

**ILLINOIS FINANCE AUTHORITY
BOARD MEETING**

Tuesday, November 10, 2009

Chicago, Illinois

COMMITTEE OF THE WHOLE

8:30 a.m.

Two Prudential Plaza - IFA Chicago Office

180 N Stetson, Suite 2555

Chicago, Illinois

AGENDA

- I. Call to Order
- II. Roll Call
- III. Chairman's Remarks
- IV. Senior Staff Report (Tab A)
- V. Financial Report (Tab B)
- VI. Committee Reports
- VII. Project Reports
- VIII. Closed Session, if necessary
- IX. Other Business
- X. Adjournment

BOARD MEETING

11:30 a.m.

One Prudential Plaza Conference Center

130 East Randolph, 7th Floor

Chicago, Illinois

- I. Call to Order
- II. Chairman's Remarks
- III. Roll Call
- IV. Acceptance of Financials
- V. Approval of Minutes (Tab C & D)
- VI. Senior Staff Remarks
- VII. Project Approvals
- VIII. Resolutions / Amendments
- IX. Other Business

AGRICULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Beginning Farmer Bonds						
<i>Final</i>						
1	A) Bruce Boehl	Oblong (Jasper County)	\$149,000	0	0	ER
	B) Paul and Janie Bergschneider	Alexander (Morgan County)	\$196,000	0	0	ER
	C) Daniel Weber	Geneseo (Henry County)	\$178,000	0	0	ER
	D) DuWayne and Abby Wolber	Litchfield (Montgomery County)	\$250,000	0	0	ER
	E) Chad Niehaus	Walshville (Macoupin County)	\$216,000	0	0	ER
	F) Barrett Hill	Newton (Richland County)	\$239,000	0	0	ER
Agri-Debt Guarantee						
<i>Final</i>						
2	Benjamin L. and Susan R. Mueller	Sibley (Ford County)	\$486,000	0	0	ER
TOTAL AGRICULTURE PROJECTS			\$1,714,000	0	0	

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Affordable Rental Housing Bonds						
<i>Final (Amending Final)</i>						
3	Marion Supportive Living, L.P. (River To River Community of Marion SLF Project)	Marion (Williamson County)	\$6,200,000	18	20	RF
TOTAL BUSINESS AND INDUSTRY PROJECTS			\$6,200,000	18	20	

COMMUNITIES AND CULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds						
<i>Final</i>						
4	Museum of Science and Industry	Chicago (Cook County)	\$70,000,000	22	914	RF
Local Government Pooled Bond Program						
<i>Final</i>						
5	IFA Series 2009 Local Government Pooled Bonds Overview Memo					KD
6	City of Girard	Girard (Macoupin County)	\$825,000	0	5	KD
7	Village of Kane	Kane (Greene County)	\$625,000	0	29	KD
8	City of Warsaw	Warsaw (Hancock County)	\$375,000	0	10	KD
9	Village of Cowden	Cowden (Shelby County)	\$315,000	0	2	KD
10	Village of Farmersville	Farmersville (Montgomery County)	\$680,000	0	29	KD
11	City of Bunker Hill	Bunker Hill (Macoupin County)	\$300,000	0	2	KD
12	City of Herrin	Herrin (Williamson County)	\$370,000	0	19	KD
13	Avoca Drainage District - Special Assessment	Unincorporated Livingston County	\$815,000	0	4	KD
TOTAL COMMUNITIES AND CULTURE PROJECTS			\$74,305,000	22	1,014	

HEALTHCARE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds						
<i>Preliminary</i>						
14	Illinois Valley Community Hospital	Peru (LaSalle County)	\$24,000,000	3	200	PL/SG
501(c)(3) Bonds						
<i>Final</i>						
15	Memorial Health System	Multiple	\$170,000,000	107	1031	PL/BC
16	Resurrection Health Care	Multiple	\$120,000,000	0	0	PL/BC
17	Rehabilitation Institute of Chicago ("RIC")	Chicago (Cook County)	\$125,000,000	0	0	PL/BC
18	Advocate Health Care Network	Multiple	\$625,000,000	0	150	PL/BC
19	Southern Illinois Healthcare	Carbondale (Jackson County)	\$85,000,000	0	60	PL/BC
TOTAL HEALTHCARE PROJECTS			\$1,149,000,000	110	1,441	
GRAND TOTAL			\$1,231,219,000	150	2,455	

Tab	Project	FM
Amendatory Resolutions / Resolutions		
20	A Resolution Authorizing an Amendment to the Series 1995 & Series 1996 Bond Trust Indenture and Loan Agreements to allow the hospital to convert from Unit Pricing Period to a Demand Period (NorthShore University HealthSystem Project)	PL/BC
21	A Resolution with respect to Authorized Officers and Appointing Successor Trustees to the Illinois Finance Authority 401(a) Contribution Plan	CM

Other
Adjournment



**Illinois Finance Authority
Report of the Senior Staff
November 10, 2009**

To: IFA Board of Directors and Office of the Governor

**From: Chris Meister, Deputy Director and General Counsel
Yvonne Towers, Chief Financial Officer and Chief Technology Officer
Art Friedson, Director of Human Resources
Rich Frampton, Vice President and Director of Funding Managers
Pam Lenane, Vice President and Associate General Counsel
Eric Reed, Southern Illinois Regional Manager**

Financial Performance:

General Fund:

The Illinois Finance Authority's General Fund unaudited financial position for the month ending October, 2009, reports total assets of \$41,703,252, liabilities of \$1,634,993 and total equity of \$40,068,258. This compares favorably to the October 2008 balance sheet, with \$39,052,741 in total assets, liabilities at \$2,008,866 and total equity of \$37,043,875.

Gross revenue YTD (other than loan repayments) for the period ending October, 2009 was \$2,694,910, or \$240,238 (9.8%) above the approved FY10 budget. The favorable variance is primarily due to fee income. Total operating expenses were \$1,751,522, or \$50,329 higher than budget. This is primarily due to a retroactive adjustment for an operational change to the 401(a) Plan.

Gross revenue YTD of \$2,694,910 was \$482,029 (21.8%) higher than same period last fiscal year. This is primarily due to fee income. Operating expenses YTD were \$1,751,522 or \$31,487 higher than same period last fiscal year. This is mainly due to increased reserves for bad debt.

Year-to-date net income for October was \$975,327 or \$221,849 higher than budget and \$469,356 higher than same period last fiscal year.

Consolidated Results:

The Illinois Finance Authority's unaudited financial position for its fourteen (14) funds, as of October 31, 2009, reports consolidated total assets of \$172,042,396, liabilities of \$57,943,649 and total equity of \$114,098,748. This compares favorably to the October 2008 balance sheet of \$175,192,294 in total assets, liabilities of \$62,594,172 and total equity of \$112,598,123.

Audit and Compliance

The fiscal year 2009 audit field work is underway.
Attached is the status of fiscal year 2008 audit findings for your review.

Financial Services

Market Trends

- ***Build America Bonds (“BAB’s”)***: October was a record month for issuance of Taxable Build America Bonds. Taxable Bonds represented 37% of municipal bond issuance in October, up from 28.2% in September. BAB issuance has been increasing as a proportion of municipal fixed rate issuance (issuance of BAB’s is limited to Governmental Purpose Projects – rather than the conduit financings for non-governmental third parties that are IFA’s focus).
- According to a Wells Fargo BAB Index, the average yield on 30-year BAB’s is currently approximately 6%, thereby implying a cost to the Issuer (after the 35% Treasury subsidy) of approximately 3.9%. Recent Tax-Exempt rates on comparable 30-year Tax-Exempt issues have been 10 to 30 basis points (i.e., 0.10% to 0.30%) higher than these BAB rates for Double A and Triple A credits.

Interest Rate Data:

Tax-Exempt Rates:

- Variable Index (* SIFMA): 0.26% (10/29), down 8 basis point from last month’s report (and approaching historical lows).
- Fixed GO Bond (** MMD-30yr-AA): 4.00% (10/29), up 39 basis points from last month’s report.

Taxable Rates:

- Fed Reserve Benchmark Target Rate: 0.25% (10/29) unchanged from last month
- *** 90-day LIBOR: 0.28% (10/29), unchanged from last month
- **** Prime Rate: 3.25% (10/29), unchanged since 12/15/2008.
- 2-yr Treasury: .99%, (10/29) up 12 basis points from last month
- 30-yr Treasury: 4.34% (10/29) up 37 basis points from last month

* *SIFMA (i.e., “Securities Industry and Financial Markets Association”): The SIFMA Variable Index is an index of High-Grade 7-Day Floating Rate (VRDN) bonds compiled from market sources; www.sifma.org.*

** *MMD (i.e., “Municipal Market Data”): Thomson Financial compiles several proprietary indices of High Grade Municipal Bonds of varying maturities under their “MMD” indices.*

****LIBOR (i.e., London Interbank Offering Rate): “LIBOR” is the world’s most widely used benchmark for short-term interest rates.*

*****Prime Rate: the interest rate benchmark most commercial banks charge their most creditworthy customers (typically for Revolving Lines of Credit and other short-term loans).*

Economic Data:

Gross Domestic Product ("GDP"):

Real Gross Domestic Product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 3.5 percent in the 3rd calendar Quarter of 2009, according to the "advance" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP decreased 0.7 percent.

This estimated 3rd Quarter increase in real GDP resulted from positive trends in personal consumption expenditures (PCE), exports, private inventory investment, federal government spending, and residential fixed investment. Imports, which are deducted from GDP, increased.

Employment:

Nonfarm payroll employment continued to decline in September (-263,000), and the unemployment rate (9.8%) continued to trend up, the U.S. Bureau of Labor Statistics reported today. The largest job losses were in construction, manufacturing, retail trade, and government.

Since the start of the recession in December 2007, the number of unemployed persons increased by 7.6 million to 15.1 million, and the unemployment rate has doubled to 9.8%.

According to ADP's monthly National Employment Report released 11/2/2009, private sector employment decreased by 203,000 in October. Nonfarm private employment decreased 203,000 from September to October 2009 on a seasonally adjusted basis. October was the seventh consecutive month during which the decline in employment was less than in the previous month. Nevertheless, despite recent indications that overall economic activity is stabilizing, employment, which usually trails overall economic activity, is expected to decline for at least a few more months.

Illinois' unemployment rate held flat at 10% for the month of September as reported by the Illinois Department of Employment Security; unemployment data for October will be available on November 19th.

Manufacturing:

The recovery in manufacturing strengthened in October as the PMI Index registered 55.7, which is 3.1 points higher than the 52.6 reported in September, and the highest reading for the index since April 2006 (56.0). A monthly PMI Index reading above 50 indicates that the manufacturing sector is generally expanding; below 50 indicates that the manufacturing sector is generally contracting.

According to the Institute of Supply Management ("ISM"), a PMI index in excess of 41.2, over a period of time, generally indicates an expansion of the overall economy. In October, the PMI indicated growth for the sixth consecutive month, as well as expansion in the manufacturing sector for the third consecutive month. According to ISM economists, "The past relationship between the PMI and the overall economy indicates that the average PMI for January through October (44.6) corresponds to a 1.1 percent increase in real gross domestic product (GDP). However, if the PMI for October (55.7) were annualized, it would correspond to a 4.5 percent increase in real GDP annually."

Other Economic News:

On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers (CPI-U) rose 0.2 percent in September, the Bureau of Labor Statistics reported 11/2/2009. The increase was less than the 0.4 percent rise in August. The index has decreased 1.3 percent over the last 12 months on a non-seasonally adjusted basis.

Program Development

Local Government Pooled Bond Issue – Scheduled for consideration at today’s meeting, this Pool currently has 8 Local Government Pooled Bond projects totaling approximately \$4,775,000. This will be IFA’s first Local Government Pooled issuance since May, 2008. IFA’s Local Government Pooled Bond Program enables small, non-rated Units of Local Government to aggregate small borrowings to obtain economies of scale to obtain access to the national tax-exempt markets.

Sales Activities

Funding Managers will be presenting eighteen financings totaling \$1,231,219,000 for consideration at the November 14, 2009 Board Meeting including:

- Agriculture projects totaling \$1,714,000
- Business and Industry projects totaling \$6,200,000
- Healthcare projects totaling \$1,149,000,000
- Non-Healthcare projects (Cultural and other 501(c)(3) projects) totaling \$70,000,000
- Local Government projects totaling \$4,305,000

The twelve financings presented for consideration today are expected to create 150 new jobs and 2,455 construction jobs.

IFA Industry Updates and Closing Reports:

Agriculture

The Agricultural staff began the month of October by attending the annual conference for the National Council of State Ag Finance Programs (“NCOSAFP”). This organization is comprised of peer agencies for IFA across the country, that utilizes the Aggie Bond program (i.e., Beginning Farmer Bond Program), provide loan guarantees, and direct loans to farmers and agribusinesses. The conference, which rotates from State to State each year, provides an opportunity for attendees to learn about regional differences in the agricultural markets, share ideas for programs used in each state, as well as focusing on program improvements, which are common to all States. IFA Staff has worked with the NCOSAFP prior to bring federal legislative improvements to the Beginning Farmer Program, including the recently adopted increased limit. The NCOSAFP is contemplating additional Washington D.C. lobbying over the next year to seek a modification of prior land ownership limitations to widen availability for eligible beginning farmers.

IFA hired an Agricultural Intern in October to help with an ongoing project to review and evaluate all outstanding guaranteed loan files for information content, financial analysis, collateral analysis, and to run each loan through a credit scoring model. The intern, who is a senior in Agribusiness Economics at Southern Illinois University, will work in the Mt. Vernon office on a part time basis for approximately 2 months. The goal is to assign a credit grade to all open guaranteed loans, as well as each new loan at the time a loan is approved. A credit grade and collateral summary will be provided to Mabsco Capital (IFA's loan servicing provider), who upon receipt of completed file information will be able to provide a detailed and comprehensive report on the entire IFA guaranteed loan portfolio to management and the IFA Board of Directors.

Project inquiries from lenders and producers continue to vary each month, but primarily focus on Beginning Farmer Bonds and Loan Guarantees related to the livestock industry. Applications for Beginning Farmer Bonds have increased, however staff has yet to receive an application at the new maximum Beginning Farmer Bond limit of \$469,000. Staff received confirmation through the NCOSAFP that the 2010 limit for Beginning Farmer Bonds will be \$470,100. For the November Board Meeting, staff has submitted 6 Beginning Farmer Bond applications for consideration, as well as one Agri-Debt Guarantee.

There were no Agriculture Closings in November, 2009.

Business and Industry

IFA's B&I Team met with several economic development organizations including the Lawndale Business Development Corporation, Choose DuPage Economic Development, and the Rockford Local Development Corporation to discuss Industrial Revenue Bond, 501(c)(3) Revenue Bond, and Recovery Zone Facility Revenue Bond financing. IFA's B&I Team also met with a Chicago-area steel service center about financing the acquisition, renovation, and equipping an expansion to their existing facility.

Downstate B&I Team Members called on economic development representatives in Quincy, Moline, Rock Island, and Galesburg to discuss Participation Loans, Industrial Revenue Bonds, Beginning Farmer Bonds, 501(c)(3) Bonds, and Local Government Bonds.

Access to Bank Letters of Credit for Industrial Revenue Bond, Intermodal, and Solid Waste Transactions remains tight while pricing has increased far beyond historical norms. As a result, Bank LOC-enhanced Tax-Exempt Financings for these Borrowers provide relatively less benefit now than at any time in recent years.

IFA staff hopes to continue to build on its new relationship with American Water Capital Corp. (Illinois-American Water Company) and Aqua Illinois, Inc. to generate additional bond financing activity in the Business and Industry segment, particularly while Industrial Revenue Bond activity remains below historic averages. Water Utility Revenue Bonds finance investments in local drinking water systems necessary for that ultimately serve the general public and local industrial, commercial, governmental, and 501(c)(3) customers.

The B&I team will continue to approach eligible utilities in Illinois for Exempt Facilities Revenue Bond financings for drinking water system and gas distribution system projects to generate additional financing bond activity in this sector.

Business and Industry Closing for October, 2009 Closing(s)

Closing Date	Amount	Borrower
10/1/2009	\$28,500,000	American Water Capital Corp.
10/1/2009	\$5,010,000	Liberty Towers Associates II, L.P.

Healthcare

After last month’s continued improvement and all time low MMD of 3.81% on October 2, 2009 we have seen fixed rates increase by approximately 40 bps. Organizations are still contemplating refunding of variable rate debt to fixed rate given the increases. This month we have Advocate, Rehabilitation Institute of Chicago, Resurrection and Southern Illinois Healthcare coming for final approval. Illinois Valley Community Hospital will be utilizing the small and rural hospital program and plans to come to the board for the preliminary approval this month.

The Healthcare Team hosted a discussion with several Illinois Safety-Net Hospitals to discuss the viability of creating a program to securitize Safety Net Adjustment Payments (“SNAP”) and Critical Hospital Adjustment Payments (“CHAP”). Illinois Hospitals which are heavily dependent on the SNAP and CHAP payment streams have been fiscally hampered by delays in payments from the State, due to the current ARRA legislation and the prompt payment rules. A follow-up meeting to discuss the size and the structure of the program is set to be held by conference call on November 6, 2009 after the Budget Implementation Bill has been passed as SNAP and CHAP lobbyist are hopeful that monies may be set aside to help make payments to these critical Illinois Hospitals.

The Team also met with representatives of Memorial and Holy Cross Hospitals to discuss present and future financing needs and options. A meeting was also held with representatives of Estrada Hinojosa a minority owned underwriting firm to discuss the firm’s experience with Healthcare transactions as well as introduce the firms Chicago representative to the IFA Healthcare Team and 501(c)(3) Team.

The Healthcare Team continues to reach out to potential IFA Borrowers and Financial Professionals as well as foster its current relationships.

Healthcare October, 2009 Closing(s)

Closing Date	Amount	Borrower
October 16, 2009	\$52,000,000	Lake Forest Hospital
October 28, 2009	\$43,500,000	Edward Hospital

Non-Healthcare 501(c)(3)'s (Higher Education/Cultural/General 501(c)(3)s):

Credit challenges due to (1) bank rating downgrades and (2) related failed remarketings of impaired variable rate paper will continue to result in additional IFA borrower requests for Amendments and Restructurings.

One of IFA's primary key strategic initiatives during calendar 2010 has been to educate various market participants about the new Federal Home Loan Bank Letter of Credit initiative that was added to the Internal Revenue Code the 2008 Housing Recovery Act (effective July 30, 2008).

The Federal Home Loan Bank LOC product offers prospective assistance to 501(c)(3) borrowers who are (1) facing expensive LOC renewals at expiration, (2) are seeking replacement LOCs from non-rated banks, or (3) are further enhancing existing LOC-enhanced transactions to improve the interest rate to Borrowers.

After closing (1) the \$22.87 million Trinity International University bond issue and (2) the \$30.0 million Concordia University transaction in October, IFA has now closed 5 FHLB LOC-enhanced transactions to date. Additionally, on October 1st, IFA closed on a \$27.0 million restructuring for the Adler Planetarium was further secured by an FHLB LOC.

IFA staff originally projected that approximately 5-6 FHLB-enhanced transactions would close each calendar year. Given that 4 of IFA's initial 5 FHLB-enhanced transactions have restructured existing tax-exempt transactions and propped-up market access for 501(c)(3)'s, IFA and NAHEFFA are hopeful that the actual cost of the FHLB Letter of Credit provision to the Treasury will be less than originally projected by the Joint Committee on Taxation, thereby improving the likelihood of extension of the FHLB LOC provision beyond 12/31/2010.

IFA's 501(c)(3) Team will be working with both the National Association of Healthcare and Higher Education Authorities ("NAHEFFA") and the Council of Development Finance Agencies ("CDFA") to support an extension by the US Congress in early 2010.

IFA's 501(c)(3) Team also met with community leaders regarding the rehabilitation of Downtown buildings by a local 501(c)(3) organization.

IFA's 501(c)(3) Team also met with representatives of Lebenthal & Co., a woman-owned investment banking firm based in New York to discuss Lebenthal's experience financing 501(c)(3) and Industrial Revenue Bond projects.

Non-Healthcare 501(c)(3) Closing for October/Early November, 2009 Closing(s)

Closing Date	Amount	Borrower
October 28, 2009	\$22,870,000	Trinity International University
November 2, 2009	\$30,000,000	Concordia University Chicago

Local Government

The Local Government Team will be bringing 8 projects participants with an aggregate estimated issuance amount of approximately \$4.2 million for a variety of projects in 7 counties for final approval and acceptance into the Local Government Pooled Bond Program issue to today's Board meeting. The IFA Series 2009 Local Government Pool is planned to price in Mid November and close in early December. Two participants (the Villages of Kane and Girard) previously approved by the Board will refinance outstanding IFA Interim Direct Loans into the Pool. The Villages of Cowden and Farmersville were previously approved for participation while four borrowers, will be presented to the Board for the first time (and will request final approval).

Pursuant to an RFP, IFA has engaged Stifel Nicolaus to underwrite this initial 2009 Local Government Pooled Bond issue while Chapman and Cutler will serve as Bond Counsel.

The Local Government Team continues to build awareness and educate City officials and the public about IFA's impending, expanded role in energy efficiency and renewable energy initiatives through a series of Green Conferences targeted to these local governments. Additionally, the Local Government Team is actively meeting with local governmental officials on projects that may involve the use of the local government program (on either a conduit or pooled basis), and on a possible pooled program for local governments specifically related to energy efficiency.

There were no Local Government Closings in November, 2009

Energy

DOE Funding Opportunity for Energy Efficiency and Community Block Grant Retro-fit Ramp Up: IFA is pursuing a grant for up to \$20 million which may be used to fund a debt service reserve or otherwise facilitate a financing program for energy efficiency projects.

- ***DOE's Financial Institution Partnership Program:*** The Department of Energy issued its long awaited Request for Information to Public and Non-Profit Development Finance Organizations (DFOs) on October 29. Responses are due January 15, 2010 and will be used to identify Designated Lenders, which will be authorized to assist DOE in underwriting projects for Loan Guarantees. Eligible projects include Renewable Energy, Innovative Energy Efficiency and Advanced Transmission and Distribution Technologies. IFA plans to submit its response prior to the deadline to take advantage of DOE's offer to review submissions as soon as they are received. DOE intends to evaluate DFOs based on their: (1) capacity and willingness to assume or guarantee at least 5% of project debt for the life of the loan, (2) experience investing in, lending or making grants to energy sector projects, (3) credit processes, governance and expertise, and (4) portfolio management, transaction surveillance and restructuring processes and expertise.

IFA Presentations:

- Green Town Conference Oct 15 Chicago, *Renewable Energy: Preparing Local Communities to Meet Regional Goal*
- Green Town Conference Oct 15, Columbia College, Chicago *Making Existing Buildings Energy Efficiency*

- Building Green Chicago Conference & Expo, Oct 21 - Hilton, Chicago - *Financing Energy and Energy Efficiency Initiatives*
- RSM McGladrey 2009 Manufacturing and Wholesale Distribution Executive Summit, Oct 27 - Oak Brook, IL - Federal and State Incentives Panel,

There were no Energy Closings in November, 2009

Venture Capital

Since October 14, 2009, the CFO has undertaken the duties relating to the venture capital program. The SPO is preparing a procurement for a vendor to value the IFA venture capital portfolio. IFA staff monitored a board meeting of zuChem, a company within the IFA's venture capital portfolio.

IFA continues to monitor the orderly wind down of the Champaign Urbana Venture Fund and its one remaining asset, User Active. This investment has already been written down to zero. Final cash disbursements from the Fund have already been received. Timing of the formal dissolution of the Fund is later this year and early 2010.

Staff completed due diligence for documents Riverglass has asked IFA to sign related to a recent financing effort. IFA is not participating in this round and will submit the requested documents in early October.

Staff participated in board meetings for Stonewater and Ohmx, and met with the President and CEO and prospective new CFO of ZuChem.

Human Resources

Arthur Friedson joined the IFA on November 2, 2009, as the Human Resources Director.

Yvonne Towers was appointed IFA's EEO Officer on October 22, 2009, temporarily awaiting the arrival of the Human Resources Director, Arthur Friedson. The first quarter reports, due to the Illinois Department of Human Rights, were submitted per the extended deadline of November 10, 2009.

IFA's EEO/AA Plan for fiscal year 2010 was submitted on time and approved by the Illinois Department of Human Rights. The new plan has been distributed to all IFA associates and the required postings have been completed. Staff met the Department to review and sign off on the third and fourth quarter reports submitted for fiscal year 2009.

Review of personnel files over the last two months was completed this month in anticipation of the upcoming audit.

The Board Compensation Committee met twice during the month of September.

Benefits

The Trustees for IFA's Individual Account Plan held a Trustee meeting. Fund performance was reviewed. The Trustees voted to add new fund to the selection of funds available for participants to invest in. The Trustees also voted to amend the Plan to include an explanation of a recent operational change and to meet two compliance responsibilities.

Records Retention

Records Retention duties will be part of the duties of the Human Resources Director. IFA staff met with a representative of the State Library (Secretary of State's Office) regarding an efficient process to electronically store IFA records with the State Library. Storage with the State Library is a separate records retention requirement from the ongoing process with the State Records Commission and the State Archives. IFA Senior Staff continues to address the time and resource intensive process with respect to appropriate retention of records.

Procurement

Staff submitted three Procurement Business Cases (PLBC) for Treasury-related procurements (Government Bond and Government Security Money Market Funds, Managed Investment Services, and CDARS). The CDARS PBC was approved; questions concerning the other two are being addressed. The State has advised IFA to utilize Information for Bid (IFB) solicitation for all three pending final approval of the remaining two PBCs. This appears to be a more suitable approach than issuing Request for Proposals and will expedite the completion of these solicitations. IFB content was drafted for the Government Bond and Government Securities Money Market Funds and the Managed Investment Service solicitations.

Staff prepared content for submission of a PBC for Venture Capital Evaluation Services. The PBC should be submitted early in October. Work will commence immediately on the Request for Proposal solicitations.

Documentation of the human resource, payroll, and other services being provided to IFA by ADP TotalSource was completed. Content for the PBC for inclusion in the PBC is estimated to be 60% done and should be completed during the week of October 5th.

Legislative/Legal

SB 390 passed the House on October 29, 2009 with a vote of 105-9-0. SB 390 was a joint initiative of the IFA and the Illinois Attorney General's Office. SB 390 adds energy efficiency projects to the list of projects eligible for credit enhancement/State guarantees from the IFA. This legislation will help to leverage federal and State funding that is available for energy efficiency projects that create and retain jobs in Illinois.

When enacted, SB 390 will share the same effective date as SB 1906 (P.A. 96-0103): January 1, 2010. SB 1906 clarified existing IFA authority to issue State guarantees for renewable energy and clean coal projects.

The Senate Sponsor was Senator David Koehler. The House Sponsors were Representatives Frank J. Mautino, Roger L. Eddy, Linda Chapa Lavia, Jehan A. Gordon, Dave Winters, Deborah L. Graham, Greg Harris, Patrick J. Verschoore, Karen May, Julie Hamos, Paul D. Froehlich, Harry Osterman, Naomi D. Jakobsson, Lisa M. Dugan, Sara Feigenholtz, Donald L. Moffitt, Robert W. Pritchard, William D. Burns, John E. Bradley and Barbara Flynn Currie.

With respect to the Spring 2010 Session of the Illinois General Assembly, the IFA, in conjunction with the Governor's Office, is working to prepare the following legislative proposals:



1. Increasing the IFA's general statutory bond authorization above \$28.15 billion;
2. Obtaining "multistate" bonding authority that competitor issuers in Indiana, Missouri, Colorado, Florida, and other states have; and
3. Measures to enhance the agricultural guarantee programs.

Illinois Finance Authority
FY08 Audit Findings: Material and Immaterial
Update as of October 31, 2009

Number of Findings - 7

Item Number	Description	Finding Type	Comments	Percentage Completed											
				10	20	30	40	50	60	70	80	90	100		
Government Auditing Standards:															
08-01	Draft Financial Statements Not Completed Timely	Significant Deficiency	People, processes and systems are in place to produce timely financial statements.	[Redacted]											
08-02	Failure to Provide a Listing of Laws and Regulations Applicable to the Authority	Significant Deficiency	Database developed; identification and tracking, and maintenance of the statutory mandate database have been executed.	[Redacted]											
Federal Compliance:															
08-03	Missing Policy on Nondiscrimination	Noncompliance and Significant Deficiency	The product bulletin and the application for the Rural Development Program have been updated and posted to the IFA website.	[Redacted]											
State Compliance:															
08-04	Failure to Report Revenue Bond Information to the Office of the Comptroller	Noncompliance and Significant Deficiency	Implemented a "reminder" process with trustees/paying agents. Changes required from the IOC to totally eliminate this finding.	[Redacted]											
08-05	No Established Rules to Administer Loan Program (Fire Sprinkler Dormitory Revolving Loan Program)	Noncompliance and Significant Deficiency	No appropriation to fund the program; rules filed with the Secretary of State.	[Redacted]											
08-06	Failure to Administer the Exporter Award Program	Noncompliance and Significant Deficiency	IFA posted an invitation on its website; nominated borrowers; actual award by DCEO were made on 06/29/09; none of the awardees were submitted by IFA.	[Redacted]											
08-07	No Formal Record Retention Plan	Noncompliance and Significant Deficiency	State Record Commission reviewed and approved the Records Retention Schedule.	[Redacted]											

**Illinois Finance Authority
Audit Findings Material and Immaterial
Update as of October 31, 2009**

Item Number	Description	Percentage Completed
10 20 30 40 50 60 70 80 90 100		
Total Number of 2		
FY 08 Immaterial Findings		
IM08-01	Statement of Economic Interest Report Not Filed Timely	
IM08-02	Inadequate Documentation of Internal Control Procedures	

**Illinois Finance Authority
General Fund
Unaudited
Balance Sheet
for the Four Months Ending October 31, 2009**

		Actual October 2009
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	\$	16,660,320
RECEIVABLES, NET		224,203
LOAN RECEIVABLE, NET		23,045,829
OTHER RECEIVABLES		249,994
PREPAID EXPENSES		<u>171,017</u>
TOTAL CURRENT ASSETS		40,351,363
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION		77,894
DEFERRED ISSUANCE COSTS		401,407
OTHER ASSETS		
CASH, INVESTMENTS & RESERVES		872,588
VENTURE CAPITAL INVESTMENTS		-
OTHER		<u>-</u>
TOTAL OTHER ASSETS		872,588
TOTAL ASSETS	\$	<u><u>41,703,252</u></u>
LIABILITIES		
CURRENT LIABILITIES	\$	1,055,820
LONG-TERM LIABILITIES		<u>579,173</u>
TOTAL LIABILITIES		1,634,993
EQUITY		
CONTRIBUTED CAPITAL		4,111,479
RETAINED EARNINGS		23,010,155
NET INCOME / (LOSS)		975,327
RESERVED/RESTRICTED FUND BALANCE		1,732,164
UNRESERVED FUND BALANCE		<u>10,239,134</u>
TOTAL EQUITY		40,068,258
TOTAL LIABILITIES & EQUITY	\$	<u><u>41,703,252</u></u>

**Illinois Finance Authority
General Fund - Actual to Budget
Statement of Activities
for Period Ending
October 31, 2009**

	Actual October 2009	Budget October 2009	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2010	Budget YTD FY 2010	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2010	% of Budget Expended
REVENUE										
INTEREST ON LOANS	99,327	83,550	15,777	18.88%	402,810	364,644	38,166	10.47%	1,175,722	34.26%
INVESTMENT INTEREST & GAIN(LOSS)	2,620	20,833	(18,213)	-87.42%	16,779	83,332	(66,553)	-79.87%	250,000	6.71%
ADMINISTRATIONS & APPLICATION FEES	402,870	236,369	166,501	70.44%	1,771,537	1,773,818	(2,281)	-0.13%	3,496,715	50.66%
ANNUAL ISSUANCE & LOAN FEES	45,062	55,244	(10,183)	-18.43%	406,694	220,978	185,716	84.04%	645,618	62.99%
OTHER INCOME	65,148	2,975	62,173	0.00%	97,091	11,900	85,191	0.00%	35,700	0.00%
TOTAL REVENUE	615,027	398,972	216,055	54.15%	2,694,910	2,454,672	240,238	9.79%	5,603,755	48.09%
EXPENSES										
EMPLOYEE RELATED EXPENSES										
COMPENSATION & TAXES	233,538	229,167	4,371	1.91%	955,153	916,667	38,486	4.20%	2,750,000	34.73%
BENEFITS	23,498	23,042	456	1.98%	91,317	92,167	(850)	-0.92%	276,500	33.03%
TEMPORARY HELP	2,761	3,157	(395)	-12.53%	11,410	12,627	(1,217)	-9.63%	37,880	30.12%
EDUCATION & DEVELOPMENT	10,000	417	9,583	0.00%	11,035	1,667	9,368	562.10%	5,000	220.70%
TRAVEL & AUTO	5,535	5,175	360	6.95%	17,581	20,700	(3,119)	-15.07%	62,100	28.31%
TOTAL EMPLOYEE RELATED EXPENSES	275,332	260,957	14,375	5.51%	1,086,496	1,043,827	42,669	4.09%	3,131,480	34.70%
PROFESSIONAL SERVICES										
CONSULTING, LEGAL & ADMIN	15,833	15,833	(0)	0.00%	63,753	63,333	420	0.66%	190,000	33.55%
LOAN EXPENSE & BANK FEE	10,333	11,208	(875)	-7.81%	38,546	44,833	(6,287)	-14.02%	134,500	28.66%
ACCOUNTING & AUDITING	24,432	21,667	2,765	12.76%	95,068	86,667	8,401	9.69%	260,000	36.56%
MARKETING GENERAL	235	-	235	0.00%	601	-	601	0.00%	65,000	0.92%
FINANCIAL ADVISORY	18,333	18,333	(0)	0.00%	73,332	73,333	(1)	0.00%	220,000	33.33%
CONFERENCE/TRAINING	-	1,250	(1,250)	0.00%	2,823	5,000	(2,177)	-43.53%	15,000	18.82%
MISC. PROFESSIONAL SERVICES	17,413	-	17,413	0.00%	17,413	-	17,413	0.00%	120,000	0.00%
DATA PROCESSING	4,866	2,917	1,949	66.82%	13,716	11,667	2,050	17.57%	35,000	39.19%
TOTAL PROFESSIONAL SERVICES	91,444	71,208	20,236	28.42%	305,252	284,833	20,418	7.17%	1,039,500	29.37%

**Illinois Finance Authority
General Fund - Actual to Budget
Statement of Activities
for Period Ending
October 31, 2009**

	Actual October 2009	Budget October 2009	Current Month Variance Actual vs. Budget	Current % Variance	Actual YTD FY 2010	Budget YTD FY 2010	Year to Date Variance Actual vs. Budget	YTD % Variance	Total Budget FY 2010	% of Budget Expended
OCCUPANCY COSTS										
OFFICE RENT	22,301	22,917	(615)	-2.68%	89,444	91,667	(2,223)	-2.42%	275,000	32.53%
EQUIPMENT RENTAL AND PURCHASES	4,268	5,167	(899)	-17.40%	15,204	20,667	(5,462)	-26.43%	62,000	24.52%
TELECOMMUNICATIONS	5,009	4,358	651	14.94%	20,232	17,433	2,799	16.05%	52,300	38.68%
UTILITIES	991	800	191	23.85%	3,958	3,200	758	23.70%	9,600	41.23%
DEPRECIATION	5,108	4,025	1,083	26.90%	20,790	16,100	4,690	29.13%	48,300	43.04%
INSURANCE	1,951	500	1,451	290.24%	7,715	2,000	5,715	285.74%	6,000	128.58%
TOTAL OCCUPANCY COSTS	39,628	37,767	1,861	4.93%	157,344	151,067	6,277	4.16%	453,200	34.72%
GENERAL & ADMINISTRATION										
OFFICE SUPPLIES	5,821	6,667	(846)	-12.69%	14,918	26,667	(11,749)	-44.06%	90,000	16.58%
BOARD MEETING - EXPENSES	1,652	1,600	52	3.27%	10,959	6,400	4,559	71.24%	19,200	57.08%
PRINTING	607	600	7	1.13%	2,247	2,400	(153)	-6.37%	7,200	31.21%
POSTAGE & FREIGHT	1,099	1,250	(151)	-12.07%	4,765	5,000	(235)	-4.70%	15,000	31.77%
MEMBERSHIP, DUES & CONTRIBUTIONS	1,900	3,083	(1,183)	-38.37%	6,701	12,333	(5,632)	-45.67%	37,000	18.11%
PUBLICATIONS	128	250	(122)	-48.96%	306	1,000	(694)	-69.43%	3,000	10.19%
OFFICERS & DIRECTORS INSURANCE	16,315	16,917	(601)	-3.55%	62,535	67,667	(5,132)	-7.58%	203,000	30.81%
MISCELLANEOUS	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL GENL & ADMIN EXPENSES	27,522	30,367	(2,845)	-9.37%	102,430	121,467	(19,036)	-15.67%	374,400	27.36%
LOAN LOSS PROVISION/BAD DEBT	25,000	25,000	-	0.00%	100,000	100,000	-	0.00%	300,000	33.33%
OTHER										
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TOTAL EXPENSES	458,926	425,298	33,627	7.91%	1,751,522	1,701,193	50,329	2.96%	5,298,580	33.06%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	156,102	(26,326)	182,428	-692.95%	943,388	753,478	189,909	25.20%	305,175	309.13%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
TRANSFER	-	-	-	0.00%	31,938	-	31,938	0.00%	-	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%	-	-
NET INCOME/(LOSS)	156,102	(26,326)	182,428	-692.95%	975,327	753,478	221,849	29.44%	305,175	319.60%

**Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
October 31, 2009**

	Actual October 2009	Actual October 2008	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2010	Actual YTD FY 2009	Year to Date Variance Actual vs. Actual	YTD % Variance
REVENUE								
INTEREST ON LOANS	99,327	112,323	(12,995)	-11.57%	402,810	457,620	(54,810)	-11.98%
INVESTMENT INTEREST & GAIN(LOSS)	2,620	29,863	(27,243)	-91.23%	16,779	153,132	(136,353)	-89.04%
ADMINISTRATIONS & APPLICATION FEES	402,870	492,546	(89,675)	-18.21%	1,771,537	1,361,613	409,924	30.11%
ANNUAL ISSUANCE & LOAN FEES	45,062	48,361	(3,299)	-6.82%	406,694	204,879	201,814	98.50%
OTHER INCOME	65,148	8,576	56,572	0.00%	97,091	35,636	61,454	0.00%
						-	-	-
TOTAL REVENUE	615,027	691,669	(76,642)	-11.08%	2,694,910	2,212,881	482,029	21.78%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	233,538	226,039	7,498	3.32%	955,153	921,089	34,064	3.70%
BENEFITS	23,498	21,696	1,802	8.31%	91,317	89,088	2,229	2.50%
TEMPORARY HELP	2,761	7,631	(4,870)	-63.81%	11,410	22,684	(11,274)	-49.70%
EDUCATION & DEVELOPMENT	10,000	370	9,630	0.00%	11,035	893	10,142	1135.17%
TRAVEL & AUTO	5,535	7,458	(1,924)	-25.79%	17,581	24,071	(6,490)	-26.96%
TOTAL EMPLOYEE RELATED EXPENSES	275,332	263,195	12,137	4.61%	1,086,496	1,057,825	28,671	2.71%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	15,833	26,828	(10,995)	-40.98%	63,753	139,701	(75,948)	-54.36%
LOAN EXPENSE & BANK FEE	10,333	14,737	(4,403)	-29.88%	38,546	47,375	(8,828)	-18.64%
ACCOUNTING & AUDITING	24,432	28,741	(4,309)	-14.99%	95,068	112,508	(17,441)	-15.50%
MARKETING GENERAL	235	967	(732)	-75.73%	601	11,876	(11,275)	-94.94%
FINANCIAL ADVISORY	18,333	25,000	(6,667)	-26.67%	73,332	100,000	(26,668)	-26.67%
CONFERENCE/TRAINING	-	(350)	350	0.00%	2,823	8,340	(5,517)	-66.15%
MISC. PROFESSIONAL SERVICES	17,413	-	17,413	0.00%	17,413	20,000	(2,588)	0.00%
DATA PROCESSING	4,866	2,437	2,429	99.64%	13,716	12,436	1,281	10.30%
TOTAL PROFESSIONAL SERVICES	91,444	98,360	(6,916)	-7.03%	305,252	452,236	(146,984)	-32.50%

**Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
October 31, 2009**

	Actual October 2009	Actual October 2008	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2010	Actual YTD FY 2009	Year to Date Variance Actual vs. Actual	YTD % Variance
OCCUPANCY COSTS								
OFFICE RENT	22,301	19,136	3,166	16.54%	89,444	94,265	(4,821)	-5.11%
EQUIPMENT RENTAL AND PURCHASES	4,268	4,356	(89)	-2.03%	15,204	17,597	(2,392)	-13.60%
TELECOMMUNICATIONS	5,009	1,921	3,088	160.78%	20,232	15,966	4,266	26.72%
UTILITIES	991	1,486	(495)	-33.32%	3,958	5,275	(1,316)	-24.95%
DEPRECIATION	5,108	6,527	(1,419)	-21.74%	20,790	26,025	(5,234)	-20.11%
INSURANCE	1,951	1,607	344	21.41%	7,715	6,429	1,286	20.01%
TOTAL OCCUPANCY COSTS	39,628	35,033	4,596	13.12%	157,344	165,556	(8,212)	-4.96%
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	5,821	5,622	199	3.54%	14,918	30,756	(15,839)	-51.50%
BOARD MEETING - EXPENSES	1,652	3,135	(1,482)	-47.29%	10,959	14,787	(3,828)	-25.89%
PRINTING	607	1,262	(655)	-51.92%	2,247	6,664	(4,417)	-66.28%
POSTAGE & FREIGHT	1,099	1,149	(50)	-4.34%	4,765	10,040	(5,275)	-52.54%
MEMBERSHIP, DUES & CONTRIBUTIONS	1,900	1,880	20	1.08%	6,701	8,404	(1,702)	-20.26%
PUBLICATIONS	128	575	(447)	-77.80%	306	1,538	(1,232)	-80.12%
OFFICERS & DIRECTORS INSURANCE	16,315	14,524	1,791	12.33%	62,535	58,097	4,438	7.64%
MISCELLANEOUS	-	396	(396)	0.00%	-	1,896	(1,896)	0.00%
TOTAL GENL & ADMIN EXPENSES	27,522	28,542	(1,020)	-3.57%	102,430	132,182	(29,751)	-22.51%
LOAN LOSS PROVISION/BAD DEBT	25,000	-	25,000	#DIV/0!	100,000	(87,764)	187,764	-213.94%
OTHER								
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%
TOTAL EXPENSES	458,926	425,130	33,796	7.95%	1,751,522	1,720,035	31,487	1.83%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	156,102	266,539	(110,438)	-41.43%	943,388	492,846	450,542	91.42%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%
TRANSFER	-	-	-	0.00%	31,938	13,125	18,813	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%
NET INCOME/(LOSS)	156,102	266,539	(110,438)	-41.43%	975,327	505,971	469,356	92.76%

**Illinois Finance Authority
Consolidated
Unaudited
Balance Sheet
for the Four Months Ending October 31, 2009**

	Actual October 2008	Actual October 2009
	<u> </u>	<u> </u>
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	\$ 25,761,438	\$ 30,166,727
RECEIVABLES, NET	470,621	224,203
LOAN RECEIVABLE, NET	89,005,204	94,795,074
OTHER RECEIVABLES	485,563	976,616
PREPAID EXPENSES	<u>113,898</u>	<u>171,017</u>
 TOTAL CURRENT ASSETS	 115,836,724	 126,333,637
 FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	 133,796	 77,894
 DEFERRED ISSUANCE COSTS	 642,623	 543,802
OTHER ASSETS		
CASH, INVESTMENTS & RESERVES	49,367,003	36,709,324
VENTURE CAPITAL INVESTMENTS	5,530,076	5,377,739
OTHER	<u>3,682,072</u>	<u>3,000,000</u>
 TOTAL OTHER ASSETS	 58,579,151	 45,087,063
 TOTAL ASSETS	 <u>\$ 175,192,294</u>	 <u>\$ 172,042,396</u>
 LIABILITIES		
CURRENT LIABILITIES	\$ 1,141,898	\$ 1,154,387
LONG-TERM LIABILITIES	<u>61,452,274</u>	<u>56,789,262</u>
 TOTAL LIABILITIES	 62,594,172	 57,943,649
EQUITY		
CONTRIBUTED CAPITAL	35,608,692	35,608,692
RETAINED EARNINGS	24,795,357	27,173,957
NET INCOME / (LOSS)	(219,372)	1,196,735
RESERVED/RESTRICTED FUND BALANCE	39,765,275	37,471,193
UNRESERVED FUND BALANCE	<u>12,648,171</u>	<u>12,648,171</u>
 TOTAL EQUITY	 112,598,123	 114,098,748
 TOTAL LIABILITIES & EQUITY	 <u>\$ 175,192,294</u>	 <u>\$ 172,042,396</u>

**MINUTES OF THE OCTOBER 14, 2009 MEETING OF THE COMMITTEE OF THE
WHOLE 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 Committee of the Whole Meeting at 8:30 a.m. on October 14, 2009 at the Chicago Office of the IFA at 180 N. Stetson, Suite 2555, Chicago, IL 60601.

Members present:

1. William A. Brandt, Jr.,
Chairman
2. Michael W. Goetz, Vice
Chairman
3. Terrence M. O’Brien
4. Bradley A. Zeller
5. Juan B. Rivera
6. Dr. William J. Barclay
7. James J. Fuentes

Members absent:

1. April D. Verrett
2. Ronald E. DeNard
3. Roger D. Herrin
4. Edward H. Leonard, Sr.

Vacancies:

4

**Members participating by
telephone:**

None

Staff Members Present:

Chris Meister, Deputy
Director – General Counsel
Yvonne Towers, CFO
Pam Lenane, VP & Deputy
General Counsel
Beverly Womack-Holloway –
Secretary to the Board
Kara Boulahanis, Project
Coordinator & Asst.
Secretary to the Board
John Filan, Senior Energy
Advisor
Eric Reed, Regional Manger

Guests Present:

Lois Scott, Scott Balice
Santino Bibbo, Cabrera Capital
Sophia Ronis, Governor’s
Office of Management and
Budget

Call to Order

Chairman Brandt called the meeting to order at 8:50 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests.

Chairman’s Remarks

Chairman Brandt opened the meeting with an update on the reappointment process for Board Members. He then moved on to update Board Members on The Clare, a project that closed in December 2005 that is currently undergoing financial difficulties. He then detailed the agenda for the current board. He stated that it included 18 projects, 7 of which were returning to the Board for final approval and were therefore not new revenue. The remaining 11 projects only include \$37 million in new issuance. He reiterated that the period after the close of this calendar year could be a difficult period financially for the IFA.

Chairman Brandt then moved on to a legislative update. He informed the Board Members that the Fall Veto Session for the House and Senate would be the second and fourth weeks of October this year. The IFA is attempting to get legislation passed that would explicitly include Energy Efficiency projects under the authority granted by Senate Bill 1906. This would be especially helpful for the healthcare and cultural institutions the IFA serves.

Senior Staff Reports

Mr. Frampton presented his report, consistent with the Senior Staff Report. Ms. Lenane was congratulated on her work with the National Association of Health and Education Facilities Finance Authorities Annual Conference in Chicago, which was sponsored by the IFA.

Financials

Ms. Towers presented the financials, consistent with the Senior Staff Report. She then presented an overview of the draft revised FY 2010 budget, highlighting additional expenses the IFA would incur with the FY2009 audit, estimated to be \$50,000 higher than the prior year. Also, additional expenses reflected in the draft revised budget include \$52,000 to cover IT's transition of both telecommunications and internet services with the Department of Central Management Services; increased legal and professional service fees, and bad debt. She reported that the revised draft FY 2010 budget reflects break-even income. Chairman Brandt asked Ms. Towers to circulate the draft FY 2009 financials, submitted to the auditors on October 2nd, to the Board Members. Ms. Towers stated that the revised FY 2010 budget would be formally presented at the November Audit Committee meeting.

Mr. O'Brien asked what staff member at the IFA was currently handling marketing. Ms. Towers responded that the IFA has outsourced that function. Mr. Meister further clarified that pursuant to an RFP, two firms were chosen and each would be handling different aspects of IFA's outreach including press and new technologies.

Committee Reports:

Chairman Brandt asked Mr. Reed to make the Agriculture Committee report. His report was consistent with that in the Senior Staff Report. A brief discussion of a problem with the Gregory Husser agriculture loan ensued. Mr. Reed was asked to obtain more information and report to the Board in November. A brief discussion of the possibility of expanding programs to assist ailing hog farmers throughout Illinois followed, but was tabled for discussion for a later date.

Ms. Lenane then shared the Healthcare Committee report and it was consistent with that in the Senior Staff Report. Mr. Govia was congratulated on a job well done at the Illinois Healthcare Association's Leadership Conference in Galena, Illinois.

Chairman Brandt then stated that the Energy Committee did not meet before the October Board Meeting but that the Blackhawk Biofuels, LLC merger with REG would be discussed. Mr. Filan stated that Mr. Dan Oh, President and Chief Operating Officer would be available to answer questions via phone that morning. Mr. Filan explained an agreement between Bunge and Blackhawk to the Board Members regarding supplies and output. He also explained the issue of the Federal Fuel Mandates and the role they are expected to play for Blackhawk. Chairman Brandt explained his desire that all parties to this deal share equally in the losses and expenses prior to the merger.

Mr. Oh joined the call at 9:55 a.m. Chairman Brandt and Mr. Filan asked Mr. Oh several questions regarding merger fees incurred. Mr. Oh satisfactorily answered their questions. Mr. Brandt reaffirmed the IFA's desire to see the merger completed. Mr. Oh then explained the timeline and process for approval of the merger and stated he expected it to close by December 15, 2009 at the latest. Mr. Oh also shared that REG was considering acquiring another biofuels plant in Illinois, however that deal had not yet been finalized.

Project Reports

No. 1A: **A-FB-TE-CD-8280 – Chad A. Walk**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$150,000 for the purchase of 50 acres of farmland. This project is located in Neoga, IL (Shelby County).

No. 1B: **A-FB-TE-CD-8281 – Jeremy & Tara Reeves**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$201,000 for the purchase of 80 acres of farmland. This project is located in Greenville, IL (Bond County).

Mr. Reed presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 3: **IA-YF-GT-8284 – Kyle & Jenny Wagner**
Request for final approval for the issuance of a Young Farmer Guarantee in an amount not-to-exceed \$263,500. Proceeds from this financing will be used to provide permanent financing for the purchase of 125 acres of farm land. This project is located in Canton, IL (Fulton County)

Mr. Reed presented consistent with the Board report. Minimal discussion relating to the details of this transaction and the collateral available ensued and no objections were noted.

No. 19: **Michael and Shari Flanigan.** Request by Peoples National Bank to modify the payment date for an existing Young Farmer Guaranteed Loan.

Mr. Reed presented consistent with the Board report. Minimal discussion ensued and no objections were noted. Mr. Reed clarified this is a permanent change in the payment schedule, not a one time extension.

No. 3: **I-ID-TE-CD-8271 – The Clarke Group, Inc.**
Request for final approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$10,000,000. Proceeds from this financing will be used to finance the construction of three LEED Certified facilities comprised of approximately 41,500 square feet which will contain (i) Manufacturing, (ii) Research and Development, and (iii) Office Space (iv) the acquisition of new equipment to be located therein and to finance (v) costs of issuance. This project is located in Roselle, IL (DuPage County).

Mr. Frampton presented consistent with the Board report on Mr. Nares' behalf. Minimal discussion ensued and no objections were noted. Mr. Reed clarified this is a permanent change in the payment schedule, not a one time extension.

No. 16: **E-PC-TE-CD-8182 – Adler School of Professional Psychology**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$23.5 million. The proceeds of this issuance will be used to finance leasehold improvements that will enable Adler to (1) consolidate its operations (2) provide room for future expansion, (3) provide Adler's faculty and students

with a dedicated building entrance located at One North Dearborn in Chicago and pay bond issuance costs. This project is located in Chicago, IL (Cook County).

Mr. Frampton presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 17: E-PC-TE-CD-8260 – Roosevelt University

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$210 million. The proceeds of this issuance will be used to (1) finance construction of the University's new Wabash Development Project, a new 32-story multi-use building that will include relocated and enlarged student service facilities and provide 500 beds of new and replacement student housing. (2) Additionally, the Bonds will current refund three outstanding prior series of IFA Bonds. The refunded bonds will enable Roosevelt to reduce variable interest rate risk, eliminate financial covenants related to the Letter of Credit associated with the Prior Bonds, and eliminate renewal and pricing renewal risks associated with the Letter of Credit. This project is located in Chicago and Schaumburg, IL (Cook and Lake Counties).

Mr. Frampton presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 8: H-HO-TE-CD-8090 – Advocate Health Care

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$280 million. The proceeds of this issuance will be used to 1) finance the merger-related redemption of BroMenn Healthcare's ("BroMenn") existing debt; 2) fund new money projects at both BroMenn and other Advocate hospital campuses, 3) refund a bridge loan provided to repay Midwest Physicians Group ("MPG")'s tax-exempt bonds if deemed necessary or advisable; 4) restructure a portion of Advocate's outstanding debt if deemed necessary or advisable; 5) fund a debt service reserve fund, if deemed necessary or advisable; and 6) pay bond issuance costs. This project is located in multiple locations throughout Illinois.

Ms. Lenane presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 9: H-HO-TE-CD-8276 – Memorial Health

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$170 million. The proceeds of this issuance will be used to (i) fund capital expenditures for the health care facilities of the Borrower and/or its affiliates (located in Lincoln, Springfield, and Taylorville, IL), (ii) refund all or a portion of the Illinois Health Facilities Authority Revenue Bonds Series 1997 (Memorial Health System) (the "Prior Bonds"), (iii) fund a debt service reserve fund, if deemed necessary or advisable, and (iv) pay bond issuance costs. This project is located in multiple locations throughout Illinois.

Ms. Lenane presented consistent with the Board report. She informed Board Members that 107 new jobs would be created and 1,031 construction jobs would be created by this issuance. Minimal discussion ensued and no objections were noted.

No. 10: **H-SL-RE-TE-CD-8283 – Villa Guadalupe Senior Services Corporation**
Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$5 million. The proceeds of this issuance will be used to: 1) refund the existing Series 1990 Variable Rate Demand Bonds issued by Cook County 2) fund future capital expenditures, and 3) pay bond issuance costs. This project is located in Chicago, IL (Cook County).

Mr. Bill Claus presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 11: **H-HO-CD-TE-8061 – Resurrection Health Care**
Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$120 million. The proceeds of this issuance will be used to: (i) current refund approximately \$100 million of IFA Series 2008A-B variable rate demand bonds; (ii) fund a debt service reserve fund and (iii) pay costs of issuance. This project is located in multiple locations throughout Illinois.

Mr. Claus presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 12 **H-HO-TE-CD-8119 – Central DuPage Health**
Request for final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$280 million. The proceeds of this issuance will be used to (i) refund all or a portion of the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2000A, 2000B, 2000C, 2004A, 2004B, and 2004C, (ii) fund capital expenditures for the health care facilities of the Borrower or its affiliates, (iii) pay a portion of the interest on the portion of Series 2009B Bonds that are issued to fund capital expenditures (iv) provide working capital (v) fund a debt service reserve fund and (vi) pay costs of issuance. This project is located in Winfield, IL (DuPage County).

Ms. Lenane presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 13: **H-HO-TE-CD-8259 – Edward Hospital**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$55 million. The proceeds of this issuance will be used to current refund IHFA Series 2001C Bonds and pay costs of issuance. This project is located in Naperville, IL (DuPage County).

Mr. Claus presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 14: **H-HO-TE-CD-8268 – Lake Forest Hospital**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$60 million. The proceeds of this issuance will be used to (1) Finance the addition of an outpatient surgery center, radiation oncology center, and observation beds at the Grayslake Campus; (2) finance additional renovation projects at Grayslake site; (3) potentially fund small projects at the Lake Forest

Campus; and (4) pay bond issuance costs. This project is located in Greyslake and Lake Forest, IL (Cook and Lake Counties).

Mr. Shannon Govia presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 15: H-SL-RE-TE-CD-8173 – Timothy Place, NFP D/B/A Park Place Christian Community of Elmhurst

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$195 million. The proceeds of this issuance will be used to (i) construct and equip a new Continuing Care Retirement Community, (ii) repay monies used to finance pre-development costs, (iii) fund one or more Debt Service Reserve Funds, (iv) fund interest expense on the bonds for a period of approximately 28 months, and (v) fund certain professional and bond issuance costs. This project is located in Elmhurst, IL (DuPage County).

Mr. Claus presented consistent with the Board report. He noted that key conditions had been improved for this final resolution: management fees have been differed and the presale level is now at 75%. It had previously been 70%. Minimal discussion ensued and no objections were noted.

No. 4: E-PS-TE-CD-7184 – Hales Franciscan High School

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$13 million. The proceeds of this issuance will be used to finance and reimburse expenditures for construction, renovations, the purchase of equipment and furnishings, used therein and to pay capitalized interest and certain bond issuance costs for a school facility located at 4930 S. Cottage Grove in Chicago. This project is located in Chicago, IL (Cook County).

Ms. Sharnell Curtis-Martin presented consistent with the Board report. She reminded Board Members that this deal came before the Board in 2007 but they were having difficulty maintaining enrollment. They have since rebounded and this project is already underway. Minimal discussion ensued and no objections were noted.

No. 6: H-SL-RE-TE-CD-8279 – County Health, Inc.

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$7.5 million. The proceeds of this issuance will be used to finance the (i) construction of a 26,833 square foot building addition to the borrower's existing 31,000 square foot skilled long-term care nursing facility, (ii) renovation and reconfiguration of the existing nursing home facility, (iii) to pay costs of issuance. This project is located in Gifford, IL (Champaign County).

Mr. James Senica presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 21: Illinois Machine Works and Tool Works. Resolution for Participation Loan Payment Modifications by Heartland Bank and Trust Company and IMT Real Estate, LLC.

Mr. Senica presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 5: **E-PS-TE-CD-8270 – Joliet Montessori School**
Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$650,000. The proceeds of this issuance will be used to (i) used to refinance an outstanding mortgage, (ii) renovate the existing building, construct an addition, purchase equipment and fixtures for use therein, and (iii) to pay bond issuance costs. This project is located in Crest Hill, IL (Will County).

Mr. Townsend Albright presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 7: **E-PC-TE-CD-8260 – Elgin Academy**
Request for final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$12 million. The proceeds of this issuance will be used to (i) refund outstanding IFA Series 2007 Bonds (ii) to pay termination costs of an interest rate swap, and (iii) pay bond issuance costs. This project is located in Elgin, IL (Kane County).

Mr. Albright presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 18: **E-PC-TE-CD-8260 – Trinity International University**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$23.5 million. The proceeds of this issuance will be used to finance and reimburse the costs of a new Student Center and refund existing debt. This project is located in Deerfield, IL (Lake County).

Mr. Albright presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 20: **Argonne National Laboratory.** Resolution to authorize execution of an Amended Trust Indenture to eliminate the requirement that the Lessee execute requisitions from the Special Tenant Improvements Account held under the Indenture. (Theory and Computing Sciences Building Trust (Argonne National Laboratory) IFA Series 2007 Taxable Bonds).

Mr. Albright presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

Once the project reports were completed Chairman Brandt asked Mr. Filan to please provide the Board Members with a brief update on compliance. Mr. Filan informed the Board that IFA had engaged the Bronner Group, a compliance firm, to review IFA's participation loan portfolio and evaluate the level of risk. A concern regarding procedures was raised by the firm. The firm made a preliminary recommendation for more formal processes but will return in November with a follow-up report for the Board. It has been agreed however that having specific loan criteria and formal procedures for monitoring loans once issued is the goal.

Mr. O'Brien asked to see a list of vendors, their prices and services at the next Board Meeting. Chairman Brandt agreed. Chairman Brandt then thanked Mr. Filan for his assistance with the compliance review.

A motion by Mr. O'Brien was entertained to enter into closed session to discuss employment and compensation matters as allowed under the Open Meetings Act exemption 5 ILCS 120/2(c)(1); the motion was seconded by Mr. Zeller. The motion passed unanimously on a roll call vote with the following members voting aye: (1) Chairman William A. Brandt; (2) Vice Chairman Michael W. Goetz; (3) Mr. Terrence M. O'Brien; (4) Mr. Bradley A. Zeller; (5) Mr. Juan B. Rivera; (6) Dr. William J. Barclay; (7) Mr. James J. Fuentes. The meeting moved into closed session at 11:08 a.m.

Mr. O'Brien moved to take the meeting out of closed session. That motion was seconded by Chairman Brandt. The motion passed unanimously on a roll call vote with the following members voting aye: (1) Chairman William A. Brandt; (2) Vice Chairman Michael W. Goetz; (3) Mr. Terrence M. O'Brien; (4) Mr. Bradley A. Zeller; (5) Mr. Juan B. Rivera; (6) Dr. William J. Barclay; (7) Mr. James J. Fuentes. The meeting moved out of closed session at 11:41 a.m.

Closing Remarks and Adjournment:

Immediately following the end of closed session the Board Members unanimously agreed to adjourn the meeting.

Respectfully Submitted,

Beverly Womack-Holloway, Board Secretary
&
Kara Nystrom-Boulahanis, Assistant Secretary

**MINUTES OF THE OCTOBER 14, 2009 MEETING OF THE BOARD OF DIRECTORS OF
THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Board Meeting at 11:30 a.m. on Wednesday, October 14th, 2009 at the Conference Center at One Prudential Plaza, 7th Floor, 130 E. Randolph Street, Chicago, IL 60601.

Members present:

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Terrence M. O'Brien
4. Bradley A. Zeller
5. Juan B. Rivera
6. Dr. William J. Barclay
7. James J. Fuentes
8. Ronald E. DeNard

Members absent:

1. April D. Verrett

**Members participating by
telephone:**

1. Dr. Roger D. Herrin
2. Edward H. Leonard, Sr.

Vacancies:

Four

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:48 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests and asked the Secretary, Beverly Womack-Holloway to call the roll. There being eight (8) members physically present Mrs. Womack-Holloway declared a quorum present. There were also two additional members on the phone.

Acceptance of Financial Statements and Minutes

Financial statements for the period ending September 30, 2009 and minutes for both the September 9th, 2009 Committee of the Whole and the Board of Directors meeting were presented to members of the Board. Chairman Brandt stated that the Authority's financial statements and minutes were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt requested a motion to approve the September 30, 2009 Financial Statements and minutes from both the September 9, 2009 Committee of the Whole and the Board of Directors meeting.

The motion was moved by Mr. Zeller and seconded by Mr. Goetz. The September 30, 2009 Financial Statements and minutes from both the September 9, 2009 Committee of the Whole and the Board of Directors meeting were unanimously approved by members of the Board.

Chairman's Remarks

Chairman Brandt welcomed Board Members and guests. He remarked that the Board Meeting location had been changed from Springfield to Chicago in order to achieve quorum. He reiterated IFA's commitment to hosting downstate meetings and stated that he was hopeful one would occur in the near future, depending on quorum.

Senior Staff Reports

None.

Project Approvals

Chairman Brandt asked Mr. Rich Frampton to present the projects for consideration to the Board. Chairman Brandt announced that projects being presented today for approval were thoroughly reviewed at the Committee of the Whole meeting held at 8:30 a.m. today.

Mr. Frampton presented the following projects for board approval:

- No. 1A:** **A-FB-TE-CD-8280 – Chad A. Walk**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$150,000 for the purchase of 50 acres of farmland. This project is located in Neoga, IL (Shelby County).
- No. 1B:** **A-FB-TE-CD-8281 – Jeremy & Tara Reeves**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed \$201,000 for the purchase of 80 acres of farmland. This project is located in Greenville, IL (Bond County).
- No. 2:** **IA-YF-GT-8284 – Kyle & Jenny Wagner**
Request for final approval for the issuance of a Young Farmer Guarantee in an amount not-to-exceed \$263,500. Proceeds from this financing will be used to provide permanent financing for the purchase of 125 acres of farm land. This project is located in Canton, IL (Fulton County)
- No. 3:** **I-ID-TE-CD-8271 – The Clarke Group, Inc.**
Request for final approval of the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$10,000,000. Proceeds from this financing will be used to finance the construction of three LEED Certified facilities comprised of approximately 41,500 square feet which will contain (i) Manufacturing, (ii) Research and Development, and (iii) Office Space (iv) the acquisition of new equipment to be located therein and to finance (v) costs of issuance. This project is located in Roselle, IL (DuPage County).
- No. 6:** **H-SL-RE-TE-CD-8279 – County Health, Inc.**
Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$7.5 million. The proceeds of this issuance will be used to finance the (i) construction of a 26,833 square foot building addition to the borrower’s existing 31,000 square foot skilled long-term care nursing facility, (ii) renovation and reconfiguration of the existing nursing home facility, (iii) to pay costs of issuance. This project is located in Gifford, IL (Champaign County).
- No. 7:** **E-PC-TE-CD-8260 – Elgin Academy**
Request for final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$12 million. The proceeds of this issuance will be used to (i) refund outstanding IFA Series 2007 Bonds (ii) to pay termination costs of an interest rate swap, and (iii) pay bond issuance costs. This project is located in Elgin, IL (Kane County).
- No. 8:** **H-HO-TE-CD-8090 – Advocate Health Care**
Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$280 million. The proceeds of this issuance will be used to 1) finance the merger-related redemption of BroMenn Healthcare’s (“BroMenn”) existing debt; 2) fund new money projects at both BroMenn and other Advocate hospital campuses, 3) refund a

bridge loan provided to repay Midwest Physicians Group (“MPG”)’s tax-exempt bonds if deemed necessary or advisable; 4) restructure a portion of Advocate’s outstanding debt if deemed necessary or advisable; 5) fund a debt service reserve fund, if deemed necessary or advisable; and 6) pay bond issuance costs. This project is located in multiple locations throughout Illinois.

No. 9: H-HO-TE-CD-8276 – Memorial Health

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$170 million. The proceeds of this issuance will be used to (i) fund capital expenditures for the health care facilities of the Borrower and/or its affiliates (located in Lincoln, Springfield, and Taylorville, IL), (ii) refund all or a portion of the Illinois Health Facilities Authority Revenue Bonds Series 1997 (Memorial Health System) (the “Prior Bonds”), (iii) fund a debt service reserve fund, if deemed necessary or advisable, and (iv) pay bond issuance costs. This project is located in multiple locations throughout Illinois.

No. 10: H-SL-RE-TE-CD-8283 – Villa Guadalupe Senior Services Corporation

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$5 million. The proceeds of this issuance will be used to: 1) refund the existing Series 1990 Variable Rate Demand Bonds issued by Cook County 2) fund future capital expenditures, and 3) pay bond issuance costs. This project is located in Chicago, IL (Cook County).

No. 12: H-HO-TE-CD-8119 – Central DuPage Health

Request for final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$280 million. The proceeds of this issuance will be used to (i) refund all or a portion of the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2000A, 2000B, 2000C, 2004A, 2004B, and 2004C, (ii) fund capital expenditures for the health care facilities of the Borrower or its affiliates, (iii) pay a portion of the interest on the portion of Series 2009B Bonds that are issued to fund capital expenditures (iv) provide working capital (v) fund a debt service reserve fund and (vi) pay costs of issuance. This project is located in Winfield, IL (DuPage County).

No. 13: H-HO-TE-CD-8259 – Edward Hospital

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$55 million. The proceeds of this issuance will be used to current refund IHFA Series 2001C Bonds and pay costs of issuance. This project is located in Naperville, IL (DuPage County).

No. 14: H-HO-TE-CD-8268 – Lake Forest Hospital

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$60 million. The proceeds of this issuance will be used to (1) Finance the addition of an outpatient surgery center, radiation oncology center, and observation beds at the Grayslake Campus; (2) finance additional renovation projects at Grayslake site; (3) potentially fund small projects at the Lake Forest Campus; and (4) pay bond issuance costs. This project is located in Greyslake and Lake Forest, IL (Cook and Lake Counties).

No. 16: E-PC-TE-CD-8182 – Adler School of Professional Psychology

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$23.5 million. The proceeds of this issuance will be used to finance leasehold improvements that will enable Adler to (1) consolidate its operations (2) provide room

for future expansion, (3) provide Adler's faculty and students with a dedicated building entrance located at One North Dearborn in Chicago and pay bond issuance costs. This project is located in Chicago, IL (Cook County).

- No. 18:** **E-PC-TE-CD-8260 – Trinity International University**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$23.5 million. The proceeds of this issuance will be used to finance and reimburse the costs of a new Student Center and refund existing debt. This project is located in Deerfield, IL (Lake County).

No guests attended with respect to Project Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 12, 13, 14, 16, or 18. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 12, 13, 14, 16 or 18. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 12, 13, 14, 16 and 18. Leave was granted. Project Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 12, 13, 14, 16 and 18 received final approval with 11 ayes, 0 nays, and 0 abstentions.

Mr. Frampton then presented the following resolutions to the Board:

- No. 19:** **Michael and Shari Flanigan.** Request by Peoples National Bank to modify the payment date for an existing Young Farmer Guaranteed Loan.
- No. 20:** **Argonne National Laboratory.** Resolution to authorize execution of an Amended Trust Indenture to eliminate the requirement that the Lessee execute requisitions from the Special Tenant Improvements Account held under the Indenture. (Theory and Computing Sciences Building Trust (Argonne National Laboratory) IFA Series 2007 Taxable Bonds).
- No. 21:** **Illinois Machine Works and Tool Works.** Resolution for Participation Loan Payment Modifications by Heartland Bank and Trust Company and IMT Real Estate, LLC.
- No. 22:** **Blackhawk Biofuels, LLC.** Fifth Third Bank's Request to Change the Measurement Dates for Two Covenants Associated with the IFA Guaranteed Term Loan to Blackhawk Biofuels, LLC.

Chairman Brandt reminded Board Members and guests that a comprehensive discussion of the Blackhawk Biofuels, LLC Resolution occurred during the Committee of the Whole Meeting at 8:30 a.m. this morning.

No guests attended with respect to Amendatory Resolutions Nos. 19, 20, 21 or 22. Chairman Brandt asked if the Board had any questions with respect to Amendatory Resolutions Nos. 19, 20, 21 or 22. There being none, Chairman Brandt asked leave to apply the last unanimous vote in favor of the project. Leave was granted.

- No. 4:** **E-PS-TE-CD-7184 – Hales Franciscan High School**
Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$13 million. The proceeds of this issuance will be used to finance and reimburse expenditures for construction, renovations, the purchase of equipment and furnishings, used therein and to pay capitalized interest and certain bond issuance costs for a school facility located at 4930 S. Cottage Grove in Chicago. This project is located in Chicago, IL (Cook County).

Ms. Sharnell Curtis-Martin introduced Mr. Zebedee McClaurin, Chairman of the Board of Hales Franciscan High School and Ms. Deniece Jordan-Walker of Gardener Bacon and Underwood. Mr. McClaurin brought a rendering of the completed project for the Board. Mr. McClaurin informed the Board that this financing would be the first major capitol improvement in 50 years. The campus is three blocks from President Obama's home in Hyde Park, on the South side of Chicago. Chairman Brandt asked for leave to apply the last unanimous vote in favor of this project. Leave was granted.

No. 5: E-PS-TE-CD-8270 – Joliet Montessori School

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$650,000. The proceeds of this issuance will be used to (i) used to refinance an outstanding mortgage, (ii) renovate the existing building, construct an addition, purchase equipment and fixtures for use therein, and (iii) to pay bond issuance costs. This project is located in Crest Hill, IL (Will County).

Mr. Townsend Albright introduced Mrs. Kathy Bertani, Business Manger, Joliet Montessori School. Mrs. Bertani thanked the Board for inviting him to speak. He shared that Joliet Montessori School will educate students from pre-school to 8th grade. Chairman Brandt asked for leave to apply the last unanimous vote in favor of this project. Leave was granted.

No. 11: H-HO-CD-TE-8061 – Resurrection Health Care

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$120 million. The proceeds of this issuance will be used to: (i) current refund approximately \$100 million of IFA Series 2008A-B variable rate demand bonds; (ii) fund a debt service reserve fund and (iii) pay costs of issuance. This project is located in multiple locations throughout Illinois.

Ms. Pamela Lenane introduced Mr. James Sykes, Vice President of Finance for Resurrection Health Care. Mr. Sykes thanked the Board for their consideration. Chairman Brandt asked for leave to apply the last unanimous vote in favor of this project. Leave was granted.

No. 15: H-SL-RE-TE-CD-8173 – Timothy Place, NFP D/B/A Park Place Christian Community of Elmhurst

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$195 million. The proceeds of this issuance will be used to (i) construct and equip a new Continuing Care Retirement Community, (ii) repay monies used to finance pre-development costs, (iii) fund one or more Debt Service Reserve Funds, (iv) fund interest expense on the bonds for a period of approximately 28 months, and (v) fund certain professional and bond issuance costs. This project is located in Elmhurst, IL (DuPage County).

Ms. Lenane introduced Mr. Bill DeYoung, Chief Financial Officer of Park Place. Mr. DeYoung thanked the Board for helping the senior population of Elmhurst, IL. Chairman Brandt thanked Mr. DeYoung for bringing this project to the IFA. Chairman Brandt then asked for leave to apply the last unanimous vote in favor of this project. Leave was granted.

No. 17: E-PC-TE-CD-8260 – Roosevelt University

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$210 million. The proceeds of this issuance will be used to (1) finance construction of the University's new Wabash Development Project, a new 32-story multi-use building that will include relocated and enlarged student service facilities and provide 500 beds of new and replacement student housing. (2) Additionally, the Bonds will current refund three outstanding prior series of IFA Bonds. The refunded bonds will

enable Roosevelt to reduce variable interest rate risk, eliminate financial covenants related to the Letter of Credit associated with the Prior Bonds, and eliminate renewal and pricing renewal risks associated with the Letter of Credit. This project is located in Chicago and Schaumburg, IL (Cook and Lake Counties).

Mr. Frampton introduced Ms. Miroslava Krug, Senior Vice President and Chief Financial Officer for Roosevelt University. Ms. Krug thanked the Board for their consideration. Chairman Brandt asked if there were any questions. Seeing none, Chairman Brandt asked for leave to apply the last unanimous vote in favor of the project. Leave was granted.

No. 23: Report concerning compensation and personnel matters.

Chairman Brandt introduced the report by stating that IFA's revenues have declined significantly over the past three years. Today's agenda, despite the robust number of projects, has only 11 projects that include new revenue for the IFA excluding healthcare. These 6 projects only total \$26.6 million in issuances. In an effort to fulfill the Board's fiduciary duty to the IFA and remain solvent, the Board commissioned a report utilizing much deliberation and consultation with outside counsel. The adoption of this report authorizes a staff re-organization and reduction. This action is driven solely by economic factors – namely declining revenues in many traditional IFA business sectors, low revenue projects for the remainder of FY2010, and the need to devote resources to the Energy Sector. The entire report will be posted on IFA's website shortly following the meeting.

Mr. Terry O'Brien moved to adopt the report. Mr. Goetz seconded the motion. Secretary Womack-Holloway conducted a roll call vote. The motion passed unanimously on a roll call vote with the following members voting aye: (1) Chairman William A. Brandt; (2) Vice Chairman Michael W. Goetz; (3) Mr. Terrence M. O'Brien; (4) Mr. Bradley A. Zeller; (5) Mr. Juan B. Rivera; (6) Dr. William J. Barclay; (7) Mr. James J. Fuentes; (8) Ronald E. DeNard; (9) Dr. Roger D. Herrin; (10) Mr. Edward H. Leonard, Sr. There were no abstentions.

Other Business

Chairman Brandt asked if there was any other business to come before the Board. There being none, Chairman Brandt requested a motion to adjourn. Upon a motion by Mr. Goetz and seconded by Mr. O'Brien, the meeting adjourned at 12:31 p.m.

Chairman Brandt reminded all guests that next month's meeting will be on Tuesday, November 10, 2009 at the Prudential Plaza Conference Center at 130 E. Randolph Ave., 7th Floor, Chicago, IL 60601.

Respectfully Submitted,

Beverly Womack-Holloway, Board Secretary
&
Kara Nystrom-Boulahanis, Assistant Secretary

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Eric Reed/lk
Date: November 10, 2009
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached project
- **Amount:** Up to \$469,200 maximum of new money for each project*
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$1,228,000**
- **Calendar Year Summary:** (as of November 10, 2009)
 - Volume Cap: \$15,000,000
 - Volume Cap Committed: \$6,856,939
 - Volume Remaining: \$8,143,461
 - Average Acreage Farm Size: 70
 - Number of Farms Financed: 38
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - convey tax-exempt status
 - will use dedicated 2009 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
 - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
 - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
 - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
 - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
 - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**
Stephen F. Welcome, Esq.
Three First National Plaza, Suite 4300
Chicago, IL 60602

* Increase from prior cap of \$250,000 due to SB260/ Public Act 96-0531, effective date August 14, 2009.

A.

Project Number:	A-FB-TE-CD-8286
Funding Manager:	Eric Reed
Borrower(s):	Boehl, Bruce
Borrower Benefit:	First Time Land Buyer
Town:	Oblong, IL
Amount:	\$149,000
Use of Funds:	Farmland – 50 acres
Purchase Price:	\$149,000 / (\$2,980 per ac)
% Borrower Equity	0%
% Other Agency	0%
% IFA	100%
County/Region:	Jasper / Southeastern
Lender/Bond Purchaser	First National Bank of Oblong / Richard Kocher
Legislative Districts:	Congressional: 19 th , John Shimkus State Senate: 54 th , John O. Jones State House: 108 th , David Reis

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on January 15, 2011. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin January 15, 2011 with the twentieth and final payment of all outstanding balances due twenty years from the first payment date.

Bruce Boehl: Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.25% fixed for the first five years and adjust annually thereafter to 1.0% below the prime rate as published in the Wall Street Journal. The rate on this loan will not drop below 4.25% and have a ceiling of 9.5%. IFA Fee: \$2,235

B.

Project Number:	A-FB-TE-CD-8287
Funding Manager:	Eric Reed
Borrower(s):	Bergschneider, Paul and Janie
Borrower Benefit:	First Time Land Buyer
Town:	Alexander, IL
Amount:	\$196,000
Use of Funds:	Farmland – 90 acres
Purchase Price:	\$360,000 / (\$4,000 per ac)
% Borrower Equity	10%
% USDA Farm Service Agency	40% (<i>Subordinate Financing</i>)
% IFA	50%
County/Region:	Morgan / Central
Lender/Bond Purchaser	Warren Boynton State Bank / William Pfeffer
Legislative Districts:	Congressional: 18 th , Aaron Schock State Senate: 49 th , Deanna Demuzio State House: 97 th , Jim Watson

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on February 1, 2011. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to on February 1, 2011 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

Paul & Janie Bergschneider: Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.75% fixed for the first three years and adjust every three years thereafter to 3.50% above the weekly average yield on US Government Securities adjusted to a constant maturity of three years. Lender will charge a .25% closing fee. IFA Fee: \$2,940

C.

Project Number: A-FB-TE-CD-8288
Funding Manager: Eric Reed
Borrower(s): Weber, Daniel
Borrower Benefit: First Time Land Buyer
Town: Geneseo, IL
Amount: \$178,000
Use of Funds: Farmland – 70.88 acres w/buildings
Purchase Price: \$279,000/\$269,000 / (\$3,795 per ac)
 % Borrower Equity 10%
 % USDA Farm Service Agency 45% (*Subordinate Financing*)
 % IFA 45%
County/Region: Henry / Northwest
Lender/Bond Purchaser: Wells Fargo Bank / Michael Urish
Legislative Districts: Congressional: 14th, Bill Foster
State Senate: 36th, Mike Jacobs
State House: 71st, Mike Boland

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

Daniel Weber: Note shall bear compound interest on a 360 day basis. The expressed rate shall be tied to the 3 year Treasury Constant Maturity plus 2.25% and will adjust every three years for the term of the loan. Note shall bear a floor rate of 4.0%. I FA Fee: \$2,670

D.

Project Number: A-FB-TE-CD-8289
Funding Manager: Eric Reed
Borrower(s): Wolber, DuWayne and Abby
Borrower Benefit: First Time Land Buyer
Town: Litchfield, IL
Amount: \$250,000
Use of Funds: Farmland – 80 acres
Purchase Price: \$518,000 / (\$6,475 per ac)
 % Borrower Equity 5%
 % USDA Farm Service Agency 45% (*Subordinate Financing*)
 % IFA 50%
County/Region: Montgomery / Central
Lender/Bond Purchaser: First National Bank of Litchfield / Ken Elmore
Legislative Districts: Congressional: 17th, Phil Hare
State Senate: 49th, Deanna Demuzio
State House: 98th, Betsy Hannig

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

DuWayne & Abby Wolber: Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.25% fixed for the first five years and adjust every five years thereafter to 80% of the national prime rate as published in the Wall Street Journal. The rate on this loan shall never be lower 4.00% or higher than 10.0%. I FA Fee: \$3,750

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

E.

Project Number: A-FB-TE-CD-8290
Funding Manager: Eric Reed
Borrower(s): Niehaus, Chad
Borrower Benefit: First Time Land Buyer
Town: Walshville, IL
Amount: \$216,000
Use of Funds: Farmland – 80 acres
Purchase Price: \$432,000/ (\$5,400 per ac)
%Borrower Equity 5%
%USDA Farm Service Agency 45% (*Subordinate Financing*)
%IFA 50%
County/Region: Macoupin / Central
Lender/Bond Purchaser: First National Bank of Litchfield / Ken Elmore
Legislative Districts: Congressional: 17th, Phil Hare
State Senate: 49th, Deanna Demuzio
State House: 98th, Betsy Hannig

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

Chad Niehaus: Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.25% fixed for the first five years and adjust every five years thereafter to 80% of the national prime rate as published in the Wall Street Journal. The rate on this loan shall never be lower 4.00% or higher than 10.0%. IFA Fee: \$3,240

F.

Project Number: A-FB-TE-CD-8291
Funding Manager: Eric Reed
Borrower(s): Hill, Barrett
Borrower Benefit: First Time Land Buyer
Town: Newton, IL
Amount: \$239,000
Use of Funds: Farmland – 180 acres (undivided ½ interest)
Purchase Price: \$239,000/ (\$1,327 per ac)
%Borrower Equity 0%
%Other Agency 0%
%IFA 100%
County/Region: Richland / Southeastern
Lender/Bond Purchaser: Peoples State Bank / Brian Bohnhoff
Legislative Districts: Congressional: 19th, John Shimkus
State Senate: 54th, John O. Jones
State House: 108th, David Reis

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on March 1, 2011. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin March 1, 2011 with the twentieth and final payment of all outstanding balances due twenty years from the first payment date.

Barrett Hill: Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.25% fixed for the first five years and adjust every five years thereafter to 2.00% below the Wall Street Journal Prime, with a floor of 4.25% and a ceiling of 12.99%. Cap maximum increase/decrease of 2.00% every 5 years. IFA Fee: \$3,585

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



NON-CONDUIT

November 10, 2009

\$486,000

Benjamin L. and Susan R. Mueller

AGRI-DEBT GUARANTEE

REQUEST	Purpose: Provide 85% loan guarantee in favor of the Bank of Gibson City to refinance the Borrower's debts. Project Description: The proposed loan of \$486,000 will be secured by a 1 st mortgage on 12 acres with improvements and 1 st mortgage on 100 acres of farmland. Program Product Type: Agri-Debt Guarantee State Treasurer's Funds at Risk: \$413,100 Subject to all Bank conditions:			
BOARD ACTIONS	Final Resolution-85% Loan Guarantee Voting Record: None prior			
MATERIAL CHANGES	N/A			
JOB DATA	N/A	Current jobs	N/A	New jobs projected
	N/A	Retained jobs	N/A	Construction jobs projected
BORROWER'S DESCRIPTION	<ul style="list-style-type: none"> ● Type of entity: Sole-Proprietor ● Location: Sibley/East Central, Ford County ● When was it established: 1988 ● What does the entity do: Grain and Hog farm ● Who does the entity serve: N/A ● What will new project facilitate: Refinancing Borrower's debts 			
Proposed Structure	Originating Bank: Bank of Gibson City ("Bank") Collateral: 12 acres & improvements, 100 acres Collateral Position: 1 st Maturity Years: 30 Years Interest Rate: Fixed for initial 5 years (See Confidential Section)			
Sources and Uses	New Bank Loan: <u>\$486,000</u>		Mortgage Loan \$411,000 Term Loan <u>\$75,000</u>	
	Total	\$486,000	Total	\$486,000
Recommendation	Credit Review Committee Recommends: Approval			

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: Benjamin L. and Susan R. Mueller

STATISTICS

Project Number: A-AD-GT-8292	Amount: \$486,000
Type: Agri-Debt Guarantee	IFA Staff: Eric Reed
County/Region: Ford/East Central	City: Sibley

BOARD ACTION

Final Resolution-85% Loan Guarantee	Extraordinary conditions: None
State Treasurer's Reserve Funds at risk: \$413,100	Additional covenants: None

VOTING RECORD

None. This is the first time this project has been presented to the Board of Directors. **It should be noted that Mr. Mueller's family operates a swine farming operation known as J Double R, LLC which has an outstanding IFA guaranteed loan. The loan originated in 2003 at \$1,000,000 and has an outstanding balance of \$589,372. Ben Mueller's brother John Mueller also has an outstanding IFA guaranteed loan approved in 2003, which originated \$420,000 and has a remaining balance of \$274,735.**

PURPOSE

Use of proceeds: Refinance the Borrower's existing debts.

IFA PROGRAM AND CONTRIBUTION

The Authority's Agriculture Guarantee Program guarantees up to 85% of a Bank's loans to Illinois farmers and agribusiness owners. The Agri-Debt Guarantee Program is available to assist farmers in refinancing and restructuring their debts. The guarantees are not transferable without the Authority's written consent. The Authority's agricultural guarantee obligations are backed by an IFA reserve funded for this program and are also full faith and credit obligations of the State of Illinois. IFA's issuance of guarantees helps Borrower's obtain debt financing at reduced rates of interest and improved terms.

VOLUME CAP

N/A

JOBS

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA Guarantee:	\$413,100	Uses: Mortgage Loan	\$411,000
Bank Gibson City	<u>\$72,900</u>	Term Loan	<u>\$75,000</u>
Total	<u>\$486,000</u>		<u>\$486,000</u>

FINANCING SUMMARY/STRUCTURE

Security: 1st real estate mortgage on 12 acres and improvements, which include a 3 acre home site, 2 Pole buildings, 2 Hog Finishing Buildings, 3 Hog Nursery Buildings, and a 20,000 bushel grain bin. Also a 1st mortgage on 100 acres of tillable farmland in Ford County.

Structure: 30 year term and amortization
Interest Mode: Fixed for initial 5 years
Credit Enhancement: IFA 85% Guarantee
Maturity: 30 years
Estimated Closing Date: December 31, 2009

PROJECT SUMMARY

Summary: Ben and Susan Mueller are part of a large family owned company, which raises hogs on a farrow to finish basis, as well as operating a large grain farming operation. Ben and Susan would like to refinance an existing real estate mortgage with the Bank and a note to the family company known as J Double R, LLC.

Project Rationale: The swine industry continues to struggle to obtain profitability, which has negatively impacted cash flow. The Muellers would like to refinance two existing loans in order to reduce monthly debt service in order to improve their cash flow. The Bank would like to obtain an IFA guarantee in order to offer a longer amortization schedule to the Borrower's to accommodate their request for reduced payments.

Timing: The proposed transaction is expected to close within 30 days of approval.

BUSINESS SUMMARY

Ben and Susan Mueller operate a hog and grain farm located near Sibley, which is part of a larger family farming company. The family's swine operation, which is operated under J Double R, LLC, consists of 2,700 sows, which produce 50,000 market hogs each year. The family also operates a grain farming operation to diversify their operations and provide feed requirements for the hog operation. The Muellers collectively farm 3,800 acres of corn and soybeans, of which 2,450 acres are owned by various family members.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Co-Applicants: Benjamin and Susan Mueller

Project Location: 1092 N. 500 East Road
Sibley, IL 61733

Ownership: Benjamin and Susan Mueller

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	N/A		
Accountant:	Striegel Knobloch & Co. LLC	Bloomington	Dennis Knobloch
Originating Bank:	Bank of Gibson City	Gibson City	Dan Grieser
Bank Counsel:	N/A		
IFA Advisors:	Scott Balice Strategies, Inc.	Chicago	Lois Scott
IFA Counsel:	N/A		

LEGISLATIVE DISTRICTS

Congressional: Aaron Shock, 18th
State Senate: Dan Rutherford, 53rd
State House: Keith Sommer, 106th

BACKGROUND INFORMATION

Ben and Susan Mueller operate a hog and grain farm located near Sibley, which is part of a larger family farming company. The family's farrow to finish swine operation, which is operated under J Double R, LLC, consists of 2,700 sows, which produce 50,000 market hogs each year. The family also operates a grain farming operation, known as Mueller Farms to diversify their operations and provide feed requirements for the hog operation. The Muellers collectively farm 3,800 acres of corn and soybeans, of which 2,450 acres are owned by various family members.

The family operation known as J Double R, LLC is comprised and owned by the Mueller parents, their sons, and their spouses with ownership interest follows:

Ronald and Loida Mueller Sr.	14.29%
John and Jolene Mueller	14.29%
Jeffrey and Sarah Mueller	14.29%
Stacey and Tonda Mueller	14.29%
Stanley and Kristen Mueller	14.29%
Timothy and Myra Mueller	14.29%
Benjamin and Susan Mueller	<u>14.29%</u>
	100.0%

The Mueller family's operation, which was originally started by Ronald Mueller Sr. has been successful over the years and was converted to a partnership in 1988 in order to bring his sons into the operation. The current ownership structure (LLC) was created in 2001 in order to accommodate further business growth and address legal lending concerns with the Bank. Ben Mueller, who is the youngest of the family, joined the family LLC in 2003. Ben's wife Susan works off the farm on a part time basis at a local heating and air conditioning service, where she receives health insurance benefits and earns a small annual salary to supplement living expenses.

Over the years, each of the Mueller brothers have purchased farmland and hog facilities. Each of the family members lease their hog facilities to J Double R, LLC and their farmland to the Mueller Farms partnership. The corn raised by Mueller Farms is sold to J Double R for feed usage, with any excess grain being sold for cash. Mueller Farms has pre-sold 400 acres of their 2009 soybean production. The relationship between the swine operation and grain enterprise is enhanced by the ability of Mueller Farms to utilize all of the manure produced by J Double R as fertilizer. With several family members involved in the farm, both entities have sufficient labor to complete operations.

J Double R, LLC has historically produced 50,000 market hogs annually, a level they are on pace to repeat in 2009. Unlike many hog producers in the industry, the Muellers own all of their animals from farrow to finish. The Muellers have historically diversified their sales among several packers, including Cargill, Indiana Packers, and the now bankrupt Meadowbrook Farms in Rantoul. The Muellers were fortunate to have sued Meadowbrook Farms in early 2007 in order to be released from the marketing agreement with Meadowbrook, as it became apparent that the viability of Meadowbrook was in jeopardy.

The Muellers are now hedging 25% of their production; however their marketing plan for 2010 will place a greater emphasis on increased hedging with 75% of production being hedged. This new plan will allow the company to forward price the majority of their production at a profit. J Double R now sells approximately 80-90% of their production to Farmland Foods in Monmouth, with the remaining production being sold to JH Routh Packing in Ohio, and cull sows sold to IPB in Forrest, IL.

The Bank states that both farming entities utilize a professional accounting firm for financial statement and tax preparation. The Mueller's accountant provides the Bank with accurate and consistent financial statements using enterprise accounting.

Like most confinement swine operations, J Double R has a restricted access policy in their facilities. Dedicated employees enter the same hog barns and do not enter others, in order to prevent transfer of viruses in the herd. Trucking in and out of the facilities are also restricted and are disinfected and washed before and after each trip.



CONDUIT

\$6,200,000 (not-to-exceed amount)

MARION SUPPORTIVE LIVING, L.P.

NOVEMBER 10, 2009

(RIVER TO RIVER COMMUNITY OF MARION SLF PROJECT)

REQUEST	<p>Purpose: To finance the acquisition of land, and the construction and equipping of a new, 50-unit Supportive Living Facility located in Marion. This financing will facilitate construction and development of this property under the State of Illinois' Supportive Living Facility program and provide affordable assisted living services in Williamson County.</p> <p>Program: Affordable Rental Housing Bonds</p> <p>Extraordinary Conditions: None Carryforward Volume Cap required \$5,700,000</p>																																											
BOARD ACTIONS	<p>Amendment to Final Bond Resolution approved January 13, 2009. Most recent voting record - Final Bond Resolution, January 13, 2009 Ayes: 8 Nays: 0 Abstentions: 0 Absent: 3 (Goetz, Herrin, Rivera) Vacancies: 4</p>																																											
MATERIAL CHANGES	<p>New Bond Lender/Purchaser-- Banterra Bank of Herrin, IL previous purchaser US Bank.</p> <p>Reduced Bond Amount— \$5.7 million [reduced from \$6.2 million]</p> <p>Modified Sources of Funds: Illinois Housing Development Authority is providing a subordinate loan through its Tax Credit Assistance Program (TCAP). This TCAP Loan will reduce (1) the (Senior) Bond Financing amount and (2) reduced tax credit equity due to reduced pricing on credits.</p> <p>Modified Uses of Funds-- The project budget has been updated and will be subject to final approval by both the Lender/Investor (Banterra Bank) and the Tax Credit Investor (NDC Corporate Equity Fund IV, L.P. . There have been modest, insubstantial changes in construction and financing costs.</p> <p>Updated Sources and Uses of Funds, Project Budget, and Net Operating Income Statement / Financial Summary.</p>																																											
JOB DATA	0	Current jobs	18-20	New jobs projected																																								
	N/A	Retained jobs	20-35	Construction jobs projected (12 month period)																																								
BORROWER DESCRIPTION	<p>River To River Residential Development Corporation is a 501(c)(3) corporation based in Herrin, Illinois (Williamson County) and established in 1996. River To River has developed five senior housing projects totaling 166 units (see Page 5). Each of these senior housing projects also provides assistance with one or more daily living activities.</p>																																											
PROPOSED STRUCTURE	<p>The Bonds will be purchased directly by Banterra Bank ("Banterra") as Lender/Bond Purchaser. Banterra intends to service and hold the subject bonds in its portfolio until maturity. 17 Year Maturity (Bond Resolution permits a Final Maturity of up to 40 years). Initial payments will be of interest-only for the first 2 years - Payments in each subsequent term will be amortized based on the principal balance, new rate, and remainder of the initial 30 year amortization in effect at the time of repricing. Bonds will bear interest at an initial fixed rate of 6.75% for 7 years. The loan carries a provision for extension/reset for two five year periods following the initial term.</p>																																											
SOURCES AND USES	<table border="0"> <tr> <td>IFA Bonds</td> <td>\$5,700,000</td> <td>Project Costs</td> <td>\$6,698,037</td> </tr> <tr> <td>IHDA Subordinate (TCAP)</td> <td>1,590,328</td> <td>Tax Credit Fees</td> <td>17,675</td> </tr> <tr> <td>4% Low Income Housing Tax Credits</td> <td>2,093,775</td> <td>Professional Fees</td> <td>391,025</td> </tr> <tr> <td>Deferred Developer Fee</td> <td>581,457</td> <td>Capitalized Interest</td> <td>537,000</td> </tr> <tr> <td rowspan="10">General Partner Contribution</td> <td rowspan="10"><u>210</u></td> <td>Construction Period Taxes,</td> <td></td> </tr> <tr> <td>Insurance & Escrow</td> <td>133,423</td> </tr> <tr> <td>Operating Reserve</td> <td>450,000</td> </tr> <tr> <td>Finance Fees</td> <td>375,784</td> </tr> <tr> <td>Replacement Reserve</td> <td>22,500</td> </tr> <tr> <td>Marketing – Lease up</td> <td>204,000</td> </tr> <tr> <td>Lender Fee</td> <td>85,500</td> </tr> <tr> <td>Bond Issuance Costs</td> <td>143,936</td> </tr> <tr> <td>Developer Fee (see page 4)</td> <td><u>906,936</u></td> </tr> <tr> <td>Total</td> <td>\$9,965,770</td> <td>Total</td> <td>\$9,965,770</td> </tr> </table>				IFA Bonds	\$5,700,000	Project Costs	\$6,698,037	IHDA Subordinate (TCAP)	1,590,328	Tax Credit Fees	17,675	4% Low Income Housing Tax Credits	2,093,775	Professional Fees	391,025	Deferred Developer Fee	581,457	Capitalized Interest	537,000	General Partner Contribution	<u>210</u>	Construction Period Taxes,		Insurance & Escrow	133,423	Operating Reserve	450,000	Finance Fees	375,784	Replacement Reserve	22,500	Marketing – Lease up	204,000	Lender Fee	85,500	Bond Issuance Costs	143,936	Developer Fee (see page 4)	<u>906,936</u>	Total	\$9,965,770	Total	\$9,965,770
IFA Bonds	\$5,700,000	Project Costs	\$6,698,037																																									
IHDA Subordinate (TCAP)	1,590,328	Tax Credit Fees	17,675																																									
4% Low Income Housing Tax Credits	2,093,775	Professional Fees	391,025																																									
Deferred Developer Fee	581,457	Capitalized Interest	537,000																																									
General Partner Contribution	<u>210</u>	Construction Period Taxes,																																										
		Insurance & Escrow	133,423																																									
		Operating Reserve	450,000																																									
		Finance Fees	375,784																																									
		Replacement Reserve	22,500																																									
		Marketing – Lease up	204,000																																									
		Lender Fee	85,500																																									
		Bond Issuance Costs	143,936																																									
		Developer Fee (see page 4)	<u>906,936</u>																																									
		Total	\$9,965,770	Total	\$9,965,770																																							

RECOMMENDATION: Credit Review Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

**Obligor: Marion Supportive Living, L.P.
(River To River Community of Marion SLF Project)**

STATISTICS

Project Number:	M-MH-TE-CD-7261	Amount:	\$6,200,000 (not-to-exceed amount)
Type:	Affordable Rental Housing Bonds	IFA Staff:	Rich Frampton
Location:	Marion	County/Region:	Williamson/Southern

BOARD ACTION

Resolution to Amend prior Final Bond Resolution approved January 13, 2009
Conduit Tax-Exempt Affordable Rental Housing Bonds No IFA Funds contributed
Credit Review Committee Recommends approval. No extraordinary conditions

Material Changes from Previous Considerations:

1. New Bond Purchaser-- Banterra Bank of Herrin, IL (previous Direct Lender/Investor: US Bank).
2. Reduced anticipated Bond Issue Amount— \$5.7 million instead of \$6.2 million
3. Modified Sources of Funds: Illinois Housing Development Authority is providing a subordinate loan of approximately \$1,590,328 through its Tax Credit Assistance Program (TCAP). IHDA's TCAP loan will have a 0% interest rate and a 40 year term, with a fixed annual payment of \$22,500. The Tax Credit Investor, NDC Corporate Equity Fund VIII, L.P., remains committed, but at reduced price of \$0.77 per credit equity price of \$0.77 per credit. (NDC Corporate Equity Fund VIII, L.P., is an affiliate of the National Development Council, a 501(c)(3) economic development and housing development finance organization.)
4. Modified Uses of Funds – As typical for new construction projects, there have been minor increases in project development costs construction costs, higher reserves, additional capitalized interest, financing fees, as well as minor increases to professional fees and soft costs.
5. The following sections of this report have been revised: Updated Sources and Uses of Funds (Page 3), Project Cost Summary (Page 5), and Net Operating Income Statement/Financial Summary (Pages 11-13).

VOTING RECORD

Final Bond Resolution, January 13, 2009

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

Final Bond Resolution, April 8, 2008:

Ayes: 10 Nays: 0 Abstentions: 0
Absent: 4 (*Fuentes, Herrin, Talbott, Valenti) Vacancies: 1
*Present by telephone at Call to Order; no vote posted on this agenda item

Preliminary Bond Resolution, January 15, 2008:

Ayes: 10 Nays: 0 Abstentions: 0
Absent: 5 (Boyles, Herrin, Rice, Valenti, Verrett) Vacancies: 0

PURPOSE

The proposed Bonds will finance the acquisition of land, and the construction and equipping of a new 50-unit Supportive Living Facility located in Marion. This financing will facilitate construction and development of this property under the State of Illinois' Supportive Living Facility program and provide affordable assisted living services in Williamson County. All 50 units will be allocated to qualified low and moderate income seniors. The General Partner of the Borrower is an affiliate of a 501(c)(3) corporation that develops and manages senior housing/senior care facilities in Southern Illinois.

IFA CONTRIBUTION AND PROGRAM

Conduit Tax-Exempt Affordable Rental Housing Bonds. (Because more than 50% of project's tax basis will be financed with Tax-Exempt Bonds, this project will be automatically eligible for 4% Low Income Housing Tax Credits ("LIHTCs"), which will generate upfront cash equity equivalent to approximately 21% of total project cost.)

VOLUME CAP

IFA received \$11.8 million of 2007 Carryforward Volume Cap from the Governor's Office of Management and Budget specifically for this Marion project and for a second proposed River To River SLF project in Anna. Assuming that \$5.7 million of Bonds are issued for this Project, \$6.1 million of 2007 Carryforward Volume Cap would remain available for River To River's proposed Anna SLF project (previously induced by IFA) or for an alternate senior housing project to be located in Herrin.

JOBS

Current employment (both facilities):	0	Projected new jobs:	18-20 (FTE)
Jobs retained:	Not applicable	Construction jobs:	20-35 (range over 11 months)

This project will provide 50 units of affordable Assisted Living in Marion.

SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	\$5,700,000	Project Costs (see p. 5)	\$6,698,037
IHDA Subordinate Loan (TCAP)	1,590,328	Tax Credit Fees	17,675
4% Low Income Housing Tax Credits	2,093,775	Professional Fees – Non-Bond (see p. 5)	391,025
Deferred Developer Fee	581,457	Capitalized Interest	537,000
General Partner Contrib.	<u>210</u>	Construction Period Taxes, Insurance & Required Escrow	133,423
Total:	\$9,965,770	Operating Reserve	450,000
		Finance Fees	375,784
		Replacement Reserve Req.	22,500
		Marketing and Lease-Up	204,000
		Lender Fee	85,500
		Bond Issuance Costs	143,890
		Developer Fee (released by the Tax Credit Investor /Equity Investor) at (i) closing of financing; (ii) upon substantial project completion; (iii) upon stabilization; or (iv) from cash flow	<u>906,936</u>
		Total:	\$9,965,770

In addition to the Developer Fee, noted above, the Internal Revenue Code provides an allowance for Performance-Based Developer Fees to be paid from cash flows, subject to IRS-specified limits, that provide contingent, performance-based compensation for the General Partner.

Terms and conditions specifying performance benchmarks for payment of these Performance-Based Developer Fees are negotiated as part of the Limited Partnership Agreement between the General Partner and the Tax Credit Investor/Syndicator (i.e., the entity purchasing the 4% Low Income Housing Tax Credits).

- On the subject transaction, any Performance-Based Deferred Developer Fees would be paid out of cash flow over the 15-year Tax Credit Compliance Period pursuant to the Limited Partnership Agreement negotiated between the General Partner (i.e., River To River Of Marion, LLC) and the Limited Partner (NDC Corporate Equity Fund VIII, L.P., the 4% LIHTC Tax Credit Investor).
- These Performance-Based Deferred Developer Fees are currently estimated at \$581,457 and would be pursuant to benchmark performance objectives specified in the Limited Partnership Agreement (*combined Developer Fees are limited to 15% of tax basis by the IRS*).

FINANCING SUMMARY/STRUCTURE

Security/ Structure:	The Bonds will be purchased directly by Banterra Bank (“Banterra”) as Lender/Bond Purchaser. Banterra intends to service and hold the subject bonds in its portfolio until maturity. Banterra as Lender/Bond Purchaser will be (1) secured by a First Mortgage on the subject property, (2) a collateral assignment of Rents and Leases, and (3) a Security Agreement and Fixture Filing.
Interest Rate:	Bonds will bear interest at an initial fixed rate of 6.75% for 7 years. The loan carries a provision for extension/reset for two five year periods following the initial term. The rate in the subsequent terms will be the FHLB of Chicago index plus 300 basis points, but subject to a minimum six percent (6.0%) floor, and a maximum rate increase of one and one-half percent (1.5%) in any adjustment period.
Maturity/ Amortization:	17 Year Maturity (Bond Resolution permits a Final Maturity of up to 40 years). Initial payments will be of interest-only for the first 2 years (i.e., through construction and the first 14 months of operation – through 2011). For the next five years—the remainder of the initial term—payments will be based on a 30 year amortization. Payments in each subsequent term will be amortized based on the principal balance, new rate, and remainder of the initial 30 year amortization in effect at the time of repricing.
Rating:	Not applicable. These Bonds will be purchased as a direct investment by Banterra Bank (as Lender/Bond Purchaser).
Estimated Closing Date:	November 20, 2009 (preliminary; subject to change)
Rationale:	This financing will result in construction of a new 50-unit Supportive Living Facility in Marion that will meet the needs of an expanding, underserved low-income elderly population in Williamson County. This project will provide 50 units of new, affordable low-income senior housing that will be reserved for households earning less than 60% of adjusted median income for the County. Maximum income for single tenants is approximately \$23,000 for the Marion SLF project. Additionally, these units will also be prioritized for special needs seniors with physical disabilities.

Availability of Tax-Exempt Bond financing (and Volume Cap) sufficient to finance 50% or more of eligible cost basis for each project will provide access to 4% Low Income Housing Tax Credits that will generate cash equity (i.e., approximately 21% of total project development cost, excluding Developer Fees) for this project.

PROJECT SUMMARY

Bond proceeds will be used by Marion Supportive Living, L.P. (the “Borrower”) to finance or refinance the acquisition, construction, and equipping of (i) the costs of the acquisition of land and construction of River To River Community of Marion Supportive Living, a single-story, 50-unit, affordable multifamily housing facility located at 1515 East DeYoung Street, Marion (Williamson County), Illinois (not to exceed amount is \$5,700,000), and (ii) to pay the costs of issuance, capitalized interest, and various reserve funds for the Bonds (the “Project”).

Est. Project Costs*	Total	Est. Non Bond Profession Fees*	Total
Land/Site Acquisition:	\$222,000	Partnership and Bank Legal:	\$199,500
Building Construction:	5,737,166	Consultant to Borrower:	100,000
Architectural/Design:	326,821	Accounting – Cost Certification:	50,000
Survey & Engineering:	36,000	Title Insurance, Recording, and	27,525
Soil Testing, Environ. Audit:	18,050	Disbursement Fees:	
Furniture, Fixtures, Equipment:	<u>358,000</u>	Appraisal & Market Study:	<u>14,000</u>
Total – Project Costs:	\$6,698,037	Total – Professional Fees (Non-Bond):	\$391,025

*subject to change

BUSINESS SUMMARY

Description of
 Borrower:

Marion Supportive Living, L.P. (the “Applicant” or “Borrower”) was formed as a special purpose entity in 2005 (and amended from time to time) by **River To River Residential Corporation** (“River To River”), a Herrin, Illinois-based 501(c)(3) owner and manager of senior rental housing/assisting living facilities in Southern Illinois

The ownership of the Borrower will be structured in a manner consistent with projects financed with a combination of Tax-Exempt Bond financing (debt) and 4% Low Income Housing Tax Credits (equity).

Accordingly, the ownership structure of the Borrower is as follows:

- 1. General Partner: River To River Of Marion, LLC will own a 0.01% beneficial interest in the Borrower**
 - o The General Partner will be a special purpose Illinois Limited Liability Company formed by River To River Residential Corporation, which will be the Manager/Sole Member of the LLC. River To River Residential Corporation is a 501(c)(3) corporation – see Economic Disclosure Statement section on Page 6 for information on Board Members.
- 2. Limited Partner: 99.99% beneficial interest in the Borrower:**
 - o The Limited Partner and 99.99% owner of the project will be **NDC Corporate Equity Fund VIII, L.P.**, an investment fund established by the National Development Council, a New York, NY-based 501(c)(3) tax credit syndicator. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits to corporations. For additional information, see http://nationaldevelopmentcouncil.org/index.php/site/programs/category/affordable_housing/.

Background on
 Developer:

River To River Residential Development Corporation is a 501(c)(3) corporation based in Herrin, Illinois (Williamson County) and established in 1996. River To River has developed five senior housing projects totaling 166 units (see Page 5). Each of these senior housing projects also provide assistance with one or more daily living activities.

Although none of the prior projects were developed under the Illinois Supportive Living Facility Program, River To River’s direct experience in providing assisted living support at its five existing facilities will be directly applicable to operating the proposed Marion SLF project.

Three of River To River’s previous five new construction projects were filled within 45 days of completion. Additionally, three of River To River’s projects were financed with 9% Low Income Housing Tax Credits through the Illinois Housing Development Authority. According to the Developer, all five projects are currently complying with all financing covenants.

River To River’s five senior housing/senior care projects include:

Project	Location	Type of Project	# of Units (166 Total)
Cache Valley Apartments	Ullin, IL	Elderly (9% LIHTC - IHDA)	40
Big Muddy River Apts.	Murphysboro, IL	Elderly (9% LIHTC - IHDA)	50
Hurricane Creek Apts.	Herrin, IL	Elderly (9% LIHTC - IHDA)	24
Big Muddy River Apts. West	Murphysboro, IL	Elderly	24
Hurricane Creek Market Apts.	Herrin, IL	Elderly	28

Management Agent:

River To River Senior Services, LLC (“RR Senior Services”), an affiliate of River To River Residential Corporation, will serve as Management Agent for the Marion SLF property. RR Senior Services currently manages all five senior housing projects under its ownership.

RR Senior Services has over 80 employees and has more than 12 years experience managing senior living projects including Cache Valley Apartments in Ullin (Pulaski County), its first project.

Terms of RR Senior Services’ compensation as Management Agent will be periodically reviewed by the Lender/Bond Purchaser (Banterra Bank) and by the Tax Credit Investor (i.e., NDC Corporate Equity Fund VIII, L.P.) pursuant to the Limited Partnership Agreement between River To River and NDC Corporate Equity Fund.

Background on Project:

This financing will provide 50 new units of senior housing in at a new Illinois Department of Healthcare & Family Services approved facility located in Marion (Williamson County) near Illinois Hwy. 13, approximately 3.5 miles east of I-57 (and 20 miles east of Carbondale).

The unit mix for the 50-unit Marion SLF will consist of: (1) 8 affordable studio units, (2) 37 affordable 1 BR units, and 5 affordable 2 BR units. All 50 units must be leased to qualified seniors earning less than 60% of AMI (Adjusted Median Income) in Williamson County. Ten of the units will be restricted further to qualified seniors earning less than 50% of AMI.

Unit amenities will include kitchenettes, private bathrooms, an emergency call system, and cable/internet access.

Common facilities will include management offices, a computer room, a beauty salon/barber shop, a resident-managed convenience store, exercise room, dining room, sunroom, and two living room/parlor areas. Outdoor amenities on the property will include a rose garden and a walking path.

The Marion SLF will be located near a senior citizen center. Additionally, the site will provide additional room for development of projects servicing senior citizens, including a proposed health clinic. RR Senior Services will offer group transportation to parks and other recreational opportunities.

The Marion SLF will provide off-street parking for 54 cars.

OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

Applicant: **Marion Supportive Living, L.P.**, c/o Ms. Sherry Hamlin, Executive Director, River To River Residential Residential Corporation, 400B Lou Ann Drive, Herrin, IL 62948; Ph.: 618-942-4531; e-mail: shamlin7@verizon.net

Web site: www.rivertorivercorp.org

Project name: River To River Community of Marion SLF

Location: 1515 East DeYoung Street, Marion (Williamson County), Illinois 62959-5013

Organization: Limited Partnership

State: Illinois

Ownership of Applicant: **Marion Supportive Living, L.P., an Illinois Limited Partnership**

- **General Partner (0.01%): River To River Of Marion, LLC**, c/o River To River Residential Corporation, 400B Lou Ann Drive, Herrin, IL 62948.
 - River To River Residential Corporation, Manager (and Sole Member); Contact: Ms. Sherry Hamlin, Executive Director. The current Board of Directors of River To River Residential Corporation are listed below:

Ms. Toby J. Saken
Chairman, Cobden, IL (Retired
from Shawnee Health Services,
Carterville, IL)

Dr. Raymond C. Lenzi
Vice Chairman, Carbondale, IL
(Retired; formerly Executive
Director SIU Office of Economic
and Regional Development)

Jerry A. Hickam, Treasurer,
Murphysboro, IL (Retired from
Southern Illinois Healthcare)

Jerry P. Fiorina, Secretary, Herrin,
IL (Retired CEO of Ponder & Co.,
Financial Advisory)

Betty Gaffney, Makanda, IL
(Retired from St. Joseph Hospital,
Murphysboro, IL)

Rex Budde, Herrin, IL
(CFO of Southern Illinois
Healthcare)

Carole Goodman, Cobden, IL
(CEO/Administrator, Union
County Hospital District and
Nursing Home, Anna, IL)

George Floyd, Mounds, IL

Perry H. Patterson, Carbondale, IL
(Regional Administrator, State of
Illinois Guardianship Program)

Helen Porter, Carbondale, IL
(Social Services Director of
Rehabilitation and Care Center,
Jackson County, IL)

Mike Baysinger, Marion, IL
(Baysinger Design Group, Marion,
IL)

David Melby, Creal Springs, IL
(CEO, Franklin-Williamson
Human Services, Inc., West
Frankfort, IL)

- **Limited Partner (99.99%): NDC Corporate Equity Fund VIII, L.P. (Limited Partner), New York, NY.**
 - NDC Corporate Equity Fund VIII, L.P., is a tax credit investor that will ultimately sell beneficial limited partnership interests to large corporations (primarily publicly owned companies), subsequent to closing. The General Partner of NDC Corporate Equity Fund VIII, L.P. is the National Development Council, a 501(c)(3) educational and development finance service entity headquartered at 708 Third Avenue, Suite 710, New York, NY, 10017; Ph.: 212-682-1106. Contact: John Linner, Fund Manager, 1346 N. 13th St., Suite 484, Toledo, OH 43604; Ph.: 419-242-5713.
 - The NDC’s eight Board Members include: Samuel S. Beard, (Founder & Chairman of National Development Council), Wilmington, DE; Robert W. Davenport, (President, National Development Council), New York, NY; Seth Bongartz (Executive Director – Hildene), Manchester Center, VT; David O. Boone, (Retired – formerly Chairman, LaGrange Products, Inc., LaGrange, OH) Westlake, OH; Sandra Hudson (Madison County Urban League, Alton, IL), Edwardsville, IL; Barry J. Lang (Chairman and Founding Partner, Covington Capital Corp., Santa Monica, CA), Los Angeles, CA; William W. Lawrence, (Retired – formerly, National Development Council), Montclair, NJ; Burton S. Tauber (Retired), New York, NY
 - See www.nationaldevelopmentcouncil.org for additional information.

Current Property Owners/Sellers: The Marion site at 1515 E. DeYoung Street in Marion is already owned by River To River Development Corporation.

PROFESSIONAL & FINANCIAL

Borrower’s Counsel:	Wolf & McCahan, LLC	St. Louis, MO	Tim Wolf
Auditor:	Kerber, Eck & Braeckel, P.C.	Carbondale, IL	Robert Schnake
Borrower’s Consultants:	ND Consulting Group	St. Louis, MO	Ken Nuernberger
	Endswell	St. Louis, MO	Patrick Connolly
Lender/Bond Purchaser:	Banterra Bank	Marion, IL	David Hesterberg
Lender/Bond Purchaser’s Counsel:	Thompson Coburn, LLP	St. Louis, MO	Steve Mitchell
	Van Winkle & Van Winkle	McLeansboro, IL	James Van Winkle
Bond Counsel:	Ice Miller LLP	Chicago, IL	Patra Geroulis
		Indianapolis, IN	Phil Genetos
Tax Credit Investor:	NDC Corporate Equity Fund VIII, LP	Toledo, OH	John Linner
Tax Credit Investor’s Counsel:	Mark D. Foster	Dallas, TX	Mark Foster
Trustee:	Not applicable (Bank-purchased Bonds)		
General Contractor:	Fager-McGee Commercial Construction	Murphysboro, IL	Steven McGee
Architect:	The Lawrence Group	St. Louis, MO	Dan Rosenthal
Management Agent:	River To River Senior Services, LLC	Herrin, IL	Sherry Hamlin
Appraisal/Market Study:	Development Strategies, Inc.	St. Louis, MO	Brad Beggs, MAI
Environmental Audit:	Specialized Ecological Services	Greenville, IL	Bob Rinella
Issuer’s Counsel:	Hart, Southworth & Witsman	Springfield, IL	Sam Witsman
IFA Financial Advisors:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 12 Jerry F. Costello
State Senate: 59 Gary Forby
State House: 117 John E. Bradley

BACKGROUND/SUPPLEMENTAL INFORMATION ON SUPPORTIVE LIVING FACILITIES

Illinois'

SLF Program: The Developer and the Illinois Department of Healthcare and Family Services executed a Contract for Furnishing Services (the "Contract") under the Supportive Living Program in August 2005. Pursuant to this Contract, the Owner must begin operations by May 2010 (subject to extension if project is under construction by May 2010). This Contract provides for the reimbursement of Covered Services to Eligible Residents under the Medical Assistance Program.

The State of Illinois (Department of Healthcare and Family Services) developed the Supportive Living Program as an alternative to nursing home care for (1) low-income older persons and (2) persons with disabilities under Medicaid. Supportive Living Facilities are designed to combine apartment-style housing with personal care and other services, enabling residents to continue to live independently.

The objective of the SLF Program is to reduce the State's Medicaid expenditures. SLF Facilities can reduce daily Medicaid reimbursement rates from \$100/day to \$60.23/day in certain regions. Approximately 32% of current SLF residents have relocated from a nursing home. Illinois has 115 operating SLFs (providing 9,157 apartments), with approximately 30 additional facilities approved according to the State's SLF website (as of 10/23/2009; see www.slfillinois.com).

To test the concept of supportive living for Medicaid clients, the Department of Healthcare and Family Services has obtained a "waiver" to allow payment for services that are not routinely covered by Medicaid including personal care, homemaking, laundry, medication supervision, social activities, recreation, and 24-hour staffing. Residents are responsible for paying the cost of room and board.

Medicaid service reimbursement rates in Illinois are set at approximately 60% of the regional nursing home per diem rate. Certified SLF's can charge a different rate for private pay residents.

Each qualified Medicaid-eligible resident must contribute all but \$90 of income each month to cover monthly room and board.

*State-certified SLF's are exempt from (1) the Nursing Home Care Act, (2) the Health Facilities Planning Act, and (3) the Assisted Living and Shared Housing Act. **IFA Bonds issued for these facilities are classified as "Qualified Residential Rental Facilities" under Section 142(a)(7) of the Internal Revenue Code and issued as "Multifamily Housing Bonds".*** (Accordingly, this project will not be considered by the Healthcare Committee).

Finally, the Bond Documents for this project will require Marion Supportive Living, L.P., IFA, and Banterra Bank to execute a Land Use Restriction Agreement, as customary for all affordable rental housing transactions. This Land Use Restriction Agreement will assure that the Project is leased to qualified Low or Moderate Income Tenants (i.e., occupants whose adjusted income does not exceed 60% of the Median Gross Income) for the life of the Project.

TCAP

Background: The Tax Credit Assistance Program ("TCAP") and the Section 1602 Program ("Section 1602") contained in the American Recovery and Reinvestment Act of 2009 (ARRA), provide direct benefits to low income housing projects while creating and preserving jobs, promoting economic

recovery in the near term, and investing in infrastructure that will provide long-term economic benefits in Illinois.

Under TCAP, the U.S. Department of Housing and Urban Development (“HUD”) will make a grant to IHDA to award funds to projects on a competitive basis. TCAP funds will be used to assist projects that received or will receive an award of low income housing tax credits (“LIHTC”) as started within the Internal Revenue Code of 1986, during the period from October 1, 2006 to September 30, 2009. It is expected that projects receiving an allocation of TCAP funds will have a current award of LIHTC. TCAP funds will be allocated in the same manner and subject to the same limitations (including rent, income, and use restrictions).

Accessibility: As a new construction project, the Marion SLF must comply with the Illinois Accessibility Code (IAC) and the accessibility requirements of the Federal Fair Housing Act. Accordingly, all public areas of the facility will be accessible in compliance with IAC and Fair Housing requirements. Additionally, the 50-unit property will feature three (3) fully accessible rental units and the remaining 47 units will be handicapped adaptable.

Features:

- Wide doorways and bathrooms designed to allow 360 degree rotation of wheelchairs and walkers.
- Door handles throughout equipped with levers, rather than doorknobs.
- Bathrooms will feature grab bars and be readily convertible to handicapped accessible by replacing the bathroom vanity with a sink featuring a knee cavity.



CONDUIT

November 10, 2009 **\$70,000,000 (not-to-exceed amount)**
Museum of Science Industry (“MSI”)

REQUEST	<p>Purpose: Bonds will be used to (1) refinance several outstanding series of IFA (IEFA) Variable Rate Bonds to conform debt covenants and extend the final maturity date; (2) finance the purchase and installation of a new, integrated HVAC system and various other improvements.</p> <p>Project Description: (i) refund all of the Museum of Science and Industry’s existing IFA (IEFA) Bonds and Direct Notes Obligations (totaling \$29,826,000), (ii) finance the acquisition and installation of a new, integrated HVAC system and various other improvements. All improvements will be located at the Museum of Science and Industry’s Main Campus located at 57th Street and Lake Shore Drive in Chicago (Cook County), Illinois 60637-2093. Additionally, Bond proceeds may also be used to (iii) to pay bond issuance costs.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds Extraordinary Conditions: None.</p>			
BOARD ACTIONS	<p>Final Bond Resolution requested. [Voting Record – Preliminary Bond Resolution, April 14, 2009: Ayes: 9; Nays : 0; Abstention: 1-Fuentes; Absent: 1-Verrett; Vacancies: 4]</p>			
MATERIAL CHANGES	<p>Revised Financing Structure will substitute an approximately \$45 million Taxable Project Line of Credit for Bond Proceeds, thereby reducing the anticipated Par Amount of Bond financing to \$64 million.</p>			
JOB DATA	<p>296 Current jobs N/A Retained jobs</p>	<p>22 New jobs projected 914 Construction jobs projected (through 2012)</p>		
DESCRIPTION	<ul style="list-style-type: none"> • Location (Chicago/ Cook County / Northeast Region) • The Museum of Science and Industry opened to the public in 1933, in a renovated building as part of the Century of Progress Exposition. MSI is the oldest science museum of its kind in the Western Hemisphere and attracts approximately 1.5 million visitors per annum. • MSI is one of the most popular tourist destinations in the City of Chicago, and is one of the ten most visited museums in the U.S. In 2008, nearly 250,000 children and students in school groups and youth organizations visited MSI and participated in educational programs. • MSI’s facility is the largest science museum located within a single building in the U.S. and features over 350,000 SF of exhibit space. 			
CREDIT	<ul style="list-style-type: none"> • Members of MSI’s Banking Syndicate will be providing Direct Pay Letters of Credit to Credit Enhance the subject bonds to enable sale of Daily, Weekly, or Adjustable Rate Variable Rate Demand Bonds. 			
INDICATORS	<ul style="list-style-type: none"> • The short-term ratings of the Direct Pay LOC Banks are VMIG-1 (P-1)/ A-1+/F1+ 			
Proposed Structure	<ul style="list-style-type: none"> • Variable Rate Demand Bonds (Anticipated initial mode: Weekly 7-Day Variable Rate Demand Bonds.) • Final Maturity of 30 years. 			
Sources and Uses (Estimated)	<p>IFA Series 2009 (HVAC & Refunding/Refinancing) \$64,000,000</p> <p>Project Line of Credit 45,000,000</p> <p>Fundraising <u>52,000,000</u></p> <p>Total \$161,000,000</p>	<p>HVAC Improvements (IFA)</p> <p>Refinancing Taxable Loans</p> <p>Refinancing IFA Bonds</p> <p>Cost of Issuance</p> <p>Total</p>	<p>\$15,286,000</p> <p>114,501,000</p> <p>29,826,000</p> <p><u>1,387,000</u></p> <p>\$161,000,000</p>	
Recommendation	<p>Credit Review Committee recommends approval.</p>			

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: Museum of Science and Industry ("MSI")

STATISTICS

Project Number: N-NP-TE-CD-8223	Amount: \$70,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Rich Frampton
County/Region: Cook County/Northeast	City: Chicago

BOARD ACTION

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

VOTING RECORD

Preliminary Bond Resolution, April 14, 2009:

Ayes: 9	Nays: 0	Abstentions: 1 (Fuentes)	Absent: 1 (Verrett)	Vacancies: 4
---------	---------	--------------------------	---------------------	--------------

PURPOSE

Use of proceeds: Bonds will be used to (1) refinance several outstanding Series of IFA (IEFA) Variable Rate Bonds totaling \$29.8 Million to extend the final maturity date and conform debt covenants; (2) finance the purchase and installation of a new integrated HVAC system that will provide MSI with a building-wide temperature and humidity control system for the first time (particularly important for new exhibits with computer controls), and (3) to finance (and refinance interim taxable financing) for certain capital expenditures in connection with MSI's *Rediscover Science* Campaign, which will build new, interactive, exhibits designed to inspire children and students to achieve their full potential in the fields of science, technology, medicine, and engineering. Additionally, bond proceeds may be used to pay bond issuance costs.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bond financing that 501(c)(3) corporations may use to finance capital projects that further their organizational mission. IFA's issuance will convey federal income tax-exempt status on interest paid to bondholders thereby reducing the borrower's interest expense.

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment: 296	Projected new jobs: 22
Jobs retained: Not applicable	Construction jobs: 914 (estimated through 2012)

ESTIMATED SOURCES AND USES OF FUNDS (PRELIMINARY ESTIMATE)

Sources:	IFA Series 2009 Bds. \$64,000,000	Uses:	HVAC Improvements (IFA Bonds)	\$15,286,000
	*Project Line of Credit 45,000,000		Refin. Line of Credit with IFA Bonds	17,501,000
	**Fundraising/Equity: <u>52,000,000</u>		Refunding Prior IFA Bonds	29,826,000
			Costs of Issuance (IFA Bonds)	1,387,000
			Refinance Taxable Line of Credit	<u>97,000,000</u>
Total	<u>\$161,000,000</u>	Total		<u>\$161,000,000</u>

**Note:* Additionally, MSI will have an additional \$6.0 million Working Capital Line of Credit that may be used to finance the remaining \$6.0 million in anticipated project costs.

***Ultimately,* fundraising will be used to pay off the Project Line of Credit and, ultimately, the IFA Bonds.

FINANCING SUMMARY/STRUCTURE

- Security: Bondholders will be secured by a Direct Pay Letter of Credit from Banks including: JPMorgan Chase, Bank of America, Harris Bank, and The Northern Trust Company. It is presently contemplated that Bonds will be sold in four series of \$16 Million, with each Series secured by a Direct Pay LOC from one of the four LOC Banks identified above.
- LOC Bank Security: The LOC reimbursement obligations will be a general obligation of Museum of Science and Industry, the sole member of the Obligated Group, under a Master Trust Indenture. Such obligation will include a pledge of revenues.
- Structure: The plan of finance contemplates issuing Multi-Modal Bonds that would initially bear interest in a weekly floating rate mode. Daily, weekly, and adjustable rate mode bonds will also be possible under the Trust Indenture.
- Interest Rate Mode: Bonds are expected to be sold initially in weekly (i.e., 7-day) Variable Rate Demand Bond mode. MSI will engage one or more Remarketing Agents. The most recent average interest rates for 7-day floating rate bonds was approximately 0.30% as of 10/28/2009 (thereby resulting in a current effective rate of approximately 1.85%-2.10% after adding typical ongoing LOC and Remarketing Agent Fees, and Trustee Expenses).
- Maturity: Up to 30 years (12/1/2039)
- Rating: The applicable initial rating(s) will be the short-term rating(s) of the Direct Pay LOC Banks.
- Estimated Closing Date: December 2009

PROJECT SUMMARY

The Museum of Science and Industry (“MSI” or the “Borrower”) will use Bond Proceeds to (i) refund all of the Museum of Science and Industry’s existing IFA (IEFA) Bonds (the ***“Prior Bonds”*), an IFA (IEFA) 2006 Cultural Pool Loan (the aggregate balances of these prior bond, note, and loan obligations total approximately \$29,826,000) and Direct Taxable Note Obligations, (ii) refinance all or a portion of Taxable loans, (ii) to finance, refinance, or reimburse the costs of acquiring and installing a new, integrated HVAC system, and (iii) to finance, refinance, or reimburse the costs or refinance various capital improvements, including, but not limited to, the construction and installation of a portion of new exhibits and related improvements in connection with facilities owned or operated by the Borrower, (iv) to pay certain working capital items, if deemed desirable by the Borrower, (v) to pay bond issuance costs (including the costs of credit enhancement) on the new Bonds, the refunding of the Prior Bonds, the 2006 Cultural Pool Loan, and the refinancing of all or a portion of the Borrower’s Direct Taxable Note Obligations.

All improvements will be located at the Museum of Science and Industry’s Main Campus located at 57th Street and Lake Shore Drive in Chicago (Cook County), Illinois 60637-2093.

***Note:* The Prior Tax-Exempt Bonds to be refunded include IFA (IEFA) Series 1985 Bonds, Series 1992 Bonds, Series 1998 Bonds. Additionally, an IFA (IEFA) 2006 Cultural Pool Loan (i.e., financed with IEFA Cultural Pool Bond proceeds) will also be refunded with proceeds of the IFA Series 2009 Bonds.

BUSINESS SUMMARY

- Organization: The Museum of Science and Industry is a not-for-profit incorporated under Illinois law in 1926. MSI is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. MSI’s Board of Trustees is listed on Pages 5-6 and Life Trustees on Page 7 of this report.

Background: The Museum of Science and Industry opened to the public in 1933, in a renovated building originally constructed as part of the Century of Progress Exposition in 1893.

MSI is the oldest science museum of its kind in the Western Hemisphere and attracts approximately 1.5 million visitors per annum. Additionally, MSI was the first museum in North America to develop hands-on, interactive permanent and temporary exhibits on current issues and developments in science and technology. MSI was also the first museum to obtain the participation and sponsorship of industrial businesses.

MSI is a museum of national prominence. MSI is one of the most popular tourist destinations in the City of Chicago, and one of the ten most visited museums in the U.S. Approximately 250,000 children in school groups and youth organizations visit MSI and participate in educational programs annually. The Museum also conducts teacher professional development programs. Based on attendance data for the past five years, approximately 44% of MSI's visitors are from states other than Illinois, and 6% of MSI's attendance is attributable to international visitors.

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

In April 2008, MSI announced its *Science Rediscovered* capital campaign to raise \$205 million to support its vision to inspire and motivate children to achieve their full potential in the fields of science, technology, medicine and engineering. *Science Rediscovered* is the Museum's largest fundraising effort since its opening in 1933.

According to MSI's web site, approximately \$153.7 million of commitments to *Science Rediscovered* have been received to date. Aside from the \$113 million targeted for capital expenditures (including transformative exhibits that will include an indoor tornado and an enhanced exhibit on the human body), MSI anticipates spending balance of the *Science Rediscovered* (i.e., \$92 million) proceeds for education and public engagement programs.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: The Museum of Science and Industry, 57th Street and Lake Shore Drive, Chicago, IL 60637-2093
Web Site: www.msichicago.org and for *Science Rediscovered*: www.msichicago.org/donate/
Borrower Contact: Robert Fisher, VP of Finance and Administration/CFO; Ph.: 773-947-4177;
E-mail: Bob.Fisher@msichicago.org
Borrower: The Museum of Science and Industry
Location: 57th Street and Lake Shore Drive, Chicago (Cook County), Illinois 60637-2093
Organization: 501(c) (3) Not-for-Profit Corporation
State: Illinois
Current
Land Owner: The Chicago Park District owns the subject real estate and has granted the sole and permanent right to use and occupancy of the original building and subject land to the Museum of Science and Industry under an agreement that extends into perpetuity as long as the Museum uses the property for its original corporate mission.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Schiff Hardin LLP	Chicago	Bruce Weisenthal
Accountant:	Grant Thornton LLP	Chicago	Thomas Brean
Bond Counsel:	Chapman and Cutler LLP	Chicago	Nancy Burke
LOC Banks:	Bank of America	Chicago	Niresh Pandi
	JPMorgan Chase	Chicago	Deborah Edwards
	Harris Bank	Chicago	Thomas Smith
	The Northern Trust Company	Chicago	Carol Zatorski
Bank Counsel:	Sonnenschien Nath & Rosenthal LLP	Chicago	Mary Wilson
Underwriter/Senior Manager:	Bank of America Merrill Lynch	Chicago	Michelle Salomon
Potential Remarketing Agents (Subject to Final Confirmation/ Engagement):	Bank of America Merrill Lynch	Chicago	Jason Bormann
	JPMorgan Securities, Inc.	Chicago	Lorrie DuPont
	BMO Capital Markets GKST	Chicago	Nick Knorr
	The Northern Trust Company	Chicago	Alan Ambrose
Underwriter's Counsel:	Katten Muchin Rosenman LLP	Chicago	Elizabeth Weber
Borrower's Financial Advisor:	Mickeni, LLC	Chicago	Ken Kerzner
Trustee:	Amalgamated Bank	Chicago	Cherie Duve
Rating Agency:	Moody's Investors Service	New York	
Issuer's Counsel:	Gonzalez Saggio & Harlan LLP	Chicago	Darryl Tom
IFA Financial Advisor:	Scott Balice Strategies	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

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

MUSEUM OF SCIENCE AND INDUSTRY -- BOARD OF TRUSTEES

Jeffrey S. Aronin
President and CEO
Lundbeck Inc.

William C. Bartholomay
Group Vice Chairman
Willis Group Holdings

Selim A. Bassoul
Chairman, President and CEO
Middleby Corporation

Cheryl R. Berman

Michael J. Birck
Chairman of the Board of
Directors
Tellabs, Inc.

Charles K. Bobrinsky
Vice Chairman
Ariel Investments

Barbara L. Bowles, CFA

Allan E. Bulley, Jr.
Chairman and CEO
Bulley & Andrews

John A. Canning, Jr.
Chairman
Madison Dearborn Partners, Inc.

Gery J. Chico
President
Chicago Park District

Jay W. Christopher
Founder and Chairman
Thatcher Tech Group LLC

Alison L. Chung
President
TeamWerks, Inc.

Frank M. Clark
Chairman and CEO
Commonwealth Edison
Company

James S. Crown
President
Henry Crown and Company

Kent P. Dauten
President
Keystone Capital, Inc.

Christa Davies
Executive Vice President,
Global Finance and CFO
Aon Corporation

Deborah L. DeHaas
Vice Chairman and Regional
Managing Partner
Deloitte & Touche LLP

William J. Devers, Jr.
President
Devers Group, Inc.

David E. Donovan
Co-CEO
Chase Capital Corporation

James J. Drury III
Chairman and CEO
JamesDruryPartners

W. James Farrell
Retired Chairman, Illinois Tool
Works Inc.
SLP, LLC

Michael W. Ferro, Jr.
Chairman and CEO
Merrick Ventures, LLC

Dennis J. FitzSimons
Chairman
McCormick Foundation

William C. Foote
Chairman and CEO
USG Corporation

James J. Fuentes

Ronald J. Gidwitz
Partner
GCG Partners

James T. Glerum, Jr.
Co-Head, Chicago Office and
Midwest Region
UBS Investment Bank

William M. Goodyear
Chairman and CEO
Navigant Consulting Inc.

James A. Gordon
Managing Partner
The Edgewater Funds

James A. Gray
Chairman and Founder
OptionsXpress

Jay L. Henderson
Managing Partner, Chicago
Office
Pricewaterhouse Coopers

Daniel J. Hennessy
Founding Partner
Code, Hennessy & Simmons

Roberto R. Herencia
President and CEO
Midwest Banc Holdings

Betsy D. Holden
Senior Advisor
McKinsey & Company

Lawrence I. Hollins
President
The Hollins Group, Inc.

Richard M. Jaffee
Chairman
Oil-Dri Corp. of America

Edward L. Kaplan
NalPak Inc.

John P. Keller
President
Keller Group, Inc.

Lawrence D. Kingsley
Chairman, President and CEO
IDEX Corporation

Michael P. Krasny
President
Sawdust Investment
Management Corp.

Frederick A. Krehbiel
Co-Chairman
Molex Incorporated

Dr. Leon M. Lederman
Resident Scholar
Illinois Mathematics and
Science Academy

Richard H. Lenny
Retired Chairman and CEO
The Hershey Company

Edward M. Liddy
Chairman
Allstate Insurance Company

H. John Livingston
Managing Partner, Chicago
Office
McKinsey & Company

Barry L. MacLean
President and CEO
MacLean-Fogg Company

Dr. Walter E. Massey
Chairman
Bank of America

Lamar H. McKay
Chairman and President
BP America, Inc.

Andrew J. McKenna
Chairman, McDonald's
Corporation
Chairman, Schwarz

Robert S. Morrison
Retired Vice-Chairman,
PepsiCo., Inc.
Former Chairman, President and
CEO,
The Quaker Oats Company

David R. Mosena
President and CEO
Museum of Science and
Industry

Robert S. Murley
Chairman of Investment
Banking Americas
Credit Suisse

Terry E. Newman
Partner
Katten Muchin Rosenman LLP

William A. Osborn
Chairman
Northern Trust Corporation

Robert J. Pickens
Vice President
Chicago Park District

Scott A. Rafferty
Managing Director of Investor
Relations
Citadel Investment Group LLC

J. Christopher Reyes
Chairman
Reyes Holdings, LLC

Larry D. Richman
Chairman, President and CEO
The Private Bank

James T. Ryan
Chairman, President and CEO
W. W. Grainger, Inc.

Michael J. Sacks
Chief Executive Officer
Grosvenor Capital Management,
L.P.

John F. Sandner
Retired Chairman of the Board
and Member of the Executive
Committee
CME Group

Ronald M. Saslow
President and CEO
Hu-Friedy Manufacturing
Company, Inc.

Alejandro Silva
Chairman of the Board
Evans Food Group Ltd.

Louis A. Simpson
President and CEO
GEC Investment Managers

James A. Skinner
Vice Chairman and CEO
McDonald's Corporation

Melody A. Spann-Cooper
Chairman, Midway
Broadcasting
President and General Manager
WVON Radio-AM 1690/WRL
Radio-AM 1450

David B. Speer
Chairman and CEO
Illinois Tool Works Inc.

Robert Y. Sperling
Partner
Winston & Strawn LLP

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
NOVEMBER 10, 2009**

Project: Local Government 2009 A Pool

STATISTICS

Project Number: L-G-MO-8275 Amount: \$5,100,000 (not to exceed)
 Type: Local Government Pooled Bond Program IFA Staff: Kim DuPrey
 Credit Review Committee recommends approval
 This is the first time the IFA Local Government 2009 A Pool has been presented to the Board in its entirety.

PURPOSE

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of Local Government into a pooled Bond issue, with the IFA serving as the Issuer. The pooling process allows Local Governments, and political subdivisions thereof, to realize savings by sharing fixed costs. In addition, the issue will be supported by the "Moral Obligation" of the State of Illinois. This, coupled with the Bonds double-tax exemption, will provide Participants a lower overall borrowing rate. Board approval is subject to all local approvals, including resolutions, backdoor referendum, debt service levies, escrow agreements, intercept agreements and any other local approvals required.

PARTICIPANT DATA

Municipality County / Region	Not to Exceed Amount of Borrowing	Repayment Sources All Pledged Security	Security	Project	IFA Meeting Date	Voting Record				
						Ayes	Nays	Abstentions	Absent	Vacancies
ALTERNATE REVENUE SOURCE			STATE INTERCEPT		INTERIM LOAN CONVERSIONS					
City of Girard Macoupin / Central	\$ 825,000	Alternate Revenue / GO Water Revenue IL Income Tax, IL Sales Tax	Intercept Agreement	Water Infrastructure	11/12/08 Preliminary 06/09/09 Final- Interim Conversion	8 8	0 0	0 0	3 3	4 4
Village of Kane Greene / Central	\$ 625,000	Alternate Revenue / GO Water & Sewer Revenue IL Income Tax, IL Sales Tax	Intercept Agreement	Water Infrastructure	02/13/07 Preliminary 02/12/08 Final 08/11/09 Final- Interim Conversion	10 10 8	0 0 0	0 0 0	4 3 3	0 1 4
ALTERNATE REVENUE SOURCE			STATE INTERCEPT							
City of Warsaw Hancock / West Central	\$ 375,000	Alternate Revenue / GO Sewer Revenues IL Income Tax, IL Sales Tax	Intercept Agreement	Wastewater Treatment Infrastructure	11/10/09 <i>Initial</i>					
Village of Cowden Shelby / Central	\$ 315,000	Alternate Revenue / GO Water Revenue IL Income Tax, IL Sales Tax	Intercept Agreement	Water Infrastructure	02/10/09 Preliminary	8	0	0	3	4
Village of Farmersville Montgomery / Central	\$ 680,000	Alternate Revenue / GO Water & Sewer Revenue IL Income Tax, IL Sales Tax	Intercept Agreement	Water Infrastructure	02/12/08 Preliminary	10	0	0	5	0
City of Bunker Hill Macoupin / Central	\$ 190,000 \$ 300,000 NTE	Alternate Revenue / GO IL State Sales Tax General Obligation	Intercept Agreement	Municipal Buildings Acquisition	11/10/09 <i>Initial</i>					
GENERAL OBLIGATION			STATE INTERCEPT							
City of Herrin Williamson / Southern	\$ 370,000	General Obligations	Intercept Agreement	Sewer Infrastructure	11/10/09 <i>Initial</i>					
SPECIAL ASSESSMENT TAX LEVY			INTERCEPT BY ESCROW – OVERCOLLATERAZATION BY LEVY							
AVOCA Drainage District Livingston / No. Central	\$ 815,000	Special Assessment Tax	Escrow Agreement	Sewer System Infrastructure	11/10/09 <i>Initial</i>					
NON ASSET BONDS	\$ 265,000									
TOTAL	<u>\$4,460,000</u>	<i>Detailed voting records included in Board Summary Reports</i>								

SOURCES AND USES OF FUNDS

Sources: IFA Bonds	\$ 4,460,000	Uses: Project Amounts	\$ 4,015,198
IFA Equity Contribution	\$ <u>37,000</u>	IFA Non Asset Bond (for GIC)	\$ 265,000
		IFA Equity Contribution (for GIC)	\$ 37,000
		Underwriter's Discount	\$ 80,900
		Local Bond Counsel	\$ 41,000
		Issuer's Counsel	\$ 4,000
		Pooled Bond Counsel	\$ 16,500
		Rating	\$ 7,000
		Trustee	\$ 2,000
		IFA Fee	\$ 22,488
		Other Fees	\$ 5,914
Total	\$ <u>4,497,000</u>	Total	\$ <u>4,497,000</u>

*In addition, we are requesting authority to capitalize a Debt Service Reserve contribution, not to exceed \$50,000 from dedicated IFA Local Government Funds. This will be combined with IFA issued Non-Asset Bonds (not to exceed \$300,000) that will be used to secure a Guaranteed Investment Contract (GIC). This investment mechanism serves to fund a Debt Service Reserve, which has historically served as security for Local Government pooled issues since 1990. The equity contribution will come from the \$2.5 million that was transferred from the Illinois Rural Bond Bank to the IFA and is designated for Local Government purposes. Further explanation of this common Debt Service Reserve is described below and in the "Security" section of each Board Summary Report.

FINANCING SUMMARY

- Project Name: Illinois Finance Authority, Local Government Pooled Bonds, Series 2009-A
Issuer Title: Illinois Finance Authority, Bond Bank Revenue Bonds, Series 2009-A
- The Bonds: The IFA Bonds will be Revenue Bonds
- Security: The security is dependent upon the underlying debt issued and is reflected in the following:
- Tax Exemption: Bonds will exempt from State and Federal Taxes
- Bank Qualified: Each Participant of this Pool has certified that independently, each would be able to issue their Bonds as **Qualified Tax-Exempt Obligations**. Subject to the compliance by the Issuer with certain covenants, in the opinion of Bond Counsel, the Series 2009-A Bonds are "qualified tax-exempt obligations" under Section 265(b) (3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b) (2) of the Code
- Payment Source: **General Obligation:** Bonds are secured by a full faith and credit of the Local Government Issuer and are payable from *ad valorem* taxes, unlimited as to rate or amount, levied upon all taxable property within their taxable jurisdiction.

Alternate Revenue Bonds - The Participants issuing Alternate Revenue Bonds, has pledged net revenues from funds and sources, as specified in their Bond Ordinances, as the primary revenue sources of repayment securing their Obligation. In the event that the net revenues are insufficient to pay principal and interest on the Bonds, the Borrower has committed to collect *ad valorem* property taxes levied to pay debt service on the Bonds. The Borrower must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the Bonds in order to pledge *ad valorem* property taxes to repay the Bonds without passing a voter referendum to do so. The Borrower will pass a "backdoor referendum" authorizing issuance of the Bonds unless a sufficient number of voters petition the Board of Trustees to require referendum approval. In the event that there are not adequate funds for debt service payment, the Borrower will pledge its Interceptable State revenues (State Income Tax, State Sales Tax, and State Personal Property Replacement Tax).

Revenue Bonds –Bonds Revenue Bonds, typically have net enterprise fund System (“System”) revenues pledged as the primary revenue source. As part of the Local Bond Ordinance, the Local Issuer must document that the System’s net revenues are sufficient to provide 1.25 times Debt Service Coverage on the Bonds. If coverage is not met, the Issuer will take necessary steps (i.e. by raising rates or cutting operating expenditures) to ensure coverage.

Intercept or

Escrow Agreement: **For Borrowers with State Interceptable Revenues** IFA requires an intercept agreement (between IFA and the Borrower). In the event the Borrower fails to meet its obligations, the IFA may intercept its State Revenues to pay the Debt Service.

For Borrowers without State Interceptable Revenues, IFA requires and Escrow Agreement (between an Escrow Agent on behalf of the Bondholders and the Borrower). Under the Escrow Agreement, the Borrower is required to deposit funds sufficient to pay debt service. In the event the Borrower fails to meet its Debt Service obligations, the IFA may direct the Escrow Agent to pay debt service from funds on hand in the Escrow Account and require the Revenue System to begin allowing the Escrow Agent to intercept all System revenues in order to set aside the amounts needed for Principal and Interest payments, with any surplus transfer back to the System

[AVOCA Drainage District will enter into an Escrow Agreement with Freestar Bank, Pontiac, IL]

Moneys in the Escrow Account - Used solely for the purpose of paying principal and interest on the Bonds

Non-Asset Bonds – Since the inception of the Illinois Rural Bond Bank (IRBB) in 1990, additional security was provided to Local Government Pools by the IRBB via funding of a Debt Service Reserve (DSR).

The DSR provides security for all pools issued in totality, not for each pool individually. To date, the DSR is valued at an amount exceeding \$8.8 million (comprised of \$8 million in IRBB IFA Non-Asset Bond issuance and \$800,000 of IFA equity contributions). The DSR must be adequately funded so as to be able to fully cover annual debt service (of all pools issued to date).

The DSR must meet a two-pronged test: 1) the DSR must be at least 10% of the total par amount outstanding (in the pooled Bond program) and 2) the DSR must meet the annual maximum debt service outstanding for the combined pools (issued since 1990). Currently, the DSR must be funded upon the 2009 A issue, due to the fact that it will not meet criterion #2.

In order to fund the DSR, Non-Asset Bonds, in combination with an equity contribution, are used to purchase a Guaranteed Investment Contract (GIC). Interest earned on the GIC’s must be adequate to pay the bi-annual Non-Asset Bond payments. Therefore, it is necessary at times for the IFA to make an equity contribution in order for the GIC to be sizable enough for interest earnings to meet the non-asset Bonds interest obligations.

IFA’s new Local Government Pool issues generally require additional funding of the DSR. The fact that the 2009 A pool is a new issuance of \$4.51 million with a term of 30 years, and the historically purchased GIC’s are subject to mature prior to the 2009 A Pool’s 30 maturity, February 1, 2040, it is necessary to fund the DSR. Stifel Nicolaus, the Underwriter, anticipates that the IFA will need to issue no more than \$50,000 in non-asset Bonds and make an equity contribution of no more than \$50,000.

It is important to note that the equity contribution remains with Pool funds until the GIC matures. Furthermore, the equity contribution is funded from a \$2.5 million appropriation was transferred from the Illinois Rural Bond Bank to the IFA and is designated for Local Government purposes

Structure:

Principal is expected to be due on February 1, beginning in 2011, with the anticipated final maturity of the Pooled Participants, February 1, 2039. Interest will be fixed rate and payable

each August 1 and February 1, beginning February 1, 2010. The Bonds are subject to redemption prior to maturity, on or after February 1, 2019.

Non-Asset Bonds: Final Maturity: February 1, 2040

PROFESSIONAL & FINANCIAL

Underwriter	Stifel Nicolaus	St. Louis, MO	Anne Noble
Underwriter's Counsel:	K & L Gates LLP	Chicago, IL	Ken Peterson
IFA Pooled Bond Counsel	Chapman and Cutler	Chicago, IL	Chuck Jarik
Issuer's Counsel:	Miller Canfield	Chicago, IL	Paul Durbin
Trustee:	US Bank	St. Louis, MO	Brian Kabbes
Rating Agency:	Standard & Poor's	Chicago, IL	John Kenward
IFA Financial Advisor:	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

LEGISLATIVE DISTRICTS

AVOCA Drainage District

Congressional: 5th Timothy V. Johnson
State Senate: 53rd Dan Rutherford
State House: 105th Shane Cultra

City of Bunker Hill

Congressional: 17th Phillip Hare
State Senate: 49th Deanna Demuzio
State House: 98th Betsy Hannig

Village of Cowden

Congressional: 19th John M. Shimkus
State Senate: 51st Kyle McCarter
State House: 102nd Ron Stephens

Village of Farmersville

Congressional: 19th John M. Shimkus
State Senate: 49th Deanna Demuzio
State House: 98th Betsy Hannig

City of Girard

Congressional: 17th Phillip Hare
State Senate: 49th Deanna Demuzio
State House: 98th Betsy Haning

City of Herrin

Congressional: 12th Jerry F. Costello
State Senate: 59th Gary Forby
State House: 117th John E. Bradley

Village of Kane

Congressional: 19th John M. Shimkus
State Senate: 49th Deanna Dimuzio
State House: 97th Jim Watson

Village of Ridgway

Congressional: 19th John M. Shimkus
State Senate: 59th Gary Forby
State House: 118th Brandon W. Phelps

City of Warsaw

Congressional: 17th Phillip Hare
State Senate: 47th John M. Sullivan
State House: 94th Richard P. Myer

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: City of Girard

STATISTICS

Number: L-GP-TE-8082	Amount:	\$825,000 (not to exceed)
Program: Local Government Pooled Bond	Location:	Girard, Illinois
County/Region: Macoupin / Central	IFA Staff:	Kim DuPrey

BOARD ACTION

Request: Application and Acceptance Resolution into the Local Government Pooled Loan Program
Final Approval. IFA Interim Direct Loan (closed 7/8/2009) Conversion into IFA LG Pool Program

Program: Local Government Pooled Bond

Payment Source Type: Alternate Revenue / General Obligation

IFA Funds at Risk: None

State Funds at Risk: Contingent Moral Obligation (Subject to security “waterfall,” described in Financing
Summary/Structure section as described on Page 2).

Credit Review Committee recommends approval.

VOTING RECORDS

The project was originally approved for (1) a Preliminary Resolution to be included as a participant in the Local Government Pool Program in November 2008 and (2) an Interim Direct Loan Resolution in June 2009. The respective Voting Records follow below:

Approval as Local Government Loan Pool Participant:

Voting Record from Preliminary Board Resolution approved: November 12, 2008

Voting Record: 8 ayes, 0 nays, 0 abstentions, absent 3 (Fuentes, Rivera, Verrett), 4 vacancies

Approval for Local Government Direct Interim Loan

Voting Record from Final Direct Interim Loan Resolution approved: June 9, 2009

Voting Record: 8 ayes, 0 nays, 0 abstentions, absent 3 (Herrin, Rivera, Verrett), 4 vacancies

PURPOSE

The Bonds will be issued to refinance an existing Interim Loan that closed 7/8/2009 (and approved by the IFA Board at the June 2009 Board Meeting).

The Project involves (i) demolishing and removing an existing 75,000 gallon water storage tank; (ii) replace with a new 200,000 gallon elevated spheroid water storage tank and constructing a 1,400 linear feet of 10-inch water transmission main, including all related appurtenances; (iii) install a new telemetry system; (iv) to refund outstanding debt, and (v) pay bond issuance.

IFA PROGRAM AND CONTRIBUTION

IFA’s Local Government Pooled Bond Program combines the borrowing needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the Issuer. The pooling process allows local governments, including political subdivisions thereof, to realize savings by sharing fixed costs. In addition, this issue will be supported by the “Moral Obligation” of the State of Illinois. This, coupled with the Bonds double-tax exemption, offers participants a lower overall borrowing rate.

		JOBS
Current employment:	14 (full time) 29 (part time)	Projected new jobs: 0
Jobs retained:	0	Construction jobs: 5

SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$ 825,000	Uses:	Construction Costs:	\$ 350,000
	CDAP Grant (DCEO)	<u>\$ 350,000</u>		Conversion of IFA Direct Interim Loan	\$ 800,677
				Costs of Issuance:	<u>\$ 24,323</u>
	Total	<u>\$1,175,000</u>		Total	<u>\$1,175,000</u>

FINANCING SUMMARY / STRUCTURE

Debt: IFA's Interim Direct Loan (closed 7/8/09) conversion into permanent Bond financing into the Local Government Pooled Bond Program.

Loan Term: Principal and interest payments will be amortized over 21 years.

Structure: The first interest payment is expected to be due on August 1, 2011 and principal is expected to be due on February 1, 2030. The Bonds are subject to 10-year optional call redemption, prior to maturity.

Security: *Repayment of principal and interest will be secured and repaid from the following sources:*

- **First, by Pledged Revenues:** Consisting of the net revenues of the Water and Sewer Fund ("The System"), and the City's share of State of Illinois State Income Tax and Sales & Use Taxes.
- **Second, by a Pledge to Collect Property Taxes Levied to pay debt service on the Bonds.** In the event that the Pledged System Revenues are insufficient to pay principal and interest on the Bonds, the City has committed to levy *ad valorem* property taxes to pay debt service on the Bonds. The City has used its most recent audited financial statement for the fiscal year ended April 30, 2008 to confirm that the Pledged Revenues would be sufficient to provide 1.25 times debt service coverage on the Bonds as required for issuance of Alternate Revenue Bonds. This level of debt service coverage permits the City to pledge *ad valorem* property taxes to repay the Bonds, without passing a voter referendum.
- **Third, by an Intercept of State Aid:** The City's share of the Illinois State Sales Tax, State Income Tax and Personal Property Replacement Taxes ("PPRT") distributed by the State.
- **Fourth, by a Reserve Fund:** Initially established from State Appropriations for the Pooled program originally capitalized for the Illinois Rural Bond Bank (IRBB).
- **Fifth, by the Moral Obligation from the State of Illinois.** The Moral Obligation would be the last source of revenue used to cover debt service payments subject to these security provisions.

Credit

Enhancement: Moral Obligation

Expected

Rating: "A-" by Standard and Poor's

Authorization: *As of June 1, 2009 the City had completed all steps necessary to authorize, adopt and issue Bonds.*

Collateral: The Bonds will be issued as Alternate Revenue Bonds payable from (i) the Pledged Revenues as described above, (ii) *ad valorem* property taxes levied against all taxable property in the City without limitation as to rate or amount, and (iii) an Intercept of State Aid, payments due to the City, (iv) The Illinois Rural Bond Bank special reserve funds. Alternate Revenue Bonds are contingent General Obligation Bonds. The tax levy is abated each year as the principal pledged revenue source satisfies interest and principal payments. In the event that the first pledge revenue source fail to completely satisfy the debt obligation, an *ad valorem* tax levy shall be imposed to against all taxable property of the City of Girard to meet debt service.

Interest: The rate of interest will be converted to the applicable tax-exempt market rate when the City's IFA Interim Direct Loan is converted to permanent financing upon issuance of the IFA's Local Government Pooled Loan Bonds.

Estimated

Closing: December 2, 2009

PROJECT SUMMARY

The City of Girard will use Bond proceeds to construct a new water storage tank, installation of new telemetry system, to refund the outstanding balance of Series 2001 Bonds issued by the IFA (IRBB) and pay for costs associated with the issuance of the Local Government Securities and the Bonds. The City applied for and received CDAP funds and closed on an IFA Interim Direct Loan on July 8, 2009. This Interim Direct Loan will be converted into Alternate Revenue Bond Debt for the City of Girard upon issuance of IFA's Local Government Pool Bond Series 2009A, expected to price in November, 2009 and close in early December, 2009.

BUSINESS SUMMARY

The City of Girard, located in Northern Macoupin County, covers approximately 1 square mile. The City was incorporated in 1855 and has a current population of 2,245. Girard is approximately 25 miles southwest of Springfield and is a bedroom community to Springfield.

ECONOMIC DISCLOSURE STATEMENT

Applicant: The City of Girard (P.O. Box 115 Girard, IL 62640, Contact: Larry Herron, City Clerk)
Project Location: P.O. Box 115 Girard, IL 62640
Organization: Illinois City
Mayor: John Lutz

PROFESSIONAL & FINANCIAL

Accountant:	Fleming, Tawfall & Co., P.C.	Carlinville	Tom Smith
Bond Counsel:	Chapman and Cutler LLP	Chicago	Chuck Jarik
Borrower's Counsel:	Community Law Office, P.C.	Gillespie	Jono Verticchio
Local Bond Counsel:	Hart, Southworth & Witsman	Springfield	Mike Southworth
Issuer's Counsel:	Miller Canfield	Chicago	Paul Durbin
Underwriter:	Stifel Nicolaus	St. Louis	Anne Noble
Engineer:	Hurst-Rosche Engineers, Inc.	Hillsboro	Scott Hunt
Underwriter's Counsel:	K & L Gates LLP	Chicago	Ken Peterson
Trustee:	US Bank	St. Louis	Brian Kabbes
Rating Agency:	Standard & Poor's	Chicago	John Kenward
IFA Financial Advisor:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 17th Phillip Hare
State Senate: 49th Deanna Demuzio
State House: 98th– Betsy Hannig

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: Village of Kane

STATISTICS

Number: L-GP-MO-7041	Amount:	\$625,000 (not to exceed)
Type: Local Government Pooled Bond Program	Location:	Kane, Illinois
County / Region: Greene / Central	IFA Staff:	Kim DuPrey

BOARD ACTION

Request: Application and Acceptance Resolution into the Local Government Pooled Loan Program
Final Approval IFA Direct Interim Loan (Closed 10/6/2009) Conversion into LG Pool Program

Program: Local Government Pooled Bond Program

Payment Source Type: Alternate Revenue / General Obligation

IFA Funds at Risk: None

State Funds at Risk: Contingent Moral Obligation (Subject to security "waterfall," described in Financing Summary/Structure section as described on Page 2.)

Credit Review Committee recommends approval.

VOTING RECORD

The project was originally approved for (1) a Preliminary Resolution to be included as a participant in the Local Government Pool Program in February 2007 and (2) February 2008, and (3) an Interim Direct Loan Resolution in August 2009.

The respective Voting Records follow below:

Approval as Local Government Loan Pool Participant

Voting Record from Preliminary Board Resolution approved February 13, 2007:

10 Ayes, 0 Nays, 0 Abstentions, Absent 4 (Boyles, DeNard, Nesbitt, Valenti), 0 Vacancies

Voting Record from Final Board Resolution approved February 12, 2008:

10 Ayes, 0 Nays, 0 Abstentions, Absent 3 (Herrin, Nesbitt, Valenti), 1 Vacancy

Approval for Local Government Direct Interim Loan

Voting Record from Final Board Resolution approved August 11, 2009:

8 Ayes, 0 Nays, 0 Abstentions, Absent 3 (Verrett, Barclay, Fuentes), 4 Vacancies

PURPOSE

The Bonds will be issued to refinance an existing Interim Loan that closed October 6, 2009 (and approved by the IFA Board at the August 2009 Board Meeting).

The Village of Kane will use the proceeds of the Bonds to construct a 100,000 gallon elevated water storage tank, install two new water wells and pay certain costs associated with the issuance of the Local Government Securities Pooled Bond Program.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the borrowing needs of more than one unit of local government into a pooled Bond issue, with the IFA serving as the Issuer. The pooling process allows local governments, and political subdivisions thereof, to realize savings by sharing fixed costs and achieving economies of scale. In addition, this issue will be supported by the "Moral Obligation" of the State of Illinois. This, coupled with the Bonds double-tax exemption, offers participants a lower overall borrowing rate.

JOBS

Current employment: 4 Part-time 0 Full-time Projected new jobs: 0
 Jobs retained: 4 Part-time 0 Full-time Construction jobs: 29 temporary (over 12 months)

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds/Loan	\$625,000	Uses: Water System Rehabilitation	\$935,227
	CDAP Funds (DCEO)	<u>325,000</u>	Costs of Issuance:	<u>14,773</u>
	Total	<u>950,000</u>	Total	<u>\$950,000</u>

FINANCING SUMMARY / STRUCTURE

Debt: IFA’s Interim Direct Loan will be converted into permanent Bond financing as a result of this financing. Principal and interest payments will be amortized over 30 years.

Security: *Repayment of principal and interest will be secured and repaid from the following sources:*

- **First, by Pledged Revenues:** Consisting of the net revenues of the Water and Sewer Fund (“The System”), and the Village’s share of State of Illinois State Income Tax and Sales & Use Taxes.
- **Second, by a Pledge to Collect Property Taxes Levied to pay debt service on the Bonds.** In the event that the Pledged System Revenues are insufficient to pay principal and interest on the Bonds, the Village has committed to levy *ad valorem* property taxes to pay debt service on the Bonds. The Village has used its most recent audited financial statement for the fiscal year ended April 30, 2008 to confirm that the Pledged Revenues would be sufficient to provide 1.25 times debt service coverage on the Bonds as required for issuance of Alternate Revenue Bonds. This level of debt service coverage permits the Village to pledge *ad valorem* property taxes to repay the Bonds, without passing a voter referendum.
- **Third, by an Intercept of State Aid:** The Village’s share of the Illinois State Sales Tax, State Income Tax and Personal Property Replacement Taxes (“PPRT”) distributed by the State.
- **Fourth, by a Reserve Fund:** Initially established from State Appropriations for the Pooled program originally capitalized for the Illinois Rural Bond Bank (IRBB).
- **Fifth, by the Moral Obligation of the State of Illinois.** The Moral Obligation would be the last source of revenue used to cover debt service payments subject to these security provisions.

Credit

Enhancement: Moral Obligation

Expected

Rating: “A-” by Standard and Poor’s

Authorization: *As of June 1, 2009 the Village had completed all steps necessary to authorize, adopt and issue Bonds.*

Collateral: The Bonds will be issued as Alternate Revenue Bonds payable from (i) the Pledged Revenues as described above, (ii) *ad valorem* property taxes levied against all taxable property in the Village without limitation as to rate or amount, and (iii) an Intercept of State Aid, payments due to the Village, (iv) The Illinois Rural Bond Bank special reserve funds. Alternate Revenue Bonds are contingent General Obligation Bonds. The tax levy is abated each year as the principal pledged revenue source satisfies interest and principal payments. In the event that the first pledge revenue source fail to completely satisfy the debt obligation, an *ad valorem* tax levy shall be imposed to against all taxable property of the Village of Kane to meet debt service.

Interest: The rate of interest will be converted to the applicable tax-exempt market rate when the Village’s IFA Interim Direct Loan is converted to permanent financing upon issuance of the IFA’s Local Government Pooled Loan Bonds.

Estimated

Closing: December 2, 2009

PROJECT SUMMARY

Removal of an existing, 50 year-old, 50,000 gallon elevated water storage tank; acquisition of a new 100,000 gallon elevated water storage tank and related appurtenances; installation of a new telemetry system including approximately 800-feet of 8-inch PVC water main and related appurtenances, and to pay certain issuance costs. The land site for the new elevated tank is currently owned by the Village of Kane.

The current water storage tank has a 50,000 gallon capacity. The current water system can process up to 144,000 gals/day. At peak capacity, daily water usage runs at 70,000 gals/day and average daily usage is 40,000 gals/day. The new tanks will allow the Village to maintain adequate water reserves to handle peak load capacity and maintain additional reserves for emergency services use as required by the Illinois Environmental Protection Agency.

BUSINESS SUMMARY

The Village of Kane, located in Green County, covers a geographical area of 0.54 square miles. The community is approximately 57 miles North of St. Louis and has a population of 459 (as of the 2000 Census). The Village of Kane is a Non-Home Rule Unit and does not have a Tax Increment Finance (TIF) District. The actual levy for the General Corporate Fund in 2006 was 0.2385 and in 2007 it was 0.2546. The Village may extend taxes to its maximum tax rate (which is set at 0.2850).

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Village of Kane (P.O. Box 167, Kane (Greene County), Illinois 62054
Contact: Jason Shaw, Village President 217-942-5179
Location: P.O. Box 167, Kane (Greene County), Illinois 62054
Organization: Illinois Village

Title	Name	Term
President:	Jason Shaw	2009-2013
Treasurer:	Priscilla Prough	2009-2013 (appointed)
Clerk:	Sylvia Kallal	2009-2013
Trustee:	Pam Ruyle	2007-2011
Trustee:	Greg Walters	2007-2011
Trustee:	Shelley Adams	2007-2011
Trustee:	Michael Plummer	2009-2013
Trustee:	Sanford Kallal	2009-2013
Trustee:	Katie Brannan	2009-2013

PROFESSIONAL & FINANCIAL

Accountant:	Kenneth E. Loy & Company, P.C.	Alton	Kenneth E. Loy
Borrower's Counsel:	Gustine & Theivagt, Ltd.	Carrollton	Charlie Theivagt
Borrower's Bond Counsel:	Hart, Southworth & Witsman	Springfield	Mike Southworth
Issuer's Bond Counsel:	Chapman and Cutler	Chicago	Chuck Jarik
Issuer's Counsel:	Miller Canfield	Chicago	Paul Durbin
Underwriter:	Stifel Nicolaus	St. Louis	Anne Noble
Underwriter's Counsel:	K & L Gates LLP	Chicago	Ken Peterson
Trustee:	US Bank	St. Louis	Brian Kabbes
Engineer	Heneghan and Associates	Jerseyville	Robert J. Manns
Rating Agency:	Standard & Poor's	Chicago	John Kenward
IFA Financial Advisors:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 19th – John. M. Shimkus
State Senate: 49th – Deanna Demuzio
State House: 97th – Jim Watson

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: City of Warsaw

STATISTICS

Number: L-GP-MO-8274	Amount: \$375,000
Type: Local Government Pooled Bond Program	Location: Warsaw, Illinois
County / Region: Hancock / West Central	IFA Staff: Kim DuPrey

BOARD ACTION

Request: Application and Acceptance Resolution into the Local Government Pooled Loan Program, Final Approval.

Program: Local Government Pooled Bond

Payment Source Type: Alternate Revenue / General Obligation

IFA Funds at Risk: None

State Funds at Risk: Contingent Moral Obligation (Subject to security "waterfall," described in Financing Summary/Structure section as described on Page 2.)

Credit Review Committee recommends approval.

VOTING RECORD

This is the first time that the project has been considered by the Board.

PURPOSE

Proceeds will be used to finance the capital improvements to wastewater treatment lagoons.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the Issuer. The pooling process allows local governments, and political subdivisions thereof, to realize savings by sharing fixed costs. In addition, this issue will be supported by the "Moral Obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption, will provide participants a lower overall borrowing rate.

JOBS

Current Employment:	F/T: 10 P/T: 6	Projected new jobs:	0
Jobs retained:	F/T: 10 P/T: 6	Construction jobs:	10-20 (2 months)

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds/Loan	\$ 375,000	Uses: Lagoon Improvements	\$1,301,626
	FEMA Grant	<u>\$ 945,000</u>	Costs of Issuance:	<u>\$ 18,374</u>
	Total	<u>\$1,320,000</u>	Total	<u>\$1,320,000</u>

PROJECT SUMMARY

Purpose: To finance the costs of removing silt from two lagoons which was caused by flooding conditions by removing and replacing rock filter, replacing perimeter fence; cleaning clogged outlet channel, reworking raw water intake and making other repairs and upgrades that were called for by the Illinois Environmental Protection Agency

Bond proceeds will finance a project to remove flood related sediment from two lagoons, which serve as a part of the primary and secondary waste water treatment system, a facility owned, operated, and maintained by the City.

The primary cell is estimated 2,500 feet long x 290 feet wide for a total of approximately 725,000 square feet, and the secondary cell is estimated 1,000 feet long x 115 feet wide for a total of 115,000 square feet, for a combined surface area of approximately 21 acres. Heavy rains in 2008 resulted in extensive Mississippi River flooding in Hancock County. As a result of the 2008 flooding, there was a significant amount of silt deposited in the lagoons, which has impacted the capacity of both lagoons. The current sediment accumulation is approximately 1.73 feet in the primary lagoon and 1.00 feet in the secondary lagoon.

FINANCING SUMMARY / STRUCTURE

Loan Term: The repayment of principal and interest payments will be amortized over 20 years.
Structure: The First Interest payment is expected to be due on August 1, 2010 and Principal is expected to be due on February 1 beginning in 2011 with a final maturity on February 1, 2029. The Bonds are subject to 10-year optional call redemption, prior to maturity.

Payment
Source:

Alternate Revenue/General Obligation Bonds

The Bonds will be issued as Alternate Revenue Bonds payable from the Pledged Revenues as described below under "Security".

Security: *The Bonds repayment of principal and interest will be secured and repaid from the following sources:*

- **First, by Pledged Revenues:** Consisting of the net revenues of the Water and Sewer Fund ("The System"), and the City's share of State of Illinois State Income Tax and Sales & Use Taxes.
- **Second, by a Pledge to Collect Property Taxes Levied to pay debt service on the Bonds.** In the event that the Pledged System Revenues are insufficient to pay principal and interest on the Bonds, the City has committed to levy *ad valorem* property taxes to pay debt service on the Bonds. The City has used its most recent audited financial statement for the fiscal year ended April 30, 2008 to confirm that the Pledged Revenues would be sufficient to provide 1.25 times Debt Service Coverage on the Bonds as required for issuance of Alternate Revenue Bonds. This level of debt service coverage permits the City to pledge *ad valorem* property taxes to repay the Bonds, without passing a voter referendum.
- **Third, by an Intercept of State Aid:** The City's share of the Illinois State Sales Tax, State Income Tax and Personal Property Replacement Taxes ("PPRT") distributed by the State.
- **Fourth, by a Reserve Fund:** Initially established from State Appropriations for the Pooled program originally capitalized for the Illinois Rural Bond Bank (IRBB).
- **Fifth, by the Moral Obligation of the State of Illinois.** The Moral Obligation would be the last source of revenue used to cover debt service payments, subject to these security provisions.

Credit

Enhancement: Moral Obligation

Expected

Rating: "A-" by Standard and Poor's

Authorization: *As of September 14, 2009 the City had completed all steps necessary to authorize issuance of the Bonds.*

Collateral: The Bonds will be issued as Alternate Revenue Bonds payable from (i) the Pledged Revenues as described above, (ii) *ad valorem* property taxes levied against all taxable property in the City without limitation as to rate or amount, and (iii) an Intercept of State Aid, payments due to the City, (iv) The Illinois Rural Bond Bank special reserve funds. Alternate Revenue Bonds are contingent General Obligation Bonds. The tax levy is abated each year as the principal pledged revenue source satisfies interest and principal payments. In the event that the first pledge revenue source fail to completely satisfy the

debt obligation, an *ad valorem* tax levy shall be imposed to against all taxable property of the City of Farmersville to meet debt service.

Estimated
Closing: December 2, 2009

BUSINESS SUMMARY

The City of Warsaw, located in Hancock County, covers a geographical area of 7.5 square miles and is located approximately 30 miles North of Quincy, Illinois and has a population of 4,793 (as of the 2000 Census).

ECONOMIC DISCLOSURE STATEMENT

Applicant: City of Warsaw (210 North 4th Street, Warsaw (Hancock County), Illinois 62379)
Contact: Kathy Thompson, City Clerk (217-256-3214)
Location: 210 North 4th Street, Warsaw (Hancock County), Illinois 62379
Organization: Illinois City

Title	Name	Term Ending
Mayor	Gary Treach	2013
City Clerk	Kathy Thompson	2013
City Treasurer	Krista Brownlee	2013
Alderman Ward 1	Chris Huston	2011
Alderman Ward 1	Truman Phillips	2013
Alderman Ward 2	Scott Stevens	2013
Alderman Ward 2	Gary D. Tilton	2011
Alderman Ward 3	Ted Elting	2013
Alderman Ward 3	Dick Clark	2011

PROFESSIONAL & FINANCIAL

Accountant:	John C. Faulhaber	Carthage	John C. Faulhaber
Bond Counsel:	Chapman and Cutler	Chicago	Chuck Jarik
Borrower's Counsel:	Hartzell, Glidden, Tucker & Hartzell	Carthage	Tom Hartzell Local
Bond Counsel:	Hart, Southworth & Witsman	Springfield	Mike Southworth
Issuer's Counsel:	Miller Canfield	Chicago	Paul Durbin
Underwriter:	Stifel Nicolaus	St. Louis	Anne Noble
Underwriter's Counsel:	K & L Gates LLP	Chicago	Ken Peterson
Trustee:	US Bank	St. Louis	Brian Kabbes
Rating Agency:	Standard & Poor's	Chicago	John Kenward
IFA Financial Advisor:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 17th – Phil Hare
State Senate: 47th – John M. Sullivan
State House: 94th – Richard P. Myers

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: Village of Cowden

STATISTICS

Number:	L-GP-MO-8207	Amount:	\$315,000
Type:	Local Government Pooled Bond Program	Location:	Cowden, Illinois
County / Region:	Shelby / Central	IFA Staff:	Kim DuPrey

BOARD ACTION

Request: Application and Acceptance Resolution into the Local Government Pooled Loan Program Final Approval.

Project: Proceeds will be used to construct a new 75,000 gallon water tank

Program: Local Government Pooled Bond Program

Payment Source Type: Alternate Revenue Bonds / General Obligation Bonds

IFA Funds at Risk: None

State Funds at Risk: Contingent Moral Obligation (Subject to security "waterfall," described in Financing Summary/Structure section as described on Page 2.)

Credit Review Committee recommends approval.

VOTING RECORD

Voting Record from Preliminary Board Resolution approved February 10, 2009:
8 Ayes, 0 Nays, 0 Abstentions, Absent 3 (Herrin, Rivera, Zeller), 4 Vacancies

PURPOSE

Proceeds will be used to construct a 75,000-gallon elevated water storage tank, install supply well and loop; and pay certain bond issuance costs. IFA Local Government Pooled Bond proceeds will provide debt financing that will provide a match to a \$350,000 CDAP grant awarded for this project.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of Local Government into a pooled Bond issue, with the IFA serving as the financing conduit. The pooling process allows Local Governments to realize savings by sharing fixed costs. In addition, this issue will be supported by the "Moral Obligation" of the State of Illinois. This, coupled with the Bonds double-tax exemption, offers Participants a lower overall borrowing rate.

JOBS

Current employment: 0 (full-time) 33 (part-time)	Projected new jobs: 0
Jobs retained: 0	Construction jobs: 2

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA Bonds/Loan	\$315,000	Uses: Water System Improvements:	\$ 695,536
CDAP Grant:	\$350,000	Costs of Issuance:	\$ 14,464
Other Funds	\$ 45,000		
Total	<u>\$710,000</u>	Total:	<u>\$710,000</u>

FINANCING SUMMARY

- Loan Term: Principal and interest payments will be amortized over 20 years.
- Structure: First Interest payment is expected to be due on August 1, 2010 and Principal is expected to be due on February 1, beginning in 2011 with a final maturity on February 1, 2029. The Bonds are subject to redemption prior to maturity.
- Payment: Alternate Revenue Bonds / General Obligation
- Source: The Bonds will be issued as Alternate Revenue Bonds payable from the Pledged Revenues as described below under the "Security" (and "Collateral") sections.
- Security: **First**, by Pledged Revenues, consisting of the:
- (i) Net revenues of the Village's Water System,
 - (ii) The Village's share of Illinois State Distributable Income Taxes and Sales Taxes
- **Second**, by a Pledge to Collect Property Taxes Levied to pay debt service on the Bonds. In the event that the Pledged System Revenues are insufficient to pay principal and interest on the Bonds, the Village has committed to levy *ad valorem* property taxes to pay debt service on the Bonds. The Village has used its most recent audited financial statement for the fiscal year ended April 30, 2008 to confirm that the Pledged Revenues would be sufficient to provide 1.25 times Debt Service Coverage on the Bonds as required for issuance of Alternate Revenue Bonds. This level of debt service coverage permits the Village to pledge *ad valorem* property taxes to repay the Bonds, without passing a voter referendum.
 - **Third**, by an Intercept of State Aid: The Village's share of the Illinois State Sales Tax, State Income Tax and Personal Property Replacement Taxes ("PPRT") distributed by the State.
 - **Fourth**, by a Reserve Fund initially established from State Appropriations for the benefit of the Local Government Pooled Bond Program (originally established for the Illinois Rural Bond Bank ("IRRB"), a predecessor of IFA).
 - **Fifth**, by the Moral Obligation of the State of Illinois. The Moral Obligation would be the last source of revenue used to cover debt service payments, subject to these security provisions.
- Authorization: As of September 14, 2009, the Village had completed all steps necessary to authorize the issue of the Bonds.
- Credit Enhancement: Moral Obligation
- Expected Rating: "A-" by Standard and Poor's
- Collateral: The Bonds will be issued as Alternate Revenue Bonds payable from (i) the Pledged Revenues as described above, (ii) *ad valorem* property taxes levied against all taxable property in the Village without limitation as to rate or amount, and (iii) an Intercept of State Aid, payments due to the Village, (iv) The IFA Local Government Bond Pool Special Reserve Fund. Alternate Revenue Bonds are contingent General Obligation Bonds. The tax levy is abated each year as the principal pledged revenue source satisfies interest and principal payments. In the event that the first pledged revenue sources fail to completely satisfy the debt obligation, an *ad valorem* tax levy shall be imposed to against all taxable property of the Village of Cowden to meet debt service.
- Estimated Closing: December 2, 2009

BUSINESS SUMMARY

The Village of Cowden, Shelby County, Illinois (“Cowden”) is located approximately 85 miles southeast of Springfield, Illinois. Cowden covers an area of approximately 0.4 square miles. Cowden’s population was 599 in 1980, 599 in 1990 and 612 in 2000. Cowden has 3 full time employees, none of whom are represented by a collective bargaining agreement.

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Village of Cowden
Contact: Terre Moffett, Village Treasurer (217-783-6326)
Location: 127 W. Locust, P.O. Box 127, Cowden (Shelby County), Illinois 62422
Organization: Illinois Village

PROFESSIONAL & FINANCIAL

Accountant:	Mose, Yockey, Brown, & Kull, LLC	Shelbyville	Robin R. Yockey
Bond Counsel:	Chapman and Cutler LLP	Chicago	Chuck Jarik
Borrower’s Counsel:	Dove & Dove	Shelbyville	Elizabeth Eberspacher Mohren
Local Bond Counsel:	Chapman and Cutler LLP	Chicago	Chuck Jarik
Issuer’s Counsel:	Miller Canfield	Chicago	Paul Durbin
Underwriter:	Stifel Nicolaus	St. Louis	Anne Noble
Underwriter’s Counsel:	K & L Gates LLP	Chicago	Ken Peterson
Trustee:	US Bank	St. Louis	Brian Kabbes
Rating Agency:	Standard & Poor’s	Chicago	John Kenward
IFA Financial Advisor:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 19th – John M. Shimkus
State Senate: 51st – Kyle McCarter
State House: 102nd – Ron Stephens

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: Village of Farmersville

STATISTICS

Number: L-GP-MO-8011	Amount: \$680,000
Type: Local Government Pooled Bond Program	Location: Farmersville, Illinois
County / Region: Montgomery/Central	IFA Staff: Kim DuPrey

BOARD ACTION

Request: Application and Acceptance Resolution into the Local Government Pooled Loan Program
Final Approval.

Project: Proceeds will be used to construct a 150,000 gallon water tank.

Program: Local Government Pooled Bond Program

Payment Source Type: Alternate Revenue / General Obligation

IFA Funds at Risk: None

State Funds at Risk: Contingent Moral Obligation (Subject to security "waterfall," described in Financing Summary/Structure section as described on Page 2.)

Credit Review Committee recommends approval.

VOTING RECORD

Preliminary Board Resolution Approved February 12, 2008:
10 Ayes, 0 Nays, 0 Abstentions, Absent 5 (Boyles, DeNard, Fuentes, Herrin, Valenti), 0 Vacancies

PURPOSE

Bond proceeds will be used to construct a 150,000 gallon water tank and to demolish the Village's existing tank. The new water tank will provide improved water pressure and reduce maintenance expenses.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the Issuer. The pooling process allows local governments, and political subdivisions thereof, to realize savings by sharing fixed costs. In addition, this issue will be supported by the "Moral Obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption, will provide participants a lower overall borrowing rate.

JOBS

Current Employment:	4	Projected new jobs:	0
Jobs retained:	4	Construction jobs:	29

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds/Loan	\$ 680,000	Uses:	Construct Water Tank:	\$1,003,188
	CDAP Grant	<u>350,000</u>		Costs of Issuance:	<u>26,812</u>
	Total	<u>\$1,030,000</u>		Total	<u>\$1,030,000</u>

PROJECT SUMMARY

Bond proceeds will finance construction of a 150,000 gallon pedestal elevated water storage tank to serve the residents of Farmersville and to also demolish the existing tank.

The current tank is a 150,000 gallon standpipe that is over 50 years old and has required extensive maintenance in recent years.

The Village of Farmersville does not have a secondary water source from an outside bulk water supplier. The new elevated tank will give the Village a more reliable water supply and improved delivery pressure during periods of downtime at the treatment plant or low water production from the wells. The new tank will also provide adequate capacity for additional development. The site for the new elevated tank is already owned by the Village.

FINANCING SUMMARY/STRUCTURE

Loan Term: The repayment of principal and interest payments will be amortized over 20 years.

Structure: The First Interest payment is expected to be due on August 1, 2010 and Principal is expected to be due on February 1 beginning in 2011 with a final maturity on February 1, 2029. The Bonds are subject to 10-year optional call redemption, prior to maturity.

Payment

Source: **Alternate Revenue/General Obligation Bonds**

The Bonds will be issued as Alternate Revenue Bonds payable from the Pledged Revenues as described below under "Security".

Security: *The Bonds repayment of principal and interest will be secured and repaid from the following sources:*

- **First, by Pledged Revenues:** Consisting of the net revenues of the Water and Sewer Fund ("The System"), and the Village's share of State of Illinois State Income Tax and Sales & Use Taxes.
- **Second, by a Pledge to Collect Property Taxes Levied to pay debt service on the Bonds.** In the event that the Pledged System Revenues are insufficient to pay principal and interest on the Bonds, the Village has committed to levy *ad valorem* property taxes to pay debt service on the Bonds. The Village has used its most recent audited financial statement for the fiscal year ended April 30, 2008 to confirm that the Pledged Revenues would be sufficient to provide 1.25 times Debt Service Coverage on the Bonds as required for issuance of Alternate Revenue Bonds. This level of debt service coverage permits the Village to pledge *ad valorem* property taxes to repay the Bonds, without passing a voter referendum.
- **Third, by an Intercept of State Aid:** The Village's share of the Illinois State Sales Tax, State Income Tax and Personal Property Replacement Taxes ("PPRT") distributed by the State.
- **Fourth, by a Reserve Fund initially established from State Appropriations for the benefit of the Local Government Pooled Bond Program (originally established for the Illinois Rural Bond Bank ("IRRB"), a predecessor of IFA).**
- **Fifth, by the Moral Obligation of the State of Illinois.** The Moral Obligation would be the last source of revenue used to cover debt service payments, subject to these security provisions.

Credit

Enhancement: Moral Obligation

Expected
Rating: "A-" by Standard and Poor's

Authorization: *As of September 14, 2009, the Village had completed all steps necessary to authorize the issue of the Bonds.*

Collateral: The Bonds will be issued as Alternate Revenue Bonds payable from (i) the Pledged Revenues as described above, (ii) *ad valorem* property taxes levied against all taxable property in the Village without limitation as to rate or amount, and (iii) an Intercept of State Aid, payments due to the Village, (iv) The Illinois Rural Bond Bank special reserve funds. Alternate Revenue Bonds are contingent General Obligation Bonds. The tax levy is abated each year as the principal pledged revenue source satisfies interest and principal payments. In the event that the first pledged revenue sources fail to completely satisfy the debt obligation, an ad valorem tax levy shall be imposed to against all taxable property of the Village of Farmersville to meet debt service.

Estimated
Closing: December 2, 2009

BUSINESS SUMMARY

The Village of Farmersville, located in Montgomery County, covers a geographical area of 1 square mile and is located approximately 30 miles South of Springfield, Illinois and has a population of 768 (as of the 2000 Census).

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Village of Farmersville
Contact: Joe Tischkau, Village President (217-227-4422)
Location: 601 South Fourth Street, Farmersville (Montgomery County), Illinois 62533
Organization: Illinois Village

Title	Name	Term
President	Joe Tischkau	2009-2013
Clerk	Jill Hayes	2009-2011 appointed
Treasurer	Marsha J. Orr	appointed
Trustee	Doug Orr	2009-2013
Trustee	Shaun Webb	2009-2013
Trustee	Roger Williams	2007-2011
Trustee	Garry Todt	2007-2011
Trustee	Robert Rovey	2007-2011

PROFESSIONAL & FINANCIAL

Accountant:	William A. Gregurich, CPA	Auburn	Willam A. Gregurich
Bond Counsel:	Chapman and Cutler	Chicago	Chuck Jarik
Borrower's Counsel:	Sgro, Hanrahan & Durr, LLP	Springfield	Alex Rabin
Local Bond Counsel:	Hart, Southworth, Witsman	Springfield	Mike Southworth
Issuer's Counsel:	Miller Canfield	Chicago	Paul Durbin
Underwriter:	Stifel Nicolaus	St. Louis	Anne Noble
Underwriter's Counsel:	K & L Gates LLP	Chicago	Ken Peterson
Trustee:	US Bank	St. Louis	Brian Kabbes
Rating Agency:	Standard & Poor's	Chicago	John Kenward

IFA Financial Advisor: Scott Balice Strategies, Inc. Chicago Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 19th – John M. Shimkus
State Senate: 49th – Deanna Demuzio
State House: 98th – Betsy Hannig

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: City of Bunker Hill

STATISTICS

Number: L-GP-MO-7042	Amount: \$ 300,000 (not-to-exceed): <i>anticipated issuance amount is \$190,000</i>
Type: Local Government Pooled Bond Program	Location: Bunker Hill, Illinois
County / Region: Central/Macoupin	IFA Staff: Kim DuPrey

BOARD ACTION

Request:	Application and Acceptance Resolution into the Local Government Pooled Loan Program for Final Approval
Program:	Local Government Pooled Bond Program
Payment Source Type:	Alternate Revenue / General Obligations
IFA Funds at Risk:	None
State Funds at Risk:	Contingent Moral Obligation (Subject to security "waterfall," described in Financing Summary/Structure section as described on Page 2.)

Credit Review Committee recommends approval.

PURPOSE

Bond proceeds will be used to provide financing for the acquisition of certain property, consisting of two parcels of land, three buildings and other improvements; one for a facility that will house vehicles and equipment of the City.

VOTING RECORD

This is the first time that the project has been considered by the Board.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the Issuer. The pooling process allows local governments, and political subdivisions thereof, to realize savings by sharing fixed costs. In addition, this issue will be supported by the "Moral Obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption, will provide participants a lower overall borrowing rate

JOBS

Current employment: 12 (full-time) 0 (part-time)	Projected new jobs: 0
Jobs retained: 0	Construction jobs: 2

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds/Loan	<u>\$300,000</u>	Uses: Purchase Land & Bldgs:	\$ 286,300
			Costs of Issuance:	<u>\$ 13,700</u>
	Total:	\$300,000	Total	\$ 300,000

PROJECT SUMMARY

The City of Bunker Hill will use the proceeds of the Bonds to purchase two parcels of land situated on the south side of West Alton Street just west of Illinois Route 159 within the municipal limits of Bunker Hill, in Macoupin County, Illinois. The total land area included in the subject is estimated to be 224,286 square feet, or approximately 5.15 acres. The site is improved with three buildings: the first building is of pole type construction that was built in two phases with a total gross building area of 8,560 square feet. This building is insulated, heated, and air-conditioned but has no office finish. The second building is a former mobile home that has been expanded to its current size of 1,131 square feet. The last building is a pole type warehouse building with a total gross building area of 4,080 square feet. This building does not have electrical service (nor is it heated or cooled).

FINANCING SUMMARY / STRUCTURE

- Loan Term: Principal and interest payments will be amortized over 30 years.
- Structure: The First Interest payment is expected to be due on August 1, 2010 and Principal is expected to be due on February 1 beginning in 2011 with a final maturity on February 1, 2039. The Bonds are subject to 10-year optional call redemption, prior to maturity.
- Payment Source: **Alternate Revenue/General Obligation Bonds**
The Bonds will be issued as Alternate Revenue Bonds payable from the Pledged Revenues as described below under "Security".
- Security: *Repayment of principal and interest will be secured and repaid from the following sources:*
- **First, by Pledged Revenues:** The Village's share of State of Illinois Sales Taxes.
 - **Second, by a Pledge to Collect Property Taxes Levied to pay debt service on the Bonds.** In the event that the Pledged System Revenues are insufficient to pay principal and interest on the Bonds, the Village has committed to levy *ad valorem* property taxes to pay debt service on the Bonds. The Village has used its most recent audited financial statement for the fiscal year ended April 30, 2008 to confirm that the Pledged Revenues would be sufficient to provide 1.25 times Debt Service Coverage on the Bonds as required for issuance of Alternate Revenue Bonds. This level of debt service coverage permits the Village to pledge *ad valorem* property taxes to repay the Bonds, without passing a voter referendum.
 - **Third, by an Intercept of State Aid:** The Village's share of the Illinois State Sales Tax, State Income Tax and Personal Property Replacement Taxes ("PPRT") distributed by the State.
 - **Fourth, by a Reserve Fund:** Initially established from State Appropriations for the Pooled program originally capitalized for the Illinois Rural Bond Bank (IRBB).
 - **Fifth, by the Moral Obligation of the State of Illinois.** The Moral Obligation would be the last source of revenue used to cover debt service payments, subject to these security provisions.
- Expected Rating: "A-" by Standard and Poor's
- Authorization: *As of August 12, 2009 the Village had completed all steps necessary to authorized the Bonds.*
- Collateral: The Bonds will be issued as Alternate Revenue Bonds payable from (i) the Pledged Revenues as described above, (ii) *ad valorem* property taxes levied against all taxable property in the Village without limitation as to rate or amount, and (iii) an Intercept of State

Aid, payments due to the Village, (iv) The Illinois Rural Bond Bank special reserve funds. Alternate Revenue Bonds are contingent General Obligation Bonds. The tax levy is abated each year as the principal pledged revenue source satisfies interest and principal payments. In the event that the first pledge revenue source fail to completely satisfy the debt obligation, an *ad valorem* tax levy shall be imposed to against all taxable property of the Village of Farmersville to meet debt service.

Other Revenue: Short-term Lease Income: The City of Bunker Hill also has an additional source of revenue based on a Ground Lease between the City and U.S. Cellular for 1200 square feet of property located at 301-303 W. Warrant Street in Bunker Hill, Illinois. The lease was signed on September 19, 2008 for a period of five years contract. Revenue generated is \$600.00 per month.

Estimated
Closing: December 2, 2009

BUSINESS SUMMARY

The City of Bunker Hill, located in Macoupin County, covers a geographical area of 1.2 square miles. The community is approximately 42 miles north of St. Louis and has a population of 1,801 (as of the 2000 census).

ECONOMIC DISCLOSURE STATEMENT

Applicant: The City of Bunker Hill
Location: 801 S. Franklin St., Bunker Hill, 62014
Organization: Illinois City
Mayor: Ray Chapman

Title	Name	Term
Mayor	Raymond Chapman	2009-2013
Clerk	Rhonda K. Whitworth	2009-2013
Treasurer	Elizabeth Wieseman	2009-2013
Alderman	Paul Thomas Ament	2009-2013
Alderman	Bill Hanks	2007-2011
Alderman	Oscar (Jack) Hurst	2007-2011
Alderman	Alan D. Mize Jr.	2009-2013
Alderman	Joseph Manar	2007-2011
Alderman	Iona M. Snedeker	2009-2013

PROFESSIONAL & FINANCIAL

Accountant:	Lawrence Travis & Company	Virden	Lawrence Travis
Bond Counsel:	Chapman and Cutler	Chicago	Chuck Jarik
Borrower's Counsel:	Bertinetti & Cain	Carlinville	Richard Bertinetti
Local Bond Counsel:	Chapman & Cutler LLP	Chicago	Chuck Jarik
Issuer's Counsel:	Miller Canfield	Chicago	Paul Durbin
Underwriter:	Stifel Nicolaus	St. Louis	Anne Noble
Underwriter's Counsel:	K & L Gates LLP	Chicago	Ken Peterson
Trustee:	US Bank	St. Louis	Brian Kabbes
Rating Agency:	Standard & Poor's	Chicago	John Kenward
IFA Financial Advisor:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 17th – Phil Hare
State Senate: 49th – Deanna Demuzio
State House: 98th – Betsy Hannig

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: City of Herrin

STATISTICS

Number:	L-GP-MO-8273	Amount:	\$370,000
Type:	Local Government Pooled Bond Program	Location:	Herrin, Illinois
County / Region:	Williamson / Southern	IFA Staff:	Kim DuPrey

BOARD ACTION

Request: Application and Acceptance Resolution into the Local Government Pooled Loan Program Final Approval.

Project: Water and sewer main improvements.

Program: Local Government Pooled Bond Program

Payment Source Type: General Obligation Bonds

IFA Funds at Risk: None

State Funds at Risk: Contingent Moral Obligation (Subject to security "waterfall," described in Financing Summary/Structure section as described on Page 2.)

Credit Review Committee recommends approval.

VOTING RECORD

This is the first time that the project has been considered by the Board.

PURPOSE

Proceeds will be used to finance the acquisition, construction, and installation of water and sewer main replacements and facilities improvements and land acquisition and rights in real estate and other related facilities improvements and costs.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the Issuer. The pooling process allows local governments, and political subdivisions thereof, to realize savings by sharing fixed costs. In addition, this issue will be supported by the "Moral Obligation" of the State of Illinois. This, coupled with the bonds double-tax exemption, will provide participants a lower overall borrowing rate.

JOBS

Current Employment:	80	Projected new jobs:	0
Jobs retained:	80	Construction jobs:	19

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds/Loan	\$370,000	Uses: Water & Sewer Repairs	\$731,045
	ARRA IDOT Grant	<u>\$377,281</u>	Cost of Issuance:	<u>\$ 16,236</u>
	Total	<u>\$747,281</u>	Total	<u>\$747,281</u>

FINANCING SUMMARY / STRUCTURE

- Loan Term: Repayment of principal and interest payments will be amortized over 20 years.
- Structure: The First Interest payment is expected to be due on August 1, 2010 and Principal is expected to be due on February 1 beginning in 2011 with a final maturity on February 1, 2029. The Bonds are subject to 10-year optional call redemption, prior to maturity.
- Payment Source: **General Obligation Bonds**
The Bonds will be issued as General Obligation Bonds payable from *ad valorem* property taxes and the City's full faith and credit pledge, as described below under "Security".
- Security: *The Bonds repayment of principal and interest will be secured and repaid from the following sources:*
- **First, by a Direct Levy of ad valorem taxes on taxable property located in the City.** These ad valorem taxes, which are unlimited as to rate or amount, shall be levied at a level sufficient to pay interest and principal on the Bonds.
 - **Second, by the City's pledge of its full faith and credit to apply all legally available funds to repay the Bonds.**
 - **Third, by an Intercept of State Aid:** The City has signed an Intercept Agreement which authorizes IFA to intercept State Revenues as needed, to pay principal, premium, if any, and interest on the Bonds, to the extent that such amounts are due, have not been paid and are in default. The City's State Aid includes the City's share of the Illinois State Sales Taxes, State Income Taxes, and Personal Property Replacement Taxes ("PPRT") distributed by the State to the City.
 - **Fourth, by a Reserve Fund:** Initially established from State Appropriations for the Local Government Pooled Bond Program originally capitalized for the Illinois Rural Bond Bank (IRBB) with a balance of \$8.8 Million.
 - **Fifth, by the Moral Obligation of the State of Illinois.** The Moral Obligation would be the last source of revenue used to cover debt service payments, subject to these security provisions.
- Credit Enhancement: Moral Obligation
- Expected Rating: "A-" by Standard and Poor's
- Authority: *As of October 14, 2009, the City had completed all steps necessary to authorize, approve and issue the Bonds.*
- Collateral: The Bonds will be issued as General Obligation Bonds of the City payable from (i) *ad valorem* property taxes levied against all taxable property in the City without limitation as to rate or amount, and (ii) an Intercept of State Aid, payments due to the Village, and (iii) the IFA Local Government Bond Program's Special Reserve Fund. Because of the General Obligation pledge, an *ad valorem* tax levy will be imposed against all taxable property in the City of Herrin to meet scheduled debt service payments, thereby mitigating risk for the need to call on the State's Moral Obligation to repay the City's Bonds.
- Estimated Closing: December 2, 2009

PROJECT SUMMARY

The City is seeking funds to replace existing water mains on East Herrin Avenue from the East Corporate Limits to Park Avenue. These utilities have exceeded their service life and have been requiring ongoing maintenance. These water and sewer mains are being replaced in conjunction with an IDOT-funded street improvement project.

BUSINESS SUMMARY

The City of Herrin, located in Williamson County, covers a geographical area of 8.4 square miles. The community is approximately 10 miles northeast of Carbondale Illinois and has a population of 11,835 (as of the 2006 Census). Herrin has 80 full time employees, 66 of whom are represented by a collective bargaining agreement. The City of Herrin is an Illinois Home Rule municipality.

ECONOMIC DISCLOSURE STATEMENT

Applicant: City of Herrin
Contact: Roy Adams, City Administrator (618-942-3478)
Location: 300 North Park Avenue
Organization: Illinois City (Home Rule Unit)

Title	Name	Term
Mayor	Victor M. Ritter	2009-2013
Clerk	Marlene Simpson	2009-2013
Treasurer	Mark Brown	2009-2013
Alderman	Elizabeth Issler	2009-2013
Alderman	Ernie Gwaltney	2007-2011
Alderman	Deon McGuire	2009-2013
Alderman	Robert Craig	2007-2011
Alderman	Marilyn Orso	2007-2011
Alderman	Sam Shemwell	2009-2013
Alderman	Bill Sizemore	2007-2011
Alderman	Marilyn Ruppel	2009-2013

PROFESSIONAL & FINANCIAL

Accountant:	Randall A Youngblood CPA	Herrin	Randall A Youngblood
Bond Counsel:	Evans, Froehlich, Beth & Chamley	Champaign	Kurt Froehlich
Borrower's Counsel:	Winters, Brewster, Crosby & Schafer	Marion	John Brewster
Local Bond Counsel:	Chapman and Cutler LLP	Chicago	Chuck Jarik
Issuer's Counsel:	Miller Canfield	Chicago	Paul Durbin
Underwriter:	Stifel Nicolaus	St. Louis	Anne Noble
Underwriter's Counsel:	K & L Gates LLP	Chicago	Ken Peterson
Trustee:	US Bank	St. Louis	Brian Kabbes
Rating Agency:	Standard & Poor's	Chicago	John Kenward
IFA Financial Advisor:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 12th – Jerry F. Costello
State Senate: 59th – Gary Forby
State House: 117th – John E. Bradley

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Avoca Drainage District – Special Assessment

STATISTICS

Number:	L-GP-MO-8272	Amount:	\$815,000
Type:	Local Government Pooled Bond Program	Location:	Near Fairbury, Illinois
County / Region:	Unincorporated Livingston / North Central	IFA Staff:	Kim DuPrey

BOARD ACTION

Request:	Application and Acceptance Resolution into the Local Governmental Pooled Loan Program Final Approval
Program	Local Government Pooled Bond Program
Payment Source Type:	Special Tax Assessment Levy / Intercept by Escrow
State Funds at Risk:	Contingent Moral Obligation (Subject to security provisions of the Special Assessment Levy described in the Financing Summary/Structure section (see p.2)

Credit Committee Recommends Approval.

VOTING RECORD

This is the first time that the Borrower has been considered by the Board.

PURPOSE

Avoca Drainage District which must undertake various improvements to its drainage system which involves the replacement and repair of drainage tiles through areas of farmland to improve drainage relieve pressure on existing tiles and relieve flooding in the System, which will in turn improve crop yields, all in accordance with the provisions of the Drainage Code.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Pooled Bond Program combines the borrowing needs of more than one unit of local government into a pooled Bond issue, with the IFA serving as Issuer. The pooling process allows local governments, and political subdivisions thereof, to realize savings by sharing issuance fixed costs. In addition, this issue will be supported by the "Moral Obligation" of the State of Illinois. This, coupled with the Bonds double-tax exemption, offers participants a lower overall borrowing rate.

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA Bonds/Loan	<u>\$ 815,000</u>	Uses: Drainage improvements	\$ 783,454
		Costs of Issuance:	<u>\$ 31,547</u>
Total	\$ 815,000	Total	\$ 815,000

PROJECT SUMMARY

To finance drainage tile improvements secured by a Special Assessment Court Order through the Circuit Court of the 11th Judicial Circuit in Livingston, County, on October 31, 2008 , for a 15 year period for the Avoca Drainage District.

Avoca Drainage District is requesting financing to install 2 miles of 24" and 36" drainage tiles through farmland to improve drainage, relieve pressure on existing tile, relieve flooding and improve crop yields.

PROFESSIONAL & FINANCIAL

Accountant:	Livingston County Treasurer	Pontiac	Barbara R. Sear
Bond Counsel:	Chapman & Cutler	Chicago	Chuck Jarik
Borrower's Counsel:	Jay Goold	Fairbury	Jay Goold
Local Bond Counsel:	Chapman & Cutler	Chicago	Chuck Jarik
Issuer's Counsel:	Miller Canfield	Chicago	Paul Durbin
Underwriter:	Stifel Nicolaus	St. Louis	Anne Noble
Underwriter's Counsel:	K & L Gates LLP	Chicago	Ken Peterson
Trustee:	US Bank	St. Louis	Brian Kabbes
Engineer	Russell and Associates	Pontiac	Conrad Moore
Rating Agency:	Standard & Poor's	Chicago	John Kenward
IFA Financial Advisor:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 15th – Timothy V. Johnson
State Senate: 53rd – Dan Rutherford
State House: 105th – Shane Cultra



November 10, 2009

\$24,000,000
ILLINOIS VALLEY COMMUNITY HOSPITAL

REQUEST

Purpose: 2009 Bonds will be used to provide: (i) funding for capital projects, (ii) the refinance of an existing bank loan and (iii) funding for bond issuance costs and other delivery date expenses associated with the transaction.

Project Description: The project includes a 29,320 sq. ft. replacement and renovation of both clinical and non-clinical space. Specifically, IVCH is proposing to replace its Obstetric and Intensive Care Units.

Program: Variable Rate Demand Bonds Backed by a Bank Letter of Credit (Harris Bank NA)

Extraordinary Conditions: None.

BOARD ACTIONS

Preliminary Bond Resolution

MATERIAL CHANGES

None

JOB DATA

615	Current jobs	3	Jobs created from Project
615	Retained jobs	200	Construction Jobs created by Project

DESCRIPTION

- Location (Peru / La Salle / North Region)
- Illinois Valley Community Hospital (IVCH) is a 71-bed hospital that provides a wide range of inpatient, outpatient and emergency services. IVCH's portfolio of healthcare services includes all the standard services expected of a hospital including General Surgery, Emergency Medicine, and Radiology.
- IVCH differentiates itself from other community hospitals by housing physicians encompassing more than 30 specialties. Emergency medical services are offered 24 hours a day.

CREDIT

- Variable Rate Debt

INDICATORS

- Bonds will be issued based on the underlying credit of Harris Bank NA
- Bonds will Mature no later than 2035

Sources and Uses

IFA Bonds	<u>\$24,000,000</u>	Project Cost	\$14,221,012
		Refinancing:	\$9,000,457
		Delivery Date Expenses:	\$467,531
		Costs of Issuance / UD	<u>\$311,000</u>
Total	\$24,000,000	Total	\$24,000,000

Recommendation

Credit Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: Illinois Valley Community Hospital

STATISTICS

Project Number:	Amount: \$24,000,000 (Not-to-Exceed)
Type: 501(c)3 Bonds	IFA Staff: Pam Lenane & Shannon Govia
County/Region: LaSalle County / Northern	City: Peru

BOARD ACTION

Preliminary Bond Resolution	No extraordinary conditions
No IFA Funds contributed	Credit Committee recommends approval.

VOTING RECORD

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

PURPOSE

Proceeds will be used by Illinois Valley Community Hospital, an Illinois not for profit corporation (the "Borrower") to provided: (i) funding for capital projects, (ii) the refinance of an existing bank loan and (iii) funding for bond issuance costs and other delivery date expenses associated with the transaction.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

N/A

JOBS

Current employment (Obl. Group):	615	Jobs created by project:	3
Jobs retained:	615	Construction jobs created by project:	200

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	<u>IFA Bond proceeds</u>	\$24,000,000	Uses:	Project Costs	\$14,221,012
				Refinancing	9,000,457
				Delivery Date Expenses	671,531
				<u>Costs of Issuance / UD</u>	<u>311,000</u>
	Total	\$24,000,000		Total	\$24,000,000

FINANCING SUMMARY/STRUCTURE

Security:	The Bonds will be secured by a gross revenue pledge and a negative pledge of assets
Structure:	The plan of finance contemplates the issuance of variable rate debt. The variable rate bonds will carry the rating of Harris Bank NA
Interest Rate:	To be determined the day of pricing.
Interest Mode:	Variable Rate Demand Bonds reset weekly at a rate commensurate with the SIFMA index
Credit Enhancement:	Harris Bank direct-pay letter of credit (Bonds will be issued based on the credit strength of Harris Bank).
Maturity:	Not later than 2035
Rating:	Rating letter due Dec. 4 (anticipated to be A+/A-1 based upon LOC Bank's Rating)
Underlying Rating:	IVCH is not rated.
Est. Closing Date:	December 2009

PROJECT SUMMARY

IVCH has been an essential part of the Illinois Valley community for over 100 years. Throughout that time, IVCH has remained true to its mission to continuously improve its services and provide high quality care through the efficient use of resources. IVCH has a consistent track record of responding to the growing and changing needs of the community through various facility renovation, improvement, and expansion efforts. Some of IVCH's efforts include:

- 1979 – an 80-bed wing was added to the main hospital campus
- 1986 – A new medical office building was opened on West Street
- 1992 – Illinois Valley Day Care Center was opened
- 1994-95 – A second story was added to the medical office building, including a sky bridge and parking garage connecting the building to the main hospital
- 2000 – IVCH Women's Health Center added to the hospital campus
- 2003 – The east addition completed including a new ER, surgery area, and admitting area
- 2006 – The IVCH Center for Physical Rehabilitation and Aquatics opened

The proposed project is simply another example of IVCH leadership's commitment to consistent facility and service improvement. The proposed project encompasses both clinical and non-clinical areas, adding 24,859 sq. ft. of new space to the hospital while modernizing an additional 4,461 square feet.

Non-Clinical Additions and Renovations

Highlights of the nonclinical aspects of the project are:

- The remodeling of an existing basement boiler room and the addition of 3,127 square feet of mechanical space on the fourth floor of the hospital.
- The addition of additional on-call rooms and housekeeping space.
- The addition of a 917 square foot helipad to the roof of the hospital.
- The addition of 3,486 square feet of lobby and public space on the third, fourth and heliport level of the hospital.
- Additional elevators, lifts, and stairs totaling 2,413 square feet.

In total, the proposed project will add 12,929 square feet of non-clinical space to the hospital and modify an additional 2,326 square feet. While this portion of the project does not directly improve the quality of care delivered to the Illinois Valley community, this type of infrastructure upgrade will solidify the hospital's structural integrity and efficiency for years to come.

Clinical Additions and Renovations

The core purpose of the clinical piece of the proposed project is the need to replace IVCH's deteriorated and functionally obsolescent Obstetric and Intensive Care Services with new appropriately sized and configured departments that will meet the needs of IVCH's primary market area. Specifically, the Obstetric Service ("OB") (Obstetric nursing, Labor-Delivery-Recovery-Suite, and Newborn Nurseries) is located in three nearly vacant buildings built between 1912 and 1958. These buildings have serious infrastructure problems and have outlived their useful lives. The Intensive Care Unit ("ICU") is 25 years old and neither meets the infrastructure or size requirements of modern facilities.

Highlights of the clinical aspects of the project are:

- The new OB unit will add 9,009 square feet including 6 post partum rooms, 4 labor delivery and recovery rooms, a nursery, and a surgical room for performing cesarean sections.
- The new ICU will include 2,921 square feet of newly constructed space as well as 317 square feet of modernized space.

It is important to note that more babies are born each year at IVCH than in any other area hospital (411 deliveries in FY 2009), further stressing the need for a state-of-the-art OB unit. Moreover, with improvements in technology, rising patient expectations and higher standards of care, the need for a new OB unit and ICU at IVCH has been growing for many years.

To better understand the clinical components of the proposed project, the table below lays out, by department, the project's impact on the physical space of the hospital. As the table displays, a vast majority of the proposed project is newly constructed square footage, essentially replacing and/or expanding the current dilapidated or obsolete departments. As expected given the number of births taking place at IVCH, the largest area of expansion in the proposed project is in the Labor-Deliver-Recovery Suite and the Newborn Nurseries.

CON Status: Approval expect in December 2009 or January 2010

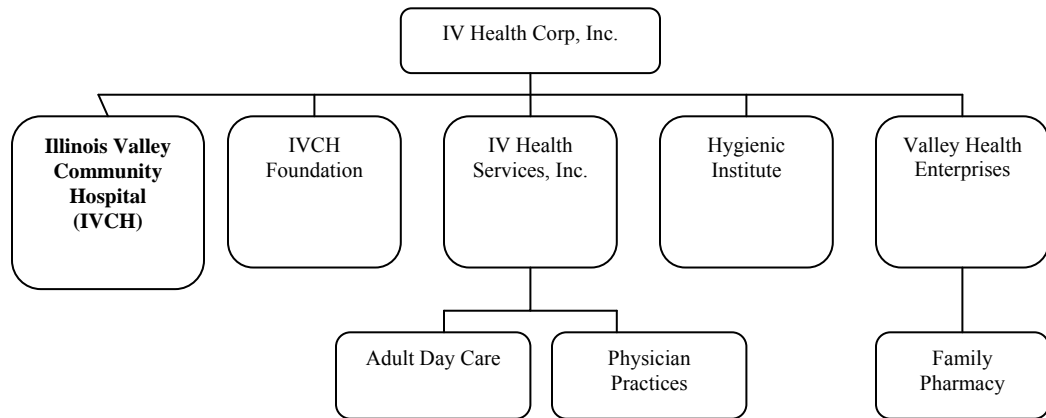
BUSINESS SUMMARY

Description of Business: Illinois Valley Community Hospital (the "Hospital" or "IVCH"), a 501(c)(3) non-profit corporation providing healthcare to the residents of Peru, IL and the surrounding Illinois Valley.

Illinois Valley Community Hospital and its predecessors—St. Mary's Hospital and Peoples Hospital—have a history of caring for the people of the Illinois Valley that dates back more than 100 years. IVCH has a stated mission to provide exceptional care through a commitment to clinical excellence and compassion for every patient. The hospital's vision is to be a place where patients want to receive care, physicians want to practice, and employees want to work. In the pursuit of that mission IVCH leadership is constantly improving the hospital's facilities and adding to its portfolio of services. Specifically, IVCH added a women's health care center in 2000, a modernized ER, surgery, and admitting area in 2003, a special procedures unit 2004, and the IVCH Center for Physical Rehabilitation and Aquatics in 2006. The IVCH Center for Physical Rehabilitation and Aquatics is a 15,000 square foot facility with over 30 pieces of innovative therapy equipment located away from the main hospital campus in the Miller Building of the Peru, IL YMCA. A facility of this kind is not often found at community hospitals.

IVCH is a 501(c) (3) tax-exempt facility that is governed by a volunteer board of directors. The board members represent various constituents, companies, and organizations in the community.

The board is rich with experience and diversity, and is deeply rooted in the community. Therefore, the board members are strongly committed to the long-term success of the Hospital. A list of the board members is in the table below.



It should be noted that IVCH is a part of IV Health Corp, Inc., the organization structure of which can be seen in the chart above. The proposed Series 2009 bonds are the obligation of the entire entity. Therefore, the financial analysis discussed later in this narrative has been completed on the consolidated entity, not simply IVCH. However, IVCH is by far the largest component of the IV Health Corp., Inc. organization (89% of organization wide assets).

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Illinois Valley Community Hospital
 Project Location: 925 West Street
 Peru, IL 61354
 Borrower: Illinois Valley Community Hospital
 Board Members (501(c)(3))

IVCH - Board of Directors			
Name	Title	Occupation	Board Appointment
Kris Paul	President	Human Resources Director / Teacher	2000
James Loveland	Vice President	Plant Manager, Maze Nail	2000
George Maze	Secretary	President, American Nickeliod Corp.	1958
Harry Erlenborn	Treasurer	Retired CEO, American Nickeliod Corp.	1968
George Buckman	Board Member	Buisness Owner, Buckman Iron & Metal	1981
James Clinard	Board Member	Structural Engineer	2004
William Etzenbach	Board Member	Civil Engineer	1970
Joe Hogan	Board Member	Retired - News Media	1978
Joel Leifheit, M.D.	Board Member	Internal Medicine Physician	2007
Richard Martuzzo	Board Member	Insurance Broker	1999
David Sickley	Board Member	Business Owner, Sickley Contstruction	2000
William Vlastnik	Board Member	Business Owner, Vlastnik's Menswear	1971
Won Y. Kim, M.D.	Board Member	Internal Medicine Physician	2009
Mario Cote, M.D.	Board Member	Internal Medicine Physician	2009

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	TBD	TBD	TBD
Bond Counsel:	Jones Day	Chicago, IL	Michael Mitchell
Bond Underwriter:	Lancaster Pollard & Co.	Columbus, OH	Steve Kennedy
Underwriter's Counsel:	Peck Shaffer	Chicago, IL	Thomas Smith
Issuer's (IFA) Counsel:	Requested	Chicago, IL	TBD
Issuer's (IFA) Advisors:	Scott Balice Strategies	Chicago, IL	Lois Scott
LOC Bank:	Harris Bank	Chicago, IL	TBD
LOC Bank Counsel:	TBD	TBD	TBD

LEGISLATIVE DISTRICTS

Congressional: Debbie Halvorson
 State Senate: Gary Dahl
 State House: Frank Mautino

SERVICE AREA

The primary service area for IVCH is the Illinois Valley. Broadly defined the valley encompasses the western portion of La Salle County, the eastern portion of Bureau County and the northeast portion of Putnam County. The population of the zip codes where IVCH drew a majority of its patients from in FY 2009 totaled 43,400. All of LaSalle County had a population of 111,509 as of the 2000 census.

Socio-Economic Profile of La Salle County

Inpatient Discharges by Zip*			
Zip Code	County	City	Discharges
61345	La Salle	Peru, IL	1084
61301	La Salle	LaSalle, IL	907
61348	La Salle	Oglesby, IL	303
61342	La Salle	Mendota, IL	234
61362	Bureau	Springvalley, IL	186
61373	La Salle	Utica, IL	112
61356	Bureau	Princeton, IL	91
All Other			830

* Internally provided as of 8/2009

Located in north central Illinois, La Salle County is situated 90 miles southwest of Chicago and 50 miles northeast of Peoria. Its economy is based primarily on the service and retail sector. La Salle County is also home to Starved Rock State Park, a popular tourist destination. Employment data by industry is provided in the above table.



Employment by Industry La Salle County*		
Industry	Employees	%
Services	16,720	34.6%
Retail Trade	12,975	26.9%
Manufacturing	5,783	12.0%
Public Administration	3,656	7.6%
Finance, Insurance & Real Estate	2,314	4.8%
Transportation & Communications	2,307	4.8%
Wholesale Trade	1,989	4.1%
Construction	1,892	3.9%
Agricultural, Forestry, Fishing	307	0.6%
Unclassified	282	0.6%
Mining	30	0.1%

*Demographics Now (2008 Data)

The Illinois Valley encompasses the cities of LaSalle, Peru, Oglesby, Spring Valley, and a number of surrounding villages. The valley has a population of 38,491. To the right is a sampling of some of the larger employers in the Illinois Valley. In 2008, the major communities that comprise the Illinois Valley generated over \$720MM in retail sales revenue, while the tri-county area encompassing the Illinois Valley generated nearly \$1.5B in retail sales¹. In addition to the employers listed to the above, the Illinois Valley has

fourteen banks, six major automobile dealerships, five nursing homes, and over 100 civic, fraternal and social organizations. The Illinois Valley has both international and regional firms and does not rely on one employer as an economic anchor to the community.

The table to the right exhibits economic data for La Salle County and the state of Illinois. Median income is \$43,848, which is below the median for Illinois, but common among rural communities in the state. Poverty rates are below Illinois's average, suggesting IVCH's patient base is more likely to be covered by Medicare or private insurance.

Major Employers - Illinois Valley*		
Company Name	Industry	Employees
Wal-Mart D.C.	Retail Distribution	1000+
Peru Mall	Retail	775
Illinois Valley Community Hospital	Healthcare	650
St. Margaret's Hospital	Healthcare	640
Illinois Valley Community College	Higher Education	509
J.C. Whitney	Auto Parts Distribution	375
Advantage Logistics	Grocery Distribution	365
Officemax	Retail Office Supplies	324
Eakas Corporation	Automotive Trim	290
Mid-America Growers	Plant Wholesale	210

*Source: Illinois Valley Area Chamber of Commerce & Economic Development

Economic and Market Characteristics			
	La Salle	Illinois	USA
Median Household Income	\$43,848	\$47,711	\$44,344
Poverty Level	9.8%	11.9%	13.0%
Population 65+	15.7%	12.0%	12.4%

Fedstats.gov - Revised August 2008



November 10, 2009

\$170,000,000
MEMORIAL HEALTH SYSTEM

REQUEST

Purpose: to (i) fund capital expenditures for the health care facilities of the Borrower and/or its affiliates, (ii) refund all or a portion of the Illinois Health Facilities Authority Revenue Bonds Series 1997 (Memorial Health System) (the "Prior Bonds"), (iii) fund a debt service reserve fund, if deemed necessary or advisable, and (iv) pay the cost of issuance.

Project Description: Capital expenditures for Memorial Health System health care facilities and/or its affiliates ("MHS"), including but not limited to: (i) 116,323 sq/ft replacement hospital facility for Abraham Lincoln Memorial Hospital ("ALMH") in Lincoln, IL, (ii) 19,788 sq/ft outpatient addition for the Taylorville Memorial Hospital ("TMH") in Taylorville, IL, (iii) replacement of a 336 car parking garage with a 450 car garage at Memorial Medical Center ("MMC") in Springfield, IL, and (iv) various other capital projects at MMC including operating room expansion, medical/surgery expansion, and renovation of outpatient imaging services.

Program: Conduit 501(c)(3) Revenue Bonds

Extraordinary Conditions: None.

BOARD ACTIONS

Final Bond Resolution

MATERIAL CHANGES

Voting Record: Voting Record from Preliminary Bond Resolution approved October 14, 2009: 11 Ayes, 0 Nays, 0 Abstentions, Absent 1 (Verrett), 4 Vacancies

JOB DATA

4,750	Current jobs	107 @ MHS	Jobs created from Project
4,750	Retained jobs	1,031	Construction Jobs created by Project

DESCRIPTION

- Locations (Springfield, Lincoln, Taylorville/ Sangamon, Logan, Christian County / Central Region)
- The System's vision is to be a national leader for excellence in patient care. The System's mission, to improve the health of the people and communities that are served, is evident in the System's effort to provide healthcare services across the full continuum of care to the citizens of central Illinois. This is achieved by diligently seeking to provide a great patient experience by emphasizing primary care services as well as continuity and coordination of services between the providers within the System.
- Owns and operates MMC, a 507 bed teaching tertiary hospital in Springfield, IL
- Several affiliates including ALMH and TMH, which are Critical Access Hospitals located in Lincoln, IL and Taylorville, IL, respectively

CREDIT

• **Fixed Rate Debt**

INDICATORS

- Bonds will be issued based on the underlying credit of Memorial Health System
- Bonds will Mature no later than 2040

Sources and Uses

IFA Bonds	<u>\$170,000,000</u>	Project Cost	\$121,405,000
		Refinancing:	\$29,725,000
		Debt Service Reserve Fund:	\$13,245,000
		Original Issue Discount:	\$3,415,000
		Costs of Issuance / UD	<u>\$2,210,000</u>
Total	\$170,000,000	Total	\$170,000,000

Recommendation

Credit Committee recommends approval _____.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: Memorial Health System

STATISTICS

Project Number: H-HO-TE-CD-8276	Amount: \$170,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane & Bill Claus
County/Region: Sangamon County / Central	City: Springfield, Taylorville, and Lincoln
Christian County / Central	
Logan County / Central	

BOARD ACTION

Final Bond Resolution	No extraordinary conditions
No IFA Funds contributed	Credit Committee recommends approval.
Conduit 501(c)(3) bonds	

VOTING RECORD

Voting Record from Preliminary Bond Resolution approved October 14, 2009:
11 Ayes, 0 Nays, 0 Abstentions, Absent 1 (Verrett), 4 Vacancies

PURPOSE

Proceeds will be used by Memorial Health System, an Illinois not for profit corporation (the "Borrower") to (i) fund capital expenditures for the health care facilities of the Borrower and/or its affiliates, (ii) refund all or a portion of the Illinois Health Facilities Authority Revenue Bonds Series 1997 (Memorial Health System) (the "Prior Bonds"), (iii) fund a debt service reserve fund, if deemed necessary or advisable, and (iv) pay the cost of issuance.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment (Obl. Group):	4,750	Jobs created by project:	107 @ MHS
Jobs retained:	4,750	Construction jobs created by project:	1,031

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	<u>IFA Bond proceeds</u>	\$170,000,000	Uses:	Project Costs	\$121,405,000
				Refinancing	29,725,000
				Debt Service Reserve Fund	13,245,000
				Original Issue Discount	3,415,000
				<u>Costs of Issuance / UD</u>	<u>2,210,000</u>
Total		\$170,000,000	Total		\$170,000,000

FINANCING SUMMARY/STRUCTURE

Security:	The Bonds are expected to be secured by an Obligation of Memorial Health System under a Master Trust Indenture. The Obligation is a general unsecured obligation of the Borrower.
Structure:	The plan of finance contemplates the issuance of fixed rate debt. The fixed rate bonds will carry the rating of Memorial Health System which expects to receive ratings by mid/late November.
Interest Rate:	To be determined the day of pricing.
Interest Mode:	The plan of finance contemplates the issuance of Fixed Rate Bonds.
Credit Enhancement:	None. (The Bonds will carry the credit rating of Memorial Health System.)
Maturity:	Not later than 2040
Rating:	(Rating Agency meetings in late October)
Est. Closing Date:	December 2009

PROJECT SUMMARY

The bond financing will be used to refund all or a portion of the Prior Bonds and toward capital expenditures for the health care facilities of the Borrower or its affiliates, including but not limited to the ALMH replacement facility (Lincoln, IL), TMH expansion (Taylorville, IL), MMC imaging facility renovations (Springfield, IL), MMC operating room expansion, MMC medical/surgical expansion and MMC parking garage replacement (collectively, the "Project") being constructed for Memorial Health System ("MHS").

CON Status: A Certificate of Need (CON) for the outpatient services center on the Taylorville Memorial Hospital campus was approved by the Illinois Health Facilities Planning Board on September 1, 2009. This 19,788 sq. ft. addition will house the emergency department, surgery center, and the radiology center for Taylorville Memorial Hospital. The \$21,000,479 project cost includes radiology and surgery equipment of \$5,300,000. This project is expected to begin construction in the fall of 2009, and be ready for occupancy early in 2011.

A Certificate of Need was approved by the Illinois Health Facilities Planning Board on January 27, 2009 for a replacement hospital facility in Lincoln, encompassing 116,323 square feet at a cost of \$49,958,815. Construction began in July 2009 and will be completed in December 2010.

Other Projects: Future construction projects for MMC (Springfield, IL) include renovation of the first floor of the Baylis Medical Building to consolidate outpatient imaging services. This project includes three distinct phases. Phase one is already completed and included the construction of an MRI (Magnetic Resonance Imaging) suite at the back of the building at a cost of \$3,461,000. Phase two includes the construction and consolidation of diagnostic imaging, digital breast imaging, bone densitometry, phlebotomy and EKG services at a cost of \$7,900,000 and should be completed in 2010. Phase three will renovate space to accommodate single-photon emission computed tomography with CT (SPECT/CT) and Positron Emission Tomography with CT (PET/CT) equipment to provide for patients to receive comprehensive imaging services in one convenient location at a cost of \$4,051,000 and will be completed in 2009. The Baylis Medical Building is located across the street from the new SimmonsCooper Cancer Institute at SIU and will serve as the primary provider of imaging services for cancer patients seen in that facility.

Further projects on the MMC campus include remodeling and conversion of the existing office and diagnostic testing facilities into a new 22-bed, all private medical surgical unit at an estimated

cost of \$5,000,000 and completion in late 2009. In addition, an existing 336-car parking garage that is near the end of its useful life will be demolished and replaced with a new 450-car parking garage at an estimated cost of \$13,179,458 in mid to late 2010. An operating room expansion project is also underway which will include two additional operating rooms, recovery bays, and support space within the existing inpatient operating room suite. This project will be completed in early 2010 and will cost approximately \$7,903,000.

BUSINESS SUMMARY

Description of Business: As part of a corporate reorganization plan in 1993, Memorial Health System (the "System"), was incorporated as an Illinois not-for-profit corporation and the sole corporate member of the Medical Center. The System's vision is to be a national leader for excellence in patient care. The System's mission, to improve the health of the people and communities they serve, is evident in the System's effort to provide healthcare services across the full continuum of care to the citizens of central Illinois. This is achieved by diligently seeking to provide a great patient experience by emphasizing primary care services as well as continuity and coordination of services between the providers within the System.

In addition to MMC, the System is currently affiliated with: Memorial Physician Services ("MPS"), Memorial Home Services ("MHSvc"), ALMH, Abraham Lincoln Healthcare Foundation ("ALMF"), Mental Health Centers of Central Illinois ("MHCCI"), Memorial Health Ventures ("MHV") and TMH (collectively, the "Affiliated Corporations").

The System, MMC, MHSvc, ALMH, TMH, MPS, MHV, MHCCI and ALHF are all Illinois not-for-profit corporations and have all been recognized as organizations described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxation. An organizational chart is included on page 6.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant:	Memorial Health System
Project Location:	701 N 1 st Street Springfield, IL 62781
Borrower:	Memorial Health System
Board Members (501(c)(3))	
Mark H. Ferguson (CHAIR)	Joseph M. Hurwitz (1 st VICE CHAIR)
James P. Bruner (2 nd VICE CHAIR)	Carol A. Hansen Posegate (SECRETARY)
John D. Blackburn (TREASURER)	Dwight H. O'Keefe III (IMMEDIATE PAST CHAIR)
Clifton R. Baxter	Edgar J. Curtis
J. Kevin Dorsey, M.D., Ph.D	William R. Enlow
Randall S. Germeraad	Nina M. Harris
Louis G. Lower II	M.G. Nelson
Howard A. Peters III	Diane K. Rutledge, Ph.D.
Martha S. Sumner	

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	TBD	Chicago, IL	TBD
Accountant:	Ernst & Young LLP	St. Louis, MO	Randy Koning
Bond Counsel:	Jones Day	Chicago, IL	Dan Bacastow
Bond Underwriter:	Piper Jaffray	Chicago, IL	Nessy Shems
Underwriter's Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Renee M. Friedman
Issuer's (IFA) Counsel:	Hart, Southworth Witsman	Chicago, IL	Samuel J. Witsman
Issuer's (IFA) Advisors:	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

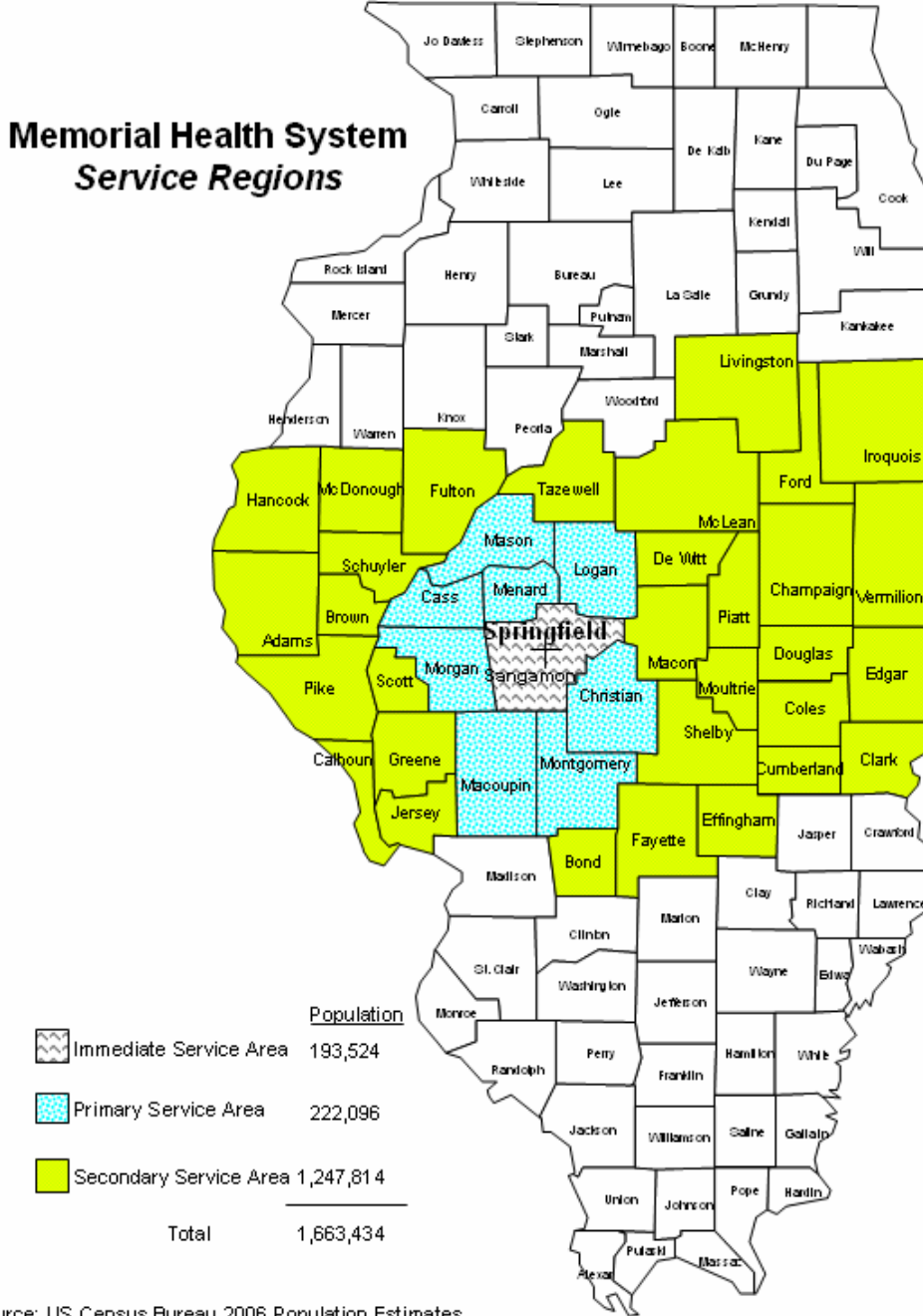
LEGISLATIVE DISTRICTS

Congressional: 17 – Phil Hare State Senate: 50 – Larry K. Bomke State House: 99 - Raymond Poe

SERVICE AREA

The System has a wide service area, drawing patients from the entire central portion of Illinois. The primary service area, which includes Sangamon County and eight surrounding counties, accounts for 86.5% of the System’s inpatients. Sangamon County, the immediate service area for MMC, accounts for 47.8% of the System’s inpatients. The System’s secondary service area includes 31 counties spanning the middle of the State and accounts for 10.5% of the System’s inpatients. The other 3.0% come from other locations in Illinois and from surrounding states. The System’s overall service area has remained constant over the past five years. The map below and table (see Page 6) depict the primary & secondary service areas and trends in inpatient origins.

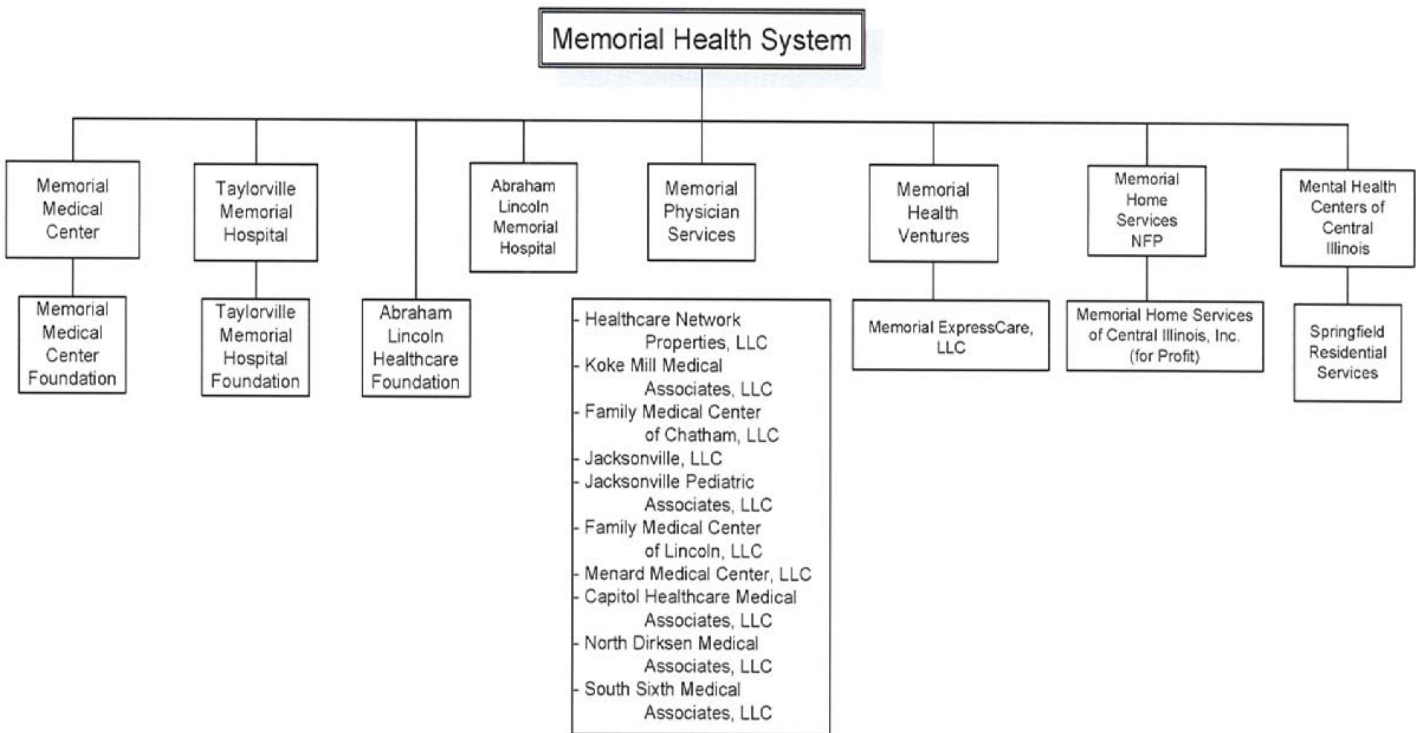
MHS Primary and Secondary Markets (Map)



Trends in Inpatient Origins 2004 - 2008
 (MHS Calendar Year Discharges at MMC, ALMH & TMH – Excluding Newborns)

Service Area	2004		2005		2006		2007		2008	
	# Patient Discharges	% of Total	# Patient Discharges	% of Total	# Patient Discharges	% of Total	# Patient Discharges	% of Total	# Patient Discharges	% of Total
Immediate (Sangamon County)	11,526	44.50%	11,705	45.50%	11,939	46.40%	12,577	47.80%	13,380	48.60%
Primary Primary (Excluding Sangamon County)	10,649	41.00%	10,395	40.40%	10,329	40.10%	10,182	38.70%	10,787	39.20%
Subtotal Immediate+Primary	22,175	85.50%	22,100	85.90%	22,268	86.50%	22,759	86.50%	24,167	87.80%
Secondary	3,008	11.60%	2,856	11.10%	2,838	11.00%	2,765	10.50%	2,728	9.90%
All Other	740	2.90%	773	3.00%	655	2.50%	804	3.00%	640	2.30%
Grand Total	25,923	100%	25,729	100%	25,761	100%	26,328	100%	27,535	100%

Source: Illinois Hospital Association/COMPdata



**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: Resurrection Health Care

STATISTICS

Project Number:H-HO-CD-TE-8061	Amount:\$120,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Bill Claus
County/Region: Cook/Northeast	City: Chicago, Des Plaines, Elk Grove Village, Oak Park, Evanston, Melrose Park, Glenview, Park Ridge, Niles, Northlake, LaGrange Park, Morton Grove, Broadview

BOARD ACTION

Final Bond Resolution	Credit Committee recommends approval.
Conduit 501(c)(3) bonds	No extraordinary conditions
No IFA funds at risk	

VOTING RECORD

Voting Record from Preliminary Bond Resolution approved October 14, 2009:
11 Ayes, 0 Nays, 0 Abstentions, Absent 1 (Verrett), 4 Vacancies

PURPOSE

Proceeds will be used to: (i) refund \$100 million of IFA Series 2008A-B Variable Rate Demand Bonds; (ii) fund a debt service reserve fund and (iii) pay cost of issuance.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment: 10,763	FTE's	Projected new jobs: 0
Jobs retained: N/A	FTE's	Construction jobs: 0

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA Bonds	<u>\$109,550,000</u>	Uses: Refunding	\$98,365,000
			DSRF	\$9,300,000
			COI	<u>\$1,885,000</u>
	Total	\$109,550,000	Total	\$109,550,000

FINANCING SUMMARY/STRUCTURE

Security: The Bonds are expected to be secured by an Obligation of Resurrection Health Care under a Master Trust Indenture. Collateral is expected to include a pledge of unrestricted receivables, DSRF and mortgage.

Structure: Uninsured, fixed rate bonds

Interest Rate: To be determined the day of pricing depending on market conditions.
Interest Mode: Fixed
Credit Enhancement: None
Credit Ratings: Resurrection Health Care carries ratings of Baa1/BBB+/A- (Moody's/S&P/Fitch)
Maturity: Not later than 2030
Estimated Closing Date: December 2009

PROJECT SUMMARY

Refunding of outstanding Variable Rate Bonds.

Project Rationale: The Letters of Credit are set to expire and will not be renewed

Timing: December 2009

BUSINESS SUMMARY

Description of Business: Resurrection Health Care and its affiliates provide healthcare services in northwest and west neighborhoods of Chicago and surrounding suburbs including Evanston, Oak Park, Des Plaines and Melrose Park. These services include inpatient and outpatient hospital care, nursing homes, retirement communities, outpatient and ambulatory clinics, physician centers, behavioral health care, home care and other health care services. Resurrection Health Care is committed to improving the health and well-being of the communities in which it serves (see service area on pages 4 & 5 for listing of individual hospitals).

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Resurrection Health Care

Project Location: Principal address: 7435 West Talcott Avenue, Chicago IL (in addition to facilities listed below under "Service Area").

Borrower: Resurrection Health Care

Ownership/Board Members (501(c)(3)):

Mr. Thomas D. Settles, Chairperson
Ms. Sandra Bruce, President & CEO
Ms. Janis Atkinson, M.D.
Mr. Haven Cockerham
Mr. Robert DelGuidice
Sister Donna Marie Wolowicki, C.R.
Sister Patricia Ann Koschalke, C.S.F.N.
Mr. Donald Offermann
Mr. Chester Stewart
Mr. James Winikates
Sister Loretta Theresa Felici, C.S.F.N.
Mr. Stephen Klasko, M.D.
Mr. Peter E. Eupierre, M.D.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti & Harris	Chicago	Tom Fahey
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Underwriter:	Merrill Lynch / Bank of America	Chicago	Ken Vallrugo
Underwriter's Counsel:	Foley & Lardner	Chicago	Janet Ziegler
Bond Trustee:	Wells Fargo	Chicago	Patricia Martirano
Accountant:	KPMG	Chicago	John Depa
Issuer's Counsel:	TBD	Chicago	TBD
IFA Advisors:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	4- Luis V. Gutierrez, 5- Rahm Emanuel, 7-Danny K. Davis, 9- Janice D. Schakowsky
State Senate:	2- William Delgado, 4- Kimberly A. Lightford, 6-John J. Cullerton, 9-Jeffrey M. Schoenberg, 10- James A. DeLeo, 29-Susan Garrett, 39-Don Harmon
State House:	4-Cynthia Soto, 7-Karen A. Yarbrough, 8-LaShawn Ford, 12-Sara Feigenholtz, 18-Julie Hamos, 19- Joseph M. Lyons, 20- Michael P. McAuliffe, 57-Elaine Nekritz, 78-Deborah L. Graham

SERVICE AREA

Primary Addresses:

Resurrection Health Care:

7435 West Talcott Avenue, Chicago, IL.,
100 N. River Road, Des Plaines, IL,
1100 Elmhurst Road, Elk Grove Village, IL

Saint Joseph Hospital

2900 N. Lake Shore Drive, Chicago, IL,

Holy Family Medical Center

100 N. River Road, Des Plaines, IL

West Suburban Medical Center

Erie Court at Austin Boulevard, Oak Park, IL

Saints Mary and Elizabeth Medical Center

2233 W. Division Street, Chicago, IL
1431 N. Claremont Avenue, Chicago, IL

Resurrection Medical Center

7435 W. Talcott Avenue, Chicago, IL

Our Lady of the Resurrection Medical Center

5645 W. Addison, Chicago, IL

St. Francis Hospital

355 Ridge Avenue, Evanston, IL

Westlake Community Hospital

1225 W. Lake Street, Melrose Park, IL

Holy Family Nursing and Rehabilitation Center

2380 E. Dempster Street, Des Plaines, IL

Maryhaven Nursing and Rehabilitation Center
1700 E. Lake Avenue, Glenview, IL

Resurrection Life Center
7370 W. Talcott Avenue, Chicago, IL

Resurrection Nursing and Rehabilitation Center
1001 N. Greenwood Avenue, Park Ridge, IL

Saint Benedict Nursing and Rehabilitation Center
6930 W. Touhy Avenue, Niles, IL

Saint Francis Nursing and Rehabilitation Center
500 Asbury Avenue, Evanston, IL

Villa Scalabrini Nursing and Rehabilitation Center
480 N. Wolf Road, Northlake, IL

Bethlehem Woods Retirement Community
1571 W. Ogden Avenue, LaGrange Park, IL

Casa San Carlo Retirement Community
420 N. Wolf Road, Northlake, IL

Resurrection Retirement Community
7262 W. Peterson Avenue, Chicago, IL

Saint Andrew Life Center
7000 N. Newark Avenue, Niles, IL

Resurrection Home Health Services
5747 W. Dempster, Morton Grove, IL

Resurrection Behavioral Health Services
1820 S. 25th Avenue, Broadview, IL

November 10, 2009

\$125,000,000
REHABILITATION INSTITUTE OF CHICAGO (“RIC”)
REQUEST

Purpose: Bonds will be used to (1) refinance a term note with an outstanding amount of approximately \$5.5 million; (2) pay or reimburse capital expenditures of approximately \$4 million; (3) refinance approximately \$53 million of the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 1997 (Rehabilitation Institute of Chicago Project); (4) to fund an approximate \$30 million acquisition of land located at the northwest corner of Ontario and McClurg Court in the Chicago, Illinois that is intended to be the future site of a hospital replacement facility; (5) to fund additional costs of issuance and other bond financing costs.

Project Description: Refinance all of RIC’s Series 1997 Bonds and the Amended Direct Note Obligation Series 2003. Reimburse or pay for \$4 million of capital expenditures. Fund the \$30 million acquisition of land located near the current campus in Chicago, Illinois. RIC intends to use the land as the site for the future replacement rehabilitation hospital.

Program: Conduit 501(c)(3) Revenue Bonds

Extraordinary Conditions: None.

BOARD ACTIONS

Final Bond Resolution

Voting Record February 9, 2009:: Ayes-8; Nays-0; Abstentions-0; Absent-3; Vacancies-4

MATERIAL CHANGES

Increase in the par amount. Inclusion of Northern Trust Bank, N.A. as additional LOC Bank.

JOB DATA

1,287	Current jobs	0	New jobs projected
1,287	Retained jobs	0	Construction jobs projected

DESCRIPTION

- Location (Chicago/ Cook County / Northeast Region)
- RIC operates a 155-bed hospital and outpatient facility located in downtown Chicago near the medical center campus of Northwestern University as well as a number of other non-hospital facilities in the Chicago metropolitan area.
- RIC’s mission is to provide for quality programs in patient care, education and research and to strive for the fullest assimilation and acceptance of the physically disabled in the community.
- The land acquisition located near the current campus in Chicago, Illinois will serve as RIC's location for a future replacement facility, as RIC has determined that constructing a new facility is the most cost effective way to meet the latest rehabilitation facility standards while also increasing its capacity

CREDIT

- Long Term and Short Term ratings will be determined by the LOC provider.

INDICATORS

- JPMorgan Chase N.A. and Northern Trust Bank, N.A. have been selected to provide Direct Pay Letters
- JPMorgan Chase N.A. Short Term rating is (S&P: A-1+)
- Northern Trust Bank, N.A. Short Term rating is (S&P: A-1+)

PROPOSED STRUCTURE

- Variable Rate Demand Bonds
- Maturity to be determined

SOURCES AND USES

IFA Bonds	<u>\$95,000,000</u>	Refinancing	\$58,500,000
		Land Acquisition	30,000,000
		Reimbursement for Capital Projects	4,000,000
		Issuance Costs	<u>2,500,000</u>
Total	\$95,000,000	Total	\$95,000,000

RECOMMENDATION

Credit Committee recommends approval

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: Rehabilitation Institute of Chicago ("RIC")

STATISTICS

Project Number: H-HO-TE-CD- 8205	Amount: \$125,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pamela Lenane and William Claus
County/Region: Cook County/Northeast	City: Chicago

BOARD ACTION

Final Bond Resolution	Credit Committee recommends approval
Conduit 501 (c)(3) bonds	No extraordinary conditions
No IFA funds at risk	

VOTING RECORD

Preliminary Bond Resolution, February 9, 2009:

Ayes: 8 Nays: 0 Abstentions: 0
Absent: 3 (Rivera, Herrin, Zeller) Vacancies: 4

PURPOSE

Bonds will be used to (1) refinance a term note with an outstanding amount of approximately \$5.5 million; (2) pay or reimburse capital expenditures of approximately \$4 million; (3) refinance approximately \$53 million of the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 1997 (Rehabilitation Institute of Chicago Project); (4) to fund an approximate \$30 million acquisition of land located at the northwest corner of Ontario and McClurg Court in the Chicago, Illinois that is intended to be the future site of a hospital replacement facility; (5) to fund additional costs of issuance and other bond financing costs.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment: 1,287 FTE's	Projected new jobs: 0
Jobs retained: 1,287 FTE's	Construction jobs: 0

ESTIMATED SOURCES AND USES OF FUNDS ⁽¹⁾

Sources:	IFA bonds	\$95,000,000	Uses: Refinancing	\$58,500,000
			Land acquisition	30,000,000
			Reimbursement for Capital Projects	4,000,000
			Issuance Costs	2,500,000
	Total	\$95,000,000	Total	\$95,000,000

(1) Although the not-to-exceed amount is \$125 million, the Obligated Group anticipates issuing approximately \$95 million in bonds.

FINANCING SUMMARY/STRUCTURE

Security:	The bonds are expected to be secured by an obligation of Rehabilitation Institute of Chicago, the sole member of the Obligated Group, under a Master Trust Indenture. Such obligation will include a pledge of revenues.
Structure:	The plan of finance contemplates issuing weekly Variable Rate Demand Bonds ("VRDBs") supported by two (2) direct pay Letters of Credit ("LOC"). Northern Trust Bank, NA will provide an LOC in the amount of \$15 million and JPMorgan Chase Bank will provide an LOC to cover the remainder of the issuance.
Interest Rate:	Variable
Interest Mode:	VRDBs reset weekly and are paid monthly.
Credit Enhancement:	Two (2) direct pay letters of credit provided from JPMorgan Chase N.A. and Northern Trust Bank, N.A.
Maturity:	August 2039
Rating:	S&P: A-1+ (based upon the short term ratings of the LOC Banks)
Underlying Rating:	None
Estimated Closing:	November 19, 2009

PROJECT SUMMARY

Refinance all of RIC's Series 1997 Bonds as well as its Amended Direct Note Obligation Series 2003. Fund the \$30 million acquisition of land located near the current campus in Chicago, Illinois and to pay or reimburse approximately \$4 million for capital projects. RIC intends to use the land as the site for the future replacement rehabilitation hospital.

BUSINESS SUMMARY

Description of Business: The Rehabilitation Institute of Chicago is the sole member of the Obligated Group. RIC's mission is to provide for quality programs in patient care, education and research and to strive for the fullest assimilation and acceptance of the physically disabled in the community. It operates a health care system specializing in providing comprehensive rehabilitation services to the physically disabled through an array of diagnostic and therapeutic services including physical, occupational and speech therapies. RIC operates a 155-bed hospital and outpatient facility located in downtown Chicago near the medical center campus of Northwestern University as well as a number of other non-hospital facilities in the Chicago metropolitan area. These facilities provide various day rehabilitation, outpatient, vocational and recreational care and activities.

Project Rationale: The land acquisition located near the current campus in Chicago, Illinois will serve as RIC's location for a future replacement facility, as RIC has determined that constructing a new facility is the most cost effective way to meet the latest rehabilitation facility standards while also increasing its capacity. Construction for the new facility is expected to begin within the next 3 - 5 years.

Timing: Closing is estimated to be November 19, 2009. RIC expects to purchase the land in the fourth quarter of calendar year 2009.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Rehabilitation Institute of Chicago

Project Location: The northwest corner of Ontario and McClurg Court in the Chicago, Illinois

Borrower: Rehabilitation Institute of Chicago

Ownership/

Board Members: M. Jude Reyes, Thomas A. Reynolds III, Esq., The Honorable Wayne R. Andersen, Susan Barclay, John H. Catlin, William Cernugel, Wesley M. Dixon, Jr., Daniel D. Dolan, Jr., Polly B. Kawalek, Michael P. Krasny, William E. Lowry, Jr., Andrew J. McKenna, Jr., David D. Olson, Joanne C. Smith, MD, Marilynn Thomas

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Sonnenschein Nath & Rosenthal, LLP	Chicago	Mary Wilson
Accountant:	Deloitte & Touche LLP	Chicago	Don O'Callaghan
Financial Advisor:	Shattuck Hammond Partners	Atlanta	C. Richard Bayman
Bond Counsel:	Jones Day	Chicago	John Bibby
Credit Enhancer:	JPMorgan Chase Bank, NA	Chicago	Timothy Ruby
Bank Counsel:	Winston & Strawn	Chicago	Kay McNab
Bond Underwriter:	JP Morgan Securities, Inc.	Chicago	Timothy Wons
Underwriter's Counsel:	Ungaretti & Harris, LLP	Chicago	Thomas Fahey
Trustee:	Wells Fargo Bank, NA	Chicago	Christopher Duncan
Issuer's Counsel:	Mayer Brown	Chicago	Lorraine Tyson
IFA Advisors:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional: 7 – Danny K. Davis
State Senate: 13 – Kwame Raoul
State House: 26 – William D. "Will" Burns

SERVICE AREA

RIC considers its primary service area to be Chicago and its surrounding suburbs and includes the counties of Cook, DuPage, Kane, Kankakee, Lake, McHenry and Will in Illinois. RIC has developed strategic relationships with community hospitals extending to these communities our unique rehabilitation services. RIC also has strong referral relationships with Chicago's premier academic institutions. In addition to servicing the Chicagoland area, RIC maintains an international reach. In recent years RIC has gained significant exposure through providing leading services to our returning military heroes.



November 10, 2009

\$625,000,000
ADVOCATE HEALTH CARE NETWORK

REQUEST	<p>Purpose: to 1) finance the merger-related redemption of BroMenn Healthcare’s (“BroMenn”) existing debt; 2) fund new money projects at both BroMenn and other Advocate hospital campuses, 3) refund a bridge loan provided to repay Midwest Physicians Group (“MPG”)’s tax-exempt bonds if deemed necessary or advisable; 4) restructure a portion of Advocate’s outstanding debt if deemed necessary or advisable in order to reduce put, credit and renewal risk; 5) fund a debt service reserve fund, if deemed necessary or advisable; and 6) pay costs of issuance.</p> <p>Project Description: The bond financing will be used to refund all or a portion of the Prior Bonds and for capital expenditures for the health care facilities of the Borrower or its affiliates.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																				
BOARD ACTIONS	<p>Final Bond Resolution Voting Record from Preliminary Bond Resolution approved October 14, 2009: 11 Ayes, 0 Nays, 0 Abstentions, Absent 1 (Verrett), 4 Vacancies</p>																				
MATERIAL CHANGES	<p>None</p>																				
JOB DATA	<table border="0"> <tr> <td>23,600 Advocate</td> <td>Current jobs</td> <td>0</td> <td>Jobs created from Project</td> </tr> <tr> <td>1,500 Bromenn</td> <td></td> <td></td> <td></td> </tr> <tr> <td>25,100</td> <td>Retained jobs</td> <td>150</td> <td>Construction Jobs created by Project</td> </tr> </table>	23,600 Advocate	Current jobs	0	Jobs created from Project	1,500 Bromenn				25,100	Retained jobs	150	Construction Jobs created by Project								
23,600 Advocate	Current jobs	0	Jobs created from Project																		
1,500 Bromenn																					
25,100	Retained jobs	150	Construction Jobs created by Project																		
DESCRIPTION	<ul style="list-style-type: none"> • Locations: McLean, Woodford, Cook, DuPage and Lake Counties • As a faith-based health care organization, sponsored by the United Church of Christ and Evangelical Lutheran Church in America, the mission, values and philosophy of the System form the foundation for its strategic priorities. The System’s mission is to serve the health care needs of individuals, families and communities through a holistic philosophy. • The System provides a continuum of care through its eight short term acute care hospitals with two integrated children’s hospitals and a specialty long term acute care hospital, with approximately 3,500 licensed beds, primary and specialty physician services, outpatient centers, physician office buildings, home health and hospice care throughout the metropolitan Chicago area. 																				
CREDIT	<ul style="list-style-type: none"> • Fixed Rate Debt Anticipated (Flexibility to issue in other modes dependent upon market conditions) 																				
INDICATORS	<ul style="list-style-type: none"> • Underlying ratings of Aa3/AA/AA (Moody’s/Standard and Poor’s/Fitch) 																				
MATURITY	<ul style="list-style-type: none"> • Bonds will Mature no later than 2049 																				
Sources and Uses	<table border="0"> <tr> <td>IFA Bonds</td> <td><u>\$625,000,000</u></td> <td>Acquisition and Project Cost</td> <td>\$132,500,000</td> </tr> <tr> <td></td> <td></td> <td>Restructuring of Existing Debt</td> <td>470,000,000</td> </tr> <tr> <td></td> <td></td> <td>Refunding of Bridge Loan</td> <td>13,500,000</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance / UD</td> <td><u>\$9,000,000</u></td> </tr> <tr> <td>Total</td> <td>\$625,000,000</td> <td>Total</td> <td>\$625,000,000</td> </tr> </table>	IFA Bonds	<u>\$625,000,000</u>	Acquisition and Project Cost	\$132,500,000			Restructuring of Existing Debt	470,000,000			Refunding of Bridge Loan	13,500,000			Costs of Issuance / UD	<u>\$9,000,000</u>	Total	\$625,000,000	Total	\$625,000,000
IFA Bonds	<u>\$625,000,000</u>	Acquisition and Project Cost	\$132,500,000																		
		Restructuring of Existing Debt	470,000,000																		
		Refunding of Bridge Loan	13,500,000																		
		Costs of Issuance / UD	<u>\$9,000,000</u>																		
Total	\$625,000,000	Total	\$625,000,000																		
Recommendation	<p>Credit Review Committee recommends approval.</p>																				

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
October 14, 2009**

Project: Advocate Health Care Network

STATISTICS

Project Number: H-HO-TE-CD-8090	Amount: \$625,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane, Bill Claus and Shannon Govia
County/Region: McLean, Woodford, Cook, DuPage, and Lake counties	City: Bloomington-Normal – McLean Eureka - Woodford Chicago –Cook Oak Lawn – Cook Park Ridge – Cook Hazelcrest – Cook Barrington – Lake Libertyville – Lake Downers Grove - DuPage

BOARD ACTION

Preliminary Bond Resolution	No extraordinary conditions
No IFA Funds contributed	Credit Review Committee recommends approval.
Conduit 501(c)(3) Revenue Bonds	

VOTING RECORD

Voting Record from Preliminary Bond Resolution approved October 14, 2009: 11 Ayes, 0 Nays, 0 Abstentions, Absent 1 (Verrett), 4 Vacancies.

PURPOSE

Bond proceeds which will be used to: 1) finance the merger-related redemption of BroMenn Healthcare's ("BroMenn") existing debt; 2) fund new money projects at both BroMenn and other Advocate hospital campuses, 3) refund a bridge loan provided to repay Midwest Physicians Group ("MPG")'s tax-exempt bonds if deemed necessary or advisable in order to reduce put, credit and renewal risk; 4) restructure a portion of Advocate's outstanding debt if deemed necessary or advisable; 5) fund a debt service reserve fund, if deemed necessary or advisable; and 6) pay costs of issuance.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment (Obl. Group):	23,600 (Advocate)	Jobs created by project:	0
	1,500 (Bromenn)		
Jobs retained:	25,100	Construction jobs created by project:	150

Advocate's merger with BroMenn will retain FTEs at BroMenn.

Draft

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$625,000,000	Uses:	Acquisition financing and new money projects	\$132,500,000
				Restructuring of existing debt	\$470,000,000
				Refunding bridge loan	\$13,500,000
				Est. costs of issuance	9,000,000
	Total	\$625,000,000	Total		\$625,000,000

FINANCING SUMMARY/STRUCTURE

Security:	General, unsecured obligations of the Members of the Obligated Group (<u>Current members of the obligated group are: Advocate Health Care Network, Advocate Health and Hospital Corporation, Advocate Northside Health Network and Advocate Condell Medical Center</u>) and any future Members of the Obligated Group.
Structure:	The current plan of finance is to issue fixed rate bonds. However, if market conditions raise fixed interest rates to unacceptable levels, variable rate or term bonds may be used.
Interest Rate:	To be determined the day of pricing.
Interest Mode:	Fixed Rate Bonds or weekly/Windows/annual/multi-annual uninsured Variable Rate Bonds (i.e. multi-modal).
Credit Enhancement:	Fixed Rate Bonds would have the rating of Advocate Health Care Network. If uninsured variable rate demand bonds are issued, they will be backed by either a Standby Bond Purchase Agreement or Letter of Credit (bank(s) to be determined, but will carry a long-term rating of A- or better) unless in Windows mode, which does not require bank support. Annual and/or multi-annual uninsured variable rate demand bonds in a long-term mode would have the rating of Advocate Health Care Network.
Maturity:	Not later than 2049
Rating:	Underlying ratings of Aa3/AA/AA (Moody's/Standard and Poor's/Fitch)
Est. Closing Date:	January 6, 2010

PROJECT SUMMARY

1) Advocate Health Care Network and BroMenn Health Care System ("BroMenn") have agreed upon a definitive agreement by which BroMenn will merge into an affiliate of Advocate Health Care Network ("AHCN"). This agreement would allow AHCN, primarily through its wholly controlled subsidiary Advocate Health and Hospitals Corporation ("AHHC"), to continue to carry on the mission of BroMenn.

This transaction requires the approval of the Illinois Health Facilities Planning Board ("IHFPB") for a change of ownership. The IHFPB approved the change of ownership application at its October 14, 2009 meeting.

2) As part of its agreement with BroMenn, Advocate has committed to complete the construction of a new bed tower and certain other projects at BroMenn's two hospitals. BroMenn currently has a Certificate of Need approval for the bed tower construction.

Further, AHCN desires to reimburse the Advocate Corporations for certain previous expenditures made on its various hospital campuses.

3) On July 1, 2009, AHHC and Midwest Physician Group ("MPG"), a 501 (c) (3) organization, entered into an asset purchase agreement by which AHHC acquired substantially all the assets and assumed substantially all liabilities of

MPG. This agreement allows AHHC to continue to carry on the mission of MPG. To complete the transaction AHHC entered into a short-term borrowing agreement of which the proceeds were used by MPG to repay its tax exempt bonds. Due to the timing of the transaction and the size of the borrowing, AHHC chose to defer until a later date the issuance of tax exempt bonds. In conjunction with this larger plan of finance, AHHC now looks to replace this short term taxable borrowing with tax exempt borrowing.

4) AHCN has approximately \$448 million of weekly variable rate demand obligations outstanding that are supported by a liquidity facility in the form of a bank standby agreement that expires in April 2011. AHCN desires the flexibility to restructure all or a portion of these bonds and their associated floating-to-fixed rate swaps, if deemed necessary or advisable, into fixed rate and/or other modes of variable rate bonds in order to reduce risk and increase its committed capital exposure.

BUSINESS SUMMARY

Description of Business: Advocate Health Care Network 501(c)(3), a not for profit corporation (“Advocate Network Corporation”) is the sole member of the not for profit Advocate Health and Hospitals Corporation (“Hospitals Corporation”). Advocate Network Corporation and the Hospitals Corporation are, in turn, the sole members of various not-for-profit corporations, including Advocate Condell Medical Center and Advocate Northside Health Network, the primary activities of which are the delivery of health care services or the provision of goods and services ancillary thereto. Such controlled corporations along with Advocate Network Corporation and the Hospitals Corporation constitute the Advocate Health Care Network (the “System”). The System was created in January 1995 through the consolidation of two health systems, Evangelical Health System and Lutheran General Health System. As the parent of the System, Advocate Network Corporation currently has no material operations or activities of its own, apart from its ability to control subsidiaries.

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

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

BroMenn Healthcare System, a not for profit corporation (“BroMenn”) is the sole member of the not for profit BroMenn Regional Medical Center (“BRMC”) and Eureka Hospital (“Eureka Hospital”). BroMenn is also the sole member of various other not-for-profit and for profit corporations the primary activities of which are the delivery of health care services or the provision of goods and services ancillary thereto. BroMenn provides a continuum of care through its two short-term acute care hospitals with approximately 221 CON authorized beds at BRMC and 25 CON authorized beds at Eureka Hospital, outpatient centers, a home health program, and employed physician practices and has been serving Bloomington-Normal and surrounding communities in Central Illinois for over 100 years.

The merger of BroMenn into Advocate will permit 1) an uninterrupted continuum of care and 2) completion/development of new services to the communities currently served by BroMenn by allowing access to the resources (medical, technological and financial) of the Advocate System.

As part of the merger agreement, Advocate has committed to complete the construction of a new bed tower and other projects at BroMenn and Eureka Hospitals. BroMenn currently has a certificate of need approval for the bed tower construction.

Midwest Physician Group (“MPG”) is one of the largest integrated multi-specialty physician group practices throughout the city and the south, and southwest suburban Chicago area. MPG started in 1975 as a division of the Chicago College of Osteopathic Medicine and was incorporated in 1982. MPG is a recognized 501(c)(3) tax exempt

organization by the Internal Revenue Service. MPG is a physician-member operated medical group that includes 71 employed/contracted physicians and 10 mid-level providers.

MPG provides primary care services including family medicine, internal medicine, and pediatrics with a variety of other physician specialties and ancillary services. MPG's two anchor locations are in Olympia Fields and Orland Park.

Timing: estimate: January 2010

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Advocate Health Care Network*
Project Location: Multiple
Borrower: Advocate Health Care Network
2025 Windsor Drive
Oak Brook, IL 60521
Ownership/Board Members (Advocate Health Care Network)
Lynn Crump-Caine, *Chairperson*
Mark Harris, *Vice Chairperson*
James Skogsbergh, *President and Chief Executive Officer*
David Anderson
Alejandro Aparicio, M.D.
Jon E. Christofersen, M.D.
Bruce E. Creger
Jose Elizondo, M.D.
Rev. Dr. Donald M. Hallberg
Rev. Phil Hart
Laurie L. Meyer
Bishop Wayne N. Miller
Clarence Nixon, Jr. Ph.D.
Thomas F. Shirey
Carolyn Hope Smeltzer
Rev. Ozzie Smith, Jr.
John F. Timmer

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Foley & Lardner LLP	Chicago	Robert Zimmerman Janet Zeigler
Bond Counsel:	Chapman & Cutler LLP	Chicago	Nancy Burke Becky Brueckel
Senior Underwriter:	Citi	Chicago	Ryan Freel Amy Yang
Co-Manager:	Loop Capital Markets, LLC	Chicago	Albert R. Grace, Jr
Co-Manager:	Cabrera Capital Markets, LLC	Chicago	Santino Bibbo
Underwriter's Counsel:	Sonnenschein Nath & Rosenthal	Chicago	Katie Ashton
Bond Trustee:	The Bank of New York	Chicago	John Prendiville
Accountant:	Ernst & Young	Chicago	Tadd Ingles
Issuer's Counsel:	Jones Day	Chicago	David Kates
IFA Advisors:	Scott Balice Strategies, Inc.	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

BroMenn Healthcare System, Normal, IL

Congressional: 11 – Debbie Halverson
Congressional: 15 – Tim Johnson
Congressional: 18 – Aaron Schock
State Senate: 44 – William Brady
State Senate: 53 – Dan Rutherford
State House: 88 – Dan Brady
State House: 106 – Keith Sommer
State House: 105 – Shane Cultra
State House: 87 – Bill Mitchell

Midwest Physician Group,

Congressional: 1 – Bobby Rush
Congressional: 3 – Daniel Lipinski
Congressional: 2 – Jesse Jackson, Jr.
Congressional: 11 – Debbie Halverson
Congressional: 13 – Judy Biggert
State Senate: 3 – Mattie Hunter
State Senate: 14 – Emil Jones, III
State Senate: 18 – Edward Maloney
State Senate: 19 – M. Maggie Crotty
State Senate: 38 – Gary Dahl
State Senate: 41 – Christine Radogno
State House: 6 – Esther Golar
State House: 27 – Monique Davis
State House: 28 – Robert Rita
State House: 35 – Kevin Joyce
State House: 38 – Al Riley
State House: 75 – Careen Gordon
State House: 81 – Renee Kosel

SERVICE AREA

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

BroMenn Healthcare System is located in Normal and Eureka, Illinois.

Midwest Physician Group is located in Olympia Fields and Orland Park, IL along with smaller offices in Chicago, Bourbonnais, and Crestwood, IL.



CONDUIT

November 10, 2009

\$85,000,000

SOUTHERN ILLINOIS HEALTHCARE

REQUEST

Purpose: The proceeds of the Bonds will be loaned to Southern Illinois Healthcare Enterprises, Inc., an Illinois not for profit corporation (“SIHE” or the “Parent”), to be used, together with certain other funds, (i) to convert and reissue or refund all or a portion of the \$69,000,000 IFA Series 2005 revenue bonds, (ii) to establish a debt service reserve fund for the benefit of the Bonds, if deemed necessary or advisable, (iii) to pay a portion of the interest on the Bonds, if deemed necessary or advisable, and (iv) to pay certain expenses incurred in connection with the issuance of the Bonds.

Program: Conduit 501(c)(3) Revenue Bonds

Extraordinary Conditions: None.

BOARD ACTIONS

This is the first time this project has been brought before the Board.

This project is coming for a one time Final Resolution because of conditions in the market.

MATERIAL CHANGES

None

JOB DATA

2,462	Current jobs	0	Jobs created from Project
2,462	Retained jobs	60	Construction Jobs created by Project

DESCRIPTION

- Location (Jackson & Williamson County / Southern Illinois)
- 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 owns and operates three acute-care hospital facilities: Memorial Hospital of Carbondale (“Memorial”) located in Carbondale, Illinois; Herrin Hospital (“Herrin”) located in Herrin, Illinois; and St. Joseph Memorial Hospital (“St. Joseph”), a critical access hospital located in Murphysboro, Illinois.
- SIHE and SIHS are mission and values driven organizations. “We are dedicated to improving the health and well being of all of the people in the communities we serve” is the mission of the organizations. The values are: Respect, Integrity, Compassion, Collaboration, Stewardship, Accountability and Quality. All patients in need are cared for regardless of their ability to pay.

CREDIT

- Fixed Rate Debt

INDICATORS

- Bonds would either be insured by FSA, the existing bond insurer on the Series 2005 Bonds, or will carry the rating of Southern Illinois Healthcare.

RATINGS

- SIHE: A+/A+ (S&P/Fitch)
FSA: Aa3/AAA/AA (Moody’s/S&P/Fitch)

MATURITY

- Bonds will Mature no later than 2035

Sources and Uses

IFA Bonds	<u>\$79,550,000</u>	Project Cost	\$69,000,000
		Debt Service Reserve Fund:	\$7,721,686
		Original Issue Discount:	\$1,234,437
		Costs of Issuance / UD	<u>\$1,593,877</u>
Total	\$79,550,000	Total	\$79,550,000

Recommendation

Credit Review Committee recommends approval.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009**

Project: Southern Illinois Healthcare

STATISTICS

Project Number: H-HO-TE-CD-8147 Amount: \$85,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds IFA Staff: Pam Lenane and Bill Claus
County/Region: Jackson & Williamson County / Southern Illinois City: Carbondale, Herrin, Murphysboro

BOARD ACTION

Final Resolution - Streamlined Process due to Market Conditions Credit Review Committee recommends approval
Conduit 501 (c)(3) bonds No extraordinary conditions
No IFA funds at risk

VOTING RECORD

This is the first time this project has been brought before the Board.

This project is coming for a one time Final Resolution because of conditions in the market.

PURPOSE

The proceeds of the Bonds will be loaned to Southern Illinois Healthcare Enterprises, Inc., an Illinois not for profit corporation (the "Parent"), to be used, together with certain other funds, (i) to convert and reissue or refund all or a portion of the \$69,000,000 IFA Series 2005 revenue bonds, (ii) to establish a debt service reserve fund for the benefit of the Bonds, if deemed necessary or advisable, (iii) to pay a portion of the interest on the Bonds, if deemed necessary or advisable, and (iv) to pay certain expenses incurred in connection with the issuance of the Bonds.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment: 2,462 FTE's Projected new jobs: 0
Jobs retained: 2,462 FTE's Previous Construction jobs: 60

ESTIMATED SOUCES AND USES OF FUNDS*

Sources:	IFA bonds	\$79,550,000	Uses:	Conversion of 2005	\$69,000,000
	OID	<u>(1,234,437)</u>		Debt Service Reserve Fund	7,721,686
				Costs of Issuance	<u>1,593,877</u>
	Total	\$78,315,563		Total	\$78,315,563

* Preliminary, subject to change.

FINANCING SUMMARY/STRUCTURE

Security: The Bonds are expected to be secured by an Obligation of Southern Illinois Healthcare under a Master Trust Indenture. Collateral is expected to be a General Obligation to pay with a gross revenue pledge of the Obligated Group.

Structure:	The plan of finance contemplates the issuance of traditional Fixed Rate Bonds that would either be insured by FSA, the existing bond insurer on the Series 2005 Bonds, or carry the rating of Southern Illinois Healthcare.
Interest Rate:	To be determined the day of pricing.
Interest Mode:	Fixed Rate Bonds
Credit Enhancement:	Fixed rate bonds will have the rating of FSA or Southern Illinois Healthcare.
Maturity:	2035
Rating:	SIHE: A+/A+ S&P/Fitch; FSA: Aa3/AAA/AA Moody's/S&P/Fitch
Est. Closing Date:	December 2009

PROJECT SUMMARY

Not applicable.

BUSINESS SUMMARY

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 owns and operates several medical office building facilities in Carbondale, Illinois and nearby communities, and is the sole member of Southern Illinois Hospital Services ("SIHS"). SIHE elects the members of the Board of Trustees of SIHS. Trustees of SIHE and SIHS are the same persons.

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 owns and operates three acute-care hospital facilities: Memorial Hospital of Carbondale ("Memorial") located in Carbondale, Illinois; Herrin Hospital ("Herrin") located in Herrin, Illinois; and St. Joseph Memorial Hospital ("St. Joseph") located in Murphysboro, Illinois. The corporate offices of SIHE and SIHS are located at 1239 East Main, Carbondale, Illinois.

SIHE and SIHS are mission and values driven organizations. "We are dedicated to improving the health and well being of all of the people in the communities we serve" is the mission of the organizations. The values are: Respect, Integrity, Compassion, Collaboration, Stewardship, Accountability and Quality. All patients in need are cared for regardless of their ability to pay.

Memorial is a 140-licensed bed acute care hospital located in Carbondale, Illinois. Memorial opened in 1950 as a 33-bed hospital and has expanded over the years. In 2005 the obstetrical unit was expanded to improve its ability to accommodate the approximately 2,000 babies that are delivered at the facility annually. In 1999 Memorial opened a permanent cardiac catheterization lab, and established an open-heart surgery program at the facility. In 2004 Memorial opened its second cardiac catheterization lab, and has now added a third lab.

Herrin is a 104-licensed bed acute care hospital facility located in Herrin, Illinois. Herrin opened in 1913 as a 33-bed acute-care facility. SIHS purchased the facility in 1946. Herrin also currently operates 29 rehabilitation beds through a joint venture with the Rehabilitation Institute of Chicago. Herrin also furnishes certain ancillary services at Miners Memorial Health Center, an outpatient center located in West Frankfort, Illinois which is owned by SIHS.

St. Joseph is a 40-licensed bed acute care hospital facility located in Murphysboro, Illinois. St. Joseph opened on October 1, 1960 as a 62-bed hospital and was acquired by SIHS in 1995. The facility was converted to a Critical Access Hospital ("CAH") in May of 2004, which allows St. Joseph to receive cost-based reimbursement for Medicare patients. Due to its CAH status, St. Joseph currently operates 25 of its 40-licensed beds.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Southern Illinois Healthcare Enterprises (“SIHE”)

Project Location: Carbondale, Illinois

Borrower: SIHE

Board Members (501(c)(3)):

Russel Brown, DO
Harold Bardo
Eugene W. Basanta
Kathleen Fralish
Morton Levine
Phil Nordstrom, D. Min, Secretary
George O’Neil, Chair
Jeffrey Parks, MD, Vice Chair
Marsha Ryan, MD
Steven Sabens
Anad Salem, MD
Marlene Simpson

PROFESSIONAL & FINANCIAL

Borrower’s Counsel:	Armstrong Teasdale, LLP	St. Louis	Kirby Colson
Accountant:	McGladrey and Pullen	Springfield	Randy Ragan
Bond Counsel:	Jones Day	Chicago	Rich Tomei
Bond Underwriter:		TBD	TBD
Financial Advisor:	Shattuck Hammond Partners	Chicago	Victoria Poindexter
Underwriter’s Counsel:	Sonnenschein Nath & Rosenthal	Chicago	Katie Ashton
IFA Advisors:	Scott Balice Strategies, Inc.	Chicago	Lois Scott
Issuer’s Counsel:	Requested	Chicago	Requested

LEGISLATIVE DISTRICTS

Congressional: 12- Jerry. F. Costello
State Senate: 58- David Luechtefeld, 59- Gary Forby
State House: 115- Mike Bost, 117- John E. Bradley

SERVICE AREA

In fiscal year 2009, Memorial, Herrin and St. Joseph drew 92.5% of their inpatients from a forty mile, seven county area surrounding the Hospitals (the “Conventional Market Area”). The Conventional Market Area is made up of Jackson, Williamson, Franklin, Saline, Union, Perry and Johnson counties in Illinois.

BACKGROUND INFORMATION

A general functional description, and the location of the facilities to be financed or refinanced with the proceeds of the Bonds, are listed below.

1. Memorial Hospital of Carbondale, a 140 licensed bed acute care hospital located at the following addresses: 306 West Main Street, Carbondale, Illinois, 404 West Main Street, Carbondale, Illinois, 405 West Jackson Street, Carbondale, Illinois, and 1325 Cedar Court, Carbondale, Illinois;
2. Herrin Hospital, a 104 licensed bed acute care hospital located at the following address: 201 South 14th Street, Herrin, Illinois;
3. St. Josephs Memorial Hospital, a 40 licensed bed acute care hospital located at the following addresses: 2 South Hospital Drive, Murphysboro, Illinois, 6 East Shawnee Drive, Murphysboro, Illinois, 800 North Second Street, Murphysboro, Illinois;

4. Miners Memorial Health Center, an urgent care center located at the following address: 2553 Ken Gray Boulevard, West Frankfort, Illinois;

5. Center for Medical Arts, a multi-disciplinary health care facility located at the following address: 2601 West Main Street, Carbondale, Illinois;

6. Rehabilitation facilities of the Parent and the Corporation located at the following addresses: 305 West Jackson Street, Carbondale, Illinois, 100 South Park Avenue, Herrin, Illinois, 301 South Park Avenue, Herrin, Illinois, 6 East Shawnee Drive, Murphysboro, Illinois, 800 North Second Street, Murphysboro, Illinois, 411½ North Court Street, Marion, Illinois, 517 North Main Street, Anna, Illinois, and 201 Bailey Lane, Benton, Illinois; and

7. Southern Illinois Healthcare, the corporate offices providing administrative and financial services to the Parent and the Corporation at the following addresses: 1239 East Main Street and 1385 East Main Street, Carbondale, Illinois.

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

TO: IFA Board of Directors

FROM: Pam Lenane and Bill Claus

DATE: November 10, 2009

RE: A Resolution Authorizing an Amendment to the Series 1995 & Series 1996 Bond Trust Indenture and Loan Agreements to allow the hospital to convert from a Unit Pricing Period to a Demand Period.
(NorthShore University HealthSystem)
IFA Project: H-HO-TE-CD-8157

BACKGROUND:

On June 7, 1995, the Illinois Health Facilities Authority (the "Health Authority") issued its \$50,000,000 Variable Rate Adjustable Demand Revenue Bonds, Series 1995 (Evanston Hospital Corporation) (the "Series 1995 Bonds"), to (i) currently refund the outstanding principal amount of Illinois Health Facilities Authority Revenue Refunding Bonds, Series 1985A (Evanston Hospital Corporation) (the "Series 1985A Bonds"), (ii) pay or reimburse the NorthShore University HealthSystem (formerly Evanston Hospital Corporation) (the "Corporation") for the payment of the costs of the construction, renovation, remodeling and equipping of certain facilities of the Corporation and the acquisition of certain capital equipment used or to be used in connection with existing health care facilities of the Corporation (the "Series 1995 Project"), (iii) pay a portion of the interest on the Series 1995 Bonds during the period of construction, acquisition and installation of the Series 1995 Project, (iv) provide working capital, and (v) pay certain expenses incurred in connection with the issuance of the Series 1995 Bonds and the current refunding of the Series 1985A Bonds.

On August 28, 1996, the Health Authority issued its \$50,000,000 Variable Rate Adjustable Demand Revenue Bonds, Series 1996 (Evanston Hospital Corporation) (the "Series 1996 Bonds"), to (i) pay or reimburse the Corporation for the payment of the costs of the construction, renovation, remodeling and equipping of certain portions of the health facilities of the Corporation, (ii) pay a portion of the interest on the Series 1996 Bonds, (iii) provide working capital and (iv) pay related expenses incurred in connection with the issuance of the Series 1996 Bonds.

Both the Series 1995 and 1996 Bonds were issued in the Unit Pricing Period commercial paper mode without credit enhancement.

REQUEST:

The Corporation is requesting approval to convert from a Unit Pricing Period to a Demand Period. In connection with such conversion, the Corporation will deliver a standby bond purchase agreement for each series (the "Liquidity Facilities") pursuant to which JP Morgan Chase Bank, N.A. will agree to purchase bonds which are optionally or mandatorily tendered and not remarketed. This will allow the corporation to reinvest funds that were matched to Unit Pricing Periods at their own discretion.

In conjunction with the mode conversion, the Corporation will be changing remarketing agents. Barclay's Capital will serve as the new Series 1995 remarketing agent and Merrill Lynch will serve as the new Series 1996 Remarketing Agent.

The Corporation is requesting approval to amend the Bond Trust Indentures and Loan Agreements as it is necessary in connection with the conversion and the delivery of the Liquidity Facilities. The Corporation is requesting

approval to amend the Bond Trust Indentures and Loan Agreements as necessary in connection with the conversion and the delivery of the Liquidity Facilities.

RECOMMENDATION:

The credit review committee recommends approval of the amendment of the Bond Trust Indentures and Loan Agreements.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: NorthShore University HealthSystem (AA Rating) (f/k/a Evanston Northwestern Healthcare, f/k/a Evanston Hospital Corporation)

1301 Central Street

Evanston, IL 60201

Borrower: NorthShore University HealthSystem

Ownership/Board Members (501c3):

Duckworth, Connie K.

Berger, Percy L.

Crown, A. Steven

Jones, Gregory D.

Keyser, Richard L.

Knight, Lester B., III

Medvin, Harvey N.

Reyes, Jude M.

Talamonti, Mark S., M.D., F.A.C.S.

Wang, Sona

White, William J.

Mencoff, Samuel M.

Bloomer, William D., M.D.

Davis, William L.

Keeler, Thomas C, M.D.

Khandekar, Janardan D., M.D.

Kraemer, Harry M. Jansen, Jr.

Neaman, Mark N.

Sentell, Susan B.

Thomas, J. Mikesell

Ward, Jonathan P.

Wrigley, William Jr.

PROFESSIONAL & FINANCIAL

Financial Advisor	:	Melio & Company	Chicago	Mark Melio
Bond Counsel:		Jones Day	Chicago	Michael Mitchell
Trustee:		The Bank of New York Mellon	Chicago	Robert Hardy
Liquidity Provider:		JP Morgan Chase	Chicago	Tim Ruby
Liq. Provider Counsel:		Foley & Lardner	Chicago	Laura Bilas
Issuer's Counsel:		Charity & Associates	Chicago	Alan Bell
Remarketing Agent:		JP Morgan Securities, Inc.	Chicago	Tim Wons
New Remarketing Agents:				
1995		Barclay's Capital	Chicago	Jim Molloy
1996		Merrill Lynch	Chicago	Ken Vallrugo
2001B		Loop Capital	Chicago	Lerry Knox
2001C		Wells Fargo	Chicago	Joseph Glenn

IFA Resolution Number 2009-11-20

Resolution authorizing the execution and delivery of certain amendments to the bond trust indentures and the loan agreements relating to the Variable Rate Adjustable Demand Revenue Bonds, Series 1995 and Variable Rate Adjustable Demand Revenue Bonds, Series 1996 issued for the benefit of NorthShore University HealthSystem (formerly known as Evanston Hospital Corporation).

WHEREAS, the Illinois Finance Authority (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act (the “Act”); and

WHEREAS, on June 7, 1995, the Illinois Health Facilities Authority (the “Health Authority”) issued its \$50,000,000 Variable Rate Adjustable Demand Revenue Bonds, Series 1995 (Evanston Hospital Corporation) (the “Series 1995 Bonds”), which are secured by a Bond Trust Indenture dated as of June 1, 1995 (the “Series 1995 Bond Indenture”), between the Health Authority and The Bank of New York Mellon Trust Company, N.A., as successor bond trustee (the “Bond Trustee”), and loaned the proceeds thereof to NorthShore University HealthSystem (formerly, Evanston Hospital Corporation), a not for profit corporation incorporated under the laws of the State of Illinois (the “Corporation”), pursuant to a Loan Agreement dated as of June 1, 1995 between the Corporation and the Health Authority (the “Series 1995 Loan Agreement”), to assist the Corporation in providing the funds necessary to (i) currently refund the outstanding principal amount of Illinois Health Facilities Authority Revenue Refunding Bonds, Series 1985A (Evanston Hospital Corporation) (the "Series 1985A Bonds"), (ii) pay or reimburse the Corporation for the payment of the costs of the construction, renovation, remodeling and equipping of certain facilities of the Corporation and the acquisition of certain capital equipment used or to be used in connection with existing health care facilities of the Corporation (the “Series 1995 Project”), (iii) pay a portion of the interest on the Series 1995 Bonds during the period of construction, acquisition and installation of the Series 1995 Project, (iv) provide working capital, and (v) pay certain expenses incurred in connection with the issuance of the Series 1995 Bonds and the current refunding of the Series 1985A Bonds; and

WHEREAS, on August 28, 1996, the Health Authority issued its \$50,000,000 Variable Rate Adjustable Demand Revenue Bonds, Series 1996 (Evanston Hospital Corporation) (the “Series 1996 Bonds”), which are secured by a Bond Trust Indenture dated as of August 15, 1996 (the “Series 1996 Bond Indenture”), between the Health Authority and the Bond Trustee, and loaned the proceeds thereof to the Corporation pursuant to a Loan Agreement dated as of August 15, 1996 between the Corporation and the Health Authority (the “Series 1996 Loan Agreement”), to assist the Corporation in providing the funds necessary to (i) pay or reimburse the Corporation for the payment of the costs of the construction, renovation, remodeling and equipping of certain portions of the health facilities of the Corporation, (ii) pay a portion of the interest on the Series 1996 Bonds, (iii) provide working capital and (iv) pay related expenses incurred in connection with the issuance of the Series 1996 Bonds; and

WHEREAS, the Authority succeeded to all the rights and obligations of the Health Authority as of January 1, 2004; and

WHEREAS, the Corporation has requested that the Authority approve the conversion of the interest rate modes of the Series 1995 Bonds and the Series 1996 Bonds from a Unit Pricing Period to a Demand Period; and

WHEREAS, in connection with such conversion, the Corporation will (i) deliver to the Bond Trustee a standby bond purchase agreement (the “Series 1995 Liquidity Facility”) among the Corporation, the Bond Trustee and JPMorgan Chase Bank, National; Association (the “Liquidity Facility Provider”), pursuant to which the Liquidity Facility Provider will agree to purchase Series 1995 Bonds which are optionally or mandatorily tendered and not remarketed and (ii) deliver to the Bond Trustee a standby bond purchase agreement (the “Series 1996 Liquidity Facility”) among the Corporation, the Bond Trustee and the Liquidity Facility Provider, pursuant to which the Liquidity Facility Provider will agree to purchase Series 1996 Bonds which are optionally or mandatorily tendered and not remarketed; and

WHEREAS, in connection with such conversion, the Corporation also intends to appoint Barclays Capital as successor remarketing agent for the Series 1995 Bonds and Merrill Lynch & Co. as successor remarketing agent for the Series 1996 Bonds; and

WHEREAS, in connection with the conversion and the delivery of the Series 1995 Liquidity Facility and the Series 1996 Liquidity Facility, it is necessary and desirable to make certain amendments to the Series 1995 Bond Indenture, the Series 1995 Loan Agreement, Series 1996 Bond Indenture and the Series 1996 Loan Agreement; and

WHEREAS, drafts of the following documents have been previously provided to and are on file with the Authority (collectively, the “Authority Documents”):

(a) Amended and Restated Bond Trust Indenture (the “Series 1995 Amended Bond Indenture”) between the Authority and the Bond Trustee, amending and restating the Series 1995 Bond Indenture;

(b) Amended and Restated Bond Trust Indenture (the “Series 1996 Amended Bond Indenture” and, together with the Series 1995 Amended Bond Indenture, the “Amended Bond Indentures”) between the Authority and the Bond Trustee, amending and restating the Series 1996 Bond Indenture;

(c) Amended and Restated Loan Agreement (the “Series 1996 Amended Loan Agreement”) between the Authority and the Corporation, amending and restating the Series 1996 Loan Agreement;

(d) Amended and Restated Loan Agreement (the “Series 1996 Amended Loan Agreement” and, together with the Series 1995 Loan Agreement, the “Amended Loan Agreements”) between the Authority and the Corporation, amending and restating the Series 1996 Loan Agreement;

WHEREAS, in connection with the conversion of the Series 1995 Bonds and Series 1996 Bonds, the following additional documents will be executed and delivered by parties other than the Authority (collectively, the “Additional Transaction Documents”):

(a) a reoffering circular (the “Series 1995 Reoffering Circular”), supplementing the Official Statement originally used to offer the Series 1995 Bonds, describing the terms of the Series 1995 Bonds during a Demand Period and the terms of the Series 1995 Liquidity Facility;

(b) a reoffering circular (the “Series 1996 Reoffering Circular”) supplementing the Official Statement originally used to offer the Series 1996 Bonds, describing the terms of the Series 1996 Bonds during a Demand Period and the terms of the Series 1996 Liquidity Facility;

(c) Supplemental Master Trust Indenture supplementing and amending the Master Trust Indenture dated as of October 1, 1985, as previously supplemented and amended (the “Master Indenture”), between the Corporation and U.S. Bank National Association, as successor master trustee (the “Master Trustee”);

(d) Series 1995 Liquidity Facility;

(e) Series 1995 Liquidity Facility;

(f) Remarketing Agreement between the Corporation and Barclays Capital relating to the Series 1995 Bonds; and

(g) Remarketing Agreement between the Corporation and Merrill Lynch & Co. relating to the Series 1996 Bonds.

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

1. Authority Documents. 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 Authority Documents. The Secretary or Assistant Secretary of the Authority is hereby authorized to attest to any Authority Document. The Authority Documents shall be substantially in the forms 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 forms of such Authority Documents attached hereto, and to constitute conclusive evidence of such person’s approval and the Authority’s approval of the terms of the conversion of the Series 1995 Bonds and Series 1996 Bonds and remarketing thereof.

2. Additional Transaction Documents. The Authority does hereby approve the form of the Additional Transaction Documents. The Additional Transaction Documents shall be in substantially the forms previously provided to and on file with the Authority and hereby approved, or with such changes therein as shall be approved by the Authorized Officer executing the Amended Bond Indentures, 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 forms of the Additional Transaction Documents attached hereto.

3. Approval of Conversion. Based solely upon the request and direction of the Corporation, the Authority approves the conversion of the Series 1995 Bonds and Series 1996 Bonds from a Unit Pricing Period to a Demand Period (as such terms are defined in the Amended Bond Indentures).

4. 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 agreements and certifications 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 Authority Documents and the Additional Transaction Documents, 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 Authority Documents 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 an Authorized Officer of the Authority, or in the event of the unavailability, inability or refusal of an Authorized Officer, 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 Amended Bond Indentures.

ADOPTED this 10th day of November, 2009 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Secretary