Illinois Finance Authority

January 15, 2008
11:30 AM
Board Meeting
The Mid America Club
200 E. Randolph Drive, 80th floor
Chicago, Illinois

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ILLINOIS FINANCE AUTHORITY
BOARD MEETING
January 15, 2008
Chicago, Illinois

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

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

BOARD MEETING
11:30 a.m.
Mid-America Club
200 E. Randolph Street, 80th Floor
Chicago, Illinois

AGENDA

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

AGRICULTURE

Tab	Project	Location	Estimated Amount	Estimated New Jobs	Estimated Const	FM
Beginning Farmer Bonds						
1	Russell and Mary DeBaillie	Orion	$250,000	0	0	CEM
	Jeremiah Schlipf	Gridley	$200,500	0	0	CEM
	Leah Stoller	Gridley	$250,000	0	0	CEM
	Richard and Margaret Seibring	Paxton	$250,000	0	0	CEM
	Cory Dovenmuehle	Garden Prairie	$100,000	0	0	CEM
	Adam K. Walter	Grand Prairie	$187,500	0	0	CEM
Agri-Industry Debt Guarantee						
2	Thomas Smith	Jackson	$156,400	0	0	ER
TOTAL AGRICULTURE PROJECTS			$1,394,400	0	0	

COMMUNITIES AND CULTURE

Tab	Project	Location	Estimated Amount	Estimated New Jobs	Estimated Const	FM
501(c)(3) Bonds ***Preliminary***						
3	ASPIRA Inc. of Illinois	Chicago	$25,000,000	40	50	SCM
501(c)(3) Bonds ***Final***						
4	Sacred Heart Schools	Chicago	$25,000,000	N/A	50	TA
Affordable Rental Housing Bonds ***Final***						
5	DKI, Inc. and its affiliates, successors, and assigns	University Park	$4,750,000	2	24	RF
6	Anna Marion Supportive Living, L.P. and its affiliates, successors, and assigns	Anna and Marion	$11,800,000	16	40	RF
TOTAL COMMUNITIES AND CULTURAL PROJECTS			$66,550,000	58	164	

BUSINESS AND INDUSTRY

Tab	Project	Location	Estimated Amount	Estimated New Jobs	Estimated Const Jobs	FM
Participation Loans						
7	Kent Sorrells	Montgomery	$275,000	0	0	ER
Industrial Revenue Bonds ***Preliminary***						
8	Superior Manufacturing Group, Inc.	Bedford Park	$7,850,000	22	N/A	ST
TOTAL BUSINESS AND INDUSTRY PROJECTS			$8,125,000	22	0	

GRAND TOTAL	$76,069,400	80	164	

RESOLUTIONS

Amendatory Resolutions		
9	Resolution authorizing the execution and delivery of an amended and restated bond trust indenture and an amended and restated loan agreement related to the Authority's Series 2004 Bonds and Series 2006A and B Bonds (Beloit Memorial Hospital) to permit the addition of a letter of credit to supplement the Radian Assurance bond insurance policy.	PL / DS
10	Resolution approving the restructuring of $60,000,000 in aggregate principal amount of Illinois Development Finance Authority Revenue Bonds (Adventist Health System/Sunbelt Obligated Group), Series 2000B, Auction Reset Securities (ARS), and authorizing the execution, delivery and/or approval of certain documentation related to such restructuring.	PL / DS
11	Request to Amend Preliminary Resolutions Adopted December 18, 2007 to authorize the issuance of up to $41,491,000 in Bonds for Lively Grove Energy Partners, LLC	ST
12	Request to Amend Preliminary Resolutions Adopted December 18, 2007 to authorize the issuance of up to $61,400,000 in Bonds for Prairie Power, Inc.	ST
13	Request to Amend Preliminary Resolutions Adopted December 18, 2007 to authorize the issuance of up to $56,811,650 in Bonds for Southern Illinois Power Cooperative	ST
14	Request to Amend a Resolution Adopted November 13, 2007 for the North Shore Arena, LLC Bonds to: 1) Change the Underwriter; 2) Permit the Bonds to be sold in $25,000 Minimum Denominations; and 3) Modify the Indenture	ST
15	Resolution authorizing the execution and delivery of an amended and restated loan agreement, extending the term of Guarantee for Brad and Pam Miller Loan #2001-SL-0099	ER

Adjournment

IFA
ILLINOIS FINANCE AUTHORITY

Governor, Rod R. Blagojevich
Executive Director, Kym M. Hubbard

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Illinois Finance Authority
Executive Director's Report
January 15, 2008

To: IFA Board of Directors and Office of the Governor

From: Kym M. Hubbard, Executive Director

Financial Performance

Consolidated Results: Illinois Finance Authority's financial position remains strong with total assets of $161,407,686 consisting of equity of $96,543,841 and liabilities of $64,863,845. This compares favorably to the December, 2006 balance sheet of $156,417,548 in total assets comprising of $89,985,466 in equity and $66,432,083 in liabilities and Bonds Payable.

Gross Income YTD for December ended at $7,321,612 or $1,010,641 over plan. The above plan performance is primarily due to fee income. Total operating expenses ended at $4,861,762 or $382,088 below plan. This is primarily due to a reduction in costs for professional services and employee related expenses. Net income ended at $4,504,608 which includes the $2,000,000 grant received in July 2007 from the Illinois Clean Energy Foundation.

Sales Activities

Funding Managers will be presenting 8 projects totaling $76,069,400 for approval in January, 2008. Agriculture projects total $1,394,400; Communities and Culture projects total $66,550,000; Business and Industry projects total $8,125,000. These projects are expected to create 80 new jobs and 223 construction jobs. There are no Healthcare or Higher Education projects for the month of January, 2008.

Healthcare: In December, 2007 the Healthcare Team successfully closed financings for: Holy Cross Hospital, a $16 million refinancing which will provide significant savings to the hospital to be used for facility and infrastructure improvements; BroMenn Healthcare Hospitals, for the purchase of equipment, Northwestern Memorial Hospital, which will be used to reimburse the Borrower for expenditures associated with the construction of the new Prentice Women's Hospital; and Fairview Obligated Group, which will be used to refinance existing debt and to fund capital for new money projects associated with their senior living facility.

The Healthcare Team also met with several underwriters and attorneys to discuss the healthcare sector and specifically those hospitals that will be financing in the next eighteen months. Additionally, the Healthcare Team has participated in calls and discussions regarding the sub-prime market crisis and the effect on healthcare bonds that are insured and the availability and desirability of bond insurance in the future

Healthcare December, 2007 Closings

Closing Date	Issuance	Borrower
12/06/07	$16,000,000	Holy Cross Hospital
12/13/07	$3,971,779	BroMenn Healthcare
12/19/07	$364,500,000	Northwestern Memorial Hospital [Series 2007A&B]
12/27/07	$178,745,000	Monarch Landing [Fox Run Village]

Higher Education: The Board gave its final approval for a $75 million Commercial Paper Note issue for DePaul University. Proceeds will be used to finance various campus infrastructure projects including HVAC at DePaul's Loop and Lincoln Park campuses.

Members of the Higher Education Team partnered with Ziegler Capital Markets to host a higher and secondary education finance seminar at Elmhurst College. Participants included Presidents and Chief Financial Officer from independent colleges and private high schools across Illinois. The seminar provided a great networking venue for staff to learn about financing opportunities from the participants. Additionally, IFA staff met with the Chief Financial Officer, Director of Development, and several board members from Rockford College to develop a plan to refinance the College's outstanding indebtedness. IFA staff previously met with Rockford College's Interim President and the Chief Financial Officer and Rockford business leaders in June, 2007, to discuss a strategic plan to evaluate the College's curriculum in order to attract a broader range of students that, once they graduate, will hopefully meet the needs of businesses, healthcare and service organization located in Northern Illinois.

Higher Education December, 2007 Closings

Closing Date	Issuance	Borrower
12/14/07	$45,490,000	Roosevelt University

Communities and Culture: IFA staff met with John McCormick, Director of Finance for the City of Chicago's TIF program, Jeremy Fine, Deputy Comptroller, Department of Finance-Financial Policy, and Tawa Jogunosimi, Assistant to the Mayor for Education, to discuss the possibility of conduit financing for charter schools located in Chicago's TIF Districts. There will be future discussions as existing and/or new charter schools have financing needs.

Staff represented the IFA at the Borrower's Outreach Program held at Wright College on December 8, 2007. The Program is sponsored by Governor Blagojevich, Illinois Housing Development Authority, and the Illinois Finance Authority, to have lenders and debt counselors meet with Illinois' single family homeowners whose mortgages are either in foreclosure, or about to be in foreclosure, to help them keep their homes. Meetings are being held throughout the State of Illinois and at community colleges into the year 2008. The IFA's Single Family Mortgage Program is scheduled to close in January, 2008. Future uses for Volume Cap used for the Program include Mortgage Credit Certificates for Illinois' single family homebuyers.

Additionally, IFA staff met with representatives from US Bank, to discuss their Trust and Services and ways to streamline Trust and Disclosure procedures with the IFA.

Community & Culture December, 2007 Closings

Closing Date	Issuance	Borrower
12/04/07	$61,535,000	Theory and Computing Sciences Building Trust Project [Argonne]
12/12/07	$32,500,000	Erikson Institute
12/20/07	$7,500,000	Hidden Glen Apartments, L.P.

Business & Industry: IFA closed every IRB project financing for Borrowers that applied prior to October 2007 and who possessed a financing commitment thanks to the Governor's Office providing Volume Cap sufficient to close all pending projects. IFA's ability to close projects is the most important result for both IRB Borrowers and the public finance professionals who work with IFA.

For calendar year 2007, IFA anticipates closing bond issues for 23 Industrial Revenue Bond financings totaling approximately $148.1 million (preliminary). IFA closed a total of 22 Industrial Revenue Bond projects from 2004 through 2006.

The improved 2007 results reflected the B&I Group's expectation that volume would increase substantially as a result of the increase in the 6 Year IRB Capital Expenditure Limitation under the Internal Revenue Code from $10 million to $20 million as of January 1, 2007.

Business and Industry December, 2007 Closings

Closing Date	Issuance	Borrower
12/13/07	$10,000,000	Inx International Ink Company
12/14/07	$5,905,005	Versatile Card Technologies
12/14/07	$3,300,000	CENTA Corporation
12/20/07	$5,300,000	Chicago Gear/D.O. James Corporation
12/21/07	$10,000,000	The Jel Sert Company
12/27/07	$3,500,000	Crown Metal Manufacturing Co., Inc.
12/28/07	$17,000,000	Aqua Illinois, Inc.

Agriculture: The Ag Group maintained regular calling efforts to various business partners and lenders across the State of Illinois. Staff made 29 calls to commercial banks, 2 calls to local Farm Service Agencies, and received 2 calls from producers inquiring about IFA financing options. IFA staff was invited to speak to a group considering a potential ethanol plant in Northeast Illinois. Cory Mitchell spoke on behalf of IFA at meeting held in Springfield at the offices of the Department of Commerce and Economic Opportunities along with the Illinois Department of Transportation, and the Department of Agriculture. The Ag Group and Kristi Conrad also made presentation to the Champaign County Road Commissioner's Association. For the month of January the Ag Group will present 6 Beginning Farmer Bonds, 1 Participation Loan, 1 Agri-Debt Guarantee, and 1 Amendatory Resolution for consideration by the Board.

Energy: Prospects for developing new ethanol and bio-diesel plants were enhanced when President Bush signed into law an energy bill that included a mandatory fuels standard to require the nation to use 35 billion gallons of renewable and alternative fuels in 2017 – a standard that is nearly five times the previous target. A number of parties remain interested in developing alternative energy plants in the Midwest once market conditions improve. There is great deal of interest in incorporating new technology to develop new strains of corn and soybeans to increase yields and new processes to reduce water and energy requirements and harmful emissions. IFA staff met with three developers who are seeking to develop large alternative energy parks in Illinois that produce ethanol and bio-diesel at adjacent facilities and incorporate plant and animal wastes as feed-stocks and energy sources. IFA staff met with another company that is seeking to commercialize technology to gasify carbon feed-stocks to produce ethanol and other marketable chemicals.

Compliance/Audit Report

Director Hubbard, members of the executive staff and the Authority's legal consultant, sat before the Legislative Audit Commission on December 13, 2007. The purpose of the meeting was to review the Authority's FY 2006 audit and finalize the FY 2005 audit. The majority of the issues pertain to the Personnel Code and filing CO8's. Director Hubbard confirmed that all the recommendations of the Auditor General were followed. The Director received a response from the Attorney General's Office regarding the Personnel Code matter, and substantial improvement was shown in CO8 filings. The Legislative Audit Commission accepted FY 2005 and FY 2006 audit reports, and has closed the FY 2005 and FY 2006 audits.

Fieldwork for FY 2007 audit was completed on November 16, 2007. There have been various conversations with the auditors about potential findings, but the final audit findings have not been released to us. IFA anticipates getting a copy of the final report and final audits findings by the end of January, 2008.

Attached is the status of the current audit findings for your review.

Human Resources/Operations Report

Compliance

- Submitted the Workforce Agency Report to the Secretary of State
- Prepared for and participated in the Legislative Audit Commission Hearing
- Complied with The Smoke Free Illinois Act

Human Resources

- Evaluated resumes received for Chief Financial Officer; determined that more candidates should be looked at before narrowing the field of candidates
- Hired a Data Base Administrator and backup IT person; new position
- Hired an Accounting Clerk; replacement position
- Completed new telephone system implementation in Mt. Vernon office
- Kicked off voluntary supplemental benefits program for IFA staff

Venture Capital

- Completed assessment of present status of IFA's Venture Capital Program

Facilities

- Completed lease for office space in Peoria

Marketing/Public Relations Report

December was a big month for publicity with seven press releases issued, including Argonne National Laboratory's new Theory and Computing Sciences Building, Holy Cross Hospital's financing for facility improvements, Search, Inc.'s new day training facility for adults with developmental disabilities, Erikson Institute's new graduate school campus, Inx Int'l plant expansion, CENTA Corp.'s first US manufacturing facility, and Chicago Gear - D.O. James' plant expansion. Other press topics included FutureGen, the impact of rating downgrades in the bond insurance market, and IFA's December board action related to the Monterey Mine.

Legislative Report

In advance of the Spring 2008 session of the General Assembly, IFA is working with the Governor's Office on legislative proposals that will seek:

1. An increase the IFA's general bond authorization above the $26.65 billion recently approved in Public Act 95-697 (SB 1327);

2. Multi-State bonding authority while incorporating the concerns articulated in connection with the Governor's amendatory veto of SB 1317; and

3. An increase in IFA moral obligation authority for certain alternative energy projects.

As of January 9, 2008, SB 775, House Amendment 1, is under consideration by the Senate. If enacted, SB 775, House Amendment 1, would provide $9 million for the IFA-Office of Fire Marshall Fire Truck Revolving Loan Fund and $4 million for the yet to be funded IFA-Office of Fire Marshall Ambulance Revolving Loan Fund.

Illinois Finance Authority
Audit Findings
Update as of December 31, 2007

Total Number of 7

Item Number	Description	Status Action Items/ Action Items Completed	Percentage Completed 10 20 30 40 50 60 70 80 90 100
FY 04 Findings			
06-02	Failure to Monitor Bond Compliance	8/8	
FY 05 Findings			
06-01	Noncompliance with the Personnel Code	**Complete**	
FY 06 Findings			
06-03	Missing and Incomplete Documents in State Guaranteed Agriculture Loans	**Complete**	
06-04	Contract Not Executed Timely	**Complete**	
06-05	Approval of Incomplete Travel and Marketing Reimbursement Forms	**Complete**	
06-06	Inadequate Processing and Untimely Deposit of Cash Receipts and Refunds	**Complete**	
06-07	Missing Documents from Personnel File	**Complete**	

<50% = Partially Completed or under review	1
60% = Substantially Completed	1
100% = Completed	5

Illinois Finance Authority
Consolidated - Actual to Budget
Stament of Activities
for Period Ending December 31, 2007

	Actual December 2007	Budget December 2007	Current Month Variance Actual vs.Budget	Current % Variance	Actual YTD FY 2008	Budget YTD FY 2008	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2008	% of Budget Expended
REVENUE										
INTEREST ON LOANS	316,248	298,736	17,512	5.86%	1,931,477	1,780,250	151,227	8.49%	3,526,320	54.77%
INVESTMENT INTEREST & GAIN(LOSS)	207,805	208,267	(462)	-0.22%	1,330,873	1,240,719	90,154	7.27%	2,499,176	53.25%
ADMINISTRATIONS & APPLICATION FEES	1,118,559	808,567	309,992	38.34%	3,577,769	2,693,192	884,577	32.84%	6,530,805	54.78%
ANNUAL ISSUANCE & LOAN FEES	127,504	85,284	42,220	49.51%	442,667	507,128	(64,461)	-12.71%	1,038,859	42.61%
OTHER INCOME	10,946	14,947	(4,001)	-26.77%	38,826	89,682	(50,856)	-56.71%	179,364	21.65%
TOTAL REVENUE	1,781,062	1,415,801	365,261	25.80%	7,321,612	6,310,971	1,010,641	16.01%	13,774,524	53.15%
EXPENSES										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	210,192	322,743	(112,551)	-34.87%	1,689,412	1,929,772	(240,360)	-12.46%	3,732,896	45.26%
BENEFITS	23,305	32,710	(9,405)	-28.75%	144,712	160,526	(15,814)	-9.85%	310,439	46.62%
TEMPORARY HELP	9,443	2,500	6,943	277.74%	52,687	15,000	37,687	251.25%	30,000	175.62%
EDUCATION & DEVELOPMENT	329	500	(171)	-34.20%	1,385	3,000	(1,615)	-53.83%	6,000	23.08%
TRAVEL & AUTO	6,800	12,501	(5,701)	-45.60%	76,317	75,006	1,311	1.75%	150,000	50.88%
TOTAL EMPLOYEE RELATED EXPENSES	250,070	370,954	(120,884)	-32.59%	1,964,513	2,183,304	(218,791)	-10.02%	4,229,335	46.45%
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	(9,851)	87,332	(97,183)	-111.28%	482,892	523,992	(41,100)	-7.84%	1,048,000	46.08%
LOAN EXPENSE & BANK FEE	220,963	220,979	(16)	-0.01%	1,361,495	1,325,874	35,621	2.69%	2,578,138	52.81%
ACCOUNTING & AUDITING	24,339	29,329	(4,990)	-17.01%	195,346	175,974	19,372	11.01%	351,946	55.50%
MARKETING GENERAL	834	20,833	(19,999)	-96.00%	22,240	124,998	(102,758)	-82.21%	250,000	8.90%
FINANCIAL ADVISORY	20,475	24,545	(4,070)	-16.58%	127,813	142,725	(14,912)	-10.45%	290,000	44.07%
CONFERENCE/TRAINING	264	2,083	(1,819)	-87.33%	3,729	12,498	(8,769)	-70.16%	25,000	14.92%
MISCELLANEOUS PROFESSIONAL SERVICES	-	9,167	(9,167)	-100.00%	2,225	55,002	(52,777)	-95.95%	110,004	2.02%
DATA PROCESSING	4,379	2,917	1,462	50.13%	26,411	17,502	8,909	50.90%	35,000	75.46%
TOTAL PROFESSIONAL SERVICES	261,403	397,185	(135,782)	-34.19%	2,222,151	2,378,565	(156,414)	-6.58%	4,688,088	47.40%
OCCUPANCY COSTS										
OFFICE RENT	25,911	26,196	(285)	-1.09%	134,758	157,176	(22,418)	-14.26%	314,350	42.87%
EQUIPMENT RENTAL AND PURCHASES	7,244	4,420	2,824	63.90%	36,407	24,840	11,567	46.56%	49,680	73.28%
TELECOMMUNICATIONS	6,189	7,083	(894)	-12.62%	41,090	42,498	(1,408)	-3.31%	85,000	48.34%
UTILITIES	703	983	(280)	-28.47%	5,271	5,898	(627)	-10.63%	11,800	44.67%
DEPRECIATION	7,973	6,637	1,336	20.13%	42,797	37,371	5,426	14.52%	77,194	55.44%
INSURANCE	1,192	2,000	(808)	-40.38%	8,740	12,000	(3,260)	-27.16%	24,000	36.42%
TOTAL OCCUPANCY COSTS	49,213	47,319	1,894	4.00%	269,062	279,783	(10,721)	-3.83%	562,024	47.87%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	6,428	8,750	(2,322)	-26.54%	49,462	52,500	(3,038)	-5.79%	105,000	47.11%
BOARD MEETING - EXPENSES	2,875	2,568	307	11.97%	32,734	15,408	17,326	112.45%	39,000	83.93%
PRINTING	1,200	1,200	-	0.00%	9,051	7,200	1,851	25.70%	14,400	62.85%
POSTAGE & FREIGHT	3,088	2,067	1,021	49.39%	13,969	12,402	1,567	12.63%	24,800	56.33%
MEMBERSHIP, DUES & CONTRIBUTIONS	6,853	3,333	3,520	105.61%	16,385	19,998	(3,613)	-18.06%	40,000	40.96%
PUBLICATIONS	165	300	(135)	-45.12%	955	1,800	(845)	-46.93%	3,600	26.53%
OFFICERS & DIRECTORS INSURANCE	14,746	14,750	(4)	-0.02%	88,479	88,500	(21)	-0.02%	177,000	49.99%
MISCELLANEOUS	396	42	354	842.38%	536	252	284	112.62%	500	107.16%
TOTAL GENERAL & ADMINISTRATION EXPENSES	35,751	33,010	2,741	8.30%	211,571	198,060	13,511	6.82%	404,300	52.33%
LOAN LOSS PROVISION/BAD DEBT	(81,595)	33,333	(114,928)	-344.79%	190,324	199,998	(9,674)	-4.84%	400,000	47.58%
OTHER										
INTEREST EXPENSE	690	690	0	0.01%	4,140	4,140	0	0.01%	8,004	51.73%
TOTAL OTHER	690	690	0	0.01%	4,140	4,140	0	0.01%	8,004	51.73%
TOTAL EXPENSES	515,531	882,491	(366,960)	-41.58%	4,861,762	5,243,850	(382,088)	-7.29%	10,291,751	47.24%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	1,265,531	533,310	732,221	137.30%	2,459,849	1,067,121	1,392,728	130.51%	3,482,773	70.63%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	2,202	(16,667)	18,869	-113.21%	44,759	(100,002)	144,761	-144.76%	(200,000)	-22.38%
REVENUE GRANT	-	-	-	0.00%	2,000,000	-	2,000,000	0.00%	-	0.00%
NET INCOME/(LOSS)	1,267,733	516,643	751,090	145.38%	4,504,608	967,119	3,537,489	365.78%	3,282,773	137.22%

Illinois Finance Authority
Consolidated
Stament of Activities
Comparison
for December 2007 and December 2006

	Actual December 2007	Actual December 2006	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2008	Actual YTD FY 2007	Year to Date Variance Actual vs. Actual	YTD % Variance
REVENUE								
INTEREST ON LOANS	316,248	710,246	(393,998)	-55.47%	1,931,477	1,735,360	196,117	11.30%
INVESTMENT INTEREST & GAIN(LOSS)	207,805	408,731	(200,926)	-49.16%	1,330,873	1,472,320	(141,448)	-9.61%
ADMINISTRATIONS & APPLICATION FEES	1,118,559	622,202	496,357	79.77%	3,577,769	3,180,655	397,114	12.49%
ANNUAL ISSUANCE & LOAN FEES	127,504	85,019	42,485	49.97%	442,667	554,671	(112,004)	-20.19%
OTHER INCOME	10,946	10,924	22	0.21%	38,826	104,318	(65,492)	-62.78%
TOTAL REVENUE	1,781,062	1,837,121	(56,059)	-3.05%	7,321,612	7,047,324	274,287	3.89%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	210,192	241,901	(31,709)	-13.11%	1,689,412	1,520,870	168,541	11.08%
BENEFITS	23,305	26,067	(2,762)	-10.60%	144,712	160,958	(16,246)	-10.09%
TEMPORARY HELP	9,443	14,372	(4,929)	-34.29%	52,687	39,831	12,856	32.28%
EDUCATION & DEVELOPMENT	329	-	329	0.00%	1,385	5,457	(4,072)	-74.62%
TRAVEL & AUTO	6,800	26,238	(19,438)	-74.08%	76,317	90,199	(13,881)	-15.39%
TOTAL EMPLOYEE RELATED EXPENSES	250,070	308,578	(58,508)	-18.96%	1,964,513	1,817,315	147,198	8.10%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	(9,851)	124,469	(134,320)	-107.91%	482,892	801,036	(318,143)	-39.72%
LOAN EXPENSE & BANK FEE	220,963	714,475	(493,511)	-69.07%	1,361,495	1,399,739	(38,244)	-2.73%
ACCOUNTING & AUDITING	24,339	38,262	(13,923)	-36.39%	195,346	185,178	10,168	5.49%
MARKETING GENERAL	834	4,014	(3,180)	-79.22%	22,240	31,633	(9,393)	-29.69%
FINANCIAL ADVISORY	20,475	26,761	(6,286)	-23.49%	127,813	175,651	(47,838)	-27.23%
CONFERENCE/TRAINING	264	280	(16)	-5.86%	3,729	8,394	(4,665)	-55.58%
MISCELLANEOUS PROFESSIONAL SERVICES	-	-	-	0.00%	2,225	13,728	(11,503)	-83.79%
DATA PROCESSING	4,379	8,567	(4,188)	-48.88%	26,411	17,908	8,503	47.48%
TOTAL PROFESSIONAL SERVICES	261,403	916,828	(655,425)	-71.49%	2,222,151	2,633,266	(411,115)	-15.61%
OCCUPANCY COSTS								
OFFICE RENT	25,911	25,663	248	0.97%	134,758	155,650	(20,893)	-13.42%
EQUIPMENT RENTAL AND PURCHASES	7,244	4,151	3,094	74.53%	36,407	24,642	11,764	47.74%
TELECOMMUNICATIONS	6,189	4,586	1,603	34.95%	41,090	31,021	10,069	32.46%
UTILITIES	703	825	(122)	-14.78%	5,271	5,414	(143)	-2.64%
DEPRECIATION	7,973	3,788	4,185	110.46%	42,797	22,725	20,072	88.32%
INSURANCE	1,192	1,151	41	3.58%	8,740	6,907	1,833	26.54%
TOTAL OCCUPANCY COSTS	49,213	40,164	9,049	22.53%	269,062	246,360	22,702	9.22%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	6,428	10,531	(4,103)	-38.96%	49,462	46,403	3,059	6.59%
BOARD MEETING - EXPENSES	2,875	2,730	145	5.31%	32,734	14,517	18,218	125.50%
PRINTING	1,200	1,004	196	19.49%	9,051	5,940	3,111	52.37%
POSTAGE & FREIGHT	3,088	1,643	1,445	87.96%	13,969	12,442	1,527	12.27%
MEMBERSHIP, DUES & CONTRIBUTIONS	6,853	8,747	(1,894)	-21.66%	16,385	18,815	(2,429)	-12.91%
PUBLICATIONS	165	115	50	43.31%	955	6,172	(5,217)	-84.52%
OFFICERS & DIRECTORS INSURANCE	14,746	13,500	1,246	9.23%	88,479	81,000	7,479	9.23%
MISCELLANEOUS	396	1,527	(1,131)	-74.08%	536	3,543	(3,007)	-84.88%
TOTAL GENERAL & ADMINISTRATION EXPENSES	35,751	39,798	(4,047)	-10.17%	211,571	188,831	22,740	12.04%
LOAN LOSS PROVISION/BAD DEBT	(81,595)	52,298	(133,893)	-256.02%	190,324	258,507	(68,183)	-26.38%
OTHER								
INTEREST EXPENSE	690	736	(46)	-6.21%	4,140	4,415	(274)	-6.21%
TOTAL OTHER	690	736	(46)	-6.21%	4,140	4,415	(274)	-6.21%
TOTAL EXPENSES	515,531	1,358,401	(842,869)	-62.05%	4,861,762	5,148,695	(286,932)	-5.57%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	1,265,531	478,720	786,811	164.36%	2,459,849	1,898,630	561,219	29.56%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	2,202	(1,648)	3,850	-233.66%	44,759	36,953	7,807	21.13%
REVENUE GRANT	-	-	-	0.00%	2,000,000	-	2,000,000	0.00%
NET INCOME/(LOSS)	1,267,733	477,072	790,661	165.73%	4,504,608	1,935,582	2,569,026	132.73%

Illinois Finance Authority
Consolidated
Balance Sheet
for the Six Months Ending December 31, 2007

	Actual December 2006	Actual December 2007	Budget December 2008	Variance to budget
ASSETS				
CASH & INVESTMENTS, UNRESTRICTED	$ 32,209,873	$ 29,288,766	$ 25,802,067	3,486,699
LOAN RECEIVABLE, NET	84,296,762	92,253,132	86,677,006	5,576,126
ACCOUNTS RECEIVABLE	1,416,082	645,449	562,111	83,338
OTHER RECEIVABLES	1,424,670	1,219,683	1,409,052	(189,369)
PREPAID EXPENSES	72,350	76,933	180,439	(103,505)
TOTAL CURRENT ASSETS	119,419,738	123,483,962	114,630,674	8,853,289
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	132,573	224,494	275,575	(51,081)
DEFERRED ISSUANCE COSTS	876,668	749,622	774,906	(25,285)
OTHER ASSETS				
CASH, INVESTMENTS & RESERVES	26,938,313	27,732,282	28,009,802	(277,519)
VENTURE CAPITAL INVESTMENTS	5,979,735	5,535,254	6,304,091	(768,837)
OTHER	3,070,522	3,682,072	3,034,882	647,190
TOTAL OTHER ASSETS	35,988,570	36,949,608	37,348,775	(399,166)
TOTAL ASSETS	$ 156,417,548	$ 161,407,686	153,029,930	8,377,755
LIABILITIES				
CURRENT LIABILITIES	1,634,489	1,366,660	1,387,693	(21,032)
LONG-TERM LIABILITIES	64,797,593	63,497,185	58,635,886	4,861,299
TOTAL LIABILITIES	66,432,083	64,863,845	60,023,578	4,840,267
EQUITY				
CONTRIBUTED CAPITAL	36,061,462	36,061,462	36,061,462	0
RETAINED EARNINGS	15,015,018	17,921,049	17,921,049	0
NET INCOME / (LOSS)	1,935,582	4,504,608	967,119	3,537,489
RESERVED/RESTRICTED FUND BALANCE	24,279,992	25,491,190	25,491,190	0
UNRESERVED FUND BALANCE	12,693,412	12,565,531	12,565,531	0
TOTAL EQUITY	89,985,466	96,543,841	93,006,351	3,537,489
TOTAL LIABILITIES & EQUITY	$ 156,417,548	$ 161,407,686	$ 153,029,930	8,377,756

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

as of 12/31/2007

Loan #	Borrower Name	Due Date	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 + Days
Participations									
10007	BRAMM, KAREN	12/30/2007	$48,443.23	.00	.00	.00	.00	.00	.00
10010	CHAPMAN, MARC (QUALIT	12/30/2007	$1,452.42	.00	.00	.00	.00	.00	.00
10029	ADEN, RAY & LORETTA	12/20/2007	$26,393.69	.00	.00	.00	.00	.00	.00
10041	NEWLINE HARWOODS, INC	12/4/2007	$4,430.94	.00	.00	.00	.00	.00	.00
10049	SHULTS MACHINE	4/5/2007	$0.00	.00	.00	.00	.00	.00	144,288.11
10073	BAXTER, JAY & COLLEEN	12/29/2007	$565.00	.00	.00	.00	.00	.00	.00
10118	SLOAN BIOTECH LAB	12/30/2007	$5,030.85	.00	.00	.00	.00	.00	.00
10132	EX TECH PLASTICS	12/27/2007	$7,732.26	.00	.00	.00	.00	.00	.00
8			$94,048.39	.00	.00	.00	.00	.00	144,288.11
FMHA									
10064	GRAYSON HILL ENERGY, LLC	12/1/2007	$1,443.27	.00	.00	.00	.00	.00	.00
10066	UTLRA PLAY SYSTEMS, INC	12/1/2007	$1,314.77	.00	.00	.00	.00	.00	.00
2			$2,758.04	.00	.00	.00	.00	.00	.00
10			$97,076.43	.00	.00	.00	.00	.00	144,288.11

ILLINOIS FINANCE AUTHORITY

MINUTES OF THE DECEMBER 18, 2007 SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Special Board Meeting at 2:00 p.m., on December 18, 2007 at the offices of Shefsky & Froelich, 111 E. Wacker Drive, 28th Floor, Room 2806A, Chicago, Illinois:

Members present:
David C. Gustman, Chair
Dr. William J. Barclay
Ronald E. DeNard
Michael W. Goetz
Andrew W. Rice
Juan B. Rivera
Joseph P. Valenti
April D. Verrett
Bradley A. Zeller

Members absent:
Magda M. Boyles
James J. Fuentes
Dr. Roger D. Herrin
Edward H. Leonard, Sr.
Terrence M. O'Brien
Lynn F. Talbott

Vacancies:
None

Members participating by telephone:
None

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Gustman called the meeting to order at 2:11 p.m. with the above members present. Chairman Gustman welcomed members of the Board and all guests and asked Secretary, Carla Burgess Jones to call the roll. There being nine (9) members physically present, Ms. Burgess Jones declared a quorum present.

Chairman's Report

Chairman Gustman announced that, effective December 31, 2007 he will leave his position as Board Member and Chair of the IFA. Chairman Gustman stated that during his four years on the Board, the Illinois Finance authority has approved over 780 projects, which total approximately $11 billion and created thousands of Illinois jobs.

Executive Director's Report

Director Hubbard welcomed and thanked all guests for coming. Director Hubbard reported that the Illinois Finance Authority's financial performance remains consistently strong and above budget. Director Hubbard reported 19 projects would be presented totaling over $4 million that are expected to create approximately 1,197 new jobs and 3,299 construction jobs.

Acceptance of Financial Statements

Financial statements for the period ending November 30, 2007 were presented to and accepted by the Board. Chairman Gustman stated that the Authority's financial statements were reviewed at the regularly scheduled Committee of the Whole Meeting held on December 11, 2007 at 8:30 a.m.

Minutes

Chairman Gustman announced that the next order of business was to approve the minutes of the November 13, 2007 Meeting of the Board. Chairman Gustman announced that the November 13, 2007 minutes were approved at the regularly scheduled Committee of the Whole Meeting held on December 11, 2007 at 8:30 a.m. Chairman Gustman asked for a motion to approve the minutes. Motion was moved by Ms. Verrett and seconded by Mr. Rivera. Secretary, Carla Burgess Jones, took a roll call vote for approval of the minutes. The minutes were approved by a roll call vote with 9 ayes, 0 nays, and 0 abstentions.

Projects

Chairman Gustman asked Executive Director Hubbard to present the projects for consideration to the Board. Chairman Gustman announced that the Board considered each of the projects to be presented in detail at the regularly scheduled December 11, 2007 8:30 a.m. meeting of the Committee of the Whole. Director Hubbard presented agricultural projects in a total approximate amount of $950,481 to the Board for approval. Project 1 includes four (4) individual Beginning Farmer projects:

No. 1: **A-FB-TE-CD-7238 – Chad and Kelly Peterson**
Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $250,000 to provide permanent financing to purchase approximately 80 acres of farmland. This project is located in Kingston, Illinois. **(07-12-01).**

A-FB-TE-CD-7239 – Dustin Rosenthal
Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $250,000 to provide permanent financing to purchase approximately 60 acres of farmland. This project is located in Morrisonville, Illinois. **(07-12-01).**

A-FB-TE-CD-7240 – Chad Lucas
Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $228,000 to provide permanent financing to purchase approximately 80 acres of farmland. This project is located in Morton, Illinois. **(07-12-01).**

A-FB-TE-CD-7241 – Gena and Duane Dewald
Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $222,481 to provide permanent financing to purchase approximately 124 acres of farmland. This project is located in Sutter, Illinois. **(07-12-01).**

No guests attended with respect to Project no. 1. Chairman Gustman asked if the Board had any questions with respect to the Beginning Farmer Bonds presented. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no.1 which includes four (4) individual Beginning Farmer Bonds. Leave was granted. Project no. 1 which includes four (4) individual Beginning Farmer Bonds received final approval with 9 ayes, 0 nays, and 0 abstentions.

No. 2: **H-HO-TE-CD-7162 – Hoosier Care, Inc. and Hoosier Care II, Inc.**
Request for final approval of the issuance of Conduit 501(c) 3 Bonds in an amount not-to-exceed $22.15 million to advance refund certain tax exempt bonds issued in 1999; fund debt service reserve and pay issuance costs. This project is expected to create approximately 5 new jobs, and 5 construction jobs. This project has locations in Champaign, Loves Park and Sterling, Illinois. **(07-12-02).**

Chairman Gustman asked if the Board had any questions with respect to Project no. 2. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 2. Leave was granted. Project no. 2 received final approval with 9 ayes, 0 nays, and 0 abstentions.

No. 3: **H-HO-TE-CD-7193 – Fairview Obligated Group**
Request for final approval of the issuance of Conduit 501(c) 3 Bonds in an amount not-to-exceed $60 million to current and advance refund Series 2004 Bonds; fund new money projects; debt service reserve and financing costs. This project has locations in Downers Grove and Rockford, Illinois. **(07-12-03).**

No guests attended with respect to Project no. 3. Chairman Gustman asked if the Board had any questions with respect to Project no. 3. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 3. Leave was granted. Project no. 3 received final approval with 9 ayes, 0 nays, and 0 abstentions.

No. 4: **H-HO-TE-CD-7182 – The Admiral At The Lake**
Request for final approval of the issuance of Conduit 501(c)3 Bonds in an amount not-to-exceed $200 million to construct and equip a new Continuing Care Retirement Community, finance a bank loan, fund a debt service reserve fund, capitalize interest and fund professional and bond issuance costs. This project is expected to create approximately 200 new jobs and 200 construction jobs. This project is located in Chicago, Illinois. **(07-12-04).**

No guests attended with respect to Project no. 4. Chairman Gustman asked if the Board had any questions with respect to Project no. 4. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 4. Leave was granted. Project no. 4 received final approval with 9 ayes, 0 nays, and 0 abstentions.

No. 5: **N-NP-TE-CD-7032 – Community Action Partnership of Lake County**
Request for final approval of the issuance of Conduit 501(c)3 Bonds in an amount not-to-exceed $4 million to refinance outstanding mortgage and bank loans, provide working capital and pay issuance costs. This project has locations in Waukegan, Antioch, North Chicago and Round Lake Beach, Illinois, Illinois. **(07-12-05).**

No guests attended with respect to Project no. 5. Chairman Gustman asked if the Board had any questions with respect to Project no. 5. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 5. Leave was granted. Project no. 5 received final approval with 9 ayes, 0 nays, and 0 abstentions.

No.6: **B-LL-TX-7243 – The Jackson Family Limited Partnership**

Request for final approval of a Participation Loan in an amount not-to-exceed \$420,000 to finance the acquisition of two commercial lots and construct a new facility. This project is expected to create approximately 19 new jobs and 40 construction jobs. This project is located in Decatur, Illinois. **(07-12-06)**.

No guests attended with respect to Project no. 6. Chairman Gustman asked if the Board had any questions with respect to Project no. 6. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 6. Leave was granted. Project no. 6 received final approval with 9 ayes, 0 nays, and 0 abstentions.

No. 7: **I-ID-TE-CD-7244 – AVB Development, LLC**

Request for preliminary approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$8.55 million for the acquisition and renovation of an industrial building, acquisition and installation of machinery and equipment and fund legal and professional costs. This project is subject to an allocation of 2008 Volume Cap. The Village of Franklin Park is not a Home Rule municipality so it has no Volume Cap to contribute to this project. This project is expected to create approximately 52 new jobs and 20 construction jobs. This project is located in Franklin Park, Illinois. **(07-12-07)**.

No guests attended with respect to Project no. 7. Chairman Gustman asked if the Board had any questions with respect to Project no. 7. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 7. Leave was granted. Project no. 7 received preliminary approval with 9 ayes, 0 nays, and 0 abstentions.

No. 8: **I-ID-TE-CD-7242 – Labriola, Inc., d/b/a Labriola Baking Company and an LLC to be formed**

Request for preliminary approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$10 million to finance land acquisition and construction, equipment acquisition and pay certain issuance costs. The borrower is communicating with the Village of Alsip to acquire their 2008 Home Rule Volume Cap and transfer that Volume Cap to the IFA to support the project. The Company will be seeking the remaining Volume Cap from the IFA. The IFA reserves the right to withdraw any preliminary resolution approved and any proposed volume cap allocation subject to the acceptance of a satisfactory financing commitment from an eligible financial institution. All materials financing terms will be fully disclosed prior to the approval of any IFA final bond resolution, the allocation of any volume cap from the State of Illinois, and compliance with any additional conditions required by the IFA. This project is expected to create approximately 25 new jobs and 80 construction jobs. This project is located in Alsip, Illinois. **(07-12-08)**.

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

No. 9: **I-ID-TE-CD-7246 – Genesis, Inc. and Shamrock Hill Farms Western Properties, LLC**

Request for final approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed $4.6 million to finance the acquisition of land, construction costs, machinery and equipment and pay certain issuance costs. The borrower will be seeking $4.6 million in 2008 IFA Volume Cap. The Village of Roselle is not a Home Rule municipality so it has no Volume Cap to contribute to this project. The IFA reserves the right to withdraw any preliminary resolution approved and any proposed volume cap allocation subject to the acceptance of a satisfactory financing commitment from an eligible financial institution. All materials financing terms will be fully disclosed prior to the approval of any IFA final bond resolution, the allocation of any volume cap from the State of Illinois, and compliance with any additional conditions required by the IFA. This project is located in Roselle, Illinois. This project is expected to create approximately 29 new jobs and 85 construction jobs. **(07-12-09)**.

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

No. 10: **I-ID-TE-CD-7223 – Crown Metal Manufacturing Co., Inc., an Illinois Corporation, and (ii) Chicago Title Land Trust Company, known as Trustee under the provisions of that certain Trust Agreement dated January 4, 1991 and known as Trust Number CT01008499 for the benefit of Varon 2002, LLC**

Request for final approval of the issuance of Industrial Revenue Bonds in amount not-to-exceed $3.5 million to construct and equip an addition to an existing manufacturing facility, purchase fixtures and equipment and fund legal and professional issuance costs. Issuance of the bonds is subject to an allocation of Volume Cap. The City of Elmhurst was approached to contribute Volume Cap for this project, but has no remaining 2007 Volume Cap available to support this project. This project is expected to create approximately 12 new jobs and 45 construction jobs over a five month period. This project is located in Elmhurst, Illinois. **(07-12-10)**.

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

No. 11: **I-ID-TE-CD-7109 – Chicago Gear – D.O. James Corporation**

Request for final approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed $5.3 million for the acquisition of land, to renovate an existing facility, building construction, and purchase machinery and equipment. Issuance of the Bonds will require an allocation of $5.3 million of Volume Cap to be provided by the Governor's Office of Management and Budget. This project site is located in the following designated development districts: (1) the city of Chicago's Kinzie Industrial Corridor; (2) the city of Chicago's West Side Empowerment Zone; and (3) the City of Chicago's Enterprise Zone No. 4. This project is expected to create approximately 15 new jobs within 2 years and 25 construction jobs (average) over a 7-month period. This project is located in Chicago, Illinois. **(07-12-11)**.

No guests attended with respect to Project no. 11. Chairman Gustman asked if the Board had any questions with respect to Project no. 11. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 11. Leave was granted. Project no. 11 received final approval with 9 ayes, 0 nays, and 0 abstentions.

No. 12: **I-ID-TE-CD-7151 – The Jel Sert Company**

Request for final approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed $10 million to finance new manufacturing equipment. The Village of West Chicago has no remaining 2007 Volume Cap available to support this project. Issuance of the Bonds is subject to an allocation of Volume Cap. This project is expected to create 300 new jobs. This project is located in West Chicago, Illinois. **(07-11-12)**.

No guests attended with respect to Project no. 12. Chairman Gustman asked if the Board had any questions with respect to Project no. 12. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 12. Leave was granted. Project no. 12 received final approval with 9 ayes, 0 nays, and 0 abstentions.

No. 13: **P-SW-TE-CD-7245 – Lively Grove Energy Partners, LLC**

Request for preliminary approval of the issuance of Solid Waste Disposal Facilities Bonds in an amount not-to-exceed $13.3 million to finance and reimburse Prairie Power, Inc. for its share of costs to: (1) acquire land; (2) construct a power generation facility; (3) acquire and install machinery and equipment; and (4) capitalize debt service reserve, and (5) pay associated legal and professional costs. Issuance of the Bonds is subject to an allocation of Volume Cap. This project is located in Lively Grove Township, Illinois. This project is expected to create approximately 180 new jobs and 833 construction jobs. **(07-12-13).**

No guests attended with respect to Project no. 13. Chairman Gustman asked if the Board had any questions with respect to Project no. 13. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 13. Leave was granted. Project no. 13 received preliminary approval with 9 ayes, 0 nays, and 0 abstentions.

No. 14: **P-SW-TE-CD-7222 – Prairie Power, Inc.**

Request for preliminary approval of the issuance of Solid Waste Disposal Facilities Bonds in an amount not-to-exceed $13.3 million to finance and reimburse Prairie Power, Inc. for its share of costs to: (1) acquire land; (2) construct a power generation facility; (3) acquire and install machinery and equipment; (4) capitalize debt service reserve; and (5) pay associated legal and professional costs. Issuance of the Bonds is subject to an allocation of Volume Cap. This project is located in Lively Grove Township, Illinois. This project is expected to create approximately 180 new jobs and 833 construction jobs. **(07-12-14).**

No guests attended with respect to Project no. 14. Chairman Gustman asked if the Board had any questions with respect to Project no. 14. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 14. Leave was granted. Project no. 14 received preliminary approval with 9 ayes, 0 nays, and 0 abstentions.

No. 15: **P-SW-TE-CD-7225 – Southern Illinois Power Cooperative**

Request for preliminary approval of the issuance of Solid Waste Disposal Facilities Bonds in an amount not-to-exceed $13.3 million to finance and reimburse Prairie Power, Inc. for its share of costs to: (1) acquire land; (2) construct a power generation facility; (3) acquire and install machinery and equipment; (4) capitalize debt service reserve; and (5) pay associated legal and professional costs. Issuance of the Bonds is subject to an allocation of Volume Cap. This project is located in Lively Grove Township, Illinois. This project is expected to create approximately 180 new jobs and 833 construction jobs. **(07-12-15).**

No guests attended with respect to Project no. 15. Chairman Gustman asked if the Board had any questions with respect to Project no. 15. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 15. Leave was granted. Project no. 15 received preliminary approval with 9 ayes, 0 nays, and 0 abstentions.

No. 16: **E-PC-TE-CP-7234 – DePaul University (Commercial Paper Revenue Notes)**

Request for final approval to issue Commercial Paper (CP) Revenue Notes in an aggregate principal amount not-to-exceed $150 million pursuant to terms of both (1) the Resolution and (2) DePaul's Letter of Credit Reimbursement Agreement with US Bank. DePaul cannot have more than $75 million of CP Revenue Notes outstanding at any one time. DePaul intends to issue an initial series of CP Revenue Notes to finance various capital projects that will involve life safety improvements, potential real estate acquisition, campus building renovations and build-outs, and various capital improvement projects at its Lincoln Park and Loop campuses. Preliminarily, DePaul plans to pay down this initial Series of CP Revenue Notes with proceeds of a long-term IFA Bond Issue. Subsequent to that, DePaul would pursue initial financing of new projects through this CP Revenue Notes Program. **(07-12-16).**

Chairman Gustman asked if there were any guests attending the meeting with respect to this project and IFA Vice-President Rich Frampton introduced Mr. Doug Stanford. Mr. Stanford gave a brief presentation and thanked the Board and the IFA for their consideration of the project. Mr. Stanford also mentioned that DePaul anticipates closing in January, 2008. Chairman Gustman then asked if the Board had any questions with respect to Project no. 16. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 16. Leave was granted. Project no. 16 received final approval with 9 ayes, 0 nays, and 0 abstentions.

Resolutions/Amendatory Resolutions

No. 17: Resolution authorizing the execution and delivery of an amended and restated bond trust indenture and an amended and restated loan agreement related to the Authority's Series 2004 Bonds and Series 2006A and B Bonds (Riverside Health System) to permit the addition of a letter of credit to supplement the Radian Assurance bond insurance policy.

No. 18: Resolution authorizing Newline Hardwoods, Inc. to extend the maturity of its loan two additional years and re-amortize the current loan balance over the extended loan period. IFA Project No. B-LL-TX-410.

No. 19: Amendatory Resolutions to Authorize the Election of Mortgage Certificates to Utilize 2004 Carry-forward Volume Cap that would otherwise expire December 31, 2007 for a Joint Issuance of a Mortgage Credit Certificate Program with the City of Decatur.

Chairman Gustman asked if the Board had any questions with respect to the Resolutions. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Resolution nos. 17 and 18, and Amendatory Resolutions no. 19. Leave was granted. Resolution nos. 17 and 18, and Amendatory Resolution no. 19 were approved with 9 ayes, 0 nays, and 0 abstentions.

Other Business

Item No. 20: Consideration and appointment of corporate officers.

Chairman Gustman requested a motion to nominate Mr. Michael W. Goetz as Vice-Chair of the IFA Board, effective immediately. The motion was moved by Mr. DeNard and seconded by Mr. Rivera. Item no. 20 was approved with 9 ayes, 0 nays and 0 abstentions.

No. 21: Carlin Acquisition LLC, a Pennsylvania limited liability company, and its affiliates, successors, and assigns (Carlin) are requesting that the Illinois Finance Authority issue Taxable Moral Obligation Mode Bonds in an amount not-to-exceed $20 million that would be further secured by a Moral Obligation of the State of Illinois, while the Bonds are in Moral Obligation Mode. The Moral Obligation Mode would be limited to a maximum term of one year and would be limited to interest payments on the Taxable Bonds. No principal payments would be due during the one year period during which the Bonds would be in Moral

Obligation Mode. As of day 366, the Taxable Bonds would no longer be in Moral Obligation Mode and subject to mandatory tender. The issuance of State Bonds will be subject to approval of the Governor's Office.

The purpose of this request is to assist in financing the acquisition of Exxon Mobil Corporation's Monterey Coal Company's mines and related reserves located in Downstate Illinois near Carlinville, Illinois in Macoupin County and Montgomery County. Carlin does not intend to own the reserves on a long-term basis, but instead intends to focus on continuing coal mining operations that will use Monterey's reserves. Carlin has requested that IFA consider providing a bridge loan for a period of 6 months to one year to enable (1) Exxon Mobil to divest the properties as planned on or about 12/31/2007 (to prevent an announced shutdown), and (2) enable Carlin to maintain and operate the Macoupin County mine without disruption until another purchaser of the Monterey reserves emerges.

Rich Frampton, IFA Vice President, presented to the Board the Carlin Acquisition, LLC request for Bridge Financing using IFA Taxable Bonds with a limited Moral Obligation, Project No. I-ID-TX-MO-7257. This project was added to the public agenda on Friday, December 14, 2007 at 5:00 p.m. Chairman Gustman asked if the Board had any questions in regard to the Carlin Acquisition, LLC project. Several members of the board presented factual questions that were answered satisfactorily by Rich Frampton. There being no further questions, Chairman Gustman requested a motion to approve a Preliminary Bond Resolution in connection with the issuance of Taxable Bonds in an amount not-to-exceed $20 million, subject to conditions no. 1 through no. 8 as presented in the IFA staff memorandum prepared in connection with the request and by IFA during the project's presentation to the Board. Motion was moved by Mr. Zeller and seconded by Dr. Barclay. Item no. 21 received preliminary approval with 9 ayes, 0 nays and 0 abstentions.

Chairman Gustman requested a motion to adjourn. Upon a motion by Mr. Rice and seconded by Mr. Zeller, the meeting adjourned at approximately 3:26 p.m.

Respectfully Submitted,

Carla B. Burgess Jones, Secretary

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Eric Reed & Cory Mitchell/lk

Date: January 8, 2008

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** Up to $250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: $1,238,000.00**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2008 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees**:
  - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**
  Stephen F. Welcome, Esq.
  Three First National Plaza, Suite 4300
  Chicago, IL 60602

Project Number:	**A-FB-TE-CD-7248**
Funding Manager:	Cory Mitchell
Borrower(s):	**DeBaillie, Russell and Mary**
Town:	Orion, IL
Amount:	$250,000
Use of Funds:	Farmland – 56 acres
Purchase Price:	$250,000 / ($4,464 per ac)
%Borrower Equity	0%
%Other Agency	0%
%IFA	100%
County/Region:	Henry / Northwest
Lender/Bond Purchaser	BankORION / Tim Fritz
Legislative Districts:	Congressional: 14th, J. Dennis Hastert
	State Senate: 36th, Mike Jacobs
	State House: 71st, Mike Boland

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on January 5, 2009. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on January 5, 2009 with the twentieth and final balloon payment of all outstanding balances due twenty years from the date of the first payment.

*__Russell & Mary DeBaillie:__ Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.77% fixed for the five years and adjust every five years thereafter to 2% over the 5 year Treasury yield at constant maturities as of the 5 year adjustment date. **IFA Fee: $3,750**

Project Number:	**A-FB-TE-CD-7249**
Funding Manager:	Cory Mitchell
Borrower(s):	**Schlipf, Jeremiah**
Town:	Gridley, IL
Amount:	$200,500
Use of Funds:	Farmland – 55 acres
Purchase Price:	$200,500 / ($3,645 per ac)
%Borrower Equity	0%
%Other Agency	0%
%IFA	100%
County/Region:	McLean / North Central
Lender/Bond Purchaser	Freestar Bank / Brandon Endress
Legislative Districts:	Congressional: 15th, Timothy Johnson
	State Senate: 53rd, Dan Rutherford
	State House: 106th, Keith Sommer

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on March 15, 2009. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 15, 2009 with the twentieth and final payment of all outstanding balances due twenty years from the date of the first payment.

*__Jeremiah Schlipf:__ Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.50% fixed for the five years and adjust every five years thereafter to 2% over the 5 year Federal Home Loan Bank rate. **IFA Fee: $3,008**

*** 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-7250**
Funding Manager:	Cory Mitchell
Borrower(s):	**Stoller, Leah**
Town:	Gridley, IL
Amount:	$250,000
Use of Funds:	Farmland – 80 acres
Purchase Price:	$428,000 / ($5,350 per ac)
%Borrower Equity	0%
%Other Agency (Bank)	42%
%IFA	58%
County/Region:	Livingston / North Central
Lender/Bond Purchaser	Freestar Bank / Brandon Endress
Legislative Districts:	Congressional: 15th, Timothy Johnson
	State Senate: 53rd, Dan Rutherford
	State House: 106th, Keith Sommer

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on March 15, 2009. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 15, 2009 with the twentieth and final payment of all outstanding balances due twenty years from the date of the first payment.

*<u>**Leah Stoller:**</u> Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.50% fixed for the five years and adjust every five years thereafter to 2% over the 5 year Federal Home Loan Bank rate.
IFA Fee: $3,750

Project Number:	**A-FB-TE-CD-7251**
Funding Manager:	Cory Mitchell
Borrower(s):	**Seibring, Richard and Margaret**
Town:	Paxton, IL
Amount:	$250,000
Use of Funds:	Farmland – 80 acres
Purchase Price:	$320,000 / ($4,000 per ac)
%Borrower Equity	22%
%Other Agency (Bank)	0%
%IFA	78%
County/Region:	Champaign / East Central
Lender/Bond Purchaser	The First National Bank in Paxton / Donald Rasmus
Legislative Districts:	Congressional: 15th, Timothy Johnson
	State Senate: 53rd, Dan Rutherford
	State House: 105th, Shane Cultra

Principal and interest shall be paid annually in ten installments, with the first nine installments to be equal payments of $19,721.00 each pursuant to a twenty five year amortization schedule. The first payment date shall be one year from the date of closing and successive payment dates shall be at one year intervals thereafter, with the tenth and final balloon payment of all principal and interest then outstanding due ten years from the date hereof.

*<u>**Richard & Margaret Seibring:**</u> Note shall bear simple interest at the expressed rate. The expressed rate shall be 6% fixed for the 10 years. **IFA Fee: $3,750**

*** 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-7252**
Funding Manager:	Cory Mitchell
Borrower(s):	**Dovenmuehle, Cory**
Town:	Garden Prairie, IL
Amount:	$100,000
Use of Funds:	Farmland w/buildings – 7 acres
Purchase Price:	$100,000 / ($5,000 per ac)
%Borrower Equity	0%
%Other Agency (Bank)	0%
%IFA	100%
County/Region:	Boone / Northern Stateline
Lender/Bond Purchaser	The Belvidere National Bank & Trust Co. / Carl Dumoulin
Legislative Districts:	Congressional: 16th, Donald Manzullo
	State Senate: 35th, J. Bradley Burzynski
	State House: 69th, Ronald Wait

Principal shall be paid monthly in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin one month from the date of closing. Accrued interest on the unpaid balance hereof shall be paid monthly, with the first interest payment date to be one month from the date of closing with the thirtieth (360 months) and final payment of all outstanding balances due thirty years (360 months) from the date of closing.

*<u>Cory Dovenmuehle:</u> Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.90% fixed for the five years and adjust every five years thereafter to 1.5% above the then prevailing 5-year Treasury Bond Rate. **IFA Fee: $1,500**

Project Number:	**A-FB-TE-CD-7260**
Funding Manager:	Cory Mitchell
Borrower(s):	**Walter, Adam K.**
Town:	Grand Prairie, IL
Amount:	$187,500
Use of Funds:	Farmland – 62.5 acres
Purchase Price:	$375,000 / ($6,000 per ac)
%Borrower Equity	0%
%Other Agency (Bank)	50%
%IFA	50%
County/Region:	LaSalle / Northwest
Lender/Bond Purchaser	First State Bank / Tom Walsh
Legislative Districts:	Congressional: 11th, Gerald Weller
	State Senate: 38th, Gary Dahl
	State House: 76th, Frank Mautino

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

*<u>Adam Walter:</u> Note shall bear simple interest at the expressed rate. The expressed rate shall be 6.375% fixed for the five years and adjust every five years thereafter to prime interest rate as published in the Wall Street Journal. **IFA Fee: $2,813**

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

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 8, 2008

Project: **Thomas A. Smith**

STATISTICS

Project Number:	A-DR-GT-7255	Amount:	$156,400
Type:	Agri-Debt Guarantee	IFA Staff:	Eric Reed
County/Region:	Jackson/Southern		

BOARD ACTION

Approval to initiate an 85% loan guarantee in favor of Peoples National Bank in Mt. Vernon

IFA Funds contributed: None

State Treasurer's Reserve Funds at Risk: $156,400

Material changes from Preliminary: N/A

Extraordinary conditions: None

Staff Recommendation: Approval subject to 1) all bank terms and conditions 2) Covenant prohibiting additional capital purchases by borrower without prior IFA and lender consent.

VOTING RECORD

No prior voting record.

PURPOSE

Loan proceeds for the proposed loan will be used to provide for refinancing the borrower's current term debt.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

N/A

JOBS

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

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA Guarantee	$156,400	Uses:	Existing Debt	$180,262
	Peoples National Bank	$27,600		Loan Fees	$3,738
	Total	**$184,000**	**Total**		**$184,000**

FINANCING SUMMARY/STRUCTURE

Security:	1st Mortgage on 112.5 acres and improvements Security agreement on all equipment and livestock
Structure:	25 year term and amortization with annual principal and interest payments
Interest Rate:	See confidential section.
Interest Mode:	Fixed
Credit Enhancement:	85% Guarantee from IFA
Maturity:	25 years
Estimated Closing Date:	3/08/08

PROJECT SUMMARY

Peoples National Bank will originate a $184,000 real estate loan to refinance the borrower's existing debts. The lender has requested an 85% guarantee from IFA.

BUSINESS SUMMARY

Description of Business:	Grain and Livestock Farm
Project Rationale:	Proposed financing will refinance the borrower's existing debt, which will improve the borrower's cash flow and improve debt service coverage.
Timing:	The transaction is expected to close within 60 days upon receipt of necessary title insurance, real estate, and chattel appraisals.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant:	Thomas A. Smith
Project Location:	Ashley, IL
Borrower:	Thomas A. Smith
Ownership:	Sole-Proprietorship

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	N/A		
Accountant:	Aldag & Associates	Mt. Vernon	Louis Aldag
Lender:	Peoples National Bank	Mt. Vernon	Mark Kabat, President
Bank Counsel:	N/A		
IFA Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	John Shimkus-19th
State Senate:	John O. Jones-54th
State House:	Kurt Granberg-107th

SERVICE AREA

N/A

BACKGROUND INFORMATION

Thomas Smith owns and operates a small grain and livestock farm located near Ashley, which consists of 110 acres of corn and soybeans and 174 acres of pasture land on which he raises cattle. His cattle operation varies in size from 20 to 45 producing cows, which yield on average 43 head of cattle sold each year. Mr. Smith markets his cattle locally to niche markets in the form of naturally raised, grass fed beef. Prior to farming, Mr. Smith served as a pastor for the Grace Community Church in Mt. Vernon until late 2005. Mr. Smith recently lost his wife to cancer in October of 2007.

Mr. Smith also receives additional income from other local producers by performing custom grazing, whereby he manages other owner's cattle on pasture land he operates. He has recently accepted employment with a farming operation, whereby he will manage another cattle operation.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 15, 2008

Project: **ASPIRA Inc. of Illinois**

STATISTICS

Project Number:	N-NP-TE-CD-7256	Amount:	$25,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Sharnell Curtis Martin
County/Region:	Cook County/Northeast Region		

BOARD ACTION

Preliminary Bond Resolution
No IFA Funds contributed
Staff recommends approval

Extraordinary conditions: Unrated Bonds
Unenhanced Bonds
Accredited Investor

Bonds will be sold consistent with IFA Handbook policy regarding unrated and unenhanced bonds and will be sold to Accredited Investors.

VOTING RECORD

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

PURPOSE

Bond proceeds will be used to finance acquisition of building and land, renovation/construction, fund a debt service reserve, to pay capitalized interest and to pay certain bond issuance costs.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment:	80	Projected new jobs:	40
Jobs retained:	N/A	Construction jobs:	50

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA Bonds	$25,000,000	Uses:	Project Costs	$20,880,000
				Debt Service Reserve	1,800,000
				Capitalized Interest.	1,800,000
				Cost of Issuance	520,000
Total Sources		$25,000,000		Total Uses	$25,000,000

FINANCING SUMMARY/STRUCTURE

Security:	Bonds will be secured by a pledge of revenues from Chicago Public School contract and cross-collateralized first mortgages on all school properties.
Structure:	Fixed Rate bonds at a rate to be determined; minimum denominations of $100,000
Credit Enhancement:	None, Bonds will be sold unrated and unenhanced to accredited investors pursuant to IFA Bond Handbook policy.
Maturity:	30 Years
Rating:	Not Applicable
Estimated Closing Date:	March/April 2008

PROJECT SUMMARY

Bond proceeds will be used to acquire two facilities located at 4243 W. Ogden Road in Chicago (Cook County), Illinois (ASPIRA Trade Technical High School) and 1856 N. LeClaire in Chicago (Cook County), Illinois (Rosa Parks Communications High School), construction and renovation, capitalized interest, to fund a debt service reserve, and to pay certain bond issuance costs. Project costs are estimated as follows:

Building	$8,900,000
Construction/Renovation	4,900,000
Land	3,750,000
Contingency	3,250,000
Total Project Costs	$20,880,000

The project is expected to close by April 2008 and the projected completion date of both project sites is Fall 2008.

BUSINESS SUMMARY

Background: ASPIRA Inc. of Illinois ("Aspira" or the "Applicant") is a Puerto Rican not-for-profit organization committed to the development and self-determination of the Latino community through education, leadership and the intellectual development of Latinos living in the State of Illinois. The mission of ASPIRA Charter School ("ACS") is to provide a rigorous and comprehensive 6-12 education, based in a holistic project based learning approach that teaches critical thinking and builds leadership skills.

Project: Mr. Jose Rodriguez serves as Aspira's President and CEO. Aspira's present location is at 2435 N. Western Avenue in Chicago, Illinois. ASPIRA has four campuses that accommodate over 1300 students. The new Rosa Parks Communications High School and the new ASPIRA Trade Technical High School will each serve 200 students when the campuses open in the Fall of 2009. The charter school model begins with a class of freshman students and adds an additional class each year until the school reaches its maximum capacity in 2011. Each new campus will have an initial staff of 19 employees and will grow to 36 new full-time employees when enrollment reaches full capacity.

Charter Schools and CPS: Most of the Chicago based Charter Schools are part of Mayor Daley's Chicago Public Schools: Renaissance 2010 Program. The fundamental goal of Renaissance 2010 is to turn around Chicago's most troubled elementary and high schools by creating 100 new schools in neighborhoods across the City of Chicago over the next four years, providing new educational options to underserved communities and relieving school overcrowding in communities experiencing rapid growth.

Contracts for charter schools are approved through Chicago Public Schools ("CPS"). Charters are awarded for a five year period and renewed every five years based on the schools' performance. The CPS contract provides a grant for the opening of each new campus facility based on the number of students, approximately $1200 per student. Also per the contract, CPS pays approximately $7,100 for tuition per student

Description: The specific mission of the proposed Rosa Parks Communications High School is to prepare youth for college careers in communication and technology with motivating projects "themes" around Communication Arts. Scheduled to open in the Fall of 2009, Rosa Parks will be located on approximately three acres of land at tbe former Glidden paint factory.

The specific mission of the proposed ASPIRA Trade Technical High School is to prepare youth for careers in the construction trades and post-secondary training opportunities through project based learning within a high technology construction trade environment. Scheduled to open in Fall in 2009, ASPIRA Trade will be located on approximately five acres of land.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant/ Borrower:	ASPIRA Inc. of Illinois 2435 N. Western Avenue, Chicago, IL 60647 (Cook County) Telephone: (773) 252-0970 Fax: (773) 342-8615 Mr. Jose E. Rodriguez, President and CEO Maribeth Welch, Chief Operations Officer
Project Location(s):	ASPIRA Trade Technical School - 4243 W. Ogden in Chicago (Cook County), IL Rosa Parks Communication H.S. - 1856 N. LeClaire in Chicago (Cook County) , IL
Board Members (501c3):	Sonia Sanchez, Chair Patricia A. Rangel Luz Calderon Croswell, Treasurer Carlos Claudio, Secretary Beatriz Santiaga, Vice Chair Clara Diaz, Vice Chair Christopher Rios Santos Rivera Jessica Rodriguez Jose Rodriguez

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	James O. Stola, Attorney at Law	Chicago	James Stola
Accountant:	James Williams & Company	Chicago	
Bond Counsel:	To Be Determined		
Bank Counsel:	To Be Determined		
Bond Underwriter:	Rice Financial	Chicago	Adrienne Archia
Financial Advisor:	Ramirez and Co.	Chicago	Fernando Grillo
Underwriter's Counsel:	Orrick, Herrington & Sutcliffe, LLP	Washington, DC	Darrin Glymph
IFA Advisor:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott
Issuer's Counsel:	Ice Miller	Chicago	James Snyder
General Contractor:	To Be Determined		

LEGISLATIVE DISTRICTS

Rosa Parks School
1856 N. LeClaire

Congressional:	7 – Danny Davis
State Senate:	4 – Kimberly Lightford
State House:	8 – LaShawn Ford

ASPIRA Trade Technical
4243 W. Ogden Avenue

Congressional:	7– Danny Davis
State Senate:	5 – Rickey Hendon
State House:	9 – Arthur Turner

SERVICE AREA

Austin and Lawndale areas of Chicago

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 15, 2008

Project: **Sacred Heart Schools**

STATISTICS

Number:	N-PS-TE-CD-7201	Amount:	$25,000,000 (Not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Chicago (Cook County)	Region:	Northeast

BOARD ACTION

Final Bond Resolution — No Extraordinary conditions
No IFA funds contributed — Staff recommends approval
Material Changes from Preliminary: (a) selection of Letter of Credit Bank, (b) selection of financing team

VOTING RECORD

Preliminary Bond Resolution: October 9, 2007

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

PURPOSE

Proceeds will be used to (i) current refund approximately $13,900,000 Series 2003 adjustable Demand Revenue Bonds, issued by the Illinois Development Finance Authority, refinance an outstanding bank loan the purpose of which to purchase certain real estate, (ii) finance the expansion and renovation of a campus facility used for parent, alumni, and community outreach functions, (iii) various campus infrastructure improvements including HVAC, and (iv) fund professional and bond issuance costs.

The purpose of the proposed refinancing portion of the financing is to extend debt which will smooth cash flow. The proposed refunding portion of the project produces minimal net present value savings to the Applicant.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

JOBS

Current employment:	90	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	50 (12 months)

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	$22,000,000	Project Costs	$ 6,100,000
Equity	100,000	Refunding	$15,600,000
		Legal and professional costs	300,000
Total	$22,000,000	Total	$22,000,000

FINANCING SUMMARY

Security:	Direct Pay Letter of Credit from Fifth Third Bank, Chicago, Illinois. The Bank's ratings are Moody's "Aa2", and Standard & Poors "AA-".
Structure:	Weekly multi-mode floating rate bonds.
Collateral:	The bonds will be secured by a first mortgage on the financed property.
Maturity:	40 years

PROJECT SUMMARY

The Schools intend to use the net proceeds of the Authority loan to provide funds to (i) refund approximately $15.6 million outstanding Series 2003 Bonds issued through the Illinois Development Finance Authority, and a $1.7 million bank loan used to purchase a property adjacent to the Applicant's campus,, (ii) to fund infrastructure improvements including life safety, energy-efficient HVAC systems, and technology and classroom improvements in existing campus buildings, and (iii) fund professional and bond issuance costs.

Project Costs:	
Renovation including HVAC, classroom improvements, and campus landscaping	$6,100,000
Total	$6,100,000
Refunding portion:	$15,600,000

BUSINESS SUMMARY

Background: The Convent of the Sacred Heart of Chicago, Illinois is an Illinois not-for-profit corporation that owns and operates Sacred Heart Schools (the "Applicant", the "Schools") in Chicago. These independent single-sex co-institutional K-8 elementary schools consist of the Academy of the Sacred Heart for Girls, and the Hardey Preparatory for Boys, and collectively with the Academy, the Schools. The Academy was founded in Chicago by the Order of the Sacred Heart in 1876, and has operated continuously since that time. The Schools have been in their present location since 1929. The Schools are a part of a global network of approximately 150 schools and colleges, including 21 members of the Network of Schools of the Sacred Heart in the United States.

The Academy and Hardy Prep have a current enrollment of 650 students. No preference in admission is given to applicants of any particular religious tradition. On a combined basis, the Schools have an average class size of 18 students (15 in Kindergarten) and a student faculty ratio of approximately 9.5:1. Faculty full time equivalents for the 2006-2007academic year total 69.

Enrollment:

The Schools' current enrollment is approximately 650 students. The Schools' students are drawn from diverse geographical, economic, ethnic, and racial backgrounds. Minority students represent approximately 20% of the student body. The school draws from 36 different city and suburban zip codes. Approximately 40% of the student body comes from Chicago's Lincoln Park and Lakeview neighborhoods. The Schools currently have a wait list of approximately 53 students for academic school year 2007-08 that have been qualified for admission to the Schools, pending availability.

The following table shows a five-year history of applications, acceptances, and enrollments for the Schools.

Sacred Heart Schools
Applications, Acceptances, and Enrollments

	2002-03	2003-04	2004-05	2005-06	2006-07
Academy of the Sacred Heart for Girls and Hardey Preparatory					
Applications Received (1)	258	252	263	245	262
Acceptances	136	142	155	151	145
New Enrollment	96	98	114	104	115
Not Returning (2)	26	39	46	18	17
Graduates (from previous year)	43	35	49	56	40
Opening Enrollment	522	547	562	593	652
Closing Enrollment	523	543	563	594	649
Growth in Applications	-1%	-2%	4%	-7%	7%

Sacred Heart Schools emphasize serious study, social responsibility, and personal growth. The Schools are accredited by the Independent School Association of the Central States, Network of the Sacred Heart, and the State of Illinois. The accreditation by those associations was completed in 2002. The accreditation process is done every seven years. The Schools are governed by a 20-member Board. A list of current Trustees is provided for IFA Board review.

Tuition:

The Schools' tuition rates are determined during the budgeting and planning process in conjunction with an analysis of projected expenses and revenues necessary to satisfy such expenses and long range capital and growth strategies. Tuition rates at the Schools for the last five years increased an average of approximately 5% per year. The table below indicates the tuition rates for the Schools over the last five years and for the upcoming year.

Sacred Heart Schools
Annual Tuition

Academic Year	K-8
2002-2003	$10,880
2003-2004	11,155
2004-2005	11,695
2005-2006	12,275
2006-2007	12,800
2007-2008	13,500

Competition: The following table lists the major private elementary schools in Chicago and sets forth the approximate annual tuition and enrollment levels for such schools for the 2007-2008 academic year. The table below shows those private schools that management has identified as the major competing schools to the Schools. Management believes that each of these schools is experiencing full enrollment.

Sacred Heart Schools
Competing Private Schools and Comparison of Tuition and Enrollment

		2007-2008 Enrollment	2007-2008 Tuition
School	Location	K-8	Upper School
Chicago City Day School	Chicago	277	$ 20,000
Francis W. Parker School	Chicago	910	22,600
Francis Xavier Warde School	Chicago	713	8,400
The Latin School of Chicago	Chicago	1,095	21,915
The University of Chicago Laboratory Schools	Chicago	1,700	20,445

Financial Aid: The Schools provide tuition assistance to students based on economic need. Financial awards are made independent of admission decisions. For the 2006-2007 academic year, the Schools provided $888,960 in assistance to 117 students (approximately 20% of the student body) with an average of $7,598 per assisted student. This represents approximately 11% of gross tuition revenue.

Remarks: Additionally, tax-exempt financing offers the Schools the opportunity to borrow at a tax-exempt rate to fund campus infrastructure improvements which reduces their cost of capital and allows these savings to be diverted into maintaining a state-of the art campus.

OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT//

Applicant:	Sacred Heart Schools
Project names:	Refunding and Infrastructure Improvement Project
Locations:	6250 North Sheridan Road, Chicago, Cook County, IL 60660
Contact Person:	Susan Maxwell, RSJC, Director of Schools, 773-262-4446
Website:	http://www.shschicago.org
Organization:	501(c)(3) Corporation
State:	Illinois
Board of Trustees:	*See pages 5-6*

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	DLA Piper	Chicago, IL	Patrick D. Thompson
Accountant:	Pasquesi Sheppard LLC	Lake Forest, IL	
Bond Counsel:	Bell, Boyd & Lloyd LLP	Chicago, IL	Kenneth A. Peterson, Jr.
Underwriter:	William Blair & Company	Chicago, IL	Thomas E. Lanctot
Placement Agent:			Celia M. Sinclair
Underwriter's Counsel:	Perkins Coie LLP	Chicago, IL	William E. Corbin Jr.
LOC Bank Counsel:	Ungaretti & Harris LLP	Chicago, IL	Julie K. Seymour

Issuer's Counsel:	Law Offices of Kevin Cahill	Chicago, IL	Kevin Cahill
Architect:	Antunovich Associates	Chicago, IL	
Contractor:	Valenti Builders, Inc.	Chicago, IL	
Trustee:	TBD		
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

SERVICE AREA

The Schools draw from 36 different city zip codes in the City of Chicago.

LEGISLATIVE DISTRICTS

Congressional:	9	Janice D. Schakowsky
State Senate:	7	Carol Ronen
State House:	14	Harry Osterman

SACRED HEART SCHOOLS
BOARD OF TRUSTEES 2007-2008

<u>NAME</u>	<u>AFFILIATION</u>
David Reahl	Executive Director, USAA
Sister Martha Roughan	Religious of the Sacred Heart, President of Josephium School
Lisa Scully	Sacred Heart Schools Alumna
Maureen Sippel	Registered Nurse
John J. Waller	Managing Director, Cochran Caronia Waller

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 15, 2008

Project: **DKI, Inc. and its affiliates, successors and assigns (Governor's House Apartments)**

STATISTICS

Project Number:	M-MH-TE-CD-7253	Amount:	$4,750,000 (not-to-exceed amount)
Type:	Affordable Rental Housing Bonds	IFA Staff:	Rich Frampton
Location:	University Park	County/ Region:	Will County/Northeast

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Affordable Rental Housing Bonds
No IFA Funds contributed
Staff recommends approval
No extraordinary conditions

VOTING RECORD

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

PURPOSE

Acquisition and substantial renovation of vacant 96-unit affordable rental housing property located in University Park. This project will enable this property to remain affordable for a minimum of 15 additional years (and prospectively for up to 30 years).

IFA CONTRIBUTION AND PROGRAM

Conduit Tax-Exempt Affordable Rental Housing Bonds. (Because more than 50% of project's tax basis will be financed with Tax-Exempt Bonds, this project will also be eligible for 4% Low Income Housing Tax Credits ("LIHTCs"), which will generate upfront cash equity equivalent to approximately 30% of total project cost.)

VOLUME CAP

Approximately $4,750,000 of Volume Cap will be required and will be provided from the following source:

- 2005 SSMMA Multifamily Carryforward (at IFA): $4,750,000

Total: $4,750,000

The Applicant is not requesting any IFA Volume Cap. The Village of University Park is a member of the South Suburban Mayors and Managers Association.

JOBS

Current employment:	0	Projected new jobs:	1.5 (FTE)
Jobs retained:	N/A	Construction jobs (9 months):	24

This project will return 96 affordable Multifamily Housing Units to the South Cook Cook/SE Will County market. Additionally, this project will result in renovations that will substantially rehabilitate and return this property to productive use.

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

Sources:	IFA Bonds	$4,750,000	Uses:	Project costs	$6,250,000
				Purchase of Vol. Cap	47,500
	4% LIH Tax Credits	2,290,000		Tax Credit/Lender Fees/Professional	270,000
	Deferred Developer Fee	155,000		Operating Reserve & Escrow	285,000
	Total	**$7,195,000**		Bond Issuance Costs	187,500
				Deferred Developer Fee	155,000
				Total	**$7,195,000**

*Note: The Deferred Developer Fee will be and paid over time subject to the Partnership Agreement that will be executed between the Developer and the Tax Credit Investor (affiliates of Apollo Housing Capital, Inc.) at closing. Payment of these fees will be contingent on project performance (in this case, attaining stabilized occupancy for a specified period).

FINANCING SUMMARY/STRUCTURE

Security/ Structure:	FNMA credit enhancement Fixed Rate Bonds
Interest Rate:	4.75% estimated as of 12/14/2007
Interest Mode:	Fixed Interest Rate
Maturity:	35 Year Maturity
Rating:	Triple-A rated based on FNMA enhancement
Estimated Closing Date:	3/31/2008

BUSINESS SUMMARY

Description of Borrower: **DKI, Inc., an Illinois S Corporation, and its affiliates, successors, and assigns (the "Applicant")** is a Chicago-based real estate development company specializing in the development and redevelopment of affordable multifamily and senior rental housing properties.

Because DKI, Inc. will be structuring the proposed acquisition/rehabilitation of the Governor's House Apartments project with a combination of Tax-Exempt Bond financing (debt) and 4% Low Income Housing Tax Credits (equity), DKI, Inc. will be forming a special purpose Illinois Limited Partnership (the "**Borrower**") to own the property.

Ultimately, the ownership structure of the Borrower will be as follows:

1. **General Partner: 0.01% beneficial interest in Borrower**
   - The General Partner will be a special purpose Illinois Limited Liability Company to be formed by DKI, Inc. Mr. Daniel S. Kotcher, President, DKI, Inc. will be the Manager of the LLC (as General Partner of the Borrower).
2. **Limited Partner: 99.99% beneficial interest in the Borrower:**
   - The Limited Partner and 99.99% owner of the project will be affiliates of **Apollo Equity Partners, Inc.**, of Cleveland, Ohio, a tax credit syndicator. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits to corporations.

Background on Developer and Affiliates:

DKI, Inc. is a Chicago-based real estate investment and development firm specializing in the acquisition, rehabilitation, and development of multi-family residential communities in the Chicago metropolitan area. DKI has been responsible for the acquisition, renovation and new construction of over 1,500 units of multi-family rental housing totaling over $100 million, ranging from inner-city residential projects to large suburban apartment complexes.

Daniel S. Kotcher, President of DKI, has a BA from Columbia University in New York and MBA from Stanford University. From 1986 to 1992, Mr. Kotcher was a Vice President in the acquisitions group of JMB Realty Corporation, where he was responsible for evaluating, negotiating, structuring, and closing a wide variety of commercial, office, and retail projects, ranging from $5 million to $1 billion in size. From 1992 to 1997, Mr. Kotcher was Manager of the multi-family rental housing development division of LR Development Company (now Related Midwest Development Group).

Mr. Kotcher founded DKI, Inc. in 1997 to specialize in the acquisition, rehabilitation, and development of multi-family residential properties. DKI has purchased and renovated ten multifamily apartment properties located in Lake County and Cook County. Of these ten properties, DKI has used IFA (IDFA) bond financing for the acquisition and renovation of three properties – (1) Kings Court Apartments, a 168-unit property in Waukegan (IDFA Series 1998 Bonds $5,350,000), (2) Carriage Creek Apartments, a 226-unit property located in Richton Park (IDFA Series 1999 Bonds $6,750,000), and (3) Thornwood Chicago Heights Apartments, a 232-unit property located in Chicago Heights (IFA Series 2006 Bonds $10,250,000). Bondholder security for the IFA Bonds includes (1) a LaSalle Bank Direct Pay LOC (Kings Court and Carriage Creek) and (2) FNMA credit enhancement (Thornbrook Chicago Heights Apartments).

All payments relating to the IFA Bonds issued for all three DKI projects were current as of 12/31/2007.

Background on Property:

Governor's House Apartments is an existing 96-unit affordable rental housing property. The property was originally constructed in 1972. The property was originally financed with HUD financing. The property was acquired by new owners in 1997 (conventional financing). The property suffered from poor management and suffered from significant deferred maintenance. Ultimately, the property was foreclosed upon by the primary lender in September 2007.

In the meantime, the property was purchased out of foreclosure by its current owner but has remained vacant.

Governor's House consists of eight buildings with 12 units each (i.e., each building has 6 one bedroom and 6 three-bedroom units) and off-street parking for 161 cars.

The development also includes a freestanding building that houses the management office, laundry facilities (for 1 BR units), and a maintenance workshop. Additionally, the 3 BR units each contain washer/dryer hookups for in-unit laundry.

Rationale for Project:

Upon completion of the proposed renovations, there will be 48 one-bedroom (1BR) and 48 three-bedroom (3BR) units available. The addition of 48 3BR units will be a significant addition to the rental housing stock for qualified low- and moderate income families in the property's submarket (i.e., Southern Cook County and Southeast Will County).

The proposed financing will substantially renovate the property to remedy years of deferred maintenance. DKI has past success in acquiring, substantially renovating, and managing turnarounds of previously distressed properties.

Interior improvements will focus initially on mold remediation. Subsequent improvements will include window replacement, kitchen cabinet and appliance replacement, carpet and floor replacements throughout units and common areas. Plans also include replacement of bathroom vanities, plumbing upgrades, medicine cabinet/light bars, installation of new tub/shower surrounds. Additional repairs will include replacement of selected ceiling fixtures, and the repair or replacement of door hardware or doors.

Mechanical improvements will include replacement of HVAC systems (i.e., furnaces and A/C unit) throughout the property, and repair and replacement of water heaters, as needed.

Exterior improvements will include roof replacement and gutter/downspout displacement.

Because the property is currently vacant there will be no tenant displacement.

Based on the proposed Rehabilitation budget of approximately $3,155,000, the proposed renovation cost per unit is approximately $32,865. (The acquisition cost for the Governor's House property is only $2,350,000.)

The Village of University Park is familiar with DKI's work from its previous renovations of Carriage Creek Apartments in adjacent Richton Park in 2003, construction of a new senior citizen apartment property in Richton Park in 2004, the purchase and renovation of Olympic Village in Chicago Heights in 2004, and successful renovations of Thornwood Apartments in Chicago Heights in 2006. [The Thornwood Apartments project was a joint venture with Turnstone Development (formerly Cook County Housing Development Corporation) and was a property purchased from the City of Chicago Heights.]

Management Agent:

Ludwig & Company of Gurnee, Illinois (www.ludwigco.com) will serve as Management Agent for Governor's House Apartments upon initiation of leasing activity expected in mid-2008. Ludwig & Company manages all of DKI's properties, including DKI's three existing IFA-financed properties.

Ludwig manages 21 rental housing properties in Illinois, including 16 affordable properties (see Appendix) located in the Chicago, Champaign-Urbana, Quad Cities, Bloomington-Normal, and financed with Tax-Exempt Bonds (or 4% LIHTCs, or HUD financing). Additionally, Ludwig also manages three market-rate properties in the Indianapolis area and one in Ann Arbor Michigan.

Accessibility:

This project was originally constructed as an affordable rental housing property in 1972. Accordingly, all 96 units are exempted (i.e., "grandfathered") from compliance from the Americans with Disabilities Act ("ADA").

PROJECT DESCRIPTION FOR IFA BOND RESOLUTION

Bond proceeds will be used by an Illinois Limited Partnership to be formed and initially owned by DKI, Inc. and its affiliates, successors, or assigns (the "Borrower") to finance or refinance the acquisition, substantial rehabilitation, and equipping of an approximately 96-unit multifamily rental housing facility located on an approximately 5.15 acre site comprised of eight 3-story buildings (with 12 units/building) and currently known as "Governor's House

Apartments". The Property is located at 851 Burnham Drive, University Park (Will County), Illinois 60466-3040. Additionally, bond proceeds may also be used to fund various reserves, capitalized interest, and to pay costs of issuance, all as allowed under the Illinois Finance Authority Act (the "Project").

Preliminary estimated project costs are as follows:

Land/Site Development:	$120,000
Building Acquisition:	2,230,000
Renovation:	3,155,000
Capitalized Interest:	446,000
Project-Related Legal/Professional:	299,000
Total:	**$6,250,000**

OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

Applicant:	**DKI, Inc.**, and its affiliates, successors, and assigns, c/o Mr. Dan Kotcher, DKI, Inc. 220 West Huron St., Suite 500E, Chicago, IL 60610; Ph.: 312-280-1010; Fax: 312-664-5650; e-mail: dankotcher@earthlink.net
Project name:	Governor's House Apartments
Location:	851 Burnham Drive, University Park (Will County), IL 60466-3040
Organization:	A Limited Partnership to be formed
State:	Illinois

Ownership of Applicant: **An Illinois Limited Partnership to be formed by DKI, Inc.:**

- **General Partner (1.00%): An Illinois Limited Liability Company to be formed**, c/o DKI, Inc., 220 West Huron Street, Suite 500E, Chicago, IL 60610
  - Daniel Kotcher, Manager (sole member – 100% interest in the General Partner)
- **Limited Partner (99.00%): Apollo Equity Partners, Inc. (Limited Partner), Cleveland, OH (headquarters).**
  - Apollo Equity Partners, Inc. is a wholly owned subsidiary of RBC Capital Markets, Inc., which is in turn a subsidiary of Royal Bank of Canada. Apollo Equity Partners will ultimately sell beneficial limited partnership interests to large corporations (primarily publicly owned companies), subsequent to closing.

Current Property Owner/Seller:

Seller: Mr. Paul Cooper, Hudson Advisor, LLC, 2711 N. Haskell Avenue, Suite 1800, Dallas, TX 75204; (P) 214-754-8486; Fax: 214-754-8401
Seller's Counsel: Mr. Ben Browder, Esq., Hunton & Williams LLP, 1445 Ross Avenue, Suite 3700 Dallas, TX 75202; (P) 214-468-3310; Fax: 214-740-7111

PROFESSIONAL & FINANCIAL

Counsel:	Kutak Rock Illinois LLC	Chicago, IL	Jay Gilbert
Accountant:	Reznick Group PC	Chicago, IL	Bruce Schiff
Credit Enhancement:	FNMA	Washington, DC	
FNMA Lender/ Servicer:	Deutsche Bank Berkshire Mortgage, Inc.	Chicago, IL	Allan Edelson
Counsel to FNMA DUS Lender:	To be determined		
Bond Counsel:	Sidley Austin LLP	Washington, DC	Peter Canzano
Underwriter:	Stern Brothers, Inc.	Chicago, IL	David Rasch
Underwriter's Coun.:	Sidley Austin LLP	Chicago, IL	Richard Astle
Tax Credit Investor:	Apollo Housing Capital, Inc.	Cleveland, OH	Daniel Kierce
		Chicago, IL	John Varones
Tax Credit Investor's Counsel:	Apollo Housing Capital, Inc.	Cleveland, OH	Robert Fein
Trustee:	Amalgamated Bank	Chicago, IL	Gail Klewin
General Contractor:	J-One Contracting, Inc.	Chicago, IL	Joe Cigan
Management Agent:	Ludwig and Company	Gurnee, IL	Alan Ludwig
Appraisal/Market Study:	Order pending approval of Deutsche Bank Berkshire Mortgage, Inc. (appraisal report will not be available until time of Final Bond Resolution)		
Issuer's Counsel:	Sanchez Daniels & Hoffman LLP	Chicago, IL	John Cummins
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	2	Jesse L. Jackson, Jr.
State Senate:	40	Debbie Halvorson
State House:	79	Lisa M. Dugan

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 15, 2008

Obligor: **Anna Marion Supportive Living, L.P. and its affiliates, successors, and assigns (River to River Anna SLF and River to River Marion SLF Projects)**

STATISTICS

Project Number:	M-MH-TE-CD-7261	Amount:	$11,800,000 (not-to-exceed amount; both projects will be financed in a single bond issue)
Type:	Affordable Rental Housing Bonds	IFA Staff:	Rich Frampton
Locations:	Anna and Marion	Counties/ Region:	Union County and Williamson County/ Southern Region

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Affordable Rental Housing Bonds
No IFA Funds contributed
Staff recommends approval — No extraordinary conditions

VOTING RECORD

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

PURPOSE

The proposed Bonds will finance the acquisition of land, and the construction and equipping of two new 50-unit Supportive Living Facilities located in Anna and Marion, respectively. This financing will facilitate construction and development of these properties under the State of Illinois' Supportive Living Facility program. This project will facilitate development of these properties to provide affordable assisted living facilities in Southern Illinois. The Developer plans to allocate 45 of the 50 units in each property to qualified low- and moderate income seniors. The General Partner of the Borrower is an affiliate of a 501(c)(3) corporation that develops and manages senior housing/senior care facilities in Southern Illinois.

IFA CONTRIBUTION AND PROGRAM

Conduit Tax-Exempt Affordable Rental Housing Bonds. (Because more than 50% of project's tax basis will be financed with Tax-Exempt Bonds, this project will also be eligible for 4% Low Income Housing Tax Credits ("LIHTCs"), which will generate upfront cash equity equivalent to approximately 30% of total project cost.)

VOLUME CAP

The Borrower is requesting that approximately $11.8 million of 2007 Carryforward Volume Cap (or 2008 Volume Cap) will be provided by the Governor's Office of Management and Budget to finance these projects with Tax-Exempt Bonds.

JOBS

Current employment (both facilities):	0	Projected new jobs:	16.5 (FTE)
Jobs retained:	Not applicable	Construction jobs :	40-139 (range over 12 months)

This project will provide 50 units of affordable Assisted Living in Anna and an additional 50 units in Marion.

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

		Total	*Anna SLF*	*Marion SLF*
Sources:	IFA Bonds	**$11,800,000**	5,900,000	5,900,000
	FHLB Chicago (Subordinate)	**500,000**	250,000	250,000
	4% LIH Tax Credits	**4,799,662**	2,376,040	2,423,622
	General Partner Equity	**480**	238	242
	*Deferred Developer Fee (paid over time from cash flow)	**954,817**	467,356	487,461
	Total	**$18,054,959**	$8,993,634	$9,061,325
Uses:	Project costs	**$14,123,438**	$7,021,895	$7,101,543
	Tax Credit/Lender Fees/Professional	**198,049**	98,608	99,441
	Constr., Lease-up, Operating and Replacement Reserves	**1,602,472**	824,236	778,236
	Bond Issuance Costs	**360,000**	180,000	180,000
	*Deferred Developer Fee (paid over time from cash flow)	**954,817**	467,356	487,461
	*Deferred Developer Fee (released at attainment of benchmark hurdles)	**816,183**	401,539	414,644
	Total	**$18,054,959**	$8,993,634	$9,061,325

*Note: The Deferred Developer's Fee will be deferred and paid over time to the General Partner of the Borrower (i.e., River to River of Anna & Marion LLC, an affiliate of River to River Development Corporation, a Herrin-based 501(c)(3) corporation and the Developer of the subject projects).

Because of rental rate restrictions on Tax Credit-financed units and a related 15-year prohibition on the resale of any Tax Credit-financed property financed with Low Income Housing Tax Credit equity, Deferred Developer Fees provide the Developer/General Partner with financial incentive for the property to perform during the 15 year Tax Credit Compliance period.

Deferred Developer Fees are permitted as deferred compensation on projects financed with Low Income Housing Tax Credits under the Internal Revenue Code and provide contingent performance-related compensation for the General Partner. This Developer Fee is negotiated as part of the Limited Partnership Agreement between the General Partner and the Tax Credit Investor/Syndicator (i.e., the entity purchasing the 4% Low Income Housing Tax Credits and a related Limited Partnership Ownership interest in the subject properties). Typically, the Developer Fee can equal up to 15% of total project development costs (i.e., development cost basis excluding any Developer Fees). Additionally, US Bank (the proposed Direct Pay Letter of Credit Provider securing the IFA Bonds) will also consent to these proposed Developer Fees prior to closing.

As proposed, the Deferred Developer Fee would be paid based on attainment of the following benchmarks:

- $200,000 would be paid in cash at the time of closing of the financing (including execution of the Limited Partnership Agreement with the Tax Credit Investor).
- $200,000 would be paid at 50% completion, as determined by the Construction Loan Servicer to be engaged by US Bank.
- $200,000 would be paid at substantial completion (i.e., delivery of Certificate of Occupancy), with $100,000 initially used to fund a supplemental Debt Service Reserve Account (i.e., release of this $100,000 would be deferred until sufficient operating cash flow is available).
- Approximately $216,183 would be deferred until (i) stabilization (i.e., 1.15 times debt service coverage) and (ii) sufficient operating cash flow is available).
- The remaining $954,817 will be paid out of cash flow over the 15-year Tax Credit Compliance Period pursuant to the 15 Year Partnership Agreement negotiated between the General Partner (i.e., River to River of Anna & Marion, LLC) and the Limited Partner (Stratford Capital Group LLC, the proposed 4% LIHTC Tax Credit Investor).

The terms regarding the Deferred Developer Fee are currently proposed and will be subject to final negotiation and execution of the Limited Partnership Agreement.

FINANCING SUMMARY/STRUCTURE

Security/ Structure:	Bondholders will be secured by a US Bank, N.A., Direct Pay Letter of Credit
Interest Rate:	5.50% estimated as of 12/27/2007
Interest Mode:	Fixed Rate Bonds
Maturity:	35 Year Maturity
Rating:	Bonds will be rated based on US Bank, N.A.'s underlying ratings. US Bank N.A.'s long -term debt is currently rated Aa1 (Stable)/AA+ (Stable)/AA- (Positive) as of 12/31/2007 by Moody's/S&P/Fitch.
Estimated Closing Date:	March 2008

BUSINESS SUMMARY

Description of Borrower: **Anna Marion Supportive Living, L.P.** (the "Applicant" or "Borrower") was formed as a special purpose entity in 2007 by River to River Residential Corporation, a Herrin, Illinois-based 501(c)(3) owner and manager of senior rental housing/assisting living facilities in Southern Illinois

The ownership of the Borrower will be structured in manner consistent with projects financed with a combination of Tax-Exempt Bond financing (debt) and 4% Low Income Housing Tax Credits (equity).

Accordingly, the ownership structure of the Borrower is as follows:

1. **General Partner: River to River of Anna & Marion, LLC will own a 0.01% beneficial interest in the Borrower**
   - The General Partner will be a special purpose Illinois Limited Liability Company formed by River to River Residential Corp., which will be the Manager/Sole Member of the LLC. River to River Residential Corp. is a 501(c)(3) corporation –

see Economic Disclosure Statement section on p. 6 for information on Board Members.

2. **Limited Partner: 99.99% beneficial interest in the Borrower:**
   - The Limited Partner and 99.99% owner of the project will be affiliates of **Stratford Capital Group LLC,** a Peabody, MA-based tax credit syndicator. The shareholders of Stratford Capital are disclosed on p. 7 under the Economic Disclosure Statement section of this report. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits to corporations. The principals of Stratford Capital have a 12-year track record in the syndication and development of affordable rental housing properties. During this time, the principals of Stratford Capital have raised approximately $350 million in equity for Tax Credit Transactions for more than 60 corporate and institutional clients, including Morgan Stanley, SunTrust, and American Express. (See www.stratfordcapitalgroup.com for additional information.)

Background on Developer: **River to River Residential Development Corporation** is a 501(c)(3) corporation based in Herrin, Illinois (Williamson County) established in 1996. River to River has developed five senior housing project totaling 166 units. All of the projects serve elderly residents in need of assistance with one or more activities of daily living (as now required under the State of Illinois' Supportive Living Facility Program).

Three prior of River to River's previous five new construction projects were filled within 45 days of completion. Additionally, three of River to River's projects were financed with 9% Low Income Housing Tax Credits through the Illinois Housing Development Authority. According to the Developer, all five projects are currently complying with all financing covenants.

River to River's five senior housing/senior care projects include:

Project	Location	Type of Project	# of Units
Cache Valley Apartments	Ullin, IL	Elderly (9% LIHTC - IHDA)	40
Big Muddy River Apts.	Murphysboro, IL	Elderly (9% LIHTC - IHDA)	50
Hurricane Creek Apts.	Herrin, IL	Elderly (9% LIHTC - IHDA)	24
Big Muddy River Apts. West	Murphysboro, IL	Elderly	24
Hurricane Creek Market Apts.	Herrin, IL	Elderly	28

Management Agent: **River to River Residential Development Corporation** will also serve as Management Agent for both the Anna SLF and the Marion SLF properties. River to River currently manages all five senior housing projects under its ownership.

River to River Residential Development Corporation has over 80 employees and has more than 10 years experience managing senior living projects including Cache Valley Apartments in Ullin (Pulaski County), its first project.

Terms of River to River's compensation as Management Agent will ultimately be subject to further negotiation with both the LOC Bank (US Bank) and in the Limited Partnership Agreement with the Tax Credit Investor (i.e., Stratford Capital Group, LLC of Peabody, MA).

Background on Projects: Both projects will provide 50 new units of senior housing in two new Illinois Department of Healthcare & Human Services licensed facilities located in (1) Anna (Union County) approximately 20 miles south of Carbondale and 5 miles west of I-57 on Illinois Hwy. 146, and

(2) Marion (Williamson County) near Illinois Hwy. 13, approximately 3.5 miles east of I-57 (and 18.5 miles east of Carbondale).

The unit mix for each property will consist of 45 affordable units (i.e., 8 affordable studios and 37 affordable 1 BR units) and 5 market-rate 2 BR units. The affordable units must be leased to qualified seniors (and other qualified adults with disabilities) earning less than 60% of AMI (Adjusted Median Income) for the county in which the project is located.

Unit amenities will include kitchenettes, private bathrooms, an emergency call system, and cable/internet access.

The designs of the Anna and Marion SLF buildings and site plans will be nearly identical. Common facilities will include management offices, a computer room, a beauty salon/barber shop, a resident-managed convenience store, exercise room, dining room, sunroom, and two parlors. Overall, approximately 3,200 SF of each building will be allocated for common areas and activities (the residential units will comprise 27,932 SF). Outdoor amenities on both properties will include a rose garden, walking path, and enclosed courtyards.

Both properties will be located near local hospitals and senior citizen centers located in Anna and Marion, respectively. River to River will offer group transportation to parks and other recreational opportunities.

The Anna and Marion facilities will also provide off-street parking for approximately 35 and 52 cars, respectively.

Rationale for Financing (Anna & Marion):

This financing will result in construction of two new (50-units each) Supportive Living Facilities in Anna (Union County) and Marion (Williamson County) that will meet the needs of an expanding, underserved low-income elderly population in Union and Williamson Counties. These projects will both provide 45 units of new, affordable low-income senior housing that will be reserved for households earning less than 60% of adjusted median income for the County. Additionally, these units will also be available to special needs residents (i.e., non-seniors) with physical disabilities.

Availability of tax-exempt bond financing (and Volume Cap) sufficient to finance 50% or more of eligible cost basis for each project will provide access to 4% Low Income Housing Tax Credits which will generate cash equity (i.e., approximately 3.44% of eligible basis or 2.7% of total project development cost) for both projects.

PROJECT DESCRIPTION FOR IFA BOND RESOLUTION

Bond proceeds will be used by Anna Marion Supportive Living, L.P. (the "Borrower") to finance or refinance the acquisition, construction, and equipping of (i) the costs of the acquisition of land and construction of two multifamily residential housing properties described further below, and (ii) to pay the costs of issuance, capitalized interest, and various reserve funds for the Bonds, all as allowed under the Illinois Finance Authority Act (and, collectively, the "Project").

The facilities to be financed with Bond Proceeds are described below along with the estimated maximum amount of bonds to be issued are listed below:

1. River to River of Anna Supportive Living, a one-story, 50-unit affordable multifamily housing facility located on a site located at 151 Denny Drive, Anna (Union County), Illinois (not to exceed amount is $5,900,000); and,
2. River to River of Marion Supportive Living, a one-story 50-unit affordable multifamily housing facility located on a site located at 1515 East DeYoung Street, Marion (Williamson County), Illinois (not to exceed amount is $5,900,000).

Preliminary estimated project costs are as follows (subject to change):

	Total	*Anna*	*Marion*
Land/Site Development:	**$360,000**	$160,000	$200,000
Building Construction:	**10,797,743**	5,449,386	5,348,357
Equipment:	**898,428**	452,147	446,281
Arch./Eng./Org. Fees:	**1,239,904**	622,970	616,934
Capitalized Interest:	**513,792**	270,417	243,375
Carrying Charges:	**313,071**	159,728	153,343
Total:	**$14,122,938**	$7,114,648	$7,008,290

OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

Applicant: **Anna Marion Supportive Living, L.P.,** c/o Ms. Kathy Blue, CFO and Acting Executive Director, River to River Residential Development Corporation, 400 B Lou Ann Drive, Herrin, IL 62948; Ph.: 618-942-4531; e-mail: shamlin7@verizon.net

Project names: (1) River to River Anna SLF and (2) River to River Marion SLF

Locations: (1) 151 Denny Drive, Anna (Union County), Illinois, 62906 and (2) 1515 East DeYoung Street, Marion (Williamson County), Illinois 62959

Organization: Limited Partnership

State: Illinois

Ownership of Applicant: **Anna Marion Supportive Living, L.P., an Illinois Limited Partnership**

- **General Partner (0.01%): River to River of Anna & Marion, LLC,** c/o River to River Residential Corporation, 400B Lou Ann Drive, Herrin, IL 62948.
  - River to River Residential Corp., Manager (and Sole Member); Contact: Ms. Kathy Blue, CPA, Chief Financial Officer and Acting Executive Director. The current Board of Directors of River to River Residential Corporation are listed below:

Ms. Toby J. Saken
Chairman
Cobden, IL

Dr. Raymond C. Lenzi
Vice Chairman
Carbondale, IL

Jerry Hickam
Treasurer
Murphysboro, IL

Betty Gaffney
Secretary
Makanda, IL

Vennie Anderson
Carbondale, Illinois

Rex Budde
Herrin, IL

Don W. Denny
Anna, IL

Jerry P. Fiorina
Herrin, IL

Carole Goodman
Cobden, IL

Perry H. Patterson
Carbondale, IL

Helen Porter
Carbondale, IL

- **Limited Partner (99.99%): Stratford Capital Group LLC (Limited Partner), Peabody, MA.**
  - Stratford Capital Group is a tax credit investor/syndicator that will ultimately sell beneficial limited partnership interests to large corporations (primarily publicly owned companies), subsequent to closing. Stratford Capital Group is privately owned and is headquartered at 100 Corporate Place, Suite 104, Peabody, MA, 01960; (Ph.:) 978-535-5600 (x14 – Richard Hayden, EVP). (See www.stratfordcapitalgroup.com for additional information.)
    - Stratford Capital's principals include: John M. Nelson, IV (Chairman/Principal); Benjamin D. Mottola (President/Principal); Richard A. Hayden (EVP/Principal), Kyle F. Wolff (SVP/Principal); and Stephen P. Wilson, (President – McLean, Virginia office).

Current Property Owners/Sellers:

- *Anna site:* The Anna property at 151 Denny Drive in Anna is currently owned by Tri-D Development, an Illinois Land Trust. Contact information:
  - Mr. Tim Denny
    Tri-D Development
    425 Denny Drive
    Anna, IL 62906
    Ph.: 618-529-3000
- *Marion site:* The Marion site at 1515 E. DeYoung in Marion is already owned by River to River Development Corporation.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Wolf & McCahan	St. Louis, MO	Tim Wolf
Auditor:	Sherbert Associates, P.C.	Charlotte, NC	Tara Sherbert
Borrower's Consultants:	ND Consulting Group	St. Louis, MO	Ken Nuernberger
	Endswell	St. Louis, MO	Patrick Connolly
Credit Enhancement:	US Bank	St. Louis, MO	William Ulm
LOC Bank Counsel:	Thompson Coburn, LLP	St. Louis, MO	Steve Mitchell
Bond Counsel:	Ice Miller LLP	Chicago, IL	Patra Geroulis
		Indianapolis, IN	Phil Genetos
Underwriter:	Stifel Nicolaus & Company, Inc.	St. Louis, MO	Peter Czajkowski,
Underwriter's Coun.:	Lewis Rice & Fingersh L.C.	St. Louis, MO	David Brown
Tax Credit Investor:	Stratford Capital Group LLC	Peabody, MA	Richard Hayden
Tax Credit Investor's Counsel:	DLA Piper	Chicago, IL	Greg Dahlgren
Trustee:	To be determined		
General Contractor:	Fager-McGee Commercial Construction	Murphysboro, IL	Steven McGee
Architect:	The Lawrence Group	St. Louis, MO	Dan Rosenthal
Management Agent:	River to River Residential Corp.	Herrin, IL	Sherry Hamlin
Appraisal/Market Study:	Development Strategies, Inc.	St. Louis, MO	Brad Beggs, MAI
Issuer's Counsel:	Hart, Southworth & Witsman	Springfield, IL	Sam Witsman
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

	Anna		Marion	
Congressional:	12	Jerry F. Costello	12	Jerry F. Costello
State Senate:	58	David Luchtefeld	59	Gary Forby
State House:	115	Mike Bost	117	John E. Bradley

BACKGROUND/SUPPLEMENTAL INFORMATION

Illinois' SLF Program: The Developer and the Illinois Department of Healthcare and Family Services executed a Contract for Furnishing Services (the "Contract") under the Supportive Living Program in August 2005. Pursuant to this Contract, the Owner must begin operations by August 2008 (subject to time extensions if project is under construction by August 2008). This Contract provides for the reimbursement of Covered Services to Eligible Residents under the Medical Assistance Program.

The Supportive Living Program was designed to reduce Medicaid subsidies to support low income elderly and help pay the costs of necessary services including medication supervision, laundry, and personal care. All residents in a Supported Living Facility must be able to pay for their own room and board. Medicaid service reimbursement rates in Illinois are set at approximately 60% of the regional nursing home per diem rate.

The Medicaid resident's maximum "room and board" payment is set by state regulation, and as of October 1, 2007, was increased to \$533/month from \$513/month. SLFs can also be certified as eligible food stamp vendors and receive these benefits for eligible residents. If a Medicaid resident's income is above \$623/month, then the amount over this threshold is applied as a Medicaid co-payment toward service expenses.

Under current Illinois law, with a Supportive Living Facility certification, the State of Illinois will provide an ongoing stream of Medicaid-related funding to these Projects to pay the costs for Medicaid-eligible residents.

The objective of the SLF Program is to reduce the State's Medicaid expenditures. SLF Facilities can reduce daily Medicaid reimbursement rates from \$100/day to \$60.23/day in certain regions. Approximately 32% of current SLF residents have relocated from a nursing home. Illinois currently has 89 open and operating SLF's (providing over 6,000 apartments), with approximately 58 additional facilities approved according to the State's SLF website as of 12/27/2007 (www.slfillinois.com).

Accessibility: As new construction projects, both the Anna and Marion SLFs must comply with the Americans with Disabilities Act ("ADA"). Accordingly, all public areas of the facility will comply with ADA.

Additionally, because the facility will cater to seniors, each 50-unit property will feature three (3) fully handicapped accessible units and the remaining 47 units will be handicapped adaptable.

- Doorways wide enough to accommodate wheelchairs and walkers
- Door handles throughout equipped with levers, rather than doorknobs
- Bathrooms sufficiently wide to allow a wheelchair to turn 360 degrees
- Bathrooms will have grab bars
- Bathrooms will be readily convertible from handicapped adaptable to handicapped accessible replacing the bathroom vanity with a sink that features a knee cavity

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 8, 2008

Project: **Kent Sorrells**

STATISTICS

Project Number:	A-LL-TX-7254	Amount:	$275,000
Type:	Participation Loan	IFA Staff:	Eric Reed
County/Region:	Montgomery/Central		

BOARD ACTION

Approval to purchase Participation Loan from First National Bank in Litchfield

IFA Funds contributed: $275,000

Material changes from Preliminary: N/A

Extraordinary conditions: None

Staff Recommendation: Approval subject to all bank terms and conditions

VOTING RECORD

No prior voting record.

PURPOSE

Loan proceeds will be used to finance the purchase of a new barge for transporting grain.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

N/A

JOBS

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

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA Participation:	$275,000	Uses:	Equipment	$550,000
	FNB Litchfield:	275,000		**Total**	**$550,000**
	Total	**$550,000**			

FINANCING SUMMARY/STRUCTURE

Security:	The proposed loan will be secured by a ***Parri passu*** shared lien position with a blanket lien on all equipment.
Structure:	The subject loan will have a 10-year term and will be fully amortized over the 10-year period with quarterly P & I.
Interest Rate:	See confidential section
Interest Mode:	Fixed
Credit Enhancement:	None
Maturity:	10 years
Rating:	N/A
Estimated Closing Date:	May 8, 2008

PROJECT SUMMARY

The bank will originate a new loan in the amount of $550,000 to finance the purchase of new barge. The bank will have a lien on the new equipment, as well as a used barge. IFA will participate in 50% of the loan amount.

BUSINESS SUMMARY

Description of Business:	Independently owned/operated grain elevator
Project Rationale:	The proposed financing will allow the borrower to expand his barge rental business. Due to the other financings that First National Bank has with the borrower and his related businesses, the bank must participate out a portion of his loan to comply with legal lending limits.
Timing:	Project is estimated to close with 120 days.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant:	Kent Sorrells
Project Location:	Raymond, IL
Borrower:	Kent Sorrells
Tenant:	N/A
Ownership:	Sole-Proprietorship

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	N/A		
Accountant:	Pehlman & Dold P.C.	Springfield	
Bank Counsel:	N/A		
Lender:	First National Bank	Litchfield	Kevin Neuman, VP
IFA Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott
IFA Counsel:	Dykema Gossett PLLC	Chicago	Gregory Wright

LEGISLATIVE DISTRICTS

Congressional:	John Shimkus-19th
State Senate:	Deanna Demuzio-49th
State House:	Gary Hannig-98th

SERVICE AREA

N/A

BACKGROUND INFORMATION

Kent Sorrells owns and operates with his father, Sorrells Farm Supply in Raymond. The family company, which has been in business for over 25 years, is a diversified business that buys and sells grain, sells fertilizer and chemicals, and also operates a trucking company. In 2003, Kent decided to diversify further by purchasing barge, which is leased to and operated by a third party firm. By operating the barge, the Sorrells are able to more easily transport various agricultural products through the Illinois, Mississippi, and Ohio River systems. The barge also improves their efficiency in purchasing various agricultural inputs.

Because the first barge purchased by Kent has been so successful, he has decided to purchase another one. Barge rates have continued to increase over the past year due to increased steel prices and increased demand for grain exports.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 8, 2008

Project: Superior Manufacturing Group, Inc. and/or its Affiliates, Successors, and Assigns

STATISTICS

Project Number:	I-ID-TE-CD-7247	Amount:	$7,850,000 (not-to-exceed)
Type:	Industrial Revenue Bond	IFA Staff:	Steve Trout
Location:	Bedford Park	County:	Cook
SIC Code:	3069 Manufacturing Rubber Prod	Region:	Northeast

BOARD ACTION

Preliminary Bond Resolution	
No IFA funds at risk	No extraordinary conditions
Staff recommends approval	Conduit Industrial Revenue Bonds

VOTING RECORD

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

PURPOSE

To finance or reimburse costs incurred: 1) to acquire land and a 241,280 sq foot industrial building located at 5655 W. 73rd Street Bedford Park, 2) to renovate the building and acquire and install machinery and equipment to manufacture molded rubber products, and 3) pay legal and other professional costs.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

An allocation of 2008 Volume Cap is required to issue of Bonds for the Project. The Borrower is seeking an allocation of Bedford Park's 2008 Cap (approximately $48,790 based on the Village's population of 574 according to the 2000 Census).

JOBS

Current employment:	120	Projected new jobs:	22 (within 2 years)
Jobs retained:	120	Construction jobs:	N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IRB	$7,850,000	Uses:	Project Costs	$8,250,000
	Equity	510,000		Legal and Professional	$110,000
	Total	**$8,360,000**		**Total**	**$8,360,000**

Equity will be contributed by Superior Manufacturing from cash on hand.

FINANCING SUMMARY/STRUCTURE

Security:	1) A first mortgage in the subject real estate, 2) a perfected first security interest in the machinery and equipment financed, and if the limited liability company is the borrower 3) an assignment of rents and leases and 4) a corporate guarantee from Superior Manufacturing.
Structure:	Industrial Revenue Bonds to be enhanced by direct-pay letter of credit issued by Fifth Third.
Interest Rate:	The bonds are expected to be issued Variable Rate Demand Notes, with interest rates initially reset every seven days.
Credit Enhancement:	If rated the Bonds would be rated based on Fifth Third's letter of credit. Bond secured by a Fifth Third letter of credit are currently rated Aa/AA. A decision on whether to seek a rating will be made based on market conditions prior to issuance.
Maturity:	Approximately 20 years
Closing Date:	First quarter of 2008.

PROJECT SUMMARY

Bond proceeds, together with equity contributed by Superior Manufacturing, will be used to finance or reimburse costs incurred: 1) to acquire land and a 241,280 sq foot industrial building located at 5655 W. 73rd Street Bedford Park, 2) to renovate the building and acquire and install machinery and equipment to manufacture molded rubber products, and 3) pay legal and other professional costs. Project costs are estimated as follows:

Land Acquisition	$250,000
Building Acquisition	5,500,000
Rehabilitation	500,000
New Equipment	1,350,000
Used Equipment	650,000
Total	$8,250,000

BUSINESS SUMMARY

Description: Superior Manufacturing Group, Inc. ("Superior Manufacturing" of "the Borrower") is an Illinois S-Corporation. Superior Manufacturing manufactures and distributes floor mats and related industrial products in the United States, Europe, Mexico, Canada, Japan and Australia. The Borrower operates manufacturing and distribution facilities in Illinois, Georgia, and Mississippi. Superior Manufacturing also operates through a wholly owned subsidiary, a sales and distribution facility in Barendrecht, Netherlands.

The Borrower expected to create a limited liability company to owned and finance the real estate and lease it to Borrower. The obligor may be Superior Manufacturing, the limited liability company or both entities.

Background: Established in 1946 by Charles J. Wood, Superior Manufacturing Group, Inc. has grown from a modest manufacturing & repair shop to a leading manufacturer of floor matting products worldwide. Key milestones in the Borrower's development include:

- 1982 purchased Master Mat and became a manufacturer of carpet mats.
- 1987 purchased injection molding business to enter industrial anti fatigue mat business
- 1995 constructed manufacturing facility in Moselle MS to expand manufacturing capabilities and also acquired a company to being the manufacturing of rubber floor mats
- 2000 started business in Europe to distribute a full line of floor mats.
- 2001 acquired Akro mat, a competitor, to expand market penetration
- 2007 acquired food service divisions of Teknor Apex to futher expand the business.

Project Rationale: Since the mid-1980s a series of acquisitions to enter new markets and expansions to enlarge its service area has fostered significant growth. Management anticipates that Superior

Manufacturing's entry into the food service industry will accelerate growth. Management is seeking to expand the company's production facilities to meet demand.

OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

Applicant:	Superior Manufacturing Group, Inc. 7171 W. 65th Street Chicago, Illinois 60638 Contact: Eugene R. Pollastrini CFO – 708/458.4600ext140
Location:	5655 W. 73rd Street, Bedford Park, IL cook
The Borrower:	Superior Manufacturing Group and/or a limited liability company to be formed
Ownership:	Superior Manufacturing:

John Wood	25%
Charles Wood	25%
Michael Wood	25%
Robert Wood	25%

PROFESSIONAL & FINANCIAL

General Counsel:	Much Shelist	Chicago	Scott David
Accountant:	Blackman Kallick	Chicago	Alan Alport
Bond Counsel:	Jones Day	Chicago	Rich Tomei, Bob Capizzi
Bond Underwriter:	Fifth Third Securities	Chicago	Doug DeAngelis
Letter of Credit Bank	Fifth Third	Rolling Meadows	
IFA Counsel:	Burkes, Burns, & Pinelli	Chicago	Steve Welcome
IFA Financial Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

US Congress	Daniel William Lipinski - 3rd, US Representative
IL Senate	Louis S. Viverito1- 1st, State Senator
IL House	Michael J. Madigan - 22nd, State Representative

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors

FROM: Pam Lenane and Dana Sodikoff

DATE: December 19, 2007

RE: Amendatory Resolution for Beloit Memorial Hospital, Inc. 2006A IFA Bonds

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Background: In 2006, Beloit Memorial Hospital, Inc. ("Beloit") issued $41,000,000 in Auction Rate Insured Bonds through the Illinois Finance Authority. These Series 2006A bonds were insured by Radian Asset Assurance, Inc. ("Radian").

Early on in the subprime mortgage crisis, Radian was one of the first bond insurer's to receive a ratings downgrade when Fitch Investor Services ("Fitch") downgraded Radian's credit rating from "AA" to "A+". (S&P and Moody's have both recently reaffirmed Radian's rating at "AA/Stable"). Because of what is now seen by many industry professionals as an early rush to judgment by Fitch in downgrading Radian, and because of an overall negative market bias toward Auction Rate Insured securities, Beloit has been experiencing higher interest rate costs.

In order to bring their interest rate costs down, Beloit is seeking to convert their Auction Rate Bonds to Weekly Variable Rate Bonds. Weekly Variable Rate Debt requires a Letter of Credit to provide liquidity, and therefore, Beloit has secured an irrevocable direct pay Letter of Credit from J.P. Morgan Chase Bank, N.A. The Radian insurance is still in effect for the bonds, and as previously mentioned, Radian's ratings by S&P and Moody's have both been recently reaffirmed at "AA/Stable".

In connection with these proposed changes, Beloit is seeking IFA Board approval to:

(1) Convert the Bonds from an Auction Rate Period to a Weekly Rate Period;
(2) Add the JP Morgan Chase Bank, N.A. Letter of Credit: and
(3) Amend the relevant bond documents as necessary to reflect these changes.

RESOLUTION NUMBER 2008-01-01

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

WHEREAS, on June 29, 2006 the Authority issued its $41,100,000 Variable Rate Revenue Bonds, Series 2006A (Beloit Memorial Hospital, Inc.) (Auction Rate Securities) (the "Bonds") and loaned the proceeds thereof to Beloit Memorial Hospital, Inc. (the "Borrower"), a Wisconsin nonprofit corporation qualified to do business in the State of Illinois, to assist the Borrower in providing the funds necessary to (i) finance the cost of the acquisition, construction, renovation and equipping of certain health facilities of the Borrower, including the cost of purchasing land for, and constructing and equipping, a new wellness center and assisted living facility in Roscoe, Illinois, (ii) pay a portion of the interest on the Bonds, (iii) fund a debt service reserve fund, and (iv) pay certain related expenses, including the premium for the financial guaranty insurance policy of Radian Asset Assurance Inc. ("Radian") (collectively the "Financing Purposes"), all as permitted by the Act; and

WHEREAS, the credit assigned by Fitch Investors Service to Radian has been reduced from "AA" to "A+", resulting in an increased interest cost to the Borrower; and

WHEREAS, the Borrower expects to deliver to the Bond Trustee (as hereinafter defined) an irrevocable direct pay letter of credit (the "Letter of Credit") provided by JPMorgan Chase Bank, N.A. (the "Bank") to further secure the Bonds; and

WHEREAS, in connection with the delivery of the Letter of Credit by the Bank, the Borrower intends to effect a conversion of the Bonds from an Auction Rate Period to a Daily Rate Period (each as defined in the hereinafter referred to Amended Bond Indenture); and

WHEREAS, in connection with the delivery of the Letter of Credit it is necessary and advisable to amend and restate the Bond Trust Indenture dated as of June 1, 2006 (the "Original Bond Indenture") between the Authority and The Bank of New York Trust Company, National Association, as bond trustee (the "Bond Trustee") and the Loan Agreement dated as of June 1, 2006 (the "Original Loan Agreement") between the Authority and the Borrower; and

WHEREAS, drafts of the following documents are hereby presented to the Authority at this meeting and attached to this Resolution (collectively, the "Authority Documents"):

(a) Amended and Restated Bond Trust Indenture (the "Amended Bond Indenture") between the Authority and the Bond Trustee, amending and restating the Original Bond Indenture, a form of which is attached hereto as Exhibit A;

(b) Amended and Restated Loan Agreement (the "Amended Loan Agreement") between the Authority and the Borrower, amending and restating the Original Loan Agreement, a form of which is attached hereto as Exhibit B;

Whereas, in connection with the issuance of the Bonds, the following additional documents will be executed and delivered by parties other than the Authority (collectively, the "Additional Transaction Documents"):

(a) a reoffering circular supplementing the Official Statement originally used to offer the Bonds, a form of which is attached hereto as Exhibit C, describing the terms of the Bonds during a Daily Rate Period and the terms of the delivery of the Letter of Credit, with such changes as approved by an Authorized Officer (as hereinafter defined) prior to the delivery thereof; and

(b) Third Supplemental Master Trust Indenture supplementing and amending the Master Trust Indenture dated as of June 1, 2006 (the "Master Indenture") among the Borrower, Beloit Memorial Hospital Foundation, Inc. and The Bank of New York Trust Company, National Association, as master trustee (the "Master Trustee"), a form of which is attached as Exhibit D hereto, providing for, among other things, the issuance thereunder of the Series 2008 Obligation to the Bank; and

(c) Direct Note Obligation, Series 2008 (JPMorgan Chase Bank, N.A.) of the Borrower (the "Series 2008 Obligation").

Now, Therefore, Be It Resolved by the Illinois Finance Authority as follows:

Section 1. Authority Documents. The Authority does hereby authorize and approve the execution by its Chairperson, Vice Chairperson, any of its other Members, Executive Director, Treasurer or any officer or employee designated by the Executive Director (each an "Authorized Officer") and the delivery and use of the Authority Documents. The Authority Documents shall be substantially in the forms attached hereto and hereby approved, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution to constitute conclusive evidence of such person's approval and the Authority's approval of any changes or revisions therein from the forms of such Authority Documents attached hereto, and to constitute conclusive evidence of such person's approval and the Authority's approval of the terms of the Bonds and the purchase thereof.

Section 2. Additional Transaction Documents. The Authority does hereby approve the form of the Additional Transaction Documents. The Additional Transaction Documents shall be in substantially the forms attached hereto and hereby approved, or with such changes therein as shall be approved by the Authorized Officer executing the Amended Loan Agreement, with such execution to constitute conclusive evidence of such person's approval and the Authority's approval of any changes or revisions therein from the forms of the Additional Transaction Documents attached hereto.

Section 3. Approval of Conversion. Based solely upon the request and direction of the Borrower, the Authority approves the conversion of the Bonds from an Auction Rate Period to a Daily Rate Period (as such terms are defined in the Bond Indenture).

Section 4. Authorization and Ratification of Subsequent Acts. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents (including without limitation the execution and delivery of a document setting forth the agreements and certifications of the parties thereto relating to certain federal tax matters) as may be necessary to carry out and comply with the provisions of these resolutions, the Authority Documents and the Additional Transaction Documents, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the Authority Documents or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by the Executive Director or the Treasurer of the Authority, or in the event of the unavailability, inability or refusal of the Executive Director and the Treasurer to act, any two Members of the Authority, each of whom is hereby authorized, empowered, delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the applicable Authority Document.

ADOPTED this 15th day of January, 2008 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

____

Secretary

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors

FROM: Pam Lenane and Dana Sodikoff

DATE: December 31, 2007

RE: Amendatory Resolution for Adventist Health System 2000B IDFA/IFA Bonds

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In 2000, Adventist Health System ("Adventist") issued $60,000,000 in Auction Rate Insured Bonds through the Illinois Development Finance Authority (a predecessor authority to the Illinois Finance Authority). The Bonds are insured by MBIA Insurance Corp. ("MBIA").

The rating of MBIA was recently reaffirmed by S&P at "AAA", but their outlook was changed to "Negative" from "Stable". Because of the subprime mortgage crisis, the downgrades of several bond insurance companies, and an overall negative market bias toward Auction Rate Insured securities, Adventist has been experiencing higher interest rate costs.

In order to bring their interest rate costs down, Adventist is seeking to convert the interest rate on the Bonds from their current auction mode to either a variable rate mode with a liquidity facility provided by a bank with the highest short-term rating from at least one rating agency (or less if deemed advisable by the financial advisor to the Authority) or to a fixed rate mode. (Adventist's long-term ratings are S&P "A+"/Moody's "A1"/Fitch"AA-"). The MBIA insurance policy will remain in effect for the Bonds and MBIA must consent to any such change in interest rate mode pursuant to the provisions of the existing bond documents.

In connection with these proposed changes, Adventist is seeking IFA Board approval to:

(1) Convert the interest rate mode on the Bonds from an auction mode to either a variable rate mode or fixed rate mode to be hereafter determined by Adventist;
(2) If the Bonds are converted to a variable rate mode, provide for the delivery of a liquidity facility from a bank with the highest short-term rating from at least one rating agency (or less if deemed advisable by the financial advisor to the Authority); and
(3) Execute, deliver and/or approve all documentation necessary or desirable in connection with the change in interest rate mode on the Bonds and/or the provision of a liquidity facility to support the Bonds if they are changed to operate in a variable rate mode.

RESOLUTION NUMBER 2008-01-02

RESOLUTION APPROVING THE RESTRUCTURING OF $60,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ILLINOIS DEVELOPMENT FINANCE AUTHORITY REVENUE BONDS (ADVENTIST HEALTH SYSTEM/SUNBELT OBLIGATED GROUP), SERIES 2000-B, AUCTION RESET SECURITIES (ARS), AND AUTHORIZING THE EXECUTION, DELIVERY AND/OR APPROVAL OF CERTAIN DOCUMENTATION RELATED TO SUCH RESTRUCTURING.

WHEREAS, the Illinois Finance Authority (the "Authority") has been created pursuant to the Illinois Finance Authority Act, 20 *ILCS* 3501/801-1 *et seq.*, as supplemented and amended (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is the successor to the Illinois Development Finance Authority ("IDFA"); and

WHEREAS, on May 22, 1997, IDFA issued its Illinois Development Finance Authority Variable Rate Demand Revenue Bonds, Series 1997-A (Adventist Health System/Sunbelt Obligated Group) (the "Series 1997-A Bonds"), in the original aggregate principal amount of $128,365,000, for the benefit of Adventist Health System/Sunbelt, Inc., a Florida not-for-profit corporation ("Sunbelt"), under and pursuant to the Trust Indenture dated as of May 1, 1997 (the "Original Indenture"; the Original Indenture, as supplemented and amended by the hereinafter defined First Supplemental Indenture and Second Supplemental Indenture, being referred to herein as the "Indenture"), between the Authority, as successor to IDFA, and U.S. Bank National Association (successor to SunTrust Bank, Central Florida, National Association), a national banking association, as trustee (the "Trustee") (capitalized terms used but not defined herein to have the meanings set forth in the Indenture); and

WHEREAS, the regularly scheduled payments of principal and interest on the Bonds are insured by a financial guaranty insurance policy issued by MBIA Insurance Corporation; and

WHEREAS, on May 11, 2000, $60,000,000 in aggregate principal amount of the Series 1997-A Bonds were converted into PARS Rate Bonds (as defined in the Original Indenture) and reissued as "Revenue Bonds, Series 2000-B (Adventist Health System/Sunbelt Obligated Group) Periodic Auction Reset Securities (PARS^{SM})" (such bonds, as re-designated in accordance with the Second Supplemental Indenture, being referred to herein as the "Bonds"); and

WHEREAS, to facilitate such conversion, the Original Indenture was supplemented and amended pursuant to the First Supplemental Trust Indenture dated as of April 1, 2000 (the "First Supplemental Indenture"), between the Authority, as successor to IDFA, and the Trustee; and

WHEREAS, in connection with such conversion, IDFA, Sunbelt, the Trustee and The Bank of New York, as Auction Agent (the "Auction Agent"), entered into an Auction Agreement dated as of April 1, 2000, and IDFA, Sunbelt, the Auction Agent and Goldman, Sachs & Co., as

Broker-Dealer ("Goldman"), entered into a Broker-Dealer Agreement dated as of April 1, 2000; and

WHEREAS, on January 25, 2005, J.P. Morgan Securities Inc. ("J.P. Morgan") replaced Goldman as Broker-Dealer for the Bonds pursuant to a Broker-Dealer Agreement dated as of January 1, 2005 (the "Existing Broker-Dealer Agreement"), among the Authority, Sunbelt, the Auction Agent and J.P. Morgan; and

WHEREAS, in connection with the appointment of J.P. Morgan as Broker-Dealer for the Bonds, the Authority and the Trustee entered into the Second Supplemental Trust Indenture dated as of January 1, 2005 (the "Second Supplemental Indenture"), supplementing and amending the Original Indenture, as theretofore supplemented and amended; and

WHEREAS, the Second Supplemental Indenture provides, among other things, that references in the Original Indenture and the First Supplemental Indenture to the terms "PARS Rate," "PARS Rate Bonds" and "Periodic Auction Reset Securities (PARS^{SM})," including references to such terms in the Bonds, shall be deemed to read "ARS Rate," "ARS Rate Bonds" and "Auction Reset Securities (ARS)"; and

WHEREAS, Sunbelt has requested that the Authority approve the following options for restructuring the Bonds (the "Options"):

(a) the conversion of all or a portion of the Bonds to Variable Rate Bonds in one or more other Rate Periods, including a Weekly, One Month, Six Month, One Year or Multiple Year Rate Period and a Fixed Rate Period;

(b) in the event that all or a portion of the Bonds are converted to Variable Rate Bonds (other than Bonds bearing interest at a Fixed Interest Rate), the provision of one or more Liquidity Facilities for such Bonds;

(c) in the event that all or a portion of the Bonds are converted to Variable Rate Bonds (other than Bonds bearing interest at a Fixed Interest Rate) and Sunbelt appoints one or more Remarketing Agents, the execution and delivery of one or more Remarketing Agreements (the "Remarketing Agreements") between Sunbelt and each such Remarketing Agent; and

(d) in the event that all or a portion of the Bonds continue to bear interest at the ARS Rate and Sunbelt appoints one or more Broker-Dealers in addition to J.P. Morgan, the execution and delivery of one or more Broker-Dealer Agreements (the "Additional Broker-Dealer Agreements") among the Authority, Sunbelt and each such additional Broker-Dealer in substantially the form of the Existing Broker-Dealer Agreement, with such revisions as may be necessary or desirable in order to conform such form to current ARS procedures; and

WHEREAS, the Options for restructuring the Bonds would be selected at the time the restructured Bonds are offered to the public for sale and would depend upon the condition of the capital markets at that time; and

WHEREAS, it is now necessary and desirable for the Authority to approve the selection of one or more Options for restructuring the Bonds; and

WHEREAS, it may be necessary or desirable for the Authority to execute and deliver one or more supplemental trust indentures (the "Additional Supplemental Indentures") between the Authority and the Trustee, supplementing and amending the Indenture, in order to implement the restructuring of the Bonds or to conform the Indenture to current ARS procedures; and

WHEREAS, it may be necessary or desirable for new Bond forms to be prepared in connection with the restructuring of the Bonds; and

WHEREAS, it may be necessary or desirable for the Authority to execute and deliver one or Purchase Contracts (the "Purchase Contracts") with the purchasers of the restructured Bonds; and

WHEREAS, it may be necessary or desirable for one or more Remarketing Circulars (the "Remarketing Circulars") to be prepared and distributed with respect to the restructured Bonds;

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

Section 1. That the Authority hereby approves all of the Options for restructuring the Bonds; and that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority (and for purposes of this Resolution, any person duly appointed to any such office on an interim basis) be, and each of them hereby is, authorized, empowered and directed to execute, deliver and/or approve, as applicable, 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, as required, to, all documents and instruments as shall be necessary or desirable in order to implement such restructuring, including, but not limited to, new forms of the Bonds, Additional Supplemental Indentures, Remarketing Agreements, Additional Broker-Dealer Agreements, Purchase Contracts, Reoffering Circulars and Liquidity Facilities; *provided, however,* that all such documents and instruments shall be prepared by or be acceptable to counsel to the Authority and/or Chapman and Cutler LLP, bond counsel to the Authority; and *provided, further,* that if deemed advisable by the financial advisors to the Authority, the provider of each Liquidity Facility shall have been assigned the highest short-term rating by a nationally recognized statistical rating organization.

Section 2. That the Chairman, the Vice Chairman, the Treasurer, the Executive Director, the Secretary, any Assistant Secretary (and for purposes of this Resolution, any person duly appointed to any such office on an interim basis) and any other officer of the Authority be, and each of them hereby is, authorized to execute, deliver and/or approve such documents, certificates and undertakings of the Authority and to take such other actions as may be required in connection with the restructuring of the Bonds and the execution, delivery, performance and/or approval of the documents and instruments referred to in Section 1 of this Resolution.

Section 3. 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 4. 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 5. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

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

ADOPTED this 15th day of January, 2008 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

____

Secretary

To: Members of the Illinois Finance Authority Board

From: Steven Trout, Chief Credit Officer

Date: December 17, 2007

Re: **Request to Amend Preliminary Resolutions Adopted December 18, 2007 to Increase the Bonding Amounts for Lively Grove Energy Partners, LLC, Prairie Power, Inc. and Southern Illinois Power Cooperative**

The Board gave its preliminary approval to issue up to $40 million in Solid Waste Disposal Bonds for three owners in the Prairie State Energy Campus, a 1,600 megawatt coal power project located in Washington County. This request was approved to permit the applicants to use bond proceeds to reimburse themselves for qualifying project costs incurred since construction began in October 2007.

That action approved issuance of bonds for only part of the applicants requests. The applicants are seeking authority to issue up to $160 million in Bonds. Staff and the Governors Office approved only part of the request pending review of supply and demand of Carry Forward Volume Cap allocated to the issuance of Solid Waste Disposal Bonds. Staff is now recommending approval for the full amount of each applicants' request.

The Authority is prepared to allocate $100 million of Volume Cap to these three applicants, with the amount of Cap to be allocated based on the Applicants' respective share of ownership in the Prairie State project. To issue Bonds in excess of the allocation of Cap from the IFA, each applicant will be required to procure Cap from other others, such as units of local government. The request for each applicant is summarized below.

	Lively Grove Energy Partners	Priairie Power, Inc.	Southern Illinois Power Cooperative
Amount Preliminarily Approved on 12/18/07	$13,3333,333	$13,333,334	$13,333,333
Amount Requested and Recommended by Staff for Approval	$ 41,491,000	$ 61,400,000	$ 56,811,650
Ownership Stake in Prairie State Project	5.90%	8.22%	7.90
Share of Ownership Amongst Applicants	26.794%	37.330%	35.876%
Recommended Cap Allocation	$26,794,000	$37,330,000	$35,876,000
Amount of Cap Required from Other Sources to Bond for 100% of the Request	$14,697,000	$24,070,000	$20,935,650

To: Members of the Illinois Finance Authority Board

From: Steven Trout, Chief Credit Officer

Date: December 17, 2007

Re: **Request to Amend Preliminary Resolutions Adopted December 18, 2007 to Authorize the Issuance of Up to $41,491,000 in Bonds for Lively Grove Energy Partners, LLC (SUBJECT TO GOMB APPROVAL)**

The Board gave its preliminary approval to issue up to $40 million in Solid Waste Disposal Bonds for three owners in the Prairie State Energy Campus, a 1,600 megawatt coal power project located in Washington County. This request was approved to permit the applicants to use bond proceeds to reimburse themselves for qualifying project costs incurred since construction began in October 2007.

That action approved issuance of bonds for only part of the applicants' requests. The applicants are seeking authority to issue up to $160 million in Bonds. Staff and the Governors Office approved only part of the request pending review of supply and demand of Carry Forward Volume Cap allocated to the issuance of Solid Waste Disposal Bonds. Staff is now recommending approval for the full amount of each applicant request.

The Authority is prepared to allocate $100 million of Volume Cap to these three applicants, with the amount of Cap to be allocated based on the Applicants' respective share of ownership in the Prairie State project. **Staff is recommending an allocation of $26,794,000 of IFA Volume Cap for this project.**

Lively Grove would be required to procure Cap from other sources, such as units of local government, to issue Bonds for an amount in excess of its allocation of Cap from the IFA. The request for Lively Grove is summarized below.

	Lively Grove Energy Partners, LLC
Amount Preliminarily Approved on 12/18/07	$13,333,334
Amount Requested and Recommended by Staff for Approval	$ 41,491,000
Ownership Stake in Prairie State Project	5.90%
Share of Ownership Amongst Applicants	26.794%
Recommended Cap Allocation	$26,794,000
Amount of Cap Required from Other Sources to Bond for 100% of the Request	$14,697,000

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 11, 2007

Project: **Lively Grove Energy Partners, LLC**

STATISTICS

Project Number:	P-SW-TE-CD-7222	IFA Staff:	Steven Trout
Type:	Solid Waste Disposal Facilities Bond	Amount:	$42,000,000 (not to exceed)
Location:	Lively Grove Township (Washington County, Southwestern Region)		
SIC Code:	22112: Fossil Fuel Electric Power Generation		

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Solid Waste Disposal Facilities Revenue Bonds
No IFA or State funds at risk
Staff recommends approval

PURPOSE

Bond proceeds, together with equity contributed by the Borrower's parent, will be used to finance and reimburse Lively Grove Energy Partners, LLC for its share of costs to: 1) acquire a 2,971 acre site located at the intersection of Marigold and County Line Road 12 in Lively Grove Township, 2) construct a 1,600 megawatt power generation facility, 3) acquire and install machinery and equipment, and 4) capitalize a debt service reserve fund and 5) pay associated legal and professional costs.

IFA PROGRAM AND CONTRIBUTION

Solid Waste Disposal Facilities Revenue Bonds ("SWDBs") are municipal bonds that finance qualifying, privately-owned facilities that are used in whole or in part to collect, store, treat, transport, utilize, process or provide for the final disposal of solid waste. Interest earned on these bonds is exempt from federal income tax liability.

VOLUME CAP

Issuance of the Bonds is subject to an allocation of Volume Cap.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE)

Sources:	Solid Waste Bonds	$41,491,000	Uses:	Project Costs	$185,568,000
	Equity	205,067,000		Debt Service Reserve	2,850,000
				Interest During Construction	57,000,000
				Bond Issuance Costs:	1,140,000
	Total	$246,558,000		Total	$246,558,000

The Borrower's parent, Peabody Energy Corporation plans to contribute equity to finance the balance of Lively Grove's share of project costs. The contribution will be made from cash on hand and, if required, from Peabody's revolving credit facilities.

JOBS

Current employment:	0	Projected new jobs *:	180
Jobs retained:	0	Construction jobs *:	833

* Based on one-third of the total estimated new mining and plant jobs and construction jobs for the Prairie State Energy Campus. The job estimates for the Project are allocated between three IFA financing applicants (Lively Grove, and two rural electric power cooperatives, Prairie Power, Inc. and Southern Illinois Power Cooperative) to avoid double-counting.

BUSINESS SUMMARY

Description: Lively Grove Energy Partners, LLC ("Lively Grove") is Delaware Limited Liability Company that was established in May 2007 to own a portion of the Prairie State Energy Campus Project ("Prairie State", "the Plant" or "the Project"). Lively Grove is 100% owned by Peabody Electricity, LLC, a Limited Liability Company that was established to develop the Project. Peabody Electricity, LLC is 100% owned by Peabody Energy Corporation, a Delaware corporation that is headquartered in St. Louis and is listed on the New York Stock Exchange (ticker: btu). Management noted that in the Corporation's Form 10-K filing with the SEC that Peabody Energy is the world's largest private sector coal company, with 2006 sales of $5.3 billion and 247.6 million tons of coal to over 400 electricity generating and industrial plants in 20 countries.

Parent Support: Peabody Energy Corporation is planning to guarantee payment on the Bonds as well as contribute equity to fund the balance of Lively Grove Energy Partners, LLC's share of costs for the Project. Peabody Energy Corporation currently had ratings of BB/Stable from Standard & Poor's Corporation and BB+/Stable from Fitch IBCA.

Management: *Colin Kelly*, President, Lively Grove Energy Partners, LLC, has many years of power plant development experience. From 1998 to 2001, he served as Vice President, Business Development for ExxonMobil Corporation, where he was responsible for the development of co-generation and independent public power projects in Europe, and central Asia. In addition, Colin negotiated a joint development agreement between Enel and ExxonMobil. He also served as VP of Engineering/Construction for two co-gen/desalination projects in Saudi Arabia totaling over $4 billion. Prior to that position, Colin was a Director in Business Development from 1996-1998, where he was responsible for co-gen and IPP business development in Europe and Central Asia. Prior to ExxonMobil, Mr. Kelly worked in various positions at Edison Mission Energy. From 1995-1996, Colin was an Executive Director. His primary responsibility was managing the operations of a coal waste project. He also served as a Project Manager from 1992-1995, where he managed a 1200 MW coal project, a 360MW coal project, 240MW CCGT, 160MW IGCC and an 80MW coal waste project. Colin also was a Project Engineer for the latter 80 MW coal waste project from 1990-1992.

Rick Bowen, President of Peabody Energy's Generation and BTU Conversion group and Vice President of Lively Grove Energy Partners, LLC, has extensive senior management experience in the energy and power industries. Prior to joining Peabody Energy, Rick worked for Dynegy Inc., and its predecessor, Destec Energy in a number of Vice President and Senior Vice President positions. His responsibilities included the development of 9 new gas power facilities ranging in size from 300 to 900 MW (totaling 4,000 MW with a budget over $1.5 billion), the acquisition of 6 gas fired power facilities totaling over 1,800 MW worth $470 million, and the acquisition of 3,000 MW of coal and fuel oil fired plants worth approximately $900 million.

The Project: The Prairie State Energy Campus will be a $3.7 billion, 1,600 megawatt supercritical power plant that will be fueled by a new 5.9 Muy underground coal mine next to the project site. The developers believe that the Project represents the next generation of clean electricity from coal, delivering low-cost energy to more than 1.7 million families and fueling business growth in the Midwest.

Emissions Controls: The developers believe that the plant will be among the nation's cleanest coal-fueled plants, with as little as one-fifth the regulated emission rates of existing U.S.power plants. They anticipate that Prairie State will be the cleanest coal plant in Illinois and among the cleanest in the United States. They believe that its advanced scrubbing systems will provide the highest removal rate of any permitted plant, and note that Prairie State will be equipped with three particulate removal systems, versus one in most plants. The developers anticipate that the use of 21st century technologies will enable Prairie State to achieve emissions that are one-fifth the regulated emission rates of U.S. coal plants. They expect that the plant's carbon dioxide emission rate would be approximately 15 percent lower than the typical U.S. coal plant. Major emissions control systems include:

Low NOx burners
Activated Carbon Mercury control
Selective catalytic reduction
Dry electrostatic precipitators
Flue gas desulfurization
Wet electrostatic precipitators (new for the US and a first in Illinois).

Prairie State will utilize four major solid waste disposal systems: fly ash handling system, bottom ash handling system, FGD waste handling system, and FGD waste water treatment system. The systems are comprised of conveyors, hoppers, bins, and other equipment used to dispose of solid waste. In addition, 621 acres of land will be dedicated to contain solid waste.

Community Support: Peabody Energy has been active in promoting the Project and its benefits for many years. Peabody Energy officials believe that Prairie State enjoys widespread community support in Southern Illinois, based on the Project's ability to generate low-cost electricity, create economic progress and protect the environment. They site surveys conducted that indicate more than 80 percent of local residents who consider themselves environmentalists support the project.

Ownership: Prairie State will be a hometown energy supplier to hundreds of rural communities from Missouri to Virginia that are served by its equity partners. The Project is fully subscribed by equity partners, all of which have issued corporate guarantees for their individual shares of the Project. The Prairie State Generating Company's ownership structure is as follows:

American Municipal Power-Ohio	23.26%
Illinois Municipal Electric Agency	15.17%
Indiana Municipal Power Agency	12.64%
Missouri Joint Municipal Electric Utility Commission	12.33%
Prairie Power, Inc.	*8.22%*
Southern Illinois Power Cooperative	*7.90%*
Kentucky Municipal Power Agency	7.82%
Northern Illinois Municipal Power Agency	7.60%
Lively Grove Energy Partners, LLC (Peabody Energy)	*5.06%*

Each partner will be required to contribute its prorata share of project costs. Lively Grove, Prairie Power, Inc., and Southern Illinois Power Cooperative each hope to finance a portion of their respective shares of the Project through the Authority's issuance of Solid Waste Disposal Bonds.

American Municipal Power-Ohio ("AMP-OHIO") is an Ohio nonprofit corporation that was established in 1971 to own and operate electric facilities or otherwise provide for the generation, transmission and distribution of electric power and energy to its members. In 1988, AMP-Ohio purchased a 70 percent interest in a steam plant owned by Elkem Metals Company, located along the Ohio River near Marietta. The plant was originally constructed in the 1950s. In 1999, AMP-Ohio purchased the remaining interests in the plant, which now has a nameplate capacity of 213 megawatts. Over the years, the organization has invested in control technologies, including a continuous emissions monitoring system to reduce plant emissions. The plant's output helps meet a portion of the energy needs for 48 participating member municipal electric systems.

Illinois Municipal Electric Agency ("IMEA") is a joint municipal electric power agency acting on behalf of 31 member municipalities located in Illinois. IMEA's primary function is to provide wholesale electricity to its members which they resell on the retail market. Of its 31 members, 29 members purchase wholesales from the Agency. IMEA's goal is to power prices low and insulate members from high prices which are are increasingly prevalent in today's short-term market. IMEA is partnering with IMPA to build the Trimble County Unit 2 (TC2) (see description below).

Indiana Municipal Power Agency ("IMPA") is a a joint municipal electric power agency acting on behalf of 51 member municipalities located in Indiana. IMPA was created by group of munipally owned electric utilities to share power and provide electricity more economically to their customers. As a not-for-profit agency owned by its members, IMPA seeks to provide power that is low-cost, reliable and environmentally responsible. IMPA and its members own 811 MW of generation and reached a peak demand of 1135 MW in 2006. The Agency is currently participating in the development and construction of an additional 300 MW of coal-fired generation through two major projects: Trimble County Station Unit #2 and the Prairie State Energy Campus. Trimble County Unit 2 (TC2) is a 750 MW coal-fired unit under construction in northern Kentucky at the site of the current Trimble County Station, which is jointly owned by IMPA, Louisville Gas & Electric and Illinois Municipal Power Agency. Bechtel is the EPC contractor for this state-of-the-art, supercritical pulverized coal-fired unit. The new unit will have lower permitted levels of sulfur dioxide and nitrogen oxides than any other existing or planned conventional coal unit in Kentucky. The new unit is expected to cost $1.1 billion and has a projected in-service date of mid 2010. The planned expansion will increase IMPA's baseload capacity by approximately 100 MW. With over 150 MW of coal-fired capacity, IMPA brings to the table a substantial amount of experience. In addition, IMPA is an owner in the following facilities:

Gibson Station, 3157 MW
Trimble County, 515 MW
Combustion Turbine facilities *(seven* total), 400 MW
Richmond Power & Light, 101 MW - coal-fired
Crawfordsville Electric Light & Power, 23 MW - coal-fired
Peru Utilities, 34 MW- coal-fired
Rensselaer Municipal Electric Department, 21 MW - duel-fueled and natural gas

Missouri Joint Municipal Electric Utility Commission ("MJMEUC"): MJMEUC is a joint action agency acting on behalf of *seven* participating municipalities, each of whom *have* entered into long-term purchase power agreements with MJMEUC to procure power from the plant to serve their respective power load requirements. MJMEUC has a 22% ownership interest in Plum Point, a new 665-megawatt electric generating station using a single pulverized coal fired boiler located in northeastern Arkansas.

Prairie Power, Inc. ("Prairie Power" or "PPI"): Prairie Power is a member-owned, not-for-profit electric generation and transmission cooperative, which produces and supplies electricity for 11 member distribution cooperatives in Illinois. PPI's distribution cooperatives provide retail electric service to 78,349 consumers within their local service territories. PPI is one of more than 60 generation and transmission (G&T) cooperatives that supply wholesale electric power to rural utilities in the United States. PPI owns and operates approximately 583 miles of transmission lines at 138 kV, 69 kV, and 34.5 kV; 22 MW of coal-fired base load generation; 154 MW of oil and gas-fired peaking units; and nearly 100 distribution and transmission substations to serve its members. A 22-megawatt, coal-fired baseload power plant located in Pike County, IL, along the Illinois River, Pearl Station – owned and operated by Prairie Power- first went on-line in 1968. In fiscal 2006, Pearl produced 162.100 megawatt-hours of electricity. Owned by PPI and operated by PPI staff, the Alsey Generating Station is a five-unit, natural gas-fired peaking complex located in Scott County, IL, near the Village of Alsey. The facility entered service in July 1999 and has a nameplate rating of 125 megawatts. (The units can also operate on fuel oil, if necessary.) The Alsey Station operates in conjunction with a private power company when it is more *cost-effective* to run the combustion turbines than purchase power from other providers. It is designed to run during periods of peak electric use. Since air permits for the facility limit emissions to no more than 250 tons of nitrogen oxide annually, operation is capped at 937 hours per year. Alsey generated 4,842 megawatt-hours during 2006. During times of peak electricity demand and system emergencies, PPI can call on a 20-megawatt oil-fired combustion turbine based at Pearl Station and 9 megawatts from five diesel units located at Pittsfield in Pike County, Ill. Typically, both facilities run less than 200 hours per year.

Southern Illinois Power Cooperative ("SIPC"): SIPC is located at the Lake of Egypt, just south of Marion and is the Project site's regional wholesale power supplier. In 1963, Southern Illinois Power Cooperative (SIPC) began producing electricity for three distribution cooperative members at its Marion plant, which then had a plant capacity was 99 megawatts (MW), far in excess of its members' requirements. The plant consisted of three 33 MW turbines, each powered by a cyclone boiler. A surge in demand in the 1970's threatened to exceed SIPC's plant capacity. To address this situation, SIPC began construction of a fourth generating unit, which came online in 1978 and provides 173 MW of generating capacity. Growth in membership has since enabled SIPC to completely refurbish the old units. The three old boilers were replaced with one circulating fluidized bed boiler, which is environmentally friendly and burns mostly carbon. When that boiler was under construction, SIPC also added additional pollution control equipment to Unit 4. These improvements allow SIPC to meet environmental standards and insure that the plant will continue to operate well into the future. Both units burn local coal and carbon.

In the past, SIPC relied on neighboring utilities to meet demand for electricity when it exceeded capacity. To reduce exposure to market fluctuations, SIPC built two natural gas-fired combustion turbines, which are used when market prices are high or incoming transmission lines are too congested to import power. SIPC repowered the existing coal-fired boiler Marion power plant, replacing three outdated and inefficient cyclone boilers with a single state-of-the-art boiler system. SIPC has a long-standing commitment to burn Illinois-mined coal, which comes from mines located within 50 miles of its plant site. The Cooperative operates one of just a handful of sulfur dioxide scrubbers in the state. The Marion Plant generally uses 1,200,000 tons of Illinois coal per year. The project will boost SIPC's consumption of Illinois coal by 30 to 40 percent.

Schedule: The Project's equity partners have given Bechtel Power Corporation, the Project's Engineering, Procurement Construction and Management Contractor (EPCM) notice to proceed to full-scale construction. Full-scale construction ramped up in October 2007 and will employ more than 2,000 workers at peak construction in the second half of 2009. The Project will also inject more than $660 million into the regional economy and $1.5 billion into the state economy during development. Units One and Two of the power plant are expected to come on line in August 2011 and May 2012. To adhere to this schedule, the partners submitted orders for equipment, including pollution control equipment. Lively Grove would like to finance its share of qualifying Project costs with the Bonds, which it hopes to close during the first half of 2008.

Development Team: *Bechtel Power Corporation* has been selected as the Engineering Procurement, Construction and Management Contractor (EPCM) and is overseeing site work. Bechtel is a global engineering, construction and project management company, that is privately owned, headquartered in San Francisco. Bechtel maintains 40 offices around the world and nearly 40,000 employees and generated revenues of $20.5 billion in 2006. EPCM services include: providing equipment and materials required in connection with the engineering, design, procurement, construction, construction management, testing and commissioning of the power plant.

As part of the EPCM contract, Prairie State has signed purchase orders for state-of-the-art technologies *with Babcock & Wilcox Co. for the boiler system; Toshiba International Corp. for the condensing steam turbines; and Siemens Power Generation, Inc. for emission controls.* Supercritical technology will allow Prairie State to achieve high efficiencies and generate additional power while achieving emissions far superior to America's current generating fleet.

The Babcock & Wilcox Company (B&W) has been supplying innovative solutions to meet the world's growing energy needs for over 140 years. B&W produces boilers and related equipment used by utilities and industries to generate steam and power for lighting, heating, and for process and industrial uses.

Toshiba has been supplying steam and gas turbines for its many customers around the world since 1928. These turbines continue to provide safe, reliable and efficient source of electrical energy to the many nations they serve. Toshiba provides a vast range of turbine products - from several megawatts back pressure turbines to over 1,OOOMW supercritical turbines.

Siemens Power Generation is one of the premier companies in the international power generation sector providing leading-edge power and energy solutions. Siemens (Wheelabrator) designs and supplies the proven air pollution control technologies today's industrial and power generating processes demand. Since 1913, Siemens (Wheelabrator) has been innovating air pollution control devices.

Labor: Working with local contractors to develop the plant is also a priority and part of Prairie State's good neighbor policy. Bechtel has an agreement in place with the Southwestern Illinois Building and Construction Trades Council for plant construction and commenced preliminary foundation work at the site in late May. Initial craft hiring will begin this summer, with full civil work under way in the fall. Bechtel also is implementing a "Helmets to Hardhats" program to recruit, train and place skilled former military personnel in construction jobs.

Educational Center: Prairie State also will feature an interactive educational center that will demonstrate how clean electricity from coal contributes to economic prosperity and a better quality of life. The center will provide information for students, teachers and community members, along with training opportunities for skilled tradesmen.

Economic Benefits: The developers engaged Professor Andrew Isserman, Ph.D. Department of Urban & Regional Planning at the University of Illinois at Urbana-Champaign to prepare a report estimating the Project's economic impact on Illinois and the Prairie State region. The study estimated Prairie State's impact over a 30 period. The study defines the Prairie State region to include the counties of Washington, Perry, Randolph, St. Clair, Clinton and Monroe, as these areas are assumed to be the "commuting shed" or labor market for the project. The study was prepared in 2003 and updated in 2007. A summary has been provided to IFA. Excerpts are provided below.

"According to the Energy Information Administration, coal used for electricity is expected to increase more than 50 percent by 2030. Coal underlies 37,000 square miles of Illinois, approximately 65% of the state's surface. Currently recoverable coal reserves in the state amount to more than 38 billion tons containing more Btus than the combined oil reserves of Saudi Arabia and Kuwait.

With an estimated engineering, procurement, construction management contract of $2.9 billion, Prairie State is the most significant economic development project in the history of the region.

The study recognizes that industries generate employment, employment generates income, income generates consumer expenditures for goods and services and the subsequent "ripple" effect that results from those jobs, income and spending. The economic assessments were largely based on the Impact Analysis for Planning (IMPLAN), an economic modeling system that enables the user to build economic models to estimate the impacts of economic change in states, counties or communities.

The study concludes that Prairie State will have significant economic impact on the State and region, including:

- Injecting more than $600 million in labor income into the regional economy during development

- Creating more than 2,300 jobs at the peak of a five-year construction period
- Stimulating nearly $2.9 billion in economic activity in the region during the construction period
- Injecting more than $125 million annually in economic benefits to Illinois, totaling over $3.75 billion over 30 years.
- Injecting more than $74 million annually in economic benefits to the region, totaling over $2.2 billion over 30 years
- Creating approximately 540 permanent mine and power plant jobs

Prairie State represents a significant investment with sizeable economic benefits retained by local and state economies. Equally important, this bold initiative, made possible by the Prairie State equity partners, will help meet America's growing energy needs, while driving down energy costs, accelerating economic progress and ensuring environmental protection."

Infrastructure Improvements: The Project's owners will invest $7.9 milion to improve road throughout Washington County. Marigold Road is being rerouted around the Plant site. The new 4.6 mile road will extend east from IL Highway 14 in St. Clair County to Highway 12 in Washington County. Highway 12 is being upgraded with the intersection of County Highway 10 and asphalt paving on Highway 12 with grading of shoulders and ditches. New asphalt is being applied to Highway 57. This work is in process and is largely completed.

Coal Supply: The Project will be fueled by new coal mine located adjacent to the site. The site for the mine is located over substantial reserves in the Illinois Herrin #6 Coal Seam. A block of 210 million tons of recoverable coal has been allocated to the Project, which is expected to be sufficient for its projected 30 years of operation. The equity partners purchased the site from Peabody Energy Corporation on September 28, 2007. The partners have obtained the land for the Plant and the initial portal for the mine. The mine and Plant have been permitted as a mine-mouth operation.

The permits require that the coal be delivered to the Plant primarily by conveyer and limit the partners' ability to obtain deliveries of coal by rail or truck. The partners are now planning to develop a second portal to access the northern portion of the mine and provide a backup source of coal in the event of interruption of access via the initial portal. The partners expect to close in December on land for the second portal and start the permitting process in the first quarter of 2008. The partners will engage a third party to develop and operate the mine, which may be Peabody Energy.

FINANCING SUMMARY

Obligor:	Lively Grove Energy Partners, LLC
Payment Source:	Primary: Cashflows generated by the Project Secondary: Payment under the guarantee offered by Peabody Energy Corporation.
The Bonds:	Solid Waste Disposal Facilities Revenue Bonds. Depending market conditions, the Bonds may be enhanced with a Direct-Pay Letter of Credit from a commercial bank or insured by a municipal bond insurer.
Collateral:	Lively Grove's share in the Project and a corporate guarantee from the Borrower's parent, Peabody Energy Corporation.
Credit Rating:	Neither Lively Grove Energy Partners nor its owner, Peabody Energy, LLC, has a credit rating. The guarantor, Peabody Energy Corporation has a credit rating of BB/Stable from Standard & Poor's Corporation and BB+/Stable from Fitch/IBCA.
Maturity:	Expected to be 20 to 30 years

PROJECT SUMMARY

Bond proceeds, together with equity contributed by the Borrower's parent, will be used to finance and reimburse Lively Grove Energy Partners, LLC for its share of costs to (1) acquire a 2,971 acre site located at the intersection of Marigold and County Line Road 12 in Lively Grove Township, (2) construct a 1,600 megawatt power generation facility, (3) acquire and install machinery and equipment, and (4) capitalize a debt service reserve and 5) pay associated legal and professional costs. The Borrower has committed to contribute capital sufficient to fund its share (currently estimated at 5.06%) of total project costs.

The Borrower is applying to the Authority to issue Bonds to finance its share of project costs that qualify for financing with Solid Waste Disposal Bonds. The estimate of qualifying project costs has been prepared by the Borrower after consulting with Chapman and Cutler as Bond Counsel regarding this application, as well as for similar applications submitted by Prairie Power, Inc. and Southern Illinois Power Cooperative. The Borrower expects to finance costs that can not be financed with Bond proceeds with equity contributed by its parent. A summary of estimated project costs (in $000s) is as follows:

Cost	Total		Lively Grove's Share	
	Project Costs	Costs Qualified for SWDBs	Total Project Costs (5.06% of Total)	Bondable Costs
EPC System Cost	1,702,176	244,377	86,130	12,365
EPC Plant & Shared Facilities Cost	493,224	70,811	24,957	3,583
EPC Indirect Costs	704,600	101,157	35,653	5,119
Owner Costs (included land)	705,600	101,301	35,703	5,126
Auxiliary Power	61,759	61,759	3,125	3,125
Total	3,667,359	579,405	185,568	29,318
Interest During Construction			57,000	8,183
Issuance Costs			1,140	1,140
Debt Service Reserve			2,850	2,850
Total			246,558	41,491

The Borrower is applying for issuance of Bonds to fund its entire share of Project costs that qualify for Bond financing (see the far right column in the table immediately above).

ECONOMIC DISCLOSURE STATEMENT

Applicant: Lively Grove Energy Partners, LLC, 701 Market Street, St. Louis MO, 63101-1826. Contact: Walter Hawkins, Vice President and Treasurer, (314) 342-7510.

Project Location: The intersection of Marigold and County Line Road 12 in Lively Grove Township (Washington County)

Land Owner: The site is currently owned by the owners of the Project in the following percentages:

American Municipal Power-Ohio	23.26%
Illinois Municipal Electric Agency	15.17%
Indiana Municipal Power Agency	12.64%
Missouri Joint Municipal Electric Utility Commission	12.33%
Prairie Power, Inc.	*8.22%*
Southern Illinois Power Cooperative	*7.90%*
Kentucky Municipal Power Agency	7.82%
Northern Illinois Municipal Power Agency	7.60%
Lively Grove Energy Partners, LLC (Peabody Energy)	*5.06%*

The Borrower: Lively Grove Energy Partners, a Delaware Limited Liability Company. Lively Grove is 100% owned by Peabody Energy, LLC, another Delaware Limited Liability Company. Peabody Energy, LLC, is 100% owned by Peabody Energy Corporation.

The Guarantor: Peabody Energy Corporation, a Delaware corporation, the shares of which are traded on the New York Stock Exchange.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Peabody Energy Corporation	St. Louis, MO	Jeff Klinger
Accountant:	Ernst & Young	St. Louis, MO	
Bond Counsel:	Chapman and Cutler	Chicago	Bob Ollis
Bond Underwriter:	Lehman Brothers	Chicago	
Underwriter's Counsel:	To be determined		
IFA Advisor:	DA Davidson	Chicago	Bill Morris
	Scott BaliceChicago	Chicago	Lois Scott
Issuer's Counsel:	The Office of Cahill	Chicago	Kevin Cahill

LEGISLATIVE DISTRICTS

Congressional:	19 US Representative John Shimkus
State Senate:	58 Senator David Luechtefeld
State House:	116 Representative Dan Reitz

To: Members of the Illinois Finance Authority Board

From: Steven Trout, Chief Credit Officer

Date: December 17, 2007

Re: **Request to Amend Preliminary Resolutions Adopted December 18, 2007 to Authorize the Issuance of Up to $61,400,000 in Bonds for Prairie Power, Inc. (SUBJECT TO GOMB APPROVAL)**

The Board gave its preliminary approval to issue up to $40 million in Solid Waste Disposal Bonds for three owners in the Prairie State Energy Campus, a 1,600 megawatt coal power project located in Washington County. This request was approved to permit the applicants to use bond proceeds to reimburse themselves for qualifying project costs incurred since construction began in October 2007.

That action approved issuance of bonds for only part of the applicants requests. The applicants are seeking authority to issue up to $160 million in Bonds. Staff and the Governors Office approved only part of the request pending review of supply and demand of Carry Forward Volume Cap allocated to the issuance of Solid Waste Disposal Bonds. Staff is now recommending approval for the full amount of each applicants' request.

The Authority is prepared to allocate $100 million of Volume Cap to these three applicants, with the amount of Cap to be allocated based on the Applicants' respective share of ownership in the Prairie State project. **Staff is recommending an allocation of $37,330,000 of IFA Volume Cap for this project.**

Prairie Power would be required to procure Cap from other sources, such as units of local government, to issue Bonds for an amount in excess of its allocation of Cap from the IFA. The request for Prairie Power is summarized below.

	Prairie Power, Inc.
Amount Preliminarily Approved on 12/18/07	$13,333,334
Amount Requested and Recommended by Staff for Approval	$61,400,000
Ownership Stake in Prairie State Project	8.22
Share of Ownership Amongst Applicants	37.330%
Recommended Cap Allocation	$37,330,000
Amount of Cap Required from Other Sources to Bond for 100% of the Request	$24,070,000

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 11, 2007

Project: **Prairie Power, Inc.**

STATISTICS

Project Number:	P-SW-TE-CD-7245	IFA Staff:	Steven Trout
Type:	Solid Waste Disposal Facilities Bond	Amount:	$13,333,334 (not to exceed)
Location:	Lively Grove Township	Region:	Washington County, Southwestern Region
SIC Code:	22112: Fossil Fuel Electric Power Generation		

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Solid Waste Disposal Facilities Revenue Bonds
No IFA or State funds at risk
Staff recommends approval

PURPOSE

Bond proceeds, together with other debt and equity, will be used to finance and reimburse Prairie Power, Inc. for its share of costs to: 1) acquire a 2,971 acre site located at the intersection of Marigold and County Line Road 12 in Lively Grove Township, 2) construct a 1,600 megawatt power generation facility, 3) acquire and install machinery and equipment, and 4) capitalize a debt service reserve fund and 5) pay associated legal and professional costs.

IFA PROGRAM AND CONTRIBUTION

Solid Waste Disposal Facilities Revenue Bonds ("SWDBs") are municipal bonds that finance qualifying, privately-owned facilities that are used in whole or in part to collect, store, treat, transport, utilize, process or provide for the final disposal of solid waste. Interest earned on these bonds is exempt from federal income tax liability.

VOLUME CAP

Issuance of the Bonds is subject to an allocation of Volume Cap.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE)

Sources:	Solid Waste Bonds	$61,400,000	Uses:	Project Costs	$301,457,000
	Other Debt	269,642,000		Debt Service Reserve	3,000,000
	Equity	39,000,000		Interest During Construction	64,000,000
				Debt Issuance Costs:	1,154,000
				Professional and Legal	431,000
	Total	$370,042,000		Total	$370,042,000

The amount of Bonds available for this Project may be increased or decreased from the not-to-exceed amount stated above. The amount of Bonds stated in the Sources and Uses of Funds reflects the applicant's request and differs from the not to exceed amount stated above. The Project is being presented for consideration by the Board now to permit the Applicant to use Bond proceeds to reimburse itself for Project costs incurred to date. The members contributed $39,000,000 in cash in September 2007 which Prairie Power has used to partially fund its share of Project costs incurred to date.

JOBS

Current employment:	59	Projected new jobs *:	180
Jobs retained:	0	Construction jobs *:	833

* Based on one-third of the total estimated new mining and plant jobs and construction jobs for the Prairie State Energy Campus. The job estimates for the Project are allocated between three IFA financing applicants (Prairie Power, Lively Grove and Southern Illinois Power Cooperative) to avoid double-counting.

BUSINESS SUMMARY

Description: Prairie Power, Inc. ("Prairie Power" or "PPI"): Prairie Power is a member-owned, not-for-profit electric generation and transmission cooperative, which produces and supplies electricity for 11 member distribution cooperatives located throughout central Illinois. PPI is one of more than 60 generation and transmission cooperatives that supply wholesale electric power to rural utilities in the United States. Until July 2007, Prairie Power operated as Soyland Power Cooperative, Inc.

Background: PPI is a not-for-proft organization engaged in the generation and transmission of wholesale electric service to its eleven members located throughout Illinois. Prairie Power has entered into wholesale power agreements with each of its member which require the members to buy and receive from PPI a portion of their power and energy requirements and require PPI to sell and deliver power and energy in satisfaction of such requirements. The wholesale power agreements with members extend through the year 2038.

Prairie Power has formal buyout policy under which a member who seeks to buy out of the wholesale power agreement is required to reimburse PPI for all liabilites, including any related to PPI's power supply and transmission agreemnts, incurred in connection with such buyout, in accordance with a predeterminted formula.

PPI wholesale power rate charged to members is established by the Board of Directors. Such wholesale power rate charged to members is determined based on annual cash requirements, including debt service requirements. Previously, the formula for determining the rate was subject to the approval of the Federal Energy Power Act (FPA), 16 U.S.C. 824 (f) in the Energy Policy Act of 2005, as amended, it was determined that PPI is not a public utility as defined by the FPA. Accodingly, PPI's rate schedules are no longer subject to the jurisdiction of Federal Energy Regulatory Commission (FERC). Additionally, PPI is not subject to the regulatory authority of the Illinois Commerce Commission.

Operations: PPI's distribution cooperatives provide retail electric service to 78,349 residential and commercial consumers within their local service territories. PPI owns and operates approximately 583 miles of transmission lines at 138 kV, 69 kV, and 34.5 kV; 22 MW of coal-fired base load generation; 154 MW of oil and gas-fired peaking units; and nearly 100 distribution and transmission substations to serve its members. A 22-megawatt, coal-fired baseload power plant located in Pike County, IL, along the Illinois River, Pearl Station – owned and operated by Prairie Power- first went on-line in 1968. In fiscal 2006, Pearl produced 162.100 megawatt-hours of electricity.

Owned by PPI and operated by PPI staff, the Alsey Generating Station is a five-unit, natural gas-fired peaking complex located in Scott County, IL, near the Village of Alsey. The facility entered service in July 1999 and has a nameplate rating of 125 megawatts. (The units can also operate on fuel oil, if necessary.) The Alsey Station operates in conjunction with a private power company when it is more *cost-effective* to run the combustion turbines than purchase power from other providers. It is designed to run during periods of peak electric use. Since air permits for the facility limit emissions to no more than 250 tons of nitrogen oxide annually, operation is capped at 937 hours per year. Alsey generated 4,842 megawatt-hours during 2006. During times of peak electricity demand and system emergencies, PPI can call on a 20-megawatt oil-fired combustion turbine based at Pearl Station and 9 megawatts from five diesel units located at Pittsfield in Pike County, III. Typically, both facilities run less than 200 hours per year.

The Project: The Prairie State Energy Campus will be a $3.7 billion, 1,600 megawatt supercritical power plant that will be fueled by a new 5.9 Mt/y underground coal mine next to the project site. The developers believe that the Project represents the next generation of clean electricity from coal, delivering low-cost energy to more than 1.7 million families and fueling business growth in the Midwest.

Emissions Controls: The developers believe that the plant will be among the nation's cleanest coal-fueled plants, with as little as one-fifth the regulated emission rates of existing U.S.power plants. They anticipate that Prairie State will be the cleanest coal plant in Illinois and among the cleanest in the United States. They believe that its advanced scrubbing systems will provide the highest removal rate of any permitted plant, and note that Prairie State will be equipped with three particulate removal systems, versus one in most plants. The developers anticipate that the use of 21st century technologies will enable Prairie State to achieve emissions that are one-fifth the regulated emission rates of U.S. coal plants. They expect that the plant's carbon dioxide emission rate would be approximately 15 percent lower than the typical U.S. coal plant. Major emissions control systems include:

Low NOx burners
Activated Carbon Mercury control
Selective catalytic reduction
Dry electrostatic precipitators
Flue gas desulfurization
Wet electrostatic precipitators (new for the US and a first in Illinois).

Prairie State will utilize four major solid waste disposal systems: fly ash handling system, bottom ash handling system, FGD waste handling system, and FGD waste water treatment system. The systems are comprised of conveyors, hoppers, bins, and other equipment used to dispose of solid waste. In addition, 621 acres of land will be dedicated to contain solid waste.

Community Support: Prairie Power has been active in promoting the Project and its benefits for many years. PPI officials believe that Prairie State enjoys widespread community support in central Illinois, based on the Project's ability to generate low-cost electricity, create economic progress and protect the environment.

Ownership: Prairie State will be a hometown energy supplier to hundreds of rural communities from Missouri to Virginia that are served by its equity partners. The Project is fully subscribed by equity partners, all of which have issued corporate guarantees for their individual shares of the Project. The Prairie State Generating Company's ownership structure is as follows:

American Municipal Power-Ohio	23.26%
Illinois Municipal Electric Agency	15.17%
Indiana Municipal Power Agency	12.64%
Missouri Joint Municipal Electric Utility Commission	12.33%
Prairie Power, Inc.	*8.22%*
Southern Illinois Power Cooperative	*7.90%*
Kentucky Municipal Power Agency	7.82%
Northern Illinois Municipal Power Agency	7.60%
Lively Grove Energy Partners, LLC (Peabody Energy)	*5.06%*

Each partner will be required to contribute its prorata share of project costs. Lively Grove, Prairie Power, Inc., and Southern Illinois Power Cooperative each hope to finance a portion of their respective shares of the Project through the Authority's issuance of Solid Waste Disposal Bonds.

American Municipal Power-Ohio ("AMP-OHIO") is an Ohio nonprofit corporation that was established in 1971 to own and operate electric facilities or otherwise provide for the generation, transmission and distribution of electric power and energy to its members. In 1988, AMP-Ohio purchased a 70 percent interest in a steam plant owned by Elkem Metals Company, located along the Ohio River near Marietta. The plant was originally constructed in the 1950s. In 1999, AMP-

Ohio purchased the remaining interests in the plant, which now has a nameplate capacity of 213 megawatts. Over the years, the organization has invested in control technologies, including a continuous emissions monitoring system to reduce plant emissions. The plant's output helps meet a portion of the energy needs for 48 participating member municipal electric systems.

Illinois Municipal Electric Agency ("IMEA") is a joint municipal electric power agency acting on behalf of 31 member municipalities located in Illinois. IMEA's primary function is to provide wholesale electricity to its members which they resell on the retail market. Of its 31 members, 29 members purchase wholesales from the Agency. IMEA's goal is to power prices low and insulate members from high prices which are are increasingly prevalent in today's short-term market. IMEA is partnering with IMPA to build the Trimble County Unit 2 (TC2) (see description below).

Indiana Municipal Power Agency ("IMPA") is a a joint municipal electric power agency acting on behalf of 51 member municipalities located in Indiana. IMPA was created by group of munipally owned electric utilities to share power and provide electricity more economically to their customers. As a not-for-profit agency owned by its members, IMPA seeks to provide power that is low-cost, reliable and environmentally responsible. IMPA and its members own 811 MW of generation and reached a peak demand of 1135 MW in 2006. The Agency is currently participating in the development and construction of an additional 300 MW of coal-fired generation through two major projects: Trimble County Station Unit #2 and the Prairie State Energy Campus. Trimble County Unit 2 (TC2) is a 750 MW coal-fired unit under construction in northern Kentucky at the site of the current Trimble County Station, which is jointly owned by IMPA, Louisville Gas & Electric and Illinois Municipal Power Agency. Bechtel is the EPC contractor for this state-of-the-art, supercritical pulverized coal-fired unit. The new unit will have lower permitted levels of sulfur dioxide and nitrogen oxides than any other existing or planned conventional coal unit in Kentucky. The new unit is expected to cost $1.1 billion and has a projected in-service date of mid 2010. The planned expansion will increase IMPA's baseload capacity by approximately 100 MW. With over 150 MW of coal-fired capacity, IMPA brings to the table a substantial amount of experience. In addition, IMPA is an owner in the following facilities:

Gibson Station, 3157 MW
Trimble County, 515 MW
Combustion Turbine facilities *(seven* total), 400 MW
Richmond Power & Light, 101 MW - coal-fired
Crawfordsville Electric Light & Power, 23 MW - coal-fired
Peru Utilities, 34 MW- coal-fired
Rensselaer Municipal Electric Department, 21 MW - duel-fueled and natural gas

Missouri Joint Municipal Electric Utility Commission ("MJMEUC"): MJMEUC is a joint action agency acting on behalf of *seven* participating municipalities, each of whom *have* entered into long-term purchase power agreements with MJMEUC to procure power from the plant to serve their respective power load requirements. MJMEUC has a 22% ownership interest in Plum Point, a new 665-megawatt electric generating station using a single pulverized coal fired boiler located in northeastern Arkansas.

Southern Illinois Power Cooperative ("SIPC"): SIPC is located at the Lake of Egypt, just south of Marion and is the Project site's regional wholesale power supplier. In 1963, Southern Illinois Power Cooperative (SIPC) began producing electricity for three distribution cooperative members at its Marion plant, which then had a plant capacity was 99 megawatts (MW), far in excess of its members' requirements. The plant consisted of three 33 MW turbines, each powered by a cyclone boiler. A surge in demand in the 1970's threatened to exceed SIPC's plant capacity. To address this situation, SIPC began construction of a fourth generating unit, which came online in 1978 and provides 173 MW of generating capacity. Growth in membership has since enabled SIPC to completely refurbish the old units. The three old boilers were replaced with one circulating fluidized bed boiler, which is environmentally friendly and burns mostly carbon. When that boiler was under construction, SIPC also added additional pollution control equipment to Unit 4. These improvements allow SIPC to meet environmental standards and insure that the plant will continue to operate well into the future. Both units burn local coal and carbon.

In the past, SIPC relied on neighboring utilities to meet demand for electricity when it exceeded capacity. To reduce exposure to market fluctuations, SIPC built two natural gas-fired combustion turbines, which are used when market prices are high or incoming transmission lines are too congested to import power. SIPC repowered the existing coal-fired boiler Marion power plant, replacing three outdated and inefficient cyclone boilers with a single state-of-the-art boiler system. SIPC has a long-standing commitment to burn Illinois-mined coal, which comes from mines located within 50 miles of its plant site. The Cooperative operates one of just a handful of sulfur dioxide scrubbers in the state. The Marion Plant generally uses 805,000 tons of Illinois coal per year, and the project will boost SIPC's consumption of Illinois coal by 40 to 50 percent.

Schedule: The Project's equity partners have given Bechtel Power Corporation, the Project's Engineering, Procurement Construction and Management Contractor (EPCM) notice to proceed to full-scale construction. Full-scale construction ramped up in October 2007 and will employ more than 2,000 workers at peak construction in the second half of 2009. The Project will also inject more than $660 million into the regional economy and $1.5 billion into the state economy during development. Units One and Two of the power plant are expected to come on line in August 2011 and May 2012. To adhere to this schedule, the partners submitted orders for equipment, including pollution control equipment. Prairie Power officials would like to finance its share of qualifying Project costs with the Bonds, which it hopes to close in 2008.

Development Team: *Bechtel Power Corporation* has been selected as the Engineering Procurement, Construction and Management Contractor (EPCM) and is overseeing site work. Bechtel is a global engineering, construction and project management company, that is privately owned, headquartered in San Francisco. Bechtel maintains 40 offices around the world and nearly 40,000 employees and generated revenues of $20.5 billion in 2006. EPCM services include: providing equipment and materials required in connection with the engineering, design, procurement, construction, construction management, testing and commissioning of the power plant.

As part of the EPCM contract, Prairie State has signed purchase orders for state-of-the-art technologies *with Babcock & Wilcox Co. for the boiler system; Toshiba International Corp. for the condensing steam turbines; and Siemens Power Generation, Inc. for emission controls.* Supercritical technology will allow Prairie State to achieve high efficiencies and generate additional power while achieving emissions far superior to America's current generating fleet.

The Babcock & Wilcox Company (B&W) has been supplying innovative solutions to meet the world's growing energy needs for over 140 years. B&W produces boilers and related equipment used by utilities and industries to generate steam and power for lighting, heating, and for process and industrial uses.

Toshiba has been supplying steam and gas turbines for its many customers around the world since 1928. These turbines continue to provide safe, reliable and efficient source of electrical energy to the many nations they serve. Toshiba provides a vast range of turbine products - from several megawatts back pressure turbines to over 1,000MW supercritical turbines.

Siemens Power Generation is one of the premier companies in the international power generation sector providing leading-edge power and energy solutions. Siemens (Wheelabrator) designs and supplies the proven air pollution control technologies today's industrial and power generating processes demand. Since 1913, Siemens (Wheelabrator) has been innovating air pollution control devices.

Labor: Working with local contractors to develop the plant is also a priority and part of Prairie State's good neighbor policy. Bechtel has an agreement in place with the Southwestern Illinois Building and Construction Trades Council for plant construction and commenced preliminary foundation work at the site in late May. Initial craft hiring will begin this summer, with full civil work under way in the fall. Bechtel also is implementing a "Helmets to Hardhats" program to recruit, train and place skilled former military personnel in construction jobs.

Educational Center: Prairie State also will feature an interactive educational center that will demonstrate how clean electricity from coal contributes to economic prosperity and a better quality of life. The center will provide information for students, teachers and community members, along with training opportunities for skilled tradesmen.

Economic Benefits: The developers engaged Professor Andrew Isserman, Ph.D. Department of Urban & Regional Planning at the University of Illinois at Urbana-Champaign to prepare a report estimating the Project's economic impact on Illinois and the Prairie State region. The study estimated Prairie State's impact over a 30 year period. The study defines the Prairie State region to include the counties of Washington, Perry, Randolph, St. Clair, Clinton and Monroe, as these areas are assumed to be the "commuting shed" or labor market for the project. The study was prepared in 2003 and updated in 2007. A summary has been provided to IFA. Excerpts are provided below.

"According to the Energy Information Administration, coal used for electricity is expected to increase more than 50 percent by 2030. Coal underlies 37,000 square miles of Illinois, approximately 65% of the state's surface. Currently recoverable coal reserves in the state amount to more than 38 billion tons containing more BTUs than the combined oil reserves of Saudi Arabia and Kuwait.

With an estimated engineering, procurement, construction management contract of $2.9 billion, Prairie State is the most significant economic development project in the history of the region.

The study recognizes that industries generate employment, employment generates income, income generates consumer expenditures for goods and services and the subsequent "ripple" effect that results from those jobs, income and spending. The economic assessments were largely based on the Impact Analysis for Planning (IMPLAN), an economic modeling system that enables the user to build economic models to estimate the impacts of economic change in states, counties or communities.

The study concludes that Prairie State will have significant economic impact on the State and region, including:

- Injecting more than $600 million in labor income into the regional economy during development
- Creating more than 2,300 jobs at the peak of a five-year construction period
- Stimulating nearly $2.9 billion in economic activity in the region during the construction period
- Injecting more than $125 million annually in economic benefits to Illinois, totaling over $3.75 billion over 30 years.
- Injecting more than $74 million annually in economic benefits to the region, totaling over $2.2 billion over 30 years
- Creating approximately 540 permanent mine and power plant jobs

Prairie State represents a significant investment with sizeable economic benefits retained by local and state economies. Equally important, this bold initiative, made possible by the Prairie State equity partners, will help meet America's growing energy needs, while driving down energy costs, accelerating economic progress and ensuring environmental protection."

Infrastructure Improvements: The Project's owners will invest $7.9 milion to improve roads throughout Washington County. Marigold Road is being rerouted through the plant site. The new 4.6 mile road will extend east from IL Highway 14 in St. Clair County to Highway 12 in Washington County. Highway 12 is being upgraded with the intersection of County Highway 10 and asphalt paving on Highway 12 with grading of shoulders and ditches. New asphalt is being applied to Highway 57. This work is in process and is largely completed.

Coal Supply: The Project will be fueled by a new coal mine located adjacent to the site. The site for the mine is located over substantial reserves in the Illinois Herrin #6 Coal Seam. A block of 210 million tons of recoverable coal has been allocated to the Project, which is expected to be sufficient for its projected 30 years of operation. The equity partners purchased the site from Peabody Energy Corporation on September 28, 2007. The partners have obtained the land for the Plant and the initial portal for the mine. The mine and Plant have been permitted as a mine-mouth operation.

The permits require that the coal be delivered to the Plant primarily by conveyer and limit the partners' ability to obtain deliveries of coal by rail or truck. The partners are now planning to develop a second portal to access the Northern portion of the mine and provide a backup source of coal in the event of interruption of access via the initial portal. The partners expect to close in December on land for the second portal and start the permitting process in the first quarter of 2008. The partners will engage a third party to develop and operate the mine, which may be Peabody Energy.

FINANCING SUMMARY

Obligor: Prairie Power, Inc

Payment Source: Primary: Cashflows generated by the Project
Secondary: Payment under the guarantee to be obtained from the National Rural Utilities Cooperative Finance Corporation ("CFC").

The Bonds: Solid Waste Disposal Facilities Revenue Bonds.

Collateral for the Guarantee: Primary: PPI's share in the project
Secondary: PPI's pledge of its full faith and credit

The Guarantor: CFC is a non-bank financial institution that serves rural electric, service and telecommunication utilities. CFC was organized in 1969 by rural electric cooperatives as a not-for-profit, tax-exempt organization to provide an economical alternative to federal subsidized funds from the USDA's Rural Utilities Service ("RUS").

Credit Rating: The Bonds are expected to carry the rating of the guarantor. CFC's debt obligations are currently rated A!/Stable by Moody's Investors Service, A/Stable by Standard & Poor's Corporation and A/positive by Fitch Ratings.

Maturity: Expected to be 20 to 30 years

Interim Financing: Prairie Power is financing its share of Projects costs with interim loans from CFC for $141.3 million and CoBank for $209.7 million, which at PPI's discretion, can be conversted to permanent 30 year loans. Prairie Power is seeking a commitment for a loan from USDA's Rural Utility Service which would replace all or a part of the interim financing provided by CoBank and CFC.

PROJECT SUMMARY

Bond proceeds, together with other debt and equity, will be used to finance and reimburse Prairie Power, Inc., for its share of costs to (1) acquire a 2,971 acre site located at the intersection of Marigold and County Line Road 12 in Lively Grove Township, (2) construct a 1,600 megawatt power generation facility, (3) acquire and install machinery and equipment, and (4) capitalize a debt service reserve and 5) pay associated legal and professional costs. The Borrower has committed to contribute capital sufficient to fund its share (8.22%) of total project costs.

The Borrower is applying to the Authority to issue Bonds to finance its share of project costs that qualify for financing with Solid Waste Disposal Bonds. The estimate of qualifying project costs has been prepared by the Borrower after consulting with Chapman and Cutler as Bond Counsel regarding this application, as well as for similar applications submitted by Prairie Power, Inc. and Southern Illinois Power Cooperative. The Borrower expects to finance costs that can not be financed with Bond proceeds with equity contributed by its parent. A summary of estimated project costs (in $000s) is as follows:

Cost	Total Project Costs	Total Costs Qualified for SWDBs	Prarie Power's Share Total Project Costs (8.22% of Total)	Prarie Power's Share Bondable Costs
EPC System Cost	1,702,176	244,377	139,919	20,088
EPC Plant & Shared Facilities Cost	493,224	70,811	40,543	5,821
EPC Indirect Costs	704,600	101,157	57,918	8,315
Owner Costs (included land)	705,600	101,301	58,000	8,327
Auxiliary Power	61,759	61,759	5,077	5,077
Total	3,667,359	579,405	301,457	47,627
Interest During Construction			64,000	9,188
Issuance Costs			1,154	1,154
Professional and Legal Costs			431	431
Debt Service Reserve			3,000	3,000
Total			370,042	61,400

The Borrower is applying for issuance of Bonds to fund its entire share of project costs that qualify for Bond financing (see the far right column in the table immediately above). Staff is recommending preliminary approval for a portion of that request now to permit the Applicant to reimburse itself for bondable costs incurred since October

ECONOMIC DISCLOSURE STATEMENT

Applicant: Prairie Power, Inc PO Box 610, 2103 South Main Street Jacksonville, IL, 62651. Contact: Lyndon Gabbert Vice President Finace and Accounting 217/243.1615

Project Location: The intersection of Marigold and County Line Road 12 in Lively Grove Township (Washington County)

Land Owner: The site is currently owned by the owners of the Project in the following percentages:

American Municipal Power-Ohio	23.26%
Illinois Municipal Electric Agency	15.17%
Indiana Municipal Power Agency	12.64%
Missouri Joint Municipal Electric Utility Commission	12.33%
Prairie Power, Inc.	*8.22%*
Southern Illinois Power Cooperative	*7.90%*
Kentucky Municipal Power Agency	7.82%
Northern Illinois Municipal Power Agency	7.60%
Lively Grove Energy Partners, LLC (Peabody Energy)	*5.06%*

The Borrower: Prairie Power, Inc. is a not for profit generation and transmission.

Ownership: Each of the mebers owns an equal share (one eleventh or approximately 9.0909%) of PPI:

Adams Electric Coop
Coles-Moultrie Electric Coop
Eastern Illini Electric
Farmers Mutual Electric Co.
Illinois Rural Electric Coop
McDonough Power Coop
Menard Electric Coop
Rural Electric Convenience Coop
Shelby Electric
Spoon River Electric Coop
Western Illinois Electric Coop

PROFESSIONAL & FINANCIAL

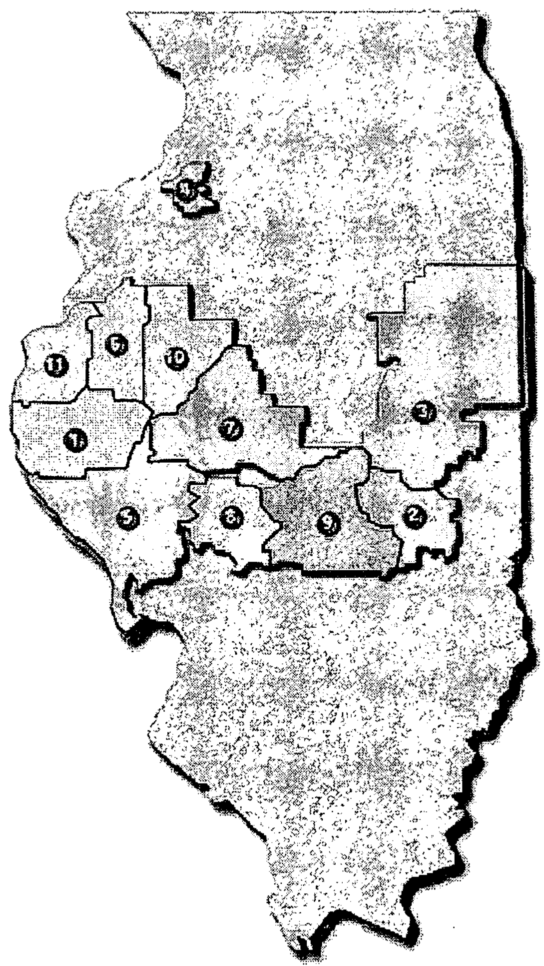
Borrower's Counsel:	Rammelkamp Bradney, PC	Jacksonville	Forrest Keaton
Accountant:	BKD LLP	Decatur	Troy Swinford
Bond Counsel:	Chapman and Cutler	Chicago	Bob Ollis
Bond Underwriter:	To be determind		
Underwriter's Counsel:	To be determined		
IFA Advisor:	DA Davidson	Chicago	Bill Morris
	Scott Balice	Chicago	Lois Scott
Issuer's Counsel:	The Law Office of Kevin Cahill	Chicago	Kevin Cahill

LEGISLATIVE DISTRICTS

Congressional:	19 US Representative John Shimkus
State Senate:	58 Senator David Luechtefeld
State House:	116 Representative Dan Reitz

SERVICE AREA

1. Adams Electric Cooperative
2. Coles-Moultrie Electric Cooperative
3. Eastern Illini Electric Cooperative
4. Farmers Mutual Electric Company
5. Illinois Rural Electric Cooperative
6. McDonough Power Cooperative
7. Menard Electric Cooperative
8. Rural Electric Convenience Cooperative
9. Shelby Electric Cooperative
10. Spoon River Electric Cooperative, Inc.
11. Western Illinois Electrical Cooperative



To: Members of the Illinois Finance Authority Board

From: Steven Trout, Chief Credit Officer

Date: December 17, 2007

Re: **Request to Amend A Preliminary Resolution Adopted December 18, 2007 to Authorize the Issuance of Up to $56,811,650 in Bonds for Southern Illinois Power Cooperative (SUBJECT TO GOMB APPROVAL)**

The Board gave its preliminary approval to issue up to $40 million in Solid Waste Disposal Bonds for three owners in the Prairie State Energy Campus, a 1,600 megawatt coal power project located in Washington County. This request was approved to permit the applicants to use bond proceeds to reimburse themselves for qualifying project costs incurred since construction began in October 2007.

That action approved issuance of bonds for only part of the applicants' requests. The applicants are seeking authority to issue up to $160 million in Bonds. Staff and the Governors Office approved part of the request pending review of supply and demand of Carry Forward Volume Cap allocated to the issuance of Solid Waste Disposal Bonds. Staff is now recommending approval for the full amount of each applicants' request.

The Authority is prepared to allocate $100 million of Volume Cap to these three applicants, with the amount of Cap to be allocated based on the Applicants' respective share of ownership in the Prairie State project. **Staff is recommending an allocation of $35,876,000 of IFA Volume Cap for this project.**

Southern Illinois Power Cooprative would be required to procure Cap from other sources, such as units of local government, to issue Bonds for an amount in excess of its allocation of Cap from the IFA. The request for the Cooperative is summarized below.

	Southern Illinois Power Cooperative
Amount Preliminarily Approved on 12/18/07	$13,333,334
Amount Requested and Recommended by Staff for Approval	$56,811,650
Ownership Stake in Prairie State Project	7.90%
Share of Ownership Amongst Applicants	35.876%
Recommended Cap Allocation	$35,876,000
Amount of Cap Required from Other Sources to Bond for 100% of the Request	$20,935,650

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 11, 2007

Project: **Southern Illinois Power Cooperative**

STATISTICS

Project Number:	P-SW-TE-CD-7225	IFA Staff:	Steven Trout
Type:	Solid Waste Disposal Facilities Bond	Amount:	$13,333,333 (not to exceed)
Location:	Lively Grove Township (Washington County, Southwestern Region)		
SIC Code:	22112: Fossil Fuel Electric Power Generation		

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Solid Waste Disposal Facilities Revenue Bonds
No IFA or State funds at risk
Staff recommends approval

PURPOSE

Bond proceeds, together with other debt proceeds, will be used to finance and reimburse Southern Illinois Power Cooperative for its share of costs to: 1) acquire a 2,971 acre site located at the intersection of Marigold and County Line Road 12 in Lively Grove Township, 2) construct a 1,600 megawatt power generation facility, 3) acquire and install machinery and equipment, 4) capitalize a debt service reserve fund and 5) pay associated professional costs.

IFA PROGRAM AND CONTRIBUTION

Solid Waste Disposal Facilities Revenue Bonds ("SWDBs") are municipal bonds that finance qualifying, privately-owned facilities that are used in whole or in part to collect, store, treat, transport, utilize, process or provide for the final disposal of solid waste. Interest earned on these bonds is exempt from federal income tax liability.

VOLUME CAP

Issuance of the Bonds is subject to an allocation of Volume Cap.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE)

Sources:	Solid Waste Bonds	$56,811,650	Uses:	Project Costs	$289,721,000
	Other Debt	287,626,000		Debt Service Reserve	2,654,750
				Interest During Construction	51,000,000
				Bond Issuance Costs:	1,061,900
	Total	$344,437,650		Total	$344,437,650

The amount of Bonds available for this Project may be increased or decreased from the not-to-exceed amount stated above. The amount of Bonds stated in the Sources and Uses of Funds reflects the applicant's request and differs from the not to exceed amount stated above. The Project is being presented for consideration by the Board now to permit the Applicant to use Bond proceeds to reimburse itself for Project costs incurred to date.

JOBS

Current employment:	0	Projected new jobs *:	180
Jobs retained:	0	Construction jobs *:	833

* Based on one-third of the total estimated new mining and plant jobs and construction jobs for the Prairie State Energy Campus. The job estimates for the Project are allocated between three IFA financing applicants (Southern Illinois Power Cooperative, Lively Grove, an affiliate of Peabody Energy and two rural electric power cooperatives, and Prairie Power, Inc.) to avoid double-counting.

BUSINESS SUMMARY

Description: **Southern Illinois Power Cooperative** ("SIPC") is an electric power generation and transmission cooperative that serves member distribution cooperatives and several municipalities in Southern Illinois. It is owned by its 6 member cooperatives: Clinton County Cooperative, Egyptian Electric Cooperative, Monroe County Electric Cooperative, Southeastern Illinois Electric Cooperative, Southern Illinois Electric Cooperative and Tri-County Electric Cooperative. Its members serve approximately 80,000 customers consisting of businesses, other institutions and residences in the following counties: Madison, Clinton, St. Clair, Washington, Jefferson, Randolph, Perry, Jackson, Williamson, Saline, Gallatin, Hardin, Pope, Johnson, Union, Alexander, Pulaski and Massac. SIPC is headquartered near Lake of Egypt, just south of Marion and is the Project's regional wholesale power supplier.

Background: SIPC has entered into wholesale power agreements with each of its members which require them to buy and receive all of their power and energy requirements and require SIPC to sell and deliver power and energy in satisfaction of such requirements. The wholesale power agreements with members extend through the year 2033.

SIPC's wholesale power rate charged to members is established by the Board of Directors. Such wholesale power rate charged to members is determined based on annual cash requirements, including debt service requirements. SIPC's power rates are not subject to review and approval by the Federal Energy Regulatory Commission or the Illinois Commerce Commission.

Operations: In 1963, Southern Illinois Power Cooperative (SIPC) began producing electricity for three distribution cooperative members at its Marion plant, which then had a plant capacity of 99 megawatts (MW), far in excess of its members' requirements. The plant consisted of three 33 MW turbines, each powered by a cyclone boiler. To address surging demand in the 1970's, SIPC constructed a fourth generating unit that came online in 1978 and provides 173 MW of generating capacity. Growth in membership has since enabled SIPC to completely refurbish the old units. The three old boilers were replaced with one circulating fluidized bed boiler, which is better environmentally and burns mostly carbon. When that boiler was under construction, SIPC also added additional pollution control equipment to Unit 4. These improvements allow SIPC to meet environmental standards and insure that the plant will continue to operate well into the future. Both units burn local coal and carbon.

In the past, SIPC relied on neighboring utilities to meet the demand for electricity when it exceeded capacity. To reduce exposure to market fluctuations, SIPC built two natural gas-fired combustion turbines, which are used when market prices are high or incoming transmission lines are too congested to import power. SIPC has a long-standing commitment to burn Illinois-mined coal, which comes from mines located within 50 miles of its plant site. The Cooperative operates one of just a handful of sulfur dioxide scrubbers in the state. The Marion Plant generally uses 1,200,000 tons of Illinois coal and carbon per year, and the project will boost SIPC's consumption of Illinois coal by 30 to 40 percent.

The Project: The Prairie State Energy Campus will be a $3.7 billion, 1,600 megawatt supercritical power plant that will be fueled by a new 5.9 Mt/y underground coal mine next to the project site. The developers believe that the Project represents the next generation of clean electricity from coal, delivering low-cost energy to more than 1.7 million families and fueling business growth in the Midwest.

Emissions Controls: The developers believe that the plant will be among the nation's cleanest coal-fueled plants, with as little as one-fifth the regulated emission rates of existing U.S. power plants. They anticipate that Prairie State will be the cleanest coal plant in Illinois and among the cleanest in the United States. They believe that its advanced scrubbing systems will provide the highest removal rate of any permitted plant, and note that Prairie State will be equipped with three particulate removal systems, versus one in most plants. The developers anticipate that the use of 21st century technologies will enable Prairie State to achieve emissions that are one-fifth the regulated emission rates of U.S. coal plants. They expect that the plant's carbon dioxide emission rate would be approximately 15 percent lower than the typical U.S. coal plant. Major emissions control systems include:

Low NOx burners
Activated Carbon Mercury control
Selective catalytic reduction
Dry electrostatic precipitators
Flue gas desulfurization
Wet electrostatic precipitators (new for the US and a first in Illinois).

Prairie State will utilize four major solid waste disposal systems: fly ash handling system, bottom ash handling system, FGD waste handling system, and FGD waste water treatment system. The systems are comprised of conveyors, hoppers, bins, and other equipment used to dispose of solid waste. In addition, 621 acres of land will be dedicated to contain solid waste.

Community Support: SIPC has been active in promoting the Project and its benefits for many years. SIPC officials believe that Prairie State enjoys widespread community support in Southern Illinois, based on the Project's ability to generate low-cost electricity, create economic progress and protect the environment. They site surveys conducted that indicate more than 80 percent of local residents who consider themselves environmentalists support the project.

Ownership: Prairie State will be a hometown energy supplier to hundreds of rural communities from Missouri to Virginia that are served by its equity partners. The Project is fully subscribed by equity partners, all of which have issued corporate guarantees for their individual shares of the Project. The Prairie State Generating Company's ownership structure is as follows:

American Municipal Power-Ohio	23.26%
Illinois Municipal Electric Agency	15.17%
Indiana Municipal Power Agency	12.64%
Missouri Joint Municipal Electric Utility Commission	12.33%
Prairie Power, Inc.	*8.22%*
Southern Illinois Power Cooperative	*7.90%*
Kentucky Municipal Power Agency	7.82%
Northern Illinois Municipal Power Agency	7.60%
Lively Grove Energy Partners, LLC (Peabody Energy)	*5.06%*

Each partner will be required to contribute its prorata share of project costs. Lively Grove, Prairie Power, Inc., and Southern Illinois Power Cooperative each hope to finance a portion of their respective shares of the Project through the Authority's issuance of Solid Waste Disposal Bonds.

American Municipal Power-Ohio ("AMP-OHIO") is an Ohio nonprofit corporation that was established in 1971 to own and operate electric facilities or otherwise provide for the generation, transmission and distribution of electric power and energy to its members. In 1988, AMP-Ohio purchased a 70 percent interest in a steam plant owned by Elkem Metals Company, located along the Ohio River near Marietta. The plant was originally constructed in the 1950s. In 1999, AMP-Ohio purchased the remaining interests in the plant, which now has a nameplate capacity of 213 megawatts. Over the years, the organization has invested in control technologies, including a continuous emissions monitoring system to reduce plant emissions. The plant's output helps meet a portion of the energy needs for 48 participating member municipal electric systems.

Illinois Municipal Electric Agency ("IMEA") is a joint municipal electric power agency acting on behalf of 31 member municipalities located in Illinois. IMEA's primary function is to provide wholesale electricity to its members which they resell on the retail market. Of its 31 members, 29 members purchase wholesales from the Agency. IMEA's goal is to power prices low and insulate members from high prices which are increasingly prevalent in today's short-term market. IMEA is partnering with IMPA to build the Trimble County Unit 2 (TC2) (see description below).

Indiana Municipal Power Agency ("IMPA") is a joint municipal electric power agency acting on behalf of 51 member municipalities located in Indiana. IMPA was created by group of municipally owned electric utilities to share power and provide electricity more economically to their customers. As a not-for-profit agency owned by its members, IMPA seeks to provide power that is low-cost, reliable and environmentally responsible. IMPA and its members own 811 MW of generation and reached a peak demand of 1135 MW in 2006. The Agency is currently participating in the development and construction of an additional 300 MW of coal-fired generation through two major projects: Trimble County Station Unit #2 and the Prairie State Energy Campus. Trimble County Unit 2 (TC2) is a 750 MW coal-fired unit under construction in northern Kentucky at the site of the current Trimble County Station, which is jointly owned by IMPA, Louisville Gas & Electric and Illinois Municipal Power Agency. Bechtel is the EPC contractor for this state-of-the-art, supercritical pulverized coal-fired unit. The new unit will have lower permitted levels of sulfur dioxide and nitrogen oxides than any other existing or planned conventional coal unit in Kentucky. The new unit is expected to cost $1.1 billion and has a projected in-service date of mid 2010. The planned expansion will increase IMPA's baseload capacity by approximately 100 MW. With over 150 MW of coal-fired capacity, IMPA brings to the table a substantial amount of experience. In addition, IMPA is an owner in the following facilities:

Gibson Station, 3157 MW
Trimble County, 515 MW
Combustion Turbine facilities *(seven* total), 400 MW
Richmond Power & Light, 101 MW - coal-fired
Crawfordsville Electric Light & Power, 23 MW - coal-fired
Peru Utilities, 34 MW- coal-fired
Rensselaer Municipal Electric Department, 21 MW - duel-fueled and natural gas

Missouri Joint Municipal Electric Utility Commission ("MJMEUC"): MJMEUC is a joint action agency acting on behalf of *seven* participating municipalities, each of whom *have* entered into long-term purchase power agreements with MJMEUC to procure power from the plant to serve their respective power load requirements. MJMEUC has a 22% ownership interest in Plum Point, a new 665-megawatt electric generating station using a single pulverized coal fired boiler located in northeastern Arkansas.

Prairie Power, Inc. ("Prairie Power" or "PPI"): Prairie Power is a member-owned, not-for-profit electric generation and transmission cooperative, which produces and supplies electricity for 11 member distribution cooperatives in Illinois. PPI's distribution cooperatives provide retail electric service to 78,349 consumers within their local service territories. PPI is one of more than 60 generation and transmission (G&T) cooperatives that supply wholesale electric power to rural utilities in the United States. PPI owns and operates approximately 583 miles of transmission lines at 138 kV, 69 kV, and 34.5 kV; 22 MW of coal-fired base load generation; 154 MW of oil and gas-fired peaking units; and nearly 100 distribution and transmission substations to serve its members. A 22-megawatt, coal-fired baseload power plant located in Pike County, IL, along the Illinois River, Pearl Station – owned and operated by Prairie Power- first went on-line in 1968. In fiscal 2006, Pearl produced 162.100 megawatt-hours of electricity. Owned by PPI and operated by PPI staff, the Alsey Generating Station is a five-unit, natural gas-fired peaking complex located in Scott County, IL, near the Village of Alsey. The facility entered service in July 1999 and has a nameplate rating of 125 megawatts. (The units can also operate on fuel oil, if necessary.) The Alsey Station operates in conjunction with a private power company when it is more *cost-effective* to run the combustion turbines than purchase power from other providers. It is designed to run during periods of peak electric use. Since air permits for the facility limit emissions to no more than 250 tons of nitrogen oxide annually, operation is capped at 937 hours per year. Alsey generated 4,842 megawatt-hours during 2006. During times of peak electricity demand and system emergencies, PPI can call on a 20-megawatt oil-fired combustion turbine based at Pearl Station and 9 megawatts from five diesel units located at Pittsfield in Pike County, Ill. Typically, both facilities run less than 200 hours per year.

Schedule: The Project's equity partners have given Bechtel Power Corporation, the Project's Engineering, Procurement Construction and Management Contractor (EPCM) notice to proceed to full-scale construction. Full-scale construction ramped up in October 2007 and will employ more than 2,000 workers at peak construction in the second half of 2009. The Project will also inject more than $660 million into the regional economy and $1.5 billion into the state economy during development. Units One and Two of the power plant are expected to come on line in August 2011 and May 2012. To adhere to this schedule, the partners submitted orders for equipment, including pollution control equipment. The Borrower would like to finance its share of qualifying Project costs with the Bonds, which it hopes to close during 2008.

Development Team: *Bechtel Power Corporation* has been selected as the Engineering, Procurement, Construction and Management Contractor (EPCM) and is overseeing site work. Bechtel is a global engineering, construction and project management company, that is privately owned, headquartered in San Francisco. Bechtel maintains 40 offices around the world and nearly 40,000 employees and generated revenues of $20.5 billion in 2006. EPCM services include: providing equipment and materials required in connection with the engineering, design, procurement, construction, construction management, testing and commissioning of the power plant.

As part of the EPCM contract, Prairie State has signed purchase orders for state-of-the-art technologies *with Babcock & Wilcox Co. for the boiler system; Toshiba International Corp. for the condensing steam turbines; and Siemens Power Generation, Inc. for emission controls.* Supercritical technology will allow Prairie State to achieve high efficiencies and generate additional power while achieving emissions far superior to America's current generating fleet.

The Babcock & Wilcox Company (B&W) has been supplying innovative solutions to meet the world's growing energy needs for over 140 years. B&W produces boilers and related equipment used by utilities and industries to generate steam and power for lighting, heating, and for process and industrial uses.

Toshiba has been supplying steam and gas turbines for its many customers around the world since 1928. These turbines continue to provide safe, reliable and efficient source of electrical energy to the many nations they serve. Toshiba provides a vast range of turbine products - from several megawatts back pressure turbines to over 1,000 MW supercritical turbines.

Siemens Power Generation is one of the premier companies in the international power generation sector providing leading-edge power and energy solutions. Siemens (Wheelabrator) designs and supplies the proven air pollution control technologies today's industrial and power generating processes demand. Since 1913, Siemens (Wheelabrator) has been innovating air pollution control devices.

Labor: Working with local contractors to develop the plant is also a priority and part of Prairie State's good neighbor policy. Bechtel has an agreement in place with the Southwestern Illinois Building and Construction Trades Council for plant construction and commenced preliminary foundation work at the site in late May. Initial craft hiring will begin this summer, with full civil work under way in the fall. Bechtel also is implementing a "Helmets to Hardhats" program to recruit, train and place skilled former military personnel in construction jobs.

Educational Center: Prairie State also will feature an interactive educational center that will demonstrate how clean electricity from coal contributes to economic prosperity and a better quality of life. The center will provide information for students, teachers and community members, along with training opportunities for skilled tradesmen.

Economic Benefits: The developers engaged Professor Andrew Isserman, Ph.D. Department of Urban & Regional Planning at the University of Illinois at Urbana-Champaign to prepare a report estimating the Project's economic impact on Illinois and the Prairie State region. The study estimated Prairie State's impact over a 30 year period. The study defines the Prairie State region to include the counties of Washington, Perry, Randolph, St. Clair, Clinton and Monroe, as these areas are assumed to be the "commuting shed" or labor market for the project. The study was prepared in 2003 and updated in 2007. A summary has been provided to IFA. Excerpts are provided below.

"According to the Energy Information Administration, coal used for electricity is expected to increase more than 50 percent by 2030. Coal underlies 37,000 square miles of Illinois, approximately 65% of the state's surface. Currently recoverable coal reserves in the state amount to more than 38 billion tons containing more BTUs than the combined oil reserves of Saudi Arabia and Kuwait.

With an estimated engineering, procurement, construction management contract of $2.9 billion, Prairie State is the most significant economic development project in the history of the region.

The study recognizes that industries generate employment, employment generates income, income generates consumer expenditures for goods and services and the subsequent "ripple" effect that results from those jobs, income and spending. The economic assessments were largely based on the Impact Analysis for Planning (IMPLAN), an economic modeling system that enables the user to build economic models to estimate the impacts of economic change in states, counties or communities.

The study concludes that Prairie State will have significant economic impact on the State and region, including:

- Injecting more than $600 million in labor income into the regional economy during development
- Creating more than 2,300 jobs at the peak of a five-year construction period
- Stimulating nearly $2.9 billion in economic activity in the region during the construction period
- Injecting more than $125 million annually in economic benefits to Illinois, totaling over $3.75 billion over 30 years.
- Injecting more than $74 million annually in economic benefits to the region, totaling over $2.2 billion over 30 years
- Creating approximately 540 permanent mine and power plant jobs

Prairie State represents a significant investment with sizeable economic benefits retained by local and state economies. Equally important, this bold initiative, made possible by the Prairie State equity partners, will help meet America's growing energy needs, while driving down energy costs, accelerating economic progress and ensuring environmental protection."

Infrastructure Improvements: The Project's owners will invest $7.9 million to improve roads throughout Washington County. Marigold Road is being rerouted around the plant site. The new 4.6 mile road will extend east from IL Highway 14 in St. Clair County to Highway 12 in Washington County. Highway 12 is being upgraded with the intersection of County Highway 10 and asphalt paving on Highway 12 with grading of shoulders and ditches. New asphalt is being applied to Highway 57. This work is in process and is largely completed.

Coal Supply: The Project will be fueled by a new coal mine located adjacent to the site. The site for the mine is located over substantial reserves in the Illinois Herrin #6 Coal Seam. A block of 210 million tons of recoverable coal has been allocated to the Project, which is expected to be sufficient for its projected 30 years of operation. The equity partners purchased the site from Peabody Energy Corporation on September 28, 2007. The partners have obtained the land for the Plant and the initial portal for the mine. The mine and Plant have been permitted as a mine-mouth operation.

The permits require that the coal be delivered to the Plant by conveyer and limit the partners' ability to obtain deliveries of coal by rail or truck. The partners are now planning to develop a second portal to access the Northern portion of the mine and provide a backup source of coal in the event of interruption of access via the initial portal. The partners expect to close in December on land for the second portal and start the permitting process in the first quarter of 2008. The partners will engage a third party to develop and operate the mine, which may be Peabody Energy.

FINANCING SUMMARY

Obligor:	Southern Illinois Power Cooperative
Payment Source:	Primary: Cashflows generated by the Project Secondary: Payment under a guarantee to be obtained from the National Rural Utilities Cooperative Finance Corporation ("CFC').
The Bonds:	Solid Waste Disposal Facilities Revenue Bonds.
Bond Collateral:	Guarantee from CFC
Collateral for the Guarantee:	Primary: An interest in the mortgage on all of SIPC's major assets Secondary: SIPC's pledge of its full faith and credit
The Guarantor:	CFC is a non-bank financial institution that serves rural electric, service and telecommunication utilities. CFC was organized in 1969 by rural electric cooperatives as a not-for-profit, tax-exempt organization to provide an economical alternative to federal subsidized funds from the USDA's Rural Utilities Service ("RUS").
Credit Rating:	The Bonds are expected to carry the rating of the guarantor. CFC's debt obligations are currently rated A1/Stable by *Moody's Investors Service*, A/Stable *by Standard & Poor's Corporation* and A/Positive by *Fitch Ratings*.
Maturity:	Expected to be 20 to 30 years
Interim Financing:	SIPC has a $375 million revolving credit agreement with CFC to finance its share of the Project until permanent financing is secured.

PROJECT SUMMARY

Bond proceeds, together with other debt, will be used to finance and reimburse Southern Illinois Power Cooperative for its share of costs to (1) acquire a 2,971 acre site located at the intersection of Marigold and County Line Road 12 in Lively Grove Township, (2) construct a 1,600 megawatt power generation facility, (3) acquire and install machinery and equipment, and (4) capitalize a debt service reserve and 5) pay associated legal and professional costs. The Borrower has committed to contribute capital sufficient to fund its share (7.90%) of total Project costs.

The Borrower is applying to IFA to issue Bonds to finance its share of project costs that qualify for financing with Solid Waste Disposal Bonds. The estimate of qualifying project costs has been prepared by the Borrower after consulting with Chapman and Cutler as Bond Counsel regarding this application, as well as for similar applications submitted by Prairie Power, Inc. and Lively Grove Energy Partners, LLC. The Borrower expects to finance costs that can not be financed with Bond proceeds with loans provided by CFC and/or RUS. Presented below are SIPC's estimated share of Project costs and the portion of those costs that may be bondable. Dollars are in thousands.

Cost	Total Project Costs	Total Costs Qualified for SWDBs	SIPC's Share Total Project Costs (7.90% of Total)	SIPC's Share Bondable Costs
EPC System Cost	1,702,176	244,377	134,472	19,306
EPC Plant & Shared Facilities Cost	493,224	70,811	38,965	5,594
EPC Indirect Costs	704,600	101,157	55,663	7,991
Owner Costs (includes land)	705,600	101,301	55,742	8,003
Auxiliary Power	61,759	61,759	4,879	4,879
Total	3,667,359	579,405	289,721	45,773
Interest During Construction			51,000	7,322
Issuance Costs			1,062	1,062
Debt Service Reserve			2,655	2,655
Total			344,438	56,812

SIPC is applying for issuance of Bonds to fund its entire share of Project costs that may qualify for Bond financing (see the far right column in the table immediately above). Staff is recommending preliminary approval for a portion of that request now to permit the Applicant to reimburse itself for bondable costs incurred since October.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Southern Illinois Power Cooperative, 11543 Lake of Egypt Road, Marion IL, 62959. Contact: Stephanie Oxford, Manager- Administration and Finance, 618/964.1448 ext 230.

Project Location: The intersection of Marigold and County Line Road 12 in Lively Grove Township (Washington County)

Land Owner: The site is currently owned by the owners of the Project in the following percentages:

American Municipal Power-Ohio	23.26%
Illinois Municipal Electric Agency	15.17%
Indiana Municipal Power Agency	12.64%
Missouri Joint Municipal Electric Utility Commission	12.33%
Prairie Power, Inc.	*8.22%*
Southern Illinois Power Cooperative	*7.90%*
Kentucky Municipal Power Agency	7.82%
Northern Illinois Municipal Power Agency	7.60%
Lively Grove Energy Partners, LLC (Peabody Energy)	*5.06%*

The Borrower: Southern Illinois Power Cooperative, a rural electric generation and transmission cooperative

Ownership of SIPC:

Clinton County Cooperative	16.67%
Egyptian Electric Cooperative	16.67%
Monroe County Electric Cooperative	16.67%
SouthEastern Illinois Electric Cooperative	16.67%
Southern Illinois Electric Cooperative	16.67%
Tri-County Electric Cooperative	16.67%

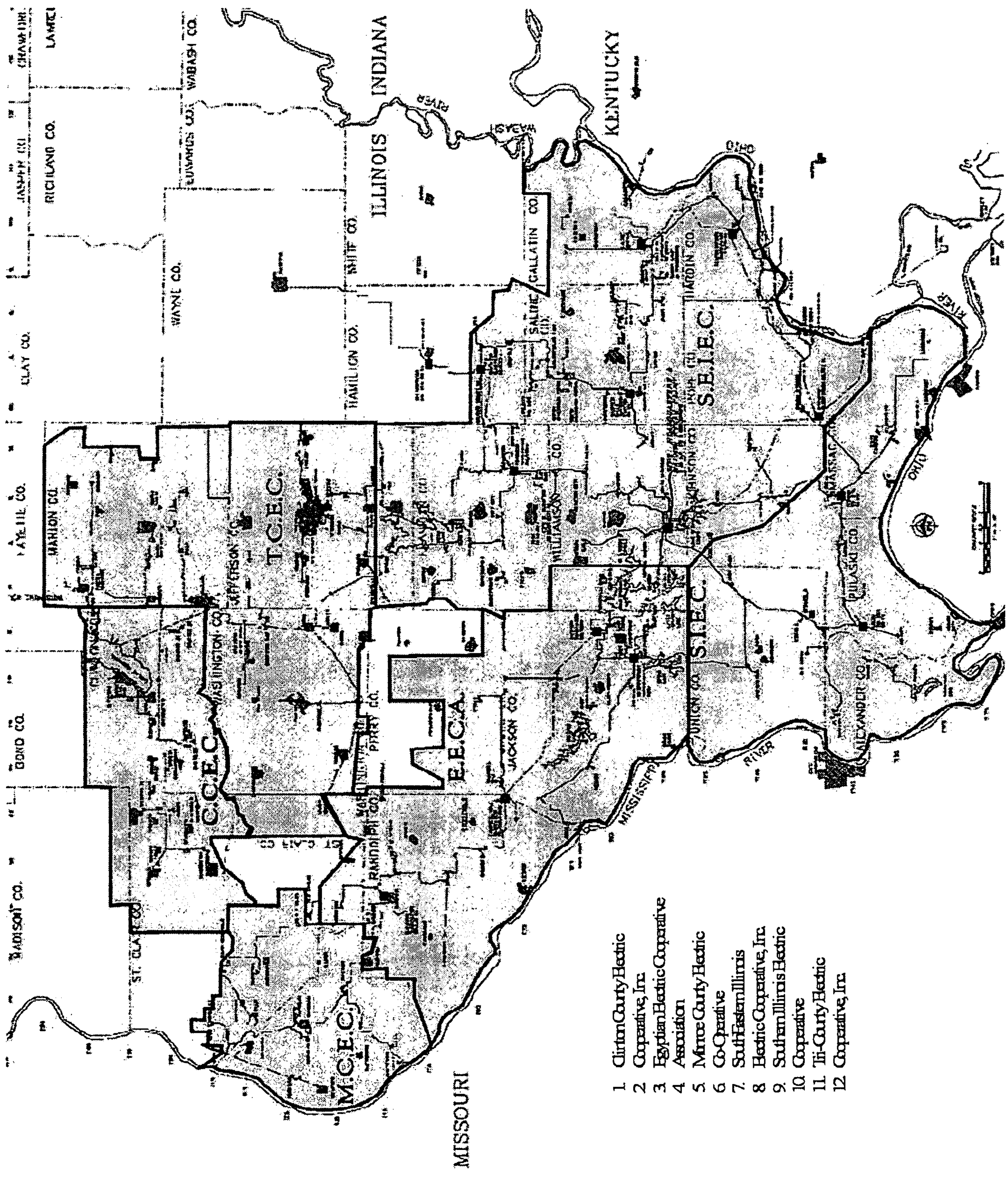
PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Winters, Brewseter, Crosby & Schafer	Marion	John Brewster
Accountant:	Kerber, Eck & Braeckel	Carbondale	David Schnake
Bond Counsel:	Chapman and Cutler	Chicago	Bob Ollis
Bond Underwriter:	To be determined		
Underwriter's Counsel:	To be determined		
IFA Advisor:	DA Davidson	Chicago	Bill Morris
	Scott BaliceChicago	Lois Scott	
Issuer's Counsel:	The Office of Cahill	Chicago	Kevin Cahill

LEGISLATIVE DISTRICTS

Congressional:	19 US Representative John Shimkus
State Senate:	58 Senator David Luechtefeld
State House:	116 Representative Dan Reitz

SERVICE AREA



ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: Members of the Illinois Finance Authority Board

FROM: Steve Trout, Chief Credit Officer

DATE: December 31, 2007

RE: **Request to Amend a Resolution Adopted November 13, 2007 for the North Shore Arena, LLC Bonds to: 1) Change the Underwriter; 2) Permit the Bonds to be sold in $25,000 Minimum Denominations; and 3) Modify the Indenture**

The Board gave its final approval on November 13, 2007 for the issuance of up to $10,000,000 of 501(c)(3) for the North Shore Arena, LLC to finance the construction and equipping of a 47,134 square-foot ice arena at the corner of Techny and Founders Roads in Northbrook. The Bonds were contemplated to be sold without a rating or credit enhancement. The Project's feasibility is supported by a feasibility study dated October 2, 2007 prepared by CH Johnson Consulting.

The Borrower has asked the Authority to approve an amendatory resolution that would authorize the following changes to the resolution adopted in November:

(1) Designate Oppenheimer & Co. Inc., as the bond underwriter and thereby replace RBC Capital Markets as underwriter. RBC Capital Markets has agreed to this request.

(2) Authorize Oppenheimer to sell the Bonds in minimum denominations of $25,000. Oppenheimer will certify to the Authority that all purchasers of the Bonds are accredited investors, as defined by the Securities and Exchange Commission ("SEC").

- IFA policy generally requires underwriters to: 1) sell IFA bonds without a credit rating or enhancement in minimum denominations of $100,000; 2) sell the bonds to entities or persons that qualify as accredited investors, as defined by the SEC; and 3) require the purchaser (or purchasers) to execute and deliver an investor letter - i.e., a "Big Boy" letter – to the Authority in conjunction with the sale.

- Oppenheimer is requesting this change to facilitate the issuance of the Bonds to a number of high net worth individuals who qualify as accredited investors but are seeking to purchase the Bonds in an amount below $100,000. Oppenheimer anticipates that approximately $3,000,000 of the Bonds will be purchased by this type of investor, including parents and others directly affiliated with the Project's major tenants (Wilmette Hockey Association, Winnetka Hockey Club and New Trier High School Hockey Club).

- The Authority approved these parameters for the issuance of unrated bonds for two startup ice arenas in 2005, 2006 and 2007 including the International Ice Arena, LLC (the Huskies Hockey Club in Bolingbrook) and the LHC, LLC (the Leafs Hockey Club in Crystal Lake).

(3) Modify the Indenture to exclude language that gives the Borrower an option to use the Operations Reserve Fund to redeem Special Option Redemption Bonds.

ILLINOIS FINANCE AUTHORITY RESOLUTION NO. 2008-01-03

BOND RESOLUTION
(Amended and Restated)

RESOLUTION OF THE ILLINOIS FINANCE AUTHORITY, A BODY POLITIC AND CORPORATE OF THE STATE OF ILLINOIS (THE "ISSUER"), PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED $10 MILLION IN AGGREGATE PRINCIPAL AMOUNT OF ITS SPORTS FACILITY REVENUE BONDS, SERIES 2008 (NORTH SHORE ICE ARENA PROJECT) (THE "BONDS"), THE PROCEEDS OF WHICH ARE TO BE LOANED TO NORTH SHORE ICE ARENA, LLC, AN ILLINOIS LIMITED LIABILITY COMPANY (THE "BORROWER"), FOR THE PURPOSE OF PAYING FOR, OR REIMBURSING THE BORROWER OR WILMETTE HOCKEY ASSOCIATION, INC., AN ILLINOIS NOT FOR PROFIT CORPORATION (THE "GUARANTOR") FOR, CERTAIN COSTS OF ACQUIRING, CONSTRUCTING, REMODELING, RENOVATING AND EQUIPPING CERTAIN PROJECTS WHICH SHALL CONSTITUTE AN "INDUSTRIAL PROJECT" UNDER THE ACT, AS DESCRIBED HEREIN, ESTABLISHING A DEBT SERVICE RESERVE FUND FOR THE BONDS, PAYING A PORTION OF THE INTEREST ACCRUING ON THE BONDS DURING THE PERIOD OF CONSTRUCTION OF THE PROJECT, AND PAYING CERTAIN EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE BONDS, WHICH BONDS WILL BE PAYABLE FROM LOAN PAYMENTS AND OTHER AMOUNTS DESCRIBED IN THE HEREIN DESCRIBED TRUST INDENTURE; AUTHORIZING THE EXECUTION OF THE LOAN AGREEMENT AND TRUST INDENTURE IN CONNECTION WITH THE SALE OF THE BONDS; AUTHORIZING THE DISTRIBUTION OF A LIMITED OFFERING MEMORANDUM; AND SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE BONDS ARE TO BE ISSUED AND PROVIDING FOR OTHER MATTERS CONSISTENT WITH THE ISSUANCE, SALE AND DELIVERY OF THE BONDS.

WHEREAS, the Illinois Finance Authority (the "Issuer") is a political subdivision, body politic and corporate of the State of Illinois created under and pursuant to the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as amended (the "Act"); and

WHEREAS, pursuant to the provisions of the Act, the Issuer is authorized and empowered to issue its revenue bonds to finance the acquisition, construction, refurbishment, creation, development or redevelopment of "industrial projects" within the meaning of the Act and lend the proceeds thereof to any person or institution; and

WHEREAS, to promote a public purpose and to accomplish the purposes of the Act, the Issuer has agreed with North Shore Ice Arena, LLC, an Illinois limited liability company (the "Borrower"), and Wilmette Hockey Association, Inc., an Illinois not for profit corporation (the "Guarantor"): to (i) pay for, or reimburse the Borrower or the Guarantor for, certain costs of acquiring, constructing, remodeling, renovating and equipping facilities of the Borrower to be located in the Village of Northbrook, Illinois, Cook County, Illinois; (ii) finance capitalized interest on the Bonds; (iii) establish a Debt Service Reserve Fund; and (iv) pay certain expenses incurred in connection with the issuance of the Bonds (the "Project"); and

WHEREAS, the Project is an "industrial project" within the meaning of the Act and will be of the character and will accomplish the purposes provided in the Act; and

WHEREAS, the Issuer wishes to provide for the financing of the Project by the sale and issuance of its Sports Facility Revenue Bonds (North Shore Ice Arena Project), Series 2008 (the "Bonds"), in an aggregate principal amount not to exceed $10,000,000 pursuant to and in accordance with the Act and this Resolution authorizing the Bonds; and

WHEREAS, the Bonds and the obligation to pay interest thereon are special, limited obligations of the Issuer, payable solely out of the revenues and income derived from the Loan Agreement hereinafter referred to and as otherwise provided in the Trust Indenture hereinafter referred to and the Loan Agreement; the Bonds and the obligation to pay interest thereon shall not be deemed to constitute an indebtedness or an obligation of the Issuer, the State of Illinois or any political subdivision thereof within the purview of any constitutional limitation or provision or a charge against the general credit or taxing powers, if any, of any of them; and neither the Underwriter hereinafter referred to nor any future holder of the Bonds shall have the right to compel any exercise of the taxing power, if any, of the Issuer, the State of Illinois or any political subdivision thereof to pay any principal installment of or interest on the Bonds; and

WHEREAS, pursuant to the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended, a public hearing on the proposed plan of financing of the Project and the issuance of the Tax Exempt Bonds was held by the Interim Executive Director of the Authority or his designee, on September 28, 2007, pursuant to a notice published at least fourteen (14) days prior to such public hearing in *The State Journal-Register*, a newspaper qualified by law to publish legal notices in the City of Springfield, in Sangamon County, Illinois, and in *The Daily Herald*, a newspaper qualified by law to publish legal notices in the Village of Northbrook, Illinois, Cook County, Illinois, on September 21, 2007; and

WHEREAS, the Issuer proposes to execute and deliver a Loan Agreement (the "Loan Agreement") among the Issuer, the Guarantor and the Borrower, pursuant to which the proceeds from the sale of the Bonds will be used by the Issuer to make a loan to the Borrower for the purpose of financing a portion of the cost of the Project, and the Borrower will covenant and agree to make payments sufficient to provide for the payment of the principal of, interest on and other amounts payable on the Bonds, as and when the same become due and payable; and

WHEREAS, in order to provide security for the obligations under the Loan Agreement, the Borrower will grant a mortgage and security interest in the real property and all improvements thereon (including the building to be constructed) constituting the Project pursuant to terms of one or more mortgage and security agreements (the "Mortgage") by the Borrower in favor of the Trustee (as defined below); and

WHEREAS, the Bonds will be issued under and pursuant to, and are to be secured by a Trust Indenture (the "Indenture"), between the Issuer and Amalgamated Bank of Chicago, as trustee (the "Trustee"); and

WHEREAS, the Borrower has requested the Issuer to enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Borrower and Oppenheimer & Co. Inc., as the Underwriter with respect to the initial sale of the Bonds (the "Underwriter"); and

WHEREAS, the Borrower has requested that the Bonds be issued pursuant to the Indenture, under which the Issuer will pledge, among other things, the income and revenues received under the Loan Agreement as security for the Bonds; and

WHEREAS, a Limited Offering Memorandum relating to the Bonds in substantially the form of a Preliminary Limited Offering Memorandum (the "Limited Offering Memorandum") delivered to the Issuer and distributed in connection with the Bonds will be distributed in connection with the marketing of the Bonds; and

WHEREAS, copies of the forms of the following documents relating to the transactions described above have been filed with the Issuer:

(a) the Indenture, with a copy of the form of the Bonds attached thereto as an Exhibit;
(b) the Loan Agreement;
(c) the Bond Purchase Agreement; and
(d) Limited Offering Memorandum.

WHEREAS, it appears that each of the instruments above referred to, which are now before this meeting, is in appropriate form and each instrument referred to above is an appropriate instrument to be executed and delivered by the Issuer for the purpose intended;

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

Section 1. Pursuant to the Act, the Issuer does hereby authorize the financing of a portion of the cost of the Project in accordance with the terms of the Loan Agreement and the Indenture and does hereby determine it is in furtherance of the public purposes set forth in the Act, and that, therefore, providing for the financing of the Project through the issuance and sale of the Bonds is in the public interest.

Section 2. For the purpose of financing a portion of the cost of the Project, the issuance of revenue bonds of the Issuer to be known as the "Sports Facility Revenue Bonds (North Shore Ice Arena Project), Series 2008", in an aggregate principal amount not to exceed $10,000,000 is hereby authorized. The Borrower has agreed that to the extent bond proceeds are not sufficient to pay all of the costs of financing the Project, the Borrower will pay all such excess costs in order to complete the financing of the Project. Any such payments made by the Borrower shall in no manner affect or reduce the payments required by the Loan Agreement hereinafter authorized and approved.

Section 3. The Bonds shall be issued in such form and denominations as are set forth in the Indenture and the interest on the Bonds will be payable on the dates and at such places as are specified in or determined pursuant to the Indenture, but the Bonds shall mature not later than 40 years from the date of issuance. The Bonds shall have an original issue date, shall mature, shall be subject to redemption and shall bear interest as provided in the Indenture. The Bonds shall initially bear interest at the rates as determined by the Underwriter pursuant to and in accordance with the Indenture. The Bonds shall be dated and numbered as provided in the Indenture. The forms of the Bonds and the provisions for execution, authentication, payment and registration shall be substantially as set forth in the Indenture.

Section 4. The Bonds shall be special, limited obligations of the Issuer and, except to the extent payable from Bond proceeds or moneys from the investment thereof, shall be payable solely from the revenues and receipts and other amounts received by or on behalf of the Issuer pursuant to the Loan Agreement, from certain funds pledged under the Indenture. The Bonds will also be secured by the Mortgage. The Bonds and interest thereon shall not be deemed to constitute an indebtedness or an obligation of the Issuer, the State of Illinois or any political subdivision thereof within the purview of any constitutional limitation or statutory provision or a charge against the general credit or taxing powers, if any, of any of them. No taxing powers, if any, of the Issuer, the State of Illinois or any political subdivision thereof are available to pay the Bonds or interest thereon. The special, limited nature of the obligation represented by the Bonds is more fully set forth in the Indenture.

Section 5. The payments under the Loan Agreement to be received by the Issuer under the terms of the Loan Agreement, as represented by the Borrower, are calculated to be sufficient to pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable, and all of such payments shall be pledged for that purpose pursuant to, and in addition to such other purposes as are more fully set forth and provided for in, the Indenture.

Section 6. The execution, delivery and performance of the Indenture, the Loan Agreement and the Bond Purchase Agreement by the Issuer, are hereby authorized. The Indenture, the Loan Agreement and the Bond Purchase Agreement shall be in substantially the forms submitted to this meeting as hereinabove recited, with such changes, insertions or omissions as may be approved by the Chairman, Vice Chairman, Treasurer or Executive Director of the Issuer, whose approval thereof shall be evidenced by his execution of each such instrument.

Section 7. The offering of the Bonds by the Underwriter pursuant to the Bond Purchase Agreement is hereby authorized and approved. The selling of the Bonds by the Underwriter at the price of not less than 97% of the principal amount of the Bonds is hereby approved. The execution, delivery and performance of the Bond Purchase Agreement shall be in substantially the form submitted to this meeting as hereinabove recited, with such changes, insertions or omissions as may be approved by the Chairman, Vice Chairman, Treasurer or Executive Director of the Issuer (or any person duly qualified and appointed by the Members to serve in such office on an interim basis), whose approval thereof shall be conclusively evidenced by his execution of the Bond Purchase Agreement.

Section 8. The Issuer does hereby authorize and approve the distribution of a Preliminary Limited Offering Memorandum and a Limited Offering Memorandum relating to the Bonds by the Underwriter to be approved by the officer executing the Bond Purchase Agreement, but subject to the limitations and representations with respect thereto made by the Issuer as set forth herein.

Section 9. The execution and delivery of the Bonds to the Trustee, for authentication, acceptance and redelivery of the authenticated Bonds, and the delivery of the Bonds to the purchasers thereof or their duly authorized attorneys-in-fact, against receipt by the Trustee of the amount of the purchase price for the Bonds in payment therefor, together with the payment of certain expenses in connection with the issuance of the Bonds, are hereby authorized.

Section 10. The Chairman, Vice Chairman, Treasurer or Executive Director of the Issuer (or any person duly qualified and appointed by the Members to serve in such office on an interim basis) is hereby authorized to execute on behalf of the Issuer the Indenture, the Loan Agreement, the Bond Purchase Agreement and the Bonds, and the Secretary or Assistant Secretary of the Issuer is hereby authorized to attest such documents, and the Chairman, Vice Chairman, Treasurer or Executive Director (or any person duly qualified and appointed by the Members to serve in such office on an interim basis) and the Secretary or Assistant Secretary are hereby authorized to deliver such instruments and documents on behalf of the Issuer and to execute and deliver all such instruments, documents or certificates, and to do and perform all such things and acts, as each shall deem necessary or appropriate in furtherance of the issuance of the Bonds and the carrying out of the transactions authorized by this Resolution or contemplated by the instruments referred to in this Resolution. The Bonds shall be executed on behalf of the Issuer by its Chairman, Vice Chairman, Treasurer or Executive Director (or any person duly qualified and appointed by the Members to serve in such office on an interim basis) with his/her manual or facsimile signature and attested by the manual or facsimile signature of the Secretary or Assistant Secretary. In case any official whose signature appears on any Bond shall cease to be such official before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

Section 11. The Indenture, the Loan Agreement, the Bond Purchase Agreement, the Limited Offering Memorandum, as approved or acknowledged by this Resolution, all of which are hereby incorporated in this Resolution by reference thereto, shall be placed on file at the office of the Issuer and made available for public inspection by any interested party immediately following the passage and approval of this Resolution.

Section 12. The Chairman, Vice Chairman, Treasurer or Executive Director (or any person duly qualified and appointed by the Members to serve in such office on an interim basis) and the Secretary or Assistant Secretary are hereby authorized to take all actions and execute all additional documents, including, without limitation, an IRS Form 8038 (with respect to the Tax Exempt Bonds) and a Blanket Issuer Letter of Representations with The Depository Trust Company ("DTC"), as are reasonably necessary and appropriate to the issuance of the Bonds. The Trustee is authorized to file a UCC Financing Statement and amendments and continuations thereof naming the Issuer as Debtor and evidencing the grant of the security interest in favor of the Trustee pursuant to the Indenture.

Section 13. The appointment of Amalgamated Bank of Chicago, as the Trustee under the Indenture and Oppenheimer & Co. Inc., as the underwriter under the Bond Purchase Agreement, are hereby approved.

Section 14. The Bonds may be initially issued in book-entry form and registered in the name of DTC, or its nominee, as securities depository.

Section 15. If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining sections, paragraphs, clauses or provisions hereof.

Section 16. All acts of officials of the Issuer which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds and the financing of the Project shall be, and the same are, in all respects approved, ratified and confirmed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, including Resolution No. 2007-11-08, adopted by the Issuer on November 13, 2007, are, to the extent of such conflict, hereby repealed and superseded.

Section 17. This Resolution shall become effective immediately upon its adoption.

Adopted this 15th day of January, 2008 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

____

Secretary

SBDS02 ABF 363128v3

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 14, 2007

Project: **North Shore Ice Arena, LLC**

STATISTICS

Number:	N-NP-TE-CD-7039	Amount:	$10,000,000 (not-to-exceed amount)
Type:	501(c)(3) Bond	IFA Staff:	Steve Trout
Location:	Northbrook	Region:	Cook / Northeastern

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) Bond Financing
No IFA funds at risk
Issuance of Unrated and Unenhanced Bonds to be sold consistent with IFA Policy for the issuance of such bonds.

PURPOSE

To finance the construction and equipping of an approximately 47,134 square foot ice skating facility at the corner of Techny and Founders roads in Northbrook.

IFA PROGRAM AND CONTRIBUTION

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

VOTING RECORD

The IFA Board approved a Preliminary Resolution for this project on February 13, 2007 by the following vote:

SOURCES AND USES OF FUNDS

Sources:	Tax-Exempt Bonds	$8,440,000	Uses:	Project Costs	$7,855,000
	Premium	12,863		Costs of Issuance	770,420
	Equity Contribution *	1,3,000,000		Debt Service Reserve	642,670
				Capitalized Interest	481,598
				Contingency	3,175
	Total	$9,752,863		**Total**	$9,752,863

* Equity consists of funds contributed by members of the Wilmette Hockey Association and Winnetka Hockey Club. These funds have been collected and are held by the two clubs and will be contributed to the Project at closing.

JOBS

Current employment:	0	Projected new jobs:	6
Jobs retained:	N/A	Construction jobs:	50

BUSINESS SUMMARY

Description: North Shore Ice Arena, LLC is a Illinois 501(c)(3) Limited Liability Company that has been established in 2007 to develop, own and finance a one sheet NHL-sized ice rink in Northbrook.

The Members: The Borrower is currently owned by the Wilmette Hockey Association ("the Founding Member"). The Borrower has entered in an agreement with the Winnetka Hockey Club ("the Club") to have the Club become a member once the IRS approves the Borrower's amended application for 501(c)(3). That approval is expected in 2008. Both the Founding Member and the Club currently lease ice time for their members. The two two hockey clubs will enter into multi-year agreements to lease space at the Project cover the Project's operating and capital costs including debt service on the Bonds. Both clubs will serve as co-guarantors for the Bonds.

Founding Member: **Wilmette Hockey Association** - The Wilmette Hockey Association ("WHA") is a not-for-profit organization that was established in 1955 to provide hockey programs in the community. The club has offered a supervised, competitive hockey program while implanting in the community's youth the ideals of good sportsmanship, honesty, loyalty, courage and reverence. These goals have lead to finer, stronger and happier youths who will grow up to be good, clean, and healthy adults. To this end, the Club offers and develops programs that encourage both children and adults to participate in skating and hockey activities.

The Wilmette Hockey Club has 466 members from about 300 families and fields 32 teams. Its teams use the Warriors mascot name. The Wilmette Hockey Club is affiliated with: the USA Hockey Association, the Hockey Association of Illinois, the Northern Illinois Hockey League, the Girls Central Hockey League, the North Shore Youth Hockey League, the Illinois Spring Hockey League, and the Spring League. Being part of these numerous organization allows the Wilmette Hockey Club to open its doors a larger segment of the community. Wilmette is taking the lead in developing the Project.

Prospective Member: **Winnetka Hockey Club** – The Winnetka Hockey Club ("WHC") is a not-for-profit organization promoting youth ice hockey to approximately 600 boys and girls living in Winnetka, Glencoe, Kenilworth, and Northfield. The Club is run through the combined efforts of a Board of Directors, professional staff, the Winnetka Park District and volunteer coaches. WHC offers programs for children ages 5 through 15 at both the recreational (House League) and competitive (Travel) levels and its teams use the Braves mascot name. This season, the Winnetka Hockey Club will field 29 house league teams, 12 All-Star teams, 3 Mite A-2 teams, 3 house select teams, and 3 girls travel teams encompassing close to 700 children.

Additional Tenant: **New Trier High School Hockey Club** – The Club has entered in a multiyear agreement to lease ice at the facility. The Club is a volunteer organization that has been producing Illinois State Championship teams since 1977. The Club's purpose is to promote, train, teach and develop organized youth hockey and develop the physical, mental and emotional well being of participants, including developing personal character traits of aggressiveness, self-esteem, self-discipline, perseverance, respect for authority, cooperative relationships and sportsmanship. The High School was founded in 1901 and known for its large spending per student, academic excellence and its athletic, drama and music programs. The school serves North Shore suburbs of Wilmette, Glencoe, Winnetka, Kenilworth, Northfield and part of Glenview and Northbrook. New Trier's Hockey Club has operated one the state's most successful hockey programs over the past ten years, winning six of the last eight State titles including five in a row. Much of its success stems from the feeder clubs that developed its players, namely Wilmette Warriors and the Winnetka Braves.

The Project: The Project consists of the acquisition of a site and the construction, design, engineering and equipping of an approximately 47,134 square foot ice-skating facility to be owned and operated by the Borrower for the benefit of its Members. This proposed ice facility will be located in Northbrook and will be easily accessible via I-294 and I-94 to the North Shore region and many area suburbs. NHC officials believe that this site will make the venue convenient for many hockey clubs, facilitate retention and attraction of high caliber instructors and coaches and offer an attractive venue for tournaments. The proposed facility will have one sheet of NHL-sized ice, a concession area, a pro shop, a synthetic ice goalie practice area, four public locker rooms, one locker room dedicated to New Trier varsity teams and two girls' locker rooms.

To control growth in costs, obtain additional ice time and enhance the quality of facilities for its members, the NHC is developing a facility that has been designed by the same architect that designed the one that the Huskies Hockey Club developed in Romeoville. The IFA financed that facility, which has three sheets of NHL-sized ice through two issuances of 501(c)(3) Bonds in 2005 and in 2006. IFA has been asked to issue 501(c)(3) bonds to finance a similar facility in West Dundee for The Leafs, Inc.

FINANCING SUMMARY

Bonds: The financing team contemplates that the Bonds will be structured as fixed-rate, unenhanced 501(c)(3) Bonds with maturities up to 30 years. Interest rates are currently estimated to range between 5.85% and 6.6%.

Optional Redemption: The Underwriter contemplates that a bond in the amount of $1,500,000 will be structured with an optional redemption feature that will permit the Bond to be redeemed within two years should the Borrower raise additional equity contributions for the Project. The Underwriter contemplates that all Bonds will be redeemable at par after approximately 10 years from closing.

Collateral: First mortgage in the real estate financed and first lien in machinery and equipment and assignment of all rents and leases.

Payment: The Bonds will be paid from all income generated by the Project, including but not limited to leases, fees and charges and interest earned on reserves and surplus funds.

Borrower: North Shore Ice Arena, LLC

Co-Guarantors: Wilmette Hockey Association and the Winnetka Hockey Club.

Rating: The Financing Team contemplates that no rating will be sought on the Bonds.

No Exception: As the Financing Team contemplated that the Bonds will be sold in minimum denominations of $100,000 to Accredited Investors, no exception to IFA's policy regarding issuance on unrated and unenhanced bonds will be sought.

PROJECT SUMMARY

To finance the construction and equipping of an approximately 47,134 square foot ice skating facility at the corner of Techny and Founders roads in Northbrook. Project costs are estimated at $7,855,000.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Wilmette Hockey Association. 2118 Elmwood Ave, Wilmette, Illinois 60091 (Contact: Charles O. Smith , President, Phone: 847/456-1642)

Project name: North Shore Ice Arena, LLC

Location: The corner of Techny Road and Founders Drive, Northbrook, Illinois, 60062-5419

Borrower: North Shore Ice Arena, LLC, an Illinois Limited Liability Company

Board Members: To be determined upon inception

Founding Member: Wilmette Hockey Association

Prospective Member: Winnetka Hockey Club

Tenants: Wilmette Hockey Association

	Winnetka Hockey Club	
	New Trier High School Hockey Club	
Co-Guarantors:	Wilmette Hockey Association and Winnetka Hockey Club	
Founding Member's Board:	Chuck Smith	President
	Al Roth	Vice President
	Joe Wyse	Secretary
	Harry Jones	Treasurer
	Mike Glynn	NIHL Representative
	Kevin Grant	Travel Director
	Lisa Carlton	Girl's Director
	Don Kemp	House Director
	Caroline Kennedy	Sponsorship Director
	Rick McMahon	Past President, at large member
Land Lessor:	Society of the Divine Word, a religious order affiliated with the Roman Catholic church.	

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Greenberg Traurig	Chicago	Richard Sirus
Bond Counsel:	Barnes & Thornburg	Indianapolis, IN	Alan Feldbaum
Underwriter:	RBC Capital Markets	Chicago	Tod Miles
Underwriter's Counsel:	McGuireWoods	Chicago	Emery McRill
IFA Counsel:	Burke Burns & Pinelli	Chicago	Stephen Welcome
Architect:	Economou Partners		
General Contractor:	Ryan Companies USA, Inc.	Naperville	Erik Magsamen

LEGISLATIVE DISTRICTS

Congressional:	10th Mark Steven Kirk
State Senate:	9th Jeffrey M. Schoenberg
State House:	17th Elizabeth Coulson

Illinois Finance Authority

Memorandum

Memo to: IFA Board of Directors

Date: January 8, 2008

From: Eric Reed, Senior Funding Manager

RE: **Two year Extension of Guarantee for Brad and Pam Miller**
Loan # 2001-SL-0099

Brad and Pam Miller executed a promissory note and mortgage dated 12/21/01 in the amount of $830,000 in favor of Peoples National Bank in McLeansboro. An 85% loan guarantee was approved and provided by the Illinois Finance Authority's predecessor, the Illinois Farm Development Authority. The promissory note and mortgage were funded by the lender to secure funding for construction of a new swine finishing facility. Since that time, the borrower's have performed as agreed.

Due to a change in the borrower's business operations, the borrower and the lender have requested an extension of the IFA Guarantee in order to accommodate a re-amortization of the original promissory note. The current loan has approximately 5 years remaining, however the lender and the borrower have requested that the loan be extended to 7 years and be fully amortized over 7 years.

The Miller's have operated under a lease arrangement with a large integrator to finish hogs for them on a contract basis, with annual payments based on a fixed price per pig space. The borrower's currently have two sine facilities under contract, which provide the majority of their income. The borrower's current contract with the lessee has expired, however the Miller's have been offered a new contract if they perform certain upgrades to the facilities, which will improve production efficiency. In addition to receiving a new 7 year contract for one facility, the lessee is willing to offer the Millers a new 7 year contract on their second facility, which is currently in year 3 of a 5 year contract. The new contracts will not only provide further and increased payment per pig space, financial stability to the Miller's operation, and place both facilities on the same contract length.

Peoples National Bank is a longtime user of IFA programs, who has historically brought quality projects for IFA participation. These projects have generally performed well. Peoples National Bank is willing to finance the expenses for the required upgrades on the swine facilities without a guarantee and secure the loan with a second mortgage on the facilities. However, the bank would like to extend the current IFA guaranteed loan to reduce debt service and increase cash flow to accommodate the required debt service on the second mortgage.

Based on the bank's recommendation, the improved financial scenario for the borrowers, and the excellent collateral position for the loan, I recommend approval of the extension request of 2 years for the term of the borrower's loan.

Illinois Finance Authority

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Peoples National Bank is a longtime user of IFA programs, who has historically brought quality projects for IFA participation. These projects have generally performed well. Peoples National Bank is willing to finance the expenses for the required upgrades on the swine facilities without a guarantee and secure the loan with a second mortgage on the facilities. However, the bank would like to extend the current IFA guaranteed loan to reduce debt service and increase cash flow to accommodate the required debt service on the second mortgage.

Based on the bank's recommendation, the improved financial scenario for the borrowers, and the excellent collateral position for the loan, I recommend approval of the extension request of 2 years for the term of the borrower's loan.