Illinois Finance Authority

Tuesday, July 12, 2005
11:30 AM
Board Meeting
The Plaza Club
One Prudential Plaza
130 E. Randolph, 40th Floor
Chicago, Illinois

File Copy

TABLE OF CONTENTS

IFA
ILLINOIS FINANCE AUTHORITY

Illinois Finance Authority
Executive Session
Tuesday, July 12, 2005

AGENDA

8:30 am	Opening Remarks - Welcome new board member Magda M. Boyles	Chairman Gustman
8:45 am	Interim Executive Director's Report	Jill Rendleman
9:00 am	Financial Performance Fiscal '06 Budget - Final	Jose Garcia
	Sales Activity	Michael Pisarcik
	Marketing/Public Relations	Diane Hamburger
	Human Resources	Stuart Boldry
	Audit & Compliance	Jose Garcia
9:45 am	Funding Managers Presentations	
	Renewable Energy Development Fund Presentation	Christopher Vandenberg
11:00 am	Review Resolutions	Steve Trout and Stuart Boldry
11:15 am	Adjournment	
11:30 am	Board Meeting, One Prudential Plaza, Plaza Club, 40th Floor.	
12:45 pm	Lunch will be served in the IFA Board Room.	

IFA
ILLINOIS FINANCE AUTHORITY

EXECUTIVE SESSION
July 12, 2005
8:30 a.m.
Illinois Finance Authority
180 N. Stetson, Suite 2555

BOARD MEETING
July 12, 2005
11:30 a.m.
One Prudential Plaza
130 E. Randolph, Plaza Club,
40th Floor
Chicago, Illinois

- Call to Order – Chairman Gustman
- Roll Call
- Chairman's Report
- Director's Report
- Other Business
- Projects
- Resolutions / Amendments

AGRICULTURE

Tab	Project	Location	Amount	New Jobs	Constr Jobs	FM
1	**Agriculture Guarantees** Tracy and Mike Kitley	Flora	$1,000,000	0	6	ER
2	Lynne and Madonna Brown	Danforth	$145,000	0	0	BB
3	Steve and Merry Pitstick	Maple Park	$500,000	0	0	BB
4	**Young Farmer Guarantee** James and Mildred Grubb	Winchester	$181,000	0	0	BB
5	**Participation Loan** Walk Stock Farm	Neoga	$75,000	0	0	ER
6	Madonna Morell	Effingham	$200,000	0	10	ER
7	**Beginning Farmer Bonds (Preliminary)** Brian Atherton	Earlville	$194,500	0	0	BB
8	**Beginning Farmer Bonds (Final)** Brian Schwierjohn	Pocahontas	$163,000	0	0	ER
9	John & Shelly Hunter	Burnside	$147,000	0	0	BB
TOTAL AGRICULTURE PROJECTS			**$2,605,500**			

COMMUNITIES AND CULTURE

Tab	Project	Location	Amount	New Jobs	Constr Jobs	FM
10	**501(c)(3) Cultural Pool Loan (Final)** The Museum of Science and Industry	Chicago	$6,700,000	10	20	RF
11	**501(c)(3) Bonds (Preliminary)** The WBEZ Alliance (dba Chicago Public Radio, Inc.)	Chicago	$22,000,000	14	140	TA
12	**Commercial Paper Revenue Notes (Final)** University of Chicago Hospitals and Health System	Chicago	$75,000,000	0	0	RF
13	**Local Government Interim Loan (Informational)** Village of Warren	Warren	$1,620,000	0	30	EW
14	**Local Government Direct Loan** Village of Rankin	Rankin	$130,000	0	0	EW
15	**Short-Term Emergency Loan Program for School Districts (Informational)** Ottawa Elementary School District	Ottawa	$350,000	0	0	NM
16	**Local Government Bonds (Final)** Village of Matherville	Matherville	$250,000	0	0	EW
17	**Participation Loan** Park Lawn Association, Inc.	Oak Lawn	$175,000	10	3	PM
TOTAL COMUNITIES AND CULTURE PROJECTS			**$106,225,000**			

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Constr Jobs	FM
18	**Participation Loans** Jeffrey J. Gutzwiller (Associated Veterinary Clinic, LLC)	Staunton	$127,500	2	0	JS
19	AgriWind LLC	Tiskilwa	$712,500	0	10	ER
20	Vee Properties South LLC and Vee Pak Inc.	McCook	$1,000,000	25	150	SCM
21	Commerical Transport, Inc.	Belleville	$250,000	200	0	RP
22	**Industrial Revenue Bonds (Preliminary)** Freedman Seating Company	Chicago	$2,000,000	43	0	TA
23	MRT Sureway, Inc. (d/b/a Sureway Tool & Engineering Co.)	Franklin Park	$4,900,000	21	4	RF
24	**Industrial Revenue Bond (Final)** Regis Technologies, Inc.	Morton Grove	$5,000,000	10	5	RF
25	**Taxable Industrial Revenue Bonds (Initial)** Theory and Computing Sciences Building Investment Trust (Argonne National Laboratory)	Argonne	$60,000,000	400	200	TA
TOTAL BUSINESS AND INDUSTRY PROJECTS			**$73,990,000**			

HEALTHCARE

Tab	Project	Location	Amount	New Jobs	Constr Jobs	FM
26	**501(c)(3) Bonds (Final)** Norwegian American Hospital	Chicago	$8,000,000	0	0	PL/DS
27	Swedish Covenant Hospital	Chicago	$15,000,000	0	0	PL/DS
28	The Clare at Water Tower	Chicago	$230,000,000	147	400	PL/DS
TOTAL HEALTHCARE PROJECTS			**$253,000,000**			

VENTURE CAPITAL

Tab	Project	Location	Amount	New Jobs	Constr Jobs	FM
29	Firefly Energy	Peoria	$125,000			CV
30	Metalforming Controls Group	Cary	$150,000	2	0	CV
TOTAL VENTURE CAPITAL PROJECTS			**$275,000**			

GRAND TOTAL	**$436,095,500**

Project Revisions/Resolutions

Tab	Resolution	
31	2006-1	Schults Machine, Inc. seeks approval for the release of an obligor.
32	2006-2	Thompson Pearl Valley Eggs, Inc. seeks 6-month deferral of principal payments due July 1, 2005.
33	2006-3	To appoint Stuart Boldry and Jose Garcia as State Purchasing Officers.

Other

Adjournment

IFA
ILLINOIS FINANCE AUTHORITY

Illinois Finance Authority – Director's Report
July 12, 2005

To: IFA Board of Directors and Office of the Governor

From: Jill Rendleman, Interim Executive Director

I. Financial Performance

IFA ended Fiscal Year 2005 with net income of $1.9 Million, yielding a $3.6 Million improvement in net income in Fiscal Year 2004. This significant improvement in financial performance met IFA 2005 performance plan targets. This performance is the direct result of transaction volume expansion, fee income increases, and expense reduction made possible by leveraging the capabilities of a new finance authority created from the merger of multiple state authorities. Extraordinary expense adjustments in June were made for valuation adjustments of venture capital investments and required provisions to the loan loss reserve. IFA's ending balance sheet remains strong with total assets of $59 Million, including $43 Million in cash and unrestricted investments, and total equity of $56 Million.

The final performance plan presented for Fiscal Year 2006 targets a 10.5% increase in net income and includes total revenues of $8.6 Million, total expenses of $6.6 Million, and net income of $2 Million.

II. Sales Activities

IFA funding managers will be presenting 30 projects totaling $436 Million for approval in July. These investments in economic development are representative of the diversity and complexity of the State of Illinois including the first time purchase of farm land, urban museums and universities, village infrastructure, manufacturing, technology, hospitals and senior living facilities.

Health Care: In June IFA became a member of the Illinois Hospital Association and attended and sponsored its annual meeting of the Small and Rural Hospitals Constituency in Springfield, Illinois. Additionally, IFA attended the National

Health Care (continued)

Rural Hospital Performance Improvement conference held in Chicago. Critical contacts were made by Mike Pisarcik and funding managers with key members of the rural healthcare community. Initial work has been completed by IFA to develop a financing tool for the intermediate term borrowing needs of rural health facilities.

Higher Education: Townsend Albright met with the staff of the Illinois Board of Higher Education and with the President of the Federation of Illinois Independent Colleges and Universities in Springfield to discuss how the IFA could be a key partner for conduit financing for capital improvements. In addition staff made calls on Loyola University, Lake Forest College, and Quincy College.

Agriculture: The agricultural staff made presentations to key members of the farm community including the Community Bankers Association annual Ag Lending Conference, the University of Illinois Department of Ag and Consumer Economics, the USDA Farm Service Agency, the Illinois Beef Association Board, and the Illinois Livestock Development Group. Ag funding managers continue to call on agricultural lenders across the state and additionally are beginning calling efforts with farm operators, accountants, estate planners, and others directly involved in agricultural capital decision making.

Community and Culture: IFA staff in central and southern Illinois met with representatives of school districts and local governments focusing on tax anticipation revenues and municipal infrastructure improvements. In addition staff attended the Rural Affairs Council, a DCEO/CDAP workshop, the State Board of Higher Education, the Illinois Municipal League and the United Counties Association. In the Chicago area, staff met the Chicago Historical Society, WBEZ public radio, and members of local government.
Staff has been working closely with the city of East St. Louis and the Office of Management and Budget on bond refunding issues. Presentations were also made to several underwriting firms and financial advisory firms with a core competency in community and local government programs.

Industry and Commerce: IFA staff delivered presentations to bankers, public officials and economic development groups in the Chicago area. In addition, IFA staff met with several businesses including developers, manufacturers and service industries, each seeking financing for expansion.

Venture Capital: During the month of June Chris Vandenberg attended eleven (11) board meetings of businesses in which IFA has made investments. Also, Chris visited two prospective venture investment candidates and attended a seminar on biotechnology.

Venture Capital (continued)

IFA prepared and submitted a proposal to the Illinois Clean Energy Community Foundation for approval to use $6MM in grant dollars under the Renewable Energy Development (RED) Fund to finance renewable energy projects in Illinois. These available funds are presently restricted to credit enhancement use.

IFA staff met with R. Heard of the National Association of Seed and Venture Funds (NASVF) to discuss potential options for sources of funding for venture investment in Illinois. IFA is considering a variety of available funding sources while developing its VC strategy for the next 3 years

III. Marketing and Public Relations

IFA had good press coverage of several project stories during the month of June including city of Metropolis, Southern Illinois Baseball stadium, and an article in the Illinois Chamber of Commerce newsletter. Media contacts concerning recent health care transactions were numerous, but there has been no press coverage to date. Other marketing activities included producing exhibit materials for the large number of exhibits and conferences IFA has been a part of throughout the state. IFA Board members are invited to attend a VIP Ag Day Luncheon on the Directors Lawn at the Illinois State Fair in Springfield on August 16th.

IV. Human Resources and Operations

Human resource management reporting, corrective actions for personnel issues in the 2004 Compliance Audit, and incentive compensation program results and design have been the focus of Stuart Boldry, Chief Administrative and Human Resources Officer. Management information reports have been designed to review trends in employee compensation history, significant progress has been made in meeting audit requirements for personnel files, and data has been collected in order to finalize incentive compensation programs. All human resource related findings in the 2004 audit are more than 50% complete.

V. Legal and Legislative Issues

IFA has selected Kimberly Copp of Shefsky & Froelich as interim general counsel covering transaction documentation and internal affairs. Shefsky & Froelich is a well established Chicago law firm with 30 years experience in public finance representing issuers, funds, and underwriters. Kimberly Copp is a partner in the firm specializing in corporate law and public finance. She has a background

Legal and Legislative Issues (continued)

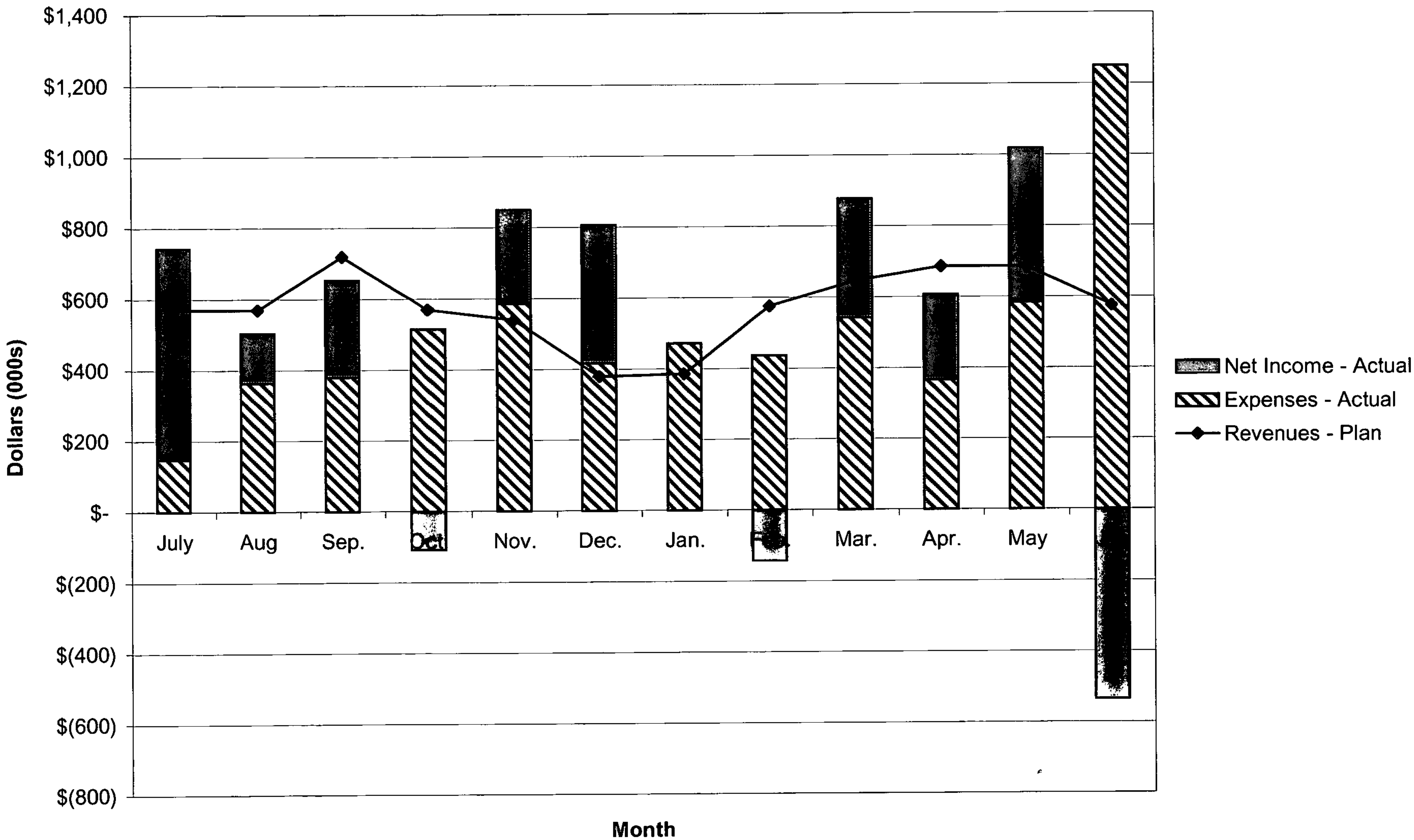
with IFA as issuers counsel and as an active participant in post merger transition activities.

IFA legal needs include transaction documentation, risk management, regulatory compliance, contract administration and management, policy and procedure, bad debt collection, and intergovernmental affairs. We are reviewing long term solutions for coverage in each of these areas ranging from paralegal to contract legal services. After a thorough RFP process IFA has awarded a contract for Governmental Affairs Consultant to Howard Kenner Governmental Consulting. Mr. Kenner is a Certified Public Accountant and former Chicago area legislator with a broad background in governmental affairs and strong relationships with legislators and key governmental entities throughout the state. He holds a Masters of Public Administration from Harvard University and earned a Bachelor of Science in Accounting from University of Illinois. IFA has worked to expand this important role to include strategic intergovernmental planning and representation of proactive legislation which supports IFA's mission, in addition to monitoring and representing the views of IFA in the legislature.

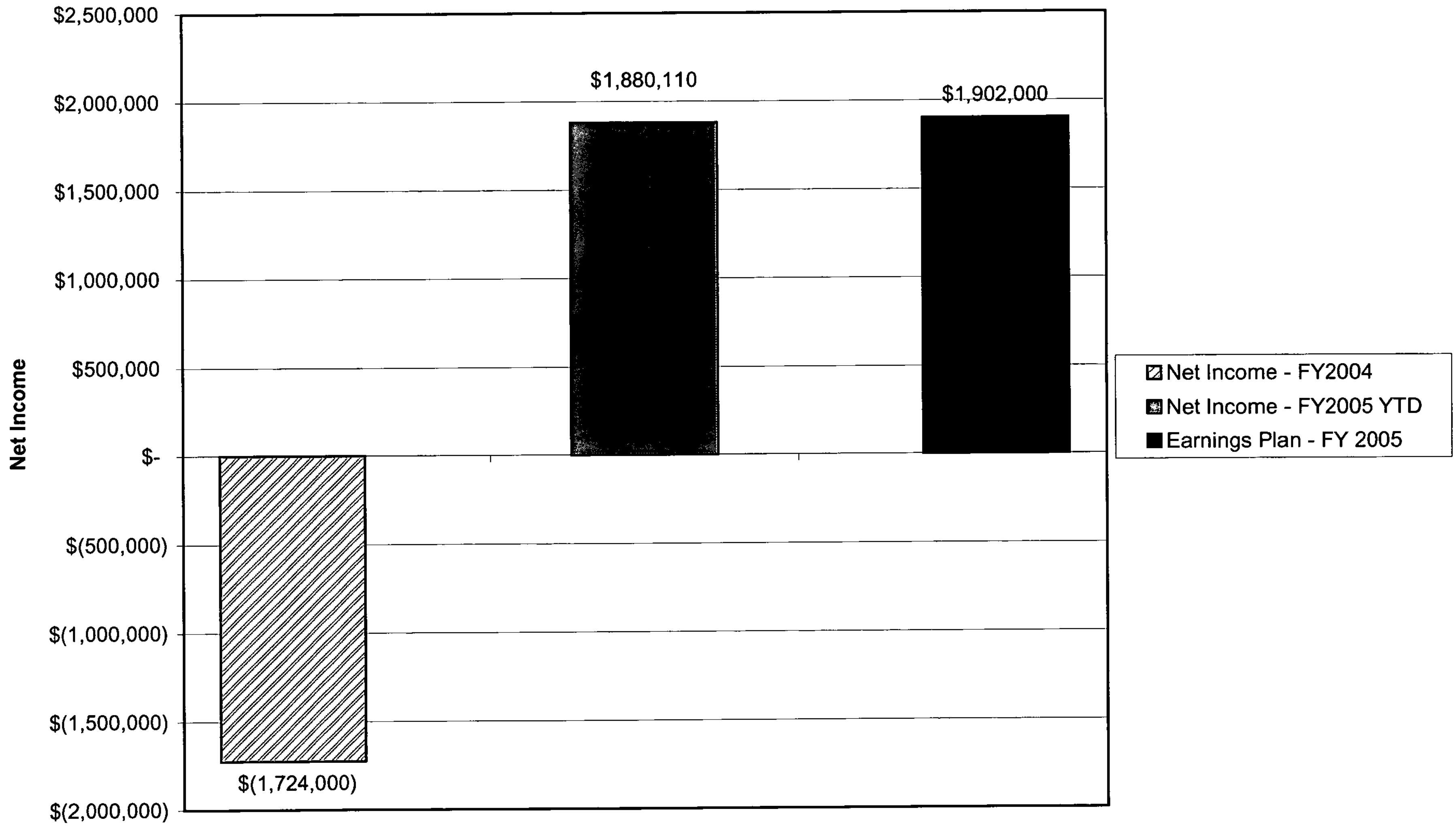
VI. Audit and Compliance

The Fiscal Year 2005 interim audit ended on June 30, 2005 as scheduled with one minor preliminary finding noted. The exit interview conducted with audit members and IFA management indicated that IFA has successfully managed the audit process and environment during this preliminary phase. The corrective actions for Fiscal Year 2004 audit have been underway with 7 of 14 findings complete and the remainder substantially completed.

IFA Monthly Revenues vs. Plan, FY 2005



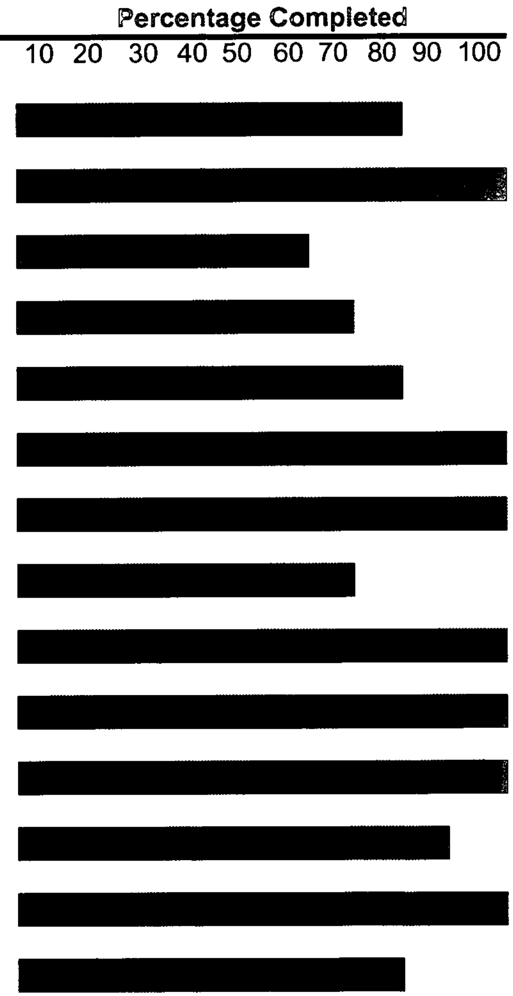
IFA Net Income



Illinois Finance Authority
Status of
FY 04 Audit Findings
Update as of June 30, 2005

Total Number of 14

Item Number	Description	Status Action Items/ Action Items Completed
04-01	Lack of Comprehensive Accounting System and Procedures	13/17
04-02	Inadequate Segregation of Duties	**Complete**
04-03	Failure to Monitor Bond Compliance	5/8
04-04	Inadequate Internal Control Review of Bond trustees	4/6
04-05	Non Compliance with Illinois Procurement Code and SAMS	2/3
04-06	Inadequate Invoice processing	**Complete**
04-07	Non-Submission of Credit Enhancement Development Report	**Complete**
04-08	Inadequate Maintenace of Personnel Files	**70% of files completed**
04-09	Inadequate Cash reciepts processing	**Complete**
04-10	InAccurate Completionof Agency Fee Imposition	**Complete**
04-11	Lack of Adequate Time reporting Documentation	**Complete**
04-12	Untimely Review of Monthly Reconciliations	**90% reviewed**
04-13	Unreported Assignments of State Vehicles	**Complete**
04-14	Incomplete accounting for Capital Assets	**Year-end inventory**



Notes:

50% = Partially Completed	0
60% = Substantially Completed	7
100% = Completed	7

Illinois Finance Authority
Statement of Activities
for Period Ending June 30, 2005

	Actual June 2005	Budget June 2005	Current Month Variance Actual vs.Budget	Current % Variance	Actual YTD FY 2005	Budget YTD FY 2005	Year to Date Variance Actual vs. Budget	YTD % Variance	Explanations
REVENUE									
INTEREST ON LOANS	36,497	35,000	1,497	4.3%	350,375	408,000	(57,625)	(14.1%)	
INVESTMENT INTEREST & GAIN(LOSS)	91,498	70,000	21,498	30.7%	807,394	816,000	(8,606)	(1.1%)	
ADMINISTRATIONS & APPLICATION FEES	370,274	330,000	40,274	12.2%	5,021,073	3,990,000	1,031,073	25.8%	
ANNUAL ISSUANCE & LOAN FEES	167,991	140,000	27,991	20.0%	1,704,363	1,680,000	24,363	1.5%	
OTHER INCOME	47,788	-	47,788	0.0%	56,894	-	56,894	0.0%	
TOTAL REVENUE	714,048	575,000	139,048	24.2%	7,940,099	6,894,000	1,046,099	15.2%	
EXPENSES									
EMPLOYEE RELATED EXPENSES									
COMPENSATION & TAXES	242,100	274,222	(32,122)	(11.7%)	2,738,937	3,032,376	(293,439)	(9.7%)	
BENEFITS	15,902	17,000	(1,098)	(6.5%)	212,894	210,233	2,661	1.3%	
TEMPORARY HELP	6,674	7,000	(326)	(4.7%)	48,419	102,000	(53,581)	(52.5%)	
EDUCATION & DEVELOPMENT	-	-	-	0.0%	2,881	-	2,881	0.0%	
TRAVEL & AUTO	36,579	4,500	32,079	712.9%	144,034	54,000	90,034	166.7%	Springfield Brd Meeting, & increase in expense reports
TOTAL EMPLOYEE RELATED EXPENSES	301,254	302,722	(1,468)	(0.5%)	3,147,165	3,398,609	(251,444)	(7.4%)	
PROFESSIONAL SERVICES									
CONSULTING, LEGAL & ADMIN	28,662	38,000	(9,338)	(24.6%)	330,491	421,000	(90,509)	(21.5%)	
LOAN EXPENSE & BANK FEE	1,249	1,500	(251)	(16.7%)	28,887	18,000	10,887	60.5%	
ACCOUNTING & AUDITING	59,595	-	59,595	0.0%	363,915	190,000	173,915	91.5%	Bond Reporting invoice from May 04 thru Nov. 04.
MARKETING GENERAL	17,453	10,000	7,453	74.5%	156,917	120,000	36,917	30.8%	
FINANCIAL ADVISORY	8,000	12,000	(4,000)	(33.3%)	96,525	144,000	(47,475)	(33.0%)	
VENTURE CAPITAL CONFERENCE/TRAINING	1,315	-	1,315	0.0%	7,627	-	7,627	0.0%	
MISCELLANEOUS PROFESSIONAL SERVICES	-	1,500	(1,500)	(100.0%)	80,988	18,000	62,988	349.9%	
DATA PROCESSING	2,723	400	2,323	580.8%	43,960	4,800	39,160	815.8%	
TOTAL PROFESSIONAL SERVICES	118,998	63,400	55,598	87.7%	1,109,311	915,800	193,511	21.1%	
OCCUPANCY COSTS									
OFFICE RENT	15,433	16,900	(1,467)	(8.7%)	240,552	287,100	(46,548)	(16.2%)	
EQUIPMENT RENTAL AND PURCHASES	2,655	3,000	(345)	(11.5%)	32,546	36,000	(3,454)	(9.6%)	
TELECOMMUNICATIONS	4,312	1,850	2,462	133.1%	48,389	22,200	26,189	118.0%	
UTILITIES	600	1,400	(800)	(57.1%)	10,421	16,800	(6,379)	(38.0%)	
DEPRECIATION	1,798	300	1,498	499.2%	18,425	3,600	14,825	411.8%	
INSURANCE	1,222	2,000	(778)	(38.9%)	13,704	24,000	(10,296)	(42.9%)	
TOTAL OCCUPANCY COSTS	26,020	25,450	570	2.2%	364,039	389,700	(25,661)	(6.6%)	
GENERAL & ADMINISTRATION									
OFFICE SUPPLIES	7,555	3,800	3,755	98.8%	100,954	45,600	55,354	121.4%	
BOARD MEETING - EXPENSES	7,088	-	7,088	0.0%	19,281	-	19,281	0.0%	Springfield Bord Meeting
PRINTING	1,998	300	1,698	566.1%	8,661	3,600	5,061	140.6%	
POSTAGE & FREIGHT	2,339	3,000	(661)	(22.0%)	32,730	36,000	(3,270)	(9.1%)	
MEMBERSHIP, DUES & CONTRIBUTIONS	10,730	2,400	8,330	347.1%	28,322	28,800	(478)	(1.7%)	Membership fee Hospital Association
PUBLICATIONS	387	300	87	29.0%	2,937	3,600	(663)	(18.4%)	
OFFICERS & DIRECTORS INSURANCE	8,699	14,000	(5,301)	(37.9%)	116,925	151,900	(34,975)	(23.0%)	
MISCELLANEOUS	1,603	500	1,103	220.6%	5,030	6,000	(970)	(16.2%)	
TOTAL GENERAL & ADMINISTRATION EXPENSES	40,398	24,300	16,098	66.2%	314,840	275,500	39,340	14.3%	
LOAN LOSS PROVISION	357,011	-	357,011	0.0%	239,737	-	239,737	0.0%	
OTHER									
INTEREST EXPENSE	781	850	(69)	(8.1%)	9,104	10,200	(1,096)	(10.7%)	
TAX & PENALTIES	-	-	-	0.0%	174,921	-	174,921	0.0%	
TOTAL OTHER	781	850	(69)	(8.1%)	184,025	10,200	173,825	1704.2%	
TOTAL EXPENSES	844,462	416,722	427,740	102.6%	5,359,117	4,989,809	369,308	7.4%	
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	(130,414)	158,278	(288,692)	(182.4%)	2,580,982	1,904,191	676,791	35.5%	
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	(405,231)	-	(405,231)	0.0%	(700,872)	-	(700,872)	0.0%	
NET INCOME/(LOSS)	(535,645)	158,278	(693,923)	(438.4%)	1,880,110	1,904,191	(24,081)	(1.3%)	

Illinois Finance Authority
Balance Sheet
for the Twelve Months Ending June 30, 2005

	May 2005	June 2005
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	$ 26,825,709	$ 27,259,354
RECEIVABLES, NET	13,263,638	12,561,765
OTHER RECEIVABLES	1,174,419	1,180,641
PREPAID EXPENSES	92,849	82,201
TOTAL CURRENT ASSETS	41,356,615	41,083,961
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	68,872	71,200
DEFERRED ISSUANCE COSTS	1,071,597	1,071,597
OTHER ASSETS - RESTRICTED		
CASH, INVESTMENTS & RESERVES	7,441,408	7,458,743
VENTURE CAPITAL INVESTMENTS	5,558,468	5,318,237
OTHER	4,000,000	4,000,000
TOTAL OTHER ASSETS	16,999,876	16,776,981
TOTAL ASSETS	$ 59,496,961	$ 59,003,738
LIABILITIES		
CURRENT LIABILITIES	$ 834,072	$ 876,495
LONG-TERM LIABILITIES	2,221,676	2,221,676
TOTAL LIABILITIES	3,055,748	3,098,170
EQUITY		
CONTRIBUTED CAPITAL	23,828,249	23,828,249
RETAINED EARNINGS	11,242,481	11,242,481
NET INCOME / (LOSS)	2,415,755	1,880,110
RESERVED/RESTRICTED FUND BALANCE	6,268,199	6,268,199
UNRESERVED FUND BALANCE	12,686,528	12,686,528
TOTAL EQUITY	56,441,213	55,905,568
TOTAL LIABILITIES & EQUITY	$ 59,496,961	$ 59,003,738

Illinois Finance Authority
Balance Sheet
for Twelve Months Ending June 30, 2005
ASSETS DETAIL

	May 2005	June 2005
CASH & INVESTMENTS, UNRESTRICTED:		
GENERAL OPERATING - IFA - CASH & INVESTMENTS, UNRESTRICTED	15,150,595	15,579,654
INDUSTRIAL REVENUE BOND INSURANCE FUND - CASH & INVESTMENTS, UNRESTRICTEI	11,255,798	11,259,367
IRBB SPECIAL RESERVE FUND - CASH & INVESTMENTS, UNRESTRICTED	5,669	5,695
IRBB TRUST FUND - CASH & INVESTMENTS, UNRESTRICTED	413,648	414,639
Total CASH & INVESTMENTS, UNRESTRICTED	26,825,709	27,259,354

	May 2005	June 2005
CASH & INVESTMENTS, UNRESTRICTED:		
LASALLE NATIONAL BANK - OPERATING	132,543	192,654
Illinois Funds - Chicago General Operating	8,302,675	8,631,554
Il. Funds - Springfield Operating	372,066	401,447
PETTY CASH -	100	100
PETTY CASH - CARBONDALE OFFICE	100	100
PETTY CASH - SPRINGFIELD OFFICE	200	200
MONEY MARKET ACCOUNT	(37)	(37)
MONEY MARKET- MS	64,751	69,151
BANTERRA BANK	215,661	221,950
BANTERRA BANK - CARBONDALE	43,135	43,135
IPTIP	1,146,138	1,146,138
IPTIP	1,593,359	1,593,359
IPTIP	823,794	823,794
INVESTMENT - FARM	2,398,149	2,398,149
CERTIFICATE OF DEPOSIT - LASALLE BANK	85,000	85,000
Unrealized Gain/Loss on Investment	(22,430)	(22,430)
Discount on FNA	(3,778)	(3,778)
Premium on FHLB	383	383
Discount on FNM	(1,215)	(1,215)
Total CASH & INVESTMENTS, UNRESTRICTED	15,150,595	15,579,654

	May 2005	June 2005
RECEIVABLES, NET		
GENERAL OPERATING - LOANS RECEIVABLE OUTSTANDING, NET	10,178,638	9,476,765
CREDIT ENCHANCEMENT DEVELOPMENT - RECEIVABLES	600,000	600,000
IRBB SPECIAL RESERVE FUND - RECEIVABLE, NET	2,485,000	2,485,000
TOTAL RECEIVABLES, NET	13,263,638	12,561,765

Illinois Finance Authority
Balance Sheet
for Twelve Months Ending June 30, 2005
ASSETS DETAIL

	May 2005	June 2005
OTHER RECEIVABLES		
GENERAL OPERATING - IFA - OTHER RECEIVABLES	1,170,850	1,176,706
INDUSTRIAL REVENUE BOND INSURANCE FUND - OTHER	3,569	3,935
IRBB SPECIAL RESERVE FUND - OTHER RECEIVABLES	-	-
IRBB TRUST FUND - OTHER RECEIVABLES	-	-
TOTAL OTHER RECEIVABLES	1,174,419	1,180,641

	May 2005	June 2005
PREPAID EXPENSES		
GENERAL OPERATING - IFA - PREPAID EXPENSES	92,849	82,201
TOTAL PREPAID EXPENSES	92,849	82,201

	May 2005	June 2005
OTHER ASSETS - RESTRICTED		
CASH, INVESTMENTS & RESERVES		
GENERAL OPERATING - IFA- CASH INVESTMENTS	6,035,552	6,052,866
CREDIT ENHANCEMENT DEVELOPMENT FUND - CASH, INVESTMENTS & RESERVES	1,401,319	1,401,319
IRBB SPECIAL RESERVE FUND - CASH, INVESTMENTS & RESERVES	4,538	4,558
	7,441,408	7,458,743

IFA Aging Report - DL-PL-PL/MPF - June 30, 2005

Client#	Client Name	Date of Closing	P.A	Payment 6/30/2005	Original Loan Amt	1-30 days	31-60 days	61-90 days	Past Due 91-180 days	181-days - 1 Year	over 1 year	Loan Balance 6/30/2005
PARTICIPATION LOANS												
9580-pl	Act Bending & Steel Company, Inc.	4/3/2001		Past Due	300,000.00						143,236	143,236
9879-pl	Alexis Fire Equipment	3/4/2004	Senica	Yes	247,610.78							174,314
	American Allied Freight Car Co. Inc.	3/23/2005	Senica	Yes	246,766.18							240,548
9830-PL	Arnold, Michael & Sandy	7/15/2003	Senica	Yes	147,406.77							137,396
9677-PL	Berry, Todd (Precision Laser)	11/5/2001	Senica	Yes	188,613.10							151,904
2110-PL	Bob Brady Dodge, Inc. (J & C Investment)	1/4/2000	Senica	Yes	300,000.00							228,488
9757-PL	Brahler, Richard W.	4/30/2002	Senica	Yes	297,591.78							272,110
	Bramm, Karen	3/22/2005	Reed	Annual Pymnt	847,738.68							847,739
1943-PL	Bushert, Forrest D.	8/10/1998	Senica	Yes	240,000.00							179,376
1881-PL	Caywood's Youth Center, Inc.	6/16/1998	Pigg	Yes	237,500.00							183,364
9792-PL	Chapman, Marc (Quality Water Services, I	10/25/2002	Senica	Yes	227,386.96	1,800						158,316
9817-PL	Centurion Investments	11/4/2003	Pigg	Yes	300,000.00							286,666
9588-PL	Cushing, Steve & Ed	5/21/2001	Pigg	Yes	149,237.50							96,670
	Dell Star Corporation	1/10/2005	Pigg	No	150,000.00	1,900						142,718
9835-PL	Eagle Theater Corporation	9/8/2003	Trout/Albright	Yes	295,070.51							271,176
	Excel Crusher Technologies	4/19/2005	Senica	Yes	1,000,000.00							973,005
9793-PL	Excel Foundry	3/27/2003	Senica	Yes	237,112.35							189,881
	Excel Foundry	5/24/2005	Senica	Yes	762,561.63							754,195
1904-PL	Hagel & Leong (2nd loan)	2/8/2002	Senica	Yes	100,817.48							35,348
1844-PL	Hawkeye Food Machinery, Inc.	1/17/1997	Senica	Yes	250,000.00							185,377
9286-PL	Illinois Valley Plastics, Inc.	5/9/2001	Senica	Yes	216,928.69							26,640
9726-PL	Kevin Krosse	2/15/2002	Senica	Yes	114,084.45	990						94,806
9783-PL	Keyser, David (Klean Wash, Inc.)	8/13/2002	Senica	Yes	100,000.00							72,384
1907-PL	Lincoln Tool Company	6/12/1997	Senica	Yes	150,000.00						107,127	107,127
1927-PL	Moerchen, William J.	6/12/1997	Pigg	Yes	300,000.00							86,689
	Newline Harwoods, Inc	11/4/2004	Senica	Yes	294,600.74							273,530
	Octochem	12/31/2003	Pigg	Yes	281,538.00							267,758
	Roesch, Inc	9/23/2004	Pigg	Yes	294,368.11							277,577
9781-PL	S & B Investments	2/18/2003	Pigg/Trout	Yes	197,889.23							175,649
9699-PL	Shults Machine	11/26/2002	Pigg	Yes	234,693.00							181,471
9579-PL	Siebenberger, Douglas & Robt. Ewen	5/17/2002	Pigg	Yes	235,698.79							209,480
9225-PL	Siracusa, Charles & Sharon	3/23/2000	Frampton	Yes	300,000.00							255,932
1869-PL	**Specialty Machine & Tool, Inc.**	4/2/1997	Cochran	Past due	87,172.87						71,943	71,943
	Spaulding Composites, Inc	3/23/2005	Curtis-Martin	Yes	622,508.14							616,662
9671-PL	Upchurch Oil & Ready Mix Concrete	5/4/2001	Pigg	Yes	300,000.00							197,849
	Uresil	12/1/2004	Curtis-Martin	Yes	300,000.00							284,738
9631-PL	The Weisiger Family Trust	4/6/2001	Senica	Yes	250,000.00							223,309
2164-PL	Wiegand, Beth A.	6/10/1999	Senica	Yes	183,484.09							145,450
9782-PL	Wilson, Michael L. Sr.	12/6/2002	Senica	Past due	296,031.82					284,229		284,229
	WorkSaver Inc	12/31/2003	Pigg	Yes	112,500.00							82,043
9672-PL	Young, Clinton (Precision Pattern)	8/1/2001	Senica	No	149,600.71							139,760
PL-Motion Picture Financing												
9733-PL/MPF	Big Picture Chicago,LLC	2/20/2002			82,500.00						16,432	16,432
	TOTAL				$ 12,404,548.52	6,246	-	-	-	284,229	338,737	9,743,287
PL/MPF Late amounts are estimates.												
DL Loans												
98	Roe Machine Co.	12/31/1980	Cochran	No due 6/27	45,000.00							4,940
1470	T.K.G. Inc.	8/26/1994	Cochran	Past due	179,000.00						107,808	107,808
	TOTAL				$ 224,000.00	-	-	-	-	-	107,808	112,747
FMHA Loans												
9627	Grayson Hill Energy, LLC	1/31/2001	Pigg	Yes	130,000.00							81,258
1952	Sublette Developers, Inc.	1/15/1998	Albright	Yes	150,000.00							110,317
9643	Ultra Play Systems, Inc.	5/3/2001	Pigg	Yes	90,000.00	1,314						44,333
1789	Walters Trucking	6/25/1996	Senica	No	100,000.00					21,209		21,209
	TOTAL				$570,000.00	1,314	-	-	-	21,209	-	257,117
	GRAND TOTAL					7,560	-	-	-	305,438	446,545	10,113,151

ILLINOIS FINANCE AUTHORITY
JUNE 14, 2005
BOARD MEETING

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 its regularly scheduled meeting at 11:30 a.m., on June 14, 2005 in the Illinois State Library (Rooms 403 and 404) at 300 South Second Street, in Springfield, Illinois.

Members Present:	*Members Present Via Telephone:	Members Absent:
James J. Fuentes	Natalia Delgado	Demetris Giannoulias
Michael W. Goetz	Terrence M. O'Brien	Timothy K. Ozark
David C. Gustman		Andrew W. Rice
Dr. Roger D. Herrin		
Edward H. Leonard, Sr.		
Martin H. Nesbitt		
Joseph P. Valenti		
Bradley A. Zeller		

*Ms. Delgado and Mr. O'Brien exited the meeting via teleconference at 12:20 p.m. after a vote was taken on project consideration Item No. 17 relating to Advocate Health Care Network.

GENERAL BUSINESS ITEMS

Call to order

Chairman Gustman called the meeting to order at 11:32 a.m., with the above members present.

Roll Call

Chairman Gustman asked Secretary Pisarcik to call the roll. There being eight members physically present, a quorum was declared. Secretary Pisarcik also noted that two members were present via telephone.

Chairman's Report

Chairman Gustman, after confirming that Board members Delgado and O'Brien could hear and be heard, thanked everyone present for traveling to Springfield for the meeting. Chairman Gustman recognized that many people in attendance were there because of the Board's consideration of a refunding for Advocate Health Care Network. As a result, Chairman Gustman announced that the discussion would begin with consideration of the Advocate Health Care Network refunding, Item 17 on the June 14, 2005 agenda.

Item 17 ***H-HO-TE-CD-586 Advocate Health Care Network***

Advocate Health Care Network, with multiple locations, seeks final approval of refunding of 501(c)(3) bonds in an amount not-to-exceed **$250 million** refinance existing bonds and pay issuance costs.

Chairman Gustman announced that the meeting would begin with comments from representatives (William Dempsey and Chiraq Mehta) of the Service Employees International Union ("SEIU"). The SEIU representatives addressed the Board concerning matters raised in SEIU's letter to the Board dated June 8, 2005, as well as additional information regarding Advocate Health Care. The Board members acknowledged receipt and consideration of the SEIU's letter, as well as a letter dated June 9, 2005 from Advocate Health Care Network. Chairman Gustman then provided representatives (Larry Majka, Dominic Nakis, Gail Hasbrouck, Tony Mitchell, and John Ruff) of Advocate the opportunity to address the Board concerning matters raised in SEIU's letter. Members of the Board then asked a series of questions of IFA's outside counsel and, after receiving satisfactory answers, certain Board members discussed various issues and matters relating to the refunding.

Upon a motion by Mr. O'Brien, seconded by Mr. Valenti, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays and 2 abstentions.

Interim Executive Director's Report

Director Rendleman gave an overview of the projects presented to the Members this month, noting there are $997,805,000.00 in requests.

Acceptance of May 2005 Financial Statements

Chairman Gustman asked the Members if there were any questions/comments on the financial statements. There being none, the Financial Statements were unanimously accepted.

Acceptance of Minutes of May 2005 Board Meeting

Upon a motion by Mr. Valenti, and seconded by Mr. Leonard, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present.

Project Considerations

AGRICULTURE:

Item-03 ***A-SG-TX-GT-572 John C. Newcomer and John H. Newcomer***

John C. and John H. Newcomer, of Lanark, seek preliminary approval for a livestock guarantee in an amount not-to-exceed **$950,000**.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-04 ***A-DR-TX-606 William Jaegel***

William Jaegel, of Tonica, seeks preliminary approval of an agricultural guarantee in an amount not-to-exceed **$450,000**.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-05 ***A-DR-TX-596 Perry and Pam Jungels***

Perry and Pam Jungels, of Hinckley, seek preliminary approval of an agricultural guarantee in an amount not-to-exceed **$400,000.**

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-06 ***A-FB-TE-CD-603 John and Shelly Hunter***
A-FB-TE-CD-609 Brian Schwierjohn

Seeking Preliminary Approval of Beginning Farmer Bonds:

John and Shelly Hunter of Burnside, in an amount not-to-exceed **$147,000**.
Brian Schwierjohn of Pocahontas, in an amount not-to-exceed **$163,000**.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-07 ***A-FB-TE-CD-568 Robert and Brandi Peterson***
A-FB-TE-CD-569 Kurt Uphoff
A-FB-TE-CD-570 Craig and Maura Miller
A-FB-TE-CD-582 Charlie Ford
A-FB-TE-CD-585 Cole Ervin

Seeking Final Approval of Beginning Farmer Bonds:

Robert and Brandi Peterson of Hudson, in an amount not-to-exceed **$45,000.**
Kurt Uphoff of Minonk, in an amount not-to-exceed **$125,000.**
Craig and Maura Miller of Monmouth, in an amount not-to-exceed **$175,000.**
Charlie Ford of Lomax, in an amount not-to-exceed **$160,000.**
Cole Ervin of Toledo, in an amount not-to-exceed **$90,000.**

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

COMMUNITIES AND CULTURE

Item-08 ***N-ND-TE-CD-593 Jewish Federation of Metropolitan Chicago***
Jewish Federation of Metropolitan Chicago, with locations throughout the metropolitan Chicago area, is seeking final approval for 501(c)(3) bonds in an amount not-to-exceed **$35 million** to expand services provided to its affiliated organizations.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-09 ***E-PS-TE-CD-538 Lake Forest Country Day School***
Lake Forest Country Day School, located in Lake Forest, is seeking final approval for 501(c)(3) bonds in an amount not-to-exceed **$23 million.** Proceeds will be used to purchase land, for construction and renovation, purchases, capitalize interest and bond issuance costs. This project is expected to create **5 new jobs** and **250 construction jobs**.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-10 ***L-GP-TE-MO-608 Pooled Local Government Refunding Program***
Pooled Local Government Refunding Program, for statewide refunding of local government bonds is presented for the board's preliminary approval in an amount not-to-exceed **$22 million** to advance refund outstanding bonds issued by the Illinois Rural Bond Bank on behalf of units of local government.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

BUSINESS AND INDUSTRY:

Item-11 ***I-ID-TE-CD-605 Regis Technologies, Inc. and its affiliates***

Regis Technologies, Inc. and its affiliates, located in Morton Grove, seeks preliminary approval of industrial development bonds in an amount not-to-exceed $**3.5 million** for renovations, equipment purchases, and to refund the outstanding balance on the company's Series 1996 bonds. This project is expected to create **10 new jobs** and **5 construction jobs**.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-12 ***I-ID-TX-CD-421 Midwest Molding, Inc., and Midwest Investments, LLC***

Midwest Molding, Inc., and Midwest Investments, LLC, located in Bartlett, seeks final approval for industrial development bonds in an amount not-to-exceed **$6 million** to purchase land and equipment, construction and refinancing. This project is expected to create **61 new jobs** and **30 construction jobs**.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

HEALTHCARE:

Item-13 ***H-HO-TE-CD-594 OSF Healthcare System***

OSF Healthcare System of Peoria, is seeking preliminary approval of 501(c)(3) bonds in an amount not-to-exceed **$110 million** to refund existing bonds and pay issuance costs.

Dr. Herrin shared that he knows a member of OSF's Board, and wanted to be certain that his vote would not be a conflict of interest. Outside counsel to IFA concluded that no conflict exists.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-14 ***H-HO-TE-CD-595 Alexian Brothers Health System***

Alexian Brothers Health System, located in Elk Grove Village and Hoffman Estates, is seeking preliminary approval of 501(c)(3) bonds in an amount not-to-exceed **$265 million** to refund existing bonds and pay issuance costs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-15 ***H-SL-RE-TE-CD-599 The Landing at Plymouth Place***

The Landing at Plymouth Place, located in LaGrange Park, is seeking preliminary approval of 501(c)(3) bonds in an amount not-to-exceed **$145 million** for construction and related costs, refund outstanding debt, and pay issuance costs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-16 ***H-SL-RE-TE-CD-521 Friendship Village of Schaumburg***

Friendship Village of Schaumburg, located in Schaumburg, is seeking final approval of 501(c)(3) bonds in an amount not-to-exceed **$130 million** to refinance existing debt, enhance liquidity, construction costs and pay issuance costs. This project is expected to create **50 new jobs** and **300 construction jobs**.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Item-18 ***CP-TE-CD-579 Aunt Martha's Youth Service Center***

Aunt Martha's Youth Service Center, with multiple locations, seeks final approval of 501(c)(3) bonds in an amount not-to-exceed **$5.6 million** to refinance outstanding bonds, finance commercial mortgages and loans and pay issuance costs.

Chairman Gustman requested leave of the Members to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

Project Revisions/Amendatory Resolutions

Item-19 ***E. Kinast Distributors, Inc.***

E. Kinast Distributors, Inc seeks approval of an amendment to the Preliminary Bond Resolution, approved on September 14, 2004, to increase the bond issuance amount from $3.6 million to an amount not-to-exceed $4.2 million.

Item-20 ***P & P Press***

P & P Press seeks a six month extension of the resolution initially approved on December 7, 2004 for a participation loan in an amount not-to-exceed $650,000.

Item-21 ***Cory Miller***

Cory Miller seeks an amendment to the Beginning Farmer Bond resolution approved on March 8, 2005 to increase the bond issuance amount from $27,000 to $98,010.

Item-22 ***Martin and Rebecca Koster***

Martin and Rebecca Koster seek an amendment to the $200,000 Participation Loan approval, granted on April 12, 2005, to eliminate the requirement that the Borrowers assign $200,000 of life insurance as a condition to the making of said Loan.

Chairman Gustman requested leave of the Members to apply the last unanimous vote to each of the four resolutions. Leave was granted. The motion was approved with 8 ayes, 0 nays and 0 abstentions/present.

The Chairman asked if there was any other business to come before the Committee or if any member of the public wished to address the Committee. There being no further business, Chairman Gustman adjourned the meeting at approximately 1:48 p.m.

Respectfully Submitted,

Michael R. Pisarcik, Secretary

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Tracy L. Kitley and Mike Kitley**

STATISTICS

Project Number:	A-SG-TX-625	Amount:	$1,000,000
Type:	Specialized Livestock Guarantee	IFA Staff:	Eric Reed
Location:	Flora, IL	Tax ID:	330-70-8525
SIC Code:	0213-Swine Production	Est. fee:	$7,500

BOARD ACTION

Approval to initiate a $1,000,000 (71%) Loan Guarantee in favor of The Flora Banking Company.
$1,000,000 of State Treasurer's Agricultural Reserve funds at risk.
Staff recommends approval, subject to satisfying all conditions of the bank loan, which include:

1. Assignment of life of life insurance in the amount of $1M for Tracy Kitley and Mike Kitley
2. Receipt of all necessary building and waist permits.
3. Pledge of sufficient real estate collateral to bring LTV within 80%.

PURPOSE

To fund the permanent financing for the construction of two 3600 head wean-to-finish hog buildings that will be supported by a grower contract with Prairie Rose Farms, LLC, a division of Maschoff Pork Inc.The Flora Banking Company will finance the construction loan for this project.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Guaranteed Loan	$1,000,000	Uses:	Proposed Const.	$1,4000,000
	Non-guaranteed Loan	$400,000			
	Total	**$1,400,000**	**Total**		**$1,400,000**

JOBS

Current employment:	2	Projected new jobs:	0
Jobs retained:	2	Construction jobs:	6

BUSINESS SUMMARY

Background: Tracy Kitley and his father Mike Kitely have requested $1.4M in order to construct a two hog facilities, which will each house 3,600 head of weanling pigs. The Kitley's will raise these pigs on contract for Prairie Rose Farms, which is a subsidiary of Maschoff Pork Inc. The pigs will be finished to market weight, at which time the contractor will remove the pigs for sale. The Kitley's will be paid $39 per pig space, which equals $280,800 annually.

Mike Kitley owns and operates a farming partnership known as Kitley Bros. Farms with his brother William Kitley. The farming operation also includes William's son Kent and Mike's sons Tracy and Troy Kitley. The Kitley's grain farming operations consist of 2,300 aces of corn and soybeans. Kitley Brothers Farms owns the equipment and farm each individuals land, as well as renting additional land. The boys provide labor to the operation and receive the benefit of the use of equipment. Tracy's cousin Kent Kitley constructed a similar 7,200 head hog operation that he has operated for about 5 years. He has a similar type of contract with Maschoff Pork, Inc and the sites will be located about 4 miles apart. William and Mike have been farming over 35 years. The Kitley's have an association with the loan officer at the Bank since 1989.

Project Rationale: While the Kitley family has an existing grain farming operation, they farm in an area of low quality soil. For this reason, land in their area is more conducive to livestock farming than row crop farming. Tracy and Mike have researched building a contract hog unit to provide another enterprise in their farm to provide an income for Tracy. Based on Tracy's cousin, Kent's, positive experience with a similar unit, the two expect that the swine unit will provide additional income for Tracy and better utilize their farm labor.

Transaction: The Flora Banking Company will finance the construction of the proposed hog facilities, which will eventually house 7,200 weanling pigs. The estimated cost of construction is $1.4M, of which IFA would provide a guarantee of $1M.

Repayment will be secured by a contract with Prairie Rose Farms, LLC, a division of Maschoff Pork, Inc., that will pay the borrowers $39 per pig space annually. The borrower's have pledged 40 acres on which the buildings will be located, along with an additional 100 acres of farmland. The loan will be financed over 10 years to match the term of the purchase contract. Since, the proposed collateral is insufficient, the borrowers will be required to pledge additional real estate in order to bring the LTV within 80%.

Financial Commentary: A personal financial statement for the primary borrower, Tracy Kitley was provided as of 11/04. Since Tracy is a recent college graduate, his assets are very limited. He has a small amount of cash on hand, an inventory of livestock, and some equipment.

Given Tracy Kitley's limited financial resources, his father Mike Kitley agreed to sign the loan with Tracy in order to provide more financial resources to the loan request. Mike Kitley's past three year's financial statements are detailed below.

Tax returns for Tracy Kitley for 2003 and 2004 reported minimal income. Tracy's income and expenses are combined with Mike Kitley's for those years to present the co-borrower's historical cashlows. Debt service coverage has been thin in 2002 and 2003 but improved in in 2004. It is projected to be thin with the additional debt from the proposed transaction.

The borrower's are investing no cash of their own in this transaction; rather they are pledging equity in real estate.

In addition to receipt of personal financial statements for Tracy and Mike Kitley, financial statements for Kitley Brothers Farms were also requested and received. These were requested due to the amount of income received by Mike Kitley from the farm partnership and because Mike Kitley lists partial ownership in the partnership as one of his major assets. Details of Kitley Brothers Farms financial statements are also listed below. In general, the partnership has been profitable, improving liquidity, and reducing leverage.

The Proforma Balance sheet listed below reflects the combination of assets for Tracy Kitley, Mike Kitley, and the additional asset value and mortgage debt associated with the proposed construction.

FINANCIAL DATA FOR:	Tracy Kitley Year 11/3/2004	Proforma-combined 12/31/2005
Cash	3,483	4,983
Crops/Livestock	8,002	32,602
Other Current Assets	0	27,939
Total Current Assets	**11,485**	**37,585**
Farm Machinery/Equipment	18,000	117,000
Real Estate/Improvements	0	2,204,400
Breeding stock	12,000	731,881
Other LT Assets	11,922	219,820
Total Non-Current Assets	**41,922**	**3,273,101**
Total Assets	**53,407**	**3,310,686**
Notes Payable	864	37,864
Current Maturities LT debt	0	97,721
Other Current Liabilities	0	0
Total Current Liabilities	**864**	**135,585**
Equipment Debt	11,644	34,276
Real Estate Debt	0	1,453,086
Other LT Liabilities	0	4,200
Total Non-Current Liabilities	**11,644**	**1,491,562**
Total Liabilities	**12,508**	**1,627,147**
Net Worth	**40,899**	**1,683,539**
Working Capital	**10,621**	**(98,000)**
Current Ratio	**13.29**	**0.28**
Debt-to-asset ratio	**0.23**	**0.49**
Debt-to-worth Ratio	**0.31**	**0.97**

The Kiltey's modest working capital will be reduced further by the current maturities of long-term debtadded with the proposed transaction. Leverage will also increase significantly as a result of this borrowing.

Mike Kitley's financial statement below reflects a net worth of $1,.600,00, with $720,000 of his assets consist of a 50% interest in Kitley Bros. Farms and Roy-Pan Inc. Kitley Bros. is the entity that owns the farm machinery and crops and leases land owned by Roy-Pan Inc., a family-owned land holding company. Mike Kitley's other major assets include 413 acres of farm land and his home, valued at $806,00, machinery valued at $100,000, and retirement accounts of $108,000.

Kitley Bros. Farms balance sheet as of 12/31/04 lists major assets of $297,000 in stored crops and $557,000 in equipment. The farm also carries the associated debt with these assets, which is an operating loan balance of $200,000 and equipment debt of $311,000.

Swine Finishing Cash flow model-Prairie Rose Farms LLC

	7200 head @$39	Operating Exp.	RE Taxes	Interest	Insurance	Depreciation	Net Income
1	280,800	32,400	10,080	83,638	7,920	231,240	-84,478
2	280,800	32,724	10,181	77,093	7,999	189,303	-36,500
3	280,800	33,051	10,283	70,110	8,079	155,210	4,067
4	280,800	33,382	10,385	62,660	8,160	136,571	29,642
5	280,800	33,678	10,489	54,710	8,242	132,530	41,151
6	280,800	34,053	10,594	46,228	8,324	132,530	49,071
7	280,800	34,393	10,700	37,179	8,407	132,530	57,591
8	280,800	34,737	10,807	27,523	8,491	68,696	130,546
9	280,800	35,084	10,915	17,220	8,576	68,696	140,309
10	280,800	35,435	11,024	6,227	8,662	68,696	150,756
	2,808,000	338,937	105,458	482,588	82,860	1,316,002	482,155

* *Annual Debt Service is calculated to be $181,359 based on a 10 year amortization with an interest rate of 6.5%*

FINANCIAL SUMMARY

Borrower's Finances: Borrower prepared statements submitted by Flora Banking Co.

FINANCIAL DATA FOR: **Mike Kitley**

	Year 4/17/2003	Year 3/27/2004	Year 4/15/2005
Cash	1,500	1,500	1,500
Crops/Livestock	16,700	19,450	24,600
Other Current Assets	11,718	8,040	4,139
Total Current Assets	**18,200**	**20,950**	**26,100**
Farm Machinery/Equipment	74,000	78,500	99,000
Real Estate/Improvements	806,400	806,400	806,400
Partial Interest in other entities	460,597	469,333	719,881
Other LT Assets	162,671	202,859	207,898
Total Non-Current Assets	**1,503,668**	**1,557,092**	**1,833,179**
Total Assets	**1,521,868**	**1,578,042**	**1,859,279**
Notes Payable	9,001	20,500	37,000
Current Maturities LT debt	0	0	0
Other Current Liabilities	0	0	0
Total Current Liabilities	**9,001**	**20,500**	**37,000**
Equipment Debt	10,636	7,977	22,632
Real Estate Debt	175,377	163,787	150,807
Other LT Liabilities	5,000	4,700	4,200
Total Non-Current Liabilities	**191,013**	**176,464**	**177,639**
Total Liabilities	**200,014**	**196,964**	**214,639**
Net Worth	**1,321,854**	**1,381,078**	**1,644,640**
Working Capital	**9,199**	**450**	**(10,900)**
Current Ratio	**2.02**	**1.02**	**0.71**
Debt-to-asset ratio	**0.13**	**0.12**	**0.12**
Debt-to-worth Ratio	**0.15**	**0.14**	**0.13**

FINANCIAL DATA FOR: **Kitley Bros Farms** (Information only)

	Year 12/31/2002	Year 12/31/2003	Year 12/31/2004
Cash	3,117	1,486	630
Crops/Livestock	261,000	265,600	297,400
Other Current Assets	3,680	12,320	10,000
Total Current Assets	**267,797**	**279,406**	**308,030**
Farm Machinery/Equipment	660,000	615,400	556,900
Real Estate/Improvements	91,000	91,000	86,000
Other LT Assets	82,513	97,503	93,663
Total Non-Current Assets	**833,513**	**803,903**	**736,563**
Total Assets	**1,101,310**	**1,083,309**	**1,044,593**
Notes Payable	342,000	230,492	201,992
Total Current Liabilities	**342,000**	**230,492**	**201,992**
Equipment Debt	306,116	382,150	311,292
Real Estate Debt	0	0	0
Total Non-Current Liabilities	**306,116**	**382,150**	**311,292**
Total Liabilities	**648,116**	**612,642**	**513,284**
Net Worth	**453,194**	**470,667**	**531,309**
Working Capital	**(74,203)**	**48,914**	**106,038**
Current Ratio	**0.78**	**1.21**	**1.52**
Debt-to-asset ratio	**0.59**	**0.57**	**0.49**
Debt-to-worth Ratio	**1.43**	**1.30**	**0.97**
Sales	309623	409582	506413
Depreciation	78374	71586	58678
Interest	31229	24993	15915
General Expenses	168268	213755	275274
Net Farm Income	31752	99248	156546

Cash Basis Accounting	Mike and Tracy Kitley Combined 2002	2003	2004	Average	Year 1 Projection
Crop/Livestock Sales	23,284	39,455	27,654	30,131	310,800
Government payments	1,313	0	0	438	0
Other Farm Income	9,204	6,005	5,158	6,789	5,000
Total Farm Income	**33,801**	**45,460**	**32,812**	**37,358**	**315,800**
General Operating Expenses	33,208	48,944	58,249	46,800	100,400
Depreciation	19,218	12,868	38,997	23,694	256,240
Interest Expense	17,404	13,027	14,939	15,123	98,638
Total Farm Expenses	**69,830**	**74,839**	**112,185**	**85,618**	**455,278**
Net Cash Farm Income	**(36,029)**	**(29,379)**	**(79,373)**	**(48,260)**	**(139,478)**
Accrual Adjustments	**0**	**0**	**0**	**0**	**0**
Stored Crops Adj.	**0**	**0**	**0**	**0**	**0**
Accounts Rec. Adj.	**0**	**0**	**0**	**0**	**0**
Prepaid Exp. Adj.	**0**	**0**	**0**	**0**	**0**
Accounts Payable Adj.	**0**	**0**	**0**	**0**	**0**
Accrual Adj. Income	**(36,029)**	**(29,379)**	**(79,373)**	**(48,260)**	**(139,478)**

Repayment Margin Analysis	2002	2003	2004	Average	Projection
Net Farm Operating Income	(36,029)	(29,379)	(79,373)	(48,260)	(139,478)
Add: Non-farm Income	41,910	66582	115274	74,589	50,000
Add: Depreciation Expense	19,218	12,868	38,997	23,694	256,240
Add: Annual Term Debt Interest	17,404	13,027	14,939	15,123	98,638
Less: Income Taxes	(71)	(1,199)	(139)	(470)	0
Less: Family Living W/D	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Balance Available for Term Debt Rpymt	**17,432**	**36,899**	**64,698**	**39,676**	**240,400**
Principal on Term Debt	27,630	27,630	27,630	27,630	125,351
Interest on Term Debt	17,404	13,027	14,939	15,123	98,638
Total Principal and Interest Pymts	**45,034**	**40,657**	**42,569**	**42,753**	**223,989**
Equals Term Debt Coverage Ratio	**0.39**	**0.91**	**1.52**	**0.93**	**1.07**
Equals Term Debt Repayment Margin	**(27,602)**	**(3,758)**	**22,129**	**(3,077)**	**16,411**

COLLATERAL ANALYSIS:

Collateral Description	Value	Advance	Adj. Value	
Stored Crops		0.85	$ -	
Growing Crops		0.65	$ -	
Breeding Stock	$ -	0.80	$ -	
Proposed facilities w/40 ac	$1,398,000	0.70	$ 978,600	(Appraised 6/1/05)
Real Estate-100 acres	$ 170,000	0.80	$ 136,000	
Total Collateral	$1,568,000		$1,114,600	

Total Loans Outstanding: $1,400,000

Adjusted LTV: 126%

Excess Collateral: $ (285,400)

PROJECT SUMMARY

Loan proceeds will be used to finance two hog facilities, which will each house 3,600 weanling pigs. The Kitley's will raise these pigs on contract for Prairie Rose Farms, which is a subsidiary of Maschoff Pork Inc. The pigs will be finished to market weight, at which time the contractor will remove the pigs for sale. The Kitley's will be paid $39 per pig space, which equals $280,800 annually. The Flora Banking Company will finance the construction of the proposed hog facilities, which will eventually house 7,200 weanling pigs. The estimated cost of construction is $1,400,000.

FINANCING SUMMARY

Interest:	The borrower's note rate will be a 10 year fixed rate of 7.5%.	
Security:	This loan facility will be secured by a 1st REM on 40 acres with the proposed improvements. The estimated construction cost is $1.4M. The borrower has also pledged an additional 100 acres of unimproved farm land. Additional real estate will have to be pledged.	
Sources of Repayment:	Primary:	Contract payments from supplier of weaner pigs.
	Secondary:	Other farm income/liquidation of collateral.
Maturity:	10 years with monthly P&I	

COLLATERAL

Based on the proposed collateral, the LTV is 126%. This loan facility will be secured by a 1st REM on 40 acres with the proposed improvements. The estimated construction cost is $1.4M. The borrower has also pledged an additional 100 acres of unimproved farm land. The borrowers will be required to to pledge sufficient real estate collateral in order to reduce the LTV to 80%.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Tracy L. Kitley Mike Kitley
Location:	589 Azalea Lane, Flora, IL 62839
Organization:	Sole Proprietor
State:	Illinois
Ownership:	Tracy Kitley and Mike Kitley

PROFESSIONAL & FINANCIAL

Accountant:	Lincoln Farm Business Farm Management in Olney, IL	
Bank:	The Flora Banking Company	Herb Henson,, Loan Officer

LEGISLATIVE DISTRICTS

Congressional:	19th	State Senate:	54th	State House	108th

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Lynne L. & Madonna J. Brown**

STATISTICS

Project Number:	A-DR-TX-598	Amount:	$145,000
Type:	Agri Debt Guarantee	IFA Staff:	Bart Bittner
Location:	Danforth, IL	Tax ID:	325-40-9253
SIC Code:	0191-Grain Farming	Est. fee:	$1087.50

BOARD ACTION

Approval for an 85% Agri Debt Guarantee Loan in favor of Farmers State Bank of Danforth
$123,250 of State Treasurer's Agricultural Reserve funds at risk.
Staff recommends approval, subject to satisfying all conditions of the bank loan.

PURPOSE

To consolidate long term debt on the purchase of 62 acres of farmland in the amount of $145,000 in order to improve cash flow by reducing the interest rate and extending the term of the loan.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA-Guarantee	$145,000	Uses:	Refinance Loans	$179,461
	Lender	$34,461			
	Total	**$179,461**		**Total**	**$179,461**

JOBS

Current employment:	2	Projected new jobs:	0
Jobs retained:	2	Construction jobs:	0

BUSINESS SUMMARY

Background: Lynne Brown is a Danforth area farmer that produces corn, soybeans, seed soybeans and wheat on approximately 860 acres of farmland. Lynne rents a large majority of the ground under cash rent and share rent agreements. He pays reasonable rental rates and has had positive longstanding relationships with his landlords.

The Browns do own the 62 acres of farm ground which is being pledged as collateral for this loan request.

Project Rationale: Consolidating a large portion of the farm operation's long term debt will allow Lynne to realize lower payments due to a longer term and lower interest rate on the note. This will help Lynne's operation in the area it struggles the most, cash flow.

Transaction: Lynne Brown is requesting a guarantee to restructure his long term debt in order to positively impact the cash flow for his farming operation. The request is for IFA to guarantee a loan in the amount of $145,000 to restructure debt incurred to purchase 62 acres of farmland.

Farmers State Bank of Danforth will be refinancing the existing machinery debt in the amount of $34,461 without a guarantee.

Additional Covenants And Conditions: Recommended that the loan be approved subject to a completed appraisal of the 62 acre farm in section 7 of Danforth Township that is pledged as collateral.

FINANCIAL SUMMARY

Borrower's Finances:

Financial statements for Lynne and Madonna Brown were provided by Farmer's State Bank of Danforth. The statements consist of tax returns, accrual income statements and balance sheets for 2002, 2003 and 2004. The accrual income statements were prepared by FBFM.

Lynne Brown has shown positive net farm income over the past 3 years and based on county averages, is producing yields at or above the county average in addition to showing sales at or above the county average prices. Lynne is regarded as an excellent farmer by his lender Gerry Lunt. His yield and marketing performances seem to support that statement.

The weakness in Lynne's financial statement is cash flow. Approving this guarantee will help that situation by affording him a lower interest rate and lengthening the term of the note therefore decreasing his payments.

Lynne's ratios are acceptable and repayment capacity is adequate. He has shown steady improvement in net farm income and repayment capacity is getting stronger. Conservative proforma statements show the potential for this trend to continue.

The debt to asset ratio for Lynne shows that he is not too highly leveraged by staying below 50%. Long Term debt consists of real estate in the amount of $179,461 as of June 1, 2005. IFA is requested to guarantee $145,000, the bank will be refinancing the balance of the term debt in that amount of $34,461 secured by equipment. Shorter term debt consists of vehicle and equipment loans in the amount of $39,057.

The collateral margin for the loan request is good with an adjusted LTV of 82% based on 80% of the market estimate of the land's value as of 2004. An appraisal is forthcoming. Should the appraisal not be available at the time of Board consideration, it is recommended that the board approve the request subject to an appraised value that supports a loan to value ratio no greater than 82%.

FINANCIAL DATA FOR:	Lynne & Madonna Brown Year 12/31/2002	Year 12/31/2003	Year 12/31/2004	Proforma 12/31/2005
Cash	116	5,416	438	5,724
Crops/Livestock	116,385	126,705	130,920	196,442
Other Current Assets	26,269	64,223	45,128	46,745
Total Current Assets	**142,770**	**196,344**	**176,486**	**248,911**
Farm Machinery/Equipment	239,925	272,170	268,960	250,000
Real Estate/Improvements	411,000	420,000	473,000	430,000
Other LT Assets	113,994	126,671	125,879	120,000
Total Non-Current Assets	**764,919**	**818,841**	**867,839**	**800,000**
Total Assets	**907,689**	**1,015,185**	**1,044,325**	**1,048,911**
Notes Payable	76,341	149,362	122,009	179,706
Current Maturities LT debt	25,919	19,636	14,315	15,000
Other Current Liabilities	25,378	23,834	23,654	23,500
Total Current Liabilities	**127,638**	**192,832**	**159,978**	**218,206**
Equipment Debt	0	0	0	0
Real Estate Debt	223,218	200,781	193,618	188,000
Other LT Liabilities	60,830	94,295	106,294	100,000
Total Non-Current Liabilities	**284,048**	**295,076**	**299,912**	**288,000**
Total Liabilities	**411,686**	**487,908**	**459,890**	**506,206**
Net Worth	**496,003**	**527,277**	**584,435**	**542,705**
Working Capital	**15,132**	**3,512**	**16,508**	**30,705**
Current Ratio	**1.12**	**1.02**	**1.10**	**1.14**
Debt-to-asset ratio	**0.45**	**0.48**	**0.44**	**0.48**
Debt-to-worth Ratio	**0.83**	**0.93**	**0.79**	**0.93**

Cash Basis Accounting	2002	2003	2004	Average	Projection
Crop/Livestock Sales	185,846	202,548	197,102	195,165	196,442
Government payments	10,603	25,120	38,572	24,765	14,300
Other Farm Income	25,178	15,416	57,450	32,681	32,445
Total Farm Income	**221,627**	**243,084**	**293,124**	**252,612**	**243,187**
General Operating Expenses	179,796	176,103	217,058	190,986	179,706
Depreciation	21,675	31,076	22,205	24,985	24,000
Interest Expense	29,494	32,007	45,050	35,517	30,000
Total Farm Expenses	**230,965**	**239,186**	**284,313**	**251,488**	**233,706**
Net Cash Farm Income	**(9,338)**	**3,898**	**8,811**	**1,124**	**9,481**
Accrual Adjustments	**0**	**0**	**0**	**0**	**0**
Stored Crops Adj.	**0**	**0**	**0**	**0**	**0**
Accounts Rec. Adj.	**0**	**0**	**0**	**0**	**0**
Prepaid Exp. Adj.	**6,945**	**5,380**	**1,288**	4,538	**3,500**
Accounts Payable Adj.	**0**	**0**	**0**	**0**	**0**
Accrual Adj. Income	**(2,393)**	**9,278**	**10,099**	**5,661**	**12,981**

Repayment Margin Analysis	2002	2003	2004	Average	Projection
Net Farm Operating Income	(2,393)	9,278	10,099	5,661	12,981
Add: Non-farm Income	8,532	12703	12821	11,352	13,000
Add: Depreciation Expense	21,675	31,076	22,205	24,985	24,000
Add: Annual Term Debt Interest	29,494	32,007	45,050	35,517	30,000
Less: Income Taxes	387	674	1,245	(769)	(1,300)
Less: Family Living W/D	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Balance Available for Term Debt Rpy	**42,695**	**70,738**	**76,420**	**61,747**	**63,681**
Principal on Term Debt	25,919	19,636	14,315	19,957	18,000
Interest on Term Debt	29,494	32,007	45,050	35,517	30,000
Total Principal and Interest Pymts	**55,413**	**51,643**	**59,365**	**55,474**	**48,000**
Equals Term Debt Coverage Ratio	**0.77**	**1.37**	**1.29**	**1.11**	**1.33**
Equals Term Debt Repayment Margi	**(12,718)**	**19,095**	**17,055**	**6,273**	**15,681**

COLLATERAL ANALYSIS:

Collateral Description	Value	Advance	Adj. Value
Stored Crops		0.85	$ -
Growing Crops		0.65	$ -
Breeding Stock	$ -	0.80	$ -
Equipment	$ -	0.80	$ -
Real Estate	$ 221,000	0.80	$ 176,800
Total Collateral	$ 221,000		$ 176,800
Total Loans Outstanding:			$ 145,000
Adjusted LTV:			82%
Excess Collateral:			$ 31,800

PROJECT SUMMARY

The balance of Lynne Brown's long term debt is currently $179,461 from the purchase of 62 acres of farm ground. The request for IFA guarantee is in the amount of $145,000 and is secured by the 62 acres of farm ground. Farmers State Bank of Danforth will be refinancing the remaining $34,461 of long term debt secured by equipment.

FINANCING SUMMARY

Interest:	5.50% fixed for 5 years. Rate will be renewed at the Prime rate less .50%.
Security:	1st Mortgage on 62 acres of farmland located in Section 7 of Danforth Township.
Sources of Repayment:	Primary: Sales of crops produced on farm. Secondary: Income from custom farming.
Maturity:	30-year amortization. 30-year term

COLLATERAL

LTV is: 82%. The loan will be secured by 1st mortgage on 62 acres of farmland located in Danforth Township valued at $221,000. LTV was calculated with the land adjusted to 80% of value

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Lynne L. Brown & Madonna J. Brown
Location:	722 E 2200 North Road, Danforth, IL 60930
Organization:	Sole Proprietorship
State:	Illinois
Ownership:	Lynne L. Brown & Madonna J. Brown

PROFESSIONAL & FINANCIAL

Accountant:	FBFM
Bank:	Farmers State Bank of Danforth

LEGISLATIVE DISTRICTS

Congressional:	15th	State Senate:	53rd	State House:	103rd

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Steve & Merry Pitstick**

STATISTICS

Project Number:	A-DR-TX-611	Amount:	$500,000
Type:	Agri Debt Guarantee	IFA Staff:	Bart Bittner
Location:	Maple Park	Tax ID:	322-58-6951
SIC Code:	0191-Grain Farming	Est. fee:	$3750

BOARD ACTION

Approval for an 85% Agri Debt Guarantee Loan in favor of American National Bank of DeKalb County, IL.
$425,000 of State Treasurer's Agricultural Reserve funds at risk.
Staff recommends approval, subject to satisfying all conditions of the bank loan.

PURPOSE

Consolidating all long term debt from the purchase of a 70 acre farm with buildings in Kane County amounting to $364,000 and miscellaneous existing debt in the amount of $136,000.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	Sources: IFA-Guarantee	$500,000	Uses: Refinance Loans	$500,000
	Total	**$500,000**	**Total**	**$500,000**

JOBS

Current employment:	2	Projected new jobs:	0
Jobs retained:	2	Construction jobs:	0

BUSINESS SUMMARY

Background: Steve Pitstick currently operates a 2170 acre grain farm of which 1535 acres are located in Kane County and 635 are located in McLean County. The crops grown are corn, soybeans and wheat. Only 27 acres of wheat is grown and that is located on one of the farms in Kane County.

Steve has earned his real estate license and his crop insurance license and generates an average of $10,000 in income per year from these activities.

Rationale: Steve is applying for an IFA guaranteed loan in the amount of $500,000 to consolidate all of his long term debt. The goal is to decrease the overall interest rate and spread the debt out over a longer term to keep his payments lower to allow for a stronger cash flow in his farming operation.

Additional Covenants
And Conditions: Recommend approval contingent upon receiving completed appraisal.

FINANCIAL SUMMARY

Borrower's
Finances:

Financial statements were prepared and provided by the borrower and consist of tax returns for 2002, 2003 and 2004 and balance sheets for 2002, 2003 and 2004.

Steve has a strong pay history with the lender and his projected cash flow shows adequate debt service capacity. The concern with the operation is one of leverage. The bank has approved this loan contingent upon the approval of the requested IFA guarantee. The concern over leverage will be well served by consolidating this debt in order to lower his interest rate, lengthen his term and as a result, lower his annual payments to retire this debt. The strength in debt service capacity in the projection reflects the positive impacts

Steve may be interested in selling the subject property at some time during the term of this note in order to retire this and much of the rest of his long term debt. The right time to make this sale will depend upon urban growth in the area of his farm and the farm land market. The borrower knows the property will bring well above market value for farm land given the proximity of the ground to a highly urban area like DeKalb.

This guarantee will allow Steve to pick the best time to sell the property in order to make the best return. It is believed that the appraisal for the property will come in at $10,000 per acre or more. The other aspect of the consolidation is the $136,000 of miscellaneous debt that includes a divorce settlement.

Debt to asset ratios are acceptable and net farm income shows a positive trend in Steve's financials. As stated before, repayment capacity as projected is strong and net worth is on the rise. Steady off farm income bolsters repayment capacity. Steve's operation has steadily grown over the past few years and crop sales and input expenses show this trend. The expansion of Steve's farm of 640 acres of rented ground in McLean County provides him some protection from crop loss given the distance between Kane Count and Mclean County. The Mclean County also has the potential to be his most productive. In addition, Steve purchased 90% income coverage on his 2005 growing crops.

Steve's operation has grown by 700 acres over the last 2 years. He gained 400 acres in 2004 and 300 acres for 2005. As a result, the projected current assets are much higher than previous years because of the additional 700 acres in crop production. In 2005 he will show additional bushels as carryover from the 400 acre increase in 2004 as well as sales taken as income in 2005 from the additional 300 acres. His non-current assets also increased dramatically due the valuation of the 70 acres he purchased at an estimated $10K per acre.

Steve has done a good job of keeping equipment costs and overhead reasonable by running older equipment and transporting much of his equipment back in forth between the two locations to avoid equipment duplication. This application is the first step in the right direction for Steve to retire his long term debt.

FINANCIAL DATA FOR:	**Steve Pitstick**			
	Year	**Year**	**Year**	**Proforma**
	12/31/2002	**12/31/2003**	**12/31/2004**	**12/31/2005**
Cash	1,800	2,250	4,600	6,853
Crops/Livestock	282,609	231,403	330,322	578,776
Other Current Assets	24,900	40,360	31,420	67,000
Total Current Assets	**309,309**	**274,013**	**366,342**	**652,629**
Farm Machinery/Equipment	220,100	211,300	211,000	197,700
Real Estate/Improvements	55,000	62,900	110,600	737,280
Other LT Assets	84,604	75,370	77,255	77,907
Total Non-Current Assets	**359,704**	**349,570**	**398,855**	**1,012,887**
Total Assets	**669,013**	**623,583**	**765,197**	**1,665,516**
Notes Payable	279,325	243,046	305,899	382,164
Current Maturities LT debt	20,207	0	22,500	9,100
Other Current Liabilities	7,000	26,305	32,142	281,258
Total Current Liabilities	**306,532**	**269,351**	**360,541**	**672,522**
Equipment Debt	119,677	92,392	67,500	22,121
Real Estate Debt	13,200	12,800	12,000	371,443
Other LT Liabilities	0	0	0	136,000
Total Non-Current Liabilities	**132,877**	**105,192**	**79,500**	**529,564**
Total Liabilities	**439,409**	**374,543**	**440,041**	**1,202,086**
Net Worth	**229,604**	**249,040**	**325,156**	**463,430**
Working Capital	**2,777**	**4,662**	**5,801**	**(19,893)**
Current Ratio	**1.01**	**1.02**	**1.02**	**0.97**
Debt-to-asset ratio	**0.66**	**0.60**	**0.58**	**0.72**
Debt-to-worth Ratio	**1.91**	**1.50**	**1.35**	**2.59**

Government payments	27,049	46,695	99,391	57,712	40,000
Other Farm Income	1,659	1,794	700	1,384	2,000
Total Farm Income	**479,149**	**533,386**	**628,093**	**546,876**	**820,623**
General Operating Expenses	400,898	457,984	569,500	476,127	666,332
Depreciation	1,644	4,798	2,644	3,029	3,000
Interest Expense	10,883	5,272	3,583	6,579	18,872
Total Farm Expenses	**413,425**	**468,054**	**575,727**	**485,735**	**688,204**
Net Cash Farm Income	**65,724**	**65,332**	**52,366**	**61,141**	**132,419**
Accrual Adjustments	**0**	**0**	**0**	**0**	**0**
Stored Crops Adj.	**0**	**0**	**0**	**0**	**0**
Accounts Rec. Adj.	**0**	**0**	**0**	**0**	**0**
Prepaid Exp. Adj.	**0**	**0**	**0**	**0**	**0**
Accounts Payable Adj.	**0**	**0**	**0**	**0**	**0**
Accrual Adj. Income	**65,724**	**65,332**	**52,366**	**61,141**	**132,419**

Repayment Margin Analysis

	2002	2003	2004	Average	Projection
Net Farm Operating Income	65,724	65,332	52,366	61,141	132,419
Add: Non-farm Income	5,300	4500	8000	5,933	0
Add: Depreciation Expense	1,644	4,798	2,644	3,029	3,000
Add: Annual Term Debt Interest	10,883	5,272	3,583	6,579	18,872
Less: Income Taxes	7,315	9,781	5,259	(7,159)	(10,000)
Less: Family Living W/D	(38,000)	(38,000)	(38,000)	(38,000)	(38,000)
Balance Available for Term Debt Rpymt	**52,866**	**51,683**	**33,852**	**31,523**	**106,291**
Principal on Term Debt	22,500	22,500	22,500	22,500	10,665
Interest on Term Debt	10,883	5,272	3,583	6,579	18,872
Total Principal and Interest Pymts	**33,383**	**27,772**	**26,083**	**29,079**	**29,537**
Equals Term Debt Coverage Ratio	**1.58**	**1.86**	**1.30**	**1.08**	**3.60**
Equals Term Debt Repayment Margin	**19,483**	**23,911**	**7,769**	**2,444**	**76,754**

COLLATERAL ANALYSIS:

Collateral Description	**Value**	**Advance**	**Adj. Value**
Stored Crops		0.85	$ -
Growing Crops		0.65	$ -
Breeding Stock	$ -	0.80	$ -
Equipment	$ -	0.80	$ -
Real Estate	$ 700,000	0.80	$ 560,000
Total Collateral	$ 700,000		$ 560,000

Total Loans Outstanding: $ 500,000

Adjusted LTV: 89%

Excess Collateral: $ 60,000

PROJECT SUMMARY

Steve is working to consolidate a portion of his long term debt that consists of a mortgage on 70 acres of farm ground that include a residence and outbuildings will a balance of $364,000. The balance of the $500,000 guarantee is to refinance miscellaneous debt that includes a divorce settlement with his ex-wife.

FINANCING SUMMARY

Interest:	90 day T-Bills plus 475 basis points, variable.
Security:	1st Mortgage 70 acres of farmland that includes a residence and farm buildings.
Sources of Repayment:	Primary: Sale of harvested grain Secondary: Custom Farming Income
Maturity:	20 year term with 20 year amortization

COLLATERAL

Adjusted LTV is: 89%. The loan will be secured by 70 acres of farm land that as an estimated value of $10,000 per acre. The appraisal for the property has been ordered.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Steve Pitstick
Location:	0N644 Shade Tree Lane, Maple Park, IL 60151
Organization:	Sole Proprietorship
State:	Illinois
Ownership:	Steve & Merry Pitstick

PROFESSIONAL & FINANCIAL

Accountant:

Bank: American National Bank of DeKalb County, DeKalb, IL Jeff Main

LEGISLATIVE DISTRICTS

Congressional:	14th	State Senate:	25th	State House	50th

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **James C. & Mildred J. Grubb**

STATISTICS

Project Number:	A-YF-TX-CD-614	Amount:	$181,000
Type:	Young Farmer Guarantee	IFA Staff:	Bart Bittner
Location:	Winchester	Tax ID:	335-74-4796
SIC Code:	0191-Grain Farm	Est. fee:	$1357.50

BOARD ACTION

Approval for an 85% Young Farmer Guaranteed loan in favor of First Bank of Roodhouse.
$153,850 of State Treasurer's Agricultural Reserve funds at risk.
Staff recommends approval, subject to satisfying all conditions of the bank loan.

PURPOSE

To guarantee a loan for the purchase of 77 acres of farm land located in Scott County at a purchase price of $2000 per acre and to buy out the Conservation Reserve Program (CRP) contract at a cost of $27,000.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA-Guarantee	$181,000	Uses:	Land Purchase	$154,000
				CRP Contract Purchase	$27,000
	Total	**$181,000**		**Total**	**$181,000**

JOBS

Current employment:	2	Projected new jobs:	0
Jobs retained:	2	Construction jobs:	0

BUSINESS SUMMARY

Background: Jim Grubb is a grain and beef producer located near Winchester, IL in Scott County. Jim currently runs a 72 head beef cow operation and a 225 acre grain farm. Jim's wife Mildred works for Blue Cross/Blue Shield in Technical support and earns a steady source of non-farm income.

The Grubb's are purchasing 77 acres of farm land, that is located adjacent to a farm they already own, from a neighbor that recently had heart surgery and is looking to get out of debt. As a result, the private sale allows Jim access to ground adjacent to his property at a very reasonable price.

The guarantee will allow Jim to take advantage of this very rare situation and purchase a farm at a reasonable price in a very expensive land market that is adjacent to ground he already owns. It will also allow First Bank to offer Jim a lower interest rate on the purchase.

Project Rationale: This guarantee will not only allow Jim Grubb to buy 77 acres of farm land at a very reasonable price, but it will also provide him with some interest rate savings on the loan.

Transaction: Jim Grubb will utilize this guarantee to finance the purchase of 77 acres of farm land at $2000 per acre in addition to purchasing the Conservation Reserve Program Contract currently held by the owner at a cost of $27,000.

Financial Commentary: Financial information was provided by First Bank in Roodhouse. The documents include income statements, balance sheets and tax returns for 2002, 2003 and 2004. In addition, proforma cash flow documents were provided as well.

Additional Covenants And Conditions:

FINANCIAL SUMMARY

Borrower's Finances:

The Grubb's have an excellent credit history and are very well respected farmers in the community. In addition to the farm income generated, Mildred has an excellent job with Blue Cross/Blue Shield in technical support. Mildred earned $35,000 in 2004 and is projected to earn $40,000 in 2005.

The Grubb's are highly leveraged due to the fact that they just purchased their first farm in August of 2003 through the Beginning Farmer Bond Program. Repayment has been as scheduled on the bond. The timing means that they have no down payment on the purchase of the 77 acres. However, they are purchasing the property privately through a neighbor that is selling it to them well below market value. As a result, it is in the best interest of the Grubbs to do everything they can to purchase this property while the circumstances are so favorable.

Over the course of the last 3 years, the Grubbs debt to asset ratio has fluctuated from 40% to just less than 60%. Coupled with positive and steady net farm income and excellent off farm income, repayment capacity is good. In addition, the Grubb's net worth is climbing and this purchase should only help that trend.

Loan to value adjusted to 80% of the newly appraised value puts the adjusted loan to value ratio at 104%. LTV at 100% of the appraised value is 83%. At the agreed purchase price of $2000 per acre, the farm will be purchased for $154,000. The balance of the requested funds in the amount of $27,000 will be utilized to buy out the Conservation Reserve Program (CRP) contract currently held by the seller. This will allow the Grubbs to be eligible for all CRP government payments on the farm.

FINANCIAL DATA FOR:

	Year 12/31/2003	Year 12/31/2004	Year 12/31/2005
Cash	6,250	5,295	16,182
Crops/Livestock	67,747	39,080	84,960
Other Current Assets	3,500	13,519	5,738
Total Current Assets	**77,497**	**57,894**	**106,880**
Farm Machinery/Equipment	57,200	77,700	80,700
Real Estate/Improvements	100,500	318,500	477,500
Other LT Assets	27,100	32,500	43,000
Total Non-Current Assets	**184,800**	**428,700**	**601,200**
Total Assets	**262,297**	**486,594**	**708,080**
Notes Payable	11,720	0	32,000
Current Maturities LT debt	18,945	19,036	19,977
Other Current Liabilities	1,526	1,889	1,920
Total Current Liabilities	**32,191**	**20,925**	**53,897**
Equipment Debt	24,632	0	0
Real Estate Debt	35,500	216,764	181,564
Other LT Liabilities	12,500	49,927	80,860
Total Non-Current Liabilities	**72,632**	**266,691**	**262,424**
Total Liabilities	**104,823**	**287,616**	**316,321**
Net Worth	**157,474**	**198,978**	**391,759**
Working Capital	**45,306**	**36,969**	**52,983**
Current Ratio	**2.41**	**2.77**	**1.98**
Debt-to-asset ratio	**0.40**	**0.59**	**0.45**
Debt-to-worth Ratio	**0.67**	**1.45**	**0.81**

Cash Basis Accounting

	2002	2003	2004	Average	Projection
Crop/Livestock Sales	59,968	95,114	70,739	75,274	101,920
Government payments	2,419	4,871	10,029	5,773	7,000
Other Farm Income	247	22	0	90	0
Total Farm Income	**62,634**	**100,007**	**80,768**	**81,136**	**108,920**
General Operating Expenses	22,953	37,620	37,599	32,724	60,910
Depreciation	9,356	4,875	8,527	7,586	5,000
Interest Expense	1,025	4,001	8,643	4,556	10,000
Total Farm Expenses	**33,334**	**46,496**	**54,769**	**44,866**	**75,910**
Net Cash Farm Income	**29,300**	**53,511**	**25,999**	**36,270**	**33,010**
Accrual Adjustments	**0**	**0**	**0**	**0**	**0**
Stored Crops Adj.	**0**	**0**	**0**	**0**	**0**
Accounts Rec. Adj.	**0**	**0**	**0**	**0**	**0**
Prepaid Exp. Adj.	**0**	**0**	**0**	**0**	**0**
Accounts Payable Adj.	**0**	**0**	**0**	**0**	**0**
Accrual Adj. Income	**29,300**	**53,511**	**25,999**	**36,270**	**33,010**

Repayment Margin Analysis

	2002	2003	2004	Average	Projection
Net Farm Operating Income	29,300	53,511	25,999	36,270	33,010
Add: Non-farm Income	30,000	32000	35000	32,333	40,000
Add: Depreciation Expense	9,356	4,875	8,527	7,586	5,000
Add: Annual Term Debt Interest	1,025	4,001	8,643	4,556	10,000
Less: Income Taxes	9,114	16,147	8,494	(11,252)	(8,000)
Less: Family Living W/D	36,000	36,000	36,000	36,000	36,000
Balance Available for Term Debt Rpymt	**114,795**	**146,534**	**122,663**	**105,494**	**116,010**
Principal on Term Debt	19,295	18,945	19,036	19,092	19,977
Interest on Term Debt	10,000	9,220	13,874	11,031	12,932
Total Principal and Interest Pymts	**29,295**	**28,165**	**32,910**	**30,123**	**32,909**
Equals Term Debt Coverage Ratio	**3.92**	**5.20**	**3.73**	**3.50**	**3.53**
Equals Term Debt Repayment Margin	**85,500**	**118,369**	**89,753**	**75,370**	**83,101**

COLLATERAL ANALYSIS:

Collateral Description	Value	Advance	Adj. Value
Stored Crops		0.85	$ -
Growing Crops		0.65	$ -
Breeding Stock	$ -	0.80	$ -
Equipment	$ -	0.80	$ -
Real Estate	$ 217,875	0.80	$ 174,300
Total Collateral	$ 217,875		$ 174,300

Total Loans Outstanding: $ 181,000

Adjusted LTV: 104%

Excess Collateral: $ (6,700)

PROJECT SUMMARY

Jim and Mildred Grubb are requesting a Young Farmer Guaranteed loan in order to purchase 77 acres that is adjacent to a farm they already own. They have been given the opportunity to purchase the property at $2000 per acre which is below market value for farmland in the area. They are requesting the guarantee for $181,000. $154,000 will be utilized to purchase the property; the other $27,000 will be used to buy out the Conservation Reserve Program Contract that is currently held by the seller.

FINANCING SUMMARY

Interest:	5 year balloon rate at 6%.
Security:	1st mortgage on 77 acres of farmland located in Scott County, township 13 north, range 11 west, section 19.
Sources of Repayment:	Primary: Sale of harvested crops. Secondary: Sale of cattle.
Maturity:	20 year term, 20 year amortization.

COLLATERAL

Adjusted LTV is: 104% with the property discounted to 80% of its appraised value. LTV is 83% with the property valued at its full appraised value. The loan will be secured by 77 acres of farmland newly appraised at $2745 per acre. The lender is sending a copy of the appraisal immediately.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	James C. Grubb & Mildred J. Grubb
Location:	345 Sattles Rd., Winchester, IL 62694
Organization:	Sole Proprietorship
State:	Illinois
Ownership:	James C. Grubb & Mildred J. Grubb

PROFESSIONAL & FINANCIAL

Accountant:	N/A	
Bank:	First Bank, Roodhouse	Mike Rueter

LEGISLATIVE DISTRICTS

Congressional:	18th	State Senate:	47th	State House:	93rd

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Walk Stock Farm Inc.**

STATISTICS

Project Number:	B-LL-TX-622	Amount:	$75,000
Type:	Participation Loan	IFA Staff:	Eric Reed
Location:	Neoga, IL	Tax ID:	37-1310629
SIC Code:	0213-Swine Production	Est. fee:	$7,200(1st year's int)

BOARD ACTION

Approval to purchase 50% of loan facility from Effingham State Bank.
$75,000 of IFA funds at risk.
Exception: This loan is unsecured but is supported by David and Roger Walk's personal guarantees.
Staff recommends approval, subject to satisfying all conditions of the bank loan, which will include:

1. Subordination of all shareholder debt
2. Personal Guarantees from Principals. (Subordinated to Fifth Third Bank)

PURPOSE

To provide permanent financing for the construction of a new machine shed and corporate office for Walk Stock Farm Inc. Effingham State Bank will finance the construction loan for this project.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	Effingham State Bank	$75,000	Uses: Construct Shed	$150,000
	IFA	75,000		
	Total	**$150,000**	**Total**	**$150,000**

JOBS

Current employment:	17	Projected new jobs:	0
Jobs retained:	17	Construction jobs:	0

BUSINESS SUMMARY

Background: Walk Stock Farm Inc. is a successful large hog farm located on Rt. 45 near Neoga, IL. The family corporation is operated by brothers Roger and David Walk. Walk Stock Farm Inc., consists of three enterprises:

Their primary operation is a 4200-head sow herd that produces approximately 55,000 weanling pigs for sale annually and sells them on contract to Indiana Packers. The contract provides a floor price of $27 per pig and a ceiling price of $39 per pig with prices fixed every six months based on 53% of the futures price. This arrangement allows the Walks to fix a price for the hogs they will farrow and deliver to the producers.

The Walks also finish approximately 25,000 pigs for sales as market hogs. Their hogs are sold to Meadowbrook Farm Cooperative in Rantoul, IL, which often enables them to receive better prices than those prevailing on the open market because the buyer is a farmer cooperative. (Roger Walk is the President of the board of directors for Meadowbrook Farm Cooperative and Effingham State Bank is a participating bank in the permanent financing for Meadowbrook. As a result, Effingham State Bank receives financial statements for Meadowbrook, which provides them with a comfort level for the coop.)

Walk Stock Farms also run a 1,200-acre row crop operation, growing continuous corn year after year to feed their hogs. Roger and David's sister, Donna Morell, is employed on the farm as the secretary. The Walks also employ 14 to 15 part-time workers.

Project Rationale: Walk Stock Farm Inc. is constructing a new building, to serve as their corporate headquarters and provide additional storage for their equipment to accommodate recent growth.

Transaction: The borrower is seeking $150,000 to finance the construction of a new corporate headquarters and a machine shop to store equipment. Walk Stock Farm's primary banking relationship is with Fifth Third Bank in Effingham, IL. Due to the fact, Effingham State Bank has agreed to advance the loan funds on an unsecured basis because Fifth Third's loan agreements prevent the Farm from pledging corporate assets without that bank's approval

Commentary:

Financial statements provided by Effingham State Bank are borrower prepared. Statements for the year ended 12/31/04 reported $300,000 in cash, $2,600,000 in livestock and crop inventory, a $127,000 in hedging account balance, and $121,000 accounts receivable. For all years reviewed, the borrowers have demonstrated exceptional liquidity.

Long-term assets consist of $2,100,000 in real estate and hog facilities, equipment and breeding stock, all net of depreciation, as well non-marketable securities, consisting of Coop stocks.

Walk Stock Farm's long-term liabilities primarily consist of real estate mortgages and facilities debt. At yearend 2004, these liabilities were $1,400,000. Their other primary debt is $851,000 in deferred income taxes that would be due in the event of liquidation but are not now due.

The borrower's net worth has doubled from $1.4M in 2001 to $3.0M in 2004 due to the increased production of hogs. This increased production is reflected in their sales $5.6M in 2004 compared to $4.3M in 2001.

While cash basis Net farm income has increased over the past three years, the borrower's accrual adjusted income is a better indicator of the Farm's increased profitability during that period. For 2004, their adjusted income was $1.5M, primarily due to an increase of $1M in stored crop and market livestock inventory at FYE. Leverage position has also been declining steadily over the period reviewe because of increased inventories and profits, and amortization of indebtedness..

FINANCIAL SUMMARY

Borrower's Finances:

FINANCIAL DATA FOR:	**Walk Stock Farms Inc.**			
	Year	**Year**	**Year**	**Proforma**
	12/31/2002	**12/31/2003**	**12/31/2004**	**12/31/05**
Cash	63,352	(15,884)	300,755	300,755
Crops/Livestock	1,372,818	1,670,846	2,682,454	2,682,454
Other Current Assets	10,781	474,421	374,974	374,974
Total Current Assets	**1,446,951**	**2,129,383**	**3,358,183**	**2,983,209**
Farm Machinery/Equipment	311,949	369,028	379,789	379,789
Real Estate/Improvements	2,327,420	1,927,446	2,188,128	2,203,128
Other LT Assets	528,438	519,322	523,429	523,429
Total Non-Current Assets	**3,167,807**	**2,815,796**	**2,567,917**	**2,582,917**
Total Assets	**4,614,758**	**4,945,179**	**5,926,100**	**5,566,126**
Notes Payable	18,756	0	0	0
Current Maturities LT debt	121,763	134,195	113,454	131,463
Other Current Liabilities	2,814	1,993	2,472	2,472
Total Current Liabilities	**143,333**	**136,188**	**115,926**	**133,935**
Shareholder Debt	176,875	176,875	176,875	176,875
Real Estate Debt	2,005,604	1,804,549	1,488,261	1,620,252
Other LT Liabilities	885,696	917,812	1,139,095	1,139,095
Total Non-Current Liabilities	**3,068,175**	**2,899,236**	**2,804,231**	**2,936,222**
Total Liabilities	**3,211,508**	**3,035,424**	**2,920,157**	**3,070,157**
Net Worth	**1,403,250**	**1,909,755**	**3,005,943**	**2,495,969**
Working Capital	**1,303,618**	**1,993,195**	**3,242,257**	**2,849,274**
Current Ratio	**10.10**	**15.64**	**28.97**	**22.27**
Debt-to-asset ratio	**0.70**	**0.61**	**0.49**	**0.55**
Debt-to-worth Ratio	**2.29**	**1.59**	**0.97**	**1.23**

Repayment capacity listed includes net farm income based on accrual adjustments from the balance sheet. Depreciation and interest expense have remained fairly constant over the years reviewed. While accrual adjustments reflect a loss in 2002, Walk Stock Farm generated large profits in 2003 and 2004. As a result of their increased cashflow, debt service coverage has remained very strong the past two years. With the additional debt service required for this facility and no accrual adjustments considered, repayment ability is satisfactory.

Personal financial statements were submitted for Roger and David Walk and their spouses. Neither Roger nor David has any personal debt. Roger lists assets of $431K, with $43K in cash, while Dave lists $232K in assets, with $20K in cash. Both have excellent, clean credit reports.

Cash Basis Accounting

	2002	2003	2004	Average	Projection
Crop/Livestock Sales	4,358,105	5,340,327	5,635,170	5,111,201	5,084,477
Government payments	0	0	0	0	0
Other Farm Income	0	0	0	0	0
Total Farm Income	**4,358,105**	**5,340,327**	**5,635,170**	**5,111,201**	**5,084,477**
General Operating Expenses	3,515,474	4,466,848	4,793,209	4,258,510	4,210,669
Depreciation	420,038	490,010	329,162	413,070	410,348
Interest Expense	139,656	157,419	121,398	139,491	157,334
Total Farm Expenses	**4,075,168**	**5,114,277**	**5,243,769**	**4,811,071**	**4,778,351**
Net Cash Farm Income	**282,937**	**226,050**	**391,401**	**300,129**	**306,126**
Accrual Adjustments					
Stored Crops Adj.	**(293,116)**	**298,028**	**1,011,608**	338,840	**0**
Accounts Rec. Adj.	**0**	**0**	**120,812**	40,271	**0**
Prepaid Exp. Adj.	**0**	**0**	**0**	0	**0**
Accounts Payable Adj.	**0**	**0**	**0**	0	**0**
Accrual Adj. Income	**(10,179)**	**524,078**	**1,523,821**	**679,240**	**306,126**

Repayment Margin Analysis

	2002	2003	2004	Average	Projection
Net Farm Operating Income	(10,179)	524,078	1,523,821	679,240	306,126
Add: Non-farm Income	0	0	0	0	0
Add: Depreciation Expense	420,038	490,010	329,162	413,070	410,348
Add: Annual Term Debt Interest	139,656	157,419	121,398	139,491	157,334
Less: Income Taxes	0	0	0	0	0
Less: Family Living W/D	0	0	0	0	0
Balance Available for Term Debt Rpymt	**549,515**	**1,171,507**	**1,974,381**	**1,231,801**	**873,808**
Principal on Term Debt	329,192	329,192	329,192	329,192	347,201
Interest on Term Debt	139,656	157,419	121,398	139,491	157,334
Total Principal and Interest Pymts	**468,848**	**486,611**	**450,590**	**468,683**	**504,535**
Equals Term Debt Coverage Ratio	**1.17**	**2.41**	**4.38**	**2.63**	**1.73**
Equals Term Debt Repayment Margin	**80,667**	**684,896**	**1,523,791**	**763,118**	**369,273**

COLLATERAL ANALYSIS:

Collateral Description	Value	Advance	Adj. Value
Stored Crops		0.85	$ -
Growing Crops		0.65	$ -
Breeding Stock	$ -	0.80	$ -
Equipment	$ -	0.80	$ -
Real Estate	$ -	0.80	$ -
Total Collateral	$ -		$ -

Total Loans Outstanding:	$ 75,000
Adjusted LTV:	#DIV/0!
Excess Collateral:	$ (75,000)

PROJECT SUMMARY

Walk Stock Farms Inc. has requested $150,000 to finance the construction of a new corporate headquarters and a machine shop to store equipment. Effingham State Bank has agreed to advance the loan funds on an unsecured basis. The loan will be financed for 7 years with annual payments.

FINANCING SUMMARY

Interest:	The interest rate on the proposed loan facility will be based on the cost of funds from the Chicago Federal Home loan Bank. Effingham State Bank will match funds for 7 years in order to provide a fixed rate for the customer. Currently this rate would be 6.6%. Effingham State Bank will pass on the full 2% discount from IFA to the borrowers.
Security:	Unsecured. This is an exception to board policy for participation loans, however the strong liquidity, debt service coverage, profitability, and management of the business are mitigants.
Sources of Repayment:	Primary: Cash flow from operations Secondary: Personal Guarantees
Maturity:	7 years with Annual P &I.

COLLATERAL

Exception:	This loan will be unsecured. Board policy requires participation loans to be secured with real estate, machinery and equipment. Staff recommends approval based on the borrower's strong operating and financial position and the availability of personal guaranties from David and Roger Walk.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Walk Stock Farm Inc.
Location:	784 U.S. Rt 45, Neoga, IL 62447
Organization:	Sub S Chapter Corporation
State:	Illinois
Ownership:	Roger and Karen Walk-50% David and Kimberly Walk-50%

PROFESSIONAL & FINANCIAL

Accountant:	West and Company, LLC	
Bank:	Effingham State Bank	Brad Shull

LEGISLATIVE DISTRICTS

Congressional:	19th	State Senate:	54th	State House	108th

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Madonna L. Morell**

STATISTICS

Project Number:	BB-LL-TX-623	Amount:	$200,000
Type:	Participation Loan	IFA Staff:	Eric Reed
Location:	Effingham, IL	Tax ID:	334-42-3503
SIC Code:	0213-Swine Production	Est. fee:	$9,200(1st year's int)

BOARD ACTION

Approval to purchase 50% participation in a loan from Effingham State Bank.
$200,000 of IFA funds at risk.
Staff recommends approval, subject to satisfying all conditions of the bank loan, including:

- Receipt on an appraisal upon completion of the project that confirms an LTV of 80% or less

PURPOSE

To fund the permanent financing for the construction of a wean-to-finish hog building. The unit will be leased back to her brothers who own and operate Walk Stock Farm Inc. Effingham State Bank will finance the construction loan for this project.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA-	$200,000	Uses: Construct building	$480,000
	Effingham State Bank	$200,000		
	Borrower's cash equity	$80,000		
	Total	**$480,000**	**Total**	**$480,000**

JOBS

Current employment:	N/A	Projected new jobs:	0
Jobs retained:	N/A	Construction jobs:	10

BUSINESS SUMMARY

Background: Madonna Morell is employed as a secretary by her family's farming operation, known as Walk Stock Farm Inc. located in Neoga, IL. She is paid an annual wage from the farm, which equals $23K annually.

Walk Stock Farm Inc. is a successful large hog farm located on Rt. 45 near Neoga, IL. The family corporation is operated by brothers Roger and David Walk. Their primary operations are devoted to a 4200 sow herd, which produces approximately 55,000 weanling pigs for sale annually. The Walks also finish approximately 25,000 of their pigs annually to sell as fat hogs to Meadowbrook Farm Cooperative. They also raise 1,200 acres of corn annually for use as livestock feed.

In the past Madonna invested in hog facilities, which she leased to Walk Stock Farm Inc. Her arrangement with her brothers provided for annual lease payments equal to the debt service requirement for the facilities. She is also paid dividend on her investment, which is higher than a certificate of deposit, yet lower than the cost of bank financing for the farm. Roger and David Walk then have the option to purchase the building at the end of the 7 year lease. She originally entered into a lease/purchase transaction with Roger and David 7 years ago, a transaction which has now paid off. As a result, Madonna now has $80K in cash, which she wishes to reinvest. She would like to invest in another hog building, which will also help expand the farm's operations. This transaction will be structured much like to the one originated 7 years ago.

Project Rationale: Madonna Morell has $80K in cash from the sale of her previously built hog facility, which she wishes to reinvest. She would like to invest in another hog building as an investment, which will also help the farm expand it's operations. The lease payments received by Madonna will be equal the term debt requirements for her loan. In addition the interest rate benefits to both parties involved, the lease payments, which are paid by Walk Stock Farms Inc are 100% tax deductible.

Transaction: The cost of the new hog building is estimated to be $480,000. In anticipation of building the proposed hog facility, the Walks negotiated a contract to construct the building several months ago, which will provide for significant price protection from recent increases in steel and concrete prices. From the sale of her previous facility, Madonna has $80,000 in cash that she will invest in the project.

Financial Commentary: The borrower's personal financial statement dated 5/9/05 lists assets of $1.6M. Of these assets, $350,000 in cash is listed. Her other primary assets are various mutual funds and brokerage accounts, which total $1.2M and her primary residence valued at $175K.

Ms. Morell's only significant debt is her outstanding home mortgage of $28K.

As a result of the large cash balance and equities owned by Ms. Morell, her liquidity position is exceptional, as is her very low leverage position.

As stated above, her farm rental income has been equal to the debt service requirement for the building loan payment. The borrower's only expenses have been depreciation and interest. As a result she has shown a small profit, which along with her salary from Walk Stock Farm Inc. provides for sufficient repayment ability and family living. She also has significant dividend and interest income from her investments.

Since Ms. Morell is currently single with no dependents, family living expenses are minimal.

Since the term of the proposed loan is 7 years, depreciation was assumed to be calculated over the same 7 year period.

Ms. Morell's 2004 income tax returns have not been prepared yet. Due to her capital gain from the sale of her previous hog facility, and the fact that she will initiate a 1031 exchange transaction with those funds, her accountant has filed an extension for her 2004 tax return.

FINANCIAL SUMMARY

Borrower's Finances:

FINANCIAL DATA FOR:

	Year 5/9/2005	Proforma 12/31/2005
Cash	350,500	270,500
Crops/Livestock	0	0
Marketable Securities	1,226,867	1,226,867
Total Current Assets	**1,577,367**	**1,497,367**
Farm Machinery/Equipment	0	0
Real Estate/Improvements	175,000	675,000
Other LT Assets	34,260	34,260
Total Non-Current Assets	**209,260**	**709,260**
Total Assets	**1,786,627**	**2,206,627**
Notes Payable	851	851
Current Maturities LT debt	0	0
Other Current Liabilities	0	0
Total Current Liabilities	**851**	**851**
Equipment Debt	0	0
Real Estate Debt	27,929	427,929
Other LT Liabilities	0	0
Total Non-Current Liabilities	**27,929**	**427,929**
Total Liabilities	**28,780**	**428,780**
Net Worth	**1,757,847**	**1,777,847**
Working Capital	**1,576,516**	**1,496,516**
Current Ratio	**1,853.55**	**1,759.54**
Debt-to-asset ratio	**0.02**	**0.19**
Debt-to-worth Ratio	**0.02**	**0.24**

Cash Basis Accounting

	2001	2002	2003	Average	Projection
Farm Rental Income	22,276	22,276	22,276	22,276	69,204
Government payments	0	0	0	0	0
Other Farm Income	0	0	0	0	0
Total Farm Income	**22,276**	**22,276**	**22,276**	**22,276**	**69,204**
General Operating Expenses	0	0	0		
Depreciation	14,169	12,620	11,932	12,907	68,571
Interest Expense	5,273	2,729	1,135	3,046	21,179
Total Farm Expenses	**19,442**	**15,349**	**13,067**	**15,953**	**89,750**
Net Cash Farm Income	**2,834**	**6,927**	**9,209**	**6,323**	**(20,546)**
Accrual Adjustments	**0**	**0**	**0**	**0**	**0**
Stored Crops Adj.	**0**	**0**	**0**	**0**	**0**
Accounts Rec. Adj.	**0**	**0**	**0**	**0**	**0**
Prepaid Exp. Adj.	**0**	**0**	**0**	**0**	**0**
Accounts Payable Adj.	**0**	**0**	**0**	**0**	**0**
Accrual Adj. Income	**2,834**	**6,927**	**9,209**	**6,323**	**(20,546)**

Repayment Margin Analysis

	2002	2002	2003	Average	Projection
Net Farm Operating Income	2,834	6,927	9,209	6,323	(20,546)
Add: Non-farm Income	43,334	84,817	32620	53,590	30,000
Add: Depreciation Expense	14,169	12,620	11,932	12,907	68,571
Add: Annual Term Debt Interest	5,273	2,729	1,135	3,046	21,179
Less: Income Taxes	(4,394)	(16,077)	(2,476)	(7,649)	0
Less: Family Living W/D	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Balance Available for Term Debt Rpymt	**46,216**	**76,016**	**37,420**	**53,217**	**84,204**
Principal on Term Debt	17,003	19,547	21,141	19,230	48,025
Interest on Term Debt	5,273	2,729	1,135	3,046	21,179
Total Principal and Interest Pymts	**22,276**	**22,276**	**22,276**	**22,276**	**69,204**
Equals Term Debt Coverage Ratio	**2.07**	**3.41**	**1.68**	**2.39**	**1.22**
Equals Term Debt Repayment Margin	**23,940**	**53,740**	**15,144**	**30,941**	**15,000**

COLLATERAL ANALYSIS:

Collateral Description	Value	Advance	Adj. Value	
Stored Crops		0.85	$ -	
Growing Crops		0.65	$ -	
Breeding Stock	$ -	0.80	$ -	
Equipment	$ -	0.80	$ -	
Real Estate	$ 500,000	0.80	$ 400,000	(Estimated appraisal)
Total Collateral	$ 500,000		$ 400,000	

Total Loans Outstanding:	$ 400,000
Adjusted LTV:	100%
Excess Collateral:	$ -

PROJECT SUMMARY

The cost of the new hog building is estimated to be $480,000. From the sale of her previous facility, Ms. Morell has $80,000 in cash that she will invest in the project. Effingham State Bank will initiate a construction loan for $400,000. Effingham State Bank has requested that IFA purchase 50% of the permanent financing, upon completion of the building construction.

FINANCING SUMMARY

Interest:	The interest rate on the proposed loan facility will be based on the cost of funds from the Chicago Federal Home loan Bank. Effingham State Bank will match funds for 7 years in order to provide a fixed rate for the customer. Currently this rate would be 6.6%. Effingham State Bank will pass on the full 2% discount from IFA to the borrower.
Security:	1st REM and assignment of rents and leases on 5 acres +/- with proposed improvements. Based on the cost of the project and estimated land value, the **LTV will be 80%** for this loan. An appraisal will be required to verify the collateral value listed. * IFA would normally advance 70% on the proposed collateral. However do to the strength of the borrower's financial statement with respect to cash on hand, stock portfolio, and generally strong liquidity, I believe an exception is warranted. Also, the financial strength of Walk Stock Farm Inc has been considered.
Sources of Repayment:	Primary: Lease income Secondary: Other income/liquidation of collateral
Maturity:	7 year term with annual P&I

COLLATERAL

LTV is 80%. The loan will be secured by 1st REM and assignment of rents and leases on 5 acres +/- with proposed improvements. An appraisal will be performed on the subject property as a condition of the loan to support an LTV no greater than 80%.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Madonna L. Morell
Location:	305 Granada Drive, Effingham, IL 62401
Organization:	Sole-Proprietor
State:	Illinois
Ownership:	Madonna L. Morell

PROFESSIONAL & FINANCIAL

Accountant:	Walk Accounting Inc.	
Bank:	Effingham State Bank	Brad Shull

LEGISLATIVE DISTRICTS

Congressional:	19th	State Senate:	54th	State House	108th

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Bart Bittner/bar

Date: July 12, 2005

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Preliminary Bond 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
- **IFA Fees:**
  - One-time closing fee equal to 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan

BEGINNING FARMER BOND LOANS
New Projects for Inducement Resolution
July 12, 2005

Project Number:	A-FB-TE-CD-612
Borrower(s):	Brian Atherton
Town:	Earlville, IL
Amount:	$194,500
Fees:	$2917.50
Use of Funds:	Farmland – 53.3 acres grain farm
Purchase Price:	$389,090
%Borrower Equity	50%
%Other Agency	.0%
%IFA	50%
County:	LaSalle
Lender/Bond Purchaser	First State Bank, Mendota, IL

The Note shall bear simple interest at the Expressed Rate. The Expressed Rate shall be 5.31% for the first five years of the loan; thereafter, the rate shall be adjusted every five years to 1.825% above the yield of the 3-year U.S. Treasury Bond.

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 the date of closing. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to be one year from the date of closing, with the twentieth and final payment of all interest then outstanding due twenty years from the date of closing.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Eric Reed/bar

Date: July 12, 2005

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** 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
- **IFA Fees:**
  - One-time closing fee equal to 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan

BEGINNING FARMER BOND LOANS
Projects for Final Resolution
July 12, 2005

Project Number:	A-FB-TE-CD-609
Borrower(s):	Brian Schwierjohn
Town:	Pocahantas, IL
Amount:	$163,000
Fees:	$2445
Use of Funds:	Farmland – 40 acres grain farm
Purchase Price:	$163,000
%Borrower Equity	0%
%Other Agency	0%
%IFA	100%
County:	Bond
Lender/Bond Purchaser	First Mid-Illinois Bank and Trust, Highland, IL

Principal shall be paid annually in installments determined pursuant to a twenty-five year amortization schedule, with the first principal payment date to be March 1, 2006. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to be one year from the date of closing, with the twenty-fifth and final payment of all interest then outstanding due March 1, 2030.

The Note shall bear simple interest at the Expressed Rate. The Expressed Rate shall be adjusted to a rate not to exceed .50% basis points over the 4.8% for the first year of the loan; thereafter, the rate shall be adjusted annually to 80% of the Wall Street Journal Prime. Each principal payment plus accrued interest shall be in the amount of $6,520.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Bart Bittner/lk

Date: July 14, 2005

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** 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
- **IFA Fees:**
  - One-time closing fee equal to 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan

BEGINNING FARMER BOND LOANS
Projects for Final Bond Resolutions
July 12, 2005

Project Number:	A-FB-TE-CD-603
Borrower(s):	John & Shelly Hunter
Town:	Burnside, IL
Amount:	$147,000
Fees:	$2205
Use of Funds:	Farmland – 158 acres grain farm
Purchase Price:	$294,000
%Borrower Equity	50%
%Other Agency	.0%
%IFA	50%
County:	Hancock
Lender/Bond Purchaser	First Community Bank, Hancock, IL

The Note shall bear simple interest at the Expressed Rate. The Expressed Rate shall be 5.50% for the first ten years of the loan; thereafter, the rate shall be adjusted every five years to ½% below the Wall Street Prime.

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: July 12, 2005

Re: Background Information on IFA Cultural Pool Loan Program (Relates to Museum of Science and Industry Project – IFA # N-NP-TE-CD-620)

Background/History:

- Cultural Pool Loans Program started in 1985 by Illinois Educational Facilities Authority
  - IFA succeeded IEFA to its rights and obligations for this Program (and the underlying documents)
- **Use of Series 1985 Bond Proceeds:** Capitalized a $20 million revolving Cultural Pool Loan Fund through a $20 million "blind pool" issuance
  - As a "Pre-1986 Pool" (pre-Tax Reform Act of 1986), there were fewer IRS restrictions regarding:
    1. Original use of proceeds, including costs of issuance
    2. Relending of proceeds and payments of origination costs
- **Security for Original Series 1985 Bonds:** Bondholders are secured by a Direct Pay LOC from JPMorgan Chase Bank
  - For each origination, Borrower must obtain credit approval from JPMorgan Chase Bank to participate
    - JPMorgan Chase analyzes credit and collateral of underlying borrowers and reserves the right to require either (1) a secondary borrower-based LOC or (2) to require additional collateral (as deemed necessary by JP Morgan Chase).
  - Bonds are Remarketed as 7-day Variable Rate Demand Bonds (current rate as of 2.70% as of 6/22/2005).
- **Final Maturity Date on Series 1985 Bonds:** 35 years (2020)
- **Recycling Provision:** recycled cultural pool loan repayments can be used to originate new loans, subject to credit approval from the JPMorgan Chase Bank, bond counsel opinion (Chapman and Cutler), and an IFA Resolution.
- **Borrower Benefits:**
  - Low origination costs compared to comparable stand-alone bond issues
    - No upfront Underwriter/Placement fee as for a conventional Tax-Exempt bond issue

Recent Developments:

- As the result of an approximately $11 million Cultural Pool Loan prepayment by Northwestern University, these recycled funds became available in the Relending Account, pursuant to direction from the Bond Trustee (US Bank)
    - IFA closed an approximately $400,000 existing unfunded commitment with Newberry Library on 6/30/2005 (previously $1.575 million had been funded in 2003, but funds were exhausted; the IEFA Board had committed a loan of up to $2.1 million for the Newberry Library)
    - The Museum of Science and Industry is requesting approval for an amount not-to-exceed $6.7 million for a period of up to 10 years of financing from the Cultural Pool Loan Program
    - Approximately $4.0 million will remain available for Recycled Loans
        - Anticipate one or two additional loans for life of the Program

- **IFA Application and Closing Fees**:
    - Closing fee of 0.50% based on Par (Par includes capitalized origination costs, prior to IFA's 0.50% origination fee) + $1,000 deferred application fee
    - Fees are identical to IFA's standard bond issuance and application fees for comparably sized financings

The Board Summary describing The Museum of Science and Industry's request for up to $6.7 million of Cultural Pool Loan funds is attached.

i:\rich\0 2005 IFA Board Reports\07-July\Cultural Pool Overview Memo
7/6/2005 11:25 AM
RKF

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 12, 2005

Project: **The Museum of Science and Industry (Series 1985 Cultural Pool Loan)**

STATISTICS

Project Number: N-NP-TE-CD-620
Type: Cultural Pool Loan Program
Location: Chicago

Amount: $6,700,000 (not-to-exceed amount)
FM: Rich Frampton
Est. fee: $32,250 (50 b.p. + deferred $1,000 application fee; Note: IFA fee applied to Par prior to capitalizing IFA's 0.50% origination fee)

BOARD ACTION

Final Resolution
501(c)(3) Cultural Pool Loan
Staff recommends approval

No IFA funds at risk
No extraordinary conditions

Security: The Cultural Facilities Pooled Bond issue is secured by a Direct Pay Letter of Credit from JPMorgan Chase.

PURPOSE

To provide permanent, long-term financing to engineer, refurbish, relocate, and construct the new, U-505 submarine exhibit (which opened June 5, 2005).

IFA CONTRIBUTION

Federal Tax-Exempt interest on recycled Cultural Pooled Financing Program bond proceeds

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Cultural Pool Loan	$6,250,000	Uses:	Capital Projects	$35,000,000
	Federal Grants	3,000,000		Financing Costs	70,000
	Illinois DNR Grants	4,550,000			
	Illinois DCEO Grants	5,000,000			
	Chicago Park District	2,750,000			
	Philanthropic Gifts	13,525,000			
	Total	**$35,070,000**		**Total**	**$35,070,000**

JOBS

Current employment: 385 FT and PT (8 FTE's at U-505)
Jobs retained: N/A

Projected new jobs: 10 FTE's
Construction jobs: 15-20 on average over 20 months

BUSINESS SUMMARY

Organization: The Museum of Science and Industry ("MSI") is a not-for-profit incorporated under Illinois law in 1926. MSI is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. A list of MSI's Board of Trustees is attached.

Background: The Museum of Science and Industry opened to the public in 1933, in a renovated building as part of the Century of Progress Exposition. MSI is the oldest science museum of its kind in the Americas and attracts approximately 2 million visitors per annum. Additionally, the MSI was the first museum in North America to develop hands-on, interactive permanent and temporary exhibits on current issues and developments in science and technology. MSI was also the first museum to obtain the participation and sponsorship of industrial businesses.

MSI is one of the most popular tourist destinations in the City of Chicago, and is one of the ten most visited museums in the U.S. In 2003, nearly 330,000 children in school groups and youth organizations visited MSI and participated in educational programs. The Museum also conducts teacher professional development programs. Based on attendance data for the past five years, approximately 44% of MSI's visitors are from states other than Illinois, and 6% of MSI's attendance is attributable to international visitors.

MSI's facility is the largest science museum located within a single building in the Americas – with over 350,000 SF of exhibit space. MSI's building has been used in two World's Fairs including the 1893 Columbian Exposition (where it served as the Palace of Fine Arts) and the 1933 Century of Progress Exposition. MSI has continuously occupied its building under a 1929 agreement executed between the Museum and the South Park Commissioners (a predecessor to the Chicago Park District).

MSI had approximately $31.0 million outstanding from the proceeds of five IFA (IEFA) financings as of 12/31/2004. MSI's existing IFA debt corresponds to debt that has closed since 1985. MSI's payments on its existing IFA debt obligations are current.

Impact of Proposed Project on Operations: The anticipated initial $6.7 million IFA Cultural Pool Loan will enable The Museum of Science and Industry to obtain permanent financing for its U-505 German U-Boat Exhibit project, which involved (1) substantial rehabilitation of the U-505, and (2) construction of a new building/exhibition facility for displaying the relocated U-505.

According to the Museum, the U-505 is one of the premier exhibits at MSI and represents the only enemy vessel captured during wartime by the U.S. Navy since the War of 1812. The U-505 has been exhibited at MSI since 1954.

Financials: Audited financial statements for The Museum of Science and Industry for the fiscal years ended 12/31/2002 through 12/31/2004.

(Dollars in 000's)	**FYE December 31**		
	2002	**2003**	**2004**
Statement of Revenues & Expenses:			
Total Revenue	$40,537	$49,373	$39,899
Operating Income	(5,377)	4,999	(5,948)
Change in Net Assets	(19,713)	19,230	4,845
EBIDA	(8,707)	30,095	5,859

Balance Sheet			
Current Assets	$7,695	$8,157	$8,946
PP&E – Net	135,546	139,354	146,289
Other Non-Current Assets	72,818	82,835	82,508
Other Assets	1	1	--
Total Assets	$216,060	$230,347	$237,743
Current Liabilities	$12,793	$9,131	$16,731
Long-term Debt	32,070	31,139	36,130
Other Non-Current Liab./Self Ins.	2,858	2,508	2,158
Net Assets	168,339	187,569	182,724
Total Liabilities & Net Assets	$216,060	$230,347	$237,743
Ratios			
Debt Service Coverage	(0.00)x	9.70x	4.13x
Recast 2004 Debt Service Coverage – Reflects New Project	N/A	N/A	3.99x
Days Cash & Investments	740	883	843

Discussion: MSI's four largest sources of revenues over the last three years have been (1) Government Support (averaging 24.6% of revenues), (2) Private Support/Donations (averaging 24.4% of revenues); (3) Admissions (averaging 16.0% of revenues), and (4) Concession/Ancillary Services (averaging 14.0% of revenues). MSI's investment income has increased from $5.2 million in 2002 to $6.7 million in 2004 as MSI's long-term investment balances have increased.

As is the case with all of the museums located on public park land in the City of Chicago, MSI has experienced a significant reduction in operating support from the Chicago Park District over the past two years. Concurrently, however, the Museum has also experienced a reduction in endowment income from equities (reflective of the stock market)

MSI generated sufficient cash flow to cover its fixed obligations by multiples of 9.70x in 2003 and 4.13x in 2004. MSI's strong 2003 cash flow reflected $9.7 million of gains on Long-Term Investments.

Although MSI did not generate sufficient operating cash flow in 2002 to service its $1.7 million of fixed/debt obligations, MSI $19.7 million loss was almost entirely attributable to the combined effect of (1) an $8.8 million loss on investments and (2) $10 million of depreciation/amortization expense. MSI's $10 million unsecured Line of Credit with Bank One provided sufficient liquidity to enable MSI to fund operations.

Overall, MSI has a strong balance sheet with considerable liquidity as evidenced by Long Term investment balances that have increased from $70.3 million as of 12/31/2002 to $80.8 million as of 12/31/2004. MSI's overall Days Cash have increased from 740 at 12/31/2002 to 843 at 12/31/2004.

MSI's ongoing liquidity needs have been adequately serviced by a $10.0 million unsecured Line of Credit from JPMorgan Chase that bears interest at Prime minus 1% (i.e., 5.0% as of 6/23/2005). The outstanding balance of this Line of Credit was $5.4 million as of 12/31/2004. This Line of Credit was used to finance improvements to the U-505 exhibit that will be refinanced with proceeds of this Cultural Pool Loan.

MSI's Long-Term Debt appears manageable in relation to both (1) the book value of its fixed assets and (2) MSI's Net Assets (Fund Balance).

Additionally, MSI's 2004 results suggest that the Museum would have generated sufficient cash flow to cover existing debt obligations, plus the proposed 2005 Cultural Pool Loan by a multiple of 3.99 times (as noted by the 2004 Recast Debt Coverage Ratio above). MSI's strong prospective recast debt coverage provides strong evidence that MSI will be able to service the proposed $6.7 million Cultural Pool Loan.

FINANCING SUMMARY

Bondholder's Security:	Direct Pay Letter of Credit from JPMorgan Chase.
Interest Rate:	7-day Variable Rate Demand Bonds (current estimated rate of 2.70% as of 6/22/2005, plus related ongoing pro rata fees for Cultural Pool Loan participants)
Maturity:	10 Years
Bank Security:	JPMorgan Chase reserves the right to require additional pledged collateral from the Borrower, as deemed necessary.

PROJECT SUMMARY

Proceeds of the Cultural Pool loan will be used by the Museum of Science and Industry to finance, refinance, and reimburse the costs of certain capital projects, including the costs of acquiring, constructing, renovating, improving, and equipping certain "cultural facilities", including, specifically, the Museum's U-505 Exhibits. The Museum and Science and Industry's campus is located near the intersection of 57th Street and South Lake Shore Drive, Chicago (Cook County), IL 60637-2093.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The Museum of Science and Industry, 57th Street and Lake Shore Drive, Chicago (Cook County), Illinois 60637-2093
Borrower Contacts:	Joel M. Asprooth, VP – Finance and Administration, (T): 773-947-3747; (F) 773-684-2200; joel.asprooth@msichicago.org
Project name:	Cultural Pool Revolving Loan Fund
Location:	Near 57th Street and Lake Shore Drive, Chicago, IL 60637-2093
Organization:	501(c)(3) not-for-profit corporation
State:	Illinois
Board of Trustees:	See attached listing for 2004-2005 Board of Trustees and Life Trustees
Current landowner:	The Chicago Park District owns the subject real estate and has granted the sole and permanent right to use and occupancy of the original building and land to the Museum of Science and Industry under an agreement that extends into perpetuity as long as the Museum uses the property for its original corporate mission.

PROFESSIONAL AND FINANCIAL

Borrower's Counsel:	McDermott Will & Emery	Chicago	Heidi Steele
Accountant:	KPMG, LLP	Chicago	
Bond Counsel:	Chapman and Cutler, LLP	Chicago	Jim Luebchow
Standby LOC Bank:	JPMorgan Chase	Chicago, IL	Fred Ash
Trustee:	US Bank	Chicago, IL	Grace Gorka
Architect:	Lohan Capirle Goettsch	Chicago, IL	Michael Kaufman
General Contractor:	W. E. O'Neill Construction Co.	Chicago, IL	Michael Faron
Development Consult.:	Jones Lang LaSalle	Chicago, IL	Hossein Youssefi
Issuer's Counsel:	Kevin Cahill	Chicago	Kevin Cahill

The Museum of Science and Industry
2005-2006 Board of Directors

LEGISLATIVE DISTRICTS

Congressional:	2	Jesse L. Jackson, Jr.
State Senate:	13	Kwame Raoul
State House:	25	Barbara Flynn Currie

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **The WBEZ Alliance, Inc. (dba Chicago Public Radio)**

STATISTICS

Number:	N-NP-TE-CD-615	Amount:	$22,000,000
Type:	501(c)(3) bonds	IFA Staff:	Townsend S. Albright
Locations:	Chicago	Tax ID:	36-3687394
Est. fee:	$74,000	SIC Code:	4832

BOARD ACTION

Preliminary Bond Resolution
Conduit
No IFA funds at risk

No Extraordinary conditions
Staff recommends approval

PURPOSE

Proceeds will be used to (i), renovate and expand by adding two additional floors to the existing facility, (ii) house 12 new production booths with state-of-the art equipment, (iii) purchase furniture, fixtures, and equipment, (iv) capitalize interest, and (v) fund bond issuance costs.

IFA CONTRIBUTION

No Volume Cap is required for 501(c)(3)'s

VOTING RECORD

Preliminary Bond Resolution, no prior Board vote

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	$22,000,000	Uses:	Project cost	$19,980,000
				Capitalized interest	1,700,000
				Bond issuance costs	320,000
	Total	$22,000,000		Total	$22,000,000

JOBS

Current employment:	112	Projected new jobs:	14
Jobs retained:	N/A	Construction jobs:	140 (11 months)

BUSINESS SUMMARY

Background: The WBEZ Alliance, Inc. ("the Applicant", "WBEZ"), was incorporated in 1989 as an Illinois not-for-profit corporation. WBEZ (Chicago Public Radio) owns and operates WBEZ-FM (91.5) in Chicago, Illinois; WBEW-FM (89.5) in Chesterton, Indiana; and WBEQ-FM (90.7) in Morris, Illinois. The first Federal charters for public broadcasting went to local educational systems. In 1943 the Chicago Board of Education received such a charter. For the next 48 years WBEZ was managed by the Chicago Board of Education ("CBE"). By 1988 CBE was supplying approximately 26.0% of the total station cash budget, with 74.0% being raised form outside sources. To increase fundraising efforts, the Applicant's Community Advisory Board formed The WBEZ Alliance, Inc. After lengthy deliberations with the CBE, the Alliance offered to purchase the station. In 1990 the CBE sold the station to the Alliance.

Today, the station operates at the maximum allowable power, (50,000 megahertz) and reaches an audience within a radius of 60 miles of Chicago. The station's audience, as measured by Arbitron Audience Estimates, has increased over 84.0% from approximately 315,000 in 1995 to approximately 580,000 in 2004. Chicago Public radio has over 59,000 members and 250 business partners. The Applicant is recognized as an outlet for thorough news coverage, thoughtful discussion-oriented programming, and unique variety shows. The Applicant is governed by a 26-member Board. A list is attached for IFA Board review.

Description: The proposed project consists of (i) adding an additional 20,500 sq. ft. to their existing 24,000 sq. ft. facility at Navy pier. (ii) house 12 new production booths with state of the art equipment, and (iii) reconfigure the existing facility to:

(1) accommodate a City Room where reporters, producers, editors work and collaborate on breaking news and long form pieces,
(2) build an Outreach Center which reaches out to the Applicant's listening community offering a gathering place for sharing resources and viewpoints, and
(3) form Satellite Bureaus which will integrate the station with residents of Chicago's neighborhoods and suburbs *via* satellite offices staffed by full-time reporters or producers.

The expansion has been approved by the Metropolitan Pier and Exposition Authority ("MPEA"). The Applicant has a 99-year lease with the MPEA. The Applicant is pursuing a five-year capital campaign. The goal is $15 million. To date $2.7 million has been raised.

Remarks: The improved facilities and additional space will ensure Chicago Public Radio's future as a leading producer of original content and new talent. It will give the station the means to continue to develop new programming – to renew the Applicant's mission to provide Chicago with the best available radio programming.

Financials: Audited financial statements for fiscal years ending 8-31-2002– 2004, and 4-30-2005 internal financial statements (8 months).

(Dollars in 000s)

	2002	2003	2004	2005
Income Statement				
Total Revenues	$12,460	$14,879	$15,844	$11,761
Operating Expenses	(12,272	(14,262)	(15,599)	(10,510)
Operating Revenues	188	617	245	1,251
Investment gain (loss)	(331)	219	183	134
Change in Net Assets	(143)	836	428	1,385
EBIDA	964	1,366	1,082	1,874
Balance Sheet				
Current Assets	2,313	2,563	2,243	6,549
PP&E	6,944	6,869	7,278	8,050
Other Assets	6,877	8,085	8,646	7,345
Total	16,134	17,517	18,167	21,944
Current Liabilities	996	1,445	1,876	5,186

Other LT Liabilities	135	266	96	96
Debt	7,776	7,742	7,703	7,703
Net Assets	7,227	8,064	8,492	8,959
Total	$16,134	$17,517	$18,167	$21,944
Ratios:				
Debt coverage	2.0x	3.32x	2.37x	4.49x
Current Ratio	2.32	1.77	1.20	1.26
Debt/Net Assets	1.08	0.96	0.91	0.86

Note: (i) The Applicant's financial condition is strong. (ii) The Applicant has a $2,000,000 line of credit with LaSalle Bank Chicago, Illinois which bears an interest rate of prime plus 1.0% per annum. (iii) As of May 31, 2005, the balance outstanding was $700,000. (iv) The Applicant currently has cash and investments of approximately $7.8 million.

Operating Revenues were used to compute debt service coverage. The Applicant issued $7,600,000 floating rate bonds, Series 1994, through the IDFA. Debt service coverage is computed as if the Applicant were paying level debt service on the outstanding principal of the bonds. The Applicant plans to pay off the Series 1994 Bonds with cash and proceeds form the capital campaign.

FINANCING SUMMARY

Security: Direct pay Letter of Credit from LaSalle Bank, NA, Chicago, Illinois.
Structure: Multi-mode Variable Rate Demand Bonds
Maturity: 35 years

PROJECT SUMMARY

Proceeds will be used to (i), renovate and expand by adding two additional floors to the existing facility located at 848 East grand Avenue – Navy Pier, Chicago, Cook County, Illinois , (ii) house 12 new production booths with state-of-the art equipment, (iii) (iv) purchase furniture, fixtures, and equipment, (iv) capitalize interest, and (v) fund bond issuance costs.

Project Costs:	Construction/ Renovation	$15,745,000
	Arch/Eng	1,050,000
	Machinery/Equipment	3,185,000
	Total	$19,980,000

ECONOMIC DISCLOSURE STATEMENT

Applicant: The WBEZ Alliance, Inc. (dba Chicago Public Radio)
Project names: Chicago Public Radio Expansion Project
Location: 848 East Grand Avenue – Navy Pier, Chicago, Cook County, Illinois
Organization: 501(c)(3) Corporation
State: Illinois
Board of Directors: Attached for IFA Board review

PROFESSIONAL & FINANCIAL

Counsel:	Lord Bissell and Brook, LLP	Chicago, IL	Kay W. McCurdy
Accountant:	Altschuler, Melovin and Glasser LLP	Chicago, IL	
Bond Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Janet Goelz Hoffman
Issuer's Counsel	TBD		
Underwriter: Placement Agent	LaSalle Bank – ABN AMRO.	Chicago, IL	Peter Glick
Underwriter's Counsel:	TBD		
LOC Bank Counsel:	TBD		
Financial Advisor:	LaSalle Bank – ABN AMRO	Chicago, IL	Niresh Pande
Development: Consultant	U.S. Equities Realty	Chicago, IL	
Trustee:	TBD		
General Contractor:	W-E-O'Neil Construction Co.	Chicago, IL	
Architect:	Nagle, Hartry, Danker, Kagan, McKay Architects Planners, Ltd.	Chicago, IL	

LEGISLATIVE DISTRICTS

Congressional:	07, Danny K. Davis
State Senate:	11, Louis S. Viverito
State House:	26, Lovanna S. "Lou" Jones

ta/h/WBEZallianceprelim

EXHIBIT C

The WBEZ Alliance, Inc.
Board of Directors
April 2005

Chair **Merrill Hewson Smith (1996)** Civic Leader C/o Chicago Public Radio 848 E. Grand Ave Chicago, IL 60611 312-948-4600	Vice-Chair **Heather Steans (1998)** Civic Leader C/o Chicago Public Radio 848 E. Grand Ave Chicago, IL 60611 312-948-4600
Secretary **Tony Dean (2003)** Financial Executive C/o Chicago Public Radio 848 E. Grand Ave Chicago, IL 60611 312-948-4600	Treasurer **Susan McKeever (1996)** Attorney at Law 819 S. Wabash, Suite 600 Chicago, IL 60605 312-786-0330
Director **Scott Baskin (1993)** President Mark Shale, Inc. 900 North Michigan Avenue, Level 4 Chicago, IL 60611 312-654-5063	Director **Prudence (Prue) R. Beidler (2003)** Civic Leader C/o Chicago Public Radio 848 E. Grand Ave Chicago, IL 60611 312-948-4611
Director **Louis Carr (1998)** President of the Advertising Sales BET Holdings, Inc. 180 North Stetson Court Suite 4350 Chicago, IL 60601 312-819-8615	Director **Christy N. Harris (2004)** Assistant to the Board Chicago Board of Education Office of the Board 125 South Clark Street 6th Floor Chicago, IL 60603 312-553-1600

EXHIBIT C

The WBEZ Alliance, Inc.
Board of Directors
April 2005

Director **Larry Keeley (1994)** President Doblin Group 330 N. Wabash, #1300 Suite 1300 Chicago, IL 60611 312-443-0800	Director **Ken Lehman (1990)** Managing Partner KKP Group LLC 1603 Orrington Avenue, Suite 1880 Evanston, IL 60201 847-328-2288
Director **Robert B. (Bud) Lifton (1990)** Civic Leader C/o Chicago Public Radio 848 E. Grand Ave Chicago, IL 60611 312-948-4600	Director **Lyle Logan (2005)** Senior Vice President Northern Trust Company 50 S. LaSalle Street, B-2 Chicago, IL 60603 312-557-1359
Director **James W. Mabie (1994)** Principal William Blair & Company 222 West Adams Street Chicago, IL 60606 312-364-8678	President and General Manager **Torey Malatia** President and General Manager Chicago Public Radio Navy Pier 848 East Grand Avenue Chicago, IL 60611 312-948-4612
Director **Scott P. Marks, Jr. (1995)** Banking Executive C/o Chicago Public Radio 848 E. Grand Ave Chicago, IL 60611 312-948-4600	Director **Kay W. McCurdy (1990)** Partner Lord, Bissell & Brook 115 South LaSalle Street, 35th Floor Chicago, IL 60603 312-443-0267

EXHIBIT C

The WBEZ Alliance, Inc.
Board of Directors
April 2005

Director **James L. Nagle (2000)** Principal Nagle Hartray Danker Kagan McKay Penney Architects Ltd. 30 West Monroe, Suite 700 Chicago, Illinois 60603 312-425-1000	Director **Cassandra M. Pulley (1999)** Vice President Public Responsibility Sara Lee Corporation 70 West Madison Chicago, IL 60602 312-558-4955
Director **Alison P. Ranney (2003)** Managing Partner The Prairie Partners Group, LLC 736 N. Western Avenue, #203 Lake Forest, IL 60045 847-644-4754	Director **Raul I. Raymundo (2000)** Executive Director The Resurrection Project 1818 South Paulina Chicago, Illinois 60608 312-666-1323
Director **David J. Rudis (1994)** Senior Executive Vice President LaSalle Bank 135 South LaSalle Street Chicago, IL 60603 312-904-8262	Director **Esther S. Saks (1990)** Civic Leader C/o Chicago Public Radio 848 E. Grand Ave Chicago, IL 60611 312-948-4600
Director **Alexander (Sandy) Stuart (2000)** President and Chief Executive Conway Farms 150 Field Drive, Suite 100 Lake Forest, IL 60045 847-735-7085	Director **Tony Weisman (2000)** Chief Marketing Officer DRAFT 633 North St. Clair Chicago, IL 60611 312-397-2774

EXHIBIT C

The WBEZ Alliance, Inc.
Board of Directors
April 2005

Director **Gary Weitman (1998)** Vice President, Communications Tribune Company 435 North Michigan Avenue 6th Floor Chicago, IL 60611 312-222-3394	Director **Woodward A. (Woody) Wickham (2004)** Civic Leader C/o Chicago Public Radio 848 E. Grand Ave Chicago, IL 60611 312-948-4600

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: July 12, 2005

Re: Background Information on IFA/Illinois Educational Facilities Commercial Paper Revenue Notes Program
(The University of Chicago Hospitals and Health System Project)
H-HO-TE-CP-619

Background/History:

- The Illinois Educational Facilities Authority Commercial Paper ("CP") Revenue Notes Program was established in 1995 (now to also be referred to as the IFA Commercial Paper Revenue Notes Program):
    - IFA succeeded IEFA to its rights and obligations for this Program (and the underlying outstanding CP Revenue Notes)
    - These Notes had been issued periodically, from time-to-time, pursuant to the Program's original Series 1995 documents (as amended)
    - Existing borrowers under the CP Revenue Notes Program include the following institutions: Loyola University of Chicago, Northwestern University, The University of Chicago, and The University of Chicago Hospitals and Health System
    - Previous borrowers have included The Lincoln Park Zoo, Children's Memorial Hospital, and Illinois Masonic Hospital
    - Approximately $132 million has been originated from 1995-2003
    - Although other states have attempted to initiate similar programs, Illinois' CP Revenue Note Program has succeeded due to the ability to:
        1. minimize upfront origination costs (necessary due to tight spreads compared to other available short-term financing), and
        2. ability to aggregate several large borrowers with credit sufficient to obtain third-party credit enhancement (i.e., Bank LOC)
        3. aggregate sufficient threshold issuance volume to make a CP Revenue Note issuance feasible

Program Objectives:

- Short-term program designed for qualified educational, cultural, scientific institutions for capital projects
- Program serves as an alternative to short-term Bank Line of Credit financing
    - Because these CP Revenue Note obligations are expected to be refinanced generally within 5 years, the tax-exempt spreads are less than on IFA's traditional 20-40 year term financings on traditional bond issues

- The CP Revenue Notes Program serves Borrowers seeking to achieve two primary objectives:
    1. *Temporary Capital Campaign Revenue Anticipation Note Needs:* Borrowers in 5-year capital campaigns borrow under the Program with the intent of repaying the CP Revenue Notes upon collection of capital campaign contributions
        - Example: The Lincoln Park Zoological Society
            - Historically, the Lincoln Park Zoo has repaid its CP Revenue Notes upon receipt of capital campaign pledges
    2. *Interim Tax-Exempt Financing (prior to a larger, aggregated bond issue):* Borrowers seeking to temporarily finance capital projects that will be aggregated into a larger future traditional, stand-alone, term IFA Bond Issue:
        - Example: The University of Chicago Hospitals and Health System
            - The University of Chicago Hospitals and Health System intends to return to the IFA Board for a conventional stand-alone Health Facilities Bond issue within the next five years. (Estimated principal amount: $300 million)
            - Thus, IFA will again earn a fee upon refinancing the proposed $75 Million CP Revenue Notes origination within the next five years

- **Security for the Commercial Paper Revenue Notes:**

    - The CP Revenue Notes are secured by a Direct Pay LOC from The Northern Trust Company to provide access to institutional CP investors
        - Each participant must obtain credit approval from The Northern Trust Company to participate
    - The Commercial Paper Revenue Notes provide Borrowers access to tax-exempt financing at the short-term end of the yield curve as an alternative to short-term Bank Line of Credit financing:
        - The CP Revenue Notes typically mature from 1 day to 270 days of issuance and are repriced and "rolled over" at maturity at prevailing market rates as determined by JPMorgan Securities, Inc.
        - Typically these CP Revenue Notes "revolve" until the Borrower pays off its obligation (i.e., from capital campaign or permanent refinancing)
    - For Tax Purposes, Bond Counsel (Chapman and Cutler) establishes the Final Maturity Date for each project based on the useful life of the underlying assets financed:
        - Consequently, when the proposed CP Revenue Notes for the University of Chicago Hospitals and Health System are aggregated into a permanent IFA Bond financing, the underlying project will have a maximum 40-year maturity from the closing date on the CP Revenue Notes

Final Maturity Date on CP Revenue Notes:

- Although The Northern Trust Company typically provides a two-year LOC commitment to secure the CP Revenue Notes (at which time the CP Notes are placed with Institutional Investors pursuant to a Commercial Paper Offering Memorandum)

Program Terms in Resolution for The University of Chicago Hospitals and Health System Project:

- Increase maximum outstanding CP issuances through a Supplemental Trust Indenture to $292,200,000
- Revised Fee Schedule to provide increased fees for CP Revenue Note originations as follows:
  - Transactions up to $10 million: $6,000 (+ IFA Counsel Fee)
  - Transactions over $10 million up to $25 million: $11,000 (+ IFA Counsel Fee)
  - Transactions over $25 million and up to $50 million: $16,000 (+ IFA Counsel Fee)
  - Transactions over $50 million: $21,000 (+IFA Counsel Fee)

Rationale for Fee Schedule:

- This product is intended to compete with short-term Bank Line of Credit financing (which already at sub-Prime Rates for these borrowers
- These CP Revenue Notes have an anticipated term of 5 years
  - If the subject University of Chicago Hospitals and Health System Project is were a standard 40-year stand-alone, term financing, IFA would charge a closing fee of $130,000
    - By applying this $130,000 fee over the 5 year term (rather than a 40-year term) would result in a $16,250 closing fee
  - IFA will be refunding this $75 million CP Revenue Note issue into a permanent, traditional IFA Health Care bond issue sometime during the next five years (so IFA will collect an issuance fee at that time)
- In comparison, IEFA charged a maximum origination fee of only $10,000 at closing
- Because of narrow spreads and small average CP Revenue Note origination size (i.e., $4.1 million over 32 originations), imposing an annual fee charge (1 basis point allowed pursuant to documents) is not justified.
  - Additionally, 16 of the 32 originations have been for amounts under $2 million (including 12 originations for amounts of $1 million or less).

Staff Recommendation:

- Staff recommends approval of the accompanying Resolution for $75 million of CP Revenue Notes for the University of Chicago Hospitals and Health System, as presented (which also increases the maximum amount of CP Revenue Notes to $292.2 million and approves the amended fee schedule).

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 12, 2005

Project: **The University of Chicago Hospitals and Health System (Commercial Paper Revenue Notes)**

STATISTICS

Project Number:	H-HO-TE-CP-619	Amount:	$75,000,000 (not to exceed amount)
Type:	Commercial Paper ("CP") Revenue Notes	FM:	Rich Frampton
Location:	Chicago	Est. fee:	$21,000 (CP Revenue Notes)

BOARD ACTION

Final CP Revenue Note Resolution	
Conduit 501(c)(3) Commercial Paper Revenue Notes	No IFA funds at risk
Staff recommends approval	No extraordinary conditions

Security: The CP Revenue Notes will be secured by a Direct Pay Letter of Credit from The Northern Trust Company.

PURPOSE

Commercial Paper proceeds will provide interim financing for the proposed U of C Hospitals and Health System financings in Chicago. Ultimately, the Borrower anticipates refunding the IFA Commercial Paper within five approximately five (5) years, via an issuance of a larger IFA conduit bond issue that will consolidate this and future "CP" borrowings under a single, long-term bond issuance pursuant to a Trust Indenture dated as of 11/1/1995 between the Illinois Finance Authority (as successor to the Illinois Educational Facilities Authority.

The majority of proceeds of this CP issuance will (1) finance improvements at the Hospital's Pediatric Emergency Department. Additionally, CP proceeds will be used to (2) renovate space to accommodate additional ICU single bed rooms at Wyler Hospital, and (3) to construct an employee parking garage and adjacent administration building for the Psychiatric Department and (4) to provide shell space for future expansion.

The CP Revenue Notes will be issued in two tranches consistent with the Borrower's need to finance capital improvements. The Borrower anticipates originating the respective tranches in an initial tranche of $30 million in July 2005, with the follow-on tranche in late 2005 (November or December).

IFA CONTRIBUTION

Federal Tax-Exempt interest on Commercial Paper Revenue Notes.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Commercial Paper	$75,000,000	Uses:	Capital Projects	$75,000,000
	Equity	162,000		Costs of Issuance	89,500
				Underwriter's Discount	72,500
	Total	$75,162,000		Total	$75,162,000

JOBS

Current employment:	6085	Projected new jobs:	N/A
Jobs retained:	Not applicable	Construction jobs:	N/A

BUSINESS SUMMARY

Organization: The University of Chicago Hospitals ("UCH") is an Illinois not-for-profit incorporated under Illinois law in 1986 and doing business as The University of Chicago Hospitals and Health System ("UCHHS"). UCH and its related organizations are tax-exempt organizations under Section 501(c)(3) of the internal Revenue Code.

The University of Chicago ("U of C") is the sole corporate member of UCH and has the sole power to elect the UCH's Board of Trustees (see attached listing).

Background: The University of Chicago's hospital and clinic facilities are located on the University's main campus in Hyde Park and have been in continuous operation since 1927.

UCH is currently licensed to operate 593 beds located in the following three hospitals:

- Bernard Mitchell Hospital: the primary adult patient care facility
- Chicago Lying-in Hospital, the maternity and women's hospital, which occupies two floors of the building that houses Bernard Mitchell Hospital
- The University of Chicago Children's Hospital is dedicated to the medical needs of children and is located adjacent to Bernard Mitchell Hospital. The Children's Hospital will be replaced by the new University of Chicago Comer Children's Hospital, scheduled to open in January 2005.

UCH's ambulatory care facility, the Duchossois Center of Advanced Medicine ("DCAM"), opened in 1996. The DCAM has 310 exam rooms, 90 rooms for outpatient procedures, eight operating rooms for ambulatory surgery, and houses specialty outpatient clinics for medicine, surgery, obstetrics and gynecology, pediatric care, neurology and ophthalmology, adult primary care, and executive health practices.

Additionally, UCH operates several area-wide treatment centers including (1) a pediatric trauma center, (2) a regional burn and perinatal units, and (3) an emergency care center with a specially equipped and staffed medical helicopter. UCH also operates the Windermere Senior Health Center in Hyde Park and the Outpatient Senior Health Center at South Shore, located approximately two miles from the Medical Center.

As of June 2004, there were 1,391 physicians using UCH's facilities.

Competing tertiary care teaching hospitals include: Advocate Christ Medical Center, Northwestern Memorial Hospital, Rush-Presbyterian-St. Luke's Medical Center, University of Illinois Hospital and Clinics, and Loyola University Medical Center.

Impact of Proposed Project on Emergency Pediatric Care: The anticipated initial $30 million tranche of IFA Commercial Paper Revenue Notes will enable The University of Chicago Hospital to relocate its pediatric emergency room to a location adjacent to the new Comer Children's Hospital, which opened in February 2005. Additionally, the new facility will expand the capacity of the current pediatric emergency room and treatment stations by 2.5 times.

UCH has approximately 28,000 visits annually to its pediatric emergency room. UCH is one of six designated Level 1 Pediatric Trauma Centers in the Chicago metropolitan area and is one of only two centers that are staffed 24 hours/day. The nearest pediatric trauma centers are the John H. Stroger, Jr., Cook County Hospital (1901 W. Harrison Street in Chicago) or the Advocate Christ Medical Center (4400 W. 95th Street in Oak Lawn).

Financials: Audited financial statements for The University of Chicago Hospitals and Health System for the fiscal years ended 6/30/2002 through 6/30/2004.

(Dollars in 000's)	FYE June 30		
	2002	2003	2004
Statement of Revenues & Expenses:			
Total Revenue	$681,105	$727,472	$753,916
Operating Income	68,924	43,582	41,825
Change in Net Assets	(28,511)	35,902	73,986
EBIDA	24,791	89,051	125,821
Balance Sheet			
Current Assets	$196,464	$207,319	$197,177
PP&E – Net	331,584	361,468	412,417
Other Non-Current Assets	398,654	424,391	442,599
Other Assets	15,472	16,121	19,612
Total Assets	$942,174	$1,009,299	$1,071,805
Current Liabilities	$136,345	$151,235	$148,449
Long-term Debt	358,114	352,720	350,471
Other Non-Current Liab./Self Ins.	98,131	98,163	90,013
Net Assets	349,584	407,181	482,872
Total Liabilities & Net Assets	$942,174	$1,009,299	$1,071,805
Ratios			
Debt Service Coverage	1.24x	4.51x	6.49x
Days Cash & Investments	215	210	240

Discussion: Financial condition is excellent. Combined cash and unrestricted short-term and long-term investment balances totaled approximately $447.8 million as of 6/30/2004, equivalent to approximately 240 days cash. (UCH's operating expenses, excluding interest expense and depreciation, totaled approximately $660.3 million for the fiscal year ended 6/30/2004.)

Additional liquidity is available under a $15 million Line of Credit with LaSalle Bank NA. This Line of Credit has been renewed on an annual basis. UCH expects to maintain this Line of Credit going forward upon its expiration on 12/22/2005.

Historical debt service coverage has been extremely strong at 6.49x for the year ended 6/30/2004.

All of the Borrowers long-term debt is secured with credit enhancement (i.e., insured or secured with Bank Letters of Credit).

FINANCING SUMMARY

Security: The Bonds will be secured by a Direct Pay Letter of Credit provided by The Northern Trust Company. The anticipated initial Bank LOC term is two years, subject to extension.

Structure: The CP Notes will be sold at an interest rate that will mature between 1 and 270 days and will be subject to extension (i.e., "rollover") upon maturity for an additional term and interest rate to be determined by the JPMorgan Securities, Inc. (the "Dealer"). The CP Revenue Notes will be originated in two tranches, to reflect UCH's draw down needs. The proceeds from the sale of the CP Revenue Notes will by loaned to UCH through the purchase of the UCH's promissory notes issued by UCH pursuant to a Security Agreement between UCH and the Illinois Finance Authority.

The Trust Indenture will allow additional borrowers to be added to the CP Note program provided that the Northern Trust Company provides a Letter of Credit commitment for each borrower.

Interest Rate: The interest rate and maturities on the CP Notes will bear an interest rate determined by the maturity (i.e., between 1 and 270 days) set by the Dealer.

Maturity: The CP Notes will mature every 1 to 270 days and will be subject to extension based on continued availability of the Direct Pay Letter of Credit securing the Notes.

PROJECT SUMMARY

Proceeds of the Commercial Paper issuance will be used by the University of Chicago Hospitals and Health System to finance, refinance, and reimburse the costs of certain educational and health care capital projects, including the following (anticipated with the first tranche):

Initial Tranche:

- **Construction of a new, freestanding Pediatric Emergency Center.** This project will be located near the intersection of 58th Street and South Drexel Avenue, and will be located adjacent to and provide direct access to the University of Chicago's Comer Children's Hospital (at 5721 South Maryland Avenue). Additionally, the project will provide for the construction of three additional floors located above the Pediatric Emergency Center that will be used for future expansion of the hospital facilities.
- **Construction of addition for Wyler Hospital:** This project will renovate and retrofit two existing floors to provide additional adult ICU single bed rooms at 5839 South Maryland Avenue in Chicago.
- **Construction of a new Employee Parking Garage and an attached administrative building**: Facility will house Administrative Offices for the Psychiatric Department and provide shell space for future hospital expansion. This project will be located at the northwest corner of 61st Street and South Drexel Avenue in Chicago.
- **Renovation of existing labor and delivery suites and the addition of new labor and delivery suites at the Mitchell Hospital**, 5815 South Maryland Avenue in Chicago.

Second Tranche:

- **Various capital expenditures located through the University of Chicago Hospitals and Health System facilities** including the following locations in Chicago: 5634½-5721-5758-5815-5839-5840-5841 South Maryland Avenue, 850 and 901 East 58th Street, and the following sites:
  - A portion of the block bordered on the north by 57th Street, on the south by 58th Street, on the east by South Drexel Ave., and on the west by the property known as the University of Chicago Comer Children's Hospital, located at 5721 South Maryland Avenue.

- A portion of the block bordered on the south by 61st Street, on the east by South Drexel Ave., on the west by an alleyway located parallel and between Cottage Grove Avenue and South Drexel Avenue, and on the north by a building located at 6022 South Drexel Ave.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The University of Chicago Hospital and Health Care System, Finance and Strategic Development, 5841 South Maryland Avenue, Chicago, IL 60637.
Borrower Contacts:	(1) Lawrence J. Furnstahl, Chief Financial Officer and Chief of Strategic Development; (T) 773-834-5354; (Fax) 773-834-0970; Email: lawrence.furnstahl@uchospitals.edu (2)Ann McColgan, Assistant Treasurer; (T): 773-753-9106; (Fax): 773-834-0970; Email: ann.mccolgan@uchospitals.edu
Project name:	Commercial Paper Revenue Notes
Locations:	See locations described above under the Project Summary (i.e., description from IFA CP Revenue Note Resolution)
Organization:	501(c)(3) not-for-profit corporation
State:	Illinois
Board of Trustees:	See attached listing for 2004-2005 Board of Trustees and Life Trustees
Current landowner:	All of the buildings and/or land is currently owned by the University of Chicago and leased by The University of Chicago Hospitals.

PROFESSIONAL AND FINANCIAL

Borrower's Counsel:	Katten Muchin Rosenman	Chicago	Elizabeth Weber
Accountant:	PricewaterhouseCoopers	Chicago	
Bond Counsel:	Chapman and Cutler	Chicago	Jim Luebchow, Jennifer DeVriendt
LOC Bank:	The Northern Trust Company	Chicago	Sally Parnell
LOC Bank Counsel:	Winston & Strawn	Chicago	Ellen Duff
CP Dealer:	JPMorgan Securities, Inc.	New York, NY, Chicago	Suzanne Beitel Meghan O'Keefe
CP Dealer's Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Trustee:	JPMorgan Institutional Trust Services	New Albany, OH	Robert Granto
Rating Agency:	Standard & Poor's	New York, NY	
Issuer's Counsel:	Kevin Cahill	Chicago	Kevin Cahill

LEGISLATIVE DISTRICTS

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

Officers of the Corporation

Paula Wolff
Chair of the Board of Trustees, University of Chicago Hospitals and Health System

Michael C. Riordan
President and Chief Executive Officer, University of Chicago Hospitals and Health System

Kenneth P. Kates
Executive Vice-President and Chief Operating Officer, University of Chicago Hospitals and Health System

Ivy H. Bennett
Vice-President and Chief Marketing Officer

Jeffrey A. Finesilver
Vice-President and Director, Duchossois Center for Advanced Medicine

Mayumi Fukui
Vice-President for Managed Care

Lawrence J. Furnstahl
Chief Financial Officer, Chief of Strategic Development, Treasurer

D. Allan Gray
Vice-President for Surgical Services

Vickie L. Humphrey
Vice-President for Materials Management

Michael J. Koetting
Vice-President for Planning and Secretary of the Board of Trustees

Darlene Lewis
Vice-President and Chief Human Resources Officer

John P. Mordach
Vice-President for Finance

Jamie O'Malley
Vice-President and Chief Nursing Officer

Michele M. Schiele
Vice-President for Development

Judy Schueler
Executive Director and Chief Learning Officer, UCH Academy

Susan S. Sher
Vice-President for Legal and Governmental Affairs and General Counsel

Mark A. Urquhart
Vice-President for Support Services

Eric B. Yablonka
Vice-President and Chief Information Officer

MEMORANDUM

To: IFA Board of Directors

From: Eric Watson

Date: July 5, 2005

Re: **Village of Warren Interim Financing**
L-GO-LL-TX-633

The Request
The Village is requesting a loan from IFA to provide interim funding to cover the construction costs to upgrade an existing wastewater treatment plant and processes. The Executive Director approved funding of this loan pursuant to authority delegated by the Board on October 12, 2005. This loan is presented as an informational item with no Board action requested at this time.

Rationale
The Village application for inclusion into the Pooled Bond Program was accepted and approved by both the IFA Credit Review Committee and IFA Board of Directors in May 10, 2005. The Pooled Bond Program has not accrued to a sufficient size to conduct a bond sale as of this date. The Village is close to completing the project and needs funds to begin paying for costs incurred.

Original Request and Approval
The Credit Review and Board of Directors approved the project as a participant in a pooled Moral Obligation Bond to be issued later in 2005. The application was evaluated and recommended for approval by the Pooled Bond Program Finance Advisor, Robert W. Baird, Inc. Baird recommended approval provided that the Village raises sewerage rates to generate 1.25 times debt service coverage and pledges an intercept of its State shared revenues and its full faith and credit by structuring the obligation as an alternate revenue bond, which would require levying property taxes if sewerage charges were insufficient to repay this obligation.

Village Approvals
The Village Board adopted in June, 2005 a rate increase based on the recommendation of their engineers, Fehr-Graham. The Village has provided IFA with a copy of the minutes of the meeting in which the increase was approved. The rate increase was designed to be sufficient to generate 1.25 times debt service coverage. Fehr-Graham's rate study found that the Village's *quarterly* rates were comparable to *monthly* rates in many similar communities. Accordingly, the Village's rates will remain below the rates of many similar communities after the increase.

Security
The Village plans to enact an ordinance on July 7 to issue Bond Anticipation Notes and will pledge to issue alternate revenue bonds to repay the Notes and agree to intercept its State shared revenues and maintain rates to generate debt service coverage of 1.25 times.

Plans to Refinance this Debt
A Pooled Bond Program offering should be conducted prior to the end of the year.

Review of the Sewerage Fund

	Actual			Proforma
	2002	2003	2004	2005
Statement of Revenues and Expenses				
Revenues	85.9	83.5	170.6	238.7
Operating Expenditures	84.8	120.4	196.1	163.7
Capital Outlay	31.4	0.0	6.0	0.0
Total Expenditures	116.2	120.4	202.1	163.7
Operating Income	(30.3)	(36.9)	(31.5)	75.0
Non-Operating Income	14.8	36.5	7.4	354.0
Net Income	(15.5)	(0.4)	(24.1)	429.0
Balance Sheet				
Cash and Investments	319.8	319.4	295.3	124.3
Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	319.8	319.4	295.3	124.3
Net Fixed Assets	0.0	0.0	0.0	2,220.0
Total Assets	319.8	319.4	295.3	2,344.3
Current Liabilities	14.0	14.0	14.0	64.0
Long-term Liabilities	0.0	0.0	0.0	1,570.0
Equity	305.8	305.4	281.3	710.3
Total Liabilities and Equity	319.8	319.4	295.3	2,344.3
Statistics and Ratios:				
Gallons Billed (Thousands)	129,650.0	83,028.4	79,932.0	79,932.0
Equity to Expenditures	263.2%	253.7%	139.2%	433.9%
Current Ratio	22.84	22.81	21.09	1.94
Days Cash on Hand	1004.5	968.3	533.3	277.2
Debt Service Coverage	NA	NA	NA	1.25
Long-term Debt to Equity	NA	NA	NA	0.45

The Village operates the Sewerage Fund as a separate Enterprise Fund. This fund has lost money in each of the last three years reviewed. Volume (indicated by gallons billed) has declined by 38% following the closure of Warren's largest employer, Warren Cheese Plant, in 2003. Despite ongoing losses, the Fund remains very liquid, with 533 days of cash on hand as of December 31, 2004. The Village does not report fixed assets on the Fund balance sheet, a non-GAAP practice. The Fund has had no indebtedness nor reported any transfers in or out during the period reviewed.

The "Proforma 2005" column summarizes the annualized impact of a recently adopted rate increase and payment of interest on this debt on the Fund's Statement of Revenues and Expenses. Receipt of a $350,000 grant from DCEO is included as nonoperating income. Interest expense is calculated assuming a rate of 4.54% (the average rate for recent Moral Obligation Bond issues) and $1,469,300 borrowing. The Proforma balance sheet includes the addition of this project as a fixed asset, the incurrence of project debt and receipt of the DCEO grant as an increase in Fund equity. Cash is reduced by $250,000, the Village's expected contribution from funds on hand.

The rate increase appears sufficient to generate 1.25 times debt service coverage, based on the Village's estimate of operating expense. The Fund should remain highly liquid, despite the large contribution of cash to pay project costs.

Review of the General Fund

		Actual	
	2002	**2003**	**2004**
Statement of Revenues and Expenditures			
Taxes	139.8	143.0	157.1
Sales and Income Taxes	251.5	247.1	238.1
Other Revenues	33.6	15.8	15.1
Total Revenues	424.9	405.9	410.3
Operating Expenditures	166.9	144.6	139.1
Capital Outlay	0.0	0.0	0.0
Total Expenditures	166.9	144.6	139.1
Net Revenues	258.0	261.3	271.2
Net Transfers	(357.5)	(305.5)	(280.8)
Net Revenues and Net Transfers	(99.5)	(44.2)	(9.6)
Balance Sheet			
Cash and Investments	109.9	65.7	60.0
Other Current Assets	0.0	0.0	3.4
Total Current Assets	109.9	65.7	63.4
Other Assets	23.4	23.3	16.0
Total Assets	133.3	89.0	79.4
Current Liabilities	0.0	0.0	0.0
Long-term Liabilities	0.0	0.0	0.0
Fund Balance	133.2	89.0	79.4
Total Liabilities and Fund Balance	133.2	89.0	79.4
Ratios:			
Unrestricted Fund Balance to Expenditures	0.78	0.59	0.55
Current Ratio	NA	NA	NA
Days Cash on Hand	240.3	165.8	157.4
Debt Service Coverage	NA	NA	NA

Interceptable State Payments			
Sales and Income Taxes (General Fund)	251.5	247.1	238.1
Motor Fuel Taxes (Special Revenues Fund)	42.1	42.6	42.8
Total	293.6	289.7	280.9
Estimated Average Debt Service Requirements	111.9	111.9	111.9
State Payments to Debt Service Requirements	2.62	2.59	2.51

The General Fund has operated at a loss in each year reviewed because of large transfers to the police and fire protection funds and the street and alleys fund. The losses have declined to the point where the Fund essentially operates on a break-even basis. Warren has had no general obligation debt during the period reviewed.

The Village has offered to enter into an intercept agreement for State payments. These payments have recently been sufficient to cover projected debt service by 2.5 times.

Review of the Tax Base
Baird's evaluation of Warren's finances is attached. The tax base is mixed. Property values are rising and tax collection is very high. However, the population has been steadily declining and the Village lost its largest employer in 2003.

Outlook for Approval for Moral Obligation Financing
The Finance Advisor, Robert W. Baird, recommended approval of the application submitted by the Village of Warren with two conditions, intercept pledge of its State shared revenues and sewer rates to be established at 1.25x debt service. Since 2000, a favorable recommendation by the Finance Advisor has resulted in a one-hundred percent (100%) success rate of approval for the Moral Obligation support from the Office of the Governor. David Abel from the Governor's Office of Management and Budget reports that this project appears to meet the State's criteria and expects that it will ultimately be approved for moral obligation bonding.

Illinois Rural Bond Bank

Application Review Sheet

Date: 4/1/2005

Applicant: Village of Warren

Request: $1,620,000

Project: The project is to upgrade the Village's existing wastewater treatment plant and processes.

Overall Ranking

	Good	Fair	Poor
Economic Base:		X	
Property Tax Levies/Collections:	X		
Financial Indicators:			X
Debt Factors:			X
System Factors (Rev. Bonds):			X
Legal Provisions (Rev. Bonds):	X		

Evaluation:

The Village of Warren is a residential community located approximately two miles south of the Wisconsin border on route 78 in northeast Jo Daviess County. The Village's assessed value is primarily residential and commercial, with such evaluations accounting for 82% and 13% of the Village's 2003 EAV, respectively. Assessed value growth has been fairly consistent over the last five years at nearly 5% annually and tax collections have averaged 99.6% over the past three years. The Village does not have taxpayer concentration but does have employer concentration in Honeywell Micro Switch Division with 130 employees. Within the last year, the community lost its largest employer, Warren Cheese Plant. The population of the Village has decreased an average of 3.15% between each of the 1980, 1990 and 2000 censuses and 3.5% between the 1990 and 2000 censuses.

The General Fund has performed poorly the past five fiscal years with four consecutive years of negative annual net revenues. Revenues and expenses have declined at a rate of 5.5% and 4.6%, respectively, over the past five years. In 2002, the Village established police protection and streets and alleys expenditures from the General Fund into separate special revenue funds. The Village transfers funds from the general fund to pay these expenditures. The fund balance is currently 57% of expenses. The Village has no General Fund liabilities or General Obligation debt outstanding. The Sewer Fund has experienced 29% revenue growth and 22.9% expense growth the last five years. Connection growth is poor at (0.27%), and average demand is 50% of capacity. The top five users of the system account for 3.3% of system revenues.

The Village proposes to borrow approximately $1,620,000 to upgrade its existing wastewater treatment plant and processes. Debt service coverage levels on proposed debt service is negative and not defined using 2004 results. The intercept is adequate at 1.99x proposed debt service. Provided the Village pledges an intercept of its State shared revenues, and raises rates to generate debt service coverage of 1.25x and the resulting increase falls within normal ranges as determined by DCCA, this issue is recommended as an alternate revenue bond.

Robert W. Baird & Co.
Evaluation Sheet

Applicant: Village of Warren 4/1/2005

Request: $1,620,000

Project: The project is to upgrade the Village's existing wastewater treatment plant and processes.

		Comments:	Overall Ranking		
			Good	Fair	Poor
Economic Base:	**Fair**				
Pop. Growth (5000,3%)		Pop. Dec by an ave. of 3.15%			Poor
AV Growth (3%)		AV grew by 4.78%	Good		
AV Concentration: Ind. (60%)		Ind. accounts for 3.8%	Good		
(Top 1-20%, Top 5-50%, Top 10-75%)		Top ten account for 8.3% of total EAV		Fair	
Employment Trends		Lost its largest employer in 2003			Poor
Employers					
Property Tax Levies/Collections:	**Good**				
(93%+, 88%, >88%)		Collections ave. 99.6%	Good		
Financial Indicators:	**Poor**				
Revenue vs. Expense Trend		Losses in 4 of 5 years			Poor
Intercept		Intercept is 1.99x prop DS	Good		
Fund Balance (1%, 5-10%, >10%)		FB is 57% of exp.	Good		
Cash vs. Liability		No liabilites	Good		
Short Term Borrowing (20% Exp)		None utilized	Good		
Other					
General Obligation Debt Factors:	**Poor**				
Debt Burden (Net Debt/EFMV) (8%, 7%, <2%)		No GO Debt	Good		
DS Burden (DS/GF Exp) (10%, 4%, <4%)		No GO Debt	Good		
Per Capita Debt (<$500, $500-$1,000, >$1,000)		No GO Debt	Good		
Coverage (1.00, 1.25, 1.25+)		Issue is an alternate revenue bond	n/a		
Borrowing Trends		IEPA Bond issued in 2005 for water funds		Fair	
Reserves (No Draws)		Neg. net annual revs. 4 of the last 5 years			Poor
Future Plans		No future borrowing plans	Good		
Other					
System Operating and Debt Factors (Rev. Bonds):	**Poor**				
Rev vs Exp (Net Revs)		Revs. have grown slightly faster than exps.		Fair	
Connection Trend (2%)		Connection dec. by ave. of 0.27%			Poor
Rate Trend (Charge)		Last rate increase in Dec. 2002		Fair	
Historical Max DS Coverage without New Debt (1.1x)		No outstanding bonds	Good		
Historical Max DS Coverage with New Debt (1.0x)		Coverage is (0.17%)			Poor
User Concentration 20%(Top), 50%(T5), 75%(T10)		Top 5 account for 3.3%	Good		
Capacity vs. Demand (Growth Potential)		Demand is 50% of capacity	Good		
Compliance with Environmental Regulatory Requirements		In compliance	Good		
Intangibles					
Legal Provisions (Revenue Bonds):	**Good**				
Meeting Covenants?		No violations noted	Good		
Rate Increases? Timeliness?		Inc. passed for 2002		Fair	
Reserves?		None utilized	n/a		

Robert W. Baird & Co.
Illinois Rural Bond Bank Data Sheet

Applicant: Village of Warren

ECONOMIC BASE

Population Reported in U.S. Census:

Year	Population	% 10 Yr. Growth	Ave. Growth
1970	-		
1980	1,595	n/a	
1990	1,550	(2.82%)	
2000	1,496	(3.48%)	(3.15%)

Assessed Valuation for the Last Five Years:

Year	Total Assessed Valuation	% Yr. Growth	Ave. Growth
1999	$11,580,536		
2000	$11,821,735	2.08%	
2001	$12,037,925	1.83%	
2002	$12,184,933	1.22%	
2003	$13,887,393	13.97%	4.78%

Ten Largest Property Taxpayers

Name	Business	EAV	EAV/Total EAV
Richard & Darlene Weeden	Individual	$168,456	1.21%
Honeywell Inc.	Industrial	$161,715	1.16%
Freeport Depot Inc.	Non-Profit	$126,228	0.91%
Erma Thompson	Individual	$115,073	0.83%
Housing Enterprises of Warren	Apartment Rental	$114,667	0.83%
Hartzell Inc.	Retail-Grocery	$106,667	0.77%
Warren Cheese Plant	Industrial	$101,524	0.73%
Joyce Peters	Individual	$91,033	0.66%
Mitek Corp.	Industrial	$86,056	0.62%
Darrell & Lynn Puls	Individual	$85,932	0.62%
		Total:	8.33%

Five Largest Employers

Name	Business	Number of Employees
Honeywell Micro Switch Division	Industrial	130
Warren Public School System	Education	80
Carter Motor Company	Retail	50

Recent Losses: The community lost its largest employer, Warren Cheese Plant, one year ago.

Percentage of Tax Collected for the Last Five Years

Year	% Collected	5-Yr Average
2000	98.49%	
2001	101.24%	
2002	99.08%	
2003	n/a	
2004	n/a	99.60%

Robert W. Baird & Co.
Illinois Rural Bond Bank Data Sheet

Applicant: Village of Warren

FINANCIAL INDICATORS

General Fund

	General Fund					
Year	2000	2001	2002	2003	2004	Avg. Annual Growth Rate
Revenues	$438,631	$488,940	$424,886	$405,892	$410,299	(5.50%)
Expenses	($429,675)	($459,337)	($166,931)	($144,609)	($139,121)	(26.94%)
Sources(Uses)	$0	($47,399)	($421,089)	($305,494)	($280,755)	
Net	$8,956	($17,796)	($163,134)	($44,211)	($9,577)	
Fund Balance	$314,182	$296,386	$133,252	$89,041	$79,464	(32.99%)

Intercept

Revenue Source	
Sales & Income Tax	$238,136
Personal Property Replacement Tax	n/a
Motor Fuel Tax	$42,803
	$280,939
Projected Debt Service (This issue for 20 years @ 6%)	$141,200
Maximum Debt Service on Outstanding Bond Bank Bonds	$0
Total Outstanding and Proposed Bond Bank Debt Service	$141,200
Intercept vs. Debt Service	1.99x

Ratio Analysis

Ratios	
Fund Balance/Expenses	57.12%
Cash/Liabilities	n/a
Short Term Borrowing/Expenses	0.00%
Debt/Market Value	0.00%
Per Capita Debt	$0
Existing GO Debt Service/Expenses	0.00%
Existing GO and Alternate Revenue Debt Service/Expenses	0.00%
Projected GO Debt Service/Net	(0.07x)

Ratio Data	
Cash	$59,983
Liabilities	$0
Fund Balance	$79,464
Short Term Borrowing	$0
Net GO Debt	$0
Existing GO Maximum Debt Service	$0
Existing Alternate Revenue Maximum Debt Service	$0
Projected GO Maximum Debt Service	$141,200
Market Value	$41,662,179

Robert W. Baird & Co.
Illinois Rural Bond Bank Data Sheet

Applicant: Village of Warren

SYSTEM OPERATING and DEBT FACTORS

Revenue vs. Expense Trend

	Sewer Fund					
Year	2000	2001	2002	2003	2004	Avg. Annual Growth Rate
Revenues	$74,633	$78,985	$85,904	$83,500	$170,586	29.02%
Expenses	($100,302)	($87,727)	($116,238)	($120,376)	($202,126)	22.86%
Other Income(Expense)	$16,504	$23,816	$14,817	$36,497	$7,375	
Sources(Uses)	$0	$0	$0	$0	$0	
Net Income	($9,165)	$15,074	($15,517)	($379)	($24,165)	
Interest Expenses	$0	$0	$0	$0	$0	
Depreciation	$0	$0	$0	$0	$0	
Net Available for DS	($9,165)	$15,074	($15,517)	($379)	($24,165)	
Outstanding DS	$0	$0	$0	$0	$0	
Historical Coverage	n/a	n/a	n/a	n/a	n/a	

Connection Trend and Sales Volume

Year	# of Connections	% Yr. Growth	Cum. Growth	Volume
2000	714			$74,633
2001	724	1.40%		$78,985
2002	724	0.00%		$85,904
2003	724	0.00%		$83,500
2004	706	(2.49%)	(0.27%)	$170,586

Current and Historical Rates

December 2002: $17.00 base rate, 8,000 gallons and up add $1.20 per 1,000 gallons
December 2002 to present: $34.00 base rate, 8,000 gallons and up add $3.65 per 1,000 gallons
Rates for users outside of the Village are 2x those above

Projected Debt Service Coverage Using Historical Numbers

Sewer Fund				
2004 Net Available	Current Max P&I	Coverage	Total Max P&I *	Coverage
($24,165)	$0	n/a	$141,200	(0.17x)

* Outstanding maximum annual debt service of $0 plus new debt service of $141,200

User Concentration

Name		Revenues	% of Total System
Warren Cheese Plant			n/a
Mitek Corp.			n/a
Honeywell Inc.			n/a
Housing Enterprises of Warren			n/a
Freeport Depot Inc.			n/a
	Total:	$5,584.14	3.3%

Capacity vs. Demand (Growth Potential)

Capacity	Average Demand	Percent	Peak Demand	Percent
660,000	330,000	50.00%	n/a	n/a

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Borrower: Village of Rankin

STATISTICS

Project Number:	L-GO-LL-TX-610	Amount:	$130,000
Type:	Direct Loan	IFA Staff:	Eric Watson
Location(s):	Rankin, Vermilion County	Estimated fee:	$6,400 (12 mo. Interest)

BOARD ACTION

Final Board Approval
Local Government Direct Loan
$130,000 of IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

To match Illinois DCEO/CDAP Design Engineering Grant to separate the Village's combined sanitary and storm water system.

VOLUME CAP

Not applicable.

VOTING RECORD

None. This is the first time that this project has been presented to the Board.

SOURCES AND USES OF FUNDS

Sources:	IFA Loan	$130,000	Uses:	Project Cost:	$474,300
	DCEO Grants:	$344,300			
	Total:	$474,300		Total	$474,300

FINANCING SUMMARY

Description: The Village of Rankin is a non-Home Rule, agricultural municipality located in Vermilion County, 110 miles south of Chicago and 40 mile northeast of Champaign. Its population was 617 in 2000, according to the US Census.

The Project: The Village is in the design phase to separate its combined sanitary and storm water treatment system to comply with federal environmental guidelines. This Village is funding this project from CDAP Grants administered by the Illinois Department of Commerce and Economic Opportunity ("DCEO") and loan proceeds. The Village has already received $100,300 in grants from DCEO in FY 2005 and anticipates receiving an additional $244,30 in grants in FY 2006. Rankin officials are applying for approximately $500,000 in grants from the USDA to fund similar projects elsewhere in town and may also be used to repay this loan within a year or two.

The Village intends to repay this loan from water and sewage fees. Village officials have agreed to increase rates as needed to maintain debt service coverage of at least 1.25 times over the life of this loan. The Board adopted on June 16, 2005 rate increases recommended by Daily and Associates, Engineers, Inc., to provide this level of coverage and begin funding a reserve for future capital improvements. Village officials have also agreed to an intercept of State Payments to be activated in the event that pledged revenues are insufficient to pay debt service. Payments received in FY 2004 totaled 4.87 times projected debt service on this loan. Additionally, the Village's debt obligation will be structured as an Alternate Revenue Bond, which will require the Village to levy property taxes to repay this debt if the pledged revenues prove to be insufficient.

Financials: Audited financial statements for the Village of Rankin for fiscal years ended April 30, 2002, 2003 and 2004. Proforma estimates prepared by staff. All dollars in thousands.

Water and Sewerage Funds

	Actual			Proforma
	2002	**2003**	**2004**	**2006**
Statement of Revenues and Expenses				
Revenues	88.8	93.2	93.5	145.7
Operating Expenditures	134.6	154.7	167.1	176.3
Operating Income	(45.8)	(61.5)	(73.6)	(30.6)
Net Transfers	(35.1)	(43.2)	0.0	0.0
Non-Operating Income	1.6	0.7	7.1	344.3
Net Income	(79.3)	(104.0)	(66.6)	313.7
Earnings Before Interest, Depreciation & Amortization	(6.8)	(31.5)	5.9	392.6
Balance Sheet				
Cash and Investments	102.6	71.1	77.0	116.9
Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	102.6	71.1	77.0	116.9
Net Fixed Assets	557.2	484.7	412.2	813.9
Total Assets	659.8	555.8	489.2	930.9
Current Liabilities	0.0	0.0	0.0	10.2
Long-term Liabilities	0.0	0.0	0.0	117.8
Equity	659.8	555.8	489.2	802.9
Total Liabilities and Equity	659.8	555.8	489.2	930.9
Ratios:				
Current Ratio	NA	NA	NA	11.46
Days Cash on Hand	603.4	315.7	297.3	411.1
Debt Service Coverage	NA	NA	NA	2.91
Long-term Debt to Equity	NA	NA	NA	0.15

Discussion: The Village accounts for the financial results and position of its water system and sewerage system as separate Enterprise Funds. Rankin officials intend to repay this obligation from water and sewerage fees. The income statement and balance sheet for both funds are combined to evaluate these systems' capacity to repay this loan.

Revenues, consisting of user fees for water and sewerage services, have increased modestly over the period reviewed. Operating expenses include $72,500 for depreciation, a noncash charge that the Village began assessing to comply generally accepted accounting practices ("GAAP"). The Village has not increased user charges to cover depreciation. Rankin has also transferred cash from these funds to cover deficits in the Village's General Fund, its primary fund.

The Village maintains ample liquidity, with cash balances as of April 30, 2004 totaling 489 days of cash expenses. These funds have had no debt over the past three years. The Village engaged Daily and Associates, Engineers Inc. to complete a rate study and recommend a new rate structure to cover all operating expenses, begin funding a capital improvements fund and generate sufficient cashflows maintain 1.25 times debt service coverage. The Village Board adopted Daily and Associates' recommended rate structure on June 16, 2005. A copy of their analysis and rate recommendations is attached.

The "Proforma 2006" column provides an estimate of the annualized impact of the new rates, the project and associated indebtedness. Revenues are estimated assuming continuation of volume at FY 2004 levels (12,415,000 gallons). Non-operating income includes $344,300 in capital grants, of which $100,000 was received in 2005, with the remaining $244,300 expected to be collect in FY 2006. Expenses include an annualized estimate for interest expense based on a $128,000 borrowing at 5% amortized over 10 years. The Village plans to retain the excess of revenues over cash expenditures (approximately $40,000 in FY 2006) in a Capital Improvement Fund to finance future capital improvements for the water and sewerage systems.

Debt service coverage is estimated based on operating cashflow, which excludes receipt of the e large capital grants, which is a one-time income source. The balance sheet assumes that the project is completed and that the debt is incurred in FY 2006. Our analysis indicated that the new rates should be sufficient to generate ample cashflows to cover debt service and liquidity should remain very robust and leverage modest after this debt is incurred.

General Fund

	Actual		
	2002	**2003**	**2004**
Statement of Revenues and Expenditures			
Taxes	51.7	57.3	63.2
Sales and Income Taxes	68.9	50.2	61.9
Other Revenues	11.8	18.0	17.8
Total Revenues	132.4	125.4	142.9
Operating Expenditures	175.3	165.1	173.1
Net Revenues	(42.9)	(39.7)	(30.2)
Net Transfers	34.5	39.1	(1.2)
Net Revenues and Net Transfers	(8.4)	(0.6)	(31.4)

Balance Sheet			
Cash and Investments	28.6	28.0	10.0
Other Current Assets	0.0	0.0	0.0
Total Current Assets	28.6	28.0	10.0
Other Assets	0.0	0.0	0.0
Total Assets	28.6	28.0	10.0
Current Liabilities	0.0	0.0	13.4
Long-term Liabilities	0.0	0.0	0.0
Fund Balance	28.6	28.0	(3.4)
Total Liabilities and Fund Balance	28.6	28.0	10.0
Ratios:			
Unrestricted Fund Balance to Expenditures	0.16	0.17	(0.02)
Current Ratio	NA	NA	0.75
Days Cash on Hand	59.5	61.9	21.0
Debt Service Coverage	NA	NA	NA
Interceptable State Payments			
Sales and Income Taxes (General Fund)	68.9	50.2	61.9
Motor Fuel Taxes (Special Revenues Fund)	17.2	15.0	19.0
Total	86.1	65.2	80.9
Estimated Average Debt Service Requirements	16.6	16.6	16.6
State Payments to Debt Service Requirements	5.19	3.93	4.87

Discussion: The Village accounts for most of its governmental operations in the General Fund. Revenues, consisting of locally collected taxes, intergovernmental revenues (income and sales taxes collected by the State) and other, have steadily grown during the period reviewed. Expenditures, however, have exceeded revenues, resulting in negative net revenues each year. The Village transferred cash from the Water Fund and Sewer Fund in 2002 and 2003 to reduce operating deficits. The Village has had no indebtedness during the past three fiscal years.

The loan will be further secured by an intercept of State Payments that will be activated if the pledged revenues are insufficient to pay debt service. The Village received $80,900 in State Payments in FY 2004, consisting of sales and income tax recorded in the General Fund and motor fuel taxes recording the Special Revenues Fund. These payments exceed projected debt service payments on this debt by 4.87 times. Applying these payments to pay debt service, however, would require cuts in general governmental services or road maintenance, which may be difficult to implement.

The Village will be required to levy taxes on all taxable property in the event that the pledged revenues are insufficient. The Village's assessed valuation and property tax collections, have respectively increased 26.6% and 21.7% between 2000 and 2004.

PROJECT SUMMARY

The Village of Rankin is in the design phase to separate its combined sanitary and storm water system. Village engineers will place a probe in the water and sewer line to visually inspect the system. Lines will be cleared of roots and debris and repaired as need. Most of the existing pipe network will remain intact to transport sanitary sewer water to the Village's waste water treatment plant. Older pipe will be relined to extend its service life. New storm sewers will be installed to reduce local flooding and avoid unneeded treatment of storm water. Project costs are estimated below:

Engineering (Design)	$85,000
Line televising	25,000
Line cleaning	20,000
Renovation & construction	319,300
Total	474,300

FINANCING SUMMARY

Obligation: Alternate Revenue Bonds of the Village payable from water and sewer system revenues

Security: Pledge of revenues collected by the Village's water and sewerage systems and agreement to intercept State-Shared Revenues and levy property taxes if water and sewer system revenues are insufficient to pay debt service on this loan.

Covenants: Increase rates for water and sewerage services as needed to maintain 1.25 debt service coverage on this loan.

Structure: Loan amortizing over twelve years with level payments.

Maturity: August 1, 2017

ECONOMIC DISCLOSURE STATEMENT

Applicant: Village of Rankin
Officials: Leroy Finley, Board President
Earlene Probasco, Clerk
Trustees: Mark Eighner
Thomas Page
Larry Stevens
Tim Toner
Aaron Warren

PROFESSIONAL & FINANCIAL

Borrower's Counsel: Steven Washington, Mayer, Brown, Rowe & Maw
Issuer's Counsel: Steven Washington, Mayer, Brown, Rowe & Maw

LEGISLATIVE DISTRICTS

U.S. Congressional: 15
State Senate: 53
State House: 105

Village of Rankin
Sewer Rate Adjustment Worksheet
Proposed Rate Structure Analysis

Rate History

	User Fee (per $1,000 gal)	Debt Service (per Billing period)*	Capital Improvement (per Billing period)*	Surcharges**	Average Bill (based on 4,000 gal/mo.)
1989	$1.90	$15.50	$0.00	$0.00	$30.70
Current-1999	$2.50	$0.00	$0.00	$0.00	$20.00
Proposed	$2.75	$10.00	$7.20	$0.00	$39.20

* 1989 Rate was a bimonthly charge per account, proposed rates based on usage assumed to be 4,000 gal/month residential usage
** Surcharges are in place but have not been charged.

Note: **Capital Improvement charge was set so that when financing for Phase 1 Construction is in place, rates should require minimal adjustment to meet new loan commitment if Capital Improvement funds are allocated to the loan.**

Inflation **(Analysis of effects of inflation on previous sewer rates - expressed in 2005 dollars)**

User Fees in 2005 Dollars using average inflation rate of 3.0% (1989-2002)

	User Fee (per $1,000 gal)	Debt Service (per Billing period)*	Capital Improvement (per Billing period)*	Surcharges**	Average Bill (based on 4,000 gal/mo.)
1989	$3.05	$24.87	$0.00	$0.00	$49.26
Current-1999	$2.99	$0.00	$0.00	$0.00	$23.88
Proposed	$2.75	$10.00	$7.20	$0.00	$39.20

Note: Current-1999 based on 6 years of inflation (1999-2005)

Village of Rankin
Sewer Rate Adjustment Worksheet
Proposed Rate Structure Analysis

Expense to Receipt Comparison

Year	Expenses	Receipts	
1998	$6,763	**$47,307**	
1999	$14,067	$48,418	Rate Change
2000	$10,593	$39,223	
2001	$16,464	$37,411	
2002	**$32,496**	$36,711	Expense Change
2003	$48,172	$41,859	
2004	$29,512	$33,215	
Average (2002-2004)	**$36,700**	**$37,300**	

Note:
1. All expense and receipt data provided by Village in 1998-2004 audits
2. It is reported that the accounting for Village labor charged to the sewer account changed in 2002.
3. Debt Service Charge Dropped in 1999, if it has been retained as a Capital Improvement Charge, the Village would have accummulated $112,065 at the end of 2004.

Village of Rankin
Sewer Rate Adjustment Worksheet
<u>Proposed Rate Structure Analysis</u>

RATE STRUCTURE	CURRENT BI MONTHLY USAGE (1K GAL)	CURRENT DEBT SERVICE FEE	CURRENT CAPITAL IMP. FEE	SURCHARGE	PROPOSED USAGE FEE PER/1,000 GAL	PROPOSED DEBT SERVICE PER/1,000 GAL	PROPOSED CAPITAL IMPROVEMENT PER/1,000 GAL	TOTAL COST PER/1,000 GAL
Residential/Commercial w/H_2O in Village	$2.50	$0.00	$0.00	$0.00	$2.75	$1.25	$0.90	$4.90
Residential/Commercial	$2.50	$0.00	$0.00	$0.00	10%			
Industrial In Village	$2.50	$0.00	$0.00	$0.00				
Residential/Commercial w/H_2O outside Village	$2.50	$0.00	$0.00	$0.00				
Residential/Commercial outside Village	$2.50	$0.00	$0.00	$0.00				
Industrial outside Village	$2.50	$0.00	$0.00	$0.00				

ANALYSIS

USER DESCRIPTION	NO. OF USERS	ANNUAL USAGE GALLONS	AVERAGE BI-MONTHLY USAGE GALLONS	AVG BI-MONTHLY USAGE PER USER GALLONS	PERCENT USAGE	ANNUAL REVENUE CURRENT RATES	SURCHARGES REVENUE	TOTAL REVENUE	PROJECTED BILLINGS USING CURRENT RATE STRUCTURE	PROJECTED BILLINGS USING PROPOSED RATE STRUCTURE
Residential/Commercial w/H_2O	241	12,415,000	2,069,167	8,586	100.0%	$32,535.00	$0.00	$32,535.00	$32,535	$63,768.60
Residential/Commercial	0									
Industrial	0									
Residential/Commercial	0									
Residential/Commercial	0									
Industrial										
TOTALS	241	12,415,000	2,069,167							

REVENUE:

CURRENT BI-MONTHLY RESIDENTIAL (INSIDE LIMITS)
BILL BASED ON 4,000 GALLONS

(ASSUME FULL COLLECTION OF RESIDENTIAL BILLS)

ESTIMATED BI-MONTHLY RESIDENTIAL (INSIDE LIMITS)
BILL BASED ON 4,000 GALLONS (MINIMUM FEE)

$39.20	PROPOSED
$20.00	CURRENT

Village of Rankin
Sewer Rate Adjustment Worksheet
<u>Financial Analysis</u>

	Current	Proposed Short Term
Expenses:		
Average Annual Operating Expenses (2002-2004):	($36,700)	($36,700)
Revenue:		
Average Sewer System Revenue:	$37,300	$63,800
Short Term Impact:	$600	$27,100
Capital Improvement Fund (CIF)		
Annual Capital Replacement Fund (n = 50, P = $1.0M) (Value assumes Debt Service will end in 10 yrs and funds allocated for debt service will be added to CIF to reach target amount)		($10,000)
Approximate Debt Service (i = 5.0%, n =10, P = $128,000)[2]		($16,576)
Shortfall/Overage with Loan	$600	$524

Notes:
1. Based on budget estimate to refurbish Village sewer system.
2. Loan value includes sewer cleaning costs, Village cost share of design, and legal fees for loan.
3. All expense, receipt, and rate data provided by the Village.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Nona Myers, Funding Manager

Date: July 12, 2005

Re: **Overview Memo for the Short-Term Emergency Loan Program for School Districts**

- **Borrower(s) /Project Name:** Ottawa Elementary School District 141
- **School District:** Ottawa Elementary School District 141
- **Project Number:** L-GO-LL-TX
- **Location:** Ottawa (LaSalle County)
- **Amount:** $350,000
- **Date of Loan:** 7/1/05
- **Date of Repayment:** 10/30/05
- **Board Action Requested**: None (informational item only)
- **Uses**: Short-Term Emergency Loan Program (Note: IFA Board approved a resolution and borrowing parameters for this program at its 10/12/04 meeting)
- **Project Type**: IFA Direct Loan
- **IFA Contribution:**
  - Provides short-term funding for school districts to meet operating expenses
  - $350,000 of IFA funds at risk
- **IFA Fees**: None
- **Interest:** Interest is at a rate not to exceed 120-day U.S. Treasuries plus 0.5% per annum
- **Security:**
  - Primary source of security: County Property Tax Collections
  - Secondary source of security: State Aid Intercept Agreement
- **State Aid Overview:**
  - State Aid is paid by the Illinois State Board of Education 2 times per month from August through July
  - **Ottawa Elementary School District 141**
    2004-05 Net State Aid Entitlement: $4,379,430.53
    Monthly State Aid Payment: $182,476.27

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 14, 2005

Deal: **Village of Matherville**

STATISTICS

Deal Number:	L-GP-TE-MO-627	Amount:	$250,000 (not to exceed amount)
Type:	Local Government	IFA Staff:	Eric Watson
Location:	Mercer County	Est. fee:	$3,500

BOARD ACTION

Final Bond Resolution
Conduit Local Government Bonds
Moral Obligation of the State

Staff recommends approval
Conditions: Pledge intercept and 1.25x coverage

PURPOSE

Finance a project to dig and construct a deeper well to replace the Village's existing well.

VOLUME CAP

Local government bonds – no volume cap required.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$195,000	Uses:	Project Costs	$221,250
	Funds on Hand	26,250			
	Total	**$221,250**		**Total**	**$221,250**

JOBS

Current employment:	n/a	Projected new jobs:	n/a
Jobs retained:	n/a	Construction jobs:	n/a

CREDIT SUMMARY

The Village of Matherville is a residential community located in the north central portion of Mercer County approximately 20 miles south of the Quad Cities. The Village's assessed value is residential and commercial, with such evaluations accounting for 93% and 7% of the Village's total 2003 EAV, respectively. Assessed value growth has been consistent over the last five years at nearly 7.1% annually and tax collections have averaged 99.7% over the past four years. The Village does not have taxpayer and employer concentration. The Case IH Plant in East Moline closed recently effecting employment in the surrounding communities. The population of the Village of 772 has increased an average of 16.88% between each of the censuses since 1970 and 9.04% between the 1990 and 2000 censuses. Population data used for the 1970 and 1980 censuses were estimates.

Due to changes in accounting firms and a delay in the transfer of information to the new firm, the Village's 2003 and 2004 audits were not available for this analysis. The statistics used for the 2003 and 2004 fiscal years were based on preliminary numbers provided by the Village. The General Fund has performed adequately the past five fiscal years, with two consecutive years having negative annual net revenues. Over the past five years, revenues and expenses have increased at a rate of 3.47% and (8.75%), respectively. The fund balance is currently 47.45% of expenses comprised entirely of cash. The Village has a $10,000 John Deere tractor loan, which is to be paid off in 2006. The outstanding debt to market value ratio is 0.07% and the debt service/expense burden is 7.41%. Per capita debt is at $13. The Water Fund has experienced 9.03% revenue growth and 11.32% expense growth the last five fiscal years. Connection growth is fair at 0.66%, and average and peak demands are 65% and 90% of capacity, respectively. The top two users of the system account for 2.7% of system revenues.

The Village proposes to borrow approximately $195,000 to dig and construct a deeper well to replace the Village's existing well. Debt service coverage levels on proposed debt service is weak at 0.42x using 2004 results. The intercept is good at 5.47x proposed debt service. Provided the Village pledges an intercept of its State shared revenues, and raises rates to generate debt service coverage of 1.25x and the resulting increase falls within normal ranges as determined by DCEO, this issue is recommended as an alternate revenue bond.

Ratios

Fund Balance/Expenses	47.45%
Cash/Liabilities	640.52%
Short Term Borrowing/Expenses	0.00%
Debt/Market Value	0.07%
Per Capita Debt	$13
Existing GO Debt Service/Expenses	7.41%
Existing GO and Alternate Revenue Debt Service/Expenses	7.41%
Projected GO Debt Service/Net	1.20x

Water Fund

2004 Net Available	Current Max P&I	Coverage	Total Max P&I *	Coverage
$7,121	$0	n/a	$17,000	0.42x

* Outstanding maximum annual debt service of $0 plus new debt service of $17,000

FINANCING SUMMARY

Security:	Alternate Revenue Bond. Not Rated
Structure:	Fixed rate serial bonds
Maturity:	20 Years

PROJECT SUMMARY

Loan proceeds plus cash on hand will be used to dig and construct a deeper well to replace the Village's existing well. Project cost estimates are provided below:

New Construction	$130,000
Equipment	45,000
Engineering	27,750
Miscellaneous	18,500
Total	**$221,250**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Village of Matherville
Project Name:	The Village proposes to borrow to dig and construct a deeper well to replace the Village's existing well.
Location:	P.O. Box 585, Matherville, Illinois 61263
Organization:	Village
State:	Illinois
Officials:	Kevin Basala, President
	Anne Slavish, Treasurer
	Kathy Matkovic, Clerk
Alderperson:	Tracy Benedict
	Bill Bonick
	Jeff Garrett
	John Matkovic
	Thomas Slavish
	John Starcevich

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Zwicker Law Office	Aledo, IL	David Zwicker
Engineer:	Missman Stanley & Associates	Rock Island, IL	
Underwriter:	A.G. Edwards	St. Louis, MO	Anne Noble
Issuer's Counsel:	Chapman & Cutler	Chicago, IL	Chuck Jarik
Rating Agency:	Standard & Poors	Chicago, Illinois	
Rating Agency:	Fitch Ratings	Chicago Illinois	
Financial Advisor:	R.W. Baird	Chicago, IL	Tom Gavin

LEGISLATIVE DISTRICTS

Congressional:	17 Lane Evans
State Senate:	36 Michael Jacobs
State House:	72 Patrick Verschoore

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 12, 2005

Deal: **Park Lawn Association, Inc.**

STATISTICS

Deal Number:	B-LL-TX-628	Amount	$175,000
Type:	Participation Loan	IFA Staff:	Patrick McGee
Location:	Oak Lawn	Estimated fee:	$8,575 (first year's interest)

BOARD ACTION

Purchase of Participation Loan from Founders Bank
$175,000 IF Treasury funds at risk
Collateral is ***pari passu*** first position with the bank
Staff recommends approval of a resolution subject to:

- Copy of the executed contract
- Compliance with all loan terms and conditions page 4 of this report.

PURPOSE

Finance the acquisition and improvements of a single-family residence to convert it into a Community Integrated Living Arrangement (CILA) or group home for mentally challenged mature men.

VOTING RECORD

Initial board consideration, no voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Participation	$175,000	Uses: Project Costs	$350,000
	Founders Bank Loan	$175,000		
	Total	$350,000	**Total**	$350,000

JOBS

Current employment:	N/A	Projected new jobs:	10
Jobs retained:	N/A	Construction jobs:	3

BUSINESS SUMMARY

Background: Park Lawn was founded in 1955 by a small group of parents who challenged national and state policy makers who only provided funding for the education of "educable" children. These parents formed a not-for-profit organization to provide opportunities for their mentally challenged children to lead active and productive lives. They exchanged teaching time and recruited friends to provide instruction. Park Lawn started out at a local high school and then moved to a church for 10 years. Finally, in 1968 with the help of local mayors and government officials in the southwest suburbs, donations, and fundraisers, the first permanent school building was erected in Oak Lawn.

As the children aged and their needs changed, Park Lawn recognized the need for further expansion. In 1972, an addition to the school was constructed for developmental training classes and workshops for adults. The Illinois Department of Mental Health began funding school and training programs and the Association was able to hire an administrator to apply for public and private funds. Park Lawn purchased another building with a $1,000,000 grant from the Coleman Foundation and proceeds from a 501(c)(3) bond issued by the Village of Oak Lawn.

Park Lawn employs over 70 adults. Park Lawn Supported Employment Program places eligible persons in community jobs and provides ongoing support thanks to a grant from the Illinois Department of Human Services. Since 1970, Park Lawn has continued to expand its warehouse and production facilities to meet growing demand for sub-contracting services. Park Lawn's Vocational Workshop has remained a pioneer in its field since opening over 20 years ago, administering short- or long-term contracts, order fulfillment and inventory management.

Park Lawn recognized the need for residential services in the late 1970s and prepared for its next major expansion. In 1981, Park Lawn purchased the Worth Township Civic Center and courthouse and redeveloped it into a multi-story residential center for 40 adults with cognitive and complex physical disabilities. This intermediate care facility provides twenty-four hour supervision and medical services. The second residential facility housing 15 male and female residents was built in 1992 through a Housing and Urban Development Grant along with the help of a $10,000 grant from the Coleman Foundation. Residents there share a sense of ownership through their participation in making house hold decisions and household duties. Later Park Lawn opened six five-resident Community Integrated Living Arrangements (CILA) or group homes in Chicago Ridge, Evergreen Park, Tinley Park Mulberry, Worth, Oak Lawn, and Tinley Park Thornwood. With staff guidance, residents make decisions regarding the running the household, preparing meals, performing household chores, and preparing the budget.

Two hundred individuals are now enrolled in Park Lawn's programs. Park Lawn is seeking to expand again by developing another group home for senior men.

Borrower's Financials: Audited financial statements for Park Lawn Association, Inc., for fiscal years ended June 30, 2002, 2003 and 2004. Forecasts for 2005 through 2008 prepared by staff. All dollars in 000s.

	Actual			Forecast			
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Statement of Activities							
Program Revenues	2,297.1	2,231.3	2,381.2	2,405.0	2,465.1	2,489.8	2,514.7
Change in Net Assets	274.2	324.0	556.2	558.1	568.3	436.5	443.1
Earnings Before Interest, Depreciation & Amortization	437.2	457.5	681.9	673.7	676.2	541.5	545.2
Balance Sheet							
Current Assets	724.7	608.0	1,717.8	1,963.1	2,079.3	2,432.7	2,698.4
Net Fixed Assets	3,445.3	3,342.7	3,225.3	3,208.9	3,358.2	3,378.4	3,492.9
Other Long Term Assets	857.2	787.5	520.3	525.5	538.6	544.0	549.5
Total Assets	5,027.2	4,738.2	5,463.4	5,697.5	5,976.2	6,355.2	6,740.8
Current Liabilities	714.0	241.0	278.2	246.3	161.7	162.8	163.9
Long-term Debt	1,668.3	1,529.6	1,343.7	1,201.5	1,146.5	1,091.5	1,036.5
Temporarily Restricted Net Assets	12.1	11.0	328.5	331.8	340.1	343.5	346.9

Unrestricted Net Assets	2,632.8	2,956.6	3,513.0	3,917.8	4,327.9	4,757.4	5,193.5
Total Liabilities and Net Assets	5,027.2	4,738.2	5,463.4	5,697.5	5,976.2	6,355.2	6,740.8
Ratios							
Debt Service Coverage	1.78	1.94	2.78	2.63	3.16	4.37	4.52
Current Ratio	0.85	7.13	6.17	7.97	12.86	14.94	16.47
Day Cash on Hand	33.0	198.0	207.2	233.3	245.3	305.6	348.3
Long-term Debt to Unrestricted Net Assets	0.63	0.52	0.38	0.31	0.26	0.23	0.20

Discussion: Park Lawn operates through three entities: Park Lawn Association, Inc., Park Lawn School and Activity Center ("Park Lawn School") and Park Lawn Foundation, Inc.

The borrower, Park Lawn Association, Inc., raises funds for Park Lawn School and owns and finances real estate and equipment that it leases to the School. Park Lawn School administers Park Lawn's educational, vocational and residential programs with funding that it receives from the Illinois Department of Human Services, the Association and Park Lawn Foundation. The Foundation administers an endowment for the benefit of Park Lawn School.

The Association generates revenues from bingo, pull tabs and raffles (44%), leasing (20%), fundraising (18%), contributions (15%) and other sources (3%). Revenues have increased slightly over the period reviewed. Operating expenses consist primarily of costs for bingo, pull tabs and raffles (41%), fundraising (37%), occupancy (interest, depreciation, repair and maintenance—12%), and administration (10%). Expenses in 2002 and 2003 included contributions of $374,000 and $144,600, respectively, to the School. Revenues have significantly exceeded expenses causing net assets to rapidly accumulate during the period reviewed. Debt service coverage has been very healthy over the past three years.

As of September 30, 2004, the Association had $1.4 million in cash and investments and has remained highly liquid over the period reviewed. Fixed assets consist of educational, vocational and residential facilities and vehicles that are leased to the School. Rapid amortization of long-term debt coupled with growing net assets has caused leverage to fall sharply.

The forecast assumes that the project is begun and completed in 2006. Revenues and expenses are projected to grow 1% in 2005, 2007 and 2008 and 2.5% in 2006. Interest expense is projected to average 6% over the forecast period, in line with current averages. The forecast assumes a resumption of contributions to the School beginning at $150,000 in 2005 and increasing with revenue growth thereafter. Leverage is expected to continue falling during the forecast period. The Association should maintain very high debt service coverage and liquidity over the loan term.

Related Entity Financials: Audited financial statements for Park Lawn Foundation, Inc., for fiscal years ended June 30, 2002, 2003 and 2004

		Actual	
	2002	**2003**	**2004**
Statement of Activities			
Program Revenues	(17.7)	142.0	114.3
Change in Net Assets	(91.5)	1.6	(45.8)

Balance Sheet

Current Assets	342.8	54.8	82.5
Net Fixed Assets	0.0	0.0	0.0
Other Long Term Assets	3,255.7	3,618.0	3,601.0
Total Assets	3,598.5	3,672.8	3,683.5
Current Liabilities	0.0	2.8	0.0
Long-term Debt	0.0	0.0	0.0
Permanently Restricted Net Assets	945.3	966.3	961.9
Unrestricted Net Assets	2,653.2	2,703.7	2,721.6
Total Liabilities and Net Assets	3,598.5	3,672.8	3,683.5

The Foundation manages an endowment established to support Park Lawn School and Activity Center. Revenues consist of dividend and interest income, realized and unrealized gains and losses and contributions. (The Association administers most of Park Lawn's fund raising programs.) Expenses include annual contributions to the Association and trustee and audit fees. Transfers to the Association roughly match dividend and interest income. The Foundation has incurred modest investment losses during the period reviewed, which roughly correlates to the amount of realized and unrealized losses on investments incurred during this period.

Assets consist almost entirely of cash and marketable securities held as an endowment for the School and Activity Center.

Collateral: The Authority's participation will be secured by a pro-rata "parri passu" first mortgage on the property being acquired. The advance rate will be the lesser of 100% of the purchase price or the appraised value.

Exception: Founders Bank is offering a 15-year loan to the Association, which exceeds the Bank's 10-year term limit for most borrowers. The Bank also usually limits it advance rate to 80% of the appraised value of mortgaged real estate. The Bank is offering a longer term and higher advance rate than normal because they believe that the borrower's financial strength justified both the term and collateral policy exceptions.

The Authority's participation will be limited to 10 years, pursuant to IFA policy. Staff recommends advancing funds up to 100% of appraised value, instead of up to 80% pursuant to IFA Board policy because of the liquidity of strong historical cashflows and liquidity maintained by the Foundation and School and Activity Center. This later exception will be a policy exception.

FINANCING SUMMARY

Security: Pro-rata first position ***"pari passu"*** with Founders Bank on the first mortgage.

Interest Rate: Founders Bank is charging 6.9% fixed for 15 years. The Authority will receive 4.9%. The Bank will pass the entire 2% interest rate savings to the borrower resulting in 1% in annual savings to Park Lawn Association.

Term/Maturity: Fifteen year initial term, with payment due monthly pursuant to a 15 year amortization schedule.

IFA will only participate up to 10 years of the 15 year term.

PROJECT SUMMARY

Loan proceeds will be used to purchase and improve a single-family residence.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Park Lawn Association, Inc.
Location:	10833 S. LaPorte Avenue, Oak Lawn, IL 60453 (Cook County)
Applicant:	Park Lawn Association, Inc.
Organization:	Illinois 501(C)(3) Not-For-Profit Corporation incorporated November 12, 1999
Board of Trustees:	See attached listing for 2004-2005 Board of Trustees

PROFESSIONAL & FINANCIAL

Bank:	Founders Bank	Chicago, IL	Joseph Glab
Accountant:	Cocalas Westberg Ltd.	Addison, IL	Cocalus Westberg Ltd.
IFA Counsel:	Dykema Gossett PLLC	Chicago, IL	Darrell Pierce

LEGISLATIVE DISTRICTS

Congressional:	TBD
State Senate:	TBD
State House:	TBD

Park Lawn Association Board

- **Fred Zimmy**, *President*
- **Steve Janiszewski**, *Vice President*
- **Cathy Supanich**, *Secretary*
- **Marilyn Rodak**, *Treasurer*
- **Chuck DiNolfo**, *Director*
- **Jon Perry**, *Director*
- **Maury Barger**, *Director*
- **Bob Schuetz**, *Director*
- **Diane Halvorson**, *Director*

Park Lawn School and Activity Center Board

- **Brian Dennis**, *President*
- **Marilyn Wnuk**, *Vice-President*
- **Elinor Bye**, *Treasurer*
- **James Himmel**, *Director*
- **Thomas Mines**, *Director*
- **John Grady**, *Director, School Board*

Staff

- **James R. Weise**, *Executive Director*
- **Julie Grounds**, *Deputy Executive Director*
- **Steve Manning**, *Finance Director*
- **Doris J. Marks**, *Director of Development*
- **Ellie Crumback**, *Director of Residential Services*
- **Frank Portada**, *Director of Vocational Services*
- **Linda Renardo**, *Director of Human Resources*
- **Kathie Kelly**, *Sales Representative*
- **Karen Prisco**, *Program Manager SEP/DRS*

- **Deborah Joyce**, *Community Services Representative*
    - **Sharon Butterfield**, *Social Worker*

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 12, 2005

Project: **Jeffrey J. Gutzwiller (Associated Veterinary Clinic, LLC)**

STATISTICS

Project Number:	B-LL-TX-602	Amount:	$127,500
Type:	Participation Loan	IFA Staff:	Jim Senica
Location:	Staunton	Estimated fee:	$5,355 (first year's interest)

BOARD ACTION

Purchase of Participation Loan from Heartland Bank & Trust Company
$127,500 IFA funds at risk
Collateral is ***parri passu*** first position with the bank
Staff recommends approval subject to bank covenants presented on page 3 of this write-up.

PURPOSE

Loan proceeds will be used to purchase a veterinary building located in Washington, Illinois.

VOTING RECORD

Initial board consideration, no voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA	$127,500	Uses:	Project Costs	$255,000
	Heartland Bank	127,500		Total	$255,000
	Total	$255,000			

JOBS

Current employment:	10	Projected new jobs:	2
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Associated Veterinary Clinic, LLC was purchased from a retiring veterinarian in Washington, Illinois, by Annette Gutzwiller and a partner in March, 2004. The previous veterinary clinic had been in business at this location for several years and had developed a significant customer base, including care for both small and large animals.

Annette, who had engaged in the practice of veterinary medicine for nearly twelve years, subsequently bought out her partner's interest in February, 2005, and has been buying the building on a lease/purchase arrangement. The building's owner has offered to sell the building for $255,000; Ms. Gutzwiller expects that it will appraise for $300,000. For tax purposes, the building will be owned by Annette's spouse, Jeffrey J. Gutzwiller.

Financial: Associated Veterinary Clinic, LLC financial statement for the 9-month period March through December, 2004. Associated Veterinary Clinic, LLC interim financial statement for the 5-month period ending May 31, 2005. Staff-prepared projected financial information for 2005 and 2005

	Year Ended December 31		
	2004	2005	2006
	(Dollars in 000's)		
Income Statement			
Net Revenues	473	556	611
Cost of Goods Sold	112	124	136
Operating Expenses	257	343	332
Operating profit	104	89	143
Other income (expense)	(69)	50	90
Net profit	35	39	53
Balance sheet			
Current assets	44	75	78
PP&E	102	109	99
Other assets	54	100	95
Total assets	200	284	272
Current Liabilities	33	47	45
Debt	132	221	158
Net Worth	35	16	69
Total liab. & NW	200	284	272
Ratios			
Debt svc. Coverage	1.88x	2.48x	2.88x
Current ratio	1.33	1.60	1.73
Debt/Equity	3.57	8.25	3.21

Discussion: During its first 9 months of operation, the clinic has performed well, with revenues earned of $473,000 and a bottom line profit of $35,000. Operating results include salaries of $31,164 for Annette Gutzwiller and $30,000 for the partner whose interest has been bought out. Assuming Annette does not increase her salary markedly, funds which would have been expended on the former partner's salary could be allocated to debt service.

The $132,000 debt on the balance sheet includes a portion of the original loan for purchase of the practice as well as the loan for the buyout of the partner. Heartland Bank and Trust will be refinancing this loan with a 9-year term loan of $125,000.

Based on annual debt service approximating $40,000 for the $125,000 9-year term loan at 6.20% and the $255,000 10-year/20 year amortized building loan at a conservative blended rate of 6.20, the business would easily be able to service the debt based on the 9-month operating results via lease payments to Jeffrey J. Gutzwiller.

FINANCING SUMMARY

Security: Pro-rata first mortgage *"parri passu"* with Heartland Bank & Trust Company on the project real estate with an estimated appraised value of $300,000, providing a loan to value ratio of 85%. The Bank and IFA will also share in the Corporate guaranty of Associated Veterinary Clinic, LLC and in Annette Gutzwiller. Annette's 50% share of the Gutzwiller's net worth, excluding her interest in the clinic, was $370,000 per their personal financial statement dated March 21, 2005.

Structure:	IFA's interest rate will be 200 basis points below the Bank's loan rates, which will be fixed at 6.20% for 3 years, adjusting thereafter 2.5% over the prevailing 3-year Treasury note rate.
Maturity:	The loan will be set on a twenty year amortization with 120 payments of principal and interest over the ten year term of the loan.
Bank Covenants:	1) Completed appraisal and title work prior to closing 2) 3 years personal tax returns of Jeffrey J. and Annette Gutzwiller 3) Corporate documentation to include tax identification number and articles of incorporation 4) Proof of insurance on the project real estate

ECONOMIC DISCLOSURE STATEMENT

Project name:	Associated Veterinary Clinic Building Acquisition
Location:	Washington, Illinois (Tazewell County)
Applicant:	Jeffrey J. Gutzwiller
Organization:	Limited Liability Company (Veterinary clinic)
State:	Illinois
Ownership:	Annette Gutzwiller – 100%

PROFESSIONAL & FINANCIAL

Bank:	Heartland Bank & Trust Company	Peoria, Illinois	Don Shafer

LEGISLATIVE DISTRICTS

Congressional:	18 – Ray LaHood
State Senate:	53 – Dan Rutherford
State House:	106 – Keith P. Sommer

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: AgriWind LLC

STATISTICS

Project Number:	B-LL-TX-624	Amount:	Not to exceed $712,500
Type:	Participation Loan	IFA Staff:	Eric Reed
Location:	Tiskilwa, IL	Tax ID:	37-1506166
SIC Code:	4911 (Electric Services)	Est. fee:	$35,268(Est. 1st year's interest)

BOARD ACTION

Purchase of Participation Loan from Union Bank in Princeton, IL.
$712,500 of IFA funds at risk
Staff recommends approval, subject to satisfying all conditions of the bank loan.

- Receipt of necessary permits easements to construct the proposed turbine.
- Review of proposed purchase contract from Electric Co-op by IFA legal counsel.
- Proof of funds pledged by Private Cash investor.
- Personal Guarantees from Principals

PURPOSE

To provide permanent financing for the purchase and installation of one Suzlon S88 2100 Kilowatt Wind Turbine.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA	$712,500	Uses:	Wind Turbine	$2,000,000
	Bank Loan	$712,500		Installation	$210,000
	Owner Cash Investment	$150,000		Foundation	$80,000
	Private Cash Investor	$725,000		Road Access	$10,000
	Total	**$2,300,000**			**$2,300,000**

JOBS

Current employment:	2	Projected new jobs:	0
Jobs retained:	2	Construction jobs:	10

BUSINESS SUMMARY

Background: AgriWind LLC was formed by Merle and Joy Sears, Todd and Sherri Sears, and Matt and Joy Kauffman. Merle, Joy, Todd, and Sherri own and operate a 1,975 acre cash grain farm near Tiskilwa, IL in Bureau County. Of these acres, Merle and Joy own 560 acres. The remaining acres are leased. Matt and Joy Kauffman reside in the state of Maryland where Matt is employed in renewable energy technology. He holds an MBA in Environmental Science, while Joy has a Masters Degree in Public Health Science. Together the Sears family would like to construct a 2.1 MW Wind Turbine on their family farm. They will sell the electricity generated from the turbine to a local electric co-op.

The project has been researched extensively by the family over the past two years, during which time they have evaluated the economic and technical aspects of the project to insure that it will be both profitable and sustainable. After researching several different makes of turbines, the Sears' have decided to purchase the Suzlon brand.

The wind turbine will be mounted on an 80 meter tower located in one of the strong Class IV wind resources in Illinois. The location of the turbine on the Sears' farm is adjacent to a recently commissioned 54 Megawatt wind turbine, which was installed to generate power for the local school. The farm land owned by the Sears family was originally chosen for the Bureau County School project, although the Sears family ultimately decided against executing a contract with the developers. The site chosen on the Sears' farm is very similar in elevation and topography to the site of the school wind turbine. Through the discussions with developers concerning that project, the Sears believe they can install and operate a similar turbine on their farm, which will add significant profits to their farming operations.

The borrowers have completed cost estimates for all equipment and project installation expenses. The Sears' family has also identified building sites and the available wind source. They have submitted applications for conditional use permits to the required State and Federal authorities. They expect a final decision from the local county board on their permit request in June 2005.

Project Rationale: By forming AgriWind LLC and initiating the request for project financing, the Sears family hopes to construct the first farmer-owned utility scale wind power project in the State of Illinois. By utilizing their current farm land and the wind source available in Northern Illinois, they will able to increase their earnings substantially from their normal farming operations.

Transaction: The Sears family has requested financing of $1,425,000 to finance the balance of their AgriWind turbine project. They currently have submitted an application to USDA for a grant program, which could provided them funds for up to 25% of the project cost. The decision from USDA is expected some time in September 2005. Should the application be successful, the funds received would reduce the amount of private investment to be obtained by the Sears. IFA will participate 50% of the required financing with Union Bank. We will have a pro rata share mortgage on the proposed collateral, which encompasses the wind turbine. The bank will fund the loan through the construction phase, with the borrower using private, as well as their own investment prior to the advance of bank funds. Repayment terms are based on monthly payments over a 10 year period.

Financial Discussion: Recent personal financial statements for each of the principals are listed below. The majority of liquidity provided by Merle and Todd Sears is derived from their stored crop inventories and A/R, while Matt Kauffman lists $54K in cash and $146K in a brokerage account.

LT assets for Merle and Todd Sears primarily consist of farm real estate and farm equipment. Matt Kauffman's LT assets are residential real estate and their retirement accounts.

A ten year cash flow projection has been provided by the borrowers. Electric generation is estimated to be 6,254,640 kWh annually. Based on the preliminary contract with Wabash Valley Power Association, the borrowers will receive $.04 per kWh, which will generate revenue of $250,186 annually.

For debt service calculation, a tax rate of 28% was assumed, depreciation was calculated at 6 years, and debt service is $188,987 based on a 6% interest rate. Based on these assumptions, the projected DSC for the project is more than sufficient.

FINANCIAL SUMMARY

Borrower's Finances: Financial Statements and Projections for 2004 projected 2005 are borrower prepared.

Financial Data-Principals

	Merle and Joy Sears	**Todd and Sherri Sears**	**Matt and Joy Kauffman**
	1/7/05	**4/26/05**	**3/1/05**
Cash	1,000	0	54,000
Other Current Assets	105,000	145,067	146,400
Total Current Assets	**106,000**	**145,067**	**200,400**
401K/IRA's	0	19,000	128,200
Real Estate	995,000	165,000	307,000
Other LT Assets	166,400	204,700	4,000
Total LongTerm Assets	**1,161,400**	**369,700**	**311,000**
Total Assets	**1,267,400**	**514,767**	**511,400**
Operating Loans	67,285	140,432	0
CMLTD	12,760	31,450	7,000
Total Current Liabilities	**80,045**	**171,882**	**7,000**
Real Estate Mortgages	284,631	0	125,000
Total LongTerm Liab.	**284,631**	**0**	**125,000**
Total Liabilities	**364,676**	**171,882**	**132,000**
Net Worth	**902,724**	**342,885**	**379,400**
Working Capital	25,955	(26,815)	193,400
Current Ratio	1.32	0.84	28.63
Leverage	0.40	0.50	0.35

Income Tax Information	**2004**	**2004**	**2004**
Wages	2,581	2,599	67,041
Farm Income	6,048	45,347	0
Other Income/Losses	28,692	46	0
Total Income	**37,321**	**47,992**	**67,041**
Adjustments/Deductions	0	6,204	0
Adjusted Gross Income	**37,321**	**41,788**	**67,041**

Agri Wind LLC Projected Annual Revenues and Expenses

	Sales @.04/kWh	**Tax Credits**	**Operating Exp.**	**RE Taxes**	**Interest**	**Insurance**	**Fees**	**Deprec.**	**Net Income**	**DSC Ratio**
1	250,186	102,778	35,000	6,000	81,191	12,000	5,000	115,000	98,773	1.42
2	250,186	105,501	36,050	6,000	74,656	12,000	5,050	874,000	-652,069	1.59
3	250,186	108,224	37,132	6,000	67,725	12,000	5,101	524,400	-293,948	1.58
4	250,186	110,946	38,245	6,000	60,374	12,000	5,152	314,640	-75,279	1.59
5	250,186	113,669	39,393	6,000	52,577	12,000	5,203	251,620	-2,938	1.59
6	250,186	116,391	40,575	6,000	44,307	12,000	5,255	220,340	38,100	1.55
7	250,186	119,114	41,792	6,000	35,537	12,000	5,308	0	268,663	1.21
8	250,186	122,517	43,046	6,000	26,335	12,000	5,361	0	279,961	1.21
9	250,186	125,240	44,337	6,000	16,368	12,000	5,414	0	291,307	1.20
10	250,186	128,643	45,667	6,000	5,903	12,000	5,468	0	303,791	1.19
	2,501,860	1,153,023	401,237	60,000	464,973	120,000	52,312	2,300,000	256,361	

* *Annual Debt Service is calculated to be $188,987 based on a 10 year amortization with an interest rate of 6.0%*

* *Income Taxes are assumed to be 28%.*

PROJECT SUMMARY

Loan proceeds will provide permanent financing for the purchase and installation of Suzlon 2100 KW wind turbine.

FINANCING SUMMARY

Interest:	Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 200 basis points below the customer's Bank interest rate. Union Bank has proposed an interest of 6.95% fixed for 5 years.
Security:	IFA's participation is secured by a pro-rata share of a 2nd mortgage on and an assignment of rents and leases on 395 acres, which include the proposed turbine.
Sources of Repayment:	Primary: Operating cash flows generated from the sale generated electricity. Secondary: Liquidation of the collateral/Execution of personal guarantees.
Maturity:	Ten years with a 10-year amortization

COLLATERAL

Collateral will be an equal share real estate mortgage and an assignment of rents and leases on 395 acres, including a new Suzlon S88 2100 KW Wind Tower. IFA will also require an assignment of the Interconnection contract to purchase electric power generated by the wind turbine. Union Bank currently has a 1st mortgage on the 395 acres with a balance $200,000. Union Bank estimates the value of the real estate at $1,382,500. This would provide equity of $900K based on an 80% advance rate on the real estate. Based on the project cost of $2.3M, a 75% advance rate on the wind turbine and the real estate equity, **the overall LTV on this facility will be 54%.**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	AgriWind LLC
Location:	14385 600 North Ave., Tiskilwa, IL 61368
Organization:	Limited Liability Corporation
State:	Illinois
Ownership:	Merle and Joy Sears, Todd and Sherri Sears, Matt and Joy Kauffman

PROFESSIONAL & FINANCIAL

Accountant:	N/A	
Bank:	Union Bank-Princeton, IL	Jeff Hunt, Community Bank President

LEGISLATIVE DISTRICTS

Congressional:	19th	State Senate:	59th	State House	117th

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Vee Properties South LLC and Vee Pak Inc.**

STATISTICS

Deal Number:	B-LL-TX-607	Amount:	$1,000,000
Type:	Participation Loan	IFA Staff:	Sharnell Curtis Martin
Location:	Hodgkins	Est. fee:	$45,000 (first year's interest)

BOARD ACTION

Purchase of Participation from MB Financial
$1,000,000 IFA funds at risk
Collateral is parri passu first position with MB Financial
Staff recommends approval subject to the following conditions: Assignment of rents and leases
Evidence of Insurance
As if Completed Appraisal

PURPOSE

Land acquisition and construction of a 300,000 square foot warehouse and distribution facility in Hodgkins.

VOTING RECORD

Initial board consideration, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	MB Financial	$6,820,000	Uses:	Project Costs	$12,100,000
	SBA 504 Loan	3,070,000			
	Equity	1,210,000			
	IFA	1,000,000			
	Total Sources:	$12,100,000		Total Uses:	$12,100,000

The SBA 504 Loan is subordinate to the participation loan. Additionally, the source of equity is funds contributed by Mr. Vennetti.

JOBS

Current employment:	150	Projected new jobs:	25
Jobs retained:	N/A	Construction jobs:	150

BUSINESS SUMMARY

Background: Vee Pak, Inc. was founded in 1990 by Ralph Vennetti, the Company's President and CEO. Mr. Vennetti is also the sole principal of Vee Properties South LLC.

Vee Pak is a contract packager that mixes and packages various products including: shampoos, conditioners, hair styling products, foot products, antiperspirant/deodorant, lotions, soaps, antibacterial products, tanning products, and facial products. The processing takes place in many 7,000 gallon steel storage tanks mixing approximately 5,000 gallons of product to be mixed, cooled and/or heated and placed into tubes, bottles, jars and hot fill sticks (deodorant). Finally the products are labeled, sealed and packaged for their respective product lines.

Major customers include: Johnson and Johnson, Bath and Body Works, Australian Gold, L'Oreal, Avon, Alberto Culver, Playtex and Gillette. The new 300,000 square foot facility will be located in the Hodgkins-McCook Enterprise Zone.

Mr. Vennetti controls business and personal assets totaling approximately $44 million as of December 2004. Approximately $40 million of these assets consist of marketable securities in several related business entities, real estate and receivables. His personal net worth is approximately $31 million with approximately $3.3 million of non-business related assets (i.e. cash, stocks, personal residence, personal property and retirement accounts) Mr. Vennetti has annual income of $2.6 million for year ended 2004 and has a credit score of 753 as of May 2005.

Description: The proposed loan will finance the purchase, development and construction of a new headquarters for Vee Pak Inc. Vee Properties South, LLC will purchase approximately 11 acres of vacant land and construct a 300,000 square foot facility which will house the company's office personnel and also serve as a warehouse and distribution center. The Company has been leasing a nearby facility also located in Hodgkins; and will realize annual net savings of approximately $350,000.

MB Financial will fund an $11 million construction loan. Upon completion of the construction, a term loan will be made including the participation loan of the IFA and SBA 504 loan which will be in a subordinate position in the amount of $3.075, 000.

Financials: Audited Financial Statements 12/31/02 – 12/31/04
Internally Prepared Financial Projections 12/31/05 – 12/31/07

		Year Ended Dec 31		Year Ending Dec 31		
	2002	2003	2004	2005	2006	2007
			(Dollars in 000's)			
Income statement:						
Sales	$44,249	$50,389	$88,302	$93,600	$99,216	$105,169
Net income	1,708	1,149	1,139	2,181	2,318	2,450
EBITDA	3,943	3,571	4,311	6,522	6,945	7,361
Balance sheet:						
Current assets	$10,283	$17,830	$23,163	$24,089	$25,053	$26,056
PP&E	3,550	4,310	6,550	18,650	17,717	16,830
Other assets	1,451	2,893	2,993	2,801	2,669	2,453
Total assets	15,284	25,033	32,706	45,540	45,439	45,339
Current liabilities	8,018	17,013	21,972	21,525	19,543	17,417
Non Current liabilities	2,288	1,893	3,467	14,567	14,130	13,706
Equity	4,978	6,127	7,267	9,448	11,766	14,216
Total liabilities/equity	$15,284	$25,033	$32,706	$45,540	$45,439	$45,339
Ratios:						
Debt coverage	4.43x	3.72x	2.22x	2.62x	2.65x	2.67x
Current ratio	1.28	1.05	1.05	1.12	1.28	1.50
Debt/equity	0.51	0.33	0.56	1.71	1.36	1.11

Discussion: The Company has demonstrated strong financial growth over the past five years and has experienced increases in sales of at least 13% annually. In 2004, the Company's sales increased significantly primarily due to the addition of Johnson & Johnson as a customer. The Company's three largest customers represented approximately 75% of sales in 2004. Customer orders are obtained through production contracts which run for three to five year terms.

Vee Pak has strong operating cash flows and has been able to successfully manage the growth of the company. Based on interim financial statements as of March 2005, the Company had generated revenue of approximately $23 million and an estimated net income of $1.3 million.

FINANCING SUMMARY

Security: Collateral will consist of a pro-rata first position "parri passu" with MB Financial on the facility to be located at the intersection of River Road and 67th Street in Hodgkins, IL (Cook County). A first mortgage, assignment of rents and leases, and UCC financing statement on all subject property located at the Hodgkins facility. Additionally, will have the corporate guarantee of Vee Pak, Inc. and personal guarantee of Ralph Vennetti.

The SBA's loan of $3,075,000 will be secured by a second mortgage on the subject property with a 20 year term and fixed rate of 6.10%

Structure: Based on the guidelines of the Participation Loan Program, IFA's interest will be 200 basis points below the banks stated rate of LIBOR plus 175 basis points, presently 5.3% or prevailing five year swap adjusted treasury plus 175 fixed. The bank will retain 50 basis points for servicing.

Maturity: The loan will be set on a 10 year term with a 25 year amortization with a balloon at maturity.

Covenants:
Executed lease agreement between Vee Properties South LLC and Vee Pak, Inc.
As if completed appraisal
Evidence of insurance on collateral
Prior to opening construction loan, copy of commitment letter from SBA loan of $3,075,000 secured by a second mortgage on subject property.
Annual Audited Financial Statements

PROJECT SUMMARY

Loan proceeds will be used to finance the construction of a 300,000 square foot warehouse and distribution facility and the acquisition of 11 acres of land located at the intersection of River Road and 67th Street in Hodgkins, IL 60525 (Cook County). Project costs are estimated as follows:

Construction	$8,075,000
Land	3,100,000
Contingency	525,000
Interest Reserve	400,000
Total Project Costs	$12,100,000

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Vee Properties South LLC and Vee Pak Inc.
Project name:	Vee Pak New Hodgkins Facility
Location:	Intersection of River Road and 67th Street in Hodgkins, IL 60525 (Cook County)
Organization:	Limited Liability Company and Corporation
State:	Illinois
Ownership:	Ralph Vennetti – 100%
Land Sellers:	John T. O'Connell

PROFESSIONAL & FINANCIAL

Bank:	MB Financial	Chicago	Ross Weigand/Bridgit Wilson
Accountant:	Mulcahy, Pauritsch, Salvador & Co.		
IFA Counsel:	Dykema Gossett	Chicago	Darryl Pierce

LEGISLATIVE DISTRICTS

Congressional:	3 -- Daniel Lipinski
State Senate:	11 -- Louis Viverito
State House:	22 – Michael Madigan

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 12, 2005

Project: Commercial Transport, Inc

STATISTICS

Project Number:	B-LL-TX-616	Amount:	$250,000
Type:	Participation Loan	IFA Staff:	Rick Pigg
Location:	Belleville, IL	Est. Fee:	12,375 (first year's interest)
NAICS Code:	484230 (Specialized Freight Trucking)	Tax ID:	37-0225015

BOARD ACTION

Participation Loan
$222,500 of IFA Funds at risk
Staff recommends approval, subject to compliance with all of Southwest Bank's conditions for this loan.

PURPOSE

To refinance a construction loan with a permanent loan on a 15,860 square-foot industrial building consisting of an office, parts and seven bay service facility located at 117 Premier Drive in Belleville.

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:	Southwest Bank Loan	$250,00	Uses:	Refund Loans	$450,000
	IFA Participation	250,000			
	Total	**$450,000**		**Total**	**$450,000**

The Bank is not requiring any cash equity in light of the considerable equity that the borrower has in this building.

JOBS

Current employment:	0	Projected new jobs:	3
Jobs retained:	0	Construction jobs:	10

BUSINESS SUMMARY

Background: Commercial Transport, Inc ("CT") is an Illinois Corporation that was established by Alfred White in 1940. The Company is a long-haul trucking operator, hauling bulk commodities in interstate commerce. Its principal customers are processors and shippers of dry bulk food grade products and petroleum products. CT operates out of four terminals, located in Belleville, Cape Girardeau, MO, Joppa, IL, and Muscatine, IA, and conducts the majority of its business in the Midwest. Alfred's son, Robert, now manage the Company's operations. Alfred remains the Company's majority shareholder with a 63% stake, with Robert owning the remainder. The company owns a life insurance policy that will be used to retire Alfred's shares to treasury upon his death set at a price of 85% of book value for the preceding year.

Description: CT currently owns a 3.4-acre site with a 15,860 square-foot industrial building that is occupied by White Tank & Truck Repair, Inc. (White). White is a related company owned by Bob White that provides maintenance for trailers and trucks, including CT and other companies. White also provides trailer washing services, primarily for CT. The building was recently expanded and additional office space was built for the facility.

The lending officer for Southwest Bank ("SWB") previously managed Boatmen's Bank relationship with CT when he worked at that institution. For many years, Alfred White was a member of Boatmen's board of directors and its predecessors. SWB serves as the White's lead business bank, providing a $200,000 line of credit and a term loan with $150,000 outstanding to White and $2.4 million in loans to CT for rolling stock that amortize over 48 to 54 months. The Bank plans to refinance an existing US Bank mortgage with a $311,000 balance and a construction loan with a $189,000 balance. Southwest Bank has asked IFA to participate in this loan for 50%.

Financial Summary: Summary of Commercial Transport's finances for fiscal years ended December 31, 2002, 2003 and 2004 prepared by the Bank from financial statements reviewed by Strothman & Co, CPA. Forecasts prepared by staff.

	Actual			Forecast			
	2002	2003	2004	2005	2006	2007	2008
Income Statement							
Net Sales	8,015	9,450	11,625	12,206	12,817	13,201	13,597
Net Income	98	152	173	219	245	269	279
Earnings Before Interest, Taxes, Depreciation & Amortization	625	884	1,443	1,450	1,522	1,568	1,615
Balance Sheet							
Current Assets	894	1,098	1,442	1,511	1,437	1,413	1,452
Net Property, Plant & Equipment	2,754	3,915	4,094	3,748	3,248	2,852	2,549
Other Assets	89	66	41	42	43	44	45
Total Assets	4,501	5,767	6,172	5,925	5,385	4,984	4,742
Current Liabilities	1,270	1,331	1,490	1,382	1,264	1,134	1,004
Long-term Debt	935	2,019	2,056	1,756	1,156	706	406
Other Liabilities	290	436	533	560	588	605	623
Stockholder's Equity	1,787	1,939	2,044	2,176	2,323	2,484	2,651
Total Liabilities & Stockholder's Equity	4,501	5,767	6,172	5,925	5,384	4,984	4,742
Ratios							
Debt Service Coverage	1.07	1.72	1.39	1.27	1.57	2.06	2.88
Current Ratio	0.70	0.82	0.97	1.09	1.14	1.25	1.45
Debt to Equity	0.52	1.04	1.01	0.81	0.50	0.28	0.15

Discussion: Over the past five years, CT has expanded its bulk dry food business and reduced its dependence on petroleum products. Petroleum products historically have been the Company's largest line but now constitute 19% of sales. Mr. White expects this share to ultimately decline to 10% to 15 of total sales. Shipping petroleum has become less profitable recently because of increased driver training, insurance and truck maintenance requirements. The Company continues to haul jet fuel to

Air Force and National Guard bases pursuant to 5-year contracts awarded in 2002 that generate $1 million in annual sales and 5% of CT's operating income.

CT became the sole distributor of flour for Archer Daniels Midland's ("ADM") Indianapolis facility in October 2003, a relationship that generates $4 million in sales. Profitability declined in 2003 because of $241,000 in costs incurred to assemble a fleet of tractors and trailers to administer this contract. Revenues and EBITDA in 2004 respectively increased 23% and 66% over 2003 levels primarily because of growth in hauling food grade dry bulk material, principally for ADM.

Expanding food shipments have required significant acquisition of rolling stock, with much of that financed with debt. Leverage has increased but remains manageable, as evidenced by acceptable debt coverage ratios. The Company's book value is probably understated because management depreciates transportation equipment rapidly (3 years for tractors and 5 years for trailers). Mr. White generally sells tractors after 500,000 miles or 5 years. The Company has reported gains on the sale of assets in each of the years reviewed. CT amortizes most of its debt of 48 or 54 months. The Bank's leasing specialist notes that most transportation companies amortize leases for tractors over 5 years and trailers over 7 years. Debt service coverage for 2004 would have been over 1.5 times had CT followed this practice. The company has had no outstanding bank lines of credit over the past three years. SWB has extended a $70,000 line of credit that expires 4/30/06.

The forecast assumes 5% sales growth in 2005 and 2006 and 3% growth in 2007 and 2008, well under recent performance. Interest expense is based on the Bank's estimates. The balance sheet incorporates the Bank's estimates for debt amortization and continued acquisition of rolling stock from cash on hand. Rapid amortization of existing debt appears likely to offset this relatively modest borrowing, causing leverage to continue declining during the forecast period. CT appears capable of incurring additional indebtedness if needed to accelerate the acquisition of equipment to continue growing or comply with anticipated EPA rules to reduce emissions. Mr. White expects no significant capital acquisitions before 2006 at the earliest.

Collateral: Martin Appraisal Company, Kelly Martin, MAI, appraised the subject property for $872,000 in March 2005, which provides for a 51% loan to value ratio.

FINANCING SUMMARY

Security: The IFA's security includes the following: First shared mortgage in the subject property, an assignment of rents and leases, corporate guaranty from White Tank and Truck Repair and a personal guaranty by Robert White for 50% of this debt.

Interest Rate: IFA will purchase the participation at Prime less 1.5%, (currently 4.5%). SWB will retain a 50 basis point servicing fee and pass on 1.5% of annual rate savings to CT. The borrower's blended rate will be Prime less 0.5%

Amortization: Monthly amortization over 10 years

Maturity: 10 years

PROJECT SUMMARY

The subject property consists of 3.4-acre site located in the Belle Valley Industrial Park at 111 Premier Drive in Belleville, IL and a 15,860 square-foot industrial building located thereon that was built in 1995. The building contains a 1,060 square-foot office and 14,800 square-foot parts and seven-bay service facility. The recently constructed office includes a reception area, three small offices, a mechanical room and two restrooms. The building's exterior is finished with metal siding and metal roof is supported by a steel frame system. Loan proceeds will refinance an existing US Bank mortgage and construction loan and pay closing costs.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Commercial Transport, Inc., 117 Premier Drive, Belleville, Illinois 62222 (Contact: Robert White, President (618) 233-5260)
Organization:	Illinois Corporation (1940)
Ownership:	Robert White 37%, Alfred White 63%

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	To be determined		
Accountant:	Strothman & Co, CPA		
Bank:	Southwest Bank	St. Louis, Missouri	Dan Jackson
Bank Counsel	To be determined		
Issuer's Counsel	Dykema Gossett	Chicago, Illinois	Darrell Pierce

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Freedman Seating Company**

STATISTICS

Project Number:	I-ID-TE-CD-629	Amount:	$2,000,000
Type:	IRB	PA:	Townsend Albright
Location:	Chicago	Tax ID:	36-2276977
SIC Code:	2599	Est. fee:	$15,400

BOARD ACTION

Preliminary Bond Resolution
No IFA funds at risk
No extraordinary conditions

Conduit Industrial Revenue Bonds
Staff recommends approval

PURPOSE

Proceeds will be used to (i) purchase and install equipment and fixtures, and (ii) fund legal and professional costs

VOLUME CAP

$2,000,000 of IFA Volume Cap

VOTING RECORD

Preliminary Bond Resolution - No prior vote

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$2,000,000	Uses:	Project Costs	$2,000,000
	Equity	200,000		Legal/Professional	200,000
Total		$2,200,000		Total	$2,200,000

JOBS

Current employment:	363	Projected new jobs:	43
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Freedman Seating Company ("FSC"), the ("Applicant") is an Illinois Limited Liability Corporation established November 26, 1997. Freedman has a long history as a major Chicago employer. The Applicant originally produced horse-drawn buggy seats. It was awarded a diploma of honorable mention from the 1892 Columbian Exposition in Chicago for its skill in upholstery. Today FSC is still a family-owned company which manufactures seating related products for many different applications. Gerald Freedman, Chairman and CEO, owns 75.0% of the Applicant's stock. Other family members own the remaining shares, all of whom own less than 7.0% of the outstanding shares.

Description: FSC's product line can be divided into two categories, (i) bus seating, and (ii) truck, commercial, specialty, and vehicle seating. FSC has become a leading supplier to the domestic bus industry. FSC supplies major OEMs, over 250 bus distributors, the federal government, and many states and municipalities. Major clients include: (i), Damlier Chrysler Commercial Vehicles, (ii) International Truck, (iii) Ford Motor Company, (iv) Supreme Corporation, and (v) Eldorado/National Bus Company.

The proposed project is the acquisition of equipment to support future growth in bus seat manufacturing and in the heavy-duty transit market. FSC has entered into a joint venture with the USSC group (United States Seating Company) whereby FSC will manufacture all of the bus passenger seats form the USSC group. Currently, FSC produces approximately $5 million for the heavy-duty transit market. FSC expects sales to grow to $15 million by fiscal 2007. Proposed equipment purchases include robot welding machines, a sheet metal laser, fabric cutters, stainless steel finishing equipment, and an upgrade of the facility's electrical system to accommodate the expansion.

Remarks: The proposed expansion is vital to the Applicant's future in an increasingly competitive market. FSC is the largest employer in the 37th Ward of the city of Chicago. Its factory is located in an Enterprise Zone which has suffered the loss of large employers such as Unilever (Helene Curtis) and Brachs Candy in recent years. FSC has embraced Chicago's inner city and views its location and community as important elements of its success.

Financials: Audited financial statements for December 31, 2002-2004, interim statements through 05-31-05 (5 months), and projected financial statements for 12-31-2006-2007

(Dollars in 000's)

	2002	2003	2004	2005	2006	2007
Sales	$33,981	$38,352	$41,084	$18,858	$56,000	$60,000
NI	522	205	347	522	1,752	2,317
EBITDA	974	704	960	565	2,208	2,773
CA	4,656	5,963	7,613	7,321	10,832	10,919
PP&E	1,449	1,692	1,860	2,089	6,438	7,746
Other Assets	290	197	165	362	0	0
Total	6,395	7,852	9,638	9,772	17,270	18,665
CL	2,565	3,842	5,321	4,590	4,142	4,253
Debt	31	32	29	46	4,634	4,233
Equity	3,799	3,978	4,288	5,136	8,494	10,179
Total	$6,395	$7,852	$9,638	$9,772	$17,270	$18,665
Ratios:						
Debt Service ratio	46.3x	27.08x	17.14x	6.81x	4.25x	5.33x
CA/CL	1.82	1.56	1.43	1.60	2.62	2.57
Debt/Equity	0.01	0.01	0.01	0.01	0.55	0.42

Remarks: The Applicant has a revolving line of credit with LaSalle Bank based upon A/R under 60 days plus inventory. The current rate is approximately 6.0%. The outstanding balance as of 5-31-2005 was $925,000. The line limit varies, but is approximately $5,000,000.

FINANCING SUMMARY

Security:	Direct pay Letter of Credit from LaSalle Bank N.A., Chicago, Illinois
Structure:	7-day Variable Rate Demand Bonds
Collateral:	Corporate guarantee
Maturity:	25 years

PROJECT SUMMARY

Proceeds will be used Proceeds will be used to (i) purchase and install equipment and fixtures, and upgrade the electrical system at the Applicant's manufacturing facility which is located at 4545 West Augusta Boulevard, Chicago, Cook County, Illinois, and (ii) fund legal and professional costs

Project Costs:	Equipment	$2,000,000
	Total	$2,000,000

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Freedman Seating Company
Project name:	Improvement Project
Location:	4545 West Augusta Boulevard, Chicago, Cook County, Illinois
Organization:	Limited Liability Corporation
State:	Illinois
Ownership:	Gerald Freedman 75.0%

PROFESSIONAL & FINANCIAL

Counsel:	Robbins, Salomon & Patt	Chicago, IL	Richard Gale
Accountant:	Reznick Group PC	Chicago, IL	Bruce Schiff
Underwriter/: Placement Agent	LaSalle Capital Markets	Chicago. IL	Peter Glick
Underwriter's Counsel:	TBD		
LOC Bank:	LaSalle bank, N.A.	Chicago, IL	
Bank Counsel:	TBD		
Trustee:	LaSalle Bank,	Chicago, IL	
Issuer's Counsel:	TBD		
Contractor:	TBD		
Consultant:			

LEGISLATIVE DISTRICTS

Congressional:	07, Danny K. Davis
State Senate:	04, Kimberly A. Lightford
State House:	08, Calvin Giles

ta/h/freedmanseatingcoprelim

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 12, 2005

Project: **MRT Sureway, Inc. (d/b/a Sureway Tool & Engineering Co.) and its affiliates**

STATISTICS

Project Number:	I-ID-TE-CD-634	Amount:	$4,900,000 (not-to-exceed amount)
Type:	IRB	FM:	Rich Frampton and Townsend Albright
Location:	Franklin Park	Tax ID:	36-4095137
SIC Code:	3329	Est. fee:	$36,460

BOARD ACTION

Preliminary Bond Resolution
Conduit Industrial Revenue Bonds
Staff recommends approval.

No IFA funds at risk.
No extraordinary conditions.

PURPOSE

Proceeds will be used to purchase, renovate, and equip a manufacturing building that will enable the Company to retain and expand its operations in Franklin Park.

IFA CONTRIBUTION

This financing will require approximately $4.74 million of Volume Cap.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IRB	$4,735,000	Uses:	Project Costs	$5,220,339
	Equity	640,000		Costs of Issuance	154,661
	Total	**$5,375,000**		**Total**	**$5,375,000**

The principal owner MRT Sureway, Inc. will contribute $640,000 of cash equity, as required by First Bank & Trust Co. of Evanston.

JOBS

Current employment:	51	Projected new jobs:	21
Jobs retained:	(51 in Franklin Park)	Construction jobs:	4 avg. (3 months)

BUSINESS SUMMARY

Background: MRT Sureway, Inc. ("Sureway" or the "Company") was originally established in 1962 as Sureway Tool & Engineering Co., Inc. Following the death of one of Sureway's founders in 1995, M. Richard Tetrault (a manager and employee since 1988) purchased the assets in 1996. Upon closing of the purchase in July 1996, the new company was incorporated as MRT Sureway, Inc. The business continues to use Sureway Tool & Engineering Co. as its trade name.

Mr. M. Richard Tetrault, President, owns 100% of the Company's stock.

Ultimately, certain projects assets may be purchased by a land trust or other special purpose entity created by Regis' principals.

Description: Sureway is engaged in the custom design and manufacturing of metal products. Originally specializing in the custom design and manufacturing of stamping dies, Sureway has evolved into a general fabricator of sheet and tubular steel products used in a variety of industries, from advertising (i.e., point-of-purchase displays) to OEM manufactured products (general tubular steel and sheet metal). Sureway's manufacturing operations use a wide variety of industrial equipment, including CNC punching/forming equipment, multi-axis laser cutting machines, stamping presses, welding equipment, bending and rolling machines, and a variety of finishing machines used in secondary operations.

Following Mr. Tetrault's acquisition of the Company in 1996, Sureway has increased annual sales volume from $2.0 million in 1997 to approximately $6.4 million in 2004. Additionally, Sureway increased its employment from 19 in 1996 to 51 currently.

According to Sureway, a significant portion of the Company's recent growth is attributable to the demise of several competitors reflecting the overall downturn in the manufacturing sector in recent years.

Sureway relocated its operations from Skokie to a leased facility in Franklin Park in 2003 pursuant to a five-year lease, which enabled Sureway to nearly double its production space to approximately 37,000 SF compared to its prior facility.

Because Sureway's sales have increased much more rapidly than anticipated, the Company has already outgrown its leased Franklin Park manufacturing facility and is pursuing the acquisition of an existing 81,143 SF manufacturing facility in Franklin Park. The proposed project will involve the acquisition, renovation, and equipping of the Franklin Park facility which will enable the Company to better control its fixed operating expenses and accommodate future expansion.

Financials: Compiled financial statements for fiscal years 2002-2004. Projections for fiscal years 2005-2007.

	Year Ended Dec. 31 (Dollars in 000's)			Year Ended Dec. 31 (Dollars in 000's)		
	2002	2003	2004	2005	2006	2007
Income statement:						
Sales	$3,024	$3,948	$6,253	$7,708	$10,808	$11,889
Net income	(85)	(112)	734	609	373	450
EBITDA	660	553	1,483	1,398	1,349	1,425

Balance sheet:

Current Assets	920	593	1,350	1,766	2,254	2,611
Net PP&E	899	935	1,689	1,829	6,599	6,554
Other Assets	79	118	119	4,953	223	223
Total	**1,898**	**1,646**	**3,158**	**8,548**	**9,076**	**9,388**
Current Liabilities	446	409	713	483	696	782
Long Term Liab.	538	452	925	5,936	5,879	5,653
Other Non-Cur. Liab.	--	--	--	--	--	--
Equity	914	785	1,520	2,129	2,502	2,952
Total	**1,898**	**1,646**	**3,158**	**8,548**	**9,077**	**9,387**
Ratios:						
Debt coverage	1.12x	1.20x	3.06x	3.18x	2.33x	2.41x
Current ratio	2.06	1.45	1.89	3.66	3.24	3.34
Debt/equity	0.59	0.58	0.61	2.88	2.43	1.99

Discussion: Sureway has posted 43.8% compound sales growth over the past two years. The Company has managed this rapid sales growth successfully, as evidenced by the Company's improved profit margin and debt coverage from 2002 through 2004.

As typical for capital intensive machining operations, Sureway records significant Depreciation Expense, which reduces taxable income. Sureway has generated strong operating cash flows, as evidenced by EBITDA, sufficient to cover the Company's fixed obligations (i.e., facility rent expense and equipment loans) by a multiple of 3.06 times in 2004.

The Company's projected financial statements were prepared by the Sureway's outside accountant based on the Company's assumption for sales growth (20%), expenses, and proposed debt terms ($4.7 million; 6%; 15 years). These projections indicate that Sureway will be able to generate sufficient operating cash flow, as indicated by EBITDA) to cover the Company's fixed obligations (including the proposed IFA Bonds) by multiples of 2.33 times or better beginning in 2006, the Company's first full year in the proposed facility following completion.

Additionally, the Company has a $750,000 Line of Credit from First Bank & Trust Company against which there were outstanding draws totaling $234,000 as of 5/31/2005.

FINANCING SUMMARY

Security: First Bank & Trust Co. of Evanston will provide a Direct Pay Letter of Credit to secure the proposed Bonds. First Bank & Trust by a blanket first security interest in all of the Company's fixed assets. LaSalle National Bank will provide a Confirming Letter of Credit so that the Bonds can be rated – consequently, the Borrower will benefit from 7-day Variable Rate Demand Bond rates.

Interest Rate: 7-day Variable Rate Demand Bonds. The most current average rate on 7-day floaters was 2.70% (excluding ongoing fees).

Initial Term/
Maturity: Not to exceed 20 years (anticipated). The final maturity date on bond proceeds used to finance equipment will be 10 years or less.

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of approximately 3.5879 acres of land, and the purchase, renovation, and equipping of an existing approximately 81,143 SF, one-story building located thereon at 2939-59 Hart Drive, Franklin Park (Cook County), IL 60131. Additionally, bond proceeds may also be used to pay bond issuance costs.

Estimated project costs are as follows:

Land	$1,250,000
Building Acquisition:	1,950,000
Renovation:	300,000
Equipment:	1,720,339
Total:	**$5,220,339**

ECONOMIC DISCLOSURE STATEMENT

Applicant: MRT Sureway, Inc. and its affiliates (Contact: Mr. Richard Tetrault, President, MRT Sureway, Inc., 11241 Melrose Avenue, Franklin Park, IL 60131; (T) 847-801-3010; (F) 847-288-0155; E-Mail: richard@surewaytool.com

Project name: Sureway Tool & Engineering Series 2005 Industrial Revenue Bonds
Project Location: 2939-59 Hart Drive, Franklin Park (Cook County), IL 60131
Organization: S Corporation
State: Illinois
Ownership: The only individual with a 7.50% or greater ownership interest is:
M. Richard Tetrault, 4029 W. Grace St., Chicago, IL 60641: 100.0%

Seller Disclosure: J. Emil Anderson & Son, Inc., 1400 E. Touhy Avenue, Des Plaines, IL 60018; (T) 847-297-7710; (F) 847-297-4734 (Contact: Jim Anderson, President)

PROFESSIONAL & FINANCI-AL

Borrower's Counsel:	Howard A. Balikov, Ltd.	Northbrook, IL	Howard Balikov
Bond Counsel:	To be determined		
Direct Pay LOC:	First Bank & Trust Co.	Evanston, IL	Karen Hunt
LOC Bank Counsel:	To be determined		
Confirming LOC:	LaSalle National Bank	Chicago, IL	
Confirming LOC Counsel:	To be determined		
Underwriter:	To be determined		
Underwriter's Counsel:	To be determined		
Accountant:	Borhart, Spellmeyer & Co.	Chicago, IL	Steve Floyd
General Contractor:	Renovations will be performed by specialist contractors engaged by the Company.		
Trustee:	To be determined		
Issuer's Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Congressional:	5	Rahm Emanuel
State Senate:	39	Don Harmon
State House:	77	Skip Saviano

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 12, 2005

Project: **Regis Technologies, Inc.**

STATISTICS

Project Number:	I-ID-TE-CD-605	Amount:	$5,000,000 (not-to-exceed amount)
Type:	IRB and Refunding Bonds	FM's:	Rich Frampton and Steve Trout
Location:	Morton Grove	Tax ID:	36-11389305
SIC Code:	2869	Est. fee:	$18,240 (based on an anticipated bond amount of $2.73 million)

BOARD ACTION

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

PURPOSE

Proceeds will be used to renovate and equip Regis Technologies' existing facilities in Morton Grove. Additionally, Bonds will current refund 100% of the outstanding balance on the Company's Series 1996 IFA (IDFA) Bonds.

IFA CONTRIBUTION

This financing will require approximately $1,700,000 of Volume Cap.

VOTING RECORD

Preliminary Bond Resolution, June 14, 2005:

Ayes: 8 Nays: 0 Abstentions: 0 Absent: 5 (Rice, Giannoulias, Delgado, O'Brien, Ozark)

Vacant: 3

SOURCES AND USES OF FUNDS

Sources:	IRB – New Money	$1,700,000	Uses:	Project Costs	$2,130,000
	IFA Refunding Bonds	1,080,000		Refunding Escrow	1,080,000
	Equity	520,000		Costs of Issuance	90,000
	Total	**$3,300,000**		**Total**	**$3,300,000**

The principal shareholders of Regis Technologies will contribute $520,000 of cash equity from personal funds.

JOBS

Current employment:	65	Projected new jobs:	10
Jobs retained:	N/A	Construction jobs:	5 avg. (3 months)

BUSINESS SUMMARY

Background: Regis Technologies, Inc. ("Regis" or the "Company") is established under Illinois law and is an S Corporation. The Company's principal shareholders are Dr. Louis Glunz, III, Chairman and Mr. Louis Glunz, IV, President.

Ultimately, certain assets related to this financing may be purchased or conveyed to related special purpose entities created by Regis' shareholders.

Description: Dr. Louis Glunz, III, established Regis Chemical Co. in Chicago in 1956. Regis was originally a small chemical laboratory performing testing work for pharmaceutical companies, government research laboratories, and universities. The Company relocated from Chicago to its present Morton Grove facility in 1972.

In 1993, Regis Chemical Co. changed its name to Regis Technologies, Inc. and began to pursue the manufacture of pharmaceuticals. Regis has become a leader in the production of small batches of pharmaceuticals used in clinical trials. Additionally, the Company also produces commercial pharmaceuticals for small batch users (primarily anti-cancer drugs).

IFA (IDFA) previously issued $2,230,000 of Industrial Revenue Bonds for Regis Technologies in December 1996 that financed construction and equipping of a building addition to the Company's Morton Grove facility. As of 5/31/2005, Regis employs 65 people thereby exceeding its 1996 application projection of 54 (the Company's 1999 employment target). At the time of the Regis' 1996 application, the Company had 39 employees. All payments on the Company's 1996 IFA (IDFA) Bonds have been current and the outstanding balance was approximately $1,080,000 as of 4/30/2005.

In 2002, Regis purchased a vacant building located adjacent to its Morton Grove headquarters/manufacturing facility to accommodate future expansion. The proposed project will finance additional renovation and build-out of both its original facility and the facility acquired in 2002 (i.e., 6021 Monroe Court) to provide additional capacity to synthesize small quantity drugs and anti-cancer drugs.

Financials: Audited financial statements for fiscal years 2002-2004. Projections for fiscal years 2005-2007.

	Year Ended Dec. 31 (Dollars in 000's)			Year Ended Dec. 31 (Dollars in 000's)		
	2002	2003	2004	2005	2006	2007
Income statement:						
Sales	$11,180	$6,896	$9,663	$10,436	$11,480	$12,628
Net income	1,897	(548)	246	191	16	90
EBITDA	2,611	216	993	892	1,072	1,119
Balance sheet:						
Current Assets	2,613	2,787	3,419	3,440	3,783	4,174
Net PP&E	6,752	6,352	6,088	8,321	7,986	7,602
Other Assets	214	163	161	161	161	161
Total	**9,579**	**9,302**	**9,668**	**11,922**	**11,930**	**11,937**
Current Liabilities	2,795	1,984	2,497	2,339	2,735	3,071
Long Term Liab.	1,553	2,628	2,357	4,059	3,655	3,235
Stockholder's Equity	5,231	4,690	4,814	5,525	5,541	5,631
Total	**9,579**	**9,302**	**9,668**	**11,923**	**11,930**	**11,937**

Ratios:

Debt coverage	2.33x	0.17x	2.00x	1.05x	1.34x	1.47x
Current ratio	0.93	1.40	1.37	1.41	1.33	1.32
Debt/equity	0.51	0.62	0.61	0.82	0.74	0.66

Discussion: Regis reported strong historical net income, EBITDA, and debt service coverage in both 2002 and 2004. In 2003, Regis experienced a $4.3 million sales reduction reflecting a significant decrease in its biotech business. Although Regis recorded a $548,000 loss in 2003, Regis posted positive EBITDA (i.e., $248,000) and net cash provided from operations (i.e., $22,000). Regis' $1.0 million Line of Credit from Bank One provided sufficient liquidity to cover both the Company's 2003 operating expenses and debt service payments. (Regis' Line of Credit was subsequently increased to $1.5 million, as noted below.)

In 2004, Regis' sales rebounded from $6.9 million to $9.7 million, as biotech sales recovered significantly and the Company's efforts to expand its customer base and production capabilities generated new demand.

As a result of the proposed IFA bond issue, Regis' net long term bond debt will increase by $1.7 million, consistent with the New Money bond amount already approved by First American Bank as Lender/Bond Purchaser. Bond Counsel (Chapman and Cutler) will review the useful life of assets financed with IFA's 1996 Bonds to determine the new final maturity date for the Series 2005 B Refunding Bonds.

The accompanying forecasted results were prepared by IFA staff and project sales increases of 8% in 2005, and 10% in both 2006 and 2007. The forecast also assumes: (1) the proposed bond issue will close as of 12/31/2005; (2) the Bonds will bear a 5.25% fixed interest rate and amortize over 15-years; and (3) the Company's principal shareholders will make a $520,000 equity injection, as required by First American Bank. Based on these assumptions, Regis Technologies is projected to generate sufficient cash flow from operations to cover the proposed debt by multiples of 1.34 times or better in 2006, the first full year of operation in the expanded facility.

The Company currently has a $1.5 million Revolving Line of Credit from First American Bank against which there were outstanding draws totaling $100,000 as of 5/31/2005.

FINANCING SUMMARY

Security: First American Bank will purchase the Bonds to hold as a direct investment. First American Bank will be secured by a blanket first security interest in all of the Company's assets.

Structure: Bonds will be purchased directly by First American Bank and held until maturity.

Initial Term/ Maturity: Series 2005A Bonds (New Money): 5 year initial term (extendable to 15 years); 15 year amortization

Series 2005 B Refunding Bonds (Current Refunding): final maturity will be extended from 2011 to a future date, based on pending bond counsel tax review

Interest Rate: Initial bond rate will be set at 5.25% fixed for the initial 5-year period. Interest rate would be adjusted according to market conditions at each 5-year option period.

PROJECT SUMMARY

Bond proceeds will be used to finance the renovation and equipping of portions of Regis Technologies' manufacturing facilities located at 8210 Austin Ave. and 6021 Monroe Court in Morton Grove, (Cook County), Illinois 60053-3225. Additionally, bond proceeds may also be used to pay bond issuance costs.
Estimated project costs are as follows:

Building Renovations:	$1,470,000
Equipment:	660,000
Total:	**$2,130,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Regis Technologies, Inc. (Contact: Mr. Louis Glunz, IV, President, Regis Technologies, Inc., 8210 Austin Ave., Morton Grove, IL 60053-3225; Ph.: 847/583-7640; Fax: 847/967-1214; e-mail: lglunziv@registech.com)
Project name:	Regis Technologies, Inc. Series 2005 A Industrial Revenue Bonds and Series 2005 B Refunding Bonds
Locations:	8210 Austin Ave. and 6021 Monroe Court, Morton Grove (Cook County), IL 60053
Organization:	S Corporation
State:	Illinois
Ownership:	All individuals with a 7.50% or greater ownership interest are listed below: Louis Glunz III Trust, c/o Louis Glunz III, 501 Forest Ave, Wilmette, IL 60091: 35.006% Louis Glunz, III, 501 Forest Ave., Wilmette, IL 60091: 25.627% Louis Glunz IV Trust, c/o Louis Glunz IV, 1129 W. Altgeld, Chicago, IL 60614: 10.65% Louis Glunz IV, 1129 W. Altgeld, Chicago, IL 60614: 8.462%

Seller Disclosure: The subject property is currently owned by the Applicant.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Holland & Knight	Chicago, IL	G. Gale Robertson
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Matt Lewin
Bond Purchaser	First American Bank	Elk Grove Village, IL	Steve Eikenberry
Bank Counsel:	First American Bank (in-house counsel)	Elk Grove Village, IL	Fred Snow
Accountant:	McGladrey & Pullen, LLP	Chicago, IL	Pete Mulvey
General Contractor:	To be determined		
Trustee:	Not applicable (Bonds will be purchased directly and held until maturity by First American Bank).		
Issuer's Counsel:	Charity & Associates, P.C.	Chicago, IL	Alan Bell

LEGISLATIVE DISTRICTS

Congressional:	9	Janice D. Schakowsky
State Senate:	8	Ira I. Silverstein
State House:	15	John D'Amico

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: Theory and Computing Sciences Building Investment Trust (Argonne National Laboratory – a federally-owned property under the jurisdiction of the U.S. Department of Energy)

STATISTICS

Project Number:	I-ID-TX-CD-618	Amount:	$60,000,000 (not to exceed)
Type:	Taxable Bond	PA:	Townsend Albright
Location:	Argonne	Tax ID:	To be obtained
Fee:	$90,000		

BOARD ACTION

Preliminary Bond Resolution	Staff recommends approval
Taxable conduit revenue Bonds	No IA funds at risk
No extraordinary conditions	

PURPOSE

(i) to construct an office and laboratory facility, (ii) purchase and install machinery and equipment, (iii) create a Debt Service Reserve Fund, (iv) fund legal and professional costs, and (v) capitalize interest

---

VOLUME CAP

No Volume Cap required for taxable bonds

VOTING RECORD

Preliminary Bond Resolution – there is no prior voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	$60,000,000	Uses:	Project costs	$45,250,000
				Debt Service reserve	6,600,000
				Legal and Professional	1,150,000
				Capitalized Interest	7,000,000
Total		$60,000,000		Total	$60,000,000

JOBS

Current employment:	4,000	Projected new jobs:	400
Jobs retained:	N/A	Construction jobs:	200 (14 months)

BUSINESS SUMMARY

Background: The Theory and Computing Sciences Building Investment Trust (the "Borrower", the "Applicant") is a statutory trust that will be established under the laws of the State of Delaware, and will be created for the benefit of the Applicant. The Trust is a special purpose entity whose sole purpose will be to lease certain real property from the Department of Energy ("DOE") so that it can secure financing, develop a research office building on such property, and upon completion of construction, lease the building to the University of Chicago in connection with its operation of the Argonne National Laboratory ("ANL"). Upon termination of the Trust, the property reverts to the DOE.

ANL is a federally-owned property under the jurisdiction of the U.S. Department of Energy ("DOE"). It is the nation's first national laboratory, chartered in 1946, and a direct descendent of the University of Chicago's ("UOC") Metallurgical laboratory, a part of WWII Manhattan Project to build the atomic bomb. After the war, ANL was given the mission of developing nuclear reactors for peaceful purposes. ANL's research has expanded to include many other areas of science, engineering, and technology. ANL currently has more than 4,000 employees; including approximately 1,400 scientists and engineers, of whom approximately 700 hold PhDs. ANL has an annual operation budget of more than $400 million that supports upwards of 200 research projects ranging from sub-nuclear research to global climate change. UOC has managed and operated ANL for the DOE since the laboratory's inception in 1946.

Description: The project consists of n approximately 142,100 sq. ft. office and light duty laboratory facility that would house approximately 300-400 FTE's in gross program space as well as a controlled environment space to house supercomputing equipment and associated hardware and software development laboratories, visualization facilities, library, and collaboration facilities. The project will be located on the ANL campus in Argonne, Illinois, approximately 25 miles southwest of Chicago. The intended project site is approximately 4.7 acres and adjacent to the main ANL entry gate off of Cass Avenue and west of the ANL Information Center.

Remarks: The proposed borrowing will enable ANL and UOC to advance America's scientific leadership through the development of world-class facilities within the State of Illinois and continue ANL's ability to develop and investigate new technologies, science, and engineering applications.

The Department of Energy has entered into enhanced use leases in which the lessee has obtained financing for facilities development through the municipal bond market. The availability this source of low-cost financing for project finance has resulted in significant savings for the Department. The availability of municipal bond market financing has encouraged the Department to enter into mutually advantageous ventures with state and local entities which, in turn, has fostered ventures that not only advance the Department's mission but also benefit local government entities and local communities.

Financial Data: Anticipated receipts to the Trust from the DOE and other users will be approximately $4.7 million annually, assuming a $60 million project.

FINANCING SUMMARY

Security: The bonds will be insured either by MBIA or AMBAC, and will be "Aaa-rated" and "AAA-rated" by Moodys Investors Service and Standard and Poors, respectively.

Structure: Fixed rate bonds. Depending upon market conditions, the Bonds may be sold as variable rate demand obligations and possibly swapped to a fixed rate.

Collateral: Borrower will pledge all revenues from UOC in connection with its operation of the ANL.

Maturity 25 years

PROJECT SUMMARY

Proceeds will be used to (i) construct a 110,000 to 135,000 sq. ft. office and light duty laboratory facility to be located at the ANL campus which is located at 9700 South Cass Avenue, Argonne, DeKalb County, Illinois, (ii) purchase and install machinery and equipment, (iii) create a Debt Service Reserve Fund, (iv) fund legal and professional costs, and (v) capitalize interest

Project Costs:	Construction	$40,250,000
	Machinery/Equipment	5,000,000
	Total	$45,250,000

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Theory and Computing Sciences Building Investment Trust
Project names:	Theory and Computing Sciences Building Project
Location:	9700 South Cass Avenue, Argonne, DeKalb County, Illinois
Organization:	Trust
State:	Delaware

PROFESSIONAL & FINANCIAL

Special Counsel:	Patton Boggs, LLP	Washington, DC	Anatolij Kushnir
Accountant:	Government Accounting Office		
Bond Counsel:	Chapman and Cutler	Chicago, IL	William Libit
Issuer's Counsel	Law Offices of Kevin Cahill	Chicago, IL	Kevin Cahill
Underwriter:	A.G. Edwards & Sons, Inc.	Atlanta, GA	Dick Layton
Underwriter's: Counsel	Patton Boggs, LLP	Washington, DC	John Vogel
Development: Consultant	Fioretti Associates, Inc.	Chicago, IL	
General Contractor:	TBD		
Trustee (Trust):	TBD		
Trustee's Counsel:	TBD		
Bond Trustee:	TBD		

LEGISLATIVE DISTRICTS

Congressional:	13	Judy Biggert
State Senate:	41	Christine Radogno
State House:	60	Eileen Lyons

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 12, 2005

Project: **Norwegian American Hospital**

STATISTICS

Deal Number:	H-HO-TE-CD-555	Amount:	$8,000,000 (not to exceed amount)
Type:	Not-for-Profit Bond	IFA Staff:	Pamela Lenane and Dana Sodikoff
Location:	Chicago, IL	Est fee:	$9,000

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to (i) pay, or reimburse the Borrower for the payment of, the cost of acquiring certain capital equipment including without limitation the acquisition of a cardiac catheterization lab and other routine capital expenditures, (ii) pay, or reimburse the Borrower for the payment of, the cost of various construction and renovation projects including without limitation the renovation and expansion of the psychiatric and detoxification units, an elevator renovation project, the purchase of a new generator, and other projects, (iii) to refinance the Borrower's Illinois Health Facilities Authority Series 1985D Bonds in the approximate amount of $1,800,000, and (iv) pay certain related expenses.

IFA CONTRIBUTION

Federal income tax-exempt status on bond interest.

VOTING RECORD

The IFA Board gave its approval for a Preliminary Bond Resolution on April 12, 2005 by the following vote:

Ayes- 8 Nayes- 0 Absent- 5 Vacancies-2

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$8,000,000	Uses:	Capital Equipment	$3,500,000
				Refinancing Existing Debt	$1,800,000
				Renovations	$2,700,000
	Total	$8,000,000		Total	$8,000,000

JOBS

Current employment:	775	Projected new jobs:	N/A
Jobs retained:	775	Construction jobs:	N/A

BUSINESS SUMMARY

Background:	Norwegian American Hospital ("Norwegian") is an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. It was incorporated in 1894 under the laws of Illinois. Norwegian is the parent company of three subsidiaries, Norwegian American Hospital Foundation (the "Foundation"), Norwegian American Hospital Community Trust Fund (the "Community Trust"), and Centennial Medical management Corporation, Inc. ("Centennial").
Description:	Norwegian operates a 200-bed acute care facility that serves the residents of the Northwest Chicago area. Norwegian's medical staff is comprised of 300 physicians that provide care in obstetrics, gynecology, pediatrics, internal medicine, surgery and outpatient services. Adjacent to the main hospital building is a professional office building that includes The Physician Specialty Center. This center offers the community a wide variety of medical specialists: Pediatric Cardiology, Podiatry, Endocrinology, Skin and Hair care, Otolaryngology, Neurology, Gastroenterology, Oculoplastic/ Reconstructive Surgery, Hematology, Oncology, Pulmonolgy, Orthopedics, Rheumatology, Audiology, Asthma and Allergy care. Norwegian's Community Health Center is a primary care clinic staffed by Family Practice Physicians. Patients of all ages are treated for acute care, wellness, and chronic illnesses such as asthma, diabetes, and hypertension. The Foundation solicits contributions to support healthcare and other related activities of Norwegian. The Community Trust provides scholarships and other assistance to the indigent, homeless and underprivileged in the community by soliciting and maintaining grants and contributions. Centennial operates the outpatient pharmacy located in the hospital. Norwegian is also a 50% owner of Century PHO, Inc., whose primary purpose is to obtain and manage contracts with health maintenance organizations, preferred provider organizations, and other health care payors, and is a 20% owner of Family Health Network, Inc., which was established to be a provider of health cares services for the indigent under contract with the Illinois Department of Public Aid.
Service Area:	Norwegian serves the residents of the Northwest Chicago area. The hospital serves many diverse and gentrified communities including Bucktown, Humboldt Park, West Town, Wicker Park, Logan Square and Austin.

Financials:

($ in thousands)	2002	2003	2004	Through May 2005 (8 Months)
	Fiscal Years Ended September 30,			
Income Statement				
Support and Revenues	$80,702	$80,613	$78,717	$57,476
Revenue Over Expenses – Operating Income	$1,145	$-1,138	-3,975	2,674
EBIDA	5,024	2,497	-496	4,908
Balance Sheet				
Current Assets	16,835	20,248	18,552	18,043
PP&E	33,858	31,319	29,500	29,473
Other Assets	12,988	13,290	13,729	14,093
Total Assets	**63,681**	**64,857**	**61,781**	**61,609**
Current Liabilities	7,655	8,942	11,045	8,802
Debt	3,466	5,195	3,262	186
Other Liabilities	6,583	6,086	5,733	9,348
Total Net Assets	45,977	44,634	41,741	43,270
Total Liabilities and Net Assets	**63,681**	**64,857**	**61,781**	**61,606**
Ratios				
Debt Service Coverage (x)	3.53	1.15	N/A	2.1
Current Ratio	2.2	2.3	1.7	2.0
Debt / Total Net Assets	7.5%	11.60%	7.80%	0.4%
Days cash on hand	46	56	45	54

Discussion: Operating income and EBIDA declined in fiscal 2004 due to higher malpractice insurance costs (which have increased by more than $3 million since fiscal 2002), and average length of stay issues. However, interim results through the first 8 months of fiscal 2005 are strong with net income of $2.7 million, a $4.5 million improvement over the comparable prior period.

The balance sheet is satisfactory. Norwegian is reporting 54 days cash on hand as of May 31, 2005. The proposed financing will allow it to complete necessary projects without having to deplete cash further. Upon closing, the COB loan would be the only debt on the balance sheet except for miscellaneous capital leases totaling approximately $500,000.

Net accounts receivable as of 5-31-2005 were $12.6 million. Norwegian will pledge net receivables as security for the portion of the projects consisting of hospital renovations and the refinancing of existig debt. The total cost of renovations and existing debt to be financed is $4,500,000 as detailed in the Project Summary below. GE has conducted audit of accounts receivable to determine the eligible borrowing base.

FINANCING SUMMARY

Security: Norwegian will grant a security interest in the capital equipment to be financed and a lien on its accounts receivable as security for the renovation projects.

Structure: The current plan of finance contemplates a private placement with GE Healthcare Financial Services.

Maturity: 2015 (maximum)

PROJECT SUMMARY

Bond proceeds will be used to (i) pay, or reimburse the Borrower for the payment of, the cost of acquiring certain capital equipment including without limitation the acquisition of a cardiac catheterization lab and other routine capital expenditures, (ii) pay, or reimburse the Borrower for the payment of, the cost of various construction and renovation projects including without limitation the renovation and expansion of the psychiatric and detoxification units, an elevator renovation project, the purchase of a new generator, and other projects, (iii) to refinance the Borrower's Illinois Health Facilities Authority Series 1985D Bonds (in the approximate amount of $1,800,000) and (iv) pay certain related expenses.

Project costs are estimated as follows:

Tranch One:		
Capital Equipment		$3,500,000
Refinancing IFA 1985 Pool Loan:		$1,800,000
Renovations		$ 500,000
Tranch Two:		
Renovations		$2,200,000
	Total:	**$8,000,000**

Norwegian requests that the bond proceeds be split into two tranches. The first, in the amount of $5,800,000, would be funded in July 2005 to finance capital equipment, including the cardiac catheterization lab, the elevator and generator projects, and to refinance the IFA 1985 Pool Loan in the amount of $1,800,000. The second funding of $2,200,000 would occur approximately November 1, 2005, to finance the renovations of the psychiatric, detoxification and related units.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Norwegian American Hospital
Location:	Chicago, Illinois
Applicant:	Norwegian American Hospital
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois

Board of Directors:

CHAIRMAN
Judge Perry Gulbrandsen

VICE-CHAIRMAN
Patrick T. Driscoll

SECRETARY
Henry Munez, M.D.

MEMBERS
Marta Cerda, J.D.
Eduardo J. Ladlad, M.D.
Jack C. Leong, M.D.

Enrique Lipezker, M.D.
Ezequiel Montes
John P. Monteverde, M.D.
Myrna E. Pedersen
Marco A. Reategui
Judge Jesse G. Reyes
Raul Saavedra, M.D.
Ex-Officio, Jang Soo Kim, President of the Medical Staff
Ex-Officio, Michael J. O'Grady, Jr., President and CEO

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Hinshaw & Culbertson, LLP	Chicago	Stephen H. Malato
Accountant:	McGladrey & Pullen	Chicago	
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Underwriter:	GE Healthcare Financial Services	Chicago	Bill Reveille
Underwriter's Counsel	Kutak Rock	Omaha, NE	Andrew Romshek
Issuer's Counsel	Jones Day	Chicago	Mike Mitchell
Escrow Agent:	Wells Fargo Bank	Chicago	Patricia Martirano

LEGISLATIVE DISTRICTS

Congressional:	4 – Luis V. Gutierrez
State Senate:	2 – Miguel del Valle
State House:	4 – Cynthia Soto

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 12, 2005

Project: Swedish Covenant Hospital

STATISTICS

Project Number:	H-HO-TE-CD-621	Amount:	$15,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	IFA Staff :	Pam Lenane and Dana Sodikoff
Locations:	Chicago	Estimated fee:	$6,000

BOARD ACTION

Final Bond Resolution	Staff recommends approval
Conduit 501(c)(3) Equipment Lease	No IFA funds at risk

PURPOSE

Proceeds will be used to: (i) pay or reimburse the Borrower for, or refinance outstanding indebtedness the proceeds of which were used for, the payment of the costs of acquiring and installing certain health care equipment owned by the Borrower and necessary and attendant facilities, site work and utilities related thereto, including but not limited to, the acquisition of positron emission tomography (PET) scanner, intensity-modulated radiation therapy (IMRT)/radiation oncology equipment, computerized axial tomography (CAT) scanner, picture archiving and communications system (PACS) hardware and software, nuclear medicine camera, digital radiographic unit, digital fluoroscopy unit, digital mammography equipment. magnetic resonance imaging (MRI) unit, home care telemedicine equipment, chemistry analyzer, and other surgical and medical equipment; and (ii) pay certain expenses incurred in connection with the issuance of the Notes.

IFA CONTRIBUTION

Federal income tax-exempt status on bond interest.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	$15,000,000	Uses:	Equipment	$14,900,000
				Cost of Issuance	100,000
	Total	$15,000,000		Total	$15,000,000

JOBS

Current employment: 1770 FTE's	Projected new jobs: N/A
Jobs retained: 1770	Construction jobs: N/A

BUSINESS SUMMARY

Swedish Covenant Hospital (the "Hospital") is an Illinois not for profit corporation which operates an acute care, community and teaching hospital on the northwest side of Chicago. The Hospital is licensed by the State of Illinois for 314 beds, of which 309 were in service as of July 31, 2003, and has received approval from the Illinois Health Facilities Planning Board for an additional 30 beds. The Hospital has received a determination letter from the Internal Revenue Service ("IRS") that it is exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986 (the "Code") as an organization described in Section 501(c)(3) of the Internal Revenue Code.

The Hospital was founded in 1886 by The Evangelical Covenant Church (the "Church") and was known as the Swedish Home of Mercy. It provided medical care and long-term residential care to the residents of its area. The original buildings were located on the same site as the current Hospital campus. In 1903, a new hospital building was constructed, physically separating the medical services of the Hospital and the residential functions of what became known as Covenant Home. Since that time, the Hospital has constructed numerous buildings and today owns eleven buildings on the Hospital's campus and several off-campus office buildings.

Financials: **Swedish Covenant Hospital**
Audited Financial Statements for 2002, 2003 & 2004

	Year Ended September 30		
	2002	2003	2004
		(Dollars in 000's)	
Statement of Revenues & Expenses:			
Operating Revenue	$179,188	$199,298	$215,438
Operating Income	5,937	6,210	6,318
Non-Operating Income/(Loss)	(3,975)	5,117	7,946
Change in Net Assets	(6,511)	17,879	14,707
Earnings Before Interest, Depreciation and Amortization	12,333	27,554	31,084
Balance sheet:			
Current Assets	$28,537	$34,557	$34,940
PP&E – Net	126,759	133,603	140,754
Other Assets	61,712	64,489	95,035
Total Assets	217,008	232,649	270,729
Current Liabilities	$26,429	26,203	30,762
Long-term Debt	125,500	123,200	141,750
Other Non-Current Liabilities	14,172	14,460	14,724
Net Assets	50,907	68,786	83,493
Total Liabilities & Net Assets	217,008	232,649	270,729
Ratios:			
Debt Service Coverage	1.7x	3.1x	3.1x
Days Cash	102	123	149
Current ratio	1.1	1.3	1.1
Debt Capitalization	71%	65%	63%

FINANCING SUMMARY

Security: The equipment being financed.

Structure: Equipment financing under a master leasing agreement between LaSalle National Leasing Corporation, Swedish Covenant Hospital and Illinois Finance Authority.

Maturity: 5 years

ECONOMIC DISCLOSURE STATEMENT

Project name:	Swedish Covenant Hospital Project Location: 5140 North California Street Chicago, IL 60625
Applicant:	Swedish Covenant Hospital
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois
Board of Trustees:	Charles L. Adair Lawrence P. Anderson Jon D. Brorson Rolland S. Carlson Paul A. Hawkinson Louise W. Hedstrom, RN, DNSc Derek J. Kelly, MD Dian Langenhorst Toh Hoai Lim, MD Donald L. Meyer, Secretary Rev. Arthur A.R. Nelson Noel D. Nequin, MD James B. Peterson David R. Putman, Chair Marilee Roberg Arabel Alva Rosales Jennifer W. Steans Owen R. Youngman

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Rosenman LLP	Chicago	Janet Hoffman
Bond Counsel:	Jones Day	Chicago	Richard Tomei
Underwriter's Counsel:	DLA Piper Rudnick	Chicago	Merrick Benn
Bond Trustee:	LaSalle Bank	Chicago	Kristine Brutsman
Lessee:	LaSalle National Leasing Corporation	Chicago	Glenn Cachovic
Issuer's Counsel:	Shefsky & Froelich	Chicago	Kim Copp

LEGISLATIVE DISTRICTS

Congressional: 5- Rahm Emanuel
State Senate: 7- Carol Ronen
State House: 13- Larry McKeon

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
July 12, 2005

Project: **The Clare at Water Tower**

STATISTICS

Project Number:	N-NP-TE-CD-405	Amount:	$230,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane and Dana Sodikoff
Location:	Chicago	Est fee:	211,000

BOARD ACTION

Purchase Contract Resolution
Conduit 501(c)(3) Bonds
No IFA funds at risk

Staff recommends approval subject to compliance with IFA policy requirement for non-rated debt

PURPOSE

Proceeds will be used to: 1) finance the costs of developing, constructing and equipping The Clare, 2) capitalize a debt service reserve fund 3) interest expense, letter of credit and remarketing fees for a period of 30 months and 4) pay costs of issuance

IFA CONTRIBUTION

Federal income tax-exempt status on bond interest.

VOTING RECORD

The IFA Board gave its approval for a Preliminary Bond Resolution on April 20, 2004 by the following vote:

Ayes – 10 Nayes -0 Absent -3 Vacancies - 2

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$199,135,000	Uses:	Land and Related	$7,662,000
	Resident Deposits [1]	23,324,000		Construction Related Costs	117,696,000
				Occupancy Development/Marketing	9,000,000
				Development and Planning	13,195,000
				Return on Pre-Finance Capital	10,305,000
				Other Costs	2,021,000
				Project Contingency	5,000,000
				Financing and Issuance Costs	5,067,000
				Funded Interest, LOC & Remarketing Fees for 30 Months	26,401,000
				Debt Service Reserve Funds	13,703,000
				Start-up Deficits	12,409,000
	Total	$222,459,000			$222,459,000

(1) Resident deposits will primarily be used to fund start-up deficits.

JOBS

Current employment:	N/A	Projected new jobs:	147
Jobs retained:	N/A	Construction jobs:	400 *

* During construction, management estimates that an average of approximately 400 construction jobs will exist at any one time. However, throughout the entire construction process it is expected that 1,500 distinct jobs will be required to complete the project.

BUSINESS SUMMARY

Background: Although The Clare will be a stand-alone credit, it will be associated with Franciscan Communities, Inc. ("FC"), Franciscan Sisters of Chicago ("FSC") and Franciscan Sisters of Chicago Service Corporation ("FSCSC"), each of which is described below. The Clare will also be affiliated with Loyola University, which will utilize the first two floors of the new building.

FC owns and operates 13 senior living facilities with a total of 2,230 units/beds located in Illinois, Indiana, Kentucky, and Ohio. FC is an obligated group viewed to be a leading Catholic senior living provider in the Midwest.

FSC was founded in 1894 and its members have dedicated themselves to the care of the aged and the sick in hospitals and nursing homes, the education of students at the elementary and secondary levels, the operation of day care centers, religious education, pastoral ministry, social service activities and the ministry of prayer and suffering. FSC ministers in Illinois, Indiana, Ohio and Kentucky.

FSCSC was organized to coordinate all FSC-sponsored facilities and assist FSC in establishing and extending its charitable mission in health care, social and pastoral services and education.

The Clare will be developed with assistance from Greystone Communities ("Greystone"), a leading national developer of not-for-profit CCRCs. Greystone specializes in planning, development, marketing, management and strategic consulting services related to all areas critical to the senior housing and services business. Greystone currently has a staff of approximately 120 persons, and senior management provides more than 20 years of senior living experience. Greystone is based in the Dallas, Texas area. Greystone has developed a number of projects in the past 10 years that are similar to The Clare with respect to its size, resident profile, amenities and services and financing structure.

Greystone has been engaged by more than 300 sponsors and owners of senior living communities to assist in project planning, financing, marketing and management. Greystone has been responsible for more than 50 senior living community development and expansion projects. In addition, Greystone's management experience encompasses more than forty communities, including 8,000 housing and supportive care units.

Description: The Clare will be the Borrower for this financing. The Clare will be built on land located at the intersection of Rush Street and Pearson Street in the Water Tower area of Chicago. The 0.6-acre piece of land is located at 41-47 Pearson Street. The land will be leased from Loyola University pursuant to a 100-year land lease.

The Clare will be new full service world-class high rise CCRC. FC currently owns and operates 13 senior living communities in the Midwest. The Clare will target a different geographic and economic market (versus its existing communities) due to its location and price points. Compared to the existing FC communities, The Clare will be more expensive and the project will be more upscale and prestigious. The Clare will offer residents a lifestyle and personal services strategically designed to appeal to seniors seeking an active social environment, high quality maintenance-free housing and supportive services in an upscale urban environment.

Given the size and location of the project site, the project is designed to consist of 271 independent living apartments, 54 assisted living suites and 32 private and semi-private nursing rooms. Services provided to independent living residents include one meal daily and continental breakfast, housekeeping, utilities, concierge services, valet parking, unit maintenance, scheduled transportation, security monitoring, 24-hour emergency response and a full array of educational, recreational, cultural, spiritual and social programs designed to enhance independence. Assisted living residents will receive the same services as independent living residents plus two additional meals per day and assistance with activities of daily living. Residents requiring nursing care will receive the same basic services as assisted living, as well as 24-hour medical assistance and a full complement of physical, social and recreational services consistent with their needs.

The site currently has two existing structures owned by Loyola University that will have to be demolished prior to the initiation of construction. When completed, The Clare will consist of approximately 670,000 square feet, including a 250-car parking garage. The first two floors will be utilized by Loyola University. The building is envisioned to be more than 50 stories tall and will have a distinct impact on the Chicago skyline. The ninth floor of the community will include a swimming pool, fitness and aerobics studio, beauty salon, café and outdoor landscaped terrace with walking paths. The community will also include various dining rooms, library rooms, administrative spaces, living rooms, art studio, educational conference center, chapel, game rooms and access to the rooftop terrace. A 24-month construction period is expected. The overall appearance of the project will be a stone and glass base with a painted concrete and glass tower.

A preliminary resident fee structure has been developed and is expected to be in place until January 1, 2008. Residents who first enter the CCRC in an independent living unit will pay an initial entrance fee ranging from $491,000 to $1,085,000 (depending on unit size, location and amenities) and a monthly fee ranging from $2,395 to $4,595. When the resident permanently leaves The Clare and the unit is re-occupied, the resident or his/her estate will receive a refund equal to 90%-95% of the initial entrance fee. Residents who first enter The Clare in an assisted living unit will pay an initial entrance fee ranging from $53,000 to $94,000 (depending on unit size, location and amenities) and a monthly fee ranging from $4,995 to $5,500. When the resident permanently leaves The Clare and the unit is re-occupied, the resident or his/her estate will receive a refund equal to 90% of the initial entrance fee. Nursing care is estimated to be $150 per day for a semi-private room and $275 per day for a private room. Initial entrance fees will not be paid by residents who first enter the CCRC through nursing.

The issue is expected to consist of two tranches of debt. The "Temporary Debt" will consist of Letter of Credit-backed Variable Rate Demand Bonds ("VRDBs") and EXTRAS[sm] (Extendable Rate Adjustable Securities, a proprietary product created and sold by Ziegler Capital Markets Group). If necessary, a series of fixed rate bonds may be added to the Temporary Debt tranche. The Temporary Debt of approximately $165 million is expected to be fully repaid from resident initial entrance fees in the first few years after the project opens. The "Permanent Debt" is expected to consist of 100% fixed rate bonds, the principal on which will be repaid over a 25-year period on a level debt service basis after the project has reached stable occupancy. All of the bonds will be federally tax-exempt and sold on a non-rated basis (with the exception of the VRDBs, which will carry the LOC Bank's rating). To the extent necessary, it may be necessary to issue a small about of taxable VRDBs to cover certain project costs that cannot be financed on a tax-exempt basis under current tax law.

The project will receive pre-finance capital from a seed capital provider who is active in the senior living area. This pre-finance capital will enable the Borrower to make progress on the project prior to the issuance of new IFA bonds.

Remarks: In connection with the bond offering, a comprehensive financial feasibility study will be prepared and included in the offering document. Greystone has prepared a comprehensive development plan which includes a market analysis, recommended project scope and definition, project economics and finance plan, marketing plan, analysis of regulatory requirements and preliminary development timeline.

Financing will not occur until presales equal to 10% of the initial entrance fee have been received for 70% of the independent living units. It is expected that this level of presales will be achieved in late summer 2005.

Financials: Because The Clare is a start-up, historical financial statements do not exist. The bonds will be sold based on the credit structure and the projected financial performance shown in the financial feasibility study prepared by BDO Seidman, LLP. Based on current projections prepared by Greystone, the project is expected to generate cash reserves of approximately $23 million after the retirement of all Temporary Debt and substantially full occupancy of the project. The projected debt service and lease payment coverage ratio is projected to be 1.46x and the projected cash to debt ratio is 70% in 2010, the first full year of stabilized occupancy.

Discussion: Greystone is the premier developer of high quality CCRCs for non-profit senior living organizations. Similarly, Ziegler is the leading underwriter in the area of startups and senior living in general. Both have worked with the Franciscans for a number of years. Chicago has a limited amount of upscale senior housing so competition will be somewhat limited, at least in the short-term. The projected operating performance is strong, especially when compared to other startups which have successfully been financed, constructed and filled. FC is an experienced senior living provider striving to service the elderly at many different economic levels. A comprehensive financial feasibility study will be prepared by BDO Seidman, LLP, a reputable firm and should be completed by early fall 2005.

FINANCING SUMMARY

Security: Consists of a mortgage, gross revenue pledge and master notes under a master indenture. Covenants and other legal provisions will be generally consistent with those in use throughout the senior living industry for startup CCRCs.

Structure: Temporary Debt consisting of LOC-Backed VRDBs, EXTRAS and possibly a series of fixed rate bonds (if needed). Permanent debt consisting of fixed rate serial and term bonds. The vast majority of the bonds will be federally tax-exempt.

Maturity: The Temporary Debt will be repaid in full within 6-7 years following issuance. The Permanent Debt will have a 30-year final maturity.

Waiver: The bonds will be sold in denominations less than $100,000 (i.e. $1,000, $5,000). The Borrower has requested a waiver or our unrated and non-credit enhanced debt policy. They have met the conditions for a waiver, which they qualify for:

<u>Conditions for Waiver:</u>

- The Borrower has secured a published feasibility from an independent and qualified accounting or consulting firm acceptable to the Authority that supports the financial viability of the Project.

PROJECT SUMMARY

Bond proceeds will be used to finance The Clare, an upscale non-profit CCRC to be located at Rush Street and Pearson Street on Chicago's north side. The project will be affiliated with Franciscan Communities, Inc. and Loyola University. Bond proceeds will be used to fund (1) the costs of developing and constructing The Clare, (2) one debt service reserve fund for each series of bonds, (3) interest expense, letter of credit and remarketing fees for a period of 30 months and (4) bond issuance costs.

ECONOMIC DISCLOSURE STATEMENT

Project name:	The Clare at Water Tower Project Sponsor's Home Office: 1055 West 175th Street, Homewood, IL 60430
Location:	41-47 Pearson Street, Chicago, IL
Applicant:	The Clare at Water Tower. Sponsored by Franciscan Sisters of Chicago Service Corporation
Organization:	501(c)(3) Not-for-Profit Corporation (IRS tax exemption not yet received)
State:	Illinois
Board of Trustees:	Mr. Leonard A. Wychocki Sr. M. Francis Clare Radke Sr. M. Francine Labus, OSF

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Zavis Rosenman	Chicago	Elizabeth Weber
Accountant:	Ernst & Young	Chicago	Tadd Ingles
Bond Counsel:	Jones Day	Chicago	John Bibby
Underwriter:	Ziegler Capital Markets Group	Chicago	Dan Hermann
Underwriter's Counsel:	Gardner, Carton & Douglas	Chicago	Steve Kite
Bond Trustee:	Amalgamated Bank of Chicago	Chicago	Michele Martello
Issuer's Counsel:	Charity and Associates	Chicago	Alan Bell

LEGISLATIVE DISTRICTS

Congressional:	5 – Rahm Emanuel
State Senate:	20 – Iris Martinez
State House:	40 – Richard Bradley

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Deal: **Firefly Energy, Inc.**
211 Fulton Street, Suite 200 Peoria, IL 61602

STATISTICS

Deal Number:	V-TD-630	Amount:	Up to $125,000
Type:	Venture Capital	PA:	Christopher Vandenberg
Locations:	Peoria		

BOARD ACTION

Voting Record:	This is the first time this project has been presented to the IFA Board of Directors
VC Committee:	The VC Committee will meet and determine its recommendation prior to the IFA Board meeting
IFA Staff:	Recommends approval
IFA Funds at Risk?	YES: X NO: ☐ Amount: Up to $125,000

JOBS

Current Employment:	13	Projected new jobs:	10
Jobs Retained:	N/A	Construction jobs:	N/A

SUMMARY

<ins>Company Summary</ins>

Firefly Energy, a Peoria-based spin-out of Caterpillar, has developed a next generation lead-acid battery technology that has the opportunity to replace major portions of the $30 billion worldwide lead-acid battery market. The technology can deliver a disruptive combination of high performance, extremely low weight and low cost. The Company's intellectual property, founding scientists and seed funding came from Caterpillar, Inc. Caterpillar, along with many years' experience in lead-acid battery technology, has built a significant business unit of battery products with revenues in excess of $35 million annually.

Firefly's opportunity exists through its two products—one evolutionary and one revolutionary. The evolutionary technology, dubbed the Rainbow Grid (RG), consists of a coating technology to the lead grids that currently exist in Pb-acid batteries. This coating is expected to extend the battery life by 30%.

The revolutionary technology, or advanced battery (AB), delivers performance to battery markets associated with advanced materials (Nickel Metal Hydride & Lithium) but of 1/10th the cost. Furthermore, it can be both manufactured and recycled within the existing lead-acid battery infrastructure.

<ins>Investment Summary</ins>

In October 2003, the Authority invested $300,000 in Firefly alongside a $600,000 investment from Caterpillar. The Authority received a 10% ownership stake in Firefly. Since then, Firefly has continued product and business development efforts. Specifically, they have completed testing on the Rainbow Grid (RG) coating technology and begun preliminary testing/design-work on the Advanced Battery (AB). IFA subsequently invested $350,000 in a Series A round led by United *Defense Industries* (UDI), who is also providing research and development assistance in exchange for an exclusive worldwide license of the technology for the defense industry. The proceeds were to be used to attract a manufacturing partner for the RG and complete an engineering prototype for the Advanced Battery.

Now, as part of a strategic relationship with Electrolux to develop a battery for an electric powered lawnmower, Firefly is accepting an equity investment of $1.1M from Electrolux along with $600,000 in engineering costs. In addition to the Electrolux investment the Company is seeking $1M from the existing investors. The main goal of the additional $1M investment is to delay the Series B fundraising round until April 2006, which will allow the Company to gain additional traction and therefore capture a higher valuation in the next round. Both CAT and KB Partners have committed. UDI is in the process of presenting to their investment committee.

Staff recommends investing up to IFA's pro-rata participation in this funding round. By attracting Electrolux as the first customer, Firefly will be able to attract a higher valuation when it raises funds for Series B. Additionally, the extra time given by this round will further increase the valuation due to the completion of additional milestones. By investing at this point, the Authority will be able to capture an increase in value on its investment. Finally, by showing its continued support of strong Illinois companies, the Authority continues to encourage and support the venture capital industry in the State.

First Round		**Second Round**		**Third Round**	
IFA Investment:	$300,000	IFA Investment:	$350,000	IFA Investment:	$115,000
Investment Leveraged:	600,000	Investment Leveraged:	3,150,000	Investment Leveraged:	1,985,000
Pre-Money Valuation:	2,000,000	Pre-Money Valuation:	5,200,000	Pre-Money Valuation:	12,672,505
Post-Money Valuation:	2,900,000	Post-Money Valuation:	8,700,000	Post-Money Valuation:	14,772,505
IFA Ownership:	10.3% (fully diluted)	IFA Ownership:	10.3% (fully diluted)	IFA Ownership:	9.06% (fully diluted)
Security Type:	Seed Preferred Stock	Security Type:	Seed & Series A Preferred Stock	Security Type:	Seed & Series A & Series A-1 Preferred Stock
# of Shares:	540,000	# of Shares:	841,827	# of Shares:	922,577
Price Per Share:	$0.59	Price Per Share:	$1.05	Price Per Share:	$1.45

TERM SHEET

IFA will invest up to its pro-rata share of the Series A-1 Round, pursuant to the Investors' Rights Agreement. The amount is approximately $115,000. A $463,375 investment from Caterpillar, Inc. and a $162,200 investment from KB Partners will be used to match IFA's investment. United Defense is still considering whether it will contribute its pro-rata $259,521. The Company is also contemplating accepting an additional $100,000 from local area angel investors. The price per share is $1.45, an approximately 40% premium over the last round yielding a post-money valuation of approximately $14.7 million.

If the Authority chooses not to invest, its ownership stake will be reduced from 9.06% to 8.28%.

The Authority, if it chooses to participate, will be granted the same rights as the Series A-1 Preferred Stockholders. The Series A-1 Preferred holders will be on parity with the Series A holders and will have a liquidation preference over the Seed Preferred and Common Stock, weighted average dilution protection, conversion rights and standard protective provisions. As a condition of its previous investment, Firefly has granted observation and information rights for the Authority.

Liquidation preference and Redemption Rights

First priority is given to Preferred stockholders in the amount equal to the original purchase price and any declared but unpaid dividends. Holders of Common Stock would then be entitled to the amount originally paid to the Company for the Common Stock plus and accrued, yet unpaid, dividends. Finally, all Holders will receive ratably, on an as-if-converted basis, the remaining assets.

Dividend Provisions
Series A & A1 Preferred will receive a non-cumulative dividend of 4% per annum when declared by the board. They will also receive pro rata any dividends paid on common stock on an as-if-converted basis. The Seed Preferred currently receives 5% cumulative dividends.

Conversion rights
Series A Preferred shareholders shall have the right to convert to common stock at any time, initially on a 1:1 basis. Series A Preferred Stock will be automatically converted under the following conditions: (1) 2/3rd majority of Preferred consent or (2) Closing of a firmly underwritten public offering of shares of common stock of the company at a per share price not less than four times the Original Purchase Price and netting the Company not less than $25 million.

Redemption
The Series A Preferred Stock will be redeemable at the election of at least two-thirds of the Series A Preferred made on or before the fifth anniversary of the closing. The redemption shall occur in two annual payments beginning on the sixth anniversary of the Closing.

Voting Rights
Preferred Stock votes with the Common Stock on an as-if-converted basis. Three-quarters (75%) of outstanding Preferred Stock is required for any liquidation; changes to the rights, preferences and privileges of the Preferred Stock; increase or decrease of the number of authorized shares of Preferred Stock; issuance of any securities having preference or being in parity with the Preferred Stock; change the size of the Board; or redeem, purchase or acquire any share of Preferred or Common Stock.

Seed Preferred consent shall be required to amend the Seed Preferred terms or to relocate the Company's principle place of business outside the State of Illinois prior to the fourth anniversary of the closing.

USE OF FUNDS
The funds of from the current round of financing will be used for product development and engineering purposes principally in connection with the battery to be developed for Electrolux's electric lawn mower. Additionally, the funds will also be used for working capital and development purposes related to the other battery products, including the Rainbow Grid and other Advanced Batteries.

Burn Rate
The current burn rate is approximately $275,000/month.

The current round of financing is anticipated to take the Company through Q2 2006. Firefly anticipates that an additional $3-5M will be required to bring the company to profitability across the initial strategic market segments.

Co-Investors:
KB Partners is a Chicago-based venture capital firm established in 1996 to make investments in early-stage technology companies in the Midwest. KB's objective is to build dominant new enterprises by working in partnership with talented entrepreneurs and experienced managers. KB Partners manages two venture funds totaling in excess of $95 million. The IFA has invested alongside of KB Partners is Cobotics and ShopTalk, both of which are no longer active in the IFA portfolio.

United Defense Industries (NYSE:UDI)—UDI is a $1.75 billion leader in the design, development and production of combat vehicles, artillery, naval guns, missile launchers and precision munitions used by the U.S. Department of Defense (DoD) and allies worldwide. UDI's business strategy focuses on increasing revenues, profitability and shareholder value by expanding its role as a leading systems integrator and prime contractor to the DoD. To achieve these goals, UDI invests in research and development (R&D) and advanced technologies and design techniques to capture new business, generate revenues from installed base through upgrades, apply advanced technologies across a range of new programs, capitalize on its global presence, and selectively pursue acquisitions with complementary products and technologies. UDI was recently purchased by BAE Systems and is now called BAE Systems Emerging Technologies.

Caterpillar, Inc.—Caterpillar manufactures construction and mining equipment, diesel and natural gas engines and industrial gas turbines. The Company is a technology leader in construction, transportation, mining, forest, energy, logistics, electronics, financing and electric power generation. Caterpillar also spends over $900 million a year on R&D. Of the technology that is yielded from this research, only about 30% is retained by Caterpillar for use in its products. Approximately five years ago, the Technical Services Division of Caterpillar started the Innovation and New Technology group to utilize the 70% of unused technology either by licensing or spinning the technology out of CAT. To date, CAT has spun out two companies: Firefly Energy and Akoya.

Electrolux Professional Outdoor Products, Inc. - The Electrolux Group is the world's largest producer of powered appliances for kitchen, cleaning and outdoor use, such as refrigerators, washing machines, cookers, vacuum cleaners, chainsaws, lawn mowers, and garden tractors. Every year, customers in more than 150 countries buy more than 55 million Electrolux Group products for both consumer and professional use sold under famous brands such as AEG, Electrolux, Zanussi, Frigidaire, Eureka and Husqvarna. In 2004, Electrolux had sales of SEK 121 billion and 72,000 employees. To learn more, please visit www.electrolux.com.

BACKGROUND

Over the last 20 years, the lead-acid battery industry has seen minor improvements in performance, but has had little technological innovation based on the commodity nature of the market. Furthermore, the industry of lead-acid for energy storage has been challenged by newer materials (Nickel Metal Hydride (NiMH) and Lithium) that offer greater performance for innovative industrial and consumer product introductions. However, these newer materials have a cost and price penalty up to 10 times the current cost of lead acid production.

Primary users of lead-acid battery products from automotive companies to power utilities, military and submarines have sought for decades the ability to obtain advanced performance beyond the current limitations of lead-acid batteries, while still retaining similar cost and strength characteristics of the existing products.

FIREFLY SOLUTION & VALUE PROPOSITION

The Firefly technology was created and discovered by Caterpillar, Inc. as part of its $900 million a year R&D operations. Various business groups in Caterpillar sought to increase performance from battery products for their existing and advanced product designs. Caterpillar then took the research further to perfect an industry-wide technology that could be successful well beyond their served markets. Caterpillar sought out early stage executives to bring this product to market under a separate, venture-funded company. Caterpillar will remain a partial investor and will likely become a customer for the Company's products.

When designing a high performance battery, there are generally four objectives: maximize the specific energy (or storage), maximize the specific power (or strength of battery), maximize the battery life and keep the cost low. Furthermore, when evaluating Pb-acid batteries against other types of batteries (i.e. NiMH, Li-ion, etc), the Caterpillar scientists learned:

- ❒ Pb-acid batteries had a limited life due to corrosion on the plates of the battery,
- ❒ Pb-acid batteries could not sustain the discharge cycles that advanced materials batteries could,
- ❒ Pb-acid batteries took substantially longer to recharge, and
- ❒ Pb-acid batteries had a substantially larger size and weight than comparable advanced batteries.

<u>Rainbow Grid</u>

Firefly's first product to market will be the Rainbow Grid coated battery. This carbon coating to the standard grid of a Pb-acid battery will extend the life of the traditional Pb-acid battery by 30% with a minimal impact on the manufacturing process.

<u>Advanced Battery</u>

Through the initial research that was conducted at Caterpillar, Firefly has also developed a novel material science that removes most of the current limitations of lead-acid battery products. When compared to current lead-acid batteries, Firefly's technology delivers:

- 4 times the power density
- Less than ¼ of the weight
- Double the life expectancy
- 7 times faster recharge rate
- Lead acid manufacturing cost (1/10th the cost of Nickel Metal Hydride or Lithium ion)
- A reduction in lead of 80%
- A battery that fits into the existing lead-acid battery infrastructure.

INTELLECTUAL PROPERTY (IP)

Firefly currently has four patents submitted with an additional nine in the process of being submitted. Firefly should hear from the patent office within then next four to six months regarding the submitted patents. A summary of the four submitted patents are as follows:

- An enhanced lead-acid battery using commercially viable modifications to the existing materials. These modifications can use the existing manufacturing base.
- A new battery concept using novel materials to improve battery performance with only minor changes in the manufacturing process.
- Enhanced durability of the new battery concept.
- A current collector for new battery concept.

TARGET MARKET

According to Frost & Sullivan, lead-acid batteries are a $30 billion world-wide market. The market is divided into three main segments: Starting, Lighting, and Ignition (SLI), Motive Power, and Stationary Power. SLI represents 80% of the lead-acid battery market. This segment includes replacement and new automotive, heavy-duty commercial, and marine batteries. Also included are batteries for hybrid and 42V automotive vehicles. Motive power, representing approximately 10% of the market, includes industrial trucks, forklifts and golf carts. Finally, stationary power represents the un-interruptable power supplies (UPS) and telecommunication applications.

Firefly hopes to penetrate two markets initially: the Stationary Power Market and the Defense Market.

Revenue Model

Firefly's business model calls for both licensing and co-branding the product and manufacturing intellectual property (IP). They plan to utilize the industry and infrastructure in a phased commercialization process.

Recent consolidation in the battery industry has caused an excess of capacity. Firefly plans to utilize this capacity to manufacture the batteries. Firefly has been working with industry leaders in all of the major markets to license the technology on a market-by-market basis.

Initially, Firefly will implement the Rainbow Grid, replacing the lead grids in traditional lead-acid batteries. Through manufacturing relationships, Firefly plans to enhance the product design and manufacturing IP. Licensing and co-branding the Firefly technology through battery manufacturers will drive the initial revenues of the company (like the Electrolux transaction). These relationships will then be leveraged to commercialize the Advanced Battery.

KEY PERSONNEL

Management Team

Edward F. Williams, *Chief Executive Officer*—Mr. Williams worked for eight years at Apple Computer, where he led channel strategy development and operational turn-arounds of various business units. He has most recently led early and expansion stage software companies, assisting with market traction, fundraising, and subsequent acquisition. Mr. Williams has also served as a CEO in Residence with Arch Venture Partners in Chicago, where he served on the board of portfolio companies and provided strategic and operational consulting. Mr. Williams graduated Cum Laude with his Bachelors of Science degree in Accounting and Economics, and received his MBA in Finance and Marketing both from University of Detroit. He is a Certified Public Accountant and a guest lecturer at the University of Colorado undergraduate and graduate business schools.

Mil Ovan, *Senior Vice President—Product & Business Development*—Mr. Ovan has most recently served as President & Co-founder of Verascape, a $10 million start-up company providing voice recognition infrastructure to major enterprises & carriers. Prior to Verascape, Mr. Ovan was Vice President of Marketing and Business Development for WarpSpeed Communications, a $30 million start-up funded by several telecommunication companies to provide broadband on demand Wide Area Network services. Prior to that, Mr. Ovan spent 12 years at Motorola, where he was involved with the creation or advancement of several new communication categories. Just prior to leaving Motorola, he was the co-founder and executive director of the Wireless Broadband Systems Division. Mr. Ovan has his MBA in Marketing from Northwestern University's Kellogg Graduate School of Management and holds his Bachelor of Science degree in International Business from Elmhurst College. He is a past President of Elmhurst College's National Alumni Association, sits on the Editorial Board of Speech Technology Magazine, as well as on the Advisory Board of Centerpost, a Chicago-based electronic messaging company.

Kurtis Kelley, *Chief Research & Development Officer*—Mr. Kelley has most recently been a senior research scientist in the Advanced Materials Technology division of Caterpillar's center for research and is responsible for developing and applying materials and design solutions to corporate challenges. In his 15 years at Caterpillar he has directed concept to product research projects covering multiple disciplines. He has extensive scientific & development background and is a recognized expert and innovator over a broad range of technical fields. He currently holds over 25 patents in electronics and material sciences discoveries. Mr. Kelley received a Master of Science degree in Geology/Botany/Paleobotany from Michigan State University, and holds a Bachelor of Science degree in Botany from Arizona State University.

Eric Dix , *Vice President, Engineering*—Mr. Dix brings to Firefly 22 years of leadership experience in designing, developing and commercializing highly engineered chemical products and processes. This includes 10 years in advanced rechargeable battery applications, product design and new technology commercialization. Mr. Dix has extensive management experience in R&D, product engineering, process engineering, product marketing, equipment engineering, quality systems and manufacturing operations. He has special expertise in the application of statistical engineering methods to new product and process design programs that are simultaneously in the development phase. Mr. Dix also has 20 years experience in advanced coating technologies, including applications to innovative electrode designs for advanced rechargeable batteries. Mr. Dix received his M.B.A. from Santa Clara University and completed undergraduate studies in Chemical Engineering and Chemistry at Iowa State University and the University of Northern Iowa. He is a member of the American Society for Quality, a Six Sigma Black Belt from Motorola University, and teaches Design of Experiments and Response Surface Methods for R&D and Process Engineering Applications in Industry.

Robert F. Nelson, Ph.D.—Dr. Nelson has over 26 years directing lead-acid battery development and manufacturing at all levels and has been the chief technologist and advisor for many of the major lead-acid battery companies. Founder of the Advanced Lead-Acid Battery consortium, he holds several industry patents and is a frequent lecturer, advisor, and professional expert witness to the industry. Dr. Nelson holds a B.A, from Northwestern University in Chemistry, graduating cum laude, and completed his Ph.D. in Analytical Chemistry at the University of Kansas.

BOARD OF DIRECTORS

Firefly Energy has approved seven board seats, five of which are currently occupied. Two members shall be designated by the Series A holders. The board meetings are held the first Tuesday of each month from 9 A.M to 12 P.M. Although authorized to do so, the board has not yet formed any formal committees.

Representing the existing shareholders:

Edward Williams—*Chairman of the Board, President, CEO & CFO, Firefly Energy*

Mil Ovan—*Senior Vice President, Firefly Energy*

Phil McCluskey—*Division Manager, Advanced Materials Technology, Caterpillar (Investor)*—Mr. McCluskey oversees the Research, Development & Engineering of inorganic materials and their applications. Prior to this, he served for 2 years in Caterpillar's Intellectual Property Department where he managed the intellectual assets from the Technical Services Division & the Chemical Products Business Unit. Prior to working in the IP Department, he was a Technology Manager for Engineered Surfaces at Caterpillar's Technical Center, where he prepared the business plan for, and launched, the technology incubator in thin film coatings. Mr. McCluskey was a staff scientist with United Technologies Corporation for nine years before coming to Caterpillar. He earned his Ph.D. in Ceramic Science from Alfred University, holds more than 15 patents, and has produced numerous technical publications and presentations.

Sean Leuba—*Legal Counsel, Caterpillar (Investor)*—Mr. Leuba is currently the Caterpillar, Inc. Power Systems Marketing Division Counsel. He actively participates in mergers and acquisitions, private equity investments, joint ventures, strategic alliances, joint development agreements, electric power generation projects, and other general commercial transactions involving the Power Systems Division. Prior to joining CAT, he was an associate with Arnold & Porter in the corporate and securities practice group in Washington DC. He has his MBA from the University of Chicago with concentrations in management & entrepreneurship. He graduated *magna cum laude* from Washington & Lee University School of Law with a Juris Doctorate and holds a Bachelors degree in Political Science from the University of Maryland.

Charles Cunningham—Mr. Cunningham recently retired as director of Delphi Packard Electric Systems, North American Operations, responsible for a $4 billion revenue line. Cunningham earned his Bachelor of Arts degree in history from Thiel College in 1967, and served on its Board of Trustees. He has also served on the Youngstown/Warren (Ohio) Regional Chamber of Commerce Board of Directors & the Great Lakes Chapter of the US/Mexico Chamber of Commerce Board of Directors.

Byron Denenberg is a co-founder and Managing Director of KB Partners. He has been actively involved with all aspects of the firm's investments and operating activities since 1996. He currently sits on the Boards of Rubicon Technology Inc. and Firefly Energy, Inc. Byron has been active in entrepreneurial ventures for over 35 years as an owner, manager, investor, consultant and Board Member. Byron also has extensive international experience. He has been involved in numerous start-up companies, including MST Measurement Systems, Inc., Microsensor Technology GmbH, and FPM Analytics, Inc., as both an investor and Board Member.

Ken Latham - UDI

ADVISORY BOARD MEMBERS

Robert F. Nelson, Ph.D.—see above

Michael Kepros—Mr. Kepros brings over 30 years of experience in research and development of electrochemical energy storage systems. Battery expertise covers aqueous primary (i.e. non-rechargeable) systems to VRLA secondary (i.e. rechargeable) battery technologies. Major contributions have included new products, product and process improvements, methods development, and personal training and development. Key contributions have also been provided to customers, sales, marketing, legal, QA, quality control and manufacturing plant operations. Work history includes management positions, principal scientist, and many research and engineering positions across Gould Inc., RAYOVAC, The Gates Corporation, Gates Energy Products, GNB Technologies, Exide, and PowerGenix Systems Inc. Mr. Kepros currently holds membership in the Electrochemical Society, International Society of Electrochemistry, and the American Academy of Sciences. Mr. Kepros holds a B.S. Chemistry from St. Johns University.

Lt. Gen. Charles Mahan, Jr.—General Mahan recently joined The Home Depot as Senior Director, Government Solutions, after retiring from a distinguished career as three star Lieutenant General of the U.S. Army, where he last served as the Deputy Chief of Staff, G-4, Department of the Army, responsible for much of the logistics activities of the Department. General Mahan holds a M.B.A. from University of Miami and a B.S. from the U.S. Military Academy—West Point.

Wayne Downing—General Downing retired from active service in the military as a four-star General in 1996 after a distinguished 34-year career in the US Army. His career includes senior commands in infantry, armored, airborne, special operations and joint units. He commanded all U.S. special operations forces during the 1989 invasion of Panama and commanded joint special operations deep behind Iraqi lines in the Gulf War. Downing culminated his career as Commander in Chief of the U.S. Special Operations Command. As Commander of SOCOM, he was responsible for all special operations forces in the U.S. Army, Navy and Air Force. Downing is actively involved in a number of public and private sector boards around the world, such as Science Applications International Corporation (SAIC). He his also a noted analyst on military issues and is frequently seen on NBC's "Today Show" and MSNBC's "Hardball With Chris Matthews."

STRATEGIC PARTNERS

Caterpillar—CAT, in addition to providing the initial technology and funding for the company, has continued to provide assistance to Firefly. CAT has provided space and equipment, as well as technical assistance during the R&D for the products. Additionally, the use of CAT's reputation has afforded the Company significant opportunities that most likely would have not been made available without their backing. Recently, Firefly and CAT have been exploring opportunities to explore HEV opportunities for CAT machinery.

United Defense—In addition to their participation as an investor, UDI will also receive a market exclusive license to provide the Firefly technology to the defense community. It is expected that UDI will provide both milestone payments, as well as technical/contractual assist with the development of the technology. Through the strategic investment of UDI, Firefly has made substantial progress in both pursuing federal funds to support development and to identify specific applications which would turn the Army into a customer of Firefly. Firefly is working with UDI and existing battery suppliers to develop a RG coated battery which would solve a number of problems the Army currently is experiencing. Also, Firefly is pursuing a $3M Federal appropriation to advance development of the AB product.

Electrolux—Electrolux made a strategic investment of $1.1M into Firefly and also provided $600,000 in non-recurring engineering costs to design a Firefly Advanced Battery for an electric lawnmower. This agreement has made Electrolux Firefly's first customer. The battery is expected to be introduced into Electrolux's 2008 lawnmower.

NASA/NICC—Firefly has recently executed a contract with NASA to have one of their scientists working full time on R&D of the Firefly technology. This individual is being supported through NASA funding and is expected to provide significant value to Firefly.

IIT—IIT, through its engineering department, has provided assistance in developing a computer model the Firefly AB. Through this model, Firefly will be able to optimize the design of the Advanced Battery. In particular, this model will be useful in comparing the AB to other batteries in Hydrogen Electric Vehicle applications.

Firefly is also pursing licensing opportunities in other market segments for both the RG and AB technologies, including motive power and SLI.

COMPETITION

The competition for Firefly will come from both advanced materials and current lead-acid battery market manufacturers. Several major lead-acid battery manufactures are Exide, Johnson Controls and C&D Technologies.

Exide Technologies—Exide has operations in 89 countries and fiscal 2003 net sales of approximately $2.4 billion, is one of the world's largest producers and recyclers of lead-acid batteries. The company's two global business groups—industrial energy and transportation—provide a comprehensive range of stored electrical energy products and services for industrial and transportation applications.

C&D Technologies—Technology company that produces and markets systems for the power conversion and storage of electrical power, including industrial batteries and electronics. Approximately 70% of the company's current sales are reserve power systems supplied to leading operators of telecommunications, data transmission, infrastructure, computer systems and utilities.

Johnson Controls, Inc.—Johnson Controls is North America's largest supplier of lead-acid batteries. After-market battery customers include AutoZone, Pep Boys, Interstate Battery, Sears, Wal-Mart and Costco. JCI also make original equipment batteries for auto-makers including DaimlerChrysler, Ford, Honda, Nissan and Toyota.

<u>Startups</u>

Solicore—Lithium-ion chemistry

PowerGenix—Nickel-zinc battery

Zinc Matrix Power—Zinc Battery technology

Valence Technology—Li-ion battery for large-format batteries using lead-acid or NiMH batteries for motive power market (scooters, wheelchairs, etc.).

mPhase—Aiming to make batteries with longer shelf lives and smaller size.

Competitive Advantages

- Increased performance over traditional lead-acid batteries at the same price.
- Fits into the existing recycling and manufacturing infrastructure. Advanced materials require complex and expensive infrastructure investments.

EXIT STRATEGY

The most likely exit strategy for Firefly will be a sale of the company to an existing battery manufacturer such as C&D Technologies, Exide and Johnson Controls, or another strategic partner. The manufacturers are starving for innovation and over the last five years, have been acquiring technology, particularly Exide and Johnson Controls.

POST-MONEY OWNERSHIP

	Pre-Money Equity Stake	Post-Money Equity Stake
	% ownership	**% ownership** [2]
Investors		
Caterpillar, Inc.	16.03	16.89
IFA	**9.65**	**9.06**
United Defense	21.79	20.45
KB Partners	13.62	12.78
Electrolux	0.00	7.45
Sub-Total	**61.10**	**66.67**
Common Stock		
Caterpillar, Inc.	22.80	19.63
Founders	10.15	8.71
Directors & Advisors	1.21	1.06
Option Pool	4.64	3.98
Sub-Total	**38.90**	**33.37**
TOTAL	**100.00**	**100.00**

[1] The founders consist of Edward Williams, Mil Ovan , and Kurt Kelley. Their shares consist of options that will vest over three years in the following manner: First ¼ vests at the end of 12 months. The balance vests monthly over 3 years.

ECONOMIC DISCLOSURE INFORMATION

	Firm	**Location**	**Contact**
Company	*Firefly Energy, Inc.*	*Peoria*	*Mil Ovan*
General Counsel:	Schwartz, Cooper, Greenberger & Krauss	Chicago	James J. Greenberger
Accountant:	RSM McGladrey	Peoria	Michael S. Rineberg
Co-Investor:	*Electrolux Professional Outdoor Products Group, Inc.*	Ohio	
Counsel:	Curtis, Mallet-Prevost, Colt & Mosle LLP	New York	Marie-Therese Allen
Co-Investor	*United Defense*	*Washington, D.C.*	*Frank Finelli*
Counsel:	Gibson Dunn	Washington, D.C.	Bill Thomas
Accountant:	Ernst & Young	McLean, VA	
Co-Investor	*Caterpillar, Inc.*	*Peoria*	*Sean Leuba*
Counsel:	Caterpillar, Inc.	Peoria	Sean Leuba
Accountant:	Pricewaterhouse Cooper, LLC	Peoria	Rick Hanna

LEGISLATIVE DISTRICTS

Congressional:	Ray LaHood (18)
State Senate:	George P. Shadid (46)
State House:	Ricca Sloan (92)

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Deal: Metalforming Controls Corporation (MC²)
760-A Industrial Dr., Cary, IL 60013

Deal Number:	V-TD-631	Amount:	$150,000
Type:	Venture Capital	FM:	Christopher Vandenberg
Location:	Cary		

BOARD ACTION

Voting Record:	To date, the Authority has invested $500,000 over three investment rounds in MC²
VC Committee:	The Committee will meet prior to the Board meeting to discuss its recommendation.
IFA Staff:	Recommends approval

IFA Funds at Risk? YES: ☒ NO: ☐ Amount: $150,000

JOBS

Current Employment:	3	Projected new jobs:	2
Jobs Retained:	N/A	Construction jobs:	N/A

SUMMARY

<u>Background</u>
Metalforming Controls Corporation (MC²) has developed the Force Modulator (FM) system to address a number of problems inherent in the production of metal parts by draw presses, which are used extensively by automotive manufacturers to form body parts, various motor parts and gas tanks, as well as by a number of other industries. During the process of Stretch Forming metal, a hydraulic holding system reduces press damage, downtime, defective parts and increases productivity verses nitrogen holding systems. Additionally, the FM is the only system that can accommodate the required tonnage to form High Strength Steel (HSS)—which is expected to become increasingly important due to high fuel costs and federal requirements.

While they have made substantial progress, market adoption continues to be a problem. The higher up-front cost of the FM system makes securing a position in the capital budget a problem. Through a continual education process, MC² is slowly convincing a number of customers of the benefits of the FM over the entire life-cycle of the press. This education process has lengthened the sales cycle. Additionally, the recent downturn in the U.S. automotive industry has significantly impacted the stamping plants, sending several of the major suppliers into bankruptcy. While this may seem like a bad omen for companies like MC², the Company's management is finding evidence that the OEMs and suppliers are actually looking for constructive change to save money in production – which includes realizing the benefits of using the FM. Finally, from recent tests with Chrysler, MC² has shown that they can effectively form High Strength Steel (HSS). The use of HSS in automobiles is increasing because it has the ability to significantly reduce the weight of the car (and increase fuel efficiency) without compromising safety. A major impediment to the use of HSS has been the inability to form these parts. The FM is the only available technology to successfully and consistently form HSS parts— as evidenced by a recently completed DOE study. Chrysler has a goal of making 70% of their body and frame components out of HSS over the next two to three years. GM and Ford are also moving in this direction, but at a much slower pace.

<u>Investment Summary</u>
The IFA made its initial investment of $300,000 in May 2001 alongside $500,000 from AAVIN Venture Partners and Prairie Angels. Since then, the IFA has made two additional investments in March 2003 and March 2004 totaling $200,000. The company has used these funds to successfully bring their product to market and has acquired several key customers including Ford and Chrysler. They have also penetrated the die manufacturing shops market and finished 2004 with a small profit.

To address the long sales cycle, MC² is in the process of changing their revenue model to a lease-to-own structure. This will help speed adoption by avoiding the capital budgeting cycle. To complete this transition, MC² is raising $500,000 of new capital from their investors. AAVIN has committed $250,000and the founders are contributing an additional $200,000.

MC^2 is seeking $150,000 from IFA. This is slightly over our pro-rata portion of the round. Although this industry is facing substantial obstacles at this time, staff feels that the benefits that the FM brings to the industry present a unique opportunity to be in the right place, right time to become an integral player in the recovery of this sector by permitting them to realize the significant cost savings that the FM brings in both lower maintenance costs and lower raw material usage. By making U.S. manufacturers (and Illinois companies) more competitive, we are satisfying the important economic development goal of this program.

STATISTICS

IFA Investment:	$150,000		
Investment Leveraged:	$450,000	**Security Type:**	Debt with warrants
AAVIN Venture Capital	$250,000		
Founders	$200,000		
Pre-Money Valuation:	$5,962,408		
Post-Money Valuation:	$6,662,408	**Price Per Share:**	$1,428.57

TERM SHEET

The current round of funding is in the form of convertible debt with warrants. The funds will be injected in two tranches. The first tranche would take place at closing. The second tranche would be available only if Ford and/or other customers purchase the FM on an installment basis which would require additional working capital. Specifically, this would assume 6 installment sales in 2005 and 2006 with a 24-month payment plan. The second tranche would be available for a 12-month period.

The debt will be structured as a three year term loan bearing interest at an annual rate of 10%. The interest will be payable quarterly from the date of closing. The loan will be secured by the assets of the company. The company will issue ten-year warrants for the purchase of Series A Preferred Stock at an exercise price of $1,428.57. The warrants will be cashless with a right to put the shares to the Company. Any other investment of cash will be subordinated to the term loans held by AAVIN and IFA.

The terms attached to the warrants are the same terms as accepted by the Board in the Series A Preferred round. A summary of the terms are as follows:

- Dividend provisions of 8% annually,
- Liquidation preference,
- Pro-rate anti-dilution protection,
- Information rights,
- Observation rights
- Right to "put" stock,
- Voting rights on an as-if-converted basis,
- Demand rights

<u>Use of Funds</u>

To transition the company to a lease-to-buy business model and fund working capital costs.

<u>Co-Investors</u>

AAVIN Venture Capital is an SBA certified Small Business Investment Corporation seeking private equity investments in the range of $1-$4 million. Located in Cedar Rapids, Iowa, AAVIN Ventures (Alternate Agriculture Ventures Incorporated) seeks long term capital appreciation and current income through investment in private debt/equity in small businesses. AAVIN has $47 million of capital under management.

FINANCIALS

	Actual ($000s)			Projections ($000s)	
	2002	2003	2004	2005	2006
Revenues	130	510	1,171	1,843	2,822
Total Expenses	(910)	(1,424)	(718)	(1,821)	(2,577)
Net Income	(834)	(988)	25	22	245
Head Count				3	6

TECHNOLOGY & VALUE PROPOSITION

Metalforming Control Corporation (MC^2) was formed to address a number of problems inherent in the production of metal parts by draw presses, which are used extensively by automobile manufacturers to form body parts, various motor parts, and gas tanks, as well as by a number of other industries.

In draw presses, metal sheets are processed in a manner that is similar to stretching a rubber sheet to conform to a new, three-dimensional shape. This process is called Stretch Forming, and it has been used in the automobile industry since the 1980s. While Stretch Forming has saved the automobile manufacturers millions of dollars while improving quality and expanding body design options, it has also led to the increasing deterioration and disrepair of draw presses, many of which were not designed specifically for Stretch Forming. For the last 10 years, auto manufacturers have been searching for a way to eliminate these problems, which include increased (and costly) downtime, production of defective parts, and increased press repairs. Currently, the only effective method for eliminating these problems is to purchase new presses with "smart" die cushions, but since each press can cost in excess of $50,000,000, the automakers do not believe this is a viable option. For example, Ford Motor Company has 1,000 presses in the United States alone, meaning that a complete replacement of its domestic presses would cost approximately $50 billion.

Specifically, the problems detailed above are caused by the mechanisms currently used to hold metal sheets in place during the Stretch Forming process. The holding technology used in most presses is composed of a metal ring held in place by cylinders charged with nitrogen gas. While the nitrogen cylinder technology is considered a vast improvement over pre-1980s holding mechanisms, it permits "impact shocks" to the metal press that lead to press damage, increased downtime, lower press productivity and defective parts. In fact, because of the deficiencies associated with the nitrogen cylinder technology, automakers often run their presses at only 70-80% of capacity in order to avoid downtime and press repairs.

MC^2 believes that it has found an equally effective and significantly cheaper way to correct the deficiencies associated with draw presses employing Stretch Forming methods. Its product, called the Force Modulator (FM), replaces the nitrogen cylinder technology currently employed on draw presses, and is designed to virtually eliminate excess force while maintaining pressure on the forming steel throughout the press stroke. This means that the Force Modulator can reduce the level and frequency of press damage, improve press operating efficiencies and reduce the production of defective metal parts.

The Force Modulator holds metal sheets in place using hydraulic fluid instead of nitrogen gas, allowing for much of the variable resistance (which causes rips in the metal sheets being formed) to be removed. In addition, the Force Modulator has a redesigned release valve at the base of the unit that allows for greater piston resistance controlled with significantly improved accuracy. The units are custom-designed for each individual die/press combination (unlike nitrogen cylinder models), making each Force Modulator capable of matching the force of the press and thus reducing inefficiencies.

The Potential Market

Draw presses are used in a number of markets, the largest of which is the automobile market. The Company estimates that domestic demand from the "Big Three" (GM, Ford, and Daimler-Chrysler) for nitrogen cylinders and/or Force Modulators may be as high as 20,000 units. This figure does not include domestic demand by other auto manufacturers (Acura, BMW, Honda, Mitsubishi, Subaru-Isuzu and Toyota), that account for 40% of domestic auto production. In addition, this figure does not include foreign demand, bringing the total potential global demand for cylinder products to approximately 280,000 units. While the Company initially plans to only target the automobile market, the Force Modulator may be marketed in the future to other sectors using draw presses, which accounts for 60% of the total metal stamping market. The Company estimates that based on these figures, the potential market for the Force Modulator in he automobile industry may be as high as $224 million globally.

INTELLECTUAL PROPERTY

The Company has two planned approaches to protect the intellectual property of the Force Modulator. These approaches include the use of patents and protection of the methods used to design cylinder sleeves for each die/press combination. The company has negotiated a patent from the U.S. Patent Office on the methods used, and has rights reserved for international patents.

FORD

When MC^2 was originally presented to Ford, they dismissed the cost savings the Company presented as merely a selling tool. Ford managers have since begun a serious inquiry into the true costs associated with nitrogen cylinders. They have since reported that nitrogen cylinder life is significantly shorter than expected, defect rates on problem dies are higher than seen in summary reports, shock is a problem more common than first thought and a very expensive problem, and part quality is a pervasive and expensive problem with real room for improvement.

MC^2 has received a commercialization grant of $1,100,000 from the U.S. Department of Energy ($500,000), Ford ($500,000 in orders) and DCCA ($100,000). The U.S. Department of Energy (DOE) finances an innovative, cost-sharing program to promote energy efficiency, clean production, and economic competitiveness in industry. The grant program, National Industrial Competitiveness through Energy, Environment, and Economics ($NICE^3$), provides funding to state and industry partnerships (large and small business) for projects that develop and demonstrate advances in energy efficiency and clean production technologies. The grant funds permitted the company to install five systems in Ford and provided an important validation step which is now being used with other companies. The company has also received a $67,700 grant from DCCA for reliability and maintainability testing.

MC^2 was initially given two production applications. One of these is PN-96, which has a history as a problem part. The Force Modulator has been used to produce over 150,000 PN-96 parts. Data collected thus far shows an 80% reduction in line downtime, an 80% reduction in defective panels, and a sharp reduction in shock to the press (50% reduction in impact shock and 100% reduction in return shock). There also is an average increase of stroke rate by three strokes per minute (prior to MC^2 running at 9-7-9, now running at 10-10-10). Estimates on Total Annual Rate of Return (TARR) based solely on reduced downtime due to defect-related downtime for this part are >500%. This number will increase as more information is gathered on reduced press damage and related downtime.

Due to the favorable results measured by Ford on the PN-96 part, they have decided to use the Force Modulator on the lead off press in an assembly line. Ford has put the Force Modulator in their "Die Standards" for all new dies made at Ford. Finally, the Company is currently going through the process of obtaining a vendor ID from Ford. This will totally relieve the company of its dependence on the Smedberg Machine.

CHRYSLER

In 2004, MC^2 began working on High Strength Steel tests with Chrysler. Given federal regulations and higher fuel costs, a number of the automotive players are moving to using HSS to make the cars lighter, while maintaining the same strength. Chrysler is the most aggressive of the "Big Three," mandating 70% of their body and frame components to be made of HSS within the next three years.

Through a number of trials, Chrysler has determined that the FM can be used to make a variety of parts using HSS. Upon the completion of the most recent trials, Chrysler management has tripled the HSS testing budget to complete all of the required trials within the next 12 months. As part of this budget, they will be ordering another FM system by late Fall 2005. MC^2 was recently awarded another $250,000 grant to pay for this system. Upon the completion of these trials, it is anticipated that MC^2 will see a substantial order from Chrysler and its affiliates.

KEY PERSONNEL

Management

Ken Smedberg – *Board Chairman* – CEO of Smedberg Machine Corporation, a full service center providing press rebuilding services and products for the metalforming industry. Has more than 20 years experience in the metalforming industry, including extensive auto industry contacts.

Redmond Clark, PhD. – *President* – Has more than 15 years experience in managing startup firms, including manufacturing, trucking, consulting and construction activities. Successfully restructured ailing start-up company. Dr. Clark holds a Masters degree and a Ph.D. from Southern Illinois University.

Robert Bruton - *Chief Financial Officer* - Experience as COO and CFO, with senior management experience in two different startup manufacturers. Mr. Bruton holds an MBA in Finance from Illinois Benedictine University.

COMPETITION

There are four major domestic players, as well as a number of smaller companies and foreign competitors, all of which sell nitrogen cylinders to the automotive industry. The major identified competitors are Dadco and Hyson, both producers of nitrogen cylinders.

A major concern when the Company first presented to IFA was their ability to displace the current nitrogen cylinders. The recent reports from Ford and their movement towards the Force Modulator system shows that it can compete and even displace the current technology.

The current pricing of the Force Modulator has come down from its original price, but the system still costs more than the nitrogen cylinders. While the cost of the nitrogen cylinders is lower than the Force Modulator system, the nitrogen cylinders generally only last 1,000,000 hits (approximately 1 year) and then must be replaced in its entirety. The Force Modulator on the other had, with normal maintenance will last the life of the press. Metalforming Controls is continuing to make progress on reducing the cost of the system and is approaching the prices of the nitrogen cylinders. Furthermore, the new lease-to-own business model will significantly increase the competitiveness of the FM technology.

EXIT STRATEGY

MC^2 anticipates the following liquidity options: Cash flow, Internal Buyout, or Strategic Acquisition. Out of these strategies, the most predictable liquidity event would come from a strategic acquisition by a competitor in the die industry, currently manufacturing hydraulic dies who wishes to modernize their product offering. Alternatively, there has been recent interest by the die houses to license the FM technology for use in their by their customers. This would permit MC^2 to become a holding company which would then dividend the royalties to the investors.

POST-MONEY OWNERSHIP

	Pre-Money Equity Stake	
	# of Shares (fully diluted)	**Percent Ownership (fully diluted)**
Investors		
AAVIN Capital	2,053.13	49.19%
IFA	**733.38**	**17.57%**
Prairie Angels	234.50	5.62%
Other Equity Holders		
Clark	779.30	18.67%
Smedberg	208.25	4.99%
Bruton	128.48	3.08%
Employee Pool	36.66	0.88%
TOTAL:	**4,173.69**	**100%**

ECONOMIC DISCLOSURE INFORMATION

	Firm	Location	Contact
Company			**Redmond Clark**
Corporate Counsel:	Norman Law Firm	Dubuque, IA	Wayne Norman
Accountant:	RSM McGladrey, Inc	Cedar Rapids, IA	N/A
Co-Investor	**Aavin Venture Partners**		**Clare Fairchild**
General Counsel:	Reinhart, Boerner, et.al.	Milwaukee, WI	Albert S. Orr
Accountant:	Ernst & Young	Des Moines, IA	Paul Vial

LEGISLATIVE DISTRICTS

Congressional:	Donald Manzullo (16)
State Senate:	Pamela Althoff (32)
State House:	Rosemary Kurtz (64)

To: Credit Review Committee

From: Steven Trout, Funding Manager

Date: July 6, 2005

Re: Amendment to Remove Loyd Shults as Obligor on a Loan to Shults Machine

The Illinois Finance Authority has a Participation Loan with $183,779.11 outstanding to Shults Machine, Inc., a contract machine shop that supplies precision machined parts to Midwest manufacturers. Shults Machine is based in Golconda, was established in July 1997 as an Illinois corporation and was owned equally by four brothers. On January 29, 2005, three brothers purchased the shares of one brother, Loyd, for $43,000 and released him from all financial obligations of Shults Machine.

Farmer State Bank of Golconda has approved the release and has asked the Authority to approve this change. The Illinois Development Finance Authority's Board originally approved a loan participation with Banterra Bank for Shults Machine on August 16, 2001. The Board extended its commitment on January 17, 2002 for a $234,844 participation in a $611,849 loan made by Farmers State Bank after it became clear that construction delays would prevent IDFA from closing on its participation within the original 6-month commitment term. The project was also funded by subordinate loans made by US SBA and the Southeastern Illinois Planning and Development Commission, as detailed in the attached Board Summary dated January 17, 2002.

The Authority's participation has been paid through May 2005 and matures on January 1, 2012. The loan is secured by a pro-rata (38.36%) share with Farmers State Bank in: 1) a first mortgage on 3 acres of land and a 10,000 square-foot building located on site, 2) a first security interest in all business assets, existing production equipment and business assets and new production equipment financed by the project, 3) personal guaranties of a) Troy and Linda Shults, b) Delbert and Linda Shults, c) Brian and Aggie Shults and d) Loyd and Rebecca Shults, including second mortgages on their personal residences and additional land owned by two of the principals. This loan appears to be very well collateralized, based on the latest available information that is summarized below:

Collateral	Value	Basis	Rate	Adj Value
Company Building and Land	$250,000	Appraisal 2002	80%	$200,000
Original Production Equipment	472,480	Estimate 2001	65%	307,112
New Equipment	401,827	Cost 2002	65%	210,022
2nd Mortgage Troy's Residence	33,527	Estimate 1/05	80%	26,216
2nd Mortgage Troy's Property	26,064	Estimate 1/05	80%	21, 651
2nd Mortgage Delbert's Residence	55,000	Estimate 1/05	80%	44,000
2nd Mortgage Delbert's Land	31,750	Estimate 1/05	80%	25,400
2nd Mortgage Brian's Residence	41,961	Estimate 1/05	80%	33,568
2nd Mortage Loyd's Residence	32,400	Estimate 4/04	80%	25,920

Total Adjusted Value	$893,889
Total Adjusted Value excluding 2nd Mortgage on Loyd's Residence	$867,969
Farmers Bank/IFA Loan Outstanding Balance	$367,558
Excess Collateral (Adjust Value Net of Loyd Less Loan Balance)	$500,411
Loan to Adjusted Value	2.36X

The financial condition of the three remaining guarantors and the selling brother is summarized in Attachment 1. The seller, Loyd Shults, has less household income and net worth than his brothers who are purchasing his shares in the company.

Shults Machine's financial condition as of December 31, 2004 is summarized in Attachment 2. The company has performed well and does not appear likely to default on this loan, as indicated by recent sales, earnings and debt service coverage.

	2004 Actual	2003 Forecast	Variance
Income Statement			
Net Sales	1,395	1,800	(405)
Net Income	107	54	53
Earnings Before Interest, Depreciation & Amoritization	194	186	8
Balance Sheet			
Current Assets	146	335	(189)
Net Fixed Assets	581	886	(305)
Other Long Term Assets	0	5	(5)
Total Assets	727	1,226	(499)
Current Liabilities	43	207	(164)
Long-term Debt	857	768	89
Other Liabilities	0	70	(70)
Equity	(173)	181	(354)
Total Liabilities and Equity	727	1,226	(499)
Ratios			
Debt Service Coverage	1.44	1.54	(0.10)
Current Ratio	3.40	1.62	1.78
Long-term Debt to Unrestricted Net Assets	(4.95)	4.24	(9.20)

Attachment 1
Shults Machinery
Guarantor Analysis

	Remaining Owners As of January 7, 2005					Seller As of April 1, 2004
	Brian and Agnes Shults	**Delbert and Judy Shults**	**Troy and Linda Shults**	**Total**	**Average**	**Loyd and Rebecca Shults**
Income and Debt Coverage						
Salary	42,400	69,800	106,600	218,800	72,933	69,140
Other	23,968	0	5,400	29,368	9,789	0
Total Annual Income	66,368	69,800	112,000	248,168	82,723	69,140
Monthly Income	5,531	5,817	9,333	20,681	6,894	5,762
Mortgage Payments	492	905	1,748	3,145	1,048	923
Other Debt Payments	675	553	791	2,019	673	675
Total Monthly Debt Payments	1,167	1,458	2,539	5,164	1,721	1,598
Monthly Income/Debt Payments	4.74	3.99	3.68	4.00	4.00	3.61
Balance Sheet						
Cash, DDA and Savings Accts	3,917	248	2,500	6,665	2,222	3,000
IRA and Retirement Accts	0	0	7,000	7,000	2,333	0
Receivables	8,107	88,000	48,000	144,107	48,036	0
Life Insurance Surrender Value	6,316	1,000	6,900	14,216	4,739	0
Stocks and Bonds	12,000	12,000	12,000	36,000	12,000	12,000
Real Estate	88,000	193,700	352,000	633,700	211,233	186,400
Personal Property	11,070	17,650	33,000	61,720	20,573	46,500
Other	908	0	14,000	14,908	4,969	8,520
Total Assets	130,318	312,598	475,400	918,316	306,105	256,420
Accounts Payable	0	0	0	0	0	
Notes to Banks and Others	35,201	15,097	20,590	70,888	23,629	50,876
Installment Accounts	24,000	5,200	8,000	37,200	12,400	0
Mortgages	46,039	107,000	273,000	426,039	142,013	154,000
Other	0	3,200	0	3,200	1,067	0
Total Liabilities	105,240	130,497	301,590	537,327	179,109	204,876
Net Worth	25,078	182,101	173,810	380,989	126,996	51,544

RESOLUTION 2006-1

RESOLUTION AUTHORIZING THE RELEASE OF ONE OF THE CO-OBLIGORS UNDER THE AUTHORITY'S PARTICIPATION LOAN EXTENDED TO SHULTS MACHINE, INC., AN ILLINOIS CORPORATION, AND OTHER RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a political subdivision and a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the *"Authority"*), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1, *et seq.*, as supplemented and amended (the *"Act"*);

WHEREAS, pursuant to the Act, the Authority is the successor agency of the Illinois Development Finance Authority ("IDFA");

WHEREAS, the Authority is authorized by the laws of the State of Illinois, including without limitation the Act, to make loans to persons to finance a project, to enter into loan agreements with respect thereto and to accept guarantees from persons of its loans or the resultant evidences of obligations of the Authority;

WHEREAS, pursuant to the Act and the powers set forth above, the Authority (or IDFA as the predecessor to the Authority) has established a Loan Participation Program pursuant to which the Authority may purchase up to the lesser of $1,000,000 or a 50% participation in a loan made to a third party borrower by the borrower's bank (the "Participation Program");

WHEREAS, pursuant to Participation Program, on January 17, 2002, IDFA participated in a loan (the "Loan") made to Shults Machine, Inc., an Illinois corporation ("Shults Machine"), together with Farmers State Bank (the "Bank");

WHEREAS, the Loan had an aggregate principal amount of $611,849, of which IDFA's participation was $234,844 and, as of May 2005, the Loan had an outstanding balance of approximately $184,000;

WHEREAS, at the time of the Loan, Shults Machine was, and as of the date of this Resolution, Shults Machine is, owned equally by four persons namely, Troy Shults ("T. Shults"), Delbert Shults ("D. Shults"), Brian Shults ("B. Shults") and Loyd Shults ("L. Shults");

WHEREAS, the Loan is secured by, among other things, (a) a personal guaranty L. Shults and his spouse, Rebecca Shults (the "Personal Guaranty"), and (b) a second mortgage on the personal residence of L. Shults and Rebecca Shults (the "Second Mortgage");

WHEREAS, on January 29, 2005, T. Shults, D. Shults, and B. Shults purchased (the "Purchase") all of the ownership interests in Shults Machine owned by L. Shults and, in connection with such Purchase, agreed to release L. Shults and his spouse, Rebecca Shults ("R. Shults"), from any further obligations relating to the Loan including, without limitation, a termination of the Personal Guaranty and a release of the Second Mortgage;

WHEREAS, as a result of the Purchase, the Bank has agreed to terminate the Personal Guaranty and Second Mortgage;

WHEREAS, the Authority has been requested to terminate the Personal Guaranty and Second Mortgage and has determined that the Loan is sufficiently secured and collateralized by collateral other than the Personal Guaranty and Second Mortgage;

NOW THEREFORE, Be It Resolved by the members of the Illinois Finance Authority, as follows:

Section 1. That the Authority is hereby authorized to terminate the Personal Guaranty and to release the Second Mortgage.

Section 2. That the Chairman, the Vice Chairman, the Executive Director, the Treasurer or the Secretary (or Assistant Secretary) of the Authority (or any person appointed to such office or an interim basis) (each an "Authorized Party"), are each authorized, empowered and directed to execute and deliver and, if required, the Secretary or any Assistant Secretary of the Authority (or any person appointed to such office or an interim basis) are each authorized, empowered and directed to attest and to affix the official seal of the Authority to, any documents, instruments, certificates or other agreements (the "Authority Documents") necessary in order for the Authority to terminate the Personal Guaranty and release the Second Mortgage in the name of, for and on behalf of, the Authority, and in the form determined by such Authorized Party to be necessary and convenient such approval to be conclusively evidenced by such party's execution and delivery thereof.

Section 3. That when the Authority Documents are executed and delivered on behalf of the Authority as hereinabove provided, such Authority Documents shall be binding on the Authority. From and after the execution and delivery of the Authority Documents, the officers, employees and agents of the Authority are authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Authority Documents as executed.

Section 4. That each Authorized Party be, and each of them hereby is, authorized to execute and deliver such documents, certificates, and undertakings of the Authority and to take such other actions as may be required in connection with the execution, delivery and performance of the Authority Documents.

Section 5. The provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 6. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 7. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

This Resolution 2006-1 is adopted this 12th day of July, 2005 by roll vote as follows:

Ayes:
Nays:
Abstain:
Absent:

Chairman

Attested to:

Secretary

964289_2

To: Members of the IFA Board of Directors

From: Steve Trout and Bart Bittner

Date: June 29, 2005

Re: Thompson Pearl Valley's Request for Principal Deferment

The Authority has an 85% Agriculture Guarantee on a $7,518,000, 15-year term loan made by 1st Farm Credit Services to Thompson Pearl Valley Eggs that closed in January 2005. IFA has 6 additional agricultural guarantees made by IFDA for other loans made by 1st Farm Credit Services to Thompson Pearl Valley Eggs with $3,788,484 current balance.

The most recent loan financed an expansion of Peal Valley's egg production capacity. Construction has progressed on schedule and within budget. The Thomson's undertook this project to take advantage of a boom in egg prices that prevailed in 2003 and 2004. Attractive prices encouraged additional suppliers to enter the market which has now driven unit prices below variable (feed) costs.

The lender notes that egg prices have historically been cyclical and expects prices to eventually recover sufficiently to get this project back on track.

The company has also been hurt by the illness of its President, David Thompson, who was diagnosed with leukemia early this year. This disease and the side effects of its treatment (including aggressive chemotherapy) have significantly limited his availability for work and forced increased assistance from several brothers. While the lender believes that his brothers are very capable, David's loss would be a major setback for the company. (Pearl Valley Eggs has a $4 million key man insurance policy on David.)

The lender has reviewed the company's recent financial statements and believes that the borrower will be unable to make principal payments for at least the near term. The Bank has asked IFA to agree to defer principal payments due July 1, 2005 on all guaranteed debt (approximately $52,194). The lender plans to review the company's prospects in December 2005 to determine whether further deferments will be needed.

The lender appears to be closely monitoring this situation and offering sound advice. The bank has agreed to provide the Authority with monthly financial statements soon after they receive them.

Staff recommends approving this request.

RESOLUTION 2006-2

RESOLUTION AUTHORIZING THE DEFERRAL OF PRINCIPAL PAYMENTS DUE ON JULY 1, 2005 UNDER CERTAIN AGRICULTURE LOANS FROM 1ST FARM CREDIT SERVICES TO THOMPSON PEARL VALLEY EGGS, INC., PEARL VALLEY EGGS, INC. AND PEARL VALLEY ORGANX, INC., EACH GUARANTEED BY THE ILLINOIS FINANCE AUTHORITY, AND OTHER RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a political subdivision and a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the *"Authority"*), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1, *et seq.*, as supplemented and amended (the *"Act"*);

WHEREAS, pursuant to the Act, the Authority is the successor agency of the Illinois Farm Development Authority ("IFDA");

WHEREAS, the Authority is authorized by the laws of the State of Illinois, including without limitation the Act, to loan funds to any agribusiness which operates or will operate a facility located in the State of Illinois and enter into a state guarantee with a lender or a person holding a note and to sell or issue such state guarantees, bonds or evidences of indebtedness in a primary or secondary market;

WHEREAS, pursuant to the Act and the powers set forth above, the Authority (or IFDA as the predecessor to the Authority) has established a State Guarantee Program for Restructuring Agricultural Debt Loans (the "Guarantee Program") pursuant to which loans are made through a local lender and the lender receives from the Authority an 85% guarantee on the principal and interest on the loan;

WHEREAS, pursuant to the Guarantee Program, the Authority (or IFDA as the predecessor to the Authority) has previously guaranteed 85% of certain loans made by 1st Farm Credit Services (the "Bank") to Thompson Pearl Valley Eggs, Inc., Pearl Valley Eggs, Inc. and/or Pearl Valley Organx, Inc. (each a "Borrower" and collectively, the "Borrowers") including a loan in January 2005 having a principal amount equal to $7,518,000 and six other loans having an aggregate current balance of approximately $3,788,484 (each a "Loan" and collectively, the "Loans");

WHEREAS, pursuant to the Loans, Borrowers are required to make principal payments on July 1, 2005 (the "Principal Payments");

WHEREAS, due to a recent downturn in egg prices and other matters, the Bank believes that Borrowers will be unable to make the Principal Payments due on July 1, 2005 and has requested that the Authority agree to permit the Borrowers to defer making the respective Principal Payments for a period of six months from July 1, 2005;

WHEREAS, the Authority believes it is in its best interests to permit Borrowers to defer the Principal Payments for such period;

NOW THEREFORE, Be It Resolved by the members of the Illinois Finance Authority, as follows:

Section 1. That the Authority is hereby authorized to permit the Borrowers to defer paying the Principal Payments due under the respective Loans until January 1, 2006 (the date that is six months from July 1, 2005).

Section 2. That the Chairman, the Vice Chairman, the Executive Director, the Treasurer or the Secretary (or Assistant Secretary) of the Authority (or any person appointed to such office or an interim basis) (each an "Authorized Party"), are each authorized, empowered and directed to execute and deliver and, if required, the Secretary or any Assistant Secretary of the Authority (or any person appointed to such office or an interim basis) are each authorized, empowered and directed to attest and to affix the official seal of the Authority to, any documents, instruments, certificates or other agreements (the "Authority Documents") necessary in order for the Authority to permit the Borrowers to defer paying the Principal Payments due under the respective Loans until January 1, 2006, all in the name of, for and on behalf of, the Authority, and in the form determined by such Authorized Party to be necessary and convenient such approval to be conclusively evidenced by such party's execution and delivery thereof.

Section 3. That when the Authority Documents are executed and delivered on behalf of the Authority as hereinabove provided, such Authority Documents shall be binding on the Authority. From and after the execution and delivery of the Authority Documents, the officers, employees and agents of the Authority are authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Authority Documents as executed.

Section 4. That each Authorized Party be, and each of them hereby is, authorized to execute and deliver such documents, certificates, and undertakings of the Authority and to take such other actions as may be required in connection with the execution, delivery and performance of the Authority Documents.

Section 5. The provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 6. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 7. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

This Resolution 2006-2 is adopted this 12th day of July, 2005 by roll vote as follows:

Ayes:
Nays:
Abstain:
Absent:

Chairman

Attested to:

Secretary

964304_2

Resolution Number 2006-3

Resolution Appointing State Purchasing Officer of the Illinois Finance Authority

WHEREAS, the Illinois Finance Authority (the "Authority") is a state agency subject to the Illinois Procurement Code, 30 Illinois Compiled Statues 500/1-1 et seq. (the "Procurement Code");

WHEREAS, Section 10-10 of the Procurement Code requires the Director of the Department of Central Management Services (the "Director"), in his capacity as the chief procurement officer with jurisdiction over Authority, to appoint a state purchasing officer for the Authority ("Purchasing Officer") to exercise the procurement authority created by the Procurement Code;

WHEREAS, Section 10-10 of the Procurement Code requires that the Members of the Authority approve any Purchasing Officer;

WHEREAS, Michael R. Pisarcik currently serves as the Purchasing Officer;

WHEREAS, Michael R. Pisarcik has indicated his desire to resign from the position of Purchasing Officer, effective July 13, 2005;

WHEREAS, the Members of the Authority (the "Members") now find it to be in the best interests of the Authority to appoint José Garcia to serve as the Purchasing Officer;

WHEREAS, Section 801-30(e) of the Illinois Finance Authority Act, 20 Illinois Compiled Statutes 3501/801-1 et seq. (the "Act"), authorizes the Authority to "adopt all needful ordinance, resolutions, by-laws, rules and regulations for the conduct of its business and affairs"; and

WHEREAS, the Members have the power to adopt this Resolution 2006-3 (the "Resolution") pursuant to Sections 801-15, 801-25, 801-30 and 845-40 of the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:

Section 1. Recitals. The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

Section 2. Appointment of Purchasing Officer. Effective July 13, 2005, José Garcia is hereby appointed to serve as Purchasing Officer in accordance with the terms of the Procurement Code.

Section 3. Confirmation of Purchasing Officer. The officers of the Authority (the "Officers") are hereby authorized to submit to the Director a letter confirming the appointment of José Garcia as the Purchasing Officer, effective July 13, 2005.

Section 4. Enactment. This Resolution shall take effect immediately. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

This Resolution is adopted this 12th day of July, 2005, by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacant:

Chairman

Attest to:

Secretary

964557_1