

Illinois Finance Authority

Tuesday, June 22, 2004
2:00 p.m.

Board Meeting

Illinois State Library
300 S. Second Street
Springfield, Illinois



File Room

**ILLINOIS FINANCE AUTHORITY
BOARD MEETING**

June 22, 2004
Chicago, Illinois

Executive Committee
**Illinois State Library, 300 S. Second Street
Room 403, Springfield Illinois
8:30 a.m.**

- Opening Remarks – Chairman Gustman
- Director's Report – Ali D. Ata
- Reports
 - Administrative - Mike Pisarcik
 - Benefits/Operating Budget
 - Office Space
 - Legal Matters/Legislation – Anthony D'Amato
 - Sales Forecast & Organization – Nick Kyros
 - Pricing – Steven Trout
 - Agriculture – David Wirth
 - Venture Capital – Chris Vandenberg
 - Project Presentations – Marketers

Board Meeting
**Illinois State Library, 300 S. Second Street
Room 403, Springfield Illinois
2:00 P.M.**

- Call to Order – Chairman Gustman
- Roll Call
- Chairman's Report
- A. Director's Report
 - Consent Agenda for Financing Projects
 - Other Business
 - 1. May 2004 Financial Statements
 - 2. Acceptance of May 2004 Minutes

Initial Project Considerations

<u>Number</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Const Jobs</u>	<u>Mkter</u>	
3.	E-PC-TE-CD-408	Northwestern University	Chicago	\$145,000,000	50	250	TA
4.	E-PC-TE-CD-407	MJH Education Assistance IV LLC (Fullerton Residential Village Project)	Chicago	\$71,000,000	22	150	RF

5.	I-ID-TE-CD-410	Central City Studios, L.L.C.	Chicago	\$25,100,000	1015	235	TA
6.	I-ID-TE-CD-408	NVL, LLC (Olympia Foods Industries, Inc. Project)	Chicago Heights	\$8,500,000	35	60	RF
7.	I-ID-TE-CD-407	Transparent Container Co., Inc.	Addison, Berkeley, Bensenville	\$6,000,000	37	20	SCM
8.	M-MH-TE-CD-406	Laramar Group, L.L.C. and its Affiliates (Hinsdale Lake Terrace Apartments Project)	Unincorporated Willowbrook	\$45,000,000	N/A	20	RF
9.	N-NP-TE-CD-408	Hispanic Housing Development Corporation	Chicago	\$2,400,000	21	0	ST
10.	N-NP-TE-CD-416	Edward A. Utlaut Memorial Hospital, Inc.	Greenville	\$1,662,000	11	20	MC
11.	A-FB-TE-CD-427	Brandon Niekamp	Coatsburg	\$108,000	N/A	N/A	LL
	A-FB-TE-CD-428	Chad S. Weaver	Erie	\$50,000	N/A	N/A	LL
	A-FB-TE-CD-429	Kyle Kiefer	Belle Rive	\$132,300	N/A	N/A	LL

Final Project Considerations

<u>Number</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Const Jobs</u>	<u>Mkter</u>	
12.	H-SL-NH-TE-CD-415	Fairview Obligated Group	Downers Grove/ Rockford	\$50,000,000	N/A	N/A	PL/ST
13.	N-NP-TE-CD-409	Jewish Federation of Metropolitan Chicago (Jewish Charities RAN Program, Series 2004 and 2005-A)	Multiple	\$35,000,000	N/A	N/A	TA
14.	E-PC-TE-CD-406	Robert Morris College	Various	\$14,000,000	N/A	20	SCM
15.	M-MH-TE-CD-403	Buena Vista Apartments, L.P. (Buena Vista Apartments Project)	Elgin	\$12,800,000	N/A	20	RF/SCM
16.	N-NP-TE-CD-410	Kohl Children's Museum of Greater Chicago, Inc.	Glenview	\$14,000,000	46	100	TA
17.	N-NP-TE-CD-407	Springfield Center for Independent Living	Springfield	\$380,000	6	30	JS
18.	B-LL-TX-406	Roesch, Inc.	Belleville	\$300,000	16	N/A	MC
19.	B-LL-TX-407	Excel Foundry and Machine, Inc.	Pekin	\$300,000	3	N/A	JS
20.	A-AI-GT-TX-416	David Thompson, Thompson Pearl Valley Eggs	Kent	\$6,618,000	N/A	N/A	DW
21.	A-AD-GT-TX-425	Kevin Burgener and Donald Burgener	Dundas	\$314,000	N/A	N/A	KK
22.	A-DR-GT-TX-426	Hish, Daniel and Pamela	Ridgway	\$205,000	N/A	N/A	DW
23.	A-FB-TE-CD-417	Scott Soberg	Chrisman	\$250,000	N/A	N/A	LL
	A-FB-TE-CD-419	Eric W. Beyers and Dawn M. Beyers	Rosamond	\$100,000	N/A	N/A	LL
	A-FB-TE-CD-422	Marc P. Duffy and Allison M. Duffy	Pontiac	\$242,500	N/A	N/A	LL

June 22, 2004
Page 3

Other Business

- 24. Glossary of Acronyms and Terms
- 25. Market and Product Codes
- 26. Newspaper Clippings

Adjournment



**Illinois Finance Authority – Director’s Report
June 22, 2004**

To: IFA Board of Directors and Governor’s Office

From: Director Ata

I. Sales Activity:

- Sales and Marketing efforts continue to show encouraging results. We are pleased to submit for your approval 25 proposals.
- Total fees, paid at closing, to IFA for these transactions are estimated to be \$1,070,446, consisting of \$686,247 for preliminaries, and \$386,199 for the finals.
- The attached project summary titled “IFA Opportunity Returns” is a list of 90 IFA projects since the inception of the IFA in January, 2004 in 6 market segments totaling \$2.6 billion.

II. Marketing:

1) Health Care:

- In May, we closed seven healthcare transactions, totaling almost \$1 billion in bonds, and representing \$805,000 in fees to the IFA.
- Over twenty of the fifty-one small hospitals that received our “small hospitals capital needs” survey, have committed to completing and returning the survey. We will be structuring the small hospitals program based on survey results over the next month.

2) Education:

- IFA continues to work with partners to expand the School District Pooled Warrant Financing Program. Eric Watson will present the status of our efforts at the June 22 Board Meeting.

- IFA has legislation pending (HB1010) to facilitate financing of religiously-affiliated educational facilities (primary, secondary, and higher education facilities).

3) Housing:

- Beginning mid-week of June 21, 2004, groups consisting of Program Sponsors, Underwriters, Program Servicing Agents, and IFA Marketers will be travelling to cities in the Governor's Opportunity Returns economic regions statewide to broadcast "Illinois Opportunity Knocks." Groups will meet with local realtors, mortgage bankers, and developers. The web-site and 800 phone number are in place. Local cable television commercials will run in targeted cities. "Illinois Opportunity Knocks" will be fully operational before the Governor makes his announcement.

4) Local Government:

- Eric Watson will discuss the status of the Fire Truck Revolving Loan Fund Program at the June 22 Board Meeting.

5) Agricultural:

- David Wirth has been working to develop a marketing plan to better meet the needs of the farming community. We anticipate that the new marketing plan will result in increased sales activity, market expansion, and fees. David will present a status report at the June 22 Board Meeting.

6) Industrial:

- In an effort to develop a marketing plan and enhance financing in the industrial sector, IFA met with the city's Planning Commissioner Denise Casalino, and conversations continue with Warren Ribley, Director of Operations for the Department of Commerce and Economic Opportunity. Steven Trout continues to work with public and private sector organizations to increase IFA's activity in this sector.

III. Financial:

1) Profit and Loss:

- The income statement and balance sheet for May 2004 are attached. We are happy to report a significant net income of **\$844,000** for the period,

primarily due to fee revenue generated from the closings of health facilities transactions.

- All bank accounts of the former IEFA and all but one of the former IHFA, are now consolidated into IFA accounts and closed. We continue to establish controls for management of restricted and non-restricted cash.
- IFA is now fully operating on Microsoft Great Plains Solutions accounting software, and was used to generate May 2004 financial statements.
- The 2005 Operating Expense Budget will be presented to the IFA Board for approval at the June Board Meeting. The table below shows the operating expenses from the audited financial statements of the predecessor authorities, compared to the 2005 Operating Expense Budget for IFA. IFA projects annual savings of over \$1.5 M compared to the total of operating expenses of predecessor authorities. IFA success will be further illustrated by the revenue growth as detailed above.

Predecessor Authority	2003 Operating Expense (2003 Audited Financial Statements)	IFA 2005 Operating Expense Budget
IDFA	\$2,971,229	-
IHFA	\$1,352,971	-
IEFA	\$393,776	-
IRBB	\$607,948	-
IFDA	\$1,225,578	-
TOTAL	\$6,551,502	\$4,989,809
IFA Projected Savings		\$1,561,693

2) Financial Audits:

- Exit conferences for stub period audits are complete for all but the IDFA audit. The entrance conference for the first IFA audit (for the period January 1 – June 30, 2004) is scheduled for July 12, 2004.

IV. Legislative Issues:

1) Bond Authorization:

IFA is seeking legislation granting it \$6 billion in bond authorization, much of it in its general statute category. Senator Jeffrey Schoenberg (19th District – Evanston, IL) and Representative Gary Hannig (98th District, Litchfield, IL)

have agreed to sponsor the increase. However, action on the increase has been put on hold due to the Budget debate.

2) Statutory Language Issues:

The IFA consolidation legislation inadvertently included language provisions that need to be corrected. IFA is seeking legislation amending these various provisions, including clarifying the IFA's ability to fund projects for sectarian entity's that have a secular purpose and IFA Board voting requirements. Senator Jeffrey Schoenberg has attached this language to House Bill 1010, and the Bill is currently awaiting consideration by the full Senate.

V. Office Leases:

Chicago:

- IFA will relocate to the Prudential Building at a below-market occupancy cost. Renovation of the space is targeted for August 31, 2004. The move is expected to occur in mid-September. IFA's existing lease with the Sears Towers expires on September 30, 2004. The former IHFA office lease will be terminated on the IFA lease commencement date.

Springfield:

- The office build-out for the consolidated IFA office in Springfield is complete and operational. Temporary staff is assisting in the organization of the files, furniture, and the transfer of surplus materials to CMS.

IFA

INDUSTRIAL OPPORTUNITY RETURNS

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
MacLean-Fogg Company	\$7,300,000	Proceeds will be used to refinance outstanding Industrial Revenue Bonds, acquire new machinery and equipment, rehabilitate a manufacturing plant and pay costs of issuance.	42	0	Various
CFC International Inc.	2,000,000	Finance purchase of building, machinery, equipment and pay certain issuance costs.	30	N/A	Chicago Heights
Alvar, Inc.	100,000	Construction of 10,500 sq. ft. building addition.	5	20	Washburn
Republic Service Inc.	18,000,000	Finance landfill improvements, purchase equipment and current refunding.	14	15	DeSoto & Mt. Prospect
Illinois Biodiesel Company	21,800,000	Acquire land, construct a new building, purchase new equipment and pay bond issuance costs.	11	100	Pekin
Roho, Inc.	300,000	Purchase production equipment. Roho is the premier medical air-cushion manufacturer worldwide.	0	N/A	Belleville
American BioScience, Inc.	7,400,000	Bonds will be used to finance the acquisition of a building, renovations, machinery and equipment and pay certain bond issuance costs.	N/A	TBD	Elk Grove Village
Exelon Generation Company, LLC	20,000,000	Proceeds used to finance the financing of an entombment facility for nuclear fuel rods.	N/A	TBD	Cordova

INDUSTRIAL (Continued)

IFA

OPPORTUNITY RETURNS

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Roesch, Inc.	300,000	Purchase production equipment.	16	N/A	Belleville
Excel Foundry and Machine, Inc.	300,000	Machinery and equipment acquisition.	3	N/A	Pekin
JR Plastics/StyleMaster	3,200,000	Equipment acquisition and issuance costs.	53	0	Chicago
Transparent Container	6,000,000	Finance building acquisition, machinery and equipment. Renovations, and pay bond issuance costs.	37	20	Addison
INDUSTRIAL TOTALS:	\$86,700,000		211	155	

IFA

OPPORTUNITY RETURNS

EDUCATIONAL PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
<p>Proceeds will be used to refund outstanding Series 1992 A&B IFA (IEFA) revenue bonds, deposit funds into debt service reserve fund, and pay certain costs of issuance.</p>					
Columbia College	\$10,000,000		N/A	N/A	Chicago
Aspira, Inc., of Illinois	10,000,000	Purchase and renovate existing building, purchase furniture, fixtures and equipment, capitalize interest, and bond issuance costs.	134	12	Chicago
DePaul University	56,000,000	Acquisition financing of residential facilities.	N/A	N/A	Chicago
Alliance for Character in Education	5,650,000	Construction of new gymnasium, refinance existing debt, capitalize interest and fund professional and bond issuance costs.	5	64	DesPlaines & Niles
Pooled Warrant Program for Illinois School Districts 2004-A Springfield Public SD #186 (\$15M) Nippersink SD #2 (\$2M) Massac County CUSD #1(\$1M) Grand Ridge Community Consolidated SD #95 (\$300MM)	18,300,000	Provide assistance to cover short-falls in working cash.			Sangamon County McHenry County Massac County LaSalle County
Robert Morris College	14,000,000	the expansion of several campus	N/A	20	Park, Peoria,
Illinois Institute of Technology	18,800,000	interest and fund professional bond	60	150	Chicago
Northwestern University	145,000,000	fund professional bond issuance costs.	50	250	Chicago
MJH Education Assistance	71,000,000	University's Lincoln Park campus.	22	150	Chicago
EDUCATION TOTALS:	\$348,750,000		271	646	

IFA

HEALTHCARE

OPPORTUNITY RETURNS

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
The Clare at Water Tower	\$225,000,000	Finance development, construction and equipping of new continuing care retirement community.	147	400	Chicago
Northwestern Memorial Hospital	550,000,000	Finance expansion and modernization of facilities. Bond proceeds to refinance existing tax-exempt bond debt issued by IHFA, and other outstanding indebtedness.	600	3,500	Chicago
Alexian Brothers Health System	80,000,000	Modernize and expand hospital facilities.	N/A	200	Elk Grove & Hoffmann Estates
Riverside Health System	50,000,000	Refund all or a portion of Series 1998 and Series 2000 Bonds of Riverside and its subsidiaries/affiliates, capitalize debt service reserve fund, pay bond issuance and credit enhancement costs.	N/A	N/A	Kankakee & Bourbonnais
Edward Hospital	30,000,000	Current refunding of callable IHFA Series 1993A bonds and pay bond issuance costs.	N/A	N/A	Naperville
Covenant Retirement Communities	24,000,000	Advance refund Series 1997 bonds, capitalize debt service reserve fund, and pay certain bond issuance costs.	N/A	N/A	Carol Stream
BroMenn Healthcare	55,000,000	Refinance 1985D, 1990A, 1992 and 2002 Bonds, capital expenditures at facilities, and pay issuance costs.	N/A	N/A	Normal & Eureka

HEALTHCARE (Continued)

IFA

OPPORTUNITY RETURNS

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Franciscan Communities, Inc.	21,000,000	Finance construction of nursing and assisted living facility, fund debt service reserve, refinance borrower's existing tax exempt bond obligation issued by IHFA.	N/A	100	Chicago
Central DuPage Health	240,000,000	Finance expansion and modernization of certain health facilities, refinance existing tax-exempt bonds previously issued by Wyndemere.	TBD	TBD	Winfield
SwedishAmerican Health System	125,000,000	Finance construction and modernization of hospital campus and routine capital expenditures of existing health facilities. Advance refund callable Series 1999A Bonds, issuance and enhancement costs.	N/A	TBD	Rockford
Children's Memorial Medical Center	56,000,000	Modernize and expand hospital facilities located in Carbondale, Herrin and Murphysboro.	N/A	N/A	Chicago
Southern Illinois Healthcare Enterprises	35,000,000		N/A	200	Carbondale, Herrin & Murphysboro
OSF Healthcare System	100,000,000	Current Refund of Callable IFA (IHFA) Series 1993 Bonds and pay issuance costs.	N/A	N/A	Peoria County
J. Allen Potter	300,000	Construction of 9,360 sq. ft. professional building and acquisition of 1.25 acres of land.	2	N/A	East Peoria
Hopedale Medical Complex	1,400,000	Acquisition of Siemens CT Scanner.	10	N/A	Tazewell County
Rest Haven Christian Services	50,000,000	Refinance existing indebtedness, enhance liquidity, capitalize a debt service reserve fund, and pay costs of issuance.	N/A	N/A	Tinley Park, Palos heights, South Holland, Crete, Downers Grove, Homer Glen

HEALTHCARE (Continued)

**IFA
OPPORTUNITY RETURNS**

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Community Health & Emergency Services, Inc.	3,000,000	Refinance bonds and loans.	N/A	N/A	Cairo and Carbondale
Edward A. Ullaut Memorial Hospital	1,662,000	Acquisition of Siemens MRI equipment.	11	20	Greenville
Chicago Family Health Center	4,000,000	New construction.	6	17	Chicago
Thorek Hospital	4,000,000	1985 Pool Loan.	N/A	N/A	Chicago
Springfield Center for Independent Living	380,000	Land acquisition and office building.	6	30	Springfield
Erie Family Health Center	2,600,000	Refinance existing facility, finance equipment acquisition and installation.	N/A	N/A	Chicago
HEALTHCARE TOTALS:	\$1,658,342,000		782	4467	

IFA

OPPORTUNITY RETURNS

AGRICULTURE	PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Ronald and Sueleen Shike		\$140,000	Beginning farmer bond loan.	N/A	N/A	Carthage
Matthew and Michelle Merritt		152,000	Beginning farmer bond loan.	N/A	N/A	Carthage
Brent and Kyria Vanhovein		108,000	Beginning farmer bond loan.	N/A	N/A	El Paso
William Clothier		250,000	Beginning farmer bond loan.	N/A	N/A	Polo
Alexander and Trisha Chung		207,900	Beginning farmer bond loan.	N/A	N/A	Peru
Robert and Julia Goddeke		150,000	Beginning farmer bond loan.	N/A	N/A	Poplar Grove
Paul and Pamela Hooks		207,500	Beginning farmer bond loan.	N/A	N/A	Mason
Mark and Kelli Dozier		250,000	Beginning farmer bond loan.	N/A	N/A	Morrisonville
Larry and Susan Messer		32,000	Beginning farmer bond loan.	N/A	N/A	Goodfield
Matthew Blum		107,000	Beginning farmer bond loan.	N/A	N/A	Polo
David and Cindy Stoll		190,000	Refinancing existing machinery notes and operating carryover.	N/A	N/A	Chestnut
AquaRanch Industries & Myles Harston		285,000	Construct greenhouse, and related equipment.	N/A	N/A	Fianagan
Stewart and Beverly Haas		500,000	Refinance existing real estate notes, machinery debt and operating loan carryover.	N/A	N/A	Elizabeth
Brice and Carol Lawson		300,000	Restructure debt on guaranteed loan.	0	0	Chambersburg
Daniel K. Reed (Pearl Valley Cheese Company, Inc.)		390,000	Loan guarantee for buildings, equipment, improvements and working capital.	11	0	Kent
Ken and Windy Gerlach		171,000	Beginning farmer bond loan.	N/A	N/A	Waggoner
Scott Soberg		250,000	Beginning farmer bond loan.	N/A	N/A	Chrisman
Jeremiah D. Fleming		165,150	Beginning farmer bond loan.	N/A	N/A	Olney

IFA

OPPORTUNITY RETURNS

AGRICULTURE (continued)

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Scott Soberg	250,000	Beginning farmer bond loan.	N/A	N/A	Chrisman
Jeremiah D. Fleming	165,150	Beginning farmer bond loan.	N/A	N/A	Olney
Eric W. and Dawn M. Beyers	100,000	Beginning farmer bond loan.	N/A	N/A	Rosamond
William E. and Peggy S. Shane	500,000	Refinance existing machinery notes and operating carryover.	N/A	N/A	Princeville
Kent Wesson	500,000	Refinance operating loan carryover and existing IFDA guaranteed loan.	N/A	N/A	Leland
Soylutions, Inc.	300,000		TBD	TBD	
Daniel and Pamela Hirsh	205,000	Extend existing IFA guaranteed loan.	N/A	N/A	Ridgeway
AGRICULTURE TOTALS:	\$5,875,700		11	0	

ENVIRONMENTAL

IFA
OPPORTUNITY RETURNS

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Village of Romeoville	\$16,500,000	Refund callable maturities of Series 2001A and 2001B Alternate Revenue Bonds, and fund issuance costs.	N/A	N/A	Romeoville
LG Pooled Bond Program 2004-A	4,040,000				
Bourbonnais Township Park District (\$900,000)		Develop nature trails, interpretive center, access road and parking.	N/A	N/A	Bourbonnais Township
Village of Norris City (\$575,000)		Water sewer system improvements.	N/A	N/A	White County
Village of Williamsville (\$440,000)		Water sewer system improvements.	N/A	N/A	Sangamon County
City of Farmington (\$2,125,000)		Water sewer system improvements.	N/A	N/A	Fulton County
Construction Loan Interim Financing Program 2004	7,500,000	Provide funds for interim loans to certain units of local government of the State for construction and infrastructure projects.	N/A	Unknown	Statewide
SRF	130,000,000	Leverage existing IEPA program assets dedicated to IEPA's Clean Water and Drinking Water State Revolving Funds.	N/A	N/A	Statewide
ENVIRONMENTAL TOTALS:	\$158,040,000		0	0	

IFA

VENTURE CAPITAL

OPPORTUNITY RETURNS

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Mobitrac	\$350,000	Enterprise software company with a routing and tracking product.	N/A	N/A	Chicago
Firefly	350,000	Advanced battery technology.	10	N/A	Peoria
Metalfforming Controls	100,000	TBD	TBD	TBD	TBD
ZuChem	250,000	TBD	TBD	TBD	TBD
VENTURE CAPITAL TOTALS:	\$1,050,000		10	0	

QUALITY OF LIFE

IFA

OPPORTUNITY RETURNS

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Buena Vista Apartments	\$12,800,000	Acquisition and renovation of existing building, and purchase of equipment.	N/A	20	Elgin
Tax-Exempt Single Family Mortgage Revenue Bond Program, Series 2004	50,000,000	Provide low mortgage rates and 4% downpayment assistance to low and moderate income qualified homebuyers.	N/A	N/A	Statewide
Community Action Partnership of Lake County	7,350,000	Construct first building of proposed 3 building complex, purchase equipment, capitalize interest and portion of issuance costs.	14	146	Waukegan
Kishwaukee Family Young Men's Christian Association	1,000,000	Bond proceeds will be used to finance new construction and refinance existing mortgage.	16	50	Sycamore
Huskies Hockey Club, Inc.	13,000,000	Construction of ice arena in Romeoville.	10	150	Romeoville
Search Development Center	5,600,000	Bond proceeds will be used to refinance existing conventional debt and to pay certain bond issuance costs.	N/A	N/A	Various
Harvest Christian Academy	\$16,250,000	Bond proceeds will be used to finance construction and renovations.	N/A	TBD	Elgin & Rolling Meadows
Architektur/80, Inc.	\$6,500,000	Acquisition and renovation of an existing 179 unit, 13 story senior housing property.	N/A	85	Rockford

IFA OPPORTUNITY RETURNS

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Waterton Vistas II, LLC	\$8,500,000	Purchase and renovation of existing 154 unit, 4 story, 6 building low-income multifamily rental property.	N/A	10	Chicago
Laramar Group, LLC	\$45,000,000	Purchase and renovation of an existing 582 unit building for low-income families.	N/A	20	DuPage County
First Home Illinois	\$50,000,000	Provide low mortgage rates and 4% downpayment assistance to low and moderate income homebuyers.	N/A	N/A	Statewide
Eagle Theatre Corporation	\$300,000	Participation loan for acquisition, renovation and equipping 20,000 square foot building in Robinson, for use as a five-screen 600 seat movie theatre.	0	25	Robinson
Kohl's Childrens Museum	\$14,000,000	New facility construction, equipment, capitalize interest, fund professional and bond issuance costs.	46	100	Glenview
Central City Studios, LLC	\$25,000,000	Purchase land, equipment, construction, fund legal and professional costs.	1015	235	Chicago
Jewish Federation of Metropolitan Chicago	\$35,000,000	Cash management savings used to expand services provided to affiliates.	N/A	N/A	Chicago
Fairview Obligated Group	\$50,000,000	Advance refund IHFA Series 1995 bonds, 1999 bonds, enhance liquidity, capitalize debt service reserve, pay issuance costs.	0	N/A	Downers Grove and Rockford
QUALITY OF LIFE TOTALS:	\$340,300,000		40	366	
GRAND TOTALS:	\$2,598,642,550		1,078	6,089	

Illinois Finance Authority
 IFA Consolidated
 For the Eleven Months Ending May 31, 2004

	May 2004	YTD 2004
REVENUE		
INTEREST ON LOANS	30,452	143,744
INVESTMENT INTEREST & GAIN(LOSS)	32,642	313,176
ADMINISTRATIONS & APPLICATION FEES	1,145,543	1,419,583
ANNUAL ISSUANCE & LOAN FEES	65,462	373,557
OTHER INCOME	9,862	17,695
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TOTAL REVENUE	1,283,961	2,267,754
EXPENSES		
EMPLOYEE RELATED EXPENSES		
COMPENSATION & TAXES	160,988	749,108
BENEFITS	26,156	100,127
TEMPORARY HELP	22,327	55,243
TRAVEL & AUTO	5,491	20,718
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TOTAL EMPLOYEE RELATED EXPENSES	214,962	925,196
PROFESSIONAL SERVICES		
CONSULTING, LEGAL & ADMIN	84,030	236,045
LOAN EXPENSE & BANK FEE	3,033	14,084
ACCOUNTING & AUDITING	29,141	159,795
MARKETING GENERAL	2,084	15,900
MARKETING-STAFF	1,051	1,311
VENTURE CAPITAL CONFERENCE/TRAINING	0	2,863
MISCELLANEOUS PROFESSIONAL SERVICES	21,350	34,031
DATA PROCESSING	2,984	20,329
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TOTAL PROFESSIONAL SERVICES	143,672	484,358
OCCUPANCY COSTS		
OFFICE RENT	23,938	138,859
SECURITY	75	225
EQUIPMENT RENTAL AND PURCHASES	1,774	22,713
TELECOMMUNICATIONS	4,911	22,758
UTILITIES	1,125	6,706
DEPRECIATION	803	3,214
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TOTAL OCCUPANCY COSTS	32,626	194,476
GENERAL & ADMINISTRATION		
OFFICE SUPPLIES	527	17,220
BOARD BOOK-PRINTING - EXPENSES	1,184	1,818
PRINTING	0	437
POSTAGE & FREIGHT	1,228	8,522
MEMBERSHIP & DUES	290	9,924
PUBLICATIONS	949	1,554
OFFICERS & DIRECTORS INSURANCE	19,352	67,520
MISCELLANEOUS	0	6,569
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TOTAL GENERAL & ADMINISTRATION EXPENSES	23,530	113,563
OTHER		
INTEREST EXPENSE	826	4,129
	<hr/>	<hr/>
TOTAL OTHER	826	4,129
	<hr/>	<hr/>
TOTAL EXPENSES	415,616	1,721,721
	<hr/>	<hr/>
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	868,345	548,082
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	(24,446)	(93,955)
	<hr/>	<hr/>
NET INCOME/(LOSS)	843,899	452,078
	<hr/>	<hr/>

Illinois Finance Authority
Balance Sheet
IFA Consolidated
For the Eleven Months Ending May 31, 2004

	April 2004	May 2004
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	27,812,225	28,093,446
RECEIVABLES, NET	6,783,670	6,984,505
OTHER RECEIVABLES	1,229,715	1,229,715
PREPAID EXPENSES	163,939	149,195
	35,989,550	36,456,863
TOTAL CURRENT ASSETS		
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	29,094	28,291
DEFERRED ISSUANCE COSTS	1,151,982	1,151,982
OTHER ASSETS - RESTRICTED		
CASH, INVESTMENTS & RESERVES	9,863,247	9,868,582
VENTURE CAPITAL INVESTMENTS	4,603,897	4,972,897
OTHER	3,700,000	3,700,000
	18,167,144	18,541,479
TOTAL OTHER ASSETS		
TOTAL ASSETS	55,337,770	56,178,615
LIABILITIES		
CURRENT LIABILITIES	594,064	591,010
LONG-TERM LIABILITIES	3,295,186	3,295,186
TOTAL LIABILITIES	3,889,250	3,886,196
EQUITY		
CONTRIBUTED CAPITAL	23,828,249	23,828,249
RETAINED EARNINGS	9,899,852	9,899,852
NET INCOME / (LOSS)	(391,820)	452,078
RESERVED/RESTRICTED FUND BALANCE	5,956,301	5,956,301
UNRESERVED FUND BALANCE	12,155,938	12,155,938
	51,448,520	52,292,419
TOTAL EQUITY		
TOTAL LIABILITIES & EQUITY	55,337,770	56,178,615

The Illinois Farmer Agribusiness Loan and The Illinois Agricultural Loan Funds their total assets of \$17,656,005 are no longer reported in the IFA Consolidated Financials Statements.

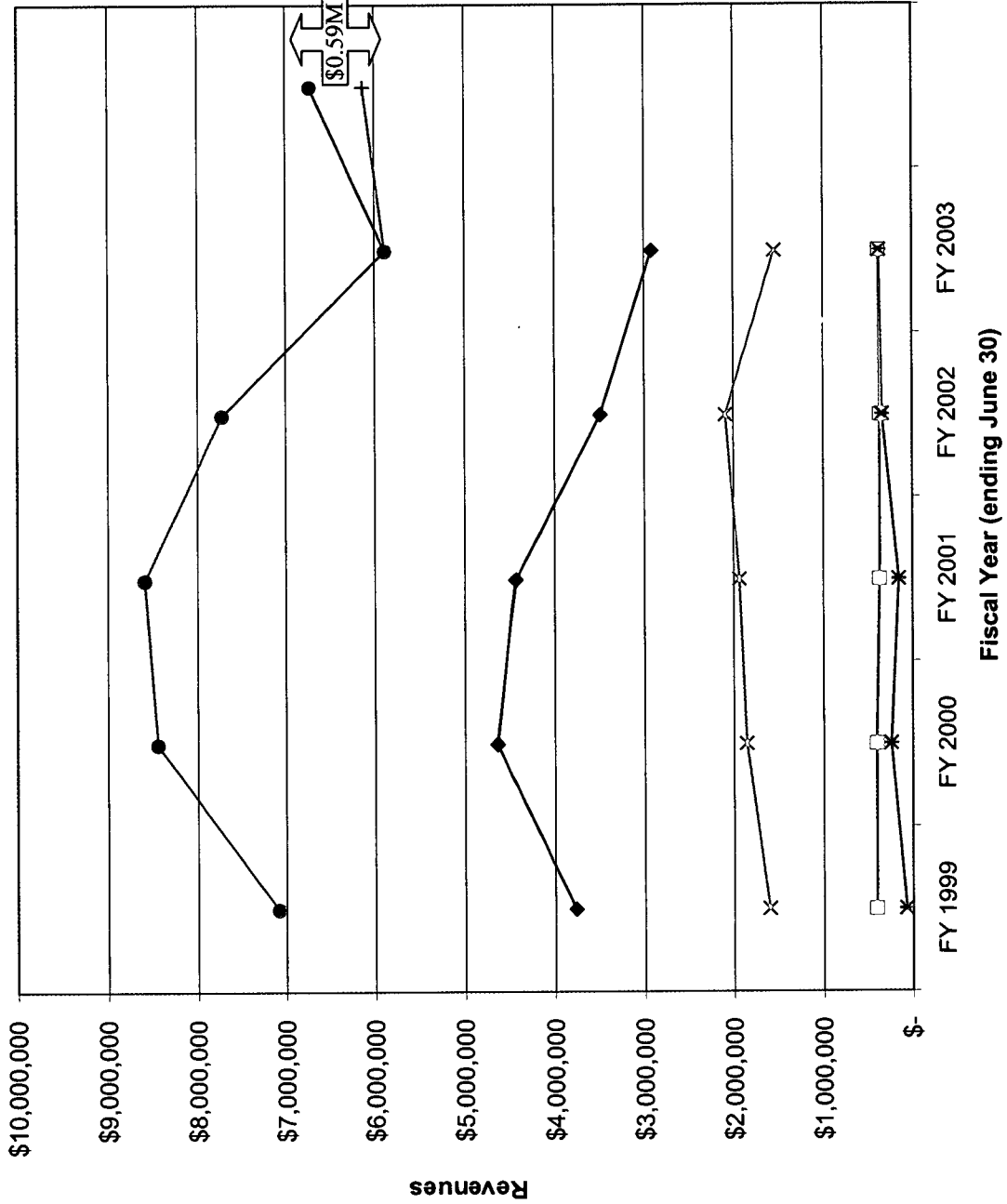
IFA FY 2005 Operating Budget

	July	August	September	October	November	December	January	February	March	April	May	June	Total FY 2005 Operating Expenses
2004 Interim Budget Annualized													
Expenses													
Personnel Expenses													
Compensation & Taxes	\$ 1,496,952	\$ 175,400	\$ 189,500	\$ 195,500	\$ 205,222	\$ 205,222	\$ 205,222	\$ 205,222	\$ 205,222	\$ 205,222	\$ 205,222	\$ 205,222	\$ 2,397,676
Incentive Plan	\$ -	\$ 5,000	\$ 10,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 180,000
Benefits	\$ 401,718	\$ 57,882	\$ 62,535	\$ 64,515	\$ 67,723	\$ 67,723	\$ 67,723	\$ 67,723	\$ 67,723	\$ 67,723	\$ 67,723	\$ 67,723	\$ 791,233
Temporary Help	\$ 57,826	\$ 13,000	\$ 13,000	\$ 13,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 102,000
Travel & Auto	\$ 44,796	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 54,000
Total Personnel Expenses	\$ 2,001,294	\$ 255,782	\$ 279,535	\$ 291,515	\$ 304,445	\$ 314,445	\$ 289,445	\$ 289,445	\$ 289,445	\$ 289,445	\$ 314,445	\$ 304,445	\$ 3,524,909
Professional Services													
Accounting & Auditing	\$ 345,708	\$ 25,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ 190,000
Loan Expense & Bank Fee	\$ 36,572	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 18,000
Consulting, Legal & Administrative	\$ 369,884	\$ 15,000	\$ 15,000	\$ 18,000	\$ 18,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 201,000
Financial Advisory	\$ 150,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 144,000
Litigation	\$ 100,000	\$ 10,000	\$ 10,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 220,000
Marketing - General	\$ 607,602	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 120,000
Data Processing	\$ 42,520	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 4,800
Miscellaneous Professional Services	\$ 22,000	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 18,000
Total Professional Services	\$ 1,674,286	\$ 75,400	\$ 83,400	\$ 83,400	\$ 83,400	\$ 80,400	\$ 80,400	\$ 83,400	\$ 83,400	\$ 63,400	\$ 63,400	\$ 63,400	\$ 915,800
Occupancy Costs													
Office Rent	\$ 374,220	\$ 35,000	\$ 50,000	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 172,800
Telecommunications	\$ 51,958	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 10,200
Equipment Rental & Purchases	\$ 25,744	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Repairs & Maintenance	\$ 4,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
Utilities	\$ 17,218	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 16,800
Depreciation	\$ 10,824	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Insurance	\$ 6,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Total Occupancy Costs	\$ 489,964	\$ 42,550	\$ 57,550	\$ 11,750	\$ 11,750	\$ 11,750	\$ 11,750	\$ 11,750	\$ 11,750	\$ 11,750	\$ 11,750	\$ 11,750	\$ 263,400
General & Support Services													
Officers & Directors Insurance	\$ 148,612	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000	\$ 151,900
Office Supplies	\$ 26,886	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 45,600
Printing	\$ 7,606	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Postage & Freight	\$ 28,026	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 36,000
Memberships & Dues	\$ 19,122	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 28,500
Publications	\$ 7,410	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Bad Debt Expense	\$ 446,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ 18,980	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
Total General & Support Expense	\$ 702,990	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 24,300	\$ 275,500
Other Expenses													
Interest Expense	\$ 6,304	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 10,200
Unclassified Expense	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 6,454	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 10,200
Total	\$ 4,874,988	\$ 396,582	\$ 435,335	\$ 456,315	\$ 409,515	\$ 422,445	\$ 404,445	\$ 406,745	\$ 409,745	\$ 399,745	\$ 414,745	\$ 404,745	\$ 4,989,809

6,551, 502



Revenues by Authority

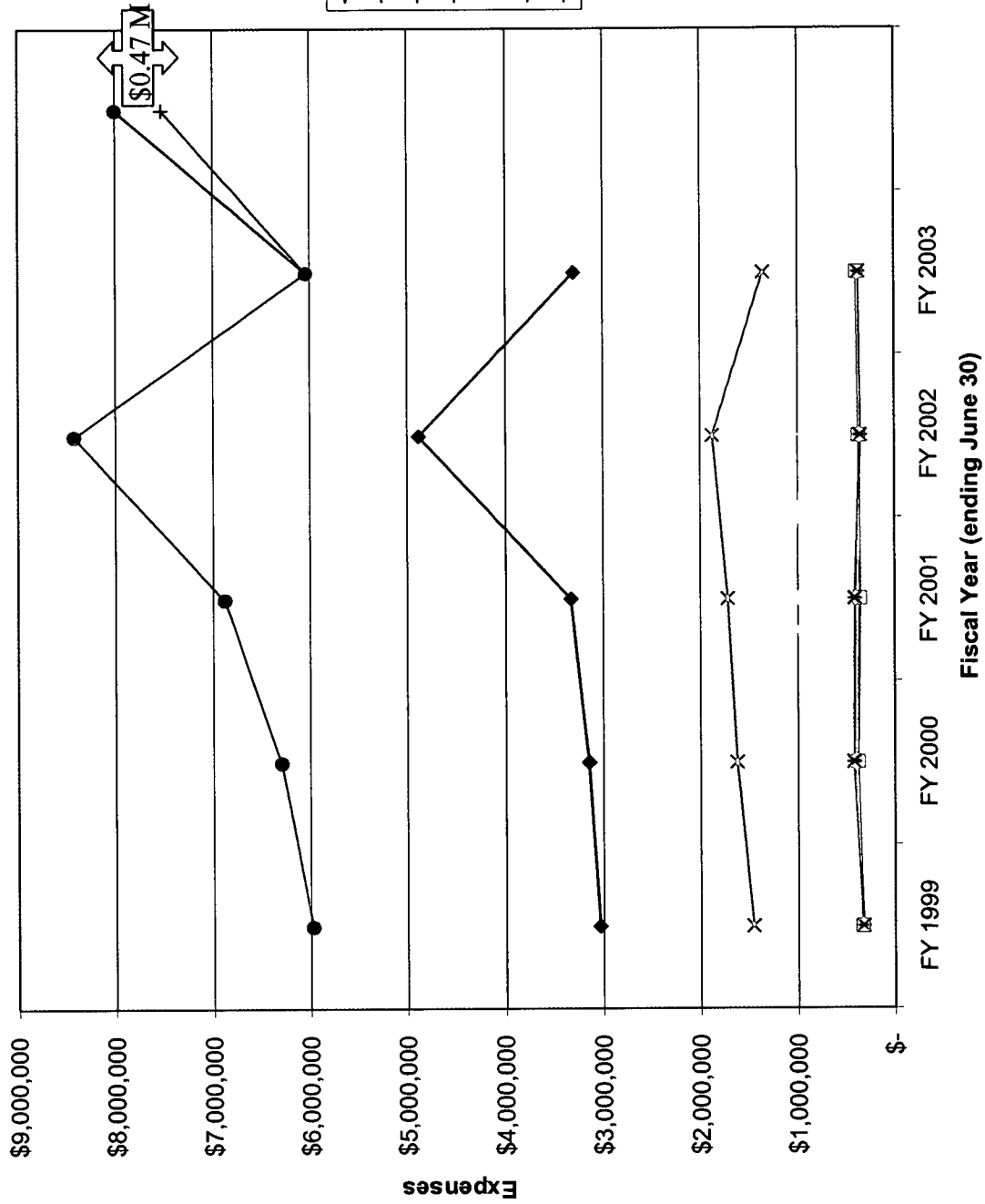


- Actual + Projection FY2004
- Actual Through 4/30/04
- ◆ Development Finance Authority
- Educational Facilities Authority
- Farm Development Authority
- × Health Facilities Authority
- * Rural Bond Bank

Revenues (six months ended 12/31/03)

IDFA	\$ 2,018,014
IEFA	88,133
IFDA	372,015
IHFA	765,581
IRRB	615,520
Total	\$ 3,859,263

Expenses by Authority

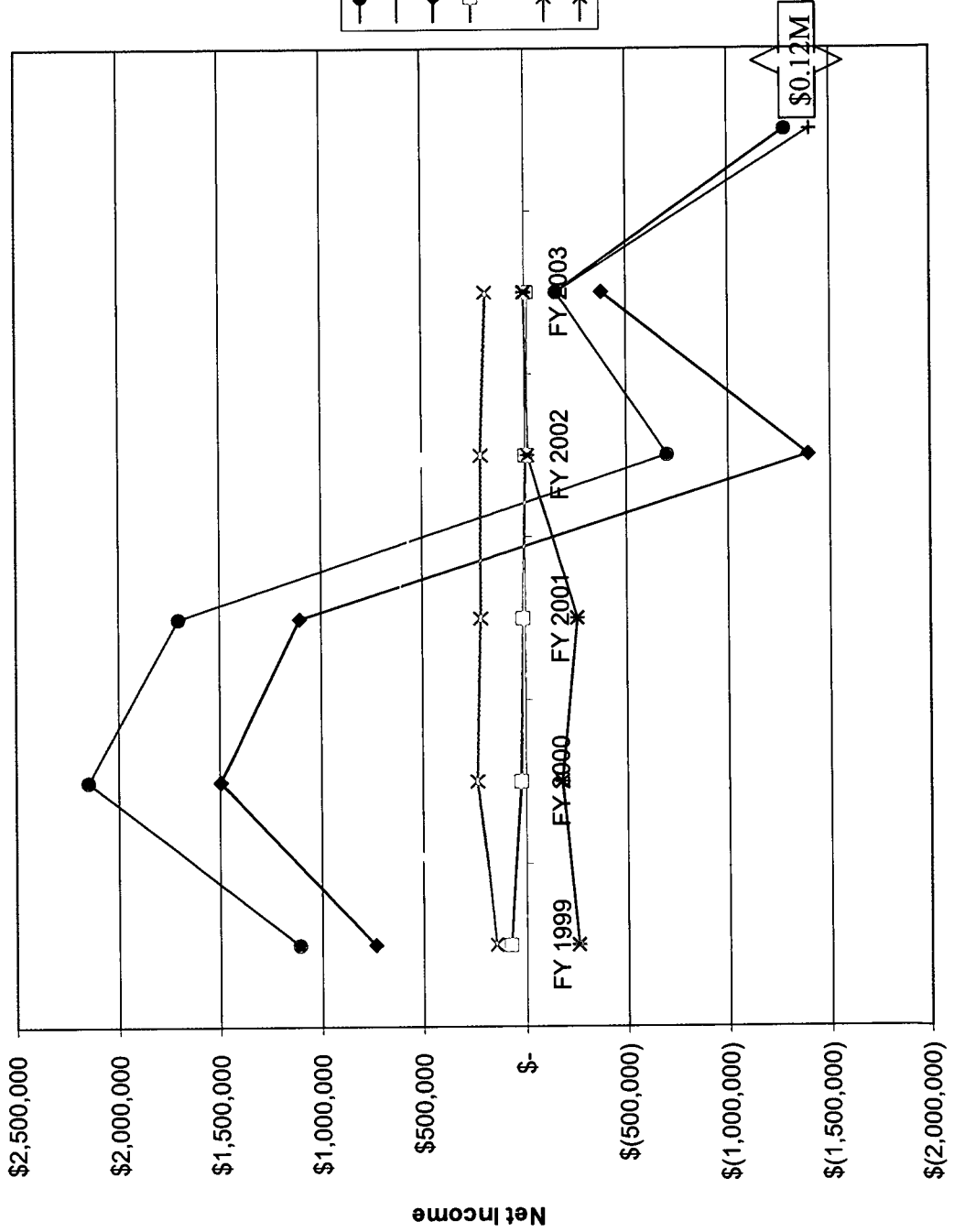


- Actual + Projection FY2004
- Actual through 4/30/04
- ◆ Development Finance Authority
- Educational Facilities Authority
- Farm Development Authority
- Health Facilities Authority
- Rural Bond Bank

Expenses (six months ended 12/31/03)

IDFA	\$ 2,679,418
IEFA	332,117
IFDA	561,151
IHFA	1,572,897
IRBB	<u>569,131</u>
Total	\$ 5,714,714

Net Income by Authority



- Actual + Prjection FY2004
- Actual through 4/30/04
- ◆ Development Finance Authority
- Educational Facilities Authority
- Farm Development Authority
- × Health Facilities Authority
- Rural Bond Bank

Net Income (six months ended 12/31/03)	
IDFA	\$ (661,404)
IEFA	(243,984)
IFDA	(189,136)
IHFA	(807,316)
IRBB	<u>46,389</u>
Total	\$ (1,855,451)

Fiscal Year (ending June 30)

MINUTES OF THE REGULARLY SCHEDULED 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 regularly scheduled meeting at 2:00 P.M., on May 18, 2004 in the Sears Tower, 33rd floor, located at 233 South Wacker Drive in Chicago, Illinois.

MEMBERS PRESENT:

Joseph Alford
Natalia Delgado
David Gustman
Michael Goetz
Edward Leonard
Terrence O'Brien
Talat Othman
Timothy Ozark
Jill Rendleman
Andrew Rice
Joseph Valenti

MEMBERS ABSENT:

Martin Nesbitt
Demetris Giannoulis

GENERAL BUSINESS ITEMS

Call to Order

Chairman Gustman called the meeting to order at approximately 2:10 P.M., with the above members present.

Roll Call

Chairman Gustman asked Secretary Pisarcik to call the roll. Having eleven members present, a quorum was declared.

Item 1 - Acceptance of April 2004 Preliminary Financial Statements

Upon a motion by Mr. Ozark and seconded by Mr. Rice, Chairman Gustman requested a roll call vote. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present. (04-05-01)

Item 2 - Acceptance of the March 31, 2004 Minutes

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-02).

Initial Project Considerations

Item-03

H-NH-RE-TE-CD-414: Rest Haven Christian Services

This applicant requests preliminary approval of **\$50,000,000** in conduit 501(c)(3), Refunding Revenue Bonds to finance projects located in **Multiple** locations throughout the State.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-03).

Item-04

H-SL-RE-TE-CD-415: Fairview Obligated Group

This applicant requests preliminary approval of **\$50,000,000** in conduit 501(c)(3), Refunding Revenue Bonds to finance projects located in **Downers Grove, Illinois and Rockford, Illinois**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-04).

Item-05

I-ID-TX-DC-405: Illinois Biodiesel Company – Pekin, LLC

This applicant requests preliminary approval of **\$21,800,000** in conduit Taxable Industrial Revenue Bonds to finance projects located in **Pekin, Illinois**. This project is expected to create **11 new jobs and 100 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-05).

Item-06

I-ID-TE-CD-406: American BioScience, Inc. (American Pharmaceutical Partners, Inc. Project)

This applicant requests preliminary approval of **\$10,000,000** in conduit Tax-Exempt Industrial Revenue Bonds to finance a project located in **Elk Grove Village, Illinois**. This project is expected to create **38 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-06).

Item-07

E-PS-TE-CD-405: Harvest Bible Chapel (Harvest Christian Academy)

This applicant requests preliminary approval of **\$16,250,000** in conduit 501(c)(3), Revenue Bonds to finance projects located in

Elgin, Illinois and Rolling Meadows, Illinois. This project is expected to create **38 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved, subject to legislative changes to the Authority's statute, with 11 ayes, 0 nays, and 0 abstentions/present. (04-04-07)

Item-08 **E-PC-TE-CD-406: Robert Morris College**

This applicant requests preliminary approval of **\$14,000,000** in conduit 501(c)(3), Revenue Bonds to finance projects located in **various locations across the State**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-08).

Item-09 **M-MH-TE-CD-405: Waterton Vistas II, L.L.C. and its Affiliates (New Vistas II Apartments Project)**

These applicants request preliminary approval of **\$8,500,000** in conduit, Tax-Exempt Multifamily Housing Revenue Bonds to finance a project located in **Chicago, Illinois**. It is expected that this project will create **10 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-09).

Item-10 **M-MH-TE-CD-404: Architektur/80, Inc. and its Affiliates (Valley View Apartments Project)**

These applicants request preliminary approval of **\$7,500,000** in conduit, Tax-Exempt Multifamily Housing Revenue Bonds to finance a project located in **Rockford, Illinois**. It is expected that this project will create **85 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-10).

Item-11 **A-FB-TE-CD-417: Scott Soberg**
A-FB-TE-CD-418: Jeremiah D. Fleming
A-FB-TE-CD-419: Eric W. Beyers and Dawn M. Beyers
A-FB-TE-CD-421: Scott Lucas
A-FB-TE-CD-422: Marc P. Duffy and Allison M. Duffy

These applicants request preliminary approval for Beginning Farmer Bond Loans for the amounts and locations listed below:

Scott Soberg - \$250,000 (Chrisman, Illinois)
Jeremiah D. Fleming - \$165,150 (Olney, Illinois)
Eric W. Beyers & Dawn M. Beyers - \$100,000 (Rosamond,
Illinois)
Scott Lucas - \$137,700 (Aledo, Illinois)
Marc P. Duffy and Allison M. Duffy - \$242,500 (Pontiac,
Illinois)

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-11).

Final Project Considerations

Item-12 **M-FR-TE-NC-401: Illinois Finance Authority First Home Illinois Single Family Mortgage Revenue Bond Program, Series 2004**
Final approval for \$50,000,000 in non-conduit Single Family Mortgage Revenue Bonds to finance the Authority's First Home Illinois Program.

Upon a motion by Mr. Ozark and seconded by Ms. Delgado, Chairman Gustman requested a role call vote. The motion was approved with 11 ayes, 0 nays, and 0 present. (04-05-12)

Item-13 **I-ID-TE/TX-CD-404: MacLean-Fogg Company and Subsidiaries**
This applicant requests final approval of \$7,300,000 in conduit Tax-Exempt/Taxable Industrial Revenue Bonds to finance projects located in **multiple locations across the State**. This project is expected to create **42 new jobs**.

Upon a motion by Mr. Ozark and seconded by Ms. Delgado, Chairman Gustman requested a role call vote. The motion was approved with 10 ayes, 0 nays, and 1 present/abstention. Prior to the vote, Chairman Gustman announced that he was abstaining from voting on this matter due to the fact that the law firm at which he is a partner, Freeborn & Peters, is serving as Issuer's Counsel to the Authority on this transaction. (04-05-13)

Item-14 **N-NP-TE-CD-404: Search Development Center**
This applicant requests final approval of \$5,600,000 in conduit 501(c)(3), Revenue Bonds to finance projects located in **multiple locations across the State**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-14).

Item-15

N-NP-TE-CD-406: Hopedale Medical Complex

This applicant requests final approval of **\$1,400,000** in conduit, 501(c)(3), Lease to finance a project located in **Hopedale, Illinois**. This project is expected to create **10 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-15).

Item-16

Kishwaukee Family Young Men's Christian Association, Inc. (Kishwaukee Family YMCA)

This applicant requests final approval of **\$1,000,000** in conduit 501(c)(3) Revenue Bonds to finance a project located **Sycamore, Illinois**. This project is expected to create **16 new jobs** and **50 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-16).

Item-17

E-PC-Te-CD-404: DePaul University

This applicant requests final approval of **\$56,000,000** in conduit 501(c)(3) Revenue Bonds to finance a project located in **Chicago, Illinois**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-17).

Item-18

E-PC-RE-CD-402: Columbia College Chicago

This applicant requests final approval of **\$10,000,000** in conduit 501(c)(3) Refunding Revenue Bonds for a project located in **Chicago, Illinois**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-18).

Item-19

B-LL-TX-404: Roho, Inc.

This applicant requests final approval of **\$300,000** in Participation Loans for a project located in **Belleville, Illinois**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-19).

Item 20 **V-TD-403: zuChem, Inc.**

This applicant is requesting final approval for a **\$250,000** investment from the Illinois Venture Investment Fund. This company is located in **Chicago, Illinois**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-20).

Item 21 **V-TD-404: Metalforming Controls Corporation**

This applicant is requesting final approval for a **\$100,000** investment from the Illinois Venture Investment Fund. This company is located in **Cary, Illinois**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-21).

Item 22 **A-DR-GT-TX-420: Kent Wesson**

This applicant is requesting final approval for **\$500,000** in Agri-Industries Guaranteed Loans to finance a project located in **Leland, Illinois**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-22).

Item-23 **A-FB-TE-CD-413: Brent Vanholven and Kyria Vanholven**

A-FB-TE-CD-414: William R. Clothier

A-FB-TE-CD-415: Matthew Blum

These applicants request final approval for Beginning Farmer Bond Loans for amounts listed below:

Brent Vanholven and Kyria Vanholven - **\$108,000 (El Paso, Illinois)**

William R. Clothier - **\$250,000 (Polo, Illinois)**

Matthew Blum - **\$107,000 (Polo, Illinois)**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-23).

A-AD-GT-TX-424: Keith Bouillon

This applicant is requesting final approval for \$175,000 in Agri-Industries Guaranteed Loans to finance a project located in Carlinville, Illinois.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-23).

A-AD-GT-TX-417: William E. Shane and Peggy E. Shane

This applicant is requesting final approval for \$500,000 in Agri-Industries Guaranteed Loans to finance a project located in Princeville, Illinois.

Chairman Gustman requested a motion to approve. There being no motion made, the applicant was not approved.

Project Revisions/Amendatory Resolutions

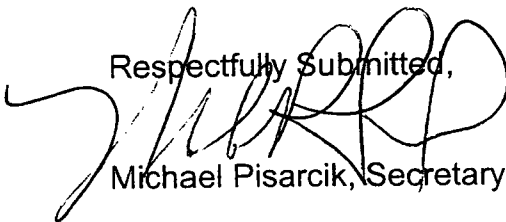
Item-24 **A.E. Staley Manufacturing Co.**

This applicant requests approval to extend the maturity of existing bonds and to permit changes to the corresponding documents.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 11 ayes, 0 nays, and 0 abstentions/present (04-05-24).

There being no further business, Chairman Gustman adjourned the meeting at approximately 3:05 P.M.

Respectfully Submitted,



Michael Pisarcik, Secretary

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors
FROM: Townsend S. Albright
DATE: June 22, 2004
RE: Overview Memo for Northwestern University

- **Borrower/Project Name:** Northwestern University
- **Location:** Evanston and Chicago (Cook County)
- **Principal Project Contact:** Ingrid S. Safford, AVP for Finance and Controller
- **Amount:** \$145,000,000
- **Board Action Requested:** Approval of a Preliminary Bond Resolution
- **Project Type:** New money to (i) construct and/or renovate facilities at the University's two campuses, (ii) purchase furniture, fixtures, and equipment, and (iii) fund professional and bond issuance costs.
- **IFA Benefits:** Conduit Tax-Exempt Bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$125,000
- **Ratings:** The bonds constitute a general obligation of the University whose short-term debt is rated MIG-1 and P-1, and whose long-term debt is rated S&P "AA+", and Moodys "Aa-1".

ta/h/northwesternunivmemo

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: **Northwestern University**

STATISTICS

Number:	E-PC-TE-CD-408	Amount:	\$145,000,000 (not to exceed)
Type:	501(c)(3) bonds	PA:	Townsend Albright
Locations:	Evanston, Chicago	Tax ID:	36-2167817
Est. fee:	\$125,000	SIC:	8221

BOARD ACTION

Preliminary Bond Resolution	No Extraordinary conditions
Conduit Not for Profit Bonds	Staff recommends approval
No IDFA funds at risk	

PURPOSE

Proceeds will be used to (i) construct and/or renovate facilities at the University's two campuses, (ii) purchase furniture, fixtures, and equipment, and (iii) fund professional and bond issuance costs.

VOLUME CAP

Volume Cap is not required for 501(c)(3) bonds.

VOTING RECORD

This is the first time this project will be presented to the Board.

SOURCES AND USES OF FUNDS

Sources:	IDFA Bonds	\$145,000,000	Uses:	Project costs	\$570,800,000
	Equity*	<u>427,000,000</u>		Bond issuance costs	<u>1,200,000</u>
	Bond issuance costs	<u>347,800</u>			
	Total	<u>\$572,000,000</u>		Total	<u>\$572,000,000</u>

*The University's unrestricted net assets as of 8/31/03 exceeded \$3.3 billion

JOBS

Current employment:	2,500	Projected new jobs:	50 (estimate)
Jobs retained:	N/A	Construction jobs:	250 (36 months)

BUSINESS SUMMARY

Background: Northwestern University (the "University" the "Applicant") was founded in 1851 to serve the Northwest Territory, an area that now includes the states of Illinois, Indiana, and Ohio. In 1853 the founders purchased a 379-acre tract of land on the shore of Lake Michigan 12 miles north of Chicago. They established the land and developed then land around it and named the surrounding town Evanston in honor of one of the University's founders, John Evans. The University is an Illinois not-for-profit corporation. The University has two campuses; a 240-acre campus in Evanston and a 25-acre campus in Chicago. A list of the University's Board of Trustees is provided for IFA Board review.

Description: The Applicant is recognized both nationally and internationally for the quality of its educational programs at all levels. The *Princeton Review* in 2003 named the University as providing the best overall academic experience for undergraduates. In April, 2004, U.S. News & World Report ranked the Kellogg School of Management as fifth in its annual survey of the best graduate schools in the nation. Kellogg's Executive MBA program was ranked first. The University employs approximately 2,500 full-time faculty. Faculty members include Nobel and Pulitzer Prize winners, MacArthur Fellowship recipients. In its most recent assessment of doctoral programs, the National Research Council ranked four of the Applicant's programs in the top 10 percent and nine programs in the top 20 percent of private and public universities.

Total fall 2003 opening enrollment of full-time students included (i) 7,804 undergraduate, (ii) 4,529 graduate, (iii) 882 law, and (iv) 700 medicine. Approximately 77.0% of the 2003 enrollment consisted of out-of-state and international students. The University offers scholarships based upon need.

Remarks: The proposed financing will enable the University to continue its quality of education and maintain its status as one of the world's premier universities. The University believes the impact of these projects will be an important contribution to the economy of the State of Illinois.

Financials: Applicant's Audited consolidated statements of financial position for fiscal years August 31, 2001, 2002, and 2003
(Dollars in 000s)

	2001	2002	2003
Income Statement			
Total Income	\$959,399	\$988,477	\$1,054,480
Total Expenses	<u>(1,249,603)</u>	<u>(1,207,847)</u>	<u>(729,632)</u>
Change in Net Assets	<u>(290,204)</u>	<u>(219,370)</u>	<u>324,848</u>
Balance Sheet			
Current Assets	4,072,268	3,864,810	4,154,749
PP&E	753,589	858,240	941,242
Other Assets	<u>104,380</u>	<u>45,325</u>	<u>36,097</u>
Total	<u>4,930,237</u>	<u>4,768,375</u>	<u>5,132,088</u>
Current Liabilities	347,611	369,099	401,281
Other LT Liabilities	43,054	41,689	41,102
Debt	409,308	446,693	453,963
Net Assets	<u>4,130,264</u>	<u>3,910,894</u>	<u>4,235,742</u>
Total	<u>\$4,930,237</u>	<u>\$4,768,375</u>	<u>\$5,132,088</u>
Ratios:			
Debt coverage	N/A	N/A	21.47x
Current Ratio	11.72	10.47	10.35
Debt/Net Assets	0.10	0.11	0.11

FINANCING SUMMARY

Security: University revenues. The bonds constitute a general obligation of the University whose short-term debt is rated MIG-1 and P-1; and whose long-term debt is rated S&P "AA+", and Moodys "Aa-1".

Structure: Multi-Mode Seven-day weekly floating rate bonds.

Maturity: 35 years

Note: The University has approximately \$100 million of taxable commercial paper outstanding for working capital.

PROJECT SUMMARY

Proceeds will be used to (i) construct and/or renovate the Lurie Medical Research Center Phase 1 & 2, Pancoe Evanston Life Sciences Building Phase 2 and 3, Olson Pavilion, Ward/Morton/Searle Center, Ford Engineering Design Center, Co-generation facilities – both campuses, Central Utility Plant, Residence hall ADA improvements, Norris Student Center, Erie II Garage, Englehart Garage, Annie Mae Swift facility, Music Building, Proteomics, Harris facility, Kresge facility, Organic Chemistry teaching laboratory, Evanston campus pedestrian mall, Abbott Hall, and Lakeshore facility, which as a group are located at 619 Clark Street, Evanston, Cook County and Chicago, Cook County, Illinois, respectively, in Chicago, Cook County, Illinois, (ii) purchase furniture fixtures and equipment, and (iii) fund professional and bond issuance costs.

Project Costs:	Renovation/equipment	<u>\$570,800,000</u>
	Total	<u>\$570,800,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Northwestern University

Project name: Northwestern University Capital Projects, Series 2004

Location: 619 Clark Street, Evanston, Cook County, Illinois and Chicago, Cook County, Illinois 60616

Organization: 501(c)(3) Corporation

State: Illinois

Board: List attached for IFA Board review

PROFESSIONAL & FINANCIAL

Counsel:	Schiff Hardin LLP	Chicago, IL	Todd Freer
Accountants:	Deloitte & Touche LLP	Chicago, IL	
Bond Counsel:	TBD		
Issuer's Counsel	TBD		
Underwriter/ Placement Agent:	Legg Mason Wood Walker, Inc.	Chicago, IL	John H. Peterson
Underwriter's Counsel:	TBD		
Financial Advisor:	Legg Mason Wood Walker, Inc.	Chicago, IL	John H. Peterson
Trustee:	TBD		
Architect:	TBD		
General Contractor:	TBD		

LEGISLATIVE DISTRICTS

Congressional: 09, Janice D. Schakowsky; 07, Danny K. Davis

State Senate: 09, Jeffrey M. Schoenberg; 07, Carol Ronen

State House: 18, Julie Ramos; 05, Kenneth Dunkin

Northwestern University
BOARD OF TRUSTEES

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ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: IFA Board of Directors

From: Rich Frampton

Date: June 22, 2004

Re: Overview Memo for MJH Education Assistance IV LLC
(Fullerton Residential Village Project)
E-PC-TE-CD-407

- **Borrower/Project Name:** MJH Education Assistance IV LLC
- **Location:** 1257 W. Fullerton Ave., Chicago (Cook County), IL 60657
- **Principal Project Contact:** Benjamin Noble, President, MJH Education Foundation, Philadelphia, PA; Ph.: 610-525-8185
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$71.0 million (anticipated amount \$60 million to \$70 million)
 - **Uses:**
 - Finance the acquisition of land and the construction and equipping of a new 169-unit/626-bed student dormitory facility at DePaul's Lincoln Park campus.
 - Project will provide campus housing designed primarily for upperclassmen.
- **Project Type:** 501(c)(3) Revenue Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - Series 2004A-C Bonds: convey tax-exempt status
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$141,600 (for an estimated \$60 million transaction).

- **Structure/Ratings:**
 - Structured, non-recourse, project financing
 - Bonds will be rated by at least two of the three major credit rating agencies

 - Bonds will be secured solely by:
 1. Project revenues
 2. First Mortgage and First Security Interest in project assets

 - The Bonds will *not* be secured by DePaul University or MJH Education Foundation.

 - **Expected Ratings for the proposed 3-Series Structure Senior Bonds:**
 - Series 2004A (2.25x coverage): AA/AA (S&P/Fitch)
 - Series 2004B (1.50x coverage): A/A (S&P/Fitch)
 - Series 2004C (1.20x - 1.25x coverage): BBB/BBB- (S&P/Fitch)
 - *Proposed Series Subordinated 2004D: non-rated (must be privately placed, if issued)

 - **Current and estimated rates:** Bonds will be sold with term and serial bonds maturing over 30 years. The final structure will depend on prevailing market rates at pricing and negotiations with prospective bondholders.

- **Recommendations/Conditions:**
 - Staff recommends approval – subject to the following extraordinary conditions:
 - **Extraordinary Conditions:**
 1. Bonds must be sold in minimum denominations of \$100,000.
 2. Any Series 2004 C (Subordinated) Bonds must be privately placed if issued.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

**Project: MJH Education Assistance IV LLC
(Fullerton Residential Village Project)**

STATISTICS

Project Number:	E-PC-TE-CD-407	Amount:	\$71,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Rich Frampton
Location:	Chicago	Est. fee:	\$135,600 (assumes \$60M issue)

BOARD ACTION

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

Extraordinary conditions:

1. Bonds must be sold in minimum denominations of \$100,000.
2. Any subordinated series of Bonds must be privately placed.

Comment: Project financing commitment from bond purchasers will be contingent on rezoning of 1257 W. Fullerton to Residential/Institutional Planned Unit Development.

PURPOSE

Construction of a new, 169 unit/626-bed student dormitory facility at DePaul University's Lincoln Park campus.

IFA CONTRIBUTION

Conveyance of federal tax-exempt status on Bonds.

VOTING RECORD

None. This is the first time this project has been reviewed by the IFA Board.

PRELIMINARY SOURCES AND USES OF FUNDS

Sources:	IFA Senior A-C Bonds \$60,025,000	Uses:	Project Costs	\$51,500,000
	*IFA Series D Sub. Bds. _____ *		Work. Cap/ Capital Reserves	6,950,000
			Issuance Costs	<u>1,675,000</u>
	Total		Total	<u>\$60,525,000</u>

*If issued, IFA Subordinated Series D Bonds would involve the issuance of up to approximately \$4.5 million of Subordinated Bonds to finance a portion of the costs to purchase the subject property. Any non-rated bonds would be privately placed by Citigroup Global Markets, Inc. with institutional investors in minimum denominations of \$100,000. Because the Sources and Uses of Funds reported above are only preliminary, the amount of the Inducement Resolution is set at an amount not to exceed \$71 million.

JOBS

Current employment:	0	Projected new jobs:	22
Jobs retained:	N/A	Construction jobs:	150 (16 months)

BUSINESS SUMMARY

Background: MJH Education Assistance IV LLC (the “Borrower” and “Obligor”) is a to-be-formed Illinois limited liability company. The sole member of the Borrower will be MJH Education & Healthcare Assistance Foundation (the “Foundation”), a California 501(c)(3) not-for-profit corporation. The Foundation is governed by a three-member Board of Directors (see Economic Disclosure Statement section on Page 5 of this report).

The Obligor is being established by the Foundation solely for the purpose of developing the subject project (Fullerton Residential Village) for lease to DePaul University.

In early 2002, the Foundation terminated its private foundation status and became a “supporting organization” of DePaul University under Section 509(a)(3) of the Internal Revenue Code.

Description: As a “supporting organization” to DePaul, the Foundation has previously established three separate single-member limited liability companies to develop and finance various facilities for lease to DePaul. These facilities have included dormitories and parking facilities on DePaul’s Lincoln Park campus (including a dormitory facility that DePaul will be purchasing from MJH with IFA Bond Financing approved by the IFA Board at the May 2004 Board Meeting).

The Foundation has built or substantially renovated approximately 1,000 student housing beds for DePaul over the last five years.

The proposed project involves construction of a new 620-bed apartment-style student housing facility with 100% single occupancy bedrooms, and 80 indoor, on-grade parking spaces. Additionally, the facility will also have 5,000 to 10,000 feet of ground floor retail space. These non-qualified uses will represent less than 3.7% of space and less than 5% of revenues, thereby allowing the facility to be 100% financed with tax-exempt bonds.

The new facility will help address the current housing shortage for students, particularly upperclassmen, at DePaul’s Lincoln Park campus. DePaul has had ongoing waiting list of several hundred students for on-campus housing. This project will serve those students (i.e., 3rd and 4th year undergraduates) who have the most difficulty obtaining affordable housing close to the campus. DePaul is hopeful that the proposed facility will reduce its transfer rate by upperclassmen.

According to the Foundation, the proposed tax-exempt bond issue will enable MJH to construct a high-quality hybrid dormitory facility that will provide amenities typically found in apartments but in an on-campus facility. The anticipated per-bed cost to students will be approximately \$990/month for a four-bedroom, four-student unit.

Development

Team: Smithfield Properties, LLC, (“Smithfield”) of Chicago will construct the project on behalf of the Borrower. Smithfield has purchased the subject property. At closing of the proposed bond issue, Smithfield will convey the property to MJH. The anticipated project completion date is August 2006. Smithfield has successfully developed more than 700 student housing units on behalf of the School of the Art Institute.

The Scion Group LLC of Chicago will be the Development Consultant and Property Manager. Scion has previously managed two properties for DePaul and has also served as Development Consultant and Property Manager for the new University Center dormitory opening in the South Loop in August 2004 to serve students of DePaul, Roosevelt University, and Columbia College.

The site of the project is currently the site of a functionally obsolete trade school facility (Coyne American Institute) that will be relocating to the West Side of Chicago in December 2004.

All payments relating to the \$50.88 million of outstanding IFA/IEFA Bonds previously issued on behalf of MJH Educational Foundation have been current.

Financials: Projected financials for fiscal years ended 7/31/2007 through 7/31/2011 as prepared by the Applicant.

	(Dollars in \$ 000's)				
	Year Ended July 31				
	2007	2008	2009	2010	2011
Revenue	Stabilized				
Gross Rent	\$7,519	\$7,820	\$8,132	\$8,458	\$8,796
Less Vacancy Loss	(1,128)	(391)	(407)	(423)	(440)
Less 1% Bad Debt	(75)	(78)	(81)	(85)	(88)
Less Staff Housing	(121)	(126)	(131)	(136)	(142)
Ancil.Rev.(laundry, vending, etc.)	128	186	193	201	209
Retail Space Net Rent (\$12/SF)	51	53	55	57	60
Parking Revenue	120	125	130	135	140
Projected Total Revenue	6,494	7,589	7,891	8,207	8,535
Operating Expenses:					
Utilities	648	674	701	729	758
Maintenance	573	670	774	805	837
Management Fee (4.5%)	287	298	310	323	336
Residence Life Expenses	438	456	474	493	512
Insurance	162	169	176	183	190
Maintenance Reserve (\$0.60/SF)	163	169	176	183	191
Project Total Oper. Exp.	2,271	2,436	2,611	2,716	2,824
Net Operating Income:	4,223	5,153	5,280	5,491	5,711
Series 2004A Net Debt Service:	665	2,202	2,203	2,201	2,201
Series 2004A Debt Service Coverage:	6.35	2.34	2.40	2.49	2.59
Series 2004B Net Debt Service:	215	759	762	760	761
Series 2004B Debt Service Coverage:	4.80	1.74	1.78	1.85	1.93
Series 2004C Net Debt Service:	205	795	793	795	795
Series 2004C Debt Service Coverage:	3.89	1.37	1.41	1.46	1.52
Project Income After Debt Service:	3,138	1,397	1,522	1,735	1,954

Discussion: These projections were prepared by the Borrower.

Key projection assumptions include the following:

- Bonds issued as of 12/1/2004
- Construction will be completed in July 2006
- The property will commence occupancy in August 2006
- Vacancy assumptions: Year 1: 15%; Ongoing: 5%

- Rent Escalation: 4% per annum
- Expense Growth: 4% per annum
- Monthly rental rates identical to University Center project in South Loop (University Center was 85% pre-leased as of 5/1/04, in advance of 8/04 initial occupancy)
- 149 4-BR units (\$990/mo. ave.); 10 2-BR units (\$1,093/mo. ave.) ; 10 studio units (\$1,487/mo. ave.)
- Capitalized interest through 1/1/2007
- Principal payments begin as of 1/1/2007

Flow of Funds Assumptions (3-Series Structure – Preliminary Subject to Change as proposed by Borrower):

- Student Rents first applied to make required deposits to Operations & Maintenance Reserves
- Rents then applied to service debt service payments under 3-Tranche Structure
 - 3-Tranche Structure (with each tranche sold and rated based on projected debt service coverage as necessary to achieve benchmark ratings)
 - Series 2004A: 2.25x coverage (AA Rated)
 - Series 2004B: 1.50x coverage (A Rated)
 - Series 2004C: 1.20-1.25x coverage (BBB/BBB- Rated)
 - *Payments Subordinated to all Bonds:*
 - Capital Maintenance Reserves
 - Debt Service Reserve
 - *Developer Payments Subordinated to Capital and Debt Service Reserves*
 - *Excess Funds after Developer Fees distributed to MJH with excess cash flow gifted to DePaul University*

Upon stabilization beginning with the 2007-2008 academic year, based on the foregoing assumptions, the Fullerton Residential Village will generate Net Operating Income sufficient to attain debt service coverage benchmarks required to attain the projected ratings.

Upon repayment of the proposed Bonds in 2034, MJH will donate Fullerton Residential Village to DePaul University.

FINANCING SUMMARY

- Bonds:** Fixed rate bonds to be sold without credit enhancement with a maturity of 30 years. The Bonds will be issued as multiple series of one issue, with differing levels of debt service coverage to take advantage of lower rates associated with the more highly rated portions of the transaction (as noted in the preceding section of this report). Minimum coverage is anticipated at between 1.20x and 1.25x for the lowest rated senior portion (Series 2004C currently assumed to be rated “BBB”/ “BBB-” (S&P/Fitch)). An alternate structure using a subordinated subseries (i.e., Series 2004D) may also be issued to complete the purchase of the land and would be privately placed (subject to market conditions and subsequent evaluation by Borrower and Financing Team).
- Payments:** Level annual debt service payments. Final maturity date: 1/1/2034
- Security:** The Bonds will be solely secured by (i) project revenues and (ii) a First Mortgage on Project Assets. The Bonds will not be guaranteed by DePaul University.
- Debt Svc. Reserves:** Funded for all subseries capitalized at a level sufficient to cover 1 year of Maximum Annual Debt Service payments.

PROJECT SUMMARY

Bond proceeds will finance the acquisition of land, site improvements (including the demolition of existing improvements located thereon), and the construction and equipping of a new 620-bed, multi-story student residential facility with 80 indoor parking spaces and approximately 10,000 square feet of ground floor retail space to be located at 1257 W. Fullerton Ave., Chicago (Cook County), IL 60614-2102. The facility will be commonly known as Fullerton Residential Village and will serve students of DePaul University's Lincoln Park campus.

A summary of preliminary estimated project costs follow:

Land Acquisition:	\$13,750,000
Construction/Equipping	32,250,000
Capitalized Interest	<u>5,500,000</u>
Total	\$51,500,000

A summary of Working Capital, Reserve Accounts and Developer Fees follows:

Debt Service Reserve Fund	\$4,000,000
Working Capital Operating Res.	1,000,000
Capital Reserve	150,000
Development Fee	<u>1,800,000</u>
Total:	\$6,950,000

ECONOMIC DISCLOSURE STATEMENT

Applicant: MJH Education Assistance IV LLC, (c/o Mr. Benjamin Noble, President, Civic Finance Associates, Inc., 603 Great Springs Road, Bryn Mawr, PA 19010-1701; Tel.: 610-525-8185; e-mail: bnoble@cfainc.net)

Project name: Fullerton Residential Village

Location: 1257 W. Fullerton Avenue, Chicago (Cook County), IL 60614-2102

Organization: California 501(c)(3) organization.

Board

Membership: David L. Horne
Sheri Lynn Jensen
Dennis E. Howarth, Independent Director, National Registered Agents, Inc.

**Current
Property
Owner:**

Coyne American Institute. Contact: Mr. R. T. Freeman, President, Coyne American Institute, 1235-57 W. Fullerton Ave., Chicago, IL 60614; Ph.: 800-999-5220. This property may be purchased by Smithfield Properties, LLC for an interim period in order to expedite relocation of Coyne American Institute prior to closing of the proposed Bonds. (Upon closing of the Bonds, MJH Education Assistance IV LLC will purchase the subject property.)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Davis Wright Tremaine LLP	Los Angeles, CA	Steve Hazen
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Jim Luebchow
Underwriter:	Citigroup Global Markets, Inc.	Philadelphia, PA	Chris McNichol
		Chicago, IL	Ray Kljajic
Underwriter Counsel:	Orrick Herrington	New York, NY	
Trustee:	TBD		
Accountant:	Isdner & Co.	Bala Cywnyd, PA	Gene Ristaino
Development			
Consultant:	Smithfield Properties, LLC	Chicago, IL	Robert Buono
Architect:	Antunovich Associates	Chicago, IL	Joseph Antunovich
General Contractor:	Wooton Construciton Ltd.	Chicago, IL	W. Harris Smith
Student Housing			
Consultant/Prop.Mgr.:	The Scion Group LLC	Chicago, IL	Robert Bronstein
IFA Counsel:	TBD		

LEGISLATIVE DISTRICTS

Congressional:	5	Rahm Emanuel
State Senate:	6	John J. Cullerton
State House:	11	John A. Fritchey

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors
FROM: Townsend S. Albright
DATE: June 22, 2004
RE: Overview Memo Central City Studios, L.L.C.

- **Borrower/Project Name:** Central City Studios, L.L.C.
- **Location:** Chicago, Cook County, Illinois
- **Principal Project Contact:** Stephen A. Allison, Wildman, Harrold, Allen & Dixon, LLP, Chicago, Illinois
- **Board Action Requested:** Approval of a Preliminary Bond Resolution.
- **Amount:** \$25,100,000
- **Project Type:** Conduit Empowerment Zone Industrial Revenue Bonds
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$102,500
- **Security:** The bonds will be secured by a Direct Pay Letter from a bank to be determined or sold on a non-rated, non-credit enhanced basis.

ta/h/9870centralcitystudiosmemo

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: Central City Studios, L.L.C.

STATISTICS

Project Number:	I-ID-TE-CD-410	Amount:	\$25,100,000 (Phase I)
Type:	IRB	PA:	Townsend Albright
Location:	Chicago	Tax IDs:	36-4297526
Est. fee:	\$102,500	SIC:	51-2110

BOARD ACTION

Initial Bond Resolution Conduit Empowerment Zone Industrial Revenue Bonds
No IDFA funds at risk Staff recommends approval
Extraordinary condition: \$100,000 minimum denominations if sold on a non-rated non-credit enhanced basis

PURPOSE

Phase I: (i) purchase land, two buildings to house five stages, (ii) purchase and install equipment and fixtures, (iii) construct a service area drive, and (iv) fund legal and professional costs.

IFA CONTRIBUTION

No Volume Cap would be used. The City of Chicago, as Empowerment Zone Grantee for Federal Empowerment Zone debt limit, would enter into Intergovernmental Agreement

VOTING RECORD

This is a Preliminary Bond Resolution. There is no prior vote.

SOURCES AND USES OF FUNDS

Sources:	IDFA Bonds	\$25,100,000	Uses:	Project Costs	\$44,510,000
	Equity	17,400,000		Legal/Professional	<u>490,000</u>
	Illinois First Grant	<u>2,500,000</u>			
Total		<u>\$45,000,000</u>	Total		<u>\$45,000,000</u>

JOBS

Current employment:	N/A	Projected new jobs:	1015
Jobs retained:	N/A	Construction jobs:	235 (16 months)

BUSINESS SUMMARY

Background: Central City Studios, L.L.C. (the "Applicant", "CCS") is an Illinois Limited Liability Corporation established in 1999. CCS endeavors to develop a state-of-the-art film and sound studio facility (the "Project"). CCS serves as the operating company of the Project. Currently, on a pre-dilution basis, Allison-Whitlock Incorporated ("Allison") owns 75.0% of CCS and Central City Holding Corporation ("CCHC") owns 25.0% of CCS.

The equity of the initial members will be diluted once outside equity financing is contributed. Raleigh Enterprises ("Raleigh") will contribute most of the outside equity and become the managing partner responsible for all studio operations of CSS, its largest equity investor, and the leader of its development team. Raleigh's contribution will give Raleigh (and others) an ownership in the operating company of up to 80.0%, leaving the initial member entities, AWI and CCHC, with as little as 15.0% and 5.0%, respectively. A list of equity shareholders is attached.

About Raleigh: Raleigh, a domestic US corporation and parent company of Raleigh Studios and Hollywood Rentals, is recognized as the largest and best operator of independent film studio facilities in North America and the leading rental provider of professional lighting and grip equipment to the motion picture, television, and commercial production and special events industries. Raleigh has been in business for almost 50 years and currently owns and operates 26 state-of-the-art sound stages and has over 600,000 sq. ft. of ancillary office and production support space at its California studio complexes. Raleigh generated revenues of nearly \$65 million in 2003, and owned over \$200 million in assets.

Description: Phase one of the project consists of the construction of a complex of film and television production studios, sound stages, and related support facilities on eleven acres of land in the Roosevelt-Cicero Industrial TIF District. The project will be located in the Roosevelt-Kostner Brownfield Site in the Lawndale neighborhood, which lies within the TIF District. The initial phase of the project will include (i) three 18,000 sq.ft. sound stages and two 28,800 sq.ft. production stages, (ii) a 28,000 sq.ft. production office building, (iii) a 21,600 sq.ft. production support mezzanine area, (iv) a 21,600 sq.ft. service area, and (v) a 435-space parking lot. CCS plans to begin Phase II development in 2006. Phase II will consist of more production facilities. The proposed Phase II expansion is expected to generate an additional 1000+ jobs for Illinois workers. CCS will rent/provide sound stage space, office space, related services and any camera, grip and lighting equipment to film and television companies/tenants for the production of feature films and television shows. Related services include film, editing, and completing pre-production and post-production tasks.

**Empowerment
Zone Bonds:**

This program resulted from the enactment of the Community Renewal Tax Relief Act of 2000 (HR 12387), which expanded the scope and dollar limit for the issuance of Industrial Revenue Bonds ("IRBs") in federally designated Empowerment Zones ("EZs"). EZ bonds, unlike IRBs much higher limits on the dollar amount of bond issuance, and allows bonds to be issued for non-manufacturing projects. Dollar limits cannot exceed \$60 million if such zone is in a rural area, \$130 million if such zone is located in an urban area and the zone has a population of less than 100,000; and \$230 million if such zone is in an urban area and the zone has a population of at least 100,000. EZ bonds were developed to assist the most economically distressed communities.

Remarks: The project is critical in assisting Chicago and Illinois' retention of current film and television opportunities, and is necessary in attracting new productions to Chicago. The film and television production industry spends large amounts of money to produce films and television shows, and is a large employer of both skilled and semi-skilled labor.

In an effort to facilitate significant hiring to fill jobs from residents of the Lawndale and surrounding neighborhoods, the CCS intends to engage the services of the North Lawndale Employment Network, or similar neighborhood organization through the City of Chicago's Mayor's Office of Workforce Development to source and train a qualified pool of residents and qualified prospective employees for television and production jobs as well as construction jobs on the project.

Financials: *Pro-forma* cash flow statements for December 31, 2006 -2012

(Dollars in 000s)

	2006	2007	2008	2009	2010	2011	2012
Revenue	\$6,085	\$8,992	\$9,929	\$10,913	\$11,948	\$12,306	\$12,675
Expenses	<u>(4,418)</u>	<u>(7,281)</u>	<u>(8,548)</u>	<u>(8,909)</u>	<u>(9,284)</u>	<u>(9,455)</u>	<u>(9,834)</u>
NI	<u>\$1,667</u>	<u>\$1,711</u>	<u>\$1,381</u>	<u>\$2,004</u>	<u>\$2,664</u>	<u>\$2,851</u>	<u>\$2,841</u>
Projected Debt Service Coverage	3.08	3.11	2.91	3.28	3.68	3.79	3.78

Note: the *pro-forma* revenues assume a 50.0% utilization rate for 2006, the first year after completion, and a 63.0% utilization rate in future years.

FINANCING SUMMARY

Type: Direct Pay Letter of Credit from a bank to be determined or as non-rated bonds.
 Structure: Seven-day weekly floating rate bonds
 Structure: Multi-Mode Seven-Day Floating Rate bonds
 Maturity: 25 years
 Note: The Internal Revenue Code authorizes issuance of Tax-Exempt Bonds for non-manufacturing projects located in federally designated Empowerment Zones.

PROJECT SUMMARY

Proceeds will be used to (i) purchase approximately 11.0 acres land from the City of Chicago which is located in the Roosevelt-Kostner Brownfield Site in the Roosevelt-Cicero Industrial TIF District, Chicago, Cook County, Illinois, (ii) construct an approximately 154,920 sq. ft. building which will house five production stages, an approximately 28,000 sq. ft. office building, and an approximately 21,660 sq. ft. service area production support area on the above property, (iii) purchase and install equipment and fixtures, and (iv) fund legal and professional costs.

Project Costs:	Land	\$ 1,100,000
	Building	30,000,000
	Equipment	<u>13,010,000</u>
	Total	<u>\$44,510,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Central City Studios, L.L.C.
Project name: CCS New Facilities Project
Location: Roosevelt-Cicero Industrial TIF District, Chicago, Cook County, Illinois
Organizations: Limited Liability Corporation
State: Illinois
Ownership: **Current Ownership (Before the proposed infusion of equity from Raleigh)**
Allison-Whitlock Incorporated 75.0%
225 W. Wacker Drive, Suite 2800
Chicago, IL 60606
c/o Wildman, Harrold & Dixon, LLP
Central City Holdings Corporation 25.0%
c/o Donald Jackson
410 N. Wabash Avenue
Chicago, IL 60611

Ownership (estimated maximums) after proposed infusion of equity from Raleigh
Allison-Whitlock Incorporated 15.0%
Contact and address: see above
Central City Holdings Corporation 5.0%
Contact and address: see above
Raleigh Enterprises 80.0%
C/O George I. Rosenthal
Chairman and CEO
100 Wilshire Boulevard
8th Floor
Santa Monica, CA 90401

PROFESSIONAL & FINANCIAL

Counsel:	Wildman, Harrold, Allen & Dixon	Chicago, IL	Stephen A. Allison
Accountant:	Deloitte & Touche LLP	Chicago, IL	Tom Elmer
Bond Counsel:	Wildman, Harrold, Allen & Dixon	Chicago, IL	James M. Snyder
Underwriter/ Placement Agent	TBD		
Underwriter's Counsel:	TBD		
Trustee:			
Issuer's Counsel:	TBD		
Contractor:	McHugh Construction Co.		

LEGISLATIVE DISTRICTS

Congressional: 07 Danny K. Davis
State Senate: 05 Rickey R. Hendon
State House: 10 Annazette R. Collins

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: IFA Board of Directors

From: Rich Frampton

Date: June 22, 2004

Re: Overview Memo for NVL, LLC
(Olympia Food Industries, Inc. Project)
I-ID-TE-CD-408

- **Borrower/Project Name:** NVL, LLC (Olympia Food Industries, Inc. Project)
- **Location:** 401 Joe Orr Road, Chicago Heights (Cook County), IL
- **Principal Project Contact:** Andre Papantoniou, Member, NVL and President, Olympia Food Industries, Inc., Chicago
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$8.5 million
 - **Uses:**
 - Finance the acquisition of land, renovation of existing facilities, construction of a building addition, and purchase of equipment
 - Will enlarge a vacant manufacturing facility in Chicago Heights from 52,000 SF to 82,000 SF
 - Project located in the DCEO-designated Chicago Heights Enterprise Zone
- **Project Type:** Industrial Revenue Bonds
- **IFA Benefits:**
 - Conduit Tax-Exempt Bonds -- no direct IFA or State funds at risk
 - IFA will convey federal tax-exempt status
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$65,400 (for an estimated \$8.5 million transaction)

The Company plans to transfer approximately 65 employees from the Company's existing pita/flatbread and meat processing facility located near Midway Airport. The project site is located in the DCEO-designated Chicago Heights Enterprise Zone.

BUSINESS SUMMARY

Background: NVL, LLC, ("NVL" or the "Borrower") is an Illinois Limited Liability Company formed specifically to develop and own the subject real estate for lease to Olympia Food Industries, Inc. ("Olympia" or the "Operating Company"). NVL and Olympia Food Industries, Inc. are affiliated under common ownership. The principal members of the Borrower and shareholders of the Operating Company are Mr. Andre Papantoniou and Mr. Kostas Papantoniou and their families (see Economic Disclosure Statement section of this report on Page 4 for additional information).

Olympia Food Industries, Inc. was incorporated under Illinois law as an S Corporation in 1992.

Description: Predecessors of Olympia Food Industries, Inc. were established in 1972 and is a federally inspected food processor, producing gyros loaves and cones, and manufacturing pita flatbread. Olympia sells its foods locally through wholesalers and nationally through Olympia Food Industries, Inc.'s direct sales force.

The Company's primary market is institutional food sales. (*Confidential:* A significant portion of the Company's recent sales growth has been attributable to pita flatbread sales to YUM! Brands, Incorporated's Taco Bell unit.)

This financing will enable NVL to acquire an existing shuttered bakery facility at an economical cost. Upon acquisition, the facility will be substantially renovated and equipped. The project will enable Olympia to substantially expand its manufacturing capacity of pita and flatbread products. The subject property has rail spurs that will enable lower cost, rail car deliveries to facilitate bulk purchases of raw materials.

Financials: Reviewed consolidated financial statements for fiscal year 2003. Combined compiled financial statements for fiscal years 2001-2002. Applicant/CPA-prepared projections for fiscal years 2004-2006.

	Year Ended Dec. 31			Year Ended Dec. 31		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)			(Dollars in 000's)		
Income statement:						
Sales	\$9,279	\$10,999	\$12,214	\$14,000	\$16,800	\$20,160
Net income	154	579	352	920	776	883
Balance sheet:						
Current Assets	1,413	1,956	2,646	2,556	3,291	3,710
Net PP&E	1,450	1,999	1,982	2,234	10,200	10,482
Other Assets	351	330	266	266	600	500
Total	3,214	4,285	4,894	5,056	14,091	14,692
Current Liabilities	1,311	1,582	2,087	1,783	1,869	2,167
Long Term Liab.	522	869	743	1,390	9,563	8,983
Other Non-Cur. Liab.	725	1,170	1,101	--	--	--
Equity	656	664	963	1,883	2,659	3,542
Total	3,214	4,285	4,894	5,056	14,091	14,692

Ratios:						
Debt coverage	1.41x	2.10x	1.94x	2.96x	1.68x	1.99x
Current ratio	1.08	1.24	1.27	1.43	1.76	1.71
Debt/equity	0.54	0.53	0.68	0.93	3.81	2.70

Discussion: The Company reported 10% sales growth in both 2002 and 2003. This sales growth was primarily attributable to increased baked product sales (i.e., pita flatbreads).

Olympia has generated strong operating cash flows sufficient to service the Company's debt service obligations by multiples of 1.41 times or better since 2001.

The Company prepared the accompanying projections, which assume that (1) the proposed bonds are issued as of 12/31/04, (2) the proposed acquisition, renovation, and construction project in Chicago Heights will be completed and placed in service as of by 1/2/05, and (3) the Company will record 20% sales growth in both 2005 and 2006, following relocation to the new Chicago Heights facility. Based on the foregoing assumptions, Olympia anticipates generating cash flows sufficient to cover debt service payments on the subject bonds by a multiple of 1.68 times in 2005, the Company's first full year of operation at the new facility.

The Company has a \$750,000 Line of Credit from LaSalle National Bank. The Company is also negotiating with LaSalle to increase the borrowing capacity under this Line of Credit as part of its overall financing plan.

FINANCING SUMMARY

Security: Bonds will be secured by a LaSalle National Bank Direct Pay Letter of Credit [Aa3/Stable (long-term) by Moody's; AA-/Stable (long-term) and A-1+ (short-term) by S&P].

Structure: Bonds will be sold initially as 7-day floaters (i.e., 7-day variable rate demand bonds) based on LaSalle's short-term A-1+ rating (S&P). The most recent average rate on 7-day floaters was 1.15% as of 6/9/2004 (thereby resulting in an effective interest rate of approximately 2.40% -- inclusive of all credit enhancement, remarketing agent, and trustee fees).

Maturity: 20 years

PROJECT SUMMARY

Bond proceeds will be used to finance the purchase, renovation, and equipping of an existing 52,000 SF manufacturing facility located on an approximately 4.0 acre site at 401 Joe Orr Road, Chicago Heights (Cook County), Illinois 60411-1608. Bond proceeds will also be used to finance the construction and equipping of a new, 30,000 square foot addition thereon. Additionally, bond proceeds will be used to finance capitalized interest during construction, to finance miscellaneous site improvements, and to pay bond issuance costs.

Estimated project costs are as follows:

Land and Building Acquisition:	\$750,000
Renovation:	700,000
New Construction:	3,670,000
Equipment:	<u>3,100,000</u>
Total:	\$8,220,000

ECONOMIC DISCLOSURE STATEMENT

Applicant: NVL, LLC (Contact: Mr. Andre Papantoniou, Member, c/o Olympic Food Industries, Inc., 5757 West 59th Street, Chicago, IL 60638; Ph.: 773/735-2250; Fax: 773/735-9108; email: andre@lolympiafoods.com)

Project name: Olympia Food Industries, Inc.

Location: 401 Joe Orr Road, Chicago Heights (Cook County), IL 60441-1608

Organization: S Corporation

State: Illinois

Ownership: Andre Papantoniou Family Limited Partnership, Glenview, IL: 50.0%
Kostas Papantoniou Family Limited Partnership, Glenview, IL: 50.0%

Seller

Disclosure: NVL, LLC is planning to close on the acquisition of the subject property around June 20, 2004, prior to the IFA Board Meeting.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Robbins, Saloman & Patt	Chicago, IL	Alan Wolf
Bond Counsel:	TBD		
LOC Bank:	LaSalle National Bank	Chicago, IL	Wayne Kotka Greg Woodin
Placement Agent:	LaSalle Capital Markets, Inc.	Chicago, IL	Peter Glick
Remarketing Agent:	LaSalle Capital Markets, Inc.	Chicago, IL	Peter Glick
Bank Counsel:	TBD		
Placement Counsel:	TBD		
Accountant:	Schaffer, Vietinghoff & Wallach, PC	Northbrook, IL	Kurt Vietinghoff
Architect:	TBD		
General Contractor:	TBD		
Trustee:	TBD		
Issuer's Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Congressional:	2
State Senate:	40
State House:	80

Illinois Finance Authority
Memorandum

To: IFA Board of Directors
From: Sharnell Curtis-Martin
Date: June 22, 2004
Re: Overview Memo for Transparent Container Co., Inc.
IFA Project # I-ID-TE-CD-407

Borrower: Transparent Container Co., Inc.

Location(s): Addison, Bensenville and Berkeley

Principal Project Contact: Mr. Ronald Pranger, Controller

Board Action Requested: Preliminary Bond Resolution

Amount: \$6,000,000

Project Type: Conduit Industrial Revenue Bonds

IFA Benefits:

- Conduit Tax-Exempt Bonds
- Estimated interest rate savings is to be determined

IFA Fees:

- Application Fee \$1,500
- Issuance Fee \$46,200

Structure/Ratings:

- Direct Pay Letter of Credit provided by Bank One
- Variable Rate Demand Bonds
- 15 year maturity

Recommendation:

- Staff recommends approval

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: **Transparent Container Co., Inc.**

STATISTICS

Project No.:	I-ID-TE-CD-407	Amount:	\$6,000,000 (not-to-exceed amount)
Type:	Industrial Revenue Bonds	PA:	Sharnell Curtis-Martin
Location:	Addison, Berkeley, Bensenville	Tax ID:	36-2473908
SIC Code:	3089	Est fee:	\$46,200

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to finance the acquisition of building, acquisition of machinery and equipment, renovations, and to pay certain bond issuance costs.

VOLUME CAP

The Applicant will be seeking approximately \$6.0 million in Authority Volume Cap.

VOTING RECORD

Preliminary Bond Resolution, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Bond	\$6,000,000	Uses:	Project Costs	\$9,390,000
	Equity	2,000,000		Bond Issuance Costs	<u>173,800</u>
	Bank Financing	<u>1,563,800</u>			
	Total	<u>\$9,563,800</u>		Total	<u>\$9,563,800</u>

JOBS

Current employment:	292 (252 Illinois and 40 Georgia)	Projected new jobs:	37 (Illinois)
Jobs retained:	N/A	Construction jobs:	20 (3 months)

BUSINESS SUMMARY

Background: Transparent Container Company, "Transparent" or the "Company", was established in September 1961. In 1971, Mr. Dan Greiwe joined the company as President and became the sole owner in 1999. Mr. Steve Fifer, Division Manager, manages the day-to-day operations of the Company.

Description: Transparent manufactures custom and stock thermoformed and fabricated plastic packaging for use in the food and consumer products manufacturers located in the U.S., Canada and Europe. The Company has three facilities located in Berkeley, Bensenville, and Chicago, Illinois and one facility in Conyers, Georgia.

Remarks: The new facility located in Addison will replace an existing facility located in Chicago. The present employees at the Chicago facility will be offered the opportunity to transfer to the Addison location. New machinery and equipment will also be added to the Berkeley and Bensenville facilities. Some of Transparent's key customers include: Motus Media, Sanford Corporation, Ideal Industries, Avery-Dennison and American Trade Products.

Financials: Reviewed Financial Statements 9/30/01 – 9/30/03
Internally prepared Financial projections 9/30/04 – 9/30/06

	Year Ended Sept 30			Year Ending Sept 30		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)					
Income statement:						
Sales	\$34,401	\$34,395	\$36,135	\$36,400	\$38,948	\$41,674
Net income	1,239	760	3,013	1,631	1,855	2,001
Balance sheet:						
Current assets	\$9,074	\$10,196	\$9,921	\$12,502	\$9,860	\$9,925
PP&E	8,475	8,410	7,353	11,095	13,791	15,416
Other assets	<u>2,774</u>	<u>2,981</u>	<u>2,177</u>	<u>2,177</u>	<u>2,363</u>	<u>2,177</u>
Total assets	<u>20,323</u>	<u>21,587</u>	<u>19,451</u>	<u>25,774</u>	<u>26,014</u>	<u>27,518</u>
Current liabilities	7,830	8,734	4,802	4,959	4,811	5,720
Non Current liabilities	12,029	12,360	11,007	14,991	13,855	12,643
Equity	464	493	3,642	5,824	7,348	9,155
Total liabilities/equity	<u>\$20,323</u>	<u>\$21,587</u>	<u>\$19,451</u>	<u>\$25,774</u>	<u>\$26,014</u>	<u>\$27,518</u>
Ratios:						
Debt coverage	1.43x	1.69x	1.65x	1.34x	1.44x	1.42x
Current ratio	1.16	1.17	2.07	2.52	2.05	1.74
Debt/equity	29.73	27.20	3.54	2.80	2.06	1.54

Discussion: In 2002, the Company experienced an increase in COGS expense of approximately \$1.1 million. As a result, Transparent's net income was reduced to approximately \$760,000. In 2003, the Company's net income was significantly higher than in past years. This was due to an increase in revenues and partially due to a gain from the sale of assets from discontinued operations.

FINANCING SUMMARY

Security: Direct Pay Letter of Credit from Bank One
Structure: Variable Rate Demand Bonds
Maturity: 15 Years

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of a 93,000 square foot manufacturing facility located at 325 S. Lombard, Addison, IL (DuPage County), renovations, machinery and equipment and to pay certain costs of issuance. Additional bond proceeds will also be used to finance the acquisition and installation of machinery and equipment at facilities located at 5744 McDermott Drive in Berkeley, IL (Cook County) and 625 Thomas Drive in Bensenville, IL (DuPage County). Project costs are estimated as follows:

Machinery and Equipment	\$5,200,000
Building	3,250,000
Land	500,000
Renovations	<u>440,000</u>
Total Project Costs	<u>\$9,390,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Transparent Container Co., Inc.
5744 McDermott Drive, Berkeley, IL 60163 (Cook County)

Project name: Transparent Container New Facility

Location: 325 S. Lombard, Addison, IL 60101 (DuPage County)
5744 McDermott Drive, Berkeley, IL 60163 (Cook County)
625 Thomas Drive, Bensenville, IL 60106 (DuPage County)

Organization: Corporation

State: Illinois

Ownership: Mr. Daniel L. Greiwe – 100%

Land Sellers: 502 Vista Limited Partnership
Partners: Richard E. Muhlethaler
Ronald E. Muhlethaler
Dale R. Muhlethaler

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Schnell Bazos Freeman Kramer Schuster and Vanek	Elgin	Peter Bazos
Accountant:	Lipschultz, Levin & Gray	Northbrook	Bill Finestone
Bond Counsel:	Wildman Harrold	Chicago	Jim Snyder
LOC Bank:	Bank One	Chicago	
Underwriter:	Banc One Capital Markets	Chicago	Shelley Phillips
Underwriter's Counsel:	To Be Determined		
Issuer's Counsel:	To Be Determined		
Trustee:	To Be Determined		

LEGISLATIVE DISTRICTS

Addison

Congressional: 6 – Henry Hyde
State Senate: 46 – George P. Shadid
State House: 23 – Daniel J. Burke

Berkeley

Congressional: 4 – Luis Gutierrez
State Senate: 41 – Christine Radogno
State House: 21 – Robert S. Molaro

Bensenville

Congressional: 6 – Henry Hyde
State Senate: 39 – Don Harmon
State House: 77 – Angelo Saviano

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: IFA Board of Directors

From: Rich Frampton

Date: June 22, 2004

Re: Overview Memo for The Laramar Group LLC and its affiliates
(Hinsdale Lake Terrace Apartments Project)
M-MH-TE-CD-406

- **Borrower/Project Name:** The Laramar Group LLC and its affiliates (Hinsdale Lake Terrace Apartments Project)
- **Location:** Unincorporated Willowbrook (DuPage County)
- **Principal Project Contact:** Mr. Bennett Neuman, The Laramar Group LLC, Chicago
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed \$45.0 million
 - **Uses:**
 - Acquisition of existing 582-unit, 2-story, 24-building multifamily rental property with clubhouse
 - Property will be substantially renovated (unit interiors, building exteriors, and common areas)
 - Property is currently a market rent property. Upon closing of the Bonds, 100% of the units will be rented to low/moderate income households (who satisfy the pertinent federal income limit tests).
- **Project Type:** Multifamily Housing Revenue Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - IFA Tax-Exempt Bonds will enable the Developer to automatically qualify for 4% Low Income Housing Tax Credits
 - **100%-Developer Acquired Volume Cap:** Project will use dedicated \$31 million of 2003 Carryforward Volume Cap acquired by Developer and Financing Team for this Project from Home Rule Units

- Developer/Financing Team will obtain the balance of Volume Cap required for this project from Home Rule Units and transfer to IFA for this financing prior to closing (amount currently estimated at \$11.5 million)
- **IFA Fees:**
 - Recommend approval of one-time, negotiated closing fee of \$185,000 (see below). 100% of project Volume Cap was acquired by Developer/Financing team for transfer to IFA. IFA's historical maximum private activity bond issuance fees for private sector borrowers that do not require Volume Cap has been capped at \$185,000.
- **Structure/Ratings:**
 - Bonds to be sold directly based on HUD/GNMA or FNMA credit enhancement
 - **Ratings** – based on Aaa/AAA/AAA-rated HUD/GNMA or FNMA credit enhancement (Moody's/S&P/Fitch)
 - **Current and estimated rates:** Bonds will be sold as fixed rate bonds (current estimated effective interest rate of 6.25% as of 5/13/04)
- **Recommendations/Conditions:**
 - Staff recommends approval of:
 1. a Preliminary Bond Resolution in an amount not to exceed \$45 million.
 2. an issuance fee capped at \$185,000 (since no IFA Volume Cap will be used)
 - Because transaction is an investment grade conduit bond issue, no additional conditions will be required.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

**Project: The Laramar Group LLC and its affiliates
(Hinsdale Lake Terrace Apartments Project)**

STATISTICS

IFA Project #:	M-MH-TE-CD-406	Amount:	\$45,000,000 (not-to-exceed amount)
Type:	Housing Bond	IFA Staff:	Rich Frampton
Location:	Unincorporated Willowbrook (DuPage County)	Tax ID:	Applied for
SIC Code:	6513	Est. fee:	\$185,000 (negotiated based on transferred Home Rule Volume Cap – no IFA Volume Cap will be used)

BOARD ACTION

Preliminary Bond Resolution
Staff recommends approval
Conduit Multi-Family Housing Revenue Bonds
No extraordinary conditions

PURPOSE

Purchase and renovation of an existing 582-unit, 2-story, 24-building low-income multifamily rental property, with a clubhouse/community building. This Project will convert an existing market rate property into a 100% affordable apartment/rental townhome property.

IFA CONTRIBUTION

The Developer and Financing Team will use approximately \$31 million of 2003 IFA Carryforward Volume Cap that they acquired from various Home Rule municipalities for this project and transferred to IFA. Additionally, the Developer and Financing Team will acquire and transfer an additional \$11.5 million of unused 2004 Home Rule Volume Cap to IFA for this project.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	Tax-Exempt Bonds	\$42,500,000	Uses:	Project costs	\$ 47,577,015
	LIH Tax Credits	<u>14,509,515</u>		Prepayment of Existing Loan	1,000,000
	Total	\$57,009,515		Purchase of Vol. Cap	637,500
				Tax Credit Costs	150,000
				Oper. Deficit Reserve	580,000
				Other Reserves	395,000
				Issuance/Fin. Costs	720,000
				Developer Fee	<u>5,950,000</u>
				Total	\$57,009,515

*Note: Ultimately, a portion of the Developers Fee may be deferred and paid over time subject to negotiation and agreement with a Tax Credit Syndicator subject to satisfying certain debt service coverage, occupancy, or other negotiated covenants.

JOBS

Current employment:	13	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs (18-24 mo's.):	20 (average)

BUSINESS SUMMARY

Background: The Laramar Group LLC (the "Initial Applicant" or "Laramar") is an Illinois Limited Liability Company established in 2000. The predecessor of the Initial Applicant was Elkor, Inc., formed in 1989. The Laramar Group LLC is a privately held real estate investment and management company specializing in multifamily real estate. The principal owner of Laramar is Mr. Jeff Elowe of Chicago (also see the accompanying Economic Disclosure Statement section of this report on pages 6-7).

Ultimately, an affiliate of the Initial Applicant will serve as General Partner and will own a 1.0% interest in a to-be-formed Illinois Limited Partnership to own the subject property prior to closing of the proposed bond issue. The Limited Partner and 99.0% owner will be a Low Income Tax Credit Syndicator to be determined. (This project will generate equity through the syndication of 4% Low Income Housing Tax Credits.)

Description: Hinsdale Lake Terrace is a 582-unit rental apartment property containing 480 apartment units and 102 rental "townhome" units. The property was constructed in 1968 and is located west of Kingery Highway (Illinois Hwy. 83) and is bounded by 91st Street to the north and Mockingbird Lane to the south, approximately 0.5 miles south of the I-55/IL 83 interchange in unincorporated Willowbrook (DuPage County), Illinois 60521.

The property is located on an approximately 56.4 acre site (including areas dedicated for roads, easements, a lake, and other common areas).

The property's rental buildings consist of 24, 2-story, multifamily residential buildings. Of the property's 24 buildings, 15 are apartment-type, each with 32 rental units; 8 buildings are attached row-type townhouses with 9 rental units each; and one building consists of 30 row-type rental units.

The property's common facilities include a 3,420 SF community resource building, tennis courts, and outdoor swimming, a retention pond/lake, 1,455 parking spaces (i.e., 2.5 spaces per unit).

The property is currently a non-subsidized, market-rate property. The proposed project will convert the property into a 100% affordable rental property for a minimum period of 15 years (i.e., the initial 15-year Tax Credit compliance period).

The proposed project will include a substantial renovation of interiors, exteriors, and common areas, as are described in further detail later (see Project Summary section, Page 6). Laramar estimated an average renovation cost per unit at \$13,018 as of 6/1/04.

**Background on
Developer and
Affiliates:**

Laramar and its principals have been active investors and manager of multifamily properties and have acquired and sold approximately 20,000 units nationwide. Laramar's current multifamily portfolio consists of over 14,000 apartment units in ten states. The Company's current focus is acquiring and renovating properties located in the Northeast, Midwest, Florida, and the Southwest.

Laramar current owns 37 properties comprising 14,587 rental units nationally. Laramar owns seven properties in Illinois comprising approximately 3,105 units including properties in Aurora (Hunters Glen – 320 units); Bolingbrook (Amberton – 789 units); Crest Hill (Woodlands of Crest Hill – 730 units); Gurnee (Grand Oaks – 150 units); Mount Prospect (Timberlake Apartments – 222 units); Mundelein (The Park Butterfield – 522 units); and, Park Forest (Autumn Ridge – 372 units).

Laramar currently owns nine properties financed with tax-exempt bonds totaling 4,406 units. Laramar and its predecessors have sold three other properties originally financed with tax-exempt bonds.

Laramar Construction Services L.L.C., another Chicago-based, Laramar affiliate, will serve as General Contractor for the proposed renovations, subject to approval by the project lender (i.e., HUD or FNMA). Laramar Construction Services has completed over \$140,000,000 of new construction and renovation projects for Laramar-owned properties.

The proposed property manager is Laramar Communities L.L.C., also a Laramar affiliate. Again, the project lender and proposed Tax Credit Syndicator must consent to Laramar Communities serving as the property manager. Laramar Communities was created to provide property and asset management services to company-owned properties. Laramar has five regional managers and a training department that provides employee training in marketing, regulatory compliance, customer service, and fair housing. Laramar Communities currently oversees compliance with tax-exempt bond income/rental compliance requirements at its nine bond financed properties.

There will be no tenant relocation during the renovation period except for temporary hotel stays paid by Laramar.

Financials: Historical Results Prepared by Applicant based on Audited Results: 12/31/01-12/31/03
Projected Net Operating Income Statements 2004-2008. (\$ in Thousands)

	<u>12/31/2001</u>	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
				Year 1	Year 2	Year 3	Year 4	
Income:								
Gross Rental Income	\$6,503	\$6,743	\$6,907	\$6,862	\$6,862	\$7,034	\$7,209	\$7,390
Vacancy/Coll. Loss	-617	-839	-970	-1,043	-831	-708	-613	-628
Other Income (Net):	<u>276</u>	<u>267</u>	<u>272</u>	<u>272</u>	<u>271</u>	<u>279</u>	<u>285</u>	<u>293</u>
Project Income:	<u>6,162</u>	<u>6,171</u>	<u>6,209</u>	<u>6,091</u>	<u>6,302</u>	<u>6,605</u>	<u>6,881</u>	<u>7,055</u>
Operating Expenses:								
Payroll	747	753	904	573	590	607	623	638
General Administrative	162	127	280	127	131	135	139	142
Operating & Maintenance	761	826	969	597	615	634	649	666
Utilities	572	551	578	588	404	416	426	437
R/E Taxes	386	396	405	414	484	499	511	524
Insurance	111	159	165	166	171	176	180	185
Mgmt. Fees	185	185	190	179	172	180	184	188
Replacement Reserve	--	--	--	175	175	175	175	175
Other Exp.	--	--	--	--	--	--	--	--
Total Oper. Expenses & Repl. Reserve:	<u>2,924</u>	<u>2,997</u>	<u>3,491</u>	<u>2,819</u>	<u>2,742</u>	<u>2,822</u>	<u>2,887</u>	<u>2,955</u>

Net Operating Cash Flow before Debt Service (excl. Depr./Amort.):	3,238	3,174	2,718	3,272	3,560	3,783	3,994	4,100
Projected Annual Debt Service Payments IFA Series 2004 Bonds:	<u>2,656</u>	<u>2,656</u>	<u>2,656</u>	<u>2,656</u>	<u>2,656</u>	<u>2,656</u>	<u>2,895</u>	<u>2,895</u>
Pro Forma Debt Svc. Coverage (x)	1.22	1.20	1.02	1.23	1.34	1.42	1.38	1.42

Discussion: The projections assume:

- (1) Fixed Bond Rate: 5.80% amortized over 40 years plus 0.45% Mortgage Insurance Premium (i.e., effective interest rate of 6.25% amortized over 40 years)
- (2) Structural rehabilitation will be 100% complete as of 7/1/06 (24 months);
- (3) The proposed renovations will result in vacancies during the initial two years following acquisition (i.e., through 7/1/2006).
- (4) 15% vacancy rate – 2004; 12% vacancy rate – 2005; 10% vacancy rate – 2006 8.5% vacancy rates in 2007-2008 (stabilization).
- (5) Project generates cash flow to service interest payments during renovation period. Principal payments to begin 2007 (Year 3).
- (6) Debt service payments assume fixed effective interest rate of approximately 6.25% for projections (inclusive of 0.45% mortgage insurance premium) and 40-year amortization.
- (7) Projected rent escalation of approximately 2.5% in 2007 and 2008.
- (8) Projected expense escalation of approximately 2.9% in 2007 and 2.4% in 2008 (representing improved operating efficiencies).
- (9) \$175,000 annual replacement reserve to be funded from operations beginning in 2004.

Based on these assumptions, New Vistas II has generated historical debt service coverage (based on the proposed payments on the IFA Series 2004 Bonds) to cover proposed bond payment by multiples of 1.02 times or better over the last three years.

The proposed substantial renovations will improve the property thereby improving the property's vacancy rate. The Developer projects that the property will attain a stabilized vacancy rate of 8.5% beginning in 2007 (Year 3).

Pre-stabilization coverages are projected at 1.23x in 2004 and 1.34x in 2005, both in excess of the respective debt service coverage requirements imposed by HUD (1.10x) and FNMA (1.20x). Additionally, the projections indicate coverage of 1.44 times or better beginning in 2005, the first full year following acquisition of the property.

Upon stabilization, Laramar projects debt service coverage at 1.38 times in 2007 (Year 3) and 1.42 times in 2008 (with improved operating efficiencies).

Market Facts:

The combined unit mix for the Hinsdale Lake Village's 24 buildings is as follows. All 582 units will be low income (i.e., affordable) units upon completion:

# Units	Unit Type	Ave. SF	Monthly Rents (include. utilities)
120	1 BR	767	\$829
180	2 BR	942	\$934
60	2 BR	1,057	\$974
120	3 BR	1,270	\$1,149
102	3 BR Townhome	1,862	\$1,211
582	Total Units	\$0.86/SF rental income per month	\$571,672

The Applicant has provided a competitive rent analysis of three comparable market rate, multifamily properties located within 5 miles of the subject property in Darien (Farmingdale Apartments – 240 units) and Woodridge (Westwood Springs – 541 units and Windsor Lakes – 654 units).

Compared to comparable properties, Hinsdale Lake Terrace has (1) a relatively high proportion of 3 BR units for rental to working families (38%), and (2) larger units for each respective unit than 2 of the 3 comparables (typically 100 SF to 750 SF larger depending on unit size).

The Current vacancy rate at Farmingdale Apartments in Darien (240 units constructed in 1982), the nearest and most comparable in terms of units size was 11% as of 5/13/2004. The current vacancy rate at Hinsdale Lake Terrace averaged 14% for calendar 2003. In comparison, the vacancy rate at Westwood Springs in Woodridge (a 541-unit property constructed in 1974 with rental rates comparable to Hinsdale Lake Terrace) was 13% as of 5/13/2004. In contrast, the vacancy rate for Windsor Lakes, a well-maintained 654-unit property (with rental rates 10% to 15% lower than the 3 comparables), was only 5% as of 5/13/2004.

The Applicant will renovate the subject property and convert the property to 100% affordable units with rent restrictions (as required for Low Income Housing Tax Credit compliance). The Applicant believes the substantial renovations on the property will improve the competitive position of the property in the marketplace.

All three of the comparables are currently market rent properties. Laramar has determined that the necessary improvements to Hinsdale Lake Terrace Apartments can be most effectively financed with tax-exempt bond financing and 4% Low Income Housing Tax Credits. This financing will help assure that property rents are affordable for qualified low- and moderate income households in the market area.

HUD or FNMA will require a market study as a precondition to closing. Key market facts (e.g., submarket vacancy rates) will be extracted from the market study/appraisal report for presentation to the IFA Board at the time of the Final Bond Resolution.

Subsidies:

This financing will include syndication proceeds generated by the sale of 4% Low Income Housing Tax Credits. The credit rate on the project has been estimated at \$0.82 per credit and is estimated to generate approximately \$14,509,015 in proceeds. Upon completion of the proposed

renovations, a minimum of 40% of the units will be set aside to households earning no more than 60% of area median income. Ultimately, 100% of the units will be designated as "affordable". The property will be rent restricted for the initial 15-year tax credit compliance period.

Accessibility: According to the Applicant, this project is exempt from Americans with Disabilities Act ("ADA") requirements regarding minimum unit set-asides and related accessibility and adaptability requirements due to the age of the property (i.e., originally constructed in 1968).

FINANCING SUMMARY

Security: Credit Enhancement (Guaranty) from HUD/GNMA or FNMA
Structure: Fixed Rate Bonds (estimated rate: 5.80% as of 6/1/04; with 0.45% Mortgage Insurance Premium, thereby resulting in an effective, all-in borrowing rate of 6.25%)
Maturity: 40 Years (with 40-year amortization)
Subordinated
Debt: None

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition and substantial renovation of Hinsdale Lake Terrace apartments, a twenty-four building, two-story, 562-unit rental property with an approximately 3,420 SF clubhouse facility located on a 56.5 acre site located west and northwest of the intersection of Kingery Hwy (Illinois Hwy. 83) and Mockingbird Lane in unincorporated Willowbrook (DuPage County), IL 60521.

Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, an operating deficit reserve, and development-related soft costs.

Preliminary estimated project costs are as follows:

Land/Bldg. Acquisition:	\$40,000,000
**Renovations:	<u>7,577,015</u>
Total:	<u>\$47,577,015</u>

**Renovations will include the following: (1) exterior improvements – approximately \$2.8 million (roof replacement, gutter and downspout replacement, vinyl siding replacement, balcony replacement, window replacement, patio door replacement, drywall repairs to window openings, and exterior painting/caulking replace swimming pool deck and walls, resurface tennis courts, add pond aerator, improve site drainage, landscaping improvements, parking lot/pavement, common area carpeting, common area painting), and (2) building interiors – approximately \$4.7 million (replace refrigerators, ranges, dishwasher, range hoods, HVAC [forced air furnace and central A/C], new carpeting, new vinyl/ceramic flooring, new tub surrounds, tub resurfacing).

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Laramar Group LLC and its affiliates (c/o Mr. Bennett Neuman, Vice President-Acquisitions, The Laramar Group LLC, 222 S. Riverside Plaza, Chicago, IL 60606; Ph.: 312-879-7536)
Project name: Hinsdale Lake Terrace Apartments
Locations: 8 Apartment Buildings (32-Units each) from 16W434-16W580 Honeysuckle Rose Lane;
5 Apartment Buildings (32-Units each) from 10S626-10S710 Lilac Lane;
2 Apartment Buildings (32-Units each) from 10S481-10S515 Ivy Lane;
1 30-Unit Townhome: 16W626 Honeysuckle Rose Lane;
2 Townhomes (9-Units each): 16W 571-16W615 Honeysuckle Rose Lane;
2 Townhomes (9-Units each): 10S635-10S671 Ivy Lane
2 Townhomes (9-Units each): 16W630-16W660 Mockingbird Lane
2 Townhomes (9-Units each): 10S652-10S700 Hyacinth Drive
all in unincorporated Willowbrook (DuPage County), Illinois 60521
Organization: The Laramar Group LLC, an Illinois Limited Liability Company, will ultimately convey its rights in the IFA Inducement Resolution to an Illinois Limited Partnership to be formed

The Laramar Group LLC and its affiliates
(Hinsdale Lake Terrace Apartments)
Page 7

State: Illinois

Ownership of Applicant: The Laramar Group LLC, an Illinois Limited Liability Company, General Partner: 1.00% (The only member with a 7.5% or greater membership interest is Mr. Jeff Elowe, Chicago, IL)

A Tax Credit Syndicator to be determined: 99.00% (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing)

Current Property

Owner: Hinsdale Lake Terrace Venture, an Illinois joint venture, c/o, Mr. David Sawusch, Citadel Realty, Inc., 2700 River Road, Suite 102, Des Plaines, IL 60018, Ph.: 847/390-8350. Attorney: Mr. Robert Higgins, 55 E. Monroe St., Suite 3850, Chicago, IL 60603, Ph.: 312/424-3999.

PROFESSIONAL & FINANCIAL

Counsel:	Piper Rudnick	Chicago, IL	Mark Yura
Bond Counsel:	Sidley Austin Brown & Wood, LLP	Chicago, IL	Marty Robinson
		Washington, DC	Peter Canzano
Underwriter:	Stern Brothers & Co.	Chicago, IL	Dave Rasch
Underwriter's Coun.:	Sidley Austin Brown & Wood	Chicago, IL	Marty Robinson
Guaranty:	HUD/GNMA or FNMA	Washington, DC	
Counsel to Credit Enhancer:	To be determined		
Trustee:	Amalgamated Bank	Chicago, IL	Gail Klewin
General Contractor:	Laramar Construction Services LLC	Chicago, IL	Jim Merkey
Management Agent:	Laramar Communities LLC	Chicago, IL	Dave Woodward
Tax Credit Syndicator:	To be determined		
Counsel to Syndicator:	To be determined		
Rating Agencies:	To be determined		
IFA Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Congressional:	13
State Senate:	41
State House:	82

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Hispanic Housing Development Corporation

STATISTICS

Project Number:	N-NP-TE-CD-408	Amount:	\$2,400,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Steve Trout
Location:	Chicago	Tax ID:	36-28889871
Est. fee:	\$12,500		

BOARD ACTION

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

PURPOSE

Finance the acquisition and renovation of the 8th floor of the former Helene Curtis Office Building (425 N. Wells) for use as the headquarters for the Hispanic Housing Development Corporation and partially pay issuance costs

VOLUME CAP

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

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IDFA Bonds	\$2,300,000	Uses:	Project Costs	\$2,779,350
	IL Facilities Fund Loan	414,844		Issuance Costs	70,650
	Equity	<u>160,156</u>		Moving Costs	<u>25,000</u>
	Total	<u>\$2,875,000</u>		Total	<u>\$2,875,000</u>

JOBS

Current employment:	156	Projected new jobs:	21
Jobs retained:	N/A	Construction jobs:	0

BUSINESS SUMMARY

Background: The Hispanic Housing Development Corporation ("HHDC" or "the Corporation") is an Illinois 501(c)(3) not-for-profit organization that was incorporated on May 1, 1975 to develop and rehabilitate housing to combat physical deterioration and blight in the Latino community. Tropic Construction Corporation is a wholly owned for-profit subsidiary that serves as a general contractor to certain HHDC projects and provides consulting services to existing Corporation developments.

Description: Since inception, HHDC has developed almost 30 projects at a total cost of \$125,000,000. The Corporation currently manages over 3,400 housing units. HHDC serves the Chicago and Danville metropolitan areas. The Corporation serves almost 5,000 clients each year, consisting of 1,900 youth, 1,900 adults and 1,200 seniors.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Steven Trout, Program Administrator
Date: June 22, 2004
Re: Overview Memo for Hispanic Housing Development Corporation
N-NP-TE-CD-408

- **Borrower/Project Name:** Hispanic Housing Development Corporation Acquisition Project
- **Locations:** Chicago (Cook Co.)
- **Principal Project Contact:** Laura Selby, Vice President Accounting (312) 443-1360
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** Not to exceed \$2,400,000
 - **Uses:**
 - Acquisition and renovation of office condominium space on the eighth floor of the former Helene Curtis building for relocation of headquarters
- **Project Type:** Not-for-Profit 501(c)(3) Bonds
- **IFA Benefits:**
 - Convey federal tax-exempt status
 - No IFA or State funds at risk
- **IFA Fees:**
 - \$12,500
- **Structure:**
 - Fixed rate bonds (initial rate of 4.88% for the first 5 years; to be reset every 5 years)
 - 20 year amortization and maturity
 - To be purchased directly by First American Bank as a direct investment to be held to maturity

Hispanic Housing Development Corporation
Page 2 of 3

Financials: Financial summary prepared from consolidated audited financial statements for years-ended 2001, 2002 and 2003. Projections for years 2004, 2005 and 2006 prepared by IFA staff. (Figures in \$000s.)

	<u>Year Ended December 31</u>			<u>Year Ending December 31</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Statement						
Program Revenues	\$2,873	\$2,611	\$2,598	\$3,150	\$3,213	\$3,278
Contributions	747	2,463	158	225	300	325
Revenues & Support	<u>3,620</u>	<u>5,074</u>	<u>2,756</u>	<u>3,375</u>	<u>3,513</u>	<u>3,603</u>
Net Asset Change	<u>766</u>	<u>2,345</u>	<u>(99)</u>	<u>291</u>	<u>206</u>	<u>273</u>
Earnings Before Interest, Deprec. & Amort.	<u>1,478</u>	<u>3,235</u>	<u>705</u>	<u>1,151</u>	<u>1,244</u>	<u>1,288</u>
Balance sheet:						
Current assets	5,831	8,621	7,002	7,034	7,104	7,171
Net PP&E	4,560	4,393	4,235	6,903	6,639	6,423
Other Assets	<u>3,638</u>	<u>6,433</u>	<u>6,085</u>	<u>6,115</u>	<u>6,146</u>	<u>6,178</u>
Total assets	<u>14,029</u>	<u>19,447</u>	<u>17,322</u>	<u>20,052</u>	<u>19,889</u>	<u>19,772</u>
Current liabilities	696	488	334	428	450	472
Long-term Debt	8,945	11,156	9,739	12,070	11,666	11,241
Other Long-term Liabs.	26	1,095	640	653	666	680
Net Assets	<u>4,362</u>	<u>6,708</u>	<u>6,609</u>	<u>6,901</u>	<u>7,107</u>	<u>7,379</u>
Tot Liabs & Net Assets	<u>14,029</u>	<u>19,447</u>	<u>17,322</u>	<u>20,052</u>	<u>19,889</u>	<u>19,772</u>
Ratios:						
Debt Service Coverage	2.11(x)	3.45(x)	0.77(x)	1.22(x)	1.23(x)	1.19(x)
Current Ratio	8.4	17.7	21.0	16.4	15.8	15.2
Days Cash on Hand	115.4	83.1	127.2	114.8	108.5	108.8
LT Debt/Net Assets (x)	2.05	1.66	1.47	1.75	1.64	1.52

Discussion: The consolidated financial statements summarized above include the accounts of Hispanic Housing Development Corporation and its for-profit subsidiaries, Hogar Development Corporation 1, II, III and IV, Englewood Apartment Development Corporation, Gateway Apartments LLP and Tropic Construction.

Revenues for 2003 were generated from property management fees (56%), developer fees (28%), net rental income (11%), partnership income (5%) and loss on sale of inventory (-19%, which reduced revenue by \$491,000). Revenues have remained relatively stable for the period reviewed. HHDC supplements its income with grants from US Department of Housing and Urban Development ("HUD"), Illinois Department of Commerce and Economic Opportunity and City of Chicago Department of Housing and contributions from the Chicago Community Trust, United Way, Washington Mutual, Bank of America and Field Foundations. Contributions have ranged from 6% to 94% of program revenues. A \$2.1 million grant from HUD dramatically increased contributions in 2002.

HHDC has remained highly liquid over the period reviewed. As December 31, 2003, HHDC had nearly \$1 million in cash on hand, or 127 days of operating expenses. Leverage appears manageable. Debt service coverage was quite strong in 2001 and 2002 and would have been 1.3 times in 2003, absent the 2003 loss of \$491,000 on the sale of inventory, which consisted of affordable homes that were acquired, renovated and sold under the HUD ACA program.

The forecast assumes 2% growth in revenues and expenses and a 6% average rate of interest on the Bonds and loan from the Illinois Facilities Fund. Debt service will be paid from HHDC's operating cashflows and reserves. In 2003, the Corporation paid \$125,000 in rent expense that will no longer be incurred once the project is occupied. This saving represents 52% of estimated

debt service on the Bonds and the IFF loan. Some space purchased by HHDC may be leased to another 501(c)(3) organization. Payments on the sublease would be another payment source.

FINANCING SUMMARY

Bonds: Tax-exempt 501(c)(3) bonds amortizing over 20 years. The bonds will be purchased by First American Bank as lender/investor and will pay interest at 4.88% for the first 5 years. Final maturity in 20 years.

Bond/Bank Security: First mortgage interest in the subject property.

Secondary Financing: The Illinois Facilities Fund will provide a subordinate 5.69% fixed rate loan that is secured by a second mortgage interest in the subject property. The loan will amortize over 15 years.

PROJECT SUMMARY

Bond proceeds together with a loan from the IFF and equity from the borrower will be used to finance the acquisition and improvement of the former Helene Curtis Building located at 425 N. Wells, Chicago (Cook County), Illinois 60610 and pay costs of issuance. Project costs are estimated as follows:

Building Acquisition	\$2,500,000
Rehabilitation	240,000
Contingency	<u>39,350</u>
Total	<u>\$2,779,350</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Hispanic Housing Development Corporation, 205 W Wacker Drive, Suite 2300, Chicago, Illinois 60606 (Contact: Laura Selby, Vice President Accounting, Phone: (312) 443-1360)

Project name: Hispanic Housing Development Corporation Acquisition Project

Location: 325 N Wells, Suite 800, Chicago (Cook County), IL 60610

Organization: Illinois 501(c)(3) organization

Land Owner: Marc Realty, Inc., an Illinois Corporation
Principal Owners: Elliot Weiner, Laurence Weiner and Gerald Nudo

Board Members: See attached list of Trustees

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Applegate & Thorne-Thomsen	Chicago, IL	Tom Thorne-Thomsen
Bond Counsel:	Chapman and Cutler	Chicago, IL	Matt Lewin
Bond Purchaser:	First American Bank	Elk Grove Village, IL	Brian Hagan
Bank Counsel:	To be determined		
IFA Counsel:	To be determined		
Financial Advisor:	Total Capital Solutions	Oak Park, IL	Tony Grant
Accountant:	Friduss, Lukee, Schiff	Chicago, IL	Bruce Schiff
General Contractor:	Tropic Construction Corporation	Chicago, IL	

LEGISLATIVE DISTRICTS

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

**HISPANIC HOUSING DEVELOPMENT CORPORATION
BOARD OF DIRECTORS**

Terry Young, *Chairman*

Fannie Mae
One South Wacker, Suite 1300
Chicago, Illinois 60606
Tel: (312) 368-6200 x8817
Fax: (312) 454-4550
(1990 - Present)

Assir R. DaSilva, *Vice Chairman*

Exelon Corporation
Bank One Building – 37 CHQ
10 South Dearborn Street
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Tel: (312) 394-3437
Fax: (312) 394-5440
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Paul Slade, *Treasurer*

7671 Steeple Chase Drive
Frankfort, IL 60423
(312) 305-4663
(1995 - Present)

James Sneider, *Counsel*

325 Jeffery
Northfield, Illinois 60093
(847) 446-5975
(1976 - Present)

Ann Alvarez, *Secretary*

Casa Central
1343 North California
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Fax: (773) 645-2335
(1990 - Present)

Dr. Wilfredo Cruz
Columbia College
Liberal Education Department
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Chicago, Illinois 60605
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Fax: (312) 344-8061
(1997 – Present)

Lawrence W. Rosser
Opportunity Inc.
1200 Old Skokie Road
Highland Park, Illinois 60035
Tel: (847) 831-9400 Ext. 36
Fax: (847) 831-9418
(1990 - Present)

Hank Mendoza
811 S. Lytle, Unit 308
Chicago, IL 60607
(312) 421-9440
(2000-Present)

Hipolito Roldan, President
Hispanic Housing Development Corporation
205 West Wacker Dr., Suite 2300
Chicago, Illinois 60606
Tel: (312) 443-1360
Fax: (443) 443-1058

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Marcia L. Cochran, Program Administrator
Date: June 22, 2004
Re: Overview memo for Edward A. Utlaut Memorial Hospital, Inc.

- **Borrower/Project Name:** Edward A. Utlaut Memorial Hospital, Inc.
- **Location:** Greenville (Bond County)
- **Principal Project Contact:** Jerry Graber, Chief Finance Officer
- **Board Action Requested:** Initial approval to issue not-for-profit lease
- **Amount:** \$1,662,000
- **Project Type:** Hospital
- **IFA Benefits:**
 - Conduit Tax-Exempt Lease – no direct IFA or State funds at risk
 - New Money Lease: Convey tax-exempt status
- **IFA Fees:**
 - Application fee: \$1,000
 - One-time, upfront closing fee: \$8,642
- **Structure:**
 - Not-For-Profit Lease, issued by IFA; will be purchased by Siemens Financial Services, Inc.
 - Tax-Exempt rate to Edward A. Utlaut Memorial Hospital, Inc. set by Siemens Financial Services, Inc. at 5-year U.S. Treasury Note yield in effect
 - Maturity is five years with Purchase Option to renew the Lease at the end of the lease term for an additional twelve (12) months. Upon expiration of the Renewal Term, the Hospital shall have the option to purchase all of the equipment for \$1.00.
 - IFA will be named as a co-beneficiary with Siemens Financial Services, Inc. in an insurance policy providing liability coverage relating to the operation of the MRI equipment.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 22, 2004**

Project: Edward A. Utlaut Memorial Hospital, Inc.

STATISTICS

Project Number:	N-NP-TE-CD-416	Amount:	\$1,662,000
Type:	Not-for-Profit Lease	PA:	Marcia Cochran
Location:	Greenville	Tax ID:	37-0792770
SIC Code:	6221	Est. fee:	\$9,642

BOARD ACTION

Initial Presentation to the Board Staff recommends approval
 Conduit 501(c)3 Lease
 IFA will be named as a co-beneficiary with Siemens Financial Services, Inc. in an insurance policy providing liability coverage relating to the operation of the MRI equipment.

PURPOSE

Acquisition and installation of Siemens MRI equipment and modification to the room that houses the MRI equipment.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA	\$1,662,000	Uses:	Project Costs	\$1,662,000
	Equity	25,000		Legal/Professional Fees	25,000
	Total	<u>\$1,687,000</u>		Total	<u>\$1,687,000</u>

JOBS

Current employment:	330	Projected new jobs:	11
Jobs retained:	N/A	Construction jobs:	20

BUSINESS SUMMARY

Background: The Edward A. Utlaut Memorial Hospital, Inc. (the "Hospital") was established April 3, 1956, which is a 501(c)3 acute care hospital. In addition, the Hospital also operates a skilled care nursing home and independent care apartments. The service area of the Hospital is Bond County and surrounding counties totaling approximately 35,000 in population.

Edward A. Utlaut Health Services, Inc. ("Health Services") is an Illinois not-for-profit corporation which owns six medical office buildings containing approximately 20,000 total square feet of space. Health Services is the parent company to Edward A. Utlaut Memorial Hospital, Inc. (the Applicant) and the Edward A. Utlaut Foundation, Inc. The membership of the Boards of Directors of the Hospital Corporation, the Foundation and Health Services are identical.

Description: The project includes the acquisition and installation of new MRI equipment and modification to the room on the hospital premises that houses the MRI equipment. The MRI equipment is manufactured and distributed by Siemens Medical Solutions USA, Inc. Siemens Design and Construction Services will perform the construction room modifications. The total costs will be financed through a lease by Siemens Financial Services.

This is a net lease transaction, whereby all fees and costs for documentation, insurance, maintenance, filing, registration, searches and taxes relating to the purchase, lease, ownership, possession and use of the Equipment and the transaction are paid by the Hospital.

Remarks: The new MRI service will be available to physicians and patients seven days a week. Currently, the service is outsourced, and the service is only available on a limited basis.

Financials: Consolidated Audited Financial Statements of Edward A. Utlaut Hospital Services, Inc., Edward A. Utlaut Memorial Hospital, Inc. and Edward A. Utlaut Foundation, Inc.:
12/31/01 – 12/31/03

Year Ended December 2001 – 2003
(Dollars in 000's)

Income Statement	<u>2001</u>	<u>2002</u>	<u>2003</u>
Support and Revenues	18,116	20,350	22,173
Revenue over Expenses	1,333	1,234	1,592
Balance Sheet			
Current Assets	3,967	4,568	5,426
PP&E-Net	<u>10,476</u>	<u>10,569</u>	<u>15,201</u>
Total Assets	<u>18,589</u>	<u>19,564</u>	<u>34,650</u>
Current Liabilities	1,384	3,470	3,470
LT Liabilities	551	--	11,635
Total Net Assets	<u>16,654</u>	<u>17,480</u>	<u>19,545</u>
Total Liabilities & Net Assets	<u>18,589</u>	<u>19,564</u>	<u>34,650</u>
Ratios:			
Debt Service Coverage	75.5	25.8	2,792.0
Days Cash	87.77	95.21	112.85
Current Ratio	2.87	1.32	1.56
Debt/Net Assets	.04	--	.61

Discussion:

- The Borrower has experienced increased revenues of 22.4% from 2001 to 2003. Revenue over Expenses has also increased 19.4% over the same period.
- The Long-Term Debt of \$11.635 million listed at Fiscal Year Ending 2003 represents Revenue Bonds outstanding in the original amount of \$12 million dated April 1, 2003. Bonds were issued to construct a new addition to the Hospital for ER, OR and Clinic Services to the Hospital. The Bonds are secured by the net revenues and accounts receivable of the Hospital and the assets restricted under the bond indenture agreement.

- The FY 2004 budget indicates a conservative increase projected in most departments, with a total projected revenue growth of 3.5%.

FINANCING SUMMARY

Security: IFA will be the Issuer of the Lease, to be purchased by Siemens Financial Services, Inc. (the Lessor). Siemens will have a first priority interest in the MRI equipment. IFA will be named as a co-beneficiary with Siemens Financial Services, Inc. in an insurance policy providing liability coverage relating to the operation of the MRI equipment.

Structure: Installment Purchase Agreement. Interest rate based on a five-year Treasury Note yield in effect one week prior to lease commencement. (Currently, the interest rate is 3.329%.)

Maturity: Five-Year Lease period with Purchase Option to renew the Lease at the end of the lease term for an additional twelve (12) months. Purchase Option Amount: \$269,640. Upon expiration of the Renewal Term, the Hospital shall have the option to purchase all of the equipment for \$1.00.

PROJECT SUMMARY

Lease proceeds will be used to finance the acquisition and installation of Siemens MRI equipment and modification to the room in the Hospital that houses the MRI equipment. Project costs are estimated as follows:

MRI Equipment and Installation	\$1,284,000
Construction – Room Modification	<u>378,000</u>
Total	\$1,662,000

ECONOMIC DISCLOSURE STATEMENT

Applicant: Edward A. Utlaut Memorial Hospital, Inc.
Location: 200 Healthcare Drive, Greenville, IL 62246-0808 (Bond County)
Organization: 501(c)3 Not-For-Profit Corporation
State: Illinois

Board of Directors:

Morris L. Bond	Boyd A. McCracken, M.D.
Richard D. Funneman, M.D.	Susan E. Hughey-Rasler, PhD
Hugh E. Siefken, PhD	Tom W. Timmermann
Michael L. Coling	Thomas W. Harnetiaux
Douglas R. Stroud	Jeffrey A. Mollet
Sarah M. Bolen	Kevin L. Sybert
Betty F. DeLaurenti	Keonard C. Taylor
Frank R. Joy, Jr.	

PROFESSIONAL & FINANCIAL

Borrower's Counsel: Greensfeler, Hemker & Gale, PC	St. Louis, MO	Kathy Butler
Accountant: BKD, LLP	St. Louis, MO	John Sheehan
Lease Purchaser: Siemens Financial Services, Inc.	Iselin, NJ	Lisa Grieco
Bond Counsel: Evans, Froehlich & Beth	Champaign, IL	Ken Beth
Issuer Counsel: To Be Determined		

Edward A. Utlaut Memorial Hospital, Inc.
Page 4

LEGISLATIVE DISTRICTS

Congressional:	19	John Shimkus
State Senate:	51	Frank Watson
State House:	102	Ron Stephens

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Laura Lanterman
Date: June 22, 2004
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Preliminary Bond Resolutions/Inducement Resolutions for each attached project
- **Amounts:** amounts up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2004 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
 - One-time closing fee equal to 1.50% of the bond amount for each project (\$4,355) combined for Preliminary Bond Resolutions, as proposed)
- **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

BEGINNING FARMER BOND LOANS
New Project for Inducement Resolution
June 22, 2004

Project Number: A-FB-TE-CD-427
Borrower(s): Brandon Niekamp
City: Coatsburg
Amount: \$108,000
Use of Funds: Farmland – 133 acres
County: Adams
Lender/Bond Purchaser: First Bankers Trust, Mendon

Principal shall be paid annually in installments determined pursuant to a thirty year amortization schedule, with the first principal payment date to be January 1, 2005. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 5.50% per annum until January 1, 2010, thereafter adjusted annually to a rate not to exceed 80% of the then Prime Rate as quoted in The Wall Street Journal.

Project Number: A-FB-TE-CD-428
Borrower(s): Chad S. Weaver
City: Erie
Amount: \$50,000
Use of Funds: Farmland – 43 acres
County: Whiteside
Lender/Bond Purchaser: Community State Bank of Rock Falls

Principal shall be paid annually in installments determined pursuant to a twenty year amortization schedule, with the first principal payment date to be one year from close. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 4.50% per annum for the first five years, thereafter adjusted every five years to a rate not to exceed 0.50% above the then Prime Rate as quoted in The Wall Street Journal.

BEGINNING FARMER BOND LOANS
New Project for Inducement Resolution
June 22, 2004

Project Number: A-FB-TE-CD-429
Borrower(s): Kyle Kiefer
City: Belle Rive
Amount: \$132,300
Use of Funds: Farmland - 119 acres
County: Jefferson
Lender/Bond Purchaser: Peoples National Bank, Mt. Vernon

Principal shall be paid annually with the first principal payment date to be one year from close. The first fourteen installments shall be determined pursuant to a thirty year amortization schedule, and the fifteenth shall be a balloon of all principal and interest then outstanding. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 3.60% per annum for the first three years, thereafter adjusted every three years to a rate not to exceed 90% of the then Prime Rate as quoted in The Wall Street Journal, with a floor of 3.60%.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Pam Lenane and Steve Trout
Date: June 11, 2004
Re: Overview Memo for Fairview Obligated Group

- **Borrower/Project Name:** Fairview Obligated Group
- **Locations:** Downers Grove, Rockford
- **Principal Project Contact:** Steve Stewart, CFO
- **Board Action Requested:** Purchase Contract Resolution
- **Amount:** not to exceed \$50,000,000, comprised of
 - Refunding: approximately \$35.6 million of Fairview Obligated Group's outstanding IFA (IHFA) Series 1995 Bonds and approximately \$8.3 million of Fairview Residence of Rockford's outstanding IFA (IHFA) Series 1999 Bonds
- **Project Type:** Continuing Care Retirement Community
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:** convey tax-exempt status
 - **Refunding Bonds:** the underwriters estimate that the refunding bonds will realize net present value savings of \$3.3 million, or 7.5% of the refunded bonds, which will result in interest savings of \$875,000 per year
- **IFA Fees:**
 - One-time, upfront closing fee will be \$100,000
- **Structure/Ratings:**
 - **Structure-** The bonds will be secured by a direct-pay letter of credit from LaSalle Bank.
 - **Ratings** – Non-rated
 - **Bank Security** – Gross revenue pledge, mortgage and master notes under a master indenture.
 - **Days cash on hand** – 276 days

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 22, 2004**

Deal: Fairview Obligated Group

STATISTICS

Deal Number:	H-SL-NH-TE-CD-415	Amount:	\$50,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane and Steve Trout
Location:	Downers Grove, Rockford	Estimated fee:	\$100,000

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to: 1) advance refund approximately \$35.6 million of Fairview Obligated Group's outstanding IHFA Series 1995 bonds and approximately \$8.3 million of Fairview Residence of Rockford's outstanding IHFA Series 1999 bonds, 2) enhance liquidity, 3) capitalize a debt service reserve and 4) pay costs of issuance.

VOLUME CAP

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

VOTING RECORD

Preliminary Bond Resolution adopted on May 18, 2004, by the following vote:
Ayes -11 Nays - 0

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	\$45,710,000	Uses:	Liquidity	\$900,000
	Equity	115,426		Refunding Escrow	47,729,218
	Trustee Held Funds	<u>5,408,471</u>		Debt Service Reserve	1,360,753
				Issuance Costs	<u>1,243,926</u>
	Total	<u>\$51,233,897</u>		Total	<u>\$51,233,897</u>

JOBS

Current employment: 318 FTEs Jobs Retained: 0 Construction jobs: N/A

BUSINESS SUMMARY

Background: **FAIRVIEW OBLIGATED GROUP:** Fairview Ministries, Inc. (the "Corporation"), Fairview Baptist Home (the "Home"), and Fairview Village (the "Village") are the current not-for-profit members of the Fairview Obligated Group ("FOG"). Together, they are known as Fairview Village, a continuing care retirement community (the "CCRC") located in Downers Grove, Illinois, approximately twenty-five miles west of downtown Chicago. The Village consists of approximately 218 independent living apartments, 56 town/garden homes, and 232 licensed

nursing beds of which 72 are sheltered and 160 skilled care.

The Home, and affiliate of the Corporation, was founded in 1902 as the Fridhem Home of Rest in the Morgan Park neighborhood of Chicago and moved to its current location in 1942. The first residents moved into the Village in 1991. Construction was completed in 1994.

FAIRVIEW RESIDENCE OF ROCKFORD OBLIGATED GROUP: The subject financing will bring Fairview Residence of Rockford ("FRR") into the Fairview Obligated Group. The Residence of Rockford is a 54,000 square-foot residential building with 73 assisted-living units, which opened in the autumn of 1999. The campus is designed to accommodate the physical, spiritual, emotional, recreational and other similar needs of aged persons in a Christian setting.

Fairview Residence of Rockford is located on a 3.2-acre campus in Rockford, Illinois, approximately 80 miles northwest of the Fairview Village campus. Fairview Residence of Rockford is the sole member of the FRR Obligated Group under a Master Trust Indenture dated September 1, 1999.

The Baptist General Conference, an international protestant denomination with 860 churches in the United States, endorses all the Corporation, The Home, the Village and FRR. Fairview Ministries, Inc. is the sole corporate member of the Home, the Village, FRR and certain other affiliate corporations that are outside the Fairview Obligated Group.

Financials:

Fairview Obligated Group & Fairview Residence of Rockford
Audited Financial Statements 2001 - 2003

	Obligated Group			Group with FRR	
	Actual			Actual	Proforma
	2001	2002	2003	2003	2003
Statement of Operations					
Net Revenues	<u>15,831</u>	<u>17,397</u>	<u>17,098</u>	<u>18,795</u>	<u>18,795</u>
Operating Income	(382)	71	(690)	(889)	(14)
Earnings Before Interest,					
Depreciation & Amortization	3,820	4,468	3,256	3,940	3,940
Change in Unrestricted Net Assets	(506)	243	(822)	(912)	(37)
Balance Sheet					
Current Assets	11,015	11,874	12,735	12,966	14,741
Net Property, Plant & Equipment	45,687	44,444	43,526	49,311	49,311
Other Assets	<u>5,131</u>	<u>5,185</u>	<u>4,793</u>	<u>5,824</u>	<u>5,824</u>
Total Assets	<u>61,833</u>	<u>61,503</u>	<u>61,054</u>	<u>68,101</u>	<u>69,876</u>
Current Liabilities	2,836	2,891	3,023	3,626	3,626
Long-term Debt	35,667	34,702	34,407	42,486	43,386
Entrance Fees, Deposits &					
Prepayments	34,166	34,503	35,038	35,041	35,041
Net Assets	(10,836)	(10,593)	(11,414)	(13,052)	(12,177)
Total Liabilities & Net Assets	<u>61,833</u>	<u>61,503</u>	<u>61,054</u>	<u>68,101</u>	<u>69,876</u>
Ratios:					
Debt Service Coverage	1.29x	1.50x	1.33x	1.28x	1.70x
Current Ratio	3.88	4.11	4.21	3.58	4.06
Days Cash on Hand	214	218	246	225	276
Long-term Debt to Equity	(3.29)	(3.31)	(3.01)	(3.26)	(3.56)
Long-term Debt to Unrestr. Cash	23.7%	26.5%	31.2%	25.6%	29.1%

Discussion: The foregoing table summarizes the Obligated Group's actual financial results and position for fiscal years 2001, 2002 and 2003. Actual financial results and position for Fairview Residence of Rockford for fiscal year 2003 are added to the Obligated Group's totals for the year to estimate the impact of adding this organization into the Group. The "Proforma" column estimates future income and balance sheet results by adjusting the combined FY 2003 results and position to reflect the issuance of the 2004 Bonds, along with \$875,000 in anticipated interest savings each year.

The Obligated Group has generated sufficient cashflows to cover operating and capital costs by an acceptable margin in each of the years reviewed. The Group maintains ample reserves of unrestricted cash and investments to cover an unanticipated shortfall should one arise.

Both the Obligated Group and Fairview Residence of Rockford ("FRR"), require new residents to pay a substantial entrance fee to gain admission. The entrance fee is refundable in full after a new tenant occupies the unit. Applicants must deposit 10% of the entrance fee to reserve a place on the waiting list for a unit. Both the Obligated Group members and FRR record as revenue each year a portion of the entrance fee collected based on the estimated remaining life expectancy of each tenant. Applicant deposits and unamortized entrance fees are recorded as deferred revenue a liability that is detailed in the summary balance sheet presented above. These large liabilities contribute to the negative net assets carried by both the Obligated Group members and FRR. Negative net assets are not unusual for newer continuing care retirement centers because they have not operated long enough to earn the deferred revenue balance.

FRR lost \$91,000 in FY 2003 and has limited liquidity. The impact of including that organization in the Obligated Group appears limited, as it represents only 10% of the combined group's total revenues and assets. In FY 2003, Fairview Ministries contributed \$115,000 toward debt service on FRR's Series 1999 Bonds pursuant to a support agreement that it executed at closing to ensure timely payment of debt service. Fairview Ministries contributed \$280,000 and \$75,000, in fiscal years 2001 and 2002, respectively to fulfill its obligations under the support agreement. Management anticipates that improving occupancy and reducing interest costs by refinancing the Series 1999 Bonds will minimize the need for continued support from Fairview Ministries.

The expected availability of a bank letter of credit mitigates concerns over the Obligated Group's negative net assets and FRR's dependence on contributions to cover operating and capital costs.

FINANCING SUMMARY

Security: The Bonds will be secured by a Direct-Pay Letter of Credit from a LaSalle Bank.

Bank Security: Gross revenue pledge and master notes under a master indenture. Covenants and other legal provisions that are generally consistent with those in use for similar obligations.

Structure: Fairview Obligated Group desires to fund the Series 2004 Bonds through Tax-Exempt Fixed Rate Serial and Term Bonds, Three and Five Year Taxable EXTRASSM and Taxable Variable Rate Demand Bonds. The 7-day Taxable Variable Rate Demand Bonds credit enhanced through a bank's letter of credit are expected to be redeemed after August 15, 2006 (call date on outstanding Series 1995 Institutional Fixed Rate Bonds) with the proceeds of new bonds, Series 2006, which are expected to be issued on a tax-exempt basis. The final maturity of the new bonds is extended from August 15, 2029 to 2034.

Maturity: 30 years

Interest Savings: The underwriters estimate that the refunding bonds will realize net present value savings of \$3.3 million, or 7.5% of the refunded bonds, which will result in interest savings of \$875,000 per year.

ECONOMIC DISCLOSURE STATEMENT

Project name: Fairview Obligated Group
Location: 210 Village Drive, Downer's Grove, IL 60516-3036 and 7130 Crimson Ridge Drive,
Rockford, IL 61107-6222
Applicant: Fairview Obligated Group and Fairview Residence of Rockford Obligated Group
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board of Trustees: Forthcoming

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Zavis Rosenman	Chicago	Elizabeth Weber
Accountant:	Wolf & Company	Chicago	Norbert Misiora
Bond Counsel:	Jones Day	Chicago	John Bibby
Underwriter:	Ziegler Capital Markets Group	Chicago	D. Hermann/S. Johnson
Underwriter's Counsel:	Michael Best & Friedrich	Chicago	John Durso
Bond Trustee:	Wells Fargo Corporate Trust	Chicago	Julie Pelletier
Issuer's Counsel:	Mayer Brown	Chicago	David Narefsky

LEGISLATIVE DISTRICTS

	Downers Grove	Rockford
Congressional:	13 - Judy Biggert	16 - Donald Manzullo
State Senate:	24 - Kirk Dillard	35 - J. Bradley Burzynski
State House:	47 - Patricia Bellock	69 - Ronald Wait

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors
FROM: Townsend S. Albright
DATE: June 22, 2004
RE: Overview Memo for Jewish Federation of Metropolitan Chicago
Jewish Charities Revenue Anticipation Note Program, Series 2004 and 2005-A

- **Borrower/Project Name:** Jewish Federation of Metropolitan Chicago
- **Location:** Various
- **Principal Project Contact:** Michael Tarnoff, Chief Financial Officer
- **Board Action Requested:** Approval of a Final Bond Resolution. This is an ongoing Program which requires annual IFA Board annual approval.
- **Amount:** \$35,000,000
- **Project Type:** Revenue Anticipation Notes
- **IFA Benefits:** Conduit Tax-Exempt notes – no direct IFA or State funds at risk
- **IFA Fee:** \$25,000
- **Security:** The bonds will be secured by a Direct Pay Letter of Credit from Harris Bank and Trust Company, Chicago, Illinois

ta/h/jewishfedRAN2004memo

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
Jewish Federation of Metropolitan Chicago**

Project: Jewish Charities Revenue Anticipation Note Program, Series 2004 and 2005-A

STATISTICS

Project Number:	N- N TE-CD-409	Amount:	\$35,000,000 (not-to-exceed amount)
Locations:	Multiple	PA:	Townsend Albright
Est. fee:	\$25,000	Tax ID:	37-0988139
	(Fiscal Year 2004 (\$17,500,000) - 2005A (\$17,500,000))		
SIC:	8399		

BOARD ACTION

Final Bond Resolution	No extraordinary conditions
Not-For-Profit RANs	Staff recommends approval
No IFA funds at risk	

PURPOSE

To provide cash management savings to the Federation to be used to expand services provided to its affiliated organizations.

VOLUME CAP

Volume Cap is not required for not-for-profit bonds or notes.

VOTING RECORD

Final IDFA Bond Resolution
(FY 03-04A)
Voting Date: 6/12/03

Ayes:	9
Nays:	0
Absent:	7 Alper, Filan, Gidwitz, Lavin, P. O'Brien, Ratner, Santo
Abstentions:	1 Kaplan
Vacancy	0

Note: This is an ongoing program, which requires the Board's annual approval. The Program was initially approved by the IDFA Board in 1990.

SOURCES AND USES OF FUNDS

Source:	IDFA RANS	<u>\$35,000,000</u>	Use:	Working Capital	<u>\$35,000,000</u>
Total		<u>\$35,000,000</u>	Total		<u>\$35,000,000</u>

BUSINESS SUMMARY

Background: The Jewish Federation of Metropolitan Chicago is a 501(c)(3) Corporation.

Description: The Jewish Federation of Metropolitan Chicago serves as the fund raising entity for its affiliated organizations.

Remarks: The five borrowing organizations are all Illinois not-for-profit corporations that provide community services to the Chicago metropolitan area. The organizations are: (i) Jewish Family and Community Services, (ii) Jewish Vocational Service and Employment Center, (iii) Jewish Community Centers, (iv) Council for Jewish Elderly, and (v) Jewish Children's Bureau of Chicago

Financials: Estimated Borrower's Cash Flow for Fiscal Year July 1, 2004 to June 30, 2005

	<u>IVS</u>	<u>JCC</u>	<u>JFCS</u>	<u>JCB</u>	<u>CJE</u>	<u>TOTAL</u>
Expenses	\$12,604,900	\$31,485,500	\$5,762,700	\$11,506,500	\$42,186,500	\$103,546,100
Income	<u>10,182,586</u>	<u>23,786,181</u>	<u>1,377,836</u>	<u>7,345,322</u>	<u>29,717,833</u>	<u>72,409,758</u>
Deficit	<u>\$ 2,422,314</u>	<u>\$ 7,699,319</u>	<u>\$4,384,864</u>	<u>\$ 4,161,178</u>	<u>\$12,468,667</u>	<u>\$ 31,136,342</u>

Discussion: The Applicant provides working capital support for its affiliated organizations. The notes fund any deficits. The Borrower's audited financial statements for Fiscal year ending June 30, 2003 are available for Board review.

FINANCING SUMMARY

Security: Direct Pay Letter of Credit from Harris Bank and Trust Company, Chicago, Illinois.

Structure: 7-day Variable Rate Demand

Terms: Series 2004 will be dated 7/01/04 and mature 7/01/05; Series 2005-A will be dated 1/01/05 and mature 7/01/05.

Type: 501(c)(3) Revenue Anticipation Notes

PROJECT SUMMARY

Proceeds will be used to fund a working capital loan. This is the eleventh annual request for Revenue Anticipation Note financing under the terms of an ongoing semi-annual loan program designed to produce cash management savings to the Federation. The savings, which are approximately \$100,000, are used to expand the services provided by the Borrowers. Authorized borrowing amounts are:

Jewish Family and Community Services	\$ 5,000,000
Jewish Vocational Services and Employment Center	3,500,000
Jewish Community Centers	9,000,000
Council for Jewish Elderly	13,000,000
Jewish Children's Bureau of Chicago	<u>4,500,000</u>
Total	<u>\$35,000,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Jewish Federation of Metropolitan Chicago of behalf of (i) Jewish Family and Community Services, (ii) Jewish Vocational Service and Employment Center, (iii) Jewish Community Centers, (iv) Council for Jewish Elderly, and (v) Jewish Children's Bureau of Chicago

Project name: Jewish Charities Revenue Anticipation Note Program

Locations: Buffalo Grove, Chicago, Skokie, Flossmoor, Highland Park, Northbrook, Evanston, Wilmette, Glenview, and Vernon Hills, Cook County, Illinois
Organization: 501(c)(3) Corporation
State: Illinois
Board: List of Applicant Board members attached

PROFESSIONAL & FINANCIAL

Counsel:	D'Ancona & Pflaum	Chicago, IL	Michael J. Calhoun
Accountant:	Altschuler, Melvoin & Glasser	Chicago, IL	Barry Rosenthal
Bond Counsel:	KMZ Rosenman	Chicago, IL	Mark E. Laughman
LOC Bank:	Harris Trust and Savings Bank	Chicago, IL	Gregory Bins
Placement Agent:	Harris Trust and Savings Bank	Chicago, IL	Nicholas Knorr
Placement Counsel:	Chapman and Cutler	Chicago, IL	R. William Hunter
Issuer's Counsel:	Pugh, Jones & Johnson	Chicago, IL	Scott Bremer
Trustee:	LaSalle Bank NA	Chicago, IL	Kristine Schossow

LEGISLATIVE DISTRICTS

Congressional: 2, Jesse L. Jackson; 7, Danny K. Davis; 9, Janice Schakowsky; 10, Mark S. Kirk;
State Senate: 6, John J. Cullerton; 7, Carol Ronen; 8, Ira R. Silverstein; 9, Jeffrey M. Schoenberg; 19, M. Maggie Crotty; 26, William E. Peterson; 28, Kathleen Wojcik; 29, Susan Garrett; 30, Terry Link; 31, Adeline J. Geo-Karis; 40, Debbie DeFrancesco Halvorson
State House: 11, John A. Fritchey; 13, Larry McKeon; 16, Louis I. Lang; 18, Julie Hamos; 37, Kevin McCarthy; 59, Kathleen A. Ryg; 60, Eddie Washington; 61, JoAnn Osmond; 80, George F. Scully Jr.

Jewish Federation of Metropolitan Chicago -- 2003-2004 Officers and Board of Directors

*Lester Rosenberg, Chairman
*Steven B. Nasatir, Ph.D., President

*Harvey J. Barnett, Vice Chairman
*Steve M. Barnett, Vice Chairman
*Howard D. Geller, Vice Chairman
*Richard Goodman, Vice Chairman
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Nathaniel Sack, Legal Counsel

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Maury Fertig
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Rabbi Irving Glickman
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Nettie Isenberg
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Harold M. Kugelman
Rabbi Vernon Kurtz
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Wendy Platt Newberger
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Howard Reese
Thomas Rivkin
Elliott Robinson
Dr. Marc Rubenstein
David Rudis
Robert Schlossberg
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Wendy Berger Shapiro
David A. Sherman
Daniel Shure
Rabbi Michael Siegel
Andrea Srulovitz
*Manfred Steinfeld
Barbara Stone
*Joel A. Stone
Joseph Wein
Jeffrey A. Wellek
*Richard L. Wexler
*Maynard I. Wishner
Gregg F. Witt
Brenda J. Wolf
Andrea R. Yablon
Eugene Zemsky
*Lois Zoller

Ex-Officio

*Ilene Novack, President
Women's Board, Women's
Division
Barbara Kaplan Slutsky, Vice
President, Women's Board,
Women's Division
Jill Rose, President
Young Women's Board,
Women's Division

*Stacy Singer, President
Young Leadership Division
Karen Kogan, Campaign
Vice President, Young
Leadership Division

Staff Cabinet

Peter B. Friedman, Ph.D.
Executive Vice President
Michael C. Kotzin, Ph.D.
Executive Vice President
Michael Tarnoff
Executive Vice President
Joel M. Carp, CSW, ACSW
Senior Vice President,
Community Services, Grants &
Government Relations
Jeffrey L. Cohen
Senior Vice President, Campaigns
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Senior Vice President, Endowments
Susan Rifas
Vice President, Operations
Beth Cherner
Vice President, Campaign
Richard G. Katz
Executive Director,
JFMC Facilities Corp.
Jay Tcath
Director, JCRC

*Members of Executive Committee

Illinois Finance Authority
Memorandum

To: IFA Board of Directors
From: Sharnell Curtis-Martin
Date: June 22, 2004
Re: Overview Memo for Robert Morris College
IFA Project # E-PC-TE-CD-406

Borrower: Robert Morris College

Location(s): Chicago, Bensenville, Orland Park, Peoria and Springfield

Principal Project Contact: Mr. Ronald Arnold, Vice President for Business Affairs

Board Action Requested: Final Bond Resolution to finance campus expansions at various locations

Amount: \$14,000,000 (not-to-exceed amount)

Project Type: Not-For-Profit Bonds

IFA Benefits:

- Conduit Tax-Exempt Bonds
- Estimated interest rate savings is approximately \$165,000 annually

IFA Fees:

- Application Fee of \$1,000
- Issuance Fee of \$63,100

Structure:

- Direct Pay Letter of Credit from Bank One
- Variable Rate Demand Bonds
- 20 year maturity

Recommendation:

- Staff recommends approval

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Robert Morris College

STATISTICS

Deal Number:	E-PC-TE-CD-406	Amount:	\$14,000,000 (Not-to-exceed amount)
Type:	Not-For-Profit Bond	PA:	Sharnell Curtis-Martin
Location:	Various	Tax ID:	37-0864020
SIC Code:	8211	Est. fee:	\$63,100

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to finance the expansion of campus facilities in Bensenville, Chicago, Orland Park, Peoria and Springfield, to pay capitalized interest and to pay certain bond issuance costs.

VOLUME CAP

Volume Cap is not required for Not-For-Profit projects.

VOTING RECORD

Preliminary Bond Resolution, May 18, 2004

Ayes:	11
Nays:	0
Absent:	2 (Nesbitt, Giannoulis)
Abstentions:	0
Vacancies:	2

SOURCES AND USES OF FUNDS

Sources: IFA Bond	<u>\$12,900,000</u>	Uses: Project Costs	\$12,200,000
		Capitalized Interest	475,000
		Bond Issuance Costs	<u>225,000</u>
Total	<u>\$12,900,000</u>	Total	<u>\$12,900,000</u>

PROJECT SUMMARY

Bond proceeds will be used to finance the expansion of campus facilities located at:

401 S. State Street, Chicago, Illinois, 60605 (Cook County)
1000 Tower Lane, Bensenville, Illinois, 60106 (DuPage County)
43 Orland Square and 82 Orland Square, Orland Park, Illinois 60462 (Cook County)
211 Fulton Street, Peoria, Illinois 61602 (Peoria County)
3101 Montvale Drive Springfield, IL 62704 (Sangamon County)

Additionally bond proceeds will be used to pay capitalized interest and to pay certain bond issuance costs. Project costs are estimated as follows:

Construction/Renovations	\$12,000,000
Contingency	<u>200,000</u>
Total Project Costs	<u>\$12,200,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Robert Morris College 401 South State Street, Suite 410, Chicago, IL 60605	
Project name:	Robert Morris College Campus Expansion	
Location:	Various	
Organization:	501(c)(3) Corporation	
State:	Illinois	
Board of Trustees:	Donald J. Andorfer	Randall B. Becker
	Nick J. Mavros	Roland I. Finkelman
	Thomas H. Donahoe	Gladys Jossell
	Marcia Burke	Claudia Freed
	Jack Gonder	Richard Orzechowski
	Michael P. Violtt	Joseph D. Wright
Land Sellers:	Not Applicable	

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	McDermott, Will & Emery	Chicago	Fred Feinstein
Accountant:	McClintock & Associates	Bridgeville, PA	Bruce McClintock
Bond Counsel:	Chapman and Cutler	Chicago	James Luebchow
LOC Bank:	Bank One	Chicago	Pamela Paradies
LOC Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Underwriter:	Bank One Capital Markets	Chicago	Shelly Phillips
Underwriter's Counsel:	Chapman and Cutler	Chicago	James Luebchow
Issuer's Counsel:	McGuire Woods LLP	Chicago	Daryl Davidson
Trustee:	LaSalle Bank	Chicago	Wayne Evans
Financial Advisor:	Cassidy & Pinkard	Washington, DC	Michael W. Scott
Rating Agency:	Standard and Poor's	Chicago	Guyna Johnson

LEGISLATIVE DISTRICTS

Chicago

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

Bensenville

Congressional: 6 -- Henry Hyde
State Senate: 23 -- Ray Soden
State House: 46 -- Lee A. Daniels

Orland Park:

Congressional: 13 -- Judy Biggert
State Senate: 19 -- Maggie Crotley
State House: 37 -- Kevin A. McCarthy

Peoria

Congressional: 18 -- Ray LaHood
State Senate: 46 -- George P. Shadid
State House: 92 -- Ricca Slone

Springfield

Congressional: 18 -- Ray LaHood
State Senate: 50 -- Lary K. Bomke
State House: 100 -- Rich Brauer

ILLINOIS FINANCE AUTHORITY
Memorandum

To: IFA Board of Directors

From: Rich Frampton, Principal Program Administrator
Sharnell Curtis-Martin, Senior Program Administrator

Date: June 22, 2004

Re: Buena Vista Apartments, L.P. (Buena Vista Apartments Project)
IFA Project #: M-MH-TE-CD-403

- **Borrower/Project Name:** Buena Vista Apartments L.P. (Buena Vista Apartments)
- **Location:** Elgin (Kane County)
- **Principal Project Contact:** Jeffrey C. Rappin, Chairman, c/o Evergreen Real Estate Services, L.L.C., 566 W. Lake Street, Suite 400, Chicago, IL 60661
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed \$12.8 million
 - New Money: \$12.8 million
 - Uses: Acquisition and renovation of an existing 231-unit multifamily apartment property
New appliances, carpet, flooring, light fixtures, HVAC systems, windows, common area improvements
- **Project Type:** Multifamily Rental Housing Revenue Bonds
- **IFA Benefits:**
 - Conduit Tax-Exempt Bonds – no direct IFA or State funds at risk
 - New Money Bonds:
 - convey tax-exempt status
 - will use approximately \$1.5 million of dedicated 2003 Carryforward Volume Cap obtained by the Developer
 - the City of Elgin will also transfer approximately \$7.4 million of its 2004 Volume Cap allocation for this project
 - the City of Naperville will also transfer approximately \$3.6 million its 2004 Volume Cap allocation for this project
 - IFA tax-exempt bonds will enable project to qualify for 4% Low Income Housing Tax Credits from the Illinois Housing Development Authority (IHDA). These credits will serve as equity contribution to assist with the support of the project.
- **IFA Fees:**
 - Application Fee of \$1,500
 - One-time, upfront closing fee will be \$78,740

- **Structure/Ratings:**

- Bonds will be sold with Fannie Mae ("FNMA") credit enhancement
- **Ratings** - bonds would be rated AAA by S&P.
- **Estimated term/rates:** 30 years at a fixed rate, currently estimated at 4.75% (as of 6/14/04)

- **Positive Factors for Recommendation:**

- **Conduit transaction**
- No IFA or State funds at risk
- Support from Cities of Elgin as evidenced by willingness to transfer earmarked Volume Cap to IFA for this project
- IFA will use available Carryforward Volume Cap dedicated to Multifamily Rental Housing Projects purchased by the Underwriter and transferred to IFA

- **Recommendations/Conditions:**

- Staff recommends approval - because transaction will be credit enhanced by an AAA-rated credit enhancement and no extraordinary conditions will be required.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

**Project: Buena Vista Apartments, L.P.
(Buena Vista Apartments Project)**

STATISTICS

Deal Number:	M-MH-TE-CD-403	Amount:	\$12,800,000 (not-to-exceed amount)
Type:	Multi-Family Housing Bonds	PA:	Rich Frampton and Sharnell Curtis-Martin
Location:	Elgin	Tax ID:	36-4274778
SIC Code:	6513	Est fee:	\$78,740

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Conduit Multi-Family Housing Revenue Bonds	No extraordinary conditions
No IFA funds at risk	

PURPOSE

Purchase of an existing 231-unit multifamily apartment property, and renovations including new appliances, carpet, flooring, light fixtures, HVAC systems, windows, common area improvements

VOLUME CAP

This project will use approximately \$1.5 million of dedicated 2003 Carryforward Volume Cap obtained by the Developer in addition to approximately \$7.4 million of Volume Cap transferred from the City of Elgin and \$3.6 million from the City of Naperville from their 2004 allocation.

VOTING RECORD

Preliminary Bond Resolution: April 20, 2004

Ayes:	10
Nays:	0
Absent:	3 (Leonard, Valenti, Rendleman)
Abstentions:	0
Vacancies:	2

SOURCES AND USES OF FUNDS

Sources: IFA Bond	\$12,700,000	Uses: Project Costs	\$15,238,000
Equity	<u>5,020,000</u>	Deferred Developer Fee	2,000,000
		Costs of Issuance	<u>482,000</u>
Total	<u>\$17,720,000</u>	Total	<u>\$17,720,000</u>

The project equity will be generated through the syndication of 4% Low Income Housing Tax Credits. The Deferred Developer Fee will be paid out over time based on project performance as permitted in the Partnership Agreement with the Tax Syndicator, and acceptable to HUD.

JOBS

Current employment: 10	Projected new jobs: N/A
Jobs retained: N/A	Construction jobs: 18-20 (12 months)

BUSINESS SUMMARY

Background: Buena Vista Apartments, L.P. ("BVA", the "Partnership", or the "Borrower") was formed as an Illinois Limited Partnership pursuant to an agreement executed as of 3/1/2004.

The beneficial owners are (1) Evergreen Real Estate Services, L.L.C. of Chicago, the General Partner, and (2) Jeffrey Rappin and Philip Hickman. Messrs. Rappin and Hickman are each 50% owner of Evergreen Real Estate Services, L.L.C. Ultimately, the limited partnership interests in the property will be sold by a tax credit syndicator to unrelated third parties.

Description: Evergreen Real Estate Services, L.L.C. ("ERES") was created in 1999 to develop and manage rental housing for seniors and families. ERES is a full service real estate management and development company with a portfolio of 12 properties in six states. Evergreen's property management division currently manages over 1,500 apartments and townhomes in the following locations: Illinois: Elgin, Joliet, and Rockford. Additionally, Evergreen also manages properties located in Mishawaka, IN, Kansas City, MO, Olathe, KS, Knoxville, TN, and Asheville, NC.

In October 2001, Philip Hickman and Jeffrey Rappin acquired the ownership interest in ERES. Mr. Hickman currently serves as the Company's President and Mr. Rappin serves as Chairman. ERES' corporate offices are located at 566 West Lake Street in Chicago. ERES current employs 55 people.

The proposed project is an affordable multifamily residential apartment project known as the Mill Apartments in Elgin, Illinois. On the Closing Date the project will be renamed Buena Vista Apartments. This project is a low-income subsidized housing project with 100% project-based Section 8 certificates. Other comparable affordable projects located within close proximity include: Hunter's Ridge, Garden Quarter Apartments and Blackhawk Apartments of Elgin, Illinois.

Buena Vista Apartments is a renovation project originally built in 1976. As a result, it is exempt from Americans with Disabilities Act requirements with the exception of the projects common areas. The property consists of seven separate buildings located on approximately 27.6 acres near the intersection of McLean Boulevard and Fleetwood Drive in Elgin, Illinois.

Financials: Audited Financial Statements for Fiscal Years 2001-2003
Internally prepared projections 2004-2006

	<u>Year Ended December 31</u>					
	2001	2002	2003	2004	2005	2006
	<i>(Dollars in 000's)</i>					
Income:						
Gross Rental Income	\$2,287	\$2,343	\$2,400	\$2,472	\$2,546	\$2,622
Vacancy	(13)	(29)	(83)	(123)	(127)	(131)
Other Income	163	128	79	38	39	40
Project Income (Net)	2,437	2,442	2,396	2,387	2,458	2,531
Operating Expenses:						
Payroll	\$280	\$267	\$273	\$199	\$205	\$211
General & Administrative	118	86	136	104	107	110
Operating and Maintenance	358	540	522	135	139	142
Utilities	169	175	202	199	205	211
R/E Taxes	273	282	320	312	321	331
Insurance	68	102	124	122	126	130
Management Fees	166	175	188	119	123	126
Replacement Reserve	70	73	73	39	71	73
Other Expenses	<u>82</u>	<u>107</u>	<u>114</u>	<u>60</u>	<u>62</u>	<u>64</u>
Total Operating Expenses	1,584	1,807	1,952	1,289	1,359	1,398
Net Operating Income	853	635	444	1,098	1,099	1,133
Debt Service Payments	711	529	370	865	865	865
Debt Service Coverage Ratio	1.20x	1.20x	1.20x	1.27x	1.27x	1.31x

Discussion: The projected Statement of Net Operating Income is based on information prepared by the Applicant. The projections assume a \$12.8 million bond issue, an estimated 5.5% interest rate and a 35-year term. These projections also assume a 3% annual increase in Revenues and Expenses over the next three years and a 95% occupancy rate. The Applicant also projects debt service coverage of at least 1.27 times in 2005, the first year after completion.

Market Facts: The combined unit mix for the seven buildings is as follows:

# of Units	Unit Types	Average Square Ft.
42	1 Bedroom - Small	529
84	1 Bedroom - Large	655
91	2 Bedrooms	796
14	3 Bedrooms	970
231	Total Units	

The project consists of 231 units in seven 3-story buildings and one 2-story building with approximately 123,000 net rentable square feet residential only. A set aside of 40% of the units in the project to be designated for rental to persons or families having incomes at or below 60% of area median gross income. The project was built in 1980 and has approximately 338 parking spaces.

Subsidies: The development is presently under an original HUD Project-Based Section 8 Rental Assistance Program contract until 2016. In 2017, the development will continue to be eligible for renewal of the contract on an annual basis. All of the units are designated as Low Income Units and will be reserved by the Borrower for rent to Section 8 eligible tenants who receive rental assistance under HUD's Section 8 program. The contemplated 4% tax credits will require that the project remain low and moderate income for a minimum of 30 additional years. 100% of the units will remain low income.

FINANCING SUMMARY

Security: Bonds to be sold with FNMA credit enhancement
Ratings: Based on FNMA credit enhancement, would be rated AAA by S&P
Structure: Fixed Rate Tax-Exempt Bonds (projected interest rate of 4.75%)
Maturity: 30 years

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition and renovation of an existing 231-unit multifamily apartment property located at 1199 - 1319 Fleetwood Drive on an approximately 27.7 acre site in Elgin, Illinois (Kane County) 60123. Bond proceeds will be used to pay costs of issuance.

Additional renovations will include new appliances, carpet, flooring, light fixtures, HVAC systems, windows, and common area improvements. Project costs are estimated as follows:

Building Acquisition	\$12,065,000
Construction/Renovations	2,200,000
Land	635,000
Miscellaneous	<u>338,000</u>
Total Project Costs	<u>\$15,238,000</u>

ECONOMIC DISCLOSURE STATEMENT

Borrower: Buena Vista Apartments, L.P.
Project Contact: Mr. Jeffrey C. Rappin, Chairman, Evergreen Real Estate, L.L.C./Buena Vista Apartments L.P. 566 West Lake Street, Chicago, IL 60661
Phone: 312/382-3232 Fax: 312/382-3250 e-mail: jrappin@evergreenres.com
Project Name: Buena Vista Apartments L.P.
Organization: Partnership
State: Illinois
Ownership: Buena Vista Apartments L.P.
General Partner: Evergreen Real Estate, L.L.C -- 0.01 %
Beneficial owners: Jeffrey Rappin and Philip Hickman.
Limited Partner: Red Capital Markets, Boston, MA - 99% (through syndication of 4% low income housing tax credits to large corporation, including affiliates, subsequent to closing)

Current Property Owner: Mill Associates, L.P.
National Realty Partners - 1%
Beneficial Owners: Phillip Hickman -- 50% Interest
Jeffrey Rappin -- 50% Interest

Elgin Association II Limited Partnership - 99%
Partners: Please see attached list

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Kutak Rock	Chicago	Jay Gilbert
Accountant:	Friduss Lukee Schiff & Company	Chicago	Bruce Schiff
Bond Counsel:	Sidley Austin Brown & Wood	Washington, DC	Peter Canzano
Credit Enhancement:	FNMA	Washington, DC	
Credit Enhancement Counsel:	O'Melveny & Myers LLP	Los Angeles, CA	Masood Sohaili
Underwriter:	Stern Brothers & Co.	Chicago	Dave Rasch
Underwriter's Counsel:	Sidley Austin Brown & Wood	Washington, DC	Peter Canzano
Issuer's Counsel:	Pugh Jones Johnson and Quandt	Chicago	Scott Bremer
Bond Trustee:	Amalgamated Bank	Chicago	Gail Klewin
Management Agent:	Evergreen Real Estate Services, LLC	Chicago	Michelle Kamenjarin
General Contractor:	Evergreen Construction Company, LLC	Chicago	
Project Administrator:	Evergreen Real Estate Services, LLC	Chicago	James Castner
Architect:	Christus Design Group Architects, Inc.	Elgin, IL	
DUS Lender/Loan Servicer:	Red Mortgage Capital, Inc.	Newport Beach, CA	Nicholas A. Hamilton
DUS Lender/Loan Servicer's Counsel:	Ballard, Spahr, Andres & Ingersoll, LLP	Baltimore, MD	Thomas A. Hauser
Tax Credit Investor:	Red Capital Markets, Inc.	Boston, MA	Richard Coomber
Tax Credit Investor's Counsel:	Nixon Peabody LLP	Boston, MA	Walter Spiegel

LEGISLATIVE DISTRICTS

Congressional: 14 - J. Dennis Hastert
State Senate: 22 - Steven J. Rauschenberger
State House: 43 - Ruth Munson

Elgin II Investors List

4/9/2004

Partner # 1

National Realty Partners, Inc.
566 West Lake Street, Ste 400
Chicago, IL 60603

Partner # 2

NRI Executives, L.P.
National Realty Partners, Inc.
566 West Lake Street, Ste 400
Chicago, IL 60603

Partner # 3

Mr. Albert C. Hogan
c/o Arrowhead Corporation
P.O. Box 819
Old Fort, NC 28762

Partner # 4

Mr. A.J. Bass, Jr.
P.O. Box 835
Clinton, NC 28329

Partner # 5

Dr. George A. Binder
401 Lakeshore Drive
Fayetteville, NC 28305

Partner # 6

Mr. Ronald BV. Black
25883 SE 22nd Pl.
Summerview, WA 98075

Partner # 7

N/A

Partner # 8

Mr. George J. Brooks, Jr.
1005 Driftwood Drive
Siler City, NC 27344

Partner # 9

Mr. Robert M. Bundy
804 Florham
High Point, NC 27262

Partner # 10

Mr. Warren P. Cantrell
Mrs. Linda M. Cantrell
20 Capitan Court
Hanahan, SC 29418-8607

Partner # 11

Mr. Michael S. Colo
P.O. Box 353
Rocky Mount, NC 27801

Partner # 12

Dr. A. Robert Cordell
349 Arbor Road
Winston-Salem, NC 27104

Partner # 13

Ms. Anna Wolff Dixon
2317 Danbury Road
Greensboro, NC 27408

Partner # 14

N/A

Partner # 15

Mr. W. Thomas Fickling
503 20th Avenue North, unit 31-D
North Myrtle Beach, SC 29582

Partner # 16

Mr. M. Ronald Gahan
Mrs. Agatha J. Gahan
19313 Silver Oak Drive
Fort Myers, FL 33912

Partner # 17

Mr. Abdul R. Gangoo
404 N. Garrison Street
Kings Mountain, NC 28086

Partner # 18

Mr. Don N. Gregson
Mrs. Gail L. Gregson
13562 Old Wire Road
Laurel Hill, NC 28351

Partner # 19

Mr. Joel S. Goldberg
Route 1, Box 2602
Hillsborough, NC 27278

Partner # 20

Mr. Gene T. Hamilton
Mrs. Sumiko T. Hamilton
419 Lee Street
Greenville, NC 27834

Partner # 21

Mr. Gary L. Honbarrier
495 Griffith Road
Advance, NC 27006

Partner # 22

N/A

Partner # 23

Mr. Arthur T. Hunt
1359 Elysium Boulevard
Mount Dora, FL 32757

Elgin II Investors List

4/9/2004

Partner # 24

Dr. Donald L. Jarrett
Ashton Park Medical Center
53 S. French Broad Avenue
Asheville, NC 28801

Partner # 25

Dr Irwin S. Johnsrude
Mrs. Wanda D. Johnsrude
171 Holly Hill Road
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Partner # 26

Mr. Robert H. Kahn
2500 Arbroath Trace
Gastonia, NC 28054

Partner # 27

Mr. William H. Kincheloe
P.O. Box 671
Rocky Mount, NC 27802

Partner # 28

Mr. Talmadge Knight, Jr.
500 Ambler Road
Saluda, SC 29138

Partner # 29

Dr. Rufus H. Knott, Jr.
7144 River Road
Washington, NC 27889

Partner # 30

Mr. Charles T. Lane
P.O. Box 353
Rocky Mount, NC 27801

Partner # 31

Mr. Haywood Laughinghouse, Jr. Trustee
Haywood Dail Laughinghouse Living Trust
P.O. Drawer H
Greenville, NC 27835

Partner # 32

Mr. Charles E. Mashburn
P.O. Box 98
Marshall, NC 28753

Partner # 33

Mr. Joseph H. Nelson
1528 West Haven Boulevard
Rocky Mount, NC 27803

Partner # 34

N/A

Partner # 35

N/A

Partner # 36

Mr. Henry Overton
312 Gravely Drive
Rocky Mount, NC 27801

Partner # 37

Mr. Ronald H. Patterson
14411 Clipper Cove Court
Midlothian, VA 23112

Partner # 38

Mr. H. Graham Reynolds
P.O. Box 10
Trenton, SC 29847

Partner # 39

Mr. James S. Roebuck
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Elizabeth City, NC 27909

Partner # 40

N/A

Partner # 41

Ms. Helen C. Rowe
106 Wild Horse Trail
Mount Airy, NC 27030

Partner # 42

Mr. James A. Sibley, Jr.
22 Nicka Jack Road
Mableton, GA 30059

Partner # 43

Dr. Jerry J. Smaha
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Macon, GA 31210

Partner # 44

Mr. William R. Stallings
Stallings Group, Ltd.
1645 E. Arlington Blvd., Ste E
Greenville, NC 27858

Partner # 45

Mr. Robert E. Stroupe
P.O. Box 728
Thomasville, NC 27360

Partner # 46

Mr. William B. Sturgis
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Greenville, SC 29615

Partner # 47

Mr. Phillip R. Sturm
P.O. Box 431
Dayton, VA 22821

Elgin II Investors List

4/9/2004

Partner # 48

Mr. Gerald B. Swanson
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6904 Woodenrail Lane
Summerfield, NC 27358

Partner # 49

Mr. Johnny E. Ward
P.O. Box 98
Moncks Corner, SC 29461

Partner # 50

Mr. Carl B. Watson
137 Edisto Avenue
Columbia, SC 29205

Partner # 51

N/A

Partner # 52

Mr. Donald H. Williams, Jr.
c/o Lewis Advertising—CONFIDENTIAL
P.O. Drawer L
Rocky Mount, SC 27801

Partner # 53

Dr. Shyam S.R.V. Yallapragada
402 Lakeview Drive
Summerville, SC 29483

Partner # 54

N/A

Partner # 55

N/A

Partner # 56

Robert W. Rogers, Sr. Trust
c/o Wachovia Bank, N.A. (NC 6778)
ATTN: Closely-Held Business Group
P.O. Box 3099
Winston-Salem, NC 27150

Partner # 57

Ms. Susan L. Holland
2 Crowders Ridge Road
Lake Wylie, SC 29710-8929

Partner # 58

Aileen B. Oldham Irrevocable Life Insurance Trust
c/o Ms. Parker H. Washburn
1007 North Elm Street
Greensboro, SC 27401

Partner # 59

Estate of Mildred S. Wells
James G. Sullivan, Executor
P.O. Box 20067
Greenville, NC 27858

Partner # 60

B.M. Blease Revocable Trust Blease Share
c/o C.M. Reames, M.C. Blease, or R.E. Trotter
P.O. Box 677
Saluda, SC 29138

Partner # 61

B.M. Blease Revocable Trust Reames Share
c/o C.M. Reames, M.C. Blease, or R.E. Trotter
P.O. Box 677
Saluda, SC 29138

Partner # 62

Mr. D. Henry Ohlandt
8730 Raccoon Island Road
Edisto Island, SC 29438

Partner # 63

Estate of F.W. Ohlandt
Sinkler & Boyd, P.A.
c/o Tammela Suggs
P.O. Box 340
Charleston, SC 29402

Partner # 64

N/A

Partner # 65

Ms. Lucy Earnest Wilcox
255 N. Wallace Avenue
Wilmington, NC 28403

Partner # 66

Mr. Scott Ernest Griffin
P.O. Box 51435
Amarillo, TX 79159

Partner # 67

Mr. L. M. Ernest, IV
702 E. Main St.
Washington, NC 27889

Partner # 68

Ms. Brenda Ernest
108 N. Harding Street
Greenville, NC 27858

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors
FROM: Townsend S. Albright
DATE: June 22, 2004
RE: Overview Memo for Kohl Children's Museum of Greater Chicago

- **Borrower/Project Name:** Kohl Children's Museum of Greater Chicago
- **Location:** Glenview (Cook County)
- **Principal Project Contact:** Sheridan Turner, President and CEO
- **Amount:** \$14,000,000
- **Board Action Requested:** Approval of a Final Bond Resolution

Project Type: New money to (i) construct a new facility including exhibition and special and interactive program areas, a museum store and café, (ii) purchase furniture, fixtures, and equipment, (iii) capitalize interest, and (iv) fund professional and bond issuance costs.

- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$64,000
- **Ratings:** The bonds will carry a Direct Pay Letter of Credit from Fifth Third bank, Chicago, IL.

ta/h/kohlchildrenmuseummemo

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: Kohl Children's Museum of Greater Chicago, Inc.

STATISTICS

Number:	N-NP-TE-CD-410	Amount:	\$14,000,000
Type:	501(c)(3) bonds	PA:	Townsend Albright
Location:	Glenview	Tax ID:	36-3706878
Est. fee:	\$64,000	SIC:	8412

BOARD ACTION

Final Bond Resolution	No Extraordinary conditions
Conduit Not for Profit Bonds	Staff recommends approval
No IDFA funds at risk	

PURPOSE

Proceeds will be used to (i) construct a new facility including exhibition and special and interactive program areas, a museum store and café, (ii) purchase furniture, fixtures, and equipment, (iii) capitalize interest, and (iv) fund professional and bond issuance costs.

VOLUME CAP

Volume Cap is not required for 501(c)(3) bonds.

VOTING RECORD

This is the first time this project will be presented to the Board.

SOURCES AND USES OF FUNDS

Sources:	IDFA bonds	\$14,000,000	Uses:	Project costs	\$18,205,000
	Equity*	<u>5,000,000</u>		Capitalized Interest	527,000
	Total	<u>\$19,000,000</u>		Bond issuance costs	<u>268,000</u>
				Total	<u>\$19,000,000</u>

*Equity consists of (i) a grant from the Illinois Department of Natural Resources for \$4,750,000, and (ii) \$250,000 from the Capital Development Board

JOBS

Current employment:	34	Projected new jobs:	46
Jobs retained:	34	Construction jobs:	100 (twelve months)

BUSINESS SUMMARY

Background: Kohl Children's Museum of Greater Chicago ("KCM", the "Applicant") was incorporated as an Illinois 501(c)(3) corporation in 1990. KCM is a leader in demonstrating the role of interactive play in learning and creating exemplary, developmentally appropriate, hands-on education experiences for young children in a fun and intimate environment. KCM strives to (i) engage a multi-cultural and economically diverse audience to interact in the learning process, (ii) serve as a catalyst for constructive new forms of participatory learning for schools and families, (iii) implement innovative programs at KCM and in the community, and (iv) impact schools through ongoing programs. KCM serves children and families from the Chicagoland area and downstate Illinois.

KCM's philosophy is that interactive exhibits encourage hands-on learning and build strong social skills by creating situations that require children to help each other and work as a team. Current KCM exhibits include (i) "StarMax Technology Center" by Motorola which is a new computer center featuring creative learning software, (ii) "The Great Kohl Sailing Ship" which provides a stage for imaginary play, (iii) "People" which is a multi-cultural exhibit aimed at prejudice prevention and the celebration of Chicago's diversity, and (iv) "All Aboard!" a realistic CTA train that entertains riders through Chicago. KCM is governed by a 32-member Board of Directors. The Applicant's Board list is attached for IFA Board review.

Description: The new KCM will be located on nine acres of land in "The Glen" area (formerly the Glenview Naval Air Station) of Glenview, Illinois. The new facility will be approximately 47,000 sq. ft. in size and house exhibition space, special program areas, and a museum store and café. Approximately 5.0% of the proposed facility's square footage will consist of revenue producing space. KCM currently serves 210,000 visitors per year. The new facility will accommodate up to 360,000 visitors per year.

Remarks: The proposed financing will enable KCM to have a state-of-the-art facility. The proposed facility will allow KCM to broaden its accessibility to under-served children in the Chicago metropolitan area including the west side of Chicago, the northern suburbs, Wheeling and Waukegan.

Financials: Audited financial statements for fiscal years ending 6-30-2000- 2003, and *pro forma* financial statements for six months ending December 31, 2003

	(Dollars in 000s)				
	2000	2001	2002	2003	2003/2004
Income Statement					
Total Revenues	\$1,997	\$2,319	\$1,933	\$2,090	\$1,006
Operating expenses	<u>(2,068)</u>	<u>(1,939)</u>	<u>(1,606)</u>	(1,525)	<u>(810)</u>
Change in Net Assets	<u>(71)</u>	<u>380</u>	<u>327</u>	<u>565</u>	<u>196</u>
Balance Sheet					
Current Assets	371	417	639	1,054	1,161
PP&E	97	688	786	1,230	1,323
Other Assets	25	6	0	0	0
Total	<u>493</u>	<u>1,111</u>	<u>1,425</u>	<u>2,284</u>	<u>2,484</u>
Current Liabilities	352	570	463	880	904
Other LT Liabilities	9	29	123	0	0
Debt	0	0	0	0	0
Net Assets	<u>132</u>	<u>512</u>	<u>839</u>	<u>1,404</u>	<u>1,580</u>
Total	<u>\$493</u>	<u>\$1,111</u>	<u>\$1,425</u>	<u>\$2,284</u>	<u>\$2,484</u>
Ratios:					
Debt coverage	N/A	N/A	N/A	N/A	N/A
Current Ratio	1.05	0.73	1.38	1.44	1.28
Debt/Net Assets	N/A	N/A	N/A	N/A	N/A

FINANCING SUMMARY

Security: Direct Pay Letter from a Fifth Third Bank, Chicago, IL.
 Structure: Multi-Mode Seven-day weekly floating rate bonds
 Maturity: 35 years

Note: (i) the first two years (24 months) of interest will be capitalized, and (ii) principal amortization will begin in 2009.

PROJECT SUMMARY

Proceeds will be used to (i) construct an approximately 47,000 sq. ft. new facility including exhibition and special and interactive program areas, a museum store and café to be located at 2100 Patriot Boulevard, Glenview, Cook County, Illinois, (ii) purchase furniture fixtures and equipment, (iii) capitalize interest, and (iv) fund professional and bond issuance costs.

Project Costs:	New Construction	\$13,000,000
	Furniture/fixtures/Equipment	<u>5,205,000</u>
	Total	<u>\$18,205,000</u>

Note: The Village of Glenview, as owner of the proposed site, is leasing the land to KCM for a forty (40) year term. Lease payments consist of annual cash payments and annual "in kind" services. In kind services consist of free afternoons per week and free family nights per year for Glenview residents. The following table enumerates lease payments.

Years	Annual Cash Payment	Value of Annual In Kind services	Value of Annual Lease Payment
1 through 5	\$5,710	\$14,920	\$20,630
6 through 10	17,180	18,020	35,200
11 through 15	24,945	18,020	42,965
16 through 20	24,360	26,450	50,810
21 through 25	31,300	26,450	57,750
26 through 30	31,790	32,880	64,670
31 through 35	41,430	32,880	74,310
35 through 40	40,670	43,280	83,950

ECONOMIC DISCLOSURE STATEMENT

Applicant: Kohl Children's Museum of Greater Chicago, Inc.
 Project name: Kohl Children's Museum of Greater Chicago Project
 Location: 2100 Patriot Boulevard, Glenview, Cook County, Illinois 60025
 Organization: 501(c)(3) Corporation
 State: Illinois
 Board: List attached for IFA Board review

PROFESSIONAL & FINANCIAL

Counsel:	Shesky & Froehlich, Ltd.	Chicago, IL	Anthony Licata
Accountants:	BKD LLP	Ft. Wayne, IN	Wallace P. Wetherill, CPA
Bond Counsel:	Perkins Coie LLP	Chicago, IL	William E. Corbin, Jr.
Issuer's Counsel	Burke, Burns & Pinelli	Chicago, IL	Stephen Welcome
Underwriter/ Placement Agent:	William Blair & Company	Chicago, IL	Thomas E. Lanctot
Underwriter's Counsel:	Mayer, Brown, Row & Maw	Chicago, IL	David Narefsky
LOC Bank Counsel:	Gardner, Carton & Douglas	Chicago, IL	Mary G. Wilson
Trustee:	Amalgamated bank of Chicago	Chicago, IL	Robert Demos
Architect:	Booth Hansen Associates	Chicago, IL	
General Contractor:	Pepper Construction	Chicago, IL	

LEGISLATIVE DISTRICTS

Congressional: 10 Mark S. Kirk
 State Senate: 09 Jeffrey M. Schoenberg
 State House: 17 Elizabeth Coulson

ta/h/np9870koh12

**KOHL CHILDREN'S MUSEUM OF GREATER CHICAGO
BOARD OF TRUSTEES 2003 - 2004**

Board Chairperson

RICK WADDELL
The Northern Trust Company

Officers

THOMAS DONAHOE
Pricewaterhouse Coopers, retired

DIANA MENDLEY RAUNER, Ph.D.
The Chapin Hall Center for Children at U of Chicago

ANN SICKON

W. FRITZ SOUDER
Reserve Capital Partners, LLC

DONNA SIMS WILSON
Loop Capital Markets

Trustees

JACK BALL
Morgan Stanley

JIM BECK
J P Morgan Fleming

KITTY BLISS

LYNN CHERKASKY-DAVIS
Chicago Teachers Union Quest Center

LESTER N. CONEY
Aon Risk Services

NANCY FIRFER
Chicago Metropolis 2020

MICHAEL FLAGG
The Meeting Group, Inc.

JUDY FRIEDMAN

DONNA GREENBERG

ROBERT LARGAY
Aon Risk Services

ANTHONY R. LICATA
Shefsky & Froelich Ltd.

Trustees (cont.)

DAVID B. LOUCKS
The Aethena Group, LLC

DORIS C. LOWRY
Aspen Pine Group, Inc.

MARK MADIGAN
Aon Risk Services

SHIREEN MOORE
141 Communicator

MARY O'BRIEN PEARLMAN
Kellogg GSM, Marketing Department

GENE D. SALVADALENA
The Boeing Company, World Headquarters

GORDON SCOTT

DEAN G. STIEBER
KPMG

PAUL SUTENBACH
ITW Impto

SHERIDAN TURNER
Kohl Children's Museum of Greater Chicago

ESTELLE WALGREEN
Converse Industries

MARY BETH STONE WEST
Kraft Foods Inc.

JOHN J. SCHORNACK
Ernst and Young, retired

MARK STEVEN KIRK, Honorary Trustee
10th Congressional District

DOLORES KOHL, Life Trustee
Dolores Kohl Education Foundation

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From : Jim Senica, Senior Program Administrator
Date: June 22, 2004
Re: Overview memo for Springfield Center for Independent Living

- **Borrower/Project Name:** Springfield Center for Independent Living
- **Location:** Springfield (Sangamon County)
- **Principal Project Contact:** Pete Roberts, Executive Director
- **Board Action Requested:** Final approval to issue not-for-profit lease
- **Amount:** \$380,000 (not-to-exceed amount)
- **Project Type:** Other Not-for-Profit
- **IFA Benefits:**
 - Conduit Tax-Exempt Lease – no direct IFA or State funds at risk
 - New Money Lease: Convey tax-exempt status
- **IFA Fees:**
 - Application and closing fees: \$2,976
- **Structure:**

Not-for-profit lease issued by IFA will be purchased by National City Bank - Springfield

 - Tax-exempt rate to Springfield Center for Independent Living set by National City Bank prior to closing
 - Maturity not to exceed 20 years

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 22, 2004**

Deal: Springfield Center for Independent Living

STATISTICS

Deal Number:	N-NP-TE-CD-407	Amount:	\$380,000 (not-to-exceed amount)
Type:	NP Lease	PA:	Jim Senica
Location:	Springfield	Tax ID:	37-1166326
		Est fee:	\$1,976

BOARD ACTION

Final Presentation to Board	Staff recommends approval
Conduit 501(c)(3) lease	Private Placement with National City Bank - Springfield
No IFA funds at risk	

PURPOSE

Acquisition of land and an office building on South Grand Avenue in Springfield.

VOLUME CAP

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

VOTING RECORD

This is the first time this project is being presented to the IFA Board for approval.

SOURCES AND USES OF FUNDS

Sources:	IFA Lease	<u>\$380,000</u>	Uses: Project Costs	\$365,000
	Total	<u>\$380,000</u>	Issuance Costs	<u>15,000</u>
			Total	<u>\$380,000</u>

JOBS

Current employment:	19	Projected new jobs:	6
Jobs retained:	N/A	Construction jobs:	30

BUSINESS SUMMARY

Background: Springfield Center for Independent Living (SCIL), a non-profit service provider to people with disabilities, was founded in March, 1985. The organization is incorporated under Illinois law and is a 501(c)(3) corporation.

Description: Springfield Center for Independent Living (SCIL) provides numerous services to disabled individuals throughout a five county service area in Central Illinois. Counties in the program area include Sangamon, Menard, Christian, Logan and Montgomery counties. Services provided include independent living skills training, individual and systemic advocacy, youth transition programs, information and referral, reintegration program, personal assistant program, deaf services, employment program, accessibility services, low-income residential wheelchair ramp building program and home ownership coalition.

Remarks: Springfield Center for Independent Living (SCIL) is currently serving approximately 315 clients from very confined quarters in downtown Springfield. The new facility, also to be located near Springfield's central business district, will allow the organization clients to continue to avail themselves with public transportation in the area.

Financials: Springfield Center for Independent Living Audited Financial Statements 1999 - 2003

	<u>Year Ended September 30</u>				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
	(Dollars in 000's)				
Income Statement					
Support and revenues	626	698	732	734	684
Revenue over expenses	18	(10)	27	34	2
Balance Sheet					
Current assets	247	201	197	228	224
PP &E	3	1	-0-	-0-	8
Total assets	<u>250</u>	<u>202</u>	<u>197</u>	<u>228</u>	<u>232</u>
Current liabilities	142	92	60	57	59
Debt	-0-	-0-	-0-	-0-	-0-
Net assets	<u>108</u>	<u>110</u>	<u>137</u>	<u>171</u>	<u>173</u>
Total liabilities & net assets	<u>250</u>	<u>202</u>	<u>197</u>	<u>228</u>	<u>232</u>
Ratios					
Coverage on existing rent	1.54	0.76	1.76	1.87	1.08
Current ratio	1.74	2.18	3.28	4.00	3.80
Debt/net assets	N/A	N/A	N/A	N/A	N/A

Discussion: Springfield Center for Independent Living has operated under a healthy financial condition throughout its 18 years of existence. Primary sources of revenue for the organization include funding from Illinois Department of Human Services, Housing and Urban Development, City of Springfield as well as donations received both from individuals and business entities.

Springfield Center for Independent Living is currently paying rent of approximately \$3,000 monthly for its existing building on Jefferson Street; it will be paying nearly the same under the 501(c)(3) lease for the new building.

Included in the \$110,000 presented as fiscal year 2000 net assets are prior period adjustments to the October 1, 1999 unrestricted net assets balance. Grant revenues were increased by approximately \$26,000 while payroll-related accruals were increased by nearly \$14,000, resulting in a net increase in the September 30, 2000 net asset balance of \$12,000.

FINANCING SUMMARY

Security: First mortgage on project real estate
Structure: Installment purchase agreement - maturity not to exceed 20 years
Purchaser: Private placement with National City Bank – Springfield
Interest Rate: Tax-exempt rate to be established by placement bank at time of closing

PROJECT SUMMARY

Lease proceeds will be used to acquire land and a 6,500 square foot office building at 330 S Grand Avenue in Springfield. Project costs are as follows:

Land Acquisition	\$45,000
Building Acquisition	<u>320,000</u>
Total Project Costs	<u>\$365,000</u>

The new facility will provide improved services to patients in the community and will allow the organization to operate more efficiently in the increased space of the new building.

ECONOMIC DISCLOSURE STATEMENT

Project name: Springfield Center for Independent Living New Facility
Location: 426 W Jefferson Springfield, IL 62702 (Sangamon County)
Applicant: Springfield Center for Independent Living
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board of Directors: Joann Bayer Beverly Beard Diana Braun
Gerald Broeker Kathy Conour Renee Frederick
David Gurley Ron Hopwood Jan Huson
Howard Jack Deborah Johnson-Small Michael Knepler
John Landers Johnny Lott Chris Mulkin
Jeff Schumacher

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Feldman, Wasser, Draper & Benson	Springfield	Fred Benson
Accountant:	Eck, Schafer & Punke	Springfield	J.D. Stewart
Bond Counsel:	Hart, Southworth & Witsman	Springfield	Sam Witsman
Issuer's Counsel:	Evans, Froelich, Beth & Chamley	Champaign	Ken Beth

LEGISLATIVE DISTRICTS

Congressional: 18 – Ray LaHood
State Senate: 50 – Larry K. Bompke
State House: 99 – Raymond Poe

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Marcia L. Cochran, Program Administrator
Date: June 22, 2004
Re: Roesch, Inc.

- **Borrower/Project Name:** Roesch, Inc.
- **Location:** Belleville (St. Clair County)
- **Principal Project Contact:** Daniel Jackson, Vice President
- **Board Action Requested:** Approval to purchase loan participation
- **Amount:** \$300,000
- **Project Type:** Business – Participation Loan
- **IFA Benefits:**
 - Buy-down of interest rate - \$300,000 IFA funds at risk
 - Borrower provided with lower blended interest rate
- **IFA Fees:**
 - 2.5% additional interest income earned over CD rate: \$7,500 (year one only)
- **Structure**
 - Loan participation to be purchased from Southwest Bank, Belleville, Illinois
 - Loan term will be five years with a ten-year amortization
 - Interest rate will be 150 basis points below bank rate. The bank's interest rate will be a fixed rate of 6.85%; therefore, the blended interest will be 6.31%.
 - Collateral will be a first pro-rata "*pari passu*" with Southwest Bank on all business assets, including a blanket lien security interest on all equipment, which includes the new equipment to be purchased with loan proceeds, plus accounts receivable and inventory.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 22, 2004**

Project: Roesch, Inc.

STATISTICS

Project Number:	B-LL-TX-406	Amount:	\$300,000
Type:	Participation Loan	PA:	Marcia Cochran
Location:	Belleville	Tax ID:	37-0490750
SIC Code:	3479, 3469, 3585	Est. fee:	\$7,500 (estimated first year interest)

BOARD ACTION

Purchase of Participation Loan from Southwest Bank – Belleville, Illinois
\$300,000 IFA funds at risk
Collateral is *pari passu* first position with the bank
Staff recommends approval

PURPOSE

Purchase of production equipment for Roesch, Inc, a manufacturer of porcelain enamel and metal fabrication, having been in business since 1916.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA	\$300,000	Uses:	Project Costs	<u>\$700,000</u>
	Bank	<u>400,000</u>			
	Total	<u>\$700,000</u>		Total	<u>\$700,000</u>

JOBS

Current employment:	66	Projected new jobs:	16
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Roesch, Inc. was founded in 1916 as a porcelain enamel contract manufacturer. At that time, Belleville was the site of about 50 stove foundries and Roesch was a supplier to many of them. During the 1920s, Roesch manufactured coal and gas residential cooking ranges. Metal fabrication was added during the 1940s. This allowed Roesch to further expand as a custom jobber to the HVAC and major cooking appliance manufacturers. The corporate offices, enamel plant and the fabrication departments are located in a 125,000 square foot plant on 9.2 acres in Belleville, which is located in the Belleville Enterprise Zone #56.

Robert Voges joined Roesch in 1968 and assumed responsibility of metal fabrication, purchasing and engineering. He bought controlling interest in 1974 and currently he and wife, Pauline, own 99% of the company. Robert is Chairman of the Board and Pauline serves

as the company's president and personnel director. Their daughter, Debra, owns 1% of the company and is Executive Vice President, responsible for the day-to-day operations of the company.

Description: The project involves the purchase of a porcelain enamel furnace system. The new state-of-the-art furnace system is manufactured and installed by KMI System, Inc., an Illinois firm located in Crystal Lake. Porcelain enamel products include cast iron grates, oven parts, drip pans, cooktops, sealed burners and miscellaneous component parts. The new furnace system will replace an older furnace, which has become inefficient. The new furnace will save approximately 45% of natural gas costs, or about \$15,000 per month.

Remarks: In the mid 1970's, Roesch's business was closely tied to several heating equipment manufacturers. To offset the seasonal nature of the heating industry, the company started a 20,000 square foot plant in Evansville, Illinois, to manufacture ice merchandisers under the Ice Maid brand name and other products associated with the packaged ice industry.

Roesch has divided the company into three separate departments:

- Fabrication: Metal stampings, welding and assembly. (26% of sales)
- Enamel: Porcelain coating services on steel and cast iron substrates. (54% of sales)
- Ice Maid: Ice merchandisers and related ice equipment and supplies. (20% of sales)

Financials: Audited Financial Statements: July 31, 2001 - 2003
Projected Financial Statements: July 31, 2004 - 2006

Year Ended 2001 - 2006
(Dollars in 000's)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Statement						
Revenues	13,144	11,305	10,004	9,287	10,500	11,000
Net Income	219	229	203	(100)	400	500
Balance Sheet						
Current Assets	3,525	3,381	3,715	3,554	3,923	4,229
PP&E-Net	<u>3,598</u>	<u>3,345</u>	<u>3,692</u>	<u>4,046</u>	<u>3,588</u>	<u>3,334</u>
Total Assets	<u>7,123</u>	<u>6,726</u>	<u>7,407</u>	<u>7,600</u>	<u>7,511</u>	<u>7,563</u>
Current Liabilities	2,122	1,643	2,110	2,320	2,033	1,885
LT Liabilities	1,736	1,589	1,600	1,683	1,481	1,181
Equity	<u>3,265</u>	<u>3,494</u>	<u>3,697</u>	<u>3,597</u>	<u>3,997</u>	<u>4,497</u>
Total Liabilities & Equity	<u>7,123</u>	<u>6,726</u>	<u>7,407</u>	<u>7,600</u>	<u>7,511</u>	<u>7,563</u>
Ratios:						
Debt Service Coverage	2.01	1.96	1.89	1.36	2.64	2.82
Current Ratio	1.66	2.06	1.76	1.53	1.93	2.24
LTDebt/Tangible Net Worth	.49	.41	.34	.84	.63	.46

Discussion:

Several events in Fiscal Year 2003 impacted Roesch's financial performance with revenues down 11% and gross profit margin down 3.3%. However, the company was still profitable due to operating expense control, down to 12% of revenues, compared to 15% a year earlier. Also, officer's compensation was cut 139% from the previous year.

- Foreign competition significantly impacted margins due to pricing pressure. Several of the company's largest customers demanded price reductions. The company continues to improve efficiencies to recover the margins.

- The company's largest supplier, a French foundry, closed operations in August 2003. Roesch incurred significant cost to re-tool and qualify new suppliers in China.
- Start-up costs for two new customers. Annual revenues will be approximately \$2 million annually, and weekly production shipments will begin June, 2003.
- Major upgrade in the company's quality system, change in computer software, purchase of a new electrostatic powder porcelain system and the purchase of a CNC machine. These items were financed internally.

FINANCING SU*MMARY

Security: IFA's security includes the following:

Pro-rata shared first position with Southwest Bank on all business assets, including a blanket lien security interest on all equipment, which includes the new equipment to be purchased with loan proceeds, plus accounts receivable and inventory. The collateral value is based on *liquidation value*, using the standard guidelines of Southwest Bank, as listed below:

	<u>Book Value</u>	<u>Liquidation Value & Discount %</u>
Accounts Receivable	\$886,831	\$709,465 (20%)
Inventory	2,250,000	562,500 (75%)
Equipment	7,388,750	1,847,188 (75%)
New Equipment	700,000	<u>350,000 (50%)</u>
Total Discounted Collateral		\$3,469,153
Existing Bank Debt to be cross-collateralized		(\$1,021,394)
Line of Credit to be cross-collateralized		(1,271,965)
New \$700,000 loan		(700,000)
Collateral Coverage Ratio:		1.16 times

Additional security includes the personal guaranties of Robert and Pauline Voges, having a net worth of \$1,691,713 after eliminating Roesch stock value of \$3,625,320.

Structure: Based on the guidelines of the Participation Loan Program, IFA's interest rate will be 150 basis points below the rate the Bank is charging the customer. The Bank will retain 25 basis points for loan servicing. The Bank's interest rate will be a fixed rate of 6.85%. The blended interest rate will be 6.31%.

Maturity: Five-year maturity. Ten-year amortization.

PROJECT SUMMARY

The project involves the purchase of a new state-of-the-art porcelain enamel furnace system. The new furnace system will replace an older furnace, which has become inefficient. The new furnace will save approximately 45% of natural gas costs, or about \$15,000 per month. Project costs are estimated as follows:

Equipment	<u>\$700,000</u>
Total	\$700,000

ECONOMIC DISCLOSURE STATEMENT

Applicant: Roesch, Inc.
 Location: 100 North 24th Street, Belleville, IL 62222 (St. Clair County)
 Organization: C Corporation
 State: Delaware
 Ownership: W. Robert and Pauline Y Voges 99%
 Debra L. Yoges 1%

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Armstrong Teasdale, LLP	St. Louis, MO	
Accountant:	Ganim, Meder, Childers & Hoering, PC	Belleville, IL	
Bank:	Southwest Bank	Belleville, IL	Dan Jackson

LEGISLATIVE DISTRICTS

Congressional:	12	Jerry Costello
State Senate:	58	David Luechtefeld
State House:	116	Dan Reitz

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From : Jim Senica, Senior Program Administrator
Date: June 22, 2004
Re: Overview memo for Excel Foundry and Machine, Inc.

- **Borrower/Project Name:** Excel Foundry and Machine, Inc.
- **Location:** Pekin (Tazewell County)
- **Principal Project Contact:** Kevin Goodman, CFO Excel Foundry and Machine, Inc.
- **Board Action Requested:** Approval to purchase loan participation
- **Amount:** \$300,000
- **Project Type:** Business – Participation Loan
- **IFA Benefits:**
 - Buy-down of interest rate – \$300,000 IFA funds at risk
 - Borrower provided with lower blended interest rate
- **IFA Fees:**
 - 2.50% additional interest income earned over CD rate: \$7,500
- **Structure:**
 - Loan participation to be purchased by Pekin Savings Bank – Pekin
 - Loan term will be 5 years with a 10-year amortization and a balloon payment due at the end of the 5-year loan term
 - Interest rate will be fixed at 5.5% for the full 5-year loan term
 - Collateral will be a pro-rata first position “*pari passu*” with Pekin Savings Bank on project machinery and equipment with a cost value of \$840,000 providing collateral coverage of at least 1.12 times

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 22, 2004**

Deal: Excel Foundry and Machine, Inc.

STATISTICS

Deal Number:	B-LL-TX-407	Amount	\$300,000
Type:	Participation Loan	PA:	Jim Senica
Location:	Pekin	Est fee:	\$7,500

BOARD ACTION

Purchase of Participation Loan from Pekin Savings Bank
\$300,000 IFA funds at risk.
Collateral is *pari passu* first position with the bank.
Staff recommends approval.

PURPOSE

Acquisition of manufacturing machinery and equipment.

VOTING RECORD

Initial board consideration, no voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA	\$300,000	Uses: Project Costs	<u>\$840,000</u>
	Pekin Savings Bank	450,000	Total	<u>\$840,000</u>
	Equity*	<u>90,000</u>		
	Total	<u>\$840,000</u>		

*Equity will be contributed from Company reserves.

JOBS

Current employment:	104	Projected new jobs:	3
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

- Background:** Excel Foundry and Machine, Inc., an Illinois S corporation, was established in 1932 and was purchased from the original owner by Merrill Parsons in 1975. Merrill Parsons had worked for the Company since 1966 and remains as the Company's Chairman. Merrill's sons, Doug and Rick, hold the positions of President and Director of Sales respectively.
- Description:** Excel Foundry and Machine, Inc. is an air set foundry utilizing centrifugal force and permanent molds. The Company manufactures and markets precision bronze, brass, aluminum and steel castings for mining and rock-crushing equipment used by mining and aggregate industries throughout the U. S., Canada, Mexico and Australia. Raw material to manufacture the finished product is readily available.
- Remarks:** Excel Foundry and Machine, Inc., committed to providing exceptional service, is ISO 9001 certified and is recognized as an industry leader in bronze replacement parts. The company utilizes both internal and external controls to monitor environmental concerns of OSHA and EPA.
- Financials:** Audited financial statements for years 2000 through 2003. Projected financial information for years 2004 and 2005.

	<u>Year Ended February 28</u>					
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
	(Dollars in 000's)					
Income Statement						
Sales	10,954	11,058	11,970	12,881	13,197	13,856
Net income	552	20	766	1,154	780	800
Balance sheet						
Current assets	4,852	5,187	5,403	6,440	6,022	6,897
PP&E	4,526	4,438	4,027	4,150	4,827	4,520
Other assets	458	465	64	73	475	485
Total assets	<u>9,836</u>	<u>10,090</u>	<u>9,494</u>	<u>10,663</u>	<u>11,324</u>	<u>11,902</u>
Current Liabilities	1,240	2,237	1,505	1,375	1,575	1,600
Debt	2,210	2,113	1,980	2,256	2,900	2,653
Equity	<u>6,386</u>	<u>5,740</u>	<u>6,009</u>	<u>7,032</u>	<u>6,849</u>	<u>7,649</u>
Total liab. & equity	<u>9,836</u>	<u>10,090</u>	<u>9,494</u>	<u>10,663</u>	<u>11,324</u>	<u>11,902</u>
Ratios						
Debt service coverage	4.95	1.03	4.20	3.14	3.19	2.93
Current ratio	3.91	2.32	3.59	3.88	3.82	4.31
Debt/equity	0.37	0.39	0.35	0.29	0.33	0.38

Discussion: In conversation with the banker at Pekin Savings Bank, Excel has a consistent earnings history as evidenced by 15 years of excellent financial results. (In fact, the company has just experienced 12 consecutive months of record sales.) Results for fiscal year-end February 28, 2003, for example, indicate a net profit of \$1.15 million on sales of \$12.88million. Excel's largest customer is Milwaukee-based Bucyrus International, with sales of \$1.10 million in the past fiscal year. Foreign sales totaled \$2.50 million in the past fiscal year. Excel is well capitalized and highly liquid, as indicated by the current and debt-to-equity ratios.

Bank covenants include the following:

- 1) Annual financial statements
- 2) Vendor invoice on the equipment being purchased
- 3) Proof of insurance on the collateral

The Company has access to a \$2,000,000 revolving line of credit for operating purposes secured by receivables and inventory with Commerce Bank, N.A. - Peoria. The Company had an outstanding balance of \$1,800,000 as of April 30, 2004.

FINANCING SUMMARY

Borrower: Excel Foundry and Machine, Inc.

Security: Pro-rata first position "*pari passu*" with Pekin savings Bank on the project machinery and equipment. Collateral is based on the cost basis of \$840,000 representing collateral coverage to IFA and the bank on this participation loan of 1.12 times. NOTE: IFA currently holds an existing loan with Excel Foundry and Machine, Inc. with a paid-down balance of approximately \$211,000. Collateral on this loan is a shared pro-rata first mortgage with Commerce Bank, N.A. - Peoria on the Company's real estate with an appraised value of \$3.1 million.

Structure: Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 150 basis points below what the Bank is charging the customer. The Bank's interest rate will be fixed at 5.5% for the 5-year term of the loan. The loan will be reviewed at the end of the 5-year term for renewal.

Maturity: The loan will be set on a 10-year amortization with 60 payments of principal and interest and a 5-year balloon due at the end of the loan.

PROJECT SUMMARY

The proposed project involves the acquisition of a new Toshulin Powerturn 1600 Vertical Turning Machine (lathe), a new movable pendant (51.2") 1300MM travel and a new 3PH Drive Isolation Transformer.

Project costs are estimated as follows:

Machinery & Equipment Acquisition	<u>\$840,000</u>
Total	<u>\$840,000</u>

The proposed project will provide the applicant with additional manufacturing capacity to continue its exceptional growth.

ECONOMIC DISCLOSURE STATEMENT

Project name: Excel Foundry and Machine, Inc. Building Addition
Location: 14463 Wagon seller Road Pekin, Illinois 61554 (Tazewell County)
Applicant: Excel Foundry and Machine, Inc.
Organization: Illinois S corporation

PROFESSIONAL & FINANCIAL

Accountant:	Wolf, Tesser & Co. CPA's	Peoria, Illinois	Jim Wolf
Bank:	Pekin Savings Bank	Pekin, Illinois	Andy Sparks

LEGISLATIVE DISTRICTS

Congressional: 18 - Ray LaHood
State Senate: 45 - Claude Stone
State House: 89 - Keith P. Sommer

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Applicant(s): David Thompson, Thompson Pearl Valley Eggs

June 22, 2004

Project Number:	A-AI-GT-TX-416	Loan Amount:	\$6,618,000
Type:	Agri-Industries Guarantee	Staff Contact:	David Wirth
Location(s):	Kent IL, Stephenson County	Est fee:	\$25,000
Lender:	1 st Farm Credit Services, Freeport IL		

IFA CONTRIBUTION and BOARD ACTION

Final Approval
 Guaranteed Loan at 85% of Principal and Interest
 State of Illinois Treasury Funds at risk; no IFA funds at risk; full faith and credit of the State
 Staff recommends approval
 Farm visits have been conducted

PURPOSE

Major business expansion which includes: New pullet farm (\$1.418 MM) and four new egg laying barns (\$6 MM). Total new loan \$6.618 MM, equity contribution \$0.8 MM.

PREVIOUS AND EXISTING GUARANTEED LOANS

Loan Purpose	Original Principal	Current \$Principal	Maturity Date	Interest Rate
Layers 1&2 (1987)	1,505,495	0		
Layer 3 (1990)	650,000	0		
Pullet farm (1992)	766,000	0		
Feed mill (1995)	400,000	0		
Layer 4 (1997)	1,000,000	572,283	2012	3.09%
Compost/Fert. (1999)	830,000	567,213	2014	3.29%
Layer 5 (2001)	1,100,000	964,065	2016	3.28%
Mallquist (2001)	700,000	623,505	2012	3.35%
Processing (2001)	1,150,000	1,016,615	2012	3.35%
Compost/Fert. (2003)	800,000	800,000	2019	3.74% est.
Totals	8,901,495	4,543,681		

COLLATERAL

First lien on fully integrated egg farm production and processing facility with 529 acres farmland.

To include 1.2 MM hen laying capacity, 280,000 pullet capacity, feed mill and fertilizer production.

Appraised value of existing facility \$7,522,000 less \$522,000 depreciation = \$7 MM

Value of new buildings (\$8.6 MM cost @ 70%) \$6 MM

Loan to Appraised Value (with new buildings)

$\$10,407,000^* / \$13,000,000 = 80\% - 85\%$ with conservative values

*Total loans: \$6,618,000 new loan, plus \$4,543,000 outstanding,
less principal reduction before closing \$754,000 = \$10,407,000

REPAYMENT TERMS

15 year amortization, monthly payments,

Rate annually adjusted to 185 basis points over the 1 year Federal Farm Credit Bonds

2005 - 2006 CASH FLOW SOURCES

2005 - 19,500,000 dozen eggs

2006 - 26,357,650 dozen eggs

fertilizer sales

egg processing

FINANCIAL INFORMATION

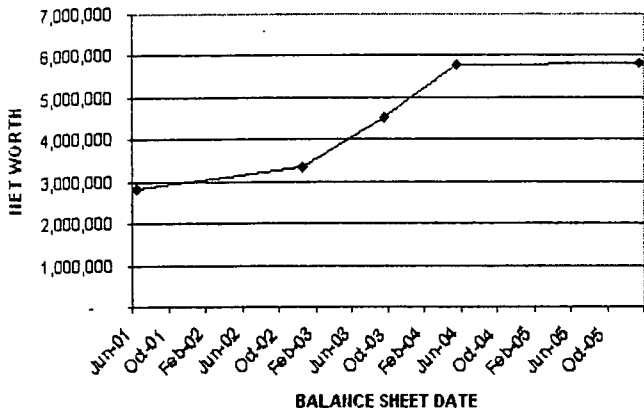
Consolidated Balance Sheet	05/27/04	pro forma 01/01/06
Assets:	14,117,761	16,381,261
Liabilities:	8,325,810	10,548,023
Net Worth:	5,791,951	5,833,238
Owner Equity (OE):	41%	36%

Consolidated Income Statement	<u>5yr avg</u>	<u>2003</u>	<u>2005 pro</u>	<u>2006 pro</u>
Value of Production	2,862,284	5,762,307	3,693,410	5,254,562
-Depreciation	410,000	500,000	500,000	850,000
-Interest	174,152	158,751	318,774	706,000
-Production Expense	1,666,706	2,888,590	2,994,021	3,351,190
=Net Income	611,426	2,214,966	(119,385)	347,372

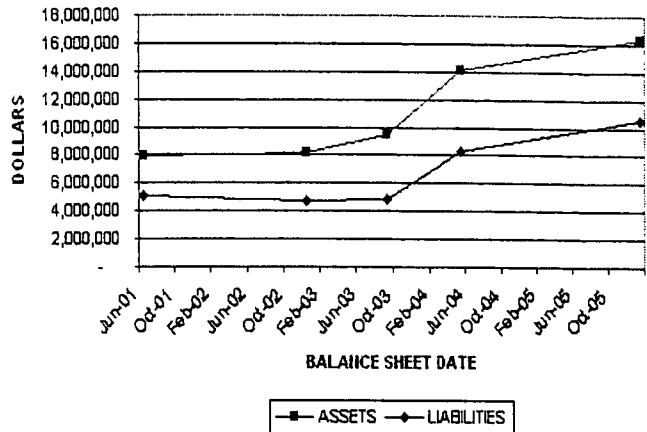
Debt Repayment Ability (2006 Projected)

Net income	347,000
+ Depreciation	850,000
+ Interest	706,000
- Living	<u>70,000</u>
= Capital debt repayment capacity	1,833,000
- Principal Payments	674,000
- Interest	706,000
- Capital Expenditures	<u>176,000</u>
= CDRC Margin	277,000
Debt Coverage Ratio	118%

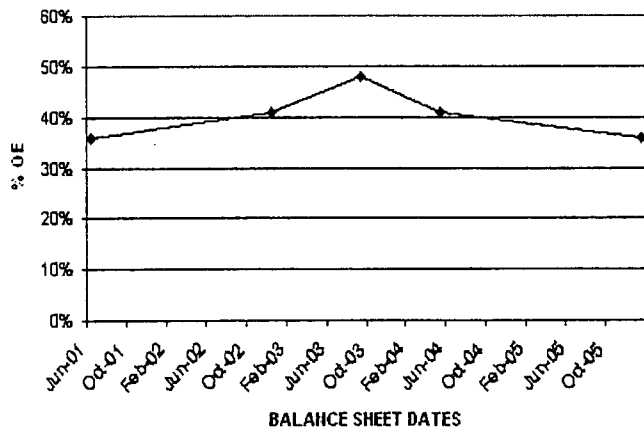
NET WORTH TRENDS



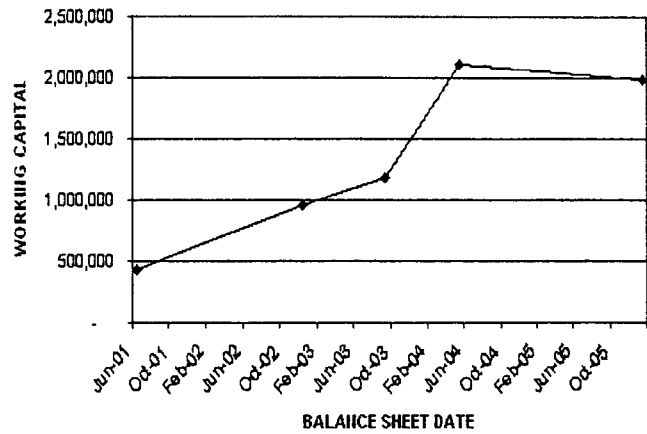
ASSETS & LIABILITIES TRENDS



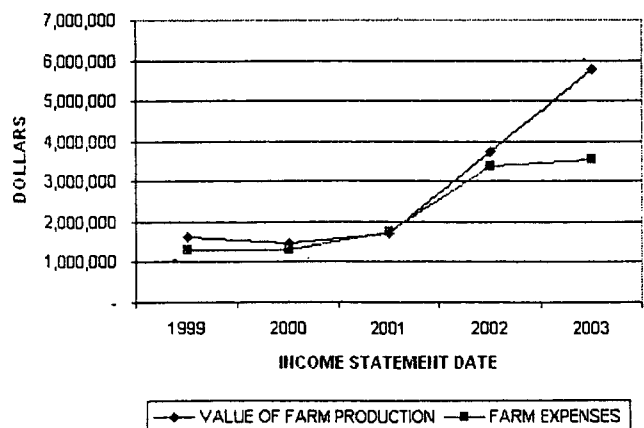
% OE TRENDS



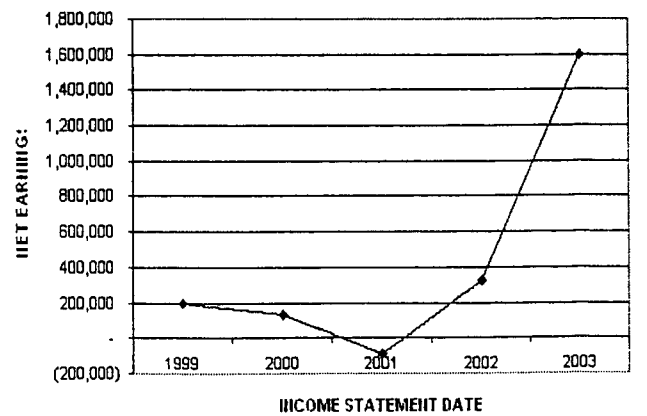
WORKING CAPITAL TRENDS



VALUE OF FARM PRODUCTION & EXPENSE TRENDS



NET EARNINGS TRENDS



PROJECT SUMMARY

The existing operation includes: five egg laying barns (capacity 525,000 hens), one pullet farm (capacity 100,000 birds), feed mill, composting / fertilizer production facility and egg processing facility with washers, graders, packers and cooler.

The post expansion operation will include four additional laying barns, a new pullet facility and an additional manure composting / fertilizer facility.

Capacity will be:

pullet raising space 280,000; laying hens 1,200,000; annual production of 26,357,650 dozen eggs.

RECOMMENDATION

Approve, no extraordinary terms
Key man life insurance \$4 MM

LEGISLATIVE DISTRICTS

Congressional:	16
State Senate:	45
State House:	89

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: June 20, 2004
Re: Overview memo for Kevin Burgener

- **Borrower/Project name:** Kevin Burgener
- **Location:** Dundas (Richland County)
- **Principal Contact:** Kevin Burgener
- **Board Action Requested:** Final Approval
- **Amount:** \$314,000
- **Project Type:** Loan Guarantee for agriculture debt restructuring
- **Structure:** 15 Year Amortization with monthly payments

The staff recommends denial due to insufficient income to service debt.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Applicant(s): Kevin Burgener and Donald Burgener

Project Number: A-AD-GT-TX-425	Amount: \$314,000
Type: Agriculture Debt Restructuring	Staff Contact: Kevin Koenigstein
Location(s): Dundas in Richland County	Est fee: \$1,570
Lender : Heritage State Bank, Lawrenceville	

IFA CONTRIBUTION and BOARD ACTION

Final Approval
Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends declining the request

PURPOSE

Refinance existing Notes

FNB – Olney	\$250,000 – 7.25%
Remodeling Costs	\$34,000
Machinery Note	\$30,000

COLLATERAL

1st mortgage on 60 acres with 3 Turkey Barns \$405,000
Machinery valued at \$60,000
Loan to Appraised Value \$314,000 / \$465,000 = 67.5%

REPAYMENT TERMS

15 Year Amortization with Monthly payments
350 basis points over the 5 Year Treasury every 5 years
Currently = 7.25%

2004 CASH FLOW SOURCES

3 Turkey Barns under contract with Perdue
60 acres of crops
Social Security income

FINANCIAL INFORMATION

Balance Sheet 5/5/04 Kevin and Donald

Assets: \$692,800

Liabilities: \$417,000

Net Worth: \$275,800

Debt/Asset: 60.2%

**Kevin Burgener's
Income Statement**

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Gross Farm Returns	\$108,732	\$139,764	\$107,586
-Depreciation	\$7,855	\$34,671	\$26,250
-Interest	\$23,066	\$28,254	\$27,497
-Production Expenses	\$66,176	\$65,450	\$44,509
=Net Farm Income	\$11,635	\$11,389	\$9,332
+Wages	\$0	\$2,965	\$1,637
+Capital Gain	\$0	\$39,820	\$0
+Other Income	\$43	\$33	\$282
Total Income	\$11,678	\$54,207	\$11,251
Adj. Gross Income	\$8,545	\$51,865	\$9,865
Interest Exp as a % of farm returns	21.2%	20.2%	25.6%

Debt Repayment Ability

Cashflow to service debt & living expenses (Total Income + Interest + Depreciation)	\$55,000
-Living Expenses & taxes	\$15,000
-Interest Expense	\$23,000

Capital & Term debt repayment capacity (CDRC)	\$17,000
-Principal Payments	\$13,000
-Capital Expenditures	\$0

CDRC Margin	\$4,000
Debt Coverage Ratio	1.23

PROJECT SUMMARY

This project is a \$314,000 Ag debt restructuring guaranteed loan. Kevin Burgener used our financing program in late 1992 to build 3 turkey barns for \$290,000. The loan had difficulty in the late 90's due to heating bills for the turkeys and the bank refinanced the loan without the guarantee. Kevin has since divorced his wife and raises the two children. Donald Burgener his father, will co-sign the loan, but he provides limited assets and income. Purdue has provided turkeys for the last 11 years and will continue to provide turkeys on a year to year contract basis.

RECOMMENDATIONS

Decline, due to insufficient income to service debt and living expenses

LEGISLATIVE DISTRICTS

Congressional:	19
State Senate:	54
State House:	108

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Applicant(s): Hish, Daniel and Pamela

June 22, 2004

Project Number:	A-DR-GT-TX-426	Loan Amount:	\$205,000
Type:	Agriculture Debt Restructuring Extension	Staff Contact:	David Wirth
Location(s):	Ridgway, Gallatin County	Est fee:	\$1025
Lender :	Banterra Bank, Ridgway, IL		

IFA CONTRIBUTION and BOARD ACTION

Final Approval
Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval

PURPOSE

Extend existing IFA guaranteed loan. No new money.

Banterra Bank, IFA guaranteed loan \$205,000

COLLATERAL

First lien on 172.5 acres farmland. Value \$400,000
Loan to Value $\$205,000 / \$400,000 = 51\%$

REPAYMENT TERMS

Ten year amortized annual payments,
annually adjusted interest rate One Year Constant Maturity Treasury plus 300 basis points

2004 CASH FLOW SOURCES

Grain farm 3600 acres

FINANCIAL INFORMATION

Balance Sheet 1/1/04

Assets: \$1,137,600

Liabilities: \$253,209

Net Worth: \$ 884,391

Debt/Asset: 22%

Income Statement 2003 2004 projected

Gross Farm Returns	\$898,559	\$1,270,128
-Depreciation	\$117,917	\$120,000
-Interest	\$110,796	\$118,049
-Production Expenses	\$869,436	\$905,536
=Net Farm Income	(\$190,590)	\$101,915

Interest Exp as a 13% 10%

% of farm returns

Debt Repayment Ability (Projected)

Gross Farm Receipts	\$1,270,128
-Production expenses	\$1,000,745
-Living Expenses & taxes	\$45,000

Capital Debt Repayment Capacity (CDRC)	\$224,383
-Interest Payments	\$118,049
-Principal Payments	\$89,069
-Capital Expenditures	\$10,000

CDRC margin	\$17,265

CDRC coverage 108%

PROJECT SUMMARY

This is a simple extension of the remaining balance on an existing ag debt restructuring guaranteed loan. Originally, all debt restructuring loans were written with ten year maturities. The law was subsequently changed to allow maturities of up to 30 years.

Real estate mortgage makes this loan very safe.

Cash flow and profitability are improving as a result of better farm commodity prices.

RECOMMENDATION

Approve, no extraordinary terms.

LEGISLATIVE DISTRICTS

Congressional:	19 Shimkus
State Senate:	59 Forby
State House:	118 Phelps

BEGINNING FARMER BOND LOANS
Previously Approved Projects for Bond Resolution
June 22, 2004

Project Number: A-FB-TE-CD-417
Borrower(s): Scott Soberg
City: Chrisman
Amount: \$250,000
Use of Funds: Farmland - 180 acres
County: Edgar
Lender/Bond Purchaser: State Bank of Chrisman

Principal shall be paid annually in installments determined pursuant to a twenty year amortization schedule, with the first principal payment date to be January 15, 2005. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 5.00% per annum until January 15, 2007, thereafter adjusted annually to a rate not to exceed 90% of the then Prime Rate as quoted in The Wall Street Journal, with a floor of 5.00%.

Project Number: A-FB-TE-CD-419
Borrower(s): Eric W. Beyers and Dawn M. Beyers
City: Rosamond
Amount: \$100,000
Use of Funds: Farmland - 40 acres
County: Christian
Lender/Bond Purchaser: Security National Bank, Witt

Principal shall be paid annually in installments determined pursuant to a twenty year amortization schedule, with the first principal payment date to be one year from close. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 3.20% per annum for the first five years, thereafter adjusted every five years to a rate not to exceed 80% of the then Prime Rate of United Missouri Bank in St. Louis, Missouri.

BEGINNING FARMER BOND LOANS
Previously Approved Projects for Bond Resolution
June 22, 2004

Project Number: A-FB-TE-CD-422
Borrower(s): Marc P. Duffy and Allison M. Duffy
City: Pontiac
Amount: \$242,500
Use of Funds: Farmland - 153 acres
County: Livingston
Lender/Bond Purchaser: State Bank of Graymont, Pontiac

Principal shall be paid annually in installments determined pursuant to a thirty year amortization schedule, with the first principal payment date to be June 15, 2005. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 5.00% per annum until June 15, 2014, thereafter adjusted every annually to a rate not to exceed 1.50% above the then Weekly Average Yield of U.S. Treasury Securities at a Three Year Constant Maturity; provided, however, that the Expressed Rate shall never be lower than 5.00%.

**GLOSSARY OF ACRONYMS
AND TERMS
USED BY IFA**

I. Terms commonly used in IFA write-ups

Bond Counsel	On financing team for Borrower
Issuers Counsel	Outside counsel to represent IFA
AD	Restructuring Ag Debt Guarantee
AL	Assisted Living
B	Business
CD	Conduit
CF	Coal Fired Power Plants
CL	Construction Loan Interim Financing
CP	Community Provider
DC	Distressed Cities
E	Education/Cultural
FF	Fund to Funds
FR	FreshRate
FT	Fire Truck Revolving Loan
GO	Local Government Obligation
GP	Local Government Pooled Bond
GR	Local Government Revenue Bond
H	Health Care

HO	Hospital
HF	Health Facility
I	Industrial
ID	Industrial Development Bonds
IF	Tax Increment Financing
IFA	Illinois Finance Authority
L	Local Government
LOC	A form of supplement or, in some cases, direct security for a municipal bond under which a commercial bank or private corporation guarantees payment on the bond under certain specified conditions
M	Mortgage
MH	Multifamily Housing
MS	Medical School
NP or FP	Not for Profit
NH	Nursing Home
P	Pollution Control
PC	Private College
Placement Agent/ Underwriter	Securities firm that purchases Bonds and places with investors. Engaged by Borrower
PF	Private Foundation

PL	Participation Loan
PO	Pollution Control/Environment
PS	Private School
Private Placement	Negotiated sale in which the new issue securities are sold directly to institutional or private investors rather than through a public offering.
PW	Pooled Warrant Program for School
RD	Rural Development
SD	Local School District
SG	Specialized Livestock Guarantee
SL	Senior Living
SS	Local Special Service Area
SW	Solid Waste
TA	Tax Anticipation Notes
TB	Technology Development Loan
TX	Taxable
RE	Refunding
UR	Water or Gas - Utility Revenue Bonds
V	Venture Capital
YF	Young Farmer Guarantee

II. General Bond and Financing Terms

Amortize	Retire the Principal of an issue by periodic payments either directly to bondholders, or first to a Sinking Fund and then to bondholders.
Arbitrage	Interest rate differential that exists when proceeds from a municipal bond which is tax-free and carries a lower yield are invested in taxable securities with a yield that is higher. THIS IS ILLEGAL solely as a borrowing tactic per 1986 Tax Reform Act.
Average Life	Average length of time an issue of serial bonds and/or term bonds with mandatory sinking funds and/or estimated prepayment is expected to be outstanding.
Basis Point	One one-hundredth of one percent (1/100% or 0.01 percent) 100 basis points equal one percent.
Capitalized Interest	A portion of the proceeds of an issue that is set aside to pay interest on the securities for a specified period of time.

Conduit Bonds	Bonds whose repayment is the responsibility of the business or developer who benefits from the financing, rather than the issuer who only collects the taxes, fees or revenues and passes them on to the bondholder.
Cost of Issuance	Expenses associated with the sale of new issue of municipal securities, including such items as underwriter" spread, printing, legal fees and rating costs.
Covenant	Legally binding commitment by the issuer of municipal bonds to the bondholder.
Debt Ratio	Ration of the issuer's general obligation debt to a measure of value, such as real property valuations, personal income, general fund resources, or population.
Debt Service	Required payments for principal and interest.
Debt Service Fund	Separate account in the overall sinking fund into which moneys are placed to be used to redeem securities, by open-market purchase, request for tenders or all, in accordance with a redemption schedule in the bond contract.
Default	Breach of some covenant, promise or duty imposed by the bond contract – failure to pay in a timely manner principal and/or interest when due.
Direct Sale	Sale of new security by the issuer to investors, bypassing the underwriter or middleman.

Face Value	Stated principal amount of a bond
Fiscal Agent	Also known as Paying Agent – bank, designated by the issuer to pay interest and principal to the bondholder.
Fixed-interest	Bond with an interest rate that stays the same over its life span.
Floater	Variable rate – Method of determining the interest to be paid on a bond issue by reference to an index or according to a formula or other standard of measurement at intervals as stated in the bond contract.
GO	General Obligation Bonds – voter approved bonds – backed by the full faith, credit and unlimited taxing power of the issuer
Indenture	Bond Contract – states time period for repayment; amount of interest paid etc.
Maturity	Length of time before the principal amount of a bond is due to the bondholders. It is the time until a bond may be surrendered to its issuer.
MO	Moral Obligation Bonds – sold by state without voter approval and are used for specific purposes – in the event of a shortfall, it is implied that the state will make up the difference.

OS	Official Statement – Prospectus document circulated for an issuer prior to a bond sale with salient facts regarding the proposed financing. There are two: Preliminary/or Red Herring because some of the type on its cover is printed in red and, (it is subject to final change and update upon completion of sale of bonds) it is supposed to be available to the investor before the sale; Final OS must be sent to the purchaser before delivery of the bonds.
Par Value	Face value of bond – generally \$1000
Pari Passu	Equitably and without preference – all equal
Principal	Amount owed; face value of a debt
Public Offering	Sale of bonds (generally through an underwriter) to the general public (or a limited section of the general public).
Refunding Bond	Issuance of a new bond for the purpose of retiring an already outstanding bond issue.
Revenue Bond	Municipal Bond whose debt service is payable solely from the revenues derived from operating the facilities acquired or constructed with the proceeds of the bonds
Secondary Market	Trading market for outstanding bonds and notes.

Serial Bond	Bond of an issue that features maturities every year, annually or semiannually over a period of years, as opposed to a Term Bond, which is a large block of bonds maturing in a single year.
Sinking Fund	Fund established by the bond contract of an issue into which the issuer makes periodic deposits to assure the timely availability of sufficient moneys for the payment of debt service requirements.
State & Local Government Series	United States Treasury obligations, which take the form of Treasury Notes, Treasury Bonds or Treasury Certificates of Indebtedness. The US Government created a "State & Local Government Series" of such notes, bonds and certificates to allow municipal bond proceeds to be put into "permitted" investments which would comply with IRS arbitrage provisions, and to not engage in "yield burning".
Swap	Exchange of one bond for another. Generally, act of selling a bond to establish an income tax loss and replacing the bond with a new item of comparable value.
Tax-Exempt Bond	Bonds exempt from federal income, state income, or state tax and local personal property taxes. States do not tax instruments of the federal government and the federal government does not tax interest of securities of state and local governments.

Technical Default	Failure by the issuer to meet the requirement of a bond covenant. These defaults do not necessarily result in losses to the bondholder. The default may be cured by simple changes of policy or actions by the issuer.
Term Bond	Bonds comprising a large part of all of a particular issue that come due in a single maturity.
Trust Indenture	Contract between the issuer of municipal securities and a trustee, for the benefit of the bondholders.
Trustee	Bank designated as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the trust indenture and represents bondholders to enforce their contract with the issuer.
Underwrite	Agreement to purchase an issuer's unsold securities at a set price, thereby guaranteeing the issuer proceeds and a fixed borrowing cost.
Underwriter	Dealer that purchases a new issue of securities for resale.
Variable Rate Demand Bond	Bond whose yield is not fixed but is adjusted periodically according to a prescribed formula.
Yield	Measure of income generated by a bond
Yield to Maturity	Rate of return anticipated on a bond held until maturity

**Illinois Finance Authority
Market and Product Codes**

Market	Market Code	Submarket	Submarket Code	Type of Product	Type Code
Industrial	I	Industrial Development Bonds	ID	Tax Exempt	TE
		Utility Revenue Bonds	UR	Taxable	TX
Mortgage	M	Multifamily Housing	MH	Refinancing	RE
		FreshRate	FR	Conduit	CD
				Non-Conduit	NC
Pollution Control	P	Solid Waste	SW	Moral Obligation	MO
				Tech Devl Loan	TD
		Pollution Control	PO	Fund to Funds	FF
		Coal Fired Power Plants	CF	Guaranteed	GT
Business	B	Loans	LL		
		Rural Devel Loan	RD		
Agriculture	A	Young Farmer Guarantee	YF		
	A	Specialized Livestock Guar	SG		
	A	Restructuing Ag Debt Guar	DR		
	A	Ag Industry	AI		
	A	Beginning Farmer Bond	FB		
	A	Beginning Farmer Contract Bond	CB		
Venture Capital	V				
Education/Cultural	E	Private School	PS		
		Private College	PC		

Market	Market Code	Submarket	Submarket Code	Type of Product	Type Code
		Private Foundation	PF		
Local Government	L	Local Gov. Obligation	GO		
		Local Gov. Pooled Bond	GP		
		Local Gov. Revenue	GR		
		Tax Increment Financing	IF		
		Local School District	SD		
		Local Special Service Area	SS		
		Distressed Cities	DC		
		Tax Anticipation Notes	TA		
		Construction Loan Interim Fin	CL		
		Fire Truck Revolving Loan	FT		
		Pooled Warrant Program for Schools	PW		
Health Care	H	Hospital	HO		
		Assisted Living	AL		
		Nursing Home	NH		
		Senior Living	SL		
		Community Provider	CP		
		Health Facility	HF		
		Medical Schools	MS		
Other non-profits	N	Other types of non-profits	NP		

THE BOND BUYER

Chicago's DePaul University Restructuring Some Lease Debt

By Yvette Shields

CHICAGO — Chicago's DePaul University next week plans to sell up to \$56 million of new-money and refunding bonds in a deal that will allow the school to take possession of several student housing facilities that were financed through a not-for-profit company under a unique lease arrangement.

The Illinois Finance Authority, acting as the conduit issuer, gave final approval to the deal at a meeting Tuesday. Lehman Brothers is the underwriter and Chapman and Cutler LLP is bond counsel.

The deal includes a \$1 million taxable series that will permit the country's largest Catholic university to acquire land adjacent to its downtown Chicago campus. The school is forgoing tax-exempt status to give itself more flexibility in the near term to lease the land while it works out long-term plans for the property.

The bulk of the deal will sell in a \$52 million tax-exempt series that will refund debt sold in 1999 by MJH Educational Assistance Illinois in 1998 and 1999.

The foundation sold \$30 million in 1998 and \$70 million in 1999, and used the proceeds to purchase properties, construct buildings, and renovate existing buildings that were

then leased to DePaul with rental payments repaying the debt. The idea originated with Philadelphia-based developer Ben Noble, who took the idea to the former Salomon Smith Barney, the original underwriter.

With limited room to borrow and a need for more student housing, DePaul viewed the arrangement as its best option at the time. Since DePaul did not own the buildings, it did not have to include depreciation costs on the structures in its budgets. The off-balance sheet transactions were still lumped in the debt category by rating agencies.

More recently, the school has achieved several goals — boosting enrollment and completing a good chunk of its capital plans — and that has allowed them to shift their focus to other areas such as debt management, according to spokeswoman Denise Mattson.

Enrollment stood at 23,610 in the fall of last year, a 28% increase since 1998, according to a Fitch Ratings report. "The enrollment growth has supported the consistent positive operating performance of the university," analysts wrote.

The deal is expected to generate about \$2.1 million in present-value savings and it allows DePaul to smooth out its debt service schedule. The current schedule required a large debt

Bond Sales for DePaul University

Issuer	Amount*	Sale Date
Illinois Development Finance Authority, Series 2004 A&B	\$55.6	March 2004
Illinois Educational Facilities Authority, Series 2003 C&D	\$18.7	June 2003
Illinois Educational Facilities Authority, Series 1997	\$58.7	Jan. 1997
Indiana Educational Facilities Authority, Series 1989	\$10.0	Oct. 1989
Illinois Educational Facilities Authority, Series 1989 A	\$25.2	May 1989
Illinois Educational Facilities Authority, Series 1987 A&B	\$36.6	March 1987
Illinois Educational Facilities Authority, Series 1985 B	\$11.2	Oct. 1985
Illinois Educational Facilities Authority, Series 1985 A	\$19.1	Aug. 1985
Illinois Indiana Higher Education Loan Authority, Series 1983	\$6.1	April 1983
Chicago (City), Ill., Series 1981	\$17.5	July 1981

*Dollars in millions Source: Thomson Financial

service payment due in 2014. "The \$56 million will help DePaul achieve its long term debt strategy," said Peter Harris, a senior treasury analyst at DePaul.

Fitch Ratings affirmed its AA-minus rating. Moody's Investors Service has previously rated the school Baal with a positive outlook assigned earlier this year as it entered the market with a \$60 million refunding. The university has a total of \$166 million of debt, including its off-balance sheet financings.

Fitch noted that it remains concerned over DePaul's debt level and warned that any additional debt without a buildup in reserves and a continuation of its positive operating margins could hurt the rating.

The \$60 million refunding of 2000 debt paved the way for the upcoming transaction by freeing DePaul of a restrictive covenant at the behest of Ambac Assurance Corp. The covenant limited DePaul's borrowing abilities.

For immediate release

**SENATE VOTES TO HELP SMALL MANUFACTURERS;
PASSES CDFA LEGISLATIVE AGENDA ITEMS**

The Council of Development Finance Agencies ("CDFA") praised Senate passage of legislation that will give small manufactures much needed access to financing.

Currently, tax laws severely restrict the use of Industrial Development Bonds ("IDBs") to fund investments by small manufacturers. IDBs are tax-exempt bonds that manufactures can use to expand plants and related facilities. However, capital expenditures by the users of IDBs cannot exceed \$10 million within certain specified time frames. This limitation has been in effect since 1978. Inflation has significantly reduced the value of \$10 million.

The Senate-passed tax bill doubles the capital expenditure limitation from \$10 million to \$20 million.

In addition, the Senate bill (S. 1637) will permit the use of IDBs for high tech and biotech companies. In the modern economy, with the importance of high-tech businesses to economic development, this change in law would make industrial development bonds more flexible and helpful to local and state economies.

Robert Lind, Chairman of CDFA's Legislative Committee states: "The Senate has decided to reinvigorate IDBs as a way to help small businesses. Senator Thomas showed real and effective leadership and I'm sure small businesses around the country are grateful for his leadership."

The Council of Development Finance Agencies (CDFA) is a national association comprised of the leading members of the development finance community representing more than 165 public, quasi-public and private companies involved in municipal and development finance throughout the United States.

The Council was formed in 1982 with the mission to strengthen the efforts of state and local development finance agencies fostering job creation and economic growth through the use of tax-exempt and other public-private partnership finance programs and vehicles.

Members are state, county and municipal development finance agencies and authorities that provide or otherwise support economic development financing programs, including tax-exempt and taxable bonds, credit enhancement programs, and direct debt and equity investments as well as a variety of non-governmental and private organizations ranging from regional and large investment banks to commercial finance companies to bond counsel, bond insurers, trustees, venture capital companies, rating agencies, and other organizations interested in economic development finance.

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