

# Illinois Finance Authority

December 6, 2005

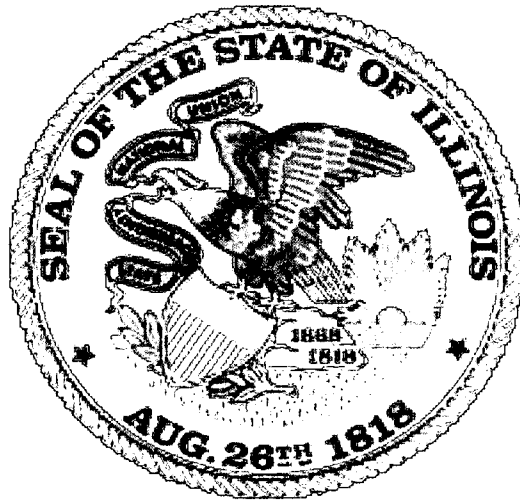
11:30 AM

## **Board Meeting**

Plaza Club

130 E. Randolph, 40th Floor

Chicago, Illinois



IFA File Copy

**ILLINOIS FINANCE AUTHORITY  
BOARD MEETING  
December 6, 2005  
Chicago, Illinois**

**EXECUTIVE SESSION  
8:30 a.m.**

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

- Opening Remarks
- Executive Director's Report
- Financials
- Staff Reports
- Project Reports
- Adjournment

**BOARD MEETING  
11:30 a.m.**

**One Prudential Plaza  
130 E. Randolph, Plaza Club,  
40<sup>th</sup> Floor**

**AGENDA**

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

**AGRICULTURE**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>Agricultural Debt Restructuring Guarantee</b>						
1	Aaron Baker	Reynolds	\$ 250,000	0	0	BB
<b>Specialized Livestock Guarantee</b>						
2	Brian Duncan	Polo	285,000	0	0	BB
<b>Beginning Farmer Bonds</b>						
3	Jeremy & Nikki Carter Matt & Janelle Steidinger	Fairfield Anchor	125,000 200,000	N/A	N/A	ER BB
<b>TOTAL AGRICULTURE PROJECTS</b>			<b>\$ 860,000</b>	<b>0</b>	<b>0</b>	

**BUSINESS AND INDUSTRY**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>Empowerment Zone Revenue Bonds</b> <i>Final</i>						
4	Central City Studios	Chicago	\$ 35,000,000	1,015	235	TA
<b>Industrial Revenue Bonds</b> <i>Final</i>						
5	Freedman Seating Company	Chicago	2,500,000	43	N/A	TA
6	Pollmann North America, Inc.	Romeoville	6,000,000	16	95	ST
<b>Solid Waste Disposal Bonds</b> <i>Preliminary</i>						
7	Reliable Materials Lyons	Chicago	12,000,000	7	50	TA
<i>Final</i>						
8	Air Products and Chemicals, Inc.	Joliet	30,000,000	6-8	30-60	RKF
<b>Participation Loans</b>						
9	Complete Automotive Services, Inc.	Wenona	120,000	2	15	JS
10	Ex-Tech Plastics, Inc.	Richmond	1,000,000	15	N/A	SCM
11	Velde Saur's Land Trust	Pekin	1,000,000	6	50	JS
<b>TOTAL BUSINESS AND INDUSTRY PROJECTS</b>			<b>\$ 87,620,000</b>	<b>1,110</b>	<b>475</b>	

**COMMUNITIES AND CULTURE**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>501(c)(3) Bonds</b>						
<i>Preliminary</i>						
12	Chicago Historical Society	Chicago	\$ 53,000,000	6	12-32	RKF/TA
13	Lutheran Social Services of Illinois and Vesper Management Corporation	Multiple Locations	22,000,000	209	TBD	ST
<i>Final</i>						
14	The Roman Catholic Diocese of Joliet, organized as a Trust (All Saints Catholic Academy)	Chicago	13,000,000	7	N/A	TA
15	The Latin School of Chicago	Chicago	35,000,000	11	300	TA
16	Park Lawn Association	Alsip	3,500,000	8	100	SCM
<b>Local Government Bonds</b>						
<i>Preliminary</i>						
17	Village of Freeburg	Freeburg	6,300,000	1	5	RP
18	Advanced Refunding (IRBB Local Government Bonds)	Statewide	15,700,000	0	0	EW
<b>Housing Bonds</b>						
<i>Preliminary</i>						
19	DeKalb Supportive Living Limited Partnership, and its successors and assigns, an Illinois Limited Partnership to be formed (Pine View/DeKalb County Supportive Living Facility)	DeKalb	6,500,000	31	25	RKF
20	Heritage Woods of Freeport Limited Partnership, and its successors and assigns, an Illinois Limited Partnership to be formed (Heritage Woods of Freeport SLF)	Freeport	10,000,000	38	30	RKF
21	Prairie Winds of Urbana L.P., and its successors and assigns (Prairie Winds of Urbana SLF)	Urbana	9,000,000	0	10	RKF/JS
22	Thornwood – Chicago Heights, L.P., and its successors and assigns, an Illinois Limited Partnership to be formed (Thornwood Apartments)	Chicago Heights	11,000,000	0	20	RKF
<i>Final</i>						
23	Urban West Byron, L.P. (St. Pauls Residences)	Chicago	7,000,000	0	10	RKF
<b>TOTAL COMMUNITIES AND CULTURE PROJECTS</b>			<b>\$ 192,000,000</b>	<b>311</b>	<b>512</b>	

**HEALTHCARE**

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
<b>501(c)(3) Bonds</b>						
<i>Preliminary</i>						
24	Edward Hospital	Naperville	\$ 250,000,000	TBD	TBD	PL/DS
25	Proctor Hospital	Peoria	55,000,000	5	N/A	PL
<i>Final</i>						
26	Sinai Health System and Mount Sinai Hospital Medical Center of Chicago	Chicago	7,300,000	0	0	PL/DS
<b>TOTAL HEALTHCARE PROJECTS</b>			<b>\$ 312,300,000</b>	<b>5</b>	<b>0</b>	

<b>GRAND TOTAL</b>	<b>\$ 592,780,000</b>	<b>1,426</b>	<b>990</b>	
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**Project Revisions/Amendatory Resolutions**

Tab	<u>Amendatory Resolutions</u>	
27	Request to Extend Expiration Date of Inducement Resolution for Onyx Waste Services, Inc. (P-SW-PO-TE-CD-403)	RKF
28	Request to Authorize Change in Borrower to Special Purpose Entity for 501(c)(3) Participation Loan to the Freeport Area Economic Development Foundation, Inc. (B-LL-NP-TX-412)	RKF
29	Request to Authorize the Execution and Delivery of an Intergovernmental Agreement with the Village of Brookfield to Facilitate the Issuance of Refunding Bonds for The Chicago Zoological Society	ST
30	Request to Authorize Change in Borrower Name Custom Wood Products (B-LL-TX-573)	JS
31	Request for Authorization to Increase Loan Amount by \$10,000 for Jeffrey J. Gutzwiller (B-LL-TX-6020)	JS

**Other**

**Adjournment**



**Illinois Finance Authority  
Executive Director's Report  
December 6, 2005**

**To: IFA Board of Directors and Office of the Governor**

**From: Jill Rendleman, Interim Executive Director**

**I. Financial Performance**

The Illinois Finance Authority financial performance remains strong with year to date net income of \$586k exceeding performance plan by \$14k. Gross YTD revenues of \$2.9M are \$382k below target, while YTD expenses have a positive variance of \$397k. Transaction closing volume has been consistent in the first and second quarters but is expected to be strong in December, while expense levels are expected to remain within budget.

Illinois Finance Authority's overall financial position continues to improve with total equity of \$56.4M, comprised of assets of \$59.5M and liabilities of \$3.1M. This compares favorably to the November 30, 2004 balance sheet with total equity of \$54.8M, comprised of assets of \$57.9M and liabilities of \$3.1M.

**II. Sales Activities**

IFA funding managers will be presenting **27 projects** totaling approximately **\$593 Million** for approval in December. Project requests have generally trended upward and have been consistently strong each month and continue to cover a diversity of regions, economies, and market segments throughout the state. Funding managers are now tracking the number and types of calling efforts made on a weekly basis for discussion with the Director of Financial Services.

**Health Care:** The Illinois Finance Authority has selected partners in the legal and financial sectors to achieve the goals of the IFA Health Care Initiative. The seven partners selected through a Request for Qualifications process, represent strong financial advisory and investment banking firms committed to providing well thought out programs focusing on the capital needs of small and critical access hospitals as well as community health care providers. The contract awards will be announced at the December 1<sup>st</sup> Conference for Critical Access Hospitals in Springfield entitled "Preparing Your Hospital Facility to Meet Tomorrow's Operational Needs" which has been coordinated and sponsored by the IFA health care funding managers and the Illinois Critical Access Hospital Network.

**Higher Education:** Funding managers continue to follow up on referrals generated by the Federation of Illinois Independent Colleges and Universities who responded to the conference call/survey in October.

**Agriculture:** The agricultural staff met this month with MABSCO Financial, a third party provider of guaranteed loan sales in the secondary market, to discuss alternatives for developing this market for IFA participating lenders. Staff also attended the Agricultural Banking School at Purdue University and made presentations to the Illinois Department of Financial and Professional Regulation. Year-to-date number of project approvals for agriculture now exceeds all other market segments.

**Communities and Culture:** The large municipal pool for community financing has been tested for refunding opportunities with 27 of the 44 original participants in the pool planning to participate in a refunding in January with significant cost savings to municipalities. In addition, considerable staff and financial advisory resources have been devoted to underwriting and structuring the large sound and film studio request located in the Lawndale area of Chicago. This project will provide significant positive economic development to a community in need of jobs and new business activity. Also, staff has been active this month with sponsorship of the Township Officials Convention in Peoria, the National Federation of Independent Business in Bloomington, and several public school association meetings in Chicago. As a participant in the Illinois Broadband Council, IFA continues to develop funding initiatives to provide financing options which will fill the gap or “digital divide” which smaller rural communities and urban neighborhoods experience as they attempt to connect residents with broad band services placed along major corridors throughout the state. IFA will solicit financial advisory and investment banking partners in a Request for Qualifications for Broadband Funding Alternatives in December.

**Industry and Commerce:** The executive director met with Prairie State Energy Campus representatives in St Louis to discuss progress towards obtaining an operating partner and the clean air permits necessary for project approval. Financing is on track for funding in 2006. Staff has been actively responding to calls for financing under the Renewable Wind Energy Development Fund which has been actively marketed this month as a funding source for small scale wind energy projects. IFA staff continues to work with the Governors Homeland Security Department to create financing sourcing specific to start-up, small, and growth stage industries which provide manufacturing and technology resources for homeland security efforts in Illinois.

### **III. Marketing and Public Relations**

Marketing efforts provide significant support for the increasing number of IFA presentations and sponsorships. IFA has been a primary sponsor or presenter in the Great Lakes Public Finance Conference, the Illinois Critical Access Hospital Network Conference, the Illinois State Chamber of Commerce Tax Incentive Financing Conference, and the Rural Development Council. In addition to the finalization of Strategic Planning for all market segments, the marketing director has launched a design project to provide an extended market collateral/literature system for IFA. The design plan includes market segment brochures with key program literature, formats for case studies, white papers, and other marketing materials. The design format for the IFA Annual Report for Fiscal Year 2005 is also currently under development with concurrence from IFA general counsel.

### **V. Human Resources and Operations**

Management is developing and aligning key components of a proactive human resources management function including building specific job descriptions, creating a comprehensive performance evaluation format, researching peer compensation data, and designing an incentive compensation system based upon revenue and project generation by market segment. This process is expected to be complete by March 2006. Director of Financial Services, Michael Pisarcik, has been coordinating efforts to install a contact management system for use by funding managers in tracking and monitoring sales and marketing efforts.

### **V. Legal and Legislative Issues**

SchiffHardin counsel met with the executive director and participants in the NTN transaction to discuss settlement options with a request for offers due by year end. General Counsel, Brian Hynes of Shefsky and Froelich, has met with the director of the Joint Committee on Rules and Regulations to finalize plans to execute "recodified" Rules and Regulations, "emergency" Rules and Regulations, and "permanent" Rules and Regulations for IFA. Legislative and intergovernmental affairs consultant, Howard Kenner, is preparing to lobby for increased bonding authority in the spring session.

### **VI. Audit and Compliance**

The financial portion of the Fiscal Year 2005 Audit will be complete in December. Initial indications from auditing firm, McGladrey Pullen, are that there will be a significant reduction in the number and severity of audit findings for fiscal year 2005. Fiscal year 2004 audit findings are either complete or substantially complete. The Illinois Legislative Audit Commission hearing is scheduled for December 14<sup>th</sup>, 2005. IFA will have the opportunity to discuss progress made in correcting the findings of the 2004 Audit, as well as improvements made in 2005. This is seen as an opportunity to discuss not only the major corrections to the 2004 audit findings, but also to discuss the positive impact the new authority has had in promoting economic development and job creation throughout the state.



Illinois Finance Authority  
Statement of Activities  
for Period Ending November 30, 2005

	Actual November 2005	Budget November 2005	Current Month Variance Actual vs Budget	Current % Variance	Actual YTD FY 2006	Budget YTD FY 2006	Year to Date Variance Actual vs Budget	YTD % Variance	Explanations
REVENUE	32,818	30,000	2,818	9.4%	172,613	150,000	22,613	15.1%	
INTEREST ON LOANS	67,861	70,000	(2,139)	(3.1%)	427,104	350,000	77,104	22.0%	Accruals for Investment Interest
INVESTMENT INTEREST & GAIN(LOSS)	230,890	360,000	(129,110)	(35.9%)	1,743,605	2,100,000	(356,395)	(17.0%)	
ADMINISTRATIONS & APPLICATION FEES	89,813	135,000	(45,187)	(33.5%)	480,367	675,000	(194,633)	(28.8%)	
ANNUAL ISSUANCE & LOAN FEES	12,276	-	12,276	0.0%	69,188	-	69,188	0.0%	
OTHER INCOME	433,659	595,000	(161,341)	(27.1%)	2,892,878	3,275,000	(382,122)	(11.7%)	
TOTAL REVENUE	213,697	255,000	(41,303)	(16.2%)	1,044,628	1,275,000	(230,372)	(18.1%)	
EXPENSES	19,437	19,510	(73)	(0.4%)	105,936	97,550	8,386	8.6%	
EMPLOYEE RELATED EXPENSES	6,549	2,500	4,049	162.0%	32,845	12,500	20,345	162.8%	Receptionist & File clerk
COMPENSATION & TAXES	1,085	540	545	100.9%	8,674	2,700	5,974	221.3%	Previous months travel reimbursements
BENEFITS	18,371	10,410	7,961	76.5%	67,302	52,050	15,252	29.3%	
TEMPORARY HELP	259,138	287,960	(28,822)	(10.0%)	1,259,386	1,439,800	(180,414)	(12.5%)	
EDUCATION & DEVELOPMENT	58,427	34,333	24,093	70.2%	299,526	171,667	127,860	74.5%	Legal fees accrual
TRAVEL & AUTO	1,272	2,070	(798)	(38.6%)	6,586	10,350	(3,764)	(36.4%)	
TOTAL EMPLOYEE RELATED EXPENSES	38,711	29,000	10,711	36.9%	180,430	145,000	35,430	24.4%	Audit accrual
PROFESSIONAL SERVICES	23,177	25,000	(1,823)	(7.3%)	40,971	125,000	(84,029)	(67.2%)	
CONSULTING, LEGAL & ADMIN	8,210	8,000	210	2.6%	40,210	40,000	210	0.5%	
LOAN EXPENSE & BANK FEE	2,850	590	(2,260)	(380.0%)	2,850	2,950	(100)	(3.4%)	
ACCOUNTING & AUDITING	894	10,833	(9,939)	(91.8%)	6,425	18,750	(12,325)	(65.7%)	
MARKETING GENERAL	134,640	113,577	21,064	18.5%	581,728	567,883	13,845	2.4%	
FINANCIAL ADVISORY	15,852	15,745	107	0.7%	77,585	78,725	(1,140)	(1.4%)	
VENTURE CAPITAL CONFERENCE/TRAINING	4,585	2,585	1,999	77.4%	12,925	12,925	-	0.0%	
MISCELLANEOUS PROFESSIONAL SERVICES	656	1,065	(409)	(38.4%)	27,080	22,917	4,164	18.2%	
DATA PROCESSING	2,032	3,000	(968)	(32.3%)	3,258	5,325	(2,067)	(38.6%)	
INSURANCE	530	1,300	(770)	(59.2%)	3,255	6,500	(3,245)	(49.9%)	
TOTAL OCCUPANCY COSTS	24,674	26,278	(1,604)	(6.1%)	126,795	141,392	(14,597)	(10.3%)	
GENERAL & ADMINISTRATION	4,646	9,167	(4,521)	(49.3%)	28,449	45,833	(17,384)	(37.9%)	
OFFICE SUPPLIES	3,549	1,400	2,149	153.5%	17,546	7,000	10,546	150.7%	
BOARD MEETING - EXPENSES	-	900	(900)	(100.0%)	655	4,500	(3,845)	(85.4%)	
PRINTING	1,739	2,900	(1,161)	(40.0%)	12,774	14,500	(1,726)	(11.9%)	
POSTAGE & FREIGHT	1,393	1,700	(307)	(18.1%)	14,453	8,500	5,953	70.0%	
MEMBERSHIP, DUES & CONTRIBUTIONS	160	200	(40)	(20.0%)	488	1,000	(512)	(51.2%)	
PUBLICATIONS	8,699	10,000	(1,301)	(13.0%)	43,494	50,000	(6,506)	(13.0%)	
OFFICERS & DIRECTORS INSURANCE	962	450	512	113.9%	1,235	2,250	(1,015)	(45.1%)	
MISCELLANEOUS	21,148	26,717	(5,569)	(20.8%)	119,096	133,563	(14,467)	(10.8%)	
TOTAL GENERAL & ADMINISTRATION EXPENSES	25,000	25,000	-	0.0%	72,536	125,000	(52,464)	(42.0%)	
LOAN LOSS PROVISION	781	800	(19)	(2.4%)	3,905	4,000	(95)	(2.4%)	
OTHER	781	800	(19)	(2.4%)	3,905	4,000	(95)	(2.4%)	
INTEREST EXPENSE	465,382	482,332	(16,950)	(3.5%)	2,163,446	2,411,658	(248,212)	(10.3%)	
TOTAL OTHER	(31,722)	112,668	(144,391)	(128.2%)	729,432	863,342	(133,909)	(15.5%)	
TOTAL EXPENSES	(58,333)	(58,333)	58,333	100.0%	(143,023)	(281,667)	148,643	(51.0%)	
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS)	(31,722)	54,335	(86,057)	(156.4%)	586,409	571,875	14,534	2.6%	
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	-	-	-	-	-	
NET INCOME/(LOSS)	(31,722)	54,335	(86,057)	(156.4%)	586,409	571,875	14,534	2.6%	

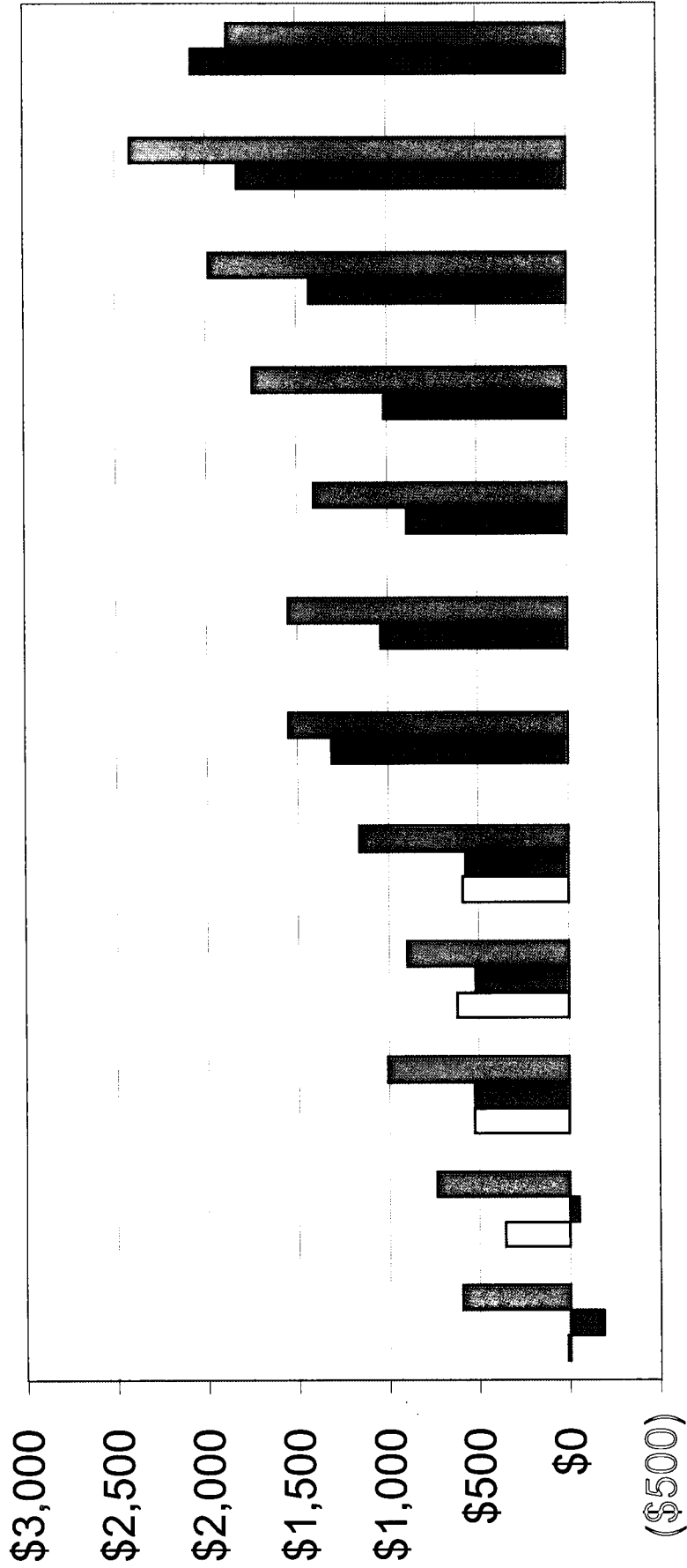
**Illinois Finance Authority**  
**Balance Sheet**  
**for the five Months Ending November 30, 2005**

	October 2005	November 2005
<b>ASSETS</b>		
CASH & INVESTMENTS, UNRESTRICTED	\$ 20,192,765	\$ 20,369,629
LOAN RECEIVABLE, NET	20,206,241	20,158,623
ACCOUNTS RECEIVABLE	766,998	667,910
OTHER RECEIVABLES	17,667	75,732
PREPAID EXPENSES	<u>55,722</u>	<u>43,271</u>
 TOTAL CURRENT ASSETS	 41,239,393	 41,315,164
 FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	 72,629	 101,772
 DEFERRED ISSUANCE COSTS	 904,454	 894,864
<b>OTHER ASSETS</b>		
CASH, INVESTMENTS & RESERVES	7,521,734	7,525,618
VENTURE CAPITAL INVESTMENTS	5,661,491	5,661,491
OTHER	<u>4,000,000</u>	<u>4,000,000</u>
 TOTAL OTHER ASSETS	 17,183,225	 17,187,109
 TOTAL ASSETS	 <u>\$ 59,399,702</u>	 <u>\$ 59,498,909</u>
 <b>LIABILITIES</b>		
CURRENT LIABILITIES	\$ 832,074	\$ 1,064,445
LONG-TERM LIABILITIES	<u>2,014,656</u>	<u>2,002,673</u>
 TOTAL LIABILITIES	 2,846,730	 3,067,118
<b>EQUITY</b>		
CONTRIBUTED CAPITAL	23,828,249	23,828,249
RETAINED EARNINGS	13,151,863	13,062,404
NET INCOME / (LOSS)	618,131	586,409
RESERVED/RESTRICTED FUND BALANCE	6,268,199	6,268,199
UNRESERVED FUND BALANCE	<u>12,686,528</u>	<u>12,686,528</u>
 TOTAL EQUITY	 56,552,972	 56,431,790
 TOTAL LIABILITIES & EQUITY	 <u>\$ 59,399,702</u>	 <u>\$ 59,498,909</u>

**IFA Aging Report - DL-PL-PL/MPF -  
November 30, 2005**

Client#	Client Name	Date of Closing	P.A	Payment 11/30/2005	Original Loan Amt	1 - 30 days	31 - 60 days	61 - 90 days	Past Due 91-180 days	181-days - 1 Year	Over 1 Year	Loan Balance 11/30/2005
<b>PARTICIPATION LOANS</b>												
9580-PL	Act Bending & Steel Company, Inc.	4/3/2001		Past Due	300,000						143,236	143,236
9879-PL	Alexis Fire Equipment	3/4/2004	Senica	Yes	247,611							154,323
	American Allied Freight Car Co. Inc.	3/23/2005	Senica	Yes	246,766							229,927
9830-PL	Arnold, Michael & Sandy	7/15/2003	Senica	Yes	147,407							135,315
9677-PL	Berry, Todd (Precision Laser)	11/5/2001	Senica	Yes	188,613							148,618
2110-PL	Bob Brady Dodge, Inc. (J & C Investment)	1/4/2000	Senica	Yes	300,000							222,132
9757-PL	Brahler, Richard W.	4/30/2002	Senica	Yes	297,592							267,550
	Bramm, Karen	3/22/2005	Reed	Annual Pymnt	847,739							847,739
1943-PL	Bushert, Forrest D.	8/10/1998	Senica	Yes	240,000							174,096
1881-PL	Caywood's Youth Center, Inc.	6/16/1998	Pigg	Yes	237,500							179,742
9792-PL	Chapman, Marc (Quality Water Services, Inc.)	10/25/2002	Senica	Yes	227,387							154,540
9817-PL	Centurion Investments	11/4/2003	Pigg	Yes	300,000							284,146
9588-PL	Cushing, Steve & Ed	5/21/2001	Pigg	Yes	149,238							90,031
	Dell Star Corporation	11/10/2005	Pigg	Yes	150,000							33,482
	Earl & Sue Hesterberg	10/25/2005	Bittnr	New Loan	103,500							100,000
9835-PL	Eagle Theater Corporation	9/8/2003	Trout/Albright	Yes	295,071							264,488
	Excel Crusher Technologies	4/19/2005	Senica	Yes	1,000,000							903,588
9793-PL	Excel Foundry	3/27/2003	Senica	Yes	237,112							180,839
	Excel Foundry	5/24/2005	Senica	Yes	762,562							711,072
1904-PL	Hagel & Leong (2nd loan)	2/8/2002	Senica	Yes	100,817							26,824
1844-PL	Hawkeye Food Machinery, Inc.	1/17/1997	Senica	Paid off 11/10/05	250,000							92,509
9726-PL	Kevin Krosse	2/15/2002	Senica	Yes, but not posted	114,084	990	990					68,293
9783-PL	Keyser, David (Klean Wash, Inc.)	8/13/2002	Senica	Yes	100,000							443,594
	Kenneth & Virginia Lasater	9/14/2005	Reed	New Loan	443,594							241,000
	Kophamer Grain	11/14/2005	Bittnr	New Loan	241,000							105,601
1907-PL	Lincoln Tool Company	6/12/1997	Senica	Yes, but not posted	150,000	315						200,000
	Martin & Rebecca Koster	7/27/2005	Reed	Annual Pymnt	200,000							77,612
1927-PL	Moerchen, William J.	6/12/1997	Pigg	Yes	300,000							258,095
	Newline Harwoods, Inc	11/4/2004	Senica	Yes	294,601							263,777
	Octochem	12/31/2003	Pigg	Yes	281,538							157,185
	Perkins & Perkins Ltd. Partnership	8/23/2005	Senica	Yes	165,191							267,961
	Roesch, Inc	9/23/2004	Pigg	Yes	294,368							171,428
9781-PL	S & B Investments	2/18/2003	Pigg/Trout	Yes	197,889							173,268
9699-PL	Shults Machine	11/26/2002	Pigg	Yes	234,693							205,886
9579-PL	Siebenberger, Douglas & Robt. Ewen	5/17/2002	Pigg	Yes	235,699							251,577
9225-PL	Siracusa, Charles & Sharon	3/23/2000	Frampton	Yes	300,000							71,943
1869-PL	Specialty Machine & Tool, Inc.	4/2/1997	Cochran	Past due	87,173							606,644
	Spaulding Composites, Inc	3/23/2005	Curtis-Martin	Yes	622,508							187,927
9671-PL	Upchurch Oil & Ready Mix Concrete	5/4/2001	Pigg	Yes	300,000							270,868
	Uresil	12/1/2004	Curtis-Martin	Yes	300,000							220,330
9631-PL	The Weisiger Family Trust	4/6/2001	Senica	Yes	250,000							142,124
2164-PL	Wiegand, Beth A.	6/10/1999	Senica	No	183,484	1,443						
9782-PL	Wilson, Michael L. Sr.	12/6/2002	Senica	Past Due	298,032						278,811	278,811
	WorkSaver Inc	12/31/2003	Pigg	Yes	112,500							74,656
9672-PL	Young, Clinton (Precision Pattern)	8/1/2001	Senica	Only interest pymnts	149,601	900						138,871
<b>PL-Motion Picture Financing</b>												
9733-PL/MPF	Big Picture Chicago, LLC	2/20/2002			82,500							16,432
9739-PL/MPF	SMS Productions	7/29/2002	Trout		49,270							16,432
<b>TOTAL</b>					<b>13,557,833</b>	<b>3,647</b>	<b>990</b>	<b>-</b>	<b>-</b>	<b>278,811</b>	<b>337,211</b>	<b>10,238,078</b>
<i>PL/MPF Late amounts are estimates.</i>												
<b>DL Loans</b>												
98	Roe Machine Co.	12/31/1980	Pigg	Yes, but not posted	45,000							2,546
1470	T.K.G. Inc.	8/26/1994	Pigg	Past due	179,000							107,808
<b>TOTAL</b>					<b>224,000</b>							<b>107,808</b>
<b>FMHA Loans</b>												
9627	Grayson Hill Energy, LLC	1/31/2001	Pigg	Yes	130,000							76,065
1589	Ray's Body, Inc.	1/17/1995	Pigg	Yes	100,000							107,496
1952	Sublette Developers, Inc.	1/15/1998	Albright	Yes	150,000							38,839
9643	Ultra Play Systems, Inc.	5/3/2001	Pigg	Yes	90,000	1,314						
1789	Walters Trucking	6/25/1996	Senica	Paid of loan 11/03/05 not posted	100,000						21,209	21,209
<b>TOTAL</b>					<b>570,000</b>	<b>1,314</b>					<b>21,209</b>	<b>243,609</b>
<b>Municipalities</b>												
	City of Metropolis	2/10/2005	Watson	No pymnt due	3,000,000							3,000,000
	Austin Township	3/1/2005	Myers	No pymnt due	85,000							76,500
	Thorton Township School Dist.	9/29/2005	Myers	No pymnt due	6,777,000							6,777,000
<b>TOTAL</b>												<b>9,853,500</b>
	Illinois Facilities Fund	2/10/2000		No pymnt due	1,000,000							1,000,000
<b>TOTAL</b>					<b>1,000,000</b>							<b>1,000,000</b>
<b>GRAND TOTAL</b>						<b>4,961</b>	<b>990</b>	<b>-</b>	<b>-</b>	<b>300,020</b>	<b>445,018</b>	<b>21,445,542</b>

## Cumulative Net Income



(In thousands)

**Illinois Finance Authority**

**Status of**

**FY 04 Audit Findings**

**Update as of November 30, 2005**

Total Number of 14

Item Number	Description	Status		Percentage Completed
		Action Items Completed	Action Items/	
04-01	Lack of Comprehensive Accounting System and Procedures	16/17		94
04-02	Inadequate Segregation of Duties	Complete		100
04-03	Failure to Monitor Bond Compliance	5/8		63
04-04	Inadequate Internal Control Review of Bond trustees	4/6		67
04-05	Non Compliance with Illinois Procurement Code and SAMS	2/3		67
04-06	Inadequate Invoice processing	Complete		100
04-07	Non-Submission of Credit Enhancement Development Report	Complete		100
04-08	Inadequate Maintenance of Personnel Files	Complete		100
04-09	Inadequate Cash receipts processing	Complete		100
04-10	Inaccurate Completion of Agency Fee Imposition	Complete		100
04-11	Lack of Adequate Time reporting Documentation	Complete		100
04-12	Untimely Review of Monthly Reconciliations	90% reviewed		90
04-13	Unreported Assignments of State Vehicles	Complete		100
04-14	Incomplete accounting for Capital Assets	Year-end inventory		100

Notes:  
 50% = Partially Completed  
 60% = Substantially Completed  
 100% = Completed

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

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held its regularly scheduled meeting at 11:30 a.m., on November 8, 2005 at the Plaza Club, One Prudential Plaza, 130 E. Randolph Street, 40<sup>th</sup> floor, Chicago, Illinois.

**Members Present:**

James J. Fuentes  
Demetris A. Giannoulas  
Michael W. Goetz  
David C. Gustman  
Edward H. Leonard  
Martin H. Nesbitt  
Andrew W. Rice  
Juan B. Rivera  
Lynn F. Talbott  
Joseph P. Valenti

**Members Absent:**

Magda M. Boyles  
Ronald E. DeNard  
Dr. Roger D. Herrin  
Terrence M O'Brien  
Bradley A. Zeller

**GENERAL BUSINESS**

**Call to order**

Chairman Gustman called the meeting to order at 11:35 AM with the above members present.

**Chairman's Welcome**

On behalf of the Board, Chairman Gustman welcomed everyone present and shared that projects being presented for approval today total almost \$0.5 billion and are expected to create 1,566 new jobs and 2,211 constructions jobs. Chairman Gustman also introduced Lynn F. Talbott, Illinois Finance Authority's newest board member.

**Roll Call**

Chairman Gustman asked Secretary Burgess Jones to call the roll. There being ten members present, a quorum was declared.

**Approval of October 2005 Minutes**

Upon a motion by Mr. Rivera and seconded by Mr. Nesbitt, Chairman Gustman requested a roll call vote to approve the October 11, 2005 Minutes. The motion was approved with 10 ayes, 0 nays, and 0 abstentions.

## **Interim Executive Director's Report**

Interim Executive Director Rendleman gave an overview of the projects being presented to Board members this month, noting that there are twenty-two projects totaling over \$500M. Director Rendleman also shared that Illinois Finance Authority's financial position currently exceeds its performance plans, and IFA is very pleased to continue to present such diverse projects that positively impacts the State's economy and contribute to creating job growth throughout Illinois.

### **Resolutions**

**Resolution 2006-15:** Establishes the Illinois Finance Authority's Healthcare Initiative Private Placement Program for Small and Mid-Size Rural and Urban Not-for-Profit Hospitals, Critical Access Hospitals, and Community Providers of Behavioral Healthcare Services in the State of Illinois.

**Resolution 2006-16:** Authorizes the acceptance of a \$4M Grant from the Illinois Clean Energy Community Foundation and authorizes the creation of the Renewable Energy Development ("RED") Fund Loan Participation Program and RED Fund Loan Guaranty Program.

Director Rendleman provided a summary of each Resolution. Chairman Gustman requested leave to apply the last unanimous vote to each Resolution. Leave was granted. The above Resolutions were approved with 10 ayes, 0 nays, and 0 abstentions. (2006-15 and 2006-16)

### **Projects**

- No. 1:        **A-LL-TX-695 – Alan R. and Kimberly A. Rutger**  
Requests approval of a Participation Loan to purchase 576 acres of farmland and farm equipment in an amount not-to-exceed \$322,000.
- Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-01)
- No. 2:        **A-LL-TX-688 – Ray R. and Loretta K. Aden**  
Requests approval of a Participation Loan to purchase farmland in an amount not-to-exceed \$150,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-02)

- No. 3: **A-DR-TX-GT-684 – Rust Farms, Inc.**  
Requests approval of an Agricultural Debt Restructuring Loan in an amount not-to-exceed \$50,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-03)

- No. 4: **A-SG-TX-GT-685 – Tory and Wendy Zimmerman**  
Requests approval of a Specialized Livestock Guarantee in an amount not-to-exceed \$500,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-04)

- No. 5: **E-PS-TE-CD-683 – The Roman Catholic Diocese of Joliet, organized as a Trust (All Saints Catholic Academy)**  
Requests preliminary approval of 501(c)(3) Bonds to refinance taxable loans, capitalize interest and fund bond issuance costs in an amount not-to-exceed \$13,000,000. This project is expected to create 7 new jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-05)

- No. 6: **E-PS-TE-CD-693 – The Latin School of Chicago**  
Requests preliminary approval of 501(c)(3) Bonds for demolition and new building construction, renovations, refinance bonds, capitalize interest and fund legal and professional costs in an amount not-to-exceed \$35,000,000. This project is expected to create 11 new jobs and 300 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-06)

- No. 7: **M-CH-TE-CD-556 – Plum Creek of Rolling Meadows, LP**  
Requests preliminary approval of Multi-family Housing Revenue Bonds to refinance construction loans, capitalize interest, fund debt service reserve and pay bond issuance costs in an amount not-to-exceed \$12,000,000. This project is expected to create 50 new jobs and 100 construction jobs.



Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-07)

No. 8

**N-NP-TE-CD-402 – Huskies Hockey Club**

Requests final approval of Conduit 501(C)(3) Bonds to acquire and improve a 7.5 acre site, construction, renovations, finance capitalized interest, establish debt reserve and pay certain bond issuance costs in an amount not-to-exceed \$18,000,000. This project is expected to create 10 new jobs and 150 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-08)

No. 9

**E-PC-TE-CD-660 – Illinois Wesleyan University**

Requests final approval of 501(c)(3) Bonds to finance costs of purchasing and installing, repairing and replacing dormitory building sprinklers in an amount not-to-exceed \$18,300,000. This project is expected to create 12 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-09)

No. 10

**N-NP-TE-CD-519 – The Thresholds**

Requests final approval of 501(c)(3) Bonds to purchase land, building renovations, equipment and fund issuance costs in an amount not-to-exceed \$8,000,000. This project is expected to create 36 new jobs and 100 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-10)

No. 11

**I-ID-TE-CD-410 – Central City Studios, LLC**

This project was withdrawn. No vote taken.

No. 12

**I-ID-TE-CD-694 – Pollman North America, Inc.**

Requests preliminary approval of Industrial Revenue Bonds to acquire a 4.26 acre site, construct and equip a manufacturing site in an amount not-to-exceed \$6,000,000. This project is expected to use up to \$6,000,000 in IFA Volume Cap. This project is expected to create 16 new jobs and 95 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-12)

No. 13

**I-ID-TE-CD-522 – Barton Manufacturing**

Requests final approval of Industrial Revenue Bonds to finance construction and additions to an industrial plant, purchase machinery and equipment and pay certain issuance costs in an amount not-to-exceed \$3,000,000. This project received \$3,000,000 in IFA Volume Cap. This project is expected to create 25 new jobs and 15 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-13)

No. 14

**B-LL-TX-689 – CoBatCo**

Requests approval of a Participation Loan to finance construction and purchase new equipment in an amount not-to-exceed \$500,000. This project is expected to create 4 new jobs and 15 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-14)

No. 15

**B-LL-TX-690- DVA Development (The Spotted Cow, Inc.)**

Requests final approval of a Participation Loan to finance land acquisition and construction for a commercial building in an amount not-to-exceed \$475,000. This project is expected to create 10 new jobs and 19 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-15)

No. 16

**B-LL-TX-686 – Spring Green Lodge**

Requests final approval of a Participation Loan to finance construction and provide permanent financing for a lodge and conference center in an amount not-to-exceed \$1,000,000. The applicant also is requesting approval of \$500,000 to establish a Debt Service Reserve Fund. This project is expected to create 30 new jobs and 60 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-16)

No. 17

**H-SL-RE-TE-CD-661 – Clare Oaks**

Requests preliminary approval of 501(c)(3) Bonds for development, marketing, and construction, payoff existing bridge loan, fund a portion of the interest payment, establish Debt Service Reserve Funds, and pay issuance costs in an amount not-to-exceed \$120,000,000. This project is expected to create 450 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-17)

No. 18

**H-HO-TE-CD-691 – Sinai Health System and Mount Sinai Hospital Medical Center of Chicago**

Requests preliminary approval of 501(c)(3) Bonds to pay or reimburse the borrower for cost of acquiring certain capital equipment, refinance a taxable loan and pay certain related expenses in an amount not-to-exceed \$7,300,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. (05-11-18)

No. 19

**H-CP-TE-CD-653 – Milestone, Inc.**

Requests final approval of 501(c)(3) Bonds to refinance existing tax-exempt debt and pay issuance costs in an amount not-to-exceed \$4,000,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-19)

No. 20

**H-HO-TE-CD-654 – Silver Cross Hospital**

Requests final approval of 501(c)(3) Bonds to fund new money projects, refinancing, fund Debt Service Reserve and pay issuance costs in an amount not-to-exceed \$150,000,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions/present. **(05-11-20)**

No. 21

**H-SL-RE-TE-CD-604 – Smith Village**

Requests final approval of 501(c)(3) Bonds to pay for development, marketing, construction and other related costs, refund outstanding debt, fund a portion of the interest payment, establish Debt Service Reserve Funds and, pay issuance costs, in an amount not-to-exceed \$80,000,000. This project is expected to create 90 new jobs and 450 construction jobs.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. **(05-11-21)**

No. 22

**H-HO-TE-CP-655 – The Rehabilitation Institute of Chicago**

Requests final approval of Conduit 501(c)(3) Commercial Paper Revenue Notes. Proceeds will provide interim financing for the acquisition of a new Health Information System (HIS) in an amount not-to-exceed \$20,000,000.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. **(05-11-22)**

**Amendments / Resolutions**

**Amendatory Resolution 05-11-23.**

Request to defer payment for Agri-Industry Guaranteed Loan to Kent Pearl Valley Cheese Company (A-AI-GT-TX-409) 60 days and to subsequently defer principal payments for an additional 60 days.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions **(05-11-23)**

**Amendatory Resolution 05-11-24**

Request to Extend a Commitment Until May 8, 2006 for a Participation Loan to Francisco and Cecilia Barrera/Durango Products, Inc., d/b/a Junior Produce (B-LL-TX-418).

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-24)

**Resolution 05-11-25**

Authorizing Extension of IFA Commercial Paper Revenue Notes Rollovers for 5 Years.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-25)

**Resolution 05-11-26**

Authorizing the execution and delivery of a First Supplemental Indenture of Trust supplementing and amending the Indenture of Trust, dated as of July 1, 2004 between the Illinois Finance Authority and Amalgamated Bank of Chicago, as Trustee securing \$13,395,000 Adjustable Rate Demand Revenue Bonds, Series 2004 for Kohl Children's Museum of Greater Chicago, Inc.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-26)

**Resolution 05-11-27**

Authorizing the execution and delivery of a First Supplemental Loan Agreement supplementing and amending the Loan Agreements by and between Evanston Northwestern Healthcare Corporation and the Illinois health Facilities Authority to provide revisions to the liquidity covenant contained in each loan agreement and authorizing and approving certain other matters.

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted. The motion was approved with 10 ayes, 0 nays, and 0 abstentions. (05-11-27)

**Acceptance of October 2005 Financial Statements**

Chairman Gustman requested leave to apply the last unanimous vote. Leave was granted  
The motion was approved with 10 ayes, 0 nays, and 0 abstentions.

Chairman Gustman asked if there was any other business to come before the Board.  
There being no further business Chairman Gustman requested a motion to adjourn. Upon  
a motion by Mr. Leonard and seconded by Mr. Giannoulis the meeting adjourned at  
approximately 12:38 p.m.

Respectfully Submitted,

Carla B. Burgess Jones, Secretary

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Aaron Baker**

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**STATISTICS**

Project Number: A-DR-TX-710	Amount: \$250,000
Type: Agri-Debt Restructure Guarantee	IFA Staff: Bart Bittner
Location: Reynolds, IL	SIC Code: 0191- Grain Farming

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**BOARD ACTION**

Approval of 85% Agri-Debt Guarantee in favor of Farmers State Bank of Western Illinois, Aledo \$212,500 of State Treasurers Agricultural Reserve Funds at risk  
Staff recommends approval, subject to satisfying all conditions of the bank loan and receipt of:

- Completed appraisal of 110 acres of farm land pledged as collateral
- Assignment of life insurance
- Assignment of crop insurance
- Agreement that the borrower will not purchase capital assets, incur additional indebtedness or enter into new lease agreements without the prior consent of the lender

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**PURPOSE**

Centralize all of the Aaron Baker's debt with one Bank. The borrower's current bank has been purchased and is limiting its agricultural loans and services.

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**VOTING RECORD**

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

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**SOURCES AND USES OF FUNDS**

Sources: IFA Guaranteed Loan	\$212,500	Uses: Refinance Existing Loan	<u>\$250,000</u>
Non-guaranteed Bank Loan	<u>37,500</u>		
<b>Total</b>	<b>\$250,000</b>	<b>Total</b>	<b>\$250,000</b>

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**JOBS**

Current employment:	2	Projected new jobs:	0
Jobs retained:	2	Construction jobs:	0

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**BUSINESS SUMMARY**

Aaron and Angela Baker operate a 450 acre corn and soybean farm near Kingston, IL in DeKalb County. Aaron farms with his brother and father and also works with his father in the family excavating business. Combined, the family farms approximately 1350 acres together. Aaron owns his own tractor, grain drill, and tillage equipment. Aaron's father owns the planter, combine and semi trucks. Each individual has his own share of acres and they have made arrangements to rent equipment from one another and offset that with shared labor. The end result is they share in the labor in all of the acres.

Aaron is paid a salary for working at the excavating business as an employee. On farm storage is limited, but they haul much of their own grain from the field right to the river to take advantage of better prices.

Aaron and his wife Angela have 2 daughters.

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**PROJECT RATIONALE**

The requested agri-debt guarantee would allow the Bakers to consolidate their farm banking business and debt with one lending institution that provides full farm financial services.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Aaron Baker & Angela Baker

Location: 2134 Ridge Road Mercer County  
Reynolds, IL 61279 309-582-2132

Organization: Sole Proprietorship

State: Illinois

Ownership: Aaron Baker & Angela Baker

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**PROFESSIONAL & FINANCIAL**

Bank: Farmers State Bank of Western Illinois, Aledo Eric Coulter  
201 S. College Ave. 309-582-3150  
Aledo, IL 61231 [ecoulter@fsbwil.com](mailto:ecoulter@fsbwil.com)

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**LEGISLATIVE DISTRICTS**

Congressional: 17<sup>th</sup> Congressman Lane Evans

State Senate: 36<sup>th</sup> Senator Mike Jacobs

State House: 72<sup>nd</sup> Representative Patrick Verschoore

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**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Brian Duncan**

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**STATISTICS**

Project Number:	A-SG-TX-GT-709	Amount:	\$ 285,000
Type:	Specialized Livestock Guarantee	IFA Staff:	Bart Bittner
Location:	Polo, IL		
SIC Code:	0213 - Swine Production		

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**BOARD ACTION**

Approval of 85% Specialized Livestock Guarantee in favor of Sauk Valley Bank & Trust Company  
\$242,250 of State Treasurers Agricultural Reserve Funds at risk  
Staff recommends approval, subject to satisfying all conditions of the bank loan.

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**PURPOSE**

Loan proceeds will provide financing for the purchase of 510 shares of stock in Eagle Point, LLC in Table Grove, IL. Eagle Point LLC is a 5600 sow farm designed to produce high quality weaner pigs.

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**VOTING RECORD**

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

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**SOURCES AND USES OF FUNDS**

Sources:		Uses:	
IFA – Guaranteed Loan Portion	\$242,250	510 stock shares	\$272,850
Non-guaranteed Bank Loan	<u>\$42,750</u>	Loan fees	<u>\$12,150</u>
<b>Total</b>	<b>\$285,000</b>	<b>Total</b>	<b>\$285,000</b>

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**JOBS**

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

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**BUSINESS SUMMARY**

Brian Duncan began farming with his father in 1983. At that time, they had 265 tillable acres, as well as operating a 40 sow farrow to finish operation. Brian built his first hog confinement building in 1985 with the help of an IFDA loan. Over the next few years he added additional rented acreage, machinery, grain handling and hog facilities.

In 1990, Brian purchased his father's share of the hog operation, and in 1992 his father retired completely. Brian added more rented land and expanded the hog operation to 275 sows. By 1995, Brian and his wife were farming 1500 acres and raising 6000 hogs per year with the help of 2 employees. In 1997 they again expanded the hog enterprise to a 700-sow multiple-site operation with contract finishing arrangements with several neighbors for the production.

In 2003 Brian rented and custom farmed 2600 more acres, ran a cattle feedlot, and hired 3 additional employees. In 2004 they began a vertically-integrated venture when he began delivering hogs to Meadowbrook Farms, a producer-owned packing plant in Rantoul, IL. They had purchased shares in Meadowbrook with the help of an IFDA loan.

Next year they will again expand the hog production when the sow farm that this proposal will help purchase stock in comes on line. The additional 11,000 head/year will be sold on the open market. They will also have the opportunity to expand their shares in Meadowbrook if that appears to be a more profitable option.

Brian and Kelly Duncan will be farming approximately 4000 acres, have a 600-head custom cattle feedlot, and market approximately 30,000 hogs with the help of 6 full-time employees.

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#### PROJECT RATIONALE

This project will allow the Duncan's to expand their hog operation without building additional facilities and investing capital in a depreciating asset. They will be contracting the hog finishing with a neighbor who is constructing new facilities to fulfill the contract production from the Duncan's.

Brian and Kelly will also be able to build equity in Eagle Point, LLC with limited capital expenditure.

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#### ECONOMIC DISCLOSURE STATEMENT

Applicant: Brian Duncan & Kelly Duncan  
Location: 202 IL 26 South  
Polo, IL 61064  
Organization: Sole Proprietorship  
State: Illinois  
Ownership: Brian Duncan & Kelly Duncan

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#### PROFESSIONAL & FINANCIAL

Accountant: Blackhawk FBFM  
Bank: Sauk Valley Bank & Trust Company Kurt Downs  
201 W. 3<sup>rd</sup> Street  
Sterling, IL 61081 815-632-4492

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#### LEGISLATIVE DISTRICTS

Congressional: 16<sup>th</sup> Congressman Donald Manzullo  
State Senate: 90<sup>th</sup> Representative Jerry Mitchell  
State House: 45<sup>th</sup> Senator Todd Sieben

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# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Eric Reed and Bart Bittner/bar  
Date: December 6, 2005  
Re: Overview Memo for Beginning Farmer Bonds

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- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolutions for each attached project
- **Amounts:** amounts up to \$250,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - convey tax-exempt status
    - will use dedicated 2006 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees:**
  - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**  
Stephen F. Welcome, Esq.  
Three First National Plaza, Suite 4300  
Chicago, IL 60602

**Project Number:** A-FB-TE-CD-711  
**Funding Manager:** Eric Reed  
**Borrower(s):** Jeremy & Nikki Carter  
**Town:** Fairfield, IL  
**Amount:** \$125,000  
**Use of Funds:** Farmland – 80 acres  
**Purchase Price:** \$250,000  
    %Borrower Equity 50%  
    %Other Agency 0%  
    %IFA 50%  
**County:** White County  
**Lender/Bond Purchaser:** Citizens National Bank of Albion, IL  
**Legislative Districts:** Congressional: 19<sup>th</sup>, John Shimkus  
State Senate: 54<sup>th</sup>, John Jones  
State House: 108<sup>th</sup>, David Reis

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

The Note shall bear simple interest at the Expressed Rate.

\* **Jeremy & Nikki Carter:** The Expressed Rate shall be 6.0% for the first ten years of the loan; thereafter, the rate shall be adjusted every ten years on the anniversary payment date of the loan to 1.00% below the Wall Street Journal Prime Rate. **Fee: \$1,875**

**Project Number:** A-FB-TE-CD-712  
**Funding Manager:** Bart Bittner  
**Borrower(s):** Matt & Janelle Steidinger  
**Town:** Anchor, IL  
**Amount:** \$200,000  
**Use of Funds:** Farmland – 80 acres  
**Purchase Price:** \$200,000  
    %Borrower Equity 0%  
    %Other Agency 0%  
    %IFA 100%  
**County:** Hamilton  
**Lender/Bond Purchaser:** Citizens State Bank of Cropsey, IL  
**Legislative Districts:** Congressional: 15<sup>th</sup>, Timothy Johnson  
State Senate: 53<sup>rd</sup>, Dan Rutherford  
State House: 105<sup>th</sup>, Shana Cultra

Principal shall be paid annually in installments determined pursuant to a seven-year amortization schedule, with the first principal payment date due one year from date of close. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to be one year from date of close, with the seventh and final payment of all interest then outstanding due seven years from date of close.

The Note shall bear simple interest at the Expressed Rate.

\* **Matt & Janelle Steidinger:** The Expressed Rate shall be adjusted at the close date of the loan and every year on the anniversary payment date of the loan to 1% annual adjusted cap below prime, with a floor of 5% and a lifetime cap of 13.75%. **Fee: \$3,000**

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project:** Central City Studios, L.L.C.

**STATISTICS**

Project Number:	I-ID-TE-CD-410	Amount:	\$35,000,000 (not to exceed)
Type:	IRB	PA:	Townsend Albright
Location:	Chicago	SIC:	51-2110

**BOARD ACTION**

Final Bond Resolution	Conduit Empowerment Zone Bonds
No IFA funds at risk	Staff recommends approval
Extraordinary condition: The proposed bonds are expected to receive the moral obligation of the State of Illinois of up to 70.0% of the par amount of bonds issued not to exceed \$35-million, whichever is less.	

**PURPOSE**

This project is part of a joint City of Chicago-State of Illinois economic redevelopment effort in Chicago's Lawndale neighborhood. These bonds, combined with City of Chicago TIF bonds, New Market Tax Credits, and a State of Illinois Grant will allow the development of Phase I of a planned three phase redevelopment. Phase I: (i) purchase land, (ii) construct three buildings to house five film and television production sound stages and production support spaces, (iii) purchase and install equipment and fixtures, (iv) construct a service area drive, (v) fund various reserves, (vi) capitalize six years' interest on the bonds, and (vii) fund legal and professional costs.

**IFA CONTRIBUTION**

The IFA will issue the Empowerment Zone bonds. No IFA Volume Cap would be used and no IFA funds would be pledged to the financing. The City of Chicago will issue Tax Increment Financing (TIF) bonds of approximately \$10.5-million as part of the overall financing package.

**VOTING RECORD**

Voting record from the Preliminary IFA Bond Resolution on June 22, 2004.

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

**SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$35,000,000	Uses:	Project Costs	\$47,085,000
	TIF Note	10,500,000		Debt Service Fund	5,830,000
	New Market Tax Credits	4,200,000		Capitalized Interest	2,680,000
	Developer Contribution	2,000,000		Legal/Professional	<u>1,125,000</u>
	Developer Note	2,520,000			
	Raleigh Enterprises	1,500,000			
	Illinois First Grant	<u>1,000,000</u>			
	Total	<u>\$56,720,000</u>		Total	<u>\$56,720,000</u>

**JOBS**

Current employment:	N/A	Projected new jobs:	1015
Jobs retained:	N/A	Construction jobs:	235 (16 months)

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## BUSINESS SUMMARY

State film industry: In 2004, portions of 11 feature films, including *Oceans 12* (Warner Brothers), *Spiderman 2*, Columbia Pictures, and *The Weatherman* (Paramount Pictures), were produced in Illinois. For the years 2003, 2004, and 2005 the Illinois Film Office estimates that over \$74-million, \$75-million, and an estimated \$100-million, respectively of primary, secondary and tertiary income was and will be generated for Illinois businesses and citizens through the productions of films, television series, and commercials.

The Illinois and City of Chicago film offices indicate there exists a demand for a state-of-the-art facility to capture the growing user demand, caused in part film tax credits recently made available in Illinois for film, TV, and commercial production in Illinois. Raleigh Studios believes Chicago offers many advantages which would make the city and the State a preferred filmmaking destination.

1. Incentives: Generous film tax credits for film production companies make Chicago and Illinois highly competitive from a cost perspective.
2. Advertising Base: Chicago has North America's second largest concentration of advertising agencies available for producing commercials, and
3. Talent Base: Chicago has approximately 134,000 workers specializing in 145 different film-related skills currently working in area theater, film, television, entertainment and other visual media.
4. Location: Chicago can be used as a backdrop for virtually any metro area around the world. It has great variety of neighborhoods and architecture and is also the location for many scripts and stories.
5. Accessibility: Chicago is a hub for air traffic and is easily accessible from New York, Hollywood and other US and international metropolitan areas. The facility is located within a 30 minute drive to hotels, restaurants and entertainment for actors, producers and crews arriving from out of town.

The Developer's projections indicate that a film production facility would contribute (i) an additional \$195-million in yearly economic contribution to Illinois citizens, (ii) generate an anticipated \$45-million in real estate tax revenues over ten years, (iii) create ancillary commercial development and community revitalization in the Chicago's North Lawndale neighborhood., and (iv) change Chicago from being a "fair weather" city to an all-year city for year-around film and TV production. "Fair weather" is a term that is used in the film industry to describe locations, such as Chicago and Illinois, that due to the lack of modern studio and editing facilities, can only be used for film and television locations in the Spring, Summer and early Fall (the fair weather months). As a result, Raleigh and the film offices claim, most films and television productions with a Chicago backdrop are only partially filmed and produced in Chicago and then the production crew moves to California to complete filming and editing in the state of the art studios.

Background: Central City Studios, L.L.C. (the "Applicant", "CCS") is an Illinois Limited Liability Corporation established in 1999. CCS endeavors to develop a state-of-the art film and television sound stage studio facility (the "Project"). CCS serves as the operating company of the Project. Currently, on a pre-dilution basis, Allison-Whitlock Incorporated ("Allison") owns 75.0% of CCS and Central City Holding Corporation ("CCHC") owns 25.0% of CCS.

Allison-Whitlock is a Delaware S Corporation of which Stephen A. Allison is the Sole Shareholder. Central City Holding Corporation is an Illinois S Corporation of which Donald Jackson is the Sole Shareholder. Mr. Jackson is an established Chicago television producer. Current CCHC productions include (i) *The Minority Business Report*, (ii) *the Stellar Awards*, and (iii) *Know Your Heritage*.

In 2001 Deloitte and Touche ("DT") conducted a market feasibility study to determine whether Chicago was a viable market for a film and television studio. The study established that:

1. Chicago is a good outside shooting location,

2. There is currently a high use of local studio space,
3. There exists a high utilization of studios nationally. Studios in Los Angeles and New York are being heavily utilized. Chicago is perceived by the industry to be an excellent location for film and television production,
4. The quality and work ethic of Chicago's film and television professionals is excellent. Institutions such as Northwestern University, Columbia College, DePaul University, and the
5. School of the Art Institute all offer highly competitive programs and comprehensive programs designed specifically for film and television professionals,
6. Chicago City personnel are very active in and supportive of the industry,
7. Ease of geographic access to Chicago,
8. The array of amenities Chicago offers,
9. Chicago offers great audiences for live and/or reality-based production. Shows such as *The Oprah Winfrey Show* (Harpo Productions), and the new weekly drama *Prison Break* (Fox Television) are being taped in Chicago,
10. The generous film tax credits offer a great incentive for production companies to produce films in Illinois.

The equity of the initial members will be diluted once outside equity financing is contributed. In order to generate the minimum equity required by the State of Illinois for the Moral Obligation the Developer is seeking outside financing. Raleigh Enterprises ("Raleigh") will contribute outside equity and become the managing partner responsible for all studio operations of CSS, its largest equity investor, and a member of its development team. Raleigh's contribution will give Raleigh (and others) an ownership in the operating company of approximately 20.0%, leaving the initial member entities, AWI and CCHC, with approximately 60.0% and approximately 20.0%, respectively. The Applicant will be renamed Raleigh Studios Chicago. A list of equity shareholders is outlined in this report.

New market Tax:  
Credits

As presented, the proposed financing is will be structured in accordance with Federal New Market Tax regulations. The New Market Tax Credits provisions are stimulating the approximately \$16-million equity injection into the project. The New Market Tax Credit Program ("NMTC") permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities ("CDEs"). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income community businesses. Lawndale qualifies. The credit provided to the investor totals 30.0% of the cost of the investment and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to five percent of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value of the credit is six percent annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

The TIF proceeds, cash injection, and the IFA bonds proceeds are being combined with the NMTCs in the CDEs so the NMTC Investor can get a tax credit return based upon the combined pool of funds – not just the \$4.2-million of NMTCs. Equally important is that the project does not have to pay back the \$4.2-million after the seven-year period.

**About Raleigh:** Raleigh, a domestic US corporation and parent company of Raleigh Studios and Hollywood Rentals, is recognized in the industry as one of the largest operators of independent film studio facilities in North America and the leading rental provider of professional lighting and grip equipment to the motion picture, television, and commercial production and special events industries. Raleigh has been in business for approximately 53 years, currently owns and operates 26 state-of-the-art sound stages, and has over 600,000 sq. ft. of ancillary office and production support space at its California studio complexes. Raleigh generated revenues of nearly \$65 million in 2003, and owned over \$200 million in assets. In 1998 Raleigh opened the world's largest production facility outside Hollywood, in Manhattan Beach, CA, and a studio in New York. Both studios are successfully operating and are profitable.

**Biographies:** George Rosenthal, Chairman and CEO, founded Raleigh Enterprises in 1955. He began his career in real estate development with the Donald Coleman Company in Orange County, CA and was a pioneer in the development of residential property in Orange County. Mr. Rosenthal attended UCLA and is Vice Chair of the West Hollywood marketing Corporation and is Director of the Los Angeles Arts Festival.

Michael Moore, President, Raleigh Enterprises, began his career in 1989 with Raleigh Enterprises. Mr. Moore has more than 25-years' experience in the entertainment industry. He originally worked as a distributor of music and films for major and independent film production and recording studios. He joined Raleigh as a marketer of Raleigh's studio services to film studios and producers of film commercials. As President, Mr. Moore is involved in managing and marketing Raleigh's studio services nationally and internationally.

Stephen A. Allison, managing shareholder in-Allison Whitlock Corporation, is a partner at the Chicago law firm of Wildman, Harrold, Allen & Dixon. Mr. Allison began his career on Wall Street with Milbank, Tweed, Hadley & McCloy working specifically on project finance of co-generation facilities being developed by independent power producers and major electric power utilities. His project development and finance experience also includes the project management of and structuring finance for film and studio projects, structured lease financing, and commercial real estate development. Mr. Allison has a J.D. from Northwestern Law School, an MBA from the J.L. Kellogg Graduate School; of Management, and a B.A. from Northwestern University

**Description:** Phase one of the project consists of the construction of a complex of film and television production studios, sound stages, and related support facilities on approximately twelve acres of land in the Roosevelt-Cicero Industrial TIF District, located in the Lawndale neighborhood. The initial phase of the project will include (i) two 18,000 sq. ft. stages, one 15,000 sq. ft. stage, and two 25,000 sq.ft. stages, (ii) a 28,000 sq.ft. production office building, (iii) a 21,600 sq.ft. production support mezzanine area, (iv) a 21,600 sq.ft. service area, (v) a 25,270 sq. ft. mill/shop building, and (vi) a 479-space parking lot. CCS will provide an omnibus of production services to film and television companies/tenants for the production of feature films and television shows, including but not limited to sound stage space, office space, related production services. The Chicago studio complex will be constructed on the same scale as Raleigh's Manhattan Beach, CA facility. Related production services include financial services, pre-production and post-production services, *etc.*

**Empowerment Zone Bonds:** This program resulted from the enactment of the Community Renewal Tax Relief Act of 2000 (HR 12387), which expanded the scope and dollar limit for the issuance of Industrial Revenue Bonds ("IRBs") in federally designated Empowerment Zones ("EZs"). EZ bonds, unlike IRBs, have much higher limits on the dollar amount of bond issuance, and can be issued for non-manufacturing projects. Dollar limits cannot exceed \$60 million if such zone is in a rural area, \$130 million if such zone is located in an urban area and the zone has a population of less than 100,000; and \$230 million if such zone is in an urban area and the zone has a population of at least 100,000.

A requirement of the Empowerment Zone bond program is to hire a substantial number of residents of the Empowerment Zone. In an effort to facilitate significant hiring to fill jobs from residents of the Lawndale and surrounding neighborhoods, the CCS intends to engage the services



of the North Lawndale Employment Network, or similar neighborhood organization through the City of Chicago's Mayor's Office of Workforce Development to source and train a qualified pool of residents and qualified prospective employees for television and production jobs as well as construction jobs on the project.

Moral Obligation: Summary of pledge: If there are inadequate project revenues to pay debt service on a project, the Governor is obligated to include an appropriation in the next State budget in the amount of the deficiency. The General Assembly is not legally obligated to approve such an appropriation.

If a shortfall occurs:

1. The Bond Trustees withdraws funds from the Debt Service Reserve Fund,
2. The Governor includes the appropriation to satisfy the deficiency in the following year's budget,
3. The General Assembly decides whether or not to fund the appropriation and satisfy the State's "moral obligation" commitment to bondholders.

The IFA has no obligation to satisfy the shortfall from its own funds.

Remarks: The project is critical in assisting Chicago and Illinois' retention of current film and television opportunities, and is necessary in attracting new productions to Chicago. The film and television production industry spends substantial amounts of money to produce films and television shows, and is a large employer of both skilled and semi-skilled labor.

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#### FINANCING SUMMARY

Type: The State of Illinois Moral Obligation bonds normally carry an "A" rating from Standard and Poors and it is expected that rating will be extended to these bonds. The Bonds are expected to be insured by an "AAA"-rated bond insurer.

Structure: Fixed-rate bonds to maturity.

Maturity: 25 years

Note: (i) The Internal Revenue Code authorizes issuance of Tax-Exempt Bonds for non-manufacturing projects located in federally designated Empowerment Zones. Lawndale qualifies.  
(ii) The proposed bonds are expected to receive the moral obligation of the State of Illinois of up to 70.0% of the par amount issued not to exceed \$35-million, whichever is less. At this time the total project cost is estimated at \$72-million, including these bonds, the City of Chicago TIF bonds, Developer equity, a State Grant of \$1-million and Federal Tax Credits of \$16.5-million.

Collateral: (i) First priority mortgage and security interest in real estate consisting of 12.24 acres of land having a value of approximately \$1,500,000, and five buildings totaling approximately 222,190 square feet to be built at a cost of approximately \$41,500,000, (ii) plus an assignment of rents, leases and any additional revenues, and (iii) the moral obligation of the State of Illinois. Applying a 70.0% loan to cost basis ratio allows for bond issuance of approximately \$35,000,000 (\$34,790,000). An appraisal will be provided prior to closing.

Flow of Funds: All revenues of the Project will be deposited into the Revenue Fund held by the Trustee. Revenue Fund moneys will be disbursed in the following order:

1. Trustee fees and expenses;
2. Amounts needed to pay arbitrage rebate;
3. Beginning on Commencement Date, moneys will be transferred to the Operating Fund to pay operation and maintenance expenses;
4. Monthly deposit requirements (1/5 of interest and 1/10 of principal) for debt service;
5. Replenish and Debt Service Reserve Fund deposit requirements;
6. Fund Replacement and Maintenance Fund to pre-determined levels;
7. Pay Developer Note;
8. Fund Surplus Reserve Fund to be used to redeem bonds on first call date; and
9. Remainder to Surplus Fund.

Proceeds will be used to (i) purchase approximately 12.24 acres land from the City of Chicago which is located at 4300-4358 West Roosevelt Road in the Roosevelt-Cicero Industrial TIF District, Chicago, Cook County, Illinois, (ii) construct an approximately 222,190 sq. ft. building which will house five film and television production sound stages, an approximately 28,000 sq. ft. office building, and an approximately 21,660 sq. ft. service area production support area on the above property, and a 25,270 sq. ft. mull/shop building, (iii) purchase and install equipment and fixtures, (iv) establish a debt service reserve fund equal to 10.0% of the par amount, (v) fund various reserves, (vi) capitalize six years' interest on the bonds, and (vii) fund legal and professional costs.

Total Project Costs: \$56,720,000

Approximate cost basis of the hard assets and equipment are as follows:

Buildings and land	\$43,000,000
Arch/Eng.	<u>4,085,000</u>
Total	<u>\$47,085,000</u>

The project consists of four financing components; TIF, NMTC, equity, development team equity, and EZ bonds. Each component has its share of legal and professional costs independent of bond issuance costs. An allocated cost summary is included in this report.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Central City Studios, L.L.C.  
Project name: CCS New Facilities Project

Location: 4300-4358 West Roosevelt Road, Chicago, Cook County, Illinois  
Organizations: Central City Studios, L.L.C.  
Limited Liability Corporation

State: Illinois

Ownership: **Current Ownership (Before the proposed infusion of equity from Raleigh)**

Allison-Whitlock Incorporated 75.0%  
225 W. Wacker Drive, Suite 2800  
Chicago, IL 60606  
c/o Wildman, Harrold & Dixon, LLP

Central City Holdings Corporation 25.0%  
c/o Donald Jackson  
410 N. Wabash Avenue  
Chicago, IL 60601

**Ownership (estimated maximums) after proposed infusion of equity from Raleigh**

Allison-Whitlock Incorporated 60.0%  
Contact and address: see above  
Central City Holdings Corporation 20.0%  
Contact and address: see above  
Raleigh Enterprises 20.0%  
C/O George I. Rosenthal  
Chairman and CEO  
100 Wilshire Boulevard  
8<sup>th</sup> Floor  
Santa Monica, CA 90401

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**PROFESSIONAL & FINANCIAL**

Accountant:	Deloitte & Touche LLP	Chicago, IL	Tom Elmer
Bond Counsel:	Peck, Shaffer & Williams	Chicago, IL	George Buzard
Underwriters/:	Bank of America	Chicago, IL	Neil Pritz
Placement Agents	Mesirow, Inc.	Chicago, IL	Larry Morris
Underwriters'/:	Chapman and Cutler	Chicago, IL	Matt Lewin
Placement Agents' Counsel:			
State's and Issuer's:	Mayer Brown Rowe & Maw	Chicago, IL	David Narefsky
Counsel			
Issuer's Advisor:	Kirkpatrick Pettis	Chicago, IL	William B. Morris
Developer:	Allison-Whitlock Incorporated	Chicago, IL	Stephen A. Allison
Developer's Counsel:	Wildman, Harrold, Allen & Dixon	Chicago, IL	David Fischer
Developer Counsel:	Neal & Leroy	Chicago, IL	Langdon D. Neal
to City of Chicago			
Trustee:	JP Morgan Institutional Trust Services	Chicago, IL	Rodney Harrington
Structuring Agent:	GMAC Commercial Holding	Chicago, IL	Michael Sears
To Tax Credit Syndicator	Capital Markets Corp.		
Structuring Agent:	Eichner & Norris	Washington, DC	Ad Eichner
Counsel			
NMTC Allocatees:	Local Initiatives Support Corporation	Kalamazoo, MI	Robert Poznanski
NMTC Investor:	National City CDC	Chicago, IL	Charles E. Moore
Equity Investor:	Nixon Peabody LLP	Washington, DC	David F. Schon
Counsel			
Contractor:	McHugh Construction Co.	Chicago, IL	

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**LEGISLATIVE DISTRICTS.**

Congressional:	07 Danny K. Davis
State Senate:	05 Rickey R. Hendon
State House:	10 Annazette R. Collins

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project:** Freedman Seating Company

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**STATISTICS**

Project Number: I-ID-TE-CD-629	Amount:	\$2,500,000 (not to exceed)
Type: IRB	PA:	Townsend Albright
Location: Chicago	SIC Code:	2599

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**BOARD ACTION**

Final Bond Resolution	Conduit Industrial Revenue Bonds
No IFA funds at risk	Staff recommends approval
No extraordinary conditions	

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**PURPOSE**

Proceeds will be used to (i) purchase and install equipment and fixtures, and (ii) fund legal and professional costs

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**VOLUME CAP**

\$2,500,000 of IFA Volume Cap

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**VOTING RECORD**

Voting record from IFA Preliminary Bond Resolution on July 12, 2005:

Ayes: 8      Nays: 0      Abstentions: 0      Absent: 3, (O'Brien, Rice, Valenti)      Vacancies: 4

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$2,500,000	Uses:	Project Costs	\$2,500,000
	Equity	<u>200,000</u>		Legal/Professional	<u>200,000</u>
Total		<u>\$2,700,000</u>		Total	<u>\$2,700,000</u>

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**JOBS**

Current employment:	363	Projected new jobs:	43
Jobs retained:	N/A	Construction jobs:	N/A

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**BUSINESS SUMMARY**

**Background:** Freedman Seating Company ("FSC"), the ("Applicant") is an Illinois S Corporation. FSC has a long history as a major Chicago employer. The Applicant originally produced horse-drawn buggy seats. It was awarded a diploma of honorable mention from the 1892 Columbian Exposition in Chicago for its skill in upholstery. FSC is still a family-owned company which manufactures seating related products for many different applications.

**Description:** FSC's product line can be divided into two categories, (i) bus seating, and (ii) truck, commercial, specialty, and vehicle seating. FSC is a leading supplier to the domestic bus industry. FSC supplies major OEMs, over 250 bus distributors, the federal government, and many states and municipalities. Major clients include: (i), Daimler Chrysler Commercial Vehicles, (ii) International Truck, (iii) Ford Motor Company, (iv) Supreme Corporation, and (v) Eldorado/National Bus Company.

The proposed project is the acquisition of equipment to support future growth in bus seat manufacturing and in the heavy-duty transit market. On April 1, 2005 the FSC purchased a 50.0% interest in the USSC Group, LLC, Philadelphia, PA. FSC has entered into a joint venture with the USSC Group (United States Seating Company) whereby FSC will manufacture all of the bus passenger seats for the USSC group. The USSC Group will handle the marketing of bus seats to end users. Currently, FSC generates approximately \$5 million in sales revenues for the heavy-duty transit market. FSC expects sales revenues to grow to \$15 million in this market segment by fiscal 2007. Proposed equipment purchases include robot welding machines, a sheet metal laser, fabric cutters, stainless steel finishing equipment, and an upgrade of the facility's electrical system to accommodate the expansion.

Remarks: The proposed expansion is vital to the Applicant's future in an increasingly competitive market. FSC is the largest employer in the 37<sup>th</sup> Ward of the city of Chicago. Its factory is located in an Enterprise Zone which has suffered the loss of large employers such as Unilever (Helene Curtis) and Brachs Candy in recent years. FSC has embraced Chicago's inner city and views its location and community as important elements of its success.

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#### FINANCING SUMMARY

Security: Direct pay Letter of Credit from LaSalle Bank N.A., Chicago, Illinois  
Structure: 7-day Variable Rate Demand Bonds  
Collateral: Corporate guarantee  
Maturity: 25 years

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#### PROJECT SUMMARY

Proceeds will be used Proceeds will be used to (i) purchase and install equipment and fixtures, and upgrade the electrical system at the Applicant's manufacturing facility which is located at 4545 West Augusta Boulevard, Chicago, Cook County, Illinois, and (ii) fund legal and professional costs.

Project costs are estimated at \$2,500,000.

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#### ECONOMIC DISCLOSURE STATEMENT

Applicant: Freedman Seating Company  
Project name: Improvement Project  
Location: 4545 West Augusta Boulevard, Chicago, Cook County, Illinois  
Organization: S Corporation  
State: Illinois  
Ownership: Gerald Freedman 75.0%

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**PROFESSIONAL & FINANCIAL**

Counsel:	Robbins, Salomon & Patt, Ltd.	Chicago, IL	Richard Gayle
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Matt Lewin
Accountant:	Reznick Group PC	Chicago, IL	Bruce Schiff
Underwriter/:	LaSalle Capital Markets	Chicago, IL	Peter Glick
Placement Agent			
Underwriter's Counsel:	Chapman and Cutler LLP	Chicago, IL	Matt Lewin
LOC Bank:	LaSalle bank, N.A.	Chicago, IL	Dan Sullivan
LOC Bank Counsel:	Arenstein & Lehr	Chicago, IL	Joel Hurwitz
Trustee:	LaSalle Bank, N.A.	Chicago, IL	Debra Donaldson
Issuer's Counsel:	McGuire Woods LLP	Chicago, IL	Darryl Davidson
Contractor:	WinTec & Associates	Glenview, IL	

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**LEGISLATIVE DISTRICTS**

Congressional:	07, Danny K. Davis
State Senate:	04, Kimberly A. Lightford
State House:	08, Calvin Giles

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Pollmann North America, Inc.**

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**STATISTICS**

Project Number:	I-ID-TE-CD-694	Amount:	\$6,000,000 (not-to-exceed amount)
Type:	Industrial Development Bond	IFA Staff:	Steven Trout
Location:	Romeoville		
SIC Code:	3714: Motor Vehicle Parts & Accessories		

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**BOARD ACTION**

Final Bond Resolution	No IFA funds at risk.
Conduit Industrial Development Bonds	Staff recommends approval.
No extraordinary conditions	

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**PURPOSE**

To acquire a 4.26-acre site located at 950 Tube Drive in Romeoville and construct and equip a 47,900 square-foot auto parts manufacturing plant.

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**VOLUME CAP**

This financing will require up to \$6,000,000 of Volume Cap.

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**VOTING RECORD**

Preliminary Bond Resolution, October 11, 2005:

Ayes: 10 (Leonard by telephone)	Nays: 0	Absent: 4 (DeNard, Fuentes, Goetz, Nesbitt)
Abstentions: 0	Vacant: 1	

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**SOURCES AND USES OF FUNDS  
(Preliminary, subject to change)**

Sources:	IFA Bonds	<u>\$4,879,000</u>	Uses:	Project Costs	<u>\$4,879,000</u>
	Total	\$4,879,000		Total	\$4,979,000

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**JOBS**

Current employment:	53	Projected new jobs:	16
Jobs retained:	N/A	Construction jobs:	95 (over 6 months)

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**BUSINESS SUMMARY**

Description: Pollmann North America, Inc., ("Pollmann" or "the Borrower"), is an Illinois S-Corporation that was incorporated on March 2, 2001. Pollmann is the US subsidiary of Pollmann Feinwerktechnik GMBH, an Austrian manufacturer that primarily serves the electronics and automotive industries.

Background: Franz Pollmann founded Pollmann in 1988 to produce clock movements and mechanisms. In the 1930s, Pollmann products expanded to include gearboxes, belt transport systems, and recording measuring instruments. In 1958, the company began producing counting mechanisms, initially for

tape and cassette recorders. In 1980, Pollmann began producing counting mechanisms for speedometers, its product for the automotive industry. In 1988 Pollmann gained a Q1 certification from Ford GB and USA, one Austria's first companies to do so. In 1991, the company gained Chrysler's Quality Excellence certification. In 1997, annual production of kilometer counters peaked at 7 million units. In the 1990s, Pollmann attained ISO 9001, QS 9000 and VDA 6.1 certifications and began producing sunroof mechanisms, windshield wiper motor covers, housings for door lock systems and chassis for tape arching systems. In 2001 Pollmann opened Pollmann North America in response to demand from European and American automotive manufacturers. In 2002, Pollmann Austria and North America both are certified in accordance with ISO/TS 16949:2002 and ISO 9001:2000 standards.

The Project: Until now, Pollmann North America has operated in leased space in Romeoville. The company has outgrown its space is developing a larger building and planning to purchase additional equipment to accommodate further growth from existing customers and prospects. The principals recently acquired the site and are seeking the Authority's inducement now to preserve the ability to use Industrial Revenue Bonds proceeds to reimburse eligible project costs. Fifth Third Securities plans to underwrite the Bonds with a Fifth Third letter of credit in December 2005.

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### FINANCING SUMMARY

Obligor: Pollmann North America, Inc.  
The Bonds: Variable Rate Demand Notes secured by a letter of credit from Fifth Third. The interest payments on the Notes may be swapped to provide Pollmann with a synthetic fixed rate of interest.  
LOC Security: The Bonds will be secured by a first mortgage in the subject real estate, a first security interest in the financed equipment, and an assignment in rents and leases.  
Amortization: Approximately 25 years

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### PROJECT SUMMARY

The Project will finance the: 1) the acquisition of a 4.26-acre site located at 950 Chicago Tube Drive in Romeoville, 2) construction of a 47,900 square-foot masonry building to be used for manufacturing and office space, 3) acquisition and installation of new equipment, and 4) payment for related professional services. Project costs are estimated below:

Land Acquisition:	\$789,000
Constructions:	2,800,000
Power Supply	300,000
Cooling and Air Compressor System	150,000
New Molding Machine	270,000
Material Feeding System	175,000
Crane and Measurement Equipment	120,000
Security, Computer and Telephones	55,000
Furniture	50,000
Moving Expenses	70,000
Professional Fees:	<u>100,000</u>
Total:	<u>\$4,879,000</u>

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Pollmann North America, Inc., (48 Belmont Drive, Romeoville, Illinois 60446. Contact: Michaela Kellner, Finance Manager, 815/293-3250 extension 19)  
Project name: Pollmann North America, Inc.  
Location: 950 Tube Drive, Romeoville (Will), Illinois 60446  
Organization: Illinois Corporation  
Ownership: Pollmann Feinwerktechnik GMBH Karlsein/Thaya, Austria 90%  
Johann Harrer Romeoville, IL 10%



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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Thiedman & Edler	Chicago	Thomas Soseman
Bond & Underwriter's Counsel:	Wildman Harrold Allen Dixon, LLP	Chicago	Jim Snyder
Underwriter/ Remarketing Agent:	Fifth Third Securities, Inc.	Chicago	Sevy Petras
LOC Bank	Fifth Third Bank	Rolling Meadows	Todd Ritz
LOC Counsel	Dykema Gossett	Chicago	Walter Deitch
Issuer's Counsel:	Greenberg Traurig	Chicago	Mark McCombs
Trustee:	Deutsche Bank National Trust Company	Chicago	George Kubin

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**LEGISLATIVE DISTRICTS**

State House:	85 <sup>th</sup>	Brent Hassert
State Senate:	43 <sup>rd</sup> .	Arthur Wilhelmi
Congress:	13 <sup>th</sup>	Judy Biggert

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project:** Reliable Materials Lyons, LLC

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**STATISTICS**

Project Number:	P-SW-PO-TE-CO-719	Amount:	\$12,000,000
Type:	Pollution Control	PA:	Townsend Albright
Location:	Lyons	SIC Code:	56-2212

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**BOARD ACTION**

Preliminary Bond Resolution	Conduit Industrial Revenue Bonds
No IFA funds at risk	Staff recommends approval
No extraordinary conditions	

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**PURPOSE**

Proceeds will be used to (i) purchase land, (ii) purchase machinery and equipment, and (iii) fund legal and professional costs

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**VOLUME CAP**

\$12,000,000 of IFA Volume Cap

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**VOTING RECORD**

Preliminary Bond Resolution - No prior vote

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$12,000,000	Uses:	Project Costs	\$12,105,600
	Equity	<u>222,000</u>		Legal/Professional	<u>116,422</u>
Total		<u>\$12,222,000</u>		Total	<u>\$12,222,000</u>

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**JOBS**

Current employment:	2	Projected new jobs:	7
Jobs retained:	N/A	Construction jobs:	50 (5 months)

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**BUSINESS SUMMARY**

**Background:** Reliable Materials Lyons, LLC ("Reliable"), the ("Applicant") is an Illinois Limited Liability Corporation established in 2005. The Applicant was established to operate a clean fill reclamation facility and an aggregate recycling facility in the Village of Lyons, Illinois. Major shareholders of the Applicant are (i) the Michael Vondra 1992 Trust, 86.7%; and (ii) 5555 Ventures LLC, 13.3%.

Reliable Materials Corporation was originally founded as Wheaton Asphalt Corporation in the 1950's. The predecessor company operated an asphalt and concrete recycling operation in Wheaton. In 1993 Wheaton transferred its plant and assets to Reliable Materials Corporation (the "Corporation") and moved from Wheaton to its present Chicago address. The Corporation recycles asphalt and concrete and operates a dirt transfer business. The Corporation's revenues are stable averaging between \$5 - \$6-million annually since 2000.

The managers and developer have performed several similar reclamation projects in the Chicago area. Similar projects include:

1. Village of Bartlett Athletic Fields- -This project was completed in 2005 and involved the mining and reclamation of 30 acres of property that was eventually donated to the Village for recreational uses. The athletic fields are now used by the Village of Bartlett and its Park District for little league baseball, softball, and football;
2. Bartlett Pointe – a 48-acre project that was developed in conjunction with the Bartlett ball Fields project. The project involved the mining and reclamation of the site for the development of 135 single family homes;
3. Bluff City Industrial Park – reclamation and construction of a 186-acre industrial park completed in 2004;
4. Blue Heron Business park – a 125-acre project currently under construction the Village of Bartlett;
5. Elgin Industrial Park – a 340-acre industrial park that is currently being reclaimed for future industrial use; and
6. Bluff City Materials – Concrete and Asphalt recycling – This business has been operated by Bluff City Materials at its Elgin and Bartlett locations since 1990. The current senior managers of Bluff City will be involved in the Applicant’s project.

Description: The project involves the acquisition of 48 acres of land specifically for reclamation. The Reliable will operate a clean fill reclamation operation. This operation will fill a 360-foot deep mined quarry with clean fill deposited by local construction projects. There exists approximately 12.5-million cubic yards of space available that can accept clean fill. Reliable will (i) purchase and operate dozers a primary aggregate crusher, assorted conveyors and screens, (ii) construct an aggregate recycling facility, and purchase end loaders to facilitate the operation. Reliable will immediately establish a traffic pattern which will have little impact on current traffic patterns, and reclamation fill sequence. Reliable will produce a variety of recycled concrete, asphalt, brick and block products. The products will meet a variety of requirements, fulfilling State specifications and commercial requirements for construction.

Remarks: When the reclamation is complete, the property will be donated to the Village of Lyons for future development that will benefit the Village and its residents. Tax-exempt financing will significantly lower the Applicant’s cost of capital as to make it possible to pursue the operation. It should be noted that an additional 12-acre parcel that has been reclaimed will be donated to the Village of Lyons in 2006 for the construction and development of municipal facilities including a new police station.

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### FINANCING SUMMARY

Security: Direct pay Letter of Credit from JP Morgan Chase, N.A., Chicago, Illinois  
Structure: 7-day Variable Rate Demand Bonds  
Collateral: First Mortgage on 48-acres of property and the rights to fill that property, plus a security interest in machinery and equipment  
Maturity: 25 years

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**PROJECT SUMMARY**

Proceeds will be used Proceeds will be used to (i) (i) purchase land located at the Southeast corner of Ogden/1<sup>st</sup> Avenue, Plainfield Road intersection, Lyons, Cook County, Illinois, (ii) purchase machinery and equipment, and (iii) fund legal and professional costs

Project Costs:	Land	\$ 8,440,000
	Construction	1,950,000
	Equipment	1,482,800
	Arch/ Eng	<u>232,800</u>
Total		<u>\$12,105,600</u>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Reliable Materials Lyons, LLC  
Project name: Material Service Quarry Reclamation Project  
Location: Southeast corner of Ogden/1<sup>st</sup> Avenue, Plainfield Road intersection, Lyons, Cook County, Illinois  
Organization: Limited Liability Corporation  
State: Illinois  
Ownership: The Michael Vondra 1992 Trust, 86.7%; and 5555 Ventures LLC, 13.3%%.

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**PROFESSIONAL & FINANCIAL**

Counsel:	Maurides and Frey	Chicago, IL	George Maurides
Bond Counsel:	Ice Miller	Chicago, IL	Thomas Smith
Accountant:	Callero & Callero, LLP	Niles, IL	Mike Ryan
Underwriter/ Placement Agent	William Blair & Company	Chicago, IL	Peter Raphael
Underwriter's Counsel:	TBD		
LOC Bank:	LaSalle bank, N.A.	Chicago, IL	
Bank Counsel:	TBD		
Trustee:	LaSalle Bank, N.A.	Chicago, IL	
Issuer's Counsel:	TBD		
Contractor:	TBD		
Consultant:	Abbot land & Investment Corp.	Bartlett, IL	Dean Kelley

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**LEGISLATIVE DISTRICTS**

Congressional: 03, Daniel Lipinski  
State Senate: 11, Louis S. Viverito  
State House: 21, John A. Fritchey

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Air Products and Chemicals, Inc.**

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**STATISTICS**

Project Number:	P-SW-PO-TE-CD-662	Amount:	\$30,000,000 (not-to-exceed amount)
Type:	Solid Waste Disposal Bonds	FM:	Rich Frampton
Location:	Joliet		

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**BOARD ACTION**

Final Bond Resolution	
Conduit Solid Waste Disposal Revenue Bonds	No IFA funds at risk
Staff recommends approval	No extraordinary conditions

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**PURPOSE**

Bond proceeds will be used to finance the development, construction, equipping and operation of an expanded hydrogen plant located on site at the ExxonMobil Oil Corporation's Joliet Refinery (the "Refinery"). In particular, the additional hydrogen will be manufactured as an essential ingredient in the recycling of solid wastes generated in the Refinery's operations. The Joliet hydrogen plant qualifies for tax-exempt financing as an asset related and subordinated to clean fuels operations performed in the Refinery.

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**IFA CONTRIBUTION**

IFA will convey tax-exempt municipal bond status on qualifying solid waste pollution control facilities constructed in connection with this industrial expansion project.

IFA will use an estimated \$30 million of unallocated 2003-2004 IFA Carryforward Volume Cap designated for Solid Waste Disposal Revenue Bond projects. *No current year IFA Volume Cap will be used for this project when issued. These Bonds will be issued under the Illinois Environmental Facilities Financing Act and will not use any of IFA's recently increased \$24 billion debt authorization for general purposes that are used to finance Industrial Revenue Bond and 501(c)(3) Revenue Bond projects.*

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**VOTING RECORDS**

Preliminary Bond Resolution, October 11, 2005:

Ayes: 10      Nays: 0      Abstentions: 0

Absent: 4 (DeNard, Fuentes, Goetz, Nesbitt)      Vacancies: 1

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**PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	Series 2005 Bonds	\$30,000,000	Uses:	New Project Cost	\$34,400,000
	Cash Equity	<u>5,026,000</u>		Costs of Issuance	<u>626,000</u>
	<b>Total</b>	<b><u>\$35,026,000</u></b>		<b>Total</b>	<b><u>\$35,026,000</u></b>

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### JOBS

Current employment: 1 (Will County)	Projected new jobs: 6-8
Jobs retained: Not applicable	Construction jobs: 30-60 for the IFA-financed portion of the project

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### BUSINESS SUMMARY

**Organization:** **Air Products and Chemicals, Inc. ("APCI" or the "Company"), a Delaware corporation, will be the obligor on the proposed bonds.** APCI is the holding company for various operating subsidiaries. APCI was established in 1940 and is incorporated under Delaware law.

APCI's stock is publicly traded on the NYSE (ticker symbol "APD").

**Background:** Air Products and Chemicals, Inc. serve customers in technology, energy, healthcare, and industrial markets. The Company offers a broad portfolio of products, providing atmospheric gases (e.g., oxygen, nitrogen, helium), process and specialty gases, performance materials (e.g., polymers), and chemical solutions (e.g., coatings, lubricants, corrosion inhibitors).

APCI operates in over 30 countries and has a worldwide workforce of nearly 20,000 employees.

The Company manages its operations and reports its sales by three business segments: Gases, Chemicals, and Equipment. In 2004, Air Product's sales were comprised of approximately 70% Gases, 25% Chemicals, and 5% Equipment.

The *Gases segment* recovers, distributes, and processes industrial gases including oxygen, nitrogen, argon, hydrogen, carbon monoxide, carbon dioxide, helium, and various medical and specialty gases. The Gases segment also includes the Company's electronics business, global healthcare, power generation, and flue gas treatment businesses. Air Products is a principal supplier of helium and cryogenic services to Siemens' MRI units, particularly in Latin America.

The *Chemical segment* offers performance polymers, including water-based and water-soluble emulsion products. Additionally, the Chemicals segment manufactures a variety of chemical solutions and surfactants used as performance additives in coatings, lubricants, electro-deposition processes, agricultural formulations, corrosion inhibitors, and in the production of polyurethane foam.

The *Equipment segment* designs and manufactures equipment for cryogenic air separation, gas processing, natural gas liquefaction, and hydrogen purification; cryogenic transportation carriers for liquid helium and liquid nitrogen.

APCI has received supplier awards from Samsung Corporation (2004), Intel Corporation, and Siemens Medical Systems within the last year.

Air Products will continue to operate the subject facility in Joliet, adjacent to the ExxonMobil Oil Corporation's Joliet Refinery. APCI is undertaking the proposed expansion of its Joliet operation to manufacture hydrogen for benefit of producing clearer burning fuels at the co-located ExxonMobil Refinery. Hydrogen is used as an integral part of the refinery process to reduce sulfur, olefins, and aromatics in reformulating gasoline to a cleaner-burning transportation fuel. In addition, the facility produces hydrogen that is used to process vacuum residual, which is a solid waste by-product of the refinery operations. By recycling this vacuum residual into useable fuels, the refineries avoid the need to dispose of this solid waste by-product through other means. The hydrogen plant also uses pressure swing absorption technology to recover hydrogen from refinery fuel steams and provides the added benefit of reduced emissions of nitrogen oxides, sulfur oxides and other particulate matter from the refinery.

APCI owns and/or operates seven facilities located in Illinois located in Channahon/Joliet, Granite City (2 locations), Hennepin, LaSalle, Oak Park, and Tuscola. Altogether, Air Products employed a total of 117 FTE employees at these facilities as of 9/30/2005.

Required

Permits:

The subject facility has all necessary Illinois EPA operating permits required to operate the proposed project.

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**FINANCING SUMMARY**

Bondholder

Security:

Bonds will be sold based on the underlying ratings of Air Products and Chemicals, Inc.

APCI's Ratings:

APCI is currently rated A2/Stable/P-1 (Moody's) and A/Stable/A-1 (S&P).

Structure:

Daily Variable Rate Demand Bonds. Current estimated rate of 2.90% based on the current underlying tax-exempt index used to price the Bonds as of 9/30/2005 (and APCI's underlying ratings).

Maturity:

Not to exceed 30 years

*These Bonds will be issued under the Illinois Environmental Facilities Financing Act and will not use any of the Illinois Finance Authority's recently approved \$1 Billion debt limit increase for Industrial Development and 501(c)(3) financings.*

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**PROJECT DESCRIPTION FOR IFA PRELIMINARY BOND RESOLUTION**

Bond proceeds will be used to pay costs of the acquisition, design, construction, equipping, installation and development of an expanded hydrogen manufacturing facility (the "Project"). The Project is to produce hydrogen as an essential ingredient in the recycling of solid wastes generated in the refining operations at the adjacent ExxonMobil Oil Corporation's Joliet Refinery located near the I-55/Arsenal Road interchange in Joliet, Illinois.

Project costs are summarized below:

Equipment:	<u>\$34,400,000</u>
Total Project Cost:	\$34,400,000

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant/Contacts: Air Products and Chemicals, Inc. (*Signatory Contact:* Laurie K. Stewart, Vice President and Treasurer – Air Products and Chemicals, Inc., 7201 Hamilton Boulevard, Allentown, PA 18195-1501. General Ph.: 610/481-4911; Direct Ph.: 610/481-3330)

Air Products and Chemicals, Inc. (*Primary Company Contact:* Jennifer S. Thomas, Air Products and Chemicals, Inc., 7201 Hamilton Boulevard, Allentown, PA 18195-1501. General Ph.: 610/481-4911; Direct Ph.: 610/481-7445; Fax: 610/706-5278; E-mail: [THOMASJS@airproducts.com](mailto:THOMASJS@airproducts.com))

Project Name:

Air Products and Chemicals, Inc Series 2005 Bonds

Project Location:

ExxonMobil Joliet Refinery, I-55 and Arsenal Road, Joliet (Will County), Illinois

Land Owner:

The subject properties are all owned by Air Products and Chemicals, Inc. or its subsidiaries.

Borrower:

Air Products and Chemicals, Inc.

Organization:

Corporation

State:

Delaware

5.0% or Greater  
 Ownership (SEC  
 threshold  
 for public co's.):

**Air Products and Chemicals, Inc. (all shareholders noted below are institutional investors)**

- **State Farm Mutual Automobile Insurance Co.: 6.74% as of 3/31/2005**  
 One State Farm Plaza  
 Bloomington, Illinois 61710
- **State Street Bank and Trust Company: 6.06% as of 3/31/2005**  
 P.O. Box 1389  
 Boston, MA 02104  
 State Street holds these shares in trust on behalf on mutual funds and various retirement plans, employee benefit plans, and other index accounts.

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Ann E. Padjen, Esq.	Internal Counsel, Air Products & Chemicals, Inc.	
Bond Counsel:	Ice Miller	Chicago, IL	Tom Smith, Esq.
Underwriter:	Banc of America Securities, Inc.	San Francisco, CA, Chicago, IL	Lawrence Tonomura Neil Pritz
Underwriter's Counsel:	Fulbright & Jaworski L.L.P.	New York, NY	James Marlin
Accountant:	KPMG, LLP	Philadelphia, PA	
General Contractor:	Air Products and Chemicals, Inc.		
Trustee:	JPMorgan Institutional Trust	Philadelphia, PA	Marvin S. Kierstead
Rating Agency:	Standard & Poor's Ratings Group	New York, NY	Wes Chinn
	Moody's Investor Services	New York, NY	John Rogers
Issuer's Counsel:	Pugh Jones Johnson & Quandt, P.C.	Chicago, IL	Kim Barker-Lee

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**LEGISLATIVE DISTRICTS**

Congressional:	11	Jerry Weller
State Senate:	38	Gerry G. Dahl
State House:	75	Caren Gordon

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furnish service to many customers requiring immediate repairs. The business will be located adjacent to a RV sales and park facility and will be the only RV service centers in the area. (The new facility has been designed to accommodate such vehicles.) The founders expect to gain many local customers because there are no vehicle repair facilities in many communities located near the I-39 and Route 17 intersection...

**Management:** Both Scott Fandel and David Hattan, in their mid thirties, bring many years of mechanical experience to the organization with each having the desire to operate their own business. Scott Fandel, with 9 years of experience as an automotive mechanic, currently is employed as a senior technician at Terry Monroe Cadillac, Buick, Pontiac, GMC Truck in Peru, Illinois, and has specialized training in GM vehicles as well as import products. David Hattan has 14 years of experience in automotive and truck repair and is currently employed as a heavy truck mechanic for Tomlinson disposal after spending many years in technician positions with Ford Motor Company dealerships. Although Hattan has extensive experience with Ford vehicles, he is also experienced with parts and services on various other makes and models. Hattan is also doing a limited amount of repair work from his home but does not have the time or space to satisfy the demand for his home-based services. He is a graduate of Universal Technical Institute in Phoenix, AZ, in which he earned an Associates Degree in Automotive/Diesel Occupational Studies with special achievement in automatic transmissions. The newly-formed business will focus largely on continuing to serve clientele (including the Tomlinson Disposal account) previously served by the equal-share owners and on significantly expanding their customer base. Both owners are well known within the region's vehicle repair industry and have developed a solid reputation for reliable service.

**The Project:** The project presented in this report entails financing the acquisition of approximately 1 acre of land at 13 Calvary Drive in Wenona, construction of an industrial building thereon and the acquisition of new machinery and equipment to be used in the vehicle repair business.

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**FINANCING SUMMARY**

**Obligor:** Complete Automotive Services, Inc.  
**Guarantors:** 80% USDA Guaranty, David P. Hattan and Scott A. Fandel  
**Repayment:** In the event of a liquidation of our collateral (real estate, equipment and machinery) proceeds will be applied first to repay the subject loan before paying any other credit facility.

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Complete Automotive Services, Inc.  
**Organization:** S corporation  
**Ownership:** David P. Hatten – 50% and Scott A. Fandel – 50%

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**PROFESSIONAL & FINANCIAL**

**Accountant:** Jay Baxter & Associates, CPA's  
**Banker:** Citizen's First National Bank

Oglesby  
Peru

Jay Baxter  
Tom Atkinson

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**LEGISLATIVE DISTRICTS**

**Congressional:** 11 – Jerry Weller  
**State Senate:** 37 – Dale E. Risinger  
**State House:** 73 – David R. Leitch

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project: Ex-Tech Plastics, Inc.**

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**STATISTICS**

Deal Number:	B-LL-TX-708	Amount:	\$1,000,000
Type:	Participation Loan	IFA Staff:	Sharnell Curtis Martin
Location:	Richmond		

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**BOARD ACTION**

Purchase of Participation from TCF Bank  
\$1,000,000 of IFA funds at risk  
Collateral is pari passu first position with the bank  
Exception: This loan does not meet the Board's loan to value standard but is supported by the majority owner's personal guarantee.  
Staff recommends approval

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**PURPOSE**

Acquisition of equipment for use in the 11413 Burlington manufacturing facility located in Burlington, Illinois.

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**VOTING RECORD**

Initial board consideration, no previous voting record.

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**SOURCES AND USES OF FUNDS**

Sources:	TCF Bank	\$1,000,000	Uses:	Project Costs	<u>\$2,200,000</u>
	IFA	1,000,000			
	Equity	<u>200,000</u>			
	Total Sources	<u>\$2,200,000</u>	Total Uses		<u>\$2,200,000</u>

Equity will be contributed from the Company's internally generated funds.

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**JOBS**

Current employment:	125	Projected new jobs:	15
Jobs retained:	N/A	Construction jobs:	N/A

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**BUSINESS SUMMARY**

Description: Ex-Tech Plastics, Inc. ("Ex-Tech" or the "Company") was established in 1982 and is a manufacturer of extruded polypropylene ("PVC") sheets and polyethylene terephthalate ("PET") sheets that are sold primarily to thermos formers for use in other manufacturing and food service companies. Ex-Tech's products are the raw material that are commonly used by thermo formers to mold plastic packaging that is often used to on batteries and fast food salad containers.

Ex-Tech has issued \$3 million in Industrial Revenue Bonds through the Illinois Development Finance Authority in 1993. The bonds were paid off in 2003.

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**FINANCING SUMMARY**

**Security:** Collateral will consist of a pro-rata first position "pari passu" with TCF Bank on the equipment to be located at 11413 Burlington Road, McHenry (McHenry County), Illinois. A first mortgage and assignment of rents and leases on the subject property located at 11413 Burlington Road, McHenry (McHenry County), Illinois, as well as the personal guarantee of John M. Pinchon.

**Structure:** Based on the guidelines of the Participation Loan Program, IFA's interest will be 200 basis points below the Bank's stated rate for the first five years.

**Maturity:** The loan will be set on a 10 year term with a 10 year amortization

**Covenants:** Personal guaranty of John Pichon (Chairman of the Board and majority stockholder)  
Evidence of insurance on the subject property located at 11413 Burlington Road in Richmond, IL

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**PROJECT SUMMARY**

Loan proceeds will be used to finance the acquisition of PET Equipment to be located at 11413 Burlington Road, McHenry (McHenry County), Illinois. Project costs are estimated at \$2,000,000.

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Ex-Tech Plastics, Inc.  
**Project name:** Ex-Tech Plastics, Inc. New PET Equipment  
**Location:** 11413 Burlington Road, McHenry (McHenry County), Illinois 60073  
**Organization:** Corporation  
**State:** Illinois  
**Ownership:** John M. Pinchon, Chairman 35%  
Laura Pinchon 15%  
Emily Pichon, Secretary 15%  
John Wolfe 26%  
Jeff Fideler, President 2%  
Roger Bord, CFO 2%  
Roger Reisbach, VP Sales 2%  
Pat Ward, COO 3%

**Land Sellers:** Not Applicable

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**PROFESSIONAL & FINANCIAL**

<b>Bank:</b>	TCF Bank	Chicago	Ken Matheny
<b>Accountant:</b>	Fleming & Co., P.C.	McHenry	
<b>IFA Counsel:</b>	Dykema Gosett	Chicago	Darryl Pierce

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**LEGISLATIVE DISTRICTS**

**Congressional:** 16 – Donald Manzullo  
**State Senate:** 32 – Pamela Althoff  
**State House:** 63 – Jack D. Franks

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Velde Sours Land Trust**

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**STATISTICS**

Project Number:	B-LL-TX-704	Amount:	\$1,000,000
Type:	Participation Loan	IFA Staff:	Jim Senica
Location:	Pekin		

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**BOARD ACTION**

Purchase of Participation Loan from Morton Community Bank – East Peoria, IL  
\$1,000,000 IFA funds at risk  
Staff recommends approval

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**PURPOSE**

Finance the building improvements included in the complete refurbishment of a GM automobile dealership.

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**VOTING RECORD**

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

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Participation:	\$1,000,000	Uses:	Building Improvements	\$1,900,000
	Morton Community Bank:	<u>6,000,000</u>		Refinancing*	<u>5,100,000</u>
	Total	<u>\$7,000,000</u>		Total	<u>\$7,000,000</u>

\*Refinancing constitutes bringing a \$5.1 million loan at another area bank used to purchase the Pontiac and Buick franchises and secured by the dealership real estate to Morton Community Bank to enable Morton Community Bank and IFA to hold a first shared mortgage on the dealership real estate.

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**JOBS**

Current employment:	46	Projected new jobs:	6
Jobs retained:	NA	Construction jobs:	( 50/6 months)

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**BUSINESS SUMMARY**

**Background:** Velde Sours Land Trust was formed to own the real estate of Velde Oldsmobile, Cadillac, GMC Truck, Inc., an Illinois S corporation acquired in 1988 by Bruce Sours from the Velde family. The auto dealership's name has recently been changed to Velde GM Super Center to reflect the dealership's purchase of two additional GM lines, Buick and Pontiac, after GM ceased the production of the Oldsmobile product line. Bruce Sours also owns two other automobile dealerships in the area, including Velde Ford in Pekin and Velde Lincoln Mercury in Peoria, as well as a dealership in Vero Beach, Florida, Velde Ford Inc.

**Operations:** Velde GM Super Center is a full-service General Motors auto dealership selling new Cadillac, Buick, Pontiac and GMC Truck vehicles as well as pre-driven automobiles and trucks. The dealership offers a complete service department, servicing both new and used vehicles as well

as a complete auto detailing center. Prior to GM's discontinuance of the Oldsmobile line, Velde Oldsmobile, Cadillac GMC Truck was the largest Oldsmobile-Cadillac dealership in the Peoria area. Velde GM Super Center should be ideally positioned to maintain this auto sales leadership as it now has two mid-level lines to complement its Cadillac and GMC Truck sales. Combining Buick and Pontiac with GMC trucks represents GM's desired brand combination of Buick-Pontiac-GMC. (GM is in the process of combining its stand-alone Buick and Pontiac-GMC dealerships to offer remaining dealerships a wider array of products to sell while reducing product redundancy within its divisions).

**The Industry:** Nationally, Cadillac sales have increased substantially in the last few years as General Motors has poured millions into the division to completely revamp its product offerings and restore its prominence in the automobile arena. In recent years, GMC Trucks have been riding the popularity wave of truck and SUV vehicles, continually selling over 500,000 vehicles annually. Management has indicated that even though SUV and light truck sales have diminished nationally due to increased fuel prices, GMC sales have remained strong because of the fact that the brand caters to professional & commercial buyers less affected by fuel price increases than average retail consumers. Buick and Pontiac sales have not been strong in recent years, but GM is in the process of revamping these divisions by reducing inter-divisional model redundancy and by introducing new models such as the 2006 Pontiac Solstice (with its 2006 scheduled production completely sold out!) and the soon-to-be-released Buick Lucerne which will replace two aging models, the Buick LeSabre and the Buick Park Avenue.

**The Project:** After acquiring the Buick and Pontiac lines, Velde Gm Super Center will be completely reconstructing its GM dealership to accommodate the addition of the new products as well as bringing the building up to standards GM requires its Cadillac dealers to meet. The project will encompass completely new and expanded showrooms, completely new appearance of the building's frontage area and expansion and modernization of the service area.

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**FINANCING SUMMARY**

**Obligor:** Velde Saur Land Trust

**Guarantors:** Velde Gm Super Center, Bruce Saur, Tim Saur and Rory Griggs

**Repayment:** In the event of a liquidation of our collateral, proceeds will be applied first to repay the subject loan before paying any other credit facility.

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Velde Saur Land Trust

**Organization:** Trust

**Ownership:** Bruce Saur – 50%, Tim Saur – 25% and Rory Griggs – 25%

**Dealership:** Ownership: 50% - Bruce Saur and 50% Rory Griggs – 50%

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**PROFESSIONAL & FINANCIAL**

**Borrower's Counsel:** Patrick E. Oberly Pekin

**Banker:** Morton community Bank East Peoria Jim Mamer

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**LEGISLATIVE DISTRICTS**

**Congressional:** 18 – Ray Lahood

**State Senate:** 44 – Bill Brady

**State House:** 87 – Bill Mitchell

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Chicago Historical Society**

**STATISTICS**

Project Number:	E-PC-TE-CD-713	Amount:	\$53,000,000 (not-to-exceed amount)
Type:	501(c)(3) Bonds	FM:	Rich Frampton and Townsend Albright
Location:	Chicago		

**BOARD ACTION**

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

**PURPOSE**

New capital project to renovate permanent galleries and public spaces, and to current refund approximately \$27 million of existing IFA (IEFA) Series 1985/Series 1995/ Series 1998 tax-exempt bonds.

**IFA CONTRIBUTION**

IFA will convey tax-exempt status on the subject bonds.

**VOTING RECORD**

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

**PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS (subject to change)**

Sources:	IFA 2006A Bonds (New (Money) \$25,865,000	Uses:	New Project Costs	\$25,000,000
	IFA 2006B Ref. Bonds 27,000,000		Refund Prior Bonds	\$27,300,000
	Release of Series 1985		Capitalized Interest	846,500
	DSRF 520,000		Interest on Prior Bonds	61,500
	Investment Income <u>350,000</u>		Issuance Costs	<u>527,000</u>
<b>Total</b>	<b><u>\$53,735,000</u></b>	<b>Total</b>		<b><u>\$53,735,000</u></b>

**JOBS**

Current employment:	122	Projected new jobs:	6
Jobs retained:	Not applicable	Construction jobs:	12-32 average (13 mos.)

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### BUSINESS SUMMARY

**Background:** The Chicago Historical Society (the “CHS” or the “Borrower”) is a 501(c)(3) organization established as an Illinois not-for-profit corporation in 1857 and designated a 501(c)(3) tax-exempt organization by the IRS in 1932. The Society is governed by a 35-member Board of Trustees, and a Chairman (see Exhibit A).

**Description:** The Chicago Historical Society was established in 1856 as a museum and research center showcasing the culture and history of the City of Chicago. The CHS collects, exhibits, and interprets documents, images, and artifacts related to the history of the United States and metropolitan Chicago. In September 2006, CHS will be celebrating its 150<sup>th</sup> anniversary, and is the City’s oldest cultural institution.

CHS’s mission is to (1) expand the audience exposed to history, (2) to be a leader in history education, and (3) to be a premier research institution.

CHS has been housed in its current building, located at 1601 North Clark Street, since 1932. CHS’s collection includes more than 22 million books, manuscripts, paintings, sculptures, costumes, decorative and industrial arts objects, prints, photographs, news film, and architectural drawings and fragments.

CHS’s primary market includes the Chicago metropolitan area, Northwest Indiana, and Southeast Wisconsin. Currently, CHS reaches 7,000 members, 150,000 visitors (including 55,000 schoolchildren) and over 2,000,000 visitors each year to its [www.chicagohistory.org](http://www.chicagohistory.org) website.

The proposed project involves internal renovations designed to broaden visitor appeal with an enhanced museum experience. The proposed improvements will be the Society’s first significant renovation since 1978.

The proposed project will renovate and redesign of more than 75% of the public space in the museum, with new exhibitions installed in the renovated galleries. A major result of the project will be a 16,000 SF exhibit titled “Chicago: Crossroads of America” – which will be 2.5 times the size of the existing exhibit and serve as a national model for museum exhibition design and historical interpretation.

The new project will also result in construction of a new Children’s Gallery, creation of a new Costume and Textile Gallery adjacent to the main lobby, and a new American History gallery is being planned.

Public amenity spaces will also undergo extensive renovations, including both the lobby space and the event space on the building’s east side overlooking Lincoln Park. These expanded galleries will allow for the display of many artifacts previously unseen by the public, including Chicago’s first “L” car, a hand-carved carousel horse from Riverview Park, and Louis Sullivan-designed elevator grilles from the Chicago Stock Exchange.

The Society expects the new exhibits to increase daily attendance by 500/day (or 30,000 annually).

In fall 2006, CHS will celebrate a 10-day reopening event after 13 months of renovation work. As part of this celebration, there will be numerous programs and events concerning Chicago history that will generate interest in the CHS’s museum facility, including a symposium on the architectural legacy of Louis Sullivan.

Finally, the proposed financing will refinance approximately \$27 million of existing tax-exempt bond debt and generate net cash flow to support operations and the new project debt.



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### FINANCING SUMMARY

Structure/  
Security: The Bonds will be secured by a Direct Pay Letter of Credit from a Bank to be determined.

Term/  
Interest Rate: Multi-Modal Bonds that will be sold initially as 7-day Variable Rate Demand Bonds. The final maturity date may be extended from 2027 to 2040 (i.e., 35 years).

Maturity: Series 2006A (New Money): 30 years  
Series 2006B-D (Refunding): 2028 (up to 23 years)  
The current rates borne on the existing Series 1985, 1995, and 1998 Bonds are currently in variable rate mode.

Security: The Bonds will be secured with municipal bond insurance from an Aaa/AAA/AAA- rated bond insurer.

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### PROJECT SUMMARY

Bond proceeds will be used by the Chicago Historical Society to finance (i) various capital improvements and renovations, including the demolition and renovation of the existing building and related mechanical systems, installation of new HVAC systems, the renovation of lobby, common area, and exhibit space, the construction of new exhibits, pay capitalized interest and capitalize an escrow to pay interest expense on the prior bonds, and to pay bond issuance costs at the Chicago Historical Society's facilities (see street address below).

Additionally, Bond proceeds will also be used to (ii) refund 100% of the outstanding principal amount of IFA (IEFA) Bonds issued on behalf of the Chicago Historical Society in 1985, 1995, and 1998 (collectively the "Prior Bonds"). The Prior Bonds financed various capital asset improvements at the Chicago Historical Society's facilities located at 1601 N. Clark Street, Chicago (Cook County), IL 60614-6038.

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### ECONOMIC DISCLOSURE STATEMENT

Applicant Chicago Historical Society, 1601 North Clark Street, Chicago, IL 60614-6038  
website: [www.chicagohs.org](http://www.chicagohs.org)

Contact: Shari Massey, Director of Accounting (T) 312-799-2230; (F) 312-799-2530; e-mail: [massey@chicagohistory.org](mailto:massey@chicagohistory.org);

Project name: Chicago Historical Society Series 2006 Bonds

Location: Chicago Historical Society, 1601 North Clark Street, Chicago, IL 60614-6038

Organization: Illinois 501(c)(3) corporation

Board

Membership: *See attached list of Board of Trustees*

Current Building/  
Land Owner: Chicago Historical Society (building owner); Chicago Park District (land owner)

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Jones Day		Chicago, IL	Mike Mitchell
Accountant:	Grant Thornton, LLP	Chicago, IL		
Bond Counsel:	Seyfarth Shaw LLP	Chicago, IL		Jim Schraidt
Direct Pay LOC:	To be determined			
LOC Counsel:	To be determined			
Underwriter:	JPMorgan Securities, Inc.	Chicago, IL		Michelle Salomon
Underwriter's Counsel:	To be determined			
Trustee:	JPMorgan Trust Company	Chicago, IL		Daryl Pomykala
Architect:	Hammond Beeby Rupert Ainge Inc.	Chicago, IL		
General Contractor:	Walsh Construction	Chicago, IL		
Owner's Rep.:	Alter Construction Group	Skokie, IL		
Exhibition Designers:	Patrick Gallagher & Associates			
IFA Counsel:	Forthcoming			

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**LEGISLATIVE DISTRICTS**

Congressional:	7	Danny K. Davis
State Senate:	6	John J. Cullerton
State House:	12	Sarah Feigenholtz

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**Chicago Historical Society Board of Trustees**

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Chairman of the Board

APRIL SCHINK  
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(312) 587-3337

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
DECEMBER 6, 2005**

**Deal:** Lutheran Social Services of Illinois and Vesper Management Corporation

**STATISTICS**

Deal Number:	N-NP-TE-CD-717	Amount:	\$22,000,000 (not-to-exceed amount)
Type:	Not-for-Profit	IFA Staff:	Steve Trout
NAICS Code:	624110: Child and Youth Services	Location:	Various
	624120: Services for the Elderly and Persons with Disabilities		
	824190: Other Individual and Family Services		

**BOARD ACTION**

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

**PURPOSE**

To current refund Lutheran Social Services' outstanding IHFA Series 1993 Bonds and reimburse and finance certain capital costs, capitalize a debt service reserve fund and pay costs of issuance.

**VOLUME CAP**

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

**VOTING RECORD**

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

**SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$22,000,000	Uses:	Bond Refunding	\$13,813,290
	Transfers from Prior			Project Costs	7,815,625
	Bond Reserve Funds	<u>1,537,514</u>		Debt Service Res. Fund	1,369,718
				Issuance Costs	356,500
				Original Issue Discount	<u>82,381</u>
<b>Total</b>		<b><u>\$23,537,514</u></b>	<b>Total</b>		<b><u>\$23,537,514</u></b>

**JOBS**

Current employment:	2,035	Projected new jobs (within 2 years):	209
Jobs retained:	N/A	Construction jobs:	TBD

**BUSINESS SUMMARY**

Description: Lutheran Social Services of Illinois ("LSSI") was founded in 1867 as an Illinois not-for-profit corporation and is now one of the nation's largest Protestant social service agencies. A ministry of the of the three Illinois synods of the Evangelical Lutheran Church of America, LSSI brings healing, justice and wholeness to people of all ages, races, religions, and economic circumstances through an array of services provided at more 100 sites across Illinois.

Background: The Obligated Group (“the Borrower”) consists of LSSI and Vesper Management Corporation (“Vesper”), a wholly owned not-for-profit subsidiary founded in 1977 to buy, hold and lease property to and for LSSI. LSSI also owns 15 other not-for-profit corporations (“the Affiliates”) that are not included in the Obligated Group. Neither the receivables nor the properties or other assets of the Affiliates are pledged to secure the Series 1993 Bonds or the subject debt.

LSSI’s programs offerings include: a) behavioral health services, b) developmental disabilities services, c) children’s community services, d) senior services, and 3) prisoner and family ministry.

Services include: adoptions, adult day care, advocacy, alcohol and drug dependence education, counseling, detoxification programs, cash management, chaplaincy, child abuse counseling, day care and Head Start programs, housekeeping and homemaking, nutrition, community planning, advocacy and outreach, criminal justice counseling and advocacy, crisis intervention, custom care homes, diagnosis and assessment, foster care, homeless shelters, housing for the mobility impaired and mentally ill, nursing facility management and development, individual, marital, family, group and single parent counseling, referral services, residential and home-based services for the developmentally disabled, residential services for seniors and emotionally disturbed children, summer day camp and tutoring.

LSSI programs serve the following Illinois communities:

**Northwest:** Boone, Winnebago, Stephenson and Jo Davies counties

**North Central:** DeKalb, Carroll, Ogle, Whiteside, Lee, Bureau, Stephenson and LaSalle counties.

**Central/South:** Peoria, Tazewell, Woodford, Stark, Putnam, Marshall, Fulton, LaSalle, Bureau, McLean, Livingston, Kankakee, Champaign, Vermillion, Ford, Iroquois, Montgomery and Christian counties.

**Western:** Rock Island, Mercer, Henderson, Henry, Knox, Hancock, and McDonough counties

**Southern:** Perry, Franklin, Williamson, Union, Alexander, Pulaski, Jackson, Pope, Hardin, Massac, Johnson, White, White, Saline, and Gallatin Counties

**Chicago Metro Area:** Aurora, Batavia, Chicago, Des Plaines, Dolton, Elgin, Elmwood Park, Homer Glen, Lansing, Palatine, Park Ridge, Villa Park, and Wilmette

See Attachment 1 for more information on LSSI’s services and a list of program sites.

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### FINANCING SUMMARY

**Bonds:** Fixed rate bonds will pay interest on February 15 and August 15, beginning on August 15, 2006. Principal will be due on August 15, with serial maturities from 2006 through 2029.

**Rating:** BBB- (Fitch Ratings)

**Security:** First security interest in the Unrestricted Receivables of the Obligated Group and Debt Service Reserve Fund. The Bonds will not be secured by real estate.

**Debt Service Reserve:** Funded at closing at the minimum of: 10% of the aggregate issue price, 125% of average annual debt service or maximum annual net debt service.

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### PROJECT SUMMARY

Project details will be available when the project is presented for final approval.

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### ECONOMIC DISCLOSURE STATEMENT

**Applicant:** Lutheran Social Services and Vesper Management Corporation, 1001 East Touhy Avenue, Des Plaines, Illinois 60018 (Contact: Gerald Noonan, Chief Financial Officer, Phone: 847/390-1401)

Project name: Lutheran Social Services of Illinois, Refunding and Revenue Bonds, Series 2006

Organization: Both LSSI and Vesper Management Corporation are Illinois 501(c)(3) organizations.

Location: Headquarters: 1001 East Touhy Avenue, Suite 50, Des Plaines, Illinois 60018  
The addresses for sites receiving new equipment will be provided when the project is presented for final approval in early 2006.

Board Members:	Victoria Arthofer	Homemaker
	Reverend Stephen Barnes	Senior Pastor, Salem Lutheran Church
	Reverend Dr. Denver Bitner	Senior Pastor, Zion Lutheran Church
	Daniel Falotico	President/Owner, Haskris Company
	Dr. Ibulaimu Kakome	Veterinarian, University of Illinois
	Linda Miller	President, LMA Techwork
	Rasheed Pasha	CFO, Rustoleum, Inc.
	Reverend Dr. Donald Myrom	Senior Pastor, Prince of Peace Lutheran Church
	Leona Peterson-Spear	Retired VP, Illinois Casualty Co.
	David Rydell	President, Bergstrom, Inc.
	Christine Tompsett	Preschool Teacher, KAM Isaiah Israel
	Thomas Toms	Past President and CEO, Toms Prostler Co.
	James Thomsen	SVP/Chief District Officer, Thrivant Financial
	Roger Yarbrough	Consultant, Retired Highway Contractor

Ex Officio:		
	Reverend Paul Landahl	Bishop, Metropolitan Chicago Synod of the Evangelical Church in America
	Reverend Gary Wollersheim	Bishop, Northern Illinois Synod
	Reverend Warren Freiheit	Bishop, Central/Southern Illinois Synod

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Sonnenschein, Nath & Rosenthal	Chicago, IL	Eric Decator
Bond Counsel:	Chapman and Cutler	Chicago, IL	Jim Luebchow
Underwriter:	Griffin, Kubik, Stephens & Thompson	Chicago, IL	Helena Burke-Bevan
Underwriter's Counsel:	Burke, Burns & Pinelli	Chicago, IL	Stephen Welcome
Trustee:	To be Determined		
Accountant:	Clifton Gunderson LLP	Oak Brook, IL	

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**LEGISLATIVE DISTRICTS**

Congressional:	13 Judy Biggert	6 Henry Hyde
State Senate:	24 Kirk Dillard	33 Dave Sullivan
State House:	48 James Meyer	65 Rosemary Mulligan



## LSSI Overview

### Administrative Offices

1001 East Touhy Avenue, Suite 50  
Des Plaines, Illinois 60018  
847.635.4600 847.390.1409 TTY  
847.635.6764 fax  
info@LSSIL.org

A ministry of the three Illinois Synods of the Evangelical Lutheran Church in America, Lutheran Social Services of Illinois (LSSI) brings healing, justice and wholeness to people of all ages, races, religions and economic circumstances through an array of services at more than 100 program sites across Illinois.

### BEHAVIORAL HEALTH SERVICES

- Individual, family and group counseling
- In-school counseling and prevention programs
- Family life education
- Bilingual counseling
- Case management, emergency services and psychiatric evaluation and medication monitoring for people with mental illness
- Residential group homes and supportive services for people with chronic mental illness
- Chemical dependence detoxification and DUI services
- Outpatient/intensive outpatient substance abuse treatment
- Inpatient treatment for substance abuse
- Psychosocial rehabilitation for people with chronic mental illness
- Residential aftercare for those recovering from substance abuse
- Domestic violence and intervention services

### Developmental Disabilities Services

- Respite Care
- Intermediate Care Facility
- Adolescent Group Home
- Community Integrated Living Arrangements (CILAs)/group homes, including two specifically for treating individuals with Prader-Willi syndrome

### CHILDREN'S COMMUNITY SERVICES

- Child Care and Head Start
- Adoption Preservation Services

- Adoption, including infant, inter-country and special needs placements
- Specialized services for children and families affected by HIV/AIDS
- Foster Care, including care for those with special medical or emotional needs, or sibling groups
- Permanent placements, including reunification and subsidized guardianship, as well as adoption
- Family Preservation and Intact Family Services
- Specialized therapy for children, including those who have been abused
- Services for single parents
- Maternity counseling
- Residential treatment for adolescents with emotional, behavioral and/or substance abuse problems.
- Intensive adolescent outpatient therapy and Mentoring

### SENIOR SERVICES

#### Intouch Community Services

- Home Care and Adult Day Service
- Care Management
- Elder Abuse and Neglect Prevention and Intervention
- Moving and Relocation
- Home Maintenance

#### Housing Services

- Housing for older adults and persons with disabilities
- Social services for residents
- Development and management consultation

#### Nursing Services

- Independent Living
- Assisted Living Care and Intermediate Care
- Skilled Care
- Services for those with Alzheimer's disease/Dementia Care
- Inpatient post-acute medical and physical rehabilitation
- Outpatient Therapies

### PRISONER AND FAMILY MINISTRY

- Family Connections
  - Visits to Mom and RAPP Group*
  - Storybook Project and Women's Referral Center*
- Dixon WELCA Program
- Pastoral Care and Seminary Project
- *Building Homes: Rebuilding Lives*
- Restorative Justice



Lutheran Social Services of Illinois

www.LSSIL.org





**LSSI Programs**

Loc.	Program Name	ADDRESS	CITY	ST	ZIP
001	CSO	1001 E. Touhy	Des Plaines	IL	60018
002	BHS Belmont	5825 W. Belmont Ave.	Chicago	IL	60634
002	Project Safe - Devon	1764 W. Devon	Chicago	IL	60660
002	Project Safe Connections	5825 W. Belmont Ave.	Chicago	IL	60634
003	BHS Center - Elgin	675 Varsity Dr.	Elgin	IL	60123
004	HIY Early Intervention	5517 N. Kenmore	Chicago	IL	60640
004	Delox	5517 N. Kenmore	Chicago	IL	60640
004	Passages Program	5517 N. Kenmore	Chicago	IL	60640
004	Women's Residence	5517 N. Kenmore	Chicago	IL	60640
005	BHS-Edgewater	1758 W. Devon	Chicago	IL	60660
007	BHS-MT. Greenwood	3220 W. 115th St.	Chicago	IL	60655
008	BHS-N.W. Suburbs	4811 Emerson, Suite 112	Palatine	IL	60067
009	Men's Residence North	1640 W. Morse	Chicago	IL	60626
010	Men's Residence South	7845 S. Essex	Chicago	IL	60649
011	Women's Residence	1710 W. Lunt	Chicago	IL	60626
015	Augustana Children's Community Services/Second Family	19 West 35th Street 15th Floor	Chicago	IL	60616
016	Walsh Residence	6117 N. Hamilton Ave.	Chicago	IL	60645
018	Augustana House-Palmer Sq	3120 W. Palmer Square	Chicago	IL	60647
019	Augustana House-Artesian	6255 N. Artesian	Chicago	IL	60659
020	Augustana House-Sherwin	1412A W. Sherwin Ave.	Chicago	IL	60626
021	Augustana House-Sterling	104 6Th Ave.	Sterling	IL	61081
022	Shady Oaks West	16220 Parker Rd.	Homer Glen	IL	60491
024	Peoria Administration Office	3000 W. Rohmann Ave.	West Peoria	IL	61604
025 & 027	Champaign Office	103 S. Country Fair Drive	Champaign	IL	61821
028	Family First	700 East Oak Street	Canton	IL	61520
032	Rogers Park Children's Center	1754 - 56 W. Devon	Chicago	IL	60660
035	Winthrop Children's Center	4848 N. Winthrop	Chicago	IL	60640
036	Children's Center Cabrini Site	364 W. Oak, Apt. 105	Chicago	IL	60610
037	Messiah Head Start	1910 W. 64th St.	Chicago	IL	60636
038	North Austin Children's Center	1500 N. Mason	Chicago	IL	60651
039	Trinidad Head Start	2921 W. Division	Chicago	IL	60622
041/173/H3	Children's Community Services-Western Ave.	11740-50 S. Western Ave.	Chicago	IL	60643

**LSSI Programs**

Loc.	Program Name	ADDRESS	CITY	ST	ZIP
44	Fox Hill Group Home	560 W. Galena	Aurora	IL	60506
045	Byron Street	4840 W. Byron St.	Chicago	IL	60641
047	East NW Counseling	8321 N. Avondale Suite 101	Chicago	IL	60631
051	West Suburban Counseling Center	544 S. Cornell	Villa Park	IL	60181
055	Booth Manor	1500 W. Madison	Chicago	IL	60607
056	Buford Walker	17725 Arcadia	Lansing	IL	60438
059	Elmbrook Senior Residence	7940 W. Grand Ave.	Elmwood Park	IL	60707
060/065	Riverain	200 N. Island Ave.	Batavia	IL	60610
062	Luther Center	111 W. State	Rockford	IL	61101
063/067	Meadow Ridge/Freeport	1731 S. Hance Dr.	Freeport	IL	61032
066	Shoreline Place	324 Linden	Wilmette	IL	60091
067	NW Chicago Group Home	3348 W. Hutchinson	Chicago	IL	60618
068	NW Chicago Group Home	4824 W. Belle Plaine	Chicago	IL	60641
69	NW Chicago Group Home	4152 N. Keystone	Chicago	IL	60641
070	St. Matthew Home	1601 N. Western Ave.	Park Ridge	IL	60068
073	Joshua Arms of LSSI	1315 S. Rowell Ave.	Joliet	IL	60433
074	Washington Place	612 Washington	Beardstown	IL	62618
076	Dixon Office Building	1247 N. Galena Ave.	Dixon	IL	61021
077/082/044	Nachusa Lutheran Home	1261 State Rte. 38	Nachusa	IL	61057
078	Intouch Services of LSSI	1901 First Ave.	Sterling	IL	61081
080	OCYFS	200 W. Washington	Oregon	IL	61061
083	P.A. Peterson Home	1311 Parkview Ave.	Rockford	IL	61107
086	Intouch Services of LSSI	6401 Newburg Rd.	Rockford	IL	61108
086	Peterson Meadows	6401 Newburg Rd.	Rockford	IL	61108
091	Salem House	7359 S. Prairie	Chicago	IL	60619
092	Intact Family Services & Recovery	8321 N. Avondale Suite 101	Chicago	IL	60631
093	Marion Office	1616 W. Main St.	Marion	IL	62959
099	LSSI	4709 44th Street, Suite #1	Rock Island	IL	61201
100/A0	Galesburg Office	167 N. Kellogg	Galesburg	IL	61401
101/A1	Intouch Services of LSSI /Moline	4011 Avenue of the Cities, Suite 102	Moline	IL	61265
104/A4	Our Savior's Senior Housing	14600 S. Indiana Ave.	Dolton	IL	60419
123/R DS	LSSI/Central Southern IL. Synod Resource Development	524 S. 5th Street	Springfield	IL	62701

**LSSI Programs**

Loc.	Program Name	ADDRESS	CITY	ST	ZIP
152/F 3-058	Laborer Lutheran Senior Housing Assn (Kingston Place)	7435 S. Kingston Ave	Chicago	IL	60649
153/F3	Lincoln Manor	615 N. Lincoln Highway	Rochelle	IL	61068
163/G 3	Children's Community Services	313 North Main Street	Rockford	IL	61101
163/G3 W	Children's Community Services	119 N. Wyman St.	Rockford	IL	61101
164/G 4	Downers Place of LSSI	2007 Downer Place	Aurora	IL	60506
165/G 5	Immanuel Senior Residences	1415 Eastview Ave.	Danville	IL	61832
174/H 4	Anathoth Gardens	34 N. Keeler	Chicago	IL	60624
176/H 6	Children's Community Services	5 N. Root	Aurora	IL	60505
178/H 8	Gateway Intouch Services	615 South Fifth Street	Rockford	IL	61104



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**PROJECT SUMMARY**

Bond proceeds will be used to (i) refinance a \$10,000,000 taxable loan from Harris Bank which was used to purchase and partially renovate the School which is located at 1155 Aurora Avenue, Naperville, DuPage County\*, (ii) refinance a \$2,525,000 Diocesan loan to the School which was used to expand and equip the School. (iii) pay for professional costs, (iv) pay for capitalized interest, and (v) fund bond issuance costs.

Project Costs:	Refinancing	\$12,577,000
	Arch/Eng	<u>127,000</u>
	Total	<u>\$12,704,000</u>

\* The Diocese negotiated the taxable loan in June, 2004. The note is fully payable to the Diocese by St. Thomas the Apostle, St. Margaret Mary, and Elizabeth Seton parishes. It is not reflected on the Applicant's fiscal 2004 Balance Sheet.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: The Roman Catholic Diocese of Joliet, organized as a Trust  
Project names: All Saints Catholic Academy  
Location: 1155 Aurora Avenue, Naperville, DuPage County, Illinois  
Organization: 501(c)(3) Corporation  
State: Illinois  
Board of Directors: Sr. Helen Jean Kormelick, Superintendent of Schools for the Diocese  
Rev. Ernie Norbek for St. Elizabeth Seton  
Rev. Joel Fortier for St. Thomas the Apostle  
Rev. William O'Shea for St. Margaret Mary

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**PROFESSIONAL & FINANCIAL**

Archdiocese Counsel:	James Byrne & Associates	Joliet, IL	James Byrne
Borrower's Counsel:	Ungaretti & Harris	Chicago, IL	Ray Fricke
Bond Counsel:	Chapman & Cutler	Chicago, IL	James Luebchow
Issuer's Counsel	Ice Miller	Chicago, IL	Thomas Smith
Underwriter/:	Harris N.A.	Chicago, IL	Nicholas Knorr
Placement Agent			
LOC Bank Counsel:	Chapman and Cutler	Chicago, IL	Carol Thompson
Placement and:	Perkins Coie	Chicago, IL	William Corbin
Remarketing Counsel			
Trustee:	US Bank National Association	Chicago, IL	Peter Brennan
General Contractor:	N/A		
Architect:	N/A		

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**LEGISLATIVE DISTRICTS**

Congressional: 13, Judy Biggert  
State Senate: 48, Peter J. Roskam  
State House: 96, Joe Dunn

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project:** **The Latin School of Chicago**

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**STATISTICS**

Number:	E-PS-TE-CD-693	Amount:	\$35,000,000 (not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Townsend S. Albright
Locations:	Chicago	SIC Code:	8211

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**BOARD ACTION**

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

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**PURPOSE**

Proceeds will be used to (i) demolish the current building and construct a Middle School facility on property owned by the Applicant, (ii) renovate the Applicant's Lower and Upper school facilities, (iii) refinance the Applicant's Series 1998 bonds, (iv) capitalize interest, and (v) fund legal and professional costs.

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**IFA CONTRIBUTION**

Conveys Federal tax-exempt status on bond interest.

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**VOTING RECORD**

Voting record from IFA Preliminary Bond Resolution on November 8, 2005:

Ayes: 10      Nays: 0      Abstentions: 0      Absent: 5, (Boyles, DeNard, Herrin, O'Brien, Zeller)  
Vacancies: 0

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**SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	\$33,500,000	Uses:	Project costs	\$15,453,500
	Release of 1998 DSRF	1,388,500		Capitalized interest	860,000
	Investment Income	<u>425,000</u>		Bond Refinancing	18,624,500
				Bond issuance costs	<u>375,500</u>
	Total	<u>\$35,313,500</u>		Total	<u>\$35,313,500</u>

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**JOBS**

Current employment:	239	Projected new jobs:	11
Jobs retained:	N/A	Construction jobs:	300 (18 months)

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**BUSINESS SUMMARY**

**Background:** The Latin School of Chicago ("the Applicant", the "School") was established in 1888 and is the oldest independent day school in Chicago. Latin is a co-educational, college preparatory school open to all students without regard to race, religion, or national origin. The School enrolls a diverse community of students, in grades Junior Kindergarten through 12. The student-faculty



ratio is 8:1. Of the faculty, 81.0% have master's degrees or higher. The School currently educates 1,085 students from Chicago and surrounding suburbs. The School's urban location allows students and faculty to utilize Chicago's cultural and academic resources.

The School currently provides need-based financial aid to over 14.0% of its current students. The School hosts *High Jump*, a tuition-free academic enrichment program for talented and motivated middle school students from Chicago public and private schools with limited family income. The School's adult education program, *Live and Learn*, provides classes for more than 6,000 Chicago-area adults in approximately 700 courses annually. A list of School Board members is attached for IFA Board review.

Description: As the School has grown, it has become a necessity to provide more space for the Middle School students and also be able to continue the School's other programs which serve the community. The growth of the Middle School over the past eight years has caused overcrowding. In 2001, the School purchased the site for a new Middle School facility which is adjacent to the Middle/Upper School building. and across the street from the Lower School building. The proposed Middle School facility will be used for teaching classes for grades 6, 7, and 8. Funds from the proposed financing will pay for (i) demolishing the current building and constructing a Middle School facility, (ii) renovating the Applicant's Lower and Upper school facilities, (iii) refinancing the School's Series 1998 bonds, (iv) capitalizing interest, and (v) funding legal and professional costs. Current plans anticipate a small increase in the Upper School enrollment once the 6-8<sup>th</sup> grades have moved to the new Middle School facility.

Remarks: Tax-exempt financing will lower the School's borrowing costs and its annual debt service payments. By reducing the amount of money spent of debt service the School will be able to spend more money on educational services. The proposed project will provide "state-of-the-art" facilities so the School can continue to (i) provide quality education, and (ii) remain competitive with other independent private day schools.

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### FINANCING SUMMARY

Security: Direct pay Letter of Credit from JPMorgan Chase, N.A., Chicago, IL  
Structure: Multi-mode Adjustable Rate Demand Bonds consisting of approximately \$18,000,000 Series A Refunding Bonds maturing in 2028, and approximately \$15,500,000 Series B Project Finance Bonds maturing in 2035.  
Maturity: 30 years

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### PROJECT SUMMARY

Proceeds will be used to (i) (i) demolish the current building and construct an approximately 79,700 sq. ft Middle School facility to be located on approximately .516 acres of land located at 45 West North Avenue, Chicago, Cook County, Illinois which is owned by the Applicant, (ii) renovate the Applicant's Lower and Upper school facilities, (iii) refinance the School's Series 1998 bonds, (iv) capitalize interest, and (v) fund legal and professional costs.

New Construction	\$13,947,500
Renovation of Existing Facilities	<u>1,596,000</u>
Project Costs:*	Total <u>\$15,453,500</u>

\*The total project cost for the construction of the Middle School and renovations to the Lower and Upper Schools is approximately \$24.0 million. Costs in excess of those raised through this proposed financing will be paid from other School funds, including funds raised through a capital campaign.

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: The Latin School of Chicago  
Project names: The Latin School of Chicago Middle School Project

Location: 45 West North Avenue, Chicago, Cook County, Illinois 60610  
Organization: 501(c)(3) Corporation  
State: Illinois  
Board of Directors: Attached for IFA Board review

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Accountant:	KPMG LLP	Chicago, IL	
Bond Counsel:	Mayer, Brown, Rowe & Maw	Chicago, IL	David Narefsky
Issuer's Counsel	Pugh, Jones, Johnson & Quandt, P.C.	Chicago, IL	Kim Barker Lee
Underwriter:	JPMorgan Securities, Inc.	Chicago, IL	Michelle Salomon
Placement Agent			
Underwriter's Counsel:	Ice Miller	Chicago, IL	Thomas Smith Jeffrey Lewis
LOC Bank Counsel:	Burke, Burns & Pinelli, LTD	Chicago, IL	Mary Patricia Burns
Financial Advisor:	M.C. Toomey Financial Consulting	Evanston, IL	Maureen Toomey
Trustee:	JPMorgan Trust Company, N.A.	Chicago, IL	Daryl Pomykala
Trustee Counsel:	Tyson Strong Hill, LLC	Chicago, IL	Lance C. Tyson
General Contractor:	The Meyne Company	Chicago, IL	
Architect:	Nagle, Hartrey, Danker, Kagan, McKay, Penny Architects	Chicago, IL	
Project Manager:	URS Corporation	Chicago, IL	

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**LEGISLATIVE DISTRICTS**

Congressional: 07, Danny K. Davis  
State Senate: 06, John J. Cullerton  
State House: 12, Sara Feigenholtz

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*President Emeritus, The Latin School of Chicago*

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY**

**Project: Park Lawn Association, Inc.**

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**STATISTICS**

Deal Number:	N-NP-TE-CD-702	Amount:	\$3,500,000 (not-to-exceed amount)
Type:	Not-For-Profit Bond	IFA Staff:	Sharnell Curtis Martin
Location:	Alsip		

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**BOARD ACTION**

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

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**PURPOSE**

Bond proceeds will be used to finance construction and renovation of a facility.

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**IFA CONTRIBUTION**

Federal Tax-Exempt interest on 501(c)(3) Revenue Bonds.

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**VOTING RECORD**

Final Bond Resolution, this is the first time this project has been presented to the Board.

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**SOURCES AND USES OF FUNDS**

Sources:	IFA Bond	\$3,000,000	Uses:	Project Costs	\$4,220,000
	Equity	<u>1,340,000</u>		Bond Issuance Costs	<u>120,000</u>
	Total Sources	<u>\$4,340,000</u>		Total Uses	<u>\$4,340,000</u>

The source of equity is from proceeds of the organization's capital campaign.

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**JOBS**

Current employment:	71	Projected new jobs:	8
Jobs retained:	N/A	Construction jobs:	100

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**BUSINESS SUMMARY**

Background: Park Lawn Association, Inc. ("Park Lawn" or the "Applicant") was incorporated as a 501(c)(3) organization in 1955. Its mission is to provide services for the mentally retarded. Since that time, Park Lawn has established a school program, vocational programs and residential services for individuals with developmental disabilities. The day-to-day management of Park Lawn consists of: James Weise, Executive Director; Ellie Crumback; Residential Director and Steve Manning; Finance Director.

Park Lawn was also approved for a \$175,000 Participation Loan by the IFA Board in July 2005 to acquire a CILA group home to be located in Oak Lawn, Illinois. This loan, also with Founders Bank is expected to close by December 2005.

**Description:** Park Lawn is accredited by the Commission on Accreditation of Rehabilitation Facilities and member of the Association for Retarded Citizens. The organization's current service area includes primarily Southwest Chicago and Southwest Suburbs serving nearly 200 clients.

The project consists of the construction of two residential wings totaling 10,000 square feet being added to an existing facility. Renovation of the existing facility will bring all resident services to grade level, improve handicap accessibility, expand the common lounge areas and update the nursing and kitchen facilities.

**Remarks:** Founded by a small group of parents that formed a not-for-profit organization to provide opportunities for their mentally challenged children to lead active and productive lives. With the help of local mayors and government officials in the southwest suburbs, donations, and fundraisers, the first permanent school building was erected in Oak Lawn.

As the children aged and their needs changed, Park Lawn recognized the need for further expansion. In 1972, an addition to the school was constructed for developmental training classes and workshops for adults. Park Lawn employs over 70 adults. Park Lawn Supported Employment Program places eligible persons in community jobs and provides ongoing support thanks to a grant from the Illinois Department of Human Services.

Park Lawn recognized the need for residential services in the late 1970s and prepared for its next major expansion. In 1981, Park Lawn purchased the Worth Township Civic Center and courthouse and redeveloped it into a multi-story residential center for 40 adults with cognitive and complex physical disabilities. This intermediate care facility provides twenty-four hour supervision and medical services. Later Park Lawn opened six five-resident Community Integrated Living Arrangements (CILA) or group homes in Chicago Ridge, Evergreen Park, Tinley Park Mulberry, Worth, Oak Lawn, and Tinley Park Thornwood. With staff guidance, residents make decisions regarding the running the household, preparing meals, performing household chores, and preparing the budget.

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### FINANCING SUMMARY

**Security:** The Bonds will be direct purchase by Founders Bank and held as an investment over the term of the bonds.

**Structure:** Fixed Rate Bonds at a interest rate of 75% of prime rate, currently estimated 4.75%.

**Maturity:** Seven year with a seven year reset amortized over 30 years.

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### PROJECT SUMMARY

Bond proceeds will be used to finance the construction of a 10,000 square foot expansion on a facility to be located at 5831 W 115<sup>th</sup> Street, Alsip, Illinois (Cook County), and renovations. Project costs are estimated as follows:

Construction	\$3,769,300
Architectural and Engineering	325,700
Contingency	<u>125,000</u>
Total Project Costs	<u>\$4,220,000</u>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Park Lawn Association, Inc.  
Project name: Park Lawn Center Rebuild  
Location: 5831 W. 115<sup>th</sup> Street, Alsip, IL 60803 (Cook County)  
Organization: 501(c)(3) Corporation  
State: Illinois  
Board of Directors: Fred Zimmy, President  
Steve Janiszewski, Vice President  
Cathy Supanich, Secretary  
Marilyn Rodak, Treasurer  
Chuck DiNolfo  
Jon Perry  
Maury Barger  
Bob Schuetz  
Diane Halvorson  
Land Sellers: Not Applicable

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	James Himmel, Attorney at Law	Palos Heights	James Himmel
Accountant:	Cocolas, Westberg, Mommsen & Co., Ltd.	Orland Park	
Bond Counsel:	Wildman Harrold Allen & Dixon	Chicago	James Snyder
Bond Purchaser:	Founders Bank	Worth	Carol Graham
Bank's Counsel:	Freeborn and Peters	Chicago	Sara Lee Keller
Issuer's Counsel:	Ice Miller	Chicago	Tom Smith
Trustee:	Founders Bank	Worth	
Architect:	Worn Jerabek Architects, P.C.	Chicago	
General Contractor:	The Lombard Company	Alsip	

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**LEGISLATIVE DISTRICTS**

Congressional: 3 – Daniel Lipinski  
State Senate: 18 – Edward D. Maloney  
State House: 36 – James D. Brosnhan

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project:** Village of Freeburg

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**STATISTICS**

Number:	L-GR-TE-700	Amount:	\$6,300,000 (not to exceed)
Type:	Local Government Bond	IFA Staff:	Rick Pigg
Location:	Freeburg		

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**BOARD ACTION**

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

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**PURPOSE**

To finance construction of electric distribution facilities, reimburse the Village for project costs incurred and pay issuance costs.

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**IFA CONTRIBUTION**

Convey federal *and* Illinois tax exempt status on the subject bonds.

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**VOTING RECORD**

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

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**SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	<u>\$5,960,000</u>	Uses:	Underwriter's Discount	\$107,000
				Project Costs	5,703,600
				Gross Bond Insurance Premium	101,800
				Costs of Issuance	45,700
				Rounding Amount	<u>1,900</u>
	Total	<u>\$5,960,000</u>	Total		<u>\$5,960,000</u>

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**JOBS**

Current employment:	Projected new jobs:	1
Jobs retained:	Construction jobs:	5

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**BUSINESS SUMMARY**

**Background:** The Village of Freeburg is a municipal corporation operating under the commission form of local government. The Village was incorporated in 1867 with 808 residents. The 2000 Census estimated the Village population at 3,872. The Village is located approximately 55 miles southeast of St. Louis and 76 miles northwest of Carbondale in the county of St. Clair. Freeburg has a highly diversified business economy and serves as a bedroom community for Belleville and the St. Louis metropolis, while still offering essential services needed in any small community. Several factories operate within the Village, including E.M. Wiegmann & Co., Inc., Tower's Fire Apparatus Co., Inc., and Siemen's Mfg., Co, Inc., as well as several small construction, trucking and engineering



firms. Three commercial orchards are also located in the area: Eckert's Orchards, Schlueter's Orchard, and Braeutigam's Orchard.

Freeburg's electric system is owned and operated by the Village and has been generating and distributing electric power to Village residents, businesses and industry since 1905. The Village is supplied with wholesale electric power from the Illinois Municipal Electric Agency (IMEA) which is a joint action municipal power provider. The Village is represented on the board of directors of IMEA and has a long-term power supply agreement with IMEA. Power is supplied to the Village's electric system from the electric transmission facilities of Ameren Illinois Power Company under contract with IMEA. The Village received power at a transmission voltage of 34.5kV and reduces the voltage to the common distribution voltages of 4.16kV and 12.47kV. All new development will be at the 12.47kV level. The Village also owns and operates an existing diesel power plant both to provide emergency backup to its wholesale electric purchases and to provide mutual capacity to the IMEA, for which it received cost reimbursement on a set formula basis.

The area served by the system is limited to the Village, an area of approximately 8 square miles. The Village's population in 2000 increased by 24.3% compared to 1990 census data. The system's service area population is approximately 4,500 persons. The Village has experienced a customer growth rate of approximately 1% per year over the last five years. The top 5 customers account for 23.6% of revenues.

**Project:** Presently, the Village's generating capacity and substation transforming capacity are at or near their physical limits. Recent annexations, near-term highway improvements and the Village's close proximity to Belleville, Illinois and St. Louis, Missouri, are expected to spur considerable growth in the Village. To satisfy the growing demand on the Village's electric system, the Village intends to use Bond proceeds to pay certain costs to construct distribution facilities and to reimburse itself for recently constructed distribution facilities. These facilities will add capacity for existing customers and additional capacity for new customers.

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### FINANCING SUMMARY

**The Bonds:** The Bonds will be Alternate Revenue Bonds, with the Village's Electric System revenues pledged as the primary revenue source. In the event that the System revenues are insufficient to pay principal and interest on the Bonds, the Village has committed to collect ad valorem property taxes levied to pay debt service on the Bonds. The Village must document that the primary revenues are sufficient to provide 1.25 times debt service coverage on the bonds in order to pledge ad valorem property taxes to repay the Bonds without passing a voter referendum to do so. The Village has engaged Barnes, Henry, Meisenheimer & Gende, Inc., of Arnold, Missouri to prepare a feasibility study confirming that the pledged revenues will be sufficient to maintain 1.25 times debt service coverage. The Village 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. This referendum will be completed prior to December 5 when the Board of Trustees is scheduled to approve the sale of the Village's Bond to the Authority.

**Security:** The Bond are general obligations of the Village and are payable from (i) net revenues of the Village's Electric fund deposited to the credit of the Surplus Account of the Alternate Bond and Interest Sub-account, and (ii) ad valorem property taxes levied against all of the taxable property in the Village without limitation as to rate or amount. The Bonds are not secured by any interest in the property which constitutes The Project.

**Insurance:** Payment of principal and interest on the Bonds will be insured by XL Capital Assurance, Ltd. The Bonds will be rated "AAA" by Fitch Investors.

Structure: Principal is expected to be due on December 1, beginning in 2006 with a final maturity in 2025. Interest will be fixed rate and payable each June 1 and December 1, beginning June 1, 2006. The bonds are subject to redemption prior to maturity.

Maturity: 20 years

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**PROJECT SUMMARY**

The Village will use the proceeds of the sale of its Local Government Securities to (i) pay a portion of the costs of electric system improvements and pay for certain costs associated with the issuance of the Local Government Securities and the Bonds.

Project costs are estimated at \$5,703,600.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Village of Freeburg  
Project names: Village of Freeburg Electric System Project  
Location: 14 Southgate Center, Freeburg, IL 62243 St Clair County  
Organization: Illinois Municipality  
Mayor: Ray Danford  
Trustees: Rita Baker  
Tracy Coughlin  
Charles Mattern  
Kevin Groth  
Tony Miller  
Mary Kreig  
Officials: Clerk: Mary "Lisa" Grau  
Treasurer: Bryan Vogel

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**PROFESSIONAL & FINANCIAL**

Issuer's Counsel:	Southworth, Hart & Witsman	Springfield, IL	Sam Witsman
Bond Counsel	Chapman and Cutler LLP	Chicago, IL	Kelly Kost
Underwriter	Edward D Jones & Co., LP	St. Louis, Missouri	Tom Lally

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**LEGISLATIVE DISTRICTS**

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

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
DECEMBER 6, 2005**

**Borrower: Advanced Refunding (IRBB Local Government Bonds)**

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**STATISTICS**

Deal Number:	L-GP-TE-MO-608	Amount:	\$15,700,000
Type:	Moral Obligation	Staff Contact:	Eric Watson
Location(s):	Statewide		

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**BOARD ACTION**

Final Bond Resolution Local Government Bonds	Staff recommends approval Conditions: Moral Obligation/Intercept Pledge
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**PURPOSE**

To advance refund outstanding bonds issued by the Illinois Rural Bond Bank on behalf of units of local government and to pay certain costs of issuance.

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**VOTING RECORD**

A Preliminary Resolution for this project was adopted on June 14, 2005 by the following vote:

8-Ayes	0-Nays	0-Abstentions
5-Absences (Delgado and O'Brian, both by telephone, Giannoulis, Ozark, and Rice)		

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**JOBS**

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

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**BUSINESS SUMMARY**

**Background:** With the assistance from A.G. Edwards, and as the underwriter for the Illinois Rural Bond Bank, an analysis was conducted to determine the merits of an advanced refunding of Bond Bank Pooled Bond Program participants. It was determined that over 30 communities previously funded by the IRBB as well as IRBB non asset bonds would benefit from a refund pool. The Bond Bank successfully completed an advanced refunding in the fall of 2003 and provided the blue-print for this transaction. Since the Moral Obligation of the State of Illinois was extended to these borrowers previously and remain as part of this transaction, the Governor's Office of Management and Budget must also approve this transaction. Once the IFA Board has approved, a letter from IFA requesting approval must be forwarded to the Governor. The Governor's Office of Management and Budget is aware of this transaction and a copy of our analysis has been provided to them.

Description: Current Bond Bank participants with outstanding bonds were evaluated to determine whether a savings of greater than 2% could be achieved. It was determined that outstanding bonds issued between the years of 1992 and 2000 would benefit. Of the 30 – plus communities that were originally identified by AG Edwards as being refund candidates, it is estimated that up to 28 will participate. This refunding will result in an estimated savings an approximate aggregate of \$500,000.

Remarks: The IFA will refund approximately \$12,140,000 of community bonds and \$2,380,000 of IRBB non-asset bonds, totaling \$14,520,000. The new pool will issue \$13,060,000 in bonds to the communities and \$2,588,000 in non-asset bonds, totaling \$15,648,000. The newly issued bonds will have the same maturity schedule as the refunded bonds. Savings is achieved over the life of the loan via lower interest rates. A minimum savings threshold of 2% must be met to be recommended for participation in the refunding.

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### FINANCING SUMMARY

Security: Intercept Pledge  
Structure: Fixed Rate, Moral Obligation support  
Maturity: Various

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Various IRBB Bonds  
Project name: Advanced Refunding

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### PROFESSIONAL & FINANCIAL

Bond Counsel:	Chapman & Cutler	Chicago, IL	Chuuck Jarik
Underwriter:	A. G. Edwards	St. Louis, MO	Anne Noble
Trustee:	U. S. Bank	St. Louis, MO	Brian Kabbes

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: DeKalb Supportive Living Limited Partnership, and its successors and assigns, an Illinois Limited Partnership to be formed (Pine View/DeKalb County Supportive Living Facility)**

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**STATISTICS**

IFA Project #:	M-MH-TE-CD-697	Amount:	\$6,500,000 (not-to-exceed amount)
Type:	Housing Bonds	FM:	Rich Frampton
Location:	DeKalb		

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**BOARD ACTION**

Preliminary Bond Resolution  
Conduit Tax-Exempt Affordable Rental Housing  
Bonds

No IFA Funds at risk

Staff recommends approval subject to the following extraordinary condition:

1. If any non-rated, unenhanced bonds are issued to finance a portion of the project costs, these Subordinate Series B Bonds must be sold in minimum denominations of \$100,000 (i.e., thereby assuring distribution to Accredited Institutional Investors).
- 

**PURPOSE**

Construction of a new, 76-unit, two-story, affordable Supportive Living Facility (senior living facility) in DeKalb.

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**IFA CONTRIBUTION**

IFA will convey tax-exempt bond status on this financing.

The Developer will use up approximately \$6.225 million of IFA Carryforward Volume Cap.

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**VOTING RECORDS**

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

**PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS**

Sources: Senior Bonds (Series 2006A) <i>FHA 232 /GNMA Enhanced</i>	\$6,225,000	Uses: Project costs	\$7,627,731
Subordinate Debt (subject to change)	0	Purchase of Vol. Cap	62,250
LIH Tax Credits	2,967,481	Legal & Professional/Tax Credit Costs	105,000
General Partner Equity	<u>250,100</u>	Capitalized Interest/Reserves	430,000
<b>Total</b>	<b>\$9,442,581</b>	Bond Issuance Costs	267,000
		Operating Reserve & DSRF	366,400
		Deferred Developer Fee	<u>584,200</u>
		<b>Total</b>	<b>\$9,442,581</b>

\*Note: The Developer's Fee will be deferred and paid over time subject to the Partnership Agreement to be executed between the Developer and the Tax Credit Investor. Payment of these fees will be contingent on project performance. Typical performance hurdles include: satisfying certain benchmark debt service coverage, occupancy rates, and other negotiated covenants.

**JOBS**

Current employment:	0	Projected new jobs:	31 (FTE's)
Jobs retained:	N/A	Construction jobs (12 mo's.):	25 (average)

**BUSINESS SUMMARY**

Organization: **DeKalb Supportive Living Limited Partnership and its successors and assigns (the "Applicant")**, is an Illinois limited partnership to be formed. The Applicant is a special purpose entity established for the express purpose of constructing, owning, and operating the Pine View/DeKalb County Supportive Living Facility, a new, 76-unit senior living facility to be located in DeKalb, Illinois.

The **General Partner**, and 0.01% owner of the Applicant, will be **DeKalb County Supportive Living Facility LLC**, a to be formed Illinois Limited Liability Company, the members of which will be (1) **DeKalb County Rehab & Nursing Center** (potentially through an affiliated entity to be formed by the County of DeKalb), and (2) **Pine View Supportive Living Facility, LLC**, the members of which are key principals of (i) BMA Management, Ltd., Bourbonnais, IL; (ii) Budslick Management Company, Inc., Carbondale, IL; and (iii) DSG Development, Inc., Springfield, IL. The members of Pine View Supportive Living Facility, LLC have successful facility development and operating experience in the Supportive Living Facility and affordable rental housing niches.

The Economic Disclosure Statement section of this report provides additional background information on those with an ownership interest in the General Partner.

The **Limited Partner** and 99.99% owner of the project are expected to be affiliates of **National Equity Fund, Inc., Chicago, Illinois**, a Low Income Tax Credit Syndicator. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits to corporations.

**Background:** The proposed Pine View/DeKalb Supportive Living Facility will be a new, 76-unit affordable assisted living project to be located in DeKalb, Illinois, located approximately 60 west of Chicago. The subject facility would be the first Supportive Living Facility to be located in DeKalb County.

The SLF will be a 63,773 SF building that will consist of thirteen (13) studio units, fifty-eight (58) 1 BR units, and five (5) 2 BR units and include over 29,000 SF of common/clubhouse areas and recreational facilities. Of the 76 units, 64 will be designated Low Income and 12 will be market rental.

The property's common facilities include 50 parking spaces (including 3 handicapped accessible spaces), 2 elevators, and an outdoor walking path.

**Background on  
Developer/  
Property Mgr.:**

**Pine View Supportive Living Facility, LLC (Managing General Partner):** The members of Pine View SLF, LLC include (1) **BMA Management, Ltd.** of Bourbonnais, Illinois (Mr. Blair Minton and Mr. Rod Burkett), (2) **Budslick Management Company, Inc. of Carbondale, Illinois** (Mr. John Budslick), and (3) **DSG Development, Inc. of Springfield, IL** (Mr. George Dinges).

**BMA Management, Ltd.** is an affiliate of Blair Minton & Associates, Inc. BMA was established in 1999 to manage assisted living and supportive living projects in Illinois. BMA currently manages senior assisted living and supportive living projects comprising over 875 units, with an additional 200 under construction. BMA currently manages properties ranging in size from 52 to 103 units.

BMA undertakes projects as joint ventures with hospitals, 501(c)(3) not-for-profit corporations, and private companies with multifamily construction/management experience. BMA provides comprehensive services from pre-development, financing, pre-opening organization, to staffing, training, management development, and food service.

BMA has 10 key corporate staff members with expertise in hospital, home health care, nursing home administration, operations, and marketing.

BMA currently has 11 Supportive Living Facilities under management including:

- Heritage Woods of Flora (52 units opened in May 2000)
- Heritage Woods of Ottawa (84 units opened in November 2000)
- Eagle Ridge of Decatur (76 units opened in July 2003)
- Heritage Woods of Batavia (93 units opened in September 2003)
- Cambridge House – O'Fallon (103 units opened in November 2003)
- Heritage Woods of Watseka (65 units opened in June 2004)
- Heritage Woods of Benton (100 units opened in August 2004)
- Churchview Supportive Living of Chicago (86 units opened in September 2004)
- Prairie Living of Chautaugua in Carbondale (75 units in November 2004)
- Heritage Woods of Manteno (66 units opened in March 2005), and Bowman Woods (76 units opened in Spring 2005). Additionally, BMA will open Pioneer Gardens of Chicago in Spring 2006 (120 units).

**Budslick Management Company, Inc. of Carbondale** is engaged in the pre-development, construction, and operations of new construction multifamily housing properties, primarily in Central and Southern Illinois. More specifically, Budslick has served as General Partner on 8 affordable multifamily properties located in Carbondale, Charleston, Danville, Marion, and West Frankfort. Four of these affordable multifamily properties were financed with 9% LIHTC's and comprise 221 units overall.

**DSG Development, Inc. of Springfield** has experience as an equity investor in multifamily properties throughout Illinois.

**DeKalb County Rehab & Nursing Center (General Partner):** The DeKalb County Rehab & Nursing Center (the "Center") is a County-owned-and-operated 194-bed skilled nursing care facility licensed by the Illinois Department of Public Health located adjacent to the proposed Pine View/DeKalb County SLF. The staff of the Nursing Home comprises about 45% of the total labor force employed by the County of DeKalb. Admissions are coordinated through the Nursing Home's Social Services Department. The Center provides laundry, housekeeping, and building maintenance operations that may also be utilized by the new SLF facility.

DeKalb County will either (1) donate the subject land or (2) execute a long-term (i.e., 50 to 99-year) land lease with the Applicant.

**About HUD 232:** The purpose of the HUD Section 232 Program is to provide long term, fixed rate construction and permanent mortgage financing for (1) construction of new nursing home and assisted living facilities, and (2) major renovations of existing nursing home facilities. Both for-profit and not-for-profit entities are eligible under the FHA-Insured Section 232 Program.

**About Illinois' SLF Program:**

The Developer and the Illinois Department of Public Aid 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 September 2007 (subject to time extensions). This Contract provides for the reimbursement of Covered Services to Eligible Residents under the Medical Assistance Program.

The Supportive Living Program was designed to reduce Medicaid subsidies to support low income elderly and help pay the costs necessary services including medication supervision, laundry, and personal care. All residents in a Supported Living Facility must be able to pay for their own room and board. Medicaid service reimbursement rates in Illinois are set at 60% of the regional nursing home per diem rate.

The Medicaid resident's maximum "room and board" payment is set by state regulation, and as of October 1, 2005, was \$489/month. SLFs can be certified as eligible food stamp vendors and receive these benefits for eligible residents. If a Medicaid resident's income is above \$579/month, then the amount over this threshold is applied as a Medicaid co-payment toward service expenses.

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 moved there from a nursing home. Illinois currently has 49 open and operating SLF's, with 70 approved in 2005

**Accessibility:** As a new construction project, the subject facility will be subject to the Americans with Disabilities Act ("ADA"). Accordingly, all public areas of the facility will comply with ADA.

Additionally, because the facility will cater to seniors, 100% of the units will be designed to be handicapped adaptable and will feature:

- Doorways wide enough to accommodate wheelchairs and walkers
- Door handles throughout will be equipped with levers, rather than doorknobs
- Bathrooms sufficiently wide to allow a wheelchair to turn 360 degrees
- Bathrooms will feature grab bars,
- Bathrooms will be readily convertible from handicapped adaptable to handicapped accessible replacing the bathroom vanity with a sink that features a knee cavity
- Initially, 20% of the units (i.e., 12 out of 72) will be equipped with the handicapped accessible sink



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### FINANCING SUMMARY

Security: Series 2005A Bonds: to be secured by Aaa/AAA/AAA-rated credit enhancement from FHA 232/GNMA modified pass-through mortgage backed securities

Structure: Bonds will be sold as fixed rate bonds with a 37-year final maturity (current estimated rate of 6.24%% as of 11/1/2005).

Maturity: Series 2005 Bonds: 37 years (with level principal amortization over the last 35 years; provides for interest-only payments for the first two years)

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### PROJECT DESCRIPTION FOR IFA BOND RESOLUTION

Bond proceeds will be used to finance site improvements, and the construction of a new, one building, two-story, 76-unit Supportive Living Facility located on an approximately 4.8 acre site located near the northeast corner of Annie Glidden Road and Dresser Road in DeKalb (DeKalb County), IL 60115.

Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, and will also capitalized certain debt service and operating reserve funds.

Preliminary estimated project costs are as follows:

Land/Site Development	\$400,000
Construction:	6,355,032
Furniture, Fixtures & Equip.	495,000
Arch., Eng.	160,000
Project Contingency	<u>217,699</u>
<b>Total:</b>	<b>\$ 7,627,731</b>

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: **DeKalb Supportive Living Limited Partnership**, an Illinois Limited Partnership to be formed, c/o Pine View Supportive Living LLC, c/o Mr. Blair Minton, BMA Management, Ltd., 755 Almar Parkway, Suite C, Bourbonnais, IL 60914; Ph.: 815-935-1992; Fax: 815-935-1992; [bma1992@aol.com](mailto:bma1992@aol.com)

Alternate Contact: Mr. Rod Burkett, BMA Management, Ltd., 755 Almar Parkway, Suite C, Bourbonnais, IL 60914; Ph.: 815-935-1992; Fax: 815-935-1992

Project name: Pine View/DeKalb County Supportive Living Facility  
Location: located near the NE corner of Annie Glidden Road and Dresser Road), DeKalb (DeKalb County), IL 60115 (Street address to be designated later)

Organization: Limited Partnership (to be formed)  
State: Illinois

Ownership of Applicant: **DeKalb Supportive Living Facility Limited Partnership** and its successors or assigns, an Illinois Limited Partnership to be formed (ownership percentages are preliminary and subject to change)

- o **Pine View DeKalb SLF, LLC (General Partner): 1.00%**
  - o **Pine View Supportive Living LLC, 75%, Manager:**
    - **BMA Management, Ltd.**, Bourbonnais, IL (see Applicant Contact)
    - **Budslick Management, Inc.**, Carbondale, IL (Contact: Mr. John Budslick, 618-457-5312)
    - **DSG Development, Inc.**, Springfield, IL (Contact: Mr. George Dinges, 217-528-0720)
  - o **DeKalb County Pine View, LLC**, a to-be-formed special purpose entity of DeKalb County Government, 25%

- **National Equity Fund, Inc. (Limited Partner)**, Chicago, IL: 99.00% (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing).

**Current Property**

**Owner:** **DeKalb County.** DeKalb County is the current property owner. The County will either be (1) donating the subject property site to the Applicant or (2) leasing the subject property site to the Applicant.

**Contact:**

- Roy Bockman, County Administrator, DeKalb County Courthouse, Sycamore, IL 60178

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**PROFESSIONAL & FINANCIAL**

Counsel:	Schiff Hardin LLP	Chicago, IL	Jeff Kuta, Bruce Weisenthal Bruce Schiff
Accountant:	Reznick Group	Chicago, IL	
Bond Counsel:	To be determined		
Underwriter:	To be determined		
Underwriter's Coun.:	To be determined		
Credit Enhancement: Counsel to Credit	A HUD/FHA 232 Lender to be determined		
Enhancer:	To be determined		
Tax Credit Investor: Tax Credit Investor's Counsel:	National Equity Fund, Inc.	Chicago, IL	Richard Gentry
Trustee:	To be determined		
Architect:	Gleason Architects, P.C.	Sugar Grove, IL	Thad Gleason
General Contractor:	To be determined		
Project Consultant: Management Agent:	The Laubacher Company	Chicago, IL	Mark Laubacher
Issuer's Counsel:	BMA Management, Ltd.	Bourbonnais, IL	Rod Burkett,
	Forthcoming		

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**LEGISLATIVE DISTRICTS**

Congressional:	14	J. Dennis Hastert
State Senate:	35	J. Bradley Burzynski
State House:	70	Robert W. Pritchard

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**Shared Location**

i:\s\Board Book\December 2005  
DeKalb Pine View SLF 12-05 (v2)  
11/8/2005 10:10 AM  
RKF

**Original Document**

i:\rich\2005 Board Reports 12-December  
DeKalb Pine View SLF 12-05 (v2)  
11/8/2005 10:10 AM  
RKF

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Heritage Woods of Freeport Limited Partnership, and its successors and assigns, an Illinois Limited Partnership to be formed (Heritage Woods of Freeport SLF)**

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**STATISTICS**

IFA Project #:	M-MH-TE-CD-698	Amount:	\$10,000,000 (not-to-exceed amount)
Type:	Housing Bonds	FM:	Rich Frampton
Location:	Freeport		

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**BOARD ACTION**

Preliminary Bond Resolution  
Conduit Tax-Exempt Affordable Rental Housing  
Bonds  
No IFA Funds at risk  
Staff recommends approval subject to the following extraordinary condition:

1. If any non-rated, unenhanced bonds are issued to finance project costs, these Subordinate Series B Bonds must be sold in minimum denominations of \$100,000 (i.e., thereby assuring distribution to Accredited Institutional Investors).

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**PURPOSE**

Construction of a new, 99-unit, two-story, affordable Supportive Living Facility (senior living facility) in Freeport.

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**IFA CONTRIBUTION**

IFA will convey tax-exempt bond status on this financing.

The Developer will use up approximately \$9.7 million of prior year IFA Carryforward Volume Cap.

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**VOTING RECORDS**

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

**PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS**

Sources: Senior Bonds (Series 2006A) <i>FHA 232 /GNMA Enhanced</i>	\$9,700,000	Uses: Project costs	\$10,664,214
Subordinate Debt (subject to change)	0	Purchase of Vol. Cap	97,000
LIH Tax Credits	2,783,435	Legal & Professional/Tax Credit Costs	109,761
General Partner Equity	<u>100</u>	Capitalized Interest/Reserves	357,680
<b>Total</b>	<b>\$12,483,535</b>	Bond Issuance Costs	287,000
		Operating Reserve & DSRF	444,323
		Deferred Developer Fee	<u>523,557</u>
		<b>Total</b>	<b>\$12,483,535</b>

\*Note: The Developer's Fee will be deferred and paid over time subject to the Partnership Agreement to be executed between the Developer and the Tax Credit Investor. Payment of these fees will be contingent on project performance. Typical performance hurdles include: satisfying certain benchmark debt service coverage, occupancy rates, and other negotiated covenants.

**JOBS**

Current employment:	0	Projected new jobs:	38 (FTE's)
Jobs retained:	N/A	Construction jobs (12 mo's.):	30 (average)

**BUSINESS SUMMARY**

Organization: **Heritage Woods of Freeport Limited Partnership and its successors and assigns** (the "Applicant"), is an Illinois limited partnership to be formed. The Applicant is a real estate holding entity established for the express purpose of constructing, owning, and operating the Heritage Woods of Freeport Supportive Living Facility, a new, 99-unit senior living facility to be located in Freeport, Illinois.

**The General Partner**, and 0.01% owner of the Applicant, will be **Heritage Woods of Freeport LLC** and its successors and assigns, the members of which will be (1) the **Stephenson Nursing Center Foundation**, (a 501(c)(3) affiliate of unit of Stephenson County Government that operates as a supporting organization to a County-owned 160-bed skilled nursing facility adjacent to the proposed project) and (2) **Freeport Supportive Living, LLC** (whose members include individuals with successful SLF facility development and operating experience and are described further on Page 3 of this report).

The Economic Disclosure Statement section of this report provides additional background information that identifies key management.

**The Limited Partner** and 99.99% owner of the project are expected to be affiliates of **Illinois Equity Fund, Inc.**, Springfield, Illinois, a Low Income Housing Tax Credit Syndicator. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits to corporations.

**Background:** The proposed Heritage Woods of Freeport Supportive Living Facility will be a new, 99-unit affordable assisted living project to be located in Freeport, Illinois, located in Stephenson County. Freeport is located approximately 28 miles West of Rockford on U.S. Hwy 20. The subject facility would be the first Supportive Living Facility to be located in Stephenson County.

The SLF will be a 73,244 SF building that will consist of twenty-one (21) studio units, seventy-two (72) 1 BR units, and six (6) 2 BR units and include over 27,000 SF of common/clubhouse areas and recreational facilities. Of the 99 units, 79 will be designated Low Income and 20 will be market rental.

The property's common facilities will include 50 parking spaces (including 5 handicapped spaces), and 2 elevators, and an outdoor walking path.

**Background on  
Developer/  
Property Mgr.:**

**Freeport Supportive Living Facility, LLC (General Partner):** The members of Freeport Supportive Living Facility, LLC are (1) BMA Management, Ltd. of Bourbonnais, Illinois (Mr. Blair Minton, Managing Member), (2) DSG Development, Inc., and (3) the Stephenson Nursing Center Foundation (Member).

**BMA Management, Ltd.** is an affiliate of Blair Minton & Associates, Inc. BMA was established in 1999 to manage assisted living and supportive living projects in Illinois. BMA currently manages senior assisted living and supportive living projects comprising over 875 units, with an additional 200 under construction. BMA currently manages properties ranging in size from 52 to 103 units.

BMA undertakes projects as joint ventures with hospitals, 501(c)(3) not-for-profit corporations, and private companies with multifamily construction/management experience. BMA provides comprehensive services from pre-development, financing, pre-opening organization, to staffing, training, management development, and food service.

BMA has 10 key corporate staff members with expertise in hospital, home health care, nursing home administration, operations, and marketing.

BMA currently has 11 Supportive Living Facilities under management including:

- Heritage Woods of Flora (52 units opened in May 2000)
- Heritage Woods of Ottawa (84 units opened in November 2000)
- Eagle Ridge of Decatur (76 units opened in July 2003)
- Heritage Woods of Batavia (93 units opened in September 2003)
- Cambridge House – O'Fallon (103 units opened in November 2003)
- Heritage Woods of Watseka (65 units opened in June 2004)
- Heritage Woods of Benton (100 units opened in August 2004)
- Churchview Supportive Living of Chicago (86 units opened in September 2004)
- Prairie Living of Chautaugua in Carbondale (75 units in November 2004)
- Heritage Woods of Manteno (66 units opened in March 2005), and Bowman Woods (76 units opened in Spring 2005). Additionally, BMA will open Pioneer Gardens of Chicago in Spring 2006 (120 units).

**DSG Development, Inc. of Springfield (Member)** has experience as an equity investor in several multifamily and affordable rental properties throughout Illinois.

**Stephenson Nursing Center Foundation (Member):** The Stephenson Nursing Center Foundation is a 501(c)(3) not-for-profit Foundation and is a supporting organization of the Stephenson County Nursing Home, a County-owned 160-bed skilled nursing facility located in Freeport. The Foundation is the local sponsor of the Heritage Woods of Freeport SLF.

The proposed Heritage Woods SLF property, however, will be a stand-alone facility located in northeast Freeport on Illinois Hwy. 75.

About HUD 232: The purpose of the HUD Section 232 Program is to provide long term, fixed rate construction and permanent mortgage financing for (1) construction of new nursing home and assisted living facilities, and (2) major renovations of existing nursing home facilities. Both for-profit and not-for-profit entities are eligible under the FHA-Insured Section 232 Program.

About Illinois' SLF Program:

The Developer and the Illinois Department of Public Aid 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 September 2007 (subject to time extensions). This Contract provides for the reimbursement of Covered Services to Eligible Residents under the Medical Assistance Program.

The Supportive Living Program was designed to reduce Medicaid subsidies to support low income elderly and help pay the costs necessary services including medication supervision, laundry, and personal care. All residents in a Supported Living Facility must be able to pay for their own room and board. Medicaid service reimbursement rates in Illinois are set at 60% of the regional nursing home per diem rate.

The Medicaid resident's maximum "room and board" payment is set by state regulation, and as of October 1, 2005, was \$489/month. SLFs can be certified as eligible food stamp vendors and receive these benefits for eligible residents. If a Medicaid resident's income is above \$579/month, then the amount over this threshold is applied as a Medicaid co-payment toward service expenses.

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 moved there from a nursing home. Illinois currently has 49 open and operating SLF's, with 70 approved in 2005 as of 10/1/2005.

Accessibility: As a new construction project, the subject facility will be subject to the Americans with Disabilities Act ("ADA"). Accordingly, all public areas of the facility will comply with ADA.

Additionally, because the facility will cater to seniors, 100% of the units will be designed to be handicapped adaptable and will feature:

- Doorways wide enough to accommodate wheelchairs and walkers
- Door handles throughout will be equipped with levers, rather than doorknobs
- Bathrooms sufficiently wide to allow a wheelchair to turn 360 degrees
- Bathrooms will feature grab bars,
- Bathrooms will be readily convertible from handicapped adaptable to handicapped accessible replacing the bathroom vanity with a sink that features a knee cavity
- Initially, 20% of the units (i.e., 20 out of 99) will be equipped with the handicapped accessible sink

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#### FINANCING SUMMARY

Security: Series 2005A Bonds: to be secured by Aaa/AAA/AAA-rated credit enhancement from FHA 232/GNMA modified pass-through mortgage backed securities

Structure: Bonds will be sold as fixed rate bonds with a 37-year final maturity (current estimated rate of 6.24% as of 11/1/2005).

Maturity: Series 2005 Bonds: 37 years (with level principal amortization over the last 35 years; provides for 1 year of construction and 1 year of lease-up/stabilization)

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### PROJECT DESCRIPTION FOR IFA BOND RESOLUTION

Bond proceeds will be used to finance the construction and equipping of a new, one building, three-story, 99-unit senior rental property to be known as Heritage Woods of Freeport located on an approximately 5.0 acre site near the NE corner of Illinois Hwy. 75 and Tower Road, Freeport (Stephenson County), IL 60618.

Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, and will also capitalized certain debt service and operating reserve funds.

Preliminary estimated project costs are as follows:

Land/Site Development	\$300,000
Construction & Fin. Costs:	9,103,646
Equipment:	495,000
Arch./Eng./Prof.:	434,100
Project Contingency	<u>331,468</u>
<b>Total:</b>	<b>\$10,664,214</b>

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### ECONOMIC DISCLOSURE STATEMENT

**Applicant:** Heritage Woods of Freeport Limited Partnership, an Illinois Limited Partnership to be formed and Freeport Supportive Living LLC, c/o Mr. Blair Minton, BMA Management, Ltd., 755 Almar Parkway, Suite C, Bourbonnais, IL 60914; Ph.: 815-935-1992; Fax: 815-935-1992; [bma1992@aol.com](mailto:bma1992@aol.com)

**Alternate Contact:** Mr. Rod Burkett, BMA Management, Ltd., 755 Almar Parkway, Suite C, Bourbonnais, IL 60914; Ph.: 815-935-1992; Fax: 815-935-1992

**Project name:** Heritage Woods of Freeport  
**Location:** Near the NE corner of Illinois Hwy 75 and Tower Road, Freeport (Stephenson County), IL 60618  
**Organization:** Limited Partnership (to be formed)  
**State:** Illinois

**Ownership of Applicant:** Heritage Woods of Freeport Limited Partnership, an Illinois Limited Partnership to be formed

- **Heritage Woods of Freeport, LLC (General Partner): 1.00%**
  - **Freeport Supportive Living LLC, 100%:**
    - Mr. Blair Minton, Managing Member, BMA Management, Ltd., Bourbonnais, IL: 33 1/3%
    - Mr. George Dinges, DSG Development, Inc., Springfield, IL: 33 1/3%
    - Stephenson Nursing Center Foundation, Inc., Member, 33 1/3%
- **Illinois Equity Fund, Inc., Springfield, IL. (Limited Partner): 99.00%** (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing).

**Current Property Owner:** Mr. Larry Dickman and Mr. Lowell Dickman, 493 Illinois Route 75 North, Freeport, IL 61032 are the current property owners. The Freeport Area Economic Development Foundation, Inc., a 501(c)(3) economic development organization, currently has a contract and option to purchase the 5.0 acre property site for \$100,000. This contract and option to purchase the subject property has been conveyed to the Stephenson Nursing Center Foundation, for a nominal (\$10) consideration.

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**PROFESSIONAL & FINANCIAL**

Counsel:	Schiff Hardin, LLP	Chicago, IL	Jeff Kuta, Bruce Weisenthal Bruce Schiff
Accountant:	Reznick Group	Chicago, IL	
Bond Counsel:	To be determined		
Underwriter:	To be determined		
Underwriter's Coun.:	To be determined		
Credit Enhancement:	A HUD/FHA Lender to be determined		
Counsel to Credit Enhancer:	To be determined		
Tax Credit Investor:	Illinois Equity Fund, Inc.	Springfield, IL	George Dinges
Tax Credit Investor's Counsel:	To be determined		
Trustee:	To be determined		
Architect:	Gleason Architects, P.C.	Sugar Grove, IL	Thad Gleason
General Contractor:	To be determined		
Project Consultant:	The Laubacher Company	Chicago, IL	Mark Laubacher
Management Agent:	BMA Management, Ltd.	Bourbonnais, IL	Rod Burkett
Issuer's Counsel:	Forthcoming		

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**LEGISLATIVE DISTRICTS**

Congressional:	16	Donald A. Manzullo
State Senate:	45	Todd Sieben
State House:	89	Jim Sacia

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**Shared Location**

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Freeport Heritage Woods SLF 12-05 (v2)  
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Freeport Heritage Woods SLF 12-05 (v2)  
11/8/2005 10:10 AM  
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**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Prairie Winds of Urbana L.P., and its successors and assigns  
(Prairie Winds of Urbana SLF)**

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**STATISTICS**

IFA Project #:	M-MH-TE-CD-696	Amount:	\$9,000,000 (not-to-exceed amount)
Type:	Housing Bonds	FM:	Rich Frampton
Location:	Urbana		

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**BOARD ACTION**

Preliminary Bond Resolution  
Conduit Tax-Exempt Affordable Rental Housing  
Bonds

No IFA Funds at risk

Staff recommends approval subject to the following extraordinary condition:

1. If any non-rated, unenhanced bonds are ultimately issued to finance project costs, these Subordinate Series B Bonds must be sold in minimum denominations of \$100,000 (i.e., thereby assuring distribution to Accredited Institutional Investors).

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**PURPOSE**

Construction of a new, 92-unit, two-story, affordable Supportive Living Facility (senior living facility) in Urbana. IFA Bond Proceeds would be used to take-out conventional construction financing upon completion.

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**IFA CONTRIBUTION**

IFA will convey tax-exempt bond status on this financing.

The Developer will use up approximately \$8.7 million of IFA and IFA Carryforward Volume Cap.

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**VOTING RECORDS**

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

**PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS**

Sources: Senior Bonds (Series 2006A) <i>FHA 232 /GNMA Enhanced</i>	\$8,700,000	Uses: Project costs	\$9,180,269
Subordinate Debt (subject to change)	0	Purchase of Vol. Cap	87,000
LIH Tax Credits	2,475,090	Legal & Professional/Tax Credit Costs	119,739
General Partner Equity	<u>100</u>	Capitalized Interest/Reserves	458,443
<b>Total</b>	<b>\$11,175,190</b>	Bond Issuance Costs	283,940
		Operating Reserve & DSRF	432,022
		*Deferred Developer Fee	<u>613,777</u>
		<b>Total</b>	<b>\$11,175,190</b>

\*Note: The Developer's Fee will be deferred and paid over time subject to the Partnership Agreement to be executed between the Developer and the Tax Credit Investor. Payment of these fees will be contingent on project performance. Typical performance hurdles include: satisfying certain benchmark debt service coverage, occupancy rates, and other negotiated covenants.

**JOBS**

Current employment:	0	Projected new jobs:	36 (FTE's)
Jobs retained:	N/A	Construction jobs (12 mo's.):	28 (average)

**BUSINESS SUMMARY**

Organization: **Prairie Winds of Urbana L.P.** and its successors and assigns (the "Applicant") is an Illinois limited partnership formed in 2004 specifically to develop, construct, own, and operate the Prairie Winds of Urbana Supportive Living Facility, a new, 92-unit senior living facility to be located in Urbana, Illinois.

The **General Partner**, and 1.00% owner of the Applicant, will be **Tatman-Horve LLC** and its successors and assigns, the members of which will be private investors including (1) **Mr. Paul Tatman, President, Tatman Hartrich Construction, Inc., Urbana, IL**, and (2) **Mr. Steve Horve, President, Horve Builders, Forsyth, IL**, and. Qualifications of the members of the General Partner and Management Agent are discussed further on Page 3 (see Background on Developer and Management Agent sections).

The Economic Disclosure Statement section of this report provides additional background information that identifies key management.

The **Limited Partner** and 99.00% owner of the project are expected to be affiliates of **National City Development Corp., Springfield, Illinois**, a Low Income Housing Tax Credit Syndicator. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits to corporations.

**Background:** The proposed Prairie Winds of Urbana Supportive Living Facility will be a new, 92-unit affordable assisted living project to be located in Urbana, Illinois, located in Champaign County. The subject facility would be the first Supportive Living Facility to be located in Champaign County.

The SLF will be a 69,900 SF building that will consist of sixteen (16) studio units, sixty-eight (68) 1 BR units, and eight (8) 2 BR units and include over 24,000 SF of common/clubhouse/activity areas and recreational facilities, including a walking trail. Of the 92 units, 78 will be designated Low Income (i.e., 85%) and 14 will be market rental. The property will include a dining room, 75 parking spaces, and 2 elevators.

The property's common facilities will include walking trails in the adjacent Prairie Winds Active Adult Community under development by Tatman-Horve LLC, which will include a residential neighborhood of single family homes.

**Background on Developer:**

**Tatman-Horve LLC (Managing General Partner or "Developer"):** The members of Tatman-Horve LLC include (1) **Mr. Paul Tatman, President, Tatman Hartrich Construction, Inc., Urbana, IL** (2) **Mr. Steve Horve, Forsyth, Illinois (President of Horve Builders, Forsyth, IL, the General Contractor for this project).**

**Mr. Paul Tatman** has been the sole owner of **Hartrich Construction**, Urbana, Illinois since 1997 and is also the founder of the Tatman Collision Repair chain. Hartrich Construction is active in residential and commercial development, and is Co-Developer with Horve Builders in the adjacent Prairie Winds Active Adult Community, a new development to consist of 29 residential homes, and 42 condominium units, all designed for seniors in southeast Urbana.

**Horve Builders** is a construction company now in its third generation of family management. The Company is active in construction of hotels, retail stores and shopping centers, warehousing/manufacturing facilities, and multifamily housing. Mr. Steve Horve, President, was one of the developers and was also involved in the construction of Eagle Ridge of Decatur SLF, an established SLF facility in Decatur. Prairie Winds will use a similar building design. Horve Builders has constructed 21 affordable rental housing properties in Illinois since 1990 comprising 1,434 units.

**Management Agent:**

**BMA Management, Ltd.** is an affiliate of Blair Minton & Associates, Inc. BMA was established in 1999 to manage assisted living and supportive living projects in Illinois. BMA currently manages senior assisted living and supportive living projects comprising over 875 units, with an additional 200 under construction. BMA currently manages properties ranging in size from 52 to 103 units. As currently proposed, BMA will not have an ownership stake in the Urbana SLF property.

BMA undertakes projects as joint ventures with hospitals, 501(c)(3) not-for-profit corporations, and private companies with multifamily construction/management experience. BMA provides comprehensive services from pre-development, financing, pre-opening organization, to staffing, training, management development, and food service.

BMA has 10 key corporate staff members with expertise in hospital, home health care, nursing home administration, operations, and marketing.

BMA currently has 11 Supportive Living Facilities under management including:

- Heritage Woods of Flora (52 units opened in May 2000)
- Heritage Woods of Ottawa (84 units opened in November 2000)
- Eagle Ridge of Decatur (76 units opened in July 2003)
- Heritage Woods of Batavia (93 units opened in September 2003)
- Cambridge House – O'Fallon (103 units opened in November 2003)

- Heritage Woods of Watseka (65 units opened in June 2004)
- Heritage Woods of Benton (100 units opened in August 2004)
- Churchview Supportive Living of Chicago (86 units opened in September 2004)
- Prairie Living of Chautaugua in Carbondale (75 units in November 2004)
- Heritage Woods of Manteno (66 units opened in March 2005), and Bowman Woods (76 units opened in spring 2005). Additionally, BMA will open Pioneer Gardens of Chicago in spring 2006 (120 units).

About HUD 232: The purpose of the HUD Section 232 Program is to provide long term, fixed rate construction and permanent mortgage financing for (1) construction of new nursing home and assisted living facilities, and (2) major renovations of existing nursing home facilities. Both for-profit and not-for-profit entities are eligible under the FHA-Insured Section 232 Program.

About Illinois'

SLF Program: The Developer and the Illinois Department of Public Aid 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 September 2007 (subject to time extensions). This Contract provides for the reimbursement of Covered Services to Eligible Residents under the Medical Assistance Program.

The Supportive Living Program was designed to reduce Medicaid subsidies to support low income elderly and help pay the costs necessary services including medication supervision, laundry, and personal care. All residents in a Supported Living Facility must be able to pay for their own room and board. Medicaid service reimbursement rates in Illinois are set at 60% of the regional nursing home per diem rate.

The Medicaid resident's maximum "room and board" payment is set by state regulation, and as of October 1, 2005, was \$489/month. SLFs can be certified as eligible food stamp vendors and receive these benefits for eligible residents. If a Medicaid resident's income is above \$579/month, then the amount over this threshold is applied as a Medicaid co-payment toward service expenses.

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 moved there from a nursing home. Illinois currently has 49 open and operating SLF's, with 70 approved in 2005 as of 10/1/2005.

Accessibility: As a new construction project, the subject facility will be subject to the Americans with Disabilities Act ("ADA"). Accordingly, all public areas of the facility will comply with ADA.

Additionally, because the facility will cater to seniors, 100% of the units will be designed to be handicapped adaptable and will feature:

- Doorways wide enough to accommodate wheelchairs and walkers
- Door handles throughout will be equipped with levers, rather than doorknobs
- Bathrooms sufficiently wide to allow a wheelchair to turn 360 degrees
- Bathrooms will feature grab bars,
- Bathrooms will be readily convertible from handicapped adaptable to handicapped accessible replacing the bathroom vanity with a sink that features a knee cavity
- Initially, approximately 20% of the units (i.e., 18 out of 92) will be equipped with the handicapped accessible sink

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#### FINANCING SUMMARY

Security: Series 2005A Bonds: to be secured by Aaa/AAA/AAA-rated credit enhancement from FHA 232/GNMA modified pass-through mortgage backed securities

Structure: Bonds will be sold as fixed rate bonds with a 37-year final maturity (current estimated rate of 6.24% as of 11/1/2005).

Maturity: Series 2005 Bonds: 37 years (with level principal amortization over the last 35 years; provides for 1 year of construction and 1 year of lease-up/stabilization)

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**PROJECT DESCRIPTION FOR IFA BOND RESOLUTION**

Bond proceeds will be used to finance the construction and equipping of a new, one building, two-story, 92-unit senior rental property to be known as Prairie Woods of Urbana located on an approximately 5.0 acre site at Lot 31, Prairie Winds Subdivision (near the SW corner of Colorado Avenue and Prairie Winds Drive), Urbana (Champaign County), IL 61801.

Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, and will also capitalized certain debt service and operating reserve funds.

Preliminary estimated project costs are as follows:

Land/Site Development	\$300,000
Construction & Fin. Costs:	7,771,739
Furniture, Fixtures & Equipment	500,000
Arch./Eng./Prof.:	335,500
Project Contingency	<u>273,030</u>
<b>Total:</b>	<b>\$ 9,180,269</b>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: **Prairie Winds of Urbana, L.P.**, c/o Mr. Paul Tatman, President, Tatman Hartrich Construction, Inc., 3103 N. Tatman Court, Suite 105, Urbana, IL 61802-2292; Ph.: 217-365-9198

Alternate Contact: Mr. Rod Burkett, BMA Management, Ltd., 755 Almar Parkway, Suite C, Bourbonnais, IL 60914; Ph.: 815-935-1992; Fax: 815-935-1992

Project name: Prairie Winds of Urbana

Location: Lot 31, Prairie Winds Subdivision (near SW Corner of Colorado Avenue and Prairie Winds Drive), Urbana (Champaign County), IL 61801

Organization: Limited Partnership  
State: Illinois

Ownership of Applicant: **Prairie Winds of Urbana L.P.**

- **Tatman-Horve, LLC and its successors and assigns (General Partner)**, an Illinois Liability Company: 1.00%
  - Paul Tatman, Managing Member, 3103 N. Tatman Court, Suite 105, Urbana, Illinois: 51%
  - Steve Horve, c/o Horve Builders, 330 Marion Avenue, Forsyth, Illinois: 49%
- **National City Development Corp., Springfield, IL, Limited Partner:** 99.00% (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing).

Current Property Owner:

The subject property site is already owned by Tatman-Horve, LLC, the General Partner for this project.

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**PROFESSIONAL & FINANCIAL**

Counsel:	Schiff Hardin, LLP	Chicago, IL	Jeff Kuta, Bruce Weisenthal Bruce Schiff
Accountant:	Reznick Group	Chicago, IL	
Bond Counsel:	To be determined		
Underwriter:	To be determined		
Underwriter's Coun.:	To be determined		
Credit Enhancement:	A HUD/FHA Lender to be determined		
Counsel to Credit Enhancer:	To be determined		
Tax Credit Investor:	National City Development Corp.	Springfield, IL	Steve Arbuthnot
Tax Credit Investor's Counsel:	To be determined		
Trustee:	To be determined		
Architect:	Worn Jarebek Architects, P.C.	Chicago, IL	
General Contractor:	Tatman/Horve Builders	Forsyth, IL	Steve Horve
Project Consultant:	The Laubacher Company	Chicago, IL	Mark Laubacher
Management Agent:	BMA Management, Ltd.	Bourbonnais, IL	Rod Burkett
Issuer's Counsel:	Forthcoming		

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**LEGISLATIVE DISTRICTS**

Congressional:	15	Timothy V. Johnson
State Senate:	52	Rick J. Winkel
State House:	103	Naomi J. Jakobsson

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**Shared Location**

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**Original Document**

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**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Thornwood – Chicago Heights, L.P., and its successors and assigns, an Illinois Limited Partnership to be formed (Thornwood Apartments)**

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**STATISTICS**

IFA Project #:	M-MH-TE-CD-703	Amount:	\$11,000,000 (not-to-exceed amount)
Type:	Housing Bonds	FM:	Rich Frampton
Location:	Chicago Heights		

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**BOARD ACTION**

Preliminary Bond Resolution Conduit Tax-Exempt Affordable Rental Housing Bonds Staff recommends approval	No IFA Funds at risk No extraordinary conditions
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**PURPOSE**

Purchase and renovation of an existing two-building, six-story, 232-unit affordable multifamily rental property in Chicago Heights that will preserve the property as affordable to low- and moderate income households.

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**IFA CONTRIBUTION**

IFA will convey tax-exempt bond status on this financing. The Developer will use up to \$10.25 million of prior year IFA Carryforward Volume Cap that was obtained by the Underwriter and transferred to the Authority for this project.

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**VOTING RECORDS**

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

**PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS**

Sources: Senior Bonds (Series 2005A) <i>FNMA Enhanced</i>	\$10,250,000	Uses: Project costs	\$13,570,250
Federal Home Loan Bank of Chicago "AHP" Grant	600,000	Purchase of Vol. Cap	102,500
4% LIHTC Tax Credit Equity	4,816,488	Legal & Professional/Tax Credit Costs	120,000
<b>Total</b>	<b>\$15,666,188</b>	Capitalized Interest	260,088
		Escrows/ Reserves	501,600
		Bond Issuance Costs	231,050
		Deferred Developer Fee	<u>881,000</u>
		<b>Total</b>	<b>\$15,666,188</b>

\*Note: The Developer's Fee will be deferred and paid over time subject to the Partnership Agreement to be executed between the Developer and Apollo Housing Capital, Inc., the proposed Tax Credit Investor. Payment of these fees will be contingent on project performance. Typical performance hurdles include: satisfying certain benchmark debt service coverage, occupancy rates, and other negotiated covenants.

**JOBS**

Current employment:	6 FTE's	Projected new jobs:	0
Jobs retained:	N/A	Construction jobs (9 mo's.):	20 (average)

**BUSINESS SUMMARY**

Organization: **Thornwood – Chicago Heights, L.P. and its successors and assigns (the "Applicant")** is an Illinois limited partnership to be formed as a special purpose entity established for the express purpose of acquiring, renovating, and owning the Thornwood Apartments in Chicago Heights, Illinois, an existing 232-unit affordable multifamily housing property.

The **General Partners** and 0.01% owner of the Applicant will be an LLC or Limited Partnership to be formed.

- (1) The **Managing General Partner of the Applicant** will be an entity formed by Daniel S. Kotcher, President, DKI, Inc., Chicago, Illinois. This entity will own a 49% interest in the General Partner.
- (2) The **Cook County Housing Development Corporation**, or a special purpose affiliate (to be formed), will be the other General Partner. This entity will own a 51% interest in the General Partner.

The **Limited Partner** and 99.99% owner of the project will be affiliates of **Apollo Housing Capital, Inc.**, of Cleveland, Ohio, a tax credit syndicator. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits to corporations.

Background: **Thornwood Apartments** (the "Property") includes two, six-story masonry buildings containing 116 units each. The 232-unit property was opened in 1976 and includes a mix of one-, two-, and three-bedroom units. The property is located on an approximately 7.6 acre site.

The property is located at 19440-19460 Chicago Heights-Glenwood Road, in the northeast section of the City of Chicago Heights, and is located near the Villages of Glenwood and Homewood.



The Property has been owned by the City of Chicago Heights since 1989. The proposed bond issue will finance capital improvements to the property, renew the HUD Section 8 Housing Assistance Payment (“HAP”) Contract on the property from 2005 for at least an additional five years to 2010, and preserve the property as an affordable rental property for a minimum of 15 additional years. Currently, 150 of the 232 units are covered by the HAP contract. Additionally, the proposed acquisition will return the property to the tax rolls for the first time since 1989. (Estimated annual property taxes are \$275,000.)

The property’s common facilities include 403 parking spaces, 2 elevators in each building (4 overall), an outdoor swimming pool, and a 1,000 SF clubhouse area.

The proposed project will include a substantial renovations including HVAC (new heating and air conditioning units) through the project, new energy efficient, double-insulated windows and patio door sliders, and numerous improvements to individual units (e.g., painting, blinds, carpets, floors) and common areas. The Applicant has estimated an average renovation cost per unit at approximately \$13,300 as of 11/14/2005.

**Background on  
Developer and  
Affiliates:**

**DKI, Inc.** is a Chicago-based real estate investment and development firm specializing in the acquisition, rehabilitation, and development of multi-family residential communities in the Chicago metropolitan area. DKI has been responsible for the acquisition, renovation and new construction of over 1,500 units of multi-family rental housing totaling over \$90 million, ranging from inner-city residential projects to large suburban apartment complexes.

Daniel S. Kotcher, President of DKI, has a BA from Columbia University in New York and MBA from Stanford University. From 1986 to 1992, Mr. Kotcher was a Vice President in the acquisitions group of JMB Realty Corporation, where he was responsible for evaluating, negotiating, structuring, and closing a wide variety of commercial, office, and retail projects, ranging from \$5 million to \$1 billion in size. From 1992 to 1997, Mr. Kotcher was Manager of the multi-family rental housing development division of LR Development Company.

Mr. Kotcher founded DKI, Inc. in 1997 to specialize in the acquisition, rehabilitation, and development of multi-family residential communities. DKI has purchased and renovated nine multifamily apartment properties located primarily in Lake County and Cook County. Of these nine properties, DKI used IFA (IDFA) bond financing for the acquisition and renovation of two projects – (1) Kings Court Apartments, a 168-unit property in Waukegan (IDFA Series 1998 Bonds \$5,350,000) and (2) Carriage Creek Apartments, a 226-unit property located in Richton Park (IDFA Series 1999 Bonds \$6,750,000). Bondholder security for each of these bond issues was a Direct Pay Letter of Credit from LaSalle National Bank.

All payments relating to the IFA Bonds issued for DKI’s Kings Court and Carriage Creek projects are current.

**Management  
Agent:**

DKI, Inc. typically engages **Ludwig & Company** of Gurnee, Illinois to serve as Management Agent for its properties, including both the IFA-financed Kings Court and Carriage Creek properties. Ludwig & Company will also serve as Management Agent for Thornwood Apartments.

**Accessibility:**

According to the Applicant, this project is exempt from Americans with Disabilities Act (“ADA”) requirements regarding minimum unit set-asides and related accessibility and adaptability requirements due to the age of the property (i.e., originally constructed in 1976). Common areas will be renovated as necessary to comply with ADA.

Although not required based on its pre-1992 construction (per ADA), Thornwood Apartments will have three (3) wheelchair accessible units out of out of 232 overall total units.

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### FINANCING SUMMARY

Security: Aaa/AAA/AAA – rated credit enhancement from FNMA  
Structure: Fixed Rate Bonds. Estimated effective fixed rate of 5.75%  
Maturity: 30 years

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### PROJECT DESCRIPTION FOR IFA BOND RESOLUTION

Bond proceeds will be used to finance the acquisition and substantial rehabilitation/renovation of Thornwood Apartments, a two (2) building, six-story, 232-unit (116 units in two buildings) multifamily rental property located on an approximately 7.6 acre site, including 6 acres of vacant land, at 19440-19460 Chicago Heights-Glenwood Road, Chicago Heights (Cook County), IL 60411-1261.

Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, and will also capitalized certain debt service and operating reserve funds.

Preliminary estimated project costs are as follows:

Land & Bldg. Acquisition:	\$10,300,000
**Renovations:	3,085,250
Project Contingency	<u>185,000</u>
<b>Total:</b>	<b>\$13,570,250</b>

\*\*Renovations will include various interior and exterior improvements to the property. Proposed renovations include: HVAC (new heating and air conditioning units) through the project, new energy efficient, double-insulated windows and patio door sliders, and numerous improvements to individual units (e.g., painting, blinds, carpets, and floors) and common areas. The Developer has indicated that all in-unit renovations will be modest in scope and will not require tenant displacement or relocation.

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Thornwood – Chicago Heights, L.P., an Illinois Limited Partnership, c/o Mr. Daniel Kotcher, Managing General Partner, DKI, Inc., 220 West Huron Street, Suite 500E, Chicago, IL 60610; Ph.: 312-280-1010; Fax: 312-664-5660; e-mail: [dankotcher@earthlink.net](mailto:dankotcher@earthlink.net)

Project name: Thornwood Apartments  
Location: 19440-19460 Chicago Heights-Glenwood Road, Chicago Heights (Cook County), IL 60411-1261  
Organization: Limited Partnership  
State: Illinois

Ownership of Applicant: Thornwood – Chicago, L.P., an Illinois Limited Partnership:

- General Partners (0.01%):
  - Daniel S. Kotcher, Managing General Partner: 49%
  - A 501(c)(3) corporation to-be-formed, and affiliated with the Cook County Housing Development Corporation: 51
- Limited Partner: Apollo Housing Capital, Inc., Cleveland, OH and Chicago, IL (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing): 99.99%.

Current Property Owner: The City of Chicago Heights, Illinois.

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**PROFESSIONAL & FINANCIAL**

Counsel:	Applegate and Thorne-Thomsen, P.C.	Chicago, IL	Ben Applegate
Accountant:	Reznick Group	Chicago, IL	Bruce Schiff
Bond Counsel:	Sidley Austin Brown & Wood LLP	Washington, DC	Peter Canzano,
		Chicago, IL	Richard Astle
Underwriter:	Stern Brothers & Co.	Chicago, IL	David Rasch
Underwriter's Coun.:	Sidley Austin Brown & Wood LLP	Chicago, IL	Richard Astle
Credit Enhancement:	FNMA (through UBS)		
Counsel to Credit			
Enhancer:	To be determined		
FNMA Lender/Svcr.:	Deutsche Bank Berkshire Mortgage, Inc.	Chicago, IL	Allan Edelson
Tax Credit Investor:	Apollo Housing Capital, Inc.	Cleveland, OH	Daniel Kierce
		Chicago, IL	John Varones
Tax Credit Investor's			
Counsel:	Apollo Housing Capital, Inc.	Cleveland, OH	Robert Fein
Trustee:	Amalgamated Bank	Chicago, IL	Gail Klewin
Architect:	Peikarz Associates, P.C.	Chicago, IL	Ron Peikarz
General Contractor:	DKI, Inc. (affiliated with Developer will serve as its own General Contractor on the proposed Renovations)		
Management Agent:	Ludwig and Company	Gurnee, IL	Alan Ludwig
Appraiser:	Cushman & Wakefield	Rosemont, IL	Joe Schaeffer
Market Study:	Applied Real Estate Analysis, Inc.	Chicago, IL	Robert Miller
Issuer's Counsel:	Forthcoming		

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**LEGISLATIVE DISTRICTS**

Congressional:	2	Jesse L. Jackson, Jr.
State Senate:	40	Debbie DeFrancesco Halvorson
State House:	80	George Scully, Jr.

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**Shared Location**

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**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Urban West Byron, L.P.  
(St. Pauls Residences)**

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**STATISTICS**

IFA Project #:	M-MH-TE-CD-639	Amount:	\$7,000,000 (not-to-exceed amount)
Type:	Housing Bonds	FM:	Rich Frampton
Location:	Chicago (Cook County)		

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**BOARD ACTION**

Final Bond Resolution	
Conduit Tax-Exempt Affordable Rental Housing Bonds	No IFA Funds at risk
Staff recommends approval	No extraordinary conditions

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**PURPOSE**

Purchase and renovation of an existing 72-unit, four-story, affordable senior rental property that will preserve the property as affordable to low- and moderate income senior households.

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**IFA CONTRIBUTION**

IFA will convey tax-exempt bond status on this financing. This Project will use up to \$7.0 million of prior year IFA Carryforward Volume Cap that was transferred to the Authority by Home Rule Municipalities for this purpose.

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**VOTING RECORDS**

Preliminary Bond Resolution, August 9, 2005:

Ayes: 9	Nays: 0	Abstentions: 0
Absent: 3 (Herrin, Nesbitt, Zeller)		Vacancies: 3

**PRELIMINARY ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA Bonds	\$4,550,000	Uses: Project costs	\$6,150,000
LIH Tax Credits	2,100,000	Purchase of Vol. Cap	46,000
Deferred Developer Fees	450,000	Legal & Professional/Tax Credit Costs	389,000
Prorations and GP Equity	0	Capitalized Interest/Reserves	350,000
<b>Total</b>	<b>\$7,100,000</b>	Bond Issuance Costs	165,000
		Upfront Developer Fee	0
		<b>Total</b>	<b>\$7,100,000</b>

\*Note: The Developer's Fee will be deferred and paid over time subject to the Partnership Agreement to be executed between the Developer and RED Capital Group, the proposed Tax Credit Investor. Payment of these fees will be contingent on project performance. Typical performance hurdles include: satisfying certain benchmark debt service coverage, occupancy rates, and other negotiated covenants.

**JOBS**

Current employment:	2.5 FTE's	Projected new jobs:	0
Jobs retained:	N/A	Construction jobs (9 mo's.):	10 (average)

**BUSINESS SUMMARY**

Organization: **Urban West Byron, L.P. (the "Applicant")** is an Illinois limited partnership formed as a special purpose entity for the express purpose of acquiring, redeveloping, and owning the St. Pauls Apartments in Chicago, Illinois, an existing 72-unit affordable senior housing property.

The **General Partner**, and 0.02% owner of the Applicant, will be **Urban 2004 Holding Company**, an Illinois corporation, whose shareholders are Mark Kelly and Andrew Dellman. Mark Kelly is 50% owner of Urban Innovations, Ltd., an Illinois S Corporation, a property management company based in Chicago, while Andrew Dellman is an employee at Urban Innovations, Ltd. (Full ownership for Urban Innovations, Ltd. is provided on Page 4 of this report -- see Economic Disclosure Statement section).

The **Limited Partner** and 99.98% owner of the project will be **affiliates of RED Capital Markets, Inc. of Columbus, Ohio**, the tax credit syndication affiliate of National City Bank. The project will generate equity through the syndication of 4% Low Income Housing Tax Credits.

Background: **The St. Pauls Residences** is a 72-unit affordable senior rental apartment constructed in 1982 and is located at 2815 W. Byron St. in Chicago located on an approximately 56,125 SF site .

The property's common facilities include twenty-five (25) parking spaces, 2 elevators, and an outdoor walking path.

The property is currently an affordable senior property with all 72 units supported by a HUD Housing Assistance Payment (HAP) Contract. Because the Developer intends to use the proceeds of a syndication of 4% Low Income Housing Tax Credits allocable to all units, the property will become a 100% affordable, rent-restricted project for a minimum period of 15 years (i.e., the initial 15-year Tax Credit compliance period).

The proposed project will include a substantial renovation of interiors (vanity replacement, appliance replacement, selected carpeting and flooring), exteriors (limited roof, brick, and

pavement repairs), and common areas (potentially elevators), as are described in further detail later (see Project Summary section, Page 6). Urban Innovations has estimated an average renovation cost per unit at approximately \$10,400 as of 7/28/2005.

Background on  
Developer and  
Affiliates:

Urban Innovations, Ltd. is a Chicago-based real estate company that specializes in acquisition/renovation, development, construction, marketing, and management of commercial lofts and Section 8 Senior Housing. UI was a pioneer in developing residential condominiums in the River North district, beginning in 1978.

Urban Innovations presently owns and operates 13 Senior Housing properties (12 located throughout Illinois and one in Kentucky) with a total of 1,916 units, ten River North loft office buildings, and two West Loop office buildings totaling over 784,000 SF and two River North development sites totaling 28,200 SF. Eight of these Senior Housing properties were acquired and financed in 2001 using a combination of tax-exempt bond financing and 4% Low Income Housing Tax Credits.

UI's Senior Housing projects in Illinois are located in Alton (Marian Heights – 122 units), Chicago (Maple Point Apartments – 342 units; and Walsh Park Apartments – 134 units); Danville (Wolford Apartments – 100 units; and Vermilion House Apartments – 160 units), DeKalb (Colonial House Apartments -- 110 units); Fox Lake (Lakeland Apartments – 104 units); Glen Ellyn (Forest Apartments – 80 units); Macomb (Jefferson House Apartments – 115 units); Mt. Prospect (Centennial Apartments- North – 101 units; Centennial Apartments-South – 97 units); Springfield (Capitol Apartments – 150 units); and Zion (Carmel House Apartments – 80 units). Each of these properties (with the exception of Maple Point in Chicago) Each of these properties is supported with Section 8 Housing Assistance Payment contracts.

UI's 30 employees provide comprehensive development, architecture, construction, leasing, and property management services to company-owned projects. Additionally, UI's professionals also bring affordable housing expertise with HUD subsidies, and financing products, including Tax-Exempt Bonds and 4% Low Income Housing Tax Credit Equity to facilitate both upfront due diligence and ongoing compliance.

UI will serve as its own General Contractor for the proposed renovations, subject to approval by the credit enhancer (HUD/GNMA or FNMA).

The proposed property manager will be Urban Innovation's internal property management group. UI currently manages 1,917 Section 8 senior apartment units located in 16 buildings. Additionally, UI also manages 21 market rate apartment properties and 850,000 SF of commercial property located in 12 buildings.

There will be no tenant relocation during the renovation period since the proposed renovations are limited in scope and will primarily focus on exterior and common area improvements.

Accessibility: According to the Applicant, this project is exempt from Americans with Disabilities Act ("ADA") requirements regarding minimum unit set-asides and related accessibility and adaptability requirements due to the age of the property (i.e., originally constructed in 1982). Common areas will be renovated as necessary to comply with ADA.

Although not required based on the age of the property, St. Pauls Apartments has 3 fully handicapped accessible units and 3 additional accessible units that mostly comply with ADA (except for lacking a roll-in shower stall) out of 72 total units.

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### FINANCING SUMMARY

Security: Bonds will be purchased directly by US Bank and held as an investment until maturity.  
Structure: Series 2005 Bonds: estimated effective fixed rate of 5.50% for the first five years  
Maturity: Series 2005 Bonds: 30 years

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### PROJECT DESCRIPTION FOR IFA BOND RESOLUTION

Bond proceeds will be used to finance the acquisition and substantial rehabilitation/renovation of a one building, four-story, 72-unit senior rental property known as St. Pauls Residences located on approximately 56,125 SF site at 2815 W. Byron St., Chicago (Cook County), IL 60618-3610.

Additionally, bond proceeds will be used to pay costs of issuance, capitalized interest, and will also capitalized certain debt service and operating reserve funds.

Preliminary estimated project costs are as follows:

Land	\$400,000
Bldg. Acquisition:	4,750,000
**Renovations:	750,000
Project Contingency	<u>250,000</u>
<b>Total:</b>	<b>\$ 6,150,000</b>

\*\*Renovations will include various interior and exterior improvements to the property. The Developer has indicated that any in-unit renovation will be modest in scope and will not require tenant displacement or relocation.

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Urban West Byron, L.P., an Illinois Limited Partnership, c/o Mr. Andrew W. Delman, Principal, Urban Innovations, Ltd., 445 N. Wells St., Chicago, IL 60610; Ph.: 312-970-3284; Fax: 312-222-5369; e-mail: [adellman@urbaninnovations.com](mailto:adellman@urbaninnovations.com)

Alternate Contact: Mr. Josh Hafron, Acquisitions Analyst, Urban Innovations, Ltd., 445 N. Wells St., Chicago, IL 60610; Ph.: 312-970-3284; Fax: 312-970-312-222-5369; e-mail: [jhafron@urbaninnovations.com](mailto:jhafron@urbaninnovations.com))

Project name: St. Pauls Residences  
Location: 2815 W. Byron St., Chicago, IL 60618-3610  
Organization: Limited Partnership  
State: Illinois

Ownership of Applicant: Urban West Byron, L.P., an Illinois Limited Partnership

- Urban 2004 Holding Company, an Illinois Corporation, General Partner: 0.02% (The only members with a 7.5% or greater membership interest will be Mark F. Kelly and Andrew Dellner, President, Urban 2004 Holding Company, c/o Urban Innovations, Ltd. (a property management company and Illinois S Corporation), 445 N. Wells St., Chicago, IL 60610)
- RED Capital Group.: 99.98% (through syndication of 4% low income housing tax credits to large corporations, including affiliates, subsequent to closing). RED Capital Group is 100% owned by National City Bank, Inc., Cleveland, OH.

**Current Property**

**Owner:** **St. Pauls Residences**, an Illinois 501(c)(3) corporation, is a special purpose entity formed in 1981 by **St. Pauls House & Health Care Center**, to own and operate the subject property.

**Contacts:**

- St. Pauls Residences, Colleen Roberts, Board President, c/o St. Pauls Residences, 2815 W. Byron St., Chicago, IL 60618-3610, (T) 773-620-2984
- St. Pauls House: 3800 N. California Ave., Chicago, IL 60618, (T) 773-478-4222 (Dick Hattan, Executive Director).

Although St. Pauls House & Health Center provides a majority of Board Members for St. Pauls Residences, there is no other legal or financial relationship between the two entities. St. Pauls Residences wholly owns the subject property to be financed herein.

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**PROFESSIONAL & FINANCIAL**

<b>Counsel:</b>	Sonnenschein, Nath & Rosenthal LLP	Chicago, IL	Caryn Chalmers
<b>Accountant:</b>	Reznick Group	Chicago, IL	Bruce Schiff
<b>Bond Counsel:</b>	Sidley Austin Brown & Wood LLP	Washington, DC	Peter Canzano,
		Chicago, IL	Richard Astle
<b>Bond Purchaser:</b>	US Bank	Chicago, IL	Robert Hanlon
<b>Purchaser's Coun.:</b>	Briggs and Morgan, P.A.	Minneapolis, MN	Fred Angst
<b>Credit Enhancement:</b>	Not applicable		
<b>Tax Credit Investor:</b>	RED Capital Markets, Inc.	Columbus, OH	David Martin
<b>Tax Credit Investor's Counsel:</b>	Squire Sanders & Dempsey, L.L.P.	Cleveland, OH	Phil Westerman
<b>Trustee:</b>	Not applicable (bank-held bonds)		
<b>Architect:</b>	BLDD Architects, Inc.	Decatur, IL	
<b>General Contractor:</b>	Urban Innovations, Ltd. will serve as its own General Contractor on the proposed renovations		
<b>Management Agent:</b>	Urban Innovations Ltd.	Chicago, IL	Sue Roessl
<b>Issuer's Counsel:</b>	Sanchez Daniels & Hoffman LLP	Chicago, IL	John Cummins

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**LEGISLATIVE DISTRICTS**

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

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**Shared Location**

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**ECONOMIC DISCLOSURE STATEMENT**

Project name: Edward Hospital  
Location: 801 W. Washington, Naperville, Illinois 60566  
Applicant: Edward Hospital  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois  
Board of Directors: Joe Beatty  
Kathryn Birkett  
Pamela Davis  
Thomas Gruenwald, PhD, Chairperson  
Francine Long, MD  
Rocco Martino  
Richard Pehlke, Vice-Chairperson  
David Piazza, MD  
Thom Rooke, MD  
Alison Ballew Smith  
Herman White Jr., PhD  
Officers: Tom Gruenwald, Chairperson  
Rich Pehlke, Vice-Chairperson  
William Devoney, Treasurer  
Nanette Bufalino, Secretary

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	General Counsel at Edward	Chicago	Nanette Bufalino
Bond Counsel:	Chapman & Cutler	Chicago	James Leubchow
Co-Underwriter:	Citigroup	Chicago	Dave Johnson Mike Brown
Co-Underwriter:	Goldman Sachs	Chicago	Jay Sterns Patrick McCarthy
Underwriter's Counsel:	Sonnenschein Nath & Rosenthal LLP	Chicago	Steve Kite
Bond Trustee:	TBD		
Accountant	Ernst & Young		
Issuer's Counsel:	Burke Burns & Pinelli	Chicago	Mary Pat Burns

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**LEGISLATIVE DISTRICTS**

Congressional: 13- Judy Biggert  
State Senate: 48- Peter Roskam  
State House: 96- Joe Dunn

**Description:** The Obligated Group is headquartered in Naperville, Illinois. Edward Hospital has 236 licensed acute care beds. All of the beds are located in private rooms. The licensed acute-care bed complement consists of 171 medical-surgical beds, 7 pediatrics beds, 8 neonatal intensive care beds, 25 intensive care beds and 25 obstetrics/gynecology beds. Edward Hospital provides a full range of medical, surgical, obstetrics/gynecology, pediatric and ancillary and support services, including but not limited to the following: cardiology and cardiovascular surgery, thoracic and vascular surgery, orthopedics, diagnostics radiology, oncology, physical and occupational health, emergency medicine and trauma services, neonatology, infectious disease, pulmonary medicine, gastroenterology, internal medicine, hemodialysis, neurology and neurosurgery and urology. Edward Hospital is designated as a Level II Trauma Center by the State of Illinois. Edward Hospital was designated as a Level III Perinatal Center by the Illinois Health Facilities Planning Board in November 2000. Edward Hospital is a member of the Illinois Hospital Association and the American Hospital Association.

**Service Area:** Edward Hospital is located in the City of Naperville, Illinois, a western suburb approximately 25 miles outside Chicago. The Hospital's primary service area includes the cities of Naperville, Bolingbrook, Lisle, Warrenville, Woodridge and Plainfield. The surrounding communities of Aurora, Downers Grove, Oswego, Romeoville, Wheaton, Yorkville and Lemont comprise its secondary service area.

The Obligated Group has facilities in the following locations: a) Naperville: Edward Hospital, Edward Cancer Center, Edward Healthcare Center, Linden Oaks Hospital, Edward Women's Imaging Center, Edward Center for Diabetes Education; b) Bolingbrook: Edward Healthcare Center / Bolingbrook; and c) Plainfield: Edward Healthcare Center / Plainfield.

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#### PROJECT SUMMARY

The new money portion of the financing will be used to finance (1) the construction of a 3 story addition comprised of 48 patient rooms and (2) the renovation and remodeling of the Linden Oaks Hospital facility.

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#### FINANCING SUMMARY

**Security:** The Series 2006 Bonds will be limited obligations of the Authority payable from receipts by the Bond Trustee under the Bond Indenture. The Corporation will pledge the Edward Obligated Group Note Obligation Series 2006 (the "Obligation") to the Trustee as security for the Bonds. The Obligation will not be secured by a pledge, grant or mortgage of any real property or other specific assets or revenues from any member of the Obligated Group except as provided under the Master Trust Indenture.

**Structure:** The structure will include a combination of fixed rate and variable rate. Some or all of the variable rate bonds may be hedged using a synthetic fixed rate swap structure. The variable rate debt will be originally sold as a combination of one or more of the following modes: VRDBs, Auction Rate bonds, and Index Put Bonds.

**Maturity:** 30 year final maturity.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Edward Hospital**

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**STATISTICS**

Project Number:	H-HO-TE-CD-701	Amount:	\$250,000,000 (Not to exceed amount)
Type:	Not-for-Profit Bond	IFA Staff:	Pamela Lenane and Dana Sodikoff
Locations:	Naperville		

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**BOARD ACTION**

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

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**PURPOSE**

Proceeds will be used to: 1) fund new money projects, 2) full or partial refinancing of existing IHFA series 1993, 1997, and 2001 bonds, 3) fund a debt service reserve fund, 4) fund capitalized interest 5) pay costs of issuance.

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**IFA CONTRIBUTION**

Federal income tax-exempt status on bond interest.

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**VOTING RECORD**

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

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA bonds	<u>\$ 243,000,000</u>	Uses:	New Money	\$ 59,800,000
				Refunding Escrow	\$166,500,390
				Reserve Fund/CAPI	\$ 7,455,800
				Issuance Costs	\$ 1,215,025
				Underwriter's Disc.	\$ 1,154,273
				Bond Insurance	<u>\$ 6,879,505</u>
	Total	<u>\$243,000,000</u>		Total	<u>\$ 243,000,000</u>

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**JOBS**

Current employment: 4,000 employees	Projected new jobs: TBD
Jobs retained: TBD	Construction jobs: TBD

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**BUSINESS SUMMARY**

Background: Edward Hospital, an Illinois not for profit corporation ("Edward Hospital" and "the Corporation"), together with Edward Health Services Corporation, an Illinois not for profit corporation, Edward Health Ventures, an Illinois not for profit corporation, and Edward Health and Fitness Center, an Illinois not for profit corporation, comprise the current "Obligated Group."

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Proctor Hospital**

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**STATISTICS**

Project Number: H-HO-TE-CD-720	Amount: \$55,000,000 (Not to exceed amount)
Type: Not-for-Profit Bond	IFA Staff : Pamela Lenane and Dana Sodikoff
Locations: Peoria	

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**BOARD ACTION**

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

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**PURPOSE**

Proceeds will be used to: 1) fund new money projects, 2) full or partial refinancing of existing IHFA series 1991, and 1996 bonds, 3) fund a debt service reserve fund, 4) pay costs of issuance.

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**IFA CONTRIBUTION**

Federal income tax-exempt status on bond interest.

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**VOTING RECORD**

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

---

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA bonds \$45,480,000	Uses:	New Money	\$10,604,914
			Refunding	\$32,066,666
			Reserve Fund	\$ 2,194,000
			Issuance Costs	\$ 326,500
			Underwriter's Disc.	\$ 287,920
	Total		Total	<u>\$ 45,480,000</u>

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**JOBS**

Current employment: 891 FTE's  
Jobs retained: N/A

Projected new jobs: 5 FTE's  
Construction jobs: N/A

**BUSINESS SUMMARY**

**Background:**

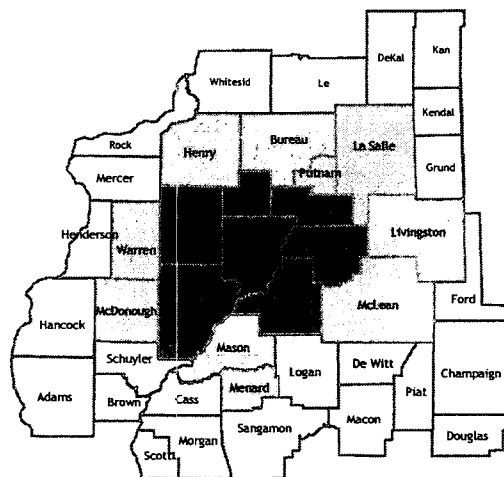
The point of the refinancing is to take advantage of interest savings in the market. Given near-historic low bond rates, it is estimated that interest savings from refunding the Series 1991 fixed rate bonds alone would be \$1.7 million on a net present value basis or 9.41% of the refunded bonds. By reducing its interest cost and subsequently reducing its cost of capital, it will be able to level the cost of capital playing field by letting Proctor access relatively low-cost capital from which it has been excluded for the past several years given its below investment grade rating. Its recently upgraded credit status will allow it to match the rates achieved by its primary service area competitors – OSF and Methodist.

The new money component of \$10.6 million is deemed vital to effectively compete and retain physician support. It will be used to purchase a new electronic health records system from McKesson. This system will allow it to finance this system as opposed to leasing it at a relatively expensive financed rate.

**Description:** Proctor Health Care Inc., is an integrated delivery system, comprised of a 163-bed flagship hospital, five urgent care centers, seven owned physician practices, a durable equipment business and a health education center.

**Service Area:** Proctor Health Care Inc. service area is noted below. Proctor Hospital is located on the growing north central edge of Peoria and is approximately 150 miles southwest of Chicago. The primary service area encompasses 3 counties and accounted for 75.5% of the hospital’s admissions in 2004. The secondary service area encompasses 8 counties and accounted for 11.9% of the hospital’s admissions in 2004.

According to the most recent data provided by the Economic Development Council for Central Illinois (“EDCCI”), Proctor Hospital is the tenth largest employer in its service area. In the past five years, Proctor’s share of the market has been between 14.0% and 14.4%. The EDCCI, in conjunction with Claritas, projects Proctor’s primary service area to grow 4.3% between 2005 and 2020.



County by Actual Number of Admissions (2004):

260 to 3746	188 to 260	92 to 188	69 to 92	67 to 69
52 to 67	41 to 52	13 to 41	5 to 13	2 to 5

**PROJECT SUMMARY**

Proceeds from this financing will be used to fund new money projects, to fund a full or partial refinancing of existing IHFA series 1991, and 1996 bonds, fund a debt service reserve fund, and pay costs of issuance.

**FINANCING SUMMARY**

**Security:** Proctor Hospital currently maintains ratings with Standard and Poor’s and Moody’s. Current ratings are as follows: BBB-/Baa3 (Standard and Poor’s/Moody’s); certain bonds may be rated based upon the use of a letter of credit facility provided by JP Morgan Chase.

**Structure:** The current plan of finance will accomplish the following:  
 1) Fund approximately \$10 million of new money; and  
 2) Refinance Proctor Hospital’s outstanding Series 1991 and 1996 bonds.

**Maturity:** Not to exceed 35 years.

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**ECONOMIC DISCLOSURE STATEMENT**

Project name: Proctor Hospital  
Location: 5409 North Knoxville Avenue  
Peoria, IL 61614  
Applicant: Proctor Hospital  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois  
Board of Directors: Norman LaConte  
Henry Allovio, Jr.  
Philip H. Baer, M.D.  
Dennis G. Bailey  
Wayne E. Baum  
Dale E. Burklund  
James R. DeBord, M.D.  
Robert L. Denton  
Donald R. Gronewold  
Lindsey A. Ma, M.D.  
Donald B. McElroy, M.D.  
R. Parker McRae, M.D.  
Jeffrey S. Morton, M.D.  
David B. Mueller  
Jayne M. Mueller  
Michael E. Quine  
Sarah P. Snyder  
Thomas Spurgeon  
James R. Sullivan  
James F. Vergon  
Steven H. Wunning

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Heyl, Royster Voelker & Allen	Peoria	Bill Covey
Bond Counsel:	Jones Day	Chicago	Rich Tomei
Financial Advisor:	Kaufman Hall & Associates	Chicago	Mark McIntire
Underwriter:	JP Morgan Chase	Chicago	Timothy Wonz
Underwriter's Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Bond Trustee:	JPMorgan	Chicago	TBD
Accountant	McGladrey & Pullen	Springfield	Randy Regan
Issuer's Counsel:	Aronberg, Goldgehn, Davis & Garmisa	Chicago	Steve Nemerovski
Letter of Credit Provider:	JP Morgan Chase	Chicago	TBD

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**LEGISLATIVE DISTRICTS**

Congressional: 18- Ray LaHood  
State Senate: 37- Dale E. Risinger  
State House: 73- David R. Leitch

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
December 6, 2005**

**Project: Sinai Health System and Mount Sinai Hospital Medical Center of Chicago**

**STATISTICS**

Project Number: H-HO-TE-CD-691	Amount: \$7,300,000 (not to exceed amount)
Type: Not-for-Profit Bond	IFA Staff: Pam Lenane and Dana Sodikoff
Locations: Chicago	

**BOARD ACTION**

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

**PURPOSE**

Bond proceeds will be used to (i) pay, or reimburse the Borrower for the payment of, the cost of acquiring certain capital equipment including without limitation a CT scanner, mammography equipment, digital radiography equipment, C-Arm x-ray unit, MRI, cath lab and patient monitoring equipment (ii) refinance a taxable loan the proceeds of which were used to acquire a GE Picture Archiving and Communications System and (iii) pay certain related expenses.

**IFA CONTRIBUTION**

Convey federal income tax-exempt status on the Bonds.

**VOTING RECORD**

The IFA gave its approval for a Preliminary Bond Resolution on November 8, 2005 by the following vote:

Ayes – 10	Nays – 0	Absent – 5	Vacancies – 0
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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources: IFA bonds	\$7,300,000	Uses: Escrow Funding	\$4,460,000
		Debt Refinancing	2,800,000
		Costs of Issuance	40,000
Total	\$7,300,000	Total	\$7,300,000

**JOBS**

Current employment: 3800 FTE's	Projected new jobs: 0
Jobs retained: 3800	Construction jobs: 0

**BUSINESS SUMMARY**

**Background:** Sinai Health System ("SHS") is comprised of Mount Sinai Hospital Medical Center of Chicago ("MSH"), Schwab Rehabilitation Hospital ("SRH"), Sinai Community Institute ("SCI"), Sinai Medical Group\Sinai HealthFirst ("SHF"). Founded in 1918, SHS provides Chicago's indigent communities with medical care and social services through its network of various members.

MSH is a non-profit, 432-bed teaching, research and tertiary-care facility providing medical care and social services to Chicago's West Side Community. The mission of MSH is primarily to provide the indigent population of the Lawndale neighborhood with quality medical care and social services. MSH provides services which include: Level I trauma center, community-based primary care, a child-abuse diagnosis, treatment and prevention unit, a high-risk maternity and infant intensive-care program (Level III prenatal center).

SRH is a 125-bed comprehensive physical medicine and rehabilitation facility that helps adults and pediatric patients. SRH provides prevention and treatment options for industrial and work-related injuries through STEPS clinics and comprehensive rehabilitation care at Louis A. Weiss Memorial Hospital on Chicago's North Side.

SCI provides the communities in Chicago with a variety of programs for families, youths, teens, adults and seniors. These programs include: adult & senior health, family services and parent education, youth & teen programs, pregnancy, prenatal, infants and women's health.

SHF provides a wide range of medical and surgical specialties at MSH and at SHS sites in the Chicago area.

Service Area: The primary service area is defined as Cook County, Illinois. Below are the hospitals that are located within a 2-mile radius (population of approximately 250,000):

Hospital
Advocate Bethany Hospital
St Anthony Hospital
John H Stroger Jr Hospital of Cook County
University of IL Medical Center at Chicago
Rush University Medical Center

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#### FINANCING SUMMARY

Security: First priority security interest in all capital equipment being financed

Structure: The current plan of finance contemplates a private placement with GE Healthcare Financial Services as a rate, 5-year tax-exempt bond.

Maturity: January, 2011

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#### PROJECT SUMMARY

The proceeds of the bonds will be used to pay, or reimburse the Borrower for the payment of, the cost of acquiring certain capital equipment including without limitation a CT scanner, mammography equipment, digital radiography equipment, C-Arm x-ray unit, MRI, cath lab and patient monitoring equipment, to refinance a taxable loan the proceeds of which were used to acquire a GE Picture Archiving and Communications System and to pay certain related expenses. A further breakdown of costs will be available in the Final Board report.

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#### ECONOMIC DISCLOSURE STATEMENT

Project name: Mount Sinai Hospital  
Applicant: California Avenue at 15<sup>th</sup> Street  
Chicago, IL 60608  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Mount Sinai Hospital is located in Illinois.



Board of Trustees: Alan J. Inbinder, Chair  
Abraham Morgan, Vice Chair  
Alan H. Channing  
James Hadley, Secretary  
Kenneth A. Luccioni, Treasurer  
Yogi Ahluwalia, MD  
Leslie Mitchel Bond  
Paul J. Cherner  
Leonard A. Gail  
Ellen Havdala  
Henri S. Havdala, MD  
Gerald M. Hoffman  
Bernard "Bud" Kalish  
Steven Koch  
Bret Maxwell  
Robert Markin  
Bettylu K. Saltzman  
Maurice A. Schwartz, MD  
Michael W. Scott  
Michael E. Traynor  
Charles Weis

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	TBD	Chicago	
Accountant:	Ernst & Young	Chicago	
Bond Counsel:	Chapman & Cutler	Chicago	Nancy Burke
Underwriter:	GE Healthcare Financial Services	Chicago	Bill Reveille
Underwriter's Counsel	Kutak Rock	Omaha, NE	Andrew Romshek
Issuer's Counsel	Jones Day	Chicago	Mike Mitchell
Escrow Agent:	Wells Fargo Bank	Chicago	Patricia Martirano

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**LEGISLATIVE DISTRICTS**

Congressional: 7- Danny K. Davis  
State Senate: 5- Rickey R. Hendon  
State House: 9- Arthur L. Turner

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: December 6, 2005

Re: Resolution Authorizing Extension of Expiration Date for IFA Preliminary  
Bond Resolution for Onyx Waste Services, Inc. from 12/31/2005 to 12/31/2007

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The attached Resolution authorizes the Illinois Finance Authority, at the request and direction of Onyx Waste Services, Inc. (the "Borrower"), to authorize an extension of the expiration date on an existing 2003 Preliminary Bond Resolution from 12/31/2005 to 12/31/2007.

As is customary for the national waste disposal service companies, Onyx is seeking to reimburse previously incurred expenditures approved subsequent to a \$45,000,000 IFA (IDFA) 2003 Inducement Resolution through the proceeds of a 2006 IFA Bond Issue.

This financing can only be accomplished if IFA extends the expiration date of the 2003 Resolution beyond 12/31/2005.

The proposed extension would enable Onyx to use existing IFA Carryforward Volume Cap allocated for Solid Waste Disposal projects and potentially issue tax-exempt bonds for the projects contemplated in its 2003 application. By failing to extend, IFA may forego a significant potential bond issue with Onyx.

Onyx Waste Service, Inc. is a subsidiary of Onyx North America. The ultimate parent of Onyx is Veolia Environnement (formerly Vivendi Environnement). Veolia Environnement is a French-based, public company.

Current members of the financing team, as selected by Onyx, include:

Underwriter: Banc of America Securities, Inc., Atlanta and Chicago  
Bond Counsel: Chapman and Cutler, Chicago  
Underwriter's Counsel: To be determined  
Direct Pay Letter of Credit Provider: Bank of America

**IFA RESOLUTION NO. 05-12-\_\_**

**AN AMENDATORY BOND RESOLUTION TO EXTEND THE EXPIRATION DATE OF IDFA RESOLUTION NO. 03-01-07 APPROVING THE ISSUANCE OF THE ILLINOIS FINANCE AUTHORITY REVENUE BONDS ON BEHALF OF ONYX WASTE SERVICES, INC., FOR THE PURPOSES SET FORTH HEREIN, IN AN AGGREGATE PRINCIPAL AMOUNT NOW ESTIMATED NOT-TO-EXCEED \$45,000,000  
IFA NO. P-SW-TE-CE-403  
(IDFA NO. 9824-E)**

**WHEREAS**, there has been presented to the Illinois Finance Authority, a body politic and corporate of the State of Illinois (the "Authority") duly organized and existing under the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et. seq., (the "Act"). by Onyx Waste Services, Inc., a Delaware corporation (the "Borrower"), a request to amend (the "Application Amendment") the Borrower's 2003 application (the "Original Application") and Preliminary Bond Resolution approved by the Illinois Development Finance Authority on January 9, 2003 regarding the issuance of Revenue Bonds by the Authority for the Borrower's "Project" as defined in IDFA Resolution No. 03-01-07 (the "Preliminary Bond Resolution") to extend the expiration date of the Preliminary Bond Resolution from December 31, 2005 to December 31, 2007 (the "Bonds"); and

**WHEREAS**, the Borrower's Original Application had been made and IDFA Resolution No. 2004-10-11 had been approved by the IDFA Board of Directors with respect to a "project" within the meaning of the Illinois Environmental Facilities Financing Act, 20 ILCS 3515/1 et. seq., as supplemented and amended, (the "IEFFA Act"), to finance the acquisition of fixed assets and construction of capital improvements to real property at Onyx Waste Services, Inc. and its subsidiaries/affiliates sites (collectively, the "Borrower") located at several locations throughout Illinois. Bond proceeds will be used to finance various capital improvements and equipment at the Borrower's landfill, solid waste transfer stations, material recovery/recycling facilities, collection facilities (including, but not limited to, hauling equipment, trucks, and containers), and garage/terminal/service facilities including the following project sites: Evanston Hauling and Transfer Station, 1711 Lyons Street and 1712 Church Street, Evanston (Cook County), IL 60201; Macon County Landfill, 1363 Bear Road, Decatur (Macon County), IL 62522; Melrose Park Hauling and Westside Suburban Hauling, 4612 West Lake Street, Melrose Park (Cook County), IL 60160; Melrose Park Transfer Station, 4700 West Lake Street, Melrose Park (Cook County), IL 60160; Northbrook Transfer Station, 2750 Shermer Road, Northbrook (Cook County), IL 60062; Orchard Hills Landfill, 8290 Illinois Hwy. 251 South, Davis Junction (Ogle County), IL 60120; Rockford Hauling, 8538 Illinois Hwy. 251 South, Davis Junction (Ogle County), IL 60120; Rolling Meadows Transfer Station, 3851 Berdnick Street, Rolling Meadows (Cook County), IL 60008; and Zion Landfill, 701 Green Bay Road, Zion (Lake County), IL 60099; and

**WHEREAS**, the Borrower intends to permanently finance these improvements as approved in the Original Application through the proceeds of tax-exempt bond issues in 2006 and 2007, and the Borrower is requesting an extension in the expiration date of IDFA Resolution 03-01-07 from December 31, 2005 to December 31, 2007; and

**WHEREAS**, it is anticipated that all of the projects will be owned, operated or managed by Onyx Waste Services, Inc., and its affiliates; and

**WHEREAS**, a determination has been made by the Authority that its issuance of the Bonds for the Project will be consistent and in accord with the provisions and purposes of the Act and the IEFFA Act; and

**WHEREAS**, each of the Members of the Authority present is familiar with the form of this Amendatory Bond Resolution; and

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

**Section 1. Approval.** The Application Amendment to the Original Application of the Borrower is approved.

**Section 2. Adoption of Amendatory Bond Resolution.** The Chairman or Executive Director of the Authority is authorized and directed to execute, and the Secretary or Assistant Secretary of the Authority is authorized to seal and attest to the adoption of this Amendatory Bond Resolution and to do any and all things necessary or desirable in order to carry out the intention of the parties expressed herein.

**Section 3. Issuance of Bonds.** Upon final determination of the details of the financing and provided that, on or before December 31, 2007, the Authority and the Borrower shall have agreed to mutually acceptable terms for the Bonds and the contracts, agreements and proceedings related thereto, including, but not limited to a bond purchase agreement for the sale of the Bonds, and subject to the availability of Private Activity Volume Cap for the project, the Authority will use all reasonable efforts to take the further steps necessary, including, but not limited to, execution of said bond purchase agreement, to issue its Bonds on behalf of the Borrower to finance all or a portion of the Project in an amount now estimated not-to-exceed Forty Five Million and No/100 Dollars (\$45,000,000), which issuance is contemplated to and may include as part thereof an estimated Forty Five Million and No/100 Dollars (\$45,000,000) of Illinois Finance Authority 2005, 2006, or 2007 Volume Cap.

**Section 4. Expenditure Reimbursement.** The Authority, on behalf of the Borrower, reasonably expects to reimburse all or a portion of any Expenditures that may have been incurred with the proceeds of the Bonds.

**Section 5. Notice and Hearing.** The Executive Director of the Authority, or his designee, is hereby authorized, empowered and directed to cause notice to the public of a public hearing on the plan of financing for the Project to be published, such notice to be published at a time and in a manner determined by him to be appropriate and at least fourteen (14) days prior to the date on which such public hearing is to be held, and the Executive Director of the Authority (or any officer, employee or agent of the Authority designated by the Executive Director) is further authorized, empowered and directed to hold the public hearing referred to in said notice.

**Section 6. Official Intent.** The Authority intends this Preliminary Bond Resolution to satisfy the requirements of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the "Code"), and specifically Treasury Reg. §1.150-2(d), regarding the declaration by the Authority of its official intent to issue its revenue bonds for the purpose of reimbursing original expenditures (as that term is defined in Treasury Reg. §1.150-2(c)) incurred with respect to the Project within 60 days preceding the adoption of the Preliminary Bond Resolution referenced herein.

Approved and effective this 6<sup>th</sup> day of December, 2005.

**ILLINOIS FINANCE AUTHORITY**

By: \_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

[SEAL]

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: December 6, 2005

Re: Request to Authorizing Change in Borrower to Special Purpose Entity for 501(c)(3) Participation Loan to the Freeport Area Economic Development Foundation, Inc. (B-LL-NP-TX-412)

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### Overview:

The Freeport Area Economic Development Foundation, Inc. (the "Foundation") has a commitment for an IFA Participation Loan of up to \$250,000 through 12/31/2005. Loan proceeds are to be used to finance the acquisition of a building for use as a combination Rest Area/Visitors Center and office building for the Freeport/Stephenson County Convention and Visitors Bureau, Inc. The facility is located adjacent to westbound U.S. Hwy. 20, just east of Freeport.

IFA and State Bank (Freeport) will be jointly secured by a shared First Mortgage on the subject property.

Most importantly, however, the source of repayment will be a new (November 2004), 2% increase in the Hotel/Motel Tax payments remitted by the City of Freeport, Stephenson County, and the Village of Lena to the Foundation and dedicated to pay debt service on the subject loan.

### Borrower Request:

The Freeport Area Economic Development Foundation has requested to form a Special Purpose Entity (i.e., Limited Liability Company) to both own the subject property and serve as Borrower on the subject loan on a non-recourse basis. The Foundation's Board has recommended this prospective change in ownership structure in order to help isolate the Foundation from casualty claims on the property.

### Evaluation/Conclusion:

Because the underlying source of repayment is Hotel-Motel Taxes from the participating jurisdictions and the Foundation would be able to extend these dedicated tax collections until the IFA's loan is fully repaid.

Consequently, IFA's ability to (1) liquidate the property in the event of payment default, and (2) ability to ultimately seek recourse from the Freeport Area Economic Development Foundation are irrelevant given that this loan is supported with a dedicated Hotel-Motel tax stream (i.e., similar to a Local Government financing).

### Recommendation:

Staff recommends approval of the Borrower's request to form a Special Purpose Entity to serve as both Owner and Obligor on the IFA/State Bank loan. The dedicated tax revenues provide the Borrower with a repayment stream that resembles a Local Government financing and would be superior to that any found on most non-recourse financings. To avoid year-end timing difficulties, staff also recommends a one-month extension of the closing date to January 31, 2006.

Note: Because of the Foundation's successful fundraising efforts, IFA's Participation Loan will be reduced to \$200,000 (and the combined IFA/State Bank loan has been reduced from \$500,000 to \$400,000) and the Foundation's annual debt service payments will be reduced from \$40,430 to \$34,380 annually (despite an increase in the projected blended interest rate from 5.25% to 6.00%), while rental income from the CVB remains at \$41,000.

As a result of this reduction in debt service, projected debt service coverage will improve from approximately 1.24 times in Year 1 to 1.39 times.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 12, 2005**

**Project: Freeport Area Economic Development Foundation, Inc.  
(Freeport/Stephenson County Visitors Center Project)**

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**PROJECT UPDATE AS OF 4/2005**

- o This report updates a Participation Loan Commitment originally approved at the August 2004 Board Meeting with a 12/31/2005 expiration date (see Voting Record on p. 2)
- o Project is scheduled for completion in October 2005
- o Proposed increase in Freeport/Lena/Stephenson County Hotel-Motel Tax Rate from 3% to 5% was approved by each jurisdiction and went into effect as of 10/1/2004
- o Hotel/Motel Tax Collections for the four months ended 2/28/2005 were reasonably consistent (i.e., within 5%) of the original annualized forecasted results presented in August 2004 (see p. 4)
- o With the entire 2% increase in the Hotel-Motel tax rate dedicated for repayment of the underlying lease payments (which in turn service the Bank/IFA Participation Loan), actual dedicated collections of the Hotel-Motel tax have totaled approximately \$51,000, sufficient to provide 1.24x coverage on the anticipated maximum \$41,273 lease/debt service payments on the State Bank of Freeport/IFA Participation Loan
- o The Borrower's fundraising efforts have been successful. As a result, the Bank anticipates that the final amount of the combined State Bank of Freeport/IFA Participation Loan amount will be less than \$500,000.

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**STATISTICS**

IFA Project #:	B-LL-NP-TX-412	Amount:	\$250,000 (not-to-exceed amount)
Type:	Participation Loan	IFA Staff:	Rich Frampton
Location:	Freeport		

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**BOARD ACTION**

**Informational Update of Final Participation Loan Resolution approved 8/10/2004  
Maximum \$250,000 of IFA funds at risk**

***Staff recommends approval subject to the following Extraordinary Conditions:***

**Maximum IFA Participation of \$250,000 in a maximum \$500,000 State Bank (Freeport, Illinois) (the "Bank") Loan subject to the Applicant satisfying the following terms and conditions set forth in the Bank's loan commitment:**

1. Minimum fair market value appraisal upon completion on subject property in an amount not less than \$625,000, subject to final certification upon completion as required by the State Bank, Freeport, Illinois. Given the special purpose nature of the subject building, a final certification of liquidation value may be substantially less \$625,000, however. The stability of the dedicated Hotel-Motel Tax revenues provides a significantly more stable and predictable source of cash flows than on most IFA Participation Loans. Accordingly, staff recommends approval of a policy exception in the event that a liquidation value appraisal results in a property value that is less than \$625,000.
2. Mortgage will include an embedded Assignment of Rents and Leases. (No corporate guarantee from the Tenant will be required, however.)
3. All future contributions to the Visitor Center Building Fund must be applied to reduce the principal balance on the Bank/IFA Loan. To the extent there are prepayments or excess contributions (i.e., above \$150,000), the Bank and IFA loans shall be reduced on a dollar-for-dollar (i.e., *pro rata*) basis.

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**PURPOSE**

Permanent, take-out financing for acquisition of a newly constructed Freeport/Stephenson County Visitors Center, just east of the US Bypass 20/US Business 20 interchange on the east side of Freeport.

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**IFA CONTRIBUTION**

IFA will apply \$250,000 from IFA's Credit Enhancement Development Fund to purchase a 50% loan participation in a (maximum) \$500,000 senior mortgage loan by the State Bank of Freeport.

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**VOTING RECORD**

Participation Loan Resolution Approved August 10, 2004:

Ayes: 12      Nays: 0      Abstentions: 0      Absent: 0      Vacant: 0

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**SOURCES AND USES OF FUNDS**

Sources:	State Bank of Freeport	\$250,000	Uses: Project costs	\$631,300
	IFA Participation Loan	\$250,000	Soft/finance costs	<u>18,700</u>
	Cash Equity	<u>150,000</u>	<b>Total</b>	<u>\$650,000</u>
	<b>Total</b>	<u>\$650,000</u>		

The Freeport EDF will provide a minimum of \$150,000 cash equity at closing, generated from existing cash balances, pledges, fundraising, and upfront kiosk signage rights payments. To the extent that these contributions exceed \$150,000, the State Bank of Freeport/IFA Participation Loan will be reduced on a dollar-by-dollar basis.

According to the State Bank of Freeport, the Freeport EDF has available cash balances of \$178,932 dedicated for this project as of 3/15/2005.

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**JOBS**

Current employment:	2	Projected new jobs:	1.5 FTE's
Jobs retained:	0	Construction jobs:	15 (6 mo.'s)

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**BUSINESS SUMMARY**

Background: **The Freeport Area Economic Development Foundation (the "Foundation" or the "Borrower/Obligor")** is an Illinois 501(c)(3) corporation established in 1984. The Foundation is governed by a 30 member Board of Directors.

The Foundation will be borrowing on behalf of the **Freeport/Stephenson County Convention & Visitors Bureau (the "CVB" or the "Tenant")**. The CVB is an Illinois 501(c)(6) organization incorporated in 1991 to promote the growth of the tourism industry in Stephenson County.

Listings of the respective Boards of the Foundation and the CVB are attached to this report.

**Borrower**

Description: The Foundation's mission is to promote business development in Freeport, Stephenson County, and the Northwest Illinois area. The Foundation's efforts focus on the retention and creation of primary employment, as well as serving the service and retail markets. The Foundation works collaboratively with various local government units in Stephenson County and units of state government to achieve its objectives.



Tenant

Description: The Freeport/Stephenson County Convention and Visitors Bureau will be the sole tenant of the proposed building, which will be located on the east side of Freeport, just east of the Bypass US 20/Business US 20 interchange. The proposed facility will serve as the Freeport/Stephenson County Visitors Center. The purpose of the Visitors Center will be to serve as the an entry point to promote Freeport, Stephenson County, and the surrounding area as a location for recreation, tourism, commercial, industrial, and residential and retirement opportunities, in order to encourage the economic development of the region.

The CVB is primarily funded with Hotel/Motel Tax Revenues pursuant to Freeport City Ordinance, Stephenson County Ordinance, and Village of Lena Ordinance.

These Hotel/Motel Tax Revenues will provide the source of funding for the CVB to cover its rental payment obligations to the Freeport Area Economic Development Foundation.

Description: The proposed 4,600 SF facility will be located on an approximately 1.2 acre site, at the northwest corner of U.S. Hwy. 20 and Browns Mill Road (and adjacent to westbound traffic). The Visitors Center will be located on the east side of Freeport, just east of the US Bypass 20/US Business 20 interchange (and The Kelly-Springfield Tire & Rubber Company's manufacturing plant).

The Visitors Center will be similar to high amenity interstate "Rest Areas", with restrooms, vending machines, an ATM machine, in addition to a staffed information desk and kiosks with brochures, maps, and locators regarding hotels, restaurants, shopping, businesses, housing, health care, and recreational facilities in the area. Access from eastbound US 20 will be provided at Browns Mill Road.

Comments: The Freeport Area Economic Development Foundation referred this project to IFA. The Executive Director of the Foundation, Mr. Robert J. Skurla, has a longstanding relationship with IFA (IDFA), including referring several loan projects to IDFA and helping IDFA establish a successful Volume Cap partnership with the South Suburban Mayors and Managers Association in 1998 while he served as Executive Director of Chicago Southland Development, Inc., a 501(c)(3) economic development organization.

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#### FINANCING SUMMARY

Bank Security: The Bank and IFA will be jointly secured by a shared first mortgage on the subject real estate with an embedded Collateral Assignment of Rents and Leases on the underlying 20-year lease between the Freeport Area Economic Development Foundation and the Freeport/Stephenson County Convention and Visitors Bureau.

Structure: Maximum \$500,000 Term Loan from the State Bank of Freeport with a maximum \$250,000 participation in the \$500,000 Bank Loan to be purchased by IFA. The Bank and IFA will share a *pro rata* first security interest in the project assets.

Maturity: Five (5) year initial term with provision to extend for additional three additional (5) year terms (with IFA Participation Loan extended for up to a second 5 year term, thereby resulting in an IFA participation in the Bank Loan for up to 10 years). Final maturity date of Bank Loan if extended to maximum maturity: 20 years.

Amortization: 20 years

Interest Rate: Bank/IFA Loan will be priced initially at a fixed rate reset after the initial term of 5 years. The Bank/IFA Loans will be repriced at an interest rate determined by the Bank according to the Loan Agreement with the Freeport EDF. The current estimated interest rate on the State Bank of Freeport's Loan will be 6.25% for the first 5 years. Accordingly, IFA's \$250,000 Participation will be priced at 4.25% fixed for the first five years, thereby resulting in an estimated blended rate of 5.25% on the Bank/IFA mortgage loan for the initial five year term.

Conditions: See Page 1 of this report.

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### PROJECT SUMMARY

Loan proceeds will be used to construct and provide permanent financing for the acquisition of approximately 1.18 acres of land, construction and equipping of an approximately 4,600 SF visitors center with parking to accommodate approximately 55-60 passenger vehicles thereon (plus 4 semi-trailers), related site improvements thereon located near the NW corner of Browns Mill Road and US Highway 20, Freeport (Stephenson County), Illinois 61032.

The Obligor on the proposed loan will be the Freeport Area Economic Development Foundation, Inc.. The Foundation will lease the subject facility to the Freeport/Stephenson County Convention & Visitors Bureau, Inc.

Estimated project costs are as follows:

Land:	\$7,400
Building & Improvements:	613,500
Equipment/Furnishings:	10,400
<b>Total</b>	<b><u>\$631,300</u></b>

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### ECONOMIC DISCLOSURE STATEMENT

Applicant/  
Obligor: Freeport Area Economic Development Foundation; <http://www.freeport-il-econ-dev.com/>  
Borrower  
Contact: Mr. Robert J. Skurla, Executive Director, Freeport Area Economic Development Foundation, 26 S. Galena Avenue, Freeport, IL 61032; Tel.: 815-233-1350; e-mail: [bskurla@aeroinc.net](mailto:bskurla@aeroinc.net)  
Tenant:  
Tenant Contact: Freeport/Stephenson County Convention & Visitors Bureau; <http://www.stephenson-county-il.org/>  
Ms. Connie Sorn, Executive Director, Freeport/Stephenson County Convention and Visitors Bureau, 2047 AYP Road, Freeport, IL 61032; Tel.: 815-233-1357; e-mail: [stephcvb@aeroinc.net](mailto:stephcvb@aeroinc.net)  
Project name: Freeport/Stephenson County Visitors Center  
Location: NW corner of Browns Mill Road and US Highway 20, Freeport (Stephenson County), Illinois 61032

<b>Obligor:</b>	<b>Tenant:</b>
Freeport Area Economic Development Foundation, Inc.	Freeport/Stephenson County Convention & Visitors Bureau, Inc.
Organization: 501(c)(3) corporation	501(c)(6) corporation
State: Illinois	Illinois

Board of Directors: Attached

Current Owner of Subject Real Estate: Chad Chahoon Construction, Orangeville, IL. (Chahoon Construction purchased the subject property from the Illinois Department of Transportation for \$7,000.)

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**PROFESSIONAL & FINANCIAL**

Counsel – Obligor:	Daniel G. Fishburn	Freeport, IL	Dan Fishburn
Accountant– Obligor:	Clifton Gunderson LLP	Sterling, IL	
Accountant–CVB:	Lindgren, Callahan, Van Osdol		
Co., Ltd.	Freeport, IL		
Bank:	State Bank	Freeport, IL	Doug Cross,
		Chris Schneiderman	
Bank Counsel:	State Bank	(In-house counsel)	
Architect:	Christopher Fye & Associates	Freeport, IL	
General Contractor:	Chad Chahoon Construction Co.	Orangeville, IL	Chad Chahoon
Appraiser:	John P. Hill & Associates	Freeport, IL	
IFA Counsel:	Dykema Gossett PLLC	Chicago, IL	David Celliti

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**LEGISLATIVE DISTRICTS**

Congressional:	16	Donald A. Manzullo
State Senate:	45	Todd Sieben
State House:	89	Jim Sacia

**ILLINOIS FINANCE AUTHORITY**

**RESOLUTION NO. \_\_\_\_\_**

RESOLUTION OF THE ILLINOIS FINANCE AUTHORITY, A POLITICAL SUBDIVISION, BODY POLITIC AND CORPORATE OF THE STATE OF ILLINOIS AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERGOVERNMENTAL AGREEMENT WITH THE VILLAGE OF BROOKFIELD, ILLINOIS.

**WHEREAS**, the Illinois Finance Authority (the "Authority") is a political subdivision, body politic and corporate of the State of Illinois created under and pursuant to the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as amended (the "Act"); and

**WHEREAS**, the Illinois Educational Facilities Authority, as one of the predecessor authorities to the Authority, issued its \$5,000,000 Revenue Bonds, Series 1995A, The Chicago Zoological Society (Brookfield Zoo Project) (the "Prior Bonds") the proceeds of which were lent to The Chicago Zoological Society, an Illinois not-for-profit corporation (the "Borrower"); and

**WHEREAS**, the Prior Bonds are now outstanding in the aggregate principal amount of \$3,370,000; are due on December 15, 2006 through December 15, 2016 and are subject to redemption on any date on or after December 15, 2005 at a redemption price of 102% of the principal amount thereof to be redeemed, plus accrued interest to the date of redemption; and

**WHEREAS**, in order to take advantage of lower interest costs associated with "qualified tax-exempt obligations" under the small issuer exception under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Borrower has requested that the Village of Brookfield, Illinois (the "Village"), issue its revenue bonds to refund and call for redemption the Prior Bonds; and

**WHEREAS**, pursuant to the authority granted by Section 10 of Article VII of the Illinois Constitution of 1970, and the Intergovernmental Cooperation Act, 5 Illinois Compiled Statutes 220, the Authority and the Village each have the authority to enter into binding agreements regarding the exercise of their respective powers; and

**WHEREAS**, the Village is willing to issue its revenue bonds to refinance the Prior Bonds, all as set forth in the details and provisions of a Loan Agreement by and between the Authority and the Borrower; and

**WHEREAS**, the Authority desires to cooperate with the Village and the Borrower to achieve the foregoing goals and to enhance the public safety, benefit and welfare of persons living or working within the Authority and the Village by entering into an Intergovernmental Agreement with the Village; and

**WHEREAS**, copies of the form of the Intergovernmental Agreement have been filed with the Authority and the Village; and

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

**Section 1.** Pursuant to the Act, the Authority does hereby authorize the refinancing of the Prior Bonds in accordance with the terms of the Loan Agreement and does hereby determine it is in furtherance of the public purposes set forth in the Act, and that, therefore, providing for the refinancing of the Prior Bonds through the issuance and sale of the Bonds is in the public interest.

**Section 2.** The execution, delivery and performance of the Intergovernmental Agreement by the Authority, are hereby authorized. The Intergovernmental Agreement shall be in substantially the form submitted to this meeting as hereinabove recited, with such changes, insertions or omissions as may be approved by the Chairman, Vice Chairman, Executive Director or Treasurer of the Authority, whose approval thereof shall be conclusively evidenced by his execution of each such instrument.

**Section 3.** The Chairman, Vice Chairman, Executive Director or Treasurer of the Authority is hereby authorized to execute on behalf of the Authority the Intergovernmental Agreement, and the Secretary or Assistant Secretary of the Authority is hereby authorized to attest such documents, and the Chairman, Vice Chairman, Executive Director or Treasurer and the Secretary or Assistant Secretary are hereby authorized to deliver such instruments and documents on behalf of the Authority and to execute and deliver all such instruments, documents or certificates, and to do and perform all such things and acts, as each shall deem necessary or appropriate in furtherance of the refunding and redemption of the Prior Bonds and the carrying out of the transactions authorized by this Resolution or contemplated by the instruments referred to in this Resolution.

**Section 4.** Action of the Chairman, Vice Chairman, Executive Director or Treasurer of the Authority includes action by any person duly appointed by the Authority to serve in any of the foregoing capacities on an interim or acting basis.

**Section 5.** The Intergovernmental Agreement, as approved or acknowledged by this Resolution, which is hereby incorporated in this Resolution by reference thereto, shall be placed on file at the office of the Authority and made available for public inspection by any interested party immediately following the passage and approval of this Resolution.

**Section 6.** If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining sections, paragraphs, clauses or provisions hereof.

**Section 7.** All acts of officials of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance of the refunding and redemption of the Prior Bonds be, and the same are, in all respects approved, ratified and confirmed. All

resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and superseded.

**Section 8.** The Authority hereby determines that all meetings of the Authority at which action was taken in connection with the authorization and approval of the Intergovernmental Agreement were duly and legally called and held proper public meetings, open to the public at all times in compliance with all requirements of law and rules of procedure of the Issuer and the State, and notice of the time and place of each meeting was given and minutes of such meetings have been kept and are or will be made available as required by procedures adopted by the Issuer and by "An Act in relation to meetings", and all laws amendatory thereof and supplementary thereto.

**Section 9.** This Resolution shall become effective immediately upon its adoption.

## MEMORANDUM

**TO:** IFA Board of Directors  
**FROM:** Jim Senica  
**DATE:** December 6, 2005  
**RE:** Request for an Amendment to a Participation Loan for Custom Wood Products, Inc. Project No. B-LL-TX-573

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Custom Wood Products, Inc. is a high-end custom cabinet manufacturer producing unique, ultra-premium quality cabinetry used in very upscale, custom-built homes. Fowler Properties, L.L.C. is the holding company that holds title to the real estate of Custom Wood Products, Inc.

First Security Bank of Mackinaw and Custom Wood Products, Inc. have asked IFA to approve a change in the legal borrower's name from Custom Wood Products, Inc. to Fowler Properties, L.L.C. and an extension of three months to February 10, 2006, on IFA's commitment on its participation loan. Custom Wood Products' owner, Mitch Fowler, will continue to guaranty the loan as will Custom Wood Products, Inc. The IFA Board approved on May 10, 2005, a \$175,500 participation in a loan to Custom Wood Products, Inc. originated by the bank by the following vote:

Ayes: 10      Nays: 0      Abstentions: 0      Absent: 3 (Leonard, O'Brien, Ozark)

The original loan amount was requested to finance the acquisition of 1.3 acres of land, a 10,168 square foot industrial building and the acquisition of new machinery and equipment.

The IFA Board approved the original participation based on historical financial results for 2002 through 2004 and projected results for 2005 through 2007. A copy of the project summary that was originally presented for Board consideration is attached to this memorandum for your review.

Staff recommends approval of the applicant's request.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
May 10, 2005**

**Deal: Custom Wood Products, Inc.**

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**STATISTICS**

Deal Number:	B-LL-TX-573	Amount:	\$175,000
Type:	Participation Loan	PA:	Jim Senica
Location:	Eureka		

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**BOARD ACTION**

Purchase of Participation Loan from First Security Bank of Mackinaw  
\$175,000 IFA funds at risk  
Collateral is *pari passu* first position with the bank  
Staff recommends approval

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**PURPOSE**

Loan proceeds will be used to acquire 1.31 acres of land, a 10,168 square foot industrial building and new machinery and equipment

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**VOTING RECORD**

Initial board consideration, no voting record. However, IFA currently has another participation loan with Mitch Fowler, Custom Wood Product's owner, an original \$155,000 loan, proceeds of which were used to purchase land and construct a new building addition. This loan is secured by a pro-rata first mortgage shared with First Security Bank of Mackinaw on the Company's existing land and building. Repayment on this loan has been excellent.

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**SOURCES AND USES OF FUNDS**

Sources:	IFA	\$175,000	Uses:	Project Costs	<u>\$350,000</u>
	First Security Bank	<u>175,000</u>		Total	<u>\$350,000</u>
	Total	<u>\$350,000</u>			

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**JOBS**

Current employment:	21	Projected new jobs:	4
Jobs retained:	N/A	Construction jobs:	5



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### BUSINESS SUMMARY

- Background:** Custom Wood Products, Inc. is an Illinois C corporation originally established as a sole proprietorship in 1992 by Mitch Fowler. The Company operated at that time without employees in a portion of the Company's existing buildings. The Company was changed to a partnership in 1993 when Brad Weigand joined the operation and was incorporated in 1996. Brad Weigand left the Company in 2004 to pursue other interests.
- Description:** Custom Wood Products, Inc. is a high-end custom cabinet manufacturer producing unique, ultra-premium quality cabinetry used in very upscale, custom-built homes. The cabinets manufactured often include premium rare hardwoods hand-stained with special finishes and specific hardware not ordinarily found in commercial cabinetry outlets.
- Comments:** Customers of the Company are wholesalers who direct Custom Wood Products, Inc. to architects and builders designing and building homes nationwide in the \$5 to \$80 million range, a segment of the home building industry not generally vulnerable to downturns in the economy. Some recent users of Custom Wood Products, Inc.'s cabinetry are builders constructing homes for Mrs. Henry Ford III, George Foreman and Celine Dion.

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### FINANCING SUMMARY

- Security:** Pro-rata first mortgage "*pari passu*" with First Security Bank of Mackinaw on the project real estate with an appraised value of \$210,000, based on a certified appraisal dated March 10, 2005, and a pro-rata first security interest in the equipment being acquired with a value discounted by the bank of \$351,095 providing collateral coverage to IFA and the Bank of 1.6 times (62.37 LTV). IFA and the Bank will also share in the personal guaranty of Mitch Fowler with an approximate net worth of \$300,000 excluding his interest in Custom Wood Products, Inc.
- Interest:** Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 200 basis points below what the Bank is charging the customer.
- Maturity:** The loan will be set on a twenty year amortization with 60 payments of principal and interest and a balloon payment due at the end of five years.

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### PROJECT SUMMARY

The proposed project involves the acquisition of 1.31 acres of land, a 10,168 square foot industrial building and new machinery and equipment.

Project costs are estimated as follows:

Land Acquisition	\$ 1,000
Building Construction	159,000
Equipment	<u>190,000</u>
Total	<u>\$350,000</u>

The project will enable the Company to accommodate the increasing demand for its services.

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### ECONOMIC DISCLOSURE STATEMENT

- Project name:** Custom Wood Products Expansion  
**Location:** 1195 Cruger Road Eureka, IL (Woodford County)  
**Applicants:** Custom Wood Products, Inc.  
**Organization:** C Corporation  
**State:** Illinois  
**Ownership:** Mitch Fowler 100%

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Leiken, Leiken & Leiken	Eureka, IL	Larry Leiken
Bank:	First Security Bank of Mackinaw	Mackinaw, IL	Dan Schopp

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**LEGISLATIVE DISTRICTS**

Congressional:	18 - LaHood
State Senate:	45 - Sieben
State House:	89 - Sacia

## MEMORANDUM

**TO:** IFA Board of Directors  
**FROM:** Jim Senica  
**DATE:** December 6, 2005  
**RE:** Request for an Amendment to a Participation Loan for Jeffrey J. Gutzwiller  
Project No. B-LL-TX-602

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Jeffrey J. Gutzwiller is the owner of the real estate for his wife's veterinary clinic located in Washington, Illinois, Associated Veterinary Clinic, LLC.

Heartland Bank and Trust Company and Jeffrey J. Gutzwiller have asked IFA to approve a slight increase in the amount of its loan commitment to \$137,500. The IFA Board approved on July 12, 2005, a \$127,500 participation in a loan originated by the bank by the following vote:

Ayes: 8      Nays: 0      Absent: 3 (O'Brien, Rice & Valenti)      Abstentions: 0

The original loan amount was requested to finance the acquisition of a veterinary clinic building located in Washington, Illinois. The Bank inadvertently listed the acquisition price as \$255,000 on the credit material submitted to IFA when it actually should have been shown as \$275,000. It was not until funds were about to be wired to the Bank did they realize that the loan amount was incorrect.

The IFA Board approved the original participation based on historical financial results for 2004 and projected results for 2005 and 2006. A copy of the project summary that was originally presented for Board consideration is attached to this memorandum for your review. Debt service coverage with the \$255,000 project size was projected to be 2.48x in 2005 and 2.88x in 2006. With the increased \$275,000 project size, debt service coverage would decrease ever so slightly to 2.41x in 2005 and 2.72x in 2006.

Staff recommends approval of the applicant's request.

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
July 12, 2005**

**Project: Jeffrey J. Gutzwiller  
(Associated Veterinary Clinic, LLC)**

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**STATISTICS**

Project Number:	B-LL-TX-602	Amount:	\$127,500
Type:	Participation Loan	IFA Staff:	Jim Senica
Location:	Staunton		

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**BOARD ACTION**

Purchase of Participation Loan from Heartland Bank & Trust Company  
\$127,500 IFA funds at risk  
Collateral is *pari passu* first position with the bank  
Staff recommends approval subject to bank covenants presented on page 3 of this write-up.

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**PURPOSE**

Loan proceeds will be used to purchase a veterinary building located in Washington, Illinois.

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**VOTING RECORD**

Initial board consideration, no voting record.

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**SOURCES AND USES OF FUNDS**

Sources:	IFA	\$127,500	Uses: Project Costs	<u>\$255,000</u>
	Heartland Bank	<u>127,500</u>	Total	<u>\$255,000</u>
	Total	<u>\$255,000</u>		

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**JOBS**

Current employment:	10	Projected new jobs:	2
Jobs retained:	N/A	Construction jobs:	N/A

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**BUSINESS SUMMARY**

Background: Associated Veterinary Clinic, LLC was purchased from a retiring veterinarian in Washington, Illinois, by Annette Gutzwiller and a partner in March, 2004. The previous veterinary clinic had been in business at this location for several years and had developed a significant customer base. Because of its location near the rural area, the practice includes services to both small and large animals.

Annette, who had engaged in the practice of veterinary medicine for nearly twelve years, subsequently bought out her partner's interest in February, 2005, and has been buying the building on a lease/purchase arrangement. The building's owner has now provided the opportunity of completing the building purchase for \$255,000; it is estimated that the real estate will appraise for \$300,000. For tax purposes, the building will be owned by Annette's spouse, Jeffrey J. Gutzwiller.

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**FINANCING SUMMARY**

Security: Pro-rata first mortgage "pari passu" with Heartland Bank & Trust Company on the project real estate.

Structure: Based on the guidelines of the Participation Lending Program, IFA's interest rate will be 200 basis points below what the Bank is charging the customer.

Maturity: The loan will be set on a twenty year amortization with 120 payments of principal and interest over the ten year term of the loan.

Bank Covenants: 1) Completed appraisal and title work prior to closing  
2) 3 years personal tax returns of Jeffrey J. and Annette Gutzwiller  
3) Corporate documentation to include tax identification number and articles of incorporation  
4) Proof of insurance on the project real estate

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**ECONOMIC DISCLOSURE STATEMENT**

Project name: Associated Veterinary Clinic Building Acquisition  
Location: Washington, Illinois (Tazewell County)  
Applicant: Jeffrey J. Gutzwiller  
Organization: Limited Liability Company (Veterinary clinic)  
State: Illinois  
Ownership: Annette Gutzwiller – 100%

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**PROFESSIONAL & FINANCIAL**

Bank: Heartland Bank & Trust Company Peoria, Illinois Don Shafer

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**LEGISLATIVE DISTRICTS**

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