

**ILLINOIS FINANCE AUTHORITY
BOARD MEETING**

Tuesday, August 11, 2009

Chicago, Illinois

COMMITTEE OF THE WHOLE

8:30 a.m.

Two Prudential Plaza - IFA Chicago Office

180 N Stetson, Suite 2555

Chicago, Illinois

AGENDA

- Call to Order
- Roll Call
- Chairman's Remarks
- Financial Report
- Report of the Senior Staff
- Committee Reports
 - Healthcare Committee, August 3, 2009
 - Agriculture Committee, August 7, 2009
 - Energy Committee, August 10, 2009
- Project Reports
- Closed Session, if necessary
- Other Business
- Adjournment

BOARD MEETING

11:30 a.m.

One Prudential Plaza Conference Center

180 N Stetson, 7th Floor

Chicago, Illinois

- Call to Order
- Chairman's Remarks
- Roll Call
- Acceptance of Financials
- Approval of Minutes
- Remarks of the Senior Staff
- Project Approvals
- Resolutions / Amendments
- Other Business

AGRICULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Beginning Farmer Bonds						
<i>Final</i>						
1	Scot A. Sell (one time approval)	Kingston (Boone County)	\$160,000	0	0	ER
Participation Loan						
<i>Final</i>						
2	New Concepts Development Corp. and LROC Properties, LLC (one-time approval)	Woodstock (McHenry County)	\$325,000	0	0	ER
TOTAL AGRICULTURE PROJECTS			\$485,000	0	0	

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Industrial Revenue Bonds						
<i>Preliminary</i>						
3	The Deboyz Group, LLC (PolyConversions, Inc.)	Mahomet (Champaign County)	\$10,000,000	50	275	JS/MN
TOTAL BUSINESS AND INDUSTRY PROJECTS			\$10,000,000	50	275	

COMMUNITY AND CULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Local Government Direct Loan						
<i>Final</i>						
4	Village of Kane	Kane (Greene)	\$625,000	0	29	KD/NM
TOTAL COMMUNITY AND CULTURE PROJECTS			\$625,000	0	29	
GRAND TOTAL			\$11,110,000	50	304	

RESOLUTIONS

Tab	Project	FM
Amendatory Resolutions / Resolutions		
<i>Final</i>		
5	Request by U.S. Bank and Jeff and Mary Bolomey to amend Guarateed Loan terms	ER
6	Request by Bank of Springfield and Applewood Farms LLC to release the following guarantors from personal for agreement with condition.	ER
7	Request by 1st Farm Credit Services and Merlin McClure: Release 80 acres of land from current collateral package securing Participation loans for Merlin and Ryan McClure. (And approve a subordination of \$50,000 on 195 acres of farm land)	ER
8	A Resolution to authorize execution of an Amended and Restated Trust Indenture, Loan Agreement, Mortgage, and related documents to provide for a Direct Purchase Mode for SOS Childrens' Villages of Illinois.	SCM
9	A Resolution to authorize execution of an Amended and Restated Trust Indenture, Loan Agreement, Mortgage, and related documents to provide for a Direct Purchase Mode for Lake County YMCA.	SCM
10	A Resolution to Authorize Exeuction of an Amended and Restated Trust Indenture, Loan Agreement, and Related Documents to Enable an Addition of a Confirming Credit Facility for The Adler Planetarium.	RF
11	Fifth Third Bank's Request for Consent to Amend Its Term Loan to Blackhawk Biofuels, LLC and Blackhawk Biofuels, LLC's Merger with REG Danville, LLC and REG Newco, Inc.	ST

Other

Adjournment



**Illinois Finance Authority
Report of the Senior Staff
August 11, 2009**

To: IFA Board of Directors and Office of the Governor

**From: Chris Meister, Deputy Director – General Counsel
Yvonne Towers, Chief Financial Officer and Chief Technology Officer
Stuart Boldry, Chief Administrative Officer
Rich Frampton, Vice President and Director of Funding Managers
Pam Lenane, Vice President and Associate General Counsel
Eric Reed, Southern Illinois Regional Manager**

I. Financial Performance

General Fund:

The Illinois Finance Authority's General Fund unaudited financial position for the month ending July, 2009, reports total assets of \$40,760,718, liabilities of \$1,334,011 and total equity of \$39,426,707. This compares favorably to the July 2008 balance sheet, with \$37,683,222 in total assets, liabilities at \$1,278,150 and total equity of \$36,405,072.

Gross revenue YTD (other than loan repayments) for July was \$710,171, or \$23,216 (3.4%) above the approved FY10 budget. The favorable variance is primarily due to fee income. Total operating expenses were \$408,334, or \$16,965 (4.0%) below budget. This is primarily due to a reduction of employee related expenses, professional and office services.

Gross revenue YTD of \$710,171 was \$346,043 (95%) higher than same period last fiscal year 2009. This is primarily due to fee income. Operating expenses YTD were \$408,334, or \$88,627 (-17.8%) lower than same period last fiscal year 2009. This is due to a reduction in employee related expenses, professional and office services.

Year-to-date net income for July was \$333,776 or \$72,119 higher than budget and \$466,608 higher than same period last fiscal year.

Consolidated Results:

The Illinois Finance Authority's unaudited financial position for its fourteen (14) funds, as of July 31, 2009, reports consolidated total assets of \$171,868,431, liabilities of \$58,551,995 and total equity of \$113,316,436. This compares

favorably to the July 2008 balance sheet of \$176,175,273 in total assets, liabilities of \$63,439,540 and total equity of \$112,735,733.

Financial Services

- **Tax-Exempt Volume:** Municipal issuers totaled \$23.6 billion in tax-exempt issues in July, according to *Thomson Reuters*, a 36.4% decline from July 2008. Investors continue to purchase high quality fixed-rate bonds. The decline in bond volume in July resulted from a significant reduction in variable-rate issuance volume. Issuers borrowed \$21.5 billion at a fixed rate in July a 25.4% decrease compared to July 2008 (which requires credit enhancement – which continues to be in short supply).
- **Taxable Municipal Volume:** Issuance of Taxable Municipal Bonds posted a new monthly volume record of \$18.9 billion in July. According to *The Bond Buyer*, as a result of the continued acceptance of Build America Bonds (“BAB’s”, created under the “ARRA” Stimulus Bill) by investors.
- **Trends for Conduit Borrowers:** Confirming experiences of many Illinois borrowers, *The Bond Buyer* reported that Conduit Borrowers with stressed credit or hopes for selling credit-enhanced, variable-rate bonds continue to face market access challenges. Additionally, *The Bond Buyer* noted that pricing for Bank Letters of Credit is still high by historical standards. As a result, issuance volume for bonds secured by letters of credit increased/fell by 82.9% compared to July 2008.

Market Trends

- **Build America Bonds (“BAB’s”):** Consistent with prior reports, the emergence of BAB’s has had a favorable impact on pricing in the Tax-Exempt market with rates and credit spreads declining due to a significant diversion of prospective Government Purpose Issues to the Taxable BAB market. (Issuance of BAB’s is limited to Governmental Purpose Projects – rather than the conduit financings for non-governmental third parties that are IFA’s focus) Accordingly to *The Bond Buyer*, from April through July, there were 215 issuers using BAB’s which comprised approximately 18.6% of all long-term new issues during this period.

Interest Rate Data:

Tax-Exempt Rates:

- Variable Index (* SIFMA): 0.41% (7/29), up 11 basis points from last month's report.
- Fixed GO Bond (** MMD-30yr-AA): 4.36% (7/30), down 10 basis points from last month's report.

Taxable Rates:

- Fed Reserve Benchmark Target Rate: 0.25% (7/30) unchanged from last month
- 90-day ***LIBOR: 0.48% (7/31), down 12 basis points from last month
- ****Prime Rate: 3.25% (7/31), unchanged since 12/15/2008.
- 2-yr Treasury: 1.00%, (7/31) down 13 basis points from last month
- 30-yr Treasury: 4.25% (7/31) unchanged from last month

* *SIFMA (i.e., "Securities Industry and Financial Markets Association"); The SIFMA Variable Index is an index of High-Grade 7-Day Floating Rate (VRDN) bonds compiled from market sources; www.sifma.org.*

** *MMD (i.e., "Municipal Market Data"); Thomson Financial compiles several proprietary indices of High Grade Municipal Bonds of varying maturities under their "MMD" indices.*

****LIBOR (i.e., London Interbank Offering Rate); "LIBOR" is the world's most widely used benchmark for short-term interest rates.*

*****Prime Rate: the interest rate benchmark most commercial banks charge their most creditworthy customers (typically for Revolving Lines of Credit and other short-term loans).*

The Tax-Exempt SIFMA Variable Rate Index rose 11 basis points from June, reaching its highest level since late May. Still, the SIFMA Index remains near historical lows.

The 30-Year MMD (AA-rated) rate decreased 10 basis points from last month, while the 30-Year Treasury remained flat from June. These minor fluctuations in MMD have been typical recently, as rates have traded within a narrow range.

Among Taxable rates, 90-day LIBOR, which is used to determine borrowing rates for many interbank loans, continued to decline in July, approaching its lowest levels since 2004. 90-day LIBOR (plus a margin) is frequently used as a benchmark for determining variable rate commercial loan interest rates.

Economic Data:

Gross Domestic Product Estimate:

According to an estimate released by the Bureau of Economic Analysis on July 6th, Real Gross Domestic Product ("GDP") -- the output of goods and services produced by labor and property located in the United States -- decreased at an annual rate of 1.0% in the second calendar quarter of 2009 ("Q2 2009"), compared to a Q1 2009 decrease of 6.4%,

according to final estimates released by the US Commerce Department on Friday 7/31/09. (The 6.4% decline in Q1 2009 was the sharpest contraction in nearly 30 years.)

Following this Q2 2009 GDP decline, the US economy has now contracted for a record four consecutive quarters for the first time on record since 1947.

Based on this decline in the rate of GDP contraction, many economists believe that Q1 2009 represented a “bottoming” in economic performance (as widely reported).

Consistent with this conclusion, Federal Reserve Chairman Ben Bernanke has said that he expects the recession to end in late 2009.

Employment:

The Federal Reserve has estimated that unemployment, now at a 26-year high of 9.5%, will continue to rise – topping 10.0% by late 2009. The Fed believes that businesses will be unlikely to boost hiring until any recovery has demonstrated staying power.

Manufacturing:

The July ISM manufacturing survey rose 4.1 points to 48.9, continuing its rebound from the June low of 44.8. Production jumped to its highest level in more than two years as manufacturers worked to restock customers' bare shelves, the Institute for Supply Management, a trade group of purchasing executives, said Monday. A figure below 50 means manufacturers are reducing stockpiles.

Consumer Spending:

The U.S. Census Bureau announced August 3rd that advance estimates of U.S. retail and food services sales for June, has fallen 1.4 percent compared to June of 2008, as a 25.5 percent decline in the energy index has more than offset increases of 2.1 percent in the food index and 1.7 percent in the index for all items less food and energy.

On a seasonally adjusted basis, the CPI-U increased 0.7 percent in June after rising 0.1 percent in May. This acceleration was largely caused by the gasoline index, which rose 17.3 percent in June and accounted for over 80 percent of the increase in the all items index. The index for energy rose 7.4 percent in June, with a decline in the electricity index partly offsetting the sharp increase in gasoline. The food index, which had fallen each of the last four months, was unchanged in June.

Other Market News:

- Illinois' credit took a double-notch drop on July 29th, to A1 by Fitch Ratings. Moody's and S&P have yet to have taken action
- The House Financial Services Committee will vote on three municipal bond-related provisions this fall and will take up legislation to regulate municipal derivatives.

IFA Sales, Marketing and Credit

Marketing – Spurred by the 2009 Recovery Act (or “ARRA”), and the related need to upgrade public infrastructure and educational facilities, IFA's Local Government Team is implementing marketing and development plans to encourage (1) conduit financings for

large municipalities, school districts, and community college districts and (2) pooled financings for small municipalities.

IFA's Local Government team continues to focus marketing efforts to associations including the Illinois Municipal League, the Illinois State Board of Higher Education, the Illinois Government Finance Officers Association, the Illinois City and County Management Association, and the Illinois Association of School Business Officials. IFA will continue to submit newsletter articles and arrange to speak at regularly scheduled conferences held by these organizations. Ongoing emphasis will be educating prospective users on the benefits of using IFA as a conduit issuer for use of the double exemption and the state revenue intercept.

Program Development

Fire Truck and Ambulance Revolving Loan Funds – Payment is nearly completed for these programs and has been sent to the Comptroller. To date, 51 fire truck loans have been funded totaling \$10,627,465 and 10 ambulance loans have been funded totaling \$993,200.

Local Government Pooled Bond Issue -- Local Government Staff is continuing to work with prospective borrowers to facilitate interim financing of credit-approved borrowers with a dedicated \$1,737,316 (unencumbered balance as of July 30, 2009) IRBB Special Reserve Fund (established and capitalized for the benefit of the Illinois Rural Bond Bank, an IFA predecessor). Today's agenda includes \$625,000 interim loan request from the Village of Kane interim financings would enable (i) creditworthy borrowers to proceed with their financings immediately and (ii) provide additional time for each IFA Local Government Pool to aggregate sufficient volume to provide optimal economies of scale to participants.

SBA Micro Loan Program – IFA staff has substantially completed the SBA Micro Loan application and intends to submit the U.S. Small Business Administration in August.

IFA Credit and Documentation Criteria -- Credit and documentation criteria for the Authority's products are currently in substantially final draft form and will be presented to the IFA Audit Committee in August.

Sales Activities

Funding Managers will be presenting four financings totaling \$11,110,000 for consideration at the August, 2009 Board Meeting:

- Agriculture projects total \$485,000.
- Business and Industry projects total \$10,000,000
- Non-Healthcare Projects (Cultural and other 501(c)(3) projects) total \$625,000.

The four financings presented for consideration today are expected to create 50 new jobs and 275 construction jobs.

IFA Industry Updates and Closing Reports

Agriculture

In the month of July, staff received a number of calls from lenders, producers, and small businesses. Of these calls, inquiries ranged from Beginning Farmer Bond Loans, Agri-Industry Guarantees, Livestock Guarantees, and Participation loans. Discussions from these calls provided possible future opportunities for financing farm land, equipment, and a possible milk bottling plant located in Southwestern Illinois, which would sell fresh milk in the St. Louis market.

Staff also spent significant time working with new owners of a proposed Bio-Diesel Plant project in Southeastern Illinois. This project has submitted information to the IFA Energy Team for review and consideration. The project, which has significant local investment and support, would likely reinvest an IFA loan guarantee.

For the August Board meeting, staff is presenting 1 Beginning Farmer Bond and 1 Participation loan, which will finance a single wind turbine to enable a company to generate its own electrical power producing the company's electrical needs. This project provides an excellent example of small, sustainable renewable energy projects.

Staff also continues to receive several requests from lenders and their borrowers requiring IFA Board approval for amendments and changes to existing loans. Many of these changes are due to adverse changes in livestock markets which changes with market conditions.

There were no Agriculture Closings in July, 2009.

Business and Industry

Members of IFA's B&I Team spoke on a panel and presented information on the Authority's financing programs at the Illinois Development Council's Annual Conference on July 16th in Lisle Illinois. Approximately 125 economic development practitioners from both the public (e.g., municipalities, counties, and DCEO) and private sectors attended.

Members of the B&I Team also attended a Business Networking Reception hosted by the Lawndale Business Development Corporation on Chicago's West Side on July 15th. Approximately, 35 business owners, consultants, attorneys, and accountants attended.

IFA's B&I Team also participated in a joint presentation with DCEO and DuPage County Economic Development at a presentation hosted by CenterPoint Properties in West Chicago.

IFA's B&I Team continues to focus calling activity on Illinois-based manufacturers that service industries that remain relatively healthy during the current recession including (1) component suppliers to the wind turbine and other alternative energy sources, (2) the medical products industry.

Separately, discussions with several commercial lenders in Northern and Central Illinois confirm a lack of lending activity for new Business and Industry projects, and a general reluctance by owners of these companies to undertake expansions given current market conditions.

Additionally, it has become evident from informal discussions with Borrowers and investment bankers who serve this market that Bank Letter of Credit pricing for prospective Industrial Revenue Bond, Intermodal, and Solid Waste Transactions is substantially higher than 18 months ago. As a result, Bank LOC-enhanced Tax-Exempt Financings for these Borrowers provide relatively less benefit now than at any time in recent years.

There were no Business and Industry Closings in July, 2009.

Healthcare

Bond investors in the Healthcare Market have increased buy-side demand for lower rated credits. Additional evidence of the recovery in investor interest is provided by the recent initiation of documentation for the Park Place project, an unrated CCRC. Park Place is the first project that has contemplated using a non-rated structure since the market deterioration in 2007.

Transactions that have priced recently include Provena Health (8.00%) and Rush University Medical Center (6.72%). Additionally, IFA has upcoming pricings for (1) a \$50MM fixed rate issue for University of Chicago Medical Center and (2) \$67MM of bond financing for Riverside Health going to market in the upcoming weeks.

The Healthcare Team met with Johnson Controls to discuss their Energy Savings & Infrastructure Renewal Program. Johnson Controls provides energy performance contracts and evaluations to several Healthcare Market Hospitals in Illinois. Under these contracts, Johnson Controls monitors current energy and equipment usage and evaluates solutions and provides recommendations for reducing energy costs through changes in HVAC systems and related infrastructure. Johnson Controls has the ability to guarantee up to \$3 Billion of savings from its services (to prospective users nationally), has identified several Illinois Healthcare prospects that may be able to utilize financing through IFA's 1985 Healthcare Pool program. The average transaction size of these financings is expected to range from \$5MM to \$15MM. Further discussions on prospective deals are tentatively scheduled for the coming months.

In July, the Healthcare Team continued progress developing the "Proposed HAP Program" by engaging the following participants to serve as the "HAP Team": Illinois Department of Healthcare and Family Services, Katten Muchin Rosenman (Issuer's Counsel), Jones Day (Bond Counsel), Goldman Sachs & Co. (Co-Senior Underwriter), Loop Capital Markets (Co-Senior Underwriter), and Ungaretti & Harris, LLP (Underwriter's Counsel). The HAP Team met several times during July to discuss the structuring of the new program for presentation to Assured Guaranty insurance to credit enhance a fixed rate bond pool issue. The team also discussed methods of mitigating potential risks (e.g., establishing reserve funds to support lower credits, guaranteeing non-closure of systems' struggling hospitals, and the use of the Authority's Moral

Obligation). The structure of the program is scheduled to be presented to Assured Guaranty during the first week of August.

Finally, the Healthcare Team has scheduled an underwriter diversity forum at the Oak Brook DoubleTree Hotel on September 10, 2009. The purpose of this forum is to introduce Illinois minority underwriting firms to the Illinois Healthcare Hospital community. It has been the objective of the IFA's Diversity Committee to encourage the participation of minority underwriters on IFA transactions and the Healthcare Team believes that this forum will help achieve that goal.

Healthcare July, 2009 Closing(s)

Closing Date	Amount	Borrower
7/09/2009	\$116,000,000	Provena Health
7/23/2009	\$13,607,000	Alexian Brothers Health System
7/29/2009	200,000,000	Rush University Medical Center

Non-Healthcare 501(c)(3)'s:

Members of the Higher Education Team continue to meet with market participants to discuss both opportunities and challenges in the Higher Education and Cultural subsectors, as well as other K-8 education, social services, and other 501(c)(3) sub-markets.

The IFA will host a webinar on August 5 for not for profits statewide to learn about the benefits and structure of the Jewish Federation of Metropolitan Chicago's longstanding Revenue Anticipation Note Program which funds seasonal cash flow deficits for Federation's social service agencies. Representatives of the Federation and Bond Counsel believe the Program could serve as a template for a similar financing program for non-affiliated not for profit corporations (subject to approval of a common LOC Bank for such a program). Invitees include the Federation of Independent Illinois Colleges and Universities and their members, the Associated Colleges of Illinois and their members, The Axelson Center for Not for Profit Management and its clients, and financial advisors.

Non-Healthcare 501(c)(3) July, 2009 Closing(s)

Closing Date	Amount	Borrower
7/9/2009	\$14,370,000	Jewish Charities Revenue Anticipation Notes
7/16/2009	\$8,500,000	Hospice of Northeastern Illinois
7/22/2009	\$30,000,000	Illinois Institute of Technology

Local Government

Currently, there are approximately 15 local units of government (primarily rural communities Downstate) interested in participating in the next Local Government Pool. IFA staff is working with these Borrowers to expedite completion of applications. Today's Board Meeting Agenda features an application (the Village of Kane) for interim financing under IFA's Local Government Direct Bond Purchase Program. IFA plans to provide interim financing to aggregate interested local governments until sufficient volume has been aggregated to justify a Bond Issuance.

IFA's Local Government Team continues to meet with market participants to discuss the outlook and to discuss opportunities for financing proposed capital projects particularly by Illinois school districts and community college districts.

IFA's Local Government Team is working to post information about issuing Conduit Bonds through IFA on the Illinois State Board of Education's website. The Team will continue to contact and arrange meetings with regional school district groups and prospective borrowers, which include community college districts. IFA will also be contacting prior conduit borrowers in our portfolio.

There were no Local Government Closings in July, 2009

Energy

US Department of Energy Loan Guarantee Program

IFA is in ongoing discussions with DOE's consultants regarding their pending solicitation for public sector Designated Lenders for a new Loan Guarantee program, Section 1705. Designated Lenders will be authorized to sponsor qualifying projects for DOE Loan Guarantees. Designated Lenders will be charged with underwriting projects, completing due diligence and submitting detailed credit memorandums that DOE will use to evaluate requests for guarantees. DOE expects Designated Lender to support recommended financings with their own capital. DOE is expected to issue this solicitation in August.

IFA Energy Initiative

Staff has been working closely with the Energy Committee and Scott Balice Strategies to begin developing policies and procedures for the IFA Energy Initiative. This effort has included preparing credit criteria for wind power and other renewable energy projects, developing a fee structure, developing plans for how IFA will respond to inquiries, generate interest, qualify, and evaluate financing requests, close financings, and monitor projects after closing.

Project Vetting

In July, staff invited developers of 15 projects that IFA and DCEO believes are most ready for development to participate in vetting sessions to be attended by IFA staff, Scott Balice Strategies and members of the Illinois Energy Team. The purpose of the vetting sessions is to complete a high level evaluation of each project's technology, environmental attributes and financial viability to identify a manageable set of projects

that merit further consideration for State Moral Obligation and perhaps, sponsorship for a DOE Loan Guarantee. Written responses are due August 15. In-person vetting sessions are expected to be scheduled in late August and in September, with preliminary vetting to be completed by September.

Energy Efficiency

IFA is aggressively evaluating opportunities for financing energy efficiency projects. These projects are very attractive from a development and environmental perspective. The Federal government has announced numerous incentives to encourage investment in energy efficiency technology and renewable energy systems. These projects are often relatively low cost (ranging from several thousands to several million dollars), relatively easy to implement, promise significant cost savings and environmental benefits and represent an opportunity to quickly put many people back to work. IFA continues to receive financing requests for energy efficiency projects from a wide variety of project sponsors. To respond to these inquiries, develop financing programs and enhance outreach efforts, management has assigned the following funding managers to this effort:

Bill Claus:	Health Care
Townsend Albright:	501(c)(3) Non Healthcare
Kim DuPrey:	Local Government
Chris Meister and Eric Reed	Commercial and Industrial Organizations

To enhance our efforts, IFA recently began working with the Clinton Climate Initiative, an entity funded by the William Clinton Foundation that is charged with implementing energy efficiency projects in Chicago and other major US cities. Staff is also investigating an opportunities for funding and technical assistance that may be available from DOE and various foundations that are interested in encouraging energy efficiency.

There were no Energy Closings in July, 2009

Human Resources

Two important compliance activities were completed in July. The TA-2 Report was submitted to the appropriate State authority and the EEO/AA Fourth Quarter Report was completed and submitted on time.

A training session, Employee Management Process, for IFA management staff has been scheduled August 20, 2009.

The bulk of IFA job descriptions were updated, distributed to impacted staff, and filed in the appropriate personnel files.

An employment offer was extended to Spencer Chang, a summer intern, who was hired to assist on numerous projects with Rich Frampton and Kim Du'Prey.

Procurement

Janis Sinisi was named and confirmed as IFA's new State Purchasing Officer.

Treasury

The Assistant Treasurer and Treasurer attended a variety of training webinars this month focused on the current market situation and investment products.

Risk Management

The application for IFA's new Professional Liability insurance policy was completed, reviewed with the Deputy Director and General Counsel, and submitted for processing to our insurance broker.

Legal/Legislative: *An oral report will be provided at the August 11, 2009 Committee of the Whole Meeting.*

Illinois Finance Authority
FY08 Audit Findings: Material and Immaterial
Update as of July 31, 2009

Number of Findings - 7

Item Number	Description	Finding Type	Comments	Percentage Completed																
				10	20	30	40	50	60	70	80	90	100							
Government Auditing Standards:																				
08-01	Draft Financial Statements Not Completed Timely	Significant Deficiency	People, processes and systems are in place to produce timely financial statements.	[Redacted]																
08-02	Failure to Provide a Listing of Laws and Regulations Applicable to the Authority	Significant Deficiency	Database developed; identification and tracking, and maintenance of the statutory mandate database have been executed.	[Redacted]																
Federal Compliance:																				
08-03	Missing Policy on Nondiscrimination	Noncompliance and Significant Deficiency	The product bulletin and the application for the Rural Development Program have been updated and posted to the IFA website.	[Redacted]																
State Compliance:																				
08-04	Failure to Report Revenue Bond Information to the Office of the Comptroller	Noncompliance and Significant Deficiency	Implemented a "reminder" process with trustees/paying agents. Changes required from the IOC to totally eliminate this finding.	[Redacted]																
08-05	No Established Rules to Administer Loan Program (Fire Sprinkler Dormitory Revolving Loan Program)	Noncompliance and Significant Deficiency	No appropriation to fund the program; rules filed with the Secretary of State.	[Redacted]																
08-06	Failure to Administer the Exporter Award Program	Noncompliance and Significant Deficiency	IFA posted an invitation on its website; nominated borrowers; actual award by DCEO were made on 06/29/09; none of the awardees were submitted by IFA.	[Redacted]																
08-07	No Formal Record Retention Plan	Noncompliance and Significant Deficiency	Applications on file with State Archives. Currently being reviewed by State Archives Field Representative and State Archive Director. Records Retention Schedule pending finalization by State Archives. State Record Commission review is scheduled for August 19, 2009.	[Redacted]																

**Illinois Finance Authority
 Audit Findings Material and Immaterial
 Update as of July 31, 2009**

Item Number	Description	Percentage Completed
		10 20 30 40 50 60 70 80 90 100
Total Number of 2		
FY 08 Immaterial Findings		
IM08-01	Statement of Economic Interest Report Not Filed Timely	
IM08-02	Inadequate Documentation of Internal Control Procedures	

**Illinois Finance Authority
General Fund
Unaudited
Balance Sheet
for the One Month Ending July 31, 2009**

		Actual July 2009
		2009
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	\$	15,263,702
RECEIVABLES, NET		115,844
LOAN RECEIVABLE, NET		23,740,926
OTHER RECEIVABLES		202,987
PREPAID EXPENSES		59,945
TOTAL CURRENT ASSETS		39,383,405
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION		93,457
DEFERRED ISSUANCE COSTS		418,200
OTHER ASSETS		
CASH, INVESTMENTS & RESERVES		872,294
VENTURE CAPITAL INVESTMENTS		-
OTHER		(6,637)
TOTAL OTHER ASSETS		865,657
TOTAL ASSETS	\$	40,760,718
LIABILITIES		
CURRENT LIABILITIES	\$	731,724
LONG-TERM LIABILITIES		602,286
TOTAL LIABILITIES		1,334,011
EQUITY		
CONTRIBUTED CAPITAL		4,111,479
RETAINED EARNINGS		23,010,155
NET INCOME / (LOSS)		333,776
RESERVED/RESTRICTED FUND BALANCE		1,732,164
UNRESERVED FUND BALANCE		10,239,134
TOTAL EQUITY		39,426,707
TOTAL LIABILITIES & EQUITY	\$	40,760,718

**Illinois Finance Authority
General Fund - Actual to Budget
Statement of Activities
for Period Ending
July 31, 2009**

	Actual July 2009	Budget July 2009	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2010	Budget YTD FY 2010	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2010	% of Budget Expended
REVENUE										
INTEREST ON LOANS	103,250	95,420	7,830	8.21%	103,250	95,420	7,830	8.21%	1,175,722	8.78%
INVESTMENT INTEREST & GAIN(LOSS)	5,255	20,833	(15,578)	-74.78%	5,255	20,833	(15,578)	-74.78%	250,000	2.10%
ADMINISTRATIONS & APPLICATION FEES	537,727	512,483	25,243	4.93%	537,727	512,483	25,243	4.93%	3,496,715	15.38%
ANNUAL ISSUANCE & LOAN FEES	47,407	55,244	(7,837)	-14.19%	47,407	55,244	(7,837)	-14.19%	645,618	7.34%
OTHER INCOME	16,532	2,975	13,557	0.00%	16,532	2,975	13,557	0.00%	35,700	0.00%
TOTAL REVENUE	710,171	686,956	23,216	3.38%	710,171	686,956	23,216	3.38%	5,603,755	12.67%
EXPENSES										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	224,651	229,167	(4,516)	-1.97%	224,651	229,167	(4,516)	-1.97%	2,750,000	8.17%
BENEFITS	23,706	23,042	665	2.89%	23,706	23,042	665	2.89%	276,500	8.57%
TEMPORARY HELP	2,740	3,157	(417)	-13.21%	2,740	3,157	(417)	-13.21%	37,880	7.23%
EDUCATION & DEVELOPMENT	-	417	(417)	0.00%	-	417	(417)	-100.00%	5,000	0.00%
TRAVEL & AUTO	1,161	5,175	(4,014)	-77.57%	1,161	5,175	(4,014)	-77.57%	62,100	1.87%
TOTAL EMPLOYEE RELATED EXPENSES	252,258	260,957	(8,699)	-3.33%	252,258	260,957	(8,699)	-3.33%	3,131,480	8.06%
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	15,742	15,833	(92)	-0.58%	15,742	15,833	(92)	-0.58%	190,000	8.29%
LOAN EXPENSE & BANK FEE	7,665	11,208	(3,543)	-31.61%	7,665	11,208	(3,543)	-31.61%	134,500	5.70%
ACCOUNTING & AUDITING	22,813	21,667	1,146	5.29%	22,813	21,667	1,146	5.29%	260,000	8.77%
MARKETING GENERAL	-	-	-	0.00%	-	-	-	0.00%	65,000	0.00%
FINANCIAL ADVISORY	18,333	18,333	(0)	0.00%	18,333	18,333	(0)	0.00%	220,000	8.33%
CONFERENCE/TRAINING	-	1,250	(1,250)	0.00%	-	1,250	(1,250)	-100.00%	15,000	0.00%
MISC. PROFESSIONAL SERVICES	-	-	-	0.00%	-	-	-	0.00%	120,000	0.00%
DATA PROCESSING	2,533	2,917	(384)	-13.15%	2,533	2,917	(384)	-13.15%	35,000	7.24%
TOTAL PROFESSIONAL SERVICES	67,086	71,208	(4,123)	-5.79%	67,086	71,208	(4,123)	-5.79%	1,039,500	6.45%

**Illinois Finance Authority
General Fund - Actual to Budget
Statement of Activities
for Period Ending
July 31, 2009**

	Actual July 2009	Budget July 2009	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2010	Budget YTD FY 2010	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2010	% of Budget Expended
OCCUPANCY COSTS										
OFFICE RENT	22,106	22,917	(810)	-3.54%	22,106	22,917	(810)	-3.54%	275,000	8.04%
EQUIPMENT RENTAL AND PURCHASES	3,953	5,167	(1,213)	-23.48%	3,953	5,167	(1,213)	-23.48%	62,000	6.38%
TELECOMMUNICATIONS	5,451	4,358	1,093	25.07%	5,451	4,358	1,093	25.07%	52,300	10.42%
UTILITIES	1,007	800	207	25.82%	1,007	800	207	25.82%	9,600	10.49%
DEPRECIATION	5,227	4,025	1,202	29.88%	5,227	4,025	1,202	29.88%	48,300	10.82%
INSURANCE	1,861	500	1,361	272.24%	1,861	500	1,361	272.24%	6,000	31.02%
TOTAL OCCUPANCY COSTS	39,606	37,767	1,839	4.87%	39,606	37,767	1,839	4.87%	453,200	8.74%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	3,819	6,667	(2,848)	-42.71%	3,819	6,667	(2,848)	-42.71%	90,000	4.24%
BOARD MEETING - EXPENSES	237	1,600	(1,363)	-85.21%	237	1,600	(1,363)	-85.21%	19,200	1.23%
PRINTING	569	600	(31)	-5.21%	569	600	(31)	-5.21%	7,200	7.90%
POSTAGE & FREIGHT	1,269	1,250	19	1.51%	1,269	1,250	19	1.51%	15,000	8.46%
MEMBERSHIP, DUES & CONTRIBUTIONS	1,580	3,083	(1,503)	-48.76%	1,580	3,083	(1,503)	-48.76%	37,000	4.27%
PUBLICATIONS	(6)	250	(256)	-102.23%	(6)	250	(256)	-102.23%	3,000	-0.19%
OFFICERS & DIRECTORS INSURANCE	16,917	16,917	0	0.00%	16,917	16,917	0	0.00%	203,000	8.33%
MISCELLANEOUS	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL GENL & ADMIN EXPENSES	24,385	30,367	(5,982)	-19.70%	24,385	30,367	(5,982)	-19.70%	374,400	6.51%
LOAN LOSS PROVISION/BAD DEBT	25,000	25,000	-	0.00%	25,000	25,000	-	0.00%	300,000	8.33%
OTHER										
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL EXPENSES	408,334	425,298	(16,965)	-3.99%	408,334	425,298	(16,965)	-3.99%	5,298,580	7.71%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS										
	301,838	261,657	40,180	15.36%	301,838	261,657	40,180	15.36%	305,175	98.91%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT										
	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TRANSFER	31,938	-	31,938	0.00%	31,938	-	31,938	0.00%	-	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%	-	-
NET INCOME/(LOSS)	333,776	261,657	72,119	27.56%	333,776	261,657	72,119	27.56%	305,175	109.37%

**Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
July 31, 2009**

	Actual July 2009	Actual July 2008	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2010	Actual YTD FY 2009	Year to Date Variance Actual vs. Actual	YTD % Variance
REVENUE								
INTEREST ON LOANS	103,250	117,202	(13,952)	-11.90%	103,250	117,202	(13,952)	-11.90%
INVESTMENT INTEREST & GAIN(LOSS)	5,255	39,666	(34,411)	-86.75%	5,255	39,666	(34,411)	-86.75%
ADMINISTRATIONS & APPLICATION FEES	537,727	140,702	397,025	282.17%	537,727	140,702	397,025	282.17%
ANNUAL ISSUANCE & LOAN FEES	47,407	56,482	(9,075)	-16.07%	47,407	56,482	(9,075)	-16.07%
OTHER INCOME	16,532	10,076	6,456	0.00%	16,532	10,076	6,456	0.00%
TOTAL REVENUE	710,171	364,129	346,043	95.03%	710,171	364,129	346,043	95.03%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	224,651	239,416	(14,766)	-6.17%	224,651	239,416	(14,766)	-6.17%
BENEFITS	23,706	28,263	(4,556)	-16.12%	23,706	28,263	(4,556)	-16.12%
TEMPORARY HELP	2,740	4,746	(2,006)	-42.27%	2,740	4,746	(2,006)	-42.27%
EDUCATION & DEVELOPMENT	-	448	(448)	0.00%	-	448	(448)	-100.00%
TRAVEL & AUTO	1,161	4,614	(3,453)	-74.84%	1,161	4,614	(3,453)	-74.84%
TOTAL EMPLOYEE RELATED EXPENSES	252,258	277,487	(25,230)	-9.09%	252,258	277,487	(25,230)	-9.09%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	15,742	31,555	(15,814)	-50.11%	15,742	31,555	(15,814)	-50.11%
LOAN EXPENSE & BANK FEE	7,665	11,443	(3,778)	-33.01%	7,665	11,443	(3,778)	-33.01%
ACCOUNTING & AUDITING	22,813	27,265	(4,452)	-16.33%	22,813	27,265	(4,452)	-16.33%
MARKETING GENERAL	-	4,255	(4,255)	-100.00%	-	4,255	(4,255)	-100.00%
FINANCIAL ADVISORY	18,333	25,000	(6,667)	-26.67%	18,333	25,000	(6,667)	-26.67%
CONFERENCE/TRAINING	-	350	(350)	0.00%	-	350	(350)	-100.00%
MISC. PROFESSIONAL SERVICES	-	-	-	0.00%	-	-	-	0.00%
DATA PROCESSING	2,533	3,482	(949)	-27.26%	2,533	3,482	(949)	-27.26%
TOTAL PROFESSIONAL SERVICES	67,086	103,350	(36,264)	-35.09%	67,086	103,350	(36,264)	-35.09%

**Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
July 31, 2009**

	Actual July 2009	Actual July 2008	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2010	Actual YTD FY 2009	Year to Date Variance Actual vs. Actual	YTD % Variance
OCCUPANCY COSTS								
OFFICE RENT	22,106	24,716	(2,610)	-10.56%	22,106	24,716	(2,610)	-10.56%
EQUIPMENT RENTAL AND PURCHASES	3,953	3,758	195	5.20%	3,953	3,758	195	5.20%
TELECOMMUNICATIONS	5,451	4,410	1,041	23.60%	5,451	4,410	1,041	23.60%
UTILITIES	1,007	1,376	(370)	-26.86%	1,007	1,376	(370)	-26.86%
DEPRECIATION	5,227	6,486	(1,258)	-19.40%	5,227	6,486	(1,258)	-19.40%
INSURANCE	1,861	1,607	254	15.81%	1,861	1,607	254	15.81%
TOTAL OCCUPANCY COSTS	39,606	42,353	(2,748)	-6.49%	39,606	42,353	(2,748)	-6.49%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	3,819	9,865	(6,046)	-61.29%	3,819	9,865	(6,046)	-61.29%
BOARD MEETING - EXPENSES	237	5,897	(5,661)	-95.99%	237	5,897	(5,661)	-95.99%
PRINTING	569	2,412	(1,844)	-76.42%	569	2,412	(1,844)	-76.42%
POSTAGE & FREIGHT	1,269	2,663	(1,394)	-52.36%	1,269	2,663	(1,394)	-52.36%
MEMBERSHIP, DUES & CONTRIBUTIONS	1,580	4,381	(2,801)	-63.94%	1,580	4,381	(2,801)	-63.94%
PUBLICATIONS	(6)	693	(699)	-100.81%	(6)	693	(699)	-100.81%
OFFICERS & DIRECTORS INSURANCE	16,917	14,524	2,393	16.47%	16,917	14,524	2,393	16.47%
MISCELLANEOUS	-	-	-	0.00%	-	-	-	0.00%
TOTAL GENL & ADMIN EXPENSES	24,385	40,437	(16,053)	-39.70%	24,385	40,437	(16,053)	-39.70%
LOAN LOSS PROVISION/BAD DEBT	25,000	33,333	(8,333)	-25.00%	25,000	33,333	(8,333)	-25.00%
OTHER								
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%
TOTAL EXPENSES	408,334	496,961	(88,627)	-17.83%	408,334	496,961	(88,627)	-17.83%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	301,838	(132,832)	434,670	-327.23%	301,838	(132,832)	434,670	-327.23%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%
TRANSFER	31,938	-	31,938	0.00%	31,938	-	31,938	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%
NET INCOME/(LOSS)	333,776	(132,832)	466,608	-351.28%	333,776	(132,832)	466,608	-351.28%

**Illinois Finance Authority
Consolidated
Unaudited
Balance Sheet
for the One Month Ending July 31, 2009**

	Actual July 2008	Actual July 2009
<hr/>		
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	\$ 23,980,127	\$ 28,774,436
RECEIVABLES, NET	169,671	115,844
LOAN RECEIVABLE, NET	89,766,252	95,198,178
OTHER RECEIVABLES	324,623	1,546,605
PREPAID EXPENSES	161,287	59,945
	<hr/>	
TOTAL CURRENT ASSETS	114,401,960	125,695,008
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	152,514	93,457
DEFERRED ISSUANCE COSTS	668,151	566,734
OTHER ASSETS		
CASH, INVESTMENTS & RESERVES	51,554,225	37,135,493
VENTURE CAPITAL INVESTMENTS	5,718,697	5,377,739
OTHER	3,679,726	3,000,000
	<hr/>	
TOTAL OTHER ASSETS	60,952,648	45,513,232
TOTAL ASSETS	<u>\$ 176,175,273</u>	<u>\$ 171,868,431</u>
LIABILITIES		
CURRENT LIABILITIES	\$ 653,980	\$ 838,613
LONG-TERM LIABILITIES	62,785,559	57,713,383
	<hr/>	
TOTAL LIABILITIES	63,439,540	58,551,995
EQUITY		
CONTRIBUTED CAPITAL	35,608,692	35,608,692
RETAINED EARNINGS	24,795,357	27,173,957
NET INCOME / (LOSS)	(81,762)	379,423
RESERVED/RESTRICTED FUND BALANCE	39,765,275	37,506,193
UNRESERVED FUND BALANCE	12,648,171	12,648,171
	<hr/>	
TOTAL EQUITY	112,735,733	113,316,436
TOTAL LIABILITIES & EQUITY	<u>\$ 176,175,273</u>	<u>\$ 171,868,431</u>

**MINUTES OF THE JULY 14, 2009 MEETING OF THE BOARD OF DIRECTORS OF THE
ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the “Board”) of the Illinois Finance Authority (the “IFA”), pursuant to notice duly given, held a Board Meeting at 11:30 a.m. on July 14, 2009 at the Michael A. Bilandic Building, C500, Chicago, IL 60601.

Members present:

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Dr. William J. Barclay
4. 5. Terrence M. O’Brien
5. James J. Fuentes
6. Dr. Roger D. Herrin
7. Edward H. Leonard, Sr.
8. Juan B. Rivera

Members absent:

1. April D. Verrett
2. Bradley A. Zeller
3. Ronald E. DeNard

Vacancies:

Four

**Members participating by
telephone:**

None

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:34 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests and asked the Assistant-Secretary, Kara Nystrom-Boulahanis to call the roll. There being eight (8) members physically present, Ms. Nystrom-Boulahanis declared a quorum present.

Announcements

Chairman Brandt announced several changes to the meeting schedule for IFA’s Board of Directors. First, the Committee of the Whole meetings for the remainder of Fiscal Year 2010 will now be held at the IFA Chicago Offices at 180 N. Stetson Street, Suite 2555, Chicago, IL 60601 at the regularly scheduled time. Second, the IFA Board meeting location may also be changed; Chairman Brandt requested attendees check the IFA’s website (www.il-fa.com) for updates prior to the next board meeting. Third, August’s Board Meeting will no longer be held at the State Library in Springfield, Illinois due to issues obtaining a quorum to conduct business. It will now be held in Chicago, with the meeting location yet to be determined. Chairman Brandt expressed his desire to hold a Board Meeting in Springfield, as is the IFA’s custom, and noted the possibility that the September or October meeting will be held downstate.

Chairman Brandt made several other announcements regarding IFA’s activities. The IFA will also begin posting the non-confidential or proprietary sections of the Board Book on IFA’s website. It has always been the practice of the IFA to release this information pursuant to a request from any member of the public; however, Senator Schoenburg has requested the staff proactively distribute it and IFA is delighted to comply with the request. Former Executive Director Filan began a comprehensive review of the Authority’s policies and procedures during his tenure. The following policies and procedures are being referred to Committees of the Board for their review: Family and Medical Leave Act (FMLA) and FY2010 Employee Objectives to the Compensation Committee; Determination of Fee Schedule to the Energy Committee; Credit Standards to the Audit Committee.

Next Chairman Brandt announced that due to the passage of Senate Bill 1906 and the \$3 Billion in additional moral obligation bonding authority it grants the IFA, the Board of Directors wishes to establish an Energy Subcommittee chaired by Dr. Roger Herrin with Ron DeNard, Michael Goetz, James Fuentes and Bradley Zeller as members. A formal resolution to this effect will be made at the September or October board meeting.

Lastly, Chairman Brandt informed the audience that Yvonne Towers, Chief Financial Officer, and Chris Meister, Deputy Director – General Counsel, were appointed Authorized Officers for the Illinois Finance Authority at the June Board Meeting. He stated that he believes the Governor will forward candidates for the executive directorship in the fall, but until then Ms. Towers and Mr. Meister will remain Authorized Officers.

Acceptance of Financial Statements and Minutes

Financial statements for the period ending June 30, 2009 and minutes for the June 9, 2009 meeting of the Board of Directors were presented to members of the Board and accepted by the Board. Chairman Brandt stated that the Authority's financial statements and minutes were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt requested a motion to approve the June 30, 2009 Financial Statements and June 9, 2009 Board of Directors' meeting minutes.

The motion was moved by Mr. Rivera and seconded by Vice Chairman Goetz. The June 30, 2009 Financial Statements and June 9, 2009 minutes were unanimously approved by members of the Board.

Project Approvals

Chairman Brandt asked Mr. Rich Frampton to present the projects for consideration to the Board. Chairman Brandt announced that projects being presented today for approval were thoroughly reviewed at the Committee of the Whole Meeting held at 8:30 a.m. today.

Mr. Frampton presented the following projects for board approval:

No. 1A: A-FB-TE-CD-8251 – Charles J. Mueller

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$178,400 for the purchase of 40 acres of farmland. This project is located in Bradford, IL (Stark County).

No. 1B: A-FB-TE-CD-8252 – Curtis Miller

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$120,000 for the purchase of 36.5 acres of farmland. This project is located in Paris, Illinois (Edgar County).

No. 1C: A-FB-TE-CD-8253 – Rob Huschen

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$202,202 for the purchase of 80 acres of farmland with a used building. This project is located in Morton, IL (Fulton County).

No. 4: N-NP-TE-CD-8248 – St. Patrick High School

Request for final approval of the issuance of 501(c)3 bonds in an amount not-to-exceed \$5.7M. Bond proceeds will be used to current refund IFA (IDFA) Series 1998 Bonds and to pay certain bond issuance costs. This project is located in Chicago, IL.

No. 5: H-HO-TE-CD-8013– Alexian Brothers Health Systems

Request for preliminary approval for the issuance of 501(c)3 bonds in an amount not-to-exceed \$16.3M. Bond proceeds will be used to (i) current refund the remaining portion of the Alexian Brothers Medical Center Series 1985D Bonds, (ii) pay certain expenses incurred in connection with the issuance of the Series 2009 Bonds. This project is located in Elk Grove Village, Illinois.

No. 7: H-HO-TE-CD-8244 – Third Order of St. Francis of May Immaculate, Joliet

Request for final approval for the issuance of 501(c)3 bonds in an amount not-to-exceed \$11M. Bond proceeds will be used to (i) finance, refinance, or reimburse the Borrower for the cost of constructing, acquiring and equipping 28 independent living cottages in 14 separate duplex structures that is know as Phase 1A of Our Lady of Angels Village, (ii) fund a reserve fund; (iii) pay capitalized interest on the Bonds, and (iv) finance certain costs associated with the issuance of the Bonds, including the cost of any credit enhancement. This project is expected to create 80 construction and 2 permanent jobs. It is located in Joliet, Illinois.

No guests attended with respect to Project Nos. 1A, 1B, 1C, 4, 5 and 7. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 1A, 1B, 1C, 4, 5 and 7. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 1A, 1B, 1C, 4, 5 and 7. Leave was granted. Project Nos. 1A, 1B, 1C, 4, 5 and 7 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 2: N-NP-TE-CD-8236 – Hispanic Housing Development Corporation

Request for final approval of the issuance of 501(c)3 bonds in an amount not-to-exceed \$4.1M. Bond proceeds will be used to current refund IFA Series 2004 Bonds, refinance a conventional loan, finance renovations and to pay certain bond issuance costs. This project is expected to create 20 permanent jobs. It is located in Chicago, Mt. Prospect, Rockford and Waukegan, IL.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 2. Ms. Sharnell Curtis-Martin, Senior Funding Manager, introduced Ms. Laura Selby, President and CFO for the Hispanic Housing Development Corporation. Ms. Selby thanked the Board for its consideration.

Chairman Brandt asked if the Board had any questions for Ms. Selby. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 2. Leave was granted. Project No. 2 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 6: H-HO-TE-CD-8202 – OSF Healthcare System

Request for final approval for the issuance of 501(c)3 bonds in an amount not-to-exceed \$75M. Bond proceeds will be used to (i) replace existing core information system with the EPIC suite of products for both inpatient and outpatient services; (ii) construct a 72,000 square foot Data Center and office; (iii) other capital expenditures. This project is expected to create 40 construction jobs. It is located in Peoria, IL.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 6. Mr. Bill Claus, Funding Manager & Financial Analyst, introduced Ms. Michelle A. Carrothers, Director of Debt Management, OSF Healthcare System. Ms. Carrothers thanked the Board for their consideration and provided a brief history of OSF Healthcare Systems. She then described the important impact this new patient data system and center will have on hospital operations.

Chairman Brandt asked if the Board had any questions for Ms. Carrothers. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 6. Leave was granted. Project No. 6 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 8: E-PC-TE-CD-8249 – Concordia University Chicago

Request for preliminary approval for the issuance of 501(c)3 bonds in an amount not-to-exceed \$31.6M. Bond proceeds will be used to (i) refinance \$24,500,000 IEFA Series 2001 Bonds, and to finance various campus renovation projects at Concordia's campus including new roofs, masonry work, elevator improvements, and residence hall improvements. The project is expected to create 63 construction and 70 permanent jobs. It is located in River Forest, IL.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 8. Mr. Townsend Albright, Senior Funding Manager introduced Mr. Tom Hallett, Chief Financial Officer for Concordia University Chicago. Mr. Hallett thanked the Board for their consideration.

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

Resolutions / Amendatory Resolutions

No. 9: Precision Laser Manufacturing, Inc. A Resolution requesting Payment Modification for IFA Participation Loan by Morton Community Bank and Precision Laser Manufacturing, Inc. to modify payments. (Participation Loan).

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

No. 10: Lake County YMCA Project. A Resolution requesting authorization to execute of an Amended and Restated Loan Agreement, Trust Indenture, Mortgage, and related documents, to enable a conversion to a Direct Purchase structure (IFA Series 2007 Bonds, Lake County YMCA Project). (501(c)3 Conduit Bond)

No. 11: Merlin and Ryan McClure. A Resolution requesting authorization to execute of an Amended and Restated Loan Agreement, Trust Indenture, Mortgage, and related documents, to enable a conversion to a Direct Purchase structure (IFA Series 2007 Bonds, Lake County YMCA Project). (501(c)(3) Conduit Bond)

No guests attended with respect to Amendatory Resolutions No. 10 and 11. Chairman Brandt asked if the Board had any questions with respect to Amendatory Resolutions No. 10 and 11. There being none, Chairman Brandt asked leave to apply the last unanimous vote in favor of the project. Leave was granted. Amendatory Resolutions No.10 and 11 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 14: Fiscal Year 2010 budget. A Resolution to adopt the Fiscal Year 2010 budget for the Illinois Finance Authority.

No guests attended with respect to Amendatory Resolution No 14. Chairman Brandt asked if the Board had any questions with respect to Amendatory Resolution No. 14. There being none, Chairman Brandt asked Secretary Nystrom-Boulahanis to take a roll call vote. Amendatory Resolution No.14 received final approval with 8 ayes, 0 nays, and 0 abstentions.

Other Business

Chairman Brandt reminded all guests that next month's Committee of the Whole meeting will be held at the IFA Offices in Chicago on August 11th. The location of the Board Meeting will be posted as soon as it becomes available.

Chairman Brandt asked if there was any other business to come before the Board. There being none, Chairman Brandt requested a motion to adjourn. Upon a motion by Dr. Herrin and seconded by Mr. Barclay, the meeting adjourned at approximately 12:18 p.m.

Respectfully Submitted,

Kara Nystrom-Boulahanis, Assistant Secretary

**MINUTES OF THE JULY 14, 2009 MEETING OF THE BOARD OF DIRECTORS OF THE
ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the “Board”) of the Illinois Finance Authority (the “IFA”), pursuant to notice duly given, held a Board Meeting at 11:30 a.m. on July 14, 2009 at the Michael A. Bilandic Building, C500, Chicago, IL 60601.

Members present:

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Dr. William J. Barclay
4. 5. Terrence M. O’Brien
5. James J. Fuentes
6. Dr. Roger D. Herrin
7. Edward H. Leonard, Sr.
8. Juan B. Rivera

Members absent:

1. April D. Verrett
2. Bradley A. Zeller
3. Ronald E. DeNard

Vacancies:

Four

**Members participating by
telephone:**

None

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:34 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests and asked the Assistant-Secretary, Kara Nystrom-Boulahanis to call the roll. There being eight (8) members physically present, Ms. Nystrom-Boulahanis declared a quorum present.

Announcements

Chairman Brandt announced several changes to the meeting schedule for IFA’s Board of Directors. First, the Committee of the Whole meetings for the remainder of Fiscal Year 2010 will now be held at the IFA Chicago Offices at 180 N. Stetson Street, Suite 2555, Chicago, IL 60601 at the regularly scheduled time. Second, the IFA Board meeting location may also be changed; Chairman Brandt requested attendees check the IFA’s website (www.il-fa.com) for updates prior to the next board meeting. Third, August’s Board Meeting will no longer be held at the State Library in Springfield, Illinois due to issues obtaining a quorum to conduct business. It will now be held in Chicago, with the meeting location yet to be determined. Chairman Brandt expressed his desire to hold a Board Meeting in Springfield, as is the IFA’s custom, and noted the possibility that the September or October meeting will be held downstate.

Chairman Brandt made several other announcements regarding IFA’s activities. The IFA will also begin posting the non-confidential or proprietary sections of the Board Book on IFA’s website. It has always been the practice of the IFA to release this information pursuant to a request from any member of the public; however, Senator Schoenburg has requested the staff proactively distribute it and IFA is delighted to comply with the request. Former Executive Director Filan began a comprehensive review of the Authority’s policies and procedures during his tenure. The following policies and procedures are being referred to Committees of the Board for their review: Family and Medical Leave Act (FMLA) and FY2010 Employee Objectives to the Compensation Committee; Determination of Fee Schedule to the Energy Committee; Credit Standards to the Audit Committee.

Next Chairman Brandt announced that due to the passage of Senate Bill 1906 and the \$3 Billion in additional moral obligation bonding authority it grants the IFA, the Board of Directors wishes to establish an Energy Subcommittee chaired by Dr. Roger Herrin with Ron DeNard, Michael Goetz, James Fuentes and Bradley Zeller as members. A formal resolution to this effect will be made at the September or October board meeting.

Lastly, Chairman Brandt informed the audience that Yvonne Towers, Chief Financial Officer, and Chris Meister, Deputy Director – General Counsel, were appointed Authorized Officers for the Illinois Finance Authority at the June Board Meeting. He stated that he believes the Governor will forward candidates for the executive directorship in the fall, but until then Ms. Towers and Mr. Meister will remain Authorized Officers.

Acceptance of Financial Statements and Minutes

Financial statements for the period ending June 30, 2009 and minutes for the June 9, 2009 meeting of the Board of Directors were presented to members of the Board and accepted by the Board. Chairman Brandt stated that the Authority's financial statements and minutes were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt requested a motion to approve the June 30, 2009 Financial Statements and June 9, 2009 Board of Directors' meeting minutes.

The motion was moved by Mr. Rivera and seconded by Vice Chairman Goetz. The June 30, 2009 Financial Statements and June 9, 2009 minutes were unanimously approved by members of the Board.

Project Approvals

Chairman Brandt asked Mr. Rich Frampton to present the projects for consideration to the Board. Chairman Brandt announced that projects being presented today for approval were thoroughly reviewed at the Committee of the Whole Meeting held at 8:30 a.m. today.

Mr. Frampton presented the following projects for board approval:

No. 1A: A-FB-TE-CD-8251 – Charles J. Mueller

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$178,400 for the purchase of 40 acres of farmland. This project is located in Bradford, IL (Stark County).

No. 1B: A-FB-TE-CD-8252 – Curtis Miller

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$120,000 for the purchase of 36.5 acres of farmland. This project is located in Paris, Illinois (Edgar County).

No. 1C: A-FB-TE-CD-8253 – Rob Huschen

Request for final approval of the issuance of Beginning Farmer Bonds in an amount not-to-exceed \$202,202 for the purchase of 80 acres of farmland with a used building. This project is located in Morton, IL (Fulton County).

No. 4: N-NP-TE-CD-8248 – St. Patrick High School

Request for final approval of the issuance of 501(c)3 bonds in an amount not-to-exceed \$5.7M. Bond proceeds will be used to current refund IFA (IDFA) Series 1998 Bonds and to pay certain bond issuance costs. This project is located in Chicago, IL.

No. 5: H-HO-TE-CD-8013– Alexian Brothers Health Systems

Request for preliminary approval for the issuance of 501(c)3 bonds in an amount not-to-exceed \$16.3M. Bond proceeds will be used to (i) current refund the remaining portion of the Alexian Brothers Medical Center Series 1985D Bonds, (ii) pay certain expenses incurred in connection with the issuance of the Series 2009 Bonds. This project is located in Elk Grove Village, Illinois.

No. 7: H-HO-TE-CD-8244 – Third Order of St. Francis of May Immaculate, Joliet

Request for final approval for the issuance of 501(c)3 bonds in an amount not-to-exceed \$11M. Bond proceeds will be used to (i) finance, refinance, or reimburse the Borrower for the cost of constructing, acquiring and equipping 28 independent living cottages in 14 separate duplex structures that is know as Phase 1A of Our Lady of Angels Village, (ii) fund a reserve fund; (iii) pay capitalized interest on the Bonds, and (iv) finance certain costs associated with the issuance of the Bonds, including the cost of any credit enhancement. This project is expected to create 80 construction and 2 permanent jobs. It is located in Joliet, Illinois.

No guests attended with respect to Project Nos. 1A, 1B, 1C, 4, 5 and 7. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 1A, 1B, 1C, 4, 5 and 7. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 1A, 1B, 1C, 4, 5 and 7. Leave was granted. Project Nos. 1A, 1B, 1C, 4, 5 and 7 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 2: N-NP-TE-CD-8236 – Hispanic Housing Development Corporation

Request for final approval of the issuance of 501(c)3 bonds in an amount not-to-exceed \$4.1M. Bond proceeds will be used to current refund IFA Series 2004 Bonds, refinance a conventional loan, finance renovations and to pay certain bond issuance costs. This project is expected to create 20 permanent jobs. It is located in Chicago, Mt. Prospect, Rockford and Waukegan, IL.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 2. Ms. Sharnell Curtis-Martin, Senior Funding Manager, introduced Ms. Laura Selby, President and CFO for the Hispanic Housing Development Corporation. Ms. Selby thanked the Board for its consideration.

Chairman Brandt asked if the Board had any questions for Ms. Selby. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 2. Leave was granted. Project No. 2 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 6: H-HO-TE-CD-8202 – OSF Healthcare System

Request for final approval for the issuance of 501(c)3 bonds in an amount not-to-exceed \$75M. Bond proceeds will be used to (i) replace existing core information system with the EPIC suite of products for both inpatient and outpatient services; (ii) construct a 72,000 square foot Data Center and office; (iii) other capital expenditures. This project is expected to create 40 construction jobs. It is located in Peoria, IL.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 6. Mr. Bill Claus, Funding Manager & Financial Analyst, introduced Ms. Michelle A. Carrothers, Director of Debt Management, OSF Healthcare System. Ms. Carrothers thanked the Board for their consideration and provided a brief history of OSF Healthcare Systems. She then described the important impact this new patient data system and center will have on hospital operations.

Chairman Brandt asked if the Board had any questions for Ms. Carrothers. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 6. Leave was granted. Project No. 6 received final approval with 8 ayes, 0 nays, and 0 abstentions.

No. 8: E-PC-TE-CD-8249 – Concordia University Chicago

Request for preliminary approval for the issuance of 501(c)3 bonds in an amount not-to-exceed \$31.6M. Bond proceeds will be used to (i) refinance \$24,500,000 IEFA Series 2001 Bonds, and to finance various campus renovation projects at Concordia's campus including new roofs, masonry work, elevator improvements, and residence hall improvements. The project is expected to create 63 construction and 70 permanent jobs. It is located in River Forest, IL.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 8. Mr. Townsend Albright, Senior Funding Manager introduced Mr. Tom Hallett, Chief Financial Officer for Concordia University Chicago. Mr. Hallett thanked the Board for their consideration.

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

Resolutions / Amendatory Resolutions

No. 9: Precision Laser Manufacturing, Inc. A Resolution requesting Payment Modification for IFA Participation Loan by Morton Community Bank and Precision Laser Manufacturing, Inc. to modify payments. (Participation Loan).

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

No. 10: Lake County YMCA Project. A Resolution requesting authorization to execute of an Amended and Restated Loan Agreement, Trust Indenture, Mortgage, and related documents, to enable a conversion to a Direct Purchase structure (IFA Series 2007 Bonds, Lake County YMCA Project). (501(c)3 Conduit Bond)

No. 11: Merlin and Ryan McClure. A Resolution requesting authorization to execute of an Amended and Restated Loan Agreement, Trust Indenture, Mortgage, and related documents, to enable a conversion to a Direct Purchase structure (IFA Series 2007 Bonds, Lake County YMCA Project). (501(c)(3) Conduit Bond)

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No. 14: Fiscal Year 2010 budget. A Resolution to adopt the Fiscal Year 2010 budget for the Illinois Finance Authority.

No guests attended with respect to Amendatory Resolution No 14. Chairman Brandt asked if the Board had any questions with respect to Amendatory Resolution No. 14. There being none, Chairman Brandt asked Secretary Nystrom-Boulahanis to take a roll call vote. Amendatory Resolution No.14 received final approval with 8 ayes, 0 nays, and 0 abstentions.

Other Business

Chairman Brandt reminded all guests that next month's Committee of the Whole meeting will be held at the IFA Offices in Chicago on August 11th. The location of the Board Meeting will be posted as soon as it becomes available.

Chairman Brandt asked if there was any other business to come before the Board. There being none, Chairman Brandt requested a motion to adjourn. Upon a motion by Dr. Herrin and seconded by Mr. Barclay, the meeting adjourned at approximately 12:18 p.m.

Respectfully Submitted,

Kara Nystrom-Boulahanis, Assistant Secretary

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Eric Reed/lk
Date: August 11, 2009
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached project
- **Amounts:** Up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$160,000**
- **Calendar Year Summary:** (as of August 11, 2009)
 - Volume Cap: \$15,000,000
 - Volume Cap Committed: \$5,039,588
 - Volume Remaining: \$9,960,812
 - Average Acreage Farm Size: 75
 - Number of Farms Financed: 26
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2009 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
 - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
 - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
 - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
 - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
 - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan

Bond Counsel: TBD

Project Number:	A-FB-TE-CD-8257
Funding Manager:	Eric Reed
Borrower(s):	Sell, Scot A.
Borrower Benefit:	First Time Land Buyer
Town:	Kingston, IL
Amount:	\$160,000
Use of Funds:	Farmland – 15 acres w/buildings
Purchase Price:	\$240,000 / (\$116,000 / \$7,733 per ac)
% Borrower Equity	34%
% Other Agency	0%
% IFA	66%
County/Region:	Boone / Northern Stateline
Lender/Bond Purchaser	Alpine Bank / Allen Sisson
Legislative Districts:	Congressional: 16 th , Donald Manzullo State Senate: 35 th , J. Bradley Burzynski State House: 69 th , Ronald A. Wait

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin one year from the date of closing in the amount of \$5,880.00. Accrued interest on the unpaid balance hereof shall be paid monthly in the amount of \$480.00, with the first interest payment date to begin one month from the date of closing with the twentieth and final payment of all outstanding balances due twenty years from the date of closing.

***Scot A. Sell:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.00% fixed for the first five years and adjust every five years thereafter to the 5-year Treasury bill Rate plus 1.25% with a 4.00% floor. Lender will charge .50% closing fee. IFA Fee: \$2,400



NON-CONDUIT

\$325,000

NEW CONCEPTS DEVELOPMENT CORP. AND LROC PROPERTIES, LLC

PRODUCT TYPE : PARTICIPATION LOAN

August 11, 2009

REQUEST	<p>IFA contributing funds used to finance the purchase of a Vestas wind turbine. The company is purchasing a wind turbine to produce its own electricity needs and sell the remainder into the grid. Product Type: Participation Loan IFA Funds at risk \$325,000 Subject to all bank conditions, if any.</p>			
BOARD ACTIONS	<p>Final Participation Loan Resolution Voting Record: None prior</p>			
MATERIAL CHANGES	<p>N/A</p>			
JOB DATA	110	Current jobs	N/A	New jobs projected
	N/A	Retained jobs	N/A	Construction jobs projected
BORROWER	<ul style="list-style-type: none"> • New Concepts Development Corp. and LROC Properties, LLC are a Partnership-Computer Services Co., which is located in Woodstock Illinois. 			
DESCRIPTION	<ul style="list-style-type: none"> • New Concepts Development Corp was established in 1988. • The Purpose of this financing is to purchase of a wind turbine to produce captive electricity for the companys own use. 			
CREDIT INDICATORS	<p>Personal Guarantees from principal owner: Larry Richard O'Connor</p>			
PROPOSED STRUCTURE	<p>MB Financial is the participating bank 1st Collateral position on all business assets Personal Guarantor: Larry Richard O'Connor 5 Year Maturity 1% under Bank's interest rate</p>			
SOURCES AND USES	<p>New Bank Loan: \$325,000</p> <p>Equity 350,000</p> <p>IFA Participation <u>325,000</u></p> <p>Total 1,000,000</p>	<p>Project Cost: <u>\$1,000,000</u></p> <p>Total 1,000,000</p>		
RECOMMENDATION	<p>Credit Review Committee Recommends Approval</p>			

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 11, 2009**

Project: New Concepts Development Corp. and LROC Properties, LLC

STATISTICS

Project Number: B-LL-TX-8256	Amount: \$325,000
Type: Participation Loan	IFA Staff: Eric Reed
County/Region: McHenry/Northeast	City: Woodstock

BOARD ACTION

Participation Loan Request	<u>Staff request:</u> Approval subject to bank conditions
IFA Funds contributed: \$325,000	Extraordinary conditions: none
Credit Committee Recommends approval	

VOTING RECORD

None. This is the first time the project has been considered.

PURPOSE

Use of Proceeds: Finance the purchase of a Vestas wind turbine to produce electricity for the Company's operations.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

N/A

JOBS

Current employment: 110	Projected new jobs: N/A
Jobs retained N/A	Construction jobs: N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA Participation:	\$325,000	Uses: Wind Turbine	\$1,000,000
Borrower Equity	<u>350,000</u>	MB Financial Loan:	<u>325,000</u>
Total	<u>\$1,000,000</u>	Total	<u>\$1,000,000</u>

FINANCING SUMMARY/STRUCTURE

Security: The proposed loan will be secured by a *Parri Passu* shared lien position with a blanket first lien on all business assets, real estate mortgages on the business property, and a security interest in the wind turbine. (See collateral summary on page 9)

Structure: Monthly principal and interest payments over 5 years with a 10 year amortization.

Interest Rate: See confidential section

Interest Mode: Fixed

Credit Enhancement: Personal Guarantee from Larry Richard O'Connor (80% owner of NCDC and 100% of LROC)

Maturity: 5 Years

Estimated Closing Date: 11/15/09

PROJECT SUMMARY

Summary: The Borrower is seeking to purchase a Wind Turbine for use in powering its Commercial operation, New Concepts Development. The sponsor, Larry O'Connor is a strong advocate of alternative sources of energy. He has chosen to undertake this project due to his personal interest, as well as the potential for profitability and long term utility savings.

Project Rationale: The Company expects to realize significant savings in electricity consumption upon installation of the new wind turbine. In addition, the company will sell excess energy, will receive federal income tax credits, and it will sell Renewal Energy Certificates ("REC"s).

Timing: The transaction is expected to close within 90 days of approval.

BUSINESS SUMMARY

New Concepts Development Corporation dba Other World Computing ("OWC") provides top brand name memory, internal/external storage, processor upgrades, high capacity batteries, and expansion cards. OWC was first on the market with Apple-spec upgrades for the newest Intel Macs and has positioned itself as a long standing premier source of upgrades to keep older machines functioning on par with new Macs. OWC has been providing quality hardware products and support to the computer industry since 1988.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: New Concepts Development/LROC Properties, LLC
Project Location: 2650 Bridge Lane
Woodstock, IL 60098 (McHenry County)

Borrower: New Concepts Development/LROC Properties, LLC (Co-Borrowers)
Ownership: New Concepts Development Corporation-80%-Larry Richard O'Connor
(S-Corporation) 20%-Larry Robert O'Connor

LROC Properties, LLC 100%-Larry Richard O'Connor
(Real Estate Holding Company)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Williams and McCarthy	Rockford	
Accountant:	Farrell & Associates	Rockford	
Originating Bank:	MB Financial	Woodstock	Chris Hannon
Contractor:	Halus Power Systems, Inc	Hayward, CA	
Bank Counsel:	N/A		
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott
IFA Counsel:	Dykema Gossett PLLC.	Chicago	Darrell Pierce

LEGISLATIVE DISTRICTS

Congressional: Melissa Bean -8th
State Senate: Pamela Althoff -32nd
State House: Jack Franks -63rd

BACKGROUND INFORMATION

New Concepts Development Corporation dba Other World Computing ("OWC") is an award-winning customer-focused provider of upgrades, enhancements, and accessories to maximize functionality, speed, and useful life of Mac computer systems and iPods.

OWC operates the popular www.MacSales.com e-commerce portal which features one of the largest online catalogs of computer and iPod enhancement products including Mercury, Neptune, and NewerTech acceleration and FireWire product lines. OWC is a Premiere Level Apple Developer Connection member and provides extensive technical support for Macintosh users around the world. OWC management umbrella includes leading Internet

Service Providers FasterMac.net and OWC.net, and is the area's leading technology employer as reported by McHenry County Business Journal. OWC primarily targets the Apple after-market consumers, offering accessories and upgrades to Apple products.

LROC Properties (Lawrence Richard O'Connor) is a special purpose real estate LLC that owns New Concepts Development's headquarters as well as another real estate investment property. Both LROC and New Concepts are owned by Lawrence Richard O'Connor and have been customers of the Bank since 2007. New Concepts Development thus rents its business facilities from LROC Properties, LLC. LROC Properties, LLC will also be the owner of the proposed wind turbine.

The Company's 35,000 SF operating facility is one of only approximately 165 new construction buildings in the United States certified at the top LEED (Leadership in Energy and Environmental Design) levels of Platinum or Gold. Design features incorporate the mainstays of the LEED program: sustainable site development; water savings; materials selection; indoor environmental quality; and energy efficiency. Other features include:

- Geo Thermal Ground-Coupled Heat Pump System with an anticipated 50% energy savings over conventional natural gas-based systems
- Fiber optic rooftop light-harvesting technology to augment office lighting with natural light
- High insulation glass windows and exterior sunshade technology to reduce cooling costs
- High insulation materials throughout the building
- "Smart" building technology, including sensors to detect, and adjust for, unused rooms
- Limestone substrate and permeable paving for environmentally friendly run-off water management
- Use of Bio Swales in landscaping to promote water conservation
- Use of native plants and prairie grasses to maximize water conservation
- Long-term, ongoing conservation practices including extensive recycling, low-impact cleaning products, and facilities for employees to commute to work by bicycle

Sales and Service Provider:

Halus Power Systems is a renewable energy products and services company that helps produce electricity that is both environmentally sound and economical, which was founded in 2000.

Halus is North America's leading supplier of remanufactured wind turbines and have supplied projects with the largest and widest capacity range of remanufactured wind turbines available anywhere. The Company stocks dozens of wind turbines from 65 kW to 500 kW at their 40,000 square foot facility in Hayward, California.

The Company specializes in remanufacturing wind turbines originally produced by Vestas. With a satisfied client list from California to New York and even remote locations in Alaska, Halus has developed the expertise required to install turbines at most locations..

As the wind industry continues to manufacture larger unit with discontinued production of smaller previous models, remanufactured wind turbines offer sizes no longer provided by the world's major manufacturers. Rebuilt wind turbines are suitable for projects requiring less than 5 MW of generation.

Wind Turbine Supplier:

Vestas Wind Systems A/S, one of the world's leading wind turbine manufacturer, has been developing and producing wind turbines since 1980 worldwide. The Company's goal is to make wind power a source of energy on par with oil and gas – which ultimately means reducing the cost of energy. The Company has installed over 38,000 wind turbines around the world and with 20 percent of the market share, is now the number one supplier of wind energy solutions in the world.

MB Financial states that the refurbished wind turbine supplied by Halus Power Systems will have a useful life of 25 years and carry a 1 year performance guarantee on all equipment; MB Financial also states that they believe the project has received all local necessary permits and zoning, but will verify prior to funding. MB Financial has supplied a site approval letter from the Army Corp of Engineers.

August 11, 2009

\$10,000,000 (not-to-exceed amount)
THE DEBOYZ GROUP, LLC (POLYCONVERSIONS, INC.)

REQUEST	Purpose: To finance (i) the construction of an 81,000 square foot manufacturing facility in lots six and seven of the Smith-Brooke Industrial Park in Mahomet, Illinois, (ii) the acquisition of new automated poly gown equipment to be located therein and to finance (iii) the legal and professional issuance costs associated with the bond issuance. Program: Conduit Industrial Revenue Bonds Extraordinary Conditions: None Volume cap required \$10,000,000			
BOARD ACTIONS	Preliminary Bond Resolution requested Initial IFA Board Vote -- This project is being presented for the first time.			
MATERIAL CHANGES	Not applicable			
JOB DATA	50	Current jobs	50	New jobs projected
	50	Retained jobs	275	Construction jobs projected (12 month period)
BORROWER DESCRIPTION	<ul style="list-style-type: none"> ● The Deboyz Group, LLC is a limited liability company which acts as the real estate and equipment holding company for PolyConversions, Inc. or ("PolyCo") an Illinois C Corporation established in Rantoul, Illinois in 1993. ● The Project will be located in Mahomet, Illinois – East Central Region ● The Company's founders William, Ronald, Dennis and Robert Smith began PolyConversions as an extension of the Smith family manufacturing business manufacturing of one-of-a-kind plastic reusable and disposable film products designed to protect people in the most challenging industrial and controlled environments. ● PolyCo now manufactures VR vinyl-free protective apparel that provides 4 to 6 times the average life of similar (vinyl) products but is 100% recyclable and biodegradable. 			
CREDIT	<ul style="list-style-type: none"> ● Direct Bond Purchaser/Investor: First Midwest Bank 			
PROPOSED STRUCTURE	<ul style="list-style-type: none"> ● Construction of new facility and acquisition of new machinery ● 10 year initial term 			
SOURCES AND USES	Industrial Revenue Bond:	\$10,000,000	Project Cost:	\$11,800,000
	Borrower Equity	<u>2,000,000</u>	Issuance Cost	<u>200,000</u>
	Total	\$12,000,000	Total	\$12,000,000
RECOMMENDATION	Credit Review Committee Recommends Approval			

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 11, 2009**

Project: The Deboyz Group, LLC (PolyConversions, Inc.)

STATISTICS			
IFA Project:	I-ID-TE-CD-8254	Amount:	\$10,000,000
Type:	Industrial Revenue Bonds	IFA Staff:	Jim Senica & Mauricio Nares
County/ Region:	Champaign/East Central	Location:	Mahomet

BOARD ACTION	
Preliminary Bond Resolution	
Conduit Industrial Revenue Bonds	No IFA funds at risk
Credit committee recommends approval	No extraordinary conditions

VOTING RECORD

Preliminary Bond Resolution, no prior vote

PURPOSE

The IFA Bond and owner equity will finance (i) the construction of an 81,000 square foot manufacturing facility in lots six and seven of the Smith-Brooke Industrial Park in Mahomet, Illinois, (ii) the acquisition of new automated poly gown equipment to be located therein and to finance (iii) the legal and professional issuance costs associated with the bond issuance.

IFA PROGRAM AND CONTRIBUTION

The Authority's Industrial Revenue Bond Program provides low interest rate financing for qualifying manufacturing projects. IFA's issuance of Industrial Revenue Bonds will enable the Borrower to obtain a lower interest rate on this debt.

VOLUME CAP

This financing will require \$10,000,000 of the Authority's 2010 State Agency Volume Cap. The project site is located in a rural area of Central Illinois in Mahomet; a non-home rule Village located approximately 10 miles Northwest of Champaign. Major highways include Interstate 74, US 150 and Illinois 47 (North-South).

SOURCES AND USES OF FUNDS					
Sources:	IRB	\$10,000,000	Uses:	Project Cost	\$11,800,000
	Equity	<u>2,000,000</u>		Issuance Costs	<u>200,000</u>
	Total	<u>\$12,000,000</u>		Total	<u>\$12,000,000</u>

JOBS			
Current employment:	50	Projected new jobs:	50 (within 2 years)
Jobs retained:	50	Construction jobs:	275 (200 – building construction 75 – land development) for 8 to 12 months

Proceeds of the subject Bonds would finance construction of a new building, and to finance acquisition of production equipment (with an estimated useful life of 10 years). It is important for PolyConversions, Inc. to continue to expand its operations with new production technology to improve productivity and compete with

offshore competitors of disposable and limited-use personal protective wear. PolyCo has chosen to decline relocation offers from other states (Indiana, Michigan) and build in Illinois in an area close to PolyConversions, Inc. to retain its current employees and maintain supplier continuity.

FINANCING SUMMARY

Structure: As proposed, the Bonds would be purchased directly by First Midwest Bank, the Direct Lender/Investor, and held as a portfolio investment until maturity.

Direct Lender/
Bond Investor Security: First Midwest Bank will be secured by a first mortgage on the project real estate (land & building), a first security interest in the project equipment and a blanket lien on all assets of The Deboyz Group, LLC, and a Corporate guarantee from PolyConversions, Inc. (All Bank loans to the LLC and PolyCo will be cross collateralized and cross defaulted).

Interest Rate: Fixed Rate Bonds to maturity (interest rate being negotiated with the Bank)

Amortization: 10 Years initial rate set at an estimated 4.55%

Timing: Second to third quarter 2010

Rationale: The proposed project will enable PolyConversions, Inc. to increase its production capacity significantly and maintain its production and delivery advantages over foreign competition, and increase its production capacity in order to accept new business. PolyCo is currently operating at full capacity.

BUSINESS SUMMARY

Description: The Deboyz Group, LLC (the "LLC") is a newly formed real estate and equipment holding company for assets leased to PolyConversions, Inc. (or "PolyCo" the tenant and corporate guarantor), an Illinois S Corporation established in Rantoul, Illinois in 1993. The Company's founders William, Ronald, Dennis and Robert Smith, began PolyCo as an extension of the Smith family manufacturing business from the 1960's that manufactured plastic reusable and disposable film products designed to protect people in the most challenging industrial and controlled environments.

Background: PolyConversions, Inc. manufactures VR™ vinyl-free protective apparel that provides 4 to 6 times the average life of similar (vinyl) products but is 100% recyclable and biodegradable. The material provides strength and puncture-resistance as well as protection. PolyConversions, Inc. introduced VR™ protective wear in an effort to meet growing customer needs for a better and environmentally safer product after the Company in association with film chemistry and engineering experts initiated research on a material designed to replace PVC (Polyvinyl chloride) and other traditional protective wear materials.

Free of vinyl and latex, VR™ has been clinically tested to offer resistance to fats, oils and chemicals such as nitric, sulfuric, hydrochloric and hydrofluoric acids. Containing no toxic substances or plasticizers, VR™ can be recycled, land filled or incinerated without harming the environment.

The VR™ protective wear product line consists of lightweight reusable disposable garments for contamination control use in the industrial, food processing and medical industries. The VR™ line also includes aprons, boot covers, gloves, gowns, shoe covers and sleeves.

Rationale: The new building construction and the equipment acquisition are being made to maintain quality of service and handle increased volume. The Deboyz LLC was created as the real estate and equipment holding company for PolyConversions, Inc. ("PolyCo") that provides a unique polymer made safety equipment used in food and healthcare safety. PolyConversions, Inc. is an Illinois-based, family-owned manufacturing company that, through its value-added activities, generates wealth and taxable income (from shareholders and employees), property taxes revenues for Mahomet Illinois (and other local taxing jurisdictions), and sales tax revenues from PolyConversions, Inc. purchase of local supplies.

PolyConversions, Inc. has chosen to decline relocation offers from other states and build in Illinois in an area close to PolyCo's current location to preserve jobs and maintain supplier continuity.

PolyCo the first company to locate in its new industrial park, Mahomet is using this expansion as a prototype to attract other manufactures to the area. The municipality has recently issued a Tax Increment Financing Bond in order to provide water and sewer capacity to the new industrial park.

The proposed financing is consistent with the State's efforts to modernize and upgrade manufacturing technology to help assure retention of manufacturing companies and related value-added jobs in Illinois. PolyConversions, Inc. also competes against offshore companies whose governments offer subsidized financing and have less stringent environmental regulations.

PROJECT SUMMARY

Bond proceeds and owner equity will be used to finance (i) the construction of an 81,000 square foot manufacturing facility on lots 6 and 7 in the Smith-Brooke Industrial Park in Mahomet, Illinois, (ii) the acquisition of new automated poly gown equipment for use in the new manufacturing facility and (iii) to finance the issuance costs associated with the bond issuance.

Estimated project costs are as follows:

Land Acquisition	\$1,021,700
Site Development	816,800
Building Construction	5,442,550
New Equipment	4,518,950
Total Project Costs	<u>\$11,800,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The Deboyz Group, LLC (Contact: Mr. William B. Smith, -Vice President, 505 Condit Drive, Rantoul, IL 61866; Ph: (217) 893-3330 Ext. 140 E-mail: WBSmith@PolyCoUSA.com		
Project name:	PolyConversions Inc., Mahomet Project		
Location:	Lots 6 and 7 in the Smith-Brooke Industrial Park in Mahomet, Illinois (Champaign County)		
Borrower:	The Deboyz Group, LLC	<u>Operating Co. / Guarantor</u>	
Organization:	Illinois Limited Liability Company	PolyConversions, Inc.	
Ownership:	Robert Smith - 25%	Robert Smith	- 25%
	Ronald Smith - 25%	Ronald Smith	- 25%
	William B. Smith - 25%	William B. Smith	- 25%
	Dennis Smith - 25%	Dennis Smith	- 25%

PROFESSIONAL & FINANCIAL

General Counsel:	Irwin, Martinkus & Cole, LTD.	Champaign, IL	Paul Cole
Accountant:	D'Amico Accounting	Champaign, IL	Greg D'Amico
Financial Advisor:	Nahal Financial	Lombard, IL	James E. Nahal
Bond Counsel:	Ice Miller, LLP	Chicago, IL	James Snyder
Bond Purchaser:	First Midwest Bank	Chicago, IL	William Gibbons
IFA Counsel:	Drinker Biddle & Reath, LLP	Chicago, IL	Stanford Stein
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies	Chicago, IL	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	15 - Timothy V. Johnson
State Senate:	53 - Dan Rutherford
State House:	105 - Shane Cultra



August 11, 2009

\$625,000

VILLAGE OF KANE

INTERIM LOCAL GOVERNMENT DIRECT TO BE REFUNDED UPON PARTICIPATION IN THE LOCAL GOVERNMENT POOLED BOND PROGRAM

REQUEST

Interim direct loan from the IFA to be converted to a permanent financing upon the Village's participation in the IFA's next series of the Local Government Pooled Bond Program, Fall 2009

Issuer has been approved to participate in the IFA's Local Government Pooled Bond Program.

Project: Loan proceeds will be used to construct a 100,000-gallon elevated water storage tank, install two new water wells and pay certain closing costs.

Program: Local Government Direct Loan (Interim Direct Loan)

IFA Funds at Risk: \$625,000

Conditions to closing: As the Village has already approved the Alternate Bond ordinance and has taken the necessary steps needed to authorize the issuance of Alternate Revenue Bonds: a) The Village will enact an increase in water and sewer system rates sufficient to generate at least 1.25 debt service coverage.

BOARD ACTIONS & VOTING RECORD

Final Resolution

The Board approved a Preliminary Resolution to include this project as a participant in the Local Government Pooled Loan Program on February 13, 2007 and final approval for participation in the pool on February 12, 2008 with the following votes:

VOTING RECORD

Preliminary approval: February 13, 2007

Voting record: 10 ayes, 0 nays, 0 abstentions

Final approval: February 12, 2008

Voting record: 10 ayes, 0 nays, 0 abstentions

NEW ACTION & UPDATES

- Nearly 1 ½ yrs since the IFA Board approved the Village of Kane for its permanent financing in to the IFA's Local Government Pooled Bond Program. *Given IFA delays in aggregating projects into its LG Pooled Bond issue, the Village now seeks a Direct Loan to provide interim financing for the project until the pool closes.*
- **Since February, 2008, the Village has increased water rates by 16.67%.** Prior to close, another water rate increase will be enacted.
- **May 11, 2009 – Village of Kane adopted its Alternate Revenue Bond ordinance** to issue these bonds pledging revenues from its Water and Sewer System (The "System") for this project with a further pledge to impose an unlimited tax general obligation tax levy to meet the debt service on this issue, should System revenues prove insufficient to maintain a 1.25x coverage over the life of the bond.

JOB DATA

Current Jobs	0	New jobs projected	0
Retained jobs	0	Construction jobs projected	29

BORROWER

- Village of Kane – Illinois Municipality

DESCRIPTION

- Located in Green County approximately 57 miles north of St. Louis, IL

CREDIT INDICATORS

- Not Rated
- Direct Bond Purchase by IFA
- Alternate Revenue Bond w/ minimum Debt Service Coverage (DSC) of 1.25 times

PROPOSED STRUCTURE

- Interim Direct Loan for a term of no longer than 365 days.
- Interest on the interim loan will be set at a rate based on the AA, 20yr, GO MMD index for a maximum term of 365 days while held by the IFA as a Direct Loan. Currently the rate is 4.36% (\$27,250 annual) and is being used in this report for the purposes of establishing benchmarks for maximum annual debt service.
- When the Village's interim loan is converted to its permanent financing upon inclusion in the next series of the IFA's Local Government Pooled Loan Bonds (expected in the third quarter of 2009), the new rate of interest will be set at applicable tax-free market rates
- Principal and interest for this loan's permanent financing is to be paid back over a period of 30 years inside the Pooled Loan Program.
- The Village shall have adopted and issued the necessary ordinances specifying the long term borrowing as Alternate Revenue Bonds as a condition precedent to closing.

Sources and Uses

IFA Bonds/Loan	\$625,000	Water System Updates	\$947,500
CDAP Funds	<u>325,000</u>	Costs of Issue	<u>2,500</u>
Total	<u>\$950,000</u>	Total	<u>\$950,000</u>

Recommendation

Credit Review Committee Recommends Approval

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 11, 2009**

Project: Village of Kane

STATISTICS

Number:	L-GP-TE-7041	Amount:	\$625,000 (not to exceed)
Type:	Local Government Direct Loan	Location:	Kane
County / Region:	Greene / Central	IFA Staff:	Nona R. Myers, Kim DuPrey

PURPOSE

Project Description: 1) Removal of an existing, 50 year old, 50,000 gallon elevated water storage tank; 2) acquisition of a new 100,000 gallon elevated water storage tank and related appurtenances; 3) install new telemetry system including approximately 800-feet of 8-inch PVC water main and related appurtenances, and 4) pay certain closing costs.

The current water storage tank has a 50,000 gallon capacity. The current water system can process up to 144,000 gals/day.

At peak capacity, daily water usage runs at 70,000 gals/day and average daily usage is 40,000 gals/day. In order to maintain adequate reserves to handle peak load capacity and maintain a reserve for emergency services use as required by the IEPA.

The land site for the new elevated tank is currently owned by the Village of Kane.

IFA PROGRAM AND CONTRIBUTION

The Local Government Direct Bond Purchase Program enables IFA to purchase debt directly from units of local government. The program may be used to provide interim financing when needed until an offering of the Pooled Bond Program is available. The Direct Bond Purchase Program utilizes funds that were transferred from the Illinois Rural Bond Bank to the IFA for local government purposes that were originally appropriated by the General Assembly. The Program has \$2.6 million in available capacity with 5 outstanding loans totaling \$333,000 as of June 30, 2009. The Village will enact a Bond Ordinance that permits the IFA, as Bond Purchaser, to sell the Village's Bonds in the IFA's Local Government Pooled Bond Program, and thereby permit IFA to recover its investment in the Loan.

This project received preliminary approval by the IFA Board in February 13, 2007 and final approval on February 12, 2008. The preliminary and final approvals were based on the applicant participating in the Local Government Pooled Bond program. Therefore, the project is being presented to the IFA Board for reconsideration.

JOBS

Current employment: 0
Jobs retained: 0

Projected new jobs: 0
Construction jobs: 29 temporary (Over an estimated 12 mo period).

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds/Loan	\$625,000	Uses:	Water System Updates	\$947,500
	CDAP Funds	<u>325,000</u>		Costs of Issuance	<u>2,500</u>
	Total	<u>\$950,000</u>		Total	<u>\$950,000</u>

FINANCING SUMMARY / STRUCTURE

- Debt: To provide the Village of Kane with interim financing for the water project while waiting for permanent financing through the IFA's LG pooled bond issue in the Fall of 2009. The interim loan is expected to convert to permanent financing through the next LG Pooled Bond issue and has already been approved for its participation by the IFA Board on February 12, 2008. The repayment of principal and interest payments will be level and amortized over 30yrs.
- Security: *The Bonds repayment of principal and interest will be secured and repaid from the following sources:*
- First by Pledged Revenues:* consisting of the net revenues of the Water and Sewer Fund ("The System").
- Second, by a Pledge to Collect Property Taxes Levied to pay debt service on the Bonds.* In the event that the Pledged System Revenues are insufficient to pay principal and interest on the bonds, the Village has committed to collect *ad valorem* property taxes levied to pay debt service on the bonds. The Village has used its most recent audited financial statement for the fiscal year ended April 30, 2008 to confirm that the Pledged Revenues are sufficient to provide 1.25 times debt service coverage on the Bonds as required for issuance of Alternate Revenue Bonds. This level of debt service coverage permits the Village to pledge *ad valorem* property taxes to repay the bonds, without passing a voter referendum.
- Third, by an Intercept of State Aid:* The Village's share of the Illinois State Sales Tax, State Income Tax and Personal Property Replacement Taxes,"PPRT" distributed by the State
- Fourth:* by a Reserve Fund initially established from State Appropriated within the pooled program from the Illinois Rural Bond Bank (IRRB)
- Fifth:* by the Moral Obligation of the State of Illinois.
- Authorization: As of May 11, 2009 the Village *completed all steps necessary to authorize the issue of the Bonds*, including providing public notice of its intent to issue the Bonds and holding the requisite public hearing.
- Collateral: The Bonds will be issued as Alternate Revenue Bonds payable from (i) the Pledged Revenues as described above, (ii) *ad valorem* property taxes levied against all taxable property in the Village without limitation as to rate or amount, and (iii) an Intercept of State Aid. Alternate Revenue bonds are ultimately General Obligation bonds. The tax levy is abated each year as the first pledged revenue source satisfies interest and principal payments. Should the first pledge revenue source fail to completely satisfy the debt obligation, an *ad valorem* tax levy will be imposed to against all taxable property of the Village of Kane to meet debt service.
- Interest: Interim Loan for the Bonds will pay interest at a rate based on the 20yr, AA, GO MMD Index, currently at 4.36% (while held by IFA as a Direct Loan). The rate of interest will be converted to the applicable tax-free market rate when the Village's interim loan is converted to permanent financing upon inclusion in the next series of the IFA's Local Government Pooled Loan Bonds.
- Estimated Closing: Interim Loan – August, 2009
Permanent financing with conversion of Interim Loan into IFA next series Local Government Pooled Loan Bonds - September or October, 2009

PROJECT SUMMARY

The Village of Kane will use the proceeds of the Bonds to construct a 100,000 gallon elevated water storage tank, install two new water wells and pay certain costs associated with the issuance of the Local Government Securities Interim Loan. The Village of Kane is not a Home Rule unit and does not have a Tax Increment Finance (TIF) District. The actual levy for the General Corporate Fund in 2006 was 0.2385 and in 2007 it was 0.2546. The Village may extend taxes to its maximum tax rate which is set at 0.2850.

The Village applied for CDAP funds in February 2007, and received preliminary approval from IFA for participation in the Local Government Pooled Program in order to secure CDAP complementary funds. In the Fall of 2007, the Village was notified that they were a recipient of \$325,000 in CDAP funding and is requesting final approval for an

Interim Direct Loan under the Local Government Program. It is anticipated that funds will be needed in August or September 2009.

Total costs will not exceed: \$625,000.

BUSINESS SUMMARY

The Village of Kane, located in Green County, covers a geographical area of 0.54 square miles. The community is approximately 57 miles North of St. Louis and has a population of 459 (as of the 2000 Census).

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Village of Kane (P.O. Box 167, Kane (Greene County), Illinois 62054
Contact: Jason Shaw, Village President 217/942-5179)
Location: P.O. Box 167, Kane (Greene County), Illinois 62054
Organization: Illinois Municipality

Title	Name	Term
President:	Jason Shaw	2009-2013
Treasurer:	Priscilla Prough	2009-2013 (appointed)
Clerk:	Sylvia Kallal	2009-2013
Trustee:	Pam Ruyle	2007-2011
Trustee:	Greg Walters	2007-2011
Trustee:	Shelley Adams	2007-2011
Trustee:	Michael Plummer	2009-2013
Trustee:	Sanford Kallal	2009-2013
Trustee:	Katie Brannan	2009-2013

PROFESSIONAL & FINANCIAL

Accountant:	Kenneth E. Loy & Company, P.C.	Alton	Kenneth E. Loy
Borrower's Counsel:	Gustine & Theivagt, Ltd.	Carrollton	Charlie Theivagt
Local Bond Counsel:	Hart, Southworth & Witsman	Springfield	Mike Southworth
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 19th – John. M. Shimkus
State Senate: 49th – Deanna Demuzio
State House: 97th – Jim Watson

**ILLINOIS FINANCE AUTHORITY
MEMORANDUM**

To: Board of Directors

From: Eric Reed, Senior Funding Manager

Re: Request by Bank of Springfield and Applewood Farms LLC to Release the following Guarantors from Personal Liability (IFA Loan #2006-AI-0801 and Loan #2007-SL-0701):

- 1) James Burke
- 2) Melvin Weck
- 3) Martin Ward

Original Par Amount closed November 23, 2007:

Agri Industry Guarantee: \$1,649,330 Specialized Livestock Guarantee: \$300,000 Aggregate Total: \$1,949,330

Outstanding Balance as of June 30, 2009:

Agri Industry Guarantee: \$737,102 Specialized Livestock Guarantee: \$233,200 Aggregate Total: \$970,302

Final Maturity Date:

Agri Industry Guarantee: July 10, 2010 Specialized Livestock Guarantee: January 10, 2011

***Credit Committee Recommendation: Approval of the release of the three guarantors from liability is contingent upon receiving unlimited guarantees from the remaining investors .**

Applewood Farms LLC is a large farrow to wean hog operation located near Virginia, manages 9,880 sows, and produces approximately 220,000 pigs annually for sale. The company's sow herd is located in eight leased facilities, located in various locations. Dr. Alan Wildt is the majority owner of the company and is responsible for all daily operations, marketing, and herd health. Dr. Wildt has 20 years of experience in veterinary medicine, half of which has been in the swine industry.

Applewood Farms LLC (Applewood) was created by Dr. Wildt and his partners in 2006 in order to provide a reliable, high quality, and uniform source of weaned pigs for Applewood's member owners and other area producers. Applewood Farms, LLC current ownership is comprised as follows:

1) Dr. Alan Wildt	33.3%
2) Shiloh Hill, LLC(members)	33.3%
Dr. Alan Wildt-51%	
James Burke-16%	
Melvin Weck-9%	
Martin Ward-9%	
Neal Connors-7%	
Todd Keller-5%	
Joseph Poirier-3%	
3) Giertz Brothers	33.3%

The Bank of Springfield (BoS) obtained limited personal guarantees from Dr. Alan Wildt, Mr. James Burke, Mr. Melvin Weck, Mr. Martin Ward, Gregory Giertz, and Steven Giertz (Giertz Bros.) Dr. Wildt and the Giertz Bros. have discussed with the Shiloh Hill partners them exiting from the business. Dr. Wildt and the Giertz Bros. feel this is appropriate since several of the Shiloh Hill group are passive investors, who do not have agricultural experience, and have limited knowledge of the swine industry. As a result, their management input on decisions provides limited value to Applewood. In exchange for transferring their ownership in Shiloh Hill, LLC and it's ownership to Applewood, three partners have requested their release from liability.

Background:

Applewood started production with 6,300 sows in 2006 and increased production capacity to 9,200 sows in 2007 with the acquisition of additional leased facilities. Total production capacity has increased (from internal growth) to 9,880 sows, which produce approximately 220,000 weaned pigs annually.

BoS originated two loans to fund the initial startup of the company as well as the 2007 expansion for Applewood. The original loan in 2006 was funded for \$1,649,330 to fund the purchase of breeding stock, equipment, and various startup costs. The loan, which was written with a 6 month interest only period followed by a 36 month amortization, currently has a principal balance of \$737,102 and matures on 7/10/10. BoS originated a second loan in 2007 to fund the expansion of the sow herd by 2,000 sows, bringing the total sow herd to 9,200 sows at full production capacity. The second loan, which was funded in the amount of \$300,000 was also written with a 36 month amortization. The loan currently has a principal balance of \$233,206 and matures 1/20/11.

In February 2009, the Illinois Finance Authority's Board of Directors approved 6 month principal deferrals and maturity extensions for both for Applewood loans due to an outbreak of the PRRS virus in the company's sow herd, which severely impacted the company's production capacity. Under the terms of the deferment, all interest payments haven been kept current.

Illinois Finance Authority

Memorandum

To: IFA Board of Directors

From: Eric Reed, Regional Manager

Date: August 11, 2009

Re: Request by 1st Farm Credit Services and Merlin McClure:
1) Release 80 acres of land from current collateral package securing Participation loans for Merlin and Ryan McClure. **(And approve a subordination of \$50,000 on 195 acres of farm land, which 1st Farm Credit Services holds a 2nd Mortgage)**
(Loan numbers A-LL-TX-6225 and A-LL-TX-6226)

Original Loans: \$2,420,000

Current Outstanding Balance: \$2,100,761

This request was originally approved by the IFA Board of Directors on July 14, 2009. However, the subordination of \$50,000 was not, as the lender did not submit a formal request for the subordination. The loan to value calculation reported below remains the same as previously. The request is needed so that the borrower's operating lender can extend financing for a portion of the borrower's divorce settlement.

Merlin McClure has requested that 1st Farm Credit Services ("FCS") and IFA release 80 acres of collateral securing the loans for he, his wife, Nancy and his son, Ryan, incurred. Both of the subject loans were approved by the IFA's Board of Directors at the November 2006 board meeting and funded in January 2007. **The current balances on the IFA portion of the loans total \$971,661.** Merlin McClure and his wife are in the process of a divorce. As part of the settlement, Mrs. McClure has been awarded 80 acres of land that is to be released.

FCS has approved this request, subject to approval from the IFA. 1st Farm Credit has provided the following information and credit analysis:

ILLINOIS FINANCE AUTHORITY
MEMORANDUM

To: IFA Board of Directors

From: Sharnell Curtis-Martin

Date: August 11, 2009

Re: Resolution to authorize execution of an Amended and Restated Trust Indenture, Loan Agreement, and mortgage and related documents and provide for a Direct Purchase mode for SOS Children's Villages of Illinois. (IFA File: N-NP-TE-CD-6211)

Date Closed: 6/7/2007

Original Par Amount: \$8,500,000

Outstanding Principal Balance as of 6/30/2009: \$8,500,000

Original Structure: Variable Rate Bond Secured by Charter One Bank Direct Pay LOC

Revised Structure: Direct Purchase by Charter One Bank

Maturity: Seven Year Term, 28 Year amortization

Request:

SOS Children's Villages of Illinois, a 501(c)(3) corporation incorporated under Illinois law, is requesting consideration of the attached resolution to authorize the restructuring of an existing project by amending and restating the Trust Indenture and Loan Agreement and related documents.

The bonds will have a seven year term. The existing SWAP's based on the SIFMA index will be terminated and a new SWAP contract based on 30 day LIBOR will be entered into once the bonds have been converted.

The existing Direct Pay Letter of Credit will be tendered and the Bonds will be reissued as a direct purchase transaction with Charter One Bank and held as an investment for the term of the bonds.

The Series 2007 Bonds are currently bearing interest in 7-day Tax Exempt variable rate mode, the new Bonds will bear a variable rate of 68% of one month LIBOR plus 260 basis point (i.e. 1.99% as of July 6, 2009).

The Bank security associated with this Series 2009 amendment will remain as it is for the 2007 Bonds, a first mortgage on subject real estate. All other terms and conditions will mirror existing provisions of the Reimbursement Agreement between YMCA and RBS Citizens, N.A.

Recommendation:

The Credit Review Committee recommends approval.

SOS Children's Villages of Illinois

SOS Children's Village Illinois, Inc. ("SOS" or the "Agency") is an Illinois not-for-profit corporation established in 1988. The organization's management includes Tim McCormick, Chief Executive Officer and Dina Tsourdinis, Chief Financial Officer.

The organization is a child welfare agency that builds villages for abandoned children and those removed from abusive homes. Part of the Agency's mission is also to reunite siblings in a desirable foster parent home that provides care, stability and structure. Program services include: Day Care, Foster Care, Independent Living, and Teen Parenting.

Original use of proceeds of the Series 2007 Bonds:

Bond proceeds financed the acquisition and build-out of a facility is located at 7557 S. Parnell in Chicago that serves as a community and children learning center providing Day Care for more than 70 SOS children. Additionally, the facility offers Job and Life Skills training to young adults. The Series 2007 Bonds also financed renovations to SOS's corporate headquarters located at 216 W. Jackson in Chicago and at various SOS residential group homes located throughout the City of Chicago.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Burke Burns and Pinelli, Ltd.	Chicago	Stephen Welcome
Accountant:	Clifton Gunderson, LLP	Oak Brook, IL	
Bond Counsel:	Miller Canfield	Chicago	Paul Durbin
IFA Financial Advisors:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

BOARD OF DRIECTORS

Terry Athas	Sarah Beardsley	Gregory Coler	Paul Durbin
David L. Hoffman	Laurie Holmes	Anne Kaplan	Lynn Kiley
Maureen McKeough	Sheila O'Grady	Curtis W. Pitney	Jeff Riemer
Bryan Samuels	Paul Thompson	Ted Weldon	Jim Wolfe

**ILLINOIS FINANCE AUTHORITY
MEMORANDUM**

To: IFA Board of Directors
From: Sharnell Curtis-Martin
Date: August 11, 2009
Re: Resolution to authorize execution of an Amended and Restated Loan Agreement, Trust Indenture and Mortgage and related documents to enable conversion to a Direct Purchase structure for Lake County Family YMCA. (IFA File: N-NP-TE-CD-7181)

Date Closed: 11/7/2007
Original Par Amount: \$6,500,000
Outstanding Principal Balance as of 6/30/2009: \$6,135,000
Original Structure: Variable Rate Bond Secured by Charter One Bank Direct Pay LOC
Revised Structure: Direct Purchase by Charter One Bank
Maturity: November 1, 2037

This request amends a Resolution presented to the IFA Board of Directors at last month's Board Meeting (i.e., July 2009). Subsequent to approval of the July 2009 Resolution, there have been technical changes in the mechanics for tendering the Bonds secured by the Charter One Letter of Credit to enable conversion to a Direct Purchase mode. The revised Resolution provides for the addition of an intermediate remarketing agent, Piper Jaffrey, in order to facilitate conversion of the Bonds to a Direct Purchase Mode.

Voting Record: July 14, 2009

Ayes: 8 Nays: 0 Abstentions: 0 Absent: 3 (DeNard, Verrett, Zoeller) Vacancies: 4

Request:

The Lake County Family YMCA ("YMCA"), a 501(c)(3) corporation incorporated under Illinois law, is requesting the Illinois Finance Authority to authorize the restructuring of an existing project by amending and restating the Trust Indenture, Loan Agreement, and related documents.

RBS Citizens, N.A. ("RBS"), the parent company of Charter One Bank, N.A. and an affiliate of Royal Bank of Scotland (and, collectively, the "Bank"), is the Letter of Credit provider on the 2007 YMCA transaction. In March 2009, RBS Citizen's short-term credit rating was downgraded by S&P to A-/A2 from A/A-1. This ratings downgrade has negatively impacted the YMCA since the Bonds have traded at a higher interest rate. The Bank then undertook steps necessary to restructure this financing in a Direct Purchase Mode to reduce ongoing interest expense. The revised Resolution authorizes the Bank to directly purchase the Bonds and exit 7-day Variable Rate Demand Bond Mode thereby providing YMCA relief from additional interest expense attributable to the existing LOC structure.

Transaction History:

In 1993, IFA's predecessor, the Illinois Development Finance Authority ("IDFA"), issued conduit bonds to finance construction of three (3) day care centers and five (5) after school facilities located in Waukegan. The project was completed and placed in service in January, 1995. In 2000, the Series 1993 Bonds were refunded through IDFA. In 2007, the borrower undertook a second refunding through IFA. This resolution seeks authorization for a third refunding of the underlying project financing.

Description of New Structure

The existing Letter of Credit (“LOC”) will be tendered and the Bonds will be reissued as a Direct Purchase transaction and held as an investment by Charter One Bank for the remaining term of the Bonds. This will result in a change in structure from LOC-secured 7-Day Variable Rate Bonds to a direct purchase structure. The Series 2007 Bonds are currently bearing interest in 7-day Tax-Exempt Variable Rate Mode, the new Bonds will bear interest set at 68% of one month LIBOR plus 250 basis point (presently 1.92%).

The Bank’s security for the Series 2009 amendment will remain as it is for the 2007 Bonds -- a first mortgage on the subject real estate. All other terms and conditions will conform to existing provisions of the Reimbursement Agreement between YMCA and RBS Citizens, N.A. (Charter One Bank, N.A.).

Recommendation:

The Credit Review Committee recommends approval.

Lake County Family YMCA:

Lake County YMCA is an Illinois 501(c)(3) not-for-profit corporation formed in 1893. The YMCA provides more than 15 different programs including: Big Brothers/Big Sisters, Girl Scouts, Boy Scouts, Adult and Children Day Care, Summer Day Camp and a Health and Wellness Center that is open to the public.

The YMCA’s service area is not limited to Lake County. Residents from DuPage, McHenry and Cook counties are included among the 17,000 individuals with 4,500 members and program participants. The YMCA has a staff of 215 full-time and part-time employees and volunteers.

PROFESSIONAL & FINANCIAL

Borrower’s Counsel:	Law Offices of Kevin Cahill	Chicago	Kevin Cahill
Bond Counsel:	Chapman and Cutler LLP	Chicago	Chris Walrath
Purchasing Bank:	Charter One Bank, N.A. (affiliate of RBS Citizens, N.A.)	Chicago	Lucy Czyn
Purchasing Bank’s Counsel:	Chapman and Cutler LLP	Chicago	Carol Thompson
Financial Advisor:	Bank of Montreal Capital Markets	Chicago	Michael Boisvert
Trustee:	Bank of New York	Chicago	Rodney Harrington
IFA Financial Advisor:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott

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**ILLINOIS FINANCE AUTHORITY
MEMORANDUM**

TO: IFA Board of Directors

FROM: Rich Frampton

DATE: August 11, 2009

RE: Resolution to Authorize Execution of an Amended and Restated Trust Indenture and Loan Agreement and related documents to Enable Addition of a Confirming Credit Facility

\$27,000,000 IFA (IEFA) Series 1997 Bonds (The Adler Planetarium)

Date Closed: 5/8/1997

Original Par Amount: \$27,000,000

Outstanding Principal Balance as of 6/30/2009: \$27,000,000

Current Structure: 7-day Variable Rate Demand Bonds secured by Charter One Bank, N.A. Direct Pay LOC; bullet principal maturity due in 2031

Amended Structure: Addition of Confirming LOC from the Federal Home Loan Bank of Boston; (Charter One will continue to provide a Direct Pay LOC, and will continue to assume all underlying Borrower-related risks). The FHLB Boston Confirming LOC will further enhance the Charter One Direct Pay LOC.

Request:

The Adler Planetarium (the "Adler"), a 501(c)(3) corporation incorporated under Illinois law, is requesting the Illinois Finance Authority to authorize the following actions relating to \$27,000,000, IFA (IEFA) Series 1997 Adjustable Rate Demand Revenue Bonds: execution of an Amended and Restated Indenture of Trust and an Amended and Restated Loan Agreement that will (a) add and provide for delivery of a Triple-A rated (S&P) Confirming Letter of Credit (i.e., the Confirming Credit Facility) from the Federal Home Loan Bank of Boston, which will further credit enhance the existing Direct Pay Letter of Credit from Charter One Bank, N.A., (b) provide for a new 15 Day Rate Mode to the existing Multi-Modal Bonds, to facilitate the addition of the Confirming Credit Facility from FHLB Boston, and, additionally, in connection with these changes, the Borrower will be executing (c) a new Tax Exemption Certificate and Agreement.

The Confirming LOC from the Federal Home Loan Bank of Boston will further support payments of principal and interest and the purchase price of the Bonds in the event that the Charter One Bank, N.A. LOC fails to provide for such payment.

The Series 1997 Bonds are currently bearing interest in 7-day Tax-Exempt Variable Rate Mode. The existing Multi-Modal structure authorizes conversion of the Bonds to a Daily Rate Mode, thereby enabling the tender of the Bonds upon conversion to Daily Rate Mode. The Resolution will authorize pricing to enable an intervening 15 Day Mode to facilitate conversion and amendment of the Bond Documents, and also result in a reissuance for tax purposes, as required for any non-housing project secured by a Federal Home Loan Bank Letter of Credit.

Recommendation:

The Credit Review Committee recommends approval.

The Adler Planetarium:

The Adler Planetarium — America's First Planetarium — was founded in 1930 by Chicago business leader Max Adler. The museum is home to three full-size theaters, including (1) the all-digital projection Definiti® Space Theater, (2) the Sky Theater, and (3) the Universe 3D Theater. It is also home to one of the world's most important antique astronomic instrument collections. The Adler is a recognized leader in science education, with a focus on inspiring young people, particularly women and minorities, to pursue careers in science. (See: www.adlerplanetarium.org .)

Original Use of Proceeds of the Series 1997 Bonds:

Proceeds of the IFA (IEFA) Series 1997 Bonds were used to construct and equip a 60,000 SF, two-story addition to its facility and the construction, renovation, and equipping of associated facilities at its campus located at 1300 S. Lake Shore Drive in Chicago. The IFA Series 1997 Bonds also financed construction of a new theater, the expansion and improvement of exhibit space, office, and work areas, and improvements of physical access to the facility.

PROFESSIONAL & FINANCIAL

Borrower:	The Adler Planetarium	Chicago, IL	Michael LoPresti
Borrower's Counsel:	Quarles & Brady	Chicago, IL	Mike O'Shaughnessy
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy Burke, Sharone Levy
Remarketing Agent:	B.C. Ziegler and Company (Ziegler Capital Markets)	Chicago, IL	Lynn Daly
Confirming LOC:	The Federal Home Loan of Boston	Boston, MA	Henry Seto, VP/Counsel
Confirming LOC Counsel:	Mintz Levin	Boston, MA	Greg Sandomirsky
Direct Pay LOC:	Charter One Bank, N.A.	Chicago, IL	Lucy Czyz Glenn Mazade
Counsel to Direct Pay LOC Bank:	Chapman and Cutler LLP	Chicago, IL	Carol Thompson
Trustee:	Wells Fargo Bank, N.A.	Chicago, IL	Gail Klewin
Rating Agency:	Standard & Poor's	New York, NY	
Issuer's Counsel:	Holland & Knight	Chicago, IL	
IFA Financial Advisors:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago, IL Chicago, IL	Bill Morris Lois Scott

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Penelope L. Peterson, PhD
Morteza Amir Rahimi, PhD
Rouhy J. Shalabi

DRAFT

IFA RESOLUTION 09-08-10

RESOLUTION PROVIDING FOR THE CONVERSION OF THE ILLINOIS EDUCATIONAL FACILITIES AUTHORITY ADJUSTABLE RATE DEMAND REVENUE BONDS, THE ADLER PLANETARIUM, SERIES 1997 (THE “BONDS”) OF THE ILLINOIS FINANCE AUTHORITY, FROM THE WEEKLY RATE MODE TO THE DAILY RATE MODE AND THE MANDATORY TENDER IN CONNECTION THEREWITH; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED TRUST INDENTURE, AN AMENDED AND RESTATED LOAN AGREEMENT, A TAX EXEMPTION CERTIFICATE AND AGREEMENT AND RELATED DOCUMENTS; APPROVING THE EXECUTION AND DELIVERY OF AN AMENDED REIMBURSEMENT AGREEMENT AND AMENDED CREDIT FACILITY; APPROVING THE EXECUTION AND DELIVERY OF AN INITIAL CONFIRMING CREDIT FACILITY; APPROVING THE CONVERSION OF THE BONDS FROM THE DAILY RATE MODE TO THE 15 DAY RATE MODE; AND AUTHORIZING AND APPROVING RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the “Authority”), including without limitation the Illinois Finance Authority Act, 20 *Illinois Compiled Statutes* 3501/801-1, *et seq.*, as supplemented and amended (the “Act”), is authorized by the laws of the State of Illinois, including without limitation, the Act, to issue its revenue bonds for the purposes set forth in the Act and to permit the expenditure of the proceeds thereof to defray, among other things, the costs of the acquisition, construction, refurbishment, installation and equipping of “cultural facilities,” as defined in the Act; and

WHEREAS, the Authority has heretofore issued the Illinois Educational Facilities Authority Adjustable Rate Demand Revenue Bonds, The Adler Planetarium, Series 1997 (the “Bonds”), in the aggregate principal amount of \$27,000,000, all of which are currently outstanding; and

WHEREAS, the Authority issued the Bonds pursuant to the terms of the Trust Indenture, dated as of April 1, 1997 (as previously supplemented and amended, the “Original Indenture”) between the Authority (as successor to the Illinois Educational Facilities Authority) and Wells Fargo Bank, National Association (as successor to Seaway National Bank of Chicago) as trustee (the “Trustee”); and

WHEREAS, the proceeds from the sale of the Bonds were loaned by the Authority to The Adler Planetarium, an Illinois not-for-profit corporation (the "Corporation"), for the purpose of (a) financing the acquisition, construction, renovation, improvement and equipping of certain of the Corporation facilities constituting "cultural facilities" as defined in the Act and as more fully described in *Exhibit B* to the Original Loan Agreement (as hereinafter defined), (b) paying a portion of the interest on the Bonds, and (c) paying certain costs relating to the issuance of the Bonds, all as permitted under the Act; and

WHEREAS, the Authority loaned the proceeds of the Bonds to the Corporation pursuant to the terms of the Loan Agreement dated as of April 1, 1997 (the "Original Loan Agreement") between the Authority and the Corporation; and

WHEREAS, the Bonds currently operate in the Weekly Rate Mode, and the Corporation now desires that (i) the Bonds be converted to a new 15 Day Rate Mode not contained in the Original Indenture and Original Loan Agreement, (ii) the Bonds be further secured by an irrevocable transferable standby letter of credit (the "Initial Confirming Credit Facility") to be provided by the Federal Home Loan Bank of Boston, a federally chartered banking institution (the "Initial Confirming Credit Provider"); and

WHEREAS, such conversion of the Bonds to the Daily Rate Mode will cause the Bonds to be tendered for purchase by the current owners thereof; and

WHEREAS, the current remarketing agent for the Bonds, B.C. Ziegler and Company (the "Remarketing Agent") will purchase all of the Bonds upon their conversion to the Daily Rate Mode; and

WHEREAS, to provide for such conversion of the Bonds to the 15 Day Rate Mode and cause to be delivered to the Trustee the Initial Confirming Credit Facility, the Corporation desires to amend and restate the Original Indenture and the Original Loan Agreement with an Amended and Restated Trust Indenture (the "Amended and Restated Indenture") and an Amended and Restated Loan Agreement (the "Amended and Restated Loan Agreement" and, together with the Amended and Restated Indenture, the "Amended and Restated Bond Documents"), respectively, and to amend any other related documents and/or to enter into such other documents as may be necessary to effectuate the addition of, and conversion of the Bonds to, the 15 Day Rate Mode, and the delivery of the Initial Confirming Credit Facility; and

WHEREAS, the Remarketing Agent, as the owner of 100% of the aggregate principal amount of the Bonds, will consent to the execution of the Amended and Restated Bond Documents; and

WHEREAS, upon the execution and delivery of the Amended and Restated Bond Documents, (i) the Bonds will be converted from the Daily Rate Mode to the 15 Day Rate Mode, (ii) the irrevocable letter of credit (as amended, the "Credit Facility") issued by Charter One

Bank, N.A. (the “Credit Provider”) as security for the Bonds will be amended, along with the Reimbursement Agreement between the Credit Provider and the Corporation, dated as of June 1, 2007 (as amended, the “Reimbursement Agreement”), and (iii) the Initial Confirming Credit Provider will deliver to the Trustee the Initial Confirming Credit Facility, which will support the payment of principal of, interest on and purchase price for the Bonds in the event that the Credit Facility fails to provide for such payment; and

WHEREAS, the conversion of the Bonds from the Weekly Rate Mode to the Daily Rate Mode, the tender of the Bonds upon such conversion to the Daily Rate Mode, the purchase of the Bonds by the Remarketing Agent upon such conversion to the Daily Rate Mode, the conversion of the Bonds from the Daily Rate Mode to the 15 Day Rate Mode, the amendment of the Credit Facility and the Reimbursement Agreement and the delivery of the Initial Confirming Credit Facility, as aforesaid, are collectively referred to herein as the “Conversion Transaction”; and

WHEREAS, the Conversion Transaction will result in the Bonds being reissued for federal income tax purposes; and

WHEREAS, in connection with such reissuance of the Bonds for federal income tax purposes, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of a Tax Exemption Certificate and Agreement (the “Tax Agreement”), by and among the Authority, the Corporation and the Trustee; and

WHEREAS, the Authority has caused to be prepared and presented to its members drafts of the following documents, which the Authority proposes to enter into (collectively, the “Authority Documents”):

- (i) the Amended and Restated Indenture,
- (ii) the Amended and Restated Loan Agreement, and
- (iii) the form of the converted Bonds; and

WHEREAS, the following additional documents will be executed and delivered by parties other than the Authority (collectively, the “Additional Transaction Documents”):

- (i) the Reimbursement Agreement,
- (ii) the Credit Facility, and
- (iii) the Initial Confirming Credit Facility; and

WHEREAS, the Authority desires to authorize and approve (i) the Conversion Transaction and (ii) the execution and delivery of the Authority Documents, the Additional Transaction

Documents and any other instruments and documents as may be necessary in connection with the Conversion Transaction;

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

Section 1. That the Authority hereby authorizes and approves the Conversion Transaction, as described above.

Section 2. That the Authority is hereby authorized to enter into the Amended and Restated Indenture with the Trustee, amending and restating the Original Indenture, in substantially the same form as is now before the Authority; that the form, terms and provisions of the Amended and Restated Indenture be, and they hereby are, in all respects approved; that the Chairperson, the Vice Chairperson, the Treasurer, any Assistant Treasurer, the Executive Director, any Assistant Executive Director, the Chief Financial Officer, any Assistant Chief Financial Officer or the Deputy Director – General Counsel (and for purposes of this Resolution, any person duly appointed to such office on an interim or acting basis) of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver, and the Secretary or any Assistant Secretary of the Authority be, and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Amended and Restated Indenture in the name, for and on behalf of the Authority, and thereupon to cause the Amended and Restated Indenture to be executed, acknowledged and delivered to the Trustee in substantially the form now before the Authority or with such changes therein as the Chairperson, the Vice Chairperson, the Treasurer, any Assistant Treasurer, the Executive Director, any Assistant Executive Director, the Chief Financial Officer, any Assistant Chief Financial Officer or the Deputy Director – General Counsel (and for purposes of this Resolution any person duly appointed to such office on an interim or acting basis) shall approve, his or her execution thereof to constitute conclusive evidence of such approval of any and all changes or revisions therein from the form of Amended and Restated Indenture now before the Authority; that when the Amended and Restated Indenture is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Amended and Restated Indenture will be binding on the Authority; that from and after the execution and delivery of the Amended and Restated Indenture, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Amended and Restated Indenture as executed; and that the Amended and Restated Indenture shall constitute, and hereby is made, a part of this Resolution, and a copy of the Amended and Restated Indenture shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 3. That the Authority is hereby authorized to enter into the Amended and Restated Loan Agreement with the Corporation, amending and restating the Original Loan Agreement, in substantially the same form as is now before the Authority; that the form, terms

and provisions of the Amended and Restated Loan Agreement be, and they hereby are, in all respects approved; that the Chairperson, the Vice Chairperson, the Treasurer, any Assistant Treasurer, the Executive Director, any Assistant Executive Director, the Chief Financial Officer, any Assistant Chief Financial Officer or the Deputy Director – General Counsel (and for purposes of this Resolution any person duly appointed to such office on an interim or acting basis) of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver, and the Secretary or any Assistant Secretary of the Authority be, and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Amended and Restated Loan Agreement in the name, for and on behalf of the Authority, and thereupon to cause the Amended and Restated Loan Agreement to be executed, acknowledged and delivered to the Corporation, in substantially the same form now before the Authority or with such changes therein as the Chairperson, the Vice Chairperson, the Treasurer, any Assistant Treasurer, the Executive Director, any Assistant Executive Director, the Chief Financial Officer, any Assistant Chief Financial Officer or the Deputy Director – General Counsel (and for purposes of this Resolution any person duly appointed to such office on an interim or acting basis) shall approve, such execution thereof to constitute conclusive evidence of his or her approval of any and all changes or revisions therein from the form of the Amended and Restated Loan Agreement now before the Authority; that when the Amended and Restated Loan Agreement is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Amended and Restated Loan Agreement will be binding on the Authority; that from and after the execution and delivery of the Amended and Restated Loan Agreement, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Amended and Restated Loan Agreement as executed; and that the Amended and Restated Loan Agreement shall constitute, and hereby is made, a part of this Resolution, and a copy of the Amended and Restated Loan Agreement shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 4. That the Authority is hereby authorized to enter into the Tax Agreement with the Corporation and the Trustee in the form to be approved by bond counsel and by counsel for the Authority; that the Chairperson, the Vice Chairperson, the Treasurer, any Assistant Treasurer, the Executive Director, any Assistant Executive Director, the Chief Financial Officer, any Assistant Chief Financial Officer or the Deputy Director – General Counsel (and for purposes of this Resolution any person duly appointed to such office on an interim or acting basis) of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver the Tax Agreement in the form so approved; that when the Tax Agreement is executed and delivered on behalf of the Authority as hereinabove provided, such Tax Agreement will be binding on the Authority; that from and after the execution and delivery of the Tax Agreement, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Tax Agreement as executed.

Section 5. That the form of the converted Bonds now before the Authority, subject to appropriate insertions and revisions in order to comply with the provisions of the Amended and Restated Indenture (as executed and delivered) of the Authority be, and the same hereby is, approved; that the converted Bonds shall be executed in the name, for and on behalf of the Authority with the manual or facsimile signature of its Chairperson, Vice Chairperson, Treasurer or any Assistant Treasurer, and attested with the manual or facsimile signature of its Secretary or any Assistant Secretary and the seal of the Authority shall be impressed or imprinted thereon; that the , Vice Chairperson, Treasurer or any Assistant Treasurer or any other officer of the Authority shall cause the converted Bonds, as so executed and attested, to be delivered to the Trustee for authentication.

[*Section 6.* That the forms of the Additional Transaction Documents now before the Authority are hereby approved, with such changes therein as shall be approved by the Authorized Officer of the Authority executing the Authority Documents, with such execution to constitute conclusive evidence of such approval and of the Authority's approval of any changes or revisions therein from the forms of the Additional Transaction Documents now before the Authority.]

Section 7. That the Chairperson, the Vice Chairperson, the Treasurer, any Assistant Treasurer, the Executive Director, any Assistant Executive Director, the Chief Financial Officer, any Assistant Chief Financial Officer or the Deputy Director – General Counsel (and for purposes of this Resolution any person duly appointed to such office on an interim or acting basis) of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver such other documents, certificates, and undertakings of the Authority, including, but not limited to, an IRS Form 8038, and to take such other actions as may be required in connection with effecting the Conversion Transaction as authorized and contemplated by this Resolution.

Section 8. That the designation by the Corporation of the Initial Confirming Credit Provider is hereby approved by the Authority. [The Corporation may appoint a different bank or financial institution as the provider of the Initial Confirming Credit Facility so long as such other bank or financial institution has a comparable credit rating.]

Section 9. That all acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, ratified, approved and confirmed.

Section 10. That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 11. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 12. That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

APPROVED this 11th day of August, 2009.

ILLINOIS FINANCE AUTHORITY

Chairman (or Vice Chairman)

ATTEST:

Secretary (or Assistant Secretary)

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: Members of the Board of the Illinois Finance Authority

From: Steven Trout, Vice President

Date: August 3, 2009

Re: Fifth Third Bank's Request for Consent to Amend Its Term Loan to Blackhawk Biofuels, LLC and Blackhawk Biofuels, LLC's Merger with REG Danville, LLC and REG Newco, Inc.

Executive Summary

On May 12, 2009 the committee of the whole authorized a delegation of authority to staff to amend the terms of the Guarantee to give staff additional time to complete due diligence and negotiate terms for the amendment. Since then, Fifth Third has obtained credit approval for amended loan agreement which has been accepted by Blackhawk Biofuels and REG. IFA staff has continued its due diligence with Scott Balice, as Financial Adviser, and Aronberg Goldgehn, as Issuer's Counsel. Key findings since the May Board meeting are:

- Fifth Third's terms for amending its term loan and extending a line of credit are consistent with the terms summarized in May except that REG will be required to post a \$5 million limited guarantee to support the line until a guarantee from USDA can be obtained.
- Blackhawk's financial performance has fallen far short of forecast because of slower than expected sales growth and higher than expected costs that Blackhawk largely attributes to non-recurring start-up and merger related expenses.
- REG expects that the merger will not close until October, primarily because of time required to complete required filings and obtain necessary approvals.
- Blackhawk and REG have provided an updated forecast for 2009 that assume that a tolling agreement with REG continues through September and that sales grow more slowly than forecast in May. REG and Blackhawk expect that Blackhawk should be able to make all debt payments in 2009 (after taking into account the deferral of principal payments due May – December 2009), 2010 and beyond.
- Despite poorer than expected financial results, REG and Fifth Third remain eager to pursue the merger with Blackhawk and amend the term loan that IFA guarantees.

This memorandum provides an update on (1) Fifth Third's amendment of the Term Loan and extension of a line of credit, (2) Blackhawk's merger with REG and (3) Blackhawk's recent financial results and forecast through the end of 2010. This memorandum will be supplemented by a memorandum from Scott Balice, after Scott Balice has completed its due diligence review, that summarizes Scott Balice's evaluation of Fifth Third's request.

Recommendation

IFA Staff believes under the current circumstances that it is advisable that the Board agree to Fifth Third's request to amend the Term Loan that IFA supports with an Agri-Industry Guarantee and to consent to Blackhawk's merger with REG. We believe that a modification of the Term Loan and merger with REG represents Blackhawk's best available option for facilitating the continued operation of the plant in Danville, the sole source of cashflow to pay principal and interest on the Term Loan. IFA's failure to consent appears likely to trigger a near-term payment default and a draw on the Guarantee because Blackhawk lacks sufficient working capital to operate the Plant on its own. While the Plant's continued ability to generate sufficient cashflow to make timely debt payments in the future cannot be assured, Blackhawk and REG believe that the Plant should be able to make debt payments in 2009 and beyond, under current conditions.

Fifth Third Bank's Amendment of the Term Loan and Extension of a Line of Credit

Fifth Third has issued a commitment letter to amend the Term Loan and extend a \$5 million Line of Credit, which has been accepted by Blackhawk and REG. As of May 12, the lender had issued a term sheet but was awaiting final credit approval. The terms offered in the commitment letter are substantially the same as those summarized for the Board in May, with the exception that the Bank is requiring that REG issue a limited guarantee for \$5 million to provide additional collateral for the Line of Credit, until a guarantee from the USDA can be obtained. The USDA has provided Fifth Third and Blackhawk with a written request that Blackhawk formally apply for a guarantee for a multi-year line of credit. Fifth Third and Blackhawk plan to submit their application to the USDA promptly after receiving a copy of feasibility study that is being prepared by the Iowa State University Extension Service that is expected to be completed by the end of August.

The Merger

Blackhawk and REG currently contemplate completing a merger by the end of September. The merger involves the merger of REG Danville, LLC into Blackhawk Biofuels, LLC ("Blackhawk"), the borrower that is supported by the IFA Guarantee. Blackhawk will become a subsidiary of REG Newco, Inc., a new entity that is expected to become the holding company for REG (as it exists today), as well as two other entities that will be acquired by merger or asset purchase. These entities are described below:

- Renewable Energy Group, Inc, ("REG"), operates a network of biodiesel facilities with an aggregate production capacity of 302 million gallons per year ("mmgy"), consisting of two facilities that are wholly owned by REG and seven facilities that are owned by third parties, including Blackhawk and the other two entities that are expected to be included in Newco. REG also has a marketing agreement with a third party for an additional 5 mmgy of capacity. During 2008, REG sold approximately 94 mmgy of biodiesel in the domestic and international markets, most of which was sold under the REG's brand,

REG-9000. REG believes that it operates the national largest biodiesel production network.

- Central Iowa Energy, LLC (“CIE”) was formed in March 2005 and has been engaged in the production of biodiesel and glycerin at a 30 mmgy biodiesel plant in Newton, Iowa since April 2007. Pursuant to a Management and Operational Services Service Agreement (“MOSA”), REG is responsible for the plant’s overall management, procures feedstock and chemical inputs and markets the biodiesel and glycerin produced.
- Western Illinois Energy, LLC (“WIE”) was formed in September 2004 has been engaged in the production of biodiesel and glycerin at a 30 mmgy biodiesel plant in Sac County, Iowa since May 2006. Pursuant to a MOSA, REG is responsible for the plant’s overall management, procures feedstock and chemical inputs and markets the biodiesel and glycerin produced.

At the time of the Blackhawk merger, each Blackhawk membership unit will convert to the right to receive 0.4479 shares of Newco Common Stock and 0.0088 shares of Newco Series A Preferred Stock. Management estimates Blackhawk unit holders will receive approximately 18.5% of the Newco Common Stock and 1.0% of the Newco Preferred Stock then outstanding.

Each of the entities to be acquired will operate as separate subsidiaries of Newco. Each entity will be responsible for paying its own debt obligations. While each of these entities have lost money in 2008 and through the first quarter of 2009, REG believes that each entity can make its respective debt payments as currently scheduled under current market conditions. As part of the due diligence process, REG reviewed each entity’s debt obligations, and negotiated with lenders to obtain modifications as required to provide assurance that each entity could comply with all loan terms and make scheduled debt payments under current market conditions.

Blackhawk Financial Results – April to June 2009

Sales: Sales have not met expectations because of below expected volume, as outlined below:

- April: 0.75 MM gallons, versus 1.3 MM forecast
- May: 1.2 MM gallons versus 1.3 MM forecast
- June: 1.9 MM gallons versus 2.7 MM forecast

Management explained that sales took time to build as REG built relationships with local buyers and as the Plant built a reputation as reliable source of biodiesel. During this period Blackhawk and REG adjusted production processes to meet client requirements, which limited Plant availability. The Plant was recently certified as a BQ 9000 supplier, the industry quality standard for biodiesel, less than 4 months after starting consistent commercial operation.

Tolling Agreement: Currently all production at the Plant is done via a monthly tolling agreement, under which REG buys the feedstock, manufactures and sells the biodiesel and other output. REG committed to produce 1.3 million gallons of biodiesel a month in April, May and June. Blackhawk permitted REG to make up production deficiencies in April and May in June and July,

which has been accomplished. REG is finalizing tolling agreements for July and expects to enter into monthly agreements until the merger closes, which is expected in October.

Costs of Goods Sold: Monthly Cost of Goods sold exceed forecast by \$100,000 to \$197,300 between April and June. These costs were attributable to costs of goods sold outside the tolling agreement with REG and for certain chemicals that Blackhawk must provide under the tolling agreement. Blackhawk believes that the cost overruns are attributable to start-up issues.

Professional Costs: Other operating costs exceed forecast by \$66,000 to \$361,600, primarily due to costs attributable to the merger. REG anticipated that future merger costs after July will be limited to about \$200,000 in total.

Forecast for the Second Half of 2009 and 2010

Sales and Production: Production increased to 2,374,000 gallons in July and ran at a monthly rate of 2.5 MM gallons during the second half of the month. Sales and production is projected at 2.5 MM gallons in August and September 2009. REG expects sales and production to decline to 2.2 million gallons a month beginning in October 2009 through the first quarter 2010, reflecting reduced demand for biodiesel that is typical during the cold months. REG anticipates increasing sales and production to 2.5 million in April and with further growth to 3.25 million or 87% of capacity, for the rest of 2010.

Tolling Agreement: REG and Blackhawk have extended a tolling agreement on a month-to-month basis since April. The forecast assumes that a tolling agreement continues through November. REG has represented to IFA that it intends to continue to extend a tolling agreement through the end of 2009 as long as a merger with Blackhawk appears achievable.

Biodiesel Prices: Management expects biodiesel prices to increase from \$2.44 in June to a peak of \$2.75 in December. Management expects prices to stabilize at \$2.78 in 2010.

Input costs.

Soy Oil: Management expects soy oil prices to remain relatively stable, growing from \$0.30 in July to \$0.31 in September and remaining there for the rest of 2009 and 2010.

Animal Fat: Management anticipates animal fat prices to remain range between \$0.21 to \$0.23 a pound through the first quarter of 2010. Management anticipates prices rising to \$0.25 between May and July before dropping to \$0.23 for the next three months and to \$0.21 for the last two months of year, during which time animal fat usage is usually reduced because of cold weather.

Cost of Sales and Gross Margin: Total Cost of Sales is estimated \$2.45 per gallon, or a gross margin of \$0.30 per gallon, once Blackhawk resumes production for its own account after the merger with REG, which is forecast to begin December 1. REG anticipates that biodiesel prices will grow faster than input cost increases in 2010, reflecting an expectation that the new federal Renewable Fuel Standard will require blenders to increase use of biodiesel and that continued higher costs for soy oil will continue to prevent biodiesel plants that can not animal fats from

resuming production on a regular basis. As a result REG expects gross margins to improve to \$0.47 per gallon in 2010 on average and to generate sufficient operating cashflow to generate 2.4 times debt service coverage in 2010.

Other Professional Costs: The forecast for July through September 2009 includes in total \$300,000 in estimated costs to complete the merger.

Taxes: No income tax credit or liability is included until October 2009 when REG is expected to take control because Blackhawk is a limited liability company and does not pay taxes. The forecast anticipates that REG will realize tax credit in December 2009 and January 2010, when operating losses are expected but to begin consistently paying income tax thereafter.

Regulatory Uncertainty

Renewable Fuel Standard (“RFS”): The US EPA recently proposed revised a Renewable Fuel Standard (“RFS-2”) that would exclude biodiesel derived from soy oil and other vegetable oils as qualifying as a Renewable Fuel. The proposed rule includes an analysis of biodiesel’s lifecycle emissions, which includes an estimate of the carbon impact of additional farmland that will be required to replace farmland that is now devoted to fuel production (“indirect land use”). After considering indirect land use, EPA estimates that vegetable oil derived biodiesel reduces greenhouse gas (“GHG”) emissions by only 22% versus diesel, well short of the 50% standard required to qualify as a Renewable Fuel. Loss of the Renewable Fuel designation would eliminate much of the incentive that blenders of biodiesel have to purchase vegetable oil derived biodiesel, which is often more costly than traditional diesel fuel. REG and other biodiesel producers are vigorously opposing this proposal, noting that vegetable oil accounts for 70% of the nation’s feedstock for biodiesel and citing independent scientific research that estimates that vegetable oil derived biodiesel reduces GHG emissions by 80% versus diesel.

REG is hopeful that vegetable derived biodiesel will continue to qualify as a Renewable Fuel. It believes that the Danville plant may be able to survive if vegetable derived biodiesel loses its designation because the Danville plant, unlike most of the nation’s biodiesel plants, can produce biodiesel from animal fat.

Tax Credit: A \$1 per gallon federal tax credit payable to blenders of biodiesel is critical to the industry’s viability because biodiesel costs more to produce than traditional petroleum based diesel. The Tax Credit is scheduled to expire at the end of 2009. The Tax Credit has been in place since 2004 and has been extended 3 times. REG anticipates that the Tax Credit will be extended and notes that the Credit may be modified to be payable to producers, which would probably be a positive development for Blackhawk.

Lack of Sufficient Reserves to Fund a Draw on the Guarantee

Payment on IFA Agricultural Guarantees is secured by a pledge of dedicated reserves and a full faith and credit pledge of the State. The reserve available to pay on this guarantee is \$7,597,491 as of July 31, 2009. IFA’s liability under the Guarantee is 60.85% of Fifth Third’s term loan, or \$14,874,999.80. The Guarantee calls for IFA to pay the Lender the full amount of the Guarantee, within 30 days of IFA’s receipt of a request that meets the terms of the Guarantee. Accordingly,

IFA may be required to seek funds from the State to pay a draw on the Guarantee to cover amounts that exceed available reserves.