ILLINOIS FINANCE AUTHORITY
BOARD MEETING
Tuesday, January 18, 2011
Chicago, Illinois

COMMITTEE OF THE WHOLE
8:30 a.m.
Two Prudential Plaza - IFA Chicago Office
180 N. Stetson Ave., Suite 2555
Chicago, Illinois

AGENDA

I. Call to Order & Roll Call
II. Chairman's Remarks
III. Message from the Executive Director (with attachments; Tab A)
IV. Senior Staff Reports
V. Committee Reports
VI. Project Reports
VII. Other Business
VIII. Adjournment

BOARD MEETING
11:30 a.m.
Fairmont Chicago Millennium Park
200 North Columbus Drive
Chicago, Illinois

I. Call to Order & Roll Call
II. Chairman's Remarks
III. Acceptance of Financial Statements and Minutes
IV. Senior Staff Reports
V. Project Approvals
VI. Other Business
VII. Adjournment

AGRICULTURE

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	FM
Beginning Farmer Bonds ***Final (One-Time Consideration)***						
1	A) Greg D. & Krystal J. Goebel	Montrose (Jasper County)	$114,000	0	0	JS/LK
	B) Thad & Lindsay Goebel	Montrose (Jasper County)	$98,000	0	0	JS/LK
	C) Travis M. Maedge	Highland (Madison County)	$171,928	0	0	JS/LK
	D) Travis Wesley Rich	Robinson (Crawford County)	$146,667	0	0	JS/LK
	E) Paul David Thompson	Edwards (Warren County)	$139,500	0	0	JS/LK
	F) Teresa Lois Thompson	Little York (Warren County)	$139,500	0	0	JS/LK
	G) Kevin W. & Lindsay K. Cox	Illinois City (Mercer County)	$133,500	0	0	JS/LK
TOTAL AGRICULTURE PROJECTS			**$943,095**	**0**	**0**	

HIGHER EDUCATION, CULTURAL, AND OTHER NON-HEALTHCARE 501(c)(3)'s

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	FM
501(c)(3) Revenue Bonds ***Final***						
2	CHF-Normal, L.L.C.	Normal	$65,000,000	5	150	RF
3	CHF-DeKalb II, L.L.C.	DeKalb	$135,000,000	5	150	RF
TOTAL HIGHER ED/CULTURAL/NON-HEALTHCARE 501(c)(3) PROJECTS			**$200,000,000**	**10**	**300**	
GRAND TOTAL			**$200,943,095**	**10**	**300**	

RESOLUTIONS/UPDATES

Tab	Projects	FM
Amendatory Resolution/Resolutions/Updates		
4	Pere Marquette Associates, L.P. - Extension of Loan Term	JS
5	Ratifying certain action taken to qualify Series 2007A Bonds (McKinley Foundation Project) as "Bank Qualified Bonds"	BC
6	Resolution authorizing the Executive Director to work with various agencies and trade groups to provide comments to Securities Exchange Commission on proposed SEC Rules.	BC

ILLINOIS FINANCE AUTHORITY

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January 18, 2011

TO: William A. Brandt, Jr., Chairman
Dr. William Barclay
Gila J. Bronner
Ronald E. DeNard
John E. Durburg
James J. Fuentes
Norman M. Gold
Dr. Roger D. Herrin
Michael W. Goetz, Vice Chairman
Edward H. Leonard, Sr.
Joseph McInerney
Terrence M. O'Brien
Heather D. Parish
Roger E. Poole
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

As we begin calendar year 2011, we look forward to continuing to spur economic development throughout Illinois, working with our many partners in local, state and federal government as well as in the private sector.

We take this opportunity to congratulate Governor Pat Quinn as well as the other Illinois constitutional officers, Lieutenant Governor Sheila Simon, Attorney General Lisa Madigan, Secretary of State Jesse White, Comptroller Judy Barr Topinka and Treasurer Dan Rutherford on their inaugurations.

I also thank both Governor Quinn for nominating me and all of you, the Members of the Illinois Finance Authority ("IFA"), for selecting me to serve a second term as IFA Executive Director. I appreciate the confidence that you have placed in me and look forward to working with all of you to retain and create jobs by facilitating access to lower-cost capital. I am particularly proud of how the IFA has worked with Governor Quinn to successfully implement key provisions of his 2009 Jobs Plan over the past twelve months.

We also congratulate the members of the new 97th General Assembly as well as their leaders, Senate President John J. Cullerton and House Speaker Michael J. Madigan as well as Senate Minority Leader Christine Radogno and House Minority Leader Tom Cross. The IFA had a very productive working relationship with the Illinois General Assembly during the 96th General Assembly and looks forward to continuing this relationship with the current legislature.

Finally, we congratulate U.S. Senator Mark Kirk on joining senior U.S. Senator Dick Durbin and the new and returning members of Illinois federal delegation in Congress. The IFA's major role is as conduit issuer of federally tax-exempt debt. Accordingly, IFA's ability to fulfill its mission to retain and create jobs is deeply intertwined with the policies established in Washington DC.

Fiscal Year 2011 Plan: the half-way point

To date, we have been successful in our plan to focus on the IFA's core revenue, organizational and reputational strength as our state's conduit issuer of federally tax-exempt debt. Consistent with the goals set out in July of 2010, the IFA has the following accomplishments:

- The Healthcare Sector, both the financing of hospitals and of continuing care retirement communities ("CCRC"), remained essential to the mission and revenue pictures of the IFA. Hospital financing accounted for 33.9% and CCRC accounted for 31% of bond principal issued by the IFA since the start of Fiscal Year 2011 on July 1, 2010.

- In the Business, Industry, Higher Education and General 501 (c) (3) Sector, the IFA successfully used a variety of federal financing tools to assist a diverse portfolio of borrowers, including:

  - Peoples Gas through the first two gas supply projects closed in Illinois in years;
  - Closed three industrial revenue bonds since July 1, 2010, up from zero in the prior Fiscal Year;
  - Centerpoint through the first Federal Freight Transfer project closed in Illinois;
  - KONE through the first Midwest Disaster Area project closed in Illinois;
  - East-West University on its first conduit borrowing;
  - Navistar's corporate headquarters as well as storage, distribution, manufacturing, energy and hotel projects through the eight pooled Recovery Zone Facility projects (Public Act 96-1020); and
  - Closed 17 projects between December 16 and December 30, 2010, primarily due to the expiration of federal financing tools, including the Recovery Zone ("RZ") program, Bank Qualification ("BQ"), Federal Home Loan Bank Letter of Credit ("FHLB LOC") and the Alternative Minimum Tax Exemption for private activity bonds ("AMT exemption").

- Maintained a strong presence in the Agricultural sector - closing 26 individual Beginning Farmer Bonds since July 1, 2010.

- Strengthened the oversight of the participation loan portfolio and reduced the IFA's exposure in this sector.

- Strengthened the oversight of the agricultural loan guarantee portfolio and increased the reserves allocated against this portfolio. Public Act 96-897. In particular, the retroactive resumption of the federal biodiesel blenders' tax credit for 2010 and 2011 and a recent federal court decision in favor of the Renewable Fuels Standard have reduced the risk that certain State-back loan guarantees will be called upon.

- Completed a valuation of the IFA venture capital portfolio and embarked on a course of action to manage this in the future. Of note, on January 4, 2011, IFA closed on the sale of one venture capital investment, SmartSignal.

- The acceptance of the 2009 IFA compliance examination and financial audit, conducted on behalf of the Illinois Office of the Auditor General by the Legislative Audit Commission on its November 2010 consent calendar.

Fiscal Year 2011 Challenges

It is anticipated that the challenging economic environment will continue to impact borrowers' decisions as to proceed with federally tax-exempt bond financings. The anticipated upward movement of interest rates will also impact these decisions by borrowers.

On the federal level, the expiration of financing tools such as the RZ program, BQ, FHLB LOC and the AMT exemption will reduce the universe of projects eligible for federally tax-exempt conduit financing. Also, the policy of tax-exempt financing has recently been questioned at the federal level. See, e.g. *The National Commission on Fiscal Responsibility and Reform: The Moment of Truth*, p. 31. Finally, recent proposed changes by the Securities and Exchange Commission ("SEC") may increase the cost and obstacles to the use of tax-exempt conduit financing to retain and create jobs by diverse corporate and not-for-profit borrowers. These proposed changes by the SEC will be discussed more fully in today's meeting.

The IFA hopes to expand the use of two federal financing tools that remain in effect, Midwest Disaster Area Bonds and Qualified Energy Conservation Bonds, over the coming months. Finally, the IFA will continue to devote resources to fully implementing a cost-effective energy efficiency financing program as well as a Medicaid receivables financing program.

Conclusion

I look forward to working with all of you and our partners at the federal and state levels to retain and create jobs for all of Illinois.

Respectfully,

____
Christopher B. Meister

Attachments:

Attachment 1 – General Fund, Financial Results, Consolidated Balance Sheet and Audit Tracking Schedule

Attachment 2 – Schedule of Debt; FY'11 Closed Projects

Attachment 3 – Month by Month Summary of Conduit Bond Issuances

Illinois Finance Authority
General Fund - Actual to Budget
Statement of Activities
for Period Ending
December 31, 2010

	Actual December 2010	Budget December 2010	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2011	Budget YTD FY 2011	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2011	% of Budget Expended
REVENUE										
INTEREST ON LOANS	78,741	149,271	(70,530)	-47.25%	542,566	568,727	(26,161)	-4.60%	1,146,121	47.34%
INVESTMENT INTEREST & GAIN(LOSS)	4,212	1,709	2,503	146.46%	30,943	10,254	20,689	201.76%	20,500	150.94%
ADMINISTRATIONS & APPLICATION FEES	1,044,512	286,682	757,830	264.34%	3,639,287	1,829,193	1,810,094	98.96%	3,569,338	101.96%
ANNUAL ISSUANCE & LOAN FEES	54,585	49,758	4,827	9.70%	314,975	286,461	28,513	9.95%	582,892	54.04%
OTHER INCOME	15,507	6,878	8,629	125.45%	118,609	41,268	77,341	187.41%	82,537	100.00%
TOTAL REVENUE	1,197,556	494,298	703,258	142.27%	4,646,381	2,735,903	1,910,477	69.83%	5,401,388	86.02%
EXPENSES										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	52,646	187,266	(134,620)	-71.89%	882,887	1,112,840	(229,953)	-20.66%	2,354,798	37.49%
BENEFITS	10,275	23,036	(12,761)	-55.40%	108,141	137,168	(29,027)	-21.16%	286,314	37.77%
TEMPORARY HELP	340	417	(77)	-18.56%	1,307	2,502	(1,195)	-47.77%	5,000	26.14%
EDUCATION & DEVELOPMENT	-	1,667	(1,667)	-100.00%	3,113	10,000	(6,887)	-68.87%	20,000	15.57%
TRAVEL & AUTO	3,253	6,250	(2,997)	-47.95%	22,699	37,500	(14,801)	-39.47%	75,000	30.27%
TOTAL EMPLOYEE RELATED EXPENSES	66,513	218,636	(152,123)	-69.58%	1,018,146	1,300,010	(281,864)	-21.68%	2,741,112	37.14%
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	21,182	20,833	348	1.67%	125,925	125,000	925	0.74%	250,000	50.37%
LOAN EXPENSE & BANK FEE	10,092	10,875	(783)	-7.20%	60,154	65,250	(5,096)	-7.81%	130,500	46.09%
ACCOUNTING & AUDITING	26,418	26,326	92	0.35%	165,796	157,956	7,840	4.96%	315,904	52.48%
MARKETING GENERAL	491	2,083	(1,592)	-76.43%	12,739	12,498	241	1.92%	25,000	50.95%
FINANCIAL ADVISORY	(52,416)	31,250	(83,666)	-267.73%	66,334	187,500	(121,166)	-64.62%	375,000	17.69%
CONFERENCE/TRAINING	1,035	1,667	(632)	-37.91%	2,564	10,002	(7,438)	-74.37%	20,000	12.82%
MISC. PROFESSIONAL SERVICES	(27,264)	15,375	(42,639)	-277.33%	56,679	92,250	(35,571)	-38.56%	184,500	30.72%
DATA PROCESSING	2,606	4,583	(1,977)	-43.13%	17,674	27,498	(9,824)	-35.73%	55,000	32.13%
TOTAL PROFESSIONAL SERVICES	(17,856)	112,992	(130,848)	-115.80%	507,864	677,954	(170,090)	-25.09%	1,355,904	37.46%

Illinois Finance Authority
General Fund - Actual to Budget
Statement of Activities
for Period Ending
December 31, 2010

	Actual December 2010	Budget December 2010	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2011	Budget YTD FY 2011	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2011	% of Budget Expended
OCCUPANCY COSTS										
OFFICE RENT	11,085	22,840	(11,755)	-51.46%	122,728	137,040	(14,312)	-10.44%	274,076	44.78%
EQUIPMENT RENTAL AND PURCHASES	1,148	1,700	(552)	-32.49%	10,655	10,200	455	4.46%	20,400	52.23%
TELECOMMUNICATIONS	1,853	5,050	(3,197)	-63.30%	19,843	30,300	(10,457)	-34.51%	60,600	32.74%
UTILITIES	839	917	(78)	-8.47%	5,698	5,502	196	3.57%	11,000	51.80%
DEPRECIATION	2,439	4,109	(1,670)	-40.64%	14,972	24,654	(9,682)	-39.27%	49,305	30.37%
INSURANCE	1,929	1,900	29	1.54%	11,575	11,400	175	1.54%	22,800	50.77%
TOTAL OCCUPANCY COSTS	19,294	36,516	(17,222)	-47.16%	185,471	219,096	(33,625)	-15.35%	438,181	42.33%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	4,322	4,458	(136)	-3.05%	18,480	26,748	(8,268)	-30.91%	53,500	34.54%
BOARD MEETING - EXPENSES	7,792	3,000	4,792	159.74%	20,152	18,000	2,152	11.95%	36,000	55.98%
PRINTING	3,163	542	2,621	483.91%	6,120	3,250	2,870	88.30%	6,500	94.15%
POSTAGE & FREIGHT	1,985	1,250	735	58.83%	8,648	7,500	1,148	15.31%	15,000	57.65%
MEMBERSHIP, DUES & CONTRIBUTIONS	2,334	2,708	(374)	-13.81%	20,530	16,248	4,282	26.35%	32,500	63.17%
PUBLICATIONS	150	250	(100)	-40.12%	1,079	1,500	(421)	-28.05%	3,000	35.98%
OFFICERS & DIRECTORS INSURANCE	15,619	15,833	(214)	-1.35%	100,223	94,998	5,225	5.50%	190,000	52.75%
MISCELLANEOUS	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL GENL & ADMIN EXPENSES	35,366	28,041	7,325	26.12%	175,233	168,244	6,989	4.15%	336,500	52.08%
LOAN LOSS PROVISION/BAD DEBT	25,000	25,000	-	0.00%	475,568	150,000	325,568	217.05%	300,000	158.52%
OTHER										
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL EXPENSES	128,317	421,185	(292,867)	-69.53%	2,362,281	2,515,304	(153,023)	-6.08%	5,171,697	45.68%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	1,069,239	73,114	996,125	1362.43%	2,284,099	220,599	2,063,500	935.41%	229,691	994.42%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TRANSFER	-	-	-	0.00%	18,648	-	18,648	0.00%	-	-
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%	-	-
NET INCOME/(LOSS)	1,069,239	73,114	996,125	1362.43%	2,302,747	220,599	2,082,148	943.86%	229,691	1002.54%

Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
December 31, 2010

	Actual December 2010	Actual December 2009	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2011	Actual YTD FY 2010	Year to Date Variance Actual vs. Actual	YTD % Variance
REVENUE								
INTEREST ON LOANS	78,741	96,665	(17,924)	-18.54%	542,566	593,906	(51,340)	-8.64%
INVESTMENT INTEREST & GAIN(LOSS)	4,212	3,686	526	14.27%	30,943	23,607	7,335	31.07%
ADMINISTRATIONS & APPLICATION FEES	1,044,512	1,201,795	(157,284)	-13.09%	3,639,287	3,234,113	405,175	12.53%
ANNUAL ISSUANCE & LOAN FEES	54,585	48,537	6,048	12.46%	314,975	500,374	(185,400)	-37.05%
OTHER INCOME	15,507	7,941	7,566	95.27%	118,609	112,732	5,877	5.21%
TOTAL REVENUE	1,197,556	1,358,624	(161,068)	-11.86%	4,646,381	4,464,733	181,648	4.07%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	52,646	234,749	(182,103)	-77.57%	882,887	1,402,557	(519,670)	-37.05%
BENEFITS	10,275	27,168	(16,893)	-62.18%	108,141	137,276	(29,135)	-21.22%
TEMPORARY HELP	340	3,275	(2,936)	-89.63%	1,307	17,108	(15,802)	-92.36%
EDUCATION & DEVELOPMENT	-	-	-	0.00%	3,113	11,035	(7,922)	-71.79%
TRAVEL & AUTO	3,253	6,770	(3,517)	-51.95%	22,699	28,563	(5,864)	-20.53%
TOTAL EMPLOYEE RELATED EXPENSES	66,513	271,962	(205,449)	-75.54%	1,018,146	1,596,539	(578,392)	-36.23%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	21,182	15,833	5,349	33.78%	125,925	95,462	30,463	31.91%
LOAN EXPENSE & BANK FEE	10,092	8,916	1,176	13.19%	60,154	56,609	3,545	6.26%
ACCOUNTING & AUDITING	26,418	22,805	3,613	15.84%	165,796	140,677	25,119	17.86%
MARKETING GENERAL	491	70	421	605.90%	12,739	2,997	9,741	325.02%
FINANCIAL ADVISORY	(52,416)	18,333	(70,749)	-385.91%	66,334	109,998	(43,664)	-39.70%
CONFERENCE/TRAINING	1,035	-	1,035	0.00%	2,564	3,718	(1,155)	-31.05%
MISC. PROFESSIONAL SERVICES	(27,264)	22,525	(49,789)	0.00%	56,679	42,425	14,254	0.00%
DATA PROCESSING	2,606	6,397	(3,790)	-59.25%	17,674	26,676	(9,002)	-33.75%
TOTAL PROFESSIONAL SERVICES	(17,856)	94,878	(112,733)	-118.82%	507,864	478,562	29,301	6.12%

Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
December 31, 2010

	Actual December 2010	Actual December 2009	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2011	Actual YTD FY 2010	Year to Date Variance Actual vs. Actual	YTD % Variance
OCCUPANCY COSTS								
OFFICE RENT	11,085	15,028	(3,942)	-26.23%	122,728	126,941	(4,213)	-3.32%
EQUIPMENT RENTAL AND PURCHASES	1,148	1,301	(153)	-11.76%	10,655	17,501	(6,846)	-39.12%
TELECOMMUNICATIONS	1,853	4,922	(3,069)	-62.34%	19,843	30,075	(10,232)	-34.02%
UTILITIES	839	859	(19)	-2.25%	5,698	5,752	(54)	-0.93%
DEPRECIATION	2,439	4,048	(1,609)	-39.75%	14,972	29,787	(14,815)	-49.74%
INSURANCE	1,929	1,951	(22)	-1.13%	11,575	11,617	(42)	-0.36%
TOTAL OCCUPANCY COSTS	19,294	28,109	(8,814)	-31.36%	185,471	221,674	(36,203)	-16.33%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	4,322	3,839	483	12.57%	18,480	20,297	(1,817)	-8.95%
BOARD MEETING - EXPENSES	7,792	2,852	4,940	173.23%	20,152	17,071	3,081	18.05%
PRINTING	3,163	1,098	2,065	188.09%	6,120	3,345	2,775	82.96%
POSTAGE & FREIGHT	1,985	2,547	(562)	-22.06%	8,648	8,524	124	1.46%
MEMBERSHIP, DUES & CONTRIBUTIONS	2,334	12,073	(9,739)	-80.67%	20,530	20,872	(342)	-1.64%
PUBLICATIONS	150	293	(144)	-48.96%	1,079	1,013	66	6.50%
OFFICERS & DIRECTORS INSURANCE	15,619	15,619	-	0.00%	100,223	93,773	6,450	6.88%
MISCELLANEOUS	-	-	-	-	-	-	-	-
TOTAL GENL & ADMIN EXPENSES	35,366	38,322	(2,957)	-7.72%	175,233	164,895	10,338	6.27%
LOAN LOSS PROVISION/BAD DEBT	25,000	25,000	-	0.00%	475,568	150,000	325,568	217.05%
OTHER								
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%
TOTAL EXPENSES	128,317	458,271	(329,954)	-72.00%	2,362,281	2,611,670	(249,389)	-9.55%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	1,069,239	900,353	168,886	18.76%	2,284,099	1,853,063	431,036	23.26%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%
TRANSFER	-	7,500	(7,500)	0.00%	18,648	48,762	(30,114)	-61.76%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%
NET INCOME/(LOSS)	1,069,239	907,853	161,386	17.78%	2,302,747	1,901,825	400,922	21.08%

Illinois Finance Authority
General Fund
Unaudited
Balance Sheet
for the Six Months Ending December 31, 2010

	Actual December 2010
ASSETS	
CASH & INVESTMENTS, UNRESTRICTED	$ 26,660,289
RECEIVABLES, NET	66,454
LOAN RECEIVABLE, NET	16,266,099
OTHER RECEIVABLES	143,996
PREPAID EXPENSES	122,414
TOTAL CURRENT ASSETS	43,259,252
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	59,667
DEFERRED ISSUANCE COSTS	326,995
OTHER ASSETS	
CASH, INVESTMENTS & RESERVES	1,581,468
OTHER	(20,778)
TOTAL OTHER ASSETS	1,560,690
TOTAL ASSETS	$ 45,206,604
LIABILITIES	
CURRENT LIABILITIES	$ 1,585,152
LONG-TERM LIABILITIES	476,298
TOTAL LIABILITIES	2,061,450
EQUITY	
CONTRIBUTED CAPITAL	4,111,479
RETAINED EARNINGS	24,759,630
NET INCOME / (LOSS)	2,302,747
RESERVED/RESTRICTED FUND BALANCE	1,732,164
UNRESERVED FUND BALANCE	10,239,134
TOTAL EQUITY	43,145,154
TOTAL LIABILITIES & EQUITY	$ 45,206,604

Illinois Finance Authority
Consolidated
Unaudited
Balance Sheet
for the Six Months Ending December 31, 2010

	Actual December 2009	Actual December 2010
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	$ 31,904,704	$ 40,189,639
RECEIVABLES, NET	384,012	66,454
LOAN RECEIVABLE, NET	45,593,195	37,941,828
NOTES RECEIVABLE	49,261,074	45,134,874
OTHER RECEIVABLES	1,235,972	1,412,994
PREPAID EXPENSES	130,009	122,414
TOTAL CURRENT ASSETS	128,508,966	124,868,203
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	68,897	59,667
DEFERRED ISSUANCE COSTS	526,475	445,439
OTHER ASSETS		
CASH, INVESTMENTS & RESERVES	40,410,751	38,271,417
VENTURE CAPITAL INVESTMENTS	5,377,739	2,512,917
OTHER	3,000,000	3,000,000
TOTAL OTHER ASSETS	48,788,490	43,784,334
TOTAL ASSETS	$ 177,892,828	$ 169,157,643
LIABILITIES		
CURRENT LIABILITIES	1,103,666	1,719,381
BONDS PABYABLE	59,470,000	54,345,000
OTHER LIABILITIES	2,191,557	2,025,745
TOTAL LIABILITIES	62,765,223	58,090,126
EQUITY		
CONTRIBUTED CAPITAL	35,608,692	35,608,692
RETAINED EARNINGS	27,173,957	26,144,175
NET INCOME / (LOSS)	2,225,592	(1,211,706)
RESERVED/RESTRICTED FUND BALANCE	37,471,193	37,878,185
UNRESERVED FUND BALANCE	12,648,171	12,648,171
TOTAL EQUITY	115,127,605	111,067,517
TOTAL LIABILITIES & EQUITY	$ 177,892,828	$ 169,157,643

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	Actual December 2010	Budget December 2010	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2011	Budget YTD FY 2011	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2010	% of Budget Expended
REVENUE										
INTEREST ON LOANS	254,501	333,166	(78,665)	-23.61%	1,742,397	1,647,721	94,676	5.75%	3,291,666	52.93%
INVESTMENT INTEREST & GAIN(LOSS)	48,248	60,707	(12,459)	-20.52%	393,020	364,242	28,778	7.90%	728,492	53.95%
ADMINISTRATIONS & APPLICATION FEES	1,044,512	286,682	757,830	264.34%	3,639,287	1,829,193	1,810,094	98.96%	3,569,338	101.96%
ANNUAL ISSUANCE & LOAN FEES	54,585	49,758	4,827	9.70%	314,975	286,461	28,513	9.95%	642,892	48.99%
OTHER INCOME	46,398	11,878	34,520	290.62%	249,136	71,268	177,868	249.58%	82,537	301.85%
	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	1,448,244	742,191	706,053	95.13%	6,338,816	4,198,885	2,139,930	50.96%	8,314,925	76.23%
EXPENSES										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	52,646	187,266	(134,620)	-71.89%	882,887	1,112,840	(229,953)	-20.66%	2,354,798	37.49%
BENEFITS	10,275	23,036	(12,761)	-55.40%	108,141	137,168	(29,027)	-21.16%	286,314	37.77%
TEMPORARY HELP	340	417	(77)	-18.56%	1,307	2,502	(1,195)	-47.77%	5,000	26.14%
EDUCATION & DEVELOPMENT	-	1,667	(1,667)	-100.00%	3,113	10,000	(6,887)	-68.87%	20,000	15.57%
TRAVEL & AUTO	3,253	6,250	(2,997)	-47.95%	22,699	37,500	(14,801)	-39.47%	75,000	30.27%
TOTAL EMPLOYEE RELATED EXPENSES	66,513	218,636	(152,123)	-69.58%	1,018,146	1,300,010	(281,864)	-21.68%	2,741,112	37.14%
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	23,265	23,749	(485)	-2.04%	138,423	142,496	(4,073)	-2.86%	285,000	48.57%
LOAN EXPENSE & BANK FEE	206,357	207,148	(791)	-0.38%	1,896,107	1,242,888	653,219	52.56%	2,771,070	68.43%
ACCOUNTING & AUDITING	28,264	28,422	(158)	-0.56%	176,871	170,532	6,339	3.72%	341,054	51.86%
MARKETING GENERAL	491	2,083	(1,592)	-76.43%	12,739	12,498	241	1.92%	25,000	50.95%
FINANCIAL ADVISORY	(52,416)	31,250	(83,666)	-267.73%	66,334	187,500	(121,166)	-64.62%	375,000	17.69%
CONFERENCE/TRAINING	1,035	1,667	(632)	-37.91%	2,564	10,002	(7,438)	-74.37%	20,000	12.82%
MISC. PROFESSIONAL SERVICES	(23,931)	18,708	(42,639)	-227.92%	76,677	112,248	(35,571)	-31.69%	224,500	34.15%
DATA PROCESSING	2,606	4,583	(1,977)	-43.13%	17,674	27,498	(9,824)	-35.73%	55,000	32.13%
TOTAL PROFESSIONAL SERVICES	185,671	317,610	(131,939)	-41.54%	2,387,388	1,905,662	481,726	25.28%	4,096,624	58.28%

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	Actual December 2010	Budget December 2010	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2011	Budget YTD FY 2011	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2010	% of Budget Expended
OCCUPANCY COSTS										
OFFICE RENT	11,085	22,840	(11,755)	-51.46%	122,728	137,040	(14,312)	-10.44%	274,076	44.78%
EQUIPMENT RENTAL AND PURCHASES	1,148	1,700	(552)	-32.49%	10,655	10,200	455	4.46%	20,400	52.23%
TELECOMMUNICATIONS	1,853	5,050	(3,197)	-63.30%	19,843	30,300	(10,457)	-34.51%	60,600	32.74%
UTILITIES	839	917	(78)	-8.47%	5,698	5,502	196	3.57%	11,000	51.80%
DEPRECIATION	2,439	4,109	(1,670)	-40.64%	14,972	24,654	(9,682)	-39.27%	49,305	30.37%
INSURANCE	1,929	1,900	29	1.54%	11,575	11,400	175	1.54%	22,800	50.77%
TOTAL OCCUPANCY COSTS	19,294	36,516	(17,222)	-47.16%	185,471	219,096	(33,625)	-15.35%	438,181	42.33%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	4,322	4,458	(136)	-3.05%	18,480	26,748	(8,268)	-30.91%	53,500	34.54%
BOARD MEETING - EXPENSES	7,792	3,000	4,792	159.74%	20,152	18,000	2,152	11.95%	36,000	55.98%
PRINTING	3,163	542	2,621	483.91%	6,120	3,250	2,870	88.30%	6,500	94.15%
POSTAGE & FREIGHT	1,985	1,250	735	58.83%	8,648	7,500	1,148	15.31%	15,000	57.65%
MEMBERSHIP, DUES & CONTRIBUTIONS	2,334	2,708	(374)	-13.81%	20,530	16,248	4,282	26.35%	32,500	63.17%
PUBLICATIONS	150	250	(100)	-40.12%	1,079	1,500	(421)	-28.05%	3,000	35.98%
OFFICERS & DIRECTORS INSURANCE	15,619	15,833	(214)	-1.35%	100,223	94,998	5,225	5.50%	190,000	52.75%
MISCELLANEOUS	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL GENL & ADMIN EXPENSES	35,366	28,041	7,325	26.12%	175,233	168,244	6,989	4.15%	336,500	52.08%
LOAN LOSS PROVISION/BAD DEBT	25,000	116,666	(91,666)	-78.57%	470,983	699,996	(229,013)	-32.72%	1,400,000	33.64%
OTHER										
INTEREST EXPENSE	550	550	-	0.00%	3,301	3,300	1	0.03%	6,317	52.26%
TOTAL OTHER	550	550	-	0.00%	3,301	3,300	1	0.03%	6,317	52.26%
TOTAL EXPENSES	332,394	718,019	(385,624)	-53.71%	4,240,522	4,296,308	(55,786)	-1.30%	9,018,734	47.02%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	1,115,850	24,173	1,091,677	4516.14%	2,098,294	(97,423)	2,195,717	-2253.81%	(703,809)	-298.13%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TRANSFERS TO STATE OF ILLINOIS	(3,310,000)	-	(3,310,000)	0.00%	(3,310,000)	-	(3,310,000)	0.00%	-	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%	-	-
NET INCOME/(LOSS)	(2,194,150)	24,173	(2,218,323)	-9176.94%	(1,211,706)	(97,423)	(1,114,283)	1143.76%	(703,809)	172.16%

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	Actual December 2010	Actual December 2009	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2011	Actual YTD FY 2010	Year to Date Variance Actual vs. Actual	YTD % Variance
REVENUE								
INTEREST ON LOANS	254,501	628,729	(374,228)	-59.52%	1,742,397	1,751,765	(9,368)	-0.53%
INVESTMENT INTEREST & GAIN(LOSS)	48,248	88,863	(40,615)	-45.70%	393,020	409,661	(16,641)	-4.06%
ADMINISTRATIONS & APPLICATION FEES	1,044,512	1,201,795	(157,284)	-13.09%	3,639,287	3,234,113	405,175	12.53%
ANNUAL ISSUANCE & LOAN FEES	54,585	48,537	6,048	12.46%	314,975	500,374	(185,400)	-37.05%
OTHER INCOME	46,398	33,862	12,536	37.02%	249,136	238,277	10,859	4.56%
	-	-	-	0.00%	-	-	-	-
TOTAL REVENUE	1,448,244	2,001,787	(553,542)	-27.65%	6,338,816	6,134,190	204,625	3.34%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	52,646	234,749	(182,103)	-77.57%	882,887	1,402,557	(519,670)	-37.05%
BENEFITS	10,275	27,168	(16,893)	-62.18%	108,141	137,276	(29,135)	-21.22%
TEMPORARY HELP	340	3,275	(2,936)	-89.63%	1,307	17,108	(15,802)	-92.36%
EDUCATION & DEVELOPMENT	-	-	-	0.00%	3,113	11,035	(7,922)	0.00%
TRAVEL & AUTO	3,253	6,770	(3,517)	-51.95%	22,699	28,563	(5,864)	-20.53%
TOTAL EMPLOYEE RELATED EXPENSES	66,513	271,962	(205,449)	-75.54%	1,018,146	1,596,539	(578,392)	-36.23%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	23,265	16,666	6,599	39.59%	138,423	100,460	37,963	37.79%
LOAN EXPENSE & BANK FEE	206,357	632,879	(426,522)	-67.39%	1,896,107	1,314,407	581,700	44.26%
ACCOUNTING & AUDITING	28,264	24,851	3,413	13.73%	176,871	152,954	23,918	15.64%
MARKETING GENERAL	491	70	421	0.00%	12,739	2,997	9,741	0.00%
FINANCIAL ADVISORY	(52,416)	18,333	(70,749)	-385.91%	66,334	109,998	(43,664)	-39.70%
CONFERENCE/TRAINING	1,035	-	1,035	0.00%	2,564	3,718	(1,155)	0.00%
MISC. PROFESSIONAL SERVICES	(23,931)	25,858	(49,789)	0.00%	76,677	62,423	14,254	22.83%
DATA PROCESSING	2,606	6,397	(3,790)	-59.25%	17,674	26,676	(9,002)	-33.75%
TOTAL PROFESSIONAL SERVICES	185,671	725,053	(539,382)	-74.39%	2,387,388	1,773,633	613,755	34.60%

Illinois Finance Authority
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for December 2010 and December 2009

	Actual December 2010	Actual December 2009	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2011	Actual YTD FY 2010	Year to Date Variance Actual vs. Actual	YTD % Variance
OCCUPANCY COSTS								
OFFICE RENT	11,085	15,028	(3,942)	-26.23%	122,728	126,941	(4,213)	-3.32%
EQUIPMENT RENTAL AND PURCHASES	1,148	1,301	(153)	-11.76%	10,655	17,501	(6,846)	-39.12%
TELECOMMUNICATIONS	1,853	4,922	(3,069)	-62.34%	19,843	30,075	(10,232)	-34.02%
UTILITIES	839	859	(19)	-2.25%	5,698	5,752	(54)	-0.93%
DEPRECIATION	2,439	4,048	(1,609)	-39.75%	14,972	29,787	(14,815)	-49.74%
INSURANCE	1,929	1,951	(22)	-1.13%	11,575	11,617	(42)	-0.36%
TOTAL OCCUPANCY COSTS	19,294	28,109	(8,814)	-31.36%	185,471	221,674	(36,203)	-16.33%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	4,322	3,839	483	12.57%	18,480	20,297	(1,817)	-8.95%
BOARD MEETING - EXPENSES	7,792	2,852	4,940	173.23%	20,152	17,071	3,081	18.05%
PRINTING	3,163	1,098	2,065	188.09%	6,120	3,345	2,775	82.96%
POSTAGE & FREIGHT	1,985	2,547	(562)	-22.06%	8,648	8,524	124	1.46%
MEMBERSHIP, DUES & CONTRIBUTIONS	2,334	12,073	(9,739)	-80.67%	20,530	20,872	(342)	-1.64%
PUBLICATIONS	150	293	(144)	-48.96%	1,079	1,013	66	6.50%
OFFICERS & DIRECTORS INSURANCE	15,619	15,619	-	0.00%	100,223	93,773	6,450	6.88%
MISCELLANEOUS	-	-	-	0.00%	-	-	-	0.00%
TOTAL GENL & ADMIN EXPENSES	35,366	38,322	(2,957)	-7.72%	175,233	164,895	10,338	6.27%
LOAN LOSS PROVISION/BAD DEBT	25,000	25,000	-	0.00%	470,983	148,274	322,709	217.64%
OTHER								
INTEREST EXPENSE	550	597	(47)	-7.87%	3,301	3,584	(283)	-7.90%
TOTAL OTHER	550	597	(47)	-7.87%	3,301	3,584	(283)	-7.90%
TOTAL EXPENSES	332,394	1,089,043	(756,649)	-69.48%	4,240,522	3,908,599	331,923	8.49%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	1,115,850	912,744	203,107	22.25%	2,098,294	2,225,592	(127,297)	-5.72%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%
TRANSFER TO STATE OF ILLINOIS	(3,310,000)	-	(3,310,000)	0.00%	(3,310,000)	-	(3,310,000)	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-		-	-	-	0.00%
NET INCOME/(LOSS)	(2,194,150)	912,744	(3,106,893)	-340.39%	(1,211,706)	2,225,592	(3,437,297)	-154.44%

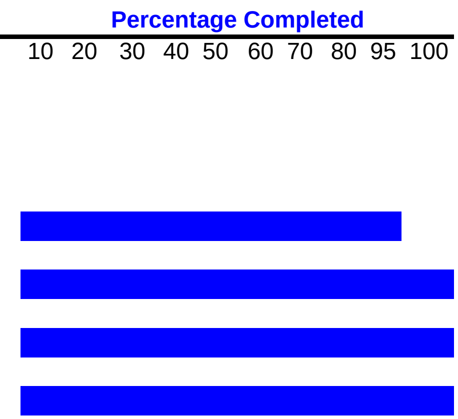
Illinois Finance Authority
FY09 Audit Finding: Material
Update as of December 31, 2010

Number of Material Findings - 1

Item Number	Description	Finding Type	Comments	Percentage Completed
Government Auditing Standards:				10 20 30 40 50 60 70 80 90 100
09-01	**Valuation of Venture Capital Investments**	Significant Deficiency	**Auditor Recommendation:** The IFA has not had an independent valuation of its venture capital investments since fiscal year 2006. We recommend the Authority obtain an independent valuation of the investment portfolio periodically in order to support the amounts recorded and disclosed in the financial statements. **Authority Response:** The Authority accepted the auditor's recommendation. The Authority has procured a vendor and the valuation of the venture capital portfolio is underway.	

Illinois Finance Authority
FY09 Audit Finding: Immaterial
Update as of December 31, 2010

Item Number	Description
Total Number of 4	
FY 09 Immaterial Findings	
IM09-01	Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller
IM09-02	Inaccurate Agency Report of State Property (C-15)
IM09-03	Lack of Disaster Contingency Testing to Ensure Recovery of Computer Systems
IM09-04	Weaknesses Regarding the Security and Control of Confidential Information



Bonds Issued and Outstanding as of December 31, 2010

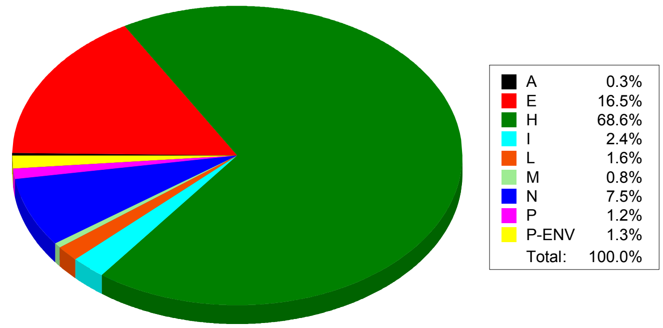
Bonds Issued Since Inception of Illinois Finance Authority

#	Market Sector	Principal Amount ($)
319	Agriculture **	61,109,881
100	Education	3,850,158,100
326	Healthcare *	16,022,288,508
86	Industrial	931,142,853
27	Local Government	378,145,000
19	Multifamily/Senior Housing	175,417,900
131	501(c)(3) Not-for Profits	1,717,098,195
8	Exempt Facilities Bonds	275,700,000
9	Environmental issued under 20 ILCS 3515/9	326,630,000
		$ 23,737,690,437

* Includes CCRC's

** Number of Agriculture bonds has been adjusted to reflect the actual number of Beginner Farmer Bonds issued.

Bonds Issued Since Inception

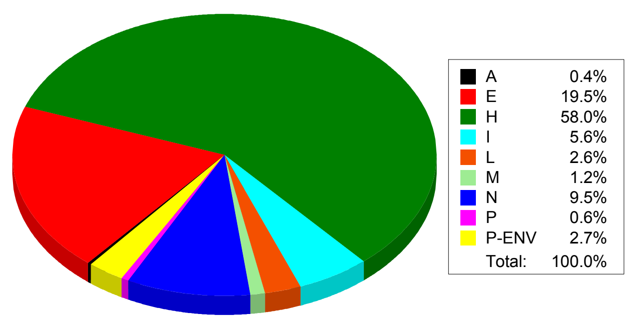


Schedule of Bonds Outstanding by Market Sector
Includes IFA and it's Predecessor Authorities

Market Sector	Amount of Original Issue	Principal Outstanding
Agriculture	299,579,587	92,846,613
Education	5,433,350,730	4,854,763,512
Healthcare *	16,473,242,337	14,458,782,219
Industrial	1,588,772,853	1,385,633,100
Local Government	1,135,309,413	659,442,146
Multifamily/Senior Housing	742,915,396	305,785,468
501(c)(3) Not-for Profits	2,874,624,996	2,357,146,307
Exempt Facilities Bonds	155,360,000	155,160,000
Environmental issued under 20 ILCS 3515/9	770,475,000	673,486,518
	$ 29,473,630,311	$ 24,943,045,882

* Includes CCRC's

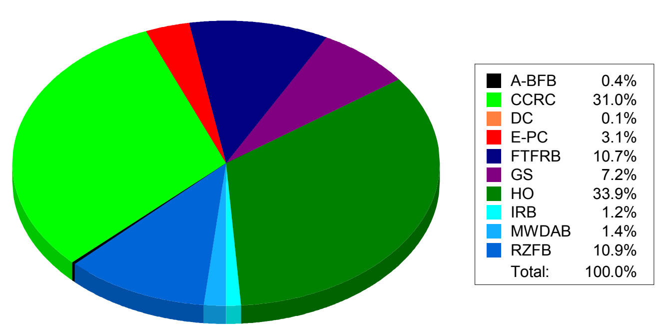
Principal Outstanding by Market Sector



Current Fiscal Year

#	Market Sector	Principal Issued
26	Agriculture - Beginner Farmer	4,525,669
3	Education	43,900,000
1	Financially Distressed Cities	1,985,000
2	Freight Transfer Facilities Bonds	150,000,000
2	Gas Supply	100,000,000
12	Healthcare - Hospital	497,820,000
16	Healthcare - CCRC	458,705,000
3	Industrial Revenue	17,329,184
1	Midwest Disaster Area Bonds	20,200,000
2	501(c)(3) Not-for-Profit	7,700,000
8	Recovery Zone Facilities Bonds	211,488,000
77		$ 1,513,652,853

Bonds Issued - Current Fiscal Year



Bonds Issued between July 01, 2010 and December 31, 2010

Bond Issue		Date Issued	Initial Interest Rate	Principal Issued	Bonds Refunded
A-BFB	Beginner Farmer Bonds, Series 2011	07/01/2010	Various-See Below	4,525,669	0
HO	NorthShore University HealthSystem, Series 2010	07/14/2010	2.00% to 5.25%	136,425,000	115,800,000
CCRC	The Clare at Water Tower, Series 2010A&B	07/15/2010	5.10% to 6.125%	87,505,000	87,505,000
CCRC	Christian Homes, Inc., Series 2010	07/29/2010	3.40% to 6.125%	25,000,000	8,090,000
IRB	Bison Gear & Engineering Corporation, Series 2010	07/29/2010	VRB 0.32%	9,230,000	0
HO	Institute for Transfusion Medicine, Series 2010	07/29/2010	VRB 3.60%	26,500,000	0
GS	Peoples Gas Light and Coke Company, Series 2010A	08/18/2010	VRB 2.125%	50,000,000	0
RZFB	Annex II, LLC - Rock City Development, Series 2010	08/24/2010	6.00%	4,585,000	0
CCRC	Greenfields of Geneva, Series 2010A-C	08/31/2010	7.50% to 8.25%	117,600,000	9,185,000
HO	Provena Health, Series 2010C&D	09/22/2010	VRB 0.29%	72,000,000	0
GS	Peoples Gas Light and Coke Company, Series 2010B	10/05/2010	2.625%	50,000,000	50,000,000
IRB	Fabrication Technologies, Inc., Series 2010	10/15/2010	DP-VRB	5,140,000	0
HO	Little Company of Mary Hospital, Series 2010	10/20/2010	5.25% to 5.50%	72,000,000	0
HO	Beloit Health System, Series 2010	10/21/2010	VRB	37,895,000	40,325,000
RZFB	Navistar International Corporation, Series 2010	10/26/2010	6.50%	135,000,000	0
DC	City of East St. Louis, Series 2010	10/26/2010	3.00%	1,985,000	1,650,000
HO	Swedish Covenant Hospital, Series 2010	11/03/2010	DP 4.99%	20,000,000	0
HO	University of Chicago Medical Center, Series 2010A&B	11/09/2010	VRB 0.24%	92,500,000	0
CCRC	Admiral at the Lake, Series 2010A-E	11/19/2010	7.25% to 8.00%	202,350,000	0
RZFB	BPJ Investments, LLC - Nueco, Inc., Series 2010	12/16/2010	DP-VRB 4.00%	2,803,000	0
HO	Proctor Hospital, Series 2010	12/16/2010	DP-VRB 2.59202%	15,500,000	0
E-PC	The Old Town School of Folk Music, Inc., Series 2010	12/20/2010	DP-VRB 4.25%	10,000,000	0
MWDAB	KONE Centre, Series 2010	12/21/2010	DP-VRB 2.30%	20,200,000	0
FTFRB	CenterPoint Joliet Terminal Railroad, Series 2010A&B	12/21/2010	DP-VRB 2.1074%	150,000,000	0
E-PC	East-West University, Series 2010	12/22/2010	DP-VRB 2.025%	30,000,000	0
501(c)(3)	Quest Academy, Series 2010	12/22/2010	DP-VRB 1.987016%	3,200,000	0
RZFB	Rochelle Energy LLC, Series 2010	12/22/2010	DP 4.53%	10,000,000	0
E-PC	Illinois College, Series 2010	12/23/2010	DP 4.22%	3,900,000	0
IRB	Alef Sausage, Series 2010	12/23/2010	DP 4.25%	2,959,184	0
HO	Silver Cross Hospital & Medical Center, Series 2010	12/27/2010	DP-VRB 1.1973%	25,000,000	0
501(c)(3)	St. Francis High School College Preparatory, Series 2010	12/28/2010	DP-VRB 2.18%	4,500,000	0
RZFB	JH Naperville Hotel, LLC, Series 2010	12/28/2010	5.16%	30,000,000	0
RZFB	1200 Internationale Parkway, LLC, Series 2010	12/28/2010	DP-VRB 3.97%	3,500,000	0
CCRC	Mercy Circle, Series 2010	12/29/2010	DP-VRB 2.10%	26,250,000	0
RZFB	SMART Hotels/Olympia Chicago, Series 2010	12/30/2010	DP-VRB	21,500,000	0
RZFB	Mayo Properties, LLC, Series 2010	12/30/2010	DP-VRB 3.825%	4,100,000	0
		Total Bonds Issued in Fiscal Year 2011		**$ 1,513,652,853**	**$ 312,555,000**

Legend: Fixed Rate Bonds as shown
DP-VRB = initial interest rate at the time of issuance on a Direct Purchase Bond
VRB = initial interest rate at the time of issuance on a Variable Rate Bond that does not include the cost of the LOC arrangement.
Beginner Farmer Bonds interest rates are shown in section below.

Beginner Farmer Bonds

Borrower	Date Funded	Initial Interest Rate	Loan Proceeds	Acres	County
Stortzum, Brent A.	07/21/2010	4.25%	157,500	38.00	Effingham
Tolley, Daniel Steven	07/23/2010	4.50%	106,900	82.30	Knox
Justison, Keri L.	07/30/2010	4.25%	249,736	106.00	Montgomery
Justison, David M.	07/30/2010	4.25%	249,736	106.00	Montgomery
Will, Richard & Linda	07/30/2010	4.00%	206,712	71.30	Cumberland
Smithenry, Eric J.	07/30/2010	4.25%	135,000	20.00	Jasper
Stinnett, Sean & Cheryl	08/05/2010	4.75%	224,000	52.84	Macoupin
Alt, Lawrence & Loretta	08/12/2010	4.00%	100,000	26.67	Vermilion
Alt, James & Jo Ellen	08/12/2010	4.00%	102,667	26.67	Vermilion

Kopplin, Seth A.	08/16/2010	4.00%	184,000	73.62	Effingham
Gittleson, Brock	09/21/2010	4.46%	207,500	50.00	Lee
Mellendorf, Mark	09/21/2010	4.25%	25,200	20.00	Clay
Fritschle, Derek	10/07/2010	4.00%	125,000	78.00	Richland
Stahl, Rodney Lynn	10/25/2010	4.00%	122,500	50.00	Stark
Stahl, Kendall	10/25/2010	4.50%	137,500	50.00	Stark
Rosenthal, Darin T.	10/29/2010	4.00%	250,000	80.00	Montgomery
Stephens, Douglas & Cindy	11/05/2010	3.50%	240,000	60.00	Livingston
Stephens, Derek & Brynn	11/05/2010	3.50%	240,000	60.00	Livingston
Richter, Brett Alan	11/05/2010	2.76%	120,000	46.00	Clinton
Truckenbrod, Steven	11/18/2010	5.25%	104,000	40.00	Ogle
Elliott, Lee Wayne & Latisha	11/30/2010	4.25%	112,000	80.00	Jasper
Mattingly II, Douglas E.	12/27/2010	3.75%	77,120	30.00	Edgar
McLaughlin, Wade C.	12/27/2010	4.67%	150,000	60.70	Henry
Ridgely, Jordan	12/27/2010	3.95%	316,000	149.00	Hamilton
Werkheiser, Wade	12/27/2010	3.90%	345,330	161.00	Henry
Waldrop, Ryan D. & Heather D.	12/28/2010	4.25%	237,268	130.60	Lawrence
	Total Beginner Farmer Bonds Issued		**$ 4,525,669**	**1,748.70**	

AG Farm Purchase Guarantee	**Date Funded**	**Initial Interest Rate**	**Loan Proceeds**	**State Guarantee**
Kerber, Gregory & Jan	10/28/2010	5.85%	500,000	425,000
	Total AG Farm Purchase Guarantee		**$ 500,000**	**$ 425,000**
	Total Agriculture Guarantees		**$ 500,000**	**$ 425,000**

ILLINOIS FINANCE AUTHORITY

Schedule of Debt [a]

Conduit debt issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)] which does not constitute an indebtedness or an obligation, either general or moral, or a pledge of the full faith or a loan of the Authority, the State of Illinois or any Political Subdivision of the State within the purview of any constitutional or statutory limitation or provisions with special limited obligations of the Authority secured under provisions of the individual Bond Indentures and Loan Agreements with the exception of the bonds identified below in Section I (b) -- General Purpose Moral Obligation/State Component Parts -- which are subject to the $28.15B cap in Section 845-5(a).

Section I (a)

		Principal Outstanding June 30, 2010	Principal Outstanding December 31, 2010	Program Limitations	Remaining Capacity
Illinois Finance Authority "IFA"					
306	Agriculture	$ 46,455,000	$ 50,792,000		
91	Education	3,721,552,000	3,706,448,000		
234	Healthcare	10,851,968,000	11,588,407,000		
76	Industrial Development [includes Recovery Zone/Midwest Disas	345,870,000	837,616,000		
22	Local Government	264,060,000	259,285,000		
18	Multifamily/Senior Housing	157,979,000	159,328,000		
96	501(c)(3) Not-for Profits	1,313,239,000	1,300,963,000		
5	Exempt Facilities Bonds	130,500,000	130,300,000		
848	**Total IFA Principal Outstanding**	**$ 16,831,623,000**	**$ 18,033,139,000**		
Illinois Development Finance Authority "IDFA" [b]					
4	Education	42,196,000	41,506,000		
5	Healthcare	404,660,000	219,360,000		
70	Industrial Development	562,917,000	548,017,000		
35	Local Government	386,034,000	372,202,000		
16	Multifamily/Senior Housing	147,219,000	146,458,000		
100	501(c)(3) Not-for Profits	1,025,002,000	981,639,000		
1	Exempt Facilities Bonds	24,860,000	24,860,000		
227	**Total IDFA Principal Outstanding**	**$ 2,592,888,000**	**$ 2,334,042,000**		
Illinois Rural Bond Bank "IRBB" [b]					
17	Bond Bank Revenue Bonds	26,385,000	25,715,000		
1	Conduit Debt	2,390,000	2,240,000		
18	**Total IRBB Principal Outstanding**	**$ 28,775,000**	**$ 27,955,000**		
102	**Illinois Health Facilities Authority "IHFA"**	**$ 2,908,471,000**	**$ 2,651,016,000**		
49	**Illinois Educational Facilities Authority "IEFA"**	**$ 1,446,134,000**	**$ 1,419,157,000**		
561	**Illinois Farm Development Authority "IFDA"** [f]	**$ 42,055,000**	**$ 42,055,000**		
1,805	**Total Illinois Finance Authority Debt**	**$ 23,849,946,000**	**$ 24,507,364,000**	**$ 28,150,000,000**	**$ 3,642,636,000**

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)]

Section I (b)

		Principal Outstanding June 30, 2010	Principal Outstanding December 31, 2010	Program Limitations	Remaining Capacity
General Purpose Moral Obligations					
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]					
17	Issued through IRBB - Local Government Pools	$ 26,385,000	$ 25,715,000		
7	Issued through IFA - Local Government Pools	28,000,000	28,000,000		
2	Issued through IFA - Illinois Medical District Commission	40,000,000	39,640,000		
26	**Total General Moral Obligations**	**$ 94,385,000**	**$ 93,355,000**	**$ 150,000,000**	**$ 56,645,000**
Financially Distressed Cities Moral Obligations					
Illinois Finance Authority Act [20 ILCS 3501/825-60]					
3	Issued through IFA	$ 2,395,000	$ 3,825,000		
1	Issued through IDFA	4,660,000	3,565,000		
4	**Total Financially Distressed Cities**	**$ 7,055,000**	**$ 7,390,000**	**$ 50,000,000**	**$ 42,610,000**
State Component Unit Bonds [c]					
17	Issued through IRBB	$ 26,385,000	$ 25,715,000		
1	Issued through IDFA	14,580,000	13,890,000		
1	Issued through IFA	4,863,000	4,233,000		
19	**Total State Component Unit Bonds**	**$ 45,828,000**	**$ 43,838,000**		

Designated exclusive Issuer by the Governor of the State of Illinois to issue Midwest Disaster Area Bonds in Illinois, February 11, 2010.

Section I (c)

		Principal Outstanding June 30, 2010	Principal Outstanding December 31, 2010	Program Limitations	Remaining Capacity
1	**Midwest Disaster Bonds [Flood Relief]**	**$ -**	$ 20,200,000	**$ 1,515,271,000**	**$ 1,495,071,000**

Designated by the Governor of the State of Illinois to manage and coordinate the re-allocation of Federal ARRA Volume Cap and the issuance of Recovery Zone Bonds in the State of Illinois to fully utilize RZBs before December 31, 2010.

Section I (d)

		ARRA Act of 2009 Volume Cap Allocated [h]	City/Counties Ceded Voluntarily to IFA	Bonds Issued as of December 31, 2010	Available "Ceded" Volume Cap
-	**Recovery Zone Economic Development Bonds;**	**$ 666,972,000**	**$ 16,940,000**	**$ 12,900,000**	**$ 4,040,000**
8	**Recovery Zone Facilities Bonds**	**$ 1,000,457,000**	**$ 292,400,000**	**$ 218,755,000**	**$ 73,645,000**
-	**Qualified Energy Conservation Bonds**	**$ 133,846,000**	**$ -**	**$ -**	**$ -**

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(b)]

Section II

	Principal Outstanding June 30, 2010	Principal Outstanding December 31, 2010	Program Limitations	Remaining Capacity
Illinois Power Agency	**$ -**	**$ -**	**$ 4,000,000,000**	**$ 4,000,000,000**

ILLINOIS FINANCE AUTHORITY

Schedule of Debt [a]

Illinois Finance Authority Act [20 ILCS 3501 Section 825-65(f); 825-70 and 825-75] - see also P.A. 96-103 effective 01/01/2010

Section III		Principal Outstanding June 30, 2010	Principal Outstanding December 31, 2010	Program Limitations	Remaining Capacity
Clean Coal, Coal ,Renewable Energy and Efficiency Projects	**Energy**	**$ -**	**$ -**	**$ 3,000,000,000** [d]	**$ 3,000,000,000**

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 830-25 (see also P.A.96-103); 830-30; 830-35; 830-45 and 830-50]

Section IV		Principal Outstanding June 30, 2010	Principal Outstanding December 31, 2010	Program Limitations	Remaining Capacity	State Exposure
	Agri Debt Guarantees [Restructuring Existing Debt]	**$ 20,300,000**	**$ 18,796,000**	**$ 160,000,000**	**$ 141,204,000**	**$ 15,937,000**
97	**Fund # 994 - Fund Balance $ 9,940,751**					
	AG Loan Guarantee Program	**$ 47,229,000**	**$ 44,999,000**	**$ 225,000,000** [e]	**$ 180,001,000**	**$ 32,541,000**
55	**Fund # 205 - Fund Balance $ 7,651,586**					
12	Agri Industry Loan Guarantee Program	$ 11,104,000	$ 10,447,000			8,880,000
1	Renewable Fuels	24,445,000	23,634,000			14,381,000
2	Farm Purchase Guarantee Program	491,000	991,000			842,000
29	Specialized Livestock Guarantee Program	8,625,000	7,493,000			6,369,000
11	Young Farmer Loan Guarantee Program	2,564,000	2,434,000			2,069,000
152	**Total State Guarantees**	**$ 67,529,000**	**$ 63,795,000**	**$ 385,000,000**	**$ 321,205,000**	**$ 48,478,000**

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 825-80 and 825-85

Section V			Principal Outstanding June 30, 2010	Principal Outstanding December 31, 2010	Appropriation Fiscal Year 2011	Fund Balance
116	Fire Truck Revolving Loan Program	**Fund # 572**	$ 18,730,135	$ 17,515,298	$ 6,003,342	$ 2,511,013
10	Ambulance Revolving Loan Program	**Fund # 334**	$ 993,200	$ 832,213	$ 7,006,800	$ 590

Note: Due to deposits in transit, the Cash Balance at the Illinois Office of the Comptroller may differ from the Illinois Finance Authority's General Ledger.

Issued under the Illinois Environmental Facilities Financing Act [20 ILCS 3515/9]

Section VI		Principal Outstanding June 30, 2010	Principal Outstanding December 31, 2010	Program Limitations	Remaining Capacity
	Environmental [Large Business]				
9	Issued through IFA	316,440,000	$ 316,197,000		
19	Issued through IDFA	372,065,000	357,290,000		
28	**Total Environmental [Large Business]**	**$ 688,505,000**	**$ 673,487,000**	**$ 2,425,000,000**	**$ 1,751,513,000**
	Environmental [Small Business]	-	$ -	**$ 75,000,000**	**$ 75,000,000**
28	**Total Environment Bonds Issued under Act**	**$ 688,505,000**	**$ 673,487,000**	**$ 2,500,000,000**	**$ 1,826,513,000**

Illinois Finance Authority Funds at Risk

Section VII #		Original Amount	Principal Outstanding June 30, 2010	Principal Outstanding December 31, 2010
	Participation Loans			
50	Business & Industry	23,020,157.95	17,018,322.85	14,218,703.39
22	Agriculture	6,079,859.01	4,969,295.79	4,640,356.14
72	**Participation Loans exluding Defaults & Allowances**	**$ 29,100,016.96**	**$ 21,987,618.64**	**$ 18,859,059.53**
			Plus: Legacy IDFA Loans in Default	1,143,112.67
			Less: Allowance for Doubtful Accounts	3,736,072.86
			Total Participation Loans	**$ 16,266,099.34**
1	**Illinois Facility Fund**	**$ 1,000,000.00**	**$ 1,000,000.00**	**$ 1,000,000.00**
4	**Local Government Direct Loans**	**$ 1,289,750.00**	**$ 1,781,154.98**	**$ 294,526.74**
5	**FmHA Loans**	**$ 963,250.00**	**$ 580,213.44**	**$ 339,197.83**
2	**Renewable Energy [RED Fund]**	**$ 2,000,000.00**	**$ 1,819,903.95**	**$ 1,719,655.10**
84	**Total Loans Outstanding**	**$ 34,353,016.96**	**$ 27,168,891.01**	**$ 19,619,479.01**

[a] Total subject to change; late month payment data may not be included at issuance of report.

[b] State Component Unit Bonds included in balance.

[c] Does not include Unamortized issuance premium as reported in Audited Financials.

[d] Program Limitation reflects the increase to $3 billion effective 01/01/2010 under P.A. 96-103.

[e] Program Limitation reflects the increase from $75 million to $225 million effective 01/01/2010 under P.A. 96-103.

[f] Beginner Farmer Bonds are currently updated annually; new bonds will be added under the Illinois Finance Authority when the bond closes.

[g] Midwest Disaster Bonds - Illinois Counties eligible for Midwest Disaster Bonds include Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside and Winnebago.

[h] Recovery Zone Bonds - Federal government allocated volume cap directly to all 102 Illinois counties and 8 municipalities with population of 100,000 or more. [Public Act 96-1020]

[i] IFA is working with all of the 110 entities to encourage voluntary waivers to ensure that these resources are used to support project financing before the program expires on December 31, 2010.

MEMORANDUM

TO: Christopher Meister
Executive Director

FROM: Brendan Cournane
General Counsel

RE: SEC Rule 15B – Municipal Advisors

DATE: January 14, 2011

SEC Proposed Rule Change

Definition of "Municipal Advisor"

- December 20, 2010 – SEC proposed a change to Rule 15B of the Securities Exchange Act of 1934

- Of particular interest is a change in the definition of "municipal advisor" within the meaning of the SEC Rule

- Under the Rule change – elected officials and employees of municipal entities are excluded from the definition of a "municipal advisor" **BUT** appointed members of a governmental body (***such as Board members of the Illinois Finance Authority*** – emphasis added) are included within the definition

- Ramifications of Board members being classified as municipal advisors –

    - Requires registration of Board members with the SEC (and potentially the MSRB) as municipal advisors

    - Cost of registration

    - Potential liability under securities laws for action taken at Board level

In December 2010 the Securities and Exchange Commission (the "SEC") proposed a rule changed implementing requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The proposed Rule Change to Rule 15B of the Securities Exchange Act of 1934 makes it unlawful for "municipal advisors" to provide certain advice to or on behalf of a municipal entity without first registering with the SEC.

Registration requires a registration fee and carries with it certain potential liabilities under securities laws. This is the case with financial advisors, investment bankers and broker-dealers who work on bond transactions through the Illinois Finance Authority (the "IFA").

The IFA is a municipal entity under the securities rules. Employees of a municipal entity such as the IFA are excluded from the definition of municipal advisors. Heretofore, Board members of entities such as the IFA have not been deemed to be municipal advisors.

Under the proposed rule change, the SEC states:

> "Employees of a municipal entity should also include appointed members of a governing body to the extent such appointed members are <u>ex officio</u> members of the governing body by virtue of holding elective office. The Commission does not believe that appointed members of a governing body of a municipal entity that are not elected <u>ex-officio</u> members should be excluded from the definition of "municipal advisor". The Commission believes that this interpretation is appropriate because employees and elected members are accountable to the municipal entity for their actions. In addition, the Commission is concerned that appointed members, unlike elected officials and elected <u>ex officio</u> members, are not directly accountable for their performance to the citizens of the municipal entity."

This proposed change to Rule 15B means that (i) each Board member would be required to register with the SEC and MSRB as 'municipal advisor', incurring registration costs and (ii) potential liability associated with municipal advisory work follows Board members for actions taken n the discharge of regular duties.

There is a period of time wherein the SEC requests comments on the Proposed Rule Change. The Executive Director and the General Counsel have been in discussion with representatives of trade groups discussing this Proposed Rule Change. We would like direction to continue such discussion and participate in the preparation of comments by various trade associations and to present comments to the SEC on behalf of the IFA.

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 240 and 249

[Release No. 34-63576; File No. S7-45-10]

RIN 3235-AK86

Registration of Municipal Advisors

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: Section 975 of Title IX of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") amended Section 15B of the Securities Exchange Act of 1934 (as amended, the "Exchange Act") to require municipal advisors, as defined below, to register with the Securities and Exchange Commission ("Commission" or "SEC") effective October 1, 2010. To enable municipal advisors to temporarily satisfy this requirement, the Commission adopted an interim final temporary rule and form, Exchange Act rule 15Ba2-6T and Form MA-T, effective October 1, 2010. Rule 15Ba2-6T will expire on December 31, 2011.

The Commission is proposing new rules 15Ba1-1 through 15Ba1-7 and new Forms MA, MA-I, MA-W, and MA-NR under the Exchange Act. These proposed rules and forms are designed to give effect to provisions of Title IX of the Dodd-Frank Act that, among other things, would establish a permanent registration regime with the Commission for municipal advisors and would impose certain record-keeping requirements on such advisors.

DATES: Comments should be received on or before [insert date 45 days after publication in the Federal Register].

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/proposed); or the engineer is preparing feasibility studies concerning municipal financial products or the issuance of municipal securities that include analysis beyond the engineering aspects of the project and, therefore, an engineer preparing such studies would be subject to registration as a municipal advisor.[138]

Employees of a Municipal Entity

Exchange Act Section 15B(e)(4)(A) provides that the term "municipal advisor" excludes employees of a municipal entity.[139] One commenter suggested that the Commission clarify that this exclusion from the definition of "municipal advisor" would include any person serving as an appointed or elected member of the governing body of a municipal entity, such as a board member, county commissioner or city councilman.[140] This commenter stated that because these persons are not technically "employees" of the municipal entity (but rather are "unpaid volunteers"), these persons would not fall within the exclusion from the definition of "municipal advisor" for "employees of a municipal entity" and, therefore, may have to register as municipal advisors.[141]

The Commission believes that the exclusion from the definition of a "municipal advisor" for "employees of a municipal entity" should include any person serving as an elected member of the governing body of the municipal entity to the extent that person is acting within the scope of his or

---

138 A "feasibility study" is a report detailing the economic practicality of and the need for a proposed capital program. It frequently analyzes demand for the product or service being sold and forecasts financial statements or other operating statistics. The feasibility study may include a user or other rate analysis to provide an estimate of revenues that will be generated for the purpose of substantiating that debt service can be met from pledged revenues. In addition, the feasibility study may provide details of the physical, operating, economic or engineering aspects of the proposed project, including estimates of construction costs, completion dates and drawdown schedules. See MSRB Glossary of Municipal Securities Terms, available at http://www.msrb.org/msrb1/glossary/glossary_db.asp?sel=f.

139 15 U.S.C. 78o-4(e)(4)(A).

140 See Kutak Rock Letter.

141 See id. See also 15 U.S.C. 78o-4(e)(4)(A).

her role as an elected member of the governing body of the municipal entity. "Employees of a municipal entity" should also include appointed members of a governing body to the extent such appointed members are ex officio members of the governing body by virtue of holding an elective office.[142] The Commission does not believe that appointed members of a governing body of a municipal entity that are not elected ex officio members should be excluded from the definition of a "municipal advisor." The Commission believes that this interpretation is appropriate because employees and elected members are accountable to the municipal entity for their actions. In addition, the Commission is concerned that appointed members, unlike elected officials and elected ex officio members, are not directly accountable for their performance to the citizens of the municipal entity.

Banks

Another commenter stated that the Commission should exempt from the definition of a "municipal advisor" banks providing "traditional banking services" and banks and trust companies that provide "investment advisory services."[143] As support, this commenter stated that banks are currently well-regulated and banks that offer trustee services are subject to rigorous and frequent

142 This would include persons appointed to fill the remainder of the term for an elective office.

143 See ABA Letter. In providing examples of the types of activities in which banks and trust companies engage, this commenter stated that: "[o]n the commercial side of the bank, these services and products include direct loans, checking accounts, and CDs. Banks of all sizes also frequently are asked to respond to RFP requests from municipal entities regarding investment products offered by the banking entity, such as interest-bearing bank deposits, money market mutual funds, or other exempt securities. Banks also are significant investors in the securities issued by municipalities and provide credit or, through their affiliates, underwriting services to municipalities when the city or township wants to buy a fire truck or build a new school or other similar facility. Furthermore, for over one hundred and fifty years, banks and trust companies have provided fiduciary services to municipal entities in the United States. In this capacity banks often manage investment accounts for local towns and act as trustees with respect to bond proceeds, escrow accounts, governmental pension plans and other similar capacities." Id.

Fn. 140

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WICHITA

September 28, 2010

JOHN J. WAGNER
john.wagner@kutakrock.com
(402) 231-8811

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: File No. S7-19-10

Ladies and Gentlemen:

This letter is in response to the request of the Securities and Exchange Commission (the "Commission") for comments on Rule 15Ba2–6T, the interim final temporary rule (the "Rule") that establishes a means for municipal advisors to temporarily satisfy the requirement that they register with the Commission as set forth in Release No. 34-62824 (the "Release").

We support the Commission's effort to implement a temporary registration system permitting municipal advisors to temporarily satisfy the registration requirement imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act and thereby continue their business after October 1, 2010; however we also believe that certain of the definitions are broader and more far-reaching than necessary and may possibly curtail the quality of services available to municipal entities.

Definition of Municipal Advisor

<u>Accountants</u>. Currently the Rule excludes certain professionals such as attorneys offering legal advice and engineers providing engineering advice, but does not contemplate a specific exclusion for accountants offering traditional accounting advice. Accountants are typically engaged by municipal entities in connection with an issuance of municipal securities for the purpose of consenting to the use of accountant prepared or audited financial statements and/or providing bring down or comfort letters relating to such financial statements, as they do in registered corporate offerings. In our opinion, accountants providing such traditional accounting services should be specifically excluded from the definition of "municipal advisor." These are basic and necessary services required by municipal entities as part of both their normal operations and their issuance of municipal securities, provided by professionals who are already highly regulated by the states and often even the Commission. However, we also recognize that accountants may be engaged by a municipal entity to provide services which are not traditional financial review services, such as conducting feasibility studies or preparing financial

projections. The Commission should use its discretion in determining whether accountants performing such additional services should also be specifically excluded from the definition of "municipal advisor."

Board Members. The definition of "municipal advisor" excludes persons who are municipal entities or "employees of a municipal entity." However the definition does not automatically exclude a person who serves on the governing body of a municipal entity, such as a board member, a county commissioner or city councilman. Members of the governing body of a municipal issuer are often not technically "employees" of the municipal entity; many are unpaid "volunteers". Pursuant to the current reading of the definition, the municipal entity and a municipal employee would be exempt, but members of the governing board of the municipal entity might be required to register under the Rule. We suggest modifying the definition of "municipal advisor" to clarify that a person serving as an appointed or elected member of the governing body of a municipal entity is also excluded.

Broker-dealer underwriter exception. The Rule does not clearly address a situation where a registered broker-dealer is acting as an underwriter for a series of bonds, and in conjunction therewith provides the municipal issuer with structuring advice which also includes related parity bonds which are not being underwritten. For example, the Department of the Treasury has initiated a program with housing finance agencies (HFAs) whereby the Treasury buys HFA mortgage-backed bonds to support the provision of affordable mortgages for lower income persons. The Treasury has purchased of $18 billion of 30 year mortgage bonds issued by HFAs. The sale proceeds are held in a Treasury specified escrow investment, and can be released to finance mortgages only if and when (1) the HFA publicly sells parity mortgage bonds equal to at least two-thirds of the amount of the Treasury-owned bonds whose escrowed proceeds are being released, (2) the long-term rate and maturity of the Treasury held bonds are established based on Treasury parameters, and (3) such publicly sold bonds and Treasury held parity bonds are similarly rated (generally either AAA or AA). The underwriter of the publicly sold bonds, to obtain the required bond rating for the publicly sold bonds, prepares composite cash flow projections with respect to both the publicly sold bonds and the Treasury held bonds (and any other outstanding parity bonds). The underwriter would typically be paid a fee for such cash flow structuring services regarding the Treasury held bonds, but provides such services only as a necessary adjunct to its role as underwriter of the publicly sold/underwritten bonds. We assume the broker-dealer/underwriter exception to the Rule would encompass such a situation, and strongly suggest the Commission clarify the same in the final Rule or in the accompanying materials. Similar situations occur with respect to a wide variety of parity municipal debt issuances, including state "bond banks" or revolving funds and student loan bonds.

Often local underwriters provide capital markets advice and assistance to smaller irregularly issuing municipal entities on an informal non-contractual (and non-compensated) basis, over periods that sometimes span many years. By virtue of that assistance such underwriters better understand the financial status of the issuer, and often are selected to act as the underwriter when bonds are to be issued. However, there is no legal obligation on the part of the issuer to retain the underwriter in any capacity. We assume that such provision of non-contractual and non-compensated services does not result in a broker-dealer or similar entity being treated as a "municipal advisor," and suggest that the same be clarified in the final Rule or accompanying materials.

Definition of Obligated Party

The current definition of "Obligated Person" is potentially very broad, including "any person . . . committed by contract or other arrangement to support the payment of all or part of the obligations on the municipal securities," and almost identical to the definition of "Obligated Person" in Rule 15c2-12. The lack of a threshold for any "arrangement" to support "in part" the payment of municipal securities potentially encompasses a wide variety of entities, such as obligors on debt securities which happen to be municipal security reserve fund investments (e.g., money market funds), every municipal obligor participating in state bond banks or revolving funds, and every homeowner whose mortgage secures a state housing agency's mortgage revenue bonds. The definition of "Obligated Person" in Rule 15c2-12 is clarified in Footnote 80 to the explanation accompanying the adoption of Rule 15c2-12. We assume–and encourage you to confirm–that the Rule 15c2-12 clarification likewise applies to the Rule. Not only has the Rule 15c2-12 clarification proved practical and workable, but having two virtually identical definitions in similar rules interpreted quite differently would create innumerable problems. Moreover, with such similar definitions one would think the Congress intended the terms to be similarly interpreted.

We would be glad to discuss any of these suggestions with any member of the Commission staff.

Sincerely,

John J. Wagner

THE BOND BUYER

Vol. 375 No. 33446 N.Y., N.Y. THE DAILY NEWSPAPER OF PUBLIC FINANCE Thursday, January 6, 2011

BABs Enjoy Post-Demise Demand

Spreads Tighten Quickly in 2011

By Dan Seymour

No sooner did Build America Bonds become orphaned than they caught fire.

Spreads on many of the biggest BAB deals have tightened significantly early in 2011, validating the thesis that the scarcity created by the program's expiration would bolster their value.

Yields on some of the biggest BAB issues have come down as much as 20 or 30 basis points the past few days, according to trades reported through the Municipal Securities Rulemaking Board.

Market sources say the most robust tightening is hitting the bigger issues that are eligible for inclusion in long-duration taxable bond indexes.

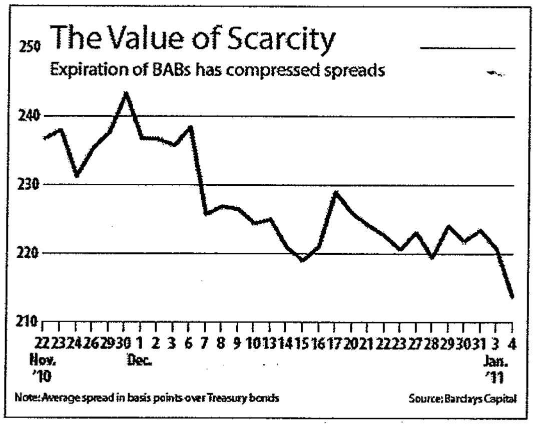
The average spread in the Barclays Capital Build America Bonds Index compressed by 10 basis points in the first two days of the new year, after finishing 2010 at 223 basis points.

The real spread-tightening began in mid-December, when the onslaught of new BABs finally subsided and any lingering hopes for a program extension vanished. The average BAB yield shriveled from a near-term high of 6.54% on Dec. 15 to 6.34% on Tuesday, according to the Barclays index.

"BABs are trading stronger this week — much stronger, in fact," a trader in New York said. "There's been an exceptional amount of demand for the product in the secondary in the immediate aftermath of the program's expiration. How long that will continue is anyone's guess, but for now, they are a hot commodity."

The 2034 maturity of California's $6.86 billion BAB changed hands on Tuesday at a yield of

Turn to BABs page 8



Note: Average spread in basis points over Treasury bonds Source: Barclays Capital

Chowchilla, Calif., Stops Paying Off Debt

By Rich Saskal

ALAMEDA, Calif. — Rocked by the recession, the rural California city of Chowchilla has stopped making payments on the bonds it used to finance its city hall.

Trustee U.S. Bank issued a notice Monday that the city had not made a scheduled interest payment due Jan. 1.

The initial default occurred July 1 on an interest and principal payment for the Chowchilla Public Financing Authority's 2005 lease-revenue refunding bonds. The $5.9 million issue was used to finance renovation of a commercial building into Chowchilla's current city hall.

The recession has hit the city hard. Its 17.9% unemployment rate is considerably higher than the statewide 12.4% jobless rate.

The city is located in the agricultural Central Valley, about 30 miles north of Fresno and 140 miles south of Sacramento. The population of 18,700 includes 7,700 prisoners at its two state prisons.

City officials didn't return a phone call Wednesday.

According to a presentation assistant city administrator Wayne Padilla prepared in December for the City Council, Chowchilla expects to bring in $4.1 million in general fund revenue during the current fiscal year, which runs through June 30, but has $5.3 million in budgeted expenses.

An earlier appreciation of that shortfall prompted the council to vote in June to skip the lease

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Adviser Proposal Targeted

'Chilling Effect' Seen on Boards

By Andrew Ackerman

WASHINGTON — Issuers and their attorneys are fighting a provision in the Securities and Exchange Commission's proposed rules for municipal advisers that would require appointed board members of municipal entities to register with both the SEC and the Municipal Securities Rulemaking Board if they advise on the issuance of municipal securities.

They warn that if the rules are approved, they would have a chilling effect on the ability of state officials to find volunteers willing to serve on the boards of bond-issuing authorities.

In addition to submitting to SEC and MSRB registration, these appointed board members would be subject to fiduciary

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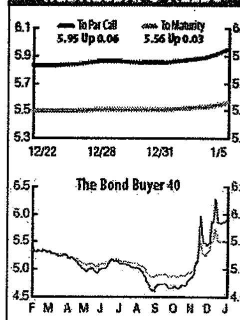
INSIDE

"We need to start with an emergency financial plan to stabilize our finances" in the face of a $10 billion budget gap, N.Y. Gov. Andrew Cuomo said in his first state of the state address. **Page 20**

Bloomberg News

WEDNESDAY'S YIELDS



The municipal market was slightly weaker Wednesday in light to moderate secondary trading as it lagged a rise in Treasury yields triggered by stronger-than-expected job creation in the ADP National Employment Report. *Complete market coverage by Michael Scarchilli appears on Page 2.*

Issuers Fight SEC Over Proposal's Effect on Muni Boards

Continued from page 1

duties, pay-to-play, and other rules the MSRB plans to implement. Volunteers would find these rules unduly burdensome, issuers claim.

"It's a bizarre distinction that the SEC created in the release," said Len Weiser-Varon, a shareholder at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo PC. He noted the proposed rules would only require registration for appointed, not elected, members of issuer or borrower boards.

"Board members are the clients of advisers, they're not the advisers," Weiser-Varon said. "They're not the people who act on behalf of a municipality or conduit borrower. It just makes no sense to treat them as advisers who have to register."

He added that employees of conduit borrowers also would need to register if they provide "advice" to the borrowers related to munis.

"It's an astounding overreach," said Robert Lenna, executive director of the Maine Health and Higher Education Facilities Authority and the Maine Municipal Bond Bank.

Many states already have statutory provisions concerning the fiduciary responsibility of volunteer board members of such authorities, he said.

"So not only is the SEC reaching down deep into the day-to-day operations of state governments, but this would just be redundant," he said.

Lenna added that his board members receive $55 per monthly meeting, plus gas reimbursement, as payment for their work.

Since the MSRB currently charges advisers $600 in initial and annual registration fees, most volunteers would have to fork over the bulk of their remuneration from the state if they were required to register as advisers.

As with the temporary registration system for advisers the SEC implemented in September — which will remain in effect through at least the end of 2011 — the proposed rules for a permanent registration system stem from provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act requiring that muni advisers be subject to SEC registration and MSRB oversight.

Under Dodd-Frank, the registration requirements apply to all municipal advisers who provide advice to "municipal entities" and other borrowers involved in the issuance of municipal securities. The advice may be related to derivatives, guaranteed investment contracts, "investment strategies," or the issuance of municipal securities. It also applies to advisers who solicit business from a state or local government for a third party.

The definition excludes employees of "municipal entities," but not employees of conduit borrowers.

In addition, neither the law nor the proposed SEC rules explain if appointed board members receiving a salary would count as employees.

"That's an area that the SEC could flesh out," said one market participant who asked not to be named.

Though the SEC agreed that the employee exclusion should extend to elected members of a governing body of a municipal entity, and ex-officio members who serve on the governing body because they hold elective office, the SEC said it was not persuaded that unpaid volunteers siting on boards should be categorically exempted from the municipal adviser definition, Weiser-Varon said in a public finance alert distributed earlier this week.

In declining to extend the exemption to volunteers in the proposed rules, the SEC said it "is concerned that appointed members, unlike elected officials and elected ex officio members, are not directly accountable for their performance to the citizens of the municipal entity."

An SEC spokesman declined to comment for this story. But a market participant said there are a number of situations going back 35 years where appointed officials, particularly for special districts, have found themselves or their issuers the subject of SEC enforcement actions for accepting bribes or not disclosing conflicts of interest, among other things.

Weiser-Varon faulted the SEC for not referencing its rationale in the proposal.

"The justification for the distinction in the release was simply that elected board members are accountable to the public and appointed ones aren't, which has no apparent bearing on whether they should or shouldn't be registered as municipal advisers," he said. "If there were some applicable case support for this proposition, my guess is it would have been referenced in the release."

Weiser-Varon added that unless or until the proposed rules are finalized in a manner that requires such registration, the commission should indicate that neither appointed municipal board members nor obligated person board members or employees need to register as municipal advisers.

The SEC is seeking comments on the proposal for 45 days after its publication in the Federal Register, possibly this week.

Minnesota AG, Retirees to Seek Quick Judgment in Benefit Case

By Yvette Shields

CHICAGO — The Minnesota attorney general's office and lawyers representing state retirees in a lawsuit challenging benefit cuts will lay out their cases by the end of the month in summary judgment motions that seek a quick ruling.

A hearing during which both sides will argue their cases is set for March 22. The case is advancing as some local and state officials across the country have raised the specter of cutting what retirees believe are their vested pension rights to deal with deficits and growing unfunded pension liabilities.

At a hearing in September, Ramsey County District Court Judge Gregg Johnson heard initial arguments in the case in response to the attorney general office's request that the lawsuit be dismissed. Johnson allowed the case to continue.

The attorney general is representing the defendants, which include the state, the pension funds, their top managers, and former Gov. Tim Pawlenty.

"The case is proceeding and both sides will file motions for summary judgment by the end of the month," said Stephen Pincus, an attorney with Stember Feinstein Doyle Payne & Cordes LLC, which is representing the Minnesota retirees. The firm is also representing retirees involved in similar lawsuits pending in Colorado and South Dakota.

The lawsuit was filed May 17 after state legislation was enacted limiting future benefit increases for participants in the funds covering teachers, state employees, and local government employees.

The law signed last May eliminated a 2.5% annual increase in benefits. It lowered annual increases to a range of 0% to 2%, and in most cases those limits remain in place until the pension achieves a 90% funded ratio.

The changes were among a series of reforms enacted that also increased employee contributions. The changes are expected to save the pension system $2 billion over the next five years.

The lawsuit argues the legislation violates both state and federal laws governing contractual obligations and the taking of private property for public use. Lawyers are seeking class-action status to represent an estimated 75,000 retirees.

Lawyers from the attorney general's office contend the Legislature has authority to modify retirement benefits and that the formula governing benefit increases is not guaranteed as a contract in state statutes. The state also argued that the law does not violate laws governing the taking of private property because the legislation affects only future benefits, not benefits currently in hand.

Pincus said his firm has filed a motion for summary judgment in the Colorado case and the case survived a motion to dismiss.

The South Dakota case remains in the early stages. Legal documents in the Minnesota case can be found at minnesotapensions.com.

Elected officials, pension fund managers, and participants in the public pension sector are following the cases closely as more attention is paid to the strains unfunded pension liabilities pose to governments.

The Pew Center on States last year warned that states face a combined $1 trillion pension funding shortfall based on 2008 figures.

While many issuers have cut the benefits of future employees, they are increasingly looking at how to rein in rising costs for current retirees.

Lawyers in the Minnesota case contend the retirees honored their payment obligations and the state could have avoided the need to cut cost-of-living adjustments by slightly increasing its own contributions.

Municipal Bond Activities

January 10

Standard & Poor's will host a Health Care Ratings Roundtable at their Boston office. Speakers will include S&P's Martin Arrick, Jesse Juliano and Robin Prunty. For more information or to register visit: http://profile.standardandpoors.com/content/HCRndTbl11011.

January 18

Women in Public Finance will host its Fourth Annual Founders Award event in Chicago. For more information visit www.wpfc.com/?cat=8.

January 20-22

The American Bar Association's Tax Section will hold its midyear meeting at the Boca Raton Resort & Club in Florida. For more information visit http://meetings.abanet.org/meeting/tax/MID11/gen_info.cfm.

February 14-15

The Bond Buyer will host its 15th annual Texas Public Finance Conference at the Barton Creek Resort in Austin. It will boast a portfolio bursting with content-driven sessions, dynamic speakers, networking opportunities that are a proven catalyst in making deals, and much more. To register visit http://www.bondbuyer.com/conferences/texas11/.

March 3-4

The National Association of Bond Lawyers will host its Tax and Securities Law Institute at the Hyatt Lost Pines Resort & Spa in Austin. For more information visit http://www.nabl.org/index.html.

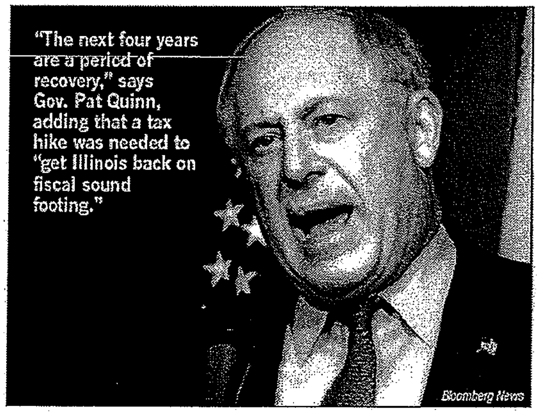
May 3

Standard & Poor's will host its fourth annual Electric Cooperative and Public Power Hot Topic Conference at the McGraw-Hill Cos. in New York City. For more information or to register visit www.standardandpoors.com.

The Bond Buyer is pleased to list the activities of groups and organizations. To have an activity added to the calendar, please write to the Calendar Editor at The Bond Buyer, One State Street Plaza, New York, N.Y. 10004 or call 212-803-8460 or fax 212-843-9614 or e-mail sorayi.cuevas@sourcemedia.com.

THE BOND BUYER

Vol. 375 No. 33450 N.Y., N.Y. THE DAILY NEWSPAPER OF PUBLIC FINANCE Thursday, January 13, 2011



"The next four years are a period of recovery," says Gov. Pat Quinn, adding that a tax hike was needed to "get Illinois back on fiscal sound footing."

Bloomberg News

Illinois Governor Defends Tax Hikes

Quinn Cites Need to Ease Emergency

By Yvette Shields

CHICAGO — As rating agencies and investors digested details of the Illinois General Assembly's vote increasing state income taxes by two-thirds, Gov. Pat Quinn defended the action Wednesday as being necessary for the state to dig itself out of its fiscal crisis.

Quinn — who vowed to veto any increase in the income tax that exceeded a single percentage point during last fall's campaign — said Illinois had "to take decisive action" to ease a state "fiscal emergency" that is underscored by a looming $15 billion deficit, a backlog of $8 billion in bills, and $62.4 billion in unfunded pension liabilities.

The individual income-tax hike approved by the legislature amounts to 2 percentage points.

"The next four years are a period of recovery," Quinn said, adding that a temporary tax hike was needed to "get Illinois back on fiscal sound footing." The Democrat said at a news conference that he will sign the bill as soon as it reaches his desk.

Without any Republican support, the Illinois House and Senate narrowly voted late Tuesday and early Wednesday to raise the individual income tax rate to 5% from 3% and the corporate rate to 7% from 4.8%. The increases

Turn to Illinois page 4

ETFs Move Before Indexes Do

By Dan Seymour

Most municipal bond exchange-traded funds in the fourth quarter performed noticeably worse than the indexes they were designed to track. Or, depending on your perspective, they performed noticeably better.

"Tracking error" — the term ETF managers use for the magnitude of the mismatch between ETF returns and returns on a target index — was substantial in the fourth quarter as the equity market dumped shares representing ownership of trusts filled with municipal bonds more severely than the market dumped the bonds themselves.

Shares of the iShares S&P National AMT-Free Municipal Bond Fund — which with $1.91 billion in assets is by far the biggest muni ETF — underperformed their benchmark index by 137 basis points in the fourth quarter, according to a Bloomberg LP total return calculation that assumes reinvested dividends.

Van Eck Global's high-yield muni fund's shares missed their target index by 150 basis points.

Whether the underperformance is a black mark on the still-young municipal ETF industry is subject to interpretation.

While ETF managers are never happy about failing to track their indexes, some hold out the possibility that the turmoil in the ETF

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SEC's Registration Plan Raises Hackles

By Andrew Ackerman

WASHINGTON — The Securities and Exchange Commission will hurt state and local entities if it adopts rules requiring their appointed board members to register with the SEC and possibly the Municipal Securities Rulemaking Board, market participants are warning.

Their warnings come as several attorneys cautioned that their concerns may be overblown because the SEC is just starting on the rules and probably will consider expanding the exemptions.

Even though the commission has generated a furor by proposing to exempt elected, but not appointed, muni officials from the rules, it could still exempt both type of officials, the lawyers said.

In drafting the proposed rules, which will establish a permanent registration system for both muni advisory firms and individual advisers, the SEC "cast a broad net" that "may narrow substantially" after a 45-day comment period that ends Feb. 22, said Paul Maco, a partner at Vinson & Elkins LLP here.

"It's a new thing and there's going to be a lot people saying, 'Gee, I never thought they meant me' or 'Gee, I never thought it could include me,'" Maco said.

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Adviser Tapped for Harrisburg Plan

By Michelle Kaske

Harrisburg could receive a financial recovery plan by mid-May as Pennsylvania Wednesday announced that Novak Consulting Group will head a team of advisers to work with city officials on a fiscal strategy.

Novak Consulting provides general advisory work to local governments and will serve as the team's coordinator. The group of outside professionals includes the Pennsylvania Economy League, which will provide the primary financial analysis, according to Novack president Julia Novak. PEL is an independent public policy and research organization.

Also on board is Bob O'Donnell of O'Donnell Associates and Stevens and Lee PC for legal counsel on debt

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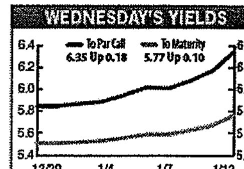
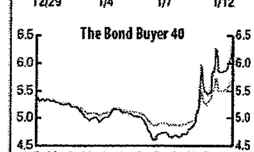
WEDNESDAY'S YIELDS





Headline risk returned to the municipal market Wednesday, driving yields higher by as much as 10 basis points as the New York City Transitional Finance Authority brought the largest loan of the new year to the institutional market. *Complete market coverage by Michael Scarchilli appears on Page 2.*

Oklahoma Revenue Rebounds in Slow, Steady Recovery

By Jim Watts

DALLAS — **Oklahoma** general fund revenues came in higher than expected in December, with sales tax collections leading the way.

Treasurer **Ken Miller**, who was sworn in for his first two-year term Dec. 10, said Oklahoma's economy appears to be continuing its slow and steady recovery from the recession. General fund collections totaled $454.4 million in December, an increase of $52.1 million from December 2009 and $18.9 million more than forecast.

The sales tax produced $145.2 million for the month.

"Sales tax collections show a 7% increase in spending from last December," Miller said. "While those collections are $3.7 million less than two years ago, they are up by $9.4 million from last Christmas."

The sales tax generated $828.1 million during the first half of fiscal 2011, according to Miller. That's $73 million more than the amount collected during same period last year and $44 million more than forecast.

The revenue report released Tuesday reflects retail spending between mid-November and mid-December.

Miller said sales tax collections are a good indicator of consumer confidence and increased retail spending signals greater optimism.

Gov. **Mary Fallin**, who also began her first term this week, said she was encouraged by the report. She said it shows that Oklahoma's economy did not fall as steeply as some states did during the downturn.

General fund revenues over the first six months of fiscal 2011 were $2.37 billion — $166 million more than the same period of fiscal 2010 and $68.3 million above the latest official forecast.

Miller said year-to-date revenue reports show the recovery is occurring across virtually all sectors of Oklahoma's economy, although the severance tax lags other indicators due to the low price of natural gas.

"We are seeing moderate growth in income tax collections, including withholding taxes," he said. "Oklahoma businesses are beginning to gain confidence, but are still shaking off the impact of the recession."

Net income-tax collections for the first half of fiscal 2011 total $987 million, with $900 million from the personal income tax and $87.2 million from the corporate tax. The personal tax collections are up 2% from fiscal 2010, and the corporate tax is up 16% from last year and almost 40% above the forecast.

Net income-tax collections of $203.8 million in December were $31.7 million more than last December. That total includes $172.9 million of personal tax collections and $31 million from the corporate tax.

December collections include $34.5 million from the severance tax on oil and gas and $57.3 million of investment earnings and taxes on insurance and alcohol.

Miller was elected as the state's 18th treasurer in November with almost 67% of the vote. He has a doctorate in political economics from the University of Oklahoma and an MBA from Pepperdine University. ❑

Illinois

Continued from page 1

will raise about $6.8 billion annually over the next four years before being rolled back to respective rates of 3.75%, and 5.25%. They would further drop to rates of 3.25% and 4.8% in 2025. The legislation limits spending growth to 2% annually through 2015.

Lawmakers also approved borrowing $3.7 billion to cover pension payments owed in the current fiscal year, which ends June 30. The state sold $3.5 billion to cover its fiscal 2010 payments. Lawmakers rejected a Democratic proposal to issue $8.75 billion of bonds to pay off bills and a $1 increase in the cigarette tax that would have raised $377 million annually.

The pension bonds received some Republican support, but members in both chambers blasted the tax hikes and called for additional spending cuts. The votes came after budget director **David Vaught** warned that the state faced a drop into junk-bond territory. Illinois' ratings have suffered several rounds of downgrades, but remain five to six notches within investment-grade territory.

All three major rating agencies said they were reviewing details of the legislation and several planned to release comments in the coming weeks. The state has seen its ratings tumble over the last two years as lawmakers resorted to one-shot revenues to deal with growing budget deficits.

Moody's Investors Service rates Illinois' $25 billion of general obligation bonds A1 and **Fitch Ratings** rates them A, both with negative outlooks. **Standard & Poor's** rates the state A-plus, but has it on negative CreditWatch. The outlooks are more long term while CreditWatch is reflects the near term.

Standard & Poor's issued a statement saying its analysts would consider the state's legislation, budget gap details, liquidity position, and longer-term financial outlook in their review.

While GOP lawmakers said spending cuts should have accompanied the legislation, analysts likely will look favorably on the tax hike since it's the first significant step lawmakers have taken to deal with the state's structural fiscal position. The question remains whether it will be enough to stave off any negative rating action.

"If structural changes are made to the budget and there are near-term prospects for improved performance and liquidity, the rating could be maintained," Standard & Poor's wrote.

Fitch said it would conclude its review of how the tax hikes fit into the overall budget picture next week. The agency wrote that its position has been that "enactment of budgetary measures to reduce the operating deficit on an ongoing basis, address the cumulative budget deficit, and reduce the accounts payable balance would be required to stabilize the credit."

Moody's said it too was reviewing the legislation but had no initial comment. Illinois in recent years has relied on one-shots and other fiscal gimmicks to deal with its growing budget deficit amid floundering revenues.

The state's financial and liquidity crisis has captured national attention and some investors won't buy Illinois bonds. The negative headlines have driven up the cost of borrowing for the state and local issuers here between 50 and 200 basis points and Illinois' credit default swap has been highest among states.

Municipal investors would like to see further steps taken to address the fiscal woes, but several said the tax increase is clearly represents a positive move.

"It's no cure-all and it's still a long road, but they have taken a step toward making things better," said **Matt Fabian**, managing director at **Municipal Market Advisors**. He said rating agencies may take a favorable view of the state's active management and newfound willingness to right its course.

"The tax increase could help solidify the rating," he said. "That stabilization is something tangible for investors."

Fabian said Illinois bonds have weakened by 10 to 15 basis points in initial secondary market trading, but it's too early to gauge market reaction as that shift could be driven by some investors' ability to finally shed the debt. Trading levels improved later in the day and the cost for credit default swaps on state debt dropped below 300 basis points, a first in weeks.

Christopher Mier, head of **Loop Capital Markets LLC**'s analytical services division, agreed that the tax hikes alone won't resolve the state's struggles, but he said the magnitude of their impact shouldn't be undersold. "It is a substantive step," he said. "It is the first in many steps needed, but it's significant."

Quinn and Democratic leaders have worked feverishly in recent days to raise support for a fiscal bailout ahead of the swearing in Wednesday of a new General Assembly with more Republicans, though both chambers still have Democratic majorities. ❑

SEC

Continued from page 1

"Those concerns need to be raised because maybe the rule doesn't — and maybe it shouldn't — apply to them. And that's what this process is all about and why the proposal needs to be read carefully."

"Municipal adviser regulation is an area that hasn't been subject to federal oversight and it has been a long time since a category of market participants, potentially reaching into so many nooks and crannies, has been regulated," Maco added.

Another attorney who asked not to be named dismissed the concerns as "hysteria" and noted that even if appointed board members of municipal entities are not exempted, they would have to provide advice on the issuance of muni securities in order to trigger the registration requirements. Voting to authorize the issuance of debt would not be advice and would therefore not trigger the requirements, the attorney said.

Martha Mahan Haines, the SEC's municipal securities chief, declined to comment beyond the proposed rules where the agency said it "is concerned that appointed members, unlike elected officials and elected ex-officio members, are not directly accountable for their performance to the citizens of the municipal entity."

As with the temporary registration system for advisers the SEC implemented in September — which will remain in effect through at least the end of 2011 — the proposed rules for permanent registration stem from provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act requiring muni advisers to be subject to SEC registration and MSRB oversight.

Under Dodd-Frank, the registration requirements apply to all muni advisers who provide advice to "municipal entities" and other borrowers involved in the issuance of municipal securities. The advice may be related to derivatives, guaranteed investment contracts, investment strategies, or the issuance of munis. It also applies to advisers who solicit business from a state or local government for a third party.

Though the SEC will require both advisory firms and individual advisers to register, the MSRB, which operates a separate system, is only requiring firms and sole proprietors to do so.

While some have characterized the blowblack as alarmist, **Teri Guarnaccia**, a partner at **Ballard Spahr LLP** in Baltimore, said the widespread concern is real. Guarnaccia, chairwoman of the National Association of Bond Lawyers' securities law committee, noted that the comment letter to the SEC that her panel is drafting has drawn the broadest base of interest among NABL members of any SEC proposal that she can recall.

"The general take of people that I've talked to is that it is an inappropriate distinction and there is widespread concern among a variety of attorneys' clients, from states to housing authorities," she said.

Steve Ritter, assistant finance director of Huntsville, Tex., told the SEC in a Jan. 10 letter that appointed board members should be treated no differently than elected board members and employees of a municipal entity. Board members, he said, are essentially policymakers rather than consultants or solicitors for a municipal entity.

Vince Sampson, president of the Education Finance Council, which represents nonprofit student loan lenders, said his members are concerned the proposal will decrease their pool of potential board members at a time when their agencies are still determining the roles they will play after the death of the Federal Family Education Loan Program. Under FFEL, which ended last year, state-level agencies issued municipal debt to finance federally guaranteed student loans.

Though Sampson said his members will no longer issue new debt backed by FFEL loans, they could still refund bonds. Several attorneys, including Maco, questioned whether the SEC had made the case for exempting elected but not appointed officials and said it ought to identify specific examples of conduct it is concerned about. ❑

SUMMARY OF CERTAIN RULES APPLICABLE TO MUNICIPAL ADVISORS

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") amended Section 15B of the Securities Exchange Act of 1934 (the "Act") to make it unlawful for "municipal advisors" to provide certain advice to or on behalf of a municipal entity without registering with the Securities and Exchange Commission (the "Commission"). Pursuant to the Dodd-Frank Act, the Commission recently proposed new rules 15Ba1-1 through 15Ba1-7 (the "Proposed Rules") establishing a permanent registration regime for municipal advisors.

In conjunction with the release of Proposed Rules, the Commission provided the following guidance regarding the definition of municipal advisor:

> The Commission believes that the exclusion from the definition of a municipal advisor for "employees of a municipal entity" should include any person serving as an elected member of the governing body of the municipal entity to the extent that person is acting within the scope of his or her role as an elected member of the governing body of the municipal entity. "Employees of a municipal entity" should also include appointed members of a governing body to the extent such appointed members are ex officio members of the governing body by virtues of holding an elective office. The Commission does not believe that appointed members of a governing body of a municipal entity that are not elected ex officio members should be excluded from the definition of a "municipal advisor."

This interpretation, if adopted, would subject appointed board members of municipal entities (that are not elected ex officio members) to:

(a) Registration as a financial advisor with the Commission on Form MA-I. Form MA-I requires disclosure of: (i) basic identifying information, (ii) a five-year residential history, (iii) a ten-year employment history, (iv) information regarding other business activities currently engaged in, (v) disclosure of any past felony charges or convictions, (vi) disclosure of violations of the federal securities laws, the Commodity Exchange Act or any rules of the Municipal Securities Rulemaking Board (the "MSRB"), (vii) disclosure of civil judicial actions or settlements involving the violation of any investment-related or municipal advisor-related statute or regulation, (viii) disclosure of consumer complaints or arbitration regarding investment-related or municipal advisor-related matters, (ix) disclosure of any discharges or resignations relating to violating investment-related or municipal advisor-related rules, fraud, wrongful taking of property, or failure to supervise in connection with a violation of investment-related or municipal advisor-related rules, and (x) disclosure of any bankruptcy or similar proceeding in the past ten years, unsatisfied judgments or any denial of bond. Such information would become publicly available (unless otherwise noted) and there is a possible fee associated with the filing.

(b) Compliance with MSRB rules and regulations [not yet promulgated]. Such rules may (and most likely will) provide for:

(i) standards of training, experience, competence, and such other qualifications for municipal advisors as the MSRB finds necessary or appropriate in the public interest or for the protection of investors and municipal entities or obligated persons.

(ii) the periodic examination of municipal advisors to determine compliance with applicable provisions of the Act and related rules and the rules of the MSRB;

(iii) certain records to be made and kept by municipal advisors;

(iv) payment by each municipal advisor to the MSRB of reasonable fees and charges necessary or appropriate to defray the costs and expenses of operating and administering the MSRB; and

(v) regulations designed to prevent acts that are inconsistent with a municipal advisor's fiduciary duty, continuing education requirements and professional standards.

(c) A fiduciary duty with respect to any municipal entity for whom such individual acts as a municipal advisor. Specifically Section15B(c)(1) of the Act provides "no municipal advisor may engage in any act, practice, or course of business which is not consistent with a municipal advisor's fiduciary duty or that is in contravention of any rule" of the MSRB. [This may make it impossible for the municipal entity to waive any potential conflict, and probably will override state law exemptions.]

(d) Compliance with additional federal fraud regulations. Section 15B(a)(5) of the Act provides "[n]o municipal advisor shall make use of the mails or any means or instrumentality of interstate commerce to provide advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products, the issuance of municipal securities, or to undertake a solicitation of a municipal entity or obligated person, in connection with which such municipal advisor engages in any fraudulent, deceptive, or manipulative act or practice."

(e) The MSRB's G-17 Rule on Fair Dealing and the G-5 Rule on MSRB disciplinary actions.

December 31, 2010

HAWKINS ADVISORY

MUNICIPAL ADVISOR REGISTRATION—EFFECT OF PROPOSED RULES ON ISSUER AND OBLIGOR BOARDS

BACKGROUND

Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") amended Section 15B of the Securities Exchange Act of 1934 (as amended, the "Exchange Act"), effective October 1, 2010, to, among other things, (1) require municipal advisors to register with the Securities and Exchange Commission (the "SEC"), (2) establish a fiduciary duty between a municipal advisor and a municipal entity for which it is acting as a municipal advisor,[1] and (3) subject municipal advisors to additional anti-fraud provisions.[2] The SEC adopted an interim final temporary rule (Rule 15Ba2-6T; the "Temporary Rule") to enable municipal advisors to satisfy the statutory requirement to register with the SEC, which rule became effective October 1, 2010, and expires on December 31, 2011.

The SEC on December 20, 2010 (Rel. No. 34-63576; the "Proposing Release")[3] proposed permanent rules (Rules 15Ba1-1 through -7; collectively, the "Proposed Rule" and, together with the Temporary Rule, the "Rules") to implement Section 975, which would take effect on a date yet to be determined. The Proposing Release requests comments on the Proposed Rule, to be received on or before February 22, 2011.

Prior to the Dodd-Frank Act, a municipal financial advisor was not subject to registration with the SEC unless it was either a broker or dealer (subject to registration under the Exchange Act) or an investment adviser (subject to registration under the Investment Advisers Act of 1940; the "40 Act"). Section 3(a)(4) of the Exchange Act defines "broker" as "any person engaged in the business of effecting transactions in securities for the account of others." Section 3(a)(5) of the Exchange Act defines "dealer" as "any person engaged in the business of buying and selling securities for such person's own account." Section 202 (a)(11) of the 40 Act defines "investment adviser" as "any person who, for compensation, engages in the business of advising others . . . as to the value of securities or as to the advisability of investing in, purchasing, or selling securities."

The underlying purpose of Section 975 of the Dodd-Frank Act was to subject independent municipal financial advisors to SEC registration and regulatory requirements without regard to whether they can be characterized as a "broker," a "dealer," or an "investment adviser." In doing so, however, as analyzed in detail below, it created a very sweeping definition of "municipal advisor," which does not include either an "engaged in the business" or a compensation component as a requirement, both of which have been core elements of the existing regulatory scheme. Although other aspects of the Proposed Rule also require further consideration, this Advisory focuses upon the potential effects of the Proposed Rule upon municipal security issuer and obligor boards.

DEFINITION; EXCLUSIONS

Section 975 defines the term "municipal advisor" to mean "a person (who is not a municipal entity[4] or an employee of a municipal entity) that (i) provides advice to or on behalf of a municipal entity or obligated person[5] with respect to municipal financial products ["municipal derivatives," "guaranteed investment contracts" including forward supply contracts, or "investment strategies"][6] or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial

[1] "A municipal advisor and any person associated with such municipal advisor shall be deemed to have a fiduciary duty to any municipal entity for whom such municipal advisor acts as a municipal advisor, and no municipal advisor may engage in any act, practice, or course of business which is not consistent with a municipal advisor's fiduciary duty or that is in contravention of any rule of the [Municipal Securities Rulemaking] Board." [Exchange Act § 15B(c)(1)]

[2] "No municipal advisor shall make use of the mails or any means or instrumentality of interstate commerce to provide advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products, the issuance of municipal securities, or to undertake a solicitation of a municipal entity or obligated person, in connection with which such municipal advisor engages in any fraudulent, deceptive, or manipulative act or practice." [Exchange Act § 15B(a)(5)]

[3] 76 Fed. Reg. 824 (Jan. 6, 2011).

[4] "[A]ny State, political subdivision of a State, or municipal corporate instrumentality of a State, including (A) any agency, authority, or instrumentality of the State, political subdivision, or municipal corporate instrumentality; (B) any plan, program, or pool of assets sponsored or established by the State, political subdivision, or municipal corporate instrumentality or any agency, authority, or instrumentality thereof; and (C) any other issuer of municipal securities." [Exchange Act § 15B(e)(8)]

[5] "[A]ny person, including an issuer of municipal securities, who is either generally or through an enterprise, fund or account of such person, committed by contract or other arrangement to support the payment of all or part of the obligations on the municipal securities to be sold in an offering of municipal securities." [Exchange Act § 15B(e)(10)] This definition tracks the definition of "obligated person" in SEC Rule 15c2-12.

[6] Proposed Rule § 240.15Ba1-1(f), Exchange Act § 15B(e)(2), Exchange Act § 15B(e)(3), and Proposed Rule § 240.15Ba1-1(b), respectively.

products or issues; or (ii) undertakes a solicitation of a municipal entity." Section 975 further provides, however, that the term "municipal advisor" does *not* include, among others, (1) "a broker, dealer, or municipal securities dealer serving as an underwriter," (2) "any investment adviser registered under the Investment Advisers Act of 1940," or (3) "attorneys offering legal advice or providing services that are of a traditional legal nature." The term has basically the same meaning in the Rules.[7]

MEMBERS OF GOVERNING BODIES

The definition of "municipal advisor" in the Dodd-Frank Act expressly excludes "a municipal entity or an employee of a municipal entity." The Dodd-Frank Act does not provide a definition of the term "employee." In the Proposing Release, the SEC draws a distinction between elected and non-elected members of the governing body of a municipal entity:

> The Commission believes that the exclusion from the definition of a "municipal advisor" for "employees of a municipal entity" should include any person serving as an elected member of the governing body of the municipal entity to the extent that person is acting within the scope of his or her role as an elected member of the governing body of the municipal entity. "Employees of a municipal entity" should also include appointed members of a governing body to the extent such appointed members are ex officio members of the governing body by virtue of holding an elective office. The Commission does not believe that appointed members of a governing body of a municipal entity that are not elected ex officio members should be excluded from the definition of "municipal advisor." The Commission believes that this interpretation is appropriate because employees and elected members are accountable to the municipal entity for their actions. In addition, the Commission is concerned that appointed members, unlike elected officials and elected ex officio members, are not directly accountable for their performance to the citizens of the municipal entity.

In short, the SEC is determining that the exclusion for "employees" applies only to elected members of the governing body and not to non-elected members. The SEC requests comments on whether such a distinction is appropriate:

> The Commission is proposing to exclude from the definition of "municipal advisor" elected members of a governing body of a municipal entity, but to include appointed members of a municipal entity's governing body unless such appointed members are ex officio members of the governing body by virtue of holding an elective office. Are these distinctions appropriate? Please explain. Are there other persons associated with a municipal entity who might not be "employees" of a municipal entity that the Commission should exclude from the definition of a "municipal advisor"?

Note that none of this applies to obligated persons, and "a person . . . that provides advice to or on behalf of a municipal entity *or obligated person* [,if not itself a municipal entity,] with respect to municipal financial products or the issuance of municipal securities" would be required under the Proposed Rule to register as a municipal advisor. The obligated person definition is broad, and would embrace a wide range of obligors receiving the benefit of exempt facility, qualified 501(c)(3), and other municipal finance vehicles, including not only for-profit entities, such as airlines, but also for-profit and non-profit health care systems, universities, etc., to the extent they are committed to support the payment of municipal securities.

ANALYSIS

The construct reflected in the Proposing Release is fundamentally flawed. The SEC treats members of a governing body of any municipal entity or obligated person as municipal advisors, subject (with respect to municipal entities) to a limited exclusion for "elected" members.[8] The problem is not simply the artificial distinction between elected and non-elected members, but more fundamentally the Proposed Rule fails to recognize that the governing board of a municipal entity cannot be a municipal advisor to such entity. The municipal entity acts through its governing body, which is necessarily comprised of individual members. Accordingly, the exception for a "municipal entity" should properly be interpreted to mean all governing body members. The same is the case for obligated persons. Thus, comments to the SEC should not be limited to responding to the SEC's question of whether the distinction between elected and non-elected is appropriate, but should note the fundamental misunderstanding and confusion underlying the construct set forth in the Proposing Release as it applies to both municipal entities and obligated persons.

Furthermore, the notion that non-elected members of boards of municipal entities are not accountable is incorrect. Even non-elected members are generally treated as public officers and are subject to removal for cause. In addition, non-elected board members are in almost all cases appointed by elected officials pursuant to explicit provisions of a statute passed by elected officials. That state statute does not distinguish board members or voting strength on a board between elected and appointed members. For a federal provision to now intrude on this basic form of state governance without

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[7] In the Proposed Rules, notwithstanding the text of the definition of municipal advisor enacted by Section 975 of the Dodd-Frank Act, the Commission interprets clause (ii) above to include solicitation of either a municipal entity or an *obligated person*.

[8] Section 15B(e)(4) excludes from the definition of "municipal advisor" an "employee of a municipal entity." Thus, an employee of a particular governmental entity who serves in an *ex officio* capacity on the board of another governmental entity should be excluded from the definition of "municipal advisor". The SEC should confirm that such reading is correct.

any Congressional history or legislative intent support seems quite arbitrary.

The issuance of municipal securities and municipal financial products are legitimate matters to be examined, debated, and acted upon by municipal entities and obligated persons. To subject non-elected governing body members of municipal entities, and all employees and governing body members of obligated persons, to the registration requirements and expense, federal fiduciary standards, and federal securities law liability, can only have the effect of discouraging participation. This is flawed public policy and counter-productive to good governance.

Moreover, subjecting members of municipal entities' governing bodies to these requirements may violate the Tenth Amendment to the United States Constitution, which reserves to the States those powers not delegated to the United States by the Constitution. The legislative history of the Dodd-Frank Act is devoid of legislative intent on this point.

The SEC may argue that registration is required only for those persons who are in fact providing financial advice. The problem with such a defense of the Proposing Release construct is that the definition of financial advice is so broad ("municipal financial products or the issuance of municipal securities") as to potentially include the adoption of an approval resolution authorizing a municipal bond issuance if at such meeting questions are asked by board members probing the "structure, timing, terms, or other similar matters," or a finance committee recommendation to the governing board relating to the issuance of municipal securities or financial products. Indeed, it is common practice for a proposed financial transaction to be considered first by a finance committee (or other specially formed committee) of a board with a recommendation made by such committee to the full board as to its structure, timing, terms and related matters.[9] Regulation in this manner is ill-conceived. The SEC has other means to encourage and enforce the proper conduct of governing bodies of municipal entities and obligated persons, including interpretive releases and municipal enforcement actions. Moreover, many obligated persons are already subject to regulation, including SEC registrants, public utilities, and financial institutions. Rather than discouraging participation on governing bodies by requiring registration and additional potential liabilities, the SEC should be encouraging greater participation of individuals knowledgeable and experienced in finance, and the potential for the municipal advisor provisions to attach being dependent upon whether "advice" is given by a board member would have a chilling effect on board members expressing their views. As a matter of public policy, the expression of such views should be encouraged, not discouraged.

Hawkins Delafield & Wood LLP expects to submit a comment letter to the SEC on the Proposed Rule. In that comment letter, we will expand upon and provide additional support for the concerns summarized above. We encourage you to submit your own comment letter, and please let us know if there are additional concerns you would like us to bring to the attention of the SEC.

[9] In New York State, for example, board members of each state and local authority that issues debt are required to establish a finance committee, and by statute it "shall be the responsibility of the members of the finance committee to review proposals for the issuance of debt by the authority and its subsidiaries and make recommendations." N.Y. Public Authorities Law § 2824(8).

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Hawkins
DELAFIELD & WOOD LLP

ITEM #3

RECEIVED
DEC 20 2010
Illinois Finance Authority

Legislative Audit Commission

622 WILLIAM G. STRATTON BUILDING • SPRINGFIELD, ILLINOIS 62706 • 217/782-7097 • FAX 217/524-9030

December 7, 2010

Mr. Christopher Meister
Executive Director
Illinois Finance Authority
180 North Stetson Avenue, Suite 2555
Chicago, Illinois 60601

Dear Director Meister:

The 2009 compliance examination and financial audit for the Illinois Finance Authority was accepted on the Consent Calendar at the Legislative Audit Commission meeting held November 16, 2010.

Sincerely,

Jane Stricklin

E. Jane Stricklin
Executive Director

IFA
ILLINOIS FINANCE AUTHORITY

FOR IMMEDIATE RELEASE:
Monday, January 17, 2011

CONTACTS: Marj Halperin: 773-539-9906

Innovative financing means jobs for Moline

Illinois' new financing tool backs KONE Centre project for Quad Cities

A package of creative state programs and financing tools were key to the public-private partnership that is making it possible for elevator and escalator manufacturer KONE, Inc. to build a new $40 million headquarters in Moline. This development will retain 375 jobs and add an estimated 53 construction jobs and 50 new permanent positions. It was made possible by a combination of resources and partners, including low interest rate financing facilitated through the Illinois Finance Authority (IFA) and a $471,000 grant via the Illinois Department of Commerce and Economic Opportunity (D-CEO). DCEO is administering the grant, provided through the American Recovery and Reinvestment Act, to fund installation of a 316 kilowatt solar photovoltaic system that will help the project become LEED certified (Silver), environmentally sound and energy efficient.

These state agencies partnered with State Sen. Mike Jacobs (D-Moline), the city of Moline, Renew Moline, the Quad Cities Regional Economic Development Authority (QCREDA), KONE Corporation, U.S. Bank and developer Rodney Blackwell.

"Projects like this are essential to long-term economic growth for the Quad Cities region and Illinois as a whole," said Governor Pat Quinn. "This is a great example of how, by working together to continue the exciting redevelopment of the city's downtown and Mississippi Riverfront, we can restore and recover our economy and create jobs."

The KONE project will serve as a catalyst to rebuild the city's core business district known as the Moline Centre, which is comprised of Moline's downtown and Mississippi Riverfront. KONE Centre will complete Phase III of Moline's four-phase Bass Street Landing redevelopment project which offers a venue for outdoor events, festival and gatherings along the Mississippi Riverfront.

That location is key to the project's financing. $20.2 million in IFA financing leverages Midwestern Disaster Area Bonds, a federal program that provides lower interest rates to finance certain types of privately-owned projects that will generate jobs and economic development activity in 18 designated counties in Illinois that suffered damage in mid-2008 from floods and other storm damage.

"Innovative financing and partnerships are key to the redevelopment projects that will add jobs and expand commerce in this challenging economy," said IFA Executive Director Christopher Meister. "We're pleased to partner with Moline's leadership to fulfill this vision for downtown redevelopment that is crucial to the entire Quad Cities region."

IFA
ILLINOIS FINANCE AUTHORITY

Counties eligible for Midwestern Disaster Area Bond financing are:

Adams	Cumberland	Jasper	Rock Island
Calhoun	Douglas	Jersey	Whiteside
Coles	Edgar	Lake	Winnebago
Clark	Hancock	Lawrence	
Crawford	Henderson	Mercer	

About the Illinois Finance Authority

The Illinois Finance Authority provides expert, hands-on support to help businesses get the capital they need for growth. To support Illinois businesses and the State's economic development agenda, the IFA provides access to low-cost, non-conventional financing, through banks and other sources. IFA secures financing for farms, industries, businesses, local governments, hospitals and other non-profits. IFA's support has helped Illinois lead the Midwest in job creation with more than 50,000 jobs added during the past year, including more than 10,000 manufacturing jobs. Illinois' economic growth in 2010 also nearly doubled the national average. The agency is continually seeking new opportunities and invites developers, financiers and community partners to see how IFA can help. Go to www.il-fa.com to learn more.

About Illinois DCEO

The Illinois Department of Commerce & Economic Opportunity (DCEO) is the lead state agency responsible for improving Illinois' competitiveness in the global economy. Guided by an innovative regional approach, DCEO administers a wide range of economic and workforce development programs, services and initiatives designed to create and retain high quality jobs and build strong communities. DCEO leads the Illinois economic development process in partnership with businesses, local governments, workers and families. For more information, visit www.ildceo.net.

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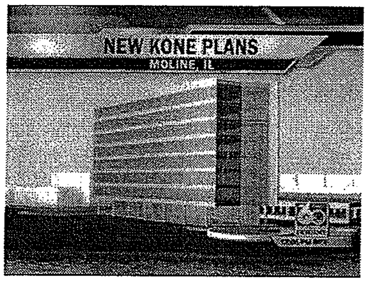
Funding For Kone Building

Updated: Jan 17, 2011 03:43 PM CST



A big development announced Monday toward building a new high rise in downtown Moline. Illinois Governor Pat Quinn announced funding approval for the KONE Centre project. According to a news release, the funding gives the green light to begin construction of the ten-story, eight-floor $40 million building.

The largest portion of project financing came from the Illinois Finance Authority and in partnership with the Quad City Regional Economic Development Authority, which approved $20.2 million in Midwestern Disaster Area Bonds to help facilitate the construction of the high-rise. The tax exempt bonds are part of a federal program to finance certain types of privately-owned projects that will generate jobs and economic development activity in 18 designated counties in Illinois that suffered damage in mid-2008 from floods and other storm damage.

Plans call for KONE Corporation to consolidate its current Moline-based administrative and call center operations into the new high-rise, to be built two blocks away. The developer says the structure, along with KONE signage, will be highly visible and will change the downtown Moline skyline.

MARJ HALPERIN
CONSULTING

ILLINOIS FINANCE AUTHORITY

Navistar

Date	Publication	Headline	Message	Link
12/1/2010	*Commercial Property Executive*	Navistar Closes on Alcatel-Lucent Campus	In September, new legislation paved the way for the Illinois Finance Authority to award $145 million in Recovery Zone Facility Bonds to Navistar for the acquisition, expansion and renovation of the property and other related tasks.	http://www.cpexecutive.com/regions/midwest/navistar-finally-closes-on-purchase-of-1-2m-sf-alcatel-lucent-campus-in-suburban-chicago/

Bond Reallocation

Date	Publication	Headline	Message	Link
12/28/2010	*Quincy Herald-Whig*	Pike County rejects "power grab" by state for unused bonding authority	The Illinois Finance Authority asked Pike County to return unused recovery zone bond allocation before the end of the year to help another project in the state. The County Board took no action on the request Monday and won't meet again until 2011.	http://www.whig.com/story/news/pike-board-bonds-122810
11/13/2010	*The Herald-News*	Outgoing Grundy board members bid farewell	The board approved a resolution to reallocate a $3.9 million federal bond to the Illinois Finance Authority.	http://heraldnews.suntimes.com/news/2335985-417/board-county-chairman-halpin-members.html

Senior Housing Tower

Date	Publication	Headline	Message	Link
12/7/2010	*GlobeSt.com*	Greystone Starts Construction on Admiral Project	Greystone Communities Inc. has started construction on the $228.5-million Admiral on the Lake, a senior housing tower at Foster Avenue and Marine Drive on the North Side. The 31-story development is financed with $202 million in bonds issued by the Illinois Finance Authority.	http://www.globest.com/news/1804_1804/chicago/greystone-starts-construction-on-admiral-project305006-1.html
12/6/2010	*ChicagoRealEstateDaily.com*	In brief: AIG unit | Inland buy | Wacker tenant	Greystone Communities Inc. has started construction on the $228.5-million Admiral on the Lake, a senior housing tower at Foster Avenue and Marine Drive on the North Side. The 31-story development is financed with $202 million in bonds issued by the Illinois Finance Authority.	http://www.chicagorealestatedaily.com/article/20101206/CRED03/101209928/in-brief-aig-unit-inland-buy-wacker-tenant#axzz1A0sjLfSh

University Bonds

Date	*Publication*	*Headline*	*Message*	*Link*
12/15/2010	*The Bond Buyer*	IFA OKs Deals for Student Housing, Hotels, and Warehouses	The Illinois Finance Authority on Tuesday advanced bond deals for two privately developed state university student housing projects and financings for a handful of borrowers rushing to tap federal stimulus bond programs ahead of their expiration.	http://www.bondbuyer.com/issues/119_488/ifa-okays-deals-for-housing-1021101-1.html

Brandt Appointment

Date	*Publication*	*Headline*	*Message*	*Link*
11/8/2010	*Financial.de*	Governor Pat Quinn Reappoints William A. Brandt, Jr. as Chair of the Illinois Finance Authority	Development Specialists, Inc. ("DSI") is pleased to announce that newly reelected Illinois Governor Pat Quinn has appointed William (Bill) A. Brandt, Jr., to a second two-year term as Chairman of the Illinois Finance Authority.	http://www.financial.de/rohstoffe/rohstoff-international/governor-pat-quinn-reappoints-william-a-brandt-jr-as-chair-of-the-illinois-finance-authority/

Bankruptcy in Chicago

Date	*Publication*	*Headline*	*Message*	*Link*
12/20/2010	*Chicago Tribune*	Thinking the unthinkable: Bankruptcy in Chicago	Op-ed regarding bankruptcy in Chicago and the role of state-run agencies.	http://www.chicagotribune.com/news/ct-oped-1221-byrne-20101220,0,5120665.story

Miscellaneous

Date	*Publication*	*Headline*	*Message*	*Link*
12/23/2010	*The Telegraph*	Permanent closure of ferry loomed often	Tully had contacted the Illinois Finance Authority for a low-interest loan for the now-closed ferry operation after a meeting with the aforementioned group, which also included the former sole owners of the Grafton Ferry, Derrill and Karla Machens of St. Charles County, Mo., who bought Tully's portion of the company last January.	http://www.thetelegraph.com/articles/tully-48639-corps-grafton.html
12/6/2010	*eventful*	Connecting the Clean Economy in Chicago - Chicago Clean Energy Alliance	IFA included in list of selected organizations that attended the previous event.	http://eventful.com/chicago/events/connecting-clean-economy-chicago-chicago-clean-/E0-001-034793655-1
12/1/2010	*IMN*	Christopher B. Meister bio	Christopher Meister is the Executive Director of the Illinois Finance Authority. Meister has long provided leadership to the state's economic development efforts. Most recently, he directed the IFA on an interim basis as Co-Authorized Officer, after two years as General Counsel and Deputy Director.	http://www.imn.org/pages/biography.cfm?personid=CBD242585730

Navistar

Publication: *Commercial Property Executive*
Date: December 1, 2010

Navistar Closes on Alcatel-Lucent Campus

Even after it knocked out the competition many months ago, Navistar International Corp. ran into a few roadblocks in its plans to acquire the former Alcatel-Lucent East Campus in Lisle, Ill., for its new headquarters, but all hurdles have been cleared and the trucks and diesel engines manufacturer is now the official owner of the 1.2 million square-foot office compound.

Boasting a location approximately 25 miles west of Chicago in the I-88 Hi-Tech Corridor, the Alcatel-Lucent Campus is within close proximity to the area's major highways and commuter infrastructure. Real estate services firm UGL Services kicked off the marketing of the nine-building campus on Alcatel-Lucent's behalf in March 2009, and even in the midst of a down market, eager buyers near and far wanted to snap up the 87-acre property.

"We did a national and international marketing effort and the interest was very high," Christopher Wood, senior vice president and managing director with UGL, told *CPE*. "While we had significant investor interest, user interest was more in line with Alcatel-Lucent's goals and objectives. We were looking for companies that saw the value in the existing property and could envision their own operations there."

Despite the fact that neither the real estate market nor the economy have fully recovered, UGL was in a position to be picky, to secure the most appropriate new owner. "We had offers all over the board, but the goal in this type of project is to find the right buyer with the right objectives and needs," Wood said. "Investors look at a property differently than users. Users focus on what needs to be done to get the property to where the company needs it to be, while investors look at how they can reposition it and carry it through lease-up."

Navistar relied on Jones Lang LaSalle for representation in the transaction, which will allow the company to relocate from its current home base in Warrenville and set up its corporate headquarters offices and R&D activities at the sprawling Alcatel-Lucent site just three miles away.

Parties involved in the deal are not disclosing its financial terms. However, a strategic move by state officials, eager to keep Navistar in Illinois, gives some indication of the price tag attached to the asset, as well as the substantial funds that will be invested to tailor the campus to the new tenant's needs. In September, new legislation paved the way for the Illinois Finance Authority to award $145 million in Recovery Zone Facility Bonds to Navistar for the acquisition, expansion and renovation of the property and other related tasks.

Of course, there is nothing like a good incentives package to coax a company into staying put, but Navistar's decision to renew its commitment to the Chicago area was not always about money. At one point during purchase negotiations, community opposition to traffic and other issues that would accompany the company's move discouraged Navistar and pushed the company to consider relocating outside of Illinois. However, local and state support, a revised plan and the appeal of revenue and high-paying jobs ultimately drowned out naysayers' complaints. With Navistar remaining in suburban Chicago, the area job market will retain and see the creation of an aggregate 3,100 white-collar positions.

Bond Reallocation

Publication: *Quincy Herald-Whig*
Date: December 28, 2010

Pike County rejects "power grab" by state for unused bonding authority

The Illinois Finance Authority asked Pike County to return unused recovery zone bond allocation before the end of the year to help another project in the state.

The County Board took no action on the request Monday and won't meet again until 2011.

Board member Walker Filbert described the request as a "power grab" by IFA to accumulate the unused bonding authority and its "volume cap" from the county.

"They're trying to gobble it all up ... then dole it out where they want," Filbert said. "Volume cap is used as a political chip."

Bernardi Securities, a Chicago-based municipal bond firm consulting on a Pittsfield street project, brought the AARA funding to the city's attention. The city shared the information with the county about the funding which had been approved in 2009 -- at least a year before the county learned it was available.

"I don't see why we (should) help IFA when they didn't help us" with notification of the bonding authority, Filbert said.

Board members in May adopted an ordinance designating the county a recovery zone under the American Recovery and Reinvestment Act of 2009. The move cleared the way for the county and its communities to access up to $3.8 million in federal funds for capital expenditures related to property in a recovery zone, public infrastructure and construction of public facilities and qualified economic development projects.

Bonds for recovery zone projects had to be issued by Jan. 1 which was too short of a timeline for county projects to qualify.

"We don't want to use this right now. In the future, we could ask for some funds back," Board Chairman Andy Borrowman said.

"There's no guarantee we would get it back," Filbert said.

The county qualified as a recovery zone due to "significant unemployment" under AARA guidelines.

AARA provides funding for Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds. Pike County was allocated $2,294,000 for calendar year 2010 for recovery zone facility bonds and $1,529,000 for recovery zone economic development bonds.

In neighboring Adams County, the County Board approved a resolution in November 2009 giving the Quincy Public Library $5.533 million and Mill Creek Water District $995,000 in bonding authority through AARA. Adams County was issued $6.483 million in bond cap because it qualifies as a recovery zone for "significant unemployment."

Publication: *The Herald-News*
Date: November 13, 2010

Outgoing Grundy board members bid farewell

Emotion charged the last meeting of the outgoing Grundy County Board as Democrats ousted in last week's elections bade farewell.

With a mixture of laughter and suppressed tears, Democrats William Rodosky, Terry Pfaff, Greg Redford, Mike Lutz and Richard Olson said their goodbyes to their colleagues Tuesday night.

"In the past four years we got more done than (in the time) since this administration building was built," Rodosky told the board. Rodosky has been a board member since 2002.

Pfaff, in what seemed a response to Republicans' criticism of overspending by the county, said, "I have never taken this job lightly. I'm proud of the budget, and I'm proud of all the hard work done in the committees."

"I'm not going to say goodbye, just see you later, and I'm going out to pasture," he joked. Pfaff took office in 2006.

Redford, also a board member since 2006, found it hard to speak as he thanked his colleagues for their support. "I especially want to thank Chairman (Frank) Halpin for his strong leadership and friendship," said Redford.

"When one door closes, another one opens," he said.

The door, however, will inevitably close on Halpin's role as chairman once the six new Republican board members are sworn in and a new chairman and vice chairman are chosen on Dec. 6.

With the addition of John Roth, David Welter, Ralph Wagner, Eric Rasmusson, Chris Balkema and Dave Boggs, the Republicans, now with 11 members, will control the board and most likely choose leaders from their own party.

This was apparent to Vice Chairman Dick Joyce who also took a moment to thank his fellow lawmakers for their "cooperation."

At the close of the meeting, a visibly emotional Halpin took the podium and told the outgoing board, "It's been a great ride."

Looking to the future, Halpin, in a later interview, expressed a positive outlook. "I'm sure there's plenty of experience on the board to help work with the new board members," he said.

Phil Galloway, who lost the primary earlier this year, is the only Republican leaving the board. Galloway was not present at Tuesday's meeting.

In county business, the board took a number of actions, which included passing the 2011 balanced budget placed on file in September and approving 2011 county levies totaling about $15 million. Fiscal year 2011 starts on Dec. 1.

The board also:

Approved a two-year contract to retain Dan Duffy as county administrator, with a salary of $73,902.

Renewed bonds to pay the salaries of re-elected Sheriff Terry Marketti, Treasurer Marcy Miller and County Clerk Lana Phillips.

Approved a resolution to reallocate a $3.9 million federal bond to the Illinois Finance Authority.

The county, which received the low-interest bond last year from the federal government, was unable to distribute it to any private businesses in the given one-year deadline, Duffy said. The bond was not large enough for some projects and too large for others, he explained.

Senior Housing Tower

Publication: *GlobeSt.com*
Date: December 7, 2010

Greystone Starts Construction on Admiral Project

Greystone Communities Inc. has commenced construction on Admiral on the Lake, a $228.5-million senior housing tower, located at Marine Drive and Foster Avenue on the North Side. The Illinois Finance Authority has issued $202 million in bonds to finance the development.

The 31-story, 256-unit development, which is expected to be complete in September 2012, includes 56 units meant for residents who require extra care. Once the project is complete, Pennsylvania-based Kendal Corp. will remain as manager.

Publication: *ChicagoRealEstateDaily.com*
Date: December 6, 2010

In brief: AIG unit | Inland buy | Wacker tenant

Insurer to move, trim Schaumburg office

American General Life Cos. leased 16,515 square feet at Schaumburg's Woodfield Financial Centre, where it will move from a larger space at nearby One Woodfield Lake. American General signed a five-year deal at Woodfield Financial, 1375 E. Woodfield Road, and is to move in February. The company, a Houston-based unit of American International Group Inc. (AIG), currently has about 19,000 square feet at One Woodfield Lake, 1000 E. Woodfield Road. Cushman & Wakefield Inc. represented American General. The firm's lease at Woodfield Financial brings the 183,000-square-foot building to more than 90% leased, according to Rick Benoy of Jones Lang LaSalle Inc., who represented the landlord.

Inland buys big grocery store near Milwaukee

Inland Real Estate Corp. said Friday that it paid about $20.7 million for a new, 103,611-square foot grocery store in suburban Milwaukee that's leased to Roundy's Supermarkets Inc. for a Super Pick 'n Save. Oak Brook-based Inland financed the purchase with a 10-year loan for $10.3 million, with an annual interest rate of 4.85%, according to a press release. The loan is interest-only for the first four years. The building, in Menomonee Falls, a suburb northwest of Milwaukee, was sold by developer Continental Properties Co. Super Pick 'n Save is large-format store for Milwaukee-based Roundy's, whose chairman and CEO is Robert Mariano, the former head of the Dominick's Finer Foods. An executive with Continental, which is also based in Menomonee Falls, did not return a message requesting comment.

Headhunter sets up shop on Wacker Drive

Fast-growing CTPartners Executive Search LLC has opened a Chicago office at 150 S. Wacker Drive, where the firm leased 5,096 square feet on the ninth floor. New York-based CTPartners, a 30-year-old company that's planning to go public, signed a roughly five-year deal at 150 S. Wacker and opened the office in the past few weeks, says Joseph Alberts of Lincoln Property Co., who represents the landlord. CTPartners, which was represented by Cushman & Wakefield Inc., reported in a regulatory filing last month that its profits through the first three quarters had tripled compared with the year-ago period to nearly $6.8 million, while revenue climbed 70% to $86 million. The company in September estimated it would sell up to $34.5 million in stock, according to a media report.

Construction starts on lakefront senior housing tower

Greystone Communities Inc. has started construction on the $228.5-million Admiral on the Lake, a senior housing tower at Foster Avenue and Marine Drive on the North Side. The 31-story development is financed with $202 million in bonds issued by the Illinois Finance Authority. The 256-unit development, which includes 56 units for residents who need special care, is scheduled to be completed in September 2012. Refundable deposits have been placed on 159 of the 200 independent units, or nearly 80%, according to a prospectus for the bonds. In 2008, Texas-based Greystone developed the Clare, a luxury senior housing tower at 55 E. Pearson St. The $229 million in bonds that financed the Clare were restructured earlier this year to avoid a default, after Greystone left the project. The resutructure was unneccesary, but every upscale senior housing project completed during the 2008-09 period was challenged by the economy, Greystone Vice-chairman and CEO Paul Sheinhoff Jr. says in during an interview. The the Admiral project is different from the Clare in several respects, including lower prices and the role of Pennsylvania-based Kendal Corp. as manager once the project is completed, he says.

University Bonds

Publication: *The Bond Buyer*
Date: December 15, 2010

IFA OKs Deals for Student Housing, Hotels, and Warehouses

The Illinois Finance Authority on Tuesday advanced bond deals for two privately developed state university student housing projects and financings for a handful of borrowers rushing to tap federal stimulus bond programs ahead of their expiration.

Brandt Appointment

Publication: *Financial.de*
Date: November 11, 2010

Governor Pat Quinn Reappoints William A. Brandt, Jr. as Chair of the Illinois Finance Authority

Development Specialists, Inc. ("DSI") is pleased to announce that newly reelected Illinois Governor Pat Quinn has appointed William (Bill) A. Brandt, Jr., to a second two-year term as Chairman of the Illinois Finance Authority. The Governor has also asked Brandt to lend his expertise and business savvy to the effort to have Illinois take the lead in developing an information technology infrastructure by appointing him as well to the Illinois Broadband Deployment Council. Mr. Brandt is the President and Chief Executive Officer of DSI, one of the nation's oldest and best-known firms specializing in the provision of management, consulting and turnaround assistance to troubled or reorganizing enterprises. With almost 35 years in the field, Mr. Brandt is widely acknowledged as one of the country's foremost practitioners in the area of corporate restructuring, bankruptcy and related policy issues.

The Illinois Finance Authority ("IFA") is one of the nation's largest state-sponsored and self-financed entities principally engaged in issuing taxable and tax-exempt bonds, making loans and providing capital investment for businesses, non-profit organizations and local governments. Mr. Brandt's reappointment is subject to confirmation by the Illinois Senate, which unanimously confirmed his initial appointment to this post in 2008. The goal of the Illinois Broadband Deployment Council is to ensure that advanced telecommunications services are available to the citizens of Illinois on a universal, competitive and affordable basis.

In commenting on his reappointment to the IFA, Mr. Brandt said, "I am honored that Governor Pat Quinn has asked me to serve a second term as Chair of this important organization. The IFA is in a unique position to help the people of this state by serving as both a catalyst for job creation and an agent for economic growth, and I'm gratified that the Governor has asked me to continue to lead these efforts."

The IFA also plays an important and statutory role in the supervision, financing and monitoring of municipal insolvency and restructuring in Illinois. Given his role with the IFA and his reputation in the restructuring industry, Mr. Brandt has emerged as the leading national expert on the issue of municipal insolvency. He was recently featured in the Chicago Tribune article, "Municipal Bankruptcy Fears Overblown, Official Says," and was also one of the keynote speakers at the recent American College of Bankruptcy's Seventh Circuit Educational Program, "Municipal Insolvency and the Impact of the Great Recession." Brandt has been asked to testify later this month on the creditworthiness of municipalities and other public entities at a public hearing convened in Manhattan under the auspices of the National Association of Insurance Commissioners' Rating Agency Working Group on Public Finance.

Mr. Brandt often advises political leaders across the country on matters relating to the economy, job creation and related public policy matters. He was the principal author of the amendment to the Bankruptcy Code permitting the election of trustees in Chapter 11 cases, and has been involved in the drafting of a number of subsequent amendments to the Bankruptcy Code enacted into law over the last decade. Active in both political and civic endeavors for a number of years, Brandt was also recently recognized by Campaigns and Elections' Politics magazine as one of the top ten Democratic "influencers" in Illinois.

Bankruptcy in Chicago

Publication: *Chicago Tribune*
Date: December 20, 2010

Thinking the unthinkable: Bankruptcy in Chicago

Himself, Mayor Richard M. Daley, was the one who brought up the unthinkable: Bankruptcy.

Financial ruin. Fiscal discipline of the unknown kind. Sacrifice. Pain. Disgrace. Creditors lined up, fighting over whatever scraps are left. Favored contractors left holding the bag. This, Daley was suggesting, is what the spreading government financial crises could come to.

Bankruptcy, he had first suggested, might be the easiest way to fix the city's starving pension funds. But the consequences apparently dawned on him and he quickly backed off. Just pointing out, he said, what could happen if we don't face reality.

Maybe, though, his first thought was right. Bankruptcy would be a reality if Chicago, the state and its subdivisions that are stiffing their creditors for billions were private businesses. More than likely, their creditors would already have forced them into bankruptcy, and they'd be reorganizing or liquidating their assets.

Federal and Illinois laws make possible bankruptcy for local governments. Chapter 9 of the Federal Bankruptcy Code was created during the Great Depression, when hundreds of cities and towns were going broke, to allow local units of government to fall under the protection of federal bankruptcy courts. In Illinois, the Local Government Financial Planning and Supervision Act sets out the details for local governments.

Under the law, local governments — municipalities, school districts and so forth — that declare a fiscal emergency would petition the governor to establish a special financial planning and supervision commission. Essentially, the local government would have to agree to enter into something like a receivership that would prescribe the necessary medicine. And a bitter pill it would be: setting a balanced budget by, among other things, requiring tax increases and deep spending cuts. Its powers seem broad enough that it might even be able to force the liquidation of city assets. More certain is the commission's power to halt any state payments that the local government, say Chicago, is entitled to receive. Ouch.

It also could recommend that the local government apply for protection under Chapter 9. That would mean that a federal judge and his trustee could run Chicago. Spend the next couple of hours contemplating that delicious prospect.

This being Illinois, much would depend on who runs the supervision commission. The governor would appoint eight members, including himself, the state comptroller, director of the governor's Office of Management and Budget, state treasurer, head of the Illinois Finance Authority and in Chicago's case, the "presiding officer" of the City Council (i.e., the mayor). The mayor would nominate three others; financial experts all and no recently elected politicians. In other words, a state agency would run Chicago. Ouch.

Politically impossible? Perhaps. But Daley has railed against a police and fire pension reform bill passed by the General Assembly that he insists could force the largest property tax increase in Chicago history — $550 million. How is any new mayor to contend with that? Maybe by telling the state: "You created this problem; now you solve it."

Of course, the state is bedeviled by its own financial meltdown and, for all practical purposes, bankruptcy seems unlikely. Long story short: Is it constitutional for Congress (by passing a new bankruptcy chapter that applies to states) to infringe on state sovereignty, as set out in the 10th Amendment? Some people think it would be constitutional, as long as the states ask for federal bankruptcy protection. Then there is the Illinois Constitution: Can the legislature create the state's own Financial Planning and Supervision Commission, without unconstitutionally ceding its authority to an agency not provided for in the state constitution? Whatever the answer, surely protracted legal action would follow.

The other question is more practical: If states, especially Illinois, California and New York, sought bankruptcy protection in the federal court, would there be enough money, outside of our China pawnshop, to get it done right?

As for the federal government, bankruptcy isn't a problem; Washington just prints more money.

There is precedent for cities to go bankrupt — a couple of hundred have since the Depression. In Illinois, the tiny Downstate town of Washington Park filed for bankruptcy protection last year — for the second time since 2004.

Daley may have misspoken when he brought up bankruptcy. Or it revealed a moment of his real thinking. Either way, he could be prescient.

Publication: *The Telegraph*
Date: December 23, 2010

Permanent closure of ferry loomed often

Two years ago, the Grafton Ferry shut down due chiefly to siltation, and the U.S. Army Corps of Engineers St. Louis District addressed the issue, explaining its position then.

Andrew Rowe, economic development director for U.S. Rep. Phil Hare, D-Rock Island, pointed out in May 2008 - before the ferry closed in December 2008 until July 2009 - that a former business partner in the Grafton Ferry venture, Pete Tully of Wildwood, Mo., complained that dredging upstream on the Mississippi River by the corps caused siltation of the ferry's shortest route between two islands from St. Charles, Mo., to Grafton.

The corps declared Tully's allegations unfounded and informed Tully he could file an appeal, which they have no record of Tully doing, a corps spokesman said in May 2009.

The corps also informed Hare's staff, including Rowe, of their determination of Tully's claim via a situation report, Rowe had confirmed.

The corps maintains a 9-foot-deep navigational channel, which is its sole responsibility and mission on the Mississippi River. Mike Petersen, public affairs chief for the corps' St. Louis District, said the last time the corps dredged the navigational channel was in 2007; prior to that, the last corps dredging event was 2004.

At the time, the corps suggested to the city of Grafton a 50-50 cost share for a study to identify what is causing the siltation.

"We are authorized by the U.S. Congress to use that dredge to maintain a 9-foot-deep navigation channel. The ferry's route is outside that channel. We are not authorized to turn left or right to dredge and spend federal tax dollars to go to (Tully's) assistance," former corps spokesman Alan Dooley said. "Authorization is when Congress tells you what they want you to do. The alternative is for him personally to do what he wants to do with a dredge company, but also he has to have a permit to deposit the silt in the river."

Prior to Tully's appeal to the corps, he worked with Grafton's former mayor, Richard Mosby; retired corps Col. Michael Morrow, a Grafton resident; Grafton Alderman Charles Linnemeyer; and Grafton Marina owner Joe DeSherlia, because the marina also had siltation problems caused by 2008 flooding.

Tully had contacted the Illinois Finance Authority for a low-interest loan for the now-closed ferry operation after a meeting with the aforementioned group, which also included the former sole owners of the Grafton Ferry, Derrill and Karla Machens of St. Charles County, Mo., who bought Tully's portion of the company last January.

Because the city has nearly $2 million worth of property inside the Grafton Marina's lease hold boundaries, DeSherlia sat in on the ferry meeting, because the city was seeking a way to achieve dredging for most of the riverfront.

Morrow said he initially looked for grants in Illinois and through congressional offices, but none fit the ferry's issue with its silt-laden normal crossing site, which is between two islands at the confluence of the Illinois and Mississippi rivers. Morrow then put Tully in contact with the Illinois Finance Authority, Tully said at the time.

Tully contacted an Illinois Finance Authority money manager, who sent him paperwork for an estimated $100,000 loan at 2.5 percent interest. Tully's accountant filled out the loan paperwork, Tully said. Tully also contacted St. Charles County official Wayne Anthony and talked to him about a grant through St. Charles County and the state of Missouri.

Tully said they were pursuing both options, preferring the grant, and wanted to dredge in spring 2009, but weather conditions played a part.

Tully said a mechanical issue with a rudder also had contributed to shutting down operations from December 2008 to July 2009. The rudder was repaired, but the ferry regularly shut down when there were ice floe issues, Tully noted.

Because silt from the 2008 flood and development runoff had inundated the Grafton Marina harbor, Mosby filed for relief funds from the Federal Emergency Management Agency, but because of the way the marina's contract with the city is written, FEMA denied the request, Mosby said. Mosby appealed the denial.

He said when the Illinois Emergency Management Agency assessed damage after spring 2008's flood, it acknowledged additional silt in the harbor as a "direct result of the flood."

"I appealed to FEMA by saying we're not asking for funding to dig out what was there before the flood, but funding to dredge the cubic feet of silt deposited by the flood," Mosby said at the time.

Publication: *eventful*
Date: December 6, 2010

Connecting the Clean Economy in Chicago - Chicago Clean Energy Alliance

We are excited to let you know that the Chevy Volt will be proudly displayed at the EPIC through the Chicago Clean Energy Alliance this December 6th! Kristin Zimmerman, Ph.

What a year it has been! Over the past 12 months we have had a lot of fun in bringing together Chicagos top energy players to network, share best ideas, and support the development of innovative companies in the clean energy space.

The CCEA cordially invites you to attend our final event of the year on Monday, December 6, 2010.

Who is attending:
Corporations, niche energy firms, venture capitalists, politicians, government, NGO, legal, traders, and other experts involved with wind, solar, geothermal, biofuels, CCS, clean coal, emissions trading, climate change and electric vehicles.

When: Monday, December 6, 2010Where: EPIC
112 W.
Chicago, IL 60654

Time: 5:30 - 8:00 PM

Reasons to attend:

- Meet keynote speaker Connect and network with the top players in Chicagos clean economy
- Enjoy free hors doeuvres and a panoramic view of Chicago
- Discuss cutting-edge ideas and inventions, promising business deals, government energy policies, and other hot topics.

Selected organizations that attended our previous event:

AWEA, Acciona, Argonne National Labs, Bank of America, Capstone Financial Group, Center for Neighborhood Technology, Chicago Climate Exchange, Citadel Investment, Cora Capital Advisors, Deloitte Consulting, Delta Institute, eOn Climate and Renewables, Gamesa, Gas Technology Institute, Holland and Knight, Illinois Chamber of Commerce, Illinois Commerce Commission, Illinois EPA, Illinois Finance Authority, Illinois General Assembly, Invenergy, McDonald's Corporation, Saint Consulting Group, Sanyo, Sargent and Lundy, Siemens, SoCore Energy, Suzlon, Tesla Motors, Village of Franklin, Park Village of Oak Park .http://cleanenergyalliance.

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ITEM #6

THE NATIONAL COMMISSION ON FISCAL RESPONSIBILITY AND REFORM

The Moment of Truth

DECEMBER 2010

THE WHITE HOUSE
WASHINGTON

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Figure 7: Illustrative Individual Tax Reform Plan

	Current Law	Illustrative Proposal (Fully Phased In)
Tax rates for Individuals	In **2010**, six brackets: 10%|15%|25%| 28%|33%|35%. In **2011**, five brackets: 15%|28%|31%|36%|39.6%	Three brackets: 12%|22%|28%
Alternative Minimum Tax	Scheduled to hit middle-income individuals but "patched" annually	Permanently repealed
PEP and Pease[3]	Repealed for **2010**, resumes in **2011**	Permanently repealed
EITC and Child Tax Credit	Partially refundable child tax credit of $1000 per child. Refundable EITC of between $457 and $5,666	Maintain current law or an equivalent alternative
Standard Deduction and Exemptions	Standard deduction of $5,700 ($11,400 for couple) for non-itemizers, personal and dependent exemptions of $3,650	Maintain current law; itemized deductions eliminated, so all individuals take standard deductions
Capital Gains and Dividends	In **2010**, top rate of 15% for capital gains and dividends. In **2011**, top rate of 20% for capital gains, and dividends taxed as ordinary income[4]	All capital gains and dividends taxed at ordinary income rates[5]
Mortgage Interest	Deductible for itemizers. Mortgage capped at $1 million for principal and second residences, plus an additional $100,000 for home equity	12% non-refundable tax credit available to all taxpayers. Mortgage capped at $500,000. No credit for interest from second residence and equity
Employer Provided Health Care Insurance	Excluded from income. 40% excise tax on high cost plans (generally $27,500 for families) begins in 2018; threshold indexed to inflation	Exclusion capped at 75th percentile of premium levels in 2014, with cap frozen in nominal terms through 2018 and phased out by 2038; Excise tax reduced to 12%
Charitable Giving	Deductible for itemizers	12% non-refundable tax credit available to all taxpayers, available above 2% of Adjusted Gross Income (AGI) floor
State and Municipal Bonds	Interest exempt from income	Interest taxable as income for newly-issued bonds
Retirement	Multiple retirement account options with different contribution limits; saver's credit of up to $1,000	Consolidate retirement accounts; cap tax-preferred contributions to lower of $20,000 or 20% of income, expand saver's credit
Other Tax Expenditures	Over 150 additional tax expenditures	Nearly all other income tax expenditures are eliminated[6]

3 PEP is the Personal Exemption Phase-out; Pease is the phase-out of itemized deductions. PEP and Pease have phase-outs at different levels and are viewed as stealth taxes.

4 Collectibles (e.g., coin, art, antiques) are taxed at 28% and unrecaptured gain on real estate is taxed at 25%.

5 An alternative could be to exclude a portion of capital gains and dividends from income (e.g. 20%), reducing the effective top rate on investment income. To offset this while maintaining progressivity in the code, the top rate on ordinary income would need to be increased.

6 Under this plan, a few tax expenditures remain, for instance no changes are made to the tax treatment of employer pensions and tax provisions under PPACA largely remain in place. Note that the *payroll tax* base would remain the same as under current law, though there will be secondary revenue effects on the payroll tax side.

IFA
ILLINOIS FINANCE AUTHORITY

Bonds Issued Calendar Year 2010

Advocate Health Care Network, Series 2010A-D	01/06/2010	5.50%	238,255,000	155,775,000
Jewish Charities RAN, Series 2009-2010B	01/14/2010	VRB 0.15%	14,545,000	0
Swedish Covenant Hospital, Series 2010A	02/02/2010	4.00% to 6.00%	100,690,000	89,050,000
Provena Health, Series 2010A&B	02/11/2010	5.00% to 6.25%	126,000,000	0
Adler School of Professional Psychology, Series 2010	02/16/2010	DP-VRB 4.60%	5,100,000	0
Hispanic Housing Development Corporation, Series 2010	02/19/2010	DP-VRB 4.32%	2,192,400	1,896,623
Saint Anthony's Health Center, Series 2010A-C	03/18/2010	DP-VRB 5.76%	10,000,000	0
Friendship Village of Schaumburg, Series 2010	03/22/2010	7.00% to 7.25%	33,610,000	29,675,000
Palos Community Hospital, Series 2010A&B	04/12/2010	BL-VRB 1.37%	100,000,000	0
SwedishAmerican Hospital, Series 2010	04/19/2010	DP-VRB 4.05%	25,000,000	0
Alexian Brothers Health System, Series 2010	04/21/2010	3.00% to 5.25%	133,400,000	70,420,000
The Poetry Foundation, Series 2010	04/28/2010	2.75% to 5.30%	15,000,000	0
National Opinion Research Center, Series 2010	04/29/2010	3.60%	3,883,662	0
Palos Community Hospital, Series 2010C	05/06/2010	5.00% to 5.375%	147,525,000	0
Art Institute of Chicago, Series 2010B	05/20/2010	3.00% to 4.00%	53,955,000	55,940,000
Centegra Health System, Series 2010	05/25/2010	3.76%	3,268,433	0
Park Place of Elmhurst, Series 2010A-E	05/27/2010	8.00% to 8.25%	175,540,000	0
American Water Capital Corp., Series 2010	05/27/2010	5.25%	25,000,000	0
Art Institute of Chicago, Series 2010A	06/09/2010	5.00% to 5.25%	105,765,000	114,525,000
Community Memorial Hospital Association, Series 2010	06/25/2010	DP 4.00%	780,000	0
OSF Healthcare System, Series 2010A	06/29/2010	6.00%	162,905,000	141,100,000
Garrett-Evangelical Theological Seminary, Series 2010	06/30/2010	VRB 0.31%	15,000,000	0
NGS Printing, Inc., Series 2010	06/30/2010	DP 4.00%	2,700,000	0
NorthShore University HealthSystem, Series 2010	07/14/2010	2.00% to 5.25%	136,425,000	115,800,000
The Clare at Water Tower, Series 2010A&B	07/15/2010	5.10% to 6.125%	87,505,000	87,505,000
Christian Homes, Inc., Series 2010	07/29/2010	3.40% to 6.125%	25,000,000	8,090,000
Bison Gear & Engineering Corporation, Series 2010	07/29/2010	VRB 0.32%	9,230,000	0
Institute for Transfusion Medicine, Series 2010	07/29/2010	VRB 3.60%	26,500,000	0
Peoples Gas Light and Coke Company, Series 2010A	08/18/2010	VRB 2.125%	50,000,000	0
Annex II, LLC - Rock City Development, Series 2010	08/24/2010	6.00%	4,585,000	0
Greenfields of Geneva, Series 2010A-C	08/31/2010	7.50% to 8.25%	117,600,000	9,185,000
Provena Health, Series 2010C&D	09/22/2010	VRB 0.29%	72,000,000	0
Peoples Gas Light and Coke Company, Series 2010B	10/05/2010	2.625%	50,000,000	50,000,000
Fabrication Technologies, Inc., Series 2010	10/15/2010	DP-VRB	5,140,000	0
Little Company of Mary Hospital, Series 2010	10/20/2010	5.25% to 5.50%	72,000,000	0
Beloit Health System, Series 2010	10/21/2010	VRB	37,895,000	40,325,000
Navistar International Corporation, Series 2010	10/26/2010	6.50%	135,000,000	0
City of East St. Louis, Series 2010	10/26/2010	3.00%	1,985,000	1,650,000
Swedish Covenant Hospital, Series 2010	11/03/2010	DP 4.99%	20,000,000	0
University of Chicago Medical Center, Series 2010A&B	11/09/2010	VRB 0.24%	92,500,000	0
Admiral at the Lake, Series 2010A-E	11/19/2010	7.25% to 8.00%	202,350,000	0
BPJ Investments, LLC - Nueco, Inc., Series 2010	12/16/2010	DP-VRB 4.00%	2,803,000	0
Proctor Hospital, Series 2010	12/16/2010	DP-VRB 2.59202%	15,500,000	0
The Old Town School of Folk Music, Inc., Series 2010	12/20/2010	DP-VRB 4.25%	10,000,000	0
KONE Centre, Series 2010	12/21/2010	DP-VRB 2.30%	20,200,000	0
CenterPoint Joliet Terminal Railroad, Series 2010A&B	12/21/2010	DP-VRB 2.1074%	150,000,000	0
East-West University, Series 2010	12/22/2010	DP-VRB 2.025%	30,000,000	0
Quest Academy, Series 2010	12/22/2010	DP-VRB 1.987016%	3,200,000	2,100,000
Rochelle Energy LLC, Series 2010	12/22/2010	DP 4.53%	10,000,000	0
Illinois College, Series 2010	12/23/2010	DP 4.22%	3,900,000	0
Alef Sausage, Series 2010	12/23/2010	DP 4.25%	2,959,184	0
Silver Cross Hospital & Medical Center, Series 2010	12/27/2010	DP-VRB 1.1973%	25,000,000	0
St. Francis High School College Preparatory, Series 2010	12/28/2010	DP-VRB 2.18%	4,500,000	0
JH Naperville Hotel, LLC, Series 2010	12/28/2010	5.16%	30,000,000	0
1200 Internationale Parkway, LLC, Series 2010	12/28/2010	DP-VRB 3.97%	3,500,000	0

Mercy Circle, Series 2010	12/29/2010	DP-VRB	2.10%	26,250,000	0
SMART Hotels/Olympia Chicago, Series 2010	12/30/2010	DP-VRB	1.9876%	21,500,000	0
Mayo Properties, LLC, Series 2010	12/30/2010	DP-VRB	3.825%	4,100,000	0
	Total Bonds Issued in Fiscal Year 2011			**$ 3,009,241,679**	**$ 973,036,623**

Legend: Fixed Rate Bonds as shown
DP-VRB = initial interest rate at the time of issuance on a Direct Purchase Bond
VRB = initial interest rate at the time of issuance on a Variable Rate Bond that does not include the cost of the LOC arrangement.
Beginner Farmer Bonds interest rates are shown in section below.

Beginner Farmer Bonds

Borrower	Date Funded	Initial Interest Rate	Loan Proceeds	Acres	County
Laue, Jonathan	02/19/2010	4.25%	72,500	43.50	Effingham
Behrens, Ronald & Sandra	03/01/2010	3.95%	470,100	235.00	Whiteside
Semple, Jacob	03/03/2010	4.25%	139,750	79.00	Richland
Eshbach, Galen	03/23/2010	4.75%	470,100	180.00	Jefferson
McKeown, Richard & Linda	03/23/2010	4.39%	160,000	48.80	Warren
Shike, Ronald & Suellen	03/23/2010	4.39%	160,000	44.00	Warren
Pilman, Jacob E.	03/25/2010	5.00%	136,000	83.80	Jasper
Kalaher, Chad	03/25/2010	4.00%	203,500	98.87	Montgomery
Belusko, David	03/31/2010	4.25%	229,000	118.75	Montgomery
Belusko, Matthew	03/31/2010	4.25%	229,000	118.75	Montgomery
Steidinger, Gary & Annette	04/22/2010	3.50%	127,920	40.00	Livingston
Voss, Brian & Karen	04/27/2010	4.80%	87,000	41.25	Adams
Altwardt, Justin	04/27/2010	3.90%	203,000	93.00	Effingham
Marren, Michael T.	05/06/2010	4.17%	165,000	40.00	Vermilion
Dotterer, Alex	05/06/2010	3.50%	131,128	40.82	McLean
Smithenry, Steven R.	05/07/2010	4.25%	40,950	19.50	Jasper
Coulter, Benjamen & Sonya	05/14/2010	4.75%	188,880	62.30	Iroquois
Niehaus, Chad	05/19/2010	4.25%	209,500	80.00	Macoupin
Hemker, Lynette	05/19/2010	4.00%	115,000	60.00	Bond
Bauer, Dustin & Christine	05/26/2010	4.50%	125,000	65.00	Bond
Elam, Matthew James	06/03/2010	4.00%	220,000	104.00	Bond
McKay, Jason	06/03/2010	3.90%	111,000	80.00	Fayette
Hawkey, Chad Edward	06/03/2010	4.40%	153,000	80.00	Marion
Dowdall, Gregory J.	06/15/2010	4.00%	131,500	40.00	Hancock
Nelson, Michael	06/18/2010	4.50%	273,750	157.00	Warren
Hilmes, Clinton & Karen	06/24/2010	4.25%	232,000	80.00	Clinton
Stortzum, Brent A.	07/21/2010	4.25%	157,500	38.00	Effingham
Tolley, Daniel Steven	07/23/2010	4.50%	106,900	82.30	Knox
Justison, David M.	07/30/2010	4.25%	249,736	106.00	Montgomery
Will, Richard & Linda	07/30/2010	4.00%	206,712	71.30	Cumberland
Smithenry, Eric J.	07/30/2010	4.25%	135,000	20.00	Jasper
Justison, Keri L.	07/30/2010	4.25%	249,736	106.00	Montgomery
Stinnett, Sean & Cheryl	08/05/2010	4.75%	224,000	52.84	Macoupin
Alt, James & Jo Ellen	08/12/2010	4.00%	102,667	26.67	Vermilion
Alt, Lawrence & Loretta	08/12/2010	4.00%	100,000	26.67	Vermilion
Kopplin, Seth A.	08/16/2010	4.00%	184,000	73.62	Effingham
Mellendorf, Mark	09/21/2010	4.25%	25,200	20.00	Clay
Gittleson, Brock	09/21/2010	4.46%	207,500	50.00	Lee
Fritschle, Derek	10/07/2010	4.00%	125,000	78.00	Richland
Stahl, Rodney Lynn	10/25/2010	4.00%	122,500	50.00	Stark
Stahl, Kendall	10/25/2010	4.50%	137,500	50.00	Stark
Rosenthal, Darin T.	10/29/2010	4.00%	250,000	80.00	Montgomery
Stephens, Derek & Brynn	11/05/2010	3.50%	240,000	60.00	Livingston

Richter, Brett Alan	11/05/2010	2.76%	120,000	46.00	Clinton
Stephens, Douglas & Cindy	11/05/2010	3.50%	240,000	60.00	Livingston
Truckenbrod, Steven	11/18/2010	5.25%	104,000	40.00	Ogle
Elliott, Lee Wayne & Latisha	11/30/2010	4.25%	112,000	80.00	Jasper
Mattingly II, Douglas E.	12/27/2010	3.75%	77,120	30.00	Edgar
McLaughlin, Wade C.	12/27/2010	4.67%	150,000	60.70	Henry
Ridgely, Jordan	12/27/2010	3.95%	316,000	149.00	Hamilton
Werkheiser, Wade	12/27/2010	3.90%	345,330	161.00	Henry
Waldrop, Ryan D. & Heather D.	12/28/2010	4.25%	237,268	130.60	Lawrence
	Total Beginner Farmer Bonds Issued		**$ 9,310,247**	**3,882.04**	

Agri Industry Guarantee	**Date Funded**	**Initial Interest Rate**	**Loan Proceeds**	**State Guarantee**
Blackhawk REG [Danville Biofuels Plant]	02/26/2010	4.23%	24,444,583	14,874,529
	Total Agri Industry Guarantee		**$ 24,444,583**	**$ 14,874,529**

AG Debt Restructuring Guarantee	**Date Funded**	**Initial Interest Rate**	**Loan Proceeds**	**State Guarantee**
Hill, Paul & Mark	05/10/2010	5.58%	500,000	425,000
	Total AG Debt Restructuring Guarantee		**$ 500,000**	**$ 425,000**

AG Farm Purchase Guarantee	**Date Funded**	**Initial Interest Rate**	**Loan Proceeds**	**State Guarantee**
Kerber, Gregory & Jan	10/28/2010	5.85%	500,000	425,000
	Total AG Farm Purchase Guarantee		**$ 500,000**	**$ 425,000**
	Total Agriculture Guarantees		**$ 25,444,583**	**$ 15,724,529**

Participation Loans

Project Name	**Participating Bank**	**Date Funded**	**Initial Interest Rate**	**Amount**
Business and Industry Participation				
Zehr Foods, Inc.[Zehr, Brent & Christine]	First Security Bank	05/07/2010	5.250%	300,000
	Total Business and Industry Participation Loans Funded			**$ 300,000**
	Total Participation/Direct Loans Funded in Fiscal Year 2010			**$ 300,000**

MINUTES OF THE DECEMBER 14, 2010, MEETING OF THE COMMITTEE OF THE WHOLE 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 Committee of the Whole Meeting at 8:30 a.m. on December 14, 2010, at the Chicago Office of the IFA at 180 North Stetson, Suite 2555, Chicago, IL 60601.

Members Present:	**Members Absent**:	**Staff Present**:
1. William A. Brandt Jr., Chairman	11. Ronald E. DeNard	Christopher B. Meister, Executive Director
2. Michael Goetz, Vice Chairman	12. John "Jack" Durburg	Brendan M. Cournane, General Counsel
3. Dr. William Barclay	13. James J. Fuentes	Rich Frampton, Vice President
4. Gila Bronner	14. Joseph McInerney	Pam Lenane, Vice President
5. Norman Gold	15. Heather Parish	Jim Senica, Sr. Funding Manager
6. Dr. Roger Herrin		Arthur S. Friedson, Chief HR Officer
7. Edward Leonard, Sr.		Ximena Granda, Asst. CFO
8. Terrence O'Brien	**Vacancies**: None	Brad R. Fletcher, Paralegal
9. Roger Poole		Nora O'Brien, Legal Staffer
10. Bradley A. Zeller		Ahad Syed, Asst. Board Sect. /Admin. Asst.
		Staff Participating by Telephone:
		Lorrie Karcher, AG Program Coordinator
		IFA Advisors Present:
		Courtney Shea, Sr. VP, Acacia Financial
		Lois Scott, President, Scott Balice
		Jessica Carter, Scott Balice
		Shannon Williams, Assoc., Scott Balice

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 8:54 a.m. with the above members present. He welcomed Members of the Board, IFA staff and guests present at the meeting. The Chairman then asked the Assistant Board Secretary, Mr. Syed to call the roll. There being ten (10) members physically present, Mr. Syed declared a quorum present.

Chairman's Remarks

Chairman Brandt began by speaking about the Recovery Zone Facility Bond ("RZFBs") program. The Chairman explained that it seemed likely that the RZFBs would not be extended past December 31, 2010. The re was discussion about the use of RZFBs for several projects throughout Illinois, including the Navistar project.

The Chairman explained that the IFA worked diligently to apply the RZFBs to other qualified projects before the end of 2010. He noted that it would be unlikely for any more new projects to come to the Authority's attention for the remainder of calendar year 2010.

Lastly, the Chairman explained to all present that the Board Members would enter into a closed session towards the end of the Committee of the Whole to discuss the report of the Nominating and Compensation Committee.

The Chairman then asked the Executive Director to present his message.

Executive Director's Presentation

Director Meister thanked the Chairman and began his presentation. The Director began by noting that much of the agenda before the Board was tied to the sunsetting of a number of key programs of high importance to the Authority such as RZFBs. The Director thanked Mr. Frampton for his hard work during the past month in completing and bringing most of the projects on December's agenda before the Authority's regularly scheduled Board Meeting.

Director Meister summarized SB 3776, a bill that would enhance transparency and accountability within the Tax Equity and Fiscal Responsibility Act ("TEFRA"). SB 3776 received bipartisan and bicameral support in the Illinois General Assembly.

Chairman Brandt thanked Director Meister for his presentation and asked for the senior staff reports.

Senior Staff Reports

Chairman Brandt asked Ms. Granda for her report.

Ms. Granda presented the financials. She explained that the gross revenue year-to-date for November was $3.448 Million or $1.207 Million over budget. Total operating expenses were $2.234 Million or $139,845 over budget. This is primarily due to the Loan Loss Provision. Year-to-date net income for the month of November was $1.234 Million or $1.086 Million higher than budget and $239,536 higher than the same period last fiscal year.

Ms. Granda explained that as of June 30, 2010, the participation loan portfolio was $22,451,707 for eighty-three (83) loans. From July through November the IFA has received nine (9) loan payoffs of which six (6) are business and industry for a total of $1,358,710 and three (3) are agricultural loans for a total of $171,688. Participation reduction for the same time period of active loans is $885,275. This brings a decrease to the participation loan portfolio of $2,415,673 for a remaining principle balance of $20,036,034 for seventy-five (75) loans. Since finalizing the financials for November, the IFA has received two (2) loan payoffs in the amount of $428,010 and both are in the business and industry category.

Finally, Ms. Granda stated that there are ten (10) potential audit findings. None of these findings appear to be material.

Chairman Brandt thanked Ms. Granda and asked for the Committee Reports.

Committee Reports

Chairman Brandt asked Dr. Barclay for the Venture Capital Committee report.

Dr. Barclay explained that the Venture Capital Committee met with Jessica Carter of Scott Balice Strategies and discussed the IFA Venture Capital business model and the business model of the Authority's predecessor, the Illinois Development Finance Authority ("IDFA"). Dr. Barclay stated that the conclusion of the Committee was that the current Venture Capital model does not fit the IFA profile. Dr. Barclay acknowledged that although the IDFA had a few remarkable successes during the mid-1980s those gains were not enough to warrant the continuation of the current Venture Capital business model. Dr. Barclay explained that the Committee reached this conclusion after a thorough evaluation of the Authority's Venture Capital portfolio. There was short discussion regarding the Authority's current Venture Capital business model.

Chairman Brandt thanked Dr. Barclay and asked Mr. Leonard for the Agriculture Committee report.

Mr. Leonard explained that the Agriculture Committee met at the regular time duly noticed. Mr. Leonard stated that the Agriculture Committee received five Beginning Farmer Bonds ("BFBs") for approval. All five BFBs were approved without objection and are recommended for approval to the Board.

Chairman Brandt thanked Mr. Leonard and asked Dr. Herrin for the Energy Committee Report.

Dr. Herrin explained that the Energy Committee met at the regular time duly noticed. Dr. Herrin stated that the Energy Committee received four projects for approval. All four projects were approved without objection and are recommended for approval to the Board.

Chairman Brandt thanked Dr. Herrin and asked Dr. Barclay for the Healthcare Committee reports.

Dr. Barclay explained that the Healthcare Committee met at the regular time duly noticed and recommends the two projects that appeared before the Healthcare Committee. Furthermore, Dr. Barclay explained that the Committee discussed a disturbing article regarding racial disparities in healthcare within the City of Chicago. Dr. Barclay stated that the Healthcare Committee is working diligently to extend the access of safety net hospitals that serve the disadvantaged. Furthermore, Dr. Barclay explained that the agenda for today includes a resolution authorizing an IFA Medicaid Receivables program. There was brief discussion regarding the history of the Medicaid Receivables program in the State of Illinois.

Chairman Brandt thanked Dr. Barclay and asked for the Project Reports.

Project Reports

Agriculture

Mr. Senica presented the following projects for approval:

No. 1A: **Ryan D. & Heather D. Waldrop - $237,268 – 130.6 acres**

Request for approval of a Final Bond Resolution for the issuance of Beginning Farmer Bonds in an amount not to exceed $237,268 for the purchase of approximately 130.6 acres of farmland. This project is located in unincorporated Lawrence County, near Sumner, IL.

No. 1B: **Wade C. McLaughlin - $150,000 – 60.7 acres**

Request for approval of a Final Bond Resolution for the issuance of Beginning Farmer Bonds in an amount not to exceed $150,000 for the purchase of approximately 60.7 acres of farmland. This project is located in unincorporated Henry County, near Woodhull, IL.

No. 1C: **Jordan Ridgely – $325,000 – 149 acres**

Request for approval of a Final Bond Resolution for the issuance of Beginning Farmer Bonds in an amount not to exceed $325,000 for the purchase of approximately 149 acres of farmland. This project is located in unincorporated Hamilton County, near Olney, IL.

No. 1D: **Wade Werkheiser - $345,330 – 161 acres**

Request for approval of a Final Bond Resolution for the issuance of Beginning Farmer Bonds in an amount not to exceed $345,330 for the purchase of approximately 161 acres of farmland. This project is located in unincorporated Henry County, near Kewanee, IL.

No. 1E: **Douglas E. Mattingly II - $77,120 – 30 acres**

Request for approval of a Final Bond Resolution for the issuance of Beginning Farmer Bonds in an amount not to exceed $77,120 for the purchase of approximately 30 acres of farmland. This project is located in unincorporated Edgar County, near Paris, IL.

Business and Industry

No. 3: **AML Campus II, LLC & AML Equipment Corporation (Alef Sausage, Inc) - $3,000,000 – Final (One-Time Consideration)**

AML Campus II, LLC & AML Equipment Corporation (Alef Sausage, Inc) is requesting approval of a Final Bond Resolution in an amount not-to-exceed $3,000,000. Bond Proceeds will enable AML Campus II, LLC and AML Equipment Corporation to (i) construct and equip an existing manufacturing facility located in Mundelein (Lake County); (ii) acquire new machinery and equipment for use therein; and (iii) pay costs of issuance. The project will be owned by AML Campus II, LLC & AML Equipment Corporation and leased in connection with the manufacturing of sausage and other prepared meats. AML Campus II, LLC, AML Equipment Corporation and Alef Sausage, Inc. are affiliated through common ownership.

Local Government

No. 16: **Village of Deerfield - $20,000,000 – Preliminary**

The Village of Deerfield is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed $20,000,000. The Qualified Energy Conservation Bonds will be used to (i) improve the Village of Deerfield's Wastewater Reclamation Facility; and (ii) replace and renovate equipment and structures.

No. 18: **Resolution approving the transfer of ownership and lead lender relationship in connection with a Renewable Energy Development Participation Loan to Agri-Wind, LLC and Agri-Wind Project, LLC. (John Deere Credit)**

John Deere Credit has requested consent allowing transfer of two existing loans to Exelon Generation Company, LLC.

Healthcare

Ms. Lenane presented the following project for approval:

No. 15: **Mercy Circle - $30,000,000 – Final (One-Time Consideration)**

Mercy Circle is requesting approval of a Final Bond Resolution in an amount not-to-exceed $30,000,000. Bond Proceeds will be used to pay or reimburse the costs of: (i) acquiring, constructing, and equipping construction, installation and equipping a continuing care retirement community on six acres of land on the far south side of Chicago, including related administrative facilities; and approximately 108 adjacent parking spaces; (ii) capitalized interest on the Bonds; and (iii) costs of issuance.

There was a brief discussion regarding the Mercy Circle project. Chairman Brandt explained that this project would be voted on first during the Board Meeting since Mr. O'Brien will abstain due to the fact that his firm has represented the Sisters of Mercy in certain matters.

No. 25: **Resolution to Establish a Medicaid Receivables Program**

Resolution authorizing the Executive Director and the staff of the Authority to structure a program assisting the State of Illinois finance Medicaid Receivables.

Business and Industry

No. 2: **Concordia Place Apartments, L.P. - $17,000,000 – Final**

Concordia Place Apartment, L.P. is requesting the approval of a Final Bond Resolution in an amount not-to-exceed $17,000,000. Bond Proceeds and other available funds will be used by Concordia Place Apartments, L.P. to (i) refund the remaining outstanding balance of the City of Chicago Series 2003 Revenue Bonds and IFA Series 2006 Subordinate Bonds; (ii) finance capitalization of certain reserve funds required by the Credit Enhancer (Harris Bank, N.A.); (iii) renovate the project; and (iv) pay costs of issuance.

No. 4: **KONE Centre Investment Fund, LLC – $21,000,000 – Final**

KONE Centre Investment Fund, LLC is requesting approval of a Final Bond Resolution in an amount not-to-exceed $21,000,000. Bond Proceeds of the IFA Series 2010 Midwestern Disaster Area Bonds (KONE Centre Project), combined with other sources of debt and equity, will be loaned to KONE Centre Investment Fund, LLC and Financial District Properties KP, LLC, an Illinois limited liability company, to (i) acquire, construct and equip an approximately 115,000 Square Foot, 8-story office and residential building to be located on an approximately 2.184 acre site at 1 KONE Court (at the southeast corner of 17th Street and 2nd Avenue) in Moline (Rock Island County), Illinois; and (ii) finance costs of issuance. The Project will be owned by the Financial District Properties KP, LLC.

No. 5: **Mayo Properties LLC (Moran Transportation Corporation Project) – $4,100,000 – Final**

Mayo Properties LLC (Moran Transportation Corporation Project) is requesting approval of a Final Bond Resolution in an amount not-to-exceed $4,100,000. Bond Proceeds will be used to (i) acquire land; (ii) construct and equip a facility for use by Moran Transportation Corporation used in the Company's warehousing, logistics, and trucking operations; and (iii) pay costs of issuance.

No. 6: **1200 Internationale Parkway LLC and/or 4580 Weaver LLC (MicroSun Technologies LLC Project) – $3,500,000 – Final (One-Time Consideration)**

1200 Internationale Parkway LLC and/or 4580 Weaver LLC (MicroSun Technologies LLC Project) is requesting approval of a Final Bond Resolution in an amount not-to-exceed $3,500,000. Bond Proceeds will be used to (i) acquire, renovate, construct and equip an approximately 98,500 Square Foot industrial/warehousing building located in Woodridge, Illinois for a facility that will be leased to MicroSun Technologies, LLC, an affiliated company under common ownership to be used in connection with its business of designing and manufacturing rechargeable batteries, chargers and power supplies for portable devices; (ii) acquire and renovate an approximately an approximately 48,000 Square Foot building located at 4580 Weaver Road, Warrenville, Illinois to be leased by 4580 Weaver LLC to Phonak LLC (an unaffiliated company) for use in the manufacturing of hearing and communication solutions; (iii) pay costs of issuance.

No. 7: **Rochelle Energy Center, LLC – $10,000,000 – Final (One-Time Consideration)**

Rochelle Energy Center, LLC is requesting approval of a Final Bond Resolution in an amount not-to-exceed $10,000,000. Bond Proceeds will be used to enable Rochelle Energy Center, LLC to (i) construct and equip a new gas-to-energy facility in Rochelle, Illinois; and (ii) pay costs of issuance.

No. 8: **SMART Hotels/Olympia Chicago, LLC (Harper Court Hotel Project) – $23,000,000 – Final (One-Time Consideration)**

SMART Hotels/Olympia Chicago, LLC (Harper Court Hotel Project) is requesting approval of a Final Bond Resolution in an amount not-to-exceed $23,000,000. Bond Proceeds together with other funds will be used to (i) acquire land; (ii) construct and equip a 6-story, 130-unit select-service hotel, that will be located near the northeast corner of East 52nd Place and South Harper Court (and to be constructed as a part of a mixed-use redevelopment project that will include 100,000 Square Feet of office space, 150,000 Square Feet of retail and rental units and condominiums known at the Harper Court Project that will be financed separately from this Recovery Zone Facility Revenue Bond issue) in Chicago; and (iii) pay capitalized interest; and (iv) to pay costs of issuance.

No. 9: **JH Naperville Hotel, LLC - $30,000,000 – Final (One-Time Consideration)**

JH Naperville Hotel, LLC is requesting approval of a Final Bond Resolution in an amount not-to-exceed $30,000,000. Bond Proceeds together with other available funds and used by JH Naperville Hotel LLC to (i) acquire, renovate and equip an existing 7-story, 280,000 Square Foot, 426-room hotel facility in Naperville, IL; (ii) pay capitalized interest and fund certain reserves; and (iii) pay costs of issuance.

Higher Education, Cultural and Other Non-Healthcare 501(c)(3)'s

No. 10: **CHF-Normal, L.L.C. and its affiliates - $65,000,000 – Preliminary**

CHF-Normal, L.L.C. and its affiliates are requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed $65,000,000. Bond Proceeds will be used by CHF-Normal, L.L.C. to (i) design, construct and equip an approximately 228-unit, 896-bed student residence facility under a ground lease from Illinois State University in Normal, Illinois; (ii) demolish the project site which is currently the site of Cardinal Court student housing property; and (iii) construct approximately 700 surface parking spaces, approximately 350 bike racks and various site improvements, including an enhanced pedestrian walkway to campus.

No. 11: **CHF-DeKalb II, L.L.C. and its affiliates - $135,000,000 – Preliminary**

CHF-DeKalb II, L.L.C. and its affiliates are requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed $135,000,000. Bond proceeds will be used by CHF-DeKalb II, L.L.C. to (i) design, construct and equip an approximately 1,008-bed facility, including dining facilities and a community center on Northern Illinois University's campus in DeKalb, Illinois; (ii) pay capitalized interest during construction; (iii) capitalize a debt service reserve fund; and (iv) pay costs of issuance.

No. 12: **Creative Children's Academy (d/b/a Quest Academy) - $3,700,000 – Final (One-Time Consideration)**

Creative Children's Academy (d/b/a Quest Academy) is requesting approval of a Final Bond Resolution in an amount not-to-exceed $3,700,000. Bond Proceeds will be used by Creative Children's Academy d/b/a Quest Academy to (i) acquire land and related site improvements in conjunction with the subject land being used as green space, outdoor environment learning space and athletic fields by the Borrower; (ii) refinance the outstanding principal balance of IDFA Series 1998 Bonds; (iii) fund capitalized interest; and (iv) pay costs of issuance.

No. 13: **St. Francis High School College Preparatory - $4,500,000 – Final (One-Time Consideration)**

St. Francis High School College Preparatory is requesting approval of a Final Bond Resolution in an amount not-to-exceed $4,500,000. Bond Proceeds will be used by St. Francis High School College Preparatory to (i) construct and equip educational facilities; and (ii) pay costs of issuance.

No. 14: **Illinois College - $4,000,000 – Final (One-Time Consideration)**

Illinois College is requesting approval of a Final Bond Resolution in an amount not-to-exceed $4,000,000. Bond Proceeds will be used by Illinois College to (i) finance various leasehold improvements that will enable Illinois College to undertake various energy conservations projects including: (a) upgrade its Mechanical Systems/HVAC and Lighting/Electrical systems, construct a new pitched roof system, install window/door upgrades and complete interior remodeling work at Gardner Residence Hall; (b) upgrade Primary/Secondary Chilled Water Piping, converting to Variable Flow Pumping and installing Direct Digital Controls at its Parker Science building; (c) consolidate utility meters, install energy-efficient lighting and expand Building Automation Systems throughout Illinois College's campus in Jacksonville; (ii) to pay capitalized interest; and (iii) pay costs of issuance.

Resolutions

No. 17: **Resolution amending loan documents in connection with the Chinese American Service League**

No. 19: **Request by State Bank (Freeport, Illinois) for approval of a 5-year Extension of a term Participation Loan to Freeport/Stephenson County Visitor's Center NFP.**

No. 20: **Resolution approving the extension of a loan from the Authority to the IFF, as successor to Illinois Facilities Fund, Inc.**

No. 21: **Resolution authorizing the issuance of a substitute or amended and restated Revenue Bond in exchange for the IFA Revenue Refunding Bonds (Alexian Brothers Health System), Series 2009**

No. 22: **Resolution appointing the Executive Director for a one-year term of office**

No. 23: **Resolution to Adopt the Report of Compensation Committee**

No. 24: **Resolution assigning a $7,300,000 Recovery Zone Facility Bond allocation to Bond County for the Donnewald Distribution Co. Project**

Private Session

Chairman Brandt thanked the IFA Staff for their presentation and the Chairman made a motioned to enter into a private session to discuss agenda items Nos. 22 and 23. Mr. O'Brien seconded the motion. The Committee of the Whole unanimously agreed, by roll call vote, to enter into private session at 11:02 a.m.

Chairman Brandt asked for a motion to approve exiting the private session at 11:34 a.m. Mr. Goetz motioned to approve and Ms. Bronner seconded the motion. The Committee, by roll call vote, concurred that the private session be adjourned.

Other Business

Chairman Brandt explained that at the Board Meeting the Members will vote affirmatively to approve agenda items Nos. 22 and 23.

Adjournment

The Chairman thanked the Board, IFA staff and the financial advisors for appearing at the meeting and asked if there was any additional information for the Board's consideration. Hearing none he moved to adjourn the meeting. Mr. Leonard seconded the motion. The Committee of the Whole unanimously agreed to adjourn the meeting.

The meeting adjourned at 11:36 a.m.

Respectfully submitted by
Ahad Syed
Assistant Board Secretary

MINUTES OF THE DECEMBER 14, 2010, MEETING OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA" or the "Authority"), pursuant to notice duly given, held a Board Meeting at 11:30 a.m. on Tuesday, December 14, 2010, at the Prudential Plaza Conference Center at 130 East Randolph Street, 7th Floor, Chicago, IL 60601.

Members Present:	**Members Absent**:
1. William A. Brandt Jr., Chairman	11. Ronald E. DeNard
2. Michael Goetz, Vice Chairman	12. John "Jack" Durburg
3. Dr. William Barclay	13. James J. Fuentes
4. Gila Bronner	14. Joseph McInerney
5. Norman Gold	15. Heather Parish
6. Dr. Roger Herrin	
7. Edward Leonard, Sr.	
8. Terrence O'Brien	**Vacancies**: None
9. Roger Poole	
10. Bradley A. Zeller	

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:40 a.m. with the above Members present. Chairman Brandt welcomed Members of the Board and all guests. He then asked the Assistant Board Secretary, Mr. Syed, to call the roll. There being ten (10) members physically present, Mr. Syed a quorum present.

Chairman Brandt explained that the IFA is planning on tentatively scheduling its January Board Meeting on January 11, 2010. There are some concerns that since the Governor's Inaugural Ceremony would occur on January 10, 2010, it may be difficult for some Members and IFA staff to attend.

Chairman Brandt explained that it appears imminent that the Recovery Zone Facility Bonds (RZFBs) will sunset on midnight December 31, 2010. In order to facilitate the prompt closing of some RZFB projects the IFA has tentatively scheduled a second Board Meeting on December 23, 2010.

Acceptance of Financial Statements and Minutes

Financial statements for the period ending November 30, 2010, and Minutes for both the Committee of the Whole and Board of Directors Meetings held on November 9, 2010, were presented to the Board. Chairman Brandt stated that the Authority's Financial Statements and such Minutes were reviewed at the regularly scheduled Committee of the Whole meeting held at 8:30 a.m. Chairman Brandt requested a motion to approve the November 30, 2010, Financial Statements and Minutes from both the Committee of the Whole and Board of Directors Meetings held on November 9, 2010.

The motion was made by Dr. Barclay and seconded by Mr. Goetz. The November 30, 2010, Financial Statements and Minutes for both the Committee of the Whole and Board of Directors Meetings held on November 9, 2010, were unanimously approved by the Members of the Board.

Senior Staff Reports

None.

Project Approvals

Chairman Brandt asked Mr. Rich Frampton, Vice President, to present the projects for consideration to the Board. The Chairman explained that all projects are reviewed by a staff Credit Committee and all agriculture, energy and healthcare projects are also reviewed at their respective committee's public meeting each month. Finally, each project is discussed at the Committee of the Whole meeting held at 8:30 a.m. before the Board Meeting.

Healthcare-No Guests

Mr. Frampton presented the following projects for approval:

No. 15: **<u>Mercy Circle - $30,000,000 – Final (One-Time Consideration)</u>**

Mercy Circle is requesting approval of a Final Bond Resolution in an amount not-to-exceed $30,000,000. Bond Proceeds will be used to pay or reimburse the costs of: (i) acquiring, constructing, and equipping construction, installation and equipping a continuing care retirement community on six acres of land on the far south side of Chicago, including related administrative facilities; and approximately 108 adjacent parking spaces; (ii) capitalized interest on the Bonds; and (iii) costs of issuance.

No guests attended with respect to Item No. 15. Chairman Brandt asked if the Board had any questions with respect to Item No. 15. Mr. O'Brien stated that he must abstain due to the fact that his firm represents the Sisters of Mercy in certain matters. Item 15 received approval with 9 ayes, 0 nays and 1 abstention (O'Brien).

Agriculture-No Guests

No. 1A: **<u>Ryan D. & Heather D. Waldrop - $237,268 – 130.6 acres</u>**

Request for approval of a Final Bond Resolution for the issuance of Beginning Farmer Bonds in an amount not to exceed $237,268 for the purchase of approximately 130.6 acres of farmland. This project is located in unincorporated Lawrence County, near Sumner, IL.

No. 1B: **<u>Wade C. McLaughlin - $150,000 – 60.7 acres</u>**

Request for approval of a Final Bond Resolution for the issuance of Beginning Farmer Bonds in an amount not to exceed $150,000 for the purchase of approximately 60.7 acres of farmland. This project is located in unincorporated Henry County, near Woodhull, IL.

No. 1C: **<u>Jordan Ridgely – $325,000 – 149 acres</u>**

Request for approval of a Final Bond Resolution for the issuance of Beginning Farmer Bonds in an amount not to exceed $325,000 for the purchase of approximately 149 acres of farmland. This project is located in unincorporated Hamilton County, near Olney, IL.

No. 1D: **<u>Wade Werkheiser - $345,330 – 161 acres</u>**

Request for approval of a Final Bond Resolution for the issuance of Beginning Farmer Bonds in an amount not to exceed $345,330 for the purchase of approximately 161 acres of farmland. This project is located in unincorporated Henry County, near Kewanee, IL.

No. 1E: **<u>Douglas E. Mattingly II - $77,120 – 30 acres</u>**

Request for approval of a Final Bond Resolution for the issuance of Beginning Farmer Bonds in an amount not to exceed $77,120 for the purchase of approximately 30 acres of farmland. This project is located in unincorporated Edgar County, near Paris, IL.

No guests attended with respect to Items Nos. 1A, 1B, 1C, 1D or 1E. Chairman Brandt asked if the Board had any questions with respect to Items Nos. 1A, 1B, 1C, 1D or 1E. There being none, Chairman Brandt called a roll call vote on Item Nos. 1A, 1B, 1C, 1D and 1E. Items Nos. 1A, 1B, 1C, 1D and 1E received approval with 10 ayes, 0 nays and 0 abstentions.

Business and Industry-No Guests

No. 2: **Concordia Place Apartments, L.P. - $17,000,000 – Final**

Concordia Place Apartment, L.P. is requesting the approval of a Final Bond Resolution in an amount not-to-exceed $17,000,000. Bond Proceeds and other available funds will be used by Concordia Place Apartments, L.P. to (i) refund the remaining outstanding balance of the City of Chicago Series 2003 Revenue Bonds and IFA Series 2006 Subordinate Bonds; (ii) finance capitalization of certain reserve funds required by the Credit Enhancer (Harris Bank, N.A.); (iii) renovate the project; and (iv) pay costs of issuance.

No. 3: **AML Campus II, LLC & AML Equipment Corporation (Alef Sausage, Inc) - $3,000,000 – Final (One-Time Consideration)**

AML Campus II, LLC & AML Equipment Corporation (Alef Sausage, Inc) is requesting approval of a Final Bond Resolution in an amount not-to-exceed $3,000,000. Bond Proceeds will enable AML Campus II, LLC and AML Equipment Corporation to (i) construct and equip an existing manufacturing facility located in Mundelein (Lake County); (ii) acquire new machinery and equipment for use therein; and (iii) pay costs of issuance. The project will be owned by AML Campus II, LLC & AML Equipment Corporation and leased in connection with the manufacturing of sausage and other prepared meats. AML Campus II, LLC, AML Equipment Corporation and Alef Sausage, Inc. are affiliated through common ownership.

No. 4: **KONE Centre Investment Fund, LLC – $21,000,000 – Final**

KONE Centre Investment Fund, LLC is requesting approval of a Final Bond Resolution in an amount not-to-exceed $21,000,000. Bond Proceeds of the IFA Series 2010 Midwestern Disaster Area Bonds (KONE Centre Project), combined with other sources of debt and equity, will be loaned to KONE Centre Investment Fund, LLC and Financial District Properties KP, LLC, an Illinois limited liability company, to (i) acquire, construct and equip an approximately 115,000 Square Foot, 8-story office and residential building to be located on an approximately 2.184 acre site at 1 KONE Court (at the southeast corner of 17th Street and 2nd Avenue) in Moline (Rock Island County), Illinois; and (ii) finance costs of issuance. The Project will be owned by the Financial District Properties KP, LLC.

No. 5: **Mayo Properties LLC (Moran Transportation Corporation Project) – $4,100,000 – Final**

Mayo Properties LLC (Moran Transportation Corporation Project) is requesting approval of a Final Bond Resolution in an amount not-to-exceed $4,100,000. Bond Proceeds will be used to (i) acquire land; (ii) construct and equip a facility for use by Moran Transportation Corporation used in the Company's warehousing, logistics, and trucking operations; and (iii) pay costs of issuance.

No. 6: **1200 Internationale Parkway LLC and/or 4580 Weaver LLC (MicroSun Technologies LLC Project) – $3,500,000 – Final (One-Time Consideration)**

1200 Internationale Parkway LLC and/or 4580 Weaver LLC (MicroSun Technologies LLC Project) is requesting approval of a Final Bond Resolution in an amount not-to-exceed $3,500,000. Bond Proceeds will be used to (i) acquire, renovate, construct and equip an approximately 98,500 Square Foot industrial/warehousing building located in Woodridge, Illinois for a facility that will be leased to MicroSun Technologies, LLC, an affiliated company under common ownership to be used in connection with its business of designing and manufacturing rechargeable batteries, chargers and power supplies for portable devices; (ii) acquire and renovate an approximately an approximately 48,000 Square Foot building located at 4580 Weaver Road, Warrenville, Illinois to be leased by 4580 Weaver LLC to Phonak LLC (an unaffiliated company) for use in the manufacturing of hearing and communication solutions; (iii) pay costs of issuance.

No. 7: **Rochelle Energy Center, LLC – $10,000,000 – Final (One-Time Consideration)**

Rochelle Energy Center, LLC is requesting approval of a Final Bond Resolution in an amount not-to-exceed $10,000,000. Bond Proceeds will be used to enable Rochelle Energy Center, LLC to (i) construct and equip a new gas-to-energy facility in Rochelle, Illinois; and (ii) pay costs of issuance.

No guests attended with respect to Items Nos. 2, 3, 4, 5, 6 or 7. Chairman Brandt asked if the Board had any questions with respect to Items Nos. 2, 3, 4, 5, 6 or 7. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Items Nos. 2, 3, 4, 5, 6 and 7. Items Nos. 2, 3, 4, 5, 6 and 7 received approval with 10 ayes, 0 nays and 0 abstentions.

Higher Education, Cultural and Other Non-Healthcare 501(c)(3)'s-No Guests

No. 10: **CHF-Normal, L.L.C. and its affiliates - $65,000,000 – Preliminary**

CHF-Normal, L.L.C. and its affiliates are requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed $65,000,000. Bond Proceeds will be used by CHF-Normal, L.L.C. to (i) design, construct and equip an approximately 228-unit, 896-bed student residence facility under a ground lease from Illinois State University in Normal, Illinois; (ii) demolish the project site which is currently the site of Cardinal Court student housing property; and (iii) construct approximately 700 surface parking spaces, approximately 350 bike racks and various site improvements, including an enhanced pedestrian walkway to campus.

No. 11: **CHF-DeKalb II, L.L.C. and its affiliates - $135,000,000 – Preliminary**

CHF-DeKalb II, L.L.C. and its affiliates are requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed $135,000,000. Bond proceeds will be used by CHF-DeKalb II, L.L.C. to (i) design, construct and equip an approximately 1,008-bed facility, including dining facilities and a community center on Northern Illinois University's campus in DeKalb, Illinois; (ii) pay capitalized interest during construction; (iii) capitalize a debt service reserve fund; and (iv) pay costs of issuance.

No. 12: **Creative Children's Academy (d/b/a Quest Academy) - $3,700,000 – Final (One-Time Consideration)**

Creative Children's Academy (d/b/a Quest Academy) is requesting approval of a Final Bond Resolution in an amount not-to-exceed $3,700,000. Bond Proceeds will be used by Creative Children's Academy d/b/a Quest Academy to (i) acquire land and related site improvements in conjunction with the subject land being used as green space, outdoor environment learning space and athletic fields by the Borrower; (ii) refinance the outstanding principal balance of IDFA Series 1998 Bonds; (iii) fund capitalized interest; and (iv) pay costs of issuance.

No. 13: **St. Francis High School College Preparatory - $4,500,000 – Final (One-Time Consideration)**

St. Francis High School College Preparatory is requesting approval of a Final Bond Resolution in an amount not-to-exceed $4,500,000. Bond Proceeds will be used by St. Francis High School College Preparatory to (i) construct and equip educational facilities; and (ii) pay costs of issuance.

No. 14: **Illinois College - $4,000,000 – Final (One-Time Consideration)**

Illinois College is requesting approval of a Final Bond Resolution in an amount not-to-exceed $4,000,000. Bond Proceeds will be used by Illinois College to (i) finance various leasehold improvements that will enable Illinois College to undertake various energy conservations projects including: (a) upgrade its Mechanical Systems/HVAC and Lighting/Electrical systems, construct a new pitched roof system, install window/door upgrades and complete interior remodeling work at Gardner Residence Hall; (b) upgrade Primary/Secondary Chilled Water Piping, converting to Variable Flow Pumping and installing Direct Digital Controls at its Parker Science building; (c) consolidate utility meters, install energy-efficient lighting and expand Building Automation Systems throughout Illinois College's campus in Jacksonville; (ii) to pay capitalized interest; and (iii) pay costs of issuance.

No guests attended with respect to Items Nos. 10, 11, 12, 13 or 14. Chairman Brandt asked if the Board had any questions with respect to Items Nos. 10, 11, 12, 13 or 14. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Items Nos. 10, 11, 12, 13 and 14. Items Nos. 10, 11, 12, 13 and 14 received approval with 10 ayes, 0 nays and 0 abstentions.

Local Government-No Guests

No. 16: **Village of Deerfield - $20,000,000 – Preliminary**

The Village of Deerfield is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed $20,000,000. The Qualified Energy Conservation Bonds will be used to (i) improve the Village of Deerfield's Wastewater Reclamation Facility; and (ii) replace and renovate equipment and structures.

No guests attended with respect to Item No. 16. Chairman Brandt asked if the Board had any questions with respect to Item No. 16. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Item No. 16. Item No. 16 received approval with 10 ayes, 0 nays and 0 abstentions.

Resolutions-No Guests

No. 17: **Resolution amending loan documents in connection with the Chinese American Service League**

No. 18: **Resolution approving the transfer of ownership and lead lender relationship in connection with a Renewable Energy Development Participation Loan to Agri-Wind, LLC and Agri-Wind Project, LLC. (John Deere Credit)**

No. 19: **Request by State Bank (Freeport, Illinois) for approval of a 5-year Extension of a term Participation Loan to Freeport/Stephenson County Visitor's Center NFP**

No. 20: **Resolution approving the extension of a loan from the Authority to the IFF, as successor to Illinois Facilities Fund, Inc.**

No. 21: **Resolution authorizing the issuance of a substitute or amended and restated Revenue Bond in exchange for the IFA Revenue Refunding Bonds (Alexian Brothers Health System), Series 2009**

No. 22: **Resolution appointing the Executive Director for a one-year term of office**

No. 23: **Resolution to Adopt the Report of Compensation Committee**

No. 24: **Resolution assigning a $7,300,000 Recovery Zone Facility Bond allocation to Bond County for the Donnewald Distribution Co. Project**

No. 25: **Resolution to Establish a Medicaid Receivables Program**

No guests attended with respect to Items Nos. 17, 18, 19, 20, 21, 22, 23, 24 or 25. Chairman Brandt asked if the Board had any questions with respect to Items Nos. 17, 18, 19, 20, 21, 22, 23, 24 or 25. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Items Nos. 17, 18, 19, 20, 21, 22, 23, 24 and 25. Items Nos. 17, 18, 19, 20, 21, 22, 23, 24 and 25 received approval with 10 ayes, 0 nays and 0 abstentions.

Business and Industry with Guests

No. 8: **SMART Hotels/Olympia Chicago, LLC (Harper Court Hotel Project) – $23,000,000 – Final (One-Time Consideration)**

SMART Hotels/Olympia Chicago, LLC (Harper Court Hotel Project) is requesting approval of a Final Bond Resolution in an amount not-to-exceed $23,000,000. Bond Proceeds together with other funds will be used to (i) acquire land; (ii) construct and equip a 6-story, 130-unit select-service hotel, that will be located near the northeast corner of East 52nd Place and South Harper Court (and to be constructed as a part of a mixed-use redevelopment project that will include 100,000 Square Feet of office space, 150,000 Square Feet of retail and rental units and condominiums known at the Harper Court Project that will be financed separately from this Recovery Zone Facility Revenue Bond issue) in Chicago; and (iii) pay capitalized interest; and (iv) to pay costs of issuance.

Mr. Frampton introduced Mr. Ed Small, President of Smart Hotels LLC. Mr. Small explained that the project will revitalized and bring jobs to the local community. Mr. Small stated that Recovery Zone Facility Bonds are vital to the project and that the hotel is projected to open by 2013. Mr. Small thanked the IFA Board and the IFA staff for their help in the transaction.

Chairman Brandt asked if the Board had any questions with respect to Item No. 8. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Item No. 8. Item No. 8 received approval with 10 ayes, 0 nays and 0 abstentions.

No. 9: **JH Naperville Hotel, LLC - $30,000,000 – Final (One-Time Consideration)**

JH Naperville Hotel, LLC is requesting approval of a Final Bond Resolution in an amount not-to-exceed $30,000,000. Bond Proceeds together with other available funds and used by JH Naperville Hotel LLC to (i) acquire, renovate and equip an existing 7-story, 280,000 Square Foot, 426-room hotel facility in Naperville, IL; (ii) pay capitalized interest and fund certain reserves; and (iii) pay costs of issuance.

Mr. Frampton introduced Mr. Gregory A. Spanos, Director of Acquisitions, Janko Group. Mr. Spanos explained that Janko Group is currently acquiring the existing hotel which is operating as a Holiday Inn Select and intend to close the project on December 30, 2010. Additionally, Mr. Spanos explained to the Board that the hotel will undergo a fifteen-month construction period. Lastly, Mr. Spanos thanked the IFA Board and Staff for expediting the application and for their continued support. Dr. Herrin asked a couple questions regarding the current status of the hotel and there was brief discussion.

Chairman Brandt asked if the Board had any questions with respect to Item No. 9. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Item No. 9. Item No. 9 received approval with 10 ayes, 0 nays and 0 abstentions.

Other Business

None.

Adjournment

The Chairman then asked if there was any other business to come before the Board. Hearing none, Chairman Brandt requested a motion to adjourn. Upon a motion by Vice Chairman Goetz and seconded by Dr. Herrin, the Board unanimously voted to adjourn at 12:24 p.m.

Respectfully submitted by
Ahad Syed
Assistant Board Secretary

ILLINOIS FINANCE AUTHORITY
Memorandum

To: IFA Board of Directors

From: Jim Senica and Lorrie Karcher

Date: January 18, 2011

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached projects
- **Amount:** Up to $477,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: $943,095.00**
- **Calendar Year Summary:** (as of January 18, 2011)
  - Volume Cap: Note Request is Pending – 2011 amount is to-be-determined
  - Volume Cap Committed: $943,095
  - Volume Remaining: To be determined
  - Average Acreage Farm Size: 48
  - Number of Farms Financed: 7
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds –** no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2011 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

A.

Project Number:	**A-FB-TE-CD-8440**	
Borrower(s):	**Goebel, Greg D. & Krystal J.**	
Borrower Benefit:	First Time Land Buyer	
Town:	Montrose, IL	
IFA Bond Amount:	**$114,000**	
Use of Funds:	Farmland – 60 acres	
Purchase Price:	$228,000 / ($3,800 per ac)	
%Borrower Equity	5%	
% USDA Farm Service Agency	45% *(Subordinate Financing)*	
%IFA	50%	
County/Region:	Jasper / Central	
Lender/Bond Purchaser	Peoples State Bank / Brian Bohnhoff	
Legislative Districts:	Congressional:	19th, John Shimkus
	State Senate:	55th, John Jones
	State House:	108th, David Reis

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on March 1, 2012. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 1, 2012 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

B.

Project Number:	**A-FB-TE-CD-8441**	
Borrower(s):	**Goebel, Thad & Lindsay**	
Borrower Benefit:	First Time Land Buyer	
Town:	Montrose, IL	
IFA Bond Amount:	**$98,000**	
Use of Funds:	Farmland – 60 acres	
Purchase Price:	$196,000 / ($3,266 per ac)	
%Borrower Equity	5%	
% USDA Farm Service Agency	45% *(Subordinate Financing)*	
%IFA	50%	
County/Region:	Jasper / Central	
Lender/Bond Purchaser	Peoples State Bank / Brian Bohnhoff	
Legislative Districts:	Congressional:	19th, John Shimkus
	State Senate:	55th, John Jones
	State House:	108th, David Reis

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on March 1, 2012. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 1, 2012 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

C.

Project Number:	**A-FB-TE-CD-8442**
Borrower(s):	**Maedge, Travis M.**
Borrower Benefit:	First Time Land Buyer
Town:	Highland, IL
IFA Bond Amount:	**$171,928**
Use of Funds:	Farmland – 40 acres
Purchase Price:	$343,857 / ($8,596 per ac)
%Borrower Equity	5%
% USDA Farm Service Agency	45% *(Subordinate Financing)*
%IFA	50%
County/Region:	Madison / Southwestern
Lender/Bond Purchaser	First Mid Illinois Bank & Trust / Bill Wagner
Legislative Districts:*	Congressional: 19th, John Shimkus
	State Senate: 51st, Kyle McCarter
	State House: 102nd, Ron Stephens

Principal shall be paid annually in installments determined pursuant to a Twenty five 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 twenty fifth and final payment of all outstanding balances due twenty five years from the date of closing.

D.

Project Number:	**A-FB-TE-CD-8443**
Borrower(s):	**Rich, Travis Wesley**
Borrower Benefit:	First Time Land Buyer
Town:	Robinson, IL
IFA Bond Amount:	**$146,667**
Use of Funds:	Farmland – 26.66 acres
Purchase Price:	$146,667 / ($5,501 per ac)
%Borrower Equity	0%
% Other	0%
%IFA	100%
County/Region:	Crawford / Southeastern
Lender/Bond Purchaser	First National Bank in Olney / Richard Kocher
Legislative Districts:	Congressional: 15th, Timothy Johnson
	State Senate: 55th, Dale Righter
	State House: 109th, Roger Eddy

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.

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

E.

Project Number:	**A-FB-TE-CD-8444**
Borrower(s):	**Thompson, Paul David**
Borrower Benefit:	First Time Land Buyer
Town:	Edwards, IL
IFA Bond Amount:	**$139,500**
Use of Funds:	Farmland – 46.5 acres
Purchase Price:	$279,000 / ($6,000 per ac)
%Borrower Equity	5%
% USDA Farm Service Agency	45% *(Subordinate Financing)*
%IFA	50%
County/Region:	Warren / West Central
Lender/Bond Purchaser	Midwest Bank of Western Illinois / Les Allen
Legislative Districts:	Congressional: 18th, Aaron Schock
	State Senate: 37th, Dale Risinger
	State House: 73rd, David Leitch

Principal shall be paid annually in installments determined pursuant to a Twenty five 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 twenty fifth and final payment of all outstanding balances due twenty five years from the date of closing.

F.

Project Number:	**A-FB-TE-CD-8445**
Borrower(s):	**Thompson, Teresa Lois**
Borrower Benefit:	First Time Land Buyer
Town:	Little York, IL
IFA Bond Amount:	**$139,500**
Use of Funds:	Farmland – 46.5 acres
Purchase Price:	$279,000 / ($6,000 per ac)
%Borrower Equity	5%
% USDA Farm Service Agency	45% *(Subordinate Financing)*
%IFA	50%
County/Region:	Warren / West Central
Lender/Bond Purchaser	Midwest Bank of Western Illinois / Les Allen
Legislative Districts:	Congressional: 17th, Phil Hare
	State Senate: 47th, John Sullivan
	State House: 94th, Richard Myers

Principal shall be paid annually in installments determined pursuant to a Twenty five 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 twenty fifth and final payment of all outstanding balances due twenty five years from the date of closing.

G.

Project Number:	**A-FB-TE-CD-8446**
Borrower(s):	**Cox, Kevin W. & Lindsay K.**
Borrower Benefit:	First Time Land Buyer
Town:	Illinois City, IL
IFA Bond Amount:	**$133,500**
Use of Funds:	Farmland – 60 acres
Purchase Price:	$267,300 / ($4,455 per ac)
%Borrower Equity	5%
% USDA Farm Service Agency	45% *(Subordinate Financing)*
%IFA	50%
County/Region:	Mercer / Northwest
Lender/Bond Purchaser	Joy State Bank / Bryan Hofmann
Legislative Districts:	Congressional: 17th, Phil Hare
	State Senate: 36th, Mike Jacobs
	State House: 72nd, Patrick Verschoore

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on December 1, 2011. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on December 1, 2011 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

CONDUIT

ILLINOIS FINANCE AUTHORITY

December 14, 2010

$65,000,000
CHF-Normal, L.L.C.

REQUEST	**Purpose:** Bond proceeds will be used by **CHF-Normal, L.L.C.** ("**CHF**" or the "**Borrower**") to (i) finance the acquisition, construction, furnishing, and equipping of an approximately 896-bed student residence facility consisting of five (5) four-story residential buildings, with a community center, parking lots and related facilities, under a ground lease with **Illinois State University** ("**ISU**" or the "**University**") in Normal, Illinois. Bond proceeds will also (ii) finance the cost of demolition of the building on the existing site, (iii) fund interest on the Bonds during construction, (iv) fund a debt service reserve fund, and (v) pay bond issuance costs (the "**Project**"). The Project will be owned by CHF-Normal, L.L.C, an affiliate of Collegiate Housing Foundation, a 501(c)(3) corporation based in Fairhope, AL. The Project will be developed and constructed by an affiliate of American Campus Communities of Austin, TX. Day-to-day operations will be managed by Illinois State University's Student Housing Division. **Program:** 501(c)(3) Revenue Bonds **Extraordinary Conditions:** None. No IFA Funds at risk. No State Funds at risk.
BOARD ACTION	Final Bond Resolution Voting Record – Preliminary Bond Resolution 12/14/2010: Ayes: 10; Nays: 0; Abstentions: 0; Absent: 5 (DeNard, Durburg Fuentes, McInerney, Parish); Vacancies: 0
MATERIAL CHANGES	Request Approval of Policy Exception: Because the proposed project is being developed on behalf of a State University, it is recommended that Bonds may be sold in $5,000 denominations provided that the Bonds attain minimum ratings of Baa3/BBB-/BBB- from Moody's/S&P/Fitch (i.e., this would be an exception to IFA's standard minimum debt rating requirement of Baa2/BBB/BBB for Bonds sold in denominations of less than $100,000 pursuant to IFA's Bond Program Handbook).

JOB DATA

150	Current jobs	5-8	New jobs projected
150	Retained jobs	150 (16 months)	Construction jobs projected

BORROWER DESCRIPTION	● Type of entity: CHF-Normal, L.L.C. is an Alabama limited liability company formed in June 2010 for the sole purpose of developing, owning, and operating the subject student housing project located at Illinois State University. (CHF was selected pursuant to a Request-For-Proposal issued by ISU to construct and finance the Project.) ● Location: Normal/McLean/North Central
CREDIT INDICATORS	● The Bonds will be sold based on a direct rating of the Project. The Underwriter anticipates a low investment grade rating on the Bonds (i.e., Baa3/BBB- from Moody's/S&P). ● The Bonds will be sold on the basis of the underlying direct rating only and will not be an obligation of Illinois State University.
STRUCTURE	● Publicly offered tax-exempt, fixed rate bonds with a term not-to-exceed 33 years. ● Security for the Bonds will include revenues collected by ISU on behalf of the Borrower and deposited with the Trustee, along with various reserve funds and accounts held under the Trust Indenture (including a Debt Service Reserve Fund, and a Repair and Replacement Reserve). ● The Debt Service Reserve Fund will be fully funded at closing in an amount equal to maximum annual debt service on the Bonds. Deposits to the Repair and Replacement Fund will be made on an annual basis from Project cash flows in an initial amount of $175 per bed per year. ● The Borrower will execute a Security Agreement encumbering all of the Borrower's rights, title and interest in and to the land and improvements; and an Assignment of Contract Documents, assigning the Borrower's interest in the development agreement, construction contract and related documents.

SOURCES AND USES

IFA Bonds	$65,000,000	Project Costs:	$64,000,000
		Costs of Issuance	1,000,000
Total	**$65,000,000**	**Total**	**$65,000,000**

RECOMMENDATION Credit Review Committee recommends approval including the policy exception noted above.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 18, 2011

Project: CHF-Normal, L.L.C.

STATISTICS

IFA Project:	N-NP-TE-CD-8436	Amount:	$65,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton
Location:	Normal	County/ Region:	McLean / North Central

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) Student Housing Revenue Bonds
Credit committee recommends approval No IFA funds at risk

Policy Exception: Given that the proposed project is being developed on behalf of a State University, Bonds would be sold in minimum denominations of $5,000 subject to receiving minimum ratings of Baa3/BBB-/BBB- from Moody's/S&P/Fitch (as applicable). These minimum ratings are being recommended, as an exception to the standard minimum rating requirement of Baa2/BBB/BBB applicable to Bonds sold in denominations of less than $100,000 under IFA's Bond Program Handbook, in order to reduce the market interest rate on this Project.

Additionally, it is contemplated that this Policy Exception will be recommended as part of IFA's standard Bond Program Handbook policy in the future.

VOTING RECORD

Preliminary Bond Resolution – December 14, 2010:

Ayes: 10; Nays: 0; Abstentions: 0; Absent: 5 (DeNard, Durburg, Fuentes, McInerney, Parish); Vacancies: 0

PURPOSE

To finance the design, development, construction and equipment of an approximately 228-unit, 896-bed student residence facility to be developed on land under a ground lease from Illinois State University and located at 700 Gregory Street in Normal, Illinois. The site of the Project is currently ISU's Cardinal Court student housing site (the demolition of which will be financed with Bond proceeds). The Project will also include construction of approximately 700 surface parking spaces and various site and related improvements, including an enhanced pedestrian walkway to campus (collectively, the "Project"). This project will provide replacement housing at ISU and modernize ISU's student housing facilities. Upon completion of this project, several existing student housing facilities will be decommissioned by the University.

The Project will be owned by an affiliate of Collegiate Housing Foundation, a 501(c)(3) corporation based in Fairhope, AL that is engaged in developing 501(c)(3)-owned student housing projects nationally. The Project will be developed and constructed by an affiliate American Campus Communities of Dallas, TX. Day-to-day operations will be managed by Illinois State University.

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. The IFA's issuance of these Bonds will convey federal tax-exempt status on interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the borrower.

VOLUME CAP

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

SOURCES AND USES OF FUNDS – Preliminary, Subject to Change

Sources:	IFA 501(c)(3) Revenue Bonds	$ 65,000,000	**Uses:**	Project Costs	$ 46,500,000
				Contingency/Other Refinancing	$ 6,500,000
				Capitalized Interest	$ 6,500,000
				Debt Service Reserve Fund	$ 4,500,000
				Costs of Issuance	$ 1,000,000
	Total:	**$ 65,000,000**		**Total:**	**$ 65,000,000**

Note: The amounts represented above are preliminary and subject to change. The Capitalized Interest Fund will be established at an amount sufficient to fund interest expense to 4/1/2013 (i.e., and cover a period 6 months beyond the anticipated project completion date, as customary). The Debt Service Reserve Fund will be capitalized at an amount sufficient to cover a minimum of one year's maximum annual debt service payments.

JOBS

Current employment:	150	Projected new jobs:	5-8
Jobs retained:	150	Construction jobs:	150 (16 months)

FINANCING SUMMARY

Bondholder's Security/ Credit Ratings: The Borrower and RBC Capital Markets LLC contemplate obtaining a direct rating on the Bonds for sale to investors. It is presently contemplated that the Bonds will have an underlying rating of Baa3/BBB- from Moody's/Standard and Poor's (see Policy Exception requested under "Material Changes" heading on p. 1 of this report).

Under this "direct rating" structure, security for the Bonds will include Revenues collected by the University on behalf of the Borrower and deposited with the Trustee and funds and accounts held under the Trust Indenture including (a Construction Fund and Debt Service Fund/Capitalized Interest Account during the construction phase), Debt Service Reserve Fund and Repair and Replacement Fund. The Debt Service Reserve Fund will be fully funded at closing in an amount equal to maximum annual debt service on the Bonds. Additionally, a Repair and Replacement Fund will be capitalized on an annual basis from project cash flows in an initial amount of $175 per bed per year.

As proposed, the Borrower would be required to execute the following documents: (1) a Security Agreement, encumbering Project Revenues, equipment and inventory; (2) a Leasehold Mortgage and Assignment of Rents and Leases, encumbering all of the Borrower's rights, title and interest in and to the land and improvements; and (3) an Assignment of Contract Documents, assigning the Borrower's interest in the development agreement, construction contact and other related agreements.

Limited Obligations: The Bonds will be limited obligations of CHF-Normal, L.L.C., the Illinois Finance Authority, the State of Illinois, and Illinois State University, and will be payable only from revenues of the Project and secured by (i) a Leasehold Mortgage on the land and improvements, (ii) a collateral assignment of Rents and Leases, and (iii) a Security Agreement. Pursuant to terms of the Ground Lease, CHF-Normal, L.L.C. will be subject to a rate covenant to revise rates, fees, and charges as necessary so that Revenue Available for Fixed Charges will be sufficient to meet the requirements of the Loan Agreement.

Bonds will Be Non-Recourse to ISU, IFA, and the State of Illinois: The Bonds will not constitute a debt of Illinois State University, the Illinois Finance Authority, the State of Illinois, or any other political subdivision of the State and payment of the Bonds (and any interest thereon) will not be supported by the taxing powers, full faith and credit, or a moral obligation of the State of Illinois or any political subdivision.

Underlying Project Ratings: The Bonds are anticipated to have an underlying rating of Baa3/BBB- from Moody's and Standard and Poor's, respectively.

Structure/ Interest Rate: The expectation is that the Bonds would obtain a low investment grade rating (e.g., Baa3/BBB-) and sold on a fixed rate basis. Interest rates will be based on market conditions at the time of closing.

Interest will be fully capitalized through February 1, 2013 (i.e., a date six months subsequent the anticipated substantial completion date of the Project).

Maturity: 33 years (not-to-exceed)

Anticipated Closing Date: February 2011

Rationale: The proposed financing will provide for the construction of approximately 826 beds of new and replacement student housing on the campus of Illinois State University on the site of the existing Cardinal Court student housing facility, which will be demolished to enable development of the CHF-Normal Project. The Project will provide an affordable, on-campus housing option for ISU's students and will have a positive impact on the surrounding community by enhancing the University's ability to attract and retain students, which in turn provides economic activity in the area. In the short-term, the Project will provide a source of construction related jobs.

Pursuant to the Ground Lease, ISU will support the Project by including as part of its student housing program on an equal basis with its existing University-owned facilities. ISU will not direct or assign students on a priority basis to any facilities in preference of the Project (in contrast to the "First Fill Agreement" associated with the CHF-DeKalb II project at NIU. Furthermore, after the new Project opens, ISU plans to decommission 1,583 beds of student housing on its South Campus.

ISU issued a Request for Proposal in Spring 2010 for a third party developer to finance and construct university student housing facilities according to ISU design specifications. The proposed financing will enable ISU to complete financing and construction of these student housing facilities without issuing its own debt.

BUSINESS SUMMARY

Background: **CHF-Normal, L.L.C.** (the "**LLC**" or the "**Borrower**") is an Alabama Limited Liability Company formed in June 2010 for the sole purpose of owning and developing the subject student housing facility for Illinois State University ("ISU" or the "University").

The sole Member of the Borrower is the **Collegiate Housing Foundation** ("the "**Foundation**"), an Alabama not-for-profit corporation established in 1996. The Foundation received its 501(c)(3) Determination Letter from the IRS in 1997.

The Foundation is governed by a 6-member Board of Trustees (see Economic Disclosure Statement section on page 7 for further information).

Description of the Member: The Collegiate Housing Foundation's mission is to assist college and universities by financing, owning, and operating student housing facilities on or near their campuses.

Since its founding, the Foundation and its affiliates have acquired, financed, and managed 33 privatized student housing projects in 19 states, with aggregate project development costs of over $700 million.

The Collegiate Housing Foundation develops and finances each project as a stand-alone project-based financing. CHF forms a special purpose entity to serve as the Borrower and Owner of the subject student housing facilities to be developed. The sponsoring college/university benefits since the project can potentially be financed on a revenue basis by prospective users.

As proposed, CHF-Normal, L.L.C. will lease the ground for the underlying project from ISU. The Facility will be financed with proceeds of a tax-exempt bond issue and will be mortgaged (via a Leasehold Mortgage) as security for the Bondholders. Upon completion, ISU's Housing Division will manage day-to-day operations. When the proposed Bonds are paid in full, the mortgage will be cancelled and the Foundation's interest in the facility will be conveyed (i.e., donated) to Illinois State University.

Prior IFA Experience with CHF: IFA has previous experience with the Foundation. In 2006, IFA issued $19.38 million of 501(c)(3) Revenue Bonds for CHF-DeKalb, L.L.C., a special purpose entity that was formed by the Foundation to develop, construct, and finance a 120-unit replacement student apartment facility ("Northern View Apartments") at **Northern Illinois University** ("**NIU**"). The IFA Series 2006 Bonds for CHF-DeKalb, L.L.C. are secured by a Direct Pay Letter of Credit from Sovereign Bank/Banco Santander. All payments have been current. NIU also engaged the Foundation to develop this privatized student housing project in 2006 pursuant to a Request for Proposal. (As with the subject project at ISU, the 2006 NIU campus apartment project was constructed on a site under a ground lease from NIU.)

Description of the Developer:	**American Campus Communities** ("**ACC**" or the "**Company**") was founded in 1993, is based in Austin, TX, and has been publicly traded Real Estate Investment Trust ("REIT") on the New York Stock Exchange (NYSE Ticker: ACC) since 2004. ACC focuses on developing and owning student housing as its sole, core business. **ACC SC Development, LLC** (the "**Developer**") a Delaware Limited Liability company, is an indirect wholly owned subsidiary that is responsible for all third party development activities undertaken by ACC. Since 1996, ACC has developed more than $1.6 billion in properties for its own account and its university clients and has acquired in excess of $650 million in student housing assets. ACC has developed 64 privatized student housing communities, consisting of more than 47,000 beds. The Company has designed and programmed the full range of contemporary student communities including modern-day residence halls (traditional and full-service), various styles of apartments, and mid- and high-rise communities. Each student housing development project that the Company develops has a dedicated ACC construction manager assigned to it responsible for scheduling periodic on-site visits to the construction site and general contractor, as well as for regular meetings with the University and general contractor. According to ACC's management, ACC has never missed a Fall occupancy or exceeded an approved development budget on any student housing project it has developed. See www.americancampus.com for more additional information.
ISU's RFP:	ISU engaged the Collegiate Housing Foundation pursuant to a Request for Proposal process to develop the subject facility in Spring 2010. The Collegiate Housing Foundation, in turn, engaged American Campus Communities to arrange for the design, financing, and construction.
ISU Campus Housing as Property Mgr.:	Illinois State University will manage day-to-day operations at the property and will provide residential life services to residents. Additionally, ISU will enter into a Ground Lease with CHF-Normal, L.L.C. and receive surplus cash flows after the payment of operating expenses, debt service, and the funding of the Replacement Reserve. Ownership of the Project will be transferred to ISU at the earlier date of expiration of the Ground Lease or upon repayment of the Bonds.

PROJECT SUMMARY (for Final Bond Resolution)

Bond proceeds will be used by CHF-Normal, L.L.C. to (i) finance substantially all of the cost of the acquisition, construction, furnishing, and equipping of an approximate 896-bed student housing facility consisting of five (5) four-story residential buildings, with a community center, parking lots and related facilities, including the costs of demolition of the existing building on a site at Illinois State University in Normal, Illinois (the "Project"), (ii) fund interest on the Bonds during the period of construction of the Project and up to six months thereafter, (iii) fund a debt service reserve fund for the benefit of the Bonds, and (iv) pay expenses incurred in connection with the issuance of the Bonds.

Estimated project costs are as follows:

Construction costs	$42,000,000
Machinery/Equipment	3,000,000
Architectural & Engineering	1,500,000
Total New Money Project Costs	**$46,500,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant: CHF-Normal, L.L.C. (c/o Mr. Leeman Covey, Collegiate Housing Foundation, 411 Johnson Ave., Suite B, P.O. Box 1385, Fairhope, AL 36533-1385; Ph.: 251-928-9340; e-mail: lcovey@collegiatehousing.org)

Applicant Website: www.collegiatehousing.org

Project name: To be determined
Location: 700 Gregory Street, Normal (McLean County), IL 61790

Organization: Alabama Limited Liability Company (June 2010)

Member: Collegiate Housing Foundation: 100%

- Board of Trustees
  - Mr. Leeman H. Covey, President (former VP of Finance, Springhill College, Mobile, AL)
  - Mr. John B. Hicks, Vice President (former Secretary of the Board of Trustees of the University of Alabama System)
  - Dr. John Brooks Slaughter, Treasurer
  - The Honorable Jack Edwards, Secretary
  - Mr. Thomas M. Daly, Director
  - Ms. Linda Flaherty-Goldsmith, Director

Current Property Owner: The subject property will be ground leased from Illinois State University

Project Developer: **ACC SC Development LLC** is a Delaware limited liability company that is an indirect wholly owned subsidiary of American Campus Communities, Inc. (a publicly traded company: the NYSE Ticker Symbol is “ACC”).

Shareholders of 5.0% or more (SEC ownership threshold) of ACC as disclosed pursuant to SEC disclosure as of 9/30/2010) included: (1) The Vanguard Group, Inc. (9.57%) and (2) Davis Selected Advisers, LP (6.12%).

PROFESSIONAL & FINANCIAL

Borrower:	Collegiate Housing Foundation	Fairhope, AL	
Auditor:	To be determined		
Borrower's Counsel:	William B. Givhan, Esq.	Mobile, AL	William B. Givhan
Developer:	ACC SC Development LLC (American Campus Communities, Inc.)	Austin, TX	Brian Winger
Developer's Counsel:	Glast, Phillips & Murray, P.C.	Dallas, TX	Craig Warner
Underwriter:	RBC Capital Markets, LLC	Baltimore, MD	Michael R. Baird, Sara Russell
Underwriter's Counsel:	Ballard Spahr LLP	Baltimore, MD	Teri Guarnaccia
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Andrea G. Bacon
Bond Trustee:	Regions Bank	Birmingham, AL	Lyn Cone
Bond Trustee's Counsel:	Tanner and Guin, LLC	Tuscaloosa, AL	J. Marland Hayes
Financial Advisor to ISU:	John S. Vincent & Co. LLC	Chicago, IL	John S. Vincent
Rating Agencies:	Moody's	New York, NY	Carlos Calderon
	Standard & Poor's	Dallas, TX	Biana Gaytan-Burrell
General Contractor:	Weis Builders	Chicago, IL	
IFA Counsel:	Drinker Biddle & Reath LLP	Chicago, IL	Chuck Katz
IFA Financial Advisor:	Acacia Financial Group	Chicago, IL	Courtney Shea

LEGISLATIVE DISTRICTS

Congressional:	11	Adam Kinzinger
State Senate:	53	Shane Cultra
State House:	106	Keith P. Sommer

CONDUIT

ILLINOIS FINANCE AUTHORITY

January 18, 2011

$135,000,000
CHF-DeKalb II, L.L.C.

REQUEST	**Purpose:** Bond proceeds will be used by **CHF-DeKalb II, L.L.C.** ("**CHF**" or the "**Borrower**") to finance (i) the acquisition, construction, furnishing, and equipping of an approximate 1,008-bed student housing facility consisting of two five-story residential buildings and a community center and dining hall building, with related facilities (the "Project) located on **Northern Illinois University's** ("**NIU's**" or "**University's**") campus in DeKalb, Illinois, (ii) the acquisition of an existing housing facility through refunding the Illinois Finance Authority's Series 2006A Student Housing Revenue Bond (CHF-DeKalb, L.L.C. Project at Northern Illinois University), currently outstanding in the amount of $18,825,000 (the "Prior Bonds"), (iii) fund capitalized interest on the Bonds, and (iv) fund a debt service reserve fund, and (v) pay bond issuance costs. The Project will be owned by CHF-DeKalb II, L.L.C, an affiliate of Collegiate Housing Foundation, a 501(c)(3) corporation based in Fairhope, AL. The Project is located on land leased from the Board of Trustees of the University. The Project will be developed and constructed by an affiliate of American Campus Communities of Austin, TX. Day-to-day operations will be managed by the University. Additionally, if the Series 2006A Bonds are refunded, the Borrower (CHF-DeKalb II, LLC) would be the assignee of CHF-DeKalb, LLC. **Program:** 501(c)(3) Revenue Bonds **Extraordinary Conditions:** None. No IFA Funds at risk. No State Funds at risk.
BOARD ACTION	Final Bond Resolution Voting Record – Preliminary Bond Resolution 12/14/2010: Ayes: 10; Nays: 0; Abstentions: 0; Absent: 5 (DeNard, Durburg, Fuentes, McInerney, Parish); Vacancies: 0
MATERIAL CHANGES	Request Approval of Policy Exception: Because the proposed project is being developed on behalf of a State University, it is recommended that Bonds may be sold in $5,000 denominations provided that the Bonds attain minimum ratings of Baa3/BBB-/BBB- from Moody's/S&P/Fitch (i.e., this would be an exception to IFA's standard minimum debt rating requirement of Baa2/BBB/BBB for Bonds sold in denominations of less than $100,000 pursuant to IFA's Bond Program Handbook).

JOBS DATA

170	Current jobs	6-8	New jobs projected
170	Retained jobs	150 (16-18 months)	Construction jobs projected

BORROWER DESCRIPTION	● Type of entity: CHF-DeKalb II, L.L.C. is an Alabama limited liability company formed in June 2010 for the purpose of assisting NIU to provide housing for its students. (CHF was selected pursuant to a Request-For-Proposal issued by NIU to construct and finance this project.) ● Location: DeKalb/DeKalb/Northeast
CREDIT INDICATORS	● The Bonds will be sold based on a direct rating of the project. The Underwriter anticipates a low investment grade rating on the Bonds anticipated at Baa3/BBB- from Moody's/S&P. ● The Bonds will be sold on the basis of the underlying direct rating only and will not be an obligation of Northern Illinois University.
STRUCTURE	● Publicly offered tax-exempt, fixed rate bonds with a term of not-to-exceed 33 years for the new Project. Any refunded Bonds would likely retain their existing final maturity date (i.e., up to 2043). ● Security for the Bonds will be determined based on the structure, as described further on pp. 3-5 of this report. ● NIU will enter into a First Fill Agreement whereby it will manage its on-campus housing stock to ensure that the Project achieves a 95% academic year occupancy rate, by directing students to the Project prior to filling other NIU campus housing facilities. ● Debt service on the Bonds will be payable from and secured by Pledged Revenues, which will include student rental payments and payments made by the Auxiliary Facilities System under the dining facility lease.

SOURCES AND USES

IFA Bonds	$110,735,000	Project Cost:	$128,000,000
IFA Ref. Bonds	18,825,000	Costs of Issuance	2,000,000
Equity	440,000		
Total	**$130,000,000**	**Total**	**$130,000,000**

RECOMMENDATION Credit Review Committee recommends approval including the policy exception noted above.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 18, 2011

Project: CHF-DeKalb II, L.L.C.

STATISTICS

IFA Project:	N-NP-TE-CD-8435	Amount:	$135,000,000 (not-to-exceed amount)
Type:	501(c)(3) Bonds	IFA Staff:	Rich Frampton
Location:	DeKalb	County/ Region:	DeKalb / Northeast

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) Student Housing Revenue Bonds
Credit committee recommends approval. No IFA funds at risk

Policy Exception: Given that the proposed project is being developed on behalf of a State University, Bonds would be sold in minimum denominations of $5,000 subject to receiving minimum ratings of Baa3/BBB-/BBB- from Moody's/S&P/Fitch (as applicable). These minimum ratings are being recommended, as an exception to the standard minimum rating requirement of Baa2/BBB/BBB applicable to Bonds sold in denominations of less than $100,000 under IFA's Bond Program Handbook, in order to reduce the market interest rate on this Project.

Additionally, it is contemplated that this Policy Exception will be recommended as part of IFA's standard Bond Program Handbook policy in the future.

VOTING RECORD

Preliminary Bond Resolution – December 14, 2010:

Ayes: 10; Nays: 0; Abstentions: 0; Absent: 5 (DeNard, Durburg, Fuentes, McInerney, Parish); Vacancies: 0

PURPOSE

Bond proceeds will be used by **CHF-DeKalb II, L.L.C.** (the "**Borrower**") to finance the design, development, construction and equipping of a new campus housing facility consisting of approximately 1,008 student housing beds located, dining facilities, and a community center on **Northern Illinois University's** ("**NIU's**") campus in DeKalb, Illinois, to pay capitalized interest during construction, capitalize a debt service reserve fund, and pay bond issuance costs. NIU is developing this facility specifically to provide student housing for freshman students.

Additionally, Bond proceeds will be used to acquire an existing housing facility by refunding IFA Series 2006A Student Housing Revenue Bonds (CHF-DeKalb, L.L.C.), currently outstanding with a balance of approximately $18,825,000 (the "Prior Bonds").

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. The IFA's issuance of these Bonds will convey federal tax-exempt status on interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the borrower.

VOLUME CAP

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

SOURCES AND USES OF FUNDS – Preliminary, Subject to Change

Sources:	IFA Bonds (IRB)	$ 110,735,000	**Uses:**	Project Costs	$ 90,175,000
	IFA Refunding Bonds	18,825,000		Refunding Series 2006A Bonds - CHF DeKalb I, LLC	18,825,000
	Equity	440,000		Capitalized Interest	11,000,000
				Debt Service Reserve Fund	8,000,000
				Costs of Issuance	2,000,000
	Total:	**$ 130,000,000**		**Total:**	**$ 130,000,000**

Note: The amounts represented are preliminary estimates and are subject to change. The Capitalized Interest Fund will be established at an amount sufficient to fund interest expense to 4/1/2013 (i.e., enable interest to be funded for a period of 6 months beyond the anticipated completion date, as customary). The Debt Service Reserve Fund will be capitalized at an amount sufficient to cover a minimum of one year's maximum annual debt service payments.

JOBS

Current employment:	175	Projected new jobs:	5-8
Jobs retained:	175	Construction jobs:	150 (16-18 months)

FINANCING SUMMARY

Bondholder's Security/ Credit Ratings: The Borrower and RBC Capital Markets LLC contemplate obtaining a direct rating on the Bonds for sale to investors. It is presently contemplated that the Bonds will have an underlying rating of Baa3/BBB- from Moody's/Standard and Poor's (see Policy Exception requested under "Material Changes" heading on p. 1 of this report).

Under this "direct rating" structure, security for the Bonds will include Revenues collected by the University on behalf of the Borrower and deposited with the Trustee and funds and accounts held under the Trust Indenture including (a Construction Fund and Debt Service Fund/Capitalized Interest Account during the construction phase), Debt Service Reserve Fund and Repair and Replacement Fund. The Debt Service Reserve Fund will be fully funded at closing in an amount equal to maximum annual debt service on the Bonds. Additionally, a Repair and Replacement Fund will be capitalized on an annual basis from project cash flows in an initial amount of $175 per bed per year.

As proposed, the Borrower would be required to execute the following documents: (1) a Security Agreement, encumbering Project Revenues, equipment and inventory; (2) a Leasehold Mortgage and Assignment of Rents and Leases, encumbering all of the Borrower's rights, title and interest in and to the land and improvements; and (3) an Assignment of Contract Documents, assigning the Borrower's interest in the development agreement, construction contact and other related agreements.

Special Structuring Feature:	**NIU First Fill Agreement:** NIU will enter into a First Fill Agreement for the Project, under which it will fill this Project prior to other university-owned or affiliated housing. (Note: the CHF Normal project at ISU does not provide this structuring feature.)
Limited Obligations:	The Bonds will be limited obligations of CHF-DeKalb II, L.L.C., the Illinois Finance Authority, the State of Illinois, and Northern Illinois University, and will be payable only from revenues of the Project and secured by (i) a Leasehold Mortgage on the land and improvements, (ii) a collateral assignment of Rents and Leases, and (iii) a Security Agreement. Pursuant to terms of the Ground Lease, CHF-DeKalb II, L.L.C. will be subject to a rate covenant to revise rates, fees, and charges as necessary so that Revenue Available for Fixed Charges will be sufficient to meet the requirements of the Loan Agreement.
Bonds will be Non-Recourse to NIU, IFA, and the State of Illinois:	The Bonds will not constitute a debt of Northern Illinois University, IFA, the State of Illinois, or any other political subdivision of the State and payment of the Bonds (and any interest thereon) will not be supported by the taxing powers, full faith and credit, or a moral obligation of the State of Illinois or any political subdivision.
Underlying Project Ratings:	The Bonds are anticipated to have an underlying rating of Baa3/BBB- from Moody's and Standard and Poor's, respectively.
Structure/ Interest Rate:	The expectation is that the Bonds would obtain a low investment grade rating (e.g., Baa3/BBB-) and sold on a fixed rate basis. Interest rates will be based on market conditions at the time of closing. Interest will be fully capitalized through February 1, 2013 (i.e., a date six months subsequent the anticipated substantial completion date of the Project).
Maturity:	33 years (not-to-exceed)
Estimated Closing Date:	February, 2011

Rationale: The proposed financing will provide for the construction of approximately 1,008 beds of new and replacement student housing on the campus of Northern Illinois University on the site of a former NIU-owned apartment complex. The project will provide an affordable, on-campus housing option for NIU's students and will have a positive impact on the surrounding community by enhancing the University's ability to attract and retain students, which in turn provides economic activity in the area. In the short-term, the project will provide a source of construction jobs.

Northern Illinois University's Campus Housing Division will actively manage day-to-day operations at the property and will provide residential life services to residents. Additionally, NIU will enter into a Ground Lease with CHF-DeKalb II, L.L.C. and receive surplus cash flows after the payment of operating expenses, debt service, and the funding of the Replacement Reserve. The project will revert back to NIU at the end of the Ground Lease or upon full repayment of the Bonds.

NIU issued a Request for Proposal in Spring 2010 for a third party developer to finance and construct university student housing facilities according to NIU design specifications. The proposed financing will enable NIU to complete financing and construction of these student housing facilities without issuing its own debt.

Additionally, the proposed refunding Bonds (that would refund IFA Series 2006A Bonds – CHF-DeKalb, L.L.C. Project) would enable CHF and the University to eliminate variable rate interest risk and LOC-renewal risk if deemed necessary or desirable.

BUSINESS SUMMARY

Background: **CHF-DeKalb II, L.L.C.** (the "**LLC**" or the "**Borrower**") is an Alabama Limited Liability Company formed in June 2010 for the sole purpose of assisting Northern Illinois University ("NIU" or the "University") to provide housing for its students.

The sole Member of the Borrower is the **Collegiate Housing Foundation** (the "**Foundation**"), an Alabama not-for-profit corporation established in 1996. The Foundation received its 501(c)(3) Determination Letter from the IRS in 1997.

The Foundation is governed by a 6-member Board of Trustee (see Economic Disclosure Statement section on pages 7-8 for further information).

Description of the Member: The Collegiate Housing Foundation's mission is to assist college and universities by financing, owning, and operating student housing facilities on or near their campuses.

Since its founding, the Foundation and its affiliates have acquired, financed, and managed 33 privatized student housing projects in 19 states, with aggregate project development costs of over $700 million.

The Collegiate Housing Foundation develops each project as a stand-alone project financing. CHF forms a special purpose entity to serve as the Borrower and Owner of the subject student housing facilities to be developed. The sponsoring college/university benefits since the project can potentially be financed on a revenue basis by prospective users.

As proposed, CHF-DeKalb II, L.L.C. will lease the ground for the underlying project from NIU. The Facility will be financed with proceeds of a tax-exempt bond issue and will be mortgaged (via a Leasehold Mortgage) as security for the Bondholders. Upon completion, NIU's Housing Division will manage day-to-day operations (and will covenant to lease the subject facilities first, under a "First Fill Agreement", prior to filling other NIU-owned or affiliated housing). When the proposed Bonds are paid in full, the mortgage will be cancelled and the Foundation's interest in the facility will be conveyed (i.e., donated) to Northern Illinois University.

Prior IFA and NIU Experience with CHF:

In 2006, IFA issued $19.38 million of 501(c)(3) Revenue Bonds for CHF-DeKalb, L.L.C., a special purpose entity that was formed by Collegiate Housing Foundation pursuant to an NIU request for proposal to develop, construct, and finance a 120-unit replacement student apartment facility on NIU's campus. The IFA Series 2006 Bonds for CHF-DeKalb, L.L.C. are secured by a Direct Pay Letter of Credit from Sovereign Bank/Banco Santander. All payments have been current. NIU also engaged the Foundation to develop this privatized student housing project in 2006 pursuant to a Request for Proposal. (The subject project represents NIU's second engagement of CHF to develop a student housing facility on a site ground leased from NIU.)

As proposed, the outstanding balance of these Bonds would be refinanced as part of the proposed financing.

Description of the Developer:

American Campus Communities ("**ACC**" or the "**Company**") was founded in 1993, is based in Austin, TX, and has been publicly traded Real Estate Investment Trust ("REIT") on the New York Stock Exchange (NYSE Ticker: ACC) since 2004. ACC focuses on developing and owning student housing as its sole, core business. **ACC SC Development, LLC** (the "**Developer**") a Delaware Limited Liability company, is an indirect wholly owned subsidiary that is responsible for all third party development activities undertaken by ACC.

Since 1996, ACC has developed more than $1.6 billion in properties for its own account and its university clients and has acquired in excess of $650 million in student housing assets. ACC has developed 64 privatized student housing communities, consisting of more than 47,000 beds. The Company has designed and programmed the full range of contemporary student communities including modern-day residence halls (traditional and full-service), various styles of apartments, and mid- and high-rise communities.

Each student housing development project that the Company develops has a dedicated ACC construction manager assigned to it responsible for scheduling periodic on-site visits to the construction site, as well as for regular meetings with the University and general contractor.

According to ACC's management, ACC has never missed a Fall occupancy or exceeded an approved development budget on any student housing project it has developed. See www.americancampus.com for more additional information.

NIU's RFP:

NIU engaged the Collegiate Housing Foundation (the Borrower) pursuant to a Request for Proposal process to develop the subject facility. The Collegiate Housing Foundation, in turn, engaged American Campus Communities to arrange for the design, financing, and construction.

NIU Campus Housing as Property Manager:	NIU's Campus Housing Division will manage day-to-day operations at the property and will provide residential life services to residents. Additionally, NIU will enter into a Ground Lease with CHF-DeKalb II, L.L.C. and receive surplus cash flows after the payment of operating expenses, debt service, and the funding of the Replacement Reserve. Ownership of the Project will be transferred to NIU at the earlier date of expiration of the Ground Lease or upon repayment of the Bonds.

PROJECT SUMMARY (for Final Bond Resolution)

Pursuant to the Ground Lease agreement between Northern Illinois University and Collegiate Housing Foundation, Bond Proceeds will be issued in one or more series and used to (i) finance the design, development, construction and equipping of an approximately 1,008-bed student housing facility comprising two, 5-story buildings, near the northwest corner of Annie Glidden Road and Lincoln Drive North on ground leased from Northern Illinois University's campus in DeKalb, Illinois 60115. Bond proceeds will also finance (ii) the design, construction and equipping of a dining hall facility, and community center, (iii) finance capitalized interest during the construction period, (iv) capitalize a debt service reserve fund, and (v) pay bond issuance costs (and, collectively the "Project"). Finally, additional series of Bonds may also be issued to acquire an existing student housing facility by refunding the outstanding balance of IFA Series 2006A Bonds [i.e., CHF-DeKalb, L.L.C. Project at Northern Illinois University] (the "Prior Bonds").

The Project financed by the New Money Series 2011 Bond Proceeds will be owned by CHF-DeKalb II, L.L.C., an affiliate of Collegiate Housing Services, a 501(c)(3) corporation, and developed and constructed by American Campus Communities. Day-to-day operations will be managed by NIU.

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

Construction costs – Housing Facilities	$62,750,000
Construction costs – Dining Facilities and Community Center	8,250,000
Machinery & Equipment	6,000,000
Architectural & Engineering	1,495,000
Telecommunications, surveys, testing, permits, Impact fees, constr. mgmt. fees	3,240,000
Construction Contingency	4,000,000
Market Study Fees, Title, Development Fees, Soft Cost Contingency, Other Legal/Prof.	4,440,000
Total New Money Project Costs	**$90,175,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	CHF-DeKalb II, L.L.C. (c/o Mr. Leeman Covey, Collegiate Housing Foundation, 411 Johnson Ave., Suite B, P.O. Box 1385, Fairhope, AL 36533-1385; Ph.: 251-928-9340; e-mail: lcovey@collegiatehousing.org)
Applicant Website:	www.collegiatehousing.org
Project name:	To be determined
Location:	The Project will be on the campus of the University, generally near the intersection of Annie Glidden Road and Lincoln Drive North, DeKalb, Illinois 60115.

Organization: Alabama Limited Liability Company (June 2010)
Member: Collegiate Housing Foundation: 100%

- Board of Trustees
  - Mr. Leeman H. Covey, President (former VP of Finance, Springhill College, Mobile, AL)
  - Mr. John B. Hicks, Vice President (former Secretary of the Board of Trustees of the University of Alabama System)
  - Dr. John Brooks Slaughter, Treasurer
  - The Honorable Jack Edwards, Secretary
  - Mr. Thomas M. Daly, Director
  - Ms. Linda Flaherty-Goldsmith, Director

Current Property Owner: The subject property will be located on ground leased from Northern Illinois University. NIU will also be the Manager of the Project upon completion.

Project Developer: **ACC SC Development LLC** is a Delaware limited liability company that is an indirect wholly owned subsidiary of American Campus Communities, Inc. (a publicly traded company: the NYSE Ticker Symbol is "ACC").

Shareholders of 5.0% or more (SEC ownership threshold) of ACC as disclosed pursuant to SEC disclosure (as of 9/30/2010) included: (1) The Vanguard Group, Inc. (9.57%) and (2) Davis Selected Advisers, LP (6.12%).

PROFESSIONAL & FINANCIAL

Borrower:	Collegiate Housing Foundation	Fairhope, AL	
University's Counsel:	Drinker Biddle & Reath LLP	Chicago, IL	Howard Zweig
Auditor:	To be determined		
Borrower's Counsel:	William B. Givhan, Esq.	Mobile, AL	William B. Givhan
Developer:	ACC SC Development LLC (American Campus Communities, Inc.)	Austin, TX	Brian Winger
Developer's Counsel:	Glast, Phillips & Murray, P.C.	Dallas, TX	Craig Warner
Underwriter:	RBC Capital Markets, LLC	Baltimore, MD	Michael R. Baird, Sara Russell
Underwriter's Counsel:	Ballard Spahr LLP	Baltimore, MD	Teri Guarnaccia
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Andrea G. Bacon
Bond Trustee:	Regions Bank	Birmingham, AL	Lyn Cone
Bond Trustee's Counsel:	Tanner and Guin, LLC	Tuscaloosa, AL	J. Marland Hayes
Financial Advisor to NIU:	Longhouse Capital Advisors	LaGrange Park, IL	Michael Boisvert
Rating Agencies:	Moody's	New York, NY	Carlos Calderon
	Standard & Poor's	Dallas, TX	Biana Gaytan-Burrell
General Contractor:	Pepper Construction Co.	Chicago, IL	
IFA Counsel:	Drinker Biddle LLP	Chicago, IL	Chuck Katz
IFA Financial Advisor:	Acacia Financial Group	Chicago, IL	Courtney Shea

LEGISLATIVE DISTRICTS

Congressional:	14	Randy Hultgren
State Senate:	35	J. Bradley Burzynski
State House:	70	Robert Pritchard

DRAFT

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

TO: Illinois Finance Authority ("IFA") Board of Directors
FROM: Jim Senica, Senior Funding Manager
DATE: January 18, 2011
RE: Pere` Marquette Hotel Associates, L.P. Participation Loan Update

Loan No. B-LL-TX-582	Original Note Date:	08/08/06
	Original Balance:	$990,950.73
	Original Interest Rate:	1.014%
	Maturity Date:	1/31/11
	Balance @ 6/30/10	$813,132.28
	Interest Rate beginning as of July 2010:	6.250%

Background: This IFA Participation Loan was originally closed August 2006 with an original maturity date of March 31, 2010. The IFA Board previously approved requests to extend the final maturity date: (1) Initially to June 30, 2010 (approved May 11, 2010), (2) subsequently to September 30, 2010 (approved July 13, 2010) and (3) subsequently to January 31, 2011 (approved October 12, 2010).

Proposed Hotel Sale would repay existing lenders: The Hotel's current owners, Pere` Marquette Hotel Associates, L.P. are in the process of selling the facility and are awaiting receipt of loan proceeds from the closing of the sale to a new purchaser, EM Properties of East Peoria, in order to repay this loan in full. The new owner's project entails not only the purchase of the Pere` Marquette Hotel, but also includes complete refurbishing of the hotel facility transforming it into a 4-star Marriott hotel, along with construction of a new Marriott Courtyard Hotel. Additionally, the project involved construction of a parking facility adjacent to the current hotel building and an enclosed walkway linking both hotels to the Peoria Civic Center. Securing financing for a project of this complexity and magnitude during the current recession has been challenging for the purchaser, thus necessitating repeated extensions of the final maturity date of IFA's loan.

Request: Under the IFA Participation Loan Program, it is the contractual obligation of the participating bank, not the IFA, to administer the loan and service the loan, including remitting and forwarding payments to IFA, as well as regular servicing calls to monitor collateral, collecting and reviewing financial statements and managing loan work-outs and asset disposition as necessary.

DRAFT

Recommendation: Because this loan is currently in negotiation by PNC Bank (and the multi-bank financing syndicate) and the underlying situation could materially change at any time, IFA staff recommends that the Board authorize the Executive Director, or a designee of the Executive Director, to undertake reasonable actions necessary to protect the Authority's interest in this loan with update reports presented to the IFA Board of Directors on an as-needed basis.

Additionally, IFA staff recommends that the Board authorize extending the final maturity date by an additional 120 days (i.e., to May 31, 2010).

RESOLUTION NO. 2010-0118-AD05

RESOLUTION AMENDING AN INDENTURE EVIDENCING A CONDUIT DEBT ISSUANCE BY THE ILLINOIS FINANCE AUTHORITY FOR THE MCKINLEY FOUNDATION PROJECT, AND RATIFYING CERTAIN ACTIONS RELATING THERETO

WHEREAS, the Illinois Finance Authority (the "Authority") is a body corporate and politic duly organized and existing under the laws of the State of Illinois, particularly the Illinois Finance Authority Act, 20 ILCS 3501/801-1, *et seq.* (the 'Act"); and

WHEREAS, Wells Fargo Bank, N.A., is a national banking association duly organized and existing under the laws of the United States of America and qualified to accept and administer the trust created by the Agreement (the "Trustee"); and

WHEREAS, the Authority and the Trustee have heretofore entered into an Indenture dated as of October 1, 2007 (the "Original Indenture"), related to the issuance by the Authority of its $21,745,000 Variable Rate Demand Revenue Bonds (The McKinley Foundation Project), Series 2007A (the "Bonds"); and

WHEREAS, in order to facilitate the remarketing of the Bonds, it is proposed that the parties enter into a First Supplemental Indenture dated as of December 1, 2010 (the "First Supplemental Indenture" and together with the Original Indenture, collectively, the "Indenture") deleting the Unit Pricing Mode;

NOW, THEREFORE, BE IT RESOLVED BY THE ILLINOIS FINANCE AUTHORITY THAT the Original Indenture is hereby amended pursuant to the First Supplemental Indenture; and

BE IT FURTHER RESOLVED THAT, the Executive Director of the Authority (and any designee of such Executive Director) are authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this Resolution, including but not limited to, any additional amendments or supplements to the Indenture or related documents necessary to effect the remarketing of the Bonds as Bank Qualified Bonds within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"); and

BE IT FURTHER RESOLVED THAT all such actions heretofore taken by the Executive Director (or any designee of such Executive Director) in furtherance of the purposes of this Resolution, whether upon oral or written direction of the Authority, are hereby ratified; and

BE IT FURTHER RESOLVED THAT this Resolution shall be effective immediately upon adoption.

Dated this Eighteenth day of January 2011.

Ayes:

Nays:

Abstain:

Vacant:

ILLINOIS FINANCE AUTHORITY

By:____________________________
Chairman

ATTEST:

By:__________________________
Secretary

[SEAL]

Tab 6 – Resolution Authorizing the Executive Director to work with various agencies and trade groups to provide comments to Securities Exchange Commission on proposed SEC Rules

To be Distributed at Committee of the Whole Meeting