Illinois Finance Authority

February 12, 2008
11:30 AM
Board Meeting
The Mid America Club
200 E. Randolph Drive, 80th floor
Chicago, Illinois

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ILLINOIS FINANCE AUTHORITY
BOARD MEETING
February 12, 2008
Chicago, Illinois

EXECUTIVE SESSION
8:30 a.m.
Illinois Finance Authority
180 N. Stetson, Suite 2555

- Opening Remarks
- Executive Director's Report
- Financials
- Staff Reports
- Project Reports
- Other Business
  - Hospital Committee - Dr. Barclay
- Adjournment

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

AGENDA

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

AGRICULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Agri-Industry Guarantee						
1	Kaeb Brothers Farms	Arrowsmith	$148,750	0	0	CEM
Beginning Farmer Bonds						
2	Michael Graham	Springerton	$50,000	0	0	ER
	Bradley & Abbi Bush	Morrison	$95,000	0	0	CEM
	Douglas Franzen	Farmer City	$222,750	0	0	CEM
	Jayson Entwistle	Sherman	$250,000	0	0	ER
TOTAL AGRICULTURE PROJECTS			$766,500	-	-	

HEALTHCARE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds ***Preliminary***						
3	Alexian Brothers Health System	Elk Grove Village, Hoffman Estates	$55,000,000	20	1000	PL/DS
TOTAL HEALTHCARE PROJECTS			$55,000,000	20	1,000	

COMMUNITIES AND CULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds *Preliminary*						
4	Armitage Commons Preservation, NFP	Chicago	$5,000,000	0	0	ST
5	O'Fallon Preservation, NFP	O'Fallon	$3,000,000	0	5	ST
6	Center on Deafness	Northbrook	$1,825,000	0	0	TA
Local Government Pooled Bonds *Preliminary*						
7	City of Colchester	Colchester	$325,000	0	0	KC
8	Village of Farmersville	Farmersville	$365,000	0	0	KC
Local Government Pooled Bonds *Final*						
9	Village of Kane	Kane	$550,000	0	0	EW/KC
TOTAL COMMUNITIES AND CULTURAL PROJECTS			$11,065,000	0	5	

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Participation Loans						
10	C&D Recycling LLC	Northbrook	$215,000	10	7	TA
Industrial Revenue Bonds ***Preliminary***						
11	DD Leasing	Franklin Park and Bartlett	$3,500,000	0	30	ST
12	Overton Gear & Tool Corporation	Addison	$7,000,000	20	0	RF
TOTAL BUSINESS AND INDUSTRY PROJECTS			$10,715,000.0	30	37	

HIGHER EDUCATION

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds ***Preliminary***						
13	The University of Chicago	Chicago	$125,000,000	0	0	RF
TOTAL HIGHER EDUCATION PROJECTS			$125,000,000	0	0	

GRAND TOTAL	$202,546,500	50	1,042	

RESOLUTIONS

Tab	Project	FM
Resolutions		
14	Resolution authorizing the execution and delivery of an amended and restated bond trust indenture and loan agreement relating to the Authority's Series 2001 Bonds, the Series 2005 A & B Bonds and the Series 2007 C & D Bonds (OSF Healthcare System) to permit the addition of a letter of credit to supplement the Radian Assurance bond insurance policy and to convert the Series 2005 A & B Bonds and the Series 2007 C & D Bonds to a weekly /daily rate.	PL/DS

Other

Adjournment

IFA
ILLINOIS FINANCE AUTHORITY

Governor, Rod R. Blagojevich
Executive Director, Kym M. Hubbard

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Illinois Finance Authority
Executive Director's Report
February 12, 2008

To: IFA Board of Directors and Office of the Governor

From: Kym M. Hubbard, Executive Director

Financial Performance

Consolidated Results: Illinois Finance Authority's financial position remains strong with total assets of $161,637,115 consisting of equity of $96,677,463 and liabilities of $64,959,651. This compares favorably to the January, 2007 balance sheet of $156,297,161 in total assets comprising of $91,016,017 in equity and $65,236,144 in liabilities and bonds payable.

Gross Income YTD for January ended at $8,328,516 or $1,059,100 over plan. The above plan performance is primarily due to fee income. Total operating expenses ended at $5,735,996 or $363,834 below plan. This is primarily due to a reduction in costs for professional services and employee related expenses. Net income ended at $4,638,231 which includes the $2,000,000 grant received in July 2007 from the Illinois Clean Energy Foundation.

Sales Activities

Funding Managers will be presenting 13 projects totaling $202,546,500 for approval in February, 2008. Agriculture projects total $766,500; Business and Industry projects total $10,715,000; Communities and Culture projects total $11,065,000; Healthcare projects total $55,000,000; and Higher Education projects total $125,000,000. These projects are expected to create 50 new jobs and 1,042 construction jobs.

Agriculture: The Ag Team met with banks and businesses to discuss IFA programs and potential projects and also met with the USDA to discuss how IFA and USDA programs can work in conjunction to better meet the financing needs of the agriculture community and businesses. Additionally, the Ag Team is working with DCEO to hopefully form a partnership that will bring businesses to Illinois.

Members of the Ag Team met with Maschhoffs, Inc, headquartered in Carlyle, Illinois. Maschhoffs, Inc is the largest swine producer in Illinois and the 7th largest overall producers in the U.S. The meeting provided staff an excellent opportunity to meet with their management to discuss IFA programs and how our programs could benefit those producers under contract with Maschhoffs, Inc.

Members of the Ag Team attended an Ethanol Symposium and spoke to the Farm Beginnings Group, both events were sponsored by the University of Illinois. Additionally, members of the Ag Team spoke on behalf of the IFA at the Jefferson County Economic Development Corporation's event held at Rend Lake College. Also, staff attended two regional farm shows in Dekalb and Gordyville, Illinois which included visits to 11 lenders who were displaying bank services at the shows.

Healthcare: This Spring the Healthcare Team anticipates strong financing activity in the healthcare sector including financings for Elmhurst Memorial Healthcare, Mercy Hospital, Northwest Community Hospital, Northwestern Medical Faculty Foundation, Provena Health and Swedish Covenant Hospital. Additionally, the Healthcare Team also met with the CFO's of several large healthcare systems, a few mid-sized hospitals and a critical access hospital to determine the extent of their upcoming capital needs for capital expenditures or replacement hospitals. Also this month, Director Hubbard, Karen Walker, and the Healthcare Team met with Alan Kraus from Northern Illinois University. Mr. Kraus presented the Illinois Rural HealthNet Application for the Rural Health Care Pilot Program, which was a proposal to the FCC from a consortium of healthcare institutions for federal funding to establish advanced broadband services connecting hospitals throughout Illinois. The IFA is supportive of the project and is helping to identify financing to leverage the FCC grant money. Additionally, the IFA successfully hosted a meeting with the financing team of the 1985 Revolving Fund Pooled Financing program to discuss upcoming marketing efforts for the approximately $40 million in funds that have recently become available. During the meeting, the group also discussed ways to extend the maturity of the 1985 Pool from 2015 to 2020. Lastly, Karen Walker and the Healthcare Team met with Pat Schou, Director of the Illinois Critical Access Hospital Network (ICAHN) to discuss the ICAHN Facilities Workshop which is scheduled for March 27, 2008 in Springfield, Illinois. There were no Healthcare closings for the month of January, 2008.

Higher Education:. The Higher Education Team collaborated with the Federation of Independent Colleges and Universities and Piper Jaffrey over the past few months to plan marketing events to conduct two workshops for the Revenue Anticipation Note (RAN) program offered to private colleges and universities throughout Illinois. Eight colleges were represented at two workshops conducted in Springfield, Illinois at Robert Morris College and in Elmhurst, Illinois at Elmhurst College. Attendees expressed interest in participating in the program as well as interest in the companion Capital Notes Program. Recent changes to the IFA web-site includes the addition of information regarding the RAN program.

The Higher Education team met with senior staff at Aurora College. Aurora College is considering major renovations to its athletic fields and facilities later this year, and will consider IFA for their financing needs.

Director Hubbard and members of the Higher Education Team met with Ken Gotsch, CFO, Chicago City Colleges, and his staff to discuss IFA programs. Mr. Gotsch mentioned that there's a possibility that the IFA could assist in financing the replacement of mobile classrooms in the college system. Additionally, Director Hubbard and the Higher Education Team met with Andrew Davis, Executive Director, Illinois Student Assistance Commission to discuss the possibility of the Commission using the IFA as a conduit financier for future bond issues. Staff will follow up with Executive Director Davis mid-February.

Marketing plans and communication are ongoing with the public education sector. The Higher Education team are meeting with education association representatives, underwriters, and school districts to explore program partnerships that could possibly bring more education projects for financing to the IFA.

Higher Education January 2008 Closings

Closing Date	Issuance$$	Borrower
01/09/08	75,000,000	DePaul University [CP Revenue Notes]

Communities and Culture: Members of the Communities and Culture Team met with representatives from William Blair and Company and the law from of Chapman and Cutler to discuss an innovative program which could help Illinois school districts finance needed new facilities through a leasing arrangement. Staff is studying the proposal to determine its possible viability. Additionally, staff met with representatives from Bank of America to discuss a Pension Bond Program for Illinois local government units. Staff is studying the proposal.

Over the next few months, the Communities and Culture Team will be working in partnership with IML, DCEO and regional economic development groups in the northern and southern parts of Illinois to plan and conduct seminars that focus on Financing Options for community projects. Additionally, preparations for a 2008A pool that will include up to ten participants for an amount not to exceed $7 million. It is anticipated that the 2008A pool will close no later than June, 2008.

The Communities and Culture Team continues to reach-out to local governments to assist them with their financing needs for projects well into calendar year 2009, in cooperation with DCEO's Community Development Assistance Program. Also, staff continues to maintain relationships and explore opportunities with several municipalities that wish to issue bonds on a stand-alone basis. In addition to the local government programs, the IFA issued payment for another 0% interest loan to the City of Savanna.

Communities & Culture January 2008 Closings

Closing Date	Issuance$$	Borrower
01/15/08	14,790,000	Jewish Federation of Metropolitan Chicago 2007-2008B
01/24/08	22,000,000	Sacred Heart Schools
01/24/08	500,000	Village of Waynesville [Pool]
01/24/08	2,070,000	City of Aledo [Pool]
01/25/08	8,490,000	North Shore Ice Arena, LLC

Business & Industry: Strategic planning efforts for the Business & Industry Team includes evaluating (1) terms and lending criteria for IFA's Business Loan Programs (i.e., Participation Loan, Rural Development Loan, and EDA Title IX Revolving Loan Fund) and (2) evaluating and finalizing policy recommendations regarding Volume Cap and Exempt Facilities Carryforward Volume Cap policies.

January is generally a slow month for new project closings, particularly for IRB's and loans. There were no Business & Industry closings in January 2008.

Energy: The completion date for construction of Biofuel Company of America's 45 million-gallon biodiesel plant has been extended approximately one month until the end of February 2008. IFA provided a $15 million guarantee on a term loan provided by Fifth Third Bank. The project remains on budget. Commercial operation is expected to begin by the end of March following several weeks of testing. IFA staff met with the developer of a proposed waste wood-fired electric generation plant and another developer of a coal-fired electric/steam generation plant for a large food processing company to discuss how the IFA may assist them with their financing needs.

No energy projects closed during the month of January.

<u>Compliance/Audit Report</u>

The FY 2007 Compliance Report has yet to be completed. The IFA has not yet received the final audit findings from McGladrey & Pullen however, we anticipate receiving the report before the March 2008 board meeting.

The FY 2007 Financial Report has been completed. Copies will be distributed to the Board and made available to staff and the public within the next few weeks.

Human Resources/Operations Report

Projects completed during the month include:

Compliance: Agency Workforce Report completed and submitted to Office of the Governor

- Compliance: TR-2 Report completed and submitted to the Legislative Audit Commission.
- Compliance: EEOC/AA Third Quarter Report completed and submitted to the Illinois Department of Human Rights.
- Compliance: Ethics Training Reports completed and submitted to the Office of the Executive Inspector General.
- Human Resources: Completed Benefit Review Meetings with IFA staff.
- Human Resources: Attended seminar concerning insurance and benefit trends for the upcoming benefit plan year.
- Operations: Completed installation of new telephone system at all IFA office locations including home offices.

Marketing/Public Relations Report

January publicity for the Authority included press coverage for Jel Sert and Husser Dairy as well as a Chicago Tribune article regarding Chairman Brandt. The IFA received nine requests under the Freedom of Information Act during the month of February 2008, all of which are completed to date. Work continues on the upgrade project for the IFA web-site. The second issue of our newsletter is in draft stage and is expected to be published the month of February 2008.

Legislative Report

On February 1, 2008, the IFA posted a Request for Proposal ("RFP") "Legal Services: (A) Issuer's Counsel; (B) Loan Counsel (various programs); (C) Bond Counsel (various programs); and (D) Counsel for Other Financing Transactions." The RFP is published as IllinoisBid 22014264 (www.purchase.state.il.us). Responses are due on February 22, 2008 by 5 p.m.

No decisions have yet been made as to the IFA's legislative initiatives.

Illinois Finance Authority
Audit Findings
Update as of January 31, 2007

Total Number of 7

Item Number	Description	Status Action Items/ Action Items Completed	Percentage Completed 10 20 30 40 50 60 70 80 90 100
FY 04 Findings			
06-02	Failure to Monitor Bond Compliance	8/8	
FY 05 Findings			
06-01	Noncompliance with the Personnel Code	**Complete**	
FY 06 Findings			
06-03	Missing and Incomplete Documents in State Guaranteed Agriculture Loans	**Complete**	
06-04	Contract Not Executed Timely	**Complete**	
06-05	Approval of Incomplete Travel and Marketing Reimbursement Forms	**Complete**	
06-06	Inadequate Processing and Untimely Deposit of Cash Receipts and Refunds	**Complete**	
06-07	Missing Documents from Personnel File	**Complete**	

<50% = Partially Completed or under review	0
60% = Substantially Completed	0
100% = Completed	7

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

as of 1/31/2008

Loan #	Borrower Name	Due Date	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 + Days
	Participations								
10010	CHAPMAN, MARC (QUALIT	1/30/2008	$1,452.42	.00	.00	.00	.00	.00	.00
10049	SHULTS MACHINE	4/5/2007	$0.00	.00	.00	.00	.00	.00	144,288.11
10073	BAXTER, JAY & COLLEEN	1/29/2008	$565.00	.00	.00	.00	.00	.00	.00
3			$2,017.42	.00	.00	.00	.00	.00	144,288.11
3			$2,318.42	.00	.00	.00	.00	.00	144,288.11

Illinois Finance Authority
Consolidated
Balance Sheet
for the Seven Months Ending January 31, 2008

	Actual January 2007	Actual January 2008	Budget January 2008	Variance to budget
ASSETS				
CASH & INVESTMENTS, UNRESTRICTED	$ 37,252,582	$ 29,059,238	25,531,119	3,528,118
LOAN RECEIVABLE, NET	81,030,941	93,039,689	86,923,693	6,115,997
ACCOUNTS RECEIVABLE	531,800	289,713	569,250	(279,537)
OTHER RECEIVABLES	349,684	1,533,816	1,421,543	112,273
PREPAID EXPENSES	74,139	66,980	182,032	(115,052)
TOTAL CURRENT ASSETS	119,239,145	123,989,435	114,627,637	9,361,798
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	142,784	216,521	278,087	(61,566)
DEFERRED ISSUANCE COSTS	868,476	735,220	770,679	(35,459)
OTHER ASSETS				
CASH, INVESTMENTS & RESERVES	26,996,498	27,478,613	28,053,479	(574,866)
VENTURE CAPITAL INVESTMENTS	5,979,735	5,535,254	6,429,090	(893,837)
OTHER	3,070,522	3,682,072	3,036,442	645,629
TOTAL OTHER ASSETS	36,046,755	36,695,939	37,519,012	(823,073)
TOTAL ASSETS	$ 156,297,161	$ 161,637,115	153,195,414	8,441,699
LIABILITIES				
CURRENT LIABILITIES	1,453,939	1,204,824	1,371,470	(166,646)
LONG-TERM LIABILITIES	63,782,205	63,754,827	58,731,796	5,023,032
TOTAL LIABILITIES	65,236,144	64,959,651	60,103,265	4,856,386
EQUITY				
CONTRIBUTED CAPITAL	36,061,462	36,061,462	36,061,462	0
RETAINED EARNINGS	15,015,018	17,921,049	17,921,049	0
NET INCOME / (LOSS)	3,011,134	4,638,231	1,052,917	3,585,314
RESERVED/RESTRICTED FUND BALANCE	24,279,992	25,491,190	25,491,190	0
UNRESERVED FUND BALANCE	12,693,412	12,565,531	12,565,531	0
TOTAL EQUITY	91,061,017	96,677,463	93,092,149	3,585,314
TOTAL LIABILITIES & EQUITY	$ 156,297,161	$ 161,637,115	$ 153,195,415	8,441,700

Illinois Finance Authority
Consolidated
Stament of Activities
Comparison
for January 2008 and January 2007

	Actual January 2008	Actual January 2007	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2008	Actual YTD FY 2007	Year to Date Variance Actual vs. Actual	YTD % Variance
OCCUPANCY COSTS								
OFFICE RENT	26,040	25,304	736	2.91%	160,798	180,955	(20,157)	-11.14%
EQUIPMENT RENTAL AND PURCHASES	4,019	3,629	390	10.75%	40,425	28,271	12,154	42.99%
TELECOMMUNICATIONS	3,371	9,227	(5,856)	-63.46%	44,461	40,248	4,213	10.47%
UTILITIES	1,040	1,163	(123)	-10.61%	6,311	6,577	(267)	-4.05%
DEPRECIATION	7,973	3,788	4,185	110.46%	50,770	26,514	24,256	91.49%
INSURANCE	1,192	2,353	(1,161)	-49.33%	9,933	9,260	672	7.26%
TOTAL OCCUPANCY COSTS	43,636	45,465	(1,830)	-4.02%	312,698	291,825	20,873	7.15%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	7,497	11,777	(4,280)	-36.34%	56,959	58,180	(1,221)	-2.10%
BOARD MEETING - EXPENSES	4,493	2,353	2,139	90.90%	37,227	16,870	20,357	120.67%
PRINTING	823	1,042	(219)	-20.99%	9,874	6,982	2,892	41.42%
POSTAGE & FREIGHT	2,361	970	1,391	143.43%	16,330	13,412	2,918	21.75%
MEMBERSHIP, DUES & CONTRIBUTIONS	14,147	11,942	2,205	18.46%	30,532	30,756	(224)	-0.73%
PUBLICATIONS	409	464	(55)	-11.91%	1,364	6,636	(5,272)	-79.44%
OFFICERS & DIRECTORS INSURANCE	14,746	13,500	1,246	9.23%	103,225	94,500	8,725	9.23%
MISCELLANEOUS	-	1,863	(1,863)	-100.00%	536	5,406	(4,870)	-90.09%
TOTAL GENL & ADMIN EXPENSES	44,477	43,912	565	1.29%	256,048	232,743	23,305	10.01%
LOAN LOSS PROVISION/BAD DEBT	33,333	25,000	8,333	33.33%	223,657	283,507	(59,850)	-21.11%
OTHER								
INTEREST EXPENSE	644	690	(46)	-6.70%	4,784	5,105	(320)	-6.28%
TOTAL OTHER	644	690	(46)	-6.70%	4,784	5,105	(320)	-6.28%
TOTAL EXPENSES	807,421	(318,460)	1,125,881	-353.54%	5,735,996	4,830,235	905,761	18.75%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	8,799	1,068,609	(1,059,809)	-99.18%	2,592,520	2,967,239	(374,719)	-12.63%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	952	6,942	(5,990)	-86.29%	45,711	43,895	1,816	4.14%
REVENUE GRANT	-	-	-	0.00%	2,000,000	-	2,000,000	0.00%
NET INCOME/(LOSS)	9,751	1,075,551	(1,065,800)	-99.09%	4,638,231	3,011,134	1,627,098	54.04%

Illinois Finance Authority
Consolidated
Stament of Activities
Comparison
for January 2008 and January 2007

	Actual January 2008	Actual January 2007	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2008	Actual YTD FY 2007	Year to Date Variance Actual vs. Actual	YTD % Variance
REVENUE								
INTEREST ON LOANS	322,683	352,192	(29,509)	-8.38%	2,312,678	2,087,552	225,126	10.78%
INVESTMENT INTEREST & GAIN(LOSS)	174,847	45,572	129,275	283.67%	1,637,819	1,517,892	119,927	7.90%
ADMINISTRATIONS & APPLICATION FEES	157,636	182,445	(24,809)	-13.60%	3,735,405	3,363,100	372,305	11.07%
ANNUAL ISSUANCE & LOAN FEES	86,142	103,426	(17,284)	-16.71%	528,809	658,097	(129,288)	-19.65%
OTHER INCOME	74,913	66,516	8,397	12.62%	113,806	170,834	(57,028)	-33.38%
	-							
TOTAL REVENUE	816,221	750,149	66,071	8.81%	8,328,516	7,797,474	531,042	6.81%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	233,895	258,279	(24,385)	-9.44%	1,923,307	1,779,150	144,157	8.10%
BENEFITS	17,546	34,225	(16,679)	-48.73%	162,258	195,183	(32,924)	-16.87%
TEMPORARY HELP	6,029	8,107	(2,077)	-25.62%	58,717	47,938	10,779	22.49%
EDUCATION & DEVELOPMENT	-	-	-	0.00%	1,385	5,457	(4,072)	-74.62%
TRAVEL & AUTO	6,535	5,203	1,332	25.59%	82,853	95,402	(12,550)	-13.15%
TOTAL EMPLOYEE RELATED EXPENSES	264,006	305,815	(41,809)	-13.67%	2,228,519	2,123,130	105,389	4.96%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	129,546	76,072	53,474	70.29%	612,439	877,108	(264,670)	-30.18%
LOAN EXPENSE & BANK FEE	220,928	(881,966)	1,102,895	-125.05%	1,642,083	517,773	1,124,311	217.14%
ACCOUNTING & AUDITING	24,749	27,105	(2,356)	-8.69%	227,247	212,283	14,965	7.05%
MARKETING GENERAL	10,881	2,236	8,645	386.70%	33,120	33,868	(748)	-2.21%
FINANCIAL ADVISORY	21,050	29,291	(8,241)	-28.13%	148,863	204,942	(56,079)	-27.36%
CONFERENCE/TRAINING	514	2,670	(2,156)	-80.75%	4,243	11,064	(6,821)	-61.65%
MISC. PROFESSIONAL SERVICES	9,830	-	9,830	0.00%	12,055	13,728	(1,673)	-12.18%
DATA PROCESSING	3,828	5,251	(1,423)	-27.11%	30,239	23,160	7,079	30.57%
TOTAL PROFESSIONAL SERVICES	421,326	(739,341)	1,160,667	-156.99%	2,710,289	1,893,925	816,364	43.10%

Illinois Finance Authority
Consolidated - Actual to Budget
Stament of Activities
for Period Ending January 31, 2008

	Actual January 2008	Budget January 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2008	Budget YTD FY 2008	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2008	% of Budget Expended
OCCUPANCY COSTS										
OFFICE RENT	26,040	26,196	(156)	-0.59%	160,798	183,372	(22,574)	-12.31%	314,350	51.15%
EQUIPMENT RENTAL AND PURCHASES	4,019	4,000	19	0.47%	40,425	28,840	11,585	40.17%	49,680	81.37%
TELECOMMUNICATIONS	3,371	7,083	(3,712)	-52.40%	44,461	49,581	(5,120)	-10.33%	85,000	52.31%
UTILITIES	1,040	983	57	5.79%	6,311	6,881	(570)	-8.29%	11,800	53.48%
DEPRECIATION	7,973	6,637	1,336	20.13%	50,770	44,008	6,762	15.37%	77,194	65.77%
INSURANCE	1,192	2,000	(808)	-40.39%	9,933	14,000	(4,067)	-29.05%	24,000	41.39%
TOTAL OCCUPANCY COSTS	43,636	46,899	(3,263)	-6.96%	312,698	326,682	(13,984)	-4.28%	562,024	55.64%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	7,497	8,750	(1,253)	-14.31%	56,959	61,250	(4,291)	-7.01%	105,000	54.25%
BOARD MEETING - EXPENSES	4,493	2,568	1,925	74.95%	37,227	17,976	19,251	107.09%	39,000	95.45%
PRINTING	823	1,200	(377)	-31.38%	9,874	8,400	1,474	17.55%	14,400	68.57%
POSTAGE & FREIGHT	2,361	2,067	294	14.24%	16,330	14,469	1,861	12.86%	24,800	65.85%
MEMBERSHIP, DUES & CONTRIBUTIONS	14,147	3,333	10,814	324.44%	30,532	23,331	7,201	30.86%	40,000	76.33%
PUBLICATIONS	409	300	109	36.39%	1,364	2,100	(736)	-35.03%	3,600	37.90%
OFFICERS & DIRECTORS INSURANCE	14,746	14,750	(4)	-0.02%	103,225	103,250	(25)	-0.02%	177,000	58.32%
MISCELLANEOUS	-	42	(42)	-100.00%	536	294	242	82.24%	500	107.16%
TOTAL GENL & ADMIN EXPENSES	44,477	33,010	11,467	34.74%	256,048	231,070	24,978	10.81%	404,300	63.33%
LOAN LOSS PROVISION/BAD DEBT	33,333	33,333	-	0.00%	223,657	233,331	(9,674)	-4.15%	400,000	55.91%
OTHER										
INTEREST EXPENSE	644	644	(0)	-0.02%	4,784	4,784	0	0.00%	8,004	59.77%
TOTAL OTHER	644	644	(0)	-0.02%	4,784	4,784	0	0.00%	8,004	59.77%
TOTAL EXPENSES	807,421	855,980	(48,559)	-5.67%	5,735,996	6,099,830	(363,834)	-5.96%	10,291,751	55.73%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	8,799	102,464	(93,665)	-91.41%	2,592,520	1,169,586	1,422,934	121.66%	3,482,773	74.44%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	952	(16,667)	17,619	-105.71%	45,711	(116,669)	162,380	-139.18%	(200,000)	-22.86%
REVENUE GRANT	-	-	-	0.00%	2,000,000	-	2,000,000	0.00%	-	0.00%
NET INCOME/(LOSS)	9,751	85,797	(76,046)	-88.63%	4,638,231	1,052,917	3,585,314	340.51%	3,282,773	141.29%

Illinois Finance Authority
Consolidated - Actual to Budget
Stament of Activities
for Period Ending January 31, 2008

	Actual January 2008	Budget January 2008	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2008	Budget YTD FY 2008	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2008	% of Budget Expended
REVENUE										
INTEREST ON LOANS	322,683	301,149	21,534	7.15%	2,312,678	2,081,399	231,279	11.11%	3,526,320	65.58%
INVESTMENT INTEREST & GAIN(LOSS)	174,847	208,861	(34,014)	-16.29%	1,637,819	1,449,580	188,239	12.99%	2,499,176	65.53%
ADMINISTRATIONS & APPLICATION FEES	157,636	346,382	(188,746)	-54.49%	3,735,405	3,039,574	695,831	22.89%	6,530,805	57.20%
ANNUAL ISSUANCE & LOAN FEES	86,142	87,106	(964)	-1.11%	528,809	594,234	(65,425)	-11.01%	1,038,859	50.90%
OTHER INCOME	74,913	14,947	59,966	401.19%	113,806	104,629	9,177	8.77%	179,364	63.45%
	-	-								
TOTAL REVENUE	816,221	958,444	(142,224)	-14.84%	8,328,516	7,269,416	1,059,100	14.57%	13,774,524	60.46%
EXPENSES										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	233,895	304,423	(70,528)	-23.17%	1,923,307	2,234,195	(310,888)	-13.92%	3,732,896	51.52%
BENEFITS	17,546	24,985	(7,439)	-29.77%	162,258	185,511	(23,253)	-12.53%	310,439	52.27%
TEMPORARY HELP	6,029	2,500	3,529	141.17%	58,717	17,500	41,217	235.52%	30,000	195.72%
EDUCATION & DEVELOPMENT	-	500	(500)	0.00%	1,385	3,500	(2,115)	-60.43%	6,000	23.08%
TRAVEL & AUTO	6,535	12,501	(5,966)	-47.72%	82,853	87,507	(4,654)	-5.32%	150,000	55.24%
TOTAL EMPLOYEE RELATED EXPENSES	264,006	344,909	(80,903)	-23.46%	2,228,519	2,528,213	(299,694)	-11.85%	4,229,335	52.69%
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	129,546	87,332	42,214	48.34%	612,439	611,324	1,115	0.18%	1,048,000	58.44%
LOAN EXPENSE & BANK FEE	220,928	220,979	(51)	-0.02%	1,642,083	1,546,853	95,230	6.16%	2,578,138	63.69%
ACCOUNTING & AUDITING	24,749	29,329	(4,580)	-15.62%	227,247	205,303	21,944	10.69%	351,946	64.57%
MARKETING GENERAL	10,881	20,833	(9,952)	-47.77%	33,120	145,831	(112,711)	-77.29%	250,000	13.25%
FINANCIAL ADVISORY	21,050	24,545	(3,495)	-14.24%	148,863	167,270	(18,407)	-11.00%	290,000	51.33%
CONFERENCE/TRAINING	514	2,083	(1,569)	-75.32%	4,243	14,581	(10,338)	-70.90%	25,000	16.97%
MISC. PROFESSIONAL SERVICES	9,830	9,167	663	0.00%	12,055	64,169	(52,114)	-81.21%	110,004	10.96%
DATA PROCESSING	3,828	2,917	911	31.21%	30,239	20,419	9,820	48.09%	35,000	86.40%
TOTAL PROFESSIONAL SERVICES	421,326	397,185	24,141	6.08%	2,710,289	2,775,750	(65,461)	-2.36%	4,688,088	57.81%

MINUTES OF THE JANUARY 15, 2008 MEETING OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Board Meeting at 11:30 a.m., on January 15, 2008 at the Mid America Club, 200 E. Randolph Street, 80th floor, Chicago, Illinois:

Members present:
William A. Brandt, Jr., Chair
Michael W. Goetz, Vice Chair
Dr. William J. Barclay
Ronald E. DeNard
James J. Fuentes
Edward H. Leonard, Sr.
Terrence M. O'Brien
Juan B. Rivera
Lynn F. Talbott
Bradley A. Zeller

Members absent:
Magda M. Boyles
Dr. Roger D. Herrin
Andrew W. Rice
Joseph P. Valenti
April D. Verrett

Vacancies:
None

Members participating by telephone:
None

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:35 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests and asked Secretary, Carla Burgess Jones to call the roll. There being ten (10) members physically present, Ms. Burgess Jones declared a quorum present.

Chairman's Report

Chairman Brandt introduced himself as the Illinois Finance Authority's newly appointed chairman and thanked fellow board members for welcoming him and also thanked guests for attending. Chairman Brandt stated that projects being presented at today's meeting were thoroughly reviewed by each board member at the Committee of the Whole meeting held today at 8:30 a.m. Chairman Brandt then asked Director Hubbard to give the Director's Report.

Executive Director's Report

Director Hubbard welcomed and thanked all guests for coming. Director Hubbard reported that the Illinois Finance Authority's financial performance remains strong with total assets of over $161 million and gross income of $1 million over plan. Director Hubbard stated that the above plan performance is primarily due to fee income. Director Hubbard reported that 89 projects would be presented totaling over $76 million and that approval of these projects are expected to create approximately 80 new jobs and 164 construction jobs.

Acceptance of Financial Statements

Financial statements for the period ending December 31, 2007 were presented to and accepted by the Board. Chairman Brandt stated that the Authority's financial statements were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt asked for a motion to approve the financials. Motion was moved by Ms. Talbott and seconded by Mr. DeNard. Secretary, Carla Burgess Jones, took a roll call vote for approval of the financials. The financials were approved by a roll call vote with 10 ayes, 0 nays, and 0 abstentions.

Minutes

Chairman Brandt announced that the next order of business was to approve the minutes of the December 18, 2007 Special Meeting of the Board. Chairman Brandt announced that the December 18, 2007 minutes were approved at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt asked for a motion to approve the minutes. Motion was moved by Mr. Rivera and seconded by Mr. Goetz. Secretary, Carla Burgess Jones, took a roll call vote for approval of the minutes. The minutes were approved by a roll call vote with 10 ayes, 0 nays, and 0 abstentions.

Projects

Chairman Brandt asked Executive Director Hubbard to present the projects for consideration to the Board. Director Hubbard presented agricultural projects in a total approximate amount of $1,394,400 to the Board for approval. Project 1 includes six (6) individual Beginning Farmer projects:

No. 1: **A-FB-TE-CD-7248 – Russell and Mary DeBaillie**

Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $250,000 to provide permanent financing to purchase approximately 56 acres of farmland. This project is located in Orion, Illinois. **(08-01-01).**

A-FB-TE-CD-7249 – Jeremiah Schlipf

Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $200,500 to provide permanent financing to purchase approximately 55 acres of farmland. This project is located in Gridley, Illinois. **(08-01-01)**.

A-FB-TE-CD-7250 – Leah Stoller

Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $250,000 to provide permanent financing to purchase approximately 80 acres of farmland. This project is located in Gridley, Illinois. **(08-01-01).**

A-FB-TE-CD-7251 – Richard and Margaret Seibring
Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $250,000 to provide permanent financing to purchase approximately 80 acres of farmland. This project is located in Paxton, Illinois. **(08-01-01).**

A-FB-TE-CD-7252 – Cory Dovenmuehle
Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $100,000 to provide permanent financing to purchase approximately 7 acres of farmland with buildings. This project is located in Garden Prairie, Illinois. **(08-01-01).**

A-FB-TE-CD-7253 – Adam K. Walter
Request for approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $187,500 to provide permanent financing to purchase approximately 62.5 acres of farmland. This project is located in Grand Prairie, Illinois. **(08-01-01).**

No guests attended with respect to Project no. 1. Chairman Brandt asked if the Board had any questions with respect to the Beginning Farmer Bonds presented. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project no.1 which includes six (6) individual Beginning Farmer Bonds. Leave was granted. Project no. 1 which includes six (6) individual Beginning Farmer Bonds received final approval with 10 ayes, 0 nays, and 0 abstentions.

No. 2: **A-DR-GT-7255 – Thomas A. Smith**
Request for final approval of the issuance of an Agri-Debt Guarantee in an amount not-to-exceed $156,400 to provide for refinancing the borrower's current term debt. This project is located in Jackson, Illinois. **(08-01-02)**.

Chairman Brandt asked if the Board had any questions with respect to Project no. 2. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project no. 2. Leave was granted. Project no. 2 received final approval with 10 ayes, 0 nays, and 0 abstentions.

No. 3: **N-NP-TE-CD-7256 – ASPIRA Inc. of Illinois**
Request for preliminary approval of the issuance of 501(c) 3 Revenue Bonds in an amount not-to-exceed $25 million to finance the acquisition of a building and land, renovations, construction, fund a debt service reserve, pay capitalized interest and pay certain bond issuance costs. This project is expected to create approximately 40 new jobs and 50 construction jobs. This project is located in Chicago, Illinois. **(08-01-03)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to this project. Sharnell Curtis Martin, Senior Funding Manager introduced Mary Beth Welch, CFO. Ms. Welch gave a brief presentation and thanked the Board and the IFA for their consideration. Ms. Welch shared with the Board that the ASPIRA ribbon cutting is scheduled to take place on

January 29, 2008. Chairman Brandt then asked if the Board had any questions with respect to Project no. 3. There being none, Chairman Brandt requested a motion for a roll call vote. Motion moved by Mr. Goetz and seconded by Ms. Talbott. Project no. 3 received preliminary approval with 9 ayes, 0 nays and 1 abstention (Mr. Rivera). Mr. Rivera abstained because his spouse is an employee of ASPIRA Inc. of Illinois.

No. 4: **N-PS-TE-CD-7201 – Sacred Heart Schools**

Request for final approval of the issuance of 501(c)3 Bonds in an amount not-to-exceed $25 million to current refund approximately $13.9M of Series 2003 Adjustable Demand Revenue Bonds issued by the IDFA, refinance an outstanding bank loan to purchase certain real estate, finance the expansion and renovation of a campus facility used for parents, alumni, and community outreach functions, and various campus infrastructure improvements including HVAC, and fund professional and bond issuance costs. This project is expected to create approximately 50 construction jobs over at 12-month period. This project is located in Chicago, Illinois. **(08-01-04)**.

No guests attended with respect to Project no. 4. Chairman Brandt asked if the Board had any questions with respect to Project no. 4. There being none, Chairman Brandt requested a motion for a roll call vote. Motion moved by Mr. DeNard and seconded by Dr. Barclay. Project no. 4 received final approval with 10 ayes, 0 nays and 0 abstentions.

No. 5: **M-MH-TE-CD-7253 – DKI, Inc., and its affiliates, successors and assigns (Governor's House Apartments)**

Request for preliminary approval of the issuance of Affordable Rental Housing Bonds in an amount not-to-exceed $4.75 million for the acquisition and substantial renovation of a vacant 96-unit affordable rental housing property located in University Park. Approximately $4.75 million of Volume Cap will be required and will be provided from South Suburban Mayors and Managers Association's 2005 Multi-family Carryforward. The Applicant is not requesting any IFA Volume Cap. The Village of University Park is a member of the South Suburban Mayors and Managers Association. This project is expected to create approximately 1.5 new jobs and 24 construction jobs. This project is located in University Park. **(08-01-05)**.

Chairman Brandt asked if there were any guests attending the meeting with respect to this project. Rich Frampton, Vice President, introduced Mr. Dan Kotcher, President, DKI, Inc. Mr. Kotcher gave a brief presentation and thanked the Board and the IFA for their consideration. Mr. Kotcher shared with the Board that this project is the second project that has been financed by IFA and that he anticipates the renovations to take 9 months to complete. Chairman Brandt then asked if the Board had any questions with respect to Project no. 5. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project no. 5. Leave was granted. Project no. 5 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

No. 6: **M-MH-TE-CD-7261 – Anna Marion supportive Living, L.P. and its affiliates, successors, and assigns (River to River Anna SLF and River to River Marion SLF Projects**

Request for preliminary approval of Affordable Rental Housing Bonds in an amount not-to-exceed $11.8 million to finance the acquisition of land, and the construction and equipping of two new 50-unit Supportive Living Facilities. Financing will facilitate construction and development of these properties under the State of Illinois' Supportive Living Facility Program. This project will facilitate development of these properties to provide affordable assisted living facilities in Southern Illinois. The Developer plans to allocate 45 of the 50 units in each property to qualified low and moderate income seniors. The Borrower is requesting that approximately $11.8 million of 2007 Carryforward Volume Cap (or 2008 Volume Cap) will be provided by the Governor's Office of Management and Budget to finance these projects with Tax-Exempt Bonds. This project is expected to create approximately 16.5 new jobs and 40-139 construction jobs over a 12-month period. This project is located in Anna and Marion, Illinois. **(08-01-06)**.

No guests attended with respect to Project no. 6. Chairman Brandt asked if the Board had any questions with respect to Project no. 6. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project no. 6. Leave was granted. Project no. 6 received preliminary approval with 10 ayes, 0 nays, and 0 abstentions.

No. 7: **A-LL-TX-7254 – Kent Sorrells**

Request for final approval of the issuance of a Participation Loan in an amount not-to-exceed $275,000 to finance the purchase of a new barge for transporting grain. This project is located in Raymond, Illinois. **(08-01-07)**.

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

No. 8: **I-ID-TE-CD-7247 – Superior Manufacturing Group, Inc. and/or its Affiliates, Successors, and Assigns**

Request for final approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed $7.85 million to finance or reimburse costs incurred to acquire land and a 241,280 square foot industrial building, renovate the building and acquire and install machinery and equipment, and pay legal and other professional costs. This project is expected to create approximately 22 new jobs within a 2-year period. This project is located in Bedford Park, Illinois. **(08-01-08)**.

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

Resolutions/Amendatory Resolutions

No. 9: **Beloit Memorial Hospital.** Resolution authorizing the execution and delivery of an Amended and Restated Bond Trust Indenture and an Amended and Restated Loan Agreement related to the Authority's Series 2004 Bonds and Series 2006A and B Bonds to permit the addition of a Letter of Credit to supplement the Radian Assurance bond insurance policy.

No. 10: **Adventist Health System/Sunbelt Obligated Group.** Resolution approving the restructuring of $60M in aggregate principal amount of Illinois Development Finance Authority Revenue Bonds, Series 2000B, Auction Reset Securities (ARS), and authorizing the execution, delivery and/or approval of certain documentation related to such restructuring.

No. 11: **Lively Grove Energy Partners, LLC.** Request to Amend Preliminary Resolutions adopted December 18, 2007 to authorize the issuance of up to $18,756,000 in Bonds for Lively Grove Energy Partners, LLC.

No. 12: **Prairie Power, Inc.** Request to Amend Preliminary Resolutions adopted December 18, 2007 to authorize the issuance of up to $26,131,000 in Bonds for Prairie Power, Inc.

No. 13: **Southern Illinois Power Cooperative.** Request to Amend Preliminary Resolutions adopted December 18, 2007 to authorize the issuance of up to $25,113,000 in Bonds for Southern Illinois Power Cooperative.

No. 14: **North Shore Arena, LLC.** Request to Amend a Resolution adopted November 13, 2007 for the North Shore Arena, LLC. Purpose of the Bonds are to (i) Change the Underwriter; (ii) Permit the Bonds to be sold in $25,000 Minimum Denominations; and (iii) Modify the Indenture.

No. 15: **Brad and Pam Miller.** Resolution authorizing the execution and delivery of an Amended and Restated Loan Agreement, extending the term of Guarantee for Brad and Pam Miller (Loan #2001-SL-0099).

Chairman Brandt asked if the Board had any questions with respect to the Amendatory Resolutions. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Amendatory Resolution nos. 9 through 15. Leave was granted. Amendatory Resolution nos. 9 through 15 was approved with 10 ayes, 0 nays, and 0 abstentions.

Chairman Brandt asked if there was any other business to come before the Board. There being no further business, Chairman Brandt requested a motion to adjourn. Upon a motion by Mr. Goetz and seconded by Ms. Talbott, the meeting adjourned at approximately 12:01 p.m.

Respectfully Submitted,

Carla B. Burgess Jones, Secretary

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Project: **Kaeb Brothers Farms**

STATISTICS

Project Number:	A-AI-TX-GT-7255	Amount:	$148,750
Type:	Agri-Industry Guarantee	IFA Staff:	Cory E. Mitchell
County/Region:	McLean/North Central		

BOARD ACTION

Final Approval to initiate an 85% loan guarantee in favor of Flanagan State Bank in Benson, IL

IFA Funds contributed: None

State Treasurer's Reserve Funds at Risk: $148,750

Material changes from Preliminary: N/A

Extraordinary conditions: None

Staff Recommendation: Approval subject to 1) all bank terms and conditions 2) Proof of insurance on equipment

VOTING RECORD

No prior voting record.

PURPOSE

Loan proceeds for the proposed loan will be used to provide permanent financing for the purchase of a Rotochopper wood grinder used for producing livestock bedding.

IFA PROGRAM AND CONTRIBUTION

The Authority's Agri-Industry Guarantee Program is designed to assist and encourage the diversification of Illinois Agriculture and promote value added processing of Illinois Agricultural products. The IFA guarantees up to 85% of a bank's loans to Illinois farmers and agribusiness owners. The guarantees are not transferable without the Authority's written consent. The Authority's agricultural guarantee obligations are backed by an IFA reserve funded for this program and are also full faith and credit obligations of the State of Illinois.

IFA's issuance of guarantees helps borrowers obtain debt financing at reduced rates of interest and improved terms

VOLUME CAP

N/A

JOBS

Current employment:	5	Projected new jobs:	0
Jobs retained:	5	Construction jobs:	0

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA Guarantee	$148,750	Uses: Equipment	$175,000
	Flanagan State Bank	$26,250		
	Total	**$175,000**	**Total**	**$175,000**

FINANCING SUMMARY/STRUCTURE

Security:	Security agreement on all equipment now owned or hereafter acquired
Structure:	Fixed rate monthly payments of P&I
Interest Mode:	Fixed
Credit Enhancement:	85% Guarantee from IFA
Maturity:	10 years
Estimated Closing Date:	3/30/2008

PROJECT SUMMARY

Flanagan State Bank will originate a $175,000 equipment loan to provide permanent financing for the purchase of a Rotochopper wood grinder. The lender has requested an 85% guarantee from IFA.

BUSINESS SUMMARY

Description of Business:	Processing of livestock bedding from recycled wood products, specifically wood pallets.
Project Rationale:	Proposed financing will provide permanent financing for the purchase of a wood grinder to supply bedding to new and existing livestock bedding customers. The new machine will allow the business to grow and process more product in a shorter amount of time. The proposed project will benefit the local economy and population by reduced burning and fewer pallets in landfills. This purchase will also allow supplemental off farm income for the borrowers.
Timing:	The transaction is expected to close within 45 days upon receipt of necessary proof of insurance on grinder and evidence of clear title on the purchased Rotochopper wood grinder.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant:	Kaeb Brothers Farms
Project Location:	32467 E. 850 N. Arrowsmith, IL 61722
Borrower:	John Kaeb, Myron Kaeb, David Kaeb and Philip Kaeb (individual obligors)

PROFESSIONAL & FINANCIAL

IFA Counsel:	Dykema Gossett		
Accountant:	Pioneer FBFM, 12 Westport Court, Bloomington, IL 61704-8290		
Lender:	Flanagan State Bank, Richard Ritter, Senior Vice President		
Bank Counsel:	N/A		
IFA Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

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

SERVICE AREA

N/A

BACKGROUND INFORMATION

Kaeb Brothers Farms consists of four brothers and a cousin who reside in the Arrowsmith, Illinois area. They presently have individual acreage of row crop farming and participate in custom farm work to supplement their individual farming operation. All of the operators would like to expand their farming operations, however farm land in today's market is expensive to own or rent and livestock margins are very thin. Therefore these 5 individuals formed a livestock bedding processing operation one year ago to supplement their income. One of the brothers, Philip works at a local pallet factory where he is able to obtain discarded wood pallets which would usually be sent to a landfill as law prohibits burning them. In March 2007 Kaeb Brothers Farms was formed by these 5 individuals and they purchased a Vermeer wood grinder. Each individual invested $5,000 cash into the business to purchase a grinder and all agreed to share the labor necessary. After supplying their product to many satisfied customers they have had requests to fill more orders of livestock bedding. To do this, they will need to purchase a larger grinder. (They will keep their current grinder in addition to the proposed purchase, to use on smaller mobile jobs.)

Process: Once the pallets are received on the farm, they are put onto a conveyor that feeds them into the grinder. The wood pallet is ground into wood chips with the size based on the screen used. The nails in the pallet are caught by a magnetic device on the grinder. For safety purposes, all wood products are run through a second time to avoid any problems with nails. All of the metal product can be resold. Once ground, the finished product is stored inside an existing pole building until needed. Presently the borrower has two delivery trailers to deliver products to their customers.

Supply: Kaeb Brothers Farms presently have up to 8 sources for discarded wood pallets within 60 miles of their business. Other pallet suppliers have agreed to deliver the pallets to the farm and pay the borrower to dispose of them.

Future Uses: Current uses of the discarded wooden pallets are livestock bedding. Other small uses are composting material and garden mulch. All of these products are used in various areas in Agriculture. The borrower will have future opportunities of making raw material that can be converted to wood pellets. These wood pellets can be used as a substitute for corn in corn burning stoves as a heat source. Another product which could be produced with the proposed purchase is colored wood shavings used for trade shows , exhibits and fairs by livestock or agri-business entities.

CONFIDENTIAL

CONFIDENTIAL INFORMATION

Est. fee: $1,312

LOAN STRUCTURE

Interest: Fixed interest rate of 8% for 10 years with monthly principal and interest payments.

Security: Blanket lien of existing farm equipment in the amount of $280,000 in addition to proposed purchased equipment of $175,000.(Total equipment value of collateral is $455,000, IFA 65% discounted value is 295,750)

Repayment: Primary: Sale of livestock bedding
Secondary: Liquidation of collateral

Maturity: 10 years

Weaknesses:

Individual financial positions (very little borrowing experience due to needs)
1 year in the business
Limited cash available for emergency usage for the business

Strengths:

Additional collateral pledged in addition to proposed equipment
Cash paid on delivery of bedding product
Plenty of Labor
No wages or salaries being drawn by borrowers
High demand for product being produced
Surplus of raw material available
Diversification of finished product—bedding, mulch, compost, heating source, etc.
Limited maintenance and repair of grinder due to recent reconditioning
Project is environmentally friendly
One year of experience—started out small, now increasing in size after testing the market

FINANCIAL/CONFIDENTIAL SUMMARY

Discussion: Financial Statements were submitted by the borrower and verified by the lender and IFA staff.

It should be noted that there are 5 individuals making up Kaeb Brothers Farms. Each individual will sign all documents necessary to secure and close the loan as individuals and/or sign personal guarantees. Ages of these 5 individuals range from 16-27(4 brothers, 1 cousin). The 16 year old Daniel Kaeb, will not be a part of the IFA Agri-Industry Loan Application, but will supply labor etc. The financial statements prepared for the proposed transaction was a first for the borrowers.

Historical tax return information doesn't reflect the income and expenses of the livestock bedding business. Future tax return information for the livestock bedding business will be reflected on each borrower's individual return. FBFM (tax preparer) won't have final tax return numbers (2007) until end of February 2008. Borrower will be required to submit copies of 2007 tax return to lender and IFA upon completion at the end of February 2008. Lender has verified that borrower (and all individuals signing proposed loan) are current on all financial obligations. Additional collateral, custom farming and running their own smaller grain operations should mitigate a majority of risk.

Individual debt coverage is minimal on Philip and John (two who have experienced debt servicing) and is very acceptable on the other two obligors. John and Philip have a loan outstanding with John Deere on equipment only and has been taken into account in the financial analysis. Livestock bedding business seems to produce an acceptable cash flow and is presented on a very conservative basis.

2007 Income from the business allowed for principal reduction of over $12,000 and all accrued interest on the current grinder. They were also able to service all debt in regards to expenses for the business on a cash basis (no line of credit used).

A fixed rate of 8% over 10 years will allow the borrower to budget their debt service capacity. Projections from 2008-2010 indicate increasing net income due to increased sales of product.

Credit Bureau reports were only available on John (648) and Myron (694). The reports on both indivduals were perfect with no findings. Limited borrowings were the explanation of scores.

Currently the borrower is delivering bedding at $525 per load (paid at delivery) to 5 dairies located in Graymont, Fairbury, Pontiac, Peoria and Arrowsmith. The borrower's current small grinder is at a maximum capacity of 8 loads per month and projections show 12 loads per month with the addition of the proposed grinder. Two additional dairies have tried the bedding and are on a waiting list to purchase the borrowers bedding (minimum monthly will go to 12 loads/month) once the new grinder is purchased and allows additional supply of product. (A similar business with the same size grinder as proposed is grinding 15 loads per day.)The borrower is presently working to expand their sales of wood products to a very large dairy in Bellflower, IL and a similar dairy in Holder in addition to the two who are on the waiting list.

The borrowers have visited with a group of business people in Goodfield who have a wood pellet business and there are possibilities of Kaeb Brothers Farm wood products could be converted into wood pellets for use in wood burning stoves. If the wood pellet option comes available, another 6 loads per month could be sold. Landscaping market is another area in which the borrower could have future opportunities as the proposed grinder has the option of coloring the mulch to fit many different landscaping and livestock bedding needs.

No wages will be paid to the borrowers until they have paid the proposed loan off. Presently the borrower has 8 sources for discarded wood pallets (which are produced locally and not imported), all available within 60 miles or their business. Phil continues to bring home as many pallets from his off-farm pallet factory employer as possible. Other pallet suppliers have agreed to deliver the pallets to the farm and pay the borrower to dispose of them in order to not pay to fill landfills with the pallets. The borrower receives up to 25 loads of pallets monthly at no cost, plus receives an average monthly income of $1,000 for taking them. It should be noted that the scrap nails from the pallets will be sold as scrap and that income hasn't been reflected in the cash-flow.

Proposed piece of equipment is used, but has been completely rebuilt and should reasonably last up to 10,000 engine hours of use. The borrower will use the machine up to 15 engine hours/month and at this rate with normal wear and tear along with scheduled maintenance should last many years.

The lender for this project feels this is an opportunity for his bank to help five young farmers supplement their annual income. Additional growth potential will come from satisfied customers who use their product. The lender has also stated that the Kaeb family has a long history of excellent farming stewardship and credit worthiness

Annual Cash Flow 2008-2010

			2008	2009	2010
INCOME					
	Product Sales	$72,000			
	Pallet Income (disposal)	$1,000			
	Total Income		**$78,000**	**$88,000**	**$102,000**
EXPENSES					
	Liability Insurance	$1,644			
	Utilities	$8,400			
	Fuel	$8,040			
	Skid Steer Payment	$12,000			
	Repairs	$2,400			
	Debt Servicing	$25,488			
	Total Expenses		**$65,448**	**$70,000**	**$74,000**
NET ESTIMATED MARGIN			**$12,552**	**$18,000**	**$28,000**

FINANCIAL DATA FOR:	David Kaeb	Myron Kaeb	Philip Kaeb	John Kaeb
	11/9/2007	11/9/2007	11/9/2007	11/9/2007
Cash	7,000	18,000	1,500	1,000
Crops/Livestock	22,700	0	32,336	33,336
Other Current Assets	0	0	6,000	0
Total Current Assets	**29,700**	**18,000**	**39,836**	**34,336**
Farm Machinery/Equipment	6,700	8,000	263,000	278,500
Real Estate/Improvements	0	0	0	0
Other LT Assets	0	0	0	0
Total Non-Current Assets	**6,700**	**8,000**	**263,000**	**278,500**
Total Assets	**36,400**	**26,000**	**302,836**	**312,836**
Notes Payable	1	1	1	1
Current Maturities LT debt			0	0
Other Current Liabilities	0	0	0	0
Total Current Liabilities	**1**	**1**	**1**	**1**
Equipment debt	0	0	120,000	130,000
Real Estate Debt	0	0	0	0
Other LT Liabilities	0	0	0	0
Total Non-Current Liabilities	**0**	**0**	**120,000**	**130,000**
Total Liabilities	**1**	**1**	**120,001**	**130,001**
Net Worth	**36,399**	**25,999**	**182,835**	**182,835**
Working Capital	**29,699**	**17,999**	**39,835**	**34,335**
Current Ratio	**29,700.00**	**18,000.00**	**39,836**	**34,336.00**
Debt-to-asset ratio	**0.00**	**0.00**	**0.40**	**0.42**
Debt-to-worth Ratio	**0.00**	**0.00**	**0.66**	**0.71**

Cash Basis Accounting	**David**	**Myron**	**Philip**	**John**
	2006	**2006**	**2006**	**2006**
Crop/Livestock Sales	3,500	0	18,368	18,368
Other Farm Income	18,000	0	50,097	50,097
Total Farm Income	**21,500**	**0**	**68,465**	**68,465**
General Operating Expenses	4,115	0	63,659	62,769
Depreciation	5,364	0	24,888	33,258
Interest Expense	0	0	1,167	2,246
Total Farm Expenses	**9,479**	**0**	**89,714**	**98,273**
Net Cash Farm Income	**12,021**	**0**	**(21,249)**	**(29,808)**
Repayment Margin Analysis				
	2006	**2006**	**2006**	**2006**
Net Farm Operating Income	12,021	0	(21,249)	(29,808)
Add: Non-farm Income	500	35,723	9,811	11,250
Add: Depreciation Expense	5,364	0	24,888	33,258
Add: Annual Term Debt Interest	0	0	1,167	2,246
Less: Income Taxes	(100)	(3,196)	(600)	(1,241)
Less: Family Living W/D	(10,000)	(10,000)	(10,000)	(10,000)
Balance Available for Term Debt R	**7,785**	**22,527**	**4,017**	**5,705**
Principal on Term Debt	1	1	2,500	3,250
Interest on Term Debt	1	1	1,167	2,246
Total Principal and Interest Pymts	**2**	**2**	**3,667**	**5,496**
Equals Term Debt Coverage Ratio	**3,892.50**	**11,263.5**	**1.10**	**1.04**
Equals Term Debt Repayment Mar	**7,783**	**22,525**	**350**	**209**

COLLATERAL ANALYSIS:			
Collateral Description	**Value**	**Advance**	**Adj. Value**
Machinery	$ 455,000	0.65	$ 295,750
Total Collateral	$ 455,000		$ 295,750
Total Loans Outstanding:		$ 175,000	
Raw LTV		38%	
Adjusted LTV:		59%	
Excess Collateral:		$ 120,750	

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Eric Reed & Cory Mitchell/lk

Date: February 12, 2008

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** Up to $250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: $617,750.00**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2008 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees**:
  - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**
  Stephen F. Welcome, Esq.
  Three First National Plaza, Suite 4300
  Chicago, IL 60602

Project Number:	**A-FB-TE-CD-8004**
Funding Manager:	Eric Reed
Borrower(s):	**Graham, Michael**
Town:	Springerton, IL
Amount:	$50,000
Use of Funds:	Farmland – 49 acres
Purchase Price:	$100,000 / ($2,041 per ac)
%Borrower Equity	0%
%Other Agency	50%
%IFA	50%
County/Region:	Franklin / Southern
Lender/Bond Purchaser	Peoples National Bank / Terry Drone
Legislative Districts:	Congressional: 19th, John Shimkus
	State Senate: 54th, John O 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 one year from the date of closing. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to be one year from the date of closing with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

*__Michael Graham:__ Note shall bear simple interest at the expressed rate. The expressed rate shall be 6.50% fixed for the first ten years and adjust every three years thereafter to 1% below prime interest rate as published in the Wall Street Journal. Lender will charge .50 basis points. **IFA Fee: $750.00**

Project Number:	**A-FB-TE-CD-8005**
Funding Manager:	Cory Mitchell
Borrower(s):	**Bush, Bradley & Abbi**
Town:	Morrison, IL
Amount:	$95,000
Use of Funds:	Farmland – 25 acres
Purchase Price:	$118,750 / ($4,750 per ac)
%Borrower Equity	0%
%Other Agency	20%
%IFA	80%
County/Region:	Whiteside / Northwest
Lender/Bond Purchaser	Farmers National Bank / Doug Vanderlaan
Legislative Districts:	Congressional: 16th, Donald Manzullo
	State Senate: 36th, Mike Jacobs
	State House: 71st, Mike Boland

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

*__Bradley & Abbi Bush:__ Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.55% fixed for the five years and adjust every five years thereafter to 1.7% or 170 basis points below the Wall Street Journal prime to be repriced every 5 years from the anniversary date. **IFA Fee: $1,425.00**
*Approving based on a non contested public hearing.

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

Project Number:	**A-FB-TE-CD-8006**
Funding Manager:	Cory Mitchell
Borrower(s):	**Franzen, Douglas**
Town:	Farmer City, IL
Amount:	$222,750
Use of Funds:	Farmland – 45 acres
Purchase Price:	$247,500 / ($5,500 per ac)
%Borrower Equity	10%
%Other Agency	0%
%IFA	90%
County/Region:	McLean / North Central
Lender/Bond Purchaser	Busey Bank / Nick Schneider
Legislative Districts:	Congressional: 15th, Timothy Johnson
	State Senate: 44th, Bill Brady
	State House: 87th, Bill Mitchell

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

*__Douglas Franzen:__ Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.75% fixed for the five years and adjust every five years thereafter to prime interest rate as published in the Wall Street Journal. **IFA Fee: $3,341.00**

Project Number:	**A-FB-TE-CD-8007**
Funding Manager:	Eric Reed
Borrower(s):	**Entwistle, Jayson**
Town:	Sherman, IL
Amount:	$250,000
Use of Funds:	Farmland – 76 acres
Purchase Price:	$499,554 / ($6,573 per ac)
%Borrower Equity	0%
%Other Agency	50%
%IFA	50%
County/Region:	Sangamon / Central
Lender/Bond Purchaser	Bank & Trust Company / Todd Howe
Legislative Districts:	Congressional: 18th, Ray LaHood
	State Senate: 50th, Larry Bomke
	State House: 100th, Rich Brauer

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

*__Jayson Entwistle:__ Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.035% fixed for the five years and adjust every five years thereafter to 70% of prime plus .25% as published in the Wall Street Journal. Lender will charge .002% basis points. **IFA Fee: $3,750.00**

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

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Project: Alexian Brothers Health System

STATISTICS

Project Number: H-HO-CD-TE-8013
Type: 501(c)(3) Bonds
County/Region: Cook/Northeast

Amount: $55,000,000 (Not-to-Exceed)
IFA Staff: Pam Lenane and Dana Sodikoff

BOARD ACTION

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

Staff recommends approval
No extraordinary conditions

VOTING RECORD

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

PURPOSE

Proceeds will be used to: (a) pay or reimburse the Corporation for the costs of acquiring, constructing, renovating, remodeling and equipping certain of its health care facilities, (b) pay a portion of the interest on the Series 2008 Bonds, (c) fund a debt service reserve fund for the benefit of the Series 2008 Bonds, (d) fund working capital, and (e) pay certain expenses incurred in connection with the issuance of the Series 2008 Bonds.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment: 8,262 FTE's
Jobs Retained: 8262 FTE's

Projected new jobs: 20 (project is primarily intended to decompress the hospital)
Construction jobs: 1000

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA bonds	$45,000,000	Uses:	Project Fund	$40,050,000
				Issuance costs	450,000
				Debt Service Reserve Fund	4,500,000
	Total	$45,000,000		Total	$45,000,000

FINANCING SUMMARY/STRUCTURE

Security: Security interest in all accounts and assignable general intangibles, springing mortgage and springing debt service reserve fund
Structure: The current plan of finance contemplates the issuance of 100% fixed rate
Interest Rate: 5.25 to 5.5% (as of January 2008)
Interest Mode: Fixed Rate
Credit Enhancement: None
Maturity: Up to 30 years.
Rating: Moody's – "A3"; Fitch – "A"
Estimated Closing Date: April 15, 2008

PROJECT SUMMARY

Proceeds will be used to reimburse Alexian Brothers Health System for prior capital expenditures including a portion of the internal funds used for the construction and the equipping of the tower project at Alexian Brothers Medical Center; and to pay costs of issuance. The CON was approved for the Bed Tower project on October 25, 2006.

BUSINESS SUMMARY

Description of Business: The Alexian Brothers Health System is a diversified multi-corporate healthcare delivery system sponsored by the Congregation of Alexian Brothers, Immaculate Conception Province, a Roman Catholic religious institute.

The Alexian Brothers began their ministry in the United States in 1866 with the opening of an eight-bed hospital in Chicago. Two years later, a larger hospital was built but destroyed in the Chicago fire of 1871. Over the years, the Brothers twice rebuilt the facility. Today, the Alexian Brothers sponsor the following facilities:

- Three hospitals in the northwest suburbs of Chicago, including Alexian Brothers Medical Center in Elk Grove Village, St. Alexius Medical Center in Hoffman Estates, and Alexian Brothers Behavioral Health Hospital, also in Hoffman Estates
- Life care centers in Signal Mountain, Tennessee and Milwaukee, Wisconsin
- Two nursing homes in St. Louis, Missouri
- Programs for All Inclusive Care of the Elderly in St. Louis, Missouri and Chattanooga, Tennessee
- Free-standing assisted living facility serving persons affected by Alzheimer's or other dementia related disorders in Chattanooga, Tennessee

Affordable housing primarily to serve seniors in St. Louis, Missouri and Chattanooga, Tennessee.

Project Rationale: The primary project being funded by the Bonds is reimbursement for a Bed Tower Expansion at Alexian Brothers Medical Center (ABMC). The project will be three floors with 33 ICU beds and 72 medical surgical beds. The Bed Tower project is being done to increase critical care bed capacity at ABMC and decompress its current bed towers resulting in more private rooms. After this addition, the hospital will be at about 80% private rooms.

Timing: The project is expected to be completed in 2010.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Project name:	Alexian Brothers Health System Construction and Remodeling	
Locations:	Alexian Brothers Medical Center, 800 Biesterfield Road, Elk Grove Village (Cook County), IL 60007-3475 , St. Alexius Medical Center, 1555 Barrington Road, Hoffman Estates (Cook County), IL 60194-1018, and Alexian Brothers Behavioral Health Hospital, 1650 Moon Lake Boulevard, Hoffman Estates (Cook County), IL 60194-1010.	
Applicant:	Alexian Brothers Health System	
Organization:	501(c)(3) Not-for-profit Corporation	
State:	Illinois	
Board of Governors:	Brother John Howard, C.F.A.	Jerry Capizzi
	Brother James Classon	Brother Richard Dube, C.F.A.
	Brother Richard Lowe, C.F.A.	Brother Thomas Keusenkothen, C.F.A
	Bruce Wolfe	Kenneth McHugh
		Sister Renee Rose

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Foley & Lardner	Chicago	Robert Zimmerman
Accountant:	KPMG	Chicago	John Depa
Bond Counsel:	Jones Day	Chicago	S. Louise Rankin
Underwriter:	Merrill Lynch	Chicago	Joe Hegner

Underwriter's Counsel:	Ungaretti & Harris	Chicago	Tom Fahey
Financial Advisor:	Kaufman Hall	Northfield	Ken Kaufman
Bond Trustee:	Wells Fargo Bank	Chicago	Patricia Martirano
Issuer's Counsel:	Schiff Hardin	Chicago	Bruce Weisenthal
IFA Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Louis Scott

LEGISLATIVE DISTRICTS

Elk Grove Village

Congressional:	6 – Peter Roskam
State Senate:	33 – Dan Kotowski
State House:	66 – Carolyn H. Krause

Hoffman Estates

Congressional:	8 – Melissa Bean
State Senate:	22 – Michael Noland
State House:	44 – Fred Crespo

SERVICE AREA

The core service area for Alexian Brothers Health System includes the following suburbs: Arlington Heights, Elk Grove Village, Rolling Meadows, Addison, Bartlett, Streamwood, Bloomingdale, Elgin, Hanover Park, Itasca, Medinah, Hoffman Estates, Roselle, Schaumburg and Wood Dale.

CONFIDENTIAL INFORMATION

Estimated Fee: $110,000

FINANCIALS

Source of financials: Alexian Brothers Health System

2-year audited financials (2005 and 2006), 2007 is un-audited, 2008 is budget, 2-year projections

($ in millions)	Fiscal Years Ended December 31,					
				Forecasted Financials		
	2005	2006	2007	2008	2009	2010
Income Statement:						
Support and revenues	$689,632	$780,683	$817,872	$879,987	$909,956	$955,403
Revenue over expenses	(11,065)	(3,990)	(43,778)	7,208	9,392	8,567
EBIDA (for 2005, excludes the loss on bond defesance of $21,390,000	$102,211	87,146	70,118	102,770	104,883	111,583
Balance Sheet:						
Current assets	$139,600	$170,124	$160,721	$147,962	$155,596	$163,680
Assets limited to use	383,107	368,054	384,593	445,431	452,061	466,497
Advances due						
PP&E, Net	425,391	471,329	502,136	516,930	529,225	535,937
Other assets	131,695	137,352	127,976	127,885	122,209	116,534
Total assets	1,079,793	1,146,859	1,175,426	1,238,208	1,259,091	1,282,648
Current liabilities	131,160	152,686	189,000	160,389	162,995	168,085
Other long term liabilities	83,751	104,942	131,674	140,446	140,446	140,446
Debt	429,170	414,491	405,552	439,465*	428,335	416,465
Net assets	435,712	474,740	449,200	497,908	527,295	557,652
Total liabilities and assets	$1,079,793	$1,146,859	1,175,426	$1,238,208	$1,259,091	$1,282,648
Change in Unrestricted Net Assets	8,349	36,565	(26,036)	27,706	29,387	30,357
Change in Net Assets	7,644	39,028	(25,540)	30,049	29,387	30,357

Ratios:						
Debt service coverage	3.5x	3.0x	2.6x	3.6x	3.7x	4.0x
Days cash on hand	175	160	142	165	163	161
Current Ratio	106.4%	111.42%	85.04%	92.25%	95.5%	97.4%
Long-Term Debt/Net Assets	98.5%	87.3%	90.28%	88.3%	81.2%	74.7%

* 2008 Long-Term Debt includes $8.8 million of payment in FY 2008 on existing bonds (prior to Series 2008).

Discussion:
Revenues over expenses increased by $7,075,000 between 2006 and 2005. A refinancing of debt was done in 2005; a loss on bond defeasance of $21,390,000 was recorded as a result of the transaction. Without the loss on bond defeasance, revenues over expenses would have decreased by $14.3 million. The decline in performance was due to unfavorable changes in payor mix and charity care due primarily to a shift to self-pay; and unanticipated costs related to a major system conversion in 2006 ($8.6 million). Cash and investments increased by $17.5 million between years. Despite the actual increase in cash and investments, days cash on hand dropped due to continued growth of the organization.

Revenues over expenses decreased by $39,788,000 between 2007 and 2006. A restructuring was done in the last half of 2007, and results are expected to improve significantly in 2008 as a result of the restructuring. The decline in performance is due to one-time restructuring costs incurred in 2007 ($7.9 million); a one-time adjustment to charity reserves to reflect changes in the practice of when charity is identified ($7.3 million); an increase to malpractice reserves and funding to our captive insurer resulting from an actuarial review ($4.5 million); an increase in interest expense ($2.9 million); and an increase in labor costs as a percent of net patient revenue. These variances were partially offset by the positive impact of the Medicaid assessment program better than prior year ($4.5 million). Cash and investments decreased by $7.0 million between years. Days cash on hand dropped from 160 in 2006 to 142 in 2007 due to continued organizational growth and capital spending. Investment income increased partially due to a change in accounting rules that required the System to reclassify unrealized gains from the balance sheet to the income statement, which had the impact of increasing investment income by about $13.0 million.

When adding back amortization, depreciation and interest expense, Alexian consistently posted positive EBIDA, which is available to service debt payments. EBIDA decreased by $15.1 million between 2005 and 2006 due to decreases in operating income and a decrease in investment income of about $5.0 million between 2005 and 2006. EBIDA decreased by $17.0 million between 2006 and 2007 due to decreases in operating income as discussed above offset partially by an increase in investment income of about $15.4 million.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Obligor: Armitage Commons Preservation, NFP

STATISTICS

Project Number:	N-NP-TE-CD-8014	Amount:	$5,000,000 (not-to-exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Steven Trout
Locations:	Chicago	County/Region:	Cook / Northeast

BOARD ACTION

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

No extraordinary conditions
No IFA Funds contributed

VOTING RECORD

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

PURPOSE

Bond proceeds will be used to: a) refinance an existing first mortgage on a 104-unit affordable, senior multi-family housing complex located 3720-50 West Armitage Avenue and 3735-37 and 3747 West McLean Avenue in Chicago, that is commonly known as Armitage Commons Apartments; b) capitalize a tax and insurance escrow and c) pay certain legal, professional and other closing costs.

IFA CONTRIBUTION AND PROGRAM

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

VOLUME CAP

No Volume Cap is required for the issuance of 501(c)(3) Bonds.

JOBS

Current employment:	5	Projected new jobs:	0
Jobs retained:	0	Construction jobs :	0

ESTIMATED SOURCES AND USES OF FUNDS, SUBJECT TO CHANGE

Sources:		Uses:	
IFA Bonds	5,000,000	Refinance First Mortgage	4,550,000
Assume Second Mortgage	2,581,551	Assume Second Mortgage	2,581,551
Replacement Reserves	387,197	Project Costs	180,000
		Replacement Reserves	387,197
		Tax and Insurance Escrow	170,000
		Issuance Costs	100,000
	7,968,748		7,968,748

As part of its purchase of the property, HUD transferred a second mortgage to HHDC. That mortgage is payable from 75% of any operating cashflows remaining after payment of certain operating expenses and other fixed charges

FINANCING SUMMARY/STRUCTURE

Bonds:	501(c)(3) Bonds to be purchased by Washington Mutual
Repayment:	Cashflows generated by the Apartments
Collateral:	First mortgage in the real estate
Interest Rate:	5.50% fixed rate
Maturity:	10 Years
Rating:	The Bonds will not be rated, as Washington Mutual intends to hold the Bonds until maturity.
Closing Date:	April 2008

BUSINESS SUMMARY

Description: Armitage Commons Preservation, NFP ("Armitage Commons" or "the Borrower") is an Illinois 501(c)(3) not-for-profit corporation that was established in 2005 to own and finance the Armitage Commons Apartments ("the Apartments"), a 104-unit affordable, multi-family housing complex located 3720-50 West Armitage Avenue and 3735-37 and 3747 West McLean Avenue in Chicago. A mid-rise tower with 75 units is dedicated to seniors, with the remaining units open to families of all ages.

The Borrower is wholly owned by the Hispanic Housing Development Corporation ("HHDC"). HHDC is a 501(c) (3) corporation that is based in Chicago. It was established in 1976 to foster the comprehensive physical and economic revitalization of neighborhoods in which immigrants reside and work. HHDC seeks to create viable neighborhoods where immigrants and their neighbors can arrive, seek their fortunes, raise their families, and fulfill the hopes and aspirations that comprise the American Dream. Since its founding, HHDC has developed over 2,100 units of affordable housing and 81,000 square feet of commercial space at a total development cost of $219,000,000.

Project History: HHDC purchased this property on May 30, 2006 from AIMCO, a large for-profit Real Estate Investment Trust and investor in affordable housing properties, to ensure that it remains as affordable housing. HHDC initially funded its share of project costs with a taxable loan that it is seeking to refinance via this project. HHDC and AIMCO negotiated the purchase pursuant to HUD's affordable housing guidelines and received approval from HUD prior to closing.

HHDC has committed to HUD to operate 100% of the units as affordable for the next 50 years and not to sell the property for at least 10 years. In return for this pledge, HUD has committed that this project will continue to be supported by a Section 8 Contract that will require HUD to pay to Armitage Commons the difference between the market rent and each tenant's monthly rent obligation, which is generally 33% of gross monthly income. As a qualifying not-for-profit developer of affordable housing, HUD transferred a second mortgage to HHDC as part of this purchase. That mortgage is payable from 75% of the project's operating cashflows remaining after payment of operating expense, principal and interest on senior indebtedness and funding certain reserves. Armitage Commons also received a funded replacement reserve will remain available to support the Project.

Management: HHDC will serve as the Property Management for the Apartments. HHDC currently manages 4,325 units of affordable housing at the following sites:

Chicago Housing Authority Scattered Sites: Since 1989, HHDC has managed for the Chicago Housing Authority ("CHA") 623 units of affordable single-family and multi-family housing at 3042 West North Avenue in Chicago.

Chicago Housing Authority Greenview-Eckhart: Since 1998, HHDC has managed for the CHA 399 units of affordable multi-family housing for seniors at 847 North Greenview Avenue in Chicago.

Daniel Alvarez Apartments: Since 1999, HHDC has managed for the Sacramento Elderly Housing Corp., 41 units of affordable elderly housing at 2451 North Sacramento Avenue in Chicago.

Gateway Centre Apartments: Since 2003, HHDC has managed for Gateway Apartments Limited Partnership 119 units of affordable elderly housing at 7450 North Rogers Avenue in Chicago.

Vista North Condominiums: Since 2002, HHDC has managed 22 units of affordable housing at 7732-42 North Paulina Avenue in Chicago.

GSA/Social Security / Adams: Since 1997, HHDC has managed for 1233 W. Adams Property, LP a commercial building located at 1233 West Adams Avenue in Chicago.

GSA/Social Security / Lawrence: Since 1999, HHDC has managed a commercial building located at 2127 West Lawrence Avenue in Chicago that it owns.

PROJECT DESCRIPTION

Bond proceeds will be used to: a) refinance an existing first mortgage on a 104-unit affordable, senior multi-family housing complex located 3720-50 West Armitage Avenue and 3735-37 and 3747 West McLean Avenue in Chicago (Cook County), Illinois, that is commonly known as Armitage Commons Apartments; b) capitalize a tax and insurance escrow and c) pay certain legal, professional and other closing costs. As part of the acquisition, Armitage Commons will assume an existing second mortgage that HUD transferred to HHDC when the Apartments were sold. A funded replacement reserve will remain available to support the Project. Project costs are estimated as follows:

Interim Loan Costs	37,541
WaMu Loan Fee	37,500
IFA Issuance Fee	26,000
Appraisal	10,000
Physical Inspection	5,000
Title Survey	4,500
Environmental Evaluation	4,500
Market Study	5,000
Contingency	49,959
	180,000

OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

Applicant:	Armitage Commons Preservation, NFP, 325 N Wells, Chicago, Illinois, 60601. (Contact: Paul Mittleman Director, Preservation Acquisition, 312-602-6500 Ext 523 email: pmittleman@hhdevecorp.com)
Project Locations:	3720-50 West Armitage Avenue and 3735-37 and 3747 West McLean Avenue Chicago (Cook County), Illinois 60647
Organization:	501(c)(3)
State:	Illinois, Federal
Ownership:	Armitage Commons Preservation, NFP is wholly owned by the Hispanic Housing Development Corporation, an Illinois 501c)(3) corporation.

HHDC Board :	Paul Slade	Interim Chairman
	Assir DaSilva	Vice Chairman
	Dr. Wifredo Cruz	
	Hank Mendoza	
	Jacquelyne Huerta	
	Richard Figueroa	
	Jeffrey Greenberger	
	Osvaldo Rodriguez	
	Eduardo Camacho	

Property Management:	Hipolito Roldan	President
	Dilia Saeedi	Vice President, Property Management
	Annette Zemlan	Property Supervisor
	Arlene Adorno	Property Manager

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Miner, Bamhill & Galland	Chicago	Laura Tilly
Accountant:	Reznick Group	Skokie	Bruce Schiff
Bond Counsel:	To be determined		
Bond Purchaser:	Washington Mutual	Chicago	Cheryl Wilson
Purchaser's Counsel:	Heller Ehrman LLP	Seattle, WA	Brian Hulse
Management Agent:	Hispanic Housing Development Corp.	Chicago	Paul Mittleman
Issuer's Counsel:	Sanchez , Daniels & Hoffman, LLP	Chicago	John Cummins
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	4th
State Senate:	2nd
State House:	4th

CONFIDENTIAL INFORMATION

Est. fee: $25,000 (based on a $5,000,000 bond issue)

FINANCING SUMMARY

Project Financials: Historical Statement of Operations provided for Armitage Commons Apartments for the years ended December 31, 2005 and 2006 and 11 months ended November 30, 2007. Projections for the first three years of operations were prepared by management. All dollars are in thousands.

	Actual		Annualized	Projected		
	2005	2006	2007	Year 1	Year 2	Year 3
Income:						
Gross Rental Income	1,049,034	1,080,977	1,108,548	1,107,816	1,141,050	1,175,282
Less: Vacancy & Collection Loss	(941)	(13,767)	(9,997)	(55,391)	(57,053)	(58,764)
Other Income (Net)	21,784	89,518	68,335	50,000	51,500	52,015
Total Income	1,069,877	1,156,728	1,166,886	1,102,425	1,135,498	1,168,533
Expenses						
Payroll	103,258	111,031	119,491	120,000	124,800	129,792
General Administrative	98618	95,304	75,976	92,602	96,306	100,158
Operating and Maintenance	126,350	164,282	117,633	111,666	116,133	120,778
Utilities	81,236	111,155	76,930	83,628	86,973	90,452
Real Estate Taxes	127,274	156,899	155,982	114,615	119,200	123,968
Insurance	20,336	30,378	34,564	35,000	36,400	37,856
Management Fees	47,424	61,444	63,648	63,648	66,194	68,842
Replacement Reserves	58,000	57,999	60,936	60,936	63,373	65,908
Others Expenses	38,863	35,251	56,839	21,670	22,537	23,438
Total, Expenses	701,359	823,743	761,999	703,765	731,916	761,192
Net Operating Income	368,518	332,985	404,887	398,660	403,582	407,340
Maximum Pro Forma Debt Service Payments				340,673	340,673	340,673
Projected Debt Service Coverage (X)				1.17	1.18	1.20

Discussion: The table above summarizes actual operating results for 2005 and 2006 and management's estimated results for 2007 calculated by annualizing actual results for the first 11 months of the year. Gross rental income has grown at an annual rate of just under 3% over the past 3 years and vacancies have averaged less than 1%. The Project has maintained an extensive waiting list that currently amounts to several years. Net operating income has ranged between 31% and 36% of gross rental income. Net operating income declined in 2005 because of increased expenses for operating and maintenance, utilities and property taxes.

Management's projections are summarized above. They appear conservative, with no growth in revenues assumed in year 1, 3% in years 2 and 3 and a 5% vacancy rate. Expenses are expected to increase 4%, faster than growth in income. Management is expecting that the Project will generate debt service coverage ranging between 1.17 and 1.20 under this conservative scenario.

Rent Schedule: HHDC expects to maintain all 104 units as affordable housing units. Summarized below is the rent schedule that HHDC submitted to HUD for the Project in September 2006. IFA will be provided with an updated rent schedule prior to seeking final approval from the IFA Board.

Unit Type	Number of Units	Rent Per Unit	Monthly Rent Potential	Yearly Rent Potential
1 BR	72	807	58,104	
2 BR	12	951	11,412	
2 BR HC	3	951	2,853	
3 BR	13	1,158	15,054	
4 BR	4	1,239	4,956	
			92,379	1,108,548

Appraisal: The Authority has received an appraisal of the Apartments that was prepared by Howard B. Richter & Associated, Incorporated of Deerfield, Illinois and dated May 24, 2007. The Appraisor estimated that the current value of the Project on an "As Is" basis at the attainable rents permitted within the income and maximum rental limits established in conjunction with CHAC, Inc., and/or HUD, under terms of the existing project-based Section 8 contracts, which extend through September 30, 2208, at $6,685,000, which provide for a loan to value ratio of 74.8%. The Appraisor estimated that the Project would be worth $5,000,000 when the renovations are completed later in 2008.

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

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Obligor: O'Fallon Preservation, NFP

STATISTICS

Project Number:	N-NP-TE-CD-8009	Amount:	$3,000,000 (not-to-exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Steven Trout
Locations:	O'Fallon	County/Region:	St. Clair / Southwestern

BOARD ACTION

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

No extraordinary conditions
No IFA Funds contributed

VOTING RECORD

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

PURPOSE

Bond proceeds will be used to refinance a first mortgage on a 132-unit affordable, senior multi-family housing complex located at 550 Weber Road in O'Fallon, that is commonly known as O'Fallon Apartments and pay certain legal, professional and other closing costs.

IFA CONTRIBUTION AND PROGRAM

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

VOLUME CAP

No Volume Cap is required for the issuance of 501(c)(3) Bonds.

JOBS

Current employment:	4	Projected new jobs:	0
Jobs retained:	0	Construction jobs :	5

ESTIMATED SOURCES AND USES OF FUNDS, SUBJECT TO CHANGE

Sources:		Uses:	
IFA Bonds	2,800,000	Refinance First Mortgage	2,600,000
Assume Second Mortgage	1,751,029	Assume Second Mortgage	1,751,029
Federal Home Loan AHP Program	600,000	Project Costs	907,709
IHDA Affordable Housing Trust Fund	300,000	Replacement Reserves	195,840
Replacement Reserves	195,840	Costs of Issuance	100,000
		Loan Fees and Costs	62,291
		Tax and Insurance Escrow	30,000
	5,646,869		5,646,869

As part of its purchase of the property, HUD transferred a second mortgage to HHDC, which is payable from 75% of any operating cashflow remaining after payment of certain operating expenses and other fixed charges.

FINANCING SUMMARY/STRUCTURE

Bonds:	501(c)(3) Bonds to be purchased by Washington Mutual
Repayment:	Cashflows generated by the Apartments
Collateral:	First mortgage in the real estate
Interest Rate:	5.50% fixed rate
Maturity:	10 Years
Rating:	The Bonds will not be rated, as Washington Mutual intends to hold the Bonds until maturity.
Closing Date:	April 2008

BUSINESS SUMMARY

Description: O'Fallon Preservation, NFP ("O'Fallon" or "the Borrower") is an Illinois 501(c)(3) not-for-profit corporation that was established in 2005 to own and finance the O'Fallon Apartments ("the Apartments"), a 132-unit affordable, senior multi-family housing complex located at 750 Weber Road in O'Fallon. All units are dedicated to senior residents.

The Borrower is wholly owned by the Hispanic Housing Development Corporation ("HHDC"). HHDC is a 501(c) (3) corporation that is based in Chicago. It was established in 1976 to foster the comprehensive physical and economic revitalization of neighborhoods in which immigrants reside and work. HHDC seeks to create viable neighborhoods where immigrants and their neighbors can arrive, seek their fortunes, raise their families, and fulfill the hopes and aspirations that comprise the American Dream. Since its founding, HHDC has developed over 2,100 units of affordable housing and 81,000 square feet of commercial space at a total development cost of $219,000,000.

Project History: HHDC purchased this property on May 30, 2006 from AIMCO, a large for-profit Real Estate Investment Trust and investor in affordable housing properties, to ensure that it remains as affordable housing. HHDC initially funded its share of project costs with a taxable loan that it is seeking to refinance via this project. HHDC and AIMCO negotiated the purchase pursuant to HUD's affordable housing guidelines and received approval from HUD prior to closing.

HHDC has committed to HUD to operate 100% of the units as affordable for the next 50 years and not to sell the property for at least 10 years. In return for this pledge, HUD has committed that this project will continue to be supported by a Section 8 Contract that will require HUD to pay to O'Fallon the difference between the market rent and each tenant's monthly rent obligation, which is generally 33% of gross monthly income. As a qualifying not-for-profit developer of affordable housing, HUD transferred a second mortgage to HHDC as part of this purchase. That mortgage is payable from 75% of the Project's operating cashflows remaining after payment of operating expense, principal and interest on senior indebtedness and funding certain reserves. O'Fallon also received a funded replacement reserve will remain available to support the Project.

Management: HHDC will serve as the Property Management for the Apartments. HHDC currently manages 4,325 units of affordable housing at the following sites:

Chicago Housing Authority Scattered Sites: Since 1989, HHDC has managed for the Chicago Housing Authority ("CHA") 623 units of affordable single-family and multi-family housing at 3042 West North Avenue in Chicago.

Chicago Housing Authority Greenview-Eckhart: Since 1998, HHDC has managed for the CHA 399 units of affordable multi-family housing for seniors at 847 North Greenview Avenue in Chicago.

Daniel Alvarez Apartments: Since 1999, HHDC has managed for the Sacramento Elderly Housing Corp., 41 units of affordable elderly housing at 2451 North Sacramento Avenue in Chicago.

Gateway Centre Apartments: Since 2003, HHDC has managed for Gateway Apartments Limited Partnership 119 units of affordable elderly housing at 7450 North Rogers Avenue in Chicago.

Vista North Condominiums: Since 2002, HHDC has managed 22 units of affordable housing at 7732-42 North Paulina Avenue in Chicago.

GSA/Social Security / Adams: Since 1997, HHDC has managed for 1233 W. Adams Property, LP a commercial building located at 1233 West Adams Avenue in Chicago.

GSA/Social Security / Lawrence: Since 1999, HHDC has managed a commercial building located at 2127 West Lawrence Avenue in Chicago that it owns.

PROJECT DESCRIPTION

Bond proceeds will be used to refinance a first mortgage on a 132-unit affordable, senior multi-family housing complex located at 550 Weber Road in O'Fallon, that is commonly known as O'Fallon Apartments and pay certain legal, professional and other closing costs. As part of the acquisition, O'Fallon will assume an existing second mortgage that HUD transferred to HHDC when the Apartments were sold. A funded replacement reserve will remain available to support the Project. Project costs are currently estimated as follows:

Rehabilitation	750,000
Architect	35,000
Appraisal and Market Study	11,500
Physical Inspection	5,000
Cost Estimate	2,500
Survey	4,500
Environmental Evaluation	4,500
Miscellanous	19,709
Contingency	75,000
	907,709

OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

Applicant:	O'Fallon Preservation, NFP, 325 N Wells, Chicago, Illinois, 60601. (Contact: Paul Mittleman Director, Preservation Acquisition, 312-602-6500 Ext 523 email: pmittleman@hhdevecorp.com)	
Project Location:	550 Weber Road, O'Fallon (St. Clair County), Illinois 62269	
Organization:	Illinois 501(c)(3) Not-for-Profit Corporation	
Ownership:	O'Fallon Preservation, NFP is wholly owned by the Hispanic Housing Development Corporation, an Illinois 501c)(3) corporation.	
HHDC Board:	Paul Slade	Interim Chairman
	Assir DaSilva	Vice Chairman
	Dr. Wifredo Cruz	
	Hank Mendoza	
	Jacquelyne Huerta	
	Richard Figueroa	
	Jeffrey Greenberger	
	Osvaldo Rodriguez	
	Eduardo Camacho	
Property Management:	Hipolito Roldan	President
	Dilia Saeedi	Vice President, Property Management
	Annette Zemlan	Property Supervisor
	Arlene Adorno	Property Manager

PROFESSIONAL & FINANCIAL

Architect:	Thomas Roop, Inc. Architects	St. Louis, MO	
General Contractor	Tropic Construction Corporation *	Chicago	
Borrower's Counsel:	Miner, Bamhill & Galland	Chicago	Laura Tilly
Accountant:	Reznick Group	Skokie	Bruce Schiff
Bond Counsel:	To be determined		
Bond Purchaser:	Washington Mutual	Chicago	Cheryl Wilson
Purchaser's Counsel:	Heller Ehrman LLP	Seattle, WA	Brian Hulse
Management Agent:	Hispanic Housing Development Corp.	Chicago	Paul Mittleman
Issuer's Counsel:	Sanchez, Daniels & Hoffman, LLP	Chicago	John Cummins
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

* Tropic Construction is a for-profit entity that is owned by HHDC and serves as its in-house contractor and construction manager.

LEGISLATIVE DISTRICTS

Congressional:	12th	Representative.Jerry Costello
State Senate:	57th	Senator James F. Clayborne Jr.
State House:	114th	Representative Wyvetter H. Younge

CONFIDENTIAL INFORMATION

Est. fee: $14,000 (based on a $2,800,000 bond issue)

FINANCING SUMMARY

Project Financials: Historical Statement of Operations provided for O'Fallon Apartments for the years ended December 31, 2005 and 2006 and 11 months ended November 30, 2007. Projections for the first three years of operations were prepared by management.

	Actual		Annualized	Projected		
	2005	2006	2007	Year 1	Year 2	Year 3
Income:						
Gross Rental Income	758,169	788,517	806,456	819,216	843,792	869,106
Less: Vacancy & Collection Loss	(631)	(3,183)	(7,781)	(24,576)	(25,313)	(26,073)
Other Income (Net)	88,464	78,256	47,128	51,000	52,530	54,106
Total Income	846,002	863,590	845,803	845,640	871,009	897,139
Expenses						
Payroll	108,261	114,747	120,756	120,000	124,800	129,792
General Administrative	49091	69,862	56,226	50,288	52,300	54,392
Operating and Maintenance	119,564	70,438	104,191	78,236	81,365	84,620
Utilities	63,743	70,820	91,051	99,858	103,568	107,711
Real Estate Taxes	152,391	134,392	77,034	57,092	59,376	61,751
Insurance	19,617	33,369	39,688	36,000	37,440	38,938
Management Fees	81,312	80,784	80,784	80,784	84,015	87,376
Replacement Reserves	59,884	25,320	59,004	59,004	61,364	63,819
Others Expenses	38,287	36,195	49,178	40,320	41,933	43,610
Total, Expenses	692,150	635,927	677,912	621,582	646,161	672,007
Net Operating Income	153,852	227,663	167,891	224,058	224,848	225,132
Maximum Pro Forma Debt Service Payments				194,832	194,832	194,832
Projected Debt Service Coverage (X)				1.15	1.15	1.16

Discussion: The table above summarizes actual operating results for 2005 and 2006 and management's estimated results for 2007 calculated by annualizing actual results for the first 11 months of the year. Gross rental income has grown at an average annual rate of 3% over the past 3 years. Vacancy and collection losses have averaged less than 1% of gross rental income. The Project has maintained a waiting list that currently amounts to several months. Net operating income has ranged between 21% and 29% of gross rental income. Net operating income declined in 2006 because of reduced other income and increased expenses for operating and maintenance, utilities and payroll.

Management's projections are summarized above. They appear conservative, with 1.5% growth in revenues assumed in year 1, 3% in years 2 and 3 and a 3% vacancy rate. Expenses are expected to increase 4%, faster than growth in income. Management is expecting that the Project will generate debt service coverage ranging between 1.15 and 1.16 under this conservative scenario.

Rent Schedule: HHDC expects to maintain all 132 units as affordable housing units. Summarized below is the rent schedule that HHDC submitted to HUD that is effective the year beginning July 1, 2007.

Unit Type	Number of Units	Rent Per Unit	Monthly Rent Potential	Yearly Rent Potential
1 BR	120	507	60,840	
2 BR	12	619	7,428	
			68,268	819,216

Appraisal: The Authority has received an appraisal of the Apartments that was prepared by Howard B. Richter & Associated, Incorporated of Deerfield, Illinois and dated June 7, 2007. The Appraisor estimated that the current value of the Project on an "As Is" basis at $4,200,000, which provided for a loan to value ratio of 66.7%. The Appraisor estimated that the Project would be worth $5,000,000 when the renovations are completed later in 2008.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Project: **Center on Deafness**

STATISTICS

Number:	N-NP-TE-CD-8003	Amount:	$1,825,000 (Not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Northbrook (Cook County)	Region:	Northeast

BOARD ACTION

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

VOTING RECORD

Preliminary Bond Resolution; no prior vote.

PURPOSE

Proceeds will be used to (i) refinance outstanding mortgage debt at a lower cost.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment:	76	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	$ 1,825,000	Refinance Mortgage	$ 1,918,508
Bank	212,033		
		Legal and professional costs	118,252
Total	$ 2,037,033	Total	$ 2,037,033

FINANCING SUMMARY

Security:	Direct Pay Letter of Credit from Harris N.A. The Bank's ratings are Moody's "Aa2", and Standard & Poors "AA-".
Structure:	Weekly multi-mode floating rate bonds.
Collateral:	The bonds will be secured by a first mortgage on the financed property.
Maturity:	30 years

PROJECT SUMMARY

The Center intends to use the net proceeds of the Authority loan to refinance outstanding mortgage debt at a lower cost.

BUSINESS SUMMARY

Background: Center on Deafness (the "Center", " COD"), a not-for-profit Illinois Corporation, provides a specialized service for deaf children and adults who have significant emotional, developmental and behavioral disorders. The Center was established in April 1974. Programs include education through Centerview School, vocational training in a sheltered Workshop environment, and residential services in a therapeutic community based environment. The Center's purpose is the treatment and rehabilitation of clients, with return or integration into the community as the goal for each client. An experienced staff trained in the area of deafness and fluent in the use of sign language provides treatment, life skills training, and vocational and social skills training to clients.

The Center on Deafness is approved by the Illinois State Board of Education and certified by the Joint Commission on the Accreditation of Health Care Organizations (JCAHO), the Illinois Department of Human Services, and is an Illinois Licensed Medicare Provider. The Center is also approved by various other states within the US to serve clients from those states.

Description: Centerview Therapeutic School, a full curriculum school approved by the Illinois State Board of Education, is a comprehensive coeducational, residential treatment program serving students ages 6-21 who are deaf or hard of hearing. Students have emotional or behavioral disorders and other disabling conditions including mental illness, hearing or developmental disabilities, attention deficit disorder, and autism. The academic program provides instruction in the areas of language arts, mathematics, social sciences, sciences, health & physical education, and communication skills. Every student has the opportunity to participate in therapeutic activities, individual counseling, and group counseling sessions. Individual treatment varies from depression to anger management, from impulse control to life skills, and from relationship issues to problem solving. The Centerpoint Vocational Program is a day training program for adult clients, in addition to being a mail assembly business. Through vocational services for adults, the Center provides opportunities to develop vocational skill and secure outside employment in the community. The Residential program provides structured home-like environments for students and for adults. Resident staff teaches independent living and social interaction skills. Sign Language Classes bridge the communication gap between the deaf community and the hearing community. Center on Deafness is the administrative agent for the Illinois Service Resource Center that serves all children, birth through 21 years of age, who are deaf or hard of hearing and who also exhibit behavioral or mental health challenges.

Since inception, hundreds of adults and students have been served and returned to the community and regular school programs with the skills to succeed. Numerous adult clients have been moved from state hospital programs, and with support, now live in the community and are employed. Centerview School currently serves 20 students: 11 day students and 9 residential students. The adult population, 232 adult clients, participate in Centerpoint Workshop and live within the residential homes.

Approximately 10% of the facility is leased to Lubavitch Chabad Synagogue. The rented portion of the facility will not be bond financed. The Center does possess all licenses and permits required for operation.

The Project: The Center intends to use the net proceeds of the Authority loan to refinance the balance of an outstanding mortgage debt bearing a rate of 7.75% at a lower cost. Tax-exempt financing will lower the borrowing costs of the Center and thereby free up funds allowing for the continuation of specialized services for deaf children and adults who have significant emotional, developmental and behavioral disorders.

Cash flow improvements should be immediate and significant. Current weekly floating rate bonds are yielding approximately 2.6%, with a total cost of capital including Remarketing Agent and bank Letter of Credit fees, of approximately 3.5%. By converting taxable mortgage debt to tax-exempt debt could in the first year alone reduce the COD's cost of capital by approximately 4.0%. The saving would enable COD to continue to shore up its financial position, and continue to offer innovative programs for its clients.

OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT//

Applicant:	Center on Deafness
Project names:	Refinancing Project
Locations:	3444 Dundee Road, Northbrook, Cook County, IL 60062
Contact Person:	Patrick Palbicke, CFO, (847)559-0010 x212
Website:	http://www.centerondeafness.org
Organization:	501(c)(3) Corporation
State:	Illinois
Board of Directors	Andrienne Mesiel, Melvin Nudelman, Elizabeth Hebert, Christine O'Brien, Daniel J Kennedy, William H. Plotkin, Sharon Roos Kirkpartrick, Joan Worthem, Lousie Miller, Bonita Simon, Patrick Palbicke

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PROFESSIONAL & FINANCIAL

General Counsel:	Law Office of Phillip Grossman	Skokie, IL	Phillip Grossman
Accountant:	Warady & Davis LLP	Deerfield, IL	Susan Greggo
Bond Counsel:	Chapman & Cutler	Chicago, IL	Chuck Jarik
Underwriter:			
Placement Agent:	Harris N.A.	Chicago, IL	Nick Knorr
Underwriter's Counsel:			
LOC Bank Counsel:			
Issuer's Counsel:	Requested		
Bond Trustee:	US Bank	Milwaukee, WI	Pete Brennan
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

SERVICE AREA

The Center draws clients from both Chicagoland and state-wide Illinois.

LEGISLATIVE DISTRICTS

Congressional:	10, Mark S. Kirk
State Senate:	29 ,Susan Garrett
State House:	58 , Karen May

CONFIDENTIAL

Est. fee: $9,125

FINANCIALS

Financials: Audited financial statements for fiscal years ending June 30, 2004-June 30, 2007. Unaudited statements for fiscal year ending June 30, 2007; projected income statement for fiscal year 2008.

		Dollars in 000s				
		2004	2005	2006	2007	2008
Income Statement						
Total Income		4,336	4,282	4,420	4,566	4,222
Change in Net Assets		103	(17)	(92)	190	(26)
EBIDA		306	214	321	410	
Balance Sheet						
Current Assets		404	361	320	416	
PP&E		1,816	1,765	1,705	1,656	
Other Assets		15	30	30	29	
Total		2,235	2,156	2,055	2,101	
Current Liabilities		783	344	380	241	
Other LT Liabilities						
Debt		1,936	2,312	2,267	2,262	
Net Assets		(484)	(500)	(592)	(402)	
Total		2,235	2,156	2,055	2101	
Ratios:						
Debt coverage		2.19x	1.03x	1.48x	1.92x	
Current Ratio	0.52	1.05	0.84	1.73		
Debt/Net Assets	N/A	N/A	N/A	N/A		

Discussion:

1. A not for profit entity will generally achieve break-even results. COD experienced serious operating problems in the late 1990s which caused the organization's negative Net Asset situation, and continued into fiscal 2003 where there was a loss of $118,000. Under prior management, payroll costs during that period were averaging approximately 77% of total revenues. The new CEO, who took the helm in fiscal 2007, reduced headcount, consolidated housing (which reduced rent expense), reduced consulting fees and made other operating improvements. Payroll expense, as a percentage of total revenues, is now approximately 68%. The new management continues to pursue cutting unnecessary expenses and improving operating procedures to continue the agency's successful turnaround.
2. The COD receives a majority of its revenues from federal, state, and local government agencies. Agency revenues totaled approximately 97% in fiscal 2005, 96% in 2006, and approximately 97% in fiscal 2007. The Current ratio figures demonstrate that the COD cannot predict with total accuracy if it will receive such payments in a timely fashion.
3. Net Worth has been reduced by accumulated depreciation of $1.640,000, of which $776,000 was against the building. The building has a current appraised value of $2,685,000, and a net book value of $1,649,000.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Project: City of Colchester

STATISTICS

Project Number: L-GP-MO-8010	Amount: $ 325,000 (not to exceed)
Type: Local Government Pooled Program	
Location: Colchester, IL	IFA Staff: Kristi Conrad
County/Region: McDonough / West Central	

BOARD ACTION

Preliminary Bond Resolution
No IFA funds contributed
Staff recommends approval

VOTING RECORD

No prior voting record

PURPOSE

Bond proceeds will be used towards City sewer system improvements.

IFA PROGRAM AND CONTRIBUTION

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

The IFA's preliminary approval is sought one year in advance of the funding need. Preliminary approval provides the borrower an advantage in a competitive application process when seeking CDAP funding. The application for CDAP funding is due February, 2008.

JOBS

Current employment:	0	Projected new jobs:	0
Jobs retained:	0	Construction jobs:	0

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA Bonds	$325,000	Uses:	Sewer System Updates	650,000
	CDAP Funds	350,000		Costs of Issue	15,000
Total		$675,000	Total		$675,000

FINANCING SUMMARY/STRUCTURE

The Bonds: The bonds will be Alternate Revenue Bonds, with the Water and Sewer System's net revenues pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the City has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The City must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The City will pass a "backdoor referendum" authorizing issuance of the bonds unless a sufficient number of voters petition the Board of Trustees to require referendum approval. In the event that there are not adequate funds for debt service payment, the City will pledge its interceptable state revenues (State Income Tax, State Sales Tax, State Replacement Tax, and Motor Fuel Tax).

Collateral: The bonds are general obligations of the City and are payable from (i) net revenues of the Water and Sewer System and (ii) ad valorem property taxes levied against all of the taxable property in the City without limitation as to rate or amount. The bonds will also be secured by the City's interceptable state revenues.

Structure: Principal is expected to be due on February 1, beginning in 2010 with a final maturity in 2029. Interest will be fixed rate and payable each August 1 and February 1, beginning August 1, 2009. The bonds are subject to redemption prior to maturity.

Credit Enhancement: Moral Obligation
Maturity: 20 years
Estimated Closing: Spring 2009

PROJECT SUMMARY

The City intends to utilize bond proceeds for the construction of a sanitary sewer force main, lift station and collection system improvements. The present system is old, undersized and deteriorated with many blockages in the collection system, overloads at lift stations and sewage backup into residences and businesses. The proposed improvements will eliminate these problems with the sanitary sewer system.

The City wishes to receive preliminary project approval for sewer system improvements in order to secure CDAP funding from DCEO. Preliminary IFA board approval will be utilized by the City when applying for CDAP funding in February 2008. The approval verifies that Colchester will have funds to complement the CDAP grant (if awarded). Both IFA and CDAP funds are essential for the completion of the project.

If the community is awarded CDAP funds (DCEO award notification is expected during the fall of 2008), the community will seek final project approval from the IFA. The project will not require funding until Spring 2009 and is contingent upon the CDAP award.

BUSINESS SUMMARY

The City of Colchester, located in McDonough County covers a geographical area of 1 square mile. The City serves as a bedroom community to Macomb Illinois and has a population of 1,493 as of the 2000 census.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: City of Colchester
Project Location: Colchester, Illinois
Organization: Illinois Municipality
Mayor: Joseph Wetzel

PROFESSIONAL & FINANCIAL

Underwriter:	Wachovia (formerly AG Edwards)	St Louis, MO	Anne Noble
Local Bond Counsel:	TBD		
Issuers Counsel:	The Law Offices of Cahill	Chicago	Kevin Cahill
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 17th – Phil Hare
State Senate: 47th – John M. Sullivan
State House: 94th - Richard P. Myers

CONFIDENTIAL INFORMATION

Estimated Fee $812.50

FINANCIALS

		Actual		IFA Estimated		
Statement of Revenues and Expenses				w/o rate inc.	w/ rate inc.	
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Service Charges	363,552	367,599	374,330	379,196	401,948	407,173
Current Operating	297,301	300,026	297,425	300,399	303,403	306,437
Depreciation & Amortization	125,209	101,996	87,222	76,755	65,242	65,456
Total Expenses	422,510	402,022	384,647	377,155	368,645	371,893
Operating Income	(58,958)	(34,423)	(10,317)	2,042	33,303	35,280
Other non operating rev . Exp	16,242	21,814	(24,900)	-		
Transfers	(1,510)	15,000	30,000	-		
Grants	58,625	215,275	-	-		
Net Interest	(26,833)	(25,791)	(22,863)	(22,000)	(27,500)	(33,500)
Net Income	(12,434)	191,875	(28,080)	(19,958)	5,803	1,780
Beg Net Assets	933,387	949,953	1,141,828	1,113,748	1,113,255	1,119,058
Prior Period Adjustment	29,000					
End Net Assets	949,953	1,141,828	1,113,748	1,093,790	1,119,058	1,120,838
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Income Available for Debt Service	68,418	69,782	80,792	82,797	102,545	104,736
Current Debt Service	55,000	55,000	56,750	55,250	55,250	55,250
New Max Annual Debt Service	-	-			26,000	26,000
Total Debt Service	55,000	55,000	56,750	55,250	81,250	81,250
Debt Service Coverage	1.24	1.27	1.42	1.50	1.26	1.29

Balance Sheet					w/o rate inc.	w/ rate increase	
	2005	**2006**	**2007**		**2008**	**2009**	**2010**
Assets							
Cash and Investments	273,297	193,119	164,908		194,896	296,074	375,468
Due from other Funds	91	259	-		-	-	-
Inventory							
Total Current Assets	273,388	193,378	164,908		194,896	296,074	375,468
Property, Plant and Equipment	1,495,467	1,672,254	1,598,099		1,518,194	1,752,284	1,664,670
Total Assets	1,768,855	1,865,632	1,763,007		1,713,090	2,048,358	2,040,138
Liabilities							
Due to Other Funds	11,502	376	841		800	800	800
Payable from Rest. Assets	12,395	14,276	14,330		14,500	14,500	14,500
Current Portion of LTD	85,856	95,856	98,166		98,000	108,000	108,000
Total Current Liabilites	109,753	110,508	113,337		113,300	123,300	123,300
Long-term Debt	709,152	613,296	535,922		506,000	806,000	796,000
Total Liabilities	818,905	723,804	649,259		619,300	929,300	919,300
Contributed Capital	700,499	963,102	964,011		955,165	979,053	969,262
Unrestricted	90,125	44,522	28,884		27,440	27,714	28,269
Restricted	159,329	134,204	120,853		111,185	112,290	123,307
Total Equity	949,953	1,141,828	1,113,748		1,093,790	1,119,058	1,120,838
Total Liabilities and Equity	1,768,858	1,865,632	1,763,007		1,713,090	2,048,358	2,040,138

Interceptable State Payments	**2005**	**2006**	**2007**
Sales Taxes (General Fund)	68,993	63,731	82,802
State Income Taxes	98,525	131,212	124,414
Personal Property Replacement Taxes	4,970	6,412	6,236
State Motor Fuel Tax	43,306	43,169	43,194
Total	215,794	244,524	256,646

Discussion: The income statement from FY 2005 to FY 2007 indicates that net revenues from the City's Water and Sewer Fund are sufficient to meet current debt obligations related to bonds issued with the USDA. Revenues grew at a pace between 1.11% and 1.83% between FY 2005-06 and FY 2006-07 respectively. It is estimated that revenues will grow at a modest 1.3% rate in FY 2008. Operating expenses have historically been stagnant. The IFA has assumed operating expenses will grow by only 1% a year between FY 2008 and FY 2010.

The IFA estimates that if the City wishes to finance an additional $310,000 in debt during FY 2009, it will have to increase rates by 6%. The rate increase will facilitate the debt service coverage requirement of 1.25X. Of course this estimate is relevant only if the City contains the operating expense growth to 1% per year. Any substantial fluctuation will affect the projected rate increase.

Colchester's balance sheet indicates that the City's cash and investment balance has been decreasing at a moderate pace and PP&E has fluctuated. The City currently has issued bonds with the USDA and it is its only long-term debt. Going forward, additional long-term debt will be assumed in FY 2009 along with a rate increase. The rate increase is not only necessary to meet debt service coverage requirements, but it will also alleviate cash and investment balance concerns and improve prevent equity balances from eroding.

Intercept revenues total more than $256,000 in FY 2007. With maximum annual debt service (of the new debt) totaling $26,000, intercept coverage is more than adequate.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Project: Village of Farmersville

STATISTICS

Project Number: L-GP-MO-8011
Type: Local Government Pooled Program
Location: Farmersville
County/Region: Montgomery /Central

Amount: $365,000 (not to exceed)

IFA Staff: Kristi Conrad

BOARD ACTION

Preliminary Bond Resolution
No IFA funds contributed
Staff recommends approval

VOTING RECORD

No prior voting record

PURPOSE

Bond proceeds will be used towards the construction of a Village water storage tank.

IFA PROGRAM AND CONTRIBUTION

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

The IFA's preliminary approval is sought one year in advance of the funding need. Preliminary approval provides the borrower an advantage in a competitive application process when seeking CDAP funding. The application for CDAP funding is due February, 2008.

JOBS

Current employment:	0	Projected new jobs:	0
Jobs retained:	0	Construction jobs:	0

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA Bonds	$365,000	Uses: Sewer System Updates	855,000
	CDAP Funding	355,000	Costs of Issue	15,000
	Farmersville Contribution	150,000		
Total		$870,000	Total	$870,000

FINANCING SUMMARY/STRUCTURE

The Bonds: The bonds will be Alternate Revenue Bonds, with the Water and Sewer System's net revenues pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the Village has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The Village must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The Village will pass a "backdoor referendum" authorizing issuance of the bonds unless a sufficient number of voters petition the Board of Trustees to require referendum approval. In the event that there

	are not adequate funds for debt service payment, the Village will pledge its interceptable state revenues (State Income Tax, State Sales Tax, State Replacement Tax, and Motor Fuel Tax).
Collateral:	The bonds are general obligations of the Village and are payable from (i) net revenues of the Water and Sewer System and (ii) ad valorem property taxes levied against all of the taxable property in the Village without limitation as to rate or amount. The bonds will also be secured by the Village's interceptable state revenues.
Structure:	Principal is expected to be due on February 1, beginning in 2010 with a final maturity in 2029. Interest will be fixed rate and payable each August 1 and February 1, beginning August 1, 2009. The bonds are subject to redemption prior to maturity.
Credit Enhancement:	Moral Obligation
Maturity:	20 years
Estimated Closing:	Spring 2009

PROJECT SUMMARY

The Village intends to utilize bond proceeds for the construction of a 150,000 gallon elevated water storage tank to serve the residents of Farmersville and demo the existing tank. The current tank is a 150,000 gallon standpipe. It is over 50 years old and has had various maintenance issues over the years. The Village of Farmersville does not have a secondary water source from an outside bulk water supplier. They rely on their water storage tank to supply them with water and pressure. The new elevated tank will give the Village a more reliable water supply and pressure during extended periods of down time at the treatment plant or low water production from the wells. The size of the tank will also allow for the Village to grow as well. Land site for the new elevated tank is already owned by the Village.

The Village wishes to receive preliminary project approval for system improvements in order to secure CDAP funding from DCEO. Preliminary IFA board approval will be utilized by the Village when applying for CDAP funding in February. The approval verifies that Farmersville will have funds to complement the CDAP grant (if awarded). Both IFA and CDAP funds are essential for the completion of the project.

If the community is awarded CDAP funds (DCEO award notification is expected during the fall of 2008), Farmersville will seek final project approval from the IFA. The project will not require funding until Spring, 2009 and is contingent upon the CDAP award.

BUSINESS SUMMARY

The Village of Farmersville, located in Montgomery County covers a geographical area of 1 square mile and is located approximately 55 miles northeast of Springfield. The Village has a population of 768 as of the 2000 census.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Village of Farmersville
Project Location: Farmersville, Illinois
Organization: Illinois Municipality
Village President: Joseph Tischkau

PROFESSIONAL & FINANCIAL

Underwriter:	Wachovia (formerly AG Edwards)	St Louis, MO	Anne Noble
Local Bond Counsel:	TBD		
Issuers Counsel:	The Law Offices of Cahill	Chicago	Kevin Cahill

Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 19th – John Shimkus
State Senate: 49th – Deanna Demuzio
State House: 98th - Gary Hannig

CONFIDENTIAL INFORMATION

Estimated Fee $912.50

FINANCIALS

			Actual		IFA Estimated		
Statement of Revenues and Expenses							
	2005	**2006**	**2007**		**2008**	**2009**	**2010**
Service Charges	144,692	151,726	158,969		165,328	171,941	178,819
Current Operating	150,217	124,869	111,449		114,792	118,236	121,783
Depreciation & Amortization	-		1,371		1,300	1,300	11,300
Total Expenses	150,217	124,869	112,820		116,092	119,536	133,083
Operating Income	(5,525)	26,857	46,149		49,235	52,405	45,735
Other non operating rev / exp	(28,173)	(47,765)	(11,321)		(14,000)	(14,000)	(14,000)
Interest Expense	-	-				(2,000)	(12,000)
Interest Income	3,235	3,659	5,875		6,000	6,000	6,000
Net Interest	3,235	3,659	5,875		6,000	4,000	(6,000)
Net Income	(30,463)	(17,249)	40,703		41,235	42,405	25,735
Beg Net Assets	332,568	302,105	284,856		325,559	366,794	409,199
Prior Period Adjustment							
End Net Assets	302,105	284,856	325,559		366,794	409,199	434,934
	2004	**2005**	**2006**		**2008**	**2009**	**2010**
Income Available for Debt Servic	(2,290)	30,516	53,395		56,535	59,705	63,035
New Max Annual Debt Service	-	-	-			28,000	28,000
Total Debt Service	-	-	-		-	28,000	28,000
Debt Service Coverage	N/A	N/A	N/A		N/A	2.13	2.25

Balance Sheet							
	2005	**2006**	**2007**		**2008**	**2009**	**2010**
Assets							
Cash and Investments	305,069	285,026	312,762		365,468	397,754	422,784
Accounts Receivable	11,870	13,264	12,359		-	-	-
Total Current Assets	316,939	298,290	325,121		365,468	397,754	422,784
Property, Plant and Equipment	-	-	22,319		21,019	384,719	373,177
Total Assets	316,939	298,290	347,440		386,487	782,473	795,962
Liabilities							
Accounts Payable	14,834	13,434	21,881		19,693	17,724	15,951
Current Portion of LTD						10,000	10,000
Total Current Liabilites	14,834	13,434	21,881		19,693	27,724	25,951
Long-term Debt						355,000	345,000
Total Liabilities	14,834	13,434	21,881		19,693	382,724	370,951
Total Equity	302,105	284,856	325,559		366,794	409,199	434,934
Total Liabilities and Equity	316,939	298,290	347,440		386,487	791,923	805,885

Interceptable State Payments	**2005**	**2006**	**2007**
Sales Taxes (General Fund)	81,963	72,667	75,992
State Income Taxes	51,993	58,685	64,730
Personal Property Replacement Taxes	1,215	1,560	1,734
State Motor Fuel Tax	22,276	22,206	22,948
Total	157,447	155,118	165,404

Discussion: The income statement from FY 2005 to FY 2007 indicates that revenues from the Village's Water and Sewer Fund have grown at a rate that exceeds 4.5% per year. Going forward, IFA staff has conservatively projected revenues from service charges will grow at 4% per year. System operating expenses have declined by an average of over 13% year-over-year between FY 2005 and FY 2007. This is primarily due to the salaries and payroll taxes line item decreasing from $74,000 to $44,554 between FY 2005 and FY 2006. The line item further decreased to $39,442 in FY 2007. IFA staff projects that operating expenses will not continue to decline at the historical pace. In fact, staff estimates that operating expenses will increase by 3% per year between FY 2008 and FY 2010. It appears from projections that the Village will be able to meet maximum debt service coverage requirements of 1.25X without raising rates. Of course, any adverse and considerable fluctuations in revenues and or expenses may require the Village to increase rates.

Farmersville's balance sheet indicates a very conservative municipality. The majority of the Village's total assets lie within the cash and investments line item. In addition, there is no long term debt.

Intercept revenues total more than $165,000 in FY 2007. With maximum annual debt service (of the new debt) totaling $28,000, intercept coverage is more than adequate.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Project: **Village of Kane**

STATISTICS

Number:	L-GP-7041	Amount:	$550,000 (not to exceed)
Type:	Local Government Pooled Program		
County / Region:	Greene / Central	IFA Staff:	Eric Watson / Kristi Conrad

BOARD ACTION

Final Bond Resolution
No IFA funds contributed
Staff recommends approval

VOTING RECORD

Preliminary approval February 13, 2007
10 ayes, 0 nays, 0 abstentions

PURPOSE

Provide financing for the Village of Kane water system updates.

IFA PROGRAM AND CONTRIBUTION

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

The IFA's preliminary approval was provided in February 2007. The preliminary approval was successfully utilized to secure CDAP funding in a competitive application process. The Village was notified of the CDAP award in October, 2007 and now wishes to finance the project in its entirety.

JOBS

Current employment: 0	Projected new jobs: 0
Jobs retained: 0	Construction jobs: 0

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$550,000	Uses:	Water System Updates	$947,000
	CDAP Funds	420,000		Underwriter Fee	9,500
				IFA Fee	1,375
				Local Bond Counsel	4,000
				Other	8,125
	Total	$970,000		Total	$970,000

FINANCING SUMMARY / STRUCTURE

The Bonds: The bonds will be Alternate Revenue Bonds, with the Water System's net revenues pledged as the primary revenue source. In the event that the net revenues are insufficient to pay principal and interest on the bonds, the Village has committed to collect ad valorem property taxes levied to pay debt service on the bonds. The Village must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the bonds without passing a voter referendum to do so. The Village will pass a "backdoor referendum" authorizing issuance of the bonds unless a sufficient number of voters petition the Board of Trustees to require referendum approval. In the event that there are not adequate funds for debt service payment, the Village will pledge its interceptable state revenues (State Income Tax, State Sales Tax, State Replacement Tax, and Motor Fuel Tax).

Collateral: The bonds are general obligations of the Village and are payable from (i) net revenues of the Water System and (ii) ad valorem property taxes levied against all of the taxable property in the Village without limitation as to rate or amount. The bonds will also be secured by the Village's interceptable State revenues.

Structure: Principal is expected to be due on February 1, beginning in 2009 with a final maturity in 2038. Interest will be fixed rate and payable each August 1 and February 1, beginning August 1, 2008. The bonds are subject to redemption prior to maturity.

Credit Enhancement: Moral Obligation

Maturity: 30 years

Estimated Closing: Spring 2008

PROJECT SUMMARY

The Village of Kane will use the proceeds of the bonds to construct a 100,000 gallon elevated water storage tank, install two new water wells and pay certain costs associated with the issuance of the Local Government Securities and the Bonds.

The Village applied for CDAP funds in February 2007 and achieved IFA preliminary board approval for participation in the Local Government Pooled Program in order to secure complementary funds. The Village was notified in the fall of 2007 that they were a recipient of CDAP funding and now wishes to have the IFA board's final approval for participation in the Local Government Program. It is anticipated that funds will be needed in Spring of 2008.

Total costs will not exceed $550,000

BUSINESS SUMMARY

The Village of Kane, located in Green County, covers a geographical area of .5 square miles. The community is approximately 57 miles north of St. Louis and has a population of 459 (as of the 2000 census).

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Village of Kane
Project names: The Village of Kane
Location: P.O. Box 167, Kane, 62054
Organization: Illinois Municipality
Village President: Max DeWitt

PROFESSIONAL & FINANCIAL

Underwriter:	Wachovia (formerly AG Edwards)	St Louis, MO	Anne Noble
Local Bond Counsel:	TBD		
Issuers Counsel:	Law Offices of Kevin Cahill	Chicago	Kevin Cahill
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

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

CONFIDENTIAL INFORMATION

Est. fee: $ 1,375 (IFA fee)

FINANCIAL SUMMARY

Village of Kane Water & Sewer Systems Fund
FY Ending April 30, 200Y

	ACTUAL			IFA ESTIMATED		
Statement of Revenues and Expenses				w/o rate inc	w/rate inc	
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Service Charges	55,884	56,960	55,489	56,571	92,000	93,380
Current Operating	55,249	50,356	44,197	45,523	46,889	48,295
Depreciation & Amortization	8,749	8,749	8,749	8,749	13,000	18,000
Total Expenses	63,998	59,105	52,946	54,272	59,889	66,295
Operating Income	(8,114)	(2,145)	2,543	2,299	32,111	27,085
Other State Sources	-	-	51,366	-	-	-
Transfer In/Out	2,426	(1,100)	-	-	-	-
Net Interest	(42)	-	-	-	(10,000)	(22,000)
Net Income	(5,730)	(3,245)	53,909	2,299	22,111	5,085
Beginning Retained Earnings	10,302	326,759	323,514	377,423	379,722	401,834
Prior Period Adjustment	322,187					
Ending Retained Earnings	326,759	323,514	377,423	379,722	401,834	406,918
Income Available for Debt Service	635	6,604	62,658	21,048	45,111	45,085
Maximum Projected Debt Service	-	-	-	-	36,000	36,000
Debt Service Coverage	N/A	N/A	N/A	N/A	1.25	1.25

CONFIDENTIAL

Balance Sheet	**ACTUAL**			**IFA ESTIMATED** w/o rate inc	w/rate inc	
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Assets						
Cash and Investments	11,855	17,359	28,651	34,438	56,550	69,541
Property, Plant and Equipment	314,904	306,155	348,772	345,284	895,283	877,378
Total Assets	326,759	323,514	377,423	379,722	951,834	946,918
Current Liabilites	-	-	-	-	-	-
Long-term Debt	-	-	-	-	550,000	540,000
Total Liabilities	-	-	-	-	550,000	540,000
Total Equity	326,759	323,514	377,423	379,722	401,834	406,918
Total Liabilities and Equity	326,759	323,514	377,423	379,722	951,834	946,918

Other Financial Information

Interceptable State Revenues	**2005**	**2006**	**2007**
Sales Tax	13,055	15,480	16,760
Replacement Taxes	440	285	310
State Motor Fuel Tax	14,273	13,272	13,279
State Income Taxes	29,941	37,065	35,978
Total	57,709	66,102	66,327
Estimated Maximum Annual Debt Service	36,000	36,000	36,000
Intercept Revenue Coverage	1.60	1.84	1.84

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Discussion: It is important to note that local governments financing with the IFA are required to stipulate in their certifying ordinances that they will maintain 1.25X maximum debt service coverage.

The IFA Board preliminarily approved the Village of Kane for funding in February 2007. The Village utilized preliminary approval in order to substantiate and secure matching funds when applying for DCEO CDAP funds. The Village was notified that they would be a recipient of CDAP funds during November, 2007. Therefore, they wish to secure IFA financing via the local government pooled program.

<u>Income Statement:</u> The Village of Kane's service charge revenues (from the water & sewer system proprietary fund) are 100% of total system revenues. Service charge revenues grew slightly (1.93%) between 2005-06 and the decreased by 2% over the next year. It is projected that the service charge revenues may by at least 1.95% between 2007-08 and must increase by over 65% if the Village wishes to issue alternate revenue bonds with the IFA. It is clear that the Village must raise system rates accordingly in order to issue the applicable bonds.

Operating expenses have decreased between 2005 and 2007 by and average of 10.5%. However, even with the decline, the Village will not be able to afford debt service with the current rate structure.

It is imperative that the Village increase water rates in order to maintain the water system fund's viability and also to meet future debt service obligations.

Balance Sheet: The system's cash and investments make up the entirety of total current assets and 7.5% of total assets. The remainder of total assets rests with fixed assets. The Village has $349,000 of depreciable assets reported in 2007, with a projected growth anticipated in 2009 in anticipation of the IFA financed project.

The Village currently carries no significant reportable debt on its balance sheet; however, long-term debt is anticipated to increase in FY 2009, in the anticipation of IFA related financing.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Project: **C&D Recycling LLC**
(2300 Carlson LLC as guarantor)

STATISTICS

Project Number: B-LL-TX-8001	Amount: $215,000
Type: Participation Loan	IFA Staff: Townsend Albright
Location: Northbrook	Region: Northeast
County: Cook	SIC Code: 56-2212

BOARD ACTION

Final approval for Purchase of Participation Loan from First Midwest Bank, Gurnee, IL
$215,000 IFA funds at risk
Staff recommends approval subject to compliance with all of the Bank's terms and conditions

VOTING RECORD

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

PURPOSE

Proceeds will be used to purchase equipment for the facility located at 2300 Carlson Drive, Northbrook, IL

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

This project does not require the use of volume cap.

JOBS

Current employment:	41 (Projected from IRB financing Oct 2006)	Projected new jobs:	10
Jobs retained:	N/A	Construction jobs:	7

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA Participation:	$215,000	Uses:	Purchase of equipment	$660,000
	First Midwest Bank:	345,000			
	Equity	100,000			
	Total	$660,000		Total	$660,000

FINANCING SUMMARY/STRUCTURE

Security: (a) 1st lien on equipment, (b) guarantee of 2300 Carlson LLC, (c) personal shareholder guarantees
Structure: Private placement in First Midwest Bank's loan portfolio
Interest Rate: IFA portion – 3-Month LIBOR plus 100 basis points (1%) fixed for five years.
Maturity: 10 years.
Rating: None
Estimated Closing Date: April 1, 2008

PROJECT SUMMARY

C&D Recycling LLC (the "Applicant") (the obligor) is requesting $560,000 to purchase and install equipment for an existing construction and demolition recycling facility located in Northbrook, Illinois. Loan proceeds will be used to purchase a shredder, heater, truck, dust control machine, and other items. The Facility is used by C&D Recycling (90%) and Active Disposal (10%). C&D has contributed $100,000 as a down payment for equipment. Collateral will be a purchase money interest in the machinery and/or property. First Midwest Bank, Gurnee currently holds a first blanket lien position on all of the company's assets in conjunction with a $4,400,000 IRB funded through IFA in November 2006.

BUSINESS SUMMARY

Background: C&D Recycling LLC is an Illinois Limited Liability Corporation established for the purposes of operating a state-of-the art recycling facility known as C&D Recycling. C & D Recycling owns the furniture, fixtures and equipment of the facility. 2300 Carlson LLC (the guarantor) was established for the purpose of owning the land and building, which it leases to C & D Recycling. C & D Recycling opened for start-up operation in September, 2007. Funds for the initial project were provided through a $4.4 million Industrial Revenue Bond financed through IFA as conduit issuer. The existing facility is shared by C&D Recycling (90%) and Active Disposal (10%). Active Disposal Company ("Active"), which is an affiliate company, was formed by two of the principals in 2004 as a roll-off container company, and provides scavenger service to Chicago's north and northwest suburbs. The principal shareholders are listed in this report for Board review.

Description: The Applicant services demolition, construction, and roll-off companies in the Chicago-land area. All materials are non hazardous, uncontaminated materials resulting from construction, remodeling, repair, and demolition of utilities, structures or roads. As an alternative to landfill disposal, C&D recycles materials such as wood, brick, concrete, cardboard, roofing shingles and scrap metal. Their recycling percentages exceed all State of Illinois and local ordinances. C&D's position is competitive pricing, efficient service and start-of-the-art recycling technology. Active Disposal collects debris from Chicago's northern suburbs. Active currently has 7 trucks and 310 roll-off containers which are used for the collection and disposal of construction and demolition materials only. All excess materials (not to exceed 25%) which cannot be recycled are transported to landfills and are taken off premises within 72 hours. The facility is unique to the North Suburbs of Chicago and serves clients with LEED requirements and others with a mission to be environmentally responsible.

The Project: Funds will be used to purchase additional equipment, including a shredder, heater, truck, dust control machine, and other items necessary for the Applicant to continue meeting the needs of current and future clients. The equipment purchase will ensure this new facility will remain a state-of-the-art recycling facility. Additionally, this project supports the State of Illinois' interest in developing recycling facilities. It specifically supports the City of Chicago's ordinance, requiring that 50% of construction and demolition materials be recycled.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: C&D Recycling LLC (Signatory Contact)
Project Location: 2300 Carlson Drive, Northbrook, Cook County, IL 60062 (Cook County)
Borrower: C&D Recycling LLC
Tenant: N/A (owner occupied)
Ownership/Board Members:
C & D Recycling LLC:
Larry Herskovitz – 40%, Samuel Sciarretta – 40%, Nancy Herskovitz – 20%
2300 Carlson LLC:
Larry Herskovitz – 50%, Samuel Sciarreta – 30%, Nancy Herskovitz – 20%
Active Disposal Company (Tenant)
Larry Herskovitz – 50%
Samuel - Sciarreta – 50%

PROFESSIONAL & FINANCIAL

Banker:	First Midwest Bank	Gurnee	Thomas Driver
Accountant:	Accounting Associates	Chicago	Alan Giblichman
IFA Counsel:	Dykema Gossett PLLC	Chicago	Gregory Wright
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	10 Mark Steven Kirk
State Senate:	29 Susan Garrett
State House:	58 Karen May

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Est. Fee: $11,847 (first year's interest)

FINANCING SUMMARY

Obligor: C&D Recycling LLC

Guarantor: (a) 2300 Carlson LLC and (b) Nancy Herskovitz, Larry Herskovitz and Sam Sciaretta

Collateral Value: Pro-rata first lien on subject equipment, aggregate LTV not to exceed 65% of assets*:

Collateral	Value	Discount	Adjusted Value
Existing equipment	400,000	65%	260,000
New equipment	699,000	65%	454,350
Total	1,099,000		714,350
New debt			560,000

Loan to value 78.39%

Explanation: Existing equipment is included because the existing equipment purchase financed by the Industrial Revenue Bond will be cross-collateralized with the new equipment.

*Board exception is requested as the prospective guarantors have sufficient personal assets to guarantee the loan, and the prospective borrower is a conduit client of the IFA in good standing.

FINANCING SUMMARY/STRUCTURE

Security: (a) 1st lien on equipment, (b) guarantee of 2300 Carlson LLC, (c) personal shareholder guarantees

Structure: Bank portion – 5-year swap (3.87% as of Jan 15, 2008) + 225 basis points (2.25%) fixed for five years; IFA portion – 3-Month LIBOR (3.10% as of Feb 1, 2008) + 100 basis points (1%) fixed for five years.

Interest Rate: Bank portion – 3.87+2.25= 6.12%

IFA portion – 3.10%+1.00=4.10%

Maturity: 10 years.

Rating: None; Private placement in First Midwest Bank's loan portfolio

Estimated Closing Date: April 1, 2008

Bank Approval: On January 18, 2008, the Credit Committee of First Midwest Bank, Gurnee, Illinois approved an equipment loan to the Applicant subject to a 38.0% ($215,000) participation loan from IFA in a $560,000 term loan.

Collateral: All loans to C & D Recycling LLC and to 2300 Carlson LLC will be cross-collateralized and cross defaulted including the personal guarantees of the shareholders of said LLCs.

FINANCIAL SUMMARY

Financials: Unaudited financial statements for the two months ended November 30, 2007.
Pro forma financial statements for December 31, 2008-2009

	2-mo 2007	2008	2009
Sales	575	3,678	3,877
NI	(10)	943	1,074
EBITDA	454	1,711	2,658
CA	261	1,682	2,428
PP&E	5,423	6,149	5,967
Other Assets	25	25	25
Total	5,709	7,856	8,420
CL	0	741	816
Debt	5,154	5,617	5,032
Equity	565	565	565
Retained Earnings	(10)	933	2,007
Total	5,709	7,856	8,420
Ratios:			
Debt Service ratio	1.61	3.64	5.32
CA/CL	n/a	2.27	2.98
Debt/Equity Ratio	9.12	9.94	8.91

Discussion: The Applicant's sales revenues are expected to rise appreciably from approximately $575 thousand for the two month period ended November 30, 2007 up to approximately $3.7 million in calendar year 2008 and approximately $3.9 million in calendar year 2009, respectively. The Applicant had a "soft" opening on or about September 20, 2007. This was a trial period which the Applicant perfected its collection and disposal functions. During the two month period the Applicant generated $575 thousand in revenues from October 1, 2007 through November 30, 2007. The Applicant fully expects to generate the revenue dollars stated in its *pro forma* income statements.

In addition to Active Disposal Corporation, the Applicant has over 50 active clients which are comprised of demolition contractors, developers, and others who use C & D Recycling, LLC for roll-off container disposal of materials. Major clients include Allied Waste, Inc., and Groot Industries, Inc.

The Debt/Equity ratio using the sum of retained earnings plus equity would be 9.29, 3.75, and 1.96 for November 30, 2007, pro forma calendar years 2008 and 2009, respectively.

Financial statements of the principals are as follows:

Personal Financial Statements (Dollars in 000's)

Nancy Herskovitz		Larry Herskovitz		Sam Sciarretta	
Assets		Assets		Assets	
Cash	$96	Cash	$565	Cash	$99
Marketable Securities	208	Marketable Securities	600	Marketable Securities	140
Real Estate	3210	Real Estate	9,875	Real Estate	3050
Personal Property	10	Personal Property		Personal Property	475
Other	210	Partnerships	6,320	Partnerships	2,850
Total	$3,734	Total	$17,360	Total	$6,614
Liabilities		Liabilities		Liabilities	
Notes Payable	$215	Notes Payable		Notes Payable	
Loans		Loans	2401	Loans	100
Mortgage(s) payable	1070	Mortgage(s) payable	1,450	Mortgage(s) payable	190
Other	25	Other		Other	
Total	1,310	Total	3,851	Total	290
Net Worth	$2,424	Net Worth	$13,509	Net Worth	$6,324

Note:

1. Personal financial statements are current as of August, 2007.
2. The Guarantors have mortgage debt on various rental properties in the Chicagoland area. The mortgages are unrelated to the subject financing.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Project: **DD Leasing, LLC**

STATISTICS

Deal Number:	I-ID-TE-7258	Amount:	$3,500,000 (not-to-exceed amount)
Type:	Industrial Revenue Bond	IFA Staff:	Steven Trout
Location:	Franklin Park and Bartlett	County / Region:	Cook County & DuPage County / Northeast

BOARD ACTION

Preliminary Resolution to Issue Conduit Industrial Revenue Bonds
Staff recommends approval
No Extraordinary Conditions
No IFA funds contributed

VOTING RECORD

This is the first time that this project has been presented to the Board. The Authority issued on September 7, 2006 $1,570,000 in IRBs to finance the acquisition of equipment for DD Leasing, LLC.

PURPOSE

To finance the acquisition and installation of an asphalt plant and two cold milling machines and to pay for professional and legal services.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

Issuance of the Bonds is subject to an allocation of sufficient Volume Cap. The borrower has approached the Village of Bartlett for an allocation part of its 2008 Volume Cap (estimated at $3,120,010 based on its population of 36,706 according to the 2000 US Census). The Village is also evaluating a request for Cap for another project. A decision on the availability of local Cap is expected prior to IFA's allocation of Cap for this project.

JOBS

Current employment:	560	Projected new jobs:	0
Jobs retained:	0	Construction jobs:	30

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$3,500,000	Uses:	Project Costs	$3,435,000
				Professional & Legal	100,000
	Total	$3,500,000		Total	$3,500,000

FINANCING SUMMARY/STRUCTURE

Obligor:	DD Leasing, LLC
Security:	A perfected first security interest in the machinery and equipment financed and an assignment of rents and leases
Structure:	Industrial Revenue Bonds to be purchased by GE Government Finance, Inc.
Interest Rate:	Fixed at a rate to be determined.
Credit Rating:	Not applicable, as GE Government Finance (or another GE affiliate) intends to hold the Bonds as an investment until maturity.
Maturity:	10 years
Closing Date:	First half of 2008

PROJECT SUMMARY

Proceeds will be used to acquire an asphalt plant and two cold milling machines and pay costs of issuance. Project costs are estimated as follows:

Asphalt plant and related equipment	2,100,000
Cold milling equipment	1,300,000
Total	$3,400,000

BUSINESS SUMMARY

Description: Plote Construction, Inc. ("PCI"), is a family-owned, Illinois C-corporation that was formed in December 1974, incorporated in June 1981 and is owned by Raymond and Janice Plote. PCI operates primarily in Chicagoland in the real estate and construction industries. DD Leasing, LLC ("DD"), is an Illinois Limited Liability Company formed in September 2000 that is owned by Raymond, Daniel and David Plote. DD, together with RDD Leasing, another company that is owned by the same group, operates equipment companies for the Chicagoland and Northwest Illinois market and manages the purchasing, financing and leasing of equipment for affiliated companies.

Background: PCI is the principal operating entity and source of operating cashflows to pay interest and principal on the Bonds. PCI's major lines of business include:

Excavation, including mass grading, excavation, utility installation, demolition, and snow removal.
Asphalt, including building and reconstructing highways and reprocessing old road surfaces. This division operates six asphalt plants in Bartlett, Chicago, DesPlaines, Franklin Park, Hillside and Huntley, Illinois and produces thousands of tons of asphalt each day.
Concrete, including road construction, curbing and related projects, including production and transportation of concrete. This division also serves as a subcontractor for commercial, residential and land development projects.
Real Estate, developing 11 commercial sites at a business park in Huntley.
Other Services, including operations, construction management, engineering and layout.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant:	DD Leasing, LLC, 1100 Brandt Avenue, Hoffman Estates, IL 60120 (Contact: Ms. Keri Caduto, Treasury Manager, 847/695-3900)		
Project name:	DD Leasing, LLC		
Location:	2200 Graham Street, Bartlett IL 60103 10555 Waveland Avenue, Franklin Park IL 60131		
Organization:	Illinois Limited Liability Company		
Owners:	Daniel Plote (49%)	David Plote (49%)	Raymond Plote (2%)

PROFESSIONAL & FINANCIAL

Accountant:	Plante & Moran, PLLC	Elgin	
Bond Purchaser:	GE Capital	Oak Brook	Brian Riordan
Bond Counsel:	Jones Day	Chicago	Rich Tomei Bob Capizzi
Paying Agent	Deutsche Bank National Trust Co.	Chicago	George Kubin
Issuer Counsel:	Greeburg Traurig	Chicago	Mark McCombs
IFA Financial Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

	Franklin Park		Bartlett
Congressional:	5th	Rahm Emanuel	6th Peter Roskam
State Senate:	39th	Don Harmon	55th Dale A Righter
State House:	77th	Angelo "Skip" Saviano	28th Robert Rita

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Est. Fee: $2,500 (including application fee)

FINANCIAL SUMMARY

Borrower Financials: Audited financial statements for The Plote Construction Inc. and Affiliates 2004, 2005 and 2006. Staff prepared projections. All dollars are thousands.

	Actual			Projections		
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Income Statement						
Net Sales	128,986	143,555	187,175	192,790	198,574	204,531
Net Income	9,943	1,591	14,903	3,099	2,950	3,141
Earnings Before Interest, Taxes, Depreciation & Amortization	20,252	7,859	22,689	16,387	16,879	17,385
Balance Sheet						
Current Assets	114,637	104,036	122,383	118,356	123,700	128,643
Net Property, Plant & Equipment	46,214	60,581	64,687	68,018	65,579	60,220
Other Assets	690	522	252	252	252	252
Total Assets	161,541	165,139	187,322	186,626	189,531	189,115
Current Liabilities	62,023	57,562	56,719	57,657	58,720	59,781
Long-term Debt	30,376	39,232	48,140	44,940	45,290	42,225
Other Liabilities	2,206	1,333	548	564	581	599
Stockholder's Equity	66,936	67,012	81,915	83,465	84,940	86,510
Total Liabilities & Stockholder's Equity	161,541	165,139	187,322	186,626	189,531	189,115
Ratios						
Fixed Charge Coverage (X)	2.59	1.16	3.39	1.39	1.63	2.13
Current Ratio	1.85	1.81	2.16	2.05	2.11	2.15
Total Debt to Equity	0.85	0.93	0.84	0.78	0.77	0.72

Discussion: The financial statements summarized above present the operating results and financial position of Plote Construction, Inc. and Affiliates for 2004, 2005 and 2006. The Affiliates include two leasing entities RDD Leasing, Inc; and DD Leasing, LLC. These entities are presented together because the leasing companies depend on lease payments made by Plote Construction to pay principal and interest on debt incurred to finance leased real estate and equipment.

PCI functions primarily as a general contractor for large excavation, road construction and reprocessing projects. Most contracts are priced based on an estimated number of work units required to complete the project. PCI recognizes revenues from unit-priced contracts using the percentage-of-completion method. Under this accounting method, revenue and income is recognized as costs are incurred in proportion to total cost and income budgeted for the project. As the project advances, management monitors costs and records losses on projects that are projected to exceed budget and gains on projects

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projected to be completed under budget. Companies using this method often report fluctuating income over time as projects are completed above and below budget. Despite this concern, percentage-of-completion is the preferred accounting method (Generally Accepted Accounting Practice) for contractors that are primarily engaged in fulfilling large contracts over several accounting periods.

Plote Construction has reported rapidly growing sales over the period reviewed. Plote realized a $12.2 million gain in 2004 as part of a large settlement with the City of Chicago to condemn property owned in DesPlaines. Net income fell significantly in 2005, in part because of a $2 million loss on the sale of assets. Net income swelled in 2006 because of significantly improved operating income. Despite fluctuating net income, Plote Construction has generated sufficient operating cashflow to pay operating expenses, make scheduled principal and interest payments and fund significant investment in fixed assets over the past three years.

As of December 31, 2006, Plote Construction reported over $68 million in cash and cash equivalents, an amount equal to 148 days of cash operating expenses, which is consistent with ending balances over the past 3 years. As of this date, the company had $17.4 million drawn on lines of credit provided by GE Capital and LaSalle Bank, which is slightly lower than the ending balances in 2004 and 2005.

Staff prepared the projections for 2007, 2008 and 2009. The operating forecast assumes 3% annual growth in sales which is much slower than recent experience, and continuation of margins for gross and operating profit at recent levels. Interest expense on the Bonds is estimated assuming a fixed rate of 5.5% and an average interest rate of 7% on Plote Construction's other indebtedness. The balance sheet has been forecast assuming that 1) operating assets and liabilities grow at a 3% annual rate, 2) the equipment is acquired in 2008 and 3) the debt is incurred on April 1, 2008 and amortizes over 10 years.

Based on the conservative assumptions outlined above, staff anticipates that Plote Construction should have no difficulty repaying the Bonds and funding additional investments over the next several years.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Project: Overton Gear & Tool Corporation

STATISTICS

IFA Project:	I-ID-TE-CD-8008	Amount:	$7,000,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	IFA Staff:	Rich Frampton
Location:	Addison	County/ Region:	DuPage County/Northeast

BOARD ACTION

Preliminary Bond Resolution
Conduit Industrial Revenue Bonds
Staff recommends approval

No IFA funds at risk
No extraordinary conditions

VOTING RECORD

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

PURPOSE

Acquisition of equipment to modernize and expand Overton Gear's production capacity. The Company has been turning away business due to a lack of production capacity. This project will improve the capacity and productivity of the Company's existing facility without increasing real estate overhead.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

Issuance of the Bonds would require an allocation of approximately $6.8 million of Volume Cap. Both Overton and another prospective Addison IRB project are negotiating with the Village of Addison to transfer the Village's entire 2008 allocation (i.e., $3,147,975) to IFA for these projects. Accordingly, this project will need from approximately $3.7 million to $5.3 million of 2008 of Volume Cap from the Governor's Office of Management and Budget (amount will depend on whether Addison requests its allocation to be spread over one or two projects).

SOURCES AND USES OF FUNDS

Sources:	IRB	$6,810,000	Uses:	Project Cost	$6,810,000
	Equity	160,000		Issuance Costs	160,000
	Total	**$6,970,000**		**Total**	**$6,970,000**

The financial summary section of this report explains the sources of project equity (see Page 6).

JOBS

Current employment:	141	Projected new jobs:	20 (within 2 years)
Jobs retained:	141	Construction jobs:	Not applicable

Rationale: The proposed project will enable Overton Gear to increase its production capacity significantly, thereby reducing the Company's longstanding sales backlog. As a result of order backlogs, Overton has been turning away business. Furthermore, the upgraded equipment will help assure that Overton can manufacture products within specified tolerances and remain technologically competitive. The Company will be adding skilled and semi-skilled workers who will have an opportunity to ultimately own stock in the Company through the Overton Gear ESOP Trust (which owns 100% of the company's outstanding stock). Overton is a 100% employee-owned company.

FINANCING SUMMARY

Direct Lender/
Bond Investor Security: The Direct Lender/Investor (i.e., GE Capital Government Finance, Inc. or Bank of America) will be secured by a blanket first security interest in all accounts receivable, inventory, and equipment that will be cross-collateralized and cross-defaulted with Overton's Line of Credit.

Structure: As proposed, the Bonds would be purchased directly by either GE Government Finance, Inc. or Bank of America and held as a portfolio investment until maturity as Direct Lender/Investor.

Interest Rate: Fixed Rate Bonds to maturity

Amortization: 10 Years

Timing: April 2008 (estimated: subject to availability of Volume Cap)

BUSINESS SUMMARY

Description: **Overton Gear & Tool Corporation**, ("**Overton**" or the "**Company**") is an Illinois S Corporation originally established in 1955. The Company's founders established an ESOP Trust in 1985 to own 49% of the Company. In 2006, the Overton Gear ESOP Trust purchased the remaining 51% of the company's outstanding stock to become a 100% employee-owned company.

The Officers of the Company and the ESOP Trust are (1) Mr. Louis Ertel, President and CEO, (2) Mr. Kevin Walsh, VP-Operations, and (3) Mr. Peter LaMontagna, VP-Finance. All Overton employees receive annual beneficial stock ownership interest transfers in the ESOP Trust as a retirement benefit after completing one year of service.

Background: Overton Gear & Tool Corporation manufactures custom spur, helical, and bevel gears according to customer specifications. Overton's machinery cuts, grinds, and heat tempers its gears. *The Company specializes in custom gears for the marine, off-shore, locomotive, mining, wind energy, transportation, and construction industries, as well as various Original Equipment Manufacturers (OEMs).*

In recent years, Overton has diversified its product lines significantly (away from its original focus on locomotive gears) adding helical/spherical gears for wind energy turbines. Additionally, in 2005, Overton acquired the Illinois Gear Corp. division of Regal Beloit Corporation thereby adding bevel (i.e., right angle gears) to Overton's product mix. Overton also relocated Illinois Gear's bevel gear manufacturing machines to its Addison manufacturing facility, thereby adding bevel gears (i.e., right angle gears) to its product mix.

Following its 2005 acquisition of Illinois Gear, Overton has added gears designed for marine applications (e.g., thruster drive gears for cargo ships) and mining (e.g., gears used in stone crushers) to its product mix, thereby diversifying its sales base across new industries. These bevel gears are typically 85" to 100" in diameter.

Overton previously received $3.1 million of IRB financing from IFA (IDFA) in 1994 that financed the acquisition of new manufacturing equipment and building improvements. Overton's remaining outstanding balance was approximately $200,000 as of 12/31/2007 – all payments have been made as scheduled.

PROJECT SUMMARY

Bond proceeds will be used to finance (1) the acquisition and installation of various manufacturing equipment and fixtures (including but not limited to a new pit furnace, gear grinding machines, and other machinery and equipment) for use at the Overton Gear & Tool Corporation's existing approximately 130,000 SF manufacturing facility located at 530 Westgate Drive, Addison (DuPage County), IL 60101-4525, and to also pay bond issuance costs.

Estimated project costs are as follows (fixtures and equipment):

Pit Furnace	$840,000
Gear Grinding Machines	2,800,000
Gear Generating Machines	2,025,000
Gear Hobber	1,145,000
Total	**$6,810,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Overton Gear & Tool Corporation (Contact: Mr. Pete LaMontagna, Vice President – Finance, 530 Westgate Drive, Addison, IL 60101-4525; Ph.: 630-543-9570, x263; Fax: 630-543-7440; e-mail: petel@overtongear.com)
Web site:	www.overtongear.com
Project name:	Overton Gear & Tool
Location:	530 Westgate Drive, Addison, IL 60101-4525
Borrower:	**Overton Gear & Tool Corporation**
Organization:	Illinois S Corporation
Ownership:	**Overton Gear ESOP Trust:** 100%;

ESOP Trustee: Ms. Kjersti Cory, **First Bankers Trust**, 2321 Kochs Lane, Quincy, IL 62305; Ph.: 217-228-8060. (First Bankers Trust is based in Quincy and specializes in personal and other corporate trust serves, including ESOP's trusteeships. First Bankers Trust also has offices in Chicago, Philadelphia, and Phoenix. Web Site: www.fbtservices.com)

There are no shareholders with a 7.5% or greater ownership interest in the Overton ESOP Trust (all individual participants in the ESOP Trust own beneficial ownership interest of less than 2.0% in the Overton Gear ESOP Trust).

Management of Overton includes:
Louis Ertel, President & CEO (and Board Member appointed by First Bankers Trust))
Kevin Walsh, VP-Manufacturing (and Board Member appointed by First Bankers Trust)
Peter LaMontagna, VP-Finance

PROFESSIONAL & FINANCIAL

General Counsel:	McDermott, Will, and Emery	Chicago, IL	Mark Costa
Auditor:	Crowe Chizek	Oak Brook, IL	Alex Wodka
Bond Counsel:	Discussing with Ice Miller, Jones Day, and Greenberg Traurig		
Direct Lender/ Bond Purchaser:	Either GE Capital Government Finance, Inc. or Bank of America (selection expected during the week of 2/4/2008)		
Lender's Counsel:	To be determined		

General Contractor:	Not applicable		
Paying Agent:	To be determined		
IFA Counsel:	Cahill Law	Chicago, IL	Kevin Cahill
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	6	Peter J. Roskam
State Senate:	23	Carole Pankau
State House:	46	Dennis Reboletti

CONFIDENTIAL INFORMATION

Est. fee: $40,810 (assumes a $6.81 million IRB)
SIC Code: 3566 (Industrial Gears); (333612 Industrial Drives and Gears)

Financials: Audited financial statements of Overton Gear & Tool Corporation for the fiscal years ended 12/31/2004-12/31/2006. Projected financial statements for the fiscal years ending 12/31/2007-12/31/2010 prepared by IFA staff, based on 2007 interim results, and 2008-2010 sales/balance sheet forecasts prepared by Overton.

	Actual December 31			Projected December 31			
	2004	2005	2006	2007	2008	2009	2010
	(Dollars in 000's)			(Dollars in 000's)			
Income statement:							
Sales	$18,537	$27,386	$38,259	$39,598	$41,004	$45,000	$50,000
Net income (before S Corp. distributions)	196	888	1,821	2,098	1,633	1,793	2,085
EBITDA	1,516	3,152	5,263	5,393	5,562	6,091	6,602
Balance sheet:							
Current assets	5,636	9,341	8,981	10,181	10,544	11,631	12,770
Net PP&E	6,721	8,994	9,126	10,257	17,077	17,587	17,989
Other assets	343	150	140	140	330	311	292
Total assets	12,700	18,485	18,247	20,578	27,951	29,529	31,051
Current liabilities	5,336	9,468	6,991	6,732	8,380	8,311	9,768
Long-Term Debt	4,112	4,916	6,928	7,415	11,492	11,332	9,295
Other LT Liabilities	--	68	719	724	740	754	770
Equity	3,252	4,033	3,609	5,707	7,339	9,132	11,218
Total Liab & Equity	12,700	18,485	18,247	20,578	27,951	29,529	31,051
Ratios:							
Debt coverage (x)	1.19	1.46	2.02	2.45	2.58	2.08	2.25
Current ratio	1.06	0.99	1.28	1.51	1.26	1.40	1.31
Debt/equity	1.75	2.32	2.25	1.54	1.83	1.46	1.01

Discussion: Overton has posted significant sales growth over the past three years. The Company posted compound sales growth of approximately 36.8% from 2004 to 2006. Overton's projected 2007 and 2008 sales peak due to capacity constraints that will be remedied by the equipment purchased with the subject IFA Series 2008 Bonds.

This sales growth has reflected Overton's successful strategy to diversify its sales among different industries, which accelerated as a result of the Company's successful acquisition of Illinois Gear and its production equipment in 2005.

Again, Overton must undertake the proposed equipment acquisition and upgrading project to increase production capacity to reduce current order backlogs (as of 12/31/2007, Overton has a current order backlog equivalent of approximately one year of sales – approximately $35 million). This will also help the Company retain existing customers and meet increased demand for gears used in wind turbine and mining operations. Overton has been turning away customers on an ongoing basis for over one year.

CONFIDENTIAL

Major Overton customers include Winergy Drive Systems of Elgin, Illinois (a subsidiary of Siemens the manufacturers/assembles wind energy turbines), Morgan Construction, Excel Crusher (an IFA Participation Loan Borrower in Central Illinois), FFE Minerals, Rolls-Royce, Wartsila Diesel, Altstom Power, McQuay International, and LeTourneau, Inc.

Overton has managed its recent sales growth successfully. Specifically, the Company's pre-S Corporation distribution net profit margins (i.e., net income/sales) improved from 1.05% in 2004 to 4.76% in 2006.

Although Overton has undertaken $5.1 million of equipment purchases over the past 3 years and increased its long-term borrowing from approximately $5.6 million to $10.1 million, the Company's cash flows (EBITDA) have been sufficient to cover the Company's debt service payments by multiples of 1.19 times or better over the past 3 years (and by 2.02 times in 2006).

The forecasted statements were prepared by IFA staff based on assumptions provided by Overton including:

- $6,810,000 Bond Issued as of 6/30/2008
- 3.5% sales increase in 2008, due to capacity constraints prior to new equipment installation
- 9.7% sales growth in 2009 and 11.1% sales growth in 2010
- Although the projected fixed interest rate is 4.5%, the forecasts were prepared using a more conservative 6.0% fixed interest rate
- 10 Year Amortization on automated machinery and equipment

Based on the foregoing assumptions, Overton is projected to continue to generate strong operating cash flow that will be sufficient to cover its fixed charges by a multiple of 2.08 times in 2009, the first full year after completion of the proposed project.

Overton currently has a $3.5 million Revolving Line of Credit ("Line") from Bank of America. Overton had no draws outstanding as of 12/31/2007 against this Line. Overton has used this Line sparingly over the last four years, indicative of the Company's strong financial balance and well-managed sales growth.

Cash equity for the project will be derived from cash balances on hand (which have averaged approximately $350,000 since 2006). Because of unused borrowing capacity under Overton's Line, and excess collateral value in the subject real estate, Overton will be able to finance 100% of the cost of the proposed project.

Estimated Savings:

The estimated 10-year fixed Tax-Exempt rate as of 1/29/2008 for the proposed Direct Purchase Bonds was 4.50%. The Taxable Prime Commercial Rate as of 1/29/2008 was 6.50%.

Accordingly, the proposed tax-exempt bonds for Overton Gear & Tool Corporation would generate effective interest savings of approximately 2.00% compared to Prime based on current market conditions as of 1/29/2008 (and thereby generating $136,200 of annualized savings based on $6.81million Par).

This information is considered proprietary since it could be used to the advantage of Overton's customers, competitors, or banks/lenders seeking to negotiate with Overton regarding this financing.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 12, 2008

Project: **The University of Chicago**

STATISTICS

Project Number:	E-PC-TE-CD-8002	Amount:	$125,000,000
Type:	501(c)(3) Revenue Refunding Bonds	IFA Staff:	Rich Frampton
Location:	Chicago	County/ Region:	Cook/Northeast

BOARD ACTION

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

Staff recommends approval
No extraordinary conditions

VOTING RECORD

No prior vote. This the first time this financing has been presented to the IFA Board of Directors.

PURPOSE

Current refunding of IFA (IEFA) Series 1998A Bonds (bearing fixed interest rates ranging from 5.00% to 5.25%) with IFA Series 2008 Variable Rate Revenue Refunding Bonds.

Based on a Forward Swap Agreement entered into between The University of Chicago (the "Borrower") and Merrill Lynch Capital Services (the "Swap Counterparty) with respect to the IFA Series 2008 Variable Rate Refunding Bonds, the Illinois Finance Authority identified the Forward Swap Agreement to be a Qualified Hedge under Treasury Reg. Section 1.148-4(h).

As proposed, this Forward Swap Agreement would enable the University of Chicago to synthetically fix monthly payments on the IFA Series 2008 Variable Rate Revenue Refunding Bonds at a fixed interest rate of approximately 3.19%. The IFA Series 2008 Variable Rate Revenue Refunding Bonds are likely to be sold on a 7-day floating rate basis based on the University's short-term investment grade ratings (although the University is also evaluating whether a bank liquidity facility might result in a more advantageous interest rate.

IFA staff has estimated that this financing will save the University approximately $2.27 million per annum.

Additional information regarding terms of this Forward Swap Agreement are described in the Financing Summary section of this report (see pp. 2-3)

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

VOLUME CAP

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

JOBS

Current employment: 9,853 (FT and PT)
Jobs retained: Not applicable

Projected new jobs: Not applicable
Construction jobs: Not applicable

PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS

Sources:	Current Refunding Bonds	$125,000,000	Uses:	Refunding Bonds	$125,000,000
	Fundraising/Cash	890,000		Issuance Costs	890,000
	Total	**$125,890,000**		**Total**	**$125,890,000**

These amounts are preliminary estimates prepared by the University and will be finalized in consultation with bond counsel (Chapman and Cutler).

Rationale: This current refunding will finance IFA (IEFA Bonds) currently bearing fixed rates ranging from 5.00% to 5.25% with floating rate bonds that will be swapped to a fixed rate of approximately 3.19% as the result of a September 2005 Forward Swap executed by the University. This Refunding would result in approximately $2.27 million of annual savings under current market conditions.

FINANCING SUMMARY

Structure: The Bonds will be sold in Variable Rate Mode based on the direct underlying long-term ratings of the University of Chicago for fixed rate or standard weekly adjustable (variable) interest rate bonds. The University of Chicago previously entered into a Forward Swap Agreement in September 2005 in order to swap approximately $125,000,000 of Variable Rate Bonds to a synthetic fixed rate of 3.19%.

Security/
Collateral: The Bonds will be secured by a general obligation of the University. The Bonds will not be secured by a mortgage or security interest on any of the University's assets, properties, or funds. The University's is currently rated Aa1/VMIG1/Stable (Moody's as of 6/7/2007); AA/A-1+/Stable (Standard and Poor's as of 6/11/2007); and AA+/F1+/Stable (Fitch as of 6/7/20074). The University anticipates the proposed bonds will be rated similarly by all three rating agencies. (The University of Chicago's short-term debt was last rated in November 2004 when IFA last issued variable rate bonds.) The University of Chicago is one of only a few IFA borrowers that has its own short-term investment grade credit ratings from all three ratings agencies, thereby enabling the sale of standard variable rate bonds without credit enhancement. No Liquidity Facility will be required if Bonds bear interest in a Weekly (Adjustable Rate) Mode.

Maturity: As currently proposed, the IFA Series 2008A Bonds would mature in 30 years (i.e., 7/1/2038) – 40 years after issuance of the original Series 1998 Bonds.

Estimated
Interest Rates: As noted previously, the University of Chicago previously entered into a Forward Swap Agreement in September 2005 that is establishing the 3.19% synthetic fixed rate that will result from this Current Refunding of IFA Series 1998A Bonds (5.00%-5.25% Fixed Interest Rate) to IFA Series 2008A Bonds (Weekly Mode Bonds at current rates of approximately 2.90% as of 1/23/2008). Again, this synthetic fixed rate Current Refunding will reduce the University of Chicago effective interest rate by an estimated 1.75% to 2.00% per annum.

Timing: Estimated closing date: April 3, 2008.

Forward Swap/
Qualified Hedge: At the request of the University of Chicago, on 9/1/2005 the Illinois Finance Authority identified the proposed interest rate exchange agreement (the "Forward Swap Agreement" or "Swap") between the University of Chicago (the "Borrower") and Merrill Lynch Capital Services (the "Counterparty") as a "Qualified Hedge" under US Treasury regulations (i.e., Section 1.148(h)) with respect to the prospective issuance of IFA Series 2008 Variable Rate Revenue Refunding Bonds for the University of Chicago.

Forward Swap/ Qualified Hedge (Cont'd.):

The University's Financial Advisor (Public Financial Management, Inc., Boston, MA) assisted the University in evaluating the Swap and in soliciting swap counterparty bids from unrelated third parties that led to selection of Merrill Lynch Capital Services as Counterparty.

The University has informed IFA that:

1. The Swap requires the University to pay a fixed payment amount monthly at a fixed rate of approximately 3.19% until expiration or termination of the Swap.
2. This Swap is a Fixed Payer 68% of (30-Day) LIBOR Swap. This Swap will require Merrill Lynch to pay a variable payment amount monthly based on a variable rate (i.e., 68% of 30-day LIBOR) to the University until expiration or termination of the Swap Agreement.
3. The Notional Amount of the Swap is $123,604,000, reducing to the applicable amounts stated in Annex I to the Swap Agreement between the University and Merrill Lynch.
4. The Swap is being undertaken to minimize interest rate risk changes with respect to the IFA Series 2008 Variable Rate Refunding Bonds for the University of Chicago.
5. IFA Series 2008 Revenue Refunding Bond terms:
   a. Expected Issuance Date: 4/3/2008
   b. Final Maturity Date: 7/1/2038
   c. Interest Rate: 7-day variable rate bonds (i.e., Weekly Bond Mode).
      i. The 7-Day SIFMA Swap Index is being used as a proxy for the current Weekly Bond Rate.
      ii. As of 1/30/2008, the SIFMA Swap Index Rate was 2.20%.
6. The Swap does not contain any upfront payment by the University (unless terminated by the University).
7. Payments received by the University under the Swap Agreement will be received on the same date that interest payments must be made on the Bonds.
8. Payments, if any, to Merrill Lynch Capital Services (as Counterparty) under the Swap Agreement are reasonably expected to be paid from the same source of funds that, absent the Swap, would be used to pay principal and interest on the IFA Series 2008 Revenue Refunding Bonds (The University of Chicago).
   - If IFA issues the Series 2008 Refunding Bonds and the Swap Agreement is executed, both the University and Merrill Lynch would make payments pursuant to terms of the Swap Agreement. Net interest payments attributable to issuance of the IFA Series 2008 Bonds and execution of the Swap Agreement are estimated below (based on market conditions as of 1/31/2008):

University Pays:	
Fixed Payer Amount to Merrill Lynch	3.1889%
Remarketing Agent Fee (IFA Series 2008 Bonds)	0.1250%
Weekly Bond Mode Rate (use SIFMA 7-day Floating Rate Swap Index as proxy; most recent weekly rate was 2.20% as of 1/30/2008)	2.2000%
Total University Payments:	**5.5100%**
University Receives:	
68% of 30-Day LIBOR from Merrill Lynch (30-Day LIBOR was 3.26% as of 1/31/2008)	**2.2168%**
Net University Payments attributable to this Fixed Payer 68% of LIBOR Swap (market rates as of 1/31/2008)	**3.2932%** (compares to Series 1998A coupon rates of 5.00%-5.25%)

PROJECT SUMMARY (for IFA Preliminary Bond Resolution)

Bond proceeds will be used by the University of Chicago (the "University") to current refund 100% of the outstanding principal balance of IFA (IEFA) Series 1998A Bonds. The proceeds of the IFA (IEFA) Series 1998A Bonds were originally used, together with other funds of the University, to renovate and construct educational facilities on the University's Hyde park campus including (i) upgrading laboratory research facilities for the Biological and Physical Sciences Divisions, (ii) configuration of library space and additions to the library collection, (iii) an additional building for the University of Chicago Press, (iv) technology and plant infrastructure improvements, (v) improvements to student facilities, (vi) other capital facility and equipment expenditures under the University's capital expenditure program at the University's Hyde Park Campus and at its Gleacher Center campus at 450 North Cityfront Plaza Drive, all in Chicago, Illinois, and (vii) to pay costs of issuance on the Bonds, including the cost of credit or liquidity enhancement, if any (and collectively, the "Project").

BUSINESS SUMMARY

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

Description: The University's mission is to provide education in liberal and professional studies. The University campus is located on approximately 211 acres in Hyde Park, approximately eight miles south of downtown Chicago. The University's campus is located along the Midway Plaisance, a parkway designed by Frederick Law Olmstead for the City's South Park System used for the Columbian Exposition in 1893.

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

The University's extensive library resources are comprised of over 7 million print volumes and are located in several departmental libraries campus-wide.

The University had approximately 2,207 full-time faculty and 646 part-time faculty at the beginning of academic year 2007-2008. The University's support staff totals approximately 7,000 full-time and part-time employees, approximately 1,550 of whom are represented by collective bargaining agreements.

Since 2002-2003, applications to the University have increased 17%, which has allowed the University to become more selective and reduce its admissions rate from 42% in 2002-2003 to 38% in 2006-2007. From 2002-2003 to 2006-2007, undergraduate enrollment increased from 4,216 to 4,780, consistent with the University's strategic plan.

Combined undergraduate, graduate/professional, and non-degree enrollment at the Hyde Park campus has increased from 13,234 in 2002-2003 to 14,731 in 2006-2007.

The University has an extensive financial aid program designed to enable the most qualified student to attend the University regardless of their financial circumstances. For the 2006-2007 academic year, approximately 47% of all students received financial aid. University-wide expenditures for scholarships and fellowship totaled $199.8 million. In academic 2006-2007, financial aid represented approximately 42% of total tuition and fee revenues.

The University of Chicago has benefited from several bond financings through IFA and had 14 bond issues outstanding, totaling approximately $1.14 billion as of 6/30/2007. Collectively, these financings are referred to as the "Prior Bonds" and were either secured with Aaa/AAA/AAA-rated bond insurance (for auction rate bonds) or sold based on the University's direct underlying ratings (for both fixed rate and daily/weekly/adjustable rate bonds). All payments on the Prior Bonds were current as of 12/31/2007.

IFA most recently issued $244 million of Bond for The University of Chicago in June 2007. The proceeds of the IFA Series 2007 Bonds were used by the University to finance portions of new projects (including academic/research buildings, student housing, and campus infrastructure – heating/cooling plants) under development at the University's Hyde Park Campus.

The University is a member of many cooperative organizations, including the Associated Colleges of the Midwest, the Association of American Universities, the American Council on Education, the Committee on Institutional Cooperation, the Council on Graduate Schools in the U.S., the Institute of International Education Inc., the North Central Association of Colleges and Secondary Schools, and Universities Research Association.

In 1986, The University of Chicago separated the operation of its hospital system from the University. Accordingly, The University of Chicago Hospitals was incorporated on October 1, 1986 to assume operations of the hospitals and clinics.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The University of Chicago, 1225 E. 60th St., Chicago, IL, 60637-2801
Web site:	www.uchicago.edu
Contact:	John Kroll, Comptroller, Ph.: 773/702-1941; j-kroll@uchicago.edu
Project name:	IFA Series 2008 Revenue Refunding Bonds (The University of Chicago Project)
Locations:	The University of Chicago's Hyde Park Campus, 1225 E. 60th St., Chicago, IL 60637-2801 and the Gleacher Center, 450 N. Cityfront Plaza, Chicago, IL 60611-5500
Organization:	Illinois 501(c)(3) Corporation
Board Membership:	*See attached list of Board of Trustees (p. 5).*
Current Land Owner:	The University of Chicago

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Auditor:	KPMG LLP	Chicago, IL	
Borrower's Financial Consultant:	Public Financial Management, Inc.	Boston, MA	June Matte
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Nancy Burke
Senior Manager:	Goldman Sachs	Chicago, IL	Rich Bellis
Co-Managers:	To be determined		
Underwriter's Counsel:	To be determined by Senior Manager		
Trustee:	University has requested proposals from the following trustees in Chicago: (1) Amalgamated Bank, (2) The Bank of New York, (3) Wells Fargo Corporate Trust, and (4) US Bank.		
General Contractors:	Not applicable		
Architects:	Not applicable		
Rating Agencies:	Moody's/S&P/Fitch		
IFA Counsel:	Ice Miller LLP	Chicago	Jim Snyder
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

	Hyde Park Campus		Gleacher Center Campus-Chicago	
Congressional:	1	Bobby L. Rush	7	Danny K. Davis
State Senate:	13	Kwame Raoul	13	Kwame Raoul
State House:	25	Barbara Flynn Currie	26	Elga L. Jeffries

The University of Chicago: Board of Trustees

Chairman of the Board of Trustees: James S. Crown
Vice-Chairman of the Board of Trustees: Andrew M. Alper
Vice-Chairman of the Board of Trustees: Valerie B. Jarrett

Trustees	**Affiliation**
Andrew M. Alper	Former President, NYC Economic Development Corporation
David G. Booth	Chairman and CEO, Dimensional Fund Advisors, Inc.
Thomas A. Cole	Chairman of the Executive Committee and Partner, Sidley Austin, LLP
E. David Coolidge III	Vice Chairman, William Blair & Company, L.L.C.
Jon S. Corzine	Governor, State of New Jersey
James S. Crown	President, Henry Crown and Company
Katharine P. Darrow	Retired Senior Vice President, The New York Times Company
Erroll B. Davis, Jr.	Chancellor, University System of Georgia
Craig J. Duchossois	Chief Executive Officer, Duchossois Industries
James S. Frank	President and CEO, Wheels, Inc.
Jack W. Fuller	Retired President, Tribune Publishing Company
Stanford J. Goldblatt	Partner, Winston & Strawn
Rodney L. Goldstein	Chairman and Managing Director Frontenac Company
Mary Louise Gorno	Partner and Managing Director Lantern Partners
Kathryn C. Gould	Founder and General Partner, Foundation Capital
Sanford J. Grossman	Chairman and CEO, Quantitative Financial Strategies, Inc., Grossman Asset Management
King W. Harris	Chairman, Harris Holding, Inc.
Kenneth M. Jacobs	Deputy Chairman and Head of Lazard North America, Lazard LLC
Valerie B. Jarrett	Managing Director and Executive Vice president, The Habitat Company
Karen L. Katen	Vice Chairman, Pfizer Inc.
Dennis J. Keller	Chairman, DeVry Inc.
Arthur L. Kelly	Managing Partner, KEL Enterprises, L.P.
Steven A. Kersten	President, Water Saver Faucet Company
James M. Kilts, Jr.	Founding Partner, Centerview Partners
Michael J. Klingensmith	Executive Vice President, Time, Inc.
Michael L. Klowden	President and Chief Executive Officer Milken Institute
Sherry L. Lansing	CEO, The Sherry Lansing Foundation
Charles A. Lewis	Chairman, Lewis-Sebring Family Foundation
John C. Martin	President & CEO Gilead Sciences, Inc.
Walter E. Massey	President, Morehouse College
Peter W. May	President and COO, Triarc Companies, Inc.
John W. McCarter, Jr.	President and CEO, The Field Museum
Joseph Neubauer	Chairman and CEO, ARAMARK Corporation
Emily Nicklin	Partner, Kirkland & Ellis
Harvey B. Plotnick	President, Paradigm Holdings, Inc.
Thomas J. Pritzker	Chairman and CEO, Global Hyatt Corporation
George A. Ranney, Jr.	President and CEO, Chicago Metropolis 2020
John W. Rogers, Jr.	Chairman and CEO, Ariel Capital Management Inc., Ariel Mutual Funds
Andrew M. Rosenfield	Managing Partner, Guggenheim Partners
David M. Rubenstein	Co-founder and Managing Director, The Carlyle Group
Richard P. Strubel	Vice Chairman, UNext, Inc.
Byron D. Trott	Vice Chairman, Investment Banking, Goldman, Sachs & Co.
Marshall I. Wais, Jr.	Chief Executive Officer, Marwais International L.L.C.
Gregory Westin Wendt	Senior Vice President, Capital Research Company
Jon Winkelreid	President and Co-COO Goldman, Sachs & Co.
Paula Wolff	Senior Executive, Chicago Metropolis 2020
Paul G. Yovovich	President, Lake Capital
Francis T.F. Yuen	Chairman, Pacific Century Insurance Holdings Limited
Robert J. Zimmer	President, The University of Chicago

CONFIDENTIAL INFORMATION

Est. fee: $138,000

FINANCING SUMMARY

Financials: Audited Financial Statements, 2005-2007 (University only -- excludes University of Chicago Hospitals from Consolidated Results). Results prepared by IFA Staff based on audited financial statements.

	(Dollars in Thousands) Year Ended June 30		
	2006	2006	2007
Income Statement:			
Revenues/Support	$1,283,789	$1,378,360	$1,531,904
Change in Unrestr. Net Assets	342,342	565,487	823,709
Change in Net Assets	439,657	661,687	965,087
* EBIDA	446,508	684,386	1,101,259
Balance sheet:			
Current assets	895,709	862,694	759,216
Net PP&E	1,223,519	1,300,562	1,465,161
Investments/Other	4,772,560	5,362,511	6,717,357
Total Assets	**6,891,788**	**7,525,767**	**8,941,734**
Current liabilities	931,027	866,741	883,280
Long Term Debt	1,130,731	1,091,978	1,306,146
Other LT Liabilities	271,533	276,864	497,037
Net Assets	4,628,497	5,290,184	6,255,271
Total Liabilities & Net Assets	**6,891,788**	**7,525,767**	**8,941,734**
Ratios:			
Debt Coverage	11.42x	14.76x	9.01x
***2007 Pro Forma Debt Coverage*			*9.19x*
Current Ratio	0.96	1.00	0.86
LT Debt/Net Assets	0.30	0.25	0.21
Days Cash/Investments	1,340	1,370	1,590

* EBIDA = Earnings Before Interest, Depreciation and Amortization
** 2007 Pro Forma Debt Coverage is determined by dividing actual 2007 cash flows (as indicated by EBIDA) to the total of actual 2007 debt service payments adjusted for reductions in debt service payments attributable to the proposed IFA Series 2008 Bonds. The resulting 2007 Pro Forma Debt Coverage thereby indicates the sufficiency of 2007 cash flows (EBIDA) to cover the proposed 2008 debt service payments.

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Discussion: As of 6/30/2007, the University had Total Assets of approximately $8.94 billion, which included approximately $5.83 billion of endowments investments (at fair market value). The University's combined investment balances and cash equivalents totaled approximately $6.52 billion as of 6/30/2007. These combined cash and investment balances at 6/30/2007 were sufficient to cover approximately 1,590 days of 2007 operating expenses (i.e., approximately 4.4 years operating cash).

The University's major revenue sources for fiscal year 2007 were (1) government grants and contracts (21%); (2) net tuition and fees (18%; after deducting student aid), (3) endowment payouts (13%); (4) auxiliary income (i.e., room, dining, parking, entertainment and other services) (12%); and, (5) private gifts, grants, and contracts (8%).

Revenues increased at a compound growth rate of approximately 9.24% per from 2005 to 2007, from approximately $1.28 billion to $1.53 billion. The two primary sources of operating revenue growth from 2005 to 2007 were tuition/fees and government grants and contracts.

The University's major operating 2007 expense categories consisted of compensation (62%), supplies and services (24%), and utilities/alterations/repairs (3%).

The University of Chicago's balance sheet reflects endowment balances that totaled approximately $5.83 billion as of 6/30/2007 that represents one of the largest endowments of any academic institution in the nation. The University's investment balances as of 6/30/2007 represented 326% of total indebtedness. These investments are allocated in a diversified portfolio across several asset classes including: fixed income, equities, real estate, high yield funds, real estate, and cash.

As of 6/30/2007, the University had outstanding general obligation indebtedness totaling approximately $1.79 billion (including current portions), evidenced by bonds and notes.

The University's cash flows have been sufficient to generate operating cash flow sufficient to cover scheduled debt service payments on existing indebtedness by multiples of 9.01 times or better over the last 3 years.

The subject refinancing will reduce the interest rate on the Series 1998A Bonds from 5.00%-5.25% to an estimated rate of 3.19%. As a result, the University's annual debt service payments will be reduced by an estimate $3.24 million per annum as a result of issuance of the IFA Series 2008A Bonds (and the related Forward Interest Rate Swap) that will result in a synthetic fixed rate of approximately 3.19%. After adding historical 2007 payments for the proposed payments resulting from the IFA Series 2008A Revenue Refunding Bonds, the University's 2007 cash flows would have been sufficient to cover the University's 2007 fixed obligations by a multiple of 9.19 times (compared to 9.01 times on the all debt including the Series 1998A Bonds to be refunded).

The proposed Refunding Bonds will reduce the University's annual debt service payments thereby enabling the University to apply savings to fund its educational mission and also provide additional student tuition assistance.

The University has an unsecured $100 million Line of Credit with the Northern Trust Company (excluding the Hospital). The University has been borrowing against this line of credit to provide interim financing of many campus improvements. As of 6/30/2007, the University had balances of $96 million outstanding against this Line of Credit. As noted previously, the University's significant investment balances could also be made available to provide additional liquidity support, if necessary.

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors

FROM: Pam Lenane and Dana Sodikoff

DATE: January 28, 2008

RE: Amendatory Resolution for OSF Healthcare System Series 2001 IHFA/IFA Bonds, Series 2005A&B IFA Bonds and Series 2007C&D IFA Bonds

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In 2001, OSF Healthcare System ("OSF") issued $55,875,000 in Short Term Adjustable Rate Securities ("STARS") through the Illinois Health Finance Authority (a predecessor authority to the Illinois Finance Authority). (STARS is the proprietary name for Bear, Stearns & Co., calls their Auction Rate Securities). The Bonds are insured by Radian Asset Assurance Inc. ("Radian").

Radian was recently downgraded by Fitch Investor Services ("Fitch") from "AA" to "A+". Because of this downgrade and because of an overall negative market bias toward Auction Rate Insured securities, OSF has been experiencing higher interest rate costs.

In order to bring their interest rate costs down, OSF is seeking to convert their Auction Rate Bonds (STARS) to Weekly or Daily Variable Rate Bonds secured an irrevocable direct pay Letter of Credit from J.P. Morgan Chase Bank, N.A., in order to provide liquidity. The Radian insurance is still in effect for the bonds.

The IFA Board has approved similar conversions in recent months for Ingalls Health System, Beloit Memorial Hospital and Riverside Health System

Further, the Broker-Dealer, Bear, Stearns & Co., has determined that because of the ratings downgrade and current market conditions, until the above conversion occurs, in order to permit the normal implementation of the Auction Procedures that the definition of the Maximum STARS rate should be amended from its current formula (which during the week of January 14th would have resulted in a cap rate of 5.20% and which might not have attracted enough buyers to have a successful auction) to be a rate equal to 12% per annum.

OSF is also seeking approval to convert the Auction Rate period for their Series 2005A&B Bonds and Series 2007C&D Bonds from 28-day Auction Periods to 7-day Auction Periods and to change the Auction Dates in order to lower interest costs. (OSF's bond counsel has indicated that IFA Board approval is required under the bond documents for this conversion.)

In connection with these proposed changes, OSF is seeking IFA Board approval to:

(1) Convert the Series 2001 Bonds from an Auction Rate Period to a Weekly or Daily Rate Period and add the JP Morgan Chase Bank, N.A. Letter of Credit;
(2) Amend the maximum STARS rate for the 2001 Bonds to be a rate equal to 12% per annum;
(3) Convert the Auction Rate period for the Series 2005A&B Bonds and Series 2007C&D Bonds from 28-day Auction Periods to 7-day Auction Periods and to change the Auction Dates in accordance with the procedures set forth in the Bond Indentures; and
(4) Amend the relevant bond documents as necessary to reflect these changes.

Resolution number 2008-01-14

WHEREAS, the **Illinois Finance Authority** (the "Authority") has been created by, and exists under, the Illinois Finance Authority Act (the "Act"); and

WHEREAS, on August 23, 2001, the Illinois Health Facilities Authority issued its $55,875,000 Revenue Bonds, Series 2001 (OSF Healthcare System) Short Term Adjustable Rate Securities (the "Series 2001 Bonds") and loaned the proceeds thereof to OSF Healthcare System (the "Borrower"), a not for profit corporation incorporated under the laws of the State of Illinois, to assist the Borrower in providing the funds necessary to (i) pay or reimburse the Borrower for the costs of acquiring, constructing, renovating, remodeling and equipping certain of its health care facilities, (ii) pay a portion of the interest on the Series 2001 Bonds and (iii) pay certain related expenses, including the premium for the financial guaranty insurance policy of Asset Guaranty Insurance Company, now known as Radian Asset Assurance Inc. ("Radian") (collectively the "Financing Purposes"), all as permitted by the Act; and

WHEREAS, the Series 2001 Bonds were issued pursuant to a Bond Trust Indenture dated as of August 1, 2001, as previously amended (the "Series 2001 Bond Indenture"), between the Authority and Wells Fargo Bank, N.A. (as successor to American National Bank and Trust Company of Chicago), as bond trustee (the "Series 2001 Bond Trustee"); and

WHEREAS, the Authority succeeded to all the rights and obligations of the Illinois Health Facilities Authority as of January 1, 2004; and

WHEREAS, the credit assigned by Fitch Investors Service to Radian has been reduced from "AA" to "A+"; and

WHEREAS, Bear, Stearns & Co., Inc., the Broker-Dealer with respect to the Series 2001 Bonds, has determined that, as a result of the rating downgrade of Radian and current market conditions, the Maximum STARS Rate as set forth in the Series 2001 Bond Indenture will be less than the interest rate that would be necessary to obtain Sufficient Clearing Bids and determine a Winning Bid Rate (the lowest rate specified in a bid by a potential owner of Series 2001 Bonds for the 2001 Bonds which if selected as the STARS Rate for the Series 2001 Bonds would cause the aggregate principal amount of the Series 2001 Bonds available for purchase in the auction); and

WHEREAS, the Broker-Dealer has informed the Authority and the Borrower that in order to permit the normal implementation of the Auction Procedures to determine a STARS Rate prior to the time that the Borrower is able to deliver the Letter of Credit described below, the definition of Maximum STARS Rate should be amended from its current formula to be a rate equal to 12% per annum; and

WHEREAS, the Borrower has requested that the Authority and the Series 2001 Bond Trustee amend the provisions of the Series 2001 Bond Indenture in order to facilitate the amendment of the definition of the Maximum STARS Rate as recommended by the Broker-Dealer; and

WHEREAS, in addition to affecting the implementation of the Auction Procedures, the downgrade of Radian's credit rating has resulted in an increased interest cost to the Borrower; and

WHEREAS, the Borrower expects to deliver to the Series 2001 Bond Trustee an irrevocable direct pay letter of credit (the "Letter of Credit") provided by JPMorgan Chase Bank, N.A. (the "Bank") to further secure the Series 2001 Bonds; and

WHEREAS, in connection with the delivery of the Letter of Credit by the Bank, the Borrower intends to effect a conversion of the 2001 Bonds from the STARS Rate Period which sets the interest rate pursuant to an Auction Procedure to the Daily Rate Period or the Weekly Rate Period (all as defined in the hereinafter referred to 2001 Bond Indenture); and

WHEREAS, in connection with the delivery of the Letter of Credit it is necessary and advisable to amend and restate the Series 2001 Bond Trust Indenture and the Loan Agreement dated as of August 1, 2001 (the "2001 Loan Agreement") between the Authority and the Borrower; and

WHEREAS, drafts of the following documents are have been previously provided to the Authority and are on file with the Authority (collectively, the "Authority Documents"):

(a) Fourth Supplemental Bond Trust Indenture (the "Fourth Supplemental Bond Indenture") between the Authority and the Series 2001 Bond Trustee, providing for the amendment of the definition of Maximum STARS Rate;

(b) Amended and Restated Bond Trust Indenture (the "2001 Amended Bond Indenture") between the Authority and the Series 2001 Bond Trustee, amending and restating the 2001 Bond Indenture; and

(c) Amended and Restated Loan Agreement (the "2001 Amended Loan Agreement") between the Authority and the Borrower, amending and restating the 2001 Loan Agreement; and

WHEREAS, in connection with the issuance of the Bonds, the following additional documents will be executed and delivered by parties other than the Authority (collectively, the "Additional Transaction Documents"):

(a) a reoffering circular supplementing the Official Statement originally used to offer the Series 2001 Bonds (the "Supplement"), describing the terms of the Series 2001 Bonds during a Daily Rate Period or a Weekly Rate Period and the terms of the delivery of the Letter of Credit, in such form as approved by an Authorized Officer (as hereinafter defined) prior to the delivery thereof; and

(b) Seventeenth Supplemental Master Trust Indenture supplementing and amending the Amended and Restated Master Trust Indenture dated as of September 15, 1999 (the "Master Indenture") between the Borrower and Wells Fargo Bank, N.A., as master trustee (the "Master Trustee"), providing for, among other things, the issuance thereunder of the Series 2008 Bank Obligation (defined below) to the Bank; and

(c) Direct Note Obligation, Series 2008B (JPMorgan Chase Bank, N.A.) of the Borrower (the "Series 2008 Bank Obligation"); and

WHEREAS, on September 20, 2005, the Authority issued (i) $53,925,000 in aggregate principal amount of its Revenue Refunding Bonds, Series 2005A (OSF Healthcare System) (the "Series 2005A Bonds") and (ii) $53,825,000 in aggregate principal amount of its Revenue Refunding Bonds, Series 2005B (OSF Healthcare System) (the "Series 2005B Bonds" and, together with the Series 2005A Bonds, the "Series 2005 Bonds"), pursuant to a Bond Trust

Indenture dated as of September 15, 2005 (the "Series 2005 Bond Indenture") between the Authority and Wells Fargo Bank, N.A., as bond trustee, in order to (i) advance refund a portion of the outstanding Illinois Health Facilities Authority Revenue Bonds, Series 1999 (OSF Healthcare System), (ii) fund a debt service reserve fund and (iii) pay certain expenses incurred in connection with the issuance of the Series 2005 Bonds, including the premium for municipal bond insurance policies issued by Financial Security Assurance ("FSA"); and

WHEREAS, on August 29, 2007, the Authority issued (i) $65,000,000 in aggregate principal amount of its Revenue Bonds, Series 2007C (OSF Healthcare System) (Auction Rate Securities) (the "Series 2007C Bonds"), and (ii) $65,000,000 in aggregate principal amount of its Revenue Bonds, Series 2007D (OSF Healthcare System) (Auction Rate Securities) (the "Series 2007D Bonds" and, together with the Series 2007C Bonds, the "Series 2007 Bonds") pursuant to a Bond Trust Indenture dated as of August 1, 2007 (the "Series 2007 Bond Indenture") between the Authority and Wells Fargo Bank, N.A., as bond trustee, in order to (i) pay or reimburse the Borrower for, or refinance outstanding indebtedness the proceeds of which were used for, the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Borrower, (ii) fund a debt service reserve fund, (iii) pay a portion of the interest on the Series 2007 Bonds, (iv) refinance certain taxable indebtedness of the Borrower, the proceeds of which were used for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Borrower, (v) current refund all of the outstanding principal amount of the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2002 (OSF Healthcare System), and (vi) pay certain expenses incurred in connection with the issuance of the Series 2007 Bonds, including the premium for a municipal bond insurance policy from FSA; and

WHEREAS, the Series 2005 Bonds and the Series 2007 Bonds were issued as Auction Rate Securities with 28-day Auction Periods; and

WHEREAS, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the Broker-Dealer for the Series 2005 and Series 2007 Bonds has informed the Borrower that under current market conditions the Borrower will be able to significantly reduce its interest costs with respect to the Series 2005 Bonds and the Series 2007 Bonds if such bonds are converted from 28-day Auction Periods to 7-day Auction Periods; and

WHEREAS, in addition to converting the length of the auction periods of the Series 2005 Bonds and the Series 2007 Bonds, the Borrower has determined that it will be in its best interests to change the day of the week on which auctions for each series of the Series 2005 Bonds and the Series 2007 Bonds are held for each 7-day Auction Period from Thursdays to different days of the week in order reduce the Borrower's exposure to daily interest rate changes; and

Whereas, the Borrower has requested that the Authority ratify and approve the conversion of the Series 2005 Bonds and the Series 2007 Bonds from 28-day Auction Periods to 7-day Auction Periods and the change of Auction Dates in accordance with the procedures set forth in the Series 2005 Bond Indenture and the Series 2007 Bond Indenture; and

NOW, THEREFORE, BE IT RESOLVED by the Illinois Finance Authority as follows:

Section 1. **AUTHORITY DOCUMENTS.** The Authority does hereby authorize and approve the execution by its Chairperson, Vice Chairperson, any of its other Members, Executive Director, Treasurer or any officer or employee designated by the Executive Director (each an "Authorized Officer") and the delivery and use of the Authority Documents. The Authority Documents shall be substantially in the forms presented to the Authority and hereby approved, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution to constitute conclusive evidence of such person's approval and the Authority's approval of any changes or revisions therein from such forms of the Authority Documents, and to constitute conclusive evidence of such person's approval and the Authority's approval thereof.

Section 2. **ADDITIONAL TRANSACTION DOCUMENTS.** The Authority does hereby approve the form of the Additional Transaction Documents. The Additional Transaction Documents shall be in substantially the forms attached hereto and hereby approved, or with such changes therein as shall be approved by the Authorized Officer executing the 2001 Amended Loan Agreement, with such execution to constitute conclusive evidence of such person's approval and the Authority's approval of any changes or revisions therein from the forms of the Additional Transaction Documents attached hereto.

Section 3. **APPROVAL OF CONVERSION OF SERIES 2001 BONDS.** Based solely upon the request and direction of the Borrower, the Authority approves the conversion of the 2001 Bonds from the Auction Rate Periods to the Daily Rate Periods or Weekly Rate Periods as selected by the Borrower.

Section 4. **APPROVAL OF CONVERSION OF SERIES 2005 BONDS AND SERIES 2007 BONDS.** Based solely on the request and direction of the Borrower, the Authority ratifies and approves the conversion of the Series 2005 Bonds and the Series 2007 Bonds from 28-day Auction Periods to 7-day Auction Periods and approves the change of the Auction Dates for the Series 2005 Bonds and the Series 2007 Bonds in accordance with the provisions of the Series 2005 Bond Indenture and the Series 2007 Bond Indenture.

Section 5. **AUTHORIZATION AND RATIFICATION OF SUBSEQUENT ACTS**. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents (including without limitation the execution and delivery of a document setting forth the agreements and certifications of the parties thereto relating to certain federal tax matters) as may be necessary to carry out and comply with the provisions of these resolutions, the Authority Documents and the Additional Transaction Documents, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the Authority Documents or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by the Executive Director or the Treasurer of the Authority, or in the event of the unavailability, inability or refusal of the Executive Director and the Treasurer to act, any two Members of the Authority, each of whom is hereby authorized, empowered, delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the applicable Authority Documents and the existing documents relating to the Series 2001 Bonds, the Series 2005 Bonds and the Series 2007 Bonds.

ADOPTED this 12th day of February, 2008 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Secretary