

Illinois Finance Authority

Tuesday, January 10, 2006

11:30 AM

Board Meeting

The Plaza Club

One Prudential Plaza

130 E. Randolph, 40th Floor

Chicago, Illinois



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**ILLINOIS FINANCE AUTHORITY
BOARD MEETING
January 10, 2006
Chicago, Illinois**

EXECUTIVE SESSION

8:30 a.m.

**Illinois Finance Authority
180 N. Stetson, Suite 2555**

- Opening Remarks
- Executive Director's Report
- Financials
- Staff Reports
- Project Reports
- Adjournment

BOARD MEETING

11:30 a.m.

**One Prudential Plaza
130 E. Randolph, Plaza Club,
40th Floor**

AGENDA

- Call to Order
- Chairman's Report
- Roll Call
- A. Executive Director's Report
- B. Acceptance of Financials
- C. Approval of Minutes
- Project Approvals
- Resolutions / Amendments

AGRICULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Agricultural Participation Loan						
1	Darrell Runge	Mason	\$ 236,000	0	0	ER
Young Farmer Guarantee						
2	Mark Kaufman	Downs	274,000	0	0	BB
Specialized Livestock Guarantee						
3	Steve and Laurie Eickmeyer, Sonshine Dairy, LLC	Hoyleton	250,000	0	0	ER
Beginning Farmer Bonds						
4	Kent Darnell	McLeansboro	150,000			ER
	Aaron Wallace	Dahlgren	107,000			
	Duston & Karon Traylor	Girard	227,000			
	Wayne & Deborah Corzatt	Dallas City	80,000			BB
	Nathan King	Pawnee	140,000			ER
	Corey Hilmes	Breese	250,000			ER
TOTAL AGRICULTURE PROJECTS			\$ 1,714,000	0	0	

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Participation Loans						
5	Waugh Foods, Inc.	East Peoria	70,000	14	5	JS
6	Network Innovations, Inc.	Chicago	520,000	25	0	SCM
TOTAL BUSINESS AND INDUSTRY PROJECTS			\$ 590,000	39	5	

COMMUNITIES AND CULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds <i>Preliminary</i>						
7	Dominican University	River Forest	\$ 31,000,000	25	50-65	RKF
501(c)(3) Bonds <i>Final</i>						
8	Benedictine University	Lisle	6,500,000	5	0	ST
9	Chicago Historical Society	Chicago, Harvard	53,000,000	6	12-32	RKF/TA
10	Lutheran Social Services of Illinois and Vesper Management Corporation	Multiple Locations	22,000,000	209	TBD	ST
Local Government Bonds <i>Final</i>						
11	Illinois Medical District Commission Chicago Technology Park Acquisition & Expansion Program	Chicago	40,000,000	2,910	1,500	RKF/TA
12	Pooled Taxed Anticipation Warrant Program for Illinois Districts: <ul style="list-style-type: none"> ▪ Batavia USD 101 ▪ Grand Ridge CCSD 95 ▪ Nippersink SD 2 ▪ Thornton THSD 205 ▪ Winthrop Harbor SD 1 	Multiple	29,950,000	N/A	N/A	NM
Housing Bonds <i>Preliminary</i>						
13	DuPage Covered Bridges, L.P., an Illinois Limited Partnership to be formed [to be owned initially by Globetrotters International, Inc. and affiliates], and its successors and assigns (Covered Bridges Apartments)	Carol Stream	19,500,000	0	18	RKF
TOTAL COMMUNITIES AND CULTURE PROJECTS			\$ 201,950,000	3,155	1,615	

HEALTHCARE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds <i>Final</i>						
14	Center for Residential Management	Multiple	\$ 15,000,000	4	0	DS
15	BroMenn Healthcare	Bloomington-Normal	4,000,000	2	0	PL
TOTAL HEALTHCARE PROJECTS			\$ 19,000,000	6	0	

GRAND TOTAL	\$ 223,254,000	3,200	1,620	
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Project Revisions/Amendatory Resolutions

Tab	<u>Amendatory Resolutions</u>	
16	Request to defer for six months principal payments to loans to Thompson Pearl Valley Eggs that are secured by IFA agricultural guarantees.	BB
17	Request to Defer for 6 Months Principal Payments for Loans to Hendrick W. and Gasiena Hijink that are secured by IFA Agricultural Guarantees	ER
18	Request to Reset Interest Rate and Amortization for Remainder of Term of Participation Loan to Charles & Sharon D. Siracusa (Valley Custom Woodwork, Inc. Project)	RKF
19	Request to Reset Interest Rate and Release Collateral for a Participation Loan for P & P Press, Inc. (B-LL-TX-421)	JS
20	Request to Increase the Commitment and a Change in Collateral and Terms for a Participation Loan for Fowler Properties, LLC (B-LL-TX-573).	JS
21	Request for IFA to consent to Proposed Amendment of Series 1997 Bond Indenture (Illinois Wesleyan University Project) to allow Guaranteed Investment Contract in Escrow	RKF

Other

Adjournment



**Illinois Finance Authority
Executive Director's Report
January 10, 2006**

To: IFA Board of Directors and Office of the Governor

From: Jill Rendleman, Interim Executive Director

I. Financial Performance

The Illinois Finance Authority's financial performance for the period ending December 31, 2005 is both above performance targets and exceeding 2004 year to date returns. Gross revenues of \$4.3M exceed 2004 levels by \$325k, with year to date net income of \$1.6M exceeding 2004 levels by \$41k. December 2005 is the highest earning month on record since inception of the Authority with gross revenues of \$1.4M. Year to date expenses are \$338 below budget with positive variances in total employee related expenses and in required loan loss provisions. Fiscal year 2005 continues per plan to be a year of investment in the infrastructure necessary to insure proper risk management and compliance with state and federal laws and regulations and generally accepted government accounting practices, as well as other critical investments in operating and management concerns including developing policy and procedures, creating strategic plans, and engaging independent marketing and other professionals.

Illinois Finance Authority's overall financial position continues to improve with total equity of \$57.4M, comprised of assets of \$60.5M and liabilities of \$3.1M. This compares favorably to the December 31, 2004 balance sheet with total equity of \$55.6M, comprised of assets of \$58.9M and liabilities of \$3.3M.

II. Sales Activities

Since inception, IFA has approved 337 transactions totaling nearly \$7 Billion. Funding managers will be presenting **16 projects** totaling approximately **\$223M** for approval in January. Project requests continue to trend upward despite the traditional lag in requests and focus on closings generally seen during the holiday season. The projects continue to cover a diversity of regions, economies, and market segments throughout the state. Funding managers are now tracking the number and types of calling efforts made on a weekly basis for discussion with the Director of Financial Services.

Health Care: The Illinois Finance Authority has been working closely with the Illinois Medical District to provide funding for capital improvements and is seeking opportunities for other partnerships with this "sister" state agency and its affiliates located within the district. In December, IFA selected partners in the legal and financial sectors to achieve the goals of the IFA Health Care Initiative. The seven partners selected through a Request for Qualifications process represent strong financial advisory and investment banking firms committed to providing well thought out programs focusing on the capital needs of small and critical access hospitals as well as community health care providers. The contract awards were announced at the December 1st Conference for Critical Access Hospitals in Springfield entitled "Preparing Your Hospital Facility to Meet Tomorrow's Operational Needs" which was coordinated and sponsored by the IFA health care funding managers and the Illinois Critical Access Hospital Network. The health care staff closed a tremendous volume of transactions in December in addition to marketing to a major medical center in Chicago and a critical access hospital in Southeastern Illinois.

Higher Education: Funding managers are approaching advisors to major state universities to market funding options for capital improvements including HVAC and other deferred maintenance.

Agriculture: The agricultural staff continues to see increased activity for approvals for farm bonds and participation loans. A marketing program for wind energy is being developed and will be presented to bankers and farmers during the first quarter of 2006.

Communities and Culture: The executive director presented a proposal for legislation supporting broadband deployment in underserved areas to Lieutenant Governor Patrick Quinn and the Illinois Broadband Council in Springfield. IFA continues to develop funding initiatives to provide financing options which will fill the gap or "digital divide" which smaller rural communities and urban neighborhoods experience as they attempt to connect residents with broadband services placed along major corridors throughout the state. The legislation provides a request for funding of credit options and credit enhancements for broadband deployment projects. Funding managers and the director of financial services continue to develop the next tax anticipation warrant program for both school districts and for local governments.

Industry and Commerce: Funding managers have made numerous calls on businesses and manufacturers as well as economic development councils and financial institutions. Director of financial services continues to work with the Department of Commerce and Economic Opportunity to develop a program to address funding needs of businesses investing in homeland security projects. Additionally, funding managers made 54 call to legislators to discuss potential for the Illinois Finance Authority to address the economic development needs in their districts. The executive director made a presentation entitled "Taking Advantage of Tax Law, Financing Alternatives for Businesses" to businesses and economic development officials at the Illinois Chamber of Commerce Tax Conference

III. Marketing and Public Relations

Marketing efforts provide significant support for the increasing number of IFA presentations and sponsorships. IFA was a primary sponsor or presenter for 5 major programs in December ranging from rural health care to wind energy. Marketing has also focused on extensive work in updating the IFA web site to include the home mortgage program and other new program additions. In addition to the finalization of Strategic Planning for all market segments, the marketing director has launched a design project to provide an extended market collateral/literature system for IFA. The design plan includes market segment brochures with key program literature, formats for case studies, white papers, and other marketing materials. The design format for the IFA Annual Report for Fiscal Year 2005 is also currently under development with concurrence from IFA general counsel. Key media coverage and management included Central Cities Studio, Wind Energy Program, Regis Technologies, and Jaros Technology. IFA was featured in a diversity of publications ranging from Crain's Chicago Business to the Southeastern Illinois Business Journal.

V. Human Resources and Operations

The Illinois Finance Authority has focused in December on reviewing competitive salary and benefit levels of its staff and designing the program for Incentive Compensation. Job descriptions for all positions have been developed and performance reviews have been completed for all sales staff and are underway for all support staff. There has been a recruitment effort underway for an office manager administrator and a restructuring of support personnel in the community and culture and agricultural staff.

V. Legal and Legislative Issues

Legislative and Intergovernmental Affairs Consultant, Howard Kenner is preparing for a request to increase IFA bonding authority in the spring session. Schiff Hardin counsel met with the executive director and participants in the NTN transaction to discuss settlement options with a request for offers due by year end. General Counsel, Brian Hynes of Shesky and Froelich, has met with the director of the Joint Committee on Rules and Regulations to finalize plans to execute "recodified" Rules and Regulations, "emergency" Rules and Regulations, and "permanent" Rules and Regulations for IFA. The executive director is working with Chairman Gustman to address IFA's need for legal and paralegal services in 2006.

VI. Audit and Compliance

The executive director and chief financial officer made a presentation in front of the Legislative Audit Committee. The comments from the Auditor General Holland concerning IFA's improvements in audit, compliance, and financial management were very positive. The financial portion of the Fiscal Year 2005 Audit will be complete in January. The executive director has asked for a

January 10, 2006
Director's Report

“Special Release” of our financial audit in January so that our results are available to our industry peers, rating agencies, and clients. The finalization of the Compliance Audit has been hampered by turnover in the audit firm staffing, and additional requests from the Auditor General and its final release is not scheduled until April or March of 2006. Currently, all fiscal year 2004 audit findings are either complete or substantially complete.



Illinois Finance Authority
Balance Sheet
for the Six Months Ending December 31, 2005

	November 2005	December 2005
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	\$ 20,369,629	\$ 21,417,146
LOAN RECEIVABLE, NET	20,158,623	17,513,448
ACCOUNTS RECEIVABLE	667,910	760,402
OTHER RECEIVABLES	75,732	25,489
PREPAID EXPENSES	43,271	37,813
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	41,315,164	39,754,298
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	101,772	108,064
DEFERRED ISSUANCE COSTS	894,864	885,273
OTHER ASSETS		
CASH, INVESTMENTS & RESERVES	7,525,618	9,896,593
VENTURE CAPITAL INVESTMENTS	5,661,491	5,661,491
OTHER	4,000,000	4,000,000
	<hr/>	<hr/>
TOTAL OTHER ASSETS	17,187,109	19,558,084
TOTAL ASSETS	<u>\$ 59,498,909</u>	<u>\$ 60,305,719</u>
LIABILITIES		
CURRENT LIABILITIES	\$ 1,064,445	\$ 932,231
LONG-TERM LIABILITIES	2,002,673	1,935,845
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TOTAL LIABILITIES	3,067,118	2,868,077
EQUITY		
CONTRIBUTED CAPITAL	23,828,249	23,828,249
RETAINED EARNINGS	13,062,404	13,062,404
NET INCOME / (LOSS)	586,409	1,592,260
RESERVED/RESTRICTED FUND BALANCE	6,268,199	6,268,199
UNRESERVED FUND BALANCE	12,686,528	12,686,528
	<hr/>	<hr/>
TOTAL EQUITY	56,431,790	57,437,642
TOTAL LIABILITIES & EQUITY	<u>\$ 59,498,909</u>	<u>\$ 60,305,719</u>

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

	Actual December 2005	Budget December 2005	Current Month Variance Actual vs Budget	Current %	Actual YTD FY 2006	Budget YTD FY 2006	Year to Date Variance Actual vs Budget	YTD %
REVENUE								
INTEREST ON LOANS	157,085	30,000	127,085	423.6%	329,697	180,000	149,697	83.2%
INVESTMENT INTEREST & GAIN(LOSS)	100,184	70,000	30,184	43.1%	527,288	420,000	107,288	25.5%
ADMINISTRATIONS & APPLICATION FEES	1,038,384	1,050,000	(11,616)	(1.1%)	2,781,989	3,150,000	(368,011)	(11.7%)
ANNUAL ISSUANCE & LOAN FEES	85,747	135,000	(49,253)	(36.5%)	566,114	810,000	(243,886)	(30.1%)
OTHER INCOME	11,982	-	11,982	0.0%	81,171	-	81,171	0.0%
TOTAL REVENUE	1,393,381	1,285,000	108,381	8.4%	4,286,259	4,560,000	(273,741)	(6.0%)
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	203,349	255,000	(51,651)	(20.3%)	1,247,977	1,530,000	(282,023)	(18.4%)
BENEFITS	19,195	22,010	(2,815)	(12.8%)	125,131	119,560	5,571	4.7%
TEMPORARY HELP	6,512	2,500	4,012	160.5%	39,358	15,000	24,358	162.4%
EDUCATION & DEVELOPMENT	2,175	540	1,635	302.8%	3,240	7,609	(4,369)	(57.3%)
TRAVEL & AUTO	10,701	19,410	(8,709)	(44.8%)	78,004	82,460	(4,456)	(5.4%)
TOTAL EMPLOYEE RELATED EXPENSES	241,932	290,460	(48,528)	(16.7%)	1,501,318	1,730,260	(228,942)	(13.2%)
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	103,645	34,333	69,312	201.9%	403,171	206,000	197,171	95.7%
LOAN EXPENSE & BANK FEE	1,274	2,070	(796)	(38.5%)	7,859	12,420	(4,561)	(36.7%)
ACCOUNTING & AUDITING	32,283	29,000	3,283	11.3%	212,714	174,000	38,714	22.2%
MARKETING GENERAL	1,936	25,000	(23,064)	(92.3%)	42,807	150,000	(107,093)	(71.4%)
FINANCIAL ADVISORY	8,000	8,000	-	0.0%	48,210	48,000	210	0.4%
VENTURE CAPITAL CONFERENCE/TRAINING	566	580	(14)	(4.1%)	3,540	3,540	-	0.0%
MISCELLANEOUS PROFESSIONAL SERVICES	6,724	10,833	(4,109)	(37.9%)	52,966	65,000	(12,034)	(18.5%)
DATA PROCESSING		3,750	2,974	79.3%	13,149	22,500	(9,351)	(41.6%)
TOTAL PROFESSIONAL SERVICES	154,429	113,577	40,852	36.0%	738,156	681,460	56,696	8.0%
TOTAL OCCUPANCY COSTS								
OFFICE RENT	18,580	15,745	2,835	18.0%	96,165	94,470	1,695	1.8%
EQUIPMENT RENTAL AND PURCHASES	2,851	2,585	266	10.3%	6,704	15,510	(8,806)	(43.9%)
TELECOMMUNICATIONS	8,617	4,583	4,034	88.0%	35,697	27,500	8,197	29.8%
UTILITIES	825	1,065	(240)	(22.6%)	4,093	6,390	(2,297)	(36.0%)
DEPRECIATION	2,032	3,000	(968)	(32.3%)	11,785	18,000	(6,215)	(34.5%)
INSURANCE	830	1,300	(470)	(36.2%)	3,885	7,600	(3,715)	(48.9%)
TOTAL OCCUPANCY COSTS	33,535	26,278	5,256	19.6%	160,330	169,670	(9,340)	(5.5%)
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	4,758	9,167	(4,409)	(48.1%)	33,207	55,000	(21,793)	(39.6%)
BOARD MEETING - EXPENSES	2,627	1,400	1,227	87.7%	20,173	8,400	11,773	140.2%
PRINTING	2,240	900	1,340	148.8%	2,895	5,400	(2,505)	(46.4%)
POSTAGE & FREIGHT	2,262	2,900	(638)	(22.0%)	15,036	17,400	(2,364)	(13.6%)
MEMBERSHIP, DUES & CONTRIBUTIONS	1,022	1,700	(678)	(39.9%)	15,475	10,200	5,275	51.7%
PUBLICATIONS	94	200	(106)	(53.0%)	582	1,200	(618)	(51.5%)
OFFICERS & DIRECTORS INSURANCE	8,689	10,000	(1,301)	(13.0%)	52,193	60,000	(7,807)	(13.0%)
MISCELLANEOUS	0	450	450	100.0%	1,235	2,700	(1,465)	(54.3%)
TOTAL GENERAL & ADMINISTRATION EXPENSES	21,702	26,717	(5,015)	(18.8%)	140,797	160,300	(19,503)	(12.2%)
LOAN LOSS PROVISION	(57,461)	25,000	(82,461)	(329.8%)	15,075	150,000	(134,925)	(89.9%)
OTHER								
INTEREST EXPENSE	781	800	(19)	(2.4%)	4,666	4,800	(134)	(2.8%)
TOTAL OTHER	781	800	(19)	(2.4%)	4,666	4,800	(134)	(2.8%)
TOTAL EXPENSES	394,917	484,832	(89,915)	(18.5%)	2,558,363	2,896,490	(338,127)	(11.7%)
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	998,464	800,168	198,296	24.8%	1,727,896	1,663,510	64,386	3.9%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	7,387	(58,333)	65,721	(112.7%)	(135,638)	(350,000)	214,364	(61.2%)
NET INCOME/(LOSS)	1,005,851	741,835	264,016	35.6%	1,592,258	1,313,510	278,750	21.2%

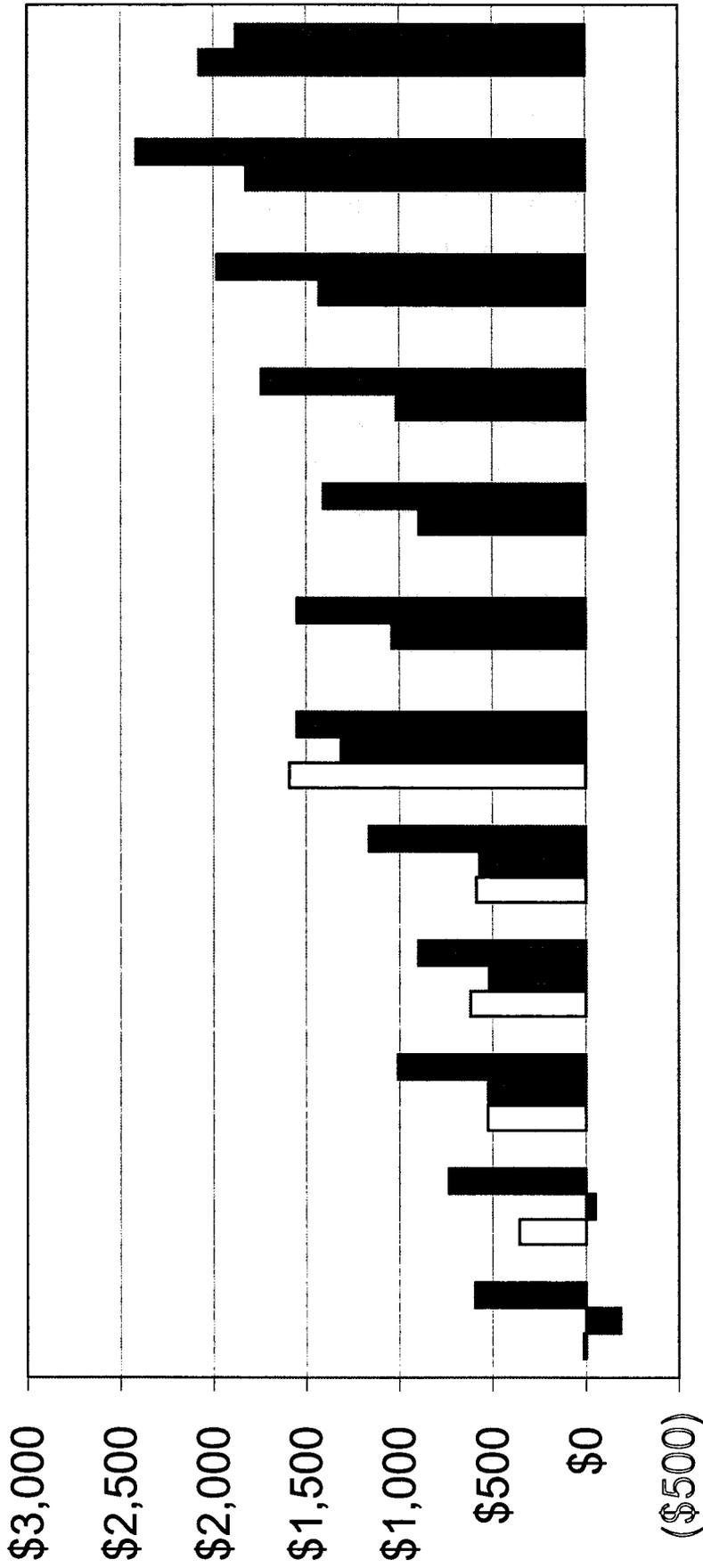
**Illinois Finance Authority
Statement of Activities
Comparison Fiscal Year 2005 and Fiscal Year 2006**

	Actual December 2005	Actual December 2004	Current Month Variance	Current % Variance	Actual YTD FY 2006	Actual YTD FY 2005	Year to Date Variance	YTD % Variance
REVENUE								
INTEREST ON LOANS	157,085	27,603	129,482	469.1%	329,697	164,164	165,534	100.8%
INVESTMENT INTEREST & GAIN(LOSS)	100,184	60,939	39,245	64.4%	527,289	365,924	161,364	44.1%
ADMINISTRATIONS & APPLICATION FEES	1,038,984	656,543	381,841	58.2%	2,781,989	2,744,389	37,600	1.4%
ANNUAL ISSUANCE & LOAN FEES	85,747	54,256	31,491	58.0%	568,114	679,083	(112,969)	(16.6%)
OTHER INCOME	11,982	6,959	5,383	81.6%	81,171	6,880	74,281	1078.1%
TOTAL REVENUE	1,393,381	805,939	587,442	72.9%	4,286,259	3,960,450	325,809	8.2%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	203,349	205,025	(1,676)	(0.8%)	1,247,977	1,113,042	134,935	12.1%
BENEFITS	19,195	14,982	4,212	28.1%	125,131	102,105	23,025	22.6%
TEMPORARY HELP	6,512	2,808	3,704	131.9%	39,358	27,401	11,957	43.6%
EDUCATION & DEVELOPMENT	2,175	-	2,175	0.0%	10,849	659	10,290	1641.4%
TRAVEL & AUTO	10,101	17,923	(7,822)	(40.3%)	78,004	56,855	21,149	37.2%
TOTAL EMPLOYEE RELATED EXPENSES	241,932	240,739	1,193	0.5%	1,501,318	1,299,961	201,357	15.5%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	103,845	114,033	(10,389)	(9.1%)	403,171	202,601	200,670	99.1%
LOAN EXPENSE & BANK FEE	1,274	4,436	(3,162)	(71.3%)	7,859	21,662	(13,803)	(63.7%)
ACCOUNTING & AUDITING	32,283	19,097	13,186	69.0%	212,714	81,230	151,484	247.4%
FINANCIAL ADVISORY	1,936	25,639	(23,702)	(82.4%)	42,907	82,598	(39,690)	(48.1%)
VENTURE CAPITAL CONFERENCE/TRAINING	8,000	8,100	(100)	(1.2%)	48,210	44,225	3,985	9.0%
MISCELLANEOUS PROFESSIONAL SERVICES	566	-	566	0.0%	5,298	1,955	3,341	170.9%
DATA PROCESSING	8,724	8,580	(144)	(1.6%)	34,630	34,630	-	0.0%
TOTAL PROFESSIONAL SERVICES	164,429	182,765	(28,336)	(15.5%)	736,156	473,315	262,841	55.5%
OCCUPANCY COSTS								
OFFICE RENT	16,580	15,512	3,068	19.8%	98,165	154,155	(57,990)	(37.6%)
EQUIPMENT RENTAL AND PURCHASES	2,851	1,771	1,080	61.0%	8,704	16,782	(8,077)	(48.1%)
TELECOMMUNICATIONS	825	4,688	(3,863)	(83.8%)	35,697	23,607	12,090	51.2%
UTILITIES	2,032	991	1,041	(105.1%)	8,362	8,362	-	0.0%
DEPRECIATION	630	1,669	(1,039)	(62.3%)	11,785	7,734	4,051	52.4%
INSURANCE	33,535	1,600	(30,935)	(193.3%)	3,685	7,362	(3,677)	(47.2%)
TOTAL OCCUPANCY COSTS	21,053	28,431	(7,378)	(26.3%)	160,330	216,002	(55,672)	(25.8%)
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	4,758	5,474	(716)	(13.1%)	33,207	55,264	(22,057)	(39.9%)
BOARD MEETING - EXPENSES	2,627	1,309	1,318	100.7%	20,173	6,450	13,724	212.8%
PRINTING	2,240	141	2,099	1487.0%	2,895	3,343	(448)	(13.4%)
POSTAGE & FREIGHT	2,282	1,786	496	26.0%	15,036	16,031	(994)	(6.2%)
MEMBERSHIP, DUES & CONTRIBUTIONS	1,022	6,879	(5,857)	(85.1%)	15,473	10,133	5,342	52.7%
PUBLICATIONS	84	801	(717)	(85.8%)	582	1,286	(703)	(54.7%)
OFFICERS & DIRECTORS INSURANCE	8,699	(8,639)	16,338	(190.2%)	52,193	99,268	(47,075)	(11.9%)
MISCELLANEOUS	0	18	(18)	(99.0%)	1,235	2,225	(990)	(44.5%)
TOTAL GENERAL & ADMINISTRATION EXPENSES	21,702	6,480	15,222	234.9%	140,797	154,000	(13,203)	(8.6%)
LOAN LOSS PROVISION	(57,461)	(13,975)	(43,486)	311.2%	15,075	(20,562)	35,637	(173.3%)
OTHER								
INTEREST EXPENSE	781	289	492	170.0%	4,686	4,418	268	6.1%
TOTAL OTHER	781	289	492	170.0%	4,686	4,418	268	6.1%
TOTAL EXPENSES	394,917	442,729	(47,812)	(10.8%)	2,558,363	2,127,134	431,228	20.3%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	998,464	363,211	635,253	174.9%	1,727,896	1,833,316	(105,419)	(5.8%)
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	7,387	25,694	(18,306)	(71.2%)	(135,636)	(282,128)	146,492	(51.9%)
NET INCOME/(LOSS)	1,005,851	388,904	616,947	158.6%	1,592,260	1,551,187	41,073	2.6%

**IFA Aging Report - DL-PL-PL/MPF -
December 31, 2005**

Client#	Client Name	Date of Closing	P.A	Payment 12/31/2005	Original Loan Amt	1 - 30 days	31 - 60 days	61 -90 days	Past Due 91-180 days	181-days - 1 Year	Over 1 Year	Loan Balance 12/31/2005
PARTICIPATION LOANS												
9580-pl	Act Bending & Steel Company, Inc.	4/3/2001		Past Due	300,000						143,236	143,236
9879-pl	Alexis Fire Equipment	3/4/2004	Senica	Yes	247,611							149,774
	American Allied Freight Car Co. Inc.	3/23/2005	Senica	Yes	246,766							227,820
9830-PL	Arnold, Michael & Sandy	7/15/2003	Senica	Yes	147,407							134,856
9677-PL	Berry, Todd (Precision Laser)	11/5/2001	Senica	Yes	188,613							148,120
2110-PL	Bob Brady Dodge, Inc. (J & C Investment)	1/4/2000	Senica	Yes	300,000							220,740
9757-PL	Brahler, Richard W.	4/30/2002	Senica	Yes	297,592							266,760
	Bramm, Karen	3/22/2005	Reed	Annual Pymnt	847,739							847,739
1943-PL	Bushert, Forrest D.	8/10/1998	Senica	Yes	240,000							173,086
1881-PL	Caywood's Youth Center, Inc.	6/16/1998	Pigg	Yes	237,500							178,783
9792-PL	Chapman, Marc (Quality Water Services, Inc.)	10/25/2002	Senica	Yes	227,387							153,758
9817-PL	Centurion Investments	11/4/2003	Pigg	Yes	300,000							283,421
9588-PL	Cushing, Steve & Ed	5/21/2001	Pigg	Yes	149,238							88,773
	Defi Star Corporation	11/10/2005	Pigg	Yes	150,000							32,844
	Earl & Sue Hesterberg	10/25/2005	Bittner	New Loan	103,500							100,000
9835-PL	Eagle Theater Corporation	9/8/2003	Trout/Albright	Yes	295,071							263,566
	Excel Crusher Technologies	4/19/2005	Senica	Yes	1,000,000							889,547
9793-PL	Excel Foundry	3/27/2003	Senica	Yes	237,112							179,034
	Excel Foundry	5/24/2005	Senica	Yes	762,562							702,328
	Jeffrey J. Gutzwiller	12/8/2005	Senica	New Loan	135,168							135,168
	Janis Mack	12/29/2005	Reed	New Loan	150,000							150,000
1904-PL	Hagel & Leong (2nd loan)	2/8/2002	Senica	Yes	100,817							25,099
1844-PL	Hawkeye Food Machinery, Inc.	1/17/1997	Senica	Paid off 11/10/05	250,000							-
9726-PL	Kevin Krosse	2/15/2002	Senica	Yes	114,084	990						91,432
9783-PL	Keyser, David (Klean Wash, Inc.)	8/13/2002	Senica	Yes	100,000							67,464
	Kenneth & Virginia Lasater	9/14/2005	Reed	Annual Pymnt	443,594							443,594
	Kophamer Grain	11/14/2005	Bittner	Annual Pymnt	241,000							241,000
1907-PL	Lincoln Tool Company	6/12/1997	Senica	Yes	150,000						104,865	104,865
	Martin & Rebecca Koster	7/27/2005	Reed	Annual Pymnt	200,000							200,000
1927-PL	Moerchen, William J.	6/12/1997	Pigg	Yes	300,000							75,656
	Newline Harwoods, Inc	11/4/2004	Senica	Yes	294,601							254,935
	Octochem	12/31/2003	Pigg	Yes, Interest only	281,538							263,777
	Perkins & Perkins Ltd. Partnership	8/23/2005	Senica	Yes	165,191							154,464
	Roesch, Inc	9/23/2004	Pigg	Yes	294,368							265,979
9781-PL	S & B Investments	2/18/2003	Pigg/Trout	No	197,889	1,400						171,428
9699-PL	Shulls Machine	11/26/2002	Pigg	No	234,693	2,300						173,268
9579-PL	Siebenberger, Douglas & Robt. Ewen	5/17/2002	Pigg	Yes	235,699							205,145
9225-PL	Siracusa, Charles & Sharon	3/23/2000	Frampton	Yes	300,000							250,698
1869-PL	Specialty Machine & Tool, Inc.	4/2/1997	Cochran	Past due	87,173						71,943	71,943
	Spaulding Composites, Inc	3/23/2005	Curtis-Martin	Yes	622,508							604,534
9671-PL	Upchurch Oil & Ready Mix Concrete	5/4/2001	Pigg	Yes	300,000							183,106
	Uresil	12/1/2004	Curtis-Martin	Yes	300,000							265,914
9631-PL	The Weisiger Family Trust	4/6/2001	Senica	Yes	250,000							219,700
2164-PL	Wiegand, Beth A.	6/10/1999	Senica	Yes	183,484							140,695
9782-PL	Wilson, Michael L. Sr.	12/6/2002	Senica	Past Due	296,032					277,011		277,011
	WorkSaver Inc	12/31/2003	Pigg	Yes	112,500							72,841
9672-PL	Young, Clinton (Precision Pattern)	8/1/2001	Senica	Yes, but payment not posted	149,601	900						139,736
PL-Motion Picture Financing												
9733-PL/MPF	Big Picture Chicago,LLC	2/20/2002			82,500						16,432	16,432
9739-PL/MPF	SMS Productions	7/29/2002	Trout		49,270							-
	TOTAL				13,843,001	5,590	-	-	-	277,011	336,475	10,450,065
<i>PL/MPF Late amounts are estimates.</i>												
DL Loans												
98	Roe Machine Co.	12/31/1980	Pigg	Yes	45,000							1,561
1470	T.K.G. Inc.	8/26/1994	Pigg	Past due	179,000						107,808	107,808
	TOTAL				224,000	-	-	-	-	-	107,808	109,368
FMHA Loans												
9627	Grayson Hill Energy, LLC	1/31/2001	Pigg	No	130,000	1,443						76,065
1589	Ray's Body, Inc.	1/17/1995	Pigg	Loan Paid off	100,000							-
1952	Sublette Developers, Inc.	1/15/1998	Albright	No	150,000	1,110						107,496
9643	Ultra Play Systems, Inc.	5/3/2001	Pigg	No	90,000	1,314						37,724
	Derefs BBQ	12/1/2005	Pigg	New Loan	108,688							108,688
1789	Walters Trucking	6/25/1996	Senica	Loan paid off 11/03/05	100,000							-
	TOTAL				678,688	3,867	-	-	-	-	-	329,973
Municipalities												
	City of Metropolis	2/10/2005	Watson	Loan Paid off 12/6/05	3,000,000							-
	Austin Township	3/1/2005	Myers	No pymnt due	85,000							76,500
	Thorton Township School Dist.	9/29/2005	Myers	No pymnt due	6,777,000							6,777,000
	TOTAL					-	-	-	-	-	-	6,853,500
	Illinois Facilities Fund	2/10/2000		No pymnt due	1,000,000							1,000,000
	TOTAL				1,000,000	-	-	-	-	-	-	1,000,000
	GRAND TOTAL					9,457	-	-	-	277,011	444,282	18,742,906

Cumulative Net Income



(In thousands)

Illinois Finance Authority

Status of

FY 04 Audit Findings
Update as of December 31, 2005

Item Number	Description	Status		Percentage Completed
		Action Items/	Action Items Completed	
04-01	Lack of Comprehensive Accounting System and Procedures	16/17		94
04-02	Inadequate Segregation of Duties	Complete		100
04-03	Failure to Monitor Bond Compliance	5/8		62
04-04	Inadequate Internal Control Review of Bond trustees	4/6		66
04-05	Non Compliance with Illinois Procurement Code and SAMS	2/3		66
04-06	Inadequate Invoice processing	Complete		100
04-07	Non-Submission of Credit Enhancement Development Report	Complete		100
04-08	Inadequate Maintenance of Personnel Files	Complete		100
04-09	Inadequate Cash receipts processing	Complete		100
04-10	Inaccurate Completion of Agency Fee Imposition	Complete		100
04-11	Lack of Adequate Time reporting Documentation	Complete		100
04-12	Untimely Review of Monthly Reconciliations	90% reviewed		90
04-13	Unreported Assignments of State Vehicles	Complete		100
04-14	Incomplete accounting for Capital Assets	Year-end inventory		100

Notes:

- 50% = Partially Completed
- 60% = Substantially Completed
- 100% = Completed



MINUTES OF THE REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held its regularly scheduled meeting at 11:30 a.m., on December 6, 2005 at the Plaza Club, One Prudential Plaza, 130 E. Randolph Street, 40th floor, Chicago, Illinois.

Members Present:

Magda M. Boyles
Ronald E. DeNard
James J. Fuentes
Demetris A. Giannoulis
Michael W. Goetz
David C. Gustman, Chairman
Dr. Roger D. Herrin
Edward H. Leonard, Sr.
Martin H. Nesbitt
Terrence M. O'Brien
Andrew W. Rice
Juan B. Rivera
Lynn F. Talbott
Bradley A. Zeller

Members Absent:

Joseph P. Valenti

GENERAL BUSINESS

Call to order

Chairman Gustman called the meeting to order at 11:47 a.m. with the above members present.

Chairman's Welcome

On behalf of the Board, Chairman Gustman welcomed everyone present and shared that projects being presented for approval today total close to \$593 million and are expected to create 1,426 new jobs and 990 construction jobs. Chairman Gustman also introduced Ronald E. DeNard, Illinois Finance Authority's newest board member.

Roll Call

Chairman Gustman asked Secretary Burgess Jones to call the roll. There being fourteen members present, a quorum was declared.

Interim Executive Director's Report

Interim Executive Director Rendleman reported that since 2004 the Illinois Finance Authority has approved 337 projects in various market sectors totaling nearly \$7 billion. Director Rendleman noted that in 2006, the Authority looks forward to continuing its efforts to further assist businesses and individuals throughout the State of Illinois, with their financial needs.

Acceptance of Financials

Financial statements for period ending November 30, 2005 were accepted by all board members present.

Minutes

Upon a motion by Mr. Leonard and seconded by Mr. O'Brien, Chairman Gustman requested a roll call vote to approve Minutes of the Authority's board meeting held on November 8, 2005. The motion was approved with 14 ayes, 0 nays, and 0 abstentions.

Projects

Director Rendleman presented the following projects for Board approval:

No. 1: **A-DR-TX-710 – Aaron Baker**

Requests approval of an Agricultural Debt Restructuring Loan to centralize debt in an amount not-to-exceed \$250,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-01)

No. 2: **A-SG-TX-GT-709 – Brian Duncan**

Requests approval of a Specialized Livestock Guarantee to finance purchase of 510 shares of stock in a sow farm designed to produce high quality weaner pigs in an amount not-to-exceed \$285,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-02)

No. 3: **A-FB-TE-CD-711 – Jeremy & Nikki Carter**

Requests approval of a Beginning Farmer Bond in an amount not-to-exceed \$125,000. This project will use dedicated 2006 Volume Cap set-aside for Beginning Farmer Bond transactions.

A-FB-TE-CD-712 – Matt & Janelle Steidinger

Requests approval of a Beginning Farmer bond in an amount not-to-exceed \$200,000. This project will use dedicated 2006 Volume Cap set-aside for Beginning Farmer Bond transactions

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-03)

No. 4: **I-EZ-TE-CD-410 – Central City Studios, LLC**

Requests final approval of Empowerment Zone Revenue Bonds to purchase land, equipment, fixtures, and construction costs and fund legal and professional costs in an amount not-to-exceed \$35,000,000. The City of Chicago will issue TIF bonds of approximately \$10.5M as part of the overall financing package. No IFA Volume Cap will be used. This project is expected to create 1,015 new jobs and 235 constructions jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-04)

No. 5 **I-ID-TE-CD-629 – Freedman Seating Company**

Requests final approval of an Industrial Revenue Bond to purchase and install equipment, fixtures, and construction costs and fund legal and professional costs in an amount not-to-exceed \$2,500,000. This project is expected to use up to \$2,500,000 of IFA Volume Cap. This project is expected to create 43 new jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-05)

No. 6: **I-ID-TE-CD-694 – Pollmann North America, Inc.**

Requests final approval of an Industrial Development Bond to purchase land, and construct and equip a manufacturing plant for auto parts in an amount not-to-exceed \$6,000,000. This project will require up to \$6,000,000 of Volume Cap. This project is expected to create 16 new jobs and 95 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-06)

- No. 7: **P-SW-PO-TE-CO-719 – Reliable Materials Lyons, LLC**
Requests preliminary approval of Solid Waste Disposal Bonds to purchase land, machinery, equipment, and fund legal and professional costs in an amount not-to-exceed \$12,000,000. This project will require up to \$12,000,000 in Volume Cap. This project is expected to create 7 new jobs and 50 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-07)

- No. 8: **P-SW-PO-TE-CD-662 – Air Products and Chemicals, Inc.**
Requests final approval of Solid Waste Disposal Bond to finance development, construction, equipment and operations of a hydrogen plant in an amount not-to-exceed \$30,000,000. This project will use an estimated \$30,000,000 of unallocated 2003-2004 Carryforward Volume Cap designated for Solid Waste Disposal Revenue Bond projects. This project is expected to create 8 new jobs and 60 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-08)

- No. 9: **B-LL-TX-706 – Complete Automotive Services, Inc.**
Requests final approval of a Participation Loan to purchase land, building construction, acquire machinery and equipment in an amount not-to-exceed \$120,000. This project is expected to create 2 new jobs and 15 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-09)

- No. 10: **B-LL-TX-708 – Ex-Tech Plastics, Inc.**
Requests final approval of a Participation Loan to purchase equipment for a manufacturing facility in an amount not-to-exceed \$1,000,000. This project is expected to create 15 new jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-10)

No. 11: **B-LL-TX-704 – Velde Saur Land Trust**
Requests final approval of a Participation Loan for building improvements and complete refurbishment of an automobile dealership in an amount not-to-exceed \$1,000,000. This project is expected to create 6 new jobs and 50 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-11)

No. 12: **E-PC-TE-CD-713 – Chicago Historical Society**
Requests preliminary approval of 501(c) 3 Bonds to renovate public spaces and refund existing tax-exempt bonds in an amount not-to-exceed \$53,000,000. This project is expected to create 6 new jobs and 32 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-12)

No. 13: **N-NP-TE-CD-717 – Lutheran Social Services of Illinois and Vesper Management Corporation**
Requests preliminary approval of 501(c) 3 Bonds to refund outstanding bonds, finance certain capital costs, capitalize debt service reserve funds and pay issuance costs in an amount not-to-exceed \$22,000,000. This project is expected to create 209 new jobs.

Ms. Boyles announced that she would abstain from voting on this project. Stating that her firm provides legal representation to Lutheran Social Services of Illinois. Chairman Gustman requested a roll call vote. The project was approved with 13 ayes, 0 nays, and 1 abstention. (05-12-13)

No. 14: **E-PS-TE-CD-683 – The Roman Catholic Diocese of Joliet, organized as a Trust (All Saints Catholic Academy)**
Requests final approval of 501(c)3 Bonds to refinance taxable loans, capitalize interest, fund legal and professional costs in an amount not-to-exceed \$13,000,000. This project is expected to create 7 new jobs.

Chairman Gustman requested a roll call vote. The project was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-14)

- No. 15: **E-PS-TE-CD-693 – The Latin School of Chicago**
Requests final approval of 501(c) 3 Bonds to finance demolition and construction, renovations, refinance bonds, capitalize interest and fund legal and professional costs in an amount not-to-exceed \$35,000,000. This project is expected to create 11 new jobs and 300 construction jobs.
- Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-15)
- No. 16: **N-NP-TE-CD-702 – Park Lawn Association, Inc.**
Requests final approval of 501(c) 3 Revenue Bonds to finance construction and renovate a facility in an amount not-to-exceed \$3,500,000. This project is expected to create 8 new jobs and 100 construction jobs.
- Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-16)
- No. 17: **L-GR-TE-700 – Village of Freeburg**
Requests preliminary approval of Local Government Bonds to finance facility construction, reimburse project costs and pay issuance costs in an amount not-to-exceed \$6,300,000. This project is expected to create 1 new job and 5 construction jobs.
- Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-17)
- No. 18: **L-GP-TE-MO-608 – Advanced Refunding**
Requests final approval of Moral Obligation Bonds to advance refund outstanding bonds issued by the Illinois Rural Bond Bank on behalf of units of local government and, to pay certain issuance costs in an amount not-to-exceed \$15,700,000.
- Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions/present. (05-12-18)

- No. 19: **M-MH-TE-CD-697 – DeKalb Supportive Living, LP and its successors and assigns, an Illinois Limited Partnership to be formed (Pine view/DeKalb County Supportive Living Facility)**
Requests preliminary approval of Housing Bonds to construct a new affordable Supportive Living Facility in an amount not-to-exceed \$6,500,000. This project will use approximately \$6,225,000 of Carryforward Volume Cap. This project is expected to create 31 new jobs and 25 construction jobs.
- Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-19)
- No. 20: **M-MH-TE-CD-698 – Heritage Woods of Freeport Limited Partnership, and its successors and assigns, an Illinois Limited Partnership to be formed (heritage Woods of Freeport SLF)**
Requests preliminary approval of Housing Bonds to construct a new affordable Supportive Living Facility in an amount not-to-exceed \$10,000,000. This project will use approximately \$9,700,000 of prior year Carryforward Volume Cap. This project is expected to create 38 new jobs and 30 construction jobs.
- Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions/present. (05-12-20)
- No. 21: **M-MH-TE-CD-696 – Prairie Winds of Urbana LP, and its successors and assigns (Prairie Winds of Urbana SLF)**
Requests preliminary approval of Housing Bonds to construct a new affordable Supportive Living Facility in an amount not-to-exceed \$10,000,000. This project will use approximately \$8,700,000 of Carryforward Volume Cap. This project is expected to create 36 new jobs and 28 construction jobs.
- Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions/present. (05-12-21)
- No. 22: **M-MH-TE-CD-703 – Thornwood – Chicago Heights, LP and its successors and assigns, an Illinois Limited Partnership to be formed (Thornwood Apartments)**
Requests preliminary approval of Housing Bonds to purchase and renovate an existing building for affordable multifamily rental apartments in an amount not-to-exceed \$11,000,000. This project will use up to \$10,250,000 of prior year Carryforward Volume Cap that was obtained by

the Underwriter and transferred to the Authority for this project. This project is expected to create 20 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-22).

- No. 23: **M-MH-TE-CD-639 – Urban West Byron, LP (St. Pauls Residences)**
Requests final approval of Housing Bonds to purchase and renovate an existing building for affordable senior rental property in an amount not-to-exceed \$7,000,000. This project will use up to \$7,000,000 of prior year Carryforward Volume Cap that was transferred to the Authority by Home Rule Municipalities for this purpose. This project is expected to create 10 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-23)

- No. 24: **H-HO-TE-CD-701 – Edward Hospital**
Requests preliminary approval of 501(c) 3 Bonds to fund new money projects, full or partial refinancing of existing IHFA Series 1993, 1997 and 2001 bonds and, fund debt service reserve fund, capitalize interest and pay costs of issuance in an amount not-to-exceed \$250,000,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-24)

- No. 25: **H-HO-TE-CD-720 – Proctor Hospital**
Requests preliminary approval of 501(c) 3 Bonds to fund new money projects, full or partial refinancing of existing IHFA Series 1991 and 1996 bond, fund debt service reserve and pay issuance costs in an amount not-to-exceed \$55,000,000. This project is expected to create 5 new jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-25)

- No. 26: **H-HO-TE-CD-691 – Sinai Health System and Mount Sinai Hospital Medical Center of Chicago**
Requests final approval of 501(c) 3 Bonds to pay or reimburse borrower for costs of acquiring certain capital equipment, refinance taxable loans and pay certain related expenses in an amount not-to-exceed \$7,300,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-26)

Amendments / Resolutions

Onyx Waste Services, Inc. (P-SW-PO-TE-CD-403) requests approval to extend the expiration date of the inducement resolution previously approved by the Board from 12/31/2005 to 12/31/2007.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-27).

Freeport Area Economic Development Foundation, Inc. (B-LL-NP-TX-412) requests a Special Purpose Entity.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-28).

Resolution No. 2006-17 Authorizing the execution and delivery of an Intergovernmental Agreement with the Village of Brookfield, Illinois to facilitate the issuance of Refunding Bonds by the Village of Brookfield for the Chicago Zoological Society.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-29).

Custom Wood Products (B-LL-TX-573) requests to change the borrower under a previously approved participation loan to the borrower's holding company, Fowler Properties, LLC.

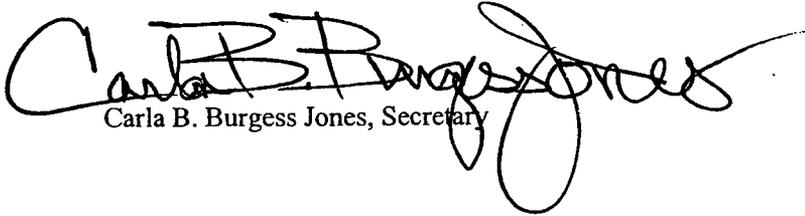
Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-30).

Jeffrey J. Gutzweller (B-LL-TX-6020) requests authorization to increase the loan principal amount of a previously approved participation loan from \$127,500 to \$137,500.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 14 ayes, 0 nays, and 0 abstentions. (05-12-30).

Chairman Gustman asked if there was any other business to come before the Board. There being no further business Chairman Gustman requested a motion to adjourn. Upon a motion by Mr. DeNard and seconded by Dr. Herrin the meeting adjourned at approximately 12:41 p.m.

Respectfully Submitted,


Carla B. Burgess Jones, Secretary

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 10, 2006

Project: Darrell Runge

STATISTICS

Project Number:	A-LL-TX-726	Amount:	\$236,000
Type:	Participation Loan	IFA Staff:	Eric Reed
Location:	Mason, IL	SIC Code:	0191-Grain Farming

BOARD ACTION

Approval to purchase a 50% participation loan from Midland States Bank, Effingham, IL
\$236,000 of IFA funds at risk
Staff recommends approval, subject to satisfying all conditions of the bank loan.

PURPOSE

To provide permanent financing for the purchase of 160 acres of farmland.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA	\$236,000	Uses:	Land Purchase	<u>\$472,000</u>
	Midland States Bank	<u>\$236,000</u>			
	Total	\$472,000		Total	\$472,000

JOBS

Current employment:	N/A	Projected new jobs:	0
Jobs retained:	N/A	Construction jobs:	0

BUSINESS SUMMARY

Background: Darrell Runge is a lifelong farmer who operates a 2,450-acre, cash corn and soybean operation located in southern Effingham County. In addition to the grain farm, Darrell and his family own and operate RC Buildings Inc, a business that constructs commercial storage and office buildings. All four of Darrell's children are actively employed by the farming operation and construction company.

Project Rationale: Mr. Runge has the opportunity to further expand his farming operation with the purchase of 160 acres and has expanded his farming operation in recent years to ensure that it remains a viable operation for his children in the future. Mr. Runge has aggressively purchased land to expand operations in the past. This purchase continues that strategy.

Transaction: Loan proceeds will provide permanent financing for the purchase of 160 acres of farmland. Mr. Runge has elected to grant a security interest in equipment to avoid making a 20% cash down payment toward the purchase.

FINANCING SUMMARY

Borrower: Darrel Runge, Sr.

Security: 1st Real estate mortgage on 160 acres of farmland and a blanket lien on all farm equipment. Collateral position will "*parri passu*" with Midland States Bank. The bank has elected to accept a lien on all farm Equipment as the borrower's equity in the purchase.

Structure: 10 year term. 20 year amortization with annual P & I.

PROJECT SUMMARY

The borrower is purchasing 160 acres of farmland for \$472,000.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Darrell Runge Sr.

Location: 2624 E. 475th Avenue
Mason, IL 62443

Organization: Sole-Proprietorship

State: Illinois

Ownership: Darrell Runge Sr.

PROFESSIONAL & FINANCIAL

Accountant: Henley, Reece & Associates, LLC

Attorney: N/A

Bank: Midland States Bank, Effingham, IL Brad Shull, Vice-President

LEGISLATIVE DISTRICTS

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

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 6, 2005**

Project: Mark Kaufman

STATISTICS

Project Number:	A-YF-TX-CD-723	Amount:	\$274,000
Type:	Young Farmer Guarantee	IFA Staff:	Bart Bittner
Location:	Downs, Illinois	SIC Code:	0191 – Grain Farming

BOARD ACTION

Approval of 85% Young Farmer Guarantee in favor of Peoples State Bank of Colfax
\$232,900 of State Treasurers Agricultural Reserve Funds at risk
Staff recommends approval, subject to satisfying all conditions of the bank loan and receipt of:

- Completed appraisal of subject property confirming a loan to value ratio of 80% or less

PURPOSE

To purchase ½ interest in 160 acres of farmland in Arrowsmith Township near Downs, IL.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:		Uses:	
Guaranteed Loan Proceeds	\$232,900	Land Purchase	<u>\$274,000</u>
Non-guaranteed Loan Proceeds	<u>\$41,100</u>		
Total	\$274,000	Total	\$274,000

JOBS

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

BUSINESS SUMMARY

Mark Kaufman has farmed all of his life either full-time or part-time. Mark currently farms 726 acres, most of which is farmed with his brother, Roger. Of the ground farmed with his brother, 620 acres is owned by his father, Howard. In 2006, Mark will plant 165 acres of corn and 316 acres of soybeans. He also runs a small cow-calf herd on the 160 acres that he personally owns and operates on a draw down the center of the property. The Kaufman's farming operation is similar in most respects to those of many other area farmers.

PROJECT SUMMARY

Mark Kaufman and his brother Roger Kaufman are purchasing 160 acres of farmland in Arrowsmith Township to expand their current corn and soybean farming operation near Downs, IL. Each brother will purchase one half of the subject property and will finance the purchase from a loan secured by the purchased land.

FINANCING SUMMARY

Interest: 5 year treasury + 2.50%

Security: 1st mortgage on 160 acres of farmland located in Arrowsmith Township, Illinois
2nd mortgage on 160 acres of farmland located in Arrowsmith Township, Illinois

Sources of

Repayment: Primary: Sale of marketed grain & livestock
Secondary: Liquidation of assets pledged as collateral

Maturity: 15 year term, 30 year amortization

ECONOMIC DISCLOSURE STATEMENT

Applicant: Mark Kaufman

Location: 11288N 2400E Rd
Downs, IL 61736

Organization: Partnership
State: Illinois

Ownership: Mark Kaufman & Roger Kaufman

PROFESSIONAL & FINANCIAL

Accountant: Pioneer FBFM Association
12 Westport Court
Bloomington, IL 61704

Bank: Peoples State Bank of Colfax
101 W. Main St., P.O. Box 527
Colfax, IL 61728

David Dodson, President & CEO
309-723-3331

LEGISLATIVE DISTRICTS

Congressional: 15th Congressman Tim Johnson

State Senate: 53rd Senator Dan Rutherford

State House: 106th Representative Keith Summer

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 10, 2006**

Project: Steve and Laurie Eickmeyer, Sonshine Dairy, LLC

STATISTICS

Project Number:	A-SG-TX-GT-724	Amount:	\$250,000
Type:	Specialized Livestock Guarantee	IFA Staff:	Eric Reed
Location:	Hoyleton	SIC Code:	Dairy Farm

BOARD ACTION

Approval to initiate an 85% loan guarantee in favor of Farmers State Bank of Hoffman \$212,500 of State Treasurer's Agricultural Reserve Risk Funds at risk
Staff recommends approval, subject to satisfying all conditions of the bank loan.

- Updated Satisfactory appraisal to verify LTV of $\leq 80\%$
- Negative covenant for any additional debts without prior consent of lender.
- Debt service to be paid from monthly milk assignment.

PURPOSE

The proposed loan facility will be used to refinance the existing debts of Sonshine Dairy LLC and complete the purchase of 100% ownership by the Eickmeyers in the LLC.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA	\$212,500	Uses:	Purchase Real Estate	<u>\$250,000</u>
	Farmers State Bank	<u>37,500</u>			
	Total	<u>\$250,000</u>			<u>\$250,000</u>

JOBS

Current employment:	N/A	Projected new jobs:	0
Jobs retained:	N/A	Construction jobs:	0

BUSINESS SUMMARY

Background: Steve Eickmeyer is a lifelong dairy farmer, who operates a small 135 cow dairy farm near Hoyleton, IL. Steve began his operations as a partner with his father in 1988.

In 2001, Curt Boehne, of Boehne Farms, approached Mr. Eickmeyer concerning the possibility of becoming a partner in his dairy operation. Boehne had updated his dairy facility and expanded his operations in 1998. He was then employed off the farm and unable to manage the day to day operations. Rather than cease operations, he approached Steve Eickmeyer and Sonshine Dairy, LLC was formed.

Steve Eickmeyer and Boehne Farms were the members of the LLC. Steve Eickmeyer and Curt Boehne were the co-managers of the operation as well. Steve and Curt both invested in Sonshine Dairy with cash, cows, equipment, land etc. to form the LLC. In 2002 to mid 2003, when milk prices hit record lows, Curt decided to sell his interest in Sonshine Dairy to Steve. Steve continued to be committed to keeping the dairy operating, with the outlook for higher prices, which came to fruition. Steve has now chosen to continue the dairy and buy out Curt's portion of the LLC.

Sonshine Dairy has been in the process of pursuing an FSA guaranty in order to restructure their debt. After Curt Boehne decided to exit the dairy, their application changed. A consultant has been hired to assist them with their financing package. In June of 2005 FSA approved the restructure of the debt and will guaranty three of the four loans, two of which will receive interest assistance. The remaining loan guaranteed by IFA, will allow Steve to complete the buyout of Boehne Farms and Curt Boehne from Sonshine Dairy.

Project Rationale: Steve's son has a strong interest in continuing to dairy and that's part of what led to the interest in Sonshine Dairy. By completing the purchase of the dairy, Steve Eickmeyer will ensure control of the dairy, as well as the future of the business for his son.

Transaction: The proposed loan facility will provide a portion of the permanent financing required for Steve and Laurie Eickmeyer to assume ownership of Sonshine Dairy LLC. The request for an IFA guarantee will provide credit enhancement on the remaining portion of the total loan package. Proceeds of the loan will be used to refinance \$200,000 of term debt, as well finance a portion of the cattle purchase and manure equipment.

FINANCING SUMMARY

Borrower: Steve and Laurie Eickmeyer
Security: 1st REM on 50 Acres including the dairy facilities
Structure: 15 year term, with 30 year amortization. Monthly payments to be paid from milk assignment.

PROJECT SUMMARY

The proposed loan facility will provide a portion of the permanent financing required for Steve and Laurie Eickmeyer to assume ownership of Sonshine Dairy LLC. The request for an IFA guarantee will provide credit enhancement on the remaining portion of the total loan package. Proceeds of the loan will be used to refinance \$200,000 of term debt, as well finance a portion of the cattle purchase and manure equipment.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Steve and Laurie Eickmeyer, Sonshine Dairy, LLC
Location: 17043 Magnolia Drive, Hoyleton, IL 62803
Organization: Sole-Proprietorship
State: Illinois
Ownership: Steve and Laurie Eickmeyer

PROFESSIONAL & FINANCIAL

Accountant: George Kruse, Carlyle, IL
Attorney: Barkau & Unverfehrt, Nashville, IL
Bank: Farmers State Bank of Hoffman, IL

LEGISLATIVE DISTRICTS

Congressional: John Shimkus-19th **State Senate:** Dave Luechtefeld-58th **State House:** Mike Bost-115th

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Eric Reed and Bart Bittner/bar
Date: January 10, 2006
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** amounts up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2006 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-6000
Funding Manager: Eric Reed
Borrower(s): Kent Darnell
Town: McLeansboro, IL
Amount: \$150,000
Use of Funds: Farmland – 240 acres
Purchase Price: \$293,000
%Borrower Equity: 48.2%
%Other Agency: 0%
%IFA: 51.2%
County: Hamilton
Lender/Bond Purchaser: Farmers State Bank
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 59th, Gary Forby
State House: 117th, John E. Bradley

Principal shall be paid annually in installments determined pursuant to a thirty-year amortization schedule, with the first principal payment date due November, 2006. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to be November, 2006, with the thirtieth and final payment of all interest then outstanding due November, 2036.

The Note shall bear simple interest at the Expressed Rate.

* **Kent Darnell:** The Expressed Rate shall be 4.95% for the first 36 months of the loan; thereafter, the rate shall be adjusted every 36 months on the anniversary payment date of the loan to 1.80% under Wall Street Journal Prime Rate with a maximum rate of 6.95%. Fee: \$2,250

Project Number: A-FB-TE-CD-6001
Funding Manager: Eric Reed
Borrower(s): Aaron Wallace
Town: Dahlgren, IL
Amount: \$107,000
Use of Funds: Farmland – 107 acres
Purchase Price: \$107,000
%Borrower Equity: 0%
%Other Agency: 0%
%IFA: 100%
County: Hamilton
Lender/Bond Purchaser: Peoples National Bank
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 54th, John Jones
State House: 108th, David Reis

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

The Note shall bear simple interest at the Expressed Rate.

* **Aaron Wallace:** The Expressed Rate shall be 7.0% for the first three years of the loan; thereafter, the rate shall be adjusted every three years on the anniversary payment date of the loan equal to Wall Street Journal Prime Rate. Fee: \$1,605

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

Project Number:	A-FB-TE-CD- 6002
Funding Manager:	Eric Reed
Borrower(s):	Duston & Karon Traylor
Town:	Girard, IL
Amount:	\$227,000
Use of Funds:	Farmland – 60 acres
Purchase Price:	\$275,000
%Borrower Equity	17.5%
%Other Agency	0%
%IFA	82.5%
County:	Macoupin
Lender/Bond Purchaser	Farmers & Merchants State Bank
Legislative Districts:	Congressional: 17 th , Lane Evans State Senate: 49 th , Deanna Demuzio State House: 98 th , Gary Hannig

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

The Note shall bear simple interest at the Expressed Rate.

* **Duston & Karon Traylor:** The Expressed Rate shall be 5.25% for the first three years of the loan; thereafter, the rate shall be adjusted every three years on the anniversary payment date of the loan under the following terms:

- A. The maximum adjustment in rate shall be limited to no more than 1.75% higher than the previous rate
- B. The maximum rate for the first 15 years shall not exceed 8.0%
- C. The interest rate for the loan for years 16 through 25 will revert back to the original adjustment plan (without limits of adjustment or overall rate limits) and thus be adjusted every 3 years on the anniversary date of the loan and be adjusted to one percent (1.50%) under Wall Street Prime at time of adjustment.

Note: The rate on this loan shall not drop below 5.00% at any time during the 25-year term of the note. If Wall Street Prime is below 6.5% at time of rate adjustment, the rate on the loan for the next 3-year period will be 5.00%. Fee: \$3,405

Project Number: A-FB-TE-CD- 6003
Funding Manager: Bart Bittner
Borrower(s): Wayne & Deborah Corzatt
Town: Dallas City, IL
Amount: \$80,000
Use of Funds: Farmland – 80 acres
Purchase Price: \$160,000
%Borrower Equity: 50%
%Other Agency: 0%
%IFA: 50%
County: Hancock
Lender/Bond Purchaser: Marine Bank & Trust
Legislative Districts: Congressional: 17th, Lane Evans
State Senate: 49th, Deanna Demuzio
State House: 98th, Gary Hannig

Principal shall be paid annually in installments determined pursuant to a thirty-year amortization schedule, with the first principal payment date due March 1, 2006. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to be March 1, 2006, with the thirtieth and final payment of all interest then outstanding due March 1, 2036.

The Note shall bear simple interest at the Expressed Rate.

*** Wayne & Deborah Corzatt:** The Expressed Rate shall be 5.00% for the first 5 years of the loan; thereafter, the rate shall be adjusted annually on the anniversary payment date of the loan to the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year.
Fee: \$1,200

Project Number: A-FB-TE-CD- 6004
Funding Manager: Eric Reed
Borrower(s): Nathan King
Town: Pawnee, IL
Amount: \$140,000
Use of Funds: Farmland – 40 acres
Purchase Price: \$154,000
%Borrower Equity: 9.1%
%Other Agency: 0%
%IFA: 90.9%
County: Sangamon
Lender/Bond Purchaser: First National Bank-Raymond
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 50th, Larry K. Bomke
State House: 100th, Rich Brauer

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

The Note shall bear simple interest at the Expressed Rate.

*** Nathan King:** The Expressed Rate shall be 5.5% for the first five years of the loan; thereafter, the rate shall be adjusted every five years on the anniversary payment date of the loan to .75% below National Prime as quoted in The Wall Street Journal at renewal and every 5th year thereafter. The rate shall never be below 4% or higher than 7.5% for the entire term of the loan. Fee: \$2,100

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

Project Number:	A-FB-TE-CD- 6005
Funding Manager:	Eric Reed
Borrower(s):	Corey Hilmes
Town:	Breese, IL
Amount:	\$250,000
Use of Funds:	Farmland – 86 acres
Purchase Price:	\$310,000
%Borrower Equity	19.4%
%Other Agency	0%
%IFA	80.6%
County:	Clinton
Lender/Bond Purchaser	Germantown Trust & Savings Bank
Legislative Districts:	Congressional: 19 th , John Shimkus State Senate: 51 st , Frank Watson State House: 102 nd , Ron Stephens

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

The Note shall bear simple interest at the Expressed Rate.

<p>* Corey Hilmes: The Expressed Rate shall be 5.75% for the first 36 months of the loan; thereafter, the rate shall be adjusted every 36 months on the anniversary payment date of the loan to 1.5% under the bank's prime rate with a 5.00% rate floor. Fee: \$3,750</p>

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

Operations: Waugh Foods, Inc. is a diversified foodservice operation providing an array of food products and services to food purveyors and food preparation operations throughout the Midwest. Products include beef, pork and poultry, a wide variety of fresh and frozen fruits and vegetables, dairy products (excluding fresh milk), seafood, ethnic foods and entrees, special dietary products, bakery items (including doughs), and a myriad of other grocery products such as soups, beverages, coffees, canned goods, mixes, sauces and gravies, and cleaning supplies. The Company also distributes slicers, knives, food processing equipment, various dispensing units and refrigeration units.

Waugh Foods, Inc. offers customers many specialty programs to maximize their effectiveness in the food industry. Examples include special dietary and menu design programs with its Innovative Healthcare Solutions program, a comprehensive computerized ordering system to provide customers with quick and easy inventories, and an affiliation with Pocahontas Foods, USA marketing group to further enhance the Company's purchasing, marketing and training activities.

Waugh Foods, Inc. has received numerous industry recognitions, such as the 2005 Illinois Dietary Managers Association "Vendor of the Year" award, the 2004 McCormick Spice Trader Award for largest growth in Central Region, the 2004 Sales Partner Systems (SPS) Valued Added Marketing Award, the 2004 Economic Development Council "Growth & Innovation Award" and the 2003 "Pocahontas Outstanding Distributor" award.

The Project: The project presented entails financing the acquisition of dry goods dock equipment to be used at the recently constructed building on Pinecrest Road in East Peoria and the reconfiguration of interior storage in their dry goods area to accommodate growth in non-perishable items. Total cost of the project is \$183,000, with \$43,000 being financed by the City of East Peoria Revolving Loan Fund and the remaining \$140,000 being provided on an equal basis by IFA and South Side Trust and Savings Bank in Peoria.

FINANCING SUMMARY

Obligor: Waugh Foods, Inc.
Guarantor: Joseph Waugh, Sr.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Waugh Foods, Inc.
Organization: Illinois S corporation
Ownership: Joseph Waugh, Sr. – 51%, John Waugh – 49%

PROFESSIONAL & FINANCIAL

Banker: South Side Trust and Savings Bank Peoria Todd Lawson
Accountant: Clifton Gunderson LLP Peoria

LEGISLATIVE DISTRICTS

Congressional: 18 – Ray Lahood
State Senate: 46 – George P. Shadid
State House: 91 – Michael K. Smith

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: **Network Innovations, Inc.**

STATISTICS

Deal Number:	B-LL-TX-722	Amount:	\$520,000
Type:	Participation Loan	IFA Staff:	Sharnell Curtis Martin
Location:	Chicago		

BOARD ACTION

Purchase of Participation from TCF Bank
\$520,000 of IFA funds at risk
Collateral is parri passu first position with the bank
Exception: This loan does not meet the Board's loan to value standard but is supported by the owners' personal guarantees.
Staff recommends approval

PURPOSE

Loan proceeds will be used to finance the acquisition of a building.

VOTING RECORD

Initial Board Consideration, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	TCF Bank	\$650,000	Uses:	Project Costs	<u>\$1,300,000</u>
	IFA	520,000			
	Equity	<u>130,000</u>			
	Total Sources	<u>\$1,300,000</u>		Total Uses	<u>\$1,300,000</u>

The Source of equity is from internally generated funds.

JOBS

Current employment:	14	Projected new jobs:	25
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Network Innovations, Inc. ("NI" or the "Company") was founded by Rick Stern in 1997, and is a telecommunications firm specializing in providing data and voice telecommunications including Wide Area Networks (WAN), Internet, and Voice connectivity to commercial businesses. The Company is an "S" Corporation. Horizon Network Technologies ("HNT") was also founded in 1997 by Ronald Grason as a telecommunications firm. Rick Stern was the sole stockholder of NI and Ronald Grason was the sole stockholder of HNT. The two firms, NI and HNT, operated as individual businesses but partnered on projects that served large clients.

In 2004, Mr. Grason consolidated HNT into NI. Mr. Stern and Mr. Grason each own 50% of the Company. Rick Stern is the CEO and manages the Company's operations including finance, operations, sales and provisioning. Mr. Stern has a B.S. in Telecommunications from the University of Florida and was employed for 10 years with Sprint/MCI where he managed a 19 state territory.

Ronald Grason is the COO and manages the Company's sales and marketing efforts. Mr. Grason has a B.S. Degree in Biology with a minor in Chemistry from the University of Chicago and spent 10 years in major account sales at MCI/Verio. The company recently added Milan Saric as CFO. Mr. Saric is a CPA and holds a MBA from the University of Illinois and has more than 25 years experience in financial management.

Description: The new facility located at 1246 W. George is a 5,500 square foot facility and will replace the present leased 1,700 square foot facility where NI is presently housed. The Company presently has 14 employees including Mr. Stern and Mr. Grason. The remaining employees are a five person sales staff and seven employees providing customer and administrative support. NI expects to add 25 new employees by the end of 2006.

FINANCING SUMMARY

Security: Pro-rata first position "pari passu" with TCF Bank on the building located at 1246 W. George in Chicago (Cook County), Illinois. A first mortgage and assignment of rents and leases on the subject property located at 1246 W. George in Chicago (Cook County), Illinois, as well as the personal guarantee of Rick Stern and Ronald Grason

Structure: Based on the guidelines of the Participation Loan Program, IFA's interest will be 200 basis points below the bank's stated rate of 2.50% over the 5-year treasury with 50 basis points retained by the bank for servicing.

Maturity: The loan will be set on a 10-year term with a 10-year amortization with an interest rate reset after five years.

Covenants: Annual Financial Statements
Personal guaranties of Rick Stern and Ronald Grason
Evidence of insurance on the collateral

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of a 5,500 square foot building located at 1246 W. George in Chicago (Cook County), Illinois. Project costs are estimated at \$1,300,000.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Network Innovations, Inc.
Project name: Network Innovations, Inc. New Facility
Location: 1246 W. George Street, Chicago, IL, 60657 - 4220 (Cook County)
Organization: "S" Corporation
State: Illinois
Ownership: Rick Stern 50%
Ronald Grason 50%
Land Sellers: The Brixton Group Ltd.
Jeffery Ruttenberg

PROFESSIONAL & FINANCIAL

Borrower's Counsel: To Be Determined
Accountant: Cappuccitti, Pawlowicz Accounting Services Medinah Rose Pawlowicz
IFA Counsel: Dykema Gossett Chicago Daryl Pierce

LEGISLATIVE DISTRICTS

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

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 10, 2006**

Project: Dominican University

STATISTICS

Project Number:	E-PC-TE-CD-6007	Amount:	\$31,000,000 (not-to-exceed amount)
Type:	501(c)(3) Bonds	FM:	Rich Frampton
Location:	River Forest		

BOARD ACTION

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

PURPOSE

Bond proceeds will be used finance demolition and replacement of an existing academic building and the construction of a new parking garage. Additionally, Bond Proceeds will be applied to refinance the University's Series 2000 IFA (IEFA) Bonds.

IFA CONTRIBUTION

IFA will convey tax-exempt status on the subject bonds.

VOTING RECORD

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

PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS (subject to change)

Sources: New Money Bonds	\$19,000,000	Uses: New Project Cost	\$46,549,176
Current Refunding Bonds	11,000,000	Series 1997 Bond	
Equity/Fundraising	<u>28,124,176</u>	Escrow	\$11,200,000
		Issuance Costs	<u>375,000</u>
Total	<u>\$58,124,176</u>	Total	<u>\$58,124,176</u>

As of 6/30/2005, the University's combined investment balances and pledges collectable within one year total approximately \$29 million, sufficient to cover the estimated equity requirement for this financing.

JOBS

Current employment:	324	Projected new jobs:	25
Jobs retained:	0	Construction jobs:	50-65 (18 months)

BUSINESS SUMMARY

Background: Dominican University ("Dominican" or the "University") is a 501(c)(3) organization established in 1901 and incorporated under Illinois law in 1918. The University is governed by a 27-member Board of Trustees (see Exhibit A).

Day to day operations are managed by the Donna Carroll, President, who serves as the chief executive officer of the University.

Description: Dominican University was originally founded as St. Clara College in Sinsinawa, WI in 1901 by the Sinsinawa Dominican Sisters of the Most Holy Rosary. In 1922, under the leadership of Mother Samuel Coughlin, the sisters relocated the institution to its current location in River Forest, IL, where it was renamed Rosary College. The new college began immediately instituting new programs and improving its curriculum, establishing one of the first study abroad programs in the country in 1925 and offering courses in library science leading to the university's first master's degree in 1949. Recognizing its responsibility to all students, Rosary College became coeducational in 1970.

In May 1997, in the context of an aggressive strategic plan, the school name was changed to Dominican University, communicating the increasingly comprehensive nature of the university's programs and, at the same time, its continued commitment to its Catholic Dominican mission.

The University is a private, coeducational, institution located on an approximately 30 acre site along Division Street in River Forest approximately 10 miles west of Downtown Chicago. The University offers liberal arts and professional education through a variety of disciplines.

Dominican University is accredited by the North Central Association of Colleges and Secondary Schools as a baccalaureate and master's degree granting institution. The Master of Library and Information Science program is accredited by the American Library Association. The accounting and business administration programs in the School of Business are accredited by the Association of Collegiate Business Schools and Programs. The Graduate School of Social Work in 2004 was accredited by the Commission on Accreditation of the Council on Social Work Education. The program in nutrition and dietetics has development accreditation from the Commission on Accreditation for Dietetics Education.

The University is approved by the Illinois State Board of Education, the Illinois Department of Registration and Education, and the State Approving Agency for Veterans Affairs.

FINANCING SUMMARY

Structure: The Bonds will be secured with by a Direct Pay Letter of Credit from Chase Bank. Chase's long-term debt is currently rated Aa3 (Stable – affirmed 6/15/2005)/AA- (Stable – as of 9/22/2005) and short-term debt is rated P-1/A-1+ by Moody's/S&P.

Term/

Interest Rate: 7-Day Variable Rate Demand Bonds with a final maturity of up to 35 years. The most current effective interest rate on 7-Day Variable Rate Demand Bonds (inclusive of all fees) was 4.10% as of 12/21/2005.

Security: The Bondholders will be secured by the Direct Pay Letter of Credit.

PROJECT SUMMARY

The proposed project will be used to (i) refund the outstanding principal amount of Dominican's existing IFA (IEFA) Series 2000 Bonds, (ii) finance all or a portion of required site preparations, and the costs of the acquisition, construction, renovation and equipping of certain University the construction and equipping of a new parking garage facility, (iii) make any deposits to certain funds required to be maintained in accordance with a Trust Indenture, and (iv) pay certain costs incurred in connection with the issuance of the Series 2005 Bonds and the credit enhancement thereof. Additionally, bond proceeds may also be used to construct an access drive to the subject parking garage.

The facilities being financed, refinanced, or reimbursed from proceeds of the Series 2006 Bonds are or will be owned or operated by Dominican University and are or will be located on land owned by Dominican University at its campus located at 7900 W. Division Street in River Forest (Cook County), Illinois 60305-1066.

Proposed new money project costs include the following:

Academic Building:

Design and Engineering:	\$2,582,403
Fees & Permits:	405,257
Construction:	30,162,536
Furniture, Fixtures & Equipment:	2,485,000
Contingency:	<u>42,778</u>
<i>Subtotal - Academic Building :</i>	<i>\$35,677,974</i>

Parking Garage:

Design and Engineering:	\$481,854
Fees & Permits:	128,234
Construction:	9,570,264
Furniture, Fixtures & Equipment:	133,000
Access Road:	<u>557,850</u>
<i>Subtotal - Parking Garage:</i>	<i>\$10,871,202</i>

Project Total: **\$46,549,176**

ECONOMIC DISCLOSURE STATEMENT

Applicant/ Contact: Dominican University, 7900 W. Division Street, River Forest, IL 60305-1066
Ms. Amy McCormack, Vice President for Business and Finance; (T) (708)556-3021;
(F): (708)556-3411; e-mail: amccormack@dom.edu ; web site: www.dom.edu

Project name: Dominican University Series 2006 Bonds

Location: Dominican University, 7900 W. Division Street, River Forest, IL 60305

Organization: Illinois 501(c)(3) organization

Board

Membership: *See attached list of Board of Trustees*

Current Land

Owner: Dominican University

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Winston & Strawn LLP	Chicago, IL	Ellen Duff
Accountant:	Grant Thornton LLP	Chicago, IL	
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Nancy Burke
Letter of Credit:	Chase Bank	Chicago, IL	Krenna Weiss
Underwriter:	JPMorgan Securities, Inc.	Chicago, IL	Michelle Salomon
Underwriter's Counsel:	To be determined		
Financial Advisor:	Not applicable		
Trustee:	JPMorgan Institutional Trust	Chicago, IL	
Rating Agencies:	To be determined		
Issuer's Counsel:	Requested		

LEGISLATIVE DISTRICTS

Congressional:	7	Danny K. Davis
State Senate:	39	Don Harmon
State House:	78	Deborah Graham

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**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 10, 2006**

Project: Benedictine University

STATISTICS

Project Number: E-PC-TE-CD-6010	Amount: \$6,500,000 (not-to-exceed amount)
Type: 501(c)(3) Bonds	IFA Staff: Steve Trout
Location: Lisle	

BOARD ACTION

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

PURPOSE

To finance and refinance all or a portion of the costs of rehabilitating and improving Benedictine University's athletic facilities and certain other capital improvements located at 5700 College Road in Lisle.

IFA CONTRIBUTION

IFA will convey tax-exempt status on the subject bonds.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS (subject to change)

Sources:	Bonds	<u>\$6,500,000</u>	Uses:	Refinance Bank Loan	\$5,500,000
				Capital Costs	\$800,000
				Issuance Costs	<u>200,000</u>
	Total	<u>\$6,500,000</u>		Total	<u>\$6,500,000</u>

JOBS

Current employment:	821	Projected new jobs:	5
Jobs retained:	0	Construction jobs:	TBD (6 months)

BUSINESS SUMMARY

Background: Benedictine University ("Benedictine" or "the University") is a 501(c)(3) organization that the Benedictine Order founded in Chicago in 1887 as St. Procopius College to educate men of Czech and Slovak descent. The College received a charter from the State of Illinois in 1890 and moved 25 miles west to Lisle in 1901. The institution became coeducational in 1968 and was renamed Benedictine College in 1971. More recently Benedictine added graduate, doctorate and adult learning programs and became Benedictine University in 1996.

Description: Benedictine University is located on a rolling, tree covered 108-acre campus of 10 major buildings with air-conditioned classrooms and modern, well-equipped laboratories. A comprehensive learning center with a full media library and modern and technically advanced science facility filled with advanced laboratory space, digital classrooms and modern research equipment opened in Fall 2001. A student athletic center features three full-size basketball courts, a Olympic-size swimming pool three tennis courts and modern weight training facilities. The University operates two dormitories, a suite style residence hall and apartment hall, which are all air-conditioned and connected to the Internet. Other features include a scenic campus lake, spacious and well-kept athletic fields, a student center, dining halls, chapel bookstore and meeting rooms.

The Benedictine Order traces its origins to a young hermit monk, Benedict of Nursia, who wrote in the early sixth century an influential guide to monastic living. Intended primarily for the men who followed him to his foundation at Monte Cassino in Italy, the life included the education of youth, some of whom would join the monastery while others would influence the world outside the cloister. During the centuries following Benedict until the rise of the universities in the 13th century, Benedictine educational activities expanded as monasteries grew and made new foundations. In 1846 a young priest-monk from Germany followed immigrants to the United States and established the first monastery in Latrobe, Pennsylvania.

The involvement of the Benedictines in education expanded to the new horizons of college and university education in addition to work at the secondary school level. Today there are 19 Benedictine colleges and universities in the United States and Canada, as well as a large number of Benedictine high schools. Education has consistently been a focal work within the Benedictine tradition as monasteries served their surrounding communities. Benedictine schools today draw upon this proud academic heritage as they meet the challenges of the future.

The University currently enrolls 2,148 undergraduate students and 1,084 graduate students. In its ranking for 2006 *US News and World Report* ranks Benedictine 6th for campus diversity and 29th best university in the Midwest.

FINANCING SUMMARY

Structure: The Bonds will be enhanced by a direct pay letter of credit issued by National City Bank.

Term and

Interest: Expected to be issued as 7-Day Variable Rate Demand Notes with an anticipated maturity of March 1, 2026. Interest rates on similar bonds were yielding 3.51% as of December 28, 2005.

PROJECT SUMMARY

Bond proceeds will be used to finance and refinance all or a portion of the costs of the Borrower's athletic facilities and certain other capital improvements located 5700 College Road in Lisle and to pay a portion of the costs of issuance. The project entails rehabilitating and improving the athletic fields and facilities on campus, including:

- 3,000-seat lighted artificial surface football stadium
- 9-lane Olympic-sized competition track
- 1,000-seat lighted baseball field
- Lighted softball field
- 2 practice fields
- Scoreboards, clocks, concession area, press box, restroom facilities
- Meeting rooms and suites

Project costs are estimated at \$6,300,000 including \$5,500,000 to refinance interim financing offered by National City Bank.

ECONOMIC DISCLOSURE STATEMENT

Applicant/ Benedictine University, 5700 College Road, Lisle, IL 60532
Contact: Mr. Allan Gozum, Associate Vice President for Business and Finance; 630/829-6418;
(F): 630/829-6348; e-mail: agozum@ben.edu
Project name: Benedictine University Project, Series 2006 Bonds
Location: 5700 College Road, Lisle (DuPage County), IL 60532
Organization: Illinois 501(c)(3) organization
Board
Membership: *See attached list of Board of Trustees*
Current Land
Owner: Benedictine University

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Wildman Harrold Allen & Dixon	Lisle, IL	David Hight
Accountant:	Wolf & Company LLP	Oak Brook, IL	Karen Courney
Bond Counsel:	Wildman Harrold Allen & Dixon	Chicago, IL	Jim Snyder
Letter of Credit Bank:	National City Bank	Chicago, IL	Thomas Harizim
Bank Counsel:	Gardner Carton Douglas LLP	Chicago, IL	N. Paul Coyle
Underwriter:	NatCity Investments, Inc.	Pittsburgh, PA	Jason Appelt
Underwriter's			
Counsel:	Thompson Coburn LLP	St. Louis, MO	Sara Kotthoff
Trustee:	LaSalle Bank NA	Chicago, IL	Erik Benson
Issuer's Counsel	Tyson Strong Hall, LLC	Chicago, IL	Tyson Hill

LEGISLATIVE DISTRICTS

Congressional: 11 Jerry Weller
State Senate: 44 Bill Brady
State House: 88 Dan Brady

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 10, 2006**

Project: Chicago Historical Society

STATISTICS

Project Number: E-PC-TE-CD-713	Amount: \$53,000,000 (not-to-exceed amount)
Type: 501(c)(3) Bonds	FM: Rich Frampton and Townsend Albright
Locations: Chicago, Harvard	

BOARD ACTION

Final Bond Resolution	
Conduit Tax-Exempt 501(c)(3) Facil. Rev. Bonds	No IFA funds at risk
Staff recommends approval	No extraordinary conditions

PURPOSE

New capital project to renovate permanent galleries and public spaces, and to current refund approximately \$27.3 million of existing IFA (IEFA) Series 1985/Series 1989/ Series 1998 tax-exempt bonds.

IFA CONTRIBUTION

IFA will convey tax-exempt status on the subject bonds.

VOTING RECORD

Preliminary Bond Resolution, December 6, 2005:

Ayes: 15	Nays: 0	Abstentions: 0
Absent: 0	Vacancies: 0	

PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS (subject to change)

Sources:	IFA 2006A Bonds (New (Money & Refunding) \$52,865,000	Uses:	New Project Costs	\$25,000,000
	Release of Series 1985		Refund Prior Bonds	\$27,300,000
	DSRF 520,000		Capitalized Interest	846,500
	Investment Income 350,000		Interest on Prior Bonds	61,500
	Total		Issuance Costs	<u>527,000</u>
	<u>\$53,735,000</u>		Total	<u>\$53,735,000</u>

JOBS

Current employment: 122	Projected new jobs: 6
Jobs retained: Not applicable	Construction jobs: 12-32 average (13 mos.)

BUSINESS SUMMARY

Background: The Chicago Historical Society (the "CHS" or the "Borrower") is a 501(c)(3) organization established was incorporated as an Illinois not-for-profit corporation in 1857 and designated a 501(c)(3) tax-exempt organization by the IRS in 1932. The Society is governed by a 35-member Board of Trustees, and a Chairman (see page 5).

Description: The Chicago Historical Society was established in 1856 as a museum and research center showcasing the culture and history of the City of Chicago. The CHS collects, exhibits, and interprets documents, images, and artifacts related to the history of the United States and metropolitan Chicago. In September 2006, CHS will be celebrating its 150th anniversary, and is the City's oldest cultural institution.

CHS's mission is to (1) expand the audience exposed to history, (2) to be a leader in history education, and (3) to be a premier research institution.

CHS has been housed in its current building, located at 1601 North Clark Street. since 1932. CHS's collection includes more than 22 million books, manuscripts, paintings, sculptures, costumes, decorative and industrial arts objects, prints, photographs, news film, and architectural drawings and fragments.

CHS's primary market includes the Chicago metropolitan area, Northwest Indiana, and Southeast Wisconsin. Currently, CHS reaches 7,000 members, 150,000 visitors (including 55,000 schoolchildren) and over 2,000,000 visitors each year to its www.chicagohistory.org website.

The proposed project involves internal renovations designed to broaden visitor appeal with an enhanced museum experience. The proposed improvements will be the Society's first significant renovation since 1978.

The proposed project will renovate and redesign of more than 75% of the public space in the museum, with new exhibitions installed in the renovated galleries. A major result of the project will be a 16,000 SF exhibit titled "Chicago: Crossroads of America" – which will be 2.5 times the size of the existing exhibit and serve as a national model for museum exhibition design and historical interpretation.

The new project will also result in construction of a new Children's Gallery, creation of a new Costume and Textile Gallery adjacent to the main lobby, and a new American History gallery is being planned.

Public amenity spaces will also undergo extensive renovations, including both the lobby space and the event space on the building's east side overlooking Lincoln Park. These expanded galleries will allow for the display of many artifacts previously unseen by the public, including Chicago's first "L" car, a hand-carved carousel horse from Riverview Park, and Louis Sullivan-designed elevator grilles from the Chicago Stock Exchange.

The Society expects the new exhibits to increase daily attendance by 500/day (or 30,000 annually).

In fall 2006, CHS will celebrate a 10-day reopening event after 13 months of renovation work. As part of this celebration, there will be numerous programs and events concerning Chicago history that will generate interest in the CHS's museum facility, including a symposium on the architectural legacy of Louis Sullivan.

Finally, the proposed financing will refinance approximately \$27 million of existing tax-exempt bond debt and generate net cash flow to support operations and the new project debt.

FINANCING SUMMARY

**Structure/
Security:** The Bonds will be secured by a Direct Pay Letter of Credit from JPMorgan Chase Bank. JPMorgan Chase's debt is currently rated Aa3 (Stable)/P-1 by Moody's as of 12/1/2005 and AA- (Stable)/A-1+ by S&P as of 12/6/2005.

**Term/
Interest Rate:** Multi-Modal Bonds that will be sold initially as 7-day Variable Rate Demand Bonds. The most recent average interest rate on 7-day floaters (as of 12/21/2005) was 4.10%.

Maturity: Series 2006A (New Money and Refunding): up to 30 years
The current rates borne on the Prior Bonds (i.e., Series 1985, 1989, and 1998 Bonds) are currently set in variable rate mode.

PROJECT SUMMARY

Bond proceeds will be used by the Chicago Historical Society to finance (i) various capital improvements and renovations, including the demolition and renovation of the existing building and related mechanical systems, installation of new HVAC systems, the renovation of lobby, common area, and exhibit space, the construction of new exhibits, pay capitalized interest and capitalize an escrow to pay interest expense on the prior bonds, and to pay bond issuance costs, including the cost of credit enhancement, at the Chicago Historical Society's facilities 1601 N. Clark Street, Chicago (Cook County), IL 60614-6038.

Additionally, Bond proceeds will also be used to (ii) refund 100% of the outstanding principal amount of IFA (IEFA) Bonds issued on behalf of the Chicago Historical Society in 1985, 1989, and 1998 (collectively the "Prior Bonds"). The Prior Bonds financed various capital asset improvements at the Chicago Historical Society's facilities located at 1601 N. Clark Street, Chicago (Cook County), IL 60614-6038 and at a storage facility located 20704 Lemke Road, Harvard (McHenry County), Illinois.

ECONOMIC DISCLOSURE STATEMENT

Applicant Chicago Historical Society, 1601 North Clark Street, Chicago, IL 60614-6038
website: www.chicagohistory.org

Contact: Shari Massey, Director of Accounting (T) 312-799-2230; (F) 312-799-2530; e-mail: massey@chicagohistory.org;

Project name: Chicago Historical Society Series 2006 Bonds

Locations: Chicago Historical Society, 1601 North Clark Street, Chicago, IL 60614-6038 and 20704 Lemke Road, Harvard (McHenry County), IL.

Organization: Illinois 501(c)(3) corporation

Board

Membership: *See attached list of Board of Trustees*

**Current Building/
Land Owner:** Chicago Historical Society (building owner); Chicago Park District (land owner)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Jones Day	Chicago, IL	Mike Mitchell
Accountant:	Grant Thornton, LLP	Chicago, IL	
Bond Counsel:	Seyfarth Shaw LLP	Chicago, IL	Jim Schraidt
Direct Pay LOC:	JPMorgan Chase Bank	Chicago, IL	Krenna Weiss
LOC Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Underwriter:	JPMorgan Securities, Inc.	Chicago, IL	Michelle Salomon
Underwriter's Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Renee Friedman
Trustee:	JPMorgan Trust Company	Chicago, IL	Daryl Pomykala
Architect:	Hammond Beeby Rupert Ainge Inc.	Chicago, IL	
General Contractor:	Walsh Construction	Chicago, IL	
Owner's Rep.:	Alter Construction Group	Skokie, IL	
Exhibition Designers:	Patrick Gallagher & Associates		
IFA Counsel:	Bell Boyd & Lloyd LLC	Chicago, IL	Pawel Chudzicki, Jeff Gardner

LEGISLATIVE DISTRICTS

Congressional:	7	Danny K. Davis
State Senate:	6	John J. Cullerton
State House:	12	Sarah Feigenholtz

Chicago Historical Society Board of Trustees

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**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
JANUARY 10, 2006**

Deal: Lutheran Social Services of Illinois and Vesper Management Corporation

STATISTICS

Deal Number:	N-NP-TE-CD-717	Amount:	\$22,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Steve Trout
NAICS Code:	624110: Child and Youth Services	Location:	Various
	624120: Services for the Elderly and Persons with Disabilities		
	824190: Other Individual and Family Services		

BOARD ACTION

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

PURPOSE

To current refund Lutheran Social Services' outstanding IHFA Series 1993 Bonds and reimburse and finance certain new capital costs, capitalize a debt service reserve fund and pay costs of issuance.

VOLUME CAP

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

VOTING RECORD

Preliminary Bond Resolution adopted on December 6, 2005 by the following vote:

Ayes: 15 Nays: 0 Abstentions: 0 Vacancies: 0 Absences: 0

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$22,000,000	Uses:	Bond Refunding	\$13,813,290
	Transfers from Prior			Project Costs	7,815,625
	Bond Reserve Funds	<u>1,537,514</u>		Debt Service Res. Fund	1,369,718
				Issuance Costs	356,500
				Original Issue Discount	<u>82,381</u>
Total		<u>\$23,537,514</u>	Total		<u>\$23,537,514</u>

JOBS

Current employment:	2,035	Projected new jobs (within 2 years):	209
Jobs retained:	N/A	Construction jobs:	TBD

BUSINESS SUMMARY

Description: Lutheran Social Services of Illinois ("LSSI") was founded in 1867 as an Illinois not-for-profit corporation and is now one of the nation's largest Protestant social service agencies. A ministry of the of the three Illinois synods of the Evangelical Lutheran Church of America, LSSI brings healing, justice

and wholeness to people of all ages, races, religions, and economic circumstances through an array of services provided at more 100 sites across Illinois.

Background: The Obligated Group (“the Borrower”) consists of LSSI and Vesper Management Corporation (“Vesper”), a wholly owned not-for-profit subsidiary founded in 1977 to buy, hold and lease property to and for LSSI. LSSI also owns 15 other not-for-profit corporations (“the Affiliates”) that are not included in the Obligated Group. Neither the receivables nor the properties or other assets of the Affiliates are pledged to secure the Series 1993 Bonds or the subject debt.

LSSI’s programs offerings include: a) behavioral health services, b) developmental disabilities services, c) children’s community services, d) senior services, and e) prisoner and family ministry.

Services include: adoptions, adult day care, advocacy, alcohol and drug dependence education, counseling, detoxification programs, cash management, chaplaincy, child abuse counseling, day care and Head Start programs, housekeeping and homemaking, nutrition, community planning, advocacy and outreach, criminal justice counseling and advocacy, crisis intervention, custom care homes, diagnosis and assessment, foster care, homeless shelters, housing for the mobility impaired and mentally ill, nursing facility management and development, individual, marital, family, group and single parent counseling, referral services, residential and home-based services for the developmentally disabled, residential services for seniors and emotionally disturbed children, summer day camp and tutoring.

LSSI programs serve the following Illinois communities:

Northwest: Boone, Winnebago, Stephenson and Jo Daviess counties

North Central: DeKalb, Carroll, Ogle, Whiteside, Lee, Bureau, Stephenson and LaSalle counties.

Central/South: Peoria, Tazewell, Woodford, Stark, Putnam, Marshall, Fulton, LaSalle, Bureau, McLean, Livingston, Kankakee, Champaign, Vermillion, Ford, Iroquois, Montgomery and Christian counties.

Western: Rock Island, Mercer, Henderson, Henry, Knox, Hancock, and McDonough counties

Southern: Perry, Franklin, Williamson, Union, Alexander, Pulaski, Jackson, Pope, Hardin, Massac, Johnson, White, White, Saline, and Gallatin Counties

Chicago Metro Area: Aurora, Batavia, Chicago, Des Plaines, Dolton, Elgin, Elmwood Park, Homer Glen, Lansing, Palatine, Park Ridge, Villa Park, and Wilmette

See Attachment 1 for more information on LSSI’s services and a list of program sites.

FINANCING SUMMARY

Bonds:	Fixed rate bonds will pay interest on February 15 and August 15, beginning on August 15, 2006. Principal will be due on August 15, with serial maturities from 2006 through 2029.
Rating:	BBB- (Fitch Ratings)
Security:	First security interest in the Unrestricted Receivables of the Obligated Group and Debt Service Reserve Fund. The Bonds will not be secured by real estate.
Debt Service Reserve:	Funded at closing at the minimum of: 10% of the aggregate issue price, 125% of average annual debt service or maximum annual net debt service.

PROJECT SUMMARY

Project details will be available when the project is presented for final approval.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Lutheran Social Services and Vesper Management Corporation, 1001 East Touhy Avenue, Des Plaines, Illinois 60018 (Contact: Gerald Noonan, Chief Financial Officer, Phone: 847/390-1401)

Project name: Lutheran Social Services of Illinois, Refunding and Revenue Bonds, Series 2006

Organization: Both LSSI and Vesper Management Corporation are Illinois 501(c)(3) organizations.

Location: Headquarters: 1001 East Touhy Avenue, Suite 50, Des Plaines, Illinois 60018
 The addresses for sites receiving new equipment:

Chicago		
4848 N. Winthrop Ave. Chicago, IL 60640-3616	3348 W. Hutchinson St. Chicago, IL 60618-1258	4840 W. Bryon St. Chicago, IL 60641-2712
1500 N. Mason Ave. Chicago, IL 60651-1045	4152 N. Keystone Ave. Chicago, IL 60641-2436	1910 W. 64 th St. Chicago, IL 60636-2604
1758 W. Devon Ave. Chicago, IL 60660-1130	364 W. Oak St. Chicago, IL 60610-3084	11740-50 S. Western Ave. Chicago, IL 60643-4732
1710 W. Lunt Ave Chicago, IL 60626-3213	10 W. 35 th St. Chicago, IL 60616-3717	1640 W. Morse Ave. Chicago, IL 60626-3309
7845 S. Essex Ave. Chicago, IL 60649-5113	6255 N. Artesian Ave. Chicago, IL 60659-2828	5517 N. Kenmore Ave. Chicago, IL 60640-1515
6117 N. Hamilton Ave. Chicago, IL 60659-4211	6321 N. Avondale Ave. Chicago, IL 60631-1900	2921 W. Division St. Chicago, IL 60622-2708
7359 S. Prairie Ave. Chicago, IL 60619-1733	1412A W. Sherwin Ave. Chicago, IL 60626-2004	1754-56 W. Devon Ave. Chicago, IL 60660-1130
2907 S. Wabash Ave. Chicago, IL 60616-3271	3120 W. Palmer Square Blvd. Chicago, IL 60647-2819	5825 W. Belmont Ave. Chicago, IL 60634-5203
1764 W. Devon Ave. Chicago, IL 60660-1130	4824 W. Belle Plaine Ave. Chicago, IL 60641-1819	
Suburban Chicago		
675 Varsity Dr. Elgin, IL 60120-8176	560 W. Galena Blvd. Aurora, IL 60506-3855	1001 E. Touhy Ave. Des Plaines, IL 60018-5801
1601 N. Western Ave. Park Ridge, IL 60068-1233	5 N. Root St. Aurora, IL 60505-3428	4811 Emerson Ave. Palatine, IL 60067-0500
Outside the Chicago Metropolitan Area		
612 Washington St. Beardstown, IL 62618-1541	103 S. Country Fair Drive Champaign, IL 61821-3061	1247 N. Galena Ave. Dixon, IL 61021-1001
1261 Illinois Route 83 Nachusa	1616 W. Main St. Marion, IL 62959-1146	167 N. Kellogg St. Galesburg, IL 61401-4714
3000 W. Rohmann Ave. West Peoria, IL 61604-4842	4709 44 th St. Rock Island, IL 61201-7187	4001 Avenue of the Cities Moline, IL 61265-4454
119 N. Wyman St. Rockford, IL 61101-1107	544 S. Cornell Ave. Villa Park, IL 60181-2948	1311 Parkview Ave. Rockford, IL 61107-1818
6401 Newburg Rd. Rockford, IL 61108-4322	16220 South Road Homer Glen, IL 60491-9081	615 S. Fifth St. Rockford, IL 61104-3021
313 N. Main St. Rockford, IL 61101-1018	200 W. Washington St. Oregon, IL 61061-1620	1901 First Ave. Sterling, IL 61081-1203
104 6 th Ave. Sterling, IL 61081-3919	524 S. 5 th St. Springfield, IL 61702-1822	700 E. Oak St. Canton, IL 61520-3157

Board Members:	Victoria Arthofer	Homemaker
	Reverend Stephen Barnes	Senior Pastor, Salem Lutheran Church
	Reverend Dr. Denver Bitner	Senior Pastor, Zion Lutheran Church
	Daniel Falotico	President/Owner, Haskris Company
	Dr. Ibulaimu Kakome	Veterinarian, University of Illinois
	Linda Miller	President, LMA Techwork
	Rasheed Pasha	CFO, Rustoleum, Inc.
	Reverend Dr. Donald Myrom	Senior Pastor, Prince of Peace Lutheran Church
	Leona Peterson-Spear	Retired VP, Illinois Casualty Co.
	David Rydell	President, Bergstrom, Inc.
	Christine Tompsett	Preschool Teacher, KAM Isaiah Israel
	Thomas Toms	Past President and CEO, Toms Prostler Co.
	James Thomsen	SVP/Chief District Officer, Thrivant Financial
	Roger Yarbrough	Consultant, Retired Highway Contractor
Ex Officio:		
	Reverend Paul Landahl	Bishop, Metropolitan Chicago Synod of the Evangelical Church in America
	Reverend Gary Wollersheim	Bishop, Northern Illinois Synod
	Reverend Warren Freiheit	Bishop, Central/Southern Illinois Synod

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Sonnenschein, Nath & Rosenthal	Chicago, IL	Eric Decator
Bond Counsel:	Chapman and Cutler	Chicago, IL	Jim Luebchow
Underwriter:	Griffin, Kubik, Stephens & Thompson	Chicago, IL	Helena Burke-Bevan
Underwriter's Counsel:	Burke, Burns & Pinelli	Chicago, IL	Stephen Welcome
Trustee:	To be Determined		
Accountant:	Clifton Gunderson LLP	Oak Brook, IL	

LEGISLATIVE DISTRICTS

Congressional:	01, 02, 03, 04, 05, 06, 07, 08, 09, 12, 13, 14, 15, 16, 17, 18
State Senate:	02, 03, 07, 08, 09, 10, 13, 14, 16, 20, 21, 22, 27, 33, 34, 35, 36, 37, 39, 41, 42, 45, 46, 47, 50, 52, 59
State House:	04, 05, 06, 13, 14, 15, 16, 18, 19, 20, 25, 27, 32, 39, 40, 41, 43, 54, 65, 67, 69, 72, 74, 78, 81, 83, 90, 91, 92, 99, 103, 117

LSSI Overview

Administrative Offices

1001 East Touhy Avenue, Suite 50
Des Plaines, Illinois 60018
847.635.4600 847.390.1409 TTY
847.635.6764 fax
info@LSSI.org

A ministry of the three Illinois Synods of the Evangelical Lutheran Church in America, Lutheran Social Services of Illinois (LSSI) brings healing, justice and wholeness to people of all ages, races, religions and economic circumstances through an array of services at more than 100 program sites across Illinois.

BEHAVIORAL HEALTH SERVICES

- Individual, family and group counseling
- In-school counseling and prevention programs
- Family life education
- Bilingual counseling
- Case management, emergency services and psychiatric evaluation and medication monitoring for people with mental illness
- Residential group homes and supportive services for people with chronic mental illness
- Chemical dependence detoxification and DUI services
- Outpatient/intensive outpatient substance abuse treatment
- Inpatient treatment for substance abuse
- Psychosocial rehabilitation for people with chronic mental illness
- Residential aftercare for those recovering from substance abuse
- Domestic violence and intervention services

Developmental Disabilities Services

- Respite Care
- Intermediate Care Facility
- Adolescent Group Home
- Community Integrated Living Arrangements (CILAs)/group homes, including two specifically for treating individuals with Prader-Willi syndrome

CHILDREN'S COMMUNITY SERVICES

- Child Care and Head Start
- Adoption Preservation Services

- Adoption, including infant, inter-country and special needs placements
- Specialized services for children and families affected by HIV/AIDS
- Foster Care, including care for those with special medical or emotional needs, or sibling groups
- Permanent placements, including reunification and subsidized guardianship, as well as adoption
- Family Preservation and Intact Family Services
- Specialized therapy for children, including those who have been abused
- Services for single parents
- Maternity counseling
- Residential treatment for adolescents with emotional, behavioral and/or substance abuse problems.
- Intensive adolescent outpatient therapy and Mentoring

SENIOR SERVICES

Intouch Community Services

- Home Care and Adult Day Service
- Care Management
- Elder Abuse and Neglect Prevention and Intervention
- Moving and Relocation
- Home Maintenance

Housing Services

- Housing for older adults and persons with disabilities
- Social services for residents
- Development and management consultation

Nursing Services

- Independent Living
- Assisted Living Care and Intermediate Care
- Skilled Care
- Services for those with Alzheimer's disease/Dementia Care
- Inpatient post-acute medical and physical rehabilitation
- Outpatient Therapies

PRISONER AND FAMILY MINISTRY

- Family Connections
 - Visits to Mom and RAPP Group*
 - Storybook Project and Women's Referral Center*
- Dixon WELCA Program
- Pastoral Care and Seminary Project
- *Building Homes: Rebuilding Lives*
- Restorative Justice



Lutheran Social Services of Illinois

www.LSSI.org



LSSI Programs

Loc.	Program Name	ADDRESS	CITY	ST	ZIP
001	CSO	1001 E. Touhy	Des Plaines	IL	60018
002	BHS - Devon	5825 W. Belmont Ave.	Chicago	IL	60644
	Project Safe - Devon	1764 W. Devon	Chicago	IL	60660
	BHS - Devon	5825 W. Belmont Ave.	Chicago	IL	60644
003	BHS Center - Elgin	675 Varsity Dr.	Elgin	IL	60123
004	Family First - Irvington	5517 N. Kenmore	Chicago	IL	60640
004	Family First - Irvington	5517 N. Kenmore	Chicago	IL	60640
004	Passage Program	5517 N. Kenmore	Chicago	IL	60640
004	Women's Residence	5517 N. Kenmore	Chicago	IL	60640
005	BHS-Edgewater	1758 W. Devon	Chicago	IL	60660
007	BHS-MT. Greenwood	3220 W. 115th St.	Chicago	IL	60855
008	BHS-N.W. Suburbs	4811 Emerson, Suite 112	Palatine	IL	60067
009	Men's Residence North	1640 W. Morse	Chicago	IL	60626
010	Men's Residence South	7845 S. Essex	Chicago	IL	60649
011	Women's Residence	1710 W. Lunt	Chicago	IL	60626
015	Augustana Children's Community Services/Second Family Unit	10 West 10th Street 15th Floor	Chicago	IL	60616
016	Walsh Residence	6117 N. Hamilton Ave.	Chicago	IL	60645
018	Augustana House-Palmer Sq	3120 W. Palmer Square	Chicago	IL	60647
019	Augustana House-Artesian	6255 N. Artesian	Chicago	IL	60659
020	Augustana House-Sherwin	1412A W. Sherwin Ave.	Chicago	IL	60626
021	Augustana House-Sterling	104 6Th Ave.	Sterling	IL	61081
022	Shady Oaks West	16220 Parker Rd.	Homer Glen	IL	60491
024	Peoria Administration Office	3000 W. Rohmann Ave.	West Peoria	IL	61604
025	Champaign Office	103 S. Country Fair Drive	Champaign	IL	61821
028	Family First	700 East Oak Street	Canton	IL	61520
032	Rogers Park Children's Center	1754 - 56 W. Devon	Chicago	IL	60660
035	Winthrop Children's Center	4848 N. Winthrop	Chicago	IL	60640
036	Children's Center Cabrini Site	364 W. Oak, Apt. 105	Chicago	IL	60610
037	Messiah Head Start North Austin	1910 W. 64th St.	Chicago	IL	60636
038	Children's Center	1500 N. Mason	Chicago	IL	60651
039	Trinidad Head Start	2921 W. Division	Chicago	IL	60622
041/173/H3	Children's Community Services-Western Ave.	11740-50 S. Western Ave.	Chicago	IL	60643

LSSI Programs

Loc.	Program Name	ADDRESS	CITY	ST	ZIP
44	Fox Hill Group Home	560 W. Galena	Aurora	IL	60506
045	Byron Street	4840 W. Byron St.	Chicago	IL	60641
047	Family Counseling	602 N. Avondale Suite 101	Chicago	IL	60633
051	West Suburban Counseling Center	544 S. Cornell	Villa Park	IL	60181
055	Booth Manor	1500 W. Madison	Chicago	IL	60607
056	Buford Walker	17725 Arcadia	Lansing	IL	60438
059	Elmbrook Senior Residence	7940 W. Grand Ave.	Elmwood Park	IL	60707
060/01	Galena	200 N. Island Ave.	Galena	IL	60140
062	Luther Center	111 W. State	Rockford	IL	61101
063/01	Meadow Lutheran Home	1741 S. Hancock	Marechal	IL	61032
066	Shoreline Place	324 Linden	Wilmette	IL	60091
067	NW Chicago Group Home	3348 W. Hutchinson	Chicago	IL	60618
068	NW Chicago Group Home	4824 W. Belle Plaine	Chicago	IL	60641
69	NW Chicago Group Home	4152 N. Keystone	Chicago	IL	60641
070	St. Matthew Home	1601 N. Western Ave.	Park Ridge	IL	60068
073	Joshua Arms of LSSI	1315 S. Rowell Ave.	Joliet	IL	60433
074	Washington Place	612 Washington	Beardstown	IL	62618
076	Dixon Office Building	1247 N. Galena Ave.	Dixon	IL	61021
082	Moline Lutheran Home	1261 State St.	Moline	IL	61057
078	Intouch Services of LSSI	1901 First Ave.	Sterling	IL	61081
080	OCYFS	200 W. Washington	Oregon	IL	61061
083	P.A.Peterson Home	1311 Parkview Ave.	Rockford	IL	61107
086	Intouch Services of LSSI	6401 Newburg Rd.	Rockford	IL	61108
086	Peterson Meadows	6401 Newburg Rd.	Rockford	IL	61108
091	Salem House	7359 S. Prairie	Chicago	IL	60619
092	Intouch Family Services Recovery	602 N. Avondale Suite 101	Chicago	IL	60633
093	Marion Office	1616 W. Main St.	Marion	IL	62959
099	LSSI	4709 44th Street, Suite #1	Rock Island	IL	61201
100/A0	Galesburg Office	167 N. Kellogg	Galesburg	IL	61401
101/A1	Intouch Services of LSSI /Moline	4011 Avenue of the Cities, Suite 102	Moline	IL	61265
104/A4	Our Savior's Senior Housing	14600 S. Indiana Ave.	Dolton	IL	60419
123/R DS	LSSI/Central Southern IL. Synod Resource Development	524 S. 5th Street	Springfield	IL	62701

LSSI Programs

Loc.	Program Name	ADDRESS	CITY	ST	ZIP
	Immanuel Senior Residences	1415 Eastview Ave.	Danville	IL	61832
153/F3	Lincoln Manor	615 N. Lincoln Highway	Rochelle	IL	61068
163/G 3	Children's Community Services	313 North Main Street	Rockford	IL	61101
163/G3 W	Children's Community Services	119 N. Wyman St.	Rockford	IL	61101
164/G 4	Downers Place of LSSI	2007 Downer Place	Aurora	IL	60506
165/G 5	Immanuel Senior Residences	1415 Eastview Ave.	Danville	IL	61832
174/H 4	Anathoth Gardens	34 N. Keeler	Chicago	IL	60624
176/H 6	Children's Community Services	5 N. Root	Aurora	IL	60505
178/H 8	Gateway Intouch Services	615 South Fifth Street	Rockford	IL	61104

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 10, 2006**

**Project: Illinois Medical District Commission
(Chicago Technology Park Acquisition & Expansion Project)**

STATISTICS

Number:	LG-GR-TE-CD-592	Amount:	\$40,000,000 (not to exceed amount for Resolution – includes both Tax-Exempt and Taxable Series)
Type:	Public Purpose Bonds	IFA Staff:	Rich Frampton
Locations:	Chicago		

BOARD ACTION

Final Bond Resolution No IFA funds at risk
Tax-Exempt and Taxable Revenue Bonds
Staff recommends approval of a Final Bond Resolution pursuant to the terms and conditions contained therein.

PURPOSE

The proposed Project will result in the acquisition, construction, and renovation of two sizeable properties and several smaller parcels within the boundaries of the Illinois Medical District Commission's Chicago Technology Park for future development, including the construction of a graduate medical/biological research facility. Additionally, the Project will also provide the Commission with "Greenfield" sites in its District Development Area south of Roosevelt Road for future development. This Project will complement the Commission's existing facilities by providing serviceable lab areas and other necessities and accommodating expansion of existing and prospective new tenants as consistent with the IMDC's mission. The properties to be developed will be used for office space, laboratory space, ancillary parking, record retention, and for other academic, health care, emergency management, and medical research related purposes.

IFA CONTRIBUTION

IFA issue the subject Bonds and will provide access to the State of Illinois' Moral Obligation, pursuant to State approval. Interest on the proposed Tax-Exempt and the Taxable Series *will not* be exempt from State of Illinois income taxes.

VOTING RECORD

IFA Preliminary Bond Resolution, May 10, 2005:
Ayes: 10 Nays: 0 Abstentions: 0 Absent: 3 (Leonard, O'Brien, Ozark) Vacancies: 2

ESTIMATED SOURCES AND USES OF FUNDS – PRELIMINARY AND SUBJECT TO CHANGE

Sources:	IFA Tax-Exempt Bonds	\$15,000,000	Uses:	IMDC Project Costs	\$42,100,000
	(Series 2006A)			Debt Service Reserve Fund	3,200,000
	IFA Taxable Bonds	25,000,000		Operating Reserve Fund	1,000,000
	(Series 2006B)			Capitalized Interest	3,775,000
	IMDC Cash Equity	4,000,000		Bond Issuance Costs/Bond	1,800,000
	Property Contribution	8,500,000		Insurance	
	Construction Period Interest	<u>600,000</u>		Contingency	<u>1,225,000</u>
	Total	<u>\$53,100,000</u>		Total	<u>\$53,100,000</u>

JOBS – IMDC PROJECT AND PLEDGED PROPERTIES ONLY

Current employment:	*115	Projected new jobs:	**2,910
Jobs retained:	15	Construction jobs:	***1,500

* Represents current employment at the American Society for Clinical Psychologists (“ASCP”) Building

** Represents assumption upon build-out. Assuming 800,000 SF – 1 million SF upon buildout and applying a metric of 275 SF/Job created, would generate an estimated 2,910 jobs upon completion of buildout.

*** The overall buildout, including privately financed investment on properties with pledged cash flows, is expected to cost \$150 million - \$200 million. Assuming a metric of \$100,000 of construction spending/construction job, the buildout would generate 1,500 construction jobs.

These estimates exclude IMDC property sites other than those with revenue pledged to service the proposed Bonds.

BUSINESS SUMMARY

Overview: The Illinois Medical District Commission (“IMDC” or the “Commission”) is considered the premier medical district (the “District”) in the State of Illinois and one of the oldest and largest urban medical districts in the United States.

The District is a medical center district located on the Near West Side of Chicago. Included in its boundaries are the Rush University, the University of Illinois Medical Center, and Cook County hospitals. The District’s northern boundary is located adjacent to I-290 (Eisenhower Expressway), approximately 1 mile west of I-90/I-94 (Dan Ryan Expressway).

The Commission’s mission is to provide leadership necessary to bring economic benefits to the State of Illinois and the City of Chicago from the development of the District. To accomplish this goal, the District must take an active role in the purchasing of land, and the related development and promotion of sites within the District. It must focus on attracting both medically related commerce and research, and other business ventures, especially technology-driven firms, providing them with an environment that encourages their start-up, sustenance, and future growth in Illinois.

Key facilities located in the District -- aside from the three major hospitals -- include (i) The Chicago Technology Park (CTP) Research Center, (ii) Enterprise Centers I and II (business incubators), (iii) American Red Cross of Greater Chicago, (iv) Illinois State Police Forensic Science Center, (v) Litholink, (vi) Jesse Brown VA Medical Center, and (vii) the UIC West Side Research Center.

Background: The Illinois Medical District Commission was formed by an act of the Illinois State Legislature in 1941 (70 ILCS. 915/0.01, *et seq.*) for the purpose of controlling the zoning and property within the District to ensure the orderly operation, stability, retention, and growth of medical and research facilities (“The IMDC Act”).

The IMDC Act was amended in 1991 to include the operation of the **Chicago Technology Park and Research Center (“CTP”)** for the purpose of providing business incubation facilities and promoting the growth of the life sciences and medical research industries within Illinois. The IMDC set aside 56 acres within the District for the CTP.

The IMDC operates under the authority and review of the Illinois General Assembly. The IMDC is governed by a seven-member Board of Commissioners of which four are State of Illinois appointees, two are City of Chicago appointees, and one is a Cook County appointee (see P. 4 for a current list of Commissioners).

The Illinois Medical District is bounded by I-290 (Eisenhower Expressway) on the north; Ashland Avenue on the east; Oakley Boulevard on the west; and the Union Pacific intermodal rail yard on the south. The District is home to the largest concentration of medical, emergency, and disaster

relief services in Illinois. Operations within the District account for approximately 20,000 employees and 75,000 daily visitors

**Project
Overview:**

The purpose of the Project is to provide updated, high technology incubator and laboratory/office space as well as additional expansion space for the IMDC's Chicago Technology Park tenants. The Project is intended to be self-supporting and will be leased to third party tenants to generate revenue for the Commission through land and building rents. The Commission may engage property managers and lease brokers to supplement the operations of the Commission.

Key components comprising the Project are described below. The estimated acquisition and development cost of these components of the overall Project (as of 1/3/2006) are discussed on Page 4 of this report (see "Project Summary" Section).

1. Purchase and Redevelopment of ASCP Building, 2100 W. Harrison Street. This property is currently owned by the American Society for Clinical Pathologists (ASCP) and is being purchased by the Commission for renovation and development compatible with the District's Chicago Technology Park ("CTP"). The property consists of two building comprising 94,000 SF on an approximately 4.0 acre site. The buildings are equipped with wet labs, an auditorium, and technology-ready infrastructure. The property currently has one tenant and the Commission estimates that the property will be approximately 90% occupied within 4-5 years of the funding date (Occupancy Estimates are preliminary and subject to change).
2. Graduate Research Facility and Greenhouse, southeast corner of S. Leavitt Street and W. Lexington Street. This site is currently owned by the IMDC and is expected to be the future home of a biotech graduate and research center with an accompanying greenhouse. The facility will be approximately 35,000 SF, while the greenhouse will be up to 8,000 SF. The Commission will construct and own this facility. Portions of this facility may be rented to various entities, some of which currently rent in the CTP.
3. Purchase of 2020 Ogden Avenue Property, 2020 W. Ogden Avenue. This property is a 7.5 acre vacant site west of the Cook County, UIC, and Rush University hospitals. When combined with an adjacent 2.0-acre site the IMDC currently owns, the acquisition will provide a 9.5-acre "Greenfield" site suitable for future development. Consistent with past practice, the Commission will request development proposals for the site and select a qualified developer to develop a master development plan for this site.
4. Jupiter II Development Project and Lease Agreement, southwest corner of S. Leavitt Street and W. Roosevelt Road. The Commission is contributing land in the DDA as Additional Property. Under this Lease Agreement, Jupiter Realty is leasing the site and will develop a seven-story, approximately 170,000 SF professional, office, research, and medical building on the subject site; the ground lease revenues will be used to service the Bonds. In 2002, Jupiter and the Commission successfully developed a similar \$30.6 million professional building at 1747 West Roosevelt Road on behalf of the University of Illinois at Chicago.
5. Land Acquisitions in the District Development Area ("DDA") South of Roosevelt Road. These property acquisitions are within the approximately 155 acre development area within the District. These properties, on two separate blocks in the DDA, will be purchased and combined with currently owned parcels to provide contiguous sizeable properties to be used for future development within the DDA. In lieu of revenues from these DDA properties pledged for payment of the Bonds, the Commission has pledged its revenues (i.e., residual net income) from the Jupiter II Development Project instead (see Item #4 immediately above).

Moral

Obligation: Summary of Moral Obligation Pledge: If there project revenues are inadequate to pay debt service on a project, the Governor is obligated to include an appropriation in the next State budget in the amount of the deficiency. The General Assembly is not legally obligated to approve such an appropriation, however.

Approval Process for IFA Moral Obligation Bond Issues:

1. The Governor's Office of Management and Budget ("GOMB") and IFA perform due diligence and review.
2. GOMB negotiates terms and conditions that must be satisfied before the Governor will approve the proposed issuance.
3. The Governor must approve each issuance of Moral Obligation bonds in writing.
4. Only upon written approval IFA may issue the Moral Obligation Bonds.

If a shortfall were to occur:

1. The Bond Trustee withdraws funds from the Debt Service Reserve Fund.
2. The Governor submits an appropriation request to satisfy any deficiency in the following year's budget.
3. The General Assembly decides whether or not to fund the appropriation and satisfy the State's "Moral Obligation" commitment to Bondholders.
4. Even if such money should be appropriated, there is no assurance that the appropriation will occur at such time to ensure timely payment of the Bonds.
5. IFA has no obligation to satisfy any shortfall from its own funds.

FINANCING SUMMARY

Security: Bondholders will be directly secured by Aaa/AAA-rated municipal bond insurance. The prospective bond insurer would be secured, as proposed, by The State of Illinois Moral Obligation. The State of Illinois' Moral Obligation is currently rated A3/A by Moody's/S&P.

Structure: Fixed Rate Term Bonds consisting of an estimated \$15-million Series 2006A Tax-Exempt Bonds and approximately \$25-million Series 2006B Taxable Bonds (*Preliminary, subject to change*).

Maturity: 25 years

Revenue to pay debt service on the proposed bonds will be generated from the land and building leases from tenants of specifically pledged properties (but will exclude the DDA land acquisition as noted previously – see Item #5 on Page 4). Additional preliminary information (as of 1/3/2006) on the proposed dedicated sources of revenue and projected cash flows as of 1/3/2006 are described further on Pages 7 and 8 of this report.

PROJECT SUMMARY

Tax-Exempt and Taxable Bond proceeds will be used as follows:

1. *The 2100 West Harrison Street Project:* To finance the costs of acquiring two buildings totaling approximately 94,000 SF and construction of a parking lot located on an approximately 4.0 site at 2100 West Harrison Street, Chicago (Cook County), Illinois and costs of interior and exterior modernization, and renovation (including building systems and mechanicals) and the purchase of furniture, fixtures, and equipment for use therein.
2. *The Graduate Research Facility and Greenhouse Project:* To finance construction of a new 35,000 SF building and a proposed 4,000 SF to 8,000 SF greenhouse on a site located at the southeast corner of South Leavitt Street and West Lexington Street. The subject land is already owned by the Commission. This property is expected to be the home of a graduate research facility and medical or bio-tech research center with an accompanying greenhouse.
3. *The 2020 West Ogden Avenue Project:* To finance the acquisition of an approximately 7.5-acre vacant site located at 2020 West Ogden Avenue. When combined with an approximately 2.0-acre site the Commission already owns, the Commission will request development proposals for the 9.5 acre site and select a qualified developer to develop a master development plan for this site. The Commission will generate revenues from this site via ground leases.
4. *The District Development Area Project:* To finance various properties located in the Commission's District Development Area, each located within (i) the block bounded W. Washburne Avenue, S. Oakley Avenue, W. 13th Street, and S. Leavitt Street, or (ii) the block bounded by W. 14th Street, S. Wood Street, W. 14th Place, and the Chicago Transit Authority's Elevated Line located immediately west of Paulina Street, and to pay related costs of facilities within such two blocks as the costs of vacating streets and alleys, relocation of utilities, and demolition of any buildings. Upon acquisition of these properties, the Commission intends to relocate remaining tenants, demolish any existing buildings located thereon, and then lease the properties, in combination with adjacent existing properties owned by the Commission for permitted uses as consistent the Commission's mission.
5. Additionally, bond proceeds will be used to establish various reserve accounts, fund capitalized interest for two years, and finance bond issuance costs, including bond insurance premiums.

Notes:

1. The use of Tax-Exempt Bond Proceeds will be limited to qualifying uses. Taxable Bond proceeds or IMDC equity will be used to finance uses inconsistent with qualified Tax-Exempt uses.
2. Although the Jupiter II Development Project (see item #4 on Page 3) will not utilize Bond Proceeds, the Commission has pledged revenues from that property to further support Debt Service Coverage on the proposed bonds (and to compensate for the DDA properties, which will not generate revenue pledged to support debt service initially).

Estimated Project Costs include:

ASCP Bldg. Acquisition/Rehab	\$14,800,000
****Graduate Research Building	8,000,000
****2020 W. Ogden Land Acquisition	12,200,000
****Jupiter II Property Costs	3,100,000
DDA Land Acquisition	<u>2,000,000</u>
Total Project Costs	\$42,100,000

****Project costs identified above also include the Commission's estimated value of its property contributions for (1) the Graduate Research Building (\$2 million); (2) 2020 W. Ogden site (\$3.4 million), and (3) the Jupiter II Development Project site (\$3.1 million).

ECONOMIC DISCLOSURE STATEMENT

Applicant: Illinois Medical District Commission
Project names: Chicago Technology Park Acquisition & Expansion Program
Locations: 2100 West Harrison Street, 2020 West Ogden Avenue, SE Corner of South Leavitt Street and West Lexington Street, SW Corner of South Leavitt Street and West Roosevelt Road, and various sites in the Commission's District Development Area in Chicago (Cook County), Illinois
Organization: A body politic and corporate existing under the laws of the State of Illinois

IMDC Board of

Commissioners: Kenneth D. Schmidt, M.D., President (State Appointed)
Abraham C. Morgan, Vice President (State Appointed)
Dorval R. Carter, M.D., Secretary (City Appointed)
Leon Dingle, Jr., Ph.D., Treasurer (County Appointed)
Michael Fitzgerald (City Appointed)
Bob J. Nash (State Appointed)
John E. Partelow (State Appointed)

PROFESSIONAL & FINANCIAL

IMDC Staff Counsel:	Illinois Medical District Comm.	Chicago, IL	Kenneth E. Scheiwe
IMDC Fin. Advisor:	John Conlisk (c/o IMDC)	Chicago, IL	
Counsel to IMDC:	Burke, Burns & Pinelli, Ltd	Chicago, IL	Mary Pat Burns, Don Harmon Paul Pelletier Matt Lewin
Accountant:	Nykiel, Carlin & Co., Ltd.	Kankakee, IL	
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	
Bond Insurance:	Negotiating with: FSA, AMBAC, and XLCA		
Underwriter (Senior Manager):	William Blair & Company, LLC	Chicago, IL	Charles Freeburg, Nora Sloan Joyce Jane Karpinski Nancy Rocha Michael Gagnon
Co-Managers:	Podesta & Co.	Chicago, IL	
	Cabrera Capital Markets, Inc.	Chicago, IL	
	Melvin Securities, LLC	Chicago, IL	
Underwriter's Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Lewis Greenbaum, Elizabeth Weber Michele Martello
Trustee:	Amalgamated Bank of Chicago	Chicago, IL	
IFA Financial Advisor:	Kirkpatrick Pettis	Chicago, IL	Bill Morris
Counsel to IFA:	Mayer, Brown, Row & Maw LLP	Chicago, IL	David Narefsky

LEGISLATIVE DISTRICTS

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

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
JANUARY 10, 2006**

Project: Pooled Tax Anticipation Warrant Program for Illinois School Districts

STATISTICS

Project Number:	L-PW-TE-CD-6009	Amount:	\$29,950,000 (Not-to-Exceed)
Type:	Tax Anticipation Warrants	IFA Staff:	Nona Myers
Locations:	Batavia, Grand Ridge, Richmond, South Holland and Winthrop Harbor		

BOARD ACTION

Final Bond Resolution to Purchase of Tax Anticipation Warrants from multiple school districts:

- Batavia Unit School District 101
- Grand Ridge Community Consolidated School District 95
- Nippersink School District 2
- Thornton Township High School District 205
- Winthrop Harbor School District 1

Conduit Local Government Bonds

No IFA funds at risk

Staff recommends approval

PURPOSE

To provide funds to school districts with projected cash flow deficits in their operating funds, due to untimely disbursement of property tax dollars from their respective County Treasurers.

VOLUME CAP

No Volume Cap required.

VOTING RECORD

This project is presented to the Board for the first time. The first issue of Warrants was approved by the Illinois Finance Authority at the February 8, 2005 board meeting as follows:

Ayes: 8 Nays: 0 Abstentions/ Present: 0 Vacancies: 7

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	<u>\$29,950,000</u>	Uses:	Batavia:	\$	6,000,000
				Grand Ridge:		300,000
				Nippersink:		2,000,000
				Thornton:		20,000,000
				Winthrop Harbor		1,000,000
				Estimated Cost of Issuance		<u>650,000</u>
Total		\$29,950,000 (Not-to-Exceed)	Total			\$29,950,000

FINANCIAL SUMMARY

Structure: Fixed Rate Bonds
Security: Receipts of property taxes for all districts and escrow accounts for Grand Ridge CCSD 95,
Nippersink SD 2 Thornton THSD 205, and Winthrop Harbor School District 1.
Maturity Date: January 1, 2007

ECONOMIC DISCLOSURE STATEMENT

Applicants Batavia USD 101 335 W. Wilson St, Batavia, IL 60510-1948
And Grand Ridge CCSD 95 400 W. Main St, Grand Ridge, IL 61325
Locations: Nippersink SD 2 10006 Main St, Richmond, IL 60071
Thornton THSD 465 E 170th St, South Holland, IL
Winthrop Harbor SD 1 500 North St, Winthrop Harbor, IL 60096

Project Name: Pooled Tax Anticipation Warrants Issue

Organization: School Districts

State: Illinois

Officials: Batavia USD 101 Dr. Edward Cave
Grand Ridge CCSD 95 Dr. David Mathis
Nippersink SD 2 Dr. Paul Hain
Thornton THSD Dr. Kamala Buckner
Winthrop Harbor SD 1 Dr. James Tenbusch

PROFESSIONAL AND FINANCIAL

Underwriter's Counsel: Ungaretti & Harris, LLP Chicago, IL Ray Fricke
IFA Bond Counsel: Chapman & Cutler, LLP Chicago, IL Chuck Jarik
Underwriter: AG Edwards & Sons, Inc St. Louis, MO Anne E. Noble
Trustee: Commerce Bank, N.A. Kansas City, MO William Ekey

LEGISLATIVE DISTRICTS

Batavia USD 101	Congressional: 14, J. Dennis Hastert
	State Senate: 25, Chris Lauzen
	State House: 50, Patricia Reid Linder
Grand Ridge CCSD 95	Congressional: 11, Gerald C. "Jerry" Weller
	State Senate: 38, Gary G. Dahl
	State House: 76, Frank Mautino
Nippersink SD 2	Congressional: 08, Melissa Bean
	State Senate: 32, Pamela Althoff
	State House: 63, Jack D. Franks
Thornton THSD	Congressional: 02, Jesse L. Jackson, Jr.
	State Senate: 15, James T. Meeks
	State House: 29, David E. Miller
Winthrop Harbor SD 1	Congressional: 10, Melissa Bean
	State Senate: 31, Adeline J. Geo-Karis
	State House: 62, Jo Ann Osmond

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 10, 2006**

Project: DuPage Covered Bridges, L.P., an Illinois Limited Partnership to be formed [to be owned initially by Globetrotters International, Inc. and affiliates], and its successors and assigns (Covered Bridges Apartments)

STATISTICS

IFA Project #:	M-MH-TE-CD-718	Amount:	\$19,500,000 (not-to-exceed amount)
Type:	Housing Bonds	FM:	Rich Frampton
Location:	Carol Stream		

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Affordable (Multifamily) Rental Housing Bonds
No IFA Funds at risk
Staff recommends approval

PURPOSE

Purchase and renovation of an existing 362-unit, multifamily (market rate) rental property with one-, two-, and three-bedroom units in Carol Stream and to convert the property to an affordable multifamily rental property.

IFA CONTRIBUTION

IFA will convey tax-exempt bond status on this financing. The Developer will acquire 100% of the Volume Cap necessary to finance this project. As proposed, this project would use approximately \$18.2 million of Home Rule Volume Cap, including a minimum of \$13.2 million of prior year Carryforward Volume Cap obtained from Home Rule Units. Because over 50% of the development cost (i.e., "Qualified Basis") will be financed with tax-exempt bonds, the project will be eligible to obtain 4% Low Income Housing Tax Credits to generate project equity.

VOTING RECORDS

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

ESTIMATED SOURCES AND USES OF FUNDS – PRELIMINARY, SUBJECT TO CHANGE

Sources:	Senior Tax-Exempt Bonds (Series 2005A) <i>FNMA</i>	\$18,715,000	Uses: Project costs	\$28,310,000
	Senior Taxable Bonds (Series 2005B) <i>FNMA</i>	350,000	Reserves	473,000
	4% LIHTC Tax Credit Equity	7,920,000	Legal & Professional/Tax Credit Costs	83,600
	Developer's Cash	2,291,600	Capitalized Interest	135,000
	Project Cash Flow	<u>275,000</u>	Bond Issuance Costs	<u>550,000</u>
	Total	\$29,551,600	Total	\$29,551,600

*Note: The Developer's Fee will be deferred and paid over time subject to the Partnership Agreement to be executed between the Developer and RED Capital Markets, Inc., the proposed Tax Credit Investor. Payment of

these fees will be contingent on project performance. Typical performance hurdles include: satisfying certain benchmark debt service coverage, occupancy rates, and other negotiated covenants.

JOBS

Current employment:	6 FTE's	Projected new jobs:	*0
Jobs retained:	N/A	Construction jobs (11 mo's.):	18 (average)

* Note: The Applicant expects to reduce on site management by 1 full time equivalent, which will reduce annual Property Management Fees significantly (i.e., from approximately 6.3% to 4.7%), consistent with management fees at other properties under the Applicant's management.

BUSINESS SUMMARY

Organization: DuPage Covered Bridges, L.P. (the "Applicant") is an Illinois Limited Partnership to be owned by the principals of Globetrotters International, Inc. (the "Developer") and its successor and assigns for the express purpose of acquiring, renovating, and owning the Covered Bridges Apartments, an existing 362-unit market-rate, multifamily housing property located in Carol Stream.

The Managing General Partner and 0.01% beneficial owner of the Project is expected to be Mr. Niranjana S. Shah, P.E., President and CEO of Globetrotters Engineering Corp. and its affiliates (including Globetrotters International, Inc.). Globetrotters International, Inc. is a Chicago-based civil engineering, construction management, and property management company. Other principals and employees of Globetrotters may ultimately hold a beneficial interest in the General Partner.

The Limited Partner and 99.99% owner of the Project will be affiliates of RED Capital Markets, Inc., of Columbus, Ohio, a tax credit investor/syndicator. RED Capital Markets is an affiliate of National City Bank. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits to corporations.

The accompanying Economic Disclosure Statement (see pp. 4-5) provides additional information.

Background: The Covered Bridges Apartments (the "Property") includes seventeen (17) apartment buildings and contains a total of 362 units. The Property was opened in 1976 and includes a mix of one-, two-, and three-bedroom units. The property is located on an approximately 20.7 acre site in Carol Stream.

The property is located at 637 Burns Street, in the southeastern section of the Village of Carol Stream, southeast of the intersection of Illinois Hwy. 64 (North Ave.) and Schmale Road.

The property's common facilities include 626 parking spaces, an outdoor swimming pool, and a 3,000 SF clubhouse facility.

The proposed project will include substantial renovations to exteriors and common areas of the property, including:

- painting of corridors and stairwells
- new carpet in corridors and stairwells
- handicapped accessible property office
- sidewalk repair and replacement
- roof repairs
- gutter and downspouts repaired and replaced
- pond pier wall upgrades
- boiler replacement
- repair and replacement of retaining walls
- landscaping
- electrical and mechanical system improvements

The scope of the in-unit-related improvements will include:

- new appliances in all units
- new cabinet and countertops in kitchens and bathrooms in all units
- new plumbing fixture in kitchens and bathrooms for all units
- all 362 units will be completely repainted, with new carpeting and tile
- ground floor patios will be repaired and replaced
- balcony supports will be repaired and replaced

The Applicant has estimated an overall average renovation cost per unit (including common area improvements) at approximately \$16,250 as of 12/29/2005.

As a result of the proposed project, the Applicant will purchase, renovate, and convert the Property from a market-rate property, to an affordable multifamily rental property, with a minimum of 80% of the units (i.e., 290 out of 362) set-aside as affordable.

The Village of Carol Stream supports the acquisition and renovation of this property and has discussed the proposed project financing with both the Applicant and IFA.

**Background on
Developer and
Affiliates:**

Globetrotters International, Inc. is a Chicago-based real estate civil engineering, construction management, and property management company. Globetrotters has provided professional architectural and engineering services for the Chicago Housing Authority ("CHA") since 1980. Additionally, Globetrotters' clients include the Illinois Housing Development Authority ("IHDA"), and the Housing Authority of Cook County ("HACC").

More specifically, during the 1980's and 1990's, Globetrotters provided design and construction administration services for a series of individual projects including, energy audits, heating system conversions from heating oil to natural gas, roofing improvements, demolition task services, and general HVAC improvement projects. Since 1999, Globetrotters has been a key consultant for the CHA's Plan for Transformation including design consulting services, demolition management (a \$75 million program), and new construction management (CHA Lowden Homes Modernization and CHA Senior Housing Renovation).

Globetrotters has also been an approved Physical Needs Assessment ("PNA") Consultant for IHDA acquisition/rehabilitation projects since 2000. As an approved PNA Consultant, Globetrotters provides consultant services to private developers and nonprofits to assess the property and prepare the PNA documentation consistent with FNMA requirements.

Globetrotters recently completed design services for HACC for the modernization of the Turlington Apartments building in Harvey, Illinois and is currently providing design service for the fire protection/fire alarm systems at the King Apartments in Skokie.

**Management
Agent:**

Globetrotters International, Inc., an entity affiliated with the Applicant, will be the new Management Agent for the property.

Globetrotters has managed Broadview Apartments in Broadview, Illinois since it also acquired the property in 1983. At the time Globetrotters initially assumed management of this property, there were significant lease compliance and security issues associated with the property. Subsequently, under Globetrotters management, the property is now both (1) a participant in the Section 8 program and is certified by the Cook County Housing Authority, and (2) a Cook County Class 9 Incentive Property (which provides tax incentives to rehab properties to make them safe, decent, and affordable). As a result of Globetrotters' management, operation of the property has stabilized.

Additionally, Globetrotters currently both owns and manages three conventionally financed, market-rate properties including:

- Waterford Greens Apartments and Townhomes, Naperville, IL, a 196-unit property acquired in 1994. The Property consists of 68 two-bedroom townhomes, 64 one-bedroom townhomes, and 64 one-bedroom apartments.
- Richton Square Apartments, Richton Park, IL, a 342 unit property acquired in April 2005. The Property consists of one- and two-bedroom apartments. This Property received financing through the Cook County Assessor's Class 9 incentive program for rehabilitation in 2005.
- Maple Lane Apartments, South Bend, IN, a 396-unit property acquired in 2004.

The contract with the existing property manager, Bayshore Management Company LLC, Chicago, IL, will be terminated at closing.

Accessibility: The Covered Bridges Apartments were originally placed in service in 1976 as a non-subsidized market-rate multifamily rental housing property. The Project has been a non-subsidized market rate facility to date.

Upon substantial completion of the renovations, the Project will comply with the Americans with Disabilities Act to the extent that it applies to this property.

FINANCING SUMMARY

Security: Aaa/AAA-rated (Moody's/S&P) credit enhancement from FNMA on both the Tax-Exempt Series 2006A Bonds and the Taxable Series 2006B Bonds.

Structure: Fixed Rate Bonds. Estimated effective blended fixed rate on the combined Tax-Exempt/Taxable Bonds of 5.75% as estimated by RED Capital Markets, Inc., the Underwriter (as of 12/29/2005).

Maturity: Tax-Exempt Series 2006A Bonds: 30 years (with 18 year mandatory tender)
Taxable Series 2006B Bonds: 15 years (maximum)

PROJECT DESCRIPTION FOR IFA BOND RESOLUTION

Bond proceeds will be used to finance the acquisition and substantial rehabilitation/renovation of Covered Bridges Apartments, an 18-building, 362-unit multifamily rental property, including a 3,000 SF clubhouse building, swimming pool, parking lots, and related facilities, located on an approximately 20.7 acre site, at 637 Burns Street, Carol Stream (DuPage County), IL 60411-1261.

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

Preliminary estimated project costs are as follows:

Land Acquisition:	\$2,070,000
Bldg. Acquisition:	\$19,280,000
**Renovations:	5,887,480
Mortgage/Fin. Costs during Renov.	229,020
Arch. & Eng.	781,500
Permitting/Professional/Due Diligence	62,000
Total:	\$28,310,000

**Renovations will include various interior and exterior improvements to the property.

ECONOMIC DISCLOSURE STATEMENT

Applicant: DuPage Covered Bridges, L.P., an Illinois Limited Partnership to be formed, c/o Mr. Niranjana Shah, Globetrotters International, Inc., Facilities Management Group, 300 South Wacker Drive,

Suite 200, Chicago, IL 60606; Ph.: 312-922-5168; Fax: 312-922-3006; e-mail:
niranjan.shah@gec-group.com

Project name: Covered Bridges Apartments
Location: 637 Burns Street, Carol Stream (DuPage County), IL 60411-1261
Organization: Limited Partnership (to be formed)
State: Illinois

**Ownership of
Applicant:**

- DuPage Covered Bridges, L.P., an Illinois Limited Partnership to be formed
- General Partner (0.01%):
 - Principals will include Mr. Niranjan S. Shah, President and CEO, Globetrotters International, Inc. and potentially other shareholders or employees.
 - Limited Partner (99.99%): RED Capital Markets, Inc., Columbus, OH (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing).

**Current Property
Owner:**

- Covered Bridges Partners, General Partnership
- Covered Bridges Venture Limited Partnership:
 - Foufas Properties/Covered Bridges, Inc., an Illinois corporation, its General Partner: Contact: Mr. Plato Foufas, President, c/o Plato Foufas & Co., LLC, 333 N. Michigan Ave., Suite 501, Chicago, IL 60606
 - Counsel to Seller: Mr. Robert C. Keck, Jr., Keck and Associates, P.C., 333 North Michigan Avenue, Suite 501, Chicago, IL 60606.
 - An option to purchase the property is currently held by Mr. Niranjan S. Shah, individually. Mr. Shah is President of Globetrotters International, the proposed Management Agent. Additionally, Mr. Shah will also have an ownership interest in the property and an affiliated entity to-be-formed will be the Managing General Partner.

PROFESSIONAL & FINANCIAL

Counsel:	Kopko Genetos & Retson LLP	Merrillville, IN	Terry Retson
Accountant:	Reznick Group	Chicago, IL	Bruce Schiff
Bond Counsel:	DLA Piper Rudnick LLP	Chicago, IL	Patrick Thompson, Mark Yura
Underwriter:	RED Capital Markets, Inc.	Columbus, OH	Tracy Peters
Underwriter's Coun.:	Eichner & Norris	Washington, DC	Kent Neumann
Credit Enhancement:	FNMA		
FNMA DUS Lender:	RED Mortgage Capital, Inc.	Columbus, OH	Ken Bowen
FNMA Counsel:	Arent Fox	Washington, DC	Stephen Kahn
Tax Credit Investor:	RED Capital Markets, Inc.	Boston, MA	Richard Coomber
Tax Credit Investor's Counsel:	Squire Sanders & Dempsey	Columbus, OH	Phil Westerman
Trustee:	Amalgamated Bank	Chicago, IL	Michele Martello
Architect:	GEC Design Group	Chicago, IL	Margaret Lehto
General Contractor:	Tishman Midwest Management Corp.	Chicago, IL	Stanley Gaynor
Project Admin./ Constr. Loan Svcr.:	Red Mortgage Capital, Inc.	Columbus, OH	Ken Bowen
Management Agent:	Globetrotters International, Inc.	Chicago, IL	David Fuller
Appraiser:	Applied Real Estate Analysis, Inc.	Chicago, IL	Andy Prodanovic
Issuer's Counsel:	Requested		

LEGISLATIVE DISTRICTS

Congressional:	6	Henry J. Hyde
State Senate:	23	Carole Pankau
State House:	45	Roger A. Jenisch

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 10, 2006**

Project: Center for Residential Management

STATISTICS

Project Number: H-CP-TE-CD-645	Amount: \$15,000,000 (Not to exceed amount)
Type: Not-for-Profit Bond	IFA Staff: Pam Lenane and Dana Sodikoff
Locations: Multiple	

BOARD ACTION

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

PURPOSE

Proceeds will be used to: (a) refinance 1992 and 1998 IFA bonds, (b) consolidate other loans, and (c) provide approximately \$1.2 million of new money for the acquisition of new facilities.

The purpose of the refinancing is to permit the merger of Residential Centers Inc. and Progressive Housing into the parent company, the Center for Residential Management.

IFA CONTRIBUTION

Federal income tax-exempt status on bond interest.

VOTING RECORD

The IFA gave its approval for a Preliminary Bond Resolution on September 13, 2005 by the following vote:

Ayes – 9	Nays – 0	Absent – 4	Vacancies – 2
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ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA bonds	\$15,000,000	Uses: Refunding:	\$12,500,000
		New Money:	1,150,000
		Debt Service Reserve Fund:	1,000,000
		Cost of Issuance	350,000
Total	<u>\$15,000,000</u>	Total	<u>\$15,000,000</u>

JOBS

Current employment: 200	Projected new jobs: 4
Jobs retained: 200	Construction jobs: 0

BUSINESS SUMMARY

Background: Center for Residential Management ("CRM") is an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. CRM is a management company overseeing and directing the financial and operational concerns for two not-

for-profit corporations, Progressive Housing, Inc. (PHI) and Residential Centers, Inc. (RCI). These two organizations own and operate several life care residential facilities within the State of Illinois for the benefit of people with developmental disabilities and mental retardation. The funding for these organizations comes the state in the form of Medicaid, which includes matching Federal funds, along with minimal amounts of Social Security. Upon the completion of this financing, PHI and RCI will be merged into one CRM as one corporation.

Description: Progressive Housing, Inc. and Residential Centers, Inc. offer a variety of residential alternatives to individuals with developmental disabilities. The programs are certified and accredited by the Illinois- Department of Public Health, Illinois Department of Human Services, and CARF. All of the facilities are residential homes which blend into their neighborhoods and are attractively decorated reflecting the residents individual needs, performance, and abilities, while maintaining sensitivity to the cultural needs of those served.

Each facility serves from 6 to 16 individuals from ages 18 and up in an array of progressive programs designed to promote independence, choice, normalization, and age appropriateness, while preserving their individual rights and dignity.

Service Area: Progressive Housing maintains 12 facilities serving the following communities: Aviston, East Peoria, Hoyleton, Pana, Mt. Vernon, Woodlawn, and Country Club Hills. RCI maintains 4 facilities serving the following communities: Chicago, Evansville, Sparta, and Taylorville.

PROJECT SUMMARY

The proceeds of this private placement will be used to refinance 1992 and 1998 IFA bonds, to consolidate other loans, and to provide approximately \$1.2 million of new money for the acquisition of new facilities.

The purpose of the refinancing is to permit the merger of Residential Centers Inc. and Progressive Housing into the parent company, the Center for Residential Management.

FINANCING SUMMARY

Security: Mortgage, Gross Revenue Pledge, Debt Service Reserve Fund

Structure: Private placement with Merrill Lynch

Maturity: 15 years

Interest Savings: To be determined upon bond pricing but currently estimated to be approximately \$70,000 annually.

ECONOMIC DISCLOSURE STATEMENT

Project name: Center for Residential Management
4239 North War Memorial Drive
Peoria, IL 61614

Applicant: Center for Residential Management

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

State: Center for Residential Management is located in Illinois

Board of Trustees: Mr. Edward E. Childers, Chairman
Mr. Orland D. Bauer, Director
Mr. Vincent M. Everson, President
Mr. Shawn E. Jeffers, Vice Chairman
Mr. Ronald C. Schroeder, Secretary

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Chicago	
Accountant: Altschuler, Melvoin and Glasser LLP	Chicago	
Bond Counsel: Jones Day	Chicago	Mike Mitchell
Bond Trustee: Wells Fargo	Chicago	Patricia Martirano
Issuer's Counsel: Chapman & Cutler	Chicago	Chuck Jarik

LEGISLATIVE DISTRICTS

Congressional: 18- Ray LaHood
State Senate: 46- George P. Shadid
State House: 92- Aaron Schock

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 10, 2006**

Project: BroMenn Healthcare

STATISTICS

Project Number:	H-HO-TE-CD-721	Amount:	\$4,000,000.00 (Not to Exceed)
Type:	Not-for-Profit Bond	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Bloomington-Normal, IL		

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to (i) pay, or reimburse the Borrower for the payment of, the cost of acquiring certain capital equipment including without limitation a GE CT scanner and a GE Picture Archiving and Communications System (ii) refinance an interim taxable loan the proceeds of which may be used pay the cost of acquiring the capital equipment, and (iii) pay certain related expenses.

IFA CONTRIBUTION

Federal income tax-exempt status on bond interest.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA bonds	\$4,000,000.00	Uses: Escrow Funding	\$3,975,000.00
		Debt Refinancing (approx.)	
		Costs of Issuance	<u>25,000.00</u>
Total	<u>\$4,000,000.00</u>	Total	\$4,000,000.00

JOBS

Current employment: 1,260	Projected new jobs: 2
Jobs retained: 1,260	Construction jobs: 0

BUSINESS SUMMARY

Background:

BroMenn Healthcare (BroMenn") was founded in 1984 through the consolidation of Brokaw Hospital (founded in 1896), Mennonite Hospital (founded in 1919) and Eureka Hospital (founded in 1901). Brokaw-Mennonite Association is the sole member of BroMenn.

The main operational facilities of BroMenn are BroMenn Regional Medical Center ("BRMC") and Eureka Community Hospital ("Eureka"). BRMC is located in normal, IL, and has a licensed capacity of 224 beds with 206 staffed. Eureka is a 25-bed general acute care hospital located about 25 miles northwest of BRMC.

Service Area:

The primary service area of BroMenn can be defined as the immediate Bloomington / Normal geographic area, specifically, zip codes 61701, 61702, 61704 and 61761. The secondary service area consists of outlying areas running northeast to southwest along Interstate Route 55.

The only competitor in BroMenn's primary service area is 167-bed OSF St. Joseph Medical Center located in Bloomington, IL. Competitors in the secondary service area would be providers in Peoria (40 miles northwest) and Champaign (40 miles southeast).

FINANCING SUMMARY

Security: First priority security interest in all capital equipment being financed

Structure: Fixed rate, 5-year tax-exempt loan for GE PACS
Fixed rate, 5-year tax-exempt off-balance sheet financing for GE CT scanner

Maturity: February 2011 for GE PACS
February 2012 for GE CT Scanner

ECONOMIC DISCLOSURE STATEMENT

Project name: BroMenn Healthcare
Applicant: 1304 Franklin
Normal, IL 61761
Organization: 501(c)(3) Not-for-Profit Corporation
State: BroMenn Healthcare is located in Illinois.
Board of Trustees: Johnene Adams
Gordon J. Bidner
Al Bowman, Ph.D.
Richard Bucher, Rev.
George A. Farnsworth, Chair
John Freese
Alan Ginzburg, M.D.
Donna Hartweg, Vice Chair
Rondell (Ron) Hodel
Roger Hunt, Ex Officio
Keith Knepp, M.D., Ex Officio
Scott Morgan, M.D.
Larry Sapetti, M.D.
Carol Struck
James Swanson, M.D.
Richard Wellman, M.D., Ex Officio
Dan Brady

PROFESSIONAL & FINANCIAL

Borrower's Counsel:		Chicago	
Accountant:	Ernst & Young	Chicago	
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Underwriter:	GE Healthcare Financial Services	Chicago	Bill Reveille
Underwriter's Counsel:	Kutak Rock	Omaha, NE	Andrew Romshek
Issuer's Counsel		Chicago	
Escrow Agent:	Wells Fargo Bank	Chicago	Patricia Martirano

LEGISLATIVE DISTRICTS

Congressional: Gerald C. "Jerry" Weller
State Senate: Bill Brady
State House: Dan Brady

To: Members of the IFA Board of Directors

From: Bart Bittner

Date: January 10, 2006

Re: Request to Defer for Six Months Principal Payments on Loans to Thompson Pearl Valley Eggs that are Secured by IFA Agricultural Guarantees

The Authority has an 85% Agriculture Guarantee on a \$7,518,000, 15-year term loan made by 1st Farm Credit Services to Thompson Pearl Valley Eggs that closed in January 2005. IFA has 6 additional agricultural guarantees made by IFDA for other loans made by 1st Farm Credit Services to Thompson Pearl Valley Eggs with \$3,788,484 current balance.

The most recent loan financed an expansion of Pearl Valley's egg production capacity. A 9 barn facility with capacity for 1,200,000 birds has recently been completed. Installation of cages, feed mill and other equipment has begun and is expected to be completed to permit production to begin in mid-2006. The project has incurred about \$150,000 of cost overruns that the owners expect to be able to cover from positive cashflow generated during the holiday season.

The Thompson's undertook this project to take advantage of a boom in egg prices that prevailed in 2003 and 2004. Attractive prices encouraged additional suppliers to enter the market which has now driven unit prices below variable (feed) costs. The lender notes that egg prices have historically been cyclical and expects prices to eventually recover sufficiently to get this project back on track.

The company has also been hurt by the illness of its President, David Thompson, who was diagnosed with leukemia last year. This disease and the side effects of its treatment (including a bone marrow transplant) have significantly limited his availability for work and forced increased assistance from several brothers. While the lender believes that his brothers are very capable, David's loss would be a major setback for the company. (Pearl Valley Eggs has a \$4 million key man insurance policy on David.)

The lender has reviewed the company's recent financial statements and believes that the borrower will be unable to make principal payments for at least the near term. The Bank has asked IFA to agree to defer principal payments beginning January 1, 2006 on all guaranteed debt (approximately \$390,000). The lender plans to review the company's prospects in May 2006 to determine whether further deferments will be needed.

The lender appears to be closely monitoring this situation and offering sound advice. The bank has agreed to provide the Authority with monthly financial statements soon after they receive them.

Staff recommends approving this request.

Company Highlights:

Dave Thompson is owner/operator of Thompson Pearl Valley Eggs (TPVE), Pearl Valley Organix (PVO) and Pearl Valley Eggs (PVE). Thompson Pearl Valley Eggs is a 1,200,000 capacity bird layer facility that consists of 9 barns and a feed mill. The feed mill processes the feed for the layers as well as the birds in the pullet facilities. TPVE owns the layers and the pullets and sells eggs to Pearl Valley Eggs, Inc.

TPVE is the primary operating entity and as generate most of the sales, profits and losses of the entire operation.

Pearl Valley Organix composts the manure and processes it to make value-added fertilizer products. Andy Thomspson, Dave's brother, is the manager of the entity. Products produced are natural organic fertilizers, both in crumbles and a liquid product. Target users are organic farmers and golf courses.

PVO is currently selling and/or processing product for Spring Valley and Midwest Bio Ag. PVO is also now supplying fertilizer to many local golf courses as well as Troon Golf located in the Galena area and plans to increase direct retail sales to the golf course industry.

Pear Valley Eggs is the newest entity and is the processing and egg marketing entity. This entity purchased the assets of Mallquist Butter and Eggs in 2001 and is completing a new processing facility with loan proceeds.

The owners are currently seeking to be Wal-Mart's primary egg supplier for the Sterling Distribution Center. They are currently negotiating a cost-plus contract that would reduce the company exposure to fluctuating egg prices.

Egg prices were very strong in 2003 and most of 2004. Demand for eggs was strong during this timeframe and there were some industry-wide production issues due to bird health and also adoption of new humane standards that limited the number of birds per cage. During this time industry expansion was encouraged and realized with large expansion in total industry flock size and resulting production. The average egg price for 2005 YTD for Midwest Large Eggs through October has been \$.6543. It is estimated that the holidays could mean average egg prices in the high 70 cent to low 80 cent range. Prices are expected to drop back down after the first of the year before ramping up some for Easter.

Financial highlights from the three operating entities as well as David Thompson's personal finances are summarized below.

2004 - Balance Sheet Highlights

	Dave's	TPVE	PVE	PVO	Combined
Net Worth	\$727,887.00	\$766,719.00	\$902,477.00	(\$417,964.00)	\$5,093,191.00
D/A Ratio	0	90%	54%	248%	67%
Working Capital	50008	947413	706581	140681	2383767
WC Ratio	0	3.9	4.4	3.4	6

2005 - Balance Sheet Highlights

	Dave's	TPVE	PVE	PVO	Combined
Net Worth	\$2,166,160.00	(\$294,736.00)	\$996,399.00	(\$367,441.00)	\$4,132,344.00
D/A Ratio	0	53%	103%	210%	76%
Working Capital	\$315,017.00	(\$663,879.00)	\$766,697.00	\$165,167.00	(\$1,094,793.00)
WC Ratio	0	0.6	3.4	2.9	1.7

2006 - Cash Flow Projection Highlights

	Dave's	TPVE	PVE	PVO	Combined
Accrual Adj Farm Inc.	\$152,854.00	\$1,866,667	\$1,872,230	\$367,134	\$4,106,031
Total Farm Exp.	\$2,000.00	\$2,910,009	\$1,732,399	\$337,492	\$4,829,046
Net Farm Income	\$150,854.00	(\$1,043,342)	\$139,831	\$29,642	(\$723,015)
Net Earnings	\$155,854.00	(\$3,433)	\$139,831	\$29,642	(\$718,015)

To: Members of the IFA Board of Directors

From: Eric Reed

Date: January 10, 2006

Re: Request to Defer for 6 Months Principal Payments for Loans to Hendrik W. and Gesiena J. Hijink that are Secured by IFA Agricultural Guarantees

The Authority has an 85% Agricultural Guarantee on two existing Specialized Livestock loans, originally guaranteed under the IFDA. These guarantees are in favor of the Oakdale State Bank. Loan # 2002-SL-0116 currently has an approximate balance of \$127,671.55 and Loan# 2003-SL-0139 has an approximate balance of \$161,972.15. Oakdale State Bank has requested a principal deferment on each of the loans outstanding. The Agricultural loan committee is in concurrence with this approval.

Low milk prices over the past 18 months have caused cash flow problems for the borrowers, which has caused them to incur significant accounts payable and credit card balances. Their local Co-op, which provides feed, has become very uncomfortable with their account balance. By deferring principal, the borrowers hope to repay a portion of their past due payables.

Both of the IFA loans are secured by the farmstead containing 25 acres and all facilities, as well as all livestock. Currently, the LTV against all collateral is estimated to be 80%.

The lender seems to hold a favorable opinion of the borrowers in regard to their work ethic and character. By their own admission, the lender has not monitored this loan as closely as it required. They do have a plan in place with the help of their board members to more closely monitor the borrower's financial situation each month. The bank will provide the Authority with a year end financial statement and a 2005 income tax return soon after they receive them. The current financial data are as follows:

<u>FINANCIAL DATA FOR:</u>	12/31/03	12/31/2004	6/30/2005
Hijink	Year	Year	Interim
Total Current Assets.....	68,180	78,033	70,628
Total Assets.....	569,838	746,204	938,902
Total Current Liabilities.....	119,419	93,806	180,176
Total Liabilities.....	439,382	514,119	562,632
Net Worth.....	130,456	232,085	376,270
Working Capital.....	(51,239)	(15,773)	(109,548)
Current Ratio.....	0.57	0.83	0.39
Debt-to-asset ratio.....	0.77	0.69	0.60
Debt-to-worth Ratio.....	3.37	2.22	1.50
Net Income	7,931	35,407	N/A
Depreciation	48,678	60,862	-
Interest	23,660	31,232	-
Cash Available	50,818	103,416	-
Debt Requirement	90,183	98,232	-
DSC Ratio	0.56	1.05	

Staff recommends approving this request.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: January 10, 2006

Re: Request to Reset Interest Rate and Amortization for Remainder of PL Term
Charles & Sharon D. Siracusa (Valley Custom Woodwork, Inc. Project)
9225-PL

The above-captioned loan financed construction and equipping of a new manufacturing facility in Belvidere (Boone County), Illinois in March 2000. The Participating Bank was Alpine Bank in Rockford, Illinois. The combined Alpine Bank/IFA (IDFA) Loan totaled \$680,000. IFA's original Participation Loan balance was \$300,000.

Alpine Bank, the lender for the above-referenced loan, has submitted a written request for IFA to reset the interest rate and extend the final maturity date on the loan to December 2010. The IFA Loan would continue to be priced at 1.50% below the Alpine Bank Loan (i.e., consistent with the Participation Agreement executed with the Bank).

Pursuant to policies of the Participation Loan, IFA must be taken out by Alpine Bank no later than March 31, 2010 (rather than the December 2010 maturity date proposed).

IFA (IDFA) previously approved a similar request in 2002 to reset the pricing on the Loan and agreed to extend the maturity date to 5 years of closing on the re-pricing. As originally approved, the terms of IFA's (IDFA's) Participation Loan allowed for IFA (IDFA) to remain in the transaction for up to 10 years from the date of closing of the loan.

Staff recommends approval given that there has been general strengthening in the Company's balance sheet, profitability, and operating cash flow over time.

Pursuant to the 8/4/1999 As-completed Fair Market Value Appraisal of \$850,000 and an 80% Advance Rate, the Net Collateral Value is \$680,000. The combined Bank/IFA Loan is currently approximately \$541,000. This loan balance is approximately 64% of appraised fair market value and is, therefore, consistent with IFA Board Policy.

Table 1: History of Loan

	<i>Original 2000 Loan Balances</i>	<i>Loan Balance as of 12/7/2005</i>
Alpine Bank	\$380,000	\$302,364
IFA	\$300,000	\$238,709

Table 2: Summary of Financial Performance (\$ Thousands)

	<i>12/31/2001</i>	<i>12/31/2002</i>	<i>12/31/2003</i>	<i>12/31/2004</i>
Sales	\$1,295	\$1,416	\$1,542	\$1,799
Net Income	(128)	121	10	101
EBITDA	(53)	214	96	217
New Loan Pmt.	57	57	57	57
Debt Coverage	(0.00)x	3.75x	1.68x	3.81x

MEMORANDUM

TO: IFA Board of Directors

FROM: Jim Senica

DATE: January 10, 2006

RE: **Request to Approve a Change in Interest Rate and Release of Collateral for a Participation Loan for P&P Press, Inc. (B-LL-TX-421)**

P & P Press, Inc. is a multi-faceted printing company providing high-speed, professional printing services to primarily commercial customers.

In proceeding to close IFA's above-referenced participation loan with Heartland Bank and Trust Company, IFA's counsel, Dykema Gosset PLLC, noted several changes between the Bank's documents and the original financing presented for IFA Board approval. The Bank's interest rate has now changed to a fixed interest rate for the first five years, based on an index rate plus 3%, with the interest rate for the first five years being fixed at 7.52%. After five years, the interest rate will now change again only if the index rate has changed. Originally, the Bank's interest rate was to be a combination fixed/floating rate with 50% of the rate being fixed at 6.25% and 50% of the rate floating at prime plus 50 basis points over the term of the loan. IFA's rate will be set at 200 basis points below the Bank's rate. Staff requests Board approval of this rate change.

Secondly, the loan as originally presented was secured by a pro-rata first position "*pari passu*" with Heartland Bank & Trust Company on the project machinery and equipment with collateral based on the Bank's discounted 75% cost basis of \$1,072,500 and in a first mortgage on Wyoming property with an appraised value of \$236,000. The loan also is secured by a blanket lien on all of the Company's inventory, existing equipment and accounts receivable valued at approximately \$1.5 million as of August 31, 2004. and by the personal guaranty of Sheila Perkins, P & P's owner, with a net worth excluding her interest in P & P Press, Inc. of \$1,000,000. In proceeding to close the loan, counsel discovered that the \$236,000 Wyoming mortgage was also used as collateral for other loans and was restricted to being in place only until the borrower attains a \$500,000 equity interest in the project equipment.

The pledged equipment will be sufficient to meet the Board's participation loan guidelines that loans secured by equipment not exceed 65% of value. Given the fact that the mortgage on the Wyoming property constitutes a relatively minor portion of the loan's security and may not be available to secure this loan, staff is requesting that the loan be approved for closing *without* the requirement of the \$236,000 Wyoming property mortgage.

A copy of the original project summary presented for Board approval is included with this memorandum for your review.

The voting record of this Participation Loan's original approval at the December 7, 2004, Board meeting is as follows:

Ayes:	8	Absent:	3 (Giannoulis, Rice, Valenti)
Nays:	0	Abstentions:	0

The Board approved on September 13, 2005 a \$250,000 increase, which increased the Authority's commitment \$900,000. The Bank and the borrower anticipate closing on the original \$650,000 in the near future and then closing on the remaining \$250,000 as a separate facility at a future date.

MEMORANDUM

TO: IFA Board of Directors
FROM: Jim Senica
DATE: September 13, 2005
RE: **Request for an Amendment to a Participation Loan for P & P Press, Inc.
Project No. B-LL-TX-421**

P & P Press, Inc. is a multi-faceted printing company providing high-speed, professional printing services to primarily commercial customers.

Heartland Bank and Trust Company and P & P Press, Inc. have asked IFA to approve an increase in the amount of its loan commitment to \$900,000. The IFA Board approved on December 7, 2004, a \$650,000 participation in a loan originated by the bank by the following vote:

Ayes: 8 Nays: 0 Absent: 3 (Giannoulis, Rice, Valenti) Abstentions: 0

The IFA Board also approved on June 14, 2005, a six-month extension to the maturity of its commitment to December 7, 2005 by the following vote:

Ayes: 8 Nays: 0 Absent: 3 (Giannoulis, Ozark, Rice) Abstentions: 0

The original loan amount was requested to finance the acquisition of new printing equipment; the borrower is seeking the additional \$250,000 loan participation to be combined with an additional \$250,000 increase in Heartland Bank's loan to finance the acquisition of another new piece of printing equipment to accommodate an increase in business from one of its largest accounts, Farmweek Magazine. (It is important to note that the new equipment will also be utilized to provide additional service to many of its other customers.) Farmweek Magazine has signed a new 5-year contract agreeing to pay an additional \$130,000 annually which theoretically could easily pay for the equipment in five years.

The IFA Board approved the original participation based on historical financial results for years 2002 and 2003 and projected results for 2004, 2005 and 2006. (A copy of the project summary that was originally presented for Board consideration as well as a copy of the extension request are attached to this memorandum.) Actual results for 2004 as well as annualized amounts based on 6-month interim financial information for the period ending June 30, 2005, and projected amounts for 2006 are summarized below:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Statement			
Sales	4,942	5,335	5,891
Net income	116	213	235
Balance Sheet			
Current assets	896	847	1,433
P P & E	1,897	1,867	2,002
Other assets	<u>37</u>	<u>0</u>	<u>0</u>
Total assets	<u>2,830</u>	<u>2,714</u>	<u>3,435</u>
Current Liabilities	1,422	219	314
Debt	1,187	2,168	2,559
Equity	<u>221</u>	<u>327</u>	<u>562</u>
Total liab. & equity	<u>2,830</u>	<u>2,714</u>	<u>3,435</u>
Ratios			
Debt service coverage	1.95x	1.66x	1.53x
Current ratio	0.63	3.87	3.50
Debt/Equity	5.60	6.92	4.75

Based on P & P Press, Inc.'s interim operating results for the six month period ending June 30, 2005, management is anticipating a 7.95% annual increase in operating revenues compared to 2004 operations. Projected revenues for 2006 include a like increase plus \$130,000 in additional annual sales from Farmweek Magazine. Projected net incomes for 2005 and 2006 are projected at 3.99% of total revenues based on 2005 interim operating results.

Given the projected operating results for 2006, debt service coverage including the additional \$500,000 loan requested from IFA and the Bank is computed to be 1.53 times.

Staff recommends approval of the applicant's request.

ILLINOIS FINANCE AUTHORITY
Memorandum

To: IFA Board of Directors
From: Jim Senica
Date: December 7, 2004
Re: Overview memo for P & P Press, Inc.

- **Borrower/Project Name:** P & P Press, Inc.
- **Location:** Peoria (Peoria County)
- **Principal Project Contact:** Donald Shafer, Executive Vice President, Heartland Bank and Trust
- **Board Action Requested:** Participation Loan Resolution
- **Amount:** \$650,000
- **Project Type:** Business – Participation Loan
- **IFA Benefits:**
 - Buy-down of interest rate – \$650,000 IFA funds at risk
- **IFA Fees:**
 - \$25,187.50 (first year's interest)
- **Structure:**
 - Loan participation to be purchased by Heartland Bank and Trust Company
 - Loan term will be 10 years with a 10-year amortization
 - **Exception:** Loan to Value exceeds IFA policy (mitigated by ample secondary collateral)
 - Interest rate will be a combination fixed/floating rate with 50% of the rate being fixed at 6.25% and 50% of the rate floating at prime plus 50 basis points over the term of the loan
 - Collateral will consist of the following:
 1. Pro-rata first position "*pari passu*" with Heartland Bank and Trust Company on the project machinery and equipment based on the Bank's discounted (75%) cost basis of \$1,072,500
 2. Pro-rata first mortgage with Heartland Bank and Trust Company on Wyoming land with an appraised value of \$236,000
 3. Shared blanket lien on the Company's inventory, receivables and existing equipment valued at \$1.5 million as of 8/31/04
 4. Shared guaranty of P & P's owner, Sheila Perkins with a net worth excluding her interest in P & P Press, Inc. of approximately \$1,000,000
 5. Assignment of life insurance - \$1,000,000 on Sheila Perkins, \$600,000 on Bill Starks

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Deal: P & P Press, Inc.

STATISTICS

Deal Number:	B-IL-TX-421	Amount	\$650,000
Type:	Participation Loan	IFA Staff:	Jim Senica
Location:	Peoria	Est fee:	\$25,187.50 (first year's interest)

BOARD ACTION

Purchase of Participation Loan from Heartland Bank and Trust Company
\$650,000 IFA Treasury funds at risk
Collateral is *pari passu* first position with the bank
Exception: Loan to Value exceeds IFA guidelines
Staff recommends approval of a resolution subject to the Bank covenants noted on page 3 of this report.

PURPOSE

Acquisition of new machinery and equipment.

VOTING RECORD

Initial board consideration, no voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA	\$650,000	Uses: Project Costs	<u>\$1,430,000</u>
	Heartland Bank	650,000		
	Equity*	<u>130,000</u>		
	Total	<u>\$1,430,000</u>	Total	<u>\$1,430,000</u>

*Equity contributed through cash reserves of the Company.

JOBS

Current employment:	60	Projected new jobs:	4
Jobs retained:	60	Construction jobs:	N/A

BUSINESS SUMMARY

Background: P & P Press, Inc., an Illinois S corporation, was established by Larry and Sheila Perkins in 1970. Since Larry's death of a heart attack in 2002, the Company has been managed by Bill Starks who has been with the Company for 20 years.

Description: P & P Press, Inc. is a multi-faceted printing company providing high-speed, professional printing services primarily to commercial customers. Company services include color offset printing, graphic design and layout, custom binding and finishing, digital printing, electronic files and digital output and large format color prints. The Company publishes several periodicals such as FarmWeek and the national publication Farm Bureau News (which is headquartered in Washington, DC).

P & P Press, Inc. had been able to provide its customers with state-of-the-art electronics and software for the past decade and was well ahead of its local competition in that area. P & P Press, Inc. has a reputation for assisting its customers in adapting to this technology. Most smaller customers are unable to utilize this capability without P & P's assistance because they lack staff with skill in this area.

Financials: Financial statements prepared by P & P Press, Inc. for years 2002 and 2003
Interim financial statements prepared by P & P Press, Inc. for the 8 months ending 8/31/04
Projected financial information for years 2004 through 2006

	<u>Year Ended December 31</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Dollars in 000's)				
Income Statement					
Sales	5,345	4,904	4,975	5,224	5,485
Net income	448	87	164	172	181
Earnings before Interest, Taxes & Depreciation	951	504	564	643	667
Balance sheet					
Current assets	752	700	804	902	1149
PP&E	1,195	1,040	873	1,969	1,604
Other assets	150	160	160	162	165
Total assets	<u>2,097</u>	<u>1,900</u>	<u>1,837</u>	<u>3,033</u>	<u>2,918</u>
Current Liabilities	344	265	275	285	295
Debt	1,735	1,530	1,293	2,307	2,001
Equity	18	105	269	441	622
Total liab. & equity	<u>2,097</u>	<u>1,900</u>	<u>1,837</u>	<u>3,033</u>	<u>2,918</u>
Ratios					
Debt service coverage	3.60	1.90	2.14	1.55	1.56
Current ratio	2.19	2.64	2.92	3.16	3.89
Debt/equity	101.94	16.04	5.43	5.85	3.71

Discussion: Over the past three years, P & P Press, Inc. has experienced the loss of two accounts due to limitations of its equipment combined with aggressive pricing in the marketplace. P & P's equipment/process limitations resulted in higher operating costs, capacity constraints and ultimately higher prices than the customers were willing to pay. These factors are reflected in the decline in revenue from \$5.34 million in 2002 to \$4.90 million in 2003; the higher operating costs significantly impacted the bottom line as illustrated by a decrease from 2002's net income of \$448,000 to 2003's \$87,000.

In 2004, P & P's largest account, FarmWeek, faced the decision of selecting their printer for their next customary three-year contract period. In order to retain this account, P & P committed to upgrading its printing capability, technology, and capacity as well as being more aggressive in its pricing. Not only did this strategy result in the retention of this account, but P & P's proposal resulted in an unprecedented 5-year contract being signed by FarmWeek.

In consideration of potential business being anticipated as a result of the new equipment being acquired, the projected financial information assumes 5% growth in sales and bottom line income. The new equipment will result in significantly lower operating costs, allowing the Company to be much more aggressive in its pricing.

FINANCING SUMMARY

Borrower:	P & P Press, Inc.
Security:	Pro-rata first position " <i>pari passu</i> " with Heartland Bank & Trust Company on the project machinery and equipment with collateral based on the Bank's discounted (75%) cost basis of \$1,072,500 and in a first mortgage on Wyoming property with an appraised value of \$236,000. Additionally, IFA will share in the Bank's blanket lien on all of the Company's inventory, existing equipment and accounts receivable valued at approximately \$1.5 million as of August 31, 2004 and in the personal guaranty of Sheila Perkins with a net worth excluding her interest in P & P Press, Inc. of approximately \$1,000,000. IFA and the Bank will also share in the assignment of life insurance policies amounting to \$1,000,000 on Sheila Perkins and \$650,000 on Bill Starks. The Authority's Participation and the Bank loan will be paid prior to any other loan including but not limited to any line-of-credit that the borrower has established with the Bank.
Exception:	Loan to value on the primary collateral, consisting of real estate and equipment, exceeds IFA guidelines approved by the Board on 10/1/04. Under that policy, loan amounts should not exceed 80% of market value of real estate and 65% of value on equipment for loans under 5 years and 50% of value for loans with terms of 5 years or longer. Staff believes that this concern is mitigated by the availability of ample secondary collateral, consisting of other equipment, and accounts receivable and a personal guaranty from Sheila Perkins.
Interest:	Based on the guidelines of the Participation Lending Program, IDFA's interest rate will be 200 basis points below the Bank's interest rate. Half of the Bank's loan will pay interest at a fixed rate of 6.25% and half will pay interest at Prime (currently 5.0%) plus 0.5%, changing as the Bank adjusts its Prime rate.
Revenues:	First year income, based on current rates, is projected at \$25,187.50.

Maturity: The loan will be set on a 10-year amortization with 120 payments of principal and interest over the 10-year maturity of the loan.

Covenants: Annual financial statements of P & P Press, Inc.
Annual income tax returns of P & P Press, Inc.
Annual personal financial statement of guarantor
Evidence of insurance on the collateral
Assignment of life insurance policies

PROJECT SUMMARY

The proposed project involves the acquisition of machinery and equipment for use in the applicants commercial printing operation at an estimated cost of \$1,430,00.

The project will enable the applicant to lower its operating costs, generate higher quality products, increase capacity and become much more aggressive in its pricing strategy.

ECONOMIC DISCLOSURE STATEMENT

Project name: P & P Press, Inc.
Location: 6513 N Galena Road Peoria, IL 61615 (Peoria County)
Applicant: P & P Press, Inc.
Organization: S Corporation 100% owned by Sheila Perkins
State: Illinois

PROFESSIONAL & FINANCIAL

Bank:	Heartland Bank & Trust company	Peoria, IL	Don Shafer
Accountant:	McGladrey & Pullen, LLP	Peoria, IL	
IFA Counsel:	Dykema Gossett PLLC	Chicago, IL	Darrell Pierce

LEGISLATIVE DISTRICTS

Congressional: 18 - Ray LaHood
State Senate: 46 - George Shadid
State House: 93 - David R. Leitch

MEMORANDUM

TO: IFA Board of Directors

FROM: Jim Senica

DATE: January 10, 2006

RE: **Request to Approve an Increased Commitment and Change in Collateral and Terms for a Participation Loan for Fowler Properties, L.L.C. (B-LL-TX-573)**

Fowler Properties, L.L.C. is the holding company that holds title to the real estate of Custom Wood Products, Inc. Custom Wood Products, Inc. is a high-end custom cabinet manufacturer producing unique, ultra-premium quality cabinetry used in very upscale, custom-built homes.

Representatives from First Security Bank of Mackinaw and Fowler Properties, L.L.C. have asked IFA to approve an increase in the amount of its loan commitment to \$300,000. Custom Wood Products, Inc. continues to grow and the Bank has increased its loan amount to \$784,000 from its original \$350,000 amount to accommodate further building expansion and improvements which will enable the company to meet increasing demand for its products. The Bank has also increased its loan term from 5 years to 20 years and its interest rate from an original 6.5% fixed for 5 years to 6.75% adjusting every 5 years. IFA's loan term will be for a total of 10 years, with a balloon payment due at the end of this period. In conjunction with this increased financing, the Bank has now collateralized the loan solely with mortgages on properties owned by Fowler Properties, L.L.C. and Mitch Fowler in place of equipment liens and a single mortgage on property with an estimated appraised value of \$210,000. Specifically, the loan is now collateralized with a shared first mortgage on Fowler Properties, L.L.C.'s original building with an appraised value of \$565,000, a shared first mortgage on the new building being acquired with an appraised value of \$275,000 and a shared first mortgage on the personal residence of Mitch Fowler with an appraised value of \$140,000, resulting in total collateral of \$980,000. This would provide collateral coverage to the Bank and IFA of 1.25 times (80% LTV), which is consistent with IFA loan to value guidelines for participation loans. Custom Wood Products' owner, Mitch Fowler, and Custom Wood Products, Inc. will continue to guaranty the loan.

Based on the projections presented in the original write-up, the Company will still be able to easily service the debt as debt service computations for the original loan were computed using a 5-year amortization period. Annual debt service for the increased loan amount with the longer amortization period actually decreases by approximately \$13,000 compared with the original loan and its shorter 5-year amortization period.

The IFA Board originally approved on May 10, 2005, a \$175,500 participation in a loan to Custom Wood Products, Inc. originated by the bank by the following vote:

Ayes: 10 Nays: 0 Abstentions: 0 Absent: 3 (Leonard, O'Brien, Ozark)

The original loan amount was requested to finance the acquisition of 1.3 acres of land, a 10,168 square foot industrial building and the acquisition of new machinery and equipment.

The IFA Board approved the original participation based on historical financial results for 2002 through 2004 and projected results for 2005 through 2007. A copy of the project summary that was originally presented for Board consideration is attached to this memorandum for your review.

Staff recommends approval of the applicant's request.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 10, 2005**

Deal: Custom Wood Products, Inc.

STATISTICS

Deal Number:	B-LL-TX-573	Amount:	\$175,000
Type:	Participation Loan	PA:	Jim Senica
Location:	Eureka	Est. fee:	\$7,875 (first year's interest)

BOARD ACTION

Purchase of Participation Loan from First Security Bank of Mackinaw
\$175,000 IFA funds at risk
Collateral is *pari passu* first position with the bank
Staff recommends approval

PURPOSE

Loan proceeds will be used to acquire 1.31 acres of land, a 10,168 square foot industrial building and new machinery and equipment

VOTING RECORD

Initial board consideration, no voting record. However, IFA currently has another participation loan with Mitch Fowler, Custom Wood Product's owner, an original \$155,000 loan, proceeds of which were used to purchase land and construct a new building addition. This loan is secured by a pro-rata first mortgage shared with First Security Bank of Mackinaw on the Company's existing land and building. Repayment on this loan has been excellent.

SOURCES AND USES OF FUNDS

Sources:	IFA	\$175,000	Uses:	Project Costs	<u>\$350,000</u>
	First Security Bank	<u>175,000</u>		Total	<u>\$350,000</u>
	Total	<u>\$350,000</u>			

JOBS

Current employment:	21	Projected new jobs:	4
Jobs retained:	N/A	Construction jobs:	5

BUSINESS SUMMARY

- Background:** Custom Wood Products, Inc. is an Illinois C corporation originally established as a sole proprietorship in 1992 by Mitch Fowler. The Company operated at that time without employees in a portion of the Company's existing buildings. The Company was changed to a partnership in 1993 when Brad Weigand joined the operation and was incorporated in 1996. Brad Wiegand left the Company in 2004 to pursue other interests.
- Description:** Custom Wood Products, Inc. is a high-end custom cabinet manufacturer producing unique, ultra-premium quality cabinetry used in very upscale, custom-built homes. The cabinets manufactured often include premium rare hardwoods hand-stained with special finishes and specific hardware not ordinarily found in commercial cabinetry outlets.
- Comments:** Customers of the Company are wholesalers who direct Custom Wood Products, Inc. to architects and builders designing and building homes nationwide in the \$5 to \$80 million range, a segment of the home building industry not generally vulnerable to downturns in the economy. Some recent users of Custom Wood Products, Inc.'s cabinetry are builders constructing homes for Mrs. Henry Ford III, George Foreman and Celine Dion.
- Financials:** Compiled financial statements of Custom Wood Products, Inc. for years 2002 through 2004
Projected operating financial information for years 2005 through 2007

	<u>Year Ended December 31</u>					
	2002	2003	2004	2005	2006	2007
	(Dollars in 000's)					
Income Statement						
Sales	1,683	1,914	2,016	2,300	2,369	2,440
Cost of Sales	<u>488</u>	<u>1,419</u>	<u>1,237</u>	<u>1,440</u>	<u>1,474</u>	<u>1,518</u>
Gross Profit	1,195	495	779	860	895	922
Operating Expenses	1,100	381	601	533	602	616
Interest Expense	17	30	38	45	48	42
Depreciation	<u>78</u>	<u>150</u>	<u>154</u>	<u>117</u>	<u>99</u>	<u>63</u>
Net Incomet	<u>-0-</u>	<u>(66)</u>	<u>(14)</u>	<u>165</u>	<u>146</u>	<u>201</u>
Balance sheet						
Current assets	197	256	(17)	165	260	370
PP&E	180	354	590	823	724	661
Other assets			<u>20</u>			
Total assets	<u>377</u>	<u>610</u>	<u>593</u>	<u>988</u>	<u>984</u>	<u>1,031</u>
Current Liabilities	173	334	396	398	410	418
Debt	46	149	329	557	395	233
Net Worth	<u>158</u>	<u>127</u>	<u>(132)</u>	<u>33</u>	<u>179</u>	<u>380</u>
Total liab. & net worth	<u>377</u>	<u>610</u>	<u>593</u>	<u>988</u>	<u>984</u>	<u>1,031</u>
Ratios						
Debt service coverage	6.87	7.44	1.85	1.96	1.40	1.50
Current Ratio	1.14	0.77	(0.04)	0.41	0.63	0.88
Debt/Equity	0.36	1.26	(2.57)	(20.1)	(3.11)	1.04

Discussion: Except for a brief downturn in 2002, Custom Wood Product, Inc.'s revenue has steadily been increasing and is projected to do so through at least 2007. When the original loan referred to in the "Voting Record" section on page 1 of this report was originally approved in October of 1998, the Company's revenues were just over the \$500,000 level and thus have increased nearly fourfold. Profitability, however, has been affected by several factors including the nature of the Company's "custom" manufacturing whereby each job has varying amounts of costs associated with its production. It is important to note that cost of sales in 2002 includes approximately \$900,000 of costs associated with a display unit used in marketing the Company's products and built in the Company's shop. When depreciation, a non-cash expense, is added back in years 2002 through 2004, the results indicate positive incomes of \$78,000 in 2002, \$84,000 in 2003 and \$140,000 in 2004.

FINANCING SUMMARY

Security: Pro-rata first mortgage "*pari passu*" with First Security Bank of Mackinaw on the project real estate with an appraised value of \$210,000, based on a certified appraisal dated March 10, 2005, and a pro-rata first security interest in the equipment being acquired with a value discounted by the bank of \$351,095 providing collateral coverage to IFA and the Bank of 1.6 times (62.37 LTV). IFA and the Bank will also share in the personal guaranty of Mitch Fowler with an approximate net worth of \$300,000 excluding his interest in Custom Wood Products, Inc.

Structure: Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 200 basis points below what the Bank is charging the customer. The Bank's interest rate will be fixed at 6.5% for a period of five years; IFA's rate will be 4.5% for the period.

Maturity: The loan will be set on a twenty year amortization with 60 payments of principal and interest and a balloon payment due at the end of five years.

PROJECT SUMMARY

The proposed project involves the acquisition of 1.31 acres of land, a 10,168 square foot industrial building and new machinery and equipment.

Project costs are estimated as follows:

Land Acquisition	\$ 1,000
Building Construction	159,000
Equipment	<u>190,000</u>
Total	<u>\$350,000</u>

The project will enable the Company to accommodate the increasing demand for its services.

ECONOMIC DISCLOSURE STATEMENT

Project name: Custom Wood Products Expansion
Location: 1195 Cruger Road Eureka, IL (Woodford County)
Applicants: Custom Wood Products, Inc.
Organization: C Corporation
State: Illinois
Ownership: Mitch Fowler 100%

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Leiken, Leiken & Leiken	Eureka, IL	Larry Leiken
Bank:	First Security Bank of Mackinaw	Mackinaw, IL	Dan Schopp

LEGISLATIVE DISTRICTS

Congressional:	18 - LaHood
State Senate:	45 - Sieben
State House:	89 - Sacia

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: January 10, 2006

Re: Request for Consent to Amend the Series 1997 Trust Indenture for Illinois Wesleyan University to Permit a Guaranteed Investment Contract to be a Permitted Investment
(IFA Project # E-PC-TE-CD-660)

This memorandum provides a summary of this request to the Authority in connection with a proposed Refunding of the above-referenced Bonds. The IFA Board approved a Final Bond Resolution for the issuance of these Refunding Bonds for Illinois Wesleyan University in November 2005. The Underwriter [Mr. Michael Boisvert and Mr. Jamie Raichlin of Griffin, Kubik, Stephens & Thompson ("GKST")] have prepared the supporting materials and provided the technical details represented herein. *The Underwriter will be prepared to discuss this request further at the January 10th Board Meeting.*

Description of Approval Needed: Illinois Wesleyan is asking the IFA at its January 10 meeting to consent to an amendment of the University's Series 1997 Trust Indenture in connection with Bonds originally issued through the IEFA. The amendment would change the defeasance provisions of the indenture, allowing for a AAA-rated Guaranteed Investment Agreement (GIC) to qualify as a Permitted Investment in the defeasance of the 1997 Bonds. Both the Series 1997 Insurer (MBIA) and the Trustee (Commerce Bank) have preliminarily signed off on the amendment, subject to final documentation. To effect the amendment without bondholder consent, Commerce Bank will determine that the use of this investment will not materially adversely affect bondholder's interests.

Purpose of the Requested Amendment: In November, 2005 the Authority gave its final approval for IWU's proposed \$14.3 mm refunding of its Series 1997 bonds. Since that time, however, rates have not been low enough to meet the University's savings target, and the issue has stalled. Using a AAA-rated GIC will allow the University to achieve an investment yield in its refunding escrow of approximately 0.50% higher than that of standard Treasury securities. This higher yield will, in turn, lower the amount IWU needs to borrow for its escrow deposit by as much as \$100,000 and move IWU closer to meeting its savings target.

Description of Guaranteed Investment Contract: The GIC that IWU is proposing is an unsecured promise on the part of a financial institution to make payments to the escrow agent in amounts equal to the old bond debt service requirements. The GIC will only extend 21 months – to the call date of the Series 1997 bonds on October 1, 2007. The GIC must be bid competitively and the bidding will be limited to AAA-rated banks or insurance companies. As an example, in a recent bid GKST conducted, bidders included, Morgan Stanley, Royal Bank of Canada, MBIA and XLCA. The payments from the GIC Provider are typically received 1-3 days prior to their needed by the escrow agent. In addition, if the Provider is downgraded by a Rating Agency to below Aa3/AA-, the Provider will provide as collateral a portfolio of direct Treasury Securities sufficient to defease the Series 1997 Refunded Bonds. *Draft bid specifications for the proposed Agreement will also be available for discussion and review at the January 10th Meeting, as needed.*

Examples of Other Issuers Who Have Used a GIC for a Refunding Escrow: The Iowa Higher Education Loan Authority (IHELA) has approved the use of similar GICs for two of GKST's college clients, Central College in 2001 and Wartburg College in December of 2005. In each of these cases, both the Trustee and the prior bond insurer also approved the amendment.

Recommendation: Staff recommends approval of the attached Resolution as a special exception to IFA Board Policy to expedite this closing for Illinois Wesleyan University. Additional discussion and due diligence may be necessary to determine whether the IFA Board should change its policy to accommodate similar requests in the future.

Prior Voting Records:

Preliminary Bond Resolution, October 11, 2005:

Ayes: 10 Nays: 0 Abstentions: 0

Absent: 4 (DeNard, Fuentes, Goetz, Nesbitt) Vacancies: 1

Final Bond Resolution, November 8, 2005:

Ayes: 10 Nays: 0 Abstentions: 0

Absent: 5 (Boyles, DeNard, Herrin, O'Brien, Zeller) Vacancies: 0

RESOLUTION 2006-18

RESOLUTION AUTHORIZING AND EXECUTION AND DELIVERY OF AMENDMENTS TO THE TRUST INDENTURE RELATING TO THE ILLINOIS EDUCATIONAL FACILITIES AUTHORITY REVENUE BONDS, ILLINOIS WESLEYAN UNIVERSITY, SERIES 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$12,600,000 (THE "BONDS"); AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER NECESSARY DOCUMENTS REQUIRED TO EFFECT SUCH AMENDMENTS; AND AUTHORIZING AND APPROVING RELATED MATTERS.

WHEREAS, the Illinois Educational Facilities Authority (the "IEFA") has heretofore issued its Revenue Bonds, Illinois Wesleyan University, Series 1997 (the "Bonds"), in the original aggregate principal amount of \$12,600,000, all of which remains outstanding, pursuant to the terms of that certain Trust Indenture dated as of February 1, 1997 (the "Original Indenture") between the IEFA and Commerce Bank, National Association, as trustee (the "Trustee"); and

WHEREAS, the net proceeds from the sale of the Bonds were loaned to Illinois Wesleyan University, an Illinois corporation (the "University"), pursuant to the terms of the Loan Agreement dated as of February 1, 1997 (the "Loan Agreement") between the IEFA and the Authority; and

WHEREAS, the University used the proceeds from the sale of the Bonds to (i) finance or reimburse itself for a portion of the costs of the acquisition, construction, renovation, improving and equipping of certain of its educational facilities and (ii) pay certain costs relating to the issuance of the Bonds; and

WHEREAS, the University desires to, among other things, provide for the refunding or advance refunding of all or a portion of the Bonds; and

WHEREAS, at the request of the University, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "Authority"), including without limitation the Illinois Finance Authority Act, Public Act 93-205 as supplemented and amended (the "Act"), and successor to the IEFA, adopted on November 8, 2005 a resolution authorizing and approving the issuance of its revenue bonds for the benefit of the University to enable to the University to, among other things, effect the refunding or advance refunding of all or a portion of the Bonds;

WHEREAS, in order to provide for such refunding or advance refunding of all or a portion of the Bonds, the University has requested that the Authority approve the execution and delivery of an amendment to the Original Indenture to permit the funding of a trust fund or escrow fund to provide for the refunding, advance refunding, redemption, payment or other defeasance of all or any portion of the Bonds with one or more guaranteed investment agreements where the provider thereof, or in certain cases, its parent, has a debt rating of "AAA" by Standard and Poor's Corporation and "Aaa" by Moody's Investors Service and to provide for any related changes to the defeasance provisions or other provisions of the Original Indenture as may be necessary in order to effect the same; and

WHEREAS, the Authority has been informed that the Trustee has concluded that such an amendment to the Original Indenture, in its judgment, is not prejudicial to the interests of the holders of the Bonds or of the Trustee, and as such, the Trustee has determined that such an amendment to the Original Indenture may be accomplished without the consent of the holders of the Bonds; and

WHEREAS, the University has requested that the Authority authorize and approve the execution and delivery of a Supplemental Trust Indenture (the "Supplemental Indenture") between the Authority and the Trustee, supplementing and amending the Original Indenture, to effect such amendment; and

WHEREAS, the University has requested that the Authority authorize and approve the execution and delivery of all other necessary documentation required to effect such amendment; and

WHEREAS, the Authority desires to approve such amendment and authorize and approve the execution and delivery of the Supplemental Indenture and any other necessary or appropriate documentation to effect the foregoing;

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

Section 1. That the Authority hereby approves amending the Original Indenture to permit the funding of a trust fund or escrow fund to provide for the refunding, advance refunding, redemption, payment or other defeasance of all or any portion of the Bonds with one or more guaranteed investment agreements where the provider thereof, or in certain cases, its parent, has a debt rating of "AAA" by Standard and Poor's Corporation and "Aaa" by Moody's Investors Service and to make any necessary related changes to the defeasance provisions or the other provisions of the Original Indenture in order to effect the same.

Section 2. That the Authority is hereby authorized to enter into the Supplemental Indenture with the Trustee in the form to be approved by bond counsel and by counsel for the Authority; that the Chairman, the Vice Chairman, the Treasurer, any of its other Members or the Interim Executive Director of the Authority or any person duly appointed by the members to serve in any such office on an interim basis be, and each of them hereby is, authorized, empowered and directed to execute and deliver the Supplemental Indenture in the form so approved, and the Secretary or any Assistant Secretary of the Authority be and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to the Supplemental Indenture in the name, for and on behalf of the Authority, and thereupon to cause the Supplemental Indenture to be executed, acknowledged and delivered to the Trustee, in the form so approved; that when the Supplemental Indenture is executed and delivered on behalf of the Authority as hereinabove provided, such Supplemental Indenture will be binding on the Authority; that from and after the execution and delivery of the Supplemental Indenture, the officers, employees and agents of the Authority are hereby authorized, empowered

and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Supplemental Indenture as executed.

Section 3. That the Chairman, the Vice Chairman, the Treasurer, any of the other Members, the Interim Executive Director, the Secretary, any Assistant Secretary and any other officer of the Authority or any other person duly appointed by the Members to serve in any such office on an interim basis be, and each of them hereby is, authorized to execute and deliver such documents, certificates, and undertakings of the Authority, including, if necessary, any related amendment or supplement to the Loan Agreement, and to take such other actions as may be required in connection with the execution, delivery and performance of the Supplemental Indenture and the effecting of the amendments to the Original Indenture as provided herein, all as authorized by this Resolution.

Section 4. That all acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, ratified, approved and confirmed.

Section 5. That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

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

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