Illinois Finance Authority

Tuesday, September 14, 2004
1:30 p.m.
Board Meeting
Illinois State Library
300 S. Second Street, Room 403
Springfield Illinois

File Copy

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ILLINOIS FINANCE AUTHORITY
BOARD MEETING

September 14, 2004
Springfield, Illinois

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

- Opening Remarks – Chairman Gustman
- Director's Report – Ali D. Ata
- Reports
  - Operations - Mike Pisarcik
    - Audit Committee
    - Financial Statements
  - Marketing – Nick Kyros
    - "New Client" Marketing

    Legal - Anthony D'Amato
    - Ethics Training
  - Project Presentations – Funding Managers

Board Meeting
Illinois State Library, 300 S. Second Street
Room 403, Springfield Illinois
1:30 p.m.

- Call to Order – Chairman Gustman
- Roll Call
- Chairman's Report

A. Director's Report

- Consent Agenda for Financing Projects
- Other Business

1. August 2004 Preliminary Financial Statements
2. Acceptance of August 2004 Minutes
3. Resolutions
   - Small Hospital Program

Initial Project Considerations

	Number	Project	Location	Amount	New Jobs	Const Jobs	Mkter
4.	H-HO-TE-CD-401	The Carle Foundation	Urban	$200,000,000	TBD	TBD	PL
5.	H-HO-TE-CD-418	Ingalls Health System	Harvey, Tinley Park	$50,000,000	N/A	N/A	PL
6.	N-NP-TE-CD-415	The YMCA of Metropolitan Chicago	Multiple	$27,000,000	65	200	TA/SCM
7.	N-NP-TE-CD-417	Sauk Valley Student Housing, L.L.C. (to be formed)	Dixon	$8,000,000	5	100	JS
8.	N-NP-TE-CD-416	Fox River Valley Country Day School	Chicago	$3,300,000	N/A	N/A	ST
9.	E-PC-TE-CD-413	The Richard H. Driehaus Museum	Chicago	$15,500,000	3	40	RF
10.	I-ID-TE-CD-413	E. Kinast Distributors, Inc.	Hanover Park	$3,600,000	13	87	SCM
11.	A-FB-TE-CD-439	Brent A. West	Taylorville	$90,000	N/A	N/A	KK
	A-FB-TE-CD-441	Kevin and Emily Lilienthal	Bloomington	$250,000	N/A	N/A	KK
	A-FB-TE-CD-444	Carl J. Kettlekamp and Lori Kettlekamp	Nokomis	$189,000	N/A	N/A	KK
	A-FB-TE-CD-445	Larry W. Eldridge	Mason City	$250,000	N/A	N/A	KK

Final Project Considerations

	Number	Project	Location	Amount	New Jobs	Const Jobs	Mkter
12.	H-NH-RE-TE-CD-414	Rest Haven Christian Services	Multiple	$50,000,000	N/A	N/A	PL/ST
13.	H-HO-TE-CD-419	Saint Anthony's Health Center	Alton	$5,000,000	4	15	PL
14.	P-PO-TE-CD-406	Ameren Corporation					
		a. Central Illinois Public Service Company (d/b/a AmerenCIPS)	Coffeen, Newton	$35,000,000	N/A	N/A	RF
		b. Central Illinois Light Company (d/b/a AmerenCILCO)	Unincorporated Fulton County	$19,200,000	N/A	N/A	RF
15.	E-PC-TE-CD-410	The University of Chicago	Chicago	$200,000,000	100	150	RF
16.	E-PC-TE-CD-412	Illinois Institute of Technology	Chicago	$15,000,000	66	N/A	TA
17.	E-PS-TE-CD-411	Rogers Park Montessori School	Chicago	$12,000,000	20	50	TA
18.	N-NP-TE-CD-414	Illinois Primary Health Care Association Facilities Acquisition Program					
		a. Chicago Family Health Center	Chicago	$3,500,000	6	17	ST
		b. Community Health & Emergency Services, Inc.	Cairo & Carbondale	$3,100,000	N/A	N/A	ST
		c. Erie Family Health Center Refinancing Project	Chicago	$2,100,000	N/A	N/A	ST
19.	N-NP-TE-CD-413	Merit School of Music	Chicago	$4,000,000	13	15	ST
20.	N-NP-TE-CD-412	Featherfist and Featherfist Development Corporation	Chicago	$1,500,000	13	15	ST
21.	L-GO-TE-RE-401	Village of Romeoville	Romeoville	$28,500,000	N/A	50	TA
22.	L-GO-TE-CD-406	City of Sparta	Sparta	$8,000,000	150	TBD	MC
23.	L-GO-TE-CD-408	Stookey Township	St. Clair County	$5,000,000	0	TBD	MC
24.	B-LL-TX-410	Newline Hardwoods, Inc.	Beardstown	$300,000	38	N/A	JS

25. V-TD-408	ZelleRx Corporation	Chicago	$300,000	14	N/A	CV
26. A-AI-GT-TX-416	David Thompson, Thompson Pearl Valley Eggs	Kent	$7,518,000	N/A	N/A	DW
27. A-SG-TX-GT-443	Timberline Farm, LLC	Milton	$750,000	N/A	N/A	KK
28. A-SG-TX-GT-442	Oink, Inc.	Morrison	$978,000	N/A	N/A	KK
29. A-FB-TE-CD-434	Clayton D. and Ashlyn L. Becker	DeKalb	$131,040	N/A	N/A	KK
A-FB-TE-CD-435	James Lee and Bonnie May Brewer	Bethany	$110,000	N/A	N/A	KK
A-FB-TE-CD-436	Jason D. Organ	McLeansboro	$250,000	N/A	N/A	KK
A-FB-TE-CD-437	Jordan Walter	Forrest	$250,000	N/A	N/A	KK
A-FB-TE-CD-438	Jared Walter	Forrest	$250,000	N/A	N/A	KK

Project Revisions/Amendatory Resolutions

30. Amendatory Changes

- Concordia University — Approval of Supplemental Indenture and Supplemental Loan Agreement in Connection With a New Letter of Credit
- Adventist Health System/Sunbelt Obligated Group — Approval of Supplemental Indenture in Connection with the Sunbelt Obligated Group

  Appointment of a New Broker-Dealer and Changes to the Name of the Bonds

Other Business

31. Glossary of Acronyms and Terms
32. Market and Product Codes

Adjournment

September 14, 2004

Illinois Finance Authority – Director's Report
September 14, 2004

To: **IFA Board of Directors and Governor's Office**

From: **Director Ata**

I. Organization:

- I am pleased to welcome Jill Rendelman to IFA as Financial Services Director –Central and South. Jill is responsible for bringing the capabilities and services represented in all IFA offices to the markets in Central and Southern Illinois. Reporting to Jill are the IFA funding professionals in the Springfield, Peoria and Carbondale. Jill will be located in the Springfield IFA office.

- Nick Kyros, Financial Services Director-North is responsible for developing sales and marketing capabilities across all markets in Northern Illinois. Reporting to Nick are the IFA funding professionals in the Chicago office.

- Chris Vandenberg will continue to manage the IFA venture capital investments, and will report to Mike Pisarcik.

- We continue to develop new ways to meet the needs of our customers, and search for new ideas and people who can help us accomplish our goals.

I. Sales Activity:

- Funding Managers continue to aggressively network with "influencers", i.e. bond attorneys, and dealers/underwriters and proactively seek new business opportunities. Additional efforts are being directed by various funding managers to serve as speakers at conferences, workshops and seminars.

- Sales activity continues to trend upwards. We are pleased to submit for your approval 36 proposals.

- Total fees paid at closing to IFA, for these transactions, are estimated to be $1,287,555 consisting of $483,355 for preliminaries, and $804,200 for finals.

- As of September 1, 2004 there is a pipeline of activity totaling $4.7M in fees.

- The attached project summary titled "IFA Opportunity Returns" is a list of 136 IFA projects since the inception of the IFA in January, 2004 in 6 market segments totaling $3,044,024,236.

- IFA will participate at the Illinois Municipal League Conference at the Chicago Hilton and Towers, September 17-18, 2004, where we will have our updated trade show booth.

II. Marketing:

1) Health Care:

- Seven hospital transactions with $1.1 million in IFA fees are on hold awaiting decision by the Health Facilities Planning Board (to be formed).

- In August, one healthcare transaction ($50 million) closed, generating 4 new jobs, and 15 construction jobs.

- Three new hospital transactions will be presented to the Board at the September 14th meeting.

- Recognizing that small rural and urban hospitals in Illinois have limited access to capital, IFA undertook the task of developing a financing program to help provide much needed capital for these institutions. The Capital Opportunity Bond ("COB") Program has been launched. The first transaction will be a $5 million financing for St. Anthony's Hospital in Alton, and is being submitted for your approval. We also anticipate three additional COB transactions will be submitted to the Board for approval in October.

2) Education:

- Transactions totaling $345 million for Columbia College, Northwestern University and the University of Chicago are set to close by the end of October. These transactions are projected to create 350 new jobs and 450 constructions jobs.

- IFA's presence in the higher education market has become more visible due to improved marketing strategies.

- Surveys are being sent to more than 890 school districts across Illinois to determine interest in the tax anticipation warrant program. We expect to complete an additional bond issuance by February 2005 for this program as well.

- Final project considerations for the Illinois Institute of Technology, Rogers Park Montessori School, and Merit School of Music are on the table. These transactions are expected to create 99 new jobs, and 65 construction jobs in total. In addition, the Fox River Valley Country Day School will be presented for initial consideration.

3) Housing:

- The $50 million Opportunity Home Mortgage bond issue that closed July 29th has resulted in approximately 20 loans totaling $1.9 million to date.

  Lending institutions across Illinois continue to show interest in this unique program to assist first-time homebuyers. To increase visibility, an e-mail blast will be sent to lending institutions across Illinois. Press and radio releases are being issued, and we're collaborating with Ameridream to assist in these efforts. Additionally, IFA is in contact with all lenders and "no shows" at statewide informational meetings in order to expand program participation.

- IFA has met with the Director of the City of Chicago's Housing Department in an effort to cooperate in making affordable housing available in all communities, and to also support new housing developments.

4) Local Government:

- Authorization from the Office of Management and Bond to fund up to $5 million in Fire Truck Revolving Loan applications is expected to be approved by the end of September 2004. Further, authorization to fund an additional $5 million in Fire Truck Revolving Loan applications is expected by the end of the calendar year. IFA expects to begin awarding these funds to fire districts by mid-September, 2004.

- The Fire Sprinkler Dormitory Act legislation recently passed which requires school dormitories to have sprinkler systems. IFA is required to work with the Illinois State Fire Marshall to establish program regulations. Legislation requires appropriation of funds be provided by the State, and a funding source is to be selected.

5) Agriculture:

- Four new Beginning Farmer Bonds averaging $194,750 will be presented at the September 14th Board Meeting.

- The Illinois agricultural economy continues to show strength. Corn yields across the state are expected to be at record levels and the soybean crop is expected to be good. Low interest rates and significant amount of 1031 tax-free exchanges continue to put upward pressure on farmland values. This strengthens farmers' financial statements but makes land too expensive for many young farmers.

- A sales and marketing plan is being implemented to expand IFA's outreach to rural Illinois, as well as reaching out to downstate industrial companies.

6) Industrial:

- Three projects totaling $19 million closed in August: Recycling Systems, Inc., Transparent Container Company, and CFC International, Inc. These transactions are expected to create 97 new jobs and 90 construction jobs in total. In addition, four industrial projects are up for initial consideration at the September 14th board meeting.

III. Financial:

1) Financial Performance:

   - The income statement and balance sheet for August 2004 is attached. IFA reports a net income of $158,982 for the period.

   - IFA operating expenses for the period of August 2004 came in 17% below the Board-approved Operating Expense Budget primarily in the area of employment-related expenses.

2) Financial Audits:

   - The first IFA audit (for the period January 1 – June 30, 2004) continues. The only area of weakness reported by the auditors so far is in managing trustee statements and reports for predecessor authority outstanding bond issues. The IFA database for tracking the nearly 1,100 outstanding bond issues has been designed and is approximately 30% complete with key data from our bond issues.

IV. Newly Formed Authorities:

- In August Governor Blagojevich announced the formation of two new economic development authorities; SEIDA (Southeastern Illinois Economic Development Authority) and WEIDA (Western Illinois Economic Development Authority). This brings the total number of economic development authorities in Illinois to 7. Attached is a map showing the areas which these authorities will represent, and press releases issued by the Governor's Office.

V. Chicago Office Relocation:

- The Chicago office will relocate to Two Prudential Plaza on September 17, 2004. The new IFA Address is:

  Illinois Finance Authority
  Two Prudential Plaza
  180 N. Stetson, Suite 2555
  Chicago, IL 60601
  Tel: (312) 651-1300
  Fax: (312) 651-1350

OFFICE OF THE GOVERNOR **NEWS**

ROD R. BLAGOJEVICH - GOVERNOR

FOR IMMEDIATE RELEASE
August 6,2004

CONTACT:

Cheryle Jackson	312-814-3158
Abby Ottenhoff	312-814-3158
Rebecca Rausch	217-782-7355
Andrew Ross (DCEO)	312-636-1747

Governor Blagojevich signs important legislation creating economic development authority in Western Illinois

SPRINGFIELD - Governor Rod R. Blagojevich signed legislation today to create the Western Illinois Economic Development Authority (WIEDA). Senate Bill 1914 authorized WIEDA to issue bonds for up to $250 million in order to spur economic development in Warren, Henderson, Hancock, McDonough, Fulton, Mason, Cass, Schuyler, Brown, Adams, Scott, Morgan and Pike Counties. The recently signed budget also appropriates $750,000 to WIEDA for various economic development initiatives, including startup costs and the hiring an executive director. WIEDA will be comprised of the directors of the Illinois Department of Commerce and Economic Opportunity (DCEO) and Central Management Services (CMS), along with six members appointed by the governor with consent of the Senate and 13 members appointed by county board chairs from each of the 13 counties.

"I am proud to sign this important bipartisan legislation into law," said Governor Blagojevich. "Thanks to the unwavering leadership of Senator John Sullivan, the Western Illinois Economic Development Authority can get right to work spurring innovative economic development projects that will create more jobs throughout the region. And because WIEDA has the authority to raise and invest public funds, its members can do much more than talk - they can make a real, tangible difference for the people of Western Illinois."

The Western Illinois Economic Development Authority is the sixth such authority created by the state legislature and signed by Governor Blagojevich. The existing five are the Southwest Illinois Development Authority, the Upper Illinois River Development Authority, The Will-Kankakee Development Authority, the Quad Cities Regional Economic Development Authority and the Tri-County River Valley Economic Development Authority. These authorities provide financing ranging from a few thousand dollars to assist a micro-sized company with startup costs to several million dollars for major corporate expansion and relocation. They also provide

technical assistance and expert advice to help companies establish Tax Increment Financing (TIF) Districts and Enterprise Zones, prepare financing packages and grant administration. More than 70 financing projects have been carried out under the power of these five authorities.

"The Western Illinois Economic Development Authority is a great step forward for our region," Senator John Sullivan (D-Rushville) said. "It shows again that the best way to create economic opportunity is to work locally, responding to the unique and individual needs of companies and people in our part of the state. This is a major accomplishment for Western Illinois."

WIEDA can also use the resources and expertise of the Illinois Finance Authority, including attorneys, appraisers, engineers, accountants, credit analysts and other consultants of the IFA.

Senator John Sullivan (D-Rushville) was joined by Senator Deanna Demuzio (D-Carlinville) and Senator Patrick Welch (D-Peru) in sponsoring Senate Bill 1914. The bill was co-sponsored by Representative Tom Holbrook (D-Belleville), Representative Art Tenhouse (R-Quincy), Representative Jay Hoffman (D-Collinsville), Representative Michael Smith (D-Canton) and Representative Rich Myers (R-Macomb).

"Through Opportunity Returns and these regional economic development boards, we are making a difference one company at a time and one job at a time. These may be challenging times and our resources may be limited, but we will never stop investing in the people of Illinois," DCEO Director Jack Lavin said.

SB 1914 takes effect immediately.

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OFFICE OF THE GOVERNOR **NEWS**

ROD R. BLAGOJEVICH - GOVERNOR

FOR IMMEDIATE RELEASE
August 22, 2004

CONTACT:

Cheryle Jackson	312-814-3158
Abby Ottenhoff	312-814-3158
Rebecca Rausch	217-782-7355
Andrew Ross (DCEO)	312-636-1747

Governor Blagojevich signs crucial legislation to create Southeastern Illinois Economic Development Authority

SPRINGFIELD - Governor Rod R. Blagojevich signed legislation today creating the Southeastern Illinois Economic Development Authority (SIEDA). House Bill 622 authorizes SIEDA to issue debt up to $250 million in order to spur economic development in Fayette, Cumberland, Clark, Effingham, Jasper, Crawford, Marion, Clay, Richland, Lawrence, Jefferson, Wayne, Edwards, Wabash, Hamilton and White Counties.

In addition, SIEDA is allowed to create an Enterprise Zone within any portion of its territorial jurisdiction. Chief benefits of an Enterprise Zone include sales tax exemptions and tax credits for job creation. The ten-member SIEDA board will be comprised of the director of the Illinois Department of Commerce and Economic Opportunity (DCEO) and nine members appointed by the governor with advise and consent of the Senate.

"Rep. Bill Grunloh was a passionate advocate for this legislation because he knows it will make a real difference for the people of Southeastern Illinois, and I am proud to sign it into law," said Gov. Blagojevich. "It is crucial that we create new jobs and get the Illinois economy back on track.. By giving it the authority to issue bonds, we are ensuring that the Southeastern Illinois Economic Development Authority will have the resources to put good ideas into practice."

House Bill 622 was sponsored by Rep. William Grunloh (D-Effingham) and Sen. James Clayborne Jr. (D-East St. Louis).

The Southeastern Illinois Economic Development Authority is the seventh such authority created by the state legislature and signed by Governor Blagojevich. The existing six are the Southwest Illinois Development Authority, the Upper Illinois River Development Authority, The Will-Kankakee Development Authority, the Quad Cities Regional Economic Development Authority, the Tri-County River Valley Economic Development Authority and the Western Illinois Economic Development Authority.

These authorities provide financing ranging from a few thousand dollars to assist a micro-sized company with startup costs to several million dollars for major corporate expansion and relocation. They also provide technical assistance and expert advice to help companies establish Tax Increment Financing (TIF) Districts and Enterprise Zones, prepare financing packages and grant administration. More than 70 financing projects have been carried out under the power of these existing six authorities.

SIEDA can also use the resources and expertise of the Illinois Finance Authority, including attorneys, appraisers, engineers, accountants, credit analysts and other consultants of the IFA.

"When the state's resources are limited like they are now, it becomes more important than ever to invest wisely. We can't afford all of the things we could in the past, but if we are smart and efficient, we can be just as successful providing all the services that people and companies need to help them prosper. Our seven economic development authorities will do just that," DCEO Director Jack Lavin said.

HB 622 is effective immediately.

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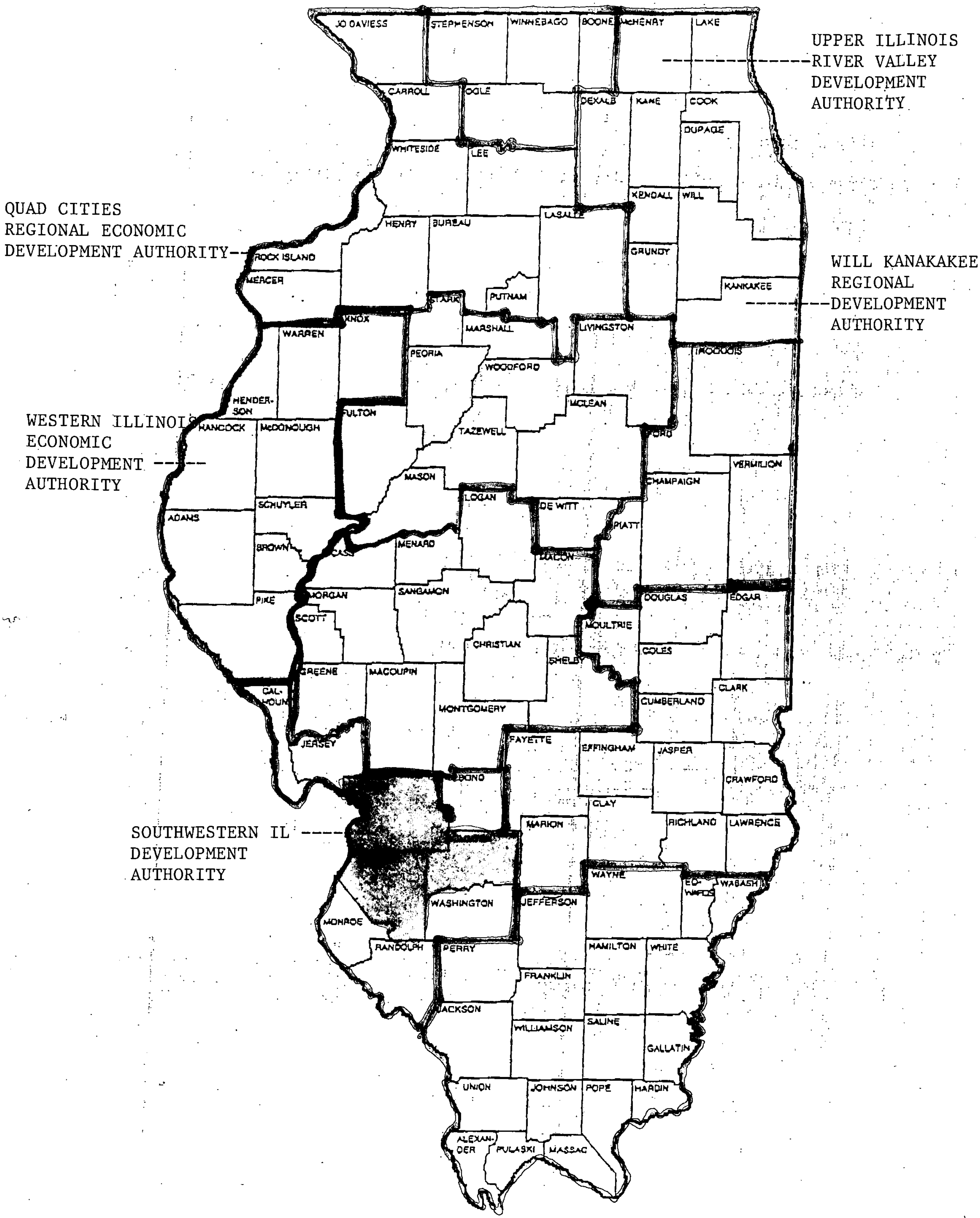
UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY
QUAD CITIES REGIONAL ECONOMIC DEVELOPMENT AUTHORITY
WILL KANAKAKEE REGIONAL DEVELOPMENT AUTHORITY
WESTERN ILLINOIS ECONOMIC DEVELOPMENT AUTHORITY
SOUTHWESTERN IL DEVELOPMENT AUTHORITY
JO DAVIESS
STEPHENSON
WINNEBAGO
BOONE
McHENRY
LAKE
CARROLL
OGLE
DEKALB
KANE
COOK
DUPAGE
WHITESIDE
LEE
KENDALL
WILL
HENRY
BUREAU
LASALLE
GRUNDY
ROCK ISLAND
MERCER
KANKAKEE
STARK
PUTNAM
KNOX
WARREN
MARSHALL
LIVINGSTON
IROQUOIS
PEORIA
WOODFORD
HENDERSON
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MOULTRIE
CHRISTIAN
COLES
SHELBY
GREENE
MACOUPIN
CALHOUN
CLARK
CUMBERLAND
MONTGOMERY
JERSEY
FAYETTE
EFFINGHAM
JASPER
BOND
CRAWFORD
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RICHLAND
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EDWARDS
WABASH
WASHINGTON
JEFFERSON
MONROE
RANDOLPH
PERRY
HAMILTON
WHITE
FRANKLIN
JACKSON
WILLIAMSON
SALINE
GALLATIN
UNION
JOHNSON
POPE
HARDIN
ALEXANDER
PULASKI
MASSAC

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Alvar, Inc.	100,000	**Participation Loan**. Construction of 10,500 sq. ft. building addition.	5	20	Washburn
American BioScience, Inc.	7,400,000	**Conduit Tax-Exempt Bonds.** Bonds will be used to finance the acquisition of a building, renovations, machinery and equipment and pay certain bond issuance costs.	N/A	TBD	Elk Grove Village
Central Illinois Light Company	19,200,000	**Pollution Control Revenue Refunding Bonds.** Proceeds will be used to refinance $19,2000,000 of outstanding Series 1992A and Series 1992B Pollution Control Refunding Revenue Bonds for the Duck Creek Power Plant located in unincorporated Fulton County.	N/A	N/A	Coffeen and Newton
Central Illinois Public Service Company	35,000,000	**Pollution Control Revenue Refunding Bonds.** Proceeds will be used to refinance $35,000,000 of outstanding IFA (IDFA) Series 1993A Pollution Control Revenue Refunding Bonds.	N/A	N/A	Coffeen and Newton
Cherry Valley Tool & Machine	2,400,000	**Industrial Revenue Bonds.** Acquisition/renovation of existing manufacturing facility, construction of building addition, and equipment purchase.	20	15	Belvedere
CFC International Inc.	2,000,000	**Conduit Industrial Revenue Bond.** Finance purchase of building, machinery, equipment and pay certain issuance costs.	30	N/A	Chicago Heights

IFA
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
E. Kinast Distributors, Inc.	3,600,000	**Conduit Tax-Exempt Bonds.** Finance acquisition of land, construction, machinery and equipment.	13	87	Hanover Park
Excel Foundry and Machine, Inc.	300,000	**Participation Loan.** Machinery and equipment acquisition.	3	N/A	Pekin
Illinois Biodiesel Company	21,800,000	**Conduit Taxable Industrial Revenue Bonds**. Acquire land, construct a new building, purchase new equipment and pay bond issuance costs.	11	100	Pekin
JR Plastics/StyleMaster	3,200,000	Equipment acquisition and issuance costs.	53	0	Chicago
MacLean-Fogg Company	$2,800,000	**Tax-Exempt New Money Bonds and Tax-Exempt Refunding Bonds.** Proceeds will be used to refinance outstanding Industrial Revenue Bonds, acquire new machinery and equipment, rehabilitate a manufacturing plan and pay costs of issuance.	42	0	Various
Newline Hardwoods, Inc.	$300,000	Acquisition of kiln drying lumber equipment	38	N/A	Beardstown
Olympia Food Industries, Inc.	$8,500,000	**Industrial Revenue Bonds.** Industrial Revenue Bonds. Finance purchase, renovation and equip existing 52,000 sq. ft. manufacturing facility.	N/A	N/A	Chicago Heights

IFA
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Roesch, Inc.	300,000	**Participation Loan**. Purchase production equipment.	16	N/A	Belleville
Roho, Inc.	300,000	**Participation Loan.** Purchase production equipment. Roho is the premier medical air-cushion manufacturer worldwide.	0	N/A	Belleville
Republic Service Inc.	18,000,000	**Series 2004A Bonds & Series 2004B Bonds**. Finance landfill improvements, purchase equipment and current refunding.	14	15	DeSoto & Mt. Prospect
The Spotted Cow, Inc.	300,000	**Participation loan.** Land acquisition and construction of 4,500 sq. ft. commercial building	10	9	Peoria
The Steel Works, LLC	4,000,000	**Industrial Revenue Bonds**. Finance building construction, purchaser machinery & equipment, and pay certain issuance costs.	28	25	Granite City, IL
Stookey Township	5,000,000	**Conduit Tax-Exempt Bonds.** To purchase land and make improvements for use as public parks to be located in the township.	0	TBD	St. Claire County
Transparent Container	6,000,000	**Conduit Tax-Exempt Bonds.** Finance building acquisition, machinery and equipment. Renovations, and pay bond issuance costs.	37	20	Addison

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Uresil Acquisition Group, LLC	300,000	**Participation Loan.** Participation loan. Acquisition of business assets. Uresil produces medical devices for specialized fields of interventional radiology and minimally invasive surgery.	N/A	N/A	Skokie
INDUSTRIAL TOTALS:	**$140,800,000**		**320**	**291**	

IFA
OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Alliance for Character in Education	5,650,000	**Conduit 501(c)(3) Bonds.** Construction of new gymnasium, refinance existing debt, capitalize interest and fund professional and bond issuance costs.	5	64	DesPlaines & Niles
Aspira, Inc., of Illinois	10,000,000	**Conduit Not-for-Profit Bonds.** Purchase and renovate existing building, purchase furniture, fixtures and equipment, capitalize interest, and bond issuance costs.	134	12	Chicago
Columbia College	$10,000,000	**Conduit Tax-Exempt Bonds and Refunding Bonds.** Proceeds will be used to refund outstanding Series 1992 A&B IFA (IEFA) revenue bonds, deposit funds into debt service reserve fund, and pay certain costs of issuance.	N/A	N/A	Chicago
DePaul University	55,580,000	**Conduit 501(c)(3) Bonds.** Acquisition financing of residential facilities.	N/A	N/A	Chicago
Fox River Valley Country Day School	33,000,000	**501(c)(3) Bond Financing.** Finance the construction of a new school building.	N/A	N/A	Elgin
Illinois Institute of Technology	18,820,000	**Conduit Tax-Exempt Bonds.** Renovations, equipment, capitalize interest and fund professional bond issuancecosts.	60	150	Chicago
MJH Education Assistance	80,000,000	**501(C)(3) Revenue Bonds.** New dorm construction at DePaul University's Lincoln Park campus.	22	150	Chicago

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Northwestern University	135,000,000	**Conduit Tax-Exempt Bonds.** Construction, renovation, equipment, fund professional bond issuance costs.	150	250	Chicago
Pooled Warrant Program for Illinois School Districts 2004-A	18,300,000	**Tax Anticipation Warrant.** Provide assistance to cover short-falls in working cash.	N/A	N/A	
Springfield Public SD #186 **($15M)**					Sangamon County
Nippersink SD #2 **($2M)**					McHenry County
Massac County CUSD #1**($1M)**					Massac County
SD #95 **($300MM)**					LaSalle County
Robert Morris College	11,675,000	**Conduit Tax-Exempt Bonds.** Bond proceeds will be used to finance the expansion of several campus facilities, fund a debt service reserve, pay capitalized interest, and pay certain bond issuance costs.	N/A	20	Chicago, Orland Park, Peoria, Springfield
Rogers Park Montessori School	12,000,000	**Conduit 501©(3) Bonds.** Purchase land, construct & equip classroom, cafeteria, library, administrative areas and play lots. Capitalize interest and pay a portion of professional and bond issuance costs.	20	50	Chicago
University of Chicago	200,000,000	**501(c)(3) Revenue Bonds.** Finance, refinance, or reimbursement for all or a portion of the costs of acqusition, construction, renovation and equipping certain educational facilities, and pay costs of bonds inssuance.	200	200	Chicago
EDUCATION TOTALS:	**$590,025,000**		**591**	**896**	

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT		NEW JOBS	CONST. JOBS	LOCATION
Alexian Brothers Health System	80,000,000	**Conduit 501(c)(3) Bonds.** Modernize and expand hospital facilities	N/A	200	Elk Grove & Hoffman Estates
BroMenn Healthcare & Foundation	50,097,346	**Conduit 501(c)(3) Bonds.** Refinance 1985D, 1990A, 1992 and 2002 Bonds, capital expenditures at facilities and pay issuance costs.	N/A	N/A	Normal & Eureka
Carle Foundation	200,000,000	**Conduit Tax Exempt Bonds.** Refund portion of outstanding principal. Finance cost of acquisition, construction, renovation and equipment.	0	0	Champaign, Urbana

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT		NEW JOBS	CONST. JOBS	LOCATION
Central DuPage Health	240,000,000	**Conduit 501(c)(3) Bonds.** Finance expansion and modernization of certain health facilities, refinance existing tax-exempt bonds previously issued by Wyndemere.	TBD	TBD	Winfield
Children's Memorial Medical Center	54,725,000	**Conduit 501(c)(3) Bonds.** Advance refund callable Series 199A Bonds, issuance and enhancement costs.	N/A	N/A	Chicago
The Clare at Water Tower	$225,000,000	**Conduit Tax Exempt Bonds.** Finance development and construction equipping of new continuing care retirement community.	147	400	Chicago

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT		NEW JOBS	CONST. JOBS	LOCATION
Covenant Retirement Communities	19,315,000	**Conduit Taxable Bonds.** Advance refund Series 1997 bonds, capitalize debt service reserve fund, and pay certain issuance costs.	N/A	N/A	Carol Stream
Edward Hospital	30,000,000	**Conduit Tax-Exempt Bonds.** Current refunding of callable Series 1993A Bonds, and pay bond issuance costs.	N/A	N/A	Naperville
Edward A. Utlaut Memorial Hospital	1,662,000	**Conduit Tax-Exempt Lease.** Acquisition of Siemens MRI equipment.	11	20	Greenville
Franciscan Communities, Inc.	17,340,000	**Conduit 501(c)(3) Bonds.** Finance construction of nursing and assisted living facility, fund debt service reserve, refinance borrower's existing tax-exempt bond obligation issued by IHFA.	N/A	100	Chicago

HEALTHCARE

PROJECT TYPE	AMOUNT		NEW JOBS	CONST. JOBS	LOCATION
Hopedale Medical Complex	1,400,000	**Conduit Tax-Exempt Lease.** Acquisiton of Siemens CT Scanner.	10	N/A	Tazewell County
J. Allen Potter	300,000	**Participation Loan.** Construction of 9,360 sq. ft. professional building and acquisition of 1.25 acres of land.	2	N/A	East Peoria
Northwestern Memorial Hospital	499,930,000	**Conduit 501(c)(3) Bonds.** Finance expansion and modernization of facilities. Bond proceeds to refinance existing tax-exempt bond debt issued by IHFA, and other outstanding indebtedness.	600	3,500	Chicago
OSF Healthcare System	92,605,000	**Conduit Tax-Exempt Bonds.** Current Refund of Callable IFA (IHFA) Series 1993 Bonds and pay issuance costs.	N/A	N/A	Peoria County

HEALTHCARE

PROJECT TYPE	AMOUNT		NEW JOBS	CONST. JOBS	LOCATION
Rest Haven Christian Services	50,000,000	**Conduit Tax-Exempt Bonds.** Refinance existing indebtedness, enhance liquidity, capitilize a debt service reserve fund, and pay costs of issuance.	N/A	N/A	Tinley Park, Palos heights, South Holland, Crete, Downers Grove, Homer Glen
Riverside Health System	46,450,000	**Conduit 501(c)(3) Bonds.** Refund all or a portion of Series 1998 and Series 2000 Bonds of Riverside and its subsidiaries/affiliates, capitalize debt service reserve fund, pay bond issuance and credit enhancement costs.	N/A	N/A	Kankakee & Bourbonnais

HEALTHCARE

PROJECT TYPE	AMOUNT		NEW JOBS	CONST. JOBS	LOCATION
Roseland Community Hospital	10,500,000	**Conduit Tax-Exempt Bonds.** Bond proceeds used to fund expansion and renovation of the Obstetrics Department, renovate and replace heating and cooling plants, refinance Series 1978 Bonds and pay bond issuance costs.	8	45	Chicago
St. Anthony's Health Center	5,000,000	**501(c)(3) Bond Financing.** Pay/reimburse borrower, equipment, construction, and renovation.	N/A	N/A	Alton
Southern Illinois Healthcare Enterprises	35,000,000	**Conduit 501(c)(3) Bonds.** Modernize and expand hospital facilities located in Carbondale, Herrin and Murphysboro.	N/A	200	Carbondale, Herrin & Murphysboro

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT		NEW JOBS	CONST. JOBS	LOCATION
Springfield Center for Independent Livin	355,000	**Conduit Tax-Exempt Lease.** Land acquisition and office building.	6	30	Springfield
Swedish American Health System	125,000,000	**Conduit 501(c)(3) Bonds.** Finance construction and modernization of hospital campus and routine capital expenditures of existing health facilities.	N/A	TBD	Rockford
Thorek Hospital	4,000,000	1985 Pool Loan.	N/A	N/A	Chicago
HEALTHCARE TOTALS:	**$1,788,679,346**		**784**	**4,295**	

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
AquaRanch Industries & Myles Harston	285,000	Construct greenhouse, and related equipment.	N/A	N/A	Flanagan
Clayton D and Ashlyn L. Becker	131,040	Beginning farmer bond loan.	N/A	N/A	DeKalb
Eric W. and Dawn M. Beyers	100,000	Beginning farmer bond loan.	N/A	N/A	Rosamond
James Lee and Bonnie May Brewer	110,000	Beginning farmer bond loan.	N/A	N/A	Bethany
Matthew Blum	107,000	Beginning farmer bond loan.	N/A	N/A	Polo
Alexander and Trisha Chung	207,900	Beginning farmer bond loan.	N/A	N/A	Peru
William Clothier	250,000	Beginning farmer bond loan.	N/A	N/A	Polo
Mark and Kelli Dozier	250,000	Beginning farmer bond loan.	N/A	N/A	Morrisonville
Jeremiah D. Fleming	165,150	Beginning farmer bond loan.	N/A	N/A	Olney
Ken and Windy Gerlach	171,000	Beginning farmer bond loan.	N/A	N/A	Waggoner
Robert and Julia Goddeke	150,000	Beginning farmer bond loan.	N/A	N/A	Poplar Grove
Stewart and Beverly Haas	500,000	Refinance existing real estate notes, machinery debt and operating loan carryover.	N/A	N/A	Elizabeth
Daniel and Pamela Hish	205,000	Extend existing IFA guaranteed loan.	N/A	N/A	Ridgeway

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Paul and Pamela Hooks	207,500	Beginning farmer bond loan.	N/A	N/A	Mason
Kyle Kiefer	132,300	Beginning farmer bond loan.	N/A	N/A	Jefferson
Brice and Carol Lawson	300,000	Restructure debt on guaranteed loan.	0	0	Chambersburg
Kevin and Emily Lilienthal	250,000	Beginning farmer bond loan.	N/A	N/A	Bloomington
Matthew and Michelle Merritt	152,000	Beginning farmer bond loan.	N/A	N/A	Carthage
Larry and Susan Messer	32,000	Beginning farmer bond loan.	N/A	N/A	Goodfield
Brandon Niekamp	108,000	Beginning farmer bond loan.	N/A	N/A	Coatsburg
Jason D. Organ	250,000	Beginning farmer bond loan.	N/A	N/A	McLeansboro
Garry M. Pope	250,000	Beginning farmer bond loan.	N/A	N/A	Mahomet
Daniel K. Reed (Pearl Valley Cheese Company, Inc.)	390,000	Loan guarantee for buildings, equipment, improvements and working capital.	11	0	Kent
Paul D and Lynn R. Schneider	500,000	Refinance existing operating carryover and increase guaranteed loan amount	N/A	N/A	Flanagan
Ronald and Suelleen Shike	$140,000	Beginning farmer bond loan.	N/A	N/A	Carthage
Scott Soberg	250,000	Beginning farmer bond loan.	N/A	N/A	Chrisman
Soylutions, Inc.	300,000		TBD	TBD	

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
David and Cindy Stoll	190,000	Refinancing existing machinery notes and operating carryover.	N/A	N/A	Chestnut
David Thompson (Thompson Pearl Valley Eggs	7,518,000	Business expansion	N/A	N/A	Stephenson County
Brent and Kyria Vanhoveln	108,000	Beginning farmer bond loan.	N/A	N/A	El Paso
Phil and Tracy Vock, Oink , Inc.	750,000	Loan guarantee for specialized livestock guarantee	N/A	N/A	Morrison
Jared Walter	250,000	Beginning farmer bond loan.	N/A	N/A	Forrest
Jordan Walter	250,000	Beginning farmer bond loan.	N/A	N/A	Forrest
Chad S. Weaver	50,000	Beginning farmer bond loan.	N/A	N/A	Whiteside
Brent A. West	90,000	Beginning farmer bond lona.	N/A	N/A	Christian
Allen and Marilyn Weidner	500,000	Debt restructuring loan.	N/A	N/A	Marengo
Kent Wesson	500,000	Refinance operating loan carryover and existing IFDA guaranteed loan.	N/A	N/A	Leland
AGRICULTURE TOTALS:	**$16,099,890**		**11**	**0**	

ENVIRONMENTAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
City of Harvey	650,000	**Conduit Tax-Exempt Bonds.** To construct and install sewers and a lift station.	N/A	5	Harvey
City of Sparta	8,000,000	**Conduit Tax-Exempt Bonds.** Construct water and sewer infrastructure.	150	TBD	Sparta
Construction Loan Interim Financing Program 2004	7,500,000	**Pooled Bond.** Provide funds for interim loans to certain units of local government of the State for construction and infrastructure projects.	N/A	Unknown	Statewide
LG Pooled Bond Program 2004-A	4,040,000	**Local Government Bonds.**			
Bourbonnais Township Park District **($900,000)**		Develop nature trails, interpretive center, access road and parking.	N/A	N/A	Bourbonnais Township
Village of Norris City **($575,000)**		Water sewer system improvements.	N/A	N/A	White County
Village of Williamsville **($440,000)**		Water sewer system improvements.	N/A	N/A	Sangamon County
City of Farmington **($2,125,000)**		Water sewer system improvements.	N/A	N/A	Fulton County
Recycling Systems, Inc.	11,000,000	**Solid Waste Disposal Revenue Bonds.** Real estate improvements and purchase containers and other solid waste disposal sorting and transfer equipment.	30	70	Chicago

ENVIRONMENTAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
SRF	130,000,000	**Series 2004 Leveraged SRF Bonds**. Leverage existing IEPA program assets dedicated to IEPA's Clean Water and Drinking Water State Revolving Funds.	N/A	N/A	Statewide
Village of Romeoville	$16,500,000	**Conduit Tax-Exempt Bonds.** Refund callable maturities of Series 2001A and 2001B Alternate Revenue Bonds, and fund issuance costs.	N/A	N/A	Romeoville
ENVIRONMENTAL TOTALS:	**$177,690,000**		**180**	**75**	

IFA
OPPORTUNITY RETURNS

VENTURE CAPITAL

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

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Architektur/80, Inc.	$6,500,000	**Multi-family Housing Revenue Bonds.** Acquisition and renovation of an existing 179 unit, 13 story senior housing property.	N/A	85	Rockford
Buena Vista Apartments	$12,700,000	**Multi-family Rental Housing Revenue Bonds.** Acquistion and renovation of existing building, and purchase of equipment.	N/A	20	Elgin
Central City Studios, LLC	$25,000,000	**Conduit Empowerment Zone Industrial Revenue Bonds.** Purchase land, equipment, construction, fund legal and professional costs.	1,015	235	Chicago
Community Action Partnership of Lake County	6,250,000	**Conduit 501(c)(3) Bonds.** Construct first building of proposed 3 building complex, purchase equipment, capitalize interest and portion of issuance costs.	14	146	Waukegan
Eagle Theatre Corporation	$300,000	**Participation Loan.** Acquisition, renovation and equipping 20,000 square foot building in Robinson, for use as a five-screen 600 seat movie theatre.	10	25	Robinson
Englewood Cooperative Apartments, Inc.	$6,500,000	**Conduit Tax-Exempt Bonds.** Refinance existing HUD Direct 202 debt, and finance building renovations.	N/A	15	Chicago
Fairview Obligated Group	$50,000,000	**Conduit Tax-Exempt Bonds**. Advance refund IHFA Series 1995 bonds, 1999 bonds, enhance liquidity, capitalize debt service reserve, pay issuance costs.	0	N/A	Downers Grove and Rockford

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Featherfist & Featherfist Development Corporation	$1,500,000	**Conduit 501(c)(3) Bonds.** Partially finance the construction of a commercial office building, and refinance property indebtedness.	25	N/A	Chicago
Freeport Area Economic Development Foundation, Inc.	$250,000	**Participation Loan.** Construction of a new Freeport/Stephenson County Visitors Center.	1	15	Freeport
Hispanic Housing Development Corporation	$2,400,000	**Conduit 501(c)(3) Bonds.** Acquisition and renovation of one floor in the former Helene Curtis Office Building to be utilized by the Hispanic Housing Development Corporation, and partially pay issuance costs.	21	0	Chicago
Harvest Christian Academy	$16,250,000	**Conduit Tax Exempt Bonds.** Bond proceeds will be used to finance construction and renovations.	N/A	TBD	Elgin & Rolling Meadows
Hispanic Housing Development Corporation	$2,400,000	**Conduit 501(c)(3) Bond.** Finance acquisition and renoviation for use as headquarters for the HHDC and partially pay issuance costs.	21	0	Chicago
Hinsdale Mirabel LP	$45,000,000	**Multi-family Housing Revenue Bonds.** Purchase and renovation of an existing 582 unit building for low-income families.	N/A	20	DuPage County
Huskies Hockey Club, Inc.	13,000,000	**Conduit 501©(3) Bond.** Construction of ice arena in Romeoville.	10	150	Romeoville
Jewish Federation of Metropolitan Chicago	$15,330,000	**Revenue Anticipation Notes.** Cash management savings used to expand services provided to affiliates.	N/A	N/A	Chicago

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Kishwaukee Family Young Men's Christian Association	950,000	**501(c)(3) Lease Financing**. Bond proceeds will be used to finance new construction and refinance existing mortgage.	16	50	Sycamore
Kohl's Childrens Museum	$13,395,000	**Conduit Tax-Exempt Bonds.** New facility construction, equipment, capitalize interest, fund professional and bond issuance costs.	46	100	Glenview
Merit School of Music	$4,000,000	**Not-for-Profit 501(c)(3) Bonds.** Finance the acquisition, renovation and furnishing of a building located at 38 S. Peoria.	13	15	Chicago
Opportunity Home Mortgage	$50,000,000	**Tax-Exempt Single Family Mortgage Revenue Bonds.** Provide low mortgage rates and 4% downpayment assistance to low and moderate income homebuyers.	N/A	N/A	Statewide
Richard H. Driehaus Museum	$15,500,000	**501(c)(3) Revenue Bonds**. Acquisition, renovation, and equipping of the Nickerson Mansion and renovation of the adjacent Murphy Auditorium.	TBD	TBD	Chicago
Sauk Valley Student Housing, LLC	$8,000,000	**Conduit Tax-Exempt Bonds.** Bond proceeds will be used to finance the construction of a 3-building student housing complex and to pay bond issuance costs.	5	100	Dixon
Search Development Center	5,455,000	**Conduit Tax-Exempt Bonds.** Bond proceeds will be used to refinance existing conventional debt and to pay certain bond issuance costs.	N/A	N/A	Various

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Waterton Vistas II, LLC	$8,500,000	**Multifamily Housing Revenue Bonds.** Purchase and renovation of existing 154 unit, 4 story, 6 building low-income multifamily rental property.	N/A	10	Chicago
YMCA of Metropolitan Chicago	$27,000,000	**Conduit Tax Exempt Bonds.** Proceeds will be used to finance construction, refinance prior debt, refund outstanding bond issue and other acquisitions, renovations and equipment purchases.	65	200	Various
QUALITY OF LIFE TOTALS:	**$329,680,000**		**1,262**	**1,186**	
GRAND TOTALS:	**$3,044,024,236**		**3,158**	**6,743**	

Illinois Finance Authority
Statement of Activities
For Period Ending August 31, 2004

	Actual Aug 2005	Budget Aug 2005	Variance Budget vs Actual	Current % Variance	Actual YTD	Budget YTD	YTD Variance Budget vs Actual	YTD % Variance	Explanations
EXPENSES									
EMPLOYEE RELATED EXPENSES									
COMPENSATION & TAXES	175,251	230,768	55,517	24.1%	328,792	440,109	111,317	25.3%	Compensation & Taxes is below budget due to IFA not fully staff with permenant employees
BENEFITS	13,348	31,268	17,919	57.3%	42,045	60,209	18,163	30.2%	Benefits are low due to ADP Total Source at lower cost
TEMPORARY HELP	11,294	13,000	1,706	13.1%	24,054	26,000	1,946	7.5%	
EDUCTION & DEVELOPMENT	111	0	(111)	0.0%	111	0	(111)	0.0%	
TRAVEL & AUTO	5,431	4,500	(931)	-20.7%	9,841	9,000	(841)	-9.3%	
TOTAL EMPLOYEE RELATED EXPENSES	205,435	279,535	74,100	26.5%	404,842	535,317	130,475	24.4%	
PROFESSIONAL SERVICES									
CONSULTING, LEGAL & ADMIN	67,985	25,000	(42,985)	-171.9%	105,023	50,000	(55,023)	-110.0%	Legal fees are high due to late invoices from May & June 04 for legal fees for IRS audit 1999 IFA Pool Bond issue $53K - not accrued
LOAN EXPENSE & BANK FEE	200	1,500	1,300	86.7%	3,692	3,000	(692)	-23.1%	
ACCOUNTING & AUDITING	11,347	25,000	13,653	54.6%	21,294	50,000	28,706	57.4%	
MARKETING GENERAL	1,951	10,000	8,049	80.5%	3,756	20,000	16,244	81.2%	
FINANCIAL ADVISORY	0	12,000	12,000	100.0%	0	24,000	24,000	100.0%	
VENTURE CAPITAL CONFERENCE/TRAINING	825	0	(825)	0.0%	1,480	0	(1,480)	0.0%	
MISCELLANEOUS PROFESSIONAL SERVICES	3,750	1,500	(2,250)	-150.0%	11,250	3,000	(8,250)	-275.0%	
DATA PROCESSING	4,071	400	(3,671)	-917.8%	5,745	800	(4,945)	-618.1%	
TOTAL PROFESSIONAL SERVICES	90,129	75,400	(14,729)	-19.5%	152,239	150,800	(1,439)	-1.0%	
OCCUPANCY COSTS									
OFFICE RENT	27,814	50,000	22,186	44.4%	58,692	85,000	26,308	31.0%	Last month before Prudential lease
EQUIPMENT RENTAL AND PURCHASES	3,459	3,000	(459)	-15.3%	9,797	6,000	(3,797)	-63.3%	
TELECOMMUNICATIONS	4,914	850	(4,064)	-478.1%	9,725	1,700	(8,025)	-472.1%	Variance is high due to an underbudget on Telecommunications and includes $2K to move phone switch to Two Prudential.
UTILITIES	1,282	1,400	118	8.5%	2,463	2,800	337	12.0%	
DEPRECIATION	804	300	(504)	-167.9%	1,607	600	(1,007)	-167.9%	
INSURANCE	2,525	2,000	(525)	-26.3%	4,132	4,000	(132)	-3.3%	
TOTAL OCCUPANCY COSTS	40,796	57,550	16,754	29.1%	86,416	100,100	13,684	13.7%	
GENERAL & ADMINISTRATION									
OFFICE SUPPLIES	1,472	3,800	2,328	61.3%	2,167	7,600	5,433	71.5%	
BOARD MEETING - EXPENSES	3,974	0	(3,974)	0.0%	4,541	0	(4,541)	0.0%	
PRINTING	92	300	208	69.2%	610	600	(10)	-1.6%	
POSTAGE & FREIGHT	2,859	3,000	141	4.7%	3,774	6,000	2,226	37.1%	
MEMBERSHIP & DUES	12	2,400	2,388	99.5%	564	4,800	4,236	88.3%	
PUBLICATIONS	81	300	219	73.0%	228	600	372	62.1%	
OFFICERS & DIRECTORS INSURANCE	15,409	11,700	(3,709)	-31.7%	30,289	23,400	(6,889)	-29.4%	
MISCELLANEOUS	749	500	(249)	-49.8%	2,287	1,000	(1,287)	-128.7%	
TOTAL GENERAL & ADMINISTRATION EXPENSES	24,648	22,000	(2,648)	-12.0%	44,459	44,000	(459)	-1.0%	
OTHER									
INTEREST EXPENSE	826	850	24	2.8%	1,652	1,700	48	2.8%	
TOTAL OTHER	826	850	24	2.8%	1,652	1,700	48	2.8%	
TOTAL EXPENSES	361,834	435,335	73,501	16.9%	689,607	831,917	142,310	17.1%	

Illinois Finance Authority
Balance Sheet
For the Two Months Ending August 31, 2004

	July 2005	August 2005	
ASSETS			
CASH & INVESTMENTS, UNRESTRICTED	$ 27,905,354	$ 28,210,192	
RECEIVABLES, NET	7,399,097	7,818,380	Receivables increase is due to Annual Fees from Education FY05 and Annual Fees from Health FY 04 & FY 05.
OTHER RECEIVABLES	1,256,769	1,268,923	
PREPAID EXPENSES	203,595	113,441	Prepaid Expenses decrease is due to amortization of Insurance Expense and the refund for a security deposit on Two Prudential.
TOTAL CURRENT ASSETS	36,764,816	37,410,936	
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	26,684	25,880	
DEFERRED ISSUANCE COSTS	1,151,982	1,151,982	
OTHER ASSETS - RESTRICTED			
CASH, INVESTMENTS & RESERVES	9,912,222	9,925,580	
VENTURE CAPITAL INVESTMENTS	6,225,684	6,225,684	
OTHER	3,700,000	3,700,000	
TOTAL OTHER ASSETS	19,837,906	19,851,264	
TOTAL ASSETS	57,781,387	58,440,062	
LIABILITIES			
CURRENT LIABILITIES	616,735	1,116,482	Current Liabilities increase is due to Deferred Revenue from Annual Fees from Education FY 05 and Annual Fees from Health FY 05.
LONG-TERM LIABILITIES	3,295,186	3,295,186	
TOTAL LIABILITIES	3,911,921	4,411,668	
EQUITY			
CONTRIBUTED CAPITAL	23,828,249	23,828,249	
RETAINED EARNINGS	11,028,174	11,028,174	
NET INCOME / (LOSS)	427,109	586,037	
RESERVED/RESTRICTED FUND BALANCE	5,968,199	5,968,199	
UNRESERVED FUND BALANCE	12,617,735	12,617,735	
TOTAL EQUITY	53,869,466	54,028,394	
TOTAL LIABILITIES & EQUITY	$ 57,781,387	$ 58,440,062	

Illinois Finance Authority
Statement of Activities
For Period Ending August 31, 2004

	Actual Aug 2005	Actual YTD
REVENUE		
INTEREST ON LOANS	$ 31,183	$ 58,339
INVESTMENT INTEREST & GAIN(LOSS)	48,963	88,080
ADMINISTRATIONS & APPLICATION FEES	178,454	741,572
ANNUAL ISSUANCE & LOAN FEES	233,787	345,245
OTHER INCOME	0	157
TOTAL REVENUE	492,386	1,233,393
EXPENSES		
EMPLOYEE RELATED EXPENSES		
COMPENSATION & TAXES	175,251	328,792
BENEFITS	13,348	42,045
TEMPORARY HELP	11,294	24,054
EDUCTION & DEVELOPMENT	111	111
TRAVEL & AUTO	5,431	9,841
TOTAL EMPLOYEE RELATED EXPENSES	205,435	404,842
PROFESSIONAL SERVICES		
CONSULTING, LEGAL & ADMIN	67,985	105,023
LOAN EXPENSE & BANK FEE	200	3,692
ACCOUNTING & AUDITING	11,347	21,294
MARKETING GENERAL	1,951	3,756
FINANCIAL ADVISORY	0	0
VENTURE CAPITAL CONFERENCE/TRAINING	825	1,480
MISCELLANEOUS PROFESSIONAL SERVICES	3,750	11,250
DATA PROCESSING	4,071	5,745
TOTAL PROFESSIONAL SERVICES	90,129	152,239
OCCUPANCY COSTS		
OFFICE RENT	27,814	58,692
EQUIPMENT RENTAL AND PURCHASES	3,459	9,797
TELECOMMUNICATIONS	4,914	9,725
UTILITIES	1,282	2,463
DEPRECIATION	804	1,607
INSURANCE	2,525	4,132
TOTAL OCCUPANCY COSTS	40,796	86,416
GENERAL & ADMINISTRATION		
OFFICE SUPPLIES	1,472	2,167
BOARD MEETING - EXPENSES	3,974	4,541
PRINTING	92	610
POSTAGE & FREIGHT	2,859	3,774
MEMBERSHIP & DUES	12	564
PUBLICATIONS	81	228
OFFICERS & DIRECTORS INSURANCE	15,409	30,289
MISCELLANEOUS	749	2,287
TOTAL GENERAL & ADMINISTRATION EXPENSES	24,648	44,459
OTHER		
INTEREST EXPENSE	826	1,652
TOTAL OTHER	826	1,652
TOTAL EXPENSES	361,834	689,607
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	130,552	543,786
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	28,376	42,251
NET INCOME/(LOSS)	$ 158,928	$ 586,037

VENTURE CAPITAL INVESTMENTS

MANAGED FUNDS		
ARCH FUND II PARALLEL	252,685	
ARCH FUND - NEW	166,988	
CHAMPAIGN-URBANA VENTURE FUND	181,000	
CERULEAN PARTNERSHIP	-	
TOTAL MANAGED FUNDS		600,673
TECHNOLOGY DEVELOPMENT BRIDGE		
ACCELCHIP [MACH DESIGN SYSTEMS	52,275	
BLACKMON & YOUNG	-	
CLEARSTACK	300,000	
CYBERLOANOFFICER.COM	754,520	
DELIVERY STATION	-	
EPIGRAPH	-	
FIREFLY ENERGY, INC.	917,000	
FOREST ONE, INC.	160,000	
GO READER, INC	-	
HARMONIC VISION	261,000	
INFLUX, INC.	150,000	
METALFORMING CONTROLS	500,000	
MOBITRAC	229,179	
NEODESIC CORPORATION	-	
NEPHYRX CORPORATION	121,211	
NEURONAUTICS	300,000	
OPEN CHANNELED SOFTWARE	610,035	
PERCEPTUAL ROBOTICS	-	
PREVIEWPORT	-	
PROOF SPACE T-STAMPS	-	
SMART SIGNAL	226,932	
STONEWATER SOFTWARE	4,759	
U. COMMUNICATIONS	-	
USERACTIVE MEDIA.COM	220,000	
VENTURE CAPITAL ONLINE	-	
VIDEO HOME TOURS	275,000	
WANDER ON, INC	-	
ZUCHEM, INC.	543,100	
TOTAL TECIINOLOGY DEVELOPMENT BRIDGE		5,625,011
TOTAL VENTURE CAPITAL		6,225,684

MINUTES OF THE REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORTY

The Board of Directors (the "Board) of the Illinois Finance Authority (the "Authority"), pursuant to notice duly given, held a regularly scheduled meeting at 1:30 P.M., on August 10, 2004 in the Sears Tower, 33rd floor conference room, located at 233 South Wacker Drive in Chicago, Illinois.

MEMBERS PRESENT:
Joseph Alford
Natalia Delgado
Demetris Giannoulias
Michael Goetz
David Gustman
Dr. Roger Herrin
Edward Leonard
Martin Nesbitt
Terrence O'Brien
Timothy Ozark
Andrew Rice
Joseph Valenti

GENERAL BUSINESS ITEMS

Call to Order

Chairman Gustman called the meeting to order at approximately 1:30 P.M., with the above members present.

Roll Call

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

Chairman's Report
Chairman Gustman welcomed a new member to the Board – Dr. Roger Herrin. Also, the Chairman announced the resignation of Jill Rendleman to become the Financial Services Director – Central and Southern Regions for the Authority.

Director's Report
Director Ata announced the launch of the Opportunity Home Ownership Program, which is expected to be officially launched in the next week or so.

Item 1 - Acceptance of July 2004 Preliminary Financial Statements

Chairman Gustman commented that the first month of FY 2005 was profitable. Upon a motion by Mr. Ozark and seconded by Mr. Leonard, Chairman Gustman requested a roll call vote. The motion was approved with 10 ayes, 0 nays, and 2 abstentions (Goetz/Herrin). (04-08-01)

Item 2 – Acceptance of the July, 2004 Minutes/ Release of June 22, 2004 Committee of the Whole Closed Session Minutes

The Chairman asked if any member had any comments regarding the minutes of the Board's July minutes. Hearing none, the Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 2 abstentions (Goetz/Herrin). (04-08-02).

The Chairman also requested a motion to release the closed session minutes from June 22, 2004. Upon a motion by Mr. Ozark and seconded by Mr. Leonard, Chairman Gustman requested a role call vote. The motion was approved with 11 ayes, 0 nays, and 1 abstention (Herrin).

Initial Project Considerations

Item-03 ***<u>H-NH-RE-TE-CD-414: Rest Haven Christian Services</u>***

This applicant requests approval of a purchase contract resolution for **$50,000,000** in conduit 501(c)(3) Revenue Bonds to finance projects located in **Tinley Park, Palos Heights, South Holland, Crete, Downers Grove,** and **Homer Glen.**

Upon a motion by Mr. Leonard and seconded by Mr. Goetz, the Chairman requested a role call vote. The motion was approved with 12 ayes, 0 nays, and 0 abstentions/present (04-08-03).

Item-04 ***<u>H-HO-TE-CD-416: Roseland Community Hospital Association</u>***

This applicant requests preliminary approval of **$11,500,000** in conduit 501(c)(3), Revenue Bonds to finance projects located in **Chicago**. This project is expected to create **8 new jobs** and **45 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 12 ayes, 0 nays, and 0 abstentions/present (04-08-04).

Item-05 **_P-PO-TE-CD-406: Ameren Corporation (Central Illinois Public Service Company, d/b/a AmerenCIPS. and Central Illinois Light Company, d/b/a AmerenCILCO)_**

This applicant requests preliminary approval of **$35,000,000** in conduit Pollution Control Revenue Refunding Bonds for Central Illinois Public Service Company to finance projects located in **Coffeen** and **Newton** and preliminary approval for **$19,200,000** in conduit Pollution Control Revenue Refunding Bonds for Central Illinois Light Company to finance projects located in **unincorporated Fulton County**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 12 ayes, 0 nays, and 0 abstentions/present (04-08-05).

Item-06 **_L-GO-TE-RE-401: Village of Romeoville_**

This applicant requests preliminary approval of **$28,500,000** in conduit Local Government Refunding and Capital Improvement Revenue Bonds to finance projects located in **Romeoville.** This project is expected to create **50 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 12 ayes, 0 nays, and 0 abstentions/present (04-08-06).

Item-07 **_L-GR-TE-CD-407: City of Harvey_**

This applicant requests preliminary approval of a **$650,000** conduit Local Government Alternative Revenue Lease to finance the construction and installation of sewers and a lift station located in **Harvey**. This project is expected to create **5 construction jobs**.

Upon a motion by Mr. Goetz and seconded by Mr. Alford, Chairman Gustman requested a role call vote. The motion was approved with 11 ayes, 0 nays, and 1 present/abstention. Prior to the vote, Mr. Valenti announced that he was abstaining from voting on this matter due to the fact that the bank at which he is a Senior Vice President, MB Financial, may be participating in this transaction. (04-08-07)

Item-08 **_N-NP-TE-CD-413: Merit School of Music_**

This applicant requests preliminary approval of **$4,000,000** in conduit 501(c)(3), Revenue Bonds to finance projects located in **Chicago**. This project is expected to create **13 new jobs** and **15 construction jobs.**

Upon a motion by Mr. Alford and seconded by Mr. Rice, Chairman Gustman requested a role call vote. The motion was approved with 11 ayes, 0 nays, and 1 present/abstention. Prior to the vote, Ms. Delgado announced that she was abstaining from voting on this matter due to the fact that the law firm at which she is a partner, Goldberg Kohn Bell Black Rosenbloom and Moritz, Ltd., is serving as bond counsel on this transaction. (04-08-08)

Item-09 ***A-FB-TE-CD-434: Clayton D. and Ashlyn L. Becker***
A-FB-TE-CD-435: James Lee and Bonnie May Brewer
A-FB-TE-CD-436: Jason D. Organ
A-FB-TE-CD-437: Jordan Walter
A-FB-TE-CD-438: Jared Walter

This applicant requests preliminary approval of Beginning Farmer Bonds for the following amounts:

Becker - **$131,040** **(DeKalb)**
Brewer - **$110,000** **(Bethany)**
Organ - **$250,000** **(McLeansboro)**
Jordan Walter - **$250,000** **(Forrest)**
Jared Walter - **$250,000** **(Forrest)**

Upon a motion by Mr. Leonard and seconded by Mr. Goetz, Chairman Gustman requested a role call vote. The motion was approved with 12 ayes, 0 nays, and 0 abstentions/present (04-08-09).

Final Project Considerations

Item-10 ***E-PC-TE-CD-408: Northwestern University***

This applicant requests final approval for **$145,000,000** in conduit 501(c)(3) Revenue Bonds to finance projects located in **Evanston** and **Chicago**. This project is expected to create **150 new jobs** and **250 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 12 ayes, 0 nays, and 0 present. (04-08-10)

Item-11 ***I-ID-TE-CD-401: CFC International, Inc.***

This applicant requests final approval of **$2,000,000** in conduit Industrial Revenue Bonds to finance a project located in **Chicago Heights.** This project will use **$2,000,000 in 2004 IFA Volume Cap**. This project is expected to create **30 new jobs.**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 12 ayes, 0 nays, and 0 present. (04-08-11)

Item-12 ***B-LL-NP-TX-412: Freeport Area Economic Development Foundation, Inc. (Freeport/Stephenson County Visitors Center Project)***

This applicant requests final approval of a **$250,000** Participation Loan to finance a project located in **Freeport.** Issuance of the loan is subject to the following conditions: 1) an as-if completed appraisal of the subject property showing a value of not less than $625,000, 2) an increase in the City of Freeport, Village of Lean, and Stephenson County Hotel/Motel Tax from 3% to 5% with the increase dedicated to the Stephenson County CVB and 3) all future contributions to the Visitor Center Building Fund be applied to reduce the principal balance of the loan and all pre-payments being evenly applied to IFA and Bank loans. This project is expected to create **15 construction jobs**.

Upon a motion by Mr. Leonard and seconded by Mr. Rice, the Chairman requested a role call vote. The motion was approved with 12 ayes, 0 nays, and 0 present. (04-08-12)

Item-13 ***V-TD-406: ZelleRx, Corporation***

This application was withdrawn prior to Board consideration.

Item-14 ***A-FB-TE-CD-432: Jay A. Todd and Christina Diane Todd***

This applicant requests final approval of a **$125,000** Beginning Farmer Bond Loans for a project located in **Thompsonville**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 12 ayes, 0 nays, and 0 abstentions/present (04-07-14).

Project Revisions/Amendatory Resolutions

Item-15 ***2004-16: Resolution Concerning the Administration of Pooled Debt Transactions Originally Issued by the Illinois Health Facilities Authority, a Predecessor Authority of the Illinois Finance Authority***

2004-17: Resolution Approving the Policies and Procedures of the Illinois Finance Authority and Delegating to the Executive Director the Authority to Maintain, Update and Amend Said Policies and Procedures As Needed

2004-18: Resolution Appointing an Assistant Secretary of the Illinois Finance Authority

The Chairman requested leave to apply the last unanimous vote to each of the forgoing resolutions. Leave was granted. The motion was approved with 12 ayes, 0 nays, and 0 abstentions/present (04-08-15).

Item 16: ***Amendatory Changes***

Plano Molding requests that the IFA Board approve the supplemental loan agreement, amending the Original Loan Agreement to permit the granting of a second mortgage on certain real property funded with the proceeds of the Bonds.

The Institutions that received funding through the ACI/Cultural Pooled Financing Program Series 1998 and Series 1999 are requesting approval to amend certain provisions in the Trust Indenture to add a new mandatory tender provision and to grant the current credit provide the ability to consent to amendments to the Indentures and the corresponding loan agreements.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 12 ayes, 0 nays, and 0 abstentions/present (04-08-16).

Closing Comments

The Executive Director noted that the September meeting will take place in Springfield and the October meeting will take place in Two Prudential Tower – the location of the Authority's new offices.

The Chairman asked if there was any other business to come before the Board or if any members of the public wished to address the Board. There being no further business and no one seeking to address the Board, Chairman Gustman adjourned the meeting at approximately 2:45 P.M.

Respectfully Submitted,

Michael Pisarcik, Secretary

RESOLUTION 2004-19

ESTABLISHING THE CAPITAL OPPORTUNITY BOND PROGRAM FOR SMALL AND MID-SIZE RURAL AND URBAN NOT-FOR-PROFIT HOSPITALS AND OTHER HEALTHCARE PROVIDERS IN THE STATE OF ILLINOIS, APPROVING THE FORM OF DOCUMENTS THEREFORE AND DELEGATING TO THE EXECUTIVE DIRECTOR THE AUTHORITY TO IMPLEMENT SAID PROGRAM

WHEREAS, the Illinois Finance Authority (the "Authority") has been created by the Illinois Finance Authority Act, 20 Illinois Compiled Statutes 3501/801-1 et seq. (the "Act"); and

WHEREAS, in Section 801-5(n) of the Act, the General Assembly has found, determined and declared "that to preserve and protect the health of the citizens of the State, and lower the costs of health care, that financing for health facilities should be provided through the State" and has further found, determined and declared that the Authority should seek to increase job opportunities and to retain existing jobs throughout the State by making available funds "for the development, improvement and creation. . . of health, public purpose and other projects;" and

WHEREAS, Sections 801-10(b) and (l) of the Act, respectively, define the terms "project" and "health facility project" (collectively herein, the "Project"), and Sections 801-10(j) and (k) of the Act, respectively, define "health facility" and "participating health institution" (collectively herein, the "Facility"); and

WHEREAS, Section 801-40(c) of the Act grants the Authority broad powers to issue bonds, notes or other obligations of one or more series to finance Projects for Facilities (the "Bonds"), under certain loan agreements, trust indentures, escrow agreements and other security and ancillary documents, as the case may be (the "Agreements"); and

WHEREAS, the Authority has found and determined that many small and mid-size Facilities, especially hospitals, whether located in rural or urban areas of the State, often have limited access to capital to fund Projects; and

WHEREAS, the Authority has determined that it will advance the purposes of the Act and will be in the best interests of the citizens of the State to develop a program to provide these Facilities with access to low cost capital to fund Projects, such program to be known as the Capital Opportunity Bond Program (the "COB Program"); and

WHEREAS, the Illinois Health Facilities Authority, a predecessor authority of the Authority (the "Health Authority"), had established an equipment financing program (the "Financing Program") for Facilities in conjunction with GE Capital Public Finance, Inc., which proved successful at meeting some, but not all, of the capital needs of such Facilities; and

WHEREAS, GE Healthcare Financial Services, Inc., an affiliate of GE Capital Public Finance, Inc. ("GE"), has approached the Authority to discuss the expansion of the Financing Program in order to meet those capital needs, especially as those needs relate to real estate, buildings, structures and the rehabilitation and renovation of the same, that cannot be satisfied through the Financing Program, and the Authority has found and determined that these needs are real; and

WHEREAS, pursuant to Section 845-75 of the Act, the Authority has succeeded to all of the rights, powers, duties and responsibilities of the Health Authority; and

WHEREAS, in an effort to satisfy the capital needs of small and mid-size Facilities that the Financing Program does not meet and to establish the COB Program in the most cost efficient manner, the Authority has determined that the new COB Program should be structured using a model similar to that employed the Financing Program, which will enable it to keep the COB Program's fees low and provide for the rapid roll out of the COB Program; and

WHEREAS, the COB Program contemplates the issuance of Bonds by the Authority on behalf and for the benefit of Facilities, with such Bonds being privately placed with and purchased by GE; and

WHEREAS, GE has indicated that it would recommend and would be prepared to retain Wells Fargo Bank, National Association to serve as the COB Program's escrow agent (the "Escrow Agent"); and

WHEREAS, the Authority believes that the Escrow Agent's fees are not reasonably likely to exceed $20,000 in any single year; and

WHEREAS, the Authority finds the appointment of bond counsel to be a necessary component of establishing and developing the COB Program, and the Authority further believes that the appointment of multiple law firms to serve as bond counsel on a rotating basis to be in the best interests of the Authority and the COB Program; and

WHEREAS, the Authority has the power under Section 801-15 of the Act to engage the services of attorneys as it may deem advisable and may prescribe their duties and fix their fees; and

WHEREAS, the Authority has determined that each of the law firms of Chapman and Cutler LLP, Jones Day, and Sanchez & Daniels are qualified to serve as bond counsel (collectively, the "Bond Counsel"); and

WHEREAS, Section 801-40(j) of the Act grants that Authority the power to "fix, determine, charge and collect any premiums, fees, charges, costs and expenses, including, without limitation, any application fees, commitment fees, program fees, financing charges or publication fees from any person in connection with its activities under the Act"; and

WHEREAS, the Authority has determined that in order to establish the COB Program in a timely and efficient manner and to alert Facilities throughout the State of the COB Program the Authority should (i) authorize the establishment of the COB Program, (ii) approve form Agreements relative to the COB Program, (iii) establish the fees for the COB Program, and (iv) delegate to its Executive Director and his designees the authority to take all necessary actions to implement the COB Program consistent with the provisions of this Resolution and the Act; and

WHEREAS, the members of the Authority have the power to adopt this Resolution pursuant to the provisions of Sections 801-25, 801-30 and 801-40 of the Act; and

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. Adoption of Program. The Authority does hereby approve and adopt the Capital Opportunity Bond Program as provided for above. Further, the Authority hereby approves and authorizes GE's participation in the COB Program; approves and authorizes the Escrow Agent's participation in the COB Program; and approves, authorizes and appoints the Bond Counsel. Further, the Authority hereby approves the Agreements, attached hereto as <u>Exhibit A</u>, as the form of Agreements to be used in conjunction with the COB Program.

Section 3. Fees. Notwithstanding any other Resolution or policy, the Authority hereby adopts and approves the following fee schedule that is to apply to each financing undertaken through the COB Program, which fees are to be paid by the Facility utilizing the COB Program:

Entity	Bond Size	Fee
Authority	$1,000,000 to $5,000,000	$6,000
	Over $5,000,000	$6,000 plus $1,000 for each additional $1,000,000
GE	$1,000,000 to $5,000,000	$5,000
	Over $5,000,000	$7,500
Escrow Agent	Any Size	$1,500
Bond Counsel	Any Size	$12,000

Any Facility utilizing the COB Program shall also be liable for other unanticipated costs that may be directly related to the COB Program, including any fees charged by its own counsel.

Section 4. Delegation to Executive Director. The Executive Director, and his designees, are hereby authorized and directed to take all action consistent with this Resolution and the Act to finalize the COB Program, to market the COB Program and to undertake specific transactions under the COB Program in order to issue a Bond on behalf and for the benefit of a Facility to provide funds for a Project or Projects, provided, however, that once the final determination of the terms of a specific transaction have been agreed to by the Authority, Facility and GE and the Agreements related thereto are in substantially final form, a Bond Resolution shall be presented to the members of the Authority for final approval.

Section 5. 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 2004-19 is adopted this 14th day of September 2004 by roll vote as follows:

Ayes:

Nays:

Abstain:

Absent:

____

Chairman

Attested to:

____

Secretary

RESOLUTION 2004-20

EXPRESSING THE POLICY CONSIDERATIONS OF THE MEMBERS ON THE USE OF BUSINESSES OWNED BY MINORITIES, WOMEN AND PERSONS WITH DISABILITIES AND SMALL BUSINESSES IN ILLINOIS FINANCE AUTHORITY CONDUIT FINANCINGS

WHEREAS, as provided for in its policies and procedures manual, it is the policy of the Illinois Finance Authority (the "Authority"), in a conduit bond financing, to permit a borrower to recommend the selection of qualified Bond Counsel, Underwriter and Underwriter Counsel and other members of the financing teams and to directly negotiate the fees that said parties will be paid for their services; and

WHEREAS, the members recognize that the State of Illinois is composed of a diverse population, and the members believe that this diversity is a source of economic strength for the State; and

WHEREAS, the members are aware that the State of Illinois is home to tens of thousands of small businesses and that these small businesses are, in a very real sense, the backbone of the State's economic vitality; and

WHEREAS, the General Assembly, as set forth in 30 ILCS 575/1, has declared it to be a public policy of the State of Illinois to promote and encourage the continuing economic development of minority and female owned and operated businesses and businesses owned by persons with disabilities; and

WHEREAS, the General Assembly, as reflected in 30 ILCS 500/45-45, has found the promotion of small business to be of importance to the State; and

WHEREAS, the Authority itself is committed to appointing qualified minority and female owned and operated businesses, businesses owned by persons with disabilities and small businesses, and for those appointments and decisions over which it exercises direct selection, the Authority has and will continue to make all reasonable efforts to do business with minority and female owed and operated businesses, business owned by person with disabilities and small businesses; and

WHEREAS, the members of the Authority believe that its policy on the selection of Bond Counsel, Underwriter and Underwriter Counsel and other members of a financing team and the expressions of the General Assembly as set forth above are not inconsistent; and

WHEREAS, to date, the staff of the Authority has and will continue to encourage borrowers to employ minority and female owned and operated businesses, businesses owned by persons with disabilities and small businesses in any and all roles on the financing team, and the members of the Board believe it to be in the best interests of the Authority and the State that it also be on record supporting these efforts; and

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. Use of Business Owned and Operated By Minorities, Females and Persons with Disabilities and Small Businesses. The members of the Authority do hereby strongly encourage borrowers to consider recommending the use of and employing to the fullest possible extent possible businesses and firms owned by minorities, females and persons with disabilities and small businesses in conduit financings in any and all appropriate roles, including, but not limited to, Bond Counsel, Underwriter and Underwriter Counsel as well as financial advisor, printer, borrower's counsel and other professional roles. Further, the members of the Authority fully support the Authority's efforts to include expand the opportunities for business owed by minorities, females and persons with disabilities and small businesses.

Section 3. Publication. The Executive Director is hereby directed to take all reasonable steps to publicize this Resolution, including, but not limited to, posting it on the Authority's website

Section 4. Enactment. This Resolution shall take effect immediately. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

This Resolution 2004-20 is adopted this 14th day of September 2004 by roll vote as follows:

Ayes:

Nays:

Abstain:

Absent:

____
Chairman

Attested to:

____
Secretary

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane

Date: September 14, 2004

Re: Overview Memo for The Carle Foundation

- **Borrower/Project Name:** The Carle Foundation
- **Locations:** Champaign, Urbana
- **Principal Project Contact:** Rob Tonkinson, Vice President - Finance
- **Board Action Requested:** Preliminary and Purchase Contract Bond Resolution
- **Amount:** not to exceed $200,000,000, comprised of:
  - approximately $79.3 million of project costs: A portion of the proceeds of the Series 2004A Bonds will be used, together with other available funds, to pay, or reimburse Carle for paying, the cost of the Project, including the construction, renovation and equipping of certain health care facilities, including without limitation a two story addition to the Carle's 295-licensed bed main hospital, a five story addition to the North Tower on the Corporation's main hospital campus and the renovation of the main hospital's emergency room.
  - $106.4 million of refundings (Refund 1996 and 1998A bonds, restructure 1999 bonds)
  - $6.2 million in costs of issuance
- **Project Type:** Hospital
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
  - **Refunding Bonds:** the underwriters anticipate that the Hospital will realize approximately $1.9 million in present value savings, or 11.3% of refunded par, from the refinancing of the Series 1996 Bonds – achieved through an interest rate swap to be executed in September 2004 in order to lock in a fixed rate The underwriters also anticipate that the Hospital will realize approximately $881,000 in present value savings, or 3.8% of refunded par, from the refinancing of the Series 1998A Bonds – also achieved through an interest rate swap to be executed in September 2004 in order to lock in a fixed rate.

- **IFA Fees:**
  - One-time, upfront closing fee of $137,420

- **Structure/Ratings:**
  - **Structure** – Underwriters plan to issue $191,875,000 AAA-insured auction rate bonds
  - **Ratings** – Carle does not currently maintain public, long-term ratings
  - **Days' cash on hand** – 389 days

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
September 14, 2004

Deal: **The Carle Foundation**

STATISTICS

Deal Number:	H/HO/TE/CD-401	Amount:	$200,000,000 (not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Locations:	Urbana, Champaign	Originator:	Pam Lenane
Tax ID:		Est fee:	$137,420.00

BOARD ACTION

Preliminary and Purchase Contract Bond Resolution	Staff recommends approval
Conduit 501(c)(3) bonds	No extraordinary conditions
No IFA funds at risk	

PURPOSE

The proceeds from the sale of the Series 2004A Bonds will be used to: (i) advance refund a portion of the outstanding principal amount of the Illinois Health Facilities Authority Revenue Bonds, Series 1996 (The Carle Foundation Issue), (ii) advance refund a portion of the outstanding principal amount of the Illinois Health Facilities Authority Revenue Bonds, Series 1998A (The Carle Foundation), (iii) current refund the outstanding Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 1999 (The Carle Foundation), (iv) finance the cost of the acquisition, construction, renovation and equipping of certain health care facilities of the Corporation, (v) pay a portion of the interest on the Series 2004A Bonds, and (vi) pay certain expenses incurred in connection with the issuance of the Series 2004A Bonds and the refunding of the Prior Bonds to be refunded, including the premium for a financial guaranty insurance policy with respect to the Series 2004A Bonds..

IFA CONTRIBUTION

Federal Tax-Exempt status on the Bonds

VOTING RECORD

This is the first time that this Project has been submitted to the Board.

SOURCES AND USES OF FUNDS*

Sources:	IFA bonds	$191,875,000	Uses:	Project Costs	$79,297,162
				Refundings	106,365,512
				Costs of Issuance	6,212,326
	Total	$191,875,000		Total	$191,875,000

* preliminary, subject to change.

JOBS

Current employment:	To come	Projected new jobs:	TBD
Jobs retained:	To come	Construction jobs	TBD

BUSINESS SUMMARY

Background: The Carle Foundation Hospital Hospital ("Carle" or the "Hospital") is a subsidiary of the Carle Health Care System and is a 501(c)(3) corporation established under Illinois law.

Description: The Carle Health Care System (the "Health Care System" or "Health System") consists of The Carle Foundation ("Corporation"), its affiliated corporations, all of which either are controlled by or all the outstanding stock of which is owned directly or indirectly by the Corporation, and a group of entities that are not controlled by the Corporation. The Health Care System functions as a vertically integrated provider of a broad spectrum of inpatient, outpatient and long-term health care services to a large and predominantly rural service area in east central Illinois and west central Indiana surrounding the cities of Champaign and Urbana, Illinois. The Health Care System, through The Carle Foundation Hospital (the "Hospital"), is the primary teaching hospital of the University of Illinois School of Basic Medical Services and Clinical Medicine at Urbana-Champaign. The Corporation and its controlled affiliates operate a variety of health care facilities and programs, including a 295-bed hospital; a 240-bed skilled nursing facility; a nine-county home care agency; a certified hospice; an emergency transportation system; a 174-unit continuing care retirement community; retail pharmacies; and a durable medical equipment company. On the date of issuance of the Series 2004A Bonds, the Corporation, The Carle Foundation Hospital ("Hospital"), Carle Health Care Incorporated ("Carle Health Care"), The Carle Arbours, Inc. ("Arbours"), and Carle Retirement Centers, Inc. ("Retirement Centers") will be the only Members of the Obligated Group. Each Member of the Obligated Group is jointly and severally liable on each Obligation now or hereafter issued and outstanding under the Master Indenture, and pursuant to the Master Indenture each Member of the Obligated Group pledges its Unrestricted Receivables to secure payment of the Obligations. Each of the Corporation, the Hospital, Carle Health Care, the Arbours, and Retirement Centers is an Illinois not for profit corporation and is exempt from federal income taxation.

Financials: The Carle Foundation
Consolidated Audited Financial Statements 2002-2003, Unaudited 2004

	Year Ended June 30,		
	2002	2003	2004*
	(Dollars in 000's)		
Statement of Revenues/Exp.:			
Revenue/Support	$252,686	$301,934	$331,572
Operating Income	3,180	21,050	18,046
Balance sheet:			
Current Assets	$154,804	$190,207	$269,307
PP&E – Net	185,167	189,689	190,074
Other Assets	234,788	237,629	248,882
Total Assets	**$574,759**	**$617,526**	**$708,263**
Current Liabilities	49,877	59,702	88,850
LT Debt/Liabil.	157,455	152,213	146,753
Other Non-Current Liab.	64,582	90,671	90,944
Net Assets	302,844	314,939	381,716
Total Liab. & Net. Assets	**$574,759**	**$617,526**	**$708,263**
Ratios:			
Historical Proforma MADS**	2.0x	1.4x	4.5x
Days Cash	375	344	389
Current ratio	3.10	3.19	3.03
Debt/Capitalization	0.35	0.34	0.29

Discussion: The Foundation has experienced consistently strong operations in recent years, generating sufficient cash flow to cover its debt obligations. Carle's combined cash/short-term investments and long-term investments provided sufficient liquidity to cover 389 days of operating expenses as of 6/30/2004.

FINANCING SUMMARY

Security: Carle does not currently maintain long-term, public ratings. However, the Series 2004 financing will be rated based upon the use of credit enhancement and/or liquidity facilities (i.e., provided by an Aaa/AAA-rated municipal bond insurer).

Structure: The current plan of finance contemplates the issuance of a floating rate bonds in the form of auction rate securities for a total par amount of $191.9 million (supporting approximately $79.3 million of new project costs, $106.4 of refunding/restructuring costs, plus costs of issuance):

$191,875,000 Insured Auction Rate bonds

In preparation for the refinancing portion of this transaction, Carle anticipates entering into two interest rate swap agreements in September 2004. Carle will enter into these swap agreements in order to lock in desirable present value savings on the refunding of Carles's Series 1996 and 1998A Bonds as well as to fix out the restructuring of the Series 1999 Bonds.

Maturity: 24yr – refunding, synthetic fixed rate bonds (Series 2004A-1)
30yr – restructuring, synthetic fixed rate bonds (Series 2004A-2)
30yr – new money, variable rate bonds (Series 2004A-3 and 2004A-4)

*Fiscal year 2004 financial performance is unaudited.

** Represents estimated pro forma maximum annual debt service of $13,095, which incorporates the 2004 financing.

INTEREST SAVINGS

Carle anticipates realizing approximately $1.9 million in present value savings, or 11.3% of refunded par, from the refinancing of the Series 1996 Bonds – achieved through an interest rate swap to be executed in September 2004 in order to lock in a fixed rate. Carle also anticipates realizing approximately $881 thousand in present value savings, or 3.8% of refunded par, from the refinancing of the Series 1998A Bonds – also achieved through an interest rate swap to be executed in September 2004 in order to lock in a fixed rate.

PROJECT SUMMARY

A portion of the proceeds of the Series 2004A Bonds will be used, together with other available funds, to pay, or reimburse the Carle for paying, the cost of the Project, including the acquisition, construction, renovation and equipping of certain health care facilities of Carle, including without limitation a two story addition to the Carle's 295-licensed bed main hospital, a five story addition to the North Tower on the Carle's main hospital campus and the renovation of the main hospital's emergency room.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The Carle Foundation, Urbana IL	
Location:	611 West Park Street Urbana (Champaign County), IL 61801	
Project name:	The Carle Foundation	
Organization:	501(c)(3) Not-for-Profit Corporation	
State:	Illinois	
Board of Trustees:	Van A. Dukeman, *Chairman*	Thomas E. Harrington Jr., *Vice Chairman*
	James J. Harms, M.D., *Secretary*	David L. Chicoine
	James S. Gregory, M.D.	Malcolm C. Hill, M.D.
	E. Phillips Knox	James C. Leonard, M.D.
	Charles R. Maris, M.D.	Mary McGrath
	Judith Lee-Sigler, M.D.	George T. Timmons

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	McDermott Will & Emery LLP	Chicago	Kerrin Slattery, Lisa Kaderabek
Accountant:	McGladrey & Pullen, LLP	Champaign	Randy Ragan
Bond Counsel:	Jones Day	Chicago	Lynn Coe, David Kates
Underwriters:	UBS Financial Services Inc. & Citigroup Global Markets Inc.	New York	Rondy Jennings, James Kim; Patrick Sheehan, Michael Brown
Underwriters' Counsel:	McGuireWoods	Chicago	Paul Durbin, Kevin Dougherty
Bond Trustee:	TBD		
Issuer's Counsel:	Schiff Hardin	Chicago	Bruce Weisenthal, Paul Marengo

LEGISLATIVE DISTRICTS

Congressional: 15 – Timothy V. Johnson
State Senate: 52 – Richard J. Winkel. Jr.
State House: 103 – Naomi D. Jakobsson

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane, Vice President

Date: September 14, 2004

Re: Overview Memo for Ingalls Health System

- **Borrower/Project Name:** Ingalls Health System
- **Locations:** Harvey, Tinley Park
- **Principal Project Contact:** Vince Pryor, CFO
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed $50,000,000, to be used to fund an operating room renovation at IHS's main facility and the completion of a Cancer Care Center at IHS's Tinley Park facility
- **Project Type:** Hospital
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
- **IFA Fees:**
  - One-time, upfront closing fee of $108,000
- **Structure/Ratings:**
  - **Structure** – the current plan of finance contemplates the issuance of floating rate bonds, with the possibility of a fixed rate issuance. An interest rate swap would be employed to lock in a fixed rate on all or a portion of the bonds, if variable rate bonds were issued. Certain bonds may be insured by Aaa/AAA- or Aa/AA-rated municipal bond insurance.
  - **Ratings** – IHS has recently met with two of the rating agencies (Fitch and Moody's) and would expect long-term ratings of "A- stable"; certain bonds may also be rated based upon the use of credit enhancement and/or liquidity facilities (i.e., provided by an Aaa/AAA or Aa/AA-rated municipal bond insurer).
  - **Days' cash on hand** – 288 days

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
September 14, 2004

Deal: **Ingalls Health System**

STATISTICS

Deal Number:	H-HO-TE-CD-418	Amount:	$50,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Locations:	Harvey, Tinley Park	Originator:	Pam Lenane
Tax ID:	36-3181170	Est fee:	$108,000

BOARD ACTION

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

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will finance the construction and modernization of the Hospital campus and routine capital expenditures of existing health facilities owned by Ingalls Health System ("IHS") in Harvey. Specifically, the bond proceeds will be used to fund an operating room renovation at IHS's main facility and the completion of a Cancer Care Center at IHS's Tinley Park facility. Additionally, bond proceeds may be used for costs of issuance and other deal expenses.

IFA CONTRIBUTION

Federal Tax-Exempt status on the Bonds.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	$50,000,000	Uses:	Project Costs	$50,000,000
				*Issuance Costs	
	Total	$50,000,000		Total	$50,000,000

* Information on Issuance Costs will be available at the time of final bond resolution.

JOBS

Current employment:	2,162 FTEs	Projected new jobs:	N/A
Jobs retained:	2,162 FTE's	Construction jobs	N/A

BUSINESS SUMMARY

Background: Ingalls Health System ("IHS") is a 501(c)(3) corporation established under Illinois law. Ingalls Memorial Hospital ("IMH") is a subsidiary of IHS and is a 553-bed, full-service, acute care independent community hospital offering a wide variety of services in the South Suburban Cook County region.

Description: IMH was originally established in 1923 and has grown into IHS, a full service health system, encompassing IMH, three separate ambulatory care facilities (Calumet City, Tinley Park, and Matteson), a real estate holding company, a fundraising affiliate, a hospital based home care agency, a physician-hospital organization, and a for profit management services organization. IHS is a full service provider in the Cook County region, serving a population of over 700,000.

This year, IMH was again named one of "America's Best Hospitals" in the 15th annual edition of U.S. News & World Report, which was released on July 5th. This year, IMH was cited in two separate categories - ranked 26th in the nation for excellence in Neurology and Neurosurgery, and 44th in the category of Digestive Diseases.

IMH has been listed in the Neuroscience category for three years in a row, with a ranking that has gone up each year (47th in 2002, and 28th in 2003). These prestigious ranking - consisting mostly of large university-affiliated or big-city hospitals across the nation - includes such names as Mayo Clinic, Cleveland Clinic, and Johns Hopkins Hospital. Ingalls was the only community hospital in the area and one of only a few in the entire nation to receive these distinctions.

Financials: Ingalls Health System
Audited Financial Statements 2001-2003

	Year Ended September 30		
	2001	2002	2003
	(Dollars in 000's)		
Statement of Revenues/Exp.:			
Revenue/Support	$215,626	$225,120	$243,223
Operating Income	7,660	3,364	2,917
Balance sheet:			
Current Assets	$97,733	$56,852	$60,656
PP&E – Net	93,215	96,105	104,183
Other Assets	125,622	149,218	174,647
Total Assets	**316,570**	**302,175**	**339,486**
Current Liabilities	47,178	44,857	51,008
LT Debt/Liabil.	89,576	88,233	86,814
Other Non-Current Liab.	8,493	5,299	8,773
Net Assets	171,323	163,786	192,891
Total Liab. & Net. Assets	**$316,570**	**$302,175**	**$339,486**
Ratios:			
Debt coverage	4.50x	3.55x	3.00x
Days Cash on Hand	288	243	267
Current ratio	2.24	1.35	1.06
Debt/Net Assets	0.36	0.36	0.33

Discussion: Over the last three years, IHS has experienced consistently strong operations, generating sufficient cash flow to cover its fixed obligations (debt service payments plus rent expense).

IHS's strong balance sheet (including cash and investments) provide sufficient liquidity to cover over 267 days of operating expenses as of 9/30/2003.

FINANCING SUMMARY

Security:	IHS has recently met with two of the rating agencies (Fitch and Moody's) and would expect long-term ratings of "A - stable"; certain bonds may also be rated based upon the use of credit enhancement and/or liquidity facilities (i.e., provided by an Aaa/AAA or Aa/AA-rated municipal bond insurer).
Structure:	The current plan of finance contemplates the issuance of floating rate bonds, with the possibility of a fixed rate issuance. An interest rate swap would be employed to lock in a fixed rate on all or a portion of the bonds, if variable rate bonds were issued. Certain bonds may be insured by Aaa/AAA- or Aa/AA-rated municipal bond insurance.
Maturity:	Up to 30 years

PROJECT SUMMARY

Bond proceeds will be used to provide a portion of the funds necessary to (i) pay or reimburse IHS for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by IHS, including but not limited to the renovation and equipping of the Harvey facility and Tinley Park facility, and certain routine capital expenditures; (ii) pay a portion of the interest on the Series 2004 Bonds, if deemed necessary or advisable by IHS; (iii) fund working capital for IHS, if deemed necessary or advisable by IHS; (iv) fund a debt service reserve fund, if deemed necessary or advisable by IHS; and (v) pay certain expenses incurred in connection with the issuance of the Series 2004 Bonds, including but not limited to fees for credit or liquidity enhancement for the Series 2004 Bonds, all as permitted by the Illinois Financing Authority Act.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Ingalls Health System, Harvey, IL
Location:	One Ingalls Drive, Harvey, IL 60426
Project name:	Ingalls Health System
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois
Board of Trustees:	Lyndell S. Beckham
	Eugene M. Feingold, Esq.
	Robert L. Harris
	Dennis J. Irvin
	Henry K. Johnson
	James P. Kellner
	Richard M. King
	Neal E. Kitchell
	Mark F. Kozloff, M.D.
	David H. Orth, M.D.
	Michael F. Roy
	Nathaniel K. Sutton
	James F. Tapscott, CPA
	Robert H. Topel
	Robert G. Velo

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Sosin, Lawler & Arnold, LLC	Palos Heights	Tim Lawler
Accountant:	KPMG	Chicago	James Stark
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Co-Bond Counsel	Pugh Jones	Chicago	Steve Pugh
Underwriter:	Merrill Lynch & Co.	Chicago	Ken Vallrugo and Jeffrey Sahrbeck
Underwriter's Counsel:	Ungaretti & Harris LLP	Chicago	Tom Fahey
Bond Trustee:	TBD		
Issuer's Counsel:	Charity & Associates	Chicago	Elvin Charity

LEGISLATIVE DISTRICTS

Congressional:	Jesse L. Jackson, Jr., D-2
State Senate:	James T. Meeks, I-15
State House:	William Davis D-30

ILLINOIS FINANCE AUTHORITY
MEMORANDUM

To: IFA Board of Directors

From: Townsend Albright
Sharnell Curtis-Martin

Date: September 14, 2004

Re: Overview Memo for the YMCA of Metropolitan Chicago
IFA Project #: N-NP-TE-CD-415

Borrower: The YMCA of Metropolitan Chicago

Location: Chicago, Des Plaines, Downers Grove, Elmhurst, Grayslake, Harvey, Ingleside, LaGrange, Lake Zurich, Lindenhurst, Niles, and Palatine

Principal Project Contact: Deborah Stevens, Executive Vice-President & CFO

Board Action Requested: Preliminary Bond Resolution

Amount: $27,000,000 (not-to-exceed amount)

Project Type: Not-For-Profit Bonds

IFA Benefits:

- Conduit Tax-Exempt Bonds
- Interest Savings estimate to be determined

IFA Fees:

- One-time, upfront closing fee estimated at $82,000

Structure/Ratings:

- Direct Pay Letter of Credit by a bank to be determined
- Multi-modal Bonds (initially to be sold as 7-day variable rate demand bonds)
- 35 year maturity

Recommendation:

- Staff recommends approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: The YMCA of Metropolitan Chicago

STATISTICS

IFA Number:	N-NP-TE-CD-415	Amount:	$27,000,000 (not-to-exceed amount)
Type:	Not-For-Profit Bonds	IFA Staff:	Townsend Albright
Location:	Multiple		Sharnell Curtis Martin
Tax ID:	36-217-9782	SIC Code:	8641
Est. fee:	$82,000		

BOARD ACTION

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

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will be used to finance construction, refinance prior debt, refund outstanding bond issue and other acquisitions, renovations and equipment purchases at existing facilities.

IFA CONTRIBUTION

501(c)(3) Revenue Bond projects do not require Volume Cap.

VOTING RECORD

Preliminary Bond Resolution, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Bond	$27,000,000	Uses:	Project Costs	$18,426,625
	Equity	2,847,075		Refinancing/Refunding	10,405,061
				Capitalized Interest	660,997
				Bond Issuance Costs	354,392
	Total Sources	$29,847,075		Total Uses	$29,847,075

JOBS

Current employment:	3323	Projected new jobs:	65
Jobs retained:	N/A	Construction jobs:	200

BUSINESS SUMMARY

Background: The YMCA of Metropolitan Chicago (the "Applicant", the "YMCA") opened its doors in Chicago in 1858 as the Chicago YMCA to accommodate the influx of young men moving to Chicago to work on the railroads and in the stockyards. The YMCA became an Illinois not-for-profit corporation in 1937.

Additionally, the YMCA has issued bonds on two prior occasions through an IFA predecessor, the Illinois Development Finance Authority.

Description: In 1944, the Applicant opened its first suburban YMCA in Harvey, Illinois. In 1955 the Applicant adopted the name "YMCA of Metropolitan Chicago". The Applicant is the second largest YMCA in the U.S. The current service area is bordered by Mokena, Illinois on the South, by Lake Michigan on the East, and on the North and West by Libertyville, Illinois.

The YMCA improves the quality of life for families and their communities through programs that provide support and enrichment of life skills and promote wellness of body and mind. The Applicant supports 31 centers in diverse communities. The YMCA served over one million people during fiscal year 1999.

Financials: Audited Historical Financial Statements 6/30/01 – 6/31/02
Audited Historical Financial Statements 7/1/02 - 12/30/02
Audited Historical Financial Statements 12/30/03
Internally Prepared Projections 12/30/04 - 12/30/06

	Year Ended June 30		Dec 30	Dec 30	Year Ending Dec 30		
	2001	2002	2002	2003	2004	2005	2006
			(6 months)				
				(Dollars in 000's)			
Income statement:							
Sales	$100,957	$94,223	$46,190	$82,394	$78,977	$81,347	$83,787
Change in Net Assets	(2,463)	(16,323)	(8,017)	15,390	1,601	944	1,137
EBIDA*	6,306	(6,012)	(2,945)	25,257	10,712	11,810	12,524
Balance sheet:							
Current assets	$53,708	$11,312	$19,499	$15,913	$7,807	$7,405	$7,163
Investments	89,533	76,153	68,987	83,519	106,167	97,875	91,866
PP&E	103,904	111,458	109,628	109,774	105,725	114,031	121,420
Other assets	13,797	11,430	5,438	4,222	6,100	4,432	4,432
Total assets	260,962	210,353	203,552	213,428	225,799	223,743	224,881
Current liabilities	61,593	28,091	26,359	22,232	15,883	12,883	12,882
Non Current liabilities	82,738	81,959	84,903	83,514	100,634	100,634	100,636
Net Assets	116,631	100,308	92,290	107,682	109,282	110,226	111,363
Total liabilities/equity	$260,962	$210,353	$203,552	$213,428	$225,799	$223,743	$224,881

EBIDA* Earnings Before Interest Depreciation and Amortization

Ratios:

Debt coverage	0.69x	(0.00x)	(0.00x)	12.70x	5.30x	5.97x	6.32x
Current ratio	0.87	0.40	0.74	0.72	0.49	0.57	0.56
Debt/equity	0.56	0.65	0.30	0.60	0.82	0.82	0.81

Discussion: The Applicant reported a series of annual losses in 2001 and 2002. In FY 2002, the YMCA posted 1) realized and unrealized investment losses of approximately $7.5 million, 2) experienced a reduction in contributions of approximately $6 million, 3) reportd reorganization costs of approximately $3 million due to the closure of three facilities, 4) had one-time expenses attributable to staff reductions resulting from elimination of the Child Welfare Program.

During the six month stub period ended December 2002, the $8 million reduction in net assets was attributable to a one-time adjustment for additional pension liabilities of approximately $7.6 million.

Nevertheless, the YMCA has had significant investment balances. These balances totaled $89.5 million as of 6/30/01, thereby, the YMCA was able to sustain operations by liquidating long-term investments. The YMCA has had a successful financial recovery as evidenced by its financial statements for the year ending December 2003.

As of 12/31/03, the YMCA was in full compliance with all financial covenants with Harris Bank on its outstanding indebtedness, including its Series 2001 IFA Bonds.

FINANCING SUMMARY

Security: Direct Pay Letter of Credit from a bank to be determined
Structure: Multi-modal Revenue Bonds (initially 7-day variable rate demand bonds)
Maturity: 35-year

PROJECT SUMMARY

Bond proceeds will be used to finance new construction and rehabilitation of centers, refinance prior debt, and refund outstanding bond issues, to capitalize interest and to pay certain bond issuance costs. Project costs are estimated as follows:

Construction	$12,297,075
Rehabilitation	6,129,550
Total Project Costs	$18,426,625

ECONOMIC DISCLOSURE STATEMENT

Applicant: Young Men's Christian Association of Chicago
Project name: YMCA Metropolitan Chicago Series 2004
Location: Multiple
Organization: 501(c)(3) Corporations
State: Illinois
Board of Directors: See attached list.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Perkins Coie	Chicago	Bill Corbin
Accountant:	PricewaterhouseCoopers,LLP	Chicago	
Bond Counsel:	Chapman and Cutler,LLP	Chicago	Chris Walrath
LOC Bank:	To Be Determined		
Underwriter:	J.P. Morgan Securities	Chicago	Michelle Salomon
Underwriter's Counsel:	To Be Determined		
Issuer's Counsel:	To Be Determined		
Trustee:	LaSalle Bank, N.A.	Chicago	John Deutsch

LEGISLATIVE DISTRICTS

See attached list.

EXHIBIT A

YMCA of Metropolitan Chicago

Proposed Project Name and Location

IFA Application

YMCA Location	Congressional District	Illinois Senate	Illinois House	City Clerk
Austin YMCA 501 North Central Chicago, IL 60644-1599	7	39	78	James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Buehler YMCA 1400 West NW Highway Palatine, IL 60067-1837	10	27	54	Marg Duer 200 East Wood Street Palatine, IL 60067
Camp Duncan YMCA 32405 North Highway 12 Ingleside, IL 60041-9312	8	26	52	Nancy L. Nystrom 26725 West Molidor Road Ingleside, Illinois 60041
Duncan YMCA 1001 West Roosevelt Road Chicago, IL 60608-1559	7	5	9	James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Elmhurst YMCA 211 West First Elmhurst, IL 60126-2601	6	23	46	Norma Cronin c/o City Hall 209 North York Street Elmhurst, IL 60126
Foglia YMCA 1025 Old McHenry Road Lake Zurich, IL 60047-8428	8	26	51	Gloria M. Palmblad 70 East Main Street Lake Zurich, IL 60047
Grayslake YMCA 1850 E. Belvidere Grayslake, IL 60030-2289	8	31	62	Joanne Lawrence 10 South Seymour Grayslake, Illinois 60030
Greater Roseland YMCA 4 East 111th Street Chicago, IL 60628-4394	2	14	28	James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Hastings Lake 20517 W. Grass Lake Rd Lindenhurst, IL 60046-7452	8	31	61	Donna L. Bauschke 2301 East Sand Lake Road Lindenhurst, Illinois 60046
High Ridge YMCA 2424 West Touhy Chicago, IL 60645-3310	9	8	16	James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Indian Boundary 711 59th Downers Grove, IL 60516-1420	13	24	47	Diane A. Konicek 801 Burlington Avenue Downers Grove, IL 60515
Irving Park YMCA 4251 West Irving Park Chicago, IL 60641-2938	5	8	15	James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Lake View 3333 North Marshfield Chicago, IL 60657-2123	5	6	11	James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602

EXHIBIT A

YMCA of Metropolitan Chicago

Proposed Project Name and Location

IFA Application

Lattof YMCA 300 East NW Highway Des Plaines, IL 60016-2262	9	33	66 Donna McAllister 1420 Miner Street Des Plaines, IL 60016
Lawson House YMCA 30 West Chicago Avenue Chicago, IL 60610-4331	7	3	5 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Leaning Tower YMCA 6300 West Touhy Niles, IL 60714-4627	5	8	15 Marcia Jendreas 1000 Civic Center Drive Niles, IL 60714
McCormick Tribune YMCA 1834 North Lawndale Chicago, IL 60647-4700	4	2	4 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
New City YMCA 1515 North Halstead Avenue Chicago, IL 60622-2529	7	3	5 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Rauner YMCA 2700 S. Western Chicago, IL 60608-5294	7	1	1 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
Rich Port YMCA 31 East Ogden LaGrange, IL 60525-2016	3	41	82 Gayle Decker 53 South LaGrange Road LaGrange IL 60525
South Chicago 3039 E. 91st Street Chicago, IL 60617-4499	2	13	25 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
South Side YMCA 6330 South Stony Island Chicago, IL 60637-3773	1	13	25 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
South Suburban 178 E. 155th Street Harvey, IL 60426-3622	2	15	30 Gwendolyn L. Davis 15320 Broadway Avenue Harvey, IL 60426
Wabash YMCA 3763 S. Wabash Chicago,IL 60653-1528	7	3	5 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602
West Communties 6235 S. Homan Avenue Chicago, IL 60629-3337	3	12	23 James Laski 121 North LaSalle Street . Room 107 Chicago, IL 60602

EXHIBIT B
YMCA of Metropolitan Chicago
Board of Directors
IFA Application

August 2004

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From : Jim Senica

Date: September 14, 2004

Re: Overview memo for Sauk Valley Student Housing, L.L.C. (to be formed)

- **Borrower/Project Name:** Sauk Valley Student Housing, L.L.C.
- **Location:** Dixon (Lee County)
- **Principal Project Contact:** Cal Lyons, Executive Director
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** $8,000,000 (not-to-exceed amount)
- **Project Type:** Student Housing Complex
- **IFA Benefits:**
  - Conduit Tax-Exempt Bonds – no direct IFA or State funds at risk
  - New Money Bonds: Convey tax-exempt status
- **IFA Fees:**
  - Application fee: $1,000
  - One-time, upfront closing fee: $40,000
- **Structure:**

  Not-for-profit bonds issued by IFA will be placed by Stern Brothers & Co
  - Tax-exempt rate to Sauk Valley Student Housing, L.L.C.
  - Variable rate bonds
  - Maturity not to exceed 25 years

ILLINOIS DEVELOPMENT FINANCE AUTHORITY
BOARD SUMMARY
September 14, 2003

Project: Sauk Valley Student Housing, L.L.C. (to be formed)

STATISTICS

Deal Number:	N-NP-TE-CD-417	Amount:	$8,000,000 (not-to-exceed amount)
Type:	Not-for-Profit Bond	IFA Staff:	Jim Senica
Location:	Dixon	Tax ID:	Applied-For
		Est fee:	$40,000

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to finance the construction of a 3-building student housing complex and to pay bond issuance costs.

IFA CONTRIBUTION

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

VOTING RECORD

Initial Board consideration, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	Revenue Bonds	$8,000,000	Uses:	Project Costs	$7,840,000
	Total	$8,000,000		Issuance Costs	160,000
				Total	$8,000,000

JOBS

Current employment:	N/A*	Projected new jobs:	5
Jobs retained:	N/A	Construction jobs:	100 (9 to 11 Months)

*The Student Housing L.L.C. (to-be-formed) currently has no employees - all administrative work performed by Sauk Valley Community College employees.

BUSINESS SUMMARY

Background: Sauk Valley Community College Foundation is a 501 (c)(3) nonprofit public benefit corporation formed in the late 1980's. The Foundation was organized to engage in the raising of funds to support the educational, charitable and benevolent purposes of Sauk Valley Community College District 506, a community college based in Dixon, Illinois. The 501 (c)(3) Student Housing L.L.C. is being formed as a subsidiary of the Foundation to own and operate the student housing units being constructed in this project. It is necessary to form the Residential L.L.C. because under Illinois statute governing community colleges, a community college is prohibited from directly owning a student housing facility.

Description: The Residential L.L.C.'s mission will be to own and operate the new student residential housing units to be built on a 5-acre parcel of land owned by the Sauk Valley Community College Foundation on Sauk Valley Community College's Dixon campus. The Student housing L.L.C. will derive its revenue solely from the cash flows of the project. Probable Board members of the L.L.C. as well as principals involved in the development of the L.L.C., would include Calvin W. Lyons, Sauk Valley Community College Foundation Executive Director and James Say, Sauk Valley Community College Foundation Finance Committee Chairman. Vacancy rates in area apartments are currently extremely low.

Remarks: The Sauk Valley Community College Foundation supports the activities of Sauk Valley Community College where there are approximately 2,700 students enrolled. The accounts of the Foundation are maintained separately from the College as the Foundation receives funds restricted as to their use by grantors and unrestricted funds whose use is determined by the Foundation Board of Trustees.

Financials: Audited Financial Statements of Sauk Valley Community College Foundation 2001through 2003

	Year Ended September 30 2001	2002	2003
	(Dollars in 000's)		
Income statement			
Support and revenues	339	347	136
Net Income	(70)	52	(10)
Balance Sheet			
Current assets	2,982	2,639	2,878
P P & E	108	108	108
Total assets	3,090	2,747	2,986
Current liabilities	-0-	-0-	-0-
Debt	-0-	-0-	-0-
Net assets	3,090	2,747	2,986
Total liab. & net assets	3,090	2,747	2,986
Ratios			
Debt Service Coverage	N/A	N/A	N/A
Current Ratio	N/A	N/A	N/A
Debt/Equity	N/A	N/A	N/A

Discussion: Debt service on the project will be funded entirely from rents received on the project rentals.

FINANCING SUMMARY

Security: Irrevocable, direct-pay letter of credit from Amcore Bank

Structure: 25-year variable-rate bonds

PROJECT SUMMARY

Bond proceeds will be used to construct three buildings on five acres of land owned by the Sauk Valley Community College Foundation. Two buildings will be residential with a housing capacity of approximately 140 students. The third building will serve as a community center providing such services as a postal center, community meeting rooms and washers and dryers.
Project costs are estimated as follows:

Building Construction	$7,840,000
Total	$7,840,000

Since Illinois Central College District 506 encompasses a large rural area, many students are required to commute considerable distances to the campus in Dixon on a daily basis. Making available the affordable housing on campus will allow the college to provide highly qualified students, who would other wise be unable to attend, with the opportunity to complete their college coursework on campus.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Sauk Valley Student Housing, L.L.C.
Location:	173 Illinois Route 2 Dixon, Il 61021 (Lee County)
Applicant:	Sauk Valley Student Housing, L.L.C. (to be formed)
Organization:	501 (c)(3) Not-for-Profit Corporation
State:	Illinois
Ownership:	Not applicable for 501(c)(3) Corporation - List of Board of Trustees attached
General Contractor:	Century Development
Property Owner:	Sauk Valley Community College Foundation

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ward, Murray, Pace	Dixon, IL	Jock Heaton
Bond Counsel:	Wildman Harold	Chicago, IL	James M. Snyder
Issuer's Counsel:	To be determined		
Underwriter	Stern Brothers & Co.	St. Louis, MO	John M. May
Underwriter's Counsel:	Miller, Hall & Triggs	Peoria, IL	Rick Joseph
Accountant:	Clifton Gunderson	Peoria, IL	
Engineering Consultant:	Clark Engineers, Inc.	Peoria, IL	Mark Otten

LEGISLATIVE DISTRICTS

Congressional:	14 – Dennis J. Hastert
State Senate:	45 – Todd Sieben
State House:	90 – Jerry L. Mitchell

Sauk Valley Community College Foundation

Board of Trustees

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Steven Trout, Funding Manager

Date: September 6, 2004

Re: Overview Memo for Fox River Valley Country Day School
N-NP-TE-CD-416

Borrower/Project Name: Fox River Valley Country Day School

Locations: Elgin (Kane Co.)

Principal Project Contact: Phil Calkins, Chief Financial Officer (847) 888-7910

Board Action Requested: Initial Bond Resolution

Amount: Not to exceed $3,500,000

Uses:

- Partially finance the construction of a 20,000 square-foot classroom building on campus at 1600 Dundee Avenue in Elgin
- Pay costs of issuance

Project Type: Not-for-Profit 501(c)(3) Bonds

IFA Benefits:

- Convey federal tax-exempt status
- No IFA or State funds at risk

IFA Fees: $16,500

Structure:

- 25-year term with amortization beginning in the second year
- To be purchased directly by a bank as a direct investment to be held to maturity
- The School is collecting bids from several banks. The Private Bank is the expected bond purchaser.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Fox River Valley Country Day School**

STATISTICS

Project Number:	N-NP-TE-CD-416	Amount:	$3,300,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Steve Trout
Location:	Elgin	Est. fee:	$16,500

BOARD ACTION

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

PURPOSE

Partially finance the construction of a 20,000 square-foot school building at 1600 Dundee Avenue in Elgin

VOLUME CAP

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

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$3,300,000	Uses:	Project Costs	$3,935,000
	Contributions	$700,000		Costs of Issuance	65,000
	Total	$4,000,000		**Total**	$4,000,000

JOBS

Current employment:	25	Projected new jobs:	9
Jobs retained:	N/A	Construction jobs:	15 (6 months)

BUSINESS SUMMARY

Background: Fox River Country Day School ("FRCDS" or "the School") is a not-for-profit 501(c)3 that owns and operates a private school for children aged 3 through 14. The School was founded in 1913 and was known as the Chicago Junior School until 2003.

The School is located on a 53.4 acre, wooded campus in northern Elgin. The campus includes 10 buildings, totaling 73,000 square-feet of space, which was constructed between 1929 and the 1960s. FRCDS enrolls 251 students, including 65 pre-schoolers and 186 students attending kindergarten through eighth grade.

Description: The School seeks to educate the whole child through values-based curriculum conducted in a home-like environment that combines academic excellence with individual character development.

FRCDS' focus for its Pre-School and Lower School Department are small class size, individualized attention and quality teachers. Class sizes range from 8 or 9 students for early pre-school to 15 for kindergarten and 17 in grades 1 and 2 allow each child to be actively engaged and nurtured as an individual. The curriculum covers language arts, mathematics, science and social studies. Co-curricular instructors teach environmental education, library, swimming, music and art. Lower School students are taught computer science and Spanish. A reading specialist provides added instruction for students needing it and evaluates each student's progress. Families with diverse religious and economic backgrounds send their children to FRCDS, an independent school with a Christian Science heritage, because of its emphasis on moral and ethical education that celebrates the similarities of each family's religious background. The School uses its 23-acre hiking trails to teach environmental education and an appreciation for others and the natural world.

FRCDS's Middle School program combines curricula, varied teaching strategies and emphasis on learning how to learn as well as mastering a body of knowledge. The School's focus on each student's academic abilities and character development, that is the "whole child", develops people who will be successful at school, home and throughout life. FCRDS teachers maintain membership in many national professional organizations to stay abreast of curriculum and teaching trends. Core teachers spend 20 hours with each student per week, providing flexibility to adjust schedules to make the most of lessons and an ability to understand each child as an individual. Teachers use an eclectic blend of strategies in recognition of student's diverse learning styles. Each class is responsible for a community project that reinforces the School's focus on character development. Students work with the School's naturalist to restore FRCDS's woods to 1880s pre-settlement conditions as part of their environment education.

Financials: Financial summary prepared from audited financial statements for 2001, 2002 and 2003. Projections for 2004 through 2007 prepared by staff, based on the School's operating assumptions. (Figures in $000s.)

	Year Ended August 31			Year Ending August 31			
	2001	2002	2003	2004	2005	2006	2007
Income Statement							
Revenues & Support	$2,764	$3,236	$2,774	$2,872	$3,717	$3,534	$3,842
Operating Income	(100)	211	(274)	(3)	574	(47)	13
Net Investment Income	(1,438)	(187)	108	53	56	56	56
Change in Net Assets	(1,530)	24	(166)	50	630	10	69
Earnings Before Interest Deprec. & Amort.	(1,440)	126	(58)	160	929	491	561
Balance sheet:							
Current assets	891	1,178	757	1,091	1,088	1,062	1,134
Net PP&E	790	762	813	778	4,668	4,593	4,603
Other Assets	1,055	856	937	1,783	1,873	1,873	1,873
Total assets	2,765	2,796	2,507	3,652	7,629	07,528	7,610
Current liabilities	994	1,001	878	909	1,018	975	1,058
Long-term Debt	0	0	0	0	3,237	3,170	3,100
Other Long-term Liabilities	0	0	0	0	0	0	0
Net Assets	1,771	1,795	1,629	2,743	3,374	3,383	3,452
Tot Liabs & Net Assets	2,765	2,796	2,507	3,652	7,629	07,528	7,610
Ratios:							
Fixed Charge Coverage	(341.8x)	7.65x	(2.56x)	10.89x	4.54x	1.76x	2.00x
Current Ratio	0.90	1.18	0.86	1.20	1.07	1.09	1.07
Days Cash on Hand	111.7	85.7	34.4	76.9	67.0	58.8	57.8
LT Debt/Net Assets	0.00	0.00	0.00	0.00	0.96	0.94	0.90

Discussion: The School's sources of income in FY 2003 includes: tuition (74%), third party contributions (12%), contributions from an endowment fund (8%), investment income (4%), special events and rent (2%). FRCDS has generally incurred a modest operating loss that was to be offset by investment income generated from assets held by the School and by a separate endowment fund created for the benefit of FRCDS. Unfortunately, investment income during the period reviewed has not been sufficient to offset operating losses. The Schools incurred significant investment losses in 2001 and 2002, which depleted its portfolio from $2.55 million at the beginning of the period to $937,000 as of the end of FY 2003. Endowment fund assets (net of School assets managed by the fund), declined from $2.7 million at the beginning of the period to $1.1 million at the end of FY 2003, because of losses and liquidation of investments to support School operations. Stifel Nicholaus of St. Louis has served as investment advisor for the past 12 years. An Investment Committee comprised of members of the Board's Finance Committee oversees investment performance.

Liquidity has declined over the period reviewed but remained acceptable. Prepaid tuition recorded as deferred revenue (a current liability) caused the ratio of current assets to current liabilities to hover below 1.0. The investment portfolio stabilized in FY 2003 and FY 2004. FRCDS consolidated its endowment fund into the School's finances, which increased by over $1 million cash and investments and net assets presented in the balance sheet for FY 2004.

The forecast for FY 2005 assumes that: 1) the bonds close October 1 and pay interest at an average rate of 6.25%, 2) construction begins during the Fall and is completed by the end of the fiscal year, 3) the School collects $650,000 in pledges committed for this project and raises the remaining $50,000 in contributions and records this income as revenue during the year. The forecast for FY 2006 incorporates a full year's depreciation expense and assumes the first of 24 annual principal payments is made, based on a level payment schedule. Management is counting on tuition increases, enrollment growth and increased contributions from a larger base of parents to generate increased revenues in FY 2006 and 2007.

The School has demonstrated its ability to solicit addition contributions if needed to complete capital campaign or meet unanticipated shortfalls.

A recently completed appraisal values the campus (excluding the proposed project) at $2.1 million, versus $813,000 recorded on the FY 2003 financial statements.

FINANCING SUMMARY

Bonds: Tax-exempt 501(c)(3) bonds amortizing over 25 years. The bonds will be purchased by a bank that is currently being selected. The School anticipates that it will negotiate a credit facility with a 3 to 5 year initial term, with interest to be set around 75% of Prime (currently 3.375%) or around 5% if fixed.

Obligors: Fox River Country Day School

Band Security: A first lien and security interest in the all assets on campus, including the subject property, and a pledge of all net revenues generated by the School.

PROJECT SUMMARY

The School is planning to construct a 20,000 square-foot classroom building on campus at 1600 Dundee in Elgin (Kane County). The building will include 3 classrooms for pre-school students and 10 classrooms for students attending Kindergarten through fourth grade. The classrooms will open into a glass-enclosed center court to encourage interaction of children and staff. The building will replace an existing 6,000 square-foot classroom building. Classes for FY 2005 are being relocated into other existing space on campus. Mark Thompson and Associates, a noted school designer, will serve as architect. A fixed-price contract with a general contractor will be awarded after bids are evaluated within the next couple of weeks. The project is expected to costs $4,000,000 to complete.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Fox River Country Day School, 1600 Dundee Avenue, Elgin, Illinois 60120 (Contact: Phil Calkins, Chief Financial Officer, Phone: (847) 888-7910)		
Project name:	Fox River Country Day School		
Location:	1600 Dundee Avenue, Elgin (Kane County), Illinois 60120		
Organization:	Illinois 501(c)(3) organization		
Board Members:	Dennis Marunde	President	Crystal Lake
	Marian Bruce	Vice President	Crystal Lake
	William Moller	Secretary	Clarendon Hills
	David Wise	Treasurer	Hinsdale
	Marian Gebhardt	Member	Palatine
	Jann Harley	Member	Barrington
	Jonathan Keehn	Member	Woodstock
	Richard Moore	Member	Plymouth, MI
	Karen Morse	Member	Lake Barrington
	Ray Morse	Member	Lake Barrington
	Alan Neil	Member	Marengo
	Cathy Raffles	Member	Lake Forest
	Sharon Seagren	Member	Barrington
	Barbara Switzer	Member	Des Peres, MO
	Bob Woolard	Member	Kenilworth

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Sedgwick Detert, Moran	Chicago, IL	Vern Kowal
Bond Counsel:	To be determined		
Bond Purchaser	Private Bank (expected)	St. Charles	David Lahl
Bank Counsel:	To be determined		
Issuer's Counsel:	To be determined		
Financial Advisor:	Fifth Third Securities	Mount Prospect, IL	Severine Petras
Accountant	Mueller & Co., LLP	Elgin, IL	
Architect	Mark Thompson and Associates	Philadelphia, PA	Mark Thompson

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To:	IFA Board of Directors
From:	Rich Frampton
Date:	September 14, 2004
Re:	Overview Memo for The Richard H. Driehaus Museum E-PC-TE-CD-413

- **Borrower/Project Name:** The Richard H. Driehaus Museum
- **Location:** Chicago (Cook Co.)
- **Principal Project Contact:**
- **Board Action Requested:** Preliminary Bond Resolution
- **Amount:** not to exceed $15.5 million
  - Uses:
    - *New Money:* Proceeds will be used to financing the acquisition and renovation, and equipping of the Nickerson Mansion at 40 East Erie Street, renovation of the adjacent Murphy Auditorium for use as a museum and public auditorium. The Nickerson Museum is listed on the National Register of Historical Places.
- **Project Type: 501(c)(3) Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt and Taxable Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - Series 2004 Bonds: convey tax-exempt status

- **IFA Fees**:
  - One-time, upfront closing fee estimated at $60,000

- **Structure/Ratings:**
  - Bonds will be secured by a Direct Pay Letter of Credit from a Bank to be determined.
  - **Ratings:** will be based on the underlying ratings of the Letter of Credit Bank and will be presented at the time of the Final Bond Resolution. William Blair & Co. L.L.C. (the "Underwriter") is soliciting bids from LOC Banks with long-term ratings of AA- or better to provide credit enhancement for this project.
  - **Current and estimated rates:** Bonds will be sold initially as 7-day variable rate demand bonds. The most current estimated average market interest rate on 7-day floaters was approximately 1.35% as of 8/25/2004.

- **Recommendations/Conditions:**
  - Staff recommends approval – no extraordinary conditions since these Bonds will be secured by a Direct Pay Letter of Credit.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: The Richard H. Driehaus Museum

STATISTICS

IFA Project #:	E-PC-TE-CD-413	Amount:	$15,500,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Rich Frampton
Locations:	Chicago	Est. fee:	$60,000 (based on $15M issue amount)
SIC Code:	8412		

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Revenue Bonds
Staff recommends approval

No IFA funds at risk
No extraordinary conditions

PURPOSE

Acquisition, renovation, and equipping of the Nickerson Mansion and renovation of the adjacent Murphy Auditorium.

IFA CONTRIBUTION

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

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Tax-Ex. Bonds	$15,000,000	Uses:	Project Costs	$16,225,000
	Equity	2,315,000		Cap. Interest & LOC	790,000
				Issuance Costs	300,000
	Total	**$17,315,000**		**Total**	**$17,315,000**

JOBS - Forthcoming

Current employment:	2	Projected new jobs:	3 (FTE)
Jobs retained:	N/A	Construction jobs:	40 (12 months)

BUSINESS SUMMARY

Background: The Richard H. Driehaus Museum (the "Museum" or the "Borrower") is an Illinois 501(c)(3) not-for-profit incorporated on December 30, 1999. A list of the Museum's Board of Directors follows in the Economic Disclosure Statement section of this report.

Description: The Museum is in the process of initiating the acquisition and rehabilitation of the Samuel M. Nickerson House (the "Nickerson Mansion"), a Chicago landmark located at 40 East Erie Street. The Nickerson Mansion will be rehabilitated to serve as a public museum that will exhibit works of art, artifact, and other items from various collections donated by Richard H. Driehaus and other donors. The Musuem's collection will include sculptures, stained glass, and other decorative art.

Additionally, the Museum is in the process of renovating the adjacent Murphy Auditorium to return the facility to its intended purpose as a public auditorium. The auditorium will be used for public lectures, award ceremonies, and for meetings held by the American College of Surgeons, and by the Richard H. Driehaus Museum.

To date, the Museum has operated the Richard H. Driehaus Gallery (the "Gallery") in conjunction with the Smith Museum located at Navy Pier. The Museum expended approximately $780,000 to construct the Gallery, which contains approximately 1,320 SF and display 12 Tiffany stained glass windows. Development of the Gallery was funded by grants from the Richard H. Driehaus Foundation and the MacArthur Foundation. Currently, the Gallery is open to the public free of charge.

The Mansion was listed on the National Register of Historic Places in 1976 and the Commission on Chicago Historical and Architectural Landmarks designated the Mansion as a landmark on September 28, 1977.

Remarks: As planned, the Museum will be open to the general public for a $7.50 admission charge with discounts available to seniors and school groups. The Richard H. Driehaus Foundation will provide dedicated operating grants as necessary to obtain a bank LOC commitment.

Financials: Compiled Financial Statements of The Richard H. Driehaus Foundation (the "Guarantor") for the fiscal years ended 12/31/01-12/31/03 prepared on a cash basis from tax returns. Projections for fiscal years ending 12/31/04-12/31/06 prepared by IFA staff based on assumptions provided by the Applicant. The Foundation will be the Guarantor on the proposed bonds, on behalf of the Driehaus Museum.

	Historical Year Ended Dec. 31			Projected Year Ended Dec. 31		
	2001	2002	2003	2004	2005	2006
Income Statement						
Revenues/Support	$6,053	$(5,537)	$14,396	$3,149	$3,153	$3,187
Change in Net Assets	6,053	(9,404)	8,222	1,166	330	330
* EBIDA	6,053	(9,404)	8,222	1,982	1,646	1,696
Balance sheet:						
Current assets	$7,997	$5,826	$18,289	19,891	20,004	20,019
Net PP&E	15	15	39	15,039	14,589	14,139
LT Investments	53,446	44,004	48,445	48,339	48,541	48,551
Total assets	**61,458**	**49,845**	**66,773**	**83,269**	**83,134**	**82,709**
Current liabilities	3,794	5,523	4,541	4,871	4,772	4,439
LT Debt & Cap. Leases	--	--	--	15,000	14,634	14,211
Other LT Liabilities	--	--	--	--	--	--
Net Assets	57,664	44,322	62,232	63,398	63,728	64,059
Tot Liabs & Net Assets	**61,458**	**49,845**	**66,773**	**83,269**	**83,134**	**82,709**

Ratios:

Debt Service/Fixed Obligation Coverage	N/A	N/A	N/A	2.43x	1.39x	1.32x
Current Ratio	2.11	1.05	4.03	4.08	4.19	4.51
LT Debt/Net Assets	N/A	N/A	N/A	0.24	0.23	0.22

* Earnings Before Interest, Depreciation and Amortization

Discussion:

The historical statements were based on tax returns prepared by the Applicant and are prepared on a cash basis. As a pre-condition for obtaining credit enhancement, both the Museum and the Foundation will engage an independent accountant satisfactory to the LOC Bank to prepare audited financial statements.

William Blair & Co. LLC is currently soliciting bids from prospective Letter of Credit Banks to serve as LOC provider on the proposed $15 million bond issue. As proposed, the Richard H. Driehaus Foundation will serve as Corporate Guarantor on the LOC, on behalf of the Richard H. Driehaus Museum, the Obligor/Borrower.

To date the Foundation has been the principal source of revenue for the Museum. Both the Foundation and the Museum have been debt-free prior to pursuing the subject bond financing.

Investment Income derived from the Foundation's Balance Sheet has represented the Foundation's (and, ultimately, the Museum's) principal source of revenues. Because the investment management constitutes a critical portion of the Foundation's revenues, reported losses reflect realized losses associated with the sale of marketable securities pursuant to the tax returns (rather than by accrual-based accounting).

The projections assume that the Foundation will (1) obtain a 4% return on its investments, which comprise the Foundation's primary source of revenues, (2) annual contributions of approximately $450,000, consistent with historical performance. Additionally, museum generated income of $45,000 in 2005 and $60,000 in 2006 has been projected (and added to the Foundation's results on a *pro forma* basis).

The projections further assume that (1) the proposed bond issue will close as of 12/31/04, (2) there will be a 12-month construction period, during which only interest payments will be due, (3) principal payments will begin as of 1/1/05, (4) the projections will assume that the effective rate on the 7-day variable rate demand bonds will be 6% (the current effective market interest rate was approximately 2.60% as of 8/25/04), (5) payments will be amortized over 20 years, (6) there will be no significant fluctuations in value for its marketable securities, and (7) the LOC Bank will require that the Foundation's income will be pledged to the Museum to make payments first on the underlying bonds prior to allocations for any other purpose.

According to the projections, the Foundation will generate sufficient cash flow from operations to cover the Museum's proposed debt service obligations by multiples of 1.32 times or better.

Because the Foundation is the Corporate Guarantor and represents the ultimate source of operating cash flow, the Museum's financial statements are not presented herein. As of 12/31/03, the Museum reported combined cash and investment balances of approximately $1.03 million and reported contributions of approximately $2.5 million for the year ended 12/31/03. These contributions were primarily from the Foundation. (Another significant contributor was the MacArthur Foundation, which donated $171,000 in 2002 and $679,000 in 2003.)

FINANCING SUMMARY

Structure: 7-day variable rate demand revenue bonds to be secured by a Direct Pay Letter of Credit from a Bank with a long-term rating of AA- or better. The Underwriter (William Blair & Company) has proposals pending from prospective LOC providers. Anticipated initial LOC term will be for a period of up to 5 years, with periodic renewal provisions.

Term/ Interest Rate: 20-year maximum term and amortization. The most recent average 7-day variable interest rate was approximately 1.35% as of 8/25/04 (thereby resulting in an estimated effective rate of approximately 2.60% as of 8/25/04).

Security: The Bonds will be secured a general obligation of the Museum, customary negative pledge provisions, and financial covenants to be negotiated with the prospective LOC Bank. The Bonds will be unconditionally guaranteed by the Richard H. Driehaus Foundation.

PROJECT SUMMARY

Bond proceeds will be used to finance (i) the acquisition, renovation, and equipping of the Nickerson Museum, 40 East Erie Street, Chicago (Cook County), IL 60611 and the Murphy Auditorium, 50 East Erie Street, Chicago (Cook County), IL 60611, (ii) payment of capitalized interest during the renovation period, and (iii) payment of bond issuance costs.

The preliminary estimated proposed project costs are as follows:

Land and Building Acquisition	$2,315,000
Renovation – Murphy Auditorium	4,995,000
Renovation – Nickerson Mansion	7,175,000
Architectural Fees	740,000
Landscaping	1,000,000
Total:	**$16,225,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Richard H. Driehaus Museum, c/o The Richard H. Driehaus Foundation, 25 East Erie Street, Chicago, IL 60611; Ph.: 312-587-3800

Contacts: Ms. Sonia Fischer, Executive Director, 203 N. Wabash Ave., Chicago, IL 60601

Project name: The Richard H. Driehaus Museum and Murphy Auditorium

Locations: 40 and 50 East Erie Street, Chicago (Cook County), IL 60611

Organization: Illinois 501(c)(3) organization

Board Membership:

The Richard H. Driehaus Foundation
Richard H. Driehaus, President/Director, St. Thomas, US VI 00804
Dorothy Mellin, Treasurer/Director, Chicago, IL
Elizabeth Driehaus, Secretary/Director, Chicago, IL

The Richard H. Driehaus Museum
Richard H. Driehaus, President/Director, St. Thomas, US VI 00804
Roger J. Guerin, Secretary/Treasurer, Chicago, IL

Current Land Owners:	(1) Nickerson Mansion, 40 East Erie Street, Chicago (Cook County), IL 60611 and (2) Murphy Auditorium, 50 East Erie Street, Chicago (Cook County), IL 60611: On June 9, 2003, the Museum acquired ownership of the Nickerson Mansion. The Board of Directors of The Museum approved a Resolution to finance the acquisition and renovation of the subject Properties with tax-exempt 501(c)(3) Revenue Bonds in early 2004 for reimbursement purposes.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Quarles & Brady, LLC	Chicago, IL	Tom Chomicz
Bond Counsel:	Foley & Lardner (selected by RFP)	Chicago, IL	Laura Bilas
LOC Bank:	TBD (Currently being bid out by William Blair & Company, L.L.C.)		
LOC Bank Counsel:	To be selected by LOC Bank		
Underwriter:	William Blair & Company, L.L.C.	Chicago, IL	Jim Due
Underwriter's Counsel:	TBD		
Trustee:	TBD (to be bid out by William Blair & Company, L.L.C.)		
Accountant:	Auditor to be selected subject to consent by the LOC Bank		
IFA Counsel:	TBD		

LEGISLATIVE DISTRICTS

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

Illinois Finance Authority
Memorandum

To: IFA Board of Directors

From: Sharnell Curtis-Martin

Date: September 14, 2004

Re: Overview Memo for E. Kinast Distributors, Inc.
IFA Project #: I-ID-TE-CD-413

Borrower: E. Kinast Distributors, Inc.

Location(s): Hanover Park, IL

Principal Project Contact: William Schierer, President

Board Action Requested: Preliminary Bond Resolution

Amount: $3,600,000 (not-to-exceed amount)

Project Type: Industrial Revenue Bonds

IFA Benefits:

- Conduit Tax-Exempt Bonds
- Interest Savings estimate to be determined

IFA Fees:

- Application Fee of $1,000
- Bond Issuance Fee of $27,750

Structure/Ratings:

- Direct Pay Letter of Credit by Bank One, N.A.
- Variable Rate Demand Bonds/Fixed Rate Bonds to be determined
- Maturity to be determined

Recommendation:

- Staff recommends approval

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: E. Kinast Distributors, Inc.

STATISTICS

Deal Number:	I-ID-TE-CD-413	Amount:	$3,600,000
Type:	Industrial Revenue Bonds	PA:	Sharnell Curtis-Martin
Location:	Hanover Park	Tax ID:	36-2854554
SIC Code:	2590	Estimated Fee:	$27,750

BOARD ACTION

Preliminary Bond Resolution
Conduit Industrial Revenue Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

To finance acquisition of land, construction, machinery and equipment

VOLUME CAP

The Applicant is seeking approximately $3,600,000 in IFA Volume Cap

VOTING RECORD

Preliminary Bond Resolution, no previous voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA Bond	$3,600,000	Uses:	Project Costs	$4,400,000
	Equity	950,000		Bond Issuance Costs	150,000
	Total Sources:	$4,550,000		Total Uses	$4,550,000

JOBS

Current employment:	43	Projected new jobs:	13
Jobs retained:	N/A	Construction jobs:	87 (6 months)

BUSINESS SUMMARY

Background: E. Kinast Distributors, Inc. ("E. Kinast" or the "Company") began as a sole proprietorship owned by Mr. Edward Kinast in 1970. The Company began as a wholesale distributor of interior building products for woodworkers, lumber yards and kitchen remodelers. The Company incorporated as E. Kinast Distributors in December 1975.

When Mr. Kinast passed away, his business was taken over by his three daughters: Dianne Kinast, Barbara Kinast and Nancy (Kinast) Schierer and son-in-law, William Schierer. Mr. Schierer serves as the Company's President, while his wife and sister in laws also serve in management positions in the Company.

In 1997, E. Kinast began a manufacturing division to produce counter tops for the Chicago area Home Depot Stores. This new area has allowed the Company to diversify and become a value added manufacturer and distributor of countertops, wood components, laminated panels and other products used by the woodworking industry. E. Kinast also assembles and packages hardware for the McMaster-Carr Corporation.

Description: The new facility in located in Hanover Park will allow E. Kinast to expand from 49,000 square feet to over 66,000 square feet. Also located in TIF District #3, this project is expected to create 13 new jobs.

Financials: Audited Financial Statements 10/31/01 - 10/31/03
Internally prepared financial projections 10/31/04 - 10/31/06

	Year Ended Oct 31			Year Ending Oct 31		
	2001	2002	2003	2004	2005	2006
				(Dollars in 000's)		
Income statement:						
Sales	$9,996	$10,318	$10,492	$12,247	$13,390	$14,719
Net income	(84)	(99)	123	67	391	523
EBITDA*	219	149	330	245	532	732
Balance sheet:						
Current assets	$3,035	$3,045	$2,646	$2,956	$3,167	$3,410
PP&E	407	365	317	3,601	3,451	3,330
Total assets	3,442	3,410	2,963	6,557	6,618	6,740
Current liabilities	2,243	2,311	1,781	1,940	2,051	2,336
Non Current liabilities	1,036	1,035	995	4,363	3,922	3,236
Equity	163	65	187	254	645	1,168
Total liabilities/equity	$3,442	$3,410	$2,963	$6,557	$6,618	$6,740
Ratios:						
Debt coverage	1.06	0.80	1.98	1.99	2.66	3.48
Current ratio	1.35	1.32	1.49	1.52	1.54	1.46
Debt/equity	6.48	16.49	5.53	17.36	6.39	2.94

EBITDA* Earnings before Interest Depreciation and Amortization

Discussion:	In 2001 and 2002, the Company experienced net losses of $84,000 and $99,000 respectively. If non-cash expenses (i.e. amortization and depreciation) are added back in, the Company would have adjusted net income of $27,700 in 2001 and $12,300 in 2002. The Company has a $1.1 million operating line of credit through Bank One N.A. with approximately $700,000 available.

FINANCING SUMMARY

Security:	Direct Pay Letter of Credit to be provided by Bank One, N.A.
Structure:	To Be Determined
Maturity:	To Be Determined

PROJECT SUMMARY

Bond proceeds will be used to finance the acquisition of an approximately five acre parcel of land located at 7N 650/7N 728 Church Road, Hanover Park, IL 60133 (DuPage County) , construction of a 66,625 square foot manufacturing facility and the acquisition of equipment and machinery for use therein. Project costs are estimated as follows:

Construction	$3,500,000
Land	650,000
Machinery and Equipment	150,000
Architectural/Engineering	100,000
Total Project Costs	**$4,400,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	E. Kinast Distributors, Inc.	
	9362 W. Grand Avenue, Franklin Park, IL 60131 (Cook County)	
Project name:	E. Kinast New Facility	
Location:	7N 650/7N 728 Church Road, Hanover Park, IL 60133 (DuPage County)	
Organization:	Corporation	
State:	Illinois	
Ownership:	William and Nancy Schierer	48.4%
	Dianne Kinast	28.3%
	Barbara Kinast	23.3%
Land Sellers:	KND Group	
	Information on the individuals who own KND Group is forthcoming.	

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Tews, Theisen & Lawler	Chicago	Herbert Theisen
Accountant:	Ostrow, Resien, Birk and Abrams	Chicago	Paul McEntree
Bond Counsel:	Wildman, Harrold, Allan & Dixon	Chicago	James Snyder

LOC Bank:	Bank One, N.A.	Melrose Park	Lenny Bell
Underwriter:	J. P. Morgan Securities, Inc.	Chicago	Shelley Phillips
Underwriter's Counsel:		To Be Determined	
Issuer's Counsel:	To Be Determined		
Trustee:	To Be Determined		

LEGISLATIVE DISTRICTS

Congressional: 6 – Henry Hyde
State Senate: 28 - David Sullivan
State House: 55 -- Rosemary Mulligan

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Kevin Koenigstein

Date: September 14, 2004

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Througout Illinois
- **Board Action Requested:** Preliminary Bond Resolutions/Inducement Resolutions for each attached project
- **Amounts:** amounts up to $250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2004 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees**:
  - One-time closing fee equal to 1.50% of the bond amount for each project ($11,685) combined for Preliminary Bond Resolutions, as proposed)
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan

BEGINNING FARMER BOND LOANS
New Projects for Inducement Resolution
September 14, 2004

Project Number:	A-FB-TE-CD-439
Borrower(s):	Brent A. West
Town:	Taylorville
Amount:	$90,000
Fees:	$1,350
Use of Funds:	Farmland – 40 acre grain farm
Purchase Price:	$100,000
% Borrower Equity	10%
% Other Agency	0%
% IFA	90%
County:	Christian
Lender/Bond Purchaser:	Peoples Bank & Trust, Taylorville

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

Interest shall be charged at the rate of 5.75% for the first five years, thereafter adjusted every five years to a rate not to exceed 1.00% below the National Prime Rate as quoted in the Wall Street Journal.

Project Number:	A-FB-TE-CD-441
Borrower(s):	Kevin and Emily Lilienthal
Town:	Bloomington
Amount:	$250,000
Fees:	$3,750
Use of Funds:	Farmland – 74 acre grain farm
Purchase Price:	$278,388
% Borrower Equity	10%
% Other Agency	0%
% IFA	90%
County:	McLean
Lender/Bond Purchaser:	Flanagan State Bank

Principal shall be paid annually in installments determined pursuant to a thirty year equal principal payment schedule, with the first principal payment due one year from the date of closing. Accrued interest shall be paid annually one year from the date of closing.

Interest shall be charged at the rate of 4.00% for the first year, thereafter adjusted every year to a rate not to exceed 1.00% above the weekly average yield of one year constant maturity index for US Treasury Securities provided a 4.00% floor.

Project Number:	A-FB-TE-CD-444
Borrower(s):	Carl J. Kettlekamp and Lori Kettlekamp
Town:	Nokomis
Amount:	$189,000
Fees:	$2,835
Use of Funds:	Farmland, – 210 acre grain farm
Purchase Price:	$239,000
% Borrower Equity	20%
% Other Agency	0%
% IFA	80%
County:	Christian
Lender/Bond Purchaser:	First National Bank of Nokomis

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

Interest shall be charged at the rate of 4.90% for the first five years, thereafter adjusted every five years to a rate not to exceed 0.75% above the National Prime Rate as quoted in the Wall Street Journal.

Project Number:	A-FB-TE-CD-445
Borrower(s):	Larry W. Eldridge
Town:	Mason City
Amount:	$250,000
Fees:	$3,750
Use of Funds:	Farmland, – 210 acre grain farm
Purchase Price:	$308,000
% Borrower Equity	19%
% Other Agency	0%
% IFA	81%
County:	Mason
Lender/Bond Purchaser:	National Bank of Petersburg

Principal shall be paid semi-annually in installments determined pursuant to a thirty year equal principal amortization schedule, with the first principal payment due February 1, 2005. Accrued interest shall be paid semi-annually.

Interest shall be charged at the rate of 4.50% for the first five years, thereafter adjusted every year to a rate not to exceed 75% of the National Prime Rate as quoted in the Wall Street Journal, with a floor of 4.5% and a ceiling of 9%.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane and Steve Trout

Date: September 14, 2004

Re: Overview Memo for Rest Haven Christian Services

- **Borrower/Project Name:** Rest Haven Christian Services
- **Locations:** Tinley Park, Palos Heights, South Holland, Crete, Downers Grove, and Homer Glen
- **Principal Project Contact:** Rich Schutt, President
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed $50,000,000, comprised of
  Refunding: $33,675,000 to refinance existing debt for capital expenditures to build liquidity.
  New Money: Approximately $12,500,000 for capital expenditures to preserve cash balances and build liquidity.
- **Project Type: CCRC – 501 (c)(3)**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
  - **Refunding Bonds:** the goal of this 2004 financing is to implement an Obligated Group structure under a new Master Trust Indenture, thereby establishing a flexible, efficient foundation for future growth. All of Rest Haven's existing debt will be taken out and put under the new MTI. Further, approximately $12.5 million of new money will be issued for capital expenditures in order to build unrestricted liquidity.
- **IFA Fees:**
  - One-time, upfront closing fee will be $108,000
- **Structure/Ratings:**
  - **Structure**- The plan of finance contemplates the issuance of fixed rate bond, secured by a letter of credit from LaSalle Bank
  - **Ratings** – Non-rated

- **Bank Security** – Gross revenue pledge, mortgage and master notes under a master indenture.
- **Days cash on hand** – 70 days

ILLINOIS FINANCE AUTHORITYBOARD SUMMARY
September 14, 2004

Project: Rest Haven Christian Services

STATISTICS

Deal Number:	H/NH/RE/TE/CD-414	Amount:	$50,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane and Steve Trout
Locations:	Multiple	Est fee:	$108,000

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

Proceeds will be used to: 1) refinance existing indebtedness, 2) enhance liquidity, 3) capitalize a debt service reserve fund and 4) pay costs of issuance.

IFA CONTRIBUTION

Federal Tax-Exempt status on the Bonds.

VOTING RECORD

Purchase Contract Resolution adopted on August 10, 2004, by the following vote:

Ayes - 12 Nays- 0 Abstensions/Present -0 Absent-0 Vacancies - 3

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bonds	$46,175,000	Uses:	Refunding Escrow	$30,868,289
				Project Fund	12,500,000
				Debt Service Reserve	1,780,425
				Issuance Costs	1,026,286
	Total	$46,175,000		Total	$46,175,000

In addition, approximately $10,000,000 of taxable and tax-exempt bonds is anticipated to be issued through the Michigan Strategic Fund to refinance existing debt associated with current senior living operations in the greater Grand Rapids area.

JOBS

Current employment: 735 FTEs (entire obligated group)
Jobs retained: All

Projected new jobs: N/A
Construction jobs: N/A

BUSINESS SUMMARY

Background: Rest Haven Christian Services ("Rest Haven") was founded in 1956 as an Illinois not-for-profit corporation to furnish caring health care and retirement living facilities for the Christian Reformed seniors in south-suburban Chicagoland.

Rest Haven is led by Rich Schutt and an experienced team of senior living professionals. Mr. Schutt is the immediate past-Chair of the American Association of Homes and Services for the Aging (AAHSA).

Rest Haven has grown to be a leading senior living systems in the United States and is currently ranked as the following in the AAHSA/Ziegler 100

- #27 by total senior living units,
- #54 by total independent living units,
- #13 by total assisted living units, and
- #29 by total nursing care beds.

Providence Management is the for-profit management, development and consulting affiliate of Rest Haven. In 1991, Rest Haven Christian Services' CEO Rich Schutt founded Providence Management & Development Company to enhance the ministry of Rest Haven by providing full-service management, development and consulting services that would specifically address the needs of the sick and elderly. It is a taxable wholly-owned subsidiary of Rest Haven.

Providence Management currently manages all of the Rest Haven nursing facilities and thirteen affordable housing facilities. Providence has been responsible for the construction and development of three retirement communities, the corporate Educational Institute for Rest Haven, and is currently involved in the development of several new communities.

Rest Haven has facilities at six campuses in Illinois as well as two campuses in Michigan.
The table on the following page outlines Rest Haven's current Illinois unit mix:

Existing Facility/Location**	Nursing Care	Assisted Living	Independent Living	Total
Palos Heights, Illinois				
Rest Haven Central	193	0	0	193
South Holland , Illinois				
Rest Haven Holland Home	0	55	236	291
Rest Haven South	171	0	0	171
Crete, Illinois				
Rest Haven Village Woods	0	47	100	147
Downers Grove, Illinois				
Rest Haven West Christian Nursing Center	145	0	0	145
Downers Grove, Illinois				
Saratoga Grove	0	21	75	96
Homer Glen, Illinois				
Grand Victorian	0	0	52	52
Victorian Inn	0	59	0	59
TOTALS:	**509**	**182**	**463**	**1154**

The refinancing will generate cash flow savings and create an Obligated Group structure under a new Master Trust Indenture ("MTI") thereby establishing a flexible, efficient foundation for future growth. All of Rest Haven's existing debt will be refinanced under the new MTI. Further, approximately $12,500,000 in new debt will be issued for capital expenditures to build liquidity.

Financials: **Rest Haven Christian Services**
Audited Financial Statements for 2001 and 2002. Unaudited for 2003.

	Year Ended December 31		
	2001	2002	2003
		(Dollars in 000's)	
Statement of Revenues & Expenses:			
Revenue/Support	$50,892	$55,010	$49,998
Operating Income	(782)	(2,081)	(587)
Change in Net Assets	(277)	(2,798)	384
Earnings Before Interest, Depreciation and Amortization	4,224	2,112	5,279
Balance sheet:			
Current Assets	$10,955	$10,211	$9,183
PP&E – Net	51,814	56,085	54,495
Other Assets	10,020	9,659	9,168
Total Assets	72,789	75,955	72,846
Current Liabilities	$7,650	13,086	7,593
Long-term Debt	36,894	36,706	36,987
Other Non-Current Liab.	3,792	4,519	4,849
Net Assets	24,453	21,644	23,417
Total Liabilities & Net Assets	72,789	75,955	72,846
Ratios			
Debt Service Coverage	4.06x	1.68x	2.05x
Days Cash	80.6	64.6	70.1
Current ratio	1.43	0.78	1.21
Debt to Net Assets	1.51	1.70	1.58

Discussion: Rest Haven has generated ample cashflows to cover operating and capital expenses despite ongoing operating losses during the period reviewed. Management narrowed operating losses in 2003 by limiting growth in personnel costs and cutting costs for marketing and bad debt. Ongoing losses have been partially offset by income from investments, contributions and sale of excess land. The organization's liquidity appears adequate and its leverage appears manageable.

FINANCING SUMMARY

Security: Direct pay letter of credit from LaSalle Bank.

Bank Security: Gross revenue pledge, mortgage and master notes under a master indenture. Covenants and other legal provisions are expected to be consistent with those in use for similar financings

Structure: The Series 2004 financing will be structured primarily as Variable Rate Demand Bonds that are secured by a Letter of Credit. The underwriters anticipate the projects will be financed with approximately $47, 175,000 in taxable and tax-exempt bonds. To the extent that credit facilities are not available, the project will be financed with unrated, unenhanced Ziegler EXTRAS^{SM} and/or fixed-rate retail bonds.

Maturity: 30 years

INTEREST SAVINGS

The goal of this 2004 financing is to implement an Obligated Group structure under a new Master Trust Indenture, thereby establishing a flexible, efficient foundation for future growth. All of Rest Haven's existing debt will be taken out and put under the new MTI. Further, approximately $12.5 million of new money will be issued for capital expenditures in order to build unrestricted liquidity.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Rest Haven Christian Services Home Office: 18601 North Creek Drive, Suite A, Tinley Park, IL 60477
Applicant:	Rest Haven Christian Services
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois
Board of Trustees:	Mr. Dave Beezhold Mr. Al Bilthouse Mr. Roger Boerema Mr. Bill Brouwer

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Sosin, Lawler, & Arnold	Chicago	Tim Lawler
Accountant:	KPMG	Chicago	Jim Stark
Bond Counsel:	Jones Day	Chicago	John Bibby, David Kates
Underwriter:	Ziegler Capital Markets Group	Chicago	Dan Hermann, Steve Johnson
Underwriter's Counsel:	Michael, Best & Friedrich	Chicago	John Durso
Bond Trustee:	TBD	Chicago	TBD
Issuer's Counsel:	Shefsy & Froelich	Chicago	Brian Hynes, Kimberly Copp

LEGISLATIVE DISTRICTS

Congressional:	3 – William O. Lipinski
State Senate:	19 - M. Maggie Crotty
State House:	38 – Robin Kelly

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane

Date: September 14, 2004

Re: Overview Memo for St. Anthony's Health Center

- **Borrower/Project Name:** St. Anthony's Health Center
- **Locations:** Alton, IL
- **Principal Project Contact:** Noncy Dooling, CFO
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed $5,000,000
  - **New Money**: Approximately $5,000,000 for acquiring certain capital equipment, including without limitation the acquisition of a magnetic resonance imaging unit ("MRI"), MRI communications system, IMRT /linear accelerator upgrade, wound care equipment and a radiography and fluoroscopy room upgrade, and the construction and renovation of the MRI room, expansion of emergency services, private room conversion in nursing units and oncology department renovations.
- **Project Type:** Hospital
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:** convey tax-exempt status
- **IFA Fees:**
  - One-time, upfront closing fee will be $6,000
- **Structure/Ratings:**
  - **Structure**- This will be a private placement with GE Healthcare Financial Services as Lender/Investor as part of the Capital Opportunity Bond ("COB") Program
  - **Days cash on hand** – 70 days

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
September 14, 2004

Deal: **Saint Anthony's Health Center**

STATISTICS

Deal Number:	H-HO-TE-CD-419	Amount:	$5,000,000 (not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pamela Lenane
Location:	Alton, IL	Est fee:	$6,000

BOARD ACTION

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

Staff recommends approval
No extraordinary conditions

PURPOSE

Bond proceeds will be used to (i) pay, or reimburse the Borrower for the payment of, the cost of acquiring certain capital equipment, including without limitation the acquisition of a magnetic resonance imaging unit ("MRI"), MRI communications system, IMRT /linear accelerator upgrade, wound care equipment and a radiography and fluoroscopy room upgrade, (ii) pay, or reimburse the Borrower for the payment of, the cost of various construction and renovation projects including without limitation MRI room renovations, expansion of emergency services, private room conversion in nursing units and oncology department renovations, and (iii) pay certain related expenses.

IFA CONTRIBUTION

Federal Tax-Exempt status on the Bond.

VOTING RECORD

Not applicable.

SOURCES AND USES OF FUNDS

Sources:	Bonds	$4,975,000	Uses:	Escrow Funding	$4,975,000
				Cost of Issuance	
				Debt Service Res.	
	Total	$4,975,000		Total	$4,975,000

JOBS

Current employment:	999	Projected new jobs:	4
Jobs retained:	974	Construction jobs:	15

BUSINESS SUMMARY

Background: Saint Anthony's Health Center ("Saint Anthony's") is an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Saint Anthony's operates a 243-bed, dual campus, acute care facility located in Alton, Illinois. It was incorporated in 1925 under the laws of Illinois. The sole member of Saint Anthony's is Saint Anthony's Health System, an Illinois not-for-profit corporation. Both the Health System and Saint Anthony's are operated by the Sisters of Saint Francis of the Martyr Saint George, some of who are employees of Saint Anthony's. The Sisters is a worldwide congregation based in Germany with its American headquarters in Alton, Illinois.

Description: Saint Anthony's Health Center is a two-campus, 243-bed acute care facility located in Alton, Illinois. Comprised of Saint Anthony's Hospital and Saint Clare's Hospital, the organization offers the latest in technology and state-of-the-art medicine administered with care and skill.

Services based at Saint Anthony's Hospital, located on Saint Anthony's Way, include: Emergency, Obstetrics, Surgery, Cardiology, a Gastrointestinal Diagnostic Center, diagnostic services and medical care.

The Saint Clare's Hospital campus at 915 East Fifth Street features: Occupational Health Services, Cancer Treatment, Adult Day Services, outpatient and inpatient Rehabilitative Services, an inpatient Alzheimer's program and Extended Care Services. Saint Clare's Villa, a supportive living facility for seniors, is also located on the Saint Clare's campus.

Additional facilities of Saint Anthony's Health Center include: Saint Anthony's Medical Equipment, located at 2600 State Street in Alton; Saint Anthony's Medical Mall, located at 4325 Alby in Alton; Saint Anthony's Imaging Center, located at 325 East Madison in Wood River; and Saint Anthony's Wellness Center, located at 220 Alton Square in Alton.

In addition to these inpatient and outpatient services, the Health Center offers a multitude of community outreach programs. The Home Health Care staff serves patients in a five-county region with home health, hospice and Lifeline services. The Employee Assistance Program (EAP) maintains two home offices in Alton and Granite City, as well as additional counseling sites throughout a three-county area. A variety of support groups and community education programs are offered through Saint Anthony's Wellness Center.

Service Area: Alton is one of eleven communities, which comprise the River Bend area that utilizes Saint Anthony's services. The City of Alton, plus the surrounding cities and townships of Gofrey, East Alton, Wood River, Bethalto, Jerseyville, Brighton, and Cottage Hills comprise Saint Anthony's primary service area. Saint Anthony's secondary service area encompasses the cities of Bunker Hill, South Roxana, Hartford, Moro, Edwardsville, Granite City, Grafton and Roxana.

Financials:

($ in thousands)	Fiscal Years Ended December 31, 2003	2002	2001
Income Statement			
Support and Revenues	$89,553	$85,588	$74,619
Revenue Over Expenses – Operating Income	1,396	3,536	4,043
*EBIDA	5,542	7,915	8,757
Balance Sheet			
Current Assets	21,778	23,031	23,628
PP&E	21,337	23,069	21,799
Other Assets	15,514	14,937	16,944
Total Assets	**58,629**	**61,037**	**62,371**
Current Liabilities	11,099	14,631	15,075
Debt	15,718	16,593	18,083
Other Liabilities	6,037	5,882	6,296
Total Net Assets	25,775	23,932	22,917
Total Liabilities and Net Assets	**58,629**	**61,037**	**62,371**
Ratios			
Debt Service Coverage (x)	1.4	1.6	2.0
Current Ratio	2.0	1.6	1.6
Debt / Total Net Assets	60.9%	69.2%	78.9%
Days cash on hand	70	86	110

Discussion:

Net patient service revenue has increased the past four fiscal years. Net patient service revenue increased 3.6% from FYE 2002 to FYE 2003 and 30.8% from FYE 1999 to FYE 2003. Expenses as a percentage of net patient revenue have increased from FY 2001 from 97.3% to 106.3% as YTD June 2004. Per Noncy Dooling, Vice President/Controller, this is a result of the current malpractice environment. The county in which Saint Anthony's practices has become known as a plaintiff's court regarding malpractice lawsuits. As a result, malpractice insurance has increased and physicians are leaving.

Saint Anthony's management has begun implementing revenue generating and expense reducing initiatives to combat the situation. The most significant step is the reduction of 40 FTE's. Approximately 40 line items are being targeted. The most significant, other than FTE reduction, are as follows:

- Closing of In-Patient Psychiatric Program - $600K.
- Opening of a Chronic Wound Care Program - $500K.
- Replace mobile MRI with GE MRI - $300K.
- New sleep lab - $300K.
- Enhancement of new nursing home program - $700K.

In addition, the State of Illinois recently passed legislation for a provider tax that will net Saint Anthony's approximately $5.2MM over the next two years - $3.9MM in FY 2004 and $1.3MM in FY 2005, if approved by the federal government.

Saint Anthony's liquidity is excellent with a current ratio of 1.96x as of FY 2003 and 1.99x as of YTD June 2004 as well as a cushion ratio of 3.19x as of FY 2003 and 5.46x as of YTD June 2004. Saint Anthony's debt is under control as evidenced by its long-term debt to equity ratio of 0.64x as of FY 2003 and 0.70x as of YTD June 2004. Total liabilities to fund balance are 1.33x as of FY 2004 and 1.51x as of YTD June 2004.

FINANCING SUMMARY

Security:	Saint Anthony's would grant a security interest in the capital equipment to be financed and a mortgage on a physician office building to secure the construction and renovation projects.
Structure:	The current plan of finance contemplates a private placement with GE Healthcare Financial Services.
Maturity:	2014 (maximum)

PROJECT SUMMARY

Bond proceeds will be used to (i) pay, or reimburse the Borrower for the payment of, the cost of acquiring certain capital equipment, including without limitation the acquisition of a magnetic resonance imaging unit ("MRI"), MRI communications system, IMRT /linear accelerator upgrade, wound care equipment and a radiography and fluoroscopy room upgrade, (ii) pay, or reimburse the Borrower for the payment of, the cost of various construction and renovation projects including without limitation MRI room renovations, expansion of emergency services, private room conversion in nursing units and oncology department renovations, and (iii) pay certain related expenses.

ECONOMIC DISCLOSURE STATEMENT

Project name:	Saint Anthony's Health Center
Location:	Alton, Illinois
Applicant:	Saint Anthony's Health Center
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois

Board of Directors:

Dr. Edward B. Blair, Jr.
Mr. John M. Carroll
Dr. Dale T. Chapman, Ed.D.
Mother M. Regina Pacis Coury, fsgm
Sister M. Christine Crowder, fsgm
Mr. J. Terrence Dooling
Senator William R. Haine
Mr. Melvin G. Hall
Dr. Edward E. Hightower, Ed.D.
Mr. A. Jesse Hopkins
Mr. William E. Kessler
Mr. L. Thomas Lakin
Sister M. Nika Lee, fsgm
Mr. J. Thomas Long
Most Rev. George J. Lucas, D.D.
Mr. Richard J. Mark, CHE
Sister M. Ancilla Matter, fsgm
Mr. Donald V. Miller
Mr. Thomas M. Moore
Mr. H. Bruce Nethington
Sister M. Angelica Neumann, fsgm
Mr. Donald W. Norton
Dr. Joseph Paone
Sister M. Theotima Plass, fsgm
Mr. Herman L. Seedorf, III
Mrs. Joan L. Sheppard
Mr. Jerry W. Thomas
Mr. Randy E. Timmerman
Mr. Dwight A. Werts

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Gardner Carton & Douglas	Chicago	Steven Kite
Accountant:	Ernst & Young		
Bond Counsel:	Sanchez & Daniels	Chicago	Manny Sanchez John Cummins
Underwriter:	GE Healthcare Financial Services	Chicago	Bill Reveille
Underwriter's Counsel	Kutak Rock	Omaha	Andrew Romshek
Issuer's Counsel	Sanchez & Daniels	Chicago	Manny Sanchez
Bond Trustee:	Wells Fargo	Chicago	Pat Martirano

LEGISLATIVE DISTRICTS – (Alton, Illinois – Congressional 12th District, State Senate 56th District, and State House 111th District)

Congressional:

The Honorable Jerry F. Costello
Congressional 12th District
United States Representative
2454 Rayburn HOB
Washington, D.C. 20515-1312
Phone: 202-225-5661 or 618-451-7065 (local)
Fax: 202-225-0285 or 618-451-2126 (local)
Web: www.house.gov/costello

State Senate:

The Honorable William Haine
Senator 56th District
307 Henry Street, Suite 210
Alton, IL 62002
Phone: 618-465-4784
Fax: 618-465-4816
haine@sentatedem.state.il.us

State House:

The Honorable Steve Davis
Representative 111 th Distict
2 Terminal Drive, Suite 18B
East Alton, IL 62024
Phone: 618-259-4934
Fax: 618-259-5043

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: September 14, 2004

Re: Overview Memo for Central Illinois Public Service Company (d/b/a AmerenCIPS) P-PO-TE-CD-406A

- **Borrower/Project Name:** Central Illinois Public Service Company d/b/a AmerenCIPS
- **Locations:** Coffeen (Montgomery County) and Newton (Jasper County)
- **Principal Project Contact:** Mike O'Bryan, Senior Capital Markets Specialist, Ameren Corporation, St. Louis, MO
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed $35 million
- **Project Type:** Pollution Control Revenue Refunding Bonds
- **IFA Benefits:**
  - Facilitate a consolidated refunding issue/closing for a multi-site project for two Ameren operating subsidiaries
  - Average annual savings on this fixed-to-variable rate financing are estimated at $700,000 for the first five years, based on an assumed effective Auction Rate of 4.375%
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **Refunding Bonds:** Convert Fixed Rate Bonds (6.375%) to 7-Day Floating Auction Rate Bonds (current market rate of 1.15% as of 8/25/04)
- **IFA Fees**:
  - One-time, upfront closing fee will be $185,000 for this Series (which will refund existing IFA (IDFA) Bonds
    - IFA will collect a combined fee of $225,000 pursuant to IFA's new fee schedule for this transaction and the accompanying Central Illinois Light Company refinancing (includes an additional $40,000 for the incremental Central Illinois Light Company Bonds – which will be refunded by IFA for the first time.)
    - These Bonds will represent the first opportunity for IFA to refinance CILCO bonds under Ameren's ownership

- **Structure/Ratings:**
  - Bonds to be sold directly based on Bond Insurance from XL Capital Assurance (Aaa/AAA/AAA– rated by Moody's/S&P/Fitch)
  - *CIPS' current ratings (informational only).* CIPS' negative ratings outlooks are attributable to Ameren's proposed acquisition of Illinois Power Company from Dynegy, Inc. announced in February 2004. (Ameren is CIPS' parent company.)
    - Moody's: A1/Negative
    - S&P: A-/Negative
    - Fitch: A-/Negative

- **Current and estimated rates:** The Series 1993A IFA (IDFA) Bonds currently bear interest at a fixed rate at 6.375%. The current market rate on 7-Day Auction Rate Mode Bonds was approximately 1.15% as of 8/25/2004.

- **Positive Factors for Recommendation:**
  - **Conduit transaction**
    - IFA indemnified by a third-party Borrower
    - No IFA or State funds at risk
  - **Bond insurance helps mitigate risk of potential Ameren/CIPS downgrade**
  - Incremental fee income attributable to Ameren's willingness to use IFA to issue bonds in connection with a refinancing of existing Home Rule Unit Bonds (Village of Bryant) for its new Central Illinois Light Company subsidiary (acquired in 2003).

- **Recommendations/Conditions:**
  - Staff recommends approval – because transaction is an insured, conduit bond issue, no extraordinary conditions will be required.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Central Illinois Public Service Company (d/b/a AmerenCIPS)**

STATISTICS

Project Number:	P-PO-TE-CD-406A	Amount:	$35,000,000 (not-to-exceed amount)
Type:	E/REF	IFA Staff:	Rich Frampton
Locations:	Coffeen, Newton	Tax ID:	37-0211380
SIC Code:	4939	Est. fee:	$185,000 ($225,000 overall, including proposed refunding of Village of Bryant Bonds for CILCO – incremental fee for additional series is $40,000 pursuant to IFA fees schedule --see next agenda item)

BOARD ACTION

Final Bond Resolution
Tax-Exempt Pollution Control Refunding Revenue Bonds
Staff recommends approval

No IFA funds at risk.
No extraordinary conditions

PURPOSE

Proceeds will be used to refinance $35,000,000 of outstanding IFA (IDFA) Series 1993A Pollution Control Revenue Refunding Bonds.

IFA CONTRIBUTION

None. Refunding bonds do not require Volume Cap.

VOTING RECORD

Preliminary Bond Resolution, August 10, 2004:

Ayes: 12 Nays: 0 Abstentions: 0

Absent: 0 Vacant: 3

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$35,000,000	Uses:	Refunding Bonds	$35,000,000
	Equity	635,000		Costs of Issuance	635,000
	Total	**$35,635,000**		**Total**	**$35,635,000**

JOBS

Current employment:	764	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Central Illinois Public Service Co. ("CIPS", "AmerenCIPS", or the "Company") is a subsidiary of Ameren Corporation ("Ameren"). Ameren is a holding company formed on December 31, 1997, through the merger of Central Illinois Public Service Company, Inc. of Springfield, Illinois and Union Electric Company ("UE") of St. Louis.

Description: Ameren Corporation is a public utility holding company that provides energy services to 2.2 million customers in Missouri and Illinois. Approximately 95% of Ameren's sales are derived from electricity, with the remainder from natural gas. Ameren is currently the second largest electric utility in Illinois. In February 2004, Ameren signed a definitive agreement to purchase the stock of Illinois Power Company of Decatur, Illinois from Dynegy, Inc. of Houston, TX. The acquisition of Illinois Power is expected to occur during the 4th quarter of 2004. Ameren closed on the purchase of Peoria-based Central Illinois Light Company in February 2003.

Ameren's primary asset is the common stock of its subsidiaries. Ameren's subsidiaries operate rate-regulated electric generation, transmission and distribution businesses, rate-regulated natural gas distribution businesses and non rate-regulated electric generation businesses in Illinois and Missouri.

Ameren's principal Illinois operating subsidiaries include CIPS, AmerenCILCO (Central Illinois Light Company, which is also a borrower in a companion financing also being presented today). Although CIPS divested its electric generating facilities, including the subject Newton (Jasper County) and Coffeen (Montgomery County) power plants, to AmerenEnergy Generating Company ("GENCO") in 2000, the long-term debt and tax-exempt bonds issued on behalf of these facilities remain a long-term obligation of CIPS (pursuant to Illinois' electricity deregulation legislation).

CIPS was originally established in 1902 and is a public utility operating company operating a rate-regulated electric and natural gas transmission and distribution business. CIPS service territory primarily consists of small towns and rural areas in Central and Southern Illinois. CIPS provides energy services across 66 counties to 323,000 electric customers in 557 Illinois communities. Major communities located in CIPS' service territory include Quincy, Mattoon, Effingham, and Carbondale.

Financials: Audited Financial Statements for Fiscal Years 2001-2003. No projections were prepared since the Borrower is a wholly-owned subsidiary of a publicly owned company.

	Year Ended December 31		
	2001	2002	2003
	(Dollars in 000's)		
Income statement:			
Sales	$840,000	$824,000	$742,000
Net income	46,000	26,000	29,000
Balance sheet:			
Current Assets	316,000	289,000	268,000
PP&E	822,000	949,000	955,000
Other Assets	645,000	583,000	519,000
Total	**1,783,000**	**1,821,000**	**1,742,000**
Current Liabilities	221,000	190,000	238,000
Long Term Liab.	579,000	534,000	485,000
Other Non-Cur. Liab.	339,000	505,000	487,000
Equity	644,000	592,000	532,000
Total	**1,783,000**	**1,821,000**	**1,742,000**

Ratios:

Debt coverage	2.33x	1.82x	1.53x
Current ratio	1.43	1.52	1.13
Debt/equity	1.09	1.13	1.01
Debt/total capitalization	0.95	0.98	0.91

Discussion: The IFA (IDFA) 1993 Series A Bonds currently yield a fixed interest rate of 6.375%. The proposed Refunding Bonds, set to mature January 1, 2028, would be sold initially as 7-Day Auction Rate securities, thereby reducing CIPS' annual payments by $700,000 per annum (assuming a long-term average floating rate of 4.375%) thereby improving the Company's already strong debt service coverage ratio of 1.53x in 2003.

CIPS' long-term debt is currently rated "A1"/"A-"/"A" by Moody's/S&P/Fitch with a negative outlook (attributable to Ameren's pending acquisition of Illinois Power, which could potentially drain resources from existing operating subsidiaries according to the rating agencies). Despite the current negative outlook by the rating agencies, the proposed Refunding Bonds will be insured by XL Capital Assurance and will carry Aaa/AAA/AAA ratings from Moody's/S&P/Fitch, as applicable.

CIPS' reduced 2003 revenues reflected a reduction in electricity sales due to cool summer weather conditions and the loss of several commercial and industrial customers to Ameren's non-regulated Marketing Company.

CIPS is in compliance with all pertinent earnings tests and covenants contained in its mortgage loans as of its 6/30/04 10-Q filing.

FINANCING SUMMARY

Security: Aaa/AAA/AAA (Moody's/S&P/Fitch) Municipal Bond Insurance from XL Capital expected.

Structure/
Interest Rate: The Refunding Bonds will be issued in 35-Day Auction Rate Mode. The current representative market rate on Auction Rate Mode Bonds was approximately 1.15% as of 8/25/04.

Maturity: Series 2004 Bonds – approximately 24 years (January 1, 2028). These Bonds will retain the existing Final Maturity Date on the Series 1993 Bonds.

PROJECT SUMMARY

Bond proceeds will be used to refinance the outstanding principal of Series 1993A IFA (IDFA) Pollution Control Refunding Revenue Refunding Bonds. The Series 1993 A Bonds were originally issued in 1979 by the Illinois Industrial Pollution Control Financing Authority (a predecessor of IFA) and were used various construct air and water pollution control and solid waste disposal facilities at the Company's Coffeen Power Station (134 CIPS Lane, Coffeen [Montgomery County], IL 62017) and Newton Power Station (6725 N. 500th Street, Newton [Jasper County], IL 62448-4228).

ECONOMIC DISCLOSURE STATEMENT

Applicant: Central Illinois Public Service Co./AmerenCIPS (Contact: Mr. Michael O'Bryan, Senior Capital Markets Specialist, Ameren Corporation, One Ameren Plaza, 1901 Chouteau Avenue, PO Box 66149, St. Louis, MO 63166-6149. Ph.: 314-554-3503; Fax: 314-554-6325
email: mobryan@ameren.com)
Web Site: www.ameren.com

Project name: CIPS Series 2004 Pollution Control Revenue Refunding Bonds

Locations: Coffeen Power Station, 134 CIPS Lane, Coffeen (Montgomery County), IL 62017 and Newton Power Station, 6725 N. 500th Street, Newton (Jasper County), IL 62448-4228

Organization: Corporation

State: Illinois (CIPS)
Ownership: Ameren Corporation (Holding Company, a Missouri Corporation): 100%

Entities that hold a 5.0% or greater ownership interest in Ameren Corporation include (as of 3/31/2004):

Capital Research and Management Company, 333 South Hope Street, Los Angeles, CA 90071: 5.97%. Capital Research and Management Company is an Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ameren Corporation (in-house)	St. Louis, MO	Ron Evans
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Andrea Bacon
Credit Enhancement:	XL Capital Assurance, Inc.	New York, NY	Sarah Ogilvie
Counsel to Credit Enhancer:	King & Spalding	New York, NY	Mike Hannigan
Senior Manager:	Goldman, Sachs & Co.	New York, NY	Thornton Lurie
Co-Managers:	Banc of America Securities, Inc.	Atlanta, GA	Brian Hill Valerie Do
	A.G. Edwards	St. Louis, MO Chicago, IL	Adam Woodard Larry Richardson
Underwriter's Counsel:	Pillsbury Winthrop	New York, NY	Craig Scully
Auction Agent:	Deutsche Bank	New York, NY	Lisa McDermid
Accountant:	PricewaterhouseCoopers LLP	St. Louis, MO	Miles Mooney
Trustee:	UMB Bank, N.A.	St. Louis, MO	Rebecca Dengler
Mortgage Bond Trustee:	U.S. Bank Trust National Association	New York, NY	Patrick Crowley
Issuer's Counsel:	Cahill Law Office	Chicago, IL	Kevin Cahill

LEGISLATIVE DISTRICTS

	Coffeen	*Newton*
Congressional:	17	19
State Senate:	19	54
State House:	98	108

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ameren Corporation (in-house)	St. Louis, MO	Ron Evans
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Andrea Bacon
Credit Enhancement:	FGIC Global Utility Group	New York, NY	Paul Morrison
Counsel to Credit Enhancer:	FGIC (in-house)	New York, NY	Carolanne Gardner
Senior Manager:	Goldman, Sachs & Co.	New York, NY	Thornton Lurie
Co-Managers:	Banc of America Securities, Inc.	Atlanta, GA	Brian Hill Valerie Do
	A.G. Edwards & Sons	St. Louis, MO Chicago, IL	Adam Woodard Larry Richardson
Underwriter's Counsel:	Pillsbury Winthrop	New York, NY	Craig Scully
Auction Agent:	Deutsche Bank Trust Company Americas	New York, NY	Lisa McDermid
Accountant:	PricewaterhouseCoopers, LLC	St. Louis, MO	Miles Mooney
Bond Trustee:	UMB Bank, N.A.	St. Louis, MO	Rebecca Dengler
Mortgage Bond Trustee:	Deutsche Bank Trust Company Americas	New York, NY	Irina Golovashchuk
Issuer's Counsel:	Cahill Law Office	Chicago, IL	Kevin Cahill

LEGISLATIVE DISTRICT

Unincorporated Fulton County

Congressional:	17	Lane Evans
State Senate:	46	George Shadid
State House:	91	Michael K. Smith

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: September 14, 2004

Re: Overview Memo for Central Illinois Light Company (d/b/a AmerenCILCO) P-PO-TE-CD-406B

- **Borrower/Project Name:** Central Illinois Light Company d/b/a AmerenCILCO
- **Location:** Unincorporated Fulton County (Duck Creek Plant)
- **Principal Project Contact:** Mike O'Bryan, Senior Capital Markets Specialist, Ameren Corporation, St. Louis, MO
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed $19.2 million
- **Project Type:** Pollution Control Revenue Refunding Bonds
- **IFA Benefits:**
  - Facilitate a consolidated issuance/closing of these Bonds with a $35M IFA Refunding by Ameren's Central Illinois Public Service Company affiliate
  - Average annual savings on this fixed-to-variable rate financing are estimated at $408,000 for the first five years, based on an assumed effective Auction Rate of 4.375%
  - Conduit Tax-Exempt Bonds – no direct IFA or State funds at risk
  - Refunding Bonds: Convert Fixed Rate Bonds (6.50%) to 7-Day Floating Auction Rate Bonds (current market rate of 1.15% as of 8/25/04)
- **IFA Fees:**
  - One-time, upfront closing fee will be $40,000 (plus an additional $185,000 for an incremental series for the immediately preceding Central Illinois Public Service – this represents the first opportunity to refund CILCO along with CIPS bonds subsequent to Ameren 2003 acquisition of CILCO).
    - IFA will collect a combined fee of $225,000 pursuant to IFA's new fee schedule for this transaction and the preceding CIPS refinancing
    - This transaction will provide IFA with incremental fee income of $40,000, and will result in IFA refinancing Bonds originally issued by the Village of Bryant (and provide an opportunity to develop an ongoing relationship with

    Ameren to refund any debt issued by subsidiaries through Home Rule Units through IFA)
    - These Bonds will represent the first opportunity for IFA to refinance CILCO bonds under Ameren's ownership)

- **Structure/Ratings:**
  - Bonds to be sold directly based on Bond Insurance from FGIC (Aaa/AAA/AAA – rated by Moody's/S&P/Fitch)
  - *CILCO's current ratings (informational only).* CILCO's negative ratings outlooks are attributable to Ameren's proposed acquisition of Illinois Power Company from Dynegy, Inc. announced in February 2004. (Ameren is CILCO's parent company.)
    - Moody's: A2/Negative
    - S&P: A-/Negative
    - Fitch: A-/Negative
  - **Current and estimated rates:** The Series 1992A and Series 1992C Village of Bryant Bonds currently each bear interest at a fixed interest rate of 6.50%. The current market rate on 7-Day Auction Rate Mode Bonds was approximately 1.10% as of 7/21/2004.

- **Positive Factors for Recommendation:**
  - **Conduit transaction**
    - IFA indemnified by a third-party Borrower
    - No IFA or State funds at risk
  - **Bond insurance helps mitigate risk of potential Ameren/CILCO downgrade**
  - $40,000 of incremental fee income attributable to Ameren's willingness to use IFA also refinance these Village of Bryant Bonds in connection with a concurrent refunding of $35M of Prior IFA (IDFA) Bonds issued for CIPS (see preceding item on IFA Board Agenda).

- **Recommendations/Conditions:**
  - Staff recommends approval – because transaction is an insured, conduit bond issue, no extraordinary conditions will be required.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Central Illinois Light Company (d/b/a AmerenCILCO)**

STATISTICS

Project Number:	P-PO-TE-CD-406B	Amount:	$19,200,000 (not-to-exceed amount)
Type:	E/REF	PA:	Rich Frampton
Location:	Unincorporated Fulton County	Tax ID:	
SIC Code:	4939	Est. fee:	$40,000 (incremental revenue on Refundings beyond the 1st Series this new IFA business; $225,000, including concurrent $35M Refunding for AmerenCIPS as pursuant to IFA fee schedule – see preceding agenda item)

BOARD ACTION

Final Bond Resolution
Tax-Exempt Pollution Control Refunding Revenue Bonds
Staff recommends approval

No IFA funds at risk.
No extraordinary conditions

PURPOSE

Proceeds will be used to refinance $19,200,000 of outstanding Series 1992A and Series 1992C Pollution Control Refunding Revenue Bonds for the Duck Creek Power Plant located in unincorporated Fulton County. The Series 1992 Bonds were issued by the Village of Bryant, a Home Rule Unit located within 10 miles of the project site.

IFA CONTRIBUTION

None. Refunding bonds do not require Volume Cap.

VOTING RECORD

Preliminary Bond Resolution, August 10, 2004:

Ayes: 12 Nays: 0 Abstentions: 0

Absent: 0 Vacant: 3

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$19,200,000	Uses:	Refunding Bonds	$19,200,000
	Equity	320,000		Costs of Issuance	320,000
	Total	**$19,520,000**		**Total**	**$19,520,000**

JOBS

Current employment:	855 (Company)	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Central Illinois Light Company ("CILCO", "AmerenCILCO", or the "Company") is a subsidiary of Ameren Corporation ("Ameren"). Ameren purchased CILCO as of 1/31/2003 from AES Corporation. Ameren is a holding company formed on December 31, 1997, through the merger of Central Illinois Public Service Company, Inc. of Springfield, Illinois and Union Electric Company ("UE") of St. Louis.

Description: Ameren Corporation is a public utility holding company that provides energy services to 2.2 million customers in Missouri and Illinois. Approximately 95% of Ameren's sales are derived from electricity, with the remainder from natural gas. Ameren is currently the second largest electric utility in Illinois. In February 2004, Ameren signed a definitive agreement to purchase the stock of Illinois Power Company of Decatur, Illinois from Dynegy, Inc. of Houston, TX. The acquisition of Illinois Power is expected to occur during the 4th quarter of 2004.

CILCO was established in 1913 and provides natural gas service to more than 203,000 Illinois customers in 19 counties, in Central and East Central Illinois.

CILCO's electric service territory includes the following communities: Peoria, East Peoria, Pekin, Washington, Morton and 21 other communities in the Greater Peoria area. Additionally, CILCO provides service to Lincoln and portions of East Central Illinois (including the City of Tuscola).

Financials: Audited Income Statements for Fiscal Years 2001-2003 and Balance Sheets as of 12/31/02-12-31-03 only. No projections prepared since CILCO is a wholly owned subsidiary of a public company.

	Year Ended December 31		
	2001	2002	2003
	(Dollars in 000's)		
Income statement:			
Sales	$740,000	$719,000	$822,000
Net income	14,000	50,000	45,000
Balance sheet:			
Current Assets		193,000	188,000
PP&E		1,031,000	1,101,000
Other Assets		26,000	35,000
Total		**1,250,000**	**1,324,000**
Current Liabilities		154,000	393,000
Long Term Liab.		316,000	138,000
Other Non-Cur. Liab.		416,000	451,000
Equity		364,000	342,000
Total		**1,250,000**	**1,324,000**
Ratios:			
Debt coverage	2.35x	3.05x	3.33x
Current ratio		1.25	0.48
Debt/equity		1.27	0.88
Debt/total capitalization		0.94	0.70

Discussion: The Series 1992A and Series 1992C Bonds currently yield a fixed interest rate of 6.50%. The proposed Refunding Bonds, set to mature January 1, 2028, would be sold initially as 7-Day Auction Rate securities, thereby reducing CILCO's annual payments by $408,000 per annum initially (assuming a long-term average floating rate of 4.375%) thereby improving the Company's already strong debt service coverage ratio of 3.33x in 2003.

CILCO's long-term debt is currently rated "A2"/"A-"/"A" by Moody's/S&P/Fitch with a negative outlook (attributable to Ameren's pending acquisition of Illinois Power, which could potentially drain resources from existing operating subsidiaries according to the rating agencies). Despite the current negative outlook by the rating agencies, the proposed Refunding Bonds will be insured by FGIC and would carry Aaa/AAA/AAA ratings from Moody's/S&P/Fitch, as applicable.

CILCO is in compliance with all pertinent earnings tests and covenants contained in its mortgage loans as of its 6/30/04 10-Q filing.

FINANCING SUMMARY

Security:	Aaa/AAA/AAA (Moody's/S&P/Fitch) Municipal Bond Insurance from FGIC.
Structure/ Interest Rate:	The Refunding Bonds will be issued in 7-Day Auction Rate Mode. The current market rate on representative Auction Rate Mode Bonds was approximately 1.15% as of 8/25/04.
Maturities:	Series 2004 A (Refunding Series 1992A due 2/1/2018) – extend final maturity date to 2039 Series 2004 B (Refunding Series 1992C due 1/1/2010) – extend final maturity date to 2026

PROJECT SUMMARY

Bond proceeds will be used to refinance the outstanding principal of Series 1992A and Series 1992C Pollution Control Refunding Revenue Bonds issued in June 1992 and July 1992 (respectively) by the Village of Bryant, Illinois. The Series 1992A and Series 1992C Bonds were refinancings of the Village's Series 1982 and 1974 Pollution Control Revenue Bonds (the "Original Bonds"). The Original Bonds were used to construct air and water pollution control facilities at the Company's Duck Creek Power Plant located at 17751 N. Cilco Rd. in unincorporated Fulton County, Illinois 61520).

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Central Illinois Light Company Company/AmerenCILCO (Contact: Mr. Mike O'Bryan, Senior Capital Markets Specialist, c/o Ameren Services, One Ameren Plaza, 1901 Chouteau Avenue, PO Box 66149, St. Louis, MO 63166-6149. Ph: 314/554-4140; Fax: 314/554-4075; email: mobryan@ameren.com.) Web site: www.ameren.com
Project name:	CILCO Series 2004 A & Series 2004B Refunding Bonds
Location:	Duck Creek Plant, 17751 N. Cilco Rd., Canton (Unincorporated Fulton County), Illinois 61520
Organization:	Corporation
State:	Illinois (CILCO)
Ownership:	Ameren Corporation (Holding Company): 100%

Entities that hold a 5.0% or greater ownership interest in Ameren Corporation include (as of 3/31/2004):

Capital Research and Management Company, 333 South Hope Street, Los Angeles, CA 90071: 5.97%. Capital Research and Management Company is an Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ameren Corporation (in-house)	St. Louis, MO	Ron Evans
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Andrea Bacon
Credit Enhancement:	FGIC Global Utility Group	New York, NY	Paul Morrison
Counsel to Credit Enhancer:	FGIC (in-house)	New York, NY	Carolanne Gardner
Senior Manager:	Goldman, Sachs & Co.	New York, NY	Thornton Lurie
Co-Managers:	Banc of America Securities, Inc.	Atlanta, GA	Brian Hill Valerie Do
	A.G. Edwards & Sons	St. Louis, MO Chicago, IL	Adam Woodard Larry Richardson
Underwriter's Counsel:	Pillsbury Winthrop	New York, NY	Craig Scully
Auction Agent:	Deutsche Bank Trust Company Americas	New York, NY	Lisa McDermid
Accountant:	PricewaterhouseCoopers, LLC	St. Louis, MO	Miles Mooney
Bond Trustee:	UMB Bank, N.A.	St. Louis, MO	Rebecca Dengler
Mortgage Bond Trustee:	Deutsche Bank Trust Company Americas	New York, NY	Irina Golovashchuk
Issuer's Counsel:	Cahill Law Office	Chicago, IL	Kevin Cahill

LEGISLATIVE DISTRICT

Unincorporated Fulton County

Congressional:	17	Lane Evans
State Senate:	46	George Shadid
State House:	91	Michael K. Smith

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: September 3, 2004

Re: Comments Regarding Appointment of Co-Managers on The University of Chicago Project <u>E-PC-TE-CD-410</u>

Selection of Co-Managing Underwriters for the University of Chicago transaction will not occur until 9/17, after the IFA's Board's requested 9/14 vote for a Final Bond Resolution on this matter.

Contrary to IFA staff recommendations, particularly given that the financing team has not been fully identified (and will not be identified as of IFA's 9/14 Board Meeting date), the University has requested that the IFA Board consider a Final Bond Resolution for this project at the 9/14 Board Meeting.

The University's Board of Trustees has an *Ad Hoc* Committee that will be responsible for (1) selecting the final structure on this transaction (i.e., the amounts of fixed and variable rate financing for this transaction, as applicable), and (2) selecting the financing team (including all Co-Managers). This *Ad Hoc* Committee will make a formal recommendation regarding these selections on Friday September 17th. The final selection is scheduled to be formally ratified by the University's Executive Committee on Wednesday September 22nd.

The University will engage Co-Managers for this transaction pursuant to the University's procurement policy which, according to the University's Comptroller, seeks 20% minority participation (which also covers construction contractors on capital projects).

Although the University has (1) a history of regularly utilizing minority Co-Managers on its fixed rate tax-exempt bond financings, (2) has invited qualified minority investment banking firms to serve as Co-Manager on this financing, (3) has engaged minority contractors on the projects financed herein, the University has stated that the ultimate size of the respective fixed and variable rate financings as determined by the Senior Manager will be dictated by market conditions at pricing.

Accordingly, the University typically has deferred its selection of Co-Managers until the amounts of fixed and variable rate financing have been determined. In particular, the University has stated that the dollar amount of fixed rate financing (if significant) will dictate whether the University engages a minority-owned investment banking firm as Co-Manager. The University has typically used minority-owned firm only on its fixed rate offerings.

Recommendation: The IFA Board should approve this project with the condition that the Board be informed of the Co-Managers at the October Board Meeting. Because the scheduled closing date on this project is 10/26 (well after IFA's October Board Meeting), this requirement will not result in any delay in closing.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: September 14, 2004

Re: Overview Memo for The University of Chicago
E-PC-TE-CD-410

- **Borrower/Project Name:** The University of Chicago

- **Location:** Chicago (Cook County) [Hyde Park neighborhood]

- **Principal Project Contact:** Bill Hogan, Comptroller

- **Board Action Requested:** Final Bond Resolution

- **Amount:** not to exceed $200 million
  - Uses:
    - This project will involve various capital construction and renovation projects to be financed campus-wide. A detailed listing is contained on Page 4 of the attached Board Summary report.

- **Project Type: 501(c)(3) Revenue Bonds**

- **IFA Benefits:**
  - **Conduit Tax-Exempt and Taxable Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - Series 2004A Bonds: convey tax-exempt status

- **IFA Fees**:
  - One-time, upfront closing fee estimated at $163,000

- **Structure/Ratings:**
  - Bonds to be sold directly based on the University's credit rating
  - **Long-Term Ratings** for IFA (IEFA) Series 2003A Bonds (expected to be reaffirmed prior to closing with same ratings applied to Series 2004A Bonds)
    - Aa1 (Stable)/AA- (Stable)/AA+ (Stable) by Moody's/S&P/Fitch
    - Long-Term Ratings recently affirmed by Moody's (6/3/04), S&P (6/15/04), and Fitch (6/15/04); ratings should be reaffirmed on the proposed bonds
  - **Short-Term Ratings:** VMIG1/A-1+/F1+ (Moody's/S&P/Fitch)

- **Current and estimated rates:** Bonds will be sold with term and serial bonds and/or variable rate bonds maturing over 20 years. The final structure will depend on prevailing market rates at pricing.

- **Recommendations/Conditions:**
  - The IFA Board should approve this project with the condition that the Board be informed of the Co-Managers at the October Board Meeting. Because the scheduled closing date on this project is 10/26 (well after IFA's October Board Meeting), this requirement will not result in any delay in closing.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **The University of Chicago**

STATISTICS

IFA Project #:	E-PC-TE-CD-410	Amount:	$200,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Rich Frampton
Locations:	Chicago	Est. fee:	$163,000
SIC Code:	8221		

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) Tax-Exempt Revenue Bonds
Staff recommends approval subject to the following condition:

- The IFA Board should approve this project subject to the Board being informed of the Co-Managers at the October Board Meeting as noting in the Overview Memo.

No IFA funds at risk

PURPOSE

This project will involve various capital construction and renovation projects to be financed campus-wide. A detailed listing is contained under the Project Summary section of this report (see Page 4).

IFA CONTRIBUTION

IFA will convey federal tax exemption on these Bonds. No Volume Cap is required for 501(c)(3) financings.

VOTING RECORD

Preliminary Bond Resolution, July 13, 2004:

Ayes: 10 Nays: 0 Abstentions: 0

Absent: 2 (Goetz, Ozark) Vacant: 3

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$200,000,000	Uses:	Project Costs	$280,000,000
	Equity	84,000,000		Issuance Costs	4,000,000
	Total	**$284,000,000**		**Total**	**$284,000,000**

Sources of Equity: The University of Chicago had total endowment fund balances totaling approximately $3.1 billion as of 6/30/2003. Additionally, the University has a $65 million unsecured operating cash line of credit with the Northern Trust Company that will be drawn as needed to pay costs of issuance for this bond issue. The University had no draws outstanding against this credit line as of 6/30/2003. Donations from the University's annual capital campaign may also be used to pay issuance costs.

JOBS

Current employment:	11,300	Projected new jobs:	100-200
Jobs retained:	N/A	Construction jobs:	150-200 est. average (3 years)

BUSINESS SUMMARY

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

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

The University has 2,135 full-time faculty and 638 part-time faculty. The University's support staff totals approximately 8,500 full-time and part-time employees, approximately 1,775 of whom are represented by labor unions.

Since 1998-99, applications to the University have increased 47%. The University's admissions rate was 42% in 2002-2003. From 1998-99 to 2002-03, undergraduate enrollment increased from 3,852 to 4,216. This growth reflects the University's policy of controlled growth. The University plans to enroll a maximum of 4,500 undergraduate students in 2006-07.

Combined undergraduate and professional enrollment has increased from 12,441 in 1998-99 to 13,234 in 2002-2003.

The University has an extensive financial aid program designed to enable the most qualified student to attend the University regardless of their financial circumstances. For the 2001-02 academic year, approximately 70% of all students received financial aid.

All payments relating to the approximately $783 million of outstanding IFA (IEFA) Bonds issued on behalf of the University of Chicago as of 6/30/04 are current.

Financials: Audited Financial Statements, 2001-2003 (University only -- excludes University of Chicago Hospitals from Consolidated Results).

(Dollars in Thousands)
Year Ended June 30

	2001	2002	2003
Income Statement:			
Revenues/Support	$968,067	$1,088,167	$1,127,529
Change in Net Assets	14,137	58,930	51,130
* EBIDA	87,686	137,323	133,876
Balance sheet:			
Current assets	1,033,356	930,966	680,639
Net PP&E	702,076	829,204	942,402
Investments	3,778,903	3,605,852	3,477,946
Total assets	**5,514,335**	**5,366,022**	**5,100,987**
Current liabilities	903,120	849,837	661,591
Long Term Debt & Capital Leases	515,660	662,283	665,177
Other LT Liabilities	38,010	38,538	38,970
Net Assets	4,057,545	3,815,364	3,735,249
Total Liabilities & Net Assets	**5,514,335**	**5,366,022**	**5,100,987**

Ratios:

Scheduled Debt Service	3.52x	5.39x	5.07x
Current Ratio	1.14	1.10	1.03
LT Debt/Net Assets	0.15	0.21	0.22

* EBIDA = Earnings Before Interest, Depreciation and Amortization

Discussion: The University's major revenue sources for fiscal year 2003 were net tuition and fees (19%; after deducting student aid), auxiliary income [i.e., room, dining, parking, entertainment and other services] (13%), government grants and contracts (23%), private grants (8%), and investment income (16%). 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 University's operating expenses consist of compensation (64%), supplies and services (25%), and utilities/alterations/repairs (3%).

The University of Chicago's balance sheet reflects investment and endowment balances totaling approximately $3.48 billion as of 6/30/2003 which represents reflects one of the largest endowments of any academic institution in the nation. The University's investment balances as of 6/30/03 represented 523% of total indebtedness. These investments are allocated in a diversified portfolio across several asset classes including: fixed income, equities, real estate, high yield funds, real estate, and cash.

As of 6/30/03, the University had outstanding general obligations indebtedness totaling $667.7 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 3.52 times or better over the last 3 years. Liquidity has been excellent and has enabled the University to prepay an average of $88 million of debt annually since 2001.

FINANCING SUMMARY

Structure: Bonds to be sold in a combination of Fixed and Variable Rate Modes to be determined by the University and its financing team based on market conditions prior to closing

Term/
Interest Rate: The Underwriter expects to structure the issue with Bonds maturing in 30 to 40 years. The final configuration of the Bonds will depend on prevailing market conditions at pricing.

Security: The Bonds will be secured by a general obligation of the University. The Bonds will not be secured by a mortgage or security interest on any of the University's assets, properties, or funds. The University's Long-Term Debt is currently rated Aa1 (Stable)/AA- (Stable)/AA+ (Stable) by Moody's/S&P/Fitch. The University's ratings were affirmed by all three rating agencies in June 2003. The University anticipates the proposed bonds will be rated similarly by all three rating agencies.

PROJECT SUMMARY

Bond proceeds will be used by the University to finance, refinance, or be reimbursed for all or a portion of the costs of the acquisition, construction, renovation, and equipping of certain of its educational facilities, and to pay costs of issuance on the Bonds.

Cost estimates for the various capital construction and renovation projects to be financed are ($280M total):

- Planning, design, and construction ($166M total): Graduate School of Business ($20M), Interdivisional Research Building ($60M), New Research Building ($65M), Steam Plant Expansion ($7M), Residence Halls ($14M)
- Renovation and repairs ($28M total): International House, Law School Classrooms, Residence Halls
- Electrical and HVAC improvements ($11M total): electrical replacement/upgrades; campus chilled water cooling projects
- Bond proceeds will also finance various campus safety and infrastructure improvements, chilled water cooling system, laboratory and office renovations, and purchase of scientific equipment ($75M total)

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The University of Chicago, 1225 E. 60th St., Chicago, IL, 60637; web site: **www.uchicago.edu**
Contact:	William J. ("Bill") Hogan, Jr., Comptroller, Ph.: 773/702-1940; **whogan@uchicago.edu**;
Project name:	Series 2004A Capital Construction and Renovation Projects
Locations:	The University of Chicago's Hyde Park Campus, 1225 E. 60th St., Chicago, IL 60637
Organization:	Illinois 501(c)(3) Corporation
Board Membership:	*See attached list of Board of Trustees*
Current Land Owner:	The University of Chicago

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Borrower's Financial Consultant:	Public Financial Management, Inc.	Boston, MA	June Matte
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Nancy Burke
Senior Manager:	Morgan Stanley & Co.	New York, NY	Matthew Pearson
Co-Managers:	Selection pending – selection of structure and participants to be made by Trustee Finance Subcommittee as of 9/17/04. Proposals distributed by University to several firms, including minority firms, pursuant to the University's procurement policy. The University's selection of firms will be based on the ultimate structure selected.		
Underwriter Counsel:	Foley & Lardner	Chicago, IL	Chris Knight
Trustee:	US Bank – Corporate Trust Services	Chicago, IL	Grace Gorka
Escrow Agent:	LaSalle Bank National Association	Chicago, IL	Alvita Griffin
General Contractor/Architect:	See attachment		
Accountant:	KPMG LLP	Chicago, IL	Stuart Miller
Rating Agencies:	Moody's/S&P/Fitch		
IFA Counsel:	Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz	Chicago, IL	Keith Sigale

LEGISLATIVE DISTRICTS

Congressional:	1	Bobby L. Rush
State Senate:	13	Barack Obama
State House:	25	Barbara Flynn Currie

The University of Chicago
Major Capital Projects for FY 2005

Listing of Architects and General Contractors
as of 8/7/04

Project	Architects	General Contractors
GSB Integrated Campus	Rafael Vinoly Architects	Turner Construction Company
Interdivisional Research Building (IRB)	Ellenzweig Associates Inc.	Partnership of Power Construction, Lewis Jones Enterprises and Broadway Consolidated Companies, Inc.
International House Renovations	Cordigan & Clark; Inspec, Inc. VOA	Turner Special Projects Group (bathrooms); Fred Berglund & Sons (Exterior Façade); Knickerbocker Roofing and Paving
Law School Classroom Renovations	OWP&P	Blinderman Construction Company
New Research Building (NRB)	Currently selecting from among four firms: Perkins and Will; Flad Associates; Payette Associates of Boston, MA; Zimmer of Portland, OR	To be determined

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors

FROM: Townsend S. Albright

DATE: September 14, 2004

RE: Overview Memo for the Illinois Institute of Technology

- **Borrower/Project Name:** Illinois Institute of Technology
- **Location:** Chicago (Cook County)
- **Principal Project Contact:** Kevin Doherty, Associate Vice President and Controller
- **Amount:** $15,000,000
- **Board Action Requested:** Approval of a Preliminary Bond Resolution.
- **Project Type:** New money to will be used to (i) refund outstanding indebtedness, (ii) renovate and equip existing facilities, and (iii) fund bond issuance costs.
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** $60,000
- **Ratings:** The bonds will either be MBIA or AMBAC insured, or carry a Direct Pay Letter of Credit from an "AA"-rated" bank.

ta/h/illinoisinstituterefundingbondmemo

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Illinois Institute of Technology**

STATISTICS

Number:	E-PC-TE-CD-412	Amount:	$15,000,000
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Chicago	Tax ID:	52-297563
Est. fee:	$60,000	SIC Code:	8221

BOARD ACTION

Preliminary Bond Resolution
Conduit Not For Profit Bonds
No IFA funds at risk

No Extraordinary conditions
Staff recommends approval

PURPOSE

Proceeds will be used to (i) current refund outstanding indebtedness, (ii) renovate and equip existing facilities, and (iii) fund bond issuance costs.

IFA CONTRIBUTION

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

VOTING RECORD

Preliminary Bond Resolution, no prior Board vote

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	$15,000,000	Uses:	Project cost	$ 2,700,000
				Debt refinancing	12,000,000
				Bond issuance costs	300,000
	Total	$15,000,000		Total	$15,000,000

JOBS

Current employment:	902	Projected new jobs:	66
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: The Illinois Institute of Technology (the "Applicant", the "University") is a private co-educational, non-sectarian institute of higher learning located in Chicago. The University was established in 1940 through the merger of the Armour Institute of Technology and the Lewis Institute. The Institute of Design, founded in 1937, joined the University in 1949. The Chicago-Kent College of Law merged with the University in 1969. The University is a 501(c)(3) Corporation and is governed by a Board of Directors. A list of Board members is provided for IFA Board review.

Description: The University's curriculum emphasizes preparation for professional careers in the sciences, engineering, the social and behavioral sciences, architecture, planning, and business administration and law. This interprofessional and technology-focused curriculum prepares the University's students for leadership roles in and increasingly complex and culturally diverse global workplace. The University is accredited by the North Central Association of Colleges and Schools. Specific professional programs are accredited or approved by the Accreditation Board of Engineering and Technology, the National Architectural Accrediting Board, the National Association of Schools of Art, the American Chemical Society, the Council on Rehabilitation Education, and the American Bar Association. The University has a current enrollment of 6,050 students, comprised of (i) 1,842 undergraduate students, (ii) 3,159 graduate students, and (iii) 1,049 law students.

Remarks: **The current refunding of the 1994 Series bonds will generate significant cash flow savings. The University will use the savings to pay debt service on the new money portion of the Series 2004 Bonds to fund needed improvements. As a result, there will be no increase in the University's annual debt service.**

Financials: Audited financial statements for fiscal years ending 5-31-2000– 2003, and *pro forma* unaudited financial statements for fiscal year 2004

(Dollars in 000s)

	2000	2001	2002	2003	2004
Income Statement					
Total Revenues	$310,396	$339,864	$321,652	$330,957	$163,310
Operating expenses	(269,533)	(337,630)	(350,424)	(302,959)	(159,942)
Change in Net Assets	40,863	2,234	(28,772)	27,998	3,848
EBIDA	59,971	22,118	(10,006)	44,773	18,264
Balance Sheet					
Current Assets	332,377	337,618	338,167	325,454	319,985
PP&E	137,445	135,876	161,438	169,548	178,241
Other Assets	32,071	63,699	30,294	19,780	31,143
Total	501,893	537,193	529,899	514,782	529,369
Current Liabilities	43,868	52,040	65,887	38,798	27,002
Other LT Liabilities	10,005	11,365	9,906	10,199	24,514
Debt	96,969	120,503	129,592	113,271	121,491
Net Assets	351,051	353,285	324,514	352,514	356,362
Total	$501,893	$537,193	$529,899	$514,782	$529,369
Ratios:					
Debt Coverage	5.80x	1.07x	N/A	2.74x	2.49x
Current Ratio	7.58	6.49	5.13	8.39	11.85
Debt/Net Assets	0.28	0.34	0.40	0.32	0.34

Note: (i) The fiscal 2002 negative Change in Net Assets (deficit) was caused primarily by losses on investments and costs associated with an early faculty retirement program,
(ii) The Applicant sold IITRI during fiscal year 2003. Fiscal 2004 revenues and expenses reflect the absence of IITRI's income and expenses, and
(iii) The University has a $5,000,000 line of credit with Harris Bank, Chicago, Illinois.

FINANCING SUMMARY

Security:	The Bonds will either be insured by a major bond insurer or secured by a Direct Pay Letter of Credit from an "AA-rated" bank.
Structure:	Either Fixed-Rate or Multi-Mode Floating-Bonds
Maturity	2015

PROJECT SUMMARY

Proceeds will be used to: (i) refund the outstanding maturities of the University's IFA (IEFA) Refunding Bonds, Series 1994 which are callable on December I, 2004 at 102, (ii) renovate and equip existing University facilities which are located at 10 West 33rd Street, Chicago, Cook County, Illinois, and (iii) fund bond issuance costs.

Project Costs:	Renovation	$ 2,500,000
	Machinery/Equipment	200,000
	Refunding	12,000,000
	Total	$14,700,000

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Illinois Institute of Technology
Project names:	Current refunding and Renovation
Location:	10 West 33rd Street, Chicago, Cook County, Illinois 60616
Organization:	501(c)(3) Corporation
State:	Illinois
Board:	List attached for IFA Board review.

PROFESSIONAL & FINANCIAL

Counsel:	In House	Chicago, IL	Mary Anne Smith
Accountants:	KPMG LLP	Chicago, IL	
Bond Counsel:	Chapman and Cutler	Chicago, IL	James E. Luebchow
Issuer's Counsel	TBD		
Underwriter/: Placement Agent:	William Blair & Company	Chicago, IL	Thomas E. Lanctot Celia Miller
LOC Bank Counsel:	TBD		
Trustee:	TBD		
General Contractor:	TBD		

LEGISLATIVE DISTRICTS

Congressional:	1, Bobby L. Rush
State Senate:	3, Mattie Hunter
State House:	5, Kenneth Dunkin

ILLINOIS INSTITUTE OF TECHNOLOGY

▶ PROSPECTIVE STUDENTS ▶ CURRENT STUDENTS ▶ BUSINESS & INDUSTRY ▶ FACULTY & STAFF ▶ ALUMNI

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ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors

FROM: Townsend S. Albright

DATE: September 14, 2004

RE: Overview Memo for Rogers Park Montessori School

- **Borrower/Project Name:** Rogers Park Montessori School
- **Location:** Chicago (Cook County)
- **Principal Project Contact:** Ms. Lanie Adair, Business Manager
- **Amount:** $12,000,000 (not to exceed)
- **Board Action Requested:** Approval of a Final Bond Resolution. The IDFA Board initially approved this project in an amount not to exceed $7,000,000 at the May 8, 2003 Board meeting.
- **Project Type:** New money to (i) purchase land, (ii) construct and equip a school that will house classrooms, a cafeteria, a library, administrative areas, and two play lots, (iii) capitalize interest, and (iv) pay a portion of professional and bond issuance costs.
- **IFA Benefits:** Conduit Tax-Exempt Bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** $51,000
- **Ratings:** (i) The Bonds will be non-rated and will be sold in minimum denominations of $100,000 to institutional and sophisticated individual investors, and (ii) a Sophisticated Investor's Letter will be delivered with the Bonds; in accordance with IFA policy.

ta/h/rogersparkmontessorimemo

ILLINOIS DEVELOPMENT FINANCE AUTHORITY
BOARD SUMMARY

Project: **Rogers Park Montessori School**

STATISTICS

Number:	E-PS-TE-CD-411	Amount:	$12,000,000 (not to exceed)
Type:	NP	IFA Staff:	Townsend Albright
Location:	Chicago	Tax ID:	36-2597822
Est. fee:	$51,000	SIC:	8221

BOARD ACTION

Final Bond Resolution
Conduit Not for Profit Bonds
No IFA funds at risk
Staff recommends approval

Extraordinary conditions:
1. Minimum denominations of $100,000.00
2. Delivery of a Sophisticated Investor's Letter with the Bonds

PURPOSE

Proceeds will be used to (i) purchase land, (ii) construct and equip a school that will house classrooms, a cafeteria, a library, administrative areas, and two play lots, (iii) capitalize interest, and (iv) pay a portion of professional and bond issuance costs.

IFA CONTRIBUTION

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

VOTING RECORD

This is the first time the project has been presented to the IFA Board for approval.

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	$10,000,000	Uses:	Project cost	$ 9,900,000
	Equity	1,000,000		Capitalized interest	900,000
				Legal/Professional	200,000
Total		$11,000,000		Total	$11,000,000

JOBS

Current employment:	35	Projected new jobs:	20
Jobs retained:	N/A	Construction jobs:	50 (one year)

BUSINESS SUMMARY

Background: The Rogers Park Montessori School ("RPMS", the "Applicant") was incorporated as an Illinois 501(c)(3) corporation in 1966. RPMS is a non-sectarian organization offering preschool and elementary programs for children 2 through 12 years. RPMS is successful because of its commitment to children and families who desire a Montessori educational opportunity within a nurturing and enriched environment. The Applicant is governed by a 10-member Board of Directors. The Applicant's Board list is attached for IFA Board review.

Description: The Montessori education is guided by the work and writings of Maria Montessori (1870-1952). The philosophy is to follow the child, which assumes that every child is a unique individual who is naturally driven to grow, develop, and learn. Everything in the RPMS classroom is designed to meet the developmental needs and interests of the children. The role of the teacher is to facilitate a classroom where children learn skills and knowledge appropriate to them and thrive socially and emotionally. RPMS classes are multi-age, three-year groupings, in keeping with the Montessori practice. RPMS offers student support services including food services, transportation and scholarships based upon financial need. The Applicant currently serves 170 students from Chicagoland areas as far south as Hyde Park to northside communities including Edgewater, Uptown, Rogers Park, and Evanston.

Remarks: The Applicant is currently housed in two separate locations. The preschool is located in the Bethany Evangelical Church and the elementary school is located 1.5 miles away at the Edgewater Presbyterian Church. There is no room for expansion and the separation creates duplication of assets and services, and administrative challenges. The proposed financing will enable RPMS to (i) consolidate its current operations, (ii) expand enrollment, and (iii) open a middle school for 7th 8th and 9th graders. Enrollment will increase from 170 students (2004 enrollment) to 285 students by 2008. Applications have far exceeded placement opportunities for the last four years.

Financials: Audited financial statements for fiscal years ending 6-30-1999 – 2002, and 8-31-2003. Unaudited *proforma* financial statements for interim fiscal year ending 2-29-04.

(Dollars in 000s)

	1999	2000	2001	2002	2003	2004
Income Statement						
Total Revenues	$832	$959	$1,104	$1,218	$1,347	$807
Operating expenses	(750)	(866)	(957)	(1,165)	(1349)	(788)
Change in Net Assets	82	93	147	53	(2)	19
EBIDA	94	106	160	72	25	32
Balance Sheet						
Current Assets	248	354	539	613	815	742
PP&E	73	62	60	100	89	78
Other Assets	0	0	0	0	0	0
Total	321	416	599	713	904	820
Current Liabilities	93	95	130	192	482	379
Other LT Liabilities	0	0	0	0	0	0
Debt	0	0	0	0	0	0
Net Assets	228	321	469	521	422	441
Total	$321	$416	$599	$713	$904	$820
Ratios:						
Debt coverage	N/A	N/A	N/A	N/A	N/A	N/A
Current Ratio	2.67	3.73	4.15	3.19	1.69	1.96
Debt/Net Assets	N/A	N/A	N/A	N/A	N/A	N/A

The increase in operating expenses for fiscal year 2002 and projected for fiscal year 2003 includes substantial increases in administrative and staff salaries and fringe benefits which were necessary to bring teacher's and staff's pay to competitive levels.

1. Fiscal 2002 expenses include $50,000 for the proposed project.
2. For purposes of this due diligence the Applicant's rent has been characterized as debt in computing coverage.
3. The decrease in Net Assets from Fiscal Years 2002 and 2003 was caused by (i) the effect of a change in fiscal year end, and (ii) the Applicant paid feasibility and other costs related to evaluating and locating different sites for the school facility.
4. A projected Statement of Cash Flows is attached for review.

FINANCING SUMMARY

Security:	Direct Pay Letter of Credit from Riverside Community Bank, (a wholly-owned subsidiary of Heartland Financial USA, Inc.) Rockford, IL for the Series A Bonds.*
Structure:	Approximately $8,000,000 Series 2004A Fixed-Rate Bonds which will be credit enhanced and approximately $3,000,000 Series 2004B Tax-Exempt Fixed-Rate Subordinate Bonds which will not be credit enhanced. It is anticipated the Series A Bonds will carry a rate of 4.75% and the Series B Bonds will carry a rate of 7.50%.
Maturity	31 years
Note:	The Series 2004A Bonds will be sold on a negotiated sale basis to institutional and sophisticated retail investors. The Series 2004B Bonds will be placed privately to sophisticated and to institutional investors.

* Riverside Community bank is part of the Heartland Financial group of community banks headquartered in Dubuque, Iowa with banks located in the Midwest, West and Southwest. The group's assets total approximately $2 billion and their stock is listed on the NASDAQ.

PROJECT SUMMARY

Proceeds will be used to (i) purchase land, (ii) construct and equip a 47,000 sq. ft. school to be located at 1800 West Balmoral, Chicago, Cook County, Illinois that will house 17 classrooms, a cafeteria, a library, administrative areas, and two play lots, (iii) capitalize interest, and (iv) pay a portion of professional and bond issuance costs.

Project Costs:	Land	$2,000,000
	New Construction	7,400,000
	Machinery/Equipment	500,000
	Total	$9,900,000

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Rogers Park Montessori School
Project names:	New Facility Project
Location:	1800 West Balmoral, Chicago, Cook County, Illinois 60640
Organization:	501(c)(3) Corporation
State:	Illinois
Board:	List attached for IFA Board review

PROFESSIONAL & FINANCIAL

Counsel:	Piper Rudnick	Baltimore, MD	Kristin Franceschi
Accountants:	John D. K Kopczyk, Ltd.	Chicago, IL	
	McNulty & Associates (2001-1999)	Chicago, IL	
Bond Counsel:	Chapman and Cutler	Chicago, IL	Matt Lewin
Issuer's Counsel	Dykema Gossett	Chicago, IL	Darrell Pierce
Underwriter/ Placement Agent:	Oppenheimer and Co., Inc.	Minneapolis, MN	Bryan Nelson
Underwriter's Counsel:	Icemiller	Chicago, IL	Tom Smith
Consultant:	Nadroj Operating Corp.	Evanston, IL	Jordan Zoot
Trustee:	TBD		
General Contractor:	TBD		

LEGISLATIVE DISTRICTS

Congressional:	05 Rahm Emanuel
State Senate:	07 Carol Ronen
State House:	13 Larry McKeon

Rogers Park Montessori School
Projected Statement of Cash Flows
(including FY2004 acquisition of new building)

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Cash flows from operation activities:							
Cashflow b/f debt service & occupancy	166,353	(100,689)	179,033	323,364	532,315	656,696	712,831
Adjustments:							
Depreciation/Amortization	31,915	316,453	331,851	342,956	342,967	344,508	349,004
Changes in operationg assets and liabilities							
Accounts receivable	31,709	0	0	0	0	0	0
Prepaid Expenses	107,694	0	0	0	0	0	0
Accounts payable	(51,172)	0	0	0	0	0	0
Advances	(8,376)	150,745	137,870	94,006	92,460	51,714	37,957
Cashflow from operations before occupancy & debt service	278,123	366,509	648,754	760,326	967,742	1,052,918	1,099,792
Change in project fund	(7,661,729)	7,661,729	0	0	0	0	0
Change in Capitalized Interest Fund	(821,493)	546,292	275,200	0	0	0	0
Change in Debt Sevice Reserve Fund	0	0	0	0	0	0	0
Change in Repair and Replacement Fund	0	0	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Change in Issuance & Underwriting Costs	(523,485)	0	0	0	0	0	0
Capital Expenditures	(2,028,325)	(7,729,245)	(107,668)	(113,103)	(43,908)	(45,601)	(47,383)
Cashflow before occupancy & debt service	(10,756,909)	845,284	796,286	627,223	903,834	987,317	1,032,409
Debt Service & Occupancy							
Rent	(80,580)	(80,580)	0	0	0	0	0
Note Payable	10,140,000	0	0	0	0	0	0
Debt Service on senior debt	0	(460,804)	(460,804)	(460,804)	(594,075)	(595,805)	(591,994)
Debt Service on subordinated debt	0	(187,500)	(187,500)	(187,500)	(217,500)	(215,250)	(218,000)
Debt Service & Occupancy	10,059,420	(728,884)	(648,304)	(648,304)	(811,575)	(811,055)	(809,994)
Net increase (decrease) in cash	(697,489)	116,400	147,982	(21,081)	92,259	176,262	222,415
Cash at beginning of year	675,220	(22,269)	94,131	242,113	221,032	313,291	489,553
Cashflow after debt service and occupancy	(22,269)	94,131	242,113	221,032	313,291	489,563	711,969
Overall Debt Coverage Ratio	N/A	N/A	1.00	1.17	1.19	1.30	1.36

RPMS Model - 6-8-04.xls

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LIST OF CURRENT BOARD MEMBERS

Ashley Thom, President
Ian Gallagher, Treasurer
Debra Senoff-Langford, Principal
Patti Blagojevich
Bert Vescolani
Ann Scholhamer
Patricia Bayerlein
Holly Crilly
Kathy Lunsky
Joy Baer
Karen Salmon
Kelly Velasquez

ta/h/rogersparkmontessori9844np

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Steven Trout, Funding Manager

Date: September 3, 2004

Re: Overview Memo for the Illinois Primary Health Care Association Facilities Acquisition Program
N-NP-TE-CD-414

- **Borrower/Project Names:**
  - Chicago Family Health Center (N-NP-TE-CD-414A)
  - Community Health and Emergency Services, Inc. ("CHESI", N-NP-TE-CD-414B)
  - Erie Family Health Services, Inc. (N-NP-TE-CD-414C)

- **Locations:** Chicago (Cook Co.), Cairo (Alexander Co.) and Carbondale (Jackson Co.)

- **Principal Project Contacts:**
  - Chicago Family: Wendy Cox, Executive Director (773)768-5000
  - CHESI: Fred Bernstein, Executive Director (618) 734-4400
  - Erie Family: Xichel Woods, Executive Director (312) 666-3494

- **Board Action Requested:** Final Bond Resolution

- **Amount:** Not to exceed $8,700,000
  - **Uses:**
    - Chicago Family: Not to exceed $3,500,000 to finance the construction of a 45,000 s.f. building for administrative functions and clinical services at 9125-9127 South Exchange Street, Chicago, capitalize a debt service reserve and pay costs of issuance.
    - CHESI: Not to exceed $3,100,000 to refinance bonds, loans and a bank line of credit, capitalize a debt service reserve and pay costs of issuance.
    - Erie Family: Not to exceed $2,100,000 to refinance capital leases, capitalize a debt service reserve and pay costs of issuance.

- **Project Type: Not-for-Profit 501(c)(3) Bonds**

- **IFA Benefits:**
  - Convey federal tax-exempt status
  - No IFA or State funds at risk

- **IFA Fees:** $42,500

- **Structure:**
  - Fixed-rate term bonds maturing in 2009, 2014 and 2019
  - To be secured by an intercept of State Medicaid payments
  - Bonds will be unrated and unenhanced and sold in minimum $100,000 denominations

The Borrowers, as FQHCs, are required to provide medical care to all patients regardless of their ability to pay. Rates are discounted based on household income for patients that lack private insurance or coverage under Medicaid or Medicare. Both Erie and CHESI took losses in FY 2003 after increasing allowances for charity care and bad debt to write down uncollectible receivables from patients and private insurance. Essentially management had overstated prior year revenues from these payers. The need for the writedowns became evident when management implemented accounting system software recommended by the IPHCA that track receivables by age and collectibility. Management at Erie and CHESI now reviews receivables on a monthly basis to improve collections and prevent a recurrence of large writedowns. Chicago Family's management adheres to a similar practice after recording a similar loss in FY2000.

These problems appear to be behind Erie and CHESI. Erie has returned to profitability in FY 2004. CHESI has been solidly profitable during the second half of the year ending June 30 and is expected to end the year near break-even, eliminating a large loss incurred during the first half of the year. Chicago Family has remained profitable since FY 2000.

Bond proceeds will be used to construct a clinic and administrative building, acquire equipment, refinance bonds and bank loans and provide working capital. The Bonds will structured as fixed rate Term Bonds maturing in a) 2009 with mandatory annual sinking fund payments from 2005 to 2009, b) 2014 with mandatory annual sinking fund payments from 2010 to 2014 and c) 2024 with mandatory annual sinking fund payments from 2015 to 2024. The sinking fund payments will be structured to approximate level debt service payments. The Bonds will not be rated nor enhanced with a letter of credit or bond insurance. The Bonds will accordingly be sold in minimum $100,000 denominations to assure distribution to institutional investors, pursuant to IFA policy.

Each Center's repayment obligation will be a direct, full recourse, general obligation. Each Provider's repayment obligation will be further secured by 1) a debt service reserve fund approximating one year's debt service, 2) a first lien and mortgage on all real property and improvements financed, 3) a first lien pledge of the Center's contracts and agreements with the Illinois funding agencies and the US Public Health Service, accounts receivables and other revenues and assets, and 4) a pledge of unspent project funds and costs of issuance funds.

The Illinois Comptroller will pay principal and interest directly to the Trustee from funds owed by the Department of Public Aid, using a state intercept. The State has no obligation for payment of the bonds, other than forwarding money already owed to the Provider.

Should funds from the DPA Aid become insufficient to pay principal and interest, the Trustee can require the Center(s) to direct all funding from State agencies to a lockbox. The first funds collected in the lockbox will be reserved to make the next debt service payment.

No IFA funds are requested for this financing. In connection with the 1996 Bonds, however, the Authority provided $200,000 to match a similar amount provided by the Illinois Department of Public Health to capitalize a $400,000 debt service reserve. All payments relating to the 1996 Bonds are current and there have been no draws on the reserves.

To: Members of the Board of the Illinois Finance Authority

From: Steven Trout, Funding Manager

Date: September 3, 2004

Re: **Illinois Primary Health Association Facilities Acquisition Project Background**

The Illinois Primary Health Care Association ('the Association" or "IPHCA") is requesting approval of a final bond resolution for tax-exempt 501(c)(3) revenue bonds for an amount not to exceed $8,700,000. The Illinois Development Finance Authority Board gave initial approval for this project on September 12, 2002. Final approval for this project was never obtained because of Office of Management and Budget ("OMB") concerns about a proposed intercept of State funds to secure the bonds.

OMB has since approved use of the intercept and the inclusion of each of the three proposed borrowers in this bond issue. The proposed issue will generate approximately $42,500 in revenues with no IFA funds at risk. IDFA issued $10.9 million in bonds for two IPHCA members in 1996. One of the participants, Community Health and Emergency Services, is expected to participate in the proposed financing.

The Association represents Community/Migration Health Centers ("Centers") in Illinois. The Center's mission is to provide primary and preventive medical care to the uninsured, the publicly insured, migrant populations and individuals living in areas without adequate health care. The Centers participating in the proposed financing are Chicago Family Health Center ("Chicago Family"), Erie Family Health Center ("Erie") of Chicago and Community Health and Emergency Services, Inc., ("CHESI") of Carbondale and Cairo (collectively, "the Borrowers" or "the Providers"). The US Department of Health and Human Services designates each Borrower as Federally Qualified Health Centers ("FQHC"). This status entitles them to receive significantly higher cost-based Medicaid reimbursement than non-FQHC providers and hospital can receive for providing these same services.

The proposed participants receive significant public funding. Section 330 grants payable from the US Public Health Services account for 24% to 36% of FY 2003 revenues. Funding from State agencies is also important, accounting for 30% to 45% of FY 2003 revenues. Medicaid payments from the Department of Public Aid ("DPA") are the largest source of State funding, accounting for 25% to 66% of FY 2003 revenues. Grants and contract services, which are mostly paid by various State and local agencies, account for 8% to 28% of FY 2003 revenues.

Public funding has held up surprisingly well at all three centers. Medicaid funding is increasing and grants from the US Public Health Service have remained stable or grown at each center. Discretionary grant funding is has grown through FY 2003 at Chicago Family, while cuts in Illinois funding at Community Health and Emergency Services and Erie Family Health Center have been offset by rising patient revenues. The Centers aggressively pursue public and private grants and can rapidly terminate discretionary programs that are no longer funded, which provides some flexibility to respond to changing funding levels.

The Centers are on an expedited Medicaid payment schedule, which reduces their exposure to delays in the State payment of Medicaid claims. Collection of receivables has nevertheless lagged, particularly in FY 2003. The Borrowers' liquidity remains modest but has improved in FY 2004, due to enhanced profitability and faster collection of receivables.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: Chicago Family Health Center Development Project

STATISTICS

Project:	N-NP-E-CD-414(A)	Amount :	$3,500,000 (not-to-exceed amount)
Type:	Not-for- Profit	IFA Staff:	Steve Trout
Location:	Chicago	Tax ID:	36-2893854
SIC Code:	8011 Primary Medical Clinic	Est. fee:	$17,050 (pro rata portion of Pool)

BOARD ACTION

Final Bond Resolution as a participant in up to a $8.7 million pooled financing
Conduit 501(c)(3) Bond Financing — Staff recommends approval
No IFA funds at risk
Condition: Bonds will be sold in minimum $100,000 denominations

PURPOSE

Construction of a new 45,000 square foot administrative/clinical facility in Chicago.

VOLUME CAP

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

VOTING RECORD

The IDFA Board gave its initial approval for this project at the September 12, 2002 meeting by the following vote:

Aye-12 Present-1 (Filan) Absent-3 (Beattie, Cisco and Zavis) Vacant-1

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$3,410,000	Uses:	Project Costs	$3,886,000
	DHHS Capital Grant	886,000		Debt Service Reserve	341,000
	Equity	85,250		Issuance costs	154,250
	Total	$4,381,250		**Total**	$4,381,250

JOBS

Current employment:	137	Projected new jobs:	6
Jobs retained:	N/A	Construction jobs:	17 (6 months)

BUSINESS SUMMARY

Background: Chicago Family Health Center ("Chicago Family", "CFHC" or "the Center) is a 501(c)(3) not-for-profit corporation founded in 1976 that provides family practice, internal medicine, pediatrics, obstetrics and women's health services, dental, laboratory, nutrition counseling, social services, health education, and pharmacy access to residents in West Pullman, South Shore, Riverdale, Chatham, Hegewisch, Avalon Park, Ashburn, Burnside, Greater Grand Crossing, Beverly, South Chicago, Pullman, Auburn-Gresham, Calumet Heights, Morgan Park, Washington Heights, Mount Greenwood, South Deering, Eastside, and Roseland.

CFHC is a Medicaid and Medicare approved health center and has been designated as a Federally Qualified Health Center (FQHC) by the Public Health Services Division of U.S. Department of Health and Human Services. This designation qualifies CFHC for a higher cost-based Medicaid reimbursement rate for primary and preventive services than non-FQHC and hospitals can receive for the same services.

Chicago Family seeks to provide the highest quality of professional and personal services in offering comprehensive accessible primary health care of the whole person. The Center is committed to offering programs promoting health and preventing disease and caring for the sick regardless of income with sensitivity to patients' racial and ethnic background, language and culture.

The proposed project would enable CFHC to construct a new facility to administer and provide outpatient medical care in Chicago. Services offered will include primary care and physician office visits for all ages of patients, as well as mental health and dental care services. Individual and group health education, nutrition education, social services, case management, medicine dispensary and limited lab services will also be provided to patients. The facility will offer a developmental disabilities program and provide respite training and placement, social services and education placement for developmentally disabled adults and children. When the project is completed the current lease at 9204 S. Commercial will be terminated, saving about $84,000 in annual expense.

Financials: Financial summary prepared from audited financial statements for fiscal years ended May 31 2001 through 2003. The forecast for fiscal year 2004 is based on interim statements for the full year. Staff projections for fiscal years 2005 through 2007. (Figures are in $000s.)

	Year Ended May 31			Year Ending May 31			
	2001	2002	2003	2004	2005	2006	2007
Income Statement							
Net Revenues/Support	$8,364	$8,176	$8,455	$9,100	$9,418	$9,984	$10,483
Change in Net Assets	331	142	236	300	144	103	1127
Earnings Before Interest Depreciation & Amort	282	570	350	372	385	493	517
Balance sheet:							
Current assets	1,434	1,559	1,986	2,360	2,361	2,490	2,537
Net PP&E	1,054	953	885	818	3,847	3,799	3,849
Other Assets	0	0	0	0	495	483	475
Total assets	2,488	2,512	2,871	3,178	6,703	6,772	6,861
Current liabilities	1,209	861	1,052	1,125	1,186	1,246	1,309
Long-term Debt	199	134	66	0	3,320	3,225	3,125
Net Assets	1,080	1,517	1,753	2,053	2,197	2,300	2,427
Total Liabs & Net Assets	2,488	2,512	2,871	3,178	6,703	6,772	6,861
Ratios:							
Fixed charge coverage	1.37(x)	2.53(x)	2.19(x)	4.83(x)	3.15(x)	2.88(x)	3.01(x)
Current ratio (x)	1.19	1.81	1.89	2.10	1.99	2.00	1.94
Days cash on hand	12.0	29.4	28.3	39.5	39.5	39.5	39.5
LT Debt/Net Assets (x)	0.18	0.09	0.04	0.00	1.51	1.40	1.29

Discussion: Sources of revenue in FY 2003 were patient service revenues (44%), the DHHS Community Health Center grants (35%), contract services and other grants (19%), other revenue (1.7%) and contributions (0.3%). Patient service revenues consisted of payments from Medicaid (57%), Medicare (4%), patients and private insurance (39%) and private insurance (6%). Patient revenues and the DHHS grant have grown very modestly over the period reviewed. Contract services and other grants are discretionary programs funded by the US DHHS, Illinois Department of Human Services, City of Chicago Health Department and Housing Department and private sources. Funds from these sources have remained steady through FY 2003, but has fallen through the first nine months of the year. CFHC aggressively pursues these funds and adjusts staffing in response to funding availability.

As a FQHC, the Center is required to provide medical care to all patients regardless of ability to pay. Rates are discounted based on household income for patients that lack private insurance or coverage under Medicaid or Medicare. The Center took a $1.5 loss in FY 2000 when it wrote down uncollectible receivables from patients and private insurance. The Board replaced its Executive Director in CFO in response to that situation . The new management has instituted regular reviews of receivables to enhance collection and prevent uncollectible receivables from accumulating in the future. Allowances have been estimated at about 31% of gross patient revenues over the period reviewed.

Chicago Family has no long-term debt and recently retired a modest loan on a building. The Center has a $250,000 bank line of credit collateralized by substantially all assets. CFHC had no balance on the line as of February 29, 2004. This loan and the Bonds will share in this security on a parity basis.

The forecast for FY 2005 and beyond assumes matching annual growth in gross revenues and operating expenses ranging between 3.5% and 6% per year, reflecting increased care provided at the new facility. Operating costs are projected at 95% of net revenues, which is consistent with recent averages. The forecast assumes that the bonds begin accruing interest on September 1 at the rates estimated by the underwriters and detailed in the Financing Summary Section.

The forecast indicates that the Center should have no difficulty generating sufficient cashflow to cover operating costs and service the debt, invest in plant and equipment and maintain adequate liquidity over the forecast period.

FINANCING SUMMARY

Security: The Center's repayment obligation under the Loan Agreement will be a direct, full recourse, general obligation of the Borrower. The Center's repayment obligation will be further secured by 1) a debt service reserve fund approximating one year's debt service, 2) a first lien and mortgage on all real property and improvements financed, 3) a first lien pledge of the Center's contracts and agreements with the US Public Health Service and State funding agencies, accounts receivables and other revenues and assets, and 4) pledge of unspent project funds and costs of issuance funds.

Intercept: The Illinois Comptroller will pay principal and interest directly to the Trustee from funds owed by the Department of Public Aid. The State will have no obligation for payment of the Bonds other than forwarding monies already owed to the Borrower.

Back-up Lockbox: In the event that funds from the Department of Public Aid become insufficient to pay principal and interest, the Trustee can require the Center to direct all funding from State agencies to a lockbox. The first funds collected in the lockbox will be reserved to make the next debt service payment.

Bonds: The bonds will not be rated nor enhanced with a letter of credit or bond insurance and will be sold in minimum $100,000 denominations.

Maturity: The bonds will be comprised of Term Bonds maturing in a) 2009 with mandatory annual sinking fund payments from 2004 to 2009 paying interest at about 4.25%, b) 2014 with mandatory annual sinking fund payments from 2010 to 2014 paying interest at about 5.5% and c) 2024 with mandatory annual sinking fund payments from 2015 to 2024 paying interest at about 6.2%. The sinking fund payments will be structured to approximate level debt service payments.

PROJECT SUMMARY

Bond proceeds will be used to: 1) construct a new 45,000 sq. ft. facility on property currently owned by the Center, to be used for administrative functions and clinical services located at 9125-9127 South Exchange Street, Chicago, Illinois (Cook County) 2) capitalize a debt service reserve fund and 3) pay a portion of costs of issuance.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Chicago Family Health Center, Inc., Wendy Cox, Executive Director, 9119 South Exchange Street, Chicago, Illinois, 60617 (Ph.: 773/768-5000; Fax: 773/768-6153)
Project name:	Chicago Family Health Center Development Project
Location:	9125-9127 South Exchange Street, Chicago, Illinois (Cook County)
Organization:	Illinois 501(c)(3) organization.
Land Owner:	Chicago Family Health Center already owns the subject property.

Board Membership:	Wendy Cox	Executive Director
	Nicholas Valadez	Chairman
	Gordon Slade	Vice-Chairman
	Tom Munoz	Director
	Anthony Ziak	Director
	Rev. Mark Brummel	Director
	Frank Iacona	Director
	Mary Munoz	Director
	Henry Murphy	Director
	Elvia Perez	Director
	Richard Perez	Director
	Lyleth Rodriguez	Director
	James Simmons	Director
	Lupe Valadez	Director

PROFESSIONAL & FINANCIAL

Accountant:	McGladrey & Pullen, LLP	Rockford, IL	
Bond Counsel:	Pugh, Jones & Johnson, PC	Chicago, IL	Scott Bremer
Underwriter:	Municipal Capital Markets Group	Dallas, TX	James Craft
Underw. Counsel:	Glast, Phillips & Murray	Dallas, TX	John Stasney
Trustee:	Amalgamated Bank of Chicago	Chicago, IL	Robert Demos
Issuer's Counsel:	Kevin Cahill	Chicago, IL	Kevin Cahill

LEGISLATIVE DISTRICTS

Congressional:	02	Jesse Jackson, Jr.
State Senate:	16	Donne Trotter
State House:	31	Marlow Colvin

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Deal: **Community Health & Emergency Services, Inc.**

STATISTICS

Deal Number:	N-NP-TE-CD-414(B)	Amount:	$3,100,000 (not-to-exceed amount)
Type:	Not-for-Profit	PA:	Steve Trout
Locations:	Cairo and Carbondale	Tax ID:	37-1100482
SIC Code:	8011 Primary Medical Clinic	Est. fee:	$14,775 (pro rata portion of Pool)

BOARD ACTION

Final Bond Resolution as a participant in an $8.7 million pooled financing
Conduit 501(c)(3) Bond Financing — Staff recommends approval
No IDFA funds at risk
Condition: Bonds will be sold in minimum $100,000 denominations

PURPOSE

Refinance bonds and loans that financed clinical and administrative facilities in Cairo and Carbondale and a bank line of credit that financed working capital.

VOLUME CAP

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

VOTING RECORD

The IDFA Board gave its initial approval for this project at the September 12, 2002 meeting by the following vote:

Aye-12 Present- 1 (Filan) Absent-3 (Beattie, Cisco and Zavis) Vacant-1 (T. O'Brien)

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$2,955,000	Uses:	Project Costs	$125,000
				Refinancing	$2,475,000
				Debt Service Reserve	295,555
				Issuance costs	59,100
				Contingency	400
	Total	$2,955,000		**Total**	$2,955,000

JOBS

Current employment:	140	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Community Health & Emergency Services, Inc. (CHESI) is a 501(c)(3) not-for-profit corporation established in 1976 that operates a comprehensive community outpatient health care center and seven satellite centers that offer clinical services to residents of Alexander, Pulaski, Hardin, Pope, Jackson Counties and surrounding communities.

CHESI's services include primary, prenatal, urgent care, ambulatory surgery, dental, laboratory, radiology, clinical social work and psychiatry. CHESI also maintains a social service department providing substance abuse prevention and treatment, case management services for prenatals and children up to age two, services to pregnant and parenting teens and services to reduce child abuse and promote healthy development and programs to prevent juvenile delinquency.

CHESI is a Medicaid and Medicare approved health center which has been designated as a Federally Qualified Health Center (FQHC) by the Public Health Services Division of U.S. Department of Health and Human Services, which entitles it to higher reimbursement than is paid to providers without this designation.

The proposed project in Cairo would enable CHESI to refinance debt that financed an existing administrative/clinical facility in Cairo and finance the acquisition of land and an existing facility to operate a women's health clinic in Carbondale.

Financials: Financial summary prepared from audited results for fiscal years ended June 30, 2001 through 2003. Projections for fiscal years ending June 30, 2004 through 2007, with the FY 2004 forecast based on February 28, 2003 (8 months) interim financial statements. All dollars are in thousands.

	Year Ended June 30			Year Ending June 30			
	2001	2002	2003	2004	2005	2006	2007
Income Statement							
Revenues/Support	$6,887	$7,299	$6,830	$6,861	$7,142	$7,249	$7,358
Net Revenues	33	(8)	(144)	(99)	21	26	30
Earnings Before Interest Depreciation & Amort.	387	339	236	291	451	458	465
Balance sheet:							
Current assets	3,037	3,441	3,630	3,007	3,094	3,048	2,998
Net PP&E	2,747	2,584	2,850	2,847	2,844	2,830	2,831
Other Assets	261	240	295	0	320	317	314
Total assets	6,045	6,265	6,775	5,854	6,258	6,195	6,143
Current liabilities	2,686	2,956	3,317	2,572	1,981	2,003	2,036
Long-term Debt	1,618	1,576	1,870	1,793	2,767	2,656	2,541
Net Assets	1,741	1,733	1,588	1,489	1,510	1,536	1,566
Total Liabs & Net Assets	6,045	6,265	6,775	5,854	6,258	6,195	6,143
Ratios:							
Debt coverage (x)	1.47	1.60	0.89	1.10	1.55	1.48	1.57
Days cash on hand	1.04	7.04	5.67	38.66	31.06	26.25	21.35
Current ratio	1.13	1.16	1.09	1.17	1.56	1.52	1.47
LT Debt/Net Assets	0.93	0.91	1.18	1.20	1.83	1.73	1.62

Discussion: Sources of revenue in FY 2003 were patient service revenues (66%), DHHS grants (25%), contract services and other grants (8%) and contributions (1%). Gross patient revenues consisted of payments from Medicaid (58%), Medicare (13%), patients (17%) and private insurance (12%). Patient revenues, net of adjustments for charitable care and other allowances, have grown modestly from $6.7million in FY 2001 to $6.8 million in FY 2003.

CHESI is required as a FQHC to provide medical care to all patients regardless of ability to pay. Rates are discounted based on household income for patients lacking private insurance or coverage under Medicaid or Medicare. The Center's loss in FY 2003 stems from an increase in the allowance for charity care to $1.5 million or 25% of gross patient services to write down uncollectible receivables from patients and private insurance. The need for the writedowns became evident when management implemented accounting system software recommended by the IPHCA that track receivables by age and collectibility. By comparison, allowances in FY 2001 were $674,000, or 13% of gross patient revenues.

The Center's FQHC grant has increased $1.4 million in FY 2001 to $1.7 million in FY 2003. Contract services and other grants are discretionary programs funded by the US DHHS, Illinois Department of Human Services, City of Chicago Health Department and Housing Department and private sources. Funds from these sources have fallen from $835,000 in FY 2001 to $550,000 in FY 2003, reflecting tightening public and foundation budgets. The Center aggressively pursues grants and contracts and adjusts staffing in response to funding availability.

The Center has a $750,000 revolving line of credit from Capaha Bank that was fully drawn as of February 29, 2004. That facility will be refinanced with the proceeds for the proposed bonds.

The balance sheet forecast for FY 2004 reflects balances as of February 28, with adjustments to cash to reflect projected full year cashflows. The income forecast for FY 2004 is based on annualized revenues and expenses, with adjustments to revenues and operating expenses to reflect management's estimate for full year results as of late June. (Interim full years statements are not available as of this writing.) Allowances are estimated at 20% of FY 2004 gross patient revenues as management continued to write down receivables created in prior years and the current year. Management now reviews receivables on a monthly basis to improve collections and prevent a recurrence of large writedowns.

The forecast for FY 2005 and beyond assumes 1.5% annual growth in gross revenues and operating expenses. Gross and net revenues, respectively, have grown by 8.4% and 7.5% over the past 5 years. Allowances are projected at 17.4% of gross patient revenues in FY 2005 and beyond. Operating expenses are projected at 94% of gross revenues beginning in FY 2005. Both ratios are consistent with 5-year historical averages. The forecast assumes that the bonds begin accruing interest at the rates estimated by the underwriters and detailed in the Financing Summary Section.

The projections indicate that CHESI should be able to generate sufficient cashflow to amply cover operating costs and service the debt, invest in plant and equipment and maintain adequate liquidity over the forecast period.

FINANCING SUMMARY

Security: The Center's repayment obligation under the Loan Agreement will be a direct, full recourse, general obligation of the Borrower. The Center's repayment obligation will be further secured by 1) a debt service reserve fund approximating one year's debt service, 2) a first lien and mortgage on all real property and improvements financed, 3) a first lien pledge of the Center's contracts and agreements with the US Public Health Service and State funding agencies, accounts receivables and other revenues and assets, and 4) pledge of unspent project funds and costs of issuance funds.

Intercept: The Illinois Comptroller will pay principal and interest directly to the Trustee from funds owed by the Department of Public Aid. The State shall have no obligation for payment of the Bonds other than forwarding monies already owed to the Borrower.

Back-up Lockbox: In the event that funds from the Department of Public Aid become insufficient to pay principal and interest, the Trustee can require the Center to direct all funding from State agencies to a lockbox. The first funds collected in the lockbox will be reserved to make the next debt service payment.

Bonds: The bonds will not be rated nor enhanced with a letter of credit or bond insurance and will be sold in minimum $100,000 denominations pursuant to IDFA policy.

Maturity: The bonds will be comprised of Term Bonds maturing in: a) 2009 with mandatory annual sinking fund payments from 2005 to 2009 paying interest at about 4.25%, b) 2014 with mandatory annual sinking fund payments from 2010 to 2014 paying interest at about 5.5%, and c) 2024 with mandatory annual sinking fund payments from 2015 to 2024 paying interest at about 6.2%. The sinking fund payment obligations will be structured to approximate level debt service payments.

PROJECT SUMMARY

Bond proceeds will be used to refund: 1) $1,270,000 in outstanding Illinois Primary Health Care Association bonds, with coupons ranging between 7.5% and 7.75%, 2) $360,000 bridge loan from the Illinois Facilities Fund that financed the acquisition in 2002 of a clinic in Carbondale, 3) $750,000 drawn on a bank line of credit from Capaha Bank that financed working capital.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Community Health & Emergency Services, Inc., Frederick Bernstein, Executive Director, 529 Cross Street, Cairo, Illinois, 62941 (Ph.: 618/734-4400; Fax: 618/734-2884)

Project name: Community Health & Emergency Services, Inc.

Location: The facilities financed by the IPHCA Bonds and the IFF loan are located at the intersection of I-57 and Route 3, Cairo, IL (Alexander Co.) and 1250 Cedar Street, Carbondale, IL (Jackson Co.). The mailing address for the Cairo facility is Rural Route 1, Post Office Box 11, Cairo, IL 62914-9716.

Organization: Illinois Not-for-Profit Corporation

Board Membership:

Name	Board Position
Warren Mitchell	Chairman
Carol Riley	Vice-Chairman
Charles Soward	
James Manker	
Bettie Rivers	
Rita Mathews	
Mike Hancock	
Clifford Jackson	

PROFESSIONAL & FINANCIAL

Counsel:	Johnson & Stark, LLC	Cairo, IL	Mark Johnson
Accountant:	Kemper CPA, LLC	Anna, IL	Paul Schmidt
Bond Counsel:	Pugh, Jones & Johnson, PC	Chicago, IL	Scott Bremer
Underwriter:	Municipal Capital Markets Group	Dallas, TX	James Craft
Underwriter's Counsel:	Glast, Phillips & Murray	Dallas, TX	John Stasney
Trustee:	Amalgamated Bank of Chicago	Chicago, IL	Robert Demos
Issuer's Counsel:	Kevin Cahill	Chicago, IL	Kevin Cahill

LEGISLATIVE DISTRICTS

	Cairo	Carbondale
Congressional:	12 Jerry Costello	12 Jerry Costello
State Senate:	59 Larry Woolard	58 David Luechtefeld
State House:	118 James Fowler	115 Mike Bost

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Erie Family Health Center Refinancing Project**

STATISTICS

Project Number:	N-NP-TE-CD-414(C)	Amount:	$2,100,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Steve Trout
Location:	Chicago	Tax ID:	36-3088628
SIC Code:	8011 Primary Medical Clinic	Est. fee:	$9,800 (pro rata portion of Pool)

BOARD ACTION

Final Bond Resolution as a participant in an $8.7 million pooled financing
Conduit 501(c)(3) Bond Financing — Staff recommends approval
No IFA funds at risk
Condition: Bonds will be sold in minimum denominations of $100,000

PURPOSE

Refinance debt that funded the acquisition of an administrative/clinical building and equipment.

VOLUME CAP

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

VOTING RECORD

The IDFA Board gave its initial approval to this project at the September 12, 2002 meeting by the following vote:

Aye-12 Present-1 (Filan) Absent-3 (Beattie, Ciso and Zavis) Vacancy-1

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$1,960,000	Uses:	Refinancing	$1,724,000
	Equity	49,000		Debt Service Reserve	196,000
				Issuance costs	89,000
	Total	$2,009,000		**Total**	$2,009,000

JOBS

Current employment:	201	Projected new jobs:	N/A
Jobs retained:	NA	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Erie Family Health Center ("Erie", "EFHC" or "the Center") is a 501(c)(3) not-for-profit corporation that provides clinical and social services to residents of West Town, Humboldt Park and Logan Square from four community health care centers that it operates. EFHC is a Medicaid and Medicare approved health center and has been designated as a Federally Qualified Health Center (FQHC) by the Public Health Services Division of U.S. Department of Health and Human Services. This designation qualifies EFHC for a higher cost-based Medicaid reimbursement rate for primary and preventive services than non-FQHC and hospitals can receive.

Erie Family Health Center's inception was inspired by the compassionate spirit of Carmelita Jacob, a West Town resident and terminally ill patient of Dr. Robert Snyder, Director of Northwestern Memorial Hospital's Department of Community Medicine. In response to Ms. Jacob's pleas for improved access to health care in her community, Dr. Snyder opened a "Carmelita Jacob Free Clinic" serving elderly patients one day a week in 1956. In 1967, the Clinic expanded to offer adult and pediatric care provided by students of Northwestern University's Medical School. In 1976, the Center was formally incorporated. It was designated as a FQHC in 1984 and received the nation's first Section 330 grant awarded by the US Department of Health and Human Services.

Erie's original site, Erie West Town relocated most of its clinical and comprehensive social services and its administrative offices into a renovated facility in 1995. Erie Teen Health Center was established in 1984 to meet the health needs of adolescents throughout Chicago. It remains the only freestanding health center in Chicagoland that is completely devoted to the well being of adolescents. Erie Humboldt Park opened in 1986, in response to a community-wide survey that documented the area's lack of available health care resources. Management successfully sought federal funds to open a health center operating under a family physician model to offer health care to the area's underserved Puerto Rican and African American communities. Erie Westside was established in 1993 and is housed in Ryerson Elementary School and serves the children attending Ryerson and the surrounding community.

EFHC's primary service area has a population of approximately 240,000, with Hispanic residents comprising 60% of the total population. EFHC provides affordable, community-responsive health care to nearly 16,000 consumers per year, averaging 66,000 primary care visits and 68,000 patient support visits for counseling, case management and other social and educational services. The service area has other medical clinics but no other FQHCs.

The Center has developed five clinical sites in Chicago: Erie West Town, Erie Teen Health Center, Erie Humboldt Park, Erie Westside and Erie Frazier School Based Health Center. Erie West Town provides clinical and comprehensive medical services, as well as administrative offices. Erie Teen Health Center was established in 1984 to meet the health needs of adolescents from throughout Chicago. Erie Humboldt Park was opened in 1986 to meet the health care needs of predominantly Puerto Rican and African American communities at the time under a family physician model. Erie Westside was opened in the Ryerson Elementary School in 1993 and has since served not only the children that attend Ryerson, but the surrounding community as well. Erie Frazier became part of Erie Family Health Center in 2003, having been started by Rush in 1999.

Financials: Financial summary prepared based on audited financial statements for fiscal years ended June 30, 2001 through 2003 and interim financial statements for fiscal year 2004. Staff projections for fiscal years 2005 though 2007. (Figures are in $000s.)

	Year Ended June 30			Year Ending June 30			
	2001	2002	2003	2004	2005	2006	2007
Income Statement:							
Revenues/Support	11,635	12,439	12,131	14,156	16,242	16,730	17,231
Change in Net Assets	99	331	(1,167)	753	217	185	169
Earnings Before Interest, Depreciation & Amort.	368	735	(650)	1,375	908	935	963

Balance sheet:							
Current assets	2,618	3,008	2,523	2,207	2,571	2,583	2,618
Net PP&E	3,865	3,919	3,808	4,382	4,689	4,730	4,717
Other Assets	0	0	0	0	0	0	0
Total assets	6,483	6,927	6,331	6,589	7,261	7,312	7,335
Current liabilities	2,293	2,109	2,602	2,092	2,433	2,515	2,589
Long-term Debt	1,048	1,272	1,336	1,646	1,760	1,545	1,325
Other Liabilities	94	281	295	0	0	0	0
Net Assets	3,049	3,265	2,098	2,851	3,068	3,252	3,421
Tot Liabs & Net Assets	6,483	6,927	6,331	6,589	7,261	7,312	7,335
Ratios:							
Debt service coverage	2.43(x)	2.83(x)	-1.24(x)	6.620(x)	9.34(x)	6.09(x)	6.14(x)
Current ratio	1.14	1.43	0.97	1.06	1.06	1.03	1.01
Days cash on hand	7.1	7.6	20.1	25.6	30.0	28.4	27.4
LT Debt/Net Assets	0.34	0.39	0.64	0.58	0.57	0.48	0.39

Discussion:

Sources of revenue in FY 2003 were patient service revenues (44%), DHHS grants (28%), contract services and other grants (27%) and contributions (1%). Patient service revenues consisted of payments from Medicaid (78%), Medicare (4%), patients (12%) and private insurance (6%). Patient revenues, net of adjustments for charitable care and other allowances, have increased rapidly, from $4.7million in FY 2001 to $7.0 million in FY 2004. The Center's FQHC grant has increased $2.7 million in FY 2001 to $3.3 million in FY 2004. Contract services and other grants are discretionary programs funded by the US DHHS, Illinois Department of Human Services, City of Chicago Health Department and Housing Department and private sources. Funds from these sources have fallen from $3.9 million in FY 2001 to $3.4 million in FY 2004. The Center aggressively pursues grants and contracts and adjusts staffing in response to funding availability.

As a FQHC, the Center is required to provide medical care to all patients regardless of ability to pay. Rates are discounted based on household income for patients that lack private insurance or coverage under Medicaid or Medicare. The Center took a large loss in FY 2003 when it increased its allowance for charity care to 40% of gross patient services to write down uncollectible receivables from patients and private insurance. The need for the writedowns became evident when management implemented accounting system software recommended by the IPHCA that track receivables by age and collectibility. Management now reviews receivables on a monthly basis to improve collections and prevent a recurrence of large writedowns.

The Center has a $250,000 revolving line of credit from Harris Bank that is secured by the Center's State contracts, other revenues and receivables. This loan and the Bonds will share in this security on a parity basis. As of June 30, 2004, the Center had drawn $50,000 under the line.

Increased patient revenues and discretionary grants spurred growth in revenues in FY 2004. Successful cost control, coupled with higher revenues dramatically boosted earnings for the year.

The forecast for FY 2005 and beyond assumes 5% growth in revenues and general expenses in FY 2005 and 3% growth in revenues and general expenses in FY 2006 and FY 2007. Gross and net revenues, respectively, have grown by 9.6% and 6.1% over the past 5 years. Allowances are projected at 29% of gross patient revenues in FY 2005 and beyond, down from 36% in FY 2004. Operating expenses are projected at 94% of gross revenues beginning in FY 2005. Both ratios are consistent with 5-year historical averages. The forecast assumes that the bonds begin accruing interest at the rates estimated by the underwriters and detailed in the Financing Summary Section

The forecast indicates that Erie should be able to generate sufficient cashflows to cover operating costs and service the debt, invest in plant and equipment and maintain adequate liquidity over the forecast period.

FINANCING SUMMARY

Security: The Center's repayment obligation under the Loan Agreement will be a direct, full recourse, general obligation of the Borrower. The Center's repayment obligation will be further secured by 1) a debt service reserve fund approximating one year's debt service, 2) a first lien and mortgage on all real property and improvements financed, 3) a first lien pledge of the Center's contracts and agreements with the US Public Health Service and the State funding agencies, accounts receivables and other revenues and assets, and 4) pledge of unspent project funds and costs of issuance funds.

Intercept: The Illinois Comptroller will pay principal and interest directly to the Trustee from funds owed by the Department of Public Aid. The State has no obligation for the payment of the Bonds, other than forwarding money already owed to the Borrower.

Back-up Lockbox: In the event that funds from the Department of Public Aid become insufficient to pay principal and interest, the Trustee can require the Center to direct all funding from State agencies to a lockbox. The first funds collected in the lockbox will be reserved to make the next debt service payment.

Bonds: The bonds will not be rated nor enhanced with a letter of credit or bond insurance and will be sold in minimum $100,000 denominations.

Maturity: The bonds will be comprised of Term Bonds maturing in 2009 with mandatory annual sinking funding payments from 2005 to 2009 paying interest at approximately 4.25%, 2014 with mandatory annual sinking fund payments from 2010 to 2014 paying interest at approximately 5.25%, and 2023 with mandatory annual sinking fund payments from 2015 to 2023 paying interest at approximately 6.2%. The sinking fund payments will be structured to approximate level debt service payments.

Refinancing: The Bonds will refinance a building lease from the Illinois Facilities Fund that expires 9/1/04. Erie is seeking a longer amortization than the Fund generally offers to match the life of the asset. The Bonds will also refinance leases computers and telephone equipment that carry interest rates between 9% and 13%

PROJECT SUMMARY

Bond proceeds will be used to: a) refinance capital leases that financed the acquisition of an administrative/clinical facility located at 1701 West Superior, a telephone system and computer equipment, and b) capitalize a debt service reserve, c) pay costs of issuance up to 2% of bond proceeds. Costs over this amount will be paid by the Center. Refinancing costs include:

Capital Leases for real estate:	$683,400
Capital Leases for telephone equipment:	216,000
Capital Leases for computer equipment:	824,600
Total	**$1,724,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant: Erie Family Health Center, 1701 West Superior Street, Chicago, Illinois, 60622 (Contact: Xichel Woods, Executive Director, Phone.: 312/666-3494; Fax: 312/666-6228)
Project name: Erie Family Health Center Refinancing Project
Location: 1701 West Superior Street, Chicago, Illinois (Cook County)
Organization: Illinois Not-for-Profit 501(c)(3) Corporation

Board Membership:	Name	Board Position
	Xichel Woods	CEO/President
	Wilfredo Aviles	
	Jorge Diaz	
	Heather Fields	
	Rita Fox	
	Isabel Zarco	
	Paul Maddrell	
	Jack Mucchie	
	Juana Reyes	
	Rev. Ed Sarden	
	Norma Polanco	
	Susan Swider	
	Blanca Kavouras	
	Minerva Carlos	

PROFESSIONAL & FINANCIAL

Corporate Counsel:	Reinhart Boerner & Van Deuren Morris	Milwaukee, WI	Heather Fields
Accountant:	American Express Tax & Business Services	New York, NY	Evan Zuckerman
Bond Counsel:	Pugh, Jones & Johnson, PC	Chicago, IL	Scott Bremer
Underwriter:	Municipal Capital Markets Group	Dallas, TX	James Craft
Underw. Counsel:	Glast, Phillips & Murray	Dallas, TX	John Stasney
Trustee:	Amalgamated Bank of Chicago	Chicago, IL	Robert Demos
Issuer's Counsel:	Kevin Cahill	Chicago, IL	Kevin Cahill

LEGISLATIVE DISTRICTS

Congressional:	04	Luis Gutierrez
State Senate:	02	Miguel del Valle
State House:	04	Cynthia Soto

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Steven Trout, Funding Manager

Date: September 6, 2004

Re: Overview Memo for Merit School of Music
N-NP-TE-CD-413

Borrower/Project Name: Merit School of Music

Locations: Chicago (Cook Co.)

Principal Project Contact: William Wallace, Director of Finance (312) 786-9428

Board Action Requested: Final Bond Resolution

No Material Change in Terms since Adoption of Preliminary Resolution on August 10

Amount: Not to exceed $4,000,000

Uses:

- Partially finance the acquisition and rehabilitation of a building at 38 S. Peoria Street, Chicago and the acquisition of furniture and equipment.
- Pay costs of issuance and other professional fees and capitalize interest for one year

Project Type: Not-for-Profit 501(c)(3) Bonds

IFA Benefits:

- Convey federal tax-exempt status
- No IFA or State funds at risk

IFA Fees: $20,000

Structure:

- 7-Day Variable Rate Demand Bonds (similar bonds are yielding 1.16% as of 7/29/04)
- 20 year amortization and maturity
- To be secured by a direct-pay letter of credit from LaSalle National Bank

Underwriter's Counsel: Goldberg Kohn Bell Black Rosenbloom and Moritz, Ltd

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Project: **Merit School of Music**

STATISTICS

Project Number:	N-NP-TE-CD-413	Amount:	$4,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Steve Trout
Location:	Chicago	Tax ID:	36-3028768
		Est. fee:	$20,000

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) Bond Financing
No IFA funds at risk

Staff recommends approval

No Special Conditions

PURPOSE

Partially finance the acquisition, rehabilitation and furnishing of a building at 38 South Peoria Street, Chicago and pay costs of issuance and other professional fees and capitalize interest for one year

IFA CONTRIBUTION

Convey federal tax-exempt status. Volume Cap is not required for 501(c)(3) Bond Financing.

VOTING RECORD

Initial Bond Resolution was adopted on August 10, 2004 by the following vote:

Ayes: 11 Nayes: 0 Absentions: 1 (Delgado) Vacancies: 3

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$4,000,000	Uses:	Project Costs	$8,294,000
	Government Grants	$2,000,000		Capitalized Interest	$226,000
	Foundation Grants	457,070		Costs of Issuance	80,000
	Individual Contributions	2,142,930			
	Total	$8,600,000		**Total**	$8,600,000

JOBS

Current employment:	75	Projected new jobs:	13
Jobs retained:	N/A	Construction jobs:	15 (6 months)

BUSINESS SUMMARY

Background: Merit School of Music ("Merit" or "the School") is an Illinois 501c)(3) not-for-profit corporation that was founded in April 1979 to provide economically disadvantaged Chicago youth an opportunity to develop musical abilities. The School is recognized internationally for its contributions to young musicians, exceptional programs and extensive scholarship offerings.

Description: Merit offers programs for students of every age and ability. The School strives to involve students early in life and keep them involved through their high school years. Merit's continuum of music education and mentoring-from Project Begin, through the Preparatory Program to the tuition-free Conservatory – offers a consistent support structure throughout student's formative years. Each stage builds on previous training and is designed to gear students toward college.

The School now provides applied music instruction to over 5,000 Chicago area students each year. Students attend from 77 Chicago neighborhoods and more than 40 municipalities in Lake, Cook, DuPage and Will counties. Merit is committed to providing instruction to children who would otherwise not have access to music education. Merit actively reaches out to areas that have traditionally been underserved by youth development programs. Although Merit focuses much of its efforts to towards serving students from economically depressed, inner city neighborhoods, the School attracts students from every social and economic class. Merit's student body for the 2003-4 school year was 46% Latino, 34% African American, 10% Caucasian, 7% Asian, and 3% Native American/Other.

The project will allow Merit to expand its programs. Currently the School turns away students because of lack of instructional space. The new facility will provide additional space for instruction, early childhood music programming and performance space that will be used by students, other musicians and community groups.

Financials: Financial summary prepared from audited financial statements for 2001, 2002 and 2003. Projections for 2004 through 2007 prepared by staff. (Figures in $000s.)

	Year Ended December 31			Year Ending December 31			
	2001	2002	2003	2004	2005	2006	2007
Income Statement							
Revenues & Support	$3,258	$3,941	$4,000	$4,120	$6,486	$4,079	$4,164
Change in Net Assets	317	332	480	929	3,176	306	301
Earnings Before Interest Deprec. & Amortization	430	446	595	1,050	3,355	1,039	1,064
Balance sheet:							
Current assets	1,271	1,273	1,781	1,838	1,495	1,594	1,621
Net PP&E	519	551	488	1,085	9,006	9,012	9,043
Other Assets	1,783	2,000	2,002	2,270	1,870	1,970	2,095
Total assets	3,573	3,824	4,271	5,193	12,371	12,576	12,759
Current liabilities	200	119	86	79	186	205	227
Long-term Debt	0	0	0	0	3,895	3,775	3,635
Other Long-term Liabilities	0	0	0	0	0	0	0
Net Assets	3,373	3,705	4,185	5,114	8,290	8,596	8,897
Tot Liabs & Net Assets	3,573	3,824	4,271	5,193	12,371	12,576	12,759
Ratios:							
Fixed Charge Coverage	2.91x	3.11x	3.56x	5.39x	14.42x	2.15x	2.10x
Current Ratio	6.35	10.74	20.64	23.24	8.05	7.79	7.16
Days Cash on Hand	82.3	24.0	100.7	117.3	73.4	69.9	69.2
LT Debt/Net Assets	0.00	0.00	0.00	0.00	0.47	0.44	0.41

Discussion: Merit collects revenues from the following sources: contributions from foundations and individuals (48%), fundraising (14%), school contracts (22%), student fees (10%), government grants (3%) and other (3%). Revenues have steadily increased over the period reviewed. The School's high profile board has been able to generate growth in funding from individuals, foundations and government at a time when sluggish economic growth, public budget problems and stock market turbulence have led to cuts in charitable giving and discretionary grant funds. Revenue growth has outpaced growth in expenses, resulting in increasing changes in net assets (similar to "Net Income" for a for-profit organization).

Cash on hand has swelled to 101 days of operating expenses as of June 30, 2003. This amount does not include an additional $2.0 million in investments in marketable certificates of deposit, corporate notes and federal government securities, with maturities through 2008. Merit has no long-term debt or bank lines of credit. Merit's lease on its current building expires FY 2007. It may be cancelled upon one year's notice and payment of an $83,600 cancellation fee. Cashflows have amply covered operating expenses and lease obligations during the period reviewed.

The School began its capital campaign for the new building in March 2002. Collections for the capital campaign totaled $223,000 in FY 2002 and $925,000 in FY 2003. As of August 2003, the date of the audited statements, the School had received an additional $4,400,000 in campaign contributions that were conditioned on the acquisition of a building. These contributions are not recorded as revenue in FY 2003 or FY 2004 because the building has not yet been purchased.

Projections for FY 2004 are based on annualized results of operations through 11 months and balances as of May 31, 2004. To date, the school received an additional $830,000 in campaign contributions, of which $223,000 remains outstanding.

The forecast for FY 2005 assumes that the Bonds close on September 1, pay interest at an average rate of 6.25% and amortize over 20 years. Interest is capitalized through July 2005. The project is expected to be completed by July 1, 2005. The forecast assumes that the School collects $3,000,000 in campaign pledges that were conditioned on acquisition of the building, with the balance to be collected in FY 2006 and FY 2007. Revenues and general expenses are forecast to grow 2% in FY 2005 and FY 2007 and 5% in FY 2006, when the building opens. The forecast assumes that Merit cancels its lease effective July 1, 2005, thereby saving $261,000 annual expense in FY 2006 and beyond.

FINANCING SUMMARY

Bonds:	Tax-exempt 501(c)(3) bonds
Structure	7-day variable rate demand bonds. Rates for similar bonds were 1.16% as of 7/29/04.
Security:	The Bond will be secured by a direct pay letter of credit provided by LaSalle Bank.
Maturity:	20 years

PROJECT SUMMARY

Bond proceeds, together with government and foundation grants and private contributions, will be used to finance the 1) acquisition of a building at 38 S. Peoria, Chicago (Cook County), 2) rehabilitation and improvement of the building, 3) furniture and equipment, including musical instruments, 4) architect, engineering and other professional expenses, 5) capitalized interest and 6) costs of issuance. Project costs are estimated as follows:

Building Acquisition	$4,700,000
Rehabilitation	1,650,000
Furniture, equipment and musical instruments	1,395,000
Architectural and Engineering	192,000
Legal and Professional	157,000
Contingency	200,000
Total	$8,294,000

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Merit School of Music, 47 W. Polk Street, Suite M-4, Chicago, Illinois 60605-2098 (Contact: William Wallace, Director of Finance, Phone: (312) 786-9428 extension 526)
Project name:	Merit School of Music Development Project
Location:	38 S. Peoria, Chicago (Cook County), IL 60607
Organization:	Illinois 501(c)(3) organization
Land Owner:	Christian Communications of Chicagoland

Board Members:

Richard Kiphart	Chairman	Head of Corporate Finance	William Blair
Jerry James	Vice Chairman	President	Edward James
Earl Rusnak	Vice Chairman	Founding Partner, Retired	Harris Associates
Joseph Glossberg	Secretary	Senior Partner	Gofen and Glossberg
Bruce Boyd	Assistant Secretary	Executive Director	Nature Conservancy of IL
J. Barry Mitchell	Treasurer	Sr. Vice President & Treasurer	Exelon Corporation
Susan Aaron	Member	Civic Program Design	DePaul University
David Bolger	Member	Exec Vice President & CFO	AON Corporation
Naomi Borwall	Member		
Nick Bubnovich	Member	Partner	Deloitte & Touche
James Currie	Member	Managing Director	Essex Woodlawn Ventures
David Donnan	Member	Vice President	AT Kearney
Samuel Ellis	Member	President/Owner	Samuel Ellis Company
David Evans	Member	Chairman	Glencoe Capital
Robert Fitzgerald	Member	Retired	Bank of America
Matthew Feldman	Member	Senior Vice President	Federal Reserve Bank Of Chicago
Magalys Garriga	Member		
Thomas Heath	Member	Vice Chairman, Retired	Leo Burnett
Janice Honigerg	Member	President	Sun Belle
Judith Istock	Member		
Diane Karzas	Member		
Fay Hartog Levin	Member	Vice President External Affairs	The Field Museum
Shelly Ochab	Member		
Ted Oppenheimer	Member	President	Oppenheimer Funds
Alice Pfaelzer	Member	Executive Director Emeritus	Merit School of Music

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	McDermott, Will & Emery	Chicago, IL	Fred Feinstein
Bond Counsel:	Goldberg Kohn Bell Black Rosenbloom and Moritz, Ltd.	Chicago, IL	Keith Sigale
Underwriter's Counsel:	Goldberg Kohn Bell Black Rosenbloom and Moritz, Ltd.	Chicago, IL	Natalia Delgado
Underwriter:	LaSalle Capital Markets	Chicago, IL	Peter Glick
Letter of Credit Bank	LaSalle Bank National Association	Chicago, IL	Regina Ward
Bank Counsel:	Arnstein & Lehr	Chicago, Il	Joel Hurwitz
Issuer's Counsel:	Sedgwick Detert Moran & Armold	Chicago, IL	Vern Kowal
Bond Trustee:	LaSalle Bank National Association	Chicago, IL	Anthony Brown
Accountant	Altschuler, Melvoin & Glasser	Chicago, IL	Simon Lesser

LEGISLATIVE DISTRICTS

Congressional:	7
State Senate:	5
State House:	3

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Steven Trout, Funding Manager

Date: September 6, 2004

Re: Overview Memo for Featherfist and Featherfist Development Corporation
N-NP-TE-CD-412

- **Borrower/Project Name:** Featherfist and Featherfist Development Corporation
- **Locations:** Chicago (Cook Co.)
- **Principal Project Contact:** Dr. Melanie Anewishki, Director/President (773) 721-7088
- **Board Action Requested:** Final Bond Resolution
- **No material change in terms since Initial Bond Resolution was adopted on July 13, 2004**
- **Amount:** Not to exceed $1,500,000
- **Uses:**
  - Partially finance the construction of a commercial office building at 2301 E. 75th Street, Chicago
  - Refinance indebtedness on property located at 5714-16 S. Calumet Avenue, Chicago
- **Project Type: Not-for-Profit 501(c)(3) Bonds**
- **IFA Benefits:**
  - Convey federal tax-exempt status
  - No IFA or State funds at risk
- **IFA Fees:** $7,000
- **Structure:**
  - Fixed rate bonds (initial rate of 5.3% for the first 5 years; to be reset every 5 years)
  - 20 year amortization and maturity
  - To be purchased directly by First American Bank as a direct investment to be held to maturity

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Deal: **Featherfist and Featherfist Development Corporation**

STATISTICS

Deal Number:	N-NP-TE-412	Amount:	$1,500,000 (not-to-exceed amount)
Type:	Not-for-Profit	Marketer:	Steve Trout
Location:	Chicago	Tax ID:	05-0577776
		Est. fee:	$7,000

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) Bond Financing
No IFA funds at risk

Staff recommends approval

No Special Conditions

PURPOSE

Finance the construction of a commercial office building at 2301 E 75th Street, Chicago and refinance indebtedness on property located at 5714-6 S. Calumet Avenue, Chicago

VOLUME CAP

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

VOTING RECORD

Initial Bond Resolution was adopted on July 13, 2004 by the following vote:

Ayes: 10 Nayes: 0 Absentions: 0 Absences: 3 (Goetz and Ozark) Vacancies: 3

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$1,400,000	Uses:	Project Costs	$2,153,239
	IL Facilities Fund Loan	790,000		Refinance Indebtedness	104,400
	Equity	139,386		Costs of Issuance	45,000
				Capitalized Interest	$26,747
	Total	$2,329,386		**Total**	$2,329,386

JOBS

Current employment:	39	Projected new jobs:	25
Jobs retained:	N/A	Construction jobs:	NA

BUSINESS SUMMARY

Background: Featherfist is a not-for-profit 501(c)3 organization founded by Dr. Melanie Anewishki in 1984 and formally incorporated in 1990 to give power and purpose to individuals who are homeless and seek supportive services that promote re-entry into the mainstream. Featherfist Development Corporation ("FDC") is a wholly-owned subsidiary of Featherfist that was created to develop and own property for Featherfist. Featherfist and FDC will be co-borrowers for this project.

Featherfist based in the South Shore community area on Chicago's south side and provides services citywide. Featherfist's services extend beyond shelter to include a full range of supportive service networks to meet the myriad demands of retraining, rehabilitating and re-entry into the mainstream. Its founder, directors and staff share the belief that individuals requiring assistance to be self-reliant - whether mentally or physically exceptional – should have the opportunity to function as independent and productive members of society.

Description: Featherfist provides emergency outreach and comprehensive case management services to homeless and at-risk homeless individuals in Chicago. Featherfist serves 600 homeless individuals annually and 300 at any point in time through placement in transitional living apartments throughout Chicago. Essentially all of its enrollees are low income and 39% are veterans. Its enrollees are 85% African-American, 9% Caucasian, and 5% Hispanic and 60% male.

The primary barrier to employment for all Featherfist enrollees is homelessness, with the attendant issues of weak job search skills and low vocational skills/education. Most enrollees have one or more of the following problems: economic dislocation, domestic violence, criminal records, mental illness and substance abuse.

The City of Chicago and HUD have recognized Featherfist's comprehensive case management approach as a key strategy in serving the homeless. Its services include street outreach, general case management and specialists for veterans, domestic abuse victims, HIV/AID clients, large families, and hard-core homeless and for employment and training needs. Annual funding from these sources has grown from $100,000 in 1994 to $1,975,000 in 2003.

The City of Chicago's Department of Human Services recently awarded Featherfist a grant from the acquisition of a 35-bed facility for the hard-core homeless. The Mayor's Office of Workforce Development recently awarded Featherfist a WIA grant to expand its direct employment and training services for the homeless.

Featherfist currently leases space at 2255 East 75th Street but has outgrown that facility. The organization is building a new office building to house its administrative functions and provide space for program and service expansion. Featherfist will conduct on-site training for program participants, i.e. life skills training, financial literacy, GED classes, etc., within the new facility. The proposed site will include a state-of-the-art telecommunication center for up to 120 people, which will be the first of its kind within the South Shore community area and neighboring communities. The facility will also house a Conference Center for 100 people and dialogue room designed specifically for conflict resolutions sessions. That site is located directly across the street from the existing office space at 2301 E. 75th street.

The new facility will more than double the amount of office and conference space available and provided space for training and conferences, which is not available in the current space. Management plans to host an annual national conference on homeless intervention strategies, supportive services, housing for the homeless and other poverty related issues for national practitioners, government officials and educational institutions. Featherfist will seek corporate and foundation sponsors with the goal of raising at least $50,000 per year annually through this event.

Management hopes that the project will spur a revitalization of the 75th street commercial corridor, an area that has had no construction in over 30 years. Management will offer meeting and training space and state-of-the-art telecommunication facilities to community residents and other not-for-profit organizations.

Financials: Financial summary prepared from audited financial statements for 2001, 2002 and 2003. Projections for 2004 through 2007 prepared by staff. (Figures in $000s.)

	Year Ended December 31			Year Ending December 31			
	2001	2002	2003	2004	2005	2006	2007
Income Statement							
Revenues & Support	$2,180	$2,471	$2,692	$3,164	$3,196	$3,305	$3,373
Change in Net Assets	90	230	44	178	30	54	71
Earnings Before Interest Deprec. & Amortization	112	215	130	271	252	309	323
Balance sheet:							
Current assets	135	189	214	320	380	419	444
Net PP&E	319	373	303	2,418	2,392	2,354	2,342
Other Assets	0	0	0	45	43	40	38
Total assets	454	562	517	2,783	2,815	2,813	2,824
Current liabilities	258	227	139	141	203	211	217
Long-term Debt	106	105	104	2,190	2,130	2,066	1,999
Other Long-term Liabilities	0	0	0	0	0	0	0
Net Assets	90	230	274	452	482	536	608
Tot Liabs & Net Assets	454	562	517	2,783	2,815	2,813	2,824
Ratios:							
Fixed Charge Coverage	2.51x	3.53x	2.34x	3.50x	1.85x	1.74x	1.82x
Current Ratio	0.52	0.83	1.54	2.27	1.87	1.99	2.04
Days Cash on Hand	3.3	4.4	1.6	13.8	19.8	22.8	24.8
LT Debt/Net Assets	1.18	0.46	0.38	4.85	4.42	3.85	3.29

Discussion: Featherfist was founded in 1990 to combat homelessness by providing emergency shelter and facilitating health care services to qualified participants. Featherfist relies on funds passed through the City of Chicago from the US Department of Housing and Urban Development ("HUD") to provide mobile outreach that works with the City of Chicago's Department of Health and Human Services to render crises intervention when the City is unable to do so. Featherfist also receives funds from the Mayor's Department of Workforce training to assist homeless and at-risk individuals return to the workforce. Featherfist also receives funds directly from US HUD to develop new needs assessment programs for the unemployed. Featherfist also actively solicits contributions and grants from individuals and foundations.

Featherfist's primary revenues sources were US HUD (64%), City of Chicago (12%), Illinois Department of Human Services (5%), Habitat Corporation, a private foundation (5%), Donations (5%) and other (9%). Revenues have steadily increased over the period reviewed and are expected to reach a record level by the end of the year. Featherfist currently has limited liquidity and modest indebtedness. Cashflows have been sufficient to cover operating costs, debt services and lease payments for the current office space.

Liquidity has been modest. Featherfist currently has a $150,000 line of credit from Bridgeview Bank. First American Bank will refinance that facility plus a note secured by a building located at 5714-1616 E Calumet Avenue when it closes on the Bonds for this project.

The forecast assumes that the Bonds and loan from IFF close on September 1 and that the project is completed by July 1, 2005. The forecast assumes that $26,700 in interest is capitalized in 2004. Management expects to generate $42,500 in income in 2005 and $85,000 in income in 2006 from seminars and leasing space to area organizations. The forecast for 2005 incorporates six months of depreciation expense, a full year's interest expense and termination of an office lease at midyear. Principal payments begin amortizing in 2006.

FINANCING SUMMARY

Bonds: Tax-exempt 501(c)(3) bonds amortizing over 20 years. The bonds will be purchased by First American Bank and will pay interest at 5.3% each year for the first 5 years. Repayment terms are 12 monthly interest payments followed by 48 monthly payments of principal and interest, with put options at 60th, 120th and 180th month..

Obligors: Featherfist and Featherfist Development Corporation, as Co-Borrowers

Bond Security: A first lien and security interest in all of the assets of Featherfist Development Corporation, including first mortgages and assignments of rents on the buildings and properties located at 2301 E. 75th Street, Chicago, IL 60649 and 5714-16 S. Calumet Avenue, Chicago, IL 60637.

A first lien and security interest in all assets of Featherfist, including a second mortgage on the building and property located at 5714-16 S. Calumet Avenue, Chicago, IL 60637.

Subordinate Financing: The Illinois Facilities Fund will provide a subordinate loan that is secured by a second mortgage interest in the building and property located at 2301 E. 75th Street, Chicago, IL. The loan will amortize over 20 years and carry a 5.8% interest rate.

PROJECT SUMMARY

The proposed site is being developed on vacant land acquired from the City of Chicago for $100,000, pursuant to an executed redevelopment agreement between Featherfist and the City of Chicago. The proposed development will be a 130,000 square-foot brick-masonry building that will include administrative offices, a state-of-the-art conference room/telecommunication center, computer room, training room, kitchen and a conflict resolution room. Brook Architecture, a minority-owned architectural firm, has uniquely designed the facility.

Bond proceeds, together with a loan from the IFF and equity from the borrower, will be used to finance the 1) acquisition of land, 2) refinancing of existing debt, 3) development, construction and partial furnishing of the building, 4) capitalized interest and 5) costs of issuance. Project costs are estimated as follows:

Land Acquisition	$10 0,000
Construction	1,690,000
Architectural and Engineering	126,750
Legal and Professional	39,250
Furnishings	15,000
Contingency	182,239
Total	$2,153,239

ECONOMIC DISCLOSURE STATEMENT

Applicant: Featherfist Development Corporation, 2255 E. 75th Street, Chicago, Illinois 60649 (Contact: Dr. Melanie Anewishki, Director/President, Phone: (773 721-7088)

Project name: Featherfist and Featherfist Development Corporation

Location: 2301 E. 75th Street Chicago (Cook County), IL 60649 and 5714-16 S. Calumet Avenue, Chicago (Cook County), IL 60637

Organization: Illinois 501(c)(3) organization

Land Owner: City of Chicago Department of Planning and Development

Board Members:	Doris Bailey, Chairperson	Chicago, IL
	Audrey Banker, Vice-Chairperson	Chicago, IL
	Virginia Mitchell, Secretary	Chicago, IL
	Wilhemina Bryd	Chicago, IL
	Tesa Anewishki-Pittman	Chicago, IL
	Delores Dotson	Chicago, IL
	Andrea Goode	Chicago, IL
	Kimberly Mallard	Chicago, IL
	Roelean Watts	Chicago, IL
	Rev. Stanley O'Conner	Chicago, IL
	Chandra Smith	Chicago, IL

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Applegate & Thorne-Thompson	Chicago, IL	Nicole Jackson
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Matt Lewin
Bond Purchaser	First American Bank	Lisle, IL	Mark Kroenke
Bank Counsel:	Chapman and Cutler LLP	Chicago, IL	Fred Snow
Issuer's Counsel:	Kevin Cahill	Chicago, IL	Kevin Cahill
Financial Advisor:	Total Capital Solutions	Oak Park, IL	Tony Grant
Accountant	Omotosho & Associates	Chicago, IL	Akin Omotosho
Development Consultant	Prim Lawrence Corporation	Chicago, IL	Teresa Prim
Architect	Brook Architecture	Chicago, IL	Ramona Westbrook
General Contractor	Power & Sons	Chicago, IL	

LEGISLATIVE DISTRICTS

Congressional:	1
State Senate:	25
State House:	13

ILLINOIS FINANCE AUTHORITY

Memorandum

TO: IFA Board of Directors

FROM: Townsend S. Albright

DATE: September 14, 2004

RE: Revised Overview Memo for Village of Romeoville

- **Borrower/Project Name:** Village of Romeoville
- **Location:** Romeoville (Will County)
- **Principal Project Contact:** Kevin McCanna, Speer Financial (Financial Advisor)
- **Board Action Requested:** Approval of a revised Final Bond Resolution to increase the par amount from $16,500,000 to $28,000,000 and to provide funds for additional. capital improvements. This project was originally presented to the Board for final approval on April 20, 2004.
- **Amount:** $28,500,000
- **Project Type:** Refunding and Capital Improvement Bonds
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds at risk
- **IFA Fee:** $42,750
- **Rating:** The bonds will be insured by FSA and rated "Aaa" by Moodys Investors Service.

ta/h/romeoville2004memo2

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
REVISED

Project: Village of Romeoville

STATISTICS

Project Number:	L-GO-TE-RE-401	Amount:	$28,500,000
Type:	GO	IFA Staff:	Townsend Albright
Location:	Romeoville	Est. fee:	$42,750

BOARD ACTION

Final Bond Resolution
Conduit Local Government Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

(i) To refund callable maturities of the Village's Series 2001A and 2001B Alternate Revenue Bonds, (ii) to fund road improvements, economic development projects throughout the Village, and a municipal structure, and (iii) fund costs of issuance.

IFA CONTRIBUTION

Local government bonds - no Volume Cap required.

VOTING RECORD

Voting record from Preliminary Bond Resolution on April 20, 2004

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

SOURCES AND USES OF FUNDS

Source:	IFA Bonds	$28,500,000	Uses: Deposit to Escrow	$15,931,969
			Improvements	12,000,000
			Original Issue Discount	453,031
			Costs of Issuance	115,000
Total		$28,500,000	Total	$28,500,000

JOBS

Current employment:	252 FTE	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	50

MUNICIPAL SUMMARY

Background: The Village of Romeoville ("the Village") was incorporated in 1895 and is located in Will County. The Village acquired home rule status in 2004 when its population exceeded 25,000. The Village Board is composed of the Village President and six trustees who are elected at large for staggered four-year terms.

Description: The Village encompasses approximately 13 square miles and is bordered by the Village of Bolingbrook to the north and the City of Lockport to the southeast. The Village has experienced rapid growth over the past two decades. The 2000 Census population was 21,523, a 50% increase from the 1990 census of 14,101. In 2003, a special census was conducted and established that the population increased 60.0% from 2000, totaling 33,861. The Village's major employers include (i) Will County C/U/S/D #365U (1,900), (ii) Lockport T/H/S/D # 205 (386), (iii) Ultra Salon Cosmetics Fragrance, Inc., (325), (iv) Lewis University, (320), and (v) Marquette Property Investment, (300).

The Village has several industrial parks including (i) Marquette Industrial Park (323 acres), (ii) Marquette Center and Marquette West Industrial Parks (215 acres), and (iii) Ridgewood Industrial park (110 acres).

Remarks: The Village has a diverse economic base and is located in one of the fastest growing areas of Illinois. The proposed refunding will (i) significantly reduce the Village's costs of borrowing, and (ii) provide capital for needed improvements...

Financials: Statement of Bonded Indebtedness as of 2/13/04:

		Ratio to		Per Capita
		EAV	Actual	(Current est. 33,861)
Assessed Valuation: 2002	$ 572,017,019	100.00%	33.33%	$16,893
Est. Actual Value: 2002	$1,716,051,057	300.00%	100.00%	$50.679
Total Direct Bonded Debt	$ 60,570,000*	10.53%	3.53%	$ 1,789
Total overlapping Debt	$ 63,877,085	11.17%	3.72%	$ 1,886
Total Dir. and OL Debt	$ 124,447,085	21.76%	7.25%	$ 3,675

Discussion: The District's percentage of taxes collected for collection years 1998/99-2002/03 averaged 99.56%. The Village is a home rule unit, and under the Illinois Constitution of 1970 has no debt limitation. There is no pending or anticipated litigation against the Village, which would be expected to have a material adverse effect on its ability to service its debt.

- Includes the par amount of the proposed bond issue.

FINANCING SUMMARY

Security:	Bonds will be insured by FSA and be "Aaa" by Moodys Investors Service
Structure:	Serial General Obligation Refunding and Improvement Bonds
Maturity:	25 years

PROJECT SUMMARY

Proceeds of the bond issue will be used to (i) refund the callable maturities of the Village of Romeoville's (Will County) Series 2001A and 2001B Alternate Revenue Bonds, (ii) to fund road improvements, economic development projects throughout the Village, and a municipal structure, and (iii) pay for costs of issuance

Project Costs:	Refunding Bonds (Deposit to Escrow)	$15,931,969
	Improvements	12,000,000
	Total	$27,931,969

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Village of Romeoville		
Project Name:	Refunding and Improvement Bonds		
Location	13 Montrose Drive, Romeoville, Will County, Illinois 60446-1329		
Organization:	Village		
State:	Illinois		
Officials:	Fred P. Dewald, Jr. President		Marion Gibson, Village Manager
	Kirk Openchoswski, Finance Director, Treasurer		
	Prudence Pukula, Village Clerk		
Board of Trustees:	Marty Duffels	Linda S. Palmiter	Dennis Veselsky
	Dr. Edward McCartan	Steve Spandonidis	Thomas Weinrick, Sr.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Chapman and Cutler	Chicago, IL	Pat Curtner
Accountant:	McGladry & Pullen, LLP	Mokena, IL	
Bond Counsel:	Chapman and Cutler	Chicago, IL	Pat Curtner
Underwriter:	Griffin, Kubik, Stephens & Thompson	Chicago, IL	Michael Boisvert
Issuer's Counsel:	Charity & Associates, P.C.	Chicago, IL	Alan M. Bell
Trustee:	Amalgamated Bank of Chicago	Chicago, IL	Kristine Schossow
Financial Advisor:	Speer Financial, Inc.	Chicago, IL	Kevin McCanna

LEGISLATIVE DISTRICTS

Congressional: 13, Judy Biggert
State Senate: 43, Lawrence M. "Larry" Walsh
State House: 85, Brent Hassert

ta/h/romeovillevillae2004

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Marcia L. Cochran, Program Administrator

Date: September 14, 2004

Re: City of Sparta

- **Borrower/Project Name:** City of Sparta
- **Location:** Sparta (Randolph County)
- **Principal Project Contact:** Mary Kane, Stifel Nicolaus & Company, Inc. (Underwriter)
- **Board Action Requested:** Approval of an Initial Bond Resolution
- **Amount:** $14,000,000
- **Project Type:** Local Government Alternate Revenue Bonds
- **IFA Benefits:** Conduit tax-exempt – no direct IFA or State Funds at risk
- **IFA Fees:** $21,000
- **Rating:** Municipal bond insurance required on this project

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
September 14, 2004

Project: **City of Sparta**

STATISTICS

Project Number:	L-GO-TE-CD-406	Amount:	Not to exceed $8,000,000
Type:	Local Government	PA:	Marcia Cochran
Location:	Sparta	Est fee:	$12,000

BOARD ACTION

Final Bond Resolution
Conduit Local Government Bonds
No IDFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

To construct water and sewer infrastructure to serve the Illinois Department of Natural Resources ("IDNR") site for the World Shooting Complex.

VOLUME CAP

Local government bonds - no volume cap required.

VOTING RECORD

Voting record from the Preliminary Bond Resolution on July 13, 2004:

Ayes: 10　Nays: 0　Absent: 2 (Goetz, Ozark)　Abstain: 0
Vacancies: 3

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$7,625,000	Uses:	Project Costs	$7,650,000
	Reofferin Premium	146,450		Capitalized Interest	812,576
	Grants (DCEO)	1,000,000		*Issuance Costs	308,874
	Total	**$8,771,450**		**Total**	**$8,771,450**

***Note: Costs of Issuance includes bond insurance premium.**

JOBS

Current employment:	43	Projected new jobs:	150*
Jobs retained:	N/A	Construction jobs:	TBD

*Estimated 150 new full-time jobs created at the site of the World Shooting Complex, owned by Illinois Department of Natural Resources. However, these are not City jobs.

MUNICIPAL SUMMARY

Background: The City of Sparta (the "City") was founded in 1829, and has a population of 4,486. The City is located in Randolph County, approximately 50 miles from the cities of St. Louis and Carbondale. The City is bordered predominantly by farming communities. Chester is the county seat, approximately 15 miles to the southwest. Three interstate highways, I-55, I-57 and I-64, and a regional airport serve the City's transportation needs. Also, Kaskaskia River is nearby, and the Illinois Central Gulf and Union Pacific Railways make daily stops in the region. One elementary school, junior high school and high school serve the residents of the City, with 1,500 students from many outlying areas. The City as a 39-bed hospital and two nursing homes.

The City operates under a Commission form of Government, with a mayor and six commissioners. The City's median home value is $43,600, and the median family income is $25,859 as of the 1990 census. The City's unemployment rate is 6.1% (as of 2000) compared to the county rate of 5.4% and the State rate of 4.4%.

Description: The Illinois Department of Natural Resources ("IDNR") owns the 1,200 acres of land on which the World Shooting Complex will be constructed. A contract has been signed with the Amateur Trapshooting Association ("ATA"), for shooting competition scheduled to commence in August of 2006, with 10,000 persons anticipated to attend the event. Other camping and shooting events are planned throughout the year. The site is owned by IDNR and will employ between 130 - 150 full-time employees. IDRN will be responsible for all costs, including the following key features: construction of the roads, buildings, trap and archery shooting facilities, 5,000 parking spaces, campground featuring 1,000 campsites and many other amenities. The site must be available for ATA inspection by November 2005, and there are tentative plans to have minor events on the grounds in July 2005. A certified Feasibility Study has been completed to verify the financial projections prepared for the Sparta facility, which are based on the ATA's performance over the last twenty years in Ohio.

Project: IDNR has asked the City of Sparta to construct the water and sewer infrastructure to the site of the World Shooting Complex. The City passed a Resolution to issue Alternate Revenue Bonds for this project. Current negotiations are underway for the City of Sparta to annex the site to the City as well as to enter into certain Intergovernmental Agreements with both IDNR and the County of Randolph to assist in the financing of the project. The City will issue additional bonds in the amount of approximately $4.9 million to construct the water distribution and sewage collection system within the boundaries of the site.

Remarks: The City's 5 major employers are as follows:

Spartan Light Metal Products	550
Wal-Mart	280
Sparta Community Hospital	250
Peabody Coal Company	200
Zeigler Coal Company	150

Major taxpayers in the City with their corresponding E.A.V.'s are as follows:

Wal-Mart	2,138,180
Grupo Serla	868,025
Spartan Aluminum	456,650
Kroger	367,725
Illinois Power	336,500

Financials: Statement of Long-Term Bonded Indebtedness:

		Ratio to: EAV	Actual	Per Capita (Current est. 4,486)
Assessed Valuation: 2003	$ 36,420,909	100.00%	33.33%	$ 8,119
Est. Actual Value: 2003	$109,262,727	300.00%	100.00%	$24,356
Direct Bonded Debt:	$ 4,370,000	12.00%	4.00%	$ 974
Less: Self-Supporting Debt*	$ 4,370,000	12.00%	4.00%	$ 974
Total Overlapping Debt:	$ 4,704,682	12.92%	4.31%	$ 1,049
Total Dir. And OL Debt:	$ 4,704,682	12.92%	4.31%	$ 1,049

Discussion: *Under 65 ILCS 5/8-5-1, the City may incur indebtedness not to exceed 8.625% of the assessed value of taxable property therein. The City's equalized assessed valuation as of January 1, 2003, is $36,420,909. Accordingly, the City's legal debt limit is $3,141,303. This amount excludes the valuation associated with the City's two tax increment redevelopment areas and also the IFA and City Alternate Revenue Bonds to be issued for this project.

Pursuant to Section 15 of the Local Government Debt Reform Act, Alternate Revenue Bonds are payable from the pledged revenue with general obligation of the City as back-up security. Alternate revenue bonds do not count toward this City's debt limit unless the ad valorem taxes are extended to pay this indebtedness. The City's tax base is growing and the rates have gradually been falling. The City currently has no General Obligation debt.

The role of Alternate Revenue Bonds strengthen the creditworthiness of revenue backed projects.

FINANCING SUMMARY

Security: Alternate Revenue Bonds secured by : 1) Sales tax and infrastructure tax from the project site and from City sales and infrastructure taxes after repayment of the City's TIF bond indebtedness; 2) Contributions from Randolph County and IDNR for water and sewer capital needs in accordance with the terms of an Intergovernmental Agreement among the parties; 3) The City's General Obligation as back-up security. Municipal bond insurance will be utilized.

Structure: Fixed rate serial bonds.

Serial Maturity: Twenty-five years.

PROJECT SUMMARY

Proceeds of the bond issue will be used to construct water and sewer infrastructure to the site of the World Shooting Complex.

Projects Costs: **$7,650,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	City of Sparta		
Project Name:	City of Sparta World Shooting Complex		
Location	Sparta (Randolph County)		
Organization:	Non-home rule city		
State:	Illinois		
Officials:	Mayor – Randy Bertetto		
	Commissioners –	Richard T. Cavalier	Lyndon Thies
		Jason Schlumme	Marsha Schwartz
		Shirley A. Reimer	Brenda Sullivan

PROFESSIONAL & FINANCIAL

Borrower:	City of Sparta	Sparta, IL	Alan P. Dyke
Borrower Counsel:	Alan R. Farris Law Firm	Sparta, IL	Alan R. Farris
Borrower Auditor:	J. W. Boyle & Co., Ltd.	Columbia, IL	Keith G. Brinkmann
Complex Owner:	IL Dept. of Natural Resources	Springfield, IL	Joel Brunsvold, Director
Complex Counsel:	IL Dept. of Natural Resources	Springfield, IL	Jonathan Furr
Underwriter:	Stifel Nicolaus & Co., Inc.	Edwardsville, IL	Mary Kane
Bond Counsel:	Chapman & Cutler	Chicago, IL	Kelly K. Kost
Disclosure Counsel:	Chapman & Cutler	Chicago, IL	William M. Libit
Issuer's Counsel:	Mayer Brown Rowe & Mawr	Chicago, IL	David Narefsky
Paying Agent:	BNY Trust Co. of MO	St. Louis, MO	Lori-Ann Soriano
Feasibility Consultant:	Peckham Guyton Albers & Viets, Inc.	St. Louis, MO	Carol Waggoner
Project Architect:	AAIC Incorporated	Collinsville, IL	Calvin C. Morris
Project Engineer:	Knight Engineers/Architects	Chicago, IL	Daniel G. Kavanaugh
Water/Sewer Engineer:	Henry, Meisenheimer/Gende	Carlyle, IL	David W. Rodden
Printer:	To Be Determined		
Bond Insurer:	To Be Determined		
Rating Agency:	To Be Determined		

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Marcia L. Cochran, Program Administrator

Date: September 14, 2004

Re: Stookey Township

- **Borrower/Project Name:** Stookey Township
- **Location:** St. Clair County
- **Principal Project Contact:** Tom Lally, Edward Jones Investment Banking (Underwriter)
- **Board Action Requested:** Approval of an Final Bond Resolution
- **Amount:** $5,000,000
- **Project Type:** General Obligation Local Government Bonds
- **IFA Benefits:** Conduit tax-exempt – no direct IFA or State Funds at risk
- **IFA Fees:** $7,500
- **Rating:** Municipal bond insurance required on this project

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
September 14, 2004

Project: **Stookey Township**

STATISTICS

Project Number:	L-GO-TE-CD-408	Amount:	$5,000,000
Type:	Local Government	IFA Staff:	Marcia Cochran
Location:	St. Clair County	Est fee:	$7,500

BOARD ACTION

Final Bond Resolution
Conduit Local Government Bonds
No IFA funds at risk

Staff recommends approval
No extraordinary conditions

PURPOSE

To purchase land and make improvements for use as public parks to be located in the Township.

IFA CONTRIBUTION

Conduit State and Federal tax exempt status on bond interest.

VOTING RECORD

This is a Final Resolution, and the first time this project has been presented to the Board.

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	$5,000,000	Uses:	Project Costs	$4,842,463
				Issuance Costs	157,537
	Total	**$5,000,000**		**Total**	**$5,000,000**

JOBS

Current employment:	18	Projected new jobs:	0
Jobs retained:	0	Construction jobs:	TBD

MUNICIPAL SUMMARY

Background:

Historical Background of Townships and Functions of Illinois Townships: Township government, established in Providence, Rhode Island in 1636, is the oldest existing unit of government continuing to serve on the North American continent. The Illinois Constitution of 1848 gave voters in each county the opportunity to adopt Township government. Today, 85 of Illinois' 102 counties operate under the Township form of government, with 1,433 townships serving more than 8 million citizens. By law, Illinois townships are charged with three basic functions: 1) general assistance for the impoverished; 2) the assessment of real property for the basis of local taxation; and 3) maintenance of all roads and bridges outside federal, state, and other local jurisdictions.

Stookey Township (the "Borrower"): Stookey Township, Illinois (the "Township') was founded in 1883 and has a population of 10,007. The Township is located in St. Clair County, approximately 12 miles east of the City of St. Louis, Missouri. The City of Belleville is the county seat of St. Clair County. There are 21 townships in St. Clair County.

Four elementary school districts, one high school district and one community college district serve residents of the Township. Recreational opportunities in the Township include one park having eleven baseball fields and two golf courses.

The Township has eight officials, including a Supervisor, Town Clerk, Highway Commissioner, Assessor and four Trustees. The Township's median household income is $52,030, which compares to $39,148 for St. Clair County and $46,590 for the State of Illinois. The Township's primary employment by industry classification, totaling 65% of the workforce, includes: 1) Educational, health and social services, 2) Retail trade, 3) Manufacturing, 4) Finance, insurance, real estate, rental and leasing.

Description:

Proceeds of the Local Government Securities will be used to pay the cost of purchasing land from individual owners and improving one or more parks to be located in the Township. The primary location to be procured and improved will be in the area commonly known as the Arlington Area, more specifically described as the area near South 74th Street, Arlington Drive, Coventry Drive, Victoria Drive, Lancaster Drive and St. Edward Circle. After such development of the primary park location, other small parks will be procured and improved at other locations throughout the Township, as funding permits. The Township will also seek governmental grants/funding to be utilized in procuring and developing the Project.

The $5 million bond to be issued will be a General Obligation of the Township. Local Government Securities will be payable from ad valorem property taxes levied against all of the taxable property in the Township without limitation as to rate or amount. The bonds will be insured by XL Capital Assurance, Inc. (the "Insurer"). Fitch Ratings has assigned a municipal "AAA" bond rating to the Bonds. The Bonds are scheduled to close October 6, 2004.

Remarks:

The City's 6 major employers are as follows:

Memorial Hospital	2,200
St. Elizabeth's Hospital	1,700
Belleville Shoe Manufacturing	450
Yale Enforcement Services	400
Peerless-Premier Appliance Co.	350
Empire Comfort Systems	300

Major taxpayers in the City with their corresponding E.A.V.'s are as follows:

Oblate Real Estate	$2,321,821
St. Clair County Club	745,476
Our Lady of the Snows	610,927
Union Planters Bank Trustee	532,800
Individual	408,277
Villas on Hickory Lake Assoc.	345,872

Financials: Statement of Long-Term Bonded Indebtedness:

		Ratio to: EAV	Actual	Per Capita (Current est. 10,007)
Assessed Valuation: 2003	$ 134,701,004	100.00%	33.33%	$13,461
Est. Actual Value: 2003	$404,103,012	300.00%	100.00%	$40,382
Direct Bonded Debt:	$ 5,000,000	.04%	.02%	$ 500
Total Overlapping Debt:	$ 12,279,942	.10%	.03%	$ 1,227
Total Dir. And OL Debt:	$ 17,279,942	.13%	.05%	$ 1,727

Discussion: Based on Illinois statute, the Township may incur indebtedness not to exceed 8.625% of the Equalized Assessed Valuation (EAV) of taxable property therein. The City's EAV as of January 1, 2003, was $134,701,004. Accordingly, the Township's legal debt limit is $11,617,962. This $5,000,000 General Obligation Bond to be issued is the only debt to count against the Township's debt limitation.

FINANCING SUMMARY

Security: General Obligation Bonds secured by ad valorem property taxes levied against all of the taxable property in the Township without limitation as to rate or amount. Municipal bond insurance will be utilized.

Structure: Fixed rate serial bonds

Serial Maturity: Twenty years

PROJECT SUMMARY

Proceeds of the bond issue will be used to pay the cost of purchasing land from individual owners and improving one or more parks to be located in the Township. The primary location to be procured and improved will be in the area commonly known as the Arlington Area, more specifically described as the area near South 74th Street, Arlington Drive, Coventry Drive, Victoria Drive, Lancaster Drive and St. Edward Circle. After such development of the primary park location, other small parks will be procured and improved at other locations throughout the Township, as funding permits.

Projects Costs: **$4,842,463**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Stookey Township
Project Name:	Stookey Township
Location	St. Clair County
Organization:	Township Government
State:	Illinois
Township Officials:	Supervisor – Jim Ellison
	Town Clerk – Les Green
	Highway Commissioner – Chad Davis
	Assessor – Stan Sieron
	Trustees – Timm Lashley
	Mike Mitchell
	Gina Kernan
	Jim Radden

PROFESSIONAL & FINANCIAL

Borrower:	Stookey Township	Belleville, IL	Mike Mitchell
Borrower Counsel:	Cates, Kurowski, Bailey & Shultz	Swansea, IL	
Borrower Auditor:	Allison, Knapp & Siekmann	Belleville, IL	
Underwriter:	Edward Jones	St. Louis, MO	Tom Lally
Bond Counsel:	Chapman & Cutler	Chicago, IL	Kelly K. Kost
Underwriter Counsel:	Chapman & Cutler	Springfield, IL	Courtney Freveletti
Issuer's Counsel:	Hart, Southworth & Witsman	Springfield, IL	Sam Witsman
Paying Agent:	UMB Bank, N.A.	St. Louis, MO	Victor Zarrilli
Bond Insurer:	XL Capital Assurance, Inc.	New York, NY	Scott Madden
Rating Agency:	Fitch Ratings	Powell, WY	Dey Lynn Stebner
Printer:	Cenveo Color Art	St. Louis, MO	Diana Smith

LEGISLATIVE DISTRICTS

Congressional:	12	Jerry Costello
State Senate:	57	James F. Clayborne Jr. II
State House:	113	Thomas Holbrook

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From : Jim Senica

Date: September 14, 2004

Re: Overview memo for Newline Hardwoods, Inc.

- **Borrower/Project Name:** Newline Hardwoods, Inc.
- **Location:** Beardstown (Cass County)
- **Principal Project Contact:** Norman L. Nelson, President The First National Bank of Lacon
- **Board Action Requested:** Approval to purchase loan participation
- **Amount:** $300,000
- **Project Type:** Business – Participation Loan
- **IFA Benefits:**
  - Buy-down of interest rate – $300,000 IFA funds at risk
  - Borrower provided with lower blended interest rate
- **IFA Fees:**
  - 2.50% additional interest income earned over CD rate: $7,500
- **Structure:**
  - Loan participation to be purchased by The First National Bank of Lacon.
    Loan term will be 7 years with a 7-year amortization.
    Bank interest rate will be fixed at 7.5%.
    IFA's rate will be 6.0%.
  - Collateral will be a pro-rata first position "*pari passu*" with The First National Bank of Lacon on project equipment with an appraised fair market value of $678,215 providing collateral coverage of at least 1.13 times (88% LTV).

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
September 14, 2004

Project: Newline Hardwoods, Inc.

STATISTICS

Deal Number:	B-LL-TX-410	Amount	$300,000
Type:	Participation Loan	IFA Staff:	Jim Senica
Location:	Beardstown	Est fee:	$7,500

BOARD ACTION

Purchase of Participation Loan from The First National Bank of Lacon
$300,000 IFA funds at risk.
Collateral is ***pari passu*** first position with the bank.
Staff recommends approval of a resolution subject to the Bank covenants noted on page 4 of this report.

PURPOSE

Acquisition of various equipment used in the applicant's lumber operation.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA	$300,000	Uses: Project Costs	$650,000
	First National Bank	300,000	Total	$650,000
	Equity*	50,000		
	Total	$650,000		

*Equity is comprised of a capital contribution by Michael New, Newline's Operation and Sales Manager.

JOBS

Current employment:	12	Projected new jobs:	38
Jobs retained:	10	Construction jobs:	N/A

BUSINESS SUMMARY

Background: Newline Hardwoods, Inc. is a recently-formed C corporation that will own the equipment of and operate the former Rich Lumber Company as a dry kiln lumber production facility in Beardstown, Illinois. Newline Hardwoods, Inc. owner, Derrick Newnam, is in the process of purchasing the former lumber company which would indeed close and terminate the remaining employees if not acquired. (It is important to note that Derrick Newnam purchased the formerly closed, bankrupt Illini Hardwoods Lumber Company Co., Inc. of Lacon, Illinois in 1998. That company currently employs 44 and has been very successful as evidenced by the financial statements on page 3.)

Rich Lumber Company's business was concentrated solely in the overseas sales of custom finished lumber products such as moldings and trim pieces and has been decimated by Chinese producers entering the market several years ago. Conversation with the banker indicated that Rich's management had neither the contacts needed nor the experience required to operate the business strictly as a finished lumber production facility.

Description: Newline Hardwoods, Inc. will operate primarily as a dry kiln lumberyard on 23 acres in Central Illinois. The new Company will substantially reduce the dimension operation conducted by Rich Lumber Company and will focus on providing premium grade hardwood lumber to meet the increasing demand for quality hardwoods in the domestic market. The Company's initial product offerings will consist of various grades and thicknesses of white oak, hard maple, hickory and ash. These varieties are in highest demand and coincidentally dry the quickest in kilns, providing better cash flow during initial startup months.

Remarks: Newline Hardwoods, Inc's. success will be primarily based in the relationships with suppliers and customers and very importantly, management's extensive knowledge of the hardwood industry. Derrick M. Newnam, Newline's President and CEO, currently functions as President of Illini Hardwood Lumber Co., Inc., one of the largest sawmills in Illinois. Derrick brings with him an established supply base. Michael New, Newline's Operation and Sales Manager, has over 27 years in the hardwood concentration business. Starting as an inspector, he had ascended to the position of President in a company producing over 80,000,000 board feet of hardwood lumber per year. (Michael New left this $175,000 per year position to become a key management player at Newline Hardwoods which will provide the opportunity for equity ownership.) The new Company has also retained the services of an experienced lumber buyer.

Along with an exceptional management team, the Company plans to fill critical positions of the lumberyard with Rich Lumber Company's current employees. These workers provide valuable knowledge of the physical plant that will be advantageous in diminishing the high learning curve often associated with most start-up operations.

Market Analysis: Industry sources confirm that hardwood consumption is at a thirty year high. Hardwood floors continue to replace linoleum and carpet, painted cabinets continue to be replaced by natural finishes, oak comprises over two thirds of the country's furniture manufacture, and other than pine, hardwood moldings are the most used moldings in new home construction. Independent market research indicates that there are 12 hardwood manufacturers to one softwood manufacturer. In retrospect, thirty years ago, softwood manufacturers outnumbered hardwood manufacturers 4 to 1.

Newline Hardwoods, Inc. will fill a significant void, as there is no other yard of its type within a 200 mile radius of its Beardstown radius. This will enable Newline to utilize the hardwood lumber production of small to sizeable sawmills within this region. This operation affords these sawmills a market large enough to further their own development.

Financials: Compiled Financial Statements of Illini Hardwood Lumber Co., Inc. for years 2002 and 2003 and for the 11-month period ending April 30, 2004.
Projected Income Statement of Newline Hardwoods, Inc. for years 1 through 5

	Year Ended May 31		
	2002	2003	2004
	(Dollars in 000's)		
Income Statement			
Sales	2,984	4,220	5,149
Net income	16	147	200
Balance sheet			
Current assets	320	1,037	1,622
PP&E	865	1,325	1,350
Total assets	1,185	2,362	2,972
Current liabilities	532	970	1,211
Debt	584	1,120	1,289
Equity	69	272	472
Total liab. & equity	1,185	2,362	2,972
Ratios			
Debt service cov.	1.68x	2.35x	1.83x
Current ratio	0.60	1.07	1.34
Debt/equity	9.99	5.01	3.28

	Year Ended May 31				
	Year 1	Year 2	Year 3	Year 4	Year 5
	(Dollars in 000's)				
Income Statement					
Sales	8,613	9,289	11,942	13,912	15,303
Less: Material Costs	6,755	7,258	9,332	10,925	12,018
Gross Operating Profit	1,858	2,031	2,610	2,987	3,285
Add: Discounts Earned	105	113	145	170	187
Less:					
Yard Costs	749	796	871	934	982
Selling Expenses	126	132	132	132	132
G & A Expenses	755	787	825	841	866
Operating P & L	333	429	927	1,250	1,492
Debt service coverage available for Real Estate and Equipment	1.16x	1.37x	2.63x	3.44x	4.02x

Discussion: Financial statements of Illini Hardwood Lumber Co., Inc. are presented to illustrate the success experienced by Newline Hardwood's owner in converting a closed, bankrupt lumberyard into a viable, successful operation. Revenues have increased nearly 73% from 2002 through 2004 while net income has increased from $16,000 in 2002 to $200,000 in 2004. Additionally, the ratio of debt to equity has dropped from 9.99 to 3.28 during the same period.

Detailed P & L projections for Newline Hardwoods, Inc. for years 1 through 5 provided by the borrower also reveal high expectations for Newline's operations. The projections are conservatively prepared and reflect the fact that Newline has commitments on sales of 60% of its production through a broad customer base. Additionally, the Company is considering the request by Batesville Casket Company to annually provide $3 to $5 million in material for their operation.

Bank covenants include the following:

1) Internally-prepared Company financial statements
2) Annual compiled financial statements of Newline Hardwoods, Inc.
3) Prior to funding, certified fair market value appraisal on the pledged equipment of $678,215
4) Evidence of adequate insurance on the collateral
5) Shared first position on project equipment
6) Corporate Guaranty of Illini Hardwood Lumber Co., Inc.
7) Personal guaranty of Derrick Newnam
8) Key-man life insurance - $2,000,000 on Derrick Newman and $1,000,000 on Michael New

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FINANCING SUMMARY

Borrower: Newline Hardwoods, Inc.

Security: Pro-rata first position "*pari passu*" with The First National Bank of Lacon on the project equipment. Collateral is based on an appraised fair market value of $678,215 based on an appraisal dated February 26, 2004 and performed by Winternitz Inc. of Northbrook, Illinois. Collateral coverage on project debt to IFA and the Bank on this participation loan is 1.13 times (88% LTV). IFA will also share with the Bank in the corporate guaranty of Illini Hardwood Lumber Co., Inc. and in the personal guaranty of Derrick Newnam whose net worth approximates $710,000. Staff recognizes that in the event of default with respect to this loan, standard wording in IFA's participation agreement states that the IFA/Bank loan will be paid prior to any other loan, including any future line-of-credit loan, that the borrower may establish with the Bank.

Structure: Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 150 basis points below what the Bank is charging the customer. The Bank's interest rate will be fixed at 7.5% for the 7-year term of the loan.

Maturity: The loan will be set on a 7-year amortization with 84 payments of principal and interest.

PROJECT SUMMARY

The proposed project involves the acquisition of equipment for use in the applicant's hardwood lumber operation. Project costs are estimated as follows:

Equipment acquisition	$650,000
Total	$650,000

The proposed project will provide the applicant with the equipment needed to operate a state-of-art lumber production facility retaining 10 jobs and creating 38 new jobs in an area of the state that has been economically challenged.

Although this project involves the equipment acquisition portion of the former Rich Lumber Company purchase, the building acquisition (current appraisal value of $2,500,000) and operating capital needs are being financed as follows:

Building:	First State Bank of Beardstown	$ 575,000	Working Capital:	FNB – Lacon Term Loan	$500,000
	Heritage Bank – Peoria	575,000		DCEO Subordinated Loan	500,000
	Equity (Derrick Newnam)	100,000		Equity (Lee Hoffman)	600,000
	Total	$1,250,000		Total	$1,600,000

ECONOMIC DISCLOSURE STATEMENT

Project name:	Newline Hardwoods, Inc. Equipment Acquisition
Location:	Beardstown, Illinois (Cass County)
Applicant:	Newline Hardwoods, Inc.
Organization:	Illinois C corporation
Ownership:	Derrick Newnam

FINANCIAL

Bank:	The First National Bank of Lacon	Lacon, Illinois	Norman L. Nelson, President

LEGISLATIVE DISTRICTS

Congressional:	18 – Ray LaHood
State Senate:	47 – John M. Sullivan
State House:	93 – Art Tenhouse

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Deal: **ZelleRx Corporation**
600 South Hoyne Street. Chicago, Illinois 60612

Turning Human Cells Into Cancer Therapies™

STATISTICS

Transaction Number:	V-TD-408	Amount:	$300,000
Type:	Venture Capital	IFA Staff:	Christopher Vandenberg
Locations:	Chicago		

BOARD ACTION

Voting Record:	This is the first time this project has been presented to the IFA Board of Directors. The Venture Capital Sub-Committee will meet prior to the Board meeting to discuss this transaction.
IFA Staff:	Recommend approval
IllinoisVENTURES:	Recommended to IFA
IFA Funds at Risk?	YES: [X] NO: [ ] Amount: $300,000

JOBS

Current Employment:	1	Projected new jobs:	14
Jobs Retained:	N/A	Construction jobs:	N/A

SUMMARY

ZelleRx Corporation is a biopharmaceutical compay developing cancer treatment products based on a proprietary natural killer (NK) cell line, NK-92. NK cells selectively kill cells that they identify as cancerous or virally infected while leaving normal cells untouched. The Company has identified universal and targeted candidates based on the NK-92 cell line for use as both primary and adjuvant cancer therapies.

The cancer market currently is a $15 billion industry and is projected to grow to $25 billion by 2005. Cellular therapies currently make up $1.6 billion of the market and are projected to grow to $2.2 billion in 2005. ZelleRx's initial products will be adjuvant therapies used to eliminate reccurant cancers. Initial focus will be on renal and skin cancers, which have approximately 31,800 and 53,600 new cases each year, respectively[1].

The NK-92 cell line does not contain the markers that identify "self" vs. "non-self." This means that it can be used in any patient without the troubles of an immune response by the body. ZelleRx's first product, ZRx101, is a universal therapy that in pre-clincal studies has shown to be effective at killing a broad scope of cancers. The Company has transferred the investigational new drug (IND) application from Rush and is currently completing its Phase I clinical trials form renal and skin cancers at the University of Pittsburgh Cancer Institute (UPCI). To date, 25 patients have been treated, showing anecdotal evidence that NK-92 cells function in the patient's body and substantially reduce the size of tumors. ZelleRx also has two other therapeutic candidates, ZRx102 and ZRx103 with are based on variants of the universal NK-92 cell line.

ZelleRx is raising $600,000 in convertible Promissory Notes, lead by IllinoisVENTURES. The funds will be used to complete the clinical development plan, complete the lease of lab space in Chicago, continue intellectual property development, begin search for new executive management, resume Phase I clinical trials at UPCI, and prepare to raise its next round. IllinoisVENTURES has already committed to participating up to ½ of the $1.7 million Series A round, subject to completion of certain milestones.

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[1] 2002 Estimates – American Cancer Society

First Round

IFA Investment:	$300,000
Investment Leveraged:	$300,000
Pre-Money Valuation*:	$1,000,000 to $4,000,000
Post-Money Valuation:	$2,525,000 to $7,225,000
IFA Ownership:	Varies from 23.8% to 6.9%, depending on pre-money valuation
Security Type:	Convertible Promissory Note
# of Shares:	609,879 to 5,294,859, depending on valuation
Price Per Share:	$0.11 to $0.81, depending on valuation

***Pre-money valuation will be determined at the next finiancing round. Company and IllinoisVENTURES anticipate a pre-money valuation of $4,000,000. The valuation affects the number of shares and ownership percentage of the Authority. The ranges shown assume a pre-money valuation between $1,000,000 and $4,000,000. The actual valuation could be higher or lower than indicated.**

TERM SHEET

ZelleRx is raising between $600,000 to $1,000,000 in the form of a Secured Convertible Promissory Note ("Note"), which will be issued in two tranches. The first tranch (1/2 of the total funds) will be due at closing. The remaining funds will be due upon 1) the completion of the clinical development plan, 2) transfer of cell bank from Rush and 3) the transfer of the clinical trial from Rush. The only remaining milestone is the completion of the clinical development plan. This plan is expected to be completed the first week of October.

The Notes will bear simple interest at 8% per annum and mature on December 1, 2005 ("Maturity Date"). The Note shall not be pre-paid and will be secured by a first security interest in all of the assets of the company.

The Authority will be granted observation rights to meetings of the Board of Directors. The Authority will also have information and management rights.

Conversion Rights
The Investors shall convert all of the note and any unpaid interest at the next round conversion price, with all of the rights, preferences and privileges granted thereto. A qualified financing is the sale of equity to an New Investor in excess of $250,000. The Next Round Conversion Price will be the price the purchasers pay for the next round of securities.

Warrants
The investors shall receive 25% warrant coverage, plus an additional 5% per month beginning 60 days from the date of close. The warrant coverage shall not exceed 100%.

Voting Rights
Investors will be entitled to vote on all matters submitted to the shareholders, with the number of votes equal to the number of then issuable common stock upon conversion.

Conversion Price and Anti-Dilution Provisions
If the next round of financing does not occur prior to the Maturity Date, Investors shall have the right to convert into Preferred Stock with a pre-money valuation of $1,000,000.

The Conversion Price of the Note shall be subject to weighted average anti-dilution protection in the event any additional common, or securities exchangeable to common, are issued with exception to grants to employees or independent contractors under option and equity plans approved by the Board of Directors, including the Directors selected by the Investors.

Protective Provisions.
Investors will have standard protective provisions including, but not limited to, changes in the equity securities or structure of the company, legal documents, indebtedness and sale/change of control of the company.

Use of funds
- Complete lease for lab facility in Chicago to conduct clinical manufacturing;
- Continue intellectual property development and expansion;
- Completion of the clinical development plan;
- License data from Phase I Chicago clinical trial and transfer to UPCI.
- Prepare to complete the Phase I trial at UPCI; and
- Continue corporate development.
- Begin search for CEO and CSO.

The Company will begin raising a $1.7 million Series A round. The proceeds of the Series A round will be used to:
- Complete Phase I clinical trial for ZRx101 at UPCI;
- Recruit CEO, CMO, CFO, and COO;
- Identify suppliers;
- Optimize cell culture conditions/systems;
- Complete licensing agreements;

- Establish cGMP laboratory in Chicago; and
- Continue corporate development

The Company expects that it will need to raise approximately $40,000,000 to bring its products to market.

Burn Rate
Following the close of the bridge round, the burn rate of the company will be approximately $65,000. Salaries of the management team will represent approximately 14.5% of the total burn.

Funding Sources
IllinoisVENTURES – IllinoisVENTURES operates two of Illinois' Technology Enterprise Centers (ITECs) which assist in the commercialization of technologies coming out of the University of Illinois. The ITEC also considers other technologies not affiliated with the University. VENTURES receives yearly appropriations to operate and make small investments into companies. IllinoisVENTURES invests both public monies (from the ITEC) and through its Emerging Technology Fund. The public monies are generally invested at an earlier stage and are used to advance the company to the point where it is suitable for institutional investment.

In January 2004, IllinoisVENTURES had its first close on the first $12M of a proposed $20M seed/early stage venture fund. The fund, which has a bias towards investing in technologies originating from the University of Illinois, is part of the University's efforts to capitalize on the its $650M research budget. The venture fund was raised from alumni and other institutions. IllinoisVENTURES cooperates with the Office of Technology Management (OTM) of the University to identify technologies that are able to support themselves independently.

BACKGROUND/SCIENCE
Natural Killer (NK) cells are a subgroup of lymphocytes that play an essential role in cell-based immune defense against cancerous cells. NK cells selectively kill cells that they identify as cancerous or virally infected while leaving normal cells untouched. NK-92 cells differ from normal NK cells in that they lack a receptor found on normal NK cells that inhibit the cells from attacking cancerous cells. Specifically, the NK-92 cell lacks the Killer Inhibitory Recptor (KIR), while retaining all Killing Activating Receptors (KARs). This results in an aggressive cell line that attacks and destroys any cancerous cells. In addition to cancer cells, there is evidence that NK cells selectively kill virally infected cells. This has lead the company to explore the use of NK-92 cells on other infectious diseases. Natural Killer Cells and the NK-92 cell line have been extensively researched and there are more than 1,000 peer-reviewed publications in the public domain regarding these cells.

MECHANISM OF ACTION
The NK-92 destroys cancer cells via a two step process. First, perforin is released. Perforin is a chemical that is known to punch large holes into the cell membrane of a cancer or virally infected cell. Next, granzymes are released into the cell. Granzyme is an enzyme that destroys DNA and other cellular components. NK-92 cells can proliferate in culture indefinitely, but prior to injection are irradiated to prevent proliferation once injected into the patient.

Animal studies have demonstrated the natural targeting of NK-92 to tumor sites over the course of 2-3 days.

PRODUCTS
ZRx101
ZRx101 has demonstrated *in vitro* to be 20 to 80 times more effective than a patients own NK cells against a broad range of cancers. Data from ongoing Phase I trials indicates that the cell line has the potential to be "universially administered" to virtually any patient without triggering an immune response. The NK-92 is not genetically modified. ZRx101 is currently going through Phase I trials for melanoma. Also, Phase I institutional clinical trials at the German Red Cross in Frankfurt, Germany have been completed for advanced childhood cancers (leukemia). The Company hopes that these two trials will facilitate an FDA decision to move directly into Phase II trials.

ZRx102 – Single Chain Targeted Product
ZRx102 will be genetically engineered to express a single chain of a monoclonal antibody on its surface that is specific to a particular tumor type. The Company has licensed this NK-92 variant and it is currently undergoing pre-clinical development in Germany. There have been significant animal tests using this variant and it is anticipated to begin Phase I

institutional clinical trials for breast cancer. These trials will be conducted by Dr. Winfred Wels – a member of ZelleRx's Scientific Advisory Board and are expected to be completed by the end of 2004.

ZRx103 – "Universal" Targeted Product
ZRx103 will be a product that will be genetically engineered to express a cell surface receptor that spontaneously binds to monoclonal antibodies (NK-92 Fc). ZRx103 will have the ability to attach to virtually any monoclonal antibody, presenting the opportunity to attack a wide array of targets. The NK-92 Fc variant is currently undergoing Phase I clinical trials at the Fox Chase Cancer Center in Philadelphia, Pennsylvania.

Other Products
The Company plans to leverage its Scientific Advisory Board and other relationships to broaden its intellectual property portfolio.

INTELLECTUAL PROPERTY
ZelleRx has an exclusive worldwide license to the NK-92 cell line and to the corresponding U.S. and foreign method of use patent applications covering the clinical application of NK-92 and composition of matter for genetically engineered variants in cancer and infectious diseases. The company constantly monitors potential licensing opportunities for other variants of the cell line.

Through a number of patents, the company currently has patents pending on:
- Direct injection of KN-92 for use as a cancer therapeutic – method of use.
- IL-2 variants of NK-92 that produce endogenous IL-2 to enhance NK-92 cell growth and activation – method of use and composition of matter.
- Fc variant for specifically targeting individual types and classes of tumor cells (ZRX103) – method of use and composition of matter.
- B2 globulin variant for minimizing potential graft rejection by suppression of T-cell activation – method of use and composition of matter.
- Thymidine kinase variants and means for controlling duration of treatment by drug mediated deactivation – method of use and composition of matter.

RUSH CONTRIBUTION
The Company has an exclusive worldwide license from Rush University for all of the clinical data from the Phase I clinical trials and NK-92 related know how, including translational research, optimization studies and Standard Operating Procedures (SOPs). The Phase I clinical studies and master cell bank have been transferred to ZelleRx. The FDA has approved the transfer of the IND to ZelleRx and clinical trials will be resuming under the Company's name at the University of Pittsburgh Cancer Institute – one of the premier institutes for cancer treatment.

Rush University funded the Phase I clinical trials at a cost of approximately $1,000,000. Additionally, Rush funded the development of the Master Cell Bank ($100,000), which is used to produce mass quantities of NK-92 cells. Finally, Rush funded the development of the process to grow the cells in a serum free/protein free media (estimated cost of several hundred-thousand dollars).

SRAMEK CENTER – cGMP FACILITY
ZelleRx has signed a letter of intent to lease approximately 3,500 ft^2 of space at the Sramek Center for Cell Engineering, which is located in the Tech 2000 building in the Illinois Medical District. ZelleRx will use this as their laboratory and clinical manufacturing site.

This laboratory contains three individual cell processing rooms with the capability of being certified under cGMP, a cell storage room, gowning room, office and wet laboratory space. The space is fully computerized and is compliant with the current guidelines for cellular production. This space was built in 2002, but has been largely unoccupied since then. The Company has engaged a consultant to determine what changes are necessary to bring it back into cGMP compliance. Costs for bringing the facility back into compliance will be shared by ZelleRx and the University of Illinois.

GRANTS

The company currently has two grant applications pending. More will be filed as the company moves into its laboratory space and advances the development of the manufacturing processes. (The SBIR grant program requires that a company have laboratory space in which they can perform the studies. The Sramek center will provide the Company with the necessary space to permit them to make additional grant applications.)

The Company has filed for a STTR grant with Dr. Prabhakar (Head, Department of Microbiology and Immunology at UIC) focused on exploring "The Antiviral/Bacterial Indications for NK-92." The grant would provide $1 million over 2 years.

The Company has also filed for a $30,000 Cancer Treatment Research Foundation Grant for "A Pilot Study of Adoptive Immunotherapy with Ex-Vivo Expanded NK-92 Cells in Stem Cell Transplant Patients as High Risk for Relapse." This study would provide a basis for determining if NK-92 can be used to reduce the graft-versus-host disease toxicities experienced by allogenic stem cell transplant patients. This type of treatment is frequently used for patients with leukemia. Allogenic stem cell transplantation involves transplantation of bone marrow stem cells from a close relative of the patient.

ZelleRx is also preparing to submit a DOD grant for $600,000/3yr "Retargeting of natural killer cell cytoloytic activity to ovarian carcinoma." This grant will be used to fund pre-clinical investigations for ZRx102.

Funded Grants

There have been several funded research projects relating to the NK-92 cell line. In 2001, the Leukemia Foundation provided $70,000 to expand on early NK-92 studies to confirm the sensitivity and validation in primary patient derived leukemic cells.

The Leukemia and Lymphoma Society recently funded $120,000 over three years for the development of NK-92 for targeted immunotherapy in patients with multiple myeloma. It should also be noted that the Society has indicated to the Company that they are very anxious to supply funding for translational research on the NK-92 cell line and has written a letter of support for research on NK cell lines.

The Government of Canada Cancer Research Fund has provided Dr. Keating with a two-year $331,000 grant to assess the safety of giving NK-92 cells to patients with leukemia and lymphoma in relapse after receiving transplants of their own stem cells.

The Jose Carreras Foundation funded $600,000 over three years to complete the Phase I clinical trials on NK-92 for leukemia. These clinical trials have been completed and are licensed by ZelleRx.

Finally, as mentioned above, Rush University funded the Phase I clinical trials that ZelleRx has assumed.

FOOD AND DRUG ADMINISTRATION (FDA)

The FDA has a three phase process for approving drugs. Prior to beginning the process, companies must file a Investigational New Drug (IND) application. Phase I is a test for safety/efficacy. These trials are generally conducted on healthy subjects to determine the metabolic and pharmacologic actions of the drug in humans. The number of patients vary, but it generally is between twenty to eighty. Phase II tests determine the effectiveness of the drug against a given indication. Additionally, side effects and risks associated with the drug are identified. The number of patients for Phase II varies, but generally involve several hundred people. Phase III studies are expanded controlled and uncontrolled trials. They generally are used to provide adequate data to permit extrapolation as to the effectiveness on the total population.

ZelleRx has assumed the IND from Rush University and is preparing to resume the trial with the final three patients at UPCI. These trials are expected to begin in March 2005. The Company has licensed the relevant pre-clinical and clinical information from the institutions at which they were conducted. The Company is working with Cato Research to develop the clinical development plan for the NK-92 cell line. This clinical development plan is expected to be complete in October 2004.

BUSINESS MODEL

ZelleRx has assumed sponsorship of the Phase I trials of ZRx101 for the indication of renal cancer and melanoma. The Company has also licensed the relevant pre-clinical and clinical data from Rush, Canada and Germany. All future trials will be sponsored by ZelleRx and conducted by one of these institutions. It is estimated that ZRx101 will initially be approved for use for melanoma in 2009. The company estimates sales of approximately $65 million within the first 12 months. The Company hopes to pursue Orphan Drug Status for ZRx101, which would bring the product to market in a shorter timeframe.

Given the current costs of cell therapies available on the market today, ZelleRx anticipates a cost per dose of $9,600. As comparison, Dendreon costs approximately $16,000. The Company hopes to exit via acquisition or trade sale prior to launch of ZRx101. Due to the universal nature of ZRx101, the company can pursue multiple indications without any modification to the product.

TARGET MARKET

Worldwide, cancer is a $15 billion market, of which $1.6 billion is attributed to cell therapies. It is estimated that by 2005, the market will be $25 billion with $2.2 billion attributed to cell therapies.

ZelleRx's initial therapies focus on the recurrence of cancers. ZRx101 will be used as and adjuvant therapy to augment the effectiveness of existing therapies (chemotherapy, radiation, surgery, etc.) to eliminate the residual cancer levels left in the body by these primary therapies.

According to the American Cancer Society, there are more than 1.3 million Americans living with cancer and 550,000 die each year. In 2002 there were 30,800 new cases of leukemia, 53,600 new cases of melanoma, 31,800 new cases of renal cancer, 205,000 new cases of breast cancer and 14,600 new cases of myeloma.

KEY PERSONNEL

The management of the company currently consists of several founders. Upon the close of the bridge round, the Company plans to initiate a national search for a CEO and CSO. Upon the identification of these candidates, Mr. Keller will shift to another management role (i.e. business development or product development). Dr. Klingeman will shift to the Scientific Advisory Board and will become a consultant to the Company.

Management Team

Management:

Gary N. Keller - Chief Executive Officer, Director and Founder.

Mr. Keller, a founder of the Company, will serve as the Company's Chief Executive Officer and President. Mr. Keller also is founder and CEO of Xomix Ltd., a biotechnology accelerator engaged in biotechnology businesses development, the commercialization of bio-innovations, and the design and implementation of strategic initiatives. Mr. Keller has more than 17 years of experience in business development for leading biotechnology companies including corporate development, product development, market development, sales, and scientific research. Prior to forming Xomix, Keller was *National Manager Cellular Therapy* for BioWhittaker, Inc. where he led the development and corporate expansion of this market area by refocusing and developing products and services for cell, gene, and tissue therapy clinical applications. Mr. Keller has a Masters of Biotechnology—from Northwestern University's Center for Biotechnology and a Bachelors of Science in Biochemistry from Pennsylvania State University.

Hans G. Klingemann, MD, PhD – Chairman of the Board and Interim Chief Scientific Officer

Dr. Klingemann, a founder of the Company, is serving, on an interim basis, as the Company's Chief Scientific Officer and Chairman of the Board. He is Coleman Professor of Medicine at Rush Medical College, and since 1997 has been the Director of the Section of Bone Marrow Transplant and Cell Therapy at Rush-Presbyterian-St. Luke's Medical Center in Chicago, Illinois. He is the inventor and sole owner on the intellectual property rights for the use of NK-92 cellular platform technology and its variants. Dr. Klingemann has published books, scientific articles, and abstracts as well as lectured around the world as an expert on natural killer cells. Dr. Klingemann is Senior Clinical Editor of the Journal of Hematotherapy and Stem Cell Research. Dr. Klingemann has an MD, PhD from University of Würzburg Medical School, Germany. After completing residency in Germany, he finished fellowships in Hematology/Oncology at the Fred Hutchinson Cancer Research Center in Seattle and the University of Marburg-Germany. Between 1986 and 1997 he led a team of researchers at the British Columbia Cancer Research Center (BCCA) where the discovery of NK-92 cells was made. He also held the appointment of an Associate Professor and later Professor at the University of British Columbia. He also served as attending physician in Hematology and bone marrow transplant.

Joseph Feldman, MBA – Interim Vice President Finance and Business Development
Mr. Feldman serves as the Company's Interim Vice President of Finance and Business Development on a part time basis. Mr. Feldman was Vice President of Corporate Development for First Genetic Trust and held responsible for establishing business relationships with pharmaceutical companies and medical research institutions, as well as technology and marketing alliances in support of the company's market development. Prior to First Genetic Trust, Mr. Feldman spent twenty years with Monsanto Company, completing his career there as Vice President of Business Development for Searle Pharmaceuticals. His experience includes a range of business development, strategy development, financial operations, and international responsibilities. Mr. Feldman has a B.S. (Economics) from the Wharton School of the University of Pennsylvania, and an MBA from the Kellogg School at Northwestern University, Evanston, Illinois.

Torsten Tonn, Ph.D. - Director of European Operations.
Dr. Tonn serves as Director of European Operations for the Company. He is an Assistant Professor of Medicine at the University of Frankfurt, Germany, and is also employed at the Blood Center in Frankfurt. Dr. Tonn has worked with the NK-92 cells for the past seven years and has numerous publications. Dr. Tonn has received a German National Award for an initial business proposal based on the ZelleRx NK-92 technology and is currently overseeing the production and clinical phase I trials in Germany.

Richard Domanik, Ph.D. - Director of Business Development.
Dr. Domanik serves as the Company's Director of Business Development on a part time basis. Dr. Domanik was a vice president and Chief Technology Officer with Molecular Diagnostics from 1999 until 2001 when he joined Xomix as a part time consultant, a position he will maintain. From 1994 to 1999, he was Vice President - Engineering and Technology and a vice president at AccuMed, International, a multi-national manufacturer of clinical diagnostic laboratory instruments, devices and reagents. From 1979 through 1994, he was with Abbott Laboratories where he last served as a senior systems engineer. Dr. Domanik has a B.A. (Chemistry) from Ripon College, Ripon Wisconsin and a Ph.D. (Biochemistry) from Northwestern University, Evanston, Illinois.

Mathew J. Palazzolo, PhD, DABT – Director of Clinical and Regulatory Affairs
Dr. Palazzolo serves as the Company's Director of Clinical and Regulatory Affairs on a part time basis. He will continue part time as an independent consultant with RJM Consulting Drug Development. Dr. Palazzolo has over 28 years of experience in Drug development. Most recently he served as the Vice President of Scientific Consulting for Covance, Inc., where he established a group within the CRO industry dedicated to biotechnology companies and start-up organizations.

Babs Carryer – *Business & Corporate Development.*
Ms. Carryer assists the Company with corporate and business development, concentrating on business planning and funding. Ms. Carryer is President of Carryer Consulting. She is a founder and past President of LaunchCyte LLC, a development company that formed and funded five life sciences start-up companies based on innovations from leading research universities across the U.S. Ms. Carryer teaches Entreprenuership at Carnegie Mellon University, the University of Pittsburgh's Office of Enterprise Development, and National Technology Transfer Center.

BOARD OF DIRECTORS
In addition to the three directors in place, the current investors will have two Board seats. These will be filled following the close of the round.

Dr. Klingemann – Chairman, CSO

Gary Keller - CEO

Ronald B. Herberman, M.D. *–Director.* Dr. Herberman is the founding Director of the Cancer Centers of the University of Pittsburgh Medical Center (UPMC), an NCI comprehensive cancer institute; and Associate Vice Chancellor for Research; Hillman Professor of Oncology and Professor of Medicine and Pathology at the University of Pittsburgh. Prior to moving to the University of Pittsburgh, Dr. Herberman held numerous senior positions within the National Cancer Institute. Dr. Herberman is world renowned as the "Discoverer of the Natural Killer Cell" and has extensively researched, published, and lectured on this area.

SCIENTIFIC ADVISORY BOARD

Armand Keating, M.D.

- Director, Division of Hematology and Professor of Medicine, University of Toronto
- Head, Department of Medical Oncology and Hematology
- Chief, Medical Services, Princess Margaret Hospital/Ontario Cancer Institute

Ann Lefever, Ph.D.

- Director, Immunotherapy Program, WM Schuett Cellular Laboratory, St. Luke's Medical Center, Milwaukee, WI

Michel Lotze, M.D.

- Director of Translational Research, Molecular Medicine Institute, University of Pittsburgh, Pittsburgh, PA

John McMannis, Ph.D.

- Director, Cell Processing, MD Anderson Cancer Center, Houston, TX.

Robert Negrin, M.D.

- Division Chief, Division of Bone Marrow Transplantation and Director, Adult Program, Stanford University Medical Center, Palo Alto, CA

Winfred Wels, Ph.D.

- Deputy Director, Chemotherapeutics Research Institute, Georg-Speyer-Haus. University of Frankfurt, Frankfurt am Main, Germany

STRATEGIC ALLIANCES AND PARTNERSHIPS

UPMC/UPCI

The UPMC is a not-for-profit hospital network with 27 hospitals and over $5 billion in revenues. UPCI is designated as a Comprehensive Cancer Center by the National Cancer Institute of the National Institute of Health. This designation means that they conduct programs in all three areas of research – basic research, clinical research, and preventiona dn control research – as well as programs in community outreach and education. To obtain this status, the center goest through rigorous peer review every three to five years. There are only 40 such sites in the country. UPCI receives approximately $150 million in research grants every year. The institute has over 500 faculty and staff

UPMC Ventures is the venture investment arm of UPMC. UPMC typically invests in companies that utilize technology coming out of UPMC. They have invested in 20 companies ranging from start-up to fully developed companies.

The head of the University of Pittsburgh Cancer Institute is Dr. Ron Herberman, one of the Company's directors. Dr. Herberman was the discoverer of the Natural Killer cell in the human body and mouse. Dr. Herberman and UPMC have agreed to conduct the clinical trials. Furthermore, UPMC has expressed an interest of providing in-kind services for between $500,000 and $1,000,000 in exchange for equity in ZelleRx. UPMC was originally interested in an investment, but since the company is not based on UPMC technology and not located in Pennsylvania a cash investment is not possible.

CATO RESEARCH VENTURES

Cato Research is a $30 million/year contract research organization (CRO) located in the Triangle Research Park in North Carolina. Cato was founded in 1988 by Dr. Allen Cato and Lynda Sutton. Both came out of GlaxoSmithKline and established Cato with the goal to help develop novel technology and used the ability of the CRO to invest in early stage companies. Cato has more than 300 employees worldwide and works with over 100 different biotechs, pharmaceutical companies and startups. Cato provides a variety of services including preparing clinical development plans, INDs, data management, regulatory strategies and controls and pharmaceutical product development.

Cato has extended a $400,000 convertible note to ZelleRx in the form of in-kind services. The work by Cato is focused on developing the clinical development plan for ZRx101. This plan will be complete in the end of September/early October timeframe.

COMPETITION

Competition in the cell therapy industry can be divided into three core fields: "universal," "patient specific," and cell-based vaccines. ZelleRx's universal NK-92 therapy can be used in conjunction with traditional therapies (as an adjuvant therapy) to provide higher probably of eradicating the cancer cells.

Miltenyi (www.miltenyibiotec.com) is the only company known to be focusing on NK cells. They have developed, and are attempting to commercialize, a kit to isolate NK cells for re-injection into the body. These kits are intended to be "patient specific." (see below)

The second field is "patient specific" therapies. These therapies focus on removing cells from the patient, purifying the cells (usually natural killer or T-lymphocytes), activating them and re-injecting them into the patient. These are extraordinary time consuming and labor intensive. Companies focusing on these therapies are: Miltenyi, Neoprobe and Xcyte. Miltenyi is developing a kit that can be used to collect, purify, activate and expand NK cells from the blood. Neoprobe (www.neoprobe.com) and Xcyte (NASD: XCYT, www.xcyte.com) are focused on developing therapies based on T-lymphocytes. **The Authority has an investment in XCYT through its investment in Arch Development Fund I.**

Finally, cell-based vaccine companies are focused on developing technologies that stimulate the patient's immune system in a way to encourage the patient's immune system to attack the cancer. Dendreon (www.dentreon.com) and Immuno Designed Molecules (www.idm-biotech.com) are companies focused on commercializing this technology.

ZelleRx Competitive Advantages

- Exclusive worldwide license to commercialize NK-92 technologies.
- Universal therapy that is not patient specific;
- Mid-Phase I trials at a premier cancer institute; and
- Backing by leading academics focused on NK technologies;

EXIT STRATEGY

The company plans to exit either though either through an acquisition by a pharmaceutical or biotechnology company or through an IPO. Several potential acquirers include specialty pharmaceutical companies, therapeutic monoclonal

POST-MONEY OWNERSHIP AND SALARIES

	Current		Maturity of Notes ($1M pre-money)		Post Series A ($2M pre-money)		Post Series A ($4M pre-money)	
	# Shares	% Dil	# Shares	% Dil	# Shares	% Dil	# Shares	% Dil
Investors								
Illinois Ventures	-	0.0%	5,294,859	23.8%	2,338,115	9.3%	609,879	6.9%
IETF	-	0.0%	-	0.0%	4,100,803	16.3%	1,047,267	11.8%
Chicago ITEC	-	0.0%	441,238	2.0%	199,010	0.8%	50,823	0.6%
Cato Ventures	-	0.0%	3,554,906	16.0%	1,954,790	7.8%	517,832	5.8%
IFA	-	**0.0%**	**5,294,859**	**23.8%**	**2,388,115**	**9.5%**	**609,879**	**6.9%**
UPMC	-	0.0%	4,412,383	19.8%	2,412,237	9.6%	616,040	6.9%
Investor 7	-	0.0%	-	0.0%	4,100,803	16.3%	1,047,267	11.8%
Investors Sub-Total	-	*0.0%*	*18,998,245*	*85.3%*	*17,493,873*	*69.5%*	*4,498,987*	*50.5%*
Other Equity holders								
Klingeman	1,742,363	53.1%	1,742,363	7.8%	1,742,363	6.9%	1,742,363	19.6%
Keller	664,630	20.2%	664,630	3.0%	664,630	2.6%	664,630	7.5%
Tonn	116,158	3.5%	116,158	0.5%	116,158	0.5%	116,158	1.3%
Rush	99,279	3.0%	99,279	0.4%	99,279	0.4%	99,279	1.1%
Option pool	661,857	20.2%	661,857	3.0%	5,041,575	20.0%	1,780,354	20.0%
Others Sub-Total	*3,284,287*	*100.0%*	*3,284,287*	*14.7%*	*7,664,005*	*30.5%*	*4,402,784*	*49.5%*
Total	3,284,287	100.0%	22,282,532	100.0%	25,157,878	100.0%	8,901,771	100.0%

Assumptions

- The conversion at the maturity of the notes assumes that the option pool with not be refreshed and the notes will have 100% warrant coverage.
- The Option Pool will be refreshed to 20% of the outstanding stock simultaneous with the Series A investment (at the expense of the current shareholders).

- The $2M and $4M pre-money scenario has the notes accruing 65% warrant coverage.

SALARIES OF MANAGEMENT TEAM:

	Salary:
Gary Keller – CEO	$120,000

ECONOMIC DISCLOSURE INFORMATION

	Firm	Location	Contact
Company	*ZelleRx*	*Chicago*	*Gary Keller*
General Counsel:	Dykema Gossett Rooks Pitt, PLLC	Chicago	Misty Gruber
Accountant:	Quinlan and Associates	Burr Ridge	Cheryl Quinlan
Co-Investor	*Illinois VENTURES*	*Chicago*	*Kathryn Hyer*
Counsel:	Gordon & Glickson	Chicago	Scott Glickson
Accountant:			

LEGISLATIVE DISTRICTS

Congressional:	(7) Danny Davis
State Senate:	(5) Rickey Hendon
State House:	(9) Arthur Turner

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

REVISED September 14, 2004 to increase loan amount by $900,000
Changes to the application are in **Bold**
Applicant(s): David Thompson, Thompson Pearl Valley Eggs **(original approval June 22, 2004)**

Project Number: A-AI-GT-TX-416 **Loan Amount: $7,518,000** (was 6,618,000)
Type: Agri-Industries Guarantee Staff Contact: David Wirth
Location(s): Kent IL, Stephenson County Est fee: $25,000
Lender: 1st Farm Credit Services, Freeport IL

IFA CONTRIBUTION and BOARD ACTION

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

PURPOSE

Major business expansion which includes: New pullet farm ($1.418 MM) and four new egg laying barns ($6 MM). Total new loan $6.618 MM, equity contribution $0.8 MM.
Higher steel prices increased building and cage costs by $700,000.
Also Thompson is adding 100,000 bushel grain storage for $200,000.

PREVIOUS AND EXISTING GUARANTEED LOANS

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

COLLATERAL

First lien on fully integrated egg farm production and processing facility with 259 acres farmland.
To include 1.2 MM hen laying capacity, 280,000 pullet capacity, feed mill and fertilizer production.

Appraised value of existing facility $7,522,000 less $522,000 depreciation = $7 MM
Value of new buildings (**$9.5** MM cost @ 70%) **$6.65** MM
Loan to Appraised Value (with new buildings)
$11,307,000* / $13,650,000 = 83% (80% - 85% with conservative values)

*Total loans: **$7,518,000** new loan, plus $4,543,000 outstanding,
less principal reduction before closing $754,000 = **$11,307,000**

REPAYMENT TERMS

15 year amortization, monthly payments,
Rate annually adjusted to 185 basis points over the 1 year Federal Farm Credit Bonds

2005 - 2006 CASH FLOW SOURCES

2005 - 19,500,000 dozen eggs
2006 - 26,357,650 dozen eggs
fertilizer sales
egg processing

FINANCIAL INFORMATION

Consolidated Balance Sheet	05/27/04	**pro forma 01/01/06**
Assets:	14,117,761	**16,993,761**
Liabilities:	8,325,810	**11,401,530**
Net Worth:	5,791,951	**5,592,231**
Owner Equity (OE):	41%	**33%**

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

Debt Repayment Ability (2006 Projected)

Net income	347,000
+ Depreciation	850,000
+ Interest	706,000
- Living	70,000
= Capital debt repayment capacity	1,833,000
- Principal Payments	**710,000**
- Interest	706,000
- Capital Expenditures	176,000
= CDRC Margin	**241,000**
Debt Coverage Ratio	**115%**

PROJECT SUMMARY

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

The post expansion operation will include four additional laying barns, a new pullet facility and an additional manure composting / fertilizer facility.
Capacity will be:
pullet raising space 280,000; laying hens 1,200,000; annual production of 26,357,650 dozen eggs.

RECOMMENDATION

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

LEGISLATIVE DISTRICTS

Congressional:	16 Manzullo
State Senate:	45 Seiben
State House:	89 Sacia

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: September 14, 2004
Re: Overview memo for Timberline Farm, Inc.

- **Borrower/Project name:** Timberline Farm, Inc., Ronald, Mary, Jeff and Heather Hayen

- **Location:** Milton (Pike County)

- **Principal Contact:** Ronald Hayden

- **Board Action Requested:** Final Approval

- **Amount:** $750,000

- **Project Type:** Loan Guarantee for Specialized Livestock Guarantee

- **Benefits Provided by IFA:**
  - Borrower receives a lower interest rate
  - Lender receives a 85% guarantee of principal and interest

- **Structure:** 10 Year Amortization with monthly payments

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Applicant(s): Timberline Farm, LLC

Project Number:	A-SG-TX-GT-443	Amount:	$750,000
Type:	Specialized Livestock Guarantee	Staff Contact:	Kevin Koenigstein
Location(s):	Milton in Pike County	Estimated fee:	$5,625
Lender :	First Bank, Pittsfield		

Principals and Personal Guarantors: Ronald and Mary Hayden and Jeff and Heather Hayden

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IFA CONTRIBUTION and BOARD ACTION

Final Approval
Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval; no extraordinary conditions
Farm visit by Kevin Koenigstein on August 24, 2004

PURPOSE

The Haydens currently own a ½ interest in Timberline Farm, LLC, a 1400 sow operation. They would like to purchase the other ½ interest from the Lehman Family and construct an addition to their farrowing rooms to add 60 farrowing crates. The addition will allow the Haydens to change the weaning age from 17 days to over 21 days for the baby pigs increasing the health of their sows and weaner pigs.

Purchase ½ Interest from Lehman	$350,000
New Construction	$150,000
Existing Debt of Timberline	$250,000

COLLATERAL

1st mortgage on 14 acres with a 1400 sow farrowing operation @ $1,400,000
1st mortage on 50 acres @ $3,000 per acre or $150,000

Loan to Value = $750,000 / $1,550,000 = 48.4%

IFA 3rd mortgage on 588 acres of farmland behind $1,500,000 mortgage (very little equity)

REPAYMENT TERMS

10 Year Amortization with monthly payments
Interest Rate of 6.00% fixed for 3 years
275 basis points over the 3 year Treasury every 3 years

2004 CASH FLOW SOURCES

Grain farming income of 1,400 acres
1400 sow operation producing 30,000 pigs per year

FINANCIAL INFORMATION

Balance Sheet	**12/31/2003** Ron & Mary Hayden	**Pro-forma** Timberline Farm	**Pro-forma** Combined
Assets:	$2,300,000	$1,663,000	3,963,000
Liabilities:	$1,233,000	$1,490,000	2,723,000
Net Worth:	$1,067,000	$173,000	1,240,000
Debt/Asset:	53.61%	89.60%	68.71%

Income Statement Timberline Farm	**2003**	**2002**
Gross Farm Returns	$980,665	$
-Depreciation	$261,662	$
-Interest	$87,055	$
-Production Expenses	$752,759	$
=Net Farm Income	($120,811)	($170,506)

Income Statement Hayden Farms	**2003**	**2002**	**2001**
Gross Farm Returns	$402,260	$290,408	$363,409
-Depreciation	$36,539	$28,259	$25,453
-Interest	$59,453	$17,889	$69,085
-Production Expenses	$269,567	$235,896	$254,716
=Net Farm Income	$36,701	$8,364	$14,155

Income Statement Ron and Mary Hayden 1040	**2003**	**2002**	**2001**
+Wages	$120	$125	$125
+Capital Gain	($42)	($696)	$101,776
+Other Income	$1,657	($79,821)	$40
Total Income	$2,019	($80,001)	$130,103
Adj. Gross Income	($11,401)	($86,383)	$130,103

Debt Repayment Abliltiy – 2004 Production
Timberline Farm, LLC, Hayden Farms, and Ron and Mary Hayden

Gross Farm Sales	$1,400,000
Non-farm income	$0

Total Revenue	$1,400,000
-Production Expenses	$1,050,000
-Living Expenses & taxes	$50,000
-Interest Expense	$150,000

Capital & Term debt repayment capacity (CDRC)	$150,000
-Principal Payments	$120,000
-Capital Expenditures	$0

CDRC Margin	$30,000

PROJECT SUMMARY

This project is a $750,000 Specialized Livestock Guaranteed loan for Timberline Farm, LLC personally guaranteed by Ronald and Mary Hayden and Jeff and Heather Hayden, the principals of the corporation. The Haydens are buying the other ½ interest in Timberline Farm, LLC from the Lehman family for $350,000, $150,000 is for new construction of 60 farrowing crates, and $250,000 is existing debt on the operation. The longer weaning age will add value to each weaner pig sold as well as improve the reproductive herd health of the sow operation. The facility came into production in mid 2002.

Timberline Farm, LLC is a modern swine farrowing facility built in 2001 and 2002. Production is excellent at 23 pigs per sow per year according to the PigChamp records. Revenue for the facility should hit the $1,000,000 level with the additional farrowing crates and the improvement in herd health. The losses for 2002 and 2003 are due to the start-up costs for the facility. 2004 financial records indicate a positive income level for the first 6 months of the year. The Haydens will be selling weaner pigs on a twice weekly basis to the Lehman family as well as others. Weaner pigs from their size of operation remain in demand @ $30 to $33 per pig.

IFA will have a first mortgage on the 14 acres with the 1400 sow farrowing operation, a first mortgage on 50 acres of tillable farmland, and a 3rd mortgage with little equity on 588 acres of farmland and buildings. Our loan size is about half the cost of a new 1400 sow farrowing operation. The repayment period will be 10 years with montly payments. We have manure easements on nearby property and we will gain an assignment of $200,000 in life insurance on Ronald and Jeff Hayden.

The debt level is high at $2,500,000. However, this is an ongoing operation (not a start-up) and cash flow is immediate. The 2004 grain crop year should be excellent in terms of yield. Most of the corn grown on the farm is fed to the sows. Hayden Farms maintain a good line of equipment for the 1400 acre grain farm. Jeff and Heather Hayden add little to the financial picture, but Jeff is a working partner in the operation. The farrowing operation employs four full-time employees.

RECOMMENDATIONS

Approval, subject to the following:

1) Life insurance assignment of $200,000 each for Ronald and Jeff

2) an appraisal of the Farmland and Farrowing operation with a loan to value not to exceed 80%

LEGISLATIVE DISTRICTS

Congressional:	18
State Senate:	49
State House:	97

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: September 14, 2004
Re: Overview memo for Oink, Inc.

- **Borrower/Project name:** Oink, Inc., Phil and Tracy Vock
- **Location:** Morrison (Whiteside County)
- **Principal Contact:** Phil Vock
- **Board Action Requested:** Final Approval
- **Amount:** $978,000
- **Project Type:** Loan Guarantee for Specialized Livestock Guarantee
- **Benefits Provided by IFA:**
  - Borrower receives a lower interest rate
  - Lender receives a 85% guarantee of principal and interest
- **Structure:** 10 Year Amortization with monthly payments

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

Applicant(s): Oink, Inc.

Project Number:	A-SG-TX-GT-442	Amount:	$978,000
Type:	Specialized Livestock Guarantee	Staff Contact:	Kevin Koenigstein
Location(s):	Morrison in Whiteside County	Estimated fee:	$7,335
Lender :	MetroBank, Morrison		
Principals and Personal Guarantors:		Phil and Tracy Vock	

IFA CONTRIBUTION and BOARD ACTION

Final Approval
Guaranteed Loan at 85% of Principal and Interest
State of Illinois Treasury Funds at risk; no IFA funds at risk
Staff recommends approval; no extraordinary conditons
Approved 97-SL-0032 for $575,000 in 1997
David Wirth made a farm visit in 1997. New farm visit to be made before closing.

PURPOSE

Construct new 3600 head swine finishing building and refinance the existing loan for the older building

Metro Bank, Morrison	$280,000 – 5.75%
New Construction	$696,000

COLLATERAL

1st mortgage on 7 acres with a 3300 pig space Murphy Unit @ $442,000
and new 3600 pig space Maschhoff Unit @ $696,000

2nd mortgage on 395 acres valued @ $826,000 with a $442,000 first mortgage
Loan to Appraisal on land $442,000 / $826,000 = 53.5%

Overall Loan to Appraisal = $1,420,000 / $1,964,000 = 72.3%

REPAYMENT TERMS

10 Year Amortization with monthly payments
Interest Rate of 5.25% fixed for 5 years
1% over National Prime fixed for the next 5 years

2004 CASH FLOW SOURCES

Grain farming income of 1,000 acres
3300 pig spaces @ $38.50 per pig space
3600 pig spaces @ $38.50 per pig space
Non-farm income of $40,000

FINANCIAL INFORMATION

Consolidation of Oink, Inc. and Phil and Tracy Vock's Balance Sheets

Balance Sheet	**12/31/2003**	**Pro-forma**
Assets:	$2,596,000	$3,292,000
Liabilities:	$1,114,000	$1,810,000
Net Worth:	$1,482,000	$1,482,000
Debt/Asset:	42.91%	54.98

Consolidation of Oink, Inc. and Grain Farm Accrual Income Statements

Income Statement	**2003**	**2002**	**2001**
Gross Farm Returns	$495,477	$427,251	$431,247
-Depreciation	$106,742	$88,037	$86,928
-Interest	$72,199	$78,784	$98,783
-Production Expenses	$267,942	$241,475	$220,315
=Net Farm Income	$48,594	$18,955	$25,221
Phil and Tracy Vock's 1040 Return – Cash Basis Return			
+Wages	$41,569	$40,768	$34,258
+Capital Gain	$4,425	$0	$1,250
+Other Income	$1,720	($9,502)	$4,130
Total Income	$43,624	$31,557	$39,848
Adj. Gross Income	$43,624	$31,557	$39,556

Debt Repayment Abliltiy – 2004 Production

Gross Farm Sales	$652,000
Non-farm income	$40,000

Total Revenue	$692,000
-Production Expenses	$378,000
-Living Expenses & taxes	$50,000
-Interest Expense	$93,000

Capital & Term debt repayment capacity (CDRC)	$171,000
-Principal Payments	$120,000
-Capital Expenditures	$0

CDRC Margin	$51,000

PROJECT SUMMARY

This project is a $978,000 Specialized Livestock guaranteed loan for Oink, Inc. personally guaranteed by Phil and Tracy Vock, the principals of the corporation. The Vocks closed a guaranteed loan in 1998 for $575,000 for the construction of the Murphy swine unit. The guaranteed loan was refinanced by Metrobank in Morrison in 2002.

The Vocks would like to build a new 3600 pig space swine finishing building for $696,000 and raise pigs under a contract with Ken Maschhoff of Carlyle, IL. The Vocks currently raise pigs for Smithfield Foods via the Murphy Family Farms contract. The Vocks will switch to Maschhoff for all their pigs at $38.50 per pig space. IFA has a number of existing loans with the contract growers of pigs of Ken Maschhoff with excellent results.

The Vocks farm 1,000 acres in addition to his father's farm operation. The income statement is the accrual numbers from a consolidation of the swine operation and the grain operation. The individual tax return is done on a cash basis. Tracy Vock works as an office manager for a manufacturing plant in Sterling for an annual salary of $40,000 per year. IFA will have a second mortgage on the Vock's 395 acres as security of the loan. Phil Vock will pledge $500,000 in life insurance toward the 10 year loan. The credit underwriting on this project is typical of other existing contract finishing loans for Ken Maschhoff and other swine contractors in the portfolio.

RECOMMENDATIONS

Approval, subject to the following:

1) Life insurance assignment of $500,000
2) Manure easement on 700 tillable acres
3) Swine contract with Maschhoff Farms
4) Farm visit to be made before closing

LEGISLATIVE DISTRICTS

Congressional:	16
State Senate:	36
State House:	71

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Kevin Koenigstein

Date: September 14, 2004

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** amounts up to $250,000 maximum of new money for each project
- **Project Type:** **Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2004 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 ($14,865) combined for Final Bond Resolutions, as proposed)
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** Jenner & Block, Chicago; Paula Goedert

Voting Record:
Preliminary Bond Resolutions – August 10, 2004

Ayes: 12 Nays: 0 Abstentions: 0 Absent: 0 Vacant: 3

BEGINNING FARMER BOND LOANS
Final Resolution
September 14, 2004

Project Number:	A-FB-TE-CD-434
Borrower(s):	Clayton D. and Ashlyn L. Becker
Town:	DeKalb
Amount:	$131,040
Use of Funds:	Farmland – 56 acres
County:	Ogle
Lender/Bond Purchaser:	Belvidere National Bank & Trust Co.

Principal shall be paid annually in installments determined pursuant to a thirty year amortization schedule, with the first principal payment due March 1, 2006. Accrued interest shall be paid annually on March 1 of each year.

Interest shall be charged at the rate of 4.35% for the first five years, thereafter adjusted every five years to a rate not to exceed 35 basis points over the 5 year Treasury Bonds as quoted in the Wall Street Journal.

Project Number:	A-FB-TE-CD-435
Borrower(s):	James Lee and Bonnie May Brewer
Town:	Bethany
Amount:	$110,000
Use of Funds:	Farmland – 53 acres and some depreciable property
County:	Moultrie
Lender/Bond Purchaser:	Scott State Bank

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

Interest shall be charged at the rate of 5.75% for the life of the loan.

Project Number:	A-FB-TE-CD-436
Borrower(s):	Jason D. Organ
Town:	McLeansboro
Amount:	$250,000
Use of Funds:	Farmland – 260 acres
County:	Hamilton
Lender/Bond Purchaser:	Peoples National Bank of McLeansboro

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

Interest shall be charged at the rate of 4.25% for the first year, thereafter adjusted every year to a rate not to exceed National Prime as quoted in the Wall Street Journal. The rate change will have a cap of 75 basis points in any one year.

Project Number:	A-FB-TE-CD-437
Borrower(s):	Jordan Walter
Town:	Forrest
Amount:	$250,000
Use of Funds:	Farmland – 125 acres
County:	Livingston
Lender/Bond Purchaser:	Bluestem National Bank

Principal shall be paid annually in installments determined pursuant to a thirty year amortization schedule, with the first principal payment due March 15, 2005. Accrued interest shall be paid annually on March 15 of each year.

Interest shall be charged at the rate of 3.75% for the three years, thereafter adjusted annually to a rate not to exceed 90% of the National Prime as quoted in the Wall Street Journal. The bond will have an interest rate ceiling of 6.25% for the life of the loan.

Project Number:	A-FB-TE-CD-438
Borrower(s):	Jared Walter
Town:	Forrest
Amount:	$250,000
Use of Funds:	Farmland – 125 acres
County:	Livingston
Lender/Bond Purchaser:	Bluestem National Bank

Principal shall be paid annually in installments determined pursuant to a thirty year amortization schedule, with the first principal payment due March 15, 2005. Accrued interest shall be paid annually on March 15 of each year.

Interest shall be charged at the rate of 3.75% for the three years, thereafter adjusted annually to a rate not to exceed 90% of the National Prime as quoted in the Wall Street Journal. The bond will have an interest rate ceiling of 6.25% for the life of the loan.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Anthony D. D'Amato
General Counsel

Date: September 3, 2004

Re: Amendments

A. Concordia University

B. Adventist Health System/Sunbelt Obligated Group

A. Concordia University

Request: The Illinois Educational Facilities Authority ("IEFA") issued, on behalf of Concordia University, an Illinois not-for-profit ("Concordia"), its Variable Rate Demand Revenue Bonds (Concordia University River Forest Project), Series 2001 ("Bonds"), in the aggregate principal amount of $25,000,000, pursuant to the terms of a Trust Indenture dated as of September 1, 2001 (the "Original Indenture") between the IEFA and J.P. Morgan Trust Company, National Association, as trustee, and a Loan Agreement between IEFA and Concordia dated as of September 1, 2001 ("Original Loan Agreement"). Concordia requests the IFA Board's approval of (i) a First Supplemental Trust Indenture and (ii) a First Supplemental Loan Agreement in order to make the necessary amendments thereto to permit and provide for a new letter of credit bank and the issuance and delivery of a confirming letter of credit for the Bonds.

Specifically, the payment of principal of, interest on and purchase price for the Bonds is currently supported by an irrevocable direct pay letter of credit provided by U.S. Bank, National Association (the "Original Letter of Credit"). Concordia desires to (i) replace the Original Letter of Credit with an irrevocable direct pay letter of credit issued by Pullman Bank and Trust Company, an Illinois banking corporation, and (ii) provide for the delivery of an irrevocable confirming letter of credit issued by Harris Trust and Savings Bank, an Illinois banking corporation. The requested amendments will allow for these changes.

Staff Recommendation: The General Counsel recommends approval.

B. Adventist Health System/Sunbelt Obligated Group

Request: The Illinois Development Finance Authority ("IDFA") issued, on behalf of Adventist Health System/Sunbelt Obligated Group, an Florida not-for-profit ("Adventist"), its Revenue Bonds, Series 2000-B (Adventist Health System/Sunbelt Obligated Group) Periodic Auction Reset Securities (PARS^{sm}) ("Bonds"), in the aggregate principal amount of $60,000,000, pursuant to the terms of a First Supplemental Trust Indenture, dated as of April 1, 2000, between the IDFA and SunTrust Bank, as trustee. Adventist requests the IFA Board's approval of a Second Supplemental

Trust Indenture in order to make the necessary amendments thereto to permit and provide for a new broker-dealer for the Bonds.

Specifically, Adventist has requested that the IFA approve (i) the removal of Goldman, Sachs & Co. as Broker-Dealer for the Bonds, (ii) the appointment of either or both of SunTrust Capital Markets, Inc. and J.P. Morgan Securities Inc. as new Broker-Dealers for the Bonds, and (iii) in connection with the foregoing, the approval of certain amendments to the Indenture, and to certain other related documents, for the primary purpose of changing the name of the Bonds to "Revenue Bonds, Series 2000-B (Adventist Health System/Sunbelt Obligated Group) Auction Reset Securities (ARS)."

Staff Recommendation: The General Counsel recommends approval.

RESOLUTION __________

RESOLUTION AUTHORIZING AND EXECUTION AND DELIVERY OF AMENDMENTS TO THE TRUST INDENTURE AND THE LOAN AGREEMENT RELATING TO THE ILLINOIS EDUCATIONAL FACILITIES AUTHORITY VARIABLE RATE DEMAND REVENUE BONDS (CONCORDIA UNIVERSITY RIVER FOREST PROJECT), SERIES 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $25,000,000 (THE "BONDS"); APPROVING THE EXECUTION AND DELIVERY OF A NEW LETTER OF CREDIT, A REIMBURSEMENT AGREEMENT, A CONFIRMING LETTER OF CREDIT AND A CONFIRMATION AGREEMENT, AND ANY OTHER NECESSARY DOCUMENTS REQUIRED TO EFFECT SUCH AMENDMENTS; AND AUTHORIZING AND APPROVING RELATED MATTERS.

WHEREAS, the Illinois Educational Facilities Authority (the "IEFA") has heretofore issued its Variable Rate Demand Revenue Bonds (Concordia University River Forest Project), Series 2001 (the "Bonds"), in the original aggregate principal amount of $25,000,000, of which $24,500,000 remains outstanding, pursuant to the terms of that certain Trust Indenture dated as of September 1, 2001 (the "Original Indenture") between the IEFA and J.P. Morgan Trust Company, National Association (as successor to American National Bank and Trust Company of Chicago), as trustee (the "Trustee"); and

WHEREAS, the net proceeds from the issuance and sale of the Bonds were loaned to Concordia University, an Illinois not for profit corporation (the "Corporation"), pursuant to that certain Loan Agreement dated as of September 1, 2001 (the "Original Loan Agreement") between the Corporation and the IEFA, to be used by the Corporation for the purposes described in the Loan Agreements; and

WHEREAS, the payment of principal of, interest on and purchase price for the Bonds were initially supported by an irrevocable direct pay letter of credit (the "Original Letter of Credit") provided by U.S. Bank National Association, a national banking association (the "Original Bank"); and

WHEREAS, the Corporation desires to replace the Original Letter of Credit with an irrevocable direct pay letter of credit (the "New Letter of Credit") issued by Pullman Bank and Trust Company, an Illinois banking corporation ("Pullman"), pursuant to the terms of the Application for Letter of Credit and Reimbursement Agreement dated as of September 1, 2004 (the "New Reimbursement Agreement") between the Corporation and Pullman; and

WHEREAS, in order to support the payment of principal of, interest on and purchase price for the Bonds in the event that funds are not sufficient or not available under the New Letter of Credit, the Corporation desires to also provide for the delivery of an irrevocable confirming letter of credit (the "Harris Confirming Letter of Credit") issued by Harris Trust and Savings Bank, an Illinois banking corporation ("Harris Trust"), pursuant to the terms of the Confirmation Agreement dated as of September 1, 2004 (the "Harris Confirmation Agreement") between Pullman and Harris Trust; and

WHEREAS, the Corporation has requested that the Authority authorize and approve the execution and delivery of (i) a First Supplemental Trust Indenture dated as of September 1, 2004 (the "Supplemental Indenture"), supplementing and amending the Original Indenture, between the Authority and the Trustee, and (ii) a First Supplemental Loan Agreement dated as of September 1, 2004 (the "Supplemental Loan Agreement"), supplementing and amending the Original Loan Agreement, between the Corporation and the Authority in order to make the necessary amendments thereto to permit and provide for the issuance and delivery of a confirming letter of credit to support the payment of principal of, interest on and purchase price for the Bonds, copies of which have been prepared and presented to the members of the Authority; and

WHEREAS, such amendments to the Original Indenture and the Original Loan Agreement will include, without limitation, adding certain related definitions, amending certain provisions of the Original Indenture to permit demands for payment to be made under a confirming letter of credit and granting certain rights to the issuer of a confirming letter of credit under certain circumstances; and

WHEREAS, the Corporation has requested that the Authority approve the execution and delivery of the New Letter of Credit, the New Reimbursement Agreement, the Harris Confirming Letter of Credit and the Harris Confirmation Agreement; and

WHEREAS, the Authority desires to approve such amendments and authorize and approve the execution and delivery of the Supplemental Indenture, the Supplemental Loan Agreement, the New Letter of Credit, the New Reimbursement Agreement, the Harris Confirming Letter of Credit and the Harris Confirmation Agreement 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. That the Authority hereby approves amending the Original Indenture and the Original Loan Agreement to make the necessary amendments therein to permit and provide for the issuance and delivery of a confirming letter of credit to support the payment of principal of, interest on and purchase price for the Bonds as described above.

Section 2. That the Authority is hereby authorized to enter into the Supplemental Indenture with the Trustee in substantially the same form as is now before the Authority; that the form, terms and provisions of the Supplemental Indenture be, and they hereby are, in all respects approved; that the Chairman, the Treasurer or the Executive Director 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 Supplemental Indenture in the name, for and on behalf of the Authority, and thereupon to cause the 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 Treasurer or the Executive Director shall approve, his execution thereof to constitute conclusive evidence of such approval of any and all changes or revisions therein from the form of Supplemental Indenture now before the Authority; that when the Supplemental Indenture is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Supplemental Indenture shall be binding on the Authority; that from and after the execution and delivery of the 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 Supplemental Indenture as executed; and that the Supplemental Indenture shall constitute, and hereby is made, a part of this Resolution, and a copy of the 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. That the Authority is hereby authorized to enter into the Supplemental Loan Agreement with the Trustee in substantially the same form as is now before the Authority; that the form, terms and provisions of the Supplemental Loan Agreement be, and they hereby are, in all respects approved; that the Chairman, the Treasurer or the Executive Director 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 Supplemental Loan Agreement in the name, for and on behalf of the Authority, and thereupon to cause the Supplemental Loan Agreement 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 Treasurer or the Executive Director shall approve, his execution thereof to constitute conclusive evidence of such approval of any and all changes or revisions therein from the form of Supplemental Loan Agreement now before the Authority; that when the Supplemental Loan Agreement is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Supplemental Loan Agreement shall be binding on the Authority; that from and after the execution and delivery of the Supplemental Loan Agreement, 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 Supplemental Loan Agreement as executed; and that the Supplemental Loan Agreement shall constitute, and hereby is made, a part of this Resolution, and a copy of the Supplemental Loan Agreement shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 4. That the execution and delivery of the New Reimbursement Agreement by the Corporation and Pullman, and the issuance thereunder of the New Letter of Credit as security for the Bonds, is hereby approved.

Section 5. That the execution and delivery of the Harris Confirmation Agreement by Pullman and Harris Trust, and the issuance thereunder of the Harris Confirming Letter of Credit as security for the Bonds, is hereby approved.

Section 6. That the Chairman, the Treasurer, the Executive Director, 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: the execution, delivery and performance of the Supplemental Indenture and the Supplemental Loan Agreement; effecting the amendments to the Original Indenture and the Original Loan Agreement as provided herein; and providing for the execution and delivery of the New Letter of Credit, the New Reimbursement Agreement, the Harris Confirming Letter of Credit and the Harris Confirmation Agreement, all as authorized by this Resolution.

Section 7. 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 8. 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 9. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 10. That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

A RESOLUTION of the Illinois Finance Authority (the "Authority") authorizing and approving (i) the removal of Goldman, Sachs & Co. as the broker-dealer for the Illinois Development Finance Authority Revenue Bonds, Series 2000-B (Adventist Health System/Sunbelt Obligated Group) Periodic Auction Reset Securities (PARS^{sm}) (the "Bonds"), (ii) the appointment of either or both of SunTrust Capital Markets, Inc., and J.P. Morgan Securities Inc., as new broker-dealers for the Bonds, (iii) the amendment of the Trust Indenture dated as of May 1, 1997, as heretofore supplemented, between the Authority (as successor to the Illinois Development Finance Authority) and SunTrust Bank, as trustee, pursuant to which the Bonds are secured, to effect a change in the name of the Bonds and to make certain other conforming changes, and (iv) certain related matters.

WHEREAS, the Illinois Finance Authority (the "Authority") has been created pursuant to the Illinois Finance Authority Act, 20 *ILCS* 3501/801-1 *et seq.* as supplemented and amended (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is the successor to the Illinois Development Finance Authority ("IDFA"); and

WHEREAS, on May 22, 1997, IDFA issued its Illinois Development Finance Authority Variable Rate Demand Revenue Bonds, Series 1997-A (Adventist Health System/Sunbelt Obligated Group) (the "Series 1997-A Bonds"), in the aggregate original principal amount of $128,365,000, for the benefit of Adventist Health System/Sunbelt, Inc., a Florida not-for-profit corporation ("Sunbelt"), under and pursuant to the Trust Indenture dated as of May 1, 1997 (the "Original Indenture") between the Authority and SunTrust Bank (successor to SunTrust Bank, Central Florida, National Association), a Georgia banking corporation, as trustee (the "Trustee"); and

WHEREAS, on May 11, 2000, $60,000,000 in aggregate principal amount of the Series 1997-A Bonds were converted into Periodic Auction Reset Securities and reissued as "Revenue Bonds, Series 2000-B (Adventist Health System/Sunbelt Obligated Group) Periodic Auction Reset Securities (PARS^{sm})" (the "Bonds"); and

WHEREAS, to facilitate such conversion, IDFA and the Trustee executed and delivered the First Supplemental Trust Indenture dated as of April 1, 2000 (the "First Supplemental Indenture," and together with the Original Indenture, the "Indenture"), between such parties; and

WHEREAS, Goldman, Sachs & Co. ("Goldman") is currently acting as the sole Broker-Dealer (as defined in the Indenture) for the Bonds pursuant to the terms of a Broker-Dealer Agreement dated as of April 1, 2000 (the "Existing Broker-Dealer Agreement"), among the Authority, Sunbelt, The Bank of New York, as Auction Agent (as defined in the Indenture), and Goldman, as Broker-Dealer; and

WHEREAS, Sunbelt has requested that this Authority approve (i) the removal of Goldman as Broker-Dealer for the Bonds and (ii) the appointment of either or both of SunTrust Capital Markets, Inc. ("STCM") and J.P. Morgan Securities Inc. ("Morgan") as new Broker-Dealers for the Bonds; and

WHEREAS, in connection with the foregoing, Sunbelt has requested that the Authority authorize and approve certain amendments to the Indenture, and to certain other related documents, for the primary purpose of changing the name of the Bonds from "Revenue Bonds, Series 2000-B (Adventist Health System/Sunbelt Obligated Group) Periodic Auction Reset

Securities (PARS^{sm})" to "Revenue Bonds, Series 2000-B (Adventist Health System/Sunbelt Obligated Group) Auction Reset Securities (ARS);" and

WHEREAS the Authority wishes to grant such approval;

NOW, THEREFORE, Be It Resolved by the Illinois Finance Authority as follows:

Section 1. Approval of Removal of Goldman and Appointment of STCM and/or Morgan. The Authority hereby approves (i) the removal of Goldman as Broker-Dealer for the Bonds and (ii) the appointment of either or both of STCM and Morgan, at the option of Sunbelt, as new Broker-Dealers for the Bonds. In furtherance of the foregoing, the Authority hereby authorizes the execution and delivery by the Chairman, Executive Director or Treasurer of the Authority, under the seal of the Authority affixed and attested by the Secretary or Assistant Secretary of the Authority, if appropriate, of (a) a new Broker-Dealer Agreement with STCM, if so requested by Sunbelt, in substantially the form of the Existing Broker-Dealer Agreement, (b) a new Broker-Dealer Agreement with Morgan, if so requested by Sunbelt, in substantially the form of the Existing Broker-Dealer Agreement, and (c) such other instruments and documents as may be deemed necessary or desirable by counsel to the Authority or Chapman and Cutler LLP, bond counsel to the Authority, to accomplish the foregoing.

Section 2. Change in Name of Bonds; Supplemental Indenture. The Authority hereby approves the change in the name of the Bonds from "Revenue Bonds, Series 2000-B (Adventist Health System/Sunbelt Obligated Group) Periodic Auction Reset Securities (PARS^{sm})" to "Revenue Bonds, Series 2000-B (Adventist Health System/Sunbelt Obligated Group) Auction Reset Securities (ARS)." In furtherance thereof, the Authority hereby authorizes the execution and delivery by the Chairman, Executive Director or Treasurer of the Authority, under the seal of the Authority affixed and attested by the Secretary or Assistant Secretary of the Authority, if appropriate, of (a) a supplement to the Indenture to effect such change in name of the Bonds and any necessary or desirable conforming changes (including changes in the forms of Bonds contained therein) and (b) any other instruments and documents as may be deemed necessary or desirable by counsel to the Authority or Chapman and Cutler LLP, bond counsel to the Authority, to accomplish the foregoing.

Section 3. Ratification of Acts. All of the acts and doings of the Members, officials, officers, agents and employees of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved.

Section 4. Severability. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall continue in full force and effect, it being expressly hereby found and declared that the remainder of this Resolution would have been adopted despite the invalidity or ineffectiveness of such section, paragraph, clause or provision.

Section 5. Effective Date. This Resolution shall take effect immediately upon its adoption, and any provisions of any previous resolutions in conflict with the provisions herein are hereby superseded.

GLOSSARY OF ACRONYMS AND TERMS USED BY IFA

I. Terms commonly used in IFA write-ups

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

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

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

II. General Bond and Financing Terms

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

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

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

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

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

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

Illinois Finance Authority
Market and Product Codes

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

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