to 1.825% above the yield of the 3-year U.S. Treasury Bond.

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

Project Number:	A-FB-TE-CD-641
Borrower(s):	Alan Rumbold
Town:	Tremont, IL
Amount:	$250,000
Fees:	$3,750
Use of Funds:	Farmland – 80 acres
Purchase Price:	$350,000
%Borrower Equity	28.6%
%Other Agency	0%
%IFA	71.4%
County:	Tazewell
Lender/Bond Purchaser	Goodfield State Bank, Goodfield, IL

Principal shall be paid in quarterly installments for $4375.00 determined pursuant to a twenty-year equal principal payment schedule, with the first principal payment date to be one year from the date of closing. Accrued interest on the unpaid balance hereof shall be paid quarterly, with the first interest payment date to be one year from the date of closing, with the twentieth and final payment of all principal and interest then outstanding due twenty years from the date of closing.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 9, 2005

Project: **Urban St. Pauls Limited Partnership, an Illinois Limited Partnership to be formed, and its successors and assigns (St. Pauls Apartments)**

STATISTICS

IFA Project #:	M-MH-TE-CD-639	Amount:	$7,000,000 (not-to-exceed amount)
Type:	Housing Bonds	IFA Staff:	Rich Frampton
Location:	Chicago (Cook County)	Tax ID:	Applied for
SIC Code:	6513	Est. fee:	$31,000 (based on $5.0 million financing)

BOARD ACTION

Preliminary Bond Resolution	
Conduit Tax-Exempt Multi-Family Housing Revenue Bonds	No IFA Funds at risk
Staff recommends approval	No extraordinary conditions

PURPOSE

Purchase and renovation of an existing 72-unit, four-story, affordable senior rental property that will preserve the property as affordable to low- and moderate income senior households.

IFA CONTRIBUTION

IFA will convey tax-exempt bond status on this financing.

The Developer will use up to $7.0 million of prior year IFA Carryforward Volume Cap that was transferred to the Authority by Home Rule Municipalities for this purpose.

VOTING RECORD

None. This is the first time this project has been presented to the IFA Board of Directors.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	Senior Bonds (Series 2005A) *FHA/GNMA Enhanced*	$4,550,000	Uses:	Project costs	$6,150,000
	LIH Tax Credits	2,100,000		Purchase of Vol. Cap	46,000
	Deferred Developer Fees	450,000		Legal & Professional/Tax Credit Costs	389,000
	Prorations and GP Equity	0		Capitalized Interest/ Reserves	350,000
	Total	**$7,100,000**		Bond Issuance Costs	165,000
				Upfront Developer Fee	0
				Total	**$7,100,000**

*Note: The Developer's Fee will be deferred and paid over time subject to the Partnership Agreement to be executed between the Developer and RED Capital Group, the proposed Tax Credit Investor. Payment of these fees will be contingent on project performance. Typical performance hurdles include: satisfying certain benchmark debt service coverage, occupancy rates, and other negotiated covenants.

JOBS

Current employment:	2.5 FTE's	Projected new jobs:	0
Jobs retained:	N/A	Construction jobs (9 mo's.):	10 (average)

BUSINESS SUMMARY

Background: Urban St. Pauls Limited Partnership (the "Applicant") is an Illinois limited partnership to be formed (accordingly, the legal name of the applicant may change prior to closing). The Applicant is a special purpose entity established for the express purpose of acquiring, redeveloping, and owning the St. Pauls Apartments in Chicago, Illinois, an existing 72-unit affordable senior housing property.

The General Partner, and 0.02% owner of the Applicant, will be Urban St. Pauls LLC, an Illinois limited liability company to be formed, whose members will be Mark Kelly and Andrew Dellman. Mark Kelly is 50% owner of Urban Innovations, Ltd., an Illinois S Corporation, a property management company based in Chicago, while Andrew Dellman is an employee at Urban Innovations, Ltd. (Full ownership for Urban Innovations, Ltd. is provided on Page 6 of this report – see Economic Disclosure Statement section).

The Limited Partner and 99.98% owner of the project will be affiliates of RED Capital Group of Columbus, Ohio, the tax credit syndication affiliate of National City Bank. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits.

Description: The St. Pauls Apartments is a 72-unit affordable senior rental apartment constructed in 1982 and is located at 2815 W. Byron St. in Chicago.

The property is located on an approximately 56,125 SF site .

The property's common facilities include twenty-five (25) parking spaces, 2 elevators, and an outdoor walking path.

The property is currently an affordable senior property with all 72 units supported by a HUD Housing Assistance Payment (HAP) Contract. Because the Developer intends to use the proceeds of a syndication of 4% Low Income Housing Tax Credits allocable to all units, the property will become a 100% affordable, rent-restricted project for a minimum period of 15 years (i.e., the initial 15-year Tax Credit compliance period).

The proposed project will include a substantial renovation of interiors (vanity replacement, appliance replacement, selected carpeting and flooring), exteriors (limited roof, brick, and pavement repairs), and common areas (potentially elevators), as are described in further detail later (see Project Summary section, Page 6). Urban Innovations has estimated an average renovation cost per unit at approximately $10,400 as of 7/28/2005.

Background on Developer and Affiliates:

Urban Innovations, Ltd. is a Chicago-based real estate company that specializes in acquisition/renovation, development, construction, marketing, and management of commercial lofts and Section 8 Senior Housing. UI was a pioneer in developing residential condominiums in the River North district, beginning in 1978.

Urban Innovations presently owns and operates 13 Senior Housing properties (12 located throughout Illinois and one in Kentucky) with a total of 1,916 units, ten River North loft office buildings, and two West Loop office buildings totaling over 784,000 SF and two River North development sites totaling 28,200 SF. Eight of these Senior Housing properties were acquired and financed in 2001 using a combination of tax-exempt bond financing and 4% Low Income Housing Tax Credits.

UI's Senior Housing projects in Illinois are located in Alton (Marian Heights – 122 units), Chicago (Maple Point Apartments – 342 units; and Walsh Park Apartments – 134 units); Danville (Wolford Apartments – 100 units; and Vermilion House Apartments – 160 units), DeKalb (Colonial House Apartments -- 110 units); Fox Lake (Lakeland Apartments – 104 units); Glen Ellyn (Forest Apartments – 80 units); Macomb (Jefferson House Apartments – 115 units); Mt. Prospect (Centennial Apartments- North – 101 units; Centennial Apartments-South – 97 units); Springfield (Capitol Apartments – 150 units); and Zion (Carmel House Apartments – 80 units). Each of these properties (with the exception of Maple Point in Chicago) Each of these properties is suppored with Section 8 Housing Assistance Payment contracts.

UI's 30 employees provide comprehensive development, architecture, construction, leaseing, and property management services to company-owned projects. Additionally, UI's professionals also bring affordable housing expertise with HUD subsidies, and financing products, including Tax-Exempt Bonds and 4% Low Income Housing Tax Credit Equity to facilitate both upfront due diligence and ongoing compliance.

UI will serve as its own General Contractor for the proposed renovations, subject to approval by the credit enhancer (HUD/GNMA or FNMA).

The proposed property manager will be Urban Innovation's internal property management group. UI currently manages 1,917 Section 8 senior apartment units located in 16 buildings. Additionally, UI also manages 21 market rate apartment properties and 850,000 SF of commercial property located in 12 buildings.

There will be no tenant relocation during the renovation period since the proposed renovations are limited in scope and will primarily focus on exterior and common area improvements.

Financials:

Historical Results Prepared by Applicant based on Audited Results: 12/31/03-12/31/04
Projected Net Operating Income Statements for 3 Years (2007-2009) ($ in Thousands)

($ in Thousands)	12/31/2003	12/31/2004	Year 1 2007	Year 2 2008	Year 3 2009
Income:					
Gross Rental Income	$775	$798	$837	$858	$880
Vacancy/Coll. Loss	(5)	(9)	(8)	(9)	(9)
Other Income (Net):	4	4	4	4	4
Project Income:	$774	$793	$833	$853	$875
Operating Expenses:					
Payroll	199	173	98	100	103
General Administrative	25	26	27	28	28
Operating & Maintenance	76	69	68	70	72
Utilities	82	96	99	102	104
R/E Taxes	--	--	50	51	53
Insurance	30	32	14	15	15
Mgmt. Fees	39	40	38	39	40
Replacement Reserve	--	--	18	18	18
Other Exp.	15	33	--	--	--
Total Oper. Expenses & Repl. Reserve:	466	469	412	423	433
Net Operating Income Before Debt Service:	308	324	421	430	442
Max. Senior 2005 Bond Debt Svc. Payments	386	386	386	386	386
Pro Forma Debt Svc. Coverage (x)	0.80	0.89	1.09	1.11	1.15

Discussion : These projections assume:

(1) Estimated Effective Interest Rate: 5.50% amortized over 30 years, with principal payments beginning in Year 1
(2) 0% vacancy rate and 1% collection loss rate assumed for Years 1-3.
(3) Principal payments to begin 2007 (Year 1).
(4) Projected rent escalation of approximately 2.5% in Year 2 and Year 3.
(5) Projected expense escalation of approximately 2.5% in Year 2 and Year 3
(6) $18,000 annual replacement reserve to be funded from operations beginning in Year 1 (2007).
(7) New ownership will be required to pay property taxes estimated at $50,000 per annum initially. Under the property's current 501(c)(3) ownership, the property has been exempted from real estate taxes.

As of 7/15/2005, St. Pauls Apartments Village had no vacant units, as expected for a subsidized property with below market rents.

Additionally, the projections indicate coverage of 1.09 times or better beginning in 2007, the first full year following acquisition of the property. All units will remain subsidized by a Section 8 HAP contract. Because of the Section 8 subsidy, 100% historical occupancy, and longstanding waiting lists, UI anticipates continued 100% occupancy in the forecast. Collection losses are estimated at 1%, consistent with recent levels.

In order to attain debt service coverage, there will be a reduction in payroll as day-to-day management functions are assumed by Urban Innovations, Ltd. (Presently, management is an internal function.)

Market Facts:

All 72 units will remain low income (i.e., affordable) units upon acquisition and renovation and will be priced as follows

# Units	*Unit Type*	*Approximate Ave. SF (Range)*	*Monthly Rents (includes. utilities)*
68	1 BR	518-679	$958 (average)
4	2 BR	741	$1,137
72	**Total Units**	**$1.17/Net SF rental income per month**	**$69,692**

As a 100% Section 8 subsidized property, St. Pauls Apartments currently has a two-year waiting list and reported 100% occupancy as of 7/15/2005.

The absence of comparable, subsidized/affordable units in the local submarket and the existing waiting lists at St. Pauls Apartments suggests that the proposed tax-exempt bond/4% tax credit financed property will support the long-term viability and demand for this property. With 100% of the units rent restricted and the project-based Section 8 subsidy, it is reasonable to expect continued 100% occupancy going forward.

Subsidies: This financing will include syndication proceeds generated by the sale of 4% Low Income Housing Tax Credits. The credit rate on the project has been estimated at $0.92 per credit and is estimated to generate approximately $2,100,000 in proceeds. Upon completion of the proposed renovations, a minimum of 40% of the units will be set aside to households earning no more than 60% of area median income. The Developer has elected to designate 100% of the units as "affordable" and rent restricted.

Accessibility: According to the Applicant, this project is exempt from Americans with Disabilities Act ("ADA") requirements regarding minimum unit set-asides and related accessibility and adaptability requirements due to the age of the property (i.e., originally constructed in 1982). Common areas will be renovated as necessary to comply with ADA.

Although not required based on the age of the property, St. Pauls Apartments has 3 fully handicapped accessible units and 3 additional accessible units that mostly comply with ADA (except for lacking a roll-in shower stall) out of 72 total units.

FINANCING SUMMARY

Security: Series 2005A Bonds: to be secured by Aaa/AAA/AAA-rated credit enhancement from (1) FNMA or (2) FHA 221(d)(4)/GNMA modified pass-through mortgage backed securities

Structure: Series 2005 Bonds: estimated effective fixed rate of 5.50%

Maturity: Series 2005 Bonds: 30 years

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition and substantial rehabilitation/renovation of St. Pauls Apartments, a one building, four-story, 72-unit senior rental property known as St. Pauls Apartments located on 56,125 SF site at 2815 W. Byron St., Chicago (Cook County), IL 60618-3610.

Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, and will also capitalized certain debt service and operating reserve funds.

Preliminary estimated project costs are as follows:

Land	$400,000
Bldg. Acquisition:	4,750,000
**Renovations:	750,000
Project Contingency	250,000
Total:	**$ 6,150,000**

**Renovations will include various interior and exterior improvements to the property. Specific information regarding the scope of these improvements will be provided at the time of the Final Bond Resolution for this project. The Developer anticipates that any in-unit renovation will be modest in scope and will not require tenant displacement or relocation.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Urban St. Pauls Limited Partnership, an Illinois Limited Partnership to be formed, and its successors and assigns, c/o Mr. Andrew W. Delman, Principal, Urban Innovations, Ltd., 445 N. Wells St., Chicago, IL 60610; Ph.: 312-970-3284; Fax: 312-222-5369; e-mail: adellman@urbaninnovations.com

Alternate Contact: Mr. Josh Hafron, Acquisitions Analyst, Urban Innovations, Ltd., 445 N. Wells St., Chicago, IL 60610; Ph.: 312-970-3284; Fax: 312-970-312-222-5369; e-mail: jhafron@urbaninnovations.com)

Project name: St. Pauls Apartments
Location: 2815 W. Byron St., Chicago, IL 60618-3610
Organization: Limited Partnership
State: Illinois

Ownership of Applicant: Urban St. Pauls Limited Partnership, an Illinois Limited Partnership to be formed

- Urban St. Pauls LLC, an Illinois Limited Liability Company, General Partner: 0.02% (The only members with a 7.5% or greater membership interest will be Mark F. Kelly and Andrew Dellner, c/o Urban Innovations, Ltd. (a property management company and Illinois S Corporation), Chicago, IL 60610)
- RED Capital Group.: 99.98% (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing). RED Capital Group is 100% owned by National City Bank, Inc., Cleveland, OH.

Current Property Owner: **St. Pauls Residences**, an Illinois 501(c)(3) corporation, is a special purpose entity formed in 1981by **St. Pauls House & Health Care Center**, to own and operate the subject property.
Contacts:

- St. Pauls Residences, Colleen Roberts, Board President, c/o St. Pauls Residences, 2815 W. Byron St., Chicago, IL 60618-3610, (T) 773-620-2984
- St. Pauls House: 3800 N. California Ave., Chicago, IL 60618, (T) 773-478-4222 (Dick Hattan, Executive Director).

Although St. Pauls House & Health Center provides a majority of Board Members for St. Pauls Residences, there is no other legal or financial relationship between the two entities. St. Pauls Residences wholly owns the subject property to be financed herein.

PROFESSIONAL & FINANCIAL

Counsel:	Sonnenschein, Nath & Rosenthall LLP	Chicago, IL	Caryn Chalmers
Accountant:	Reznick Group	Chicago, IL	Bruce Schiff
Bond Counsel:	Sidley Austin Brown & Wood LLP	Washington, DC Chicago, IL	Peter Canzano, Richard Astle
Underwriter:	To be determined		
Underwriter's Coun.:	To be determined		
Credit Enhancement:	Cambridge Capital (HUD/FHA Lender) or a FNMA DUS Lender – To be determined	Chicago, IL	
Counsel to Credit Enhancer:	Cassin Cassin & Joseph LLP	New York, NY	Deborah Franzblau
Tax Credit Investor:	RED Capital Group	Columbus, OH	
Tax Credit Investor's Counsel:	To be determined		
Trustee:	To be determined		
Architect:	BLDD Architects, Inc.	Decatur, IL	
General Contractor:	Urban Innovations, Ltd. will serve as its own General Contractor on the proprosed renovations		
Management Agent:	Urban Innovations Ltd.	Chicago, IL	Sue Roess1
Issuer's Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Congressional:	5	Rahm Emanuel
State Senate:	6	John J. Cullerton
State House:	11	John A. Fritchey

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 9, 2005

Project: **City of East St. Louis (IFA Financially Distressed City Debt Restructuring Revenue Refunding Bonds)**

STATISTICS

IFA Project #: L-DC-TE-MO-635
Type: Financially Distressed City Revenue Refunding Bonds
Location: East St. Louis

Amount: Not to exceed $6,000,000

IFA Contact: Rich Frampton
Est. fee: $25,000 closing fee; and a 20 b.p. (0.20%) annual servicing fee for the Series 2005 Bonds ($9,260 initially); this annual fee would be immediately reduced to 10 b.p. annually if the FAA were to resume its full responsibilities and powers under the Financially Distressed City Law

BOARD ACTION

Final Bond Resolution
Financially Distressed City Debt Restructuring Revenue Refunding Bonds
These Bonds will be a Moral Obligation of the State of Illinois issued pursuant to the Financially Distressed City Law and IFA's statute.

Staff recommends approval subject to the following Extraordinary Conditions:

1. Subject to the delivery, receipt, and compliance with a Governor's Moral Obligation Commitment.
2. IFA may require the subject Bonds to be sold in minimum denominations of $100,000.

Comments:

- Although the Bonds will also be secured by the State's Moral Obligation Pledge, the principal source of repayment for these Bonds will be provided pursuant to Revenue Intercept Provisions statutorily authorized under IFA's "Financially Distressed City Assistance Program". Additional details regarding these Intercept Provisions are described in the "Intercept Provision" section (see Pages 3-4), and in the "Financing Summary" section (see Pages 7-8).

PURPOSE

Current Refunding of IFA's (IDFA's) Series 1994 Debt Restructuring Revenue Bonds (City of East St. Louis Project). The proposed Series 2005 Bonds will current refund 100% of the remaining outstanding balance of the Series 1994 Bonds. The Final Maturity Date will remain 11/15/2003.

This current refunding is expected to produce a Net Present Value benefit estimated at $374,160 (i.e., a 7.636% Net Present Value Benefit). The Refunding will replace Series 1994 Bonds bearing interest rates of between 6.875% and 7.50% with Series 2005 Refunding Bonds bearing estimated rates ranging from 2.50% to 3.55%.

In June 2005, the FAA certified that the City satisfied the Financially Distressed City Law's requirement of 10 consecutive years of balanced budgets pursuant to its review of the City's 12/31/2003 audit. ***Additional information relating to the City and FAA's current responsibilities pursuant to this certification are described in the "Recent Developments" section – see Pages 6 and 7 of this report.***

Description: The proposed Bonds will be a current refunding solely to achieve interest rate savings. The estimated Net Present Value Savings are approximately $371,898 (including IFA's Administrative Fee) over the remaining 8-year life of the Bonds (based on assumptions and results prepared by Stifel, Nicolaus & Co., Inc., the Underwriter). This bond issue will not finance new capital improvements.

The IFA (IDFA) Series 1994 Debt Restructuring Bonds were issued to accomplish a debt restructuring pursuant to a Debt Restructuring Plan approved by the East St. Louis Financial Advisory Authority. The original $21,435,000 IFA (IDFA) Series 1994 Bonds refinanced outstanding City debt and loans in default. The aggregate outstanding principal amount of IFA's Series 1994 and Series 2003 Distressed City Revenue Bonds was $14,045,000 as of 7/31/2005. (The current outstanding balances of the Series 1994 Bonds and Series 2003 Bonds were $4,530,000 and $9,515,000, respectively, as of 7/31/2005.)

The City has been current on all payments for both the Series 1994 and Series 2003 Bonds (as funded from State Source Intercept Revenues as described immediately below).

Intercept Provision: To secure the performance and observance of the covenants of the Series 1994 and Series 2003 (and proposed Series 2005) Loan Agreements between IFA and the City of East St. Louis, the City has assigned and pledged to IFA (which IFA has assigned to the Bond Trustee) all sums payable to the City from the Illinois Department of Revenue to cover debt service payments on the Bonds (as described further below). As additional security, the City has also pledged Local Source Utility Taxes that will be intercepted on a contingent basis in the event that the City defaults on its debt service payments for the IFA Series 2003 or IFA Series 2005 Bonds.

Primary State Source Intercept Revenues pledged to the Bond Trustee (JPMorgan Institutional Trust) from the State of Illinois include:

- Sales Taxes
- Income Taxes
- Replacement Taxes
- Home Rule Taxes
- Illinois Gaming Board Revenues

Under the State Source Revenue Intercept Provision, these Revenues are forwarded to the Bond Trustee which, in turn, funds escrow accounts to pay any shortfalls in the City's debt service payment, prior to forward the balance of such Revenues to the City. *This arrangement provides Bondholders with significant comfort that the pledged Revenues will remain available to pay debt service regardless of any financial difficulty that the City may be experiencing.*

Secondary Local Source Intercept Revenues pledged to the Bond Trustee are principally comprised of Utility Taxes collected by utility companies that serve the City of East St. Louis. These revenues will only be paid to the Bond Trustee in the event of payment default by the City.

The IFA Series 2005 Refunding Bonds will use the same financing structure as the Series 2003 Bonds (with Bondholders directly secured by municipal bond insurance from XL Capital Assurance, Inc.) Additionally, the Series 2003 and Series 2005 Bonds will be in parity with respect to both Primary State Source and Secondary Local Source Intercept Revenues.

Source Intercepted Revenues together with the Primary State Source Revenues would have provided approximately 7.27 times coverage for fiscal 2003.

This analysis does not conform to the 11/15 Bond Year convention that the Underwriter uses to estimate debt service coverage. Accordingly, these results may differ materially from representations in the Preliminary and Final Official Statements.

Although the City's Intercepted Revenues appear to provide substantial coverage, it should be noted that Riverboat Gaming Taxes generated approximately 70.4% of 2003 General Fund revenues. Consequently, the City's General Fund revenues are subject to competitive risks from proposed gaming operations across the river in Missouri, which may reduce actual future debt service coverage from levels estimated above. Nevertheless, the City generated sufficient General Fund/State Source Intercept Revenues to cover its IFA bond debt service payments by a multiple of 1.82 times in 2003 (after adding Local Source Intercept Revenues, coverage improves from 1.82 times to 2.82 times).

Socioeconomic Statistics: The City's population, according to the 2004 U.S. Census estimate was 30,266, continuing a pattern of population decline. The City's unemployment rates remain well above State of Illinois and St. Louis averages. The City is heavily dependent on The Casino Queen, the local hospital, and area governments for employment. Median household income and home values lag St. Clair County medians, but have been rising.

Source: U.S. Census Bureau	**Population**
1970	69,996
1980	55,200
1990	40,944
2000	31,542
2004 Estimate	30,266

Source: U.S. Census Bureau	**Comparative Median Household Income**	
	1990	2000
East St. Louis	$12,627	$21,324
St. Clair County	$26,813	$39,148

Source: U.S. Census Bureau	**Comparative Median Home Value**	
	1990	2000
East St. Louis	$26,400	$41,800
St. Clair County	$55,500	$77,700

Major Area Employers

Employer	Number of Employees
East St. Louis School District #189	1,250
The Casino Queen (Riverboat Casino)	1,000
Kenneth Hall Regional (formerly St. Mary's) Hospital	580
City of East St. Louis	250
Elemental Pigments, Inc.	250
Bi-State Development Agency	237

Source: City of East St. Louis, 2003

In the event that the City fails to *(a)* file its annual audit by 8/29 (e.g., its 12/31/2004 audit is due by 8/29/2005) or *(b)* its annual budget by 12/15 (e.g., its 2006 budget by 12/15/2005), the Illinois Finance Authority has a statutory obligation under the Financially Distressed City Law to certify to the Governor the failure of the City to file the audit or budget by the statutory deadlines. *[These are objective, factual tests.]*

Similarly, in the event that *(c)* the Illinois Finance Authority, after consultation with the East St. Louis Financial Advisory Authority, determines that the City has failed to submit a balanced budget satisfying the requirements of the Financially Distressed City Law, IFA has a statutory obligation to certify to the Governor the failure of the City to submit a balanced budget as specified under the Financially Distressed City Law. *[This is a more subjective test. The East St. Louis Financial Advisory Authority has developed criteria to evaluate whether the City's budget is, in fact, balanced. Presumably, the FAA's criteria would be applied to evaluate this matter.]*

Effective immediately upon such certification by IFA to the Governor, the FAA, IFA, and the City would immediately resume their respective pre-6/20/2005 functions [i.e., (i) the FAA reviews all contracts, (ii) annually reviews the City's 3-year financial plan (the City's obligation to prepare this item also resumes) for the duration of IFA's Bonds (i.e., until the 11/15/2013 final maturity date), (iii) reviews annual audit reports, and (iv) reviews and approves annual city budgets]. *IFA's responsibilities for providing oversight/monitoring functions would immediately and irrevocably terminate upon execution of this certification.*

- Legal Counsel to the City of East St. Louis (Hinshaw & Culbertson) and East St. Louis' City Manager have been receiving all bond documents and have reviewed the disclosure language that describes these events in the Preliminary Official Statement.

IFA's monitoring responsibilities are mandated pursuant to the Financially Distressed City Law – IFA's responsibilities are already established irrespective of whether or not the proposed IFA Series 2005 Bond issue closes.

FINANCING SUMMARY

Security/ Structure: These IFA Series 2005 Bonds will use the same financing structure as the Series 1994 and Series 2003 IFA Bonds.

- The Bonds will be secured by an irrevocable General Obligation pledge of the City's *ad valorem* real property taxing power (i.e., Property Taxes).

- Although the City has covenanted (pursuant to City Ordinances) to the timely payment of the principal and interest on the Bonds, it is intended that the City's pledge of State Source Intercept Revenues (payable to the City and pledged to the Bond Trustee) will be the primary source of repayment on IFA's Series 2003 and Series 2005 Bonds. In the event of payment default by the City, the Trustee would then be able to intercept Local Source Revenues (i.e., Utility Taxes) as a secondary source of intercepted revenues.

- The Series 2003 and Series 2005 Bonds will be in parity with respect to all intercepted revenues.

- In the event these intercepted revenue sources are insufficient (which could also potentially result from setoff claims against these revenues by other creditors), the IFA Bonds will be further secured by a Moral Obligation pledge from the State of Illinois pursuant to the Financially Distressed City Law. This Moral Obligation pledge will provide credit enhancement to XL Capital Assurance, Inc., the Bond Insurer.

LEGISLATIVE DISTRICTS

US Congress	12 Jerry Costello
State Senate:	57 James F. Clayborne, Jr.
State House:	114 Wyvetter H. Younge

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **E. Kinast Distributors, Inc.**

STATISTICS

Deal Number:	I-ID-TE-CD-413	Amount:	$4,300,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	Funding Manager:	Sharnell Curtis-Martin
Location:	Hanover Park	Tax ID:	36-2854554
SIC Code:	2590	Estimated Fee:	$24,125

BOARD ACTION

Final Bond Resolution
Conduit Industrial Revenue Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

To finance acquisition of land, construction, machinery and equipment.

VOLUME CAP

The Applicant will receive approximately $2,825,000 in IFA Volume Cap.

VOTING RECORD

Preliminary Bond Resolution: September 14, 2004
Ayes: 9 Nays: 0 Absent: 3 (Delgado, Leonard, O'Brien) Vacancies: 3

Amendatory Bond Resolution: June 14, 2005
Ayes: 8 Nays: 0 Absent: 3 (Giannoulias, Ozark, Rice) Vacancies: 4

SOURCES AND USES OF FUNDS

Sources:	IFA Tax Exempt Bond	$2,825,000	Uses:	Project Costs	$5,000,000
	IFA Taxable Bond	1,375,000		Bond Issuance Costs	150,000
	Equity	950,000			
	Total Sources:	$5,150,000		Total Uses	$5,150,000

The source of equity is from internally generated funds.

JOBS

Current employment:	43	Projected new jobs:	13
Jobs retained:	N/A	Construction jobs:	87 (6 months)

BUSINESS SUMMARY

Background: E. Kinast Distributors, Inc. ("E. Kinast" or the "Company") began as a sole proprietorship owned by Mr. Edward Kinast in 1970. The Company began as a wholesale distributor of interior building products for woodworkers, lumber yards and kitchen remodelers. The Company incorporated as E. Kinast Distributors in December 1975.

When Mr. Kinast passed away, his business was taken over by his three daughters: Dianne Kinast, Barbara Kinast and Nancy (Kinast) Schierer and son-in-law, William Schierer. Mr. Schierer serves as the Company's President, while his wife and sister-in-laws also serve in management positions in the Company.

In 1997, E. Kinast began a manufacturing division to produce counter tops for the Chicago area Home Depot Stores. This new area has allowed the Company to diversify and become a value added manufacturer and distributor of countertops, wood components, laminated panels and other products used by the woodworking industry. E. Kinast also assembles and packages hardware for the McMaster-Carr Corporation.

Description: The new facility in located in Hanover Park will allow E. Kinast to expand from 49,000 square feet to over 83,000 square feet. Also located in TIF District #3, this project is expected to create 13 new jobs.

Financials: Reviewed Financial Statements 10/31/02 - 10/31/04
Internally prepared financial projections 10/31/05 - 10/31/07

	Year Ended Oct 31			Year Ending Oct 31		
	2002	2003	2004	2005	2006	2007
	(Dollars in 000's)					
Income statement:						
Sales	$10,318	$10,492	$11,319	$12,247	$13,390	$14,719
Net income	(99)	123	328	67	391	523
EBITDA*	149	330	540	245	532	732
Balance sheet:						
Current assets	$3,045	$2,646	$3,226	$2,956	$3,167	$3,410
PP&E	365	317	409	3,601	3,451	3,330
Total assets	3,410	2,963	3,635	6,557	6,618	6,740
Current liabilities	2,311	1,781	2,071	1,940	2,051	2,336
Non Current liabilities	1,035	995	1,049	4,363	3,922	3,236
Equity	65	187	515	254	645	1,168
Total liabilities/equity	$3,410	$2,963	$3,635	$6,557	$6,618	$6,740
Ratios:						
Debt coverage	0.80x	1.98x	3.16x	1.99x	2.66x	3.48x
Current ratio	1.32	1.49	1.56	1.52	1.54	1.46
Debt/equity	16.49	5.53	2.14	17.36	6.39	2.94

EBITDA* Earnings before Interest Taxes Depreciation and Amortization

Discussion: In 2002, the Company experienced a net loss of $99,000. If non-cash expenses (i.e. amortization and depreciation) are added back in, the Company would have an adjusted net income of $12,300. The Company has a $1.1 million operating line of credit through Bank One N.A. with approximately $700,000 available.

FINANCING SUMMARY

Security:	Direct Pay Letter of Credit to be provided by J.P Morgan Chase
Structure:	Variable Rate Demand Bonds
Maturity:	20-years

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of an approximately five acre parcel of land located at 7N 650/7N 728 Church Road, Hanover Park, IL 60133 (DuPage County) , construction of a 83,625 square foot manufacturing facility and the acquisition of equipment and machinery for use therein. Project costs are estimated as follows:

Construction	$3,930,000
Land	650,000
Machinery and Equipment	320,000
Architectural/Engineering	100,000
Total Project Costs	**$5,000,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	E. Kinast Distributors, Inc.	
	9362 W. Grand Avenue, Franklin Park, IL 60131 (Cook County)	
Project name:	E. Kinast New Facility	
Location:	7N 650/7N 728 Church Road, Hanover Park, IL 60133 (DuPage County)	
Organization:	Corporation	
State:	Illinois	
Ownership:	William and Nancy Schierer	48.4%
	Dianne Kinast	28.3%
	Barbara Kinast	23.3%
Land Sellers:	KND Group	
	Ken Nyenhuis 51%	
	Lynn Nyenhuis 49%	

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Tews, Theisen & Lawler	Chicago	Herbert Theisen
Accountant:	Ostrow, Resien, Birk and Abrams	Chicago	Paul McEntree
Bond Counsel:	Wildman, Harrold, Allan & Dixon	Chicago	James Snyder
LOC Bank:	Bank One, N.A.	Melrose Park	Lenny Bell
Underwriter:	J. P. Morgan Securities, Inc.	Chicago	Shelley Phillips
Underwriter's Counsel:	Wildman, Harrold, Allan & Dixon	Chicago	James Snyder
Issuer's Counsel:	Ice Miller	Chicago	Tom Smith
Trustee:	J. P. Morgan Trust Co., N.A.	Chicago	Mietka Collins

LEGISLATIVE DISTRICTS

Congressional:	6 – Henry Hyde
State Senate:	28 – David Sullivan
State House:	55 -- Rosemary Mulligan

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 9, 2005

Project: **Waste Management of Illinois, Inc. and its affiliates**

STATISTICS

IFA Project #:	P-SW-PO-TE-CD-547 & IDFA Project # 9849-E	Amount:	$30,000,000 (not-to-exceed amount)
Type:	Solid Waste Disposal Bonds	IFA Contact:	Rich Frampton
Locations:	Multiple	Tax ID:	36-2660859
SIC Code:	4953	Est. fee:	$231,000

BOARD ACTION

Final Bond Resolution	
Conduit Solid Waste Disposal Revenue Bonds	No IFA funds at risk
Staff recommends approval	No extraordinary conditions

PURPOSE

Bond proceeds will be used to finance landfill and transfer station improvements and to purchase containers, transportation equipment, and equipment for use at WM's solid waste disposal facilities statewide.

IFA CONTRIBUTION

This project will use unallocated IFA Carryforward Volume Cap designated for Solid Waste Disposal Revenue Bond projects. *No current year IFA Volume Cap will be used for this project when issued*. The Borrower anticipates issuing these bonds in two series in late calendar 2005 ($30 million) and an additional $70 million in calendar 2006. *These Bonds will be issued under the Illinois Environmental Facilities Financing* ***Act and will not use any of IFA's recently increased $24 billion debt authorization for general purposes that are used to finance Industrial Revenue Bond and 501(c)(3)Revenue Bond projects.***

VOTING RECORDS

Preliminary Bond Resolution, April 2005:
Ayes: 10 Nays: 0 Abstentions: 0
Absent: 3 (Goetz, Herrin, Leonard) Vacancies: 2

Informational Disclosure: Preliminary Bond Resolution, May 8, 2003 (Illinois Development Finance Authority):
Ayes: 12 Nays: 0 Abstentions: 0
Absent: 4 (Filan, Geitner, Hynes, Msall) Vacancies: 1

PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS

Sources:	Series 2005 Bonds	$30,000,000	Uses:	New Project Cost	$29,400,000
	Cash Equity	26,000		Costs of Issuance	626,000
	Total	**$30,026,000**		**Total**	**$30,026,000**

JOBS

Current employment:	1,900	Projected new jobs:	20
Jobs retained:	Not applicable	Construction jobs:	30-40 for cell construction; construction periods will vary by project

BUSINESS SUMMARY

Background: **Waste Management of Illinois, Inc. ("WM-Illinois" or the "Borrower"), a Delaware corporation, will be the obligor on the proposed bonds.** WM-Illinois is the holding company for certain Waste Management's operating subsidiaries that are qualified to do business in Illinois. WM-Illinois was incorporated under Delaware law in 1968.

Waste Management, Inc. ("WM" or the "Corporate Guarantor") was formed in 1998 through the merger of USA Waste Services, Inc. of Houston, Texas and Waste Management, Inc. of Oak Brook, Illinois. The surviving entity in the merger was USA Waste Services, Inc., which was reincorporated under Delaware law in 1995. Simultaneous with the merger, USA Waste changed its name to Waste Management, Inc.

WM-Illinois is an indirect, wholly-owned subsidiary of WM. WM will be the corporate guarantor on the Bonds, on behalf of WM-Illinois and its affiliates.

WM's stock is publicly traded on the NYSE (ticker symbol "**WMI**").

Waste Management Facts: WM provides comprehensive waste management services worldwide and is the largest company in the industry. WM owns and operates 429 collection operations, 286 active landfill facilities, 17 waste-to-energy plants, 381 regional waste transfer stations, 85 landfill gas projects, and 17 waste-to-energy facilities. WM operates in 48 states, Washington, D.C., Puerto Rico, and Canada. Additionally, the Company is the largest collector of recyclable materials from businesses and households in the world and its 106 materials recovery facilities ("MRF") process recyclable commodities (e.g., glass, plastics, electronics, composting, data destruction, construction and demolition processing).

The Company's service facilities serve more than 21 million residential, industrial, municipal, and commercial customers in 48 states, Puerto Rico, and Canada. WM had approximately 51,700 employees as of 12/31/2004.

WM-Illinois Facts: WM-Illinois currently employs 1,900 in Illinois, with an annual payroll of over $111 million. The subject facilities currently employ approximately 1,466. WM-Illinois currently provides collection, recycling, and disposal to municipal, commercial, industrial, and residential customers throughout 37 counties within the State of Illinois. WM-Illinois's landfill gas-to-energy plants generate 35 MW of electricity daily.

WM-Illinois services approximately 725,000 residential, commercial, and industrial customers, and 60,000 recycling customers. Am-Illinois' municipal customers include Berwyn, Chicago, Elgin, Galesburg, Joliet, Macomb, Peoria, and member cities of the West Cook Municipal Conference (transfer/disposal).

IFA and its predecessors have closed on six prior bond issues totaling over $267 million with WM and its affiliates/predecessors since 1978. IFA currently has four WM bond issues outstanding representing a total amount of $136 million outstanding as of 12/31/04. WM's payments on all prior IFA (IDFA) bonds, including the WM's most recent IFA (IDFA) bond issues in October 2002 and September 2003, are current.

Required Permits: All project facilities referenced in Appendix A are existing operating facilities with all necessary Illinois EPA operating permits

Financials: Audited Financial Statements for Fiscal Years 2002-2004
No projections were prepared since WM is a public company, pursuant to SEC regulations.

Year Ended December 31 *(Dollars in Millions)*

	2002	2003	2004
		Historical	
Income statement:			
Sales	$11,211	$11,648	$12,516
Net income	822	630	939
EBITDA	2,933	2,738	2,977
Balance sheet:			
Current Assets	2,700	2,360	2,819
PP&E	10,612	11,411	11,476
Other Assets	6,319	6,611	6,610
Total	**19,631**	**20,382**	**20,905**
Current Liabilities	3,173	3,375	3,205
Long Term Liabilities	8,062	7,997	8,182
Other Non-Cur. Liab.	3,088	3,408	3,547
Equity	5,308	5,602	5,971
Total	**19,631**	**20,382**	**20,905**
Ratios:			
Debt/Fixed Oblig Cov.	2.99x	4.09x	3.06x
**Recast Debt/Fixed Oblig. Cov.*	*2.97x*	*4.04x*	*3.04x*
Current Ratio	0.85	0.70	0.88
Debt/Equity	1.56	1.52	1.43

*__Note:__ Recast coverage adds the proposed debt service payments attributable to the proposed IFA Series 2006 Bonds (i.e., $7.2 million) to the Company's existing debt service payments to determine adequacy of historical cash flows to service the proposed debt.

Discussion: WM's sales growth in 2004 reflected significant volume increases compared to recent prior years. Additional volume growth resulted from one-time volume increases attributable to the Florida hurricanes. WM had less success expanding sale through pricing increases, due to increased competition in landfill operations for special wastes.

WM's 2004 net income reflected the successful management of both operating and overhead expenses (SG&A), which remained relatively flat as a percentage of sales, reflecting the success of the Company's overall cost reduction program. As a result, 2004 net income increased substantially over 2003.

As evidenced by WM's historical EBITDA, WM's net income reflects significant Depreciation and Amortization Expenses, as typical in the capital-intensive, solid waste disposal industry. WM recorded Depreciation/Amortization of approximately $1.2 billion in 2002, and $1.3 billion in 2002 and 2003. Accordingly, WM generates strong internal cash flows that should enable the Company to continue to (1) service its debt obligations, (2) pursue potential acquisitions, and (3) continue the Company's stock repurchase initiative.

In 2003, Moody's Investors Service upgraded WM's long term unsecured debt rating from Ba1 to Baa3. Both S&P and Fitch currently rate WM's long term unsecured debt at BBB (stable).

WM's revolving credit lines and Bank Letters of Credit that secure its Tax-Exempt Bond Issues with its banking syndicate are secured by blanket liens on the Company's assets.

On a pro forma basis, WM should easily be able to generate sufficient operating cash flow to cover the proposed annual debt service payments associated with an initial $50 million tranche of IFA Tax-Exempt Solid Waste Disposal Revenue Bonds. After adding the proposed annual debt service payments of $3.597 million to the Company's existing 2004 debt service payments, WM's 2004 EBITDA would have been sufficient to cover its debt obligations by a multiple of 3.06 times. (Assumes: $50 million of Tax-Exempt Bonds; an interest rate of 6.0%, and a 30-year amortization as conservative, simplifying assumptions.)

FINANCING SUMMARY

Bondholder Security: Bonds will be sold based on the underlying ratings of Waste Management, Inc., the corporate guarantor, on behalf of Waste Management, Inc.

Structure: Fixed Rate Bonds. Current estimated rate of 5.40% based on WM's underlying ratings. Final interest rate mode(s) will be determined at the time of issue in 2006.

Maturity: Not to exceed 40 years

WM's Ratings: WM's underlying long-term senior unsecured debt is currently rated Baa3/Stable as of 11-15-2003 (Moody's), BBB/Stable affirmed 5-20-2002 (S&P), and BBB/Stable affirmed 3-17-2005 (Fitch).

These Bonds will be issued under the Illinois Environmental Facilities Financing Act and will not use any of the Illinois Finance Authority's recently approved $1 Billion debt limit for Industrial Development and 501(c)(3) financings.

PROJECT DESCRIPTION FOR IFA BOND RESOLUTION

Bond proceeds will be used to pay costs of the acquisition, design, construction, equipping, installation and development of improvements to existing solid waste disposal facilities, including sanitary landfills and hauling and transfer stations (the "Project") consisting generally of (i) construction of new disposal cells and liners within the currently permitted acreage of the landfill facilities, (ii) additions and improvements to the leachate collection and treatment systems, including leachate trenching of the landfill facilities, (iii) additions and improvements to the methane gas systems of the landfill facilities, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) acquisition of equipment, including new solid waste collection vehicles, solid waste disposal containers and solid waste disposal sorting and processing equipment at any of the facilities, (vi) construction of site improvements at any of the facilities, acquisition of currently permitted acreage, (vii) construction of new buildings and (viii) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them in service, all owned and operated by Waste Management of Illinois, Inc., or its wholly-owned subsidiaries, and located within the State of Illinois at the addresses/project sites identified in **Appendix A** attached hereto.

ECONOMIC DISCLOSURE STATEMENT

Applicant/Contacts: Waste Management of Illinois, Inc. (*Signatory Contact:* Ms. Cherie C. Rice, VP and Treasurer – Waste Management of Illinois, VP, Finance and Treasurer – Waste Management, Inc. 1001 Fannin, Suite 4000, Houston, Texas 77002; General Ph.: 713/512-6200; Direct Ph.: 713/512-6548; Fax: 713/942-1580; E-mail: crice@wm.com)
Primary Company Contact: Ms. Jean M. Gard, Treasury Analyst, Waste Management, Inc., 1001 Fannin, Suite 4000, Houston, TX 77002, Direct Ph.: 713-394-2161; Fax: 713/549-4415; E-mail: jmgard@wm.com

Project Name: Waste Management, Inc. (Waste Management of Illinois, Inc. Series 2006 Bonds)

Project Locations: Multiple (see attached listing)
Land Owner: The subject properties are all owned by Waste Management of Illinois, Inc. or its subsidiaries.

	Borrower:	**Corporate Guarantor:**
	Waste Management of Illinois, Inc.	*Waste Management, Inc.*
Organization:	Corporation	Corporation
State:	Delaware	Delaware

5.0% or Greater Ownership (SEC threshold for public co's.): **Waste Management, Inc. (all shareholders noted below are institutional investors)**

- **Legg Mason, Inc.: 6.14% as of 3-31-2005**
  100 Light Street, Baltimore, MD 21202-1099:
  Manages and advises Legg Mason mutual funds.
- **Southeastern Asset Management, Inc.: 5.71% as of 3-31-2005**
  6410 Poplar Avenue, Suite 900, Memphis, TN 38119-4839, Ph.: 901/791-2474.
  Manages four Longleaf Mutual Funds and sub-advises a portion of two Masters' Select mutual funds.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Waste Management, Inc. (in-house)	Houston, TX	
Bond Counsel:	Hunton & Williams LLP	Richmond, VA	Doug Lamb
Co-Bond Counsel:	Ice Miller	Chicago, IL	Tom Smith
Senior Manager:	Banc of America Securities, Inc.	San Francisco, CA	Lawrence Tonomura
Co-Manager:	LaSalle Capital Markets, Inc. (ABN AMRO Financial Services, Inc.)	Chicago, IL	Peter Glick
Placement Counsel:	Fulbright & Jaworski L.L.P.	New York, NY	James Marlin
Accountant:	Ernst & Young, LLP	Miami, FL	Dennis Pastrana
Credit Enhancement:	N/A		
LOC Bank Counsel:	N/A		
General Contractor:	Waste Management, Inc.	Houston, TX	
Trustee:	Deutsche Bank Trust Company Americas	New York, NY	Christina Van Ryzin
Trustee's Counsel:	LeBoeuf, Lam, Green & MacRae, L.L.P.	New York, NY	Peter Baumgaertner
Rating Agency:	Standard & Poor's Ratings Group	New York, NY	Roman Szuper
Issuer's Counsel:	Pugh Jones Johnson & Quandt, P.C.	Chicago, IL	Kim Barker-Lee

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LEGISLATIVE DISTRICTS

(The Legislative Districts that correspond to each prospective project site are noted in Appendix A.)

Appendix A: List of Prospective Project Sites

From 2003 PBR:

List of Project Sites:

Division/Location	US Congress/ State Senate/ State House District	Estimated Maximum Bond-Financed Capital Expenditures – Series A Bonds (Rounded)
Countryside Landfill, 31725 Route 83 North, Grayslake, IL 60030-9546 (Lake County)	8/26/51	$300,000 (Cell Construction and Liners, Leachate & Methane Gas Systems, Primary Equipment)
Envirofil of IL Landfill, WM of IL – Macomb Landfill, 13998 1400th Street East, Macomb, IL 61455-9412 (McDonough County)	17/47/94	$4,055,000 (Leachate and Methane Gas Systems, Cell Construction and Liners)
Prairie View Landfill, 29755 Prarieview South, Wilmington, IL (Will County) 60481-7609	11/40/79	$21,227,725 (Cell Construction and Liners, New Building Construction, Primary Equipment)
Sumner Illinois Landfill (S&S Grading of Illinois), Rural Route 3, Box 892, Sumner, IL 62466-9379 (Lawrence County)	19/55/109	$710,000 (Cell Construction and Liners, Leachate and Methane Gas Systems, Primary Equipment)
Cottonwood Hills Landfill, 10400 Hillstown Road, Marissa, IL 62257-1034 (St. Clair County)	12/58/116	$300,000 (Cell Construction, Leachate & Methane Gas Systems, Primary Equipment)
Peoria City/County Landfill, 11501 Cottonwood Road West, Brimfield, IL 61517-9541 (Peoria County)	18/37/73	$804,000 (Cell Construction, Leachate & Methane Gas Systems)
WM of IL – Southwest – Romeoville, 643 Parkwood Avenue, Romeoville, IL 60446-1348 (Will County)	13/43/85	$1,525,000 (Trucks)
WM of IL – North – Franklin Park, 1021 Green Street East, Franklin Park, IL 60131-1018 (Cook County)	5/39/77	$1,660,000 (Trucks and Containers)
WM of IL – Metro – Laramie, 3800 Laramie Avenue South, Cicero, IL 60804-4514 (Cook County)	3/12/23	$4,640,000 (Trucks, Containers, Land)
WM of IL – West – Batavia, 780 Kirk Road North, Batavia, IL 60510-1478 (Kane County)	14/48/95	$1,343,500 (Trucks, Containers, New Buildings)
Settler's Hill RDF, 1031 Fabyan Parkway East, Batavia, IL 60510-1409 (Kane County)	14/48/95	$3,685,000 (Cell Construction and Liners, Primary Equipment)
WM of IL – West – Elgin, 7N904 Illinois Route 25, Elgin, IL 60120-8807 (Kane County)	14/28/55	$847,500 (Trucks and Containers)
WM of IL – North – Antioch, 22333 Illinois Route 173 West, Antioch, IL 60002-9434 (Lake County)	8/31/61	$300,000 (Truck, Containers, Facility Improvements)
Milam RDF, 601 Madison Road, Fairmont City, IL 62201-1642 (St. Clair County)	12/57/113	$2,979,270 (Cell Construction and Liners, Leachate and Methane Gas Systems, Land, New Buildings, Primary Equipment)
Prairie Hill RDF (BU #02173), 18762 Lincoln Road, Morrison, IL 61270-9587 (Whiteside County)	16/36/71	$300,000 (Cell Construction and Liners, Leachate & Methane Gas Systems, Primary Equipment)

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 9, 2005

Project: **Alexian Brothers Health System**

STATISTICS

Project Number:	H-HO-TE-CD-595	Amount:	$265,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Elk Grove Village, Hoffman Estates	Estimated fee:	$211,000

BOARD ACTION

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

Staff recommends approval
No extraordinary conditions

PURPOSE

Proceeds will be used to: (i) advance refund approximately $ 232,000,000 of existing IHFA Series 1999 bonds and (ii) to pay costs of issuance.

IFA CONTRIBUTION

Federal income tax-exempt status on bond interest

VOTING RECORD

The IFA Board gave its approval for a Preliminary Bond Resolution on July 12, 2005 by the following vote:

Ayes- 9 Nayes- 0 Absent- 3 Vacancies-3

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	$265,000,000	Uses:	Project costs	$255,400,000
				Issuance costs	2,100,000
				Bond Insurance	7,500,000
	Total	$265,000,000		Total	$265,000,000

JOBS

Current employment:	6571	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

The Alexian Brothers Health System is a diversified multi-corporate healthcare delivery system sponsored by the Congregation of Alexian Brothers, Immaculate Conception Province, a Roman Catholic religious institute.

The Alexian Brothers began their ministry in the United States in 1866 with the opening of an eight-bed hospital in Chicago. Two years later, a larger hospital was built but destroyed in the Chicago fire of 1871. Over the years, the Brothers twice rebuilt the facility. Today, the Alexian Brothers sponsor the following facilities:

- Three hospitals in the northwest suburbs of Chicago, including Alexian Brothers Medical Center in Elk Grove Village, St. Alexius Medical Center in Hoffman Estates, and Alexian Brothers Behavioral Health Hospital, also in Hoffman Estates
- Life care centers in Signal Mountain, Tennessee and Milwaukee, Wisconsin
- Two nursing homes in St. Louis, Missouri
- Programs for All Inclusive Care of the Elderly in St. Louis, Missouri and Chattanooga, Tennessee
- Free-standing assisted living facility serving persons affected by Alzheimer's or other dementia related disorders in Chattanooga, Tennessee
- Affordable housing primarily to serve seniors in St. Louis, Missouri, Elizabeth, New Jersey, and Chattanooga, Tennessee.

Financials: Audited financial statements for fiscal years ended 2002, 2003 and 2004

($ in millions)	Fiscal Years Ended December 31,		
	2002	2003	2004
Income Statement:			
Support and revenues	$528,206	$595,867	$656,322
Revenue over expenses	8,411	29,211	33,155
Balance Sheet:			
Current assets	$130,849	$144,237	$149,257
Assets limited to use	269,136	292,791	381,159
Advances due			
PP&E, Net	311,871	329,273	372,193
Other assets	138,206	136,352	132,352
Total assets	835,782	888,140	1,020,464
Current liabilities	114,275	109,518	114,803
Deferred fees and revenues	29,043	32,092	34,661
Debt	349,957	342,522	414,369
Net assets	333,756	393,676	428,068
Total liabilities and assets	$835,782	$888,140	1,020,464
Ratios:			
Debt service coverage	2.6x	3.5x	3.5x
Days cash on hand	186	185	186

Discussion: The Hospital has experienced consistently strong operations over the years reviewed. Financial projections are not required for rated healthcare borrowers, pursuant to IFA Board policy.

FINANCING SUMMARY

Security: Alexian currently maintains ratings with Moody's. Current rating is Baa1; certain bonds may also be rated based upon the use of FSA, a credit enhancement and/or liquidity facility (i.e., provided by an "AAA" -rated municipal bond insurer).

Structure: The current plan of finance contemplates the issuance of 100% floating rate bonds a portion or all of which were swapped in July to fixed rate debt. Certain bonds may be insured by Aaa/AAA-rated municipal bond insurance.

Maturity: Up to 30 years

Interest Savings: To be determined upon bond pricing. Present value savings estimated to be approximately $19,000,000.

PROJECT SUMMARY

Bond proceeds will be used to (i) advance refund all of the outstanding principal amount of the Series 1999 Bonds and (ii) pay bond issuance costs.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Alexian Brothers Health System Construction and Remodeling
Locations:	Alexian Brothers Medical Center, 955 Beisner Road, Elk Grove Village (Cook County), IL 60007-3475 , St. Alexius Medical Center, 1555 Barrington Road, Hoffman Estates (Cook County), IL 60194-1018, and Alexian Brothers Behavioral Health Hospital, 1650 Moon Lake Boulevard, Hoffman Estates (Cook County), IL 60194-1010.
Applicant:	Alexian Brothers Health System
Organization:	501(c)(3) Not-for-profit Corporation
State:	Illinois

Board of Trustees:

Brother Lawrence Kreuger, C.F.A.	Jerry Capizzi
Brother James Classon	Brother Richard Dube, C.F.A.
Charles R. Goulet	Brother Thomas Keusenkothen, C.F.A
Brother Theodore Loucks, C.F.A.	Kenneth McHugh
Thomas Rand	Sister Renee Rose
Brother Edward Walsh, C.F.A.	

PROFESSIONAL AND FINANCIAL

Borrower's Counsel:	Foley & Lardner	Chicago	Robert Zimmerman
Accountant:	KPMG	Chicago	John Depa
Bond Counsel:	Jones Day	Chicago	S. Louise Rankin
Underwriter:	Merrill Lynch	Chicago	Joe Hegner
Underwriter's Counsel:	Ungaretti & Harris	Chicago	Tom Fahey
Financial Advisor:	Kaufman Hall	Northfield	Ken Kaufman
Bond Trustee:	Wells Fargo Bank	Chicago	Patricia Martirano
Issuer's Counsel:	Gardner Carton & Douglas	Chicago	William Corbin

LEGISLATIVE DISTRICTS

Elk Grove Village

Congressional:	6 – Henry J. Hyde
State Senate:	33 – Dave Sullivan
State House:	66 – Carolyn H. Krause

Hoffman Estates

Congressional:	8 – Philip M. Crane
State Senate:	22 – Steven J. Rauschenberger
State House:	44 – Terry R. Parke

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 9, 2005

Project: Kishwaukee Health System

STATISTICS

Project Number:	H-HO-TE-CD-636	Amount:	$85,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	IFA Staff:	Pamela Lenane and Dana Sodikoff
Location:	DeKalb, IL	Est. fee:	$138,000

BOARD ACTION

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

PURPOSE

Proceeds will be used to: (i) to advance refund two series of bonds previously issued for $11,400,000, (ii) to fund a replacement hospital for approximately $68,600,000, (iii) to fund capitalized interest, and (iv) to pay costs of issuance.

IFA CONTRIBUTION

Federal income tax-exempt status on bond interest.

VOTING RECORD

This is the first time this has been presented to the IFA Board.

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$80,000,000	Uses:	Refunding Escrow	$11,400,000
				Capitalized Interest, New Money and Cost Of Issuance	68,600,000
	Total	$80,000,000		Total	$80,000,000

JOBS

Current employment: 1100 FTE's	Projected new jobs: N/A
Jobs retained: N/A	Construction jobs: TBD

BUSINESS SUMMARY

Background: Kishwaukee Health System ("KHS") is an Illinois not-for-profit corporation and is the parent company of Kishwaukee Community Hospital ("KCH"), Valley West Community Hospital ("VWCH"), Kishwaukee Health Foundation, Kishwaukee Medical Foundation, DeKalb County Hospice and Health Progress Inc., the Health System's for-profit arm. KHS began with the opening of KCH on December 27, 1975 at its current location in DeKalb, Illinois. In 1998 KHS acquired the assets of the former Sandwich Community Hospital, now VWCH.

Description: KHS is headquartered in DeKalb, Illinois. KCH, also located in DeKalb, is currently licensed for 172 acute care beds. VWCH, located in Sandwich, Illinois, is licensed for 82 acute care beds and has been federally designated a Critical Access Hospital. In addition to its acute care facilities, KHS' array of services and specialties include hospice via DeKalb County Hospice, specialty eye services via the Hauser Ross Eye Institute, radiation oncology via the Illinois Regional Cancer Center (51% equity), diagnostic imaging services via DeKalb Magnetic Resonance Center (30% equity), and specialty orthopedics via the Musculoskeletal Institute (30% equity).

Service Area: KCH's primary service area ("PSA") includes DeKalb, Sycamore, and Cortland counties. The hospital has consistently maintained 66-67% market share in its PSA, accounting for 80% of its total admissions. KCH's secondary service area ("SSA") is made up of the communities surrounding the PSA and terminates at Route 30, where VWCH's PSA begins. VWCH's PSA includes Somonauk, Sandwich, Leland, and Plano counties. VWCH has approximately 35% market share in its PSA.

Financials*:

	Fiscal Years Ended April 30,		
($ in millions)	**2003**	**2004**	**2005**
Income Statement			
Support and Revenues	$108.7	$121.6	$133.7
Revenue Over Expenses – Operating Income	4.5	10.9	13.8
*EBIDA	9.7	17.0	20.1
Balance Sheet			
Current Assets	27.2	31.7	42.4
PP&E	43.5	43.5	45.1
Investments	53.7	65.2	69.3
Other Assets	0.5	1.5	3.9
Total Assets	**124.9**	**141.8**	**160.7**
Current Liabilities	18.3	18.5	20.8
Debt	11.9	12.8	11.2
Other Liabilities	1.6	1.8	2.6
Total Net Assets	93.1	108.7	126.2
Total Liabilities and Net Assets	**124.9**	**141.8**	**160.7**
Ratios			
Debt Service Coverage (x)	11.2	16.9	10.9
Current Ratio	1.5	1.7	2.0
Debt / Total Net Assets	12.8%	11.8%	8.9%
Days Cash on Hand	197.9	233.5	258.3

Discussion: The Hospital has experienced consistently strong operations over the last few years. Financial projections are not required for rated or insured healthcare borrowers, pursuant to IFA Board policy.

FINANCING SUMMARY

Security:	The bonds are expected to be rated "AAA" based upon the use of bond insurance from CIFG, a AAA rated municipal bond insurer. Kishwaukee Health will also have an underlying rating from Standard & Poor rating agency, which will be determined before closing.
Structure:	The plan of finance contemplates the issuance of floating rate bonds, which were swapped to fixed rate debt in late July. The bonds will be insured by CIFG, a AAA rated municipal bond insurer.
Maturity:	Up to 30 years.

PROJECT SUMMARY

Bond proceeds will be used to (i) advance refund two series of bonds previously issued, (ii) to fund new money projects, specifically the construction of a new hospital (iii) capitalized interest, and (iv) pay bond issuance costs.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Kishwaukee Hospital
Location:	626 Bethany Road DeKalb, IL 60115
Applicant:	Kishwaukee Health System
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois
Board of Directors:	Dewey Yaeger, Chair Mike Mooney, 1st Vice Chair Anita Zurbrugg, JD 2nd Vice Chair Kevin P. Poorten, President & CEO Martin Brauweiler, MD VWCH Chief of Staff Michael Thornton, MD KCH Chief of Staff Gerald Bemis Michael Cullen Terry Duffy Ronald Feldmann, MD Stan Free James Hawkins, MD Don Kieso Michael Larson Mary Lynn McArtor Kathy Butler, KCH Auxiliary President Diane Shroyer, VWCH Auxiliary President

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Reinhart Boener Van Deuren	Chicago	Bill Flynn
Accountant:	McGladrey & Pullen	Chicago	James Grigg Sam Miller
Bond Counsel:	Chapman & Cutler	Chicago	Jim Luebchow Chris Walrath
Underwriter:	JP Morgan	Chicago	Tim Wons
Underwriter's Counsel	Ungaretti & Harris	Chicago	Raymond Fricke
Financial Advisor:	Kaufman, Hall & Associates	Chicago	Kit Kamholz
Bond Trustee:		Chicago	
Issuer's Counsel:	Mayer, Brown, Rowe & Maw	Chicago	David Narefsky

LEGISLATIVE DISTRICTS

Congressional: 14- J. Dennis Hastert
State Senate: 70- Robert W. Pritchard
State House: 35- J. Bradley Burzynski

Resolution 2006-4

Resolution authorizing the Illinois Finance Authority's approval of The Sale of Certain State Guarantees in the Secondary Market.

WHEREAS, the Illinois Finance 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 (the *"Authority"*), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1, *et seq.*, as supplemented and amended (the *"Act"*);

WHEREAS, the Authority is authorized by the laws of the State of Illinois, including without limitation, Sections 830-5, 830-30, 830-35, 830-45 and 830-50 the Act, to issue state guarantees of (i) farmers' existing debts held by a lender, (ii) loans to farmers and agribusinesses to purchase new or used property, equipment, or other capital items that will be used for growth and development of new crops or livestock not customarily grown in Illinois, or for processing of grain or livestock grown in the state, (iii) loans to finance or refinance debts of young farmers, (iv) loans to finance or refinance debts for specialized livestock operations, (v) loans to farmers to purchase stock in value added entities that further process their commodities, and (vi) other loans that may be made from time to time pursuant to the State Guarantee Programs described below;

WHEREAS, pursuant to Section 830-5 of the Act, the Authority is permitted "to enter into a state guarantee with a lender or a person holding a note and to sell or issue such state guarantees, bonds or evidences of indebtedness in a primary or secondary market;"

WHEREAS, pursuant to the Act and the powers set forth above, the Authority has established the following guaranty programs (collectively, the "State Guarantee Programs"): (i) State Guarantee for Restructuring Agricultural Debt; (ii) State Guarantee Program for Agri-Industries; (iii) Young Farmer Loan Guarantee Program; (iv) Specialize Livestock Guarantee Program; and (v) Value Added Stock Purchase Guarantee Program;

WHEREAS, pursuant to the State Guarantee Programs, loans are made through local lenders, and the lenders receive from the Authority an 85% guarantee on the principal of and interest on the respective loan;

WHEREAS, pursuant to the State Guarantee Programs, the Authority has previously issued to lenders its guarantee (each a "Guarantee" and collectively, the "Guarantees");

WHEREAS, the Authority believes it is in its best interest to sell or issue (or permit the lender to sell or assign) the Guarantee in a secondary market;

NOW THEREFORE, Be It Resolved by the members of the Illinois Finance Authority, as follows:

Section 1. That the Authority is hereby authorized to issue or sell (or permit the lender to sell or assign) the Guarantee issued under its State Guarantee Programs in the secondary market.

Section 2. That the Chairman, the Vice Chairman, the Executive Director, the Treasurer or the Secretary (or Assistant Secretary) of the Authority (or any person appointed to such office or an interim basis) (each an "Authorized Party"), are each authorized, empowered and directed to negotiate, execute and deliver and, if required, the Secretary or any Assistant Secretary of the Authority (or any person appointed to such office or an interim basis) are each authorized, empowered and directed to attest and to affix the official seal of the Authority to, any documents, instruments, certificates or other agreements (the "Authority Documents") necessary in order for the Authority to issue or sell (or permit the lender to sell or assign) the Guarantee issued under its State Guarantee Programs in the secondary market, including preparing a form of assignment guarantee agreement consistent with usual and customary practices of the Authority and the secondary market and amend or revise as necessary the Guarantee, all in the name of, for and on behalf of, the Authority, and in the form determined by such Authorized Party to be necessary and convenient such approval to be conclusively evidenced by such Authorized Party's execution and delivery thereof.

Section 3. That when the Authority Documents are executed and delivered on behalf of the Authority as hereinabove provided, such Authority Documents shall be binding on the Authority. From and after the execution and delivery of the Authority Documents, the officers, employees and agents of the Authority are 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 Authority Documents as executed.

Section 4. That each Authorized Party be, and each of them hereby is, authorized to execute and deliver such documents, 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 Authority Documents.

Section 5. 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 6. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 7. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

This Resolution 2006-______ is adopted this 9th day of August, 2005 by roll vote as follows:

Ayes:
Nays:
Abstain:
Absent:

____
Chairman

Attested to:

____
Secretary

964304_6

To: Members of the IFA Board of Directors

From: Steven Trout and Rick Pigg

Date: August 2, 2005

Re: **Request for an Amendment to a Participation Loan for Soylutions, Inc.**

Soylutions' President, Kenny Lasater, has asked IFA to approve an increase in the amount of its commitment to $800,000 and extend the maturity of its commitment by six months. The IFA Board approved on February 8, 2005 a $715,627.50 participation in a loan originated by Peoples National Bank to Soylutions, Inc., by the following vote:

Ayes: 8 Nays: 0 Absent: 3 (Delgado, Giannoulis, Nesbit) Vacant: 4

This loan will provide permanent financing for a new 35,000-square-foot dome building and a new 1,001,000-gallon liquid fertilizer tank. The increase is being sought to cover increased costs for steel and concrete. The extension in term will accommodate an expected closing in late August or early September, following completion of construction. This schedule is approximately one month beyond the timetable that was originally anticipated by the lending officer and principals.

The IFA Board approved the participation based on the Bank's projected results for 2004, 2005, 2006 and 2007. (A copy of project summary that was originally presented for Board consideration is attached to this memorandum.) Actual 2004 revenues, net income and earnings before interest, depreciation and amortization ("EBIDA") and fixed charge coverage all were substantially stronger than forecast, as summarized below:

	Forecast	Actual	Variance
Income Statement			
Sales	171	546	375
Net Income	14	115	101
Earnings Before Interest, Taxes, Depreciation & Amortization	86	173	87
Balance Sheet			
Current Assets	55	165	110
Net Property, Plant and Equipment	180	612	432
Other Assets	0	0	0
Total Assets	235	776	541
Current Liabilities	69	10	(59)
Long-term Debt	231	817	586
Other Liabilities	0	0	0
Stockholder's Equity	(65)	(50)	14
Total Liabilities and Stockholder's Equity	235	776	541
Ratios			
Fixed Charge Coveage (x)	8.29	28.82	20.53
Current Ratio	2.48	55.72	53.24
Days Cash on Hand	151.6	0.0	(151.6)
Debt to Equity	(4.60)	(16.46)	(11.87)

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rick Pigg, Funding Manager

Date: February 1, 2005

Re: **Overview Memo for Soylutions, Inc.**

- **Borrower/Project Name:** Soylutions, Inc.
- **Location:** McLeansboro (Hamilton Co.)
- **Principal Project Contact:** Mr. Kenneth Lasater, President of Soylutions, Inc.
- **Board Action Requested:** Purchase of Participation Loan
- **Amount:** $715,627.50
- **Uses:**
  - Permanent financing for the construction of a 35,000 square-foot dome building and the purchase and installation of a 1,001,000 gallon liquid fertilizer tank.
- **Project Type:** Participation Loan
- **IFA Contribution:**
  - Reduces the Borrower's annual funding rate by 1% on the Authority's participation
  - $715,627.50 of IFA funds at risk
  - Supports a major local and state government development initiative for the region.
  - Retain jobs in an economically depressed county.
- **IFA Fees:** $30,414.17 (first year's interest at Prime less 0.5%, now 4.25%)
- **Structure:**
  - 10-year term loan amortized over 15-years
  - Secured by a first mortgage on the subject property, an assignment of rents and leases, personal guarantees of Kenneth Lasater and Roger Swartz.
  - Loan to value ratio conforms with IFA guildelines
- **Recommendation:** Staff recommends approval, subject to satisfying bank conditions:
  - Completion of an independent appraisal confirm adequate collateral (satisfied)
  - Receipt of an environmental auditor's report that all issues have been addressed

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Soylutions, Inc.**

STATISTICS

Project Number:	B-LL-TX-421	Amount:	$715,627.50
Type:	Participation Loan	IFA Staff:	Rick Pigg
Location:	McLeansboro	Tax ID:	37-1388627
SIC Code:	5159 Farm Product-Raw Materials	Est. fee:	$30,414.17

BOARD ACTION

Purchase of Participation Loan from Peoples National Bank, McLeansboro, Illinois
$715,627.50 of IFA funds at risk
Staff recommends approval, subject to satisfying all conditions of the bank loan, including, among other things:

- Completion of an independent appraisal confirming adequate collateral for the loan (satisfied)
- Receipt of an environmental auditor's report that all issues identified in a recent Phase I report have been addressed

PURPOSE

To provide permanent financing for the construction of a 35,000 square-foot dome building and the purchase/installation of a 1,001,000 gallon liquid fertilizer tank.

VOTING RECORD

None. This is the first time that this project has been presented to the IFA Board of Directors.

SOURCES AND USES OF FUNDS

Sources:	IFA	$ 715,627.50	Uses:	Building Costs	$1,113,000.00
	Bank	715,627.50		Equipment Costs	318,255.00
	Total	**$1,431,255.00**		**Total**	**$1,431,255.00**

JOBS

Current employment:	24	Projected new jobs:	10
Jobs retained:	24	Construction jobs:	10

BUSINESS SUMMARY

Background: Soylutions, Inc. is an Illinois corporation established in 1999 by two successful McLeansboro farmers, Kenneth Lasater and Roger Swartz, to acquire a former mine site and convert it for use as an agricultural products storage and distribution center.

K enny Lasater, age 51, has been a farmer in Hamilton County his entire adult life. He and his wife, ginia, operate a 2,000 acre grain farm with their acres split between the north and south parts of milton County. Mr. Lasater received a degree from Southern Illinois University. Mr. Lasater ds financial and managerial strength to this corporation. (See Guarantor Financial Summary.)

Roger Swartz, age 53, has been a farmer in Hamilton County his entire adult life. He and his wife, Debra, operate a 1,500 acre grain farm with most of their acres just a few miles south of McLeansboro. Mr. Swartz also received a degree from Southern Illinois University.

Description: Soylutions has contracted with Consolidated Coal Company to perform reclamation work at a 245-acre former mine site in exchange for the deed to the site upon completion. The work included excavating three buildings, filling in old mine shafts, removing old equipment, and bringing the site up to EPA code. The reclamation work is complete and Soylutions expects to receive the deed in February, after the IEPA and other state agencies confirm that the site is fully remediated. Soylutions' management and it lenders are aware of no plans by any federal or state agency to undertake any further investigation of the site once this review is completed.

An environmental assessment completed by Civil & Environmental Consultants, Inc., ("CEC") in November 2002 noted petroleum contamination in an oil house and two monitoring wells that were not properly closed. CEC toured the site in January 2005 and expects to issue a report to Consolidated that Soylutions has addressed all of these items. Management expects to receive a letter from Consolidated Coal confirming this fact prior to IFA closing on its participation.

Pursuant to the agreement, Soylutions is entitled to use the sheds and four coal silos on the property during the reclamation period. The company has cleaned three of the four silos and is leasing them to Peavey Grain Company for grain storage. Soylutions leases two of the buildings to Cantrell Welding Company and Star Mechanical.

The venture also included removal of several miles of large pipe near Vienna. Soylutions has sold most of the pipe and plans to sell the rest or keep it for its own use. Until 2004, Soylutions also rented 700 acres of farmland from the correctional center in Vienna.

Soylutions is constructing a 35,000 square-foot dome building and a 1,001,000 gallon liquid fertilizer tank at the site that will be leased to Wabash Valley Service Company, a large agricultural cooperative serving farmers in southeastern Illinois. This construction will be completed by spring 2005. Peoples National Bank is financing the construction phase and has committed to the permanent financing of this project once construction is complete. The bank has asked the Authority to participate in the permanent financing, which it expects will close in June 2005. This project is one of the initiatives of the Governor's Opportunity Returns Program for the Southern Region.

Tenant Information: Wabash Valley Service Company is an Illinois farmers' cooperative that provides fuel and lubricants, seed, fertilizer and weed and pest control products and application services to southeastern Illinois farmers. The Company is consolidating its operations and moving to the subject site to improve efficiency and security for its inventory. Wabash currently employs 24 employees to perform these functions, all whom will be retained.

Wabash will occupy a 60,000 square-foot office/warehouse structure for seed storage, liquid fertilizer, chemical blending, and day-to-day operations of the business. Wabash is signing a 20-year lease with options for 4 additional 5-year terms. Monthly rent will be $21,000 per month for the first 5 years, increasing by 5% every 5 years. The company will maintain a $250,000 letter of credit and a $250,000 escrow account that will be available to pay the lease in the event of a payment default. Upon expiration of the lease, Wabash Valley has the option to purchase the property at its appraised value at that time.

The Region: Hamilton County is an economically depressed county with a current unemployment rate of 6.6%. The property is an abandoned coal mine site that has been cleaned up and turned into an industrial site for the location of business and industry. The property is easily accessible from the major interstates and state highways. The property has a virtually unlimited supply of electricity supplied by Wayne White Electric Coop and CIPS. The water to the property comes through a 6" pipeline from the Rend Lake Conservancy District. There is also an elevated 50,000 gallon water tank that can supply the property with additional water needs. The paved, all-weather road to the site was designed for the large trucks that were used to transport coal when the mine was functional. It is still available to Soylutions and is in very good condition. The site is also adjacent to the Enterprise Zone, with attracts commercial development. Soylutions has been approved to have the site annexed into the Enterprise Zone in 2005. There is a buffer zone between the commercial zone of property and residential areas.

The property is located 14 miles from Interstate 64 and 1 mile from Route 14. Soylutions is working to reconnect the CSX railroad line to the property. This project will simplify loading and shipping of grain and other materials and should significantly boost the value of the property.

Railway: Soylutions and many other entities are seeking to re-establish a rail loop, because of its huge potential to boost the area's economy. The rail loop was used to load 100-car unit trains with coal when the coal mine at the site was operational. The CSX Railroad originally owned the right-of-way for the rail that connects the loop to the CSX mainline. Hamilton County Economic Development Commission (HCEDC) has obtained an option to purchase the right-of-way from CSX. The HCEDC, McLeansboro Township and Hamilton County Board have signed an Intergovernmental Agreement that establishes the terms and conditions of the ownership and maintenance and operations of the rail infrastructure improvements that are known as the Hamilton County Rail Transportation Project. The status of the funding for this project is as follows:

IDOT Rail Grant -	$2,000,000	committed (Rail Construction – 2.9 miles)
Soylutions Loan	368,000	committed
IDOT TARP Program -	124,300	committed (Truck Access Route Program)
EDA Public Works -	147,596	pending (Administration/Road Construction)
Delta Regional Authority -	150,000	committed (Right of Way)
Rural Development USDA -	150,000	committed (Road Construction Contingency)
DCEO -	750,000	committed (Administration/Design/All Engineering/Inspection)
Total Funding	**$3,689,896**	

Soylutions, Inc. will be granted an interest-free loan from CSX as their additional investment to re-establish the rail loop. Soylutions' loan will be approximately 10% of the total project. This debt will not be a corporate obligation and will be payable solely from a fee to be charged per car loaded or unloaded at the site at a rate that is being negotiated with CSX. Soylutions plans to reconnect the loop to the main CSX line to facilitate shipment of goods from the site to locations served by the mainline. When completed, Soylutions will own the loop and will use it to load 60 to 100 car unit trains with grain, and off-load fertilizer and other commodities. CSX will load and unload the cars and receive a per-car charge for this activity.

FINANCIAL SUMMARY

Borrower's Finances: Financial Statements of Soylutions, Inc for 2001, 2002 and 2003, from corporate tax returns. Forecasts for 2004, 2005 and 2006 were prepared by staff based on Bank prepared operating forecasts. All figures are in thousands.

	Year Ended December 31			Year Ending December 31			
	2001	2002	2003	2004	2005	2006	2007
Income Statement							
Revenues & Support	$286	$230	$389	$171	$299	$430	$433
Net Income	37	38	19	14	16	94	93
Earnings Before Interest Depreciation & Amort.	111	109	76	86	213	343	346

Balance Sheet							
Current assets	4	0	72	55	72	82	83
Net PP&E	150	174	229	180	1,524	1,478	1,424
Other Assets	1	0	0	0	0	0	0
Total Assets	155	174	301	235	1,596	1,560	1,507
Current Liabilities	3	55	64	69	124	140	161
Long-term Debt	225	175	295	231	1,542	1,417	1,271
Other Long-term Liabilities	0	0	0	0	0	0	0
Equity	(73)	(56)	(58)	(65)	(70)	3	75
Total Liabilities & Equity	155	174	301	235	1,596	1,560	1,507
Ratios:							
Fixed Charge Coverage:	2.30x	3.76x	1.51x	1.12x	1.22x	1.54x	1.51x
Current Ratio	1.41	0.00	1.12	0.79	0.58	0.58	0.52
Long-term Debt/Equity	(3.09)	(3.13)	(5.09)	(3.57)	(22.11)	469.19	16.96

Discussion: Soylutions' has historically generated revenue from leasing farmland, grain bins and other buildings, and selling pipe and mining equipment. Operating expenses have fluctuated along with revenues as the company incurred costs to reclaim the site. Cashflow from operations has been sufficient to cover debt and other fixed charges by a comfortable margin, as indicated by historical coverage ratios. Liquidity has been modest but has been supplemented by a line of credit extended by People's National Bank. As of October 2004, Soylutions had drawn $90,275 on a $100,275 line that matures in January 2005. The Bank is preparing to renew and increase its line for another year. Fixed assets consist of equipment financed by the Bank with loans that mature in January 2008. Prior year losses and recent distributions paid to the owners have caused equity to remain negative despite continuing earnings over the period reviewed.

Revenues for 2004 are expected to decline significantly with termination of a farm lease from an area correctional center and discontinuation of equipment and pipe sales. Sharply lower operating expenses for 2004 are projected with the completion of most reclamation work by 2003 year-end.

The revenue forecast for 2005 assumes continuation of existing farm, grain and building leases and receipt of $25,000 in new lease income from the project. Not included in the forecast is $120,000 in potential one-time revenue and $70,000 in expected profit from the sale of scrap steel from a building that is to be demolished during the year. The revenues for 2006 and beyond incorporates $252,000 in lease income from the project, payable by Wabash Valley under its lease agreement, payable when the dome building and tank are fully complete. Interest expense is estimated at 7.5% for the Bank's debt, which is priced at Prime plus 1.5% (currently 6.25%). Interest expense for the Authority's debt is estimates at 5.5% Depreciation expense is estimated assuming a 30-year useful life on the real estate and 7-year life on the storage tank, beginning at mid-year in 2005.

The balance sheet for 2005 includes the financed assets and proposed borrowing. Not included in the balance sheet is the real estate that Soylutions is scheduled to receive from Consolidated Coal Company. Nolen Appraisal Service estimates that the fair market value of this site "as is", excluding the value of this project is $2,732,000. The transfer of these assets will significantly increase Soylutions' assets and net worth.

The forecast includes no income, expenses, assets or debt for the rail project. Soylutions will be liable for 10% of the project cost pursuant to a 0% debt payable to CSX solely from fees generated from a per car levy on rail cars entering or leaving the site. Management is contemplating up to an additional $2 million in capital projects to be financed by Peoples National Bank. The forecast includes no income, expenses, assets or debt from these projects. Any bank debt incurred to finance these projects will most likely be payable by Soylutions and/or the owners.

The loan agreement includes no limitations on Soylutions' ability to incur additional indebtedness. The Bank's loan officer has found the owners to be very prudent in taking on new projects and indebtedness and anticipates no change in their operating philosophy.

Tenant Finances: Financial Statements of Wabash Valley Service Company for fiscal years ended November 30, 2001, 2002, 2003 and the first 7 months of 2004. Figures are in thousands.

	Actual			7 months
	2001	2002	2003	6/30/2004
Income Statement				
Revenues	72,334	61,155	68,035	53,128
Net Income	735	(641)	121	(646)
Earnings Before Interest, Deprec & Amort	1,172	560	1,002	(144)
Balance Sheet				
Current Assets	19,597	21,845	25,030	26,281
Net PPE	8,740	9,743	9,710	
Other Assets	13,178	13,344	13,398	
Total Assets	41,515	44,934	48,138	50,173
Current Liabilities	15,390	20,500	21,036	24,315
Long-Term Debt	1,143	809	3,312	3,024
Total Liabilities	16,533	21,309	24,348	27,339
Dividends	86	83	--	
Stockholder's Equity	24,982	23,625	23,790	22,834
Total Liabs. & Stockholder Equity	41,515	44,934	48,138	50,173
Ratios:				
Debt Service Coverage	5.86x	3.55x	1.73x	(0.47x)
Current Ratio	1.27	1.07	1.19	1.08
Long-term Debt to Equity	0.05	0.04	0.14	0.13

Discussion: Wabash Valley Service Company is a farm-owned agricultural cooperative serving producers in Crawford, Edwards, Gallatin, Hamilton, Jasper, Lawrence, Richland, Wabash, Wayne, and White counties. The company is headquartered in Grayville and was founded in 1930 as a petroleum supplier serving Edwards, Wabash, and White counties. Through mergers and consolidations, the company has since expanded to its current service area and broadened offerings beyond fuel and lubricants to include farm finance, seed, fertilizer, herbicide and insecticide supply and application.

In recent years, Wabash Valley has generated substantial revenues. Net income has been variable but cashflow available to pay debt service, leases and other fixed obligations has been substantial, as indicated by earnings before interest, depreciation and amortization. Sales for the first seven months of 2004 are 31% ahead of the prior year period, and the loss recorded for this period is 66% smaller than that for the prior year period. Wabash Valley has embarked on this project to reduce handling costs and improve inventory control, which should improve future profitability.

Wabash Valley has modest indebtedness, as indicated by the ratio or debt to equity presented above. As of year-end FY 2003, the company has $3.0 million in cash and short-term investments, which is equivalent to 91% of total indebtedness. Debt service coverage has generally been very solid and is expected to recover to historical levels.

Guarantor Finances:

(As of 4/26/04)	Kenneth Lasater	Roger Swartz
Percentage of guarantee:	100%	100%
Current Assets:	$151,900	$105,335
Net Worth:	$1,924,684	$335,495

Kenneth Lasater's current assets consist of $21,000 in cash, $75,000 in stored grain, and $55,900 in growing crops. Long-term assets include $296,000 in equipment, $1.5 million in farm and residential real estate and $187,000 in retirement accounts. Roger Swartz's current assets consist of $4,000 in cash, $17,300 in stored grain, and $75,000 in growing crops. Long-term assets include $453,800 in equipment and $714,642 in farm and residential real estate. The net worth of both men does not include holdings in Soylutions.

PROJECT SUMMARY

Loan proceeds will be used to provide permanent financing for the: a) construction of a 35,000-square-foot facility for dry fertilizer storage with blending and loading equipment, b) purchase and installation of a 1,001,000 liquid fertilizer tank, 3) renovation of an existing 60,000-square-foot office and warehouse structure for use for seed storage, and liquid fertilizer and chemical blending . The projects were begun on 11/01/04 and expected to be complete by 7/01/05. Project costs are estimated as follows:

Building Costs	$1,113,000
Equipment	318,255
Total	**$1,431,255**

FINANCING SUMMARY

Interest: The interest rate on the Authority's participation will be 200 basis points the Bank's interest rate, which will be 150 basis points over Prime (currently equivalent to 6.25%). The Bank's interest rate will be fixed for 3 years at Prime plus 150 basis points at closing (expected around mid-2005).

Security: IFA's participation is secured by a pro-rata share of: 1) first mortgage position on the subject property, 2) assignment of rents and leases, and 3) personal guarantees by both owners.

Sources of Repayment: Primary: Operating cash flows generated by Soylutions
Secondary: Liquidation of the collateral and personal guarantee

Maturity: Ten years with a fifteen year amortization

COLLATERAL

The subject loan is secured by a first mortgage on 245 acres located in Hamilton County. The improvements include a 45,000 sq. ft. building, 3,000 sq. ft. shop, 6,000 sq. ft. shop, 3 grain silos, 1 coal silo, the new dome building, and the new fertilizer tank. The property was appraised by Timothy R. Nolen, Nolen Appraisal Service in December 2004. The fair market value of the 245 acres "as is" was determined to be $2,732,000 and "as improved" $4,247,000. The loan to value ratio of the site "as is" is 52% and "as improved" is equals 34%. The loan to value ratio of the project discounted at the Authority's rate of 80% for real estate "as is" is 65% and "as improved" is 42%.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Soylutions, Inc.	
Location:	Route 1, McLeansboro 62859 Hamilton County	
Organization:	S Corporation	
State:	Illinois	
Ownership:	Mr. Kenneth Lasater:	50%
	Mr. Roger Swartz:	50%

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Thomas J. Wolf	Marion, IL	
Accountant:	Mary Little	McLeansboro, IL	
Bank:	Peoples National Bank	McLeansboro, IL	Terry Drone

LEGISLATIVE DISTRICTS

Congressional:	19^{th}	State Senate:	59^{th}	State House:	$117^{th\ and}$ 118^{th}

RESOLUTION 2006-5

RESOLUTION AUTHORIZING THE EXTENSION OF THE ILLINOIS FINANCE AUTHORITY'S APPROVAL OF A PARTICIPATION LOAN WITH PEOPLES NATIONAL BANK TO SOYLUTIONS, INC. AND INCREASE OF THE AUTHORITY'S PARTICIPATION IN THE LOAN.

WHEREAS, the Illinois Finance 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 (the *"Authority"*), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1, *et seq.*, as supplemented and amended (the *"Act"*);

WHEREAS, pursuant to the Act, the Authority has the power to "make loans to persons to finance a project, to enter into loan agreements with respect thereto and to accept guarantees from persons on its loans or the resultant evidences of obligations of the Authority;"

WHEREAS, pursuant to the foregoing statutory powers, the Authority has adopted the Participation Loan Program pursuant to which the Authority may participate in the lesser of $1,000,000 or a 50% participation in a loan made in conjunction with the borrower's bank;

WHEREAS, at its meeting held on February 8, 2005, the Members of the Authority approved a participation loan (the "Loan") to be made to Soylutions, Inc. in the principal amount of approximately $715,000;

WHEREAS, the Loan is expected to be made in conjunction with Peoples National Bank; and

WHEREAS, the Authority desires to extend its commitment to make the Loan for a period of six months and to increase the amount of its participation in the Loan;

NOW THEREFORE, Be It Resolved by the members of the Illinois Finance Authority, as follows:

Section 1. That the Authority's commitment to make the Loan is hereby extended until February 6, 2006;

Section 2. That the Authority's participation in the Loan shall not exceed $800,000;

Section 3. That the Chairman, the Vice Chairman, the Executive Director, the Treasurer or the Secretary (or Assistant Secretary) of the Authority (or any person appointed to such office or an interim basis) (each an "Authorized Party"), are each authorized, empowered and directed to execute and deliver and, if required, the Secretary or any Assistant Secretary of the Authority (or any person appointed to such office or an interim basis) are each authorized, empowered and directed to attest and to affix the official seal of the Authority to, any documents, instruments, certificates or other agreements necessary in order to carry out the foregoing resolutions;

Section 4. 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 5. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 6. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

This Resolution 2006-______ is adopted this 9th day of August, 2005 by roll vote as follows:

Ayes:
Nays:
Abstain:
Absent:

____
Chairman

Attested to:

____
Secretary

968027_1

MEMORANDUM

TO: IFA Board of Directors

FROM: Jim Senica

DATE: August 9, 2005

RE: **Request for an Amendment for a Participation Loan to Homeway Homes, Inc. B-LL TX-413**

Homeway Homes, Inc. is a recently formed Illinois C corporation established to manufacture modular home units. The company will manufacture high quality wood-framed modular buildings, primarily single family and multi-family residential structures and secondarily light commercial buildings such as offices, temporary classrooms and retail shops. The project is expected to create ***56 new jobs*** in Deer Creek, a central Illinois community of 600 residents located on I-74 between Bloomington and Peoria.

Morton Community Bank and Homeway Homes, Inc. are seeking IFA approval to eliminate a small portion of the collateral securing the loan and extend by three months a commitment that the IFA Board approved on October 12, 2004. (A copy of the project summary presented for IFA Board approval is attached.) The voting record of this Participation Loan approved at the October 12 2004, Board meeting is as follows:

Ayes:	8	Absent:	3 (Natalia Delgado, Michael Goetz, Dr. Roger Herrin)		
Nays:	0	Vacancies:	4	Abstentions:	0

Construction of a new plant (not financed by IFA) and acquisition of equipment has been completed. IFA and the Bank have collaborating to close the loan since mid June, when IFA's outside counsel ascertained that that changes in loan terms were sufficient to require an amendment was required to permit the Authority to close on its participation.

When the project was originally presented to the IFA Board, collateral securing IFA's $300,000 participation and Morton Community Bank's $650,000 remaining loan consisted of: 1) a pro-rata shared first position in manufacturing equipment being acquired at a cost of $1,700,000, 2) personal guarantee's of Homeway Homes, Inc.'s owners and wives with combined net worth of approximately $2.3 million and 3) a pro-rata first mortgage on residential lots valued at $500,000. The borrower has since determined that mortgaging the residential lots would impact the owners' of Homeway Homes, Inc. ability to sell the lots and generate income in their related home construction business. The Bank has dropped its requirement to take the residential lots as collateral on the equipment loan and is asking IFA to consent to this change.

Policy Exception: Without the residential lots pledged as collateral, this loan would not meet the Authority's requirement of no more than 65% of appraised orderly liquidated value because the Bank did not require this type of appraisal. The loan to value ratio, based on cost would be 55%. Homeway Homes is prepared to offer a third mortgage in the borrower's new manufacturing plant that was recently appraised for $2,800,000. This would provide IFA with $490,000 in additional collateral, after discounting the real estate by IFA's advance rate of 80%. The loan to value ratio of this loan including the third mortgage is summarized below:.

Collateral	Value	Basis	Discount	Adj Value
Equipment	1,700,000	Appraised Orderly	65%	Not Available
		Cost	50%	850,000
Real Estate	2,800,000	Appraised FMV	80%	2,240,000
Less O/S 1st Mortgage				(1,100,000)
Less O/S 2nd Mortgage				(650,000)
Remaining RE Collateral				490,000
Total Collateral (Equipment @50% of cost and Residual Real Estate)				1,340,000
Total IFA/Bank Loan				950,000
Loan to Value				1.41 Times

The Loan was approved based on management's forecast for this new company. Those estimates were prepared based on historical demand experienced by Scheiler and Rassi Quality Builders, Inc., a related entity, and anticipated orders based on volumes experienced by other builders engaged in the modular housing construction business. Staff has re-reviewed the forecast and believes that the estimates are still reasonable.

The Bank is requesting a 3-month extension of IFA's original commitment to September 30, 2005 because of delays encountered in closing the loan.

Finally, it is important to note that Bank documents have indicated a 6-year term on the loan with no payments of interest or principal due until year 2 of the loan. The Bank's term commenced in September, 2004, and the first payment will be due in October, 2005. IFA's commitment was approved for a 5-year period and assuming a late August/early September closing with the Bank on the participation loan, IFA's 5-year term will coincide with the remaining 5 years of the bank's 6-year term.

Staff recommends approval of the requests.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
October 12, 2004

Project: **Homeway Homes, Inc.**

STATISTICS

Project Number:	B-LL-TX-413	Amount	$300,000
Type:	Participation Loan	IFA Staff:	Jim Senica
Location:	Deer Creek	Est fee:	$7,500

BOARD ACTION

Purchase of Participation Loan from Morton Community Bank
$300,000 IFA funds at risk.
Collateral is ***pari passu*** first position with the bank.
Staff recommends approval of a resolution subject to the Bank covenants noted on page 4 of this report.

PURPOSE

Acquisition of various equipment used in the applicant's modular home manufacturing business.

VOTING RECORD

This is the first time this project is being presented to the IFA Board.

SOURCES AND USES OF FUNDS

Sources:	IFA	$300,000	Uses: Project Costs	$1,700,000
	Morton CommunityBank	650,000	Total	$1,700,000
	Tazewell County RLF	100,000		
	Equity*	650.000		
	Total	$1,700,000		

*Equity is comprised of a capital contribution by each of the applicant's three owners.

JOBS

Current employment:	N/A	Projected new jobs:	56 (End of year 1)*
Jobs retained:	N/A	Construction jobs:	N/A

*The applicant is projecting employment of 141 by the end of year 5.

BUSINESS SUMMARY

Background: Homeway Homes, Inc. is a recently formed Illinois C corporation established to engage in the manufacture of modular home units. The organization was founded by Mr. Robert Schieler, President of the 42-year-old Scheiler & Rassi Quality Builders, Inc., as an adjunct supplier to his home construction business. The Company will be owned equally by Robert's three sons, Brian, Rich and Ted, and Robert Scheiler will serve on the Board as an advisor to the management team on day-to-day operations.

In 1996, Robert Scheiler made a pivotal company decision to enter the modular home construction business. Scheiler & Rassi Quality Builders, Inc. entered into a working agreement with Contempri Homes of Pickneyville, Illinois, a company that had been producing modular homes for 35 years. Robert has guided the modular construction division of Scheiler & Rassi to become one of the largest builders for Contempri Homes having built more than 350 homes in 7 years, with an annual high of more than 100 homes built in the last year. Robert and his sons have made the decision to develop their own modular manufacturing business to allow them to maintain better control of their building operations by not having to rely on a third party supplier for their homes.

Description: Homeway Homes, Inc. will manufacture high quality wood framed modular buildings, with the primary focus of the factory being the production of single family and multi-family residential structures and secondarily light commercial buildings such as offices, temporary classrooms and retail shops.

Modular homes begin as components that are designed, engineered and assembled in a climate-controlled factory and delivered to the site in sections called modules. Finished homes range from two modular affordable ranch style homes to multimillion-dollar mansions that consist of multiple units from 4 to 20 modular units.

Production takes place on an assembly line, with components moving from workstation to workstation (such as framing, drywall, electrical, plumbing and window installation). An average two-module home can be produced in six to seven days. Before leaving the factory, modulars must pass rigorous third-party inspections by building officials and state regulatory agencies.

Remarks: Homeway Homes, Inc. products will be sold in a variety of ways, based on where the products will be delivered and the type of customer placing the order. Homes sold as a "turn-key" product will be delivered to Scheiler & Rassi who will then set them on the foundation and then fully complete the home. The second basis of sale, the "modular set basis", will be one in which Homeway Homes delivers and sets the home on the prepared foundation, and then it is completed by a third party other than Scheiler & Rassi. The third method of sale is referred to as the "drop and run" whereby Homeway Homes merely delivers the modular units to the purchaser's job site, disconnects the units from the semi tractor and then leaves. It is anticipated that the majority of sales will be of either the "turn key" or "modular set" variety with most of the "drop and run" activity being relegated to third party builders located beyond 200 miles from the plant.

Financials: Financial Statements of Scheiler & Rassi, Inc. for years 2002 and 2003
Projected Income Statement of Homeway Homes, Inc. for years 1 through 5

	Year Ended December 31	
	2002	2003
	(Dollars in 000's)	
Income Statement		
Sales	17,330	17,258
Net income	42	73
Balance sheet		
Current assets	1,963	2,612
PP&E	1,445	1,023
Other assets	94	97
Total assets	3,502	3,732
Current liabilities	1,905	2,296
Debt	991	756
Equity	606	680
Total liab. & equity	3,502	3,732

	Year Ended December 31				
	Year 1	Year 2	Year 3	Year 4	Year 5
	(Dollars in 000's)				
Income Statement					
Sales	4,880	9,714	13,629	16,581	20,528
Less: Cost of Sales	3,823	6,985	9,654	11,815	14,580
Gross Operating Profit	1,057	2,729	3,975	4,766	5,948
Less:					
Variable Expenses	379	738	930	1,177	1,183
Fixed Expenses	1,136	1,438	1,590	1,616	1,626
G & A Expenses	148	212	598	856	1,423
Operating P & L	(606)	341	857	1,117	1,716
Debt service coverage available - equipment and rent on real estate	0.20x	1.47x	2.15x	2.49x	3.29

Discussion:

Financial statements of Scheiler & Rassi Quality Builders, Inc. are included merely for illustrative purposes only to highlight the success attained in that operation by the principals of Homeway Homes, Inc.

Detailed P & L projections for Homeway Homes, Inc. for years 1 through 5 have been provided by the borrower, have been conservatively prepared and reflect anticipated and historical demand patterns experienced by Scheiler & Rassi Quality Builders, Inc. as well as other builders engaged in the modular housing construction business.

Bank covenants include the following:

1) Internally-prepared Company financial statements
2) Annual compiled financial statements of Homeway Homes, Inc.
3) Prior to funding, certified fair market value appraisal on the pledged real estate of $500,000
4) Evidence of adequate insurance on the collateral
5) Shared first position on project equipment and shared first mortgage on land with an appraised value of $500,000.
6) Personal guaranties of Richard, Brian and Ted Scheiler for the full amount of the loan and Robert Scheiler to $250,000
7) Assignment of life insurance

FINANCING SUMMARY

Borrower: Homeway Homes, Inc.

Security: Pro-rata first position *"pari passu"* with Morton Community Bank on the project equipment (collateral is based on a 71% discounted cost value of $1,200,000) and pro-rata first mortgage *"pari passu"* on land with an appraised value of $500,000. Collateral coverage on project debt to IFA and the Bank on this participation loan is 1.70 times (59% LTV). IFA will also share with the Bank in the personal guaranties of Richard (NW $436m) Brian (NW $731 m) and Ted Scheiler (NW $907 m) for the full amount of the loan and the personal guaranty of Robert Scheiler (NW $1.216 mm) to the extent of $250,000. Staff recognizes that in the event of default with respect to this loan, standard wording in IFA's participation agreement states that the IFA/Bank loan will be paid prior to any other loan, including any future line-of-credit loan that the borrower may establish with the Bank.

Structure: Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 150 basis points below what the Bank is charging the customer. The Bank's interest rate will be fixed at 1.75% over prime at time of loan closing.

Maturity: The loan will be set on a 5-year amortization with 60 payments of principal and interest Over the 5-year term of the loan.

PROJECT SUMMARY

The proposed project involves the acquisition of equipment for use in the applicant's modular building manufacturing operation.
Project costs are estimated as follows:

Equipment acquisition	$1,700,000
Total	$1,700,000

The proposed project will provide the applicant with the equipment needed to operate a state-of-art production facility creating 56 new jobs in the first year with an expected total employment of 141 by the end of year 5 in a community that has been economically challenged.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Homeway Homes, Inc. Equipment Acquisition
Location:	Deer Creek, Illinois (Tazewell County)
Applicant:	Homeway Homes, Inc.
Organization:	Illinois C corporation
Ownership:	Brian Scheiler 1/3, Rich Scheiler 1/3 and Ted Scheiler 1/3

FINANCIAL

Bank:	Morton Community Bank	Eureka, Illinois	Robert D. Knepp

LEGISLATIVE DISTRICTS

Congressional:	18 – Ray LaHood
State Senate:	53 – Dan Rutherford
State House:	106 – Keith P. Sommer

RESOLUTION 2006-7

AMENDMENT TO RESOLUTION AUTHORIZING THE ISSUANCE OF ILLINOIS FINANCE AUTHORITY FIRST HOME ILLINOIS SINGLE FAMILY MORTGAGE REVENUE BONDS, PERMITTING THE ISSUANCE OF SUCH BONDS ON A FIXED RATE BASIS; AUTHORIZING THE EXECUTION AND DELIVERY OF A NEW ORIGINATION AND SERVICING AGREEMENT, INDENTURE OF TRUST, SUPPLEMENT TO THE ORIGINATION AGREEMENT AND INDENTURE, COMPLIANCE AGREEMENT, TAX EXEMPTION CERTIFICATE AND AGREEMENT, BOND PURCHASE AGREEMENT AND CONTINUING DISCLOSURE AGREEMENT; AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT OR OTHER DISCLOSURE DOCUMENT IN CONNECTION WITH THE FIXED RATE BONDS; APPROVING THE DISTRIBUTION OF AN INVITATION TO PARTICIPATE TO LENDERS AND THE FORM THEREOF; APPROVING THE FORM OF OFFER TO ORIGINATE AND SELL MORTGAGE LOANS; AUTHORIZING A JOINT ISSUANCE WITH ONE OR MORE ILLINOIS HOME RULE UNITS IF ADVANTAGEOUS; AND RELATED MATTERS.

WHEREAS, the Illinois Finance 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 (the *"Authority"*), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1, *et seq.*, as supplemented and amended (the *"Act"*), is authorized by the laws of the State of Illinois, including without limitation the Act, to issue its revenue bonds in order to finance costs of acquiring "housing projects" including but not limited to the financing of residential dwelling accommodations; and

WHEREAS, pursuant to the Act and the powers set forth above, the Authority is authorized to issue its revenue bonds to aid in assisting qualified persons or families in acquiring homes within the State of Illinois by providing a source of mortgage financing, including down payment assistance (the *"Program"*), which constitutes a valid public purpose for the issuance of revenue bonds by the Authority; and

WHEREAS, the Authority is the successor to the Illinois Development Finance Authority (*"IDFA"*), which pursuant to a preliminary bond resolution adopted by the members of IDFA on February 19, 1998 (the *"Preliminary Resolution"*), was authorized to issue up to $600,000,000 of its Taxable Single Family Mortgage Revenue Bonds (Fresh Rate™ Mortgage Revenue Bond Program) to provide funds for the Program; and

WHEREAS, IDFA previously provided the first pool of funds under the Program through the issuance of its $71,500,000 Taxable Single Family Mortgage Revenue Bonds (Fresh Rate™ Mortgage Revenue Bond Program) Series 1998 (the *"Series 1998A Bonds"*) to make available funds to finance the acquisition of mortgage-backed securities (the *"GNMA Certificates"*) guaranteed by the Government National Mortgage Association (*"GNMA"*) with respect to timely payment of monthly principal and interest and backed by certain qualified mortgage loans under the Program (the *"Mortgage Loans"*), all under and in accordance with the laws of the State; and

WHEREAS, IDFA provided a second pool of funds under the Program through the issuance of a second series of bonds entitled $128,500,000 Taxable Single Family Mortgage Revenue Bonds (Fresh Rate™ Mortgage Revenue Bond Program) Series 1998B (the *"Series 1998B Bonds"*) to make funds available to finance the acquisition of either GNMA Certificates or mortgage-backed securities (the *"Fannie Mae Certificates"*) guaranteed by the Federal National Mortgage Association (*"Fannie Mae"*) with respect to timely payment of monthly principal and interest and backed by Mortgage Loans, all under and in accordance with the laws of the State; and

WHEREAS, IDFA authorized a third series of bonds under the Program to be issued in multiple subseries over time when and to the extent GNMA Certificates or Fannie Mae Certificates were to be acquired by and delivered to the Trustee, entitled Taxable Single Family Mortgage Revenue Bonds (Fresh Rate™ Mortgage Revenue Bond Program) Series 1999 and authorized in an aggregate principal amount not to exceed $214,285,715 (the *"Series 1999 Bonds"*); and

WHEREAS, in conjunction with the issuance of the Series 1999 Bonds, IDFA authorized the issuance of its Taxable Second Lien Mortgage Revenue Notes (Down Payment Assistance Program) Series 1999 in an aggregate principal amount not to exceed $10,714,285 (the *"Notes"*) to be issued in multiple subseries over time when and to the extent that second lien mortgage loans (the *"Second Lien Mortgage Loans"*) were to be acquired by and delivered to the Trustee; and

WHEREAS, the proceeds of the Notes have been made available to finance the acquisition of Second Lien Mortgage Loans made in conjunction with the Mortgage Loans to provide down payment and closing cost assistance to qualifying homebuyers and the Notes were payable generally from the related Second Lien Mortgage Loans; and

WHEREAS, by resolution adopted by the members of IDFA on July 11, 2002, the documents in connection with the Series 1999 Bonds and the Notes were amended to extend the expiration date of the Program with respect thereto and to restructure the Program by authorizing the issuance of a new series of bonds (the *"Series 1999B Bonds"*) in a principal amount not to exceed $138,693,181; *provided* that the aggregate principal amount of the Series 1999B Bonds, together with the Series 1999 Bonds and the Notes, was limited to $225,000,000; and

WHEREAS, by resolution adopted by the members of IDFA (the *"Amendments Resolution"*), certain amendments to the documents pertaining to the Series 1999B Bonds (the *"Series 1999B Amendments"*) were authorized including, without limitation, an increase in the aggregate authorized principal amount of Series 1999 Bonds, Notes and Series 1999B Bonds, from $225,000,000 to $400,000,000, thereby increasing the total authorized aggregate principal amount of bonds under the Program to the $600,000,000 amount authorized by the Preliminary Resolution; and

WHEREAS, by Resolution adopted by the Members of the Authority on May 18, 2004 (the *"Variable Rate Resolution"*), the Authority authorized the issuance of its not to exceed \$50,000,000 First Home Illinois Single Family Mortgage Revenue Bonds (the *"Variable Rate Bonds"*) under the Program, which Variable Rate Bonds would be issued as tax-exempt obligations under the Internal Revenue Code of 1986, as amended (the *"Code"*); and

WHEREAS, the Variable Rate Bonds were to be issued to finance the acquisition of adjustable rate mortgages to be made to first time homebuyers throughout the State; however, due to adverse market conditions, no such adjustable rate mortgages have been yet funded and no Variable Rate Bonds have yet been issued; and

WHEREAS, the Authority deems it desirable to amend the Variable Rate Resolution to provide the additional authority thereunder to make available to qualifying first time homebuyers throughout the State long-term fixed rate mortgages with down payment assistance funded with the issuance of tax-exempt bonds (the *"Fixed Rate Bonds"*); and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of an Indenture of Trust (the *"Indenture"*) between the Authority and a corporate trustee to be determined (the *"Trustee"*) under which the Fixed Rate Bonds will be issued and secured; and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery in connection with the Fixed Rate Bonds of an Origination and Servicing Agreement (the *"Origination Agreement"*) among the Authority, Mortgage Clearing Corporation (the *"Servicer"*) and each of the participating mortgage lenders which are to be signatories thereto (the *"Lenders"*); and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of a Supplement to Origination Agreement and Indenture (the *"Supplement"*) among the Authority, the Trustee, the Servicer and the Lenders providing for specific terms relating to the Fixed Rate Bonds; and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of a Compliance Agreement (the *"Compliance Agreement"*) among the Authority, the Trustee and Mortgage Clearing Corporation, as Compliance Agent, providing for the monitoring of compliance with the requirements of the Origination Agreement; and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of a Bond Purchase Agreement (the *"Purchase Agreement"*) with respect to the sale of the Fixed Rate Bonds between the Authority and Stephens Inc. (the *"Underwriter"*); and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to approve the distribution of an official statement or other disclosure document to be used in connection with the sale of the Fixed Rate Bonds by the Authority (the *"Official Statement"*); and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of a Tax Exemption Certificate and Agreement of the Authority (the *"Tax Agreement"*) relating to the Fixed Rate Bonds; and

WHEREAS, it is now necessary desirable and in the best interests of the Authority to authorize the execution and delivery of a Continuing Disclosure Agreement (the *"Disclosure Agreement"*) in order to meet its continuing disclosure obligations under Rule 15c2-12 promulgated under the Securities Act of 1934; and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize and ratify the distribution of an Invitation to Participate (the *"Invitation"*) inviting Lenders to participate in the Program and the Offers to Originate and Sell Single Family Mortgage Loans (the *"Offers"*) under which Lenders will offer to originate Mortgage Loans up to a specified commitment amount; and

WHEREAS, by the adoption of this Resolution, the Authority is not in any way repealing or restricting the authority to issue Variable Rate Bonds under the Variable Rate Resolution; rather the Authority is expanding the authority of the Authority to issue either Variable Rate Bonds to fund adjustable rate mortgages or Fixed Rate Bonds to fund fixed rate mortgages (the Variable Rate Bonds and the Fixed Rate Bonds being collectively referred to herein as the "*Bonds*"); and

WHEREAS, it may be necessary or desirable to jointly issue Fixed Rate Bonds with one or more Illinois home rule units contributing private activity bond volume cap and, in such event, such home rule unit or units shall also be a party to one or more of the Authority Documents (as hereinafter defined); and

WHEREAS, following publication of notices in various newspapers throughout the State of Illinois, the Authority conducted two public hearings regarding the issuance of the Variable Rate Bonds or the Fixed Rate Bonds on April 20, 2005 and May 18, 2005; and

WHEREAS, there are now before the Members of the Authority at this meeting forms of the following documents: the Indenture, the Origination Agreement, the Supplement, the Compliance Agreement, the Purchase Agreement, the Tax Agreement and the Disclosure Agreement, the Invitation and the Offer (collectively, the *"Authority Documents"*) and the Official Statement.

NOW THEREFORE, Be It Resolved by the members of the Illinois Finance Authority, as follows:

Section 1. The Authority is hereby authorized to enter into each of the Authority Documents with the other party or parties thereto in substantially the forms before this meeting or with such changes as shall be approved pursuant to *Section 6* hereof. The form, terms and provisions of the Authority Documents are, in all respects approved. The Chairman, the Vice Chairman, the Executive Director, the Treasurer or the Secretary of the Authority (or any person appointed to such office or an interim basis) are each authorized, empowered and directed to execute and deliver and, if required, the Secretary or any Assistant Secretary of the Authority (or any person appointed to such office or an interim basis) are each authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Authority Documents in the name, for and on behalf of the Authority, and thereupon to cause the Authority Documents to be executed, acknowledged and delivered to the other party or parties thereto, in substantially the forms before this meeting or with such changes as shall be approved pursuant to *Section 6* hereof. When the Authority Documents are executed and delivered on behalf of the Authority as hereinabove provided, such Authority Documents shall be binding on the Authority. From and after the execution and delivery of the Authority Documents, the officers, employees and agents of the Authority are 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 Authority Documents as executed. The Authority Documents shall constitute, and hereby are made, a part of this Resolution, and copies of the Authority Documents shall be placed in the official records of the Authority, and shall be available for public inspection at the office of the Authority.

Section 2. The Fixed Rate Bonds may be issued all on one date, or may be issued in multiple Subseries over time with each Subseries being issued on each date that Certificates are issued and delivered under the Indenture and in a principal amount equal to the principal amount of such Certificates. In no event shall the aggregate principal amount of the Variable Rate Bonds and the Fixed Rate Bonds issued exceed $50,000,000. The Fixed Rate Bonds shall bear interest at a fixed rate or rates determined as provided in the Indenture and the Supplement, in no event however to exceed 10% per annum, and shall mature on such date as provided in the Indenture and the Supplement, but in no event later than 40 years from the date of initial issuance and delivery thereof. The Fixed Rate Bonds shall be subject to such terms of redemption as provided in the Indenture and the Supplement.

The Fixed Rate Bonds, together with the interest thereon, are not general obligations of the Authority but are limited and special obligations payable solely from the payments and prepayments on the GNMA Certificates and/or Fannie Mae Certificates, income and gains from the investment of Bond proceeds, and any other Pledged Revenues (as defined in the Indenture and the Origination Agreement). The Fixed Rate Bonds and the interest thereon shall not constitute an indebtedness, liability, general or moral obligation or loan of the faith and credit or a charge against the State of Illinois, or any political subdivision thereof within the meaning of the Constitution or any statutes of the State of Illinois (other than a limited obligation of the Authority as provided in the Indenture), and shall never constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit.

Section 3. The form of the Fixed Rate Bonds set forth in the Indenture or the Supplement, subject to appropriate insertions and revisions in order to comply with the provisions of the Authority Documents be, and the same hereby are approved subject to such changes as shall be approved pursuant to *Section 6* hereof. The Fixed Rate Bonds shall be executed in the name, for and on behalf of the Authority with the manual or facsimile signature of its Chairman, Vice Chairman or Interim Executive Director (or any person appointed to such office on an interim basis) and attested with the manual or facsimile signature of its Secretary or Assistant Secretary (or any person appointed to such office on an interim basis) and the seal of the Authority shall be impressed or imprinted thereon. The Chairman, the Vice Chairman or any other officer of the Authority shall cause the Fixed Rate Bonds, as so executed and attested, to be delivered to the Trustee for authentication. When the Fixed Rate Bonds shall be executed on behalf of the Authority in the manner contemplated by the Indenture, the Supplement and this Resolution, they shall represent the approved forms of Fixed Rate Bonds of the Authority.

Section 4. The sale of the Fixed Rate Bonds to Stephens Inc. or its designee at a purchase price of not less than 97% of the aggregate principal amount thereof and accrued interest, if any, to the date of delivery, is hereby authorized and approved.

Section 5. The Official Statement shall be in substantially the same form as the draft Official Statement now before the Authority, or with such changes therein as shall be approved pursuant to *Section 6* hereof. The form, terms and provisions of the Official Statement are, in all respects approved. From and after the delivery of the Official Statement, 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 Official Statement. The Official Statement shall constitute, and hereby is made, a part of this Resolution, and a copy of the Official Statement shall be placed in the official records of the Authority, and shall be available for public inspection at the office of the Authority. The Chairman, the Vice Chairman, the Executive Director, Treasurer or the Secretary (or any person appointed to such office on an interim basis) of the Authority are each authorized, empowered and directed to certify that the Official Statement is in a form "Deemed Final" by the Authority.

Section 6. There is hereby delegated to the officer or officers executing the Authority Documents as provided above the power to approve any final changes from the forms of such Authority Documents or from the forms of the other agreements and instruments approved hereby or by the Chairman, the Vice Chairman, the Executive Director, Treasurer or the Secretary (or any person appointed to such office on an interim basis) of the Authority, the execution of such agreements or instruments to constitute conclusive evidence of their approval of any and all changes or revisions from the form or forms of agreements or instruments approved hereby or by the Chairman, the Vice Chairman, the Executive Director, Treasurer or Secretary (or any person appointed to such office on an interim basis) of the Authority, and the terms and conditions on which the Fixed Rate Bonds shall be issued, subject only to the parameters set forth herein as to maximum interest rate, maximum maturity, maximum principal amount and minimum purchase price.

Section 7. The Chairman, the Vice Chairman, the Executive Director, the Treasurer the Secretary and any Assistant Secretary (or any person appointed to such office on an interim basis) of the Authority be, and each of them hereby is, authorized to execute and deliver such documents, 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 Authority Documents and the Fixed Rate Bonds and the distribution of the Official Statement authorized by this Resolution; including, without limitation, any guaranteed investment contract in connection with the investment of Fixed Rate Bond proceeds, and any supplements or amendments to the Purchase Agreement and the Official Statement necessary in connection with the issuance of separate series or subseries of Fixed Rate Bonds; and; and to delegate or assign any such powers deemed ministerial by such officer or officers (including, without limitation, the execution of release deeds), by power of attorney or otherwise, to the Servicer or the Trustee.

Section 8. Authorization is hereby given to the Authority to enter into amendments to particular documents authorized in connection with the Variable Rate Bonds in lieu of the execution and delivery of the corresponding Authority Documents, if that is deemed by the parties to more expeditiously accomplish the purposes of this Resolution.

Section 9. Authorization is hereby given for the allocation of private activity bond "volume cap" under Section 146 of the Code to the Fixed Rate Bonds in sufficient amount necessary to issue such Bonds on a tax-exempt basis under the Code.

Section 10. In the event that the officers of the Authority executing the Authority Documents determine that it is necessary or desirable to jointly issue Bonds with one or more Illinois home rule units contributing private activity bond volume cap, such a joint issuance is hereby authorized, and such home rule unit or units shall also each be a party to the Authority Documents, as necessary.

Section 11. All acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, ratified, approved and confirmed.

Section 12. The Lenders will be selected by the Underwriter and Servicer, and the Authority neither formally nor informally directed or requested that the Underwriter, Servicer or Trustee, as the case may be, select any particular Lender to act in any capacity on this financing. All fees of such Lenders were and will be paid from amounts paid by the homebuyer or homeseller, or both, and/or from servicing release fees paid by the Servicer. No portion of such fees was or will be paid by the Authority or from proceeds of the Bonds.

Section 13. The Fixed Rate Bonds may be initially issued in book-entry form and registered in the name of The Depository Trust Company, New York, New York (*"DTC"*), or its nominee, as securities depository.

Section 14. Notwithstanding any other provision herein to the contrary, in the event that one or more institutional purchasers for the Fixed Rate Bonds determines to directly purchase all of the Fixed Rate Bonds, authority is hereby granted for the Bonds to be sold pursuant to a private placement agreement in lieu of, but in substantially the form of (except for changes necessitated by the private placement), the Purchase Agreement, with a private placement memorandum being utilized in lieu of, but in substantially the form of (except for changes necessitated by the private placement), the Official Statement, if such changes are directed by the Underwriter or such institutional purchaser.

Section 15. Notwithstanding any other provisions herein to the contrary, the Authority acknowledges that the Underwriter may or may not immediately sell the Fixed Rate Bonds to the public upon purchasing such Bonds from the Authority. In such event, the Underwriter may pool one or more series of such Bonds and re-sell such Bonds to other investors at a later date.

Section 16. 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 17. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 18. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.