

Meeting of the Illinois Finance Authority Audit Committee

December 6, 2004

The Audit Committee (the "Committee") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held its scheduled meeting at 1:00 p.m., on December 6, 2004 at the Illinois Finance Authority, located at the 180 N. Stetson, Suite 2555 in Chicago, Illinois.

MEMBERS PRESENT:

Joe Valenti – Chair (teleconference)

STAFF PRESENT:

Ali Ata

Michael Pisarcik

MEMBERS ABSENT:

Demetris Giannoulis

Terrence O'Brien

Natalia Delgado

Call to Order

The meeting was called to order by Chairman Valenti at 1:00 p.m.

Chairman's Comments

Mr. Valenti greeted every one and noted that this is the third meeting of the Committee. Mr. Valenti acknowledged that due to travel plans, Ms. Delgado and Messrs. Giannoulis and O'Brien are unable to attend the meeting today.

The agenda for this meeting is focused on the progress toward delivering the materials and information referenced in the November 4, 2004 letter to A. Ata, IFA Executive Director, by W. Holland, Illinois Auditor General.

Discussion

Mr. Ata discussed the request for Mr. J. Evans of McGladrey & Pullen to meet with us today. Approximately two weeks ago, M. Pisarcik invited Mr. Evans to today's meeting. Mr. Evans returned with a verbal request to send a letter to Mr. W. Holland, OAG specifically requesting his approval for Jon Fox (OAG) and Mr. Evans to visit IFA for this meeting. Mr. Ata submitted this request in a letter dated November 30, 2004. Mr. Holland replied and denied the request in his letter dated December 1, 2004, stating that

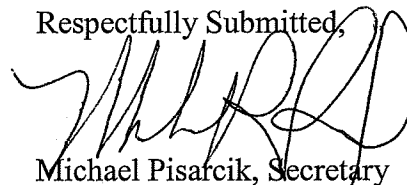
such a visit is premature, the auditors have been at IFA for some time and IFA should be well aware of status of the progress of the audit.

The Committee reviewed the outcome of the progress meeting held at IFA at 11:00 AM on Friday, November 17, 2004. This meeting, chaired by Mr. Ata, was attended by IFA staff, six (6) auditors from M&P, Mr. Jon Fox of the OAG, and Mr. M. Lurie of OMB. During this 3-hour meeting, Mr. J Evans expanded upon their areas of dissatisfaction with the IFA systems and processes, and at one point even openly disagreed with Mr. Fox on the depth to which an IFDA legacy issue should be investigated, taking the more aggressive approach. This meeting ended with agreement to resume the on-site auditing activity on November 22, 2004. On that date, the full M&P audit team returned to IFA and M. Pisarcik walked them through the 20+ files of documents that M&P had requested. So, the audit process seems to be back in full swing.

The Committee considered retaining an accounting contractor/consultant firm to support IFA in the next few months. Several names were suggested and discussed. Messrs. Ata and Pisarcik will draft a project scope, schedule interviews with firms, and arrange for the accounting support starting in January 2005.

The Chairman asked if there was any other business to come before the Committee or if any member of the public wished to address the Committee. There being no further business and no one seeking to address the Committee, Chairman Valenti adjourned the meeting at approximately 2:00 p.m.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Michael Pisarcik', written over a horizontal line.

Michael Pisarcik, Secretary