

# Illinois Finance Authority

November 13, 2007

11:30 AM

## **Board Meeting**

The Mid America Club

200 E. Randolph Drive, 80th floor  
Chicago, Illinois



David C. Gustman, Chairman

**ILLINOIS FINANCE AUTHORITY  
BOARD MEETING  
November 13, 2007  
Chicago, Illinois**

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

- Opening Remarks
- Executive Director's Report
- Financials
- Staff Reports
- Project Reports
- Compensation and Personnel Matters - Director Hubbard
- Other Business
- Adjournment

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

**AGENDA**

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

### AGRICULTURE

Tab	Project	Location	Estimated Amount	Estimated New Jobs	Estimated Const Jobs	FM
<b>Beginning Farmer Bonds</b>						
1	Daniel & Sharon Brown	Flanagan	250,000	0	0	CM
	Bruce Kettelkamp	Taylorville	250,000	0	0	ER
	Eric Will	Teutopolis	100,000	0	0	ER
	Craig Steidinger	Fairbury	122,000	0	0	CM
	Craig Draper	McLeansboro	40,000	0	0	ER
<b>TOTAL AGRICULTURE PROJECTS</b>			<b>\$762,000</b>	<b>0</b>	<b>0</b>	

### HEALTHCARE

Tab	Project	Location	Estimated Amount	Estimated New Jobs	Estimated Const Jobs	FM
<b>501(c)(3) Bonds Preliminary</b>						
2	The Children's Memorial Hospital	Chicago	430,000,000	450	3000	PL/DS
<b>501(c)(3) Bonds Final</b>						
3	BroMenn Healthcare Hospitals	Bloomington, Normal	4,100,000	0	0	PL/DS
4	Holy Cross Hospital	Chicago	16,000,000	0	0	PL/DS
5	Northwestern Memorial Hospital	Chicago	400,000,000	600	3500	PL/DS
6	Monarch Landing	Naperville	185,000,000	593	1125	PL/DS
<b>TOTAL HEALTHCARE PROJECTS</b>			<b>\$1,035,100,000</b>	<b>1,643</b>	<b>7,625</b>	

**COMMUNITIES AND CULTURE**

<b>Tab</b>	<b>Project</b>	<b>Location</b>	<b>Estimated Amount</b>	<b>Estimated New Jobs</b>	<b>Estimated Const Jobs</b>	<b>FM</b>
<b>501(c)(3) Bonds</b> <i>Preliminary</i>						
7	Search Inc.	Mt. Prospect, Morton Grove, Skokie	12,000,000	7	40	SCM
8	North Shore Ice Arena, LLC	Northbrook	10,000,000	6	50	ST
<b>501(c)(3) Bonds</b> <i>Final</i>						
9	Erikson Institue	Chicago	32,500,000	27	100	TA
<b>Affordable Rental Housing Bonds</b> <i>Final</i>						
10	Hidden Glen Apartments LP	Bourbonnais	7,500,000	0	17	RF
<b>Taxable Local Government Tax Anticipation Program</b>						
11	Local Government Short-Term Tax Anticipation Program	Cook County	100,000,000	N/A	N/A	NM, KC
<b>Local Government Pooled Bonds</b>						
12	Local Government Pool 2007B	Village of Waynesville, Village of Aledo	3,200,000	N/A	N/A	KC
<b>TOTAL COMMUNITIES AND CULTURAL PROJECTS</b>			<b>\$165,200,000</b>	<b>40</b>	<b>207</b>	

### BUSINESS AND INDUSTRY

Tab	Project	Location	Estimated Amount	Estimated New Jobs	Estimated Const Jobs	FM
<b>Participation Loans</b>						
13	CJA Management	Peru	234,360	2	75	JS
<b>Tax Exempt Water Furnishing Facilities Revenue Bonds</b> <i>Final</i>						
14	Aqua Illinois, Inc.	Multiple	17,000,000	0	265	RF
<b>Industrial Revenue Bonds</b> <i>Preliminary</i>						
15	Crown Metal Manufacturing Co., Inc.,	Elmhurst	3,500,000	12	45	TA
<b>Industrial Revenue Bonds</b> <i>Final</i>						
16	Centa Corporation	Aurora	3,000,000	11	5	RF
17	INX International Ink Co.	Homewood	10,000,000	9	20	RF
18	The Jel Sert Company	West Chicago	10,000,000	300	0	ST
19	Versatile Card Technology, Inc.	Downers Grove	7,600,000	15	15	ST
<b>TOTAL BUSINESS AND INDUSTRY PROJECTS</b>			<b>\$51,334,360</b>	<b>349</b>	<b>425</b>	

### HIGHER EDUCATION

Tab	Project	Location	Estimated Amount	Estimated New Jobs	Estimated Const Jobs	FM
<b>501(c)(3) Commercial Paper Revenue Notes</b> <i>Preliminary</i>						
20	DePaul University	Chicago	\$75,000,000	N/A	300	RF
<b>501(c)(3) Bonds</b> <i>Final</i>						
21	Robert Morris College	Chicago, Aurora, Schaumburg	\$30,000,000	62	150	TA
<b>TOTAL HIGHER EDUCATION PROJECTS</b>			<b>\$105,000,000</b>	<b>62</b>	<b>450</b>	

<b>GRAND TOTAL</b>			<b>\$1,357,396,360</b>	<b>482</b>	<b>8,707</b>	
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## RESOLUTIONS

Tab	Project	FM
<b>Amendatory Resolutions</b>		
22	Amendatory Resolution to Revise the Loan Agreement and Trust Indenture and related documents (Stromberg Allen & Company/SACO Real Estate LLC Project)	RF
23	Amendatory Resolution to Add Project Sites and Increase Not-to-Exceed Amount from \$68 Million (Roosevelt University Project)	RF
24	Authorize the Joint Issuance of a Mortgage Credit Certificate Program with Illinois Housing Development Authority and the City of Decatur	TA
<b>Other</b>		
<b>Resolutions</b>		
25	Appointing Successor Trustees of the IFA 401(a) Contribution Plan and Appointing an Interim Treasurer	CM

## Adjournment



## Illinois Finance Authority Executive Director's Report November 13, 2007

To: IFA Board of Directors and Office of the Governor

From: Kym M. Hubbard, Executive Director

### Financial Performance

**Consolidated Results:** Illinois Finance Authority's financial position remains strong with total assets of \$159,536,834 consisting of Equity of \$94,968,166 and liabilities of \$64,668,669. This compares favorable to the October 2006 balance sheet of \$154,718,122 in total assets comprising of \$89,264,639 in Equity and 65,453,483 in liabilities and Bonds Payable.

Gross Income YTD for October ended at \$4,478,433 or \$662,048 over plan. The above plan performance is primarily due to fee income. Fees generated were earned primarily from the Healthcare and Community and Culture segments. Total operating expenses ended at \$3,590,713 or \$104,425 below plan. The loan loss reserve was increased by \$144,288 for the Shultz loan presently over 181 days delinquent. Net income ended at \$2,928,933 including the \$2,000,000 grant received in July 2007.

### Sales Activities

Funding Managers will be presenting 25 projects totaling \$1,357,396,360 for approval in November, 2007. Agriculture projects total \$762,000; Healthcare projects total \$1,035,100,000; Communities and Culture projects total \$165,200,000; Business and Industry projects total \$ \$51,334,360; and Higher Education projects total \$ \$105,000,000. These projects are expected to create 482 new jobs and 8,707 construction jobs.

**Healthcare:** The Healthcare team attended several conferences: Illinois Hospital Association's Health Insurance, Payment and Medicaid Trends Symposium, the annual Bond Buyer Healthcare Conference, and the Illinois Critical Access

Hospital Network's Annual Critical Access Hospital Conference where IFA provided an exhibit and served as a co-sponsor for the event. The general mood was upbeat for the healthcare sector of the public finance market through the end of 2007 as well as next year. Several critical access hospitals are considering building replacement hospitals within the next year.

*Healthcare Closings in October*

<i>Closing Date</i>	<i>Issuance \$\$</i>	<i>Borrower</i>
10/10/07	500,775,000	Advocate Health Care Network [Refunding]
10/31/07	170,000,000	Sherman Health System

**Higher Education:** IFA and Ziegler Corporation have developed a Tax Exempt seminar to be held at Elmhurst College on December 4, 2007. Private colleges, high schools and not-for-profit organizations throughout Illinois have been invited.

Staff attended the annual conference of the National Association of Health and Education Facilities Authorities (NAHEFA). Major issues common to authorities that were discussed included disclosure and indemnification issues, the difficulty in putting together equipment and/or project financing pools for private colleges and universities, unfamiliarity of using conduit leases or bonds instead of conventional bank loans, and the re-education process needed due to high turnover of private college CFOs and business managers.

*Higher Education Closings in October*

<i>Closing Date</i>	<i>Issuance \$\$</i>	<i>Borrower</i>
10/30/07	21,745,000	McKinley Foundation at the University of Illinois
10/31/07	13,510,000	Chicago School of Professional Psychology [Refunding]

**Communities and Culture:** *Social & Community Services* - An opportunity is being developed with the Axelson Center for Nonprofit Management, an organization which offers graduate degrees, certificate programs and training to nonprofit professionals, to co-develop programs about how to finance infrastructure on a tax exempt basis.

*Not For Profit Closings in October*

<i>Closing Date</i>	<i>Issuance \$\$</i>	<i>Borrower</i>
10/11/07	28,500,000	United Sports Organizations of Barrington Project

*Housing* - IFA joined IHDA, DCEO and the Governor's office staff to create a Borrower's Outreach Program to help stem foreclosures on variable rate mortgages by offering workshops and counseling services. The program will focus on sites in Chicago, Chicago's western and southwestern suburbs, Rockford, Decatur, Peoria, East St Louis area, and Champaign-Urbana and/or

Springfield. There will be six to nine sessions beginning November 15 in Chicago. More workshops may be scheduled for early 2008.

IFA initiated discussions with IHDA to establish a joint venture with the *IFA Single Family Mortgage Program* in order to effectively utilize 2004 carry forward Volume Cap from the original issuers (IFA and the City of Decatur).

*Local Government* -- Staff made presentations at several state-wide conferences including the Office of the State Treasurer Symposium and the Illinois Municipal League Conference where IFA also had a booth. IFA joined DCEO and IML to co-sponsor "Financing Community Projects Roundtable" in Decatur on November 1. A similar workshop is planned for November 29 in Winchester. Staff is consulting with 11 local governments seeking funds by spring 2008.

A new short-term borrowing program is being developed to support Cook County municipalities and school districts that face late property tax receipts due to legislative issues in passing a tax cap bill for Cook County. If successful, the program will be presented to the board at the November meeting.

**Business & Industry:** IFA and the Governor's Office of Management and Budget (GOMB) reached agreement on additional 2007 Volume Cap. Most of IFA's existing Industrial Revenue Bond project backlog will be able to move forward in 2007.

A new program with the Chicago Urban League is being developed that will that will help small and mid sized business owners grow their businesses while developing and expanding their entrepreneurial skills. The Authority anticipates partnering with the Chicago Urban League by establishing a reserve to encourage lenders to assist small business owners as part of the "Project Next Entrepreneur Program". Introduction would be in 2008.

*B&I Closings during October*

<i>Closing Date</i>	<i>Amount \$\$</i>	<i>Borrower</i>
10/25/07	12,500,000	Zoll Real Estate LLC (Rupari Food Services, Inc.)
10/05/07	500,000	Bank of Edwardsville Trust # 1104 (participation loan)

**Agriculture:** Ag team in-person calls to lending institutions totaled 20 bank calls, 2 USDA calls, 1 Farm Credit Service Agency, and 2 legislative calls. Staff attended the National Council of State Ag Finance Authorities annual conference which reviewed pending federal legislation to increase the limit on beginning farmer bonds from \$250,000 to \$450,000, and the American Banker's Association National Ag Banker's Conference. Presentations were made at the Champaign Economic Development Group and the China Ag Lenders Association at the University of Illinois. IFA will join the Southern Illinois

Economic Advisory Council created by the State Treasurer's Office comprised of business leaders, educators, and community officials across southern Illinois.

The Ag team is developing a "Participating Ag Lender" program. Plaques will be delivered to approximately 300 lenders. Plans include posting this list on the IFA website to provide farmers and agribusinesses a reference for participating lenders in their area.

**Energy: *Ethanol and Biodiesel*** - Shifts in the energy industry and credit markets have affected the viability of energy projects nationwide and this impact is expected to continue for the next 6 to 12 months. Until market issues are resolved, energy projects are expected to be difficult to complete. These factors contributed directly to a delay in closing the Heartland Biofuels / Western Illinois Ethanol Project in Griggsville. IFA has six other ethanol/biodiesel projects pending which may be slowed by problems in the credit market. IFA has joined a task force on renewable energy assembled by the Governor's Office to consider approaches to encourage development of the next state of renewable energy, i.e. with less environmental impact (emissions/water) and improved efficiency/output.

**Coal** - IFA has received applications from three of the participants in the Prairie State Energy Campus project being developed in Washington County. The request will be for tax exempt solid waste disposal bond financing (no moral obligation). A decision by the FutureGen Alliance naming the location of its first operation is expected before the end of the year.

### **Compliance/Audit Report**

The FY07 audit continues to stay on schedule. The IFA Accounting Staff has been working hard to provide all the information that has been requested by the audit staff. No findings have been discussed with staff. The field work is scheduled to be completed in the next two weeks.

### **Human Resources/Operations Report**

Completed Activities in October:

- 1) Ethics Training for all IFA staff
- 2) FY2007 Incentive Plan
- 3) EEOC/AA First Quarter Report
- 4) 401(a) Fiduciary Insurance
- 5) Human Resources: One promotion; one new hire; three terminations (resignations)

### **Marketing/Public Relations Report**

The first issue of "IFA News" will be issued in November. New processes have been developed for list segmentation, subscriber management, content

infrastructure and inquiry fulfillment to support the on-going issuance and utilization of this newsletter media. Press activity includes:

- Press release on the Rupari Food Services project. Pickup by the Sun-Times, Daily SouthTown, and nwiTimes.
- Interview with Kym Hubbard for the Illinois Business Journal - November

#### *FOIA*

- Brotherhood of Carpenters Union – agendas and minutes of IFA meetings since Jan 2004. Follow-up requests on Sunrise Ag Services and Christian Homes - *Completed*
- E. Delahunt – Planned Parenthood project application - *Completed*
- Krokidas & Bluestein – Advocate project information - *Completed*
- Preqin - request for venture capital data - *Completed*
- Mabsco secondary market – 3 requests for lender info - *Completed*

#### **Legislative Report**

**SB 1327** The Governor signed into law Public Act 95-0697 (SB 1327) which increases the IFA's outstanding aggregate bond authorization from \$25.2 billion to \$26.650 billion, an increase of \$1.450 billion.

**SB 775 House Amendment 1** On November 2, SB 775 as amended in the House, passed out of the House unanimously. HA 1 to SB 775 transfers \$9 million to the Fire Truck Revolving Loan Fund and \$4 million to the Ambulance Revolving Loan Fund. As of October 31, the IFA has an outstanding loan balance of approximately \$7.8 million with 82 outstanding loans. The Senate must now consider HA 1 to SB 775.

**SB 1317** This legislative initiative of the IFA would have provided multi-state bonding authority to the IFA for certain projects. The bill was subject to an amendatory veto in August. The Senate overrode the amendatory veto but the House never considered the matter. Accordingly, SB 1317 died. IFA intends to pursue the multi-state legislative initiative again in the spring 2008 session of the General Assembly.

**Federal -- Federal Home Loan Bank Letter of Credit - H.R. 2091 and S. 1963**  
IFA Staff continues to work with the Council of Development Finance Agencies (CDFA) and the National Council of Higher Education Facilities Authorities to support federal legislation that would enable Federal Home Loan Banks to provide credit enhancement to support Industrial Revenue Bond projects and 501(c)(3) Revenue Bond projects.

**Illinois Finance Authority  
Audit Findings  
Update as of October 31 2007**

Total Number of 7

Item Number	Description	Status	
		Action Items/ Action Items Completed	Percentage Completed
<b>FY 04 Findings</b>			
06-02	Failure to Monitor Bond Compliance	7/8	
<b>FY 05 Findings</b>			
06-01	Noncompliance with the Personnel Code	Under Review	
<b>FY 06 Findings</b>			
06-03	Missing and Incomplete Documents in State Guaranteed Agriculture Loans	Complete	
06-04	Contract Not Executed Timely	Complete	
06-05	Approval of Incomplete Travel and Marketing Reimbursement Forms	Complete	
06-06	Inadequate Processing and Untimely Deposit of Cash Receipts and Refunds	Complete	
06-07	Missing Documents from Personnel File	Complete	

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

1  
 1  
 5

**Illinois Finance Authority  
Consolidated - Actual to Budget  
Statement of Activities  
for Period Ending October 31, 2007**

	Actual October 2007	Budget October 2007	Current Month Variance Actual vs Budget	Current % Variance	Actual YTD FY 2008	Budget YTD FY 2008	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2008	% of Budget Expended
<b>REVENUE</b>										
INTEREST ON LOANS	320,333	300,409	19,924	6.63%	1,293,893	1,183,287	110,606	9.35%	3,526,320	36.69%
INVESTMENT INTEREST & GAIN(LOSS)	205,005	207,079	(2,074)	-1.00%	949,038	824,782	124,256	15.07%	2,499,176	37.97%
ADMINISTRATIONS & APPLICATION FEES	61,967	299,167	337,124	112.69%	1,961,405	1,410,108	551,297	39.10%	6,530,805	30.03%
ANNUAL ISSUANCE & LOAN FEES	(13,097)	14,947	(28,044)	-187.62%	17,490	338,420	(81,812)	-24.17%	1,038,859	24.70%
OTHER INCOME					59,788	59,788	(42,298)	-70.75%	179,364	9.75%
<b>TOTAL REVENUE</b>	<b>1,210,500</b>	<b>906,587</b>	<b>303,913</b>	<b>33.52%</b>	<b>4,478,433</b>	<b>3,816,385</b>	<b>662,048</b>	<b>17.35%</b>	<b>13,774,524</b>	<b>32.51%</b>
<b>EXPENSES</b>										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	384,134	322,743	61,391	19.02%	1,219,404	1,284,286	(64,882)	-5.05%	3,732,896	32.67%
BENEFITS	34,992	23,710	9,282	36.10%	99,390	102,106	(2,716)	-2.66%	310,439	32.02%
TEMPORARY HELP	9,675	2,500	7,175	287.00%	34,928	10,000	24,928	249.28%	30,000	116.43%
EDUCATION & DEVELOPMENT	-	500	(500)	-100.00%	1,056	2,000	(944)	-47.20%	6,000	17.60%
TRAVEL & AUTO	17,651	12,501	5,150	41.20%	59,039	50,004	9,035	18.07%	150,000	39.36%
<b>TOTAL EMPLOYEE RELATED EXPENSES</b>	<b>446,451</b>	<b>365,954</b>	<b>82,497</b>	<b>22.67%</b>	<b>1,413,816</b>	<b>1,448,396</b>	<b>(34,580)</b>	<b>-2.39%</b>	<b>4,229,335</b>	<b>33.43%</b>
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	52,822	87,332	(34,510)	-39.52%	410,146	349,328	60,818	17.41%	1,048,000	39.14%
LOAN EXPENSE & BANK FEE	221,242	220,979	263	0.12%	920,401	883,916	36,485	4.13%	2,578,138	35.70%
ACCOUNTING & AUDITING	36,870	29,329	7,541	25.71%	142,012	117,316	24,696	21.05%	351,946	40.35%
MARKETING GENERAL	20,031	20,833	(802)	-3.85%	85,819	83,332	2,487	2.98%	250,000	8.53%
FINANCIAL ADVISORY	500	2,083	(1,583)	-76.00%	2,225	8,332	(6,107)	-72.85%	290,000	29.59%
CONFERENCE/TRAINING	3,129	2,917	212	7.26%	19,458	11,668	7,790	66.76%	35,000	55.59%
MISCELLANEOUS PROFESSIONAL SERVICES										
DATA PROCESSING	337,011	397,185	(60,174)	-15.15%	1,604,693	1,584,195	20,498	1.29%	4,688,088	34.23%
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>337,011</b>	<b>397,185</b>	<b>(60,174)</b>	<b>-15.15%</b>	<b>1,604,693</b>	<b>1,584,195</b>	<b>20,498</b>	<b>1.29%</b>	<b>4,688,088</b>	<b>34.23%</b>
OCCUPANCY COSTS										
OFFICE RENT	25,749	26,196	(447)	-1.71%	102,269	104,784	(2,515)	-2.40%	314,350	32.53%
EQUIPMENT RENTAL AND PURCHASES	4,738	4,000	738	18.45%	24,719	16,420	8,299	50.54%	49,680	49.76%
TELECOMMUNICATIONS	6,405	7,083	(678)	-9.57%	27,044	28,332	(1,288)	-4.55%	85,000	31.82%
UTILITIES	921	983	(62)	-6.28%	3,582	3,932	(350)	-8.89%	11,800	30.36%
DEPRECIATION	6,713	6,337	376	5.93%	26,851	24,097	2,754	11.43%	77,194	34.78%
INSURANCE	2,177	2,000	177	8.87%	6,355	8,000	(1,645)	-20.56%	24,000	26.48%
<b>TOTAL OCCUPANCY COSTS</b>	<b>46,703</b>	<b>46,599</b>	<b>104</b>	<b>0.22%</b>	<b>190,820</b>	<b>185,565</b>	<b>5,255</b>	<b>2.83%</b>	<b>562,024</b>	<b>33.95%</b>
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	11,987	8,750	3,237	36.99%	33,649	35,000	(1,351)	-3.86%	105,000	32.05%
BOARD MEETING - EXPENSES	3,974	2,568	1,406	54.74%	23,872	10,272	13,600	132.40%	39,000	61.21%
PRINTING	1,341	1,200	1,141	11.71%	6,646	4,800	1,846	38.45%	14,400	46.15%
POSTAGE & FREIGHT	2,568	2,067	501	24.23%	8,853	8,268	585	7.08%	24,800	35.70%
MEMBERSHIP DUES & CONTRIBUTIONS	2,427	3,333	(906)	-27.18%	7,478	13,332	(5,854)	-43.91%	40,000	18.69%
PUBLICATIONS	224	300	(76)	-25.18%	554	1,200	(646)	-53.80%	3,600	15.40%
OFFICERS & DIRECTORS INSURANCE	14,746	14,750	(4)	-0.02%	58,986	59,000	(14)	-0.02%	177,000	33.33%
MISCELLANEOUS	-	42	(42)	-100.00%	-	168	(168)	-100.00%	500	0.00%
<b>TOTAL GENERAL &amp; ADMINISTRATION EXPENSES</b>	<b>37,267</b>	<b>33,010</b>	<b>4,257</b>	<b>12.90%</b>	<b>140,038</b>	<b>132,040</b>	<b>7,998</b>	<b>6.05%</b>	<b>404,300</b>	<b>34.64%</b>
LOAN LOSS PROVISION/BAD DEBT	33,333	33,333	-	0.00%	238,586	133,332	105,254	78.94%	400,000	59.65%
OTHER	690	690	0	0.01%	2,760	2,760	0	0.01%	8,004	34.49%
INTEREST EXPENSE	690	690	0	0.01%	2,760	2,760	0	0.01%	8,004	34.49%
<b>TOTAL OTHER</b>	<b>690</b>	<b>690</b>	<b>0</b>	<b>0.01%</b>	<b>2,760</b>	<b>2,760</b>	<b>0</b>	<b>0.01%</b>	<b>8,004</b>	<b>34.49%</b>
<b>TOTAL EXPENSES</b>	<b>901,456</b>	<b>874,771</b>	<b>26,685</b>	<b>3.05%</b>	<b>3,590,713</b>	<b>3,486,288</b>	<b>104,425</b>	<b>3.00%</b>	<b>10,291,751</b>	<b>34.89%</b>
<b>NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)</b>	<b>309,044</b>	<b>31,816</b>	<b>277,228</b>	<b>871.35%</b>	<b>887,720</b>	<b>330,097</b>	<b>557,623</b>	<b>168.93%</b>	<b>3,482,773</b>	<b>25.49%</b>
<b>NET UNREALIZED GAIN/(LOSS) ON INVESTMENT</b>	<b>3,913</b>	<b>(16,667)</b>	<b>20,580</b>	<b>-123.48%</b>	<b>41,214</b>	<b>(66,668)</b>	<b>107,882</b>	<b>-161.82%</b>	<b>(200,000)</b>	<b>-20.61%</b>
<b>REVENUE GRANT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>	<b>#DIV/0!</b>	<b>-</b>	<b>#DIV/0!</b>
<b>NET INCOME/(LOSS)</b>	<b>312,956</b>	<b>15,149</b>	<b>297,807</b>	<b>1965.86%</b>	<b>2,928,933</b>	<b>263,429</b>	<b>2,665,504</b>	<b>1011.85%</b>	<b>3,282,773</b>	<b>89.22%</b>

Illinois Finance Authority  
Consolidated  
Statement of Activities  
Comparison  
for Period Ending October 31, 2007

	Actual October 2007	Actual October 2006	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2008	Year to Date Variance Actual vs. Actual	YTD % Variance
<b>REVENUE</b>							
INTEREST ON LOANS	320,333	(125,462)	445,795	-355.32%	1,293,893	555,241	75.17%
INVESTMENT INTEREST & GAIN(LOSS)	205,005	114,574	90,432	78.93%	844,315	104,722	12.40%
ADMINISTRATIONS & APPLICATION FEES	636,291	804,818	(168,527)	-20.94%	1,961,405	(210,422)	-9.69%
ANNUAL ISSUANCE & LOAN FEES	(13,997)	115,293	(53,326)	-46.25%	256,608	(134,342)	-34.35%
OTHER INCOME		13,373	(26,470)	-197.93%	17,490	(53,905)	-75.50%
<b>TOTAL REVENUE</b>	<b>1,210,500</b>	<b>922,596</b>	<b>287,904</b>	<b>31.21%</b>	<b>4,478,433</b>	<b>261,394</b>	<b>6.20%</b>
<b>EXPENSES</b>							
EMPLOYEE RELATED EXPENSES							
COMPENSATION & TAXES	384,134	277,289	106,845	38.53%	1,219,404	197,000	19.27%
BENEFITS	34,992	26,561	8,430	31.74%	99,390	(9,191)	-8.46%
TEMPORARY HELP	9,675	3,898	5,777	148.18%	34,928	20,653	144.67%
EDUCATION & DEVELOPMENT	-	920	(920)	-100.00%	1,056	(4,401)	-80.65%
TRAVEL & AUTO	17,651	15,300	2,351	15.36%	59,039	8,721	17.33%
<b>TOTAL EMPLOYEE RELATED EXPENSES</b>	<b>446,451</b>	<b>323,969</b>	<b>122,482</b>	<b>37.81%</b>	<b>1,413,816</b>	<b>212,782</b>	<b>17.72%</b>
PROFESSIONAL SERVICES							
CONSULTING, LEGAL & ADMIN	52,822	115,040	(62,218)	-54.08%	410,146	(113,218)	-21.63%
LOAN EXPENSE & BANK FEE	221,242	(233,974)	455,215	-194.56%	920,401	461,343	100.50%
ACCOUNTING & AUDITING	36,870	41,038	(4,168)	-10.16%	142,012	27,853	24.40%
MARKETING GENERAL	2,418	3,696	(1,278)	-34.59%	21,313	(3,750)	-14.96%
FINANCIAL ADVISORY	20,031	29,166	(9,135)	-31.32%	85,819	(33,705)	-28.20%
CONFERENCE/TRAINING	500	2,264	(1,764)	-77.92%	3,320	(2,124)	-39.02%
MISCELLANEOUS PROFESSIONAL SERVICES	-	-	1,385	0.00%	2,225	(11,503)	-83.79%
DATA PROCESSING	3,129	1,744	1,385	79.40%	19,458	11,878	156.69%
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>337,011</b>	<b>(41,025)</b>	<b>378,036</b>	<b>-921.48%</b>	<b>1,604,693</b>	<b>336,774</b>	<b>26.56%</b>
OCUPANCY COSTS							
OFFICE RENT	25,749	25,986	(237)	-0.91%	102,269	(2,057)	-1.97%
EQUIPMENT RENTAL AND PURCHASES	4,738	4,209	529	12.57%	24,719	7,497	43.53%
TELECOMMUNICATIONS	6,405	6,822	(416)	-6.10%	27,044	5,545	25.79%
UTILITIES	921	1,161	(240)	-20.63%	3,582	(156)	-4.17%
DEPRECIATION	6,713	3,788	2,924	77.19%	26,831	11,703	77.25%
INSURANCE	2,177	1,151	1,026	89.15%	6,355	1,751	38.02%
<b>TOTAL OCCUPANCY COSTS</b>	<b>46,703</b>	<b>43,117</b>	<b>3,586</b>	<b>8.32%</b>	<b>190,820</b>	<b>24,283</b>	<b>14.58%</b>
GENERAL & ADMINISTRATION							
OFFICE SUPPLIES	11,987	4,783	7,204	150.61%	33,649	5,570	19.84%
BOARD MEETING - EXPENSES	3,974	958	3,016	314.91%	23,872	13,078	121.15%
PRINTING	1,341	1,444	(103)	-7.13%	6,646	2,739	70.13%
POSTAGE & FREIGHT	2,568	1,382	1,185	85.76%	8,853	156	1.79%
MEMBERSHIP, DUES & CONTRIBUTIONS	2,427	3,619	(1,192)	-32.93%	7,478	(796)	-9.62%
PUBLICATIONS	224	239	(15)	-6.23%	554	(5,203)	-90.37%
OFFICERS & DIRECTORS INSURANCE	14,746	13,500	1,246	9.23%	58,986	4,986	9.23%
MISCELLANEOUS	-	2,016	(2,016)	-100.00%	-	(2,016)	-100.00%
<b>TOTAL GENERAL &amp; ADMINISTRATION EXPENSES</b>	<b>37,267</b>	<b>27,941</b>	<b>9,326</b>	<b>33.38%</b>	<b>140,038</b>	<b>18,514</b>	<b>15.23%</b>
LOAN LOSS PROVISION/BAD DEBT	33,333	25,000	8,333	33.33%	238,586	57,377	31.66%
OTHER	690	736	(46)	-6.21%	2,760	(183)	-6.21%
INTEREST EXPENSE	690	736	(46)	-6.21%	2,760	(183)	-6.21%
<b>TOTAL OTHER</b>	<b>690</b>	<b>736</b>	<b>(46)</b>	<b>-6.21%</b>	<b>2,760</b>	<b>(183)</b>	<b>-6.21%</b>
<b>TOTAL EXPENSES</b>	<b>901,456</b>	<b>379,738</b>	<b>521,718</b>	<b>137.39%</b>	<b>3,590,713</b>	<b>649,547</b>	<b>22.08%</b>
<b>NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)</b>	<b>309,044</b>	<b>542,858</b>	<b>(233,815)</b>	<b>-43.07%</b>	<b>887,720</b>	<b>(388,153)</b>	<b>-30.42%</b>
<b>NET UNREALIZED GAIN/(LOSS) ON INVESTMENT</b>	<b>3,913</b>	<b>4,249</b>	<b>(336)</b>	<b>-7.91%</b>	<b>41,214</b>	<b>4,023</b>	<b>10.82%</b>
<b>REVENUE GRANT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>0.00%</b>
<b>NET INCOME/(LOSS)</b>	<b>312,956</b>	<b>547,107</b>	<b>(234,151)</b>	<b>-42.80%</b>	<b>2,928,933</b>	<b>1,615,871</b>	<b>123.06%</b>

**Illinois Finance Authority  
Consolidated  
Balance Sheet  
for the Four Months Ending October 31, 2007**

	Actual October 2007	Actual October 2008	Budget October 2007	Variance to budget
<b>ASSETS</b>				
CASH & INVESTMENTS, UNRESTRICTED	\$ 32,540,291	\$ 27,328,297	\$ 25,811,865	1,516,432
LOAN RECEIVABLE, NET	82,478,703	92,544,010	86,183,633	6,360,377
ACCOUNTS RECEIVABLE	825,962	309,134	547,831	(238,697)
OTHER RECEIVABLES	369,351	883,541	1,384,069	(500,527)
PREPAID EXPENSES	105,513	115,984	177,251	(61,267)
<b>TOTAL CURRENT ASSETS</b>	<b>116,319,820</b>	<b>121,180,967</b>	<b>114,104,649</b>	<b>7,076,318</b>
<b>FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b>134,976</b>	<b>240,440</b>	<b>270,552</b>	<b>(30,113)</b>
<b>DEFERRED ISSUANCE COSTS</b>	<b>900,741</b>	<b>764,121</b>	<b>783,362</b>	<b>(19,241)</b>
<b>OTHER ASSETS</b>				
CASH, INVESTMENTS & RESERVES	27,813,066	28,771,693	27,922,448	849,245
VENTURE CAPITAL INVESTMENTS	5,679,735	5,554,091	6,054,091	(500,000)
OTHER	4,072,806	3,025,522	3,031,762	(6,240)
<b>TOTAL OTHER ASSETS</b>	<b>37,565,607</b>	<b>37,351,306</b>	<b>37,008,301</b>	<b>343,005</b>
<b>TOTAL ASSETS</b>	<b>\$ 154,921,144</b>	<b>\$ 159,536,834</b>	<b>\$ 152,166,864</b>	<b>7,369,969</b>
<b>LIABILITIES</b>				
CURRENT LIABILITIES	1,670,012	1,411,499	1,420,138	(8,639)
LONG-TERM LIABILITIES	63,888,186	63,157,169	58,444,066	4,713,103
<b>TOTAL LIABILITIES</b>	<b>65,558,198</b>	<b>64,568,669</b>	<b>59,864,204</b>	<b>4,704,464</b>
<b>EQUITY</b>				
CONTRIBUTED CAPITAL	36,061,462	36,061,462	36,061,462	0
RETAINED EARNINGS	15,015,018	17,921,049	17,921,049	0
NET INCOME / (LOSS)	1,313,063	2,928,933	263,429	2,665,504
RESERVED/RESTRICTED FUND BALANCE	24,279,992	25,491,190	25,491,190	0
UNRESERVED FUND BALANCE	12,693,412	12,565,531	12,565,531	0
<b>TOTAL EQUITY</b>	<b>89,362,946</b>	<b>94,968,166</b>	<b>92,302,661</b>	<b>2,665,504</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 154,921,144</b>	<b>\$ 159,536,834</b>	<b>\$ 152,166,866</b>	<b>7,369,969</b>

**Illinois Finance Authority  
Consolidated - Detail  
Balance Sheet  
for the Four Months Ending  
October 31, 2007**

	General Fund	Bond Fund	Firetruck Revolving Fund	Non Major Funds YTD	YTD 2008
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents – unrestricted	3,114,872	-	-	14,623,040	17,737,712
Investments – unrestricted	1,541,018	-	-	2,001,875	3,542,893
<b>Restricted current assets:</b>					
Cash and cash equivalents	-	942,025	2,396,592	2,396,592	3,338,617
Accrued interest receivable	-	563,705	9,000	15,947	579,651
Restricted investments	-	61,249	-	-	61,249
<b>Receivables:</b>					
Accounts	375,280	-	-	-	375,280
Allowance for doubtful accounts	(66,146)	-	-	-	(66,146)
Interest and other	192,089	-	-	34,866	226,955
Prepaid expenses and deposits	115,984	-	-	-	115,984
<b>Total Current Assets</b>	<b>5,272,898</b>	<b>1,566,978</b>	<b>2,405,592</b>	<b>19,072,320</b>	<b>25,912,196</b>
<b>Noncurrent assets:</b>					
<b>Restricted Noncurrent assets</b>					
Cash and cash equivalents	-	-	-	22,583,952	22,583,952
Interest receivable	-	85,935	-	90,000	175,935
Guarantee payments receivable	-	-	-	459,048	459,048
Allowance for doubtful accounts	-	-	-	(433,526)	(433,526)
Deferred issuance costs, net of accumulated amortization	-	196,527	-	-	196,527
Investments	-	8,736,566	-	-	8,736,566
Bonds and notes receivable	-	52,482,300	-	-	52,482,300
Loans receivable	-	-	7,827,681	10,339,682	10,339,682
Allowance for doubtful accounts	-	-	-	(206,678)	(206,678)
Investments in partnerships and companies	-	-	-	5,554,091	5,554,091
Loans Receivable	31,660,723	-	-	4,323,242	35,983,965
Allowance for doubtful accounts	(3,055,259)	-	-	-	(3,055,259)
Due from other funds long term	2,271,674	-	-	712,374	2,984,047
Property and equipment, at cost	540,170	-	-	-	540,170
Accumulated depreciation	(299,730)	-	-	-	(299,730)
Deferred issuance costs, net of accumulated amortization	567,595	-	-	-	567,595
<b>Total Noncurrent Assets:</b>	<b>31,685,172</b>	<b>61,501,328</b>	<b>7,827,681</b>	<b>43,422,185</b>	<b>136,608,685</b>
<b>Total Assets</b>	<b>36,958,071</b>	<b>63,068,306</b>	<b>10,233,273</b>	<b>62,494,505</b>	<b>162,520,881</b>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	(305,656)	71,516	-	-	(234,140)
Accrued expenses	867,879	-	-	-	867,879
Accrued interest payable	-	649,290	-	6,901	656,191
Due to employees	42,396	-	-	-	42,396
Due to primary government	249,211	-	-	-	249,211
Current portion of Long term debt	-	-	-	55,394	55,394
<b>Total Current Liabilities</b>	<b>853,830</b>	<b>720,807</b>	<b>-</b>	<b>62,295</b>	<b>1,636,931</b>
<b>Noncurrent liabilities:</b>					
Long-term debt	-	-	-	772,666	772,666
Bonds payable	-	61,041,628	-	-	61,041,628
Deferred revenue net of accumulated amortization	1,225,576	-	-	-	1,225,576
Due to other funds - long term	-	25,000	-	2,959,047	2,984,047
Deferred loss on early extinguishment of Debt	-	(108,132)	-	-	(108,132)
<b>Total Noncurrent Liabilities</b>	<b>1,225,576</b>	<b>60,958,496</b>	<b>-</b>	<b>3,731,713</b>	<b>65,915,785</b>
<b>Total Liabilities</b>	<b>2,079,405</b>	<b>61,679,303</b>	<b>-</b>	<b>3,794,007</b>	<b>67,552,716</b>
<b>Net Assets</b>					
Invested in capital assets	240,440	-	-	-	240,440
Restricted	-	1,389,003	10,233,273	34,417,079	35,806,081
Unrestricted	34,638,823	-	-	24,282,821	58,921,644
<b>Total Net Assets</b>	<b>34,879,263</b>	<b>1,389,003</b>	<b>10,233,273</b>	<b>58,699,900</b>	<b>94,968,166</b>
<b>BALANCING/DIFFERENCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

as of **10/31/2007**

Loan #	Borrower Name	Due Date	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 + Days
<b>Participations</b>									
10018	EAGLE THEATER CORPORATIO	10/18/2007	\$2,303.96	.00	.00	.00	.00	.00	.00
10010	CHAPMAN, MARC (QUALITY W	10/30/2007	\$1,452.42	.00	.00	.00	.00	.00	.00
10049	SHULTS MACHINE	4/5/2007	\$0.00	.00	.00	.00	.00	.00	144,288.11
10061	YOUNG, CLINTON (PRECISION P	10/24/2007	\$1,683.32	.00	.00	.00	.00	.00	.00
10073	BAXTER, JAY & COLLEEN	10/29/2007	\$565.00	.00	.00	.00	.00	.00	.00
10106	MARQUETTE, PERE	10/30/2007	\$6,700.00	.00	.00	.00	.00	.00	.00
6			\$12,704.70	.00	.00	.00	.00	.00	144,288.11
<b>FMHA</b>									
10066	UTLRA PLAY SYSTEMS, INC.	10/1/2007	\$1,314.77	.00	.00	.00	.00	.00	.00
1			\$1,314.77	.00	.00	.00	.00	.00	.00
7			\$14,228.47	.00	.00	.00	.00	.00	144,288.11

**MINUTES OF THE OCTOBER 9, 2007 MEETING OF THE BOARD OF DIRECTORS  
OF THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Board Meeting at 11:30 a.m., on October 9, 2007 at the Mid-America Club, 200 E. Randolph, Chicago, Illinois:

**Members present:**

David C. Gustman, Chair  
Dr. William J. Barclay  
Magda M. Boyles  
Michael W. Goetz  
Edward H. Leonard, Sr.  
Terrence M. O'Brien  
Lynn F. Talbott  
April D. Verrett  
Joseph P. Valenti  
Bradley A. Zeller

**Members absent:**

Ronald E. DeNard  
James J. Fuentes  
Dr. Roger D. Herrin  
Andrew W. Rice  
Juan B. Rivera

**Vacancies:**

None

**Members participating by  
telephone:**

None

**GENERAL BUSINESS**

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

Chairman Gustman called the meeting to order at 11:32 a.m. with the above members present. Chairman Gustman welcomed members of the Board and all guests and asked Secretary, Carla Burgess Jones to call the roll. Chairman Gustman made a special welcome to the newest IFA board member, Ms. April Verrett. There being ten (10) members physically present, Ms. Burgess Jones declared a quorum present.

**Executive Director's Report**

Director Hubbard welcomed and thanked all guests for coming. Director Hubbard reported that the Illinois Finance Authority staff would present 26 projects, totaling approximately \$900,000,000, to the Board for its consideration at today's meeting. Director Hubbard noted that projects presented today are expected to create approximately 1,400 new jobs and 5,000 construction jobs.

**Acceptance of Financial Statements**

Financial statements for the period ending September 30, 2007 were accepted by the Board subject to the amendment discussed at the Committee of the Whole. Chairman Gustman stated that the Authority's financial statements were reviewed at the Committee of the Whole Meeting held at 8:30 a.m.

## Minutes

Chairman Gustman announced that the next order of business was to approve the minutes of the September 11, 2007 Meeting of the Board. Chairman Gustman asked for a motion to approve the minutes. Motion was moved by Ms. Talbott and seconded by Dr. Barclay. Secretary, Carla 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.

## Projects

Chairman Gustman asked Executive Director Hubbard to present the projects for consideration to the Board. Chairman Gustman announced that the Board considered each of the projects to be presented in detail at the 8:30 a.m. meeting of the Committee of the Whole. Director Hubbard presented agricultural projects, Project nos. 1 through 4 in a total approximate amount of \$2 million to the Board for approval. Project 4 includes seven individual Beginning Farmer projects (A-FB-TE-CD-7204 Oesch through A-FB-TE-CD-7210 Swanson).

- No. 1:**            **A-AI-TX-GT-7214 – Hill Prairie Winery**  
Request for approval of the issuance of an Agri-Industry Guarantee in an amount not-to-exceed \$318,750 to provide permanent financing to an existing borrower occupied vineyard and winery. This project is located in Oakford, Illinois. (07-10-01).
- No. 2:**            **A-SG-TX-GT-7215 – John T. Scidmore and Angela K. Scidmore**  
Request for approval of the issuance of a Specialized Livestock Guarantee in an amount not-to-exceed \$593,940 to provide permanent financing to purchase dairy cows, other livestock and related equipment. This project is located in Chadwick, Illinois. (07-10-02).
- No. 3:**            **A-DR-TX-7212 – Steven P. Spivey and Sandra L. Spivey**  
Request for approval of the issuance of an Agri-Debt Guarantee in an amount not-to-exceed \$295,800 to provide permanent financing to refinance the borrower's intermediate and long term debts to reduce debt service and increase cash flow. This project is located in New Windsor, Illinois. (07-10-03).
- No. 4:**            **A-FB-TE-CD-7204 – Anthony and Melissa Oesch**  
Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$235,000 to provide permanent financing for the purchase of livestock and farmland. This project is located in Olney, Illinois. (07-10-04).
- A-FB-TE-CD-7205 – Bruce and Joleen Kuhnert**  
Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$140,000 to provide permanent financing for the purchase of 197 acres of farmland and pasture land. This project is located in Ava, Illinois. (07-10-04).
- A-FB-TE-CD-7206 – William and Carol Jackson**

Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$244,000 to provide permanent financing for the purchase of 130 acres of farmland. This project is located in Macomb, Illinois. (07-10-04).

**A-FB-TE-CD-7207 – Charles and Tamara Lucie**

Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$180,000 to provide permanent financing for the purchase of 75 acres of farmland. This project is located in Carthage, Illinois. (07-10-04).

**A-FB-TE-CD-7208 – Charles and Pauline Meurer**

Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$250,000 to provide permanent financing for the purchase of 40 acres of farmland. This project is located in Ashton, Illinois. (07-10-04).

**A-FB-TE-CD-7209 – John and Angela Scidmore**

Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$250,000 to provide permanent financing for the purchase of a livestock facility and farmland. This project is located in Newark, Illinois. (07-10-04).

**A-FB-TE-CD-7210 – Ross Swanson**

Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$145,000 to provide permanent financing for the purchase of a livestock facility and farmland. This project is located in Toulon, Illinois. (07-10-04).

Chairman Gustman asked if the Board had any questions with respect to Project nos. 1 through 4. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project nos. 1 through 4. Leave was granted. Project nos. 1 through 4 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 5: H-HO-TE-CD-7216 – Northwestern Memorial Hospital**

Request for the approval of the issuance of Conduit 501(c)3 Bonds in an amount not-to-exceed \$400,000,000 to pay or reimburse the hospital for construction, equipment and certain other capital expenditures, refinance all or a portion of IFA Series 2004A bonds and pay certain related expenses. This project is expected to create 600 new jobs and 3,500 construction jobs. This project is located in Chicago, Illinois. (07-10-05).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 5. Pamela Lenane introduced Doug Young, Northwestern Memorial Hospital, who gave a brief summary of the project and thanked the Board. A representative of the underwriter, JP Morgan was also present. Responding to a question, Mr. Young indicated that this refinancing would save Northwestern Memorial Hospital approximately \$26 million. Chairman Gustman requested a motion for a roll call vote in favor of Project no. 5. Motion moved by Mr. Goetz and seconded by Mr. Valenti. Project no. 5 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No.6: H-HO-TE-CD-7218 – Monarch Landing and Fox Run Village**

Request for the approval of the issuance of Conduit 501(c)(3) Bonds in an amount not-to-exceed \$275,000,000. Proceeds will be used to: (1) finance purchase deposit for the option to purchase Monarch Landing and Fox Run Village, (2) fund debt service reserve funds, and (3) pay issuance costs. This project is expected to create 593 new jobs and 1,125 construction jobs. This project is located in Naperville, Illinois and Novi, Michigan. (07-10-06).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 6. It was also indicated that approval of the out-of-state components of Project no.6 was subject to the enactment of SB 1317 into law. Pamela Lenane then introduced Patty Gleason, Executive Director of Monarch Landing. Ms. Gleason gave a brief overview of the project and thanked the IFA and the Board for their consideration. Chairman Gustman asked if the Board had any questions with respect to Project no. 6. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 6. Leave was granted. Project no. 6 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 7: N-PS-TE-CD-7201 – Sacred Heart Schools**

Request for the approval of the issuance of 501(c)(3) Bonds in an amount not-to-exceed \$25,000,000 to: (1) refund outstanding indebtedness, (2) finance the expansion and renovation of a campus facility, (3) various campus infrastructure improvements, (4) fund professional and bond issuance costs. This project is expected to create 50 construction jobs. This project is located in Chicago, Illinois. (07-10-07).

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

**No. 8: N-NP-TE-CD-7203 – Lutheran Church Extension Fund**

Request for the approval of the issuance of 501(c)(3) Revenue Bonds in an amount not-to-exceed \$33,000,000 to expand services provided to its affiliated organizations and to pay certain bond issuance costs. This project is located in multiples areas. (07-10-08).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 8. It was also indicated that approval of the out-of-state components of Project no.8 was subject to the enactment of SB 1317 into law. Sharnell Curtis Martin introduced Carolyn Schlimpert, VP, Lutheran Church Extension Fund (LCEF). Ms. Schlimpert gave a brief overview of her organization, the LCEF, and the project. She also thanked the IFA and the Board for their consideration. Chairman Gustman asked if the Board had any questions with respect to Project no. 8. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 8. Leave was granted. Project no. 8 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 9: N-NP-TE-CD-7181 – Lake County Family YMCA**

Request for the approval of the issuance of 501 (c)(3) Revenue Bonds in an amount not-to-exceed \$6,500,000 to refund existing IFA (IDFA) 2000 Bonds and to pay certain bond issuance costs. This project is located in Waukegan, Illinois. (07-10-09).

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

**No. 10: N-NP-TE-CD-7003 – Association House of Chicago**

Request for the approval of the issuance of 501 (c)(3) Revenue Bonds in an amount not-to-exceed \$7,000,000 to refund an existing IFA (IDFA) 1997 Bond issue, refinance existing conventional debt, and finance renovations to an existing facility. This project is located in Chicago, Illinois. This project is expected to create 8 new jobs and 40 construction jobs. (07-10-10).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 10. Sharnell Curtis Martin introduced Ms. Harriet Sadauskas, Executive Director, Association House. Ms. Sadauskas gave a brief description of the project and thanked the Board and the IFA for their consideration of the project. Chairman Gustman asked if the Board had any questions with respect to Project no. 10. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 10. Leave was granted. Project no. 10 received final approval with 10 ayes, 0 nays, and 0 abstentions

**No. 11: I-ID-TX-CD-618 – Theory and Computing Sciences Building Trust (Argonne National Laboratory – a federally owned property under the jurisdiction of the U.S. Department of Energy)**

Request for the approval of the issuance of Taxable Conduit Revenue Bonds in an amount not to exceed \$70,000,000 to finance the construction of an office and light duty laboratory facility, surface a parking lot and fund legal and professional costs. This project is located in Darien, Illinois. This project is expected to create 80 new jobs and 100 construction jobs over a 12-month period. (07-10-11).

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

**No. 12: M-MH-TE-CD-7182 – Woodlawn Community Development Corporation**

Request for the approval of the issuance of 501(c)(3) Bonds in an amount not-to-exceed \$40,000,000 to (1) purchase various parcels of land, (2) renovate apartments, (3) fund debt service reserve, (4) capitalize interest, and (5) fund professional and bond issuance costs. This project is located in Chicago, Illinois.

This project is expected to create 6 new jobs and 10 construction jobs over a 10 month period. (07-10-12).

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

**No. 13: B-RD-7166 – Village Market IGA, Inc.**

Request for the approval of the issuance of a Rural Development Loan in an amount not-to-exceed \$250,000 to purchase equipment. This project is located in Mahomet, Illinois. This project is expected to create 10 construction jobs. (07-10-13).

**No. 14: L-GP-7167 – Village of Leland**

Request for the approval of the issuance of a Rural Development Loan in an amount not-to-exceed \$60,000 to purchase a natural gas fired generator at the Village's water treatment facility. This project is located in Leland, Illinois. (07-10-14).

**No. 15: L-GP-7211 – Village of Green Oaks**

Request for the approval of the issuance of a Local Government Pooled Bond in an amount not-to-exceed \$1,700,000 to rebuild and repair a Village road and accompanying drainage and sewer repair. This project is located in Green Oaks, Illinois. This project is expected to create 10 construction jobs. (07-10-15).

**No. 16: L-GP-7200 – Village of Waynesville**

Request for the approval of the issuance of a Local Government Pooled Bond in an amount not-to-exceed \$620,000 to finance the construction of a water filtration system building, waterlines and to connect a water-well to the plant. This project is located in Waynesville, Illinois. This project is expected to create 4 construction jobs. (07-10-16).

**No. 17: L-GP-7217 – City of Aledo**

Request for the approval of the issuance of a Local Government Pooled Bond in an amount not-to-exceed \$2,070,000 to design and construct two 400,000 gallon water towers. This project is located in Aledo, Illinois. This project is expected to create 10 construction jobs. (07-10-17).

The Board considered Project nos. 13 through 17 as a package. No guests attended with respect to Project nos. 13 through 17. Chairman Gustman asked if the Board had any questions with respect to Project nos. 13 through 17. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project nos. 13 through 17. Leave was granted. Project nos. 13 through 17 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 18: V-TD-7213 – Ohmx Corporation**

Request for the approval of the issuance of \$300,000 for a Venture Capital Investment. Proceeds will be used for general corporate purposes, working capital, and capital expenditures. The company is located in Evanston, Illinois. This investment is expected to create 4 new jobs over a two year period. (07-10-18).

No guests attended with respect to Project no. 18. Chairman Gustman asked if the Board had any questions with respect to Project no. 18. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 18. Leave was granted. Project no. 18 received approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 19:        PU-WD-TE-CD-7202 – Aqua Illinois, Inc.**  
Request for the approval of the issuance of Water Furnishing Facilities Revenue Bonds in an amount not-to-exceed \$17,000,000 to finance for drinking water systems, including but not limited to mains, meters, pumping stations and treatment plants. These improvements will focus on Aqua Illinois service areas located in portions of Champaign, Cook, Kankakee, Lake, Vermilion and Will Counties. This project is expected to create 265 construction jobs over a 1 to 15 month period. (07-10-19).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 19. Rich Frampton introduced Mr. Terry Rakocy, President, Aqua Illinois. Mr. Rakocy gave a brief description of the project and thanked the Board and the IFA for their consideration of the project. Mr. Rakocy also indicated that this IFA financing would help keep water rates down in the borrower's service area. Chairman Gustman asked if the Board had any questions with respect to Project no. 19. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 19. Leave was granted. Project no. 19 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions. (07-10-19).

**No. 20:        I-IR-TE-CD-6191 – John Hofmeister & Son, Inc.**  
Request for the approval of an Industrial Revenue Bond in an amount not-to-exceed \$3,000,000 to finance land acquisition, construction, machinery and equipment acquisitions and professional costs. This project is located in Chicago, Illinois. This project is expected to create 15 new jobs within two years and 6 construction jobs over a 6 month period. (07-10-20).

**No. 21:        I-ID-TE-CD-7127 – Zoll Real Estate, LLC ( Rupari Food Service, Inc.)**  
Request for the approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$13,000,000 (\$3,000,000 taxable; \$10,000,000 tax-exempt) to finance the construction of a new facility, expansions, renovations and equipment. This project is located in South Holland, Illinois. This project is expected to create 110 new jobs over a two year period and 60 construction jobs. (07-10-21).

The Board considered Project nos. 20 and 21 together. No guests attended with respect to Project nos. 20 and 21. Chairman Gustman asked if the Board had any questions with respect to Project nos. 20 and 21. There being none, Chairman Gustman requested leave to apply the last

unanimous vote in favor of Project nos. 20 and 21. Leave was granted. Project nos. 20 and 21 received final approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 22:        E-PC-TE-CD-7199 – Erikson Institute**  
Request for the approval of the issuance of 501(c)3 Revenue Bonds in an amount not-to-exceed \$32,500,000 to provide financing to acquire commercial space, equipment, equipment installation, capitalize interest and fund legal and professional costs. This project is located in Chicago, Illinois. This project is expected to create 27 new jobs over a two year period and 100 construction jobs. (07-10-22).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 22. Townsend Albright introduced Ms. Jan Promer, VP & CFO, Erikson Institute. Ms. Promer gave a brief overview of her organization and description of the project. She thanked the Board and the IFA for their consideration of the project. The borrower is moving its facility from Hyde Park to a location in the north Loop. Ms. Promer also answered a question relating to number of students educated at the Institute. Chairman Gustman asked if the Board had any questions with respect to Project no. 22. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 22. Leave was granted. Project no. 22 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

**No. 23:        Informational memo concerning the Fieldhouse of Barrington, a project previously approved the IFA Board in August 2007.**

Because Project no. 23 was informational only, no Board action was required or taken.

**No. 24:        Amendatory Resolution for Ingalls Health System providing for restatement of bond documents in connection with addition of letter of credit to Radian-insured bonds.**

Chairman Gustman asked if the Board had any questions with respect to the Amendatory Resolution. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Amendatory Resolution no. 24. Leave was granted. Amendatory Resolution no. 24 was approved with 10 ayes, 0 nays, and 0 abstentions.

**No. 25:        Amendatory Resolution to extend a Participation Loan to Forest Busher.**

No motion to support Project no. 25 was made. The IFA Board took no action on Project no. 25.

**No. 26:        Request to Amend a Final Resolution to Authorize the Issuance of Senior and Subordinate Tax-Exempt Bond to Partially Finance a Project for the Western Illinois Ethanol Project, LLC.**

Chairman Gustman asked if the Board had any questions with respect to the Amendatory Resolution. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Amendatory Resolution no. 26. Leave was granted. Amendatory Resolution no. 26 was approved with 10 ayes, 0 nays, and 0 abstentions.

Chairman Gustman asked if there was any other business to come before the Board. There being no further business, Chairman Gustman requested a motion to adjourn. Upon a motion by Mr. O'Brien and seconded by Mr. Zeller, the meeting adjourned at approximately 12:11 p.m.

Respectfully Submitted,

Carla B. Burgess Jones, Secretary

## ILLINOIS FINANCE AUTHORITY

### Memorandum

To: IFA Board of Directors  
From: Eric Reed & Cory Mitchell/lk  
Date: November 13, 2007  
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**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2007 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-7227  
**Funding Manager:** Cory Mitchell  
**Borrower(s):** Brown, Daniel & Sharon  
**Town:** Flanagan, IL  
**Amount:** \$250,000  
**Use of Funds:** Farmland – 78 acres  
**Purchase Price:** \$316,000 / (\$4,051 per ac)  
**%Borrower Equity:** 20%  
**%Other Agency:** 0%  
**%IFA:** 80%  
**County/Region:** Woodford / North Central  
**Lender/Bond Purchaser:** Flanagan State Bank / Doug Raber  
**Legislative Districts:** Congressional: 15<sup>th</sup>, Timothy Johnson  
State Senate: 53<sup>rd</sup>, Dan Rutherford  
State House: 106<sup>th</sup>, Keith Sommer

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 begin 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.

**\*Daniel & Sharon Brown:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 6.25% fixed for the first year and adjust annually thereafter to the 1 year Constant Maturity Treasury rate plus 1.2% **Fee: \$3,750**

**Project Number:** A-FB-TE-CD-7228  
**Funding Manager:** Eric Reed  
**Borrower(s):** Kettelkamp, Bruce  
**Town:** Taylorville, IL  
**Amount:** \$250,000  
**Use of Funds:** Farmland – 188 acres  
**Purchase Price:** \$489,008 / (\$2,601 per ac)  
**%Borrower Equity:** 0%  
**%Other Agency:** 50%  
**%IFA:** 50%  
**County/Region:** Christian / Southwestern  
**Lender/Bond Purchaser:** Bank & Trust Company / Larry Halleman  
**Legislative Districts:** Congressional: 19<sup>th</sup>, John Shimkus  
State Senate: 49<sup>th</sup>, Deanna Demuzio  
State House: 98<sup>th</sup>, Gary Hannig

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

**\*Bruce Kettelkamp:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.8125% fixed for the first 60 months and adjust every 60 months thereafter to 75% of prime per the Wall Street Journal. The max change per 60 months will be plus or minus 1%. The loan will have a ceiling rate of 10.2% and a floor of 5.2%. **Fee: \$3,750**

**Project Number:** A-FB-TE-CD-7229  
**Funding Manager:** Eric Reed  
**Borrower(s):** Will, Eric  
**Town:** Teutopolis, IL  
**Amount:** \$100,000  
**Use of Funds:** Farmland – 40 acres  
**Purchase Price:** \$120,000 / (\$3,000 per ac)  
**%Borrower Equity:** 15%  
**%Other Agency:** 0%  
**%IFA:** 85%  
**County/Region:** Cumberland / Southeastern  
**Lender/Bond Purchaser:** Teutopolis State Bank / Rhonda Meyer  
**Legislative Districts:** Congressional: 19<sup>th</sup>, John Shimkus  
State Senate: 54<sup>th</sup>, John O Jones  
State House: 108<sup>th</sup>, David Reis

Principal and interest shall be paid annually in equal installments determined pursuant to a Twenty five year amortization schedule, with the first principal and interest payment due one year from the date of closing with the twenty fifth and final payment of all outstanding balances due in twenty five years.

**\*Eric Will:** 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 to .50% over the 3 year Treasury Bond Rate. **Fee: \$1,500**

**Project Number:** A-FB-TE-CD-7230  
**Funding Manager:** Cory Mitchell  
**Borrower(s):** Steidinger, Craig  
**Town:** Fairbury, IL  
**Amount:** \$122,000  
**Use of Funds:** Farmland – 40 acres  
**Purchase Price:** \$123,162.75 / (\$3,079 per ac)  
**%Borrower Equity:** 0%  
**%Other Agency:** 0%  
**%IFA:** 100%  
**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 and accrued interest shall be paid annually in installments determined pursuant to a Twenty year amortization schedule. A principal payment of \$6,100 will be due annually beginning on April 15, 2009 plus the accrued interest continuing for the term of the loan.

**\*Craig Steidinger:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.35% fixed until April 15, 2011 and adjust annually thereafter. The index interest rate will be 80% of the Wall Street Journal Prime. An interest rate cap of 5.30% will be in effect for the life of the loan. **Fee: \$1,830**

<b>Project Number:</b>	<b>A-FB-TE-CD-7231</b>
<b>Funding Manager:</b>	Eric Reed
<b>Borrower(s):</b>	<b>Draper, Craig</b>
<b>Town:</b>	McLeansboro, IL
<b>Amount:</b>	\$40,000
<b>Use of Funds:</b>	Farmland – 40 acres
<b>Purchase Price:</b>	\$81,000 / (\$2,025 per ac)
%Borrower Equity	0%
%Other Agency	50%
%IFA	50%
<b>County/Region:</b>	Hamilton / Southern
<b>Lender/Bond Purchaser</b>	Peoples National Bank / Mark Epperson
<b>Legislative Districts:</b>	Congressional: 19 <sup>th</sup> , John Shimkus State Senate: 59 <sup>th</sup> , Gary Forby State House: 117 <sup>th</sup> , John Bradley

Principal shall be paid quarterly in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin 3 months from the date of closing. Accrued interest on the unpaid balance hereof shall be paid quarterly, with the first interest payment date to begin 3 months from the date of closing with the twentieth and final payment of all outstanding balances due twenty years (2027) from the date of closing.

<p><b>*Craig Draper:</b> Note shall bear simple interest at the expressed rate. The expressed rate shall be 6.5% fixed for the first three years and adjust every three years thereafter to the 1.25% below the Wall Street Journal Prime. Lender will charge .50% bp closing fee. <span style="float: right;"><b>Fee: \$600</b></span></p>
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**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: The Children's Memorial Hospital**

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**STATISTICS**

Project Number:	H-HO-TE-CD-7233	Amount:	\$430,000,000 (Not to exceed amount)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Chicago, IL	Region:	Northeast
County:	Cook		

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**BOARD ACTION**

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

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**PURPOSE**

Proceeds will be used for the purpose of assisting Children's Memorial Hospital, an Illinois not for profit corporation (the "Borrower") in (i) paying or reimbursing the Borrower for, or refinancing outstanding indebtedness the proceeds of which were used for, the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Borrower including but not limited to the construction and equipping of the Borrower's new children's hospital in Chicago, Illinois; (ii) funding a debt service reserve fund, if deemed necessary; (iii) paying a portion of the interest on the Bonds, if deemed necessary or advisable; (iv) providing working capital, if deemed necessary or advisable; and (v) paying certain expenses incurred in connection with the issuance of the Bonds, including but not limited to fees for credit enhancement or liquidity facilities for the Bonds.

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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 reducing the borrower's interest expense.

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**VOTING RECORD**

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

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**VOLUME CAP**

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

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	\$430,000,000	Uses:	Replacement Hospital	\$365,000,000
				Capitalized Interest Fund	47,184,136
				Costs of Issuance	4,300,000
				Insurance Costs	<u>13,515,864</u>
	Total	<u>\$430,000,000</u>	Total		<u>\$430,000,000</u>

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**JOBS**

Current employment: 2,840 FTE's	Projected new jobs: 450 (by 2012)
Jobs retained: 2,840 FTE's	Construction jobs: 3,000

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## BUSINESS SUMMARY

**Background:** The Children's Memorial Medical Center ("Medical Center"), the parent corporation of The Children's Memorial Hospital ("Hospital") and its affiliates, is guided by the belief that all children need to grow up in a protective and nurturing environment where each child is given the opportunity to reach his or her potential. The Medical Center believes this vision can provide a bright future for all children.

The Medical Center is the sole corporate member of the Hospital, The Children's Memorial Foundation ("Foundation"), The Children's Memorial Research Center, and several other corporations, which are operated to serve the health and well-being of children through leadership roles in pediatric health care delivery, research, education, and advocacy on behalf of children.

The Hospital owns and operates the only freestanding pediatric hospital in the state of Illinois, with 270 licensed beds, as well as a full range of inpatient and outpatient care and related ancillary services. In 2006, the Hospital was ranked 10<sup>th</sup> in the nation in a U.S. News & World Report opinion-based survey of top pediatric hospitals.

**The Hospital has a long-standing partnership with the State of Illinois in providing cutting-edge specialty care to our neediest children. The Hospital is the State of Illinois' primary partner in providing services to Medicaid-eligible children, providing approximately 30% more inpatient, outpatient, and physician pediatric Medicaid services than the next highest provider in Illinois. These children come from every corner of the state and rely on the more than 70 specialties provided by our medical staff.**

**Service Area:** The Hospital's primary service area is the City of Chicago, and its secondary service area consists of suburban Cook County and several collar counties which include DuPage, Kane, Kendall, Lake, McHenry, and Will Counties in Illinois and Lake County, Indiana. In fiscal year 2006, the Hospital had the privilege of treating 103,161 children from 23 countries, 45 states and every county in the State of Illinois. 47.8% of the inpatients served by the Hospital lived within the primary service area and an additional 41.8% of the inpatients lived in the secondary service area. The remaining inpatients came primarily from other areas in Illinois, as well as from other states and countries.

**Existing Debt:** \$187,600,000 consisting of:

Series 1993 Bonds - \$11,685,000

Series 1999 Bonds - \$3,415,000

Series 1999B-I Bonds - \$31,275,000

Series 1999B-II Bonds - \$30,775,000

Series 2003A Bonds - \$30,750,000

Series 2003B Bonds - \$24,975,000

Series 2004 Bonds - \$ 54,725,000

(Children's Memorial Hospital anticipates calling and redeeming all existing tax-exempt indebtedness over the course of construction of the replacement hospital and in the years immediately after commencement of operations at the replacement hospital such that total outstanding tax-exempt indebtedness would be the bonds subject to this application).

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## PROJECT SUMMARY

On Monday, September 24, 2007 the Hospital filed a Certificate of Need application with the Illinois Health Facilities Planning Board requesting a permit (the "Permit") to build a 288-bed replacement hospital in the Streeterville Neighborhood of Chicago, Illinois. The financing will be used to finance the construction and equipping of a replacement hospital campus, on the property located at 215 E. Chicago Avenue. The site is on the campus of Northwestern University's Feinberg School of Medicine next to the new Prentice Women's Hospital, between Chicago Avenue and Superior Street.

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**FINANCING SUMMARY**

**Security/Collateral:** The Bonds are expected to be secured by an Obligation of the Children's Memorial Hospital Obligated Group under a Master Trust Indenture. Collateral is expected to include a pledge of unrestricted receivables and a Debt Service Reserve Fund (if needed).

**Structure:** Preliminary plan of finance contemplates the issuance of either fixed or variable rate tax-exempt debt in the approximate amount of \$430,000,000. The Hospital may seek to procure credit enhancement on such debt. The plan of finance will be determined before the final resolution.

**Maturity:** Not later than 2048

**Credit Rating(s):** The Hospital does not carry ratings from any rating agency. The Hospital may, in connection with the issuance of bonds to fund the replacement hospital, seek ratings from one or more of the rating agencies. Further, the Hospital may procure bond insurance or other credit enhancement to provide additional security to bond holders and a lower interest cost for the Hospital. This information will be determined before the final resolution.

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**ECONOMIC DISCLOSURE STATEMENT**

**Project name:** The Children's Memorial Hospital

**Locations:** **Current Campus:** 707 West Fullerton  
Chicago, IL 60614      **Replacement Campus:** 215 E. Chicago Avenue  
Chicago, IL 60610

**Applicant:** The Children's Memorial Hospital

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

**State:** Illinois

**Board of Trustees:** Christopher J. Reyes (Chairman – The Children's Memorial Hospital)  
See Attachment

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**PROFESSIONAL & FINANCIAL**

<b>Borrower's Counsel:</b> Sonnenschein Nath & Rosenthal	Chicago, IL	Steve Kite
<b>Bond Counsel:</b> Jones Day	Chicago, IL	Michael Mitchell
<b>Co-Senior Underwriter:</b> Goldman Sachs	Chicago, IL	Jay Sterns
<b>Co-Senior Underwriter:</b> Morgan Stanley	Chicago, IL	Bruce Gurley
<b>Underwriter's Counsel:</b> Ungaretti & Harris	Chicago, IL	Julie Seymour
<b>Financial Advisor:</b> Kaufman Hall	Chicago, IL	Therese Wareham
<b>Bond Trustee:</b> Wells Fargo	Chicago, IL	Patricia Martirano
<b>Accountant:</b> Deloitte & Touche	Chicago, IL	Patrick Kitchen
<b>Issuer's Counsel:</b> Burke, Burns & Pinelli	Chicago, IL	Mary Ann Murray
<b>IFA Advisors:</b> D.A. Davidson & Co.	Chicago, IL	Bill Morris
Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

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**LEGISLATIVE DISTRICTS**

**Congressional:** 5- Rahm Emmanuel (Current Address)  
7- Danny K. Davis (Replacement Address)

**State Senate:** 6- John J. Cullerton (Current Address)  
13- Kwame Raoul (Replacement Address)

**State House:** 11- John A. Fritchey (Current Address)  
26- Elga L. Jeffries (Replacement Address)

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: BroMenn Healthcare Hospitals**

**STATISTICS**

Project Number:	H-HO-TE-CD-7232	Amount:	\$4,100,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Bloomington-Normal, IL	Region:	North Central
County:	McLean		

**BOARD ACTION**

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

**PURPOSE**

Bond proceeds will be used to (i) pay, or reimburse the Borrower for the payment of the cost of acquiring certain capital equipment including without limitation: a Philips Allura Xper FD20 10 Bi-Plane Cardiovascular System, a Philips 1.5T Achieva MRI System with related attachments and accessories and a GE Brightspeed Elite CT Scanner and; (ii) pay certain related expenses.

**IFA 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.

**VOTING RECORD**

This is the first time this project has been presented to the IFA Board and is coming for a one-time only final bond resolution.

**VOLUME CAP**

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

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA bonds	\$4,100,000	Uses: Equipment	\$4,075,000
		Costs of Issuance	<u>25,000</u>
Total	<u>\$4,100,000</u>	Total	<u>\$4,100,000</u>

**JOBS**

Current employment: 1300 FTE's	Projected new jobs: 0
Jobs retained: 1300 FTE's	Construction jobs: 0

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### BUSINESS SUMMARY

#### Background:

BroMenn Healthcare Hospitals ("BroMenn"), previously known as BroMenn Healthcare until 2006, was founded in 1984 through the consolidation of Brokaw Hospital (founded in 1896), Mennonite Hospital (founded in 1919) and Eureka Hospital (founded in 1901). BroMenn Healthcare System, a not-for-profit holding company, is the sole member of BroMenn.

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

#### Service Area:

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

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

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### FINANCING SUMMARY

Security: GE has a first priority security interest in all capital equipment being financed

Structure: Fixed rate, 5-year Tax-Exempt Renewable Note to be purchased by GE Healthcare Financial Services

Maturity: On or before February 1, 2014

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### ECONOMIC DISCLOSURE STATEMENT

Project name: BroMenn Healthcare Hospitals  
Applicant: 1304 Franklin  
Normal, IL 61761  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: BroMenn Healthcare Hospitals are located in Illinois.  
Board of Directors: Donna L. Hartweg, Chair  
John Freese, Vice Chair  
Johnene Adams  
Rep. Dan Brady  
Mary Caisley  
Steve Denault  
Alan Ginzburg, M.D.  
Ron Hodel, Sr.  
Beth Kimmerling  
David Koh, M.D.  
Merlin Lehman  
Scott Morgan, M.D.  
Carol Struck, Ed. D.  
James Swanson, M.D.  
Roger Hunt, Ex Officio  
Shane Fogo, M.D., Ex Officio  
Otis Allen, M.D., Ex Officio

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Sorling, Northrup, Hanna, Cullen & Cochran	Chicago	James Broadway
Accountant:	Ernst & Young	Chicago	
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Underwriter:	GE Healthcare Financial Services	Chicago	Bill Reveille
Underwriter's Counsel	Kutak Rock	Omaha, NE	Andrew Romshek
Issuer's Counsel	Burke, Burns & Pinelli, Ltd.	Chicago	Mary Ann Murray
Escrow Agent:	Wells Fargo Bank	Chicago	Patricia Martirano
IFA Advisor:	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: 44- Bill Brady  
State House: 88- Dan Brady

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Holy Cross Hospital**

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**STATISTICS**

Project Number:	H-HO-TE-CD-7176	Amount:	\$16,000,000 (Not to exceed amount)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Chicago, IL	Region:	Northeast
County:	Cook		

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**BOARD ACTION**

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

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**PURPOSE**

Bond proceeds will be used to: (i) refinance existing Illinois Health Facilities Authority debt through a current refunding of the Series 1994 Holy Cross Hospital bond issue for cost savings; (ii) pay costs 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 earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense.

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**VOTING RECORD**

The IFA gave its approval for a Preliminary Bond Resolution on September 11, 2007 by the following vote:

Ayes: 10      Nays: 0      Abstentions: 0      Absent: 4      Vacancies: 1

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**VOLUME CAP**

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

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	\$16,000,000	Uses:	Current Refunding	\$19,845,613
	Existing DSRF	2,022,387		Cost of Issuance(es)	542,500
	Equity Contribution	2,040,726			
	Existing DSF	325,000			
	<b>Total</b>	<b><u>\$20,388,113</u></b>		<b>Total</b>	<b><u>\$20,388,113</u></b>

\*Note –If the total cost of issuance exceeds 2.0% of the tax-exempt par amount, part of the equity contribution will be used to pay such issuance costs.

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**JOBS**

Current employment:	FTE's 815.5	Projected new jobs:	0 (refinancing)
Jobs retained:	FTE's 815.5	Construction jobs:	0 (refinancing)

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### BUSINESS SUMMARY

**Background/Description:** Holy Cross Hospital is a 305 licensed bed “safety-net” general acute care healthcare institution sponsored by the Sisters of St. Casimir of Chicago Illinois and is an Illinois Not for Profit Corporation. The original 90 bed facility was built in 1928. Major expansions to the facilities occurred in 1937, 1960-62 and 1990. The Hospital provides inpatient, outpatient, and emergency care services to residents of Metropolitan Chicago.

**Service Area:** Holy Cross Hospital serves a diverse community of seven (7) Chicago neighborhoods; Chicago Lawn, West Englewood, Gage Park, Stockyards, Auburn Park, Englewood, and Garfield Ridge. The location at 2701 West 68th Street is unique, not only residing directly across from Marquette Park, but centrally located within these seven (7) neighborhoods at the intersection of Marquette Road (67th Street) and California Avenue. It is also just five (5) miles from Midway Airport and conveniently located to the surrounding businesses, including Nabisco Foods.

The Hospital continues to make significant progress on improving operational efficiency, achieving positive operating margins, and rebuilding the balance sheet while continuing to provide high quality Inpatient and Outpatient care to the 440,000 residents in the primary service area.

**Existing Bonds:** The \$19,800,000 existing debt consists of \$5,600,000 6.70% due 3/1/2014 and \$14,200,000 6.75% due 3/1/2024. The average remaining interest cost is 6.745%

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### PROJECT SUMMARY

Holy Cross Hospital borrowed \$24,000,000 through a 1994 Illinois Health Facilities Authority bond issue with a maximum coupon of 6.75% due in 2024. Currently \$19,800,000 of the bonds remain outstanding at an average interest cost of 6.745%. With the support of Lakeside Bank, Chicago the hospital has procured a Direct Pay Letter of Credit from LaSalle Bank, N.A. to serve as credit and liquidity for a \$16 million tax exempt variable rate demand bond issue. Calculated at historic variable rates, refinancing the existing high cost debt with variable rate will produce present value savings of approximately \$2,350,000 or 11.8% of the refunded debt (The savings calculation was made using a variable rate of 3.65% and a LOC fee of 95bps. The savings were calculated at PV of 4.85%, the expected arbitrage yield. The 3.65% rate compares with the BMA average for the following time frames: 5 years- 2.16%, 10 years 2.71%, 18 years (inception) 3.18%).

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### FINANCING SUMMARY

**Security/Collateral:** The bonds will be secured by a Direct Pay Letter of Credit from LaSalle Bank N.A. LaSalle Bank N.A. is rated long-term Aa3/A+ (Moody’s/S&P) and short-term P-1/A-1 (Moody’s/S&P).

**Structure:** Weekly Variable Rate Demand Bonds

**Maturity:** 2024

**Credit Rating(s):** The Series 2007 Bonds will carry the rating of LaSalle Bank N.A., long-term Aaa (Moody’s) and short-term VMIG1 (Moody’s).

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### ECONOMIC DISCLOSURE STATEMENT

**Project name:** Holy Cross Hospital  
**Locations:** 2701 West 68<sup>th</sup> Street, Chicago, IL 60629  
**Applicant:** Holy Cross Hospital  
**Organization:** 501(c)(3) Not-for-Profit Corporation  
**State:** Illinois  
**Board of Trustees:** John R. Ball, MD, JD, MACP  
Howard Berman (Board Member)  
Ramon Cepeda (Board Member)  
Nicholas DiFilippo, D.O., (Board Member)  
Sr. Regina Marie Dubickas, *Secretary*

*Board of Trustees, cont.*

Barbara Fahey, *Board Chairperson*  
Edwin Hlavka (Board Member)  
Diane Howard (Board Member)  
Sr. Elaine Kuizinas (Board Member)  
Wayne Lerner, D.P.H., F.A.C.H.E. (Board Member)  
Larry Margolis (Board Member)  
Dan Marquez, *Vice Chairperson*  
Sr. Margaret Petcavage (Board Member)  
Linas Sidrys, M.D. (Board Member)  
Nancy Streitmatter, MD (Board Member)  
Sivaramaprasad Tummala, M.D. (Board Member)  
Sister M Immacula Wendt (Board Member)  
Sr. Margaret Zalot (Board Member)

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Chuhak & Tecson	Chicago	Andrew Tecson
Bond Counsel:	Chapman & Cutler	Chicago	Jim Luebchow
Underwriter:	Cain Brothers	Chicago	EC Hoffman
Underwriter's Counsel:	Seyfarth Shaw, LLP	Chicago	Jim Schraidt
Bond Trustee:	Wells Fargo	Chicago	Patricia Martirano
Accountant:	McGladrey & Pullen	Chicago	
Issuer's Counsel:	Perkins Coie	Chicago	Bill Corbin
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: 1- Bobby L. Rush  
State Senate: 16- Jacqueline "Jacqui" Y. Collins  
State House: 32- Milton "Milt" Patterson (Mary Flowers)

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Northwestern Memorial Hospital**

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**STATISTICS**

Project Number:	H-HO-TE-CD-7216	Amount:	\$400,000,000 (Not to exceed amount)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Chicago	Region:	Northeast
County:	Cook		

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**BOARD ACTION**

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

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**PURPOSE**

Bond proceeds will be used: (i) to pay or reimburse Northwestern Memorial Hospital for new Prentice Women's Hospital (which opened October, 2007) construction, equipment, and certain other capital expenditures; (ii) to refinance all or a portion of IFA Series 2004 A bonds and; (iii) to pay certain related expenses.

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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**

The IFA gave its approval for a Preliminary Bond Resolution on October 9, 2007 by the following vote:

Ayes: 10      Nays: 0      Abstentions: 0      Absent: 5      Vacancies: 0

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**VOLUME CAP**

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

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**ESTIMATED SOURCES AND USES OF FUNDS \***

Sources:	Synthetic fixed-rate bonds	\$214,500,000	Uses:	Deposit to escrow for	
	Insured auction-rate bonds	150,000,000		advance refunding	\$212,926,468
				Cost of issuance	2,623,532
				Insurance	2,301,182
				Reimbursement for construction	
				and equipment	146,648,818
	<b>Total</b>	<u>\$364,500,000</u>	<b>Total</b>		<u>\$364,500,000</u>

\* subject to change

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**JOBS**

Current employment: 5,804 FTE's  
Jobs retained: N/A

Projected new jobs: 600 (many already hired)  
Construction jobs: 3,500

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### BUSINESS SUMMARY

**Background:** Northwestern Memorial Hospital (“NMH” or the “Hospital”) is a subsidiary of Northwestern Memorial HealthCare and is a 501(c)(3) corporation established under Illinois law.

**Description:** Although the Hospital traces its roots back over 130 years, NMH was officially founded in 1972 through the consolidation of Chicago Wesley Memorial and Passavant Memorial Hospital. In 1975, Prentice Women’s Hospital and Maternity Center and the Institute of Psychiatry joined NMH. Olson Pavilion, housing NMH’s critical care nursing units and the emergency department opened in 1979. NMH opened the new Northwestern Memorial Hospital, a state-of-art hospital facility in 1999 and opened the new Prentice Women’s Hospital on October 20, 2007.

Northwestern Memorial Hospital’s main campus is located in downtown Chicago’s Streeterville neighborhood. NMH is one of the nation’s leading academic medical centers with a long tradition of leadership in patient care, education and research and a longstanding commitment to efforts that advance the quality and accessibility of healthcare service in Chicago. Northwestern Memorial has been consistently ranked as the “most preferred” hospital in market research by consumers in Chicago and the nine-county region since 1992. NMH was recognized in 2006 by the Leapfrog Group, an organization that represents large corporate and public agency purchasers of healthcare services and aims to improve healthcare quality, safety and affordability, as one of the nation’s “top Hospitals” for implementing its Hospital Quality and Safety Practices. NMH is also one of only three percent of the nation’s hospitals to achieve Magnet status from the American Nurses Credentialing Center. NMH provides a complete range of adult inpatient and outpatient services in an educational and research environment. NMH will be the direct obligor on the subject bond issue.

NMH has 897 licensed beds (including 81 additional obstetrical/gynecology beds and 72 additional medical/surgical beds in the new Prentice Women’s Hospital building). Approximately 1,500 physicians, representing virtually every specialty, are affiliated with the Hospital.

**Service Area:** Chicago metropolitan area

**Existing Bonds:**

	(in thousands)
Revenue Bonds, Series 2004A	\$ 194,130
Variable Rate Demand Revenue Bonds Series 2004B	86,400
Variable Rate Demand Revenue Bonds Series 2004C	207,900
Variable Rate Demand Revenue Bonds Series 2002C	33,000
Variable Rate Demand Revenue Bonds Series 1995	100,000
	<u>\$ 621,430</u>

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### PROJECT SUMMARY

The proceeds of the proposed bond issuance will be used to provide a portion of the funds necessary to (i) pay or reimburse NMH for, or refinance outstanding indebtedness, the proceeds of which were used for payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by Northwestern Memorial Hospital at its Chicago campus, including but not limited to the acquisition, constructing and equipping of its new Prentice Women’s Hospital and certain other capital expenditures; (ii) refund a portion or all of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Series 2004A (Northwestern Memorial Hospital) (“the Series 2004A Bonds”); (iii) pay a portion of the interest on the Series 2007 Bonds, if deemed necessary and advisable by NMH; (iv) fund a debt service reserve fund, if deemed necessary and advisable by NMH; and (v) pay certain expenses incurred in connection with the issuance of the Series 2007 Bonds and the refunding of the Series 2004A Bonds, including but not limited to fees for credit or liquidity enhancement for the Series 2007 Bonds, all as permitted by the Illinois Finance Authority Act.

As part of the refunding of the Series 2004A Bonds, NMH entered into two forward-starting LIBOR based fixed interest rate swaps at 3.89% with a trade date of July 26, 2007 and a notional amount of \$214,500,000, which is approximately equal to the amount required to fund the defeasance escrow to advance refund the Series 2004A Bonds (the 2004 bonds that are eligible for refunding are fixed rate bonds with an average coupon of 5.45%, first call date of August 15, 2014 and no call premium). NMH will be paying a fixed interest rate on the swaps commencing December 19, 2007 through August 15, 2042, which corresponds to the final maturity of the Series 2007 Bonds. NMH entered into these agreements to lock in the advance refunding savings. The structure of the swaps is the same as previous swaps entered into by NMH. NMH's current intent is to hold the swaps to maturity and the counter-party does not have an early termination option. The total interest costs for the new debt will be approximately 4.20%. This represents net present value savings of approximately \$26.5 million or 13.67%.

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**FINANCING SUMMARY**

**Security/Collateral:** Payments under the loan agreements are secured by notes issued pursuant to the Master Indenture. The notes are joint and severable obligations of the Obligated Group of which NMH is the only member. The Master Indenture contains certain covenants for the benefit of all note holders.

**Structure:** The current plan of finance contemplates issuance of floating rate bonds for a total par amount of approximately \$364.5 million (supporting approximately \$147 million of new money project costs):

\$214,500,000 Variable Rate bonds with a Standby Bond Purchase Agreement from a AA-rated bank to provide liquidity

\$150,000,000 'AAA' Insured Auction Rate bonds (These bonds will be insured by FGIC, which is a 'AAA'-rated municipal bond insurer)

**Maturity:** 2043

**Credit Rating(s):** NMH's long-term ratings are Aa2/AA+ (Moody's/S&P); certain bonds may also be rated based on the use of credit enhancement (i.e., provided by FGIC, a Aaa/AAA-rated municipal bond insurer).

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**ECONOMIC DISCLOSURE STATEMENT**

**Project name:** Northwestern Memorial Hospital  
**Locations:** 251 East Huron Street  
 Chicago, IL 60611  
**Applicant:** Northwestern Memorial Hospital  
**Organization:** 501(c)(3) Not-for-Profit Corporation  
**State:** Illinois  
**Board of Directors:**

<b><i>Directors</i></b>	<b><i>Business Affiliations</i></b>
Edward M. Liddy <i>Chairman</i>	Chairman Allstate Insurance Company
John A. Canning, Jr. <i>Vice Chairman</i>	Chairman and CEO Madison Dearborn Partners LLC
William A. Osborn <i>Vice Chairman</i>	Chairman and CEO Northern Trust
Dean M. Harrison	President and CEO Northwestern Memorial HealthCare
Thomas A. Cole	Chairman, Executive Committee Sidley Austin LLP
Peter D. Crist	Chairman Crist Associates, LLC
William M. Daley	Chairman, Midwest Region JP Morgan Chase & Co.

James M. Denny	Chairman, Gilead Sciences Director, GATX
Sandra L. Helton	Former Executive VP & CFO Telephone & Data Systems, Inc.
James A. Hill, M.D.	Chief of Staff Northwestern Memorial Hospital
W. James McNerney, Jr.	Chairman, President and CEO The Boeing Company
Robert L. Parkinson, Jr.	Chairman and CEO Baxter International Inc.
Philip J. Purcell, III	Former Chairman & CEO Morgan Stanley
J. Christopher Reyes	Chairman Reyes Holdings LLC
Larry D. Richman	Former President and CEO LaSalle Bank
Scott C. Smith	President Tribune Publishing Company

**PROFESSIONAL & FINANCIAL**

Borrower's Counsel: Sonnenschein Nath & Rosenthal LLP	Chicago	Mary Wilson
Bond Counsel: Jones Day	Chicago	Rich Tomei
		Amy Curran
Co-Underwriter: UBS Securities LLC	Chicago	Jennifer Daugherty
Co-Underwriter: J.P. Morgan Securities Inc.	Chicago	Tim Wons
Underwriter's Counsel: Ungaretti & Harris LLP	Chicago	Julie Seymour
Bond Trustee: Wells Fargo Bank, N.A.	Chicago	Patricia Martirano
Accountant: Ernst & Young LLP	Chicago	
Issuer's Counsel: Charity & Associates	Chicago	Alan Bell
IFA Advisors: D.A. Davidson & Co.	Chicago	Bill Morris
Scott Balice Strategies, Inc.	Chicago	Lois Scott

**LEGISLATIVE DISTRICTS**

Locations	U.S. Representative	State Senate	State Rep.
1535 Lake Cook Rd. Northbrook, IL 60062-1447	10 Mark Steve Kirk	29 Susan Garrett	58 Karen May
<i>The following locations are all in Chicago, IL:</i>			
2835 N. Sheffield St.	5 Rahm Emanuel	6 John J. Cullerton	12 Sara Feigenholtz
645 N. Michigan Ave	7 Danny K. Davis	13 Kwame Raoul	26 Elga L. Jeffries
680, 710, 750 & 850 North Lake Shore Dr.			
676 & 751 N. St. Clair St.			
440 and 450 E. Ohio St.			
240, 400, 441, 446 & 448 E. Ontario			
259 & 401-415 E. Erie St.			
150, 201, 2351, 320 & 333 E. Huron St.			

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541 & 710 N. Fairbanks

244 E. Pearson

250, 300, 303, 310, 320,  
333 and 345 E. Superior St.

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46 & 303 E. Chicago Ave.	7	Danny K. Davis	3	Mattie Hunter	5	Kenneth Dunkin
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30 W. Chicago Ave.  
20 S. Clark St.

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310 W. Superior St.	7	Danny K. Davis	5	Rickey R. Hendon	9	Arthur L. Turner
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329 W. 18th

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2445 S. Rockwell	7	Danny K. Davis	1	Antonio Munoz	2	Edward J. Acevedo
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3245 North Halsted St.	5	Rahm Emanuel	6	John J. Cullerton	12	Sara Feigenholtz
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1913 W. North Ave.	4	Luis V. Gutierrez	5	Rickey R. Hendon	10	Annazette R. Collins
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**ILLINOIS FINANCE AUTHORITY**  
**BOARD SUMMARY**  
**November 13, 2007**

**Project: Monarch Landing**

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**STATISTICS**

Project Number:	H-HO-TE-CD-7218	Amount:	\$185,000,000 (Not to exceed amount)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Naperville, IL	Region:	Northeast
County:	DuPage		

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**BOARD ACTION**

Final Bond Resolution Conduit 501(c)(3) Bonds No IFA Funds at Risk	Requesting a waiver of IFA Policy regarding the sale of unrated and unenhanced debt, to be based on a feasibility study by Dixon Hughes which has been completed
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**PURPOSE**

Bond proceeds will be used to: 1) finance purchase deposit for the options to purchase Monarch Landing; 2) fund a debt service reserve fund; and 3) pay costs 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 earned on the Bonds paid to bondholders and thereby reduces the borrower's interest expense.

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**VOLUME CAP**

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

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**VOTING RECORD**

The IFA gave its approval for a Preliminary Bond Resolution on October 9, 2007 by the following vote:

Ayes: 10      Nays: 0      Abstentions: 0      Absent: 5      Vacancies: 0

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	\$177,200,000	Uses:	Purchase Option	\$162,000,000
	Equity Contribution*	-		Debt Service Reserve Fund	11,629,000
				Issuance Costs*	3,591,000
	Total	<u>\$177,200,000</u>		Total	<u>\$177,220,000</u>

\*An equity contribution will be made to cover cost of issuance in excess of the 2% tax limit. There is no equity contribution assumed at this time.

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**JOBS**

Current employment:	82 FTE's	Projected new jobs:	593 FTE's
Jobs retained:	82 FTE's	Construction jobs:	1125

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## BUSINESS SUMMARY

**Project Background:** Monarch Landing is a continuing care retirement community (“CCRC”) located in Naperville, Illinois and is currently being developed in phases by Erickson Retirement Communities (“Erickson”). The first phase of the CCRC (which consists of three residential buildings and a community building) is expected to be completed in March of 2009. The CCRC will ultimately consist of three phases which are similar in size and scope as the first phase which will be completed in March of 2009. When and if completed as currently planned, the CCRC will ultimately consist of 1,503 independent living units, plus a healthcare unit which will consist of 96 assisted living units, and 132 skilled nursing units. As of June 30, 2007, approximately 277 independent living units were completed and 35% of them were occupied.

National Senior Campuses (“NSC”), Inc., a Maryland nonstick corporation, is the Parent Corporation and the sole member of Monarch Landing. NSC’s function is to provide support to Monarch Landing, and the rest of the affiliates (including Sedgebrook Retirement Community, which the IFA financed and closed in August, 2007).

Monarch Landing currently leases the community from the landowner, Naperville Campus, LLC (“NC”), a wholly-owned subsidiary of Erickson Retirement Communities. During the development of this project, Monarch Landing receives the initial entry fees from the residents and loans these fees to NC, under the Community Loan. The Community Loan is utilized by Erickson to develop the CCRC in conjunction with constructions loans. **The Series 2007 Bonds are being issued to fund the Purchase Option Deposit, which gives Monarch Landing the right to purchase the CCRC, for \$162 million, consisting of all the independent living units and the healthcare unit, valued at approximately \$642.5 million upon completion. In other words, this bond financing of \$180 million will be used along with the initial entry fees to complete the entire project and will entitle Monarch Landing to purchase the entire CCRC valued on completion, at approximately \$642.5 million.** (The Existing Purchase Option Deposit Structure gives Monarch Landing the right to purchase the community upon completion by forgiveness of the then outstanding Community Loan balance plus a cash payment equal to the purchase deposit amount of \$162 million).

Monarch Landing can always decline to exercise the option and/or offer to pay less than the deposit amount but the deposit amount serves as a cap or ceiling on the cash payment. Under the Existing Purchase Option Deposit Structure, NC/Erickson would pay the debt service on the bonds until completion through the use of initial entrance deposits that would otherwise be loaned to NC under the Community Loan. Under the Existing Purchase Option Deposit Structure, Erickson also guarantees NC’s obligation to refund the purchase deposit if the option is not exercised. As stated, if the purchase option is not exercised by Monarch Landing, or a lower purchase option price is negotiated as a result of change in scope of the project or the value of it upon completion, the difference will be reimbursed by Erickson to Monarch Landing. These monies will be used to retire Series 2007 Bonds. The Series 2007 Bonds will have call features that allow for the retirement of all outstanding debt should the purchase option not be exercised by Monarch Landing. Additionally, a portion of the Series 2007 Bonds are Letter of Credit enhanced variable rate demand bonds which are callable at any time with 30 day notice. This will provide the flexibility to retire a portion of the bonds if Monarch Landing was to negotiate a lower purchase option price as a result of a change in the projects scope or design.

These projects are very similar in size and scope to the Sedgebrook Retirement Community located in Lincolnshire, which financed its purchase option deposit through the IFA in August of 2007. Erickson is the developer of the Sedgebrook, Monarch Landing and Fox Run Village Retirement Communities.

**Developer Background:** Erickson is a developer and manager of large continuing care retirement communities offering affordable living accommodations, related health care and support services to a target market of middle income seniors age 62 and older. Erickson was originally formed as a

corporation in 1983 to develop and operate large campus style continuing care retirement communities and became a limited liability company in 1997. Erickson currently manages four completed operating continuing care retirement communities – Charlestown Retirement Community in Baltimore, Maryland, Oak Crest Village in Parkville, Maryland, Greenspring Village in Springfield, Virginia and Henry Ford Village in Dearborn, Michigan – which serve a total population of approximately 8,000 residents. In addition to the CCRC and the completed communities, Erickson is currently developing, constructing and/or managing 14 other continuing care retirement communities in various stages of development, and is exploring the development of several other continuing care retirement communities, throughout the United States. As of June 30, 2007, the aggregate number of residents served by continuing care communities managed by the Manager was approximately 20,000.

Erickson as a manager has historically filled and maintained occupancy of nearly 99% in its completed communities. In addition, Erickson traditionally has developed a very deep waiting-list at each community. As of June 30, 2007, Monarch Landing had a waiting list of 198 people and has been averaging 3 conversions a month.

**Additionally, Erickson has agreed to be an additional Indemnitor on the Loan Agreement and the Bond Purchase Agreement for Monarch Landing, similar to the Indemnification provided to the IFA in connection with the Sedgebrook Retirement Community Series 2007 Bonds.**

**Appraisal:** Michael G. Boehm of Senior Living Valuation Services, Inc, a recognized appraisal firm, prepared an appraisal report for Monarch Landing as of March 22, 2005. This report states:

Market Value As Is @ February 8, 2005

Based on an inspection of the property and the investigation and analyses undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the fee simple going concern market value of Monarch Landing, as is (a development project and including land value), as of February 8, 2005, is: \$30,675,000.

Phase I Only- Prospective Market Value At Completion of Construction @ July 1, 2006

Based on an inspection of the property and the investigation and analyses undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the fee simple going concern market value of Phase I of Monarch Landing, at the estimated completion of construction of the first residential building of Phase I, projected to be July 1, 2006, and not including a deduction for the costs to complete the remaining buildings of Phase I, will be: \$161,275,000

Phase I Only- Prospective Market Value at Full Occupancy Stabilization @ April 1, 2009

Based on an inspection of the property and the investigation and analyses undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the prospective fee simple going concern market value of Phase I of Monarch Landing, at the estimated full occupancy stabilization date of Phase I, projected to be April 1, 2009, and including the gross value of the first generation entry fees for Phase I only and not including the value for the partially completed and open Phase II, will be: \$200,600,000

Prospective Market Value At Phase III Full Occupancy Stabilization @ April 1, 2014

Based on an inspection of the property and the investigation and analyses undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in the report, that the fee simple going concern market value of Phases I, II and III of Monarch Landing, at the estimated full occupancy stabilization date of Phase III, projected to be April 1, 2014, and including the gross value of the first generation entry fees for Phase III only, will be: \$352,000,000

The sum of the project values by individual phase at their full occupancy stabilization dates (which are not additive because they are different valuation dates) is \$642,525,000 which consists of approximately 1,509 Independent Living Units, 96 Assisted Living Units, and 132 Skilled Nursing Facility Units.

**Feasibility Study:** A feasibility study has been completed by Dixon Hughes, a nationally recognized accounting, audit, tax and consulting firm for the Monarch Living facility. For over four decades, Dixon Hughes has provided accounting, auditing, tax and consulting services to businesses in a variety of industries. Dixon Hughes has a staff of over 1,100 employees in 26 offices, and serves clients throughout the United States. Dixon Hughes is also involved in *Praxity, AISBL*, an international alliance of independent accounting firms, which provides the firm access to resources around the world.

**Service Areas:** Monarch Landing is located in Naperville and is being developed to serve the needs of the elderly population of the western suburbs of Chicago.

**Outstanding Tax-**

**Exempt Bonds:** Monarch Landing currently does not have any existing tax-exempt bonds

**Tax Opinions:** Bond Counsel, McGuire Woods, will be issuing a tax opinion regarding the structure of this project. Opinions of counsel and a legal Memorandum will also be delivered that will address the 501(c)(3) status and the relationship between the developer and Monarch Landing

The structure of the Monarch Landing transaction is consistent with the structure of Sedgebrook Retirement Community (IFA Series 2007- which closed August 17, 2007). For the Sedgebrook transaction, the IFA retained special tax counsel, Jones Day, to review the tax-exempt status of the structure. Jones Day reviewed the structure for Sedgebrook Retirement Community and provided the IFA Board with a Memo stating that it is reasonable to accept McGuire Woods' bond counsel opinion regarding the tax-exempt status of the bonds.

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**PROJECT SUMMARY**

The proceeds of the proposed bond deal will be used to 1) finance the purchase deposit for the option to purchase Monarch Landing from Naperville Campus, LLC; 2) fund a debt service reserve fund, and 3) pay for costs of issuance.

Monarch Landing has entered into a purchase option agreement with Naperville Campus, LLC. This agreement gives Monarch Landing the right to purchase the CCRC upon completion. At the time of completion, the value of each CCRC is anticipated to be greater than the purchase option price that has been agreed to. The Series 2007 Bonds are being used to finance the purchase deposit for the granting of the purchase option. The Series 2007 Bonds are assumed to be comprised of tax-exempt letter of credit enhanced variable rate demand bonds and unrated unenhanced fixed rate bonds. A full market and financial feasibility study for the project has been prepared by Dixon Hughes, a nationally recognized accounting, audit, tax and consulting firm, in connection with the issuance of the Bonds. It is expected that Monarch Landing will have over 1.64x coverage of debt service in the first full year of stabilized occupancy.

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**FINANCING SUMMARY**

- Security/Collateral:** A first mortgage on the project, including land and buildings; guarantee from Erickson through stabilized occupancy; subordinated management fees through stabilized occupancy, and gross revenue pledge. Covenants and other legal provisions are expected to be consistent with those used for similar financings.
- Structure:** The Series 2007 Monarch Landing Bonds will consist of either all unrated, unenhanced fixed rate bonds or a combination of fixed rate and variable rate bonds, including a total of approximately \$75 million of Letter of Credit enhanced weekly variable rate demand bonds and approximately \$105 million of unrated, unenhanced fixed rate bonds. The Borrower currently anticipates entering into a BMA swap to fixed rate bonds at or soon after closing. The swap will be identified by and filed with the IFA at that time. The LOC enhanced bonds and unrated unenhanced fixed rate bonds will be in parity.
- Maturity:** The Series 2007 Bonds are expected to have a final maturity in 2042.
- Credit Rating(s):** If the Series 2007 Bonds include variable rate bonds, the Letter of Credit enhanced variable rate demand bonds will have a rating consistent with the Letter of Credit Provider's public rating, which will not be below AA-. Series 2007 fixed rate bonds are not expected to be rated.
- Waiver:** The Borrower has requested a waiver of our unrated and non-credit enhanced debt policy. The bonds will be sold in denominations less than \$100,000 (i.e. \$1,000, \$5,000). The Borrower expects to meet the conditions for a waiver, which they qualify for.
- Conditions for Waiver:  
The Borrower has secured 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 has been prepared by Dixon Hughes, a national accounting firm that provides financial forecast and feasibility studies with the senior living industry, in connection with the issuance of the Bonds.

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**ECONOMIC DISCLOSURE STATEMENT**

- Applicants:** Monarch Landing  
2255 Erickson Drive  
Naperville, IL 60563
- Organization:** 501(c)(3) Not-for-Profit Corporation  
**State:** Monarch Landing, with principal place of business in Illinois, is incorporated in the state of Maryland, but qualified to do business in the state of Illinois
- Board of Directors:**  
James Anders  
Harold Ashby  
Willow Pasley  
Lawrencec Shubnell  
Meryle Twersky  
Ronald Walker  
Rodney M. Coe  
James Hayes  
Michael Roskiewicz

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**PROFESSIONAL & FINANCIAL**

- Bond Counsel:** McGuire Woods LLP Chicago Emery McGill

Underwriter:	Ziegler Capital Markets	Chicago	Tom Brod Steve Johnson Susan Nobilio
Underwriter's Counsel:	Ballard Spahr Andrews & Ingersoll, LLP	Baltimore, MD	Teri Guarnaccia
Bond Trustee:	M&T Bank	Baltimore, MD	Dante Monakil
Accountant:	Price Waterhouse Coopers LLP	Baltimore, MD	Steve Luber
Feasibility Consultant:	Dixon Hughes	Atlanta, GA	Tonya Bodie
Issuer's Counsel:	The Offices of Kevin Cahill	Chicago	Kevin Cahill
IFA Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional: 13- Judy Biggert  
State Senate: 48- Randy M. "Randy" Hultgren  
State House: 96- Joe Dunn

**ILLINOIS FINANCE AUTHORITY**  
**BOARD SUMMARY**  
November 13, 2007

**Project: Search Inc.**

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**STATISTICS**

Deal Number:	N-NP-TE-CD-7224	Amount:	\$12,000,000 (not-to-exceed amount)
Type:	Not-For-Profit Bond	IFA Staff:	Sharnell Curtis-Martin
Location:	Mt. Prospect, Morton Grove, Skokie	SIC Code:	8322 (Individual and Family Social Services)
County:	Cook	Region:	Northeast

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**BOARD ACTION**

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

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**PURPOSE**

Bond proceeds will be used to refinance existing conventional debt, refund a previous bond issue and to pay certain bond 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 earned on the Bonds and thereby reduce the borrower's interest expense.

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**VOLUME CAP**

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

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**VOTING RECORD**

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

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$12,000,000	Uses:	Project Costs	\$5,400,000
	Equity	<u>700,000</u>		Refunding Bonds	4,875,000
				Refinancing	1,663,000
				Capitalized Interest	540,000
				Costs of Issuance	<u>222,000</u>
Total Sources:		<u>\$12,700,000</u>	Total Uses:		<u>\$12,700,000</u>

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**JOBS**

Current employment:	83	Projected new jobs:	7
Jobs retained:	N/A	Construction jobs:	40

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### BUSINESS SUMMARY

- Background:** Search Inc. ("Search" or the "Applicant") was incorporated in 1968 as 501(c)(3) organization and has been operating in Chicago and northern suburbs for 38 years. Search's mission is to creating opportunities for persons with developmental disabilities and their families. The management team consists of John Lipscomb as the Executive Director and CFO and Donna Catalano as Chief Operations Officer.
- Description:** The Applicant provides three core program services including: Adult Day Training, Residential Services and Community Employment Services. In addition to the core services, Community Recreation and Healthcare Programs are also provided.
- Currently, 430 adults with developmental disabilities receive quality care that fosters personal growth and self-respect. Services are provided at 33 various program locations throughout Chicago, Morton Grove, Mt. Prospect, Skokie, Northbrook, and Waukegan.
- Search is licensed to operate by the Illinois Department of Human Services Department of Developmental Disabilities. This contract generates approximately 73% of program revenue. Non-governmental fees for services, investment income and donations account for the remaining support and revenues.
- Project:** The proposed financing will finance the acquisition of a new day training center facility in Mount Prospect and two group homes located in Skokie. Additionally, there will be significant renovations to several existing facilities as well as paying capitalized interest and costs of issuance associated with the bond issue. This bond issue represents the second bond financing that the IFA has issued on behalf of Search. In 2004, Search issued \$5.6 million in 501(c)(3) bonds used to refinance conventional debt.

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### FINANCING SUMMARY

- Security:** The Bonds will be secured by a Direct Pay Letter of Credit provided by JP Morgan Chase Bank.
- Structure:** The Bonds will be multi-modal initially set at the weekly variable interest mode.
- Maturity:** 30 Years
- Bank Collateral:** First mortgage on subject real estate and first lien on furnishings and equipment financed.
- Credit Rating:** The credit rating for this transaction will reflect that of the Letter of Credit provider, J.P Morgan Chase Bank, AA.

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### PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition and renovation of a new day training center located at 625 Slawin Court in Mt. Prospect, IL (Cook County) and two group homes located at 7807 N. Keeler in Skokie, IL (Cook County) and 2200 Lawrence Lane in Mt. Prospect, IL (Cook County). Proceeds will also be used to refund an outstanding bonds, refinance conventional debt, to pay capitalized interest and to pay certain bond issuance costs. Project costs are estimated as follows:

Real Estate Acquisition	\$3,280,000
Renovations	<u>2,120,000</u>
Total Project Costs	<u>\$5,400,000</u>

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Search Inc.  
1925 North Clybourn Avenue, Chicago, IL 60614 (Cook County)  
Mr. John Lipscomb, Executive Director

**Project name:** Search Inc. Project

**Location:** 625 Slawin Court, Mt. Prospect, IL 60456 (Cook County)  
9119 Samoset Drive, Skokie, IL 60076 (Cook County)  
9525 Lorel Avenue, Skokie, IL 60077 (Cook County)  
5814 Warren Street, Morton Grove, IL 60053 (Cook County)  
8832 Oriole Avenue, Morton Grove, IL 60053 (Cook County)  
7807 North Keeler Avenue, Skokie, IL 60076 (Cook County)  
2200 Lawrence Lane, Mt. Prospect, IL 60056 (Cook County)

**Organization:** 501(c)(3) Not-For-Profit Corporation

**State:** Illinois

**Board of Directors:** Alan Nadolna, President Sue Averill Ken Jenero  
Ray Covyreau, Vice-President Beverly Covyreau Barry Siegal  
LaVon Green, Secretary John Friedland Paul Pappageorge  
Brett Johnson, Treasurer Larry Luchowski John Lipscomb

**Land Sellers:** 625 Slawin Court in Mt. Prospect **CRP Holdings B, L.P.**  
Two International Place  
Boston, MA 02110

7807 N. Keeler in Skokie **Christopher King**

2200 Lawrence Lane in Mt. Prospect **Cynthia Oliver**

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**PROFESSIONAL & FINANCIAL**

<b>Borrower's Counsel:</b>	Ungaretti and Harris	Chicago	Julie Seymour
<b>Accountant:</b>	Miller Cooper & Co.	Northbrook	
<b>Bond Counsel:</b>	Ice Miller	Chicago	Jim Snyder
<b>LOC Bank:</b>	J.P. Morgan Chase Bank	Chicago	Tim Ruby
<b>LOC Bank's Counsel:</b>	Jones Day	Chicago	Stephan Hall
<b>Underwriter:</b>	J.P. Morgan Securities	Chicago	Shelley Phillips
<b>Underwriter's Counsel:</b>	Chapman and Cutler	Chicago	Nancy Burke
<b>Issuer's Counsel:</b>	Greene and Letts	Chicago	Allen Walker
<b>Trustee:</b>	Bank of New York	Chicago	Rodney Harrington
<b>IFA Financial Advisor:</b>	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

**625 Slawin Court, Mt. Prospect**

Congressional: 10 -- Mark Kirk  
State Senate: 29 -- Susan Garrett  
State House: 57 -- Elaine Nekritz

**9119 Samoset Drive, Skokie**

Congressional: 9 -- Janice Schakowsky  
State Senate: 9 -- Jeffrey Schoenberg  
State House: 17 -- Elizabeth Coulson

**9525 Lorel Avenue, Skokie**

Congressional: 9 – Janice Schakowsky  
State Senate: 9 -- Jeffrey Schoenberg  
State House: 17 -- Elizabeth Coulson

**8832 Oriole Avenue, Morton Grove**

Congressional: 9 – Janice Schakowsky  
State Senate: 8 – Ira Silverstein  
State House: 15 – John D’Amico

**2200 Lawrence Lane, Mt. Prospect**

Congressional: 10 – Mark Kirk  
State Senate: 33 – Dan Kotowski  
State House: 66 – Carolyn Krause

**5814 Warren Street, Morton Grove**

Congressional: 9 – Janice Schakowsky  
State Senate: 8 – Ira Silverstein  
State House: 16 – Lou Lang

**7807 North Keeler Avenue, Skokie**

Congressional: 9 – Janice Schakowsky  
State Senate: 9 -- Jeffrey Schoenberg  
State House: 17 -- Elizabeth Coulson

CONFIDENTIAL

**CONFIDENTIAL INFORMATION**

Est. fee: \$51,000

Financials: Audited Financial Statements 6/30/05 – 6/30/06  
 Internally Prepared Financial Statements 6/30/07  
 Internally Prepared Financial Projections 6/30/08 – 6/30/10

	Year Ended June 30			Year Ending June 30		
	2005	2006	2007	2008	2009	2010
	(Dollars in 000's)					
<b>Income statement:</b>						
Total Support and Revenue	\$11,796	\$13,006	\$13,380	\$14,157	\$14,723	\$15,312
Change in Net Assets	848	1,004	611	664	677	691
<b>Balance sheet:</b>						
Current assets	\$5,230	\$6,112	\$6,711	\$7,382	\$8,120	\$8,932
PP&E	7,229	8,085	9,093	14,793	14,571	14,352
Other assets	385	585	0	219	266	231
Total assets	<u>12,844</u>	<u>14,783</u>	<u>15,804</u>	<u>22,394</u>	<u>22,957</u>	<u>23,515</u>
Current liabilities	2,470	2,761	2,270	2,497	2,571	2,623
Non Current liabilities	5,261	5,905	6,805	12,505	12,317	12,132
Net Assets	<u>5,113</u>	<u>6,117</u>	<u>6,728</u>	<u>7,392</u>	<u>8,069</u>	<u>8,760</u>
Total liabilities/Net Assets	<u>\$12,844</u>	<u>\$14,783</u>	<u>\$15,804</u>	<u>\$22,394</u>	<u>\$22,957</u>	<u>\$23,515</u>

Ratios:

Debt coverage	2.01x	2.10x	1.72x	1.76x	1.75x	1.74x
Current ratio	2.12	2.21	2.96	2.99	3.16	3.41
Debt/Net Assets	1.07	1.00	1.04	1.73	1.56	1.41

Discussion: The organization's current financial condition is excellent and continues to improve. Search has managed to increase revenues an average of more than 10% per year in the last three years. Much of the success is a result of improvement in efficient operations.

The primary source of revenue for the organization is a fee for its service relationship with the Illinois Department of Human Services and Department of Developmental Disabilities to provide residential and day training services. These fees represent approximately 85% of the organizations revenue on an annual basis. Other support consists of service contracts with private agencies, investment income and donations.

Search has a \$1 million operating line of credit with JP Morgan for working capital needs. The line of credit presently has no outstanding balance.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 9, 2007**

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

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**STATISTICS**

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

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**BOARD ACTION**

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

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**PURPOSE**

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

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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 exemption on interest income earned on the Bonds and thereby reduce the borrower's interest expense.

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**VOTING RECORD**

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

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**SOURCES AND USES OF FUNDS**

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

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

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**JOBS**

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

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**BUSINESS SUMMARY**

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

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

**Founding**

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

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

**Prospective**

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

**Additional**

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

**The Project:** The Project consists of the acquisition of a site and the construction, design, engineering and equipping of an approximately 47,134 square foot ice-skating facility to be owned and operated by

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

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

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### FINANCING SUMMARY

<b>Bonds:</b>	The financing team contemplates that the Bonds will be structured as fixed-rate, unenhanced 501(c)(3) Bonds with maturities up to 30 years. Interest rates are currently estimated to range between 5.85% and 6.6%.
<b>Optional Redemption:</b>	The Underwriter contemplates that a bond in the amount of \$1,500,000 will be structured with an optional redemption feature that will permit the Bond to be redeemed within two years should the Borrower raise additional equity contributions for the Project. The Underwriter contemplates that all Bonds will be redeemable at par after approximately 10 years from closing.
<b>Collateral:</b>	First mortgage in the real estate financed and first lien in machinery and equipment and assignment of all rents and leases.
<b>Payment:</b>	The Bonds will be paid from all income generated by the Project, including but not limited to leases, fees and charges and interest earned on reserves and surplus funds.
<b>Borrower:</b>	North Shore Ice Arena, LLC
<b>Co-Guarantors:</b>	Wilmette Hockey Association and the Winnetka Hockey Club.
<b>Rating:</b>	The Financing Team contemplates that no rating will be sought on the Bonds.
<b>No Exception:</b>	As the Financing Team contemplated that the Bonds will be sold in minimum denominations of \$100,000 to Accredited Investors, no exception to IFA's policy regarding issuance on unrated and unenhanced bonds will be sought.

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### PROJECT SUMMARY

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

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### ECONOMIC DISCLOSURE STATEMENT

<b>Applicant:</b>	Wilmette Hockey Association. 2118 Elmwood Ave, Wilmette, Illinois 60091 (Contact: Charles O. Smith, President, Phone: 847/456-1642)
<b>Project name:</b>	North Shore Ice Arena, LLC
<b>Location:</b>	The corner of Techny Road and Founders Drive, Northbrook, Illinois, 60062-5419
<b>Borrower:</b>	North Shore Ice Arena, LLC, an Illinois Limited Liability Company
<b>Board Members:</b>	To be determined upon inception
<b>Founding Member:</b>	Wilmette Hockey Association
<b>Prospective Member:</b>	Winnetka Hockey Club
<b>Tenants:</b>	Wilmette Hockey Association Winnetka Hockey Club New Trier High School Hockey Club
<b>Co-Guarantors:</b>	Wilmette Hockey Association and Winnetka Hockey Club

Founding

Member's Board: Chuck Smith

Al Roth

Joe Wyse

Harry Jones

Mike Glynn

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Lisa Carlton

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Caroline Kennedy

Rick McMahon

President

Vice President

Secretary

Treasurer

NIHL Representative

Travel Director

Girl's Director

House Director

Sponsorship Director

Past President, at large member

Land Lessor: Society of the Divine Word, a religious order affiliated with the Roman Catholic church.

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**PROFESSIONAL & FINANCIAL**

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

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**LEGISLATIVE DISTRICTS**

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

**ILLINOIS FINANCE AUTHORITY**  
**BOARD SUMMARY**  
**November 13, 2007**

**Project:** **Erikson Institute**

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**STATISTICS**

Number:	E-PC-TE-CD-7199	Amount:	\$32,500,000
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Townsend S. Albright
Location:	Chicago, Cook County	Region:	Northeast

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**BOARD ACTION**

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

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**PURPOSE**

Proceeds will be used to (i) acquire space in a commercial facility located in Chicago's North Loop, (ii) equip space purchased with state-of-the-art learning, teaching, and clinical spaces, (iii) purchase install related equipment, (iv) capitalize interest, and (v) fund legal and professional 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 earned on the bonds paid to bondholders and thereby reducing the borrower's interest expense.

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**VOTING RECORD**

The IFA gave its approval for a Preliminary Bond Resolution on October 9, 2007 by the following vote:

Ayes: 10      Nays: 0      Abstentions: 0      Absent: 5      Vacancies: 0

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**SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Revenue Bonds	<u>\$32,500,000</u>	Project Costs	\$31,385,000
		Capitalized interest	758,000
		Legal/Professional	<u>357,000</u>
<b>Total</b>	<u>\$32,500,000</u>	<b>Total</b>	<u>\$32,500,000</u>

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**JOBS**

Current employment:	98	Projected new jobs:	27 (over 2 years)
Jobs retained:	N/A	Construction jobs:	100

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### BUSINESS SUMMARY

**Background:** Erikson Institute (“Erikson”, the “Applicant”) is one of the nation’s leading graduate schools in child development, dedicated to the education of child development professionals. Erikson is an Illinois not-for-profit institution of higher education incorporated in 1966. Erikson was founded in Chicago’s Hyde Park neighborhood to provide early childhood teacher training to professionals serving in the newly launched Federal Head Start Program. Three prominent child advocates; child psychologist, Maria Piers, advocate Barbara Taylor Bowman, and educator Lorraine Wallach launched the institute with the financial assistance of philanthropist, Irving B. Harris. The institute was named after Erik Erikson, the German-born psychoanalyst who first proposed that children are not simply biological organisms, but also products of society’s expectations, prejudices, and prohibitions.

Erikson offers master’s degrees in child development and childhood education, as well as four graduate certificate programs. Erikson offers a dual master’s program in childhood development and social work, and a doctorate in childhood development in collaboration with Loyola University Chicago. Erikson’s 40 full and part-time faculty teach, serve on national childhood development panels, and serve as consultants to child care organizations. The Herr Research Center for Children and Social Policy provides the infrastructure for research conducted at Erikson. Erikson is accredited by the North Central Association of Colleges and Schools. Current enrollment is (i) 302 in Master’s degree programs, (ii) 12 in Erikson’s PhD program, (iii) 60 in Master’s certificate programs, and (iv) 2,500 in professional development programs. Current enrollment consists of women; 95.5%, minority; 27.0%; advanced degrees, 32.0-%. Erikson is currently located in Chicago’s River North area. Erikson is governed by a –member Board of which a list is provided for IFA Board review.

**Project Description:** Proceeds from the proposed financing will be used to (i) acquire approximately 75,000 sq. ft. on four floors of a newly constructed facility located north of Chicago’s Loop being developed by the Alter Group. Erikson will occupy space on floors 1,2,3, and 4. The remaining space will be occupied by 111 West Illinois Street LLC, and will be leased to various tenants. Erikson will not own those floors., (ii) equip the facility with state-of-the-art learning, teaching spaces as well as clinical spaces to serve families who bring their children to Erikson, (iii) purchase and install for and related equipment and fixtures, (iv) capitalize interest, and (v) fund legal, professional, and bond issuance costs. The General Contractor broke ground in January, 2007, and expects to be construction to be completed by March, 2008. Erikson expects to move into the new space by October, 2008.

**Remarks:** Erikson currently serves hundreds of students and families in the metropolitan Chicago area and has out-grown its space. Tax exempt financing results in a significantly lower cost of capital than commercial financing and enables Erikson to build and equip a new facility to continue to provide excellence in teaching and research in childhood development and continue to serve client families in the Chicago Metropolitan Area.

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### FINANCING SUMMARY

**Structure:** Multi-mode variable rate bonds, credit enhanced with a Direct Pay Letter of Credit from LaSalle Bank NA, Chicago, Illinois or its successor assignee.  
**Collateral:** First mortgage on subject property.  
**Maturity:** 30 years

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**PROJECT SUMMARY**

Bond proceeds will be used to (i) ) acquire approximately 75,000 sq. ft. on four floors of a newly constructed facility located at 451 N. LaSalle Street, Chicago, Cook County, Illinois, (ii) equip the facility with state-of-the-art learning, teaching and clinical spaces, (iii) purchase and install for and related equipment and fixtures, (iv) capitalize interest, and (v) fund legal, professional, and bond issuance costs.

Project Costs:	
New Construction/Acquisition	\$18,670,000
Machinery/Equipment:	<u>12,715,000</u>
Total	<u>\$31,385,000</u>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Erikson Institute  
Project names: New facility Project  
Location: 451 N. LaSalle Street, Chicago, Cook County, Illinois 60610-4510  
Contact Person: Jan Promer, VP and CFO, 312-893-7120  
Organization: 501(c)(3) Corporation  
State: Illinois

Board of Trustees: **Executive Committee**  
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Gery J. Chico, Vice Chair Attorney, Chico & Nunes, P.C.  
Bruce E. Huey, Treasurer Partner, Friedman & Huey Associates  
John L. Hines, Secretary Partner, Reed Smith LLP  
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Natalie Heineman  
Lorraine B. Wallach  
Bernice Weissbourd

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Eric Adelstein Partner, Adelstein Liston  
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Barbara T. Bowman Professor, Erikson Institute  
Kathy L. Brock Broadcast Journalist, WLS Television  
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Sabrina Gracias Director of Investor Relations, Valor Equity Partners  
Lee E. Harkleroad III Partner, Ernst & Young LLP  
Toby Herr Director, Project Match  
Lewis S. Ingall Executive Vice President, Heitman Capital Management LLC  
Ira Korman Partner, Deloitte

Mary Laraia	Group Senior Vice President, Community and Sustainable Development, LaSalle Bank
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Scott M. Newberger	President, PC Discovery
Kathy Richland Pick	Owner, Kathy Richland Photography
Jack R. Polsky	President, William Harris Investors
James J. Roche	Attorney, James J. Roche & Associates
Royal Kennedy Rodgers	Broadcast Journalist
David W. "Buzz" Ruttenberg	Chairman, Belgravia Group
Cari B. Sacks	Civic Leader
Gene Saffold	Managing Director, Chase
Richard Schuham	Executive Vice President, Studley, Inc.
Joy Segal	Civic Leader
Sara Crown Star	Civic Leader
Heather A. Steans	Civic Leader
Eve M. Tyree	Civic Leader
Patricia R. Walsh	Social Worker, St. Vincent de Paul Center
Leah Zell Wanger	LZW Group, LLC
Sheri B. Zuckerman	Early Childhood Educator, Glencoe Park District

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#### PROFESSIONAL & FINANCIAL

General Counsel:	DLA Piper	Baltimore, MD	Kristin H.R. Frances chi
Accountant:	Washington, Pittman & Makeover, LLC	Chicago, IL	Angela Allen
Bond Counsel:	Greenburg Traurig	Chicago, IL	Matthew R. Levin
Underwriter:	LaSalle Financial Services, Inc*.	Chicago, IL	Peter Glick
Underwriter's Counsel:	Burke Burns & Pinelli	Chicago, IL	Mary Ann Murray
Issuer's Counsel:	Pugh, Jones, Johnson & Quandt	Chicago, IL	Scott A. Bremer
Trustee:	U.S. Bank N.A.	Chicago, IL	Debra Donaldson
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

\* Or its successor, Banc of America Securities LLC, Chicago, Illinois

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#### LEGISLATIVE DISTRICTS

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

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Hidden Glen Apartments LP  
(Hidden Glen Apartments)**

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**STATISTICS**

Project Number:	M-MH-TE-CD-7226	Amount:	\$7,500,000 (not-to-exceed amount)
Type:	Affordable Rental Housing Bonds	IFA Staff:	Rich Frampton
Location:	Bourbonnais	County/ Region:	Kankakee County/Northeast

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**BOARD ACTION**

Final Bond Resolution  
Conduit Tax-Exempt Affordable Rental Housing Bonds  
No IFA Funds at risk  
Staff recommends approval  
No extraordinary conditions

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**PURPOSE**

Acquisition and substantial renovation of an existing 128-unit affordable rental housing property located in Bourbonnais. This project will enable this property to remain affordable for a minimum of 15 additional years (and prospectively for up to 30 years).

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**IFA CONTRIBUTION AND PROGRAM**

IFA will convey federal tax-exempt bond status on interest paid to bondholders, thereby resulting in a lower interest rate to the Borrower. Because over 50% of the project basis (i.e., IRS-eligible capital costs) will be financed with the proceeds of a tax-exempt bond issue, this project will automatically qualify for 4% Low Income Housing Tax Credits ("LIHTC's"). In general, LIHTC's generate cash equity contributions from tax credit investors sufficient to provide cash equity equivalent to approximately 30% of total project cost.

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**VOLUME CAP**

The Developer will use approximately \$7.5 million of 2004 Carryforward Volume Cap obtained by the Underwriter and evidenced by Resolutions from the respective Home Rule Units to IFA for conditional use by the Underwriter. This 2004 Carryforward Volume Cap will expire if unused as of 1/1/2008.

No 2007 Volume Cap will be used, nor will IFA provide any Volume Cap or prior year Carryforward derived from allocations provided by the Governor's Office of Management and Budget.

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

Sources: IFA Bonds	\$7,500,000	Uses: Project costs	\$9,986,980
		Purchase of Vol. Cap	75,000
LIH Tax Credits	3,474,482	Legal & Professional/Tax Credit Costs	75,000
Deferred Developer Fee	762,533	Operating Reserve & DSRF	691,002
General Partner	<u>25,000</u>		
<b>Total</b>	<b>\$11,762,015</b>	Bond Issuance Costs	171,500
		Deferred Developer Fee	<u>762,533</u>
		<b>Total</b>	<b>\$11,762,015</b>

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

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**JOBS**

Current employment:	4	Projected new jobs:	0
Jobs retained:	N/A	Construction jobs (12 mo’s.):	15-20

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**BUSINESS SUMMARY**

Organization: **Hidden Glen Apartments LP (the “Applicant”)**, is an Illinois limited partnership and special purpose entity established for the express purpose of purchasing, renovating, operating, and preserving the 128-unit Hidden Glen apartments as an affordable rental property in Bourbonnais (Kankakee County), Illinois.

The **General Partner**, and 1.00% owner of the Applicant, will be **Hidden Glen Manager LLC**, an Illinois Limited Liability Company, the manager of which will be The Rappin Group LLC of Chicago (Jeffrey C. Rappin, Manager). The Rappin Group LLC is an affiliate of Evergreen Real Estate Services, L.L.C. of Chicago, a Chicago-based owner and manager of affordable and market-rate rental housing properties (more information below).

The Economic Disclosure Statement section of this report provides additional background information on those with an ownership interest in the General Partner.

The **Limited Partner** and 99.00% owner of the project will be a special purpose affiliate of the **RED Capital Markets, Inc., Columbus, Ohio (Boston, MA office)**, a Low Income Tax Credit Investor/Syndicator (and a wholly owned subsidiary of National City Bank, Cleveland, Ohio). The Limited Partner will initially provide the Tax Credit Equity for this financing.

Background: Hidden Glen Apartments is an existing 128-unit affordable rental housing property serving families located in Bourbonnais, Illinois (Kankakee County), approximately 57 miles southwest of Chicago approximately 1 mile west of the Interstate 57/Illinois Hwy 50 interchange in Bradley. Bourbonnais is one of three contiguous communities that serve as the commercial center of Kankakee County. Bourbonnais is located to the north and the west of the Village of Bradley, and approximately 4 miles north of Downtown Kankakee.

Hidden Glen was built in 1972 and is a project-based Section 8 development located on the southeast side of the Village of Bourbonnais, just north of Olivet Nazarene University. The

property consists of 16 buildings (each with eight two-bedroom unit) and off-street parking for 200 cars, including eight handicapped spaces.

The development also includes two small, one-story buildings housing the management office, laundry facilities, and a maintenance office/workshop.

The proposed renovations will include improvements to selected unit interior, building mechanical systems, roofing, sidewalk and parking lot repair and replacement, and construction of garbage dumpster enclosures.

Interior improvements will include selected glass replacement, selected kitchen cabinet repair or replacement, and replacement of 20% of stoves and refrigerators. Plans also include replacement of most bathroom vanity tops, faucets, medicine cabinets, and lights bars; repair of tub/shower surrounds, as needed; replacement of selected ceiling fixtures; repair, replacement and painting of selected door hardware and/or doors; replacement of selected vinyl floor tile and the addition of new tile entry areas.

Mechanical improvements will include replacement of any remaining horizontal electric furnaces with vertical furnaces; replacement of condensing units, where needed, and new water heaters, as needed.

Exterior improvements will include replacement of selected sidewalk concrete, where damaged, and repair and replacement of selected asphalt parking areas and sealing and re-striping the parking area. Additionally, six of the 16 apartment buildings and the one-story building housing the laundry facilities will receive new roofs, gutters and downspouts. Finally, new garbage dumpster enclosures will be constructed (there are none now).

The developer does not anticipate any displacement of Hidden Glen tenants due to the proposed renovations.

Experience of  
Property  
Manager &  
Developer:

The property will be managed by Evergreen Real Estate Services, LLC of Chicago, the parent entity of the affiliate of the Borrower.

Evergreen and its affiliates currently own and manage 12 multifamily properties comprising 1,501 units located in 5 states, including 6 properties in Illinois. [Of these 12 properties, Evergreen 10 are affordable rental properties comprising 1,289 units.]

Evergreen (and affiliates) also serve as an independent manager for 19 affordable rental properties (elderly, disabled, families, drug addiction) owned by unrelated third parties comprising 1,445 total units.

Generally, Evergreen manages properties where its affiliates serve as the General Partner.

- *Evergreen's portfolio of owned rental housing projects include the following properties:*

***Affordable Properties Owned and Managed by Evergreen and Affiliates:***

1. **Buena Vista Apartments, Elgin, IL; 231 units (families); 100% Section 8;** Evergreen has owned and managed since 2004. The acquisition of this project was financed with \$12.7 million of IFA Bonds (enhanced by FNMA) combined with 4% Tax Credits that closed in June 2004. All payments on the IFA Bonds have been on time and remain current.
2. **Buena Vista Tower, Elgin, IL; 108 units (families); 100% Section 8;** managed since 1999

3. **Buena Vista Townhomes, Elgin, IL; 120 units (families); 100% Section 8; managed since 1999**
4. **Terrace Apartments, Rockford, IL; 128 units (elderly); 100% Section 8; managed since 1999**
5. **The Park Tower, Joliet, IL; 134 units (elderly); 100% Section 8; managed since 1999**
6. **Indian Trail Apartments, Addison, IL; 200 units (families); (including 180 Tax Credit Units); managed since September 2005**
7. **Parkview Terrace, Mishawaka, IN; 108 units (families); 100% Section 8; managed since 1999**
8. **Spruce Hill Apartments, Asheville, NC; 174 units (families); 70 Section 8 Units; managed since 1999**
9. **Big Oak Apartments, Knoxville, TN; 150 units (families); 100% Section 8; managed since 1999**
10. **Pine Ridge, Knoxville, TN; 125 units (families); 60 Section 8 Units; managed since 1999**

***Market Rate Properties Owned and Managed by Evergreen and Affiliates:***

11. **McKinley Woods, Mishawaka, IN; 82 units (families); Market Rate; managed since 1999**
12. **Coves North Duplexes, Kansas City, MO; 130 units (families); Market Rate; managed since 1999**

• ***Evergreen's portfolio of managed rental housing projects include the following properties:***

1. **Bethel Terrace, Chicago, IL; 124 units (elderly); 100% Section 8; managed since February 2006**
2. **Bethesda Village, Zion, IL; 40 units (elderly); 100% Section 8; managed since February 2006**
3. **Bobby Wright Complex, Chicago, IL; 40 units (developmentally disabled); 100% Section 8; managed since February 2006**
4. **Coulter Courts, Aurora, IL; 38 units (families); 38 Tax Credit Units (no project based subsidy); managed since February 2006**
5. **Haven Towers, Chicago, IL; 82 units (elderly); Project has a Rental Assistance Contract; managed since February 2006**
6. **Illinois Chinese American Residence for Elderly (ICARE), Westmont, IL; 60 units; 100% Section 8; managed since February 2006**
7. **Linden House, Chicago, IL; 99 units (elderly); 100% Section 8; managed since February 2006**
8. **One Deerfield Place, Deerfield, IL; 98 units (elderly); 100% Section 8; managed since February 2006**
9. **Sanctuary Place, Chicago, IL; 72 units (women rehabilitating from drug addiction); 100% Shelter Plus Care; managed since February 2006**
10. **Maywood Phoenix Homes, Chicago, IL; 80 units (elderly); HUD 202 financing; managed since March 2006**
11. **Goodell Place, Maywood, IL; 22 units (families); 100% Tax Credit Property; managed since March 2006**
12. **Frank B. Peers, Highland Park, IL; 68 units (elderly); Section 8; managed since July 2006**
13. **Walnut Place, Highland Park, IL; 68 units (56 units for elderly and 12 townhomes for families); Section 8; managed since July 2006**
14. **Ravinia Housing, Highland Park, IL; 17 townhomes (families); Lake County Housing Authority/Section 8; managed since July 2006**
15. **Beth Anne Residences, Chicago, IL; 124 units (seniors); HUD 202/PRAC; managed since September 2006**
16. **Anathoth Gardens, Chicago, IL; 40 units (seniors); HUD 202/8; managed since September 2006**
17. **Bethel Place, Chicago, IL; 40 units (seniors); HUD 202/PRAC; managed since September 2006**

18. **Marywood Apartment Homes, Aurora, IL; 264 units (families);** Tax Credit Property with restricted rents; managed since September 2006
19. **Yale Building, Chicago, IL; 69 units (seniors);** Tax Credit Property with restricted rents; managed since January 2007

In June 2004, Evergreen closed on \$12.7 million of IFA Affordable Rental Housing Revenue Bonds that financed the acquisition and renovation of the **Buena Vista Apartments** property in Elgin with \$12.7 million of IFA Affordable Rental Housing Revenue Bonds. All payments to date have been current through 10/1/2007.

Accessibility: This project was originally constructed as an affordable rental housing property in 1972. Accordingly, all 128 units are exempted from compliance from the Americans with Disabilities Act ("ADA").

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### FINANCING SUMMARY

Security/  
Bondholder  
Collateral: Series 2007 Bonds: The Bonds will be secured by a Direct Pay Letter of Credit from US Bank. The initial term on the US Bank Direct Pay LOC will be 16.5 years, with provisions to extend or renew thereafter until maturity (35 years).

LOC Bank  
Collateral: US Bank will be secured by a First Mortgage on the subject property.  
Structure: Bonds will be sold as 7-day variable rate demand bond. The most recent average rate on 7-day variable rate demand bonds was 3.60% as of 10/17/2007 (excludes annual LOC and ongoing remarketing and trustee expenses).

Maturity: Series 2007 Bonds: 35 years (with level principal amortization over the last 35 years; provides for interest-only payments for the first two years)

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### PROJECT DESCRIPTION FOR IFA BOND RESOLUTION

Bond proceeds will be used by Hidden Glen Apartments LP, an Illinois limited partnership, or an affiliate thereof (the "Borrower") to finance or refinance the acquisition, rehabilitation, and equipping of an approximately 128-unit multifamily rental housing facility to be known as "Hidden Glen Apartments" and located at approximately 130-380 North Stadium Drive, Bourbonnais, Illinois 60914 (the "Project").

The initial owner, operator, or manager of the Project to be financed or refinanced with proceeds of the Bonds will be the Borrower.

Preliminary estimated project costs are as follows:

Land/Site Development:	\$820,000
Building Acquisition	7,380,000
Renovation:	1,837,200
Architectural/Engineering:	237,000
Project Contingency:	<u>532,780</u>
Total:	\$9,986,980

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: **Hidden Glen Apartments LP**, an Illinois Limited Partnership c/o Mr. Jeffrey C. Rappin, Evergreen Real Estate Services, L.L.C., 566 W. Lake Street, Suite 400, Chicago, IL 60661; Ph.: 312-382-3232; Fax: 312-382-3250; e-mail: [jrappin@evergreenres.com](mailto:jrappin@evergreenres.com)

Project name: Hidden Glen Apartments  
Location: 130-380 N. Stadium Drive, Bourbonnais (Kankakee County), IL 60914  
Organization: Illinois Limited Partnership  
State: Illinois

Ownership of Applicant: **Hidden Glen Apartments, LP, an Illinois Limited Partnership**

- **General Partner (1.00%): Hidden Glen Manager LLC, c/o Evergreen Real Estate Services L.L.C. 566 W. Lake Street, Suite 400, Chicago, IL 60661**
  - Jeffrey C. Rappin, Manager
- **Limited Partner (99.00%): RED Capital Markets Group, Inc. (Limited Partner), Columbus, OH (headquarters).** RED Capital Markets Group, Inc. is a wholly owned subsidiary of National City Bank, Cleveland, OH. RED Capital Markets Group, Inc. will ultimately sell beneficial limited partnership interests to large corporations (primarily publicly owned companies), subsequent to closing.

Current Property Owner/Seller: Hidden Glen Apartments, L.L.C.  
 c/o The Sage Group, Ltd.  
 290 North Stadium Drive  
 Bourbonnais, IL  
 Attn: Ms. B. Diane Mathisen, Sole Member

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**PROFESSIONAL & FINANCIAL**

Counsel:	Kenneth Hartmann Law	Geneva, IL	Ken Hartman
Accountant:	Reznick Group PC	Chicago, IL	Bruce Schiff
Letter of Credit:	US Bank	Madison, WI	Karen Knaak
		Columbus, OH	Tom Whitman
Counsel to LOC			
Bank:	Briggs and Morgan	St. Paul, MN	Fritz Angst
Bond Counsel:	Sidley Austin LLP	Washington, DC	Peter Canzano
Underwriter:	Stern Brothers, Inc.	Chicago, IL	David Rasch
Underwriter's Coun.:	Sidley Austin LLP	Chicago, IL	Richard Astle
Tax Credit Investor:	RED Capital Markets, Inc.	Boston, MA	Richard Coomber
Tax Credit Investor's			
Counsel:	Nixon Peabody LLP	Boston, MA	Tom Giblin
Trustee:	Amalgamated Bank of Chicago	Chicago, IL	
Architect/Structural			
Engineer:	Christus Design Group	Elgin, IL	Jeff Lind
General Contractor:	Evergreen Construction (an affiliate of the Borrower)	Chicago, IL	Jim Castner
Management Agent:	Evergreen Real Estate Services LLC (an affiliate of the Borrower)	Chicago, IL	Polly Kuehl
Issuer's Counsel:	Sanchez Daniels & Hoffman	Chicago, IL	John Cummins, Heather Erickson
IFA Financial			
Advisors:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago Chicago	Bill Morris Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional:	11	Gerald C. ("Jerry") Weller
State Senate:	38	Gary G. Dahl
State House:	75	Careen Gordon

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**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Illinois Finance Authority (Short-Term Tax Anticipation Program for Cook County)**

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**STATISTICS**

Number:	<u>L-GO-LL-TX-7326</u>	Amount:	\$100,000,000
Type:	Line of Credit	IFA Staff:	Nona R. Myers
Location:	School Districts and Municipalities		Kristi Conrad
	Located Throughout Cook County		
County:	Cook	Region:	Northeast

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**BOARD ACTION**

Final Resolution

Line of Credit to Purchase Tax Anticipation Warrants and Notes issued by school districts and other municipalities located throughout Cook County

Staff recommends approval

There will be no recourse against the IFA for the participants' failure to meet financial obligations.

No Extraordinary conditions

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**PURPOSE**

To provide funding to Cook County school districts and municipalities with operating cash flow deficits due to the delay of property tax collections and distributions.

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**IFA PROGRAM AND CONTRIBUTION**

Various Cook County school districts and municipalities have asked IFA to provide interim financing to fund operations until the second installment of property taxes are received. The IFA will serve as a facilitator to privately place tax anticipation warrants and notes issued by municipalities and school districts with a financial institution. The program offers a streamlined short-term borrowing program to enable participants to fund operations until property tax revenues are received. Staff is requesting the Board's approval via a single vote to permit this emergency program to be immediately implemented.

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**VOTING RECORD**

This is the first time that the Short-Term Tax Anticipation Program for Cook County as been presented to the IFA Board of Directors.

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: Key Bank Line of Credit	<u>\$100,000,000</u>	Loans to School Districts and Municipalities	<u>\$100,000,000</u>
Total	<u>\$100,000,000</u>	Total	<u>\$100,000,000</u>

- Applicants will have a nonrefundable \$1,500 IFA application fee. The all-inclusive fee will cover programmatic administrative and legal costs.

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**BUSINESS**

**Background:** A delay in extending property tax relief postponed the distribution of Cook County's second installment property tax bills by at least five to six weeks. This year, bills were not mailed until November, with payments due no later than December 3, 2007 (according to the Cook County Treasurer's Office website). Therefore, local governments and school districts will probably not receive their property tax revenues until mid-December.

Many school districts and municipalities have December 1, 2007 bond payment obligations that are supported by property tax revenues. Moreover, the unanticipated delay in property tax receipts has created operating cash deficits for many government units. Some observers estimate that up to 1,700 Cook County municipalities and school districts may have cash flow issues because of this delay in property tax distributions.

In anticipation of these problems, IFA staff is requesting Board approval to offer a new short-term borrowing program to qualified school districts and municipalities in Cook County. The program is designed as a user-friendly, cost-effective option to meet immediate cash flow shortfalls as a result of this property tax collection dilemma in the largest county in Illinois.

**FINANCING SUMMARY**

**Program Overview:** The IFA will facilitate and market a short-term borrowing program that will assist Cook County municipalities and school districts experiencing cash flow shortages resulting from a delay in property tax revenue distributions. The program will be marketed through the Cook County Treasurers Office, the IFA website, various area councils of local government, The South Suburban Mayors and Managers Association, the Illinois Municipal League, and other entities that serve area units of local government.

**The Bank:** Funding will be provided by Key Bank, which was selected after reviewing proposals from four commercial banks.

**Documentation:** Units wishing to participate in the program will be required to adopt a resolution / ordinance to issue TAWs and to participate in the program. Participants will pledge forthcoming property tax receipts as security for the anticipated debt. In addition, units will complete a short application that will be evaluated by Key Bank personnel. A nonrefundable application fee of \$1,500 will be collected to cover legal and administrative costs associated with the program. Participants will execute a tax anticipation note or warrant in a form that is satisfactory to Key Bank and IFA.

**Financial Structure:** The program would be funded via line of credit or loans extended by Key Bank for up to \$100 million, which will be used to purchase tax anticipation warrants or note. Subject to Bank approval and pursuant to State law, participants would be permitted to draw-down up to 85% of tax distributions, via the issuance of tax anticipation warrants, the term of which is not expected to exceed 60 days. Staff expects that the actual amount of most warrants or notes will be much less than 85% of the anticipated tax installment because the loans are expected to cover a relatively short delay in property taxes.

The warrants may be prepaid at any time. Principal and interest is due upon maturity.

**Interest:** The expected interest rate will be sixty-day LIBOR plus a modest basis point spread to cover bank marketing and legal fees. A tax-exempt interest rate option is not expected to be offered to simplify due diligence requirements and accelerate funding availability.

**Collateral** The warrants will be secured by the participant's pledge of the property tax distribution. The amount of the warrant or note for each participant shall be limited to no more than 85% of tax distributions. **Key Bank will have no recourse to IFA or the State of Illinois in the event of a default by any participant.**

**Maturity:** The warrants will have a 60-day maturity with no penalty for prepayment.

**Repayment:** Principal and accrued interest due at maturity.

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### ECONOMIC DISCLOSURE STATEMENT

**Applicants:** Multiple  
**Organizations:** Cook County municipalities and school districts

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### PROFESSIONAL & FINANCIAL

<b>IFA Counsel:</b>	Raymond Fricke	Chicago	Ungaretti & Harris
<b>Bank:</b>	Key Bank National Association	Indianapolis, IN	Dawn Tabler
<b>IFA Financial Advisor:</b>	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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### LEGISLATIVE DISTRICTS

**Congressional:**

District 1 - Bobby Rush	District 5 - Rahm Emanuel	District 9 - Janice D. Schakowsky
District 2 - Jesse Jackson, Jr.	District 6 - Peter Roskam	District 10 - Mark Kirk
District 3 - Daniel Lipinski	District 7 - Danny K. Davis	District 13 - Judy Biggert
District 4 - Luis V. Gutierrez	District 8 - Melissa Bean	

**State Senate:**

District 1 - Antonio Munoz	District 11 - Louis Viverito	District 21 - Dan Cronin
District 2 - William Delgado	District 12 - Martin A. Sandoval	District 22 - Michael Noland
District 3 - Mattie Hunter	District 13 - Kwame Raoul	District 26 - William E. Peterson
District 4 - Kimberly Lightford	District 14 - Emil Jones, Jr.	District 27 - Matt Murphy
District 5 - Rickey Hendon	District 15 - James Meeks	District 28 - John J. Millner
District 6 - John Cullerton	District 16 - Jacqueline Collins	District 29 - Susan E. Garrett
District 7 - Carol Ronen	District 17 - Donne Trotter	District 30 - Terry Link
District 8 - Ira Silverstein	District 18 - Edward Maloney	District 33 - Dan Kotowski
District 9 - Jeffrey Schoenberg	District 19 - Maggie Crotty	District 39 - Don Harmon
District 10 - James DeLeo	District 20 - Iris Y. Martinez	District 40 - Debbie DeFrancesco Halvorson
		District 41 - Christine Radogno

**State House:**

District 1 - Susana A. Mendoza	District 21 - Robert S. Molaro	District 41 - Robert Biggins
District 2 - Edward J. Acevedo	District 22 - Michael Madigan	District 43 - Ruth Munson
District 3 - Luis Arroyo	District 23 - Daniel Burke	District 44 - Fred Crespo
District 4 - Cynthia Soto	District 24 - Elizabeth "Lisa" Hernandez	District 50 - Patricia Reid Lindner
District 5 - Kenneth Dunkin	District 25 - Barbara Flynn Currie	District 51 - Ed Sullivan, Jr.
District 6 - Esther Golar	District 26 - Elga Jeffries	District 52 - Mark H Beaubien, Jr.
District 7 - Karen A. Yarbrough	District 27 - Monique Deon Davis	District 53 - Sidney H. Mathias

District 8 - La Shawn Ford  
District 9 - Arthur L. Turner  
District 10 - Annazette Collins  
District 11 - John A. Fritchey  
District 12 - Sara Feigenholtz  
District 13 - Gregory S. Harris  
District 14 - Harry Osterman  
District 15 - John C. D'Amico  
District 16 - Lou Lang  
District 17 - Elizabeth Coulson  
District 18 - Julia Hamos  
District 19 - Joseph Lyons  
District 20 - Michael McAuliffe

District 28 - Robert Rita  
District 29 - David E Miller  
District 30 - William Q. Davis  
District 31 - Mary Flowers  
District 32 - Milton Patterson  
District 33 - Marlow Colvin  
District 34 - Connie Howard  
District 35 - Kevin Joyce  
District 36 - James Brosnahan  
District 37 - Kevin McCarthy  
District 38 - Al Riley  
District 39 - Maria A. Berrios  
District 40 - Richard T. Bradley

District 54 - Suzanne Bassi  
District 55 - Harry R. Ramey, Jr.  
District 56 - Paul Froelich  
District 57 - Elaine Nekritz  
District 58 - Karen May  
District 59 - Kathleen Ann Ryg  
District 65 - Rosemary Mulligan  
District 66 - Carolyn Krause  
District 77 - Angelo Saviano  
District 78 - Deborah Graham  
District 80 - George Scully, Jr.  
District 81 - Renee Kosel  
District 82 - Jim Durkin

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Local Government 2007 B Pool**

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**STATISTICS**

Number:	L-G-MO-7235	IFA Staff:	Kristi Conrad
Type:	Local Government Pooled Bond Program 2007 B	Location:	Village of Waynesville, DeWitt County City of Aledo, Mercer County
Amount:	\$2,760,000 (not to exceed)	Region:	North Central Northwest

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**BOARD ACTION**

Final Bond Resolution to purchase bonds from the following communities:

City of Aledo - \$2,070,000 (not to exceed)

Village of Waynesville - \$620,000 (not to exceed)

No extraordinary conditions

Local Government Pooled Bond

Staff recommends approval

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**IFA CONTRIBUTION AND CONTRIBUTION**

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the financing conduit. The pooling process allows local governments to realize savings by sharing fixed costs and achieving economies of scale. In addition, the issues are supported by the "moral obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption offers participants an lower overall borrowing rate. **Subject to appropriate security being provided by the borrower. Subject to Moral Obligation of the State of Illinois.**

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**VOTING RECORD**

The following entities were approved by the Board on an individual basis on October 9, 2007:

- Village of Waynesville
- City of Aledo

Ayes: 10

Nays: 0

Absent: 5

Vacancies: 0

Abstentions: 0

This is the first time the 2007 B pool has been presented to the Board in its entirety.

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**SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	<u>\$2,760,000</u>	Uses:	Underwriter's Discount	\$45,000
				Project Amounts	2,610,000
				IFA Non Asset Bond	50,000
				Local Bond Counsel	10,000
				Other Fees	38,000
				IFA Fee	7,000
	Total	<u>\$2,760,000</u>	Total		<u>\$2,760,000</u>

\*In addition, we are requesting a debt service reserve contribution, not to exceed \$20,000. This will be combined with IFA issued non asset bonds (not to exceed \$50,000) that will be used to secure a Guaranteed Investment Contract (GIC). This investment mechanism serves to fund a debt service reserve, which has historically served as security for local government pooled issues since 1990. Further explanation is provided below in the "Security" section of the Board Write-up.

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### FINANCING SUMMARY

The Bonds: As a conduit, the IFA Bonds will be Revenue Bonds. The underlying bonds issued by the local government participants will be the following:  
Village of Waynesville: Alternate Revenue Bonds  
City of Aledo: Alternate Revenue Bonds  
IFA -- Non Asset Bonds

Security: The security is dependent upon the underlying debt issued and is reflected in the following:

Alternate Revenue Bonds - The bonds are secured by a pledge of (i) applicable fund fees/charges, and if such net revenues are insufficient to meet debt service, then (ii) ad valorem property taxes are levied against all of the taxable property in the District/Village without limitation as to rate or amount, and (iii) the District/Village's interceptable State revenues.

Non Asset Bonds – Since the inception of the Illinois Rural Bond Bank (IRBB) in 1990, additional security was provided to local government pools by the IRBB via funding of a debt service reserve (DSR). The DSR provides security for all pools issued in totality, not for each pool individually. To date, the reserve is valued at an amount exceeding \$8.5 million (\$7.8 million in IRBB non asset bond issuance and \$700,000 of equity contributions). The DSR must be adequately funded so as to be able to fully fund annual debt service (of all pools issued to date).

In order to fund the DSR, non-asset bonds in combination with an equity contribution are used to purchase a Guaranteed Investment Contract (GIC). Interest earned from the GICs must be adequate to pay for the bi-annual non-asset bond payments. Therefore, it is necessary at times for the IRBB (now the IFA) to make an equity contribution in order for the GIC to be sizable enough for interest earnings to meet the non-asset bonds interest obligations.

IFA new local government pool issues may require additional funding of the DSR. The fact that the 2007B pool is a new issuance of \$3 million with a term of 30 years, and the non-asset bonds (that have been) historically issued are subject to mature prior to the 2007 B pool's maturity, it may be necessary to fund the DSR. AG Edwards anticipates that the IFA will need to issue no more than \$50,000 in non-asset bonds and make an equity contribution of no more than \$25,000, if at all.

Structure: Principal is expected to be due on February 1, with a final maturity of the pool anticipated in 2038. Interest will be fixed rate and payable each August 1 and February 1, beginning August 1, 2008. The bonds are subject to redemption prior to maturity.

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### ECONOMIC DISCLOSURE STATEMENT

Applicants and Locations: Village of Waynesville, 200 E. 2<sup>nd</sup> St. PO Box 60, Waynesville, IL 61778  
City of Aledo, 120 N. College Avenue, Aledo, IL 61231

Project name: Local Government 2007 B Pool

Organizations: Illinois Municipalities

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**PROFESSIONAL & FINANCIAL**

Issuer's Counsel:	Brooks Cahill & Hanley	Chicago	Kevin Cahill
IFA Bond Counsel:	Chapman & Cutler, LLP	Chicago	Chuck Jarik
Local Bond Counsel: (Waynesville)	Chapman & Cutler, LLP,	Chicago	Chuck Jarik
Local Bond Counsel: (Aledo):	Hart, South &, Witsman, Worth	Springfield	Mike Southworth
Underwriter:	AG Edwards & Co., LLP,	St. Louis,	Anne E. Noble
Trustee:	US Bank,	St. Louis,	Brian Kabbes
IFA Financial Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

**Waynesville:**  
Congressional: 15<sup>th</sup> – Timothy V. Johnson  
State Senate: 44<sup>th</sup> – Bill Brady  
State House: 87<sup>th</sup> – Bill Mitchell

**Aledo:**  
Congressional: 17<sup>th</sup> – Phil Hare  
State Senate: 36<sup>th</sup> – Mike Jacobs  
State House: 72<sup>nd</sup> – Patrick Verschoore

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: CJA Management, LLC**

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**STATISTICS**

Project Number: B-LL-TX-7237	Amount:	\$234,360
Type: Participation Loan	IFA Staff:	Jim Senica
Location: Peru	Region:	Northwest
County: LaSalle		

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**BOARD ACTION**

Purchase of Participation Loan from Amcore Bank in Peru  
\$234,360 IFA funds at risk  
Staff recommends approval subject to compliance with all of the Bank's terms and conditions.

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**PURPOSE**

To finance the acquisition of commercial real estate located in Peru, IL and certain improvements to be made thereon.

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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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**VOTING RECORD**

There is no voting record on the project as this is the first time it is being presented to the Board for approval.

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**SOURCES AND USES OF FUNDS**

Sources: IFA Participation:	\$234,360	Uses: Purchase of real estate	\$510,900
Heartland Bank:	234,360	Improvements to property	<u>75,000</u>
Equity	<u>117,180</u>	Total	<u>\$585,900</u>
Total	<u>\$585,900</u>		

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**JOBS**

Current employment:	50	Projected new jobs:	2
Jobs retained:*	25	Construction jobs	75 (average over 7 months)

\* The project will be retaining 25 jobs that would otherwise be lost if the borrower had not purchased the project assets to use for business operations. Additionally, the borrower will be creating new permanent positions as conditions warrant. CJA Management also employs about 25 workers additional at another existing Illinois facility.

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**BUSINESS SUMMARY**

- Background:** CJA Management, LLC is a recently-formed Illinois limited liability company established to serve as the holding company of the real estate of TLC Leasing Company (an Illinois S corporation), a distribution company owned by the Company's president, Mr. Bhavesh (Bob) Patel. Mr. Patel is well-experienced in the distribution field, having been in the trucking business in excess of 25 years.
- Description:** TLC Leasing Company is a fleet owner/operator that leases tractors with drivers to Midwest Coast Transport, a high service, 48-state, full truckload carrier of general commodities, both dry goods and products requiring protective services. TLC Leasing Company (formerly known as Transshield Leasing Company) was founded in 1994 as a result of restructure of Transshield Trucking, Inc. and the combination of its operations with those of Midwest Coast Transport. The Company's fleet of nearly 800 power units (truck tractors) is comprised entirely of independent contractors driving in both solo and team operation formats primarily on long-haul deliveries. In addition to the new Peru facility, TLC Leasing Company maintains its main office in West Chicago, Illinois, a repair facility in Rice Lake, Wisconsin and a Drop yard in Davenport, Iowa.
- The Project:** The project as presented constitutes permanent financing for the acquisition of real estate of the former JCJ Trucking (which is ceasing operations).located at 3535 N 30<sup>th</sup> Road in Peru, IL and the completion of certain improvements thereon. The project real estate will be owned by CJA Management, LLC leased to Midwest Coast Transport and will serve as a service/maintenance center under a new operating company to be named BP Transportation, LLC. The appraised value of the real estate including the value of the to-be-made improvements is \$585,900. The bank in accordance with its standard lending policy has limited the extent of Bank/IFA financing to 80% loan to value. The retention of the 50 former employees of JCJ Trucking is critically important to the economic vitality of the LaSalle-Peru area.

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** CJA Management, LLC  
**Location:** 3535 N 30<sup>th</sup> Road Peru, IL (LaSalle County)  
**Organization:** Illinois Limited Liability Company  
**Ownership:** Bhavesh Patel – 100%%

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**PROFESSIONAL & FINANCIAL**

<b>Banker:</b>	Amcore Bank	Peru	Julie Sloan
<b>Accountant:</b>	PAN Consultants, Inc.	Elk Grove Village	
<b>IFA Counsel:</b>	Dykema Gossett PLLC	Chicago	Gregory Wright
<b>IFA Financial Advisors:</b>	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

**Congressional:** 11 – Jerry Weller  
**State Senate:** 38 – Gary Dahl  
**State House:** 76 – Frank J. Mautino

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Aqua Illinois, Inc.**

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**STATISTICS**

Project Number:	PU-WD-TE-CD-7202	Amount:	\$17,000,000 (not-to-exceed amount)
Type:	Water Furnishing Facilities Revenue Bonds	IFA Staff:	Rich Frampton
Locations:	Belgium, Bourbonnais, Bradley, Catlin, Danville, Hawthorne Woods, Kankakee, Manteno, Philo, Tilton, University Park, Unincorporated Will County, Westville and adjacent unincorporated areas	Counties/ Regions:	Cook, Kankakee, Lake, Will, Champaign and Vermilion Counties / Northeast and East Central

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**BOARD ACTION**

Final Bond Resolution  
Staff recommends approval  
Conduit Tax-Exempt Water Furnishing Facilities Revenue Bonds  
No IFA funds at risk  
No extraordinary conditions

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**PURPOSE**

As proposed, IFA would issue \$17 million of New Money Water Furnishing Facilities Revenue Bonds to finance Aqua Illinois' drinking water systems including, but not limited to, mains, meters, pumping stations, and treatment plants. These improvements will focus on Aqua Illinois service areas located in portions of Champaign, Cook, Kankakee, Lake, Vermilion, and Will Counties.

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**IFA PROGRAM AND CONTRIBUTION**

The Bonds will be issued as Tax-Exempt Water Furnishing Facilities Revenue Bonds, a category of Exempt Facilities Bonds under the Internal Revenue Code (Section 142(a)(4)). These Bonds provide Tax-Exempt financing for capital improvements for drinking water furnishing facilities owned by investor-owned water companies.

IFA (IDFA) has had a longstanding relationship with Aqua Illinois, Inc. and its predecessors (including Consumers Illinois Water Company and Inter-State Water Company) since 1984. As of 8/31/2007, IFA (IDFA) had approximately \$12.75 million of Revenue Bonds outstanding for Aqua Illinois, Inc.

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**VOLUME CAP**

100% of the Volume Cap for this project will be derived from 2004 Carryforward Volume Cap allocated specifically for Water Furnishing Facilities Revenue Bonds. *Accordingly, these Bonds will not require any 2007 Volume Cap.* These Bonds must be issued on or before 12/31/2007 (i.e., prior to the 12/31/2007 expiration date of the subject 2004 Carryforward Volume Cap).

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**VOTING RECORD**

Preliminary Bond Resolution -- October 9, 2007:

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

Vacancies: 0

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

Sources:	IFA Series 2007 Bonds	<u>\$17,000,000</u>	Uses:	Project Costs	\$16,405,000
				Costs of Issuance and	
				Bond Insurance Prem.	<u>595,000</u>
	<b>Total</b>	<b><u>\$17,000,000</u></b>		<b>Total</b>	<b><u>\$17,000,000</u></b>

Source of Equity: To the extent the Costs of Issuance and the Bond Insurance Premium exceed the amounts represented above (or if the Costs of Issuance exceed 2% of bond proceeds) any additional costs of issuance will be drawn from available corporate resources. Combined Costs of Issuance and Bond Insurance Premium are initial estimates. Aqua Illinois and the Underwriter (Edward Jones) have submitted a request for municipal bond insurance from AMBAC, FGIC, MBIA, and XL.

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**JOBS**

Current employment in Illinois: 90	Projected new jobs: 0 (Aqua Illinois is a regulated utility)
Jobs retained: Not Applicable	Construction jobs: 265 (1-15 months)

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**BUSINESS SUMMARY**

**Background:** Aqua Illinois, Inc. (“Aqua Illinois” or the “Company”), is incorporated under Illinois law and based in Kankakee, Illinois. Aqua Illinois is a wholly-owned subsidiary of Aqua America, Inc. of Bryn Mawr, Pennsylvania (“Aqua America” or the “Parent Company”).

The Parent Company is incorporated under Pennsylvania law and serves as a holding company for regulated utilities providing water or wastewater services to approximately 2.8 million people in portions of 13 states, including Pennsylvania, Illinois, Ohio, North Carolina, Texas, New Jersey, New York, Indiana, Florida, Virginia, Maine, Missouri, and South Carolina.

Aqua America’s stock is publicly traded on both the New York Stock Exchange and the Philadelphia Stock Exchange under the ticker symbol “WTR”.

**Description:** Aqua Illinois, Inc. is an investor-owned water company and regulated public utility that provides water to residential, commercial, and industrial customers throughout Illinois, with its principal operating divisions located in Northern Illinois and Central Illinois. Aqua Illinois and its predecessors have supplied water to the greater Kankakee area since 1886 and acquired the municipal water system assets in nearby Manteno in June 2007 for \$4.5 million. Predecessor companies included Consumers Illinois Water Company of Kankakee and Inter-State Water Company of Danville. The Company is also engaged in providing wastewater services in certain districts.

Aqua America’s Illinois operations are headquartered in Kankakee. Aqua Illinois serves approximately 69,000 water and wastewater customers, serving a population base of approximately 200,000 people located in approximately 31 municipalities and adjacent unincorporated areas of nine counties. Aqua Illinois employs approximately 90 in Illinois, including 50 at its Illinois headquarters facility in Kankakee. Additionally, Aqua America, Inc. established a regional call center in Kankakee in 2006 that services customers at Aqua America subsidiaries located in Illinois, Indiana, Missouri, and Ohio. This call center now employs approximately 17 full-time equivalent employees. The Kankakee Call Center is one of three that Aqua America operates nationally.

Aqua Illinois' principal operating divisions include:

1. **Kankakee Division (Kankakee County):**
  - 84.9 square miles; 65,000 people
  - Drinking water
  - Serves 5 communities in Kankakee County: Kankakee, Aroma Park, Bradley, Bourbonnais, and Manteno, along with portions of several adjacent townships (Kankakee, Aroma, Bourbonnais, Manteno, and Limestone)
2. **Vermilion Division (Vermilion County and Village of Philo in Champaign County):**
  - Drinking water
  - 73.5 square miles; 61,500 people in Vermilion County
  - Serves 5 communities in Vermilion County: Danville, Tilton, Catlin, Westville, and Belgium, along with surrounding unincorporated areas
  - Aqua America also purchased a drinking water system in Philo (Champaign County) in 2005 comprising approximately 1 square mile and serving approximately 1300 + people in Philo (Champaign County) that was purchased in 2005 and now operates under the Vermilion Division.
3. **Woodhaven Division (Lee County):**
  - 2.3 square miles; 22,000 people
  - Drinking water and wastewater treatment
  - Serves Woodhaven subdivision in Lee County
4. **University Park Division (Cook County and Will County):**
  - 19.3 square miles; 6,000 people
  - Drinking water and wastewater treatment
  - Serves the Village of University Park, and portions of several adjacent townships in Will County (Crete, Green Garden, and Monee)
5. **Candlewick Division (Boone County):**
  - 2.0 square miles; 5,000 people
  - Drinking water and wastewater treatment
  - Serves the Candlewick subdivision in Boone County
6. **Willowbrook Division (Will County):**
  - 10.3 square miles; 3,200 people
  - Drinking water and wastewater treatment
  - Serves the following subdivisions and unincorporated areas in NE Will County: Willowbrook Estates, Ridgefield Subdivision, Dixie Dells, Balmoral Woods, Calumet Gardens, and NE Crete Township
7. **Oak Run Division (Knox County):**
  - 7.8 square miles; 1,350 people
  - Drinking water
  - Serves the Oak Run subdivision in Knox County
8. **Ivanhoe Division (Lake County):**
  - 1.4 square miles; 600 people
  - Drinking water and wastewater treatment
  - Serves the unincorporated Lake County including and near the Ivanhoe Country Club (near Mundelein)
9. **Ravenna (Long Grove/Lake County):**
  - 160 acres, serves 29 customers, in the Village of Long Grove
  - purchased in 2006
10. **Aqua Illinois Operations and Maintenance Contracts (2)**
  - Village of Tower Lakes (Lake County); 2.0 square miles; 1,200 people
  - Village of Sublette (Lee County); 1.0 square mile; 600 people

Most recently, IFA (IDFA) closed \$12.755 million of Water Furnishing Facilities Refunding Bonds in November 2002. This Bond issue refinanced 100% of the Company's outstanding Bonds for water utility improvements located in the Company's Kankakee and Vermilion Districts. The

Series 2002 IFA (IDFA) Bonds are credit enhanced with AMBAC municipal bond insurance and are rated "AAA" by S&P. All payments on prior Aqua Illinois, Inc. Bonds (i.e., Consumers Illinois Water Company Bonds) were current as of 9/1/2007.

Aqua America, Inc. (Aqua Illinois' parent) does not currently have a stand-alone rating from the rating agencies. Aqua America's Pennsylvania subsidiary (Aqua Pennsylvania, Inc.) is Aqua America's largest operating unit comprising 45% of revenues and has a stand-alone, unsecured credit rating of A+ from S&P. Aqua Illinois, Inc., however, is a non-rated entity. The Company plans to enhance the proposed IFA Series 2007 Bonds with AAA-rated (S&P) bond insurance, as with all prior IFA (IDFA) bond issues.

A portion of the proceeds will be used to finance capital improvements to Aqua Illinois' recently acquired Manteno water system and to connect the Manteno water system with the Company's existing water distribution and wastewater treatment facilities in its Kankakee District.

ICC Regulation  
and approval of  
Debt Financing:

The Company is a regulated public water utility that is subject to regulation by the Illinois Commerce Commission ("ICC"). The ICC has jurisdiction with respect to rates, service, accounting procedures, acquisitions, financial leverage, and other matters. Accordingly, Aqua Illinois has submitted details of this financing to the ICC. Aqua Illinois expects the ICC review and public comment periods to extend through approximately 12/27/2007.

On Wednesday 10/17/2007, Aqua Illinois' submitted a Petition for Approval of Finance to the ICC for \$17.0 million of Tax-Exempt IFA Water Furnishing Facilities Revenue Bonds. The Company's application to the ICC notified the ICC that the subject financing must close on or before 12/31/2007 because all \$17 million of available 2004 Carryforward Volume Cap will expire if the Bonds cannot be issued on or before 12/31/2007.

According to Aqua America management, the ICC regulates Aqua Illinois' leveraging and specifies a maximum debt-to-capitalization ratio for the Company. In order to conform to this regulatory requirement, the maximum amount that Aqua America can borrow under the proposed IFA Bond Issue is \$17.0 million.

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#### FINANCING SUMMARY

- Security: Bonds will be sold based on the AAA-rated (S&P) credit enhancement from AMBAC, FGIC, MBIA, or XL (selection to be based on a request for proposals that was distributed by Edward Jones (the Underwriter) to the prospective bond insurers during the week of 9/24/2007). Final selection to be made prior to the November 13<sup>th</sup> IFA Board Meeting.
- Structure: Fixed Rate Bonds. Estimated market rate of 4.75% as of 11/1/2007 (preliminary, subject to change).
- Maturity: Approximately 30 years (December 1, 2037).

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#### PROJECT SUMMARY

Bond proceeds will be used to finance various capital improvements to Aqua Illinois' drinking water system including, but not limited to, mains, meters, pumping stations, and treatment plants located in portions of Aqua Illinois' service area and including the following communities and surrounding unincorporated areas: Belgium/Catlin/Danville/Tilton/Westville (Vermilion County, Illinois); Philo (Champaign County); Aroma Park/Bourbonnais/Bradley/Kankakee/Manteno (Kankakee County, Illinois); Hawthorne Woods (Lake County); and, University Park (Cook County and Will County).

Total Project Costs are estimated at \$16,405,000 (comprised of the improvements described in the preceding paragraph).

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant/Primary Contact:** Aqua Illinois, Inc. (Contact: Mr. Steve Anzaldo, VP & Treasurer, c/o Aqua America, Inc. Corporation, 762 West Lancaster Avenue, Bryn Mawr, PA 19010-3489; Direct Ph.: 610/645-1101; Fax: 610/519-0989; [sfanzaldo@aquaaamerica.com](mailto:sfanzaldo@aquaaamerica.com) );

**Alternate Contacts:** (1) Mr. Bob Kopas; Aqua America, Inc., 6650 South Avenue, Youngstown, OH 44512; Ph.: 330-726-8151; [rakopas@aquaaamerica.com](mailto:rakopas@aquaaamerica.com) , and  
(2) Mr. Terry Rakocy, President, Aqua Illinois, Inc., 1000 S. Schuyler Ave., Kankakee, IL 60901; Ph.: 815/935-6353; Fax: 815/935-8809; [tjrakocy@aquaaamerica.com](mailto:tjrakocy@aquaaamerica.com);

**Project name:** IFA Series 2007 Water Furnishing Facilities Revenue Bonds (Aqua America, Inc. Project)

**Locations:** Belgium/Catlin/Danville/Tilton/Westville and certain surrounding unincorporated areas of Vermilion County, Philo (Champaign County), Hawthorne Woods (Lake County), Aroma Park/Bourbonnais/Bradley/Kankakee/Manteno (Kankakee County), and University Park (Cook County and Will County), and surrounding unincorporated areas.

**Land Owner:** Most of the principal plants and properties of Aqua Illinois, Inc., other than mains, meters, regulators, pumping stations, and treatment plants are located on property owned in fee simple interest. Substantially all water mains are located under public rights-of-way (i.e., public streets, alleys, and highways), or under property owned by other under grants of easement.

**Organization:** Corporation  
**State:** Illinois  
**Ownership:** Aqua Illinois, Inc. is a wholly-owned subsidiary of Aqua America, Inc., a publicly-traded company.

- The only entity that held more than a 5.0% ownership interest in Aqua America, Inc. as of 6/30/2007 pursuant to SEC disclosure was Pictet Asset Management, Ltd., Tower 42, 25 Old Broad Street, London, UK, EC2N 1HQ, a London-based institutional investor. [Because Pictet is an offshore entity and an institutional investor, no further ownership disclosure is required pursuant to IFA policy.]

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**PROFESSIONAL & FINANCIAL**

<b>Borrower's Counsel:</b>	Jones Day	Chicago, IL	Bill Harmon
<b>Bond Counsel:</b>	Chapman and Cutler LLP	Chicago, IL	Chuck Jarik
<b>Underwriter:</b>	Edward Jones	St. Louis, MO	Bill Hizar
<b>Underwriter's Counsel:</b>	Gilmore & Bell, P.C.	St. Louis, MO	Mark Grimm
<b>Bond Insurance:</b>	Bids forthcoming from AMBAC, FGIC, MBIA, and XL. Anticipate selection prior to the 11/13 IFA Board Meeting.		
<b>Auditor:</b>	PricewaterhouseCoopers	Philadelphia, PA	
<b>General Contractor:</b>	Aqua America, Inc.	Philadelphia, PA	
<b>Preliminary Lists of Potential Engineering Consultants and Potential Contractors (see page 6)</b>			
<b>Trustee:</b>	US Bank	Philadelphia, PA	Terence McPoyle
<b>Rating Agency:</b>	Standard & Poor's	New York, NY	
<b>Issuer's Counsel:</b>	Charity and Associates, P.C.	Chicago, IL	Alan Bell
<b>IFA Financial Advisors:</b>	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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### **Preliminary List of Potential Engineering Consultants**

Aqua Illinois, Inc. (In-House Staff)  
CDM, Chicago, IL  
Tyson Engineering, Inc., Kankakee, IL  
Sodemann and Associates, Inc., Champaign, IL  
Berns, Clancy and Associates, Urbana, IL  
Foth, Champaign, IL  
Clark Dietz, Champaign, IL  
Nies Engineering, Inc., Mokena, IL  
Tank Industry Consultants, Inc., Bolingbrook, IL  
Simms Engineering, Ltd, Kankakee, IL  
M. Gingerich Gereaux & Associates, Bradley, IL  
Baxter and Woodman, Mokena, IL  
Greeley and Hansen, LLC, Chicago, IL  
Cornerstone Engineering, Inc., Bourbonnais, IL  
Matthew and Lazdins, Kankakee, IL  
Crawford, Murphy, and Tilly, Inc., Springfield, IL  
Johnston Hultsch Birkenbeil Bright Architects, Kankakee, IL

### **Preliminary List of Potential Contractors**

Aqua America, Inc. (In-House Crews)  
Cross Construction Company, Rantoul, IL  
O'Neil Bros., a division of MACC of Illinois, Inc., Tilton, IL  
Daniel L. Ribbe Trucking, Inc., Tilton, IL  
Brown Trucking & Excavating, Danville, IL  
Feutz Contractors, Inc., Paris, IL  
Schomburg & Schomburg Construction Co., Danville, IL  
Caldwell Tanks, Inc., Louisville, KY  
Phoenix Fabricators and Erectors, Inc., Avon, IN  
CBI Constructors, Inc., Plainfield, IL  
Pittsburg Tank & Tower Co., Inc., Henderson, KY  
Kankakee Valley Construction Company, Kankakee, IL  
EFI Global, Inc., Crown Point, IN  
USEMCO, Tomah, WI  
Tenco Excavating, Bourbonnais, IL  
Wren Construction Co., Coal City, IL  
R&R Sewer-Water & Excavating, Inc., Crete, IL  
Reilly Electric, Kankakee, IL  
Girard Electric, Inc., Kankakee, IL  
Heritage Development & Construction, Kankakee, IL

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LEGISLATIVE DISTRICTS

*Note:* Aqua Illinois had preliminarily identified project sites located in the following legislative districts at the time of application for Inducement Resolution. The Company ultimately plans to apply proceeds to a portion of these projects based on useful life considerations to be determined in connection with the Tax Certificate to be executed prior to closing. Accordingly, the list of prospective projects is subject to revision prior to closing. (As presently contemplated, the primary sites will be in the Danville and Kankakee Districts noted below.)

Danville District (Vermilion Co.)

Congressional: 15 Timothy V. Johnson  
State Senate: 52 Michael W. Frerichs  
State House: 104 William B. Black

Kankakee District (Kankakee County)

11 Gerald C. ("Jerry") Weller  
38 Gary G. Dahl, and  
40 Debbie DeFrancesco Halvorson  
75 Careen M. Gordon, and  
79 Lisa M. Dugan

Danville District (Philo/  
Champaign County)

Congressional: 15 Timothy V. Johnson  
State Senate: 52 Michael W. Frerichs  
State House: 104 William B. Black

University Park (Cook and Will Counties)

2 Jesse L. Jackson, Jr.  
11 Gerald C. ("Jerry") Weller  
40 Debbie DeFrancesco Halvorson  
79 Lisa M. Dugan  
80 George F. Scully

Hawthorne Woods (Lake County)

Congressional: 8 Melissa Bean  
State Senate: 26 William Peterson  
State House: 51 Ed Sullivan

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**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project:**           **Crown Metal Manufacturing Co., Inc., an Illinois Corporation, and (ii) Chicago Title Land Trust Company, known as Trustee under the provisions of that certain Trust Agreement dated January 4, 1991 and known as Trust Number CT01008499**

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**STATISTICS**

Project Number:	I-ID-TE-CD-7223	Amount:	\$3,500,000 (not to exceed)
Type:	Industrial Revenue Bond	IFA Staff:	Townsend Albright
Location:	Elmhurst (DuPage County)	Region:	Northeast

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**BOARD ACTION**

Preliminary Bond Resolution	Conduit Industrial Revenue Bonds
No IFA funds at risk	Staff recommends approval
Unrated Bonds to be sold in minimum \$100,000 bond denominations	

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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. The City of Elmhurst was approached as to contributing Volume Cap for this project, but has no remaining 2007 Volume Cap available to support this project.

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**VOTING RECORD**

Preliminary Bond Resolution, no prior vote.

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**SOURCES AND USES OF FUNDS**

Source:	IFA Bonds	<u>\$3,425,000</u>	Uses:	Project Costs	\$3,275,000
				Legal and professional costs	<u>150,000</u>
	Total	<u>\$3,425,000</u>	Total		<u>\$3,425,000</u>

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**JOBS**

Current employment:	90	Projected new jobs:	12
Jobs retained:	N/A	Construction jobs:	45 (5 months)

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**BUSINESS SUMMARY**

**Background:** Crown Metal Manufacturing Co., Inc., an Illinois Corporation, and (ii) Chicago Title Land Trust Company, known as Trustee under the provisions of that certain Trust Agreement dated January 4, 1991 and known as Trust Number CT01008499 are the Co-Applicants. Crown Metal Manufacturing Company ("Crown") is an Illinois C corporation that was formed in 1948 as a tool and die company. Crown established a product line of store fixtures including racks, displays and customized hardware for store fixtures and began to sell directly to the pioneer discounters in the retail industry. As Crown expanded, it developed a broad line of store fixtures and custom work, and a job shop for fixture systems, and now sells to a complete cross-section of retailers nationwide and abroad. In house manufacturing capabilities include stamping, roll forming, laser cutting, riveting and assembling, and custom packaging. Major accounts include Sears, Kmart, the GAP, Talbot's, The Limited, and Kohls. Crown has a 10,000 sq. ft. west coast warehousing facility located in Rancho Cucamonga, California.

The current dollar volume of the store fixture market is estimated at approximately \$500 million annually. Crown estimates it currently has approximately a 3.0% share of that market. Varon 2002, LLC is the sole land trust beneficiary. Elsie Varon is the 100.0% shareholder of Crown.

**Description:** Proceeds of the proposed financing will be used to construct and equip an approximately 35,000 sq. ft. facility which will include office space, and short-term storage and manufacturing areas, as an expansion of Crown's 134,000 sq. ft. existing facility which is located in Elmhurst, Illinois. Bond proceeds will also be used to fund professional and bond issuance costs. The Trust already owns the land.

**Remarks:** The construction and equipping of the new state of the art facility will keep Crown competitive in the retail store fixture industry, and be able to take advantage of industry trends. One such trend is the demand for much larger store fixtures for mega-retail stores such as Target and Walmart. The expanded space will allow Crown to cease outsourcing manufacturing processes due to lack of adequate space. Additionally, tax-exempt financing will lower the cost of capital for Crown.

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**FINANCING SUMMARY**

**Structure:** Fixed rate bonds to be held to maturity as an investment MB Financial bank, Rosemont, Illinois in accordance with IFA policies.  
**Collateral:** First Mortgage on the property, and corporate guarantee of the Applicants.  
**Rating:** Non-rated  
**Maturity:** 25 years

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**PROJECT SUMMARY**

Proceeds will be used to (i) construct an approximately 35,000 sq.ft. addition to the Applicant's existing 134,000 sq. ft. facility which is located at 765 South Route 83, Elmhurst, DuPage County, Illinois, (ii) renovate the Applicant's existing facility, (iii) purchase racking and lift equipment, and (iv) fund legal and professional costs.

Project Costs:	Building/renovation	\$2,500,000
	Equipment/fixtures	700,000
	Arch/Eng	75,000
	Total	<u>\$3,275,000</u>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicants: Crown Metal Manufacturing Co., Inc., an Illinois Corporation, and (ii) Chicago Title Land Trust Company, known as Trustee under the provisions of that certain Trust Agreement dated January 4, 1991 and known as Trust Number CT01008499

Project Name: Facility expansion and Renovation Projects

Project Location: 765 South Route 83, Elmhurst, DuPage County, Illinois

Land Owner: Varon 2002, LLC

Shareholder Ownership: Elsie Varon 100.0%

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Levenfeld Pearlstein	Chicago, IL	Don Glassberg
Project Counsel:	Law Offices of Kevin Cahill	Chicago, IL	Kevin Cahill
Accountant:	M. J. Goldman & Associates, Ltd.	Glenview, IL	Martin Goldman
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Matthew Lewin
Underwriter/			
Purchasing Bank:	MB Financial bank.	Rosemont, IL	Mark Heckler
Counsel to Bank:	Burke, Burns & Pinelli, LTD.	Chicago, IL	Mary Ann Murray
Trustee:	MB Financial bank.	Rosemont, IL	
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: 06 Peter J. Roskam  
State Senate: 21 Dan Cronin  
State House: 41 Robert A. "Bob" Biggins

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Centa Corporation**

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**STATISTICS**

IFA Project:	I-ID-TE-CD-7148	Amount:	\$3,000,000 (not-to-exceed amount)
Type:	Industrial Revenue Bond	IFA Staff:	Rich Frampton
Location:	Aurora	County/ Region:	Kane County/Northeast

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**BOARD ACTION**

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

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**PURPOSE**

Acquisition, renovation, and equipping of an existing manufacturing facility in Aurora that will enable Centa Corporation to initiate manufacturing in the U.S. for the first time.

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**IFA CONTRIBUTION AND PROGRAM**

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 taxation and thereby enable the Borrower to obtain a lower interest rate on this debt.

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**VOLUME CAP**

On October 23, 2007, The City of Aurora transferred \$3.5 million of its unused 2007 Home Rule Volume Cap to IFA to support this project. Accordingly, no additional IFA Volume Cap will be required.

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**VOTING RECORD**

Preliminary Bond Resolution – July 10, 2007:

Ayes: 11      Nays: 0      Abstentions: 0      Absent: 3 (DeNard, Fuentes, Zeller)

Vacancies: 1

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**SOURCES AND USES OF FUNDS**

Sources:	IRB	\$3,000,000	Uses:	Project Cost	\$3,630,000
	Equity	<u>750,000</u>		Issuance Costs	<u>120,000</u>
	<b>Total</b>	<b><u>\$3,750,000</u></b>		<b>Total</b>	<b><u>\$3,750,000</u></b>

---

**JOBS**

Current employment:	11	Projected new jobs:	11
Jobs retained:	11 (in Illinois)	Construction jobs:	5 (average over 1-2 months)

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### BUSINESS SUMMARY

**Description:** Centa Corporation ("Centa-USA" or the "Company") is incorporated under Illinois law and was established in 1996 as the U.S. subsidiary of Centa-Antriebe Kirschey GmbH ("CAKG", or the "Parent Company"), a privately-held company headquartered in Haan, Germany.

Centa-USA is 100%-owned by CAKG.

The proposed Bonds will be the sole obligation of Centa-USA. Accordingly, as structured by JPMorgan Chase Bank, the prospective bond purchaser, CAKG will not be required to provide a corporate guarantee to JPMorgan Chase to further secure the Direct Pay LOC commitment.

**Background:** Centa-USA was originally established in 1996 in Westmont, Illinois to serve as Centa-International's U.S./North American distribution division. At that time all of Centa-International's products were manufactured in Germany for export.

CAKG was established in Haan, Germany in 1970 and is engaged in the design, engineering, and manufacturing of flexible couplings and shafts. CAKG's products are used in a variety of applications, including drive shafts for industrial and construction equipment applications (diesel generators, paving equipment, steamrollers, cranes, and excavating equipment), agricultural machines (tractors), power generation (wind turbines), compressors, train drives (railroad locomotives), boat and ship propulsion, and general machinery.

CAKG's transmission coupling and drive shaft products are specifically designed to withstand torsional vibration and can be found as components on the products of several internationally recognized original equipment manufacturers including John Deere, Caterpillar, TEREX, and Ingersoll-Rand.

CAKG has subsidiaries located in 10 countries worldwide, licensees in two countries, and has 30 distributors located worldwide to provide engineering support and service.

CAKG's manufacturing process is certified to ISO 9001 standards.

The proposed project will enable CAKG's Centa-USA subsidiary to manufacture in the United States for the first time. Centa-USA has strictly sold, distributed, and serviced products manufactured by CAKG to date.

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### FINANCING SUMMARY

**Security:** The subject Bonds will be purchased and held as a direct investment to maturity by JPMorgan Chase Bank. JPMorgan Chase Bank will be the Secured Lender/Direct Purchaser of the Bonds and intends to hold these Bonds until final maturity.

**Structure/Interest**

**Rate:** The Bonds will be sold at a five year initial fixed rate term on the real estate and at a seven year interest rate on the subject equipment. JPMorgan Chase Bank estimated a 4.35% fixed interest rate based on market interest rates as of 10/30/2007. The real estate portion of the subject loan will be extendable up to the 20 year final maturity date.

**Amortization:** 20 years on real estate; 7 years on equipment

**Bank Security/**

**Collateral:** JPMorgan Chase Bank will be secured by (i) a first mortgage on the subject real estate and improvements, and (ii) a first priority security interest in all business assets of Centa Corporation (i.e., Centa-USA). JPMorgan Chase Bank will not be secured by a corporate guaranty from Centa-Antriebe Kirschey GmbH (i.e., CAKG), Centa-USA's Germany-based parent company.

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### PROJECT SUMMARY

Bond proceeds will be used to finance, refinance, or reimburse Centa Corporation and its affiliates, successors, and assigns for (i) the acquisition, renovation, and equipping of four business condominium units totaling approximately 23,216 SF and located at 2570 Beverly Drive, Units 124, 126, 128, and 130, Aurora (Kane County), IL 60502 that will be used as a manufacturing facility for flexible transmission couplings and drive shafts, and (ii) to pay capitalized interest, costs of issuance, and other qualified professional costs. Collectively, these capital expenditures and related costs will comprise the "Project".

Estimated project costs are as follows:

Building Acquisition	\$1,973,275
Renovation	605,725
Equipment	<u>1,051,000</u>
<b>Total</b>	<b><u>\$3,630,000</u></b>

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Centa Corporation and its affiliates, successors, and assigns  
Web Site: [www.centacorp.com](http://www.centacorp.com)  
Contact: Mr. Kurt Niederpruem, President, Centa Corporation, 815 Blackhawk Drive, Westmont, IL 60559;  
Ph.: 630-734-9600; Fax: 630-734-9669  
Project name: Centa Corporation Aurora  
Location: 2570 Beverly Drive, Units 124, 126, 128, and 130, Aurora (Kane County), IL 60502-8588  
Organization: **Centa Corporation**  
an Illinois corporation  
Ownership: Centa-Antriebe Kirschey GmbH; Haan, Germany: 100% shareholder

- Centa-Antriebe Kirschey GmbH is a privately-owned German company.
- Accordingly, consistent with historical IFA (IDFA) practices regarding ownership disclosure for foreign companies, no further ownership disclosure is required.
- Contact Information for the Parent Company:
  - Mr. Gerhard Kirschey, General Manager  
Centa-Antriebe Kirschey GmbH  
Bergische Str. 7  
42781 Haan, Germany  
[www.centa.info](http://www.centa.info)

**Corporate Directors:** Gerhard Kirschey, Harald Kirschey, Bernd Kirschey, and  
Kunigunde Kirschey

Seller of  
Real Estate: Centa Corporation closed on the acquisition of the subject property within the 60 day  
Reimbursement window allowed under the Internal Revenue Code.

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**PROFESSIONAL & FINANCIAL**

General Counsel:	Fritzhall & Palowski	Chicago, IL	Brad Pawlowski
Auditor:	McBeath, Fates & Ivers, P.C.	Itasca, IL	Larry McBeath
Borrower's Consultant:	Carroll Financial Group, Inc.	Des Plaines, IL	Stanley Schwartz
Bond Purchaser/ Investor:	JPMorgan Chase Bank	Wheaton, IL	Tony Anesi
Bond Counsel:	Ice Miller LLP	Chicago, IL	Jim Snyder
Bank Counsel:	Dykema Gossett PLLC	Chicago, IL	Ray McGaugh
General Contractor:	Foxfield Construction	Bartlett, IL	Thomas Piazza
Architect:	Batir Architecture Ltd.	St. Charles, IL	
Trustee/Fiscal Agent:	US Bank	Philadelphia, PA	George Rayzis
IFA Counsel:	Perkins Coie, LLP	Chicago, IL	Bill Corbin
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:	14	J. Dennis Hastert
State Senate:	42	Linda Holmes
State House:	83	Linda Chapa-LaVia

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**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: INX International Ink Co.**

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**STATISTICS**

IFA Project:	I-ID-TE-CD-7097	Amount:	\$10,000,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	IFA Staff:	Rich Frampton
Location:	Homewood	County/ Region:	Cook County/Northeast

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**BOARD ACTION**

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

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**PURPOSE**

Acquisition, renovation, and equipping of a vacant, existing manufacturing facility located in Homewood, Illinois.

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**IFA CONTRIBUTION AND PROGRAM**

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 taxation and thereby enable the Borrower to obtain a lower interest rate on this debt.

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**VOLUME CAP**

Approximately \$4.54 million of Home Rule Volume Cap has been transferred by South Suburban Mayors and Managers Association (SSMMA) Home Rule member communities for this project in Homewood (*a Non Home Rule Unit*). As requested, IFA would provide \$5.46 million provided from the Governor's Office of Management and Budget to support this financing.

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**VOTING RECORD**

Preliminary Bond Resolution: May 8, 2007

Ayes: 11	Nays: 0	Abstentions: 0	Vacancy: 1 (Giannoulis)
Absent: 3 (Boyles, DeNard, Nesbitt)			

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**SOURCES AND USES OF FUNDS**

Sources:	IRB	\$10,000,000	Uses:	Project Cost	\$12,000,000
	Equity	<u>2,257,000</u>		Issuance Costs	<u>257,000</u>
	<b>Total</b>	<b><u>\$12,257,000</u></b>		<b>Total</b>	<b><u>\$12,257,000</u></b>

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**JOBS**

Current employment: 0 (new location)	Projected new jobs:	9 (anticipated rehires within 2 years of facility consolidations; these rehires would represent job retention)
Jobs retained: 51	Construction jobs:	20 (average over 8-10 months)

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**BUSINESS SUMMARY**

**Description:** INX International Ink Co. ("INX" or the "Borrower") was established in 1988 and incorporated under Delaware law. INX is a wholly-owned subsidiary of The INX Group Limited ("IGL" or the "Holding Company"), a Delaware Corporation. IGL operates as a holding company -- its principal operating subsidiaries are INX and Triangle Digital INX Company of San Leandro, California.

IGL, in turn, is a wholly-owned holding company of Sakata INX Corporation ("Sakata" or the "Parent Company"), a Japan-based company with common stock traded publicly on the Tokyo Stock Exchange (Ticker: J.SIC). Predecessors of INX had been in existence since 1960.

**Background:** Originally founded in 1896 as a manufacturer of newspaper inks in Japan, Sakata INX has worldwide operations and major operations location in the U.S., Central and South America, Europe, Japan, and China. Sakata INX has over 40 operating locations worldwide. In 2003, Sakata INX expanded its operations by investing and acquiring companies that provide digital printer inks used in industrial applications, including Triangle Digital (now Triangle Digital INX) of San Leandro, California. Sakata INX believes this strategy will enable them to grow more quickly than its traditional food and consumer good packaging applications. Sakata INX has worldwide sales of over \$1.1 billion, has over 80 manufacturing and research facilities and more than 2000 active customers worldwide.

INX International Ink Co.'s U.S. operations primarily focus on manufacturing water-based inks and coatings used in a variety of packaging and commercial printing applications. INX is the leading manufacturer of (1) metal decorative can inks used for sodas and other beverages, (2) single service container inks used in fast food packaging, and (3) inks used in corrugated point of purchase display inks.

INX also manufactures inks used in traditional commercial printing applications including envelopes, business forms, catalogs, magazines, books, newspaper inserts and circulars, paper and paperboard packaging, and other applications.

INX' production facilities feature automated and fully digitally controlled ink production. INX can produce in custom batch sizes ranging from 5 pounds to 35,000 pounds. INX is also ISO 9000/14001 certified. INX' product development and research team is available to provide customers with technical support as necessary for a variety of applications.

On April 1, 2007, INX acquired 100% ownership interest in Innovative Solution Inc. of Huntsville, Alabama, a company that manufactures digital printers and related products. This acquisition will help INX and Triangle INX to continue to diversify into inks and services for the digital printing industry.

INX has over 30 facilities in the U.S., including 6 in Illinois. INX' U.S. Corporate Offices are located in Schaumburg, Illinois at 150 Martingale Rd., just west of Woodfield Mall, and employs approximately 100. INX' US headquarters have been located in Schaumburg for approximately the last two years and have been located in Illinois for the last 20 years. INX' US Research and Development Division is located in West Chicago and employs 34. INX' R&D facility was established in West Chicago in 1989. INX' has an adjacent production facility in West Chicago

that currently employs approximately 65 people. INX also operates a small sales office and service facility at 1419 West Carroll Street in Chicago that employs approximately 4 people.

The proposed project will enable INX to consolidate operations of two Illinois production facilities located at (1) 1001 Morse Ave., Elk Grove Village and (2) and its non-flammable ink lines at 5001 S. Mason Street facility in Chicago (60 total employees currently at the two facilities), and (3) a production facility in Kalamazoo, Michigan at a single production facility in Homewood. The Elk Grove Village operations will be relocated in their entirety while the Chicago facility will be a partial relocation. The Company estimates that this project will retain 51 jobs of 60 existing Illinois jobs at these facilities. Additionally, any displaced Illinois employees will be offered the opportunity to rejoin the Company as new positions are added in Homewood over time. The Company anticipates rehiring the nine employees displaced as a result of this consolidation within two years of completion (*update pending*).

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### FINANCING SUMMARY

**Bondholder**

**Security:** Bonds will be purchased secured by a Direct Pay Letter of Credit from JPMorgan Chase Bank. JPMorgan Chase & Company's long-term debt is currently rated Aa2/AA-/AA- by Moody's/S&P/Fitch. JPMorgan Chase's short-term ratings are VMIG-1/A-1+/F1+ from Moody's/S&P/Fitch as of 4/20/2007.

**Structure:** Bonds will be secured initially with the JPMorgan Chase Direct Pay LOC for 5 years initially.

**Interest Rate:** 7-day variable rate demand bonds. The most current average weekly interest rate on 7-day variable rate demand bonds was approximately 3.60% (excluding the Bank LOC Fee and other ongoing fees) as of 10/17/2007.

**Amortization:** 25 Years on real estate; 7 years on equipment LOC Bank

**Bank Security:** The Bonds will be a direct obligation of INX International Ink Co. JPMorgan Chase Bank will be secured by a first mortgage on the subject property and a first security interest on project equipment.

INX will be the sole entity guaranteeing the proposed JPMorgan Chase LOC that will be securing the proposed bond issue. Sakata INX Corporation (i.e., the Japan-based parent company) will not be providing JPMorgan Chase with a corporate guarantee to further secure the JPMorgan Chase on its LOC commitment.

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### PROJECT SUMMARY

Bond proceeds will be used to finance by INX International Ink Co. to finance all or a portion of the acquisition, renovation, and equipping of an existing, approximately 79,697 SF manufacturing facility located on an approximately 6.0 acres site at 1000 Maple Avenue, Homewood (Cook County), IL 60430-2047. Renovations will include, but not limited to, loading dock improvements, floor reinforcement, and general electrical upgrades, HVAC upgrades, and other improvements. Additionally, bond proceeds will be used to pay capitalized interest, costs of issuance, and other qualified professional fees. (Collectively, these capital expenditures will comprise the "Project".) The Project will be used to manufacture water soluble ink used in a variety of commercial printing and packaging applications.

Estimated project costs are as follows:

Building Acquisition	\$4,000,000
Renovation	2,100,000
Machinery and Equipment	<u>5,900,000</u>
<b>Total</b>	<b><u>\$12,000,000</u></b>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: INX International Ink Co. (Contact: Ms. Erika Yamamoto, Assistant Treasurer, INX International Ink Co., 150 N. Martingale Rd., Suite 700, Schaumburg (Cook County), IL 60173; Ph.: 630-382-1905; e-mail: [erika.yamamoto@inxintl.com](mailto:erika.yamamoto@inxintl.com) )  
Web site: [www.inxinternational.com](http://www.inxinternational.com)  
Project name: INX International Ink Co.  
Location: 1000 Maple Ave., Homewood, IL 60430-2047  
Organization: **INX International Ink Co.**, a Delaware Corporation  
Ownership: Sakata INX Corporation, Osaka, Japan: 100%; Sakata INX Corporation is a publicly-traded company on the Tokyo Stock Exchange. Web site: [www.inx.co.jp/english/inx.html](http://www.inx.co.jp/english/inx.html)

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**PROFESSIONAL & FINANCIAL**

General Counsel:	INX International Ink Co.	Schaumburg, IL	Robert Osmundsen
Auditor:	KPMG LLP		Chicago, IL
LOC Bank:	JPMorgan Chase Bank	Chicago	Ellen Rabauda
LOC Bank Counsel:	To be determined		
Bond Counsel:	Ice Miller, LLP	Chicago	Jim Snyder
Underwriter:	JPMorgan Securities, Inc.	Chicago	Shelley Phillips
Underwriter's Counsel:	Greenberg Traurig LLP	Chicago	Matt Lewin
Architect:	To be determined		
General Contractor:	To be determined		
Trustee/Fiscal Agent:	Bank of New York	Chicago	
IFA Counsel:	Peck Shaffer	Chicago, IL	George Buzard.
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional: 2 Jesse L. Jackson, Jr.  
State Senate: 15 James T. Meeks  
State House: 29 David E. Miller

This project has been withdrawn.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Versatile Card Technology, Inc.**

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**STATISTICS**

Project Number:	I-ID-TE-CD-7141	Amount:	\$7,600,000 (not-to-exceed)
Type:	Industrial Revenue Bond	IFA Staff:	Steve Trout
Location:	Downers Grove	Region/ County:	DuPage County-Northeast Region

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**BOARD ACTION**

Final Bond Resolution	No IFA funds at risk
Conduit Industrial Revenue Bonds	No extraordinary conditions
Staff recommends approval	NAICS: 3089: Plastic Products

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**PURPOSE**

To finance the renovation and 9,800 square-foot expansion of Versatile Card Technology's two manufacturing plants located at 5200 and 5220 Thatcher Road in Downers Grove and the acquisition and installation of equipment, primarily a 10-color printing press.

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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 Council of the Village of Downers Grove adopted on July 17, 2007 a resolution to issue \$4,172,990 of Industrial Revenue Bonds to finance or reimburse Versatile Card Technology, Inc., for qualifying project costs. That amount corresponds to the Village's 2007 Volume Cap allocation. David Fieldman, Deputy Village Manager, recently confirmed that the Cap remains available for this project. He has promised to present Versatile Card Technology's request to transfer this Cap to the Village Council at the next Council meeting, which is November 20. **Issuance of the Bonds is subject to an allocation of Volume Cap from the IFA and other sources.**

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**VOTING RECORD**

The IFA Board gave adopted a preliminary resolution for this project on July 9, 2007 by the following vote:

Ayes: 11      Nays: 0      Abstentions: 0      Absent: 3 (DeNard; Fuentes; Zeller)      Vacancies: 1

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IRB	\$7,400,000	Uses:	Project Costs	\$7,400,000
	Equity	<u>115,000</u>		Legal & Professional	<u>115,000</u>
	<b>Total</b>	<b><u>\$7,515,000</u></b>		<b>Total</b>	<b><u>\$7,515,000</u></b>

---

**JOBS**

Current employment:	350	Projected new jobs:	15 (within 2 years)
Jobs retained:	NA	Construction jobs:	15

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### BUSINESS SUMMARY

**Description:** Versatile Card Technology, Inc. ("Versatile Card" or "VCT") is a private Illinois corporation that was originally incorporated in March 1985 as University Printing Services, Inc., to serve the region's direct marketing industry. The company changed its name to Versatile Card Technology, Inc., in December 1996. With customer service and production facilities on four continents, VCT is a multi-national manufacturer and world leader in plastic card production and related services.

**Background:** Versatile Card Technology, Inc. (VCT) operates as the largest American manufacturer of plastic cards, specializing in credit cards, gift cards, and advertisement cards. The company completed an acquisition of a wholly-owned subsidiary, Qualteq, Inc. in 2004 that manufactures personalized credit cards. VCT has increased capacity to more than 2 billion cards per year and its among the global leaders in card manufacturing. The company has facility located in the USA, Mexico, Europe, Asia and Brazil, VCT offers a high level of security and is certified by both MasterCard, and VISA for bank and credit card printing. The product line also includes retail credit cards, loyalty programs, phone cards, direct mail and other specialty cards, and baggage and key tags. VCT produces a diverse range of card products printed on the finest plastic materials available. Cards range in thickness from 10 mil. (0.255mm) to 30 mil. (0.76mm) and finishes range from UV coated to a full ISO laminated product and can include magnetic stripes, signature panels, holograms, Lenticular or smartcard technology.

**Project**

**Rationale:** VCT is expanding to respond to increased customer demand. The company's current customers, which include companies such as Bank of America, Stored Value Systems, Alliance Data Systems and Fulfillment Xcellence have expressed interest doing more business with VCT.

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### FINANCING SUMMARY

**The Bonds:** Industrial Revenue Bonds to be purchased by GE Capital  
**Interest:** 4.70% fixed rate  
**Amortization:** Approximately 108 months (9 years)  
**Collateral:** The borrower will provide GE Capital with a perfected security interest in the equipment and a first priority mortgage on the real estate financed. No additional collateral will be provided to the IFA.  
**Rating:** No credit rating will be sought as GE Capital intends to hold the Bonds to maturity.

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### PROJECT SUMMARY

Bond proceeds will be used for the (1) renovation and 9,800 square-foot expansion of Versatile Card Technology's two manufacturing plants, a 45,000 square-foot building located at 5200 Thatcher Road and an adjacent 17,000 square-foot building located at 5220 Thatcher Road, both in Downers Grove, (2) acquire and install new manufacturing machinery and equipment and (3) fund costs of issuance. Estimated project costs are as follows:

10-Color Printing Press	\$4,100,000
Finishing Equipment	1,600,000
Building Renovation & Expansion	<u>1,500,000</u>
<b>Total</b>	<b><u>\$7,400,000</u></b>

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### ECONOMIC DISCLOSURE STATEMENT

**Applicant:** Versatile Card Technology, 5200 Thatcher Road, Downers Grove, IL 60515-4053  
**Project Location:** 5200 and 5220 Thatcher Road, Downers Grove, IL 60515, DuPage County  
**Organization:** Private Corporation  
**Ownership:** Pethinaidu Veluchamy (100%)

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**PROFESSIONAL & FINANCIAL**

Bond Counsel:	Jones Day	Chicago	Robert Capizzi
Bank Purchaser:	GE Capital Public Finance, Inc.	Oak Brook	Brian J Riordan
Bank Counsel:	Kutak Rock		
Accountant:	Bradford Dooley & Associates	Chicago	Bradford Dooley
IFA Financial Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott
Issuer Counsel:	Burke, Burns and Pinnelli	Chicago	Steve Welcome

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**LEGISLATIVE DISTRICTS**

Congress	13 <sup>th</sup>	Judy Biggert
State Senate	21 <sup>st</sup>	Dan Cronin
State Representative	42 <sup>nd</sup>	Sandra M. Pihos

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: DePaul University  
(Commercial Paper Revenue Notes)**

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**STATISTICS**

Project Number:	E-PC-TE-CP-7234	Amount:	\$75,000,000 (not to exceed amount)
Type:	Commercial Paper ("CP") Revenue Notes	IFA Staff:	Rich Frampton
Location:	Chicago	County/ Region:	Cook/Northeast

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**BOARD ACTION**

Preliminary CP Revenue Notes Resolution Conduit 501(c)(3) Commercial Paper Revenue Notes Staff recommends approval	No IFA funds at risk No extraordinary conditions
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Security: The CP Revenue Notes will be secured by a Direct Pay Letter of Credit from a Bank with a high investment grade rating.

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**PURPOSE**

Commercial Paper proceeds will provide interim financing for a series of DePaul capital expenditure financings in Chicago. Ultimately, the Borrower intends to current refund the IFA Commercial Paper prior to maturity upon aggregating sufficient volume to justify a rated, long-term, fixed rate bond issue.

DePaul University has engaged all members of the financing team for the subject financing.

The majority of proceeds of this CP issuance will (1) finance life safety improvements (e.g., sprinklers system replacements at buildings located at both DePaul's Lincoln Park and Loop campuses), (2) possible acquisitions of real estate adjacent to both its Lincoln Park and Loop campuses, and (3) finance a portion of the build-out of the Science II Building at its Lincoln Park campus.

The CP Revenue Notes and may be repaid and issued in subsequent tranches prior to final maturity.

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**IFA CONTRIBUTION AND PROGRAM**

IFA will convey federal Tax-Exempt status on interest paid to investors in these proposed IFA Commercial Paper Revenue Notes thereby resulting in a lower interest rate on the proposed commercial paper.

This Program will replicate a similar cooperative Commercial Paper Program initiated by the University of Chicago and Northwestern University (and other participants) in 1995 through IFA ("IEFA").

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**VOTING RECORD**

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

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Commercial Paper	\$75,000,000	Uses:	Capital Projects	\$75,000,000
	Equity	<u>201,000</u>		Costs of Issuance	<u>201,000</u>
	Total	<u>\$75,201,000</u>		Total	<u>\$75,201,000</u>

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**JOBS**

Current employment: 2,208 (FT); 1,378 (PT)	Projected new jobs:	N/A (will be estimated when DePaul returns for permanent financing)
Jobs retained: Not applicable	Construction jobs:	Preliminary estimated range from 300 to 630 between May 2007 and June 2008

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**BUSINESS SUMMARY**

**Background:** DePaul University is a 501(c)(3) organization incorporated under Illinois law. DePaul's original predecessor was founded in 1898 by the Congregation of the Mission and was known as St. Vincent's College.

The University is governed by a two-tiered governance committee consisting of (1) The Members of the University, a self-perpetuating body of 14 individuals, representing the Congregation of the Mission (C.M.), the religious community that sponsors the University. The Members are empowered to elect the Board of Trustees, whose responsibility is to direct and manage the affairs of the University and other officers. Currently, there are 35 trustees elected to serve staggered 3-year terms.

A List of the University's Board of Trustees is attached (see p. 4).

**Description:** The University's mission is to provide education in liberal and professional studies. DePaul has evolved into a major urban institution, serving metropolitan Chicago. The University is the largest Catholic university in the nation and has over 23,000 students (including 19,035 full time students) enrolled for the Fall 2007 semester. Since 1998, DePaul has ranked as the largest Catholic university in the United States and is the ninth largest private university in the United States. During academic year 2006-2007, approximately 84% of DePaul's students were from the State of Illinois.

The University comprises six campuses, including two core campuses in Chicago, and four in suburban Chicago. DePaul's Lincoln Park and Loop Campuses in Chicago form the core of the University's academic and administrative activities. The Lincoln Park campus is a residential campus located on approximately 34 acres and is located approximately 3 miles north of downtown Chicago. The Lincoln Park campus now consists of more than 45 buildings comprising approximately 2.3 million SF. The Loop Campus, located in the Chicago Central Business District at the corner of Wabash Avenue and Jackson Blvd, consists of 3 interconnected and 2 adjacent buildings of over 1.3 million SF and provides facilities for the College of Law, Graduate Programs, and undergraduate programs.

DePaul's four suburban campus locations were established and have expanded to satisfy a growing demand for higher education in suburban Chicago. DePaul's conducts classes at four suburban facilities including: (1) The DePaul O'Hare Campus in Des Plaines, Illinois, (2) at South Suburban Community College in South Holland, Illinois, (3) Naperville, Illinois (located on a portion of the former Amoco Research Center along I-88), and (4) Rolling Meadows, Illinois (near Schaumburg).

The University offers 200 over academic and professional graduate degree programs, including seven programs offered by the College of Law.

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### FINANCING SUMMARY

Security:	The Bonds will be secured by a Direct Pay Letter of Credit provided by a bank to be determined. The anticipated initial Bank LOC term will be approximately one year (i.e., 364 days) subject to renewal or extension. DePaul is currently negotiating with seven prospective Letter of Credit Banks including: Bank of America, BNP Paribas, US Bank, N.A., Comerica Bank, The Northern Trust Company, The Bank of New York Mellon, and The Bank of Nova Scotia.
Structure:	The CP Notes will be sold at an interest rate that will mature between 1 and 270 days and will be subject to extension (i.e., "rollover") upon maturity for an additional term and interest rate to be determined by Goldman Sachs & Company (the "CP Dealer").
Interest Rate:	The interest rate and maturities on the CP Notes will bear an interest rate determined by the maturity (i.e., between 1 and 270 days) set by the CP Dealer.
Maturity:	The CP Notes will mature every 1 to 270 days and will be subject to extension based on continued availability of the Direct Pay Letter of Credit securing the Notes.
Underlying Ratings:	DePaul's long-term debt rating was upgraded by Moody's Investors Service from Baa1 to A3/Stable as of Friday 10/26/2007. Fitch Ratings rates DePaul "A-" long-term.

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### PROJECT SUMMARY

Proceeds of the Commercial Paper issuance will be used by DePaul University to finance, refinance, and reimburse the costs of certain educational capital projects, including but not limited to the following uses:

- The purchase and installation of Sprinkler/Fire Alarm Systems to improve life-safety at building's located at both DePaul's Lincoln Park and Loop campuses
- To finance all or a portion of the construction, build-out, and equipping of Science II Building located on DePaul's Lincoln Park campus (and, in particular, the portion not funded by gifts or grants and not budgeted from operations)
- To finance general ongoing rehabilitations, capital improvements (including leasehold improvements on leased facilities) buildings located on are adjacent to DePaul's Lincoln Park and Loop campuses.

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### ECONOMIC DISCLOSURE STATEMENT

Applicant/ Contacts:	DePaul University, 55 East Jackson Boulevard, Chicago, Illinois 60604-4101; <a href="http://www.depaul.edu">www.depaul.edu</a> (1) David Dabney, Treasurer, Ph.: 312/362-6715; <a href="mailto:ddabney@depaul.edu">ddabney@depaul.edu</a> (2) Doug Stanford, Director of Treasury Operations, Ph.: 312/ 362-6714; <a href="mailto:dstanford@depaul.edu">dstanford@depaul.edu</a> (3) Elizabeth Honold, Senior Financial Analyst, Ph.: 312/362-8868; <a href="mailto:ehanold@depaul.edu">ehanold@depaul.edu</a>
Project name:	DePaul Commercial Paper Revenue Notes
Locations:	DePaul's Lincoln Park Campus, 2550 N. Sheffield Ave., Chicago, IL 60614-3298 and DePaul's Loop Campus, 55 East Jackson Blvd., Chicago, IL 60604
Organization: Board	Illinois 501(c)(3) organization
Membership:	<i>See attached list of Board of Trustees (see p. 5)</i>
Current Land Owners:	Prospective Buildings to be purchased have not been determined as of 11/2/2007.

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### PROFESSIONAL AND FINANCIAL

Borrower's Counsel:	O'Keefe Lyons & Hynes, LLC	Chicago, IL	Daniel Coyne
Auditor:	KPMG, LLP	Chicago, IL	
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Jim Luebchow
Credit Enhancement:	Currently negotiating with Bank of America, BNP Paribas, US Bank, N.A., Comerica Bank, The Northern Trust Company, The Bank of New York Mellon, and The Bank of Nova Scotia		

**Commercial Paper**

Dealer:	Goldman Sachs & Co.	Chicago, IL	Rich Bellis
CP Dealer's Counsel:	Goldman Sachs & Co. (in-house)	New York, NY	
Trustee and Issuing/Paying Agent:	Deutsche Bank	Chicago, IL	George Kubin
Rating Agency:	Moody's Investors Service	New York, NY	
IFA Counsel:	Burke Burns & Pinelli Ltd.	Chicago, IL	Steve Welcome
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 2.**

	<b>Loop Campus</b>	<b>Lincoln Park Campus</b>
Congressional:	1 Bobby L. Rush	5 Rahm Emanuel
State Senate:	13 Kwame Raoul	6 John J. Cullerton
State House:	26 Elga Jeffries	11 John A. Fritchey

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**DEPAUL UNIVERSITY BOARD OF TRUSTEES**  
(as of 6/11/2007)

**\*Denotes Members of the Board of Trustees Executive Committee**

**Name/Professional Affiliation:**

William L. Bax	Managing Partner, PricewaterhouseCoopers, LLP (Retired)
*William E. Bennett	
Martin R. Castro	VP for External Affairs, Aetna, Inc.
*Gery J. Chico	Chico & Nunes, LLP
Frank M. Clark	President, ComEd
James W. Compton	Former President and CDO, Chicago Urban League
*Curtis J. Crawford	President and CEO, XCEO Inc.
Douglas Crocker, II	Chairman and CIO, Transwestern Multifamily Partners, LLC
Connie R. Curran	Executive Director, C-Change
James L. Czech	President, The James L. Czech Company LLC
*Mary A. Dempsey	Commissioner, Chicago Public Library
*Sue L. Gin	Chairman, Flying Food Group Inc.
Rev. Paul L. Golden, C.M.	Director, Vincentian Canonical Services
*Jack M. Greenberg	Retired Chairman & CEI, McDonald's Corporation
*William E. Hay	President, William E. Hay & Co.
Rev. Dennis H. Holtschneider, C.M.	President, DePaul University
James M. Jenness	Chairman and CEO, Kellogg
Jeffrey J. Kroll	Partner, Clifford Law Offices
*Arthur E. Levine	President, Woodrow Wilson Foundation
Rev. Robert P. Maloney, C.M.	Coordinator, Project DREAM
Particia J. Parson	Consultant to AmerInd
Peter Pesce	Executive VP, Human Resources, Fifth Third Bank
Roger L. Plummer	President, Plummer & Associates Consulting
Rev. Prudencio Rodriguez, C.M.	Director of Hispanic Ministry, DePaul House
Lawrence C. Russell	Managing Director, The Director's Firm (Retired)
*Bertram L. Scott	Executive VP of Strategy, Implementation, and Policy, TIAA-CREF
*John C. Staley	Managing Partner, Ernst & Young LLP (Retired)
Harrison I. Steans	Chairman, Financial Investments Corporation
Errol L. Stone	Partner, Sonnenschein, Nath & Rosenthal
Rev. James E. Swift, C.M.	Provincial Superior, Midwest Province Congregation of the Mission
Richard E. Terry	Chairman and CEO, Peoples Energy Corporation (Retired)
Daniel C. Ustian	Chairman, President & CEO, Navistar Corporation
Joanne Velasquez	Executive VP, Azteca Foods, Inc.
John J. Vitanovec	Group VP, Tribune Broadcasting

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Robert Morris College**

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**STATISTICS**

Number:	E-PC-TE-CD-7183	Amount:	\$30,000,000 (not to exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Townsend S. Albright
Locations:	Aurora, Chicago, Schaumburg (Cook County)	Region:	Northeast

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**BOARD ACTION**

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

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**PURPOSE**

Proceeds will be used to (i) refund outstanding indebtedness, (ii) expand and renovate its Chicago campus, (iii) design and construct a new medical and science wing for the DuPage Campus, (iv) construct and equip new classrooms for the Schaumburg Graduate School, (v) plan and design a new suburban graduate school at a location to be determined, and (vi) fund legal and professional 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 earned on the bonds paid to bondholders and thereby reducing the borrower's interest expense.

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**VOTING RECORD**

Preliminary Bond Resolution: September 11, 2007

Ayes: 10      Nays: 0      Abstentions: 0  
Absent: 4 (Boys, Herrin, Leonard, Rivera)      Vacancies: 1

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**SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Revenue Bonds	\$29,600,000	Project Costs	\$10,054,801
Equity	<u>1,608,576</u>	Debt refunding	20,478,775
(Existing Debt Reserve Fund Applied to refunding)		Arch.Eng	500,000
Total	<u>\$31,208,576</u>	Legal/Professional	<u>175,000</u>
		Total	<u>\$31,208,576</u>

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**JOBS**

Current employment:	818	Projected new jobs:	62 (over 2 years)
Jobs retained:	818	Construction jobs:	150

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## BUSINESS SUMMARY

- Background:** Robert Morris College (the “College”, the “Applicant”, “RMC”) is a private, independent, not-for-profit institution of higher education located in Chicago, Illinois with suburban campuses. Robert Morris College bears the name of an outstanding American of the Revolutionary War who has been called the “Financier of the Revolution.” Robert Morris helped the movement for freedom by securing the financial assistance — including his own personal resources — for the patriots during the Colonial struggle.
- Robert Morris College is a private not-for-profit, associate, baccalaureate, and master's degree-granting institution, accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. RMC serves over 6,500 students interested in getting an education that meets the demands of today's business, graphic arts, health care, culinary, and technical world at its main campus in Chicago as well as at locations in DuPage, Orland Park, Bensenville, Springfield, Peoria and Lake County. With over a 90-year history of excellence, Robert Morris College offers professional, career-focused education in a collegiate setting to diverse communities. As Illinois' leading independent, not-for-profit college, RMC's accredited degrees, accelerated programs and year round scheduling allow students to earn the education they deserve while benefiting from one of the lowest tuition rates in the state.
- Robert Morris College is accredited by the Higher Learning Commission of the North Central Association, of which it is a member. Robert Morris College is approved by the Illinois Board of Higher Education and is authorized to award the Master of Business Administration Degree, Master of Information Systems Degree, Bachelor of Business Administration Degree, Bachelor of Applied Science Degree in Graphic Design, Bachelor of Applied Science Degree in Computer Studies and the Associate in Applied Science Degree. The College's Medical Assistance Program is accredited by the Commission on Accreditation of Allied Health Education Programs (CAAHEP). Students who complete the Professional Diploma or Associate Degree program are eligible to sit for the national qualifying examination for certification as a Certified Medical Assistant (CMA). RMC is the fifth largest not for profit college in Illinois. The College is governed by an eleven member Board of which a member list is included for IFA Board review.
- Project Description:** Proceeds from the proposed financing will be used to (i) expand and remodel RMC's Chicago campus including the library, Graduate Center Architectural Studies, and Medical and Science Laboratories, (ii) design and construct a new medical wing at RMC's DuPage campus including general science and nursing labs, surgery labs, and faculty areas, (iii) construct two new , and open computer lab, plus fixtures and equipment, and (iv) design a new business school campus in a suburban area to be determined, (v) refund outstanding Series 1997 and Series 2000 Fixed Rate Bonds issued through the IDFA, a predecessor Authority merged into the IFA on January 2, 2004, and (vi) fund legal and professional costs.
- Remarks:** Tax exempt financing results in a significantly lower cost of capital than commercial financing and enables the College to increase the resources that can be devoted to student programs and services. Additionally, the ability of the College to current refund outstanding bonds from its Series 1997 and Series 2000 Bonds will produce a net present value saving of approximately \$1.2 million.

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**FINANCING SUMMARY**

Structure: Fixed rate, credit enhanced with bond insurance from an "AAA" insurer.  
 Prior issues of the College have been insured by MBIA (Series 1997 and 2000) and JP Morgan Letter of Credit (Series 2004)

Security: Operating revenues of the College will be the source of repayment.

Maturity: 2030

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**PROJECT SUMMARY**

Bond proceeds will be used to (i) refund approximately \$20,478,775 of outstanding indebtedness, (ii) expand and renovate existing Chicago Campus areas located at 401 South State Street, Chicago, Cook County, Illinois, (iii) design and construct a new medical and science wing plus ancillary facilities for the DuPage Campus located at 905 Meriden Lake Drive, Aurora, DuPage County, Illinois, (iv) construct and equip new classrooms for the Schaumburg Graduate School located at 1000 East Woodfield Road, Schaumburg, Cook County, Illinois, and (v) fund design and planning expenses for a new business school campus to be located at a suburban site to be determined, and (vi) fund legal and professional costs.

Project Costs:	
New Construction/Renovation:	\$10,054,801
Architectural/Engineering:	<u>500,000</u>
Total	<u>\$10,554,821</u>
Refunding	<u>\$20,478,775</u>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Robert Morris College

Project names: 2007 Refunding and Facility Expansion, Chicago, IL and other campuses

Locations:	Chicago Campus	DuPage Campus	Schaumburg Campus
	401 S. State Street	905 Meridian Lake Drive	1000 East Woodfield Drive
	Chicago, IL 60605	Aurora, IL 60504	Schaumburg, IL 60173

Contact Person: Ronald Arnold, VP for Business Affairs, 312-935-6646

Organization: 501(c)(3) Corporation

State: Illinois

Board of Trustees:	Donald J. Andorfer	President	Indiana Institute of Technology
	Randall B. Becker	Managing Director	U.S. Corporate Banking Group
	Marcia Burke	President	LewisBurke Consulting Group, Inc.
	Thomas H. Donohoe <i>Secretary</i>	Partner	McDermott, Will & Emery
	Roland I. Finkelman <i>Chairman</i>	Vice President, retired	GATX Corporation
	Claudia Freed	Executive Director	Educational Assistance, Ltd.
	Jack Gonder	Associate	RSM Equico Company
	Gladys Jossell	President	A-Pro Temporaries, Inc.
	Nick Mavros	Owner	Mavros Computer Services
	Michael P. Violtt	President	Robert Morris College
	Joseph D. Wright	Vice President, Partner	Performance Communications Group

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**PROFESSIONAL & FINANCIAL**

Counsel:	McDermott, Will & Emery	Chicago, IL	Fred Feinstein
Accountant:	McClintock & Associates CPA	Bridgeville, PA	Mike Wherry
Bond Counsel:	Chapman & Cutler	Chicago, IL	James Luebchow
Co-Underwriters:	JP Morgan Securities	Chicago, IL	Shelley B. Phillips
	Banc of America Securities LLC	Chicago, IL	Kenneth A. Kerzner
Financial Advisor:	Norton Scott LLC	Great Falls, VA	Michael Scott
Underwriter's Counsel:	Shiff Hardin LLP	Chicago, IL	Paul Marengo
Issuer's Counsel:	Sonnenschein Nath & Rosenthal LLP	Chicago, IL	Mary G. Wilson
Trustee:	Bank of New York, NA	Chicago, IL	Robert Demos
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**

	Chicago Campus	DuPage Campus	Schaumburg Campus
Congressional:	7 Danny D. Davis	13 Judy Biggert	8 Melissa Bean
State House:	5 Kenneth Duncan	48 Randall M. Hultgren	28 John Millner
State Senate	3 Mattie Hunter	96 Joe Dunn	56 Paul Froehlich

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: November 13, 2007

Re: Amendatory Resolution to Revise the Loan Agreement and Trust Indenture and related documents  
(Stromberg Allen & Company/SACO Real Estate LLC Project)  
IFA Project No. I-ID-CD-TE-6217

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### Background on Request:

This memorandum and the accompanying Resolution will enable the Co-Borrowers (Stromberg Allen & Company and SACO Real Estate LLC) to substitute Leaders Bank for JPMorgan Chase Bank as the Direct Pay Letter of Credit Provider on the subject bond issue as requested. Because Leaders Bank is a non-rated institution, LaSalle Bank, N.A. will be securing the Bonds with a Direct Pay Letter of Credit. The Bonds will be rated solely based on the LaSalle Direct Pay LOC. Leaders Bank will assume all underlying risk to the Co-Borrowers. The Financing Summary section of this memorandum explains the revised structure more comprehensively.

The Resolution will authorize execution of both an Amended Trust Indenture and Loan Agreement to accomplish the revised Letter of Credit structure securing the Bonds.

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### VOTING RECORDS:

Preliminary Bond Resolution: November 14, 2006

Ayes: 9 Nays: 0 Abstentions: 0

Absent: 6 (Boyles, DeNard, Herrin, Nesbitt, Rice, Rivera) Vacancies: None

Final Bond Resolution: September 11, 2007

Ayes: 10 Nays: 0 Abstentions: 0

Absent: 4 (Boyles, Herrin, Leonard, Valenti) Vacancies: 1

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### FINANCING SUMMARY

#### Bondholder

Security: Bondholders will be secured by a Direct Pay Letter of Credit from LaSalle Bank, N.A.

#### LaSalle Bank

Security: LaSalle Bank will, in turn, be secured by a Direct Pay Letter of Credit from Leaders Bank of Oak Brook, Illinois, and evidenced by an Interbank Reimbursement Agreement between LaSalle Bank, N.A. and Leaders Bank.

#### Leaders Bank

Security: Stromberg Allen and Company and SACO Real Estate Company LLC will be jointly and severally liable to Leaders Bank, as the Direct Pay Letter of Credit provider on the subject bonds. Leaders Bank will be secured by a First Mortgage on the subject

real estate, a collateral assignment of rents and leases, and a corporate guaranty from Stromberg Allen and Company on the real estate portion of this financing. Leaders Bank will be secured by a blanket first security interest in all equipment, receivables, inventory, and intangibles (e.g., patents and trademarks) of Stromberg Allen and Company on the equipment portion of this financing.

Finally, Leaders Bank will cross collateralize and cross default all existing and future bank term debt, bank liquidity facilities, and the subject Direct Pay Letter of Credit to both Stromberg Allen and Company and SACO Real Estate Company LLC. (Stromberg Allen and Company will be the direct obligor on the equipment portion of the Leaders Bank's Direct Pay LOC. and SACO Real Estate Company LLC will be the obligor on the real estate portion of Leaders Bank's Direct Pay LOC.

Structure: Bonds will be sold initially as 7-date variable rate demand bonds. The most current average effective rate on 7-day floaters was 3.60% as of 10/17/2007 (excludes annual LOC and ongoing remarketing and trustee expenses).

Amortization/  
 Final Maturity

Date: 30 years on real estate; 7 years on machinery and equipment

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**PROFESSIONAL & FINANCIAL**

General Counsel:	Sugar Friedberg Felsenthal LLP	Chicago, IL	Richard Sugar
Accountant:	Plant & Moran, PLLC	Elgin, IL	David Misura
<b>Direct Pay LOC Bank</b>			
securing Bonds:	LaSalle Bank, N.A.	Chicago, IL	Scott Steiner
Counsel to LaSalle Bank:	Scott & Kraus, LLC	Chicago, IL	Drew Scott
<b>Direct Pay LOC (secures LaSalle Bank on behalf of Co-Borrowers):</b>			
Leaders Bank:	Leaders Bank	Oak Brook, IL	Tom Carmody
Counsel to Leaders Bank:	Pedersen & Houpt	Chicago, IL	Mary Muehlstein
Underwriter:	JPMorgan Securities, Inc.	Chicago, IL	Shelley Phillips
Underwriter's Counsel:	Schiff Hardin LLP	Chicago, IL	Scott Pickens
Bond Counsel:	Ungaretti & Harris, LLP	Chicago, IL	Ray Fricke
Architect:	Provence Development Group, Ltd.	Chicago, IL	Allen Olsen
General Contractor:	Stromberg Allen and Company is serving as its own general contractor on HVAC improvements, electrical upgrades, and concrete footing improvements pursuant to architectural plans developed by Provence Development Group.		
Trustee/Fiscal Agent:	Bank of New York	Chicago, IL	Robert Hardy
IFA Counsel:	Charity and Associates, P.C.	Chicago, IL	Alan Bell
<b>IFA Financial</b>			
Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

- 
- Attachments:
    1. Amendatory Resolution, and
    2. Updated IFA Board Summary Report

**DRAFT RESOLUTION**

**07-11-\_\_\_\_\_**

RESOLUTION PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$8,000,000 AGGREGATE PRINCIPAL AMOUNT OF ADJUSTABLE RATE DEMAND REVENUE BONDS (STROMBERG ALLEN AND COMPANY PROJECT) SERIES 2007, OF THE ILLINOIS FINANCE AUTHORITY, AND AUTHORIZING THE SALE THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT, AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A TAX AGREEMENT AND RELATED DOCUMENTS; APPROVING THE DISTRIBUTION OF AN OFFICIAL STATEMENT; APPROVING A REMARKETING AGREEMENT; AND AUTHORIZING AND APPROVING RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "Authority"), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the "Act"), is authorized by the laws of the State of Illinois, including without limitation, the Act, to issue its revenue bonds for the purposes set forth in the Act and to permit the expenditure of the proceeds thereof to defray, among other things, the costs of the acquisition, construction, refurbishment, installation and equipping of "industrial projects," as defined in the Act, and to provide for the refunding of any bonds deemed necessary in connection with any purpose of the Authority; and

WHEREAS, on September 11, 2007, the Authority approved the issuance of not to exceed \$8,000,000 aggregate principal amount of its Revenue Bonds, Series 2007 on behalf of Stromberg Allen and Company, an Illinois corporation, and SACO Real Estate Company, LLC, an Illinois limited liability company (collectively, the "Borrowers"); and

WHEREAS, due to the Borrowers replacing the Direct Pay Letter of Credit from JPMorgan with a Direct Pay Letter of Credit from LaSalle Bank, N.A. pursuant to an Interbank Reimbursement Agreement with Leaders Bank , it is necessary to amend and restate the Trust Indenture, Loan Agreement, and other related documents to reflect this modification in structure; and

WHEREAS, the Borrowers have requested that the Authority issue its revenue bonds in an aggregate principal amount not to exceed \$8,000,000 and loan the proceeds thereof to the Borrowers for the purpose of providing the Borrowers with all or a portion of the funds for the purpose of financing or refinancing of (1) the acquisition, renovation, and equipping of an existing, approximately 80,000 square foot manufacturing facility located on an approximately 4.83 acre site at 18504 West Creek Drive, Tinley Park, Will County, Illinois, and (2) to pay capitalized interest, costs of issuance, including costs of credit enhancement, and other qualified professional fees, all as permitted by the Act (the "Project"); and

WHEREAS, in furtherance of the purposes set forth in the Act, the Authority wishes to provide funds for the Project by the sale and issuance of its revenue bonds and by authorizing such actions as might be required to implement such stated intention; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, the Authority is now prepared to issue and sell an aggregate principal amount not to exceed \$8,000,000 of its Adjustable Rate Demand Revenue Bonds (Stromberg Allen and Company Project) Series 2007 (the "Bonds"), to accomplish the same, such Bonds to be secured by the Indenture (as hereinafter defined) as described therein, and, except to the extent payable from Bond proceeds or income from the temporary investment thereof, to be payable solely from the revenues, income and other amounts received by the Authority pursuant to the Loan Agreement (as hereinafter defined) and from amounts drawn under the Letter of Credit (as hereinafter defined) as long as the Bonds bear interest in certain Modes as described in the Indenture; and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of an Indenture of Trust (the "Indenture") by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), a Loan Agreement (the "Loan Agreement") by and among the Authority and the Borrowers, a Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Authority, the Borrowers and J.P. Morgan Securities Inc., as underwriter (the "Underwriter"), and a Tax Exemption Certificate and Agreement (the "Tax Agreement"), among the Authority, the Borrowers and the Trustee, all in connection with the issuance of the Bonds; and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to approve the distribution of an Official Statement (the "Official Statement") by the Underwriter in connection with the offering and sale of the Bonds; and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to approve the remarketing of the Bonds from time to time by J.P. Morgan Securities Inc., as remarketing agent (the "Remarketing Agent"), pursuant to a Remarketing Agreement (the "Remarketing Agreement") between the Borrowers and the Remarketing Agent; and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to approve securing the Bonds (as long as they bear interest in certain Modes) by an irrevocable transferable letter of credit (the "Letter of Credit") to be issued by LaSalle Bank National Association (the "Letter of Credit Bank"), pursuant to the Interbank Reimbursement Agreement (the "Bank Reimbursement Agreement") between the Letter of Credit Bank and The Leaders Bank (the "Relationship Bank"), as applicant on behalf of the Borrowers and a Reimbursement Agreement between the Borrowers and the Relationship Bank (the "Reimbursement Agreement"); and

WHEREAS, the Authority has caused to be prepared and presented to its members forms of the following documents which the Authority proposes to enter into or approve:

- (i) the Indenture,
- (ii) the Loan Agreement,

- (iii) the Bond Purchase Agreement,
- (iv) the Official Statement,
- (v) the Bonds (included as an Exhibit to the Indenture), and
- (vi) the Remarketing Agreement; and

WHEREAS, the Indenture, the Loan Agreement, the Bond Purchase Agreement and the Tax Agreement are referred to collectively herein, as the "Authority Agreements";

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

Section 1. That the Authority is hereby authorized to enter into the Indenture with the Trustee in substantially the same form as is now before the Authority; that the form, terms and provisions of the Indenture be, and they hereby are, in all respects approved; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver, and the Secretary or any Assistant Secretary of the Authority be and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Indenture in the name, for and on behalf of the Authority, and thereupon to cause the Indenture to be executed, acknowledged and delivered to the Trustee, in substantially the form now before the Authority or with such changes therein as the Chairman, the Vice Chairman, the Treasurer or the Executive Director shall approve, his or her execution thereof to constitute conclusive evidence of such approval of any and all changes or revisions therein from the form of Indenture now before the Authority; that when the Indenture is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Indenture shall be binding on the Authority; that from and after the execution and delivery of the Indenture, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Indenture as executed.

Section 2. The designation by the Borrowers of The Bank of New York Trust Company, N.A., with a corporate trust office in Chicago, Illinois, as trustee, paying agent and registrar (the "Trustee") under the Indenture, is hereby approved by the Authority.

Section 3. That the Authority is hereby authorized to enter into the Loan Agreement with the Borrowers in substantially the same form as is now before the Authority; that the form, terms and provisions of the Loan Agreement be, and they hereby are, in all respects approved; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute, and the Secretary or any Assistant Secretary of the Authority be, and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Loan Agreement in the name, for and on behalf of the Authority, and thereupon to cause the Loan Agreement to be delivered to the Borrowers, such Loan Agreement to provide for the loan of the proceeds of the Bonds to the Borrowers and the use of such proceeds as provided therein and approved hereby, and to be in substantially the same form as is now before the Authority or with such changes therein as the Chairman, the Vice Chairman, the Treasurer or the Executive

Director shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of any and all changes or revisions therein from the form of the Loan Agreement now before the Authority; that when the Loan Agreement is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Loan Agreement will be binding on the Authority; that from and after the execution and delivery of the Loan Agreement, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Loan Agreement as executed.

Section 4. That the Authority is hereby authorized to enter into the Tax Agreement with the Borrowers and the Trustee in the form to be approved by bond counsel and by counsel for the Authority; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver the Tax Agreement in the form so approved; that when the Tax Agreement is executed and delivered on behalf of the Authority as hereinabove provided, the Tax Agreement will be binding on the Authority; and that from and after the execution and delivery of the Tax Agreement, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Tax Agreement as executed.

Section 5. That the form of the Bonds now before the Authority, subject to appropriate insertions and revisions in order to comply with the provisions of the Indenture (as executed and delivered) be, and the same hereby is, approved; that the Bonds shall be executed in the name, for and on behalf of the Authority with the manual or facsimile signature of its Chairman or Vice Chairman and attested with the manual or facsimile signature of its Treasurer, Secretary or any Assistant Secretary and the seal of the Authority shall be impressed or imprinted thereon; that the Chairman or any other officer of the Authority shall cause the Bonds, as so executed and attested, to be delivered to the Trustee for authentication; and when the Bonds shall be executed on behalf of the Authority in the manner contemplated by the Indenture and this Resolution, they shall represent the approved form of Bonds of the Authority; provided that the Bonds shall bear interest at initial rates not to exceed 10% per annum, subject to adjustment in accordance with the provisions of the Indenture, and shall be payable over a term not exceeding thirty-five (35) years from their date of issuance.

Section 6. That the Authority is hereby authorized to issue the Bonds from time to time and in one or more series in the aggregate principal amount not to exceed \$8,000,000 to be designated the Illinois Finance Authority Adjustable Rate Demand Revenue Bonds (Stromberg Allen and Company Project), Series 2007, or such other designation as shall be set forth in the Indenture. The Bonds shall be issued in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. The Bonds shall be dated the date of their initial issuance and delivery, shall be in fully registered form, shall be subject to optional and mandatory redemption and optional and mandatory tender in accordance with the terms and provisions of the Indenture, and shall have such other terms and provisions as specified in the Indenture to be included therein.

Section 7. The Bonds shall be limited obligations of the Authority payable solely out of the revenues and receipts derived from the Loan Agreement, the Letter of Credit and funds pledged under the Indenture. No holder of any Bond has the right to compel any exercise of the taxing power of the State of Illinois to pay the Bonds, the interest or premium, if any, thereon,

and the Bonds shall not constitute an indebtedness of the State of Illinois or a loan of credit thereof within the meaning of any constitutional or statutory provisions. It shall be plainly stated on the face of each Bond that it does not constitute an indebtedness or obligation of the State of Illinois or a loan of credit thereof within the meaning of any constitutional or statutory provision, but is payable solely for the revenues of the Authority pledged therefor under the Indenture.

Section 8. That the issuance of the Bonds and the sale of the Bonds in an aggregate principal amount not to exceed \$8,000,000 to the Underwriter at a purchase price of not less than 98% of the aggregate principal amount thereof and accrued interest, if any, to the date of delivery, is hereby approved and confirmed, and the Authority is hereby authorized to enter into the Bond Purchase Agreement with the Borrowers and the Underwriter in substantially the same form as is now before the Authority; that the form, terms and provisions of the Bond Purchase Agreement be, and they hereby are, in all respects approved; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver the Bond Purchase Agreement by and among the Authority, the Borrowers and the Underwriter, such Bond Purchase Agreement to provide for the issuance and sale of the Bonds of the Authority in an aggregate principal amount not to exceed \$8,000,000, in substantially the same form as is now before the Authority or with such changes therein as the Chairman, the Vice Chairman, the Treasurer or the Executive Director shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of any and all changes and revisions therein from the form of Bond Purchase Agreement now before the Authority and of his or her approval of the final principal amounts, final maturities and redemption provisions for the Bonds; that when the Bond Purchase Agreement is executed and delivered on behalf of the Authority as hereinabove provided, such Bond Purchase Agreement shall be binding upon the Authority; that from and after the execution and delivery of the Bond Purchase Agreement, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Bond Purchase Agreement as executed.

Section 9. That the execution and delivery of the Reimbursement Agreement by the Borrowers and the Relationship Bank, the Bank Reimbursement Agreement by the Letter of Credit Bank and the Relationship Bank, and the issuance thereunder of the Letter of Credit as security for the Bonds bearing interest in certain Modes, is hereby approved.

Section 10. That the distribution of the Official Statement by the Underwriter in connection with the offering and sale of the Bonds is hereby approved, such Official Statement to be in substantially the same form as the draft of the Official Statement now before the Authority, or with such changes therein as shall be approved by the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority.

Section 11. That the execution and delivery of the Remarketing Agreement by the Borrowers and the Remarketing Agent is hereby approved.

Section 12. That the Chairman, the Vice Chairman, the Treasurer, the Executive Director, the Secretary, any Assistant Secretary and any other officer of the Authority be, and each of them hereby is, authorized to execute and deliver such documents, certificates, and undertakings of the Authority and to do all such acts and things as may be required in connection

with the execution, delivery and performance of the Indenture, the Loan Agreement, the Bond Purchase Agreement and the Tax Agreement 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. Unless otherwise provided therein, wherever in the Authority Documents or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by the Chairman, the Vice Chairman, the Executive Director or the Treasurer of the Authority, or in the event of the unavailability, inability or refusal of the Chairman, the Vice Chairman, the Executive Director or the Treasurer to act, any two Members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the Indenture.

Section 13. That all acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds in a principal amount not to exceed \$8,000,000 and the financing or refinancing of the Project in that amount be, and the same hereby are, in all respects, ratified, approved and confirmed.

Section 14. That the publication on behalf of the Authority of the notices of public hearing relating to the conduct of the public hearing by the Executive Director of the Authority or her designee with respect to the issuance of the Bonds is hereby ratified, approved and confirmed. The officers of the Authority are hereby authorized and directed to submit the Bonds for approval by the Governor of the State of Illinois, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended.

Section 15. That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 16. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 17. That any terms not defined herein shall be given the meaning as defined in the Indenture, and as applicable.

Section 18. That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Stromberg Allen and Company and SACO Real Estate Company LLC**

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**STATISTICS**

Project Number: I-ID-CD-TE-6217	Amount: \$8,000,000 (not-to-exceed amount for Resolution)
Type: Industrial Revenue Bonds	IFA Staff: Rich Frampton
Location: Tinley Park	County/Region: Cook County/Northeast

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**BOARD ACTION**

Amendatory Bond Resolution [to amend description of Credit Enhancement to reflect the new structure (i.e., back-to-back Direct Pay LOC's from Leaders Bank, Oak Brook, Illinois and LaSalle Bank, N.A.)]  
Staff recommends approval  
Conduit Industrial Revenue Bonds  
No IFA funds at risk  
No extraordinary conditions

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**PURPOSE**

Purchase and renovation of an existing, vacant manufacturing facility in Tinley Park that will enable Stromberg Allen and Company to expand, while also retaining its operations in Illinois.

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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 taxes and thereby enable the Borrower to obtain a lower interest rate on this debt.

**These Bonds will require \$7.5 million of Volume Cap. The Village of Tinley Park has already transferred its entire 2007 Volume Cap allocation of to IFA (i.e., \$4,885,545) to support this project. As a result, the net Volume Cap required from IFA to finance this transaction will be \$2,614,455.**

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**VOTING RECORDS**

Preliminary Bond Resolution: November 14, 2006

Ayes: 9      Nays: 0      Abstentions: 0  
Absent: 6 (Boyles, DeNard, Herrin, Nesbitt, Rice, Rivera)      Vacancies: None

Final Bond Resolution: September 11, 2007

Ayes: 10      Nays: 0      Abstentions: 0  
Absent: 4 (Boyles, Herrin, Leonard, Valenti)      Vacancies: 1

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**SOURCES AND USES OF FUNDS**

Sources:	IRB	\$7,500,000	Uses:	Project Cost	\$8,335,000
	Equity	<u>2,085,000</u>		Issuance/Soft Costs	<u>250,000</u>
	<b>Total</b>	<b>\$9,585,000</b>		<b>Total</b>	<b>\$9,585,000</b>

Equity for this project will be provided from (1) corporate cash, (2) equity and, ultimately, proceeds from the sale of the current facility, and (3) if necessary, equity from the principals of Stromberg Allen and Company.

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### JOBS

Current employment:	41	Projected new jobs:	8 (initially); plus 2-8 phased in within 2 yrs.
Jobs retained: 41 (retention in Illinois)		Construction jobs:	10 (3-5 months)

**This Company had previously considered relocating to NW Indiana in late 2006. Prospective availability of IRB financing was one factor that led the Company to retain its operations in Illinois. Tinley Park's Resolution to transfer its entire 2007 allocation for this project helped convince the Company to undertake its relocation and expansion in Illinois. The Company anticipates that 100% of the Company's current workforce will transfer from the existing facility in Chicago to the new facility in Tinley Park. This project will result in the renovation and reuse of an existing, vacant manufacturing facility.**

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### BUSINESS SUMMARY

**Organization:** Stromberg Allen and Company (the "Company"), was originally founded in Chicago in 1889. The Company was purchased by the Kruchko family and also incorporated under Illinois law in 1959. The Company is owned equally by eight Kruchko family members (see Economic Disclosure Statement section on p. 4).

**SACO Real Estate Company LLC ("SACO") is an Illinois limited liability company formed by the principal shareholders of Stromberg Allen and Company in 2007, to purchase, finance, renovate, and own a vacant, existing manufacturing facility located in Tinley Park, Illinois.**

**Stromberg Allen will be the obligor on the equipment portion of the bond issue and SACO will be the obligor on the real estate portion of the bond issue. Collectively, Stromberg Allen and SACO will be referred to herein as the "Co-Borrowers".**

#### Description of

**Stromberg Allen:** Stromberg Allen and Company is an educational publisher, formed in 1889 in the Printer's Row District of Chicago. The Company's original focus was printing tickets and stationery.

Since that time, Stromberg Allen has evolved into a specialty printer of supplemental learning materials primarily for grades K-8. These specialty items include: flip charts for reading, math, and science; overhead transparencies; math, reading, and science kits; flash cards; other card sets, laminated books, and spiral bound books.

Stromberg Allen is a supplier for several of the largest educational publishers (proprietary). Stromberg Allen provides full service, in-house, custom design, printing (8-color presses), laminating, die-cutting, and spiral binding services.

The Company's competition is comprised of the educational divisions of large, publicly-held companies. Two of Stromberg Allen's primary competitors are RR Donnelley and Quebecor World, Inc.

Stromberg Allen has been located at its current 58,000 SF facility in Chicago (3333 W. 47<sup>th</sup> Street) since 1962. The Company's recent sales growth had led the Company to lease outside warehouse space and to outsource certain jobs to competitors. By relocating to the proposed facility in Tinley Park, Stromberg Allen will be able to (1) consolidate its operation at a single location, thereby reducing material handling expenses and improving operating efficiencies, (2) eliminate outsourced jobs, which should improve profit margins, (3) expand its operations from 58,000 SF currently to 85,000 SF at the new location, and (4) provide additional land to accommodate future building expansion. The subject facility in Tinley Park was originally constructed in 1993 and is currently vacant.

Stromberg Allen had also been considering alternate sites in Indiana. IFA has been involved in discussions with Stromberg Allen, the Illinois Department of Commerce and Economic Opportunity ("DCEO"), the Village of Tinley Park, and the Will County Center for Economic Development since Fall 2006 regarding the subject location. IFA staff has been discussing the financing of this project with the Company since late 2005.

As noted previously, the Village of Tinley Park is supporting this project through the transfer of the Village's entire 2007 Home Rule Volume Cap allocation of approximately \$4.89 million to IFA. The Company expects all 41 current employees to transfer to the new location in Tinley Park.

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### FINANCING SUMMARY

**Bondholder**

**Security:** Bondholders will be secured by a Direct Pay Letter of Credit from LaSalle Bank, N.A.

**LaSalle Bank**

**Security:** LaSalle Bank will, in turn, be secured by a Direct Pay Letter of Credit from Leaders Bank of Oak Brook, Illinois, and evidenced by an Interbank Reimbursement Agreement between LaSalle Bank, N.A. and Leaders Bank.

**Leaders Bank**

**Security:** Stromberg Allen and Company and SACO Real Estate Company LLC will be jointly and severally liable to Leaders Bank, as the Direct Pay Letter of Credit provider on the subject bonds. Leaders Bank will be secured by a First Mortgage on the subject real estate, a collateral assignment of rents and leases, and a corporate guaranty from Stromberg Allen and Company on the real estate portion of this financing. Leaders Bank will be secured by a blanket first security interest in all equipment, receivables, inventory, and intangibles (e.g., patents and trademarks) of Stromberg Allen and Company on the equipment portion of this financing.

Finally, Leaders Bank will cross collateralize and cross default all existing and future bank term debt, bank liquidity facilities, and the subject Direct Pay Letter of Credit to both Stromberg Allen and Company and SACO Real Estate Company LLC. (Stromberg Allen and Company will be the direct obligor on the equipment portion of the Leaders Bank's Direct Pay LOC. and SACO Real Estate Company LLC will be the obligor on the real estate portion of Leaders Bank's Direct Pay LOC.

**Structure:** Bonds will be sold initially as 7-date variable rate demand bonds. The most current average effective rate on 7-day floaters was 3.60% as of 10/17/2007 (excludes annual LOC and ongoing remarketing and trustee expenses).

**Amortization/  
Final Maturity**

**Date:** 30 years on real estate; 7 years on machinery and equipment

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### PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition, renovation, and equipping of an existing, approximately 85,000 SF manufacturing facility located on an approximately 4.83 acre site located at 18504 West Creek Drive, Tinley Park (Will County), Illinois 60477-6242. Additionally, Bond proceeds may also be used to pay capitalized interest, costs of issuance, and other professional fees (collectively, these expenditures comprise the "Project").

Estimated project costs are as follows:

Land and Building Acquisition:	\$3,540,000
Renovation/Architectural:	900,000
Equipment	<u>\$3,895,000</u>
Total	\$8,335,000

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### ECONOMIC DISCLOSURE STATEMENT

**Co-Borrowers:** Stromberg Allen and Company and SACO Real Estate LLC, 3333 West 47<sup>th</sup> Street, Chicago, IL 60632-2940 (*Note: This will be the mailing address until the late 2007 relocation from the City of Chicago to the subject Tinley Park facility.*)

**Web Site:** [www.strombergallen.com](http://www.strombergallen.com)

**Contact:** Mr. William Kruchko, President, Stromberg Allen and Company; Ph. 773-847-7131; Fax: 773-847-6673;  
E-mail: [bill@strombergallen.com](mailto:bill@strombergallen.com)

**Project name:** Stromberg Allen and Company

**Location:** 18504 West Creek Drive, Tinley Park (Will County), Illinois 60477-6242 (*Note: this will be the Company's new address upon relocation from Chicago in Late 2007.*)

**Stromberg Allen and Company:**

**Organization:** Illinois (S Corporation)

**Shareholders:** 8 equal family shareholders:

G. William (Bill) Kruchko, President (Hinsdale, IL)	12.5%
Peter Kruchko, Exec. VP-Sales (Hinsdale, IL)	12.5%
David Kruchko (LaGrange Highlands, IL)	12.5%
Steven Kruchko (Western Springs, IL)	12.5%
Mary Burnstine (Chicago, IL)	12.5%
Stefanie Kruchko Hanson (Deckerville, MI)	12.5%
Catherine Kruchko (New York, NY)	12.5%
Laura Kruchko Rich (Normal, IL)	12.5%

**SACO Real Estate LLC:**

**Organization:** Illinois Limited Liability Company

**Members:**

G. William (Bill) Kruchko, Manager (Hinsdale, IL)	12.5%
Peter Kruchko, Member (Hinsdale, IL)	12.5%
David Kruchko, Member (LaGrange Highlands, IL)	12.5%
Steven Kruchko, Member (Western Springs, IL)	12.5%
Mary Burnstine, Member (Chicago, IL)	12.5%
Stefanie Kruchko Hanson, Member (Deckerville, MI)	12.5%
Catherine Kruchko, Member (New York, NY)	12.5%
Laura Kruchko Rich, Member (Normal, IL)	12.5%

**Current Owner of the Subject Property:** The subject property was purchased by the SACO Real Estate LLC in February 2007. As noted previously, Stromberg Allen and Company and SACO have identical shareholders/members.

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**PROFESSIONAL & FINANCIAL**

General Counsel:	Sugar Friedberg Felsenthal LLP	Chicago, IL	Richard Sugar
Accountant:	Plant & Moran, PLLC	Elgin, IL	David Misura
<b>Direct Pay LOC Bank securing Bonds:</b>	LaSalle Bank, N.A.	Chicago, IL	Scott Steiner
Counsel to LaSalle Bank:	Scott & Kraus, LLC	Chicago, IL	Drew Scott
<b>Direct Pay LOC (secures LaSalle Bank on behalf of co-borrowers):</b>	Leaders Bank	Oak Brook, IL	Tom Carmody
Counsel to Leaders Bank:	Pedersen & Houpt	Chicago, IL	Mary Muehlstein
Underwriter:	JPMorgan Securities, Inc.	Chicago, IL	Shelley Phillips
Underwriter's Counsel:	Schiff Hardin LLP	Chicago, IL	Scott Pickens
Bond Counsel:	Ungaretti & Harris, LLP	Chicago, IL	Ray Fricke
Architect:	Provence Development Group, Ltd.	Chicago, IL	Allen Olsen
General Contractor:	Stromberg Allen and Company is serving as its own general contractor on HVAC improvements, electrical upgrades, and concrete footing improvements pursuant to architectural plans developed by Provence Development Group.		
Trustee/Fiscal Agent:	Bank of New York	Chicago, IL	Robert Hardy
IFA Counsel:	Charity and Associates, P.C.	Chicago, IL	Alan Bell
IFA Financial Advisors:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago Chicago	Bill Morris Lois Scott

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**LEGISLATIVE DISTRICTS**

Congressional:	11	Gerald C. ("Jerry") Weller
State Senate:	19	M. Maggie Crotty
State House:	37	Kevin A. McCarthy

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# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: November 13, 2007

Re: Amendatory Resolution to Add Project Sites and Increase Not-to-Exceed Amount from \$68 Million to \$82 Million, IFA Series 2007 501(c)(3) Revenue Bonds (Roosevelt University Project)  
IFA Project No.: E-PC-TE-CD-6265

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### Background on Request:

This memorandum and the accompanying Resolution will enable Roosevelt University ("Roosevelt" or the "University") to add additional project sites and to increase the not-to-exceed amount of their proposed IFA Series 2007 Bonds from \$68 million, as approved at the February 2007 IFA Board Meeting to \$82 million.

Closing of this financing has taken much longer than anticipated as a result of delays in finalizing the condominium documents for the Gage Building property at 18-28 S. Michigan Avenue, which is being converted from a rental building into an office condominium. Roosevelt has estimated that approximately \$23.5 million of the estimated \$47 million to \$49 million of New Money Bond Proceeds will be used by Roosevelt to purchase a condominium interest in several floors of the Gage Building.

In the meantime, the University has decided to add two additional projects to the proposed uses of funds that were not contemplated in the Resolution originally approved in February 2007, thereby resulting in the increase in the requested not-to-exceed amount from \$68 million to \$82 million. The new projects include:

1. Acquisition of approximately 14,100 SF of land and related development rights for a property located at the SE corner of E. Congress Parkway and S. Wabash Ave., Chicago, IL 60603; and,
2. Financing various ongoing capital improvements at Roosevelt's Schaumburg campus.

### Proposed Refunding Bonds:

Roosevelt's Bond Resolution would also enable approximately \$32.9 million of Tax-Exempt IFA Refunding Bonds. The proposed Refunding Bonds will not be issued unless market conditions are favorable at the time of pricing. These Refunding Bonds would refinance all of Roosevelt's existing credit enhanced (Bank Letter of Credit) backed variable rate bonds as fixed rate bonds. Although the proposed refinancing will not reduce Roosevelt's interest expense it would streamline Roosevelt's existing financial covenants.

In the event that the IFA Series 2007B Bonds are not issued, Roosevelt anticipates that the IFA Series 2007A Bonds will total up to approximately \$49 million (preliminary estimate, subject to change).

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### VOTING RECORDS:

Preliminary Bond Resolution, January 9, 2007:

Ayes: 10      Nays: 0      Abstentions: 0  
Absent: 5 (DeNard, Giannoulas, Herrin, Nesbitt, Valenti)      Vacancies: 0

Final Bond Resolution, February 13, 2007: Amount – not-to-exceed \$68,000,000

Ayes: 9            Nays: 0            Abstentions: 1 (Boyles)

Absent: 4 (Herrin, Nesbitt, Valenti, Zeller) Vacancies: 1

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**FINANCING SUMMARY**

Structure/

Ratings: The Bonds will be sold based on the direct rating of Roosevelt University. The Underwriter (Lehman Brothers) anticipates that Roosevelt will attain long-term ratings of approximately Aa1/A- (Moody's/Fitch). Moody's and Fitch are currently undertaking due diligence and will complete their respective reviews soon.

Security/

Collateral: The Bondholders will be secured by a first security interest in all revenues of the University. The Bonds will be a general unsecured liability of Roosevelt University.

Final Maturity

Date: 4/1/2040 (32 years)

Interest Rates: The estimated interest rate for Aa1/A- rated Bonds was in a range of approximately 5.25% to 5.50% as of 11/1/2007 (as estimated by the Underwriter).

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**PROFESSIONAL & FINANCIAL**

Borrower's

Counsel:	Holland & Knight LLP	Chicago, IL	Anne Hamblin Schiave
Auditor:	Crowe Chizek and Company LLC	Chicago, IL	
Bond Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Janet Goelz Hoffman
Financial Advisor to Borrower:	John S. Vincent & Co.	Chicago, IL	John Vincent,
Senior Manager:	Lehman Brothers	New York, NY	Jim Costello,
Underwriter's Counsel:	Foley & Lardner	Chicago, IL	Chris Knight
Rating Agencies:	Moody's Investors Service	New York, NY	
	Fitch Ratings	New York, NY	
Trustee:	Bank of New York	Chicago, IL	Rodney Harrington
Trustee Counsel:	The Bank of New York Trust Company, N.A.	Chicago, IL	John Prendiville
Architects:	Booth Hansen Associates (Gage Bldg.)	Chicago, IL	Larry Booth
	Ketchmark Associates (Auditorium Theatre)	Burr Ridge, IL	Dana Ketchmark
	<i>No architects have been engaged to date for the Fine Arts Annex, Herman Crown Center or for the Schaumburg Campus projects.</i>		
General Contractors:	Turner Construction Co. (Gage Bldg.)	Chicago, IL	Steve Fort
	<i>No general contractors have been engaged for the other project sites (i.e., Auditorium Theatre, Fine Arts Annex, Herman Crown Center or for the Schaumburg campus).</i>		
IFA Counsel:	Burke Burns & Pinelli, Ltd.	Chicago, IL	Steve Welcome
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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• Attachments:

1. Amendatory Resolution, and
2. Updated IFA Board Summary Report

## **IFA Resolution No. 07-11-\_\_**

**A RESOLUTION** authorizing the issuance of not to exceed \$82,000,000 aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2007 (Roosevelt University Project) (the “Bonds”); the lending of the proceeds of said Bonds to Roosevelt University (the “Borrower”); and the execution of a Loan Agreement by and between the Authority and the Borrower and a Bond Trust Indenture by and between the Authority and The Bank of New York Trust Company, N.A., as Trustee thereunder; approving of the sale of the Bonds; and prescribing other matters relating thereto.

**WHEREAS**, the Illinois Finance Authority (the “Authority”), a body politic and corporate, is empowered by the provisions of the Illinois Finance Authority Act, 20 Illinois Compiled Statutes 3501, as amended (the “Act”), to issue its bonds, notes or other evidence of indebtedness to finance and refinance the cost of “educational facilities” owned and operated by a “private institution of higher education,” as such terms are defined in the Act; and

**WHEREAS**, on February 13, 2007, the Authority approved the issuance of not to exceed \$68,000,000 aggregate principal amount of its Revenue Bonds, Series 2007 (Roosevelt University Project); and

**WHEREAS**, Roosevelt University has added an additional site at which it desires to spend proceeds of the Bonds and is requesting that the Authority approve the issuance of not to exceed \$82,000,000 aggregate principal amount of the Bonds to accommodate the additional use of Bond proceeds; and

**WHEREAS**, the Authority proposes to issue not to exceed \$82,000,000 aggregate principal amount of its Revenue Bonds, Series 2007 (Roosevelt University Project) pursuant to a Bond Trust Indenture dated as of March 1, 2007 (the “Indenture”), by and between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the “Trustee”); and

**WHEREAS**, the Authority proposes to lend the proceeds of the sale of the Bonds to the Borrower, pursuant to a Loan Agreement dated as of March 1, 2007 (the “Loan Agreement”), by and between the Authority and the Borrower, in order to: (i) finance the acquisition, renovation, new construction/build-out, and equipping of certain floors (approximately 126,000 square feet) of the Gage Building located at 18-28 S. Michigan Avenue, Chicago, Illinois 60603; (ii) finance the acquisition, demolition, and site clearing of structures related thereto at the Fine Arts Annex building and the Herman Crown Center located at 421-425 S. Wabash Avenue, Chicago, Illinois 60605; (iii) finance various renovations, including upgrades and replacements, to the Auditorium Building’s HVAC system located at 430 S. Michigan Ave., Chicago, Illinois 60605; (iv) finance various life safety improvements, as well as other renovations and remodeling, at the Auditorium Building, located at 430 S. Michigan Ave., Chicago, Illinois 60605; (v) the acquisition of certain land (approximately 14,100 square feet) and related development rights located at the southeast corner of Congress Parkway and Wabash Avenue, Chicago, Illinois 60603; (vi) finance various capital improvements at the Borrower’s Chicago campus locations and Schaumburg campus site located at 1400 North Roosevelt Boulevard, Schaumburg, Illinois 60173 (items (i) through (vi) collectively, the “Project”); (vii) pay capitalized interest with respect to certain portions of the Project; (viii) refund the Authority’s Variable/Fixed Rate Demand Revenue Bonds, Series 1995

(Roosevelt University Project) (the "Series 1995 Bonds"), the proceeds of which were originally used to purchase and renovate the Borrower's Schaumburg campus site; (ix) refund a portion of the Authority's Variable Rate Demand Revenue Bonds, Series 2000 (ACI/Cultural Pooled Financing Program) (the "Series 2000 Bonds"), the proceeds of which were used to finance the acquisition of equipment for use at the Borrower's Chicago and Schaumburg campuses and to refinance certain taxable debt of the Borrower; (x) refund the Authority's Variable Rate Demand Revenue Bonds, Series 2002 (Roosevelt University Project) (the "Series 2002 Bonds" and, together with the Series 1995 Bonds and the Series 2000 Bonds, the "Prior Bonds"), the proceeds of which were used to finance the renovation, build-out, equipping, and expansion of facilities located at the Borrower's Chicago and Schaumburg campuses; and (xi) pay certain costs of issuance relating to the Bonds; and

**WHEREAS**, the Borrower, an Illinois not for profit corporation, will operate the Project in the City of Chicago and the Village of Schaumburg, both situated in Cook County, Illinois; and

**WHEREAS**, pursuant to the Indenture, the Authority will pledge and assign the Borrower's payments under the Loan Agreement without recourse or warranty and assign its rights under the Loan Agreement (other than certain rights to fees, reimbursement and indemnification) as security for the Bonds; and

**WHEREAS**, the Bonds will be payable solely out of the payments to be made by the Borrower under the Loan Agreement; and

**WHEREAS**, forms of the Loan Agreement, the Purchase Contract (as hereinafter defined), the Indenture and the Official Statement (as hereinafter defined) have been prepared and presented to this meeting;

**NOW, THEREFORE**, Be It and It Is Hereby Resolved by the Members of the Illinois Finance Authority, as follows:

**Section 1. Authorization of the Project.** The financing by the Authority of the Project, the refunding of the Prior Bonds, the funding of interest to accrue on the Bonds during construction of the Project and the payment of costs incidental to the issuance of the Bonds are hereby authorized and determined to be in the public interest and in furtherance of the public purposes contemplated by the Act.

**Section 2. Authorization of the Bonds.** In order to provide funds to carry out the public purposes set forth in Section 1 hereof, the Authority hereby authorizes and approves the issuance of the revenue bonds of the Authority in an aggregate principal amount of not to exceed \$82,000,000, which bonds shall be designated "Illinois Finance Authority Revenue Bonds Series 2007 (Roosevelt University Project)".

The Bonds shall be initially issuable in the aggregate principal amount established in the Purchase Contract and the Indenture; shall mature no later than April 1, 2040; shall bear interest at the rate or rates as set forth in the Purchase Contract and the Indenture which rate or rates shall not exceed 15% per annum; shall be dated, executed and authenticated in the manner set forth in the Indenture; and shall be subject to redemption prior to maturity at the times, under the

circumstances, in the manner and at the redemption prices or purchase price set forth in the Indenture, as executed and delivered.

The Bonds and the interest thereon shall be special, limited obligations of the Authority, payable solely from the income and revenues to be derived by the Authority pursuant to the Loan Agreement (except such income and revenues as may be derived by the Authority pursuant to certain unassigned Authority rights as described in the Indenture) and shall never constitute an obligation or commitment by the Authority to expend any of its funds other than (i) the proceeds of the sale of the Bonds, (ii) the income and revenues derived by the Authority pursuant to the Loan Agreement, (iii) payments made by the Borrower pursuant to the Series 2007 Note, (iv) proceeds from draws on any letter of credit securing the Bonds, and (v) any money arising out of the investment or reinvestment of said proceeds, income, revenues or receipts.

**Section 3. Required Recital on Bonds.** The Bonds and the interest thereon do not constitute an indebtedness or an obligation, general or moral, or a pledge of the full faith or a loan of credit of the Authority, the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. The Authority is obligated to pay the principal of, premium, if any, and interest on the Bonds and other costs incidental thereto only from the sources specified in the Indenture. Neither the full faith and credit nor the taxing powers, if any, of the Authority or the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, and interest on the Bonds or other costs incidental thereto, except as otherwise provided in the Indenture. No owner of any Bond shall have the right to compel the taxing power, if any, of the Authority, the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Bonds. The Authority does not have the power to levy taxes for any purposes whatsoever.

**Section 4. Authorization of Loan Agreement and Indenture.** The form, terms and provisions of the proposed Indenture, Loan Agreement and the Tax Compliance Agreement dated the date of delivery of the Bonds (the "Tax Compliance Agreement"), among the Trustee, the Borrower and the Authority (collectively, the "Instruments") are hereby in all respects approved, and the Chairman, the Vice Chairman, the Executive Director or the Treasurer (or any person duly appointed by the members of the Authority to serve in such offices on an interim basis) is hereby authorized, empowered and directed to execute and deliver the Instruments in the name and on behalf of the Authority. The Instruments, as executed and delivered, shall be in substantially the forms thereof now before this meeting and hereby approved (or in the case of the Tax Compliance Agreement, in such form as shall be approved by the officer executing the same) or with such changes therein as shall be approved by the Executive Director or officers of the Authority executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the forms of the Instruments now before this meeting; and from and after the execution and delivery of the Instruments, officers, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out the intent and accomplish the purposes of this Resolution and to comply with and make effective the provisions of the Instruments as executed.

**Section 5. Sale of Bonds.** The sale of the Bonds to Lehman Brothers (the "Underwriter"), at a price not less than 98 percent of the principal amount thereof, pursuant to a

Purchase Contract (the "Purchase Contract"), to be entered into among the Authority, the Underwriter and the Borrower, is hereby approved, and the Chairman, any Vice Chairman, the Executive Director or the Treasurer (or any person duly appointed by the members of the Authority to serve in such offices on an interim basis) is hereby authorized, empowered and directed to execute and deliver the Purchase Contract in the name and on behalf of the Authority. The Purchase Contract, as executed and delivered, shall be in such form thereof now before this meeting or with such changes as shall be approved by the Executive Director or officer of the Authority executing the same, their execution thereof to constitute conclusive evidence of their approval thereof; and from and after the execution and delivery of the Purchase Contract the officers, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things to execute all such documents as may be necessary to carry out the intent and accomplish the purposes of this Resolution and to comply with and make effective the provisions of the Purchase Contract as executed. In connection with the sale of the Bonds, it is contemplated that a Preliminary Official and an Official Statement (collectively, the "Official Statement") will be distributed and the Authority hereby approves the distribution of the Official Statement by the Underwriter in connection with the sale of the Bonds.

**Section 6. Separability.** The provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity or enforceability of the remainder of the sections, phrases and provisions hereof.

**Section 7. Repeal of Conflicting Resolutions; Effective Date.** All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this Resolution shall take effect and be in full force immediately upon its adoption.

**Section 8. Public Hearing and Notice Requirement.** A public hearing has been held in accordance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") and following such hearing the Authority hereby approves the issuance of the Bonds. The Bonds are not authorized to be issued hereunder until such time as the issuance has been approved by the Governor of the State of Illinois in accordance with the requirements of the Code.

Adopted: November 13, 2007.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 13, 2007**

**Project: Roosevelt University**

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**STATISTICS**

Project Number: E-PC-TE-CD-6265	Amount: \$82,000,000 (not-to-exceed amount for New Money and Refunding Series)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Rich Frampton
Locations: Chicago and Schaumburg	County/Region: Cook County/Northeast

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**BOARD ACTION**

Amendatory Resolution to add project locations and increase the not-to-exceed amount from \$68.0 million to \$82.0 million  
Conduit 501(c)(3) Revenue Bonds and Refunding Bonds  
No IFA funds at risk  
Staff recommends approval  
No extraordinary conditions

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**PURPOSE**

This financing will consist of both a new project and a Refunding of Prior Bonds to reduce variable interest rate risk.

The Series 2007A New Money Project will benefit Roosevelt's Chicago/Loop Campus and consist of the acquisition and expansion of leased space that houses Roosevelt University's administrative offices, various HVAC and life safety improvements and other renovations at Roosevelt's Loop Campus, and the acquisition of additional property to facilitate future expansion. Significantly, because the majority of proceeds will be used to finance acquisition of leased space, this financing will enable Roosevelt to fix a substantial portion of its future occupancy expense without increasing net payments significantly.

*The Series 2007B Refunding Bonds will only be pursued only if market conditions are favorable at the time of pricing.* The Refunding Bonds would enable Roosevelt to convert approximately \$32.9 million of existing 7-day Variable Rate Demand Bonds to Fixed Rate Mode. The Prior Bonds were used to finance the original acquisition, renovation, and equipping of Roosevelt's Schaumburg campus in 1995 (which formerly served as Unocal Corporation Midwest Division Headquarters) and for a series of capital improvement projects at both Roosevelt's Chicago and Schaumburg campuses.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enable 501(c)(3) corporations to finance capital projects furthering support of their mission. IFA's issuance of these Bonds will convey federal tax-exempt status on the interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the Borrower.

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**VOTING RECORDS**

Preliminary Bond Resolution, January 9, 2007:

Ayes: 10      Nays: 0      Abstentions: 0  
Absent: 5 (DeNard, Giannoulas, Herrin, Nesbitt, Valenti)      Vacancies: 0

Final Bond Resolution, February 13, 2007: Amount – not-to-exceed \$68,000,000

Ayes: 9      Nays: 0      Abstentions: 1 (Boyles)  
Absent: 4 (Herrin, Nesbitt, Valenti, Zeller)      Vacancies: 1

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

Sources:	IFA New Money (2007A)	\$49,000,000	Uses:	New Project Cost (p.4)	\$48,300,000
	*IFA Refunding (2007B)	32,900,000		*IFA Refunding Escrow	32,900,000
	Equity	<u>\$275,000</u>		Issuance Costs	<u>975,000</u>
	<b>Total</b>	<b><u>\$82,175,000</u></b>		<b>Total</b>	<b><u>\$82,175,000</u></b>

*\*Note: The proposed IFA Series 2007B Refunding Bonds will only be pursued if market conditions justify pursuing the refinancing.*

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**JOBS**

Current employment:	1,700	Projected new jobs:	23
Jobs retained:	N/A	Construction jobs:	25-40 (6-12 months)

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**BUSINESS SUMMARY**

**Background:** Roosevelt University (“Roosevelt”, “the University”, or the “Borrower”) is incorporated under Illinois law and is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code.

Roosevelt University is governed by a 59-member Board of Trustees (see pp. 6-8).

**Description:** Roosevelt University was established in 1945 as a private, not-for-profit institution of higher education with campuses located in downtown Chicago (430 South Michigan and 425 South Wabash) and Schaumburg. In addition to providing education at the undergraduate and graduate levels, Roosevelt also performs research, training, and other services under grants and contacts with third-party sponsors.

Roosevelt’s mission has been to make higher education available to all students who could qualify academically. Roosevelt’s niche has been providing education to (i) residents of the inner city, (ii) students who work full-time, and (iii) students who are the first in their families to attend college. Approximately 87% of the University’s student enrollment for the 2007 Fall term was comprised of residents of the greater Chicago metropolitan area.

Roosevelt’s current enrollment is approximately 7,163, comprised of approximately 3,973 undergraduate (55%) and 2,139 graduate students (45%).

Roosevelt employs over 600 faculty members, including approximately 208 full-time faculty members and 438 part-time faculty members. Consistent with Roosevelt’s mission, the faculty is primarily focused on classroom instruction rather than research. Roosevelt’s student-faculty ratio of 11:1 provides a significant opportunity for individualized instruction.

Roosevelt has benefited from several bond financings through IFA and its predecessors including:

- In 1995, IFA (IDFA) financed the acquisition and renovation of Roosevelt's Schaumburg campus (the former Midwest Regional Headquarters of Unocal (formerly Union Oil Corporation) in 1995 with \$16,500,000 of bond financing.
- In 1999, IFA (IDFA) provided \$900,000 through a five-year capital lease agreement that was used to finance acquisition of a new telephone system at its Chicago campus.
- In 2000, IFA (IEFA) provided \$6.4 million to refinance existing debt, to equip new space at its Chicago campus and to build-out and furnish additional space at its Schaumburg campus.
- In 2002, IFA (IDFA) provided \$10.0 million of financing for infrastructure improvements at the landmark Auditorium Theatre Building at the Chicago Campus and for various improvements to expand its Schaumburg campus.

Collectively, these financings are referred to as the "Prior Bonds" and all currently are secured by a Direct Pay Letter of Credit from Chase Bank and currently bear interest in 7-day floating rate mode. All payments on the Prior Bonds were current as of 12/1/2006.

The proposed financing project will finance improvements at Roosevelt's Chicago Campus and would also refund all of the Prior Bonds and convert existing variable rate bonds to fixed rate mode (*but only if the Refunding Bonds are pursued based on market conditions*).

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#### FINANCING SUMMARY

Structure:	The Bonds will be sold based on the direct rating of Roosevelt University. The Underwriter (Lehman Brothers) has scheduled meetings and conference calls with Moody's and Fitch and anticipates that Roosevelt will attain long-term ratings of approximately Aa1/A- (Moody's/Fitch). These ratings remain subject to site visits and due diligence by both Moody's and Fitch scheduled to be completed during the week of 11/12.
Security/ Collateral:	The Bondholders will be secured by a first security interest in all revenues of the University. The Bonds will be a general unsecured liability of Roosevelt University.
Final Maturity Date:	4/1/2040 (32 years)
Interest Rates:	The estimated interest rate for Aa1/A- rated Bonds was in a range of approximately 5.25% to 5.50% as of 11/1/2007 (as estimated by the Underwriter).

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#### PROJECT SUMMARY (for IFA Bond Resolution)

The proposed financing will consist of Bonds to be issued in one or more Series, possibly consisting of a New Money Series and a Refunding Series.

The New Money Bond Proceeds will be used to finance, refinance, or reimburse Roosevelt University for the following capital improvements: (i) to finance the acquisition, renovation, new construction/build-out, and equipping of certain floors (approximately 126,000 SF) of the Gage Building located at 18-28 S. Michigan Avenue, Chicago, IL 60603; (ii) the acquisition, demolition, and site clearing of structures related to the Fine Arts Annex building and the Herman Crown Center located at 421-425 S. Wabash Avenue, Chicago, IL 60605; (iii) various renovations including upgrades and replacements to the Auditorium Theatre's HVAC system located at 430 S. Michigan Ave., Chicago, IL 60605; (iv) various life safety improvements, as well as other renovations and remodeling, at the Auditorium Theatre Building, located at 430 S. Michigan Ave., Chicago, IL 60605; (v) the acquisition of certain land (approximately 14,100 SF) and related development rights located at the SE corner of Congress Parkway and Wabash Avenue, Chicago, IL 60603, and (vi) various capital improvements at Roosevelt's Chicago campus locations and at the University's Schaumburg campus site located at 1400 N. Roosevelt Blvd., Schaumburg, IL 60173. Additionally, New Money Bond Proceeds may also be used to pay (vii) capitalized interest with respect to certain portions of the New Money projects, and (viii) certain costs of issuance.

The Refunding Bond Proceeds (*if pursued*) would be applied to current refund outstanding IFA (IDFA/IEFA) Bonds, including but not limited to (ix) IFA (IDFA) Series 1995 Bonds, the proceeds of which were originally used to purchase and renovate Roosevelt University's Schaumburg campus site; (x) IFA (IEFA) Series 2000 Bonds (ACI/Cultural Pooled Financing Program), the proceeds of which were used to finance the acquisition of equipment for use at Roosevelt's Chicago and Schaumburg campuses and to refinance certain taxable debt of Roosevelt University; (xi) IFA (IDFA) Series 2002 Bonds, (the "Series 2002 Bonds", and together with the Series 1995 Bond and the Series 2000 Bonds, the "Prior Bonds"), the proceeds of which were used to finance the renovation, build-out, equipping, and expansion of facilities located at Roosevelt's Chicago and Schaumburg campuses, and (xii) to pay certain costs of issuance relating to the Bonds.

A summary of the New Project Costs to be financed through the Series 2007A New Money Bonds follows:

Gage Building Acquisition of Floors 1-8; 8 <sup>th</sup> floor build-out:	\$23,500,000
Acquisition of Fine Arts Annex Building:	2,750,000
Demolition/Renovation for Henry Crown Center/Fine Arts Annex buildings:	3,650,000
Auditorium Theatre HVAC upgrades:	1,000,000
Auditorium Theatre Life Safety/ Sprinklers:	2,250,000
Misc. Renovations to Auditorium Theatre and Gage Building:	500,000
Other Loop Campus Renovations	650,000
Acquisition of Land and Development Rights at SE corner of Wabash and Congress and Various Capital Improvements to Schaumburg Campus	<u>14,000,000</u>
<b>Total New Project Cost:</b>	<b>\$ 48,300,000</b>

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#### ECONOMIC DISCLOSURE STATEMENT

Applicant: Roosevelt University (c/o, Beth Reissenweber, Associate Vice President, 430 S. Michigan Ave., Chicago, IL 60605; (T): 312-341-3584; (F): 312-341-3657; e-mail: [breissen@roosevelt.edu](mailto:breissen@roosevelt.edu))

Web Site: [www.roosevelt.edu](http://www.roosevelt.edu)

Project name: Roosevelt University Series 2007A (New Money) and Series 2007B (Refunding Bonds)

Locations: 18-28 S. Michigan Avenue, Chicago (Cook County), IL 60603; 425 S. Wabash Avenue and 430 S. Michigan Ave., Chicago (Cook County), IL, 60605 and (Refunding Bonds only) 1400 N. Roosevelt Blvd., Schaumburg (Cook County), IL 60173

Organization: Illinois 501(c)(3) not-for-profit corporation

Board of Directors: Members of Roosevelt University's Board of Trustees are listed on pp. 6-8 of this report.

Current Property Owner: Seller Disclosure Information for the 18-28 S. Michigan Avenue (Gage Building) and 421 South Wabash Avenue (Fine Arts Annex Building) properties:

- Gage Building, 18-28 S. S. Michigan Avenue, Chicago, IL 60603  
c/o The Tuckerman Group LLC (a joint venture State Street Global Alliance LLC Company and ABP, a Dutch pension fund)  
Mr. Glen S. Weisberg  
10 S. Wacker Drive, Suite 3250  
Chicago, IL 60606  
312-798-6500

- 421 S. Wabash Avenue Building (Fine Arts Annex) is currently owned by Fine Arts LLC.  
Contact Information for Fine Arts LLC:  
Mr. Craig A . Goode, Esq.  
Berger Companies  
40 East Oak Street  
Chicago, IL 60611  
312-335-3000
- SE Corner of Congress/Wabash is currently owned by Chicago Title Land Trust Company, as successor Trustee to LaSalle Bank, N.A., f/k/a LaSalle national Bank, as Trustee under Trust Agreement dated August 22, 1974, and known as Trust No. 48015 (the "Land Trust"). The beneficiary of the Land Trust is Congress-Wabash LLC, an Illinois limited liability company (the "LLC").

Contact information for Congress-Wabash LLC:  
Mr. Louis P. Bournakis  
141 W. Jackson Blvd., Suite 2550  
Chicago, IL 60604  
312-427-7440

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Holland & Knight LLP	Chicago, IL	Anne Hamblin Schiave
Auditor:	Crowe Chizek and Company LLC	Chicago, IL	
Bond Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Janet Goelz Hoffman
Financial Advisor to Borrower:	John S. Vincent & Co.	Chicago, IL	John Vincent, James McNulty
Senior Manager:	Lehman Brothers	New York, NY	Jim Costello, John Stevenson
Underwriter's Counsel:	Foley & Lardner	Chicago, IL	Chris Knight
Rating Agencies:	Moody's Investors Service	New York, NY	
	Fitch Ratings	New York, NY	
Trustee:	Bank of New York	Chicago, IL	Rodney Harrington
Trustee Counsel:	The Bank of New York Trust Company, N.A.	Chicago, IL	John Prendiville
Architects:	Booth Hansen Associates (Gage Bldg.)	Chicago, IL	Larry Booth
	Ketchmark Associates (Auditorium Theatre)	Burr Ridge, IL	Dana Ketchmark
	<i>No architects have been engaged to date for the Fine Arts Annex, Herman Crown Center or for the Schaumburg Campus projects.</i>		
General Contractors:	Turner Construction Co. (Gage Bldg.)	Chicago, IL	Steve Fort
	<i>No general contractors have been engaged for the other project sites (i.e., Auditorium Theatre, Fine Arts Annex, Herman Crown Center or for the Schaumburg campus).</i>		
IFA Counsel:	Burke Burns & Pinelli, Ltd.	Chicago, IL	Steve Welcome
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

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**LEGISLATIVE DISTRICTS**

	<u>Chicago Campus</u>	<u>Schaumburg Campus</u>
Congressional:	7 Danny K. Davis	8 Melissa Bean
State Senate:	13 Kwame Raoul	33 Dan Kotowski
State House:	26 Elga L. Jeffries	66 Carolyn H. Krause

**Roosevelt University**  
501(c)(3) Revenue Bonds  
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Amendatory Resolution  
November 13, 2007  
IFA Staff: Rich Frampton

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# ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**MEMO TO:** IFA Board of Directors

**FROM:** Townsend S. Albright

**DATE:** November 13, 2007

**RE:** Amendatory Resolution to Authorize the Joint Issuance of a Mortgage Credit Certificate Program with Illinois Housing Development Authority and the City of Decatur

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**Background:** In October of 2005, the Illinois Finance Authority (IFA) and the City of Decatur jointly authorized the issuance of up to \$37,387,360 of Tax exempt single family mortgage revenue bonds under a pilot program (the "Program") to make low interest mortgage loans to qualifying first time homebuyers. The bond issuance utilized an allocation of Volume Cap from both issuers. Decatur contributed \$6,387,360 of its 2004 volume cap and IFA contributed \$6,000,000 of its 2004 volume cap. The IFA also contributed \$25.0 million of 2005 volume cap it received from the Governor's Office for the Program. The 2004 carryforward volume cap expires on December 31, 2007. To date, approximately \$2.55 million of mortgages have been originated. The proposed program presents a unique opportunity for the IFA to partner with its sister agency, the Illinois Housing Development Authority ("IHDA") to create a program that would make use of the approximately \$9.5 million in remaining 2004 volume cap before it expires at year end.

**Purpose:** To recycle available unused 2004 carryforward volume cap from a 2005 forward bond issue for an IFA single family mortgage pilot program. The new issue will be in partnership with the IHDA and the City of Decatur. The Program will combine \$4.75 IFA volume cap with \$5.12 million volume cap from the City of Decatur which was previously carried forward for the single family mortgage revenue program, and which remains available.

The proceeds will be utilized to issue mortgage credit certificates in connection with IHDA's mortgage credit program. The program provides a 20.0% tax credit of the interest paid on mortgage loans to first-time home buyers of low to moderate income families across the state, including veterans, and active service men and women.

**IFA Contribution:** IFA's contribution is solely the allocation of \$4.75 million in remaining tax exempt volume cap which has been previously carried forward and is required, under federal law, to be used in connection with single family mortgage bond issuances or for the election of a mortgage credit certificate program by December 31, 2007. Costs of issuance and additional fees IHDA will pay IFA are being negotiated.

**The Mortgage Certificate Program:** The Mortgage Credit Program (“MCC”) is a federal income tax credit program which allows qualifying homeowners to claim annual tax credits on interest paid on mortgage loans used to purchase their primary residence. Since the MCCs represent a tax credit, not a tax deduction, this program provides homeowners a dollar-for-dollar benefit of up to \$2,000.00 annually every year for the life of the loan. Homeowners may continue to claim the credit if they refinance their debt. In order to be eligible for the MCCs, borrowers must be first-time homebuyers.\* In addition, the issuance of MCCs is governed by the same income and purchase price limitations that apply to single family mortgage revenue bond p[rograms]. Generally the following income and purchase price limitations would apply:

**NON-TARGETED AREAS INCOME & PURCHASE PRICE LIMITS**

Revised: Effective 4/20/2007

MRB AND MCC ATTACHMENT County where Residence is Located	Maximum Household Income Limits		Maximum Purchase Price Limits				
	Household of 1 or 2	Household of 3 or More	Existing Construction				
			New Construction 1 Unit	1 Unit	2 Units	3 Units	4 Units
Cook, Du Page, Kane, Lake, McHenry, Will	\$72,400	\$83,260	\$325,890	\$325,890	\$367,060	\$445,960	\$514,570
DeKalb	\$69,400	\$79,810	\$325,890	\$325,890	\$367,060	\$445,960	\$514,570
Grundy	\$72,800	\$83,720	\$325,890	\$325,890	\$367,060	\$445,960	\$514,570
Kendall	\$83,900	\$96,485	\$325,890	\$325,890	\$367,060	\$445,960	\$514,570
McLean	\$73,500	\$84,525	\$237,030	\$237,030	\$303,450	\$366,800	\$455,840
St. Clair, Clinton, Jersey, Madison, Monroe	\$66,600	\$76,590	\$253,120	\$253,120	\$303,450	\$366,800	\$455,840
Bond, Calhoun, Macoupin	\$66,600	\$76,590	\$253,120	\$253,120	\$303,450	\$366,800	\$455,840
All Other Counties	\$66,600	\$76,590	\$237,030	\$237,030	\$303,450	\$366,800	\$455,840

Some of these limits have been determined by a Private Letter Ruling issued by the IRS to the Authority.  
These limits may be used only in connection with Authority Programs.  
Use of these limits in connection with other Bond Programs is prohibited.

Once the mortgage certificate program is elected, mortgages may be originated over a 42-month period. The amount of mortgage debt can exceed the amount of volume cap contributed because the federal tax code permits mortgage indebtedness in an amount equal to 25.0% of volume cap divided by the mortgage credit certificate rate, which in the case of IHDA’s existing program is 20.0% of the interest cost on the mortgage loans. MCCs may be used in lieu of single family mortgage revenue bonds programs. With a 20.0% credit rate, volume cap in an amount of \$9.5 million would permit mortgage loans of up to \$12.3 million.

**SOURCES AND USES OF FUNDS**

<b>Sources:</b>	IFA Tax Exempt	\$4,750,000	<b>Uses:</b>	Issuance of Tax Credits	\$9,870,000
	Volume Cap			Costs of Issuance	<u>50,000</u>
	City of Decatur	5,120,000			
	Tax Exempt				
	Volume Cap				
	IHDA Cost Contribution	<u>50,000</u>			
	<b>Total</b>	<b><u>\$9,920,000</u></b>		<b>Total</b>	<b><u>\$9,920,000</u></b>

**Financing Team:**

- Counsel: Greenberg Traurig, LLP Chicago, IL Matthew Lewin
- IFA Financial Advisors: D.A. Davidson & Co. Chicago, IL Bill Morris
- Scott Balice Strategies, Inc. Chicago, IL Lois Scott
- Jill Mason Terzakis

\* As defined by the federal tax code.

Joint Issuance of a Mortgage Credit Certificate Program with Illinois Housing  
Development Authority and the City of Decatur  
Page 3

- Security/Collateral:** The program involves issuance of tax credits in lieu of the issuance of bonds; therefore, no general or other obligation on the part of IHDA, IFA, or the City of Decatur.
- Maturity:** Unlike single family mortgage revenue bonds which are often redeemed upon a loan prepayment, MCCs run with the homeowner and may last up to 30 years.
- Ratings:** Not applicable. The program involves the issuance of tax credits for homeowners in lieu of issuance of bonds.
- Board Action:** Staff recommends Board approval of the proposed joint issuance of a Mortgage Certificate Program with the Illinois Housing Development Authority and the City of Decatur.

**RESOLUTION 2007-11-\_\_**

**Resolution Appointing Successor Trustees of the  
Illinois Finance Authority 401(a) Contribution Plan and Appointing an Interim Treasurer**

**WHEREAS**, the Illinois Finance Authority (the "Authority") was created by the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. (the "Act"); and

**WHEREAS**, pursuant to Section 801-30(c) of the Act, the Authority is empowered to, among other things, "employ agents and employees and independent contractors necessary to carry out its purposes and to fix their compensation, benefits and terms and conditions of their employment"; and

**WHEREAS**, pursuant to this authority, the Authority has established the Illinois Finance Authority 401(a) Contribution Plan (the "401(a) Plan") for its employees; and

**WHEREAS**, Article XVI of the 401(a) Plan provides the process of appointing and replacing Trustees of the 401(a) Plan; and

**WHEREAS**, the Authority initially appointed three persons to serve as Trustees of the 401(a) Plan; and

**WHEREAS**, subsequently, two of the three persons appointed to serve as Trustees of the 401(a) Plan have terminated their employment with the Authority and, in connection therewith, have resigned from serving as a Trustee; and

**WHEREAS**, pursuant to this Resolution, the Members of the Authority desire to appoint two successor Trustees; and

**WHEREAS**, furthermore, pursuant to Section 845-40 of the Act, the Authority shall appoint a Treasurer; and

**WHEREAS**, the Authority's Treasurer, Mr. Jose Garcia, tendered his resignation to the Authority effective as of November 8, 2007; and

**WHEREAS**, the Authority finds it in its best interests to appoint an Interim Treasurer to perform all duties, responsibilities and functions of the Treasurer pending the selection and appointment of a successor Treasurer; and

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

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

**Section 2. Appointment of Successor Trustee.** The Authority hereby appoints each of Ms. Kym M. Hubbard and Mr. Christopher Meister as successor Trustees of the 401(a) Plan. Ms. Hubbard and Mr. Meister, together with the other Trustee, shall serve as co-Trustees of the

401(a) Plan and shall have all rights and authority, and shall perform all duties and responsibilities, of Trustees under the 401(a) Plan.

**Section 3. Appointment of Interim Treasurer.** The Authority hereby appoints Ms. Ximena (“Six”) Granada to serve as Interim Treasurer of the Authority. Ms. Granada shall serve as Interim Treasurer until a successor Treasurer is selected and appointed by the Board. Pending selection and appointment of a successor Treasurer, the Members of the Authority hereby authorize and grant to the Interim Treasurer all rights, powers, duties and responsibilities of the Treasurer of the Authority including, without limitation, the authority to execute any and all checks, notes, drafts, instruments and/or other documents of the Authority as Interim Treasurer to the same extent that the Treasurer is authorized to do so whether authorized by statute, the Authority’s By-laws, resolutions of the Members of the Authority, and/or any other rule, regulation, policy or practice of the Authority.

**Section 4. Oath and Bond.** As Interim Treasurer, Ms. Granada shall take and subscribe to the constitutional oath of office and shall execute a bond with corporate sureties. The surety bond shall be payable to the Authority in the penal sum of not less than \$100,000 conditioned upon the faithful performance of the duties of the Interim Treasurer and the payment of all moneys received by her according to law and the order of the Authority. Such bond shall satisfy all of the requirements of Section 845-40 of the Act. The Members of the Authority hereby delegate to the Executive Director authority to approve the bond and to establish the penal sum of such bond (being not less than \$100,000).

**Section 5. Implementation.** The Authority does hereby authorize, empower and direct the Executive Director of the Authority, or her designee, to take or cause to be taken any and all such other and further actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificates and other documents, and to pay all such fees and expenses, as she may deem necessary, appropriate or advisable in order to carry out the purpose and intent of this Resolution.

**Section 6. Enactment.** This Resolution shall take effect immediately. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

This Resolution 2007-11-\_\_\_\_ is adopted this 13<sup>th</sup> day of November 2007 by roll vote as follows:

Ayes:

Nays:

Abstain:

Absent:

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Chairman

Attested to:

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Secretary

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