

# Illinois Finance Authority

October 14, 2008

11:30 AM

## **Board Meeting**

Indiana Room

200 E. Randolph Drive, Lower Level

Chicago, Illinois



IFA File Copy

**ILLINOIS FINANCE AUTHORITY  
BOARD MEETING  
October 14, 2008  
Chicago, Illinois**

**COMMITTEE OF THE WHOLE  
8:30 a.m.  
Illinois Finance Authority  
180 N. Stetson, Suite 2555**

**AGENDA**

- Chairman's Remarks
- Executive Director's Report
- Financials Report
- Executive Staff Reports
- Committee Reports
- Project Reports
- Other Business
- Adjournment

**BOARD MEETING  
11:30 a.m.  
Indiana Room  
200 E. Randolph Drive, Lower Level  
Chicago, Illinois**

- Call to Order
- Chairman's Report
- Roll Call
- Executive Director's Report
- Acceptance of Financials
- Approval of Minutes
- Project Approvals
- Resolutions / Amendments
- Other Business

**AGRICULTURE**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>Beginning Farmer Bonds</b>						
<i>Final</i>						
1	Niemerg, Clint	Teutopolis	\$236,250	0	0	ER
	Hartman, Joel	Fairbury	\$149,150	0	0	CEM
<b>Participation Loan</b>						
<i>Final</i>						
2	Allan and Cyndi Adams	New Windsor	\$22,500	0	0	CEM
3	James and Kimberly DeSutter	Woodhull	\$475,000	0	0	CEM
<b>Agri-Debt Guarantee Extension</b>						
<i>Final</i>						
4	McClure Farms	Newton	\$309,425.67	0	0	ER
<b>TOTAL AGRICULTURE PROJECTS</b>			\$1,192,325.67	0	0	

**BUSINESS AND INDUSTRY**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>Industrial Revenue Bonds</b>						
<i>Preliminary</i>						
5	SBLV Investments, LLC and Jasper Meats, Inc.	Bloomingtondale	\$3,200,000	19	83	SCM
<b>Participation Loans</b>						
<i>Final</i>						
6	API Holdings, LLC	Granite City	\$500,000	5	20	KC/NM
<b>TOTAL BUSINESS AND INDUSTRY PROJECTS</b>			\$3,700,000	24	103	

**COMMUNITIES AND CULTURE**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>501(c)(3) Bonds Preliminary</b>						
7	Montessori Elementary School of South West Cook County	Lemont	\$2,500,000	7	50	SCM
<b>501(c)(3) Bonds Final</b>						
8	The Poetry Foundation	Chicago	\$25,000,000	8	25	RF
9	The Art Institute of Chicago	Chicago	\$150,000,000	98	200	RF
<b>Local Government Direct Purchase Bonds Preliminary</b>						
10	Village of Freeman Spur	Freeman Spur	\$85,000	0	0	KC
11	Village of West Salem	West Salem	\$130,000	0	0	KC
<b>Local Government Tax Intercept Pooled Bonds Preliminary</b>						
12	Tax Intercept Program 2008 A Pool	Multiple	\$7,000,000*	N/A	N/A	EW
13	City of Oglesby	Oglesby	\$2,065,000	0	15	EW
14	Macoupin County (Health Department Building)	Gillespie	\$1,060,000	0	0	EW
15	Village of Green Oaks	Green Oaks	\$3,700,000	0	10	EW
<b>TOTAL COMMUNITIES AND CULTURE PROJECTS</b>			<b>\$184,540,000</b>	<b>113</b>	<b>300</b>	

**HEALTHCARE**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>501(c)(3) Bonds Preliminary</b>						
16	NorthShore University HealthSystem (F/K/A Evanston Northwestern Healthcare)	Evanston	\$50,000,000	0	0	PL/DS
17	Rockford Health System	Rockford	\$70,000,000	0	0	PL/DS
<b>501(c)(3) Bonds Final</b>						
18	Rush University Medical Center Obligated Group	Multiple	\$375,000,000	300	300	PL/DS
19	Silver Cross Hospital	New Lenox	\$275,000,000	0	637	PL/DS
20	Bethany North Suburban Group	Morton Grove	\$40,000,000	50	40	PL/DS
<b>TOTAL HEALTHCARE PROJECTS</b>			<b>\$810,000,000</b>	<b>350</b>	<b>977</b>	

**HIGHER EDUCATION**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>501(c)(3) Bonds Preliminary</b>						
21	The University of Chicago	Chicago	\$500,000,000	50	150	RF
<b>TOTAL HIGHER EDUCATION PROJECTS</b>			<b>\$500,000,000</b>	<b>50</b>	<b>150</b>	
<b>GRAND TOTAL</b>			<b>\$1,499,432,325.67</b>	<b>537</b>	<b>1,530</b>	

\*Not included in total due to overcounting.

**RESOLUTIONS**

Tab	Project	FM
<b>Amendatory Resolutions / Resolutions</b>		
22	A Resolution Authorizing Amendments to the Southern Illinois Healthcare Final Bond Resolution to increase the initial maximum coupon rates. IFA Project: II-IIO-TE-CD-8147	PL/DS
23	A Resolution Authorizing Amendments to the Northwest Community Hospital Final Bond Resolution to increase the initial maximum Variable Coupon Rate IFA Project: H-HO-TE-CD-8025	PL/DS
24	Amendatory Resolution for OSF Healthcare System Series 2005A&B IFA Bonds and Series 2007 B, C & D IFA Bonds to amend their Bond Indentures and auction documents to permit them to purchase their own bonds and hold them.	PL/DS
25	A Resolution Authorizing Amendments to the BroMenn Healthcare Hospitals Final Bond Resolution to increase the Not-to-Exceed amount from \$50 million to \$65 million and to add the refunding of the IHFA Series 1992 Bonds IFA Project: H-HO-TE-CD-8142	PL/DS
26	Resolution to continue the successor and successor duties of the Executive Director	CM
27	Resolution to delegate duties with respect to loan programs	CM
28	TBA	CM

**Other**

**Adjournment**



Illinois Finance Authority  
Authorized Officers Report  
October 14, 2008

To: IFA Board of Directors and Office of the Governor

From: Karen L. Walker, Authorized Officer and  
Christopher B. Meister, Authorized Officer

**Financial Performance**

Consolidated Results: Illinois Finance Authority's financial position remains strong with total assets of \$176,050,953 consisting of equity of \$113,742,306 and liabilities of \$62,308,646. This compares favorably to the September 2007 balance sheet of \$159,520,103 in total assets comprising of \$94,655,209 in equity and \$64,864,893 in liabilities and bonds payable.

Gross Income YTD for September ended at \$2,896,523 or \$275,174 below plan. The unfavorable plan performance is primarily due to fee income and investment income. Total operating expenses ended at \$1,970,617 or \$516,529 below plan. This is primarily due to a reduction in professional services and employee related expenses and the loan loss provision/bad debt.

**Financial Services**

As widely reported, the past several weeks have been plagued with unprecedented market turmoil. Management and staff assessed the impact on IFA operations and borrowers and determined IFA exposure was manageable and borrowers were in process of assessing and managing their risks. In addition, the Financial Services area made progress with the ongoing strategic planning effort and new business development.

## Market Recap and Impact

September 15, 2008:

- Lehman Brothers declared bankruptcy; Bank of America announced purchase of Merrill Lynch and AIG was downgraded. The stock market suffers its biggest loss since 9/11/01. Treasury yields drop to all time low.

Post September 15, 2008:

- Management and staff reviewed borrowers' exposure to Lehman Brothers, Merrill Lynch and AIG and offered assistance as needed with any restructuring plans or other changes that may require IFA approval.
- Highlights of the history making news include: European Financial Markets negatively impacted Barclays announced offer to purchase Lehman Brother's investment banking and capital markets businesses; JP Morgan Chase announced offer to purchase Washington Mutual; Citigroup announced offer to purchase Wachovia's commercial and investment banking operations; Wells Fargo announced offer to purchase Wachovia operations; investor flight to quality; credit markets freeze; Fed announced plan to secure money market funds and purchase mortgage-backed securities; Fed approved \$700B Rescue Plan; world financial markets negatively impacted; Fed announced plan to secure commercial paper market; Depfa downgraded; Dexia downgraded.
- The volatile market was characterized by dramatic fluctuations in interest rates and stock prices:
  - The municipal variable rate index (SIFMA) rose from 1.79% on 9/10 to 7.96% on 9/24; reset at 5.74% on 10/1.
  - The municipal fixed rate index (RBI) rose from 5.09% on 9/11 to 5.69% on 10/2
  - 90-day LIBOR (taxable variable rate index) rose to 5.25%; currently 4.32%
  - The DJIA dropped to its 5-yr low; below 9600
- IFA Impact:
  - New issue municipal volume down 40% nationwide in September
  - Six deals worth \$282MM have been delayed due to market conditions
  - Pending fixed rate transactions on hold due to lack of demand
  - Pending variable rate transactions require higher maximum rate set; outstanding floaters re-setting at higher rates or being put back to LOC providers.

## Sales, Marketing & Credit

Financial Services activities included:

- GreatPoint Energy meeting - joined Chairman Brandt, Chris Meister, John Filan, Steve Frenkel, and representatives from DCEO and the Coal in a meeting with the Great Point Energy team to present the \$700MM coal gasification project to the Governor's Office for consideration of moral obligation and/or volume cap. Follow up meetings and calls.
- Chicago Mission (sports facility) prospect – upon further due diligence, staff determined the project does not meet the IFA's mission. The project is withdrawn.
- Volume Cap – in the process of revising credit standards for IRB's to ensure Governor's Office concerns are addressed.
- Strategic Planning – continued progress on market sector plans; met with Diane Hamburger and Stacy Flota to discuss the overall IFA plan.
- Special Healthcare Committee Meeting – participated in the meeting to discuss safety net hospitals.
- IDOT/Amtrak project – met with IDOT officials to discuss next steps.
- Governor's Office-IDOT proposed project. Possible loan program to assist disadvantaged businesses in becoming IDOT vendors.
- Governor's Office "Food Desert" proposed program. Possible loan program to help remedy "Food Deserts" in urban and rural areas.

## Audit and Compliance

The FY 2008 audit continues to be on schedule. The Auditors will be meeting with the Interim Treasurer during the week of October 13 to discuss any outstanding items and preliminary audit findings. The audit is scheduled to be completed by December 31, 2008. Attached is the status of the current audit findings for your review.

The IFA is scheduled to come before the Legislative Audit Commission ("LAC") on December 11, 2008 at 10:00 a.m. The LAC is responsible for overseeing the State Audit Program, reviewing the stewardship of public funds, and monitoring the correction of weaknesses disclosed by the audits of state agencies. The Legislative Audit Commission membership consists of 12 legislators appointed

by the General Assembly leadership and is equally apportioned between the two houses and political parties. LAC members include: Senators Chris Lauzen (co-chair), Deanna Demuzio, Iris Martinez, Kwame Raoul, Dale Righter and Dale Risinger; and Representatives Frank Mautino (co-chair), Rich Brauer, Marlow Colvin, Julie Hamos, Sidney Mathias, and Sandra Pihos.

### **Sales Activities**

Funding Managers will be presenting 21 projects totaling \$1,499,432,325.67 for approval in October, 2008. Agriculture projects total \$1,192,325.67; Business and Industry total \$3,700,000; Communities and Culture projects total \$184,540,000; Healthcare projects total \$810,000,000; and Higher Education projects total \$500,000,000. These projects are expected to create 537 new jobs and 1,530 construction jobs.

### **Agriculture**

The Ag Team continues to market the various Ag programs to lenders across the State. Overall, funding managers met with 21 lenders. As the busy season in Agriculture approaches, inquiries from lenders have also increased. Funding managers continue to receive inquiries for beginning farmer bonds and participation loans, but have also seen a recent increase in potential projects for agricultural guarantees. Staff anticipates an increase in these projects in the coming months.

During the month of September, Funding Manager Eric Reed represented the IFA at a "Green Energy" conference held in Mt. Vernon. The conference was sponsored by the Illinois Electric Council. Approximately 20 people were in attendance.

<b>Agriculture Closing, September 2008</b>		
Closing Date	Issuance	Borrower
09/03/2008	\$90,200.00	Milner, Allan & Kathleen
09/12/2008	\$161,850.00	Steidinger, Clint
09/12/2008	\$161,850.00	Steidinger, Colin
09/19/2008	\$100,000.00	Webster, Nathan
09/19/2008	\$190,000.00	Wood, Will
09/19/2008	\$250,000.00	Halloran, Jared
09/19/2008	\$119,000.00	Worsfold, Jason & Joline

<b>Ag Guarantees, September 2008</b>		
Closing Date	Issuance	Borrower
9/2/2008	\$125,000	Lemke, Everett & Diana
9/2/2008	\$500,000	Lemke, Everett & Diana
9/2/2008	\$650,250	Roanoke Milling Co./amended In amt 5/13/08

### **Healthcare**

The month of September was very busy for the Healthcare Team. Immediately following the September Board Meeting, the Healthcare Committee held a special meeting to discuss Illinois Safety-Net Hospitals. Barry Maram, Director of Health and Family Services, spoke about State and Federal programs that

positively impact safety-net hospitals. Representatives from underwriting firms, Raymond James and Cain Brothers, presented at this meeting. Raymond James was the underwriter for Norwegian American Hospital, a safety-net hospital located in Chicago. The approximately \$24 million transaction funded capital and safety improvements at Norwegian American. The representatives from Raymond James highlighted the challenges associated with financing a safety-net hospital. Cain Brothers successfully underwrote a \$16 million refunding for Holy Cross Hospital, a safety-net hospital also located in Chicago. The representative from Cain Brothers discussed the challenges of getting this safety-net hospital to market successfully. Overall, this meeting created open dialogue on the opportunities and challenges of bringing a safety-net hospital to the capital markets.

The Healthcare Funding Managers were called upon this month almost daily to deal with various crises in the markets and how they were affecting our Borrowers. The bankruptcy of Lehman Brothers, the collapse of AIG and the tightening of liquidity, which resulted in both the variable rate and fixed rate municipal markets shutting down. The Healthcare Funding Managers continued to work with borrowers to prepare their transactions to price and close as soon as the markets open.

Also during the month of September, the Healthcare Funding Managers attended the IHA Payment Symposium in Oak Brook. The Funding Managers had the opportunity to speak with several Hospital CFO's about their upcoming capital plans.

Lastly, Pam Lenane and Chris Meister attended the National Association of Bond Lawyers Conference annual conference in Chicago. Panel discussions were on the subjects of "Default, Workouts, and Bankruptcy Issues in Public Finance", "Health Care Facilities - Non-tax matters", and "Post-Issuance Tax Compliance" and others.

Healthcare Closings, September 2008		
Closing Date	Issuance	Borrower
09/10/2008	\$16,000,000	Commercial Paper Revenue Notes OSF Healthcare
09/19/2008	\$154,765,000	Northwest Community Hospital, Series 2008A

## **Higher Education**

Funding Managers continue discussions with the Federation of Illinois Independent Colleges and Universities and NatCity to implement a pooled bond program for private colleges and universities. A program in Pennsylvania has been successfully operating for several years and it is the goal of the Federation to consider replicating this program in Illinois as a membership service.

Funding Managers talked with representatives from McCormac College about a proposed \$6.5 million new money financing for administration and classroom facilities at the College's Elmhurst campus. The College wants to begin construction no later than March, 2009, and anticipate having the construction completed by the Fall, 2009 semester. The North Central College \$7.3 million bond issue closing was postponed to a tentative October 9, 2008 date due to turmoil in the financial markets.

Funding Managers are preparing for the strategic planning meeting scheduled for October 22, 2008. Concepts for financial programs include (1) expanding the Commercial Paper Not-for-profit Bond takeout for financing renovations and long term projects as was used for DePaul and Loyola Universities to financing said projects this year. (2) Direct placement with banks for smaller financings for HVAC and mandated sprinkler systems. IFA staff anticipates private colleges and universities will move ahead with their respective project financings after the financial markets return to normalcy.

*There were no Higher Education Closings in September, 2008*

## **Communities and Culture**

Funding Managers hosted an exhibit table at "Green Town", a one-day conference hosted by the Aurora, Illinois Economic Development Corporation. The Conference drew approximately 300-500 representatives from local governments, not-for-profits, and other community groups statewide, to learn about green options for future city planning.

Units of local government are inquiring about financing options as the result of a statewide mailing that was completed in mid-September. Three community-based organizations in Springfield have expressed an interest in working with IFA on future bond issues. On-going discussions and meetings are being held to secure these projects for financing. Funding Managers are also discussing workshop possibilities for the Spring of 2009 with the Department of Commerce and Economic Opportunity (DCEO) and the Illinois Donors Forum.

During the week of September 15, 2008 the Internal Revenue Service released guidance on use of the new Federal Home Loan Bank Letter of Credit for non-housing projects. The IRS has determined that Refundings will also qualify provided they meet the test of comprising a "new issuance" under the Code. This guidance should help accelerate use/adoption of the Federal Home Loan Bank Letter of Credit.

Sharnell Curtis-Martin met with a potential 501(c)(3) candidate, Luther High School South and Seaway National Bank regarding a private placement 501(c)(3) bond. The project will refinance an existing mortgage and renovate the existing facility. The IFA anticipates receiving an application in Fall 2008. Sharnell also met with another 501(c)(3) candidate, Montessori Elementary of Southwest Cook County's Board of Directors and MB Financial regarding a private placement 501(c)(3) bond. The transaction will be presented to the IFA Board at the October meeting, with an anticipated closing in Fall 2008.

Ms. Martin also made a presentation at MB Financials' Community Development Lenders Breakfast. Approximately 15 small banks participated and had questions about IFA programs and services. Ms. Martin also met with Health Gate Consortium of Illinois, a 501(c)(3) social service agency interested in purchasing facilities that they presently lease. The Borrower is attempting to locate a bank partner that will either purchase the bonds or provide a Letter of Credit.

At a panel discussion on the new Federal Home Loan Bank Letter of Credit for IRB's, 501(c)(3) and Local Government Projects at the National Association of Health and Higher Educational Facilities Finance Authorities, Rich Frampton provided insight on the applicability of the new Federal Home Loan Bank Letter of Credit 501(c)(3) projects. The audience was comprised of 165 bond market professionals, including issuers, underwriters, financial advisors, and bond counsel.

During the week of September 15, 2008, the Internal Revenue Service released guidance on use of the new Federal Home Loan Bank Letter of Credit for non-housing projects. The IRS has determined that Refundings will also qualify provided they meet the test of comprising a "new issuance" under the Code. This guidance should help accelerate use/adoption of the Federal Home Loan Bank Letter of Credit.

### Community & Culture Closings, September 2008

Closing Date	Issuance	Borrower
9/10/2008	\$6,500,000	New Hope Center
9/18/2008	\$9,440,000	Prairie Crossing Charter School

### **Business & Industry**

IFA staff members have continued to work on an *ad hoc* planning group for upcoming Business Financing Outreach Expos to be held in the South Suburbs, Belleville, and Mount Vernon that are being organized by the U.S. Department of Housing and Urban Development and will be held in late 2008 and early 2009. So far, these HUD Business Expos have attracted an average of 200 participants.

There were no Business & Industry Closings in September, 2008

### **Energy**

Blackhawk Biofuels retrofit of a biodiesel plant in Danville is proceeding on schedule and on budget. This project is supported by a \$15,000,000 Agri-Industry Guarantee. IFA's Board Chairman is scheduled to represent the IFA at a ribbon-cutting ceremony in Danville, Illinois on November 19.

The IFA is currently in discussion with developers seeking to build plants using gasification to produce natural gas from coal and a second to produce power from municipal waste. The Board has preliminarily approved requests to build gasification plants to produce power (Christian County Generation) and natural gas (Power Holdings).

IFA staff also met with representatives of Great Point, a proposed coal gasification project in Tuscola, Illinois. Details of the meeting are noted in the Financial Services Report.

Gasification uses heat and pressure in a low oxygen environment to transform coal and other lower-cost carbon materials into electricity, natural gas, transportation fuel and other chemicals. It promises to reduce dependence on imported oil and natural gas, competitive production costs and reduced emissions than traditional technologies. IFA staff attended a Gasification Technologies Conference in Washington, DC for an update on advances in technology and regulation, including Carbon Capture and Storage.

There were no Energy Closings in September, 2008

## **Local Government**

Kristi Conrad and Eric Reed served as faculty members for two, one-day professional training workshops organized by the University of Illinois at Urbana-Champaign that were held on September 10, 2008 in Springfield and Thursday September 11, 2008 in Mount Vernon. IFA's session focused on a general overview of IFA's programs, 501(c)(3) and local government financing programs and, financing energy efficiency/conservation and other "green" projects in connection with larger facilities financing projects. Approximately 75 professionals from utilities, not-for-profits, professional service firms (e.g., civil engineers, architects) attended these seminars in Springfield and Mount Vernon.

During September, IFA staff has experienced the results of the August direct mailing targeting local governments and school districts. At least fifteen local governments have inquired about IFA programs related to municipal financing.

In addition, staff met with the State Fire Marshal's Office to begin marketing the Fire Truck and Ambulance Revolving Loan Programs. The Fire Truck Revolving Loan Fund and the Ambulance Revolving Loan Fund were provided an additional \$9 million and \$4 million at the end of fiscal year 2008. It is anticipated that the IFA will be able to help over 150 Illinois rural communities receive 0% financing for needed fire trucks and ambulances during fiscal 2009. Downstate staff continues efforts to reach out to other market sectors in the business and not-for-profit communities resulted in one participation loan that will be presented at the October Board meeting. The project is anticipated to close this Fall.

Lastly, the Local Government Team participated in two conferences and spoke at the Illinois Municipal League Conference, and also mailed out over 4,000 letters to units of local government. Specifically working with more than 15 borrowers needing funds for various projects located throughout the State.

There were no Local Government Closings in September, 2008

## **Human Resources/Operations**

**Audit:** The Chief Operating Officer provided materials requested by the auditors for the FY2008 audit presently underway.

**Human Resources:** The IFA Employee Handbook was updated and distributed to all staff. Key policies regarding computer and Internet usage were revised. Other policies were revised/updated for clarification purposes and to make minor corrections. The employee benefits summary has been updated and meetings have taken place with the Illinois Department of Human Rights. Reviewed and received sign-offs for the third and fourth quarter EEO/AA reports previously submitted on time.

**Venture Capital:** The Chief Operating Officer attended board meetings for Smart Signal, Firefly, Harmonic Vision, and ZuChem. Meeting notes were prepared and distributed to involved IFA staff and members of the Venture Capital Board Committee. Stuart Boldry also prepared and submitted a recommendation for engaging a third party to review and update IFA's portfolio companies in the IFA Venture Fund.

**Facilities:** The Chief Operating Officer completed all required lease disclosures for IFA leased office space and submitted to them CMS and completed a required response to an audit finding.

**Risk Management:** The Chief Operating Officer has reviewed all of the IFA's insurance policies brokered through Arthur J. Gallagher and obtained through IFA's relationship with ADP TotalSource that are underwritten by an AIG insurance company. Held meetings with Gallagher and ADP. Received assurance that IFA's policies are presently in good standing. Received assurances that back up plans for replacing policies and/or making good on policy claims are in place. Monitoring the situation on a regular basis.

**Contracts/Procurement:** the Chief Operating Officer posted on the Illinois Procurement Bulletin six small purchase contracts, and completed a required response to an audit finding. Also, completed two contract amendments with D.A. Davidson and Scott Alice.

**Information Management:** Work continues on the Information Management Project, venture capital assignments, records retention, Green Government initiative, risk management projects, and financial program research.

### **Marketing/Public Relations**

Press in September included articles about IFA's approval of \$1.7 billion in healthcare financings, projects for University of Chicago Medical Center, the Prairie Crossing Charter School, NIU's Proton Therapy Research Center, Norwegian American Healthcare, and the 2004 CCRC project The Clare. We will participate in a November groundbreaking event for the Blackhawk/REG biodiesel plant. Work continues on the intra-net and data base projects as well as updates to the website and newsletter issues.

### **FOIA Activity in September**

- Prequin – venture capital investment records
- Six requests were completed:
- K. Boyd -- documents regarding: Buena Vista Apartments Project-2004; Hispanic Housing Development Corp Project-2004; Mercy Alliance, Inc. Obligated Group-2005; Commonwealth Edison-2005; Oak Park Residence Corp-2001; HODA, LLC-2000

- C. Canary and D. Morrison, IL Campaign for Political Reform -- contracts, invoices, payment records for IFA lobbyists- FY2008
- D. Lawler, Bell, Boyd & Lloyd -- Northern IL Proton Therapy Research Center application
- T. Scrivner, Michael Best & Friedrich -- documentation of prevailing wage for 501(c)(3) projects in last 5 years
- R. Eyres (Brotherhood of Carpenter's Union) -- TEFRA hearing documents for Christian Homes project
- L. Fay -- Prairie Crossing Charter School documents

### **Legal/Legislative**

On September 23, 2008, SB790 passed both houses of the General Assembly and was enacted into law as Public Act No. 95-1000 on October 7, 2008. Public Act No. 95-1000 will sweep a total of \$3 million of the \$19.8 million in available State Agricultural Loan Guarantee funds used by the IFA to support its agricultural guarantee programs. \$2M will be swept from the Agricultural Loan Guarantee Fund (0994) and \$1M will be swept from the Farmer & Agri-Business Loan Guarantee Fund (0205)

**Illinois Finance Authority  
 Audit Findings Material and Immaterial  
 Update as of September 30, 2008**

Item Number	Description	Estimated Completion Date	Status Action Items/ (not final)	Percentage Completed	
				Action Items Completed	10 20 30 40 50 60 70 80 90 100
<b>Total Number of 8</b>					
<b>FY 07 Material Findings</b>					
<b>07-01</b>	Missing Policy on Nondiscrimination	7/31/2008	2/2		100
<b>07-02</b>	Failure to Report Revenue bond Information to the Illinois Office of the Comptroller		4/3		67
<b>07-03</b>	Bad-Debts not Referred to the Illinois Office of the Comptroller	7/31/2008	4/4		100
<b>07-04</b>	Noncompliance with the Illinois Procurement Code and SAMS Procedures	6/30/2008	2/2		100
<b>07-05</b>	Lack of Segregation of duties in Managing Property and Equipment	4/30/2008	4/4		100
<b>07-06</b>	No Established Rules to Administer Loan Programs	10/31/2008	2/1		50
<b>07-07</b>	Authority is Not a Member of the Illinois Forestry Development Council	4/30/2008	2/2		100
<b>07-08</b>	Failure to Administer the Exporter Award Program	10/31/2008	2/1		50

<50% = Partially Completed or under review  
 60% = Substantially Completed  
 100% = Completed

**Illinois Finance Authority  
Audit Findings Material and Immaterial  
Update as of September 30, 2008**

Item Number	Description	Estimated Completion Date	Status Action Items/ (not final) Action Items Completed	Percentage Completed
				10 20 30 40 50 60 70 80 90 100
Total Number of 9				
<b>FY 07 Immaterial Findings</b>				
IM07-01	Approval of Incomplete Travel and Marketing Reimbursement Forms	6/30/2008	5/4	████████████████████
IM07-02	Inadequate Processing and Untimely Deposit of Cash Receipts and Refunds	4/30/2008	4/4	████████████████████
IM07-03	Corrected Agency Workforce Report was not Filed Timely	4/30/2008	4/4	████████████████████
IM07-04	Use of Telecommunications Devices Not Properly Monitored	4/30/2008	3/3	████████████████████
IM07-05	Outdated Investment Report	4/30/2008	4/4	████████████████████
IM07-06	Allowance of Old Accounts Receivable Not Performed	7/31/2008	4/4	████████████████████
IM07-07	Statement of Economic Interest Report Not Filed Timely	4/30/2008	4/4	████████████████████
IM07-08	Failure to File for a Refund of Telephone Excise Tax	4/30/2008	2/2	████████████████████
IM07-09	Noncompliance with Printing Requirements	4/30/2008	2/2	████████████████████

<50% = Partially Completed or under review  
60% = Substantially Completed  
100% = Completed

**ILLINOIS FINANCE AUTHORITY**  
**FINANCIAL STATEMENTS**  
**ANALYSIS**

**Balance Sheet Comparison**

**Actual Results September 2008 to September 2007**

**ASSETS**

- Total Assets increased by \$16,530,850 due to:
  1. An increase in cash balance due to the payoff of loans
  2. An increase in fee revenue
  3. An increase due to a State Appropriation for the Fire truck and Ambulance Revolving Funds
  4. An increase on the loan portfolio on the Firetruck Loan Program.

**LIABILITIES**

- Total Liabilities decreased by \$2,556,247 due to:
  1. A reduction in the local government bond pools, because of principal payments and an offset somewhat by an increase to interest payable for the local government bond pools.

**Statement of Activities**

**Year to Date Comparison**

**Fiscal Year 2009 to Fiscal Year 2008**

**REVENUE/EXPENSES**

- Revenue

Gross revenue YTD for fiscal year 2009 ended at \$2,896,523 or \$371,410 below same period last fiscal year 2008. This is primarily due a decrease in loan interest and fee income.

- Expenses

Expenses YTD for fiscal year 2009 ended at \$1,970,617 or \$718,640 lower than same period last fiscal year 2008 due to:

1. A reduction in employee related expenses, due to vacancies.
2. A reduction in professional services expense, primarily legal fees and a reduction of interest expense due the principal payments on the local government bond pools.
3. The quarterly adjustment to the loan loss provision.

**Illinois Finance Authority  
Consolidated - Actual to Budget  
Statement of Activities  
for Period Ending September 30, 2008**

	Actual September 2008	Budget September 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Budget YTD FY 2009	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2009	% of Budget Expended
<b>REVENUE</b>										
INTEREST ON LOANS	306,988	312,149	(5,161)	-1.65%	935,894	957,614	(21,720)	-2.27%	3,733,944	25.06%
INVESTMENT INTEREST & GAIN(LOSS)	179,456	198,330	(18,874)	-9.52%	581,333	593,544	(12,211)	-2.06%	2,399,092	24.23%
ADMINISTRATIONS & APPLICATION FEES	356,517	479,067	(122,550)	-25.88%	869,068	1,438,726	(569,658)	-39.59%	5,781,179	15.03%
ANNUAL ISSUANCE & LOAN FEES	49,883	51,145	(1,262)	-2.47%	156,518	161,062	(4,544)	-2.82%	665,579	23.52%
OTHER INCOME	311,281	6,917	304,364	4400.24%	353,711	20,751	332,960	1604.55%	83,004	426.14%
<b>TOTAL REVENUE</b>	<b>1,204,125</b>	<b>1,047,608</b>	<b>156,517</b>	<b>14.94%</b>	<b>2,896,523</b>	<b>3,171,697</b>	<b>(275,174)</b>	<b>-8.68%</b>	<b>12,662,798</b>	<b>22.87%</b>
<b>EXPENSES</b>										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	227,800	268,969	(41,169)	-15.31%	695,050	792,627	(97,577)	-12.31%	3,206,787	21.67%
BENEFITS	13,545	23,288	(9,743)	-41.84%	67,392	68,327	(935)	-1.37%	281,903	23.91%
TEMPORARY HELP	6,649	3,333	3,316	99.48%	15,054	9,999	5,055	50.55%	40,000	37.63%
EDUCATION & DEVELOPMENT	75	417	(342)	0.00%	523	1,251	(728)	-58.16%	5,000	10.47%
TRAVEL & AUTO	5,447	10,250	(4,803)	-46.85%	16,613	30,750	(14,137)	-45.98%	123,000	13.51%
<b>TOTAL EMPLOYEE RELATED EXPENSES</b>	<b>253,515</b>	<b>306,257</b>	<b>(52,742)</b>	<b>-17.22%</b>	<b>794,631</b>	<b>902,954</b>	<b>(108,323)</b>	<b>-12.00%</b>	<b>3,656,690</b>	<b>21.73%</b>
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	49,893	70,200	(20,307)	-28.93%	120,722	210,600	(89,878)	-42.68%	842,400	14.33%
LOAN EXPENSE & BANK FEE	227,366	228,907	(1,541)	-0.67%	683,284	686,721	(3,437)	-0.50%	2,671,824	25.57%
ACCOUNTING & AUDITING	29,476	31,975	(2,499)	-7.82%	90,400	95,925	(5,525)	-5.76%	383,700	23.56%
MARKETING GENERAL	4,060	8,333	(4,273)	-51.28%	10,909	24,999	(14,090)	-56.36%	100,000	10.91%
FINANCIAL ADVISORY	25,000	25,000	-	0.00%	75,000	75,000	-	0.00%	300,000	25.00%
CONFERENCE/TRAINING	4,350	1,250	3,100	0.00%	8,690	3,750	4,940	131.73%	15,000	57.93%
MISC. PROFESSIONAL SERVICES	23,333	4,166	19,167	0.00%	29,999	12,498	17,501	140.03%	50,000	60.00%
DATA PROCESSING	3,004	3,750	(746)	-19.89%	9,999	11,250	(1,251)	-11.12%	45,000	22.22%
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>366,482</b>	<b>373,581</b>	<b>(7,099)</b>	<b>-1.90%</b>	<b>1,029,003</b>	<b>1,120,743</b>	<b>(91,740)</b>	<b>-8.19%</b>	<b>4,407,924</b>	<b>23.34%</b>

**Illinois Finance Authority  
Consolidated - Actual to Budget  
Statement of Activities  
for Period Ending September 30, 2008**

	Actual September 2008	Budget September 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Budget YTD FY 2009	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2009	% of Budget Expended
<b>OCCUPANCY COSTS</b>										
OFFICE RENT	25,697	25,905	(208)	-0.80%	75,130	77,715	(2,585)	-3.33%	310,860	24.17%
EQUIPMENT RENTAL AND PURCHASES	5,411	3,867	1,544	39.93%	13,241	11,601	1,640	14.13%	46,404	28.53%
TELECOMMUNICATIONS	4,829	5,420	(591)	-10.90%	11,646	16,260	(2,214)	-13.62%	65,040	21.60%
UTILITIES	1,583	933	650	69.70%	3,789	2,799	990	35.36%	11,196	33.84%
DEPRECIATION	6,527	7,355	(828)	-11.26%	19,498	22,065	(2,567)	-11.63%	88,256	22.09%
INSURANCE	1,607	1,500	107	7.14%	4,821	4,500	321	7.14%	18,000	26.79%
<b>TOTAL OCCUPANCY COSTS</b>	<b>45,654</b>	<b>44,980</b>	<b>674</b>	<b>1.50%</b>	<b>130,524</b>	<b>134,940</b>	<b>(4,416)</b>	<b>-3.27%</b>	<b>539,756</b>	<b>24.18%</b>
<b>GENERAL &amp; ADMINISTRATION</b>										
OFFICE SUPPLIES	10,077	9,450	627	6.63%	25,135	28,350	(3,215)	-11.34%	113,400	22.16%
BOARD MEETING - EXPENSES	2,184	2,983	(799)	-26.79%	11,653	8,949	2,704	30.21%	35,796	32.55%
PRINTING	1,434	1,200	234	19.49%	5,402	3,600	1,802	50.07%	14,400	37.52%
POSTAGE & FREIGHT	4,550	2,300	2,250	97.81%	8,891	6,900	1,991	28.85%	27,600	32.21%
MEMBERSHIP, DUES & CONTRIBUTIONS	1,187	3,083	(1,896)	-61.49%	6,524	9,249	(2,725)	-29.47%	36,996	17.63%
PUBLICATIONS	41	300	(259)	-86.40%	963	900	63	7.01%	3,600	26.75%
OFFICERS & DIRECTORS INSURANCE	14,524	14,524	0	0.00%	43,572	43,572	0	0.00%	174,292	25.00%
MISCELLANEOUS	1,500	42	1,458	0.00%	1,500	126	1,374	1090.48%	504	297.62%
<b>TOTAL GENL &amp; ADMIN EXPENSES</b>	<b>35,496</b>	<b>33,882</b>	<b>1,614</b>	<b>4.76%</b>	<b>103,639</b>	<b>101,646</b>	<b>1,993</b>	<b>1.96%</b>	<b>406,588</b>	<b>23.49%</b>
LOAN LOSS PROVISION/BAD DEBT	(155,777)	75,000	(230,777)	-307.70%	(89,111)	225,000	(314,111)	-139.61%	900,000	-9.90%
<b>OTHER</b>										
INTEREST EXPENSE	644	621	23	3.69%	1,932	1,863	69	3.69%	7,447	25.94%
<b>TOTAL OTHER</b>	<b>644</b>	<b>621</b>	<b>23</b>	<b>3.69%</b>	<b>1,932</b>	<b>1,863</b>	<b>69</b>	<b>3.69%</b>	<b>7,447</b>	<b>25.94%</b>
<b>TOTAL EXPENSES</b>	<b>546,014</b>	<b>834,321</b>	<b>(288,307)</b>	<b>-34.56%</b>	<b>1,970,617</b>	<b>2,487,146</b>	<b>(516,529)</b>	<b>-20.77%</b>	<b>9,918,405</b>	<b>19.87%</b>
<b>NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)</b>	<b>638,111</b>	<b>213,287</b>	<b>444,824</b>	<b>208.56%</b>	<b>925,906</b>	<b>684,551</b>	<b>241,355</b>	<b>35.26%</b>	<b>2,744,393</b>	<b>33.74%</b>
<b>NET UNREALIZED GAIN/(LOSS) ON INVESTMENT</b>	-	(16,667)	16,667	-100.00%	(1,095)	(50,001)	48,906	-97.81%	(200,000)	0.55%
<b>REVENUE GRANT</b>	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
<b>APPROPRIATIONS FROM STATE</b>	-	-	-	0.00%	-	-	-	0.00%	-	-
<b>NET INCOME/(LOSS)</b>	<b>638,111</b>	<b>196,620</b>	<b>461,491</b>	<b>234.71%</b>	<b>924,811</b>	<b>634,550</b>	<b>290,261</b>	<b>45.74%</b>	<b>2,544,393</b>	<b>36.35%</b>

**Illinois Finance Authority  
Consolidated  
Statement of Activities  
Comparison  
for September 2008 and September 2007**

	Actual September 2008	Actual September 2007	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2009	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
<b>REVENUE</b>								
INTEREST ON LOANS	306,988	154,548	152,440	98.64%	935,894	973,560	(37,666)	-3.87%
INVESTMENT INTEREST & GAIN(LOSS)	179,456	285,972	(106,517)	-37.25%	581,333	744,032	(162,700)	-21.87%
ADMINISTRATIONS & APPLICATION FEES	356,517	205,521	150,996	73.47%	869,068	1,325,114	(456,046)	-34.42%
ANNUAL ISSUANCE & LOAN FEES	49,883	61,382	(11,499)	-18.73%	156,518	194,641	(38,123)	-19.59%
OTHER INCOME	311,281	9,722	301,559	3101.82%	353,711	30,586	323,125	1056.43%
<b>TOTAL REVENUE</b>	<b>1,204,125</b>	<b>717,145</b>	<b>486,980</b>	<b>67.91%</b>	<b>2,896,523</b>	<b>3,267,933</b>	<b>(371,410)</b>	<b>-11.37%</b>
<b>EXPENSES</b>								
<b>EMPLOYEE RELATED EXPENSES</b>								
COMPENSATION & TAXES	227,800	286,302	(58,502)	-20.43%	695,050	835,270	(140,220)	-16.79%
BENEFITS	13,545	22,553	(9,008)	-39.94%	67,392	64,398	2,994	4.65%
TEMPORARY HELP	6,649	2,821	3,827	135.66%	15,054	25,253	(10,199)	-40.39%
EDUCATION & DEVELOPMENT	75	756	(681)	0.00%	523	1,056	(533)	-50.44%
TRAVEL & AUTO	5,447	15,252	(9,805)	-64.28%	16,613	41,388	(24,775)	-59.86%
<b>TOTAL EMPLOYEE RELATED EXPENSES</b>	<b>253,515</b>	<b>327,684</b>	<b>(74,169)</b>	<b>-22.63%</b>	<b>794,631</b>	<b>967,365</b>	<b>(172,734)</b>	<b>-17.86%</b>
<b>PROFESSIONAL SERVICES</b>								
CONSULTING, LEGAL & ADMIN	49,893	120,250	(70,357)	-58.51%	120,722	357,324	(236,602)	-66.21%
LOAN EXPENSE & BANK FEE	227,366	41,264	186,102	451.01%	683,284	699,159	(15,875)	-2.27%
ACCOUNTING & AUDITING	29,476	92,172	(62,696)	-68.02%	90,400	105,142	(14,741)	-14.02%
MARKETING GENERAL	4,060	7,298	(3,238)	-44.37%	10,909	18,895	(7,986)	-42.27%
FINANCIAL ADVISORY	25,000	20,000	5,000	25.00%	75,000	65,788	9,212	14.00%
CONFERENCE/TRAINING	4,350	2,520	1,830	72.62%	8,690	8,820	(130)	-1.46%
MISC. PROFESSIONAL SERVICES	23,333	-	23,333	0.00%	29,999	2,225	27,774	1248.27%
DATA PROCESSING	3,004	10,134	(7,130)	-70.36%	9,999	16,329	(6,331)	-38.77%
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>366,482</b>	<b>293,638</b>	<b>72,844</b>	<b>24.81%</b>	<b>1,029,003</b>	<b>1,267,682</b>	<b>(238,679)</b>	<b>-18.83%</b>

**Illinois Finance Authority  
Consolidated  
Statement of Activities  
Comparison  
for September 2008 and September 2007**

	Actual September 2008	Actual September 2007	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2009	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
<b>OCCUPANCY COSTS</b>								
OFFICE RENT	25,697	25,749	(52)	-0.20%	75,130	76,520	(1,390)	-1.82%
EQUIPMENT RENTAL AND PURCHASES	5,411	6,001	(590)	-9.83%	13,241	19,981	(6,740)	-33.73%
TELECOMMUNICATIONS	4,829	5,268	(439)	-8.34%	14,046	20,638	(6,593)	-31.95%
UTILITIES	1,583	802	781	97.30%	3,789	2,661	1,128	42.38%
DEPRECIATION	6,527	9,018	(2,492)	-27.63%	19,498	20,138	(640)	-3.18%
INSURANCE	1,607	504	1,104	219.10%	4,821	4,178	643	15.40%
<b>TOTAL OCCUPANCY COSTS</b>	<b>45,654</b>	<b>47,343</b>	<b>(1,688)</b>	<b>-3.57%</b>	<b>130,524</b>	<b>144,116</b>	<b>(13,592)</b>	<b>-9.43%</b>
<b>GENERAL &amp; ADMINISTRATION</b>								
OFFICE SUPPLIES	10,077	6,853	3,224	47.05%	25,135	21,662	3,473	16.03%
BOARD MEETING - EXPENSES	2,184	15,462	(13,278)	-85.88%	11,653	19,898	(8,246)	-41.44%
PRINTING	1,434	2,083	(649)	-31.15%	5,402	5,305	97	1.83%
POSTAGE & FREIGHT	4,550	699	3,851	550.91%	8,891	6,285	2,605	41.45%
MEMBERSHIP, DUES & CONTRIBUTIONS	1,187	1,131	56	4.97%	6,524	5,051	1,473	29.17%
PUBLICATIONS	41	229	(188)	-82.16%	963	330	633	191.89%
OFFICERS & DIRECTORS INSURANCE	14,524	14,746	(222)	-1.51%	43,572	44,239	(667)	-1.51%
MISCELLANEOUS	1,500	-	1,500	0.00%	1,500	-	1,500	#DIV/0!
<b>TOTAL GENL &amp; ADMIN EXPENSES</b>	<b>35,496</b>	<b>41,202</b>	<b>(5,706)</b>	<b>-13.85%</b>	<b>103,639</b>	<b>102,771</b>	<b>869</b>	<b>0.85%</b>
<b>LOAN LOSS PROVISION/BAD DEBT</b>	<b>(155,777)</b>	<b>138,587</b>	<b>(294,364)</b>	<b>-212.40%</b>	<b>(89,111)</b>	<b>205,253</b>	<b>(294,364)</b>	<b>-143.42%</b>
<b>OTHER</b>								
INTEREST EXPENSE	644	690	(46)	-6.69%	1,932	2,070	(138)	-6.69%
<b>TOTAL OTHER</b>	<b>644</b>	<b>690</b>	<b>(46)</b>	<b>-6.69%</b>	<b>1,932</b>	<b>2,070</b>	<b>(138)</b>	<b>-6.69%</b>
<b>TOTAL EXPENSES</b>	<b>546,014</b>	<b>849,144</b>	<b>(303,129)</b>	<b>-35.70%</b>	<b>1,970,617</b>	<b>2,689,257</b>	<b>(718,640)</b>	<b>-26.72%</b>
<b>NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)</b>	<b>658,111</b>	<b>(131,999)</b>	<b>790,110</b>	<b>-598.57%</b>	<b>925,906</b>	<b>578,676</b>	<b>347,230</b>	<b>60.00%</b>
<b>NET UNREALIZED GAIN/(LOSS) ON INVESTMENT</b>	<b>-</b>	<b>11,214</b>	<b>(11,214)</b>	<b>-100.00%</b>	<b>(1,095)</b>	<b>37,301</b>	<b>(38,396)</b>	<b>-102.94%</b>
<b>REVENUE GRANT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>2,000,000</b>	<b>(2,000,000)</b>	<b>-100.00%</b>
<b>APPROPRIATIONS FROM STATE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>NET INCOME/(LOSS)</b>	<b>658,111</b>	<b>(120,785)</b>	<b>778,896</b>	<b>-644.86%</b>	<b>924,811</b>	<b>2,615,977</b>	<b>(1,691,166)</b>	<b>-64.65%</b>

Illinois Finance Authority  
Consolidated  
Balance Sheet

for the Two Months Ending September 30, 2008

	Actual September 2007	Actual September 2008	Budget September 2009	Variance to budget
<b>ASSETS</b>				
CASH & INVESTMENTS, UNRESTRICTED	\$ 27,184,983	\$ 36,028,591	\$ 33,785,147	\$ 2,243,444
RECEIVABLES, NET	772,798	223,141	262,315	(39,174)
LOAN RECEIVABLE, NET	92,735,976	87,135,249	94,415,156	(7,279,907)
OTHER RECEIVABLES	702,609	2,056,782	1,289,295	767,487
PREPAID EXPENSES	128,378	126,404.74	172,496	(46,091)
<b>TOTAL CURRENT ASSETS</b>	<b>121,524,744</b>	<b>125,570,167</b>	<b>129,924,409</b>	<b>(4,354,242)</b>
<b>FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b>241,201</b>	<b>140,323</b>	<b>148,947</b>	<b>(8,623)</b>
<b>DEFERRED ISSUANCE COSTS</b>	<b>771,371</b>	<b>655,555</b>	<b>657,791</b>	<b>(2,236)</b>
<b>OTHER ASSETS</b>				
CASH, INVESTMENTS & RESERVES	28,403,173	40,452,518	37,058,690	3,393,828
VENTURE CAPITAL INVESTMENTS	5,554,091	5,550,317	5,738,223	(187,906)
OTHER	3,025,522	3,682,072	3,682,072	-
<b>TOTAL OTHER ASSETS</b>	<b>36,982,787</b>	<b>49,684,906</b>	<b>46,478,985</b>	<b>3,205,921</b>
<b>TOTAL ASSETS</b>	<b>\$ 159,520,103</b>	<b>\$ 176,050,953</b>	<b>\$ 177,210,132</b>	<b>\$ (1,159,180)</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>	<b>\$ 1,905,706</b>	<b>\$ 1,133,674</b>	<b>759,760</b>	<b>\$ 373,914</b>
<b>LONG-TERM LIABILITIES</b>	<b>62,959,188</b>	<b>61,174,972</b>	<b>62,998,326</b>	<b>(1,823,356)</b>
<b>TOTAL LIABILITIES</b>	<b>64,864,893</b>	<b>62,308,646</b>	<b>63,758,086</b>	<b>(1,449,442)</b>
<b>EQUITY</b>				
CONTRIBUTED CAPITAL	36,061,462	35,608,692	35,608,692	-
RETAINED EARNINGS	17,921,049	24,799,651	24,799,651	-
NET INCOME / (LOSS)	2,615,977	924,811	634,550	290,261
RESERVED/RESTRICTED FUND BALANCE	25,491,190	39,760,982	39,760,982	-
UNRESERVED FUND BALANCE	12,565,531	12,648,171	12,648,171	-
<b>TOTAL EQUITY</b>	<b>94,655,209</b>	<b>113,742,306</b>	<b>113,452,046</b>	<b>290,261</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 159,520,103</b>	<b>\$ 176,050,953</b>	<b>\$ 177,210,132</b>	<b>\$ (1,159,180)</b>

Illinois Finance Authority  
Participations  
30-60-90-120-180 Day Delinquencies

as of 9/30/2008

Loan #	Borrower Name	Due Date	Current Principal Balance	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 + Days
<b>Participations</b>									
10041	NEWLINE HARWOODS, INC	2/4/2008	\$171,093.38	.00	.00	.00	.00	.00	171,093.38
10049	SHULTS MACHINE	4/5/2007	\$124,342.00	.00	.00	.00	.00	.00	124,342.00
10142	THIRD PANCAKE, LLC	6/1/2008	\$5,459.44	.00	.00	.00	5,459.44	.00	.00
3			.00	.00	.00	.00	5,459.44	.00	295,435.38
3			.00	.00	.00	.00	5,459.44	.00	295,435.38

**MINUTES OF THE SEPTEMBER 9, 2008 MEETING OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Board Meeting at 11:30 a.m. on September 9, 2008 at the Mid America Club, 200 E. Randolph Drive, 80<sup>th</sup> Floor, Chicago, Illinois.

**Members present:**

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

**Members absent:**

Dr. Roger D. Herrin

**Vacancies:**

4

**Members participating  
by telephone:**

None

**GENERAL BUSINESS**

**Call to Order, Establishment of Quorum and Roll Call**

Chairman Brandt called the meeting to order at 11:41 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests and asked Secretary, Carla Burgess Jones to call the roll. There being ten (10) members physically present, Ms. Burgess Jones declared a quorum present.

**Chairman's Report**

Chairman Brandt thanked fellow Board members and guests for coming. Chairman Brandt announced that projects being presented today for approval were thoroughly reviewed at the Committee of the Whole Meeting held at 8:30 a.m. today.

**Acceptance of Financial Statements**

Financial statements for the period ending August 30, 2008 were presented to members of the Board and accepted by the Board. Chairman Brandt stated that the Authority's financial statements were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt requested a motion to approve the minutes. Motion was moved by Mr. O'Brien and seconded by Mr. Goetz. The August 30, 2008 Financial Statements were unanimously approved by members of the Board.

## Minutes

Chairman Brandt announced that the next order of business was to approve the minutes of the August 12, 2008 Meeting of the Board. Chairman Brandt announced that the August 12, 2008 minutes were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt requested a motion to approve the minutes. Motion was moved by Mr. Rivera and seconded by Mr. O'Brien. The August 12, 2008 minutes were unanimously approved by members of the Board.

## Authorized Officer's Report

Ms. Walker, Authorized Officer, reported that the Authority's financial position remains strong with total year-to-date assets at \$175M, current liabilities at \$1.6M, and equity at \$113M. Ms. Walker reported that at today's meeting funding managers will present 21 projects totaling \$1,928,510 for board approval.

## Projects

Chairman Brandt asked Ms. Walker to present the following projects for consideration to the Board:

- No. 1: A-FB-TE-CD-8138 – Allen Kasten**  
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$190,000 to provide permanent financing to purchase approximately 76 acres of farmland. This project is located in Hillsboro, Illinois. (09-09-01).
- A-FB-TE-CD-8139 – Rex Gehrig**  
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$160,000 to provide permanent financing to purchase approximately 73.5 acres of farmland. This project is located in Dunlap, Illinois. (09-09-01).
- A-FB-TE-CD-8140 – Justin Hardin**  
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$250,000 to provide permanent financing to purchase approximately 75 acres of farmland. This project is located in Coal Valley, Illinois. (09-09-01).
- A-FB-TE-CD-8141 – C. Steven & Rhonda Calvert**  
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$250,000 to provide permanent financing to purchase approximately 106 acres of farmland with buildings. This project is located in Sciota, Illinois. (09-09-01).

No guests attended with respect to the four Beginning Farmer Bonds listed under Project No. 1. Chairman Brandt asked if the Board had any questions with respect to the four Beginning Farmer Bonds listed under Project No. 1. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of the four Beginning Farmer Bonds listed under Project No. 1. Leave was granted. Project No. 1 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 2: A-ID-TE-CD-8144 – Yargus Manufacturing, Inc.**

Request for preliminary approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$1.6 million. Bond proceeds will be used to finance or reimburse costs incurred to construct a new industrial building, acquire specific machinery and equipment, and pay legal and other professional costs. \$1.6 million of IFA 2009 Volume Cap will be required for this project. This project is expected to create 10 new jobs within the next two years, and 10 construction jobs over a four month period. This project is located in Marshall, Illinois. (09-09-02).

**No. 3: I-ID-TE-CD-8127 – Anderson Shumaker Company**

Request for preliminary approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$10 million. Bond proceeds will be used to finance construction, acquisition of machinery and equipment, and to pay professional and certain bond issuance costs. The Company is seeking a \$10 million allocation in 2008 IFA Volume Cap. The project will be located in the City of Chicago which is an Home-rule community within an Empowerment Zone. This project is expected to create 18 new jobs and 60 construction jobs. This project is located in Chicago, Illinois. (09-09-03).

**No. 4: I-ID-TE-CD-8130 – Fitzpatrick Brothers, Inc.**

Request for preliminary approval of Industrial Revenue Bonds in an amount not-to-exceed \$10 million. Bond proceeds will be used to finance the acquisition of 8 acres of land, construction of a manufacturing facility, acquisition of machinery and equipment, and to pay legal and professional costs associated with the bond issuance. Issuance of the bonds will require an allocation of IFA Volume Cap. However, Home-rule Volume Cap in an amount to be determined will be requested prior to year-end to be ceded from the City of Quincy, Illinois. This project is expected to bring manufacturing jobs to Illinois that are currently in St. Louis, Missouri. This project is expected to create 65 new jobs and 50 construction jobs. This project is located in Quincy, Illinois. (09-09-04).

**No. 5: I-ID-TE-CD-8137 – Hartzler Properties LLC and Express packaging of Arizona**

Request for preliminary approval of Industrial Revenue Bonds in an amount not-to-exceed \$6.5 million. Bond proceeds will be used to finance the purchase of land, to renovate an existing manufacturing facility, purchase fixtures and equipment, and to fund legal and professional issuance costs. Issuance of the Bonds is subject to an allocation of

Volume Cap. The Applicant is seeking Volume Cap from the City of West Chicago and from other sources to combine with IFA Volume Cap for this project. This project is expected to create 95 new jobs and 50 construction jobs over a six month period. This project is located in West Chicago, Illinois. **(09-09-05)**.

No guests attended with respect to Project Nos. 2, 3, 4 and 5. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 2, 3, 4 and 5. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 2, 3, 4 and 5. Leave was granted. Project Nos. 2, 3, 4 and 5 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 8:**            **B-LL-TX-8131 – Kellner LLC**  
Request for final approval of a Participation Loan in an amount not-to-exceed \$500,000. Loan proceeds will be used to finance the real estate portion of a new facility located in Springfield, Illinois. This project is expected to create 20 new jobs and 65 construction jobs. This project is located in Springfield, Illinois. **(09-09-08)**.

**No. 9:**            **B-LL-TX-8133 – Steve and Edward Cushing**  
Request for final approval of a Participation Loan in an amount not-to-exceed \$160,000. Loan proceeds will be used to finance the acquisition of an industrial building. This project is expected to create 2 new jobs. This project is located in Bloomington, Illinois. **(09-09-09)**.

**No. 10:**          **B-LL-TX-8134 – TCI Manufacturing and Equipment Sales, Inc.**  
Request for final approval of a Participation Loan in an amount not-to-exceed \$500,000. Loan proceeds will be used to finance the construction of a new manufacturing building. This project is expected to create 5 new jobs and 50 construction jobs over a six month period. This project is located in Walnut, Illinois. **(09-09-10)**.

No guests attended with respect to Project Nos. 8, 9 and 10. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 8, 9 and 10. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 8, 9 and 10. Leave was granted. Project Nos. 8, 9 and 10 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 11:**          **Tabled.**

**No. 13:**          **Withdrawn.**

**No. 14:**          **N-NP-TE-CD-8117 – Clearbrook**  
Request for final approval of 501(c)3 Bonds in an amount not-to-exceed \$5.4 million. Bond proceeds will be used to refinance Clearbrook's outstanding Series 2003 Bonds that were issued through the IDFA, and to refinance various taxable mortgages on its resident group homes and work center at a tax-exempt rate, finance the purchase of equipment and

fixtures, and to pay for costs of issuance. This project has locations in Arlington Heights, Hoffman Estates, Palatine and Rolling Meadows, Illinois. (09-09-14).

No guests attended with respect to Project No. 14. Chairman Brandt asked if the Board had any questions with respect to Project No. 14. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 14. Leave was granted. Project No. 14 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 18: H-HO-TE-CD-8051 – Silver Cross Hospital**

Request for preliminary approval of 501(c)3 Bonds in an amount not-to-exceed \$275 million. Bond proceeds will be used to finance the construction of a replacement hospital, pay for capitalized interest, fund a debt service reserve, and pay costs of issuance. This project is expected to create 637 construction jobs. This project is located in New Lenox, Illinois. (09-09-18).

**No. 19: H-HO-TE-CD-8146 – The Carle Foundation**

Request for preliminary approval of 501(c)3 Bonds in an amount not-to-exceed \$450 million. Proceeds from the sale of the Series 2008 Bonds will be used to refinance a taxable loan, finance the costs of acquisition, construction, renovations, and equipment, pay a portion of the interest on the Series 2008 Bonds, fund a debt service reserve and pay issuance costs. This project is expected to create 470 construction jobs. This project is located in Urbana, Illinois. (09-09-19).

No guests attended with respect to Project Nos. 18 and 19. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 18 and 19. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 18 and 19. Leave was granted. Project Nos. 18 and 19 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 20: Withdrawn**

**No. 21: H-HO-TE-CD-8147 – Southern Illinois Healthcare**

Request for final approval of 501(c)3 Bonds in an amount not-to-exceed \$185 million. Bond proceeds will be loaned to Southern Illinois Healthcare Enterprises, Inc. to be used to refund the IHFA Series 1998, 1998A and 1998B Bonds, to pay or reimburse Southern Illinois Hospital for construction costs, renovations, and equipment for certain healthcare facilities, refinance a taxable loan, fund debt service reserve, and pay costs of issuance. This project is expected to create 60 construction jobs. This project is located in Carbondale, Illinois. (09-09-21).

**No. 23: H-HO-TE-CD-8142 – Bromenn Healthcare**

Request for final approval of 501(c)3 Bonds in an amount not-to-exceed \$50 million. Bond proceeds will be used to current refund the IFA Series 2004 FSA insured Auction Rate Bonds, fund a debt service reserve fund,

and pay certain related expenses. This project is located in Bloomington-Normal, Illinois. **(09-09-23)**.

No guests attended with respect to Project Nos. 21 and 23. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 21 and 23. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 21 and 23. Leave was granted. Project Nos. 21 and 23 received final approval with 10 ayes, 0 nays, and 0 abstentions.

### **Resolutions**

**No. 25: Zoll Real Estate.** An Amendatory Resolution requesting to amend the loan agreement and related matters for the IFA Series 2007 Bonds, and to authorize a change in the interest payable.

**No. 26: Jonchris LLC Project.** An Amendatory Resolution requesting to amend bond documents for IDFA Bonds to authorize a new bank purchaser, substitute a new amortization schedule and the trustee, and to amend the optional pre-payment provisions.

**No. 27: Withdrawn.**

Chairman Brandt asked if the Board had any questions with respect to Amendatory Resolution Nos. 25 and 26. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Resolution Nos. 25 and 26. Leave was granted. Amendatory Resolution Nos. 25 and 26 received approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 22: H-HO-TE-CD-8090 – Advocate Health Care Network**  
Request for final approval of 501(c)3 Bonds in an amount not-to-exceed \$180 million. Bond proceeds will be used to finance the costs of the acquisition of certain assets of Condell Medical Center, fund new money projects, fund a debt service reserve fund, and pay costs of issuance. This project is expected to create 200 construction jobs. This project is located in Libertyville, Illinois. **(09-09-22)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 22. Ms. Pamela Lenane, Vice President,, introduced Mr. Dominic Nakis, Sr. VP & CFO, Advocate Health Care Network. Mr. Nakis briefly described the project and thanked members of the Board for their consideration. Mr. Nakis also stated that Loop Capital Markets and Cabrera Capital Markets will serve as co-managers on the project. Vice Chairman Goetz thanked Mr. Nakis on behalf of the IFA's Health Care Committee for Advocate's inclusion of minority underwriting firms on this project. Dr. Barclay, Chair of the Healthcare Committee, also complimented the funding managers for their efforts in this regard. Chairman Brandt cited the members of both committees in pursuing the goal of expanded diversity in the financing teams of IFA projects. Chairman Brandt asked if the Board had any questions for Mr. Nakis. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 22.

Leave was granted. Project No. 22 received final approval with 10 ayes, 0 nays, and 0 abstentions.

*Note: Mr. Zeller, IFA Board Member, exited the September 9, 2008 IFA Board Meeting at 12:01 p.m. Votes after this time reflect Mr. Zeller's absence from the remainder of the meeting.*

**No. 6: I-ID-TE-CD-8095 – F&F Holdings, LLC (Murphy Machine Products, Inc. Project)**

Request for final approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$5.0 million. Bond proceeds will be used to finance the acquisition of a building, renovations, machinery and equipment and pay certain bond issuance costs. The IFA will seek Volume Cap from the City of Chicago. The Company is seeking a \$5.0 million allocation in 2008 IFA Volume Cap. The new project will be located in the Village of Wood Dale which is a non Home Rule Community. As a result, the Village of Wood Dale does not receive an allocation of Volume Cap to support this project. This project is expected to create 11 new jobs, and 10 construction jobs. This project is located in Wood Dale, Illinois. (09-09-06).

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 6. On behalf of Ms. Sharnell Curtis-Martin, Ms. Walker introduced Mr. Allan Carroll, Financial Advisor, Carroll Financial. Mr. Carroll gave a brief description of the project and thanked members of the Board for its consideration. Chairman Brandt asked if the Board had any questions for Mr. Carroll. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 6. Leave was granted. Project No. 6 received final approval with 9 ayes, 0 nays, and 0 abstentions.

**No. 7: I-ID-TE-CD-8104 – Monarch Holdings LLC and Monarch Services LLC (Monarch Steel Company, Inc. Project)**

Request for final approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$7.5 million. Bond proceeds will be used to finance the acquisition of land, construction costs, acquire machinery and equipment and pay certain bond issuance costs. The Applicant will be seeking \$7.5 million in 2008 IFA Volume Cap. The proposed project is located in the City of Crest Hill, a non Home Rule community. As a result, the City of Crest Hill does not have an allocation of Volume Cap for this project. This project is expected to create 15 new jobs and 100 construction jobs. This project is located in Crest Hill, Illinois. (08-08-07).

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 7. On behalf of Ms. Sharnell Curtis-Martin, Ms. Walker introduced Mr. Peter Wynbrandt, President & CEO, Monarch Holdings. Mr. Wynbrandt gave a brief description of the project and thanked members of the board for its consideration. Chairman Brandt asked if the Board had any questions for Mr. Wynbrandt. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of

Project No. 7. Leave was granted. Project No. 7 received final approval with 9 ayes, 0 nays, and 0 abstentions.

**No. 12: N-NP-TE-CD-8091 – The Art Institute of Chicago**

Request for preliminary approval of the issuance of 501(c)3 Revenue Bonds in an amount not-to-exceed \$150 million. Bond proceeds will be used to finance, refinance and reimburse a portion of the costs of capital improvements. This project is expected to create 98 new jobs and 200 construction jobs. This project is located in Chicago, Illinois. **(09-09-12)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 12. Mr. Rich Frampton, Vice President, introduced Mr. Eric Anyah, Sr., VP for Finance. Mr. Anyah thanked the Board for its consideration and gave a brief description of the project and mentioned that the Art Institute will contribute 50% of the equity needed to complete the project, and that the project is expected to be completed in May, 2009. Mr. Anyah also mentioned that the Art Institute's financing team is seeking to include the participation of an MWBE firm(s) on this project. Chairman Brandt asked if the Board had any questions for Mr. Anyah. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 12. Leave was granted. Project No. 12 received preliminary approval with 9 ayes, 0 nays, and 0 abstentions.

**No. 16: L-SD-TE-CD-8129 – East Richland Community Unit School District No. 1**

Request for final approval of 501(c)3 Bonds in an amount not-to-exceed \$20 million. Bond proceeds will be used to renovate the school and refinance existing debt. This project is expected to create 25-30 construction jobs over a 5 to 10-month period. This project is located in Olney, Illinois. **(09-09-16)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 16. Mr. Chris Collier from Edward Jones gave a brief description of the project and thanked the Board for its consideration. Chairman Brandt asked if the Board had any questions for Mr. Collier. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 16. Leave was granted. Project No. 16 received final approval with 9 ayes, 0 nays, and 0 abstentions.

**No. 15: N-PS-TE-CD-8067 – Prairie Crossing Charter School**

Request for final approval of 501(c)3 Bonds in an amount not-to-exceed \$10.5 million. Bond proceeds will be used to refinance an outstanding construction loan, refinance an outstanding Foundation loan, finance infrastructure improvements, and fund professional issuance costs. This project is expected to create 20 construction jobs over a 6-month period. This project is located in Grayslake, Illinois. **(09-09-15)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 15. Mr. Townsend Albright, Senior Funding Manager, introduced Mr. Geoff

Deigan, Board Treasurer, Prairie Crossing. Mr. Deigan gave a brief description of the project and thanked the Board for its consideration. Chairman Brandt asked if the Board had any questions for Mr. Deigan. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 15. Leave was granted. Project No. 15 received final approval with 9 ayes, 0 nays, and 0 abstentions.

**No. 17:**        **H-HO-TE-CD-8143 – Rush University Medical Center Obligated Group**  
Request for preliminary approval of 501(c)3 Bonds in an amount not-to-exceed \$375 million. Bond proceeds will be used to provide financing to pay for costs of capital expenditures, finance or refinance the costs of terminating certain interest rate hedge agreements, refinance a line of credit, fund debt service reserve, and pay certain issuance costs. This project is expected to create 300 new jobs and 300 construction jobs. This project is located in Chicago and Aurora, Illinois. **(09-09-17).**

Chairman Brandt asked if there were any guests from Rush University Medical Center attending the meeting with respect to Project No. 17. There being none, Chairman Brandt then asked if there were others wishing to address the board concerning Rush University Medical Center. Mr. Paul McKinley, a representative from V.O.T.E., stated his organization's concerns in regard to the Authority's financing of the Rush University Medical Center project. Mr. McKinley asked that the Board reconsider funding this project. Chairman Brandt addressed Mr. McKinley's concerns. Chairman Brandt then asked if the Board had any questions for Mr. McKinley. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 17. Leave was granted. Project No. 17 received preliminary approval with 9 ayes, 0 nays, and 0 abstentions.

**No. 24:**        **H-HO-TE-CD-8118 – The University of Chicago Medical Center**  
Request for final approval of 501(c)3 Bonds in an amount not-to-exceed \$185 million. Bond proceeds will be used to current refund the IHFA MBIA insured Variable Rate Demand Bonds Series 1994 and 1998, and pay costs of issuance. This project is located in Chicago, Illinois. **(09-09-24).**

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 24. Ms. Pamela Lenane, Vice President, introduced Mr. Lawrence Furnstahl, Chief Financial & Strategy Officer. Mr. Furnstahl addressed the Board and mentioned that the Board's approval of this project will enable The University of Chicago Medical Center to refinance its existing debt. Mr. Furnstahl cited Dr. Madera's testimony presented at the TEFRA hearing held on September 5, 2008. Chairman Brandt then asked if there were others wishing to address the Board concerning The University of Chicago Medical Center project. Mr. Paul McKinley, a representative from V.O.T.E., responded and addressed his organization's concerns with regard to this project. Mr. McKinley asked the Board not to approve this project. Mr. McKinley also presented a petition that stated his organization's concerns. Chairman Brandt addressed Mr. McKinley's concerns. Chairman Brandt then asked if members of the Board had any questions concerning the project. Ms. Verrett, IFA Board Member, asked if there was a representative from The University of Chicago Medical Center that could directly address Mr. McKinley's concerns. Ms. Lenane introduced Mr. Mark

Urquart, VP of Facilities Planning & Construction. Mr. Urquart directly responded to some of the concerns presented by Mr. McKinley to members of the Board. Ms. Queen Sister, a representative from the It Takes A Village Organization, also stated her organization's concerns in regard to the Authority's financing of The University of Chicago Medical Center project. Chairman Brandt also responded to Ms. Sister's concerns. Chairman Brandt asked if members of the Board had any questions concerning The University of Chicago Medical Center project. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 24. Leave was granted. Project No. 24 received final approval with 9 ayes, 0 nays, and 0 abstentions.

### **Other Business**

Chairman Brandt asked if there was any other business to come before the Board. There being none, Chairman Brandt requested a motion to adjourn. Upon a motion by Mr. DeNard and seconded by Dr. Barclay, the meeting adjourned at approximately 12:48 p.m.

Respectfully Submitted,

Carla B. Burgess Jones, Secretary

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Eric Reed & Cory Mitchell/lk  
Date: October 14, 2008  
Re: Overview Memo for Beginning Farmer Bonds

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- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** Up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$385,400.00**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2008 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
  - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**  
Stephen F. Welcome, Esq.  
Three First National Plaza, Suite 4300  
Chicago, IL 60602

**Project Number:** A-FB-TE-CD-8149  
**Funding Manager:** Eric Reed  
**Borrower(s):** Niemerg, Clint  
**Town:** Teutopolis, IL  
**Amount:** \$236,250.00  
**Use of Funds:** Farmland – 66.4 acres  
**Purchase Price:** \$236,250 / (\$3,558 per ac)  
**%Borrower Equity:** 0%  
**%Other Agency:** 0%  
**%IFA:** 100%  
**County/Region:** Effingham / Southeastern  
**Lender/Bond Purchaser:** Fifth Third Bank / Mel Stock  
**Legislative Districts:** Congressional: 19<sup>th</sup>, John Shimkus  
State Senate: 54<sup>th</sup>, John Jones  
State House: 108<sup>th</sup>, David Reis

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

**\*Clint Niemerg:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.75% fixed for the first 5 years and adjust every 5 years thereafter to the 5 year Treasury note +1.25%. The bank will also exercise the right to call the note every five years at the repricing intervals. **IFA Fee: \$3,544.00**

**Project Number:** A-FB-TE-CD-8150  
**Funding Manager:** Cory Mitchell  
**Borrower(s):** Hartman, Joel  
**Town:** Fairbury, IL  
**Amount:** \$149,150.00  
**Use of Funds:** Farmland – 52.3 acres  
**Purchase Price:** \$314,000 / (\$6,004 per ac)  
**%Borrower Equity:** 10%  
**%Other Agency:** 42%  
**%IFA:** 48%  
**County/Region:** Livingston / North Central  
**Lender/Bond Purchaser:** Bluestem National Bank / Brad Brown  
**Legislative Districts:** Congressional: 15<sup>th</sup>, Timothy Johnson  
State Senate: 53<sup>rd</sup>, Dan Rutherford  
State House: 105<sup>th</sup>, 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 on May 1, 2010. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on May 1, 2010 with the twenty fifth and final payment of all outstanding balances due twenty five years from the date of closing.

**\*Joel Hartman:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.00% fixed until May 1, 2012 then adjust annually for the term of the loan. The index interest rate will be 80% of the Wall Street Journal Prime. There will be an interest rate cap for the life of the loan of 5.3%. **IFA Fee: \$2,237.00**

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

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: Allan and Cyndi Adams**

**STATISTICS**

Project Number: A-LL-TX-8159	Amount: \$22,500
Type: Participation Loan	IFA Staff: Cory E. Mitchell
County/Region: Mercer/Northwest	City: New Windsor

**BOARD ACTION**

Final Resolution	Staff request: Approval subject to bank conditions
IFA Funds contributed: \$22,500	Extraordinary conditions: *Proof of Insurance on Equipment
Staff Recommendation: Approval to purchase a loan from Country Bank in Aledo, IL.	

**VOTING RECORD**

None

**PURPOSE**

Use of proceeds: Provide permanent financing for the purchase of a grain truck.

**IFA PROGRAM AND CONTRIBUTION**

Under its Participation Loan Program, the Authority participates in bank loans financing capital projects for business, industry, farmers and agri-industry. The Authority will participate in loans for up to 10 years at a rate of interest that is variable or fixed for up to 5 years at 100 basis points above the 3-month LIBOR. The Authority shares pro-rata in the Bank's collateral and generally in conjunction with the Bank's loan advances funds at rates up to 80% of appraised fair market value for real estate, 65% of cost for new equipment and 65% of orderly appraised liquidated value for used equipment. IFA's participation reduces the borrower's interest expense.

**VOLUME CAP**

N/A

**JOBS**

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

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA Participation:	\$22,500	Uses: Purchase Grain Truck	<u>\$50,000</u>
Borrower Equity	\$5,000		
Country Bank	<u>\$22,500</u>		
<b>Total</b>	<b><u>\$50,000</u></b>		<b><u>\$50,000</u></b>

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### FINANCING SUMMARY/STRUCTURE

Security: 1<sup>st</sup> Lien on grain truck and 2<sup>nd</sup> lien on all equipment now owned.  
Structure: 5 year term with annual payments of principal and interest.  
Interest Rate: See confidential section  
Interest Mode: Fixed  
Credit Enhancement: None  
Maturity: 5 years  
Estimated Closing Date: October 30, 2008

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### PROJECT SUMMARY

Summary: Allan and Cyndi wish to purchase a 2002 Freightliner tandem grain truck with new aluminum material box. This grain truck will be used to transport grain on their farming operation as well as perform custom hauling of grain.

Project Rationale: The proposed financing will allow the applicant to purchase the tandem grain truck to improve efficiency for on-the-farm and custom hauling. The applicant will continue to operate his current grain truck for shorter hauls and utilize the proposed truck for longer hauls, as well as, hauls to the grain terminals located on the Mississippi River. Hauling to the river terminals will net larger profits per bushel of grain sold due to the location the borrower's farms.

Timing: The proposed transaction is expected to close within 30 days of approval.

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### BUSINESS SUMMARY

The applicant's operation consists of a total of 1935 acres. 1640 of the acres are row crop planted to corn and soybeans with the remaining 295 acres in hay and pasture ground. The applicant also buys feeder cattle each year and finishes them to market weight. Cattle are only purchased if a profit can be locked in by pre-selling or forward contracting the cattle. Allan provides the production and financial management for the operation. Cyndi provides labor to the operation during peak fieldwork seasons in the spring and fall. The applicant's machinery has always been modern and well maintained

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### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Allan and Cyndi Adams  
Project Location: 2952 St. Highway 17, New Windsor, IL 61465  
Borrower: Allan and Cyndi Adams  
Ownership: Sole Proprietorship

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### PROFESSIONAL & FINANCIAL

Borrower's Counsel:	N/A		
Accountant:	Western FBFM Association	Toulon	
Originating Bank:	Country Bank of Aledo	Aledo	Mike Brokaw
Bank Counsel:	N/A		
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott
IFA Counsel:	Dykema	Chicago	Darrell Pierce

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### LEGISLATIVE DISTRICTS

Congressional: 17<sup>th</sup>, Phil Hare  
State Senate: 36<sup>th</sup>, Mike Jacobs  
State House: 72<sup>nd</sup>, Patrick Verschoore

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**SERVICE AREA**

N/A

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**BACKGROUND INFORMATION**

Allan and Cyndi Adams' farming operation is located in New Windsor, located in Eastern Mercer County. In 1986 they began farming with Wayne and Virginia Hickok. In 1990 they purchased a portion of the machinery and farmland from the Hickok's. Finally in 1999 the applicant's purchased the remaining portion of machinery and began farming the remaining farmland following Mrs. Hickok's retirement. Mrs. Hickok still remains on her farm and is a large asset to the farming operation.

**ILLINOIS FINANCE AUTHORITY**  
**BOARD SUMMARY**  
**October 14, 2008**

**Project: James and Kimberly DeSutter**

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**STATISTICS**

Project Number: A-LL-TX-8155	Amount: \$475,000
Type: Participation Loan	IFA Staff: Cory E. Mitchell
County/Region: Henry/Northwest	City: Woodhull

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**BOARD ACTION**

Final Resolution	Staff request: Approval subject to bank conditions
IFA Funds contributed: \$475,000	Extraordinary conditions: Appraisal on real estate verifying 80% LTV or less
Staff Recommendation: Approval to purchase a loan from Farmers State Bank of Western Illinois	

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**VOTING RECORD**

None

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**PURPOSE**

Use of proceeds: Provide permanent financing for the purchase 151 acres of farm land

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**IFA PROGRAM AND CONTRIBUTION**

Under its Participation Loan Program, the Authority participates in bank loans financing capital projects for business, industry, farmers and agri-industry. The Authority will participate in loans for up to 10 years at a rate of interest that is variable or fixed for up to 5 years at 100 basis points above the 3-month LIBOR. The Authority shares pro-rata in the Bank's collateral and generally in conjunction with the Bank's loan advances funds at rates up to 80% of appraised fair market value for real estate, 65% of cost for new equipment and 65% of orderly appraised liquidated value for used equipment. IFA's participation reduces the borrower's interest expense.

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**VOLUME CAP**

N/A

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**JOBS**

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

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA Participation:	\$475,000	Uses: Improvements	\$5,600
Farmers State Bank of Western Illinois	<u>\$475,000</u>	Farm Land	<u>\$944,400</u>
<b>Total</b>	<b><u>\$950,000</u></b>		<b><u>\$950,000</u></b>

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### FINANCING SUMMARY/STRUCTURE

Security: This loan will be secured by a Parri Passu shared 1<sup>st</sup> lien position on the proposed farm land purchase and a 1<sup>st</sup> REM on an additional 113 acres.

Structure: 25 year amortization, 5 year term with annual payments of principal and interest.

Interest Rate: See confidential section

Interest Mode: Fixed

Credit Enhancement: None

Maturity: 25 years,

Estimated Closing Date: November 1, 2008

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### PROJECT SUMMARY

Summary: James and Kimberly DeSutter will be purchasing 151 acres of farm land for \$944,400 located in Clover Township in Henry County. There is 13.7 acres included in the purchase which has been used as pasture and will be converted into tillable farmland. Three existing farm buildings on the property will be removed. All acres purchased will be used to raise corn and soybeans. Farmers State Bank of Western Illinois has asked IFA to participate in 50% of the purchase.

Project Rationale: The proposed financing will allow the applicants to expand their western Illinois family farming operation. This purchase has allowed the applicant to add their son to the farming operation while attending college and giving him the opportunity to come back to the farm full-time upon graduation in the spring of 2009.

- 1.) This loan is a high quality, well secured loan that demonstrates very little risk. IFA is acting in a responsible manner in loaning these funds to high quality operations and individuals who provide opportunity and growth in Illinois Agriculture.
- 2.) Funds for this transaction are being participated with an Illinois community bank who focuses on supporting businesses and farming operations in rural Illinois
- 3.) The applicants have been educated in the state of Illinois and have started their own farming career directly out of college. The use of the IFA participation loan program would allow the applicants to give their son the same opportunity to begin an Illinois farming occupation.

Timing: The proposed transaction is expected to close on November 1, 2008.

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### BUSINESS SUMMARY

Jim and Kim's operation consist of 1961 acres of farm land, owned (888) and rented (1073). All acres presently farmed are planted into corn and soybeans. Their son and two brothers and sister-in-laws also farm with the DeSutter's. All families maintain their own income and expense on all acreage and file their own tax returns.

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### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: James and Kimberly DeSutter

Project Location: 2053 Knox Road 600 East., Woodhull, IL 61490

Borrower: James and Kimberly DeSutter

Ownership: Individual Proprietorship

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### PROFESSIONAL & FINANCIAL

Borrower's Counsel:	R. Philip Steele	Alpha	
Accountant:	Kelly, Cox, Potter and Company	Galesburg	
Originating Bank:	Farmers State Bank of Western Illinois	Alpha	Marvin Watters
Bank Counsel:	N/A		
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott
IFA Counsel:	Dykema	Chicago	Darrell Pearce

#### **LEGISLATIVE DISTRICTS**

Congressional: 17<sup>th</sup>, Phil Hare  
State Senate: 37<sup>th</sup>, Dale E. Risinger  
State House: 74<sup>th</sup>, Donald L. Moffitt

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#### **SERVICE AREA**

N/A

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#### **BACKGROUND INFORMATION**

James and Kimberly DeSutter reside in Woodhull on the Knox/Henry County line where the majority of their farming operation is located. Jim has been farming since 1979 when he purchased 50% of 112 acres. Kim has been involved with the operation beginning in 1983. This is a family farming operation that Jim and Kim farm with their son Andrew and two brothers and sister-in-laws.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: McClure Farms**

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**STATISTICS**

Project Number: A-DR-GT-8156	Amount: \$309,425.67
Type: <b>Extension of Agri-Debt Guarantee</b>	IFA Staff: Eric Reed
County/Region: Jasper/Southeastern	City: Newton

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**BOARD ACTION**

Final Resolution	Staff request: Approval subject to bank conditions
State Treasurer's Reserve Funds at risk: \$263,011.82	Extraordinary conditions: None
Staff Recommendation: Approval to <b>extend</b> an 85% loan guarantee in favor of Peoples State Bank.	

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**VOTING RECORD**

The subject loan guarantee was originally approved by the IFA Board of Directors in February 2004.

**Related Project:** In July 2006, the IFA Board of Directors Approved an 85% Specialized Livestock loan guarantee for Gordon and Denise McClure in order to help provided financing for the construction of a new 2,000 head swine finishing unit. Peoples State Bank provided the financing for the project and has closed on the loan. The original amount of the loan was \$518,000.

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**PURPOSE**

Peoples State Bank has requested an approval for the extension of an Agri-Debt Guarantee originally approved in 2004. The loan has matured, however the lender would like to extend the loan for a remaining term of 15 years. Under the terms of the Agri-Debt Guarantee program, the borrowers would actually be eligible for a total 30 year term, however with the extension; the borrowers will only utilize 19 years of the term. No increase in liability to the IFA is realized with this approval, as no new debt is being added.

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**IFA PROGRAM AND CONTRIBUTION**

The Authority's Agriculture Guarantee Program guarantees up to 85% of a bank's loans to Illinois farmers and agribusiness owners. The Agri-Debt Restructuring Guarantee Program is available to assist farmers to consolidate and extend the term of agricultural debt. The guarantees are not transferable without the Authority's written consent. The Authority's agricultural guarantee obligations are backed by an IFA reserve funded for this program and are also full faith and credit obligations of the State of Illinois. IFA's issuance of guarantees helps borrowers obtain debt financing at reduced rates of interest and improved terms.

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**VOLUME CAP**

N/A

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**JOBS**

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

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA Guarantee:	\$263,011	Uses: Existing Debt	<u>\$309,425</u>
FNB Litchfield	<u>\$46,414</u>		
<b>Total</b>	<b><u>\$309,425</u></b>		<b><u>\$309,425</u></b>

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**FINANCING SUMMARY/STRUCTURE**

Security: 1<sup>st</sup> real estate mortgage on 79 acres and 2<sup>nd</sup> mortgage on 576 acres of farm land and all improvements.  
Obligors: McClure Farms, Paul and Judith McClure, Gordon and Denise McClure  
Structure: 15 year term with monthly payments of principal and interest.  
Interest Rate: See confidential section  
Interest Mode: Fixed  
Credit Enhancement: IFA 85% Guarantee  
Maturity: 15 years  
Estimated Closing Date: 10-1-08

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**PROJECT SUMMARY**

Summary: The current loan under McClure Farms was originated in 2004 at Peoples State Bank in Newton with an IFA guarantee. The loan was structured with a 5 year balloon, which has caused the loan to mature. The bank has now approved the renewal of the loan and has requested an extension of the guarantee from IFA.

Project Rationale: With the approval of the extension of guarantee, Peoples State Bank will be able to continue to provide financing to McClure Farms at a reduced interest rate.

Timing: The proposed transaction is expected to close within 2 weeks of approval.

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**BUSINESS SUMMARY**

McClure Farms is a family farming partnership, owned and operated jointly by Paul and Gordon McClure, and headquartered near Newton. McClure Farms is primarily engaged in the process of finishing hogs on a contract basis for other owners of the animals. The McClure's have been in the hog business for the past 30 years. McClure Farms has operated an 11,000 head swine nursery unit on contract with Leading Edge Pork since 2000. In addition to their swine operations, they also farm 1,050 acres of corn and soybeans.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: McClure Farms  
Project Location: 13524 E. 775<sup>th</sup> Avenue, Newton, IL 62448  
Borrower: McClure Farms  
Ownership: Paul and Judith McClure (52%)  
Gordon and Denise McClure (48%)

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	None		
Accountant:	Galloway Financial Services	Olney	Arnold Galloway
Originating Bank:	Peoples State Bank	Newton	Brian Bohnhoff
Bank Counsel:	N/A		
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott
IFA Counsel:	N/A		

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**LEGISLATIVE DISTRICTS**

Congressional: 19<sup>th</sup>, John Shimkus  
State Senate: 54<sup>th</sup>, John O. Jones  
State House: 108<sup>th</sup>, David Reis

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**SERVICE AREA**

N/A

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**BACKGROUND INFORMATION**

McClure Farms is a family farming partnership, owned and operated jointly by Paul and Gordon McClure, and headquartered near Newton. The McClure's have been in the hog business for the past 30 years. McClure Farms has operated an 11,000 head hog nursery unit on contract with Leading Edge Pork since 2000. In addition to their swine operations, they also farm 1,050 acres of corn and soybeans. Most of their land base is owned by various family members, while 340 acres is rented from other landlords.

In July 2006, the IFA Board of Directors Approved an 85% Specialized Livestock loan guarantee for Gordon and Denise McClure in order to help provided financing for the construction of a new 2,000 head swine finishing unit. Peoples State Bank provided the financing for the project and has closed on the loan. The loan, which was originated for \$518,000, has a current balance of \$501,682. The completion of this project allowed the borrowers to replace a portion of their existing, less efficient facilities.

The individual borrowers, as well as the farming partnership are longtime customers of Peoples State Bank in Newton. The lender states that all payments have been made as agreed, despite the down cycle in the hog industry over the past year. The subject loan, was originally written with a 5 year balloon, because at that time the contract with Leading Edge Pork was set to expire in 2008. Now that the contract with Leading Edge Pork has been renewed for a minimum of 5 more years, the bank is comfortable with extending the remaining loan with a 15 year amortization. The bank has provided IFA with a copy of the contract. All parties in the transaction sign on the loan agreements and are liable for the debt.

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**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: SBLV Investments, LLC and Jasper Meats, Inc.**

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**STATISTICS**

Project Number:	I-ID-TE-CD- 8151	Amount:	\$3,200,000
Type:	Industrial Revenue Bonds	IFA Staff:	Sharnell Curtis Martin
County/Region:	DuPage County /Northeast	City:	Bloomingtondale

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**BOARD ACTION**

Preliminary Bond Resolution	Subject to Volume Cap Allocation
No IFA Funds contributed	No Extraordinary conditions
Initial Board consideration	Staff request approval

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**VOTING RECORD**

Preliminary Bond Resolution, no prior board action.

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**PURPOSE**

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

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

The Company is seeking \$3.2 million in 2008 IFA Volume Cap. The proposed project will be located in the Village of Bloomingtondale which is a home-rule community. Bloomingtondale has used its approximate \$1.9 million of its 2008 allocation and as a result, have no remaining 2008 Volume Cap to support this project. The borrower would like to close this project in December 2008.

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**JOBS**

Current employment: 16	Projected new jobs: 19
Jobs retained: 16	Construction jobs: 83

The Borrower is presently located the City of Chicago's Lake Street/ Halsted/Fulton Market area in the west Loop. This area is a primary location for Meat processors similar to Jasper Meats and the City of Chicago would like a higher and better use of the surrounding area for housing needs. As a result of this relocation, the borrower will retain the existing 16 jobs as well as add 19 new jobs at the proposed location in the Village of Bloomingtondale.

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**ESTIMATED SOUCES AND USES OF FUNDS**

Total Sources: IFA Bonds	\$3,200,000	Total Uses: Project Costs	\$3,900,000
Equity	<u>850,000</u>	Bond Issuance Costs	<u>150,000</u>
Total Sources	<u>\$4,050,000</u>	Total Uses	<u>\$4,050,000</u>

The source of equity is from internally generated funds.

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### FINANCING SUMMARY/STRUCTURE

Security: The Bonds will be secured by a Harris Bank, N.A. Direct Pay Letter of Credit  
Bank Collateral: First mortgage on subject real estate and assignment of rents and leases.  
Interest Rate: Variable Rate Weekly Demand Bonds  
Maturity: 30 Years  
Rating: The bonds are expected to bear a rating equal to that of the Letter of Credit, Moody's A3 and S&P A  
Estimated Closing Date: November 27, 2008

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### PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of approximately 2.2 acres of land located on Lots 6 and 7 in the Bloomingdale Corporate Center on Madsen Drive in Bloomingdale (DuPage County), the construction of a 25,000 square foot manufacturing facility, the acquisition of machinery and equipment for use therein and to pay certain bond issuance costs. Project costs are estimated as follows:

Construction	\$2,800,000
Land	700,000
Machinery and Equipment	400,000
Total Project Costs	<u>\$3,900,000</u>

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### BUSINESS SUMMARY

Description of Business: Jasper Meats, Inc. ("Jasper" or the "Company") was established in June 1997 by Stanley and Janice Pajerski. Mr. Pajerski has been working in the processed meats area for more than 30 years and jointly manages the business with his wife Janice.

SBLV Investments LLC is a limited liability company that will own the land and building and lease the assets to the Company. Jasper Meats, Inc. will own the equipment and be co-obligors on the transaction.

Meat products sold by Jasper primarily consist of pork, beef, poultry and lamb and at least 50% of its customers base is ethnic foods, particularly polish products. Customers of Jasper typically include small delicatessens, restaurants, banquet halls and medium size grocery stores. Some of the Company's major customers include: Andy Deli, Belmont Sausage, Michocan Meats, Caputo's Food Stores and Eurofresh Markets.

The Company presently operates out of a leased 4,000 square foot facility located at 840 W. Fulton in Chicago. Current operations primarily consist of shipping and distribution.

Project Description: The new facility will allow the Company to purchase its own operations and construct a new 25,000 facility located in Bloomingdale. The new facility will include meat processing, storage, cooling and additional shipping capacity that will significantly expand the Company's operations

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### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: SBLV Investments and Jasper Meats, Inc.  
9 Morgan Lane, South Barrington, Illinois  
Project Location: Lots 6 and 7 in the Bloomingdale Corporate Center on Madsen Drive  
Bloomingdale, IL 60108 (DuPage County)  
Borrower: SBLV Investments and Jasper Meats, Inc.

Tenant:	Jasper Meats, Inc.		
Ownership:	SBLV Investments:	Stanley Pajerski	50%
		Janice Pajerski	50%
	Jasper Meats, Inc.:	Stanley Pajerski	50%
		Janice Pajerski	50%

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Carponelli and King	Chicago	Robert King
Accountant:	Rozovic and Wojicki	Park Ridge	Michael Rozovic
Bond Counsel:	To Be Determined		
LOC Provider	Harris Bank, N.A.	Chicago	Be Determined
Bank Counsel:	To Be Determined		
Bond Underwriter:	BMO Harris Bank GKST	Chicago	Nick Knorr
Underwriter's Counsel:	To Be Determined		
IFA Advisors:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott
Issuer's Counsel:	To Be Determined		

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**LEGISLATIVE DISTRICTS**

**Information Forthcoming once an actual street address becomes available**

Congressional:  
State Senate:  
State House:

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: API Holdings, LLC**

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**STATISTICS**

Project Number:	B-LL-TX-7107	Amount:	\$500,000
Project Type:	Participation Loan	IFA Staff:	Kristi Conrad & Nona Myers
County/Region:	Madison/Southwest	City:	Granite City
Property Taxes Paid:	Yes		

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**BOARD ACTION**

Final Resolution  
IFA Funds contributed and at risk: \$500,000  
Staff Recommendation: Approval for IFA to purchase a loan from Partner's Bank in Glen Carbon  
Staff Request: Approval subject to bank conditions  
Extraordinary Conditions: None

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**VOTING RECORD**

The project was approved by the IFA Board in May 2007:  
11 ayes, 0 nays, 0 abstentions

The project did not close and is therefore being submitted as a new project.

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**PURPOSE**

Provide permanent financing of a new building located at #1 Konzen Court, Granite City, Illinois 62040 (Parcel # 22-2-20-07-00-000-23).

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**IFA PROGRAM AND CONTRIBUTION**

Under its Participation Loan Program, the Authority participates in bank loans financing capital projects for business, industry, farmers and agri-industry. The Authority will participate in loans for up to 10 years at a rate of interest that is variable or fixed for up to 5 years at 100 basis points above the 3-month LIBOR. The Authority shares pro-rata in the Bank's collateral and generally in conjunction with the Bank's loan advances funds at rates up to 80% of appraised fair market value for real estate, 65% of cost for new equipment and 65% of orderly appraised liquidated value for used equipment. IFA's participation reduces the borrower's interest expense.

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**VOLUME CAP**

This project does not require the use of volume cap.

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**JOBS**

Current employment: 40	Projected new jobs: 5
Jobs retained: 40	Construction jobs: 20

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA Participation:	\$500,000	Uses:	Land	\$250,000
	Partners Bank	\$600,000		Building	<u>1,600,000</u>
	* Equity Contribution	<u>\$750,000</u>			
Total:		<u>\$1,850,000</u>	Total:		<u>\$1,850,000</u>

\* The equity contribution will pay for the land, equipment and moving expenses. In addition to cash equity, the borrower has provided fabrication work and some of the material for the project which increased the ultimate appraised value of the land and building to \$2.4 million.

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#### FINANCING SUMMARY

Borrower: API, Holdings, LLC

Security: Pro rata first mortgage *pari passu* on the project real estate located at #1 Konzen Court, Granite City, Illinois 62040 with an appraised value of \$2,400,000 (performed by Collier Appraisers, Ltd., dated August 25, 2008) providing the Bank and IFA collateral coverage on this loan of 2.18 times (45.83% LTV). In addition, an assignment of all rents and leases will be provided. The IFA and the Bank will also share in the unlimited personal guaranties of David Zimmer, Gary Zimmer and Paul Zimmer.

Collateral Value: Pro-rata first mortgage on subject real estate, aggregate LTV not to exceed 80% of assets:

<u>Assets:</u>	<u>Appraised Value:</u>	<u>Adv Rate:</u>	<u>Discounted Value:</u>
Real Estate	\$2,400,000	80%	1,920,000
LTV:	45.83		57.29%

Guarantor: Arnette Pattern Company, Inc. – Unlimited  
And the applied pro rata share of ownership by David, Gary and Paul Zimmer as a personal guarantee.

Structure: 59 month fixed-rate loan with balloon payment due at the end of the loan term.

Term: 5 years

Amortization: 20 years

IFA Interest Rate: September 1, 2008 three-month LIBOR (2.81%) plus 100 basis points equates to 3.81%. The IFA will provide a five-year loan, with a fixed rate.

Estimated Closing Date: October, 2008

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#### PROJECT SUMMARY

API Holdings, LLC wishes to acquire permanent financing for a five acre tract of property in a Granite City industrial park and the construction of a 25,000 sq ft. industrial building. The company needed additional space due to dramatic growth. During 2004, one of API's competitors closed, and between years 2005 and 2006 API hired five of its former competitor's employees. These employees brought many of their clients with them. This has contributed greatly to company growth and the need for expansion.

This loan is a high quality, well secured loan that demonstrates very little risk. IFA is acting in a responsible manner in loaning these funds to high quality businesses who provide opportunity and growth in Illinois. Funds for this transaction are being participated with an Illinois community bank that focuses on supporting businesses and farming operations in rural Illinois

---

#### BUSINESS SUMMARY

API Holdings, LLC is a newly formed real estate holding company that will lease its facilities to Arnette Pattern Company, Inc. Arnette Pattern Company, Inc. is the actual operating company that performs the daily core business operations. While API Holdings, LLC will be the project's borrower, with Arnette Pattern Company, Inc being the corporate guarantor.

Arnette Pattern Company, Inc. (AP) is an Illinois C Corporation established in 1979 and is currently owned primarily by three brothers: Gary Zimmer (48%), Paul Zimmer (24%) and David Zimmer (26%). The brothers are journeymen wood/ metal pattern makers and who take an active part in the supervision of daily operations.

Although AP was established as a C Corporation in 1979, the Company has been in business for over sixty years. Paul, David and Gary have been employed by or owned the company for between twenty and thirty years. Prior to the brothers' ownership, their father William owned and operated the Company.

AP has grown from a basic pattern shop to include a state-of-the-art machining and fabricating facility. Modern equipment and experienced personnel have been added to insure proper operation of these new facilities. Serving the Foundry and Metal Casting Industry, AP specializes in wood, metal and urethane patterns, general machining, CNC machining, ferrous and non ferrous castings, sand cores and metal fabrication for a wide range of industries. They are a single source supplier foundry and metal fabrication company.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: API Holding, LLC  
Project Location: #1 Konzen Court, Granite City, Illinois 62040  
Ownership: David Zimmer – limited to 24% ownership, Gary Zimmer – limited to 48% ownership, and Paul Zimmer – limited to 26% ownership

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**PROFESSIONAL & FINANCIAL**

Accountant:	Anderson CPAs	Bellville, IL	Charles Anderson
Bank:	Partners Bank	Glen Carbon, IL	Tim Fristzsche
IFA Counsel:	Dykema Gossett	Chicago	David T. Cellitti
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional: 12th– Jerry F. Costello  
State Senate: 57th – James F. Clayborne, Jr.  
State House: 113th – Thomas “Tom” Holbrook

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: Montessori Elementary School of South West Cook County**

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**STATISTICS**

Project Number:	E-PS-TE-CD-8148	Amount:	\$2,500,000
Type:	501(c)(3) Revenue Bond	IFA Staff:	Sharnell Curtis Martin
County/Region:	Will County/Northeast	City:	Lemont

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**BOARD ACTION**

Preliminary Bond Resolution	Staff recommends approval
Conduit 501(c)(3) Revenue Bonds	No Extraordinary conditions
No IFA Funds contributed	
Initial Board consideration	

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**VOTING RECORD**

Preliminary Bond Resolution, no prior board action .

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**PURPOSE**

Bond proceeds will be used to finance construction, to refinance an existing mortgage and to pay certain bond issuance costs.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds and thereby reduce the borrower's interest expense.

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**VOLUME CAP**

Not applicable, 501(c)(3) projects do not require Volume Cap.

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**JOBS**

Current employment:	9	Projected new jobs:	7
Jobs retained:	N/A	Construction jobs:	50

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**ESTIMATED SOUCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$2,500,000	Uses: Project Costs	\$1,830,000
			Refinancing	570,000
			Cost of Issuance	<u>100,000</u>
	Total Sources	<u>\$2,500,000</u>	Total Sources	<u>\$2,500,000</u>

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### FINANCING SUMMARY/STRUCTURE

Security: The Bonds will be purchased directly by MB Financial and held as an investment.  
Bank Collateral: First mortgage on subject real estate and blanket line on assets.  
Structure: To Be Determined  
Interest Rate: To Be Determined  
Interest Mode: To Be Determined  
Maturity: 25 Years  
Rating: The Bonds are not anticipated to bear a rating as it's expected the bonds will be purchased and held as an investment by MB Financial.  
Est. Closing Date: To Be Determined

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### PROJECT SUMMARY

Bond proceeds will be used to refinance existing conventional debt, finance the construction of a new school building located at 16427-29 West 135<sup>th</sup> Street in Lemont (Cook County) Illinois, to pay for machinery and equipment for use therein, to pay certain bond issuance costs. Project costs are estimated as follows:

Construction	\$1,500,000
Contingency	150,000
Furnishings	75,000
Equipment	75,000
Landscaping	<u>30,000</u>
Total Project Costs	<u>\$1,830,000</u>

---

### BUSINESS SUMMARY

Background: Montessori School of Southwest Cook County (The "School" or the "Applicant") is an Illinois not-for-profit alternative educational organization incorporated in 1979. The School's purpose is to serve the needs of students age 3 to 14 years in adherence to the Montessori philosophy of education. Ms. Norine Colby is the school's Executive Director and has been with the School since it opened in 1979 as a teacher and administrator.

The school currently serves the greater Lemont area including Lockport, Homer, Glen, Orland Park, New Lenox, Romeoville, Bolingbrook, Woodridge, Oak Lawn, Burr Ridge and Hinsdale

Description: The School presently has two, one-story buildings sitting on 7.43 acres of land and total approximately 6,700 square feet. One building serves the toddler/primary program ages 3-6, while the other serves students age 6-14. The new building will add an additional 5,775 square foot building to accommodate students ages 6-14 and the two original buildings will now be devoted to the toddler/primary program.

Demand for the school's services continues to increase and caused the need to expand. After the current project is completed, additional building projects are planned for a toddler program, physical education facilities, and additional higher level Montessori programs.

The new building will closely resemble the two existing buildings and will incorporate numerous "green" project elements into the construction. The School's land was a gift from a parent several years ago and the new project will utilize on a portion of the school's land.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Montessori Elementary School of Southwest Cook County  
16427-29 West 135<sup>th</sup> Street  
Lemont, IL (Will County)  
Norine Colby, Executive Director

Project Location: 16427-29 West 135<sup>th</sup> Street  
Lemont, IL (Will County)

Borrower: Montessori Elementary School of Southwest Cook County

Board Members (501c3): Norine Colby, President Thomas S. Leonard, Treasurer  
Therese Colby, Secretary Thomas W. Donnelly, Vice President  
James Hilgenbrink Virginia B. Fleege

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Dykema Gossett	Chicago	Andrew Conners
Accountant:	Leonard & Associates	Chicago	Thomas S. Leonard
Bond Counsel:	Dykema Gossett	Chicago	Walter Deitch
Purchasing Bank:	MB Financial	Chicago	John Sassaris
Bank Counsel:	To Be Determined		
IFA Advisors:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott
Issuer's Counsel:	To Be Determined		

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**LEGISLATIVE DISTRICTS**

Congressional: 13 – Judy Biggert  
State Senate: 41 – Christine Radogno  
State House: 82 – Jim Durkin

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project:       The Poetry Foundation**

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**STATISTICS**

Project Number:	N-NP-TE-CD-8145	Amount:	\$25,000,000 (not-to-exceed amount; anticipated Par Amount: \$23,705,000)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton
County/Region:	Cook/Northeast	Location:	Chicago

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**BOARD ACTION**

Final Bond Resolution – One-Time Approval Conduit 501(c)(3) Revenue Refunding Bonds No IFA funds at risk	Staff recommends approval No extraordinary conditions
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**VOTING RECORD**

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

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**PURPOSE**

The IFA Series 2008 Bond proceeds will be used to enable **The Poetry Foundation** (the “**Foundation**” or the “**Borrower**”) to finance, refinance, and reimburse all or a portion of the costs of various capital improvements relating to funds used to finance, refinance, or reimburse the Foundation for all or a portion of the costs relating to (1) the acquisition of a 16,000 SF site located at the southwest corner of North Dearborn Street and West Superior Street improved with two buildings located thereon (and the approximate street addresses of 55 W. Superior to 61 W. Superior Street, in Chicago, Illinois, (2) the demolition of the existing buildings and all necessary site improvements and site preparation costs required to redevelop the site, (3) the construction and equipping of a new, approximately 23,000 Gross SF, two-story building thereon, (4) fund any debt service reserve or similar fund deemed necessary to secure the Bonds, (5) to pay capitalized interest, and (6) pay all or a portion of bond issuance costs, including but not limited to credit enhancement fees on the Bonds, and related expenses (the “**Project**”).

The Project will serve as the administrative headquarters for the Poetry Foundation and its programs. Additionally, the new project will enable the Foundation to (1) house its archives and collections in a new, on-site library (presently, its collection is displayed and stored at the Newberry Library), (2) host public programming events including readings, panel discussions, and seminars at its own, dedicated facility, and (3) a public garden/outdoor space open to the public.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enable 501(c)(3) corporations to finance capital projects at municipal bond interest rates. IFA’s issuance of these Bonds will convey federal tax-exempt status on the interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the Borrower.

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**VOLUME CAP**

No Volume Cap is required for 501(c)(3) financings.

**JOBS**

Current employment: 20  
 Jobs retained: Not applicable

Projected new jobs: 8  
 Construction jobs: 25-30 on average (18 months).  
 A total of 250 construction workers are estimated over the 18 month construction period.

**ESTIMATED SOURCES AND USES OF FUNDS (PRELIMINARY, SUBJECT TO CHANGE)**

Sources:	IFA Tax-Ex. Bonds	<u>\$23,705,000</u>	Uses:	Project Costs	\$23,123,000
				Debt Svc. Reserve	230,000
				Issuance Costs	<u>352,000</u>
	<b>Total</b>	<b><u>\$23,705,000</u></b>		<b>Total</b>	<b><u>\$23,705,000</u></b>

**FINANCING SUMMARY**

**IFA Fixed Rate Series 2008 Bonds:**

**Structure/ Security:** The Bonds will be sold in Fixed Rate Mode. The Borrower and Underwriter (William Blair & Company) will evaluate whether municipal bond insurance provides the Foundation with a rate that is advantageous compared to a sale based on the Foundation's direct, underlying rating (anticipated at A1 as of 9/22/2008). Bondholders will be secured solely by a General Pledge of the Foundation

**Underlying Ratings:** The Poetry Foundation is applying for a long-term Issuer Rating from Moody's in connection with the proposed IFA Series 2008A Bonds. William Blair & Company LLC anticipates that these Bonds will be rated A1 by Moody's.

**Maturity:** Not-to-exceed 40 years (the anticipated final maturity is 30 to 35 years, however, and will be determined based on negotiations with prospective bondholders)

**Estimated Interest Rates:** Although William Blair & Company LLC (the "Underwriter") is currently evaluating prospective structures, including both Fixed Rate and Variable Rate Bonds, with the Foundation, the most likely scenario will be a Fixed Rate Bond issue. William Blair has estimated that the proposed Bonds would bear an interest rate of approximately 5.25% based on market conditions as of 9/19/2008.

**Timing:** Estimated closing date: Late October 2008 or November 2008

**Rationale:** The Project will serve as the administrative headquarters for the Poetry Foundation and its programs. Additionally, the new project will enable the Foundation to (1) house its archives and collections in a new, on-site library (presently, its collection is displayed and stored at the Newberry Library), (2) host public programming events including readings, panel discussions, and seminars at its own, dedicated facility, and (3) a public garden/outdoor space open to the public.

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**PROJECT SUMMARY (for IFA Bond Resolution)**

The IFA Series 2008 Bond proceeds will be used to enable The Poetry Foundation (the "Foundation" or the "Borrower") to finance, refinance, and reimburse all or a portion of the costs of various capital improvements relating to funds used to finance, refinance, or reimburse the Foundation for all or a portion of the costs relating to (1) the acquisition of a 16,000 SF site located at or around the SW corner of N. Dearborn St. and W. Superior St., with approximate addresses of 55 through 61 W. Superior Street, Chicago, Illinois (the "Site"), (2) the acquisition, construction, furnishing and equipping on the Site a two-story, approximately 23,000 SF facility for the Foundation's programs, including offices for the Corporation and its programs, a library and archives, a multi-purpose space designed to support public programming including readings, panel discussions and seminars and public outdoor open space, (3) any such other related improvements as may be necessary and desirable for the purposes of the Foundation, (4) fund any debt service reserve or similar fund deemed necessary to secure the Bonds, (5) to pay capitalized interest for a period of up to two years, and (6) pay all or a portion of bond issuance costs, including but not limited to credit enhancement fees on the Bonds, and related expenses (the "Project").

The initial owner, operator, or manager of all of the facilities being financed, refinanced, or reimbursed with the proceeds of the Bonds is the Foundation.

Estimated project costs include:

Land/site acquisition:	\$7,316,000
New Construction/ Site improvements:	14,284,000
Capitalized interest:	<u>1,523,000</u>
<b>Total:</b>	<b>\$23,123,000</b>

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**BUSINESS SUMMARY**

**Background:** The Poetry Foundation was founded in 1941 as the Modern Poetry Association and is incorporated as an Illinois not-for-profit corporation. The Poetry Foundation is governed by an independent Board of Trustees (see p. 6 for listing).

**Description:** The mission of The Poetry Foundation is to raise poetry to a more visible and influential position in American culture, existing to discover and recognize the best poetry and to place it before the largest possible audience.

Upon receiving a major gift from philanthropist Ruth Lilly, the Poetry Foundation was established in 2003, as a successor to the Modern Poetry Association. Subsequently, the Poetry Foundation has expanded its programs and established an endowment that will enable the Foundation's Chicago-based *Poetry* magazine to exist in perpetuity.

The Foundation fulfills its mission through by developing new audiences, developing new venues, encouraging the writing of criticism, and proposing new kinds of poetry through the following undertakings:

- **Poetry Magazine:** The Foundation provides direct financial support for Poetry Magazine, the pre-eminent poetry magazine in the English-speaking world. The Magazine publishes both new poets as well as criticism and has been based in Chicago since it was established by Harriet Monroe in 1912.
- **The Poetry in America Study (National Opinion Research Center):** The Foundation will periodically commission the Chicago-based National Opinion Research Center to undertake interviews with American adults who read for pleasure to gauge their attitudes and to ultimate gauge who reads poetry, why they read it, where they find it, and to learn

which types they hear and read. These periodic studies are intended to assist educators, publishers, and arts organizations.

- **Online Initiatives:** As a result of a past Poetry in America study, the Foundation is committed to building the internet's leading website for poetry in order to (i) reach and engage a broad audience in poetry and (ii) to provide an online presence that will support the Foundation's other initiatives and programs.
- **Poetry and Youth:** As a result of the Poetry in America study, the Foundation now offers a variety of programs to develop new audiences for poetry among children and young adults.
- **Poetry in the Media:** Over time, the Foundation aims to enhance the presence of poetry in each of the major traditional media channels including (i) print, (ii) radio, (iii) television, (iv) film, and (v) new media technologies.
- **Awards and Recognitions:** The Foundation has established the Lilly Prize and Fellowships and plans to expand the Pegasus Awards, its family of prizes intended to celebrate the works of under-recognized poets and types of poetry.
- **New Foundation Headquarters/Symposia/Performance Venue:** The Board of the Poetry Foundation initiated its plan to establish a new, permanent home for the Foundation. The new facility will help formalize the Foundation's national leadership role and also establish a destination venue for symposia and both performance and civic events.

The proposed Bonds will be the first time that the Poetry Foundation has sought tax-exempt financing. The Poetry Foundation is currently debt-free.

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#### ECONOMIC DISCLOSURE STATEMENT

Applicant: The Poetry Foundation, 444 N. Michigan Ave., Suite 185D, Chicago, IL 60611-4034;  
Web site: [www.poetryfoundation.org](http://www.poetryfoundation.org)  
Contact: Ms. Caren F. Skoulas, Chief Financial Officer (T): 312-799-8010;  
E-mail: [carenskoulas@poetryfoundation.org](mailto:carenskoulas@poetryfoundation.org)  
Project name: IFA Revenue Bonds, Series 2008 (The Poetry Foundation Project)  
Location: 55 W. Superior St. to 61 West Superior St. (also 720 N. Dearborn St.), Chicago, IL 60654-3818  
Organization: Illinois 501(c)(3) Corporation  
Board Membership: *See attached list of Board of Trustees (see p. 6).*  
Current Land Owner: The Poetry Foundation closed on the acquisition of the subject site in July 2008. The Foundation plans to demolish both existing buildings on the site and construct a new building to house the Foundation.

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#### PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Mayer Brown LLP	Chicago, IL	Joanna Horsnail, David Narefsky
Auditor:	Grant Thornton LLP	Chicago, IL	Tom Brean
Bond Counsel:	Perkins Coie LLP	Chicago, IL	Bill Corbin, Kurt Neumann
Credit Enhancement: Underwriter/Senior Manager:	None. The Bonds will be sold based on the Borrower's anticipated A1 rating (Moody's). William Blair & Co. LLC	Chicago, IL	John Peterson, Celia Miller
Underwriter's Counsel:	Jones Day LLP	Chicago, IL	Dan Bacastow, Jennifer Russano
Trustee:	Bank of New York Trust Company	Chicago, IL	Mietka Collins
Trustee's Counsel:	Bank of New York Trust Company	Chicago, IL	John Prendiville

Project Manager:	US Equities Realty LLC	Chicago, IL	
General Contractor:	To be determined (GMP contract to be bid)		
Architect:	John Ronan Architects, Inc.	Chicago, IL	
Environmental Consultant:	Mostardi Platt Environmental	Oak Brook, IL	
Rating Agency:	Moody's Investors Service	New York, NY	Diana Viacava
		Chicago, IL	Edward Damutz
IFA Counsel:	Charity & Associates, P.C.	Chicago, IL	Alan Bell
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional:	7	Danny K. Davis
State Senate:	3	Mattie Hunter
State House:	5	Kenneth Dunkin

### The Poetry Foundation: 2008 Board of Trustees

#### Trustee

Ethel Kaplan, Chair

Susan Page Estes, Vice Chair

Robert C. McCormack, Vice Chair

Celia Hilliard, Secretary

Addie S. Baker (Emeritus)

John Barr

Gilda R. Buchbinder (Emeritus)

Andy Austin Cohen (Emeritus)

Thomas C. Cronin

Charles T. Cullen

Deborah Cummins

Bryan Fuermann (Emeritus)

Ruth Horwich (Emeritus)

John J. Kenney

Eileen Mackevich

Donald G. Marshal

Norris McNamara

Daniel Menaker

Peter Minarik

Muriel Kallis Newman

Patricia Nissen

Diana Prince (Emeritus)

Rudolph Rasin

Robert Wedgeworth

#### Affiliation-Officers

VP-Trust Administration, Wayne Hummer Trust  
Company

Managing Director, UBS Global Expertise Business  
Development

Founding Partner, Trident Capital

Writer, Historian

Civic Leader

President, The Poetry Foundation

Civic Leader

Courtroom Artist

Attorney, Cronin & Co., Ltd.

President Emeritus, The Newberry Library

Poet; Educator

Lecturer, Yale University

Civic Leader

Attorney, Hoguet Newman Regal & Kenney, LLP

Abraham Lincoln Bicentennial Commission

Professor, Pepperdine University

Insurance Sales; Previously Marketing Consultant,  
McNamara Marketing, Ltd.

Former Executive Editor-in-Chief, Random House  
Publishing

Director, US Commission on Civil Rights; Economist

Civic Leader

Public Relations Consultant; Writer

Civic Leader

President, The Rasin Corporation

Retired President, ProLiteracy Worldwide & Retired  
Executive Director, American Library Association

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project:       The Art Institute of Chicago**

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**STATISTICS**

Project Number:	N-NP-TE-CD-8091	Amount:	\$150,000,000
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton
County/Region:	Cook/Northeast	Location:	Chicago

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**BOARD ACTION**

Final Bond Resolution  
Conduit 501(c)(3) Revenue Refunding Bonds  
No IFA funds at risk  
Changes from Preliminary:

- Addition of one or more Co-Managers (subject to Art Institute RFQ for the Fixed Rate Series)
- Identification of JPMorgan Chase and the Northern Trust Company as LOC Banks on the Variable Rate Bonds and split of Variable Rate Bonds into two subseries; one for each LOC Bank
- Identification of Bond Trustee (Wells Fargo Corporate Trust)

Staff recommends approval  
No extraordinary conditions

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**VOTING RECORD**

Preliminary Bond Resolution, September 9, 2008:  
Ayes: 9           Nays: 0           Abstentions: 0  
Absent: 2 (Herrin, Zeller)       Vacancies: 4

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**PURPOSE**

The IFA Series 2008 Bond proceeds will be used to enable **The Art Institute of Chicago** (the “**Institute**” or the “**Borrower**”) to finance, refinance, and reimburse a portion of the costs of capital improvements relating to (1) the acquisition, construction, and equipping of the Institute’s new Modern Art Wing, a three-story, approximately 264,000 SF addition to its existing cultural/educational facility that is currently under construction and scheduled to open to the public in 2009, and (2) the acquisition, construction, renovation, improvement and equipping of the Institute’s existing facilities, including Gunsaulus Hall located at 111 S. Michigan Ave. in Chicago, and (3) various renovations and gallery reinstatement projects at the Art Institute’s facilities described above (the “**Project**”). This Project will increase the Institute’s gallery, education, art storage space, other public areas, and enable Art Institute to display most of its modern art collection for the first time.

The Board of Trustees of the Institute previously approved its own Reimbursement Resolution for this project as allowed under the Internal Revenue Code. This prior Reimbursement Resolution will enable the Institute to reimburse certain expenditures incurred more than 60 days prior to adoption of this Preliminary Bond Resolution under consideration by the IFA Board of Directors.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enable 501(c)(3) corporations to finance capital projects at municipal bond interest rates. IFA’s issuance of these Bonds will convey federal tax-exempt status on the interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the Borrower.

**VOLUME CAP**

No Volume Cap is required for 501(c)(3) financings.

**JOBS**

Current employment: 1,030 (FT); 900 (PT)      Projected new jobs: 98 (FT)  
 Jobs retained:      Not applicable  
 Construction jobs: The Art Institute estimates that an average of 200 workers per day will be involved between now and completion in 2009. The Art Institute of Chicago also reports that their General Contractor (Turner Construction) estimates that approximately 2,200 construction workers have participated in construction to date (groundbreaking: May 2005; construction initiated: August 2005).

**ESTIMATED SOURCES AND USES OF FUNDS (PRELIMINARY, SUBJECT TO CHANGE)**

Sources:	IFA Fixed Rate		Uses:	Project Costs	\$297,400,000
	Bonds (Series 2008A)	\$60,000,000			
	IFA Variable Rate				
	Bonds (Series 2008B)	90,000,000			
	Fundraising/Donations	<u>148,400,000</u>		Issuance Costs	<u>1,000,000</u>
	<b>Total</b>	<b><u>\$298,400,000</u></b>		<b>Total</b>	<b><u>\$298,400,000</u></b>

**FINANCING SUMMARY**

As presently contemplated based on documents as of 10/3/2008, the IFA Series 2008 Bonds will be sold in both a Fixed Rate Mode and Variable Rate (Multi Modal) Mode as described below:

**Fixed Rate Series 2008A Bonds:**

Structure/  
 Security:      The IFA Series 2008A Bonds will be sold in Fixed Rate Mode and will be sold without credit enhancement based on the underlying long-term ratings of The Art Institute of Chicago (see Underlying Ratings section immediately below). Bondholders will be secured solely by a General Pledge of the Institute and will not be secured by a pledge of any real assets of the Institute, nor secured by a lien or security interest in the Institute's collection. *The IFA Tax-Exempt Series 2008A Bonds will not be secured by the Direct Pay Letter of Credit that will be securing the IFA Tax-Exempt Series 2008B Bonds.*

Underlying  
 Ratings:      The Art Institute currently has long-term ratings of A1/A+ (Moody's/S&P) with a positive outlook (Moody's Outlook: upgraded to Positive as of 12/20/2006; S&P affirmed prior long-term ratings as of 12/11/2007). The Institute will be applying for updated Issuer Ratings from both Moody's and S&P in connection with these proposed Series 2008A Fixed Rate Bonds.

Maturity:  
 Estimated      30 years (preliminary, subject to change)

Interest Rates:      **J.P. Morgan Securities, Inc.** (the "Underwriter") is currently evaluating prospective structures, including a combination of Serial and Term Bonds, with the Institute. The 30-year fixed rate was estimated at approximately 5.25% as of 8/15/2008.

**IFA Multi-Modal (Variable Rate) Series 2008B Bonds:**

**Structure/**

**Security:** The IFA Series 2008B Bonds will be sold as Multi-Modal Bonds that will enable The Art Institute of Chicago to select one of several variable interest rate modes (e.g., Daily, Weekly, Monthly, Semi-Annual, or Annual reset). The Initial Mode will be determined based on market conditions at the time of pricing. These Multi-Modal Bonds will be secured and rated solely based on a Direct Pay Letter of Credit from a Bank as described immediately below.

**Bond/ LOC**

**Bank Ratings:** The Variable Rate Bonds will be issued in two subseries and will be secured by a Direct Pay Letter of Credit from JPMorgan Chase Bank and the Northern Trust Company. Both LOC Banks have short-term ratings of P-1/A-1+ (Moody's/S&P). Bondholders of the Multi-Modal Series 2008B Bonds will be secured solely by the Bank Direct Pay LOC.

**Underlying**

**Ratings:** As noted above under the description of the Series 2008A Bonds, The Art Institute currently has long-term ratings of A1/A+ (Moody's/S&P) with a positive outlook (Moody's Outlook: upgraded to Positive as of 12/20/2006; S&P affirmed prior long-term ratings as of 12/11/2007). The Institute will be requesting updated Issuer Ratings from both Moody's and S&P in connection with these proposed Series 2008A Fixed Rate Bonds. The variable ratings (i.e., provided by the Structured Finance Groups) may not be affirmed until after this financing is presented to the IFA Board for a Final Bond Resolution due to backlogs at the Structured Finance Groups for both agencies.

**Maturity:**

30 years (preliminary, subject to change)

**Estimated**

**Interest Rates:** Although the bond documents will permit multiple modes, JPMorgan expects to sell the Bonds initially in Weekly Rate Mode based on market conditions as of 9/23/2008 (subject to change).

- Tax-Exempt Weekly Rate Mode: For discussion purposes, the 52-week running average of the 7-Day SIFMA municipal swap rate (a proxy for the Weekly Rate Mode) averaged 2.64% for the 52-week period ended 9/10/2008. Ongoing Letter of Credit, Trustee, and Remarketing Agent Fees typically add 0.65% to 1.15% to the effective borrowing costs for most borrowers. Accordingly, the effective interest rate would have ranged from approximately 3.29% to 3.79% over the past year for most Borrowers, depending on pricing on the Direct Pay LOC.

**Timing:**

Estimated closing date: Late October 2008 or November 2008.

**Rationale:**

The Series 2008 Bonds will enable the Institute to permanently finance construction and equipping of its new three-story, 264,000 SF, Modern Art Wing that will house much of the Institute's 20<sup>th</sup> Century collection. According to The Art Institute, its modern and contemporary art collection is considered by art scholars to be among the finest collections of modern art outside of New York. This project will also renovate other major portions of the Institute's facilities.

Additionally, the proposed Bonds will enable The Art Institute of Chicago to optimize its capital structure and enable the Institute to finance approximately 50.3% of the cost of constructing these improvements on a long-term basis. This financing will also enable the Institute to balance its capital structure with a combination of Fixed and Variable Rate debt.

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### PROJECT SUMMARY (for IFA Bond Resolution)

Tax-Exempt Bond proceeds will be used by The Art Institute of Chicago, together with other funds of the Borrower, to finance, refinance, and reimburse a portion of the costs of various capital improvements relating to (1) the construction and commissioning of The Art Institute's new Modern Wing, a three-story, approximately 264,000 SF addition located at the northeast corner of the site of The Art Institute's existing facility (at the SW corner of Monroe Street and Columbus Drive), including construction of a pedestrian bridge attached to the Modern Wing across Monroe Street to Millennium Park; (2) the renovation, including replacing exterior cladding, and re-commissioning a two-story structure known as Gunsaulus Hall located at 111 S. Michigan Avenue, Chicago, Illinois, (3) the renovation and reinstallation of several gallery projects at the Art Institute's facilities described above, (4) to pay capitalized interest and (5) to pay a portion of bond issuance costs and related expenses (the "Project").

Estimated project costs are comprised of:

Modern Wing Construction, Equipping:	\$284,200,000
Gunsaulus Hall, and General Museum Building Renovation, Equipping:	<u>13,200,000</u>
<b>Total</b>	<b>\$297,400,000</b>

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### BUSINESS SUMMARY

**Background:** The Art Institute of Chicago (the "Institute" or the "Borrower") was incorporated as an Illinois not-for-profit corporation in 1879. The Institute originally received its original 501(c)(3) Determination Letter from the IRS in August 1925. The Institute is governed by an independent Board of Trustees (see p. 7 for listing).

**Description:** The mission of The Art Institute of Chicago is to provide appreciation and education in visual fine arts and design. The Institute fulfills this mission through:

- Its museum programs ("Museum") collect, conserve, research, publish, exhibit, and interpret an internationally significant permanent collection of objects of art and present temporary exhibitions of international importance, including loaned objects from other collections.
  - The Museum's permanent collection is comprised of approximately 260,000 works of art, including paintings, sculpture, prints, drawings, photographs, decorative arts, and textiles.
  - The Institute believes it has one of the finest collections of French Impressionism outside of Paris, one of the best collections of 19<sup>th</sup> Century prints and drawings, and a leading collection of Chinese bronzes and jades.
  - The Museum is located at 111 S. Michigan Ave. in Chicago.
- Its academic programs ("School") offer comprehensive undergraduate and graduate curricula through the School of the Art Institute that prepare visual artists, teachers of art, designers, and others in areas that include written, spoken, and media formats.
  - The School is a degree-granting institution that is fully accredited with the North Central Association of Colleges and Schools, and with the National Association of Schools of Art and Design.
  - The Institute believes that the School is one of the most prestigious and comprehensive professional art schools in the world.
  - In the Fall Term of 2007, the School had approximately 2,739 degree-seeking students. The School also had approximately 34 non-degree students enrolled. The School also offers 715 permanent beds of student housing at several nearby locations.

- As of June 30, 2008, the School had a faculty of 134 full-time tenured members, 565 part-time faculty members, and 11 visiting guest faculty.
- Operation of the Ryerson and Burnham Libraries (the “Libraries”), which are located in the main building of the Institute at 111 South Michigan Avenue in Chicago. These Libraries provide an important reference resource to School students, Museum Members, staff, and art scholars internationally and are among the largest art and architecture research libraries in the U.S.

A five-year summary of Museum attendance and membership follows in the table below:

**Table 1: Summary of Museum Attendance and Membership:**

<b>FYE June 30</b>	<b>Attendance</b>	<b>Membership</b>
2003	1,339,162	108,059
2004	1,602,464	104,632
2005	1,388,207	92,711
2006	1,441,010	89,208
2007	1,330,611	86,671
2008 (estimate)	1,434,263	89,288

Significantly, both attendance and membership are significantly influenced by special exhibition activity. The Museum’s special exhibitions are often separately ticketed shows that generate supplemental revenues for the Institute.

The Art Institute of Chicago currently has seven (7) IFA Bond issues outstanding comprised of three (3) Variable Rate Bond issues and four (4) Fixed Rate Bond issues. All payments relating to the seven prior IFA Bonds (the “Prior Bonds”) were current as of 8/31/2008. Details regarding the Prior Bonds follow below:

- The Art Institute currently has three series of Variable Rate Bond issues outstanding totaling \$68.0 million as of 6/30/2008. All three Variable Rate Bond issues are secured by Direct Pay Bank Letters of Credit. The final maturity dates of all three series are 3/1/2027 and were originally issued by the Illinois Educational Facilities Authority (“IEFA”) in 1992 (Series 1992: \$18.0 million); 1995 (Series 1995: \$18.3 million); and, 1996 (Series 1996: \$31.7 million).
- The Art Institute has four series of Intermediate Term and Long Term Bonds outstanding totaling approximately \$127.8 million as of 6/30/2008. All four Intermediate/Fixed Rate series were sold without credit enhancement based on the direct, underlying investment ratings of The Art Institute of Chicago and were originally issued by IEFA in 1998, 2000, and 2003 (Series 1998A: \$29.9 million maturing 3/1/2030; Series 1998B: \$3.855 million, maturing 3/1/2034; Series 2000: \$78.5 million, maturing 3/1/2034; and, Series 2003: \$15.5 million, maturing 3/1/2023).

All bondholder payments relating to the seven Prior IFA (IEFA) Bond Issues were current as of 8/31/2008.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: The Art Institute of Chicago, 111 S. Michigan Ave., Chicago, IL 60603-6488  
 Web site: [www.artic.edu/aic](http://www.artic.edu/aic)  
 Web cam on addition: <http://www.artic.edu/aic/aboutus/newbuilding/index.html>  
 Contact: Eric Anyah, Senior VP for Finance, (T) 312-499-4263; (F) 312-499-4267;

E-mail: [eanyah@artic.edu](mailto:eanyah@artic.edu)  
Project name: IFA Revenue Bonds, Series 2008 (The Art Institute of Chicago Project)  
Location: 111 S. Michigan Ave., and SW Corner of Columbus Ave. and E. Monroe St., Chicago (Cook County), IL 60604  
Organization: Illinois 501(c)(3) Corporation  
Board Membership: *See attached list of Board of Trustees (see p. 7).*  
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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Foley & Lardner LLP	Chicago, IL	Janet Zeigler, Mike Bailey
Borrower's Financial Advisor:	Robert W. Baird & Co.	Traverse City, MI	Wayne Workman
Auditor:	Deloitte & Touche LLP	Chicago, IL	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP	New York, NY	Richard Chirls
LOC Bank:	JPMorgan Chase	Chicago, IL	Fred Ash
	The Northern Trust Company	Chicago, IL	Carol Zatorski
LOC Bank Counsel:	Sonnenschein Nath & Rosenthal	Chicago, IL	Mary Wilson
Underwriter/Senior Manager:	J. P. Morgan Securities, Inc.	Chicago, IL	Lorrie DuPont
Underwriter's Counsel:	Ungaretti & Harris LLP	Chicago, IL	Julie Seymour
Trustee:	Wells Fargo Bank N.A.	Chicago, IL	Patricia Martirano
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Architects:	Interactive Design Eight Architects	Chicago, IL	
	Renzo Piano Building Workshop	Genoa, Italy	
Rating Agencies:	Moody's Investors Service	New York, NY	
	Standard & Poor's Ratings Services	New York, NY	
IFA Counsel:	Gonzalez Saggio & Harlan LLP	Chicago, IL	Timothy W. Wright
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional: 7 Danny K. Davis  
State Senate: 13 Kwame Raoul  
State House: 26 Elga L. Jeffries

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## MEMORANDUM

TO: Members of the Illinois Finance Authority Board

FROM: Kristi Conrad

DATE: October 14, 2008

RE: Overview of Local Government Direct Bond Purchase Program for the Village of Freeman Spur and Village of West Salem

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The IFA's Illinois Local Government Financing Assistance Program was developed pursuant to the 20 Illinois Compiled Statutes 2004, 3501/801-1 et seq., and particularly 3501/820-5 et seq., as supplemented and amended. The "Act" provides that the IFA may purchase and sell local government securities in order to assist local governments in borrowing money to finance public purpose projects, capital facilities and infrastructure.

Therefore, the Local Government Financing Assistance Program allows for directly purchasing the securities of local governments to provide financial assistance for their borrowing needs. Funds utilized to purchase the debt originated from moneys transferred from the Illinois Rural Bond Bank, which currently totals \$2.744 million. The funds are to be used for local government purposes, which include making the equity contribution for the IFA's Pooled Bond Program, providing interim financing for communities that will eventually participate in the Pooled Program and to directly purchase the debt of local governments.

The IFA has directly purchased the debt of at least six different municipalities since fiscal year 2004. The portfolio still contains the securities of three local governments (originally totaling \$249,750), with \$201,085 outstanding and no delinquencies. The IFA has the option to sell the securities at anytime and an Intercept Agreement is in place for additional security.

Directly purchasing the bonds is advisable when a local government expresses a need that may not be otherwise served by participating in the Pooled Bond Program (or any of the remaining IFA local government programs). Historically, the borrowing amount is too small (less than \$150,000) and / or the term is less than twenty years for it to be economically feasible to participate in the Pooled Bond Program. The rate charged was based upon the IFA's Local Government Fund's (or the \$2.744 million) earned interest rate. In addition, the units served have had a project that requires assistance that is pertinent to improving the quality of life in the community.

Both local government direct bond purchases presented for the October 14, 2008 IFA Board Meeting meet the above historical precedents of being less than \$150,000, have a term of less than twenty years and entail a project that will improve the water infrastructure of rural Illinois communities. The current rate proposed (4.25%) is based upon the Municipal Market Data Index. This rate is reflective of the Program's intent.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project:** Village of Freeman Spur

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**STATISTICS**

Number:	L-DP-TE-8061	Amount:	\$85,000 (not to exceed)
Type:	IFA Direct Bond Purchase	IFA Staff:	Kristi Conrad
Location:	Freeman Spur , Illinois	County / Region:	Williamson / Southern
Pays Property Taxes:	No		

---

**BOARD ACTION**

Preliminary Resolution  
IFA Direct Local Government Bond Purchase  
\$85,000 IFA funds at risk  
Staff recommends approval

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**VOTING RECORD**

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

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**PURPOSE**

Provide financing for Village water system improvements.

---

**IFA PROGRAM AND CONTRIBUTION**

The IFA's Local Government Direct Bond Purchase Program directly purchases the debt of units of local government. The Program serves units of local government who may otherwise participate in the pooled bond program, but the amount desired and / or the term make the Pooled Program less feasible. The Direct Bond Purchase Program utilizes funds (currently totaling \$2.5 million) transferred from the Illinois Rural Bond Bank to the IFA that are designated for local government purposes. The Program finances the bonds at a fixed rate for a term not to exceed twenty years.

---

**SOURCES AND USES OF FUNDS**

Sources:	IFA Bond Purchase	\$85,000	Uses: Water Project	\$317,000
	CDAP Funding	<u>237,000</u>	Costs of Issue	<u>5,000</u>
	Total	<u>\$322,000</u>	Total	<u>\$322,000</u>

---

**JOBS**

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

---

### FINANCING SUMMARY

- Debt:** The IFA will purchase the Village of Freeman Spur's Alternate Revenue Bonds. The Water Systems's net revenues pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the Village has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The Village must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The Village will pass a "backdoor referendum" authorizing issuance of the bonds unless a sufficient number of voters petition to require referendum approval. In the event that there are not adequate funds for debt service payment, the Village will pledge its interceptable state revenues (State Income Tax, State Sales Tax, State Replacement Tax, and Motor Fuel Tax).
- Collateral:** The bonds are general obligations of the Village and are payable from (i) net revenues of the Water System and (ii) ad valorem property taxes levied against all of the taxable property in the City without limitation as to rate or amount. The bonds will also be secured by the City's interceptable State revenues.
- Structure:** Principal is expected to be due on January 1 beginning in 2010 with a final maturity in 2029. Interest will be fixed rate and payable each July 1 and January 1, beginning July 1, 2009. The bonds are subject to redemption prior to maturity.
- Maturity:** 20 years
- Estimated Closing:** Winter / Spring 2009

---

### BUSINESS SUMMARY

- Background:** The Village of Freeman Spur, located in Williamson County has a population of 280 as of the 2007 Freeman Spur is approximately 20 miles northwest of Carbondale, Illinois.
- Project:** The Village of Freeman Spur was awarded a Community Development Assistance Program (CDAP) grant from DCEO in 2006. The grant was utilized to replace the only water transmission main that supplies the Village with portable water from the City of Herrin. The main was over 50 years old with numerous leaks which caused huge water losses that lead to the Village's Water System to suffer financial losses over the past three years. In fact, engineers estimate that the Village was losing just as much water as it was trying to sell to its residents.
- The Village utilized CDAP funds to correct the water line infrastructure needs but unfortunately did not secure CDAP required leveraged funds for the remaining costs of the project. If the Village does not attain the additional \$80,000 in leveraged funds, it will be forced to return the (already spent) \$237,000 in CDAP funds.

---

### ECONOMIC DISCLOSURE STATEMENT

- Applicant:** Village of Freeman Spur  
**Location:** 19072 Freeman Spur Road, Freeman Spur, IL 62841  
**Organization:** Illinois Municipality  
**Village President:** Curtis Spaven

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### PROFESSIONAL & FINANCIAL

- Accountant:** Sarah Gibbens, CPA  
**Local Bond Counsel:** Evans Froehlich Beth and Chamley LLC      Champaign      Kurt Froehlich  
**IFA Financial Advisors:** D.A. Davidson & Co.      Chicago      Bill Morris

Scott Balice Strategies, Inc.

Chicago

Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional: 19<sup>th</sup> - John Shimkus  
State Senate: 59<sup>th</sup> - Gary Forby  
State House: 117<sup>th</sup> - John E. Bradley

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: Village of West Salem**

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**STATISTICS**

Number:	L-DP-TE-8160	Amount:	\$130,000 (not to exceed)
Type:	IFA Direct Bond Purchase	IFA Staff:	Kristi Conrad
Location:	West Salem, Illinois	County / Region:	Edwards / Southern
Pays Property Taxes:	No		

---

**BOARD ACTION**

Preliminary Resolution  
IFA Direct Local Government Bond Purchase  
\$130,000 IFA funds at risk  
Staff recommends approval

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**VOTING RECORD**

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

---

**PURPOSE**

Provide financing for Village water system improvements.

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**IFA PROGRAM AND CONTRIBUTION**

The IFA's Local Government Direct Bond Purchase Program directly purchases the debt of units of local government. The Program serves units of local government who may otherwise participate in the pooled bond program, but the amount desired and / or the term make the Pooled Program less feasible. The Direct Bond Purchase Program utilizes funds (currently totaling \$2.5 million) transferred from the Illinois Rural Bond Bank to the IFA that are designated for local government purposes. The Program finances the bonds at a fixed rate for a term not to exceed twenty years.

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Bond Purchase	\$130,000	Uses: Water Project	\$405,000
	CDAP Funding	<u>280,000</u>	Costs of Issue	<u>5,000</u>
	Total	<u>\$410,000</u>	Total	<u>\$410,000</u>

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**JOBS**

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

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**FINANCING SUMMARY**

**Debt:** The IFA will purchase the Village of West Salem's Alternate Revenue Bonds. The Water Systems's net revenues pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the Village has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The Village must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The Village will pass a "backdoor referendum" authorizing issuance of the bonds unless a sufficient number of voters petition to require referendum approval. In the event that there are not adequate funds for debt service payment, the Village will pledge its interceptable state revenues (State Income Tax, State Sales Tax, State Replacement Tax, and Motor Fuel Tax).

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

**Structure:** Principal is expected to be due on January 1 beginning in 2010 with a final maturity in 2024. Interest will be fixed rate and payable each July 1 and January 1, beginning July 1, 2009. The bonds are subject to redemption prior to maturity.

**Maturity:** 15 years

**Estimated Closing:** January 2009

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**BUSINESS SUMMARY**

**Background:** The Village of West Salem, located in Edwards County has a population of 1,001 as of the 2000 census. West Salem is approximately 140 miles east of St. Louis.

**Project:** IFA financing will provide funds to improve the Village's water system infrastructure. Specifically, the Village will construct 2620 feet of replacement waterline. The work will replace an existing cast iron line that is in poor condition. The line is the main supply to the water tower and has experienced many breaks. The Village was awarded a \$280,000 CDAP grant for the project. The IFA's financing will provide required complementary funds to the CDAP grant.

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Village of West Salem  
**Location:** P.O. Box 456, West Salem, Illinois 62476  
**Organization:** Illinois Municipality  
**Mayor:** Eric Goldsmith

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**PROFESSIONAL & FINANCIAL**

**Accountant:** Terry L Harper, CPA  
**Local Bond Counsel:** Evans Froehlich Beth and Chamley LLC      Champaign      Kurt Froehlich  
**IFA Financial Advisors:** D.A. Davidson & Co.      Chicago      Bill Morris  
Scott Balice Strategies, Inc.      Chicago      Lois Scott

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**LEGISLATIVE DISTRICTS**

**Congressional:** 19<sup>th</sup> - John Shimkus  
**State Senate:** 54<sup>th</sup> - John Jones  
**State House:** 108<sup>th</sup> - David Reis

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: Tax Intercept Program 2008-A Series Pool**

**STATISTICS**

Project Number:	Amount: \$7,000,000 (not to exceed)
Type: Tax Intercept Pool Program	IFA Staff: Eric Watson
Counties/Regions:	Cities:
Lake/Northern	Village of Green Oaks
LaSalle/Northwest	City of Oglesby
Macoupin / Central	Macoupin County (Health Department)

**BOARD ACTION**

Preliminary Bond Resolution to purchase bonds in the amount not to exceed from the following communities:

Village of Green Oaks, City of Oglesby, Macoupin County Health Department

Extraordinary conditions  
Minimum investment grade rating  
Tax Intercept Pool Program  
Staff recommends approval

Board approval is subject to all local approvals including resolutions, backdoor referendum, debt service levies, escrow agreements, intercept agreements and any other local approvals required.

**VOTING RECORD**

This is the first time the 2008-A Series pool has been presented to the Board in its entirety.

**IFA PROGRAM AND CONTRIBUTION**

This is the first series of Tax Intercept Pool Bonds proposed since the IFA inception. This new program does not use Moral Obligation.

IFA's Tax Intercept Pool Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate. The credit enhancement for the bond issue is based on IFA's ability to intercept, if necessary, specific state revenue disbursements of the participating local government. The ability to intercept said revenues, will secure an investment grade rating.

**PURPOSE**

The underlying bonds issued by the local government participants are detailed as follows:

Borrower	Amount	Bonds	Security	Project
Village of Green Oaks	3,700,000	Alternate Revenue	1.Net Revenue Pledge 2. State Revenue Intercept	Road Improvement
City of Oglesby	2,065,000	Alternate Revenue	1.Net Revenue Pledge 2. State Revenue Intercept	Electric Substation
Macoupin County (Health Department)	1,060,000	Alternate Revenue	1.Net Revenue Pledge 2. State Revenue Intercept	Purchase and renovate new building

**SOURCES AND USES OF FUNDS**

Sources: IFA bonds: \$7,000,000 (not to exceed)	Uses: Project Amounts	6,625,000
	Underwriter's Discount*	135,800
	Local Bond Counsel	16,000
	Other	212,100
	IFA Fee	<u>11,100</u>
Total: <u>\$7,000,000</u>	Total	<u>\$7,000,000</u>

\*Underwriter's Discount to be negotiated between IFA and underwriters.

**FINANCING SUMMARY**

The Bonds: As a conduit, the IFA Bonds will be Alternate Revenue Bonds. :

Security: The security is dependent upon the underlying debt issued and is reflected in the following:

**Alternate Revenue Bonds** - The bonds will be Alternate Revenue Bonds, with the borrower's net revenues from the pledged fund as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the borrower has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The borrower must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The borrower will pass a "backdoor referendum" authorizing issuance of the bonds unless a sufficient number of voters petition the Board of Trustees to require referendum approval. In the event that there are not adequate funds for debt service payment, the borrower will pledge its interceptable state revenues (State Income Tax, State Sales Tax, State Replacement Tax, and Motor Fuel Tax).

Structure: Principal is expected to be due on January 1, with a final maturity of the pool anticipated in 2028. Interest will be fixed rate and payable each July 1, and January 1, beginning July 1, 2009. The bonds are subject to redemption prior to maturity.

**ECONOMIC DISCLOSURE STATEMENT**

Applicants: Village of Green Oaks, City of Oglesby, Macoupin County (Health Department)  
 Project name: Tax Intercept 2008 A Pool  
 Organizations: Illinois Units of Local Government

**PROFESSIONAL & FINANCIAL\***

Underwriter:	TBD*		
Underwriter Counsel:	TBD*		
Pooled Bond Counsel:	Law Offices of Kevin Cahill	Chicago	Kevin Cahill
Trustee:	TBD*		
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

\*As an IFA Program these services will be competitively bid.

**LEGISLATIVE DISTRICTS**

**Village of Green Oaks**

Congressional: 17<sup>th</sup> – Phil Hare  
 State Senate: 49<sup>th</sup> – Deanna Demuzio  
 State House: 98<sup>th</sup> – Gary Hannig

**City of Oglesby**

Congressional: 11<sup>th</sup> Gerald C. Weller  
 State Senate: 38<sup>th</sup> Gary G. Dahl

State House: 76<sup>rd</sup> Frank J. Mautino

**Macoupin County (Health Department)**

Congressional: 19<sup>th</sup> – John M. Shimkus  
State Senate: 49<sup>th</sup> - Deanna Demuzio  
State House: 97<sup>th</sup> – Jim Watson

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: City of Oglesby**

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**STATISTICS**

Project Number: L-GP-CD-8152	Amount: \$2,065,000 (not to exceed)
Type: Tax Intercept Pool Program	IFA Staff: Eric Watson
County/Region: LaSalle / Northwest	City: Oglesby, Illinois

---

**BOARD ACTION**

Preliminary Bond Resolution	No extraordinary conditions
Tax Intercept Pool Program	No IFA funds at risk
2008 Series A	
Staff recommends approval	

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**VOTING RECORD**

No prior voting record.

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**PURPOSE**

Funds will be utilized towards building an electric sub-station.

---

**IFA PROGRAM AND CONTRIBUTION**

IFA's Local Government Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate. The credit enhancement for the bond issue is based on IFA's ability to intercept, if necessary, specific state revenue disbursements of the participating local government. The ability to intercept said revenues, will secure a bank rating.

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**JOBS**

Current employment: 31 (full-time) 75 (part-time)	Projected new jobs:
Jobs retained:	Construction jobs: 15

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$2,065,000	Uses: Electric System Updates	\$ 2,000,000
			Underwriter Fee	41,300
			IFA Fee	3500
			Local Bond Counsel	5,000
			Other	<u>15,200</u>
Total		<u>\$2,065,000</u>	Total	<u>\$2,065,000</u>

---

**FINANCING SUMMARY/STRUCTURE**

The Bonds: The bonds will be Alternate Revenue Bonds, with the City's Electric System's net revenues pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the City has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The City must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The City will pass a "backdoor

referendum" authorizing issuance of the bonds unless a sufficient number of voters petition the Board of Trustees to require referendum approval. In the event that there are not adequate funds for debt service payment, the City will pledge its interceptable state revenues (State Income Tax, State Sales Tax, State Replacement Tax, and Motor Fuel Tax).

- Collateral:** The bonds are general obligations of the City and are payable from (i) net revenues of the Electric System and (ii) ad valorem property taxes levied against all of the taxable property in the City without limitation as to rate or amount. The bonds will also be secured by the City's interceptable State revenues.
- Structure:** Principal is expected to be due on January 1, beginning in 2010 with a final maturity in 2028. Interest will be fixed rate and payable each July 1 and January 1, beginning July 1, 2009. The bonds are subject to redemption prior to maturity.
- Credit Enhancement:** The City has pledged all Interceptable State Revenues
- Maturity:** 20 years
- Estimated Closing:** November 2, 2009

---

#### PROJECT SUMMARY

The City of Oglesby wishes to finance the construction of an electrical sub-station. Financing will encompass engineering, equipment, and infrastructure costs.

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#### BUSINESS SUMMARY

The City of Oglesby, located in LaSalle, covers a geographical area of 4 square miles. The community is approximately 100 miles southwest of Chicago and has a population of 3,647 (as of the 2000 census).

In 2005 La Salle had a per capita personal income (PCPI) of \$28,481. This PCPI ranked 35<sup>th</sup> in the state and was 79% of the state's average, \$36,264, and 83% of the national average, \$34,471. Furthermore, in 2005 La Salle had a total personal income (TPI) of \$3,200,399. Total personal income includes net earnings by place of residence; dividends, interest, and rent; and personal current transfer receipts received by the residents of La Salle. The TPI ranked 17<sup>th</sup> in the state and accounted for 0.7% of the state total. The 1995-2005 average annual growth rate of TPI was 3.9%. The average annual growth rate for the state was 4.4% and for the nation was 5.2%.

The following table further represents Oglesby vs. Illinois comparative economic data.

	Oglesby	Illinois
Estimated median household income (2005)	\$37,444	\$50,260
Average Adjusted Gross Income (2004)	\$40,516	\$54,625
Salary / Wage (2004)	\$37,057	\$46,811

---

#### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: City of Oglesby  
Project Location: 110 E. Walnut Street Oglesby, Illinois 61348-1202  
Borrower: Illinois Municipality  
Mayor: Jerry Scott

---

**PROFESSIONAL & FINANCIAL**

Underwriter:	Edward Jones	St Louis, MO	Chris Collier
Underwriter Counsel:	Bell, Boyd & Lloyd	Chicago, IL	Ken Peterson
Local Bond Counsel:	Chapman & Cutler	Chicago, IL	Chuck Jarik
Issuers Counsel:	Law Offices of Kevin Cahill	Chicago, IL	Kevin Cahill
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

---

**LEGISLATIVE DISTRICTS**

Congressional: 11<sup>th</sup> – Gerald C. “Jerry” Weller  
State Senate: 38<sup>th</sup> – Gary G. Dahl  
State House: 76<sup>th</sup> – Frank J. Mautino

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: Macoupin County (Health Department Building)**

---

**STATISTICS**

Project Number: L-GP-CD-8154	Amount: \$1,060,000 (not to exceed)
Type: Tax Intercept Pool Program	IFA Staff: Eric Watson
County/Region: Macoupin / Central	City: Gillespie, Illinois

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**BOARD ACTION**

Preliminary Bond Resolution	No extraordinary conditions
Tax Intercept Pool Program 2008 Series A	No IFA funds at risk
Staff recommends approval	

---

**VOTING RECORD**

No prior voting record.

---

**PURPOSE**

Funds will be utilized towards refunding a bank loan that was originally utilized to purchase, renovate and supply a school building in Gillespie for the purpose of providing medical, dental, and psychiatric care for Macoupin County residents. It is anticipated that the new facility will open in November, 2008.

---

**IFA PROGRAM AND CONTRIBUTION**

IFA's Tax Intercept Pool Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate. The credit enhancement for the bond issue is based on IFA's ability to intercept, if necessary, specific state revenue disbursements of the participating local government. The ability to intercept said revenues, will secure a bank rating.

---

**JOBS**

Current employment: 188 (full-time) 44 (part-time)	Projected new jobs:
Jobs retained:	Construction jobs:

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**ESTIMATED SOUCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$1,060,000	Uses: Building (Refinancing)	\$ 1,025,000
			Underwriter Fee	20,500
			IFA Fee	2,000
			Local Bond Counsel	5,000
			*Other Costs of Issue	7,500
Total		<u>\$1,060,000</u>	Total	<u>\$1,060,000</u>

\*includes printing, verification, trustee, issuers counsel, IFA pooled bond counsel

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**FINANCING SUMMARY/STRUCTURE**

The Bonds: The bonds will be Alternate Revenue Bonds, with the net revenues from the County Health Department pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the County has committed to collect ad valorem property taxes levied to pay debt service on the bonds.

The County must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The County will pass a "backdoor referendum" authorizing issuance of the bonds unless a sufficient number of voters petition the Board of Trustees to require referendum approval. In the event that there are not adequate funds for debt service payment, the County will pledge its interceptable state revenues (State Income Tax, State Sales Tax, State Replacement Tax, and Motor Fuel Tax).

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

**Structure:** Principal is expected to be due on February 1, beginning in 2009 with a final maturity in 2028. Interest will be fixed rate and payable each August 1 and February 1, beginning August 1, 2008. The bonds are subject to redemption prior to maturity.

**Credit Enhancement:** Intercept Agreement

**Maturity:** 10 years

**Estimated Closing:** Fall/Winter 2008

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#### PROJECT SUMMARY

Macoupin County (Health Department) is requesting funds to refund a bank loan that was used to purchase and refurbish an old elementary school building to the new Health Department Building. The bank loan was secured within the past year and the Health Department wishes to secure permanent financing with the IFA (at a much lower rate).

The new Gillespie site is a large part of the Macoupin County Public Health Department Community Health Initiative. The budget needed to completely implement the Initiative is estimated to be \$1.5 million. The Health Department secured a \$1 million bank loan as well as an additional \$500,000 to complete a three story clinic.

The basement area of the clinic consists of environmental health services, health education services, administrative services, a conference and education room, a break room, a maintenance room and a general rest room area. The first floor consists of a dental clinic, a psychiatric clinic, a medical clinic and an office management / waiting room area. The second floor consists of the WIC program, family case management, healthy families Illinois, and teen parent services areas.

The new facility is expected to be completed as of October 2008. Upon the opening of the new facility, three current buildings that the Health Department occupies will close, thus bringing additional cost and administrative efficiencies. Two of the three buildings are rented by the Department and thus lease payments will cease. A third building is owned by the county and will be sold. Proceeds from the sale will go to the Health Department Fund.

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#### BUSINESS SUMMARY

The Gillespie site is located in Macoupin County. The health department serves the entire 49,019 population of Macoupin County.

It is the mission of the Macoupin County Public Health Department (as a public health clinic) to establish and maintain an innovative, stable organization of qualified mid-level practitioners, physicians, dentists, certified educators, linkage with psychiatric care, and staff to operate a comprehensive primary healthcare and referral system for residents of Macoupin County.

The Macoupin County Public Health Department Community Health Initiative brings comprehensive interdisciplinary prevention and primary health care services to all of the communities of Macoupin County. These services are available to persons of all ages, who do not now have access. The services provided include preventive screenings, mental health and dental health screenings, physical checkups and follow-ups, child and adult immunizations, chronic disease control including diabetes, asthma, cardiovascular disease and depressions, pharmacy assistance, dental care and psychiatric care. Uninsured adults and school age children are the primary targets, but anyone wanting service is served.

All public health services are provided as well, including the WIC Program, Family Case Management Services, the Healthy Families Program and Teen Parent Services, Environmental Health Services, the Health Education. A Medical Transportation Program is provided for access to the Community Health Initiative Clinic and to referral sites as needed.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Macoupin County  
Current Address: c/o Public Health Department 805 North Broad Street, Carlinville 62626-1075  
Project Location: Gillespie Illinois  
Borrower: Illinois Municipality  
Public Health Director: Kent Tarro

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**PROFESSIONAL & FINANCIAL**

Underwriter:	Edward Jones	St Louis, MO	Chris Collier
Underwriter Counsel:	Bell, Boyd & Lloyd	Chicago	Ken Peterson
Local Bond Counsel:	Chapman & Cutler	Chicago, IL	Chuck Jarik
Issuers Counsel:	Law Offices of Kevin Cahill	Chicago	Kevin Cahill
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional: 17<sup>th</sup> Phil Hare  
State Senate: 49<sup>th</sup> – Deanna Demuzio  
State House: 98<sup>th</sup> – Gary Hannig

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: Village of Green Oaks**

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**STATISTICS**

Number: L-GP- CD-8153	Amount: \$3,700,000 (not to exceed)
Type: Tax Intercept Pool Program	IFA Staff: Eric Watson
County/Region: Lake/Northern	Location: Green Oaks, Illinois

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**BOARD ACTION**

Preliminary Bond Resolution	No extraordinary conditions
Tax Intercept Pool Program	No IFA funds at risk
2008 Series A	
Staff recommends approval	

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**PURPOSE**

Provide financing for the Village of Green Oaks to rebuild and repair a Village road (a main thoroughfare) and accompanying drainage and sewer repair.

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**IFA PROGRAM AND CONTRIBUTION**

IFA's Tax Intercept Pool Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. This, coupled with the bonds double-tax exemption offers participants a lower overall borrowing rate. The credit enhancement for the bond issue is based on IFA's ability to intercept, if necessary, specific state revenue disbursements of the participating local government. The ability to intercept said revenues, will secure a bank rating.

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**VOTING RECORD**

This is the first time that this project has been presented for Board consideration for this program. Village of Green Oaks was presented on October 9, 2007 as part of the Local Government Moral Obligation Pooled Program; however, it did not close.

Final Bond Resolution voting record for October 9, 2007:

Ayes: 10	Nays: 0	Abstentions: 0	
Absent: 5 (DeNard, Fuentes, Herrin, Rice, Rivera)			Vacancies: 0

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	<u>\$3,700,000</u>	Uses:	Road & Drainage Repair	\$3,600,000
				Underwriter	74,000
				IFA Fee	5,600
				Bond Counsel	6,000
				Other	<u>14,400</u>
	Total	<u>\$3,700,000</u>		Total	<u>\$3,700,000</u>

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**JOBS**

Current employment: 0	Projected new jobs: 0
Jobs retained: 0	Construction jobs: 10

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**BUSINESS SUMMARY**

- Background:** The Village of Green Oaks, located in Lake County, covers a geographical area of 4.1 square miles. The City is approximately 35 miles northwest of Chicago and serves a population of 3,572 (per the 2000 census).
- Project:** The Village wishes to rebuild and repair Atkinson Road (a main thoroughfare) and accompanying drainage and sewer repair.

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**FINANCING SUMMARY**

- The Bonds:** The bonds will be Alternate Revenue Bonds, Village motor fuel and sales tax revenues pledged as the primary revenue source. In the event that pledged revenues are insufficient to pay principal and interest on the bonds, the Village has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The Village must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The Village will pass a "backdoor referendum" authorizing issuance of the bonds unless a sufficient number of voters petition to require referendum approval. In the event that there are not adequate funds for debt service payment, the Village will pledge its interceptable state revenues (State Income Tax, State Sales Tax, State Replacement Tax, and Motor Fuel Tax)
- Collateral:** The bonds are secured by a pledge of (i) motor fuel and sales tax revenues, and if such revenues are insufficient to meet debt service, then (ii) ad valorem property taxes are levied against all of the taxable property in the Village without limitation as to rate or amount, and (iii) the Village's interceptable State revenues.
- Structure:** Principal is expected to be due on January 1, beginning in 2010 with a final maturity in 2028. Interest will be fixed rate and payable each July 1, and January 1, beginning July 1, 2009. The bonds are subject to redemption prior to maturity.
- Maturity:** 20 years

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**PROJECT SUMMARY**

The Village will use proceeds to rebuild and repair roads and accompanying drainage and sewer repair.

Total costs are estimated at \$3,700,000

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Village of Green Oaks  
**Project names:** Village of Green Oaks  
**Location:** 2020 O'Plaine Road, Green Oaks 60048  
**Organization:** Illinois Municipality  
**Trustee:** Patricia P. Thomas

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**PROFESSIONAL & FINANCIAL**

<b>Underwriter:</b>	Edward Jones	St Louis, MO	Chris Collier
<b>Underwriter Counsel</b>	Bell, Boyd & Lloyd	Chicago	Ken Peterson
<b>Local Bond Counsel:</b>	Miller, Canfield	Chicago	Darryl Davidson
<b>Issuers Counsel:</b>	Brooks Cahill & Hanley	Chicago	Kevin Cahill
<b>Trustee:</b>	US Bank	Chicago	Brian Kabbes

IFA Financial Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional:	Mark Steven Kirk - 10 <sup>th</sup>	
State Senate:	William Peterson - 26 <sup>th</sup>	Terry Link - 30th
State House:	Ed Sullivan, Jr. - 51 <sup>st</sup>	Kathleen A. Ryg - 59th

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: NorthShore University HealthSystem (F/K/A Evanston Northwestern Healthcare)**

**STATISTICS**

Project Number: H-HO-TE-CD-8157	Amount: \$50,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Dana Sodikoff
County/Region: Cook County	City: Evanston, IL

**BOARD ACTION**

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

**VOTING RECORD**

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

**PURPOSE**

Proceeds will be used to: (i) finance the costs of discharging the outstanding debt of Rush North Shore Medical Center ("RNS") in connection with the acquisition of RNS or reimburse NorthShore University HealthSystem for certain capital expenditures; and (ii) pay costs of issuance.

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense.

**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

**JOBS**

Current employment:	FTE's	Projected new jobs: 0
Jobs retained:	FTE's	Construction jobs: 0

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA Bonds	\$50,000,000	Uses: Finance costs of the discharge of RNS	\$55,000,000
Equity Contribution	6,000,000	Debt and or new money to reimburse NorthShore for capital expenditures	
		Cost of Issuance	1,000,000
<b>Total</b>	<b>\$56,000,000</b>		<b>\$56,000,000</b>

**FINANCING SUMMARY/STRUCTURE**

**Security:** The Bonds are expected to be secured by an Obligation of NorthShore University HealthSystem under a Master Trust Indenture.

**Structure:** The plan of finance contemplates the issuance of either traditional fixed rate bonds and/or variable rate debt and/or floating rate bonds. The variable rate bonds will either be backed by a liquidity provider (to be determined, but will carry a long-term rating of AA- or better) or self-liquidity. The Fixed Rate bonds would be unenhanced.

Interest Rate: Determined closer to the date of pricing  
Interest Mode: Variable and/or Fixed  
Credit Enhancement: To be determined closer to the final resolution based on the structure  
Maturity: Up to 40 years final maturity  
Rating: Aa2 / AA+ / NR  
Estimated Closing Date: December, 2008

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#### PROJECT SUMMARY

NorthShore University HealthSystem (“NorthShore” or “The Corporation” will acquire Rush North Shore Medical Center (“RNS”) from Rush University Medical Center (“RUMC”), pending regulatory approvals. The transaction is expected to close January 1, 2009. NorthShore will defease or otherwise discharge RNS’ existing debt obligations as well as those carried at the parent level by RUMC and / or reimburse itself for certain other capital expenditures.

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#### BUSINESS SUMMARY

Description of Business: The predecessor of NorthShore University HealthSystem was established in 1891 in Evanston, Illinois. An overview of NorthShore’s three hospitals in the near northern suburbs of Chicago is included below.

- **Evanston Hospital** – presently occupies approximately 15 acres in Evanston on which are located facilities which house 350 staffed acute-care beds, ancillary and support services and a medical office building.
- **Glenbrook Hospital** – presently occupies approximately 55 acres on which are located facilities which house 130 staffed acute care beds, all ancillary and support services and two medical office buildings.
- **Highland Park Hospital** – occupies approximately 25 acres in Highland Park on which are located facilities which house 155 staffed acute-care beds, ancillary and support facilities and a medical office building.

The combined licensed acute-care beds for the three hospitals, as of March 31, 2008, were 743. As of March 31, 2008, the Corporation also owned 206,000 gross square feet of building space at 4 locations and leased certain additional space at locations in its service area which are used for physician offices and related services. The Corporation's corporate offices are located at 1301 Central Street in Evanston, Illinois.

NorthShore and the University of Chicago's Pritzker School of Medicine have agreed on an academic affiliation that will place medical students, residents and fellows from the University of Chicago Medical Center at the three NorthShore hospital locations in Evanston, Glenbrook and Highland Park for a portion of their educational experience. The Pritzker School of Medicine is one of the most selective medical schools in the United States, with a long tradition of close interaction between students and their mentors, the full-time medical school faculty.

In March 2008, the Corporation was named among the Top 100 Hospitals and Top 15 Major Teaching Hospitals in America for the 12th straight year. The annual study, conducted by Thomson Healthcare, identifies top performing hospitals based on weighted performance measures on clinical excellence, operating efficiency and responsiveness to the community.

Project Rationale: Discharge of the RNS debt is required to close the acquisition.

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#### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: NorthShore University HealthSystem (f/k/a Evanston Northwestern Healthcare, f/k/a Evanston Hospital Corporation)  
1301 Central Street  
Evanston, IL 60201

Borrower: NorthShore University Health System  
Ownership/Board Members (501c3):

Duckworth, Connie K.  
Mencoff, Samuel M.  
Berger, Percy L.  
Bloomer, William D., M.D.  
Crown, A. Steven  
Davis, William L.  
Jones, Gregory D.  
Keeler, Thomas C, M.D.  
Keyser, Richard L.  
Khandekar, Janardan D., M.D.  
Knight, Lester B., III  
Kraemer, Harry M. Jansen, Jr.  
Medvin, Harvey N.  
Neaman, Mark N.  
Reyes, Jude M.  
Sentell, Susan B.  
Talamonti, Mark S., M.D., F.A.C.S.  
Thomas, J. Mikesell  
Wang, Sona  
Ward, Jonathan P.  
White, William J.  
Wrigley, William Jr.

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel: Mayer Brown	Chicago	J. Trent Anderson
Accountant: Ernst & Young	Chicago	Tadd Ingles
Bond Counsel: Jones Day	Chicago	Mike Mitchell
Credit Enhancer/Purchasing Bank: TBD		
Bank Counsel: TBD		
Bond Underwriter: J.P. Morgan Securities Inc.	Chicago	Tim Wons Meghan O'Keefe Armstrong Seth Reagan Robert Hardy
Trustee: The Bank of New York Mellon	Chicago	Robert Hardy
Underwriter's Counsel: TBD		
IFA Advisors: D.A. Davidson & Co.	Chicago	Bill Morris
Scott Balice Strategies, Inc.	Chicago	Lois Scott
Issuer's Counsel: TBD		

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**LEGISLATIVE DISTRICTS**

Congressional: 9- Janice D. Schakowsky  
State Senate: 9- Jeffrey M. Schoenberg  
State House: 18- Julie Hamos

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**SERVICE AREA**

The Corporation's service area consists of a 51-zip code area in the suburbs bounded by the north side of the City of Chicago to the south; Mt. Prospect to the west; Long Grove and Grayslake to the northwest; Waukegan to the north; and Lake Michigan to the east. This broad service area, which is typical of a major tertiary care provider, has a population of over 1.6 million people. The Corporation's share of admissions in this service area was approximately 16% for the fiscal year ended September 30, 2007.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: Rockford Health System**

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**STATISTICS**

Project Number: H-HO-TE-CD-8158	Amount: \$70,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Dana Sodikoff
County/Region: Winnebago/ Northern Stateline	City: Rockford

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**BOARD ACTION**

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

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**VOTING RECORD**

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

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**PURPOSE**

Use of proceeds: Bond proceeds will be used to (1) refinance Illinois Health Facilities Authority Revenue Bonds, Series 1994, Select Auction Variable Rate Securities originally issued in the amount of \$75 million of which \$55.8 million is currently outstanding and (2) pay issuance costs associated with the refinancing.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense.

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**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

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**JOBS**

Current employment: 2,405 FTE's	Projected new jobs: N/A
Jobs retained: 2,405 FTE's	Construction jobs: N/A

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	\$63,000,000	Uses:	Refinance Series 1994	\$55,800,000
				Swap Termination Pmnt.	6,000,000
				Issuance Costs	1,200,000
	Total	\$63,000,000		Total	\$63,000,000

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**FINANCING SUMMARY/STRUCTURE**

**Security:** The bonds are expected to be secured by an obligation of Rockford Memorial Hospital, Rockford Clinic and Rockford Memorial Development Foundation (the "Obligated Group") under a Master Trust Indenture. Such obligation will include a pledge of revenues and may or may not include a debt service reserve fund.

**Structure:** The plan of finance contemplates issuing weekly Variable Rate Demand Bonds ("VRDBs") supported by a direct pay letter of credit from JPMorganChase.

All or a portion of the variable rate bonds may be converted to a synthetic fixed rate using an interest rate swap where Rockford pays a fixed rate and receives a variable rate.

Interest Rate: Variable.

Interest Mode: VRDBs reset weekly and paid monthly.

Credit Enhancement: Direct pay letter of credit from JPMorganChase.

Maturity: Up to 40 years.

Rating: Long-term and short-term ratings based upon the letter of credit provided by JPMorganChase.  
Current ratings of Aaa/AA/AA- (long-term) and P-1/A-1+/F1+ (short-term).

Estimated Closing Date: Late November or early December 2008.

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#### PROJECT SUMMARY

Refinance all of Rockford's existing Series 1994 Ambac insured auction rate bonds and pay associated issuance costs. The auction rate bonds have a reset of 65% of the taxable commercial paper rate, so they have been resetting at approximately 3%. Although this rate is not unfavorable, Rockford Health System has elected to refinance for several reasons a) uncertainty of Ambac and its rating b) uncertainty of short-term rates (used for reset) and c) Rockford Health System would like to maintain a positive reputation in the market, and failed auctions are not looked at favorably by investors.

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#### BUSINESS SUMMARY

Description of Business: The Obligated Group is comprised of Rockford Memorial Hospital (RMH); Rockford Health Physicians (RHPH); and Rockford Memorial Development Foundation (RMDF). Our primary purpose is to improve and protect the health and welfare of the community in accordance with our mission: Superior Care Everyday. For all our patients.

Rockford Memorial Hospital – a 396-bed regional referral hospital, which includes the region's highest level of critical care services including a Level I Trauma Center, Level III Neonatal Intensive Care Unit and the community's only Pediatric Intensive Care Unit. RMH was designated as the Regional Disaster Preparedness Center and has taken the lead in training and education for community preparedness.

Rockford Health Physicians provides physicians for hospital's specialized units such as the NICU and the PICU, adult and pediatric Hospitalists, as well as neurologists, neuro and trauma surgeons who specialize in brain, spine and orthopedics and who respond 24/7 to any need in the Level I Trauma Center.

Rockford Memorial Development Foundation provides funds for enhancing activities within Rockford Health System as well as offering financial assistance to the Ronald McDonald Caremobile - that provides extended health and dental care to underinsured and uninsured children in the region.

Timing: Closing is estimated to occur late November or early December 2008.

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#### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Rockford Memorial Hospital

Project Location: 2400 N. Rockton Avenue, Rockford, IL 61103

Borrower: Rockford Memorial Hospital

Ownership/Board Members (501c3): Duane R. Bach, Jack J. Becherer, Ed.D., James W. Breckenridge, M.D., Thomas D. Budd, John W. Chadwick, Eleanor F. Doar, John T. Dorsey, M.D., Pamela S. Fox, Jose L. Gonzalez, M.D., Alphonso N. Goode, Paul A. Green, Gary E. Kaatz, Jack W. Packard (Emeritus Director, non-voting), Dennis T. Uehara, M.D., Connie Vitali, M.D., John D. Witcher, Curtis D. Worden

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#### PROFESSIONAL & FINANCIAL

Borrower's Internal Counsel: Earl Barnes

Borrower's External Counsel: Sonnenschein Nath & Rosenthal, LLP

Accountant: Deloitte & Touche LLP

Chicago

Chicago

Mary Wilson

Donnell O'Callaghan, Jr.

Bond Counsel: Jones Day	Chicago	Mike Mitchell
Borrower's Financial Advisor: Shattuck Hammond Partners	Chicago	Victoria Poindexter
Trustee: TBD	Chicago	TBD
Credit Enhancer/Purchasing Bank: JPMorganChase	Chicago	
Bank Counsel: TBD		
Bond Underwriter: Barclays Capital (F/K/A Lehman Brothers)	Chicago	Tom Whalen Ben Klemz
Underwriter's Counsel: Ungaretti & Harris LLP	Chicago	Tom Fahey
IFA Advisors: D.A. Davidson & Co.	Chicago	Bill Morris
Scott Balice Strategies, Inc.	Chicago	Lois Scott
Issuer's Counsel: Requested		

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#### LEGISLATIVE DISTRICTS

Congressional: 16- Donald A. Manzullo  
State Senate: 34- Dave Syverson  
State House: 68- Dave Winters

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#### SERVICE AREA

Rockford Memorial Hospital ("RMH") is located in Rockford, IL, approximately 90 miles northwest of the City of Chicago and 14 miles south of the Illinois-Wisconsin border. RMH's primary service area includes the counties of Winnebago, Boone and Ogle. RMH's primary service area accounted for approximately 85.8% of RMH's total discharges during the calendar year ended December 31, 2007.

RMH's regional referral or tertiary service area consists of the Illinois counties of Carroll, DeKalb, Henry, Joe Davies, Lee, Stephenson, McHenry, LaSalle, Whiteside and the south Wisconsin county of Rock. The tertiary service area comprises 11% of RMH's total discharges during the calendar year ended December 31, 2007. The remaining 5% of discharges come from outside the defined market area.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: Rush University Medical Center Obligated Group**

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**STATISTICS**

Project Number: H-HO-TE-CD-8143	Amount: \$375,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Dana Sodikoff
County/Region: Cook County and Kane County/Northeast	City: Chicago (Rush University Medical Center), Skokie (Rush North Shore Medical Center) and Aurora (Copley Memorial Hospital, Inc. and affiliates)

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**BOARD ACTION**

Final Bond Resolution	Staff recommends approval
Conduit 501 (c)(3) bonds	No extraordinary conditions
No IFA funds at risk	
Changes Since Preliminary Resolution:	
Commitment from Northern Trust for Credit Enhancement	
Addition of Cabrera as a Co-Manager	

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**VOTING RECORD**

The IFA gave its approval for a Preliminary Bond Resolution on September 9, 2008 by the following vote:

Ayes – 9	Nays – 0	Absent – 2	Vacancies – 4
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**PURPOSE**

Proceeds will be used for some or all of the following purposes: 1) provide financing to pay costs of capital expenditures for the acquisition, construction, and equipping of various health facilities for Rush University Medical Center and Copley Memorial Hospital; 2) finance or refinance the cost of terminating certain interest rate hedge agreements entered into in connection with the Series 2006B bonds, and the cost of terminating a portion of certain interest rate hedge agreements entered into in connection with the Series 2006A bonds, including repayment of related amounts under a line of credit with Harris Bank; 3) to refinance all amounts currently outstanding, including accrued interest, under a line of credit with JP Morgan Chase Bank, related to the redemption of the Series 2006A bonds; 4) to provide for the funding of one or more debt service reserve funds; 5) to pay certain expenses incurred in connection with the issuance of the bonds, including credit and liquidity enhancement fees; and 6) for other such purposes including working capital and capitalized interest.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense.

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**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

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**JOBS**

Current employment (FTEs):	Projected new jobs: 300
RUMC 7,727 FTEs	Construction jobs: 300
Copley 1,200 FTEs	
RNS 1,209 FTEs	
Total OG 10,136 FTEs	

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	\$375,000,000	Uses:	Project Fund/Cap I Fund	\$241,776,335
				Debt Service Reserve Fund	27,886,165
				Refinancing of Line Credit/ (used to refinance Ser.2006A)	96,750,000
				Cost of Issuance	4,687,500
				Swap termination	<u>3,900,000</u>
	Total	\$375,000,000		Total	\$375,000,000

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**FINANCING SUMMARY/STRUCTURE**

**Security:** Gross revenue pledge; mortgage on primary health facilities at Rush University Medical Center Rush North Shore Medical Center and Copley Memorial Hospital; and debt service reserve fund(s)

**Structure:** Debt structure to be determined prior to pricing

**Interest Rate:** The current plan of finance contemplates the issuance of fixed rate, uninsured long-term bonds, with a maximum of \$50 million to be possibly issued as variable rate bonds with a letter of credit.

**Interest Mode:** Fixed Bonds and Variable Rate Bonds

**Credit Enhancement:** The fixed rate bonds will carry the rating of Rush University Medical Center Obligated Group (see below). The Variable Rate Demand Bonds (approximately \$50,000,000) will be backed by a Letter of Credit (commitment received from the Northern Trust Company), but will carry a long-term rating of A- or better.

**Maturity:** No later than 40 years from their dated date

**Rating:** A-/A-/A3 (S&P/Fitch/Moody's)

**Estimated Closing Date:** November, 2008

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**PROJECT SUMMARY**

RUMC has a significant Capital Transformation Project from FY2004-FY2016. This project will optimize the patient and family experience and allow RUMC to move patients out of 100+ year buildings. There are four phases of the Project totaling \$991 million, and include 1) Phase I (2010 completion) for a parking structure, power plant, orthopedics ambulatory building and supply chain/loading dock 2) Phase II (2012 completion) for the new East Tower to include a new Emergency Room and interventional platform. These two phases have received CON approval. Phases III and IV include renovation and demolition. RUMC expects to finance a portion of Phase I and Phase II.

Rush-Copley also has a significant Campus Project totaling \$200M from FY08-FY14. These projects include a new atrium, expansion of med/surgical capacity, expansion of the Cancer Care Center, expansion of the imaging department, parking, and an ICU addition.

The Obligated Group's long term financial plan envisions an issuance of approximately \$350M debt to partially fund these projects, exclusive of debt being incurred to refinance outstanding debt. The primary source of funds for these projects is cash flow from operations. Other sources of funding include philanthropy, private funding, and government funding.

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**BUSINESS SUMMARY**

**Description of Business:** The Members of the Obligated Group include:

- Rush University Medical Center ("RUMC");

- Rush North Shore Medical Center (“RNS”);
- Rush-Copley Medical Center, Inc. (“Rush-Copley”);
- Copley Memorial Hospital, Inc. (“Copley”)
- Rush-Copley Foundation (“Copley Foundation”);
- Copley Ventures, Inc. (“Copley Ventures”); and
- Rush-Copley Medical Group, NFP (“Medical Group”)

### **Rush University Medical Center (“RUMC”)**

Rush University Medical Center is an academic medical center in Chicago, Illinois. The mission of Rush University Medical Center is to provide the very best care for its patients. Its education and research programs, community programs, and relationships with other hospitals are dedicated to enhancing excellence in patient care for the diverse communities of the Chicago area now and in the future.

The clinical and academic facilities are primarily located in the northeast portion of the Illinois Medical Center District. RUMC’s clinical operations include 825-licensed bed Rush University Hospital (“RUH”), 296-licensed bed Rush Oak Park Hospital, Rush University, a health sciences university that educates students in health related fields and Rush University Medical Group, a faculty practice plan that currently employs 359 physicians.

RUMC provides care through a multidisciplinary approach that brings together a combination of teaching, research, and patient care. In 2008, RUH was named a “Top-Performing Hospital” by University Health Systems Consortium, an alliance of 102 academic medical centers, in a study examining key measures of quality and safety. RUH was ranked in the top five out of 88 academic medical centers that were examined based on measures of patient safety, effectiveness, quality of care, efficiency and patient centeredness. It was the fourth consecutive year RUH was ranked among the best in the study, and RUH is one of only two hospitals to be in this “Top-Performing Hospital” group for all four years. Additionally, RUH received a perfect score in the category “equity of care”, indicating Rush’s safety and quality of care does not vary regardless of the patient’s gender, race or socioeconomic status, for the third consecutive year.

In June 2006, RUH received a four-year renewal of its Magnet status, the highest recognition given for nursing excellence. The nursing program was initially awarded Magnet Designation in 2002. RUH is the only hospital in Illinois serving both children and adults to receive this designation a second time.

In *U.S. News & World Report’s* July 2008 issue, RUMC ranked in seven categories, and ranked higher than any other Illinois hospital in orthopedics (#10 in the country). The rankings of other RUMC programs are neurology and neurosurgery, geriatrics, kidney disease, urology, gastroenterology, and heart and heart surgery.

Finally, the U.S. Department of Labor has presented RUMC with its prestigious 2007 Exemplary Voluntary Efforts (EVE) award. The award recognizes federal contractors for exceptional efforts to increase employment opportunities for minorities, women, individuals with disabilities, and veterans. RUMC was one of only three organizations to receive this year’s EVE award. RUMC is the first Chicago-area organization to receive the award in more than a decade.

Service area: Rush University Medical Center is located in the City of Chicago. Due to its specialty and subspecialty programs, its patients are primarily from the contiguous 8-county service area, and other areas of Illinois and the Midwest.

### **Rush North Shore Medical Center (“RNS”)**

Rush North Medical Center is a 226-staffed bed hospital in Skokie, Illinois. The hospital was founded in 1955 and commenced operations under the name Skokie Valley Community Hospital. Rush North Shore Medical Center became affiliated with RUMC in 1987 and joined the Obligated Group in 1989. RNS provides comprehensive primary and secondary health care services to its community. RNS also provides select tertiary subspecialty services and provides a link to the complete range of tertiary services through its affiliation with RUMC. RNS’s programs in digestive disorders and cardiac care have received national recognition by *U.S. News & World Report*.

RNS has signed an Agreement and Plan of Merger with NorthShore University HealthSystem, formerly known as Evanston Northwestern Healthcare Corporation, to further its strategic plans. These plans would include the withdrawal of RNS from the Obligated Group and the repayment of all Rush North Shore debt secured under the RUMC Obligated Group Master Indenture. RNS is awaiting certain regulatory approvals and expects a closing in late CY2008/early CY2009. The withdrawal of RNS from the Obligated Group is not expected to materially adversely affect the financial condition of the Obligated Group. No proceeds of this bond issue will be loaned to RNS.

Service area: RNS defines its primary service area (PSA) to include Skokie, Glenview, Morton Grove, Wilmette, Lincolnwood, Niles, Evanston and the northern parts of Chicago. During FY2007, 62.4% of inpatient discharges originated from the PSA.

**Rush-Copley, Copley, Copley Foundation, Copley Ventures, and Medical Group (collectively referred to as the Copley Members”)**

The Copley Members include:

- Rush-Copley, the parent holding corporation;
- Copley, a 183-licensed bed hospital in Aurora, Illinois;
- Copley Foundation, organized exclusively to engage in charitable fundraising activities which promote the interest of Copley;
- Copley Ventures, organized to establish and operate real estate properties for rental purposes; and
- Medical Group, organized to operate and manage the activities of physician practice health and medical services.

Copley has served the community health needs of the greater Aurora community since 1886, when it began operations as the Aurora City Hospital. Copley provides a range of inpatient and outpatient health care programs and services, with particular strengths in cardiac, obstetrical, and cancer care. Copley has been recognized as one of the *100 Top Hospitals* by Thomson Healthcare (2007). It has also been named a *Distinguished Hospital* by J.D. Power and Associates for three consecutive years (2005-2007).

Service area: Copley defines its Primary Service Area (PSA) to include the cities of Aurora, Yorkville, Oswego, Montgomery, Bristol, Plano, Newark, Sandwich, Eola, Somonauk, and North Plainfield, Illinois. During FY2007, 79.1% of Rush-Copley Medical Center’s total inpatient discharges originated from the PSA.

Project Rationale: Financing of capital expenditures for both RUMC and Copley. Both institutions have embarked on Campus Transformation Projects to provide the best patient care experience.

Timing: Both RUMC and Copley projects are underway.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Rush University Medical Center Obligated Group  
1653 West Congress Parkway  
Chicago, IL 60612

Project Location: Rush University Medical Center campus, Chicago, IL, and Copley Memorial Hospital campus, Aurora, IL

Borrower: Rush University Medical Center and Copley Memorial Hospital  
Ownership/Board Members (501c3): See attached attachment A.

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**PROFESSIONAL & FINANCIAL**

Borrower’s Counsel:	Sonnenschein Nath & Rosenthal	Chicago	Steve Kite/Mary Wilson
Accountant:	Deloitte	Chicago	Don O’Callaghan
Bond Counsel:	Chapman and Cutler	Chicago	James Luebchow/Chris Walrath
Credit Enhancer:	Northern Trust Bank	Chicago	
Bank Counsel:	TBD		
Senior Underwriter:	Morgan Stanley	Chicago	Bruce Gurley
Co-Manager:	Loop Capital	Chicago	Lerry Knox

Co-Manager	Cabrera	Chicago	Santino Bibbo
Underwriter's Counsel:	Jones Day	Chicago	John Bibby/David Kates
Trustee:	Wells Fargo	Chicago	Patricia Martirano
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott
Issuer's Counsel:	Gonzalez, Saggio, Harlan LLP	Chicago	Tim Wright

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#### LEGISLATIVE DISTRICTS

##### **RUMC:**

Congressional: 7 – Danny K. Davis  
State Senate: 5 - Rickey R. Hendon  
State House: 9- Arthur L. Turner

##### **Rush North Shore:**

Congressional: 9 - Jan Schakowsky  
State Senate: 9 - Jeff Schoenberg  
State House: 17 – Beth Coulson

##### **Copley Memorial Hospital, Inc.**

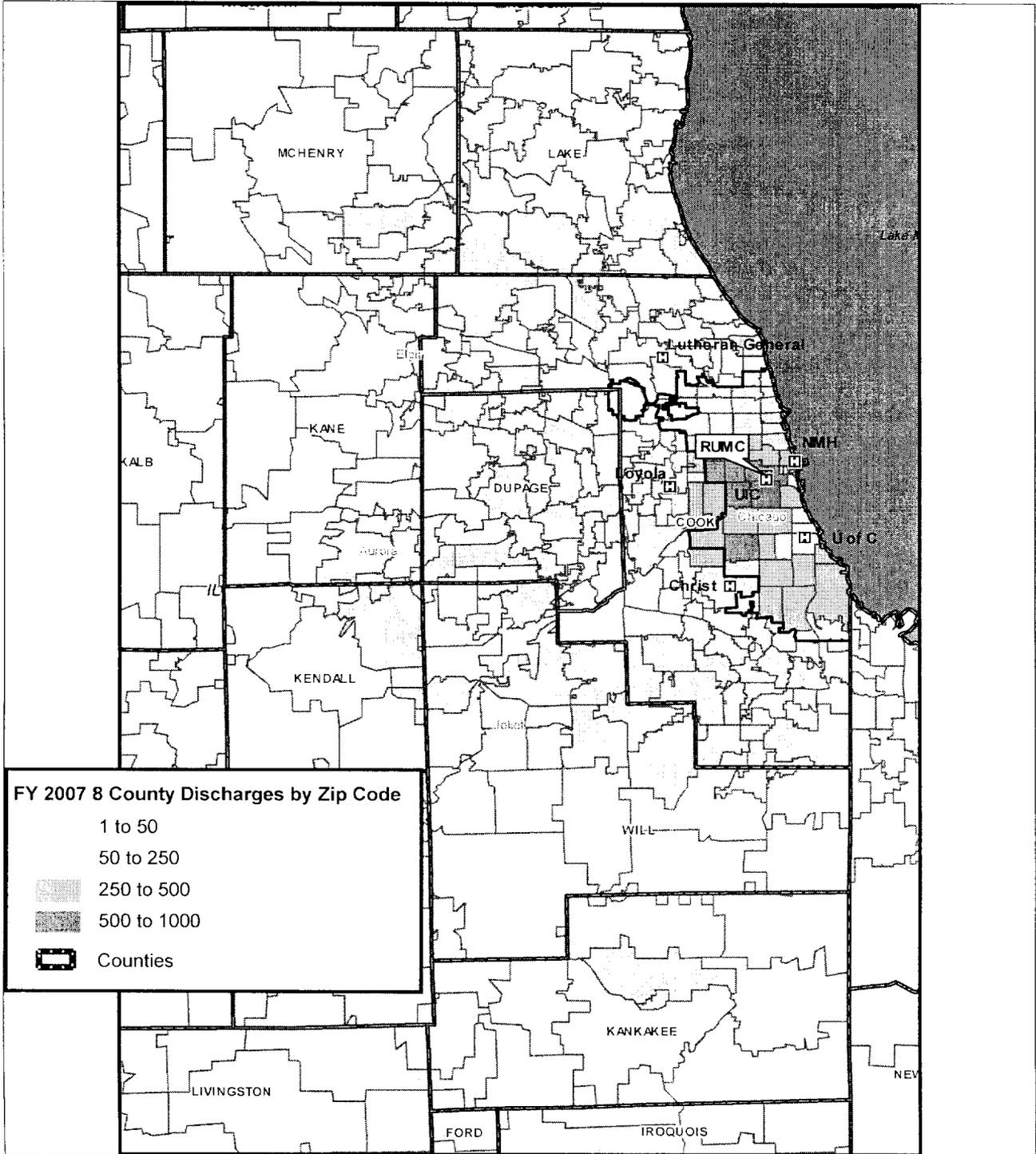
Congressional: 14 - Bill Foster  
State Senate: 42- Linda Holmes  
State House: 83 – Linda Chapa LaVia

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#### SERVICE AREA

The following map shows the surrounding eight county metropolitan area and RUMC's inpatient discharges in fiscal year 2007 for that area:

**Rush University Medical Center  
8-County Market with Primary Service Area**







**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: Silver Cross Hospital**

**STATISTICS**

Project Number: H-HO-TE-CD-8051	Amount: \$275,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Dana Sodikoff
County/Region: Will/Northeast	City: New Lenox

**BOARD ACTION**

Final Bond Resolution	Staff recommends approval
Conduit 501 (c)(3) bonds	No extraordinary conditions
No IFA funds at risk	
Changes since Preliminary Resolution: Sources and Uses have been updated	

**VOTING RECORD**

The IFA gave its approval for a Preliminary Bond Resolution on September 9, 2008 by the following vote:

Ayes – 10	Nays – 0	Absent – 1	Vacancies – 4
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**PURPOSE**

Proceeds will be used to 1) finance the construction of a replacement hospital in New Lenox; 2) pay for capitalized interest; 3) fund a debt service reserve fund; 4) pay costs of issuance

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense.

**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

**JOBS**

Current employment: 1,374 FTE's	Projected new jobs: 0
Jobs retained: 1,374 FTE's	Construction jobs: 637

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	\$240,000,000	Uses:	Project Fund/CAPI	\$211,536,757
	2008A DSRF Release	8,666,000		Debt Service Reserve Fund	28,597,400
	Net Original Issue Discount	<u>(6,131,843)</u>		Est. Costs of Issuance	960,000
				Est. Underwriter's Discount	<u>1,440,000</u>
	<b>Total</b>	<b>242,534,157</b>		<b>Total</b>	<b>242,534,157</b>

**FINANCING SUMMARY/STRUCTURE**

**Security:** The bonds are expected to be secured by an Obligation of Silver Cross Hospital under a Master Trust Indenture. Collateral is expected to include a pledge of unrestricted receivables, a mortgage, and a debt service reserve fund

**Structure:** The current plan of finance contemplates the issuance of 100% fixed rate bonds, which will carry the rating of the Hospital.

Interest Rate:	To be determined the day of pricing depending on market conditions. The all-in cost is estimated to be in the 6% to 7% range
Interest Mode:	Fixed rate bonds
Credit Enhancement:	These bonds will carry the rating of Silver Cross Hospital, which is currently A/A (S&P/Fitch), and is expected to be in the 'BBB' category when the additional debt is taken into account
Maturity:	Up to 40 years
Ratings:	Silver Cross Hospital currently maintains ratings with S&P and Fitch. Current ratings are as follows: A/A (S&P/Fitch). It is anticipated the existing ratings will be downgraded as a result of the additional debt.
Estimated Closing Date:	November 2008

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### PROJECT SUMMARY

Project Rationale: Silver Cross Health System undertook a facility study beginning in early 2007 as part of their continuing strategic evaluation. Many portions of the existing facility are in need of renovation in terms of proper sizing and enhancement of modern delivery of care, with certain portions of the hospital built as long as 89 years ago. Leadership engaged a consultant and looked at four options:

- ◆ Replacement facility at current location
- ◆ Major renovations to existing hospital at current campus
- ◆ Minor renovations of existing hospital at current campus and construction of satellite facility at a more desirable location 3.5 miles away
- ◆ Replacement facility at the new site 3.5 miles away

After a rigorous review, leadership chose to construct a replacement facility at a new greenfield site 3.5 miles away from the existing campus. The new site is located on a parcel of land owned by Silver Cross adjacent to a ramp off of a newly constructed 18-mile extension of I-355 that shortens the trip to Chicago from Will County by about 20 minutes. The new location repositions Silver Cross more central in its existing primary service area, and closer to the fast-growing communities of Will County. Applications to build new hospitals further east in Silver Cross' service area by large health care systems have been turned down in recent years, and by building its replacement facility in this location, Silver Cross would be protecting its market position against new entrants.

Silver Cross chose not to pursue the other options because:

- ◆ The existing campus is not well-positioned to capture the benefits of the growing communities in the eastern portion of Will County. In addition, a replacement facility on the existing campus would be costly and very disruptive to patients and the delivery of care
- ◆ Major renovations to the existing facility would be disruptive to patient flow but would not produce an optimal physical plant for today's delivery of care and would be inferior to a major competitor's new 7-story patient tower that is expected to open in 2009
- ◆ Renovating the existing facility and building a smaller satellite facility would produce duplication of services, which would be less economically efficient

**The Replacement Hospital:**

The Hospital submitted a certificate of need (“CON”) application to the Illinois Health Facilities Planning Board (the “Planning Board”) to establish a replacement hospital (the “Replacement Hospital Facility”). On July 1, 2008, the Planning Board approved the CON. The Replacement Hospital Facility will be constructed on a parcel of land owned by the Hospital located approximately 3.5 miles from the existing Hospital Facility on Route 6 in New Lenox, IL, adjacent to an interchange of the recently completed I-355 expansion. The Replacement Hospital Facility will be located in the center of the Hospital’s existing primary service area, and falls outside the primary service area of nearby competing hospitals.

The Replacement Hospital Facility will occupy approximately 553,867 square feet and will have 289 licensed and staffed beds, which is a reduction of 15 licensed beds compared to the existing Hospital Facility, but an increase of 44 staffed beds. The following chart compares licensed beds at the existing Hospital Facility with the proposed licensed bed complement at the Replacement Hospital Facility:

	Existing Hospital Facility	Replacement Hospital Facility
Medical/Surgical	184	194
Pediatric	39	8
Obstetric	26	30
Behavioral	20	20
Inpatient Rehab	17	15
ICU	<u>18</u>	<u>22</u>
TOTAL	304	289

Upon completion of construction of the Replacement Hospital Facility and the commencement of operations, it is currently anticipated that the existing Hospital campus will house a health center with primary and urgent care services. Management has hired a real estate consultant to assist in determining the best use of the existing Hospital campus, and has also sought input from the community.

Timing: November 2008

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**BUSINESS SUMMARY**

**Background:** Silver Cross Hospital (“SCH”) is a 501(c)(3) corporation established under Illinois law.

**Description:** Silver Cross is a 304-bed hospital located in Joliet, Illinois, approximately 35 miles southwest of Chicago. SCH was recently recognized by Solucient as one of the 100 Top Hospitals in the United States and has a good reputation of providing a broad range of healthcare services, with substantial resources. Silver Cross has consistently gained market share and is the market share leader in its primary service area. Silver Cross is located in Will County, one of the most rapidly growing counties in the country. The county has experienced explosive growth over the past 15 years and projections suggest that strong growth will continue for the next 25 years.

Silver Cross’s market share has increased from 29.2% to 31.6% (2003-2007) in its Primary Service Area (“PSA”) and is now the leading market share in its PSA. Inpatient admissions have increased 13% since 2004 and 46% since 2001, including an increase in ER visits of 25% since 2004 and 40% since 2001. Also, Surgeries have increased 19% since 2004 and 32% since 2001, and Cardiology procedures have increased 67% since 2004 and over 300% since 2001.

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**OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT**

**Project name:** Silver Cross Hospital  
1200 Maple Road  
Joliet, IL 60432

**Applicant:** Silver Cross Hospital

**Organization:** 501(c)(3) Not-for-Profit Corporation

**State:** Illinois

**Board Members (501c3):**

Carlstrom, Jack M.	Retired Businessman
Curran, Connie	C-Change, Executive Director
Gutierrez, Daniel, M.D.	Retired Physician
Hutchison, Douglas, Jr.	Inspire Staffing Group
Mahoney, George F., III	Mahoney, Silverman & Cross, LTD
McCowan, Al	Senior Vice President, Habitat Co.
Morrisette, Steve	First Community Bank of Joliet
Pawlak, Paul	Silver Cross Hospital, President/CEO
Rinella, Salvador M.D.	Silver Cross Hospital
Roof, James	President, First Midwest Bank
Sehring, Louis	Retired Bank President
Sharma, Umesh, M.D.	Chief of Medical Staff, Physician/Surgeon
Slinkard, Russ	Joliet Region Chamber of Commerce & Ind.,
Stofan, Mark	Stofan Agazzi & Company, Inc.

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Foley & Lardner	Chicago	Bob Zimmerman
Bond Counsel:	Jones Day	Chicago	Rich Tomei
Co-Underwriter:	Goldman Sachs	New York	Rondy Jennings
Co-Underwriter:	Barclays Capital	New York	Craig Kornett
Underwriter's Counsel:	Sonnenschein & Nath	Chicago	Mary Wilson
Bond Trustee:	Wells Fargo	Chicago	Patricia Martirano
Accountant	KPMG	Chicago	Jason Stark
Issuer's Counsel:	Arnstein & Lehr LLP	Chicago	Barry Katz
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional: 11-Gerald C. "Jerry" Weller  
State Senate: 43 – Arthur J. (A.J.) Wilhelmi  
State House: 86 – Jack McGuire

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**SERVICE AREA**

Silver Cross Hospital is located near Highway 6 in Joliet, Illinois, approximately 37 miles southwest of the City of Chicago. The primary service area of the Hospital provided approximately 79% of its admissions during calendar year 2007, and includes the surrounding Will County communities of Joliet, Elwood, Lockport, Homer Glen, Manhattan and New Lenox (the "Primary Service Area"). The secondary service area extends about 20 miles beyond the Primary Service Area, and consists of the communities of Bolingbrook, Braidwood, Channahon, Coal City, Frankfort, Lemont, Minooka, Mokena, Monee, Morris, Orland Park, Plainfield, Romeoville, Tinley Park and Wilmington (the "Secondary Service Area").

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: Bethany North Suburban Group**

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**STATISTICS**

Project Number:	H-HO-TE-CD-8052	Amount:	\$40,000,000 (Not to exceed amount)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Morton Grove / Glenview	Region:	Northeast
County:	Cook		

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**BOARD ACTION**

Final Bond Resolution Conduit 501(c)(3) Bonds No IFA funds at risk Changes since Preliminary: Feasibility Study has been completed Sources and Uses have been updated	No extraordinary conditions Staff recommends approval Requesting a waiver of IFA Policy regarding the sale of unrated and unenanced debt, to be based on a feasibility study by Dixon Hughes, which is completed
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**VOTING RECORD**

The IFA gave its approval for a Preliminary Bond Resolution on July 8, 2008 by the following vote:

Ayes – 10	Nays – 0	Absent – 3	Vacancies – 2
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**PURPOSE**

Bond proceeds will be used to: (i) Refund the Chestnut Square at the Glen IHFA Series 2002 Bonds as part of the restructuring of the Obligated Group; (ii) renovate the Bethany Terrace Nursing Centre; and (iii) to fund the conversion of a portion of Bethany Terrace to an assisted living facility called Bethany Gardens Assisted Living Center, which will include 52 private suites.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense.

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**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

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**JOBS**

Current employment:	248 FTE's	Projected new jobs:	50
Jobs retained:	248 FTE's	Construction jobs:	40 to 50

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	\$30,085,000	Uses:	Reimbursement for Prior Expenditures	
	Series 2002 DSRF	2,214,431		Routine Capital	\$3,500,000
	Series 2002 DSF	230,443		Future Capital Expenditures	8,510,000
	Land Contribution	2,000,000		Cost of Issuance	895,322
	Accrued Interest	100,836		Debt Service Reserve Fund	2,314,914
				Capitalized Interest	1,379,283
				Refunding Deposit	15,930,354
				Accrued Interest	100,836
	<b>Total</b>	<b><u>\$34,630,709</u></b>		<b>Total</b>	<b><u>\$34,630,709</u></b>

**FINANCING SUMMARY**

Security/Collateral:	<p><b>Security:</b></p> <ul style="list-style-type: none"> <li>▪ Pledge of gross revenues</li> <li>▪ First mortgage on properties</li> <li>▪ Debt Service Reserve Fund on maximum annual aggregate debt service</li> </ul> <p><b>Covenants:</b></p> <ul style="list-style-type: none"> <li>▪ Minimum Debt Service Coverage Ratio</li> <li>▪ Minimum Days Cash on Hand</li> <li>▪ Limitations on Additional Indebtedness</li> <li>▪ Restrictions on Encumbrance, Sale or Lease of Property</li> <li>▪ Quarterly financial reporting required</li> <li>▪ Standard insurance requirements</li> </ul>
Structure:	Fixed Rate. Sold in minimum denominations of \$25,000.
Maturity:	August 15, 2038
Credit Rating(s):	Non-rated
Waiver:	The bonds will be sold in denominations less than \$100,000 (i.e. \$25,000). The Borrower has requested a waiver of our unrated and non-credit enhanced debt policy. They expect to meet the conditions for a waiver, which they qualify.
<u>Conditions for Waiver:</u>	The Borrower has secured a feasibility study* from an independent and qualified accounting or consulting firm acceptable to the Authority demonstrating the financial viability of the project

\*A full market and financial feasibility study has been prepared by Dixon Hughes, a national accounting firm that provides financial forecast and feasibility studies with the senior living industry, in connection with the issuance of the Bonds.

**PROJECT SUMMARY**

The proceeds of the proposed bond deal will be used to:

- (i) refund the Chestnut Square at the Glen Series 2002 Bonds;
- (ii) reimburse Bethany North Suburban Group for prior expenditures used to renovate the Bethany Terrace Nursing Centre.
- (iii) to fund the construction of a new assisted living conversion at Bethany Terrace called Bethany Gardens Assisted Living Center, which will include 52 private suites.

General objectives are focused upon development of the north suburban campus and Bethany Gardens in order to complete the “continuum of care” and effectively compete in the current north shore marketplace.

The new addition, Bethany Gardens, will replace two wings of Bethany Terrace with approximately 52 private suites in an integrated four story facility. This addition will occupy the space of those two wings that will be demolished for the new project. Currently, the Terrace facility has approximately 70 unoccupied beds (of 230), but after the renewal project there would be only approximately 10 unoccupied beds. There has historically been a demand for assisted living that has not been met, with the system sending assisted living patients to other assisted living facilities. The project is intended to capitalize on this demand. The balance of previously old/obsolete unoccupied units would essentially be reintroduced through the new Bethany Gardens with an assisted living unit focus.

**The Bethany Terrace renovations include:**

- Three (3) new/renovated wings
- Renovated lobby area
- Renovated central meeting area and offices
- Renovated snack shop
- Renewal of the physical therapy and beauty shop area
- Upgrade of one additional wing (Bendix)
- Additional parking lot space (Main Street annexation)
- Modified roof line and front entry decor

Timing: Fall 2008

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**BUSINESS SUMMARY**

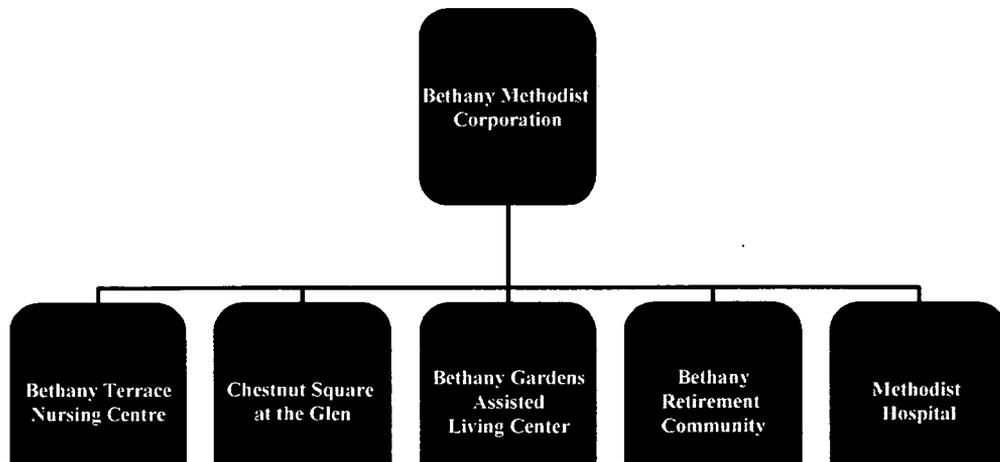
**Background/Description:** Bethany North Suburban Group will consist of Chestnut Square at the Glen (“Chestnut Square”), Bethany Terrace Nursing Centre (“Bethany Terrace”) and Bethany Gardens Assisted Living Center (“Bethany Gardens”).

**Chestnut Square at the Glen** is a 164-unit congregate living community located in Glenview, Illinois for seniors who choose a secure retirement lifestyle that is active, stimulating and fulfilling. Chestnut Square offers one- and two-bedroom independent living apartments with 100% refundable Entrance Fees.

**Bethany Terrace Nursing Centre** is a 275-bed fully licensed nursing home which is located in suburban Morton Grove, Illinois. Bethany Terrace provides a full range of nursing and rehabilitative services.

**Bethany Gardens Assisted Living Center**, a 52-unit assisted living facility, will be a conversion of a portion of the existing campus of Bethany Terrace in Morton Grove, Illinois.

Bethany Methodist Corporation (“BMC”, the “Corporation” or the “System”) is a not-for-profit healthcare corporation that has served the Chicago community for more than 115 years. BMC is currently the sole corporate member of Bethany Homes and Methodist Hospital (“BH&MH”) and Chestnut Square at the Glen Association. The Corporation will not be a part of the obligated group for this financing.



The organizational chart below shows the structure of Bethany Methodist Corporation.

The Obligated Group for the deal are the entities shown in blue.

**Existing Bonds:** Chestnut Square at the Glen currently has approximately \$15.02 million of Series 2002 Bonds outstanding. These bonds are expected to be refunded with the upcoming bond issuance.

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#### OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

**Project name:** Chestnut Square at the Glen / Bethany Terrace Nursing Center / Bethany Gardens Assisted Living Center  
**Locations:** Morton Grove / Glenview  
**Applicant:** Bethany North Suburban Group  
**Organization:** 501(c)(3) Not-for-Profit Corporation  
**State:** Illinois  
**Board of Trustees:** Bethany Terrace currently does not have a separate Board from BMC.  
Chestnut Square at the Glen Board:  
David E. Carlson (Chairman) – Retired Executive  
Stephen Dahl (President) – President and CEO  
Charles Jackson (Director) – Senior VP – Stock Broker  
John Quick (Director) – Senior VP – Quality Assurance  
Janice Rode (Director) - Attorney

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#### PROFESSIONAL & FINANCIAL

<b>Borrower's Counsel:</b>	Drinker Biddle & Reath	Chicago	Jennifer R. Breuer
<b>Bond Counsel:</b>	Jones Day	Chicago	David J. Kates
<b>Underwriter:</b>	Oppenheimer & Co. Inc.	Chicago	Branden Kelly
<b>Underwriter's Counsel:</b>	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo	Boston	Leonard Weiser-Varon
<b>Bond Trustee:</b>	Chase Bank	Chicago	
<b>Accountant:</b>	PricewaterhouseCoopers	Chicago	
<b>Feasibility Consultant:</b>	Dixon Hughes	Atlanta	James Larson
<b>Issuer's Counsel:</b>	Schiff Hardin	Chicago	Bruce Weisenthal
<b>IFA Advisors:</b>	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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#### LEGISLATIVE DISTRICTS

**Congressional:** 9- Janice D. Schakowsky  
**State Senate:** 8- Ira I. Silverstein  
**State House:** 15- John D'Amico

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#### SERVICE AREA

**Service Area:** Chestnut Square at the Glen: Glenview, Northbrook, Northfield, Wilmette, Evanston, Park Ridge  
Bethany Terrace: Morton Grove, Niles, Glenview, Skokie, Evanston, Des Plaines, Park Ridge

**Note: The University of Chicago has requested that the Illinois Finance Authority keep this Application Request Confidential until released into the public domain when the October Board Agenda is officially posted on Friday October, 10<sup>th</sup> at 5:00 p.m.**

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 14, 2008**

**Project: The University of Chicago**

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**STATISTICS**

Project Number: E-PC-TE-CD-7079	Amount: \$500,000,000
Type: 501(c)(3) Revenue Bonds	IFA Staff: Rich Frampton
Location: Chicago	County/ Region: Cook/Northeast

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**BOARD ACTION**

Preliminary Bond Resolution	Staff recommends approval
Conduit 501(c)(3) Revenue Bonds	No extraordinary conditions
No IFA funds at risk	

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**VOTING RECORD**

No prior vote. This the first time this financing has been presented to the IFA Board of Directors.

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**PURPOSE**

This project will involve various capital construction and renovation projects to be financed primarily on the University of Chicago's (the "University's") Hyde Park campus, but also including nearby buildings. These capital improvements are anticipated over several years. This financing will provide permanent financing for a portion of these capital project development costs. A detailed listing of the long-term project scope is contained under the Project Summary section of this report (see p. 3).

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enable 501(c)(3) corporations to finance capital projects furthering support of their mission. IFA's issuance of these Bonds will convey federal tax-exempt status on the interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the Borrower.

The University and its financing team are currently evaluating various fixed and variable rate structures. Final decisions regarding structure will be more specifically

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**PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA Series 2008B-C	\$500,000,000	Uses: *New Project Cost (p.3)	\$500,000,000
*Fundraising/Equity	<u>2,500,000</u>	Issuance Costs	<u>2,500,000</u>
<b>Total</b>	<b><u>\$502,500,000</u></b>	<b>Total</b>	<b><u>\$502,500,000</u></b>

\* Note: This financing will finance the construction and completion of several projects that were partially financed with proceeds of IFA Series 2007 Bonds (Par amount: \$250 million). The University will evaluate prospective combinations of Fixed and Variable Rate bonds as market conditions evolve.

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**JOBS – Preliminary estimates, subject to change**

Current employment: 9,177 (FT and PT)

Projected new jobs: 50-100 (within 2 years of completion);

*Note:* these are preliminary estimates of incremental jobs resulting from the new projects to be financed with the Series 2008 Bonds. The University estimated 50-300 new jobs resulting from projects finance with the Series 2007 Bonds – projects partially financed with the IFA Series 2007 Bonds will be completed with proceeds of the IFA Series 2008 Bonds.

Jobs retained: N/A

Construction jobs: 150-200 average (12-24 months)

*Note:* this financing largely represents a continuation of projects initially financed with proceeds of the IFA Series 2007 Bonds. Consequently, this financing will extend the overall construction period relating to the Series 2007 Bonds by an estimated 12 to 24 months.

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**FINANCING STRUCTURE**

**Structure:** The University plans to sell Bonds in a combination of Fixed and Variable Rate Modes that will be determined by the University and its financing team based on market conditions. The Bonds will be secured based on the direct underlying long-term ratings of the University of Chicago for fixed rate or standard daily or weekly adjustable (variable) interest rate bonds (see Security/Collateral section immediately below).

**Security/  
Collateral:** The Bonds will be secured by a general obligation of the University. The Bonds will not be secured by a mortgage or security interest on any of the University's assets, properties, or funds. The University's is currently rated Aa1/VMIG1/Stable (Moody's as of 6/7/2007); AA/A-1+/Stable (Standard and Poor's as of 6/11/2007); and AA+/F1+/Stable (Fitch as of 6/7/2007). The University anticipates the proposed bonds will be rated similarly by all three rating agencies. The University of Chicago is one of only a few IFA borrowers that has its own short-term investment grade credit ratings from all three ratings agencies, thereby enabling the sale of standard variable rate. A Liquidity Facility will be required for Bonds that bear interest in a Weekly (Adjustable Rate) Mode and obtained from a financial institution with a long-term rating of A1/A/A or better (Moody's/S&P/Fitch).

**Maturity:** The Underwriter expects to structure the issue with Bonds maturing in 30 to 40 years. The final maturity date will be determined prior to the IFA Board's consideration of a Final Bond Resolution for this financing. The final configuration of the Bonds (i.e., the amounts of fixed and variable rate debt) will depend on prevailing market conditions at pricing.

**Estimated  
Interest Rates:**

- Fixed Rate Bonds: 5.07% for 30 year bonds, based on estimates as of 9/22/2008
- Variable Rate Bonds: For discussion purposes, the 52-week running average of the 7-Day SIFMA Municipal Swap Index (a proxy for the Weekly Rate Mode) has averaged approximately 2.64% over the past year as of 9/10/2008. After adding customary periodic fees (e.g., ongoing Letter of Credit, Trustee, and Remarketing Agent Fees) the effective floating rate would have ranged from 3.26% to 3.51% over the past 12 months.

Timing: Estimated closing date: November or December 2008 (will depend on market conditions).  
Forward Swap/  
Qualified Hedge  
On Variable  
Rate Bonds: To be determined. The University and its financial advisor will evaluate prospective swaps or hedges on any Variable Rate Bonds based on market conditions.

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### BUSINESS SUMMARY

Background: The University of Chicago (the "University") is a 501(c)(3) organization incorporated under Illinois law. The University is a private, non-sectarian, co-educational educational and research institution founded by John D. Rockefeller in 1890.

Description: The University's mission is to provide education in liberal and professional studies. The University campus is located on approximately 211 acres in Hyde Park, approximately eight miles south of downtown Chicago. The University's campus is located along the Midway Plaisance, a parkway designed by Frederick Law Olmstead for the City's South Park System used for the Columbian Exposition in 1893.

The University consists of an undergraduate College, and six professional schools (Business, Divinity, Law, Medicine, Public Policy Studies, and Social Service Administration). Additionally, the University also operates the Graham School of General Studies (continuing education for adults) and the Laboratory Schools (K-12 primary and secondary education). The University of Chicago Press is an academic unit of the University and is the largest academic press in the nation.

The University's extensive library resources are comprised of over 7 million print volumes and are located in several departmental libraries campus-wide.

The University estimates that it will have approximately 2,168 full-time faculty and 616 part-time faculty at the beginning of academic year 2008-2009. The University's support staff totals approximately 7,000 full-time and part-time employees, approximately 1,550 of whom are represented by collective bargaining agreements.

The University an extensive financial aid program designed to enable the most qualified student to attend the University regardless of their financial circumstances. For the 2007-2008 academic year, approximately 57% of all students received some form of financial aid. Those receiving need-based aid obtained average annual grant awards of \$22,160. Of the \$55.65 million in grant aid provided by the University to undergraduate students in 2007-2008, merit-based aid represented less than 12% of the total.

The University of Chicago has benefited from several bond financings through IFA and currently has 13 bond issues outstanding, totaling approximately \$1.13 billion as of 8/31/2008.

Beginning in 1986, The University of Chicago separated the operation of its hospital system from the University. Accordingly, The University of Chicago Hospitals was incorporated on October 1, 1986 to assume operations of the hospitals and clinics.

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### PROJECT SUMMARY (for IFA Preliminary Bond Resolution)

Bond proceeds will be used by the University of Chicago (the "University") to finance, refinance, or be reimbursed for (i) all or a portion of the costs of the acquisition, construction, renovation, and equipping of certain of its educational facilities located at the University's Hyde Park Campus in Chicago, Illinois, (ii) make any deposits to certain funds required to be maintained in accordance with one or more Trust Indentures between the Authority and one or more bank

or trust companies having the powers of a trust company, and (iii) and to pay costs of issuance on the Bonds, including the costs of bond insurance or other credit or liquidity enhancement, if any (and collectively, the "Project").

Key capital improvement projects associated with the Project include (also see capital project budget below):

- The planning, design, and construction of a new residence hall and dining facility;
- The planning, design, and construction of a steam and chilled water utility plant expansion;
- The renovation and rehabilitation and equipping of Chemistry laboratories;
- The planning, design, and construction of the 61<sup>st</sup> Street and Drexel Office Building;
- The planning, design, and construction of the Center for Biomedical Discovery;
- The planning design and construction of a library addition and renovations of existing library facilities;
- The purchase of computer equipment and systems development;
- The planning, design, and construction of an expansion of The Laboratory Schools;
- The planning, design, construction, renovation, equipping, and rehabilitation of new administrative, academic, and research facilities, campus safety and infrastructure improvements, laboratory and office facilities, and the purchase of scientific equipment, and the completion of various other campus renovations and improvements.

The total estimated line-item cost of these various capital improvements to be financed with proceeds of the IFA Series 2008 Bonds are:

New Residence Hall and Dining Facility:	\$100,000,000
Steam and Chilled Water Utility Plant Expansion:	60,000,000
Chemistry Lab Renovations:	35,000,000
Center for Biomedical Discovery:	100,000,000
61st and Drexel office building:	15,000,000
Library addition and renovations:	45,000,000
Computer equipment and systems development:	65,000,000
Laboratory schools expansion:	15,000,000
Other administrative, academic, and research Projects (\$65M to be financed from Series 2008B-C Bond Proceeds):	<u>65,000,000</u>
<b>Total</b>	<b>\$500,000,000</b>

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#### ECONOMIC DISCLOSURE STATEMENT

Applicant: The University of Chicago, 1225 E. 60<sup>th</sup> St., Chicago, IL, 60637-2801  
Web site: [www.uchicago.edu](http://www.uchicago.edu)  
Contact: John Kroll, Comptroller, Ph.: 773/702-1941; E-mail: [xjrk@uchicago.edu](mailto:xjrk@uchicago.edu)  
Project name: IFA Series 2008B-C Revenue Refunding Bonds (The University of Chicago Project)  
Project name: Series 2008-2009 Capital Construction and Renovation Projects  
Locations: The University of Chicago's Hyde Park Campus, 1225 E. 60<sup>th</sup> St., Chicago, IL 60637-2801  
Organization: Illinois 501(c)(3) Corporation  
Board Membership: *See attached list of Board of Trustees (p. 6).*  
Current Land Owner: The University of Chicago

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Auditor:	KPMG LLP	Chicago, IL	
Borrower's Financial Advisor:	Prager Sealy & Co., LLC	New York, NY	Linda Fan
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Nancy Burke
Senior Managers:	The University and its Financial Consultants are currently negotiating with several Investment banking firms to serve as Senior Manager(s) and Co-Managers.		
Co-Managers:	Forthcoming (the University is considering several prospective firms including MBE/WBE firms)		
Underwriter's Counsel:	To be determined by Senior Manager		
Trustee:	To be determined		
General Contractors:	Berglund Construction	Chicago	
	Bovis Lend Lease	Chicago	
	Gilbane Building Company	Chicago	
	Turner Construction	Chicago	
Architects:	Bauer Latoza	Chicago	
	Murphy Jahn	Chicago	
	Wilson Architects	Boston	
Rating Agencies:	Moody's/S&P/Fitch		
IFA Counsel:	Requested		
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional:	1	Bobby L. Rush
State Senate:	13	Kwame Raoul
State House:	25	Barbara Flynn Currie

## The University of Chicago: Board of Trustees

### Trustees

### Affiliation

**Chairman:** James S. Crown, President, Henry Crown and Company

**Vice-Chairman:** Andrew M. Alper, Former President, NYC Economic Development Corporation

**Vice-Chairman:** Valerie B. Jarrett, Managing Director and Executive Vice President, The Habitat Company

David G. Booth	Chairman and CEO, Dimensional Fund Advisors, Inc.
Thomas A. Cole	Chairman of the Executive Committee and Partner, Sidley Austin, LLP
E. David Coolidge III	Vice Chairman, William Blair & Company, L.L.C.
Katharine P. Darrow	Retired Senior Vice President, The New York Times Company
Erroll B. Davis, Jr.	Chancellor, University System of Georgia
Craig J. Duchossois	Chief Executive Officer, Duchossois Industries
James S. Frank	President and CEO, Wheels, Inc.
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Rodney L. Goldstein	Chairman and Managing Director Frontenac Company
Mary Louise Gorno	Partner and Managing Director Lantern Partners
Kathryn C. Gould	Founder and General Partner, Foundation Capital
Sanford J. Grossman	Chairman and CEO, Quantitative Financial Strategies, Inc., Grossman Asset Management
King W. Harris	Chairman, Harris Holding, Inc.
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Karen L. Katen	Vice Chairman, Pfizer Inc.
Dennis J. Keller	Chairman, DeVry Inc.
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James M. Kilts, Jr.	Founding Partner, Centerview Partners
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Robert W. Lane	Chairman & CEO, Deere & Company
Sherry L. Lansing	CEO, The Sherry Lansing Foundation
Charles A. Lewis	Lewis-Sebring Family Foundation
John C. Martin	President & CEO Gilead Sciences, Inc.
Walter E. Massey	President, Morehouse College
Peter W. May	President and COO, Triarc Companies, Inc.
John W. McCarter, Jr.	President and CEO, The Field Museum
Joseph Neubauer	Chairman and CEO, ARAMARK Corporation
Emily Nicklin	Partner, Kirkland & Ellis
Harvey B. Plotnick	President, Paradigm Holdings, Inc.
Michael P. Polsky	Founder, President & CEO, Invenergy, LLC
Thomas Jay Pritzker	Chairman and CEO, Global Hyatt Corporation
George A. Ranney, Jr.	President and CEO, Chicago Metropolis 2020
John W. Rogers, Jr.	Chairman and CEO, Ariel Capital Management L.L.C., Ariel Mutual Funds
Andrew M. Rosenfield	Managing Partner, Guggenheim Partners
David M. Rubenstein	Director, The Carlyle Group
Richard P. Strubel	Vice Chairman, UNext, Inc.
Byron D. Trott	Vice Chairman, Investment Banking Division, Goldman, Sachs & Co.
Marshall Wais, Jr.	Chief Executive Officer, Marwais International L.L.C.
Gregory W. Wendt	Senior Vice President, Capital Research Company
Jon Winkelreid	President and Co-COO Goldman, Sachs & Co.
Paula Wolff	Senior Executive, Chicago Metropolis 2020
Paul G. Yovovich	President, Lake Capital
Francis T.F. Yuen	Chairman, Pacific Century Insurance Holdings Limited
Robert J. Zimmer	President, The University of Chicago

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**TO:** IFA Board of Directors

**FROM:** Pam Lenane and Dana Sodikoff

**DATE:** September 26, 2008

**RE:** A Resolution Authorizing Amendments to the Southern Illinois Healthcare Final Bond Resolution to increase the initial maximum coupon rates: on their tax-exempt fixed bonds from 7.00% to 8.00%; their tax-exempt variable bonds from 7.00% to 10.00%; and their taxable variable bonds from 9.00% to 12.00%.  
(Southern Illinois Healthcare)  
IFA Project: H-HO-TE-CD-8147

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### BACKGROUND:

The IFA Board of Directors approved a Final Bond Resolution to issue conduit 501(c)(3) Revenue Bonds for the Southern Illinois Healthcare project in an amount not-to-exceed \$185 million at the September 9, 2008 Board Meeting. The Series 2008 Bonds will consist of tax-exempt fixed rate bonds, tax-exempt variable rate bonds and taxable variable rate bonds, all with a maturity no later than 2048.

The proceeds of the Bonds will be loaned to Southern Illinois Healthcare Enterprises, Inc., an Illinois not for profit corporation (the "Parent"), to be used, together with certain other funds, (i) to refund all or a portion of the \$37,175,000 IHFA's Series 1998A Revenue Refunding Bonds (ii) to refund all or a portion of the \$35,200,000 IHFA's Series 1998B Variable Rate Demand Revenue Refunding Bonds, (iii) to convert and reissue or refund all or a portion of the \$69,000,000 IFA Series 2005 auction rate securities, (iv) to pay or reimburse the Borrower for the costs of, or refinance certain outstanding taxable bonds, (v) establish a debt service reserve fund for the benefit of the Bonds, if deemed necessary or advisable, (vi) to pay a portion of the interest on the Bonds, if deemed necessary or advisable, (vii) to provide working capital to the Parent or the Corporation, if deemed necessary or advisable, and (viii) to pay certain expenses incurred in connection with the issuance of the Bonds.

### REQUEST:

Because of the market volatility, after further discussions with Southern Illinois Healthcare and their financing team, Southern Illinois Healthcare is requesting that the IFA Board approve on the proposed IFA Series 2008 Bonds (Southern Illinois Healthcare) an increase of their initial maximum tax-exempt fixed coupon rate from 7.00% to 8.00%; an increase of their initial maximum tax-exempt variable coupon rate from 7.00% to 10.00%; an increase of their initial maximum taxable variable coupon rate on the proposed IFA Series 2008 Bonds (Southern Illinois Healthcare) from 9.00% to 12.00%.

Southern Illinois Healthcare is not requesting any other amendments to the documents previously approved by the IFA Board.

### RECOMMENDATION:

Staff recommends approval of the accompanying Amendatory Resolution to accomplish the objectives of increasing their initial maximum tax-exempt fixed coupon rate from 7.00% to 8.00%; an increase of their initial maximum tax-exempt variable coupon rate from 7.00% to 10.00%; an increase of their initial maximum taxable variable coupon rate from 9.00% to 12.00% on the proposed bonds as requested.

**Amendment to  
Resolution number 2008-10-22**

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

**WHEREAS**, on September 9, 2008, the Authority passed Resolution Number 2008-09-21 (the "Original Resolution") for the benefit of Southern Illinois Healthcare Enterprises, Inc., an Illinois not for profit corporation (the "Corporation"); and

**WHEREAS**, the Original Resolution authorized, among other things, the issuance of not to exceed \$185,000,000 in aggregate principal amount of revenue bonds consisting of one or more series of (i) Revenue Refunding Bonds, Series 2008A (Southern Illinois Healthcare Enterprises, Inc.) (the "Series 2008A Bonds"), (ii) Variable Rate Demand Revenue Bonds, Series 2008B (Southern Illinois Healthcare Enterprises, Inc.) (the "Series 2008B Bonds") and (iii) Taxable Variable Rate Demand Revenue Bonds, Series 2008C (Southern Illinois Healthcare Enterprises, Inc.) (the "Series 2008C Bonds" and, together with the Series 2008B Bonds, the "Variable Rate Bonds" or, together with the Series 2008A Bonds and the Series 2008B Bonds, the "Series 2008 Bonds") of the Authority and the execution and delivery of certain Authority Documents described therein; and

**WHEREAS**, Section 2 of the Original Resolution authorized (i) the Series 2008A Bonds to bear interest at stated rates not exceeding 7.0% per annum, (ii) the Series 2008B Bonds to bear interest initially at a rate not to exceed 7.0% per annum and (iii) the Series 2008C Bonds to bear interest initially at a rate not to exceed 9.0% per annum; and

**WHEREAS**, in response to recent market volatility, the Corporation has requested that the Authority amend the provisions of the Original Resolution in order to authorize (i) the Series 2008A Bonds to bear interest at stated rates not exceeding 8.0% per annum, (ii) the Series 2008B Bonds to bear interest initially at a rate not to exceed 10.0% per annum and (iii) the Series 2008C Bonds to bear interest initially at a rate not to exceed 12.0% per annum; and

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

1. The first sentence of the second paragraph of Section 2 of the Original Resolution is hereby amended to read as follows:  
"The Series 2008A Bonds shall mature no later than March 1, 2038, shall be subject to serial maturities or mandatory bond sinking fund redemption commencing no later than March 1, 2020 and shall bear interest at stated rates not exceeding 8.0% per annum."
2. The second sentence of the third paragraph of Section 2 of the Original Resolution is hereby amended to read as follows:  
"The Series 2008B Bonds shall bear interest at rates not to exceed the maximum interest rate set forth in the Series 2008B Bond Indenture (provided that the maximum interest rate shall not exceed 25.0% per annum), and initially at a rate not to exceed 10.0% per annum, and shall be subject to purchase and tender and to optional, extraordinary and mandatory bond sinking fund redemption and be payable all as provided in the Series 2008B Bond Indenture; provided that as of the date of issuance and delivery of the Series 2008B Bonds, the Series 2008B Bonds shall initially bear interest for a Weekly Rate Period (as such terms are defined in the Series 2008B Bond Indenture) unless the Authorized Officer shall determine that the Series 2008B Bonds shall initially bear interest in another Rate Period permitted under the Series 2008B Bond Indenture."
3. The second sentence of the fourth paragraph of Section 2 of the Original Resolution is hereby amended to read as follows:  
"The Series 2008C Bonds shall bear interest at rates not to exceed the maximum interest rate set forth in the Series 2008C Bond Indenture (provided that the maximum interest rate shall not exceed 25.0% per annum), and initially at a rate not to exceed 12.0% per annum, and shall be subject to purchase and tender and to optional, extraordinary and

mandatory bond sinking fund redemption and be payable all as provided in the Series 2008C Bond Indenture; provided that as of the date of issuance and delivery of the Series 2008C Bonds, the Series 2008C Bonds shall initially bear interest for a Weekly Rate Period (as such terms are defined in the Series 2008C Bond Indenture) unless the Authorized Officer shall determine that the Series 2008C Bonds shall initially bear interest in another Rate Period permitted under the Series 2008C Bond Indenture.”

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

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

ADOPTED this 14<sup>th</sup> day of October, 2008 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

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Secretary

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**TO:** IFA Board of Directors

**FROM:** Pam Lenane and Dana Sodikoff

**DATE:** September 26, 2008

**RE:** A Resolution Authorizing Amendments to the Final Bond Resolution to Increase the Initial Maximum Variable Coupon Rate from 4.00% to 12.00%  
(Northwest Community Hospital)  
IFA Project: H-HO-TE-CD-8025

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### BACKGROUND:

The IFA Board of Directors approved a Final Bond Resolution to issue conduit 501(c)(3) Revenue Bonds for the Northwest Community Hospital project in an amount not-to-exceed \$350 million at the July 8, 2008 Board Meeting. The Series 2008 Bonds will be both fixed and variable rate with a maturity no later than 2048. The fixed rate portion of the transaction closed on September 19, 2008. The variable rate portion of the transaction has not yet priced or closed because of the market volatility.

Proceeds of the bonds will be used to: 1) finance the construction of NCH's master facility plan featuring a patient tower, parking garage, relocations and equipment; 2) pay for interest during the construction period; 3) pay for routine capital expenditures at the Hospital; 4) pay for the Debt Service Reserve Fund related to the financing, if necessary; 5) refinance a taxable line of credit which is used to current refund the Series 2002A auction rate bonds; 6) refinance the Series 2002B Variable Rate Demand Bonds and 7) pay for costs of issuance (including insurance, if necessary).

### REQUEST:

Because of the market volatility, after further discussions with Northwest Community Hospital and their financing team, Northwest Community Hospital is requesting that the IFA Board approve an increase of their initial maximum variable coupon rate on the proposed IFA Series 2008 Bonds (Northwest Community Hospital) from 4.00% to 12.00%.

Northwest Community Hospital is not requesting any other amendments to the documents previously approved by the IFA Board.

### RECOMMENDATION:

Staff recommends approval of the accompanying Amendatory Resolution to accomplish the objectives of increasing the initial maximum variable coupon rate from 4.00% to 12.00% on the proposed bonds, as requested.

**Amendment to  
Resolution number 2008-07-23**

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

**WHEREAS**, on July 8, 2008, the Authority passed Resolution Number 2008-07-17 (the “Original Resolution”) for the benefit of Northwest Community Hospital, an Illinois not for profit corporation (the “Hospital”); and

**WHEREAS**, the Original Resolution authorized, among other things, the issuance of not to exceed \$350,000,000 in aggregate principal amount of revenue bonds consisting of one or more series of (i) Revenue Bonds, Series 2008A (Northwest Community Hospital) (the “Series 2008A Bonds”), (ii) Variable Rate Demand Revenue Bonds, Series 2008B (Northwest Community Hospital) (the “Series 2008B Bonds”) and/or (iii) Variable Rate Demand Revenue Bonds, Series 2008C (Northwest Community Hospital) (the “Series 2008C Bonds” and, together with the Series 2008B Bonds, the “Series 2008B/C Bonds” and, together with the Series 2008A Bonds, the “Series 2008 Bonds”) of the Authority and the execution and delivery of certain Authority Documents described therein; and

**WHEREAS**, Section 2 of the Original Resolution authorized the Series 2008B/C Bonds to bear interest initially at rates not to exceed 4.00% per annum; and

**WHEREAS**, in response to recent market volatility, the Hospital has requested that the Authority amend the provisions of the Original Resolution in order to authorize the Series 2008B/C Bonds to bear interest initially at rates not to exceed 12.00% per annum; and

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

1. The third sentence of the second paragraph of Section 2 of the Original Resolution is hereby amended to read as follows:  
“The Series 2008A Bonds shall bear interest at stated rates not to exceed 6.50% per annum; and the Series 2008B/C Bonds shall bear interest at variable rates not to exceed the maximum interest rate set forth in the Series 2008B Bond Indenture and the Series 2008C Bond Indenture (collectively, the “Series 2008B/C Bond Indentures”) (provided that the maximum interest rate shall not exceed 25.0% per annum), and initially at rates not to exceed 12.00% per annum, and be subject to purchase and tender and be payable all as provided in the Series 2008B/C Bond Indentures; provided that as of the date of issuance and delivery of the Series 2008B/C Bonds, the Series 2008B/C Bonds shall initially bear interest in the Weekly Mode or the Daily Mode (as such terms are defined in the Series 2008B/C Bond Indentures), to be specified in the Series 2008B/C Purchase Contract related thereto, unless the Executive Director (or interim Executive Director) of the Authority, or such other Authorized Officer (as defined below) of the Authority who executes the Series 2008B/C Purchase Contract related thereto, shall determine that any series of the Series 2008B/C Bonds shall initially bear interest in another mode permitted under the Series 2008B/C Bond Indentures.”
2. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents as may be necessary to carry out and comply with the provisions of this Resolution, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved.
3. This Resolution is intended to confer additional authority to act under the Original Resolution and the Original Resolution shall remain in full force and is hereby ratified, provided, that the Original Resolution is hereby amended to the extent that it is not consistent with this Resolution.

**ADOPTED** this 14<sup>th</sup> day of October, 2008 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

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Secretary

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**TO:** IFA Board of Directors

**FROM:** Pam Lenane and Dana Sodikoff

**DATE:** September 29, 2008

**RE:** Amendatory Resolution for OSF Healthcare System Series 2005A&B IFA Bonds and Series 2007 B,C&D IFA Bonds

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### BACKGROUND:

On April 8, 2008, the IFA Board approved the conversion of the OSF Healthcare System ("OSF") Series 2005A&B IFA Bonds, \$106,100,000 currently outstanding and Series 2007 B,C&D IFA Bonds, \$170,000,000 currently outstanding, to Auction Periods of any length permitted under the Bond Indentures, including but not limited to Auction Periods of up to 270 days in order to lower interest costs.

### REQUEST:

OSF Healthcare System is now requesting approval to amend the Bond Indentures and auction documents relating to the Series 2005 and 2007 Bonds to permit OSF to purchase their bonds in the auctions and to do so without having to cancel the bonds. Because of current market uncertainty, OSF would like to be able to purchase their own bonds from their own funds if a successful auction cannot be conducted, and would like to have the option of holding the bonds, rather than canceling them in order to allow them to keep the debt outstanding and give them time to convert to another interest rate mode permitted under the bond documents. While the documents permit such purchases, the provisions need to be amended to give OSF the ability to restructure the transactions. The auction documents currently prohibit OSF from participating in auctions. The bond indentures contain a provision that would require bonds purchased by OSF to be cancelled.

The SEC and IRS have provided guidance making it clear that upon compliance certain conditions, borrowers such as OSF may participate in auctions to purchase their own bonds. OSF anticipates that it will have the bondholder consents necessary to make these amendments.

### RECOMMENDATION:

Staff recommends approval of the accompanying Amendatory Resolution to accomplish the objective of: amending the OSF Healthcare System Bond Indentures and auction documents relating to the Series 2005 and 2007 Bonds to permit OSF to purchase their bonds in the auctions and to do so without having to cancel the bonds.

**Amendment to  
Resolution 2008-10-24**

**WHEREAS**, the **Illinois Finance Authority** (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act (the “Act”); and

**WHEREAS**, on February 12, 2008 and April 8, 2008, the Authority passed resolutions (the “Prior Resolutions”) regarding the conversion of the interest rates on certain bonds issued for the benefit of OSF Healthcare System, an Illinois not for profit corporation (the “Borrower”); and

**WHEREAS**, on September 20, 2005, the Authority issued (i) \$53,925,000 in aggregate principal amount of its Revenue Refunding Bonds, Series 2005A (OSF Healthcare System) (the “Series 2005A Bonds”) and (ii) \$53,825,000 in aggregate principal amount of its Revenue Refunding Bonds, Series 2005B (OSF Healthcare System) (the “Series 2005B Bonds” and, together with the Series 2005A Bonds, the “Series 2005 Bonds”), pursuant to a Bond Trust Indenture dated as of September 15, 2005 (the “Series 2005 Bond Indenture”) between the Authority and Wells Fargo Bank, N.A., as bond trustee, in order to (i) advance refund a portion of the outstanding Illinois Health Facilities Authority Revenue Bonds, Series 1999 (OSF Healthcare System), (ii) fund a debt service reserve fund and (iii) pay certain expenses incurred in connection with the issuance of the Series 2005 Bonds, including the premium for municipal bond insurance policies issued by Financial Security Assurance (“FSA”); and

**WHEREAS**, on August 29, 2007, the Authority issued (i) \$40,000,000 in aggregate principal amount of its Revenue Bonds, Series 2007B (OSF Healthcare System) (Auction Rate Securities) (the “Series 2007B Bonds”), (ii) \$65,000,000 in aggregate principal amount of its Revenue Bonds, Series 2007C (OSF Healthcare System) (Auction Rate Securities) (the “Series 2007C Bonds”), and (iii) \$65,000,000 in aggregate principal amount of its Revenue Bonds, Series 2007D (OSF Healthcare System) (Auction Rate Securities) (the “Series 2007D Bonds” and, together with the Series 2007B Bonds and the Series 2007C Bonds, the “Series 2007 Bonds”) pursuant to a Bond Trust Indenture dated as of August 1, 2007 (the “Series 2007 Bond Indenture”) between the Authority and Wells Fargo Bank, N.A., as bond trustee, in order to (i) pay or reimburse the Borrower for, or refinance outstanding indebtedness the proceeds of which were used for, the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Borrower, (ii) fund a debt service reserve fund, (iii) pay a portion of the interest on the Series 2007 Bonds, (iv) refinance certain taxable indebtedness of the Borrower, the proceeds of which were used for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Borrower, (v) current refund all of the outstanding principal amount of the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2002 (OSF Healthcare System), and (vi) pay certain expenses incurred in connection with the issuance of the Series 2007 Bonds, including the premium for a municipal bond insurance policy from FSA; and

**WHEREAS**, the Series 2005 Bonds and the Series 2007 Bonds were originally issued as auction rate securities; and

**WHEREAS**, the Prior Resolutions approved, among other things, the change in the length of the Auction Periods (as defined in the Series 2005 Bond Indenture and the Series 2007 Bond Indenture) for the Series 2005 Bonds and the Series 2007 Bonds in response to adverse market conditions for auction rate securities such as the Series 2005 Bonds and the Series 2007 Bonds; and

**WHEREAS**, the Series 2005 Bond Indenture and the Series 2007 Bond Indenture contain provisions that would require the Borrower to cancel any Series 2005 Bonds or Series 2007 Bonds that are purchased by the Borrower thereby extinguishing the debt; and

**WHEREAS**, the Auction Agreements relating to the implementation of the Auction Procedures (as defined in the Series 2005 Bond Indenture and the Series 2007 Bond Indenture) for the Series 2005 Bonds and the Series 2007 Bonds (the “Auction Agreements”) contain provisions prohibiting the Borrower submitting bids or orders in auctions thereby preventing the Borrower from purchasing Series 2005 Bonds and Series 2007 Bonds through the auction process; and

**WHEREAS**, bond counsel has advised the Authority that recent guidance from the Internal Revenue Service and the Securities Exchange Commission has stated that, obligors such as the Borrower, are permitted to purchase and hold

bonds issued for their benefit and that upon compliance with certain conditions, such obligors are permitted to purchase bonds issued on their behalf through the auction process; and

**WHEREAS**, the Borrower has determined that it is in its best interests to be able to purchase the Series 2005 Bonds and the Series 2007 Bonds in future auctions and to hold such bonds without canceling them in order to respond to the current adverse conditions in the market for tax-exempt bonds; and

**WHEREAS**, the Borrower has requested that the Authority amend the provisions of the Series 2005 Bond Indenture, the Series 2007 Bond Indenture, the Auction Agreements and any other documents executed and delivered in connection with the issuance of the Series 2005 Bonds and the Series 2007 Bonds (the "Bond Documents") to permit the Borrower to (i) purchase the Series 2005 Bonds and the Series 2007 Bonds and to hold any bonds so purchased without canceling such bonds and (ii) to purchase the Series 2005 Bonds and the Series 2007 Bonds by submitting bids or orders in auctions conducted in accordance with the Auction Procedures set forth in the Series 2005 Bond Indenture and the Series 2007 Bond Indenture; and

**WHEREAS**, the amendments to the Bond Documents will be made in accordance with the provisions thereof after obtaining all required consents and approvals of the parties to the Bond Documents; and

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

1. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by its Chairperson, Vice Chairperson, Executive Director or Treasurer, any person duly appointed by the Members to serve in such office on an interim basis, any officer, employee or agent of the Authority delegated and authorized by the Members the requisite powers of such office, any of its other Members, or any officer designated by the Executive Director (each an "Authorized Officer") and the delivery and use of any amendments to the Bond Documents (the "Amendments") that the Authorized Officer executing the same deems necessary in order to permit the Borrower to (i) purchase the Series 2005 Bonds and the Series 2007 Bonds and to hold any bonds so purchased without canceling such bonds and (ii) to purchase the Series 2005 Bonds and the Series 2007 Bonds by submitting bids or orders in auctions conducted in accordance with the Auction Procedures set forth in the Series 2005 Bond Indenture and the Series 2007 Bond Indenture. The Secretary or Assistant Secretary of the Authority is hereby authorized to attest to the execution of any of the Amendments. The Amendments shall be in the form of such documents as shall be approved by the Authorized Officer of the Authority executing the same, with such execution to constitute conclusive evidence of such person's approval and the Authority's approval of any changes or the forms of such Amendments.

2. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents as may be necessary to carry out and comply with the provisions of these resolutions, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the Series 2005 Bond Indenture or the Series 2007 Bond Indenture or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by an Authorized Officer of the Authority, or in the event of the unavailability, inability or refusal of an Authorized Officer to act, any two Members of the Authority, each of whom is hereby authorized, empowered, delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the applicable Bond Documents relating to the Series 2005 Bonds and the Series 2007 Bonds.

3. This resolution is intended to confer additional authority to act under the Prior Resolutions and the Prior Resolutions shall remain in full force and are hereby ratified, provided, that the Prior Resolutions are hereby amended to the extent that it is not consistent with this resolution.

**ADOPTED** this 14th day of October, 2008 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

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Secretary

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**TO:** IFA Board of Directors

**FROM:** Pam Lenane and Dana Sodikoff

**DATE:** September 26, 2008

**RE:** A Resolution Authorizing Amendments to the Final Bond Resolution to increase the Not-to-Exceed amount from \$50 million to \$65 million and to add the refunding of the IHFA Series 1992 Bonds  
(BroMenn Healthcare Hospitals)  
IFA Project: H-HO-TE-CD-8142

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### **BACKGROUND:**

The IFA Board of Directors approved a Final Bond Resolution to issue conduit 501(c)(3) Revenue Bonds for the BroMenn Healthcare Hospitals project in an amount not-to-exceed \$50 million at the September 9, 2008 Board Meeting. The Series 2008 Bonds will consist of tax-exempt uninsured fixed rate bonds, which will carry the rating of the hospital.

Bond proceeds will be used to (i) current refund the IFA Series 2004 FSA insured auction rate Bonds (ii) fund a debt service reserve fund and; (iii) pay certain related expenses.

### **REQUEST:**

Because of the market volatility, after further discussions with BroMenn Healthcare Hospitals and their financing team, BroMenn Healthcare Hospitals is requesting that the IFA Board approve on the proposed IFA Series 2008 Bonds (BroMenn Healthcare Hospitals) the resolution to include: i) refunding of the IHFA Series 1992 FGIC insured Fixed Rate Bonds, which are outstanding in the amount of \$21,840,000 and (ii) increasing the not-to-exceed amount of the Series 2008 Bonds from \$50 million to \$65 million.

BroMenn Healthcare Hospitals is not requesting any other amendments to the documents previously approved by the IFA Board.

### **RECOMMENDATION:**

Staff recommends approval of the accompanying Amendatory Resolution to accomplish the objectives of adding the refunding of the IHFA Series 1992 Bonds and increasing the Not-to-Exceed amount from \$50 million to \$65 million on the proposed bonds as requested.

**Amendment to  
Resolution number 2008-10-25**

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

**WHEREAS**, on September 9, 2008, the Authority passed Resolution Number 2008-9-\_\_\_ (the “Original Resolution”) authorizing the issuance of not to exceed \$50,000,000 in aggregate principal amount of Revenue Refunding Bonds, Series 2008 (BroMenn Healthcare Hospitals) (the “Series 2008 Bonds”) and loaning the proceeds thereof to BroMenn Healthcare Hospitals, an Illinois not for profit corporation (the “Corporation”), in order to assist the Corporation in providing the funds necessary to (i) pay or reimburse the Corporation for the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities of the Corporation, (ii) current refund all or a portion of the outstanding principal amount of the Illinois Finance Authority Variable Rate Revenue Bonds, Series 2004 (BroMenn Healthcare) (Auction Rate Securities) originally issued in the amount of \$46,075,000 (the “Series 2004 Bonds”), (iii) establish a debt service reserve fund, if deemed necessary or advisable by the Authority and the Corporation, and (iv) pay certain related expenses, including the cost of credit enhancement, if deemed necessary or advisable by the Authority and the Corporation (collectively, the “Financing Purposes”); and

**WHEREAS**, the Corporation has requested that the Authority amend the provisions of the Original Resolution in order to (i) include as a Financing Purpose the current refunding of all or a portion of the outstanding principal amount of the \$38,560,000 Illinois Health Facilities Authority Brokaw-Mennonite Association Revenue Refunding Bonds, Series 1992 (BroMenn Healthcare) (the “Series 1992 Bonds”) and (ii) increase the authorized aggregate principal amount of Series 2008 Bonds to exceed \$65,000,000; and

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

1. The second “Whereas” of the Original Resolution is hereby amended in its entirety to read as follow:  
“WHEREAS, BROMENN HEALTHCARE HOSPITALS, an Illinois not for profit corporation (the “Corporation”), has requested that the Authority issue not to exceed \$50,000,000 in aggregate principal amount of its Revenue Refunding Bonds, Series 2008 (BroMenn Healthcare Hospitals) (the “Series 2008 Bonds”) and loan the proceeds thereof to the Corporation in order to assist the Corporation in providing the funds necessary to (i) pay or reimburse the Corporation for the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities of the Corporation, (ii) current refund all or a portion of the outstanding principal amount of the Illinois Health Facilities Authority Brokaw-Mennonite Association Revenue Refunding Bonds, Series 1992 (BroMenn Healthcare) originally issued in the amount of \$38,560,000 (the “Series 1992 Bonds”), (iii) current refund all or a portion of the outstanding principal amount of the Illinois Finance Authority Variable Rate Revenue Bonds, Series 2004 (BroMenn Healthcare) (Auction Rate Securities) originally issued in the amount of \$46,075,000 (the “Series 2004 Bonds”), (iv) establish a debt service reserve fund, if deemed necessary or advisable by the Authority and the Corporation, and (v) pay certain related expenses, including the cost of credit enhancement, if deemed necessary or advisable by the Authority and the Corporation; and

2. The second sentence of the first paragraph of Section 2 of the Original Resolution is hereby amended in its entirety to read as follows:  
“The Series 2008 Bonds shall be issued under and secured by and shall have the terms and provisions set forth in the Bond Indenture in an aggregate principal amount not exceeding \$65,000,000, excluding original issue discount or premium, if any.”

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

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

ADOPTED this 14<sup>th</sup> day of October, 2008 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

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Secretary

TAB NO. 26

RESOLUTION NO. 2008-10-26 WILL BE  
DISTRIBUTED TO THE BOARD  
MEMBERS AT THE COMMITTEE OF  
THE WHOLE MEETING ON TUESDAY,  
OCTOBER 14, 2008.

TAB NO. 27

RESOLUTION NO. 2008-10-27 WILL BE  
DISTRIBUTED TO THE BOARD  
MEMBERS AT THE COMMITTEE OF  
THE WHOLE MEETING ON TUESDAY,  
OCTOBER 14, 2008.

TAB NO. 28

RESOLUTION NO. 2008-10-28 WILL BE  
DISTRIBUTED TO THE BOARD  
MEMBERS AT THE COMMITTEE OF  
THE WHOLE MEETING ON TUESDAY,  
OCTOBER 14, 2008.