

**MINUTES OF THE SEPTEMBER 10, 2010 MEETING OF THE AGRICULTURE
COMMITTEE 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 an Agricultural Committee Teleconference Meeting at 9:30 a.m. on Friday, September 10th, 2010 at the Chicago Office of the IFA, 180 North Stetson, Suite 2555, Chicago, IL 60601.

**Board Members
Participating:**

Chairman Edward Leonard
Michael Goetz
Bradley Zeller

Staff Participants:

Christopher Meister, Executive Director
Rich Frampton, Vice President
Brendan Cournane, General Counsel
Brad Fletcher, Paralegal

**Others
Participating:**

None

Via Telephone:

Eric Reed, Downstate Regional
Manager

GENERAL BUSINESS

Call to Order and Roll Call

Roll call was taken by Paralegal Brad Fletcher at 9:36 a.m. with the above Board Members and IFA staff. Chairman Leonard noted that a quorum was established.

Approval of Minutes

Chairman Leonard motioned to approve the July 30th, 2010 Minutes of the Agricultural Committee. Mr. Zeller seconded the motion followed by a unanimous approval of the Committee.

Discussion of Projects

Mr. Reed presented the following projects to the committee:

Derek R. Fritschle - \$125,000 – 78 acres

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$125,000 for the purchase of approximately 78 acres of farmland. This project is located in the City of Olney, County of Richland, Illinois.

Mr. Goetz motioned for approval of this project and Mr. Zeller seconded the motion. The Committee concurred that this project be recommended for Board approval.

Shawn P. & Amy S. Krass - \$205,000 – 20 acres

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$205,000 for the purchase of approximately 20 acres of farmland. This project is located in the City of Grand Prairie, County of Boone, Illinois.

Mr. Goetz motioned for approval of this project and Mr. Zeller seconded the motion. The Committee concurred that this project be recommended for Board approval.

Brett Alan Richter - \$150,600 – 46 acres

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$150,600 for the purchase of approximately 46 acres of farmland. This project is located in the City of Highland, County of Madison, Illinois.

Mr. Goetz motioned for approval of this project and Mr. Zeller seconded the motion. The Committee concurred that this project be recommended for Board approval.

Other Business

Downstate Regional Manager Reed inquired about the status of entering into a cooperative agreement with the University of Illinois whereby the University's College of Agriculture, or a department thereof, shall assess and evaluate the need for additional, and the performance of existing, State credit and finance programs administered by the Authority for farmers and agribusinesses. Director Meister stated that the Authority is moving forward on this plan and will have further information at the next Agricultural Committee Meeting.

Adjournment

Chairman Leonard asked if there was any other business before the Board. Hearing none Mr. Goetz motioned to adjourn and Mr. Zeller seconded the motion. This was followed by unanimous approval of the Committee.

The meeting adjourned at 9:43 a.m.

Minutes submitted by Brad Fletcher.

ILLINOIS FINANCE AUTHORITY
Memorandum

To: IFA Board of Directors
From: Eric Reed
Date: November 9, 2010
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached projects
- **Amount:** Up to \$470,100 maximum of new money for each project*
- **Project Type:** Beginning Farmer Revenue Bonds
- **Total Requested:** \$492,000.00
- **Calendar Year Summary:** (as of November 9, 2010)
 - Volume Cap: \$25,000,000
 - Volume Cap Committed: \$9,103,639
 - Volume Remaining: \$15,896,365
 - Average Acreage Farm Size: 80
 - Number of Farms Financed: 50
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2010 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
 - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
 - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
 - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
 - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
 - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**
Stephen F. Welcome, Esq.
Three First National Plaza, Suite 4300
Chicago, IL 60602

* Increase from prior cap of \$250,000 due to SB260/ Public Act 96-0531, effective date August 14, 2009.

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

A.

Project Number: A-FB-TE-CD-8410
Funding Manager: Eric Reed
Borrower(s): Elliott, Lee Wayne & Latisha Leann
Borrower Benefit: First Time Land Buyer
Town: Montrose, IL
IFA Bond Amount: \$112,000
Use of Funds: Farmland – 80 acres
Purchase Price: \$224,000 / (\$2,800 per ac)
%Borrower Equity: 5%
% USDA Farm Service Agency: 45% (*Subordinate Financing*)
%IFA: 50%
County/Region: Jasper / Central
Lender/Bond Purchaser: Peoples State Bank / Brian Bohnhoff
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 54th, John Jones
State House: 108th, David Reis

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on February 1, 2012. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on February 1, 2012 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

***Lee & Latisha Elliott:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.25% fixed for the first five years and adjust every five years thereafter to 2.00% below the Wall Street Journal Prime Rate with a minimum rate of 4.25% and a maximum rate of 12.99% to the customer. Maximum rate increase/decrease of 2.00% every 5 years. IFA Fee: \$1,680

B.

Project Number: A-FB-TE-CD-8411
Funding Manager: Eric Reed
Borrower(s): Godbee, Rodney D. & Candy
Borrower Benefit: First Time Land Buyer
Town: Kempton, IL
IFA Bond Amount: \$380,000
Use of Funds: Farmland – 80 acres
Purchase Price: \$440,000 / (\$5,500 per ac)
%Borrower Equity: 14%
%Vermilion Valley Bank: 6% (*Subordinate Financing/2nd Mortgage on 34 acres*)
%IFA: 80%
County/Region: Livingston / North Central
Lender/Bond Purchaser: Vermilion Valley Bank / Gary Loschen
Legislative Districts: Congressional: 15th, Timothy Johnson
State Senate: 53rd, Dan Rutherford
State House: 105th, Shane Cultra

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

***Rodney & Candy Godbee:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.0% fixed for the first five years and adjust annually thereafter to 1 1/2% below the National Prime Rate as listed in the Wall Street Journal with a floor rate of 4%. Lender will charge a .50% closing fee. IFA Fee: \$5,700

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