

# Illinois Finance Authority

August 12, 2008

12:00 PM

## Board Meeting

Illinois State Library

300 S. Second Street, Room 403/404

Springfield, Illinois



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**ILLINOIS FINANCE AUTHORITY  
BOARD MEETING  
August 12, 2008  
Springfield, Illinois**

**COMMITTEE OF THE WHOLE  
12:00 noon  
Illinois State Library  
300 S. Second Street, 1st Floor, Authors' Room**

**AGENDA**

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

**BOARD MEETING  
3:00 p.m.  
Illinois State Library  
300 S. Second Street, Room 403/404  
Springfield, Illinois**

**AGENDA**

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

**AGRICULTURE**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>Agri-Debt Guarantee</b>						
<i>Final</i>						
1	Jeffrey and Dee Dee Seabaugh	Walshville	\$425,000	3	0	ER
<b>Beginning Farmer Bonds</b>						
2	Allan & Kathleen Milner	Tonica	\$90,200	0	0	CEM
	Nathan Webster	Sparland	\$100,000	0	0	CEM
	Clint Steidinger	Strawn	\$161,850	0	0	CEM
	Colin Steidinger	Strawn	\$161,850	0	0	CEM
	Jason & Jolie Worsfold	Trivoli	\$119,000	0	0	CEM
	Will A. Wood	Brocton	\$190,000	0	0	ER
	Jared M. Halloran	Paris	\$250,000	0	0	ER
<b>Participation Loans</b>						
<i>Final</i>						
3	F. Randall Borkgren and Tereas M. Borkgren	Woodhull	\$87,500	0	0	CEM
4	Rick A. Borkgren and Martha A. Borkgren	Woodhull	\$87,500	0	0	CEM
<b>TOTAL AGRICULTURE PROJECTS</b>			<b>\$1,672,900</b>	<b>3</b>	<b>0</b>	

**BUSINESS AND INDUSTRY**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>Affordable Rental Housing Bonds</b>						
<i>Preliminary</i>						
5	The Oaks at Village Woods SLF, LP and its affiliates, successors, and assigns	Unincorporated Will County	\$16,000,000	0	85	RF
<b>Industrial Revenue Bonds</b>						
<i>Preliminary</i>						
6	HydroAire Service, Incorporated	Chicago	\$3,300,000	11	10	KC
<b>Industrial Revenue Bonds</b>						
<i>Final</i>						
7	Kenall Manufacturing Company	Gurnee, Mundelein	\$5,600,000	30	15	TA
8	Superior Manufacturing Group, Inc. and/or its Affiliates, Successors, and Assigns	Bedford Park	\$8,000,000	22	0	ST
<b>Participation Loans</b>						
<i>Final</i>						
9	Automotive Robotics Engineering Labs Real Estate LLC (to be formed)	East Peoria	\$500,000	6	0	JS
<b>Solid Waste Disposal Facilities Bonds</b>						
<i>Final</i>						
10	Prairie Power, Inc.	Lively Grove	\$51,200,000	270	1200	ST
<b>TOTAL BUSINESS AND INDUSTRY PROJECTS</b>			<b>\$84,600,000</b>	<b>339</b>	<b>1,310</b>	

### COMMUNITIES AND CULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>501(c)(3) Bonds</b>						
<i>Preliminary</i>						
11	Beverly Arts Center	Chicago	\$7,300,000	2	100	TA
12	Clearbrook	Multiple	\$5,400,000	0	0	TA
13	Kane County Senior Living	Geneva	\$8,000,000	11	100	ST
<b>501(c)(3) Bonds</b>						
<i>Final</i>						
14	Greater Peoria Young Men's Christian Association	Peoria	\$3,000,000	1	25	JS
15	Prairie Crossing Charter School	Grayslake	\$10,500,000	0	20	TA
16	The Lyric Opera of Chicago	Chicago	\$3,500,000	16	50	TA
<b>TOTAL COMMUNITIES AND CULTURE PROJECTS</b>			\$37,700,000	30	295	

### HEALTHCARE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>501(c)(3) Bonds</b>						
<i>Preliminary</i>						
17	Central DuPage Health	Winfield	\$190,000,000	0	400	PL/DS
18	Northern Illinois Proton Treatment and Research Center, LLC	West Chicago	\$200,000,000	120	800	PL/DS
19	The University of Chicago Medical Center	Chicago	\$170,000,000	0	0	PL/DS
<b>TOTAL HEALTHCARE PROJECTS</b>			\$560,000,000	120	1,200	

### HIGHER EDUCATION

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>501(c)(3) Bonds</b>						
<i>Final</i>						
20	North Central College	Naperville	\$22,000,000	19	100	TA
<b>TOTAL HIGHER EDUCATION PROJECTS</b>			\$22,000,000	19	100	
<b>GRAND TOTAL</b>			\$705,972,900	511	2,905	

## RESOLUTIONS

Tab	Project	FM
<b>Amendatory Resolutions / Resolutions</b>		
21	An Amendatory Resolution for Norwegian American Hospital Authorizing Amendments to the Final Bond Resolution to Increase the Maximum Coupon Rate from 8.25% to 8.75%.	PL/DS
22	Resolution with respect to use of Single Family Housing volume cap and authorizing a partnership with the Illinois Housing Development Authority and the City of Decatur for a Mortgage Credit Certificate Program to assist Veterans and Actively Serving Military Personnel in Illinois	CM

### Other

### Adjournment



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Governor, Rod R. Blagojevich  
Authorized Officers, Karen Walker and Christopher Meister



Illinois Finance Authority  
Authorized Officers Report  
August 12, 2008

To: IFA Board of Directors and Office of the Governor

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

**Financial Performance**

Consolidated Results: Illinois Finance Authority's financial position remains strong with total assets of \$174,448,052 consisting of equity of \$112,808,512 and liabilities of \$61,639,540. This compares favorably to the July 2007 balance sheet of \$153,814,580 in total assets comprising of \$95,453,425 in equity and \$58,361,154 in liabilities and bonds payable.

Gross Income YTD for July ended at \$715,044 or \$346,684 below plan. The unfavorable plan performance is primarily due to fee income and investment income. Total operating expenses ended at \$724,027 or \$99,108 below plan. This is primarily due to a reduction in professional services and employee related expenses and the loan loss provision/bad debt.

**Audit and Compliance**

As of July 31, 2008, the Authority had achieved 100% completion of two more audit findings; (1) Allowance of old accounts receivables not performed and, (2) Bad debt not referred to the Illinois Office of the Comptroller.

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

### **Sales Activities**

Funding Managers will be presenting 20 projects totaling \$705,372,900 for approval in August, 2008. Agriculture projects total \$1,672,900; Business and Industry total \$84,600,000; Communities and Culture projects total \$37,700,000; Healthcare projects total \$560,000,000; and Higher Education projects total \$705,972,900. These projects are expected to create 511 new jobs and 2,905 construction jobs.

### **Agriculture**

During the month of July 2008, the Agriculture Team continued their efforts to diversify projects in the areas of agriculture and agri-business by continuing calling efforts to lender and potential clients for bond issuances. Additionally, members of the Ag Team attended the Champaign County Agri-business Council's monthly meeting held in Champaign, Illinois.

Agriculture Closings, July 2008		
Closing Date	Issuance\$\$	Borrower
07/24/2008	\$250,000	Jayson Entwistle

### **Healthcare**

During the month of July, 2008 the Healthcare Team closed three conversions (Northwestern Memorial Hospital, Evanston Northwestern Healthcare and Centegra Health System) that were prompted by the auction rate market crisis, and started working on a marketing letter to promote the 1985 Revolving Fund Pooled Financing Program. Currently, there is approximately \$50 million in funds available.

Additionally, the Healthcare Team worked to collect past due invoices for annual fees associated with bonds issued by the Illinois Health Facilities Planning Board. So far, over \$50,000 in past due fees have been collected, and Borrower's with remaining outstanding fees are expected to pay shortly. Finally, the Healthcare Team researched safety-net hospitals with the goal of determining what kind of programs and services the IFA can provide to these designated hospitals that fit within the mission of the IFA.

There were no Healthcare closings in July, 2008

### **Higher Education**

During the month of July, 2008 the Higher Education Team had taken on several initiatives that are anticipated to result in a new slate of IFA program offerings for private and community colleges in Illinois. Plans are being formulated for a

short-term borrowing program and a long-term pooled bond program for independent colleges and universities in Illinois. Additionally, an equipment loan program for community colleges is in the preliminary planning stages.

Members of the Higher Education Team attended and participated in the Lt. Governor's Third Annual Sustainable University Symposium which was held at the University of Illinois Chicago campus. Symposium speakers included environmental experts from businesses as well as college and university professors. The Financial Administrator from the Los Angeles Community College District, which is the second largest community college district in the United States, spoke on various green projects including retrofitting existing buildings, parking lots, and new construction and how the community college district financed these projects. The topics included financing programs for green renovations and for new facilities, and examples of colleges and universities that have used IFA conduit financing to fund such projects. Townsend Albright served as the co-panelist for one of the break-out sessions. The session was well attended with over 70 participants.

As a result of the session, funding managers were invited to discuss financing programs with Campus Acquisitions, a consulting firm specializing in new campus facilities and renovation projects. A current project of the group is the University of Illinois' YMCA campus in Champaign, Illinois. Staff will be meeting with representatives from the group in early August, 2008 to discuss the YMCA and future project financings.

There were no Higher Education closings in July, 2008

### **Communities and Culture**

Several activities and projects are evolving in this market segment in down-state Illinois. A workshop was coordinated and conducted by IFA, with Edward Jones as a sponsor, on July 29 in Springfield for Public School Superintendents. The focus of the workshop, attended by 43 participants, was the 1% Sales Tax Legislation ("County School Facility Occupation Tax Law" Public Act 095-0675) that passed last fall which enables school districts to obtain sales tax revenue on

a countywide basis by meeting specified criteria. The revenue must be spent on school facilities. The Springfield YMCA is planning a new building on the west side of the city in the next few months and has discussed financing options with IFA for this project. East Richland Community Unit School District #1 in Olney is working with the IFA to finance a project that would involve renovating the middle school and refinancing existing debt. Several faith-based contacts have been made recently, including the Illinois United Ministries in Higher Education, West Side Christian School and Calvary Academy. Sacred Heart Griffin is planning a renovation project later in 2008 or early 2009 for their high school and has discussed financing options with the IFA for this effort. Additionally, Springfield IFA staff are partnering with staff of the Donor's Forum to sponsor workshops for not-for-profit organizations South of I-80.

Members of the Community & Culture Team participated in a meeting hosted by the Department of Commerce and Economic Opportunity for consultants who represent Japanese firms and other Japanese entities wishing to locate a subsidiary, new business or foundation in Illinois. Lastly, staff members attended a reception hosted by the law firm of Chapman & Cutler LLP. At the reception, staff had the opportunity to discuss ratings concepts and criteria for higher education and non-profit debt financings with representatives from Standard and Poor's Investors Service.

**Community & Culture Closings, July 2008**

Closing Date	Issuance\$\$	Borrower
07/01/08	\$19,360,000	Jewish Federation RAN 2008-2009A
07/24/08	\$5,082,400	Achievement Unlimited, Inc.
07/31/08	\$30,000,000	Chicago Horticultural Society [Chicago Botanic Garden]

**Business & Industry**

IFA staff from Peoria and Springfield attended the annual meeting of the Illinois Development Council at the Hilton Hotel in Springfield, Illinois on July 17. There were 125 participants from various economic development groups throughout the state who attended, and staff presented IFA programs during a round table session.

Consistent with seasonal increases in Industrial Revenue Bond activity, closing activity for IRB's is peaking as typical in late Summer. IFA has three IRB applications on the August 12, 2008 board meeting agenda for a final bond resolution. The August board meeting is likely to be the peak month for new final bond resolution requests for IRB's this year.

Recent IFA prospects doing well in this economy include companies that (i) manufacture components for multinational Original Equipment Manufacturers (OEMs), (ii) manufacture component parts used in the oil/gas drilling and mining industries, (iii) companies in the food service industry or that manufacture products used by the food service industry. The ongoing focus on production quality is also resulting in a demand for equipment modernization. Equipment-driven improvements in production efficiency and quality represent an essential part of capital budgeting for many manufacturing companies.

Both IRB and 501(c)(3) borrowers will have additional options for financing expansion projects with Tax-Exempt Bonds thanks to approval of a provision in the federal Housing Relief Bill signed by the President on Wednesday July 30th. This provision amended the Internal Revenue Code to enable the 12 regional Federal Home Loan Banks to lend their respective credit ratings to FHLB Member Banks by providing their Direct Pay Letter of Credit to further credit enhance each Member Bank's Letter of Credit. The Federal Home Loan Banks each have their own respective ratings -- all are rated AA+ or AAA (LT) and A-1+ (ST). All project risk will be borne by the Member Bank, not the FHLB's. Additionally, the FHLB's will be fully collateralized as required by their regulator. The FHLB's are actually member-owned cooperatives chartered by Congress with the implied backing of the US Government. Unlike FNMA and FHLMC, however, the FHLB's members both hold stock and are required to post collateral in order to obtain advances (i.e., loans or a Letter of Credit) from the FHLB.

The prospective impact on Municipal Bond Market are (1) The FHLB's LOC could benefit any Member Bank whose Long Term or Short Term Rating is less than that of the FHLB (i.e., less than AA+ or AAA (Long Term) or A-1+ (Short Term)); (2) the 12 FHLB's collectively have 8,100 members nationally -- community banks, regional banks, super-regional banks, and national (Money Center) banks are all members of the FHLB system. In certain cases, the FHLB Letter of Credit may help certain borrowers (working through their Member Banks) to obtain a lower interest rate as a result of the FHLB having a higher rating than the Member Bank; (3) FHLB Member Banks will now be able to offer their borrowers direct access to a rated Letter of Credit by using their membership in the appropriate FHLB to obtain an overlaying, rated Letter of Credit. As a

result, FHLB Member Banks will more readily be able to offer access to 7-day variable rate demand bonds; (4) Prospective borrowers (through local FHLB Member Banks) should be able to choose from multiple tax-exempt bond structures as a result of the FHLB LOC Provision.

Consequently, in addition to receiving Direct Purchase proposals (i.e., fixed for 3-5 years with reset provisions extending to final maturity), Borrowers should also receive Variable Rate proposals (i.e., 7-day variable rate demand bonds).

More options for both lenders and Borrowers means that it is more likely that Borrowers will have access to a Tax-Exempt Bond financing that fits their needs, and the FHLB LOC Provision will enable local banks, particularly in rural communities, to more easily jointly participate in credit enhancing both essential purpose and 501(c)(3) projects that benefit the local area. The FHLB LOC can now provide the necessary "wrap" LOC on behalf of the local FHLB Member Banks financing the local project. This will help local banks finance local projects with tax-exempt bonds for Local Government and 501(c)(3)'s. The FHLB LOC Provision will provide banks that would normally consider structuring a Direct Purchase Bond transaction with a second option to finance an IRB, 501(c)(3), or local government project. The FHLB LOC Provision will particularly help non-rated Member Banks assist customers interested in pursuing a 7-day Variable Rate Demand Bond.

The FHLB LOC Provision is not a panacea solution that will materially expand access to tax-exempt bond financing. Each Member Bank will be responsible for making the credit decision, just as on direct purchase transactions. The underlying credit profile of IFA customers will not change materially.

The FHLB LOC Provision will not increase IRB or 501(c)(3) Bond Issuance Volume materially. Instead, to the extent the FHLB LOC Provision is used, it will result in a substitution of structure. Consequently, the market share of LOC-secured 7-day floaters should increase compared to Bank Direct Purchase Transactions for financings in the \$4 million to \$15 million range. Most IRB and 501(c)(3) financings under \$4 million will continue to be purchased directly by Banks and held directly as an investment.

The FHLB's will not be undertaking any project-related risk when they advance LOC's on behalf of Member Banks. The FHLB's will merely provide access to their credit rating to their Member Banks -- as a result, the Member Banks will be in a better position to provide LOC's to support local projects.

There were no Business & Industry Closings in July, 2008

### Energy

Prairie Power is seeking the IFA's final approval for the issuance of \$51,200,000 in Solid Waste Disposal Facilities Revenue Bonds at the August 12, 2008 board meeting. Prairie Power expects to close on this issue in late September, 2008. IFA staff recently met with a developer evaluating Illinois' as a site for a coal gasification to synthetic natural gas plant. The developer is considering the IFA to issue the bonds as part of an incentive package to locate in Illinois. The developer hopes to select the site within the next couple of months.

There were no Energy Closings for the month of June, 2008

### Local Government

During the month of July, the 2008A Local Government Pool closed. Six communities participated in the \$1.8 million pool. In addition, members of the Local Government Team reached out to other market sectors (in the business and not-for-profit communities) to enhance funding efforts. As a result, Achievement Unlimited, a CILA, closed in July. Going forward, staff looks forward to exploring local government pools without the moral obligation enhancement as well as continuing efforts in the not-for-profit and business and industry sectors. Staff has received inquiries from approximately twelve units of local government (for stand-alone and pooled financing) during the month of July. In addition, staff participated in the Illinois Development Counsel's round table discussion for financing opportunities for business and local governments in Illinois. Members of the Local Government Team also hosted and participated in an informational session encompassing the County School Facility Occupation Tax Law.

Local Government Closings, July 2008		
Closing Date	Issuance\$\$	Borrower
07/22/08	1,800,000	Bond Bank Revenue Bonds, Series 2008A

### **Financial Services**

During the month of July, the Financial Services area continued to focus on year-end closing activities, Strategic Planning, Governor's Office Initiatives and municipal market activity.

**Year-End Closing Activities:** The Director of Financial Services visited with each of the three regional offices and completed all funding manager and financial service administrator performance reviews. FY09 revenue targets for each of the funding managers and market sectors are in process of being finalized.

**Strategic Planning:** The Director of Financial Services is currently reviewing draft strategic plans for each of the market sectors, prepared by the Marketing and Business Development Coordinator. New program concepts include a (1) Mini Bond program targeting small to mid-sized borrowers with projects in the \$1MM to \$3MM range; (2) a Local Government Pooled Bond program that does not utilize moral obligation; (3) a short-term direct bank placement cash flow borrowing for local governments and school districts; (4) a direct placement interim bond with a 10-year final maturity; and (5) a safety net hospital financing program. The Director of Financial Services is coordinating development efforts with staff.

**Governor's Office Initiatives:** The Director of Financial Services and General Counsel followed up on a number of initiatives, including (1) an IDOT/Amtrak proposal to improve rail service, (2) an IDOT proposal to improve MBE participation on contracts; (3) a Department of Veteran's Affairs initiative to offer home mortgage assistance to veterans and active duty members. In connection with the DVA initiative, the IFA will consider a transfer of its remaining single family housing volume cap to support this initiative. The Director of Financial Services and General Counsel met with the Governor's Office at their request to discuss state-sponsored programs, including moral obligation, state guarantees and volume cap. Participation loans were also discussed.

**Market Activity:** The market continued to show increased volatility and uncertainty due to the ongoing credit crunch and insurance ratings impacts. On July 21, 2008, Moody's placed Assured Guaranty and FSA (Aaa rated) on watch for possible downgrades. As a result, some variable rate demand obligations are pricing significantly higher than the market index. Federal and state regulatory agencies, including the SEC, continued to inquire and investigate a number of broker-dealer firms' involvement in the auction rate securities market. The new Housing Bill offers (1) potential for relief in the credit market with the new FHLB LOC and (2) potential for further review of IFA's volume cap allocation. Finally,

the IFA was ranked the 3<sup>rd</sup> largest issuer of municipal bonds during the first half of calendar year 2008, with \$3.18 billion in bonds.

### **Human Resources/Operations**

#### **Human Resources:**

The Authority's Chief Operations Officer completed, and submitted 4th Quarter EEO/AA Report to the Illinois Department of Human Services, (2) Completed and submitted the EEO/AA Plan for Fiscal Year 2009 to the Illinois Department of Human Services, (3) Produced and distributed the Employee Turnover Report, (4) Updated all of IFA's required employer postings, (5) Hired two summer interns through the Illinois Department of Employment Security's program for individuals with disabilities.

#### **Benefits:**

The Chief Operations Officer hosted and annual trustee meeting for the IFA's Individual Account Plan [401(a)], (2) Reviewed the performance of investment alternatives available to plan participants, (3) Approved adding two new investment alternatives to the menu of investment selections available to participants, (4) Completed and adopted an Investment Policy, (5) Hosted an all employee meeting to update IFA staff on the investment performance of the plan, new investment alternatives, and to review the current climate of the capital markets.

#### **Venture Capital:**

The Chief Operations Officer attended board meetings for ZuChem (Glycochemicals), Harmonic Vision (Educational Software Development and Publishing), and FireFly(Lead Acid Battery Technology); Prepared and distributed Board Meeting notes to the Venture Capital Committee. Additionally, staff liaisons and members of the Venture Capital Committee met to identify next steps in evaluating the Venture Capital Fund.

Page Ten  
IFA Director's Report  
August 12, 2008

**Information Technology:**

Updates continued on the IFA's IT Disaster Recovery Plan.

Compliance

The Chief Operations Officer completed and submitted the TA2 Report.

**Marketing/Public Relations**

The Director of Marketing and Public Relations continues to work on strategic planning, sector overviews and key initiatives have been drafted for healthcare, business & industry, community & culture, and higher education sectors.

End-of-year/new fiscal year updates, as well as revisions to accommodate Kym Hubbard's resignation, were made to our stationery items, literature, website and various press activities. The management information/data base development project continues to make excellent progress. A beta version of our intranet project was introduced for employee comment and content development.

FOIA requests in July:

- James Edwards, Medill – bond measures for projects in south suburban Cook county
- T. Novak, Sun-Times – Univ. of Chicago and Univ. of Chicago Medical Center project documents

**ILLINOIS FINANCE AUTHORITY**

**COMPARISON July 2008 TO July 2007**  
**FINANCIAL STATEMENTS**

**ASSETS**

- Total Assets increased by \$20.6 M due to:
  1. An increase on our loan portfolio, primarily in our Bonds Receivable net increase of \$3.5 M and our Firetruck Loan Receivable increase of \$1.2 M, an increase on our cash balance due to the payoff of loans of \$3 M, an increase in fee revenue and an increase due to a State Appropriation for our Fire truck and Ambulance Revolving Funds totaling \$13.0M.

**LIABILITIES**

- Total Liabilities
  1. Total liabilities increased by \$3.2 M due to a bond issuance of \$8.9 M for local government bond pool in fiscal year 2008 and a reduction in the pool, due to principal payments of \$7.1M and an increase of \$1.3M due to interest payable for the local government bond pools.

**REVENUE/EXPENSES**

- Revenue

Gross revenue for fiscal year 2009 ended at \$715,044 or \$473,954 below fiscal year 2008 this is primarily due a decrease in our interest on loans and our fee income.

- Expenses

Expenses ended at \$724,027 or \$949,222 higher than fiscal year 2008 due to:

1. The reversal of accrued interest expense and the timing of transactions in our Bond Bank Fund.

**Illinois Finance Authority  
Consolidated - Actual to Budget  
Statement of Activities  
for Period Ending July 31, 2008**

	Actual July 2008	Budget July 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Budget YTD FY 2009	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2009	% of Budget Expended
<b>REVENUE</b>										
INTEREST ON LOANS	316,293	320,595	(4,302)	-1.34%	316,293	320,595	(4,302)	-1.34%	3,733,944	8.47%
INVESTMENT INTEREST & GAIN(LOSS)	181,083	197,366	(16,283)	-8.25%	181,083	197,366	(16,283)	-8.25%	2,399,092	7.55%
ADMINISTRATIONS & APPLICATION FEES	140,702	481,717	(341,015)	-70.79%	140,702	481,717	(341,015)	-70.79%	5,781,179	2.43%
ANNUAL ISSUANCE & LOAN FEES	56,482	55,133	1,349	2.45%	56,482	55,133	1,349	2.45%	665,579	8.49%
OTHER INCOME	20,483	6,917	13,566	196.13%	20,483	6,917	13,566	196.13%	83,004	24.68%
<b>TOTAL REVENUE</b>	<b>715,044</b>	<b>1,061,728</b>	<b>(346,684)</b>	<b>-32.65%</b>	<b>715,044</b>	<b>1,061,728</b>	<b>(346,684)</b>	<b>-32.65%</b>	<b>12,662,798</b>	<b>5.65%</b>
<b>EXPENSES</b>										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	239,416	258,753	(19,337)	-7.47%	239,416	258,753	(19,337)	-7.47%	3,206,787	7.47%
BENEFITS	28,263	22,318	5,945	26.64%	28,263	22,318	5,945	26.64%	281,903	10.03%
TEMPORARY HELP	4,746	3,333	1,413	42.39%	4,746	3,333	1,413	42.39%	40,000	11.86%
EDUCATION & DEVELOPMENT	448	417	31	0.00%	448	417	31	7.53%	5,000	8.97%
TRAVEL & AUTO	4,614	10,250	(5,636)	-54.99%	4,614	10,250	(5,636)	-54.99%	123,000	3.75%
<b>TOTAL EMPLOYEE RELATED EXPENSES</b>	<b>277,487</b>	<b>295,071</b>	<b>(17,584)</b>	<b>-5.96%</b>	<b>277,487</b>	<b>295,071</b>	<b>(17,584)</b>	<b>-5.96%</b>	<b>3,656,690</b>	<b>7.59%</b>
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	35,552	70,200	(34,648)	-49.36%	35,552	70,200	(34,648)	-49.36%	842,400	4.22%
LOAN EXPENSE & BANK FEE	228,325	228,907	(582)	-0.25%	228,325	228,907	(582)	-0.25%	2,671,824	8.55%
ACCOUNTING & AUDITING	29,476	31,975	(2,499)	-7.82%	29,476	31,975	(2,499)	-7.82%	383,700	7.68%
MARKETING GENERAL	4,255	8,333	(4,078)	-48.94%	4,255	8,333	(4,078)	-48.94%	100,000	4.25%
FINANCIAL ADVISORY	25,000	25,000	-	0.00%	25,000	25,000	-	0.00%	300,000	8.33%
CONFERENCE/TRAINING	350	1,250	(900)	0.00%	350	1,250	(900)	-72.00%	15,000	2.33%
MISC. PROFESSIONAL SERVICES	3,333	4,166	(833)	0.00%	3,333	4,166	(833)	-20.00%	50,000	6.67%
DATA PROCESSING	3,482	3,750	(268)	-7.14%	3,482	3,750	(268)	-7.14%	45,000	7.74%
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>329,773</b>	<b>373,581</b>	<b>(43,808)</b>	<b>-11.73%</b>	<b>329,773</b>	<b>373,581</b>	<b>(43,808)</b>	<b>-11.73%</b>	<b>4,407,924</b>	<b>7.48%</b>

**Illinois Finance Authority  
Consolidated - Actual to Budget  
Statement of Activities  
for Period Ending July 31, 2008**

	Actual July 2008	Budget July 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2009	Budget YTD FY 2009	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2009	% of Budget Expended
<b>OCCUPANCY COSTS</b>										
OFFICE RENT	24,716	25,905	(1,189)	-4.59%	24,716	25,905	(1,189)	-4.59%	310,860	7.95%
EQUIPMENT RENTAL AND PURCHASES	3,758	3,867	(109)	-2.82%	3,758	3,867	(109)	-2.82%	46,404	8.10%
TELECOMMUNICATIONS	4,410	5,420	(1,010)	-18.63%	4,410	5,420	(1,010)	-18.63%	65,040	6.78%
UTILITIES	1,376	933	443	47.50%	1,376	933	443	47.50%	11,196	12.29%
DEPRECIATION	6,486	7,355	(869)	-11.82%	6,486	7,355	(869)	-11.82%	88,256	7.35%
INSURANCE	1,607	1,500	107	7.14%	1,607	1,500	107	7.14%	18,000	8.93%
<b>TOTAL OCCUPANCY COSTS</b>	<b>42,353</b>	<b>44,980</b>	<b>(2,627)</b>	<b>-5.84%</b>	<b>42,353</b>	<b>44,980</b>	<b>(2,627)</b>	<b>-5.84%</b>	<b>539,756</b>	<b>7.85%</b>
<b>GENERAL &amp; ADMINISTRATION</b>										
OFFICE SUPPLIES	9,865	9,450	415	4.40%	9,865	9,450	415	4.40%	113,400	8.70%
BOARD MEETING - EXPENSES	5,897	2,983	2,914	97.70%	5,897	2,983	2,914	97.70%	35,796	16.47%
PRINTING	2,412	1,200	1,212	101.04%	2,412	1,200	1,212	101.04%	14,400	16.75%
POSTAGE & FREIGHT	2,663	2,300	363	15.80%	2,663	2,300	363	15.80%	27,600	9.65%
MEMBERSHIP, DUES & CONTRIBUTIONS	4,381	3,083	1,298	42.12%	4,381	3,083	1,298	42.12%	36,996	11.84%
PUBLICATIONS	693	300	393	131.03%	693	300	393	131.03%	3,600	19.25%
OFFICERS & DIRECTORS INSURANCE	14,524	14,524	0	0.00%	14,524	14,524	0	0.00%	174,292	8.33%
MISCELLANEOUS	-	42	(42)	0.00%	-	42	(42)	-100.00%	504	0.00%
<b>TOTAL GENL &amp; ADMIN EXPENSES</b>	<b>40,437</b>	<b>33,882</b>	<b>6,555</b>	<b>19.35%</b>	<b>40,437</b>	<b>33,882</b>	<b>6,555</b>	<b>19.35%</b>	<b>406,588</b>	<b>9.95%</b>
<b>LOAN LOSS PROVISION/BAD DEBT</b>	<b>33,333</b>	<b>75,000</b>	<b>(41,667)</b>	<b>-55.56%</b>	<b>33,333</b>	<b>75,000</b>	<b>(41,667)</b>	<b>-55.56%</b>	<b>900,000</b>	<b>3.70%</b>
<b>OTHER</b>										
INTEREST EXPENSE	644	621	23	3.69%	644	621	23	3.69%	7,447	8.65%
<b>TOTAL OTHER</b>	<b>644</b>	<b>621</b>	<b>23</b>	<b>3.69%</b>	<b>644</b>	<b>621</b>	<b>23</b>	<b>3.69%</b>	<b>7,447</b>	<b>8.65%</b>
<b>TOTAL EXPENSES</b>	<b>724,027</b>	<b>823,135</b>	<b>(99,108)</b>	<b>-12.04%</b>	<b>724,027</b>	<b>823,135</b>	<b>(99,108)</b>	<b>-12.04%</b>	<b>9,918,405</b>	<b>7.30%</b>
<b>NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)</b>	<b>(8,983)</b>	<b>238,593</b>	<b>(247,576)</b>	<b>-103.77%</b>	<b>(8,983)</b>	<b>238,593</b>	<b>(247,576)</b>	<b>-103.77%</b>	<b>2,744,393</b>	<b>-0.33%</b>
<b>NET UNREALIZED GAIN/(LOSS) ON INVESTMENT</b>	<b>-</b>	<b>(16,667)</b>	<b>16,667</b>	<b>-100.00%</b>	<b>-</b>	<b>(16,667)</b>	<b>16,667</b>	<b>-100.00%</b>	<b>(200,000)</b>	<b>0.00%</b>
<b>REVENUE GRANT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>
<b>APPROPRIATIONS FROM STATE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>
<b>NET INCOME/(LOSS)</b>	<b>(8,983)</b>	<b>221,926</b>	<b>(230,909)</b>	<b>-104.05%</b>	<b>(8,983)</b>	<b>221,926</b>	<b>(230,909)</b>	<b>-104.05%</b>	<b>2,544,393</b>	<b>-0.35%</b>

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

	Actual July 2008	Actual July 2007	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2009	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
<b>REVENUE</b>								
INTEREST ON LOANS	316,293	477,125	(160,831)	-33.71%	316,293	477,125	(160,831)	-33.71%
INVESTMENT INTEREST & GAIN(LOSS)	181,083	179,797	1,287	0.72%	181,083	179,797	1,287	0.72%
ADMINISTRATIONS & APPLICATION FEES	140,702	457,925	(317,224)	-69.27%	140,702	457,925	(317,224)	-69.27%
ANNUAL ISSUANCE & LOAN FEES	56,482	63,055	(6,572)	-10.42%	56,482	63,055	(6,572)	-10.42%
OTHER INCOME	20,483	11,097	9,386	84.59%	20,483	11,097	9,386	84.59%
<b>TOTAL REVENUE</b>	<b>715,044</b>	<b>1,188,998</b>	<b>(473,954)</b>	<b>-39.86%</b>	<b>715,044</b>	<b>1,188,998</b>	<b>(473,954)</b>	<b>-39.86%</b>
<b>EXPENSES</b>								
EMPLOYEE RELATED EXPENSES	239,416	262,632	(23,215)	-8.84%	239,416	262,632	(23,215)	-8.84%
COMPENSATION & TAXES	28,263	21,267	6,996	32.90%	28,263	21,267	6,996	32.90%
BENEFITS	4,746	12,230	(7,484)	-61.19%	4,746	12,230	(7,484)	-61.19%
TEMPORARY HELP	448	-	448	0.00%	448	-	448	#DIV/0!
EDUCATION & DEVELOPMENT	4,614	12,152	(7,539)	-62.04%	4,614	12,152	(7,539)	-62.04%
TRAVEL & AUTO	277,487	308,281	(30,794)	-9.99%	277,487	308,281	(30,794)	-9.99%
<b>TOTAL EMPLOYEE RELATED EXPENSES</b>	<b>35,552</b>	<b>100,239</b>	<b>(64,687)</b>	<b>-64.53%</b>	<b>35,552</b>	<b>100,239</b>	<b>(64,687)</b>	<b>-64.53%</b>
PROFESSIONAL SERVICES	228,325	(812,370)	1,040,695	-128.11%	228,325	(812,370)	1,040,695	-128.11%
CONSULTING, LEGAL & ADMIN	29,476	28,300	1,176	4.16%	29,476	28,300	1,176	4.16%
LOAN EXPENSE & BANK FEE	4,255	8,921	(4,667)	-52.31%	4,255	8,921	(4,667)	-52.31%
ACCOUNTING & AUDITING	25,000	25,388	(388)	-1.53%	25,000	25,388	(388)	-1.53%
MARKETING GENERAL	350	(300)	650	-216.67%	350	(300)	650	-216.67%
FINANCIAL ADVISORY	3,333	-	3,333	0.00%	3,333	-	3,333	#DIV/0!
CONFERENCE/TRAINING	3,482	2,537	945	37.26%	3,482	2,537	945	37.26%
MISC. PROFESSIONAL SERVICES	329,773	(647,285)	977,058	-150.95%	329,773	(647,285)	977,058	-150.95%
DATA PROCESSING								
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>329,773</b>	<b>(647,285)</b>	<b>977,058</b>	<b>-150.95%</b>	<b>329,773</b>	<b>(647,285)</b>	<b>977,058</b>	<b>-150.95%</b>

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

	Actual July 2008	Actual July 2007	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
OCCUPANCY COSTS							
OFFICE RENT	24,716	25,386	(669)	-2.64%	24,716	(669)	-2.64%
EQUIPMENT RENTAL AND PURCHASES	3,758	7,687	(3,929)	-51.11%	3,758	(3,929)	-51.11%
TELECOMMUNICATIONS	4,410	8,449	(4,039)	-47.81%	4,410	(4,039)	-47.81%
UTILITIES	1,376	823	554	67.30%	1,376	554	67.30%
DEPRECIATION	6,486	5,560	926	16.65%	6,486	926	16.65%
INSURANCE	1,607	1,793	(186)	-10.37%	1,607	(186)	-10.37%
TOTAL OCCUPANCY COSTS	42,353	49,697	(7,344)	-14.78%	42,353	(7,344)	-14.78%
GENERAL & ADMINISTRATION							
OFFICE SUPPLIES	9,865	7,380	2,485	33.67%	9,865	2,485	33.67%
BOARD MEETING - EXPENSES	5,897	1,343	4,554	338.99%	5,897	4,554	338.99%
PRINTING	2,412	1,490	922	61.89%	2,412	922	61.89%
POSTAGE & FREIGHT	2,663	2,517	147	5.83%	2,663	147	5.83%
MEMBERSHIP, DUES & CONTRIBUTIONS	4,381	2,583	1,799	69.65%	4,381	1,799	69.65%
PUBLICATIONS	693	30	664	2246.28%	693	664	2246.28%
OFFICERS & DIRECTORS INSURANCE	14,524	14,746	(222)	-1.51%	14,524	(222)	-1.51%
MISCELLANEOUS	-	-	-	0.00%	-	-	#DIV/0!
TOTAL GENL & ADMIN EXPENSES	40,437	30,089	10,348	34.39%	40,437	10,348	34.39%
LOAN LOSS PROVISION/BAD DEBT	33,333	33,333	(0)	0.00%	33,333	(0)	0.00%
OTHER							
INTEREST EXPENSE	644	690	(46)	-6.69%	644	(46)	-6.69%
TOTAL OTHER	644	690	(46)	-6.69%	644	(46)	-6.69%
TOTAL EXPENSES	724,027	(225,195)	949,222	-421.51%	724,027	949,222	-421.51%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	(8,983)	1,414,193	(1,423,176)	-100.64%	(8,983)	(1,423,176)	-100.64%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	0.00%
REVENUE GRANT	-	2,000,000	(2,000,000)	0.00%	-	(2,000,000)	-100.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	0.00%
NET INCOME/(LOSS)	(8,983)	3,414,193	(3,423,176)	-100.26%	(8,983)	(3,423,176)	-100.26%

**Illinois Finance Authority  
Consolidated  
Balance Sheet  
for the One Month Ending July 31, 2008**

	Actual July 2007	Actual July 2008	Budget July 2009	Variance to budget
<b>ASSETS</b>				
CASH & INVESTMENTS, UNRESTRICTED	\$ 30,382,397	\$ 33,904,599	\$ 33,803,647	\$ 100,952
RECEIVABLES, NET	391,509	169,671.33	253,940.65	(84,269)
LOAN RECEIVABLE, NET	84,898,265	88,741,477.82	90,796,194.71	(2,054,717)
OTHER RECEIVABLES	533,737	1,597,734.81	1,326,993.35	270,741
PREPAID EXPENSES	160,222	161,286.58	173,050.67	(11,764)
<b>TOTAL CURRENT ASSETS</b>	116,366,130	124,574,769	126,353,827	(1,779,057)
<b>FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	255,779	152,514	155,649	(3,134)
<b>DEFERRED ISSUANCE COSTS</b>	793,023	668,151	668,897	(745)
<b>OTHER ASSETS</b>				
CASH, INVESTMENTS & RESERVES	27,820,035	39,654,194	\$ 38,727,173	927,022
VENTURE CAPITAL INVESTMENTS	5,554,091	5,718,697	\$ 5,738,223	(19,526)
OTHER	3,025,522	3,679,726	\$ 3,682,072	(2,346)
<b>TOTAL OTHER ASSETS</b>	36,399,648	49,052,617	48,147,468	905,149
<b>TOTAL ASSETS</b>	<u>\$ 153,814,580</u>	<u>\$ 174,448,052</u>	<u>\$ 175,325,840</u>	<u>\$ (877,786)</u>
<b>LIABILITIES</b>				
CURRENT LIABILITIES	\$ 1,137,627	\$ 653,980	\$ 768,807	\$ (114,827)
LONG-TERM LIABILITIES	57,223,527	60,985,559	61,517,610	(532,053)
<b>TOTAL LIABILITIES</b>	58,361,154	61,639,540	62,286,418	(646,880)
<b>EQUITY</b>				
CONTRIBUTED CAPITAL	36,061,462	35,608,692	35,608,692	-
RETAINED EARNINGS	17,921,049	24,799,651	24,799,651	-
NET INCOME / (LOSS)	3,414,193	(8,983)	221,926	(230,909)
RESERVED/RESTRICTED FUND BALANCE	25,491,190	39,760,982	39,760,982	-
UNRESERVED FUND BALANCE	12,565,531	12,648,171	12,648,171	-
<b>TOTAL EQUITY</b>	95,453,425	112,808,512	113,039,422	(230,909)
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u>\$ 153,814,580</u>	<u>\$ 174,448,052</u>	<u>\$ 175,325,840</u>	<u>\$ (877,787)</u>

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

as of 7/31/2008

Loan #	Borrower Name	Due Date	Current Principal Balance	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 + Days
<b>Participations</b>									
0041	NEWLINE HARWOODS, INC	2/4/2008	\$171,093.38	.00	.00	.00	.00	171,093.38	.00
0049	SHULTS MACHINE	4/5/2007	\$124,342.00	.00	.00	.00	.00	.00	124,342.00
0142	THIRD PANCAKE, LLC	6/1/2008	\$5,459.44	8,488.90	.00	.00	.00	.00	.00
3				8,488.90	.00	.00	.00	171,093.38	124,342.00
<b>Municipalities</b>									
0098	ADAMS COUNTY WATER	2/1/2008	\$173,000.00	.00	.00	.00	.00	.00	14,587.08
1				.00	.00	.00	.00	.00	14,587.08
4				8,488.90	.00	.00	.00	171,093.38	138,929.08

**MINUTES OF THE JULY 8, 2008 MEETING OF THE BOARD OF DIRECTORS OF  
THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Board Meeting at 3:00 p.m. on July 8, 2008, at the Mid America Club, 200 E. Randolph Drive, 80<sup>th</sup> floor, Chicago, Illinois.

**Members present:**

William A. Brandt, Jr., Chair  
Michael W. Goetz, Vice Chair  
James J. Fuentes  
Dr. Roger D. Herrin  
Edward H. Leonard, Sr.  
Terrence M. O'Brien  
Lynn F. Talbott  
April D. Verrett  
Bradley A. Zeller

**Members absent:**

Ronald E. DeNard  
Juan B. Rivera  
Joseph P. Valenti

**Vacancies:**

3

**Members participating  
by telephone:**

Dr. William J. Barclay

**GENERAL BUSINESS**

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

Chairman Brandt called the meeting to order at 11:31 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests and asked Secretary, Carla Burgess Jones to call the roll. There being nine (9) members physically present, and one (1) member on the telephone Ms. Burgess Jones declared a quorum present.

**Chairman's Report**

Chairman Brandt thanked fellow Board members and guests for coming. Chairman Brandt announced that Kym M. Hubbard will be resigning her position as the IFA's Executive Director and that Ms. Hubbard has accepted a position in the private sector. Chairman Brandt thanked Ms. Hubbard for her dedication over the past fourteen months.

Chairman Brandt announced that there have been changes to the IFA's FY 2009 Board Meeting schedule. Changes to the FY 2009 IFA Board Meeting schedule are; (1) the August 12, 2008 meeting will take place in Springfield, Illinois, (2) the September 9, 2008 meeting will take place in Chicago, Illinois, and; (3) the November 11, 2008 meeting will be moved to November 12, 2008. Chairman Brandt then announced that Ms. April Verrett, IFA Board Member, would like to make a special announcement.

Ms. Verrett announced that on July 14, 2008 at 10:00 a.m., the Illinois Health Facilities Planning Board Task Force will meet to discuss Safety Net Hospitals and that interested parties can obtain a copy of the White Paper on July 14.

Chairman Brandt also announced that the IFA's RFP for Legal Services is being augmented and will be posted on the IFA's website accordingly.

### **Acceptance of Financial Statements**

Financial statements for the period ending June 30, 2008 were presented to members of the Board and accepted by the Board. Chairman Brandt stated that the Authority's financial statements were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m.

### **Minutes**

Chairman Brandt announced that the next order of business was to approve the minutes of the June 10, 2008 Meeting of the Board. Chairman Brandt announced that the June 10, 2008 minutes were approved at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt requested a motion to approve the minutes. Motion was moved by Mr. Goetz and seconded by Mr. Leonard. Secretary, Burgess Jones, took a roll call vote for approval of the minutes. The minutes were approved by a roll call vote with 10 ayes, 0 nays, and 0 abstentions.

### **Executive Director's Report**

Director Hubbard thanked members of the board, management and staff for their support and direction over the past fourteen months. Director Hubbard reported that FY 2007 has been the Authority's most successful year financially, and that the Authority's financial position remains strong with gross income year-to-date for June ending at \$14,626,381. Total operating expenses ended at \$9,201,705, and net income ended at \$20,404,538 which includes a \$2 million grant.

Director Hubbard reported that at today's meeting 21 projects will be presented that total \$628,609,100, and that projects being presented today are expected to create 681 new jobs and 1,195 construction jobs.

### **Projects**

Chairman Brandt asked Director Hubbard to present the following projects for consideration to the Board:

- No. 1:**        **A-FB-TE-CD-8098 – Randy Holkenbrink**  
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$44,600.00 to provide permanent financing to purchase approximately 35 acres of farmland. This project is located in Teutopolis, Illinois. (08-07-01).

**A-FB-TE-CD-8099 – Doug Holkenbrink**

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$50,000.00 to provide permanent financing to purchase approximately 35 acres of farmland. This project is located in Teutopolis, Illinois. (08-07-01).

**A-FB-TE-CD-8100 – Tyler Shull**

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$125,000.00 to provide permanent financing to purchase approximately 10 acres of farmland and a hog nursery. This project is located in Hidalgo, Illinois. (08-07-01).

**No. 2: A-YF-TX-GT-8088 – Sandrock Land and Cattle, LLC**

Request for final approval of a Young Farmer Guarantee in an amount not-to-exceed \$455,000.00. Loan proceeds will be used to provide permanent financing for the purchase of farm equipment. This project is located in Rock Falls, Illinois. (08-07-02).

**No. 3: A-SG-TX-GT-8089 – Sandrock Land and Cattle, LLC**

Request for final approval of a Specialized Livestock Guarantee in an amount not-to-exceed \$934,500.00. Loan proceeds will be used to provide permanent financing for the purchase of breeding livestock. This project is located in Rock Falls, Illinois. (08-07-03).

No guests attended with respect to Project Nos. 1 through 3. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 1 through 3. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 1 through 3. Leave was granted. Project Nos. 1 through 3 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 4: I-ID-TE-CD-8095 – F&F Holding, LLC and Murphy Machine Products, Inc.**

Request for preliminary approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$5 million. Bond proceeds will be used to finance the acquisition of a building, renovations, machinery/equipment, and to pay certain bond issuance costs. The Company is seeking a \$5.0 million allocation in 2008 IFA Volume Cap. The new project will be located in the Village of Wood Dale which is a Non Home Rule Community. As a result, the Village of Wood Dale does not receive an allocation of Volume Cap to support this project. This project is expected to create approximately 11 new jobs and 10 construction jobs. This project is located in Wood Dale, Illinois. (08-07-04).

**No. 5: I-ID-TE-CD-8105 – Lapham-Hickey Steel Corp.**

Request for preliminary approval of Industrial Revenue Bonds in an amount not-to-exceed \$7.4 million. Bond proceeds, together with bank

financing, will be used to acquire and install new machinery/equipment, and fund legal and professional issuance costs. Issuance of the Bonds is subject to a sufficient allocation of Volume Cap. The Village of Bedford Park has a 2008 allocation of approximately \$48,790 in Volume Cap based on its population of 574, according to the 2000 Census. This project is expected to create approximately 8 new jobs. This project is located in Bedford Park, Illinois. (08-07-05).

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

**No. 6: H-I-ID-TE-CD-8104 – Monarch Steel Company, Inc., 1031 Canton Farm LLC and a LLC to be formed**

Request for preliminary approval of Industrial Revenue Bonds in an amount not-to-exceed \$7.5 million. Bond proceeds will be used to finance the acquisition of land, construction costs, acquisition of machinery and equipment and to pay certain bonds issuance costs. The Applicant will be seeking \$7.5 million in 2008 IFA Volume Cap. The proposed project is located in the City of Crest Hill, a non-home rule community. As a result, the City of Crest Hill does not have an allocation of Volume Cap to support this project. This project is expected to create approximately 15 new jobs. This project is located in Crest Hill, Illinois. (08-07-06).

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 6. Ms. Sharnell Curtis-Martin, Senior Funding Manager, introduced Mr. John Sassarris, MB Financial Bank. Mr. Sassarris thanked members of the board for their consideration and support. Chairman Brandt then asked if the Board had any questions for Mr. Sassarris. 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 preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 7: I-ID-TE-CD-8106 – Regis Technologies, Inc.**

Request for preliminary approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$10 million to finance the development of a two-year, two phase project that will enable Regis to continue a long-term build-out and to equip a pharmaceutical test-run production facility. The Village of Morton Grove has supported Regis' previous IFA (IDFA) Bond issues by ceding its Volume Cap to IFA (IDFA) in both 2005 and 1996. Issuance of the Bonds would require an allocation of approximately \$10.0 million of Volume Cap. Additionally, Regis is also discussing the possibility of obtaining Volume Cap from the Village of Morton Grove to leverage the Authority's Volume Cap as much as possible. Based on Morton Grove's current population of 22,462, the Village's annual Volume Cap allocation is approximately \$1,909,270. Depending on Volume Cap availability from the Village of Morton Grove, and neighboring Home Rule

Units, this project could require up to \$8,090,730 of IFA Volume Cap. The project is expected to create approximately 40 new jobs, and 25 construction jobs. This project is located in Morton Grove, Illinois. (08-07-07).

**No. 8: I-ID-TE-CD-8047 – Transparent Container Co., and its successors, affiliates and assignees**

Request for preliminary approval of the issuance of Industrial Revenue Bonds proceeds will be used to finance the acquisition of land and a 240,000 square foot manufacturing facility, as well as construction/renovations, and to pay certain bond issuance costs. The borrower has been communicating with the Village of Addison to acquire their 2008 Home-Rule Volume Cap (approximately \$3.1 million) and transfer that Volume Cap to the IFA to support the project. The Company is anticipating a resolution will be passed transferring the allocation at the Village's July 21<sup>st</sup> meeting. The Company will be seeking the remaining Volume Cap from the IFA. This project is expected to create approximately 25 new jobs and 25 construction jobs. This project is located in Addison, Illinois. (08-07-08).

**No. 9: I-ID-TE-CD-8097 – Vadeal Plastics USA, LLC**

Request for preliminary approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$4,105,000. Bond proceeds along with bank financing, will be used to acquire and install new machinery and equipment, rehab 35,000 square feet of an existing 100,000 square foot industrial building, and fund legal and professional issuance costs. Issuance of the Bonds is subject to a sufficient allocation of Volume Cap. The Village of Bedford Park has a 2008 allocation of approximately \$48,790 in Volume Cap based on its population of 574, according to the 2000 Census. Given the Village's limited supply of Volume Cap, Vadeal Plastics is seeking Cap from the Authority to facilitate this issue. Vadeal Plastics is a European company that has until now manufactured its products in Europe and imported them into North America. This project is expected to create approximately 30 new jobs. This project is located in Bedford Park, Illinois. (08-07-09).

No guests attended with respect to Project Nos. 7 through 9. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 7 through 9. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 7 through 9. Leave was granted. Project Nos. 7 through 9 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 10: N-PS-TE-CD-8102 – Community Counseling Centers of Chicago, Inc., and its Successors and Assignees**

Request for preliminary approval of the issuance of 501c3 Bonds in an amount not-to-exceed \$7.7 million. Bond proceeds will be used to refinance the Center's outstanding promissory notes at a tax-exempt rate, finance various capital improvement projects, and pay cost of issuance.

This project is expected to create approximately 20 new jobs and 15 construction jobs. This project is located in Chicago, Illinois. (08-07-10).

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 10. Mr. Townsend Albright, Senior Funding Manager, introduced Mr. Anthony Kopera, CEO. Mr. Kopera gave a brief description of the project and thanked members of the board for their consideration and support. Chairman Brandt then asked if the Board had any questions for Mr. Kopera. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 10. Leave was granted. Project No. 10 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 12: N-NP-TE-CD-8074 – The Chicago Horticultural Society**

Request for final approval of 501c3 Bonds in an amount not-to-exceed \$30 million. Bond proceeds will be used to construct and equip a new Plant Conservation Science Center, capitalize interest, and fund professional issuance costs. This project is expected to create approximately 13 new jobs and 55 construction jobs. This project is located in Glencoe, Illinois. (08-07-12).

**No. 13: N-NP-TE-CD-8046 – New Hope Center, Inc.**

Request for final approval of the issuance of 501c3 Bonds in an amount not-to-exceed \$6.5 million. Bond proceeds will be used to finance the acquisition of a building and land, renovations, construction, refinance existing taxable debt and to pay certain bond issuance costs. This project is expected to create approximately 34 new jobs and 35 construction jobs. This project is located in Crete, Illinois. (08-07-13).

No guests attended with respect to Project Nos. 12 and 13. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 12 and 13. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 12 and 13. Leave was granted. Project Nos. 12 and 13 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 11: N-NP-TE-CD-8096 – The Lyric Opera of Chicago**

Request for preliminary approval of the issuance of 501c3 Bonds in an amount not-to-exceed \$3.5 million. Proceeds will be used to purchase a portion of the third floor of the Civic Opera Building, renovations and equipment, capitalize interest, and to fund professional issuance costs. This project is expected to create approximately 16 new jobs and 50 construction jobs over a four month period. This project is located in Chicago, Illinois. (08-07-11).

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 11. Mr. Townsend Albright, Senior Funding Manager, introduced Mr. Richard Dowsek, CFO. Mr. Dowsek gave a brief description of the project and thanked members of the board for their consideration and support. Chairman Brandt then asked if the Board had any questions for Mr. Dowsek. There being none, Chairman Brandt

requested a roll call vote on Project No. 11. Project No. 11 received preliminary approval with 9 ayes, 0 nays, and 1 abstention. Chairman Brandt abstained from voting on Project No. 11 because a family member serves on the Board of the Lyric Opera of Chicago.

**No. 14:**        **H-HO-TE-CD-8052 – Bethany Methodist – North Suburban Campus**  
Request for preliminary approval of the issuance of 501c3 Bonds in an amount not-to-exceed \$40 million. Bond proceeds will be used to refund the Chestnut Square at the Glen IHFA Series 2002 Bonds as part of the restructuring of the obligated Group, renovate the Bethany Terrace Nursing Centre, and to fund the conversion of a portion of Bethany Terrace as an assisted living facility. This project is expected to create approximately 50 new jobs and 40 to 50 construction jobs. This project is located in Morton Grove, Illinois. **(08-07-14)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 14. Ms. Pamela Lenane, Vice President, introduced Mr. Steven Friedman, Senior Advisor and Mr. Wolfgang Mayer, CFO. Mr. Friedman gave a brief description of the project and thanked members of the board for their consideration and support. Chairman Brandt then asked if the Board had any questions for Mr. Friedman. There being none, Chairman Brandt requested a roll call vote on Project No. 14. Project No. 14 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No.15:**        **H-HO-TE-CD-8108 – KishHealth System**  
Request for final approval of 501c3 Bonds in an amount not-to-exceed \$71.5 million. Proceeds will be used to refund the 2005 Series auction rate securities, fund a debt service reserve fund, and to pay costs of issuance. This project is located in DeKalb, Illinois. **(08-07-15)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 15. Ms. Pamela Lenane, Vice President, introduced Ms. Loren Foelske, CFO and Mr. Joe Dant, Director of Development. Mr. Dant gave a brief description of the project and thanked members of the board for their consideration and support. Chairman Brandt then asked if the Board had any questions for Mr. Dant. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 15. Leave was granted. Project No. 15 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 16:**        **H-SL-RE-TE-CD-8093 – Friendship Village of Mill Creek, NFP**  
Request for final approval of the issuance of 501c3 Bonds in an amount not-to-exceed \$3.9 million. Proceeds will be used to fund the pre-construction costs of the continuing care retirement community, and to pay costs of issuance. This project is expected to create approximately 125 new jobs and 250 to 350 construction jobs. This project is located in Geneva, Illinois. **(08-07-16)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 16. Ms. Pamela Lenane, Vice President, introduced Mr. Bob Alston, CEO and Steve Yenchek, Sr. Vice President. Mr. Alston gave a brief description of the project and thanked members of the board for their consideration and support. Chairman Brandt then asked if the Board had any questions for Mr. Alston. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 16. Leave was granted. Project No. 16 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 17: H-HO-TE-CD-8025 – Northwest Community Hospital**

Request for final approval of 501c3 Bonds in an amount not-to-exceed \$350 million. Bond proceeds will be used to finance the construction of Northwest Community Hospital's master facility plan, pay for interest during the construction period, pay for routine capital expenditures at the Hospital, pay for the Debt Service Reserve Fund related to the financing, refinance a taxable line of credit which is used to current refund the Series 2002A auction rate bonds, refinance the Series 2002B Variable Rate Demand Bonds, and pay for costs of issuance. This project is expected to create approximately 246 new jobs and 300 construction jobs. This project is located in Arlington Heights, Illinois. (08-07-17).

No guests attended with respect to Project No. 17. Chairman Brandt asked if the Board had any questions with respect to Project No. 17. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 17. Leave was granted. Project No. 17 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 18: H-HO-TE-CD-8094 – Norwegian American Hospital**

Request for final approval of the issuance of 501c3 Bonds in an amount not-to-exceed \$24.5 million. Bond proceeds will be used to pay, or reimburse the Borrower for the payment of the costs of various construction and renovation projects, pay or reimburse the Borrower for the payment of and the cost of acquiring certain capital equipment, refinance the Borrower's IFA Series 2005B Bonds in the approximate amount of \$3.5 million, fund a debt service reserve fund, and pay certain related expenses. This project is expected to create approximately 12 new jobs and 20 construction jobs. This project is located in Chicago, Illinois. (08-07-18).

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 18. Ms. Pamela Lenane, Vice President, introduced Mr. Duane Fitch, CFO. Mr. Fitch gave a brief description of the project and thanked members of the board for their consideration and support. Chairman Brandt then asked if the Board had any questions for Mr. Fitch. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 18. Leave was granted. Project No. 18 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 19: H-HO-TE-CD-8109 – OSF Healthcare System**  
Request for final approval of Commercial Paper Revenue Notes in an amount not-to-exceed \$16 million. Bond proceeds will be used to finance the construction of a medical office building, fund capitalized interest, and pay the costs of issuance including bond insurance. This project is expected to create approximately 30 new jobs and 50 construction jobs. This project is located in Peoria, Illinois. **(08-07-19)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 19 Ms. Pamela Lenane, Vice President, introduced Ms. Ann Donahoe, Financial Advisor. Ms. Donahoe gave a brief description of the project and thanked members of the board for their consideration and support. Chairman Brandt then asked if the Board had any questions for Ms. Donahoe. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 19. Leave was granted. Project No. 19 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 20: N-PS-TE-CD-8101 – North Central College**  
Request for preliminary approval of the issuance of 501c3 Bonds in an amount not-to-exceed \$22 million. Bond proceeds will be used to finance the construction and equipping of a new campus residence/recreation center, capitalize interest, and fund legal, professional, and bond issuance costs. This project is expected to create approximately 19 new jobs and 100 construction jobs over a 16 month period. This project is located in Naperville, Illinois. **(08-07-20)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to Project No. 20 Mr. Townsend Albright, Senior Funding Manager, introduced Ms. Elizabeth Laken, VP Finance & Comptroller. Ms. Laken gave a brief description of the project and thanked members of the board for their consideration and support. Chairman Brandt then asked if the Board had any questions for Ms. Laken. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 20. Leave was granted. Project No. 20 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 21: N-PS-TE-CD-8073 – Lake Forest College**  
Request for final approval of 501c3 Bonds in an amount not-to-exceed \$7 million. Bond proceeds will be used to construct an addition to the College's existing sports facility, and fund professional issuance costs. This project is expected to create approximately 75 construction jobs over a 10 month period This project is located in Lake Forest, Illinois. **(08-07-21)**.

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

## Amendatory Resolutions

**No. 22: Northwestern Memorial Hospital.** Ratification Resolution for Northwestern Memorial Hospital's conversion of the Illinois Finance Authority's \$86,400,000 Variable Rate Demand Revenue Bonds, Series 2004B and \$150,000,000 Variable Rate Demand Revenue Bonds, Series 2007B and to replace the Remarketing Agents for certain outstanding bonds of the Illinois Finance Authority.

Chairman Brandt asked if there were any guests attending the meeting with respect to Resolution No. 22 Ms. Pamela Lenane, Vice President, introduced Mr. Doug Young, VP of Finance and Mr. Francis Fraher, Director of Finance. Vice Chairman Goetz thanked Northwestern Memorial Hospital on behalf of the board and the healthcare committee, for expanding their finance team to include MB/WBE businesses. Messrs. Young and Fraher thanked the board as well. Chairman Brandt then asked if the Board had any questions for Messrs. Young or Fraher. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Ratification Resolution No. 22. Leave was granted. Ratification Resolution No. 22 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 23: Museum of Science and Industry.** A Resolution Authorizing Amendments to Financial Covenants of the Museum of Science and Industry ("MSI" or the "Borrower") to enable the Borrower to conform covenants on credit agreements for Series 1985 Cultural Pooled Loan Program and Series 1998 Bond.

Chairman Brandt requested a roll call vote on Resolution No. 23. Resolution No. 23 received final approval with 9 ayes, 0 nays, and 1 abstention. Board Member James J. Fuentes abstained from voting on Resolution No. 23.

**No. 24: Marwen Foundation.** Amendatory Resolution to amend Bond Resolution by extending Final Maturity Date by five years.

**No. 25: Prairie Power, Inc.** Request for an Amendatory Resolution to Amend a Resolution Adopted January 8, 2008 to Provide Preliminary Approval for an Increase in Authority to Issue Solid Waste Disposal Facilities Revenue Bonds and IFA Volume Cap from \$26,131,000 to \$51,200,000 for Prairie Power, Inc

**No. 26: Resolution to Approve The IFA Fiscal Year 2009 Budget.**

**No. 27: Resolution With Respect To The Successor and Successor Duties Of The Executive Director**

Chairman Brandt asked if the Board had any questions with respect to Resolution Nos. 24 through 27. There being none, Chairman Brandt requested leave to apply the last

unanimous vote in favor of Resolutions Nos. 24 through 27. Leave was granted. Resolutions Nos. 24 through 27 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**Other Business**

Chairman Brandt requested that Secretary Burgess Jones read the Resolution of Recognition and Appreciation to be presented to Executive Director Kym M. Hubbard. Secretary Jones read the Resolution and personally presented said Resolution on behalf of the Illinois Finance Authority Board of Directors to Executive Director Kym M. Hubbard.

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 Vice Chairman Goetz and seconded by Terrence M. O'Brien, the meeting adjourned at approximately 12:41 p.m.

Respectfully Submitted,

Carla B. Burgess Jones, Secretary

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Project: Jeffrey and Dee Dee Seabaugh**

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**STATISTICS**

Project Number: A-DR-GT-8124	Amount: \$425,000
Type: Agri-Debt Guarantee	IFA Staff: Eric Reed
County/Region: Bond/Southwest	City: Walshville

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**BOARD ACTION**

Final Resolution	Staff request: Approval subject to bank conditions
State Treasurer's Reserve Funds at risk: \$425,000	Extraordinary conditions: None
Staff Recommendation: Approval to provide 85% loan guarantee in favor of Litchfield National Bank.	
Additional Requirements: 1) Assignment of Life Insurance in the amount of \$500,000	
2) No capital purchases > \$10,000 without prior bank or IFA approval.	
3) Receipt of all applicable lease contracts and EPA permits for swine facilities.	

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**VOTING RECORD**

None.

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**PURPOSE**

Use of proceeds: Refinance and restructure various existing term debts for the borrower in order to improve cash flow. Approximately 50% of the loan proceeds will refinance an existing loan supported by an IFA guarantee, which will allow the lender to finance an expansion of the borrower's hog facilities and create 3 new jobs. This request is supported by a wean to finish contract with an area producer.

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

N/A

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**JOBS**

Current employment: 7	Projected new jobs: 3
Jobs retained: N/A	Construction jobs: N/A

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA Guarantee:	\$425,000	Uses: Refinance Debt	<u>\$500,000</u>
FNB Litchfield	<u>\$75,000</u>		
<b>Total</b>	<b><u>\$500,000</u></b>		<b><u>\$500,000</u></b>

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**FINANCING SUMMARY/STRUCTURE**

Security: 1<sup>st</sup> real estate mortgage and assignment of rents and leases on 80 acres of farm land and all improvements.  
Structure: 15 year term with monthly payments of principal and interest.  
Interest Rate: See confidential section  
Interest Mode: Fixed  
Credit Enhancement: IFA 85% Guarantee  
Maturity: 15 years  
Estimated Closing Date: September 30, 2008

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**PROJECT SUMMARY**

Summary: Jeff and Dee Dee Seabaugh own and operate a wean to finish hog operation in central Illinois. They wish to refinance their current term debts. Litchfield National Bank has requested an IFA guarantee for the purpose extending credit for this request. Without the IFA guarantee, the bank would exceed their legal lending limit with the borrowers, prohibiting the bank from funding the entire lending relationship and making financing difficult to obtain for the borrowers.

Project Rationale: The borrower's would like to refinance their existing debts in order to position themselves for an expansion project, which will increase their production.

Timing: The proposed transaction is expected to close within 45 days of approval.

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**BUSINESS SUMMARY**

Jeff and Dee Dee Seabaugh operate a large swine operation located in central and southwest Illinois. The borrowers own 4 facilities and lease an additional 2 facilities, all of which are located in Brownstown, Breese, and Greenville. Their headquarters are located in Walshville, which is south of Litchfield. Mr. Seabaugh has 15 year of experience in the hog industry.

**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Jeffrey and Dee Dee Seabaugh  
Project Location: 432 Plain Lane, Walshville, IL 62091  
Borrower: Jeffrey and Dee Dee Seabaugh  
Ownership: Sole Proprietorship

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	None		
Accountant:	Gary Wemple	Hillsboro	
Originating Bank:	Litchfield National Bank	Litchfield	Nick Kuhns
Bank Counsel:	N/A		
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott
IFA Counsel:	N/A		

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**LEGISLATIVE DISTRICTS**

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

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**SERVICE AREA**

N/A

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## BACKGROUND INFORMATION

Jeff and Dee Dee Seabaugh operate a large swine operation located in central and southwest Illinois. The borrowers own 4 facilities and lease an additional 2 facilities, all of which are located in Brownstown, Breese, and Greenville. Their headquarters are located in Walshville, which is south of Litchfield. Their current production capacity is 19,400 pig spaces, which produces approximately 55,000 finished hogs annually. Mr. Seabaugh has 15 year of experience in the hog industry.

Their business provides wean to finish services for various hog producers in the areas of their facilities. Their various locations allow them to diversify their customer base and reduce the risk of disease in the herd. All of their facilities are leased on a price per pig space basis to the producer. The Seabaughs do not own the animals and are not responsible for input costs related to the animals. The borrowers are responsible for providing and maintaining facilities, feeding and watering the animals, and maintaining good overall animal health in order to bring the pigs to market weight.

In addition to their primary wean to finish operations; the borrowers operate two other enterprises. Mr. Seabaugh owns and operates his own feed mill, and also operates a trucking business where he provides transportation services for hog producers. Mr. Seabaugh will provide trucking for pigs to his finishing facilities as well delivering market hogs from his facilities to packers for slaughter.

While the lessee is responsible for providing all feed inputs, Mr. Seabaugh provides all feed grinding services for all of the facilities he operates and is paid an additional fee for the use of his feed mill. Mr. Seabaugh also provides feed grinding services for Cargill Inc. and many of their contract producers in the area.

By refinancing various existing term debts, the borrowers will be able to improve their cash flow and position themselves for a proposed expansion. The new IFA guaranteed loan proposal will also release a current mortgage on the borrower's headquarters in Walshville, which will provide the bank with a clear first lien position on the property for a newly proposed expansion. With the new expansion, the borrowers anticipate hiring 3 new full time workers.

The borrowers are planning to construct two 3,200 head finishing buildings, which will bring total production to 8,800 pig spaces at their headquarters in Walshville. After completion of the expansion, total production capacity will be 25,800 pig spaces. Litchfield National Bank has requested approval from SBA to originate an SBA 504 loan, which will provide subordinate, permanent financing for 35% of project cost. The bank has not yet received approval from SBA, as the application is in the approval process. Litchfield National Bank will hold a first mortgage on the Walshville site, while SBA will obtain a second mortgage on the real estate.

The borrowers, who will pledge sufficient real estate collateral and cash to provide 15% equity in the project, will be able to obtain a long term fixed rate through SBA. Litchfield National Bank will provide permanent financing for the remaining 50% of the project. Litchfield National Bank will also provide the entire required construction financing for the project, which is expected to require 6 to 9 months.

IFA's guarantee will only apply to existing debt being refinanced by Litchfield National Bank in order to solidify a collateral position for the bank and improve the borrower's current cash flow. The IFA guaranteed loan will be secured by a first mortgage on 40 acres with hog facilities in Brownstown and 40 acres with improvements in Greenville. Of the proposed loan amount, approximately 50% of the funds will be used to refinance an existing IFA guaranteed loan currently with another lender. While IFA is not part of the financing for the proposed expansion, Litchfield National Bank will be required to submit executed copies of all new lease contracts and permits for swine facilities.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Eric Reed & Cory Mitchell/lk  
Date: August 12, 2008  
Re: Overview Memo for Beginning Farmer Bonds

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- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** Up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$1,072,900.00**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2008 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
  - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**  
Stephen F. Welcome, Esq.  
Three First National Plaza, Suite 4300  
Chicago, IL 60602

**Project Number:** A-FB-TE-CD-8110  
**Funding Manager:** Cory Mitchell  
**Borrower(s):** Milner, Allan & Kathleen  
**Town:** Tonica, IL  
**Amount:** \$90,200.00  
**Use of Funds:** Farmland – 31.11 acres  
**Purchase Price:** \$180,438 / (\$5,800 per ac)  
    %Borrower Equity 0%  
    %Other Agency 50%  
    %IFA 50%  
**County/Region:** LaSalle / Northwest  
**Lender/Bond Purchaser:** Illini State Bank / Alan Stremlau  
**Legislative Districts:** Congressional: 11<sup>th</sup>, Gerald Weller  
State Senate: 38<sup>th</sup>, Gary Dahl  
State House: 76<sup>th</sup>, Frank Mautino

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

**\*Allan & Kathleen Milner:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.875% fixed for the first 36 months and adjust every 36 months thereafter for the term of the note not to exceed 2.00% above the Weekly Average Yield on US Treasury Securities at the Three Year Constant Maturity, rounded up to the next 0.001%. **IFA Fee: \$1,353.00**

**Project Number:** A-FB-TE-CD-8111  
**Funding Manager:** Cory Mitchell  
**Borrower(s):** Webster, Nathan  
**Town:** Sparland, IL  
**Amount:** \$100,000.00  
**Use of Funds:** Farmland – 20 acres  
**Purchase Price:** \$100,000 / (\$5,000 per ac)  
    %Borrower Equity 0%  
    %Other Agency 0%  
    %IFA 100%  
**County/Region:** Marshall / North Central  
**Lender/Bond Purchaser:** State Bank of Speer / Steven Leuthold  
**Legislative Districts:** Congressional: 18<sup>th</sup>, Ray LaHood  
State Senate: 37<sup>th</sup>, Dale Risinger  
State House: 73<sup>rd</sup>, David Leitch

Principal shall be paid annually in installments determined pursuant to a Ten year amortization schedule, with the first principal payment date to begin on March 1, 2009. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to be on March 1, 2009 with the final payment of all outstanding balances due ten years from the date of the first payment.

**\*Nathan Webster:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.70% fixed for the term of the loan. **IFA Fee: \$1,500.00**

**Project Number:** A-FB-TE-CD-8112  
**Funding Manager:** Cory Mitchell  
**Borrower(s):** Steidinger, Clint  
**Town:** Strawn, IL  
**Amount:** \$161,850.00  
**Use of Funds:** Farmland – 93 acres (undivided ½ interest)  
**Purchase Price:** \$202,355.00 / (\$2,176 per ac)  
**%Borrower Equity:** 21%  
**%Other Agency:** 0%  
**%IFA:** 79%  
**County/Region:** Ford / East Central  
**Lender/Bond Purchaser:** Bluestem National Bank / Brad Brown  
**Legislative Districts:** Congressional: 15<sup>th</sup>, Timothy Johnson  
State Senate: 53<sup>rd</sup>, Dan Rutherford  
State House: 105<sup>th</sup>, Shane Cultra

Principal shall be paid annually in installments determined pursuant to a Twenty five year amortization schedule, with the first principal payment date to begin on April 1, 2009. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to be on April 1, 2009 with the final payment of all outstanding balances due twenty five years from the date of closing.

**\*Clint Steidinger:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.00% for the first 5 years then adjusted annually to 80% of the Wall Street Journal Prime. IFA Fee: \$2,428.00

**Project Number:** A-FB-TE-CD-8113  
**Funding Manager:** Cory Mitchell  
**Borrower(s):** Steidinger, Colin  
**Town:** Strawn, IL  
**Amount:** \$161,850.00  
**Use of Funds:** Farmland – 93 acres (undivided ½ interest)  
**Purchase Price:** \$202,355.00 / (\$2,176 per ac)  
**%Borrower Equity:** 21%  
**%Other Agency:** 0%  
**%IFA:** 79%  
**County/Region:** Ford / East Central  
**Lender/Bond Purchaser:** Bluestem National Bank / Brad Brown  
**Legislative Districts:** Congressional: 15<sup>th</sup>, Timothy Johnson  
State Senate: 53<sup>rd</sup>, Dan Rutherford  
State House: 105<sup>th</sup>, Shane Cultra

Principal shall be paid annually in installments determined pursuant to a Twenty five year amortization schedule, with the first principal payment date to begin on April 1, 2009. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to be on April 1, 2009 with the final payment of all outstanding balances due twenty five years from the date of closing.

**\*Colin Steidinger:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.00% for the first 5 years then adjusted annually to 80% of the Wall Street Journal Prime. IFA Fee: \$2,428.00

**Project Number:** A-FB-TE-CD-8116  
**Funding Manager:** Cory Mitchell  
**Borrower(s):** Worsfold, Jason & Joline  
**Town:** Trivoli, IL  
**Amount:** \$119,000.00  
**Use of Funds:** Farmland – 60 acres  
**Purchase Price:** \$238,000 / (\$3,967 per ac)  
    %Borrower Equity 0%  
    %Other Agency 50%  
    %IFA 50%  
**County/Region:** Knox / West Central  
**Lender/Bond Purchaser:** Bank of Yates City / Wayne Wrage  
**Legislative Districts:** Congressional: 18<sup>th</sup>, Ray LaHood  
State Senate: 37<sup>th</sup>, Dale Risinger  
State House: 73<sup>rd</sup>, David Leitch

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

**\*Jason & Joline Worsfold** Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.0% fixed for the first 3 years and adjust every 3 years thereafter for the term of the note equal to prime rate as published in the Wall Street Journal. **IFA Fee: \$1,785.00**

**Project Number:** A-FB-TE-CD-8114  
**Funding Manager:** Eric Reed  
**Borrower(s):** Wood, Will A.  
**Town:** Brocton, IL  
**Amount:** \$190,000.00  
**Use of Funds:** Farmland – 39.5 acres w/bldgs  
**Purchase Price:** \$190,000 / (\$170,000 /\$4,304 per ac)  
    %Borrower Equity 0%  
    %Other Agency 0%  
    %IFA 100%  
**County/Region:** Edgar / Southeastern  
**Lender/Bond Purchaser:** Citizen National Bank / Renee Craig  
**Legislative Districts:** Congressional: 15<sup>th</sup>, Timothy Johnson  
State Senate: 55<sup>th</sup>, Dale Righter  
State House: 110<sup>th</sup>, Chapin Rose

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

**\*Will Wood:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 3.82% fixed for five years and adjust every five years thereafter for the term of the note to +.50 basis points over US Treasury 5-Year Rate, originating at 3.32% + .50bp = 3.82%. The lender will exercise a call option 30 days after each annual payment due date beginning after the 5<sup>th</sup> year until the loan matures. Lender will charge .50 points. **IFA Fee: \$2,850.00**

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

<b>Project Number:</b>	<b>A-FB-TE-CD-8115</b>
<b>Funding Manager:</b>	Eric Reed
<b>Borrower(s):</b>	<b>Halloran, Jared M.</b>
<b>Town:</b>	Paris, IL
<b>Amount:</b>	\$250,000.00
<b>Use of Funds:</b>	Farmland – 80 acres
<b>Purchase Price:</b>	\$339,700 / (\$4,246 per ac)
%Borrower Equity	0%
%Other Agency	26%
%IFA	74%
<b>County/Region:</b>	Edgar / Southeastern
<b>Lender/Bond Purchaser</b>	Citizen National Bank / Renee Craig
<b>Legislative Districts:</b>	Congressional: 15 <sup>th</sup> , Timothy Johnson State Senate: 55 <sup>th</sup> , Dale Righter State House: 109 <sup>th</sup> , Roger Eddy

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

**\*Jared Halloran:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 3.82% fixed for five years and adjust every five years thereafter for the term of the note to +.50 basis points over US Treasury 5-Year Rate, originating at 3.32% + .50bp = 3.82%. The lender will exercise a call option 30 days after each annual payment due date beginning after the 5<sup>th</sup> year until the loan matures. Lender will charge .50 points. **IFA Fee: \$3,750.00**

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Project: F. Randall Borkgren and Teresa M. Borkgren**

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**STATISTICS**

Project Number: A-LL-TX-8123	Amount: \$87,500
Type: Participation Loan	IFA Staff: Cory E. Mitchell
County/Region: Henry/Northwest	City: Woodhull

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**BOARD ACTION**

Final Resolution	Staff request: Approval subject to bank conditions
IFA Funds contributed: \$87,500	Extraordinary conditions: None
Staff Recommendation: Approval to purchase a loan from Farmers State Bank of Western Illinois	

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**VOTING RECORD**

None

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**PURPOSE**

Use of proceeds: Provide permanent financing for the purchase of (50%) a grain bin with drying floor and fans.

**Please note: This request will be in conjunction with an additional participation loan request for the remaining 50% with Rick A. Borkgren and Martha A. Borkgren. Collateral will be the same on each loan request.**

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

N/A

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**JOBS**

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

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA Participation:	\$87,500	Uses: Bin/Equipment	<u>\$195,000</u>
Borrower Equity	\$20,000		
Farmers State Bank of Western Illinois	<u>\$87,500</u>		
<b>Total</b>	<b><u>\$195,000</u></b>		<b><u>\$195,000</u></b>

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### FINANCING SUMMARY/STRUCTURE

Security: This loan will be secured by a Parri Passu shared lien position on the proposed bin and equipment as well as a 2<sup>nd</sup> position blanket lien on all machinery and equipment held by Farmers State Bank of Western Illinois

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

Interest Rate: See confidential section

Interest Mode: Fixed

Credit Enhancement: None

Maturity: 5 years

Estimated Closing Date: August 30, 2008

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### PROJECT SUMMARY

Summary: F. Randall and Teresa Borkgren will be purchasing 50% of a 275,000 bushel grain bin with drying floors and fans. R. Randall's brother and wife Rick and Martha Borkgren will be purchasing the remaining 50%. Total project cost is \$390,000 with Rick and Martha's portion of the project being \$195,000. Farmers State Bank of Western Illinois has asked IFA to participate in a 50% participation loan on F. Randal and Teresa Borkgren. (Rick and Martha Borkgren will be submitting a loan participation request through IFA as well).

Project Rationale: The proposed financing will allow the borrowers to expand their grain storage facility. This grain bin addition will reduce the amount of commercial storage fees the borrower currently pays the local grain elevator and allow for a more efficient use of cash flow for the operation. The proposed bin will sit next to the borrowers current bin site.

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

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### BUSINESS SUMMARY

The borrowers operate a 7000 acre cash grain farm in conjunction with Rick and Martha Borkgren located in Henry County near Woodhull. (Rick and F. Randall are brothers) Each family maintains separate income and expense on 3,500 acres (50/50) of the farming operation which includes an even split of corn and soybean acres.

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### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: F. Randall and Teresa M. Borkgren  
Project Location: 10482 N 300 Ave., Woodhull, IL 61490  
Borrower: F. Randall and Teresa M. Borkgren  
Ownership: Sole Proprietorship

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### PROFESSIONAL & FINANCIAL

Borrower's Counsel:	None		
Accountant:	Carpentier, Mitchell Godard co., LLC,	Moline, IL	
Originating Bank:	Farmers State Bank of Western Illinois	Alpha, IL	Marvin Watters
Bank Counsel:	N/A		
IFA Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott
IFA Counsel:			

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### LEGISLATIVE DISTRICTS

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

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**SERVICE AREA**

N/A

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**BACKGROUND INFORMATION**

Rick and Martha Borkgren started their farming operation approximately 30 years ago in the Woodhull area. Nearly 25 years ago, F. Randall and his wife Teresa joined Rick and Martha in the farming operation. The two families started out farming a couple thousand acres to farming 7,000 acres today. Of the acres farmed today, 1000 are owned by Rick and Martha, 570 by F. Randall and Teresa, and the remaining are on a 50/50 crop share or cash rent lease. From inception until now, each family maintains personal accountability for income and expenses and operates as a sole proprietorship. All farm equipment is shared. Labor has been supplied by each family. Both families have a son who assists in the operation and would like to take over the operation upon Rick and F. Randall's retirement, whenever that may happen.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Project: Rick A. Borkgren and Martha A Borkgren**

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**STATISTICS**

Project Number: A-LL-TX-8122	Amount: \$87,500
Type: Participation Loan	IFA Staff: Cory E. Mitchell
County/Region: Henry/Northwest	City: Woodhull

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**BOARD ACTION**

Final Resolution	Staff request: Approval subject to bank conditions
IFA Funds contributed: \$87,500	Extraordinary conditions: None
Staff Recommendation: Approval to purchase a loan from Farmers State Bank of Western Illinois.	

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**VOTING RECORD**

None

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**PURPOSE**

Use of proceeds: Provide permanent financing for the purchase of (50%) a grain bin with drying floor and fans.

**Please note: This request will be in conjunction with an additional participation loan request for the remaining 50% with F. Randall Borkgren and Teresa M. Borkgren. Collateral will be the same on each loan request.**

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

N/A

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**JOBS**

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

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA Participation:	\$87,500	Uses: Bin/Equipment	<u>\$195,000</u>
Borrower Equity	\$20,000		
Farmers State Bank of Western Illinois	<u>\$87,500</u>		
<b>Total</b>	<b><u>\$195,000</u></b>		<b><u>\$195,000</u></b>

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**FINANCING SUMMARY/STRUCTURE**

Security: This loan will be secured by a Parri Passu shared lien position on the proposed bin and equipment as well as a 2<sup>nd</sup> position blanket lien on all machinery and equipment held by Farmers State Bank of Western Illinois

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

Interest Rate: See confidential section

Interest Mode: Fixed

Credit Enhancement: None

Maturity: 5 years

Estimated Closing Date: August 30, 2008

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**PROJECT SUMMARY**

Summary: Rick and Martha Borkgren will be purchasing 50% of a 275,000 bushel grain bin with drying floors and fans. Rick's brother and wife F. Randall and Teresa Borkgren will be purchasing the remaining 50%. Total project cost is \$390,000 with Rick and Martha's portion of the project being \$195,000. Farmers State Bank of Western Illinois has asked IFA to participate in a 50% participation loan on Rick and Martha Borkgren. (F. Randall and Teresa Borkgren will be submitting a loan participation request through IFA as well).

Project Rationale: The proposed financing will allow the borrowers to expand their grain storage facility. This grain bin addition will reduce the amount of commercial storage fees the borrower currently pays the local grain elevator and allow for a more efficient use of cash flow for the operation. The proposed bin will sit next to the borrowers current bin site.

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

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**BUSINESS SUMMARY**

The borrowers operate a 7000 acre cash grain farm in conjunction with F. Randall and Teresa Borkgren located in Henry County near Woodhull. (Rick and F. Randall are brothers) Each family maintains separate income and expense on 3,500 acres (50/50) of the farming operation which includes an even split of corn and soybean acres.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Rick A. and Martha A. Borkgren

Project Location: 10482 N 300 Ave., Woodhull, IL 61490

Borrower: Rick A. and Martha A. Borkgren

Ownership: Sole Proprietorship

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel: None

Accountant: Carpentier, Mitchell Godard co., LLC, Moline, IL

Originating Bank: Farmers State Bank of Western Illinois Alpha, IL Marvin Watters

Bank Counsel: N/A

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

IFA Counsel:

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**LEGISLATIVE DISTRICTS**

Congressional: 17<sup>th</sup>, Phil Hare

State Senate: 37<sup>th</sup>, Dale E. Risinger

State House: 74<sup>th</sup>, Donald L. Moffitt

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**SERVICE AREA**

N/A

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### **BACKGROUND INFORMATION**

Rick and Martha Borkgren started their farming operation approximately 30 years ago in the Woodhull area. Nearly 25 years ago, Rick's brother F. Randall and his wife Teresa joined Rick and Martha in the farming operation. The two families started out farming a couple thousand acres to farming 7,000 acres today. Of the acres farmed today, 1000 are owned by Rick and Martha, 570 by F. Randall and Teresa, and the remaining are on a 50/50 crop share or cash rent lease. From inception until now, each family maintains personal accountability for income and expenses and operates as a sole proprietorship. All farm equipment is shared. Labor has been supplied by each family. Both families have a son who assists in the operation and would like to take over the operation upon Rick and F. Randall's retirement, whenever that may happen.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Obligor:      The Oaks at Village Woods SLF, LP and its affiliates, successors, and assigns**

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**STATISTICS**

Project Number:	M-MH-TE-CD-8106	Amount:	\$16,000,000 (not-to-exceed amount)
Type:	Affordable Rental Housing Bonds	IFA Staff:	Rich Frampton
County/Region:	Will County/Northeast Region	Location:	Unincorporated Will County, near Crete

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**BOARD ACTION**

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

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**VOTING RECORD**

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

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**PURPOSE**

The proposed Bonds will finance the acquisition of land, and the construction and equipping a new, 125-unit Supportive Living Facility located in unincorporated Will County, near Crete. This financing will facilitate construction and development of this project licensed under the State of Illinois' Supportive Living Facility program. This project will provide the first *affordable* assisted living facility in Eastern Will County. The Developer plans to allocate all 125 units in each property to qualified low- and moderate income seniors. The General Partner of the Borrower is an affiliate of a 501(c)(3) corporation that develops and manages senior housing/senior care facilities in South Suburban and West Suburban regions of the Chicago metropolitan area.

**Note:** The General Partner of The Oaks at Village Woods SLF, LP (the "Borrower" or "Developer") (and initial 0.01% owner of the Project) will be to-be-formed Limited Liability Company to be established as an affiliate of Rest Haven Illiana Christian Convalescence Home ("Rest Haven"), a Illinois 501(c)(3) corporation that owns and manages (through a for-profit subsidiary) seven senior living/senior care facilities in the Chicago metropolitan area (primarily in the West and South Suburbs). Rest Haven received a license to develop and operate a Supportive Living Facility at this Crete site in 2004.

As typical for projects financed with Low Income Housing Tax Credits (and required by the Internal Revenue Service), ownership of the facility must be aligned with the tax credit benefits. As a result, 99.9% of the project will ultimately be owned by for-profit entities (through syndication of Limited Partnership ownership interests by Great Lakes Capital Fund Nonprofit Housing Corp., of Lansing, Michigan, the initial Limited Partner of the Borrower).

Thus, due to the project's 99.9% for-profit ownership, this project will require Volume Cap.

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**IFA CONTRIBUTION AND PROGRAM**

Conduit Tax-Exempt Affordable Rental Housing Bonds. Interest on the Bonds will be exempt from Federal Income Tax, thereby facilitating a below-market interest rate on the Bonds. Additionally, because more than 50% of project's tax basis will be financed with Tax-Exempt Bonds, this project will also be eligible for 4% Low Income Housing Tax Credits ("LIHTCs"), which will generate upfront cash equity equivalent to approximately 30% of total project cost.

**VOLUME CAP**

The South Suburban Mayors and Managers Association transferred 2005 and 2006 Volume Cap to the Authority that was originally targeted for Industrial Revenue Bond projects. Upon expiration of this Volume Cap for IRB projects (in 2005 and 2006), the South Suburban Mayors and Managers Association, on behalf of its member communities, directed the Authority to designate this expiring Cap as Multifamily Housing (i.e., Qualified Residential Rental) Carryforward primarily for projects in the SSMMA's service area (and secondarily for other projects, subject to consent by the SSMMA). The anticipated issuance amount is \$15,650,000.

**JOBS**

Current employment (adjacent facility): 26      Projected new jobs: N/A  
 Jobs retained: 26 (replacement of an obsolete Market Rate facility with an affordable facility)  
 Construction jobs: 85 (estimated over 12 months)

This project will provide 125 units of affordable Assisted Living in Eastern Will County. This new facility will replace Rest Haven's structurally and functionally obsolete 147-unit market rate Independent/Assisted Living facility located in a converted, former Holiday Inn hotel located adjacent to the proposed site. The new facility will provide one-bedroom units with kitchenettes designed specifically for the needs of seniors.

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

<b>Sources:</b>		<b>Uses:</b>	
IFA Bonds	\$15,650,000	Project Costs	\$16,629,500
Will County	40,000	Tax Credit/Lender Fees	2,045,426
HOME Funds (Subordinate)		Construction Contingency (paid at closing)	706,507
FHLBank Chicago (Subordinate)	300,000	Lease-up Reserve (paid-in 30 days after initial lease-up)	300,000
DCEO Energy Efficient Affordable Housing Construction Program	200,000	Taxes and Insurance Reserve (paid-in 90 days after start-up)	116,165
Private Family Foundation Grant	600,000	Replacement Reserve (paid-in 90 days after start-up)	56,250
4% Low Income Housing Tax Credits	6,002,975	Operating Reserve	1,528,425
Deferred Developer Fee (Cash Flow)	1,659,090	Bond Issuance Costs	360,000
General Partner Contribution	<u>255,000</u>	Capitalized Interest	821,625
		Deferred Developer Fee (paid over time out of cash Flows)	1,659,090
		Developer Fee (released at (i) closing and (ii) upon attaining 1.20x debt svc. coverage for 3 consecutive months)	<u>484,077</u>
<b>Total:</b>	<b>\$24,707,065</b>	<b>Total:</b>	<b>\$24,707,065</b>

\*Note: The Developer's Fees will be paid over time to the General Partner of the Borrower (i.e., an affiliate to-be-formed by the Borrower and Rest Haven Illiana Convalescent Home, a Tinley Park-based 501(c)(3) corporation, and Developer of the proposed project) based on specified performance benchmarks described further below.

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

Developer Fees are permitted as compensation to the Developer on projects financed with Low Income Housing Tax Credits under the Internal Revenue Code and provide contingent performance-related compensation for the General Partner. This Developer Fee is negotiated as part of the Limited Partnership Agreement between the General Partner and the Tax Credit Investor/Syndicator (i.e., the entity purchasing the 4% Low Income Housing Tax Credits and a related Limited Partnership Ownership interest in the subject properties). The Illinois Housing Development Authority allows Developer Fees (including Deferred Fees) to equal up to 12% of project development costs (i.e., development cost basis excluding any Developer Fees). Additionally, Harris, N.A. (the proposed Direct Pay Letter of Credit Provider securing the IFA Bonds) must also consent to payment of any Developer Fees (as negotiated in the Limited Partnership Agreement) in the Final Letter of Credit Reimbursement Agreement negotiated with the Borrower.

As proposed, the Developer Fees will be paid based on attainment of the following performance benchmarks:

- \$200,000 would be paid in cash at the time of closing of the financing (including execution of the Limited Partnership Agreement with the Tax Credit Investor).
- Approximately \$284,077 would be deferred until sufficient operating cash flow is available to maintain minimum 1.20x debt service coverage for at least 3 consecutive months.
- The remaining \$1,659,090 will be Deferred and paid out of cash flow over the 15-year Tax Credit Compliance Period pursuant to the 15-Year Partnership Agreement negotiated between the General Partner (i.e., affiliate of Rest Haven, and The Oaks at Village Woods, LLC) and the Limited Partner (affiliates of the Great Lakes Capital Fund Non Profit Housing Corp., the proposed 4% LIHTC Tax Credit Investor).

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

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#### FINANCING SUMMARY/STRUCTURE

Security/ Structure:	Bondholders will be secured by a Harris N.A. ("Harris Bank", formerly Harris Trust & Savings Bank) Direct Pay Letter of Credit.
Interest Rate:	Bonds will be sold initially as 7-Day Variable Rate Demand Bonds secured by Harris Bank's Direct Pay Letter of Credit. Harris Bank may ultimately require the Borrower to purchase either (i) an interest rate cap or (ii) enter into a floating to fixed rate swap. Details of any embedded interest rate cap or swap will be negotiated prior to final bond documentation and will be disclosed to the IFA Board, as applicable, at the time of the request for a Final Bond Resolution.
Interest Mode:	Although the bond documents will permit multiple modes (including a Fixed Rate Mode), Harris, N.A. (d/b/a "Harris Bank Capital Markets", the "Underwriter") expects to sell the Bonds initially as 7-Day Variable Rate Demand Bonds ("7-Day VRDN's"). The 52-week running average SIFMA 7-Day municipal swap index was 2.80% as of 7/9/2008.
Maturity:	35 Year Final Maturity.
Rating:	Bonds will be rated based on Harris Bank's (Harris, N.A.'s) underlying ratings. Harris Bank's long-term debt is currently rated Aa3/AA- and short-term debt is current rated VMIG1/A-1 as of 7/8/2008 by Moody's/S&P.
Estimated Closing Date:	November or December 2008
Rationale:	This financing will result in construction of a new, 125-unit Supportive Living Facility in Crete (Will County) that will meet the needs of an expanding and underserved low-income elderly population in Will County. These projects will each provide 125 units of new, affordable low-income senior housing that will be reserved for households earning less than 60% of adjusted median income in Will County.

Availability of Tax-Exempt Bond financing (and Volume Cap) sufficient to finance 50% or more of eligible cost basis for each project will provide access to 4% Low Income Housing Tax Credits that will generate cash equity (i.e., approximately 25% of total project development cost) for the project.

Development of this facility will enable Rest Haven to ultimately replace a physically obsolete, 147-unit, market rate, Independent Living/Assisted Living Facility (a converted former Holiday Inn) located adjacent to the proposed project (all on land already owned by Rest Haven). Development of the SLF Facility will also enable Rest Haven to meet an underserved market in Eastern Will County. The nearest state-licensed SLF facility is located approximately 9 miles northwest in Park Forest (an approximately 20 minute drive).

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### PROJECT SUMMARY (FOR IFA BOND RESOLUTION)

Bond proceeds will be used by The Oaks at Village Woods SLF, LP and its affiliates, successors, and assigns (the "Borrower") to finance or refinance the acquisition, construction, and equipping of (i) the costs of the acquisition of land and construction of a multifamily residential housing property to be known as The Oaks at Village Woods, a 5-story, 125-unit affordable senior housing/assisted living facility developed under the State of Illinois' Supportive Living Facility Program and located on an approximately 5.0 acre site located at 2681 Illinois Route 394 in unincorporated Will County near Crete, Illinois, and (ii) to pay the costs of issuance, capitalized interest, and various reserve funds for the Bonds, all as allowed under the Illinois Finance Authority Act (and, collectively, the "Project").

Estimated project costs are as follows (preliminary, subject to change):

Land/Site Development:	\$361,930
Building Construction:	15,487,570
Equipment:	<u>780,000</u>
<b>Total:</b>	<b>\$16,629,500</b>

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### BUSINESS SUMMARY

Description of  
Borrower:

**The Oaks at Village Woods SLF, LP (the "Applicant" or "Borrower")** was formed as a special purpose entity in January 2008 by **Rest Haven Illiana Christian Convalescence Home("Rest Haven")**, a Tinley Park, Illinois-based 501(c)(3) owner and manager of senior nursing homes, rental housing, and assisted living facilities in Will County, Southern Cook County, and DuPage County, Illinois.

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

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

- 1. General Partner: Rest Haven will form a new, special purpose entity (most likely an Illinois Limited Liability Company) that will own a 0.01% beneficial interest in the Borrower.**
  - o The General Partner will be a special purpose entity formed by Rest Haven, which will be the Manager/Sole Member of this LLC. Rest Haven is a 501(c)(3) corporation – see Economic Disclosure Statement section on pages 6-7 for information on Board Members.
- 2. Limited Partner: 99.99% beneficial interest in the Borrower:**
  - o The Limited Partner and 99.99% owner of the project will be affiliates of **Great Lakes Capital Fund Non Profit Housing Corp. (d/b/a "Great Lakes Capital Fund" and also referenced herein as "Great Lakes")**, a Lansing, Michigan-based not-for-profit tax credit syndicator established in 1992. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits to corporations. Great Lakes has a 16-year track record in the syndication and development of affordable rental housing properties. During this time, Great Lakes has provided tax credit equity of over \$1 billion for over 325 affordable housing developments located in Michigan, Indiana, Illinois, and Wisconsin. Great Lakes focuses on investing in (a) projects located in distressed or rural areas, (2) projects of

less than 100 units, (3) serves special needs populations, and (4) projects developed by a non-profit sponsor. (See [www.capfund.net](http://www.capfund.net) for additional information on Great Lakes Capital Fund.)

Background on  
 Developer:

**Rest Haven Illiana Christian Convalescent Home (“Rest Haven”)** is a 501(c)(3) corporation based in Tinley Park, Illinois (Will County) established in 1954 as an outgrowth of the Second Christian Reformed Church located in the Englewood community of Chicago.

Rest Haven opened its first skilled nursing home in 1960. Rest Haven offers a continuum of independent living, assisted living, skilled nursing, hospice, specialized care, and rehabilitation services at its various facilities.

Rest Haven and its Providence Management and Development affiliate currently own and manage 11 senior housing properties totaling approximately 1,364 units located in Suburban Chicago (Southern Cook County, Will County, and DuPage County), and Western Michigan (Grand Rapids and Zeeland). Rest Haven also has two proposed senior projects under development located in Elmhurst (DuPage County) and Northwest Indiana (St. John). Several of these properties provide services to elderly residents who need assistance with one or more activities of daily living.

Rest Haven’s seven (7) existing senior housing/senior care projects in Illinois include the following properties that collectively provide (1) 509 skilled nursing beds, (2) 182 assisted living beds, and (3) 463 independent living beds:

<u>Project</u>	<u>Illinois Location</u>	<u>Type of Project</u>	<u>Total Beds/Units</u>
Rest Haven Village Woods	Crete	Assisted Living (47 Units); Independent Living (100 Units); <i>Note: This structurally obsolete facility will be ultimately replaced by the new, affordable Oaks at Village Woods SLF facility.</i>	147
Rest Haven Central	Palos Heights	Skilled Nursing (193 beds)	193
Rest Haven Holland Home	South Holland	Assisted Living (55 Units); Independent Living (236 Units)	291
Rest Haven South.	South Holland	Skilled Nursing (171 beds)	171
Saratoga Grove	Downers Grove	Assisted Living (21 beds); Independent Living (75 Units)	96
Grand Victorian	Homer Glen	Independent Living (52 Beds)	52
Victorian Inn	Homer Glen	Assisted Living (59 Beds)	29

The subject project will be Rest Haven’s first Supportive Living Facility Project.

Management  
 Agent:

**Providence Management & Development Company, Inc.**, a for-profit subsidiary of Rest Haven, will serve as Management Agent for The Oaks at Village Creek SLF project.

Providence was established in 1991 and has approximately 75 employees at its corporate offices in Tinley Park. Providence offers full service management, development, and consulting services for organizations serving the senior population. On-site managers at each Rest Haven-owned facility are employed directly by Rest Haven, however.

Providence offers property management services for a broad range of senior facilities and programs including management of (1) retirement communities [2 communities, 204 residents], (2) affordable housing complexes [3 properties, 417 residents], (3) assisted living facilities [3 communities, 169 residents], and (4) Medicare-certified and private duty home health care.

Additionally, Providence provides accounting, cash management, audit management, and both consulting and compliance reporting services on federal programs (e.g., Medicare/Medicaid).

Terms of Providence's compensation as Management Agent will be periodically reviewed by the LOC Bank (Harris, N.A.) and the Tax Credit Investor (i.e., Great Lakes Capital Fund) pursuant to the Limited Partnership Agreement.

**Background on  
Project:**

The Oaks at Village Woods SLF will provide 125 new units of senior housing in a new Illinois Department of Healthcare & Human Services licensed facility to be located in Crete (Will County) approximately ¼ mile north of the junction of Illinois Route 394 (Bishop Ford Freeway) at its terminus with Illinois Hwy. 1 (and near the Balmoral Park racetrack). The site is also located approximately 9 miles east of I-57, Exit 335 (Monee exit).

All 125 units will be one-bedroom (1 BR) units. All will be designated as affordable units and leased to qualified seniors earning less than 60% of AMI (Adjusted Median Income) in Will County.

Outdoor amenities will include a 68-vehicle parking lot (with 3 handicapped spaces adjacent to the building), a walking path, and enclosed courtyards.

The property will be located near a local health clinic located approximately 4 miles south in Beecher. The Oaks at Village Woods will provide a courtesy local transportation van to residents.

Rest Haven's The Oaks at Village Woods SLF will enable Rest Haven to provide needed assisted living services to its aging population by redeveloping an existing site to better meet the needs of the local market and low income (or disabled) seniors, in particular.

Rest Haven hopes to accelerate absorption at the SLF by moving all qualified residents at the adjacent Rest Haven Village Woods project.

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**OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT**

**Borrower:** The Oaks at Village Woods SLF, LP, c/o Rest Haven Christian Services, 18601 N. Creek Drive, Tinley Park, IL 60477; (T) 708-342-8100; (F): 708-342-810

**Borrower Contact:** Bill DeYoung, Providence Management & Development Co., Inc., 18601 N. Creek Dr., Suite A, Tinley Park, IL 60477; (T) 708-342-8100; (F) 708-342-8000; E-mail: [BillD@provinet.com](mailto:BillD@provinet.com)

**Alternate Contact:** Virginia Pace, President, Lighten-Gale Group, 203 N. Wabash Ave., Suite 608, Chicago, IL 60622; (T): 312-290-1500 (x105); E-mail: [vp@housingdeveloper.com](mailto:vp@housingdeveloper.com)

**Project name:** The Oaks at Village Woods Supportive Living Facility

**Location:** 2681 Illinois Route 394, Crete (Will County), Illinois 60417-4353

**Organization:** Limited Partnership

**State:** Illinois

**Ownership of Applicant:** The Oaks at Village Woods SLF, L.P.

- **General Partner (0.01%):** A special purpose Limited Liability Company or other entity to be formed and 100%-owned by Rest Haven, c/o Rest Haven Illiana Christian Convalescent Home, 18601 N. Creek Drive, Tinley Park, IL 60477. Rest Haven Illiana Christian Convalescent Home, Manager (and Sole Member); Contact: Bill DeYoung, (T)

708-342-8100; (F) 708-342-8000; E-mail: [BillD@provinet.com](mailto:BillD@provinet.com) . The current Board of Directors of Rest Haven are listed below:

**Rest Haven Illiana Convalescence Home – Board of Directors**

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Dr. David Beezhold  
Covenant Orthodox Presbyterian Church

Richard Schutt  
Grace Community CRC

Pat Bilthouse  
Western Springs CRC

Rich Van Hattem  
Faith Reformed Church – Dyer

Roger Boerema  
Elmhurst CRC

Bill Van Kley  
1<sup>st</sup> Reformed Church of Lansing

Roger De Graff  
1<sup>st</sup> Reformed, South Holland

Sam Van Til  
Second CRC, Highland, Indiana

John DeYoung  
Western Springs Christian Reformed

Steven Vryhof  
Hope Christian Reformed Church

Don Mannes  
North Street CRC

Robert Workman  
Orland Park CRC

Kenneth Mels  
Orland Park CRC

Jay Zandstra  
Community United Reformed

Van Zeilstra  
Elmhurst CRC

Kurt Nelson  
Calvary Church of Orland Park

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- **Limited Partner, 99.99%: Great Lakes Capital Fund Non Profit Housing Development Corp. and affiliates (Limited Partner), Lansing, Michigan.**
  - Great Lakes Capital Fund Non Profit Housing Development Corp. (d/b/a “Great Lakes Capital Fund”) is a Michigan 501(c)(3) not-for-profit corporation and is a tax credit investor/syndicator that, through affiliated entities, will ultimately sell beneficial interests in the limited partnership to large corporations (primarily publicly owned companies), subsequent to closing. Great Lakes Capital Fund’s administrative offices are located at 1000 South Washington, Suite 200, Lansing, MI 48910; (T) 517-482-8555; (F) 517-482-8598. (See [www.capfund.net](http://www.capfund.net) for additional information.)
    - Ultimately the Limited Partnership ownership stakes (and the beneficial ownership of the 4% LIHTC’s will be sold to large, public companies)
    - Informational Disclosure: Great Lakes Capital Fund is a 501(c)(3) capitalized by contributions from: FNMA, FHLMC, Fifth Third CDC, JPMorgan Chase Bank, Comerica Bank, FHBC Leasing Corp., Harris, N.A., Mercantile Bank of Michigan, Sky Bank, Wells Fargo CDC, Key CDC, National City CDC, Banc of America CDC, Huntington CDC Charter One Bank, North Country Bank & Trust, Irwin Union Bank and Trust Co., Westshore Bank, MainSource Bank, Citizens Bank, University Insurance & Investment Services, Inc., Penske Realty Corp., Tendercare Nursing Homes, Inc., First Savings Bank; Macatawa Bank. Great Lakes Capital Fund was originally established in 1992 as a non-profit syndicator/investor of Affordable Rental Housing Tax Credits in underserved (i.e., mostly rural) areas of Michigan, and subsequently expanded its service area to included Indiana, Wisconsin, and Illinois pursuant to Board direction and contributions from donors.

- Great Lakes Capital Fund's 2008 Board of Directors:
  - President: James M. Hammond, III, President/CEO, Indiana Association of Rehabilitation Facilities, Indianapolis, IN
  - Vice President: Marsha A. Kreucher; Executive Director, Community Action Agency, Jackson, MI
  - Secretary/Treasurer: Michael J. Taylor, President, National City CDC, Cleveland, OH
  - James S. Bernacki, First VP and Group Manager, Comerica Community Development Center, Detroit, MI
  - R. Wayne Koehler, President, Fifth Third Community Development Corp., Columbus, OH
  - Tom Tracy, Managing Director, Hunter Chase & Company, Carlsbad, CA
  - Paul J. Weaver, Senior VP & Controller, FHLBank Indianapolis, Indianapolis, IN
  - William C. Perkins, Executive Director, Wisconsin Partnership for Housing Development, Madison WI
  - Wendell Johns, Executive VP & CFO, The NHP Foundation, Washington, DC

**Current Property**

**Owners/Sellers:** Rest Haven Illiana Christian Convalescent Home already owns the subject property site.

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Applegate & Thorne-Thomsen, P.C.	Chicago, IL	Warren Wenzloff
Auditor:	The Reznick Group, P.C.	Skokie, IL	Bruce Schiff
Borrower's Consultant:	Lighten-Gale Group	Chicago, IL	Virginia Pace
Credit Enhancement:	Harris Bank, N.A.	Chicago, IL	Ailisa Herrera
LOC Bank Counsel:	Charity and Associates, P.C.	Chicago, IL	Elvin Charity
Bond Counsel:	To be selected by Rest Haven and Harris, N.A.		
Underwriter:	Harris, N.A.	Chicago, IL	Nick Knorr
Underwriter's Coun.:	Chapman and Cutler, LLP	Chicago, IL	
Tax Credit Investor:	Great Lakes Capital Fund	Madison, WI	
Tax Credit Investor's Counsel:	To be determined		
Trustee:	To be determined		
General Contractor:	Joseph J. Duffy Co.	Chicago, IL	
Architect:	SAS Architects & Planners	Northbrook, IL	
Management Agent:	Providence Management & Development Company, Inc. (an affiliate of the Borrower)	Tinley Park, IL	Ray Hemphill
Site & Market Study:	Laurel Research Associates	Springfield, IL	
Issuer's Counsel:	Requested (assignment forthcoming as of 7/31))		
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional:	11	Gerald C. "Jerry" Weller
State Senate:	40	Debbie DeFrancesco Halvorson
State House:	80	George Scully, Jr.

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## BACKGROUND/SUPPLEMENTAL INFORMATION ON SUPPORTIVE LIVING FACILITIES

The State of  
Illinois SLF  
Program:

The Borrower and the Illinois Department of Healthcare and Family Services executed a Contract for Furnishing Services (the "Contract") under the Supportive Living Program in August 2005. Pursuant to this Contract, the Owner must begin operations by August 2008 (subject to time extensions if a written request with required documentation is submitted before the August 2008 deadline). This Contract provides for the reimbursement of Covered Services to Eligible Residents under the Medical Assistance Program.

The Supportive Living Program was designed to reduce Medicaid subsidies to support low income elderly and persons with disabilities (22 and over) and help pay the costs of necessary services including medication supervision, laundry, and personal care. All residents in a Supported Living Facility must be able to pay for their own room and board. Medicaid service reimbursement rates in Illinois are set at approximately 60% of the regional nursing home per diem rate. Maximum income for single tenants is approximately \$22,020 for the subject projects.

The Medicaid resident's maximum "room and board" payment is set by state regulation, and is currently set at \$547 per month. SLFs can also be certified as eligible food stamp vendors and receive these benefits for eligible residents. If a Medicaid resident's income is above \$637/month, then the amount over this threshold is applied as a Medicaid co-payment toward service expenses.

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

The objective of the SLF Program is to reduce the State's Medicaid expenditures. SLF Facilities can reduce daily Medicaid reimbursement rates from \$100/day to \$67.93/day in certain regions. Approximately 32% of current SLF residents have relocated from a nursing home. Illinois has 96 open and operating SLF's (providing over 7,400 units), with approximately 51 additional facilities approved according to the State's SLF website (as of 7/22/2008; see [www.slfillinois.com](http://www.slfillinois.com)).

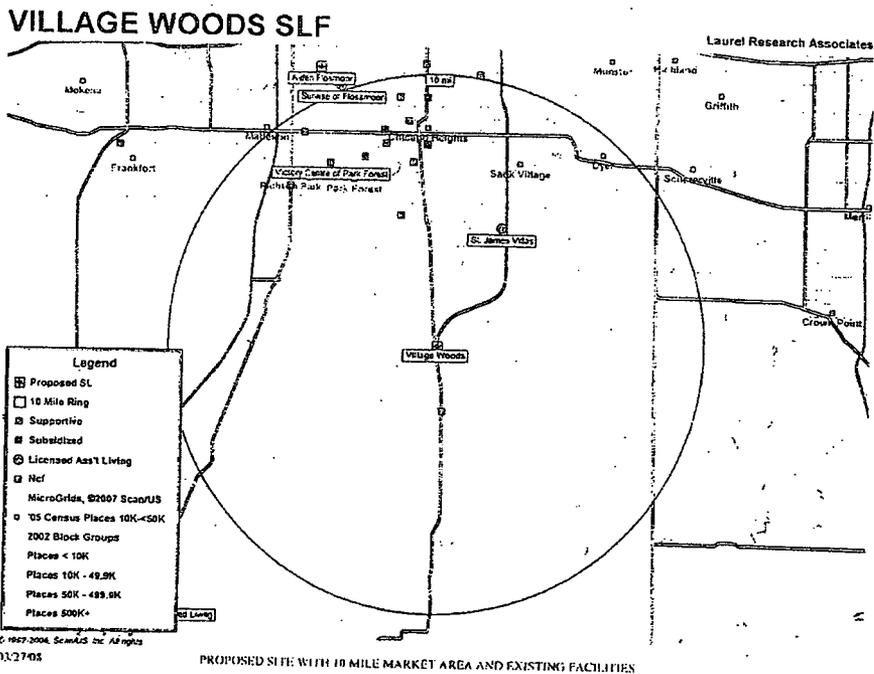
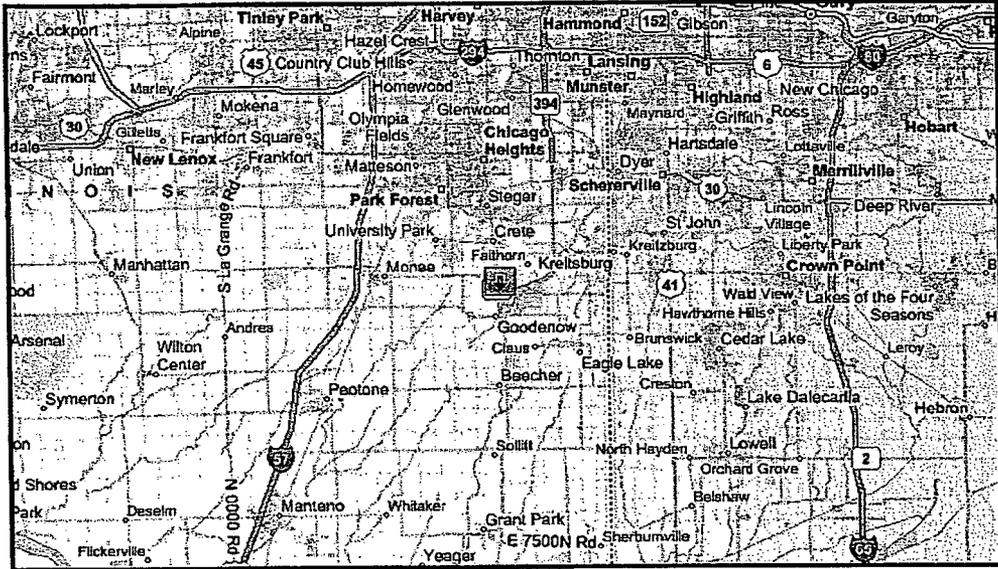
Accessibility: As new construction projects, the Oaks at Village Woods Supportive Living Facility must comply with the Americans with Disabilities Act ("ADA"). Accordingly, all public areas of the facility will comply with ADA. Additionally, because the facility will cater to seniors, the 125-unit property will feature seven (7) fully handicapped accessible units. The remaining 118 units will be fully handicapped adaptable.

Additional features will include:

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

(1) Area Map & (2) Primary Market Area Map from Site & Market Study for The Oaks at Village Woods SLF:

Location result for  
 2681 Route 394, Crete, IL 60417-4353



**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
Board Meeting Date**

**Project: HydroAire Service, Incorporated**

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**STATISTICS**

Project Number: ID-TE-CD-8125	Amount:	\$3,300,000 (not to exceed)
Type: Industrial Revenue Bond	IFA Staff:	Kristi Conrad
County/Region: Cook / Northeast	City:	Chicago, IL

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**BOARD ACTION**

Preliminary Bond Resolution  
No IFA Funds contributed  
No Extraordinary conditions (waivers, etc.)  
Staff recommends approval

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**VOTING RECORD**

No prior board action

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**PURPOSE**

To finance the acquisition and rehabilitation of a facility that will house the HydroAire Service Incorporated's pump repair and pump testing operations. Financing will also include the acquisition of machinery and equipment and issuance costs.

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

The IFA will seek Volume Cap from the City of Chicago. The IFA will commit to the remaining portion of 2008 Volume Cap (up to \$3.3 million) that is not attained from the City.

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**JOBS**

Current employment: 23	Projected new jobs: 11 (over the next five years)
Jobs retained: 23	Construction jobs: 10

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	<u>\$3,300,000</u>	Uses:	Project Costs	\$ 3,200,000
				Bond Issuance Costs	<u>100,000</u>
	Total	<u>\$3,300,000</u>		Total	<u>\$ 3,300,000</u>

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**FINANCING SUMMARY/STRUCTURE**

Security:	The Bonds will be secured by a Direct Pay Letter of Credit from Cole Taylor Bank with confirmation provided by Bank of America
Structure:	Weekly multi-mode floating rate bonds
Credit Rating:	The transaction will bear the credit rating of Bank of America. Bank of America's long term rating is AA- by the S&P.
Maturity:	20 years
Estimated Closing Date:	September, 2008

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**PROJECT SUMMARY**

Bond proceeds will be used to finance the acquisition of a crane-equipped building in the Stock Yards Industrial Park. HydroAire's relocation to a facility that remains within the Chicago city limits allows the company to retain 23 (Illinois) jobs and add an additional 11 jobs over the next five years. Proceeds will also be utilized to finance extensive interior work which includes: a new roofing system, application of flooring, lighting, wall treatment for insulating purposes, newly poured concrete pads for machine tools and filling of existing open pits, remodeling of the office area and construction of testing area including a testing pit.

Building Acquisition	\$ 2,135,000
Rehabilitation	350,000
Machinery & Equipment	215,000
Test Stand Construction	<u>500,000</u>
Total Project Costs	\$ 3,200,000

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### BUSINESS SUMMARY

Description: HydroAire Service, Incorporated is 100% owned by Hydro, Incorporated. Hydro, formed in 1969, is an independent privately held pump rebuilding company. As an independent pump rebuilding company, Hydro has an industry "niche" of being knowledgeable of the different designs and materials employed by various OEM's. Based upon this knowledge, Hydro improves the OEM design for its customer base in industrial, municipal and power generation plants.

Background: During the past 35 years, Hydro has built a successful pump rebuilding and engineering business. During 1988, the company opened a state-of-the art facility (on Madison Street) for its HydroAire Engineered Pump Repair group. HydroAire's original 35,000 square foot shop location (at Kostner and North Avenues) continued to house the service divisions of: Standard Pump Repair, Submersible Pump Repair and Pump Testing. The primary customer base for this group consists of heavy industry including Steel, many of who are located in the northwestern Indiana corridor.

During the past several years, various options for expanding these divisions due to: the existing facility is aged, landlocked, has limited overhead crane capability and is not easily accessible via the major highways (especially those traversed by the group's primary customer base in northwest Indiana). Up until 2008, the company believed a site in Hammond, Indiana would best accommodate the expansion of the aforementioned divisions. However, in 2008, HydroAire unexpectedly discovered a 50,000 square foot crane equipped building (on 40<sup>th</sup> Street) in the Sock Yards Industrial Park. Although the space is larger than immediate requirements, its location in a TIF zone and an empowerment zone (#2), along with potential IRB financing made the Illinois location the most attractive.

Hydro's relocation to a facility within Chicago city limits will retain 23 Illinois jobs and it is anticipated that with the anticipated planned growth that an additional 11 jobs will be added over the next five years. The company would like move to the new facility before the end of the year and complete the test stand construction by the middle of 2009.

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### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: HydroAire Service, Incorporated  
Project Location: 1126 W. 40<sup>th</sup> Street, Chicago, IL 60609  
Borrower: HydroAire Service, Incorporated  
Ownership: George Harris, President  
Patrick Filan, Vice President  
Jagdish Shah

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### PROFESSIONAL & FINANCIAL

Accountant / Auditor:	Cliffon Gunderson		
Issuer's Counsel:	Requested		
Borrower's Counsel:	Ungaretti & Harris LLP	Chicago, IL	Stan Miller
Bond Counsel:	TBD		
Underwriter:	TBD		

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

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**LEGISLATIVE DISTRICTS**

Congressional: 3<sup>rd</sup> – Daniel William Lipinski  
State Senate: 3<sup>rd</sup> – Mattie Hunter  
State House: 6<sup>th</sup> – Esther Golar

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Project: Kenall Manufacturing Company**

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**STATISTICS**

Project Number:	I-ID-TE-CD-8021	Amount:	\$5,600,000 (not to exceed)
Type:	Industrial Revenue Bond	IFA Staff:	Townsend Albright
Locations:	Gurnee, Mundelein (Lake County)	Region:	Northeast

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**BOARD ACTION**

Final Bond Resolution	Conduit Industrial Revenue Bonds
No IFA funds at risk	Staff recommends approval
No material changes	

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**VOTING RECORD**

Preliminary Bond Inducement, March 11, 2008

Ayes: 11, Nays: 0, Abstentions: None, Vacancy: 0, Absent: 4 (O'Brien, Rice, Valenti, Verrett)

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**PURPOSE**

Proceeds will be used to (i) to construct and equip an addition to the Applicant's existing manufacturing facility, (ii) purchase fixtures and equipment, and (iii) fund legal and professional issuance costs.

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

Issuance of the Bonds is subject to an allocation of Volume Cap. An amount of \$1,400,000 of the required \$5,600,000 2008 Volume Cap is being provided by Gurnee, and other home rule units in Lake County (in conjunction with Lake County Partners).

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**JOBS**

Current employment:	157	Projected new jobs:	30
Jobs retained:	N/A	Construction jobs:	15 (5 months)

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**SOURCES AND USES OF FUNDS**

Source:	IFA Bonds	\$5,600,000	Uses:	Project Costs	\$6,810,000
	Equity	<u>1,350,000</u>		Costs of Issuance	<u>140,000</u>
	Total	<u>\$6,950,000</u>	Total		<u>\$6,950,000</u>

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**FINANCING SUMMARY**

Security: Direct Pay Letter of Credit from Harris N.A., Chicago, IL. The Bank's ratings are Moody's "Aa3", and Standard & Poors "A+".

Structure: Weekly multi-mode floating rate bonds. Weekly floating rates for Letter of Credit backed bonds averaged 1.38% for the week ending July 16, 2008.

Underlying rating: The Applicant's outstanding bonds do not have an underlying rating.

Collateral: The bonds will be secured by a first mortgage on the financed property.

Maturity: 25 years

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### PROJECT SUMMARY

Proceeds will be used to (i) construct an approximately 19,000 sq. ft. addition to the Applicant's existing 128,000 sq. ft. facility which is located at 1020 Lakeside Drive, Gurnee, Lake County, Illinois (ii) purchase new equipment for a facility located at 800 East Allanson Road, Mundelein, Lake County, Illinois, and (iii) fund legal and professional costs.

Project Costs:	New addition	\$1,350,000
	Machinery/Equipment	<u>5,460,000</u>
	Total	<u>\$6,810,000</u>

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### BUSINESS SUMMARY

**Background:** Kenall Manufacturing Company ("Kenall", the "Applicant") was founded in 1963 by Ken Hawkins, and in the mid 1980s passed control of the corporation to his son Jim Hawkins. Kenall has enjoyed excellent growth since its inception, and continues to grow at approximately 8% per year. Kenall has seen its sales grow from about 12 million in 1992 to over 50 million in 2007. In the last 4 years Kenall has seen some excellent growth as it continues to bring new product into the lighting industry. At the same time as this growth in sales has been occurring, Kenall has seen the employee growth, growing from 87 employees in 1992 to 157 employees at the end of 2007.

Kenall manufactures unique, high quality specialized lighting products. Kenall found a niche in creating the industries first series of impact and vandal resistant lighting products. Today Kenall has broadened the company's product base to include other specialized types of lighting. Today Kenall has leadership positions in sealed lighting for containment or clean spaces, security lighting for detentions and architectural high abuse for sensitive public structures. In 2001, the company created and introduced product offerings for the specialized healthcare and transportation segments in the lighting industry. Kenall's mission is to provide durable, sustainable solutions to complex and difficult lighting problems. In so doing Kenall has emerged as one of the lighting industry's most respected independent lighting manufactures.

**Description:** Proceeds of the proposed financing will be used to construct and equip an approximately 19,000 sq. addition to existing manufacturing which will be solely devoted to manufacturing, will serve as an expansion of Kenall's 128,000 sq. ft. existing manufacturing facility which is located in Gurnee, Lake County, Illinois. Bond proceeds will also be used to purchase equipment including (i) a high-speed laser, (ii) two powder paint lines, (iii) three robotic welding systems, (iv) a metal bending system, and (v) software to operate the equipment; and fund professional and bond issuance costs. Kenall already owns the land. The project includes the purchase of egress lighting systems to be used at the Applicant's facility located in Mundelein, Illinois.

**Remarks:** The construction and equipping of the new state of the art addition to the existing facility will keep Kenall competitive and provide the company with the manufacturing capacity to solicit international sales in the complex high-end lighting industry. Additionally, tax-exempt financing will lower the cost of capital for Kenall.

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### ECONOMIC DISCLOSURE STATEMENT

Applicants:	Kenall Manufacturing Co., Inc., an Illinois S Corporation	
Project Name:	Facility expansion and Equipment Purchase Projects	
Project Locations:	1020 Lakeside Drive, Gurnee, Lake County, Illinois; 800 East Allanson Road, Mundelein, Lake County, Illinois	
Land Owner:	Kenall Manufacturing Co., Inc	
Shareholder Ownership:	James Hawkins	67.0%
	Kristopher Hawkins	16.5%
	Drew Hawkins	16.5%

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Fischal & Kahn LTD	Chicago, IL	Morris Dyner
Accountant:	RSM McGladry	Schaumburg, IL	Robert Palaski
Bond Counsel:	Ice Miller LLP	Chicago, IL	James Snyder
Underwriter:	Harris N.A.	Chicago, IL	Nick Knorr
Counsel to Bank:	Chapman and Cutler LLP	Chicago, IL	Nate Odem
LOC Bank:	Harris N.A.	Chicago, IL	Mark Long
LOC Bank Counsel:	Chapman and Cutler LLP	Chicago, IL	William Hunter
Trustee:	Bank of NY Mellon Trust Company	Chicago, IL	Rodney Harrington
Trustee counsel:	Bank of NY Mellon Trust Company	Chicago, IL	John Prendville
Issuer's Counsel:	Greene and Letts	Chicago, IL	Allen P. Walker
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional:	08, Melissa Bean
State Senate:	31, Michael Bond
State House:	62, Sandy Cole

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

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

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**STATISTICS**

Project Number:	I-ID-TE-CD-7247	Amount:	Not to Exceed \$6,900,000 in IRBs and
Type:	Industrial Revenue Bonds ("IRBs")		\$1,100,000 in Taxable Revenue Bonds
Location:	Bedford Park	IFA Staff:	Steve Trout
SIC Code:	3069 Manufacturing Rubber Prod	County/ Region:	Cook / Northeast

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**BOARD ACTION**

Final Bond Resolution	No extraordinary conditions
Conduit Industrial Revenue and Taxable Bonds	Staff recommends approval
No IFA funds at risk	Change Since 1/08/08: Added taxable bonds Updated borrower financial statements

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**VOTING RECORD**

The Board adopted a Preliminary Resolution for the Project on January 8, 2008 by the following vote:

Ayes: 10    Nays: 0    Abstentions: 0    Absent: 5 (Boyles, Herrin, Rice, Verrett & Valenti)    Vacancies: 2

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**PURPOSE**

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

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**IFA PROGRAM AND CONTRIBUTION**

The Authority's Industrial Revenue Bond Program provides low interest rate financing for qualifying industrial projects. IFA's issuance of Industrial Revenue Bonds ("IRBs") will exempt income earned on the Bonds from federal income tax and thereby enable the Borrower to obtain a lower interest rate on this debt. The Project will also include the issuance of Taxable Revenue Bonds, a form of low-interest rate financing for costs that do not qualify for IRB financing.

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**VOLUME CAP**

Issuance of the Industrial Revenue Bonds is subject to a sufficient allocation of Volume Cap. The Village of Bedford Park has a 2008 allocation of approximately \$48,790 in Volume Cap, based on its population of 574, according to the 2000 Census. Other 2008 request for IFA Industrial Revenue Bonds to finance projects located in Bedford Park include Lapham-Hickey Steel(\$7,400,000) and Vadeal Plastics (\$4,000,000). The Village Board will consider a request in August to transfer its Cap to IFA to support projects located in Bedford Park. Given Bedford Park's limited supply, the Borrower is seeking \$6,900,000 in Volume Cap from the IFA to facilitate issuance of the IRBs. The Project will create 22 new permanent and enhance the competitiveness of Superior Manufacturing's operations, which has currently has 120 permanent employees.

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**JOBS**

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

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IRBs	\$6,900,000	Uses:	Project Costs	\$7,821,000
	Taxable Bonds	<u>1,100,000</u>		Issuance & Other Costs	<u>\$179,000</u>
	<b>Total</b>	<b><u>\$8,000,000</u></b>		<b>Total</b>	<b><u>\$8,000,000</u></b>

Issuance costs attributable to the Industrial Revenue Bonds are expected to be \$138,000.

**FINANCING SUMMARY/STRUCTURE**

Security:	1) A first mortgage in the subject real estate, 2) a perfected first security interest in the machinery and equipment financed, and if the limited liability company is the borrower 3) an assignment of rents and leases and 4) a corporate guarantee from Superior Manufacturing.
Structure:	Industrial Revenue Bonds and Taxable Revenue Bonds to be enhanced by a direct-pay letter of credit issued by Fifth Third.
Interest Rate:	The bonds are expected to be issued Variable Rate Demand Notes, with interest rates initially reset every seven days.
Swap:	The Borrower expects to enter into a swap to synthetically fix interest rates for 10 years. As of late July, the swap rates are expected to be 5.15% for the IRBs and 6.4% for the Taxable Bonds.
Credit Rating:	The Bonds are expected to be rated Aa by Moody's Investor Service, based on Fifth Third's letter of credit.
Maturity:	Up of 120% of the estimated useful life of the assets financed. Anticipated to be 20 years
Closing:	Late August 2008.

**PROJECT SUMMARY**

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

Land and Building	\$4,271,000
Building Rehabilitation	200,000
Equipment	<u>3,350,000</u>
<b>Total</b>	<b><u>\$7,821,000</u></b>

**BUSINESS SUMMARY**

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

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

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

- 1982 purchased Master Mat and became a manufacturer of carpet mats.
- 1987 purchased injection molding business to enter industrial anti fatigue mat business
- 1995 constructed manufacturing facility in Moselle MS to expand manufacturing capabilities and also acquired a company to being the manufacturing of rubber floor mats

- 2000 started business in Europe to distribute a full line of floor mats.
- 2001 acquired Akro mat, a competitor, to expand market penetration
- 2007 acquired food service divisions of Teknor Apex to further expand the business.

**Project**

**Rationale:** Since the mid-1980s a series of acquisitions to enter new markets and expansions to enlarge its service area has fostered significant growth. Management anticipates that Superior Manufacturing's entry into the food service industry will accelerate growth. Management is seeking to expand the company's production facilities to meet demand.

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**OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Superior Manufacturing Group, Inc. 7171 W. 65<sup>th</sup> Street Chicago, Illinois 60638  
Contact: Eugene R. Pollastrini CFO – 708/458.4600ext140

**Location:** 5655 W. 73<sup>rd</sup> Street, Bedford Park, IL cook

**The Borrower:** Superior Manufacturing Group and/or a limited liability company to be formed

**Ownership:** Superior Manufacturing:

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

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**PROFESSIONAL & FINANCIAL**

General Counsel:	Much Shelist	Chicago	Scott David
Accountant:	Blackman Kallick	Chicago	Alan Alport
Bond Counsel:	Greenberg Traurig	Chicago	Matt Lewin
Bond Underwriter & Remarketing Agent:	Fifth Third Securities, Inc.	Chicago	Doug DeAngelis
Underwriter's Counsel	Ice Miller, LLP	Chicago	Jim Snyder
Letter of Credit Bank	Fifth Third Bank	Chicago	Patrick Cowan
Bank Counsel	McCarthy Duffy LLP	Chicago	Terrence Schaul
Trustee:	Bank of New York, NA	Chicago	Robert Hardy
IFA Counsel:	Burke, Burns, & Pinelli	Chicago	Steve Welcome
IFA Financial Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

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

**ILLINOIS FINANCE AUTHORITY**  
**BOARD SUMMARY**  
August 12, 2008

**Project: Automotive Robotics Engineering Labs  
Real Estate LLC (to be formed)**

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**STATISTICS**

Project Number: B-LL-TX-8126	Amount: \$500,000
Project Type: Participation Loan	IFA Staff: <i>Jim Senica</i>
County/Region: East Peoria /North central	City: East Peoria

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**BOARD ACTION**

Approval of Participation Loan purchase from Heartland Bank & Trust Company (one-time approval)  
\$500,000 IFA Funds at risk  
No extraordinary conditions  
Staff recommends approval subject to an as-if-completed appraisal of at least \$2,350,000.

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**VOTING RECORD**

No voting record. This is the first time the IFA Board of Directors has reviewed this project.

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**PURPOSE**

Proceeds will be used to acquire an industrial building located at 5 Altorfer Lane in East Peoria, Illinois.

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

This project does not require the use of volume cap.

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**JOBS**

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

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**ESTIMATED SOUCES AND USES OF FUNDS**

Sources:	IFA Participation Loan	\$500,000	Uses:	Real Estate Acquisition	\$1,450,000
	Heartland Bank loan	730,000		Building remodeling	900,000
	SBA 504 Loan	984,000		Other costs	<u>110,000</u>
	Equity*	<u>246,000</u>		Total fund uses	<u>\$2,460,000</u>
	Total fund sources	<u>\$2,460,000</u>			

\*Equity will be from resources to be contributed by Mark Meyer.

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### FINANCING SUMMARY/STRUCTURE

**Security:** Pro rata first mortgage *parri passu* on the project real estate to be located at 5 Altorfer Lane in East Peoria, Illinois, subject to an as-if-completed appraisal of at least \$2,350,000 providing the Bank and IFA collateral coverage on this loan of at least 1.91times (52.3% LTV). IFA and the Bank will also share in the unlimited personal guaranties of Mark Meyer and Ravi Gudapati and in the corporate guaranty of Automotive Robotics, Inc.

**Collateral Value:** First mortgage on subject real estate, aggregate LTV – 52.3% of assets:

<u>Assets:</u>	<u>As-if-Completed Appraised Value</u>
Real Estate	\$2,350,000

**Guarantors:** Personal - Mark Meyer and Ravi Gudapati; Corporate - Automotive Robotics, Inc.

**Structure:** Bank portion – 20-year loan fully amortized over the term of the loan; IFA portion – 10-year loan amortized over 20 years with a balloon payment due at the end of 10 years

**Amortization Period:** 20 years

**Maturity:** Bank portion – 20 years from date of closing; IFA portion 10 years from date of closing

**Interest Rates:** Bank – 7% fixed for 5 years then adjusting annually to 350 basis points over the 1 year CMT; IFA - 3-month LIBOR + 100 basis points – (3.87%) for first 5 years, then reset at the end of 5 years to 3-month LIBOR + 100 basis points in effect at the end of the first 5-year period.

**Estimated Closing Date:** October 3, 2008

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### PROJECT SUMMARY

The Authority's \$500,000 Participation Loan proceeds will be combined with Heartland Bank & Trust Company's loan in the amount of \$730,000, an SBA 504 loan in the amount of \$984,000 and owner equity of \$246,000 to finance the acquisition and remodeling of a 48,770 square foot industrial building located at 5 Altorfer Lane in East Peoria, Illinois. The building is being acquired and remodeled by an LLC to be formed and owned by AREL owners, Mark Meyer and Ravi Gudapati, and then leased to Automotive Robotics Engineering Labs to accommodate its power train testing business.

Renovation of the building will encompass the construction of 6 independent test cell rooms within the structure (each of which will accommodate an engine of varying sizes), renovation of office space, building a mechanic area and exterior renovations for security purposes. It is important to note that test cell construction will not compromise the integrity or eventual remarketing of the facility should it ever be necessary to do so.

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### BUSINESS SUMMARY

**Background:** Automotive Robotics Engineering Labs (AREL), established in May 2008 as an Illinois C Corporation, had been an existing division within another Company, Automotive Robotics, Inc. (ARI) owned by one of the current owners of AREL, Ravi Gudapati, who is a minority business owner. Originally established in 1999 as IndusRAD, Automotive Robotics, Inc. provides embedded software and electronic system design engineering solutions for large companies. ARI has over 100 employees located in the US and India. The demand for engine performance and endurance testing had increased to the point where management felt it necessary to create a separate business entity dedicated to this activity.

Automotive Robotics Engineering Labs engages in engine performance and endurance testing coupled with engineering solutions for manufacturers of heavy power train units such as

Caterpillar, Inc., Detroit Diesel and Cummins Engine. Engine testing encompasses simultaneously connecting engines to dynamometers which are used to simulate a “load” on the engine and to computers to measure how the engine actually functions under various “loads”, simulating actual working environments for the engine. Each test is usually tracked for a specified number of hours such as 500, 1,000 or 1,500 depending on whether the procedure constitutes endurance testing or performance testing on the duration of the test or a combination of both. A 500 hour test run typically constitutes 3 months worth of work. Endurance testing is 24/7 while performance testing is typically done during normal business hours. Test runs are repeated at various intervals to allow engines to be torn down, analyzed and modified depending on test results obtained and performance/endurance attributes desired. Set up and tear down of an engine from the cell is about a 7 day process.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Automotive Robotics Engineering Labs  
Project Location: 5 Altorfer Lane in East Peoria, Illinois (Tazewell County)  
Ownership: Ravi Gudapati – 71% & Mark Meyer – 29%

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**PROFESSIONAL & FINANCIAL**

Bank: Heartland Bank & Trust Company Peoria, IL Don Shafer  
IFA Advisors: D.A. Davidson & Co. Chicago, IL Bill Morris  
Scott Balice Strategies, Inc. Chicago, IL Lois Scott  
IFA Counsel: To be determined

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**LEGISLATIVE DISTRICTS**

Congressional: 18 – Ray LaHood  
State Senate: 46 – David Koehler  
State House: 91 – Michael K. Smith

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Project:** Prairie Power, Inc.

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**STATISTICS**

Project Number:	P-SW-TE-CD-7245	IFA Staff:	Steven Trout
Type:	Solid Waste Disposal Facilities Bond	Amount:	\$51,200,000 (not to exceed)
Location:	Lively Grove Township	Region:	Washington Co., Southwestern Region
SIC Code:	22112: Fossil Fuel Electric Power Generation		

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**BOARD ACTION**

Final Bond Resolution	No Extraordinary Conditions
Conduit Tax-Exempt Solid Waste Disposal Facilities Bonds	No IFA or State funds at risk
Staff recommends approval	Material Changes Since 7/8/08: Updated Borrower Finances and Project Cost Estimates

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**PURPOSE**

Bond proceeds, together with other debt and equity, will be used to finance and reimburse Prairie Power, Inc. for its share of costs to: 1) acquire a 2,971 acre site located at the intersection of Marigold and County Line Road 12 in Lively Grove Township, 2) construct a 1,600 megawatt power generation facility ("Prairie State Energy Campus"), 3) acquire and install machinery and equipment, and 4) capitalize a debt service reserve fund and 5) pay associated legal and professional costs. *This request was one of three applications submitted by participants in Prairie State. Lively Grove is evaluating an issue in 2009. Southern Illinois Power Cooperative has withdrawn its application.*

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**IFA PROGRAM AND CONTRIBUTION**

Solid Waste Disposal Facilities Revenue Bonds ("SWDBs") are municipal bonds that finance qualifying, privately-owned facilities that are used in whole or in part to collect, store, treat, transport, utilize, process or provide for the final disposal of solid waste. Interest earned on these bonds is exempt from federal income tax liability. *Any savings resulting from the use of tax-exempt bonds will be passed in the form of reduced electricity rates, resulting in lower costs and enhanced quality of life for residents, governments, businesses and other organizations served by PPI's member cooperatives.*

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**VOLUME CAP**

Issuance of the Bonds is subject to an allocation of Volume Cap. The Project will create 270 new permanent jobs and provide plentiful, low-cost power to residents, businesses, governments, other organizations served by Prairie Power's member cooperatives.

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**VOTING RECORD**

On December 11, 2007, IFA approved a preliminary resolution for the issuance of \$13,333,334 in Solid Waste Disposal Facilities Revenue Bonds by the following vote:

Ayes: 9    Nays: 0    Abstentions: 0    Absent: 3 (Boyles, Fuentes, Herrin, Leonard, O'Brien & Talbott)  
Vacancies: 2

On January 8, 2008 the Authority approved an Amendatory Resolution granting preliminary approval for the issuance of up to \$26,131,000 in Bonds for Prairie Power by the following vote:

Ayes: 10    Nays: 0    Abstentions: 0    Absent: 5 (Boyles, Herrin, Rice, Verrett & Valenti)    Vacancies: 2

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On July 8, 2008, IFA approved a Second Amendatory Resolution granting preliminary approval for the issuance of up to \$51,200,000 in Bonds for Prairie Power by the following vote:

Ayes: 10    Nays: 0    Abstentions: 0    Absent: 3 (DeNard; Rivera & Valenti)    Vacancies: 2

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

Sources:	Solid Waste Bonds	\$51,200,000	Uses:	Project Costs	\$326,148,900
	Other Debt	299,800,000		Debt Service Reserve	2,560,000
	Equity *	<u>39,000,000</u>		Interest During Construction	60,000,000
				IFA Bond Issuance Costs:	1,119,865
				CFC Credit and Liquidity Fee	<u>171,235</u>
	Total	<u>\$390,000,000</u>		Total	<u>\$390,000,000</u>

\* The members contributed \$39,000,000 in cash in September 2007 which Prairie Power has used to partially fund its share of Project costs incurred to date.

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**JOBS**

Current employment:	59	Projected new jobs *:	270
Jobs retained:	0	Construction jobs *:	1,200

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

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**FINANCING SUMMARY**

The Bonds: Up to \$51,200,000 of Tax-Exempt Solid Waste Facilities Revenue Bonds structured as Variable Rate Demand Notes or Fixed Rate Bonds

Obligor: Prairie Power, Inc.

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

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

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

Credit Rating: To be determined after evaluation by the ratings agencies. Bonds secured by CFC's Guarantee are usually rated "A", if rated.

Maturity: Not to exceed the greater of 34 years or the remaining length of wholesale power contracts between PPC and its member cooperative.

Amortization: Interest only until 2012, followed thereafter by level debt service payments

Capitalized Interest: An amount equal to estimated interest on the Bonds during construction may be included in the bond sizing to pay interest on the Bonds during construction.

Debt Reserve: An amount equal to 5% of the Bonds will be deposited into a Debt Service Reserve Fund, funded from the issuance at closing.

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

Closing: Prairie Power expects that the Bonds will close in late September 2008.

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### BUSINESS SUMMARY

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

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

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

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

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

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

**Environmental Policy:**

Prairie Power's Board adopted on March 12, 2008 a Renewable Generation and Energy Policy that states that "PPI will seek to include in its generation portfolio Renewable Energy...to the extent that such Renewable Energy may be reliably and economically generated or purchased and delivered to the Cooperative's Member Cooperatives." Renewable Energy was defined to include biomass energy, hydropower, geothermal energy, wind energy, solar energy and other sources as designated by the Board.

Prairie Power is now installing 15 megawatts of wind energy and plans to purchase the turbines later in 2008. PPI expects to develop an additional 15 megawatts wind energy capacity in the future. Prairie Power has applied to the Federal Energy Regulatory Commission (FERC) for a preliminary permit to develop an 8 megawatt hydroelectric generating facility at the Lake Shelbyville Dam in Illinois. PPI is also evaluating the development of a 17 megawatt hydroelectric facility on the Mississippi River.

Prairie Power's Member Cooperatives have for many years encouraged energy conservation through the promotion of such initiatives as 1) rebates and special electrical rates to encourage geothermal and air-source heating and cooling; 2) seminars, radio and television shows and consulting to encourage controlled heating and cooling and energy efficient home construction and appliance use; and 3) giveaways and price subsidies to encourage use of Compact Fluorescent Lighting ("CFLs").

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

**Zoning and Permitting:** All zoning has been obtained for Prairie State. In January 2007 the Illinois Environmental Protection Agency ("IEPA") issued the final air permit for the generating stations and the adjoining coal mine. After an initial appeal, the IEPA reissued the air permit on April 28, 2005. A new appeal was filed on June 8, 2005. In the third quarter of 2006, the Environmental Appeals Board of the US Environmental Protection Agency affirmed the air permit issued by IEPA. Another appeal was filed with the US 7th Circuit Court of Appeals during the fourth quarter of 2006. In August 2007, that court affirmed the permit issued for the Project.

**Environmental Concerns:** Area representatives of the Sierra Club appeared at the February 12, 2008 IFA Board meeting and asked the Board not to approve the issuance of bonds for the Prairie State project primarily because of concerns over the project's projected emissions of carbon dioxide, which many believe is major contributor to global warming.

Prairie Power and other Project advocates note that Prairie State has been awarded a Final Air Permit from the Illinois Environmental Protection Agency. The awarding of the Air Permit was appealed by the Sierra Club and other environmental groups ("the objectors") on the basis of twenty issues to the Environmental Appeals Board who ruled against the objectors on all twenty issues. This decision was appealed to the United States Seventh Circuit Court which upheld the ruling of the Environmental Appeals Board on all twenty issues. The objectors decided not to appeal the Seventh Circuit Court's decision to the United States Supreme Court.

**Emissions Controls:** The developers believe that Prairie State will be among the nation's cleanest coal-fueled plants, with as little as one-fifth the regulated emission rates of existing U.S. power plants. They believe that its advanced scrubbing systems will provide the highest removal rate of any permitted plant, and note that Prairie State will be equipped with three particulate removal systems, versus one in most plants. By developing Prairie State as a supercritical plant rather than as a traditional subcritical plant, the Project's carbon dioxide emission rate would be approximately 15 percent lower than the typical U.S. coal plant. The site has reserved space to install additional equipment to curb carbon emissions should cost-effective technologies emerge. In addition, because Prairie State is a mine-mouth power plant, the emissions normally resulting from coal transportation to the plant will be eliminated

IFA Bond proceeds will be used to finance a significant share of Prairie Power's portion of costs for Prairie State's emissions control systems, which include:

- Low NOx burners
- Activated Carbon Mercury control
- Selective catalytic reduction

Dry electrostatic precipitators  
Flue gas desulphurization  
Wet electrostatic precipitators (new technology for the US and a first in Illinois).

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

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

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

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

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

**Schedule:** The Project's equity partners gave Bechtel Power Corporation, the Project's Engineering, Procurement Construction and Management Contractor (EPCM) notice in September 2007 to proceed to full-scale construction. Units One and Two of the power plant are expected to come on line in August 2011 and May 2012. To adhere to this schedule, the partners submitted orders for equipment, including pollution control equipment during the Fall of 2007, which necessitated IFA's inducement in December 2007 to preserve Prairie Power's ability to use Bond proceeds to reimburse itself for qualifying Project costs already incurred.

Full-scale construction ramped up in October. Construction remains on schedule for plant operations to begin July 1, 2011 as originally anticipated. Essentially all material costs are now contractually set, with costs slightly above plan but well within budgeted levels. The Project will employ more than 2,000 workers at peak construction in the second half of 2009. The Project will also inject more than \$660 million into the regional economy and \$1.5 billion into the state economy during development. Prairie Power officials would like to finance its share of qualifying Project costs with the Bonds, which is scheduled to close in September.

Development  
Team:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Infrastructure

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

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

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

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### PROJECT SUMMARY

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

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

Cost Category	Total		Prarie Power's Share	
	Project Costs	Costs Qualified for SWDBs	Total Project Costs (8.22% of Total)	Bondable Costs
EPC System Cost	2,002,570	223,680	164,611	18,386
EPC Plant & Shared Facilities Cost	493,224	70,811	40,543	5,821
EPC Indirect Costs	704,600	101,157	57,918	8,315
Owner Costs (included land)	705,600	101,301	58,000	8,327
Auxiliary Power	<u>61,759</u>	<u>0</u>	<u>5,077</u>	<u>0</u>
Total Project Costs	<u>3,967,753</u>	<u>496,949</u>	<u>326,149</u>	<u>40,849</u>
Interest During Construction			60,000	6,500
Issuance Costs			1,120	1,120
CFC Liquidity and Credit Fee			171	171
Debt Service Reserve			<u>2,560</u>	<u>2,560</u>
Total Project and Financing Costs			<u>390,000</u>	<u>51,200</u>

Prairie Power is applying for issuance of Bonds to fund its share of Project costs that qualify for Bond financing (see the far right column in the table immediately above). In December 2007 and January 2008, staff recommended approving only part of the Borrower's request until IFA's capacity of Volume Cap to fund various requests could be evaluated. Staff has since confirmed that sufficient Volume Cap is available to accommodate full PPI's request.

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Prairie Power, Inc., PO Box 610, 2103 South Main Street Jacksonville, IL, 62651. (Contact: Lyndon Gabbert, Vice President Finance and Accounting 217/243-1615)

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

**Ownership of the Site & Prairie State:** The site is currently owned by the owners of the Prairie State Energy Campus in the following percentages, which corresponds to their respective stake in the Prairie State project:

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

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

**Ownership in Prairie Power:** Each of the members owns an equal share (one eleventh or approximately 9.0909%) of PPI:

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

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Rammelkamp Bradney, PC	Jacksonville	Forrest Keaton
Accountant:	BKD LLP	Decatur	Troy Swinford
Bond Underwriter	Lehman Brothers	Boston	Steve Peters
Underwriter's Counsel	Dewey LeBouef, LLP	New York	Bud Bills
Bond Counsel:	Chapman and Cutler	Chicago	Bob Ollis
Guarantor:	CFC	Herndon, VA	John List
IFA Advisor:	DA Davidson	Chicago	Bill Morris
	Scott Balice	Chicago	Lois Scott
Issuer's Counsel:	The Law Office of Kevin Cahill	Chicago	Kevin Cahill

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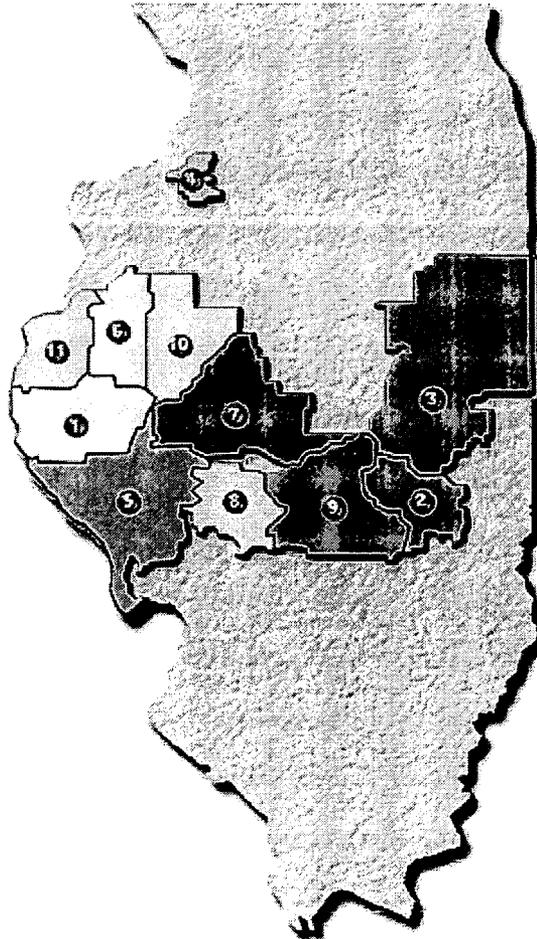
**LEGISLATIVE DISTRICTS**

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

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**PRAIRE POWER'S SERVICE AREA**

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



**ILLINOIS FINANCE AUTHORITY**  
**BOARD SUMMARY**  
**August 12, 2008**

**Project:** **Beverly Arts Center**

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**STATISTICS**

Number:	N-NP-TE-CD-8118	Amount:	\$7,300,000
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Locations:	Chicago (Cook County)	Region:	Northeast

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**BOARD ACTION**

Preliminary Bond Resolution	No Extraordinary conditions
Conduit	Staff recommends approval
No IFA funds at risk	

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**VOTING RECORD**

Preliminary Bond Resolution, no prior vote.

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**PURPOSE**

Proceeds will be used to (i) refinance the Applicant's outstanding Series 2003 Bonds, (ii) finance the construction of a new courtyard pavilion building, (iii) to expand the current Training Theater space to accommodate additional programming and multi-formatted film programming, (iv) capitalize interest, and (v) fund professional and bond issuance costs, including the costs, if any, of terminating an interest rate swap agreement with Fifth Third Bank.

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

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

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**JOBS**

Current employment:	38	Projected new jobs:	2
Jobs retained:	N/A	Construction jobs:	100 (12 months)

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:		Uses:	
IFA Bonds	<u>\$ 7,300,000</u>	Project Costs	\$ 2,050,000
		Refunding	4,900,000
		Capitalized interest	30,000
		Bond issuance costs	<u>320,000*</u>
Total	<u>\$7,300,000</u>	Total	<u>\$7,300,000</u>

\* Bond issuance costs are estimated to be \$120,000. Additional costs include (a) Letter of Credit costs, and (b) expenses involved in refunding outstanding debt.

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## FINANCING SUMMARY

Security:	Direct Pay Letter of Credit from a bank rated in the "A" or "AA" category by Standard & Poor's or Moody's, or if the bank does not have such rating then supported with a wrapping letter of credit from a bank which is rated in the "A" or "AA" category.
Structure:	Multi-mode Variable Rate Demand. (a) Principal amortization beginning in March 2010. (b) Capitalized interest for the first 4 months on the new money portion of the issue.
Underlying rating:	Outstanding bonds are secured by a Direct Pay Letter of Credit from Fifth/Third Bank, Chicago, Illinois. The bonds themselves do not have an underlying rating.
Collateral:	The bonds will be secured by a first mortgage on the Arts Center's building.
Maturity:	30 years

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## PROJECT SUMMARY

The Arts Center intends to use the net proceeds of the Authority loan to provide funds to (i) refund approximately \$4.9 million outstanding Series 2003 Bonds issued through the Illinois Educational Facilities Authority, (ii) finance the construction of a new courtyard pavilion building and to expand the current Training Theater space to accommodate additional programming and multi-formatted film programming located at 2407 W. 111<sup>th</sup> St., Chicago, Cook County, Illinois, (iii) fund capitalize interest, and (iv) fund professional and bond issuance costs.

Project Costs:	
Refunding	\$4,900,000
New Construction and Renovation	<u>2,050,000</u>
Total	<u>\$6,950,000</u>

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## BUSINESS SUMMARY

**Background:** Beverly Arts Center (the "Arts Center", the "BAC") is a 41-year-old community arts organization located in the Beverly neighborhood in Chicago. The Arts Center is an Illinois 501(c)(3) corporation as designated by the Internal Revenue Code. From its modest beginnings in 1967 the Arts Center has grown to serve over 195,000 patrons annually and has become the only independent multi-disciplinary, cultural and educational institution serving the City's South Side.

In 1967, the Beverly Arts Center began as one part of a cooperative venture with Morgan Park Academy and the Vanderpoel Art Association. In the ensuing 40 years, the Beverly Arts Center leased space from the Morgan Park Academy. In that time, the Arts Center grew from a fledgling Arts organization to the only independent multi-disciplinary cultural and educational institution serving the City's South Side. While the Arts Center shared its facility, it was not a part of Morgan Park Academy nor formally affiliated with the Art Association.

The space constraints of the shared facility led the Arts Center Board to conduct a strategic planning process which recommended construction of a new building. In September of 2002, the Arts Center completed its new 40,000 square foot facility. As built, it is approximately 2 1/2 times the size of the old Arts Center building.

Currently, Beverly Arts Center services include the following general areas:

- **The School of Arts** provides over 125 non-credit instructional classes per semester in the visual arts, music, drama and dance. In 2007, over 1,200 students a semester enrolled in School of the Arts classes. The School of Arts year is comprised of four semesters plus a four week "sneak peak" session between Thanksgiving and Christmas.

- **Performing Arts programming** brings diverse entertainment to the Center, ranging from the one man shows of Garrison Keillor to performances by Dicky Betts. The main stage has also hosted performances by Notre Dame, the University of Illinois, Champaign/Urbana, St. Xavier University and Chicago State University, as well as student performances throughout the year.
- **Film programming** at the Arts Center is comprised of the weekly BACinema Program, the quarterly Family Movie Day program and the Chicago Irish Film Festival. The Arts Center is also a venue for the International Polish Film Festival, the Chicago Documentary Film Festival, the First People's Film Festival along with special cinema events and private screenings.
- **Exhibitions** of visual art concentrating on the works of Illinois artists and including each year the Plaza Art Competition, one of Chicago's oldest juried competitions awarding significant prizes. Other recurring exhibits include Artists Who Teach, the Chicago Municipal Art League and the Chicago Artists Coalition as well as monthly exhibits by established Chicago artists and Arts Center students.
- **Educational Outreach**, through which BAC faculty offer arts education and training to students in public and private classrooms in over 32 schools.

In 2007-08, an estimated 195,000 people will attend performances, exhibits and events at the Arts Center and in its Outreach program.

#### Project

##### Description:

The Academy intends to use the net proceeds of the proposed financing to provide funds to refund \$4.865 million remaining Series 2003 Bonds issued through the Illinois Educational Facilities Authority (a predecessor authority merged into the IFA) and to finance the construction of a new courtyard pavilion building and to expand the current Training Theater space to accommodate additional programming and multi-formatted film programming.

The new Pavilion will be located on a portion of the existing west courtyard and will be a contemporary, spacious and flexible space that will offer diverse possibilities for performances, lectures, meetings, social gatherings or special events. The Pavilion will allow the Arts Center to further broaden its multidisciplinary arts programs with other arts institutions and communities while offering state-of-the-art facilities to corporations, associations and other nonprofit arts organizations. Currently the proximity of the Atrium reception area to the Main Stage Theater and the East Gallery on the 2nd floor makes self contained programming difficult. The Pavilion would allow for separation of programming, allowing for increased programming over all.

The Training Theater, located on the first floor of the BAC, will become known as the Screening Room once the renovations are complete. The space will become an intimate space with 125 angled seats, state-of-the-art projection and audio (including all region and live feed satellite) equipment, portable masking system and a stage. The Screening Room will be used for lectures, presentations, music recitals, readings and small theatricals as well as an expansion of the current BACinema program. The Screening Room will be attached to the Pavilion with an enclosed walkway that will allow for seamless integration of the two spaces.

#### Memberships

##### & Attendance:

Arts Center membership has ranged from 1,200 to 1,300 members since 2004, with the membership budgeted at 1,264 for FY 2008. Membership fee rates are currently \$50 for a family.

Attendance at the Arts Center's performances, educational outreach engagements and enrollment in the Arts Center School of the Arts has grown considerably. The table below charts its progress over the past 6 years.

	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08
School of Arts Enrollment	2,594	2,427	3,162	3,615	3,962	4,673
Performance Attendees	11,216	10,034	11,458	12,834	16,044	35,263
Outreach – People Served		48,843	39,816	113,040	154,181	155,640
<b>TOTAL</b>	<b>13,810</b>	<b>61,304</b>	<b>54,436</b>	<b>129,489</b>	<b>174,187</b>	<b>195,576</b>

Remarks: The refinancing will produce net present value savings of approximately \$126,525 over the life of the bonds based upon an estimated interest rate of 4.50%. The restructuring of outstanding debt will reduce future annual debt service payments by extending maturities. Additionally, tax-exempt financing will allow the Arts Center to borrow at a lower cost and over a longer period of time than a taxable borrowing thereby decreasing debt service, and allowing these savings to be diverted to the provision of arts programming.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Beverly Arts Center  
Project names: Construction and Renovation Project  
Locations: 2407 W. 111<sup>th</sup> St., Chicago, Illinois 60655  
Contact Person: Michael Nix, Executive Director, 773-445-3838  
Website: <http://www.beverlyartcenter.org>  
Organization: 501(c)(3) Corporation  
State: Illinois  
Board of Trustees: William Figel, President  
Deborah Cernauskas, Ph.D., Treasurer  
Judith Blackburn  
Carol Lett  
Pat McGrail  
Matthew O’Shea  
Suzanne Velasquez Sheehy  
Dr. Lisa Livermore  
Judee Olechno, Vice President  
Tony Kelly, Secretary  
Edris Hoover  
Timothy S. McCarthy  
Lori McGunn  
Patrick Stanton  
Michael Nix

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**PROFESSIONAL & FINANCIAL**

Borrower’s Counsel: TBD  
Accountant: Mulcahy, Pauritsch, Salvador & Co. LTD Orland Park, IL  
Bond Counsel: Chapman and Cutler LLP Chicago, IL Nancy Burke  
Underwriter or FA: Griffin, Kubik, Stephens & Thompson, Inc. Chicago, IL Michael Boisvert  
Placement Agent: TBD  
Disclosure Counsel: TBD  
LOC Bank Counsel : TBD  
Issuer’s Counsel: Requested  
Bond Trustee: TBD  
IFA Financial Advisors: D.A. Davidson & Co. Chicago, IL Bill Morris  
Scott Balice Strategies, Inc. Chicago, IL Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional: 3rd Daniel William Lipinski  
State Senate: 18<sup>th</sup> Edward D. Maloney  
State House: 35<sup>th</sup> Kevin Joyce

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Project:** **Clearbrook**

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**STATISTICS**

Number:	N-NP-TE-CD-8117	Amount:	\$5,400,000
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Locations:	Arlington Heights (Cook County) Hoffman Estates Palatine Rolling Meadows	Region:	Northeast

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**BOARD ACTION**

Preliminary Bond Resolution	Extraordinary conditions
No IFA funds contributed	Staff recommends approval

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**VOTING RECORD**

Preliminary Bond Resolution; no prior vote.

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**PURPOSE**

The proceeds of the bond issue will be used to (i) refinance Clearbrook's outstanding taxable mortgages on its resident group homes and a work center, at a tax-exempt rate; (ii) finance the purchase of equipment and fixtures, and (iii) pay for cost of issuance.

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

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

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**JOBS**

Current faculty employment:	259	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:		Uses:	
IFA Bonds	<u>\$5,400,000</u>	Refund outstanding debt	\$5,200,000
		Project Costs	100,000
		Legal and professional costs	<u>100,000</u>
Total	<u>\$5,400,000</u>	Total	<u>\$5,400,000</u>

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### FINANCING SUMMARY

Structure: Multi-mode Variable Rate bonds secured by a Direct pay Letter of Credit from Harris Bank, NA Chicago, Illinois. The Bank's ratings are Moody's "Aa3", and Standard & Poors "A+". Weekly floating rates for Letter of Credit backed bonds averaged 1.38% for the week ending July 16, 2008.

Collateral: The bonds will be secured by first mortgages on the financed properties.

Underlying rating: Current outstanding debt does not have an underlying rating.

Maturity: 25 years

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### PROJECT SUMMARY

Clearbrook intends to use the net proceeds of the Authority loan to (i) refinance existing taxable mortgages at the following properties listed below, (ii) purchase fixtures and equipment for use at said properties, and (iii) fund legal and professional costs associated with bond issuance.

Project Costs:	
Debt refinancing	\$5,200,000
Renovation	<u>100,000</u>
	<u>\$5,300,000</u>

- 1) 3201 Campbell, Rolling Meadows, IL 60008
- 2) 746 Vermont, Palatine, IL 60074
- 3) 3215 Brookmeade Dr., Rolling Meadows, IL
- 4) 220 S. Helena, Arlington Hts., IL 60005
- 5) 2506 Freemont, Rolling Meadows, IL 60008
- 6) 214 N Dwyer, Arlington Hts., IL 60004
- 7) 1025 Hassell Rd, Hoffman Estates, IL 60194
- 8) 713 Whitcomb, Palatine, IL 60074
- 9) 2800 Owl Lane, Rolling Meadows, IL 60008
- 10) 4155 O'Hare Drive, Hoffman Estates, IL 60195
- 11) 235 S. Kennicott, Arlington Hts., IL 60004

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### BUSINESS SUMMARY

Background: Clearbrook (the "Applicant") provides a variety of functional skills, training, employment and clinical services, as well as an array of residential services to adults with developmental disabilities. Services to young children with developmental delays and their families include early intervention, clinical services, play therapy, technology assisted learning programs, and in-home respite. Clearbrook is an Illinois 501(c)(3) corporation. Clearbrook was formed in Rolling Meadows in 1956 as the Rolling Meadows Community School for Retarded Children. Clearbrook affiliates include two HUD projects titled: Augustana Group Homes for the Handicapped, Inc. ("Augustana"), and CRH, Inc. Both are Illinois 501(c)(3) corporations. The combined entities are related through common members of their boards of directors. A for profit entity titled Creating Opportunities, Inc. was created to provide low income housing options to developmentally disabled residents in the community. The mortgages to be refinanced are owned by Augustana. Total clients are approximately 3,000 individuals and families. Clearbrook operates 23 group homes for independent adults, a 92-bed intermediate care facility. The Applicant is governed by a 20-member board of which a list is provided in this report for IFA Board review.

Description: Clearbrook developed programs to address the needs of this special cohort. Programs include:

**ADULT DAY SERVICES:** Developmental training provides adults with learning experiences designed to enhance their level of functioning with emphasis on independent living skills, social development, motor skills, and general well being. The Seniors Program offers aging

adults the opportunity to maintain their general mental and physical well-being, and enhance their awareness of and interactions with others and the community. The Technology Assisted for a Lifetime Program utilizes computers and adaptive devices to facilitate the acquiring of various mental skills.

**CHILD SERVICES:** The program offers family-focused, small group learning experiences for families with children ages birth to three. Take a Break Respite pairs trained volunteers with families of very young children as they are first identified with special needs. The Child and Family Connections grant program provides a single point of intake and service coordination for families living in the North and Northwest Cook County communities.

**CLINICAL SERVICES:** These programs provide speech, physical and occupational therapies, social work, behavioral and nursing services to assist persons in achieving an optimal level of self-sufficiency.

**RESIDENTIAL SERVICES:** These programs provide intermediate care facilities for persons with developmental disabilities that require 24-hour supervision to persons able to live in Community Integrated Living Arrangements with the help of support staff. Supported Living Arrangements are provided to enable persons to live with a high degree of independence through support on a regular basis. In-Home Services are available to children and adults and their families in order to support the family home as the residence of choice.

**Remarks:** The refinancing will save approximately \$60,000 per year for the first few years of debt service, and decrease in the following years as debt is repaid. The refinancing of outstanding debt reduces future annual debt service payments by extending maturities.

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**OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Clearbrook  
**Project names:** 2008 Mortgage Refinancing and Renovation Projects  
**Locations:**

- 1) 3201 Campbell, Rolling Meadows, IL 60008
- 2) 746 Vermont, Palatine, IL 60074
- 3) 3215 Brookmeade Dr., Rolling Meadows, IL
- 4) 220 S. Helena, Arlington Hts., Il 60005
- 5) 2506 Freemont, Rolling Meadows, IL 60008
- 6) 214 N Dwyer, Arlington Hts., Il 60004
- 7) 1025 Hassell Rd, Hoffman Estates, IL 60194
- 8) 713 Whitcomb, Palatine, IL 60074
- 9) 2800 Owl Lane, Rolling Meadows, Il 60008
- 10) 4155 O'Hare Drive, Hoffman Estates, Il 60195
- 11) 235 S. Kennicott, Arlington Hts., IL 60004

**Contact Person:** Joan Kearney, VP Finance, 1835 West Central Road, Arlington, Heights, Cook County, Illinois  
(847) 385-5065

**Organization:** 501(c)(3) Corporation  
**State:** Illinois

**Board of Directors:**

<b>Name:</b>	<b>Position</b>	<b>Occupation</b>
Michael P. Scholl	Chairman	Passionists
Frank J.M. ten Brink	Vice Chairman	Stericycle, Inc.
Mr. Barry M. Masek	Treasurer	Virchow, Krasue & Company, LLP
Michael J. Romano III	Secretary	
Gerry Fitzgerald		Cornerstone National Bank
Micheal J. Graft, Jr.	Chair Facilities	Michael J. Graft Home Builder, Inc.

Gary N. Meyers, M.D.	Chair Medical Resource	Affinity Healthcare
Paul N. Nigro		Brookdale Senior Living, Inc
Joy O'Connell		
Tom Pirelli	Chair IT	Arial Foundation
David P. Riley		
Brian N. Rubin		Brian Rubin & Associates
Mr. Edwin F. Schmitt		
<b>Directors (Term 2009)</b>		
Carl M. La Mell	President	
Bernie Andersen	Assistant Secretary	
Joe ' O'Brien		
Julie Stoltzner		
Jennifer Gott		
Elizabeth Racette		
Mark Weston		

**PROFESSIONAL & FINANCIAL**

Borrower Counsel:	McDermott, Will & Emery	Chicago, IL	Charles Levin
Accountant:	Blackman Kallick Bartelstein LLP	Chicago, IL	Clifford Shapiro
Bond Counsel:	Ice Miller	Chicago, IL	James Snyder
Underwriter:	Harris Bank NA	Chicago, IL	Nick Knorr
Underwriter's Counsel:	Chapman and Cutler LLP	Chicago, IL	William Hunter
LOC Bank:	Harris Bank NA	Chicago, IL	Stan Rosenthal
LOC Bank Counsel:	Chapman and Cutler LLP	Chicago, IL	William Hunter
Issuer's Counsel:	Requested		
Bond Trustee:	TBD		
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

**SERVICE AREA**

The service area extends throughout the Northern section of Illinois. Clearbrook provides services to families and individuals in Cook, Will, Lake, DuPage, McHenry, and Grundy counties.

**LEGISLATIVE DISTRICTS**

Address		Congressional		State Senate		State House
3201 Campbell, Rolling Meadows	8th	<u>Melissa Bean</u>	27th	<u>Matt Murphy</u>	54th	<u>Suzanne "Suzie" Bassi</u>
746 Vermont, Palatine	8th	<u>Melissa Bean</u>	27th	<u>Matt Murphy</u>	54th	<u>Suzanne "Suzie" Bassi</u>
3215 Brookmeade Dr., Rolling Meadows	6th	<u>Peter J. Roskam</u>	33rd	<u>Dan Kotowski</u>	66th	<u>Carolyn H. Krause</u>
220 S. Helena, Arlington Hts.	10th	<u>Mark Steven Kirk</u>	33rd	<u>Dan Kotowski</u>	66th	<u>Carolyn H. Krause</u>
2506 Freemont, Rolling Meadows	8th	<u>Melissa Bean</u>	27th	<u>Matt Murphy</u>	54th	<u>Suzanne "Suzie" Bassi</u>
214 N Dwyer, Arlington Hts.	10th	<u>Mark Steven Kirk</u>	33rd	<u>Dan Kotowski</u>	66th	<u>Carolyn H. Krause</u>
1025 Hassell Rd, Hoffman Estates	8th	<u>Melissa Bean</u>	22nd	<u>Michael Noland</u>	44th	<u>Fred Crespo</u>
713 Whitcomb, Palatine	8th	<u>Melissa Bean</u>	27th	<u>Matt Murphy</u>	54th	<u>Suzanne "Suzie" Bassi</u>
2800 Owl Lane, Rolling Meadows	8th	<u>Melissa Bean</u>	27th	<u>Matt Murphy</u>	54th	<u>Suzanne "Suzie" Bassi</u>
4155 O'Hare Drive, Hoffman	10th	<u>Mark Steven Kirk</u>	27th	<u>Matt Murphy</u>	54th	<u>Suzanne "Suzie" Bassi</u>
235 S. Kennicott, Arlington Hts.	10th	<u>Mark Steven Kirk</u>	33rd	<u>Dan Kotowski</u>	66th	<u>Carolyn H. Krause</u>

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Deal:** Kane County Senior Living

**STATISTICS**

Deal Number:	N-NP-TE-8121	Amount:	\$8,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	Marketer:	Steve Trout
Location:	Geneva	County/Region:	Kane / Northeast

**BOARD ACTION**

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

**PURPOSE**

Bond proceeds, together with bank financing, will be used to 1) finance the development of the second phase of a senior living community d/b/a The Reserve of Geneva located at 2508 Kaneville Road in Geneva, 2) fund certain organizational costs, 3) fund interest during construction, and 4) pay costs of issuance.

**VOLUME CAP**

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

**VOTING RECORD**

This is the first time that this project has been presented to the Board. The Board gave its final approval in January 2005 to the issuance of \$13,400,000 in 501(c)(3) Bonds to finance first phase of The Reserve in Geneva. Those Bonds were issued on January 15, 2005 and purchased by Commercial Financial Bank of Omaha, which has since been acquired by Bank of the West, the prospective purchaser of the Bonds.

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

Sources of Funds:		Uses of Funds:	
IFA Bonds	\$8,000,000	Project Costs	\$9,720,000
Entrance Fees and Supplemental Fees	<u>3,700,000</u>	Organizational and Marketing Costs	1,150,000
		Absorption Reserve	230,000
		Construction Interest (Net)	300,000
		Financing Costs	260,000
		Working Capital	<u>40,000</u>
<b>Total</b>	<b>\$11,700,000</b>	<b>Total</b>	<b>\$11,700,000</b>

\* Equity will come from entrance fees paid by residents. The developer has already collected \$180,000 in non-refundable deposits and has an additional \$1,000,000 contractually committed. Financing costs in excess of 2% of the bond issue (\$160,000) will be paid out of bank loan proceeds.

**JOBS**

Current employment:	0	Projected new jobs (2 years):	11
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Jobs retained: N/A Construction jobs: 100 (6 months)

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#### FINANCING SUMMARY

**Bonds:** Tax-exempt 501(c)(3) bonds amortizing over a 29 1/2 year term. The Bonds are expected to be purchased by Bank of the West, which has provided the Borrower with a term sheet and expects to issue a commitment letter within the next two weeks.

**Call/Put Option:** The financing commitment is expected to include a call/put options that grant the Borrower the right to prepay the Bonds after 10 years and the Lender the right to put the loan back to the Borrower and demand repayment after 10 years. The put option is expected to require the Bank to provide sufficient advance notice to the Borrower (the Bank's existing financing for the first phase of the Project requires at 120 days of advance written notice) to give the Borrower sufficient time to arrange alternative debt financing. Essex Senior Living, the Developer and Administrator for the Project maintains lending arrangements with approximately ten lenders that could be called upon to provide financing should these Bonds be put back to the Borrower.

The Funding Manager has requested confirmation that the borrower's recourse with respect to put would be limited to available funds/replacement buyer

**Amount:** Up to \$8,000,000, provided that the project appraises at a 75% or less loan to value ratio.

**Interest Rate:** Fixed for 5 years, pursuant to 70% of the 5-year swap rate plus 2.15% for both the first and second 5-year periods. As of July 24, 2008, that rate would have been 4.25%.

**Payments:** Monthly interest payments only for 24 months, the expected construction period. Principal and interest payments for the next 96 months, based on a 28-year amortization schedule.

**Obligor:** Kane County Senior Living

**Bond Security:** First deed of trust, construction loan agreement and assignment of rents and leases.

**Support from the Developer:** The Developer will be required to provide a corporate guarantee to ensure that Debt Service Coverage is at least 1.15 times for 12 consecutive months. Additionally, payment of the Management Fee will be subordinated to payment of principal and interest on the Bonds for the first three years.

**Covenant:** Maintain debt service coverage ratio of at least 1.15 times, calculated on an annual basis.

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#### BUSINESS SUMMARY

**Background:** Kane County Senior Living ("KCSL") is an Illinois not-for-profit 501(c)3 organization that was incorporated on August 22, 2003 to provide residential facilities for the aged. The facilities are designed to meet the needs of the aged, including suitable housing, physical and mental health care, civic, cultural and recreational activities, and an overall environment conducive to dignity and independence.

**The Developer:** Essex Corporation, a Nebraska Corporation is the project developer and administrator pursuant to a development and management agreement with KCSL. Essex Corporation has been active in designing, developing, constructing, marketing, financing and managing senior housing since its inception in 1976. The company offers its services to not-for-profit or for-profit sponsors on a bundled or unbundled basis and on a turn-key or joint venture format. The company has developed over 3,000 senior housing units in 11 states in the West and Midwest, in projects

ranging in size from \$500,000 to \$25,000,000. Essex Corporation currently manages over 20 similar projects.

**Phase II Project**

**Description:** The Project consists of the second phase of a senior living community that is doing business as The Reserve of Geneva. The Project will include construction of 27 to 30 one- and two-bedroom condominiums and common areas. The residential units range in size from one-bedroom/one-bathroom units with 780 square-feet of space to two-bedroom/two-bathroom units with 1,725 square-feet of space. All units include a living room, terrace, full kitchen and laundry rooms and offer several different design options.

**Phase I Project**

**Description:** The second phase of the Project will be attached to the main building and adjacent to 60 residential units that were built in the first phase of the Project. That phase was built with proceeds from bonds issued by IFA in early 2005. The first phase opened in August 2006 and is now fully occupied with a waiting list for 15 units. The main building includes common areas with a lobby, kitchen, dining room, theater, coffee shop, parking lot and administrative offices. The lobby, offices, kitchen, dining and entertainment areas are housed together with the residential units in a three-story U-shaped building that is served by elevators.

The Reserve of Geneva community is modeled after Carriage Oaks, a \$20 million, 80-unit senior living community that Essex Corporation developed in St. Charles, approximately 2.5 miles from the planned site. Carriage Oaks of St. Charles, a not-for-profit organization that is unrelated to KCSL, owns the project. Carriage Oaks had all units purchased prior to opening, has a current waiting list for 20 units and cashflows that have consistently generated 1.2 times debt service coverage. The City of St. Charles issued \$13 million in bonds in two series in 1998 and 1999 to finance the first phase of the project. IDFA issued \$1,650,000 of 501(c)(3) bonds in 1999 to finance the project's second phase.

According to US Census data, there are 7,652 households with people over 65 years of age and annual incomes over \$35,000 living within a 10-mile radius of the project site. The developers have received non-refundable commitments for 7 of 27 units to date.

The smallest units are now priced with an entrance fee of \$58,500 and a monthly fee of \$1,625, while the largest units are priced with an entrance fee of \$103,620 and a monthly fee of \$2,595. Prospective residents typically use equity generated from the sale of their homes to pay the entrance fee. Residents may enroll in a meal plan for an additional monthly fee. Residents paying a supplemental fee equal to the entrance fee receive a 25% discount in the standard monthly fee, which the developer believes provides a 7% after-tax return. The entrance and supplemental fees are returned to residents or their estate leaving the community from payments made by new incoming residents. The developer has received \$1.18 million in entrance/supplemental fee commitments, of which \$180,000 has been collected and is held in an escrow account, with the balance payable by August 15, 2008.

The site is zoned R-7 and is located in a Planned Unit District, which permits this type of use for the site, with no need for rezoning. FCSL has entered into a maximum fixed-price contract with Essex Corporation to develop the facility.

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**PROJECT SUMMARY**

Bond proceeds, together with bank financing, will be used to 1) finance the development of the second phase of a senior living community d/b/a The Reserve of Geneva located at 2508 Kaneville Road in Geneva, 2) fund certain organizational costs, 3) fund interest during construction, and 4) pay costs of issuance.

Project costs are estimated as follows:

Construction / Development	\$8,250,000
Architect, Zoning, Surveys, Title	515,000
Land Cost	175,000
Furniture, Fixtures and Equipment	150,000
Capital Facilities Charges	265,000
Miscellaneous	115,000
Contingency	250,000
<b>Total, Project Costs</b>	<b><u>\$9,720,000</u></b>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Kane County Senior Living, 1620 Dodge Street, Omaha, Nebraska 68102 (Contact: Mr. Howard F. Hahn, General Counsel, Phone: (402) 964-5150)  
 Location: 2508 Kaneville Road, Geneva (Kane County), IL 60134  
 Organization: Illinois 501(c)(3) Not-for-Profit Corporation  
 Land Owner: Geneva Banc Shares, Inc. 22 S. Fourth Street, Geneva, IL 60134  
 Board Members: Herman Weck President 2508 Kaneville Road, #396, Geneva, IL  
 John Garda Vice President/Treasurer 2508 Kaneville Road, #103, Geneva, IL  
 Arthur Kaindl Secretary 2508 Kaneville Road, #303, Geneva, IL  
 John Anderson Interim Director 312 Euclid Avenue, Geneva, IL  
 Robert Wilson Interim Director 419 Grant Avenue, Geneva, IL  
 Bob Devens Director 2663 82<sup>nd</sup> Street, Urbandale, IA  
 Executive Director: Jeanette Patton

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel: Husch, Blackwell, Sanders, Walsh, Katz, LLP Omaha, NE Howard Hahn  
 Bond Counsel: Baird Holm Omaha, NE Charles Addy  
 Bond Purchaser: Bank of West Omaha, NE Tom Weinandt  
 Bank Counsel: Fitzgerald, Schnorr, Bartmettle & Brennan Omaha, NE Thomas Ostdiek  
 Issuer's Counsel: Requested  
 Accountant: Lutz and Company Omaha, NE Shawn Wederquist  
 Development Consultant: Essex Corporation Omaha, NE Don Deines  
 Architect: Avant Architects Omaha, NE  
 General Contractor: Essex Corporation Omaha, NE Don Deines  
 Management Agent: Essex Corporation Omaha, NE Don Deines

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**LEGISLATIVE DISTRICTS**

Congressional: 1 Bill Foster  
 State Senate: 25 Chris Lauzen  
 State House: 49 Tim Schmitz

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Project: Greater Peoria Young Men's Christian Association**

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**STATISTICS**

Project Number: N-NP-TE-CD-7082	Amount:	\$3,000,000 (not-to-exceed amount)
Project Type: 501(c) (3) Bonds	FM:	<i>Jim Senica</i>
County/Region: Peoria/North Central	City:	Peoria

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**BOARD ACTION**

Approval of Final Bond Resolution  
Staff recommends approval  
Conduit Tax-Exempt 501(c) (3) Revenue Bonds  
No IFA funds at risk  
Direct purchase with Southside Trust & Savings Bank – Peoria  
No material changes from preliminary presentation to IFA Board on April 10, 2007

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**PURPOSE**

Bond proceeds will be used to finance the construction of a 10,200 square foot building expansion of the organization's existing approximate 36,000 square foot facility and the renovation/remodeling of certain portions of the existing structure.

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOTING RECORD**

Voting record from preliminary Board presentation on April 10, 2007:

Ayes: 8	Nays: 0	Abstentions: 0	Vacancy:	By Telephone: 2
Absent: 4	(Herrin, O'Brien, Rivera & Valenti)			

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

Sources: IFA 501 (c) (3) Bonds	<u>\$3,000,000</u>	Uses:	New Project Cost	\$2,940,000
Total	<u>\$3,000,000</u>		Issuance Costs	<u>60,000</u>
			Total	<u>\$3,000,000</u>

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**JOBS**

Current employment:	14	Projected new jobs:	1
Jobs retained	14	Construction jobs:	25 (6months)

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### FINANCING SUMMARY/STRUCTURE

- Bank Security:** The Bonds will be secured with a first mortgage on GPYMCA's existing land, building and the building addition located at 7000 N. Fleming Lane in Peoria, Illinois with an estimated value in excess of \$4 million.
- Structure:** The Bonds, will be structured as a Direct Purchase as a portfolio investment by South Side Trust and Savings Bank – Peoria (as “Lender/Bond Purchaser”) to be held in its entirety as a direct investment by the Bank until maturity (or until refinanced by another source, at which time the subject bonds must be reissued by IFA). Resale of these Bonds will be prohibited in the secondary market, as is customary for lender-purchased bonds.
- Timing:** Estimated Closing Date: August 20, 2008
- Term/ Interest Rate:** South Side Trust and Savings Bank will purchase the subject Bonds at a fixed rate with a 5-year reset provision (finalized prior to closing) for a 25-year period.
- Rationale:** The expense of financing will be significantly less than conventional financing allowing the YMCA as a not-for-profit charity to reduce its operating expense to enhance the project and better serve the community.

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### PROJECT SUMMARY

Bond proceeds will be used to: (i) finance all or a portion of the costs of constructing and equipping a new 4,800 square foot wellness center, 3,200 square feet of new office space and upper link to be added above and behind the main entry, and a new 2,200 square foot multipurpose activity room to be added North of the existing gymnasium. (ii) finance the costs of building renovations and remodeling including the refurbishment of several key areas of the existing structure as well as utility relocation, review of mechanical systems and exterior improvements and (iii) pay certain of the costs of issuance of the bonds.

The improvements referenced above will be made to the existing GPYMCA campus which includes 56 acres of wooded and developable site features. Current campus site features include an outdoor Aquatic Facility, Gymnasium, completed in 2004 with lockers, showers, sauna, running track and a Fitness Center that was converted from a dining facility used by the former occupant of the building.

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### BUSINESS SUMMARY

**Background:** Greater Peoria Young Men's Christian Association (GPYMCA) is a 501(c) (3) organization incorporated under Illinois law. The GPYMCA was founded in the 1850's and was incorporated on February 4, 1862. A list of the organization's current Board of Directors is presented on page 3 of this report.

Day to day operations are managed by President Daniel Chonowski, who has served since June, 2002. The President, with thirty years of executive management experience, serves as chief executive officer of the organization.

**Description:** Greater Peoria Young Men's Christian Association is a non-profit community service organization that operates with the mission “to put Christian principles into practice through programs that build healthy spirit, mind and body for all”. YMCA's are collectively the largest not-for-profit community service organizations in the U. S. serving people of all faiths, races ages, abilities and incomes.

Strengthened by diversity, the GPYMCA provides a myriad of program offerings to fulfill its mission. Services and activities provided include comprehensive health fitness and exercise programs including

an extensive array of gym services through the use of exercise and weight-training equipment, personalized programs and training opportunities, fitness orientations, aquatics, body fat assessments, team and group activities such as youth basketball, men's pick-up basketball, age 35+ men's pick-up basketball, indoor tennis and tumbling. Additionally, the GPYMCA provides activities geared to special groups such as the Teen R.E.A.C.H. Program, Youth Achievers and Minority Achievers as well as providing before and after school activities, "School's Out Program" with special recreational activities held at the GPYMCA when school is not in session and the 11-week Day Camp on the GPYMCA grounds each summer.

Remarks: It is important to note that it is the policy of the GPYMCA to provide services to all, regardless of ability to pay. The amount of assistance provided is dependent upon an applicant's ability to pay and the YMCA's ability to fund the amount requested.

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#### OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

Applicant/ Contact: Greater Peoria Young Men's Christian Association 7000 N. Fleming Lane Peoria, IL 61614  
Contact: Daniel Chonowski, President and CEO; (T) 309/692-7631  
Project name: Facility Expansion and Renovation to Existing Structure  
Location: 7000 N. Fleming Lane, Peoria, IL 61614 (Peoria County)  
Organization: Illinois 501(c) (3) organization  
Board  
Membership: *See list of Board of Trustees as presented below*  
Current Land  
Owner: Greater Peoria Young Men's Christian Association

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#### PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Miller, Hall & Triggs	Peoria, IL	Nathan Miller
Bond Counsel:	Hart, Southworth & Witsman	Springfield, IL	Sam Witsman
Purchasing Bank:	South Side Trust and Savings Bank	Peoria, IL	Gregory Rice
Issuer's Counsel:	Ice Miller	Chicago, IL	Jim Snyder
IFA Financial Advisor:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott
General Contractor:	Horan Construction	Peoria, IL	

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#### LEGISLATIVE DISTRICTS

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

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### GREATER PEORIA YOUNG MEN'S CHRISTIAN ASSOCIATION BOARD OF DIRECTORS & TRUSTEES

#### Officers

Nathan Miller, Chairman  
Lisa Koenig, Vice Chairman  
Kevin McGinty, Vice Chairman  
Charles Burke, Secretary  
Andrew Cali, Treasurer

#### Trustees

Daniel Altorfer  
Eldon Arnold  
Ted J. Fleming  
Thomas G. Luthy

#### Directors

Daniel Chanowski

Charles Randle

William Fischer  
Bruce Hay  
Harold "Bud" Lowe  
Mark Hoffmire  
Todd Morrow

John Renick  
Frank Rezac  
John Robison  
Donald Rohn  
Michael Swearingen

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
June 10, 2008**

**Project: Prairie Crossing Charter School**

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**STATISTICS**

Number:	N-PS-TE-CD-8067	Amount:	\$10,500,000 (Not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Grayslake (Lake County)	Region:	Northeast

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**BOARD ACTION**

Final Bond Resolution	No Extraordinary conditions
No IFA funds contributed	Staff recommends approval
Material changes: None	

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**VOTING RECORD**

Preliminary Bond Resolution, May 13, 2008:  
Ayes: 11 (Leonard and Zeller by phone)    Nays: 0    Abstentions: 0  
Absent: 3 (Barclay, DeNard, O'Brien)    Vacancy: 1

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**PURPOSE**

Proceeds will be used to (i) refinance an outstanding construction loan, (ii) refinance an outstanding Foundation loan, finance infrastructure improvements, and (iii) fund professional issuance costs.

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

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

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**JOBS**

Current employment:	63	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	20 (six months)

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:		Uses:	
IFA Bonds	<u>\$10,500,000</u>	Refinance construction loan	\$ 9,225,800
		Refinance Foundation loan	200,000
		Infrastructure improvements	874,000
		Legal and professional costs	<u>200,200</u>
Total	<u>\$10,500,000</u>	Total	<u>\$10,500,000</u>

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**FINANCING SUMMARY**

Security: Direct Pay Letter of Credit from Lake Forest National Bank supported by a Marshall & Illsley Bank, Milwaukee, Wisconsin Letter of Credit. Marshall & Illsley Bank is rated "AA-1" by Moody's, "A+" by Standard & Poor's and "A+" by Fitch. Short term ratings are "VMIG-1", A- and "F-1", respectively.

Structure: Weekly multi-mode floating rate bonds. Weekly floating rates for Letter of Credit backed bonds averaged 1.38% for the week ending July 16, 2008.

Underlying rating: The School's outstanding debt has no underlying rating.

Collateral: The bonds will be secured by a first mortgage on the financed property.

Maturity: 30 years

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**PROJECT SUMMARY**

The School intends to use the net proceeds of the Authority loan to refinance outstanding taxable loans at a tax exempt rate, and fund capital improvements.

Refinancings	\$ 9,425,800
Campus improvements	<u>874,000</u>
Total	<u>\$10,299,800</u>

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**BUSINESS SUMMARY**

Background: Prairie Crossing Charter School (the "School", the "Applicant"), is a not-for-profit Illinois Corporation. Founded in 1999 and chartered by the Illinois State Board of Education ("ISBE"), the School provides an academic curriculum centered on the environment, teaching students in grades K through 8 through daily experiences in the Grayslake community's environment of prairies, wetlands, lakes, and woodlands, or at the School's organic farm. The School's curriculum and charter is unique – it is the only public or private school in Illinois of its kind. The initial charter was renewed in 2004 for a second term lasting until 2009. PCCS Holdings LLC (the "LLC") is an Illinois limited liability company, with the School as a single member. The LLC was formed in June, 2004 to own and develop the School's property and lease it to the School. The School is governed by a nine-member Board whose names are provided in this report.

Description: The School has grown from an initial size of 60 students to a current enrollment of 358 students. Starting with two kindergartens and one multi-age 1<sup>st</sup>/2<sup>nd</sup> grade, the School has added two additional kindergarten classes each year to reach K through 8. The School draws its students from two Lake County school districts, Woodland District #50 and Fremont District #79, that have a combined population of over 10,000 students. In addition to the Woodland and Fremont communities, The School serves a number of other neighboring areas including, Wauconda, Gurnee, Grayslake, Mundelein, Libertyville, Wildwood, Third Lake, Waukegan and Park City. Student admission is determined by a public, non-discriminatory lottery process. In an effort to keep class sizes small, the School's capacity is 360 students, which the School expects to fully enroll next year.

The School's charter is scheduled for renewal in 2009. The School currently rates in the 97.0 percentile of all schools tested in the State for academic standards. The schools tested include public, charter, and private schools. Additionally, the school is operating at capacity. There is an approximately 100-student waiting list. The School has an involved Board of Directors, a competent administration, and a solid financial position. This bodes well for charter renewal in 2009.

A five-year history of the School's enrollment is provided in the chart below. The increase from 2004-05 to 2005-06 resulted from the addition of Grade 8.

Total Enrollment	
2004-05	301
2005-06	342
2006-07	343
2007-08	358
2008-09	360

The School prides itself on its curriculum, one that has a unique focus on environmental topics. Following a constructivist approach to teaching, the staff works to integrate science and social science to teach skills through concept development. Much of this is done through hands-on learning which provides authentic knowledge and understanding.

The School's campus currently includes five buildings. The historic Wright Schoolhouse was moved to the site in 1996 and renovated to serve as the original classroom space. As the School needed additional space, classroom trailers were utilized from 2002 to 2004. The Kenicott Building, built in 2000-01 for a cost of \$2.5 million, houses several classrooms and the School's administrative offices. The Comstock Building was constructed in 2005 to address the need for additional classroom space. In 2006, the School constructed another new classroom building and a gymnasium. Expansion of the School's facilities has followed the growth of the student body.

- The Project: Proceeds of the proposed financing will refund an approximate \$9.3 million construction loan, which proceeds were used to construct several school facilities on the School's campus, and pay off a \$200 thousand loan from a family foundation. The project goals are:
- Lowering the rate on its debt.
  - Lowering annual payments on existing debt, both through a reduction in rate and through use of a 30-year amortization structure.
  - Providing \$874,000 of new money for a variety of capital improvement projects.
  - Obtaining satisfactory financial covenants and prepayment options.

The financing is expected to save over \$151,000 in annual debt service relative to its current debt service payments on the taxable loan. These savings will provide greater cash flow flexibility for the School's operations.

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**OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT**

Applicant: Prairie Crossing Charter School  
 Project names: Refinancing and Capital Improvement Project  
 Location: 1531 Jones Point Road, Grayslake, Lake County, IL 60030  
 Contact Person: Elizabeth Jung, Business Manager, (847)543-0752  
 Organization: 501(c)(3) Corporation  
 State: Illinois

Board of Directors:

Name	Role	Occupation	Term
Dennis Munk	President	College Professor / Parent	2007-2008
Steve Barg	Vice President	Professional Consultant; Environmental Expert / Parent	2007-2010
Wendy Richter	Secretary	IT Systems Manager / Parent	2007-2010
Geoffrey Deigan	Treasurer	Ecological Consulting Business Owner / Parent	2007-2010
Bob Bentz	Member	Paramedic / Parent	2006-2009
Robert Creviston	Member	Human Resource Professional	2006-2009
Cheryl Pytlarz	Member	Agricultural Specialist & Educator / Parent	2006-2009
Kim VanderYacht	Member	Retail Sales Manager / Parent	2005-2008

Linda Wiens

Member

Administrator / Consultant

2005-2008

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Kevin Cahill, LLP	Chicago, IL	Kevin Cahill
Accountant:	Wolf & Company LLP	Oak Brook, IL	David Seihoff
Bond/Disclosure Counsel:	Ice Miller LLP	Chicago, IL	James Snyder
Underwriter:	Griffin, Kubik, Stephens & Thompson, Inc.	Chicago, IL	Helena Burke-Bevin
LOC Banks:	Lake Forest Bank & Trust Co. Marshall & Illsley Bank	Lake Forest, IL Milwaukee, WI	Stephen L. Madden Mark E. Selsar
LOC Bank Counsels:			
Lake Forest Bank & Trust Co.	Schwartz Cooper Chartered	Chicago, IL	Michael D. Rothstein
Marshall & Illsley Bank	Reinhardt, Boerner	Milwaukee, WI	Bill Flynn
Issuer's Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy Burke
Bond Trustee:	Deutsche Bank National Trust Co.	Chicago, IL	Kathy Cokic
IFA Financial Advisors:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago, IL Chicago, IL	Bill Morris Lois Scott

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**SERVICE AREA**

The School draws students from local and adjacent school districts.

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**LEGISLATIVE DISTRICTS**

Congressional:	08, Melissa Bean
State Senate:	31, Michael Bond
State House:	62, Sandy Cole

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Project:** **The Lyric Opera of Chicago**

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**STATISTICS**

Number:	N-NP-TE-CD-8096	Amount:	\$3,500,000
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Chicago (Cook County)	Region:	Northeast

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**BOARD ACTION**

Final Bond Resolution	Extraordinary conditions:
No IFA funds contributed	a. \$100,000 minimum denominations
Staff recommends approval	b. Bonds to be purchased as a direct investment in accordance with IFA policies and procedures.
No material changes.	

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**VOTING RECORD**

Preliminary Bond Inducement, July 8, 2008

Ayes: 9, Nays: 0, Abstentions: 1 (Brandt) Vacancies: 2, Absent: 3 (DeNard, Rivera, Valenti)

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**PURPOSE**

Proceeds will be used to (i) purchase a portion of the third floor of the Civic Opera Building, (ii) renovate and equip the third floor space and other areas of the Applicant's space, (iii) capitalize interest, and (iv) fund professional issuance costs.

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

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

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**JOBS**

Current employment:	93	Projected new jobs:	16
Jobs retained:	N/A	Construction jobs:	50 (4 months)

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:		Uses:	
IFA Bonds	\$3,500,000	Project Costs	\$3,380,000
		Capitalized interest	70,000
		Legal and professional costs	<u>50,000</u>
Total	<u>\$3,500,000</u>	Total	<u>\$3,500,000</u>

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### FINANCING SUMMARY

Security: Debt service payments are a general obligation of the Lyric Opera of Chicago, and will be paid from all available sources of revenue.

Structure: Fixed -rate bonds to be purchased by J.P. Morgan Chase Bank, N.A., Chicago, IL at a 4.75% rate.

Collateral: The bonds will be unsecured.

Rating: Outstanding indebtedness was rated "A-1" by Moody's Investors Service, and reaffirmed in October, 2007. Since this is a direct purchase by the Bank for its portfolio, the Moody's rating will not be reaffirmed by the Applicant. The bonds will be held in the Bank's investment portfolio to maturity in accordance with IFA's policies and procedures.

Maturity: 10 years

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### PROJECT SUMMARY

The Society intends to use the net proceeds of the Authority loan to (i) purchase approximately 6,740 sq. ft. of space at the Civic Opera Building, 20 N. Wacker Dr., Chicago, Cook County, Illinois, (ii) construct and equip a cafeteria and seating area on the third and first floors of said building, (iii) capitalize interest of the proposed bonds, and (iv) fund professional and issuance costs.

Project Costs:	
Building space	\$1,836,000
Construction and renovation	1,230,000
Equip/Machinery	214,000
Arch/Engineering	<u>100,000</u>
Total	<u>\$3,380,000</u>

The Lyric Opera will purchase the two spaces, on the street level and on the 3<sup>rd</sup> floor, as dining facilities and provide access from the Civic Opera of Chicago will purchase two different spaces within the Civic Opera Building comprising 6,740 sq. These spaces are contiguous to space within the building which Lyric owns. Lyric Opera will build out and equip Opera House into the two spaces. Lyric Opera intends to operate the dining facilities before, during and after Lyric Opera performances as demand dictates. The spaces will also be available to both not-for-profit and for-profit organizations who rent the facility for events of all types. The spaces will not be available to the general public, except that a portion of the 3<sup>rd</sup> floor space will be made available as a seating area for customers of the cafeteria. The cafeteria will be operated by a third party as is stipulated in the purchase agreement. The not-for-profit rentals will be subject to review by Bond Counsel to determine if the proposed rental would jeopardize the tax-exemption of the Bonds.

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### BUSINESS SUMMARY

Background: The Lyric Opera of Chicago (the "Lyric"), (the "Applicant"), is an Illinois not-for-profit corporation founded in 1954 as the Lyric Theater of Chicago. It changed its name to Lyric Opera of Chicago in 1956. The Lyric's purpose is to sponsor, produce, and encourage opera and musical performances. Today the Lyric is recognized nationally and internationally as one of the world's great opera companies. The Lyric's financial solvency and subscription audience are envied throughout the classical field. The Lyric is governed by a 117-member Board which is included in this report for IFA Board review.

Description: Lyric Opera of Chicago primarily serves residents of the City of Chicago, all the collar counties and the State of Illinois. Attendance at Lyric Opera performances for the 2007-2008 season totaled 279,327. The Lyric's operations include international grand opera, educational and community activities, other musical performances. The Ryan Opera Center for American Artists is affiliated with Lyric Opera of Chicago. The Ryan Opera Center provides training in voice, language and acting for aspiring American singers. Members of the Ryan Opera Center perform

roles on the Lyric stage during the Lyric Opera season. Lyric funds a high percentage of the Ryan Opera Center activities.

The Lyric has a strong seasoned management and administrative team. The members are listed in the table below which shows their tenure with Lyric:

Name	Title	Start Date
William Mason	General Director	1/1/1974-1/12/1979; rehired 8/1/1980
Richard Dowsek	Director of Administration and Finance	2/4/1980
Susan Mathieson Mayer	Director of Communications	2/4/1988
Mary L. Selander	Director of Development	2/16/1995
Rich Regan	Director of Facilities (former director of facilities at Auditorium Theatre)	10/23/2006
Brent Fisher	Controller	3/30/1982

The project will add food and beverage service options for Lyric patrons which do not exist today. Lyric believes a significant interest exists among its patrons for such services, and that successful completion of the project will allow Lyric Opera to serve a significant percentage of its patrons.

The Capital Campaign: In 2005, the Opera's Board of Directors recognized that ticket revenues in excess of 100% of capacity were not sustainable in the long term. Additionally, long term sponsorship of Lyric's radio broadcasts had to be established. The Board therefore established and completed the pledge goal of \$35 million to support radio broadcasts and operations in the form of "Campaign for Excellence" (CFE). To date, almost \$9 million in pledge payments have been received. Disbursements from CFE must be approved by the Lyric Finance Committee. Upon Finance Committee approval, campaign funds can be used to pay general operating expenses.

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**OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT**

Applicant: The Lyric Opera of Chicago  
 Project names: Lyric Opera of Chicago Food Service Development Project  
 Location: 20 N. Wacker Dr., Chicago, Cook County, IL 60606-2898  
 Contact Person: Richard Dowsek, Assistant Treasurer, (312) 827-5630  
 Organization: 501(c)(3) Corporation  
 State: Illinois  
 Board of Directors: List of Directors and Life Trustees attached for Board review.

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**PROFESSIONAL & FINANCIAL**

General Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Janet Hoffman
Accountant:	Crowe Chiczek & Co., LLC	Chicago, IL	
Bond Counsel:	Seyfarth Shaw LLP	Chicago, IL	James Schraidt
Direct Purchaser:	J.P. Morgan Chase Bank, N.A.	Chicago, IL	Peter E. Coburn
Purchaser's Counsel:	Seyfarth Shaw LLP	Chicago, IL	James Schraidt
Issuer's Counsel:	Law Office of Kevin Cahill	Chicago, IL	Kevin Cahill
Trustee:	J.P. Morgan Trust Co., N.A.	Chicago, IL	Kevin Ryan

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

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**SERVICE AREA**

The Lyric Opera attracts patrons and audiences nationally, and globally.

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**LEGISLATIVE DISTRICTS**

Congressional:	07, Danny K. Davis
State Senate:	05, Rickey R. Henden
State House:	09, LaShawn K. Ford

LYRIC OPERA  
 BOARD OF DIRECTORS  
 2008/2009

	NAME		TITLE	ORGANIZATION
Dr.	Whitney	Addington	Senior Executive	Chicago Metropolis 2020
Mr.	James L.	Alexander	Owner	Alexander & Alexander
Mr.	Anthony K.	Anderson	Vice Chair & Midwest Managing Partner	Ernst & Young LLP
Mr.	Paul F.	Anderson	Senior Advisor	Booz Allen Hamilton, Inc.
Mr.	Anthony A.	Antoniou	Chairman	The Anvan Companies
Mrs.	A. Watson	Armour*		
Mrs.	Julie	Baskes		
Mr.	Philip	Bligh	Chairman	Radio London Group
Mr.	David R.	Boles	Managing Director	Goldman, Sachs & Co.
Mr.	John A.	Buck	Chairman & CEO	The John Buck Company
Mr.	Matthew	Bucksbaum	Chairman	General Growth Properties, Inc.
Mr.	Allan E.	Bulley III	President	Bulley & Andrews
Ms.	Pastora San Juan	Cafferty	Professor Emerita	School of Social Service, University of Chicago
Mr.	Paul J.	Carbone	Director, Private Equity Group	Robert W. Baird & Co.
Mr.	David W.	Carpenter	Partner	Sidley Austin LLP
Mr.	Michael P.	Cole	Managing Director	Madison Dearborn Partners, LLC
Mr.	Frank W.	Considine	Retired Chairman, President & CEO	American National Can Co.
Mr.	James W.	Cozad	Retired Chairman	Whitman Corporation
Mr.	John W.	Croghan	CEO	Rail-Splitter Capital Management
Mr.	John V.	Crowe	Chairman	Transport Service Co.
Mr.	Lester	Crown	Chairman	Henry Crown and Company
Mr.	Edgar Foster	Daniels*	President & General Director	Edgar Foster Daniels Foundation
Mr.	Charles G.	Denison	Managing Director	Deutsche Bank Securities, Inc.
Dr.	Gerald	Dorros	President	Dorros Foundation
Mr.	James D.	Ericson	Retired Chairman	Northwestern Mutual

LYRIC OPERA  
 BOARD OF DIRECTORS  
 2008/2009

Mr.	W. James	Farrell	Retired Chairman and CEO	Illinois Tool Works, Inc.
Mr.	Michael W.	Ferro, Jr.	Chairman & CEO	Merrick Ventures, LLC
Mr.	Lawrence I.	Field	President	Field Holdings, Inc.
Mr.	Russell W.	Fisher	Past Chairman	Jasper Textiles, Inc.
Mr.	Thomas P.	Flanagan	Vice Chairman	Deloitte & Touche LLP
Mrs.	Sonia	Florian	Director	NIB Foundation
Mr.	Richard J.	Franke	Chairman & CEO Emeritus	Nuveen Investments
Mr.	Jerry R.	Gerami	Regional Vice President, AT&T Business	AT&T Illinois
Mr.	Gordon P.	Getty	President and Director	Ann & Gordon Getty Foundation
Mr.	Ronald J.	Gidwitz	Partner	GCG Partners
Ms.	Ruth Ann M.	Gillis	Senior Vice President, Exelon; President, Exelon Business Services Company	Exelon Corporation
Mr.	Howard L.	Gottlieb	Retired Chairman	Glenwood Financial Group
Mr.	Avrum	Gray	Chairman and Founding Partner	G-Bar Limited Partnership
Mr.	Melvin	Gray	Chairman & CEO	Graycor, Inc.
Mr.	Judson	Green	CEO	NAVTEQ
Mr.	Dietrich M.	Gross	Chairman & CEO	Jupiter Aluminum Corp.
Mr.	Harold	Hartshorne, Jr.		
Mr.	Thomas C.	Heagy	Retired Vice Chairman	LaSalle Bank Corporation
Mr.	Ben W.	Heineman*	Retired Chairman	Northwest Industries, Inc.
Mr.	John W.	Higgins	Chairman & CEO	Higgins Development Partners
Mrs.	Carrie J.	Hightman	Executive VP and Chief Legal Officer	Nisource, Inc.
Mr.	Gary E.	Holdren	CEO & Chairman	Huron Consulting Group
Mr.	Henry W.	Howell, Jr.	Retired Consultant	J.P. Morgan & Co., Inc.
Mr.	William C.	Jackson	Senior Vice President	Booz Allen Hamilton
Mr.	Edgar D.	Jannotta	Chairman	William Blair & Co., L.L.C.
Mr.	Terry A.	Jenkins	President	Harris Private Bank
Mr.	George E.	Johnson	Retired President & CEO	Johnson Products Co., Inc.

LYRIC OPERA  
 BOARD OF DIRECTORS  
 2008/2009

Mr.	John W.	Jordan II	Chairman & CEO	Jordan Industries, Inc.
Mr.	Stephen A.	Kaplan	Retired Chairman	SK Investment Co., Inc.
Mr.	George D.	Kennedy	Managing Partner	The Berkshires Capital Investors
Mr.	Richard P.	Kiphart	Head of Corporate Finance - Principal	William Blair & Co., L.L.C.
Ms.	Nancy W.	Knowles	President	The Knowles Foundation
Mr.	Frederick A.	Krehbiel	Co-Chairman	Molex Incorporated
Mr.	Josef	Lakonishok	CEO	LSV Asset Management
Mr.	Robert W.	Lane	Chairman & CEO	Deere and Company
Mr.	Michael A.	Leppen		Hoover Management Company
Ms.	Susan R.	Lichtenstein	Corporate VP & General Counsel	Baxter International, Inc.
Mr.	James W.	Mabie	Principal	William Blair & Co., L.L.C.
Mr.	Robert H.	Malott	Retired Chairman & CEO	FMC Corporation
Mr.	Craig C.	Martin	Partner	Jenner & Block
Mr.	William	Mason	General Director	Lyric Opera of Chicago
Mr.	Oscar G.	Mayer*	Retired President & Chairman	Oscar Mayer & Co.
Ms.	Maura Ann	McBreen	Attorney at Law	Baker & McKenzie LLP
Mr.	Andrew J.	McKenna	Chairman	Schwarz Supply Source; McDonald's Corporation
Mr.	Frank B.	Modruson	Chief Information Officer	Accenture
Ms.	Patricia B.	Morrison	Executive VP & CIO	Motorola
Mr.	Robert S.	Morrison	Retired Chairman, President & CEO	The Quaker Oats Co.
Mr.	Richard M.	Morrow	Retired Chairman of the Board	Amoco Corporation
Mr.	Allan B.	Muchin	Chairman Emeritus	Katten Muchin Rosenman LLP
Mrs.	Linda K.	Myers	Partner	Kirkland & Ellis LLP
Mr.	Jeffrey C.	Neal	Partner	Horizon Capital Advisors, LLC
Mr.	John D.	Nichols	Vice Chairman	The Marmon Group, Inc.
Mr.	James J.	O'Connor	Retired Chairman & CEO	Unicom Corp.
Mr.	John W.	Oleniczak	Partner	PricewaterhouseCoopers, LLC
Mr.	William A.	Osborn	Chairman of the Board	Northern Trust Corporation

LYRIC OPERA  
 BOARD OF DIRECTORS  
 2008/2009

Mr.	Thomas M.	Patrick	Retired Chairman, President & CEO	Peoples Energy Corporation
Mr.	Peer	Pedersen	Chairman	Pedersen & Houpt
Mr.	James M.	Pierce	Division Manager - Western Division	UBS Financial Services, Inc.
Mr.	Kenneth G.	Pigott	Managing Partner	Pigott & Company
Mr.	Bruce J.	Piller	Office Managing Partner	KPMG LLP
Mr.	J. Christopher	Reyes	Chairman	Reyes Holdings, L.L.C.
Mr.	James	Reynolds, Jr.	Chairman and CEO	Loop Capital Markets
Mr.	Thomas A.	Reynolds III	Partner	Winston & Strawn
Dr.	William C.	Richardson	President & CEO	The W.K. Kellogg Foundation
Mr.	John M.	Richman	Retired Chairman & CEO	Kraft Foods
Mr.	Collin E.	Roche	Principal	GTCR, Golder Rauner, LLC
Ms.	Anna E.	Roosevelt	Vice President of Global Corporate Citizenship	Boeing Corporate Headquarters
Mr.	Ricardo	Rosenkranz	Neonatologist	
Mr.	Edward B.	Rouse	Vice President & Director	Bain & Company, Inc.
Mr.	Joseph O.	Rubinelli, Jr.	Partner	McDermott Will & Emery LLP
Mr.	David	Rudis	Illinois President	Bank of America
Dr.	Charles J.	Runner	Retired Private Practitioner	
	Shirley Welsh	Ryan	Chairman	Pathways Awareness Foundation
Mr.	John F.	Sandner	Retired Chairman of the Board	Chicago Mercantile Exchange
Mr.	Charles W.	Scharf	CEO, Retail Financial Services	JPMorganChase
Mr.	Timothy R.	Schwertfeger	Chairman	Nuveen Investments
Mr.	Gordon	Segal	CEO	Crate & Barrel
Mrs.	Richard W.	Simmons*		
Mr.	Raymond L.	Skilling	Retired Senior Advisor	Aon Corporation
Mr.	David B.	Speer	Chairman & CEO	Illinois Tool Works, Inc.
Mr.	Roger W.	Stone	Chairman & CEO	KapStone Paper & Packaging Corp.
Mr.	Howard A.	Stotler*		
Ms.	Cherryl T.	Thomas	President	Ardmore Associates

LYRIC OPERA  
BOARD OF DIRECTORS  
2008/2009

Mr.	Theodore D.	Tieken	President	Babson Farms, Inc.
Ms.	Mary A.	Tolan	Chief Executive Officer	Accretive Health
Mr.	Hiroshi	Uchida	Executive Vice President	Fenwal, Inc.
Mr.	William C.	Vance	Chairman of the Board	Vance Publishing Corporation
Ms.	Donna	Van Ekeren	Treasurer, Chairwoman, and Chief Executive Officer	Land O'Frost, Inc.
Mr.	Jonathan P.	Ward	Chairman, Chicago and Managing Director	Lazard Freres & Co., LLC
Mrs.	Roberta L.	Washlow	Philanthropist	
Mr.	Miles D.	White	Chairman and CEO	Abbott
Mr.	Robert E.	Wood II	Retired	Discover Card Services

\* Denotes Life Member

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Project: Central DuPage Health**

**STATISTICS**

Project Number: H-HO-TE-CD-8119	Amount: \$190,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Dana Sodikoff
County/Region: DuPage/Northeast	City: Winfield

**BOARD ACTION**

Preliminary Bond Resolution	Staff recommends approval
No IFA Funds contributed	No extraordinary conditions
Conduit 501(c)(3) bonds	

**VOTING RECORD**

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

**PURPOSE**

Proceeds will be used by Central DuPage Health, an Illinois not for profit corporation (the "Borrower") to (i) refund on a current basis, its \$100,000,000 IHFA Series 2000A MBIA insured auction rate securities, (ii) fund capital expenditures for the health care facilities of the Borrower or its affiliates, including but not limited to a portion of the Project (defined under PROJECT SUMMARY), (iii) pay a portion of the interest on the Series 2008 Bonds, if deemed necessary or advisable, (iv) provide working capital, if deemed necessary or advisable, (v) fund a debt service reserve fund, if deemed necessary or advisable, and (vi) pay certain related expenses.

**IFA PROGRAM AND CONTRIBUTION**

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

**VOLUME CAP**

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

**JOBS**

Current employment (Obl. Group):	2,218 FTE's	Projected new jobs:	-0-
Jobs retained:	2,218 FTE's	Construction jobs:	400

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA bond proceeds	\$181,351,275	Uses:	Refunding of 2000 ARS	\$89,919,091
				Project Costs	89,872,184
				Costs of Issuance	700,000
				<u>Underwriter's Discount</u>	<u>860,000</u>
	Total	\$181,351,275		Total	\$181,351,275

**FINANCING SUMMARY/STRUCTURE**

**Security:** The Bonds are expected to be secured by an Obligation of Central DuPage Health under a Master Trust Indenture. Collateral is expected to include a pledge of and security interest in the unrestricted receivables of the Borrower and its affiliate Central DuPage Hospital Association (collectively, the "Obligated Group").

**Structure:** The plan of finance contemplates the issuance of fixed rate debt. The fixed rate bonds will carry the rating of Central DuPage Health which is AA/AA (Fitch/S&P).

Interest Rate:	To be determined the day of pricing.
Interest Mode:	The current plan of finance contemplates the issuance of Fixed Rate Bonds, but if market conditions raise rates to unacceptable levels, variable rate or term bonds may be used.
Credit Enhancement:	None. (The bonds will carry the credit rating of Central DuPage Health.)
Maturity:	Not later than 2048
Rating:	AA/AA (Fitch/S&P)
Est. Closing Date:	October 2008

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#### PROJECT SUMMARY

The "New Money" portion of the bond financing will be used toward capital expenditures for the health care facilities of the Borrower or its affiliates, including but not limited to the bed pavilion and parking garage (collectively, the "Project") being constructed for Central DuPage Hospital Association (the "Hospital"). On October 23, 2007 the Hospital received a Certificate of Need permit (the "Permit") from the Illinois Health Facilities Planning Board to build a five story, approximately 280,000 square foot bed pavilion to be occupied by, among other things, 202 private medical surgical rooms, and to construct an approximately 400 space parking garage. The financing will be used to finance a portion of the construction of the Project and other capital expenditures of the Obligated Group. The total budget for the Project is \$ 256,629,561. This Project will be financed with a combination of bond proceeds and from cash on hand. Construction has already commenced and is anticipated to conclude on or around October 31, 2012.

Much of the Hospital's existing bed complement is outdated, undersized and inefficient. In order to continue to function as a top medical institution, it is necessary to provide a more modern, efficient bed complement. The Project will enable improvement both in the delivery of care and in patient, family, physician and staff satisfaction.

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#### BUSINESS SUMMARY

Description of Business: Central DuPage Health (the "Borrower") was incorporated in 1980 as an Illinois not for profit corporation and is the parent corporation of an integrated network of healthcare organizations which primarily serves western DuPage and Kane Counties, Illinois. The Borrower's primary affiliate is Central DuPage Hospital Association (the "Hospital"). The Borrower and the Hospital together comprise the "Obligated Group" under the Master Trust Indenture.

The Hospital owns and operates a general acute care hospital on a 44-acre site in Winfield, Illinois, located in the northwest corner of DuPage County, approximately 30 miles west of Chicago. Beginning in 1958, a group of concerned community citizens formed the Hospital and in 1963 purchased the then-existing Winfield Tuberculosis Sanitarium and surrounding acreage from the Jewish Federation of Metropolitan Chicago. The facility was renovated and converted into a 113-bed acute care hospital which opened on September 16, 1964. Since then, successive building additions were constructed to expand the services of the facilities of the Hospital to accommodate the growing needs of the surrounding service area. Today, the Hospital facilities comprise 1.2 million square feet with 2,376 parking spaces.

The Hospital has received numerous awards for its delivery of care some of which include:

- one of America's Best Hospitals in Orthopaedics by US News and World Report in 2007 and 2008,
- Thomson Reuters 100 Top Hospitals in 2006 and 2007
- Thomson Reuters 100 Top Hospitals for Cardiovascular Services in 2005
- Recognition by HealthGrades as one of the best hospitals in the United States for Clinical Excellence in 2007 and 2008 and for Patient Safety in 2006, 2007 and 2008

- Hospitals & Health Networks Top 100 Most Wired Award in 2004, 2006, 2007 and 2008.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Central DuPage Health  
Project Location: 25 North Winfield Road  
Winfield, IL 60190  
Borrower: Central DuPage Health  
Board Members (501c3):

Judith A. Whinfrey (CHAIR)	C. William Pollard (VICE CHAIR)
Catherine E. Kozik (SECRETARY)	Richard A. Mark (TREASURER)
James E. Comerford	Walter W. Filkin
Kathleen L. Halloran	Sharon Hillman
Bradley J. Kinsey	Angelo Miele, M.D.
Gregory W. Osko	Christine M. Roche
Joseph Sheehan, M.D.	Roger L. Benson
John R. Born, D.O.	Luke McGuinness

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Ungaretti & Harris LLP	Chicago, IL	Tom Fahey
Accountant:	KPMG LLP	Chicago, IL	Jim Stark
Bond Counsel:	Jones Day	Chicago, IL	David Kates
Bond Underwriter:	Morgan Stanley	New York, NY	Brett Tande
Underwriter's Counsel:	Foley & Lardner LLP	Chicago, IL	Janet Zeigler
Issuer's (IFA) Counsel:	[TBD]	Chicago, IL	[TBD]
Issuer's (IFA) Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

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**LEGISLATIVE DISTRICTS**

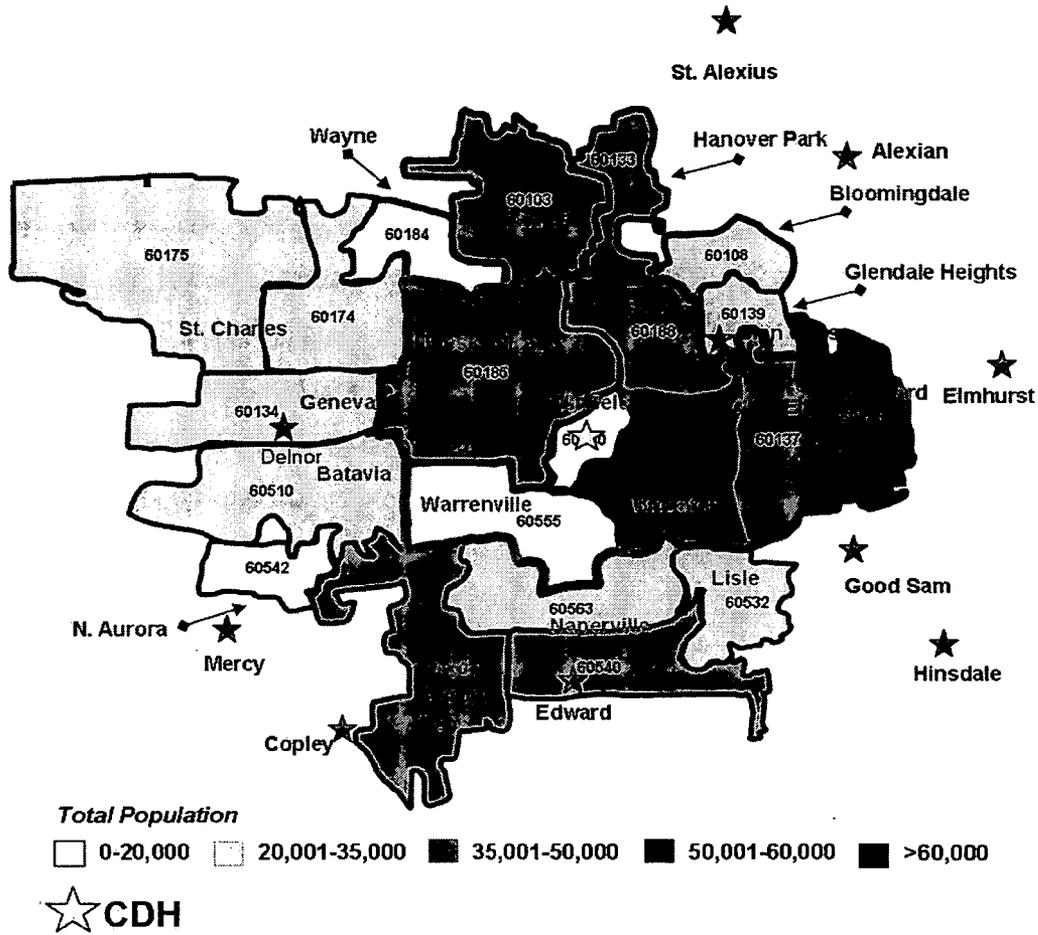
Congressional: 6- Peter J. Roskam  
State Senate: 48- Randall M. "Randy" Hultgren  
State House: 95- Mike Fortner

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**SERVICE AREA**

Central DuPage Hospital (CDH), located in Winfield, provides care to patients from towns in DuPage County and surrounding areas. Bordering towns are Carol Stream, Glen Ellyn, Warrenville, West Chicago, and Wheaton; 54 percent of our inpatients originated from Winfield and these towns in Fiscal Year (FY) 2007. Many patients travel to CDH to receive care from other cities, spanning a radius of approximately 50 miles from Winfield. The majority of our patients come from our home county; in FY 2007, 75 percent originated in DuPage County. Towns to the west, northwest and southwest of CDH are expected to grow substantially. The 65 and older population in DuPage County is expected to grow by over 18% over the next five years.

CDH Primary and Secondary Markets (Map)



CDH Patient Origin as a Percent of Total Inpatient Volume, by County

County	CDH Patient Origin by County
DUPAGE	74.64%
KANE	9.56%
COOK	9.45%
WILL	2.41%
ALL OTHER COUNTIES	3.94%

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12, 2008**

**Project: Northern Illinois Proton Treatment and Research Center, LLC**

**STATISTICS**

Project Number: H-HO-TE-CD-8120	Amount: \$200,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Dana Sodikoff
County/Region: DuPage County/Northeast	City: West Chicago, IL

**BOARD ACTION**

Preliminary Resolution	Staff recommends approval
Conduit 501 (c)(3) bonds	Requesting a waiver of IFA Policy regarding the sale of
No IFA funds at risk	unrated and unenhanced debt, to be based on a feasibility
	study, which will be completed before the Final Bond
	Resolution

**VOTING RECORD**

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

**PURPOSE**

The proceeds will be used to: (i) fund construction of the building and purchase of the equipment for the proton therapy center; (ii) fully fund any reserve funds; (iii) pay for capitalized interest during the construction period (iv) repay third party interim financing providers; and (v) pay for costs of issuance and other financing costs.

**IFA PROGRAM AND CONTRIBUTION**

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

**VOLUME CAP**

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

**JOBS**

Current employment: 0	Projected new jobs: 120
Jobs retained: N/A	Construction jobs: 800

**ESTIMATED SOURCES AND USES OF FUNDS<sup>1</sup>**

Sources:		Uses:	
Senior Debt (IFA)	\$157,000,000	Building & Construction	\$50,000,000
Other Sources <sup>2</sup>	30,000,000	Equipment <sup>3</sup>	80,000,000
		Capitalized Interest:	23,500,000
		COI and other Financing Expenses	6,000,000
		<b>Sub-Total:</b>	<b>\$159,500,000</b>
		Cash Reserves	10,000,000
		DSRF	17,500,000
<b>Total</b>	<b>\$187,000,000</b>	<b>Total</b>	<b>\$187,000,000</b>

\*Cost of Issuance and other financing expenses will be determined before the final resolution.

<sup>1</sup>Preliminary estimates subject to change. Sources and uses based on estimates ProBeam 2006 study

<sup>2</sup>Including but not limited to cash, government appropriations, grants, and any loans provided by equipment manufacturer and/or NIU as the sponsor. Any increase/decrease will be reflected in increase/decrease to Senior Debt.

<sup>3</sup>Includes proton therapy system and other equipment.

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#### FINANCING SUMMARY/STRUCTURE

**Security:** The Bonds are expected to be secured by an Obligation of the Northern Illinois Proton Treatment and Research Center, LLC ("NIPTRC") under a Master Trust Indenture. Collateral is expected to include a gross pledge of unrestricted receivables, debt service reserve fund, a mortgage on the building, a security interest in equipment, and a leasehold mortgage on the land.

**Structure:** The plan of finance contemplates the issuance of one or all of the following: high-yield non-rated fixed rate bonds, taxable or tax-exempt enhanced VRDBs with a direct pay LOC (bank to be determined, but will carry a long-term rating of AA- or better), or directly purchased bonds including a "taxable tail" as required to fund excess COI and/or any non-qualified items (such as a portion of initial working capital).

**Interest Rate:** To be determined the day of pricing.

**Interest Mode:** TBD

**Credit Enhancement:** If variable, AA- or better LOC provider

**Maturity:** Up to 2033

**Rating:** Fixed Rate – Nonrated (see waiver below); If variable rate, the Bonds will carry the rating of the LOC Bank, which will carry a rating of AA- or better.

**Est. Closing Date:** Fourth quarter 2008

**Waiver:** The bonds may be sold in denominations less than \$100,000. The Borrower has requested a waiver of our unrated and non-credit enhanced debt policy. They expect to meet the conditions for a waiver, which they qualify for.

Conditions for Waiver:

The Borrower expects to secure a feasibility study\* from an independent and qualified accounting or consulting firm acceptable to the Authority demonstrating the financial viability of the project.

\*A full market and financial feasibility study will be prepared by Moore Stephens Lovelace, LLP, a national accounting firm. Moore Stephens Lovelace is one of the largest Certified Public Accounting and Management Consulting firms in the Southeastern United States. This international association consists of more than 350 independent accounting and consulting firms with nearly 600 offices in more than 100 countries.

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#### PROJECT SUMMARY

NIPTRC was formed on May 9, 2007, as a limited liability company pursuant to the Illinois Limited Liability Company Act. It was formed to be operated exclusively for charitable and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, including, but not limited to, the delivery of health care and related services. NIPTRC has received a determination of its tax-exempt status from the Internal Revenue Service. NIPTRC received its Certificate of Exemption for the Proton Therapy Center from the Illinois Health Facilities Planning Board on February 26, 2008. This preliminary bond resolution will act as a reimbursement resolution for the project. NIPTRC broke ground on June 19, 2008, and has engaged Pepper Construction as the General

Contractor. A Guaranteed Maximum Price (GMP) contract has been signed for Phase 1 of the project. On July 21, 2008, Procurement Treatment Centers, Inc a competitor of NIPTRC, filed a petition for discovery in the Circuit Court of Cook County, Illinois, but there is currently no lawsuit pending.

NIPTRC will be operated as an affiliated entity of Northern Illinois University (the "University" or "NIU"), a public, state supported university of the State of Illinois. The sole Member of NIPTRC is Northern Illinois Research Foundation (the "Research Foundation"), an Illinois not for profit corporation. The Research Foundation is an Illinois not for profit corporation, and received its determination letter from the Service on October 16, 2001. NIPTRC is organized and will be operated for the benefit of the public. It has not received grants for the Proton Therapy Center.

NIPTRC 's proton beam therapy center will be located in the DuPage County National Technology Park in West Chicago, Illinois, in an area commonly referred to as the "Interstate 88 Research and Development Corridor." NIPTRC has a 25 year lease with DuPage Airport Authority. The Center will occupy a building designed to accommodate four proton beam treatment rooms, a research room, treatment planning and simulation rooms, examination rooms, consultation rooms, offices, conference rooms, classrooms, seminar rooms, and patient and staff libraries.

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### BUSINESS SUMMARY

Description of Business: NIU is the sponsor of the NIPTRC an independently established 501(c)3 Illinois limited liability corporation which will construct, operate and maintain a proton therapy facility in West Chicago, IL. NIU's sponsorship duties may include the direct contribution of equity, the provision of subordinated loans, administrative services, and support of research and educational activities all of which will be accomplished via contractual relationships with NIU and NIPTRC.

Project Rationale: In 2006 NIU engaged ProBeam Oncology to complete a preliminary feasibility study for a proton treatment facility in Northern Illinois to be located at the DuPage National Technology Park. ProBeam is an affiliate of the M.D. Anderson Cancer Center and provides management services for the M.D. Anderson Proton Therapy Center in Houston (which began patient care operations on May 4, 2006). ProBeam also assists leading academic, cancer care and research institutions that have an interest in advancing their radiation oncology programs to include proton therapy. NIU decided to pursue the construction and operation of a proton therapy facility based on ProBeam's overview and projections. An accountants' financial feasibility study for the Center is being prepared by Moore Stephens Lovelace, a certified public accounting firm (which was the feasibility firm for the University of Florida Proton Therapy Institute when they issued tax-exempt bonds in 2007 to refinance their original debt. According to the Financial Advisor to The University of Florida Proton Therapy Institute, the Institute opened two years ago and has been in successful operation since then and that they are in compliance with all of their bond covenants. The final financial feasibility study will reflect the capital structure and the market interest rates and will be available prior to final approval.

According to the National Cancer Institute, cancer is the second leading cause of death in the U.S., resulting in over 560,000 deaths annually. Furthermore, prevalence of cancer is estimated at approximately 10.5 million Americans and the cancer patient population is increasing. The U.S. and global cancer treatment market is strong, and analysts expect market growth to continue.

Cancer therapies are prescribed based on the type and stage of cancer, patient age and health, and physicians' knowledge and preference of different therapies.

Radiation used for cancer therapy is produced by either natural radioactive substances (such as isotopes of cobalt, cesium, strontium, iridium, palladium, and iodine) or by machines such as linear accelerators that generate and accelerate photons and electrons. Most conventional radiation today comes from linear accelerators.

Radiation works by depositing energy in tissues containing cancer. The radiation energy causes chemical changes that result in damage to DNA, the critical reproductive and generative part of the cell. If the dose of radiation is high enough, the damage will be sufficient to cause cancer cell death. Radiation is non-specific for cancer cells and will, in fact, damage any cells it encounters as it traverses tissue. If the dose of radiation is high enough, the damage to normal tissues near the tumor will result in a treatment complication. The task of the radiation oncologist is to

prescribe a treatment regimen that gives the patient the best chance of cure with the least chance of complications. Oftentimes the optimal dose to obtain the best chance of cure cannot be given because of the probability of normal tissue damage. Sometimes, the price of a cure is a major complication that compromises quality of life.

Proton therapy, first developed in huge particle accelerator research centers, utilizes protons generated through this acceleration process in the treatment of cancer. Magnets steer the proton beam into a gantry room that allows for extremely precise targeting of the therapeutic beam from any angle to the patient.

Proton therapy is likely to produce a better radiation dose distribution and therefore better outcomes in many tumors, including particularly the following: brain and spinal cord tumors, bone and soft tissue sarcomas, lung cancer, head and neck cancers, gastrointestinal tumors, eye tumors, pediatric cancers, prostate cancer and advanced breast cancer.

Proton beam therapy has been demonstrated to provide patients with highly-effective cancer treatments and excellent long-term survival rates. Clinical study findings related to proton beam therapy have been positive, indicating that proton beam therapy is clinically effective and safe. Clinical study findings and peer-reviewed journal articles indicate that the side effects of proton beam therapy are minimal to non-existent, and compare favorably to side effects caused by conventional radiation therapy, three-dimensional conformal radiation treatment, and intensity modulated radiation therapy.

Timing: Construction is in progress with the first patient to be treated in First Quarter 2010

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#### **OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Northern Illinois Proton Treatment and Research Center, LLC  
Project Location: West Chicago, IL  
Borrower: Northern Illinois Proton Treatment and Research Center, LLC  
Tenant: Northern Illinois Proton Treatment and Research Center, LLC  
Ownership/Board Members (501c3): TBD

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#### **PROFESSIONAL & FINANCIAL**

Borrower's General Counsel:	Hinshaw & Culbertson LLP		
Borrower's Special Counsel:	Duane Morris LLP		
Accountant:	Moore Stephens Lovelace		
Bond Counsel:	TBD		
Credit Enhancer/Purchasing Bank:	TBD		
Bank Counsel:	TBD		
Bond Underwriter:	J.P. Morgan Securities		
Underwriter's Counsel:	Greenberg Traurig LLP		
IFA Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott
Issuer's Counsel:	Requested		

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#### **LEGISLATIVE DISTRICTS**

Congressional: 14 Bill Foster  
State Senate: 48 Randall M. "Randy" Hultgren  
State House: 95 Mike Fortner

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#### **SERVICE AREA**

NIPTRC will draw the majority of its patients from within a 150 mile radius.

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#### **BACKGROUND INFORMATION**

At present, proton beam therapy is only regularly available within the United States at Loma Linda University Medical Center in Loma Linda, California, The Proton Therapy Center at the University of Texas M.D. Anderson Cancer Center in Houston, Texas, Midwest Proton Radiotherapy Center in Bloomington, Indiana, University of Florida Proton Therapy Center in Jacksonville, Florida, and Massachusetts General Hospital in Boston,

Massachusetts. The Center intends to provide access to this useful therapy to patients in the central region of the United States, including approximately 1,500 patients per year, whom will consist primarily of residents of the State of Illinois.



but will carry a long-term rating of AA- or better) and the Fixed Rate bonds would carry the rating of The University of Chicago Medical Center.

Interest Rate: To be determined the day of pricing.

Interest Mode: The Variable Rate Demand Bonds would be issued in a Daily, Weekly or CP mode.

Credit Enhancement: The Fixed Rate Bonds would be uninsured and would carry the rating of The University of Chicago Medical Center. The Variable Rate Demand Bonds would carry a Letter of Credit, the provider of the Letter of Credit will be determined at a later date, but will carry a rating of AA- or better.

Maturity: No later than 2026

Rating: The University of Chicago Medical Center is rated AA- / Aa3 (S&P/Moody's)

Est.Closing Date: October 2008

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#### PROJECT SUMMARY

The bond proceeds will be used to current refund UCMC's current MBIA Insured VRDBs

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#### BUSINESS SUMMARY

Description of Business: UCMC operates three hospitals and a state-of-the-art ambulatory-care facility located in 20 interconnected buildings on the main campus of the University as well as certain outlying facilities and activities. The three hospitals operated by the Corporation consist of the main adult patient care facility, a maternity and women's hospital and a children's hospital. The Corporation opened a new children's hospital, the University of Chicago Comer Children's Hospital ("Comer") in February 2005, which replaced the existing children's hospital that had been in service since 1967.

Project Rationale: Currently, the interest rate on the IHFA Series 1994 and IHFA Series 1998 bonds are resetting at a rate higher than normal. A current refunding will allow UCMC to drop its exposure to MBIA and reduce interest costs.

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#### OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Lawrence Furnstahl, Chief Financial and Strategy Officer and Treasurer  
Borrower: University of Chicago Medical Center

Ownership/Board Members (501c3): Valerie B. Jarrett, Paul F. Anderson, Robert H. Bergman, Edward McC. Blair, Jr., Ellen Block, Otis W. Brawley, M.D., Kevin J. Brown, John Bucksbaum, Frank M. Clark, Stephanie Comer, James S. Crown (ex officio), Craig J. Duchossois, James S. Frank, Stanford J. Goldblatt, Rodney L. Goldstein, Linda H. Heagy, William J. Hunckler III, Jeffrey D. Jacobs, Kenneth Lehman, Carol Levy, Barry L. MacLean, James L. Madara, M.D. (ex officio), Cheryl Mayberry-McKissack, Dane A. Miller, Ralph G. Moore, Christopher J. Murphy III, Emily Nicklin, Brien M. O'Brien, Timothy K. Ozark, Nicholas K. Pontikes, James Reynolds, Jr., Thomas A. Reynolds III, Thomas F. Rosenbaum (ex officio), Benjamin Shapiro, Jeffrey T. Sheffield, Jorge A. Solis, Michael Tang, Christina M. Tchen, J. Richard Thistlethwaite, M.D. (ex officio), Marrgwen Townsend, James C. Tyree, Terry L. Van Der Aa, Kelly R. Welsh, Bruce W. White, Paula Wolff, Robert J. Zimmer (ex officio)

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#### PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Rosenman LLP Chicago	Elizabeth Weber
Accountant:	PriceWaterhouseCoopers	
Bond Counsel:	Jones Day Chicago	John Bibby
Credit Enhancer/Purchasing Bank:	TBD	
Bank Counsel:	TBD	
Bond Underwriter:	J.P. Morgan Securities Inc. Chicago	Suzanne Beitel
Underwriter's Counsel:	Foley & Lardner Chicago	Janet Zeigler

Issuer's Counsel:  
 Issuer's Advisors:

Charity & Associates  
 D.A. Davidson & Co.  
 Scott Balice Strategies, Inc.

Chicago  
 Chicago, IL  
 Chicago, IL

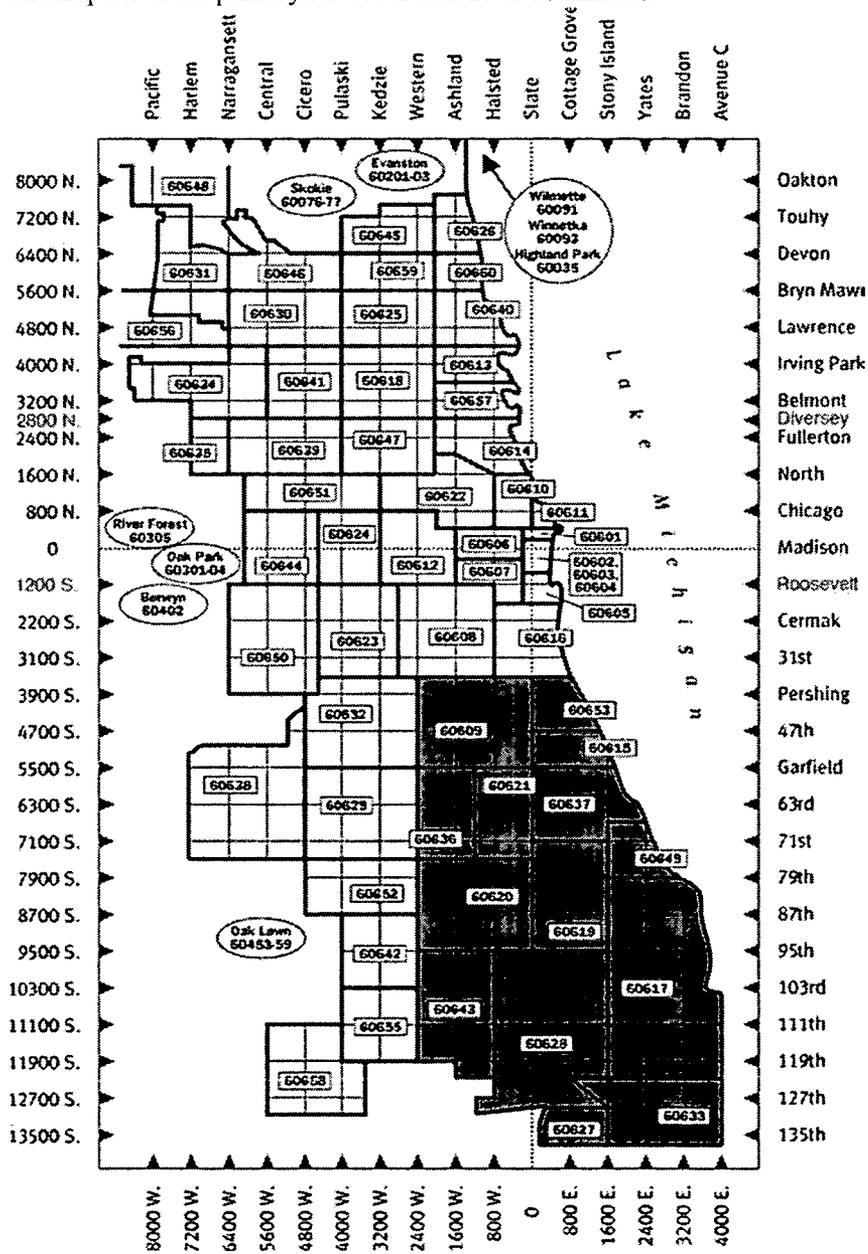
Alan Bell  
 Bill Morris  
 Lois Scott

**LEGISLATIVE DISTRICTS**

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

**SERVICE AREA**

UCMC's primary service area covers much of the south side of the City of Chicago. The primary service area is bounded by 36th Street to the north, Lake Michigan and the Indiana border to the east, 130th Street to the south and Western Avenue to the west. The primary service area is eight miles long, four miles wide at the northern boundary and eight miles wide at the southern boundary. Travel time from the Corporation's facilities to the most distant parts of the primary service area is 25 to 30 minutes.



**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
August 12 2008**

**Project:** North Central College

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**STATISTICS**

Number:	N-PS-TE-CD-8101	Amount:	\$22,000,000 (not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Naperville (DuPage County)	Region:	Northeast

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**BOARD ACTION**

Final Resolution	No Extraordinary conditions
Conduit not for profit Bonds	Staff recommends approval
No material changes	No IFA funds at risk

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**VOTING RECORD**

Preliminary Bond Inducement, July 8, 2008

Ayes: 10, Nays: 0, Abstentions: None, Vacancies: 2, Absent: 3 (DeNard, Rivera, Valenti)

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**PURPOSE**

Proceeds will be used to finance (i) the construction and equipping of a new campus residence/recreation center, (ii) capitalize interest, and (iii) fund legal, professional, and bond issuance costs.

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

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

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**JOBS**

Current employment: 150	Projected new jobs: 19
Jobs retained: N/A	Construction jobs: 100 (16 months)

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$22,000,000	Uses:	Project costs	\$21,260,950
	Equity	<u>186,950*</u>		Legal and professional	<u>284,000</u>
	Total	<u>\$22,186,950</u>		Capitalized interest	<u>642,000</u>
			Total		<u>\$22,186,950</u>

\* Equity consists of Illinois Clean Energy grants.

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#### FINANCING SUMMARY

**Security:** Direct Pay Letter of Credit from Bank of America, NA, Chicago, Illinois. Bank of America, NA long term ratings are: Moody's AA-1, Standard and Poor's AA+, and Fitch AA-, short term ratings are VMIG-1, A-1, and F-1+, respectively.

**Collateral:** First mortgage on the subject property.

**Structure:** Multi-mode Variable Demand Rate Bonds. Weekly floating rates for Letter of Credit backed bonds averaged 1.38% for the week ending July 16, 2008.

**Underlying rating:** The Applicant's outstanding bonds do not have an underlying rating.

**Maturity:** 30 years

**Closing Date:** TBD

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#### PROJECT SUMMARY

The University intends to finance (i) the construction and equipping of an approximately 200,000 sq. ft. residence hall on campus land which will have the capacity to house 216 students, (ii) finance the construction and equipping of a recreation center within the building which will be located on existing campus land which is located at 30 North Brainard Street, Naperville, DuPage County, Illinois, (iii) capitalize interest, and (iv) fund legal and professional costs.

**Project Costs:**

Construction	\$17,736,950
Machinery/Equipment	2,754,000
Arch/Eng.	<u>770,000</u>
Total	<u>\$21,260,950</u>

The project will provide additional housing for the College's growing resident student population. The College currently leases two off-campus housing facilities to accommodate the resident student overflow. The residence hall will initially accommodate approximately 80 additional resident students. The 4<sup>th</sup> floor of the residence area will be unfinished initially, but when it is finished, it will house another 136 students. In addition, the recreation center will provide a state of the art exercise facility for students, faculty and staff, and enhance the College's current wellness program. It will also provide a 200-meter indoor track for the College's nationally ranked track team.

The facility will have a Silver LEEDS certification, supporting the College's sustainability initiatives.

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#### BUSINESS SUMMARY

**Background:** North Central College (the "College", the "Applicant") is an independent, private, four-year comprehensive college of the liberal arts and sciences affiliated with the United Methodist Church, founded in 1861 and incorporated in 1865. The College has been in continuous operations since that time. The 59-acre campus is located in the Historic District of Naperville, IL. The College offers study programs in Costa Rica, London, China, and Japan. The College is governed by a 38-member Board. A list of members is provided in the report for IFA Board review.

**Description:** The College offers Bachelor of Arts and Bachelor of Science degrees which are awarded in 58 majors. The College offers six graduate programs: a Master of Business Administration (MBA), Master of Arts (MA) degrees in Liberal Studies and Education, a Master of Leadership Studies degree, and Master of Science (MS) degrees in Computer Science and Management Information Systems. Pre-professional programs are offered in engineering, law, medicine and nursing. Total enrollment is 2,550 students, including 2,020 full-time undergraduates (1,060 live in residence halls) and 525 part-time undergraduate and graduate students. Students come from 28 states and 32 foreign countries; 58 percent women, 42 percent men. The proposed res/rec center will provide a much needed state of the art recreation center for student, faculty and staff use.

The College employs 125 full-time faculty of which 87.0% have a doctorate or terminal degree. The College is accredited by the (i) Higher Learning Commission of the North Central Associations of and Schools, (ii) the Council for Higher Education Accreditation, (iii) the Commission on Accreditation of Athletic Training Education, and (iv) a charter member of the Associated New American Colleges. of Engineering, American Academy of Arts and Sciences, and American Council of Learned Societies.

**Financial Aid:** The College assists its students in financing their education by making available student aid plans that combine direct grant assistance, loans, and employment opportunities supported by federally assisted work-study programs. College students can take advantage of the Federally guaranteed Perkins loan program, Pell grants, Stafford loans, and the College's own Roller loan program. The interest-free Roller loan program was initially founded by a donor contribution. In 2006-07, approximately 60 percent of the undergraduate students received some sort of aid.

The table provides the sources and dollar amounts of federal and state grants the College received during their fiscal 2007 year.

Funding Agency	Funding Type	Total Amount Provided (Annually)
Title IV Grants	Educational Grants (scholarship/pass through)	\$12,100,000
Coleman Foundation	Private Foundation (program specific)	200,000+
Associated Colleges of IL	Federal and State Pass-through Grants	150,000+

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**OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** North Central College  
**Project names:** Campus Residence Hall/Recreation Center Project, Series 2008.  
**Location:** 30 North Brainard Street, Naperville, DuPage County, Illinois, 60540  
**Contact Person:** Ms. Elizabeth A. Laken, Assistant Vice President for Finance, (630)-637-5680  
**Organization:** 501(c)(3) Corporation  
**State:** Illinois  
**Board:** List attached for IFA Board review.

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Chicago, Illinois

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University of Chicago Children's  
Hospital  
Chicago, Illinois

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Realtors-Monarque Properties

Nancy Hermann, *Secretary*  
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Private Bank

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Owner, FastSigns

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Cellular

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Director of Economic Development  
City of Plainfield, Ill.

Steven E. Johnson '81  
Managing Director, Retirement  
Solutions Advisors

Raymond Krauss, Jr. '84  
RK Capital Group, Inc.

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Agency

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Jeffrey Oesterle '76  
Owner, Plaza Properties

Jonathan Shanower '85  
Partner, Dreyer, Foote, Streit,  
Ferguson & Slocum, PA

Karen Solomon '84  
Asst. Director of Accreditation  
Services, The Higher Learning  
Commission of NCA

Michael Van Poucke '88  
Vice President of Planning, Macom  
Corporation

Glenn Weiss '94  
Sr. Vice President, Northern Trust  
Company

Russell Whitaker III '00  
Attorney, Dommermuth, Brestal,  
Colbine & West

John Zediker  
President & CEO, Moser Enterprises,  
Inc.

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Dommermuth, Brestal, Combine & West, Ltd.	Chicago, IL	Kathleen C. West
Accountant:	Grant Thornton LLP	Chicago, IL	Frank Jakosz
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Chris Walrath
Issuer's Counsel	Charity & Associates, P.C.	Chicago, IL	Alan M. Bell
Underwriter:	Banc of America Securities, LLC	Chicago, IL	Michelle Salomon
Underwriter's Counsel:	Ice Miller LLP	Chicago, IL	James Snyder
Trustee:	The Bank of New York Mellon Trust Company, N.A.	Chicago, IL	Rodney Harrington
LOC Provider:	Bank of America, N.A.	Chicago, IL	Peter Coburn
LOC Provider Counsel:	Chapman and Cutler LLP	Chicago, IL	William Hunter
IFA Financial Advisors:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago, IL Chicago, IL	Bill Morris Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional:	13, Judy Biggert
State Senate:	24, Kirk W. Dillard
State House:	48, James H. Meyer

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**TO:** IFA Board of Directors

**FROM:** Pam Lenane and Dana Sodikoff

**DATE:** July 28, 2008

**RE:** A Resolution Authorizing Amendments to the Final Bond Resolution to Increase the Maximum Coupon Rate from 8.25% to 8.75%  
(Norwegian American Hospital Project)  
IFA Project: H-HO-TE-CD-8094

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### **BACKGROUND:**

The IFA Board of Directors approved a Final Bond Resolution to issue non-rated, fixed rate, conduit 501(c)(3) Revenue Bonds for the Norwegian American Hospital project in an amount not-to-exceed \$24.5 million at the July 8, 2008 Board Meeting. The Series 2008 Bonds will be privately placed with a maturity of September 15, 2038.

Proceeds of the bonds are intended to: pay, or reimburse Norwegian American Hospital (the "Borrower" or "Norwegian") for the payment of, the cost of various construction and renovation projects, to pay, or reimburse the Borrower for the payment of and the cost of acquiring certain capital equipment, to refinance the Borrower's Illinois Finance Authority Series 2005B Bonds in the approximate amount of \$3,500,000, to fund a debt service reserve fund, and to pay certain related expenses.

### **REQUEST:**

Because of the market volatility, after further discussions with Norwegian American Hospital and their financing team, Norwegian American is requesting that the IFA Board approve an increase of their maximum coupon rate on the proposed IFA Series 2008 Bonds (Norwegian American Project) from 8.25% to 8.75%. By adjusting the rate, the maximum annual debt service coverage increases from approximately \$2.9 million to \$3.21 million and as a result, the debt coverage changes from 3.68X to 3.32X.

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

### **RECOMMENDATION:**

Staff recommends approval of the accompanying Amending Resolution to accomplish the objectives of increasing the coupon rate from 8.25% to 8.75% on the proposed bonds, as requested.

**AMENDMENT TO  
RESOLUTION NUMBER 2008-08-21**

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

**WHEREAS**, on July 8, 2008, the Authority passed Resolution Number 2008-\_\_\_ (the “Original Resolution”) for the benefit of Norwegian American Hospital Inc., an Illinois not for profit corporation (the “Corporation”); and

**WHEREAS**, the Original Resolution authorized, among other things, the issuance of not to exceed \$24,500,000 in aggregate principal amount of Revenue Bonds, Series 2008 (Norwegian American Hospital) (the “Series 2008 Bonds”) of the Authority; and

**WHEREAS**, Section 2 of the Original Resolution authorized certain terms and conditions applicable to Series 2008 Bonds, including providing that the Series 2008 Bonds would bear interest at stated rates not to exceed 8 1/4% per annum; and

**WHEREAS**, the Corporation has requested that the Authority amend the provisions of the Original Resolution in order to authorize the issuance of Series 2008 Bonds bearing interest at stated rates not to exceed 8 3/4%;

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

1. The second sentence of the second paragraph of Section 2 of the Original Resolution is hereby amended to read as follows:

“The Series 2008 shall bear interest at stated fixed rates not to exceed 8 3/4% per annum.”

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

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

**ADOPTED** this 6<sup>th</sup> day of August, 2008 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

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Secretary

# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**TO:** IFA Board of Directors

**FROM:** Chris Meister  
Karen Walker  
Authorized Officers  
Townsend Albright  
Funding Manager

**DATE:** August 5, 2008

**RE:** **IFA-IHDA Military MCC Program:** Resolution with respect to use of Single Family Housing volume cap and authorizing a partnership with the Illinois Housing Development Authority for a Mortgage Credit Certificate Program to assist Veterans and Actively Serving Military Personnel in Illinois.

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### BACKGROUND:

In October 2005, the Illinois Finance Authority (IFA) and the City of Decatur ("Decatur") jointly authorized the issuance of up to \$37,387,360 in tax-exempt single-family mortgage revenue bonds under a pilot program (the "2005 Program") to make low interest mortgage loans to qualifying first time homebuyers. The 2005 Program used an allocation of volume cap from both the IFA and Decatur. Decatur contributed \$6,387,360 of its 2004 volume cap and IFA contributed a total of \$31,000,000 of its volume cap (\$6,000,000 in 2004 cap; \$25,000,000 in 2005 cap). The IFA terminated the 2005 Program, which had never fulfilled expectations. As a result, up to \$31,000,000 (\$37,387,360 once the Decatur contribution is counted) in single family housing volume cap became available for other uses.

In 2007, the IFA began discussions with the Illinois Housing Development Authority ("IHDA") and Decatur regarding programs to appropriately use the available single-family volume cap. In November 2007, the IFA Board approved a resolution to authorize a joint IFA-IHDA mortgage credit certificate program ("November 2007 Resolution"). While the November 2007 Resolution was never fully implemented, the IFA did convert \$6,000,000 in 2004 volume cap to mortgage credit certificates in December 2007. IFA's partner in the 2005 Program, Decatur also elected to convert \$6,387,360 in its 2004 volume cap to mortgage credit certificates before the end of calendar year 2007.

During 2008, Chairman Brandt and IFA staff, in conjunction with the Governor's Office, IHDA Executive Director DeShana Forney and Illinois Director of Veterans Affairs Tammy Duckworth, worked to identify an appropriate use for the \$31,000,000 in volume cap and mortgage credit certificates. These parties jointly decided to propose a mortgage credit program aimed at Veterans and Active Serving Military Personnel, including Guard and Reservist personnel who are actively drilling ("IFA-IHDA Military MCC Program"). Under the proposed IFA-IHDA Military MCC Program, the IFA would issue mortgage credit certificates but the program would be administered and marketed by IHDA and Veterans Affairs. IFA hopes to obtain Decatur's participation in the proposed program as well.

### REQUEST:

The Resolution (a copy of which will be provided to the Members in advance of the August 12 meeting) delegates to the Authorized Officers the authority to take the following actions:

1. file an election with the IRS to convert \$25,000,000 of 2005 IFA single family volume cap to mortgage credit certificates;

2. enter into all necessary agreements with IHDA, the City of Decatur, the Illinois Department of Veterans Affairs, and other necessary parties with respect to the implementation and marketing of the IFA-IHDA Military MCC Program;

3. take all necessary actions associated with issuing mortgage credit certificates under the IFA-IHDA Military MCC Program, including any required public notices and

4. take any other actions reasonably necessary to implement the program.

**RECOMMENDATION:**

Staff recommends approval of the Resolution.