

Illinois Finance Authority

Tuesday, November 9, 2004

1:30 p.m.

Board Meeting

One Prudential Plaza

The Plaza Club

130 E. Randolph, 40th Floor

Chicago, Illinois



Ali D. Ata

**ILLINOIS FINANCE AUTHORITY
BOARD MEETING**

November 9, 2004
Chicago, Illinois

Executive Committee
Two Prudential Plaza
180 N. Stetson, Suite 2555
Chicago Illinois
8:30 a.m.

- Opening Remarks – Chairman Gustman
- Director's Report – Ali D. Ata
- Reports
 - Operations - Mike Pisarcik
 - Financial Statements
 - Strategic Incentive Plan
 - Project Presentations – Funding Managers

Board Meeting
One Prudential Plaza
The Plaza Club
130 E. Randolph, 40th Floor
Chicago, Illinois
1:30 p.m.

- Call to Order – Chairman Gustman
- Roll Call
- Chairman's Report
- A. Director's Report
 - Other Business
 1. October 2004 Preliminary Financial Statements
 2. Acceptance of October 2004 Minutes

Initial Project Considerations

<u>Number</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Const Jobs</u>	<u>Mkter</u>	
✓3.	I-UR-TE-CD-418	The Peoples Gas Light and Coke Company	Chicago	\$50,000,000	N/A	N/A	RF
✓4.	I-ID-TE-CD-417	Spring Hill Holding, LLC and Trim-Rite Food Corporation as Co-Applicants	Rockford	\$8,500,000	265	100	TA
✓5.	A-FB-TE-CD-446	Philip J. and Katherine Richardson	Roberts	\$60,000	N/A	N/A	KK
	A-FB-TE-CD-447	Michael and Gabriele Oltmann	Nokomis	\$45,000	N/A	N/A	KK
	A-FB-TE-CD-448	Matthew Schertz	El Paso	\$60,000	N/A	N/A	KK
	A-FB-TE-CD-449	Jeff Delheimer	Elgin	\$250,000	N/A	N/A	KK
	A-FB-TE-CD-450	Michael and Clarissa Hunt	Galesburg	\$194,600	N/A	N/A	KK
	A-FB-TE-CD-451	David Gerdes	Bartelso	\$155,000	N/A	N/A	KK

A-FB-TE-CD-452	Darin Ratermann	Germantown	\$132,000	N/A	N/A	KK
A-FB-TE-CD-453	Craig Ratermann	Germantown	\$132,000	N/A	N/A	KK
A-FB-TE-CD-454	Paul George Steinhilber	Minonk	\$33,000	N/A	N/A	KK
A-FB-TE-CD-456	Mark and Jennifer Kinneer	Kirkwood	\$210,000	N/A	N/A	KK
A-FB-TE-CD-457	Jessica Wernsing	Springfield	\$250,000	N/A	N/A	KK
A-FB-TE-CD-458	Clint and Rebecca Dotterer	Fairbury	\$78,000	N/A	N/A	KK

Final Project Considerations

<u>Number</u>	<u>Project</u>	<u>Location</u>	<u>Amount</u>	<u>New Jobs</u>	<u>Const Jobs</u>	<u>Mkter</u>
✓ 6.	H-HO-TE-CD-407 SwedishAmerican Health System	Rockford	\$135,000,000	N/A	TBD	PL
✓ 7.	H-HO-TE-CD-409 Southern Illinois Healthcare Enterprises	Carbondale, Herrin & Murphysboro	\$73,000,000	N/A	200	PL
✓ 8.	E-PC-TE-CD-407 MJH Education Assistance IV LLC (Fullerton Village Project)	Chicago	\$97,500,000	22	150	RF
✓ 9.	E-PC-TE-CD-416 The University of Chicago	Chicago	\$80,000,000	N/A	N/A	RF
✓ 10.	E-PC-TE-CD-414B Loyola University	Chicago	\$46,000,000	30	250	TA
✓ 11.	E-PC-TE-CD-413 The Richard Driehaus Museum	Chicago	\$15,900,000	3	40	RF
✓ 12.	N-NP-TE-CD-418 YMCA of Metropolitan Chicago Foundation	Chicago & Harvey	\$15,000,000	N/A	12	SCM/TA
✓ 13.	N-NP-TE-CD-419 Sunshine Through Golf Foundation	Lemont	\$3,000,000	2	N/A	TA
✓ 14.	N-NP-TE-CD-416 Greenville Regional Hospital, Inc. (name change from Edward A. Utlaut Memorial Hospital, Inc.)	Greenville	\$1,700,000	11	20	MC
✓ 15.	V-TD-408 <u>AccelChip</u>	Milpitas, CA	TBD	TBD	TBD	CV
✓ 16.	B-LL-TX-416 Excel Crusher Technologies, L.L.C.	Pekin	\$1,000,000	40	N/A	JS
✓ 17.	B-LL-TX-418 Francisco and Cecilia Barrera Durango Products, Inc. d/b/a Junior Product) Damen Marketplace Project	Chicago	\$1,000,000	15	50	ST
✓ 18.	B-LL-TX-417 Doreen's Pizza, Inc. or an LLC to be formed	Calumet City	\$359,500	20	48	PM
✓ 19.	B-LL-TX-415 Deli Star Corporation	Fayetteville	\$150,000	14	10	MC
✓ 20.	L-LL-TE-NC-410 Austin Township	Macon County	\$85,000	N/A	N/A	EW
✓ 21.	A-DR-TX-GT-455 Jeff and Dee Dee Seabaugh	Walshville	\$500,000	N/A	N/A	KK
✓ 22.	A-FB-TE-CD-440 Garry M. Pope	Mahomet	\$250,000	N/A	N/A	KK

Project Revisions/Amendatory Resolutions

23. Amendatory Changes

- Featherfist

Request that the Authority issue the Bond and loan the proceeds of the Bond solely to Featherfist as opposed to Featherfist and Featherfist Development Corporation.

- North Shore Country Day School

Request permission to use excess funds in the capitalized interest account to pay projects costs.

Other Business

24. Venture Capital Monitoring Report
25. Glossary of Acronyms and Terms
26. Market and Product Codes
27. Newspaper Clippings

Adjournment



Illinois Finance Authority – Director’s Report November 9, 2004

To: IFA Board of Directors and Governor’s Office

From: Director Ata

I. Sales:

- Sales activity continues to trend upwards. We are pleased to submit for your approval 31 proposals.
- Total fees paid at closing to IFA, for these transactions, are estimated to be \$274,444 consisting of \$808,065 for preliminaries, and \$1,082,509 for finals.

Northern Region

- Participation Loan activity was very strong in October as a result of the presentations given over the last several months. Together with the enhancements to the program, we have realized an increase in deal flow and actual loans.
- IFA will conduct its first-ever statewide sales training in January, 2005 for all funding managers. The two-day program will include in-depth product training, territory management, sales administration, consultative selling and role-playing.
- IFA has partnered with the Chicago Community Loan Fund, Illinois Facilities Fund, and the Nonprofit Financial Center to host *Financing Options for Not-For-Profits* on November 19. The purpose of this seminar is to make organizations aware of funding options offered by IFA that can assist them with alternative financing options specifically designed for not-for-profits. Sharnell Curtis-Martin will spearhead the seminar.

- Steve Trout was appointed to co-chair the Credit Review committee, sharing the responsibility with Rich Frampton. Steve will help make the process more efficient and will allow Rich to spend more time with deal development. Steve brings extensive experience and energy to this position and we look forward to his contribution.
- A search commenced during October for an Assistant Funding Manager/Healthcare to enhance IFA's account coverage and customer service, and to train an additional person in our healthcare practice as we look to increase our presence in other related areas, such as nursing homes, and assisted living facilities.

Central and Southern Region

- The focus this month has been on participation loans as an option to small bond issuance and guarantees. Marcia Cochran, Jim Senica, and Rick Pigg made over 30 presentations in October to area banks.
- Jim Senica is diligently seeking ways for IFA to provide financing to remodel an historic landmark in Peoria, the Pierre Marquette Hotel and Convention Center. In addition, Jim continues to seek ways to fund the Illinois Biodiesel Project in Pekin.
- We continue to promote IFA's mission to financially assist the agriculture community. Jill Rendleman will participate in the Governor's Livestock Summit Task Force in Springfield. The purpose of the Task Force is to strategically position the Illinois Livestock Industry to be more competitive, focusing on incentives, access to capital, business climate image, and integration of the industry throughout the state. In addition, the Illinois Farm Bureau Radio Network News, which broadcasts across Illinois and the U.S., interviewed IFA concerning our agricultural programs.
- A mass mailing was sent out to 859 Illinois agricultural lenders describing IFA's expanded resources and updated product lines. Response has been very favorable. We have a commitment from the Illinois Pork Producers and the Illinois Beef Association, as well as the Illinois Farm Bureau, to be featured in their newsletters on a regular basis. In addition, we continue to have one-on-one meetings with area ag legislators to open a dialogue about how we can support agriculture and agricultural industry in their districts.
- Eric Watson has focused calling efforts on city engineers and city managers concerning infrastructure improvements in their communities.

- The demand for the fire truck purchase program was 279 communities with \$46MM in need. Legislation allowed IFA to issue up to \$10MM, leaving a large need unfulfilled. We are actively pursuing options to fill the remaining need with a pooled bond program utilizing the State's moral obligation to back the bonds. Jill Rendleman is working with the State Fire Marshall to obtain support from the state.
- Twelve new Beginning Farmer Bond loans will be presented at the November 9th Board Meeting.

II. Marketing:

1) Health Care:

- Three final resolutions for hospitals are being presented to the Board this month totaling \$284,000 in fees.
- The newly appointed Health Facilities Planning Board met last week and approved the two transactions that are being submitted to the IFA Board for approval this month. The Planning Board is scheduled to meet on November 4th to vote on applications for four new hospitals.
- The Planning Board has also stated that they will not "visit" the CON granted to Mercy Crystal Lake Hospital and Medical Center by the prior Board in April of this year. Mercy has indicated a desire to finance through the IFA and is expected to be on the December 14th Board Meeting agenda.
- Pam Lenane spoke on a panel concerning the return of bond insurers to the health care market at the Fifth Annual Bond Buyer Conference in Orlando, Florida on October 7th. Also on October 29th, Pam spoke on behalf of IFA concerning "Innovative Strategies for Challenging Times" at the Women in Public Finance Conference held in Chicago.

2) Education:

- Eric Watson and other funding managers continue to focus on Pooled Tax Anticipation Warrants which fill a statewide need for short term operating funds to schools that are experiencing cash flow problems due to late disbursements of local and tax revenue reimbursements. Assessed demand for the program currently exceeds \$60Million.
- Nona Myers and Rick Pigg have made over 600 follow up calls to Illinois school officials regarding the Pooled Tax Anticipation Warrant Program. Presentations have been made in 3 statewide conferences concerning our programs and initiatives. Follow-up efforts are being

made with the schools needing emergency funding and this demand is estimated at \$3-5MM. In addition, we are meeting with state school representatives to design other programs that meet long term capital needs of school districts.

- A funding mechanism has been established to handle monetary shortfalls prior to issuing our pooled bonds anticipated for the month of February.

3) Industrial:

- The President signed HR 4520 into law on October 22nd. HR 4520, commonly referred to as The American Jobs Creation Act of 2004, includes a provision that will facilitate Industrial Revenue Bond financing in the future. The Act will increase the 6-year, \$10MM capital expenditure limitation that applies to facilities financed with Industrial Revenue Bonds to \$20MM. The practical effect of the \$10 MM limit was to preclude companies from investing more than \$10MM at an IRB-financed project location regardless of how the capital assets were financed. As a result, many companies that encountered the \$10MM limit were precluded from even spending out-of-pocket cash to purchase equipment.
- Rich Frampton worked with the Council of Development Finance Agencies to coordinate our efforts to lobby key members of the US House to adopt a provision contained (and approved) in the Senate's version of H.R. 4520 but originally excluded from the House bill. Mr. Frampton contacted several IRB borrowers whose past/future growth had been artificially constrained by the \$10MM CapEx Limit to prepare letters of support for this change and to organize a trip to Washington DC to meet with Rep. Phil Crane (Ways and Means Committee), Rep. Mark Kirk, and Rep. Ron Portman (Ohio – Ways and Means).
- The Illinois Finance Authority should take pride in the fact that our efforts were instrumental in a longstanding limit that was overdue for change. The \$10MM CapEx Limit had not been adjusted for inflation since 1978. Additionally, this increase in the IRB CapEx Limit was the only significant municipal bond provision approved in this most recent session of Congress.
- As a result of this legislation, the \$10MM CapEx Limit will become less of an issue for IRB borrowers beginning in 2006.

4) Housing:

- Jack McInerney has been appointed to champion IFA's mortgage bond program. Jack's background in the mortgage industry will enable him to work more effectively with the many program details, as well as coordinate the program with the help of other funding managers.
- Rick Pigg has made over 300 calls and made 5 on-site visits to mortgage bankers concerning this program.

III. Marketing & Communications:

- The web site is undergoing a face-lift which includes new graphics. By year-end we anticipate expanding web site content as well as expanded content on markets and programs.
- In the area of public relations, we have started a process to publicize our projects -- both to the general press as well as to institutional and business media outlets. In addition to IFA writing and placing stories, we also encourage our clients to include a statement about IFA's financing in their own public relations materials.

IV. Legislative Issues:

- The General Assembly will return for the Veto Session on November 8, 2004. During the Session, the Authority will pursue two matters.
 1. The first will be an increase in the Authority's bond authorization cap from \$23 billion to \$29 billion. The Authority sought this change in the Spring Session, but the General Assembly decided to defer all bonding and most capital matters until the Veto Session.
 2. The second will be passage of Senate Bill 1010. This bill makes a number of technical corrections to the Authority's Enabling Act, most notably, repeal of the language concerning the funding of certain projects owned, operated or managed by religiously affiliated entities, and modifications to the Act's quorum requirement to allow members to participate by telephonic means.

V. Financial:

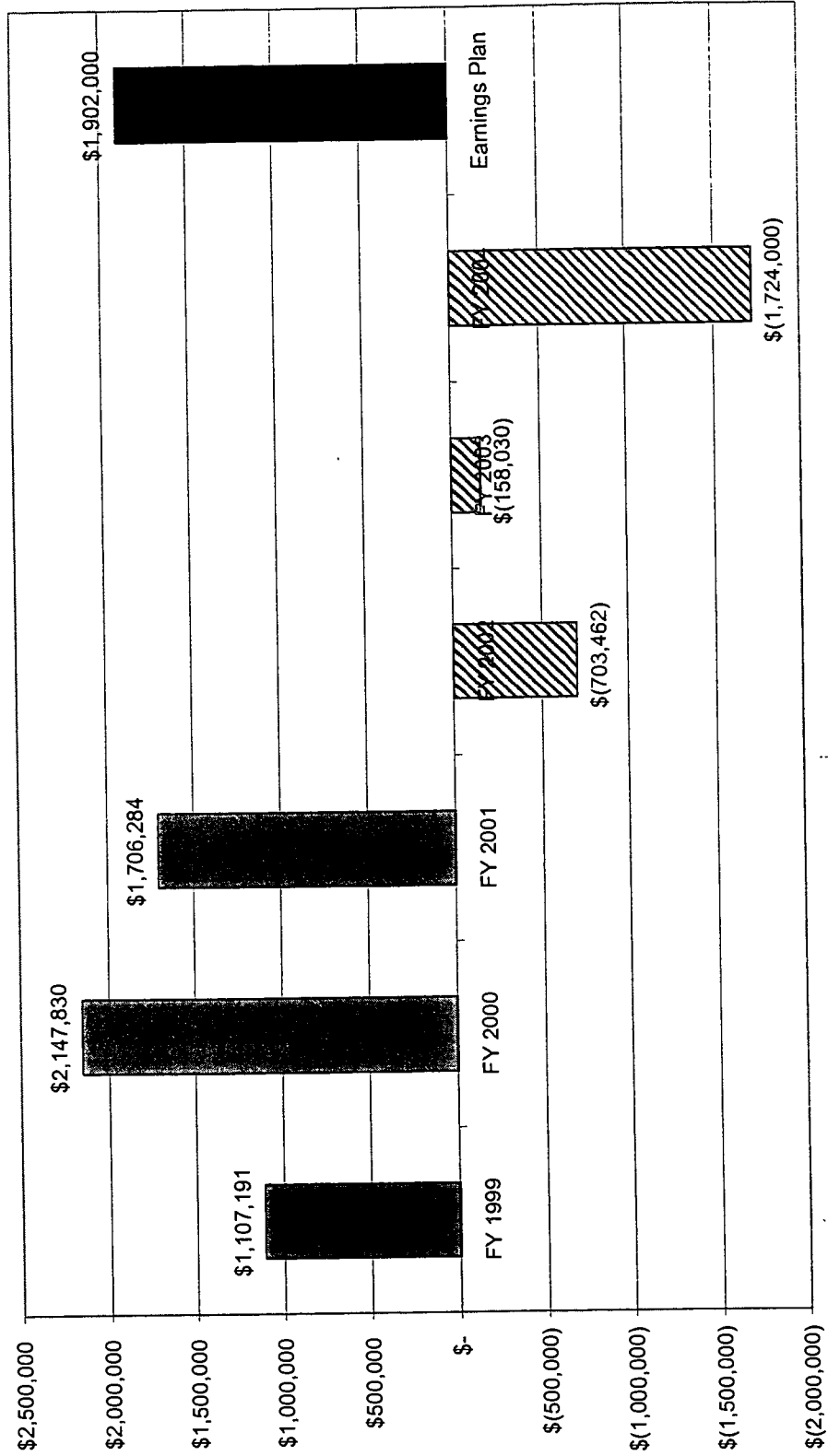
1) Financial Performance:

- The (preliminary) income statement and balance sheet for October 2004 are attached. IFA reports a net income of \$40,376 for the period of October 2004, and a net income of \$862,946 for FYTD, or 6% above our FY plan.
- IFA operating expenses for the period of October 2004 came in 16% below the Board-approved Operating Expense Budget primarily in the area of employment-related expenses.

2) Financial Audits:

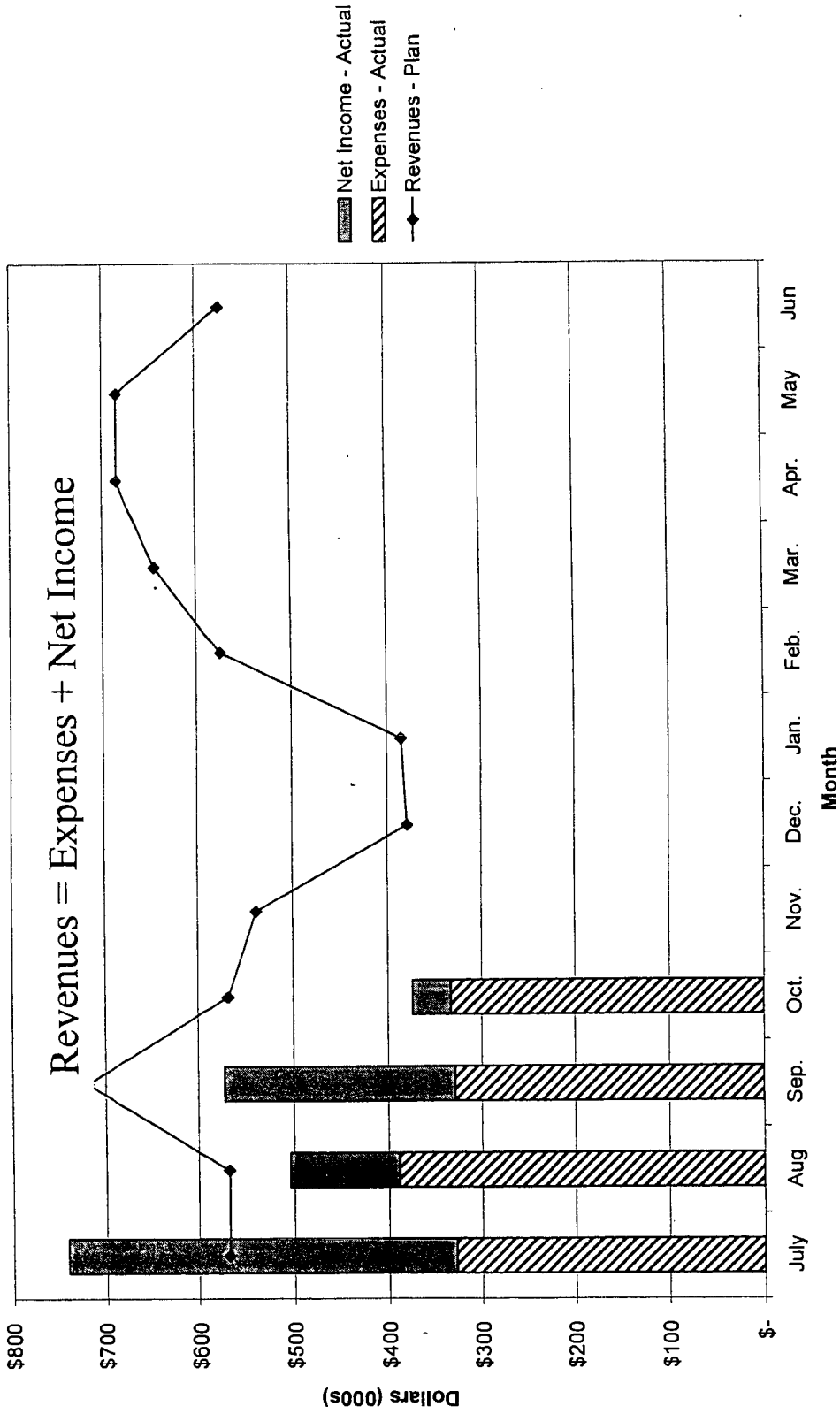
- The audit contractor for the Illinois Auditor General, McGladrey & Pullen, is nearly 90% complete with the IFA compliance audit and 50% complete with the IFA financial audit. Draft audit reports are expected in late-November 2004.

**IFA Fiscal Year Net Income, 1999 - 2004
Predecessor Authorities**

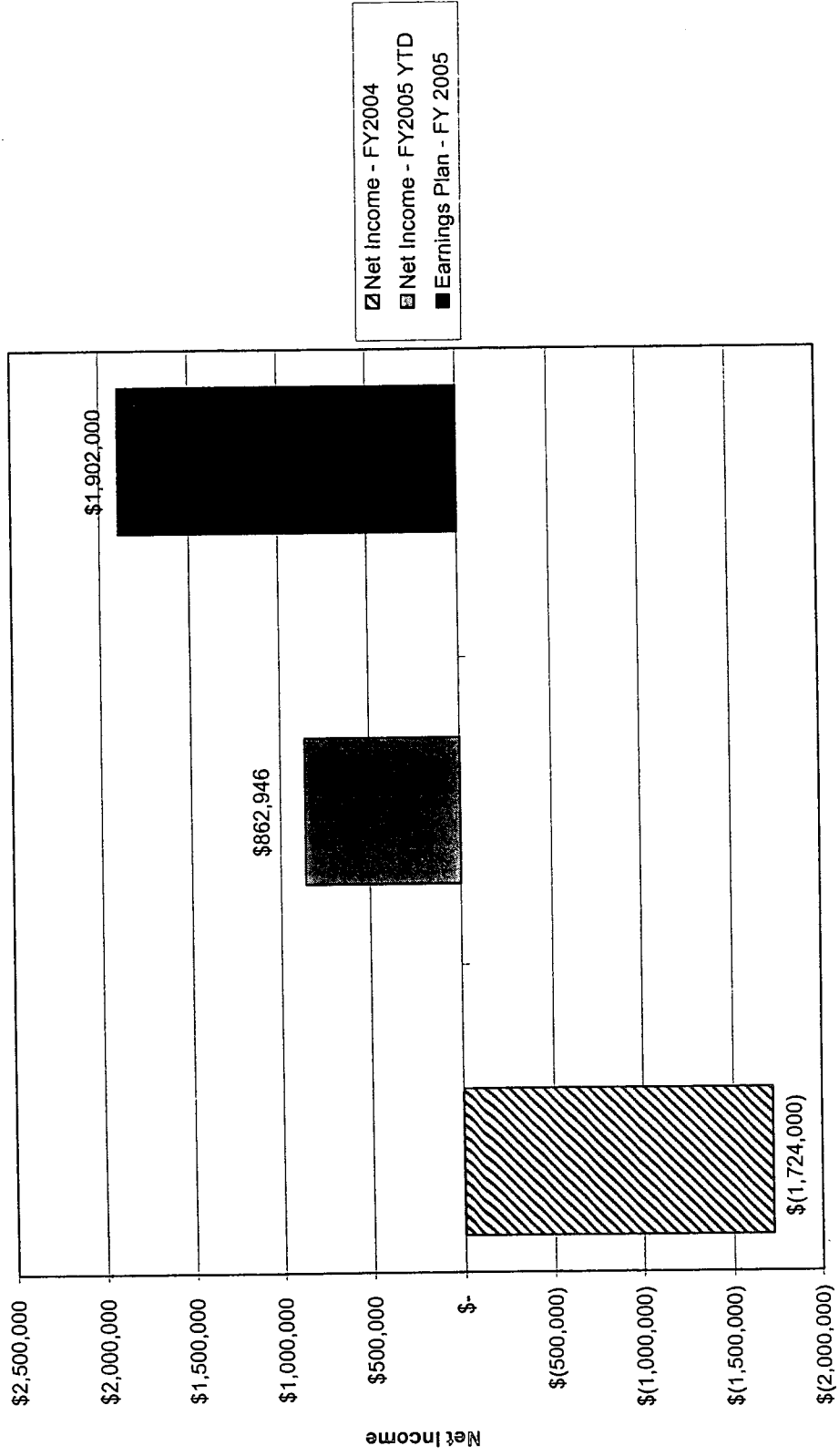


Fiscal Year

IFA Monthly Revenues vs. Plan, FY 2005



IFA Net Income



IFA
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
		Industrial Revenue Bonds.				
		Acquisition/renovation of existing manufacturing facility, construction of building addition, and equipment purchase.	20	15		Belvedere
Cherry Valley Tool & Machine	2,400,000					
		Conduit Industrial Revenue Bond.				
		Finance purchase of building, machinery, equipment and pay certain issuance costs.	30	N/A		Chicago Heights
CFC International Inc.	2,000,000					
		Participation Loan. Purchase production equipment.	14	10		Fayetteville
Deli Star Corporation	150,000					
		Participation Loan. Construct new manufacturing/warehouse facility.	25	48		Calumet City
Doreen's Pizza, Inc.	359,500					
		Participation Loan. Renovate, expand and equip an industrial site in Chicago.	N/A	N/A		Chicago
Durango Products, Inc.	1,000,000					
		Conduit Tax-Exempt Bonds. Finance acquisition of land, construction, machinery and equipment.	13	87		Hanover Park
E. Kinast Distributors, Inc.	3,600,000					
		Participation Loan. Construction of an industrial building and acquisition of manufacturing machinery and equipment.	40	N/A		Pekin
Excel Crusher Technologies, LLC	1,000,000					
		Participation Loan. Machinery and equipment acquisition.	3	N/A		Pekin
Excel Foundry and Machine, Inc.	300,000					

OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST	JOBS	LOCATION
Homeway Homes, Inc.	300,000	Participation Loan. Acquisition of various equipment used in the applicant's modular home manufacturing business.	56	N/A		Beardstown
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
Peoples Gas Light and Coke Company	\$50,000,000	IRB. Refinance Prior Series 1995 Bonds originally issued by the City of Chicago.	N/A	N/A		Chicago

IFA
OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS LOCATION
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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
Stokey 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	N/A	St. Claire County

OPPORTUNITY RETURNS

INDUSTRIAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
Termax Corporation	3,700,000	Industrial Revenue Bonds. Finance acquisition of land, building, renovations, machinery and equipment and pay certain bond issuance costs.	20	TBD		Lake Zurich
Transparent Container	6,000,000	Conduit Tax-Exempt Bonds. Finance building acquisition, machinery and equipment. Renovations, and pay bond issuance costs.	37	20		Addison
Turano Bakery, Inc.	10,000,000	Industrial Revenue Bonds. Purchase and installation of equipment and fixtures for commercial bakery facilities in Berwyn and Bolingbrook.	40	N/A		Berwyn and Bolingbrook
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
Vision Molded Products, Inc.	3,200,000	Industrial Revenue Bonds. Acquisition and renovation of a manufacturing facility that Vision currently leases.	63	10		Elgin
INDUSTRIAL TOTALS:	\$210,784,500		499	321		

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

IFA
OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Illinois College	20,000,000	Conduit Tax-Exempt Bonds. Refund outstanding indebtedness, and fund bond issuance costs.	15	200	Jacksonville
Illinois Institute of Technology	20,000,000	Conduit Tax-Exempt Bonds. Renovations, equipment, capitalize interest and fund professional bond issuance costs.	60	150	Chicago
Loyola University	60,000,000	Conduit Tax-Exempt and Taxable Bonds. Construct a new student living facility, construct a new Life Sciences Building, and fund bond issuance costs.	30	250	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
North Shore Country Day School	11,500,000	Conduit Not-for-Profit Bonds. Construct and equip new sciencecenter, renovate existing facilities, capitalize interest and pay for bond issuance costs.	106	100	Winnetka
Northwestern University	135,000,000	Conduit Tax-Exempt Bonds. Construction, renovation, equipment, fund professional bond issuance costs.	150	250	Chicago

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OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
Penny Lane School	740,000	Participation Loan. Acquisition and rehab loan.	60	75	Chicago Ridge
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	Sangamon County McHenry County Massac County LaSalle County
Springfield Public SD #186 (\$15M)					
Nippersink SD #2 (\$2M)					
Massac County CUSD #1(\$1M)					
Consolidated SD #95 (\$300MM)					
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(c)(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

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OPPORTUNITY RETURNS

EDUCATION

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
University of Chicago	80,000,000	501(c)(3) Revenue Bonds. Finance, refinance, or reimbursement for all or a portion of the costs of acquisition, construction, renovation and equipping certain educational facilities, and pay costs of bonds issuance.	200	200	Chicago
EDUCATION TOTALS:	\$563,445,000		802	1,521	

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS CONST.	JOBS	LOCATION
<p>Conduit 501(c)(3) Bonds. Modernize and expand hospital facilities</p>	80,000,000	N/A	200	Elk Grove & Hoffman Estates
<p>Conduit 501(c)(3) Bonds. Refinance 1985D, 1990A, 1992 and 2002 Bonds, capital expenditures at facilities and pay issuance costs.</p>	50,097,346	N/A	N/A	Normal & Eureka
<p>Conduit Tax Exempt Bonds. Refund portion of outstanding principal. Finance cost of acquisition, construction, renovation and equipment.</p>	200,000,000	0	0	Champaign, Urbana
<p>Conduit 501(c)(3) Bonds. Finance expansion and modernization of certain health facilities, refinance existing tax-exempt bonds previously issued by Wyndemere.</p>	240,000,000	N/A	N/A	Winfield
<p>Conduit 501(c)(3) Bonds. Advance refund callable Series 199A Bonds, issuance and enhancement costs.</p>	54,725,000	N/A	N/A	Chicago

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OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST JOBS	LOCATION
<p>Conduit Tax Exempt Bonds. Finance development and construction equipping of new continuing care retirement community.</p>	\$225,000,000	147	400	Chicago
<p>Conduit Taxable Bonds. Advance refund Series 1997 bonds, capitalize debt service reserve fund, and pay certain issuance costs.</p>	19,315,000	N/A	N/A	Carol Stream
<p>Conduit Tax-Exempt Bonds. Current refunding of callable Series 1993A Bonds, and pay bond issuance costs.</p>	30,000,000	N/A	N/A	Naperville
<p>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.</p>	17,340,000	N/A	100	Chicago
<p>Conduit Tax-Exempt Lease. Acquisition of Siemens MRI equipment.</p>	1,684,000	11	20	Greenville

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OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST.	JOBS	LOCATION
Hopedale Medical Complex	1,400,000	10	N/A		Tazewell County
Conduit Tax-Exempt Lease.					
Acquisition of Siemens CT Scanner.					
Illinois Primary Healthcare Assoc.	8,700,000	6	7		Chicago, Cairo, Carbondale
Conduit 501(c)(3) Bonds.					
Finance new clinic/administrative building, refinance existing debt and leases.					
J. Allen Potter	300,000	2	N/A		East Peoria
Participation Loan.					
Construction of 9,360 sq. ft. professional building and acquisition of 1.25 acres of land.					
Northwestern Memorial Hospital	499,930,000	600	3,500		Chicago
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.					
OSF Healthcare System	92,605,000	N/A	N/A		Peoria County
Conduit Tax-Exempt Bonds.					
Current Refund of Callable IFA (IHFA) Series 1993 Bonds and pay issuance costs.					

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OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS CONST.	JOBS LOCATION
Rest Haven Christian Services	50,000,000	N/A	Tinley Park, Palos heights, South Holland, Crete, Downers Grove, Homer Glen
<p>Conduit Tax-Exempt Bonds. Refinance existing indebtedness, enhance liquidity, capitalize a debt service reserve fund, and pay costs of issuance.</p>			
Riverside Health System	46,450,000	N/A	Kankakee & Bourbonnais
<p>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.</p>			
Roseland Community Hospital	10,500,000	8	Chicago
<p>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.</p>			
St. Anthony's Health Center	5,000,000	N/A	Alton
<p>501(c)(3) Bond Financing. Pay/reimburse borrower, equipment, construction, and renovation.</p>			

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS CONST. JOBS LOCATION
Southern Illinois Healthcare Enterprises	35,000,000	Conduit 501(c)(3) Bonds. Modernize and expand hospital facilities located in Carbondale, Herrin & Murphysboro
		N/A
		200

IFA
OPPORTUNITY RETURNS

HEALTHCARE

PROJECT TYPE	AMOUNT	NEW JOBS	CONST. JOBS	LOCATION
Springfield Center for Independent L	355,000	6	30	Springfield
Conduit Tax-Exempt Lease.				
Land acquisition and office building.				
Conduit 501(c)(3) Bonds.				
Finance construction and modernization of hospital campus and routine capital expenditures of existing health facilities.				
Swedish American Health System	125,000,000	N/A	N/A	Rockford
Thorek Hospital	4,000,000	N/A	N/A	Chicago
1985 Pool Loan.				
HEALTHCARE TOTALS:	\$1,797,401,346	790	4,502	

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	N/A	Flanagan
Clayton D and Ashlyn L. Becker	131,040	Beginning farmer bond loan.	N/A	N/A	N/A	DeKalb
Eric W. and Dawn M. Beyers	100,000	Beginning farmer bond loan.	N/A	N/A	N/A	Rosamond
James Lee and Bonnie May Brewer	110,000	Beginning farmer bond loan.	N/A	N/A	N/A	Bethany
Matthew Blum	107,000	Beginning farmer bond loan.	N/A	N/A	N/A	Polo
Alexander and Trisha Chung	207,900	Beginning farmer bond loan.	N/A	N/A	N/A	Peru
William Clothier	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	Polo
Jeff Delheimer	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	Elgin
Clint and Rebecca Dotterer	78,000	Beginning farmer bond loan.	N/A	N/A	N/A	Fairbury
Mark and Kelli Dozier	250,000	Beginning farmer bond loan.	N/A	N/A	N/A	Morrisonville
Jeremiah D. Fleming	165,150	Beginning farmer bond loan.	N/A	N/A	N/A	Olney
David Gerdes	155,000	Beginning farmer bond loan.	N/A	N/A	N/A	Bartleso

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST JOBS	LOCATION
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
Paul and Pamela Hooks	207,500	Beginning farmer bond loan.	N/A	N/A	Mason
Michael and Clarissa Hunt	194,600	Beginning farmer bond loan.	N/A	N/A	Galesburg
Kyle Kiefer	132,300	Beginning farmer bond loan.	N/A	N/A	Jefferson
Mark and Jennifer Kinneer	210,000	Beginning farmer bond loan.	N/A	N/A	Kirkwood
Brice and Carol Lawson	300,000	loan.	0	0	9
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

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
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
Michael and Gabriele Oltmann	45,000	Beginning farmer bond loan.	N/A	N/A	Nokomis
Garry M. Pope	250,000	Beginning farmer bond loan.	N/A	N/A	Mahomet
Craig Ratermann	132,000	Beginning farmer bond loan.	N/A	N/A	Germantown
Darin Ratermann	132,000	Beginning farmer bond loan.	N/A	N/A	Germantown
Daniel K. Reed (Pearl Valley Cheese Company, Inc.)	390,000	Loan guarantee for buildings, equipment, improvements and working capital.	11	0	Kent
Philip J. and Katherine Richardson	60,000	Beginning farmer bond loan.	N/A	N/A	Roberts
Paul G. Steinhilber	33,000	Beginning farmer bond loan.	N/A	N/A	Minonk
Paul D. and Lynn R. Schneider	500,000	Refinance existing operating carryover and increase guaranteed loan amount	N/A	N/A	Flanagan
Jeff Delheimer	250,000	Beginning farmer bond loan.	N/A	N/A	El Paso
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

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
Soylutions, Inc.	300,000		N/A		N/A	
David and Cindy Stoll	190,000	Refinancing existing machinery notes and operating carryover.	N/A		N/A	Chestnut
David Thompson (Thompson Pearl Valley)	7,518,000	Business expansion	N/A		N/A	Stephenson County
Brent and Kyria VanhoveIn	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 loan.	N/A		N/A	Christian
Allen and Marilyn Weidner	500,000	Debt restructuring loan.	N/A		N/A	Marengo
Jessica L. Wernsing	250,000	Beginning farmer bond loan.	N/A		N/A	Springfield
Kent Wesson	500,000	Refinance operating loan carryover and existing IFDA guaranteed loan.	N/A		N/A	Leland

IFA
OPPORTUNITY RETURNS

AGRICULTURE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
	\$17,889,490		11	0	
AGRICULTURE TOTALS:					

IFA
OPPORTUNITY RETURNS

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	N/A		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. Develop nature trails, interpretive center, access road and parking.	N/A	N/A		Bourbonnais Township
Bourbonnais Township Park District (\$900,000)						
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

IFA
OPPORTUNITY RETURNS

ENVIRONMENTAL

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
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
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
ENVIRONMENTAL TOTALS:	\$161,190,000		180	75		

IFA
OPPORTUNITY RETURNS

VENTURE CAPITAL

PROJECT NAME	AMOUNT	NEW JOBS	CONST. JOBS	LOCATION
Firefly	350,000	10	N/A	Peoria
Metalforming Controls	100,000	N/A	N/A	N/A
Mobitrac	\$350,000	N/A	N/A	Chicago
Moire, Inc.	\$300,000	4	N/A	West Chicago and Champaign
ZuChem	250,000	N/A	N/A	N/A
VENTURE CAPITAL TOTALS:	\$1,350,000	14	0	

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

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

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST. JOBS	LOCATION
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
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
Harvest Christian Academy	\$16,250,000	Conduit Tax Exempt Bonds. Bond proceeds will be used to finance construction and renovations.	N/A	N/A	Elgin & Rolling Meadows
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

IFA
OPPORTUNITY RETURNS

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	\$5,000,000	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.	N/A	N/A		Chicago

IFA
OPPORTUNITY RETURNS

QUALITY OF LIFE

PROJECT TYPE	AMOUNT	PURPOSE	NEW JOBS	CONST.	JOBS	LOCATION
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
Sterling Park Development	\$190,000,000	Revenue Bonds. Acquisition, renovation and conversion of three building located in North Lawndale.	N/A	N/A		Chicago
Sunshine Through Golf Foundation	\$3,000,000	Conduit Tax-Exempt Bonds. Refund outstanding indebtedness, and fund bond issuance costs.	2	N/A		Lemont
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:	\$518,880,000		1,222	1,186		
GRAND TOTALS:	\$3,055,524,236		3,621	7,633		

ILLINOIS FINANCE AUTHORITY

NOVEMBER BOARD MEETING SCRIPT

INITIAL PROJECT CONSIDERAIONS

3. **The Peoples Gas Light and Coke Company**, located throughout Chicago, requests initial approval of not-to-exceed **\$50 million** in conduit tax-exempt Gas Supply Facilities Refunding Revenue Bonds to refinance Prior Series 1995 Bonds issued by the City of Chicago. ✓

Funding Manager: Rich Frampton

4. **Springhill Holding LLC. And Trim-Rite Food Corporation**, located in Rockford, request initial approval of not-to-exceed **\$8.5 million** in conduit tax-exempt Industrial Revenue Bonds to purchase land, construct and equip a pork processing facility and fund bond issuance costs. The applicants are also requesting not to exceed **\$8.5 million** of Authority 2004 Volume Cap. This project is expected to create **265** new jobs and **100** construction jobs. ✓

Funding Manager: Townsend Albright

Beginning Farmer Bonds

5. **Philip J. and Katherine Richardson**, of Roberts, request initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$60,000**. ✓ (2)

Michael and Gabriele Oltmann, of Nokomis, request initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$45,000**. ✓

~~X~~ **Matthew Schertz**, of El Paso, requests initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$60,000**. ✓

Jeff Delheimer, of Elgin, requests initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$250,000**. ✓

Michael and Clarissa Hunt, of Galesburg, request initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$194,600**. ✓

David Gerdes, of Bartleso, requests initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$155,000**. ✓

~~X~~ **Darin Ratermann**, of Germantown, requests initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$132,000**. ✓

Craig Ratermann, of Germantown, requests initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$132,000**. ✓

Paul George Steinhilber, of Minonk, requests initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$33,000**. ✓

Mark and Jennifer Kinneer, of Kirkwood, request initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$210,000**. ✓

Jessica L. Wernsing, of Springfield, requests initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$250,000**. ✓

Clint and Rebecca Dotterer, of Fairbury, requests initial approval of a Beginning Farmer Bond in an amount not-to-exceed **\$78,000**. ✓

Funding Manager: Kevin Koenigstein

FINAL PROJECT CONSIDERATIONS

6. **Swedish American Health Systems**, located in Rockford, requests final approval of not-to-exceed **\$135 million** in tax-exempt conduit Not-for-Profit Bonds to (i) finance the construction and modernization of the Hospital's campus and routine capital expenditures of existing facilities, and (ii) refinance existing tax-exempt bond debt and other outstanding indebtedness. ✓

Funding Manager: Pam Lenane

7. **Southern Illinois Healthcare Enterprises**, located in ^{Ag}Carbondale, Herrin and Murphysboro, requests final approval of not-to-exceed ~~\$75~~ **\$75 million** in tax-exempt conduit Not-for-Profit Bonds to modernize and expand its hospital facilities and to currently refund certain outstanding bonds of the borrower. This project is expected to create **200** construction jobs. ✓

Funding Manager: Pam Lenane

8. **MJH Education Assistance IV LLC**, located in Chicago, requests final approval of not-to-exceed **\$97.5 million** in tax-exempt conduit 501(c)(3) Revenue Bonds for the construction of a new, 6 story 160 unit/617-bed student dormitory facility at DePaul University's Lincoln Park campus. Approval is subject to the condition that the Series C Bond be sold in minimum denominations of \$100,000, privately placed and sold subject to the execution of a traveling Accredited Investor Letter. This project is expected to create **22** new jobs and **150** construction jobs. ✓

Program Administrator: Rich Frampton

9. **The University of Chicago**, located in Chicago, requests final approval of not-to-exceed **\$80 million** in tax-exempt conduit 501(c)(3) Revenue Bonds to advance refund the University's Series 2001 IEFA Bonds; those bonds that cannot be initially advance refunded on a tax-exempt basis will be advance refunded on a taxable basis then converted to a tax-exempt mode at the next call date. ✓

Funding Manager: Rich Frampton

10. **Loyola University**, located in Chicago, requests final approval of not-to-exceed **\$46 million** in tax-exempt conduit 501(c)(3) Revenue Bonds to (i) construct a new student living facility (ii) construct new Life Sciences Building (iii) and fund Bond issuance costs. This project is expected to create **30** new jobs and **250** construction jobs. ✓

Funding Manager: Townsend Albright

11. **The Richard H. Driehaus Museum**, located in Chicago, requests final approval of not-to-exceed **\$15.9 million** in tax-exempt conduit Not-For-Profit Bonds for the acquisition, renovation, and equipping of the Nickerson Mansion and of the adjacent Murphy Auditorium. This project is expected to create **3** new jobs and **40** construction jobs. ✓ *post*

Funding Manager: Rich Frampton

12. **The YMCA of Metropolitan Chicago Foundation**, located in Chicago and Harvey, requests final approval of not-to-exceed **\$15 million** in tax-exempt conduit Not-For-Profit-Bonds to finance capital improvements, refund outstanding debt, fund a debt service reserve, and to pay certain bond issuance costs. This project is expected to **12** construction jobs.

Funding Manager: Townsend Albright and Sharnell Curtis Martin

13. **Sunshine through Golf Foundation**, located in Lemont, requests final approval of not-to-exceed **\$3 million** in tax-exempt and/or taxable conduit Not-For-Profit-Bonds to refund an outstanding mortgage and fund bond issuance costs.. This project is expected to create **2** new jobs.

Funding Manager: Townsend Albright

14. **Greenville Regional Hospital Inc. (formerly known as Edward A. Utlaut Memorial Hospital)**, located in Greenville, requests final approval of a tax-exempt, conduit not-for-profit lease in an amount not-to-exceed **\$1.7 million** for the acquisition and installation of Siemens MRI equipment and modification to the room that houses the MRI equipment. This project is expected to create **11** new jobs and **20** construction jobs.

Funding Manager: Marcia Cochran

15. AccelChip, an existing investment/holding of the Authority, requests final approval of an additional ~~\$100,000~~ from the IFA Venture Investment Fund. This is a **Second Round** funding request. ✓

Funding Manager: Christopher Vandenberg

16. **Excel Crusher Technologies**, located in Pekin, request final approval of a Participation Loan in an amount not-to-exceed **\$1 million** for the construction of an industrial building and acquisition of manufacturing machinery and equipment. This project is expected to create **40** new jobs.

Funding Manager: Jim Senica

17. **Francisco and Cecilia Barrera and Durango Products, Inc. d/b/a Junior Produce**, located in Chicago, requests final approval of a Participation Loan in an amount not-to-exceed **\$1 million** to renovate, expand, and equip a 34,204 sq. ft. industrial building for use as a wholesale produce storage and distribution center. This project is expected to create **15** new jobs and **50** construction jobs.

Funding Manager: Steven Trout

18. **Doreen's Pizza Inc.**, located in Calumet City, requests final approval of a Participation Loan in an amount not-to-exceed **\$395,000** to construct a new manufacturing/warehouse facility to consolidate locations and purchase equipment related to its frozen pizza business. This project is expected to create **23** new jobs and **48** construction jobs.

Funding Manager: Patrick McGee

19. **Deli Star Corp.**, located in Fayetteville, requests final approval of a Participation Loan in an amount not-to-exceed **\$150,000** for the purchase of production equipment. This project is expected to create **14** new jobs.

Funding Manager: Marcia Cochran

20. **Austin Township**, located Macon County, requests final approval of a Direct Loan with a 10-year term in an amount not-to-exceed **\$85,000** from certain funds specifically reserved to assist units of local government for the construction and repair of a local bridge. The loan will be secured by an intercept on the Town's motor fuel tax and special bridge fund.

Funding Manager: Eric Watson

21. **Jeff and Dee-Dee Seabaugh**, of Walshville, request final approval of a Debt Restructuring Guarantee in an amount not-to-exceed **\$500,000** to refinance the existing guaranteed loan, the contract for deed loan, and remodeling costs.

Funding Manager: Kevin Koenigstein

Beginning Farmer Bonds

22. **Garry M. Pope**, of Mahomet, requests final approval of a Beginning Farmer Bond in an amount not-to-exceed **\$250,000**.

Funding Manager: Kevin Koenigstein



Amendments

23-A. Featherfist request an amendment to the resolution approved by the Members at their September 14, 2004 meeting to provide for the loaning of the proceeds of the Bond solely to Featherfist to finance and refinance costs of the Project as owned and used by Featherfist. The original resolution provided for the loaning of the proceeds to both Featherfist and Featherfist development Corp.

23-B. North Shore Country Day School requests the Authority's consent and approval to a Supplemental Indenture that would permit the School to use funds currently in the Capitalized Interest Account to pay eligible project costs. Because actual interest rates did not rise to the projected levels used to calculate the Capitalized Interest Account deposit, an unneeded balance remains in the account.

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

	Actual October 2004	Actual YTD FY 2005
REVENUE		
INTEREST ON LOANS	\$ 26,033	\$ 108,493
INVESTMENT INTEREST & GAIN(LOSS)	45,142	193,102
ADMINISTRATIONS & APPLICATION FEES	246,314	1,441,054
ANNUAL ISSUANCE & LOAN FEES	56,353	489,773
OTHER INCOME	-	291
TOTAL REVENUE	<u>373,843</u>	<u>2,232,713</u>
EXPENSES		
EMPLOYEE RELATED EXPENSES		
COMPENSATION & TAXES	194,734	710,608
BENEFITS	15,619	71,651
TEMPORARY HELP	-	30,872
EDUCATION & DEVELOPMENT	-	341
TRAVEL & AUTO	6,811	25,021
TOTAL EMPLOYEE RELATED EXPENSES	<u>217,165</u>	<u>838,493</u>
PROFESSIONAL SERVICES		
CONSULTING, LEGAL & ADMIN	24,395	150,351
LOAN EXPENSE & BANK FEE	3,014	8,077
ACCOUNTING & AUDITING	8,451	41,442
MARKETING GENERAL	3,062	28,553
FINANCIAL ADVISORY	12,000	22,000
VENTURE CAPITAL CONFERENCE/TRAINING	75	1,955
MISCELLANEOUS PROFESSIONAL SERVICES	15,000	26,250
DATA PROCESSING	1,399	14,135
TOTAL PROFESSIONAL SERVICES	<u>67,396</u>	<u>292,763</u>
OCCUPANCY COSTS		
OFFICE RENT	15,515	99,860
EQUIPMENT RENTAL AND PURCHASES	2,540	17,536
TELECOMMUNICATIONS	789	14,769
UTILITIES	1,402	4,646
DEPRECIATION	300	1,907
INSURANCE	1,631	7,413
TOTAL OCCUPANCY COSTS	<u>22,176</u>	<u>146,131</u>
GENERAL & ADMINISTRATION		
OFFICE SUPPLIES	2,089	39,927
BOARD MEETING - EXPENSES	1,247	7,070
PRINTING	1,216	3,154
POSTAGE & FREIGHT	5,435	12,391
MEMBERSHIP & DUES	1,128	1,776
PUBLICATIONS	148	669
OFFICERS & DIRECTORS INSURANCE	14,481	59,250
MISCELLANEOUS	160	3,455
TOTAL GENERAL & ADMINISTRATION EXPENSES	<u>25,904</u>	<u>127,692</u>
OTHER		
INTEREST EXPENSE	<u>826</u>	<u>3,303</u>
TOTAL OTHER	826	3,303
TOTAL EXPENSES	<u>333,467</u>	<u>1,408,383</u>
NET INCOME (LOSS) BEFORE BEFORE UNREALIZED GAIN/(LOSS)	40,376	824,330
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	38,616
NET INCOME	<u>\$ 40,376</u>	<u>\$ 862,946</u>

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

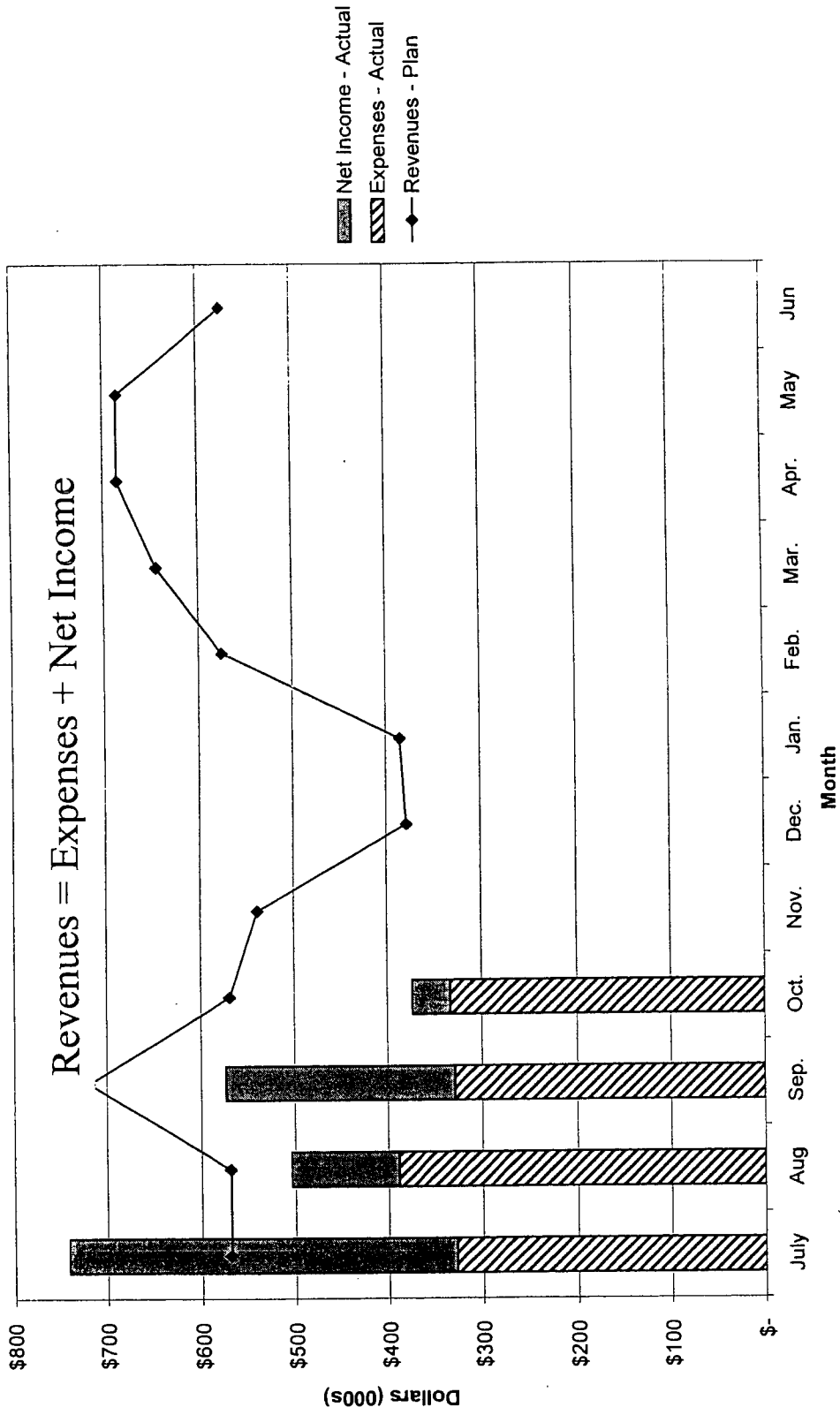
	Actual October 2004		Budget October 2004		Current Month Actual vs. Budget		Current % Variance		Year to Date Actual vs. Budget		YTD % Variance		Explanations
	Actual October 2004	Budget October 2004	Actual October 2004	Budget October 2004	Actual vs. Budget	% Variance	Actual vs. Budget	% Variance	Actual vs. Budget	% Variance	Actual vs. Budget	% Variance	
EXPENSES													
EMPLOYEE RELATED EXPENSES	194,734	234,500			(39,766)	-17.0%			(168,742)	19.2%			
COMPENSATION & TAXES	15,619	17,000			(1,381)	-8.1%			(2,582)	(3.5%)			
BENEFITS	0	7,000			(7,000)	-100.0%			(15,128)	(32.9%)			No temporary help for October
TEMPORARY HELP	0	0			0	0.0%			341	0.0%			
EDUCATION & DEVELOPMENT	6,811	4,500			2,311	51.4%			7,021	39.0%			Board Meeting @ Springfield
TRAVEL & AUTO	217,165	263,000			(45,835)	-17.4%			(179,090)	(17.6%)			
TOTAL EMPLOYEE RELATED EXPENSES													
PROFESSIONAL SERVICES	24,395	38,000			(13,605)	-35.8%			24,351	19.3%			
CONSULTING, LEGAL & ADMIN	3,014	1,500			1,514	100.9%			6,000	34.6%			
LOAN EXPENSE & BANK FEE	8,451	20,000			(11,549)	-57.7%			(48,558)	(54.0%)			
ACCOUNTING & AUDITING	3,062	10,000			(6,938)	-69.4%			(11,447)	(28.6%)			
MARKETING GENERAL	12,000	12,000			0	0.0%			(26,000)	(54.2%)			
FINANCIAL ADVISORY	75	0			75	0.0%			1,955	0.0%			
VENTURE CAPITAL CONFERENCE/TRAINING	15,000	1,500			13,500	900.0%			20,250	337.5%			Springfield Recruiter
MISCELLANEOUS PROFESSIONAL SERVICES	1,399	400			999	249.7%			12,535	783.4%			Computer Technical Services
DATA PROCESSING	67,396	83,400			(16,004)	-19.2%			(24,837)	(7.8%)			
TOTAL PROFESSIONAL SERVICES													
OCCUPANCY COSTS	15,515	16,900			(1,385)	-8.2%			(52,040)	(34.3%)			September moving expenses
OFFICE RENT	2,540	3,000			(460)	-15.3%			5,536	46.1%			
EQUIPMENT RENTAL AND PURCHASES	789	1,850			(1,061)	-57.3%			7,369	99.6%			Office relocation/Telephone Consolidation
TELECOMMUNICATIONS	1,402	1,400			2	0.1%			(954)	(17.0%)			
UTILITIES	300	300			0	0.0%			707	58.9%			
DEPRECIATION	1,631	2,000			(369)	-18.5%			(587)	(7.3%)			
INSURANCE	22,176	25,450			(3,274)	-12.9%			(39,969)	(21.5%)			
TOTAL OCCUPANCY COSTS													
GENERAL & ADMINISTRATION	2,089	3,800			(1,711)	-45.0%			39,927	162.7%			
OFFICE SUPPLIES	1,247	0			1,247	0.0%			7,070	0.0%			
BOARD MEETING - EXPENSES	1,216	300			916	305.5%			1,954	162.9%			Printing of Board Books
PRINTING	5,435	3,000			2,435	81.2%			391	3.3%			
POSTAGE & FREIGHT	1,128	2,400			(1,272)	-53.0%			(7,824)	(81.5%)			
MEMBERSHIP & DUES	148	300			(152)	-50.7%			(531)	(44.2%)			
PUBLICATIONS	14,481	11,700			2,781	23.8%			12,450	26.6%			
OFFICERS & DIRECTORS INSURANCE	160	500			(340)	-68.0%			1,455	72.7%			
MISCELLANEOUS	25,904	22,000			3,904	17.7%			39,692	45.1%			
TOTAL GENERAL & ADMINISTRATION EXPENSES													
OTHER	826	850			(24)	-2.8%			(97)	(2.8%)			
INTEREST EXPENSE	826	850			(24)	-2.8%			(97)	(2.8%)			
TOTAL OTHER													
TOTAL EXPENSES	333,467	394,700			(61,233)	-15.5%			(204,300)	(12.7%)			

**Illinois Finance Authority
Balance Sheet
for the Four Months Ending October 31, 2004**

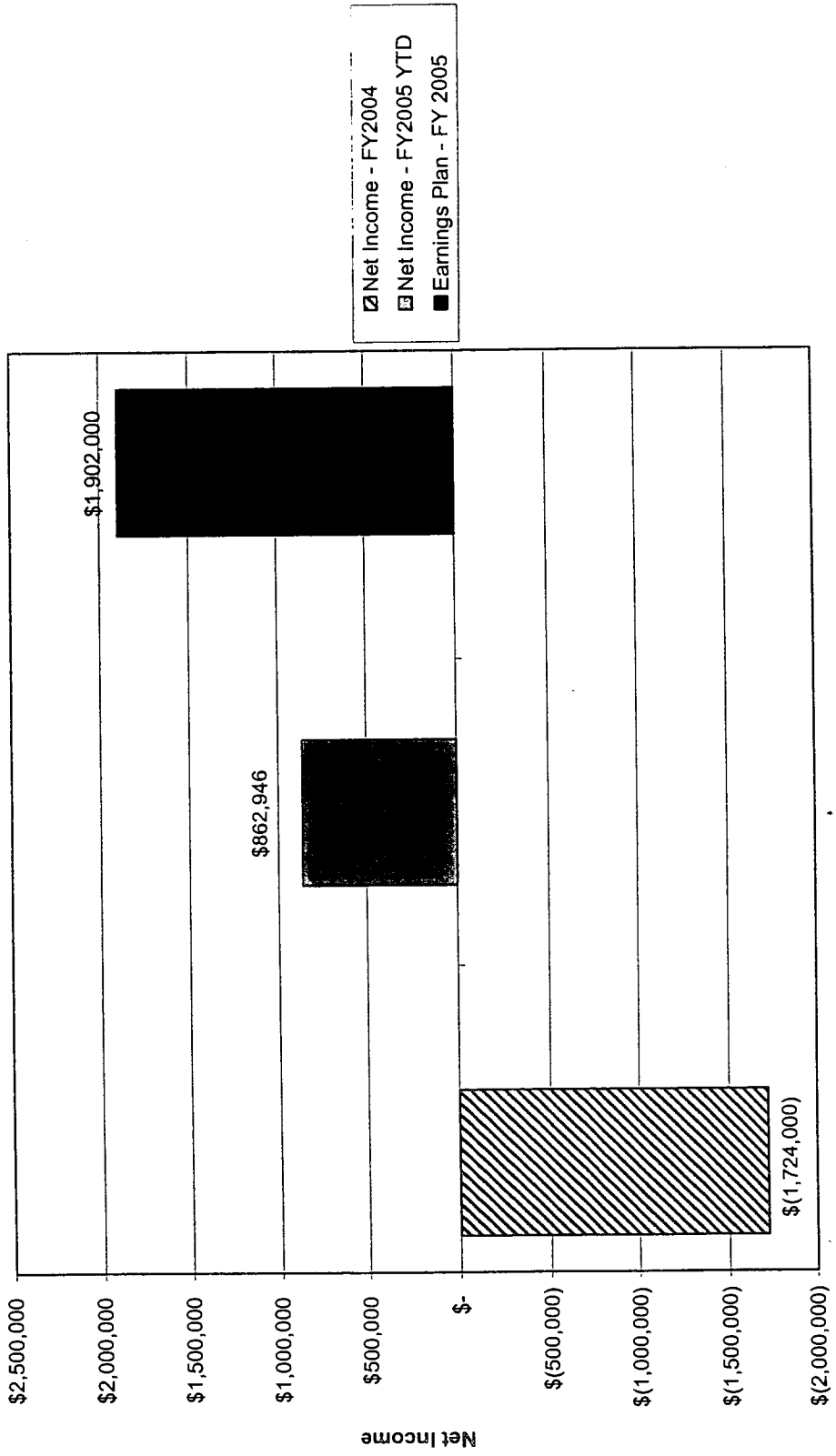
	September 2005	October 2005
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	\$ 28,625,820	\$ 28,576,817
RECEIVABLES, NET	7,727,130	7,782,186
OTHER RECEIVABLES	1,229,239	1,233,122
PREPAID EXPENSES	<u>106,839</u>	<u>80,294</u>
TOTAL CURRENT ASSETS	37,689,028	37,672,419
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	25,264	27,162
DEFERRED ISSUANCE COSTS	1,084,966	1,084,966
OTHER ASSETS - RESTRICTED		
CASH, INVESTMENTS & RESERVES	9,941,799	9,953,662
VENTURE CAPITAL INVESTMENTS	5,683,897	5,683,897 *
OTHER	<u>3,700,000</u>	<u>3,700,000</u>
TOTAL OTHER ASSETS	19,325,696	19,337,559
TOTAL ASSETS	<u>\$ 58,124,954</u>	<u>\$ 58,122,106</u>
LIABILITIES		
CURRENT LIABILITIES	1,169,949	1,126,725
LONG-TERM LIABILITIES	<u>3,220,343</u>	<u>3,220,343</u>
TOTAL LIABILITIES	4,390,292	4,347,068
EQUITY		
CONTRIBUTED CAPITAL	\$ 23,828,249	\$ 23,828,249
RETAINED EARNINGS	10,497,909	10,497,908
NET INCOME / (LOSS)	822,570	862,946
RESERVED/RESTRICTED FUND BALANCE	5,968,199	5,968,199
UNRESERVED FUND BALANCE	<u>12,617,735</u>	<u>12,617,735</u>
TOTAL EQUITY	53,734,663	53,775,037
TOTAL LIABILITIES & EQUITY	<u>\$ 58,124,954</u>	<u>\$ 58,122,106</u>

* An adjustment to the Venture Capital Investment was done as of June 30, 2004.

IFA Monthly Revenues vs. Plan, FY 2005



IFA Net Income



**MINUTES OF THE REGULARLY SCHEDULED MEETING OF THE BOARD OF
DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a regularly scheduled meeting at 1:30 P.M., on October 12, 2004 at the Plaza Club located in One Prudential Plaza, 40th Floor at 130 East Randolph in Chicago, Illinois.

MEMBERS PRESENT:

Demetris Giannoulis
David Gustman
Edward Leonard
Martin Nesbitt
Terrence O'Brien
Timothy Ozark
Andrew Rice
Joseph Valenti

MEMBERS ABSENT:

Natalia Delgado
Michael Goetz
Dr. Roger Herrin

GENERAL BUSINESS ITEMS

Call to Order

Chairman Gustman called the meeting to order at approximately 1:35 P.M., with the above members present.

Roll Call

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

Chairman's Report

Chairman Gustman welcomed the audience to the new building, noting the cost savings stemming from the move. Furthermore, he noted that the Authority was profitable during the first quarter of fiscal year 2005 and was on budget. Finally, he noted the Board has approved \$3 billion in financing over the first 10 months of operation.

Resolution 2004-25: Resolution Appointing a Vice-Chairman of the Illinois Finance Authority

The Chairman then requested that Tim Ozark be nominated as Vice-Chairman for the Board. Upon a motion by Mr. Leonard, seconded by Mr. Valenti, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays and 0 abstentions.

Director's Report

Director Ata welcomed the audience and provided an overview of the new IFA programs to support the Authority's public mission, including the Opportunity Home Mortgage, Capital Opportunity Bond, Tax Anticipation Warrant and Participation Loan programs.

Item 1 - Acceptance of September 2004 Preliminary Financial Statements

Upon a motion by Mr. Ozark and seconded by Mr. Leonard, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions. (04-10-01)

Item 2 – Acceptance of the August 2004 Minutes

The Chairman asked if any member had any comments regarding the minutes of the Board's August minutes. Upon a motion by Mr. Ozark and seconded by Mr. Leonard, Chairman Gustman requested a roll call vote. The motion was approved with 8 ayes, 0 nays, and 0 abstentions. (04-10-02)

Item 3 – Resolution 2004-21: Approving Modified Participation Loan Program Policies and Procedures for the Illinois Finance Authority

Resolution 2004-22: Authorizing the Venture Capital Committee of the Illinois Finance Authority and the Executive Director of the Illinois Finance Authority to Take Certain Actions in Between Meetings of the Members.

Resolution No. 2004-23: Resolution Adopting a Revised Compensation Program for Employees, Other Than Vice Presidents, Senior Funding managers, Funding Managers and the Executive Director, of the Illinois Finance Authority

Resolution 2004-24: Resolution Providing for the Purchase of Local Government Securities in an Aggregate Principal Amount Not to Exceed \$5,000,000, as Provided Herein; Authorizing the Sale Thereof; Approving the Applications of Certain Participating Units of Local Government; Authorizing the Execution and Delivery of Local Government Securities Purchase Agreements and Related Documents; and Related Matters.

Upon a motion by Mr. Ozark and seconded by Mr. Leonard, the Chairman requested leave to record the last unanimous vote to each resolution. The motion was approved with 8 ayes, 0 nays, and 0 abstentions. (04-10-03).

Initial Project Considerations

Item-04 **E-PC-TE-CD-416: The University of Chicago**

This applicant requests preliminary approval of **\$86,000,000** in conduit 501(c)(3) Advance Refunding Revenue Bonds to finance a project located in **Chicago**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-04).

Item-05 **E-PC-TE-CD-414-A: Loyola University**

This applicant requests preliminary approval of **\$46,000,000** in conduit 501(c)(3), Revenue Bonds to finance a project located in **Chicago**. This project is expected to create **30 new jobs** and **250 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-05).

Item-17 **E-PC-TE-CD-414-B: Loyola University**

This applicant requests final approval of **\$24,000,000** in conduit, Tax-Exempt 501(c)(3) Revenue Bonds to finance a project located in **Chicago**. This project is expected to create **20 new jobs** and **50 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-17).

Item-06 **E-PC-TE-CD-415: Illinois College**

This applicant requests preliminary approval of **\$20,000,000** in conduit 501(c)(3), Revenue Bonds to finance a project located in **Jacksonville**. This project is expected to create **15 new jobs** and **200 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-06).

Item-07 **N-NP-TE-CD-418: The YMCA of Metropolitan Chicago Foundation**

This applicant requests preliminary approval of **\$15,000,000** in conduit 501(c)(3), Revenue Bonds to finance projects located in

Chicago and Harvey. This project is expected to create **12 construction jobs.**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-07).

Item-20 **N-NP-TE-CD-415: The YMCA of Metropolitan Chicago**

This applicant requests final approval of **\$27,000,000** in conduit tax-exempt 501(c)(3) Revenue Bonds to finance a project located in **multiple locations across the State.** This project is expected to create **65 new jobs and 200 construction jobs.**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-20).

Item-08 **N-NP-TE-CD-419: Sunshine Through Golf Foundation**

This applicant requests preliminary approval of **\$3,000,000** in conduit 501(c)(3) Revenue Bonds to finance a project located in **Lemont.** This project is expected to create **2 new jobs.**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-08).

Item-09 **I-ID-TE-CD-416: Champagne-Turano Bakery, Inc. Projects**

Berwyn Properties, LLC & MERUG, LLC (Champaigna-Turano Bakery Inc.) request preliminary approval for **\$5,000,000** in tax-exempt, conduit Industrial Revenue Bonds for a project located in **Berwyn.** This project is expected to create **20 new jobs.**

Bolingbrook Properties, LLC & MERUG, LLC (Knead Dough Baking Company) request preliminary approval for **\$5,000,000** in tax-exempt, conduit Industrial Revenue Bonds for a project located in **Bolingbrook.** This project is expected to create **20 new jobs.**

Together, these applicants will be using approximately **\$9,000,000 of the Authority's 2004 Volume Cap.**

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-09).

Item-10 **I-ID-TE-CD-415: Rose Road LLC and Edward J. Smith, Trustee (Termax Corporation)**

This applicant requests preliminary approval of **\$3,800,000** in tax exempt, conduit Industrial Revenue Bonds to finance a project located in **Lake Zurich**. This project will be using **\$3,700,000 of the Authority's 2004 Volume Cap**. It is expected that this project will create **28 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-10).

Item-11 **I-ID-TE-CD-414: Vision Molded Products, Inc. and its affiliates**
This applicant requests preliminary approval of **\$3,200,000** in tax-exempt, conduit Industrial Revenue Bonds to finance a project located in **Elgin**. This project will be using **\$3,150,000 of the Authority's 2004 Volume Cap**. It is expected that this project will create **63 new jobs** and **5-10 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-11).

Item-12 **A-FB-TE-CD-440: Garry M. Pope**
This applicant requests preliminary approval for Beginning Farmer Bonds for **\$250,000** to finance a project located in **Mahomet**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-12).

Item 29 **M-MH-TE-TX-CD-407: Sterling Park Development, LLC**
This applicant requests preliminary approval of **\$190,000,000** in conduit Multi-Family Housing Revenue Bonds to finance a project located in Chicago.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-29).

Item-16 **H-HO-TE-CD-420: Loyola University Medical Center**
This applicant requests preliminary approval for **\$15,500,000** in conduit 501(c)(3) Revenue Bonds to finance a project located in **Maywood**. 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 8 ayes, 0 nays, and 0 abstentions/present (04-10-16).

Final Project Considerations

Item-13 **H-HO-TE-CD-417: The Carle Foundation**

This applicant requests final approval of **\$200,000,000** in conduit 501(c)(3), Revenue Bonds to finance projects located in **Champaign**. This project is expected to create **60 new jobs** and **200 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-13).

Item-14 **H-HO-TE-CD-418: Ingalls Health Systems**

This applicant requests final approval for **\$50,000,000** in conduit Tax-Exempt 501(c)(3) Revenue Bonds to finance projects located in **Tinley Park** and **Harvey**. These projects are expected to create **12 new jobs** and **80 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-14).

Item-15 **H-HO-TE-CD-419: Saint Anthony's Health Center**

This applicant requests final approval of **\$5,000,000** in conduit 501(c)(3) Revenue Bonds to finance a project located in **Alton**. This project is expected to create **4 new jobs** and **15 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-15).

Item-18 **E-PC-TE-CD-412: Illinois Institute of Technology**

This applicant requests final approval of **\$20,000,000** in conduit 501(c)(3) Revenue Bonds to finance a project located in **Chicago**. This project is expected to create **66 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-18).

Item-19

E-PS-TE-CD-411: Rogers Park Montessori School

This applicant requests final approval of **\$12,000,000** in a conduit, Tax-Exempt, 501(c)(3) Revenue Bonds to finance a project located in **Chicago**. This project is expected to create **20 new jobs** and **50 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-19).

Item-21

N-NP-TE-CD-417: Sauk Valley Student Housing, LLC (to be formed)

This applicant requests final approval of **\$8,000,000** in a conduit, Tax-Exempt, 501(c)(3) Revenue Bonds to finance a project located in **Dixon**. This project is expected to create **5 new jobs** and **100 construction jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-21).

Item 22

B-LL-TX-413: Homeway Homes, Inc.

This applicant is requesting final approval of a **\$300,000** Participation Loan to finance a project located in **Deer Creek**. This project is expected to create **56 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-22).

Item 23

B-LL-TX-414: Christine Bonczyk (Penny Lane School, Ltd.)

This applicant is requesting final approval of a **\$740,000** Participation Loan to finance a project located in **Chicago Ridge**. This project is expected to create **60 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-23).

Item 24

V-TD-407: Moiré Inc.

This applicant requests a **\$300,000** investment from the Illinois Venture Investment Fund. Moiré, Inc. is a spin out of the University of Illinois-Champaign/Urbana and is located in **West Chicago** and **Champaign**. This investment is expected to create **4 new jobs**.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-24).

Item-25

A-FB-TE-CD-438: Jared Walter

A-FB-TE-CD-439: Brent A. West

A-FB-TE-CD-441: Kevin and Emily Lilienthal

A-FB-TE-CD-442: Carl J. Kettlekamp and Lori Kettlekamp

A-FB-TE-CD-443: Larry W. Eldridge

These applicants request final approval of Beginning Farmer Bonds for the amounts indicated below:

Jared Walter	\$250,000	(Forrest)
West	\$90,000	(Taylorville)
Lilienthal	\$250,000	(Bloomington)
Kettlekamp	\$189,000	(Nokomis)
Eldridge	\$250,000	(Mason City)

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-25).

Project Revisions/Amendatory Resolutions

Item 26

American Allied Freight Car Company, Inc.

This applicant requests the Members' approval of the assumption and repricing of the loan by Heartland Bank in Peoria, IL.

The Chairman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 8 ayes, 0 nays, and 0 abstentions/present (04-10-26).

The Chairman asked if there was any other business to come before the Board or if any member 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 2:40 P.M.

Respectfully Submitted,

Michael Pisarcik, Secretary

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Rich Frampton
Date: November 9, 2004
Re: Overview Memo for The Peoples Gas Light and Coke Company
I-UR-TE-CD-418

- **Borrower/Project Name:** The Peoples Gas Light and Coke Company
- **Locations:** throughout the City of Chicago (Cook County)
- **Principal Project Contact:** Mr. Doug Ruschau, Vice President - Finance
- **Board Action Requested:** Preliminary Bond Resolution to refinance Series 1995A Bonds
- **Amount:** not to exceed \$50.0 million
 - Uses – 100% Refunding Bonds to refinance 100% of the outstanding balance of Peoples Gas' Series 1995A Gas Supply Revenue Refunding Bonds originally issued by the City of Chicago
 - The original proceeds were used to finance various capital improvements to Peoples' gas supply and distribution system located in the City of Chicago
- **Project Type:** Gas Supply Revenue Refunding Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Gas Supply Revenue Refunding Bonds:**
 - no direct IFA or State funds at risk
 - these financings will not require any Volume Cap
 - these Bonds will be issued under IFA's General Statute and will require the use of IFA debt limit, since these Bonds are not refinancing existing IFA debt

- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$185,000

- **Structure/Ratings:**
 - Bonds to be credit enhanced by Aaa/AAA/AAA- rated bond insurance from AMBAC, FGIC, MBIA, or XL Capital Assurance, Inc.
 - Bonds will be sold as Multi-Modal Bonds, at an initial fixed rate for up to 15 years (10 year initial term anticipated by Borrower)
 - Bonds scheduled to close in December pursuant to a Forward Purchase Contract
 - Bonds to be delivered and settled on or after 3/1/05 (i.e., within 90 days of the 6/1/05 call date)
 - Closing and sale of these Bonds pursuant to a Forward Purchase Contract will enable Peoples to lock-in December rates in advance of the Delivery Date
 - Forward Purchase Contracts are a method to facilitate Refundings in advance of call dates for non-501(c)(3) Private Activity Bonds since the Internal Revenue Code prohibits private companies from undertaking Advance Refundings.

- **Estimated interest rates:**
 - Multi-mode interest rate structure, initially the Bond will bear interest at a Term Rate for up to 15 years (triggered by a mandatory put). The anticipated initial term is 10 years. The initial mode will not be subject to an optional call. The initial rate is estimated at approximately 4.25%, compared to 6.10% on the Series 1995A Bonds.
 - The Bonds are estimated to generate savings of approximately \$1,000,000 per annum. These savings will result in adjustments to Peoples Gas' rate base by the Illinois Commerce Commission, thereby benefiting Peoples' customers throughout Chicago. Net Present Value savings are estimated at \$7,000,000.
 - Bonds are expected to have a 3.5 to 5.5 month forward settlement date.

- **Recommendations/Conditions:**
 - Because these Bonds will be credit enhanced by bond insurance, Staff recommends approval with no extraordinary conditions.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: The Peoples Gas Light and Coke Company

STATISTICS

IFA Project #:	I-UR-TE-CD-418	Amount:	\$50,000,000
Type:	IRB (Exempt Facilities: Gas Supply Revenue Bonds are issued under IFA's General Statute)	IFA Staff:	Rich Frampton
Location:	Chicago	Tax ID:	36-1613900
SIC Code:	2212 (Gas Distribution)	Est. fee:	\$185,000

BOARD ACTION

Preliminary Bond Resolution
Conduit Gas Supply Facilities Refunding Revenue Bonds (Series 2004A)
No IFA funds at risk
Staff recommends approval
No extraordinary conditions

PURPOSE

The proposed Bonds will refinance Prior Series 1995 Bonds originally issued by the City of Chicago.

IFA CONTRIBUTION

The proposed Refunding Bonds will not require any IFA Volume Cap but will require \$50 million of IFA General Statute debt limit, since these Bonds will not be refunding prior IFA debt.

VOTING RECORD

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Refunding Bonds	\$50,000,000	Refunding Bonds	\$50,000,000
	Equity/Bank Revolver	<u>515,000</u>	Costs of Issuance	<u>515,000</u>
	Total	<u>\$50,515,000</u>	Total	<u>\$50,515,000</u>

Source of Equity: Company will draw from cash balances and its unused balances from its \$200 million bank credit facilities as necessary to pay costs of issuance. According to the Company, there were only \$58,000 of draws against this credit facility as of 10/31/2004.

JOBS

Current employment: 2172 (PT and FT)	Projected new jobs: Not applicable (Refunding)
Jobs retained: Not applicable	Construction jobs: Not applicable (Refunding)

BUSINESS SUMMARY

Background: The Peoples Gas Light and Coke Company ("Peoples Gas" or the "Borrower") is a wholly owned subsidiary of Peoples Energy Corporation based in Chicago ("PEC" or the "Parent Company"). The Parent Company was incorporated in 1967 under Illinois law, is solely a holding company, and does not engage directly in any business of its own.

PEC's stock is publicly traded on the NYSE under the ticker symbol "PGL".

Description: PEC's core business is the distribution of natural gas through its two gas utilities, Peoples Gas (serving Chicago) and North Shore Gas (serving 54 communities in Cook and Lake Counties).

Peoples Gas has approximately 825,000 residential, commercial, and industrial retail sales and transportation customers with the City of Chicago. Residential customers account for approximately 74% of the Company's operating revenues. Commercial and industrial customers generate about 16% of sales.

Peoples Gas also owns a storage facility in Central Illinois (Manlove Field, located in unincorporated Champaign County) and a pipeline that connects the Manlove Field facility with six major interstate pipelines to Chicago.

Peoples Gas operates under franchise and license agreements granted by the City of Chicago. Peoples Gas holds a perpetual, nonexclusive franchise from the City of Chicago. Additionally, Peoples Gas is subject to the jurisdiction of and regulation by the Illinois Commerce Commission (the "ICC"). The ICC has general supervisory and regulatory powers over practically all phases of Peoples Gas operations, including rates and charges based on cost structure (i.e., the cost of financing).

IFA (IDFA) issued approximately \$427 million through 5 series of Refunding Bonds during calendar 2003. IFA also closed \$25 million of Gas Supply Revenue Bonds with PEC's North Shore Gas subsidiary in 1992. The Series 1992 Bonds were current refunded in 1998 and are credit enhanced with AMBAC municipal bond insurance and consequently "Aaa/AAA" ratings from Moody's/Fitch). All payments on prior Peoples Gas and North Shore Gas Bonds have been current.

The underlying ratings on IFA's Peoples Gas and North Shore Gas Bonds are not affected by changes to their respective Moody's/S&P/Fitch credit ratings downgrades since all of IFA's outstanding bonds are credit enhanced with Aaa/AAA/AAA-rated bond insurance.

Financials: Audited Financial Statements for The Peoples Gas Light and Coke Co.: Fiscal Years 2000-2003
No projections were prepared since Peoples Gas' PEC parent is a publicly-held company.
(Source of financial information: Peoples Energy Corp.'s 2001 and 2003 10-K filings.)

	<u>Year Ended September 30</u>				<u>(Dollars in 000's)</u>
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	
	Historical				
Income statement:					
Sales	\$956,609	\$1,569,896	\$913,523	\$1,291,669	
Net income	73,576	75,259	77,818	79,582	

Balance sheet:

Current Assets	287,780	438,568	275,083	341,809
PP&E-Net	1,312,094	1,333,201	1,348,640	1,356,604
Other Assets	200,822	267,435	336,787	357,432
Total	\$1,800,696	\$2,039,204	\$1,960,510	\$2,055,845
Current Liabilities	345,217	542,563	443,072	499,017
Long Term Liabilities	452,000	452,000	377,000	350,000
Other Non-Cur. Liab.	397,524	424,011	504,552	580,345
Equity	605,955	620,630	635,886	626,483
Total	\$1,800,696	\$2,039,204	\$1,960,510	\$2,055,845

Supplemental Information:

EBITDA	225,042	221,476	211,448	208,156
Debt Svc. & Fixed Ob.	33,640	36,737	23,673	97,314

Ratios:

EBITDA/Debt Svc. & Fixed Oblig. Coverage	6.69x	6.03x	8.93x	2.14x
Current Ratio	0.83	0.81	0.62	0.68
Debt/Equity	0.75	0.73	0.71	0.54
Debt/Capitalization (Capitalization = LTD + Equity)	0.43	0.42	0.45	0.36

Discussion:

Although Peoples Gas' sales are affected by changes in the unit cost of the Company's gas purchases, in general, the unit cost of gas does not have a significant direct effect on the Company's gross profit margin because of tariffs that provide for dollar-for-dollar recovery of gas costs. In general, however, operating profits of Peoples Gas are directly correlated with volume increases.

In 2003, PGL's revenues increased by approximately \$378 million over 2002 resulting from both (1) higher gas prices, and (2) increased deliveries due to weather that was approximately 19 percent colder. The Company's 2002 revenues decreased by approximately \$661 million compared to 2001 due (1) lower gas prices, and (2) decreased deliveries due to warmer winter weather. In 2001, PGL's revenues increased significantly compared to 2000 again reflecting (1) a significantly higher unit cost of gas and (2) weather that was four percent colder than normal and 19 percent colder than in 2000.

Peoples Gas has generated strong operating cash flows over the last four fiscal years that have been sufficient to cover the Company's fixed obligations (primarily interest payments due on tax-exempt bonds) by multiples of at least 2.14 times or better since 2000. PGL's reduced 2003 debt service coverage reflected payment of a \$75 million principal maturity that came due (prior years did not require any principal payments).

The Peoples Gas Light and Coke Company's strong financial position is reflected in its excellent historical cash flows. The Company's high investment grade ratings also reflect the relatively low risk of operating a regulated gas distribution utility. As of June 30, 2004, Peoples Gas had \$167.5 million of credit facilities of which all except for \$500,000 was unused and available. As of August 4, 2004, Peoples Gas replaced this \$167.5 million credit facility with a \$200.0 million, 364-day syndicated facility from 10 banks led by ABN AMRO Bank, N.V. (Agent).

The proposed Bonds will be secured with Aaa/AAA/AAA-rated municipal bond insurance as credit enhancement (*consequently, future changes in the Company's underlying ratings will be immaterial to prospective IFA Bondholders*). Nevertheless, as a disclosure item to the IFA Board of Directors, The Peoples Gas Light and Coke Company's current long-term Senior Secured 1st Mortgage Revenue Bonds were as follows as of 10/29/2004:

- Moody's: Aa3
- S&P: A-
- Fitch: AA-

The proposed \$50,000,000 Series 2004A Refunding Bonds will refinance existing fixed rate bonds at current market rates estimated to be approximately 2.1% lower than rates borne on the outstanding bonds (i.e., 4.25% on the Refunding Bonds compared to 6.10% on the outstanding City of Chicago Series 1995A Revenue Refunding Bonds). Accordingly, the proposed Series 2004A Refunding Bonds would reduce Peoples Gas' annual interest expense by approximately \$1,000,000 annually. Net Present Value savings are estimated at approximately \$7,000,000. The residual savings will benefit residential, commercial, industrial, and governmental ratepayers throughout Chicago through reductions in Peoples' regulated rate base. Any residual profits that remain will increase Peoples Gas' taxable income in Illinois, thereby increasing its tax payments to the State of Illinois.

FINANCING SUMMARY

Security: Bonds will be credit enhanced with municipal bond insurance from AMBAC, MBIA, FGIC, or XL Capital Assurance.

Structure: \$50.0 million Series 2004A Bonds: Multi-Modal Bonds (estimated 35-year maturity with an initial term of less than 15 years (mandatory put) and a 5 month delayed settlement). Initially, the Bonds are expected to be priced for an initial period of 10 years (with a delayed settlement expected between 3/1/05 and 5/1/05).

Maturity: 35 years (12/31/2040)

PROJECT SUMMARY

Bond proceeds of the \$50 million Series 2004A Bonds will be used to refinance the entire outstanding principal amount of Series 1995A Gas Supply Revenue Bonds originally issued by the City of Chicago. These City of Chicago Bonds, partially or totally, were also used to finance the costs of acquiring, constructing, improving, and equipping the gas distribution and supply systems of Peoples Gas located wholly within and throughout the City of Chicago (Cook County), Illinois, including but not limited to distribution mains and related pressure regulators, services (e.g., pipes connecting mains with piping on customers' premises), meters, buildings, building improvements, computer and power operated equipment, monitoring and regulating systems.

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Peoples Gas Light and Coke Company (Contact: Mr. Doug Ruschau, Vice President-Finance, Peoples Energy Corporation, 130 East Randolph St., Chicago, IL 60601-6207; General Ph.: 312/240-4000; Direct Ph.: 312/240-3818; Fax: 312/240-4082; E-mail: d.ruschau@pecorp.com.)

Project name: The Peoples Gas Light and Coke Company Series 2004A Gas Supply Refunding Revenue Bonds

Locations: Throughout the City of Chicago (Cook County), Illinois.

Land Owner: Most of the principal plants and properties of Peoples Gas, other than mains, meters, regulators, and gas held in underground storage, are located on property owned in fee. Substantially all gas mains are located under public streets, alley and highways, or under property owned by other under grants of easements.

Organization: Corporation

State: Illinois

Ownership: The Peoples Gas Light and Coke Co. is 100% owned by Peoples Energy Corporation. No single shareholder owns greater than 5.0% of PEC's outstanding stock pursuant to public filings as of 6/30/04. Consequently, no further ownership disclosure is required pursuant to IFA Board Policy for publicly held companies.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	McGuire Woods, LLP	Chicago, IL	Mark McGuire
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Rick Cosgrove
Bond Insurance:	AMBAC, MBIA, FGIC, or XL Capital	New York, NY	
Accountant:	Deloitte & Touche, LLP	Chicago, IL	
First Mortgage			
Bond Trustee:	Bank of New York	Chicago, IL	
Rating Agencies:	Moody's Investor Services, Inc.	New York, NY	
	Fitch Ratings	Chicago, IL	
Senior Manager:	LaSalle Capital Markets	Chicago, IL	Victor Chang
Co-Managers:	BNY Capital Markets, Inc.	New York, NY	Daniel de Menocal,
	(Bank of New York)		Jr.
	Loop Capital Markets, LLC	Chicago, IL	Frank Paul
Underwriter's			
Counsel:	Squire, Sanders & Dempsey, L.L.P.	New York, NY	Ed Sinick
Issuer's Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Note: Project sites include all City of Chicago Legislative Districts.

Congressional:
State Senate:
State House:

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors
FROM: Townsend S. Albright
DATE: November 9, 2004
RE: Overview Memo for Spring Hill Holding, LLC and Trim-Rite Food Corporation

- **Borrower/Project Name:** Spring Hill Holding, LLC and Trim-Rite Food Corporation
- **Location:** Rockford, Winnebago County, Illinois
- **Principal Project Contact:** Dave Piatrowski, Controller
- **Amount:** \$8,500,000
- **Board Action Requested:** Approval of a Preliminary Bond Resolution for an amount of \$8,500,000.
- **Type:** New money will be used to (i) purchase land, (ii) construct and equip a pork processing facility, and (iii) fund bond issuance costs.
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$65,450
- **Ratings:** The Bonds will carry a Direct Pay Letter of Credit from LaSalle Bank NA, Chicago, Illinois.

ta/h/trimritecorporationspringhillholdingllcirbmemo

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Spring Hill Holding, LLC and Trim-Rite Food Corporation as Co-Applicants

STATISTICS

Number:	I-ID-TE-CD-417	Amount:	\$8,500,000
Type:	Industrial Revenue Bond	IFA Staff:	Townsend S. Albright
Location:	Rockford	Tax IDs:	36-4469988 (Spring Hill Holding, LLC) 36-3873555 (Trim-Rite Food Corporation)
Est. fee:	\$65,450		
SIC Code:	2011		

BOARD ACTION

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

PURPOSE

Proceeds will be used to (i) purchase land, (ii) construct and equip a pork processing facility, and (iii) fund bond issuance costs.

IFA CONTRIBUTION

\$8,500,000 of IFA Volume Cap

VOTING RECORD

Preliminary Bond Resolution, no prior Board vote

SOURCES AND USES OF FUNDS

Sources:	IDFA bonds	\$8,500,000	Uses:	Project cost	\$9,340,000
	Equity	<u>1,000,000</u>		Bond issuance costs	<u>160,000</u>
	Total	<u>\$9,500,000</u>		Total	<u>\$9,500,000</u>

JOBS

Current employment:	0 (at proposed Rockford site)	Projected new jobs:	265
	206 (Carpentersville facility)		
Jobs retained:	N/A	Construction jobs:	100 (18 months)

BUSINESS SUMMARY

Background: Spring Hill Holding, LLC and Trim-Rite Food Corporation (the "Applicants", "Trim-Rite") were founded in 2000 by James Jendruczek, who is Managing Shareholder; and Alan Bressler, who is a Principal Shareholder. The Applicants' current facility is located in Carpentersville and is a pork slaughter operation. The Applicants engage in the production of fresh pork and beef products. Sales are primarily to food processors and food service customers located in the United States,

Canada, Mexico, and Japan. Messrs Jendruczek and Bressler own 50.0% of the Applicants' outstanding stock, respectively.

Description: Proceeds from the proposed financing will be used to purchase approximately 25 acres of land located in a Rockford Enterprise Zone to construct and equip a 100,000 sq. ft. pork slaughter facility. State-of-the-art equipment for the proposed facility will include refrigerators, boilers, processing and packing systems, wastewater treatment, and a rail and switching siding. The proposed facility will produce fresh pork sold in store-ready packaged portions and in bulk packages for both domestic and export customers. Trim-Rite's clients include Oscar Mayer, Boars Head, Farmland, and public supermarket chains.

Remarks: The Applicant chose the Rockford site because it offers room for expansion and is close to the Chicagoland market and all types of transportation. The new facility will pick up demand from the closing of Rochelle Food's pork processing facility in Rochelle. Rochelle is located a few miles from Rockford. The state-of-the-art facility will make it possible for the Applicant to address and capitalize on the increased demand for pork and pork products as an alternative to beef. The facility is located near many large hog farms which will result in fresher and higher product quality. The interest savings through tax-exempt financing is crucial to keeping the Applicant competitive in this high volume low margin industry.

Financials: Combined audited financial statements for fiscal years ending the last Saturday of September. The years ended 9-28-2002 and 9-27-2003 consisted of 52 weeks. The financial statements for fiscal year ending 9-25-2004 are interim and unaudited. *Pro forma* combined financial statements for fiscal years 2005-2007 are included.

(Dollars in 000s)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Sales	\$54,549	\$60,164	\$81,233	\$97,000	\$110,000	\$124,000
NI	<u>2,409</u>	<u>2,284</u>	<u>3,388</u>	<u>4,000</u>	<u>5,000</u>	<u>6,000</u>
EBIDA	<u>3,039</u>	<u>3,296</u>	<u>3,925</u>	<u>6,047</u>	<u>8,147</u>	<u>10,259</u>
CA	3,646	5,942	6,350	6,050	7,580	9,100
PP&E	8,667	8,068	7,668	8,100	19,170	18,190
Other Assets	<u>1,000</u>	<u>851</u>	<u>543</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>13,313</u>	<u>14,861</u>	<u>14,561</u>	<u>14,150</u>	<u>26,750</u>	<u>27,290</u>
CL	3,448	3,796	3,839	2,749	5,849	5,019
Debt	5,481	5,273	5,027	4,900	13,900	13,270
Equity	<u>4,384</u>	<u>5,792</u>	<u>5,695</u>	<u>6,501</u>	<u>7,001</u>	<u>9,001</u>
Total	<u>\$13,313</u>	<u>\$14,861</u>	<u>\$14,561</u>	<u>\$14,150</u>	<u>\$26,750</u>	<u>\$27,290</u>

Ratios:

Debt Service ratio	9.97x	9.78x	12.34x	10.08x	4.78x	5.09x
CA/CL	1.06	1.57	1.65	2.20	1.30	1.81
Debt/Equity	1.25	0.91	0.89	0.75	1.99	1.47

Note: On December 21, 2000, the Applicants obtained \$5,850,000 of IRB conduit variable rate financing through the Illinois Development Finance Authority to finance the construction and equipping of the Applicants' Carpentersville facility. The bonds are secured by a Direct-Pay Letter of Credit issued by LaSalle Bank NA. Substantially all assets of the Applicants and a personal guarantee of \$250,000 from both of the shareholder/members are pledged as collateral for the Letter of Credit. As of September 27, 2003, the letter of credit balance is \$5,735,425.

The Applicants have a \$2,000,000 line of credit agreement with LaSalle Bank, NA. Interest is payable monthly at the Prime Rate less 1.0% or LIBOR plus 2.0% at the Applicants' choice. The Applicants did not draw on the line of credit during fiscal years 2002, 2003, or 2004. Borrowings under the credit agreement are collateralized by substantially all of the Applicants' assets and are personally guaranteed up to \$500,000 by the stockholders.

FINANCING SUMMARY

Security: Direct-Pay Letter of Credit from LaSalle Bank NA, Chicago, Illinois
Structure: Multi-Mode Tax-Exempt Variable Rate Demand Bonds
Maturity: 25 years

PROJECT SUMMARY

Proceeds will be used to (i) purchase approximately 25 acres of land located at the corner of Montague and Harrison Avenues, Rockford, Winnebago County, Illinois, land, (ii) construct and equip an approximately 100,000 sq. ft. pressed steel and concrete pork processing facility, and (iii) fund bond issuance costs. The proposed facility will be located in an Enterprise Zone.

Project costs:	
Land	\$ 750,000
Construction	5,090,000
Machinery/Equipment	<u>3,500,000</u>
Total	<u>\$9,340,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Spring Hill Holding, LLC and Trim-Rite Food Corporation
Project names: Rockford Facility
Location: Montague and Harrison Avenues, Rockford, Winnebago County, Illinois 61102-3059
Organization: Limited Liability Company and S Corporation
State: Illinois
Board: Messrs Jendruczek and Bressler own 50.0% of the Applicants' outstanding stock, respectively.

PROFESSIONAL & FINANCIAL

Counsel:	Seyfarth Shaw	Chicago, IL	Martin Marta
Accountants:	McGladry & Pullen	Chicago, IL	Zack Foirtsch
Bond Counsel:	Seyfarth Shaw	Chicago, IL	Martin Marta
Issuer's Counsel	TBD		
Placement Agent:	LaSalle Capital Markets	Chicago, IL	Peter Glick
LOC Bank Counsel:	TBD		
Trustee:	TBD		
General Contractor:	Itasca Construction Associates	Itasca, IL	

LEGISLATIVE DISTRICTS

Congressional: 16 Donald Manzullo
State Senate: 34 Dave Syverson
State House: 67 Charles "Chuck" E. Jefferson

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: November 9,, 2004
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Preliminary Bond Resolutions/Inducement Resolutions for each attached project
- **Amounts:** amounts up to \$250,000 maximum of new money for each project
- **Project Type:** **Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2004 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
 - One-time closing fee equal to 1.50% of the bond amount for each project (\$23,994) 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
November 9, 2004

Project Number: A-FB-TE-CD-446
Borrower(s): Philip J. and Katherine Richardson
Town: Roberts
Amount: \$60,000
Fees: \$900
Use of Funds: Farmland – 40 acre grain farm
Purchase Price: \$80,000
% Borrower Equity 25%
% Other Agency 0%
% IFA 75%
County: Ford
Lender/Bond Purchaser: First National Bank in Paxton

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

Interest shall be charged at the rate of 5.00% for the life of the loan.

Project Number: A-FB-TE-CD-447
Borrower(s): Michael and Gabriele Oltmann
Town: Nokomis
Amount: \$45,000
Fees: \$675
Use of Funds: Farmland – 20 acre grain farm
Purchase Price: \$55,000
% Borrower Equity 18%
% Other Agency 0%
% IFA 72%
County: Montgomery
Lender/Bond Purchaser: First National Bank in 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 5.15% for the first year of the loan, thereafter adjusted every year to a rate not to exceed 0.40% above the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-448
Borrower(s): Matthew Schertz
Town: El Paso
Amount: \$60,000
Fees: \$900
Use of Funds: Farmland – 20 acre grain and ranch farming
Purchase Price: \$60,000
% Borrower Equity 0%
% Other Agency 0%
% IFA 100%
County: Woodford
Lender/Bond Purchaser: Flanagan State Bank

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

Interest shall be charged at the rate of 4.00% for the first year of the loan, thereafter adjusted every year to a rate not to exceed 1.00% above the Weekly Average Yield of U.S. Treasury Securities at a One Year Constant Maturity.

Project Number: A-FB-TE-CD-449
Borrower(s): Jeff Delheimer
Town: Elgin
Amount: \$250,000
Fees: \$3,750
Use of Funds: Farmland – 89 acre grain farm
Purchase Price: \$400,500
% Borrower Equity 37%
% Other Agency 0%
% IFA 63%
County: Livingston
Lender/Bond Purchaser: Flanagan State Bank

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

Interest shall be charged at the rate of 4.00% for the first year of the loan, thereafter adjusted every year to a rate not to exceed 1.00% above the Weekly Average Yield of U.S. Treasury Securities at a One Year Constant Maturity.

Project Number: A-FB-TE-CD-450
Borrower(s): Michael and Clarissa Hunt
Town: Galesburg
Amount: \$194,600
Fees: \$2,919
Use of Funds: Farmland – 97 acre grain farm
Purchase Price: \$194,600
% Borrower Equity 0%
% Other Agency 0%
% IFA 100%
County: Knox
Lender/Bond Purchaser: Farmers State Bank of Western IL, Alexis

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

Interest shall be charged at the rate of 4.95% for the first three years of the loan, thereafter adjusted every year to a rate not to exceed 2.00% above the three year U.S. Treasury Note adjusted every three years.

Project Number: A-FB-TE-CD-451
Borrower(s): David Gerdes
Town: Bartelso
Amount: \$155,000
Fees: \$2,325
Use of Funds: Farmland and used depreciable property – 40 acres
Purchase Price: \$140,000 for farmland and \$15,000 for a tractor
% Borrower Equity 0%
% Other Agency 0%
% IFA 100%
County: Clinton
Lender/Bond Purchaser: Germantown Trust and Savings Bank

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

Interest shall be charged at the rate of 4.50% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed 0.25% below the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-452
Borrower(s): Darin Ratermann
Town: Germantown
Amount: \$132,000
Fees: \$1,980
Use of Funds: Farmland – 40 acre grain farm
Purchase Price: \$132,000
 % Borrower Equity 0%
 % Other Agency 0%
 % IFA 100%
County: Clinton
Lender/Bond Purchaser: Germantown Trust and Savings Bank

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

Interest shall be charged at the rate of 4.50% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed 0.25% below the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-453
Borrower(s): Craig Ratermann
Town: Germantown
Amount: \$132,000
Fees: \$1,980
Use of Funds: Farmland – 40 acre grain farm
Purchase Price: \$132,000
 % Borrower Equity 0%
 % Other Agency 0%
 % IFA 100%
County: Clinton
Lender/Bond Purchaser: Germantown Trust and Savings Bank

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

Interest shall be charged at the rate of 4.50% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed 0.25% below the National Prime Rate as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-454
Borrower(s): Paul George Steinhilber
Town: Minonk
Amount: \$33,000
Fees: \$495
Use of Funds: Farmland – 11 acre grain farm
Purchase Price: \$33,000
% Borrower Equity 0%
% Other Agency 0%
% IFA 100%
County: Woodford
Lender/Bond Purchaser: Alpha Community Bank, Minonk

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

Interest shall be charged at the rate of 4.25% for the first year of the loan, thereafter adjusted every year to a rate not to exceed .50% below the National Prime as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-456
Borrower(s): Mark and Jennifer Kinneer
Town: Kirkwood
Amount: \$210,000
Fees: \$3,150
Use of Funds: Farmland – 72 acre grain farm
Purchase Price: \$210,000
% Borrower Equity 0%
% Other Agency 0%
% IFA 100%
County: Henderson
Lender/Bond Purchaser: First Midwest Bank of Western, IL, Monmouth

Principal shall be paid annually in installments determined pursuant to a twenty five years of equal principal payments, with the first principal payment due one year from closing. Accrued interest shall be paid annually.

Interest shall be charged at the rate of 4.65% for first five years of the loan, thereafter the rate shall be adjusted every five years to a rate not to exceed 200 basis points below the National Prime as quoted in the Wall Street Journal.

Project Number: A-FB-TE-CD-457
Borrower(s): Jessica L. Wernsing
Town: Springfield
Amount: \$250,000
Fees: \$3,750
Use of Funds: Farmland – 70 acre grain farm
Purchase Price: \$253,750
% Borrower Equity 1%
% Other Agency 0%
% IFA 99%
County: Christian
Lender/Bond Purchaser: First National Bank in Raymond

Principal shall be paid monthly in installments determined pursuant to a schedule of twenty years of equal principal payments, with the first principal payment due one month from closing. Accrued interest shall be paid annually on February 5th of each year.

Interest shall be charged at the rate of 4.00% for the first three years of the loan, thereafter adjusted every three years to a rate not to exceed .75% below the National Prime as quoted in the Wall Street Journal on January 1, 2008 and on this same date every third year thereafter. Furthermore, the interest rate floor shall be 4.00% and the ceiling shall be 7.50%.

Project Number: A-FB-TE-CD-458
Borrower(s): Clint and Rebecca Dotterer
Town: Fairbury
Amount: \$78,000
Fees: \$1,170
Use of Funds: Farmland – 40 acre grain farm
Purchase Price: \$156,000
% Borrower Equity 0%
% Other Agency 50% - FSA 50-50 Program
% IFA 50%
County: McLean
Lender/Bond Purchaser: Citizens State Bank of Cropsey, Fairbury

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

Interest shall be charged at the rate of 5.00% for the first five years of the loan, thereafter adjusted every five years to a rate not to exceed .25% above the National Prime as quoted in the Wall Street Journal. The rate shall not adjust more than 2% at each adjustment period. The interest rate floor shall be 5.00% and the rate ceiling shall be 11.00%.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Pam Lenane
Date: November 9, 2004
Re: Overview Memo for Swedish American Health System

- **Borrower/Project Name:** Swedish American Health System
- **Locations:** Rockford
- **Principal Project Contact:** Don Haring, Vice President - Finance
- **Board Action Requested:** Purchase Contract Bond Resolution
- **Amount:** not to exceed \$135,000,0000
- **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 \$138,000
- **Structure/Ratings:**
 - **Structure** – Underwriters plan to sell \$135,000,000
 - \$75,000,000 AMBAC “AAA” insured
 - \$60,000,000 Radian “AA” insured
 - **Ratings** – Underlying of “A-/A-“ expected
 - **Days’ cash on hand** – 118 days

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 9, 2004**

Deal: SwedishAmerican Health System

STATISTICS

Deal Number:	H-HO-TE-CD-407	Amount:	\$135,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	PA:	Pam Lenane
Locations:	Rockford	Originator:	Pam Lenane
		Est fee:	\$138,000

BOARD ACTION

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

PURPOSE

Bond proceeds will finance the construction and modernization of the Hospital campus and routine capital expenditures of existing health facilities owned by SwedishAmerican Health System ("SAHS") in Rockford. Additionally, bond proceeds will be used to refinance existing tax-exempt bond debt previously issued by the Illinois Health Facilities Authority and other outstanding indebtedness.

VOLUME CAP

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

VOTING RECORD

The IFA gave its preliminary approval at the February . 2004 by the following vote:

Ayes - 8 Nays -0 Absences - 1 Vacancies -6

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	<u>\$135,000,000</u>	Uses:	Project Costs	\$60,000,000
				Refunding Escrow	75,000,000
				*Issuance Costs	
	Total	<u>\$135,000,000</u>		Total	<u>\$135,000,000</u>

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

JOBS

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

BUSINESS SUMMARY

Background: SwedishAmerican Health System ("SAHS") is a 501(c)(3) corporation established under Illinois law. SwedishAmerican Hospital is a subsidiary of SwedishAmerican Health System and is comprised of a 400-bed, full-service, non-profit hospital serving the greater Rockford region.

Description: On June 6, 1911, the SwedishAmerican Hospital Association received its charter of incorporation from the Illinois Secretary of State. After an extensive fund-raising campaign, the 55-bed SwedishAmerican Hospital was completed on July 17, 1918 at a cost of \$175,000.

Today, the SwedishAmerican Hospital is a 400-bed, full-service, non-profit hospital serving the greater Rockford region, northern Illinois and southern Wisconsin and serves as the flagship of the SwedishAmerican Health System. SwedishAmerican is a teaching hospital with an affiliation to the University of Illinois College of Medicine and has earned a reputation for its commitment to quality health care, including clinical excellence, outcome measurements and placing the needs and concerns of our patients first.

SwedishAmerican has many physicians who maintain active or courtesy privileges. This staff encompasses approximately 40 different specialties. In addition, many specially trained allied health professionals work closely with this staff to provide skilled care using state-of-the-art technology.

Financials: SwedishAmerican Health System
Audited Financial Statements 2002-2004

	<u>Year Ended May 31</u>		
	2002	2003	2004
	(Dollars in 000's)		
Statement of Revenues/Exp.:			
Revenue/Support	\$249,439	\$264,310	\$272,207
Operating Income	10,461	5,121	6,760
Balance sheet:			
Current Assets	\$61,847	\$77,022	\$66,878
PP&E – Net	96,330	93,468	100,954
Other Assets	81,945	79,956	94,182
Total Assets	240,122	250,446	262,014
Current Liabilities	26,000	26,705	29,074
LT Debt/Liabil.	77,974	72,134	70,782
Other Non-Current Liab.	10,245	17,475	20,495
Net Assets	125,903	134,132	141,663
Total Liab. & Net. Assets	\$240,122	\$250,446	\$262,014
Ratios:			
Debt coverage	4.73x	3.33x	3.28x
Days Cash on Hand	102	122	118
Current ratio	2.38	2.88	2.30
Debt/Net Assets	0.39	0.35	0.34

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

SAHS's strong balance sheet (including cash and investments) provide sufficient liquidity to cover 118 days of operating expenses as of 5/31/2004.

FINANCING SUMMARY

Security: SAHS has recently met with two of the rating agencies (Fitch and S&P) and expects long-term ratings of "A - stable"; certain bonds will be rated based upon the use of credit enhancement and/or liquidity facilities (i.e., provided by an "AAA" or "AA"-rated municipal bond insurer).

Structure: The current plan of finance contemplates the issuance of a 80%/20% combination of fixed and floating rate bonds. Certain bonds will be insured by Aaa/AAA-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 SAHS for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by SAHS, including but not limited to the construction and equipping of the Rockford facility and certain routine capital expenditures; (ii) refund or refinance all or a portion of the outstanding principal amount of the Illinois Health Facilities Authority Series 1993 (SwedishAmerican Health System) (the "Series 1993 Bonds"); (iii) refund or refinance all or a portion of the outstanding principal amount of the Illinois Health Facilities Authority Series 2000 (SwedishAmerican Health System) (the "Series 2000 Bonds"); (iv) pay a portion of the interest on the Series 2004 Bonds, if deemed necessary or advisable by SAHS; (v) fund working capital for SAHS, if deemed necessary or advisable by SAHS; (vi) fund a debt service reserve fund, if deemed necessary or advisable by SAHS; and (vii) pay certain expenses incurred in connection with the issuance of the Series 2004 Bonds and the refunding of the Series 1993 Bonds or 2000 Bonds, including but not limited to fees for credit or liquidity enhancement for the Series 2004 Bonds, all as permitted by the Illinois Finance Authority Act.

ECONOMIC DISCLOSURE STATEMENT

Applicant: SwedishAmerican Health Systems, Rockford, IL
Location: 1313 East State Street, Rockford, IL 61104
Project name: SwedishAmerican Health System
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board of Trustees: Danny Copeland, M.D. John Shugart Karl Jacobs
Patrick Derry Richard Walsh James Waddell
Frank Walter William Gorski, M.D.
Tara Blazer James Gingrich
Gordon Geddes Dennis Johnson
John Halbrook Fran Morrissey
Robert B. Klint, M.D. William Roop
Marco Lenis Ted Brolund
Robert Meuleman Gregory Jury
John Myers, M.D. David Rydell
Richard Rundquist C. Steven Sjogren
John Scheub, M.D. Lawrence Gloyd

PROFESSIONAL & FINANCIAL

Borrower's Counsel: Holmstrom & Kennedy Chicago
Accountant: Ernst & Young LLP Chicago
Bond Counsel: Jones Day Chicago Richard K. Tomei
Underwriter: Merrill Lynch & Co. Chicago Ken Vallrugo and
Jeffrey Sahrbeck
Underwriter's Counsel: TBD
Bond Trustee: TBD
Issuer's Counsel: Bell Boyd Chicago Larry Epply

LEGISLATIVE DISTRICTS

Congressional: 16-Donald Manzullo State Senate: 34-Dave Syverson
State House: 67-Chuck Jefferson

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Pam Lenane
Date: November 9, 2004
Re: Overview Memo for Southern Illinois Healthcare Enterprises

- **Borrower/Project Name:** Southern Illinois Healthcare Enterprises
 - **Locations:** Carbondale, Herrin & Murphysboro
 - **Principal Project Contact:** Rex Budde, Senior Vice President of Finance, Treasurer & CFO
 - **Board Action Requested:** Purchase Contract Bond Resolution
 - **Amount:** \$47 million in new money to be used to modernize and expand hospital facilities located in Carbondale, Herrin & Murphysboro and \$26 million to currently refund the certain outstanding bonds of the borrower.
 - **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 \$122,540
- **Structure/Ratings:**
 - **Structure** – Bonds will be insured.
 - **Ratings** – Insurance from a “AAA/Aaa” rated provider is expected..
 - **Days’ cash on hand** – 235 days

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 9, 2004**

Deal: Southern Illinois Healthcare Enterprises

STATISTICS

Deal Number:	H-HO-TE-CD-409	Amount:	\$73,000,000 (not to exceed amount)
Type:	Not-for-profit Bond	PA:	Pam Lenane
Locations:	Carbondale, Herrin & Murphysboro	Est. fee:	\$122,540

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to modernize and expand hospital facilities located in Carbondale, Herrin & Murphysboro and currently refund certain outstanding bonds of the borrower.

IFA CONTRIBUTION

Federal Tax-Exempt status on the Bonds.

VOTING RECORD

The IFA Board gave its approval for this project on February 17, 2004 by the following vote:

Ayes - 8	Nays - 0	Absent - 1	Vacancies - 6
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SOURCES AND USES OF FUNDS

Sources:	IFA bonds	\$73,000,000	Uses:	Project and Escrow costs	TBD
				Debt service reserve	TBD
				Issuance costs	TBD
	Total	<u>\$73,000,000</u>		Total	<u>\$73,000,000</u>

JOBS

Current employment:	1873	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	200 (estimated)

BUSINESS SUMMARY

Southern Illinois Healthcare Enterprises, Inc. ("SIHE") was incorporated in July 1983 as 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 (the "Code"). SIHE is the sole Member of the Obligated Group and owns and operates several medical office building facilities in Carbondale, Illinois and nearby communities. SIHE is the sole member of Southern Illinois Hospital Services ("SIHS").

SIHS was incorporated in April 1946 as an Illinois not-for-profit corporation, exempt from federal income tax under Section 501(c)(3) of the Code. SIHS operates four acute-care hospital facilities: Memorial Hospital of Carbondale

("Memorial") located in Carbondale, Illinois; Herrin Hospital ("Herrin") located in Herrin, Illinois; St. Joseph Memorial Hospital ("St. Joseph") located in Murphysboro, Illinois; and Ferrell Hospital ("Ferrell") located in Eldorado, Illinois. SIHS owns Memorial, Herrin, St. Joseph, and leases Ferrell from a land trust whose beneficial owners are various private individuals. Memorial, Herrin, St. Joseph, and Ferrell are collectively referred to as the "Hospitals." SIHS provides a full array of services through their primary and tertiary hospitals as well as clinics.

Fiscal Years Ended March 31,			
Consolidated Statement of Operations (000s)	2002	2003	2004
Net Patient Service Revenue	\$189,506	\$196,683	\$222,610
Excess of Revenues Over Expenses	(80)	13,252	22,877
Consolidated Balance Sheet (000s)	2002	2003	2004
Cash	6,092	14,404	9,412
Assets Limited as to Use	68,163	79,199	114,114
PP&E	109,152	102,364	98,958
Total Assets	\$238,022	\$246,833	\$283,531
Current Liabilities	27,037	33,005	40,980
Long Term Debt	92,998	88,762	84,259
Total Liabilities & Net Assets	\$238,022	\$246,833	\$283,531
Debt service coverage	3.14x	5.53x	5.57x
Days cash on hand	120	194	235

FINANCING SUMMARY

Security:	Bonds may be secured by a bond insurance policy. The bond insurer will be secured by a Gross Revenue and Negative Pledge.
Structure:	The current plan of finance contemplates the issuance of auction rate bonds. Alternatively, it may be a traditional variable rate demand bond or fixed rate transaction.
Maturity:	30 years

PROJECT SUMMARY

Bond proceeds will be used to currently refund certain outstanding bonds of the borrower and to modernize and expand Hospital facilities at Memorial Hospital, St. Joseph's and Herrin Hospital as well as reimburse SIHE. Projects include expansion of outpatient and rehab facility, bed modernization, and various renovations.

ECONOMIC DISCLOSURE STATEMENT

Project name: Southern Illinois Healthcare Enterprises, University Mall, 1239 East Main Street, P.O. Box 3988, Carbondale, IL 62902-3988

Locations: Memorial Hospital of Carbondale, 405 West Jackson, and Carbondale, IL 62902
Herrin Hospital, 201 South 14th Street, Herrin, IL 62948
St. Joseph Memorial Hospital, 2 South Hospital Drive, Murphysboro, IL 62966
Ferrell Hospital, 1201 Pine Street, Eldorado, IL 62930
Miners Memorial Health Center, 2553 Ken Gray Blvd., West Frankfort, IL 62896

Applicant: Southern Illinois Healthcare
Organization: 501(c)(3) Not-for-profit Corporation
State: Illinois

Board of Trustees: Harold Bardo W. Eugene Basanta
Dale Blaise, M.D. George O'Neill
Russell Brown, D.O., Vice Chair Steve Sabens, Secretary
J. Kevin Dorsey, M.D., Ph. D. Kathleen Fralish, Chair
Sr. Margaret Mary Kopish, ASC Morton Levine
Maxine Pyle, Ph.D. Thomas J. Firestone, MD

PROFESSIONAL AND FINANCIAL

Borrower's Counsel:	Armstrong Teasdale	St. Louis	Kirby Colson
Accountant:	RSM McGladrey	Springfield	
Bond Counsel:	Jones Day	Chicago	Rich Tomei
Underwriter:	RBC Dain Rauscher Inc	Minneapolis	Tom Laird
Underwriter's Counsel:	Gardner Carton & Douglas	Chicago	Steve Kite
Bond Trustee:	TBD		
Issuer's Counsel:	Shefsky & Froelich	Chicago	Brian Hines

LEGISLATIVE DISTRICTS

Carbondale

Congressional: 12-Jerry Costello
State Senate: 58 -David Luechtefeld
State House: 115-Mike Bost

Herrin

Congressional: 19-John Shimkus
State Senate: 59-Larry Woolard
State House: 117-Gary Forby

Murphysboro

Congressional: 12-Jerry Costello
State Senate: 58-David Luechtefeld
State House: 115-Mike Bost

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

To: IFA Board of Directors

From: Rich Frampton

Date: November 9, 2004

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

- **Borrower/Project Name:** MJH Education Assistance IV LLC
- **Location:** 1257 W. Fullerton Ave., Chicago (Cook County), IL 60657
- **Principal Project Contact:** Benjamin Noble, President, MJH Education and Healthcare Foundation, Philadelphia, PA
- **Board Action Requested:** Final Bond Resolution
- **Amount:** not to exceed \$97.5 million (preliminary estimated final amount \$89.75 million)
 - **Uses:**
 - Finance the acquisition of land and the construction and equipping of a new 160-unit/617-bed student dormitory facility at DePaul's Lincoln Park campus.
 - Project will provide campus housing designed primarily for upperclassmen.
- **Project Type:** 501(c)(3) Revenue Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds – no direct IFA or State funds at risk**
 - **New Money Bonds:**
 - Series 2004A-C Bonds: convey tax-exempt status
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$138,000
- **Structure/Ratings:**
 - Structured, non-recourse, project financing with two rated Series (A-B) and a Non-Rated, Subordinate Series (C)

- Bonds will be secured solely by:
 1. Project revenues
 2. First Mortgage and First Security Interest in project assets
 - The Bonds will *not* be guaranteed by DePaul University or MJH Education and Healthcare Foundation

- **Expected Ratings for the proposed 3-Series Structure Senior Bonds:**
 - Senior Series 2004A (1.75x coverage): A3 (Moody's)
 - Subordinate Series 2004B (1.20x coverage): Baa2 (Moody's)
 - Junior Subordinate Series 2004C: non-rated and privately placed (see condition below).

- **Current and estimated rates:** Bonds will be sold at various fixed interest rates over the respective 30-year terms of Series A-B. The Junior Subordinate Series C Bonds will be paid only after satisfying all payments and replenishing all necessary reserves specified in the Trust Indenture for the benefit of the Series A-B Bonds. The Series A-B will mature over 30 years following completion of construction. The anticipated final maturity date is 12/1/2036.
 - **The anticipated True Interest Cost of the Series 2004 A-C Bonds are:**
 - Senior Series 2004A (A3 rating): 5.24%
 - Subordinate Series 2004B (Baa2 rating): 5.62%
 - Junior Subordinate Series 2004C (Non-Rated): 6.00%

- **Recommendations/Conditions:**
 - Staff recommends approval – subject to the following extraordinary conditions:
 1. The non-rated, Junior Subordinate Series 2004C Bonds must be sold in minimum denominations of \$100,000 and be privately placed and sold subject to the execution and delivery of an Accredited Investor Letter to the Trustee which will be required both upon initial sale and upon resale in the secondary market. Initially, Smithfield Properties, LLC (the “Developer”), or an affiliate, will purchase the Junior Subordinate Series 2004C Bonds.)

- **Special Comments Regarding Structure/Use of Proceeds:**
 - Project is being undertaken pursuant to a Development Agreement between MJH and Smithfield Properties (see p. 3 and p. 8 of the accompanying report).
 - Smithfield is responsible for purchasing land, and constructing/developing the property, including obtaining (conventional) construction loan financing. First American Bank will be the Construction Lender.
 - MJH is responsible for permanent take-out financing, with the proceeds of these Bonds, at closing. The Series A-B Bonds will be issued upon Smithfield's acquisition of the subject property in December 2004 and will be expended in a single draw upon Smithfield's substantial completion of the project by 8/15/2006. Bond proceeds will be invested in open market securities while in escrow.
 - As required for any construction loan, the Bonds (i.e., takeout) must be in place.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

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

STATISTICS

Project Number:	E-PC-TE-CD-407	Amount:	\$97,500,000 (not-to-exceed amount)
Type:	Not-for-Profit Bonds	IFA Staff:	Rich Frampton
Location:	Chicago	Est. fee:	\$138,000 (assumes \$89.75 million issue)

BOARD ACTION

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

Staff recommends approval subject to the following extraordinary condition:

Extraordinary condition:

1. The non-rated, Junior Subordinate Series 2004C Bonds must be sold in minimum denominations of \$100,000 and be privately placed and sold subject to the execution and delivery of an Accredited Investor Letter to the Trustee which will be required both upon initial sale and upon resale in the secondary market. (Initially, the Series 2004C Bonds will be purchased by Smithfield Properties, LLC, the "Developer", or an affiliate of the Developer.)

Comment: Project financing commitment from bond purchasers is contingent on rezoning of 1257 W. Fullerton to Residential/Institutional Planned Unit Development. The Chicago City Council will consider a planned development ordinance authorizing the construction of the subject project on November 3, 2004 (outcome to be reported to IFA Board at November 9 Board Meeting).

PURPOSE

Construction and equipping of a new, 6-story, 160-unit, 617-bed student dormitory facility also including limited retail space and 62 car indoor resident parking at DePaul University's Lincoln Park campus.

IFA CONTRIBUTION

Conveyance of federal tax-exempt status on Bonds. 501(c)(3) bond issues do not require Volume Cap.

VOTING RECORD

Preliminary Bond Resolution, August 10, 2004:

Ayes: 10	Nays: 0	Abstentions: 0
Absent: 2 (Goetz, Ozark)		Vacancies: 3

PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Senior A Bonds \$51,065,000 IFA Subord. B Bonds 22,105,000 IFA Series C Jr. Subordinate Bds. 15,500,000 *Forward Invest. Contr. <u>900,000</u> Total <u>\$89,570,000</u>	Uses:	Project Costs \$81,612,992 Debt Svc. Reserves 5,051,894 Working Capital/ Capital Reserves 805,000 Underwriters Discount 955,000 Issuance Costs <u>1,145,114</u> Total <u>\$89,570,000</u>
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*Forward Investment Contract amount is estimated. Final amount will be determined based upon interest rates at the time of pricing.

JOBS

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

BUSINESS SUMMARY

Background: MJH Education Assistance IV LLC (the “Borrower” and “Obligor”) is a to-be-formed Illinois limited liability company. The sole member of the Borrower will be MJH Education & Healthcare Assistance Foundation (the “Foundation”), a California 501(c)(3) not-for-profit corporation. The Foundation is governed by a three-member Board of Directors (see Economic Disclosure Statement section on Page 6 of this report).

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

The Obligor is being established by the Foundation solely for the purpose of developing the subject project to provide affordable student housing (Fullerton Residential Village) in Lincoln Park.

Description: As a “supporting organization” to DePaul, the Foundation previously established three separate single-member limited liability companies to develop and finance various facilities for lease to DePaul. These facilities have included dormitories and parking facilities on DePaul’s Lincoln Park campus (including a dormitory facility that DePaul purchased from MJH that was financed with approximately \$51 million of IFA Bond Financing in July 2004). The Foundation has built or substantially renovated approximately 1,000 student housing beds for DePaul over the last five years.

Unlike its previous projects, however, MJH is undertaking the Fullerton Village project without any financial assistance from DePaul University with the purpose of addressing unmet demand for affordable student housing in Lincoln Park.

The proposed project involves construction of a new 6-story, 275,000 SF, 617-bed apartment-style student housing facility with 100% single occupancy bedrooms, and 62 indoor, on-grade parking spaces on one floor of the facility. Additionally, the facility will also have approximately 10,000 SF of ground floor retail space. Because these non-qualified retail uses will represent less than 3.7% of space and only 1.40% of revenues, thereby satisfying the IRS’s 95% Private Use Test and thereby allowing the facility to be 100% financed with tax-exempt bonds. The final Project Tax Certificate will certify compliance with the 95% Private Use Test.

The new facility will help address the current housing shortage for students, particularly upperclassmen, at DePaul’s Lincoln Park campus. DePaul has had ongoing waiting list of several hundred students for on-campus housing. This project will serve those students (i.e., 3rd and 4th year

undergraduates) who have the most difficulty obtaining affordable housing close to the campus. DePaul is hopeful that the proposed facility will reduce its transfer rate by upperclassmen.

According to the Foundation, the proposed tax-exempt bond issue will enable MJH to construct a high-quality hybrid dormitory facility that will provide amenities typically found in apartments but in an on-campus facility. The anticipated per-bed cost to students will be approximately \$985/month for a four-bedroom, four-student unit.

The site of the project is currently the site of a functionally obsolete trade school facility (Coyne American Institute) that will be relocating to 330 North Green Street in December 2004.

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

**Development
Agreement for
Construction/
Financing:**

Pursuant to its Development Agreement with MJH, Smithfield Properties XXV, LLC, ("Smithfield") of Chicago will (1) acquire the subject property from the Coyne American Institute, (2) obtain construction financing, and (3) and construct the project on behalf of MJH. MJH is responsible for obtaining Bond Financing to provide permanent takeout financing to pay off the Construction Loan.

Smithfield has negotiated for the acquisition of the subject property and is expected to be the initial purchaser of the \$15,500,000 Junior Subordinate Series 2004C Bonds. The anticipated Substantial Project Completion Date is no later than August 15, 2006.

Smithfield has successfully developed more than 700 student housing units on behalf of the School of the Art Institute.

Smithfield Construction Group, Inc., an affiliate, will be the General Contractor.

Appendix A provides additional detail regarding provisions of the Development Agreement between MJH and Smithfield.

**Property
Manager:**

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

Financials: Preliminary pro forma financials for fiscal years ended 7/31/2007 through 7/31/2011 as prepared by the Applicant. Initial year of operation will commence upon 8/16/2006 completion date.

		(Dollars in \$ 000's)				
		Year Ended July 31				
		2007	2008	2009	2010	2011
Revenue	8/16/06-7/31/07	Stabilized				
Gross Rent	\$7,731	\$7,962	\$8,280	\$8,612	\$8,956	
Less 4.0% Vacancy Loss	(309)	(318)	(331)	(334)	(358)	
Less 1.25% Bad Debt	(97)	(100)	(104)	(108)	(112)	
Less Staff Housing	(139)	(144)	(150)	(156)	(162)	
Ancil.Rev.(laundry, vending, etc.)	147	153	159	165	172	
Retail Space Net Rent (\$7.50/SF Net; 75% Occupied)	242	252	262	272	283	
Parking Revenue	--	--	--	--	--	
Projected Total Revenue	7,575	7,805	8,116	8,441	8,779	
Operating Expenses:						
Utilities	361	376	391	406	423	
Maintenance	480	543	611	635	660	
Management Fee (4.5%)	348	358	373	388	403	
Residence Life Expenses	403	419	436	453	472	
Insurance	192	200	208	216	224	
Reserves (\$175/Bed)	102	106	110	114	119	
Project Total Oper. Exp.	1,886	2,002	2,129	2,212	2,301	

Net Operating Income:	5,689	5,803	5,988	6,229	6,478	Covenant
Series 2004A Net Debt Service:	2,003	3,310	3,308	3,308	3,311	
Series 2004A Debt Service Coverage:	2.84x	1.75x	1.81x	1.88x	1.96x	>1.75x
Series 2004B Net Debt Service:	927	1,494	1,496	1,496	1,496	
Debt Service Coverage Series A-B:	1.94x	1.21x	1.25x	1.30x	1.35x	>1.20x
MJH Asset Mgmt. Fee(0.50%-Gr. Rev.)	39	40	41	43	45	
Excess Net Oper. Income:	2,721	959	1,142	1,382	1,626	
Jr. Subordinate Series 2004C Net D.S.:	387	930	930	1,190	1,194	
Debt Service Coverage Series A-C:	1.70x	1.01x	1.04x	1.03x	1.07x	>1.00x
Excess Funds after D.S. and Mgmt Fee to MJH:	2,334	29	212	192	432	

Discussion: These preliminary projections were prepared with assumptions provided by the Borrower and the Financing Team (that may be change prior to finalizing the Official Statement and Private Placement Memorandum for the Bonds).

Key projection assumptions include the following:

- Bonds issued as of 12/1/2004
- Construction will be completed as of August 15, 2006
- The property will commence occupancy as of August 16, 2006
- Vacancy assumptions: 4% (stabilized in Year 1 – 2007); low initial vacancy based on experience based on recently opened University Center project in South Loop and Demand Study for student housing in Lincoln Park prepared for this project

- Bad Debt Collection Loss: 1.25% of Gross Revenues
- Rent Escalation: 4% per annum
- Expense Escalation: 4% per annum
- Monthly rental rates comparable to University Center project in South Loop for each respective unit size
- Interest payments begin as of 6/1/2005 for the Series 2004 A-B Bonds
 - The Capitalized Interest Accounts of the Series 2004 A-B Bonds will generate cash flows to service all interest payments through 12/1/2006 (i.e., through 8/15/2006 project completion)
- Principal Payments begin as of 6/1/2008 for the Series 2004 A-B Bonds

Flow of Funds Assumptions (3-Series Structure from Trust Indenture):

- Student Rents first applied to make required deposits to Operations & Maintenance Reserves
- Rents then applied to service debt service payments under 3-Tranche Structure
 - 3-Tranche Structure (with the 2 senior tranches sold and rated based on projected debt service coverage as necessary to achieve the benchmark ratings from Moody's; one non-rated, subordinate tranche)
 - Senior Series 2004A: 1.75x coverage (A3 Rated) of P&I of Series A
 - Subordinate Series 2004B: 1.20x coverage (Baa2 Rated) of P&I on A-B
 - *Payments Subordinated to the Series 2004 A-B Bonds in the following order of priority:*
 - Operation and Maintenance Reserve ("O&M")
 - Debt Service Reserve Fund (For Series 2004 A-B Bonds)
 - Capital Maintenance Reserves
 - *Asset Management Fee Payments (Subordinated to O&M, Capital and Debt Service Reserves pursuant to Trust Indenture)*
 - Junior Subordinate Series 2004C Bonds (Note: interest payments will accrue if there is insufficient cash flow to disburse payments according to the Trust Indenture. Principal payments are not subject to any schedule but will be subordinate and paid from available cash flow pursuant to the Trust Indenture.
 - *Excess Funds after Asset Management Fee Payments and Series 2004C Bond Payments distributed to MJH with excess cash flow gifted to DePaul University*

The MJH-prepared forecasts project stabilization beginning with the 2007-2008 academic year. Based on the foregoing assumptions, the Fullerton Residential Village will generate Net Operating Income sufficient to attain Moody's debt service coverage benchmarks for the target A3 and Baa2 ratings for the Senior Series 2004A and Subordinate Series 2004B bonds, respectively.

Upon repayment of the proposed Bonds in 2036, MJH will donate Fullerton Residential Village to DePaul University.

FINANCING SUMMARY

Series A-B

Rated Bonds: Fixed rate bonds to be sold without credit enhancement with a maturity of 30 years following completion.
The Bonds will be issued as two series of one issue (along with the Junior Subordinate Series C Bonds below), with differing levels of debt service coverage to take advantage of lower rates associated with the more highly rated portions of the transaction (as noted in the preceding section

of this report). Minimum coverage is anticipated at 1.20x for the lowest rated senior portion (i.e., Subordinate Series 2004B will be rated "Baa2" (Moody's)).

Junior Subordinate

Non-Rated

C Bonds: The Subordinate Series 2004C Bonds will partially finance the acquisition of the subject land and will be privately placed and sold with a traveling Investor Letter.

Final Maturity

Date: 12/31/2039 pursuant to IFA Resolution (although 12/1/2036 -- 30 years after drawing down proceeds to purchase a turnkey property from Smithfield is the anticipated final maturity date). Principal amortized over the 30 year term.

Interest Rates:

Series 2004A Senior Bonds (A3 rating): 5.24% True Interest Cost
Subordinate Series 2004B Bonds (Baa2 rating): 5.62% True Interest Cost
Junior Subordinate Series 2004C Bonds (Non-rated): 6.00% True Interest Cost

Security:

The Bonds will be solely secured by (i) project revenues and (ii) a First Mortgage on Project Assets. The Bonds will not be guaranteed by DePaul University or MJH Education and Healthcare Assistance Foundation.

Debt

Svc. Reserves: Funded for the Series 2004 A-B Bonds and capitalized at an amount equal to 10% of outstanding Par.

PROJECT SUMMARY

Bond proceeds will provide permanent financing to takeout temporary, construction financing obtained by the Project Developer (Smithfield). Bond proceeds will be finance the acquisition, construction, and equipping of a new, approximately 617-bed, 6-story student housing facility with approximately 62 indoor parking spaces and approximately 10,000 square feet of ground floor retail space to be located at 1257 W. Fullerton Ave., Chicago (Cook County), IL 60614-2102. Additionally, bond proceeds will pay capitalized interest during construction, make an initial deposit to an Operation and Maintenance Fund to provide for initial operating expenses, fund a Debt Service reserve Fund for the Series A-C Bonds, and pay certain costs of issuance related to the issuance of the Series 2004 Bonds. The facility will be commonly known as Fullerton Residential Village and will serve students of DePaul University's Lincoln Park campus.

A summary of preliminary estimated project costs follow:

Land Acquisition:	\$13,750,000
Construction/Equipping	42,240,123
Capitalized Interest	<u>9,657,804</u>
Total	\$81,612,992

ECONOMIC DISCLOSURE STATEMENT

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

Project name: Fullerton Residential Village

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

Organizations: MJH Education Assistance IV LLC, an Illinois Limited Liability Company to be formed
MJH Education and Healthcare Assistance Foundation: a California 501(c)(3) Corporation

Board

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

**Current
 Property
 Owner:**

Coyne American Institute. Contact: Mr. R. T. Freeman, President, Coyne American Institute, 1235-57 W. Fullerton Ave., Chicago, IL 60614; Ph.: 800-999-5220. This property will be purchased by Smithfield Properties, LLC for an interim period in order to expedite relocation of Coyne American Institute. The bond closing will coincide with the relocation of Coyne American Institute to a new location at 330 North Green Street in Chicago. Smithfield will own the property, obtain construction loan financing until completion scheduled for 8/15/2006, at which time bond proceeds will be drawn down to enable MJH to purchase the new dormitory on a turnkey basis from Smithfield Properties.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Davis Wright Tremaine LLP	Los Angeles, CA	Steve Hazen
Accountant:	Isdner & Co.	Bala Cywyny, PA	Gene Ristaino
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL	Jim Luebchow, Steve Wohl
Senior Series 2004A and Subordinated Series 2004B Bonds (Rated A3 and Baa2/Non-Credit-Enhanced)			
Senior Manager:	Citigroup Global Markets, Inc.	Philadelphia, PA	Ken Becker, Chris McNichol, Kirsten Krug
Co-Senior Manager:	Lehman Brothers, Inc.	Chicago, IL New York, NY	Ray Kljajic John Augustine, Jim Costello Carole Brown
Underwriter's Counsel:	Mayer Brown Row & Maw, LLP	Chicago, IL	David Narefsky
Series 2004C Junior Subordinated Series 2004C Bonds (Non-Rated/Non-Credit Enhanced)			
Placement Agent:	Citigroup Global Markets, Inc.	Philadelphia, PA	Ken Becker, Chris McNichol, Kirsten Krug
Placement Agent's Counsel:	Mayer Brown Row & Maw, LLP	Chicago, IL	David Narefsky
Trustee:	US Bank, National Association	Chicago, IL	Grace Gorka
Rating Agency:	Moody's Investors Service, Inc.	New York, NY	
Development Consultant:	Smithfield Properties, LLC	Chicago, IL	Robert Buono
Architect:	Antunovich Associates	Chicago, IL	Joseph Antunovich
General Contractor:	Smithfield Construction Group, Inc.	Chicago, IL	W. Harris Smith
Student Housing Consultant/Prop.Mgr.:	The Scion Group LLC	Chicago, IL	Robert Bronstein
Demand Study Consultant:	Hanbury Evans Wright Vlattas & Co.	Cambridge, MA	
Appraiser:	Integra Realty Resources	Chicago, IL	
IFA Counsel:	Freeborn and Peters LLP	Chicago, IL	Michael O'Shaughnessy

LEGISLATIVE DISTRICTS

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

Appendix A: Overview of MJH/Smithfield Development Agreement

Summary of Development Agreement between MJH Education Assistance IV, LLC and Smithfield Properties XXV, LLC:

1. MJH appoints Smithfield as the exclusive developer of the Project (including demolition of the existing Coyne-American Institute buildings) on the subject Project site.
2. MJH agrees to provide for the issuance of the Series 2004 A-C Bonds to provide permanent financing for the Project.
3. Smithfield agrees to arrange for the Construction Loan, for the purpose of financing the acquisition of the Project Site and the development of the Project, until the Project has been substantially completed. Smithfield has arranged for a Construction Loan with First American Bank. This Construction Loan is entirely non-recourse to MJH and is limited to application of the Proceeds of the Series 2004 A-B Bonds. The Construction Mortgage will have a senior priority lien on the Project to the lien of the Mortgage. When the Bonds pay off the Construction Loan, the lien of the Construction Mortgage will be extinguished and the lien of the Mortgage will become Senior.
4. The Developer is obligated to cause the development and construction of the Project to be completed on or before August 15, 2006 (The "Scheduled Substantial Project Completion Date").
5. The Proceeds of the Series 2004 Bonds will be used to pay off the Construction Loan in a single disbursement on the Scheduled Substantial Project Completion Date.
6. If there are cost overruns or the Developer fails to deliver the Project, MJH will have the following remedies:
 - The right to extend the Scheduled Substantial Project Completion Date
 - The right to terminate the Development Agreement subject to a Repurchase Option granted to the Smithfield
 - Smithfield will be obligated for liquidated damages, assessed on a daily basis
7. In consideration for undertaking the development and construction of the Project, MJH will provide for the issuance of the Series 2004C Bonds to Smithfield (or Smithfield affiliates).
 - No Junior Subordinate Series C bond proceeds will be disbursed at closing.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Rich Frampton
Date: November 9, 2004
Re: Overview Memo for The University of Chicago
E-PC-TE-CD-416

- **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 \$80 million
 - **Uses:**
 - This project will Advance Refunding the University's Series 2001 IFA (IEFA) Bonds.
- **Project Type:** 501(c)(3) Revenue Bonds
- **IFA Benefits:**
 - **Conduit Tax-Exempt and Taxable Bonds:**
 - no direct IFA or State funds at risk
 - **Advance Refunding Bonds:**
 - facilitates a refinancing prior to the original call dates
- **IFA Fees:**
 - One-time, upfront closing fee estimated at \$135,000
- **Structure/Ratings:**
 - Bonds to be sold directly based on the University's credit rating which is expected to be affirmed soon in connection with the University's scheduled 11/29/04 issuance of \$200 million of Variable Rate Tax-Exempt Bonds through IFA.
 - **Short-Term Ratings:** VMIG1/A-1+/F1+ (Moody's/S&P/Fitch)
- **Current and estimated rates:** Bonds will be sold initially as 7-day variable rate demand bonds with an anticipated 38-year maturity. These Bonds may ultimately be swapped to a fixed rate if market conditions become favorable.

- **Initial estimated savings:** The existing Series 2001 Bonds currently bear an interest rate of 5.25% fixed. The current effective initial rate on the 7-day variable rate demand bonds is approximately 1.625%, inclusive of all costs as of 10/27/04 (the University of Chicago does not pay an ongoing credit enhancement fee, unlike most IFA Borrowers). Assuming that the effective underlying rate on the 7-day tax-exempt-taxable floaters averages 4.00% over the next 3 years, the proposed savings would be approximately \$937,500 per annum. Ultimately, the University of Chicago may swap these Bonds to a Fixed Rate (i.e., pursue a synthetic refunding) if market conditions are favorable.
 - Morgan Stanley (Senior Manager) estimated the Net Present Value savings at approximately \$11 million as of 10/5/04.

- **Recommendations/Conditions:**
 - Because the proposed 7-day variable rate demand bonds will carry a high short-term investment grade ratings from each of the three ratings agencies, Staff recommends approval with no extraordinary conditions.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: The University of Chicago

STATISTICS

IFA Project #:	E-PC-TE-CD-416	Amount:	\$80,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Rich Frampton
Locations:	Chicago	Est. fee:	\$135,000
SIC Code:	8221		

BOARD ACTION

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

PURPOSE

This project will involve advance refund the University's Series 2001 Bonds issued by IFA (IEFA). Bonds that cannot be initially advance refunded on a Tax-Exempt basis will be advance refunded on a Taxable basis then converted to Tax-Exempt mode at the next call date (anticipated within 90 days of 7/1/2011).

IFA CONTRIBUTION

IFA will convey federal tax exemption on the Tax-Exempt Advance Refunding Series and on the Taxable Convertible Series at the next applicable call date. No Volume Cap is required for 501(c)(3) financings.

VOTING RECORD

Preliminary Bond Resolution, October 12, 2004:

Ayes: 8	Nays: 0	Abstentions: 0
Absent: 3 (Delgado, Goetz)	Vacancies: 4	

SOURCES AND USES OF FUNDS

Sources:	IFA Tax-Exempt and Taxable Bonds	\$80,000,000	Uses:	Refund 2001 Bonds	\$80,000,000
	Equity	<u>475,000</u>		Issuance Costs	<u>475,000</u>
	Total	<u>\$80,475,000</u>		Total	<u>\$80,475,000</u>

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:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

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 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 were current as of 6/30/04.

Financials: Audited Financial Statements, 2001-2004 (University only -- excludes University of Chicago Hospitals from Consolidated Results).

	(Dollars in Thousands)			
	Year Ended June 30			
	2001	2002	2003	2004
Income Statement:				
Revenues/Support	\$968,067	\$1,088,167	\$1,127,529	\$1,206,930
Change in Net Assets	14,137	58,930	51,130	27,373
* EBIDA	87,686	137,323	133,876	118,747

Balance sheet:

Current assets	1,033,356	930,966	680,639	695,336
Net PP&E	702,076	829,204	942,402	1,113,460
Investments	<u>3,778,903</u>	<u>3,605,852</u>	<u>3,477,946</u>	<u>4,015,534</u>
Total assets	<u>5,514,335</u>	<u>5,366,022</u>	<u>5,100,987</u>	<u>5,824,330</u>
Current liabilities	818,637	763,363	567,811	624,175
Long Term Debt & Capital Leases	515,915	684,583	665,603	863,994
Other LT Liabilities	87,238	102,712	132,324	147,321
Net Assets	<u>4,057,545</u>	<u>3,815,364</u>	<u>3,735,249</u>	<u>4,188,840</u>
Total Liabilities & Net Assets	<u>5,514,335</u>	<u>5,366,022</u>	<u>5,100,987</u>	<u>5,824,330</u>

Ratios:

Debt Service Coverage	3.82x	5.36x	5.07x	4.79x
Current Ratio	1.26	1.22	1.20	1.11
LT Debt/Net Assets	0.16	0.22	0.22	0.26

* EBIDA = Earnings Before Interest, Depreciation and Amortization

Discussion:

The University's principal revenue sources for fiscal year 2004 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 (24%), private grants (7%), and investment income (16%). Revenues increased at a compound growth rate of approximately 7.6% per annum from 2001 to 2004. The two largest sources of revenue growth from 2001 to 2004 were tuition/fees and government grants/contracts.

The University's principal operating expenses consist of compensation and benefits (60% of 2004 revenues), supplies and services (26% of 2004 revenues).

The University of Chicago's balance sheet reflects investment and endowment balances totaling approximately \$4.01 billion as of 6/30/2004 which represents reflects one of the largest endowments of any academic institution in the nation. The University's investment balances as of 6/30/04 represented 461% 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 6/30/04, the University had outstanding general obligations indebtedness totaling approximately \$869.9 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 3.82 times or better over the last 4 years. Liquidity has been excellent and has enabled the University to prepay certain long-term debt. Additionally, the University has a \$65 million unsecured operating cash line of credit with the Northern Trust Company that was unused as of 6/30/04.

The proposed refunding bonds are expected to reduce the University's interest rate by at least 1.25% compared to the existing Series 2001 Bonds. This advance refunding would have improved the University's debt service coverage from 4.79 times to 4.81 times on a *pro forma* basis.

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors
FROM: Townsend S. Albright
DATE: November 9, 2004
RE: Overview Memo for Loyola University

- **Borrower/Project Name:** Loyola University
- **Location:** Chicago, Cook County, Illinois
- **Principal Project Contact:** Tom Hickey, Associate VP - Finance
- **Amount:** \$46,000,000 (not to exceed)
- **Board Action Requested:** Approval of a Final Bond Resolution for an amount not to exceed \$46,000,000 auction-rate bonds.
- **Project Type:** New money will be used to (i) construct a new student living facility, (ii) construct a new Life Sciences Building, (iii) capitalize interest, and (iv) fund bond issuance costs.
- **IFA Benefits:** Conduit tax-exempt and taxable bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$125,000 (Total for \$24,000,000 Series A Bonds and up to \$46,000,000 Series B Bonds.)
- **Ratings:** The Bonds will be insured by XL Capital Assurance and be rated "Aaa" by Moodys Investors Service.

ta/hloyolauniversitymemofinal

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Loyola University

STATISTICS

Number:	E-PC-TE-CD-414-B	Amount:	\$46,000,000 Series B Bonds (not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Location:	Chicago	Tax ID:	36-1408475
Est. fee:	\$125,000	SIC Code:	8221

BOARD ACTION

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

The IFA Board gave final approval for an issue of \$24 million Series 2004 A fixed-rate bonds at the October 12, 2004 IFA Board meeting.

PURPOSE

Proceeds will be used to (i) construct a new student living facility, (ii) construct a new Life Sciences Building, and (iii) fund bond issuance costs.

IFA CONTRIBUTION

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

VOTING RECORD

Voting record from Preliminary IFA Bond Resolution on October 12, 2004 for Series 2004 B Bonds.

Ayes: 8 Nays: 0 Abstentions: 0 Absent: 3 (Delgado, Goetz, Herrin) Vacancies: 4

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	\$ 60,000,000*	Uses:	Project costs	\$ 96,375,000
	State grant	11,000,000		Capitalized Interest	2,800,000
	Applicant equity	<u>29,500,000</u>		Bond Issuance Costs	<u>1,325,000</u>
Total		<u>\$100,500,000</u>	Total		<u>\$100,500,000</u>

* Series 2004 A and B

JOBS

Current employment: 2430 FTEs, 1012 PTEs
Jobs retained: N/A

Projected new jobs: 30
Construction jobs: 250 (18months)

BUSINESS SUMMARY

Background: Loyola University, (the "Applicant", the "University") is a private, co-educational not-for-profit institution of higher education, research, and healthcare founded in 1870 by the Society of Jesus (Jesuits). The University operates as several divisions: (i), University Academic consisting of Loyola Higher Education, Loyola Management Company, and Mundelein College. University Academic operates on four campuses and serves more than 13,000 undergraduate, graduate, and professional degree students., (ii) Loyola University Health System, which is a wholly-owned subsidiary corporation of the University, and (iii) Loyola University of Chicago Insurance Company, which is a for-profit Cayman Islands insurance company. The College is governed by a 38-member Board. A list of members is included for IFA Board review.

Description: The proposed financing will provide funds for two projects: (i), a new 25-story student residence hall to be located within walking distance from the Applicant's Lake Shore Campus and (ii) a state-of-the-art Life Sciences Building to be located on Sheridan Road in Chicago.

Remarks: The proposed financing will provide much needed student housing and up to date science facilities. These projects will help ensure the University can remain competitive, continue to attract quality students well into the 21st Century, and enable it to take advantage of historically low interest rates.

Financials: Audited financial statements for fiscal years ending 6-30-2003 – 2004.
(Dollars in 000s)

	2003	2004
Income Statement		
Total Revenues	\$883,107	\$1,062,594
Operating Expenses	(932,763)	(971,151)
Change in Net Assets	<u>(49,656)</u>	<u>91,443</u>
EBIDA	<u>17,806</u>	<u>160,867</u>
Balance Sheet		
Current Assets	784,094	875,287
PP&E	591,404	622,649
Other Assets	<u>7,176</u>	<u>7,781</u>
Total	<u>1,382,674</u>	<u>1,505,717</u>
Current Liabilities	285,148	337,067
Other LT Liabilities	33,576	30,100
Debt	491,589	504,756
Net Assets	<u>572,361</u>	<u>633,794</u>
Total	<u>\$1,382,674</u>	<u>\$1,505,717</u>
Ratios:		
Debt coverage*	2.16x	3.29x
Current Ratio	2.75	2.60
Debt/Net Assets	0.86	0.80

*Debt service excludes bullet maturities which were refinanced during these years.

FINANCING SUMMARY

Security: The Bonds will be General Obligations of the University and will be insured by XL Capital Assurance and rated "Aaa" by Moodys Investors Service.
Structure: Up to \$46,000,000 Series 2004 B Tax-Exempt Auction-Rate Bonds.
Maturity: 2034

PROJECT SUMMARY

Proceeds will be used to (i) construct a new 25-story student residence hall to be located at 26 E. Pearson Street, Chicago, Cook County, Illinois, (ii) construct a new Life Sciences Building to be located at 1050 W Sheridan Road, Chicago, Cook County, Illinois, (iii) capitalize interest, and (iv) fund bond issuance costs.

Project Costs:	Student Residence Hall	Life Sciences Building
New Construction	\$49,000,000	\$33,800,000
Machinery/Equip.	1,650,000	2,150,000
Arch/Eng	3,725,000	4,550,000
Totals	<u>\$54,375,000</u>	<u>\$40,500,000</u>

Note: Approximately \$48,000,000 and approximately \$12,000,000 of the proposed IFA financing will be allocated to the Student Residence Hall and Life Sciences Building, respectively.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Loyola University
Project names: New Facilities Projects
Locations: 820 N. Michigan Avenue, and 1050 W. Sheridan Road, Chicago, Cook County, Illinois
Organization: 501(c)(3) Corporation
State: Illinois
Board: List attached for IFA Board review.

PROFESSIONAL & FINANCIAL

Counsel:	In House	Chicago, IL	Ellen Munro
	Jones Day Revis & Pogue	Chicago, IL	William J. Harmon
Accountants:	Deloitte & Touche	Chicago, IL	
Bond Counsel:	Chapman and Cutler	Chicago, IL	Jim Luebchow
Issuer's Counsel	Perkins Coie, LLC	Chicago, IL	William E. Corbin, Jr.
Underwriter/:	Piper Jaffray & Co.	St. Louis, MO	Janet Laney
Placement Agent		Chicago, IL	Keith Morgan
Auction Agent:	TBD		
Underwriters' Counsel:	Sonnenschein Nath & Rosenthal	Chicago, IL	Marc L. Schultz
Trustee:	LaSalle Bank, N.A.	Chicago, IL	Margaret Muir
General Contractor:	Power Construction and Engineering Company	Schaumburg, IL	Jeff Karp

LEGISLATIVE DISTRICTS

Congressional: 07, Danny K. Davis; 9, Janice Schakowsky
State Senate: 03, Mattie Hunter; 07, Carol Ronen
State House: 05, Kenneth Duncan; 14, Harry Osterman

LOYOLA UNIVERSITY CHICAGO
TRUSTEES AND THEIR AFFILIATIONS
September, 2004

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Principal
Shatkin, Arbor & Karlov

MRS. ROSEMARY CROGHAN
Civic Volunteer

MS. RHONDA D. CARTWRIGHT
Vice President of Business and
Finance
Loyola University New Orleans

**SR. MARGARET MARY COSGROVE,
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The Cuneo Foundation

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Health Care Ethics
Georgetown University

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Jesuit First Studies Program, LUC

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Chairman
Illinois Arts Council

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Sr Vice President, Corporate Relations
Tribune Company

MRS. ELLEN L. O'CONNOR
Civic Volunteer

REV. SCOTT R. PILARZ, S.J.
President
University of Scranton

MR. JOSEPH A. POWER, JR.
Partner
Power, Rogers, Smith, P.C.

MR. WILLIAM M. PLANTE
News Correspondent, CBS News

MR. MICHAEL R. QUINLAN
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Former Chairman and CEO
McDonald's Corporation

MR. JOHN E. ROONEY
President and CEO
U.S. Cellular

REV. BRADLEY M. SCHAEFER, S.J.
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Life Source, Inc.

MRS. TERESE TERRY
Business Information Specialist
Lippincott Library-Wharton School
University of Pennsylvania

MS. CHERYL T. THOMAS
Ardmore Associates

REV. MICHAEL V. TUETH, S.J.
Associate Chair, Dept of
Communication and Media Studies
Fordham University

MR. FIDELIS N. UMEH
Former President and CEO
SEI Information Technology

MR. EDWARD WANANDI
Chairman
Trailmobile Corporation

REV. KEVIN W. WILDES, S.J.
President
Loyola University New Orleans

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Rich Frampton
Date: November 9, 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:** Final Bond Resolution
- **Amount:** not to exceed \$15.9 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 The Northern Trust Company.
 - **Ratings:** will be based on the underlying Moody's rating of The Northern Trust Company
 - Moody's: Aa3 (Stable)/VMIG-1 affirmed 4/4/2003
 - **Current and estimated rates:** Bonds will be sold initially as 7-day variable rate demand bonds. The most current estimated average effective market interest rate on 7-day floaters (inclusive of ongoing fees) was approximately 2.70% as of 10/27/2004.

- **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:	\$15,900,000 (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

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

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

Preliminary Bond Resolution, September 14, 2004:

Ayes: 9 Nays: 0 Abstentions: 0

Absent: 3 (Delgado, Leonard, O'Brien) Vacancies: 3

SOURCES AND USES OF FUNDS

Sources:	IFA Tax-Ex. Bonds	\$15,835,000	Uses:	Project Costs	\$17,220,000
	Equity	<u>2,465,000</u>		Cap. Interest & LOC	780,000
				Issuance Costs	<u>300,000</u>
	Total	<u>\$18,300,000</u>		Total	<u>\$18,300,000</u>

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 Museum'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			Projected		
	Year Ended Dec. 31			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	<u>53,446</u>	<u>44,004</u>	<u>48,445</u>	<u>48,339</u>	<u>48,541</u>	<u>48,551</u>
Total assets	<u>61,458</u>	<u>49,845</u>	<u>66,773</u>	<u>83,269</u>	<u>83,134</u>	<u>82,709</u>
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	<u>57,664</u>	<u>44,322</u>	<u>62,232</u>	<u>63,398</u>	<u>63,728</u>	<u>64,059</u>
Tot Liabs & Net Assets	<u>61,458</u>	<u>49,845</u>	<u>66,773</u>	<u>83,269</u>	<u>83,134</u>	<u>82,709</u>

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:	Bonds will be sold as Multi-Modal Bonds and priced initially as 7-day variable rate demand revenue bonds secured by a Direct Pay Letter of Credit from The Northern Trust Company. The Bonds will be rated based on The Northern Trust Company's underlying Aa3(Stable)/VMIG-1 Moody's rating.
Term/ Interest Rate:	20-year maximum term and amortization. The most recent average 7-day variable interest rate was approximately 1.50% as of 10/27/04 (thereby resulting in an estimated effective rate of approximately 2.70% as of 10/27/04).
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 renovation and right to use the Murphy Auditorium (which is currently owned by the American College of Surgeons), 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 (Nickerson)	\$2,315,000
Renovation – Nickerson Mansion	7,675,000
Renovation – Murphy Auditorium	5,490,000
Architectural Fees	740,000
Landscaping	<u>1,000,000</u>
Total:	\$17,220,000

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;
Mr. Roger J. Guerin, Secretary/Treasurer, 25 E. Erie Street, Chicago, IL 60611; Ph.: 312-932-8670; Fax: 312/335-9765; e-mail: rguerin@dem-inc.com

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 LLP	Chicago, IL	Laura Bilas
LOC Bank:	The Northern Trust Company	Chicago, IL	Carol Miner
LOC Bank Counsel:	Gardner Carton & Douglas	Chicago, IL	Mary Wilson
Underwriter:	William Blair & Company, L.L.C.	Chicago, IL	Jim Due, Celia Miller
Underwriter's Counsel:	Foley & Lardner LLP	Milwaukee, WI	Dana Lach
Trustee:	Wells Fargo Bank, N.A.	Chicago, IL	Patricia Martirano
Accountant:	Auditor to be selected subject to consent by the LOC Bank		
Rating Agency:	Moody's Investors Service, Inc.	New York, NY	Jami White
IFA Counsel:	Dykema Gossett PLLC	Chicago, IL	Darrell Pierce

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: Townsend Albright
Sharnell Curtis-Martin

Date: November 9, 2004

Re: Overview Memo for the YMCA of Metropolitan Chicago Foundation
IFA Project #: N-NP-TE-CD-418

- **Borrower:** The YMCA of Metropolitan Chicago Foundation
- **Location(s):** Chicago and Harvey
- **Principal Project Contact:** Deborah Stevens, Executive Vice-President & CFO
- **Board Action Requested:** Final Bond Resolution
- **Amount:** \$15,000,000 (not-to-exceed amount)
 - **Uses:**
 - *Refunding:* bond proceeds will refund an outstanding bond issue
 - *New Money:* fund capital improvement projects such as tuck pointing, window replacement, boiler/mechanical work, electrical upgrades, HVAC repairs, resurfacing of parking lots, and replacing roofs.
- **Project Type:** Not-For-Profit Bonds
- **IFA Benefits:**
 - Conduit Tax-Exempt Bonds
 - Interest Savings is approximately \$52,000 annually
- **IFA Fees:**
 - Application Fee of \$1,000
 - Bond Issuance Fee of \$60,000
- **Structure/Ratings:**
 - Purchased and held as an investment by U.S. Bank
 - Fixed interest rate bonds at a rate to be determined (estimated 5.75% - 6.25%)
 - 19-year maturity with a 30-year amortization
- **Recommendation:**
 - Staff recommends approval

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: The YMCA of Metropolitan Chicago Foundation

STATISTICS

Deal Number: N-NP-TE-CD-418	Amount: \$15,000,000 (not-to-exceed amount)
Type: Not-For-Profit Bonds	IFA Staff: Townsend Albright/ Sharnell Curtis-Martin
Location: Chicago and Harvey	Tax ID: 23-7191849
SIC Code: 8641	Est. fee: \$60,000

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to finance capital improvements, refund outstanding debt, fund a debt service reserve, and to pay certain bond issuance costs.

IFA CONTRIBUTION

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

VOTING RECORD

Preliminary Bond Resolution: October 12, 2004

Ayes: 8	Nays: 0
Absent: 3 (Delgado, Goetz, Herrin)	Abstentions: 0
Vacancies: 4	

SOURCES AND USES OF FUNDS

Sources:	IFA Bond	<u>\$15,000,000</u>	Uses:	Project Costs	\$3,583,000
				Refinancing/Refunding	10,040,000
				Debt Service Reserve	506,000
				Bond Issuance Costs	650,000
				Replacement Reserve	<u>221,000</u>
	Total Sources	<u>\$15,000,000</u>		Total Uses	<u>\$15,000,000</u>

JOBS

Current employment: 12	Projected new jobs: N/A
Jobs retained: N/A	Construction jobs: 12

BUSINESS SUMMARY

Background: The YMCA of Metropolitan Chicago Foundation (the "Foundation") was incorporated on September 15, 1972. The Foundation is an Illinois not-for-profit corporation and provides elderly and handicapped persons with housing facilities and related services. The Foundation operates two elderly housing facilities: the Harvey YMCA elderly housing project and the South Chicago YMCA elderly housing project. Both are regulated by the U.S. Department of Housing and Urban Development in terms of operation and rent levels. All units are under the HUD Section 202 project based Section 8 program.

The Foundation is affiliated with the YMCA of Metropolitan Chicago (the "YMCA"). Although the Foundation is not a wholly or partly owned or sponsored by the YMCA, six directors of the Foundation's board are also board members of the YMCA.

Description: The primary service area for the properties is the cities of Chicago and Harvey. Funds from the bond proceeds will primarily be used to refund two outstanding bond issues of approximately \$10 million and fund \$3.5 million in capital improvement projects such as tuckpointing, window replacement, boiler/mechanical work, electrical upgrades, HVAC repairs, resurfacing of parking lots, and replacing roofs.

Financials: Project's Audited Historical Financial Statements 12/31/01 - 12/31/03
Project's Internally Prepared Projections 12/30/04 - 12/30/06

	Year Ended Dec 30		Year Ending Dec 30			
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)					
Income statement:						
Gross Rental Income	\$2,602	\$2,714	\$2,803	\$2,805	\$2,875	\$2,947
Vacancy	(2)	0	(16)	(10)	(28)	(29)
Other Income	81	56	50	43	45	45
Project Income (Net)	<u>\$2,681</u>	<u>\$2,770</u>	<u>\$2,837</u>	<u>\$2,838</u>	<u>\$2,892</u>	<u>\$2,963</u>
Operating Expenses:						
Salaries, wages and benefits	\$413	\$412	\$436	\$445	\$458	\$472
Utilities	268	230	246	263	270	279
Maintenance & Repairs	544	482	461	440	453	467
Management Fees	111	116	116	116	119	122
Replacement Reserve	0	0	0	76	76	76
Other Expenses	144	159	174	175	180	186
Total Operating Expenses	<u>\$1,480</u>	<u>\$1,399</u>	<u>\$1,433</u>	<u>\$1,515</u>	<u>\$1,556</u>	<u>\$1,602</u>
Net Operating Income	\$1,201	\$1,371	\$1,404	\$1,323	\$1,336	\$1,361
Debt Service Payments	1,059	1,059	1,059	990	990	990
Debt Service Coverage ratio	1.13	1.29	1.33	1.35	1.37	1.40

Discussion: The bond issue for the Harvey facility has a present interest rate of 9.25% and an approximate remaining balance of \$5.5 million and the bond issue for the Chicago facility has a present interest rate of 7.625% and an approximate remaining balance of \$4.5 million. The interest savings is approximately \$52,000 annually.

Because this is a project-based rental housing financing, Net Operating Income (NOI) is the pertinent financial indicator. These facilities have generated NOI sufficient to cover existing bonds by multiples of 1.29 times or better since 2002.

The projections assume (1) a 2% vacancy rate, (2) \$76,000 in annual replacement reserves, and (3) a 2% annual increase in rents beginning in 2005. NOI is expected to remain at historical levels. Annual debt service payments are expected to decrease by \$69,000 per annum as a result of this financing. The projections also indicate good debt service coverage of 1.37 times or better beginning in 2005.

FINANCING SUMMARY

Security: Bonds will be purchased directly and held as an investment by U.S. Bank
Structure: Fixed interest rate bonds at a rate to be determined (estimated at 5.75% - 6.25%)
Maturity: 19-year maturity with a 30-year amortization

PROJECT SUMMARY

Bond proceeds will be used to refund outstanding debt of facilities located at 3039 East 91st Street, Chicago, IL 60617 (Cook County) and 178 East 155th Street, Harvey, IL 60426 (Cook County) to finance capital improvements/renovations, fund a debt service reserve and to pay bond issuance costs. Project costs are estimated as follows:

Capital Improvements/Renovations	<u>\$3,583,000</u>
Total Project Costs	<u>\$3,583,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Young Men's Christian Association of Chicago
Project name: YMCA Metropolitan Chicago Housing Refunding Project
Locations: 3039 East 91st Street, Chicago, IL 60617 (Cook County)
178 East 155th Street, Harvey, IL 60426 (Cook County)
Organization: 501(c)(3) Corporations
State: Illinois
Board of Directors: Henry T. Chandler Morgan L. Fitch, Jr.
Donald J. Galen Allen J. Cizner
Benno C. Friedrich Stephen C. Anthony
Harlan Newkirk, Secretary Deborah Stevens, Vice President and Treasurer
Stephen S. Cole, President James H. Hayes, Assistant Secretary
Land Sellers: Not Applicable

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Kutak Rock, LLP	Chicago	Bob Star
Accountant:	Price Waterhouse Coopers	Chicago	Gary Davenport
Bond Counsel:	Chapman and Cutler, LLP	Chicago	Matt Lewin
Bond Purchaser:	U.S. Bank	Denver, CO	Gail Huntsman
Bond Purchaser's Counsel:	Gorsuch Kirgis, LLP	Denver, CO	Randy Komisarek
Placement Agent:	Newman & Associates	Denver, CO	Mark Risch
Issuer's Counsel:	Pugh Jones Johnson and Quandt	Chicago	Robyn Alexander
Trustee:	LaSalle Bank, N.A.	Chicago	John Deutsch

LEGISLATIVE DISTRICTS

Chicago

Congressional: 2 -- Jesse Jackson, Jr.
State Senate: 13 -- Barack Obama
State House: 25 -- Barbara Flynn Currie

Harvey

Congressional: 2 -- Jesse Jackson Jr.
State Senate: 15 -- James Meeks
State House: 30 -- William Davis

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

MEMO TO: IFA Board of Directors
FROM: Townsend S. Albright
DATE: November 9, 2004
RE: Overview Memo for the Sunshine Through Golf Foundation

- **Borrower/Project Name:** Sunshine Through Golf Foundation
- **Location:** Lemont (Cook County)
- **Principal Project Contact:** Robert Markionni, Executive Director
- **Amount:** \$3,000,000 (not to exceed) bonds consisting of up to \$2,250,000 Tax-Exempt 2004 Series A Bonds and \$750,000 Taxable 2004 Series B Bonds.
- **Board Action Requested:** Approval of a Final Bond Resolution.
- **Project Type:** New money to will be used to (i) refund an outstanding mortgage and (ii) fund bond issuance costs.
- **IFA Benefits:** Conduit tax-exempt bonds – no direct IFA or State funds are at risk.
- **IFA Fee:** \$15,000 (not to exceed)
- **Ratings:** The bonds will carry a Direct Pay Letter of Credit from LaSalle Bank, N.A., Chicago, Illinois.

ta/h/sunshinethroughgolfoundationmemofinal

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: **Sunshine Through Golf Foundation**

STATISTICS

Number:	N-NP-TE-CD-419	Amount:	\$3,000,000 (not to exceed)
Type:	NP	IFA Staff:	Townsend S. Albright
Location:	Lemont	Tax ID:	36-2374223
Est. fee:	\$12,375	SIC Code:	7992

BOARD ACTION

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

PURPOSE

Proceeds will be used to (i) refinance an outstanding mortgage and (ii) fund bond issuance costs.

IFA CONTRIBUTION

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

VOTING RECORD

Voting record from Preliminary IFA Bond Resolution on October 12, 2004.

Ayes: 8 Nays: 0 Abstentions: 0 Absent: 3 (Delgado, Goetz, Herrin) Vacancies: 4

SOURCES AND USES OF FUNDS

Sources:	IFA bonds	<u>\$2,800,000</u>	Uses:	Debt refinancing	\$2,700,000
				Bond issuance costs	<u>100,000</u>
	Total	<u>\$2,800,000</u>		Total	<u>\$2,800,000</u>

JOBS

Current employment:	15	Projected new jobs:	2
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

Background: The Sunshine Through Golf Foundation (the "Applicant", the "Foundation") is an Illinois 501(c)(3) corporation which was founded in 1944 as the Chicago District Golf Charities. The Foundation changed its name to the Chicago District Golf Foundation ("CDGA") in 1979. The initial purpose of the Foundation was to assist war veterans coming back from WWII.

The veterans benefited from 9-hole courses and clubhouses built within the Chicago District. Today the Foundation concentrates on junior golf for the underprivileged, turfgrass research, and individuals with disabilities. The Foundation continues to support the VA Lakeside VA Hospital.

The Applicant receives its income from (i) grants, (ii) tournament and CDGA contributions, (iii) rental income from not-for-profit associations who rent space at the Midwest Golf House, (iv) Corporate partner contributions, (v) club insurance contributions, and (iv) CDGA usage fees. The Applicant is governed by a nine-member Board. A list of members is included for IFA Board review.

Description: Proceeds of the proposed financing will refinance the Foundation's current debt in the form of an outstanding mortgage with LaSalle Bank, N.A. The mortgage is secured by the Midwest Golf House, which was completed in June, 2001. It is a 17,000 sq. ft. facility with office space for the CDGA, CDGA Foundation, the Illinois Junior Golf Association, and the Chicago women's Golf Association, an auditorium, museum/library, conference room, and space for future expansion. It is part of the The Midwest Golf House Complex, which is located at Cog Hill.

A land grant of 14 acres by the Jemsek family adjacent to Cog Hill allows for the CDGA Foundation programs including special programs. The Foundation supports Hook a Kid on Golf, Marianjoy, and the National Amputee Golf Association. The Sunshine Campus golf course features three par-3 holes totaling 500 yards, a 12,000 sq. ft. chipping and putting green, and the I*Mag*Jen Clubhouse.

Remarks: The proposed financing will provide savings and improvements in cash flow which will enable the Foundation to expand its programs which bring the benefits and resources of the game of golf to beginners, individuals with disabilities, minorities, and the economically disadvantaged throughout the area served by the CDGA.

Financials: Audited financial statements for fiscal years ending 11-30-2001- 2003
(Dollars in 000s)

Income Statement	2001	2002	2003
Total Revenues	\$3,321	4,525	4,667
Operating expenses	<u>(3,069)</u>	<u>(4,341)</u>	<u>(4,602)</u>
Change in Net Assets	<u>252</u>	<u>184</u>	<u>65</u>
EBIDA	<u>1,298</u>	<u>1,166</u>	<u>813</u>
Balance Sheet			
Current Assets	1,487	1,521	1,494
PP&E	6,384	5,725	5,403
Other Assets	0	20	24
Total	<u>7,871</u>	<u>7,266</u>	<u>6,921</u>
Current Liabilities	1,160	961	861
Other LT Liabilities	0	0	0
Debt	3,317	2,727	2,417
Net Assets	<u>3,394</u>	<u>3,578</u>	<u>3,643</u>
Total	<u>\$7,871</u>	<u>\$7,266</u>	<u>\$6,921</u>
Ratios:			
Debt coverage	1.36x	1.45x	1.32x
Current Ratio	1.28	1.58	1.74
Debt/Net Assets	0.98	0.76	0.66

FINANCING SUMMARY

Security: Direct Pay Letter of Credit from LaSalle Bank, N.A., Chicago, Illinois
Structure: Multi-mode 7-day weekly floating rate bonds consisting of up to \$2,250,000 Tax-Exempt 2004 Series A Bonds and \$750,000 Taxable 2004 Series B Bonds.
Maturity: 20 years

PROJECT SUMMARY

Proceeds will be used to (i) refinance an outstanding mortgage of approximately \$2,700,000 which is in the form of a loan and security agreement and was used to finance the construction of Midwest Golf House which is located at 118955 Archer Avenue, Lemont, Cook County, Illinois and (ii) fund bond issuance costs.

Project Costs:	Refunding	<u>\$2,700,000</u>
	Total	<u>\$2,700,000</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Sunshine Through Golf Foundation
Project name: Midwest Golf House Complex
Location: 118955 Archer Avenue, Lemont, Cook County, Illinois 60439
Organization: 501(c)(3) Corporation
State: Illinois
Board: List attached for IFA Board review

PROFESSIONAL & FINANCIAL

Counsel:	Seyfarth Shaw LLP	Chicago, IL	James Schraidt
Accountants:	McCullough, Rossi & Co. Ltd.	Hoffman Estates, IL	
Bond Counsel:	Bell Boyd & Lloyd, LLC	Chicago, IL	William Price
Issuer's Counsel	Greene & Letts	Chicago, IL	Allen P. Walker
Underwriter/:	LaSalle Capital Markets	Chicago, IL	Peter Glick
Placement Agent			
LOC Bank Counsel:	Bell Boyd & Lloyd, LLC	Chicago, IL	William Price
Trustee:	LaSalle Bank, N. A.	Chicago, IL	Anthony Browne

LEGISLATIVE DISTRICTS

Congressional: 13 Judy Biggert
State Senate: 41 Christine Radogno
State House: 82 Eileen Lyons

Sunshine Through Golf Foundation Board of Director

Robert F. Berry	President
Peter B. Carey	1 st Vice President
Jerry F. Williams	2 nd Vice President
Henry J. Close	Vice President at Large
Lorraine Scodro	Vice President at Large
Matthew L. Pekarek	Secretary
John W. Ingold	Treasurer
Andrew Laidlaw	General Counsel
Steven R. Becker	Ex-Officio

Management

Robert Markionni	(1989)	Executive Director
Ernie Roth	(2001)	Associate Executive Director
Todd Alfred	(1999)	Director of Foundation Operations
John Petrarca	(1996)	Director of Course Rating & Administration

Federal ID# 36-2374223

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Marcia L. Cochran, Funding Manager
Date: November 9, 2004
Re: Overview memo for Greenville Regional Hospital, Inc.

- **Borrower/Project Name:** Greenville Regional Hospital, Inc. (formerly known as Edward A. Utlaut Memorial Hospital, Inc.)
- **Location:** Greenville (Bond County)
- **Principal Project Contact:** Jerry Graber, Chief Finance Officer
- **Board Action Requested:** Final approval to issue not-for-profit lease
 - All the approved terms of the Preliminary Resolution remain the same except for the name change noted above and a \$27,000 increase in total project costs.
- **Amount:** \$1,700,000 (not to exceed amount)
- **Project Type:** Hospital
- **IFA Benefits:**
 - Conduit Tax-Exempt Lease – no direct IFA or State funds at risk
 - New Money Lease: Convey tax-exempt status
- **IFA Fees:**
 - Application fee: \$1,000
 - One-time, upfront closing fee: \$8,500
- **Structure:**
 - Not-For-Profit Lease, issued by IFA; will be purchased by Siemens Financial Services, Inc.
 - Tax-Exempt rate to Greenville Regional Hospital, Inc. set by Siemens Financial Services, Inc. at 5-year U.S. Treasury Note yield in effect.
 - Maturity is five years with Purchase Option to renew the Lease at the end of the lease term for an additional twelve (12) months.
 - IFA will be named as a co-beneficiary with Siemens Financial Services, Inc. in an insurance policy providing liability coverage relating to the operation of the MRI equipment.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 9, 2004**

Project: **Greenville Regional Hospital, Inc.**
(name change from Edward A. Utlaut Memorial Hospital, Inc.)

STATISTICS

Project Number:	N-NP-TE-CD-416	Amount:	\$1,700,000 (not to exceed)
Type:	Not-for-Profit Lease	IFA Staff:	Marcia Cochran
Location:	Greenville	Tax ID:	37-0792770
SIC Code:	6221	Est. fee:	\$8,500

BOARD ACTION

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

PURPOSE

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

IFA CONTRIBUTION

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

VOTING RECORD

Voting record from IFA Preliminary Resolution on June 22, 2004:

Ayes: 10 Nays: 0 Absent: 2 (Nesbitt, O'Brien) Abstain: 0 Vacancies: 3

SOURCES AND USES OF FUNDS

Sources:	IFA	\$1,684,000	Uses:	Project Costs	\$1,684,000
	Equity	30,000		Legal/Professional Fees	30,000
	Total	<u>\$1,714,000</u>		Total	<u>\$1,714,000</u>

JOBS

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

BUSINESS SUMMARY

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

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

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

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

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

Financials: Consolidated Audited Financial Statements: 12/31/01 – 12/31/03

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

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

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

FINANCING SUMMARY

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

Structure: Installment Purchase Agreement. Interest rate based on a five-year Treasury Note yield in effect one week prior to lease commencement. (Currently, the interest rate is 3.78%.)

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

PROJECT SUMMARY

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

MRI Equipment and Installation	\$1,284,000
Construction – Room Modification	<u>400,000</u>
Total	<u>\$1,684,000</u>

Construction cost estimates have increased \$22,000 since the project was originally presented to the Board.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Greenville Regional Hospital, Inc.
Location: 200 Healthcare Drive, Greenville, IL 62246-0808 (Bond County)
Organization: 501(c)3 Not-For-Profit Corporation
State: Illinois
Board of Directors: Morris L. Bond Boyd A. McCracken, M.D.
Richard D. Funneman, M.D. Susan E. Hughey-Rasler, PhD
Hugh E. Siefken, PhD Tom W. Timmermann
Michael L. Coling Thomas W. Harnetiaux
Douglas R. Stroud Jeffrey A. Mollet
Sarah M. Bolen Kevin L. Sybert
Betty F. DeLaurenti Keonarad C. Taylor
Frank R. Joy, Jr.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Greensfelder, Hemker & Gale, PC	St. Louis, MO	Kathy Butler
Accountant:	BKD, LLP	St. Louis, MO	John Sheehan
Lease Purchaser:	Siemens Financial Services, Inc.	Iselin, NJ	Lisa Grieco
Bond Counsel:	Evans, Froehlich, Beth and Chamley	Champaign, IL	Ken Beth
Issuer Counsel:	Hart, Southworth & Witsman	Springfield, IL	Sam Witsman

LEGISLATIVE DISTRICTS

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

MEMORANDUM

TO: IFA BOARD OF DIRECTORS
FROM: CHRISTOPHER VANDENBERG, MANAGER VENTURE INVESTMENTS
SUBJECT: ACCELCHIP SECOND ROUND INVESTMENT
DATE: 11/1/2004

One of our portfolio companies (AccelChip - www.accelchip.com) is currently completing a Series C financing round led by a strategic investor (Xilinx - \$2M) and several "blue chip" venture firms (Greylock and Interwest - \$1.25M each). This was recently brought to my attention and a decision on participation is needed by November 30, 2004. AccelChip was a spin out of Northwestern in 2000 and in 2002 moved to California. To date, the Authority has invested \$295,385. The Series C round is a down round, so this is an opportunity to advance the IFA's ownership stake. Prior to the Series C round, the Authority owned approximately 0.5% of the Company. Without participation, the Authority's position will be reduced to 0.2% (with a value of \$22,752). Each additional \$100,000 invested will increase the Authority's position by 0.7%. Prior to the November 9th Board Meeting, I will complete a more thorough evaluation and meet with the Venture Capital Sub-Committee to formulate a recommendation for the Board.

Preliminarily, I think that the Company is on the right track and has strong financial backers leaving the company with little "financing" risk (i.e. ability to raise additional capital, if necessary). Therefore, remaining risks ultimately are "market" risk and "technology" risk. While I have not done substantial due diligence into either of these yet, based on conversations with the Company, Investors, and my status as a Board observer, I think the Company is now heading in the right direction.

Ultimately, I think we should consider this purely from an investment standpoint, as I believe the economic development mission will be accomplished by continued investment. This technology is a Northwestern spin-out. I argue that supporting this Company, although located in California, still fulfills our mission (encouraging the transfer and commercialization of technologies out of Universities). Not to mention the fact that the founders and some prior employees still have their equity stake. As we have discussed before, our economic development mission with respect to VC goes far beyond purely "Illinois jobs created." The University and the founders still will derive royalties from the commercialization of this technology. The Founders benefit from their equity (as well as their entrepreneurial experience from starting up a company). Also, showcasing a successfully commercialized local technology encourages Coastal venture firms to seek to invest in local technology companies – thereby achieving one of the ultimate goals of the program. Finally, and most importantly, by enhancing our returns from the portfolio, we will have more funds available to invest in local firms. For these reasons, the Authority should continue to support this company and potentially take advantage of a situation to enhance our returns.

I look forward to any questions/comments and can be reached at (312) 651-1363.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Jim Senica
Date: November 9, 2004
Re: Overview memo for Excel Crusher Technologies, L.L.C.

- o Borrower/Project Name: Excel Crusher Technologies, L.L.C.
- o Location: Pekin (Tazewell County)
- o Principal Project Contact: Andy Sparks, Sr. Vice President - Pekin Savings Bank
- o Board Action Requested: Approval to purchase loan participation
- o Amount: \$1,000,000
- o Project Type: Business – Participation Loan
- o IFA Benefits:
 - Buy-down of interest rate -- \$1,000,000 IFA funds at risk
 - Borrower provided with lower blended interest rate
- o IFA Fees:
 - 2.50% additional interest income earned over CD rate: \$25,000
- o Structure:
 - Loan participation to be purchased by Pekin Savings Bank
Loan term will be 5 years with a 10-year amortization and 5-year balloon.
Bank interest rate will be fixed at 5.0%.
IFA's rate will be 3.0%.
 - Collateral will be a pro-rata first mortgage "*pari passu*" with Pekin Savings Bank on project real estate with an as-if-completed appraised fair market value of \$1,850,000 and a pro-rata first position "*pari passu*" on project equipment with a cost value of \$900,000 providing collateral coverage of at least 1.22 times (82% LTV).

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 9, 2004**

Deal: Excel Crusher Technologies, L.L.C.

STATISTICS

Deal Number:	B-LL-TX-416	Amount	\$1,000,000
Type:	Participation Loan	PA:	Jim Senica
Location:	Pekin	Est fee:	\$20,000

BOARD ACTION

Purchase of Participation Loan from Pekin Savings Bank
\$1,000,000 IFA Treasury Funds at risk.
Collateral is *pari passu* first position with the bank.
Staff recommends approval.

PURPOSE

Construction of an industrial building and acquisition of manufacturing machinery and equipment.

VOTING RECORD

Initial board consideration, no voting record.

SOURCES AND USES OF FUNDS

Sources:	IFA	\$1,000,000	Uses: Project Costs	<u>\$2,730,000</u>
	Pekin Savings Bank	1,230,000	Total	<u>\$2,730,000</u>
	Equity*	<u>500,000</u>		
	Total	<u>\$2,730,000</u>		

*Equity will be comprised of land being contributed by the owners.

JOBS

Current employment:	N/A	Projected new jobs:	40
Jobs retained:	N/A	Construction jobs:	N/A

BUSINESS SUMMARY

- Background:** Excel Crusher Technologies, L.L.C. is a newly formed Illinois limited liability company established by Doug and Rick Parsons to engage in the manufacture of cone crushers for use by the aggregate industry. This new Company in essence represents a specialization of foundry services provided by Excel Foundry and Machine, Inc., an Illinois S corporation founded in 1932. Doug and Rick Parsons hold the positions of President and Director of Sales respectively at Excel Foundry and Machine. Excel Foundry and Machine manufactures after market parts for crushers and other large mining equipment, and thus assembling forged components to create the crushers represents a logical extension of the foundry business.
- Description:** Excel Crusher Technologies, L.L.C. will manufacture cone crushers for use by aggregate road construction contractors to crush and pulverize rock used in the paving of roadways and as a foundation base in the building construction industry. The cone crushers are extremely large funnel or "cone" shaped units that are forged from hard metals such as steel. Excel Foundry and Machine, Inc. has been engaged in the manufacturing and marketing of precision bronze, brass, aluminum and steel castings for mining and rock-crushing equipment used by mining and aggregate industries and thus provides a wealth of industry knowledge and relationships.
- Remarks:** The North American crusher market is currently an \$85 million industry annually with only four producers worldwide. The last of the domestic manufacturers, based in Milwaukee, has been purchased by a Finland firm and will be moving production offshore. With all manufacturing located overseas, access to quality service has been a problem. Excel Foundry's customers have been pleading with the Company to manufacture and distribute the entire crusher units as opposed to only the aftermarket parts. Given the experience, outstanding reputation and the contacts held by Excel Foundry and Machine, management anticipates that Excel Crusher Technologies, L.L.C. that it could obtain market share nearing 30% within 5 years.
- Guarantor Financials:** Audited financial statements of Excel Foundry and Machine, Inc. for years 2000 through 2004. Projected financial information of Excel Foundry and Machine, Inc. for years 2005 through 2006

	Year Ended February 28						
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Dollars in 000's)						
Income Statement							
Sales	10,954	11,058	11,970	12,881	16,101	17,111	19,482
Net income	552	20	766	1,154	1,366	1,502	1,653
Balance sheet							
Current assets	4,852	5,187	5,403	6,440	8,166	9,777	11,914
PP&E	4,526	4,438	4,027	4,150	4,327	6,167	4,652
Other assets	<u>458</u>	<u>465</u>	<u>64</u>	<u>73</u>	<u>86</u>	<u>90</u>	<u>90</u>
Total assets	<u>9,836</u>	<u>10,090</u>	<u>9,494</u>	<u>10,663</u>	<u>12,579</u>	<u>16,034</u>	<u>16,656</u>
Current Liabilities	1,240	2,237	1,505	1,375	2,892	2,950	2,275
Debt	2,210	2,113	1,980	2,256	2,117	4,012	3,656
Equity	<u>6,386</u>	<u>5,740</u>	<u>6,009</u>	<u>7,032</u>	<u>7,570</u>	<u>9,072</u>	<u>10,725</u>
Total liab. & equity	<u>9,836</u>	<u>10,090</u>	<u>9,494</u>	<u>10,663</u>	<u>12,579</u>	<u>16,034</u>	<u>16,656</u>
Ratios							
Debt service coverage	4.95	1.03	4.20	4.15	4.69	4.30	5.36
Current ratio	3.91	2.32	3.59	4.68	2.82	3.31	5.24
Debt/equity	0.37	0.39	0.35	0.28	0.30	0.48	0.37

Discussion: Financial statements of Excel Foundry and Machine, Inc. are included to demonstrate the capacity of the guarantor to support this project if required.

Excel Foundry has a consistent earnings history as evidenced by 16 years of excellent financial results. (In fact, the company has just experienced 12 consecutive months of record sales.) Results for fiscal year-end February 28, 2004, for example, indicate a net profit of \$1.37 million on sales of \$16.1 million. Excel's largest customer is Milwaukee-based Bucyrus International, with sales of \$1.10 million in the past fiscal year. Foreign sales totaled \$2.50 million in the past fiscal year. Excel is well capitalized and highly liquid, as indicated by the current and debt-to-equity ratios.

The projected financial information of Excel Foundry and Machine, Inc. for years 2005 and 2006 includes the debt and the assets being financed for Excel Crusher Technologies, L.L.C. The forecast assumes 10% growth in sales and operating expenses, well below recent experience. The forecast assumes no cash flow or income from Excel Crusher. **The forecast shows that the guarantor could easily absorb the additional debt and associated increased interest and depreciation expense, even under a worse case scenario in which Excel Crusher generated no additional income or cash flow.**

Borrower

Financials: Projections prepared by management

	<u>Year Ended February 28</u>		
	(Dollars in 000's)		
	Year 1	Year 2	Year 3
Income Statement			
Sales	3,825	7,212	12,375
Less: Cost of Sales	<u>2,664</u>	<u>5,253</u>	<u>9,500</u>
Gross Profit	1,161	1,959	2,875
Less:			
G & A Expense	1,071	1,272	1,435
Selling Expense	<u>136</u>	<u>237</u>	<u>392</u>
Operating Profit	<u>(46)</u>	<u>450</u>	<u>1,048</u>
Debt service coverage	1.33x	2.91x	5.01x

Discussion: Detailed P & L projections for Excel Crusher Technologies, L.L.C. for years 1 through 3 have been provided by the borrower, have been conservatively prepared and reflect demand for cone crushers expressed by customers of Excel Foundry and Machine, Inc. Each crusher has an average selling price of \$300,000; year one production estimates approximately 12 units, year two estimates 24 units and year three estimates 41 units.

Excel Crusher Technologies, L.L.C. has negotiated access to a \$500,000 line of credit for operating purposes to be secured by receivables and inventory with Pekin Savings Bank. Pekin Savings Bank's commitment is not subject to IFA participation. The Bank's sizeable Commitment and attractive pricing is attributable to its confidence in management and the Guarantor's capacity to carry this project if required.

FINANCING SUMMARY

Borrower: Excel Crusher Technologies, L.L.C.

Security: Pro-rata first mortgage "*pari passu*" with Pekin Savings Bank on the project real estate with an as-if-completed appraised value of \$1.8 million and a pro-rata first position "*pari passu*" on the project machinery and equipment based on a discounted (60%) cost value of \$540,000. representing collateral coverage to IFA and the bank on this participation loan of 1.07 times (93.3% LTV). IFA and the Bank will also share in the corporate guaranty of Excel Foundry and Machine, Inc. with a corporate net worth in excess of \$7.5 million as of February, 2004. NOTE: IFA currently holds an existing loan with Excel Foundry and Machine, Inc. with a paid-down balance of approximately \$200,000. Collateral on this loan is a shared pro-rata first mortgage with Commerce Bank, N.A. - Peoria on the Company's real estate with an appraised value of \$3.1 million.

Structure: Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 200 basis points below what the Bank is charging the customer. The Bank's interest rate will be fixed at 5.0% for the 5-year term of the loan. The loan will be reviewed at the end of the 5-year term for renewal with IFA participation including a provision to extend its term to a maximum of 10 years.

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

Covenants:

- 1) Annual financial statements
- 2) Prior to funding, certified fair market appraisal on the project Real estate for an amount of at least \$1,850,000
- 3) Vendor invoice on the equipment being purchased
- 4) Proof of insurance on the collateral
- 5) Corporate guaranty of Excel Foundry and Machine, Inc.

PROJECT SUMMARY

The proposed project involves the construction of a new industrial building on land contributed by the owners of Excel Crusher Technologies, L.L.C. and the acquisition of new manufacturing machinery and equipment.

Project costs are estimated as follows:

Land	230,000
Building Construction	1,600,000
Machinery & Equipment Acquisition	<u>900,000</u>
Total	<u>\$2,730,000</u>

ECONOMIC DISCLOSURE STATEMENT

Project name: Excel Crusher Technologies, L.L.C.
Location: 14463 Wagonseller Road Pekin, Illinois 61554 (Tazewell County)
Applicant: Excel Crusher Technologies, L.L.C.
Organization: Illinois limited liability corporation

PROFESSIONAL & FINANCIAL

Accountant:	Wolf, Tesser & Co. CPA's	Peoria, Illinois	Jim Wolf
Bank:	Pekin Savings Bank	Pekin, Illinois	Andy Sparks
Borrowers Counsel:	Hush & Eppenberger LLC	Peoria, Illinois	David Higgs
Bank Counsel:	Elliss, Keyser, Oberle & Dancy PC	Pekin, Illinois	Bill Streeter
IFA Counsel:	Dykema Gossett PLLC	Chicago, Illinois	Darrell Pierce

LEGISLATIVE DISTRICTS

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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Steven Trout, Funding Manager
Date: November 9, 2004
Re: **Overview Memo for Francisco and Cecilia Barrera
Durango Products, Inc. (d/b/a Junior Produce)
B-LL-TX-418**

- **Borrower/Project Name:** Francisco and Cecilia Barrera (Durango Products, Inc., d/b/a Junior Produce)
- **Location:** Chicago (Cook Co.)
- **Principal Project Contact:** Mr. Francisco Barrera, Founder of Durango Products, Inc.
- **Board Action Requested:** Final Participation Loan Resolution
- **Amount:** Not to exceed \$1,000,000
- **Uses:**
 - Renovate, expand and equip a 32,204 square-foot industrial site at 2517-39 South Damen in Chicago for use as a wholesale produce storage and distribution center
- **Project Type:** Participation Loan
- **IFA Benefits:**
 - Reduces the Borrower's overall funding rate by 1% per year due to the IFA participation
- **IFA Fees:** \$20,000
- **Structure:**
 - 12-month construction loan convertible to a 5-year term loan amortizing over 25 years
 - Secured by a first mortgage on the subject property, an assignment of rents and leases, personal guarantees of Francisco and Cecilia Barrera and corporate guarantee of Durango Products, Inc.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Francisco and Cecilia Barrera
Durango Products, Inc. (d/b/a Junior Produce)
Damen Marketplace Project

STATISTICS

Project Number:	B-LL-TX-418	Amount:	\$1,000,000 (not-to-exceed amount)
Type:	Participation Loan	IFA Staff:	Steven Trout
Location:	Chicago, IL	Tax ID:	36-4145433
NAICS Code:	424480: Wholesale Produce	Est. fee:	\$20,000

BOARD ACTION

Final Participation Loan Resolution \$1 million of IFA funds at risk	Staff recommends approval, subject to satisfying all conditions of the bank loan.
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PURPOSE

Proceeds will be used to renovate, expand and equip a 34,204 square-foot industrial building at 2517-39 South Damen in Chicago for use as a wholesale produce storage and distribution center.

IFA CONTRIBUTION

Reduces the Borrower's effective interest rate due to IFA's participation by 1%.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Participation	\$1,000,000	Uses:	Project Costs	\$4,550,000
	Construction/Term Loan	2,150,000		Interest Reserve	<u>110,000</u>
	Equity *	<u>1,510,000</u>			
	Total	<u>\$4,660,000</u>		Total	<u>\$4,660,000</u>

* Mr. Barrera has paid \$1,915,000 in cash to acquire the subject real estate (\$1,750,000) and pay soft costs (\$165,000). Mr. Barrera will receive \$715,000 in cash from a \$1,600,000 term loan that will refinance existing mortgages. Proceeds will reimburse Mr. Barrera for project expenses (\$405,000), with the balance (\$310,000) contributed to the project.

JOBS

Current employment:	10	Projected new jobs:	15
Jobs retained:	N/A	Construction jobs:	50 (6 months)

BUSINESS SUMMARY

Description: Francisco Barrera started Durango Products Inc. in 1996. It is an Illinois S-Corporation that does business as Junior Produce. Durango Products supplies fresh fruits and vegetables to Mexican markets and restaurants in Illinois, Indiana and Wisconsin. Junior Produce is one of the area's leading distributors of bananas and avocados. Mr. Barrera has owned his current business about six years, but has been in the produce business for many years.

Francisco and Cecilia Barrera
Durango Products, Inc. (d/b/a Junior Produce)
Damen Marketplace Project
Page 2

Background: Mr. Barrera emigrated to the U.S. from Mexico over 20 years ago. Besides his produce business, Mr. Barrera owns a resort in Hautalco, Mexico and invests in Chicago real estate.

Mr. Barrera currently operates Durango Products out of three units located in the South Water Market at South Water 73, 75 and 77. The South Water Market district is a produce and meat market adjacent to University of Illinois Chicago that opened in 1925 and is now being redeveloped as a residential area. In August 2003, Mr. Barrera sold his units and paid off mortgages owed to Banco Popular.

Durango Products currently leases this space but plans to relocate the business to the subject property that he acquired in 2002. Loan proceeds will be used to renovate and expand the building and install modern quality control and cold storage equipment. Mr. Barrera believes that this project (i.e., Damen Marketplace) will enable Durango Products to expand sales of bananas, avocados and other produce to existing and new customers.

The Bank: Banco Popular has maintained a banking relationship with Mr. Barrera for 2½ years. The Authority has been invited to participate in a 12-month \$3,150,000 construction loan that is convertible upon completion of the project to a 5-year term that amortizes over 25 years. The Bank's Commercial Real Estate Group will administer the construction loan, Chicago Title Insurance and Trust will administer a construction escrow account for each draw and Oppidan USA will serve as inspecting architect. In addition to this facility, the Bank is finalizing a \$1,600,000 5-year term loan that refinances mortgages on four investment properties and provides \$715,000 in cash to invest this project. The Bank is also extending a 1-year, \$200,000 line of credit to finance working capital for Durango Products. All loans are cross-collateralized and have cross default provisions. See the Appraisal section for a discussion on the collateral securing these loans.

The Area: The project is located in the Pilsen/Heart of Chicago neighborhood. The area is in transition with much of the land that was previously utilized by the railroad now being redeveloped. The site has excellent access to Chicago's expressways, with the Stevenson Expressway (I-55) located 1/3 mile south, and the Dan Ryan is accessible via 31st Street approximately 1 mile east. The Pilsen neighborhood is approximately three miles southwest of downtown Chicago.

The subject's immediate area along Damen Avenue is improved predominantly with older industrial facilities with similar utility as the subject. Occupants in the area include Charles Horn Lumber Company, Pacella Company, Planet Recycling and National Waste. Preferred Freezer, located across the street from the subject is a newly constructed cold storage facility. Most new and planned uses are distribution-orientated properties. Many recently arriving occupants have also relocated from the increasingly residential South Water Market district.

Market

Demand: Demand for new space suitable for produce distributors is evidenced by the success of two recent projects in the immediate area.

1. **The Chicago International Produce Market**, located 2400 South Wolcott, is a 436,000 square foot, \$58.4 million development by CenterPoint, the City of Chicago and the Produce Market Relocation LLC to satisfy demand created by the then pending closure of South Water Market. The project sold out April 2003 at an average sale price of \$134 per square foot, according to CenterPoint representatives.

2. **Ashland Marketplace**, located at 3000 South Ashland, is a 535,000 square-foot industrial condominium building that has sold all but 60,000 square-feet to various produce vendors. One vendor, Sonora Produce, recently acquired a 22,500 square-foot unit that All-State Appraisal appraised for \$8,200,000 (\$131.20/SF) on December 22, 2003. Only 62,000 SF remain available for sale at this property. **Ashland Marketplace is located directly north of I-55 between Damen and Ashland avenues, less than ½ mile from the subject site.**

CenterPoint originally sought to develop the International Produce Market as a 600,000 square-foot facility but could not assemble the land. **Mr. Barrera acquired the subject property, a 32,404 industrial building located on 8-acres of land directly west of the International Produce Market.** The building will be expanded and renovated for use as a produce storage and distribution center and named **Damen Marketplace**. The Bank believes that the Damen Marketplace will have superior transportation access to the International Produce Market.

Area Leasing
Trends:

Banco Popular interviewed five leasing brokers who reported that the area has seen strong demand for industrial condo sales, with leasing activity suffering slightly due to the low interest rates. They expect demand for leasing to increase with interest rates. The Bank believes that only the 60,000 square-foot space in Ashland Marketplace (seeking a single tenant) is comparable. Most of the area's space is set up for 50,000 square-foot users, while Damen Marketplace is attractive for a 12,000 square-foot user who is looking for newly built space, which is not now available in the area.

The Industry:

The Chicago metropolitan area remains the nation's transportation and distribution hub. The food industry is generally characterized by high product volume and low unit profit margins, placing a premium on efficient distribution. Inventory, accounts receivable and accounts payable turnover are typically very high, with customers paying an average of five to ten days after delivery.

Guarantor
Financials:

Financial statements for Durango Products, Inc., for 2001, 2002 and 2003 from income tax statements. Forecast for 2004, 2005 and 2006 prepared by IFA staff. All figures are in thousands.

	Year Ending December 31			Year Ended December 31		
	2001	2002	2003	2004	2005	2006
Income statement:						
Sales	<u>\$2,810</u>	<u>\$4,325</u>	<u>\$4,468</u>	<u>\$4,602</u>	<u>\$4,740</u>	<u>\$5,214</u>
Net income	141	140	147	151	91	63
Earnings Before Interest, Taxes & Depreciation	141	215	177	182	202	436
Balance sheet:						
Current Assets	309	170	195	285	346	415
PP&E-Net	108	108	108	158	4,843	4,787
Other Assets	<u>0</u>	<u>359</u>	<u>401</u>	<u>413</u>	<u>426</u>	<u>435</u>
Total Assets	<u>417</u>	<u>538</u>	<u>705</u>	<u>857</u>	<u>5,615</u>	<u>5,637</u>
Current Liabilities	73	53	73	76	133	147
Long Term Debt	0	0	0	0	3,100	3,045
Other Liabilities	0	0	0	0	0	0
Equity	<u>344</u>	<u>485</u>	<u>631</u>	<u>781</u>	<u>2,382</u>	<u>2,445</u>
Total Liabs. & Equity	<u>417</u>	<u>538</u>	<u>705</u>	<u>857</u>	<u>5,615</u>	<u>5,637</u>
Ratios:						
Fixed charge coverage (x)	2.90	4.98	2.75	2.75	1.35	1.63
Current ratio	4.22	3.21	2.66	3.78	2.60	2.84
Debt to equity	0.00	0.00	0.00	0.00	1.30	1.25

Discussion:

Sales increased rapidly in 2002 when Durango began selling bananas, a high volume/lower margin product. The company has enjoyed stable profitability over the period reviewed. The company carries no long-term debt. Liquidity has been supplemented by lines of credit.

Other assets shown on the balance sheet are investments in three of the four investment properties that are being refinanced by the \$1,600,000 term loan. The fourth property, a multi-tenant commercial property at 2525 South Rockwell, was acquired in early 2004 and is not included in the balance sheet summarized above. (Mr. Barrera personally holds the balance of the assets and the mortgages that finance them.) Rental income from these properties is not recorded as income for Durango Products. However, the Bank forecasts \$324,000 in gross income from these properties in 2004 and \$68,000 in net income after paying interest, taxes and insurance.

The forecast assumes that construction begins in 2005 and is completed within the first 9 months. Revenue growth is projected at 3% in 2004 and 2005. Faster growth is expected in 2006 and 2007 after more storage and cooler space becomes available. Interest expense is projected assuming an average rate of 7% and amortization over 25 years. The forecast assumes that a \$110,000 reserve is tapped to pay interest in 2005. Increased interest expense beginning in 2005 and depreciation beginning in 2006 dampen net income, despite expected growth in revenues.

Lease Income The forecast for 2006 assumes receipt of \$148,000 in rental income from tenants that will share the subject site. The Bank's estimate is based on discounting expected gross rents (13,000 square-feet at \$13 per square-foot) by 12.5% for vacancies and management fees. The tenant is expected to pay all expenses except real estate taxes and insurance. The Bank expects Mr. Barrera to execute a one year lease for approximately 13,000 square-feet that the company will not initially need. Mr. Barrera has approached Rufalo Corporation, a produce distributor operating in South Water Market, and another area distributor about leasing the space. Mr. Barrera believes that Durango Products will grow rapidly and occupy the entire space within 2 or 3 years.

Mr. Barrera is also seeking to lease excess cold storage space on a monthly basis, which could generate an additional \$50,000 in income that is not included in the forecast because of the short-term of the leases. **Staff projections indicate that Durango Products should generate sufficient cashflow to cover fixed charges even without any lease income.** Without lease income, our forecast anticipates that cashflow will cover operating and fixed charges by 1.08 times in 2006.

The Collateral: The subject loan is secured by a first mortgage on 2517-2539 S Damen. The property was acquired for \$1,750,000 and is going to be improved with \$2,300,000 in improvements, consisting of gut renovation and a \$500,000 investment to acquire and install cooling equipment and fixtures. Appraisal Research Counselors determined that the property will have a value upon completion of \$4,400,000 (71.6% LTV) as of 4/19/04. The property currently consists of a 34,204 s.f. building with 3,150 s.f. office space, a clear height of 20 feet, 9 docks, and 20 drive-in doors. The improvements were originally constructed in 1970 and are in fair condition. The new project will add truck docks (5,868 s.f.) and mezzanine office space (2,520 s.f.). Upon completion, the building area will increase to approximately 42,591 s.f. including 16,529 s.f. of refrigerated storage and 2,871 s.f. of mezzanine office space.

Banco Popular's loans are cross collateralized and have cross default provisions. The \$1,600,000 term loan that IFA is not participating in is secured by a first mortgage on properties at 2501-50 W. 26th Street, 2525 S. Rockwell Street, 2525 25th Street, 5000-6 S. Damen Avenue, and 5311 S. Pulaski Road. All are located in Chicago, IL. The properties appraised at \$2,320,000 for a total LTV of 69%. The Bank will reappraise the properties at 5311 S. Pulaski and 5000-6 S. Damen Avenue since these were last appraised in 2002.

The collateral position of all debt is summarized below:

Asset	"As Completed" Value	Less: Prior Lien	Advance Rate	Collateral Value
2517-39 South Damen	\$4,400,000		75%	\$3,300,000
2525 South 25 th Street & 2501-50 West 26 th Street	1,850,000		75%	\$1,387,500
5000-6 South Damen	70,000		75%	\$52,000
5311 South Pulaski	400,000		75%	\$300,000
2334 North Kenneth (home)	<u>300,000</u>	<u>179,000</u>	80%	<u>\$96,800</u>
Total Value	\$7,020,000	\$6,841,000		\$5,136,300
Loan Amount	\$4,950,000			
Loan to Value		1.38X		1.04X

**Personal
Guarantee:**

Francisco and Cecilia Barrera will both personally guarantee Banco Popular's credit facilities. As of 7/7/04, the Barrera's had personal net worth of \$4,381,000, which included \$50,000 of assets in Durango Products. The couple's outside net worth of \$4,331,000 consists of investment real estate (the subject properties for the \$1,600,000 term loan), his primary residence, and \$330,000 in cash. The four properties appraised at \$3,696,000 after netting \$344,000 that is recorded as an asset for Durango Products as of December 31, 2003. Appraisals for two of the four properties were completed in 2002 and will be reappraised prior to funding the term loan.

Mr. Barrera has an additional \$4.5 million in net worth held in Mexico that Banco Popular is disregarding in valuing the guarantee.

Banco Popular's facilities will be secured by UCC blanket lien and second mortgage on the Barrera's residence located at 2334 N. Kenneth in Chicago. Banco Popular values that house at \$350,000 as July 2004, based on Mr. Barrera's estimate. As of that date, the mortgage balance was \$79,000, with an additional \$100,000 lien to be placed on the property when Mr. Barrera funds an escrow from proceeds of a home equity line pursuant to the loan agreement.

FINANCING SUMMARY

Facility:	\$1,000,000 participation in a 12-month construction loan that is convertible upon project completion to a 5-year term loan that amortizes over 25 years.
Interest:	Construction Loan: Prime + 1% (currently 5.75%) Permanent Loan: Prevailing 5-Year Treasury Bond Rate + 275 basis points (currently 6.75%)
Sources of Repayment:	Primary: Operating cashflows generated by the Durango Products and lease income Secondary: Liquidation of the collateral and draft on the personal guaranty
Security:	First mortgage on the subject property, assignment of rents and leases, corporate guaranty of Durango Products and personal guarantee of Francisco and Cecilia Barrera.
Maturity:	Construction Loan: Approximately 11/15/05. Permanent Financing: 5-years from closing.

PROJECT SUMMARY

Proceeds will be used to expand, renovate and equip a 32,204 square-foot industrial building at 2517-39 South Damen in Chicago for use as a wholesale produce storage and distribution center.

Project costs are estimated as follows:

Real Estate Acquisition	\$1,750,000
Renovations & Equipment	2,265,000
Permits	70,000
Architect	40,000
Financing, legal and bank fees	90,000
Other soft costs	15,000
Contingency *	<u>320,000</u>
Total:	\$4,550,000

* The contingency will be held by the Bank in an escrow account and funded at closing from construction loan proceeds (\$120,000), term loan proceeds (\$100,000) and Mr. Barrera's home equity credit line (\$100,000).

ECONOMIC DISCLOSURE STATEMENT

Applicant: Francisco and Cecilia Barrera (Contact: Mr. Francisco Barrera, Founder, Durango Products, Inc., 75 South Water Market, Chicago, Illinois 60608; Telephone:)
 Project name: Francisco and Cecilia Barrera (Durango Products, Inc.) Development Project
 Location: 2517-2539 South Damen Avenue, Chicago (Cook) IL 60608
 Land Ownership: Owned by Mr. Barrera
 Organization: Durango Products, Inc.: Illinois S-Corporation formed in 1996
 Ownership: Francisco Barrera (100% ownership)

PROFESSIONAL AND FINANCIAL

Bank:	Banco Popular	Rosemont, IL	Paul Sori
Bank Counsel:	To be determined		
Accountant:	AH Financial	Chicago, IL	Alejandro Hurtado
General Contractor	United Insulated Structures Corporation	Berkley, IL	
Title Company:	Chicago Title and Trust Company	Chicago, IL	
Inspecting Architect:	Oppidan, Inc.	Chicago, IL	
Issuer's Counsel:	To be determined		

LEGISLATIVE DISTRICTS

Congressional:	4	Luis Gutierrez
State Senate:	1	Antonio Munoz
State House:	2	Edward Acevedo

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Patrick McGee
Date: October 25, 2004
Re: Overview Memo for Doreen's Pizza, Inc.,
B-LL-TX-417

- **Borrower/Project Name:** Doreen's Pizza, Inc., or an LLC to be formed
- **Tenant:** Doreen's Pizza, Inc., an S corporation
- **Location:** Calumet City (Cook County)
- **Principal Project Contact:** Mr. Robert Wisz, Owner
- **Board Action Requested:** Participation Loan Resolution
- **Amount:** not to exceed ^{536,000} ~~359,500~~
 - **Uses:**
 - \$284,500 to construct a new manufacturing/warehouse facility at 130 N. State Street in Calumet City.
 - \$75,000 to purchase additional equipment.
- **Project Type:** Participation Loan in the following facilities:
 - \$569,000 commercial mortgage amortizing over 20 years, for an initial term of 5 or 7 years (50% Participation).
 - \$150,000 equipment loan amortizing over 10 years for an initial term of 7 years (50% Participation).
- **IFA Fees:** \$8,988.00
- **Security:**
 - Shared first mortgage security interest and assignment of rents on the subject property and shared first lien position on all business assets.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Doreen's Pizza, Inc. or an LLC to be formed

STATISTICS

Deal Number:	B-LL-TX-417	Amount:	\$359,500
Type:	PL	FM:	Patrick McGee
Locations:	Calumet City	Tax ID:	36-3687374
SIC Code:	311412 (Frozen Pizza Manufacturing)	Est. fee:	\$8,988

BOARD ACTION

Final Participation Loan Resolution Staff recommends approval
 \$359,500 of IFA funds at risk.
Condition: IFA Participation of \$359,500 in Bank Calumet Loan (in amount of \$719,000) approved subject to Borrower and Guarantor satisfying all terms and conditions set forth in Bank Calumet's loan commitment.

PURPOSE

Construct new manufacturing/warehouse facility to consolidate locations and purchase equipment. Project site located in Cook County in Calumet City.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA Participation	\$359,500	Uses:	Project costs	\$871,285
	Commercial Mortgage	\$284,500		<u>Soft/finance costs</u>	<u>\$50,290</u>
	Equipment loan	\$75,000			
	<u>*Equity</u>	<u>\$202,575</u>			
	Total	<u>\$921,575</u>		Total	<u>\$921,575</u>

*Equity includes Robert Wisz's 1) cash payment of \$50,290 to the contractor, architect, survey engineer, electrical and mechanical engineer, and 2) commitment to build a 2 car garage at a cost of \$12,285, and 3) contribution of 14 lots valued at \$140,000 that were donated by the Village of Calumet City.

JOBS

Current employment:	13	Projected new jobs:	20-25
Jobs retained:	13	Construction jobs:	48 (9 mo.'s)

Doreen's Pizza, Inc. Final Use of Funds

Loan Amounts

<u>Collateral</u>	<u>Original/Final Value</u>	<u>Advance Rate</u>	<u>Original / Final</u>
Building	\$709,000/\$670,000	80%	\$569,000/\$536,000
Equipment	\$187,500/\$187,500	80%	\$150,000/\$150,000
Total			\$719,000/\$686,000

Sources And Uses Of Funds

	<u>Original / Final</u>		<u>Original / Final</u>
Sources: IFA Participation	\$359,500/\$343,000	Project costs	\$871,285/\$796,285
Commercial Mortgage	\$284,500/\$268,000	Soft/Finance costs	\$50,290/ \$50,290
Equipment Loan	\$75,000/ \$75,000		
*Equity	\$202,575/\$160,575		
Total	\$921,575/\$846,575	Total	\$921,575/\$846,575

*Equity includes Robert Wiaz's 1) cash payment of \$50,290 to the contractor, architect, survey engineer, electrical and mechanical engineer, and 2) \$33,000 cash payment to contractor for construction of facility, and 3) commitment to build a 2 car garage at a cost of \$12,285, and 4) contribution of 14 lots valued at \$65,000 that were donated by the Village of Calumet City.

Project Costs

	<u>Original / Final</u>
Building:	\$569,000/\$569,000
Equipment:	\$150,000/\$150,000
Land:	\$140,000/ \$65,000
Garage:	\$12,285/ \$12,285
Total	\$871,285/\$796,285

BUSINESS SUMMARY

Background: Mr. Robert Wisz owns 100% of Doreen's Pizza, Inc., an S Corporation, incorporated under Illinois law in 1990. Doreen's Pizza was started in 1986 as a small take out and delivery pizzeria in Hegewisch, IL. The company now manufactures and wholesales its own frozen pizza and sells to over 454 locations including concession stands and snack bars and also local groceries. Doreen's Pizza market area boundaries are from 87th Street on the north to Beecher Ave. on the south, Valparaiso on the east, and Orland Park to the west.

Doreen's Pizza, Inc.'s headquarters is currently located in the Hegewisch neighborhood of Chicago at 13248 S. Baltimore Ave. The company leases approximately 2,500 square feet of space for production in Chicago Heights at 1035 Dixie Highway. Mr. Wisz currently employs 13 people and foresees adding another 20-25 once settled into the new facility. The new facility will allow the company to address growing demand from grocers such as Walt's, Wilco, and Strack's. His plan is to expand into larger stores like Jewel and Dominick's in mid-2006. Also, their primary local pizza manufacturing competition is Teresa's Frozen Pizza in Peotone, which is in Walt's and Seehausen grocers.

The new facility will allow the company to streamline operations to reduce cost and enhance control over quality.

Description: Mr. Wisz is working closely with, and has the support of, the Village of Calumet City to facilitate the construction of this new facility. Calumet City agreed to donate 14 vacant lots on State Street near State Line Road as part of a redevelopment project. The project also qualifies for 8-B property tax relief and is in a city TIF district.

The Bank has ordered an appraisal of the lots from American Valuation Group out of Lansing and that should be completed within 2 weeks. Based on guidance from the appraiser, the Bank preliminarily estimates that each lot is worth \$10,000 for a total value of \$140,000.

Financials: Corporate tax returns for 2001-2003. Projected financial statements 2004, 2005 & 2006 prepared by staff.

	<u>Year Ended December 31</u>			<u>Year Ending December 31</u>		
	2001	2002	2003	2004	2005	2006
	(Dollars in 000's)			(Dollars in 000's)		
Income statement:						
Sales/Revenues	\$406	\$470	\$625	\$820	\$943	\$1,179
Net income	18	18	9	12	(9)	19
EBITDA	21	28	39	39	73	118
Balance sheet:						
Current assets	(6)	11	20	54	106	115
Due from Stockholders	0	8	32	0	0	0
PP&E	17	19	52	68	999	991
Other assets	0	0	0	0	0	0
Total assets	11	38	104	122	1,105	1,106
Current liabilities	1	20	45	71	104	117
Debt	0	0	20	0	719	689
Retained Earnings	10	18	39	51	282	300
Total Liab/equity	11	38	104	122	1,105	1,106
Ratios:						
Fixed Charge Cov.	2.55x	2.81x	3.13x	2.55x	1.30x	153x
Current ratio	(12.60)	0.55	0.46	0.76	1.02	0.98
Debt/equity	0.00	0.00	0.51	0.00	2.55	2.29

Discussion: Over the period reviewed, revenues net cash available have grown rapidly, spurred by more orders from the area supermarket chains mentioned above. The business has been consistently profitable over this period.

Doreen's Pizza fixed assets primarily consist of transportation equipment and manufacturing equipment. The company owns a delivery van and a delivery truck with a freezer. Long-term liabilities consist of the delivery truck loan.

Doreen's Pizza has historically generated ample cashflow to cover annual debt service and lease obligations, as indicated above in the fixed charge coverage ratio. Doreen's Pizza also has a \$50,000 revolving line of credit with Citizens Financial Services. Mr. Wisz has also obtained a \$150,000 home equity line of credit with another bank for working capital needs and to cover potential cost overruns.

The operating forecast for 2004 is based on annualized results through July (seven months). The forecast for 2005 and beyond assumes that the project begins in January and is completed within 6 months. Revenues for 2005 are forecast to grow 15% below recent performance. Operating margins are projected to remain consistent with recent performance. Interest is projected at 7% on outstandings versus expected pricing between 5.4% and 5.75%. The forecast assumes payment for six months of rent in 2005. He will have paid \$22,500 in rent by end of 2004 and only have \$11,600 of rent expense in 2005. Increased expenses for interest and depreciation causes income to decline in 2005. Cashflows nevertheless should be more than sufficient to cover rent, debt service, and operating expenses in 2005 and beyond, as indicated in the project fixed charge coverage shown above.

Collateral
Review:

Staff has reviewed the personal financial statement of Robert Wisz prepared as of 7/6/04. He will personally be guaranteeing the loan to Doreen's Pizza. Mr. Wisz's net worth and total assets are \$1,419,994 and \$2,271,900 respectively. He has liquid cash assets of \$32,500 and his credit score is 725.

In addition to the project-related collateral, a first lien position will be taken on all business assets and a first real estate mortgage and assignments of rents and leases on 130 State Street, Calumet City, IL. Also, all loans will be secured by an assignment of a \$35,000 life insurance policy on Robert Wisz.

FINANCING SUMMARY

- Obligor: A limited liability company to be formed or Doreen's Pizza Inc.
- Bank Security: The Bank and IFA will jointly share in the following security: (1) First mortgage on the subject real estate; (2) Collateral Assignment of Rents on the constructed new facility; (3) Lien on purchased new equipment (4) Corporate Guarantee of Doreen's Pizza, Inc. or LLC to be formed (the operating company) and (5) the principal will be signing the note thereby providing an implicit guarantee.
- Structure: \$719,000 combined Commercial Mortgage and Equipment Loan from Bank Calumet with \$359,500 a participation purchased by IFA.
- Maturity: For Commercial Mortgage - Five (5) or seven (7) year term loan amortizing over 20 years. IFA may extend its Participation in the loan for up to 10 years from initial closing.
For Equipment Loan - Six (6) months interest only follow by seven (7) year term amortizing over 10 years. IFA may extend its Participation in the loan for up to 10 years from initial closing.

Interest Rate: For the commercial mortgage, Bank Calumet is offering pricing at 250 b.p. over the 5 year treasury for a 5 year term or 275 b.p. over the 7 year treasury for a 7 year term. Under current conditions, this pricing translates to 5.79% for the 5 year term or 6.43% for the 7 year term – accordingly, IFA's Participation will be priced at 3.79% for the 5 year term, thereby resulting in a blended rate to Doreen's Pizza, Inc. of 4.79% over the initial 5 year term or 4.43% for the 7 year term, thereby resulting in a blended rate to Doreen's Pizza, Inc. of 5.43% over the initial 7 year term.

For the equipment loan, Bank Calumet is offering pricing at an interest rate of 6.75% over an initial 7 year term – accordingly, IFA's Participation will be priced at 4.75% for the 7 year term, thereby resulting in a blended rate to Doreen's Pizza, Inc. of 5.75% over the initial 7 year term.

PROJECT SUMMARY

The building will be a pre-engineered Star steel building at 7,200 square ft. Altra Builders of University Park will be the general contractor. Charles E. Gregersen of Chicago is the architect for the project. A 2-car garage is also planned. Mr. Wisz will fund the garage and it will be built by Danley Garage Builders.

The equipment loan will fund purchases at an 80% advance rate. The proposed equipment includes, walk-in freezers, work tables, conveyor belts, shelving, etc. A list of the equipment has been provided.

Loan proceeds will be used to provide permanent financing to construct a new 7,200 square ft. manufacturing/warehouse facility in Calumet City at 130 State Street, Calumet City, (Cook County), Illinois 60409. The Bank Calumet/IFA Participation Loan will be used to take-out a Bank Calumet construction loan upon completion. Doreen's Pizza expects to close on the permanent loan in July, 2005 and open the new facility in July 2005.

Estimated project costs are as follows:

Building:	\$569,000
Equipment:	\$150,000
Land:	\$140,000
Garage:	<u>\$12,285</u>
Total	<u>\$871,285</u>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Doreen's Pizza, Inc.: 13248 S. Baltimore Ave., Chicago, Illinois 60633, 773-646-0494; Robert Wisz Home Address: 13158 S. Brandon Ave., Chicago, IL 60633

Project name: Doreen's Pizza, Inc.

Location: 130 State Street, Calumet City (Cook County), Illinois 60409. Target opening date: 07/05.

Organization: Doreen's Pizza, Inc.: Corporation (S Corporation)

State: Illinois

Shareholders: Robert Wisz, Chicago, IL – 100%; LLC (if formed): Expected to be 100% owned by Robert Wisz if established.

R/E Owners: Village of Calumet City

PROFESSIONAL & FINANCIAL

Counsel:	Joe Mitchell	Chicago, IL	
Accountant:	Victor J. Hein	Chicago, IL	
Bank:	Bank Calumet	Highland, IN	Dan Shelby
Bank Counsel:	To be determined	Highland, IN	
Architect:	Charles E. Gregersen	Chicago, IL	
General Contractor:	Altra Builders, Inc.	University Park, IL	Alisa Swietlik

Doreen's Pizza Inc. or an LLC to be formed
Page 5

Appraiser:	American Valuation Group	Lansing, IL	Thomas Reyner
IFA Counsel:	To be determined	Chicago, IL	

LEGISLATIVE DISTRICTS

Congressional:	2	Jesse L. Jackson Jr.
State Senate:	17	Donne E. Trotter
State House:	34	Constance A. Howard

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ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Marcia L. Cochran, Funding Manager
Date: November 9, 2004
Re: Deli Star Corporation

- o Borrower/Project Name: Deli Star Corporation
- o Location: Fayetteville (St. Clair County)
- o Principal Project Contact: First Bank, Todd Neighbors, Vice President
- o Board Action Requested: Final Participation Loan Resolution
- o Amount: \$150,000
- o Project Type: Business – Participation Loan
- o IFA Benefits:
 - Buy-down of interest rate - \$150,000 IFA funds at risk
 - Borrower provided with lower blended interest rate
- o IFA Fees:
 - 2.5% additional interest income earned over CD rate: \$3,750 (year one only)
- o Structure
 - Loan participation to be purchased from First Bank, Swansea, Illinois
 - Loan term will be seven years with a seven-year amortization
 - Interest rate will be 200 basis points below bank rate. The bank's interest rate will Prime plus 112.5 basis points, set at closing (currently 5.875%). The Bank will determine at closing whether the interest rate will be floating or fixed.
 - Collateral will be a first pro-rata "*pari passu*" with First Bank and St. Clair County Intergovernmental Grants Department on all equipment (blanket lien), including equipment to be purchased with loan proceeds, plus accounts receivable and inventory. Personal guaranty also required.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Project: Deli Star Corporation

STATISTICS

Project Number:	B-LL-TX-415	Amount:	\$150,000
Type:	Participation Loan	IFA Staff:	Marcia Cochran
Location:	Fayetteville	Tax ID:	37-1213936
SIC Code:	311900 Mfg. Meat/Food Products	Est. fee:	\$3,750 (2.5% additional interest income earned over CD rate, for year one only)

BOARD ACTION

Final Participation Loan Resolution
\$150,000 IFA funds at risk
Collateral is *pari passu* first position with First Bank and St. Clair County Intergovernmental Grants Department
Staff recommends approval subject to satisfying all conditions of the bank loan.

PURPOSE

Purchase of production equipment.

VOTING RECORD

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

SOURCES AND USES OF FUNDS

Sources:	IFA	\$ 150,000	Uses:	Project Costs:	<u>\$439,340</u>
	Bank	150,000			
	St. Clair County Intergovernmental Grants Dept.	100,000			
	Equity	<u>39,340</u>			
	Total	<u>\$439,340</u>		Total	<u>\$439,340</u>

JOBS

Current employment:	32	Projected new jobs:	14
Jobs retained:	N/A	Construction jobs:	10

BUSINESS SUMMARY

Background: Deli Star Corporation (the "Company") was founded in 1987 by Dan Siegel and his brother, Tom Siegel. Dan owns 93.85% and Tom owns 6.15% of the stock of the Company. Dan has a Ph.D. in Animal Meat Science from the University of Illinois. He manages the business on a full-time basis. The Company is a processor of ready-to-eat processed meat products. Currently, annual gross revenue exceeds \$5 million. Dan and Tom Siegel also own Kings Food Products in Belleville, Illinois. Kings Food manufactures sundries and confectionary products. This business was established in 1992, and the annual revenue has grown to over \$3 million.

The Company's product line consists of a variety of cooked meat items sold to companies that further process the meat. For example, the Company supplies Landshire with roast beef, turkey breast and tuna salad, and Landshire further processes the meat for sandwich distribution. The Company also supplies Kroger with diced cooked chicken breast that Kroger further processes into chicken salad. The Company also produces a line of ready-to-eat meal entrees for the retail market for Holten Meat Company in Sauget, Illinois ("Thick 'N Juicy" brand) and Gaucho Foods in Chicago, Illinois.

IDFA participated in a 10-year term loan to Deli Star for \$48,700. The company paid the loan in full within 2 years, with no late payments.

Description: The project includes the purchase of new production equipment. Deli Star's products are grouped into three categories that use different processing methods. These categories include 1) bulk packaged cooked meat products, 2) pasteurized protein salads, and 3) ready-to-eat meal entrees. Currently, Deli Star uses common equipment to manufacture all products. As a result, they are unable to produce products in all three categories within the same day. The new equipment will result in efficiency improvements and sustained product quality.

St. Clair County Intergovernmental Grants Department is also considering an application for a direct loan of \$100,000 for the equipment loan with the Bank and IFA. Their interest rate will be 3%. They will share in the collateral with the Bank and IFA on a pro-rata basis through an Intercreditor Agreement.

The Company is also upgrading, remodeling and reconfiguring their 25,000 sq. ft. facility at the same time the equipment is being acquired. First Bank and St. Clair County Intergovernmental Grants Dept. are providing a \$200,000 loan for this project. The security for this loan will be a second mortgage behind First Bank's first mortgage.

Financials: Company-Prepared Financial Statements of Deli Star Corporation – 12/31/02 and 12/31/03
Company-Prepared Interim Financial Statements of Deli Star Corporation – 6/30/04
Projections of Sales and Earnings – 12/31/04 – 12/31/06

Deli Star Corporation
Year Ended December 31 (Dollars in 000')

	Actual			Forecast		<u>2006</u>
	<u>2002</u>	<u>2003</u>	<u>2004</u> (6 Mo.)	<u>2004</u>	<u>2005</u>	
Income Statement						
Revenues	4,414	4,577	2,652	5,300	6,000	7,500
Net Income	613	358	224	426	462	598
Balance Sheet						
Current Assets	756	620	821	821	878	1,281
Net Property, Plant and Equipment	1,104	1,210	1,308	1,257	1,679	1,501
Total Assets	<u>1,860</u>	<u>1,830</u>	<u>2,129</u>	<u>2,078</u>	<u>2,557</u>	<u>2,782</u>
Current Liabilities	296	285	416	192	250	300
Long-Term Liabilities	580	523	487	680	870	747
Stockholder's Equity	<u>984</u>	<u>1,022</u>	<u>1,226</u>	<u>1,206</u>	<u>1,437</u>	<u>1,735</u>
Total Liab. & Stockholder Equity	<u>1,860</u>	<u>1,830</u>	<u>2,129</u>	<u>2,078</u>	<u>2,557</u>	<u>2,782</u>
(Distributions – S Corp.)			(320)	(242)	(231)	(300)

Ratios:

Debt Service Coverage	7.21	4.84	3.67	4.11	3.96	4.72
Current Ratio	2.55	2.28	1.97	4.28	3.51	4.27
Long-term Debt to Tangible Equity	.65	.57	.45	.64	.69	.51

Discussion: Deli Star has generated ample cashflow to cover operating expenses and service its modest indebtedness, as indicated in the historical debt service coverage ratios presented above. Management expects debt service coverage to remain very strong in the future. Liability for S-Corporation's income tax is borne by shareholders. Deli Star regularly distributes dividends to cover shareholder's tax liability for income earned by the company

FINANCING SUMMARY

Security: IFA's security includes the following:

Pro-rata shared first position with First Bank and St. Clair County Intergovernmental Grants Department on all equipment (blanket lien), including the equipment purchased with loan proceeds, plus accounts receivable and inventory. Additional security includes the personal guaranty of Dan Siegel, having a net worth of \$943,500 after eliminating Deli Star stock value of \$1,250,000.

Collateral: The Bank has placed collateral value of the new production equipment at cost of \$439,340; however, IFA staff has further discounted the value at 50% to a *liquidation value* (\$219,670). Additional collateral includes inventory, plus accounts receivable discounted 30% (\$322,316). IFA staff has not included inventory in calculating collateral for this loan. Accordingly, IFA Staff has conservatively placed a total value of the collateral at \$541,986, which provides 1.36 times coverage of the \$400,000 loan extended by First Bank, IFA and St. Clair County.

Structure: Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 200 basis points below what the Bank is charging the customer. The Bank's interest rate will be Prime plus 112.5 basis points. The Bank will pass the entire 200 basis point savings to the Company. The Bank will set the rate at closing, and will also determine whether the rate will be fixed or floating.

Maturity: Seven-year amortization; seven-year maturity.

PROJECT SUMMARY

The project includes the purchase of new assembly line production equipment. The new equipment will result in efficiency improvements and sustained product quality. Project costs are estimated as follows:

Equipment	<u>\$439,340</u>
Total	<u>\$439,340</u>

A list of the new production equipment follows:

Volumetric sauce & gravy portion filler	Scanvaegt floor scale
Grote 522 portion slicer (2)	Screen roller conveyors (2)
Time clock and software	Shrinktec wrapper and shrink tunnel
Grovhac sanitary barrel pump, pickle	Polyclip FCA 3441 automatic double clipper
Grovhac sanitary barrel pump, sauce/gravy	Pipeline metal detector
Beacon cooking trucks and screens	Air dryer
Salad Line automation equipment	Combo dump
Hollymatic 4300 mixer/grinder	Portable column dump
Enviro-Pak steam cooking cabinets (3)	

ECONOMIC DISCLOSURE STATEMENT

Applicant: Deli Star Corporation
Location: 2516 Main Avenue, Fayetteville, IL 62258 (St. Clair County)
Organization: S Corporation
State: Illinois
Ownership: Dan Siegel 93.85%
Tom Siegel 6.15%

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Wimmier and Stiehl	William Stiehl	Belleville, IL
Accountant:	Kerber Eck & Braehel	Gail Becker	Springfield, MO
Bank:	First Bank	Todd Neighbors	Swansea, IL

LEGISLATIVE DISTRICTS

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

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Borrower: Austin Township

STATISTICS

Deal Number: L-LL-TE-NC-410	Amount: \$85,000
Type: Loan	Staff Contact: Eric Watson
Location(s): Austin Township, Macon County	Tax ID:
SIC Code:	Est fee: \$3000

BOARD ACTION

Final Board Approval	Staff recommends approval
Local Government Direct Loan	No extraordinary conditions
IFA funds are at risk/utilization of Bond Bank Reserve Fund which is a restricted fund.	

PURPOSE

Funds are to be used for the construction and repair of a local bridge within Austin Township.

VOLUME CAP

None

VOTING RECORD

None

SOURCES AND USES OF FUNDS

Sources:	Bond Bank Reserve Fund	Uses:	Project Costs: Not to exceed \$82,000
			Refunding Escrow: N/A
			Capitalized Interest: N/A
			Issuance Costs: \$3000
	Total		Total: \$85,000

FINANCING SUMMARY

Security: Intercept of Motor Fuel Tax and Special Bridge Fund.
Structure: Loan, ten year term.
Maturity: November 15, 2014

PROJECT SUMMARY

Loan proceeds will be used to make bridge repairs within the Township.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Chuck Jarik, Chapman & Cutler
Issuer's Counsel:	Chuck Jarik, Chapman & Cutler
Finance Advisor:	Tom Gavin, R.W. Baird

LEGISLATIVE DISTRICTS

State Senate: 44
State House: 87

Applicant: Austin Township, Illinois
 County: Macon
 Amount of Loan: \$80,000
 Term of Loan: 10 Years

Recommended Action: Approve Reject

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Legally Pledged Revenues (2)										
Motor Fuel Tax	\$68,429	\$68,429	\$68,429	\$68,429	\$68,429	\$68,429	\$68,429	\$68,429	\$68,429	\$68,429
Needy Township Supplement	\$8,431	\$8,431	\$8,431	\$8,431	\$8,431	\$8,431	\$8,431	\$8,431	\$8,431	\$8,431
Special Tax (Bridge Purposes)	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Total Pledged Revenue	\$82,360	\$82,360	\$82,360	\$82,360	\$82,360	\$82,360	\$82,360	\$82,360	\$82,360	\$82,360
Proposed Debt Service (3)										
Gross Coverage	\$10,613	\$10,613	\$10,613	\$10,613	\$10,613	\$10,613	\$10,613	\$10,613	\$10,613	\$10,613
	7.76x	7.76x	7.76x	7.76x	7.76x	7.76x	7.76x	7.76x	7.76x	7.76x

Summary Statistics (4)
 Revenue Pledge: Gross
 Average Tax Collections (5 yrs) 100.00%
 Breakdown of AV: 85% Ag.
 Top Ten as % of EAV: 11.63%
 Estimated Population: 200

Notes: According to the Township, there are no other securities pledged to the above revenue sources.

- (1) Receipts to date.
- (2) Legally Pledged Revenues for fiscal years 2001 - 2004 provided by Eric Watson of the IFA and Austin Township officials on a conference call.
- (3) Interest is calculated at 5.50%.
- (4) Provided by Austin Township in the Bond Finance Application.

WRITTEN ANALYSIS

Austin Township proposes to borrow \$80,000 to construct a bridge to replace an outdated wooden structure. According to legal counsel and the IFA, this is a gross pledge of the above Legally Pledged Revenues which means that all debt service requirements will be paid from these revenues prior to all other expenses of the Township. Fiscal year 2004 financial information supplied to us represents only partial year receipts. Because of this we have assumed that future revenues remain the same as fiscal year 2003 collections. The Township and the IFA have represented that detailed historical and projected annual expenses are not available. The Township has additionally represented that net Legally Pledged Revenues after debt service will be sufficient to pay related expenses of the Township. We are unable to verify these representations independently but the IFA has asked us to assume their accuracy for purposes of our analysis. Based on the analysis set forth above and these assumptions, we recommend approval of this loan to Austin Township.

Illinois Finance Authority

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: November 9, 2004
Re: Overview memo for Jeff and Dee Dee Seabaugh

- **Borrower/Project name:** Jeff and Dee Dee Seabaugh
- **Location:** Walshville (Montgomery County)
- **Principal Contact:** Jeff Seabaugh
- **Board Action Requested:** Final Approval
- **Amount:** \$500,000
- **Project Type:** Loan Guarantee for Debt Restructuring
- **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
 - 7.00% fixed for five years and then the loan balloons
- **Recommendation:** Approval, subject to the following
 - Life insurance assignment
 - Manure spreading rights
 - New swine contract

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY**

Applicant(s): Jeff and Dee Dee Seabaugh

Project Number: A-DR-TX-GT-455 Amount: \$500,000
Type: Debt Restructuring Guarantee Staff Contact: Kevin Koenigstein
Location(s): Walshville in Montgomery County Estimated fee: \$1,900
Lender: National Bank, Hillsboro
Principals: Jeff and Dee Dee Seabaugh of 434 Plain Lane Walshville, IL 62091

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 October 26, 2004

PURPOSE

Currently, IFA has a guaranteed loan with the Seabaughs for the construction on a swine finishing facility in 1997. The Seabaughs have paid the loan down from \$320,000 to approximately \$120,000 over the past seven years. The Seabaughs bought another 80 acres and swine farm in 2003 under a contract for deed and they have remodeled the operation to swine finishing from farrow to finish. This loan would refinance the existing guaranteed loan, the contract for deed loan, and the remodeling costs.

Refinance existing IFA guaranteed loan 97-SL-0017	\$120,000
Contract for Deed – 80 acres and swine facility	\$330,000
Remodeling Costs of Swine facility	\$50,000

COLLATERAL

1st mortgage on 80 acres with 40 tillable acres and a 3,000 pig space swine finishing, farm buildings and a modular house appraised @ \$482,500 from December 2003. This facility was built in the 1970's and 1980's and the Seabaughs have remodeled the facility in 2004.

1st mortgage on 40 acres with a 2,000 pig space swine finishing building built in 1997 approximate value of \$300,000. This facility is in excellent condition.

Loan to Value = $\$500,000 / \$782,500 = 63.9\%$

IFA will have a 2nd mortgage on another 80 acre swine facility in Fayette County with 1400 pig spaces and \$156,000 mortgage. The 2nd mortgage will have little equity.

REPAYMENT TERMS

10 Year Amortization with monthly payments and a 5 year Balloon
Interest Rate of 7.00% fixed for 5 years

2004 CASH FLOW SOURCES

Grain farming income of 300 acres
2000 pig spaces in Montgomery @ \$36 per pig space
3000 pig spaces in Bond County @ \$32 per pig space
1400 pig spaces in Fayette County @ \$30 per pig space
Trucking Income hauling feed and other materials

FINANCIAL INFORMATION

Balance Sheet 7/18/2004

Assets: \$1,555,000

Liabilities: \$684,000

Net Worth: \$871,000

Debt/Asset: 44.0%

Income Statement 2003 2002 2001

Gross Farm Returns	\$455,140	\$510,464	\$173,970
-Depreciation	\$109,947	\$98,456	\$61,137
-Interest	\$43,784	\$36,616	\$39,855
-Production Expenses	\$301,409	\$375,392	\$72,978
=Net Farm Income	\$28,541	\$35,583	\$12,261
+Wages	\$462	\$0	\$440
+Capital Gain	\$0	\$0	\$0
+Other Income	\$0	\$0	\$10,249
Total Income	\$29,114	\$35,689	\$25,781
Adj. Gross Income	\$29,114	\$35,689	\$25,781

Debt Repayment Ability – 2005 Production

Gross Farm Sales	\$510,000
Non-farm income	\$0

Total Revenue	\$510,000
-Production Expenses	\$262,000
-Living Expenses & taxes	\$50,000
-Interest Expense	\$50,000

Capital & Term debt repayment capacity (CDRC)	\$148,000
-Principal Payments	\$80,000
-Capital Expenditures	\$0

CDRC Margin	\$68,000

PROJECT SUMMARY

This project is a \$500,000 Debt Restructuring Guaranteed loan for Jeff and Dee Dee Seabaugh. Currently, IFA has a guaranteed loan 1997-SL-0017 with the Seabaughs for two swine finishing buildings. The loan has been paid down from \$320,000 to approximately \$120,000 over the past seven years. In 2004, the Seabaugh purchased an older farrow to finish swine operation under a contract for deed and they have remodeled it to a swine finishing unit for 3000 pigs. This loan will refinance the existing guaranteed loan, the contract for deed and the remodeling costs.

IFA will have a first mortgage on 40 acres with the newer 2000 pig space swine facility in Montgomery County. We will have a first mortgage on 80 acres with the remodeled 3000 pig space facility in Bond County. We will have a second mortgage on the 80 acres with an old swine finishing building in Fayette County. The repayment period will be 10 years with monthly payments and 5 year balloon. The interest rate will be fixed at 7%. We have manure easements on nearby property and we will gain an assignment of \$500,000 in life insurance on Jeff Seabaugh.

The debt level is high at \$684,000 for the Seabaugh; however, most of his income is contract swine finishing with monthly payments. The Seabaughs contractors are Perfect Pig of North Carolina and Roger Schaefer of Illinois. IFA has worked with both contractors over the past five years with favorable results. The Seabaughs will continue to work with Roger Schaefer more in the years ahead. The 2004 crop year was excellent for the Seabaughs, but they farm only 300 acres. The Seabaugh's son, Nick, lives and operates the Bond County facility. I have worked with Jeff Seabaugh for the past seven years and he is a determined individual and not afraid of work. I recommend approval. The closing fee will be based upon the amount of new money toward the guarantee. I estimate the amount to be ½ of 1% on \$380,000.

RECOMMENDATIONS

Approval, subject to the following:

- 1) Life insurance assignment of \$500,000 from Jeff Seabaugh
- 2) Manure spreading rights at the Bond County facility
- 3) Swine production contract with Roger Schaefer

LEGISLATIVE DISTRICTS

Congressional:	19
State Senate:	49
State House:	98

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Kevin Koenigstein
Date: November 9, 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 (\$3,750) 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 – October 12, 2004

Ayes: 8 Nays: 0 Abstentions: 0 Absent: 3

Vacant: 4

BEGINNING FARMER BOND LOANS

Final Resolution

November 9, 2004

Project Number:	A-FB-TE-CD-440
Borrower(s):	Garry M. Pope
Town:	Mahomet
Amount:	\$250,000
Fees:	\$3,750
Use of Funds:	Farmland – 80 acre grain farm
Purchase Price:	\$368,000
% Borrower Equity	32%
% Other Agency	0%
% IFA	68%
County:	Montgomery
Lender/Bond Purchaser:	First National Bank of Raymond

Principal shall be paid annually in installments determined pursuant to a twenty 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 4.25% for the first five years, thereafter adjusted every five years to a rate not to exceed 0.25% below the National Prime Rate as quoted in the Wall Street Journal provided a 4.00% floor and a 7.50% ceiling.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Anthony D. D'Amato
General Counsel
Date: November 1, 2004
Re: Amendments

A. Featherfist

B. North Shore Country Day School

A. Featherfist

Request: At its September 14, 2004 meeting, the Members of the Authority gave final authorization for the issuance of the Authority's Community Facility Revenue Bond, Series 2004 (Featherfist Project) in an aggregate principal amount not to exceed \$2,000,000. The proceeds of the Bond were to be loaned to Featherfist and Featherfist Development Corporation, both Illinois not-for-profit corporations. Featherfist has now restructured the Project so that Featherfist will be the sole initial owner and user of the Project, and Featherfist now requests that the Authority issue the Bond and loan the proceeds of the Bond solely to Featherfist to finance and refinance costs of the Project as owned and used solely by Featherfist.

Staff Recommendation: The General Counsel recommends approval.

B. North Shore Country Day School

Request: The Illinois Development Finance Authority issued \$11,500,000 aggregate principal amount of its Adjustable Rate Demand Revenue Bonds, Series 2003 (North Shore Country Day School Project) (the "Bonds"). A portion of the proceeds of these Bonds was deposited in the Capitalized Interest Account in order to pay capitalized interest on the Bonds through and including October 1, 2004. Since actual interest rates did not rise to the projected levels used to calculate the Capitalized Interest Account deposit, a balance remains in the account. Pursuant to the Indenture (in its current state), those moneys cannot be used to pay project costs. The Day School would like be able to use the money for that purpose, and as a result, it has requested that the Authority and the Amalgamated Bank of Chicago, as Trustee, enter into a Supplemental Indenture to amend certain provisions of the Indenture to so permit the use of the moneys in the Capitalized Interest Account.

Staff Recommendation: The General Counsel recommends approval.

RESOLUTION

RESOLUTION AMENDING RESOLUTION AUTHORIZING THE ISSUANCE AND SALE BY THE ILLINOIS FINANCE AUTHORITY OF ITS NOT TO EXCEED \$2,000,000 COMMUNITY FACILITY REVENUE BOND (FEATHERFIST PROJECT), SERIES 2004; APPROVING THE LOAN OF THE PROCEEDS OF THE BOND TO FEATHERFIST; AND RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "*Authority*"), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1, as supplemented and amended (the "*Act*"), is authorized by the laws of the State of Illinois, including without limitation the Act, to issue its bond for the purposes set forth in the Act and to permit the expenditure of the proceeds thereof to defray, among other things, the cost of the acquisition and improvement of "industrial projects" and "housing projects," as defined in the Act; and

WHEREAS, Featherfist Development Corporation NFP ("*FDC*") and Featherfist, each an Illinois not-for-profit corporation, proposed to the Authority that the Authority issue its bond to (a) finance costs of the acquisition of land and the construction of an office building to be owned by FDC and leased to and used by the Featherfist to house its administrative offices and provide space for program and service expansion located at 2301 East 75th Street, Chicago, Illinois (the "*East 75th Street Property*") and (b) to refinance existing indebtedness of Featherfist on the property located at 5714-16 S. Calumet Avenue, Chicago, Illinois (the "*South Calumet Avenue Property*") (such facilities referenced in (a) and (b) above collectively referred to herein as the "*Project*"); and

WHEREAS, the Members of the Authority adopted a resolution on September 14, 2004 (the "*Resolution*") authorizing the issuance of the Authority's Community Facility Revenue

Bond (Featherfist Project) Series 2004 in an aggregate principal amount not to exceed \$2,000,000 (the "Bond"), to provide financing for costs of the Project; and

WHEREAS, it has been determined that, while the existing indebtedness of Featherfist was secured by the South Calumet Avenue Property, proceeds of such indebtedness were used solely to pay costs incurred in connection with the East 75th Street Property, and, accordingly, the Project shall include the referenced improvements at the East 75th Street Property; and

WHEREAS, it has been determined that FDC is not presently an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (a "501(c)(3) Organization") and thus the Bond could not be issued on a tax-exempt basis if the Project were to be used or owned by FDC while it is not a 501(c)(3) Organization; and

WHEREAS, FDC is applying to the Internal Revenue Service to become a 501(c)(3) Organization; and

WHEREAS, Featherfist has now restructured the Project so that Featherfist will be the sole owner and user of the Project (unless and until FDC becomes a 501(c)(3) organization) and Featherfist now requests that the Authority issue the Bond and loan the proceeds of the Bond solely to Featherfist to finance and refinance costs of the Project as owned and used solely by Featherfist (unless and until FDC becomes a 501(c)(3) organization); and

WHEREAS, all initially capitalized terms which are not otherwise defined herein shall have the meanings specified in the Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:

Section 1. All of the provisions of the Resolution are hereby ratified and confirmed, except that:

a. The Loan Agreement and the Tax Agreement approved by the Resolution shall be between the Authority and Featherfist (and FDC shall not be a party thereto unless and until it becomes a 501(c)(3) organization).

b. The Project shall be owned and operated by Featherfist.

Section 2. If and when FDC becomes a 501(c)(3) Organization, the Authority may, at the request of Featherfist, amend the Loan Agreement and the Tax Agreement to include FDC as a party thereto and reflect FDC's obligation as a co-Borrower and status as an owner and/or user of a portion of the Project, and in such event it shall not be necessary that a new resolution of the members of the Authority be obtained to reflect any such amendment.

Section 3. All acts of the officials of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bond and the Project be, and the same hereby are, in all respects, approved and confirmed.

Section 4. The provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions.

Section 5. All resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 6. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

RESOLUTION

RESOLUTION authorizing and approving the execution and delivery of a First Supplemental Indenture amending that certain Indenture of Trust, dated as of July 1, 2003, by and between the Illinois Finance Authority (formerly known as the Illinois Development Finance Authority) and Amalgamated Bank of Chicago, as Trustee, relating to \$11,500,000 aggregate principal amount of the Authority's Adjustable Rate Demand Revenue Bonds, Series 2003 (North Shore Country Day School Project); and authorizing and approving certain other matters.

WHEREAS, the Illinois Finance Authority (formerly known as the Illinois Development Finance Authority) (the "Authority") and Amalgamated Bank of Chicago, as Trustee (the "Trustee") entered into that certain Indenture of Trust, dated as of July 1, 2003 (the "Indenture"), in connection with the Authority's issuance of \$11,500,000 aggregate principal amount of its Adjustable Rate Demand Revenue Bonds, Series 2003 (North Shore Country Day School Project) (the "Bonds") to provide funds (a) to pay all or a portion of the costs of financing the project; (b) to pay capitalized interest on the Bonds; (c) to pay all or a portion of the costs of issuance of the Bonds; and (d) to refinance certain existing indebtedness of North Shore Country Day School (the "Borrower"); and

WHEREAS, pursuant to Section 5.01(a) of the Indenture, \$349,866.33 was deposited in the Capitalized Interest Account of the Bond Fund in connection with the use of Bond proceeds to pay capitalized interest on the Bonds through and including October 1, 2004; and

WHEREAS, because actual interest rates did not rise to the projected level used to calculate the Capitalized Interest Account deposit, available Bond proceeds remain on deposit in the Capitalized Interest Account; and

WHEREAS, pursuant to Section 5.04 of the Indenture, the moneys in the Bond Fund (and accounts therein, including the Capitalized Interest Account) shall be used solely for the payment of principal (whether at stated maturity, by redemption or upon acceleration) of the Bonds and interest on the Bonds or to reimburse the Credit Facility Issuers for the payment of the same; and

WHEREAS, the Borrower desires to have, and has so requested of, the Authority and the Trustee enter into that certain First Supplemental Indenture, dated as of November 1, 2004 (the "Supplemental Indenture"), by and between the Authority and the Trustee, to amend the Section 5.04 of Indenture to allow for amounts remaining in the Capitalized Interest Account after October 1, 2004 to be used to pay Costs of the Project; and

WHEREAS, a draft of the Supplemental Indenture is hereby presented to the Authority at this meeting and attached to this Resolution;

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

Section 1. Supplemental Indenture. The Authority does hereby authorize and approve the execution by its Chairperson, Vice Chairperson, any of its other Members, Executive

Director, Treasurer or any officer or employee designated by the Executive Director (each an "Authorized Officer") and the delivery and use of the Supplemental Indenture. The Supplemental Indenture shall be substantially in the form attached hereto and hereby approved, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution to constitute conclusive evidence of such person's approval and the Authority's approval of any changes or revisions therein from the form of such Supplemental Indenture attached hereto.

Section 2. Authorization and Ratification of Subsequent Acts. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents (including without limitation the execution and delivery of a document setting forth the agreement and certification of the parties thereto relating to certain federal tax matters) as may be necessary to carry out and comply with the provisions of these resolutions, the Supplemental Indenture, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the Supplemental Indenture or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by the Executive Director or Treasurer of the Authority, or in the event of the unavailability, inability or refusal of the Executive Director and the Treasurer to act, any two Members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the Indenture.

Adopted this 9th day of November, 2004 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Executive Director

VENTURE CAPITAL MONITORING REPORT

The Illinois Venture Investment Fund made capital investments in two main categories:

- 1) Technology Development Bridge Fund
- 2) Fund-to-funds
 - Frontenac Illinois Venture Fund, L.P.
 - ARCH II Parallel Fund, L.P
 - Champaign-Urbana Venture Fund I
 - ARCH Development Fund I

Details of the investments follow.

1) TECHNOLOGY DEVELOPMENT BRIDGE PORTFOLIO

The Technology Development Bridge was created to solve a need for a developmental bridge between Illinois' early stage companies and its financial and corporate capital. The TDB provides "seed stage" equity financing to emerging technology companies in Illinois.

The Authority has invested in 31 companies through the Technology Development Bridge Fund totaling \$10,381,445 in matching investments.

STATISTICS

Cash Invested	\$10,481,455
Co-Investments	44,236,749
Total Investments	179,083,647
Leveraged	
Cash Returned	3,831,659
Written Off	4,936,794
Unrealized Gains	1,017,766
Portfolio Value* (Cash In plus Terminal Values)	9,243,612
IRR (including unrealized gains)	(5.9)%
IRR (excluding unrealized gains)	(12.3)%
Quarterly Return	(1.3)%

Portfolio Summary As of September 30, 2004 (Terminal Value of Investments)

Company	Value
Active Investments	
Firefly Energy (10/03, 6/04)	917,000
zuChem (4/03, 5/04)	543,100
Mobitrac (5/02, 5/04, 6/04, 9/04)	265,644
MC ² (3/02,3/03, 6/04)	500,000
Accelchip (11/01)	22,752
ClearStack Comb. (8/01)	300,000
Stonewater (8/01, 12/00)	4,759
Evantis (4/01, 8/00) - formerly MBC.com	754,520
Neuronautics (3/01)	300,000
UserActive (1/01)	-
ForestOne (8/00)	160,000
Open Channel Software (5/00)	610,035
IVMS - VideoHomeTours (4/00, 9/99)	275,000
Protez (1/00) - formerly Influx	150,000
SmartSignal (5/99, 3/98, 12/03))	226,932
Jesup & Lamont (5/99, 12/98) - formerly Venture Capital Online	-
NephRx (8/97)	121,211
Harmonic Vision (5/98, 12/96)	261,000
Sub-Total Active	5,411,953

Liquidated Investments

Cobotics (5/02)	179,763
PreviewPort (12/01) - out of business	0
Epigraph (5/01) (6/02)	0
GoReader (3/01, 10/00) - out of business	0
WanderOn (1/01) - out of business	87,544
Netzilient (7/00) - out of business	0
Proofspace (3/00) - out of business	0
Delivery Station (11/99) - out of business	0
Perceptual Robotics (6/99, 11/97) - sold to divine	20,157
Distributed Bits (4/99, 10/97)	1,944,195
ShopTalk (5/98)	0
Neodesic (3/98) - out of business	0
TouchSensor (11/97)	1,600,000
Sub-Total Liquidated	3,831,659
Portfolio Value	\$9,243,612

• Values in italics represent an unrealized gain.

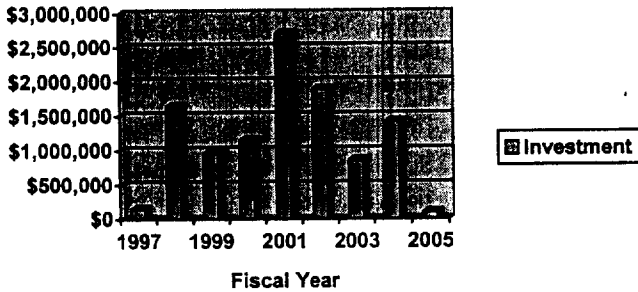
VALUATION ADJUSTMENTS

Valuation adjustments are determined on the basis of: additional stock offerings, fund-of-fund portfolio market determinations, and updates provided by the portfolio companies.

- The Authority made one investments totaling \$100,000 in Q3 2004. The Authority invested \$100,000 in Mobitrac.
- There was three valuation write-down during Q1 2004. *AccelChip* was written down to \$22,752 from \$52,275 to reflect the valuation following the Series C financing. The existing *Mobitrac* investment was written down from \$229,174 to \$165,644 reflecting the current valuation from Series C financing. *Useractive* was written down to \$0 from \$220,000 due to the impending sale of virtually all the assets which would result in a minimal return to the Authority.

INVESTMENTS BY FISCAL YEAR

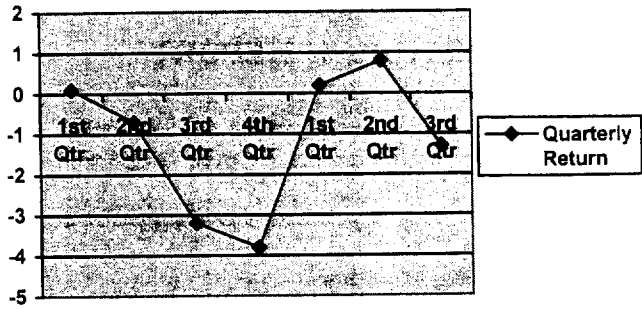
The following chart tracks investments by fiscal year.



QUARTERLY RETURN

Quarterly return results are shown in the graph below.

Q1-2003	0.1%
Q2-2003	(0.7)%
Q3-2003	(3.2)%
Q4-2003	(3.8)%
Q1-2004	0.2%
Q2-2004	0.8%
Q3-2004	(1.3)%



EVENTS OF NOTE

- *Accelchip* recently closed on a \$5 million Series C down-round led by Xilinx, Greylock, and Interwest. The Authority has been invited to participate and it will be presented at the November Board meeting. The Company is now under the leadership of Vin Ratford, a veteran of the EDA industry and former *AccelChip* Board member.
- *ClearStack* received a \$250,000 grant from the Clean Coal Review Board to assist in engineering and cost analysis for their first Commercial engagement. Furthermore, the US Congress passed the tax credits which will serve as an integral component in financing this facility. Finally, a local VC firm has shown significant interest in the Company.
- *Firefly Energy* recently held a press conference in Peoria to announce their Series A funding. Members of the investor groups, including CAT, IFA and KB Partners were joined by local politicians including Mayor Ransburg, Congressman LaHood, and other economic development officers to celebrate the one year anniversary of the Company.
- *Protez* recently closed their Chicago research facilities due to the departure of Dr. Markham, one of the original founders of the Company, due to personal reasons. The Company continues to make progress and is

in the process of acquiring a later stage compound to broaden their product pipeline.

- *Metalforming Controls Corp* continues to make progress with its major automotive customers. They have begun the High Strength Steel test for one of the major automotive companies and if successful will generate a large number of orders.
- *Mobitrac* completed a \$4M Series C financing with US Venture Partners and Frazier Technology. The Authority participated for \$100,000 to maintain a 3.42% stake in the Company.
- *NephRx* is proceeding on the development of its orphan drug plan for the Renal Peptide. They received \$800,000 from Michigan to begin the studies. The Company is waiting for data on the gastric peptide studies.
- *SmartSignal* recently hired Jim Gagnard as CEO, replacing Gary Conkright. Jim is a veteran of the software industry and was brought in to bring the Company to the next level. Jim's initial focus will be to streamline the sales efforts and evaluate which new markets to pursue.
- *Stonewater* continues to expand its engagements. They have recently hired three additional sales representatives.
- *UserActive* is in the process of negotiating a sale of its Learning Sandbox to a major customer. The remaining assets (SafePassage and Macromentor) will be licensed to a Champaign based company on a revenue sharing agreement. The Authority has written off this investment in anticipation of only a small return of funds to the Authority.
- *VideoHomeTours* anticipates being profitable on a quarterly basis and expects to have \$3,000,000 in revenues this year. They are expanding into new markets, including luxury homes.
- *zuChem* is continuing to pursue partnership options for both mannitol and xylitol. Also, the recently licensed more technology from WARF to advance the pharmaceutical side of the Company.

JOBS CREATED

The active TDB portfolio currently employs 211 people.

2) FUND-TO-FUNDS PORTFOLIO

Portfolio Summary
As of September 30, 2004
 (Terminal Value of Investments)

Fund	Value
<u>Active Funds</u>	
Arch Development Fund I	148,823
Arch II Parallel Fund	252,685
Champaign Urbana Venture Fund	<u>181,000</u>
Sub-total Active	482,508
<u>Liquidated Funds</u>	
Frontenac Illinois Venture Fund	5,372,618
Cerulean Fund I & II	-
Sub-total Liquidated	<u>5,372,618</u>
Portfolio Value	5,855,126

-FRONTENAC ILLINOIS VENTURE FUND, L.P. I (PLATINUM FUND)

Frontenac Illinois Venture Fund provided venture capital to technology companies, primarily in the Midwest. The venture capital fund scored two large returns with Chicago-based D-Visions Systems, Inc., manufacturers of computer-based digital editing systems, and VREAM Inc., developer of virtual reality authoring tools. IDFA made three contributions for a total amount of \$2,000,000 which represented IDFA's 1984 appropriation to support venture capital.

FY 1985	\$677,000
FY 1986	667,667
FY 1987	<u>633,333</u>
	\$2,000,000

Frontenac Illinois Venture Fund leveraged IDFA's investment with \$1.8 million of private funds from Illinois-based corporate pension funds (e.g. John Deere and Caterpillar) and funds directly managed by the Frontenac Company.

The Fund successfully distributed to its limited partners a substantial return on investment. Total distributions from the Frontenac Illinois Venture

Fund through FY 1995 were \$ 7,372,618, a net gain on the Illinois Venture Investment Fund of \$5,372,618.

- CERULEAN FUND I AND II

IDFA made two contributions to the Cerulean Funds: \$964,230 was made in 1990 to the Cerulean Fund I and \$1,035,770 in 1992 to the Cerulean Fund II.

The Cerulean Fund failed to yield any return on the investment and resulted in a total loss of investment.

-ARCH II PARALLEL FUND, L.P

IDFA made a series of investments totaling \$1,200,000 in this fund from January 1996 through December 1996. After failing to fully invest, at the request of the Board of Directors, the fund returned \$320,000 in March 1998 leaving \$880,000 under management.

The fund made six investments in five companies. IDFA cashed out of the investments in Nanophase Technologies and Eichrom Industries as they returned \$111,881 from investments of \$101,548. Codman Group and Internet Dynamics are valued at zero by fund management. Apropos Technologies (Nasdaq:APRS) went public and the fund owns 142,002 shares (cost \$1.42). As of September 30, 2004 the stock was valued at \$3.11 yielding a value of \$441,626.

-CHAMPAIGN-URBANA VENTURE FUND I

IDFA invested \$181,000 into the Champaign-Urbana Venture Fund (C/U Fund), managed by Cardinal-Fox Capital, in July 2000. The investment represented 11.6% ownership of the limited partnership interests in the fund. The C/U

Fund invested in five companies (NetZilient, Epigraph, UserActive, Pyxis Genomics (formerly Anigenics) and InterSymbol Communications). NetZilient (formerly Blackmon & Young), UserActive and Epigraph were funded through the TDB.

The fund fully invested its pool, and in March 2002, the CU Fund I was closed.

-ARCH DEVELOPMENT FUND I

IDFA has made four contributions in ARCH Development Fund I for a total amount of \$240,000. IDFA's board approved a \$300,000 investment into the fund in August 2000.

The Fund has now \$27,220,000 under management, but will remain open for investment through June 30, 2004. ARCH Development Fund currently has 14 companies in its portfolio. Six of these companies currently reside in Illinois. (ARCH portfolio: Adeptia, Arryx, Mobitrac, Open Channel Software, SmartSignal, and zuChem). AccelChip, Mobitrac, NephRx, Open Channel, SmartSignal and zuChem were funded through the TDB.

ARCH Development Fund invested \$2,000,000 in NetFuel Ventures for acquisition of their investment portfolio, operations and personnel. They also closed an additional \$3,500,000 in stock from the University of Chicago portfolio.

The Fund was not successful in its efforts to obtain a license from the SBA under its SBIC program.

On March 16, 2004, Xcyte Pharmaceuticals priced its Initial Public Offering at \$8.00. As of September 30, 2004, the stock closed at \$3.17.

ILLINOIS INVESTMENT ACTIVITY

PricewaterhouseCoopers and Venture Economics, along with the National Venture Capital Association recently published the results of a survey of venture investment activities for Q3 2004. Nationally, investors participated in 601 deals totaling \$4.3 billion in Q3 2004, representing a decrease over \$5.9 billion in Q2 2004 and \$5.0 billion in Q1 2004. Over the past two years, quarterly investing has floated between \$4.2 billion and \$5.9 billion. At the current pace, the 2004 totals are expected to exceed 2003's total of \$18.7 billion.

Overall, 15 Illinois companies received \$76.6 million during Q3 2004, representing 1.8% of the total amount raised by companies. Illinois-based investors participated in 59 deals totaling \$554.5 million invested.

ILLINOIS			TDB		
QUARTER	# OF DEALS	\$ INVESTED		# OF DEALS	\$ INVESTED
Q4 2001	18	87,166,000		2	595,385
Q1 2002	22	72,288,100		1	300,000
Q2 2002	19	62,389,000		3	662,885
Q3 2002	8	43,150,000		0	0
Q4 2002	15	51,179,800		0	0
Q1 2003	15	76,132,000		1	\$100,000
Q2 2003	9	37,332,000		1	\$293,100
Q3 2003	8	32,300,000		0	0
Q4 2003	12	153,173,000		2	464,098
Q1 2004	NA	NA		0	0
Q2 2004	11	132,081,000		4	950,000
Q3 2004	15	76,585,200		1	100,000

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

I. Terms commonly used in IFA write-ups

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

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

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

II. General Bond and Financing Terms

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

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

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

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

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

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

**Illinois Finance Authority
Market and Product Codes**

Market	Market Code	Submarket	Submarket Code	Type of Product	Type Code
Industrial	I	Industrial Development Bonds	ID	Tax Exempt	TE
		Utility Revenue Bonds	UR	Taxable	TX
Mortgage	M	Multifamily Housing	MH	Refinancing	RE
		FreshRate	FR	Conduit	CD
				Non-Conduit	NC
Pollution Control	P	Solid Waste	SW	Moral Obligation	MO
		Pollution Control	PO	Tech Devl Loan	TD
		Coal Fired Power Plants	CF	Fund to Funds	FF
Business	B	Loans	LL	Guaranteed	GT
		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		



opportunityreturns

Creating more jobs for today and tomorrow

OFFICE OF THE GOVERNOR

Rod R. Blagojevich – Governor

news

FOR IMMEDIATE RELEASE:

October 14, 2004

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GOV. BLAGOJEVICH ANNOUNCES CRITICAL *OPPORTUNITY RETURNS* FINANCING TO HELP PEORIA START-UP INCREASE COMPETITIVENESS

CHICAGO - As a part of his historic, regional plan to spur economic growth and create jobs throughout the North Central region, Governor Rod Blagojevich today announced the awarding of **\$300,000** in *Opportunity Returns* low-interest state financing, along with an additional **\$350,000** in equity investment, to help a Peoria start-up firm purchase new equipment that will increase its competitiveness at a critical stage in its lifecycle. Firefly Energy Inc. is an early stage technology company that is developing new battery technologies, which significantly enhance the performance of battery power for use in a variety of industries, including the automotive and heavy equipment industry. The infusion of capital will allow the firm to purchase equipment needed to develop that battery power technology.

"I'm proud to announce our support for Firefly Energy in Peoria. We're committed to doing everything we possibly can to stimulate the growth and development of young businesses in the North Central region. This financing will allow Firefly to forge ahead in its efforts to pioneer new technology that could position the company for major long term growth and prosperity, while it also further diversifies the impressive portfolio of dynamic tech companies in the region that are strengthening the vitality of this local economy," Governor Blagojevich said.

The \$300,000 in *Opportunity Return* financing, which is coming from the Illinois Department of Commerce and Economic Opportunity (DCEO), will help leverage another \$200,000 in debt financing, provided by the Peoria County Revolving Loan Fund and Peoria Citizen's Committee for Economic Opportunity, Inc.

"Governor Blagojevich's *Opportunity Returns* plan is designed to use innovative partnerships to help businesses grow and thrive, even in challenging economic times. This partnership between Illinois Ventures for Community Action, Peoria County, the Peoria Citizen's Committee for Economic Opportunity, and the state shows that we are working together at the grassroots level to accomplish that goal. This is a great investment in the local economy and its enterprising spirit," DCEO Director Jack Lavin said.

In addition, the Illinois Finance Authority (IFA) contributed \$350,000 in equity to Firefly Energy, funding that follows an earlier-stage investment from the IFA of \$300,000. "As the State's investment banker, one of our key goals is to support innovative Illinois companies with seed capital. Firefly Energy shows great promise and we are glad to support their growth," IFA Executive Director Ali Ata said.

(more)

Firefly Energy Inc. is in the business to produce and license advanced lead-acid battery technologies. Firefly Energy's technology was created by Caterpillar Inc. as part of its \$600 million annual research and development operations. Firefly has developed a next generation lead-acid battery technology that has the opportunity for a major impact in the \$30 billion worldwide battery market. The technology can deliver a combination of high performance, extremely low weight and reduced cost in a battery utilizing traditional, but non-corrosive, lead-acid chemistry. Firefly's technology delivers a performance associated with advanced materials (nickel metal hydride & lithium) at a cost similar to lead acid batteries. The company was launched as a spinout from Caterpillar on May 1, 2003, and is headed by co-founders Edward Williams (CEO), Mil Ovan (Senior Vice President), and Kurtis Kelley (Chief Scientist).

Governor Blagojevich's *Opportunity Returns* regional economic development plan is the most aggressive, comprehensive approach to creating jobs in Illinois' history. Since a one-size-fits-all approach to economic development just doesn't work, the Governor has divided the state into 10 regions – finding areas with common economic strengths and needs, and developing a plan with specific actions for each region. This grassroots effort for the North Central region is a product of significant outreach over several months throughout each region, with business, civic and labor leaders, and elected officials. Each plan is tailored to deliver real results that local businesses will see, feel, and, hopefully, profit from.

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BUSINESS

THURSDAY
OCTOBER 14, 2004

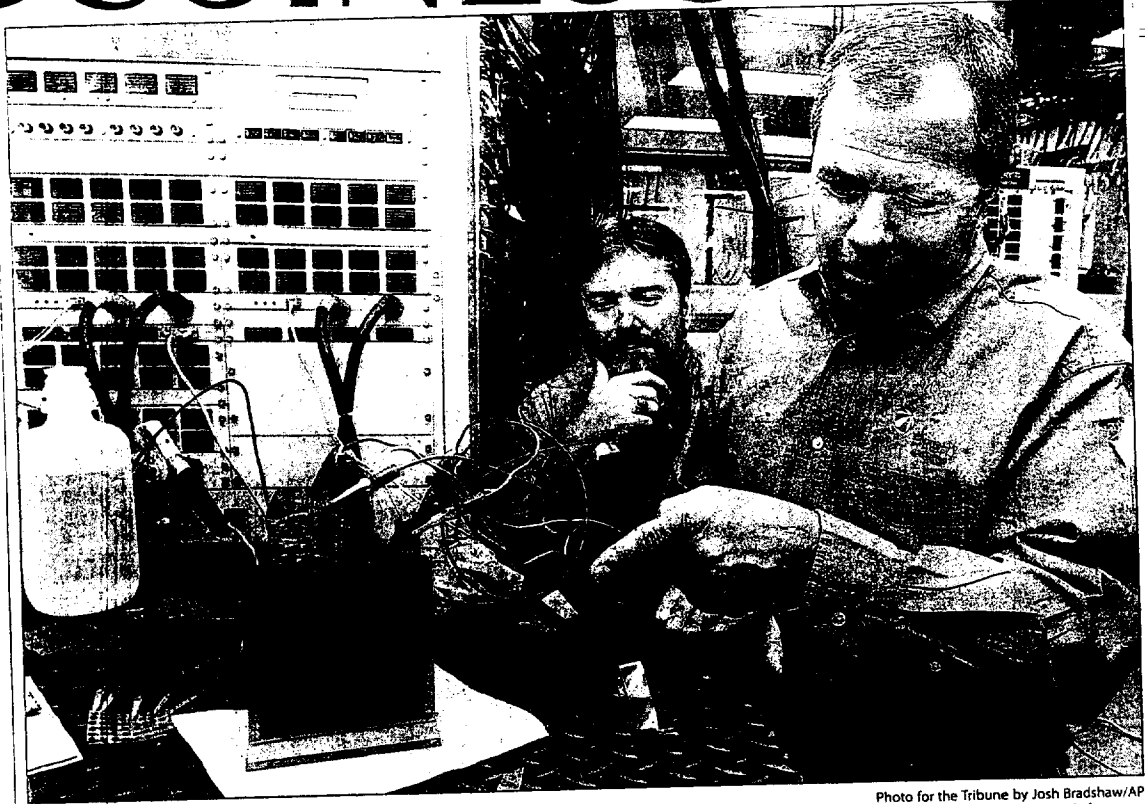


Photo for the Tribune by Josh Bradshaw/AP

Mil Ovan, left, senior vice president of Firefly Energy Inc., and Edward Williams, CEO, work in the firm's development lab.

Battery firm may help repower Peoria area

Caterpillar teams with local group

By Barbara Rose
Tribune staff reporter

It would be hard to imagine less likely catalysts for a high-tech start-up than an earth-moving equipment manufacturer, a central Illinois town and several state agencies.

Yet those ingredients produced a company whose early progress suggests Illinois is maturing as a state where 21st Century companies are born.

Firefly Energy Inc. is the first attempt by Peoria's Ca-

terpillar Inc. to spin out a homegrown new business with the help of a broad-based economic development group, Peoria NEXT.

On Thursday, Firefly is expected to announce \$4 million in private venture financing and \$500,000 in government-assisted loans to develop a lighter and more efficient battery for cars, trucks and other machines.

A London expert views Firefly's technology as an important breakthrough in the 150-year-old battery industry.

"They have done something radical and I think it will be very important," said Gerry Woolf, editor and publisher of

a technical quarterly, Batteries + Energy Storage Technology. "Whether they can get the world to run with it is another question."

This much is certain: Firefly will not lack local support.

The company's brief history illustrates how far Illinois has come since the turbulent late 1990s in creating an informal structure to support technology-based start-ups.

"It's really a grand renaissance," said Jim McConoughy, chief executive officer of The Heartland Partnership, a public-private alliance in central Illinois.

"The state of Illinois built a gigantic economy based on in-

Firefly Energy Inc.

The Caterpillar spinoff company produces next-generation lead acid battery technology. The company is in its prerevenue phase.



Founded:
May 1, 2003

Headquarters Peoria

Employees 11

Source: Firefly Energy Inc.

novative manufacturing," he said. "Now we're applying the same skills we've been using in the manufacturing industry to technology commercialization."

Caterpillar is the biggest employer in Peoria, a metropolitan area of 367,000 midway between Chicago and St. Louis. The manufacturing giant spends \$600 million an-

PLEASE SEE FIREFLY, BACK PAGE

FIREFLY: Co-founder had worked at Motorola

CONTINUED FROM PAGE 1

nually on research and development and generates dozens of ideas, some of which have broader applications than their use in Caterpillar products.

"Many of these ideas have an opportunity to succeed but they require additional investment," said Mark Pflederer, vice president of the company's technology and solutions division. "By leveraging external funding we can pursue more of them."

Rather than partner with a battery maker, Caterpillar decided to spin out its patent pending idea "to keep the technology in Peoria," Pflederer said.

Caterpillar is one of the founders of Peoria NEXT, which is committed to diversifying the area's economy by replacing dwindling manufacturing jobs with new ones created through research, innovation and high-tech commercialization.

But a spinout requires both management and money. Enter venture capitalist Tom Churchwell, managing partner of Arch-Development Partners, which has committed \$5 million to the Peoria area.

Churchwell invited former Motorola Inc. executive Edward Williams to a Peoria NEXT forum in late 2002, where Caterpillar presented its battery technology.

Fresh from selling his Colorado-based software firm, Williams was looking with Mil Ovan, another experienced entrepreneur, for a new venture.

"We spent the next few months taking a deep dive" into the battery market, Ovan recalled.

By the time Williams signed on as Firefly's chief executive officer and Ovan as Firefly's co-founder and senior vice presi-

dent, at least a half-dozen Illinois organizations were helping the fledgling company get off the ground.

"The real trick is making sure this happens 20 times a year and not just once," said Illinois Coalition Executive Vice President Tom Thornton.

A 1997 program developed by the non-profit Illinois Coalition and funded by the Illinois Finance Authority provided Firefly with \$300,000 in so-called "seed" money in August 2003.

Peoria NEXT arranged low-cost laboratory and office space on the campus of Peoria's Illinois Central College.

Caterpillar provided seed money and transferred its pending patents to Firefly in exchange for an equity stake in the startup.

Peoria NEXT used its "red carpet" program to help the firm attract several scientists. Among Firefly's 11 employees are two from Caterpillar, including Firefly co-founder Kurt Kelley, who invented the technology.

All this support gave Williams and Ovan credibility when they began calling on venture capitalists for financing.

"It's not as if it's Kurt and Mil's battery company that got started in their garage, but something the whole community recognizes," Williams said.

The \$4 million in venture capital financing to be announced Thursday comes from investors including Northbrook-based KB Partners, one of the state's more active funders of early stage companies since 1996.

The other new investor is United Defense LP, a military equipment firm.

Debt financing includes \$500,000 led by the Illinois Department of Commerce and Economic Opportunity.

Firefly will use the money to hire employees and buy equipment to develop a prototype battery. The goal is to develop the battery and recruit a customer—most likely an automaker—within 12 months.

"If they can get past the door [with automakers], this is a winner," said Woolf.

THE BOND BUYER

Thursday, October 14, 2004

Carle Foundation Leads Illinois' Handful of Approved Deals

By Yvette Shields

CHICAGO — The Illinois Finance Authority this week gave initial or final approval to more than \$500 million worth of new-money and refunding deals for a handful of Illinois-based universities, hospitals, and other nonprofits.

The Carle Foundation — a health care system in the central Illinois city of Urbana — won final approval for a sale of up to \$200 million revenue bonds that will provide about \$80 million in new money to finance the construction, renovation and equipping of several facilities, including a two-story addition to the Carle's main 295-bed hospital. About \$109 million of the deal will refund outstanding bonds from 1996, 1998 and to restructure its 1999 debt.

The bonds will be sold as auction rate securities and will carry triple-A rated insurance from FGIC. The deal will include two synthetic floating to fixed-rate swaps involving the refunding pieces of the deal, according to IFA documents. UBS Financial Services Inc. and Citigroup Global Markets Inc. are underwriting the deal with Jones Day serving as bond counsel.

Meantime, the University of Chicago sought initial approval for the advance refunding of up to \$86 million of its fixed-rate debt from 2001 that carries an average interest rate of 5.25%. The deal is a follow-up to a \$200 million new money sale that was recently approved

and its expected sale later this month. The refunding is tentatively structured as variable rate demand bonds with a final 38-year maturity. The university may swap the bonds to a synthetic fixed-rate. Morgan Stanley & Co. is the underwriter and Chapman and Cutler is bond counsel. The estimated present value savings on the refunding is \$11 million.

In addition, Ingalls Health System, which operates hospitals in the south suburbs of Chicago, won final approval for a \$50 million auction rate bond sale later this year to finance the renovation of the operating room at its main facility in Harvey and the completion of a cancer center at its Tinley Park hospital. The bonds will carry insurance from Radian Asset Assurance, rated in the low double A to mid-double A range. Merrill Lynch & Co. is underwriter and Jones Day is bond counsel, with Pugh Jones & Johnson PC co-bond counsel.

Other upcoming transactions reviewed by the state's main conduit issuer included one from Loyola University which is planning to sell \$24 million of fixed-rate bonds and another \$46 million of auction rate bonds to finance a new 25-story student living facility and a new Life Sciences building. The bonds may carry insurance or would be sold based on the school's ratings of A3 from Moody's Investors Service and A-minus from Standard & Poor's. Piper Jaffray & Co. is the underwriter and re-

marketing agent, while Chapman and Cutler is bond counsel.

The Illinois Institute of Technology plans a \$20 million mixed new money and refunding sale later this year that is will carry either triple-A insurance or a letter of credit. The school expects to generate substantial savings from the refunding, sufficient to cover debt service on the new money piece of the deal. William Blair & Co. is underwriter and Chapman and Cutler bond counsel.

Loyola University Medical Center will borrow \$15.5 million of revenue bonds secured by a leasehold interest in the building to finance construction of a new 1,300-stall parking garage. The bonds will be privately placed with GE Healthcare Financial Services, which is also serving as underwriter. Jones Day is bond counsel.

Under a program approved recently by the IFA board to help small hospital borrowers access the capital markets, St. Anthony's Health Center in Alton will sell \$5 million of bonds to acquire capital equipment and finance renovation projects. The bonds are being underwritten by and privately placed with GE Healthcare Financial Services as part of IFA's new Capital Opportunity Bond Program. Sanchez & Daniels is serving as bond counsel. "This is an area that has really been underserved," IFA's executive director Ali Ata said of the small hospital market.

The YMCA of Metropolitan Chicago

also received final approval for its planned sale of \$27 million of 35-year floating rate revenue bonds that will carry a letter of credit from Harris Trust & Savings Bank. Proceeds of the sale will finance new construction and renovation projects at various facilities throughout the Chicago area and refund some outstanding debt. J.P. Morgan Securities is serving as the placement agent, and Chapman and Cutler is bond counsel.

In other developments at the board meeting, Ata reported that the authority expects to see a substantial number of healthcare deals come before the agency in upcoming months as a result of Gov. Rod Blagojevich's appointment of new members to the Illinois Health Facilities Planning Board. The board's approval is needed for new hospital construction projects.

Over the summer, the governor suspended the agency's activities after several federal and state probes were launched into allegations that some board members may have been involved in a shakedown scandal involving two hospitals that were seeking approval for new hospitals.

The state General Assembly passed legislation reconstituting the board and Blagojevich last month named several new members to the board. The board's first meeting is set for Oct. 20. A total of 11 hospital bond transactions worth more than \$1 billion have been on hold pending the planning board's review. □

THE BOND BUYER

Wednesday, October 20, 2004

Four New Hospitals on Illinois Board's Agenda

By Yvette Shields

CHICAGO — Applications to build four new hospitals are on the Friday agenda of the newly reconstituted **Illinois Health Facilities Planning Board**.

Edward Hospital is seeking approval for a new \$170 million hospital in the southwest suburb of Plainfield. **Adventist Health System** wants to build a \$150 million hospital in the southwest suburb of Bolingbrook.

Advocate Health Care is seeking a certificate of need to build a \$220 million hospital in Tinley Park and **St. Francis Hospital and Health Care Center** wants to build a nearly \$200 million hospital in Orland Park. Both those hospitals would be located in south or southwest suburbs.

The new board is expected to review the applications at the Friday meeting, but will not vote on them until a Nov. 4 meeting.

The **Illinois Finance Authority**, a conduit issuer for hospitals, has said more than \$1 billion of bond deals in nearly a dozen transactions have been put on hold due to a scandal involving the previous incarnation of the board, leading to its activities being suspended.

Edward Hospital named a former planning board member in a federal whistleblower's lawsuit filed in May alleging it was being shaken down to use a certain construction firm in exchange for board approval. Hospitals must receive a certificate of need from the board in order to proceed with new construction. The lawsuit also accused a now-former **Bear, Stearns & Co.** banker of participating in the alleged shakedown.

Over the summer, Gov. **Rod Blagojevich** suspended the board's activities and the General Assembly passed legislation reconstituting the board. Blagojevich had considered abolishing the board altogether, but last month opted instead to appoint new members. Former U.S. congressman **Glenn Poshard** will chair the board. □