Illinois Finance Authority

Tuesday, July 13, 2004
2:00 p.m.
Board Meeting
Sears Tower Conference Center
233 S. Wacker, Suite 3350
Chicago, Illinois

Ali D. Ata

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ILLINOIS FINANCE AUTHORITY
BOARD MEETING

July 13, 2004
Chicago, Illinois

Executive Committee
IFA Office, Sears Tower, Suite 4000 – 40th Floor
8:30 a.m.

- Opening Remarks – Chairman Gustman

- Director's Report – Ali D. Ata
  - Loan Participation
- Reports
  - Administrative - Mike Pisarcik
    - Office Space
  - Legal Matters/Legislation – Anthony D'Amato
  - Opportunity Home Mortgage – Townsend Albright
  - Local Government – Eric Watson
  - Project Presentations – Marketers

Board Meeting
Sears Tower Conference Center
233 S. Wacker Drive, 33rd Floor
2:00 P.M.

- Call to Order – Chairman Gustman
- Roll Call
- Chairman's Report

A. Director's Report

- Consent Agenda for Financing Projects
- Other Business

1. June 2004 Preliminary Financial Statements
2. Acceptance of June 2004 Minutes
3. Fee Schedule Amendment

Initial Project Considerations

	Number	Project	Location	Amount	New Jobs	Const Jobs	Mkter
4.	E-PC-TE-CD-410	The University of Chicago	Chicago	$200,000,000	100	150	RF
5.	E-PC-TE-CD-407	MJH Education Assistance IV LLC (Fullerton Residential Village Project)	Chicago	$80,000,000	22	150	RF
6.	L-GO-TE-CD-406	City of Sparta	Sparta	$14,000,000	150	TBD	MC
7.	N-NP-TE-CD-411	Englewood Cooperative Apartments, Inc.	Chicago	$6,500,000	N/A	15	TA/JS
8.	N-NP-TE-CD-412	Featherfist and Featherfist Development Corporation	Chicago	$1,500,000	25	N/A	ST
9.	I-ID-TE-CD-411	CVT Acquistion, Inc. (d/b/a Cherry Valley Tool & Machine)	Belvidere	$2,400,000	20	15	RF
10.	A-FB-TE-CD-432	Jay A. Todd and Christina Diane Todd	Thompsonville	$125,000	N/A	N/A	KK

Final Project Considerations

	Number	Project	Location	Amount	New Jobs	Const Jobs	Mkter
11.	B-LL-TX-408	Frank and Donna Abdnour (The Spotted Cow, Inc.)	Peoria	$300,000	10	19	JS
12.	E-PC-TE-CD-409	IIT Research Institute ("IITRI")	Chicago	$18,820,000	60	150	TA
13.	B-LL-TX-409	Uresil Acquisition Group, LLC	Skokie	$300,000	N/A	N/A	SCM
14.	I-ID-TE-CD-407	Transparent Container Co., Inc.	Addison, Berkeley, Bensenville	$6,000,000	37	20	SCM
15.	H-SL-NH-TE-CD-415	Fairview Obligated Group	Downers Grove & Rockford	$50,000,000	N/A	N/A	PL
16.	N-NP-TE-CD-408	Hispanic Housing Development Corporation	Chicago	$2,400,000	21	0	ST
17.	M-MH-TE-CD-406	Hinsdale Mirabel Limited Partnership (Hinsdale Lake Terrace Apartments Project)	Unincorporated Willowbrook	$45,000,000	N/A	20	RF
18.	P-SW-TE-CD-405	Recycling Systems, Inc.	Chicago	$11,000,000	30	60	RF
19.	M-MH-TE-CD-405	Waterton Vistas II, L.L.C. (New Vistas II Apartments Project)	Chicago	$8,500,000	N/A	10	RF
20.	V-TD-405	Mobitrac, Inc. Series C		$100,000	N/A	N/A	CV
21.	A-AD-GT-TX-431	Paul D. Schneider and Lynn R. Schneider	Flanagan	$500,000	N/A	N/A	KK
22.	A-DR-GT-TX-433	Weidner, Allen and Marilyn	Marengo	$500,000	N/A	N/A	DW
23.	A-FB-TE-CD-418	Jeremiah D. Fleming	Olney	$165,150	N/A	N/A	KK
	A-FB-TE-CD-421	Scott Lucas	Aledo	$137,700	N/A	N/A	KK
	A-FB-TE-CD-429	Kyle Kiefer	Belle Rive	$132,300	N/A	N/A	KK

A-FB-TE-CD-427	Brandon Niekamp	Coatsburg	$108,000	N/A	N/A	KK
A-FB-TE-CD-428	Chad S. Weaver	Erie	$50,000	N/A	N/A	KK

Project Revisions/Amendatory Resolutions

24. Amendatory Changes

• Little Company of Mary Hospital and Health Centers	Request approval to convert Mode of Bonds to Auction Rate
• Acme Finishing Company, Inc.	Request approval of Fourth Amendment
• Orchard Village	Request approval of First Amendment

Other Business

25. Glossary of Acronyms and Terms
26. Market and Product Codes
27. Newspaper Clippings

Adjournment

Illinois Finance Authority – Director's Report
July 13, 2004

To: **IFA Board of Directors and Governor's Office**

From: **Director Ata**

I. Sales Activity:

- We are pleased to submit for your approval 24 proposals.
- Total fees, paid at closing, to IFA for these transactions are estimated to be $932,484, consisting of $372,955 for preliminaries, and $559,529 for the finals.
- The attached project summary titled "IFA Opportunity Returns" is a list of 100 IFA projects since the inception of the IFA in January, 2004 in 6 market segments totaling $2.6 billion.

II. Marketing:

1) Health Care:

   - In June, there was one healthcare closing, generating $97,855 in fee income. There are 7 new hospital transactions awaiting review and approval before they come to the IFA.
   - We have 4 excellent candidates for the small hospital program that we identified from the 19 surveys that have been returned to date. Working with our partner, GE Healthcare Financial Services, we will be contacting these hospitals to determine their financial needs, their debt capacity, and their willingness to be initial participants in the Program, while at the same time finalizing the costs for each bond transaction. We are still on target for closing 2-3 private placement bond transactions by Labor Day. Then we can announce, publicize, and market the Program.

2) Education:

- The Pooled Bond Program which the Village of Norris City, Village of Williamsville, and the City of Farmington participated, is scheduled to close the second week of August, 2004. The original closing delay was a result of final review by the Office of Management and Budget. No further delays are anticipated.

3) Housing:

- Statewide marketing meetings attended by program sponsors, builders, mortgage bankers, lenders, and IFA marketers held in economically distressed targeted cities were well attended. Technical issues regarding the swap, and legal issues regarding copyright and disclosure are at the final stages of resolution. The program will tentatively close on July 15. The program will be ready to launch after the bonds close and after the Governor's announcement.

4) Local Government:

- Eric Watson will present on Local Government at the July 13 Board Meeting.

5) Agricultural:

- In an effort to expand the use of the Beginning Farmer Bond program, IFA recommends eliminating the current $250,000 net worth limitation. The net worth limit has not been increased since the program began in 1982.

- The Micro Loan concept, introduced at the June 22 meeting, would invest money in local non-profit business development agencies that would, inturn, make low interest direct loans in their communities. IFA's investment would be in the form of a grant to the local agency with the loan amount restricted to $10,000.

6) Industrial:

- Our team continues to aggressively call on underwriters, bond counsel and lenders to keep them aware of our very competitive financing opportunities. In addition to calling on individual underwriters, attorneys and lenders, presentations have been made to law firms, banks, securities firms and industry groups.

- In addition, IFA continues to enhance relationships with other public development agencies throughout Illinois. Meetings with the Illinois Department of Commerce and Economic Opportunity have resulted in the opportunity to work with companies that desire to expand and/or relocate to Illinois. Recently, we met with the newly appointed commissioner of Chicago's Department of Planning and Development to explore the possibility of collaborating to encourage projects that will create jobs and quality of life in Chicago.

- Steven Trout continues to meet with officials from DCEO, State Treasurer's Office and Northwest Illinois regional development agencies concerning the old Motorola facility in Harvard that has been proposed as a major site for recreation and tourism. In addition, Steven Trout and Patrick McGee are working with officials from the South Suburban Airport Commission to determine how IFA might assist in financing a third airport.

III. Financial:

1) Profit and Loss:

- The income statement and balance sheet for June 2004 is attached. IFA reports a net loss of ($122,570) for the period, and a net income of $451,430 for the period of January – June, 2004, and a net loss of $1,404,023 for fiscal year 2004.

- We are happy to report a successful consolidation process, albeit still underway, and start of the first full fiscal year for IFA with a strong balance sheet.

- IFA drafted formal accounting policies and procedures based on best practices of predecessor authorities and improved practices important to IFA. IFA will implement a database for tracking important details associated with outstanding bond issue, and for use in reporting to the Office of the Comptroller.

2) Financial Audits:

- Exit conference for the IDFA stub period audit is scheduled for July 28, 2004. The entrance conference for the first IFA audit (for the period January – June, 2004) was held by McGladry & Pullen on July 12, 2004.

V. Volume Cap:

On June 9, 2004, the office of the Governor allocated $90 million in Volume Cap to IFA. $90,995,800 was allocated for manufacturing and/or housing projects and $9,004,200 for agricultural projects. Approximately $1 million in agricultural projects have been financed and six offer letters will go out to manufacturers who expect to issue approximately $35 million in Industrial Revenue Bonds.

Projects will continue to be funded on a first come first serve basis until all Volume Cap has been subscribed at which time, Staff will request an additional allocation of Volume Cap from the Office of the Governor.

IFA
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Alvar, Inc.	100,000	Construction of 10,500 sq. ft. building addition.	5	20
American BioScience, Inc.	7,400,000	Bonds will be used to finance the acquisition of a building, renovations, machinery and equipment and pay certain bond issuance costs.	N/A	TBD
Cherry Valley Tool & Machine	2,400,000	Acquisition/renovation of existing manufacturing facility, construction of building addition, and equipment purchase.	20	15
CFC International Inc.	2,000,000	Finance purchase of building, machinery, equipment and pay certain issuance costs.	30	N/A
Excel Foundry and Machine, Inc.	300,000	Machinery and equipment acquisition.	3	N/A
Exelon Generation Company, LLC	20,000,000	Proceeds used to finance the financing of an entombment facility for nuclear fuel rods.	N/A	TBD
Illinois Biodiesel Company	21,800,000	Acquire land, construct a new building, purchase new equipment and pay bond issuance costs.	11	100
JR Plastics/StyleMaster	3,200,000	Equipment acquisition and issuance costs.	53	0
MacLean-Fogg Company	$7,300,000	Proceeds will be used to refinance outstanding Industrial Revenue Bonds, acquire new machinery and equipment, rehabilitate a manufacturing plan and pay costs of issuance.	42	0
Olympia Food Industries, Inc.	$8,500,000	Finance purchase, renovation and equip existing 52,000 sq. ft. manufacturing facility.	N/A	N/A

IFA
OPPORTUNITY RETURNS

INDUSTRIAL (continued)

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Roesch, Inc.	300,000	Purchase production equipment.	16	N/A
Roho, Inc.	300,000	Purchase production equipment. Roho is the premier medical air-cushion manufacturer worldwide.	0	N/A
Republic Service Inc.	18,000,000	Finance landfill improvements, purchase equipment and current refunding.	14	15
The Spotted Cow, Inc.	300,000	Participation loan. Land acquisition and construction of 4,500 sq. ft. commercial building	10	9
Transparent Container	6,000,000	Finance building acquisition, machinery and equipment. Renovations, and pay bond issuance costs.	37	20
Uresil Acquisition Group, LLC	300,000	Participation loan. Acquisition of business assets. Uresil produces medical devices for specialized fields of interventional radiology and minimally invasive surgery.	N/A	N/A
INDUSTRIAL TOTALS:	**$98,200,000**		**241**	**179**

IFA
OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Alliance for Character in Education	5,650,000	Construction of new gymnasium, refinance existing debt, capitalize interest and fund professional and bond issuance costs.	5	64
Aspira, Inc., of Illinois	10,000,000	Purchase and renovate existing building, purchase furniture, fixtures and equipment, capitalize interest, and bond issuance costs.	134	12
Columbia College	$10,000,000	Proceeds will be used to refund outstanding Series 1992 A&B IFA (IEFA) revenue bonds, deposit funds into debt service reserve fund, and pay certain costs of issuance.	N/A	N/A
DePaul University	56,000,000	Acquisition financing of residential facilities.	N/A	N/A
Illinois Institute of Technology	18,820,000	Renovations, equipment, capitalize interest and fund professional bond issuancecosts.	60	150
MJH Education Assistance	71,000,000	University's Lincoln Park campus.	22	150
Northwestern University	145,000,000	Construction, renovation, equipment, fund professional bond issuance costs.	50	250

IFA
OPPORTUNITY RETURNS

EDUCATION (continued)

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Pooled Warrant Program for Illinois School Districts 2004-A Springfield Public SD #186 **($15M)** Nippersink SD #2 **($2M)** Massac County CUSD #1**($1M)** Grand Ridge Community Consolidated SD #95 **($300MM)**	18,300,000	Provide assistance to cover short-falls in working cash.		
Robert Morris College	14,000,000	Bond proceeds will be used to finance the expansion of several campus facilities, fund a debt service reserve, pay capitalized interest, and pay certain bond issuance costs.	N/A	20
EDUCATION TOTALS:	**$348,770,000**		**271**	**646**

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Alexian Brothers Health System	80,000,000	Modernize and expand hospital facilties.	N/A	200
BroMenn Healthcare	55,000,000	Refinance 1985D, 1990A, 1992 and 2002 Bonds, capital expenditures at facilities, and pay issuance costs.	N/A	N/A
Central DuPage Health	240,000,000	Finance expansion and modernization of certain health facilities, refinance existing tax-exempt bonds previously issued by Wyndemere.	TBD	TBD
Chicago Family Health Center	4,000,000	New construction.	6	17
Children's Memorial Medical Center	56,000,000	Advance refund callable Series 1999A Bonds, issuance and enhancement costs.	N/A	N/A
The Clare at Water Tower	$225,000,000	Finance development, construction and equipping of new continuing care retirement community.	147	400
Community Health & Emergency Services, Inc.	3,000,000	Refinance bonds and loans.	N/A	N/A
Covenant Retirement Communities	24,000,000	Advance refund Series 1997 bonds, capitalize debt service reserve fund, and pay certain bond issuance costs.	N/A	N/A
Edward A. Utlaut Memorial Hospital	1,662,000	Acquisition of Siemens MRI equipment.	11	20
Erie Family Health Center	2,600,000	Refinance existing facility, finance equipment acquisition and installation.	N/A	N/A

IFA
OPPORTUNITY RETURNS

HEALTHCARE (CONTINUED)

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Franciscan Communities, Inc.	21,000,000	Finance construction of nursing and assisted living facility, fund debt service reserve, refinance borrower's existing tax-exempt bond obligation issued by IHFA.	N/A	100
Hopedale Medical Complex	1,400,000	Acquisition of Siemens CT Scanner.	10	N/A
J. Allen Potter	300,000	Construction of 9,360 sq. ft. professional building and acquisition of 1.25 acres of land.	2	N/A
Northwestern Memorial Hospital	550,000,000	Finance expansion and modernization of facilities. Bond proceeds to refinance existing tax-exempt bond debt issed by IHFA, and other outstanding indebtedness.	600	3,500
OSF Healthcare System	100,000,000	Current Refund of Callable IFA (IHFA) Series 1993 Bonds and pay issuance costs.	N/A	N/A
Rest Haven Christian Services	50,000,000	Refinance existing indebtedness, enhance liquidity, capitalize a debt service reserve fund, and pay costs of issuance.	N/A	N/A
Riverside Health System	50,000,000	Refund all or a portion of Series 1998 and Series 2000 Bonds of Riverside and its subsidiaries/affiliates, capitalize debt service reserve fund, pay bond issuance and credit enhancement costs.	N/A	N/A
Southern Illinois Healthcare Enterprises	35,000,000	Modernize and expand hospital facilties located in Carbondale, Herrin and Murphysboro.	N/A	200

IFA
OPPORTUNITY RETURNS

HEALTHCARE (CONTINUED)

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Springfield Center for Independent Living	380,000	Land acquisition and office building.	6	30
SwedishAmerican Health System	125,000,000	Finance construction and modernization of hospital campus and routine capital expenditures of existing health facilities.	N/A	TBD
Thorek Hospital	4,000,000	1985 Pool Loan.	N/A	N/A
HEALTHCARE TOTALS:	**$1,628,342,000**		**782**	**4467**

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
AquaRanch Industries & Myles Harston	285,000	Construct greenhouse, and related equipment.	N/A	N/A
Eric W. and Dawn M. Beyers	100,000	Beginning farmer bond loan.	N/A	N/A
Matthew Blum	107,000	Beginning farmer bond loan.	N/A	N/A
Alexander and Trisha Chung	207,900	Beginning farmer bond loan.	N/A	N/A
William Clothier	250,000	Beginning farmer bond loan.	N/A	N/A
Mark and Kelli Dozier	250,000	Beginning farmer bond loan.	N/A	N/A
Jeremiah D. Fleming	165,150	Beginning farmer bond loan.	N/A	N/A
Ken and Windy Gerlach	171,000	Beginning farmer bond loan.	N/A	N/A
Robert and Julia Goddeke	150,000	Beginning farmer bond loan.	N/A	N/A
Stewart and Beverly Haas	500,000	Refinance existing real estate notes, machinery debt and operating loan carryover.	N/A	N/A
Daniel and Pamela Hish	205,000	Extend existing IFA guaranteed loan.	N/A	N/A
Paul and Pamela Hooks	207,500	Beginning farmer bond loan.	N/A	N/A
Kyle Kiefer	132,300	Beginning farmer bond loan.	N/A	N/A
Brice and Carol Lawson	300,000	Restructure debt on guaranteed loan.	0	0

IFA
OPPORTUNITY RETURNS

AGRICULTURE (continued)

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Matthew and Michelle Merritt	152,000	Beginning farmer bond loan.	N/A	N/A
Larry and Susan Messer	32,000	Beginning farmer bond loan.	N/A	N/A
Brandon Niekamp	108,000	Beginning farmer bond loan.	N/A	N/A
Daniel K. Reed (Pearl Valley Cheese Company, Inc.)	390,000	Loan guarantee for buildings, equipment, improvements and working capital.	11	0
Paul D and Lynn R. Schneider	500,000	Refinance existing operating carryover and increase guaranteed loan amount	N/A	N/A
Ronald and Suelleen Shike	$140,000	Beginning farmer bond loan.	N/A	N/A
Scott Soberg	250,000	Beginning farmer bond loan.	N/A	N/A
Soylutions, Inc.	300,000		TBD	TBD
David and Cindy Stoll	190,000	Refinancing existing machinery notes and operating carryover.	N/A	N/A
Brent and Kyria Vanhoveln	108,000	Beginning farmer bond loan.	N/A	N/A
Chad S. Weaver	50,000	Beginning farmer bond loan.	N/A	N/A
Allen and Marilyn Weidner	500,000	Debt restructuring loan.	N/A	N/A
Kent Wesson	500,000	Refinance operating loan carryover and existing IFDA guaranteed loan.	N/A	N/A
AGRICULTURE TOTALS:	**$6,250,850**		**11**	**0**

IFA
OPPORTUNITY RETURNS

ENVIRONMENTAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
City of Sparta	14,000,000	Construct water and sewer infrastructure.	150	TBD
Construction Loan Interim Financing Program 2004	7,500,000	Provide funds for interim loans to certain units of local government of the State for construction and infrastructure projects.	N/A	Unknown
LG Pooled Bond Program 2004-A	4,040,000			
Bourbonnais Township Park District **($900,000)**		Develop nature trails, interpretive center, access road and parking.	N/A	N/A
Village of Norris City **($575,000)**		Water sewer system improvements.	N/A	N/A
Village of Williamsville **($440,000)**		Water sewer system improvements.	N/A	N/A
City of Farmington **($2,125,000)**		Water sewer system improvements.	N/A	N/A
Recycling Systems, Inc.	11,000,000	Real estate improvements and purchase containers and other solid waste disposal sorting and transfer equipment.	30	70
SRF	130,000,000	Leverage existing IEPA program assets dedicated to IEPA's Clean Water and Drinking Water State Revolving Funds.	N/A	N/A
Village of Romeoville	$16,500,000	Refund callable maturities of Series 2001A and 2001B Alternate Revenue Bonds, and fund issuance costs.	N/A	N/A
ENVIRONMENTAL TOTALS:	**$183,040,000**		**180**	**70**

IFA
OPPORTUNITY RETURNS

VENTURE CAPITAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Firefly	350,000	Advanced battery technology.	10	N/A
Metalforming Controls	100,000	TBD	TBD	TBD
Mobitrac	$350,000	Enterprise software company with a routing and tracking product.	N/A	N/A
ZuChem	250,000	TBD	TBD	TBD
VENTURE CAPITAL TOTALS:	**$1,050,000**		**10**	**0**

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Architektur/80, Inc.	$6,500,000	Acquisition and renovation of an existing 179 unit, 13 story senior housing property.	N/A	85
Buena Vista Apartments	$12,800,000	Acquistion and renovation of existing building, and purchase of equipment.	N/A	20
Central City Studios, LLC	$25,000,000	Purchase land, equipment, construction, fund legal and professional costs.	1015	235
Community Action Partnership of Lake County	7,350,000	Construct first building of proposed 3 building complex, purchase equipment, capitalize interest and portion of issuance costs.	14	146
Eagle Theatre Corporation	$300,000	Acquisition, renovation and equipping 20,000 square foot building in Robinson, for use as a five-screen 600 seat movie theatre.	0	25
Englewood Cooperative Apartments, Inc.	$6,500,000	Refinance existing HUD Direct 202 debt, and finance building renovations.	N/A	15
Fairview Obligated Group	$50,000,000	Advance refund IHFA Series 1995 bonds, 1999 bonds, enhance liquidity, capitalize debt service reserve, pay issuance costs.	0	N/A
Hispanic Housing Development Corporation	$2,400,000	Acquisition and renovation of one floor in the former Helene Curtis Office Building to be utilized by the Hispanic Housing Development Corporation, and partially pay issuance costs.	21	0
Harvest Christian Academy	$16,250,000	Bond proceeds will be used to finance construction and renovations.	N/A	TBD
Hinsdale Mirabel LP	$45,000,000	Purchase and renovation of an existing 582 unit building for low-income families.	N/A	20

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE (continued)

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS
Huskies Hockey Club, Inc.	13,000,000	Construction of ice arena in Romeoville.	10	150
Jewish Federation of Metropolitan Chicago	$35,000,000	Cash management savings used to expand services provided to affiliates.	N/A	N/A
Kishwaukee Family Young Men's Christian Association	1,000,000	Bond proceeds will be used to finance new construction and refinance existing mortgage.	16	50
Kohl's Childrens Museum	$14,000,000	New facility construction, equipment, capitalize interest, fund professional and bond issuance costs.	46	100
Opportunity Home	$50,000,000	Provide low mortgage rates and 4% downpayment assistance to low and moderate income homebuyers.	N/A	N/A
Search Development Center	5,600,000	Bond proceeds will be used to refinance existing conventional debt and to pay certain bond issuance costs.	N/A	N/A
Tax-Exempt Single Family Mortgage Revenue Bond Program, Series 2004	50,000,000	Provide low mortgage rates and 4% downpayment assistance to low and moderate income qualified homebuyers.	N/A	N/A
Waterton Vistas II, LLC	$8,500,000	Purchase and renovation of existing 154 unit, 4 story, 6 building low-income multifamily rental property.	N/A	10
QUALITY OF LIFE TOTALS:	**$342,700,000**		**1,122**	**856**
GRAND TOTALS:	**$2,608,352,850**		**2,617**	**6,218**

ILLINOIS FINANCE AUTHORITY

JUNE, 2004 FINANCIAL STATEMENTS

REVENUE/EXPENSES

Revenue

1. Interest on Loans, Administrations & Applications fees, Annual issuance & Loan Fees are the revenues that are associated with the Program Administrators incentive compensation program.

Expenses

1. Benefits – Reflect payments for May and June. June is payable in July.

2. Travel & Auto – increase due to the Board Meeting held in Springfield.

3. Consulting, Legal & Admin. - $60,000 is for Consolidation expense incurred, but not yet billed.

4. Accounting & Auditing - $20,000 to Velma Butler & Company for services rendered from November 2003 – January 2004.

5. Marketing General – $100,000 for marketing material / Printing not yet billed.

6. Data Processing – increase due to the purchase of computers and other related services.

BALANCE SHEET

7. Prepaid Expenses – increase of $85,000 due to the deposit for the new Chicago Office Location.

8. The Illinois Farmer Agribusiness and The Illinois Agricultural Loan Funds are off the Balance Sheet in Illinois Treasury Account.

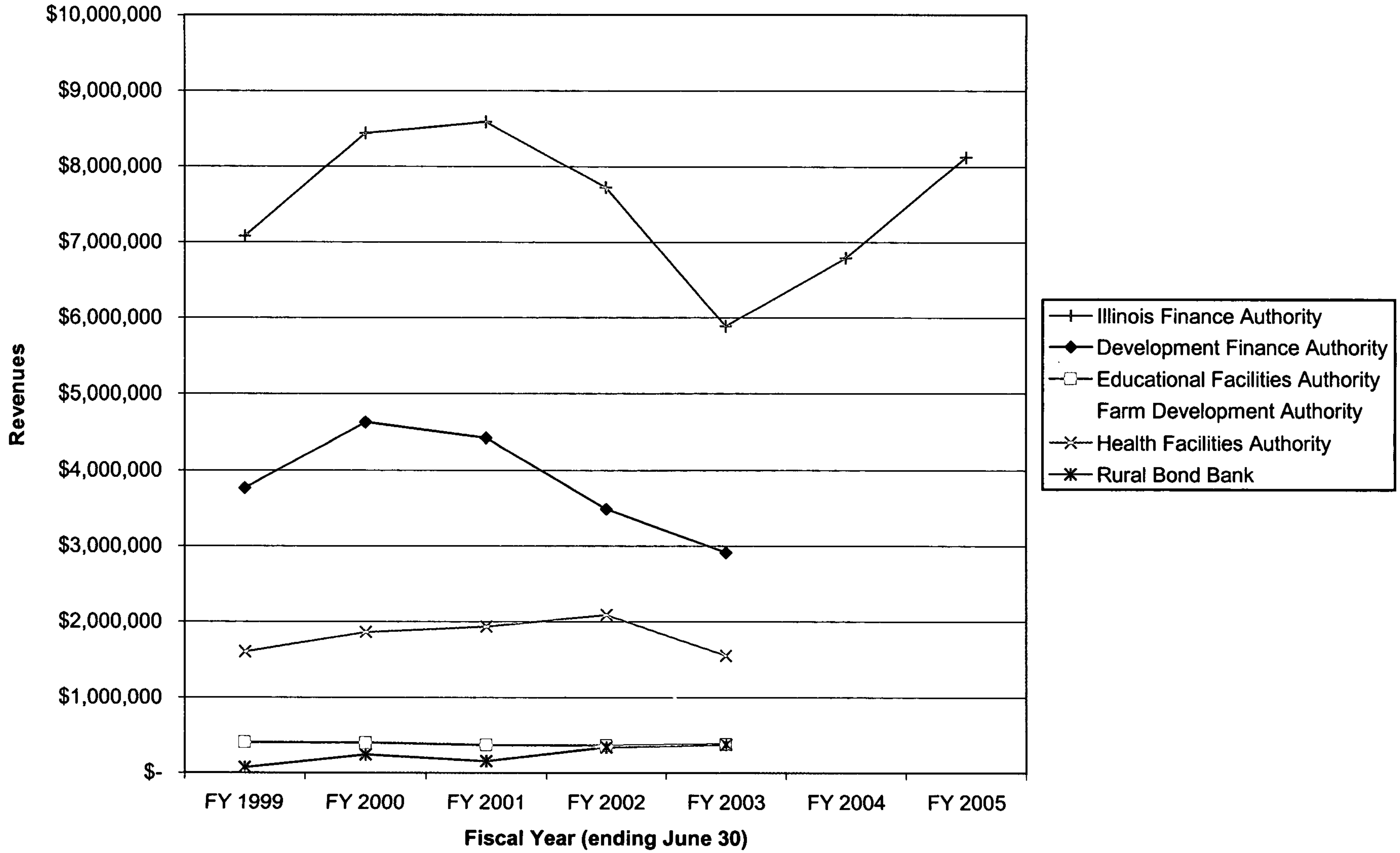
Illinois Finance Authority
Balance Sheet -
IFA Consolidated
For the Twelve Months Ending June 30, 2004

	May 2004 YTD	June 2004 YTD
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	28,207,435	27,440,151
RECEIVABLES, NET	6,977,159	7,022,450
OTHER RECEIVABLES	1,229,630	1,231,424
PREPAID EXPENSES	149,195	219,714
TOTAL CURRENT ASSETS	36,563,420	35,913,739
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	28,291	27,488
DEFERRED ISSUANCE COSTS	1,151,982	1,151,982
OTHER ASSETS - RESTRICTED		
CASH, INVESTMENTS & RESERVES	9,872,878	9,880,063
VENTURE CAPITAL INVESTMENTS	5,002,897	5,572,097
OTHER	3,700,000	3,700,000
TOTAL OTHER ASSETS	18,575,775	19,152,160
TOTAL ASSETS	56,319,468	56,245,369
LIABILITIES		
CURRENT LIABILITIES	609,941	658,412
LONG-TERM LIABILITIES	3,295,186	3,295,186
TOTAL LIABILITIES	3,905,127	3,953,598
EQUITY		
CONTRIBUTED CAPITAL	23,828,249	23,828,249
RETAINED EARNINGS	9,899,852	9,899,852
NET INCOME / (LOSS)	574,000	451,430
RESERVED/RESTRICTED FUND BALANCE	5,956,301	5,956,301
UNRESERVED FUND BALANCE	12,155,938	12,155,938
TOTAL EQUITY	52,414,341	52,291,771
TOTAL LIABILITIES & EQUITY	56,319,468	56,245,369

Illinois Finance Authority
IFA Consolidated
For the Six Months Ending June 30, 2004

	June 2004	YTD 2004	Revised Interim Expense Budget Jan - June 2004	Variance
REVENUE				
INTEREST ON LOANS	29,133	175,362		
INVESTMENT INTEREST & GAIN(LOSS)	41,029	351,543		
ADMINISTRATIONS & APPLICATION FEES	228,661	1,786,244		
ANNUAL ISSUANCE & LOAN FEES	164,844	538,400		
OTHER INCOME	131	17,908		
	-	-		
TOTAL REVENUE	463,798	2,869,457		
EXPENSES				
EMPLOYEE RELATED EXPENSES				
COMPENSATION & TAXES	157,162	906,270	748,476	(157,794)
BENEFITS	30,815	130,942	200,859	69,917
TEMPORARY HELP	11,995	71,630	28,913	(42,717)
TRAVEL & AUTO	14,418	35,436	20,899	(14,537)
MISCELLANEOUS	-	-	1,500	1,500
TOTAL EMPLOYEE RELATED EXPENSES	214,390	1,144,279	1,000,647	(143,632)
PROFESSIONAL SERVICES				
CONSULTING, LEGAL & ADMIN	90,865	328,591	184,942	(143,649)
LOAN EXPENSE & BANK FEE	3,196	20,067	18,286	(1,781)
ACCOUNTING & AUDITING	26,998	196,089	172,854	(23,235)
MARKETING GENERAL	138,131	154,031	303,801	149,770
MARKETING-STAFF	879	2,190		(2,190)
FINANCIAL ADVISORY & LEGAL COUNCEL		-	75,000	75,000
LITIGATION		-	50,000	50,000
VENTURE CAPITAL CONFERENCE/TRAINING	5,270	8,133		(8,133)
MISCELLANEOUS PROFESSIONAL SERVICES	7,500	39,850	11,000	(28,850)
DATA PROCESSING	33,187	53,715	21,260	(32,455)
	-	-	-	-
TOTAL PROFESSIONAL SERVICES	306,026	802,666	837,143	34,477
				-
				-
OCCUPANCY COSTS				
OFFICE RENT	23,676	162,535	187,110	24,575
SECURITY	75	300		(300)
EQUIPMENT RENTAL AND PURCHASES	2,704	25,417	12,872	(12,545)
TELECOMMUNICATIONS	8,675	31,584	25,979	(5,605)
UTILITIES	1,739	8,445	8,609	164
DEPRECIATION	804	4,018	5,412	1,394
REPAIRS & MAINTENANCE			2,000	2,000
INSURANCE	-	-	3,000	3,000
TOTAL OCCUPANCY COSTS	37,673	232,299	244,982	12,683
GENERAL & ADMINISTRATION				
OFFICE SUPPLIES	2,681	20,243	13,443	(6,800)
BOARD BOOK-PRINTING - EXPENSES	2,007	3,825		(3,825)
PRINTING	148	584	3,803	3,219
POSTAGE & FREIGHT	1,539	10,527	14,013	3,486
MEMBERSHIP & DUES	2,213	12,138	9,561	(2,577)
PUBLICATIONS	1,428	2,982	3,705	723
OFFICERS & DIRECTORS INSURANCE	16,087	83,608	74,306	(9,302)
MISCELLANEOUS	253	4,872	9,440	4,568
TOTAL GENERAL & ADMINISTRATION EXPENSES	26,356	138,779	128,271	(10,508)
OTHER				
INTEREST EXPENSE	826	4,955	3,152	(1,803)
UNCLASSIFIED EXPENSE	-	-	75	75
TOTAL OTHER	826	4,955	3,227	(1,728)
TOTAL EXPENSES	585,271	2,322,978	2,214,270	**(108,708)**
	-	-		
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	(121,473)	546,479		
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	(1,096)	(95,051)		
NET INCOME/(LOSS)	(122,569)	451,428		
NET INCOME/(LOSS) JULY 1, 2003 - DECEMBER 31, 2003		(1,855,451)		
NET INCOME/(LOSS) FISCAL YEAR 2003		(1,404,023)		

Revenues by Authority



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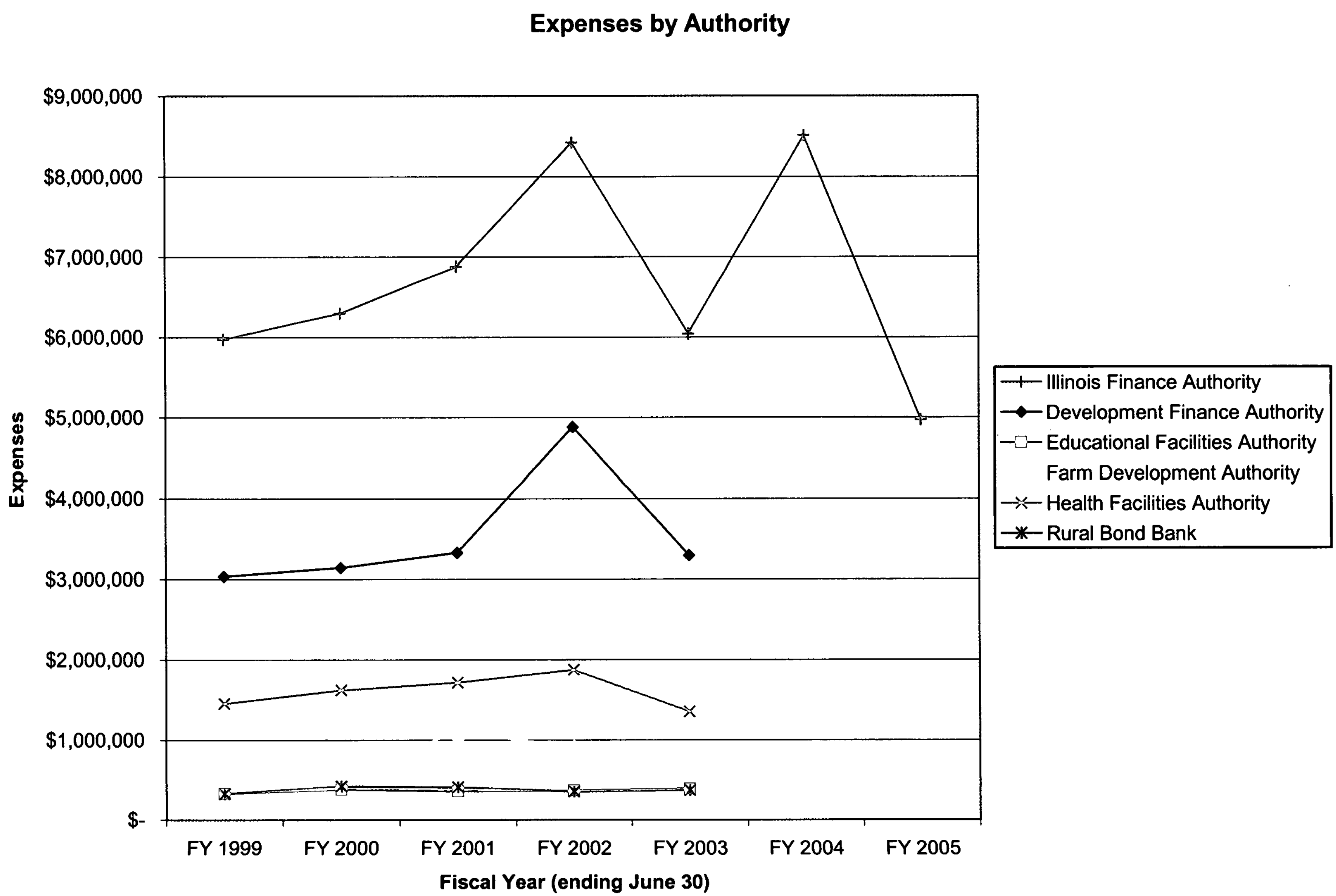

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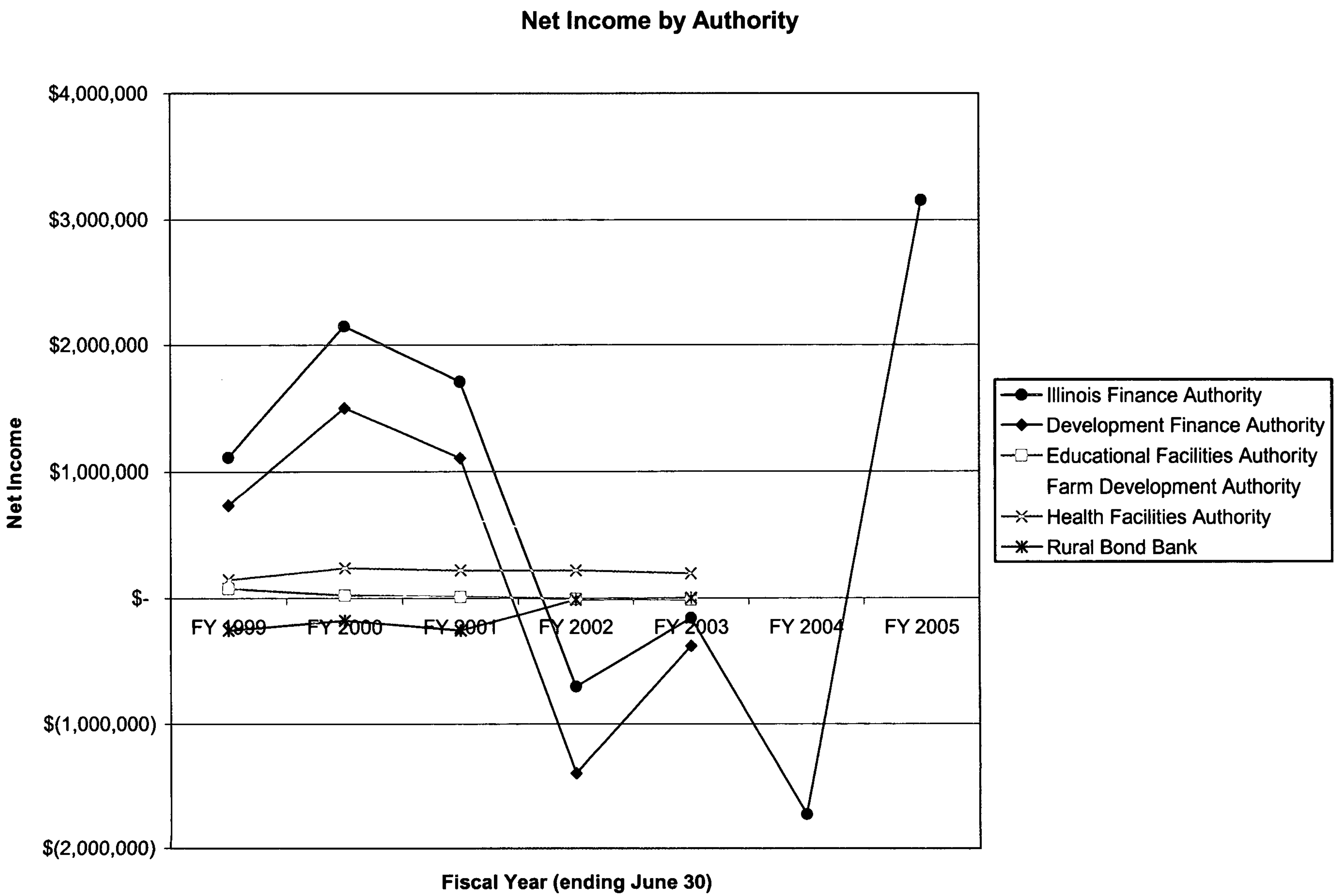

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Minutes of the Executive Committee Meeting

The Executive Committee (the "Committee") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a regularly scheduled meeting at 8:30 A.M., on June 22, 2004 in the Illinois State Library Room 103 located at 300 South Second Street in Springfield, Illinois.

MEMBERS PRESENT:
Joseph Alford
Natalia Delgado
Demetris Giannoulias
David Gustman
Michael Goetz
Edward Leonard
Timothy Ozark
Jill Rendleman
Andrew Rice
Joseph Valenti

MEMBERS ABSENT:
Martin Nesbitt
Terrence O'Brien

STAFF PRESENT:
Director Ata
M. Pisarcik
N. Kyros
A. D'Amato
S. Trout
D. Wirth
C. Vandenberg

Call to Order
The meeting was called to order by Chairman Gustman at 8:35 a.m.

Director's Report
Director Ata gave an overview of the status of the business. He pointed out that the Authority has had a strong deal-flow from the Health and Education sectors and stated his next major focus will be the industrial sector.

Closed Session
Upon a motion by Chairman Gustman, the committee entered closed session to discuss employee compensation issues. The motion was seconded by Mr. Rice and unanimously approved.

The regular session was reconvened at approximately 9:00 and resumed following the published agenda.

Administrative Report
Mr. Pisarcik gave an overview of the new lease at 2 Prudential Plaza. In particular, he noted that the move to Prudential has enabled the Authority to terminate the previous Illinois Health Facilities Authority's lease. Mr. Pisarcik also gave an update on the outsourcing of the Human Resources to ADP TotalSource in order to provide cost savings to the Authority. Finally, Mr. Pisarcik gave an overview of the budget, noting that the consolidation is expected to provide approximately $1.5 million in savings over the next year. Director Ata and Chairman Gustman noted that the savings have placed

the Authority in a position to return $3 to $5 million to the General Fund of the State. Discussion ensued.

Legal Matters/Legislation
Mr. D'Amato gave the Committee an overview of legislative and other legal matters pertaining to the Authority. Specifically, he discussed the ongoing IRS audit and legislation pertaining to the Authority's bond authorization. Mr. D'Amato also reminded the Committee of the need to establish Board and Committee meeting dates, times and locations for the Fiscal Year 2005. Discussion ensued.

Sales Forecast and Organization
Mr. Kyros gave an overview of the sales forecast for the Authority.

Pricing
Mr. Trout gave an overview of the proposed fee schedule that the Board would consider adopting at its afternoon meeting. Discussion ensued.

Agriculture
Mr. Wirth gave the members an overview of the Authority's agriculture programs. Discussion ensued.

Project Presentations
The marketing staff gave presentations of the projects as listed on the Board's public meeting agenda, to be considered by the Board for approval at its afternoon meeting. In particular, representatives of Transparent Container Co., Inc. and 1st Farm Credit Services (on behalf of David Thompson, Thompson Pearl Valley Eggs) were also present and spoke before the Committee regarding their projects. Staff (and representatives of the present companies) answered various questions of the members.

Venture Capital
Mr. Vandenberg gave the members an overview of the Authority's venture capital program. Following the presentation and discussion among the members, the Committee indicated a general preference for staff seeking out and presenting equity funding proposals, in the aggregate, of up to approximately $2 million through the end of the calendar year. The Committee reiterated that any particular proposal would have to be presented to, and approved by, the full Board.

The Chairman asked if there was any other business to come before the Board or if any member of the pubic wished to address the Board. There being no further business and no one seeking to address the Board, Chairman Gustman adjourned the meeting at approximately 1:30 P.M.

Respectfully Submitted,

Michael Pisarcik, Secretary

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

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a regularly scheduled meeting at 2:00 P.M., on June 22, 2004 in the Illinois State Library Room 403 located at 300 South Second Street in Springfield, Illinois.

MEMBERS PRESENT:
Joseph Alford
Natalia Delgado
Demetris Giannoulias
David Gustman
Michael Goetz
Edward Leonard
Timothy Ozark
Jill Rendleman
Andrew Rice
Joseph Valenti

MEMBERS ABSENT:
Martin Nesbitt
Terrence O'Brien

GENERAL BUSINESS ITEMS

Call to Order

Chairman Gustman called the meeting to order at approximately 2:00 P.M., with the above members present.

Roll Call

Chairman Gustman asked Secretary Pisarcik to call the roll. Having ten members present, a quorum was declared.

Resolution 2004-10 – Establishment of the Fee Schedule of the Illinois Finance Authority

Upon a motion by Mr. Leonard and seconded by Ms. Delgado, Chairman Gustman requested a roll call vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present.

Resolution 2004-11 – Adoption of the Budget of the Illinois Finance Authority for Fiscal Year 2005

Upon a motion by Mr. Leonard and seconded by Ms. Delgado, Chairman Gustman requested a roll call vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present.

Resolution 2004-12 – Establish the Meeting Schedule of the Illinois Finance Authority for Fiscal Year 2005

Upon a motion by Mr. Leonard and seconded by Ms. Delgado, Chairman Gustman requested a roll call vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present.

Resolution 2004-13 – Establishment of the Employee Incentive-based Compensation Plan

Upon a motion by Mr. Leonard and seconded by Ms. Delgado, Chairman Gustman requested a roll call vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present.

Initial Project Considerations

Item-03 ***E-PC-TE-CD-408: Northwestern University***

This applicant requests preliminary approval of **$145,000,000** in conduit 501(c)(3), Revenue Bonds to finance a project located in **Chicago, Illinois**.

Upon a motion by Mr. Valenti and seconded by Ms. Rendleman, Chairman Gustman requested a roll call vote. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-03).

Item-04 ***E-PC-TE-CD-407: MJH Education Assistance IV, LLC (Fullerton Residential Village Project)***

This application was withdrawn at the request of the borrower.

Item-05 ***I-ID-TE-CD-410: Central City Studies, LLC***

This applicant requests preliminary approval of **$25,100,000** in conduit Tax-Exempt Industrial Revenue Bonds to finance a project located in **Chicago, Illinois.** This project is expected to create **1015 new jobs** and **235 construction jobs**. Approval of this project will be contingent on the execution of an intergovernmental agreement with the City of Chicago.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-05).

Item-06 ***I-ID-TE-CD-408: NVL, LLC (Olympia Foods Industries, Inc. Project)***

This applicant requests preliminary approval of **$8,500,000** in conduit Tax-Exempt Industrial Revenue Bonds to finance a project located in **Chicago Heights, Illinois**. This project is expected to create **35 new jobs** and **60 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-06).

Item-07 ***I-ID-TE-CD-407: Transparent Container Co., Inc.***

This applicant requests preliminary approval of **$6,000,000** in conduit Tax-Exempt Industrial Revenue Bonds to finance projects located in **Addison, Illinois**, **Berkley, Illinois** and **Bensonville, Illinois**. This project is expected to create **37 new jobs** and **20 construction jobs.**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved, subject to legislative changes to the Authority's statute, with 10 ayes, 0 nays, and 0 abstentions/present. (04-06-07)

Item-08 ***M-MH-TE-CD-406: Laramar Group, LLC and its Affiliates (Hinsdale Lake Terrace Apartments Project)***

This applicant requests preliminary approval of **$45,000,000** in conduit Tax-Exempt Multifamily Housing Revenue Bonds to finance a project located in **unincorporated Willowbrook, Illinois**. This project is expected to create **20 construction jobs.**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-08).

Item-09 ***N-NP-TE-CD-408: Hispanic Housing Development Corporation***

This applicant request preliminary approval of **$2,400,000** in conduit Tax-Exempt 501(c)(3) Revenue Bonds to finance a project located in **Chicago, Illinois**. It is expected that this project will create **21 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-09).

Item-10 ***N-NP-TE-CD-416: Edward A. Utlat Memorial Hospital, Inc.***

These applicants request preliminary approval of **$1,662,000** in a conduit, Tax-Exempt 501(c)(3) Lease to finance a project located in **Greenville, Illinois**. It is expected that this project will create **11 new jobs** and **20 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-10).

Item-11 ***A-FB-TE-CD-427: Brandon Niekamp***
A-FB-TE-CD-428: Chad S. Weaver
A-FB-TE-CD-429: Kyle Kiefer

These applicants request preliminary approval for Beginning Farmer Bond Loans for the amounts and locations listed below:

Brandon Niekamp - **$108,000** **(Coatsburg, Illinois)**
Chad S. Weaver - **$50,000** **(Erie, Illinois)**
Kyle Kiefer - **$132,300** **(Belle Rive, Illinois)**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-11).

Final Project Considerations

Item-12 ***H-SL-NH-TE-CD-415: Fairview Obligated Group***

This applicant requests a bond purchase resolution for **$50,000,000** in conduit Tax-Exempt 501(c)(3) Refunding Revenue Bonds to finance projects located in **Downers Grove, Illinois** and **Rockford, Illinois**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-12).

Item-13 ***N-NP-TE-CD-409: Jewish Federation of Metropolitan Chicago (Jewish Charities RAN Program, Series 2004 and 2005-A)***

This applicant requests final approval of **$35,000,000** in conduit, Tax-Exempt Revenue Anticipation Notes to finance projects located in **multiple locations across the State.**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-13).

Item-14 ***E-PC-TE-CD-406: Robert Morris College***

This applicant requests final approval of **$14,000,000** in conduit 501(c)(3), Revenue Bonds to finance projects located in **multiple locations across the State.** This project is expected to create **20 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-14).

Item-15 ***M-MH-TE-CD-403: Buena Vista Apartments, L.P (Buena Vista Apartments Project)***

This applicant requests final approval of **$12,800,000** in conduit, Tax-Exempt Multi-family Housing Revenue Bonds to finance a project located in **Elgin, Illinois.** This project is expected to create **20 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-15).

Item-16 ***N-NP-TE-CD-410: Kohl Children's Museum of Greater Chicago, Inc.***

This applicant requests final approval of **$14,000,000** in conduit, Tax-Exempt, 501(c)(3) Revenue Bonds to finance a project located **Glenview, Illinois**. This project is expected to create **46 new jobs** and **100 construction jobs.**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-16).

Item-17 ***N-NP-TE-CD-407: Springfield Center for Independent Living***

This applicant requests final approval of **$380,000** in a conduit, Tax-Exempt, 501(c)(3) Lease to finance a project located in **Springfield, Illinois**. This project is expected to create **6 new jobs** and **30 construction jobs.**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-17).

Item-18 ***B-LL-TX-406: Roesch, Inc.***

This applicant requests final approval of **$300,000** in Participation Loans for a project located in **Belleville, Illinois.** This project is expected to create **16 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-18).

Item-19 ***B-LL-TX-407: Excel Foundry and Machine, Inc.***

This applicant requests final approval of **$300,000** in Participation Loans for a project located in **Pekin, Illinois.** This project is expected to create **3 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-19).

Item 20 ***A-AI-GT-TX-416: David Thompson, Thompson Pearl Valley Eggs***

This applicant is requesting final approval for **$6,618,000** in Agri-Industries Loan Guarantees to finance a project located in **Kent, Illinois**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-20).

Item 21 ***A-AD-GT-TX-TX-425: Kevin Burgener and Donald Burgener***

This applicant is requesting final approval for **$314,000** in Agricultural Debt Restructuring Loan Guarantees to finance a project located in **Dundas, Illinois.**

Chairman Gustman requested a motion to approve. There being no motion made, the applicant was not approved.

Item 22 ***A-DR-GT-TX-426: Hish, Daniel and Pamela***

This applicant is requesting final approval for **$205,000** extension in existing Agricultural Debt Restructuring Loan Guarantees for a project located in **Ridgway, Illinois**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-22).

Item-23 ***A-FB-TE-CD-417: Scott Soberg***
A-FB-TE-CD-419: Eric W. Beyers and Dawn M. Beyers
A-FB-TE-CD-422: Marc P. Duffy and Allison M. Duffy

These applicants request final approval for Beginning Farmer Bond Loans for amounts listed below:

- Scott Soberg- **$250,000 (Chrisman, Illinois)**
- Eric W. Beyers and Dawn M. Beyers - **$100,000 (Rosamond, Illinois)**
- Marc P. Duffy and Allison M. Duffy - **$242,500 (Pontiac, Illinois)**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-23).

Item 1 - Acceptance of May 2004 Preliminary Financial Statements

Upon a motion by Ms. Delgado and seconded by Mr. Rice, Chairman Gustman requested leave to record the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (04-06-01)

Item 2 – Acceptance of the May 30, 2004 Minutes

Upon a motion by Ms. Delgado and seconded by Mr. Rice, Chairman Gustman requested leave to record the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present (04-06-02).

The Chairman asked if there was any other business to come before the Board or if any member of the pubic wished to address the Board. There being no further business and no one seeking to address the Board, Chairman Gustman adjourned the meeting at approximately 2:27 P.M.

Respectfully Submitted,

Michael Pisarcik, Secretary

Resolution Number 2004-14
Resolution Establishing a Fee Schedule
of the Illinois Finance Authority for Amendments and Other Matters

WHEREAS, the Illinois Finance Authority (the "Authority") is empowered by Section 801-30(e) of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq.* (the "Act"), to "adopt all needful ordinances, resolutions, by-laws, rules and regulations for the conduct of its business and affairs and for the management and use of the projects developed, constructed, acquired and improved in furtherance of its purposes"; and

WHEREAS, Section 801-40(j) of the Act grants the Authority the explicit power to "fix, determine, charge and collect any premiums, fees, charges, costs and expenses. . . from any person in connection with its activities under the Act"; and

WHEREAS, the Executive Director and staff of the Authority have undertaken a review and analysis to determine the fees that the Authority should charge in connection with its activities as they relate to pre-existing/pre-approved Authority transactions that may require additional or subsequent action of the Authority so as to defer the operating expenses of the Authority and to enable it to pursue its various purposes as set forth in the Act; and

WHEREAS, the fee schedule established by this Resolution supplements and is in addition to the fee schedule approved by the Board of the Authority at its June 22, 2004 meeting as Resolution 2004-10; and

WHEREAS, the Board of the Authority has the power to adopt this Resolution pursuant to Section 801-25 of the Act, and it has determined that the adoption of the attached fee schedule is in the best interest of the Authority; and

NOW, THEREFORE, BE IT RESOLVED BY THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:

Section 1. Recitals. The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

Section 2. Fees. The following fee schedule is hereby adopted:

Amendatory Action Related to a Pre-Existing or Pre-Approved Authority Financing that Necessitates the Issuance of an Issuer's Counsel Opinion, that Results in the Issuance of a New, Modified or Updated Official Statement, or that Requires a TEFRA Hearing, If the Underlying Financing Is

Less than $5,000,000	$ 5,000
$5,000,001 to $50,000,000	$10,000
More than $50,000,001	$15,000

Amendatory Action Related to an Escrow Restructuring, If the Underlying Financing Is

Less than $25,000,000	$ 2,500
More than $25,000,001	$ 5,000

Other Amendatory Action That Is More Than Ministerial But Does Not Fall Into One of the Above Categories	$ 1,000

The Authority shall not charge a fee for amendatory action that is ministerial in nature.

Section 3. The Executive Director or his designee may take all action consistent with this Resolution that is necessary to implement this Resolution.

Section 4. Enactment. This Resolution shall take effect immediately. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

This Resolution 2004-14 is adopted this 13th day of July 2004 by roll vote as follows:

Ayes:

Nays:

Abstain:

Absent:

____
Chairman

Attested to:

____
Secretary

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: IFA Board of Directors

From: Rich Frampton

Date: July 13, 2004

Re: Overview Memo for The University of Chicago
E-PC-TE-CD-410

- **Borrower/Project Name:** The University of Chicago
- **Location:** Chicago (Cook County) [Hyde Park neighborhood]
- **Principal Project Contact:** Bill Hogan, Comptroller
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed $200 million
    - Uses:
        - This project will involve various capital construction and renovation projects to be financed campus-wide. A detailed listing is contained on Page 4 of the attached Board Summary report.
- **Project Type: 501(c)(3) Revenue Bonds**
- **IFA Benefits:**
    - **Conduit Tax-Exempt and Taxable Bonds** – no direct IFA or State funds at risk
    - **New Money Bonds:**
        - Series 2004A Bonds: convey tax-exempt status
- **IFA Fees**:
    - One-time, upfront closing fee estimated at $163,000
- **Structure/Ratings:**
    - Bonds to be sold directly based on the University's credit rating
    - **Long-Term Ratings** for IFA (IEFA) Series 2003A Bonds (expected to be reaffirmed prior to closing with same ratings applied to Series 2004A Bonds)
        - Aa1 (Stable)/AA- (Stable)/AA+ (Stable) by Moody's/S&P/Fitch
        - Long-Term Ratings recently affirmed by Moody's (6/3/04), S&P (6/15/04), and Fitch (6/15/04); ratings should be reaffirmed on the proposed bonds
    - **Short-Term Ratings:** VMIG1/A-1+/F1+ (Moody's/S&P/Fitch)

- **Current and estimated rates:** Bonds will be sold with term and serial bonds and/or variable rate bonds maturing over 20 years. The final structure will depend on prevailing market rates at pricing.

- **Recommendations/Conditions:**
  - Staff recommends approval – there will be no extraordinary conditions since the Bonds will be sold with high investment grade credit ratings from all three rating agencies.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **The University of Chicago**

STATISTICS

IFA Project #:	E-PC-TE-CD-410	Amount:	$200,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Rich Frampton
Locations:	Chicago	Est. fee:	$163,000
SIC Code:	8221		

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Tax-Exempt Revenue Bonds
Staff recommends approval

No IFA funds at risk
No extraordinary conditions

PURPOSE

This project will involve various capital construction and renovation projects to be financed campus-wide. A detailed listing is contained under the Project Summary section of this report (see Page 4).

IFA CONTRIBUTION

IFA will convey federal tax exemption on these Bonds. No Volume Cap is required for 501(c)(3) financings.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$200,000,000	Uses:	Project Costs	$280,000,000
	Equity	84,000,000		Issuance Costs	4,000,000
	Total	$284,000,000		**Total**	$284,000,000

Sources of Equity: The University of Chicago had total endowment fund balances totaling approximately $3.1 billion as of 6/30/2003. Additionally, the University has a $65 million unsecured operating cash line of credit with the Northern Trust Company that will be drawn as needed to pay costs of issuance for this bond issue. The University had no draws outstanding against this credit line as of 6/30/2003. Donations from the University's annual capital campaign may also be used to pay issuance costs.

JOBS

Current employment:	11,300	Projected new jobs:	100-200
Jobs retained:	N/A	Construction jobs:	150-200 est. average (3 years)

BUSINESS SUMMARY

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

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

The University has 2,135 full-time faculty and 638 part-time faculty. The University's support staff total approximately 8,500 full-time and part-time employees, approximately 1,775 of whom are represented by labor unions.

Since 1998-99, applications to the University have increased 47%. The University's admissions rate was 42% in 2002-2003. From 1998-99 to 2002-03, undergraduate enrollment increased from 3,852 to 4,216. This growth reflects the University's policy of controlled growth. The University plans to enroll a maximum of 4,500 undergraduate students in 2006-07.

Combined undergraduate and professional enrollment has increased from 12,441 in 1998-99 to 13,234 in 2002-2003.

The University has an extensive financial aid program designed to enable the most qualified student to attend the University regardless of their financial circumstances. For the 2001-02 academic year, approximately 70% of all students received financial aid.

All payments relating to the approximately $783 million of outstanding IFA (IEFA) Bonds issued on behalf of the University of Chicago as of 6/30/04 are current.

Financials: Audited Financial Statements, 2001-2003 (University only -- excludes University of Chicago Hospitals from Consolidated Results).

(Dollars in Thousands)
Year Ended June 30

	2001	2002	2003
Income Statement:			
Revenues/Support	$968,067	$1,088,167	$1,127,529
Change in Net Assets	14,137	58,930	51,130
* EBIDA	87,686	137,323	133,876
Balance sheet:			
Current assets	$1,033,056	$930,966	$680,639
Net PP&E	702,076	829,204	942,402
Investments	3,778,903	3,605,852	3,477,946
Total assets	5,514,335	5,366,022	5,100,987
Current liabilities	903,120	849,837	661,591
Long Term Debt & Capital Leases	515,660	662,283	665,177
Other LT Liabilities	38,010	38,538	38,970
Net Assets	4,057,545	3,815,364	3,735,249
Total Liabilities & Net Assets	5,514,335	5,366,022	5,100,987

Ratios:

Scheduled Debt Service	3.52x	5.39x	5.07x
Current Ratio	1.14	1.10	1.03
LT Debt/Net Assets	0.15	0.21	0.22

* EBIDA = Earnings Before Interest, Depreciation and Amortization

Discussion: The University's major revenue sources for fiscal year 2003 were net tuition and fees (19%; after deducting student aid), auxiliary income [i.e., room, dining, parking, entertainment and other services] (13%), government grants and contracts (23%), private grants (8%), and investment income (16%). Revenues increased at a compound growth rate of approximately 7.9% per from 2001 to 2003. The two primary sources of revenue growth from 2001 to 2003 were tuition/fees and government grants/contracts.

The University's operating expenses consist of compensation (64%), supplies and services (25%), and utilities/alterations/repairs (3%).

The University of Chicago's balance sheet reflects investment and endowment balances totaling approximately $3.48 billion as of 6/30/2003 which represents reflects one of the largest endowments of any academic institution in the nation. The University's investment balances as of 6/30/03 represented 523% of total indebtedness. These investments are allocated in a diversified portfolio across several asset classes including: fixed income, equities, real estate, high yield funds, real estate, and cash.

As of 6/30/03, the University had outstanding general obligations indebtedness totaling $667.7 million (including current portions), evidenced by bonds and notes.

The University's cash flows have been sufficient to generate operating cash flow sufficient to cover scheduled debt service payments on existing indebtedness by multiples of 3.52 times or better over the last 3 years. Liquidity has been excellent and has enabled the University to prepay an average of $88 million of debt annually since 2001.

FINANCING SUMMARY

Structure: Bonds to be sold in a combination of Fixed and Variable Rate Modes to be determined by the University and its financing team based on market conditions prior to closing

Term/
Interest Rate: The Underwriter expects to structure the issue with Bonds maturing in 30 to 40 years. The final configuration of the Bonds will depend on prevailing market conditions at pricing.

Security: The Bonds will be secured by a general obligation of the University. The Bonds will not be secured by a mortgage or security interest on any of the University's assets, properties, or funds. The University's Long-Term Debt is currently rated Aa1 (Stable)/AA- (Stable)/AA+ (Stable) by Moody's/S&P/Fitch. The University's ratings were affirmed by all three rating agencies in June 2003. The University anticipates the proposed bonds will be rated similarly by all three rating agencies.

PROJECT SUMMARY

Bond proceeds will be used by the University to finance, refinance, or be reimbursed for all or a portion of the costs of the acquisition, construction, renovation, and equipping of certain of its educational facilities, and to pay costs of issuance on the Bonds.

Cost estimates for the various capital construction and renovation projects to be financed are ($280M total):

- Planning, design, and construction ($166M total): Graduate School of Business ($20M), Interdivisional Research Building ($60M) , New Research Building ($65M) , Steam Plant Expansion ($7M), Residence Halls ($14M)
- Renovation and repairs ($28M total): International House, Law School Classrooms, Residence Halls
- Electrical and HVAC improvements ($11M total): electrical replacement/upgrades; campus chilled water cooling projects
- Bond proceeds will also finance various campus safety and infrastructure improvements, chilled water cooling system, laboratory and office renovations, and purchase of scientific equipment ($75M total)

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The University of Chicago, 1225 E. 60th St., Chicago, IL, 60637; web site: www.uchicago.edu
Contact:	William J. ("Bill") Hogan, Jr., Comptroller, Ph.: 773/702-1940;
Project name:	Series 2004A Capital Construction and Renovation Projects
Locations:	The University of Chicago's Hyde Park Campus, 1225 E. 60th St., Chicago, IL 60637
Organization:	Illinois 501(c)(3) Corporation
Board Membership:	*See attached list of Board of Trustees*
Current Land Owner:	The University of Chicago

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Borrower's Financial Consultant:	Public Financial Management, Inc.	Boston, MA	June Matte
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Nancy Burke
Senior Manager:	Morgan Stanley & Co.	New York, NY	Matthew Pearson
Co-Managers:	To be determined		
Underwriter Counsel:	Foley & Lardner	Chicago, IL	Chris Knight
Trustee:	US Bank – Corporate Trust Services	Chicago, IL	Grace Gorka
Escrow Agent:	LaSalle Bank National Association	Chicago, IL	Alvita Griffin
General Contractor/Architect:	Multiple general contractors.	Listing to be available at time of Board Meeting	
Accountant:	KPMG LLP	Chicago, IL	Stuart Miller
Rating Agencies:	Moody's/S&P/Fitch		
IFA Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Congressional:	1
State Senate:	13
State House:	25

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: IFA Board of Directors

From: Rich Frampton

Date: July 13, 2004

Re: Overview Memo for MJH Education Assistance IV LLC
(Fullerton Residential Village Project)
E-PC-TE-CD-407

- **Borrower/Project Name:** MJH Education Assistance IV LLC

- **Location:** 1257 W. Fullerton Ave., Chicago (Cook County), IL 60657

- **Principal Project Contact:** Benjamin Noble, President, MJH Education Foundation, Philadelphia, PA

- **Board Action Requested:** Preliminary Bond Resolution

- **Amount:** not to exceed $80.0 million (anticipated amount $72.8 million)
  - Uses:
    - Finance the acquisition of land and the construction and equipping of a new 169-unit/626-bed student dormitory facility at DePaul's Lincoln Park campus.
    - Project will provide campus housing designed primarily for upperclassmen.

- **Project Type: 501(c)(3) Revenue Bonds**

- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds – no direct IFA or State funds at risk**
  - **New Money Bonds:**
    - Series 2004A-D Bonds: convey tax-exempt status

- **IFA Fees**:
  - One-time, upfront closing fee estimated at $127,800

- **Structure/Ratings:**
  - Structured, non-recourse, project financing
  - Bonds will be rated by at least two of the three major credit rating agencies

  - Bonds will be secured solely by:
    1. Project revenues
    2. First Mortgage and First Security Interest in project assets

    - The Bonds will _not_ be secured by DePaul University or MJH Education Foundation

  - **Expected Ratings for the proposed 3-Series Structure Senior Bonds:**
    - Series 2004A (2.25x coverage): AA/AA (S&P/Fitch)
    - Series 2004B (1.50x coverage): A/A (S&P/Fitch)
    - Series 2004C (1.20x coverage): BBB/BBB- (S&P/Fitch)
    - Subordinate Series 2004D: non-rated (must be privately placed – see condition below)

  - **Current and estimated rates:** Bonds will be sold with term and serial bonds maturing over 30 years. The final structure and pricing will depend on prevailing market rates at pricing and negotiations with prospective bondholders.

- **Recommendations/Conditions:**
  - Staff recommends approval – subject to the following extraordinary conditions:

    - ***Extraordinary Conditions:***

      1. Subordinate Series 2004 D Bonds must be privately placed and sold to Accredited Investors (i.e., in minimum denominations of $100,000).

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **MJH Education Assistance IV LLC (Fullerton Residential Village Project)**

STATISTICS

Project Number:	E-PC-TE-CD-407	Amount:	$80,000,000 (not-to-exceed amount)
Type:	Not-for-Profit Bonds	IFA Staff:	Rich Frampton
Location:	Chicago	Est. fee:	$127,800 (assumes $72.8 million issue)

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Revenue Bonds
No IFA funds at risk
Staff recommends approval subject to the following condition:

Extraordinary condition:

1. The non-rated Subordinate Series 2004D Bonds must be sold in minimum denominations of $100,000 and be privately placed (initially the Series 2004D Bonds will be purchased by Smithfield Properties, the "Developer").

Comment: Project financing commitment from bond purchasers will be contingent on rezoning of 1257 W. Fullerton to Residential/Institutional Planned Unit Development.

PURPOSE

Construction of a new, 169 unit/626-bed student dormitory facility at DePaul University's Lincoln Park campus.

IFA CONTRIBUTION

Conveyance of federal tax-exempt status on Bonds. 501(c)(3) bond issues do not require Volume Cap.

VOTING RECORD

None. This is the first time this project has been reviewed by the IFA Board.

PRELIMINARY SOURCES AND USES OF FUNDS

Sources:			Uses:		
	IFA Senior A-C Bonds	$71,000,000		Project Costs	$65,647,927
	IFA Series D Sub. Bds.	1,830,000		Debt Svc. Reserves	5,136,113
	Forward Invest. Contr.	900,000		Working Capital Operating Reserve	550,000
				Capital Reserves	135,000
				Development Fee	1,804,360
				Issuance Costs	1,456,600
	Total	$73,730,000		**Total**	$73,730,000

JOBS

Current employment:	0	Projected new jobs:	22
Jobs retained:	N/A	Construction jobs:	150 (16 months)

BUSINESS SUMMARY

Background: **MJH Education Assistance IV LLC** (the "Borrower" and "Obligor") is a to-be-formed Illinois limited liability company. The sole member of the Borrower will be **MJH Education & Healthcare Assistance Foundation** (the "Foundation"), a California 501(c)(3) not-for-profit corporation. The Foundation is governed by a three-member Board of Directors (see Economic Disclosure Statement section on Page 5 of this report).

The Obligor is being established by the Foundation solely for the purpose of developing the subject project (Fullerton Residential Village) for lease to DePaul University.

In early 2002, the Foundation terminated its private foundation status and became a "supporting organization" of **DePaul University** under Section 509(a)(3) of the Internal Revenue Code.

Description: As a "supporting organization" to DePaul, the Foundation has previously established three separate single-member limited liability companies to develop and finance various facilities for lease to DePaul. These facilities have included dormitories and parking facilities on DePaul's Lincoln Park campus (including a dormitory facility that DePaul will be purchasing from MJH with IFA Bond Financing approved by the IFA Board at the May 2004 Board Meeting).

The Foundation has built or substantially renovated approximately 1,000 student housing beds for DePaul over the last five years.

The proposed project involves construction of a new 620-bed apartment-style student housing facility with 100% single occupancy bedrooms, and 80 indoor, on-grade parking spaces. Additionally, the facility will also have 5,000 to 10,000 feet of ground floor retail space. These non-qualified uses will represent less than 3.7% of space and less than 5% of revenues, thereby allowing the facility to be 100% financed with tax-exempt bonds.

The new facility will help address the current housing shortage for students, particularly upperclassmen, at DePaul's Lincoln Park campus. DePaul has had ongoing waiting list of several hundred students for on-campus housing. This project will serve those students (i.e., 3rd and 4th year undergraduates) who have the most difficulty obtaining affordable housing close to the campus. DePaul is hopeful that the proposed facility will reduce its transfer rate by upperclassmen.

According to the Foundation, the proposed tax-exempt bond issue will enable MJH to construct a high-quality hybrid dormitory facility that will provide amenities typically found in apartments but in an on-campus facility. The anticipated per-bed cost to students will be approximately $990/month for a four-bedroom, four-student unit.

The site of the project is currently the site of a functionally obsolete trade school facility (Coyne American Institute) that will be relocating to the West Side of Chicago in December 2004.

All payments relating to the $50.88 million of outstanding IFA/IEFA Bonds previously issued on behalf of MJH Educational Foundation have been current.

Development Team: **Smithfield Properties, LLC,** ("Smithfield") of Chicago will construct the project on behalf of the Borrower. Smithfield has purchased the subject property and will be the initial purchaser of the

$1,830,000 SubordinateSeries 2004D Bonds. The anticipated project completion date is August 2006. Smithfield has successfully developed more than 700 student housing units on behalf of the School of the Art Institute.

The Scion Group LLC of Chicago will be the Development Consultant and Property Manager. Scion has previously managed two properties for DePaul and has also served as Development Consultant and Property Manager for the new University Center dormitory opening in the South Loop in August 2004 to serve students of DePaul, Roosevelt University, and Columbia College.

Financials: Projected financials for fiscal years ended 7/31/2007 through 7/31/2011 as prepared by the Applicant.

(Dollars in $ 000's)
Year Ended July 31

	2007	2008	2009	2010	2011
		Stabilized			
Revenue					
Gross Rent	$7,982	$8,302	$8,634	$8,979	$9,338
Less Vacancy Loss	(1,197)	(415)	(432)	(449)	(467)
Less 1.5% Bad Debt	(102)	(118)	(123)	(128)	(133)
Less Staff Housing	(128)	(134)	(139)	(145)	(150)
Ancil.Rev.(laundry, vending, etc.)	136	158	164	171	177
Retail Space Net Rent ($7.50/SF Net; 75% Occupied)	84	88	91	95	99
Parking Revenue	50	52	55	57	59
Projected Total Revenue	**6,825**	**7,933**	**8,250**	**8,580**	**8,923**
Operating Expenses:					
Utilities	460	479	497	518	538
Maintenance	595	697	806	838	871
Management Fee (4.5%)	305	317	330	343	357
Residence Life Expenses	326	339	352	366	381
Insurance	205	213	221	230	240
Maintenance Reserve ($0.60/SF)	166	172	179	187	194
Project Total Oper. Exp.	**2,057**	**2,217**	**2,385**	**2,482**	**2,581**
Net Operating Income:	**4,768**	**5,716**	**5,865**	**6,098**	**6,342**
Series 2004A Net Debt Service:	--	**2,435**	**2,608**	**2,606**	**2,607**
Series 2004A Debt Service Coverage:	--	**2.35**	**2.25**	**2.34**	**2.43**
Series 2004B Net Debt Service:	--	**1,219**	**1,304**	**1,306**	**1,306**
Series 2004B Debt Service Coverage:	--	**1.56**	**1.50**	**1.56**	**1.62**
Series 2004C Net Debt Service:	--	**892**	**956**	**957**	**961**
Series 2004C Debt Service Coverage:	--	**1.26**	**1.20**	**1.25**	**1.30**
Project Income After Sr. Debt Svc.:	**4,768**	**1,170**	**997**	**1,229**	**1,468**
Subordinate Series 2004D Net D.S.:	--	**166**	**178**	**182**	**180**
Series 2004D Debt Service Coverage:	--	**1.21**	**1.16**	**1.21**	**1.25**
Asset Mgmt. Fee (0.50%Gross Rev.):	**34**	**40**	**41**	**43**	**45**
Excess Funds after D.S. and Mgmt Fee:	4,734	964	778	1,004	1,243

Discussion: These projections were prepared by the Borrower.

Key projection assumptions include the following:

- Bonds issued as of 12/1/2004
- Construction will be completed in July 2006
- The property will commence occupancy in August 2006
- Vacancy assumptions: Year 1 (2007): 15%; Ongoing: 5% (stabilized in Year 2 – 2008)
- Rent Escalation: 4% per annum
- Expense Escalation: 4% per annum
- Monthly rental rates identical to University Center project in South Loop for each respective unit size (University Center was 85% pre-leased as of 5/1/04, in advance of 8/04 initial occupancy)
- Debt service payments begin as of 8/1/2007

Flow of Funds Assumptions (3-Series Structure – Preliminary Subject to Change as proposed by Borrower):

- Student Rents first applied to make required deposits to Operations & Maintenance Reserves
- Rents then applied to service debt service payments under 4-Tranche Structure
    - 4-Tranche Structure (with the 3 senior tranches sold and rated based on projected debt service coverage as necessary to achieve the benchmark ratings; one non-rated, subordinate tranche)
        - Series 2004A: 2.25x coverage (AA Rated)
        - Series 2004B: 1.50x coverage (A Rated)
        - Series 2004C: 1.20x coverage (BBB Rated)
        - Subordinate Series 2004D: 1.00x (Non-rated)
    - *Payments Subordinated to all Bonds:*
        - Capital Maintenance Reserves
        - Debt Service Reserve
            - *Developer Payments Subordinated to Capital and Debt Service Reserves*
            - *Excess Funds after Developer Fees distributed to MJH with excess cash flow gifted to DePaul University*

The MJH-prepared forecasts project stabilization beginning with the 2007-2008 academic year. Based on the foregoing assumptions, the Fullerton Residential Village will generate Net Operating Income sufficient to attain debt service coverage benchmarks required to attain the projected ratings.

Upon repayment of the proposed Bonds in 2034, MJH will donate Fullerton Residential Village to DePaul University.

FINANCING SUMMARY

Bonds: Fixed rate bonds to be sold without credit enhancement with a maturity of 30 years. The Bonds will be issued as multiple series of one issue, with differing levels of debt service coverage to take advantage of lower rates associated with the more highly rated portions of the transaction (as noted in the preceding section of this report). Minimum coverage is anticipated at 1.20x for the lowest rated senior portion (Series 2004C currently assumed to be rated "BBB"/BBB" (S&P/Fitch)).

Subordinate

Bonds:	The Subordinate Series 2004D Bonds will partially finance the acquisition of the subject land and will be privately placed.
Payments:	Level annual debt service payments. Final maturity date: 1/1/2034
Security:	The Bonds will be solely secured by (i) project revenues and (ii) a First Mortgage on Project Assets. The Bonds *will not* be guaranteed by DePaul University.
Debt Svc. Reserves:	Funded for all four subseries and capitalized at levels sufficient to cover 1 year of Maximum Annual Debt Service payments.

PROJECT SUMMARY

Bond proceeds will finance the acquisition of land, site improvements (including the demolition of existing improvements located thereon), and the construction and equipping of a new 626-bed, 6-story student residential facility with 70 indoor parking spaces and approximately 15,000 square feet of ground floor retail space to be located at 1257 W. Fullerton Ave., Chicago (Cook County), IL 60614-2102. The facility will be commonly known as Fullerton Residential Village and will serve students of DePaul University's Lincoln Park campus.

A summary of preliminary estimated project costs follow:

Land Acquisition:	$13,750,000
Construction/Equipping	42,240,123
Capitalized Interest	9,657,804
Total	$65,647,927

ECONOMIC DISCLOSURE STATEMENT

Applicant:	MJH Education Assistance IV LLC, (c/o Mr. Benjamin Noble, President, Civic Finance Associates, Inc., 603 Great Springs Road, Bryn Mawr, PA 19010-1701; Tel.: 610-525-8185; e-mail: blnoble@cfainc.net)
Project name:	Fullerton Residential Village
Location:	1257 W. Fullerton Avenue, Chicago (Cook County), IL 60614-2102
Organizations:	MJH Education Assistance IV LLC, an Illinois Limited Liability Company to be formed MJH Education Assistance Foundation: a California 501(c)(3) Corporation
Board Membership:	David L. Horne Sheri Lynn Jensen Dennis E. Howarth, Independent Director, National Registered Agents, Inc.
Current Property Owner:	Coyne American Institute. Contact: Mr. R. T. Freeman, President, Coyne American Institute, 1235-57 W. Fullerton Ave., Chicago, IL 60614; Ph.: 800-999-5220. This property may be purchased by Smithfield Properties, LLC for an interim period in order to expedite relocation of Coyne American Institute prior to closing of the proposed Bonds. (Upon closing of the Bonds, MJH Education Assistance IV LLC will purchase the subject property.)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Davis Wright Tremaine LLP	Los Angeles, CA	Steve Hazen
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Jim Luebchow
Senior Manager:	Citigroup Global Markets, Inc.	Philadelphia, PA	Chris McNichol
		Chicago, IL	Ray Kljajic
Co-Senior Manager:	Lehman Brothers, Inc.	New York, NY	John Augustine, Jim Costello
		Chicago, IL	Carole Brown
Underwriter's Counsel:	Orrick Herrington	New York, NY	
Trustee:	TBD		
Accountant:	Isdaner & Co.	Bala Cywnyd, PA	Gene Ristaino
Development Consultant:	Smithfield Properties, LLC	Chicago, IL	Robert Buono
Architect:	Antunovich Associates	Chicago, IL	Joseph Antunovich
General Contractor:	Wooton Construciton Ltd.	Chicago, IL	W. Harris Smith
Student Housing Consultant/Prop.Mgr.:	The Scion Group LLC	Chicago, IL	Robert Bronstein
IFA Counsel:	TBD		

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Marcia L. Cochran, Program Administrator

Date: July 13, 2004

Re: City of Sparta

- **Borrower/Project Name:** City of Sparta
- **Location:** Sparta (Randolph County)
- **Principal Project Contact:** Mary Kane, Stifel Nicolaus & Company, Inc. (Underwriter)
- **Board Action Requested:** Approval of an Initial Bond Resolution
- **Amount:** $14,000,000
- **Project Type:** Local Government Alternate Revenue Bonds
- **IFA Benefits:** Conduit tax-exempt – no direct IFA or State Funds at risk
- **IFA Fees:** $21,000
- **Rating:** Municipal bond insurance required on this project

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 13, 2004

Project: **City of Sparta**

STATISTICS

Project Number:	L-GO-TE-CD-406	Amount:	Not to exceed $14,000,000
Type:	Local Government	PA:	Marcia Cochran
Location:	Sparta	Est fee:	$21,000

BOARD ACTION

Inital Bond Resolution
Conduit Local Government Bonds
No IDFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

To construct water and sewer infrastructure.

VOLUME CAP

Local government bonds - no volume cap required.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$14,000,000	Uses: Project Costs	$13,712,600
			Issuance Costs	287,400
	Total	**$14,000,000**	**Total**	**$14,000,000**

JOBS

Current employment:	43	Projected new jobs:	150*
Jobs retained:	N/A	Construction jobs:	TBD

*Estimated 150 new full-time jobs created at the site of the World Shooting Complex, owned by Illinois Department of Natural Resources. However, these are not City jobs.

MUNICIPAL SUMMARY

Background: The City of Sparta (the "City") was founded in 1829, and has a population of 4,486. The City is located in Randolph County, approximately 50 miles from the cities of St. Louis and Carbondale. The City is bordered predominantly by farming communities. Chester is the county seat, approximately 15 miles to the southwest. Three interstate highways, I-55, I-57 and I-64, and a regional airport serve the City's transportation needs. Also, Kaskaskia River is nearby, and the Illinois Central Gulf and Union Pacific Railways make daily stops in the region. One elementary school, junior high school and high school serve the residents of the City, with 1,500 students from many outlying areas. The City as a 39-bed hospital and two nursing homes.

The City operates under a Commission form of Government, with a mayor and six commissioners. The City's median home value is $43,600, and the median family income is $25,859 as of the 1990 census. The City's unemployment rate is 6.1% (as of 2000) compared to the county rate of 5.4% and the State rate of 4.4%.

Description: The Illinois Department of Natural Resources ("IDNR") owns the 1,200 acres of land on which the World Shooting Complex will be constructed. A contract has been signed with the Amateur Trapshooting Association ("ATA"), for shooting competition scheduled to commence in August of 2006, with 10,000 persons anticipated to attend the event. Other camping and shooting events are planned throughout the year. The site is owned by IDNR and will employ between 130 - 150 full-time employees. IDRN will be responsible for all costs, including the following key features: construction of the roads, buildings, trap and archery shooting facilities, 5,000 parking spaces, campground featuring 1,000 campsites and many other amenities. The site must be available for ATA inspection by November 2005, and there are tentative plans to have minor events on the grounds in July 2005. A certified Feasibility Study is also being prepared to verify the financial projections prepared for the Sparta facility, which are based on the ATA's performance over the last twenty years in Ohio.

Project: IDNR has asked the City of Sparta to construct the water and sewer infrastructure to the site of the World Shooting Complex and also to construct the water distribution and sewage collection system within the boundaries of the site. The City passed a Resolution to issue Alternate Revenue Bonds for this project. Current negotiations are underway for the City of Sparta to annex the site to the City as well as to enter into certain Intergovernmental Agreements with both IDNR and the County of Randolph to assist in the financing of the project.

Remarks: The City's 6 major employers are as follows:

Spartan Light Metal Products	550
Wal-Mart	280
Sparta Community Hospital	250
Peabody Coal Company	200
Zeigler Coal Company	150
Diamond Comic Distributor	130

Major taxpayers in the City with their corresponding E.A.V.'s are as follows:

Wal-Mart	2,138,180
Grupo Serla	868,025
Spartan Aluminum	456,650
Kroger	367,725
Illinois Power	336,500

Financials: Statement of Long-Term Bonded Indebtedness:

		Ratio to: EAV	Actual	Per Capita (Current est. 4,486)
Assessed Valuation: 2003	$ 36,420,909	100.00%	33.33%	$ 8,119
Est. Actual Value: 2003	$109,262,727	300.00%	100.00%	$24,356
Direct Bonded Debt:	$ 4,370,000	12.00%	4.00%	$ 974
Less: Self-Supporting Debt*	$ 4,370,000	12.00%	4.00%	$ 974
Total Overlapping Debt:	$ 4,704,682	12.92%	4.31%	$ 1,049
Total Dir. And OL Debt:	$ 4,704,682	12.92%	4.31%	$ 1,049

Discussion: *Under 65 ILCS 5/8-5-1, the City may incur indebtedness not to exceed 8.625% of the assessed value of taxable property therein. The City's equalized assessed valuation as of January 1, 2003, is $36,420,909. Accordingly, the City's legal debt limit is $3,141,303. This figure excludes the valuation associated with the City's two tax increment redevelopment areas and also the Alternate Revenue Bonds to be issued with this project.

Pursuant to Section 15 of the Local Government Debt Reform Act, Alternate Revenue Bonds are payable from the pledged revenue with general obligation of the City as back-up security. Alternate revenue bonds do not count toward this City's debt limit unless the ad valorem taxes are extended to pay this indebtedness. The City's tax base is growing and the rates have gradually been falling. The City currently has no General Obligation debt.

The role of Alternate Revenue Bonds strengthen the creditworthiness of revenue backed projects.

FINANCING SUMMARY

Security: Alternate Revenue Bonds secured by : 1) Sales tax and infrastructure tax from the project site, 2) Remaining revenue funds after the City's TIF bond indebtedness, 3) Water and sewer fees, 4) The City's General Obligation as back-up security. Municipal bond insurance will be required.

Structure: Fixed rate serial bonds.

Serial Maturity: Thirty years.

PROJECT SUMMARY

Proceeds of the bond issue will be used to construct water and sewer infrastructure to the site of the World Shooting Complex and also to construct the water distribution and sewage collection system within the boundaries of the site.

Projects Costs: $13,712,600

ECONOMIC DISCLOSURE STATEMENT

Applicant:	City of Sparta
Project Name:	City of Sparta World Shooting Complex
Location	Sparta (Randolph County)
Organization:	Non-home rule city
State:	Illinois

Officials:	Mayor – Randy Bertetto		
	Commissioners –	Richard T. Cavalier	Lyndon Thies
		Jason Schlumme	Marsha Schwartz
		Shirley A. Reimer	Brenda Sullivan

PROFESSIONAL & FINANCIAL

Borrower:	City of Sparta	Sparta, IL	Alan P. Dyke
Borrower Counsel:	Alan R. Farris	Sparta, IL	
Borrower Auditor:	J. W. Boyle & Co., Ltd.	Columbia, IL	Keith G. Brinkmann
Complex Owner:	IL Dept. of Natural Resources	Springfield, IL	Joel Brunsvold, Director
Complex Counsel:	IL Dept. of Natural Resources	Springfield, IL	Jonathan Furr
Underwriter:	Stifel Nicolaus & Co., Inc.	Edwardsville, IL	Mary Kane
Bond Counsel:	Chapman & Cutler	Chicago, IL	Kelly K. Kost
Disclosure Counsel:	Chapman & Cutler	Chicago, IL	William M. Libit
Issuer's Counsel:	To Be Determined		
Trustee:	To Be Determined		
Project Architect:	AAIC Incorporated	Collinsville, IL	Calvin C. Morris
Project Engineer:	Knight Engineers/Architects	Chicago, IL	Daniel G. Kavanaugh
Water/Sewer Engineer:	Henry, Meisenheimer/Gende	Carlyle, IL	David W. Rodden Harold Palmer
Printer:	To Be Determined		
Bond Insurer:	To Be Determined		
Rating Agency:	To Be Determined		

under writes

LEGISLATIVE DISTRICTS

Congressional:	12 Jerry Costello
State Senate:	58 David Luechtefeld
State House:	116 Dan Reitz
City Clerk:	Shirley A. Reimer 114 West Jackson Sparta, IL 62286-1606 (618)443-2917

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From : Townsend Albright, Senior Program Administrator
Jim Senica, Senior Program Administrator

Date: July 13, 2004

Re: Overview memo for Englewood Cooperative Apartments, Inc.

- **Borrower/Project Name:** Englewood Cooperative Apartments, Inc.

- **Location:** Chicago (Cook County)

- **Principal Project Contact:** Marvin Husby, Director c/o Englewood Cooperative Apartments, Inc. 900 W. 63rd Parkway Chicago, IL 60621

- **Board Action Requested:** Preliminary approval to issue not-for-profit bonds

- **Amount:** $6,500,000 (not-to-exceed amount)

  Refinancing Money: $5,830,068
  New Money: $970,282 for building renovation

- **Project Type:** Other Not-for-Profit

- **IFA Benefits:**

  - Conduit Tax-Exempt Bonds – no direct IFA or State funds at risk
  - New Money Bonds: Convey tax-exempt status
  - Refunding Bonds: Lower interest costs

- **IFA Fees:**

  - Application fee: $1,000
  - Closing fee: $33,000

- **Structure:**

  Not-for-profit tax-exempt bond issued by IFA will be placed by Ziegler Capital Markets Group

  - Maturity – 30 years
  - Fixed-rate tax-exempt bonds

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 13, 2004

Deal: **Englewood Cooperative Apartments, Inc.**

STATISTICS

Deal Number:	N-NP-TE-CD-411	Amount:	$6,500,000 (not-to-exceed amount)
Type:	Not-for-Profit Bond	PA:	Townsend Albright & Jim Senica
Location:	Chicago	Tax ID:	36-3286008
		Est fee:	$33,800

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Revenue Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will be used to refinance an existing HUD Direct Section 202 loan and to finance renovations of the building including replacement of windows and installation of sprinklers in existing units.

VOLUME CAP

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

VOTING RECORD

Initial Board consideration, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	Revenue Bonds	$6,500,000	Uses:	Refinancing	$5,830,068
	Replacement Reserves	400,000		Project Costs	970,282
	Residual Receipts	297,000		Issuance Costs	396,650
	Total	$7,197,000		Total	$7,197,000

JOBS

Current employment:	11	Projected new jobs:	N/A
Jobs retained:	11	Construction jobs:	15

BUSINESS SUMMARY

Background: Englewood Cooperative Apartments, Inc. was incorporated in 1981 and was organized for the sole purpose of constructing and owning the Bethel Terrace Apartments affordable housing development located at 900 West 63rd Parkway in Chicago. Englewood Cooperative Apartments, Inc. is a 501(c)(3) corporation.

Description: Bethel Terrace Apartments has 122 apartments occupied by approximately 130 low income elderly residents, the majority of which come from the economically disadvantaged Englewood neighborhood on Chicago's south side. The property is 100% section 8 subsidized with no residents ever evicted for their inability to pay rent. To allow these elderly residents to maintain their independence as long as possible, the building does employ a Social Service Coordinator who maintains an extensive program of social services.

Remarks: Bethel Terrace Apartments was one of the initial lynchpins for revitalization of the Englewood neighborhood. Again, with the majority of its residents coming from the neighborhood, the project has had a positive effect on the overall surrounding community over the last 20 years. Bethel Terrace Apartments utilizes neighborhood vendors whenever possible and its well-maintained building is prominent in an area having many abandoned and dilapidated properties.

Financials: Audited Financial Statements of Englewood Cooperative Apartments, Inc. for 2002 and 2003

	Year Ended June 30	
	2002	2003
	(Dollars in 000's)	
Income statement		
Revenues/Support	1,185	1,230
Net Rev. over Exp.	(54)	(56)
Balance Sheet		
Current assets	166	50
PP&E	3,440	3,435
Other assets	997	997
Total assets	4,603	4,482
Current liabilities	245	262
LT Debt	5,233	5,150
Net assets	(875)	(930)
Total liab. & net assets	4,603	4,482
Ratios		
Debt Service Coverage	1.15	1.17
Current Ratio	0.68	0.19
Debt/Net Assets	(6.07)	(5.63)

Discussion: While Englewood Cooperative Apartments, Inc. has reported net operating losses in both fiscal years 2002 and 2003, the Company actually generated a profit of $172,338 before depreciation in FY 2003 and a profit of $164,635 before depreciation in FY 2002. Revenues are projected to be $1.20 million in FY 2004 and $1.27 million in FY 2005.

The development is presently under an original HUD Project Based Section 8 Rental Assistance Program contract until 2008. Scheduled for renewal in 2008, the development will continue to be eligible for extension of the contract every 5 years thereafter. All of the units are designated as Low Income Units and will be reserved by the Borrower for rent to Section 8 eligible tenants who receive rental assistance under HUD's Section 8 Program.

In exchange for HUD allowing the Englewood Cooperative Apartments, Inc. to refinance the Section 202 loan, the development owners must sign a use agreement agreeing to maintain the property as a low income for the remaining life of the original Section 202 40-year loan.

In the last several years, the property has consistently scored very high on its annual HUD audits and has retained excellent managerial team.

Monthly rents currently in effect are $728 for a studio apartment and $931 for a one bedroom apartment.

FINANCING SUMMARY

Structure:	Fixed Rate tax-exempt Bonds
Maturity:	30 Years
Rating:	Bonds will be rated through Moody's 202 Rating Program

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PROJECT SUMMARY

The proposed project entails the refinancing of an existing HUD Direct section 202 loan as well as the financing of renovations to the real estate located at 900 W 63 Parkway in Chicago (Cook County) and additionally will be used to pay costs of issuance. Renovations will primarily entail replacement of windows in the building and the installation of sprinklers in existing units.

Proceeds will be used as follows:

Refinancing	$5,830,068
Renovations	970,282
Issuance Costs	396,650
Total	$7,197,000

Refinancing the existing debt will lower interest costs enabling the Company to use funds saved to make needed repairs and maintain viability of the development.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Englewood Cooperative Apartments, Inc.
Project name:	Bethel Terrace
Location:	900 W. 63rd Parkway Chicago, Illinois (Cook County)
Organization:	501 (c)(3) Not-for-Profit Corporation
State:	Illinois
Board:	List of Bethel Terrace Board attached
Property Owner:	Englewood Cooperative Apartments, Inc.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Applegate Thorne Thompson	Chicago, IL	Mark Burns
Accountant:	Corner, Nowling and Associates	Indianapolis, IN	Rob Ford
Bond Counsel:	To be determined		
Underwriter:	Ziegler Capital Markets Group	Milwaukee, WI	Miriam R. Simon
Trustee:	To be determined		
IDFA Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Congressional:	1 – Bobby L. Rush
State Senate:	3 – Mattie Hunter
State House:	6 – Patricia Bailey

Bethel Terrace Board

Veronica Payne, President	900 West 63rd Parkway, #1003	Chicago, IL 60621
Earlye Myers, Treasurer	900 West 63rd Parkway, #704	Chicago, IL 60621
Florence Heron, Vice President	900 West 63rd Parkway, #506	Chicago, IL 60621
Florence Garrison, Secretary	900 West 63rd Parkway, #703	Chicago, IL 60621
Doris Arrington	900 West 63rd Parkway, #601	Chicago, IL 60621
Marvin Husby III	852 West Armitage	Chicago, IL 60614
Carolyn Stewart	6120 S. Peoria	Chicago, IL 60621
The Rev. Dr. Raymond Legania, Pastor Bethel – Imani Lutheran Church	6201 S. Sangamon Street	Chicago, IL 60621

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Steven Trout, Marketer

Date: July 13, 2004

Re: Overview Memo for Featherfist and Featherfist Development Corporation
N-NP-TE-CD-412

- **Borrower/Project Name:** Featherfist and Featherfist Development Corporation
- **Locations:** Chicago (Cook Co.)
- **Principal Project Contact:** Dr. Melanie Anewishki, Director/President (773) 721-7088
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** Not to exceed $1,500,000
  - **Uses:**
    - Partially finance the construction of a commercial office building at 2301 E. 75th Street, Chicago and refinance indebtedness on property located at 5714-16 S. Calumet Avenue, Chicago
- **Project Type: Not-for-Profit 501(c)(3) Bonds**
- **IFA Benefits:**
  - Convey federal tax-exempt status
  - No IFA or State funds at risk
- **IFA Fees:**
  - $7,000
- **Structure:**
  - Fixed rate bonds (initial rate of 5.3% for the first 5 years; to be reset every 5 years)
  - 20 year amortization and maturity
  - To be purchased directly by First American Bank as a direct investment to be held to maturity

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Deal: **Featherfist and Featherfist Development Corporation**

STATISTICS

Deal Number:	N-NP-TE-CD-412	Amount:	$1,500,000 (not-to-exceed amount)
Type:	Not-for-Profit	Marketer:	Steve Trout
Location:	Chicago	Tax ID:	05-0577776
		Est. fee:	$7,000

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Bond Financing
No IFA funds at risk

Staff recommends approval

No Extraordinary Conditions

PURPOSE

Finance the construction of a commercial office building at 2301 E 75th Street, Chicago and refinance indebtedness on property located at 5714-6 S. Calumet Avenue, Chicago

VOLUME CAP

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

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$1,400,000	Uses:	Project Costs	$2,153,239
	IL Facilities Fund Loan	790,000		Refinance Indebtedness	104,400
	Equity	139,386		Costs of Issuance	45,000
				Capitalized Interest	$26,747
	Total	$2,329,386		**Total**	$2,329,386

JOBS

Current employment:	39	Projected new jobs:	25
Jobs retained:	N/A	Construction jobs:	NA

BUSINESS SUMMARY

Background: Featherfist is a not-for-profit 501(c)3 organization founded by Dr. Melanie Anewishki in 1984 and formally incorporated in 1990 to give power and purpose to individuals who are homeless and seek supportive services that promote re-entry into the mainstream. Featherfist Development Corporation ("FDC") is a wholly-owned subsidiary of Featherfist that was created to develop and own property for Featherfist. Featherfist and FDC will be co-borrowers for this project.

Featherfist based in the South Shore community area on Chicago's south side and provides services citywide. Featherfist's services extend beyond shelter to include a full range of supportive service networks to meet the myriad demands of retraining, rehabilitating and re-entry into the mainstream. Its founder, directors and staff share the belief that individuals requiring assistance to be self-reliant - whether mentally or physically exceptional – should have the opportunity to function as independent and productive members of society.

Description: Featherfist provides emergency outreach and comprehensive case management services to homeless and at-risk homeless individuals in Chicago. Featherfist serves 600 homeless individuals annually and 300 at any point in time through placement in transitional living apartments throughout Chicago. Essentially all of its enrollees are low income and 39% are veterans. Its enrollees are 85% African-American, 9% Caucasian, and 5% Hispanic and 60% male.

The primary barrier to employment for all Featherfist enrollees is homelessness, with the attendant issues of weak job search skills and low vocational skills/education. Most enrollees have one or more of the following problems: economic dislocation, domestic violence, criminal records, mental illness and substance abuse.

The City of Chicago and HUD have recognized Featherfist's comprehensive case management approach as a key strategy in serving the homeless. Its services include street outreach, general case management and specialists for veterans, domestic abuse victims, HIV/AID clients, large families, and hard-core homeless and for employment and training needs. Annual funding from these sources has grown from $100,000 in 1994 to $1,975,000 in 2003.

The City of Chicago's Department of Human Services recently awarded Featherfist a grant from the acquisition of a 35-bed facility for the hard-core homeless. The Mayor's Office of Workforce Development recently awarded Featherfist a WIA grant to expand its direct employment and training services for the homeless.

Featherfist currently leases space at 2255 East 75th Street but has outgrown that facility. The organization is building a new office building to house its administrative functions and provide space for program and service expansion. Featherfist will conduct on-site training for program participants, i.e. life skills training, financial literacy, GED classes, etc., within the new facility. The proposed site will include a state-of-the-art telecommunication center for up to 120 people, which will be the first of its kind within the South Shore community area and neighboring communities. The facility will also house a Conference Center for 100 people and dialogue room designed specifically for conflict resolutions sessions. That site is located directly across the street from the existing office space at 2301 E. 75th street.

The new facility will more than double the amount of office and conference space available and provided space for training and conferences, which is not available in the current space. Management plans to host an annual national conference on homeless intervention strategies, supportive services, housing for the homeless and other poverty related issues for national practitioners, government officials and educational institutions. Featherfist will seek corporate and foundation sponsors with the goal of raising at least $50,000 per year annually through this event.

Management hopes that the project will spur a revitalization of the 75th street commercial corridor, an area that has had no construction in over 30 years. Management will offer meeting and training space and state-of-the-art telecommunication facilities to community residents and other not-for-profit organizations.

Financials: Financial summary prepared from audited financial statements for 2001, 2002 and 2003. Projections for 2004 through 2007 prepared by staff. (Figures in $000s.)

	Year Ended December 31			Year Ending December 31			
	2001	2002	2003	2004	2005	2006	2007
Income Statement							
Revenues & Support	$2,180	$2,471	$2,692	$3,164	$3,196	$3,305	$3,373
Change in Net Assets	90	230	44	178	30	54	71
Earnings Before Interest Deprec. & Amortization	112	215	130	271	252	309	323

Balance sheet:							
Current assets	135	189	214	320	380	419	444
Net PP&E	319	373	303	2,418	2,392	2,354	2,342
Other Assets	0	0	0	45	43	40	38
Total assets	454	562	517	2,783	2,815	2,813	2,824
Current liabilities	258	227	139	141	203	211	217
Long-term Debt	106	105	104	2,190	2,130	2,066	1,999
Other Long-term Liabilities	0	0	0	0	0	0	0
Net Assets	90	230	274	452	482	536	608
Tot Liabs & Net Assets	454	562	517	2,783	2,815	2,813	2,824
Ratios:							
Fixed Charge Coverage	2.51x	3.53x	2.34x	3.50x	1.85x	1.74x	1.82x
Current Ratio	0.52	0.83	1.54	2.27	1.87	1.99	2.04
Days Cash on Hand	3.3	4.4	1.6	13.8	19.8	22.8	24.8
LT Debt/Net Assets	1.18	0.46	0.38	4.85	4.42	3.85	3.29

Discussion: Featherfist was founded in 1984 to combat homelessness by providing emergency shelter and facilitating health care services to qualified participants. Featherfist relies on funds passed through the City of Chicago from the US Department of Housing and Urban Development ("HUD") to provide mobile outreach that works with the City of Chicago's Department of Health and Human Services to render crises intervention when the City is unable to do so. Featherfist also receives funds from the Mayor's Department of Workforce training to assist homeless and at-risk individuals return to the workforce. Featherfist also receives funds directly from US HUD to develop new needs assessment programs for the unemployed. Featherfist also actively solicits contributions and grants from individuals and foundations.

Featherfist's primary revenues sources were US HUD (64%), City of Chicago (12%), Illinois Department of Human Services (5%), Habitat Corporation, a private foundation (5%), Donations (5%) and other (9%). Revenues have steadily increased over the period reviewed and are expected to reach a record level by the end of the year. Featherfist currently has limited liquidity and modest indebtedness. Cashflows have been sufficient to cover operating costs, debt services and lease payments for the current office space.

Liquidity has been modest. Featherfist currently has a $150,000 line of credit from Bridgeview Bank. First American Bank will refinance that facility plus a note secured by a building located at 5714-1616 E Calumet Avenue when it closes on the Bonds for this project.

The forecast assumes that the Bonds and loan from IFF close on September 1 and that the project is completed by July 1, 2005. The forecast assumes that $26,700 in interest is capitalized in 2004. Management expects to generate $42,500 in income in 2005 and $85,000 in income in 2006 from seminars and leasing space to area organizations. The forecast for 2005 incorporates six months of depreciation expense, a full year's interest expense and termination of an office lease at midyear. Principal payments begin amortizing in 2006.

FINANCING SUMMARY

Bonds: Tax-exempt 501(c)(3) bonds amortizing over 20 years. The bonds will be purchased by First American Bank and will pay interest at 5.3% each year for the first 5 years. Repayment terms are 12 monthly interest payments followed by 48 monthly payments of principal and interest, with put options at 60th, 120th and 180th month..

Obligors: Featherfist and Featherfist Development Corporation, as Co-Borrowers

Bond Security:	A first lien and security interest in all of the assets of Featherfist Development Corporation, including first mortgages and assignments of rents on the buildings and properties located at 2301 E. 75th Street, Chicago, IL 60649 and 5714-16 S. Calumet Avenue, Chicago, IL 60637. A first lien and security interest in all assets of Featherfist, including a second mortgage on the building and property located at 5714-16 S. Calumet Avenue, Chicago, IL 60637.
Subordinate Financing:	The Illinois Facilities Fund will provide a subordinate loan that is secured by a second mortgage interest in the building and property located at 2301 E. 75th Street, Chicago, IL. The loan will amortize over 20 years and carry a 5.8% interest rate.

PROJECT SUMMARY

The proposed site is being developed on vacant land acquired from the City of Chicago for $100,000, pursuant to an executed redevelopment agreement between Featherfist and the City of Chicago. The proposed development will be a 130,000 square-foot brick–masonry building that will include administrative offices, a state-of-the-art conference room/telecommunication center, computer room, training room, kitchen and a conflict resolution room. Brook Architecture, a minority-owned architectural firm, has uniquely designed the facility.

Bond proceeds, together with a loan from the IFF and equity from the borrower, will be used to finance the 1) acquisition of land, 2) refinancing of existing debt, 3) development, construction and partial furnishing of the building, 4) capitalized interest and 5) costs of issuance. Project costs are estimated as follows:

Land Acquisition	$100,000
Construction	1,690,000
Architectural and Engineering	126,750
Legal and Professional	39,250
Furnishings	15,000
Contingency	182,239
Total	$2,153,239

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Featherfist Development Corporation, 2255 E. 75th Street, Chicago, Illinois 60649 (Contact: Dr. Melanie Anewishki, Director/President, Phone: (773) 721-7088)	
Project name:	Featherfist and Featherfist Development Corporation	
Location:	2301 E. 75th Street Chicago (Cook County), IL 60649 and 5714-16 S. Calumet Avenue, Chicago (Cook County), IL 60637	
Organization:	Illinois 501(c)(3) organization	
Land Owner:	City of Chicago Department of Planning and Development	
Board Members:	Doris Bailey, Chairperson	Chicago, IL
	Audrey Banker, Vice-Chairperson	Chicago, IL
	Virginia Mitchell, Secretary	Chicago, IL
	Wilhemina Bryd	Chicago, IL
	Tesa Anewishki-Pittman	Chicago, IL
	Delores Dotson	Chicago, IL
	Andrea Goode	Chicago, IL
	Kimberly Mallard	Chicago, IL
	Roelean Watts	Chicago, IL
	Rev. Stanley O'Conner	Chicago, IL
	Chandra Smith	Chicago, IL

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Applegate & Thorne-Thomsen	Chicago, IL	Nicole Jackson
Bond Counsel:	Chapman and Cutler	Chicago, IL	Matt Lewin
Bond Purchaser	First American Bank	Lisle, IL	Mark Kroenke
Bank Counsel:	To be determined		
Issuer's Counsel:	To be determined		
Financial Advisor:	Total Capital Solutions	Oak Park, IL	Tony Grant
Accountant	Omotosho & Associates	Chicago, IL	Akin Omotosho
Development Consultant	Prim Lawrence Corporation	Chicago, IL	Teresa Prim
Architect	Brook Architecture	Chicago, IL	Ramona Westbrook
General Contractor	Power & Sons	Chicago, IL	

LEGISLATIVE DISTRICTS

Congressional:	1
State Senate:	25
State House:	13

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: IFA Board of Directors

From: Rich Frampton

Date: July 13, 2004

Re: Overview Memo for CVT Acquisition, Inc. (d/b/a Cherry Valley Tool & Machine)
I-ID-TE-CD-411

- **Borrower/Project Name:** CVT Acquisition, Inc. (d/b/a Cherry Valley Tool & Machine)

- **Location:** Belvidere (Boone County), Illinois

- **Principal Project Contact:** Duane Wingate, President

- **Board Action Requested:** Preliminary Bond Resolution

- **Amount:** not to exceed $2.4 million
  - Uses:
    - Finance the acquisition of land, renovation of existing facilities, construction of a building addition, and purchase of equipment
      - Project located in the DCEO-designated Belvidere/Boone County Enterprise Zone

- **Project Type: Industrial Revenue Bonds**

- **IFA Benefits:**
  - Conduit Tax-Exempt Bonds -- no direct IFA or State funds at risk
  - IFA will convey federal tax-exempt status

- **IFA Fees:**
  - One-time, upfront closing fee estimated at $18,480 (for an estimated $2.4 million transaction)

- **Structure/Ratings:**
  - Company is negotiating with several banks regarding (1) a direct purchase bond issue to be purchased by the Bank as Lender/Investor and (2) a Direct Pay Letter of Credit.
  - Depending on structure, the Bonds will be sold either as (1) fixed rate bonds with an annual interest rate reset provision (if purchased directly by a Bank, rate would priced at approximately 85% of Prime, as proposed) or (2) as 7-day floating rate bonds (if secured by a Bank Letter of Credit; estimated initial effective interest rate of 2.40% based on market rates as of 6/30/2004).
  - Bond will carry a high investment grade credit rating if structured with a Bank Letter of Credit.

- **Recommendations/Conditions:**
  - Staff recommends approval – no extraordinary conditions. Staff reserves the right to impose additional conditions based on the final transaction structure.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Deal: **CVT Acquisition, Inc. (d/b/a Cherry Valley Tool & Machine)**

STATISTICS

Project Number:	I-ID-TE-CD-411	Amount:	$2,400,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	PPA:	Rich Frampton
Location:	Belvidere	Tax ID:	54-2129386
SIC Code:	3599	Est. fee:	$18,480 (based on $2.4 mm amount)

BOARD ACTION

Preliminary Bond Resolution
Conduit Industrial Revenue Bonds
No extraordinary conditions

No IFA funds at risk.
Staff recommends approval

PURPOSE

Acquisition/renovation of an existing manufacturing facility, construction of a building addition thereon, and the purchase of equipment for use therein.

IFA CONTRIBUTION

This project will require up to $2.4 million of IFA Volume Cap.

VOTING RECORD

This is the first time this project has been reviewed by the IFA Board.

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$2,300,000	Uses:	Project Costs	$2,550,000
	*Equity	305,000		Bond Issuance Costs	55,000
	Total	**$2,605,000**		**Total**	**$2,605,000**

***Sources of Equity:** Cash equity will be provided by CVT's principals from personal funds, as necessary for the Bank.

JOBS

Current employment: 40
Jobs retained: Not applicable

Projected new jobs: 20
Construction jobs: 15 (3-6 months)

BUSINESS SUMMARY

Background: CVT Acquisition, Inc. d/b/a "Cherry Valley Tool & Machine" ("CVT" or the "Applicant") was established on October 31, 2003 when CVT Acquisitions, Inc. purchased the Company's assets from the Merchants and Manufacturers Bank of Joliet, Illinois. The purchase agreement included a one-year lease of the facility, through 10/31/2004.

The Company is 50%-owned by Mr. Duane Wingate, Principal, Ingenium Technologies, an engineering services firm based in Rockford, IL, and is 50%-owned by David Cassaza, Chairman/CEL of Roper Whitney of Rockford, Inc.

Description: CVT is a contract machining company that custom designs and machines cast iron and steel parts to OEM manufacturers of heavy duty truck, agricultural equipment, construction equipment, and off-the-road vehicles. (Confidential: Key CVT customers include Case New Holland (CNH), Gunite, Webb Wheel, and Rockford Drop Forge.)

CVT's predecessor company, Cherry Valley Tool & Machine, Inc. (the "Predecessor Company") was established in 1960. Beginning in 1999, the Predecessor Company experienced four consecutive years of declining sales and increased employee layoffs, culminating in a bank foreclosure in September 2003.

Subsequent to CVT's acquisition, the Operations Consulting Division of Ingenium Technologies, Inc. (as of 10/31/2003, a company affiliated under common ownership) completed a comprehensive review of operations and developed a turnaround plan to improve production flow and overhaul the existing plant layout. This expansion plan required significant capital investment in new production equipment and required significant increases in working capital.

To date, CVT Acquisition's efforts have resulted in annual revenues increasing from $1.8 million to $3.8 million (annualized) as of 6/15/2004. During the same period, shop employment has increased from 15 to 37.

The proposed project will enable CVT to continue its effort to upgrade and increase production at the Belvidere facility. As a result of the proposed project, CVT will purchase the leased facility and approximately 5 acres of vacant adjacent property. The facility will then be substantially renovated with increased electrical capacity, installation of a new HVAC system for the shop floor, the addition of two new truck docks, the purchase of approximately five new CNC (computerized numerical control) machining centers and related equipment, and the construction of a building addition to the existing 55,000 SF facility (exact size of addition to be determined).

According to the Applicant, the proposed project site is located in the DCEO-designated Belvidere-Boone County Enterprise Zone. This project has strong support from the City of Belvidere and Growth Dimensions, Inc. of Belvidere/Boone County, the 501(c)(3) economic development organization in Boone County.

Financials: Compiled financial statements for 7-month period ended 5/31/04 (initial 7 months of operation). Annualized forecast for 12 months ended 10/31/04. Projections for fiscal years 2005-2007.

	Year Ended Oct. 31			Year Ended Oct. 31		
	Prior Owner	5/31/04 7 mo's.	2004 12 mo's.	2005	2006 (Dollars in 000's)	2007
Income statement:						
Sales	$1,800	$1,627	$2,789	$3,662	$4,930	$5,915
Net income		118 (pre-tax)	133	282	291	298
EBITDA		40	271	596	795	858
Balance sheet:						
Current Assets		876	901	1,073	1,113	1,310
Net PP&E		422	1,109	2,692	2,564	2,619
Other Assets		34	34	26	363	363
Total		1,332	2,044	3,791	4,040	4,292
Current Liabilities		219	419	781	955	1,039
Long Term Liab.		772	1,418	2,521	2,304	2,174
Other Non-Cur. Liab.		149	--	--	--	--
Equity		192	207	489	781	1,079
Total		1,332	2,044	3,791	4,040	4,292
Ratios:						
Debt/Fixed Oblig. Coverage		1.32x	1.32x	1.56x	1.54x	1.67x
***Pro Forma Debt Coverage*			***1.10x*			
Current ratio		4.00	2.15	1.37	1.17	1.26
Debt/equity		4.02	7.48	5.42	3.12	2.14

Discussion: CVT has only reported 7 months of activity from inception (11/1/03) to 5/31/04. CVT Acquisition, Inc. purchased the assets of the predecessor company out of foreclosure from Merchants & Manufacturers Bank of Joliet.

On an annualized basis CVT's new ownership has recorded sales of $1.6 million for the initial 7 months ended 5/31/04. CVT's management and accountant have projected annualized sales of approximately $2.8 million for the fiscal year ended 10/31/04.

CVT's management has effectively managed the growth of the Company as evidenced by the Company's $118,000 of pre-tax net income as of 5/31/04. Based on the Company's operating history to date, the Company projects $133,000 of Net Income after taxes for the year ended 10/31/04. CVT projects to generate sufficient cash flow from operations (EBITDA) to cover the company's fixed (rent) obligations by a multiple of 1.32 times in 2004.

CVT is currently paying $144,000 per annum to rent its current facility. This project would finance the acquisition of the building is currently leasing. Projected debt service on the proposed bonds (which includes both the acquisition of equipment and the purchase and renovation/addition to the existing building will result in projected annual debt service payments of $206,000 per annum, thereby increasing the Company's occupancy costs/equipment costs by $62,000 per annum.

CVT's management has assumed aggressive 31% sales growth in 2005, 35% sales growth in 2006 and 20% sales growth in 2007. Additionally, the forecast assumes that the proposed bond issue closes as of 4/30/05. Based on the Applicant's assumptions, the Company should generate sufficient cash flow to cover its fixed obligations by multiples of 1.54 times or better beginning in 2005, the first full year following project completion.

***Given the strong reported net profit margins to for the initial year of annualized results, CVT will generated sufficient EBITDA to cover proposed debt service on these bonds by a multiple of 1.10 times for the year ended 10/31/04.*

FINANCING SUMMARY

Security:	Bonds will either be (1) purchased directly by a Bank and held until maturity as a direct investment or (2) secured by a Direct Pay Bank LOC. The Borrower is currently negotiating with the following banks: First National Bank of Beloit (WI), Amcore Bank (Rockford, IL), LaSalle Bank, NA (Rockford, IL), and Harris Bank, NA (Marengo, IL).
Structure:	Bonds will be sold on a variable rate basis with either (1) 5-year interest rate resets or (2) as 7-day variable rate demand bonds.
Maturity:	20 years

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of approximately 2.0 acres of land, finance the acquisition and renovation of an approximately 55,000 SF building located thereon, construct a building addition thereon located at 6871 Belford Industrial Drive, Belvidere (Boone County), Illinois 61008. Bond proceeds will also be used to (1) approximately 5.0 acres of vacant land located adjacent to the current site at 6871 Belford Industrial Drive, Belvidere (Boone County), Illinois 61008. Additionally, bond proceeds will be used to finance the purchase of machinery and equipment for use therein and to refinance certain capital expenditures incurred within 60 days of approval of the IFA Preliminary Bond Resolution for this project. The project will be used as a manufacturing facility for the production of custom fabricated machine parts.

Proposed project costs are summarized as follows:

Land Acquisition:	$275,000
Building Acquisition:	950,000
Renovation:	150,000
Construction of New Addition:	285,000
Equipment:	890,000
Total:	**$2,550,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	CVT Acquisition Inc. (Contact: Mr. Duane Whitlock, President, CVT Acquisition, Inc., 6871 Belford Industrial Drive, Belvidere (Boone County), IL 61008; Ph.: 815-299-8792; Fax: 815-544-6919; duane@ingeniumtech.com) Web site: **www.cvtm.com**
Project name:	CVT Acquisition, Inc. (d/b/a Cherry Valley Tool & Machine) Series 2004 Bonds
Location:	6871 Belford Industrial Drive, Belvidere (Boone County), Illinois 61008
Organization:	Corporation
State:	Illinois
Applicant:	Corporation
Ownership:	Mr. Duane Whitlock, Rockford, IL: 50% Mr. David Casazza, Rockford, IL: 50%
Current Owner of Real Estate:	Merchants and Manufacturers Bank, 990 Essington Road, Joliet, IL

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Williams & McCarthy	Rockford, IL	Tim Rollins
Bond Counsel:	TBD; to be selected based on consultation with Bank		
Bond Purchaser/ Direct Lender:	Currently negotiating with First National Bank and Trust Co., Beloit, WI; Amcore Bank, Rockford, IL; LaSalle National Bank, Rockford, IL; Harris Bank, Marengo, IL		
Accountant:	Boeke & Assocaites	Rockford, IL	Roger Boeke
General Contractor:	TBD		
Trustee:	TBD (if a Bank LOC transaction)		
Issuer's Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Congressional:	16
State Senate:	34
State House:	68

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Laura Lanterman

Date: July 13, 2004

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Througout Illinois
- **Board Action Requested:** Preliminary Bond Resolutions/Inducement Resolutions for each attached project
- **Amounts:** amounts up to $250,000 maximum of new money for each project
- **Project Type:** **Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2004 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
  - One-time closing fee equal to 1.50% of the bond amount for each project ($1,875) combined for Preliminary Bond Resolutions, as proposed)
- **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

BEGINNING FARMER BOND LOANS
New Projects for Inducement Resolution – Page 1 of 1
July 13, 2004

Project Number:	A-FB-TE-CD-432
Borrower(s):	Jay A. Todd and Christina Diane Todd
City:	Thompsonville
Amount:	$125,000
Use of Funds:	Farmland
County:	Franklin
Lender/Bond Purchaser:	First Mid-Illinois Bank, Highland

Principal shall be paid semi-annually in fifty equal installments of $2,500.00 each, with the first principal payment date to be six months from the date of closing. Accrued interest shall be paid semi-annually.

Interest shall be charged at the rate of 3.40% per annum for the first year, thereafter adjusted annually to a rate not to exceed 85% of National Prime as quoted in The Wall Street Journal, with a floor of 3.40%.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From : Jim Senica, Senior Program Administrator

Date: July 13, 2004

Re: Overview memo for Frank and Donna Abdnour.

- **Borrower/Project Name:** Frank and Donna Abdnour (The Spotted Cow, Inc.)
- **Location:** Peoria (Peoria County)
- **Principal Project Contact:** Frank Abdnour, President of the Spotted Cow, Inc.
- **Board Action Requested:** Approval to purchase loan participation
- **Amount:** $300,000
- **Project Type:** Business – Participation Loan
- **IFA Benefits:**
  - Buy-down of interest rate – $300,000 IFA funds at risk
  - Borrower provided with lower blended interest rate
- **IFA Fees:**
  - 2.50% additional interest income earned over CD rate: $7,500
- **Structure:**
  - Loan participation to be purchased by First Capital Bank – Peoria.
  - Loan term will be 10 years with a 20-year amortization and a balloon payment due at the end of the 10-year loan term.
    Interest rate will be fixed at a rate of 3% over the 5-year Treasury note rate or 6.5%, whichever is greater, adjusting at the 5-year anniversary to 3% over the 5-year Treasury note rate with a 10-year balloon due at the end of the loan.
  - Collateral will be a pro-rata first position "*pari passu*" with First Capital Bank – Peoria on project real estate with a minimum appraised market value of $920,000 providing collateral coverage of at least 1.25 times (80% LTV).

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 13, 2004

Deal: Frank and Donna Abdnour
(The Spotted Cow, Inc.)

STATISTICS

Deal Number:	B-LL-TX-408	Amount	$300,000
Type:	Participation Loan	PA:	Jim Senica
Location:	Peoria	Est fee:	N/A

BOARD ACTION

Purchase of Participation Loan from First Capital Bank – Peoria.
$300,000 IFA funds at risk.
Collateral is ***pari passu*** first position with the bank.
Twelve month commitment
Staff recommends approval of a resolution subject to the Bank covenants noted on page 3 of this report.

PURPOSE

Acquisition of land and construction of a 4,500 square foot commercial building.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA	$300,000		Uses: Project Costs	$920,000
	First Capital Bank	436,000		Total	$920,000
	Equity*	184,000			
	Total	$920,000			

*Equity contribution will consist of the borrower's equity in the land being purchased by them for the project.

JOBS

Current employment:	40	Projected new jobs:	10
Jobs retained:	N/A	Construction jobs: (12-month period)	19

BUSINESS SUMMARY

Background: Applicants Frank and Donna Abdnour established The Spotted Cow, Inc., an Illinois S corporation, in 1985. The Company has been based in the Peoria area for its entire eighteen year history.

Description: The Spotted Cow, Inc. is engaged in the manufacture and distribution of premium ice cream products. The Company's ice cream constitutes a richer, higher butter fat product that is similar in quality to the nationally distributed Ben and Jerry's ice cream. In addition to the bulk ice cream made in a multitude of flavors, the company's offerings also include specialty products such as various types of ice cream bars, drumsticks and gourmet ice cream cakes.

Remarks: Distribution of the Company's products is limited to Central Illinois. Although opportunities have arisen for the Company to market their products over a broader region, the applicants' desire to maintain the ultra high quality inherent in a localized operation have has been the deciding factor in restricting the selling area.

The Spotted Cow, Inc. currently manufactures all of its products at its Peoria Heights Prospect Avenue location. This facility, owned by the applicants and having a fair market value of $175,000 and a mortgage of $90,000 (net equity of $85,000), is in the process of being sold; all proceeds will be applied to purchase of the land for this project. (Note: Per conversation with the banker and the applicants, the applicants may actually receive more than $175,000 for this property based on selling prices being received for other properties in the area.)

Financials: Spotted Cow, Inc. forms 1120S for years 2001 and 2003
Projected financial information 2004 and 2005

	Year Ended December 31				
	2001	2002	2003	2004	2005
	(Dollars in 000's)				
Income Statement					
Sales	689	750	750	825	830
Net income	6	34	28	35	40
Balance sheet					
Current assets	13	29	27	33	75
PP&E	93	90	90	89	89
Total assets	106	119	117	122	164
Current liabilities	9	10	11	8	10
Debt	27	-0-	-0-	-0-	-0-
Other liabilities	79	90	67	40	40
Equity	(9)	19	39	74	114
Total liab. & equity	106	119	117	122	164
Ratios					
Debt service cov.*	1.69	1.47	1.83	1.49	1.53
Current ratio	1.44	2.90	4.00	6.63	7.50
Debt/equity*	(10.78)	5.42	1.39	1.44	1.23

* In years 2002 – 2005, "debt" refers to rent payments made to owners Frank and Donna Abdnour.

Discussion: Revenues of The Spotted Cow, Inc. have followed a consistently increasing pattern, growing from approximately $689,000 in 2001 to $750,000 for 2003. Recent net income amounts have remained positive at managed levels for the flow-through to the personal tax returns of this S corporation's owners. Sales are primarily made on a cash basis, thus the Company experiences no receivable collection difficulties.

Relocation to the new facility on Glen in Peoria should bring further revenue increases and cost reductions to the Company. The increased manufacturing space will provide the capacity needed to increase production and make the process more efficient while the retail portion of the facility will provide better exposure in an area with significantly more traffic flow than that on Prospect Avenue.

Revenues at the current level would adequately provide for debt service through rent payments to the applicants. Additional revenue generated and proceeds to be received from the sale of the Prospect property will only add to the serviceability of the debt.

Bank covenants include the following:

1) Monthly internally-prepared Company financial statements
2) Annual compiled financial statements of The Spotted Cow, Inc.
3) Annual income tax returns of the applicants
4) Prior to funding, certified fair market value appraisal on the pledged real estate of not less than $920,000
5) Evidence of adequate insurance on the collateral
6) Shared first mortgage on project real estate
7) 2% prepayment penalty on the permanent financing if the loan is prepaid by another financial institution in the first three years
8) Corporate guaranty of The Spotted Cow, Inc.

The Company has not found it necessary to maintain a revolving line of credit for operating purposes.

FINANCING SUMMARY

Borrower: Frank and Donna Abdnour

Security: Pro-rata first position "*pari passu*" with First Capital Bank - Peoria on the project real estate. Collateral is based on a minimum appraised fair market value of $920,000 resulting in collateral coverage on project debt to IFA and the Bank on this participation loan of 1.25 times (80% LTV). IFA will also share with the Bank in the corporate guaranty of The Spotted Cow, Inc. Staff recognizes that in the event of default with respect to this loan, standard wording in IFA's participation agreement states that the IFA/Bank loan will be paid prior to any other loan, including any future line-of-credit loan, that the borrower may establish with the Bank. The net worth of the applicants, Frank and Donna Abdnour, approximates $422,000.

Structure:	Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 150 basis points below what the Bank is charging the customer. The Bank's interest rate will be fixed at a rate of 3% over the 5-year Treasury note rate or 6.5%, whichever is greater, adjusting at the 5-year anniversary to 3% over the 5-year Treasury note rate with a 10-year balloon due at the end loan.
Maturity:	The loan will be set on a 20-year amortization with 120 payments of principal and interest over the ten-year term of the loan.

PROJECT SUMMARY

The proposed project involves the acquisition of land at the corner of Sheridan and Glen in Peoria and construction thereon of a new 4,500 square foot commercial building for use by the applicants to manufacture and distribute ice cream products. Project costs are estimated as follows:

Land Acquisition	$140,000
Land Improvements	180,000
Building Construction	600,000
Total	$920,000

The proposed project will provide the applicant with the additional manufacturing capacity needed to accommodate growing demand for its products.

ECONOMIC DISCLOSURE STATEMENT

Project name:	The Spotted Cow, Inc. Sheridan at Glen Building
Location:	718 W Glen Peoria, Illinois (Peoria County)
Applicant:	The Spotted Cow, Inc.
Organization:	Illinois S corporation
Ownership:	Frank and Donna Abdnour, 50% each

PROFESSIONAL & FINANCIAL

Accountant:	Romolo & Associates CPA's	Peoria, IL	
Bank:	First Capital Bank	Peoria, IL	Tim Warner

LEGISLATIVE DISTRICTS

Congressional:	18 – Ray LaHood
State Senate:	37 – Dale Risinger
State House:	73 – David Leitch

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors

FROM: Townsend S. Albright

DATE: July 13, 2004

RE: Overview Memo for the IIT Research Institute ("IITRI")

- **Borrower/Project Name:** IIT Research Institute
- **Location:** Chicago (Cook County)
- **Principal Project Contact:** John P. Collins, Vice President, Treasurer and Chief Financial Officer
- **Amount:** $18,820,000
- **Board Action Requested:** Approval of a Final Bond Resolution.
- **Project Type:** New money to (i) renovate two existing laboratories, (ii) purchase furniture, fixtures, and equipment, (iii) capitalize interest, and (iv) fund professional and bond issuance costs.
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** $71,380
- **Ratings:** The bonds will carry a Direct Pay Letter of Credit from Fifth Third Bank, Chicago, Illinois.

ta/h/illinoisinstituteoftechmemo

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **IIT Research Institute ("IITRI")**

STATISTICS

Number:	E-PC-TE-CD-409	Amount:	$18,820,000
Type:	501(c)(3) bonds	PA:	Townsend Albright
Location:	Chicago	Tax ID:	36-2169122
Est. fee:	$71,380	SIC:	8221

BOARD ACTION

Final Bond Resolution
Conduit Not for Profit Bonds
No IDFA funds at risk

No Extraordinary conditions
Staff recommends approval

PURPOSE

Proceeds will be used to (i) renovate two existing laboratories, (ii) purchase furniture, fixtures, and equipment, (iii) capitalize interest, and (iv) fund professional and bond issuance costs.

VOLUME CAP

Volume Cap is not required for 501(c)(3) bonds.

VOTING RECORD

This is the first time this project will be presented to the Board.

SOURCES AND USES OF FUNDS

Sources:	IDFA bonds	$18,820,000	Uses:	Project costs	$16,520,000
	Equity*	170,164		Capitalized Interest	626,364
				Debt Service Reserve	1,496,000
				Bond issuance costs	347,800
	Total	$18,990,164		Total	$18,990,164

*Equity consists of interest earnings and a cash infusion

JOBS

Current employment:	150	Projected new jobs:	60
Jobs retained:	N/A	Construction jobs:	150 (eight months)

BUSINESS SUMMARY

Background: The IIT Research Institute ("IITRI", the "Applicant") was founded in 1936, and is a membership corporation of the Illinois Institute of Technology ("IIT"). The members of the corporation are members of the Executive Committee of the Board of Trustees of IIT. A list of Board members is provided for IFA Board review.

Description: IITRI offers a comprehensive battery of research and development services to support non-clinical development of a wide spectrum of products including drugs, small molecule therapeutics, a range of natural products, and several classes of biological products. IITRI offers a full range of microbiological and molecular biological research support. IITRI's research is conducted within three technical divisions that work in complementary areas of biomedical research: Toxicology and Carcinogenesis, Inhalation Toxicology, and Microbiology and Molecular Biology.

Remarks: The proposed financing will enable IITRI to renovate and equip two laboratories at IIT. The new facilities will provide additional capacity for research projects and its ability to conduct basic research. IITRI provides research and development services and advisement to sponsors in the pharmaceutical, chemical, and biotechnology industries, and to the national Institute of Health, the U.S. Department of Defense, the National Cancer Institute, and international corporations.

Financials: A compilation of projected revenues, net income and debt service coverage through calendar year 2009 is attached for Board review. Figures assume the project will come on line in spring, 2005

IITRI-Life Sciences Business Plan - - Revised April 2004
Projected Revenues and Net income (With Facility Modifications Coming On-Line in Spring 2005)

	2002 (actual)	2003 (actual)	2004 (projected)	2005	2006	2007
Volume						
Labor/Service	9,785.450	11,461,990	12,632,334	14,527,184	17,432,621	19,175,883
Material/Subcontract	5,879569	6,168,812	6,000,819	6,900,942	8,281,130	9,109,243
ODC/Travel	102,154	90,799	128,461	147,730	177,276	195,004
Special Facility						
Adjustments (Write-Off/On)	(503,568)	(1,227,131)				
Unrecovered Burdens	(2,260)	(1,900)				
Total Value Added Cost	15,261,345	16,492,570	18,761,614	21,575,856	25,891,027	28,480,130
Total Fee	1,923,389	1,987,038	2,116,395	2,373,344	2,589,103	2,848,013
TOTAL VOLUME	**17,184,734**	**18,479,608**	**20,878,009**	**23,949,200**	**28,480,130**	**31,328,143**
Direct Cost						
Labor/Service/SRC Cost	4,404,668	5,154,097	5,679,669	6,531,619	7,837,943	8,621,738
Materials/Subcontract Cost	5,708,885	5,989,384	5,826,038	6,699,944	8,039,932	8,843,926
ODC/Travel Cost	98,046	85,286	109,702	126,157	151,389	166,528
Material Handling Cost	170,684	179,429	174,781	200,998	241,198	265,318
Total Direct Cost	10,382,283	11,408,196	11,790,190	13,558,719	16,270,462	17,897,508
GROSS MARGIN	**6,802,451**	**7,071,412**	**9,087,819**	**10,390,482**	**12,209,668**	**13,430,635**
Research Operating Expenses						
Labor/Service/SRC	1,525,007	1,323,524	1,953,448	2,148,793	2,471,112	2,668,801
EOH Applied to B&P/IR&D	(53,325)	(57,196)	(70,202)	(77,222)	(88,806)	(95,910)
Material/Suppliers/Travel	932,357	1,079,072	1,286,464	1,415,110	1,627,377	1,757,567
Total Occupancy	2,390,469	1,831,197	2,026,684	2,330,687	2,680,290	2,894,713
Equipment Depreciation	156,650	200,006	381,537	419,691	482,644	521,256
Operations Overhead	-	1				
Group Overhead	-	1				
Total ROE	**4,951,158**	**4,376,605**	**5,577,931**	**6,237,058**	**7,172,617**	**7,746,426**
CONTRIBUTION MARGIN	**1,851,293**	**2,694,807**	**3,509,888**	**4,153,423**	**5,037,051**	**5,684,208**

General & Administrative Cost						
Corporate G&A	1,466,977	1,539,819	1,938,121	2,131,933	2,451,723	2,647,861
G&A Spending	145,016	37,184	46,802	51,482	59,205	63,941
Bid & Proposal/IR&D	117,994	132,686	102,436	112,680	129,582	139,948
Guidelines						
Total G&A	1,729,987	1,709,689	2,087,359	2,296,095	2,640,509	2,851,750
OPERATING INCOME	121,306	985,118	1,422,529	1,857,329	2,396,542	2,832,458
	0.7%	5.3%	6.8%	7.8%	8.4%	9.0%
Depreciation	**805,000**	**805,000**	**805,000**	**805,000**	**805,000**	**805,000**
AVAILABLE FOR DEBT SERVICE	926,306	1,790,118	2,227,529	2,662,329	3,201,542	3,637,458
DEBT SERVICE**				1,038,080	1,462,055	1,461,680
Coverage				2.56	2.19	2.49

**Assume $18,800,000 financed over 20 years at 4.5% ==>annual P&I = $1,436,016

FINANCING SUMMARY

Security: Direct Pay Letter from Fifth Third Bank, Chicago, Illinois.
Structure: Multi-Mode Seven-day weekly floating rate bonds
Maturity 35 years
Note: (i) the first two years (24 months) of interest will be capitalized

PROJECT SUMMARY

Proceeds will be used to (i) renovate the laboratory space in the IIRTI Life Sciences Building located at 35 West 34th Street and in the IIT Tower located at 10 West 35th Street, respectively, in Chicago, Cook County, Illinois, (ii) purchase furniture fixtures and equipment, (iii) capitalize interest, and (iv) fund professional and bond issuance costs.

Project Costs:	Renovation	$11,687,500
	Furniture/fixtures/Equipment	4,832,500
	Total	$16,520,000

ECONOMIC DISCLOSURE STATEMENT1

Applicant: IIT Research Institute
Project name: Laboratory Expansion Project
Location: 35 West 34th Street and 10 West 35th Street Chicago, Cook County, Illinois 60616
Organization: 501(c)(3) Corporation
State: Illinois
Board: List attached for IFA Board review

PROFESSIONAL & FINANCIAL

Counsel:	In House	Chicago, IL	Mary Anne Smith
Accountant:	KPMG LLP	Chicago, IL	
Bond Counsel:	Chapman and Cutler	Chicago, IL	Jim Luebchow
Issuer's Counsel:	Mayer, Brown, Rowe & Maw	Chicago, IL	David Narefsky
Underwriter/ Placement Agent:	Legg Mason Wood Walker, Inc.	Chicago, IL	John H. Peterson

Underwriter's Counsel:	Foly and Lardner	Chicago, IL	C. Richard Johnson
LOC Bank Counsel:	Chapman and Cutler	Chicago, IL	Jim Luebchow
Trustee:	Bank of New York	Chicago, IL	John Prendiville
Architect:	Cannon Design	Chicago, IL	Brian Jack
General Contractor:	Pepper Construction	Chicago, IL	Ted Commons

LEGISLATIVE DISTRICTS

Congressional:	01, Bobbie Rush
State Senate:	03, Mattie Hunter
State House:	05, Kenneth Dunkin

ta/h/IITresearchinstitute

IITRI Officers

Lewis Collens	President and Chief Executive Officer
David McCormick	Vice President
John P. Collins	Vice President, Treasurer, and Chief Financial Officer
Mary Anne Smith	Secretary
Michael McGibbon	Assistant Secretary

IITRI Board of Governors (Board of Directors)

Lewis Collens (ex officio)

Allan Myerson (ex officio)

John P. Collins (ex officio)

Mary Anne Smith (ex officio)

Lewis Collens serves as Chair of the Board of Governors
Mary Anne Smith serves as Secretary of the Board of Governors

Illinois Finance Authority
Memorandum

To: IFA Board of Directors

From: Sharnell Curtis-Martin

Date: July 13, 2004

Re: Overview Memo for Uresil Acquisition Group, LLC
IFA Project #: B-LL-TX-409

Borrower: Uresil Acquisition Group, LLC

Location(s): Skokie (Cook County)

Principal Project Contact: Lev Melinyshyn, CEO Uresil
Brigitte Wilson, MB Financial Bank

Board Action Requested: Approval to purchase loan participation

Amount: $300,000 IFA Participation; Total Loan Amount $1,840,000

Project Type: Business – Participation Loan

IFA Benefits:

- Buy down of interest rate - $300,000 IFA funds at risk
- Borrower provided with lower blended interest rate

IFA Fees:

- 2.50% additional interest income earned over CD rate: $7,500

Structure/Ratings:

- Loan participation to be purchased by MB Financial
- Loan term will be five years with a 5-year amortization
- Collateral will be a pro-rata first position "pari passu" with MB Financial Bank on project costs providing a collateral coverage of at least 1.45 times

Recommendation:

- Staff recommends approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: Uresil Acquisition Group, LLC

STATISTICS

Deal Number:	B-LL-TX-409	Amount::	$300,000
Type:	Participation Loan	PA:	Sharnell Curtis-Martin
Location:	Skokie	Tax ID:	To Be Determined
SIC Code:	3841	Est. fee:	$7,500

BOARD ACTION

Purchase of Participation Loan from MB Financial Bank – Total Loan Amount of $1,840,000
$300,000 of IFA funds at risk
Collateral is pari passu first position with the bank
Staff recommends approval

PURPOSE

Acquisition of business assets (Accounts Receivables, Equipment, Inventory, Patents and other Intellectual Property).

VOTING RECORD

Initial Board consideration, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	Equity	$1,100,000	Uses:	Project Costs	$3,377,000
	MB Term Loan	1,040,000		Severance Pay	110,000
	DCEO	500,000		Professional Fees	125,000
	Subordinated Debt	433,000			
	IFA	300,000			
	MB Line of Credit	239,000			
	Total Sources	$3,612,000		Total Uses	$3,612,000

Source of equity is cash contibuted from four senior level managers presently employed by Uresil that will manage the newly formed company and guarantee the debt. The subordinated debt listed as a source of funds represents a loan to the company from Mr. John Morrissey, CFO, and will be subrodinate to all bank debt. The severance pay listed as a use of funds is to pay out Mr. Art Goldberg, Jr., who will be resigning from the company at the completion of the sale.

JOBS

Current employment:	44	Projected new jobs:	N/A
Jobs retained:	44	Construction jobs:	N/A

BUSINESS SUMMARY

Background:

Dr. Art Goldberg began Uresil in 1986 to develop innovative medical devices for surgery. Dr. Goldberg died in 1998 leaving Uresil without a clear successor to manage the Company. The Company has struggled over the last four years with the beginning of its expected financial turn around beginning in 2003 as evidenced by the positive net income of approximately $400,000.

Since the Goldberg Family does not have an interest in actively managing the business, the Goldbergs' began marketing the Company for sale. The three potential buyers that were interested in Uresil were not interested in continuing Uresil in Illinois and were primarily interested acquiring the existing patents. Of the potential buyers, Cardinal Health was the initial offer that the Goldberg Family accepted. The Goldbergs' and Cardinal Health were unable to reach an agreement on final sales terms and the contract was terminated.

Uresil's present management team consisting of Lev Melinyshyn, CEO; John Morrissey, CFO; James Sarns, VP Sales; and Gerard Boerger, VP Manufacturing collectively made an offer to the Goldberg Family to acquire the business and their offer was accepted. These individuals along with one other shareholder will personally (jointly and severally) guarantee the debt to acquire the business assets. Additionally, they will contribute approximately $1.1 million in cash toward the acquisition.

Description:

Uresil produces medical devices for the specialized fields of interventional radiology and minimally invasive surgery. The Company's continued goal is to develop and maintain relationships that result in new applications as well as transforming from a primarily research and development company to a sales and marketing oriented company.

Approximately 17% of the business operations consists of ongoing and new product research and development. The remaining 83% of operations are focused on marketing the manufacturing of products. Uresil presently holds 15 patents on various products.

Uresil has a broad customer base with no one customer representing more than 10% of the Company's sales. The Company's customers are primarily hospitals and medical device distributors.

Remarks:

The new Company will have a new focus with increased direct marketing efforts to many of the acute care facilities that use their products while continuing to develop products with patentable advantages over competing devices and technologies.

Financials:

Reviewed Financial Statements 13/31/01 – 12/31/03
Internally Prepared Financial Projections 12/31/04 – 12/31/05

	Year Ended Dec. 31			Year Ending Dec. 31	
	2001	2002	2003	2004	2005
	(Dollars in 000's)				
Income statement:					
Sales	$5,663	$5,744	$6,284	$6,786	7,415
Net income	(579)	(465)	400	341	511
EBITDA	97	59	1034	924	1236
Balance sheet:					
Current assets	$1,917	$1,918	$2,050	$2,274	$2,650
PP&E	76	125	504	348	370
Intangible assets	882	729	422	1,623	1,432
Total assets	2,875	2,772	2,976	4,245	4,452
Current liabilities	2,531	2,570	3,084	531	551
Non Current liabilities	6,434	6,757	6,934	3,720	3,396
Net Worth	(6,090)	(6,555)	(7,042)	(6)	505
Total liabilities/net worth	$2,875	$2,772	$2,976	$4,245	4,452
Ratios:					
Debt coverage					
Current ratio	0.76x	0.75x	0.66x	4.28x	4.81
Debt/net worth	(1.47)	(1.42)	(1.42)	(708.50)	7.82
Debt/tangible net worth	(1.29)	(1.28)	(1.34)	(2.61)	(4.26)

Discussion: The new management group is committed to improving the overall financial performance as evidenced by the $400,000 of net income generated in 2003. Additionally, the Company has been making a conscious effort to control costs and increase its customer focus. Uresil's projections demonstrate the expectation to expand its presence in the domestic and international markets.

FINANCING SUMMARY

Security: Pro-rata first position "pari passu" with MB Financial Bank. The loan will be secured by a blanket lien on all business assets and Personal guarantees of James Sarns, John F. Morrisey, Gerard John Boerger, Lev Melinyshyn and Larry Rebedos – joint and several. The cash equity contributions made by the guarantors are excluded from the Total Net Worth Available amounts listed below. Personal financial statements for Mr. Larry Rebedos is forthcoming.

Guarantor	Equity in Business	Source of Net Worth	Total Net Worth Available
James Sarnes	$150,000	$235,000 Equity in Residence $292,000 Retirement Accounts	$527,000
John Morrisey	$400,000	$105,000 Retirement Accounts $785,000 Beneficiary of Trust	$890,000
Gereard Boerger	$400,000	$68,000 Cash $275,000 Joint Marketable Securities $265,000 Retirement Accounts $469,000 Equity in Resdience (Joint)	$1,077,000
Lev Melinyshyn	$100,000	$58,000 Cash and Marketable Securities $173,000 Retirement Accounts $183,000 Equity in Residence	$414,000

Structure:	Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 150 basis points below what the Bank is charging the customer. The Bank's interest rate is 400 basis points over the Treasury rate. A fixed interest rate of 7.6% reflects the participation of IFA and DCEO.
Maturity:	The loan will have a 5-year term with a 5-year amortization. Additionally the loan will have a principal moratorium for the first 12 months with level principal and interest payments the remaining term of the loan.
Bank Covenants:	1.) Distributions will be limited to the amount required for taxes 2.) The Company must have a net profit (positive EBITDA) 3.) Family Debt to be subordinated to all bank financing

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PROJECT SUMMARY

Loan proceeds will be used to acquire all business assets of Uresil , Inc. located at 5418 West Touhy Avenue in Skokie, IL (Cook County). Project costs are estimated as follows:

	Book Value	Discounted Value (70% of Book Value)
Inventory	$1,219,679	$853,775
Net Accounts Receivables	769,745	538,821
Net PPE	136,687	95,680
Intangible Assets	537,026	375,918
Total Assets	**$2,663,139**	**$1,864,194**
Collateral Coverage Ratio	**1.45x**	**1.01x**
Collateral Coverage Ratio (excluding intangible assets)	**1.16x**	**.81x**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Uresil Acquisition Group, LLC (www.uresil.com)	
Location:	5418 W. Touhy Ave, Skokie, IL (Cook County) 60077	
Organization:	Limited Liability Corporation	
State:	Illinois	
Ownership:	Lev Melinyshyn	20%
	John Morrissey	20%
	Larry Rebodos	20%
	Gerard John Boerger	20%
	James Sarns	20%
Land Sellers:	Not Applicable	

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Fagel & Haber		
Accountant:	KPMG, LLP		
Bank:	MB Financial Bank	Chicago	Brigitte WIlson

LEGISLATIVE DISTRICTS

Congressional:	9 -- Janice Schakowsky
State Senate:	8 – Ira Silverstein
State House:	15 -- Ralph Capparelli

Illinois Finance Authority
Memorandum

To: IFA Board of Directors

From: Sharnell Curtis-Martin

Date: July 13, 2004

Re: Overview Memo for Transparent Container Co., Inc.
IFA Project # I-ID-TE-CD-407

Borrower: Transparent Container Co., Inc.

Location(s): Addison, Bensenville and Berkeley

Principal Project Contact: Mr. Ronald Pranger, Controller

Board Action Requested: Final Bond Resolution

Amount: $6,000,000

Project Type: Conduit Industrial Revenue Bonds

IFA Benefits:

- Conduit Tax-Exempt Bonds
- Estimated interest rate savings is approximately $90,000 annually

IFA Fees:

- Application Fee $1,500
- Issuance Fee $46,200

Structure/Ratings:

- Direct Pay Letter of Credit provided by Bank One
- Variable Rate Demand Bonds
- 15 year maturity
- Aa2 by Moody's Investor Services

Recommendation:

- Staff recommends approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Transparent Container Co., Inc.**

STATISTICS

Project No.:	I-ID-TE-CD-407	Amount::	$6,000,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	PA:	Sharnell Curtis-Martin
Location:	Addison, Berkeley, Bensenville	Tax ID:	36-2473908
SIC Code:	3089	Est fee:	$46,200

BOARD ACTION

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

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will be used to finance the acquisition of building, acquisition of machinery and equipment, renovations, and to pay certain bond issuance costs.

VOLUME CAP

The Applicant has been awarded $6.0 million in 2004 Authority Volume Cap.

VOTING RECORD

Preliminary Bond Resolution: June 22, 2004

Ayes:	11	
Nays:	0	
Abstentions:	0	
Absent:	2	(Nesbitt, O'Brien)
Vacancies:	2	

SOURCES AND USES OF FUNDS

Sources:	IFA Bond	$6,000,000	Uses:	Project Costs	$9,390,000
	Equity	2,000,000		Bond Issuance Costs	173,800
	Bank Financing	1,563,800			
	Total	$9,563,800		Total	$9,563,800

JOBS

Current employment: 292 (252 Illinois and 40 Georgia)
Jobs retained: N/A

Projected new jobs: 37 (Illinois)
Construction jobs: 20 (3 months)

BUSINESS SUMMARY

Background: Transparent Container Company, "Transparent" or the "Company", was established in September 1961. In 1971, Mr. Dan Greiwe joined the company as President and became the sole owner in 1999. Mr. Steve Fifer, Division Manager, manages the day-to-day operations of the Company.

Description: Transparent manufactures custom and stock thermoformed and fabricated plastic packaging for use in the food an consumer products manufacturers located in the U.S., Canada and Europe. The Company has three facilities located in Berkeley, Bensenville, and Chicago, Illinois and one facility in Conyers, Georgia.

Remarks: The new facility located in Addison will replace an existing facility located in Chicago. The present employees at the Chicago facility will be offered the opportunity to transfer to the Addison location. New machinery and equipment will also be added to the Berkeley and Bensenville facilities. Some of Transparent's key customers include: Motus Media, Sanford Corporation, Ideal Industries, Avery-Dennison and American Trade Products.

Financials: Reviewed Financial Statements 9/30/01 – 9/30/03
Internally prepared Financial projections 9/30/04 – 9/30/06

	Year Ended Sept 30			Year Ending Sept 30		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)					
Income statement:						
Sales	$34,401	$34,395	$36,135	$36,400	$38,948	$41,674
Net income	1,239	760	3,013	1,631	1,855	2,001
Balance sheet:						
Current assets	$9,074	$10,196	$9,921	$12,502	$9,860	$9,925
PP&E	8,475	8,410	7,353	11,095	13,791	15,416
Other assets	2,774	2,981	2,177	2,177	2,363	2,177
Total assets	20,323	21,587	19,451	25,774	26,014	27,518
Current liabilities	7,830	8,734	4,802	4,959	4,811	5,720
Non Current liabilities	12,029	12,360	11,007	14,991	13,855	12,643
Equity	464	493	3,642	5,824	7,348	9,155
Total liabilities/equity	$20,323	$21,587	$19,451	$25,774	$26,014	$27,518
Ratios:						
Debt coverage	1.43x	1.69x	1.65x	1.34x	1.44x	1.42x
Current ratio	1.16	1.17	2.07	2.52	2.05	1.74
Debt/equity	29.73	27.20	3.54	2.80	2.06	1.54

Discussion: In 2002, the Company experienced an increase in COGS expense of approximately $1.1 million. As a result, Transparent's net income was reduced to approximately $760,000. In 2003, the Company's net income was significantly higher than in past years. This was due to an increase in revenues and partially due to a gain from the sale of assets from discontinued operations.

FINANCING SUMMARY

Security:	Direct Pay Letter of Credit from Bank One
Structure:	Variable Rate Demand Bonds
Maturity:	15 Years

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of a 93,000 square foot manufacturing facility located at 325 S. Lombard, Addison, IL (DuPage County), renovations, machinery and equipment and to pay certain costs of issuance. Additional bond proceeds will also be used to finance the acquisition and installation of machinery and equipment at facilities located at 5744 McDermott Drive in Berkeley, IL (Cook County) and 625 Thomas Drive in Bensenville, IL (DuPage County). Project costs are estimated as follows:

Machinery and Equipment	$5,200,000
Building	3,250,000
Land	500,000
Renovations	440,000
Total Project Costs	$9,390,000

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Transparent Container Co., Inc. 5744 McDermott Drive, Berkeley, IL 60163 (Cook County)
Project name:	Transparent Container New Facility
Location:	325 S. Lombard, Addison, IL 60101 (DuPage County) 5744 McDermott Drive, Berkeley, IL 60163 (Cook County) 625 Thomas Drive, Bensenville, IL 60106 (DuPage County)
Organization:	Corporation
State:	Illinois
Ownership:	Mr. Daniel L. Greiwe – 100%
Land Sellers:	502 Vista Limited Partnership Partners: Richard E. Muhlethaler Ronald E. Muhlethaler Dale R. Muhlethaler

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Schnell Bazos Freeman Kramer Schuster and Vanek	Elgin	Peter Bazos
Accountant:	Lipschultz, Levin & Gray	Northbrook	Bill Finestone
Bond Counsel:	Wildman Harrold	Chicago	Jim Snyder
LOC Bank:	Bank One	Chicago	Brian Caldwell
LOC Bank's Counsel:	Lord Bissell Brook	Chicago	Steven Roper
Remarketing Agent:	Banc One Capital Markets	Chicago	Elaine Semkowski
Underwriter:	Banc One Capital Markets	Chicago	Shelley Phillips
Underwriter's Counsel:	Wildman Harrold	Chicago	Jim Snyder
Issuer's Counsel:	Perkins Coie LLP	Chicago	William Corbin
Trustee:	J. P. Morgan	Chicago	Kevin Ryan

LEGISLATIVE DISTRICTS

Addison

Congressional:	6 – Henry Hyde
State Senate:	46 – George P. Shadid
State House:	23 – Daniel J. Burke

Berkeley

Congressional:	4 – Luis Gutierrez
State Senate:	41 – Christine Radogno
State House:	21 – Robert S. Molaro

Bensenville

Congressional:	6 – Henry Hyde
State Senate:	39 – Don Harmon
State House:	77 – Angelo Saviano

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane

Date: July 13, 2004

Re: Overview Memo for Fairview Obligated Group

- **Borrower/Project Name:** Fairview Obligated Group
- **Locations:** Downers Grove, Rockford
- **Principal Project Contact:** Steve Stewart, CFO
- **Board Action Requested:** Final Resolution
- **Amount:** not to exceed $50,000,000, comprised of
  Refunding: approximately $35.6 million of Fairview Obligated Group's outstanding IFA (IHFA) Series 1995 Bonds and approximately $8.3 million of Fairview Residence of Rockford's outstanding IFA (IHFA) Series 1999 Bonds
- **Project Type: Continuing Care Retirement Community**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
  - **Refunding Bonds:** the underwriters estimate that the refunding bonds will realize a net present value savings.
- **IFA Fees:**
  - One-time, upfront closing fee will be $100,000
- **Structure/Ratings:**
  - **Structure**- The bonds will be secured by a direct-pay letter of credit from LaSalle Bank
  - **Ratings** – Non-rated
  - **Bank Security** – Gross revenue pledge, mortgage and master notes under a master indenture.
  - **Days cash on hand** – 276 days

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 13, 2004

Deal: **Fairview Obligated Group**

STATISTICS

Deal Number:	H-SL-NH-TE-CD-415	Amount:	$50,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Location:	Downers Grove, Rockford	Estimated fee:	$100,000

BOARD ACTION

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

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will be used to: 1) advance refund approximately $35.6 million of Fairview Obligated Group's outstanding IHFA Series 1995 bonds and approximately $8.3 million of Fairview Residence of Rockford's outstanding IHFA Series 1999 bonds, 2) enhance liquidity, 3) capitalize a debt service reserve and 4) pay costs of issuance.

VOLUME CAP

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

VOTING RECORD

Ayes – 11 Nays - 0 Absent - 1 Abstensions – 0 Vacancies – 2

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	$45,710,000	Uses:	Liquidity	$900,000
	Equity	115,426		Refunding Escrow	47,729,218
	Trustee Held Funds	5,408,471		Debt Service Reserve	1,360,753
				Issuance Costs	1,243,926
	Total	$51,233,897		Total	$51,233,897

JOBS

Current employment: 318 FTEs
Jobs Retained: 318 FTEs

New jobs: N/A
Construction jobs: N/A

BUSINESS SUMMARY

Background: **FAIRVIEW OBLIGATED GROUP**: Fairview Ministries, Inc. (the "Corporation"), Fairview Baptist Home (the "Home"), and Fairview Village (the "Village") are the current not-for-profit members of the Fairview Obligated Group ("FOG"). Together, they are known as Fairview Village, a continuing care retirement community (the "CCRC") located in Downers Grove, Illinois, approximately twenty-five miles west of downtown Chicago. The Village consists of approximately 218 independent living apartments, 56 town/garden homes, and 232 licensed nursing beds of which 72 are sheltered and 160 skilled care.

The Home, and affiliate of the Corporation, was founded in 1902 as the Fridhem Home of Rest in the Morgan Park neighborhood of Chicago and moved to its current location in 1942. The first residents moved into the Village in 1991. Construction was completed in 1994.

FAIRVIEW RESIDENCE OF ROCKFORD OBLIGATED GROUP: The subject financing will bring Fairview Residence of Rockford ("FRR") into the Fairview Obligated Group. The Residence of Rockford is a 54,000 square-foot residential building with 73 assisted-living units, which opened in the autumn of 1999. The campus is designed to accommodate the physical, spiritual, emotional, recreational and other similar needs of aged persons in a Christian setting.

Fairview Residence of Rockford is located on a 3.2-acre campus in Rockford, Illinois, approximately 80 miles northwest of the Fairview Village campus. Fairview Residence of Rockford is the sole member of the FRR Obligated Group under a Master Trust Indenture dated September 1, 1999.

The Baptist General Conference, an international protestant denomination with 860 churches in the United States, endorses all the Corporation, The Home, the Village and FRR. Fairview Ministries, Inc. is the sole corporate member of the Home, the Village, FRR and certain other affiliate corporations that are outside the Fairview Obligated Group.

Financials:

Fairview Obligated Group & Fairview Residence of Rockford
Audited Financial Statements 2001 - 2003

	Obligated Group Actual			Group with FRR	
	2001	2002	2003	Actual 2003	Proforma 2003
Statement of Operations					
Net Revenues	15,831	17,397	17,098	18,795	18,795
Operating Income	(382)	71	(690)	(889)	(14)
Earnings Before Interest, Depreciation & Amortization	3,820	4,468	3,256	3,940	3,940
Change in Unrestricted Net Assets	(506)	243	(822)	(912)	(37)
Balance Sheet					
Current Assets	11,015	11,874	12,735	12,966	14,741
Net Property, Plant & Equipment	45,687	44,444	43,526	49,311	49,311
Other Assets	5,131	5,185	4,793	5,824	5,824
Total Assets	61,833	61,503	61,054	68,101	69,876
Current Liabilities	2,836	2,891	3,023	3,626	3,626
Long-term Debt	35,667	34,702	34,407	42,486	43,386
Entrance Fees, Deposits & Prepayments	34,166	34,503	35,038	35,041	35,041
Net Assets	(10,836)	(10,593)	(11,414)	(13,052)	(12,177)
Total Liabilities & Net Assets	61,833	61,503	61,054	68,101	69,876
Ratios:					
Debt Service Coverage	1.29x	1.50x	1.33x	1.28x	1.70x
Current Ratio	3.88	4.11	4.21	3.58	4.06
Days Cash on Hand	214	218	246	225	276
Long-term Debt to Equity	(3.29)	(3.31)	(3.01)	(3.26)	(3.56)
Long-term Debt to Unrestr. Cash	23.7%	26.5%	31.2%	25.6%	29.1%

Discussion: The foregoing table summarizes the Obligated Group's actual financial results and position for fiscal years 2001, 2002 and 2003. Actual financial results and position for Fairview Residence of Rockford for fiscal year 2003 are added to the Obligated Group's totals for the year to estimate the impact of adding this organization into the Group. The "Proforma" column estimates future income and balance sheet results by adjusting the combined FY 2003 results and position to reflect the issuance of the 2004 Bonds, along with $875,000 in anticipated interest savings each year.

The Obligated Group has generated sufficient cashflows to cover operating and capital costs by an acceptable margin in each of the years reviewed. The Group maintains ample reserves of unrestricted cash and investments to cover an unanticipated shortfall should one arise.

Both the Obligated Group and Fairview Residence of Rockford ("FRR"), require new residents to pay a substantial entrance fee to gain admission. The entrance fee is refundable in full after a new tenant occupies the unit. Applicants must deposit 10% of the entrance fee to reserve a place on the waiting list for a unit. Both the Obligated Group members and FRR record as revenue each year a portion of the entrance fee collected based on the estimated remaining life expectancy of each tenant. Applicant deposits and unamortized entrance fees are recorded as deferred revenue a liability that is detailed in the summary balance sheet presented above. These large liabilities contribute to the negative net assets carried by both the Obligated Group members and FRR. Negative net assets are not unusual for newer continuing care retirement centers because they have not operated long enough to earn the deferred revenue balance.

FRR lost $91,000 in FY 2003 and has limited liquidity. The impact of including that organization in the Obligated Group appears limited, as it represents only 10% of the combined group's total revenues and assets. In FY 2003, Fairview Ministries contributed $115,000 toward debt service on FRR's Series 1999 Bonds pursuant to a support agreement that it executed at closing to ensure timely payment of debt service. Fairview Ministries contributed $280,000 and $75,000, in fiscal years 2001 and 2002, respectively to fulfill its obligations under the support agreement. Management anticipates that improving occupancy and reducing interest costs by refinancing the Series 1999 Bonds will minimize the need for continued support from Fairview Ministries.

The expected availability of a bank letter of credit mitigates concerns over the Obligated Group's negative net assets and FRR's dependence on contributions to cover operating and capital costs.

FINANCING SUMMARY

Security: The Bonds will be secured by a Direct-Pay Letter of Credit from a bank LaSalle Bank.

Bank Security: Gross revenue pledge and master notes under a master indenture. Covenants and other legal provisions that are generally consistent with those in use for similar obligations.

Structure: Fairview Obligated Group desires to fund the Series 2004 Bonds through Tax-Exempt Fixed Rate Serial and Term Bonds, Three and Five Year Taxable EXTRAS[SM] and Taxable Variable Rate Demand Bonds. The 7-day Taxable Variable Rate Demand Bonds credit enhanced through a bank's letter of credit are expected to be redeemed after August 15, 2006 (call date on outstanding Series 1995 Institutional Fixed Rate Bonds) with the proceeds of new bonds, Series 2006, which are expected to be issued on a tax-exempt basis. The final maturity of the new bonds is extended from August 15, 2029 to 2034.

Maturity: 30 years

Interest Savings: The underwriters estimate that the refunding bonds will realize net present value savings of $3.3 million, or 7.5% of the refunded bonds, which will result in interest savings of $875,000 per year.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Fairview Obligated Group
Location:	210 Village Drive, Downer's Grove, IL 60516-3036 and 7130 Crimson Ridge Drive, Rockford, IL 61107-6222
Applicant:	Fairview Obligated Group and Fairview Residence of Rockford Obligated Group
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois
Board of Trustees:	Robert C. Dahlin Bruce V. Erickson Maureen A. Lemon David Mussa Jack Anderson Timothy S. Hultgren Warren Jensen Carol McCulley Carol Schaub Robert Smyth Richard Walker John Westra James Whitman

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Zavis Rosenman	Chicago	Elizabeth Weber
Accountant:	Wolf & Company	Chicago	Norbert Misiora
Bond Counsel:	Jones Day	Chicago	John Bibby
Underwriter:	Ziegler Capital Markets Group	Chicago	D. Hermann/S. Johnson
Underwriter's Counsel:	Michael Best & Friedrich	Chicago	John Durso
Bond Trustee:	Wells Fargo Corporate Trust	Chicago	Julie Pelletier
Issuer's Counsel:	Mayer Brown	Chicago	David Narefsky

LEGISLATIVE DISTRICTS

	Downers Grove	Rockford
Congressional:	13 – Judy Biggert	16 – Donald Manzullo
State Senate:	24 – Kirk Dillard	35 – J. Bradley Burzynski
State House:	47 – Patricia Bellock	69 – Ronald Wait

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Steven Trout, Program Administrator

Date: July 13, 2004

Re: Overview Memo for Hispanic Housing Development Corporation
N-NP-TE-CD-408

- **Borrower/Project Name:** Hispanic Housing Development Corporation Acquisition Project
- **Locations:** Chicago (Cook Co.)
- **Principal Project Contact:** Laura Selby, Vice President Accounting (312) 443-1360
- **Board Action Requested:** Final Bond Resolution
- **No Change In Terms Since IFA Adopted a Preliminary Resolution on July 22, 2004**
- **Amount:** Not to exceed $2,400,000
  - **Uses:**
    - Acquisition and renovation of office condominium space on the eighth floor of the former Helene Curtis building for relocation of headquarters
- **Project Type: Not-for-Profit 501(c)(3) Bonds**
-
- **IFA Benefits:**
  - Convey federal tax-exempt status
  - No IFA or State funds at risk
- **IFA Fees:**
  - $12,500
- **Structure:**
  - Fixed rate bonds (initial rate of 4.88% for the first 5 years; to be reset every 5 years)
  - 20 year amortization and maturity
  - To be purchased directly by First American Bank as a direct investment to be held to maturity

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Hispanic Housing Development Corporation**

STATISTICS

Project Number:	N-NP-TE-CD-408	Amount:	$2,400,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Steve Trout
Location:	Chicago	Tax ID:	36-28889871
Est. fee:	$12,500		

BOARD ACTION

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

PURPOSE

Finance the acquisition and renovation of the 8th floor of the former Helene Curtis Office Building (425 N. Wells) for use as the headquarters for the Hispanic Housing Development Corporation and partially pay issuance costs

VOLUME CAP

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

VOTING RECORD

Preliminary Bond Resolution was adopted on June 22, 2004 by the following vote:

Ayes: 11 Nays: 0 Abstentions: 0 Absences: 2 (O'Brien, Nesbitt). Vacancies: 2

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$2,300,000	Uses:	Project Costs	$2,779,350
	IL Facilities Fund Loan	414,844		Issuance Costs	70,650
	Equity	160,156		Moving Costs	25,000
	Total	$2,875,000		**Total**	$2,875,000

JOBS

Current employment:	156	Projected new jobs:	21
Jobs retained:	N/A	Construction jobs:	0

BUSINESS SUMMARY

Background: The Hispanic Housing Development Corporation ("HHDC" or "the Corporation") is an Illinois 501c)(3) not-for-profit organization that was incorporated on May 1, 1975 to develop and rehabilitate housing to combat physical deterioration and blight in the Latino community. Tropic Construction Corporation is a wholly owned for-profit subsidiary that serves as a general contractor to certain HHDC projects and provides consulting services to existing Corporation developments.

Description: Since inception, HHDC has developed 30 projects at a total cost of $125,000,000. The Corporation currently manages over 3,400 housing units and serves the Chicago and Danville metropolitan areas. HHDC serves 5,000 clients each year, consisting of 1,900 youth, 1,900 adults and 1,200 seniors.

Financials: Financial summary prepared from consolidated audited financial statements for years-ended 2001, 2002 and 2003. Projections for years 2004, 2005 and 2006 prepared by IFA staff. (Figures in $000s.)

	Year Ended December 31			Year Ending December 31		
	2001	2002	2003	2004	2005	2006
Income Statement						
Program Revenues	$2,873	$2,611	$2,598	$3,150	$3,213	$3,278
Contributions	747	2,463	158	225	300	325
Revenues & Support	3,620	5,074	2,756	3,375	3,513	3,603
Net Asset Change	766	2,345	(99)	291	206	273
Earnings Before Interest, Deprec. & Amort.	1,478	3,235	705	1,151	1,244	1,288
Balance sheet:						
Current assets	5,831	8,621	7,002	7,034	7,104	7,171
Net PP&E	4,560	4,393	4,235	6,903	6,639	6,423
Other Assets	3,638	6,433	6,085	6,115	6,146	6,178
Total assets	14,029	19,447	17,322	20,052	19,889	19,772
Current liabilities	696	488	334	428	450	472
Long-term Debt	8,945	11,156	9,739	12,070	11,666	11,241
Other Long-term Liabs.	26	1,095	640	653	666	680
Net Assets	4,362	6,708	6,609	6,901	7,107	7,379
Tot Liabs & Net Assets	14,029	19,447	17,322	20,052	19,889	19,772
Ratios:						
Debt Service Coverage	2.11(x)	3.45(x)	0.77(x)	1.22(x)	1.23(x)	1.19(x)
Current Ratio	8.4	17.7	21.0	16.4	15.8	15.2
Days Cash on Hand	115.4	83.1	127.2	114.8	108.5	108.8
LT Debt/Net Assets (x)	2.05	1.66	1.47	1.75	1.64	1.52

Discussion: The consolidated financial statements summarized above include the accounts of Hispanic Housing Development Corporation and its for-profit subsidiaries, Hogar Development Corporation I, II, III and IV, Englewood Apartment Development Corporation, Gateway Apartments LLP and Tropic Construction.

Revenues for 2003 were generated from property management fees (56%), developer fees (28%), net rental income (11%), partnership income (5%) and loss on sale of inventory (-19%, which reduced revenue by $491,000). Revenues have remained relatively stable for the period reviewed. HHDC supplements its income with grants from US Department of Housing and Urban Development ("HUD"), Illinois Department of Commerce and Economic Opportunity, and City of Chicago Department of Housing, along with contributions from the Chicago Community Trust, United Way, Washington Mutual, Bank of America and Field Foundations. Contributions have ranged from 6% to 94% of program revenues. A $2.1 million grant from HUD dramatically increased contributions in 2002.

HHDC has remained highly liquid over the period reviewed. As December 31, 2003, HHDC had nearly $1 million in cash on hand, or 127 days of operating expenses. Leverage appears manageable. Debt service coverage was quite strong in 2001 and 2002 and would have been 1.3 times in 2003, absent the 2003 loss of $491,000 on the sale of inventory, which consisted of affordable homes that were acquired, renovated and sold under the HUD ACA program.

The forecast assumes 2% growth in revenues and expenses and a 6% average rate of interest on the Bonds and loan from the Illinois Facilities Fund. Debt service will be paid from HHDC's operating cashflows and reserves. In 2003, the Corporation paid $125,000 in rent expense that will no longer be incurred once the project is occupied. This saving represents 52% of estimated debt service on the Bonds and the IFF loan. Some space purchased by HHDC may be leased to another 501(c)(3) organization. Payments on the sublease would be another payment source.

FINANCING SUMMARY

Bonds:	Tax-exempt 501(c)(3) bonds amortizing over 20 years. The bonds will be purchased by First American Bank as lender/investor and will pay interest at 4.88% for the first 5 years. Final maturity in 20 years.
Bond/Bank Security:	First mortgage interest in the subject property.
Subordinated Financing:	The Illinois Facilities Fund will provide a subordinate 5.69% fixed rate loan that is secured by a second mortgage interest in the subject property. The loan will amortize over 15 years.

PROJECT SUMMARY

Bond proceeds together with a loan from the IFF and equity from the borrower will be used to finance the acquisition and improvement of the former Helene Curtis Building located at 425 N. Wells, Suite 800, Chicago (Cook County), Illinois 60610 and pay costs of issuance. Project costs are estimated as follows:

Building Acquisition	$2,500,000
Rehabilitation	240,000
Contingency	39,350
Total	$2,779,350

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Hispanic Housing Development Corporation, 205 W Wacker Drive, Suite 2300, Chicago, Illinois 60606 (Contact: Laura Selby, Vice President Accounting, Phone: (312) 443-1360)
Project name:	Hispanic Housing Development Corporation Acquisition Project
Location:	425 N Wells, Suite 800, Chicago (Cook County), IL 60610
Organization:	Illinois 501(c)(3) organization
Land Owner:	Marc Realty, Inc., an Illinois Corporation Principal Owners: Elliot Weiner, Laurence Weiner and Gerald Nudo
Board Members:	See attached list of Trustees

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Applegate & Thorne-Thomsen	Chicago, IL	Tom Thorne-Thomsen
Bond Counsel:	Chapman and Cutler	Chicago, IL	Matt Lewin
Bond Purchaser	First American Bank	Elk Grove Village, IL	Brian Hagan
Bank Counsel:	Chapman and Cutler	Chicago, IL	Fred Snow
Issuer's Counsel:	Sanchez & Daniels	Chicago, IL	John Cummins
Financial Advisor:	Total Capital Solutions	Oak Park, IL	Tony Grant
Accountant	Friduss, Lukee, Schiff	Chicago, IL	Bruce Schiff
General Contractor	Tropic Construction Corporation	Chicago, IL	

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: IFA Board of Directors

From: Rich Frampton

Date: July 13, 2004

Re: Overview Memo for Hinsdale Mirabel Limited Partnership
(Hinsdale Lake Terrace Apartments Project)
M-MH-TE-CD-406

- **Borrower/Project Name:** Hinsdale Mirabel Limited Partnership, a Delaware limited partnership (Hinsdale Lake Terrace Apartments Project)
- **Location:** Unincorporated Willowbrook (DuPage County)
- **Principal Project Contact:** Mr. Bennett Neuman, The Laramar Group LLC, Chicago
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed $45.0 million
  - Uses:
    - Acquisition of existing 582-unit, 2-story, 24-building multifamily rental property with clubhouse
    - Property will be substantially renovated (unit interiors, building exteriors, and common areas)
    - Property is currently a market rent property. *Pursuant to a new IRS Revenue Procedure released on 7/1/2004, there is now a one-year phase-in of the income targeting requirements in Section 142(d) of the Internal Revenue Code, thereby facilitating conversion of the property from market rate to affordable.*
- **Project Type: Multifamily Housing Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds**
    - no direct IFA or State funds at risk
    - IFA Tax-Exempt Bonds will enable the Developer to automatically qualify for 4% Low Income Housing Tax Credits

- **100%-Developer Acquired Volume Cap:** Project will use dedicated $31 million of 2003 Carryforward Volume Cap acquired by Developer and Financing Team for this Project from Home Rule Units
  - Developer/Financing Team will obtain the balance of Volume Cap required for this project from Home Rule Units and transfer to IFA for this financing prior to closing (amount currently estimated at $11.5 million)

- **IFA Fees**:
  - closing fee of $185,000 (based on maximum pursuant to the fee schedule on transactions with transferred Volume Cap

- **Structure/Ratings:**
  - **2 Series of Bonds:**
    - $34,000,000 Series 2004A will be insured by AMBAC and rated Aaa/AAA (Moody's/S&P)
    - $8,500,000 Subordinate Series 2004B Bonds will be nonrated and sold directly to Accredited Investors (subject to the condition described below). The initial investor in the Subordinate Series 2004B Bonds will be Harris Bank and Trust Co. and affiliates.
    - 33 year maturity for both series
  - **Current and estimated rates:**
    - Estimated Blended Rate: 5.36 %
    - Senior Series 2004A Bonds will be sold initially as Auction Rate Bonds and swapped to fixed rate after 3 years (current estimated swapped fixed interest rate of 5.20% as of 6/30/04)
    - Subordinate Series 2004B Bonds will be sold at an estimated interest rate of 6.00% as of 6/30/04.

- **Recommendations/Condition:**
  - Staff recommends approval of a Final Bond Resolution for an amount not-to-exceed $45,000,000 subject to the following condition:
    - The Subordinate Series 2004B Bonds must be privately placed as evidenced by execution of an Accredited Investor Letter that must be delivered to the Trustee prior to the initial sale and any resale of the Subordinate Series 2004 B Bonds in the secondary market until maturity (i.e., minimum denominations of $100,000).

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Hinsdale Mirabel Limited Partnership (Hinsdale Lake Terrace Apartments Project)**

STATISTICS

IFA Project #:	M-MH-TE-CD-406	Amount:	$45,000,000 (not-to-exceed amount)
Type:	Housing Bond	IFA Staff:	Rich Frampton
Location:	Unincorporated Willowbrook (DuPage County)	Tax ID:	Applied for
SIC Code:	6513	Est. fee:	$185,000 (negotiated based on transferred Home Rule Volume Cap – no IFA Volume Cap will be used)

BOARD ACTION

Final Bond Resolution
Conduit Taxable/Tax-Exempt Convertible Multi-Family Housing Revenue Bonds
No IFA Funds at risk
Staff recommends approval subject to the following extraordinary condition:

- ***Condition:*** Subordinate Series 2004B Bonds will be non-rated and privately placed with Accredited Institutional Investors as evidenced by execution of an Accredited Investor Letter that must be delivered to the Trustee prior to the initial sale and any resale of the Subordinate Series 2004 B Bonds in the secondary market until maturity. (The Senior Series 2004A Bonds will by AMBAC-insured and Aaa/AAA-rated. Accordingly, no extraordinary conditions will apply to the Senior Series 2004A Bonds.)

PURPOSE

Purchase and renovation of an existing 582-unit, 2-story, 24-building low-income multifamily rental property, with a clubhouse/community building. This Project will convert an existing market rate property into a 100% affordable apartment/rental townhome property.

IFA CONTRIBUTION

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

The Developer and Financing Team will use approximately $31 million of 2003 IFA Carryforward Volume Cap that they acquired from various Home Rule municipalities for this project and transferred to IFA. Additionally, the Developer and Financing Team will acquire and transfer an additional $11.5 million of unused 2004 Home Rule Volume Cap to IFA as necessary to close this bond issue.

VOTING RECORD

Preliminary Bond Resolution, 6/22/04:

Ayes: 11 Nays: 2 Abstentions: 0 Absent: 2 (Nesbitt, O'Brien) Vacant: 2

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	Senior Convertible Bonds (Series 2004A) *AMBAC Insured*	$34,000,000	Uses:	Project costs	$ 47,577,015
	Subordinate Convertible Bonds (Series 2004B) *Non-Rated*	$8,500,000		Prepayment of Existing Loan	1,000,000
				Purchase of Vol. Cap	637,500
	LIH Tax Credits	$14,509,515		Tax Credit Costs	150,000
				Oper. Deficit Reserve	580,000
				Other Reserves	395,000
	Total	**$57,009,515**		Issuance/Fin. Costs	720,000
				Developer Fee	5,950,000
				Total	**$57,009,515**

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

JOBS

Current employment:	13	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs (18-24 mo's.):	20 (average)

BUSINESS SUMMARY

Background: Hinsdale Mirabel Limited Partnership (the "Applicant") is a Delaware limited partnership established in 2004 for the express purpose of owning and redeveloping the Hinsdale Lake Terrace Apartments Project.

The Laramar Group LLC ("Laramar" or the "Developer") is an Illinois Limited Liability Company established in 2000 that will own a 1.0% ownership interest in the property. The predecessor of the Initial Applicant was Elkor, Inc., formed in 1989. The Laramar Group LLC is a privately held real estate investment and management company specializing in multifamily real estate. The principal owner of Laramar is Mr. Jeff Elowe of Chicago (also see the accompanying Economic Disclosure Statement section of this report on pages 6-7).

The Limited Partner and 99.0% owner will SunAmerica Affordable Housing Partners, Inc., a subsidiary of SunAmerica, and wholly owned subsidiary of AIG. (This project will generate equity through the syndication of 4% Low Income Housing Tax Credits.)

Description: Hinsdale Lake Terrace is a 582-unit rental apartment property containing 480 apartment units and 102 rental "townhome" units. The property was constructed in 1968 and is located west of Kingery Highway (Illinois Hwy. 83) and is bounded by 91st Street to the north and Mockingbird Lane to the south, approximately 0.5 miles south of the I-55/IL 83 interchange in unincorporated Willowbrook (DuPage County), Illinois 60521.

The property is located on an approximately 56.4 acre site (including areas dedicated for roads, easements, a lake, and other common areas).

The property's rental buildings consist of 24, 2-story, multifamily residential buildings. Of the property's 24 buildings, 15 are apartment-type, each with 32 rental units; 8 buildings are attached row-type townhouses with 9 rental units each; and one building consists of 30 row-type rental units.

The property's common facilities include a 3,420 SF community resource building, tennis courts, and outdoor swimming, a retention pond/lake, 1,455 parking spaces (i.e., 2.5 spaces per unit).

The property is currently a non-subsidized, market-rate property. The proposed project will convert the property into a 100% affordable rental property for a minimum period of 15 years (i.e., the initial 15-year Tax Credit compliance period).

The proposed project will include a substantial renovation of interiors, exteriors, and common areas, as are described in further detail later (see Project Summary section, Page 6). Laramar estimated an average renovation cost per unit at $13,018 as of 6/1/04.

Background on Developer and Affiliates:

Laramar and its principals have been active investors and manager of multifamily properties and have acquired and sold approximately 20,000 units nationwide. Laramar's current multifamily portfolio consists of 37 properties comprising over 14,000 apartment units in ten states. The Company's current focus is acquiring and renovating properties located in the Northeast, Midwest, Florida, and the Southwest.

Laramar owns seven properties in Illinois comprising approximately 3,105 units including properties in Aurora (Hunters Glen – 320 units); Bolingbrook (Amberton – 789 units); Crest Hill (Woodlands of Crest Hill – 730 units); Gurnee (Grand Oaks – 150 units); Mount Prospect (Timberlake Apartments – 222 units); Mundelein (The Park Butterfield – 522 units); and Park Forest (Autumn Ridge – 372 units).

Laramar currently owns nine properties financed with tax-exempt bonds totaling 4,406 units. Laramar and its predecessors have sold three other properties originally financed with tax-exempt bonds.

Laramar Construction Services L.L.C., another Chicago-based, Laramar affiliate, will serve as General Contractor for the proposed renovations, subject to approval by the bond insurer (i.e., AMBAC). Laramar Construction Services has completed over $140,000,000 of new construction and renovation projects for Laramar-owned properties.

The proposed property manager is Laramar Communities L.L.C., also a Laramar affiliate. Again, the project lender and proposed Tax Credit Syndicator must consent to Laramar Communities serving as the property manager. Laramar Communities was created to provide property and asset management services to company-owned properties. Laramar has five regional managers and a training department that provides employee training in marketing, regulatory compliance, customer service, and fair housing. Laramar Communities currently oversees compliance with tax-exempt bond income/rental compliance requirements at its nine bond financed properties.

There will be no tenant relocation during the renovation period except for temporary hotel stays paid by Laramar.

Financials: Historical Results Prepared by Applicant based on Audited Results: 12/31/01-12/31/03
Projected Net Operating Income Statements 2004-2008. ($ in Thousands)

	12/31/2001	12/31/2002	12/31/2003	2004	2005 Year 1	2006 Year 2	2007 Year 3	2008 Year 4
Income:								
Gross Rental Income	$6,503	$6,743	$6,907	$6,862	$6,862	$7,034	$7,209	$7,390
Vacancy/Coll. Loss	-617	-839	-970	-1,043	-831	-708	-613	-628
Other Income (Net):	276	267	272	272	271	279	285	293
Project Income:	6,162	6,171	6,209	6,091	6,302	6,605	6,881	7,055
Operating Expenses:								
Payroll	747	753	904	573	590	607	623	638
General Administrative	162	127	280	127	131	135	139	142
Operating & Maintenance	761	826	969	597	615	634	649	666
Utilities	572	551	578	588	404	416	426	437
R/E Taxes	386	396	405	414	484	499	511	524
Insurance	111	159	165	166	171	176	180	185
Mgmt. Fees	185	185	190	179	172	180	184	188
Replacement Reserve	--	--	--	175	175	175	175	175
Other Exp.	--	--	--	--	--	--	--	--
Total Oper. Expenses & Repl. Reserve:	2,924	2,997	3,491	2,819	2,742	2,822	2,887	2,955

	2001	2002	2003	2004	2005	2006	2007	2008
Net Operating Cash Flow before Debt Service (excl. Depr./Amort.):	**3,238**	**3,174**	**2,718**	**3,272**	**3,560**	**3,783**	**3,994**	**4,100**
Projected Annual Debt Service Payments IFA Series 2004 Bonds:	2,412	2,412	2,412	2,412	2,412	2,412	2,910	2,910
Pro Forma Debt Svc. Coverage (x)	1.34	1.32	1.13	1.36	1.48	1.57	1.37	1.41

Discussion : These projections assume:

(1) Estimated Blended Bond Interest Rate: 5.36% amortized over 33 years, with principal payments beginning in 2007
(2) Structural rehabilitation will be 100% complete as of 7/1/06 (24 months);
(3) The proposed renovations will result in vacancies during the initial two years following acquisition (i.e., through 7/1/2006).
(4) 15% vacancy rate – 2004; 12% vacancy rate – 2005; 10% vacancy rate – 2006 8.5% vacancy rates in 2007-2008 (stabilization).
(5) Project generates cash flow to service interest payments during renovation period. Principal payments to begin 2007 (Year 3).
(6) Projected rent escalation of approximately 2.5% in 2007 and 2008.

(7) Projected expense escalation of approximately 2.9% in 2007 and 2.4% in 2008 (representing improved operating efficiencies).
(8) $175,000 annual replacement reserve to be funded from operations beginning in 2004.

Based on these assumptions, Laramar has generated historical debt service coverage (based on the proposed payments on the IFA Series 2004 Bonds) to cover proposed bond payment by multiples of 1.13 times or better over the last three years.

The proposed substantial renovations will improve the property thereby improving the property's vacancy rate. The Developer projects that the property will attain a stabilized vacancy rate of 8.5% beginning in 2007 (Year 3).

Pre-stabilization coverages are projected at 1.36x in 2004 and 1.48x in 2005 (based on scheduled interest-only payments during pre-stabilization). Additionally, the projections indicate coverage of 1.44 times or better beginning in 2005, the first full year following acquisition of the property.

Upon stabilization, Laramar projects debt service coverage at 1.37 times in 2007 (Year 3) and 1.41 times in 2008 (with improved operating efficiencies).

Market Facts:

The combined unit mix for the Hinsdale Lake Terrace's 24 buildings is as follows. All 582 units will be low income (i.e., affordable) units upon completion:

# Units	*Unit Type*	*Ave. SF*	*Monthly Rents (include. utilities)*
120	1 BR	767	$829
180	2 BR	942	$934
60	2 BR	1,057	$974
120	3 BR	1,270	$1,149
102	3 BR Townhome	1,862	$1,211
582	**Total Units**	**$0.86/SF rental income per month**	**$571,672**

The Applicant has provided a competitive rent analysis of three comparable market rate, multifamily properties located within 5 miles of the subject property in Darien (Farmingdale Apartments – 240 units) and Woodridge (Westwood Springs – 541 units and Windsor Lakes – 654 units).

Compared to comparable properties, Hinsdale Lake Terrace has (1) a relatively high proportion of 3 BR units for rental to working families (38%), and (2) larger units for each respective unit than 2 of the 3 comparables (typically 100 SF to 750 SF larger depending on unit size).

The Current vacancy rate at Farmingdale Apartments in Darien (240 units constructed in 1982), the nearest and most comparable in terms of units size was 11% as of 5/13/2004. The current vacancy rate at Hinsdale Lake Terrace averaged 14% for calendar 2003. In comparison, the vacancy rate at Westwood Springs in Woodridge (a 541-unit property constructed in 1974 with rental rates comparable to Hinsdale Lake Terrace) was 13% as of 5/13/2004. In contrast, the vacancy rate for Windsor Lakes, a well-maintained 654-unit property (with rental rates 10% to 15% lower than the 3 comparables), was only 5% as of 5/13/2004.

The Applicant will renovate the subject property and convert the property to 100% affordable units with rent restrictions (as required for Low Income Housing Tax Credit compliance). The Applicant believes the substantial renovations on the property will improve the competitive position of the property in the marketplace.

All three of the comparables are currently market rent properties. Laramar has determined that the necessary improvements to Hinsdale Lake Terrace Apartments can be most effectively financed with tax-exempt bond financing and 4% Low Income Housing Tax Credits. This financing will help assure that property rents are affordable for qualified low- and moderate income households in the market area.

Subsidies: This financing will include syndication proceeds generated by the sale of 4% Low Income Housing Tax Credits. The credit rate on the project has been estimated at $0.82 per credit and is estimated to generate approximately $14,509,015 in proceeds. Upon completion of the proposed renovations, a minimum of 40% of the units will be set aside to households earning no more than 60% of area median income. Ultimately, 100% of the units will be designated as "affordable". The property will be rent restricted for the initial 15-year tax credit compliance period.

Accessibility: According to the Applicant, this project is exempt from Americans with Disabilities Act ("ADA") requirements regarding minimum unit set-asides and related accessibility and adaptability requirements due to the age of the property (i.e., originally constructed in 1968).

FINANCING SUMMARY

Security: **Senior Series 2004A Bonds:** AMBAC bond insurance (Aaa/AAA-rated by Moody's/S&P)
Subordinate Series 2004B Bonds: Nonrated and to be sold without credit enhancement. These Bonds will be collateralized by a 2nd mortgage on the property and a put agreement to SunAmerica (the bonds are guaranteed by SunAmerica through the put). The direct purchaser of the Series 2004B bonds will be most likely Harris Bank and Trust Co. and its affiliates.

Structure: **Senior Series 2004A Bonds:** Auction Rate Bonds to be swapped to fixed rate after year 3 (estimated at 5.20%)
Subordinate Series 2004B Bonds: estimated fixed rate of 6.00%
Estimated Blended Rate on Series 2004A and Series 2004B Bonds: 5.36%

Maturity: Senior Series 2004A Bonds: 33 years
Subordinate Series 2004B Bonds: 33 years

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition and substantial renovation of Hinsdale Lake Terrace apartments, a twenty-four building, two-story, 562-unit rental property with an approximately 3,420 SF clubhouse facility located on a 56.5 acre site located west and northwest of the intersection of Kingery Hwy (Illinois Hwy. 83) and Mockingbird Lane in unincorporated Willowbrook (DuPage County), IL 60521.

Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, an operating deficit reserve, and development-related soft costs.

Preliminary estimated project costs are as follows:

Land/Bldg. Acquisition:	$40,000,000
**Renovations:	7,577,015
Total:	**$47,577,015**

**Renovations will include the following: (1) exterior improvements – approximately $2.8 million (roof replacement, gutter and downspout replacement, vinyl siding replacement, balcony replacement, window replacement, patio door replacement, drywall repairs to window openings, and exterior painting/caulking replace swimming pool deck and walls, resurface tennis courts, add pond aerator, improve site drainage, landscaping improvements, parking lot/pavement, common area carpeting, common area painting), and (2) building interiors – approximately $4.7 million (replace refrigerators, ranges, dishwasher, range hoods, HVAC [forced air furnace and central A/C], new carpeting, new vinyl/ceramic flooring, new tub surrounds, tub resurfacing).

ECONOMIC DISCLOSURE STATEMENT

Applicant: Hinsdale Mirabel Limited Partnership, a Delaware Limited Partnership (c/o Mr. Bennett Neuman, Vice President-Acquisitions, The Laramar Group LLC, 222 S. Riverside Plaza, Chicago, IL 60606; Ph.: 312-879-7536)

Project name: Hinsdale Lake Terrace Apartments

Locations:
8 Apartment Buildings (32-Units each) from 16W434-16W580 Honeysuckle Rose Lane;
5 Apartment Buildings (32-Units each) from 10S626-10S710 Lilac Lane;
2 Apartment Buildings (32-Units each) from 10S481-10S515 Ivy Lane;
1 30-Unit Townhome: 16W626 Honeysuckle Rose Lane;
2 Townhomes (9-Units each): 16W 571-16W615 Honeysuckle Rose Lane;
2 Townhomes (9-Units each): 10S635-10S671 Ivy Lane
2 Townhomes (9-Units each): 16W630-16W660 Mockingbird Lane
2 Townhomes (9-Units each): 10S652-10S700 Hyacinth Drive
all in unincorporated Willowbrook (DuPage County), Illinois 60521

Organization: Limited Partnership

State: Delaware

Ownership of Applicant: Hinsdale Mirabel Limited Partnership, a Delaware limited partnership

The Laramar Group LLC, an Illinois Limited Liability Company, General Partner: 1.00% (The only member with a 7.5% or greater membership interest is Mr. Jeff Elowe, Chicago, IL)

SunAmerica Affordable Housing Partners, Inc.: 99.00% (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing). SunAmerica is 100% owned by American International Group, Inc.

Current Property Owner: Hinsdale Lake Terrace Venture, an Illinois joint venture, c/o, Mr. David Sawusch, Citadel Realty, Inc., 2700 River Road, Suite 102, Des Plaines, IL 60018, Ph.: 847/390-8350. Attorney: Mr. Robert Higgins, 55 E. Monroe St., Suite 3850, Chicago, IL 60603, Ph.: 312/424-3999.

PROFESSIONAL & FINANCIAL

Counsel:	Piper Rudnick LLP	Chicago, IL	Mark Yura
Bond Counsel:	Sidley Austin Brown & Wood, LLP	Chicago, IL	Dick Astle
		Washington, DC	Peter Canzano
Underwriter:	Stern Brothers & Co.	Chicago, IL	Dave Rasch
Underwriter's Coun.:	Sidley Austin Brown & Wood, LLP	Chicago, IL	Dick Astle
		Washington, DC	Peter Canzano
Bond Insurance:	AMBAC Assurance Corp.	New York, NY	
Counsel to Credit Enhancer:	Ballard, Spahr, Andrews & Ingersoll, LP	Philadelphia, PA	Jere Thompson
Auction Agent:	Harris Bank	Chicago, IL	Jack Bruggemam
Trustee:	Amalgamated Bank	Chicago, IL	Gail Klewin
General Contractor:	Laramar Construction Services LLC	Chicago, IL	Jim Merkey
Management Agent:	Laramar Communities LLC	Chicago, IL	Dave Woodward
Tax Credit Investor/Subordinate Lender:	SunAmerica Affordable Housing Partners, Inc.	Los Angeles, CA	Dana Mayo
Counsel to Syndicator/Subordinate Lender:	Orrick Herrington	Los Angeles, CA	
Rating Agencies:	Moody's Investors Service	New York, NY	
	S&P Ratings Group	New York, NY	Chris Moriarty
IFA Counsel:	Sanchez & Daniels	Chicago, IL	Manny Sanchez, John Cummins

LEGISLATIVE DISTRICTS

Congressional:	13
State Senate:	41
State House:	82

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: IFA Board of Directors

From: Rich Frampton

Date: July 13, 2004

Re: Overview Memo for Recycling Systems, Inc.
P-SW-TE-CD-405

- **Borrower/Project Name:** Recycling Systems, Inc.
- **Location:** Chicago (Cook County)
- **Principal Project Contact:** Mr. Jerry L. Golf, President
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed $11.0 million
    - Uses:
        - Construct and equip a new construction and demolition ("C&D") solid waste transfer station on a site leased from the Metropolitan Water Reclamation District of Greater Chicago (through 2039)
            - MWRD is also requiring construction of a concrete seawall and landscaping for the site, located adjacent to the Chicago Sanitary and Ship Canal (3152 S. California Street)
- **Project Type: Solid Waste Disposal Revenue Bonds**
- **IFA Benefits:**
    - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
    - **New Money Bonds:**
        - convey tax-exempt status
        - project will use approximately $9.4 million of IFA 2002 Carryforward Volume Cap allocated to Solid Waste Disposal (estimated amount as of 6/25/2004)
- **IFA Fees:**
    - $72,380 (based on estimated $9.4 million bond issue)

- **Structure/Ratings:**
  - Bonds to be purchased directly by Northside Community Bank (Riverwoods, IL) as Lender/Bond Purchaser. The Bank may sell participations in these Bonds to other financial institutions subject to the condition noted below.
  - 20-year maturity
  - **Current interest rate:** Northside Community Bank's initial interest rate will be set at 0.65% over Prime adjusted annually on the anniversary date of the Bond issue. The current interest rate would be 4.65%, based on market interest rates as of 6/25/2004

- **Recommendations/Conditions:**
  - Staff recommends approval of a Final Bond Resolution in an amount not to exceed $11.0 million
  - Extraordinary condition:
    - Participations of all or a portion of this bond issue may be resold to other qualified financial institutions subject to delivery of a Qualified Investor Letter to the Bond Trustee. Otherwise, resale of these Bonds will be prohibited in the secondary market.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Deal: Recycling Systems, Inc.

STATISTICS

Project Number:	P-SW-TE-CD-405	Amount:	$11,000,000 (not-to-exceed amount)
Type:	Solid Waste Disposal Revenue Bonds	PPA:	Rich Frampton
Location:	Chicago	Tax ID:	36-4343734
SIC Code:	4212 (Debris Removal)	Est. fee:	$72,380 (based on $9.40 mm amount)

BOARD ACTION

Final Bond Resolution
Conduit Solid Waste Disposal Revenue Bonds
Staff recommends approval subject to the following condition:

No IFA funds at risk.

Extraordinary condition:

- Participations of all or a portion of this bond issue may be resold to other qualified financial institutions subject to delivery of a Qualified Investor Letter to the Bond Trustee (otherwise, resale of these Bonds will be prohibited in the secondary market).

PURPOSE

Real estate improvements and the purchase of containers and other solid waste disposal sorting and transfer equipment in connection with a solid waste disposal transfer station.

IFA CONTRIBUTION

This project will require up to $11.0 million of Volume Cap comprised of IFA's 2002 Carryforward Volume Cap.

VOTING RECORD

This is the first time this project has been reviewed by the IFA Board. The Board of Directors of the Illinois Development Finance Authority approved a Preliminary Bond Resolution for this project on September 18, 2003. The Voting Record follows immediately below:

Illinois Development Finance Authority -- Preliminary Bond Resolution):

Ayes: 13 Nays: 0 Abstentions: 1 (Hynes) Absent: 3 (Daniels, Filan, Ratner)

Vacant: 0

SOURCES AND USES OF FUNDS

Sources:			Uses:		
	IFA Bonds	$9,400,000		Project Costs	$10,347,000
	*Equity	2,034,000		Capitalized Interest	750,000
				Reserves	200,000
				Bond Issuance Costs	137,000
	Total	**$11,434,000**		**Total**	**$11,434,000**

***Sources of Equity:** The principals of RSI will be contributing cash from personal accounts to provide the required equity for this project. Additionally, the Bank will be secured by other real estate in Forest Park owned by the principals and leased to RSI, thereby enabling the high loan-to-cost advances noted above.

JOBS

Current employment: 30
Jobs retained: Not applicable

Projected new jobs: 30
Construction jobs: 60-70 (6 months)

BUSINESS SUMMARY

Background: Recycling Systems, Inc. ("RSI" or the "Company") was established by Jerry Lee Golf in 2000 and incorporated under State of Illinois law in 2000. The Company is owned by Mr. Jerry Lee Golf of Forest Park, IL.

Description: RSI has been engaged in collecting and transporting construction waste and demolition ("C&D") debris since its founding in 2000. RSI serves general contractors and construction companies. Key RSI customers include Turner Construction, Walsh Construction, and other managers of large-scale construction projects.

RSI maintains over 200 purchase orders (contracts) at any one time and has between 200-300 active accounts.

RSI is currently providing construction waste removal services at the new Hyatt Center complex under construction on the north side of Monroe Street, between Wacker Drive and Franklin Street, and also at the Lakeshore East development located east of Columbus Drive, between East Wacker Street and Randolph Street. Walsh Construction and McHugh Construction are the general contractors, respectively, on these projects.

RSI owns and transports roll-off boxes to construction and demolitions sites. RSI arranges for the pick-up of the boxes with its own fleet of trucks. RSI sorts the debris at its C&D transfer station. Materials are then delivered to landfills for final disposal or, alternatively, sold to purchasers who reuse certain recyclable materials.

RSI's C&D transfer station will be located on leased property at 3152 S. California Avenue in the Little Village area of Chicago.

As a result of the proposed project, RSI will relocate its C&D transfer station to approximately 6.79 acres of land owned by the Metropolitan Water Reclamation District ("MWRD") and adjacent to the Chicago Sanitary and Ship Canal. Although the site is accessible by railcar and barge, RSI plans to use over-the-road-trucking services to haul materials to and from the site.

RSI and MWRD executed a land lease as of 6/15/2000 (as amended) that is scheduled to terminate as of 6/14/2039.

The proposed project has strong support from the City of Chicago and MWRD. Locally, Ald. George Cardenas has indicated support for the project. The project is expected to add 30 new employees immediately upon completion and 60 to 70 construction jobs during the estimated six-month construction period.

Status of Required Permits:

According to Sandman, Inc. of Orland Park, Illinois, the Design and Engineering Consultant for the proposed project, the City of Chicago's Department of Environment is the governmental entity with sole permitting authority over the subject project. The Chicago Department of Environment provides permits in accordance with regulations promulgated by the IEPA (as is the option for any municipality with a population over 100,000).

According to Sandman's filing, Recycling Systems, Inc. will only be required to obtain an operating permit from the City of Chicago's Department of Environment for the proposed project.

The project was approved unanimously by the City of Chicago Planning Commission on June 12, 2003 (pursuant to a Public Hearing Notice describing the proposed project published in the *Chicago Sun-Times* on 3/26/2003).

Financials:

Compiled financial statements for fiscal years 2001-2003. Projections for fiscal years 2004-2006.

	Year Ended Dec. 31			Year Ended Dec. 31		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)			(Dollars in 000's)		
Income statement:						
Sales	$2,667	$3,963	$5,678	$6,246	$7,183	8,260
Net income	(19)	235	113	151	29	52
EBITDA	412	653	536	581	1,497	1,870
Balance sheet:						
Current Assets	653	599	1,139	1,027	1,204	1,407
Net PP&E	778	1,158	1,185	13,372	12,839	12,179
Other Assets	14	14	26	363	1,367	1,367
Total	**1,445**	**1,771**	**2,350**	**14,762**	**15,410**	**14,953**
Current Liabilities	726	751	829	1,785	2,652	2,750
Long Term Liab.	771	838	1,056	11,864	11,405	10,946
Other Non-Cur. Liab.	--	--	--	--	--	--
Equity	(52)	182	465	1,050	1,080	1,131
Total	**1,445**	**1,771**	**2,350**	**14,699**	**15,137**	**14,828**
Ratios:						
Debt/Fixed Oblig. Coverage	1.68x	2.42x	2.29x	1.34x	1.23x	1.54x
Current ratio	0.90	0.80	1.37	0.58	0.45	0.51
Debt/equity	(0.0)	5.37	2.59	11.72	10.99	10.08

Discussion:

RSI has generated strong operating cash flow and debt service coverage since its inception in 2000. Although RSI reported a net loss in 2001, RSI has recorded positive net income before depreciation and amortization from its inception in 2000. RSI's ability to maintain positive EBITDA while revenues increased from $691,000 in 2000 to $5.67 million in 2003 indicates successful management of past growth.

After adjusting RSI's reported net income by adding back interest, income taxes, depreciation, amortization, and rent expense, RSI's historical operating cash flows (EBITDA) have been sufficient to cover its fixed obligations by multiples of 1.68 times or better since 2000.

These projections were prepared based on assumptions provided by the Applicant. The projections assume a fixed rate of 6.25% for the proposed 20-year term of the Bonds (the initial interest rate will be 4.65% (i.e., 0.65% above the current Prime Rate).

Although RSI's projected balance sheet appears highly leveraged, Northside Community Bank is secured with additional off balance sheet collateral pledged by the principals (i.e., facilities in Forest Park, Illinois leased to RSI). Although the projections assume that the ratios of both Net Income/Sales and EBITDA/Sales will decline in the future, the forecasted cash flows will provide strong debt service coverage of 1.23 times or better beginning in 2005, the first year of operation of the new facility.

Northside Community Bank will also be providing a $1.0 million Line of Credit to support operations, primarily accounts receivable, thereby facilitating the projected growth.

The projections assume that the Project will be operational as of 1/1/05.

FINANCING SUMMARY

Security: The Bonds will be purchased by Northside Community Bank as Lender/Bond Purchaser. As Lender/Bond Purchaser, Northside Community Bank will be secured by a blanket First Mortgage and First Security Interest in all corporate assets, including the proposed project. (Project related collateral includes: (1) assignment of the Land Lease for the subject property and a leasehold interest in the buildings to be constructed thereon [and future buildings], and (2) an assignment of the City of Chicago transfer station operating permit. Additionally, the Borrower will be required to hold a $200,000 cash deposit at the Bank to secure the City of Chicago & MWRD letters of credit. Additionally, the Bank will be secured by personal guarantees from the principals.)

Structure: The Bonds will be sold at a variable rate set at Prime plus 0.65% adjusted annually. The estimated interest rate on the subject bonds was 4.65% as of 6/22/2004.

Maturity: 20 years

PROJECT SUMMARY

Bond proceeds will be used to construct and equip a solid waste transfer station to be used exclusively for solid construction and demolition debris to be located at 3152 S. California Avenue, Chicago (Cook County), IL 60608-5112. Additionally, bond proceeds may also be used to finance bond issuance costs and to capitalize a debt service reserve fund. RSI will lease the approximately 6.79 acre project site from the Metropolitan Water Reclamation District of Greater Chicago.

Proposed project costs are summarized as follows:

***Building Construction:	$8,247,000
Equipment:	2,100,000
Total:	**$10,347,000**

****These construction costs include $525,000 of rail/water/sewer/utility improvements and $1.5 million landscaped seawall to be constructed along the Chicago Sanitary and Ship Canal (as required by the MWRD under the Ground Lease that is scheduled to terminate in 2039).*

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Recycling Systems, Inc. (Contact: Mr. Jerry Lee Golf, President, Recycling Systems, Inc., 1313 Circle Avenue, Forest Park (Cook County), IL 60130; Ph.: 708/488-1999; Fax: 708/366-9914)
Project name:	Recycling Systems, Inc. Series 2004 Bonds
Location:	3152 S. California Avenue, Chicago (Cook County), IL 60608-5112
Organization:	S Corporation
State:	Illinois
Applicant:	Corporation
Ownership:	Mr. Jerry Lee Golf, Forest Park, IL: 100.0%
Lessor of Real Estate:	The Metropolitan Water Reclamation District of Greater Chicago (see attached Exhibit A for the list of Board of Commissioners)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Michael Haber & Associates	Chicago, IL	Michael Haber
Special Counsel:	Ice Miller	Chicago, IL	Tom Smith
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Fred Snow
Bond Purchaser/ Direct Lender:	Northside Community Bank	Riverwoods, IL	
Accountant:	Kohn, Roseth & Associates Ltd.	Highland Park, IL	Scott Kohn
Design & Eng. Consultant:	Sandman, Inc.	Orland Park, IL	John Koty
Architect:	Hutter Architects, Ltd.	Chicago, IL	Pam Hutter
Project Engineer:	Richard Krenovsky	Alsip, IL	Richard Krenovsky
General Contractor:	Walsh Construction	Chicago, IL	Matt Walsh
Trustee:	Not applicable		
Issuer's Counsel:	Greenberg Traurig, P.C.	Chicago, IL	Ray McGaugh

Professional Service Providers Engaged by MWRD for this project:

Environmental Design:	Patrick Engineering
Traffic Study:	KLOA
Real Estate Impact Study:	Terrence O'Brien & Co.
Transfer Station Permit Review and Environmental Impact Study:	Civil and Environmental Consultants, Inc.
Soil Borings:	Pioneer Engineering & Environmental Services, Inc.
Landscape Plan:	Terra Engineering
Surveying and Civil Engineering:	Landmark Engineering
Channel Mapping and Soundings:	Hollister Mariene Services
Zoning and Development Plan:	Greenberg Traurig, P.C.

LEGISLATIVE DISTRICTS

Congressional:	4	Gutierrez
State Senate:	1	Munoz
State House:	1	Mendoza

<u>Exhibit A:</u> List of Board of Commissioners for Metropolitan Water Reclamation District of Greater Chicago

METROPOLITAN WATER RECLAMATION DISTRICT OF GREATER CHICAGO

100 East Erie Street
Chicago, IL 60611
(312) 751-5600

BOARD OF COMMISSIONERS

Hon. Terrence J. O'Brien, President
Hon. Kathleen Therese Meany, Vice President
Hon. Gloria Alitto Majewski, Chairman of Finance
Hon. Frank Avila
Hon. James C. Harris
Hon. Barbara J. McGowan
Hon. Cynthia M. Santos
Hon. Patricia Young
Hon. Harry "Bus" Yourell

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: IFA Board of Directors

From: Rich Frampton

Date: July 13, 2004

Re: Overview Memo for Waterton Vistas II, L.L.C.
(New Vistas II Apartments Project)
M-MH-TE-CD-405

- **Borrower/Project Name:** Waterton Vistas II, L.L.C. (New Vistas II Apartments Project)
- **Location:** Chicago (Cook Co.) [South Shore neighborhood]
- **Principal Project Contact:** Mr. Jim Schwartz, Waterton Associates LLC, Chicago
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed $8.5 million
  - Uses:
    - Acquisition of existing 154-unit, 4-story, 6-building, non-contiguous, low-income multifamily rental property
    - Substantial renovations of properties ($1.15 million; Exterior: tuckpointing, storm doors, balcony repairs, painting; HVAC: boiler replacement, replacement of in-unit radiator valves/thermostats; Common Areas: pavement/parking lot repairs; landscaping; laundry rooms), appliance replacement, upgrades to common areas)
- **Project Type: Multifamily Housing Revenue Bonds**

- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
    - IFA Tax-Exempt Bonds will enable the Developer to automatically qualify for 4% Low Income Housing Tax Credits

  - **New Money Bonds:**
    - will use dedicated $8.5 million of 2003 Carryforward Volume Cap acquired by Developer/Financing Team for Project from Home Rule Units
      - no IFA Volume Cap will be required while Bonds are outstanding in either Taxable or Tax-Exempt modes

- **IFA Fees:**
  - One-time, upfront closing fee estimated at $56,288 (reflects use of transferred Volume Cap purchased by Developer/Financing Team)

- **Structure/Ratings:**
  - Bonds to be sold directly based on FNMA Direct Pay Credit Enhancement Instrument (GMAC Commercial Mortgage Corp. is a FNMA DUS Lender)
  - **Ratings** – based on AAA rated FNMA credit enhancement (S&P)
  - **Current and estimated rates:** Bonds will be sold as 7-day floaters (current estimated effective interest rate of 2.40% as of 5/4/04)
    - GMAC is requiring Borrower to purchase an interest rate cap (the "Rate Cap") for an initial minimum term of five years. Borrower will be required to escrow on a monthly basis approximately 1/60th of the cost to replace this Rate Cap upon expiration (subject to adjustments).

- **Recommendations/Conditions:**
  - Staff recommends approval – because transaction is an investment grade conduit bond issue, no extraordinary conditions will be required.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Waterton Vistas II, L.L.C.**
(New Vistas II Apartments Project)

STATISTICS

IFA Project #:	M-MH-TE-CD-405	Amount:	$8,500,000 (not-to-exceed amount)
Type:	Housing Bond	IFA Staff:	Rich Frampton
Location:	Chicago	Tax ID:	20-0442483
SIC Code:	6513	Est. fee:	$56,288 (based on $7.505 million issuance)

BOARD ACTION

Final Bond Resolution
Conduit Multi-Family Tax-Exempt Housing Revenue Bonds
Staff recommends approval

No IFA Funds at risk
No extraordinary conditions

PURPOSE

Purchase and renovation of an existing 154-unit, 4-story, 6-building low-income multifamily rental property. Project will preserve a 100% affordable apartment property.

VOLUME CAP

The Developer and Financing Team will use approximately $8.45 million of 2002-2003 IFA Carryforward Volume Cap that they acquired from various Home Rule municipalities for this project.

VOTING RECORD

Preliminary Bond Resolution, May 18, 2004:

Ayes: 11 Nays: 0 Abstentions: 0 Absent: 2 (Guannoulias, Nesbitt) Vacant: 2

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	Tax-Exempt Bonds	$ 8,450,000	Uses:	Project costs	$	9,470,000
4%	LIH Tax Credits	$ 3,445,874		Interest Rate Hedging Contract	$	66,000
				Purchase of Vol. Cap	$	84,500
	*Deferred Devel. Fee	$ 327,000		Tax Credit Costs	$	150,000
				Oper. Deficit Reserve	$	291,298
				Restabilizing Reserve	$	300,000
				Other Reserves	$	125,000
				Issuance/Fin. Costs	$	361,000
				Development Fee	$	1,375,076
	Total	$ 12,222,874		Total	$	12,222,874

*Note: The Deferred Developer's Fee is to be paid out of cash flows and tax credit investor funds (available after mortgage payments and required reserves) subject to satisfying terms of GMAC/FNMA's financial performance covenants and the Partnership Agreement with Paramount Financial Group (the proposed Tax Credit Syndicator). Many of these upfront Developer costs will be recovered upon closing of the proposed bond/equity financing, as permitted according to applicable federal statutes. Payment of the Deferred Developer's Fee must also conform to pertinent federal statutes for Low Income Housing Tax Credits (i.e., Section 42 of the Internal Revenue Code).

JOBS

Current employment:	6	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs (12 mo's.):	10

BUSINESS SUMMARY

Background: Waterton Vistas II, L.L.C. (the "Applicant") is a Delaware Limited Liability Company formed in 2003 for the express purpose of purchasing and rehabilitating New Vistas II Apartments, a 154-unit low/moderate income multifamily rental property located at 6909 S. Crandon Avenue in Chicago (Cook County), Illinois. Waterton Vistas II, L.L.C. is an affiliate of Waterton Associates LLC, a Chicago-based firm engaged in the acquisition, rehabilitation, and management of multifamily apartments, with an emphasis on affordable housing.

AHG NV Managers L.L.C. will be Manager and 0.01% owner of the Applicant. Amtax Holdings 2003, will be Member and owner of a 99.99% membership interest in the Applicant. Amtax is an affiliate of Paramount Financial Group ("Paramount") of Granville, OH. Paramount will syndicate 4% Low Income Housing Tax Credits to corporations, thereby generating equity for this financing. Paramount is a division of GMAC Commercial Mortgage Corp.

Description: New Vistas II Apartments were originally constructed and financed in the 1920's and were most recently rehabilitated in the 1970's. The property consists of six separate buildings located within 1 1/2 blocks near the intersection of Crandon Ave. and 69th St. in Chicago's South Shore neighborhood.

100% of the apartments at the property are affordable. The entire property is covered by a HUD Housing Assistance Payment ("HAP") Contract that runs until 2017. Given the proposed IFA bond financing with 4% Low Income Housing Tax Credits. The property will remain low income for a minimum of 15 years (i.e., the initial 15-year Tax Credit compliance period), covenants to the property will assure that the property remains low income for 30 years (i.e., through 2034). Accordingly, this financing will preserve this property as low income for an additional 17 years beyond expiration of the HAP Contract.

Remarks: Waterton Associates was formed in 1995 by David R. Schwartz and Peter M. Vilim. Waterton employs more than 400 people company-wide including its Chicago headquarters, regional property management offices, and its 36 apartment communities located in 13 cities in eight states.

Since its founding in 1995, Waterton Associates has purchased more than $1.3 billion of real estate and currently owns and manages more than 30 multifamily properties with approximately 15,000 apartment units.

Since 1997, Waterton Associates has financed the acquisition and renovation of five properties with tax-exempt bonds and has acquired three properties that had tax-exempt bonds in place at the time of purchase. Waterton Associates will also serve as General Contractor for the proposed renovations, subject to approval by FNMA/GMAC Commercial Mortgage Corp., the project lender.

Another Waterton Associates affiliate, Waterton Property Management (the proposed property manager for the subject property), currently oversees compliance with tax-exempt bond and Low Income Housing Tax Credit income/rental compliance requirements at nine (9) properties in three states.

There will be no tenant relocation during the renovation period.

Financials: Historical Results Prepared by Applicant based on Audited Results: 12/31/01-12/31/02
Projected Project Income/Expense Statements 2004-2006. ($ in Thousands)

			Annualized from 11 mo. results			
	12/31/01	12/31/02	12/31/03	2004	2005	2006
come:						
Gross Rental Income	$1,547	$ 1,547	$1,547	$1,547	$1,593	$1,641
acancy/Coll. Loss	(12)	(6)	(22)	(31)	(32)	(33)
ther Income (Net):	36	42	32	31	33	34
oject Income:	1,571	1,582	1,557	1,546	1,594	1,642
perating Expenses:						
Payroll	236	238	209	237	244	251
eneral Administrative	19	19	31	30	31	32
perating & Maintenance	82	77	71	68	70	72
Utilities	259	195	212	221	228	235
/E Taxes	118	149	142	131	130	136
surance	25	40	47	36	37	38
Mgmt. Fees	124	110	124	62	64	66
eplacement Reserve	--	--	--	39	39	39
ther Exp.	--	--	--	--	--	--
Total Oper. Expenses & Repl. Reserve:	862	828	837	824	843	869
et Operating Cash Flow before Debt Service (excl. Depr./Amort.):	709	755	720	722	751	773
ojected Annual Debt Service Payments IFA eries 2004 Bonds:	**521**	**521**	**521**	**521**	**521**	**521**
ro Forma Debt Svc. Coverage (x)	1.36x	1.45x	1.38x	1.39x	1.44x	1.48x

Discussion: The projections assume:

(1) Acquisition closes 7/2005;
(2) Structural rehabilitation will be 100% complete as of 7/1/05 (12 months);
(3) There will be no tenant displacement during renovation period.
(4) 2% stabilized vacancy and collection loss rate assumed -- based on operating history and project-based HAP contract.
(5) All gross rental income reported above reflects stabilized occupancy.
(6) Bond principal and interest payments begin 9/2004.
(7) Debt service payments assume fixed interest rate of approximately 6.30% for projections and 30-year amortization.
(8) Projected rent escalation of approximately 3% in both 2005 and 2006.

Based on these assumptions, New Vistas II has generated historical debt service coverage (based on the proposed payments on the IFA Series 2004 Bonds) to cover proposed bond payment by multiples of 1.36 times or better over the last three years.

Additionally, projections indicate coverage of 1.44 times or better beginning in 2005, the first full year following acquisition of the property.

These results, as prepared by the Applicant, suggest cash flows well in excess of FNMA/GMAC's 1.20 times minimum debt service coverage covenant.

Market Facts:

The combined unit mix for the six buildings is as follows:

# Units	*Unit Type*	*Ave. SF*	*Rents (include. utilities)*
6	Studio/1BA	560	$747
12	1BR/1BA	994	$810
47	2BR/1BA	1322	$900
89	3BR/1.5 BA	1424	$1,009
154	Total Units		

There are 25 off-street parking places at the property (Comment: buildings were constructed in the 1920's).

The Applicant has provided a competitive rent analysis of five nearby properties located within 0.5 miles of the subject project. Compared to these competitive properties, New Vistas II offers more square footage for each unit type.

On a rent/sq. ft. basis, the rents at New Vistas will be lower than any of its comparable properties (also reflective of the project-based Section 8 contract). *Because of the large unit size and affordable rents, New Vistas II currently has a waiting list of approximately 100 for its 154 rental units.* This waiting list is a strong indicator for existing market demand.

Subsidies: This financing will include syndication proceeds generated by the sale of 4% Low Income Housing Tax Credits. The credit rate on the project is currently $0.81 per credit and is estimated to generate approximately $2,709,500 in proceeds. Upon completion of the proposed renovations, a minimum of 40% of the units will be set aside to households earning no more than 60% of area median income.

As noted previously, pursuant to this acquisition, the purchaser will assume HUD's HAP project contract that runs through 2034. Because of the use of Tax Credits for 100% of the units, rents at this property will be 100% rent-restricted pursuant to IRS regulations for a minimum of 15 years.

Accessibility: According to the Applicant, this project is exempt from Americans with Disabilities Act ("ADA") requirements regarding minimum unit set-asides and related accessibility and adaptability requirements due to the age of the property (i.e., originally constructed in the 1920's).

Security:	Direct Pay Credit Enhancement Instrument issued by FNMA
Structure:	Multi-modal 7-Day Variable Rate Demand Bonds (with a minimum 5-year Interest Rate Hedging Contract (to be purchased from Swap Financial of New York, NY) as a precondition to the GMAC/FNMA credit enhancement commitment). *Initial Mode:* Taxable 7-Day Variable Rate Demand Bonds. Bonds will be sold as Taxable Bonds initially until the property achieves compliance with applicable low- and moderate-income guidelines. During this period, Paramount Financial Group, the Tax Credit Syndicator, will advance a loan to the Borrower equivalent to the anticipated amount of Tax Credits. Upon achieving compliance with the "40-60 rule", (1) the Bonds will convert mode from Taxable 7-day Floaters to Tax-Exempt 7-day Floaters, (2) then, according to the Partnership agreement between Waterton Vistas II and Paramount, tax-credit equity will be paid in , thereby extinguishing the Paramount "Tax Credit Anticipation Loan". *Final Mode (upon compliance):* Tax-Exempt 7-day Variable Rate Demand Bonds.
Maturity:	30 Years (with 30-year amortization)
Subordinated Debt:	None

Bond proceeds will be used to finance the acquisition and renovation of six properties, collectively known as New Vistas II apartments located at (1) 6852-58 S. Paxton and 2148-50 E. 69th St.; (2) 6840-58 S. Crandon and 2220-36 E. 69th St.; (3) 7001-09 S. Crandon and 2305-11 E. 70th St., (4) 6951-57 S. Crandon and 2308-14 E. 70th St., (5) 7006-08 S. Crandon and 2235-37 E. 70th St. and (6) 7015-25 S. Crandon and 2300-10 E. 70th St. in Chicago (Cook County), Illinois 60649.

Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, and development-related soft costs.

Estimated project costs are as follows:

Land Acquisition:	$832,500
Building Acquisition:	7,492,500
*Renovations:	1,145,595
Contingency/Other (10%)	1,711,500
	11 5

Renovations will include (1) exterior improvements - $777,500 (tuckpointing, storm doors, balcony replacement, roof replacement, paint), (2) commons areas - $41,000 (parking lot/pavement, landscaping, and laundry room improvements), and mechanical improvements - $193,000 (boiler replacement in three buildings, unit radiator valve replacement, and electrical upgrades)

Applicant:	Waterton Vistas II, L.L.C. and its affiliates (c/o , Jim Schwartz, Waterton Associates, One North Franklin, Suite 1150, Chicago, IL 60606; Ph.: 312/948-4558; Fax: 312/948-4559; e-mail: jschwartz@wallc.com
Project name:	New Vistas II Apartments

Locations: (1) 6852-58 S. Paxton and 2148-50 E. 69th St.; (2) 6840-58 S. Crandon and 2220-36 E. 69th St.; (3) 7001-09 S. Crandon and 2305-11 E. 70th St., (4) 6951-57 S. Crandon and 2308-14 E. 70th St., (5) 7006-08 S. Crandon and 2235-37 E. 70th St. and (6) 7015-25 S. Crandon and 2300-10 E. 70th St. in Chicago (Cook County), Illinois 60649

Organization: Limited Liability Company

State: Delaware

Ownership: Waterton Vistas II, L.L.C., a Delaware Limited Liability Company

- AHG NV Managers L.L.C., a Delaware limited liability company, Manager: 1.0%
  - Waterton Associates, L.L.C., an Illinois limited liability company, Member: 1.0%
    - Mr. Peter Vilim and Mr. David Schwartz are the only two individuals with a 7.5% or greater membership interest in Waterton Associates, L.L.C.
  - Waterton Holdings, L.L.C., a Delaware limited liability company, Member: 99.0%
    - Mr. Peter Vilim and Mr. David Schwartz are the only two individuals with a 7.5% or greater membership interest in Waterton Holdings, L.L.C.
- Amtax Holdings 2003, L.P., an affiliate of Paramount Financial Group, Granville, OH, Member: 99.0% (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing). Paramount Financial Group is GMAC Commercial Mortgage Corporation's tax credit syndication affiliate.

Current Property Owner: New Vistas Apartment Associates Phase II, an Illinois limited partnership:
General Partner: Neighborhood Reinvestment Resources Corporation, c/o Mr. Lance J. Graber, Executive Vice President, Apartment Investment and Management Company, Stanford Place 3, 4582 South Ulster Street Parkway, Suite 1100, Denver, CO 80237.

Counsel:	Piper Rudnick ✓	Chicago, IL	Mark Yura
Bond Counsel:	Sidley Austin Brown & Wood LLP ✓	Washington, DC	Peter Canzano
		Chicago, IL	Dick Astle
Underwriter:	Stern Brothers & Co. ✓	Chicago, IL	David S. Rasch
Underwriter's Coun.:	Sidley Austin Brown & Wood LLP ✓	Chicago, IL	Dick Astle
Guaranty:	FNMA (through GMAC) ✓	Washington, DC	
Lender/Servicer:	GMAC Commercial Mortgage Corp. ✓		
	Affordable Housing Division	Nashville, TN	Robert King
Lender's Counsel:	O'Melveny & Myers ✓	Los Angeles, CA	Masood Sohaili
Trustee:	To be determined ✓		
General Contractor:	Waterton Associates L.L.C. ✓	Chicago, IL	
FNMA DUS Management Agent:	Waterton Property Management LLC ✓	Chicago, IL	Frank Romano
Tax Credit Syndicator:	Amtax Holdings 2003, L.P./ ✓		
	Paramount Financial Group ✓	Granville, OH	Joel Hauenstein
Hedge Broker:	Swap Financial ✓	New York, NY	John Kennay
Counsel to Syndicator:	Bronson & Migliaccio ✓	Purchase, NY	Rich Migliaccio
Rating Agencies:	Moody's Investors Service ✓	New York, NY	
	S&P Ratings Group ✓	New York, NY	Chris Moriarty
IFA Counsel:	Schiff Hardin LLP ✓	Chicago, IL	Bruce Weisenthal

Congressional:	2
State Senate:	13
State House:	25

DATE: July 13, 2004

TO: Illinois Finance Authority Board of Directors

FROM: Christopher Vandenberg

RE: **V-TD-405: Mobitrac, Inc. Series C**

Below please find a brief summary of the Mobitrac, its recent history/progress, and the funding request. I look forward to answering any questions you may have regarding this transaction.

Summary

Mobitrac is an enterprise-software company that offers a hosted software platform that provides predictive route visualization and continuous intra-route optimization of mobile resources. While routing and scheduling applications currently exist, Mobitrac is the only solution that allows for the modification of the routes while they are in progress to provide the dispatcher with information on how changes affect future pick-ups or drop-offs. Mobitrac is focusing on for hire, less-than-truckload (LTL) shippers and utility and commercial fleets.

Background

In May 2002, the Authority invested $295,385 along with a $320,000 investment by Arch Development Partners into Mobitrac. Since this initial investment, the Company has also received approximately $2.2 million in bridge loans from Arch and IllinoisVENTURES. It was anticipated that the bridge loans would allow the company to complete the product, complete a beta-test with a large shipping company and permit the Company to raise its next round of funding.

In April 2003, Mobitrac raised $1,000,000 in exchange for Series B Convertible Preferred Stock from Arch, IllinoisVENTURES, Mentor Management and the Authority. The Authority invested $250,000. Also, at this time, the Bridge Loans were converted into equity. This was a down round, which severely diluted the Authority's original investment, but through participation in the Series B allowed the Authority to increase it's ownership percentage. The post-money valuation of the company was $1.75 million. The Authority anticipated the Series C funding round and participation in the Series B would allow participation in the Series C via "participation rights."

The Series B funding was to allow the completion of the beta-test with the Federal Express and fund the Company until they were able to syndicate a $3 million to $5 million which is anticipated to bring the company to profitability. Mobitrac had several West Coast venture capitalists interested in making an investment in the Company, pending the outcome with Federal Express.

Series C Summary

The Company was successful in converting Federal Express from a beta-customer to a paying customer, having secured a $150,000, one-year contract with the expectation of additional business. Following the receipt of the contract, USVP (www.usvp.com) approached the Company and they negotiated a term sheet to raise $4 million (with $2.4 million from USVP and the balance from "an investor(s) who has the ability to invest 3x its Series C investment") with a $4 million pre-money valuation. Also, an option pool would be capitalized at the expense of the existing investors. The round is an "up round," but following the capitalization of the option pool is essentially a flat round (meaning that the price per share of the last round will equal the price per share of this round.) *Existing investors will waive any anti-dilution adjustments triggered by this transaction.*

Anti-dilution

The Preferred Stock shall be subject to broad-based, weighted average anti-dilution adjustment.

Dividends

The dividend rate on all Preferred Stock will be set at 8%. The dividends on the Preferred Stock will no longer be cumulative.

Liquidation Preference

In the event of a liquidation, dissolution or winding up of the company, the Preferred Stock shall receive their original purchase price plus any declared yet unpaid dividends. The preference shall be paid out with from Series C to Series A in descending order of seniority. Finally, the Preferred Stock shall participate on an as-if-converted basis with the Common Stock for any remaining assets. Currently, the Preferred Stock's Liquidation Preference is limited to a sale/dissolution below $20 million.

Redemption

The Preferred Stock will not be redeemable. The Series B shall also cease to be redeemable.

Voting Rights/Protective Provisions

The Preferred Stock shall vote as a single class, not as separate series on the protective provisions. A two-thirds majority is required to: 1) effect an conversion of Preferred Stock to Common; 2) create a senior or *pari passu* security; 3) pay dividends; 4) redeem or re-purchase Common or Preferred Stock, except in cases of termination of service or exercise of right of first refusal; 5) consummate any liquidity event; 6) increase/decrease the number of authorized shares; 7) make adverse changes to the rights, preferences, or privileges of the Preferred Stock; 8) amend the Bylaws or Certificate of Incorporation; or 9) increase/decrease the size of the Board.

Board of Directors

The Board shall consist of five directors. The Series C shall elect two directors (one of which whom shall be Tim Connors – USVP), the Series A/B shall elect one director (Rob Schriesheim), the CEO (Mike Liddell) and an outside director (Tim Harvey).

USVP Background

USVP was founded in 1981 in Menlo Park, California, and has raised over $2.5 billion in eight funds. They have invested over $1.1 billion of that in 271 companies. Companies in which USVP has been the "founding investor" include Sun Microsystems, New Focus, Check Point Software Technologies, Nuance Communications, Blue Martini Software, AMCC, MMC Networks, Centillium Communications, Stratacom/Cisco and @Road. Sixty-eight of their portfolio companies are now public companies. USVP is focused on early-stage investments in Internet, communications, software, e-commerce, semiconductors, EDA tools, and healthcare technology sectors. According to their web-site, USVP strives to invest in entrepreneurs and teams that have proven track records in high-growth new industries. Investment sizes range from $500,000 to $10,000,000 with the average being $4,000,000 to $5,000,000. USVP takes an active role in their portfolio to provide a strategic impact, including high level introductions in the markets that they participate.

Proposal

The Company is still pursing several different opportunities to secure the remaining $1.6 million. However, in order to secure the balance of the fund, the current investors may not be permitted to participate in the Series C.

IllinoisVENTURES, one of the current investors, has expressed the desire to invest its pro-rata share (approximately $800,000). ARCH will not be participating in this round due to its limited resources. In order to satisfy the requirement set by USVP for participation in this round, the Authority's investment would be capped at $100,000 (due to statutory limitations.) Staff requests permission to invest an amount not to exceed $100,000.

	Pre-Money Ownership		Post-Money Ownership - No Participation		Post-Series C Ownership - $100,000 Participation	
	# Shares	% (fully diluted)	# Shares	% (fully diluted)	# Shares	% (fully diluted)
Investors						
Arch	**2,591,253**	**45.4%**	**2,591,253**	**13.1%**	**2,591,253**	**13.1%**
NetFuel Ventures	**1,931**	**0.0%**	**1,931**	**0.0%**	**1,931**	**0.0%**
IFA	**567,274**	**9.9%**	**567,274**	**2.9%**	**814,791**	**4.1%**
IllinoisVENTURES	**695,902**	**12.2%**	**695,902**	**3.5%**	**695,902**	**3.5%**
ITEC	**26,211**	**0.5%**	**26,211**	**0.1%**	**26,211**	**0.1%**
Mentor MGMT	**564,846**	**9.9%**	**564,846**	**2.9%**	**564,846**	**2.9%**
USVP	**-**	**0.0%**	**5,940,406**	**30.0%**	**5,940,406**	**30.0%**
Investor 8	**-**	**0.0%**	**3,960,271**	**20.0%**	**3,712,754**	**18.8%**
Sub-Total	*4,447,417*	*77.9%*	*14,348,094*	*72.5%*	*14,348,094*	**72.5%**
Other Equity holders						
Ouri Wolfson	118,239	2.1%	118,239	0.6%	118,239	**0.6%**
Mike Liddell	429,814	7.5%	1,485,102	7.5%	1,485,102	**7.5%**
University of IL	**904**	**0.0%**	**904**	**0.0%**	904	**0.0%**
Brett Mitchell	428,916	7.5%	1,485,102	7.5%	1,485,102	**7.5%**
Other Holders	3,002	0.1%	3,002	0.0%	3,002	**0.0%**
Option Pool	**283,636**	**5.0%**	**2,360,911**	**11.9%**	2,360,911	**11.9%**
Sub-Total Other holders	*1,264,511*	*22.1%*	*5,453,260*	*27.5%*	*5,453,260*	*27.5%*
Total Ownership	**5,711,928**	**100.0%**	**19,801,354**	**100.0%**	**19,801,354**	**100.0%**

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: July 13, 2004
Re: Overview memo for Paul and Lynn Schneider

- **Borrower/Project name:** Paul and Lynn Schneider
- **Location:** Flanagan (Livingston County)
- **Principal Contact:** Paul Schneider
- **Board Action Requested:** Final Approval
- **Amount:** $500,000 (a $200,000 increase over the existing $300,000 loan)
- **Project Type:** Loan Guarantee for agriculture debt restructuring
- **Benefits Provided by IFA:**
  - Borrower receives a lower interest rate
  - Lender receives a 85% guarantee of principal and interest
- **Structure:** 10 Year Amortization with monthly payments

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Applicant(s): Paul D. Schneider and Lynn R. Schneider

Project Number: A-AD-GT-TX-431
Type: Agriculture Debt Restructuring
Location(s): Flanagan in Livingston County
Lender : Flanagan State Bank
Extension Loan adding $200,000 to a $300,000 existing loan (Originally $400,000)

Amount: $500,000
Staff Contact: Kevin Koenigstein
Est fee: $1,000

IFA CONTRIBUTION and BOARD ACTION

Final Approval
Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval
Farm visit by Kevin Koenigstein on March 23, 2004; Twice in 1999

PURPOSE

Refinance existing Operating Carryover and increase guaranteed loan amount

Flanagan State Bank	$300,000 – 6.00% IFA Guarantee
Flanagan State Bank	$200,000 – 7.75% FSA Guarantee

COLLATERAL

1st mortgage on 14 acres with a house, machine sheds, grain bins, and numerous swine facilities
Loan to 2000 Appraisal $500,000 / 731,000 = 68.4%
The Schneiders have added grain storage bins and remodeled the farrowing operation to swine finishing buildings since the 2000 appraisal.

We will request an updated appraisal after approval.

REPAYMENT TERMS

10 Year Amortization with monthly payments
Interest Rate of 6% fixed for 5 years
3% over Treasury afterward

2004 CASH FLOW SOURCES

Grain farming income of 1100 acres
14,400 pigs sold
Custom Combining and Trucking Income
Non-farm income of @ $30,000

FINANCIAL INFORMATION

Balance Sheet	**2004**	**2003**	**2002**
Assets:	$2,427,000	$2,496,000	$2,362,000
Liabilities:	$1,531,000	$1,506,000	$1,553,000
Net Worth:	$896,000	$990,000	$809,000
Debt/Asset:	63.1%	60.3%	65.7%

Income Statement	**2003**	**2002**	**2001**
Gross Farm Returns	$1,406,833	$1,063,767	$1,127,479
-Depreciation	$202,425	$192,146	$208,424
-Interest	$62,737	$87,731	$82,951
-Production Expenses	$1,244,926	$907,760	$927,041
=Net Farm Income	($103,255)	($133,870)	($88,577)
+Wages	$30,658	$33,444	$32,407
+Capital Gain	$74,826	$108,432	$74,295
+Other Income	$63,341	$43	$40
Total Income	$65,570	$8,049	$18,165
Adj. Gross Income	($119,617)	($185,273)	($177,872)
Interest Exp as a % of farm returns	4.5%	8.3%	7.4%

Debt Repayment Abliltiy – 2004 Production

Gross Farm Sales	$1,900,000
Non-farm income	$30,000
Total Revenue	$1,930,000
-Production Expenses	$1,655,000
-Living Expenses & taxes	$80,000
-Interest Expense	$65,000
Capital & Term debt repayment capacity (CDRC)	$130,000
-Principal Payments	$100,000
-Capital Expenditures	$0
CDRC Margin	$30,000

PROJECT SUMMARY

This project is a $500,000 Ag debt restructuring guaranteed loan. The Schneiders have an existing loan for $300,000 and they would like to increase it to $500,000. The Schneiders farm over 1100 acres in the Livingston County area raising corn and soybeans. The Schneiders converted their swine farrowing operation to swine finishing over the past year. Today, they have 6,200 pig spaces for pigs purchased on a matrix contract. They have increase their grain storage to 164,000 bushels. Lynn Schneider works off-farm in the medical field. 2004 cash flow is great with $2.80 corn, $6.00 soybeans and over $45 hog prices.

The debt level and the Net Operating Loss level is the same and when we started in 1999. The 2003 tax return has many expensed items due to the conversion from farrowing to finishing that negatively distorts income. Farm income in 2004 should negate the NOL and provide cash for debt reduction. I have always been impressed with Paul Schneider's attitude and management.

RECOMMENDATIONS

Approval, subject to the following:

1) Life insurance assignment of $250,000
2) Manure easement on 300 tillable acres
3) an appraisal of the 14 acres with buildings

LEGISLATIVE DISTRICTS

Congressional:	15
State Senate:	53
State House:	106

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Applicant(s): Weidner, Allen and Marilyn **Board meeting date: July 13, 2004**

Project Number:	A-DR-GT-TX-433	Loan Amount:	$500,000
Type:	Agriculture Debt Restructuring	Staff Contact:	David Wirth
Location(s):	Marengo IL, McHenry County	Est. fee:	$2,125
Lender :	Belvidere National Bank, Belvidere IL		

IFA CONTRIBUTION and BOARD ACTION

Final Approval
Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval
Farm visit: to be conducted

PURPOSE

Refinance existing real estate notes, machinery debt and operating loan carryover

Harvard State Bank (term loans)	$303,000	6.5%
Belvidere National Bank (term loans)	$ 77,000	6%
Belvidere National Bank (operating loan)	$ 120,000	6%

COLLATERAL

First lien on 80 acres farmland with improvements. Appraised at $790,000
80 acres land at $5,500 per acre $440,000
Residence $ 70,000
Livestock bldgs, grain storage, machine shed, shop $280,000
Loan to Appraised Value $500,000 / $790,000 = 63%

REPAYMENT TERMS

30 year amortization, monthly payments,
5.2% interest fixed for 5 years, then adjusted at prime plus 1.2.

2004 CASH FLOW SOURCES

Grain farm 542 acres
5000 – 6000 hogs wean to finish

FINANCIAL INFORMATION

Balance Sheet	12/31/03	12/31/02	12/31/01
Assets:	3,510,176	3,035,313	2,481,469
Liabilities:	2,077,654	1,914,758	1,464,244
Net Worth:	1,432,522	1,330,700	1,454,575
Debt/Asset:	59%	63%	59%
Income Statement	**2003**	**2002**	**2001**
Gross Farm Returns	369,414	433,228	606,444
-Depreciation	94,455	108,000	99,000
-Interest	69,906	65,647	58,810
-Production Expenses	321,681	318,475	428,601
=Net Farm Income	(116,628)	(58,894)	20,033
+Wages	27,275	34,925	44,168
Total Income	(89,353)	(23,969)	64,201
Interest Exp as a % of farm returns	19%	15%	10%

Debt Repayment Ability (2004 projected)

Gross Farm Returns	662,590
-Depreciation	100,000
-Interest	69,452
-Production Expenses	413,004
=Net Farm Income	80,134
+Wages	23,800
Total Income	103,934

Cash flow to service debt & living expenses (Total Income + Interest + Depreciation)	273,386
-Living Expenses & taxes	45,000

Capital & Term debt repayment capacity (CDRC)	228,386
-Interest and Principal Payments	152,330
-Capital Expenditures	17,000

CDRC Margin	59,056
Debt Coverage Ratio	1.35%

PROJECT SUMMARY

This project is a $500,000 Ag debt restructuring guaranteed loan. ($500,000 is the maximum in this program.) Income is derived from wean to finish hogs and row crop production. Operation has recently restructured from "farrow to finish" to "wean to finish." Significant capital has been invested in sow center stock, packing plant stock and in building remodeling. Refinancing will improve cash flow by reducing principal payments.

Real estate mortgage makes this loan very safe. We are not relying on the value of the livestock facilities as the value of the land and residence exceeds our guaranteed amount.

RECOMMENDATION

Approve, no extraordinary terms

LEGISLATIVE DISTRICTS

Congressional:	16 Manzullo
State Senate:	32 Althoff
State House:	33 Franks

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Laura Lanterman

Date: July 13, 2004

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** amounts up to $250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2004 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 ($8,896) combined for Final Bond Resolutions, as proposed)
- **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:** Jenner & Block, Chicago; Paula Goedert

Voting Records:
Preliminary Bond Resolutions for Fleming and Lucas – May 18, 2004:

Ayes: 11 Nays: 0 Abstentions: 0 Absent: 2 (Giannoulias, Nesbitt) Vacant: 2

Voting Records:
Preliminary Bond Resolutions for Kiefer, Niekamp and Weaver – June 22, 2004:

Ayes: 10 Nays: 0 Abstentions: 0 Absent: 2 (Nesbitt, O'Brien) Vacant: 3

BEGINNING FARMER BOND LOANS
Previously Approved Project for Bond Resolution
July 13, 2004

Project Number:	A-FB-TE-CD-418
Borrower(s)	Jeremiah D. Fleming
City:	Olney
Amount:	$165,150
Use of Funds:	Farmland – 83 acres
County:	Richland
Lender/Bond Purchaser:	Citizens National Bank of Albion

Principal shall be paid annually in installments determined pursuant to a twenty year amortization schedule, with the first principal payment date to be one year from close. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 5.00% per annum for the first ten years, thereafter adjusted every five years to a rate not to exceed 1.00% below the then Prime Rate as quoted in The Wall Street Journal with a floor of 5.00%.

Project Number:	A-FB-TE-CD-421
Borrower(s)	Scott Lucas
City:	Aledo
Amount:	$137,700
Use of Funds:	Farmland – 60 acres
County:	Mercer
Lender/Bond Purchaser:	Farmer's State Bank of Western Illinois, Aledo

Principal shall be paid annually in installments determined pursuant to a twenty year amortization schedule, with the first principal payment date to be one year from close. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 4.67% per annum for the first three years, thereafter adjusted every three years to a rate not to exceed 2.00% above the then Weekly Average Yield of U.S. Treasury Securities at a Three Year Constant Maturity.

Project Number:	A-FB-TE-CD-429
Borrower(s):	Kyle Kiefer
City:	Belle Rive
Amount:	$132,300
Use of Funds:	Farmland – 119 acres
County:	Jefferson
Lender/Bond Purchaser:	Peoples National Bank, Mt. Vernon

Principal shall be paid annual with the first principal payment date to be one year from close. The first fourteen installments shall be determined pursuant to a thirty year amortization schedule, and the fifteenth shall be a balloon of all principal and interest then outstanding. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 3.60% per annum for the first three years, thereafter adjusted every three years to a rate not to exceed 90% of the then Prime Rate as quoted in The Wall Street Journal, with a floor of 3.60%.

Beginning Farmer Bond Loans
Previously Approved Project for Bond Resolution
July 13, 2004

Project Number:	A-FB-TE-CD-427
Borrower(s):	Brandon Niekamp
City:	Coatsburg
Amount:	$108,000
Use of Funds:	Farmland – 133 acres
County:	Adams
Lender/Bond Purchaser:	First Bankers Trust, Mendon

Principal shall be paid annually in installments determined pursuant to a thirty year amortization schedule, with the first principal payment date to be January 1, 2005. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 5.50% per annum until January 1, 2010, thereafter adjusted annually to a rate not to exceed 80% of the then Prime Rate as quoted in The Wall Street Journal.

Project Number:	A-FB-TE-CD-428
Borrower(s):	Chad S. Weaver
City:	Erie
Amount:	$50,000
Use of Funds:	Farmland – 43 acres
County:	Whiteside
Lender/Bond Purchaser:	Community State Bank of Rock Falls

Principal shall be paid annually in installments determined pursuant to a twenty year amortization schedule, with the first principal payment date to be one year from close. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 4.50% per annum for the first five years, thereafter adjusted every five years to a rate not to exceed 0.50% above the then Prime Rate as quoted in The Wall Street Journal.

ILLINOIS FINANCE AUTHORITY

Memorandum

Memo To: IFA Board of Directors

From: Anthony D. D'Amato
General Counsel

Date: July 1, 2004

Re: Amendatory Changes

A. Little Company of Mary Hospital and Health Centers

B. Acme Finishing Co., Inc.

C. Orchard Village

A. Little Company of Mary Hospital and Health Centers

Request: Little Company of Mary Hospital and Health Care Centers ("LCMH") requests the IFA Board's approval of a supplemental bond trust indenture amending the Bond Indenture for the $73,070,000 IHFA Variable Rate Demand Revenue Bonds, Series 1997B (the "Bonds") to permit a new series of Variable Rate Multi-Mode Bonds in the form of an "Auction Rate Mode" and, thereafter, to convert the mode on the Bonds to Auction Rate. By switching to an Auction Rate Mode, LCMH will be eliminate the ongoing liquidity facility fees, thereby, resulting in a lower all-in cost. In conjunction with this request, the IFA will need (i) to enter into an agreement amending the Loan Agreement between it and LCMH so as to make conforming changes, (ii) to approve a Reoffering Statement relative to the reoffering of the Bonds in Action Rate mode, and (iii) to approve and execute a Reinssuance Tax Agreement. A copy of the authorizing Resolution is attached.

Staff Recommendation: Staff recommends approval.

B. Acme Finishing Co., Inc.

Request: Acme Finishing Co, Inc. ("Acme") is requesting that the IFA Board's approval to amend certain provisions of the (i) Loan Agreement, (ii) Note, (iii) Bond Issuance Agreement and (iv) the Bond (collectively, the "Fourth Amendment") to permit certain changes concerning the payment of principal and interest and prepayment provisions relative to the $3,100,000 IDFA Industrial Development Revenue Bond, Series 1998 (the "Bond"). The original holder of this Bond (Bank One, N.A.) is seeking to sell the Bond to First Midwest Bank. The original holder has assigned its interest in, to and under the Bond, Loan Agreement and Note to First Midwest Bank, and First Midwest Bank concurs in Acme's request. The proposed Fourth Amendment will enable Acme to secure more favorable payment terms. A copy of the authorizing Resolution is attached.

Staff Recommendation: Staff recommends approval.

C. **Orchard Village:**

Request: Orchard Village requests the that IFA Board (i) consent to the sale of two of its facilities that were financed or refinanced with proceeds lent to it from the IDFA Community Rehabilitation Providers Facilities Acquisition Program Revenue Bonds, Series 2000 (the "Bonds"), and (ii) approve a First Amendment to Orchard Village's Original Loan Agreement, dated June 1, 2000. The proceeds of the sale will be used to acquire a new facility, with any excess sale proceeds being used to retire amounts payable under its Original Loan Agreement.

Staff Recommendation: Staff recommends approval.

RESOLUTION

WHEREAS, the **ILLINOIS HEALTH FACILITIES AUTHORITY** (the "Health Authority") has previously issued $73,070,000 in aggregate principal amount of its Variable Rate Demand Revenue Bonds, Series 1997B (Little Company of Mary Hospital and Health Centers) (the "Series 1997 Bonds") pursuant to a Bond Trust Indenture dated of November 15, 1997 (the "Original Indenture") between the Health Authority and JP Morgan Trust Company, National Association (as successor to American National Bank and Trust Company of Chicago), as bond trustee (the "Bond Trustee"), $66,615,000 of which are currently outstanding; and

WHEREAS, the proceeds from the issuance and sale of the Series 1997 Bonds were loaned by the Health Authority to Little Company of Mary Hospital and Health Centers, an Illinois not for profit corporation (the "Corporation"), pursuant to a Loan Agreement dated as of November 15, 1997 (the "Original Loan Agreement") between the Health Authority and the Corporation; and

WHEREAS, the Illinois Finance Authority (the "Finance Authority") was created pursuant to the provisions of the Illinois Finance Authority Act and, as of January 1, 2004, succeeded to and assumed all rights, powers, duties and responsibilities of the Health Authority; and

WHEREAS, the payment of the principal and interest on the Series 1997B Bonds is insured by MBIA Insurance Corporation ("MBIA"); and

WHEREAS, the Corporation has determined that it is in its best interests to amend the Original Indenture pursuant to a First Supplemental Bond Trust Indenture (the "Supplemental Indenture" and, together with the Original Indenture, the "Bond Indenture") between the Finance Authority and the Trustee, in order to provide that the Series 1997 Bonds may bear rates (the "PARS Rate") determined pursuant to auctions; and

WHEREAS, the Corporation has informed the Finance Authority that in connection with the amendments to Original Indenture set forth in the Supplemental Indenture, it is advisable to make certain conforming amendments to the Original Loan Agreement, which amendments would be set forth in a First Supplemental Loan Agreement (the "First Supplemental Loan Agreement") between the Corporation and the Finance Authority; and

WHEREAS, to facilitate the amendment of the Original Indenture and the Original Loan Agreement to provide for the addition of the PARS Rate, the Corporation has requested and directed the Finance Authority to approve the conversion of the Series 1997B Bonds from the Weekly Rate to the Daily Rate (each as defined in the Original Indenture); and

WHEREAS, in connection with such conversion the Series 1997B Bonds will be subject to mandatory tender; and

WHEREAS, upon such mandatory tender, Goldman, Sachs & Co. ("GS") will own all of the Series 1997B Bonds; and

WHEREAS, GS, as owner of the Series 1997B Bonds, and MBIA will each consent to the execution and delivery of the Supplemental Indenture and the First Supplemental Indenture; and

WHEREAS, the Corporation has informed the Finance Authority that in connection with the addition of the PARS Rate it may be desirable to execute and deliver a reoffering circular (the "Reoffering Circular") describing the Series 1997 Bonds to be reoffered in the PARS Rate; and

WHEREAS, the Corporation has informed the Finance Authority that in connection with the addition of the PARS Rate will result in the reissuance of the Series 1997 Bond for federal income tax purposes and will necessitate the execution and delivery of a Reissuance Tax Exemption Agreement (the "Reissuance Tax Exemption Agreement"); and

WHEREAS, the Finance Authority desires to authorize the execution and delivery of the Supplemental Indenture, the First Supplemental Loan Agreement and the Reissuance Tax Exemption Agreement, all as provided herein; and

WHEREAS, the Finance Authority has previously adopted its Resolution 04-03-21 on March 31, 2004 (the "March Resolution") approving certain matters related to the addition of the PARS Rate;

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

1. **Supplemental Indenture and First Supplemental Loan Agreement**. The Finance Authority does hereby authorize and approve the execution by its Chairperson, Vice Chairperson, any of its other Members, Executive Director or Treasurer (each an "Authorized Officer") and the delivery of the Supplemental Indenture providing for the amendment of the Original Indenture to permit the Series 1997 Bonds to bear interest at the PARS Rate. The Supplemental Indenture shall be substantially in the form attached hereto and marked Exhibit A and hereby approved, or with such changes therein as shall be approved by the Authorized Officer executing the Supplemental Indenture, with such execution to constitute conclusive evidence of such person's approval and the Finance Authority's approval of any changes or revisions therein from the form of the Supplemental Indenture attached hereto. The Finance Authority does hereby authorize and approve the execution by an Authorized Officer and the delivery of the First Supplemental Loan Agreement providing for the amendment of the Loan Agreement. The First Supplemental Loan Agreement shall be substantially in the form attached hereto and marked Exhibit B and hereby approved, or with such changes therein as shall be approved by the Authorized Officer of the Finance Authority executing the First Supplemental Loan Agreement, with such execution to constitute conclusive evidence of such person's approval and the Finance Authority's approval of any changes or revisions therein from the form of the First Supplemental Loan Agreement attached hereto.

2. **Reoffering Circular**. The Finance Authority does hereby authorize and approve the execution and delivery by an Authorized Officer of the Reoffering Circular. Such Reoffering Circular shall be substantially in the form attached hereto and marked Exhibit C and hereby approved, or with such changes therein as shall be approved by the Authorized Officer executing the Reoffering Circular, with such execution to constitute conclusive evidence of such person's approval and the Finance Authority's approval of any changes or revisions therein from the form of the Reoffering Circular attached hereto

3. **Reissuance Tax Exemption Agreement**. The Finance Authority does hereby authorize and approve the execution by an Authorized Officer of the Reissuance Tax Exemption Agreement. The Reissuance Tax Exemption Agreement shall be substantially in the form attached hereto and marked Exhibit D and hereby approved, or with such changes therein as shall be approved by the person executing the Reissuance Tax Exemption Agreement, with such execution to constitute conclusive evidence of such person's approval and the Finance Authority's approval of any changes or revisions therein from the form of the Reissuance Tax Exemption Agreement attached hereto.

4. **Approval of Conversion.** Based solely upon the request and direction of the Corporation, the Finance Authority approves the conversion of the Series 1997 Bonds from the Weekly Mode to the Daily Mode, and from the Daily Mode to the PARS Mode (as such terms are defined in the Bond Indenture).

5. **Repeal of March Resolution**. The March Resolution is repealed in its entirety.

6. **Authorization and Ratification of Subsequent Acts**. The Members, officers, agents and employees of the Finance Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents as may be necessary to carry out and comply with the provisions of these resolutions and the document attached hereto as an Exhibit. All of the acts and doings of the Members, officers, agents and employees of the Finance 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.

ADOPTED this ___ day of July, 2004.

____
Chairman

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RESOLUTION

A RESOLUTION PROVIDING FOR THE APPROVAL BY THE ILLINOIS FINANCE AUTHORITY (SUCCESSOR IN INTEREST TO THE ILLINOIS DEVELOPMENT FINANCE AUTHORITY) (THE "ISSUER") OF AN AMENDMENT TO THE LOAN AGREEMENT, THE BOND, THE NOTE AND THE BOND ISSUANCE AGREEMENT THAT WERE EXECUTED IN CONNECTION WITH THE ISSUANCE OF THE ISSUER'S $3,100,000 ORIGINAL PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE BOND (ACME FINISHING CO., INC. PROJECT), SERIES 1998 (THE "BOND"); AND RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a body politic and corporate (the "Issuer") is authorized and empowered by the provisions of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. (2002 State Bar Edition), as from time to time supplemented and amended (the "Act") to issue its revenue bonds to finance or refinance the costs of any industrial, commercial or manufacturing project in order to promote the expansion, retention or diversification of employment opportunities within the State of Illinois (the "State") or any area thereof or will aid in stabilizing or developing any industry or economic sector of the State economy; and

WHEREAS, the Illinois Development Finance Authority (predecessor in interest to the Issuer) on May 21, 1998 adopted a bond resolution authorizing the issuance of its $3,100,000 original principal amount Industrial Development Revenue Bond (Acme Finishing Co., Inc. Project), Series 1998 (the "Bond"); and

WHEREAS, the Bond was issued pursuant to a Bond Issuance Agreement dated as of May 1, 1998 (the "Original Bond Issuance Agreement," and together with the Amendments, as hereinafter defined, the "Bond Issuance Agreement") among the Issuer, Bank One, NA (as successor in interest to American National Bank and Trust Company of Chicago), as Bondholder (the "Original Bondholder") and J. P. Morgan Trust Company, National Association (as successor in interest to American National Bank and Trust Company of Chicago), as Fiscal Agent (the "Original Fiscal Agent"); and

WHEREAS, in connection with the issuance of the Bond, Acme Finishing Company, Incorporated, an Illinois corporation and Deejay Realty, L.L.C., an Illinois limited liability company (collectively, the "Borrower") and the Issuer entered into a Loan Agreement dated as of May 1, 1998 (the "Original Loan Agreement," and, together with the Amendments, the "Loan Agreement") as further evidenced by the Promissory Note dated as of May 1, 1998 by the Borrower to the Issuer (the "Original Note," and, together with the Amendments, the "Note"); and

WHEREAS, the Issuer, the Original Fiscal Agent, the Original Bondholder and the Borrower entered into a First Amendment to Loan Agreement, Promissory Note, Bond and Bond Issuance Agreement dated as of August 1, 2000 (the "First Amendment"), a Second Amendment to Loan Agreement, Promissory Note, Bond and Bond Issuance Agreement dated as of January 1, 2001 (the "Second Amendment") and a Third Amendment to Loan Agreement, Promissory Note, Bond and Bond Issuance Agreement dated as of May 31, 2003 (the "Third Amendment," and, together with the First Amendment and the Second Amendment, are collectively referred to as the "Amendments") amending the interest rate and other terms of the Original Loan Agreement, the Original Bond Issuance Agreement, the Original Note and the Bond; and

WHEREAS, the parties have misplaced the Second Amendment and wish that it be nullified; and

WHEREAS, First Midwest Bank (the "New Bondholder") desires to purchase the Bond from the Original Bondholder; and

WHEREAS, the New Bondholder desires to replace the Original Fiscal Agent with First Midwest Bank (the "New Fiscal Agent"); and

WHEREAS, the Original Bondholder and the New Bondholder has entered into an Assignment and Assumption Agreement dated as of July 1, 2004 (the "Assignment") pursuant to which the Original Bondholder has assigned its interest in, to and under the Bond, the Loan Agreement, the Note and other documents securing payment of the Note to the New Bondholder; and

WHEREAS, Acme Finishing Company, Incorporated, an Illinois corporation and Deejay Realty, L.L.C., an Illinois limited liability company (collectively, the "Borrower") and the New Bondholder have requested the Issuer to amend certain provisions of the Loan Agreement, the Note, the Bond Issuance Agreement and the Bond, all as amended, in order to provide for changes relating to principal and interest payable thereunder, prepayment provisions and other related changes; and

WHEREAS, it is necessary and proper for the interests and convenience of the Issuer to authorize such amendments; and

WHEREAS, the Issuer has caused to be prepared and presented to this meeting the Fourth Amendment to Loan Agreement, Promissory Note, Bond and Bond Issuance Agreement dated as of July 1, 2004 among the Issuer, the New Fiscal Agent, the New Bondholder and the Borrower (the "Fourth Amendment"), which the Issuer proposes to enter into; and

WHEREAS, the Bond and the obligation to pay interest thereon is a 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 Bond Issuance Agreement hereinafter referred to; the Bond and the obligation to pay interest thereon does not constitute an indebtedness or a general or moral 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; and neither the purchaser nor any future owner of the Bond 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 or purchase price of, premium, if any, or interest on the Bond; and

WHEREAS, pursuant to the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended, due to the changes in the payment structure of the Bond which will effectively extend the weighted average maturity of the Bond, a public hearing was held by the Executive Director of the Issuer, or his designee, on July 9, 2004, prior to the approval by the Governor of the State of Illinois, pursuant to notice published at the direction of the Issuer in The State Journal-Register, a newspaper qualified by law to publish legal notices of the State of Illinois on June 25, 2004, and in the Daily Herald, a newspaper of general circulation in the Village of Elk Grove, on June 25, 2004;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:

Section 1. That the form, terms and provisions of the proposed Fourth Amendment be, and it hereby is, in all respects approved, and that the Chairman, Vice Chairman or Executive Director and the Secretary or Assistant Secretary be, and they are hereby authorized, empowered and directed to execute and deliver such instrument in the name and the behalf of the Issuer and that the Fourth Amendment is to be in substantially the respective form thereof submitted to this meeting and hereby approved, with such changes therein as shall be approved by the officials of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from and after the execution and delivery of such instrument, the officials, agents and employees of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such instrument as executed.

Section 2. That the execution and delivery of the Fourth Amendment, as authorized in Section 1 above, is expressly conditioned upon the following:

a) Approval of the Fourth Amendment must be obtained from all necessary parties; and

b) The Issuer's counsel must approve a final copy of the Fourth Amendment and all related documents at or prior to its execution and delivery; and

c) Bond Counsel must opine that the Fourth Amendment is authorized by, and in accordance with the relevant bond documents, and will not adversely impact the tax-exempt status of the Bond.

Section 3. That the Second Amendment is hereby declared null and void.

Section 4. The Bond is a special, limited obligation of the Issuer and except to the extent payable from Bond proceeds or moneys from the investment thereof, is payable solely from the revenues and receipts and other amounts received by or on behalf of the Issuer pursuant to the Loan Agreement. The Bond and interest thereon does not constitute an indebtedness or a general or moral 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 Bond or interest thereon.

Section 5. That from and after the execution and delivery of the Fourth Amendment, the proper officials, agents and employees of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such document as may be necessary to carry out and comply with the provisions of said documents as executed and to further the purposes and intent of this Resolution, including the preamble hereto. The Chairman or Executive Director and the Secretary or the Assistant Secretary be, and they are hereby, further authorized and directed for and on behalf of the Issuer, to execute all papers, documents, certificates and other instruments that may be required for the carrying out of the authority conferred by this Resolution or to evidence said authority, including without limitation the signing of IRS Form 8038 and the filing thereof as therein required and the certifications relating to Section 148 of the Code and the regulations promulgated thereunder and changes in the documents approved hereby as approved by the officials of the Issuer executing the same, and to exercise and otherwise take all necessary action to the full realization of the rights, accomplishments and purposes of the Issuer under the Fourth Amendment and to discharge all of the obligations of the Issuer thereunder.

Section 6. That the Issuer hereby acknowledged that a Public Hearing was held on July 9, 2004 and hereby approves the plan of financing and the extension of the weighted average maturity of the Bond pursuant to Section 147(f) of the Code and directs that this issue be submitted to the Governor of the State of Illinois for approval of the elected representative.

Section 7. That all acts and doings of the officials of the Issuer which are in conformity with the purposes and intent of this Resolution are, in all respects, approved and confirmed.

Section 8. That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision shall, for any reason, be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions.

Section 9. That all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby superseded.

Section 10. This Resolution shall be in full force and effect from and after its passage and approval, in accordance with law.

APPROVED this ____ day of July, 2004.

____
Chairman

A RESOLUTION authorizing the execution and delivery of a First Amendment to Loan Agreement between the Illinois Finance Authority (as successor to the Illinois Development Finance Authority) and Orchard Village, amending a Loan Agreement between the Authority and said center to revise the project description contained therein in connection with the outstanding Illinois Development Finance Authority Community Rehabilitation Providers Facilities Acquisition Program Revenue Bonds, Series 2000A, of the Authority to reflect the sale of two facilities financed with the proceeds of such bonds and the acquisition or refinancing of a substitute facility; and providing for other matters relating thereto.

WHEREAS, the Illinois Development Finance Authority, a political subdivision and public body, corporate and politic, organized and previously existing under the laws of the State of Illinois ("IDFA"), was authorized and empowered by the provisions of the Illinois Development Finance Authority Act, 20ILCS 3505/1 et seq., as amended (the "Act"), to issue its revenue bonds to finance in whole or in part costs incurred in connection with the development, construction, acquisition or improvement of "industrial projects" (as defined in the Act); and

WHEREAS, IDFA has hereto issued its Illinois Development Finance Authority Community Rehabilitation Providers Facilities Acquisition Program Revenue Bonds, Series 2000A (the "Bonds"), pursuant to a Master Indenture of Trust dated as of June 1, 1997 (the "Master Indenture"), as supplemented by a Fifth Supplemental Indenture of Trust dated as of June 1, 2000 (the "Fifth Supplemental Indenture"), by and between IDFA and Cole Taylor Bank and Marine Bank, Springfield (as successors to Bank One, National Association, acting as trustee under the Master Indenture), as co-trustees (collectively, the "Trustee"); and

WHEREAS, pursuant to A Loan Agreement dated June 1, 2000 (the "Original Loan Agreement") by and between IDFA and Orchard Village (the "Center"), an Illinois not-for-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), IDFA lent a portion of the proceeds from the sale of the Bonds to the Center in order to provide funds to finance, refinance or reimburse the costs of the acquisition, construction and improvement of real and personal property used by the Center and to finance non-capital costs relating thereto described in Exhibit A to the Original Loan Agreement (the "Project"), to pay a portion interest on the Bonds, to fund a reserve account with respect to the Center, and to pay necessary expenses incidental thereto; and

WHEREAS, the Illinois Finance Authority (the "Authority") established by Public Act 93-205 of the Illinois Legislature (the "Authority Act") has succeeded to, assumed and now exercises all rights, powers, duties and responsibilities formerly exercised by the IDFA; and

WHEREAS, the Center has advised the Authority that it desires to sell two of the facilities financed or refinanced with the proceeds of the Bonds, located at 9306 Madison, Morton Grove, Illinois, and 8227 Menard, Morton Grove, Illinois; and

WHEREAS, the Center desires to apply a portion of the sale price of said two facilities to refinance indebtedness incurred by the Center to acquire a new facility located at 418 Hazelwood, Glenview, Illinois and to apply any excess sale price to the retirement of amounts payable under the Original Loan Agreement; and

WHEREAS, Section 7.22(a) of the Original Loan Agreement permits the sale of property financed under the Original Loan Agreement upon the substitution of other property securing the obligations of the Center under the Original Loan Agreement or the deposit of such sums so received in the Bond Fund established by the Master Indenture; and

WHEREAS, Section 1.142-12(c) of the Treasury Regulations permits the use of the proceeds of the disposition of property financed with tax-exempt bonds if (i)(a) disposition proceeds are used by an organization described in Section 501 (c)(3) of the Code, (b) such disposition proceeds are used in a manner that does not cause the bonds to meet either the private business tests or the private loan financing test under the Code, and (c) the bonds allocated to such proceeds and alternative use are treated as being reissued for certain purposes of the Code, and (iii) excess disposition proceeds are applied to the redemption or defeasance of bonds; and

WHEREAS, the Authority desires to authorize an amendment to the Original Loan Agreement to reflect the substitution of facilities; and

WHEREAS, a form of First Amendment to Loan Agreement (the "First Amendment") has been prepared and presented to this meeting:

NOW THEREFORE, Be It Resolved By the Illinois Finance Authority as follows:

Section 1. Authorization of the Amended Project. The financing or refinancing of all or any portion of the Project described in Exhibit A to the First Amendment and the payment of costs incidental thereto are hereby authorized and determined to be in the public interest and in furtherance of the public purposes contemplated by the Act.

Section 2. Authorization of First Amendment. The form, terms and provisions of the proposed First Amendment presented to this meeting and on file with the Secretary are hereby in all respects approved, and the Chairman, the Vice Chairman or the Executive Director and the Secretary or any Assistant Secretary are hereby authorized, empowered and directed to execute and deliver the Instruments in the name and on the behalf of the Authority. The First Amendment, as executed and delivered, shall be in substantially the form thereof now before this meeting and hereby approved or with such changes therein as shall be approved by the officers of the Authority executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the First Amendment now before this meeting; and from and after the execution and delivery of the First Amendment the officers, agents, and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out the intent and accomplish the purpose of the Resolution and to comply with and make effective the provisions of the First

Amendment as executed. The First Amendment as approved by this Resolution shall be placed on file at the office of the Authority and made available for public inspection by any interested party immediately upon the passage and approval of this Resolution.

Section 3. Separability. The provisions of the Resolution are hereby declared to be separable and if any section, phase or provisions shall for any reason by declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity or enforceability of the remainder of the sections, phrases and provisions hereof.

Section 4. Repeal of Conflicting Resolutions; Effective Date. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this Resolution shall take effect and be in full force immediately upon its adoption.

Adopted this ________day of July, 2004

____

Chairman

GLOSSARY OF ACRONYMS AND TERMS USED BY IFA

I. Terms commonly used in IFA write-ups

Bond Counsel	On financing team for Borrower
Issuers Counsel	Outside counsel to represent IFA
AD	Restructuring Ag Debt Guarantee
AL	Assisted Living
B	Business
CD	Conduit
CF	Coal Fired Power Plants
CL	Construction Loan Interim Financing
CP	Community Provider
DC	Distressed Cities
E	Education/Cultural
FF	Fund to Funds
FR	FreshRate
FT	Fire Truck Revolving Loan
GO	Local Government Obligation
GP	Local Government Pooled Bond
GR	Local Government Revenue Bond
H	Health Care

HO	Hospital
HF	Health Facility
I	Industrial
ID	Industrial Development Bonds
IF	Tax Increment Financing
IFA	Illinois Finance Authority
L	Local Government
LOC	A form of supplement or, in some cases, direct security for a municipal bond under which a commercial bank or private corporation guarantees payment on the bond under certain specified conditions
M	Mortgage
MH	Multifamily Housing
MS	Medical School
NP or FP	Not for Profit
NH	Nursing Home
P	Pollution Control
PC	Private College
Placement Agent/ Underwriter	Securities firm that purchases Bonds and places with investors. Engaged by Borrower
PF	Private Foundation

PL	Participation Loan
PO	Pollution Control/Environment
PS	Private School
Private Placement	Negotiated sale in which the new issue securities are sold directly to institutional or private investors rather than through a public offering.
PW	Pooled Warrant Program for School
RD	Rural Development
SD	Local School District
SG	Specialized Livestock Guarantee
SL	Senior Living
SS	Local Special Service Area
SW	Solid Waste
TA	Tax Anticipation Notes
TB	Technology Development Loan
TX	Taxable
RE	Refunding
UR	Water or Gas - Utility Revenue Bonds
V	Venture Capital
YF	Young Farmer Guarantee

II. General Bond and Financing Terms

Amortize	**Retire the Principal of an issue by periodic payments either directly to bondholders, or first to a Sinking Fund and then to bondholders.**
Arbitrage	**Interest rate differential that exists when proceeds from a municipal bond which is tax-free and carries a lower yield are invested in taxable securities with a yield that is higher. THIS IS ILLEGAL solely as a borrowing tactic per 1986 Tax Reform Act.**
Average Life	**Average length of time an issue of serial bonds and/or term bonds with mandatory sinking funds and/or estimated prepayment is expected to be outstanding.**
Basis Point	**One one-hundredth of one percent (1/100% or 0.01 percent) 100 basis points equal one percent.**
Capitalized Interest	**A portion of the proceeds of an issue that is set aside to pay interest on the securities for a specified period of time.**

Conduit Bonds	**Bonds whose repayment is the responsibility of the business or developer who benefits from the financing, rather than the issuer who only collects the taxes, fees or revenues and passes them on to the bondholder.**
Cost of Issuance	**Expenses associated with the sale of new issue of municipal securities, including such items as underwriter" spread, printing, legal fees and rating costs.**
Covenant	**Legally binding commitment by the issuer of municipal bonds to the bondholder.**
Debt Ratio	**Ration of the issuer's general obligation debt to a measure of value, such as real property valuations, personal income, general fund resources, or population.**
Debt Service	**Required payments for principal and interest.**
Debt Service Fund	**Separate account in the overall sinking fund into which moneys are placed to be used to redeem securities, by open-market purchase, request for tenders or all, in accordance with a redemption schedule in the bond contract.**
Default	**Breach of some covenant, promise or duty imposed by the bond contract – failure to pay in a timely manner principal and/or interest when due.**
Direct Sale	**Sale of new security by the issuer to investors, bypassing the underwriter or middleman.**

Face Value	**Stated principal amount of a bond**
Fiscal Agent	**Also known as Paying Agent – bank, designated by the issuer to pay interest and principal to the bondholder.**
Fixed-interest	**Bond with an interest rate that stays the same over its life span.**
Floater	**Variable rate – Method of determining the interest to be paid on a bond issue by reference to an index or according to a formula or other standard of measurement at intervals as stated in the bond contract.**
GO	**General Obligation Bonds – voter approved bonds – backed by the full faith, credit and unlimited taxing power of the issuer**
Indenture	**Bond Contract – states time period for repayment; amount of interest paid etc.**
Maturity	**Length of time before the principal amount of a bond is due to the bondholders. It is the time until a bond may be surrendered to its issuer.**
MO	**Moral Obligation Bonds – sold by state without voter approval and are used for specific purposes – in the event of a shortfall, it is implied that the state will make up the difference.**

OS	Official Statement – Prospectus document circulated for an issuer prior to a bond sale with salient facts regarding the proposed financing. There are two: Preliminary/or Red Herring because some of the type on its cover is printed in red and, (it is subject to final change and update upon completion of sale of bonds) it is supposed to be available to the investor before the sale; Final OS must be sent to the purchaser before delivery of the bonds.
Par Value	Face value of bond – generally $1000
Pari Passu	Equitably and without preference – all equal
Principal	Amount owed; face value of a debt
Public Offering	Sale of bonds (generally through an underwriter) to the general public (or a limited section of the general public).
Refunding Bond	Issuance of a new bond for the purpose of retiring an already outstanding bond issue.
Revenue Bond	Municipal Bond whose debt service is payable solely from the revenues derived from operating the facilities acquired or constructed with the proceeds of the bonds
Secondary Market	Trading market for outstanding bonds and notes.

Serial Bond	**Bond of an issue that features maturities every year, annually or semiannually over a period of years, as opposed to a Term Bond, which is a large block of bonds maturing in a single year.**
Sinking Fund	**Fund established by the bond contract of an issue into which the issuer makes periodic deposits to assure the timely availability of sufficient moneys for the payment of debt service requirements.**
State & Local Government Series	**United States Treasury obligations, which take the form of Treasury Notes, Treasury Bonds or Treasury Certificates of Indebtedness. The US Government created a "State & Local Government Series" of such notes, bonds and certificates to allow municipal bond proceeds to be put into "permitted" investments which would comply with IRS arbitrage provisions, and to not engage in "yield burning".**
Swap	**Exchange of one bond for another. Generally, act of selling a bond to establish an income tax loss and replacing the bond with a new item of comparable value.**
Tax-Exempt Bond	**Bonds exempt from federal income, state income, or state tax and local personal property taxes. States do not tax instruments of the federal government and the federal government does not tax interest of securities of state and local governments.**

Technical Default	Failure by the issuer to meet the requirement of a bond covenant. These defaults do not necessarily result in losses to the bondholder. The default may be cured by simple changes of policy or actions by the issuer.
Term Bond	Bonds comprising a large part of all of a particular issue that come due in a single maturity.
Trust Indenture	Contract between the issuer of municipal securities and a trustee, for the benefit of the bondholders.
Trustee	Bank designated as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the trust indenture and represents bondholders to enforce their contract with the issuer.
Underwrite	Agreement to purchase an issuer's unsold securities at a set price, thereby guaranteeing the issuer proceeds and a fixed borrowing cost.
Underwriter	Dealer that purchases a new issue of securities for resale.
Variable Rate Demand Bond	Bond whose yield is not fixed but is adjusted periodically according to a prescribed formula.
Yield	Measure of income generated by a bond
Yield to Maturity	Rate of return anticipated on a bond held until maturity

Illinois Finance Authority
Market and Product Codes

Market	Market Code	Submarket	Submarket Code	Type of Product	Type Code
Industrial	**I**	Industrial Development Bonds	**ID**	Tax Exempt	**TE**
		Utility Revenue Bonds	**UR**	Taxable	**TX**
				Refinancing	**RE**
Mortgage	**M**	Multifamily Housing	**MH**	Conduit	**CD**
		FreshRate	**FR**	Non-Conduit	**NC**
				Moral Obligation	**MO**
Pollution Control	**P**	Solid Waste	**SW**	Tech Devl Loan	**TD**
		Pollution Control	**PO**	Fund to Funds	**FF**
		Coal Fired Power Plants	**CF**	Guaranteed	**GT**
Business	**B**	Loans	**LL**		
		Rural Devel Loan	**RD**		
Agriculture	**A**	Young Farmer Guarantee	**YF**		
	A	Specialized Livestock Guar	**SG**		
	A	Restructuing Ag Debt Guar	**DR**		
	A	Ag Industry	**AI**		
	A	Beginning Farmer Bond	**FB**		
	A	Beginning Farmer Contract Bond	**CB**		
Venture Capital	**V**				
Education/Cultural	**E**	Private School	**PS**		
		Private College	**PC**		

Market	Market Code	Submarket	Submarket Code	Type of Product	Type Code
		Private Foundation	**PF**		
Local Government	**L**	Local Gov. Obligation	**GO**		
		Local Gov. Pooled Bond	**GP**		
		Local Gov. Revenue	**GR**		
		Tax Increment Financing	**IF**		
		Local School District	**SD**		
		Local Special Service Area	**SS**		
		Distressed Cities	**DC**		
		Tax Anticipation Notes	**TA**		
		Construction Loan Interim Fin	**CL**		
		Fire Truck Revolving Loan	**FT**		
		Pooled Warrant Program for Schools	**PW**		
Health Care	**H**	Hospital	**HO**		
		Assisted Living	**AL**		
		Nursing Home	**NH**		
		Senior Living	**SL**		
		Community Provider	**CP**		
		Health Facility	**HF**		
		Medical Schools	**MS**		
Other non-profits	**N**	Other types of non-profits	**NP**		

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The Bond Buyer

ILLINOIS

College's Better Outlook

Standard & Poor's last week revised the outlook for **Columbia College Chicago**'s BBB rating to positive from stable in conjunction with the school's upcoming $5.7 million refunding issue.

The agency also affirmed the rating. Columbia currently has $63 million of insured and uninsured debt sold through the **Illinois Education Facilities Authority**. The upcoming refunding is being sold through the **Illinois Finance Authority**.

"The revised outlook reflects Standard & Poor's expectation of continued strong operating performance, stable enrollment, continued growth in liquidity relative to expenses and debt, and continued resolution of the pension liability adjustments seen in fiscal years 2003 and 2002," analyst **Susan Carlson** wrote.

The rating is based on Columbia's steady enrollment growth and a well-defined program niche, along with a history of balanced financial operations and solid profitability.

The college also benefits financially from liquidity levels adequate for the BBB rating category and expendable resources in fiscal 2003 equal to 43% of expenses and 82% of pro forma debt, as well as a manageable debt burden of less than 5%, with no new issuance expected for the next several years.

Carlson noted the school's challenges

THE BOND BUYER

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Bear Stearns Banker Named in Illinois Hospital Controversy

By Yvette Shields

CHICAGO — A federal lawsuit names **Bear, Stearns** & Co. and its Chicago-based public finance banker **P. Nicholas Hurtgen** in a scheme to pressure a suburban Chicago hospital into a politically-connected construction company in exchange for **Illinois'** regulatory approval of the hospital's $200 million expansion plan, according to a published report.

Edward Hospital was initially pressured to hire Bear Stearns on a 2001 transaction. It did hire the firm and it won state regulatory approval for its projects. Earlier this year, Hurtgen allegedly pressured the hospital to hire **Jacob Kiferbaum** of Deerfield, Ill.-based **Kiferbaum Construction** Corp., according to a report published Friday in the Chicago Sun-Times. The hospital refused to hire the construction firm but it is unclear whether the hospital would work with Bear Stearns on the proposed bond sale.

Bear Stearns was listed as the senior manager on a proposed $30 million Edward Hospital refunding that won approval from the conduit issuer the **Illinois Finance Authority** in April, but IFA officials said that deal was put on hold due to rising interest rates.

Edward Hospital's new project failed this spring to receive necessary approval from the Illinois Health Facilities Planning Board, which must grant a "certificate of need" before hospital construction projects can proceed. The board is expected to consider a revised application at its August meeting, according to **Brian Davis**, a vice president at Edward. The hospital has proposed building a $169 million, 146-bed hospital in the rapidly growing southwest suburb of Plainfield.

The lawsuit filed May 24 under the False Claims Act remains under seal while the U.S. Attorney's office decides

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whether to intervene, was obtained by the Sun-Times and reported in a story last Friday. It was filed in May on behalf of the federal government and plaintiffs **Pamela Meyer** and **William G. Kottmann**, two hospital administrators.

The lawsuit names as defendants Bear Stearns, Hurtgen, Kiferbaum and **Stuart Levine**, the former vice chairman of the facilities planning board who resigned that post earlier this month. The U.S. attorney's office has 60 days from the filing to decide whether to intervene although it can seek an extension. Otherwise the lawsuit, filed in the U.S. District Court for the Northern District of Illinois, would proceed led by the plaintiffs' attorney, according to the U.S. attorney **Patrick Fitzgerald**'s spokesman **Randall Sanborn**, who refused to confirm even the existence of the suit.

Bear Stearns did not return phone calls seeking comment. Davis, speaking on behalf of Edward Hospital, declined to comment on the lawsuit, as did lawyers representing the two named plaintiffs. News of the lawsuit stunned many local market participants who said they had heard no speculation of its existence. The story surfaced just days after **Illinois** priced a fixed-rate piece of its taxable $750 million unemployment trust fund deal with Bear Stearns at the helm. A second auction-rate series, also to be underwritten by Bear Stearns, will price this week.

The lawsuit outlines how in 2001 Hurtgen, a senior managing director, was introduced to Edward officials through **Donald Udstuen**, an adviser to former Gov. **George Ryan**. Both Udstuen and Ryan have been named in past federal indictments on corruption charges. Udstuen, a former chief operating officer of the Illinois State Medical Society, urged the hospital to give Bear Stearns the books on a proposed $210 million bond sale to pay for hospital addition projects. Bear Stearns was hired and the hospital won its certificate of need approval. The Sun-Times report did not disclose whether the construction company named in the suit also worked on that project.

For its new project, the hospital was pressured by Hurtgen to hire the construction company in a meeting early this year. The lawsuit alleges that Hurtgen told hospital officials Kiferbaum's ties to Illinois state government administration would help secure regulatory approval. Hurtgen's own pedigree is political, not technical. He was a top-aide to then Wisconsin Gov. **Tommy Thompson** in the mid-1990s when former Bear Stearns managing director **Peter Fox** hired him as a banker in 1995.

Kiferbaum's alleged ties to the board included Levine, then the vice chairman of the facilities planning board and a Chicago attorney. Levine and Kiferbaum are friends who serve on several boards together. The facilities planning board chairman is **Thomas P. Beck**. Local market sources said Beck served as a former Cook County comptroller and his son, **David Beck** is a managing director on Bear Stearns municipal trading desk in Chicago. Thomas Beck is not a named defendant, according to the Sun-Times report.

The lawsuit alleges one other scheme involving another hospital — Janesville, Wisc.-based **Mercy Health System** — that allegedly has hired Bear Stearns and Kiferbaum's construction company and won certificate of need approval before the planning board at the same April meeting in which the Edward project was rejected. Mercy wants to build an $81 million 70-bed hospital called Mercy Crystal Lake Hospital and Medical Center in Crystal Lake, a far northwest suburb of Chicago.

The lawsuit claims Bear Stearns underwrote a transaction, but Illinois Finance Authority officials said it has not yet received any documents related to the transaction. The hospital released a statement Friday saying: "We have been contacted regarding an inquiry into the Illinois Certificate of Need matter. We understand that multiple other parties have been contacted as well. Because inquiries like this one are always sensitive, we must limit our comments for now, but we can tell you that we believe that we have acted properly. In addition, we have been cooperative and intend to continue to cooperate with the inquiry."

Cheryl Jackson, a spokeswoman for Gov. **Rod Blagojevich**, said the state has initiated a criminal investigation into the board's approval of the Mercy project but it's on hold pending a federal investigation. "We asked our inspector general to investigate but will wait for the U.S. attorney's office to finish its investigation," she said. A recent gossip column item reported that the U.S. attorneys' office had subpoenaed Thomas Beck and other board members.

Several market participants said the allegations outlined in the suit alone stand to stain Bear Stearns' reputation here in the near-term, but they did not want to speculate on its long-term impact. "That will depend on what happens with the lawsuit," said one market source. While the charges related to the Edward Hospital expansion surprised some, another alleged scheme mentioned in the lawsuit involving the state's mammoth pension sale last year did not.

Bear Stearns won the top underwriting position on Illinois' $10 billion taxable general obligation pension sale last June despite the fact that it didn't rank in the top 10 list of firms underwriting high-grade corporate deals — the market in which the state's issue was priced.

The firm stunned market participants and Illinois politicians when it eventually disclosed that it had paid more than an $800,000 consultants fee to Republican heavyweight **Robert Kjellander's Springfield Consulting Group** LLC for its assistance in winning the top underwriting spot on the pension issue. In a story published last year, The Bond Buyer revealed a series of political connections and campaign contributions that linked Bear Stearns and Kjellander to Blagojevich and key members of his administration.

According to a page of the lawsuit printed in the Sun-Times, the suit states that Bear Stearns won the deal through unlawful kickbacks. "Had the state of Illinois known that defendants obtained the $10 billion pension bond underwriting as part of a criminal kickback scheme, the state of Illinois would not have issued or approved Bear Stearns as an underwriter," the lawsuit reads. The lawsuit claims the state is entitled to the amount it paid Bear Stearns in underwriting fees — $8 million.

The lawsuit provides no additional details of the pension deal kickback. Jackson reiterated the state's longtime defense of its selection of the firm. "Bear Stearns was picked through an open and competitive process and they have a long history as blue chip company with high volume bond deals," she said. □