

Illinois Finance Authority

August 7, 2007

11:30 AM

Board Meeting

The Mid America Club

200 E. Randolph Drive, 80th floor

Chicago, Illinois



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**ILLINOIS FINANCE AUTHORITY
BOARD MEETING
August 7, 2007
Chicago, Illinois**

EXECUTIVE SESSION

8:30 a.m.

**Illinois Finance Authority
180 N. Stetson, Suite 2555**

- Opening Remarks
- Executive Director's Report
- Financials
- Staff Reports
- Project Reports
- Other Business:
 - Participation Loan Program Policies and Procedures
 - Employee Compensation (Closed)
- Adjournment

BOARD MEETING

11:30 a.m.

**Mid-America Club
200 E. Randolph Drive, 80th Floor
Chicago, Illinois**

AGENDA

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

AGRICULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Agri-Industry Guarantee						
1	Roanoke Milling Co., Inc.	Roanoke	425,000	6	12	CM
Specialized Livestock Guarantee						
2	Jonathan L. Hank	Aledo	334,475	0	7	CM
Beginning Farmer Bonds						
3	Cullen Grainger	Carthage	276,000	0	0	CM
	Scott Henson	Paris	75,000	0	0	ER
	Brent and Brooke Bishop	Dennison	69,600	0	0	ER
Solid Waste Disposal Facilities Bonds Exempt Water Facilities Bonds Final						
4	Western Illinois Ethanol Project, LLC	Griggsville	45,000,000	40	200	ST
TOTAL AGRICULTURE PROJECTS			46,180,075	46	219	

HEALTHCARE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds Preliminary						
5	Hoosier Care	Multiple	39,850,000	5	5	PL/DS
6	Advocate Health Care Network	Multiple	520,000,000	75	900	PL/DS
7	Sherman Health System and Sherman Hospital	Elgin	325,000,000	61	350	PL/DS
501(c)(3) Bonds Final						
8	Sedgebrook Retirement Community	Lincolnshire	150,000,000	1,000	960	PL/DS
Taxable Bonds Preliminary						
9	Albany Care LLC	Evanston	42,000,000	0	5	RKF
TOTAL HEALTHCARE PROJECTS			1,076,850,000	1,141	2,220	

COMMUNITIES AND CULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds <i>Preliminary</i>						
10	Christian Heritage Academy	Northfield	8,300,000	14	50	TA
501(c)(3) Bonds <i>Final</i>						
11	Field House of Barrington	Barrington	30,000,000	100	100	TA
12	Elim Christian Services	Palos Heights, Orland Park	15,000,000	19	50	ST
501(c)(3) Lease Program <i>Preliminary</i>						
13	Institute for the International Education of Students	Chicago	2,800,000	20	0	SCM
Rural Development Loan						
14	Village of Leland	Leland	60,000	0	0	EW
Local Government Bond						
15	Village of Lincolnwood	Lincolnwood	5,000,000	0	0	EW
Local School District Revenue Bonds						
16	Waterloo CUSD No. 5	Waterloo	6,500,000	0	15	NM
Local Government Pooled Bonds						
17	Village of Green Oaks	Green Oaks	3,600,000	0	10	EW
Local School District Grant Program <i>Preliminary</i>						
18	TBD					
TOTAL COMMUNITIES AND CULTURAL PROJECTS			71,260,000	153	225	

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Participation Loans						
19	2046 Walnut LLC (Chicagoland Beverage Company)	Chicago	562,500	8	0	RKF
20	American Allied Railway Equipment Company	El Paso	340,000	6	75	JS
21	Village Market IGA, Inc.	Mahomet	800,000	35	50	CM
22	Third Pancake LLC, an Illinois limited liability company to be formed (Intelligentsia Coffee and Tea, Inc.)	Chicago	1,000,000	5	0	RKF
Freight Transfer Facilities Revenue Bonds Preliminary						
23	CenterPoint Joliet Terminal Railroad LLC and its successors, affiliates, and assigns	Unincorporated Will County	1,137,000,000	1,600	500	RKF
TOTAL BUSINESS AND INDUSTRY PROJECTS			1,139,702,500	1,654	625	

HIGHER EDUCATION

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds Preliminary						
24	Chicago School of Professional Psychology, Inc.	Chicago	14,000,000	30	50	SCM
501(c)(3) Bonds Final						
25	Columbia College Chicago	Chicago	55,000,000	25	300	RKF
TOTAL HIGHER EDUCATION PROJECTS			69,000,000	55	350	
GRAND TOTAL			2,402,992,575	3,003	3,639	

RESOLUTIONS

Tab	Project	FM
Resolutions		
26	Resolution delegating to the Executive Director of the Authority to Approve Certain Revisions to Participation Loans.	
Amendatory Resolutions		
27	Amendatory Resolution to Authorize the Execution and Delivery of a Modification Agreement and related documents for W.M. Plastics, Inc. Project	RKF
28	Amendatory Resolution to Ratify the First Supplemental Trust Indenture and Approve the Execution and Delivery of a Second Supplemental Trust Indenture related to the DePaul University, Series 2005B and 2005C Bonds.	RKF
29	Resolution to Amend a Venture Capital Loan to Defer Jaros Technologies Principal Payments for An Additional Year.	ST
30	Request to Release Collateral and Reduce the Amount of an Agri-Debt Guarantee for Farmers State Bank of Western Illinois, Aledo Loan to Mark and Brenda Dunn.	CM
31	Request to Release Collateral for a Young Farmer Guarantee for Farmers State Bank of Western Illinois, Aledo Loan to Mark and Brenda Dunn.	CM

Other

Adjournment



Illinois Finance Authority
Executive Director's Report
August 7, 2007

To: IFA Board of Directors and Office of the Governor

From: Kym M. Hubbard, Executive Director

I. Financial Performance

Consolidated Results:

Illinois Finance Authority's financial position remains strong with total assets of \$153,668,335 consisting of equity of \$94,272,333 and liabilities of \$59,396,002. This compares favorably to the July 2006 balance sheet of \$152,611,299 in total assets comprising of \$88,384,347 in equity and \$64,226,952 in liabilities and bonds payable.

Gross Income YTD for July ended at \$1,042,787 or \$49,460 above plan. In the month of July, 2007 a \$2 million grant was received from the Illinois Clean Energy Foundation to fund the AgriWind, LLC project. After reviewing the accounting treatment for these funds it was determined that the grant needed to be recognized as income and not a pass-through balance sheet transaction. This revenue is shown for interim report purposes on the Income Statement below New Income from Operations.

Net income for the month ended at \$2,233,100. The adjusted (less grant revenue) Net Income was \$233,100 or \$94,281 above plan.

II. Sales Activities

Funding Managers will be presenting 25 projects totaling \$2,402,992,575 for approval in August, 2007. Agriculture projects total \$46,180,075; Healthcare projects total \$1,076,850,000; Communities and Culture projects total \$71,260,000; Business and Industry projects total \$1,139,702,500; and Higher Education projects total \$2,402,992,575. These projects are expected to create 3,003 new jobs and 3,639 construction jobs.

Agriculture: For the month of July, the agriculture staff met with various lenders across Illinois. Sharnell Curtis-Martin and Cory Mitchell met with Dan Cantrell, U.S. Congressman Danny Davis' District Director, to present an overview of IFA programs as well as discuss constituent needs with respect to agriculture and 501(c)3 financing needs. Cory Mitchell also attended the Champaign Chamber of Commerce meeting.

Interest in the Authority's Beginning Farmer Bonds continues to receive strong interest and, staff continues to work on developing potential Ethanol projects for future financings.

HealthCare: This month the Healthcare Group joined the Healthcare Financial Management Association (HFMA). The association membership of hospital CFO's meets monthly to discuss topical financial issues facing hospitals. The IFA made a presentation to this group last year on the Small Hospital Program and will be attending the monthly meetings as well as special events during the year. While awaiting the Governor's signature on SB1317 – Multi-state bonding authority, the healthcare group worked with counsel to prepare guidelines for multi-state issuances to be put on the IFA website and to be available for presentations to potential multi-state issuers. Healthcare staff also met with and toured a large Chicago medical center to discuss their financing calendar for a replacement hospital, which will be coming to the Authority later this year. The healthcare group also met with several banks to discuss credit enhancement opportunities, as well as to discuss their interest in Critical Access Hospitals. Additionally, healthcare staff has also been working on a Plan to re-lend approximately \$40 million in the 1985 Revolving Pooled Loan Program, which will become available this September. Because of the letter of credit requirements of this Pooled Loan Program, these funds are only available to "A" rated or better hospitals.

Communities and Culture: Townsend Albright will be meeting with representatives of the U. S. Department of Education as the Department plans to finance a super computer project at the Argonne National Laboratory. Community and culture staff has been engaged in workshop preparation plans with the Department of Commerce and Economic Opportunity for upcoming workshops on Housing and Community Project Financing. Rick Pigg and Nona Myers along with board member Dr. Herrin, met with District Superintendent Dennis Smith of Harrisburg Community Unit District Number 3 to discuss possible financing options for the District that could potentially create savings in long-term and short-term financing.

Sharnell Curtis Martin met with New Hope Center's Executive Director and CFO to discuss financing to acquire new land and new facility construction that will be located in Crete.

Ms. Martin is in discussions with the Illinois Facilities Fund regarding new partnership initiatives between the IFA and IFF and to discuss the success of the Illinois Charter Capital Program that allows charter schools to utilize a U.S. Department of Education grant to fund debt service reserve for charter schools issuing bonds through the Authority. To date, four bond issues have closed on behalf of two charter school communities since the program began in 2006. Additionally, discussions concerning joint sponsorship between the Illinois Facilities Fund and the IFA to conduct workshops that provide financing options for not-for-profits are still in progress. It is anticipated that the workshops will be scheduled in Spring, 2008. Workshops will be conducted in Chicago and Central Illinois.

Additionally, Ms. Martin continues to pursue the possibility of providing the Muntu Dance Theatre with financing for the construction of a new theatre located in Bronzeville.

Springfield office staff finalized the Local Government Pooled Bond Program Series 2007-A, and priced the deal on Thursday, July 26 and will complete the closing on August 16. Scheduling for the Series 2008-A Local Government Pooled Bond Program has been initiated. Additionally, staff has met with and had phone conversations with more than 25 units of local government as well as participated in numerous seminars and conferences promoting IFA programs.

IFA Monthly Single Family Mortgage Revenue Program. At the end of July there were \$2,546,000 in closed mortgages and approximately \$316,000 in mortgages which are delivered to the Servicer but not yet closed. This is an increase over June, 2007 of approximately \$120,000. The majority of closed and pending mortgages are for homes located in the Chicagoland area.

From its inception, the Program had difficulty gaining momentum due to competing down-payment assistance programs offered by national realtors such as Countrywide, REMAX, National City Bank (NatCity), and homebuilders such as Plute. The Program basically has American Home Mortgage as its prime lender. The situation is compounded by the current meltdown of the sub-prime and alt-prime mortgage markets which has resulted in halt in the sale of Collateralized Mortgage Obligations (CMOs) to investors. Lenders are now applying stricter credit standards for prospective homebuyers in all socioeconomic strata. Despite yeoman's efforts by IFA staff to market and broadcast the program to the City of Waukegan and the Affordable Housing Commission of Lake county, no mortgages have been originated. The prime reason is that the local lenders have their own homeowner assistance programs, and are gun-shy of originating home loans from persons with weak or no credit history.

The current housing environment could mean the Program will continue to move along at a snail's pace. This scenario augers a dim future for the Program.

Industry and Commerce: Jim Senica attended the Illinois Development Council Annual Meeting in Peoria. Over 100 local economic development professionals and private sector participants were in attendance. IFA and predecessor authority, IDFA, have actively participated in IDC events for over 20 years.

The Authority continues to work on refining the Authority's Volume Cap allocation policies for 2008 as discussed in July's Strategic Planning Meeting. IFA staff has been evaluating IFA's issuance fees on transferred Volume Cap for Industrial Revenue Bond projects to induce projects and Home Rule Units to transfer Volume Cap to support industrial development projects. Additionally, refined lending parameters for the Participation Loan Program will be announced shortly based on discussions at the July Strategic Planning Meeting.

IFA staff will be presenting three new Participation Loans on the August Board Meeting agenda, including two projects located in one of the City of Chicago's Federally Designated Empowerment Zone. [These projects were either too small or found the regulations pertaining to Empowerment Zone Bonds to be unworkable.]

Federal Legislation/Regulation Updates:

Rich Frampton is working both with the Council of Development Finance Agencies ("CDFA") and the National Council of Higher Educational Financing Authorities ("NAHEFA") to coordinate efforts with Illinois banks to support legislation to allow the Federal Home Loan Banks to provide Letters of Credit to support local bank letters of credit for both manufacturing projects (Industrial Revenue Bonds) and 501(c)(3) entities (501(c)(3) Revenue Bonds). Under existing federal law, the Federal Home Loan Banks can only credit enhance local bank LOC's originated to finance housing projects. This change in law would help level the playing field for non-rated banks and, ultimately, provide prospective IRB and 501(c)(3) borrowers with additional tax-exempt pricing options. Significantly, given that this provision would enable existing borrowers to borrow at a lower rate, we believe that this change would also reduce revenue leakage to the U.S Treasury from tax-exempt IRB and 501(c)(3) issuances (thereby reducing the US budget deficit). This provision would primarily benefit non-rated borrowers, working with non-rated banks, for financings of less than \$15 million.

Additionally, Rich Frampton will continue to work with CDFA and NAHEFA on a recent technical issue raised by the Financial Accounting

Standards Board (FASB) that could have a detrimental impact on IFA's prospective conduit borrowers.

Higher Education: The Lt. Governor's staff asked Townsend Albright to moderate the morning session and give a financing presentation at the Lt. Governor's Green Government Council's "2007 Sustainable Energy Program", which will be held at Illinois State University in Normal on August 14, 2007. The purpose of the Symposium is to communicate how to create a "Green Living" atmosphere for Illinois Universities. The IFA has preliminarily approved a dormitory project at the University of Illinois (The McKinley Foundation project) which is a Green building.

Nona Myers has been working with Student Center Associates and representatives of the Illinois United Ministries on Higher Education to discuss financing options for potential inter-faith university housing projects at two or more public university campuses. Additionally, Nona made presentations at the SIU at Edwardsville Board Meeting of the Religious Center, and at the SIU at Carbondale University Christian Ministries Board Meeting to assist in this effort.

III. Marketing and Public Relations

Strategic planning market segment meetings were held in July for Healthcare, Business & Industry and Agriculture segments. Community & Culture and Higher Education segments will be scheduled in August. Materials were completed to support the rollout of the Secondary Market for Ag Guarantees and launch of a new Farm Purchase Guarantee. The annual report and several brochures are being developed. Ongoing projects include working with the ACT system to improve its utilization and efficiency and various market surveys: a higher ed capital needs survey, a lender survey on the subject of alternative energy, two healthcare surveys for behavioral care and senior living segments.

FOIA Requests during July:

- E. Watson – fee information related to a consulting contract
- T. Doar – Request for documents related to Mr. Obama
- E. Kapas Erdman – counsels' fee information for all IFA bonds issued since 2004

IV. Human Resources and Operations

Key accomplishments for the month of July include the following:

- Developed and signed contract for the new telephony system with vendor selected through the RFQ process. Anticipate system implementation to begin in August and conclude during the second quarter of fiscal year 2007.

- Completed implementation of Microsoft Exchange/Outlook conversion. This will enable us to de-implement Lotus Notes and operate email through Microsoft. This also will interface better with the CRM application the IFA is implementing.
- Completed in person performance reviews, along with the Executive Director, for all eleven funding managers. The remainder of IFA staff should be completed within the first two weeks of August.
- Prepared and submitted Fiscal Year 2007 Incentive Plan payout schedule to Executive Director for approval. Prepared and submitted salary increase schedule to Executive Director for approval. Once approved, both schedules will be processed in advance of the 8/15 payroll date.

V. Legal / Legislative Issues

SB 1317 (Multistate Bonding) is still waiting to be signed by the Governor. Governor Blagojevich has until August 29, 2007 to sign this bill and all of the following bills.

SB 0066 (Clean Coal)

SB 1617 (Emerald Ash Borer Fund)

HB 1497 (Urban Development Authority)

HB 0277 (Underground Storage Tank Fund Priority List)

HB 1921 (Fire Truck and Ambulance Revolving Loan Fund)

Audit and Compliance

The FY07 interim audit field work is complete. The OAG office is expected back in August/September timeframe to complete the FY07 audit.

Current audit findings are located behind Tab B.

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

	Actual July 2007	Budget July 2007	Current Month Variance Actual vs Budget	Current % Variance	Actual FY 2006	Budget YTD FY 2006	Year to Date Variance Actual vs Budget	YTD % Variance	Total Budget FY 2006	% of Budget Expended
REVENUE	313,186	295,303	17,883	6.06%	313,186	295,303	17,883	6.06%	3,526,320	8.88%
INTEREST ON LOANS	197,899	205,314	(7,415)	(3.61%)	197,899	205,314	(7,415)	(3.61%)	6,850,176	7.92%
INVESTMENT INTEREST & GAIN(LOSS)	68,658	391,267	68,658	17.04%	66,658	391,267	66,658	17.04%	6,500,805	7.01%
ADMINISTRATIONS & APPLICATION FEES	63,055	66,496	(3,441)	(27.10%)	63,055	66,496	(3,441)	(27.10%)	1,038,859	6.07%
ANNUAL ISSUANCE & LOAN FEES	10,722	14,947	(4,225)	(28.27%)	10,722	14,947	(4,225)	(28.27%)	179,364	5.98%
OTHER INCOME	1,042,787	993,327	49,460	4.98%	1,042,787	993,327	49,460	4.98%	13,774,524	7.57%
TOTAL REVENUE	313,186	295,303	17,883	6.06%	313,186	295,303	17,883	6.06%	3,526,320	8.88%
EMPLOYEE RELATED EXPENSES	282,632	308,176	(45,544)	(14.78%)	262,632	308,176	(45,544)	(14.78%)	3,732,896	7.34%
COMPENSATION & TAXES	21,267	24,976	(3,709)	(14.85%)	21,267	24,976	(3,709)	(14.85%)	310,439	6.95%
BENEFITS	12,230	2,500	9,730	389.20%	12,230	2,500	9,730	389.20%	30,000	40.77%
TEMPORARY HELP	-	500	(500)	(100.00%)	-	500	(500)	(100.00%)	6,000	0.10%
EDUCATION & DEVELOPMENT	12,152	12,501	(349)	(2.79%)	12,152	12,501	(349)	(2.79%)	150,000	8.10%
TRAVEL & AUTO	308,281	348,653	(40,372)	(11.56%)	308,281	348,653	(40,372)	(11.56%)	4,228,335	7.28%
TOTAL EMPLOYEE RELATED EXPENSES	308,281	348,653	(40,372)	(11.56%)	308,281	348,653	(40,372)	(11.56%)	4,228,335	7.28%
PROFESSIONAL SERVICES	100,239	87,332	12,907	14.79%	100,239	87,332	12,907	14.79%	1,048,000	9.56%
CONSULTING, LEGAL & ADMIN	222,511	220,979	1,532	0.69%	222,511	220,979	1,532	0.69%	2,578,138	8.63%
LOAN EXPENSE & BANK FEE	28,300	29,329	(1,029)	(3.51%)	28,300	29,329	(1,029)	(3.51%)	361,848	8.04%
ACCOUNTING & AUDITING	8,821	20,833	(11,912)	(57.18%)	8,821	20,833	(11,912)	(57.18%)	250,000	3.57%
MARKETING GENERAL	25,388	20,000	5,388	26.94%	25,388	20,000	5,388	26.94%	290,000	8.75%
FINANCIAL ADVISORY	(300)	2,093	(2,393)	(114.40%)	(300)	2,093	(2,393)	(114.40%)	25,000	(1.20%)
CONFERENCE/TRAINING	2,537	9,167	(6,630)	(72.32%)	2,537	9,167	(6,630)	(72.32%)	110,000	0.30%
MISCELLANEOUS PROFESSIONAL SERVICES	387,597	392,640	(5,043)	(1.28%)	387,597	392,640	(5,043)	(1.28%)	4,688,088	8.27%
DATA PROCESSING	26,196	26,196	(811)	(3.09%)	25,386	26,196	(811)	(3.09%)	314,350	8.08%
TOTAL PROFESSIONAL SERVICES	387,597	392,640	(5,043)	(1.28%)	387,597	392,640	(5,043)	(1.28%)	4,688,088	8.27%
OCCUPANCY COSTS	7,360	6,750	610	9.04%	7,360	6,750	610	9.04%	105,000	7.03%
OFFICE RENT	7,687	4,000	3,687	92.17%	7,687	4,000	3,687	92.17%	39,000	3.44%
EQUIPMENT RENTAL AND PURCHASES	8,448	7,083	1,366	19.29%	8,448	7,083	1,366	19.29%	49,580	15.47%
TELECOMMUNICATIONS	823	983	(160)	(16.32%)	823	983	(160)	(16.32%)	85,000	9.94%
UTILITIES	5,580	5,920	(340)	(5.74%)	5,580	5,920	(340)	(5.74%)	11,800	5.97%
DEPRECIATION	1,793	2,000	(207)	(10.34%)	1,793	2,000	(207)	(10.34%)	77,194	7.20%
INSURANCE	49,697	46,182	3,515	7.61%	49,697	46,182	3,515	7.61%	24,000	7.47%
TOTAL OCCUPANCY COSTS	7,360	6,750	610	9.04%	7,360	6,750	610	9.04%	105,000	7.03%
GENERAL & ADMINISTRATION	1,343	2,568	(1,225)	(47.69%)	1,343	2,568	(1,225)	(47.69%)	39,000	3.44%
OFFICE SUPPLIES	1,490	1,200	290	24.16%	1,490	1,200	290	24.16%	14,400	10.35%
BOARD MEETING - EXPENSES	2,517	2,067	450	21.75%	2,517	2,067	450	21.75%	24,800	10.15%
PRINTING	2,583	3,333	(750)	(22.51%)	2,583	3,333	(750)	(22.51%)	40,000	6.46%
POSTAGE & FREIGHT	30	300	(270)	(90.00%)	30	300	(270)	(90.00%)	9,800	0.82%
MEMBERSHIP DUES & CONTRIBUTIONS	14,746	14,750	(4)	(0.02%)	14,746	14,750	(4)	(0.02%)	177,000	8.33%
PUBLICATIONS	-	42	(42)	(100.00%)	-	42	(42)	(100.00%)	500	0.00%
OFFICERS & DIRECTORS INSURANCE	30,089	33,010	(2,921)	(8.85%)	30,089	33,010	(2,921)	(8.85%)	404,300	7.44%
MISCELLANEOUS	33,333	33,333	0	0.00%	33,333	33,333	0	0.00%	400,000	8.33%
TOTAL GENERAL & ADMINISTRATION EXPENSES	690	690	0	0.01%	690	690	0	0.01%	8,004	8.65%
LOAN LOSS PROVISION/BAD DEBT	805,687	854,508	(48,821)	(5.25%)	805,687	854,508	(48,821)	(5.25%)	8,004	8.02%
OTHER	233,100	138,819	94,281	67.92%	233,100	138,819	94,281	67.92%	3,482,773	6.68%
INTEREST EXPENSE	690	690	0	0.00%	690	690	0	0.00%	(200,000)	0.00%
TOTAL OTHER	690	690	0	0.01%	690	690	0	0.01%	8,004	8.65%
TOTAL EXPENSES	3,526,320	3,526,320	0	0.00%	3,526,320	3,526,320	0	0.00%	10,281,751	7.87%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)/GRANTS	313,186	295,303	17,883	6.06%	313,186	295,303	17,883	6.06%	3,526,320	8.88%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	16,667	(16,667)	16,667	(100.00%)	16,667	(16,667)	16,667	(100.00%)	(200,000)	0.00%
REVENUE GRANT	2,000,000	-	2,000,000	0.00%	2,000,000	-	2,000,000	0.00%	-	0.00%
NET INCOME/(LOSS)	2,233,100	122,152	2,110,948	1,726.13%	2,233,100	122,152	2,110,948	1,726.13%	3,282,773	68.02%

Illinois Finance Authority
Consolidated
Statement of Activities
Comparison
July 2006 and July 2007

	Actual July 2007	Actual July 2006	Current Month Actual vs Actual	Current %	Actual FY 2006	Actual YTD FY 2007	Year to Date Actual vs Actual	YTD %
REVENUE								
INTEREST ON LOANS	313,186	352,089	(38,913)	(11.05%)	313,186	352,089	(38,913)	(11.05%)
INVESTMENT INTEREST & GAIN(LOSS)	187,899	151,849	46,050	30.33%	187,899	46,050	46,050	30.33%
ADMINISTRATIONS & APPLICATION FEES	457,925	495,066	(37,140)	(7.61%)	457,925	495,066	(37,140)	(7.61%)
ANNUAL ISSUANCE & LOAN FEES	63,055	85,922	(22,867)	(26.61%)	63,055	85,922	(22,867)	(26.61%)
OTHER INCOME	10,722	10,923	(201)	(1.84%)	10,722	10,923	(201)	(1.84%)
TOTAL REVENUE	1,042,787	1,096,456	(53,671)	(4.89%)	1,042,787	1,096,456	(53,671)	(4.89%)
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	262,632	227,133	35,499	15.63%	262,632	227,133	35,499	15.63%
BENEFITS	21,267	22,294	(1,027)	(4.61%)	21,267	22,294	(1,027)	(4.61%)
TEMPORARY HELP	12,230	3,787	8,443	222.97%	12,230	3,787	8,443	222.97%
EDUCATION & DEVELOPMENT		337	(337)	(100.00%)		337	(337)	(100.00%)
TRAVEL & AUTO	12,152	7,334	4,818	65.70%	12,152	7,334	4,818	65.70%
TOTAL EMPLOYEE RELATED EXPENSES	308,281	280,885	47,396	18.17%	308,281	280,885	47,396	18.17%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	100,239	64,390	35,849	55.67%	100,239	64,390	35,849	55.67%
LOAN EXPENSE & BANK FEE	222,511	(874,929)	1,097,440	(125.43%)	222,511	(874,929)	1,097,440	(125.43%)
ACCOUNTING & AUDITING	26,300	27,587	(1,287)	(4.70%)	26,300	27,587	(1,287)	(4.70%)
MARKETING GENERAL	8,921	3,623	5,298	146.24%	8,921	3,623	5,298	146.24%
FINANCIAL ADVISORY	25,388	29,566	(4,178)	(14.13%)	25,388	29,566	(4,178)	(14.13%)
CONFERENCE/TRAINING	(300)	550	(850)	(154.55%)	(300)	550	(850)	(154.55%)
MISCELLANEOUS PROFESSIONAL SERVICES		1,758	(1,758)	(100.00%)		1,758	(1,758)	(100.00%)
DATA PROCESSING	2,537	1,202	1,335	111.06%	2,537	1,202	1,335	111.06%
TOTAL PROFESSIONAL SERVICES	387,597	(746,254)	1,133,851	(151.94%)	387,597	(746,254)	1,133,851	(151.94%)
OCCUPANCY COSTS								
OFFICE RENT	25,386	23,681	1,704	7.20%	25,386	23,681	1,704	7.20%
EQUIPMENT RENTAL AND PURCHASES	7,987	3,490	4,497	128.56%	7,987	3,490	4,497	128.56%
TELECOMMUNICATIONS	8,449	5,043	3,406	67.54%	8,449	5,043	3,406	67.54%
UTILITIES	823	641	181	28.25%	823	641	181	28.25%
DEPRECIATION	5,560	3,783	1,777	46.97%	5,560	3,783	1,777	46.97%
INSURANCE	1,793	1,151	642	55.77%	1,793	1,151	642	55.77%
TOTAL OCCUPANCY COSTS	49,897	37,790	11,907	31.51%	49,897	37,790	11,907	31.51%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	7,380	5,760	1,600	27.68%	7,380	5,760	1,600	27.68%
BOARD MEETING - EXPENSES	1,343	3,738	(2,394)	(64.00%)	1,343	3,738	(2,394)	(64.00%)
PRINTING	1,490	1,174	316	26.95%	1,490	1,174	316	26.95%
POSTAGE & FREIGHT	2,517	2,442	74	3.04%	2,517	2,442	74	3.04%
MEMBERSHIP, DUES & CONTRIBUTIONS	2,583	892	1,691	189.48%	2,583	892	1,691	189.48%
PUBLICATIONS	30	5,408	(5,378)	(99.45%)	30	5,408	(5,378)	(99.45%)
OFFICERS & DIRECTORS INSURANCE	14,746	13,500	1,246	9.23%	14,746	13,500	1,246	9.23%
MISCELLANEOUS				#DIV/0!				#DIV/0!
TOTAL GENERAL & ADMINISTRATION EXPENSES	30,089	32,934	(2,845)	(8.64%)	30,089	32,934	(2,845)	(8.64%)
LOAN LOSS PROVISION/BAID DEBT	33,333	25,000	8,333	33.33%	33,333	25,000	8,333	33.33%
OTHER								
INTEREST EXPENSE	690	736	(46)	(6.21%)	690	736	(46)	(6.21%)
TOTAL OTHER	690	736	(46)	(6.21%)	690	736	(46)	(6.21%)
TOTAL EXPENSES	809,687	(368,908)	1,198,595	(308.20%)	809,687	(368,908)	1,198,595	(308.20%)
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)/GRANTS	233,100	1,465,366	(1,252,266)	(84.31%)	233,100	1,465,366	(1,252,266)	(84.31%)
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT		(177)	177	(100.00%)		(177)	177	(100.00%)
REVENUE GRANT	2,000,000		2,000,000	0.00%	2,000,000		2,000,000	0.00%
NET INCOME/(LOSS)	2,233,100	1,485,190	747,911	50.36%	2,233,100	1,485,190	747,911	50.36%

**Illinois Finance Authority
Consolidated
Balance Sheet
for the One Month Ending July 31, 2007**

	Actual June 2007	Actual July 2007	Budget July 2007	Variance to budget
ASSETS				
CASH & INVESTMENTS, UNRESTRICTED	\$ 26,909,009	\$ 26,212,786	\$ 26,740,826	\$ (528,040)
LOAN RECEIVABLE, NET	85,196,887	85,769,118	85,443,574	325,545
ACCOUNTS RECEIVABLE	585,679	457,655	526,411	(68,756)
OTHER RECEIVABLES	1,334,103	1,655,103	1,346,594	308,509
PREPAID EXPENSES	170,877	160,222	172,471	(12,249)
TOTAL CURRENT ASSETS	114,196,555	114,254,884	114,229,876	25,008
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	260,507	255,779	263,018	(7,239)
DEFERRED ISSUANCE COSTS	800,273	793,023	796,045	(3,022)
OTHER ASSETS				
CASH, INVESTMENTS & RESERVES	27,747,740	29,785,035	27,791,417	1,993,618
VENTURE CAPITAL INVESTMENTS	5,554,091	5,554,091	5,679,091	(125,000)
OTHER	3,025,522	3,025,522	3,027,082	(1,560)
TOTAL OTHER ASSETS	36,327,353	38,364,648	36,497,590	1,867,058
TOTAL ASSETS	\$ 151,584,689	\$ 153,668,335	\$ 151,786,529	\$ 1,881,805
LIABILITIES				
CURRENT LIABILITIES	\$ 1,485,029	\$ 1,137,593	\$ 1,468,807	\$ (331,213)
LONG-TERM LIABILITIES	58,060,427	58,258,409	58,156,336	102,072
TOTAL LIABILITIES	59,545,456	59,396,002	59,625,143	(229,141)
EQUITY				
CONTRIBUTED CAPITAL	36,061,462	36,061,462	36,061,462	-
RETAINED EARNINGS	15,015,018	17,921,049	17,921,049	0
NET INCOME / (LOSS)	3,989,349	2,233,100	122,152	2,110,948
RESERVED/RESTRICTED FUND BALANCE	24,279,992	25,491,190	25,491,190	-
UNRESERVED FUND BALANCE	12,693,412	12,565,531	12,565,531	-
TOTAL EQUITY	92,039,233	94,272,333	92,161,384	2,110,949
TOTAL LIABILITIES & EQUITY	\$ 151,584,689	\$ 153,668,335	\$ 151,786,529	\$ 1,881,804

**Illinois Finance Authority
Consolidated - Detail
Balance Sheet
for the One Month Ending
July 31, 2007**

	General Fund	Bond Fund	Firetruck Revolving Fund	Non Major Funds YTD	YTD 2008
Assets					
Current assets:					
Cash and cash equivalents – unrestricted	3,075,914	-	-	14,411,769	17,487,683
Investments – unrestricted	2,970,941	-	-	1,998,445	4,969,386
Restricted current assets:					
Cash and cash equivalents	-	818,489	1,948,885	-	2,767,374
Accrued interest receivable	-	1,079,008	8,000	8,129	1,095,137
Restricted investments	-	62,056	-	-	62,056
Receivables:					
Accounts	457,655	-	-	-	457,655
Allowance for doubtful accounts	(66,146)	-	-	-	(66,146)
Interest and other	270,341	-	-	76,042	346,383
Prepaid expenses and deposits	160,222	-	-	-	160,222
Total Current Assets	6,868,927	1,959,553	1,956,885	16,484,385	27,279,750
Noncurrent assets:					
Restricted Noncurrent assets					
Cash and cash equivalents	-	-	-	22,247,975	22,247,975
Interest receivable	-	186,583	-	45,000	231,583
Guarantee payments receivable	-	-	-	459,048	459,048
Allowance for doubtful accounts	-	-	-	(433,526)	(433,526)
Deferred issuance costs, net of accumulated amortization	-	203,679	-	-	203,679
Investments	-	8,445,346	-	-	8,445,346
Bonds and notes receivable	-	47,234,300	-	-	47,234,300
Loans receivable	-	-	8,247,715	542,498	8,790,213
Allowance for doubtful accounts	-	-	-	(208,381)	(208,381)
Investments in partnerships and companies	-	-	-	5,554,091	5,554,091
Loans Receivable	30,894,193	-	-	4,973,242	35,867,435
Allowance for doubtful accounts	(2,848,303)	-	-	-	(2,848,303)
Due from other funds long term	290,837	-	-	2,712,374	3,003,211
Property and equipment, at cost	534,218	-	-	-	534,218
Accumulated depreciation	(278,439)	-	-	-	(278,439)
Deferred issuance costs, net of accumulated amortization	589,344	-	-	-	589,344
Total Noncurrent Assets:	29,181,850	56,069,908	8,247,715	35,892,322	129,391,796
Total Assets	36,050,777	58,029,461	10,204,600	52,388,707	156,671,546
Liabilities					
Current liabilities:					
Accounts payable	79,742	19,432	-	-	99,174
Accrued expenses	731,588	-	-	-	731,588
Accrued interest payable	-	1,242,586	-	4,830	1,247,416
Due to employees	42,396	-	-	-	42,396
Due to primary government	204,211	-	-	-	204,211
Current portion of Long term debt	-	-	-	55,394	55,394
Total Current Liabilities	1,057,937	1,262,018	-	60,224	2,380,179
Noncurrent liabilities:					
Long-term debt	-	-	-	772,656	772,656
Bonds payable	-	55,522,588	-	-	55,522,588
Deferred revenue net of accumulated amortization	830,883	-	-	-	830,883
Due to other funds - long term	-	-	-	3,003,211	3,003,211
Deferred loss on early extinguishment of Debt	-	(110,314)	-	-	(110,314)
Total Noncurrent Liabilities	830,883	55,412,274	-	3,775,877	60,019,034
Total Liabilities	1,888,820	56,674,292	-	3,836,101	62,399,213
Net Assets					
Invested in capital assets	255,779	-	-	-	255,779
Restricted	-	1,355,169	10,204,600	23,826,860	35,386,630
Unrestricted	33,906,178	-	-	24,723,746	58,629,924
Total Net Assets	34,161,957	1,355,169	10,204,600	48,550,606	94,272,333

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

as of 7/31/2007

Loan #	Borrower Name	Due Date	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 + Days
Participations									
0010	CHAPMAN, MARC (QUALITY W	7/30/2007	\$1,452.42	00	00	00	00	00	00
0049	SHULTS MACHINE	4/5/2007	\$0.00	00	00	144,288.11	00	00	00
0061	YOUNG, CLINTON (PRECISION P	7/24/2007	\$1,683.32	00	00	00	00	00	00
0073	BAXTER, JAY & COLLEEN	7/29/2007	\$565.00	00	00	00	00	00	00
0083	LEHMAN, PHILIP & CARLA	7/17/2007	\$48,006.17	00	00	00	00	00	00
0118	COBATCO, INC	7/30/2007	\$5,030.85	00	00	00	00	00	00
0121	WIRE MESH, LLC	7/30/2007	\$10,606.55	00	00	00	00	00	00
7			\$67,344.31	00	00	144,288.11	00	00	00
FMHA									
0064	GRAYSON HILL ENERGY, LLC	7/1/2007	\$1,443.27	00	00	00	00	00	00
0066	UTLRA PLAY SYSTEMS, INC.	6/1/2007	\$0.00	2,629.54	00	00	00	00	00
2			\$1,443.27	2,629.54	00	00	00	00	00
9			\$68,964.58	2,629.54	00	144,288.11	00	00	00

Illinois Finance Authority
 GASB 40 Investment Report
 For the Quarter Ended June 30, 2007

Investment Type:	Investment Type	Interest Rate @ OE	Bank Balance or Cost	Collateral Pledged	Carrying Value (General Ledger)	Purchase Date	Maturity Date	Ownership Fund	Credit Rating		Investment Terms **
									Standard & Poors	Moody's	
Collateralized Cash Balances											
Banterra Bank (Money Market Accounts)	Money Market	5.250%	3,247,457.49		3,247,457.49			Various (c)			FDIC Insured
Banterra Bank (Money Market Accounts)	Money Market	2.530%	89,754.54		89,754.54			Rural Dev Loan Fund			FDIC Insured
Banterra Bank (Savings Accounts)	Savings	5.040%	782,411.81		782,411.81			EDA Title IX			FDIC Insured
Total Banterra Bank			4,119,623.84	6,462,671.71	4,119,623.84						
LaSalle Bank (Corporate Demand Deposit)											
LaSalle Bank [Rural Development Operating]	Demand Deposit		506,135.82		363,076.46			General			FDIC Insured (d)
LaSalle Bank	Demand Deposit	3.840%	1,854,339.91		1,854,339.91			Rural Dev Loan Fund			FDIC Insured (d)
Total LaSalle Bank			2,445,475.73	847,197.95	2,302,416.37		26-Jun-07	General			FDIC Insured
US Bank Bond Funds (Cash)	Cash	0.000%	18,594.17	-	18,594.17			Bond Fund			FDIC Insured
Shore Bank [Chicago Christian Industrial League]											
Certificates of Deposit:											
Warren-Boynlon Bank	Cert. of Dep.	5.000%	100,000.00		100,000.00	8-Aug-02	9-Aug-07	General			FDIC Insured
Com Belt Bank	Cert. of Dep.	5.000%	100,000.00		100,000.00	8-Aug-02	9-Aug-07	General			FDIC Insured
Chapin State Bank	Cert. of Dep.	4.250%	100,000.00		100,000.00	13-Mar-03	14-Mar-08	General			FDIC Insured
BankOrion	Cert. of Dep.	4.120%	100,000.00		100,000.00	13-Mar-03	14-Mar-08	General			FDIC Insured
State Bank of Lincoln	Cert. of Dep.	4.010%	100,000.00		100,000.00	13-Mar-03	14-Mar-08	General			FDIC Insured
Wemple State Bank	Cert. of Dep.	4.000%	100,000.00		100,000.00	13-Mar-03	14-Mar-08	General			FDIC Insured
Total Deposits with Financial Institutions:											
Money Market Funds			7,695,228.93		7,552,169.57						
JPMorgan Prima Money Market Fund	Money Market	5.139%	1,759,245.94		1,759,245.94	various	various	IRB Insurance Fund		Aaa	NA
Morgan Stanley Active Asset	Money Market	4.920%	188,773.46		188,773.46	various	various	General		Aaa	NA
ABN AMRO Government Money Market	Money Market	5.020%	600,000.00		600,000.00	@ issuance	various	Credit Enhancement		n/a	Lipper Rating #55 out of 137
Federated Government Obligations-Tax Managed	Money Market	4.640%	46,750.27		47,000.00	@ issuance	1-Dec-12	Credit Enhancement		Aaa	
JPMorgan 100% US Treasury Sec MMKT (SAS)	Money Market		-		222.46	@ issuance	various	Credit Enhancement		Aaa	
JPMorgan 100% US Treasury Sec MMKT	Money Market	4.720%	206,157.80		206,157.80	@ issuance	various	Credit Enhancement		Aaa	
ABN AMRO Government Money Market [ICC]	Money Market	4.688%	551,812.36		549,664.69	@ issuance	various	Credit Enhancement		Aaa	
Fifth Third Institutional Money Market [Beaucher]	Money Market	4.907%	33,814.78		33,814.76	@ issuance	1-Jun-33	Credit Enhancement		Aaa	Lipper Rating #55 out of 137
US Bank Bond Fund Money Market Funds			861,950.80		861,950.80						
Total Money Markets Funds:			4,248,505.39		4,246,830.11						
Deposits Held by State Treasurer											
Illinois Agricultural Loan Guarantee Fund	State Trust Funds	4.880%	11,063,933.39		11,063,933.39			Ag Loan Guarantee			
Illinois Farmer Agribusiness Loan Guarantee Fund	State Trust Funds	4.880%	8,373,954.86		8,373,954.86			Agribusiness Guarantee			
Fire Truck Revolving Loan Fund	Special State Fds	4.880%	1,941,117.00		1,941,117.00			Fire Truck Loan			
Total Deposits Held by State Treasurer			21,379,005.25		21,379,005.25						
Government Investment Pools:											
Illinois Funds (IPTIP) - Money Market	Treasury & Repo	5.010%	7,055,179.38		7,055,179.38	various	various	Various [a]		Aaa	NA
Illinois Funds (IPTIP) - Prime Account	General Purpose Taxable	5.233%	2,151,182.88		2,151,182.88	various	various	Various [b]		Aaa	NA
Total Government Investment Pools:			9,206,362.26		9,206,362.26						
Government agencies - no explicit guarantee											
Federal National Mortgage Assoc. PV \$500,000	Government	5.000%	488,750.00		489,595.00	7/14/2006	3/25/2027	General		Aaa	AAA
Federal National Mortgage Assoc. PV \$300,000	Government	3.510%	298,505.00		291,093.00	4/7/2004	3/24/2009	General		Aaa	AAA
Federal Farm Credit Bank PV \$300,000	Government	4.077%	294,755.00		290,532.00	7/7/2004	3/15/2010	General		Aaa	AAA
Federal National Mortgage Assoc. PV \$100,000	Government	4.630%	100,005.00		97,031.00	8/19/2003	7/21/2011	General		Aaa	AAA
Federal National Mortgage Assoc. PV \$200,000	Government	4.612%	200,005.00		189,688.00	3/25/2004	6/23/2013	General		Aaa	AAA
Federal Home Loan Mortgage Corp. PV \$400,000	Government	4.810%	400,005.00		382,652.00	9/13/2004	7/8/2013	General		Aaa	AAA
Federal Home Loan Bank PV \$1,000,000	Government	5.380%	1,000,000.00		999,380.00	11/21/2006	11/21/2008	IRB Insurance Fund		Aaa	AAA
Federal Home Loan Bank PV \$500,000	Government	5.410%	498,615.00		499,220.00	1/19/2007	1/16/2008	IRB Insurance Fund		Aaa	AAA
Federal Home Loan Bank PV \$500,000	Government	5.270%	509,399.17		499,845.00	6/22/2007	8/14/2008	IRB Insurance Fund		Aaa	AAA

	Investment Type	Interest Rate @ OE	Bank Balance or Cost	Collateral Pledged	Carrying Value (General Ledger)	Purchase Date	Maturity Date	Ownership Fund	Credit Rating		Investment Terms **
									Standard & Poors	Moody's	

Total Government Agencies - no explicit guarantee

	Investment Type	Interest Rate @ OE	Bank Balance or Cost	Collateral Pledged	Carrying Value (General Ledger)	Purchase Date	Maturity Date	Ownership Fund	Credit Rating	Investment Terms **
Bond Fund Investment Agreements										
Ancore Bank of Rockford	Investment Agree	6.900%	380,762.50		380,762.50		2/1/2011	Bond Fund		
Ancore Bank of Rockford	Investment Agree	6.630%	457,176.17		457,176.17		2/1/2021	Bond Fund		
FNB Springfield	Investment Agree	6.150%	410,000.00		410,000.00		2/1/2018	Bond Fund		
FNB Springfield	Investment Agree	5.050%	265,358.13		265,358.13		2/1/2018	Bond Fund		
FNB Springfield	Investment Agree	5.750%	201,197.50		201,197.50		2/1/2016	Bond Fund		
FNB Springfield	Investment Agree	5.850%	57,695.83		57,695.83		2/1/2015	Bond Fund		
FNB Springfield	Investment Agree	5.450%	170,053.33		170,053.33		2/1/2025	Bond Fund		
FNB Springfield	Investment Agree	5.800%	283,122.50		283,122.50		2/1/2021	Bond Fund		
FNB Springfield	Investment Agree	4.910%	54,250.00		54,250.00		2/1/2024	Bond Fund		
Morgan Guaranty Trust Company	Investment Agree	6.410%	887,009.67		887,009.67		2/1/2012	Bond Fund		
Morgan Guaranty Trust Company	Investment Agree	6.200%	561,570.83		561,570.83		2/1/2018	Bond Fund		
Morgan	Investment Agree	5.990%	473,486.25		473,486.25		2/1/2019	Bond Fund		
Bayerische Landesbank Girozentrale	Investment Agree	5.400%	905,315.00		905,315.00		2/1/2016	Bond Fund		
Bayerische	Investment Agree	6.670%	259,957.50		259,957.50		2/1/2015	Bond Fund		
Bayerische	Investment Agree	4.030%	162,261.44		162,261.44		2/1/2024	Bond Fund		
Westdeutsche	Investment Agree	5.670%	387,745.00		387,745.00		2/1/2027	Bond Fund		
Societe Generale	Investment Agree	6.500%	549,350.00		549,350.00		2/1/2023	Bond Fund		
Societe Generale	Investment Agree	4.850%	237,250.00		237,250.00		2/1/2023	Bond Fund		
Societe Generale	Investment Agree	4.600%	307,372.04		307,372.04		2/1/2024	Bond Fund		
Societe Generale	Investment Agree	4.720%	447,721.25		447,721.25		2/1/1931	Bond Fund		
US Treasury SLUG	Investment Agree	4.755%	6,725.00		6,725.00		2/1/2024	Bond Fund		
HSBC Bank of New York	Investment Agree	4.000%	82,500.00		82,500.00		2/1/2029	Bond Fund		
Bank of America	Investment Agree	5.510%	539,115.00		539,115.00		2/1/2019	Bond Fund		
IXIS Funding Corp	Investment Agree	4.000%	286,800.00		286,800.00		2/1/1931	Bond Fund		
IXIS Funding Corp	Investment Agree	4.000%	61,541.25		61,541.25		2/1/1931	Bond Fund		
			8,445,346.19		8,445,346.19					
			<u>54,765,487.19</u>		<u>54,568,749.38</u>					

TOTAL DEPOSITS & INVESTMENTS:

Additional Detail

(a) General Fund 358,402.63
 Industrial Revenue Bond Insurance Fund 4,668,727.83
 IRBB Special Reserve Fund 6,254.97
 IRBB General Fund Trust Fund -
 Illinois Housing Partnership Program 1,823,793.85
 Total Illinois Funds - Money Market 7,055,179.36

(b) General Fund 370,165.07
 IRBB Special Reserve Fund 1,781,017.81
 Total Illinois Funds - Prime Account 2,151,182.88

(c) General Fund 445,842.25
 EDA Title IX Restricted Revolving Loan Fund 782,411.81
 Rural Development Revolving Loan Fund 89,754.54
 Industrial Revenue Bond Insurance Fund 2,801,815.24
 Total Banterra Bank Money Market 4,119,823.84








(d) In addition to the FDIC insurance the Authority deposits at LaSalle Bank are securitized by entering into overnight repurchase agreements of US Agency securities. Balance in the repurchase agreements as of 6/30/07 are as follows:

General fund 493,243.82
 Rural Development Loan Fund 1,851,202.91
2,344,446.73

FDIC and NCUA provide \$100,000 of deposit insurance per account

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

Total Number of 7

Item Number	Description	Status Action Items/ Action Items Completed	Percentage Completed
			10 20 30 40 50 60 70 80 90 100
FY 04 Findings			
06-02	Failure to Monitor Bond Compliance	7/8	
FY 05 Findings			
06-01	Noncompliance with the Personnel Code	Under Review	
FY 06 Findings			
06-03	Missing and Incomplete Documents in State Guaranteed Agriculture Loans	Complete	
06-04	Contract Not Executed Timely	Complete	
06-05	Approval of Incomplete Travel and Marketing Reimbursement Forms	Complete	
06-06	Inadequate Processing and Untimely Deposit of Cash Receipts and Refunds	Complete	
06-07	Missing Documents from Personnel File	Complete	

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

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**MINUTES OF THE JULY 10, 2007 MEETING OF THE BOARD OF DIRECTORS OF
THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Board Meeting at 11:30 a.m., on July 10, 2007 at the Mid-America Club, 200 E. Randolph, Chicago, Illinois:

Members present:

David C. Gustman, Chair
Dr. William J. Barclay
Magda M. Boyles
Michael W. Goetz
Dr. Roger D. Herrin
Edward H. Leonard, Sr.
Terrence M. O'Brien
Andrew W. Rice
Juan B. Rivera
Lynn F. Talbott
Joseph P. Valenti

Members absent:

Ronald E. DeNard
James J. Fuentes
Bradley A. Zeller

Vacancies:

One (1)

**Members participating by
telephone:**

None

GENERAL BUSINESS

Call to Order and Roll Call

Chairman Gustman called the meeting to order at 11:35 a.m. with the above members present. Chairman Gustman welcomed members of the Board and all guests and, announced that July 1, 2007 was the beginning of the Illinois Finance Authority's new fiscal year. Chairman Gustman thanked all of the borrowers, professionals and others in the audience for their continued business and support of the Illinois Finance Authority.

Chairman Gustman asked Secretary, Carla Burgess Jones to call the roll. There being eleven (11) members physically present, Ms. Burgess Jones declared a quorum present.

Executive Director's Report

Chairman Gustman asked Director Hubbard for her report. Director Hubbard first thanked all of the guests in attendance at the meeting for their business during the past fiscal year and also for their continued support. Director Hubbard stated that the Illinois Finance Authority's financial position for the year ended June 30, 2007 remained strong with net income approximately \$1 million above budget. Ms. Hubbard announced that the IFA staff would present 16 projects to the Board for its consideration at today's meeting totaling \$918 million. She noted that the projects are expected to create approximately 1,936 new jobs and 2,355 construction jobs.

Acceptance of Financial Statements

Financial statements for the twelve-month period ending June 30, 2007 were accepted by the Board. Chairman Gustman noted that the financial statements were reviewed by the Board at the Committee of the Whole Meeting held at 8:30 a.m. and thanked IFA staff and consultants for their assistance.

Minutes

Chairman Gustman announced that the next order of business was to approve the minutes of the June 12, 2007 Meeting of the Board. Chairman Gustman asked for a motion to approve the minutes. Motion was moved by Mr. Rivera and seconded by Mr. Valenti. Secretary, Carla Burgess Jones, took a roll call vote for approval of the minutes. The minutes were approved by a roll call vote with 11 ayes, 0 nays, and 0 abstentions.

Budget

Chairman Gustman announced that the next order of business was to approve the Fiscal Year 2008 (July 1, 2007 – June 30, 2008) budget of the Illinois Finance Authority. Chairman Gustman announced that the budget was reviewed in detail by the Board members at the Committee of the Whole Meeting that was held at 8:30 a.m. A motion was made by Dr. Barclay and seconded by Ms. Talbott to approve the budget. Chairman Gustman requested leave to apply the last unanimous vote in favor of the approval of the budget; leave was granted. The budget was approved by a vote of 11 ayes, 0 nays, and 0 abstentions.

Projects

Chairman Gustman asked Executive Director Hubbard to present the projects for consideration to the Board. Chairman Gustman reminded everyone that the Board considered each of the projects to be presented in detail at the 8:30 a.m. meeting of the Committee of the Whole Meeting. Director Hubbard presented the following projects to the Board for approval:

No. 1: A-SL-GT-7147 Applewood Farms, LLC

Request for approval of the issuance of a specialized livestock guarantee in an amount not-to-exceed \$225,000 to provide permanent financing for the purchase of 2,000 sows for additional breeding of their pig production facility. (07-07-01).

No. 2: A-FB-TE-CD-7144 Bradley & Ashley Thompson

Request for approval of the issuance of a beginning farmer bond in an amount not-to-exceed \$175,000 to provide permanent financing for the purchase of farmland, buildings, and equipment. (07-07-02).

A-FB-TE-CD-7146 Kyle Willenburg

Request for approval of the issuance of a beginning farmer bond in an amount not-to-exceed \$326,700 to provide permanent financing for the purchase of farmland. (07-07-02).

Chairman Gustman asked if the Board had any questions with respect to Project nos. 1 and 2. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project nos. 1 and 2. Leave was granted. Project nos. 1 and 2 were approved with 11 ayes, 0 nays, and 0 abstentions.

No. 3: H-HO-TE-CD-7137 Sedgebrook Retirement Community

Request for the approval of the issuance of Conduit 501(c)(3) bonds in an amount not to exceed \$150,000,000 to provide permanent financing for the following purposes: (1) to finance the purchase deposit for the option to purchase Sedgebrook Retirement Community, (2) to fund a debt service reserve fund, and (3) to pay for costs of issuance. (07-07-03).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 3. Funding Manager Pamela Lenane introduced Mr. Ian Brown, Executive Director of Sedgebrook Retirement Community. Mr. Brown thanked the Board and IFA for consideration of the project. Mr. Brown also described the project. Chairman Gustman asked if the Board had any questions with respect to Project no. 3. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 3. Leave was granted. Project no. 3 was approved with 11 ayes, 0 nays, and 0 abstentions.

No. 4: H-HO-TE-CD-7133 Little Company of Mary

Request for the approval of the issuance of Conduit 501(c)(3) bonds in an amount not to exceed \$90,000,000 to provide permanent financing for the following: (1) fund \$20 million in capital projects, (2) refund the Series 1997A fixed rate bonds for present value savings, and (3) refund the Series 2001 VRDBs with Auction Rate Securities. (07-07-04).

Chairman Gustman asked if the Board had any questions with respect to Project no. 4. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 4. Leave was granted. Project no. 4 was approved with 11 ayes, 0 nays, and 0 abstentions.

No. 5: H-HO-TE-CD-7035 OSF Healthcare System

Request for the approval of the issuance of Conduit 501(c)(3) bonds in an amount not to exceed \$500,000,000 to provide permanent financing for the following: (1) finance new construction on the campus of St. Francis Medical Center in Peoria, (2) fund capitalized interest, (3) refund the IFA Series 2002 Bonds, (4) pay-off the IFA 1985 Revolving Fun Pooled Financing Program loans, (5) reimburse OSF Healthcare System for prior capital expenditures, (6) pay-off taxable lines of credit used for initial project costs, (7) fund a debt service reserve fund, and (8) pay the costs of issuance including bond insurance. (07-07-05).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 5. Funding Manager Pamela Lenane introduced Mr. Dan Baker, CFO of OSF, and Ms. Anne Donahoe, Financial Advisor to OSF Healthcare System. Both Mr. Baker and Ms. Donahoe

thanked the Board and IFA for consideration of the project. Mr. Baker also described the purpose of the financing and history of the OSF Healthcare System.

Chairman Gustman asked if the Board had any questions with respect to Project no. 5. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 5. Leave was granted. Project no. 5 was approved with 11 ayes, 0 nays, and 0 abstentions.

No. 6: WITHDRAWN - H-NH-TX-CD-7124 Albany Care, LLC

No. 7: N-NP-TE-CD-7112 The Field House of Barrington, LLC

Request for the approval of the issuance of Conduit 501 (c)(3) bonds in an amount not to exceed \$30,000,000 to provide permanent financing for the following: (1) purchase land, (2) construction and equipping of an approximately 175,000 square foot indoor sports complex, (3) fund a debt service reserve account, and (4) pay professional and bond issuance costs. (07-07-07).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 7. Funding Manager Townsend Albright introduced Mr. Tom Laue, Proprietor of The Field House of Barrington. Mr. Laue described the project and thanked the Board and IFA for consideration of the project.

Chairman Gustman asked if the Board had any questions with respect to Project no. 7. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 7. Leave was granted. Project no. 7 was approved with 11 ayes, 0 nays, and 0 abstentions.

No. 8: N-NP-TE-CD-7155 Elim Christian Services

Request for the approval of the issuance of Conduit tax-exempt 501(c)(3) Revenue bonds in an amount not to exceed \$15,000,000 to provide permanent financing for the following: (1) construction, improvements, and renovation of the Autism Comprehensive Education Center, Main School, Adult Services Building, and campus, (2) refinance a bank line of credit that was used to finance the various capital improvements, (4) provide interim financing, and (5) pay costs of issuance. (07-07-08).

Chairman Gustman asked if the Board had any questions with respect to Project no. 8. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 8. Leave was granted. Project no. 8 was approved with 11 ayes, 0 nays, and 0 abstentions.

No. 9: N-NP-TE-CD-7150 The Uniform Law Foundation (The National Conference on Commissioners on Uniform State Laws)

Request for the approval of the issuance of Conduit 501 (c)(3) Revenue Bonds in an amount not to exceed \$2,800,000 to provide permanent financing for the purchase, renovation, and equipment of a condominium interest in a Downtown

Chicago office building which will be leased to the National Conference of Commissioners on Uniform State Laws. (07-07-09).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 8. Funding Manager Rich Frampton introduced Mr. John Sebert of the Foundation who spoke on behalf of Mr. Howard Swibel, President of The National Conference on Commissioners on Uniform State Laws. Mr. Sebert described the goals and missions of the Foundation and National Conference of Commissioners on Uniform State Laws. He also described the purposes of the financing. Mr. Sebert thanked the Board and IFA for consideration of the project and asked a question regarding the fee to be charged for the financing. Chairman Gustman noted that his fee request was not being presented to the Board but that his request could be addressed with IFA staff. Mr. Sebert stated that he understood and, in any case, desired approval of the project.

Chairman Gustman asked if the Board had any questions with respect to Project no. 9. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 9. Leave was granted. Project no. 9 was approved with 11 ayes, 0 nays, and 0 abstentions.

No. 10: **N-NP-TE-CD-7071 Presbyterian Homes**
Request for the approval of the issuance of Conduit 501(c)(3) Refunding Revenue Bonds in an amount not to exceed \$30,000,000 to provide permanent financing for the refunding of a previous bond issue, and to pay certain bond issuance costs. (07-07-10).

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

No. 11: **WITHDRAWN – L-GP-7153 Village of Green Oaks**

No. 12: **I-ID-TE-CD-7148 Centa Corporation**
Request for the approval of the issuance of Conduit Industrial Revenue Bonds in an amount not to exceed \$3,850,000 to provide permanent financing for the acquisition, renovation, and equipping of an existing manufacturing facility. (07-07-12).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 12. Funding Manager Rich Frampton introduced Mr. Allan Carroll, President of Carroll Financial Group, a consultant to the Company. Mr. Carroll thanked the Board and IFA for consideration of the project.

Chairman Gustman asked if the Board had any questions with respect to Project no. 12. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 12. Leave was granted. Project no. 12 was approved with 11 ayes, 0 nays, and 0

abstentions. Chairman Gustman noted that the IFA's approval of the project is subject to the IFA receiving an allocation of sufficient volume cap for the project.

- No. 13:** **I-ID-TE-CD-7141 Versatile Card Technology, Inc.**
Request for the approval of the issuance of Conduit Industrial Revenue Bonds in an amount not to exceed \$7,500,000 to provide permanent financing for the renovation and 9,800 square foot expansion of two manufacturing plants as well as the acquisition and installation of equipment. (07-07-13).
- No. 14:** **I-ID-TE-CD-7127 Rupari Food Services, Inc.**
Request for the approval of the issuance of Conduit Industrial Revenue Bonds in an amount not to exceed \$10,000,000 to provide permanent financing for the construction of a new 60,000 square foot production/cold storage facility, the expansion and renovation of a ready-to-eat area, and the acquisition and installation of refrigeration equipment, cooking ovens, and warehouse equipment. (07-07-14).
- No. 15:** **I-ID-TE-CD-7151 The Jel Sert Company**
Request for the approval of the issuance of Conduit Industrial Revenue Bonds in an amount not to exceed \$10,000,000 to provide permanent financing for the purchase of new manufacturing equipment. (07-07-15).
- No. 16:** **I-IR-TE-CD-7118 47 Asphalt Company (K-Five Construction Corporation)**
Request for the approval of the issuance of Conduit Industrial Revenue Bonds in an amount not to exceed \$5,750,000 to provide permanent financing for the acquisition and installation of asphalt related manufacturing equipment and to pay costs of issuance. (07-07-16).
- No. 17:** **I-ID-TE-CD-7062 Hadady Corporation & Hadady Investment Company**
Request for the approval of the issuance of Conduit Industrial Revenue Bonds in an amount not to exceed \$7,300,000 to provide permanent financing for the construction of a 57,000 square foot manufacturing facility and for the acquisition of manufacturing equipment and machining center. (07-07-17).

Chairman Gustman asked if the Board had any questions with respect to Project nos. 13 through 17. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project nos. 13 through 17. Leave was granted. Project nos. 13 through 17 was approved with 11 ayes, 0 nays, and 0 abstentions. Chairman Gustman noted that the IFA's approval of Project nos. 13 through 17 is subject to the IFA receiving an allocation of sufficient volume cap for the respective projects.

- No. 18:** **E-PC-TE-CD-7149 Columbia College Chicago**
Request for the approval of the issuance of Conduit 501(c)(3) Bond Resolutions in an amount not to exceed \$55,000,000 to provide permanent financing for the following: (1) the acquisition and renovation of two new buildings, (2) the construction of a new building, (3) the renovation and equipping of a recently

acquired building, (4) the potential renovation and equipping of existing buildings, (5) dependent on market conditions, the potential refunding of an existing IFA (IEFA) Series 1998 Bond issue, and (6) to pay certain costs of issuance. (07-07-18).

Chairman Gustman asked if there were any guests attending the meeting with respect to Project no. 18. Funding Manager Rich Frampton introduced Mr. Kevin Doherty, Associate Vice President of Columbia College. Mr. Doherty provided a description of the purposes of the project and Columbia College's prior issuances with the IFA. Mr. Doherty thanked the Board and IFA for consideration of the project.

Chairman Gustman asked if the Board had any questions with respect to Project no. 18. There being none, Chairman Gustman requested leave to apply the last unanimous vote in favor of Project no. 18. Leave was granted. Project no. 18 was approved with 11 ayes, 0 nays, and 0 abstentions.

No. 19: WITHDRAWN - Resolution Adopting the Budget of the Illinois Finance Authority for FY 2008

No. 20: WITHDRAWN – Resolution Approving a Change in the Trustees of the Illinois Finance Authority 401(a) Contribution Plan

No. 21: Resolution to Approve and Adopt the Amended and Restated By-Laws of the Illinois Finance Authority. (07-07-21).

Chairman Gustman asked if the Board had any questions with respect to Resolution no. 21. He noted that resolution had been discussed in detail at the 8:30 a.m. Committee of the Whole Meeting. There being no questions, Chairman Gustman requested leave to apply the last unanimous vote in favor of Resolution no. 21. Leave was granted. Resolution no. 21 was approved with 11 ayes, 0 nays, and 0 abstentions.

Chairman Gustman asked if there was any other business to come before the Board. There being no further business, Chairman Gustman requested a motion to adjourn. Upon a motion by Ms. Talbott and seconded by Mr. Goetz, the meeting adjourned at approximately 12:15 p.m.

Respectfully Submitted,

Carla B. Burgess Jones, Secretary

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007

Project: Roanoke Milling Co., Inc.

STATISTICS

Project Number: A-AI-TX-GT-7164	Amount: \$425,000
Type: Agri-Industry Guarantee	IFA Staff: Cory Mitchell
Location: Roanoke	

BOARD ACTION

Approval to initiate an 85% loan guarantee in favor of Morton Community Bank in Morton. \$425,000 of State Treasurer's Reserve Funds at risk.

Staff recommends approval, subject to satisfying all conditions of the bank loan, as well as:

- *Receipt of satisfactory appraisal to insure an LTV of 80% or less
 - *Personal guarantee from Arthur L. Wilkey and Carolyn L. Wilkey
 - *Personal guarantee from Nathan J. Fehr for amount equal to ownership value
 - *Assignment of life insurance policy on Nathan J. Fehr for \$500,000
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PURPOSE

Provide permanent financing for Feed Mill Expansion

IFA PROGRAM AND CONTRIBUTION

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

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

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	\$425,000	Uses: Purchase Land	\$20,000
Morton Community Bank	<u>\$75,000</u>	Purchase Equipment	<u>\$480,000</u>
Total	<u>\$500,000</u>	Total	<u>\$500,000</u>

JOBS

Current employment:	6	Projected new jobs:	6
Jobs retained:	6	Construction jobs:	12

BUSINESS SUMMARY

Background: Roanoke Milling Co. Inc. is a 42 year old custom feed milling business located in Roanoke, Illinois. The business structure operates as a Sub-chapter S corporation in which Arthur L. and Carolyn Wilkey and 4 daughters own the majority of the business with Nathan J. Fehr (day-to-day manager for the past 15 years)owning the minority share of the business.(see confidential section for specific ownership percentages.) Art Wilkey still works every day during the summer months and lives in Florida the remainder of the year. The feed mill has and continues to offer custom feed mixing services to livestock producers in a large area around Roanoke. Roanoke Milling Co., Inc. also furnishes feed and management services to 6 confinement hog finishing buildings.

Project

Rationale: Roanoke Milling Co., has found a niche in the local feed business by supplying feed to local investor hog confinement operations. This large-scale niche market of supplying hog feed has forced Roanoke Milling Co., Inc. to increase its capacity for daily production and additional equipment and upgrades are needed to remain a successful and profitable business. The borrowers will need to add additional scales, grinder/mixer, hopper, conveyer, bins and grain leg. A small portion of the loan will be used to re-finance the current building loan. The borrowers LOC for 2007 has already been approved at Morton Community Bank.

Transaction: Morton Community Bank will originate a 5 year fixed 10 year amortized loan secured by a 1st REM, a blanket security agreement, titled vehicles, personal guarantee by Arthur L. and Carolyn Wilkey, personal guarantee by Nathan J. Fehr for owned percentage of Roanoke Milling Co., Inc. and an assignment of life insurance policy on manager Nathan J. Fehr.

FINANCING SUMMARY

Borrower: Roanoke Milling Co. Inc.
Arthur L. Wiley and Carolyn L. Wilkey

Security: 1st REM, blanket security agreement, titled vehicles, personal guarantee by Arthur L. and Carolyn Wilkey, personal guarantee by Nathan J. Fehr for owned percentage of Roanoke Milling Co., Inc. and an assignment of life insurance policy on manager Nathan J. Fehr in the amount of \$500,000.

Structure: 5 year term, 10 year amortization

PROJECT SUMMARY

Provide permanent financing for the expansion of Roanoke Milling Co., Inc. Morton Community Bank will initiate a 5 year term loan on a 10 year amortization in the amount of \$500,000. The loan will be secured by a 1st REM, blanket security agreement, titled vehicles, personal guarantee from Arthur L. and Carolyn L. Wilkey, personal guarantee from Nathan J. Fehr for owned percentage of Roanoke Milling Co., Inc. and an assignment of life insurance policy on Nathan J. Fehr.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Roanoke Milling Co., Inc.
Arthur L. Wilkey
Carolyn L. Wilkey

Location: 211 W. Husseman Street County: Woodford
Roanoke, IL 61561

Organization: Sub Chapter S Corporation

State: Illinois

Ownership: Arthur L. and Carolyn L. Wilkey and family and Nathan J. Fehr

PROFESSIONAL & FINANCIAL

Accountant: Gustafson and Associates, La Salle, IL 61301
Attorney: N/A
Bank: Morton Community Bank, Robert Knepp, Senior Vice President

LEGISLATIVE DISTRICTS

Congressional: 18 th , Ray LaHood	State Senate: 37 th , Dale E. Risinger	State House: 73 rd , David R. Leitch
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BUSINESS SUMMARY

Background: Jonathan L. Hank was born and raised on a hog farm in Aledo, IL and has raised hogs for over 20 years. Currently he is owner/operator of a 950 swine finishing facility under contract by providing labor, electricity and management. Biddle Farms Inc. guarantees this contract and provides feed and veterinary costs as well as supplies the hogs. Jonathan is employed full time for a local crop protection company as a crop specialist which provides supplemental off-farm income.

Project

Rationale: Country Bank has requested a Specialized Livestock Guarantee for a loan in the amount of \$393,000. The IFA guarantee will provide the borrower permanent financing for the purchase of a 2400 head swine finishing facility. The borrower's father is pledging \$100,000 as a down payment on the project

Transaction: The proposed loan will be used to provide permanent financing for a new 2400 head swine finishing facility in the amount of \$493,500. The loan will be written with a 5 year term and a 12 year amortization. The loan will be secured by the swine finishing building, existing home with building and 16 acres as well as an assignment of life insurance on the borrower for the amount of the loan and an assignment of contract payments from Biddle Farms, Inc.

FINANCING SUMMARY

Borrower: Jonathan L. Hank
Security: 1st REM on 2400 swine finishing facility, 2nd REM on house, hog finishing facility and 16 acres, an assignment of life insurance on the borrower for the amount of the loan and an assignment of contract payments from Biddle Farms, Inc..
Structure: 5 year term, 12 year amortization with monthly P & I

PROJECT SUMMARY

The borrower is purchasing a new 2400 head swine finishing facility in the amount of \$493,000 to finish market hogs under contract with Biddle Farms, Inc. Country Bank is utilizing the Specialized Livestock Guarantee to allow the borrowers repayment to be lengthened over a longer period of time than the bank could offer internally.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Jonathan L. Hank
Location: 2015 120th Avenue
Aledo, IL 61231 County: Mercer
Organization: Sole Proprietorship
State: Illinois
Ownership: Jonathan L. Hank

PROFESSIONAL & FINANCIAL

Accountant: Walters Accounting and Tax Service, Roseville, IL 61473
Attorney: N/A
Bank: Country Bank, Aledo, IL Jason Potter, Commercial Loan Officer

LEGISLATIVE DISTRICTS

Congressional: 17th, Phil Hare **State Senate:** 36th Mike Jacobs **State House:** 72nd Patrick Verschoore

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Eric Reed & Cory Mitchell/lk
Date: August 7, 2007
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** Up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2007 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
 - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
 - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
 - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
 - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
 - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**
Stephen F. Welcome, Esq.
Three First National Plaza, Suite 4300
Chicago, IL 60602

Project Number: A-FB-TE-CD-7172
Funding Manager: Cory Mitchell
Borrower(s): Grainger, Cullen
Town: Carthage, IL
Amount: \$220,800 / (\$3,000 per ac)
Use of Funds: Farmland
Purchase Price: \$276,000
%Borrower Equity: 20%
%Other Agency: 0%
%IFA: 80%
County: Hancock
Lender/Bond Purchaser: First Bankers Trust Co. / Marvin Rabe
Legislative Districts: Congressional: 17th, Phil Hare
State Senate: 47th, John Sullivan
State House: 94th, Richard Myers

Principal shall be paid annually in installments determined pursuant to a Twenty Five year amortization schedule, with the first principal payment date to begin on March 1, 2008. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 1, 2008 with the twenty fifth and final payment of all outstanding balances due twenty five years from the date of closing.

***Cullen Grainger:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.85% fixed for the first 5 years and adjust every 5 years thereafter to 80% of the Wall Street Journal Prime Rate .
Fee: \$3,312

Project Number: A-FB-TE-CD-7173
Funding Manager: Eric Reed
Borrower(s): Henson, Scott D.
Town: Paris, IL
Amount: \$75,000 / (\$1,071 per ac)
Use of Funds: Farmland
Purchase Price: \$75,000
%Borrower Equity: 0%
%Other Agency: 0%
%IFA: 100%
County: Edgar
Lender/Bond Purchaser: State Bank of Chrisman
Legislative Districts: Congressional: 15th, Timothy Johnson
State Senate: 55th, Dale Righter
State House: 109th, Roger Eddy

Principal and interest shall be paid annually in equal installments of \$5,390.50 determined pursuant to a Thirty year amortization schedule, with the first principal and interest payment due one year from the date of closing with the thirtieth and final payment of all outstanding balances due thirty years.

***Scott Henson:** Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.9% fixed for the first 3 years and adjust every 3 years thereafter to the 3 year Treasury Constant. Lender will charge .5% basis points.
Fee: \$1,125

Project Number:	A-FB-TE-CD-7174
Funding Manager:	Eric Reed
Borrower(s):	Bishop, Brent & Brooke
Town:	Dennison, IL
Amount:	\$69,600 / (\$2,351 per ac)
Use of Funds:	Farmland
Purchase Price:	\$87,000
%Borrower Equity	20%
%Other Agency	0%
%IFA	80%
County:	Edgar
Lender/Bond Purchaser	State Bank of Chrisman
Legislative Districts:	Congressional: 15 th , Timothy Johnson State Senate: 55 th , Dale Righter State House: 109 th , Roger Eddy

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

***Brent & Brooke Bishop**: Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.9% fixed for the first 3 years and adjust every 3 years thereafter to the 3 year Treasury Constant.

Fee: \$1,044

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007

Project: **Western Illinois Ethanol Project, LLC**

STATISTICS

Project Number:	P-SW-TE-CD-6203	IFA Staff:	Steven Trout
Type:	Solid Waste Disposal Facilities Bonds	Amount:	\$37,000,000 (not to exceed)
	Exempt Water Facilities Bonds		\$8,000,000 (not to exceed)
Location:	Griggsville		

BOARD ACTION

Final Bond Resolution	Unrated Bonds to be sold pursuant to IFA policy
Conduit Solid Waste Disposal Facilities Revenue Bonds	Staff recommends approval
Conduit Exempt Water Facilities Revenue Bonds	No IFA funds at risk

PURPOSE

To finance the acquisition and improvement of a 70 acre site in Griggsville, the construction of 57,750,000 gallon capacity ethanol plant at the site, the acquisition and installation of machinery and equipment, including qualifying solid waste disposal, and pay cost of insurance.

IFA CONTRIBUTION & PROGRAM

Solid Waste Disposal Facilities Revenue Bonds ("SWDBs") are municipal bonds that finance qualifying, privately-owned facilities that are used in whole or in part to collect, store, treat, transport, utilize, process or provide for the final disposal of solid waste. Exempt Water Facilities Bonds are municipal bonds that finance qualifying facilities and improvements for local water utilities. Interest earned on both types of bonds is exempt from federal income tax liability. **Issuance of these bonds is subject to an allocation of Volume Cap.**

VOTING RECORD

On September 27, 2006 the IFA Board adopted a preliminary resolution to issue \$100 million in SWDBs for Unified Biofuels Technology, LLC to develop one ethanol plant in Griggsville and a second in Royal by the following vote:

Ayes – 8 Nays – 0 Absent – 6 Vacancies – 0 Abstentions- 1 (Dr. Herrin)

On April 10, 2007 The IFA Board adopted an amendatory preliminary resolution to issue \$115 million in SWDBs and \$11 million in Water Facilities Bonds by the following vote:

Ayes: 9 Nays: 0 Absent: 4 (Herrin, O'Brien, Rivera, Valenti) Abstentions: 1 (Boyles) Vacancies: 1

Western Illinois Ethanol Project, LLC ("WIEP"), is the operating company for the Griggsville plant and a subsidiary of Heartland Ethanol, LLC, and formerly the subsidiary of Unified Biofuels Technology, LLC. The borrower for the Griggsville project will be WIEP, not Unified Biofuels Technology, LLC as originally contemplated.

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA Subordinated Tax-Exempt Bonds	\$45,000,000	Uses: Project Costs	\$133,700,000
Bank Senior Taxable Term Loans	68,100,000	Capitalized Interest	8,000,000
Bank Line of Credit	5,000,000	Debt Service Reserve	10,000,000
Equity	<u>48,400,000</u>	Owner's Contingency	<u>9,800,000</u>
Total	<u>\$161,500,000</u>	Total	<u>\$161,500,000</u>

WIEP has paid out well over \$10 million in cash to pay a portion of the Engineering, Procurement and Construction (“EPC”) contract, pre-order specialty steel and pay other developer costs. The owners’ have committed the remaining equity contribution and will the pay the balance prior to, or at the time of closing on debt financing. DCEO has approved a \$4,000,000 Renewable Energy Grant to be paid at closing and as construction is completed.

JOBS

Current employment:	0	Projected new jobs:	40	
Jobs retained:	0	Construction jobs:	200	(16 months)

BUSINESS SUMMARY

Description: Western Illinois Ethanol Project, LLC (WIEP), an Illinois limited liability company, is the wholly-owned subsidiary of Heartland Ethanol, LLC. WIEP will construct and operate a state-of-the-art ethanol production plant with a nameplate production capacity of 57.75 million gallons per year of fuel grade denatured ethanol along with nearly 185,000 tons per year of marketable dry distiller’s grains (DDGS) to be sold as animal feed.

Background: A group of Western Illinois agribusiness men and women employed Frazier Barnes & Associates, in early 2003 to conduct an ethanol feasibility study. Frazier Barnes, a prominent consulting firm for renewable fuels projects, focused its study on a 113,400,000 gallon ethanol facility to be located near Griggsville Frazier Barnes reported that the site is one of the best it has ever reviewed and that the project should be highly profitable if properly constructed and operated.

After the Frazier Barnes study was completed, the Western Illinois Ethanol Project, LLC, was formed in early 2005 by 25 area residents interested in developing ethanol production facilities. A feasibility study recommended a site southeast of Griggsville in Pike County, an agricultural area situated between the Illinois and Mississippi rivers. Proponents funded the project which began July 1, 2005, to develop an ethanol fuel facility.

In 2006, six Midwestern entrepreneurs committed \$40 million in equity to the Project and to arrange the debt financing required to fund construction and its initial operations.

Background: In a bio-refinery, a mechanical or chemical process separates biomass (plants and organic matter) into components for further processing into marketable products; such as, fuel additives, proteins, edible oils, and animal feeds.

The most common bio-refinery in the U.S. is the “simple dry-mill” ethanol plant. Simple dry-mill technology processes whole grains into three products: fuel-grade ethanol, carbon dioxide gas (“CO₂”), and an animal feed called distiller’s grain (wet and dried). There are 35 plants that are currently utilizing this technology or are at this time under construction.

The second type of bio-refinery is the wet-mill plant. A wet-mill plant processes grain into separate components such as starch, germ, oil, and hulls; the starch is further processed into sweeteners and/or alcohol. There are presently twelve wet-mill plants in the U.S. owned by nine major food-processing companies. Wet-mill plants generally cost two to five times more to build than a simple dry-mill plant, which explains their limited number and food industry ownership.

The Western Illinois Ethanol Project, LLC will develop a state-of-the art facility using dry-mill alcohol manufacturing technology.

The Project: The Western Illinois Ethanol Project (WIEP) site is located on the south side of the Norfolk Southern rail line and west of Highway 106. The JBS United Grains facility is located directly north of the proposed ethanol plant and will provide corn feedstock. JBS United, Inc. (“JBS United”), a leading grain handling company in Illinois, is one of the local equity founders.

The JBS United Feed Facility has guaranteed the ethanol plant all the corn feedstock to operate per year. The plant will require approximately 20,500,000 bushels of corn per year to produce 57,750,000 gallons of denatured ethanol.

A letter of intent has been executed with Agra Industries, Inc. for the design/construction of the 57.75 million gallon per year (mmgy) facility. The Engineering, Procurement and Construction (EPC) contract is to be finalized with Agra in late July 2007. Technology for the project will be provided by Delta-T Corporation.

Three ethanol-marketing companies presented strategies for marketing the ethanol produced at the proposed plant: Eco-Energy, Inc. has been contracted by WIEP as the ethanol marketer.

Bartlett Grain Company, LP ("Barlett Grain") will market all of the DDGS. Carbon Dioxide gas will be vented, not sold.

The Team: WIEP and Heartland have assembled a team of active ethanol industry participants to manage the Project and guide its operations.

Agra Industries, Inc. is the Engineering, Procurement and Construction ("EPC") Contractor for the Project. Agra operates four distinct business units, seed, feed, grain, and ethanol. Each unit provides design, fabrication and construction of the facilities within its respective industry. Agra also represents a complete line of equipment manufactures. Agra is headquartered in Merrill, Wisconsin and has been creating custom components for ethanol facilities, feed mills, seed conditioning facilities and grain handling or storage facilities for nearly 50 years. Agra's experience in the ethanol industry dates back to the early 1980s. Since that time, Agra has become one of Delta-T's strategic partners and has provided EPC services for several plants in Wisconsin and other states.

Delta-T is the technology provider for the Project. Delta-T provides technologies, applications and services associated with building alcohol plants. Its systems are currently operating in over 50 installations worldwide, including, Russia, India, Southeast Asia, Western and Eastern Europe, Africa, the Caribbean and North and South America.

Eco-Energy, Inc. ("Eco-Energy") has agreed to purchase 100% of Project's ethanol production and provide marketing and risk management strategies. Eco-Energy has marketed ethanol since 1991 and is headquartered in Nashville, TN and maintains a sales office in Los Angeles. The Company maintains relationships with most of the major oil companies and fuel blenders in the United States. In 2003, Eco-Energy developed a terminal location in McClellan Park, California to service the gasoline blenders in the Sacramento, California market. Eco-Energy is a large supplier to ConocoPhillips, Valero Refining, Flint Hills Resources, Tesoro Refining, Shell, BP, Exxon Mobil, and Marathon Ashland Petroleum along with many others. Eco-Energy's ethanol marketing network is among the top ten in North America. Eco-Energy has entered into a marketing contract to sell 100% of the ethanol produced by WIEP for two years with automatic renewals for up to six years unless WIEP elects not to renew.

FC Stone, LLC has committed to enter into a risk management contract with WIEP to manage the Project's commodity price risk. FC Stone is a risk management and grain origination marketing firm headquartered in west Des Moines, Iowa. Their commodity roots date back to 1924, and they are a registered FCM with the Commodity Futures Trading Commission. FC Stone is also a member of the National Futures Association and is a clearing member on all major U.S. futures exchanges. The FC Stone Renewable Fuels Group brings market risk intelligence to the ethanol industry by providing a custom designed Integrated Risk Management Program ("IRMP"). They offer business analysis, in-depth record keeping, risk education, strategic planning, and applied market research and intelligence.

JBS United, Inc., has contracted to procure, test and handle the 20.5 million bushels of corn required by the WEIP facility per year. JBS United is one of America's leading swine nutrition technology companies. Organized in 1956, the company operates eight base-mix production plants

in five Midwest states. The company also has nutrition technology business operations in China and the Philippines under joint-venture arrangements with Asian partners. As part of its nutrition technology business, JBS United operates three nutrition and nutrient management research centers, caring for over 60,000 pigs annually. JBS United also operates a grain merchandising business consisting of four profit centers with approximately 20 million bushels of storage capacity from eight primary locations in Illinois and Michigan. All profit centers are unit train loaders that ship corn, soybeans and wheat to major ethanol plants in the Southern, Eastern, and Southeastern grain markets. Three of the four profit centers are located in Illinois. The Western Illinois region consists of three grain elevators in Griggsville, New Canton, and Pittsfield, and loads 50 car trains on the Norfolk Southern Railroad.

Barlett Grain Company, LP has executed a contract with WEIP to market the 185,000 tons per year of DDGS produced at the ethanol facility. Barlett Grain is a privately owned company that is headquartered in Kansas City and has 100 years of experience in many different agricultural sectors. Barlett Grain currently has terminal elevator space along the Missouri River, in Missouri, Iowa, Kansas, and Nebraska, a terminal facility in Wichita, Kansas, and country elevators in Kansas and Missouri. In the 2007 issue of the *Grain and Milling Annual*, from World Grain and Sosland Publishing, Barlett Grain was ranked 16th among the major North American grain companies.

Government
 Incentives:

Demands for ethanol is bolstered by a number of governmental programs regulations and incentives which are described below.

Federal and State Incentives Provided or Proposed	Impact
<ul style="list-style-type: none"> ▪ Partial exemption from federal excise tax on gasoline through 2011. 	<ul style="list-style-type: none"> ▪ Allows ethanol to compete successfully with gasoline with MTBE, produced by oil industry.
<ul style="list-style-type: none"> ▪ Federal renewable fuels standard (RFS) that will double use of ethanol and biodiesel to 7.5 billion gallons per year by 2012. 	<ul style="list-style-type: none"> ▪ Mandates increase in ethanol demand nationally.
<ul style="list-style-type: none"> ▪ Illinois HB 387: tax credits for buyers of E85 ethanol powered vehicle; tax credits for ethanol dispensing pumps at retail stores. 	<ul style="list-style-type: none"> ▪ Stimulates increase in ethanol demand in Illinois.
<ul style="list-style-type: none"> ▪ Illinois Alternative Fuel Vehicle Rebates for converting vehicle to ethanol. 	<ul style="list-style-type: none"> ▪ Stimulates increase in ethanol demand in Illinois.
<ul style="list-style-type: none"> ▪ Illinois Sales and Use Tax Exemptions for ethanol-blended fuels. 	<ul style="list-style-type: none"> ▪ Lowers cost of ethanol to consumer at the pump. Allows ethanol to be price competitive with gasoline.
State Incentives Requested by the Company	Impact
<ul style="list-style-type: none"> ▪ IFA issuance of tax-exempt solid waste disposal bonds with volume cap allocation in amount up to \$37,000,000. 	<ul style="list-style-type: none"> ▪ Lowers the Company's cost of debt capital. Partial tax-exempt capital structure provides a competitive advantage with respect to other ethanol producers.
<ul style="list-style-type: none"> ▪ IFA issuance of tax-exempt water facilities bonds with volume cap allocation in amount up to \$8,000,000. 	<ul style="list-style-type: none"> ▪ Lowers the Company's cost of debt capital, providing the Project with a competitive versus ethanol producers.
<ul style="list-style-type: none"> ▪ \$4 million Renewable Energy Program Grant from DCEO 	<ul style="list-style-type: none"> ▪ Lowers equity requirement by \$4 million. Reimburses WIEP for higher construction costs due to using union labor in Illinois.

PROJECT SUMMARY

Bond proceeds, together with bank financing, equity contributed by the owners and grants provided by DCEO, will be used to finance: 1) the acquisition and improvement of a 70 acre site in Griggsville, 2) the construction of a 57,750,000 gallon capacity ethanol plant at the site, 3) the acquisition and installation of machinery and equipment, including qualifying solid waste disposal and exempt water facilities, 4) capitalize debt service reserve funds, 5) fund interest accounts and 6) pay a portion of costs of issuance. The Project is expected to be constructed by Agra under a lump-sum, price/date-certain, turn-key engineering, procurement and construction (“EPC”) contract utilizing a design and technology that is licensed from Delta-T. The Project is expected to reach substantial completion in 16 months. Construction is expected to begin in September 2007. Project cost estimates are:

Land & Site Improvements	\$18,000,000
Management/Start-up	5,200,000
Plant Construction	<u>110,500,000</u>
Total	<u>\$133,700,000</u>

Proceeds from the SWDBs will be used to finance machinery and equipment used for processing stillage, the solid waste product that is produced during the corn-to-ethanol production process, into dried distiller’s grains. Assets to be financed include centrifuges, tanks, driers, evaporators and certain storage facilities related to DDGS production.

Proceeds from the Water Facilities Bonds will be used to construct a 16-inch pipeline from the water aquifer on the Mississippi River to the water tower located in El Dara, Illinois. From the tower, a 12-inch pipeline will be constructed to transport water to the New Salem interchange. It is expected that only this portion of the water pipeline project will be eligible for tax-exempt financing, as this phase of the project directly improves and enhances Pike County. The Bond proceeds will be used to reimburse the Pike County Water District #1 as the project work is performed. This pipeline will be connected to a second pipeline from the New Salem interchange to the Project. The combined length of the water pipelines from the water aquifer to the interchange is 21 miles. Meco Engineering Co., Inc. has provided preliminary estimates for the phases of the project.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Western Illinois Ethanol Project, LLC, 112 W. Washington Street, Pittsfield, Illinois 62363
 Contact: Walker Filbert, President, Western Illinois Ethanol Project, LLC; Phone # 217-285-6460
 Location: 30495 State Highway 107, Griggsville (Pike County), Illinois 62340
 Land Owner: Western Illinois Ethanol Project, LLC
 Organization: Illinois Limited Liability Company

PROFESSIONAL & FINANCIAL

Borrower’s Counsel:	Johnson & Colmar	Chicago	Craig Colmar
Bond Counsel:	Dickenson, Wright	Bloomfield Hills, MI	Craig Hammond
Bond Placement Agent:	Stern Brothers & Co.	St. Louis, MO	John May
Placement Agent Counsel:	Michael Best & Friedrich LLP	Chicago	Marc Oberdorff
Lead Debt Arranger:	WestLB AG	New York	Michael Pantelogeonis
Lender’s Counsel:	Chadbourne & Parke LLP	Washington, D.C.	Rohit Chaudry
Issuer’s Counsel:	Pugh, Jones, Johnson & Quandt, P.C.	Chicago	Scott Bremer
General Contractor:	Agra Industries, Inc.	Merrill, WI	Pat Hinner
Feasibility Consultants:	Frazier, Barnes Muse, Stancil & Co.	Memphis, TN Addison, TX	Warren Barnes Sharon Rhoton
IFA Financial Advisor:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago Chicago	Bill Morris Lois Scott

LEGISLATIVE DISTRICTS

	Pittsfield		Griggsville	
Congressional:	18	Ray LaHood	18	Ray LaHood
State Senate:	49	Deanna Demuzio	47	John M. Sullivan
State House:	97	Jim Watson	93	Jil Tracy

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Hoosier Care, Inc. and Hoosier Care II, Inc.

STATISTICS

Project Number:	H-HO-TE-CD-7162	Amount:	\$39,850,000
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Champaign, Loves Park and Sterling, Illinois and Wabash, Brazil, Winchester and Ellettsville, Indiana		

BOARD ACTION

Preliminary Bond Resolution Conduit 501(c)(3) Bonds No IFA Funds at Risk Staff Recommends Approval	Requesting a waiver of IFA Policy regarding the sale of unrated and unenhanced debt, to be based on a feasibility study by Crowe Chizek which will be completed prior to the Final Bond Resolution
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PURPOSE

Bond proceeds will be used to: (i) advance refund certain tax exempt bonds issued in 1999 by the Illinois Development Finance Authority, the City of Loves Park, Illinois, the City of Sterling, Illinois and the Indiana Health Facility Financing Authority, (ii) finance new money projects for the Borrower's facilities located in Champaign, Loves Park and Sterling, Illinois and in Wabash, Brazil, Winchester and Ellettsville, Indiana, (iii) fund a debt service reserve fund and (iv) pay costs of issuance.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense. 501(c)(3) bond issues do not require Volume Cap.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA bonds	\$39,850,000	Uses:	
		Tax-Exempt Bonds	
		IL Advance Refunding	\$16,000,000
		IN Advance Refunding	\$8,000,000
		Reimbursement for Prior Expenditures*	\$3,500,000
		Other Illinois New Money**	\$500,000
		Indiana New Money***	\$7,900,000
		Costs of Issuance	\$700,000
		Debt Service Reserve Fund****	\$400,000
		Taxable Bonds	
		Richland Bean Blossom*****	\$1,200,000
		Costs of Issuance	\$1,350,000
		Debt Service Reserve Fund	\$300,000
Total	<u>\$39,850,000</u>	Total	<u>\$39,850,000</u>

*reimbursement for expenditures for Walter Lawson's Children's Home in Loves Park, Illinois; reimbursement resolution adopted on February 13, 2007

** sprinkler and alarm system upgrades at all Illinois facilities

*** acquisition of facility in Brazil, Indiana, expansion of Vernon Manor Children's Home in Wabash, Indiana and sprinkler and alarm system upgrades at all Indiana facilities

****we contemplate that \$1,871,000 from the debt service reserve funds for the 1999 bonds will also be used to fund the debt service reserve fund for the tax exempt piece

*****an affiliate of the Borrower owns Richland Bean Blossom, a nursing home in Ellettsville, Indiana. Prior to closing, the facility will be transferred to the Borrower and a portion of the taxable bonds will be used to refinance debt on the facility

JOBS

Current employment:	691 FTE's	Projected new jobs:	5
Jobs retained:	691 FTE's	Construction jobs:	5

BUSINESS SUMMARY

Background/Description: Hoosier Care, Inc. ("Hoosier") and Hoosier Care II, Inc. ("Hoosier II") are 501(c)(3) corporations and Indiana nonprofit corporations and both are members of the Obligated Group and are joint and severally liable for any debt. Hoosier Care acquired four homes for the long term care of profoundly retarded children in August, 1989: Swann Special Care Center in Champaign, Illinois, Walter Lawson Children's Home in Loves Park, Illinois, Exceptional Care and Training Center in Sterling, Illinois, and Vernon Manor Children's Home in Wabash, Indiana. In 1990, Hoosier II acquired three nursing homes: Clay County Health Care Center in Brazil, Indiana, Hanover Nursing Center in Hanover, Indiana, and Randolph Nursing Home in Winchester, Indiana. Hoosier II sold the Hanover Nursing Center in 2006. An affiliate of Hoosier owns the Richland Bean Blossom nursing home in Ellettsville, Indiana ("RBB"). Prior to issuance of the 2007 bonds, RBB will be transferred to Hoosier and Hoosier will use a portion of the taxable 2007 bonds to refinance debt on the facility.

Management: All facilities involved in the financing are managed by Medical Rehabilitation Centers, Inc. The Management Agreement complies with Revenue Procedure 97-13. Medical Rehabilitation Centers, Inc. ("MRC"), a Kentucky corporation, was formed in May 1992 as a successor for affiliated companies that commenced business operations in 1989. The company is located in Lexington, Kentucky and manages and/or leases 15 long-term care facilities located in Indiana (seven buildings), Illinois (three buildings) and Wisconsin (five buildings) controlled by four different owners, three of whom are not-for-profit entities. MRC currently manages four pediatric skilled nursing buildings for Hoosier Care, Inc. (three in Illinois and one in Indiana) and three geriatric skilled nursing facilities in Indiana for Hoosier Care II, Inc. (both Hoosier entities collectively referred to as "Hoosier Care"). The relationship between MRC and Hoosier Care is arm's length, as there is no personal or corporate affiliation between the entities.

Service Area: Champaign, Loves Park and Sterling, Illinois and Wabash, Brazil, Winchester and Ellettsville, Indiana

Existing Bonds: Indiana Health Facility Financing Authority \$22,575,000 Revenue Bonds, Series 1999A (Hoosier Care Project) and \$1,030,000 Taxable Revenue Bonds, Series 1999B (Hoosier Care Project); Illinois Development Finance Authority \$5,710,000 Revenue Bonds, Series 1999A (Hoosier Care Project) and \$260,000 Taxable Revenue Bonds, Series 1999B (Hoosier Care Project); City of Loves Park, Illinois \$5,500,000 Revenue Bonds, Series 1999A (Hoosier Care Project) and \$250,000 Taxable Revenue Bonds, Series 1999B (Hoosier Care Project); and City of Sterling, Illinois \$4,775,000 Revenue Bonds, Series 1999A (Hoosier Care Project) and \$220,000 Taxable Revenue Bonds, Series 1999B (Hoosier Care Project).

Feasibility Study: A financial feasibility study will be prepared by Crowe Chizek & Company, LLP. Crowe Chizek is one of the top 10 public accounting and consulting firms in the United States and serves clients worldwide. For this financial feasibility report, Crowe Chizek will examine, in accordance with standards established by the American Institute of Certified Public Accountants, from information management provides, the forecasted balance sheet and related statements of operations and net assets, cash flows and summaries of significant assumptions and accounting policies of Hoosier Care.

PROJECT SUMMARY

The proceeds of the proposed bond deal will be used to: (i) advance refund certain tax exempt bonds issued in 1999 by the Illinois Development Finance Authority, the City of Loves Park, Illinois, the City of Sterling, Illinois and the Indiana Health Facility Financing Authority, (ii) finance new money projects for the Borrower's facilities located in Champaign, Loves Park and Sterling, Illinois and in Wabash, Brazil, Winchester and Ellettsville, Indiana, (iii) fund a debt service reserve fund and (iv) pay costs of issuance.

FINANCING SUMMARY

Security/Collateral: Master Notes issued under Master Trust Indenture dated as of June 1, 1999, Mortgages on Real Property, Debt Service Reserve Fund

Structure: Fixed rate, semiannual principal and interest, serial and term bonds

Maturity: September 1, 2037

Credit Rating(s): Unrated (Feasibility Study by Crowe Chizek & Co.)

Waiver: The bonds will be sold in denominations less than \$100,000 (i.e. \$5,000). The Borrower has requested a waiver of our unrated and non-credit enhanced debt policy. They expect to meet the conditions for a waiver, which they qualify for.

Conditions for Waiver:

The Borrower expects to secure a feasibility study from an independent and qualified accounting or consulting firm acceptable to the Authority demonstrating the financial viability of the project

The financial feasibility study will be prepared by Crowe Chizek & Company, LLP. Crowe Chizek is one of the top 10 public accounting and consulting firms in the United states and serves clients worldwide. For this feasibility report, Crowe Chizek will examine, in accordance with standards established by the American Institute of Certified Public Accountants, from information management provides, the forecasted balance sheet and related statements of operations and net assets, cash flows and summaries of significant assumptions and accounting policies of Hoosier Care.

ECONOMIC DISCLOSURE STATEMENT

Project name: Hoosier Care Project

Locations: Champaign, Loves Park and Sterling, Illinois and Wabash, Brazil, Winchester and Ellettsville, Indiana

Applicant: Hoosier Care, Inc. and Hoosier Care II, Inc.

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

State: Illinois and Indiana

Board: Bruce P. Hutson, M.D., Stephen F. Wood, John G. Foos and John E. Gillmor

PROFESSIONAL & FINANCIAL

Borrower's Counsel: Boulton Cummings, Connors & Berry, PLC, Nashville, TN

Bond Counsel: Ice Miller LLP, Indianapolis, IN

Underwriter: Bergen Capital, a division of Scott & Stringfellow, Inc., Alpharetta, GA

Underwriter's Counsel: Peck Shaffer, Atlanta, GA
 Bond Trustee: The Bank of New York Trust Company, N.A., Louisville, KY
 Feasibility Consultant: Crowe Chizek & Co., LLP, South Bend, Indiana
 Manager: Medical Rehabilitation Centers, Inc., Lexington, KY
 Financial Advisor: Capital Health Group, LLC, Media, PA
 Issuer's Counsel: TBD (before final draft of this report)

LEGISLATIVE DISTRICTS

ILLINOIS

FACILITY NAME AND ADDRESS	COUNTY	FEDERAL	STATE	
		CONGRESSIONAL DISTRICT	SENATE	HOUSE
Exceptional Care & Training Center 2601 Woodlawn Road Sterling, IL 61081	Whiteside	16	36	71
Swann Special Care Center 109 Kenwood Champaign, IL 61821	Champaign	15	52	103
Walter Lawson Children's Home 1820 Walter Lawson Loves Park, IL 61111	Winnebago	16	34	68

INDIANA

FACILITY NAME AND ADDRESS	COUNTY	FEDERAL	STATE	
		CONGRESSIONAL DISTRICT	SENATE	HOUSE
Vernon Manor Children's Home 1955 Vernon Street Wabash, IN 46992	Wabash	5	17	22
Clay County Health Center 1408 East Hendrix Brazil, IN 47834	Clay	8	37	44
Randolph Nursing Home 701 South Oak Street Winchester, IN 47394	Randolph	6	27	33
Richland Bean-Blossom Health Care Center 5911 West State Road 46 Ellettsville, IN 47429	Monroe	9	37	46

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Advocate Health Care Network

STATISTICS

Project Number:	H-HO-TE-CD-7160	Amount:	\$520,000,000 (Not to exceed amount)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Multiple		

BOARD ACTION

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

PURPOSE

Bond proceeds together with other available funds will be used to 1) fund new projects and reimburse Advocate Health Care Network for certain previous expenditures 2) refinance certain existing outstanding bonds issued by the Illinois Health Facilities Authority, a predecessor of the Illinois Finance Authority and the Illinois Finance Authority, and 3) pay costs of issuance

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense. 501(c)(3) bond issues do not require Volume Cap.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	\$505,000,000	Uses: Escrow Deposit:	\$310,000,000
	Other funds	\$10,000,000	Project Fund Deposit:	198,000,000
			Bond Insurance:	3,000,000
			Costs of Issuance:	4,000,000
	Total	<u>\$515,000,000</u>	Total	<u>\$515,000,000</u>

JOBS

Current employment:	20,500 FTE's	Projected new jobs:	75
Jobs retained:	20,500 FTE's	Estimated construction jobs:	900

BUSINESS SUMMARY

Background/Description: Advocate Health Care Network, a not for profit corporation (“Advocate Network Corporation”) is the sole member of the not for profit Advocate Health and Hospitals Corporation (“Hospitals Corporation”). Advocate Network Corporation and the Hospitals Corporation are, in turn, the sole members of various not-for-profit corporations or the shareholders of various business corporations, the primary activities of which are the delivery of health care services or the provision of goods and services ancillary thereto. Such controlled corporations along with Advocate Network Corporation and the Hospitals Corporation, constitute the Advocate Health Care System (the “System”). The System was created in January 1995 through the consolidation of two health systems, Evangelical Health System (the “Evangelical System”) and Lutheran General Health System (the “Lutheran System”). As the parent of the System, Advocate Network Corporation currently has no material operations or activities of its own, apart from its ability to control subsidiaries.

As a faith-based health care organization, sponsored by the United Church of Christ and Evangelical Lutheran Church in America, the mission, values and philosophy of the System form the foundation for its strategic priorities. The System’s mission is to serve the health care needs of individuals, families and communities through a wholistic philosophy rooted in the fundamental understanding of human beings as created in the image of God.

The System provides a continuum of care through its seven short term acute care hospitals with two integrated children’s hospitals and a specialty long term acute care hospital, with approximately 3,500 licensed beds, primary and specialty physician services, outpatient centers, physician office buildings, home health and hospice care throughout the metropolitan Chicago area. Through a long-term academic and teaching affiliation with the University of Illinois at Chicago Health Sciences Center, Advocate trains more resident physicians than any non-university teaching hospital in Illinois. In addition to owning and operating hospitals and other health care facilities, Advocate is affiliated with several large physician groups.

Service Area: Advocate Health Care Network has facilities in the following locations in Illinois: Chicago (Advocate Bethany Hospital), (Advocate Illinois Masonic Medical Center), (Advocate Trinity Hospital); Oak Lawn (Advocate Christ Medical Center and Advocate Hope Children’s Hospital); Downers Grove (Advocate Good Samaritan Hospital); Barrington (Advocate Good Shepherd Hospital); Park Ridge (Advocate Lutheran General Hospital and Children’s Hospital) and Hazel Crest (Advocate South Suburban Hospital, Hazel Crest)

Existing Bonds: Illinois Health Facilities Authority Series: 1993C, 1997A, 1997B, 1998A, 1998B, 2000, 2003A, 2003B, 2003C, Illinois Finance Authority Series 2005A-1, 2005A-2, 2005B-1, 2005B-2, 2005B-3.

PROJECT SUMMARY

The transaction consists of issuing approximately \$505 million of bond proceeds, which together with other available funds will finance approximately \$200 million of new money capital needs and redeem approximately \$306 million of existing debt. This planned financing is designed to provide additional resources to help fund construction projects, including but not limited to, the Lutheran General Hospital bed tower project, the Illinois Masonic Medical Center emergency department renovation, the Trinity Hospital cardiac catheterization lab renovation, and restructure certain of Advocate’s existing debt to create a new, lower average annual debt service by extending the average life of Advocate’s bonds from the current average of nine years to a projected nineteen years.

FINANCING SUMMARY

Security/Collateral:	General, unsecured obligations of the Members of the Obligated Group and any future Members of the Obligated Group. If bonds are insured, regularly scheduled principal and interest secured by the Bond Insurer
Structure:	The financing may consist of variable rate and fixed rate products and a portion swapped to fixed to achieve a synthetic fixed rate structure.
Maturity:	Up to 40 years
Credit Rating(s):	Advocate Health Care currently maintains long term ratings with all three rating agencies. Current long term ratings are as follows: Aa3/AA/AA- (Moody’s/Standard and

Poor's/Fitch); certain bonds may also be rated based upon the use of credit enhancement and/or liquidity facilities (i.e., provided by a "AAA" rated municipal bond insurer). In connection with the Series 2003A, B and C bond issues the System obtained short-term credit ratings from each of the three rating agencies. S&P, Moody's and Fitch have assigned short-term credit ratings of "A-1+", "VMIG 1", and "F1+", respectively.

ECONOMIC DISCLOSURE STATEMENT

Project name: Advocate Health Care Network
Locations: Seven acute care hospitals with two integrated children's hospitals and a specialty long term acute care facility
Applicant: Advocate Health Care Network
2025 Windsor Drive
Oak Brook, IL 60521
Organization: 501(c)(3) Not-for-profit corporation
State: Illinois
Board of Trustees: John F. Timmer, *Chairperson*
Michele Richardson, *Vice Chairperson*
David Anderson
Alejandro Aparicio, M.D.
Jameson A. Baxter
Jon E. Christofersen, M.D.
Bruce E. Creger
Lynn Crump-Caine
William Graft
Rev. Dr. Donald M. Hallberg
Mark Harris
Rev. Jane Fisler Hoffman
Abe Tomas Hughes II
Rev. Paul Landahl
Richard McAuliffe
Clarence Nixon, Jr. Ph.D.
Pankaj H. Patel, M.D.
Julie P. Schlueter
Joan Fowler Shaver, Ph.D., R.N., F.A.A.N.
James Skogsbergh, President and Chief Executive Officer, Advocate Health Care
Carolyn Hope Smeltzer
Rev. Ozzie Smith, Jr.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Foley & Lardner LLP	Chicago	Robert Zimmerman
Bond Counsel:	Chapman & Cutler	Chicago	Jim Luebchow Nancy Burke
Underwriter:	Citi	Chicago	Jim Blake Efrain Zamora Amy Yang
Underwriter's Counsel:	Sonnenschein Nath & Rosenthal	Chicago	Steven Kite
Borrower Financial Advisor:	Kaufman Hall & Associates	Chicago	Ken Kaufman
Bond Trustee:	The Bank of New York	Chicago	Joseph Morand
Accountant:	Ernst & Young	Chicago	JoEllen Helmer
Issuer's Counsel:	Schiff Hardin	Chicago	Bruce Weisenthal

LEGISLATIVE DISTRICTS

Congressional: 7- Danny Davis, 3- Dan Lipinski, 6- Peter Roskam, 8- Melissa Bean, 5- Rahm Emanuel, 9- Jan Schakowsky, 2- Jesse Jackson, Jr.

State Senate: 5- Rickey Hendon, 18- Edward Maloney, 21- Dan Cronin, 26- William Peterson, 6- John Cullerton, 33- Dan Kotowski, 29- Susan Garrett, 19- M. Maggie Crotty, 17- Donne Trotter

State House: 10- Annazette Collins, 36- James Brosnahan, 42- Sandra Pihos, 52- Mark Beaubien, 12- Sara Feigenholtz, 65- Rosemary Mulligan, 57- Elaine Nekritz, 38- Al Riley, 33- Marlow Colvin

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Sherman Health System and Sherman Hospital

STATISTICS

Project Number: H-HO-TE-CD-7165	Amount: \$325,000,000 (Not to exceed amount)
Type: 501(c)(3) Bond	IFA Staff: Pamela Lenane and Dana Sodikoff
Locations: Elgin	

BOARD ACTION

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

PURPOSE

Proceeds will be used to: 1) fund the construction and equipping of a replacement hospital campus, 2) fund capitalized interest, 3) fund a reserve fund and 4) pay cost of issuance.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense. 501(c)(3) bond issues do not require Volume Cap.

VOTING RECORD

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

On October 10, 2006, a Final Bond Resolution was passed for Sherman Health System and Sherman Hospital for an interim financing to fund a portion of the construction and equipping of a replacement hospital campus, fund capitalized interest, and pay cost of issuance. The financing approved in October 2006 was delayed because of litigation contesting the validity of Sherman's CON; Sherman is now going forward with a larger financing consistent with the finance plan prior to litigation. This is the first time this Preliminary Bond Resolution has been presented to the Board for the permanent financing of the replacement hospital campus and related costs.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	<u>\$307,500,000</u>	Uses: Project Fund/CAPI	\$155,000,000
			Refund 1997 Bonds	\$129,090,000
			Debt Service Reserve Fund	\$22,100,000
			Issuance Costs	\$1,310,000
Total		<u>\$307,500,000</u>	Total	<u>\$307,500,000</u>

JOBS

Current employment: 1,578 FTEs	Projected new jobs: 61 FTEs
Jobs retained: 1,578 FTEs	Construction jobs: 350 jobs

BUSINESS SUMMARY

Background: The Sherman Health System (the "System") is one of the largest networks of healthcare facilities in the far northwest suburbs of Chicago, Illinois. The System offers a comprehensive array of services through Sherman Health Systems (the "Parent Corporation"), Sherman Hospital (the "Hospital"), Sherman West Court (the "Nursing Home"), Sherman Home Health Care Corporation ("Home Care"), Sherman Health Foundation (the "Foundation"), Health Visions Inc. ("Health Visions") and certain joint ventures.

The Hospital owns and operates the Hospital Facility, which is located in Elgin, Illinois, approximately 38 miles northwest of Chicago. The Hospital was formed in 1945 when the ownership and administration of the Hospital Facility was assumed by the Sherman Hospital Association. Over its history, the Hospital Facility has expanded its capacity to meet the growing demand for care; its present licensed capacity of 363 beds and 47 bassinets was established in 1996. The Hospital Facility currently has 258 staffed beds (234 acute beds and 24 sub-acute beds) and had an occupancy rate for staffed beds for the fiscal year ended April 30, 2006 of 64.7% for acute beds and 78.0% for sub-acute beds.

CON Litigation: On June 7, 2006, the Illinois Health Facilities Planning Board granted the Parent Corporation and the Hospital a permit (the "Permit") to build a 255-bed replacement hospital in Elgin, Illinois. Provena Health and Provena Hospitals filed suit on July 13, 2006 in the Circuit Court of Cook County, Illinois challenging the Permit. A hearing was scheduled on the challenge for October 25, 2006, and on July 5, 2007, the court ruled in favor of Sherman. The Plaintiff's motion to reverse the Board's grant of Sherman's Certificate of Need ("CON) was denied, and the Defendants' motion to affirm the CON Board's decision granting Sherman's Certificate of Need was granted.

On July 17, 2007, Provena filed notice to appeal the circuit court ruling.

The documents securing the notes (the "Notes") will provide for a special redemption of the Notes from unexpended Note proceeds deposited in the project account and from other funds of the Hospital in the event that the litigation challenging the Permit is appealed and ultimately successful and the construction of the replacement hospital cannot be completed. In the case that the litigation against Sherman is successful, Sherman would most likely use unspent bond proceeds, cash reserves and/or a taxable external financing to take out the debt

Description: The principal operating corporation in the System is the Hospital, which owns and operates Sherman Hospital in Elgin, Illinois. Sherman hospital is an acute care hospital providing a broad range of inpatient and outpatient services. Sherman Hospital has provided residents of the northwest suburbs of Chicago with healthcare services for over a century.

Service Area: Sherman Hospital and the nursing facility operated by the Nursing Home are located in Elgin, Illinois, approximately 30 miles northwest of Chicago, Illinois. The primary service area includes the cities and surrounding communities of Elgin, South Elgin, Huntley, Algonquin, Lake in the Hills, Dundee, Carpentersville, Bartlett, Streamwood and Crystal Lake. The primary service area ("PSA") accounted for 86% of admissions in 2005. The secondary service area ("SSA"), consisting of surrounding communities in Kane, McHenry, DuPage and Cook Counties, accounted for 14% of admissions in 2005.

PROJECT SUMMARY

On June 7, 2006, the Illinois Health Facilities Planning Board granted the Parent Corporation and the Hospital a permit (the "Permit") to build a 255-bed replacement hospital in Elgin, Illinois. The new money portion of the financing will be used to finance: the construction and equipping of a replacement hospital campus, on the property located on the northeast corner of the intersection of Big Timber Road and Randall Road, in Elgin, IL, approximately 4.5 miles from the existing hospital.

FINANCING SUMMARY

Security/Collateral: The Bonds will constitute Parity Obligations of the Sherman Health Obligated Group, secured by a note under Sherman Health's Master Trust Indenture.

Structure: Preliminary plan of finance contemplates one or more of the following structures: i) Uninsured Fixed Rate Bonds ii) Insured Auction Rate Bonds, iii) Morgan Stanley Floating Rate Notes

Maturity: 2047

Credit Rating: A+/Baa1, (S&P/Moody's) current ratings.*

ECONOMIC DISCLOSURE STATEMENT

Project name: Sherman Health System and Sherman Hospital
Location: 934 Center Street
Elgin, IL 60120
Applicant: Sherman Health System and Sherman Hospital
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board of Directors: Richard Jakle (Chairman, Sherman Health Systems)
Terry Dunning (Chairman, Sherman Hospital)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	McGuire Woods LLP	Chicago	Kevin Dougherty
Bond Counsel:	Jones Day	Chicago	Lynn Coe
Financial Advisor	Kaufman Hall	Chicago	Therese Wareham
Underwriter:	Morgan Stanley	Chicago	Bruce Gurley
Underwriter's Counsel:	Sonnenschein Nath & Rosenthal LLP	Chicago	Steve Kite
Bond Trustee:	Bank of New York	Chicago	Jeffrey Kinney
Accountant	McGladrey and Pullen	Chicago	Jim Grigg
Issuer's Counsel:	Office of Kevin Cahill	Chicago	Kevin Cahill

LEGISLATIVE DISTRICTS

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

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Sedgebrook Retirement Community

STATISTICS

Project Number:	H-HO-TE-CD-7137	Amount:	\$150,000,000 (Not to exceed amount)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Dana Sodikoff
Locations:	Lincolnshire		

BOARD ACTION

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

Bond proceeds will be used to: 1) finance the purchase deposit for the option to purchase Sedgebrook Retirement Community, 2) fund a debt service reserve fund, and 3) pay for cost of issuance.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense. 501(c)(3) bond issues do not require Volume Cap.

VOTING RECORD

The IFA gave its approval for a Preliminary Bond Resolution on July 10, 2007 by the following vote:

Ayes: 11 Nays: 0 Abstentions: 0 Absent: 3 Vacancies: 1

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	\$137,000,000	Uses:	Purchase Option	\$125,000,000
	Trustee Held Funds			Debt Service Reserve Fund	8,900,000
	Equity Contribution*			Issuance Costs*	2,950,000
				Swap Unwind Cost	150,000

Total \$137,000,000 Total \$137,000,000

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

JOBS

Current employment: 97
Jobs retained: 97

Projected new jobs: 1000
Construction jobs: 960

BUSINESS SUMMARY

Project Background: Sedgebrook is a continuing care retirement community (“CCRC”) located in Lincolnshire, Illinois and is currently being developed in phases by Erickson Retirement Communities (“Erickson”). The first phase of the CCRC (which consists of five residential buildings and a community building) is expected to be completed in October of 2007. The CCRC will ultimately consist of three phases which are similar in size and scope as the first phase which will be completed in October. When and if completed as currently planned, the CCRC will ultimately consist of three residential neighborhoods, with a total of 1,390 independent living units, plus a healthcare unit which will consist of 96 assisted living units, and 132 skilled nursing units.

Sedgebrook currently leases the community from the landowner, Lincolnshire Campus, LLC (“LC”), a wholly-owned subsidiary of Erickson Retirement Communities. During the development of this project, Sedgebrook receives the initial entry fees from the residents and loans these fees to LC, under the Community Loan. The Community Loan is utilized by Erickson to develop the CCRC in conjunction with construction loans. **The Series 2007 Bonds are being issued to fund the Purchase Option Deposit, which gives Sedgebrook the right to purchase the CCRC, for \$125 million, consisting of all three neighborhoods and the healthcare unit, valued at approximately \$302 million upon completion. In other words, this bond financing of \$150 million will be used along with the entry fees to complete the entire project and will entitle Sedgebrook to purchase the entire CCRC valued on completion, at approximately \$302 million.** (The Existing Purchase Option Deposit Structure gives Sedgebrook the right to purchase the community upon completion by forgiveness of the then outstanding Community Loan balance plus a cash payment equal to the purchase deposit amount of \$125 million).

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

Developer Background: Erickson is a developer and manager of large continuing care retirement communities offering affordable living accommodations, related health care and support services to a target market of middle income seniors age 62 and older. Erickson was originally formed as a corporation in 1983 to develop and operate large campus style continuing care retirement communities and became a limited liability company in 1997. Erickson currently manages four completed operating continuing care retirement communities – Charlestown Retirement Community in Baltimore, Maryland, Oak Crest Village in Parkville, Maryland, Greenspring Village in Springfield, Virginia and Henry Ford Village in Dearborn, Michigan – which serve a total population of approximately 8,000 residents. In addition to the CCRC and the completed

communities, Erickson is currently developing, constructing and/or managing 13 other continuing care retirement communities in various stages of development, and is exploring the development of several other continuing care retirement communities, throughout the United States. As of December 31, 2006, the aggregate number of residents served by continuing care communities managed by the Manager was approximately 19,000.

Erickson as a manager has historically filled and maintained occupancy of nearly 99% in its completed communities. Erickson traditionally has developed a very deep waiting-list at each community.

Additionally, Erickson has agreed to be an additional Indemnitor on the Loan Agreement and the Bond Purchase Agreement.

Occupancy: Lincolnshire Campus, LLC, a limited liability company wholly-owned by Erickson Retirement Communities has entered into a purchase option agreement with Sedgebrook Retirement Community which gives Sedgebrook the right to purchase the CCRC upon completion. As of May 30th, Sedgebrook has the first four buildings open, with 228 units occupied and 51 units reserved out of 406 units. The total occupied and reserved units is 69%. Sedgebrook has a waiting-list of 283 people and has been averaging 10 conversions a month. The purchase option is granted in exchange for the purchase deposit, which will be used to repay the construction loan borrowed by Lincolnshire Campus, LLC and used to finance the construction of the CCRC. The Series 2007 Bonds are being issued to fund the purchase deposit for Sedgebrook.

Appraisal: Michael G. Boehm of Senior Living Valuation Services, Inc, a recognized appraisal firm, prepared an appraisal report for Sedgebrook at Lincolnshire as of January 11, 2004. This report states:

Market Value As Is @ January 11, 2004

Based on an inspection of the property and the investigation and analyses undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the fee simple going concern market value of Sedgebrook at Lincolnshire, as is (a development project and including land value), as of January 11, 2004, is: \$27,225,000.

Phase I Only- Prospective Market Value At Completion of Construction @ May 1, 2005

Based on an inspection of the property and the investigation and analyses undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the fee simple going concern market value of Phase I of Sedgebrook at Lincolnshire, at the estimated completion of construction of the first residential building of Phase I, projected to be May 1, 2005, and not including a deduction for the costs to complete the remaining buildings of Phase I, will be: \$136,800,000

Phase I Only- Prospective Market Value at Full Occupancy Stabilization @ August 1, 2008

Based on an inspection of the property and the investigation and analyses undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the prospective fee simple going concern market value of Phase I of Sedgebrook at Lincolnshire, at the estimated full occupancy stabilization date of Phase I, projected to be August 1, 2008, and including the gross value of the first generation entry fees for Phase I only and not including the value for the partially completed and open Phase II, will be: \$180,875,000

Prospective Market Value At Phase III Full Occupancy Stabilization @ August 1, 2013

Based on an inspection of the property and the investigation and analyses undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in the report, that the fee simple going concern market value of Phases I, II and III of Sedgebrook at Lincolnshire, at the estimated full occupancy stabilization date of Phase III, projected to be August 1, 2013, and including the gross value of the first generation entry fees for Phase III only, will be: \$302,825,000

Swap Background: Sedgebrook entered into a cash settle swap (rate lock) in September of 2006, which will settle prior to closing. When Sedgebrook entered into the swap, they believed that interest rates would increase prior to their financing and they did not anticipate a cost to unwind. Sedgebrook believed they were locking in the then low rates for the upcoming Series 2007 financing. The rates since the swap have in fact decreased, and Sedgebrook will be required to pay a termination fee, currently anticipated to be \$150,000 Bond Counsel has determined that this is eligible for tax-exempt borrowing cost. The Illinois Finance Authority identified the swap at the time it was entered into.

Feasibility Study: The feasibility study has been completed by Dixon Hughes and shows 1.75x coverage or better in the first year of stabilized occupancy. Dixon Hughes has determined that the financial forecast indicates that sufficient funds could be generated to meet the Corporation's operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with the proposed Series 2007 Bonds, during the forecast period. However, the achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured.

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

Service Area: Sedgebrook is located in Lincolnshire and is being developed to serve the needs of the elderly population of the north and northwest suburbs of Chicago.

Outstanding Tax-

Exempt Bonds: Sedgebrook currently does not have any existing tax-exempt bonds

Tax Opinion: Bond Counsel, McGuire Woods, will be issuing a tax opinion regarding the structure of this transaction. It will address the relationship between the builder and the not-for-profit as being an "arm's length" relationship. Additionally, the IFA retained special tax counsel, Jones Day, to review the tax-exempt status of the structure of the transaction. Jones Day has reviewed the proposed structure and expects to be able to provide the IFA Board with a Memo stating that it is reasonable to accept McGuire Woods' bond counsel opinion regarding the tax-exempt status of the bonds.

PROJECT SUMMARY

The proceeds of the proposed bond deal will be used to 1) finance the purchase deposit for the option to purchase the CCRC from Lincolnshire Campus, LLC, 2) fund a debt service reserve fund, and 3) pay for cost of issuance. In addition, Sedgebrook entered into a cash settle swap in September of 2006 which will be terminated in association with the Series 2007 financing. The termination payment is anticipated to be funded with Series 2007 bond proceeds.

Sedgebrook and Lincolnshire Campus, LLC have entered into a purchase option agreement which gives Sedgebrook the right to purchase the CCRC upon completion. At the time of completion, the value of the CCRC is anticipated to be greater than the purchase option price that has been agreed to. The Series 2007 Bonds are being used to finance the purchase deposit for the granting of the purchase option. The Series 2007 Bonds are assumed to be comprised of tax-exempt letter of credit enhanced variable rate demand bonds and unrated unenhanced fixed rate bonds. A full market and financial feasibility study will be prepared by Dixon Hughes, a nationally recognized accounting, audit, tax and consulting firm, in connection with the issuance of the Bonds. It is expected that the CCRC will have over 1.75x coverage of debt service in the first full year of stabilized occupancy.

FINANCING SUMMARY

Security/Collateral: A first mortgage on the entire project, land and buildings; guarantee from Erickson through stabilized occupancy; subordinated management fees through stabilized occupancy, and gross revenue pledge. Covenants and other legal provisions are expected to be consistent with those in use for similar financings.

Structure: The Series 2007 Bonds are anticipated to include a total of approximately \$40 million of Letter of Credit enhanced variable rate demand bonds and approximately \$105 million of unrated unenhanced fixed rate bonds. The Letter of Credit enhanced variable rate demand bonds have an anticipated rating of AA+ (long-term rating) based on a Letter of Credit from Sovereign Bank and a confirming Letter of Credit from Fortis Bank.

Maturity: The Series 2007 Bonds are expected to have a final maturity in 2037.

Credit Rating(s): The Letter of Credit enhanced variable rate demand bonds will have a rating consistent with the Letter of Credit provider's public rating. The Series 2007 fixed rate bonds are not expected to be rated.

Waiver: The bonds will be sold in denominations less than \$100,000 (i.e. \$5,000). The Borrower has requested a waiver of our unrated and non-credit enhanced debt policy. They expect to meet the conditions for a waiver, which they qualify for.

Conditions for Waiver: The Borrower has secured a feasibility study** from an independent and qualified accounting or consulting firm acceptable to the Authority demonstrating the financial viability of the project

**A full market and financial feasibility study has been prepared by Dixon Hughes, a national accounting firm that provides financial forecast and feasibility studies with the senior living industry, in connection with the issuance of the Bonds.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Sedgebrook, Inc.
701 Maiden Choice Lane
Baltimore, Maryland 21228

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

State: Maryland; qualified to do business in Illinois (Erickson – Illinois, Maryland, Florida, Michigan, Virginia, Massachusetts, Colorado, Kansas, Texas, Pennsylvania, and New Jersey)

Board of Directors: Rod Coe – Chair
Harold Ashby
Jim Hayes

PROFESSIONAL & FINANCIAL

Bond Counsel:	McGuire Woods LLP	Chicago	Emery McGill
Underwriter:	Ziegler Capital Markets	Chicago	Tom Brode Steve Johnson Mike Taylor
Underwriter's Counsel:	Ballard Spahr Andrews & Ingersoll, LLP	Baltimore, MD	Teri Guarnaccia
Bond Trustee:	M&T Bank	Baltimore, MD	Dante Monakil
Accountant:	Price Waterhouse Coopers LLP	Baltimore, MD	Steve Luber
Feasibility Consultant:	Dixon Hughes	Atlanta, GA	Tonya Bodie
Issuer's Counsel:	Charity & Associates	Chicago	Alan Bell
Issuer's Special Tax Counsel:	Jones Day	Chicago	David Kates
IFA Advisor:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago Chicago	Bill Morris Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 10- Mark Steven Kirk

State Senate: 30- Terry Link

State House: 59- Kathleen A. Ryg

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: August 7, 2007

Re: Overview Memo on Albany Care, LLC Project

This memorandum summarizes: (i) the Albany Care LLC project, (ii) the proposed structure, and (iii) identifies and responds to specific questions as requested by the IFA Board of Directors at the July 12th Executive Committee Meeting. The IFA Board Summary Report follows this memorandum.

Project Overview:

- The Albany Care LLC facility is a 417-bed, privately-owned, intermediate care nursing home that serves the mentally ill in Evanston.
- Because this nursing home is privately owned, the project does not qualify for tax-exempt bond financing.
- The project is currently financed with a conventional mortgage loan with an outstanding principal balance of approximately \$10.8 million.
- Although the requested not-to-exceed amount of the financing request is \$42 million, the anticipated issuance amount will ultimately be determined by the fair market value appraisal (which remains a work-in-progress as of 7/31/2007). The proposed bond issue will finance an anticipated 80% of appraised fair market value. The anticipated bond issue amount is approximately \$38.53 million.

Overview of Financing Plan and Proposed Uses of Funds:

- Albany Care LLC's request to IFA is for an amount not-to-exceed \$42 million of Taxable Bond financing (estimated pre-appraisal Par amount is \$38.53 million).
- As proposed, proceeds of the IFA Bonds would be used as follows:
 1. to finance an approximately \$10.8 million refinancing of an existing (taxable) conventional mortgage loan;
 2. to capitalize a proposed \$21.8 million Operating Reserve that would be available to finance any capital improvements required by the Illinois Department of Public Health for the first three years after the subject bonds are issued subject to the following draw schedule that would be managed by the Bond Trustee:
 - up to one-third of this Operating Reserve could be withdrawn each year to fund any required repairs or capital expenditures
 - the Owners would be required to provide certified statements to the Bond Trustee regarding each of the three scheduled draws from the Operating Reserve, in order to authorize the Trustee to release funds
 - in the event the Operating Reserve funds are not required to fund capital expenditure, they would be available for withdrawal by the owners
 3. The remaining \$5.9 million of bond proceeds would be used to (i) capitalize a Debt Service Reserve Fund (\$3.0 million), (ii) capitalize a Replacement Reserve in an amount consistent with HUD underwriting requirements for Section 232 Nursing Home financings (\$417,000), and (iii) pay costs of issuance (\$1.3 million).
- Bond counsel (Greenberg Traurig LLP) and underwriter's counsel (Barnes & Thornburg LLP) have reviewed the proposed financing structure and uses of proceeds and have concluded that

the proposed application of proceeds for the Operating Reserve as specified in this proposal is consistent with IFA's statute and is allowed under both State of Illinois and federal law.

- The Illinois Department of Public Health determines capital cost reimbursements. The proposed refinancing will not affect Albany Care's capital cost reimbursements from the State of Illinois.

Proposed Structure:

- Non-rated, unenhanced Bonds sold in minimum denominations of \$100,000 to institutional investors pursuant to IFA's Bond Program Handbook.
- Bonds will be sold to institutional investors on the basis of capitalized Net Operating Income – the same basis that project-based Commercial Mortgage Backed Securities are used to provide direct investor-based financing to many classes of commercial real estate (e.g., shopping centers, hotels, apartment buildings) that produce stabilized income and satisfy standard loan-to-appraised value requirements.
- Historical and Projected NOI statements assume (1) an approximately \$38.53 million IFA Taxable Bond issue, (2) IFA Taxable Fixed Rate Bonds issued at an interest rate of 7.0%, and (3) level debt service payments of approximately \$3.007 million based on a 30 year amortization.
- Stabilized income with historical vacancy and collection loss rates of 8.0% in 2004, 9.9% in 2005, and 9.1% in 2006. The 2007-2010 projections assume a 9.1% vacancy and collection loss rate (or 90.9% capacity utilization).
- Highlights of Historical Performance:
 - Per diem Medicaid Reimbursements over the last three calendar years averaged \$85.07 in 2004, \$90.15 in 2005, and \$92.08 in 2006
 - Net Resident Income per Resident Day (i.e., Medicaid plus private pay, VA, and deduction of the Illinois Nursing Home License Fee) was \$85.52 per Resident Day in 2004, \$91.14 in 2005, and \$92.79 in 2006.
 - Albany Care was filled 92.0% of capacity in 2004, 90.1% to capacity in 2005 and 90.9% of capacity in 2006.
 - These capacity rates, however, do not bedhold reimbursements from Medicaid (which covers residents who are temporarily hospitalized).
 - These Medicaid bedhold reimbursements totaled \$210,000 in 2004, \$313,000 in 2005 and \$292,000 in 2006, and would have been sufficient to increase equivalent capacity utilization to an estimated 93.8% in 2004, 92.7% in 2005, and 93.2% in 2006.
- Projected debt service coverage of 1.39 times or better going forward based on the proposed bond debt service payments, which assume (1) a \$38.53 million Par amount, (2) a 7.0% Fixed Taxable Interest Rate, (3) a 30 year amortization, and (4) a 90.9% capacity utilization rate (i.e., a 9.10% vacancy and collection loss rate), which is more conservative than the historical capacity utilization rate after adding back bedhold reimbursements.
- Historical Net Operating Income was sufficient to provide coverage of the proposed IFA Series 2007 Bonds by multiples of 1.29, 1.36, and 1.41 times from 2004-2006.
- The MAI appraisal remains a work-in-progress and remains forthcoming as of 7/31/2007.
 - The prospective institutional investors will limit the Par amount of the Bonds to 80% of appraised fair market value (as determined by the income approach).
 - Accordingly, applying an 80% LTV lending limit to the proposed Bonds would result in an approximately \$(forthcoming) bond issue and will determine the amount of the Operating Reserve.
- Significantly, the subject property would have attained minimum 1.36x debt service coverage in both 2005 and 2006, based on historical NOI applied to the proposed \$3.007 million of annual level debt service payments associated with the proposed Series 2007 IFA Taxable Bonds.

- Thus, based on historical performance, in both 2005 and 2006, the subject property would have attained the minimum 1.35x debt service coverage standard required for HUD (FHA Section 232) private nursing home financings that receive 85% LTV financing (or credit enhancement).

Recap of Follow-up Questions from July Executive Session:

Responses to four specific questions identified by the IFA Board at the July 12th Executive Committee Meeting are summarized below.

- 1. (a) Would the members of Albany Care LLC be willing to invest a significant additional amount in voluntary improvements to upgrade the appearance of the facility? (b) If so, what amount?**
 - (a) Although the Borrower indicated a willingness to consider this, the Borrower has indicated that the engineering report does not indicate that any additional capital expenditures will be required. Additionally, the Borrower has indicated that depending on the nature of the improvements, the Illinois Department of Public Health (and Central Management Services) could be required to increase the Medicaid per diem reimbursement for capital costs on the property.
 - (b) Although they are willing to consider this, it is not their intention to increase the capital cost portion of their Medicaid reimbursement as a result of this financing.
- 2. What have historical vacancy/collection loss rates been over the past 3 years?**
 - Stabilized property with historical vacancy and collection loss rates of 8.0% in 2004, 9.9% in 2005, and 9.1% in 2006. The 2007-2010 projections assume a 9.1% vacancy and collection loss rate (i.e., a 90.9% capacity utilization rate).
 - Alternately, Albany posted historical capacity utilization of 92.0%, 90.1% and 90.9%, respectively from 2004 to 2006.
 - After adding back Medicaid temporary bedhold payments (i.e., Medicaid payments to hold unoccupied beds for temporarily hospitalized residents), adjusted historical capacity utilization rates were 93.8% in 2004, 92.7% in 2005, and 93.2% in 2006.
- 3. What have per diem reimbursement rates been over the past 3 years?**
 - Per diem Medicaid Reimbursements per Resident Day over the last three calendar years averaged \$85.07 in 2004, \$90.15 in 2005, and \$92.08 during calendar 2006
 - a. Total Net Resident Income per Resident Day (Medicaid, plus private pay and Veterans Administration payments before payment of the Illinois Nursing Home License Fee) over the last three calendar years averaged \$87.15 in 2004, \$92.81 in 2005, and \$94.40 in 2006.
 - i. Net Resident Income (*after deduction of Illinois Nursing Home License Fee*) was \$85.52 per Resident Day in 2004, \$91.14 in 2005, and \$92.79 in 2006.
 - b. Albany Care was filled 92.0% of capacity in 2004, 90.1% to capacity in 2005 and 90.9% of capacity in 2006.
 - i. These capacity rates, however, do not bedhold reimbursements from Medicaid (which covers residents who are temporarily hospitalized).
 1. These Medicaid bedhold reimbursements totaled approximately \$210,000 in 2004, \$313,000 in 2005 and \$292,000 in 2006
 2. Total Capacity Utilization after adding back Medicaid bedhold reimbursements would have been 93.8% in 2004, 92.7% in 2005, and 93.2% in 2006.

- 4. Are the members of Albany Care, LLC willing to provide personal guarantees to secure the Bondholders?**
- The Member of the Borrower do not wish to provide personal guarantees to further secure the proposed Bondholders because:
 - a. Other Issuers and institutional investors will not require the personal guarantees as a financing condition.
 - b. It was suggested that this personal guarantee requirement could create some additional ongoing financial disclosure requirements for the Members of Albany Care LLC. This is a condition that would require additional due diligence by securities lawyers as well to see if this requirement would result in the Members of Albany Care LLC being required to disclose personal financial statements to the SEC.
- 5. Appraisal Update:** Because the appraisal will be the key determinant for sizing the prospective issue and the cash take-out, IFA staff has recommended to the Borrower that given the appraisal report will not be available prior to the August 7th Board Meeting, it would be helpful for the appraiser to provide a prospective range of values by Monday August 6th, if possible, in advance of the Tuesday August 7th Executive Committee Meeting to facilitate discussion.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007

Project: Albany Care LLC

STATISTICS

IFA Project:	H-NH-TX-CD-7124	Amount:	\$42,000,000 (not-to-exceed amount)
Type:	Taxable Bonds	IFA Staff:	Rich Frampton
Location:	Evanston		

BOARD ACTION

Preliminary Bond Resolution

Conduit Taxable Health Care Revenue Bonds and Revenue Refunding Bonds

No IFA Funds at risk

Staff recommends approval subject to the following condition:

- Bonds, if sold on a non-rated, sub-investment-grade, or non-credit-enhanced basis, must be sold in minimum denominations of \$100,000 to Accredited Investors, consistent with provisions in IFA's Bond Program Handbook. RBC Capital Markets, Inc. has agreed to sell the subject bonds consistent with policies specified in IFA's Bond Program Handbook.

PURPOSE

The IFA Series 2007 Taxable Bonds will finance new capital improvements, fund an operating reserve (repair and replacement) reserve, a debt service reserve fund, and refinance an existing taxable loan for the Albany Care intermediate care nursing home facility for the mentally ill in Evanston.

IFA CONTRIBUTION AND PROGRAM

IFA will issue conduit Taxable Revenue Bonds to provide permanent financing for this project. Because this project is owned by a for-profit entity, this project does not qualify for tax-exempt bond financing. No IFA financial resources aside from usage of the Authority's debt limit will be provided.

VOTING RECORD

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

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

Sources:	IFA Taxable Series		Uses:	Refinancing Existing	
	2007A Bonds:	\$38,530,000		Conventional Loan:	\$10,827,000
	Equity:	=		Capital Improvements	
				Allowance	1,044,000
				**Deposit to	
				Operating	
				Reserves:	21,841,625
				Debt Svc. Res. Fund	3,007,300
				Replacement Reserve	417,000
				Costs of Issuance	<u>1,393,075</u>
Total		\$38,530,000	Total		\$38,530,000

**Bond proceeds deposited to the Operating Reserve Account will be held in escrow by the Bond Trustee for a three-year period. This Operating Reserve Fund will be used initially to finance any capital improvements, renovations, and rehabilitation to the facility required at any time over the next three years by the Illinois Department of Public Health. Once such improvements are completed satisfactorily -- pursuant to certification provided to the Bond Trustee -- an amount equal to 33.3% of the remaining proceeds each year may be distributed to the Borrower.

JOBS

Current employment:	180	Projected new jobs:	N/A (Refinancing)
Jobs retained:	N/A	Construction jobs:	5 (2 months) [with potentially more over the next three years depending on improvements financed from Operating Reserve draws]

BUSINESS SUMMARY

Organization: **Albany Care, LLC (the “Borrower”)** is an Illinois limited liability company established in 1995, as a special purpose entity to own and lease the Albany Care Nursing Home in Evanston to **Albany Care, Inc. (the “Operating Company”)**.

Albany Care, Inc. is an Illinois S Corporation established in 1991 to own the Albany Care Nursing Home.

Albany Care LLC and Albany Care, Inc. have many of the same principals. The Economic Disclosure Statement section of this report (see pp. 4-5) discloses owners of more than 7.5% of both the Borrower and the Operating Company.

Ownership of both the Borrower and Operating Company is controlled by private individuals. Accordingly, this project is ineligible for tax-exempt bond financing.

Background on
 the Nursing
 Home:

Albany Care, Inc. operates (via a contract to a related management company) a 417 licensed bed intermediate care facility for the mentally ill licensed by the **Illinois Department of Public Health (“IDPH”)**.

The Albany Care facility (the “Property”) was originally constructed in 1930. The property is a 7-story building, comprised of 135 rooms with three elevators.

Albany Care, Inc. initially obtained its Certificate of Need to operate the subject facility as an intermediate care nursing home facility for the mentally ill in 1991 and initiated operations in 1991. The Facility has been owned by its current owners (or affiliates) since 1991.

The Facility was operating in compliance with all IDPH license requirements as of 7/20/2007, according to representations by the Applicant.

The Project's common facilities include two elevators, 52 parking spaces, a laundry room, lobby, a library, and a theatre.

Background on
Intermediate Care
Facilities for the
Mentally Ill:

Intermediate Care Facilities for the Mentally Ill serve individuals diagnosed as mentally ill by a designated Mental Health Agency. These facilities are required to provide a continuous specialized service program for each individual and must be approved to live in this type of facility. Albany Care is a Veterans Administration – approved facility.

Albany Care and other Intermediate Care Facilities for the Mentally Ill serve residents who cannot live in the community without additional supportive services and programs subject to licensure, regulation, and annual inspection by the Illinois Department of Public Health. Albany Care serves mentally ill residents between the ages of 18 and 84 and provides the following services:

- 24-hour nursing care with medication management
- Medical and psychiatric rehabilitation services
- Meals and nutritional support
- Case management services
- Job training and therapeutic work programs
- Structured and diverse activity program and daily events
- Recreational activities
- Library and theatre, on premises
- Psycho-social programming
- Transportation van
- Discharge planning and community reintegration

Background on
Management
Company and
Affiliates:

S.I.R. Management, Inc. is a Lincolnwood-based management company established in 1989 that specializes in managing nursing homes for residents with mental illnesses. Subsequently, S.I.R. has expanded its scope of operations to include other types of skilled nursing facilities.

S.I.R. currently has 1,811 licensed nursing home beds under management located in eight licensed facilities in the Chicago metropolitan area and in Rockford. All eight facilities are licensed by the IDHHS and were in good standing as of 5/17/2007 according to the Applicant.

S.I.R.'s principal owners include several key owners of both the Borrower and the Operating Company (see Economic Disclosure Statement on pp. 4-5 for more information).

All eight facilities that S.I.R. manages are privately owned and have overlapping ownership with the Borrower and Operating Company.

FINANCING SUMMARY

Bondholder

Security/

Collateral: The IFA Series 2007 Taxable Bonds will be sold by RBC Capital Markets, Inc. on a non-rated basis to Accredited Investors in minimum denominations of \$100,000 in accordance with IFA’s Bond Program Handbook. Bondholders will be secured by a first mortgage on the subject facility, a collateral assignment of rents, leases, and contractual payments. The proposed IFA Series 2007 Taxable Bonds will not be credit enhanced. The Bonds will be non-recourse to both the members of the Borrower and shareholders in the Operating Company. Bondholders will be secured exclusively by the project assets.

Structure/Est.

Interest Rates/

Amortization: The Series 2007 Bonds will be sold as Taxable Fixed Rate Bonds at a coupon rate of 7.00% fixed with level principal and interest payments amortized over 30 years. The True Interest Cost is estimated at approximately 7.13%.

PROJECT DESCRIPTION FOR IFA PRELIMINARY BOND RESOLUTION

Bond proceeds will be used by Albany Care, LLC (i) to refinance existing taxable mortgage debt at Albany Care, Inc.’s intermediate care nursing home for the mentally ill located at 901 Maple Ave., in Evanston (Cook County), IL 60202-1717, (ii) to capitalize a capital improvement fund, (iii) to capitalize a replacement reserve fund, (iv) to capitalize an operating reserve escrow fund, (v) to fund capitalized interest, (vi) to fund a debt service reserve fund, (vii) to pay costs of issuance, and (viii) to finance financing-related soft costs. Collectively, these costs will comprise the “Project”.

A summary of the refinancing costs, capital improvements budget, and deposits to the Operating Reserve as currently proposed:

Refinancing	\$10,827,000
Capital Improvements allowance:	1,044,000
Deposits to Operating Reserve	<u>21,841,625</u>
Total	\$33,712,625

ECONOMIC DISCLOSURE STATEMENT

Applicant: Albany Care, LLC, an Illinois limited liability company (c/o Mr. Thomas Winter, CPA, RIS Management, Manager, c/o S.I.R. Management, Inc., 6840 N. Lincoln Avenue, Lincolnwood, Illinois, 60712; Ph.: 847-675-7979)

Alternate

Contact: Mr. Martin Willis, Borrower’s Consultant, Martin Financial Corporation, 1435 William Street, Flossmoor, IL 60422; Ph.: 708-206-1015 and 312-933-3100; e-mail: marty.willis@yahoo.com

Project name: Albany Care, Inc.

Location: 901 Maple Avenue, Evanston, IL 60202

Organization:	Limited Partnership	Operating Company:	Limited Liability Company
State:	Illinois		Illinois

Ownership of

Applicant: Albany Care LLC, an Illinois limited liability company:

- **Manager (1.48%):**
 - RIS Management, Inc., Lincolnwood, Illinois:
 - Bryan G. Barrish, President
 - Thomas Winter, Treasurer
 - Michael R. Giannini, Secretary
 - Eric A. Rothner, VP

- **Members (98.52%):**
 - Individuals with a 7.5% or greater ownership interest include the following:
 - Bryan G. Barrish
 - Julianna R. Barrish
 - Michael R. Giannini
 - Celeste Giannini
 - Abe Matthew
 - Norman Matthew
 - R&L Associates: 16.43% -- no single individual owns a sufficient ownership interest in R&L Associates (i.e., 45.6%) to require further disclosure (i.e., an effective membership interest of 7.5% or greater in Albany Care LLC).

Operating Company/Tenant: Albany Care, Inc., Lincolnwood, IL

- Individuals with a 7.5% or greater ownership interest include the following:
 - Bryan G. Barrish, President: 7.31%
 - Gale Rothner, VP
 - Thomas Winter, Treasurer
 - Julianna R. Barrish, Secretary: 7.31%
 - Norman Matthew, 10.60%
 - Michael R. Giannini, 7.31%
 - Celeste Giannini: 7.31%

Management Agent:

S.I.R. Management, Inc., Lincolnwood, Illinois:

- Individuals with a 7.5% or greater ownership interest include the following:
 - Eric A. Rothner, President
 - Gale Rothner, VP
 - Thomas Winter, Treasurer
 - Julianna R. Barrish, Secretary

Ownership of Subject Property:

The subject property is currently owned by the Applicant (Albany Care, LLC) and leased to the Operating Company (Albany Care, Inc.), both of which have many overlapping shareholders (and members) – see above.

PROFESSIONAL & FINANCIAL

Counsel:	Michael Margolies	Skokie, IL	Michael Margolies
Outside CPA:	Frost Rittenberg & Rothblatt, P.C.	Deerfield, IL	
Bond Counsel:	Greenberg Traurig, L.L.P.	Chicago, IL	Matt Lewin
Underwriter:	RBC Capital Markets, Inc.	Chicago, IL	Tod Miles
Underwriter's Counsel:	Barnes & Thornberg LLP	Chicago, IL	Darren Collier
Borrower Consultant:	Martin Financial Corporation	Flossmoor, IL	Marty Willis
Credit Enhancement:	Not applicable		
Trustee:	Bank of New York	Chicago, IL	
Management Agent:	S.I.R. Management, Inc.	Lincolnwood, IL	Thomas Winter
Engineering Study:	Professional Service Industries, Inc.	Hillside, IL	
Appraiser/Market Study:	MAI Appraiser to be determined satisfactory by RBC Capital Markets, Inc. and their counsel. The identity of the appraiser and the results of the appraisal/market study will be incorporated into the final report for this project, which will be prepared in connection with the Final Bond Resolution.		
Issuer's Counsel:	Sonnenschein Nath & Rosenthal LLP	Chicago, IL	Steve Kite
Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, LLC	Chicago, IL	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	9	Janice D. Schakowsky
State Senate:	9	Jeffrey M. Schoenberg
State House:	18	Julie Hamos

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Christian Heritage Academy

STATISTICS

Number:	N-PS-TE-CD-7159	Amount:	\$8,300,000
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Locations:	Northfield	SIC Code:	8211

BOARD ACTION

Preliminary Bond Resolution	No Extraordinary conditions
Conduit	Staff recommends approval
No IFA funds at risk	

PURPOSE

Proceeds will be used to (i) refund outstanding indebtedness, (ii) finance the expansion and renovation of a campus gymnasium and multi-purpose room, and other campus renovations, (iii) capitalize interest, and (iv) fund professional and bond issuance costs.

IFA PROGRAM AND CONTRIBUTION

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

VOTING RECORD

Preliminary Bond Resolution; no prior vote.

SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	\$ 8,300,000	Project Costs	\$ 5,180,000
Capital Campaign funds*	1,110,000	Refunding	\$ 4,800,000
Asset Sale**	600,000	Capitalized interest	280,000
Lease Payments*	<u>500,000</u>	Legal and professional costs	<u>250,000</u>
Total	<u>\$10,510,000</u>	Total	<u>\$10,510,000</u>

* Lease and capital campaign information is discussed in the Financial Summary section of this report.

** Sale of building and land to Montessori School

JOBS

Current employment:		Projected new jobs:	14
Jobs retained:	N/A	Construction jobs:	50 (12 months)

BUSINESS SUMMARY

Background: Christian Heritage Academy (the “Applicant”, the “Academy”) is a private, non-denominational school providing educational services for students in pre-school through grade eight. The Academy is an Illinois 501(c)(3) corporation as designated by the Internal Revenue Code. The Academy was incorporated in Illinois in 1983. In 1994, the Academy purchased its campus, which was the Marillac High School campus from the Daughters of Charity. The purpose of the Academy is the establishment of a parent governed school of high academic quality. Academic enrollment for the 2006-2007 academic year is 405 students. During the 2006-2007 academic year, a new Assistant Principal and several veteran teachers were hired to accommodate the projected increase in enrollment. The Academy can accommodate up to 600 students. The Academy draws its student body from 39 area communities. Presently the Academy leases unused space to primarily other non profit organizations. In particular, the Academy leases space to Willow Creek North Shore, which is a private non profit school. The Academy is governed by an eleven-member Board whose members are listed in this report for IFA Board review.

Project Description: The Academy intends to use the net proceeds of the proposed financing to provide funds to refund approximately \$4.8 million remaining Series 2001 Bonds issued through the Illinois Development Finance Authority (a predecessor authority merged into the IFA), to expand and renovate a gymnasium and multi purpose room for students, faculty and school events; and for additional campus building renovations. The construction will allow the Academy to create a high school to complement its existing K-8 student classes. The high school enrollment will help achieve the Academy’s goal of accommodating 600 students.

Enrollment: Between academic years 2000-2001 and 2006-2007 student enrollment has fluxuated between 400 and 450 students. The Academy estimates proposed high school will provide, conservatively, an additional 140 students. The students will feed into the high after graduating form the Academy’s lower school. The high school will provide increase tuition revenues, and will utilize space the Academy currently leases to other not for profit organizations. The following table describes the Academy’s projected high school enrolment.

<u>Year</u>	<u>Tuition</u>	<u>Total Students</u>	<u>Grades Represented</u>
2008/09	\$12,000	35	9 th
2009/10	\$12,600	70	9 th , 10 th
2010/11	\$13,230	105	9 th , 10 th , 11 th
2011/12	\$13,892	140	9 th , 10 th , 11 th , 12 th

Remarks: **The refinancing, will produce no net present value savings, but will constitute a restructuring of outstanding debt which will reduce future annual debt service payments by extending maturities.** Additionally, tax-exempt financing will allow the Academy to borrow at a lower cost and over a longer period of time than a taxable borrowing thereby decreasing debt service, and allowing these savings to be diverted to the provision of educational services.

FINANCING SUMMARY

Security: Direct Pay Letter of Credit from the Glenview State Bank, Glenview, Illinois, and its letter of credit will be supported with a wrapping letter of credit from a bank rated “A” or better by Moody’s Investor Service or Stand & Poors.

Structure: (a) Weekly multi-mode floating rate bonds.
(b) Interest only payments for the first three years’ of the issue.
(c) Capitalized interest for the first 18 months of the issue.

Collateral: The bonds will be secured by a first mortgage on the financed property.

Maturity: 30 years

PROJECT SUMMARY

The Academy intends to use the net proceeds of the Authority loan to provide funds to (i) refund approximately \$4.8 million outstanding Series 2001 Bonds issued through the Illinois Development Finance Authority, (ii) renovate and expand the current gymnasium, construct a multi-purpose room and various campus renovations, which are located at 315 Waukegan Road, Northfield, Cook County, Illinois, (iii) capitalize interest, and (iv) fund professional and bond issuance costs.

Project Costs:	
New Construction and Renovation	<u>\$5,180,000</u>
Total	<u>\$5,180,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Christian Heritage Academy
Project names: Construction and Renovation Project
Locations: 315 Waukegan Road, Northfield, Cook County, IL 60093-2719
Contact Person: Mike Whalen, Business Administrator, 847-446-5252 x3300
Website: <http://www.christian-heritage-academy.org/>
Organization: 501(c)(3) Corporation
State: Illinois
Board of Trustees: Barb Ballee
Barbara Butz
Andrew Dun
Steve Farish
Eric Herndon
George Kawasaki
Rick Lukianuk
Ron Moen
Jill Muldoon
Dave Papritz
Bill Thomas

PROFESSIONAL & FINANCIAL

Counsel:	TBD		
Accountant:	Dana B. Davidson CPA Company, P.C..	Northbrook, IL	
Bond Counsel:	Ice Miller	Indianapolis, IN	Jeff Lewis
Underwriter:	Griffin, Kubik, Stephens & Thompson, Inc.	Chicago, IL	Michael Boisvert
Placement Agent:			
Underwriter's Counsel:	TBD		
LOC Bank Counsel:			
Issuer's Counsel:	McGuirewoods LLP	Chicago, IL	Darryl Davidson
Trustee:	TBD		
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007

Project Name: **The Field House of Barrington, LLC**

STATISTICS

Number:	N-NP-TE-CD-7112	Amount:	\$30,000,000 (not-to-exceed amount)
Type:	501(c)(3) Bond	IFA Staff:	Townsend Albright
Location:	Barrington		

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) Bond Financing
No IFA funds at risk
Issuance of Unrated and Unenhanced Bonds to be sold consistent with IFA Policy for the issuance of such bonds.
The bonds will be sold in \$100,000 denominations.

PURPOSE

To finance (i) the purchase of land, (ii) the construction and equipping of an approximately 175,000 square foot indoor sports complex, (iii) fund a debt service reserve account, (iv) capitalize interest, and (v) pay professional and bond issuance costs.

IFA PROGRAM AND CONTRIBUTION

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

VOTING RECORD

Voting record from Preliminary IFA Bond Resolution on July 10, 2007:

Ayes: 11 Nays: 0 Abstentions: 0 Absent: 3 (DeNard, Fuentes, Zeller)
Vacancy: 1

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$29,135,000	Uses:	Project Costs	\$23,326,370
	Interest earned on			Debt Service reserve	2,600,000
	Project Construction Fund	128,123		Capitalized Interest	1,700,000
	Original Issue Discount	(436,754)		Costs of Issuance*	<u>1,200,000</u>
	Total	<u>\$28,826,370</u>		Total	<u>\$28,826,370</u>

* The Applicant plans to issue \$1,355,000 Taxable Series B Bonds, a portion of which will be used to pay issuance costs in excess of the 2.0% limit.

JOBS

Current employment:	0	Projected new jobs:	100 (PTEs)
Jobs retained:	N/A	Construction jobs:	100

BUSINESS SUMMARY

Description: The Field House of Barrington, LLC (the "Applicant", the "LLC", "BFH") was organized in August, 2006, as an Illinois limited liability company. The sole member of the LLC, the United Sports Organization of Barrington ("USOB") an Illinois 501(c)(3) corporation, was organized in March, 2006. The current sponsors of the USOB are: Barrington Youth Baseball & Softball, Barrington Area Soccer Association, Barrington Youth Basketball, and Barrington Youth Football. Each of these members is a 501(c)(3) corporation. All future members, if any, of the USOB are required to be 501(c)(3) entities. The Applicant's mission is to promote good health and exercise to the members of the Barrington community through sports, training, and injury rehabilitation. The purpose of the LLC is to build and own the Barrington Field House, and to lease the sports facilities within to various tenants. The LLC and the USOB have worked exclusively to develop the project.

The Service Area: The Applicant's service area is roughly contiguous to the boundaries of Barrington CUSD #220 which includes Barrington, Barrington Hills, Lake Barrington, South Barrington, North Barrington, Tower Lakes, Deer Park, and parts of Hoffman Estates and Carpentersville. There are approximately 10,000 students who attend elementary and middle school within CUSD 220. Approximately 5,000 of those students participate in competitive sports which will be offered at the proposed facility. CUSD 220's student enrollment is expected to grow, annually, at a robust 8.0%.

Background: In August, 2006 the Applicant entered into a real estate contract with G23 Development LLC ("G23") to purchase approximately 10 acres of Greenfield land located in the village of Lake Barrington for the facility and for parking. In August, 2006 the Applicant entered into a design/build contract with G23 to design and build the Barrington Field House for approximately \$23,000,000, including the costs of land acquisition, building construction, and various equipment and fixtures. Upon project completion, the Applicant will own the land, facility, and fixtures.

Marketing: Prior to project inducement by the IFA Board, the Applicant secured letters of intent from the following prospective tenants to use space within the proposed facility: (i) Barrington Area Soccer Association; (ii) Lacrosse America; (iii) WCS/Gattone Sports Performance, LLC; (iv) WCS Rehabilitation and Sports Medicine, Inc.; (v) Barrington Youth Football; (vi) Barrington Youth Baseball & Softball; Barrington Youth Basketball (boys); (vii) Barrington Youth Basketball (girls), (viii) Barrington Area Volleyball, (ix) Tri County Youth Football, (x) USSA, a national organization providing tournament play for baseball, soccer, volleyball, lacrosse, and basketball, (xi) an AAU basketball program conducted by the Barrington High School basketball coach, and (xii) New Generations Teen Center.

Lease Status: Mid-July the Applicant submitted leases to (i) Barrington Area Soccer Association, (ii) Barrington Youth Baseball & Softball, (iii) Lacrosse America, Barrington High School, (iv) Sports Performance Volleyball, (v) Marty Dello Basketball, (v) Dennis Kessel Basketball, (vi) Barrington Youth Basketball (boys), (vii) Barrington Youth Basketball (girls), (viii) United States Specialty Sports Association, (ix) Olympic Development Program (soccer), and (x) Barrington Youth Football. Each lease term is for 15 years, with an annual rent escalation of 4.0% (minimum). The Applicant has requested the potential tenants to be in the position to execute their respective leases by the first week in August, 2007. Some of the potential tenants are for profit entities. The Applicant has insisted that every lessee/tenant obtain their 501(c)(3) designations by February, 2008, when the proposed facility will be completed and ready for use.

Lake Zurich Youth Baseball and Softball, Sky High Volleyball Club, and a baseball program from Highland Park have all inquired about using the BFH. Sky High operates out of Crystal Lake and is expected to become a tenant. Lake Zurich Baseball & Softball has also inquired about utilizing BFH facilities.

Management Team:

1. Thomas D. Laue, Proprietor, is responsible for the development of the project and has directed the development team since March, 2005. Mr. Laue is an attorney, with expertise in the corporate area, and is a long time Barrington resident who has been active in sports organizations. He has been President of Barrington Youth Baseball, and was a founder of Barrington Youth Football. Mr. Laue received his JD from John Marshall Law School and his BA from the College of Holy Cross in 1982.
2. John Sciacotta, Manager, USOB, is a corporate attorney and long time Barrington resident. He is a board member of the Barrington Youth Softball and baseball organization.
3. Ben Curcio, Facilities and Program manager, joined the project team in April, 2007, to manage the day-to-day operations of the project and to fill the programs that will utilize space in the facility that is not leased to other organizations. Mr. Curcio has managed programs for the Barrington Park District for the past 12 years.
4. Mark Houser, Advisor and Consultant, has more than 28 years' of commercial real estate development experience, and is the Founder of Equity One Sports, a full service consulting and design/build company specializing in the development of recreational facilities. Equity One recently completed the development of the Libertyville Sports Complex, a \$25,000,000 multi-faceted sports complex. The Complex features a 169,000 sq. ft. indoor sports complex. Mr. Houser is working closely with G23 Development, LLC, the developer of the project.

Project description: The purpose of the financing is to develop an approximately 175,000 sq. ft. indoor sports complex. The facility will include an artificial turf playing field of approximately 100,000 sq. ft. that is large enough to accommodate a full-size football or soccer field, a hardwood court area of approximately 35,000 sq. ft. that will accommodate four basketball courts or eight volleyball courts; and a 10,000 sq. ft. strength, conditioning, and rehabilitation area. Additionally, the facility will have rooms that can be used by community organizations and a concession area.

Remarks: The proposed facility will bring benefit to the Barrington-area communities which are woefully short of athletic facilities. The CUSU #220 athletic facilities are overburdened due to the growth in student population and the increased interest in sports and wellness activities. The Facility is expected to create approximately 100 full and part time jobs for Barrington area residents for facilities management, sport officials, and other functions. Additionally, tax exempt financing will make it possible for the facility to obtain low cost capital to make the project viable.

FINANCING SUMMARY

Bonds:	The financing team contemplates that the Bonds will be structured as fixed-rate, unenhanced 501(c)(3) Bonds with maturities up to 30 years. The Bonds will be a combination of Tax-Exempt and Taxable Series. It is anticipated that interest rates on the proposed Bonds will be approximately 6.375% for Series A Tax Exempt Bonds and 9.00% for the Series B Taxable Bonds. IFA policy requires the bonds to be sold in minimum denominations of \$100,000. The Underwriter will certify to the IFA in the Bond Purchase Agreement that it is selling only to Qualified Institutional Buyers and Accredited Investors as defined by the Securities and Exchange Commission.
Collateral:	First mortgage in the real estate financed and first lien in machinery and equipment and assignment of all rents and leases.
Payment:	The Bonds will be paid from all income generated by the Project, including but not limited to leases, fees and charges and interest earned on reserves and surplus funds.
Borrower:	The Field House of Barrington, LLC

Guarantor: United Sports Organization of Barrington will guaranty the prompt and timely payment of the principal and interest of the 2007A and 2007B Bonds. Depending on investor requirements, corporate guarantys from additional Members may be required.

Rating: No rating will be sought on the Bonds.

Maturity: Series 2007-A, 2037; Series 2007-B, 2017

PROJECT SUMMARY

To (i) purchase land, (ii) finance the construction and equipping of an approximately 175,000 sq. ft. indoor sports facility to be located at 2301 Northpointe Drive, Lake Barrington, Lake County, Illinois, (iii) fund a debt service reserve account, (iv) capitalize interest, and (v) fund professional and bond issuance costs.

Project Costs:	Facility Construction & Equipment	\$20,926,370
	Land	<u>2,400,000</u>
	Total	<u>\$23,326,370</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Field House of Barrington, LLC, 1250 South Grove Avenue, Suite 200, Barrington, Lake County, Illinois 60010 (Contact: Thomas D. Laue, Proprietor, Phone: 847/852-5066)

Project name: Barrington Field House

Location: 2301 Northpointe Drive, Lake Barrington, Lake County, Illinois

Borrower: The Field House of Barrington, LLC

Board Members: John C. Sciacotta, President
Kent Wardin Vice President
Rick Wokoun, Secretary
Scott Rogers, Member

Guarantor: United Sports Organization of Barrington, 1250 South Grove Avenue, Suite 200, Barrington, Lake County, Illinois 60010

Current Land owner: G23 Development, LLC, 64 West Seegers, Arlington Heights, Cook County, Illinois 60005

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Law Offices of Kenneth B. Drost	Barrington, IL	Kenneth B. Drost
Accountant:	Bass, Solomon & Dowell	Palatine, IL	Greg Dowell
Bond Counsel:	Barnes & Thornburg LLP	Chicago	Darren Collier
Underwriter:	Oppenheimer & Co., Inc.	Minneapolis	Ralph McGinley Bryan Nelson
Underwriter's Counsel:	Greenberg Traurig	Chicago, IL	Matt Lewin
IFA Counsel:	Chapman & Cutler	Chicago	Chuck Jarik
Consultant:	C.H. Johnson Consulting	Chicago	Charles H. Johnson IV
Trustee:	US Bank, NA	Minneapolis	Joanne Fischer
IFA Financial Advisors:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago Chicago	Bill Morris Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 08th Melissa Bean
State Senate: 26th William E. Peterson
State House: 51st Mary E. Flowers

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Elim Christian Services

STATISTICS

Project Number:	N-NP-TE-CD-7155	Amount:	\$15,000,000 (not-to-exceed amount)
Type:	501(c) (3) Bonds	IFA Staff:	Steve Trout
Location:	Palos Heights and Orland Park		

BOARD ACTION

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

PURPOSE

To finance: 1) the construction, improvements and renovation of the Autism Comprehensive Education Center, Main School, Adult Services Building and campus, which is located at 13020 South Central Avenue in Palos Heights and 2) the construction, improvements and renovation of the Adult Services Building, which is located at 15565 and 15601 South 70th Court in Orland Park, 3) refinance a bank line of credit that was used to finance the various capital improvements, 4) provide interim financing and 5) pay costs of issuance.

IFA PROGRAM AND CONTRIBUTION

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

VOTING RECORD

The IFA Board approved a Preliminary Bond Resolution on July 10, 2007 by the following vote:

Ayes: 11 Nays: 0 Abstentions: 0 Absent: 3 (DeNard, Fuentes, Zeller) Vacancy: 1

ESTIMATED SOURCES AND USES OF FUNDS (subject to change)

Sources:	IFA Bonds	\$14,892,000	Uses:	Project Costs	\$16,850,000
	Equity *	<u>2,558,000</u>		Interim Financing	300,000
				Cost of Issuance	<u>300,000</u>
	Total	<u>\$17,450,000</u>		Total	<u>\$17,450,000</u>

* Equity is expected to consist of \$2,558,000 in cash collected from a capital campaign for the Adult Services Building.

JOBS

Current employment:	390	Projected new jobs:	19
Jobs retained:	NA	Construction jobs:	50

BUSINESS SUMMARY

Description: Elim Christian Services is an Illinois 501(c)(3) corporation that was incorporated in 1950 to provide schooling and counseling for mentally handicapped children and adults.

Background: Elim began operating around 1948 as a Christian school for children with developmental disabilities. Today Elim serves 240 children in its day school, 35 of which live in the children's residential program and 30 which are served in a separate program for autism. Elim also serves 190 adults with developmental disabilities, 100 on the main campus in Palos Heights and 90 at a facility in Alsip.

Elim assists over 800 people to achieve the highest potential, through its four major program areas on its main campus and in 15 Discovery locations in the south Chicago area. Its services include:

Educational Services for children aged 3 though 21, is based on individualized curricula which includes need therapeutic, assistive technology, athletic social and other programming. Elim's STEP (Secondary Transitional Experience Program) bridges the gap from child to adult services for persons with disabilities by offering vocational training through partnerships with various organizations.

Discovery Network Services assist children with learning disabilities in mainstream educational settings. This service provides children with a structured process of how to learn and remain in their own schools and classrooms as much as possible.

Residential Services are offered only to students of Elim. In a pod-type setting, residents are afforded a great deal of space in a supervised setting that encourages the extension of school curriculum and individual goods into everyday life.

Adult Services offers adults with disabilities the opportunity to engage in various vocational opportunities in a sheltered workshop environment on Elim's campus, in Alsip (Oasis Enterprises) or in a number of community placements.

Licensing: Elim maintains the following accreditations:

Elim Christian School maintains accreditation through the North Central Association, is a member of Christian Schools International, and is approved by the Illinois State Board of Education.

Elim Children's Residential Services program is licensed by the Illinois Department of Children and Family Services.

Adult Services has maintained 3-year accreditation with the Council on the Accreditation of Rehabilitative Facilities since 1990, and receives the majority of funding from the Illinois Department of Human Services.

FINANCING SUMMARY

Bonds: Tax-exempt 501(c)(3) Bonds

Structure: The Bonds are expected to be structured as Variable Rate Demand Notes, with interest initially resetting every 7 days. Similar notes are currently yielding 3.8% for the week of June 28, 2007. The Bonds are expected to mature over 30 years, with no scheduled principal amortization over the first 5 years to provide Elim with flexibility in the event that collections on a large capital campaign are slower than anticipated. Elim is considering entering into a swap to fix its rate of interest on this debt, particularly over the first 5 years of the bond issue.

Bondholder

Collateral: Direct-pay Letter of Credit issued by JP Morgan Chase

Bank Collateral: First Real Estate Mortgage, negative pledge covenant, and a Blanket lien on Elim's business assets

Credit Rating: The bonds will not be assigned a formal rating

PROJECT SUMMARY

Bond proceeds, together \$2,558,000 in capital campaign contributions will be used to finance : 1) the construction, improvements and renovation of the Autism Comprehensive Education Center, Main School, Adult Services Building and campus, which is located at 13020 South Central Avenue in Palos Heights and 2) the construction, improvements and renovation of the Adult Services Building, which is located at 15565 and 15601 South 70th Court in Orland Park, 3) refinance a bank line of credit that was used to finance the various capital improvements, 4) provide interim financing and 5) pay costs of issuance. Project costs are currently estimated as follows:

Adults Services Bldg and Credit Refinancing	\$6,400,000
Capital improvements at the Autism Comprehensive Education Center and Palos Heights Campus	4,350,000
Capital improvements at the Main School and Kamp Cottage	4,100,000
Capital improvements at the Adult Services Building	<u>2,000,000</u>
Total	<u>\$16,850,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Elim Christian Services
Location: 13929 S, Central Ave., Palos Heights, IL 60463-2410
Organization: Illinois 501(c)(3) organization
Board: Lee Brandsma, Rick Bulthuis, John De Jager, Dr. David De Jong, Henry Doorn, John Hiskes, Dr. Sue Ireland, Bert Kamp, Nancy Mast, Dr. Joel Nederhood, Dr. Liz Rudenga, Dr. Phil Van Reken, Dr. Stephanie Williams, Tom Yonker

PROFESSIONAL & FINANCIAL

Bond Counsel:	Wildman Harrold	Chicago	James Snyder
Underwriters:	JP Morgan Securities	Chicago	Shelley Phillips
Underwriters Counsel:	Chapman and Cutler	Chicago	Nancy Burke
Letter of Credit Bank	JP Morgan Chase	Chicago	Elizabeth May
Trustee:	TBD		
Trustee's Counsel:	TBD		
IFA Counsel:	Dykema Gossett	Chicago	Vern Kowal
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

	<u>Palos Heights</u>	<u>Orland Park</u>
Congressional:	1 st : Bobby Rush	1 st : Bobby Rush
State Senate:	14 th : Emil Jones	14 th : Maggie Crotty
State House:	37 th : Monique Davis	27 th : Kevin McCarthy

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007

Project: Institute for the International Education of Students

STATISTICS

Deal Number:	N-NP-TE-CD-7156	Amount:	\$2,800,000
Type:	501(c)(3) Lease Financing	IFA Staff:	Sharnell Curtis Martin
Location:	Chicago	SIC Code:	8111

BOARD ACTION

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

PURPOSE

Lease proceeds will be used to finance acquisition of equipment and Information Technology software and to pay certain lease issuance costs.

IFA PROGRAM AND CONTRIBUTION

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

VOTING RECORD

Preliminary Resolution, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Lease	<u>\$2,900,000</u>	Uses:	Projects costs	\$2,800,000
				Lease Issuance Costs	<u>100,000</u>
	Total Sources	<u>\$2,900,000</u>		Total Uses	<u>\$2,900,000</u>

JOBS

Current employment:	83	Projected new jobs:	20
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: The Institute for the International Education of Students ("IES" or the "Applicant"), was founded in 1950 and incorporated as a 501(c)(3) corporation in Illinois in 1953. Today, IES is a global organization with more than 30 academic centers worldwide. The Applicant acts a consortium comprised of more than 160 U.S. Colleges and Universities, and enrolls more than 5200 students annually on programs in Asia, Australia, New Zealand, Europe and Latin America.

The organization's goal is to provide students the opportunity to promote their academic and social growth, while fostering specific skills that lead to the development of intercultural competence. Recognizing that some of the most challenging opportunities in study abroad can be found outside the classroom, IES offers extensive internship, field study, volunteer and cultural programs designed to complement the students' academic course work and cultivate an appreciation of cultures other than their own.

IES offers a broad-based curriculum that encompasses the humanities, languages, fine arts, social and natural sciences, business, mathematics and pre-professional studies.

Description: The project consists of an upgrade of the core information technology systems. The project will replace the accounting software, reporting and budgeting, student information, communications, admissions and enrollment systems.

FINANCING SUMMARY

Security: The lease will be purchased by Chase Equipment Leasing and held as an investment until maturity.
Structure: Installment purchase agreement with Chase Equipment Leasing.
Maturity: Five Years

PROJECT SUMMARY

Lease proceeds will be used to finance the upgrade of the core information technology systems. The project will replace the accounting software, reporting and budgeting, student information, communications, admissions and enrollment systems. Project costs are estimated at \$2,800,000.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Institute for the International Education of Students (IES)
33 N. LaSalle Street, 15th Floor
Chicago, IL 60602-2602 (Cook County)

Project name: IES Technology Implementation

Location: 33 N. LaSalle Street, 15th Floor
Chicago, IL 60602-2602 (Cook County)

Organization: 501(c)(3) Corporation
State: Illinois

Board of Directors:

Dr. Loren J. Anderson	Dr. Danielle Allen	John Coblentz
Kenneth W. Cunningham	Debora de Hoyos	Dr. Mary M. Dyer
Dr. Pamela Brooks Gann	John J. Gearen	Christina R. Hoek
Dr. Homer J. Holland	William Hoyer	Robert McNeill
Dr. Kathryn M. Moore	Dr. Oscar Page	Dr. David H. Porter
Alan Schwartz	Dr. Marla Salmon	Dr. Hugo Sonnenschein
Dr. Michael Steinberg	Ian H. Turvill	Monica Vachher
Ezio Vergani	Dr. Ana Maria Wiseman	

Land Sellers: Not Applicable

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	To Be Determined		
Accountant:	Crowe Chizek and Co., LLC	Oak Brook	
Bond Counsel:	To Be Determined		
Bank:	Chase Bank	Chicago	William D. Crotty
Issuer's Counsel:	Charity & Associates	Chicago	Allan Bell
IFA Financial Advisor:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

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

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Village of Leland

STATISTICS

Number:	L-GP- Rural Development Loan	Amount:	\$60,000 (not to exceed)
Type:		Location:	Leland, Illinois
IFA Staff:	Eric Watson		

BOARD ACTION

Preliminary Approval	No extraordinary conditions
Rural Development Loan	No IFA funds at risk
Staff recommends approval	

PURPOSE

Provide financing for the purchase of a natural gas fired generator at the Village's water treatment facility.

IFA PROGRAM AND CONTRIBUTION

In participation with the Rural Development Administration's intermediary Relending Program, IFA will finance business facilities and community development projects in eligible rural areas containing populations of less than 25,000. Projects eligible include financing for fixed assets such as real estate and equipment acquisitions. Applicants are required to demonstrate the ability to repay debt and must demonstrate that conventional financing was not available for the project.

A reserve fund has been established to defray potential losses to IFA in the event of default of a Rural Development loan. The Rural Development Loan fund balance is currently in excess of \$2 million.

The IFA's Rural Development Loan Program, in participation with the Rural Development Administration's Intermediary Relending Program, finances business facilities and community development projects in rural areas with populations under 25,000. The Program finances up to 75% of fixed asset project costs, with a maximum of loan amount of \$250,000.

VOTING RECORD

This is the first time that this project has been presented for Board consideration.

SOURCES AND USES OF FUNDS

Sources:	RD Loan	\$60,000	Uses: Generator	\$65,000
	Leland Equity Cont.	<u>15,000</u>	Costs of Issue	<u>10,000</u>
	Total	<u>\$75,000</u>	Total	<u>\$75,000</u>

JOBS

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

BUSINESS SUMMARY

Background: The Village of Leland, located in LaSalle County has a population of 970 as of the 2000 census. Leland is approximately 60 miles west of Chicago.

Project: The Village of Leland wishes to funds from the IFA (via the Rural Development Program) that will them to purchase a standby natural gas fired generator for their water treatment facility.

FINANCING SUMMARY

Obligor: Village of Leland

Debt: The Village of Leland and the IFA will enter into an Installment Contract. Section 17(b) of the Debt Reform Act authorizes municipalities to purchase real or personal property pursuant to an installment contract with a maximum term of 20 years. Municipalities are authorized to issue debt certificates evidencing the indebtedness incurred under such and installment contract. The payment obligation under such an installment contract and on such certificates constitutes a binding and enforceable promise to pay the amount borrowed plus the interest thereon. The municipality will be expected to agree to annually appropriate amount sufficient to pay the principal and interest on the installment contract and the debt certificates. There is no separate levy available for the purchase of making such payments. The debt limit for non-home rule municipalities is 8.625% of the equalized assessed valuation of the municipality. The installment contract will be subject to the debt limit.

Repayment: Net Revenues from the Village's Water Fund

Security: State Intercept Revenues

Structure: The IFA's will purchase Leland's bonds at an interest rate of 4%.

Maturity: The bonds will have a 3-year term, with biannual interest payments and one annual principal payment.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Village of Leland
Project names: Village of Leland
Location: 260 E. Genessee St., P.O. Box 647, Leleand, IL 60531-0647
Organization: Illinois Municipality
Treasurer: Mary Leonard
Mayor: Dan Shumway

PROFESSIONAL & FINANCIAL

Accountant: Steven E. Garland, CPA
Local Bond Counsel:

LEGISLATIVE DISTRICTS

Congressional: 11th - Jerry Weller
State Senate: 35th - J. Bradley Burzynski
State House: 70th - Robert W. Pritchard

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Village of Lincolnwood

STATISTICS

Number:	L-GP-	Amount:	\$5,000,000 (not to exceed)
Type:	Local Government Bond		
IFA Staff:	Eric Watson	Location:	Lincolnwood, Illinois

BOARD ACTION

Preliminary Bond Resolution	No extraordinary conditions
Local Government Bonds	No IFA funds at risk
Staff recommends approval	

PURPOSE

Provide financing to the Village of Lincolnwood to make improvements to the storm-water sewer system.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Bond Program assists units of local government in financing capital improvement projects. The IFA issues tax-exempt securities in the municipal market and uses the proceeds of this sale to purchase securities issued by a local government. The program provides local government units with the opportunity to achieve interest cost savings and to structure flexible loan repayment terms.

VOTING RECORD

This is the first time that this project has been presented for Board consideration.

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	<u>\$5,000,000</u>	Uses:	System Updates	\$4,900,000
				Costs of Issue	<u>100,000</u>
	Total	<u>\$5,000,000</u>		Total	<u>\$5,000,000</u>

JOBS

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

BUSINESS SUMMARY

Background: The Village of Lincolnwood, located in Cook County has a population of 12,359 according to the 2000 census. The Village is located approximately 10 miles northwest of the Chicago Loop.

Lincolnwood is a two-and-a-half mile Chicago suburb. Potawatomi originally settled the wooded area, but vacated the land after the Indian Boundary Treaty of 1816. The Village (originally named "Tessville") was originally name after Johann Tess, whose family came from Germany in 1856 and purchased 30 acres of barren land in the area. The population grew after the establishment of a Chicago & North Western Railway station in nearby Skokie in 1891 and the completion of the North Shore Channel in 1909.

The Village's largest-serving mayor, Henry A. Proesel initiated "Tessville's" name and image change to "Lincolnwood" in 1936. Institutions, industries, and clubs in Lincolnwood continued to grow through the early to mid 1900's. The community has exhibited population growth over the past ten years.

Project: The Village wishes to finance improvements to be made to the storm-water sewer system.

FINANCING SUMMARY

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

Collateral: The bonds are alternate revenue bonds of the Village and are payable from (i) net revenues of the Sewer - Water System and if such net revenues are insufficient to meet debt service, then (ii) ad valorem property taxes are levied against all of the taxable property in the City without limitation as to rate or amount. The bonds will also be secured by the Village's interceptable State revenues.

Structure: Principal is expected to be due on February 1, beginning in 2009 with a final maturity in 2028. Interest will be fixed rate and payable each August 1 and February 1, beginning August 1, 2008. The bonds are subject to redemption prior to maturity.

Maturity: 20 years

PROJECT SUMMARY

The Village of Lincolnwood wishes to finance infrastructure improvements to the storm-water sewer system.

Total costs are estimated at \$5,000,000.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Village of Lincolnwood
Project names: Village of Lincolnwood
Location: 6900 N Lincoln Avenue, Lincolnwood, IL 60712-2606
Organization: Municipality
Director of Finance: Ronald Pfeiffer
Village President: Gerald Turry

PROFESSIONAL & FINANCIAL

Underwriter:	Edward Jones	St. Louis	Chris Collier
Issuers Counsel:	To Be Requested		
IFA Financial Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	5 th - Rahm Emanuel, 9 th - Janice Schakowsky
State Senate:	8 th - Ira Silverstein
State House:	15 th - John D'Amico, 16 th - Lou Lang

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Waterloo Community Unit School District Number 5

STATISTICS

Project Number:	LSD-TE-CD 7158	Amount: \$6500,000 (Not to exceed)
Type:	School District	IFA Staff: Nona Myers
Location:	Waterloo	

BOARD ACTION

Final Bond Resolution
Staff recommends approval
Conduit: Double Tax-Exemption
No IFA funds at risk
No extraordinary conditions

PURPOSE

To complete financing the cost of building a new high school.

IFA CONTRIBUTION

IFA will convey federal and state tax exempt status on the subject bonds.

VOTING RECORD

The IFA Board record for the Phase I Waterloo financing (approved at the July 11, 2006 IFA Board meeting); was 11 ayes, 0 nays and 0 abstentions.

ESTIMATED SOURCES AND USES OF FUNDS (subject to change)

Sources:	IFA Bonds	<u>\$6,500,000</u>	Uses:	Capital Costs:	\$ 6,350,000
				Issuance Costs:	<u>150,000</u>
Total		\$6,500,000	Total		\$ 6,500,000

JOBS

Current employment:	301	Projected new jobs:	0
Jobs retained:	N/A	Construction jobs:	15 jobs for 6 months

BUSINESS SUMMARY

Background:

The Waterloo Community Unit School District provides an educational program for grades Pre-K through 12. Current enrollment is 2,850 students with housing in four separate facilities:

W. J. Zahnnow Elementary: Grades Pre-K to 2
301 Hamacher Street., Waterloo

Waterloo Junior High: Grades 6 to 8
1 Ed Gardner Place, Waterloo

Rogers Elementary: Grades 3 to 5
200 N. Rogers Street., Waterloo

Waterloo Senior High School: Grades 9 to 12
200 Bellafontaine Drive, Waterloo

The student population of Waterloo CUSD 5 has steadily increased since the mid 1980's. The following enrollment chart and tax rate information is provided as historical information to highlight the school district's board action as a result of increased enrollment.

<u>School Year</u>	<u>K-12 Enrollment</u>	<u>School tax Rate</u>	<u>Waterloo School Board Action</u>
1985-86	1626	2.5561	
1986-87	1689	2.6815	Public Building Commission addition to the Waterloo Jr./Sr. High Complex, 6 classrooms, cafeteria addition, and alterations to band room, science lab, and bus garage.
1991-92	1933	3.5734	Public Building Commission built new elementary school (current Rogers Elem. School-600 capacity), 28 classrooms, 2 special education classrooms, multi-purpose room, library, and commons area.
1997-98	2430*	3.3488	Referendum for new elementary (junior high building- 800 student capacity) 32 classrooms, 10 special education classrooms, multi-purpose room, library, and commons area; upgrade labs and hallways Waterloo Jr./Sr. High; add cafeteria area in Rogers Elementary School.
2005-06	2,781		Referendum for new high school in the amount of \$35,000,000
2005-6	--		Referendum for a maximum annual tax rate increase for educational purposes, established at 2.19 percent upon all the taxable property of Waterloo CUSD No. (An increase from 1.84%)
2006-7	2,850		Enrollment growth continues
* Includes Pre-K students			
Source: Public School Fall Enrollment/Housing Report, ISBE #87-03			
Enrollment has grown by more than 500 students in the last six years and it is anticipated to continue at a steady increase of 50 or more students per year in the next five years.			

The first building of Waterloo High School was constructed in 1935. Since then, there have been numerous renovations to the building and continuing efforts to meet safety codes and general maintenance. The high school is currently 269 over its state recommended maximum student capacity of 641. A new high school building is planned that would house 1,400 students with common areas to accommodate future expansions as needed.

Members of the community and school representatives joined together in 2005 at the request of the Superintendent and Board of Education to address the enrollment growth and financial challenges confronting the district. As a result of this group called VOICES (Vision of Interested Citizens for Education Success), the community passed 2 referenda in March of 2006: 1.) To increase the district's educational tax rate and, 2.) To issue \$35 million in bonds to build new high school.

Description:

The District is located in southwestern Illinois and provides a Pre-K through 12th grade educational program to 2,630 students living within a 186 square mile area in Monroe and St. Clair Counties. The children are educated in four centrally located attendance centers in the City: W.J. Zahnow Elementary School/grades Pre-K-2, Rogers Elementary School/grades 3-5, Waterloo Junior High School/grades 6-7-8, and Waterloo High School/grades 9-12. The children are assigned to attendance centers according to grade placement. Grades Pre-K-5 are self-contained; grades 6-12 are departmentalized. The curriculum in grades Pre-K-8 is traditional with an emphasis on the basics. The curriculum in grades 9-12 is strong

academically and vocationally. The instructional techniques are traditional. There is a growing use of technology by teachers and students. The District has a reputation for providing outstanding academic programs and strong co-curricular and extra-curricular activities for students. Student academic achievement ranks in the upper 25% of public schools in the State and nation. More than 70% of all graduates enter some form of higher education including vocational schools, community colleges and four-year colleges and universities.

Waterloo (the "City") is the largest community within the District with a 2000 census population of 7,614 and serves as the county seat for Monroe County. The City has experienced a period of rapid growth since the late 1980's. The City provides a variety of municipal services including police and fire protection. The City owns and operates a natural gas distribution system and a municipal electric distribution system. Recreational activities are provided by the Waterloo Park District which operates two tennis courts, a public swimming pool, a playground, five baseball diamonds and one soccer field. Other recreational activities include golf, provided by four golf courses, and fishing. Numerous commercial businesses, religious denominations and civic groups are located in the District.

The District's transportation network includes Illinois State Route 3 which runs through the City, Illinois State Route 156 which runs east and west through the City and multi-schedule bus service provided by the Bi-State Development Agency with several St. Louis-Waterloo bus routes scheduled throughout the weekdays. Air service is available at Lambert-St. Louis International Airport located approximately 35 miles from the City. In addition, Scott Air Force Base and Mid-America Airport are located within 15 miles of the District.

The proximity of the District to the Metro-East and St. Louis areas provides residents with ample educational and employment opportunities. Higher education is offered at Southwestern Illinois College, Lewis and Clark Community College, McKendree College, Southern Illinois University at Edwardsville, as well as various colleges and universities in St. Louis.

Remarks:

The district's major employers include: Wal-Mart Stores, Inc. (360), Waterloo CUSD 5 (340), Monroe County Care & Rehab (190), Monroe County Courthouse (160), Harrisonville Telephone Co. (144), and First National Bank (80). Many of the District's residents are employed within the St. Louis Metropolitan Statistical Area. The District's largest taxpayers are: Wal-Mart Real Estate Business, Harrisonville Telephone Company, Southern Illinois Medical Development Corp., Waterloo Sunset Land, LLC., ZIKLAG, Inc.

MEDIAN HOUSEHOLD INCOME

According to the 2000 Census, Waterloo had a median household income of \$46,938. This compares to \$55,320 for Monroe County and \$46,590 for the State. The following table represents the distribution of household incomes for Waterloo, Monroe County and the State at the time of the 2000 Census.

TAXES EXTENDED AND COLLECTED, ASSESSED VALUATIONS AND TAX RATES

<u>Year Levied/Col.</u>	<u>Taxes Extended</u>	<u>Taxes Collected</u>	<u>Percentage</u>	<u>Equalized Assessed Valuation</u>	<u>Tax Rate</u>
1995/96	\$ 4,503,857	\$ 4,460,477	99.04%	\$ 131,319,252	\$ 3.4297
1996/97	5,037,657	5,004,547	99.34%	147,106,348	3.4245
1997/98	5,562,449	5,518,025	99.20%	166,102,782	3.3488
1998/99	5,959,383	5,956,250	99.95%	178,483,452	3.3389
1999/00	6,563,507	6,561,484	99.97%	196,770,237	3.3356
2000/01	7,172,400	7,160,327	99.83%	213,762,027	3.3553
2001/02	8,074,956	8,066,997	99.90%	235,816,611	3.42461
2002/03	9,134,081	9,124,307	99.89%	260,806,674	3.50222
2003/04	10,280,954	10,191,842	99.13%	286,325,628	3.59065
2004/05	10,865,160	10,817,430	99.56%	303,268,650	3.62449
2005/06	13,206,811	13,176,466	99.77%	329,410.125	4.0552
2006/07	unavailable	unavailable	unavailable	353,559,402	4.1008

Source: Offices of the County Clerk and County Treasurer, Monroe and St. Clair Counties, Illinois

FINANCING SUMMARY

Bonds: The bonds will be G. O. Bonds
Structure: Fixed interest rate bonds at a rate to be determined.
Insurance: Municipal bond insurance will be acquired.
Maturity: Series 2007 Bonds, 20 year amortization
Bond Rating: It is anticipated that Fitch Ratings, Inc., will assign the rating of "AAA" to the Bonds conditioned upon delivery of the Policy to be issued by the Bond Insurer.

PROJECT SUMMARY

Bond proceeds will be used to complete the financing for a new high school Phase I of the financing was approved by IFA as a conduit issuer in the amount of \$41,000,000 by IFA in July 2006. Phase II bond proceeds (\$6,500,000) will be applied toward new high school building costs.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Waterloo Community Unit School District No. 5 (Monroe County)
Contact: Mr. James Helton, Superintendent
School Board Membership: See attached list of Board Members
Project name: The Waterloo CUSD High School Building project
Location: A new location will be the site of the new high school.
Organization: School District
Current Land Owner: Waterloo CUSD No. 5

PROFESSIONAL & FINANCIAL

Issuer's Counsel: Kevin Cahill, Chicago, IL 60603
Underwriter: Edward D. Jones & Co., LP, St. Louis, MO--Mr. Chris Collier
Underwriter's Counsel: Thompson Coburn, LLP, St. Louis, MO--Steven Mitchell
Borrower's Bond Counsel: Chapman & Cutler, LLP, Chicago, IL--Mr. Kelly Kost
Paying Agent/Escrow Agent: UMB Bank of St. Louis, NA--Mr. Victor Zarrilli
Insurance Company: The underwriter is seeking bids from MBIA, FGIC, AMBAC and other insurers.
Rating Agency: Fitch Ratings, Chicago--Mr. Daniel Whalen

LEGISLATIVE DISTRICTS

Congressional: Jerry F. Costello, 12th District, House of Representatives
Barack Obama, US Senator
Richard J. Durbin, US Senator
State Senate: David Luechtefeld, 58th District
State House: Dan Reitz, 116th District

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Village of Green Oaks

STATISTICS

Number:	L-GP-7153	Amount:	\$3,600,000 (not to exceed)
Type:	Local Government Pooled Program	Location:	Green Oaks, Illinois
IFA Staff:	Eric Watson		

BOARD ACTION

Preliminary Bond Resolution	No extraordinary conditions
Local Government Pooled Bond Program	No IFA funds at risk
Staff recommends approval	

PURPOSE

Provide financing for the Village of Green Oaks to rebuild and repair a Village road and accompanying drainage and sewer repair.

IFA PROGRAM AND CONTRIBUTION

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

VOTING RECORD

This is the first time that this project has been presented for Board consideration.

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	<u>\$3,600,000</u>	Uses:	Road & Drainage Repair	\$3,520,000
				Costs of Issue	<u>80,000</u>
	Total	<u>\$3,600,000</u>		Total	<u>\$3,600,000</u>

JOBS

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

BUSINESS SUMMARY

Background: The Village of Green Oaks, located in Lake County, covers a geographical area of 4.1 square miles. The City is approximately 35 miles northwest of Chicago and serves a population of 3,572 (per the 2000 census).

Project: The Village wishes to rebuild and repair Atkinson Road (a main thoroughfare) and accompanying drainage and sewer repair.

FINANCING SUMMARY

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

Collateral: The bonds are secured by a pledge of (i) motor fuel and sales tax revenues, and if such revenues are insufficient to meet debt service, then (ii) ad valorem property taxes are levied against all of the taxable property in the Village without limitation as to rate or amount, and (iii) the Village's interceptable State revenues.

Structure: Principal is expected to be due on February 1, beginning in 2009 with a final maturity in 2028. Interest will be fixed rate and payable each August 1 and February 1, beginning August 1, 2008. The bonds are subject to redemption prior to maturity.

Maturity: 20 years

PROJECT SUMMARY

The Village will use proceeds to rebuild and repair roads and accompanying drainage and sewer repair.

Total costs are estimated at \$3,600,000

ECONOMIC DISCLOSURE STATEMENT

Applicant: Village of Green Oaks
Project names: Village of Green Oaks
Location: 2020 O'Plaine Road, Green Oaks 60048
Organization: Illinois Municipality
Trustee: Patricia P. Thomas

PROFESSIONAL & FINANCIAL

Underwriter:	AG Edwards	St Louis, MO	Anne Noble
Local Bond Counsel:	TBD		
Issuers Counsel:	Brooks Cahill & Hanley	Chicago	Kevin Cahill
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
IFA Financial Advisor:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	Mark Steven Kirk - 10 th	
State Senate:	William Peterson – 26 th	Terry Link - 30th
State House:	Ed Sullivan, Jr. – 51 st	Kathleen A. Ryg – 59th

INTENTIONALLY

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DIRECTOR
HUBBARD WILL
EXPLAIN

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007

Project: 2046 Walnut LLC
(Chicagoland Beverage Company)

STATISTICS

IFA Project:	B-LL-7145	Amount:	\$562,500 (not-to-exceed amount)
Type:	Participation Loan	IFA Staff:	Rich Frampton
Location:	Chicago		

BOARD ACTION

Purchase of Participation Loan from MB Financial Bank
\$562,500 of IFA funds at risk
Staff recommends approval subject to compliance with all of the Bank's terms and conditions.

PURPOSE

IFA Participation Loan proceeds will be loaned to 2046 Walnut LLC to provide permanent financing to provide permanent financing for the acquisition a warehouse building and improvements immediately east of Chicagoland Beverage's current location. This project will enable Chicagoland Beverage to expand its operation at its current facility without relocating.

IFA PROGRAM AND CONTRIBUTION

Under the IFA Participation Loan Program, the Authority purchases *pari passu* participations in bank loans financing capital projects for business, industry, farmers, and agri-industry. The Authority will participate in loans for up to 10 years at a rate of interest that is variable or fixed for up to 5 years at 100 basis points above 3-month LIBOR (i.e., 6.34% as of 7/20/2007). The Authority shares *pro rata* in the Bank's collateral and generally in conjunction with the Bank's loan advances funds at rates up to 80% of appraised fair market value for real estate, 65% of cost for new equipment and 65% of orderly appraised liquidated value for used equipment.

IFA's participation loan produces a lower, blended interest rate for the Borrower.

VOTING RECORD

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

PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS

Sources:	MB Financial Bank	Uses:	Acquisition of 2046	
	Loan/IFA		W. Walnut St.	\$1,125,000
	Participation Loan:			
	Cash Equity:		Acquisition-related	
			soft costs	<u>\$25,000</u>
Total	\$1,150,000	Total		\$1,150,000

MB Financial Bank is secured by surplus collateral, as discussed further in the Collateral Review section of this report.

JOBS

Current employment: 37
Jobs retained: 37 (at this location)

Projected new jobs: 8 (within 2 years)
Construction jobs: Not applicable (build-out and renovations will be undertaken as necessary at 2046 W. Walnut)

BUSINESS SUMMARY

Organization: 2046 Walnut LLC (the Borrower” or “Obligor”) is an Illinois Limited Liability Company formed in 2006 as a special purpose entity by the principals of Chicagoland Beverage Company to purchase and lease the subject facility to Chicagoland Beverage Company.

Chicagoland Beverage Company is an Illinois C Corporation formed in 1989 and currently 50% owned by Mr. Bradley Schulman and Mr. Steve Gorelik.

Background on Management Company and Affiliates:

Chicagoland Beverage Company was originally established in 1989 as a wholesaler of specialty tea products to the institutional food service industry. In order to mitigate the seasonality of the tea sales and diversify the Company, Chicagoland Beverage added coffees to its product offerings to diversify its product offerings and also reduce seasonality. The Company’s product line includes both traditional iced teas and hot teas, to restaurants, hotels, banquet halls, and catering operations.

Chicagoland Beverage enters into contracts with customers to provide equipment (e.g., cappuccino and espresso machines, coffee brewing machines, etc.) at no cost in exchange for the right to exclusively supply the foodservice customer with coffee and tea products. Chicagoland Beverage’s competitive advantage is that they allow customers to select the varieties and brands of teas and coffees sold from Chicagoland Beverage’s suppliers (suppliers/lines are profiled below). Chicagoland Beverage also provides employee training to employees on how to prepare coffee and tea products. Chicagoland Beverage employs a full-time beverage machine technician available to install, repair, and refurbish equipment, as needed.

Chicagoland Beverage distributes (1) China Mist Tea products (www.chinamist.com), (2) Chicago-based Intelligentsia Coffee (which roasts and blends its own proprietary blends of coffee at a production facility located at 1850 W. Fulton Street in Chicago), (3) Seattle’s Best Coffee/Torrefazione Italia Coffee (Seattle’s Best is owned by Starbuck’s), (4) Mighty Leaf’s Pouch Teas (www.mightyleaf.com), and (5) Lavazza Coffees (www.lavazza.com), Italy’s leading coffee brand to its foodservice customers.

Most recently, Chicagoland Beverage has begun offering Peet’s Coffee & Teas (www.peets.com) to its food service customers. By continuing to expand its product offerings, Chicagoland Beverage hopes to further capitalize on its perceived competitive advantage with food service customers – providing its customers a variety of choices from different suppliers.

Although Chicagoland Beverage primarily distributes its products in the Chicago Metropolitan Area, certain accounts are for regional or national restaurant chains or holding companies (e.g., Lettuce Entertain You, Inc.). More specifically, Chicagoland Beverage serves as the exclusive distributor for Lavazza, Mighty Leaf, China Mist, and Peet’s in the Chicago metropolitan area.

Chicagoland Beverage Company also has a distribution agreement with Intelligentsia which specifies that (1) Intelligentsia can sell its coffee products to any Chicago area establishments except local food service distributors and (2) any national chains that are already sourced directly by Chicagoland Beverage Company. In return, Chicagoland Beverage is not permitted to sell Intelligentsia to any Chicago-area retail coffee houses (which are accounts that Intelligentsia services directly).

Chicagoland Beverage's agreement to sell Seattle's Best is non-exclusive.

Some of Chicagoland Beverage's prominent customer accounts include: (1) Lettuce Entertain You Restaurants, (2) SYSCO Foods – Chicago, (3) Guckenheimer Contract Management Company, (4) B&F Coffee Company, and (5) Mark Vend Company.

Since relocating to its current facility in 2000, the Company's employee count has grown from 8 to 37 as of 7/1/2007.

The subject acquisition of the adjacent approximately 11,200 SF warehouse/office facility at 2046 W. Walnut Street facility will enable Chicagoland Beverage to expand from its current 7,347 SF facility located at 2056 W. Walnut Street in Chicago. The new facility will provide additional warehousing space to accommodate future anticipated sales growth and ultimately enable Chicagoland Beverage to remain at its current location on the West Side, where the Company has been located since 2000. Additionally, there is an approximately 7,000 SF parking lot on the 2046 W. Walnut facility that could enable further expansion (the parking lot is located between the 2046 and 2056 buildings).

FINANCING SUMMARY

Obligor: 2046 Walnut LLC

Corporate Guarantor: Chicagoland Beverage Company

Personal Guarantors: Steven Gorelik and Brad Schulman.

Collateral:

- 1st Mortgage on subject facility.
- Assignment of Rents and Leases on subject facility.
- Corporate Guaranty of Chicagoland Beverage Company.
- Personal Guaranties of Steven Gorelik and Brad Schulman.
- Cross Collateralization/Cross Default Provisions with 2056 Walnut LLC Affiliate: Pursuant to the Participation Agreement to be executed between IFA and MB Financial Bank, IFA will be share a *parri passu* (i.e., *pro rata*) first mortgage interest in the following real estate assets pledged to secure various loans by MB Financial Bank to (i) 2046 Walnut LLC (the Obligor on the subject IFA Participation Loan) and (ii) 2056 Walnut LLC (another special purpose entity under common ownership that owns Chicagoland Beverage's existing headquarters/distribution facility located at 2056 W. Walnut Street in Chicago). MB Financial Bank will limit cross collateralization of these properties as necessary to provide adequate collateralization of the proposed MB Financial Bank/IFA Participation Loan.

Structure:

- IFA will purchase a 50% participation interest (i.e., \$562,500) in a 1st Mortgage loan of \$1,125,000 by MB Financial Bank that will provide permanent financing for this property.

IFA Participation Loan Term Terms:

- Interest Rate: 6.34% fixed for initial 5 year term (based on 100 b.p. over 90-day LIBOR as of 7/20/2007)
- Initial Term: 5 years (subject to renewal for up to an additional 5 years based on interest rates in effect at that time; upon the 10th anniversary date of closing, IFA Participation must be taken out by the Bank)
- Amortization: 25 years

MB Financial

Bank Terms:

- Interest Rate: 7.35% fixed for an initial term of 5 years
- Initial Term: 5 years (subject to renewal for up to an additional 5 years; upon the 10th anniversary date of closing, IFA Participation must be taken out by the Bank)
- Amortization: 25 years

ECONOMIC DISCLOSURE STATEMENT

Applicant:	2046 Walnut LLC	
Contact:	Mr. Brad Schulman, Chicagoland Beverage Company, 2056 W. Walnut Street, Chicago IL 60612; Ph. 312-455-1955	
Project Name:	Chicagoland Beverage Company	
Organization:	<u>Obligor</u> 2046 Walnut LLC Limited Liability Company	<u>Tenant/Corporate Guarantor</u> Chicagoland Beverage Company Corporation
State:	Illinois	Illinois
Ownership:	Steven Gorelik, Member -- 50% Brad Schulman, Member -- 50%	Steven Gorelik -- 50% Brad Schulman -- 50%
Organization:	<u>Obligor on Cross Collateralized Loan:</u> 2056 Walnut LLC Limited Liability Company	<u>Tenant/Corporate Guarantor</u> Chicagoland Beverage Company Corporation
State:	Illinois	Illinois
Ownership:	Steven Gorelik, Member -- 50% Brad Schulman, Member -- 50%	Steven Gorelik -- 50% Brad Schulman -- 50%

PROFESSIONAL & FINANCIAL

General Counsel:	Much Shelist LLP	Chicago, IL	Steve Degraf
Accountant:	Friedman & Huey Associates LLP	Park Ridge, IL	
Bank:	MB Financial Bank	Rosemont, IL	John Sarris
Bank Counsel:			
Appraiser:	Gibbons & Gibbons, Ltd.	Chicago, IL	James Gibbons
IFA Counsel:	Dykema Gossett, PLLC	Chicago, IL	David Celliti
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	7	Danny K. Davis
State Senate:	5	Rickey R. Hendon
State House:	10	Annazette R. Collins

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: American Allied Railway Equipment Company

STATISTICS

Project Number:	B-LL-TX-7169	Amount:	\$340,000
Type:	Participation Loan	IFA Staff:	Jim Senica
Location:	El Paso		

BOARD ACTION

Purchase of Participation Loan from Heartland Bank & Trust Company in Peoria
\$340,000 IFA funds at risk

Staff recommends approval subject to compliance with all of the Bank's terms and conditions.

NOTE: Due to the exceptional financial strength of the borrower and excellent repayment history on its existing loans, the Bank has requested a policy exception to IFA's customary 80% LTV increasing the LTV on this financing to 85%.

PURPOSE

Loan proceeds will be used to finance the construction of a new manufacturing facility in El Paso, Illinois.

IFA PROGRAM AND CONTRIBUTION

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

IFA's participation reduces the borrower's interest expense.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Participation:	\$340,000	Uses:	Building construction	<u>\$800,000</u>
	Heartland Bank:	340,000		Total	<u>\$800,000</u>
	Equity	<u>120,000</u>			
	Total	<u>\$800,000</u>			

JOBS

Current employment:	-0-	Projected new jobs:	6*
Jobs retained:	NA	Construction jobs	75 (average over 7 months)

The borrower will be creating 6 new permanent positions initially and plans to add additional positions as conditions warrant within the next few years. It is important to note that the Company employs approximately 50 workers at its two other existing Illinois facilities.

BUSINESS SUMMARY

Background: American Allied Railway Equipment Co., Inc. ("Railway Equipment") was established on January 1, 1960, by Mr. Jack A. Widmer as an air brake reconditioning facility. Several years later American Allied Freight Car Co., Inc. ("Freight Car") was formed to manufacture and assemble railroad freight car components such as wheels, bearings, air brakes and side frames as well as reconditioning yokes and couplers on railroad cars.

Description: American Allied Railway Co., Inc. is building a new facility in El Paso, Illinois to further expand the Company's railroad freight car reconditioning business. This facility will totally recondition entire freight cars as opposed to component manufacturing and reconditioning performed by "Railway Equipment" and "Freight Car". This expansion will enable the Company to offer one-stop railroad car rebuilding, positioning the Company as one of only a few operators performing such services in the U.S.

The Project: The project as presented constitutes permanent financing of the construction of a new manufacturing facility in El Paso, Illinois, a community of approximately 2,500 located 20 miles north of Bloomington-Normal on Interstate 39. The project real estate will be owned by American Allied Railroad Company ("the partnership") which is owned 50/50 by Jack and Mary Widmer, also owners of the Company's presented above. The property will be leased to American Allied Railway Equipment Co., Inc. ("Railway Equipment"). It is important to note that IFA currently has a participation loan outstanding with Heartland Bank to American Allied Freight Car Co., Inc, originally approved in the amount of \$275,000 at the February 13, 2003, IDFA Board meeting. This loan has been paid down to approximately \$215,000; repayment history on the loan has been excellent.

FINANCING SUMMARY

Obligor: American Allied Railway Equipment Company
Guarantors: Jack and Mary Widmer
Collateral: Pro-rata first mortgage on subject real estate, aggregate LTV not to exceed 85% of assets:

<u>Assets:</u>	<u>Value</u>	<u>Discounted</u>
Real Estate	\$800,000	\$680,000 (85%)

Structure: Bank portion – 7.25% fixed for 7 years; IFA portion – 3-Month LIBOR + 1%

ECONOMIC DISCLOSURE STATEMENT

Applicant: American Allied Railway Equipment Company
Location: El Paso, Illinois (Woodford County)
Organization: Illinois partnership
Ownership: Jack Widmer – 50% and Mary Widmer – 50%

PROFESSIONAL & FINANCIAL

Banker:	Heartland Trust & Savings Bank Peoria	Peoria	Don Shafer
General Counsel:	Howard & Howard Attorneys, P.C.	Peoria	William M. Shay
Accountant:	Clifton Gunderson LLP	Peoria	Dennis Bailey
IFA Counsel:	Dykema Gossett PLLC	Chicago	Gregory Wright
IFA Financial Advisors:	D.A. Davidson & Co. Scott Balice Strategies, Inc.	Chicago Chicago	Bill Morris Lois Scott

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007

Project: Village Market IGA, Inc.

STATISTICS

Project Number:	B-LL-TX-7166	Amount:	\$800,000
Type:	Participation Loan	IFA Staff:	Cory Mitchell
Location:	Mahomet		

BOARD ACTION

Approval to purchase a 50% participation loan from Farmer City State Bank of Farmer City, Illinois. \$800,000 of IFA funds at risk

Staff recommends approval, subject to satisfying all conditions of the bank loan, as well as:

- Assignment of Life Insurance Policy on Borrower in the amount of \$1,000,000.
- Security Agreement listing all equipment now owned.
- Phase 1 Environment Survey/Assessment
- Flood Determination or proof of Flood Insurance
- Receipt of satisfactory appraisal to insure an LTV of 80% or less

PURPOSE

Provide permanent financing for the purchase of commercial buildings and real estate for expansion.

IFA PROGRAM AND CONTRIBUTION

Under its Participation Loan Program, the Authority participates in bank loans financing capital projects for business, industry, farmers and agri-industry, and not-for-profit corporations. The Authority will participate in loans for up to 5 years fixed at a rate of interest 100 basis points above the 3 month LIBOR. (Rate can never be below the 3 month LIBOR plus 100 basis points) The Authority shares pro-rata in the Bank's collateral and generally advances funds at rates up to 80% of appraised fair market value for real estate, 65% of cost for new equipment and 65% of orderly appraised liquidated value for used equipment

IFA's participation reduces the borrower's interest expense.

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	\$800,000	Uses:	Purchase Buildings/Land	<u>\$2,000,000</u>
	Farmer City State Bank	\$800,000			
	Borrower Equity (cash)	<u>\$400,000</u>			
	Total	<u>\$2,000,000</u>		Total	<u>\$2,000,000</u>

JOBS

Current employment:	98	Projected new jobs:	35 (133 total)
Jobs retained:	98	Construction jobs:	50

BUSINESS SUMMARY

Background of business and management experience:

Mahomet IGA Foodliner was founded by Howard and Esther Hitchins in 1958. The Hitchins' two daughters and their husbands held ownership prior to selling the store name and assets (not real estate) in 2005 to Village Market IGA, (E. Brooks Marsh and Tammy S. Marsh) who leased the property from the property owner. Brooks and Tammy Marsh have lived in Mahomet for eleven years. Brooks was Area Marketing Director for Supervalu, Inc., a national grocery company, until 12-31-05 when he and wife Tammy purchased Mahomet IGA. (Supervalu common stock trades on the New York Stock Exchange, ticker symbol SVU. See www.supervalu.com for more information.) Brooks was responsible for store development, organizational structure, capital planning and acquisitions for the company's Midwest Region that handles \$1.3 billion in annual sales. Brooks has been with Supervalu since 1974 when he took a job at a company owned IGA store in Great Falls, Montana as a 15 year-old high school student. Brooks earned a Bachelor of Science in Social Work from the University of Montana and a Master of Business Administration from Nova Southeastern University in Fort Lauderdale, Florida. Supervalu offered the MBA on the campus of Eastern Montana College for promising young executives at the company.

Tammy is a registered nurse who is currently a stay at home mom. She earned a Bachelor of Science in Business Administration from Illinois State University and was licensed as a registered nurse after training at Parkland College. She was employed by Carle Hospital in Urbana for 10 years prior to starting a family.

Project Rationale:

Village Market IGA, Inc. is purchasing current building, adjacent and connecting buildings and real estate for expansion of their current operation. This real estate transaction includes present building, an adjacent commercial building and an attached building, all of which are planned for expansion uses in the near future. Village Market IGA is located in the Eastwood Shopping Center at the intersection of Interstate 74 and Illinois Route 47. Main Street Bank and Trust operates an in store branch on the property. The building offers 23,000 square feet of retail floor space with complete meat, deli, bakery, and produce sections. There is a floral store on the property and a greeting card section. Plans are to expand the existing grocery store by 8,000 square feet into the attached building currently housing a clinic and expand the store to the south by an additional 10,000 square feet. To make sufficient space for parking and subsequent expansion, the borrower will utilize current real estate in the transaction and in the future has the opportunity to purchase an additional 2.3 acres immediately south of the subject property. Expansion of the store will allow the borrower the opportunity to offer a larger variety of products as well as a pharmacy and full service bank with drive-thru.

Market Analysis and surrounding business:

This expansion plan, as well as two other Mahomet sites, was thoroughly analyzed in a Market Planning & Analysis report prepared by SuperValu at a cost to the borrower and recommended purchase of the proposed project. A copy of the report has been provided to the bank and IFA. Eastwood Shopping Center is the primary retail business center in Mahomet. The shopping center features large parking lots and a Busey Bank drive-up ATM in the parking lot. Two large apartment complexes sit immediately south of the shopping center.

Businesses operating in Eastwood Center Shopping Center are listed below:

- Christie Clinic – building immediately adjacent to grocery store
- Courtesy Dry Cleaners and Laundry
- Peking House Oriental Restaurant
- Play It Again Video
- Sheer Fashion Hair Styling & Tanning Center
- Johnny Never's Pizza

- The Tax Doctor Income Tax Center
- The Joshua Company Print Services
- Curves for Women
- NAPA Auto Parts
- Ace Hardware
- Tangles Salon
- CVS Pharmacy
- Hen House Restaurant

Businesses operating immediately across the street from Eastwood Center are listed below:

- Heritage Inn Motel
- All Area Sports
- Taco Loco Authentic Mexican Food
- Diamond Nails
- Sweet Designs
- Subway Restaurant
- Arby's Restaurant
- Domino's Pizza
- Shell Gas Station

Mahomet is a residential community located 10 miles west of Champaign. Mahomet has seen tremendous growth in recent years because of easy access to Champaign on Interstate 74. Many new homes have been built in rural subdivisions. The population of Mahomet was 4,877 in 2000 according to the Mahomet Chamber of Commerce. The population of Mahomet Township was 10,113 in 2000. Data from the U.S. Census Bureau shows Mahomet is a prosperous community.

	Mahomet	U.S. Average
Owner occupied housing units	82.3%	66.2%
High school graduates	97.3%	91.0%
4-yr college graduates	37.3%	24.4%
Median household income	\$57,574	\$41,994

Mahomet IGA is the only full service grocery store in Mahomet. Local competitors include three convenience stores in gas stations and one limited service store named D&D Foods on Prairie View Road two miles east of Mahomet. D&D Foods operates in a 12,000 square foot facility. This store has gone through several management and ownership changes over the past 5 years

Transaction: Farmer City State Bank will originate a 5 year term, 20 year amortization loan for \$1,600,000 of which IFA will participate \$800,000.

FINANCING SUMMARY

Borrower: Village Market IGA, Inc.(E. Brooks Marsh and Tammy S. Marsh personally)

Security: 1st REM, assignment of rents and leases, security agreement on all furniture, fixtures and equipment, assignment of life insurance policy on borrower.

Structure: 5 year term, 20 year amortization with monthly payments of P & I.

PROJECT SUMMARY

The borrower is purchasing existing buildings and real estate connected and adjacent to Village Market IGA, Inc. This real estate purchase will allow for future expansion and a larger item selection. Purchase price will be \$2,000,000. IFA will participate \$800,000 and will be secured by a 1st REM, assignment of rents and leases, security agreement on all furniture, fixtures and equipment and an assignment of life insurance policy on borrower.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Village Market IGA, Inc.
E. Brooks Marsh and Tammy S. Marsh

Location: 701 Kimela Drive
Mahomet, IL 61853

Organization: Corporation

State: Illinois

Ownership: Corporation

PROFESSIONAL & FINANCIAL

Accountant: Kim Dennstedt, Retail Financial Services, Inc., 2800 Campus Drive Suite 44,
Plymouth, MN 55441

Attorney: Chad S. Beckett, Beckett & Webber, P.C., 508 South Broadway Avenue,
Urbana, IL 61801

Bank: Farmer City State Bank, Brian McDowell, Loan Officer

LEGISLATIVE DISTRICTS

Congressional: 15th Timothy V. Johnson State Senate: 55th Dale E. Righter State House: 110th Chapin Rose

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007

Project: Third Pancake LLC, an Illinois limited liability company to be formed (Intelligentsia Coffee and Tea, Inc.)

STATISTICS

IFA Project:	B-LL-7145	Amount:	\$1,000,000 (not-to-exceed amount)
Type:	Participation Loan	IFA Staff:	Rich Frampton
Location:	Chicago		

BOARD ACTION

Purchase of Participation Loan from MB Financial Bank.
\$1,000,000 of IFA funds at risk
Staff recommends approval subject to compliance with all of the Bank's terms and conditions:

- In particular, the advance rate shall be no greater than 80% of the lesser of (i) the cost of purchase (i.e., \$2 million) or (ii) the fair market appraised value. Given that the real estate appraisal is pending, the Borrower must contribute additional equity, pledge additional assets, or obtain subordinate financing as necessary to assure that IFA's Participation Loan complies with this requirement. (Note: This is an MB Financial Bank condition.)

PURPOSE

Loan proceeds will be used by Intelligentsia Coffee & Tea, Inc. to provide permanent financing for the acquisition of a building at 1850 W. Fulton that the Company has leased since 2001.

IFA PROGRAM AND CONTRIBUTION

Under the IFA Participation Loan Program, the Authority purchases *parri passu* participations in bank loans financing capital projects for business, industry, farmers and agri-industry. The Authority will participate in loans for up to 10 years at a rate of interest that is variable or fixed for up to 5 years at 100 basis points above the 3-month LIBOR (i.e., 6.34% as of 7/20/2007). The Authority shares *pro rata* in the Bank's collateral and generally in conjunction with the Bank's loan advances funds at rates up to 80% of appraised fair market value for real estate, 65% of cost for new equipment and 65% of orderly appraised liquidated value for used equipment.

IFA's participation loan produces a lower, blended interest rate for the Borrower.

VOTING RECORD

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

PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS

Sources: MB Financial Bank		Uses: Building Acquisition	\$2,000,000
Term Loan (w/IFA			
Participation)	\$2,000,000		
Equity	<u>30,000</u>	Professional/Legal	<u>30,000</u>
Total	\$2,030,000	Total	\$2,030,000

JOBS

Current employment: 30 (at Fulton Street); [110 – company-wide]	Projected new jobs: 5-10 (2 years)
Jobs retained: Not applicable	Construction jobs: Not applicable

BUSINESS SUMMARY

Organization: **Intelligentsia Coffee & Tea, Inc.** (“Intelligentsia” or the “Company”) was established in 1995 and is an S corporation and incorporated under Illinois law.

Intelligentsia is owned by **Douglas Zell**, CEO and his wife **Emily Mange**, Vice President – each of whom own a 32.58% ownership interest in the Company. **Geoff Watts**, a co-founder, and currently the Company’s Chief Purchaser owns an approximately 16% interest (common shares) in the Company. The Company’s two other shareholders are **Norman Glassberg** (landlord and current owner of the 1850 W. Fulton Street property that is leased to Intelligentsia) who owns an approximately 16% (preferred stock) ownership interest (in the Company. Finally, **Cliff Webb**, former CFO of Intelligentsia, owns an approximately 3% (preferred stock) ownership interest in Intelligentsia.

The proposed facility will be owned by **Third Pancake LLC**, (the “LLC”) an Illinois limited liability company established in 2007, whose members Douglas Zell and Emily Mange are the majority shareholders of Intelligentsia and also the Personal Guarantors on the subject MB Financial Bank/IFA Participation Loan. The LLC is a special purpose entity formed in 2007 specifically to own and lease the subject facility for lease to the Company.

Mr. Zell and Ms. Mange will each own a 50% membership interest in Third Pancake LLC.

The Economic Disclosure Statement section of this report provides detailed information regarding the ownership of Intelligentsia (see p. 5).

Background Intelligentsia Coffee was originally established in October 1995 as a retail store on North Broadway Avenue in Chicago. In addition to the retail coffee store, Intelligentsia had an in-store 12-kilo Probat roaster that the Company used to custom roast and blend proprietary blends of coffee. Intelligentsia’s ability to produce its own proprietary blends of coffees has been critical to its ability to differentiate itself as a supplier of coffees to the food service industry.

In February 1997, owners Doug Zell and Emily Mange moved the 12-kilo roaster from the store into a 4,000 SF warehouse located in the Bucktown neighborhood. This facility provided additional space for the Company to increase inventory and enabled the company to improve margins by purchasing raw coffee beans in larger bulk quantities. Given that unroasted coffee (i.e., “green coffee”) does not degrade for one year, the ability to store additional raw coffee beans helped reduce Intelligentsia’s raw materials costs significantly.

As demand grew, the Company added a second, 23-kilo roaster to its existing 40-kilo soon joined the little roaster a within a year after relocating to Bucktown, the Company had roasted 50,000 pounds of coffee.

By 2001, Company had outgrown its 4,000 SF Bucktown warehouse – there was insufficient storage space of its raw material inventory, material handling, and for parking its delivery truck. As a result, in October 2001, Intelligentsia’s Roasting Works relocated to 25,000 SF of leased warehouse space at 1850 W. Fulton Street and added a 90 kilo roaster to support its volume growth.

The proposed Participation Loan will enable Intelligentsia to purchase the 1850 W. Fulton Street warehouse/production facility from their current landlord.

As a result of this acquisition, the Company will reduce cash flow used to finance occupancy expenses from \$228,000 per annum (current rent expense inclusive of \$12,000 of annual property taxes) to approximately \$172,000 per annum (proposed debt service payments), or \$184,000 after adding annual property taxes.

The Company believes the 1850 W. Fulton Street facility will provide adequate capacity to expand its operations for several years.

Intelligentsia has over 700 wholesale customers in 25 states and Canada, as well as three Chicago retail locations in Chicago located at 3123 North Broadway, and a two-level store at 53 W. Jackson, and 55 E. Randolph (with a lower level facility in the Pedway).

Locally-based customers include several high prestige/gourmet restaurants including Charlie Trotter's, the Frontera Grill, Topolobampo, N9ne Steak House, and Blackbird.

To reduce warehousing and shipping expenses to its West Coast customers, Intelligentsia executed a lease on warehouse space in Los Angeles California in 2006. Following build-out and equipping, the Company will be initiating warehousing and roasting operations in Los Angeles. The Company has previously used an independent food broker who ordered product and also paid to warehouse green coffee prior to shipping to Chicago. The Company plans to begin roasting operations in August 2007.

The Company expects the new Los Angeles distribution facility will enable Intelligentsia to (1) eliminate a middleman and (2) reduce warehousing and freight expenses, which the Company expects to improve profit margins. Additionally, Intelligentsia will be opening a retail store based in West Los Angeles in late August. Intelligentsia's Los Angeles wholesale and roasting facility is scheduled to begin full production mid-August.

The Company believes that the California wholesale operation will help the Company regain distribution to Whole Foods stores in the western U.S. Because of Whole Foods' increasingly focus on procurement from regional distributors, Intelligentsia had lost Whole Foods as a West Coast account.

None of the proceeds of the proposed IFA Participation Loan will be used to finance improvements at any of the Company's retail stores.

Owner's

Backgrounds:

The Company was founded by Doug Zell, Emily Mange (Doug Zell's wife), and Geoff Watts in 1995.

Doug Zell had five years experience in coffee shop experience at Peet's Coffee and Spinelli's Coffee in San Francisco. While at Peet's and Spinelli's, Mr. Zell had served as a barista, roaster, store manager, delivery driver, bill collector and store manager before relocating with his wife (and co-owner) Emily Mange to Chicago to open their concept for Intelligentsia – a coffee shop with an in-store custom roaster to produce custom blends of coffee.

Mr. Zell currently serves on the Specialty Coffee Association of America's Board of Directors.

Geoff Watts is the Company's Chief Purchaser and Manager of Product Development. Mr. Watts collaborates with Doug Zell in developing the Company's proprietary blends. Mr. Watts gained experience working in several coffee shops while a student at the University of California at Berkeley.

Mr. Watts travels to coffee farms throughout Central and South America, Africa and Indonesia to establish direct supply relationships with farmers, exporters. Mr. Watts also works with specialty coffee exporters based worldwide to source product.

Intelligentsia purchased green coffee from farmer and exporters located in Mexico (Oaxaca and Chiapas), Guatemala, Nicaragua, Honduras, Panama, Costa Rica, Colombia, Brazil, and Indonesia (Sumatra and Java).

FINANCING SUMMARY

Obligor: Third Pancake LLC
Corporate

Guarantor: Intelligentsia Coffee & Tea, Inc.

Personal

Guarantors: Douglas Zell and Emily Mange

Collateral:

- Shared 1st Mortgage on subject facility.
- Assignment of Rents and Leases on subject facility.
- Corporate Guaranty of Intelligentsia Coffee & Tea, Inc.
- Joint Personal Guarantees of Douglas Zell and Emily Mange.
- Prospective Cross Collateralization/Cross Default Provisions with Affiliates: Pursuant to the Participation Agreement to be executed between IFA and MB Financial Bank, IFA will share parri passu (i.e., pro rata) first mortgage interest in the subject property and other collateral pledged to secure MB's subject loan to Third Pancake LLC (the Obligor on the subject IFA Participation Loan) and its affiliates, which currently include Intelligentsia Coffee & Tea, Inc. (the Tenant/Corporate Guarantor). To the extent the subject building secures other Intelligentsia loans originated by MB, IFA will also be secured by appropriate cross collateralization (i.e., parri passu, shared first security interests/mortgages, as appropriate, with MB Financial Bank).
- Note: in the event that an appraisal of the property results in (1) a need for additional collateral, (2) additional equity, or (3) subordinate debt from either the principals or the Seller, IFA's lending limit will be established pursuant to IFA's underwriting standards (i.e., 80% of appraised fair market value on real estate 65% of cost on new equipment and 65% of orderly liquidation appraised value on used equipment).

Structure:

- IFA will purchase a 50% participation interest (i.e., \$1,000,000) in a 1st Mortgage loan of up to \$2,000,000 by MB Financial Bank, N.A. that will provide permanent financing for this property.

IFA Participation
Loan Term Terms:

- Interest Rate: 6.34% fixed for initial 5 year term (based on 100 b.p. over 90-day LIBOR as of 7/20/2007)
- Initial Term: 5 years (subject to renewal for up to an additional 5 years based on interest rates in effect at that time; upon the 10th anniversary date of closing, IFA Participation must be taken out by the Bank)
- Amortization: 25 years

MB Financial
Bank Terms:

- Interest Rate: 7.96% fixed for an initial term of 5 years
- Initial Term: 5 years (subject to renewal for up to an additional 5 years; upon the 10th anniversary date of closing, IFA Participation must be taken out by the Bank)
- Amortization: 25 years

ECONOMIC DISCLOSURE STATEMENT

Applicant/
Contact: Third Pancake LLC, c/o Mr. Douglas Zell, CEO, Intelligentsia Coffee & Tea, Inc., 1850 W. Fulton St., Chicago, IL 60612-2512; Ph.: 312-563-0023
Location: 1850 W. Fulton St., Chicago, IL 60612-2512
Organization: **Obligor/Lessor** Third Pancake LLC
Tenant/Corporate Guarantor Intelligentsia Coffee & Tea, Inc.
Limited Liability Company Corporation
State: Illinois Illinois
Ownership: Douglas Zell: 50% Douglas Zell: 32.58% (Common - Guarantor)
Emily Mange: 50% Emily Mange: 32.58% (Common - Guarantor)
Geoff Watts: 15.84% (Common)
Norman Glassberg: 16.00% (Preferred)
Cliff Weber: 3.00% (Preferred)

Current Property
Owner: Mr. Norman Glassberg, Chicago, IL

PROFESSIONAL & FINANCIAL

Bank:	MB Financial Bank, N.A.	Rosemont	John Sarris
Bank Counsel:	To be determined		
General Counsel:	To be determined		
Accountant:	Coleman Epstein Berlin & Co. LLP	Chicago	
IFA Counsel:	Dykema Gossett PLLC	Chicago	David Celliti
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago	Bill Morris
	Scott Balice Strategies, LLC	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 7 Danny K. Davis
State Senate: 5 Rickey R. Hendon
State House: 10 Annazette R. Collins

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: August 7, 2007

Re: Overview Memo for CenterPoint Joliet Terminal Railroad LLC
IFA No. I-FRT-TE-CD-7170

The Borrower and Developer

CenterPoint Joliet Terminal Railroad LLC (the "Borrower") is a special purpose entity formed by **CenterPoint Properties Trust** of Oak Brook, Illinois ("CenterPoint" or the "Developer"), to acquire land, finance, and construct a new, approximately 4,000 acre intermodal and logistics park to be located in Unincorporated Will County, near Joliet and Elwood.

The Project Site

The property is generally located east of I-55 and the Burlington Northern Santa Fe Railroad (Chicago-Long Beach line), west of Illinois Hwy. 53 and the Union Pacific Railroad (Chicago-St. Louis line), north of Arsenal Road/Manhattan Road, and south of the Des Plaines River (and I-80). See pages 10-11 of the accompanying Board Summary Report for site maps.

- This new intermodal facility would be located approximately two miles north of the CenterPoint Intermodal Center – Elwood, an existing, 2,200-acre intermodal and logistics park that presently serves the Burlington Northern Santa Fe Railroad ("BNSF").
- The Borrower is requesting that the Authority approve an Inducement Resolution for an amount not-to-exceed \$1,137,000,000 of Tax-Exempt Freight Transfer Facilities Revenue Bonds.

Background on the US Department of Transportation and Freight Transfer Facilities Revenue Bonds

- Tax-Exempt Freight Transfer Facilities Revenue Bonds are a new category of Tax-Exempt Bond created in the 2005 Federal Highway Bill (i.e., "SAFETEA-LU") for privately-owned companies that are seeking to own and finance certain privately-owned transportation projects (e.g., private-owned toll bridges and toll roads, intermodal railroad/truck transfer facilities).
- The 2005 Federal Highway Bill provided the Secretary of the U.S. Department of Transportation ("US DOT") with \$15 Billion of nationwide bond issuance authority that will be allocated to projects directly over the life of this federal program initiative.
- The IFA Inducement Resolution under consideration today regarding IFA's prospective issuance of Bonds for the CenterPoint Joliet Terminal Railroad LLC project will be conditioned upon (1) the Borrower obtaining a sufficient allocation of US DOT's \$15 billion allocation to support the issuance of Tax-Exempt Bonds, and (2) the Project obtaining sufficient Title 23 and/or Title 49 transportation grant funds through the Illinois Department of Transportation ("IDOT") to support development of the Project, as determined by US DOT.

US DOT Project Selection

US DOT will evaluate and allocate its \$15 billion allocation of transportation bond issuance authority on a case-by-case basis to support five (5) years of development activity for individual projects.

US DOT intends to allocate sufficient allocations of this \$15 billion project-by-project bonding authority to support the build-out of each project or development, as applicable.

Purpose of Inducement Resolution

The intent is to facilitate the Borrower's request for an allocation of a portion of the US DOT's \$15 billion nationwide allocation. CenterPoint's request for a \$1,137,000,000 Inducement Resolution conforms to the amount of Tax-Exempt Freight Transfer Facilities Revenue Bonds that CenterPoint hopes to issue to finance build-out of this project over the next 5+ years.

This project represents IFA's third request for an Inducement Resolution received for an intermodal rail-to-truck logistics park. Previously, the IFA Board of Directors have approved Inducement Resolutions for Freight Transfer Facilities Revenue Bonds for (1) Ridge Property Services LLC (amount not-to-exceed \$591 million approved in August 2006) to be located in unincorporated Will County, near Wilmington, Illinois, and (2) CenterPoint Crete Terminal Railroad, LLC (amount not-to-exceed \$505 million approved in March 2007).

US DOT anticipates awarding allocations to new project applicants, including prospective intermodal/logistics park facilities in late 2007.

Likely Transaction Structure at Origination:

- Assuming that US DOT provides this project with an allocation of its \$15 billion nationwide bond allocation, CenterPoint plans to issue approximately \$70 million to \$100 million of Bonds per annum initially, as dictated by user demand for intermodal and related logistics/warehousing space at this project.
- The contemplated structure for this financing is expected to be very straightforward. As presently contemplated, CenterPoint will obtain a Direct Pay Letter of Credit from a member of its banking syndicate in order to secure an issue of 7-day Floating Rate Bonds. This is identical to the structure used by most of IFA's Industrial Revenue Bond projects.
- Accordingly, IFA will have the opportunity to review each project as financing commitments and documentation are completed, just as on standard IFA conduit bond issues.
- CenterPoint may form a new special purpose affiliate to serve as the conduit borrower/obligor for successive financings.

Although similar in many ways to conduit Industrial Development Bonds (IDBs) (which are also originated for for-profit users) -- there are some key differences:

- Most importantly, these Bonds are specifically exempt from federal Volume Cap requirements. Instead, the Secretary of the U.S. Department of Transportation has sole discretion over a separate, \$15 Billion set-aside of national bond issuing authority for these privately-owned transportation projects.
- Unlike IDBs, Freight Transfer Facilities Revenue Bond proceeds can prospectively be spent over a 5 year period (although not anticipated by CenterPoint).

Attachment:

- IFA Board Summary Report for the CenterPoint Joliet Terminal Railroad LLC Project

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

**Project: CenterPoint Joliet Terminal Railroad LLC and its successors,
affiliates, and assigns**

STATISTICS

IFA Project:	I-FRT-TE-CD-7170	Amount:	\$1,137,000,000 (not-to-exceed amount)
Type:	Freight Transfer Facilities Revenue Bonds	IFA Staff:	Rich Frampton
Location:	Unincorporated Will County		

BOARD ACTION

Preliminary Bond Resolution
Conduit Freight Transfer Facilities
Revenue Bonds (Tax-Exempt)
No IFA funds at risk

Staff recommends approval subject to the following condition:

Condition: IFA's issuance of these Bonds will be expressly conditioned upon the receipt of an allocation from the United States Secretary of Transportation of a sufficient portion of the \$15 Billion of nationwide authority (the "Nationwide Authority") to issue Tax-Exempt Bonds for the financing of qualified highway or surface freight transfer facilities as set forth in Internal Revenue Code Section 142(m)(2)(A), as added by Section 11143 of Title IX of the "SAFETEA-LU". [Furthermore, the United States Department of Transportation ("USDOT") allocation of Nationwide Authority will also be subject to USDOT providing Title 23 and/or Title 49 transportation grant funds through the Illinois Department of Transportation ("IDOT").] Also see Project Development Timetable on p. 6 for more information regarding key events in the development of the subject facilities.

PURPOSE

Acquisition of land, construction of rail improvements, and the construction of all or a portion of an estimated 12 million SF to 15 million SF of warehousing and distribution facilities (up to 1 million SF each) and related infrastructure located generally on an approximately 4,000 acre site (including approximately 940 acres for two intermodal rail yards) located west of the Union Pacific mainline (Chicago-Springfield-St. Louis line), north of Arsenal/Manhattan Road and south of Laraway Road in unincorporated Will County.

Certain portions of these intermodal and logistics park facilities may qualify for new federally tax-exempt Freight Transfer Facility Revenue Bonds and Highway Infrastructure Facilities Revenue Bonds in Illinois under a new surface transportation finance initiative approved in late 2005 and implemented in early 2006 by the U.S. Department of Transportation.

IFA CONTRIBUTION

Although the subject Bonds will be issued on a tax-exempt basis for a for-profit entity, Freight Transfer Facility Revenue Bonds and Highway Infrastructure Facilities Revenue Bonds will not require any State of Illinois Volume Cap. Instead, authorization requests for Tax-Exempt Freight Transfer Facility Revenue Bonds are allocated nationally on a project-by-project basis by the USDOT, subject to an initial \$15 billion national limitation over the life of the program.

Accordingly, IFA will serve as a conduit issuer and convey tax-exempt status on the subject Bonds.

VOTING RECORD

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

PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds, \$1,136,190,000 Title 23/ Title 49 Grants, and Other Financing Equity <u>139,000,000</u> Total <u>\$1,275,190,000</u>	Uses:	Project Cost \$1,260,100,000 <u>Issuance Costs 15,090,000</u> Total <u>\$1,275,190,000</u>
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Note: These amounts represent not-to-exceed amounts for the anticipated multi-year, multi-series issue of projects to be financed as required by USDOT.

These estimates are preliminary estimates only and are likely to change materially prior to issuance and will be a function of: (1) the amount of US Title 23 and US Title 49 funding provided, (2) final bond sizing which will reflect the number of series ultimately issued, and (3) the amount of supplemental financing available from other sources. Firm estimates of project costs and a more detailed listing of proposed Sources and Uses of Funds will be provided at the time of the Final Bond Resolution for each tranche as originated. The Borrower anticipates that issuance costs will be financed with equity.

Assuming USDOT provides a portion of its nation \$15 billion allocation for this project, CenterPoint will issue annual tranches based on demand by prospective tenants/purchasers.

JOBS

Current employment: 0	Projected new jobs: 1,600 FTE jobs estimated in connection with Phase I over the initial 5 years of the project (3,200 FTE jobs estimated over the 10-year build-out of the project)
Jobs retained: Not applicable	Construction jobs: 500 construction jobs estimated during Phase I (and 2,000 construction jobs over the 10-year build-out period)

BUSINESS SUMMARY

Description: **CenterPoint Joliet Terminal Railroad, LLC (the "Borrower")** and its successors, affiliates, and assigns is an Illinois Limited Liability Company formed on April 11, 2007 as a special purpose entity to own and develop the subject freight intermodal facility and logistics park in unincorporated Will County.

The sole Member of the Borrower is **CenterPoint Properties Trust ("CPT")**, a private Maryland Real Estate Investment Trust. CPT is 100% beneficially owned by **CalEast Global Logistics LLC ("CalEast")**, a leading investor in logistics warehouse and related real estate.

CalEast Global Logistics LLC is owned by the **California Public Employees Retirement System ("CalPERS")** and **LaSalle Investment Management**, a division of (publicly-traded) **Jones Lang LaSalle, Inc.** (see Economic Disclosure Statement on p. 7).

Background on
 CenterPoint
 Properties

Trust: CPT was originally formed in 1984 as Capital and Regional Properties Corporation. CPT became a publicly traded REIT in 1993 after consolidating with FCLS Investors Group, a Chicago-based industrial development company with 30 years of local development experience.

In March 2006, after 12 years as a public company, CPT was purchased and taken private by CalEast Global Logistics for \$3.4 billion cash. CalEast is a leading investor in logistics warehouse and related real estate and is a joint venture of CalPERS and LaSalle Investment Management.

CalPERS is the nation's largest pension fund, with more than \$260 billion in assets. LaSalle Investment Management is a wholly-owned, but operationally independent, division of Jones Lang LaSalle, Inc., one of the world's leading real estate service providers. LaSalle Investment Management has over \$44 billion in assets under management invested in private real estate. Jones Lang LaSalle is a publicly held, NYSE-listed company (Ticker: JLL) headquartered in Chicago.

CPT's mission is focused on the development, ownership, and active management of industrial real estate and related rail, road, and port infrastructure.

CPT is the largest owner, manager, and developer of industrial real estate in metropolitan Chicago with 23 branded business parks. Along with its affiliates, CPT owns and manages more than 41 million SF of industrial/warehousing space. CPT has an additional 6,200 acres of land available for future development.

Aside from its intermodal facilities under development (as described in further detail below), CPT has an extensive track record of developing successful industrial and warehousing projects in Illinois and SE Wisconsin, including the Ford Chicago Manufacturing Campus (Chicago), International Produce Market (Chicago), O'Hare Express Center and O'Hare Express North (Chicago), California Avenue Business Center (Chicago), McCook Business Center I and II (McCook), BNSF Logistics Park Chicago (Chicago), DuPage National Technology Park (West Chicago), and several other business parks located in Illinois, SE Wisconsin, NW Indiana, Missouri, Georgia and Texas.

Chicago's
Role as an
Logistics
Center for the
Central U.S.:

Intermodal facilities provide for the efficient, direct transfer of goods between ship, rail, or truck. Essentially, intermodal logistics parks are "inland ports" that allow customers to seamlessly ship goods long-haul from the U.S. coasts inland by rail for distribution by truck. Additionally, industrial land adjacent to intermodal facilities allows warehouse/light manufacturing customers to perform bulk breakdown operations and to repackage or assemble products before final delivery by truck to regional warehouses and/or stores.

The Chicago Metropolitan Area has emerged as the largest inland port/freight transfer center in the United States. Currently, the Chicago area supports 1.3 billion SF of industrial property, making the Chicago region the largest and most diverse industrial property market in the U.S.

According to CenterPoint, Chicago's transportation industry creates \$22 billion of economic value and \$3.2 billion in wages. CenterPoint reports that more than 117,000 jobs in the Chicago Metropolitan Area are rail-related.

The Chicago area is also an ideal location for the development of intermodal facilities – it is the only location in the US where all six of the seven North American Class I railroads intersect. The Class I railroads serving the Chicago area include: (1) Burlington Northern Santa Fe, (2) Canadian National/Soo Line, (3) Canadian Pacific, (4) CSX, (5) Norfolk Southern, and (6) the Union Pacific. (The only Class I railroad not serving the Chicago metropolitan area is the Kansas City Southern Railroad.)

According to CenterPoint, improved productivity/logistics in the Chicago area is important since approximately 60% of freight traveling inland from the coasts either stops in Chicago, or travels through Chicago to other markets. Although it takes only two days for freight to be shipped from the coasts, it can take 4 days for this rail traffic to move through the City of Chicago.

Development of intermodal facilities will help reduce rail bottlenecks and also reduce truck traffic in the City of Chicago.

Development of intermodal facilities in the Chicago metropolitan area will expand the region's effective rail capacity and will also help maintain the Chicago area's status as the key inland rail hub in the Central U.S.

CenterPoint's
Intermodal
Facility
Development
Experience:

To date, CPT has completed substantial construction and is operating two intermodal business parks including:

- (1) **CenterPoint Intermodal Center – Elwood** is located in Elwood, Illinois (Will County), along the BNSF's main line from Long Beach to Chicago on the former site of the Joliet Arsenal, near I-55 and Arsenal Road. This 2,200 acre development presently includes the 770-acre BNSF Logistics Park Chicago, and over 9 million SF of adjacent warehouse and distribution center space. High profile tenants in the industrial park currently include Wal-Mart (3.4 million SF); Georgia Pacific (1.0 million SF); Potlatch Corporation (624,000 SF), and Sanyo Logistics (300,000 SF). CenterPoint Intermodal Center – Elwood was also financed with \$75 million of grants from IDOT and DCEO (DCCA). Total investment to date has been approximately \$1 billion.
- (2) **CenterPoint Intermodal Center – Rochelle** is located in Rochelle, Illinois (Ogle County), and anchored by the 1,230-acre Union Pacific Global III Intermodal yard. This facility is located near the junction of I-88 and I-39, approximately 75 miles west of Chicago. CPT managed the construction and development this \$181 million intermodal facility for the Union Pacific Railroad. To date, this intermodal facility has created 150 new jobs and is operating 24 hours per day. Additionally, CPT is developing a 362-acre industrial park, CenterPoint Intermodal Center – Rochelle, approximately 1 mile from the Rochelle intermodal facility. Upon build-out, the Rochelle Industrial Park will provide approximately 5 million SF of warehousing/logistics space to prospective users.

New CenterPoint
Intermodal
Facilities in
Pre-Development:

In addition to the proposed CenterPoint Intermodal Center – Joliet, that is the subject of this proposed financing, CenterPoint has recently announced two intermodal projects currently in pre-development including:

- (1) **CenterPoint Intermodal Center – Crete**, an 850-acre facility located approximately 35 miles south of the Chicago Loop. *The IFA Board of Directors approved a Preliminary Bond Resolution for this project in March, 2007 (see next section on IFA Inducement Resolution immediately below)*
- (2) **CenterPoint – KCS Intermodal Center** (Kansas City, MO), a 1,400-acre intermodal facility to be constructed south of Kansas City, MO on a portion of the site of the former Richards-Gebaur Air Force Base.

Outstanding IFA
Intermodal
Facility
Inducement
Resolutions:

The IFA Board of Directors has already approved Preliminary Bond Resolution/Inducement Resolutions for the following intermodal projects:

1. \$591 million for Ridge Property Trust's proposed intermodal facility, near Wilmington (August 2006). This project involves development of an intermodal facility along the BNSF railroad, just west of I-55 and south of the Kankakee River, near Wilmington (Will County), approximately nine (9) miles south of CPT's Elwood Intermodal Center.
2. \$505 million for CenterPoint's proposed intermodal facility in Crete, Illinois (March 2007).

USDOT
Freight
Transfer
Project
Allocations:

The US Department of Transportation has sole discretion in determining which surface transportation (i.e., private highways, intermodal facilities, and international bridges) receive a portion of USDOT's national \$15 Billion allocation of bond issuance authority over the life of this pilot programs initiated under the 2005 Transportation Bill (i.e., "SAFETEA-LU"). Additionally, all qualifying projects must receive either Title 23 Highway Funds or Title 49 Railroad Grant Funds from USDOT (through IDOT).

To date, USDOT has initially allocated \$2 Billion of this national allocation to a privately-owned toll road (Texas Toll Hwy. 121) under SAFETEA-LU, thereby leaving approximately \$13 billion of national allocation uncommitted for other projects nationally.

Rationale for
the Joliet
Intermodal
Facility:

CPT's proposed, approximately 4,000 acre CenterPoint Intermodal Center – Joliet logistics park in unincorporated Will County would be located less than two miles north of the railroad's existing CenterPoint Intermodal Center – Elwood (CIC – Elwood), which serves the BNSF main line from the Long Beach/Los Angeles port. The proposed CenterPoint Intermodal Center – Joliet is expected to serve both the BNSF and the Union Pacific Railroad.

Overall, CenterPoint's has four intermodal projects in various stages of development including, CenterPoint Intermodal Center – Rochelle (operating – as described on p. 4), CenterPoint Intermodal Center – Crete (pre-development), Kansas City (development) and Elwood (operating; expansion phase planned). This project would be CenterPoint's fourth intermodal facility of this scale to be developed in the Northern Illinois.

To date, CPT has acquired approximately 4,000 acres of agricultural land that is located adjacent to the Union Pacific Railroad mainline (*see attached site plan on pp. 9-10*) from Chicago to St. Louis. CPT plans to dedicate approximately 1,400 acres for industrial/warehousing customers, which could accommodate between 12 and 15 million SF of industrial buildings upon build-out.

The property site is located approximately:

- 2 miles east of I-55 and the I-55/Arsenal Road interchange
- 2 miles south of I-80
- 2 miles west of Illinois Hwy. 53
- 16 miles west of I-57 and a proposed interchange with the proposed Illiana Expressway (a proposed east-west connector between I-57 and I-65 in NW Indiana, that would also be adjacent to the proposed Peotone airport)

- The project site is located approximately 2 miles north of the CenterPoint Intermodal Center – Elwood.

CPT is proposing development of an intermodal facility to accommodate goods shipped via the both the Union Pacific and BNSF (from the West Coast and Southwest) and possibly the Norfolk Southern Railroad from the southeast.

Some key advantages of this project include:

1. Will help absorb the dramatic demand for new Midwestern rail served warehouse/distribution centers, intermodal, and transload facilities due to (a) massive increases in the volume of containerized import shipments (b) the increased importance of efficient logistics in transporting products to final destinations.
2. Tax-Exempt Bond Financing will facilitate a lower cost of occupancy that will attract prospective industrial park tenants to Illinois rather than to Indiana or Missouri.
3. Project-related roadway and interchange improvements to the I-55/Arsenal Road interchange, Arsenal Road (the primary access road serving CenterPoint's existing Elwood intermodal facility and also CenterPoint's proposed Joliet intermodal facility), and surrounding roads will improve access to the area, and encourage peripheral users to locate nearby.
4. Project will generate property tax revenue for local taxing jurisdictions, and income tax revenue for the State of Illinois.

Proposed
Development
Timetable:

Some key benchmarks in CPT's development timetable for Phase I of the CenterPoint Intermodal Center – Joliet include the following:

Completed/Ongoing Activities:

- Initial discussions with USDOT and IDOT regarding Title 23/Title 49 Funding: initiated in early 2007 (and ongoing)
- Rezoning efforts to allow for special use as an Intermodal Facility: (ongoing)
- Annexation options (evaluation ongoing)
- Apply for IFA Inducement Resolution for Tax-Exempt Bond Financing: in process as of 7/20/2007

Timetable: Upcoming Activities:

- September 2007: Submit application, including IFA Inducement Resolution to the Secretary of the US Department of Transportation
- 2007: Engineering and permitting initiated by TranSystems of Kansas City, MO (CenterPoint's site engineering firm)
- 2008: Engineering and permitting completed
- 2008: Topsoil stripping and berms completed
- 2008: Mass grading and drainage complete
- 2008 – 2009: On-site public water and sanitary extensions
- 2008: initial tranche of IFA Bonds closes to finance construction of intermodal/warehousing facilities
- 2008 – 2009: Off-site public water and sanitary extensions complete
- 2009 – 2010: Railyard, access road, parking lot improvements complete; initial building completed and occupied
- 2009 - 2010: Lifts completed; lift revenues generated

FINANCING SUMMARY

The proposed Bonds will be issued in tranches, as dictated by demand/build-out over 5+ years. CenterPoint anticipates that each tranche will be financed according to the following proposed terms:

Bondholder Security:	Direct Pay Letter of Credit from either Bank of America, JP Morgan Chase Bank, LaSalle National Bank, National City Bank, or Wachovia Bank
Credit Ratings:	Bonds will be secured by a Direct Pay Bank with a long-term rating of Aa/AA/AAA or better
Collateral:	Confidential
Proposed Interest Rate Mode:	7-day variable rate demand bonds
Estimated Interest Rate:	3.75% Floating based on rates as of 7/18/2007
Amortization:	40 years (not to exceed)
Final Maturity:	40 years (not to exceed)

PROJECT SUMMARY FOR PRELIMINARY BOND RESOLUTION

Bond proceeds will be issued in one or more Series and used by CenterPoint Joliet Terminal Railroad, LLC, and its successors, affiliates, and assigns (the "Borrower"), for the purpose of providing the Borrower with all or a portion of the funds for the purpose of assisting in financing infrastructure located generally on an approximately 4,000 acre site (including 1,400 acres of industrial buildings and between 12 to 15 million square feet of warehouse/light manufacturing facilities) including the acquisition of the subject land, installation of infrastructure improvements and the construction of facilities for the transfer of freight including, without limitation, rail facilities, warehouse and other storage facilities, cranes, loading docks and other equipment integral to the transfer of freight at a site located in an area generally [west of the Union Pacific Railroad's Chicago-St. Louis mainline], west of Illinois Hwy. 53, south of both US Highway 6 and the Des Plaines River, and north of Arsenal Road /West Manhattan Road] in unincorporated Will County, near the City of Joliet, Illinois. Additionally, bond proceeds may be used to finance the capitalization of any required reserve funds and capitalized interest; and for financing the payment of all or a portion of the costs of issuance of the Bonds, including the cost of any credit enhancement for the Bonds. Collectively, these capital expenditures and costs will be referred to as the "Project".

Estimated project costs are as follows:

Land Acquisition:	\$238,000,000
New Construction:	987,100,000
Equipment:	<u>35,000,000</u>
Total	<u>\$1,260,100,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant:	CenterPoint Joliet Terminal Railroad, LLC (Contact: Mr. Daniel J. Hemmer, SVP and General Counsel, CenterPoint Properties Trust, 1808 Swift Drive, Oak Brook, IL 60523-1501; (T) 630-586-88126; (F) 630-586-8010; e-mail: DHemmer@CenterPoint-Prop.com)
Alternate Contact:	Mr. Matt Tramel, CenterPoint Properties Trust, Manager, Corporate Affairs; 1808 Swift Drive, Oak Brook, IL 60523-1501; (T) 630-586-8197; (F) 630-586-8010; e-mail: Mtramel@centerpoint-prop.com .
Web site:	www.CenterPoint-Prop.com (CenterPoint Properties)
Project name:	CenterPoint Intermodal Center -- Joliet
Location:	21703 W. Millsdale Road, (unincorporated Will County), IL 60421-9647
Organization:	CenterPoint Joliet Terminal Railroad, LLC is an Illinois limited liability company that is 100%-owned by CenterPoint Properties Trust, a Maryland Real Estate Investment Trust.
Ownership:	CenterPoint Properties Trust is in turn owned by CalEast Global Logistics, LLC, 65 East State Street, Suite 1750, Columbus, OH 43215; (T): 614-460-4444; web site: www.caleast.com

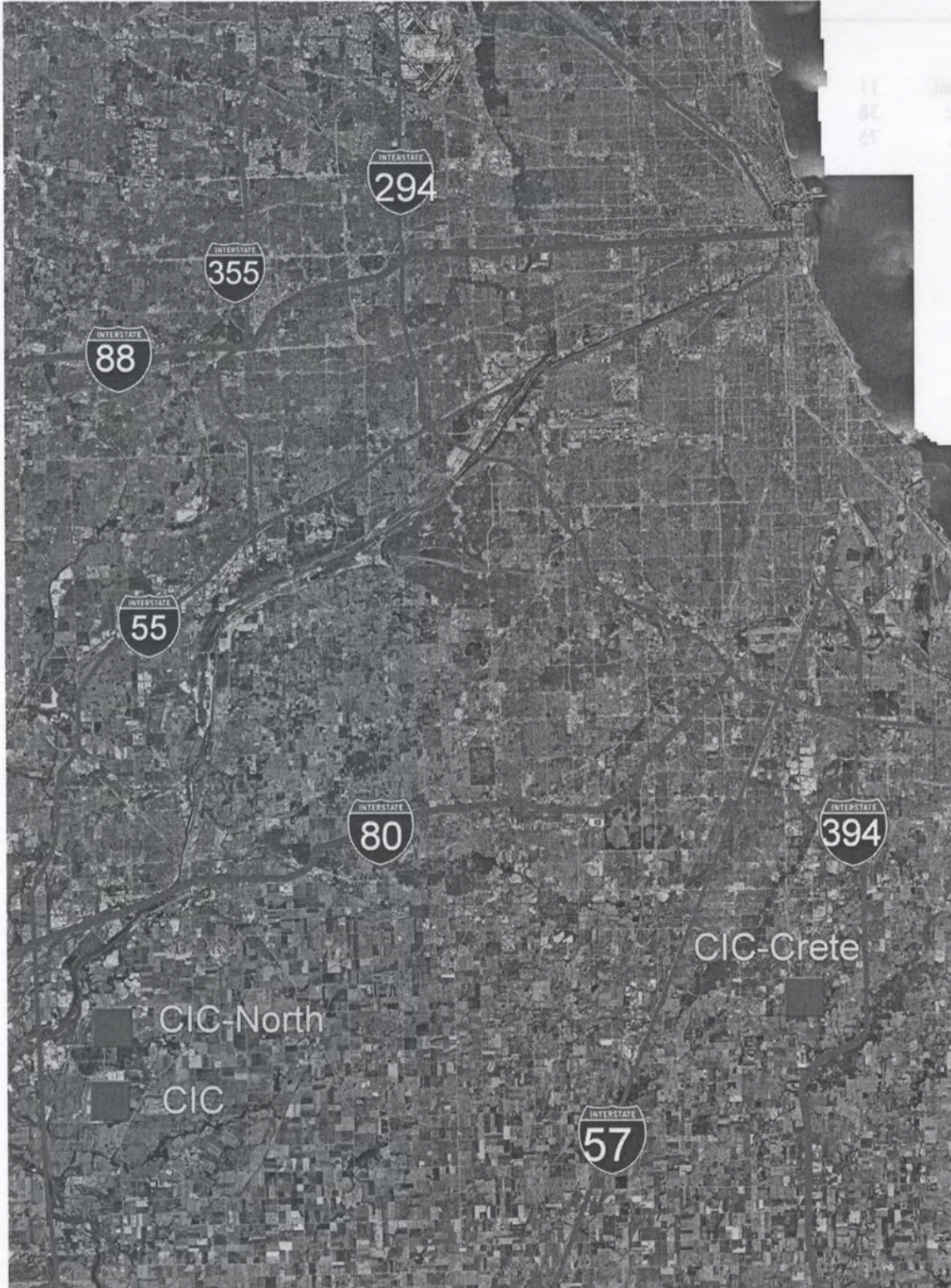
- CalEast Global Logistics LLC is a joint venture between the California Public Employees Retirement System and LaSalle Investment Management. Additional information on the joint venture members follows below:
 - California Public Employees Retirement System (d/b/a “CalPERS”): 100%
 400 Q Street, Room 1820
 Lincoln Plaza East
 Sacramento, CA 95814
 Web site: www.calpers.ca.gov
 - LaSalle Investment Management, a wholly owned division of Jones Lang LaSalle, Inc., Chicago, IL (a publicly traded company)
 Aon Center
 200 East Randolph Drive
 Chicago, IL 60601
 Web site: www.lasalle.com/en-US/Services

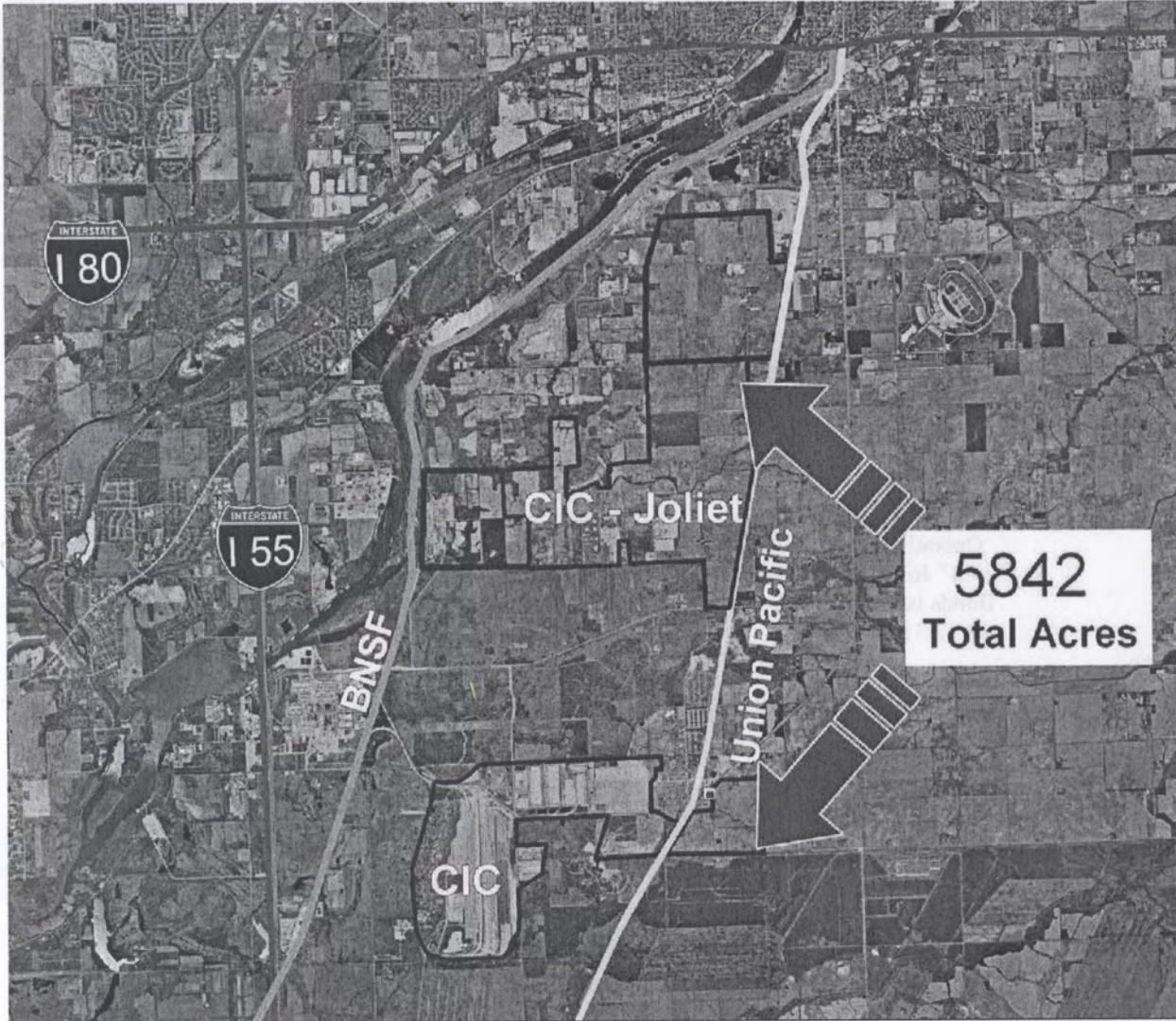
PROFESSIONAL & FINANCIAL

General Counsel:	CenterPoint Properties Trust	Oak Brook, IL	Dan Hemmer, Matt Tramel
Borrower’s Auditor:	PricewaterhouseCooper LLP	Chicago	
Bond Counsel:	Perkins Coie, LLP	Chicago	Bruce Bonjour, Bill Corbin, Kurt Neumann
Letter of Credit:	Negotiating with members of its lending syndicate including: Bank of America; LaSalle National Bank; JP Morgan Chase Bank; National City Bank, and Wachovia Bank		
Bank Counsel:	To be determined		
Underwriter:	Borrower intends to negotiate with the investment banking affiliates of its lending syndicate to serve as Senior Manager. Prospective firms include: Banc of America Securities LLC; LaSalle Financial Services, Inc., J. P. Morgan Securities, Inc., NatCity Investments, Inc., and Wachovia Securities, LLC. Additionally, CenterPoint plans to interview Wall Street firms with special expertise in transportation finance.	Chicago	
Co-Manager(s)	To be determined prior to Final Bond Resolutions for each tranche		
Underwriter’s Counsel	To be engaged by the Senior Manager		
Trustee/Fiscal Agent:	To be determined		
Rating Agencies:	To be determined		
Architect:	TranSystems	Kansas City, MO	
General Contractor:	To be determined		
IFA Counsel:	Mayer Brown Rowe & Maw LLP	Chicago	David Narefsky
IFA Financial Advisors:	D.A. Davidson & Co. Scott Balice Strategies, LLC	Chicago Chicago	Bill Morris Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	11	Gerald C. ("Jerry") Weller		
State Senate:	38	Gary G. Dahl	43	Arthur J. ("A.J.") Wilhelmi
State House:	75	Careen Gordon	86	Jack McGuire





Category	Value 1	Value 2	Value 3	Value 4	Value 5	Value 6
Common	184,732	207,229	241,192	272,229	307,229	347,229
Preferred	179,229	181,442	183,655	185,868	188,081	190,294
Long-Term Debt	-	-	-	-	-	-
Other Liabilities	88,023	88,023	88,023	88,023	88,023	88,023
Equity	1,669,218	1,669,218	1,669,218	1,669,218	1,669,218	1,669,218
Total Liabilities	1,867,918	1,867,918	1,867,918	1,867,918	1,867,918	1,867,918
Equity	1,669,218	1,669,218	1,669,218	1,669,218	1,669,218	1,669,218
Debt Service	1,669,218	1,669,218	1,669,218	1,669,218	1,669,218	1,669,218
Coverage (x)	1.00	1.00	1.00	1.00	1.00	1.00
Current Ratio	1.00	1.00	1.00	1.00	1.00	1.00
Liquidity	1.00	1.00	1.00	1.00	1.00	1.00

Information contained on this page is to be considered confidential and is exempt from disclosure under the Freedom of Information Act.

CONFIDENTIAL INFORMATION

Fee: Max. \$185,000 per tranche (52 b.p. basis) SIC Code: 4849

Financials: CenterPoint Properties Trust will be the corporate obligor on the anticipated Direct Pay Letter of Credit. Accordingly, the projected IFA Bonds will be a corporate obligation of CPT as noted below.

Pro Forma Income Statement and Balance Sheet results for FYE 12/31/2008. Forecasted statements for FYE 12/31/2008-12/31/2013. Also see detailed financing assumptions below.

Years Ending (000's Omitted)	<u>12/31/08</u>	<u>Year 1 12/31/09</u>	<u>Year 2 12/31/10</u>	<u>Year 3 12/31/11</u>	<u>Year 4 12/31/12</u>	<u>Year 5 12/31/13</u>
Assumptions:	Existing Operations + 1 st Joliet Bonds issued @ 12/31/08	1 st Joliet Building opens @ 8/31/09	Lift revenues at Joliet; Continued build-out	Existing operations + Joliet build- out/growth	Existing operations + Joliet build- out/growth	Existing operations + Joliet build- out/growth
Income Statement:						
Operating Revenues (includes "lifts"):	215,914	272,560	318,703	366,651	411,159	453,857
Net Income:	88,962	76,039	83,343	83,966	84,074	86,917
EBITDA:	154,120	167,172	183,740	195,531	202,490	216,371
Balance Sheet:						
Current Assets	285,612	292,668	250,484	300,087	343,046	370,902
Net PP&E	1,425,528	1,608,802	1,728,000	1,869,000	2,014,500	2,188,200
Other Assets	<u>151,120</u>	<u>175,000</u>	<u>197,500</u>	<u>225,000</u>	<u>245,000</u>	<u>260,000</u>
Total Assets	1,869,316	2,034,287	2,144,807	2,242,993	2,353,927	2,440,105
Current Liabilities	189,572	229,229	241,318	255,503	272,360	292,133
Long-Term Debt	789,852	841,448	940,602	1,034,069	1,122,236	1,232,103
Other Liabilities	--	--	--	--	--	--
Equity	<u>889,892</u>	<u>963,610</u>	<u>1,043,666</u>	<u>1,125,132</u>	<u>1,207,950</u>	<u>1,294,866</u>
Total Liabilities & Equity	1,869,316	2,034,287	2,225,587	2,414,704	2,602,546	2,819,102
Ratios:						
Debt Service Coverage (x):	2.21x	1.63x	1.58x	1.60x	1.60x	1.66x
Current Ratio:	1.54	1.09	1.24	1.26	1.26	1.27
Debt/Equity:	0.95	0.94	0.97	0.98	0.99	1.01

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

Discussion: These forecasts were prepared by IFA staff based on assumptions discussed with CenterPoint Properties' management. The Borrower has provided no additional opinions or guidance regarding the accuracy of these forecasts, nor has the Borrower provide any guidance regarding the comments offered in this section of the report.

Because CPT is a private company, these forecasts and the accompanying financial discussion have been prepared for internal discussion purposes only.

The forecasts presented herein were prepared under the following proprietary assumptions, provided by the Borrower:

Assumptions:

Bonds:

- The proposed bonds will be secured by a Direct Pay Letter of Credit from a rated bank. CenterPoint anticipates obtaining a Direct Pay LOC from one of the following four banks including: Bank of America, LaSalle National Bank, JPMorgan Chase Bank, National City Bank, or Wachovia Bank. The Direct Pay LOC Bank will be secured by a general pledge of CPT's assets, including project assets for this project that will be owned by CenterPoint Joliet Terminal Railroad, LLC (the Borrower).
- Five year prospective origination period for bonds issued under this proposed Inducement Resolution.
- The proposed IFA Bonds to be issued in an anticipated initial tranche of \$70 million. This assumes that there will be sufficient commitments of both Title 23/Title 49 grant funds and a sufficient allocation of the remaining, estimated \$13 million of national surface transportation bond allocation by the Secretary of the US Department of Transportation to enable bonds to be issued for all or a portion of this project.
- Land acquisitions to be financed with borrower equity (i.e., cash).
- For simplicity, all tenant leases are assumed to be for "credit" tenants. Accordingly, repayment terms are assumed over 40 years at an initial effective fixed interest rate of 5.0%.
- The Borrower will reserve the right to swap the proposed 7-day floating rate obligations to provide synthetic fixed rate financing if market conditions in the swap markets are favorable at any time the IFA Bonds are outstanding.
- Bond P & I payments to begin during the 4th Quarter of 2009, after the initial building is placed in service.
- Capitalized interest (from bond proceeds) will pay interest on bonds during the construction period.
- Assumes 100% of construction costs will be financed (100% Bank LOC secured).
- Subsequent tranches estimated at \$70 million to \$150 million to be issued over the following 3-5 years.

CenterPoint Intermodal Center Joliet -- Buildout/Lift Revenues:

- Construction to begin in December 2008 on initial 750,000 SF building. Nine month construction period for each building. Initial building to be placed in service as of 8/1/2009. Accordingly, impact of Joliet Building #1 on CPT's income/expenses will be reflected on the income statement for the last fiscal quarter of 2009.
- Subsequent construction beginning in 2010 will be 1.5 million SF per annum over the following 5+ years until Phase I build-out is completed. Operations of each building (and rental income) to commence as of 10/1 annually.
- 3% annual escalation in annual lease revenues and expenses overall

- Joliet intermodal facilities lift revenues to begin in FY 2010. CPT estimates 450,000 lifts in the first year priced at \$100 lift, generating initial 2010 revenues of \$4.5 million. Annual lift volume growth of 10% per annum is anticipated for the forecast period.

Based on the foregoing assumptions, the forecasted statements indicate that the Borrower will generate sufficient net operating income to cover proposed debt service payments by a multiples of 1.58 times or better following completion of the infrastructure and initial building in late 2009.

Supplemental
Proprietary
Comments:

The following information should be considered proprietary, since knowledge of this information could be used for the private gain by parties negotiating the sale of land, negotiating leases with, or competing against CenterPoint. General knowledge of these terms could compromise the Borrower's ability to negotiate business terms with third parties.

Accordingly, the following items have been moved to this section of the IFA Board Summary Report.

- Collateral to Direct Pay LOC Bank: CenterPoint has indicated that the Direct Pay LOC will be secured by a general obligation of CenterPoint Properties Trust. The LOC will be cross collateralized with CenterPoint's credit lines.
- Confidential: Effective interest rate of 4.38% (inclusive of the anticipated 0.50% annual Direct Pay LOC Fee).

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007

Project: Chicago School of Professional Psychology

STATISTICS

Deal Number:	E-PC-TE-CD-7157	Amount:	\$14,000,000
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Sharnell Curtis Martin
Location:	Chicago	SIC Code:	8221 (Colleges, Universities and Professional Schools)

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to refund a previous bond issue, refinance existing debt, finance construction and to pay certain bond issuance costs.

IFA PROGRAM and CONTRIBUTION

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

VOTING RECORD

Preliminary Bond Resolution, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Bond	<u>\$14,000,000</u>	Uses:	Refund Bond Issue	\$7,500,000
				Project Costs	3,200,000
				Refinancing	3,050,000
				Issuance Costs	<u>250,000</u>
	Total Sources	<u>\$14,000,000</u>		Total Uses	<u>\$14,000,000</u>

JOBS

Current employment:	130	Projected new jobs:	30
Jobs retained:	N/A	Construction jobs:	50

BUSINESS SUMMARY

Background: The Chicago School of Professional Psychology (the "School" or the "Applicant") is an Illinois 501(c)(3) corporation established in 1979 as a school specializing in psychology training operated by practicing psychologists.

Description: The School offers Master's Degrees in Industrial/Organizational, Clinical Counseling, Forensic, Applied Behavioral Analysis and School Psychology; as well as Doctoral Degrees in Business and Clinical Psychology.

The mission of the School is integrating theory, professional practice and innovation in the field of psychology while providing excellent education for careers in psychology and related behavioral and health sciences.

Currently serving more than 1020 students from the United States and internationally, more than 70% of its enrollment are students based in the Midwest. The new project expansion will allow the School to acquire space and make necessary renovations to accommodate the projected student growth of approximately 250 – 300 students over the next three years.

Remarks: The bond financing will finance the acquisition and renovation of a condo unit located within the School's current building located at 325 N. Wells Street, 10th Floor in Chicago, refinance a \$2.4 million taxable bank loan and refund the outstanding balance of a \$7.5 million bond issued by IFA predecessor, the Illinois Development Finance Authority. The original proceeds from both debt issuances provided funds to finance the cost of the acquisition, renovations, and improvements of real estate at the School's current location, 325 N. Wells in Chicago, and to finance the acquisition and installation of furnishings and equipment.

FINANCING SUMMARY

Security: The Bonds will be purchased and held as an investment by All Points Public Funding, a division of Capital One.

Structure: The bonds will bear a fixed interest rate to be determined

Maturity: 20 Years

Bank Collateral: First Mortgage on subject real estate and first lien on furnishings and equipment financed.

Credit Rating: All Points Public Funding, the purchaser of the bonds is an unrated lender and therefore does not have a credit rating.

PROJECT SUMMARY

Bond proceeds will be used to refund a previous bond issue, refinance existing conventional debt, finance acquisition and renovation of a facility to be located at 325 N. Wells Street in Chicago (Cook County) and to pay certain bond issuance costs. Project costs are estimated as follows:

Condo Acquisition	\$1,800,000
Construction/Renovations	<u>\$1,400,000</u>
Total Project Costs	<u>\$3,200,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Chicago School of Professional Psychology
325 N. Wells Street - 3rd Floor
Chicago, IL 60610 (Cook County)
Mr. Jeff, Keith, Chief Financial Officer

Project name: The Chicago School of Professional Psychology Project 2007

Location: 325 N. Wells Street – 10th Floor
Chicago, IL 60610 (Cook County)

Organization: 501(c)(3) Corporation

State: Illinois

Board of Directors: Richard Grinstein, Chair Louise Lane, Vice-Chair R. Edward Bergmark, Ph.D.
Dean Chung, MBA Ronald Decker, JD Paul Dillon, CMC, M.S.
Brian Fabes, Ph.D. Kathy Ford, M.A. Bruce Fox, JD
Linda Harvard, MBA Michael Horowitz, Ph.D. William Houston
Betty Laston, M.A. George Mitchel David I. Scott
Frank Seever, Ph.D. Rev. Mary Tudela, MBA Theodore Weber, CPA
Harold Wilson Daniel Broadhurst

Land Sellers: GL Wells, LLC
Member: George Lubrich II

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Neal, Gerber & Eisenberg	Chicago	Bruce Fox
Accountant:	Virchow Krause & Co.	Chicago	
Bond Counsel:	Ice Miller	Indianapolis, IN	Jeffrey Lewis
Placement Agent:	Bank of America Securities	Chicago	Jason Borman
Bond Purchaser:	All Points Public Funding	Melville, NY	Jonathan Lewis
Bond Purchaser's Counsel:	Kutak Rock	Atlanta, GA	Paul Smith
Issuer's Counsel:	Law Offices of Kevin Cahill	Chicago	Kevin Cahill
IFA Financial Advisor:	D. A. Davidson	Chicago	Bill Morris
	Scott Balice Strategies	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

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

CONFIDENTIAL

CONFIDENTIAL INFORMATION

Est. fee: \$14,500

Financials: Audited Financial Statements May 31, 2005 – May 31, 2007
Internally Prepared Financial Projection May 31, 2008

	<u>Year Ended May 31</u>			<u>Year Ending May 30</u>
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	(Dollars in 000's)			
Income statement:				
Total Support and Revenue	\$11,391	\$15,232	\$19,731	\$22,351
Change in Net Assets	1,579	3,016	3,565	3,348
Balance sheet:				
Current assets	\$1,599	\$5,469	\$8,954	\$10,482
PP&E	14,822	16,045	18,838	22,138
Other assets	346	328	311	350
Total assets	<u>16,767</u>	<u>21,843</u>	<u>26,102</u>	<u>32,970</u>
Current liabilities	2,009	3,396	5,394	5,663
Non Current liabilities	9,512	10,185	9,371	12,622
Equity	<u>5,246</u>	<u>8,261</u>	<u>11,337</u>	<u>14,685</u>
Total liabilities/equity	<u>\$16,767</u>	<u>\$21,843</u>	<u>\$26,102</u>	<u>\$32,970</u>
Ratios:				
Debt coverage	3.84x	6.91x	7.35x	6.70x
Current ratio	0.80	1.61	1.66	1.85
Debt/equity	1.89	1.28	0.87	0.89

Discussion: As a result of strong revenue growth and conservative budgeting and expense control, the School's financial condition is strong. Operating revenues have grown from \$5.8 million in fiscal year 2003 to approximately \$19.7 million in fiscal year 2007, providing operating cash surplus of approximately 15.5% of operating revenues. The organization also has a strong cash management position as a result of growing the cash and investment balances from \$1.5 million in 2003 to \$8.1 million in 2007.

The School's revenues consist of tuition revenue, contributions, grants and investment income and there is also an available \$2 million operating line of credit available through

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 7, 2007**

Project: Columbia College Chicago

STATISTICS

IFA Project:	E-PC-TE-CD-7149	Amount:	\$55,000,000 (not-to-exceed amount)
Type:	501(c)(3) Bonds	IFA Staff:	Rich Frampton
Location:	Chicago		

BOARD ACTION

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

Note: In the event that Columbia elects to sell Bonds based solely on its underlying BBB+ (S&P) rating (i.e., without the contemplated

PURPOSE

Proceeds will be used to finance (i) the acquisition and renovation of two new buildings, (ii) the construction of a new building, (iii) the renovation and equipping of a recently acquired building, (iv) the potential renovation and equipping of existing buildings, (v) dependent on market conditions, the potential refunding of an existing IFA (IEFA) Series 1998 Bond issue, and (vi) pay certain costs of issuance that will enable Columbia College Chicago to continue its recent growth.

IFA CONTRIBUTION AND PROGRAM

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enables 501(c)(3) corporations to finance capital projects supporting their mission. IFA's issuance of these Bonds will convey federal tax-exempt status on the interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the Borrower.

VOTING RECORD

Preliminary Bond Resolution, July 10, 2007:

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

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

Sources:	IFA Bonds	\$54,244,550	Uses:	New Project Costs	\$45,000,000
	IFA Refunding Bonds			Bond Insurance	1,200,000
	Premium	<u>755,450</u>		Potential Refunding	5,500,000
				Debt Service Reserve Fd.	2,500,000
				Issuance Costs	<u>800,000</u>
Total		<u>\$55,000,000</u>	Total		<u>\$55,000,000</u>

JOBS

Current employment:	234(FT) 1,065(PT)	Projected new jobs:	25
Jobs retained:	N/A	Construction jobs:	300 average (30 months)

BUSINESS SUMMARY

Background: Columbia College Chicago (hereinafter, "Columbia College", "College" or the "Borrower") is incorporated under Illinois law and is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code.

Description: Columbia College Chicago is private, not for profit, independent, fully accredited, unaffiliated undergraduate and graduate college located in downtown Chicago. The College was originally established in 1890 as a college of education and became fully accredited as a four-year, undergraduate, liberal arts school in 1974. The College offers educational opportunities in the performing, visual, communications, and writing arts at both the graduate and undergraduate levels, and is home to the one of the largest film schools in the world. Its primary location in the South Loop area of Chicago provides easy access to the Art Institute of Chicago, Alder Planetarium and Astronomy Museum, Field Museum, Chicago Symphony Orchestra and other notable cultural and educational institutions.

Founded in 1890 as the Columbia School of Oratory, the College has grown to become the fifth largest private higher education institution in Illinois. Columbia College's enrollment of approximately 11,500 students is drawn primarily from the city of Chicago and its suburbs, but also attracts students from across the United States and from 46 other countries. Approximately 30 percent of the students are individuals who are African American, Latino, Native American, or Pacific Islander. The student body is evenly divided between men and women. Approximately 725 students are enrolled in graduate studies.

Columbia College offer more than 120 academic majors and programs and is the largest private arts and media college in the nation. The College's operations are located in 16 buildings and more than 1.3 million SF that Columbia Chicago owns and leases in Chicago's South Loop. Columbia College has been located in the South Loop since 1975. Columbia College Chicago is currently the largest landowner in the South Loop.

Due to Chicago's role as a key media center, with nine independent film festivals, 200 theatre groups and venues, 35 radio stations, and 25 magazines and newspapers, Columbia College has developed a strong internship and part-time job placement program for its students. These employment opportunities have been critical in attracting students to Columbia College.

Columbia College's annual tuition of \$16,328 for academic 2006-2007 is among the lowest of all private arts and media colleges in the U.S.

Additionally, Columbia College has attempted to attract students by offering increased opportunities for student housing by participating as a non-recourse partner in the development of the University Center project with DePaul University and Roosevelt University in 2003 (IIEFAA provided the original financing and issued Bonds to refund all debt associated with the Educational Advancement Fund, Inc./University Center project in late 2006 and early 2007). Columbia College has also signed a letter supporting development of a new 750-bed facility under development by the University Educational Student Housing Corporation, a 501(c)(3) entity, located approximately 3 blocks west of the University Center project, near the SW corner of Clark Street and Harrison Avenue, and commonly referred to as the "Dwight Building" project.

As a result of these projects and other smaller buildings that Columbia owns, Columbia College now provides student housing to 2,500 students in four facilities, thereby making Columbia among the 10 largest private residential colleges in Illinois. Significantly, Columbia College has been able to participate in the development of these new student housing facilities without affecting its credit ratings. Both of the U.C. and Dwight Building financings have been non-recourse and off-balance-sheet from Columbia's (and the ratings agencies') perspective.

As a result of the College's strategic initiatives over the last 15 years, enrollment has increased from approximately 7,300 in 1993 to an estimated 12,000 for the Fall 2007 term.

The proposed financing will include the acquisition, renovation, equipping, and construction of projects to expand Columbia College's physical plant and facilitate future growth.

Columbia College has been accredited at the undergraduate and graduate levels by the North Central Association of Colleges and Schools since 1974. Columbia Chicago is also accredited as a teacher training institution by the Illinois State Board of Education.

Columbia College currently has four IFA (IEFA) bond issues outstanding. The total balance scheduled to be outstanding as of 8/31/2007 (just in advance of the scheduled issuance of the Series 2007 Bonds) will be approximately \$61,735,000 and includes three series of Fixed Rate Bonds and one series of Variable Rate Bonds. The Fixed Rate Bonds are currently secured with AAA-rated bond insurance and the Variable Rate Bonds are secured with a Direct Pay LOC from Harris Bank. All bond payments on Columbia College's existing IFA debt obligations were current as of 7/1/2007.

FINANCING SUMMARY

Security:	The Series 2007 Bonds will be secured by a limited obligation of the College (which has an underlying rating of 'BBB+' by S&P). The bonds are expected to be insured by one of the AAA-rated (S&P) municipal bond insurers based on pending negotiations regarding both fees and covenants. The Underwriter will receive bids from prospective insurers and evaluate all bids and also compare to Bonds sold solely based on Columbia's underlying BBB+ rating (S&P).
Structure:	Fixed Rate Bonds, potentially including current interest bonds and capital appreciation bonds.
Maturity:	30 Years (12/1/2037)

PROJECT SUMMARY FROM IFA BOND RESOLUTION

Bond proceeds will be used by Columbia College Chicago (the "College") for the purpose of providing the College with all or a portion of the funds necessary to (i) refund, advance refund, or provide for the payment of all or a portion of the outstanding principal amount of the Illinois Educational Facility Authority Revenue Bonds, Columbia College Chicago, Series 1998, (ii) make any deposits to certain funds required to be maintained in accordance with the Trust Indenture, (iii) finance, refinance, and reimburse Columbia for all or a portion of the costs relating to the acquisition, construction, renovation, improvement and equipping of certain of its "educational facilities", (iv) pay interest on the Series 2007 Bonds, and (v) pay certain costs of issuance for the Bonds and the credit enhancement thereof, including bond insurance premium, and the refunding, advance refunding or provision for payment of all or a portion of the Series 1998 Bonds.

The educational facilities to be financed, refinanced, or reimbursed from proceeds of the IFA Series 2007 Bonds are or will be owned, operated, or managed by Columbia and are (or will be) located in Chicago at the following addresses:

1. A 10-story, 105,000 SF building containing classrooms, offices and museum space located at 618 South Michigan Ave (\$30,000,000);
2. a 42,000 SF lot with planned construction of a media production center housing classrooms, offices, and museum space located at 1600 South State Street (\$10,000,000);
3. a 40,000 SF building containing classrooms and offices at 916 South Wabash Avenue (\$10,000,000);
4. a 28,000 SF building containing classrooms and offices at 1000 South Wabash Avenue (\$10,000,000);
5. a 189,000 SF building containing classrooms, offices and museum space located at 600 South Michigan Avenue (\$18,500,000);
6. a 196,600 SF building containing classrooms and offices located at 623 South Wabash Avenue (\$15,500,000);
7. a 156,900 SF building containing classrooms and offices located at 624 South Michigan Avenue (\$18,500,000)
8. a 75,800 SF building containing classrooms, offices and theater space, located at 72 East 11th Street \$9,100,000)
9. a 162,000 SF dormitory facility located at 731 South Plymouth Court (\$6,500,000);
10. a 26,300 SF building containing classrooms and offices located at 1014 South Michigan Avenue (\$2,100,000);
11. a 17,900 SF building containing classrooms and offices located at 1415 South Wabash Avenue (\$1,700,000);
12. a 160,000 SF building containing classrooms and offices located at 1104 South Wabash Avenue (\$3,400,000);

13. a 166,600 SF building containing classrooms and offices located at 33 East Congress Boulevard (\$4,400,000);
14. a 31,000 SF building containing classrooms, offices and a dance studio located at 1306 South Michigan Avenue (\$3,100,000);
15. a 21,000 SF building containing a college art gallery and offices located at 619 South Wabash Avenue (\$5,400,000);
16. a 26,000 SF lot for future expansion of college facilities located at 724-754 South Wabash Avenue (\$1,700,000);
17. an 8,000 SF building containing meeting rooms and a residence located at 1258 North LaSalle Street (\$500,000);
18. a 17,000 SF vacant parcel of land for future college expansion located at 1401 South Wabash Avenue (\$500,000); and
19. a 10,000 SF vacant parcel of land for future college expansion located at 20 East 11th Street (\$500,000).

Collectively, these **costs and expenses comprise the "Project".

****Of the proposed \$151.4 million in prospective project and refinancing costs, Columbia College Chicago anticipates financing (and undertaking) no more than \$45 million in improvements. Accordingly, the Project Cost line item identified on Page 1 is only \$45,000,000.**

ECONOMIC DISCLOSURE STATEMENT

Applicant: Columbia College Chicago
Contact: Mike DeSalle, VP-Business Affairs & CFO, Columbia College Chicago, 600 S. Michigan Ave., Chicago, IL 60605-1996; Ph. (312) 344-7215; Fax: (312) 344-8069;
e-mail: mdesalle@colum.edu

Web Site: www.colum.edu

Project name: Columbia College Chicago – IFA Series 2007 Bonds

Project Locations:

1. 618 South Michigan Avenue, Chicago, IL 60605-1901
2. 1600 South State Street, Chicago, IL 60616
3. 916 South Wabash Avenue, Chicago, IL 60605-2262
4. 1000 South Wabash Avenue, Chicago, IL 60605-7200
5. 600 South Michigan Avenue, Chicago, IL 60605-1900
6. 623 South Wabash Avenue, Chicago, IL 60605-3506
7. 624 South Michigan Avenue, Chicago, IL 60605-1904
8. 72 East 11th Street, Chicago, IL 60605-2312
9. 731 South Plymouth Court, Chicago, IL 60605-2097
10. 1014 South Michigan Avenue, Chicago, IL 60605-2202
11. 1415 South Wabash Avenue, Chicago, IL 60605-2806
12. 1104 South Wabash Avenue, Chicago, IL 60605-2328
13. 33 East Congress Boulevard, Chicago, IL 60605-1218
14. 1306 South Michigan Avenue, Chicago, IL 60605-2602
15. 619 South Wabash Avenue, Chicago, IL 60605-1809
16. 724-754 South Wabash Avenue, Chicago, IL 60605
17. 1258 North LaSalle Street, Chicago, IL 60610-1913
18. 1401 South Wabash Avenue, Chicago, IL 60605
19. 20 East 11th Street, Chicago, IL 60605

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

State: Illinois

Ownership: Not applicable for 501(c)(3) Corporations. *See list of Board of Directors attached.*

Current
 Ownership
 of Real Estate to
 be acquired:

- 618 S. Michigan Avenue, Chicago, IL: This project site is already owned by Columbia College Chicago
- 916-1000 S. Wabash Avenue, Chicago, IL: This site is owned by the Chicago Housing Authority.
- 1600 S. State St., Chicago, IL: This site is owned by the City of Chicago.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ice Miller LLP	Lisle, IL	David Hight
College's Advisor:	John S. Vincent & Company, LLC	Chicago, IL	John S. Vincent
College's Auditor:	KPMG, LLP	Chicago, IL	Teri Desris
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Jim Luebchow
Bond Insurer:	TBD – it's also possible that these Bonds will be sold based on Columbia's BBB+ rating based on the Underwriter's evaluation of bids from the Aaa/AAA-rated bond insurers due on Friday August 3 rd . Based on the results of this evaluation, the Underwriter and Columbia College will decide whether to proceed with an insured transaction or to sell Bonds based solely on the College's underlying BBB+ rating from S&P (which is sufficient to satisfy the Authority's specified Bond Program Handbook requirements for selling Bonds in minimum denominations of \$5,000).		
Senior Manager:	RBC Capital Markets	Chicago, IL	Jim Pass
Co-Manager:	Loop Capital Markets, Inc.	Chicago, IL	Larry Russo
Underwriter's Counsel:	Mayer Brown Rowe & Maw LLP	Chicago, IL	David Narefsky, Joanna Horsnail
Trustee:	U.S. Bank National Association	St. Paul, MN	Lori-Anne Rosenberg
Architect(s):	Studio Gang (production center)	Chicago, IL	
	Gensler Architects (all other projects)	Chicago, IL	
General Contractor(s):	Forthcoming – expect to be bid and engaged subsequent to the Final Bond Resolution.		
Rating Agency:	Standard & Poor's	Chicago, IL	Susan Carlson
IFA Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
IFA Financial Advisors:	D. A. Davidson Co., Scott Balice Strategies, LLC	Chicago, IL Chicago, IL	Bill Morris Lois Scott

LEGISLATIVE DISTRICTS

Location	Congressional	State Senate	State House
<ul style="list-style-type: none"> • 618 S. Michigan Ave. • 600 S. Michigan Ave. • 623 S. Wabash Ave. • 624 S. Michigan Ave. • 72 E. 11th St. • 1014 S. Michigan Ave. • 1415 S. Wabash Ave. • 1306 S. Michigan Ave. • 619 S. Wabash Ave. • 1401 S. Wabash Ave. • 20 E. 11th St. 	7 Danny K. Davis	13 Kwame Raoul	26 Elga L. Jeffries

<ul style="list-style-type: none">• 1600 S. State St.• 916 S. Wabash Ave.• 1000 S. Wabash Ave.• 731 S. Plymouth Ct.• 1104 S. Wabash Ave.• 33 E. Congress Pkwy• 724-754 S. Wabash Ave.	7 Danny K. Davis	3 Mattie Hunter	5 Kenneth Dunkin
<ul style="list-style-type: none">• 1258 North LaSalle St.	7 Danny K. Davis	6 John J. Cullerton	12 Sara Feigenholtz

**COLUMBIA COLLEGE CHICAGO
BOARD OF TRUSTEES**

OFFICERS OF THE BOARD

Allen Turner, Chairman of the Board (Partner, The Pritzker Organization)
Ellen Stone Belic, Vice Chair (Psychotherapist)
Warren King Chapman, Ph. D., Vice Chair (Corporate Philanthropy, JPMorgan Chase Bank)
Gary Hopmayer, Vice Chair (Founder/Owner – Fox & Obel Food Market)
Don Jackson, Vice Chair (Chariman and CEO, Central City Productions)
Tom Kallen, Treasurer (Retired CEO, Bake-Line Products)
Averil Leviton, Secretary (Consular Corps Liaison & Arts Patron)
Warrick L. Carter, Ph. D., President, Columbia College Chicago

MEMBERS OF THE BOARD

Andrew Alexander, CEO/Owner, The Second City
Ellen Stone Belic
Gary R. Belz, President, The House of Blues
Lerone Bennett, Jr., Ebony Magazine
Warrick L. Carter, Ph. D., President, Columbia College Chicago
William Cellini, Jr., New Frontier Companies
Warren King Chapman, Ph. D., Vice Chancellor for External Affairs, The University of Illinois at Chicago
Debra Martin Chase, Martin Chase Productions
Steve Dahl, WCKG-FM
Steve Devick, Concert Hot Spot
Allan R. Drebin, Ph.D., Professor of Accounting, Northwestern University
Loranne Ehlenbach
Brent W. Felitto, William Blair & Co.
Richard B. Fizdale, Bcom3 Group, Inc.
John Gehron, General Manager, Harpo Radio
Ralph Gidwitz, Capital Results, LLC
Sydney Smith Gordon, Retired
Mary Louis Haddad; Schwartz, Cooper, Greenberger & Krauss
Bill Hood, Managing Director, Corporate Affairs, American Airlines
Gary Stephen Hopmayer, Fox & Obel Food Market
Don Jackson, Central City Productions
Tom Kallen, Retired
Bill Kurtis, President, Kurtis Productions, Ltd.
Marcia Lazar, InterGroup Associates, Inc.
Gloria Lehr, Gloria Lehr Communications
Averil Leviton
Barry Mayo, President, Mayomedia
Renetta McCann, Starcom MediaVest Group
Daniel McLean, MCL Companies
Howard Mendelsohn, Howard Mendelsohn & Company
Joseph Peyronnin III, Vfinity
Samuel E. Pfeffer, Retired
Stephen H. Pugh, Pugh Jones Johnson & Quandt, P.C,
Madeline Murphy Rabb, Murphy Rabb, Inc.
John P. Rijos, Co-President, Brookdale Senior Living (REIT)
Craig M. Robinson, Men's Basketball Coach, Brown University
Michelle Rose, CEO, Airlift Ideas, Inc.
Janic Emigh Scharre, O.D., M.A., Dean and Professor of Optometry, Illinois College of Optometry
Victor Skrebneski, Skrebneski, Inc.
Lawrence K. Snider, Retired
David S. Solomon, M.D., Doctors Solomon, SC

Columbia College Chicago
501(c)(3) Revenue Bonds
Page 8

Final Bond Resolution
August 7, 2007
IFA Staff: Rich Frampton

COLUMBIA COLLEGE CHICAGO
BOARD OF TRUSTEES (CONTINUED FROM PAGE 6)

Nancy Tom, Center for Asian Arts & Media, Columbia College Chicago
Dempsey J. Travis, President, Travis Realty & Insurance
Allen M. Turner, Partner, The Pritzker Organization
Toney Wiesman, Chief Marketing Officer, Draft FCB Group
Helena Chapellin Wilson
Robert A. Wislow, Chairman and CEO, U.S. Equities Realty, Inc.

CONFIDENTIAL INFORMATION

Est. fee: \$95,000 (based on conservative estimate of \$40,000,000 Par)
 SIC Code: 8821

Financials: Audited financial statements 2004-2006.

	<u>Year Ended August 31</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Dollars in Thousands)		
Income Statement			
Revenues/Support	\$147,938	\$164,735	\$183,699
Change in Net Assets	23,480	8,934	27,356
*EBIDA (Net of Investment Gains/Losses)	32,680	15,339	36,884
Balance sheet:			
Current assets	25,308	34,919	37,572
Net PP&E	113,252	117,551	135,486
Other Assets	<u>79,370</u>	<u>103,937</u>	<u>107,896</u>
Total assets	217,930	256,407	280,954
Current liabilities	13,279	38,753	47,471
LT Debt & Cap. Leases	68,426	68,140	66,129
Other LT Liabilities	13,598	17,953	8,437
Net Assets	<u>122,627</u>	<u>131,561</u>	<u>158,917</u>
Tot Liabs & Net Assets	217,930	256,407	280,954
Ratios:			
Debt Service/Fixed Obligation Coverage	9.08x	4.22x	9.82x
<i>**IFA Series 2007 Bond Pro Forma Debt Coverage:</i>			
Current ratio	1.91	0.90	4.91x
LT Debt/Net Assets	0.57	0.52	0.42
Days Cash/Investments			304

* Earnings Before Interest, Depreciation and Amortization (adjusted to add back non-operating investment losses and subtract investment gains)

** Pro Forma Debt Coverage projects maximum annual debt service payments on the proposed IFA Series 2007 Bonds onto actual results reported in 2006.

Discussion: Columbia College Chicago's major revenue sources for FY 2006 were net tuition and fees (83.4%; after deducting student aid), auxiliary income [i.e., room, dining, parking, entertainment and other services] (9.0%), and government grants and contracts (3.3%). Revenues increased at a compound growth rate of approximately 7.9% per from 2001 to 2003. The two primary sources of revenue growth from 2001 to 2003 were tuition/fees and government grants/contracts.

The College's operating expenses consist of compensation (64%), supplies and services (25%), and utilities/alterations/repairs (3%).

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

Columbia College Chicago's Balance Sheet reflects combined cash and investment and endowment balances that totaled approximately \$130.9 million as of 8/31/2006 (compared to \$80.3 million at 8/31/2004). The College's combined cash and investment balances as of 8/31/2006 represented 1.98 times total indebtedness. These investments are allocated in a diversified portfolio across several asset classes including: fixed income, equities, real estate, high yield funds, real estate, and cash.

As of 8/31/2006, Columbia College Chicago had outstanding general obligation indebtedness totaling approximately \$66.1 million (including current portions), evidenced by bonds and notes.

The University's cash flows have been sufficient to generate operating cash flow sufficient to cover scheduled debt service payments on existing indebtedness by multiples of 4.42 times or better over the last 3 years. Columbia's Pro Forma debt coverage in 2006 was 4.91 times, indicating that the College's 2006 revenues and operating cash flows were sufficient to cover Columbia's existing fixed charges as well as the proposed maximum annual debt service payments on the proposed IFA Series 2007 Bonds by a multiple of 4.91 times. This is strong coverage, reflective of Columbia's current BBB+ rating from S&P.

Resolution Number 2007-08-_____

Resolution Delegating to the Executive Director Authority to Approve Certain Revisions to Participation Loans without Obtaining Board Approval

WHEREAS, the Illinois Finance Authority (the “Authority” or the “IFA”) is empowered by Section 801-30(e) of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq.* (the “Act”), to “adopt all needful ordinances, resolutions, by-laws, rules and regulations for the conduct of its business and affairs and for the management and use of the projects developed, constructed, acquired and improved in furtherance of its purposes”; and

WHEREAS, Section 801-30(i) of the Act grants the Authority the power “to make loans to persons to finance a project, to enter into loan agreements with respect thereto, and to accept guarantees from persons on its loans or the resultant evidences of obligations of the Authority”; and

WHEREAS, on August 10, 2004, pursuant to the foregoing statutory powers, the Members of the Authority adopted Resolution 2004-17, which established the Policies and Procedures manual of the Authority (the “Manual”) which includes certain policies and procedures relating to the Authority’s Participation Loan Program (the “Program”); and

WHEREAS, from time to time, the Manual has been amended, modified or updated by the Board or Executive Director to reflect the Authority’s current practices and procedures; and

WHEREAS, from time to time, the Board may approve a participation loan and subsequent to such approval, but prior to closing of the loan, certain terms of the loan may have changed from what was approved by the Board; and

WHEREAS, the Board recognizes that certain terms of a participation loan may change as a result of market factors, further negotiations between the borrower and lender and other matters and that such changes may not have a material adverse effect on the overall participation loan and, therefore, desires to delegate to the Executive Director the authority to approve such amendments, modifications or revisions to the loan without requiring additional Board approval.

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. Delegation of Authority. The Members do hereby grant to the Executive Director authority to approve modifications, amendments, revisions or changes (collectively, a “Change”) to the terms of any participation loan that has been previously approved by the Board without obtaining additional Board approval of such Change provided that the Executive Director, in his/her discretion, determines that such Change(s), in the aggregate, do not have a material adverse effect on the IFA’s participation in the loan. The determination of whether a Change has a material adverse effect on the IFA shall be made in the sole discretion of the Executive Director and the approval of any such Change shall be conclusively evidenced by the

execution of the related participation loan documents by an authorized signatory of the Authority.

Section 3. Enactment. This Resolution shall take effect immediately. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

This Resolution 2007-08-__ is adopted this 7th day of August 2007 by roll vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Chairman

Attested to:

Secretary

1054548_2

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: August 7, 2007

Re: Amendatory Resolution to Authorize the Execution and Delivery of a Modification Agreement and related documents for W.M. Plastics, Inc. Project, IDFA Series 2001 Industrial Revenue Bonds
IDFA Project 7145-IRB

W.M. Plastics, Inc. ("WM" or the "Company"), an Illinois corporation, wishes to (1) amend the original Trust Indenture and Loan Agreement between the Illinois Finance Authority and the Company, and (2) to create a direct purchase mode, so that the Bonds may be held directly as a portfolio investment by MB Financial Bank, N.A. of Rosemont, Illinois. MB is the new lender on the transaction and is seeking these amendments to the existing bond documents so that the Bonds may be purchased as a direct investment in their entirety by MB Financial Bank, N.A. ("MB") of Rosemont, Illinois for an initial period of five years, subject to extensions through the scheduled final maturity date of 8/1/2026.

The original \$5,100,000 Series 2001 IDFA Bonds financed the costs of constructing and equipping a new, approximately 60,000 SF manufacturing facility in McHenry, Illinois. The current outstanding balance was approximately \$3,700,000 as of 7/1/2007.

The Bonds currently bear interest at a 7-day floating rate (LaSalle Financial Services, Inc. is the Remarketing Agent) and are secured by a LaSalle Bank, N.A. Direct Pay LOC that will expire as of 8/31/2007 – at that time, MB Financial Bank, N.A. will replace LaSalle Bank N.A. as the Company's lender. MB Financial Bank has reached a secured lending agreement with the Company under which MB will purchase and hold the subject bonds in their entirety as secured lender/bond purchaser until maturity.

MB expects to originate the bank-held Bonds at an interest rate of less than 15% per the Resolution (the anticipated interest rate is between 5.00% and 5.25%), for the initial five year period of the Agreement between the Company and MB. Pursuant to this Resolution, the Bonds will retain the original final maturity date of 8/1/2026. (A new Official Statement will be required if MB or another financial institution decides to revert to the original LOC-secured structure at any time prior to final maturity.)

VOTING RECORD

This is the first time this financing has been considered by the IFA Board of Directors.

OWNERSHIP DISCLOSURE OF W.M. PLASTICS, INC.

All owners of a 7.5% or greater ownership interest in W.M. Plastics, Inc. are disclosed below:

W.M. Plastics, Inc.: Chris Metz, President: 97.5%

PROFESSIONAL & FINANCIAL

W.M. Plastics, Inc.:	Pete Martel, Controller	McHenry, IL	
Counsel to W.M. Plastics:	Grippe & Elden LLP	Chicago, IL	Matthew Hafter
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Matt Lewin
Secured Lender/ Bond Purchaser:	MB Financial Bank	Rosemont, IL	John Sarris
Credit Enhancement:	None		
Bank Counsel:	MB Financial Bank	Rosemont, IL	
Trustee:	Not applicable. The bonds will be purchased and held as a direct investment by MB Financial Bank.		
Issuer's Counsel:	Shefsky & Froelich Ltd.	Chicago, IL	Leslie Carey
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, LLC	Chicago, IL	Lois Scott

Attachment:

- Copy of Resolution to Amend Certain Bond Documents to Authorize Execution and Delivery of an Agreement under which the Bonds will be owned by MB Financial Bank, N.A., and related documents

RESOLUTION NO. 08-07-__

RESOLUTION AUTHORIZING THE AMENDMENT OF BOND DOCUMENTS IN CONNECTION WITH THE ILLINOIS FINANCE AUTHORITY \$5,100,000 ORIGINAL PRINCIPAL AMOUNT ADJUSTABLE RATE INDUSTRIAL DEVELOPMENT REVENUE BONDS (W. M. PLASTICS, INC. PROJECT), SERIES 2001; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT UNDER WHICH THE BONDS WILL BE OWNED BY MB FINANCIAL BANK, N.A., AND A TAX EXEMPTION CERTIFICATE AND AGREEMENT PERTAINING TO THE TAX EXEMPTION OF THE BONDS; AND RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "Authority"), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1, as supplemented and amended (the "Act"), is authorized by the laws of the State of Illinois, including without limitation the Act, to issue its bonds for the purposes set forth in the Act and to permit the expenditure of the proceeds thereof to defray, among other things, the cost of the acquisition and improvement of "industrial projects" as defined in the Act; and

WHEREAS, W. M. Plastics, Inc., an Illinois corporation (the "Corporation") and LaSalle Bank National Association, not individually or personally but solely as trustee of a land trust (the "Land Trust, and together with the Corporation, the "Borrower"), entered into a Loan Agreement dated as of August 1, 2001 (the "Loan Agreement") with the Authority under which proceeds of the Authority's \$5,100,000 original principal amount Adjustable Rate Industrial Development Revenue Bonds (W. M. Plastics, Inc. Project) Series 2001 (the "Bonds") were loaned to the Borrower to finance costs of construction and equipping of an approximately 60,000 square foot manufacturing facility located at 5151 Bolger Court, McHenry, Illinois (the "Project"); and

WHEREAS, the Bonds were issued pursuant to an Indenture of Trust dated as of August 1, 2001 (the "Indenture") between the Authority and U.S. Bank National Association, as successor

to LaSalle Bank National Association, as trustee (the "Trustee") and were supported by a Letter of Credit (the "Letter of Credit") issued by LaSalle Bank National Association (the "Bank");

WHEREAS, the Borrower has entered into a new banking relationship with MB Financial Bank, N.A (the "Purchaser") and, in connection therewith, the Purchaser has purchased all of the Bonds, and the Borrower and the Purchaser have requested that the Indenture and the Loan Agreement be amended and restated in their entirety by a single agreement among the Authority, the Purchaser and the Borrower entitled a Bond and Loan Agreement (the "Agreement"), a proposed form of which is before the Authority at this meeting, under which the Purchaser will own the Bonds and the Borrower will agree to make payments sufficient to provide for the payment of principal and purchase price of, premium, if any, and interest on and other amounts payable on the Bonds, as and when the same become due and payable; and

WHEREAS, it is necessary and desirable for the Authority and the Borrower to enter into a new Tax Exemption Certificate and Agreement (the "Tax Agreement"), in substantially the form of which is before the Authority at this meeting, governing the investment of the gross proceeds of the Bonds and certain other matters relating to the federal tax exemption of interest on the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:

Section 1. The Agreement, in substantially the form presented at this meeting and containing substantially the terms and provisions (including repayment provisions) set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Agreement are hereby approved, with such changes and revisions therein as shall be approved by

the officers of the Authority executing and attesting the same, their signatures thereon to constitute conclusive evidence of such approval, and the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority are hereby authorized and directed to execute and deliver the Agreement to the other parties thereto.

Section 2. The Tax Agreement in substantially the form presented at this meeting and containing substantially the terms and provisions set forth therein, is hereby authorized, approved, and confirmed, and the form, terms and provisions of the Tax Agreement are hereby approved with such changes and revisions therein as shall be approved by the officers of the Authority executing the same, their signatures thereon to constitute conclusive evidence of such approval, and that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority are hereby authorized and directed to execute and deliver the Tax Agreement to the other parties thereto.

Section 3. The Authority is hereby authorized, empowered and directed to cause to be prepared amendments to the Bond as shall be provided in the Agreement; *provided* that in no event shall the Bond (a) bear interest at a rate in excess of 15% per annum, (b) mature later than August 1, 2026, or (c) be in a principal amount greater than the outstanding principal amount of the Bonds on the date of and immediately prior to the amendment.

The amended Bonds shall be executed on behalf of the Authority with the manual or facsimile signature of the Chairman of the Authority and shall have impressed or imprinted thereon the official seal of the Authority attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Authority.

The Bonds and interest thereon shall be a limited obligation of the Authority, payable solely out of the revenue and receipts derived by the Authority pursuant thereto as described in the Agreement. The Bonds shall not in any respect be a general obligation of the Issuer, nor shall they be payable in any manner from funds raised by taxation. No holder of the Bonds has the right to compel any exercise of the taxing power of the State of Illinois or any political subdivision thereof to pay the Bonds, the interest or premium, if any, thereon. The Bonds do not constitute in any respect an indebtedness of the Authority or loan of credit thereof within the meaning of any constitutional or statutory provision.

The amended form of Bonds submitted to this meeting, subject to appropriate insertion and revision in order to comply with the provisions of the Agreement, is approved, and when Bonds in such form shall be executed on behalf of the Authority in the manner contemplated by the Agreement and this Resolution, they shall represent the approved definitive form of the Bonds of the Authority.

Section 4. The Chairman, the Treasurer, the Executive Director, the Secretary and Assistant Secretary of the Authority are hereby authorized and directed to execute, attest, seal and deliver any and all documents and do any and all things deemed necessary to effect the amendment of the Bonds, the Indenture and the Loan Agreement, the release of the Letter of Credit, the execution and delivery of the Agreement and the Tax Agreement, the filing of a Form 8038, as necessary, with the Internal Revenue Service, the release and/or termination of any other documents relating to the Letter of Credit, the Bank or the remarketing of the Bonds, and to carry out the intent and purposes of this Resolution, including the preambles hereto.

Section 5. The Authority hereby elects to have the provisions of Section 144(a)(4) of the Code apply to the Bonds.

Section 6. All acts of the officials of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance of the amendments referenced herein be, and the same hereby are, in all respects, approved and confirmed.

Section 7. The provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision 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.

Section 8. All resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 9. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: August 7, 2007

Re: Amendments to DePaul University Series 2005B-C Bond Documents

This memorandum and the accompanying Resolution will accomplish several technical revisions to documents previously approved by the Board for a taxable to tax-exempt mode conversion that closed on July 18, 2007.

The objective of this memorandum is to eliminate an oversight in a pricing formula that would inadvertently require the Auction Agent to price certain bonds at Taxable Rates (rather than Tax-Exempt Rates) under certain, remote conditions, as explained further below.

The Illinois Finance Authority (the "Authority") adopted a resolution on June 12, 2007, authorizing, among other things, the conversion of the Authority's Taxable Auction Rate Revenue Refunding Bonds, DePaul University, Series 2005C (the "Series 2005C Bonds"), from taxable bonds to tax-exempt bonds, as permitted by the Trust Indenture dated as of March 1, 2005 (the "Original Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The Original Indenture also secures the Authority's Auction Rate Revenue Refunding Bonds, DePaul University, Series 2005B (the "Series 2005B Bonds" and, together with the Series 2005C Bonds, the "Bonds" or the "Series 2005B-C Bonds"), which were issued as tax-exempt bonds on the same date that the Series 2005C Bonds were issued as taxable bonds. The proceeds of the Series 2005B-C Bonds were lent to DePaul University (the "University").

The conversion of the Series 2005C Bonds from taxable bonds to tax-exempt bonds closed successfully on July 18, 2007, and in connection therewith the Authority and the Trustee entered into a First Supplemental Trust Indenture dated as of July 1, 2007 (the "First Supplemental Indenture"). In the course of working on the conversion transaction, it was discovered that a provision contained in the Original Indenture at the direction of the underwriter of the Series 2005B-C Bonds was, in fact, incorrect, and needed to be corrected. Both the Series 2005B Bonds and the Series 2005C Bonds are operating as "auction rate" Bonds, which means that the interest rate on each series of Bonds changes periodically based on the results of a separate "dutch auction" process set forth in the Original Indenture. The provision that needed to be corrected is one that provides for a "fall-back" interest rate in the event that, on any date on which an Auction is scheduled to occur for a series of the Series 2005B-C Bonds, there are no Bondholders of such series willing to participate in that Auction and, as a result, there is no Auction. Since no new interest rate has been determined for such Bonds, the Original Indenture provides a mechanism whereby the Trustee calculates a new rate (referred to in this memorandum as an "All-Hold Rate") based on a formula in the Original Indenture. Provisions amending that formula were included in the First Supplemental Indenture. Those amendment provisions were consented to by the purchasers of the Series 2005C Bonds at the time of their conversion to tax-exempt bonds and are now effective with respect to such Bonds, but they require the consent of the holders of all Series 2005B Bonds and the approval of the Authority to be effective with respect to the Series 2005B Bonds. In connection with obtaining the consent of the holders of the Series 2005B Bonds to such provisions, the First Supplemental Indenture also amended the Original Indenture by adding a technical provision, common in more recent auction rate indentures, that makes it more efficient for the Trustee, on behalf of the University, to obtain Bondholder consent to a proposed amendment when the Bonds are operating in an auction rate mode. This amendment, which requires the approval of the Authority and the consent of the holders of a majority in aggregate principal amount of all outstanding Bonds, was consented to by the purchasers of the Series 2005C Bonds at the time of their conversion to tax-exempt bonds, and the Series 2005C Bonds constitute a majority in aggregate principal amount of all outstanding Bonds.

Finally, a technical provision in the First Supplemental Indenture, dealing with the effective date of the provisions described above, will require amendment. The Trustee has determined that this amendment will not have a material adverse effect on the Bondholders and, accordingly, does not require Bondholder consent.

The University is requesting the Authority to take appropriate action to approve the amendments to the All-Hold Rate and the Bondholder consent process included in the First Supplemental Indenture and to authorize the Authority to enter into a Second Supplemental Trust Indenture to the Original Indenture to amend the effective date provisions in the First Supplemental Indenture as described above.

Counsel to IFA has reviewed this Resolution and, accordingly, Staff recommends approval of this Resolution, as presented, subject to obtaining the consent of the Bond Insurer (XL Capital Assurance, Inc.).

VOTING RECORD

Amendatory Resolution: June 12, 2007 (IFA Resolution 07-06-42)

Ayes: 10 Nays: 0 Abstentions: 0
Absent: 4 (DeNard, Fuentes, O'Brien, Talbott) Vacancies: 1

Final Bond Resolution: February 8, 2005

Ayes: 8 Nays: 0 Abstentions: 0
Absent: 4 (Delgado, Herrin, O'Brien, Ozark) Vacancies: 3

PROFESSIONAL & FINANCIAL

DePaul University:	David Dabney, Treasurer	Chicago, IL	
Counsel:	O'Keefe Lyons & Hynes LLC	Chicago, IL	Daniel Coyne
Auditor:	KPMG LLP	Chicago, IL	Terri Desris
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Jim Luebchow
Bond Insurance:	XL Capital Assurance, Inc.	New York, NY	Scott Beinhacker
Underwriter – Senior Manager:	Lehman Brothers	New York, NY	Jim Costello, Don Mathewson
Underwriter – Co-Manager:	Goldman Sachs	Chicago, IL	Rich Bellis
Underwriter's Coun.:	Foley & Lardner LLP	Chicago, IL	Christopher Knight
Trustee:	US Bank	Chicago, IL	Grace Gorka
Series 1997 Bond Trustee:	Bank of New York	Chicago, IL	Joyce Wallington- Jones
Printer:	ImageMaster-MuniOS.com	Ann Arbor, MI	Jennifer Braun
Auction Agent:	Deutsche Bank	New York, NY	Shafiq Jadavji
Issuer's Counsel:	Shefsky & Froelich Ltd.	Chicago, IL	Leslie Carey
IFA Financial Advisors:	D.A. Davidson & Co.	Chicago, IL	Bill Morris
	Scott Balice Strategies, LLC	Chicago, IL	Lois Scott

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- Attachment: IFA Resolution

RESOLUTION 2007-08-__

RESOLUTION RATIFYING CERTAIN AMENDMENTS WITH RESPECT TO \$22,275,000 AGGREGATE PRINCIPAL AMOUNT OF AUCTION RATE REVENUE REFUNDING BONDS, DEPAUL UNIVERSITY, SERIES 2005B, AND \$35,675,000 AGGREGATE PRINCIPAL AMOUNT OF AUCTION RATE REVENUE REFUNDING BONDS, DEPAUL UNIVERSITY, SERIES 2005C, OF THE ILLINOIS FINANCE AUTHORITY, MADE PURSUANT TO A FIRST SUPPLEMENTAL TRUST INDENTURE; AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A SECOND SUPPLEMENTAL TRUST INDENTURE AND RELATED DOCUMENTS; APPROVING THE DISTRIBUTION OF A SUPPLEMENT TO REOFFERING CIRCULAR; AND AUTHORIZING AND APPROVING RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "Authority"), including, without limitation, the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et. seq.*, as supplemented and amended (the "Act"), pursuant to the laws of the State of Illinois, including, without limitation, the Act, has heretofore issued its Auction Rate Revenue Refunding Bonds, DePaul University, Series 2005B (the "Series 2005B Bonds") pursuant to the provisions of that certain Trust Indenture dated as of March 1, 2005 (the "Original Indenture") between the Authority and U.S. Bank National Association (the "Trustee") in the aggregate principal amount of \$23,000,000, and such Series 2005B Bonds are presently outstanding in the aggregate principal amount of \$22,275,000; and

WHEREAS, the Authority, pursuant to the laws of the State of Illinois, including, without limitation, the Act, has heretofore issued its Taxable Auction Rate Revenue Refunding Bonds, DePaul University, Series 2005C (the "Original Series 2005C Bonds"), pursuant to the provisions of the Original Indenture in the aggregate principal amount of \$37,600,000, and such Original Series 2005C Bonds are presently outstanding in the aggregate principal amount of \$35,650,000; and

WHEREAS, the regularly scheduled payments of principal of and interest on the Series 2005B Bonds and the Original Series 2005C Bonds (as well as the Converted Series 2005 Bonds, as hereinafter defined) are insured by XL Capital Assurance Inc., a New York-domiciled stock insurance company (the "Bond Insurer"); and

WHEREAS, pursuant to a First Supplemental Trust Indenture dated as of July 1, 2007 (the "First Supplemental Indenture;" the Original Indenture, as supplemented by the First Supplemental Indenture, is referred to herein as the "Existing Indenture") (i) the interest rate on all of the outstanding Original Series 2005C Bonds (the "Converted Series 2005C Bonds" and, together with the Series 2005B Bonds, the "Series 2005B-C Bonds") was converted to the Tax-Exempt Rate (as defined in the Original Indenture) and the Converted Series 2005C Bonds were subject to mandatory tender and remarketing on the date of such conversion, (ii) an amendment was made to the provisions of the Original Indenture with regard to obtaining the consent of the owners of the Series 2005B-C Bonds to any amendments to the provisions of the Original Indenture relating to SAVRS Bonds (as defined in the Original Indenture) and (iii) an amendment was made to the provisions of the Original Indenture regarding the determination of the SAVRS Rate (as defined in the Original Indenture) in certain circumstances; and

WHEREAS, the terms of the First Supplemental Indenture provide that the amendment described in clause (ii) of the preceding paragraph would be effective on the later of the date on

which the owners of all of the Series 2005B-C Bonds had consented thereto and the date on which the Authority approved such amendment, and that the amendment described in clause (iii) of the preceding paragraph would be effective with respect to the Converted Series 2005C Bonds on the date of their conversion to the Tax-Exempt Rate, and with respect to the Series 2005B Bonds on the later of the date on which the owners of all of the Series 2005B Bonds had consented thereto and the date on which the Authority approved such amendment; and

WHEREAS, the Converted Series 2005C Bonds were remarketed pursuant to a Reoffering Circular dated July 11, 2007 (the "July Reoffering Circular"), pursuant to the terms of which the purchasers of the Converted Series 2005C Bonds were deemed to have consented to all of the amendments of the Original Indenture made by the First Supplemental Indenture; and

WHEREAS, the Authority now desires to approve the amendments described in clause (ii) of the third preceding paragraph with respect to the Series 2005B-C Bonds, and the amendments described in clause (iii) of the third preceding paragraph with respect to the Series 2005B Bonds, and to take all other action necessary or appropriate in connection therewith, including (a) authorizing the execution and delivery of a Second Supplemental Trust Indenture between the Authority and the Trustee with respect to the foregoing (the "Second Supplemental Indenture"), supplementing the Existing Indenture, and (ii) approving the distribution of an additional Reoffering Circular or a supplement to the July Reoffering Circular with respect to the foregoing (the "Reoffering Supplement"); and

WHEREAS, the Bond Insurer has previously consented to the execution and delivery of the First Supplemental Indenture and is required to consent to the execution and delivery of the Second Supplemental Indenture before it becomes effective; and

WHEREAS, the Authority desires to authorize or approve the execution and delivery of the Second Supplemental Indenture, the distribution of the Reoffering Supplement, and any other necessary or appropriate documentation to effect the foregoing;

NOW, THEREFORE, Be It Resolved by the members of the Illinois Finance Authority, as follows:

Section 1. The Authority hereby approves all amendments made to the Original Indenture by the First Supplemental Indenture with respect to the Series 2005B-C Bonds, including specifically with respect to the Series 2005B-C Bonds the amendment described in clause (ii) of the third paragraph of the preamble to this Resolution, and with respect to the Series 2005B Bonds the amendment described in clause (iii) of the third paragraph of the preamble to this Resolution.

Section 2. Subject to obtaining the consent of the Bond Insurer to the execution and delivery of the Second Supplemental Indenture, the Authority is hereby authorized to enter into the Second Supplemental Indenture with the Trustee in substantially the same form as is now before the Authority; that the form, terms and provisions of the Second Supplemental Indenture be, and they hereby are, in all respects approved; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director (and for purposes of this Resolution, any person duly appointed to any of such offices on an interim basis) of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver, and the Secretary or any Assistant Secretary of the Authority be and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to the Second Supplemental Indenture in the name, for and on behalf of the Authority, and thereupon to cause the Second Supplemental Indenture to be executed, acknowledged and delivered to the Trustee, in substantially the form now before the Authority or with such changes therein as the Chairman, the Vice Chairman, the Treasurer or the Executive Director (and for purposes of this Resolution,

any person duly appointed to any of such offices on an interim basis) shall approve, his/her execution thereof to constitute conclusive evidence of such approval of any and all changes or revisions therein from the form of the Second Supplemental Indenture now before the Authority; that when the Second Supplemental Indenture is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Second Supplemental Indenture shall be binding on the Authority; that from and after the execution and delivery of the Second Supplemental Indenture, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Second Supplemental Indenture as executed; and that the Second Supplemental Indenture shall constitute, and hereby is made, a part of this Resolution, and a copy of the Second Supplemental Indenture shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 3. The distribution of the Reoffering Supplement, in the form to be approved by bond counsel for the Authority and by counsel for DePaul University, is hereby approved, and each of the Vice Chairman, the Treasurer or the Executive Director (and for purposes of this Resolution, any person duly appointed to any of such offices on an interim basis) of the Authority hereby is authorized, empowered and directed to certify that the information, if any, contained in the Reoffering Supplement provided by the Authority is in a form "Deemed Final" by the Authority.

Section 4. The Chairman, the Vice Chairman, the Treasurer or the Executive Director (and for purposes of this Resolution, any person duly appointed to any of such offices on an interim basis) of the Authority, the Secretary, any Assistant Secretary and any other officer of the Authority be, and each of them hereby is, authorized to execute and deliver such documents, certificates, and undertakings of the Authority and to take such other actions as may be required in connection with carrying out and complying with this Resolution, or with the execution, delivery and performance of the Second Supplemental Indenture, all as authorized by this Resolution.

Section 5. That all acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, ratified, approved and confirmed.

Section 6. That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 7. That all resolutions and orders, or parts thereof, in conflict herewith, are hereby superseded to the extent of such conflict.

Section 8. That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Steve Trout

Date: August 1, 2007

Re: **Resolution to Amend a Venture Capital Loan to Defer Jaros Technologies Principal Payments for An Additional Year**
IFA Project V-TD-588

The Request

Jaros Technologies, a company offering customized business intelligence solutions, wishes to amend the Venture Capital Loan Agreement between the Illinois Finance Authority and company to defer loan principal payments for an additional one year.

The IFA Board considered this request on June 12, 2007 and directed staff to inform Jaros officials that the Board is not inclined to agree to a full year's deferral of principal but might consider an alternative amendment, such as a partial deferral of principal or full year's deferral with an award of warrants for the amendment. The company's CEO, Paul Scheibel, has asked for an opportunity to make his appeal directly to the Board and wishes to make a brief presentation at the August 7 Executive Committee meeting.

If the Board is willing to agree to the deferral, Jaros Technology is prepared to increase its quarterly principal payments as required to fully amortize the loan by August 6, 2010, the original maturity date. This would increase the quarterly principal payment obligation to approximately \$22,878, with the first payment due on November 6, 2007.

Background

The IFA Board approved a \$250,000 Venture Capital Loan to Jaros Technologies that closed in July, 2005. The loan, along with funds from DCEO, Illinois Ventures for Community Action, Madison County and private investors financed to fund additional growth for Jaros Technologies.

The original loan agreement provides for interest-only payments from the date of closing until November, 2006. Upon November, 2006, the company must begin making sixteen quarterly interest payments of \$18,049.89. Although Jaros is current on all interest payments, they failed to make the first and subsequent two quarterly principal payments.

Earlier in 2007, IFA's Interim Executive Director verbally agreed to defer principal payments for another year, after the CEO maintained that there would be "grave consequences on continued growth" if principal deferment was not instituted. The other lenders, DCEO, Illinois Ventures for Community Action and Madison County, all approved the loan extension based upon IFA's first move.

Staff Analysis

Based on review of financial statements for FY 2005, FY 2006, and FY 2007 year-to-date, it appears that Jaros Technologies could have made principal payment requirements of the loan. Furthermore, it appears that Jaros could make principal payments over the remainder of 2007 even under its downside cash flow projections.

Rationale for the Request

Mr. Scheibal explained that Jaros is seeking to build a reserve of cash in order to maintain flexibility to invest in new technology, respond to opportunities and challenges and solidify its position in the market place. The company has two new product lines that look very promising. Jaros has engaged with two marketing firms to help establish the product lines. Mr. Scheibal believes that Jaros needs the reserve capital to launch these new product lines into the marketplace.

Mr. Scheibal has expressed concern that renegotiating principal deferral with IFA could disrupt his agreements with his other lenders. He believes that the granting of warrants would require the consent of all equity investors, which could be difficult and time consuming to obtain.

CONFIDENTIAL INFORMATION

	Actual		Qtr 1 Annualized		Company Prepared 2007 Cash Flow Projections
	2005	2006	Q 1 - 2007	2007	
Income Statement					
Revenues	867,637	1,800,511	470,743	1,882,973	1,991,354
CGS	205,681	202,490	3,040	12,160	-
Gross Profit	661,956	1,598,022	467,703	1,870,813	1,991,354
Operating Expenses	1,502,989	1,003,864	339,276	1,357,102	
Amortization & Depreciation	-	34,701	-	40,000	
Total Operating Expense	1,502,989	1,038,565	339,276	1,397,102	1,679,307
Income Before Int. Exp	(841,033)	559,457	128,428	473,710	312,047
Interest Expense	(33,844)	(48,555)	(29,500)	(50,000)	(40,000)
Net Income	<u>(874,876)</u>	<u>510,902</u>	<u>98,928</u>	<u>423,710</u>	<u>272,047</u>
EBIDA	(841,033)	594,158	128,428	513,710	312,047

CONFIDENTIAL

		Actual	
	2005	2006	Q 1 - 2007
Balance Sheet			
Cash	199,097	354,283	463,531
Accounts Receivable	78,541	429,369	404,854
Total Current Assets	<u>277,639</u>	<u>783,651</u>	<u>868,385</u>
Fixed Assets (net of Accum. Depr)	38,736	145,039	151,255
Total Assets	<u><u>316,375</u></u>	<u><u>928,690</u></u>	<u><u>1,019,640</u></u>
Liabilities			
Accounts Payable	103,029	16,366	11,647
Other Current Liabilities	31,592	43,883	27,166
Total Current Liabilities	<u>134,621</u>	<u>60,249</u>	<u>38,814</u>
Long-Term Liabilities			
Deferred Income	97,836	273,621	287,078
Note Payable, Investors	800,000	800,000	800,000
State of Illinois	900,000	900,000	900,000
Total Long Term Liabilities	<u>1,797,836</u>	<u>1,973,621</u>	<u>1,987,078</u>
Total Liabilities	1,932,457	2,033,870	2,025,891
Equity			
Capital Stock	3,000	3,000	3,000
Paid in Surplus	124,074	124,074	124,073
Retained Earnings	(868,279)	(1,743,155)	(1,232,253)
Net Income	<u>(874,876)</u>	<u>510,902</u>	<u>98,928</u>
Total Equity	<u>(1,616,082)</u>	<u>(1,105,179)</u>	<u>(1,006,252)</u>
Total Liabilities & Equity	<u><u>316,375</u></u>	<u><u>928,690</u></u>	<u><u>1,019,639</u></u>

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY



Deal: Jaros Technologies

544 Niedringhaus Avenue, Suite B Granite City, IL 62040
Project Number: V-TD-588 Amount: \$250,000
Type: Venture Capital FM: Christopher Vandenberg
Location: Granite City, IL

BOARD ACTION

Voting Record: This is the first time before the Board of Directors.

IFA Funds at Risk? YES: NO: Amount: \$250,000

JOBS

Current Employment: 16 Projected new jobs: 7 (within 18 months)
Jobs Retained: N/A Construction jobs: N/A

COMPANY SUMMARY

Jaros Technologies (www.jarostech.com), located in Granite City, Illinois, was founded in 1999 by Paul Scheibal. Mr. Scheibal built the company to offer mid-sized manufacturers customized business intelligence solutions. While larger companies offer business intelligence solutions, none adequately meet the needs of the mid-sized manufacturer. Jaros Analytics helps manufacturing companies "See the Picture, Not the Puzzle," by integrating disparate information systems to help clients make better decisions and create efficiencies, thereby increasing profitability. Governor Blagojevich mentioned Jaros in his Governor's Opportunity Returns plan for its region and in the 2005 State of State address.

With minimum capitalization, Jaros has built the first version of its product and has attracted a number of marquee customers, including: Arvin Meritor, GE Transportation, Snap-tite, Minuteman International and Juniper Networks. Jaros intends to use the current round of funding to continue commercialization and expand its sales force.

Jaros is contemplating a \$500,000 loan consisting of:

- \$250,000 loaned from IFA
- \$125,000 loaned from DCEO
- \$ 62,500 loaned from Madison County
- \$ 62,500 loaned from Jaros investors

These funds are expected to fund operations approximately 6 months. Jaros anticipates raising another round of capital to bring the company to profitability. The Company is currently in discussion with several venture firms, but the discussions are extremely preliminary.

Jaros Technologies, Inc.
May 10, 2005

STATISTICS

IFA Investment:	\$250,000	IFA Ownership	N/A
Investment Leveraged:	\$250,000	Security Type:	Senior Debt
Pre-Money Valuation:	N/A	# of Shares:	N/A
Post-Money Valuation:	N/A	Price Per Share:	N/A

TERM SHEET

The company is seeking \$500,000 from the following:

- \$250,000 loaned from IFA
- \$125,000 loaned from DCEO
- \$ 62,500 loaned from Madison County
- \$ 62,500 loaned from Jaros investors

Illinois Ventures for Community Actions will service the loan, but will not have any funds at risk in the loan. DCEO's portion will only be funded if they are appropriated funds for the project.

Terms of loan:

- The notes will have an interest rate of 7%. The lenders will receive 6% and Illinois Ventures for Community Actions will take a 1% servicing fee.
- The loan will be interest only for the first year, with level principal and interest payments for the following four years. Payments will be quarterly.
- All existing loans from the investors (\$800,000) will be subordinated to the existing DCEO/Madison County loan (\$400,000) and the new loan.
- 3% prepayment penalty for the first two years.
- DCEO/IFA consent is required to sell/merge the company.
- Default conditions include moving the company from Illinois, default on investor notes and other customary provisions.
- There will be an Equity Risk Premium of 8% if revenues exceed \$300,000 in the first year and \$1,000,000 any other year.

Loans

The company currently has outstanding loans totaling approximately \$1,200,000. The investors have \$800,000 in loans outstanding. These notes will be subordinated to the new loan and the existing \$400,000 loan from DCEO and Madison County.

Use of funds

Proceeds of the proposed investment will be used to scale the sales and marketing team to bring on the Vice-President, Marketing, 3 account executives, 1 sales consultant and several programmers and architects to continue development on the product.

Future Funding needs:

Jaros anticipates raising another round of capital in to bring the company to profitability. The company is

currently in discussion with several venture firms, but the discussions are extremely preliminary.

Burn Rate:

The current burn rate of the company is approximately \$80,000/month. Management salaries currently are approximately \$28,000 or 35% of the monthly burn. As new employees are hired, the burn is expect to increase to approximately \$145,000.

Co-Investor

Illinois Ventures for Community Action (IVCA) is an organization whose membership is comprised of Community Action Agencies throughout the state. IVCA is a not-for-profit corporation whose purpose is to undertake job creation and economic development activities, and to distribute any profit therefrom to its member agencies to finance activities designed to eliminate poverty in Illinois. IVCA is a long standing associate of the Illinois Community Action Association (ICAA). ICAA along with its 40 member agencies serve the people of Illinois through programs and activities that include representation, education, information exchange, advocacy and various other services. The services provided promote the core beliefs and values of ICAA which include reducing suffering through organized structure, raising awareness of the plight of the poor, replacing despair with opportunity, focusing on people, and facilitating working together. Due to the various needs of the people of Illinois from community to community, the decision of which services are provided is made by each separate Community Action Agency. To find out more about Illinois Community Action Association and to learn about the services provided in your area, please visit them online at www.icaanet.org. **NOTE: THIS IS NOT THE ILLINOIS VENTURES THE AUTHORITY NORMALLY WORKS WITH.**

Department of Commerce and Economic Opportunity

Madison County

Richard Ford is a former principal and founder of Gateway Ventures, a St. Louis, MO-based venture fund. See the Key Personnel section for more detail.

PRODUCT

Jaros sells business intelligence software products as well as related implementation services. Jaros's initial two products are Jaros Analytics and Jaros Dashboard.

Jaros Analytics is a reporting and analysis solution for manufacturing companies that provides fast, easy access to historical and real-time detailed corporate data from disparate legacy systems. This enterprise software solution is unique from other business intelligence solutions because it is specifically focused on the needs of medium-sized manufacturing companies, which permits the installation time is greatly reduced. Specifically, 95% of the solution is standard and only 5% must be customized for each customer. Currently, Jaros Analytics is compatible with companies running Oracle Applications and QAD's MFG Pro. The Company is currently expanding the product to be compatible with a number of other platforms.

The completed version of Jaros Analytics consists of modules for analysis of financials, purchase orders, orders and shipments, inventory, manufacturing and costing. These areas are offered in various sub-modules. The Company is continually adding sub-modules in response to customer requests.

Jaros Dashboard is a low-cost, web-based report development and delivery tool that provides an efficient mechanism to distribute reports to employees, customers and suppliers. The tool and the associated services are with Jaros Analytics to provide the customer with a reporting tool when the customer does not currently have one. Currently, Jaros is using an OEM solution from Informatica.

BUSINESS MODEL/SALES CYCLE

According to IDC, the business intelligence market is growing at a compound annual growth rate of approximately 27% and is expected to be an \$11.9 billion market in 2005.

Jaros earns revenue through a combination of up-front licensing fees, annual service fees and professional services for installation of their software. Jaros has four pricing tiers: 1) below \$250M in revenues; 2) \$250-500M, 3) \$500M to \$2B, and 4) above \$2B. The price for the analytics modules range from \$25,000 to \$125,000, increasing progressively over each tier. Each user costs \$700 and \$350 per seat for the Analytics and Dashboard packages, respectively. Annual licensing fees are approximately 20% of the total.

Jaros plans to use a direct sales force to sell its product. From their experience, Jaros believes that the average sales cycle will be approximately 6-12 months. Initially, they begin by talking to low level IT or analysts. They rely on these "evangelists" to bring the solution to the "C" level executives for purchasing.

Current customers include Arvin Meritor, Minuteman International, Mitek Industries, Chromalloy and others. Below please see the existing pipeline, as provided by Jaros:

Pipeline - 1st Half 2005	Revenue Potential	Odds of Closing	Revenue Classification
Juniper Networks	35,000	100%	Support
Minuteman International	15,000	100%	Support
Mitek Industries	200,000	75%	New License and Services
Arvin Meritor	300,000	90%	New License and Services
Chromalloy	20,000	100%	Support
GE Transport (GE)	200,000	50%	Services
Ingersoll-Rand	500,000	75%	New License and Services
USP	300,000	50%	New License and Services
Lion Apparel	300,000	50%	New License and Services
Butler Manufacturing	375,000	50%	New License and Services
1 st Half Potential	2,245,000		

KEY PERSONNEL

Management

Paul J. Scheibal, President and CEO - The founder and President and CEO of Jaros, Paul Scheibal has over 25 years of experience with over 10 years experience in business intelligence and data warehousing. Paul has a B.A. degree in mathematics and a B.A. degree in computer science from Southern Illinois University at Carbondale and a Master of Science degree in mathematics specializing in computer science from Southern Illinois University at Edwardsville. Paul founded Jaros Technologies in 1999 and has led many business intelligence solutions at companies like General Electric, Sigma Chemical, and Juniper Networks. Prior to 1999, Paul worked for Oracle Corporation and won many awards for performance, including "consultant of the year" in 1996 for the Oracle Central Region.

Stan Chofflet, Vice President of Sales - Stan Chofflet has a 19 year track record of success in sales and sales management in the high tech industry. Prior to leading sales and marketing at Jaros, Stan held sales and sales management positions at Cisco, Oracle and Amdahl during high growth periods at each of these companies. Over his career, Stan has specialized in working with large, strategic accounts and is known for his ability to win competitive accounts and open new markets. Stan's sales leadership accounted for over \$75M in sales in the 5 years prior to joining Jaros averaging over 100% annual revenue growth in his territories. Stan holds a B.S. degree in Electrical Engineering from the University of Missouri, Rolla.

Shawn Curtiss, Vice President of Marketing - Shawn comes from an early-stage enterprise software company, MetaMatrix, for over five years. In his position, he has built international brand awareness and have positioned the company as the sector leader in the press and with analyst groups. Based partly on the position, reputation, and awareness he has generated for the company, MetaMatrix has raised over \$42 million in Venture Capital. He has developed marketing programs that achieve and surpass revenue goals. Over the past five years, MetaMatrix has grown from virtually zero revenue to over \$11 million. He has developed budget-conscious programs for lead generation, awareness, market penetration and others to support the sales team.

Board of Directors

Jaros currently has a five member board of directors - 3 from the management team and 2 investor representatives. At this time, the Company does not have any independent directors but they are contemplating putting together an advisory board.

Paul Scheibal

Stan Chofflet

Shawn Curtiss

Richard F. Ford - The founder of Gateway Ventures, Dick Ford has consistently demonstrated over his 30+ years of business experience a talent for identifying high growth market opportunities, assessing and motivating management, establishing strategic direction and monitoring operating performance. Although involved in a full range of investment areas, Mr. Ford has been especially active in the areas of financial services; healthcare services and products; and distribution services. He has served on the Board of Directors of many public and private companies, including CompuCom Systems (NASDAQ: CMPC), D&K Healthcare Resources (NASDAQ: DKWD), NextCare, RehabCare (NASDAQ: RHBC), Rockwood Capital Advisors, and Stifel Financial (NYSE: SF). Mr. Ford graduated from Princeton University with a B.A. degree in economics and is a graduate of the Executive Program in Business Administration of Columbia University.

Eugene M. Toombs - Eugene M. Toombs is Chairman, President, and Chief Executive Officer of MiTek, Inc. MiTek, the majority of which is owned by Berkshire Hathaway, is the world's leading supplier of engineered connector products, engineering services and design software for the building components industry with operations on five continents. Prior to being CEO and President, he was President and Chief Operating Officer since 1991, and a Corporate Vice President from 1989 when he first joined MiTek.

Prior business experience includes three years with Sonoco Products Company as a Vice President, and President of a joint venture company, and fifteen years at Boise Cascade Corporation where he held a variety of general management positions.

He serves on the Board of Directors of MiTek, TALX Corporation, Tarlton Corporation, AAA (The Automobile Club of Missouri), Boys Hope/Girls Hope, Junior Achievement, and the Metropolitan YMCA. He is a member of the Bogey Club, St. Louis Club, Greenbriar Hills Country Club, and the Longboat Key Country Club in Florida. Mr. Toombs holds a Bachelor of Science Degree from Fairleigh Dickinson University and an Executive Education Degree from Harvard Business School.

COMPETITION

The business intelligence market is very crowded and includes a range of players from small niche companies (similar to Jaros) to large enterprise software companies. It is very difficult to identify the number of niche companies. Large players in this market include consulting companies, such as IBM and Accenture, and enterprise software companies including Cognos, Business Objects and Oracle. Each of these large players are multi-billion dollar companies. Since the manufacturing portion of this market is relatively "small," Jaros believes that these large companies would prefer to purchase smaller niche players to expand into those markets.

Competitive Advantages:

Jaros believes that they have a competitive advantage because:

- product is relatively low cost;
- the management team understands the needs of manufacturers and have designed a unique platform in this segment; and
- they provide timely access to information, resulting in better decisions and improving profitability.

EXIT STRATEGY

Jaros expects to exit via acquisition within three to five years. The Company expects the investors to achieve a 5X return on their investment. Since the Authority is not purchasing an equity interest in the Company, it will not enjoy in this return – the return will be limited to the interest earned on the loan.

FINANCIAL PROJECTIONS

	Actual <u>2003</u>	Actual <u>2004</u>	Projected <u>2005</u>	Projected <u>2006</u>	Projected <u>2007</u>	Projected <u>2008</u>
Total Revenues	\$ 189,840	\$ 1,035,140	\$ 2,545,000	\$ 6,119,000	\$ 8,000,000	\$ 12,000,000
COGS	\$ (91,500)	\$ (129,000)	\$ (677,250)	\$ (938,500)	\$ (1,500,000)	\$ (2,000,000)
Gross Profit	\$ 98,340	\$ 906,140	\$ 1,867,750	\$ 5,180,500	\$ 6,500,000	\$ 10,000,000
Total Expenses	\$(514,374)	\$(1,045,145)	\$(2,769,550)	\$(4,895,135)	\$(5,250,000)	\$(7,500,000)
Net Income	\$(416,034)	\$ (139,005)	\$ (901,800)	\$ 285,365	\$ 1,250,000	\$ 2,500,000

Jaros Technologies, Inc.
 May 10, 2005

CAPITALIZATION AND SALARIES

	Total # Shares	Total % (Dil)
Investors		
Dick Ford IRA	137.5	6.18%
Kathy Ford	37.5	1.69%
J. Hord Armstrong, III	138	6.18%
Zinsmeyer Trust	163	7.30%
Patrick Behan	175	7.87%
Sam Davis, Jr.	175	7.87%
Eugene Toombs	175	7.87%
Investors Sub-Total	1,000	44.94%
Other Equity holders		
Paul Scheibal	333	14.98%
Stanley Choflet	333	14.98%
Michael Spencer	333	14.98%
Option pool	225	10.11%
Others Sub-Total	1,225	55.06%
Total	2,225	100.00%

Salaries:

Paul Scheibal – President/CEO (FOUNDER)	110,000 + Commissions
Stan Choflet – Vice-President, Sales (FOUNDER)	108,000 + Commissions
Shawn Curtiss – Vice-President, Marketing	120,000 + Commissions

ECONOMIC DISCLOSURE INFORMATION

	<u>Firm</u>	<u>Location</u>	<u>Contact</u>
Company	Jaros Technologies, Inc.	Granite City, IL	Paul Schiebel
General Counsel:			
Accountant:			

LEGISLATIVE DISTRICTS

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

Jaros Technologies, Inc.
May 10, 2005

Apr 27, 05

ASSETS

Current Assets

Total Checking/Savings 123,085.39
Total Accounts Receivable 189,001.87
Total Other Current Assets 400.53

Total Current Assets 312,487.79

Fixed Assets

Acc. Depr. Computers & Furniture -66,734.78
Computers & Furniture 47,535.94
Jaros Dashboard Res & Dev 69,970.33
Acc. Amortization License -25,682.80
License Agreement 25,682.80

Total Fixed Assets 50,771.49

TOTAL ASSETS 363,259.28

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Total Accounts Payable 17,410.62
Total Other Current Liabilities 4,844.96

Total Current Liabilities 22,255.58

Long Term Liabilities

Deferred Income 59,916.78
Note Payable Investors 800,000.00
State of Illinois 400,000.00

Total Long Term Liabilities 1,259,916.78

Total Liabilities 1,282,172.36

Equity

Capital Stock 3,000.00
Paid in Surplus 124,073.66
Retained Earnings -778,795.76
Net Income -267,190.98

Total Equity -918,913.08

TOTAL LIABILITIES & EQUITY 363,259.28

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Cory E. Mitchell

Date: August 7, 2007

Re: **Request to Release Collateral and Reduce the Amount of an Agri-Debt Guarantee for Farmers State Bank of Western Illinois, Aledo Loan to Mark and Brenda Dunn.**

The IFA Board approved on June 12, 2007 a \$400,000 Agri-Debt Guarantee for 85% of a loan offered by Farmers State Bank's loan to Mark and Brenda Dunn. The loan was expected to re-finance and consolidate the Dunn's current and intermediate debts. The IFA Board on June 12, 2007 also approved a \$425,000 Young Farmer Guarantee for 85% of a loan offered by Farmers State Bank to Mark and Brenda Dunn for the purchase of 132 acres of farmland.

Both of these loans were to be cross collateralized or secured by a first mortgage on 7 acres, including a rental home and hog building, and a first mortgage on 177 acres including the Dunn's residence. Additional collateral included a blanket security agreement on machinery, certificates of deposit, money market accounts and an assignment of life insurance on the borrowers.

After the IFA Board approved the guarantee, the borrower agreed with the lender's blessing to sell the rental home and reduce the amount of the loan that is secured by the Agri-Debt Guarantee by \$50,000. The size of the loan that is secured by the Young Farmer Guarantee is unchanged.

CONFIDENTIAL INFORMATION

The lender and IFA estimate that the reduced loan amount should cause debt service coverage to improve to 1.22 times from 1.16 times as originally forecast. The reduction in collateral will cause the adjusted loan to value ratio to increase from 79% to 88%, using IFA's advance rates of 80% and 65%, respectively, for real estate and equipment.

Collateral—ADJUSTED VALUES	Original Request ADJUSTED VALUES	Revised Request ADJ. VALUES
Real Estate	774,960	774,960
Machinery & Equipment	227,100	227,100
Other Collateral-CD/Money Market	<u>133,573</u>	<u>133,573</u>
Total Collateral	<u>\$1,135,363</u>	<u>\$967,363</u>
Loans Outstanding	900,000	850,000
Loan to Value Ratio	79%	88%

	Original Projection	Adjustment	Revised Projection
Farm Income	554,929	0	554,929
Other Income	<u>0</u>	<u>0</u>	<u>0</u>
Cashflows Available for Debt	<u>184,835</u>	<u>(4,060)</u>	<u>188,895</u>
Principal	65,000	(1600)	63,400
Interest	<u>95,000</u>	<u>(4060)</u>	<u>90,940</u>
Total Debt Service Requiremts	<u>160,000</u>	<u>(5,660)</u>	<u>154,340</u>
Debt Service Coverage	1.16		1.22

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 12, 2007

Project: Mark W. Dunn and Brenda L. Dunn

STATISTICS

Project Number: A-DR-TX-GT-7134	Amount: \$340,000
Type: Agri-Debt Guarantee	IFA Staff: Cory Mitchell
Location: Aledo	

BOARD ACTION

Approval to initiate an 85% loan guarantee in favor of Farmers State Bank of Western Illinois, Aledo \$340,000 of IFA funds at risk

Staff recommends approval, subject to satisfying all conditions of the bank loan, as well as:

- *Receipt of satisfactory appraisal to insure an LTV of 80% or less on Real Estate
- *Assignment of life insurance policies on the borrowers
- *Assignment of CD and money market account.
- *Approval by Farmers State Bank of Western Illinois and IFA for all future purchases over \$5000
- *Lender add cross default covenant to loan documents on both IFA loans

PURPOSE

The proposed loan funds will be used to refinance the borrower's term debt in order to reduce debt service and increase cash flow.

IFA PROGRAM AND CONTRIBUTION

The Authority's Agri-Debt Restructure Guarantee Program guarantees up to 85% of a bank's loans to Illinois farmers and agribusiness owners. The guarantees are not transferable without the Authority's written consent. The Authority's agricultural guarantee obligations are backed by an IFA reserve funded for this program and are also full faith and credit obligations of the State of Illinois.

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

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	\$340,000	Uses:	
Farmers State Bank of Western Illinois	<u>\$60,000</u>	Refinance Debt	<u>\$400,000</u>
Total	<u>\$400,000</u>	Total	<u>\$400,000</u>

JOBS

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

BUSINESS SUMMARY

Background: Mark and Brenda Dunn of Aledo, Illinois farm 764 acres of which 649 are tillable. Primary crops grown have been corn, soybeans and wheat. They also raise hogs from weaning size up to market weight. The hogs have been raised on a contract basis with Biddle Farms Inc. In addition to the farming operation income, the Dunns receive rental income from a rental home in Aledo and Mrs. Dunn is employed off the farm at a local radio station.

Project

Rationale: The proposed loan will be used to consolidate intermediate term debt. Combining and extending the amortization on the loans will improve the borrowers overall cash flow.

Transaction: Farmers State Bank of Western Illinois will originate a 30 year amortized loan to restructure intermediate term debts. This loan will be secured with 177 acres, 2 homestead's along with a blanket security agreement on machinery, assignment of CD, money market account assignment of life insurance policies. A real estate appraisal will be obtained by the bank to insure an LTV of 80% or less

FINANCING SUMMARY

Borrower: Mark W. Dunn and Brenda L. Dunn

Security: 1st REM on 7 acres w/rental home and hog building, 1st REM on 177 acres with homestead, blanket security agreement on machinery, assignment of life insurance policies on the borrowers and assignment of CD and money market account.

Structure: 5 year term, 30 year amortization

PROJECT SUMMARY

The proposed loan will be used to refinance intermediate debt. Farmers State Bank of Western Illinois will initiate a 5 year term with a 30 year amortization loan on \$400,000 with annual payments of principal and interest. The loan will be secured by 1st REM on 7 acres w/rental home and hog building, 1st REM on 177 acres with homestead, blanket security agreement on machinery, cd, money market account and assignment of life insurance policies on the borrowers.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Mark W. Dunn and Brenda L. Dunn
Location: 1981 24th Avenue
Aledo, IL 61231 County: Mercer
Organization: Sole Proprietorship
State: Illinois
Ownership: Mark W. Dunn and Brenda L. Dunn

PROFESSIONAL & FINANCIAL

Accountant: Richard Lee, CPA, Aledo, Illinois
Attorney: N/A
Bank: Farmers State Bank of Western Illinois, Aledo, IL, Eric Coulter, VP

LEGISLATIVE DISTRICTS

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

CONFIDENTIAL INFORMATION

Est. fee: \$2,500

LOAN STRUCTURE

Interest: The interest rate will be fixed the first 5 years at 250 basis points over the 5 year Constant Maturity, repricing every 5 years, on a 30 year amortization. Without the IFA guarantee, the borrower's rate would be 100 basis points over the Wall Street Journal Prime Rate for the same length of time

Security: 1st REM on 7 acres w/rental home and hog building, 1st REM on 177 acres with homestead, blanket security agreement on machinery, CD, money market account and assignment of life insurance policies on the borrowers.(Mark \$458,868, Brenda \$236,359).

Repayment: Primary: Sale of harvested crops and livestock
Secondary: liquidation of collateral

Maturity: 5 year fixed 30 year amortization

Collateral: 1st REM on 7 acres w/rental home and hog building, 1st REM on 177 acres with homestead, (all real estate totals (\$968,700) and blanket security agreement on machinery(\$349,300), CD(\$29,840), money market account(\$103,733), assignment of life insurance policies on the borrowers.(Mark \$458,868, Brenda \$236,359). Adjusted LTV is projected to be at 79%. Appraisals will be obtained to verify 80% or less LTV.

It should be noted that cash flow numbers will represent the permanent financing of a 2400 head swine finishing facility in the amount of \$530,000 which will be financed through Farm Credit Services in Aledo, Illinois. No IFA funds are at risk on this project.

FINANCIAL SUMMARY

Discussion: Balance sheets and projections prepared by borrower then verified and submitted by Farmers State Bank of Western Illinois. It should be noted that this application will go along with Mark and Brenda Dunn's Young Farmer Guarantee restructure loan application in the amount of \$500M.

Current Ratio position has decreased for the borrower in the three years reported moving from 3.7 in '05 to 1.67 in 2007. Working capital has remained strong, but cash has been utilized off balance sheet to fund college and other family living expenses according to lender.

Cash on hand and other current assets have remained strong. This accumulation of cash was from life insurance proceeds received with the passing of one child a few years ago. Discussion with the borrower has been made by the lender to utilize this cash to reduce debt and the borrower expects to use these funds to pay for education expenses for the remaining 3 children.

Debt/asset ratio of 70% remains acceptable when looking at the new use of funds on all projects.

CONFIDENTIAL

Total liabilities have increased over the three years reported while total assets have followed the same trend. Net worth showed a decrease on the '06 balance sheet due to a low soybean crop (2005) from the previous year and expenses on the farm increasing.

Real Estate debt shows no principal reduction made between 4/2/2006 and 1/23/07. Payment was made 4/1/07.

Debt repayment capacity has been less than acceptable over the reported 3 years going from \$8M to (\$26M) back up to (\$14M) FY'06.

Loan to Value is 65%. When factoring in IFA's adjustment factors for each specified portion, the adjusted LTV is 79%

Projected cash flow seems reasonable with the opportunity the borrower has and will allow additional cash flow for the borrower when finishing an additional 4800 hogs per year with utilities/taxes/building payment and personal labor as the only expense. The additional 100% share of the 132 acres of farm land will also allow the borrower to spread their input costs over more owned acres rather than these same cash rented acres in the past.

Farmers State Bank of Western Illinois has been a long-time user of IFA programs and has stated the borrower has had a less than average crop year the past three growing seasons due to growing conditions. The lender has required the borrower to purchase additional crop insurance at 85% RA on corn and 80% RA on soybeans. With this in place it will help minimize the loss of crop sales to meet debt obligations in the case of crop failure. This will likely be the last intermediate or long term purchase the borrower will make in the next 5 to 7 years according to the lender. Cash flow is tight, but over the next three years there will eventually be no college expenses to cover from family living/off farm employment. Mrs. Dunn is working at the local radio station to offset some of the family living/college expenses, while Mr. Dunn is working with the contract hog feeding and raising the corn, soybeans and wheat.

CONFIDENTIAL

FINANCIAL DATA FOR:				
Mark and Brenda Dunn	Year	Year	Year	Proforma
	2/5/2005	4/2/2006	1/23/2007	
Cash.....	70,587	61,605	61,180	63,730
Crops/Livestock.....	148,089	167,716	250,611	240,611
Other Current Assets.....	197,395	213,428	213,428	220,878
Total Current Assets.....	416,071	442,749	525,219	525,219
Farm Machinery/Equipment....	358,300	354,300	359,300	359,300
Real Estate/Improvements.....	495,500	495,500	551,262	1,593,750
Other LT Assets.....	0	0	0	0
Total Non-Current Assets.....	853,800	849,800	910,562	1,953,050
Total Assets.....	1,269,871	1,292,549	1,435,781	2,478,269
Notes Payable.....	69,165	210,845	269,389	269,389
Current Maturities LT debt.....	35,115	34,652	37,503	3,461
Other Current Liabilities.....	8,245	16,500	6,827	0
Total Current Liabilities.....	112,525	261,997	313,719	272,850
Equipment debt.....	140,951	93,197	90,896	27,486
Real Estate Debt.....	362,912	298,160	298,160	1,430,000
Other LT Liabilities.....	0	0	0	0
Total Non-Current Liabilities...	503,863	391,357	389,056	1,457,486
Total Liabilities.....	616,388	653,354	702,775	1,730,336
Net Worth.....	653,483	639,195	733,006	747,933
Working Capital.....	303,546	180,752	211,500	252,369
Current Ratio.....	3.70	1.69	1.67	1.92
Debt-to-asset ratio.....	0.49	0.51	0.49	0.70
Debt-to-worth Ratio.....	0.94	1.02	0.96	2.31

CONFIDENTIAL

Cash Basis Accounting						
	2004	2005	2006	Average	Proj	
Crop/Livestock Sales	347,915	323,312	359,934	343,720	554,929	
Other Farm Income	0	0	0	0	0	
Total Farm Income	347,915	323,312	359,934	343,720	554,929	
General Operating Expenses	269,790	297,573	304,369	290,577	334,594	
Depreciation	17,728	17,097	14,160	16,328	25,000	
Interest Expense	29,110	18,533	37,004	28,216	95,000	
Total Farm Expenses	316,628	333,203	355,533	335,121	454,594	
Net Cash Farm Income	31,287	(9,891)	4,401	8,599	100,335	
Accrual Adjustments						
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	31,287	(9,891)	4,401	8,599	100,335	
Repayment Margin Analysis						
	2004	2005	2006	Average	Proj	
Net Farm Operating Income	31,287	(9,891)	4,401	8,599	100,335	
Add: Non-farm Income	16,946	21,389	22,256	20,197	17,500	
Add: Depreciation Expense	17,728	17,097	14,160	16,328	25,000	
Add: Annual Term Debt Interest	29,110	18,533	37,004	28,216	95,000	
Less: Income Taxes	(2,400)	(100)	(600)	(1,033)	(4,000)	
Less: Family Living W/D	(35,000)	(40,000)	(42,000)	(39,000)	(49,000)	
Balance Available for Term Debt R	57,671	7,028	35,221	33,307	184,835	
Principal on Term Debt	20,000	15,000	12,500	15,833	65,000	
Interest on Term Debt	29,110	18,533	37,004	28,216	95,000	
Total Principal and Interest Pymts	49,110	33,533	49,504	44,049	160,000	
Equals Term Debt Coverage Ratio	1.17	0.21	0.71	0.76	1.16	
Equals Term Debt Repayment Marg	8,561	(26,505)	(14,283)	(10,742)	24,835	
COLLATERAL ANALYSIS:						
Collateral Description	Value	Advance	Adj. Value			
Equipment	\$ 349,300	65%	\$ 227,100			
CD/Money Market Account	\$ 133,573	100%	\$ 133,573			
Real estate	\$ 968,700	80%	\$ 774,960			
Total Collateral	\$ 1,451,573		\$ 1,135,633			
Total Loans Outstanding:		\$ 900,000				
Adjusted LTV:		79%				
Excess Collateral:		\$ 235,633				

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Cory E. Mitchell

Date: August 7, 2007

Re: **Request to Release Collateral for a Young Farmer Guarantee for Farmers State Bank of Western Illinois, Aledo Loan to Mark and Brenda Dunn.**

The IFA Board approved on June 12, 2007 a \$400,000 Agri-Debt Guarantee for 85% of a loan offered by Farmers State Bank's loan to Mark and Brenda Dunn. The loan was expected to re-finance and consolidate the Dunn's current and intermediate debts. The IFA Board on June 12, 2007 also approved a \$425,000 Young Farmer Guarantee for 85% of a loan offered by Farmers State Bank to Mark and Brenda Dunn for the purchase of 132 acres of farmland.

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After the IFA Board approved the guarantee, the borrower agreed with the lender's blessing to sell the rental home and reduce the amount of the loan that is secured by the Agri-Debt Guarantee by \$50,000. The size of the loan that is secured by the Young Farmer Guarantee is unchanged.

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Collateral—ADJUSTED VALUES	Original Request ADJUSTED VALUES	Revised Request ADJ. VALUES
Real Estate	774,960	606,960
Machinery & Equipment	227,100	227,100
Other Collateral-CD/Money Market	<u>133,573</u>	<u>133,573</u>
Total Collateral	<u>\$1,135,363</u>	<u>\$967,363</u>
Loans Outstanding	900,000	850,000
Loan to Value Ratio	79%	88%

	Original Projection	Adjustment	Revised Projection
Farm Income	554,929	0	554,929
Other Income	<u>0</u>	<u>0</u>	<u>0</u>
Cashflows Available for Debt	<u>184,835</u>	<u>(4,060)</u>	<u>188,895</u>
Principal	65,000	(1600)	63,400
Interest	<u>95,000</u>	<u>(4060)</u>	<u>90,940</u>
Total Annual Debt Service	<u>160,000</u>	<u>(5,660)</u>	<u>154,340</u>
Debt Service Coverage (times)	1.16		1.22

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 12, 2007**

Project: Mark W. Dunn and Brenda L. Dunn

STATISTICS

Project Number:	A-AI-TX-GT-7136	Amount:	\$425,000
Type:	Young Farmer Guarantee	IFA Staff:	Cory Mitchell
Location:	Aledo		

BOARD ACTION

Approval to initiate an 85% loan guarantee in favor of Farmers State Bank of Western Illinois, Aledo \$425,000 of IFA funds at risk

Staff recommends approval, subject to satisfying all conditions of the bank loan, as well as:

- *Receipt of satisfactory appraisal to insure an LTV of 80% or less on Real Estate
- *Assignment of CD and money market account
- *Approval by Farmers State Bank of Western Illinois and IFA for all future purchases over \$5000
- *Lender to add cross default covenant to loan documents for both IFA loans
- *Assignment of Life Insurance Policy on Borrower

PURPOSE

The proposed loan proceeds will provide permanent financing for the purchase of 132 acres (more or less) of farm land.

IFA PROGRAM AND CONTRIBUTION

The Authority's Young Farmer Guarantee Program guarantees up to 85% of a bank's loans to Illinois farmers. The guarantees are not transferable without the Authority's written consent. The Authority's agricultural guarantee obligations are backed by an IFA reserve funded for this program and are also full faith and credit obligations of the State of Illinois.

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

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:		Uses:	
IFA	\$425,000	Purchase Land	<u>\$500,000</u>
Farmers State Bank of Western Illinois	<u>\$75,000</u>		
Total	<u>\$500,000</u>	Total	<u>\$500,000</u>

JOBS

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

BUSINESS SUMMARY

Background: Mark and Brenda Dunn of Aledo, Illinois farm 764 acres of which 649 are tillable. Primary crops grown have been corn, soybeans and wheat. They also raise hogs from weaning size up to market weight. The hogs have been raised on a contract basis with Biddle Farms Inc. In addition to the farming operation income, the Dunns receive rental income from a rental home in Aledo and Mrs. Dunn is employed off the farm at a local radio station.

Project

Rationale: The borrower's continue to try and expand their operation. Purchasing the additional 132 acres from Mark's sisters at a reasonable price will allow the operation to grow at an economical rate. This acreage is adjacent to a majority of the acres already farmed by the borrower and will reduce expenses related to transportation to further distances.

Transaction: Farmers State Bank of Western Illinois will originate a 30 year amortized loan to purchase 132 acres. This loan will be secured with 177 acres, 2 homestead's along with a blanket security agreement on machinery, assignment of life insurance, assignment of CD and money market account. A real estate appraisal will be obtained by the bank to insure an LTV of 80% or less

FINANCING SUMMARY

Borrower: Mark W. Dunn and Brenda L. Dunn

Security: 1st REM on 7 acres w/rental home and hog building, 1st REM on 177 acres with homestead, blanket security agreement on machinery and assignment of CD and money market account.

Structure: 5 year term, 30 year amortization

PROJECT SUMMARY

The proposed loan will be used to purchase 132 acres of farm land. Farmers State Bank of Western Illinois will initiate a real estate loan to for \$500,000 with annual principal and interest payments. The loan will be secured by 1st REM on 7 acres w/rental home and hog building, 1st REM on 177 acres with homestead, blanket security agreement on machinery, assignment of life insurance, cd and money market account.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Mark W. Dunn and Brenda L. Dunn
Location: 1981 24th Avenue
Aledo, IL 61231 County: Mercer
Organization: Sole Proprietorship
State: Illinois
Ownership: Mark W. Dunn and Brenda L. Dunn

PROFESSIONAL & FINANCIAL

Accountant: Richard Lee, CPA, Aledo, Illinois
Attorney: n/a
Bank: Farmers State Bank of Western Illinois, Aledo, IL, Eric Coulter, VP

LEGISLATIVE DISTRICTS

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

CONFIDENTIAL INFORMATION

Est. fee: \$3,750

LOAN STRUCTURE

Interest: The proposed loan interest rate will be 250 basis points above the corresponding 5 year Treasury Constant Maturity, repricing every five years. (The rate without the guarantee would be Prime Rate adjustable annually).

Security: 1st REM on 7 acres w/rental home and hog building, 1st REM on 177 acres with homestead, blanket security agreement on machinery, assignment of life insurance, CD and money market account

Repayment: Primary: Sale of harvested crops and livestock
Secondary: liquidation of collateral

Maturity: 5 year fixed, 30 year amortization

Collateral: 1st REM on 7 acres w/rental home and hog building, 1st REM on 177 acres with homestead(\$968,700) and blanket security agreement on machinery(\$349,300), CD(\$29,840), money market account(\$103,733), and assignment of life insurance policies on the borrowers.(Mark \$458,868, Brenda \$236,359). Adjusted LTV is projected to be at 79%. Appraisals will be obtained to verify 80% or less LTV.

It should be noted that cash flow numbers will represent the permanent financing of a 2400 head swine finishing facility in the amount of \$530,000 which will be financed through Farm Credit Services in Aledo, Illinois. No IFA funds are at risk on this project.

FINANCIAL SUMMARY

Discussion: Balance sheets and projections prepared by borrower then verified and submitted by Farmers State Bank of Western Illinois. It should be noted that this application will go along with Mark and Brenda Dunn's agri-debt guarantee loan application in the amount of \$400M.

Current Ratio position has decreased for the borrower in the three years reported moving from 3.7 in '05 to 1.67 in 2007. Working capital has remained strong, but cash has been utilized off balance sheet to fund college and other family living expenses according to lender.

Cash on hand and other current assets have remained strong. This accumulation of cash was from life insurance proceeds received with the passing of one child a few years ago. Discussion with the borrower has been made by the lender to utilize this cash to reduce debt and the borrower expects to use these funds to pay for education expenses for the remaining 3 children.

Debt/asset ratio of 70% remains acceptable when looking at the new use of funds on all projects.

Total liabilities have increased over the three years reported while total assets have followed the same trend. Net worth showed a decrease on the '06 balance sheet due to a low soybean crop (2005) from the previous year and expenses on the farm increasing.

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Real Estate debt shows no principal reduction made between 4/2/2006 and 1/23/07. Payment was made 4/1/07.

Debt repayment capacity has been less than acceptable over the reported 3 years going from \$8M to (\$26M) back up to (\$14M) FY'06.

Loan to Value is 65%. When factoring in IFA's adjustment factors for each specified portion, the adjusted LTV is 79%

Projected cash flow seems reasonable with the opportunity the borrower has and will allow additional cash flow for the borrower when finishing an additional 4800 hogs per year with utilities/taxes/building payment and personal labor as the only expense. The additional 100% share of the 132 acres of farm land will also allow the borrower to spread their input costs over more owned acres rather than these same cash rented acres in the past.

Farmers State Bank of Western Illinois has been a long-time user of IFA programs and has stated the borrower has had a less than average crop year the past three growing seasons due to growing conditions. The lender has required the borrower to purchase additional crop insurance at 85% RA on corn and 80% RA on soybeans. With this in place it will help minimize the loss of crop sales to meet debt obligations in the case of crop failure. This will likely be the last intermediate or long term purchase the borrower will make in the next 5 to 7 years according to the lender. Cash flow is tight, but over the next three years there will eventually be no college expenses to cover from family living/off farm employment. Mrs. Dunn is working at the local radio station to offset some of the family living/college expenses, while Mr. Dunn is working with the contract hog feeding and raising the corn, soybeans and wheat.

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FINANCIAL DATA FOR:					
Mark and Brenda Dunn	Year	Year	Year	Proforma	
	2/5/2005	4/2/2006	1/23/2007		
Cash.....	70,587	61,605	61,180	63,730	
Crops/Livestock.....	148,089	167,716	250,611	240,611	
Other Current Assets.....	197,395	213,428	213,428	220,878	
Total Current Assets.....	416,071	442,749	525,219	525,219	
Farm Machinery/Equipment....	358,300	354,300	359,300	359,300	
Real Estate/Improvements.....	495,500	495,500	551,262	1,593,750	
Other LT Assets.....	0	0	0	0	
Total Non-Current Assets.....	853,800	849,800	910,562	1,953,050	
Total Assets.....	1,269,871	1,292,549	1,435,781	2,478,269	
Notes Payable.....	69,165	210,845	269,389	269,389	
Current Maturities LT debt.....	35,115	34,652	37,503	3,461	
Other Current Liabilities.....	8,245	16,500	6,827	0	
Total Current Liabilities.....	112,525	261,997	313,719	272,850	
Equipment debt.....	140,951	93,197	90,896	27,486	
Real Estate Debt.....	362,912	298,160	298,160	1,430,000	
Other LT Liabilities.....	0	0	0	0	
Total Non-Current Liabilities...	503,863	391,357	389,056	1,457,486	
Total Liabilities.....	616,388	653,354	702,775	1,730,336	
Net Worth.....	653,483	639,195	733,006	747,933	
Working Capital.....	303,546	180,752	211,500	252,369	
Current Ratio.....	3.70	1.69	1.67	1.92	
Debt-to-asset ratio.....	0.49	0.51	0.49	0.70	
Debt-to-worth Ratio.....	0.94	1.02	0.96	2.31	

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Cash Basis Accounting						
	2004	2005	2006	Average	Proj	
Crop/Livestock Sales	347,915	323,312	359,934	343,720	554,929	
Other Farm Income	0	0	0	0	0	
Total Farm Income	347,915	323,312	359,934	343,720	554,929	
General Operating Expenses	269,790	297,573	304,369	290,577	334,594	
Depreciation	17,728	17,097	14,160	16,328	25,000	
Interest Expense	29,110	18,533	37,004	28,216	95,000	
Total Farm Expenses	316,628	333,203	355,533	335,121	454,594	
Net Cash Farm Income	31,287	(9,891)	4,401	8,599	100,335	
Accrual Adjustments						
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	31,287	(9,891)	4,401	8,599	100,335	
Repayment Margin Analysis						
	2004	2005	2006	Average	Proj	
Net Farm Operating Income	31,287	(9,891)	4,401	8,599	100,335	
Add: Non-farm Income	16,946	21,389	22,256	20,197	17,500	
Add: Depreciation Expense	17,728	17,097	14,160	16,328	25,000	
Add: Annual Term Debt Interest	29,110	18,533	37,004	28,216	95,000	
Less: Income Taxes	(2,400)	(100)	(600)	(1,033)	(4,000)	
Less: Family Living W/D	(35,000)	(40,000)	(42,000)	(39,000)	(49,000)	
Balance Available for Term Debt R	57,671	7,028	35,221	33,307	184,835	
Principal on Term Debt	20,000	15,000	12,500	15,833	65,000	
Interest on Term Debt	29,110	18,533	37,004	28,216	95,000	
Total Principal and Interest Pymts	49,110	33,533	49,504	44,049	160,000	
Equals Term Debt Coverage Ratio	1.17	0.21	0.71	0.76	1.16	
Equals Term Debt Repayment Marg	8,561	(26,505)	(14,283)	(10,742)	24,835	
COLLATERAL ANALYSIS:						
Collateral Description	Value	Advance	Adj. Value			
Equipment	\$ 349,300	65%	\$ 227,100			
CD/Money Market Account	\$ 133,573	100%	\$ 133,573			
Real estate	\$ 968,700	80%	\$ 774,960			
Total Collateral	\$ 1,451,573		\$ 1,135,633			
Total Loans Outstanding:		\$ 900,000				
Adjusted LTV:		79%				
Excess Collateral:		\$ 235,633				