ILLINOIS FINANCE AUTHORITY

BOARD MEETING

Tuesday, December 8, 2009

Chicago, Illinois

COMMITTEE OF THE WHOLE
8:30 a.m.
Two Prudential Plaza - IFA Chicago Office
180 N Stetson, Suite 2555
Chicago, Illinois

AGENDA

I. Call to Order
II. Roll Call
III. Chairman's Remarks
IV. Senior Staff Report (Tab A)
V. Financial Report (Tab B)
VI. Committee Reports
VII. Project Reports
VIII. Closed Session, if necessary
IX. Consideration of and/or appointment of an Executive Director of the Illinois Finance Authority
X. Other Business
XI. Adjournment

BOARD MEETING
11:30 a.m.
One Prudential Plaza Conference Center
130 East Randolph, 7th Floor
Chicago, Illinois

I. Call to Order
II. Chairman's Remarks
III. Roll Call
IV. Consideration of and/or appointment of an Executive Director of the Illinois Finance Authority
V. Acceptance of Financials
VI. Approval of Minutes (Tab C & D)
VII. Senior Staff Remarks
VIII. Project Approvals
IX. Resolutions / Amendments
X. Other Business

AGRICULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Beginning Farmer Bonds *Final*						
1	A) Jared W. Brewer	Cambridge (Henry County)	$ 166,375	0	0	ER
	B) Mark J. & Beth A. Killam	Auburn (Sangamon County)	$ 469,200	0	0	ER
	C) William C. & Jennie M. Nichelson	Girard (Sangamon County)	$ 469,200	0	0	ER
	D) Nicholas L. Holland	Mason (Effingham County)	$ 113,920	0	0	ER
Agri - Debt Guarantee *Final*						
2	Baby Bacon Inc.	Amboy (Lee County)	$ 300,000	0	0	ER
TOTAL AGRICULTURE PROJECTS			$ 1,518,695	0	0	

BUSINESS AND INDUSTRY

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
Water Furnishing Facilities Revenue Bonds *Preliminary*						
3	American Water Capital Corp. on behalf of Illinois-American Water Company	Multiple	$ 25,000,000	4	120	RF
Participation Loan *Final*						
4	Midwest Investment Solutions, Inc. (Orbital Tool Technologies Corp. Project)	Belvidere (Boone County)	$ 475,632.50	39	20	RF
TOTAL BUSINESS AND INDUSTRY PROJECTS			$ 25,475,632.50	39	140	

COMMUNITY AND CULTURE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds *Final*						
5	The Joliet Montessori School	Crest Hill (Will County)	$ 650,000	5	15	RF/KD
TOTAL COMMUNITY AND CULTURE PROJECTS			$ 650,000	5	15	

HEALTHCARE

Tab	Project	Location	Amount	New Jobs	Const Jobs	FM
501(c)(3) Bonds *Preliminary*						
6	Community Memorial Hospital	Staunton (Macoupin County)	$ 955,000	6	15	JS
7	Saint Anthony's Health Center	Alton (Madison County)	$ 10,000,000	0	0	PL/BC
8	Swedish Covenant Hospital	Chicago (Cook County)	$ 140,000,000	0	0	PL/SG
501(c)(3) Bonds *Final*						
9	Illinois Valley Community Hospital	Peru (LaSalle County)	$ 24,000,000	3	200	PL/SG
10	Memorial Health System	Springfield (Sangamon County) Taylorville (Christian County) Lincoln (Logan County)	$ 185,000,000	107	1031	PL/BC
11	Rest Haven Illiana Christian Convalescent Home, D/B/A Providence Life Services	Chicago (Cook County)	$ 30,000,000	0	0	PL/BC
12	Villa Guadalupe Senior Service Corporation	Chicago (Cook County)	$ 5,000,000	0	0	PL/BC
TOTAL HEALTHCARE PROJECTS			$ 394,955,000	110	1231	
GRAND TOTAL			$ 422,599,327.50	154	1386	

RESOLUTIONS

Tab	Project	FM
Amendatory Resolutions / Resolutions		
13	Resolution to approve a First Supplemental Security Agreement and to Authorize Execution of an Account Control Agreement, and to authorize the substitution of ceratin collateral securing the Loan (The Center for Research Libraries Project – IEFA Series 1985 Cultural Pool)	RF
14	Resolution to approve an Amended and Restated Trust Indenture and a First Amendment to the Loan Agreement, which provides for the creation of a new interest rate, and related matters (Embers Elementary School Project)	RF
15	Resolution for Participation Loan Payment Modifications by First Midwest Bancorp, Inc., and Robert Wisz LLC [Doreen's Gourmet Pizza, Inc] Project	
16	Resolution Establishing the Credit Criteria of the Illinois Finance Authority	RF
17	Resolution establishing the Illinois Finance Authority Healthcare Initiative 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	RF

Other

Adjournment

Illinois Finance Authority
Report of the Senior Staff
December 8, 2009

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

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

Financial Performance:

General Fund:

The Illinois Finance Authority's General Fund unaudited financial position for the month ending November, 2009, reports total assets of $41,639,319, liabilities of $1,552,416 and total equity of $40,086,903. This compares favorably to the November 2008 balance sheet, with $39,188,821 in total assets, liabilities at $1,720,773 and total equity of $37,468,048.

Gross revenue YTD (other than loan repayments) for the period ending November, 2009 was $3,106,109, or $239,434 (8.4%) higher than the approved FY10 budget. The favorable variance is primarily due to fee income. Total operating expenses were $2,153,399, or $26,907 (1.3%) higher than budget. This is primarily due to employee related expenses.

Gross revenue YTD of $3,106,109 was $24,630 (0.80%) higher than same period last fiscal year. This is primarily due to fee income. Operating expenses YTD were $2,153,399 or $11,061 lower than same period last fiscal year. This is mainly due to declines in professional services, accompanied by increased loan loss provision.

Year-to-date net income for November was $993,972 or $253,790 (34.3%) higher than budget and $63,828 (6.9%) higher than same period last fiscal year.

Consolidated Results:

The Illinois Finance Authority's unaudited financial position for its fourteen (14) funds, as of November 30, 2009, reports consolidated total assets of $172,261,480, liabilities of $58,099,489 and total equity of $114,161,991. This compares favorably to the November 2008 balance sheet of $175,906,229 in total assets, liabilities of $62,813,571 and total equity of $113,092,658.

Audit and Compliance
The fiscal year 2009 audit field work is in its final weeks.

Attached is the status of fiscal year 2008 audit findings for your review.

Financial Services

Market Trends

- Approximately $37.76 billion of municipal debt was issued in November 2009, making it the third busiest November on record, according to *Thompson Reuters*, and a 46.7% increase compared to November 2008.
- *Build America Bonds ("BABs"):* In 2009, BABs have grown to be an integral funding tool for municipalities who use them to finance new capital expenditures. JPMorgan Securities has projected 2010 BAB issuances to reach $110 billion compared to $54.5 billion issued through November 2009. JPMorgan believes that continued BAB issuances will continue to support more favorable pricing of tax-exempt securities and a flatter yield curve.
- *The Bond Buyer* has estimated that the Treasury's 35% subsidy for Governmental Issuers of BABs could total to $1.2 billion, based on the average coupon of 6.31% on the BABs in the Wells Fargo BAB index (with the securities having an average maturity of 28.4-years). Illinois issuer's have issued issued $2.8 billibn of BABs to date. The US Treasury believes that some costs associated with the BAB subsidy will be recouped from the taxes paid by investors on the Taxable BAB coupons. The Treasury believes that BABs have infused billions of dollars of private sector funds to support governmentally owned projects.

Interest Rate Data:

Tax-Exempt Rates:

- Variable Index (* SIFMA): 0.27% (11/25), up 1 basis point from last month's report.
- Fixed GO Bond (** MMD-20yr-AA): 4.33% (11/24), up 33 bps from last month's report.

Taxable Rates:

- Fed Reserve Benchmark Target Rate: 0.25% (11/24) unchanged from last month
- *** 90-day LIBOR: 0.26% (11/24), down 2 basis points from last month
- **** Prime Rate: 3.25% (11/24), unchanged since 12/15/2008.
- 2-yr Treasury: 0.74%, (11/24) down 25 basis points from last month
- 30-yr Treasury: 4.25% (11/24) down 9 basis points from last month

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

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

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

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

Economic Data:

Gross Domestic Product ("GDP"):

Real Gross Domestic Product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 2.8% in the 3rd calendar Quarter of 2009 (i.e., Q3-2009), as announced by the U.S. Commerce Department on 11/24 (this compares to the Commerce Department's initial 3.5% GDP growth estimate).

According to economists, theQ3-2009 increase in real GDP resulted from positive trends in business efficiency, exports, and federal government spending.

Employment:

According to ADP's monthly National Employment Report released 12/2/2009, private sector employment decreased by 169,000 in November, a decline from the 195,000 jobs that were lost in October. Still, the actual decrease of 169,000 was worse than the 160,000 November cuts expected by economists polled by *Thomson Reuters*. The eight consecutive monthly decreases in job losses at private companies provide support to the belief that the economy is slowly recovering..

According to the ISM's December 1st report, ISM's employment index for the manufacturing industry slipped to 50.8 in November from 53.1 in October (October's 53.1 index was the strongest showing since April, 2006).

Manufacturing:

According to the Purchasing Manager's Index report, the U.S. manufacturing sector grew for the fourth straight month in November.

Nevertheless, the decline in the PMI Index to 53.6 in November from 55.7 in October, indicating decelerating growth. The November index of 53.6 was also 1.4 points lower than November's anticipated 55.0 reading. The drop seems to be attributed to flat construction spending.

A monthly PMI Index reading above 50 indicates that the manufacturing sector is generally expanding; a reading below 50 indicates that the manufacturing sector is generally contracting.

Other Economic News:

On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3% in October, the Bureau of Labor Statistics reported 11/18/2009, a 0.1% increase in the CPI-U over September.

Sales Activities

Funding Managers will be presenting twelve financings totaling $692,599,327.50 for consideration at the December 8, 2009 Board Meeting including:

- Agriculture projects totaling $1,518,695
- Business and Industry projects totaling $25,475,632.50
- Healthcare projects totaling $664,955,000
- Non-Healthcare projects (Cultural and other 501(c)(3) projects) totaling $650,000

The twelve financings presented for consideration today are expected to create 160 new jobs and 1,401 construction jobs.

IFA Industry Updates and Closing Reports:

Agriculture

The agriculture staff continues to receive strong interest in the Beginning Farmer Bond program and Agricultural Guarantees. Customer calls and sales calls by staff range from land purchases and potential Beginning Farmer Bonds, equipment purchases and potential Ag Participation Loans, and livestock operations, which require Ag guarantees.

Staff continues to receive calls from lenders who have concerns with clients involved in the swine industry. Although the general outlook for the industry calls for improved prices and profitability in 2010, many producers have suffered large losses over the past 18 months. Staff expects to continue to receive applications for Ag guarantees and requests for loan modifications to allow borrowers to weather this market downturn.

The agricultural area continues to work on analyzing the current ag guaranteed loan portfolio. The Ag intern has hired in October has completed file reviews on approximately 90% of the portfolio and has been able to complete approximately 40% of the credit scoring models for the existing loans. The intern has also provided a list of deficiencies in each file, which staff will use to contact the originating lenders, obtain, and resolve deficiencies.

Staff will be presenting 4 Beginning Farmer Bonds and I Agri-Debt Restructuring loan guarantee for approval consideration by the IFA Board of Directors. Staff is very pleased that 2 of the Beginning Farmer Bond applications utilize the new maximum limit of $469,200, which significantly decreases interest costs for the borrowers and increases fee income for the IFA.

Agricultural Closing(s) for November, 2009

Closing Date	Amount	Borrower
11/2/2009	$201,000	Reeves, Jeremy & Tara

11/18/2009	$150,000	VanFleet, Ryan
11/18/2009	$101,500	Swanson, Matthew & Angela

**Correction to November Board Book - Agriculture Closings totaled $ 1,125,602 in October, 2009*

Business and Industry

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

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

Reflective of these efforts, Illinois – American has submitted a new application for $25 million of Water District Facilities Revenue Bonds that will be considered at today's Board Meeting.

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

There were no Business and Industry Closings in November, 2009.

Healthcare

With MMD near historical lows and credit spreads remaining relatively constant many of our borrowers plan to come to market and finance acquisitions, new money and potentially converting floating rate debt to fixed rates in the coming month. Advocate Health Care, Resurrection Health and Memorial Health System all plan on pricing fixed rate deals in the market during the first two weeks of December.

Saint Anthony's plan to borrow under the healthcare capital leasing program and finance $7 million of equipment and $3 million of renovations. The project will be requesting preliminary bond resolution at the December meeting (it's first such request at the IFA).

Last month, after the Healthcare Team hosted a discussion with several Illinois Safety-Net Hospitals to discuss the viability of creating a program to securitize Safety Net Adjustment Payments ("SNAP") and Critical Hospital Adjustment Payments ("CHAP") an amendment to the Budget Implementation Bill added funding for the these groups at the state level. This has been great news for Illinois Safety Net Hospitals.

The Healthcare Group hosted a discussion with the SLF Coalition to discuss a pool program to securitize Medicaid receivables. Due to ongoing State of Illinois budgetary and fiscal issues the State has been several months late in paying the Medicaid accounts for all of the 115 supportive living facilities (SLF) in Illinois. These payments are utilized by the SLFs to provide affordable assisted living services for their frail and disabled residents who receive Medicaid assistance. Typically, the State processes the Medicaid invoices and reimburses the SLFs within 60 – 90 days and up to 120 days of invoice. Due to budgetary shortfalls, the State may have to extend the reimbursement intervals to 180 – 365 days. Absent any legislative or other fiscal breakthroughs which will be necessary to balance the State budget and to bring these accounts receivable current, the underlying SLFs will be facing a severe cash crunch just to pay their employees and vendors and to provide the required services under the SLF Program. Many if not most of these facilities have arranged local bank financing which is covering them for 60-90 days but the local banks traditionally cannot or will not go beyond 90 days of receivables. Given the situation, the SLF coalition plans to secure a rating with S&P and sell one year fixed rate bonds in a pooled structure. The IFA would act as the purchaser of the receivables.

During November, Pam Lenane and Chairman Brandt spoke at the Healthcare Transaction's Conference discussing the current market conditions, the changing investor base, rating agency responses and market opportunities in distressed assets.

Healthcare November, 2009 Closing(s)

Closing Date	Amount	Borrower
11/18/2009	$240,000,000	Central DuPage Health
11/19/2009	$100,000,000	Northshore University HealthSystem

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

Credit challenges due to (1) bank rating downgrades and (2) related failed remarketings of impaired variable rate paper continue to result in additional IFA borrower requests for Amendments and Restructurings. On today's agenda, the IFA Board will be considering an amendment for Embers Elementary School.

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

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

IFA has now closed 5 FHLB LOC-enhanced transactions totaling approximately $89.2 million in calendar 2010. IFA staff originally projected that approximately 5-6 FHLB-enhanced transactions would close each calendar year.

IFA's 501(c)(3) Team will be working with both the National Association of Healthcare and Higher Education Authorities ("NAHEFFA") and the Council of Development

Finance Agencies ("CDFA") to support an extension of the FHLB LOC provision by the US Congress in early 2010.

The 501(c)(3) team has several closings scheduled in Mid-December and early January.

There were no Non-Healthcare 501(c)(3) Closings in November

Local Government

The Local Government Team priced $4,460,000 IFA Bond Bank Series 2009-A with Stifel Nicolaus as Underwriter. The pooled issuance included 8 borrowers: for a variety of projects in 7 counties on November 17, 2009. The Issue was rated "A-" by Standard and Poor's with serial maturities of 2 to 14 yrs, and two term bonds with maturities due in 20 and 30 years. The pool average life was 12.6 years with a Net Interest Cost for borrowers under 5%. The transaction is scheduled to close on December 4, 2009. Chapman and Cutler was engaged pursuant to an RFP to serve as Bond Counsel.

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

Local Government Closing for Late November/Early December, 2009

Closing Date	Amount	Borrower
December 4, 2009	$4,460,000	IFA Bond Bank Revenue Bonds

Energy

- *Retrofit Ramp-Up Application to US DOE:* IFA is collaborating with the Governor's Office, DCEO, Siemens, the City of Rockford, the City of Chicago, the Clinton Climate Initiative and Chicago Metropolitan Agency for Planning (CMAP) to prepare an application to US DOE for up to $75 million in grants to fund a debt service reserve to support financing for energy efficiency projects. IFA anticipates using powers authorized under SB 390 to offer "additional security" in the form of State moral obligation for some projects to provide access to capital that require this additional level of support. A debt reserve from DOE and other sources would provide a source of funds to be applied to make up any payment shortfall prior to drawing on the State moral obligation. Additional aspects of this application are currently being negotiated with partner organization. Responses are due December 14.
- *IFA's Application to Serve as a DOE "Designated Lender":* IFA is preparing a response to a Request for Information to participate in DOE's Financial Institution Partnership Program to sponsor projects for consideration for DOE Loan Guarantees. Selection as a Designated Lender would provide an opportunity for IFA to leverage

its capacity to provide "additional security" to finance qualifying energy projects. Responses are due January 15.

- *Seminars and Conferences*: IFA staff participated in the following events over the past month:
    - Midwest Clean Tech Conference: Steve Trout presented IFA financing options on November 23.

There were no Energy Closings in November, 2009

Venture Capital - Investments

Staff participated in board meetings for zuChem, Firefly Energy, and Ohmx Corporation (special meeting).

In addition to attending board meetings, management has begun reviewing the investment firm's financial statements, and developing controls and processes to ensure assets are monitored. While IFA management may look to a valuation service provider for the mechanics of the valuation, management requires sufficient information to evaluate and independently challenge the valuation.

The last review was completed as of June 30, 2006 utilizing a third party vendor. We expect to have the next valuation prior to the end of fiscal year 2010, to satisfy an audit finding during fiscal year 2009.

Human Resources

During the past month, we reached tentative agreements with all of the parties involved in the economic layoffs of October 14, 2009. A minor reassignment of office space was made to accommodate the needs of the existing staff.

In addition, we hired Carol Caponigro as a paralegal, reporting to Chris Meister. Ms. Caponigro brings many years of experience as a paralegal dealing specifically with municipal finance at DLA Piper and other fine firms.

Senior staff has been asked to schedule attendance at sexual harassment training for supervisors provided by the State of Illinois. We will be tracking actual attendance.

Compensation and Benefits

The Trustees for IFA's Individual Account Plan have been updated to include Art Friedson and Yvonne Towers.

We are in contact with CMS and working with our Procurement Officer to begin the process of bidding out our payroll services, employee health and welfare plans, and employment-related insurance coverage.

Finally, we are reviewing our current compensation plans to ensure that they recognize the current economic environment while incentivizing, to the extent possible, the behaviors that we wish to reinforce in our workforce.

Procurement

Financial Advisors:
Bids were received for the Financial Advisor solicitation. Staff will begin their evaluation during the week of November 30th. It is anticipated that new advisor's will be on board by 1/1/10.

Treasury/Investments:
Bids for the Government Bond Fund solicitation are due 12/2/09.

Staff continues to work on the solicitation documents for the Managed Investment Portfolio and CDARS. It is anticipated that the Managed Investment Portfolio solicitation which will be posted to the Procurement Bulletin by 12/04/09 and CDARS by the end of December.

Venture Capital Valuation:
The Procurement Business Case (PBC) for the Venture Capital was approved. The solicitation is underway.

Solicitations for additional services, including Career Transition and Insurance Brokerage, are in process.

Legislative/Legal

An oral presentation will be given at the December 8, 2009 Committee of the Whole Meeting.

Illinois Finance Authority
FY08 Audit Findings: Material and Immaterial
Update as of November 30, 2009

Number of Findings - 7

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

Illinois Finance Authority
Audit Findings Material and Immaterial
Update as of November 30, 2009

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

Illinois Finance Authority
General Fund
Unaudited
Balance Sheet

for the Five Months Ending November 30, 2009

	Actual November 2009
ASSETS	
CASH & INVESTMENTS, UNRESTRICTED	$ 16,901,739
RECEIVABLES, NET	194,844
LOAN RECEIVABLE, NET	22,844,723
OTHER RECEIVABLES	260,715
PREPAID EXPENSES	142,397
TOTAL CURRENT ASSETS	40,344,418
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	72,945
DEFERRED ISSUANCE COSTS	395,812
OTHER ASSETS	
CASH, INVESTMENTS & RESERVES	872,672
VENTURE CAPITAL INVESTMENTS	-
OTHER	(46,528)
TOTAL OTHER ASSETS	826,144
TOTAL ASSETS	$ 41,639,319
LIABILITIES	
CURRENT LIABILITIES	$ 980,942
LONG-TERM LIABILITIES	571,474
TOTAL LIABILITIES	1,552,416
EQUITY	
CONTRIBUTED CAPITAL	4,111,479
RETAINED EARNINGS	23,010,155
NET INCOME / (LOSS)	993,972
RESERVED/RESTRICTED FUND BALANCE	1,732,163
UNRESERVED FUND BALANCE	10,239,134
TOTAL EQUITY	40,086,903
TOTAL LIABILITIES & EQUITY	$ 41,639,319

Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
November 30, 2009

	Actual November 2009	Actual November 2008	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2010	Actual YTD FY 2009	Year to Date Variance Actual vs. Actual	YTD % Variance
REVENUE								
INTEREST ON LOANS	94,431	108,571	(14,139)	-13.02%	497,241	566,191	(68,949)	-12.18%
INVESTMENT INTEREST & GAIN(LOSS)	3,142	18,486	(15,344)	-83.00%	19,921	171,618	(151,697)	-88.39%
ADMINISTRATIONS & APPLICATION FEES	260,780	681,974	(421,193)	-61.76%	2,032,318	2,043,587	(11,269)	-0.55%
ANNUAL ISSUANCE & LOAN FEES	45,143	50,992	(5,848)	-11.47%	451,837	255,871	195,966	76.59%
OTHER INCOME	7,701	8,576	(875)	0.00%	104,792	44,212	60,580	0.00%
						-	-	-
TOTAL REVENUE	411,198	868,598	(457,400)	-52.66%	3,106,109	3,081,479	24,630	0.80%
EXPENSES								
EMPLOYEE RELATED EXPENSES								
COMPENSATION & TAXES	212,655	225,709	(13,054)	-5.78%	1,167,808	1,146,798	21,010	1.83%
BENEFITS	18,791	22,053	(3,263)	-14.80%	110,107	111,141	(1,034)	-0.93%
TEMPORARY HELP	2,423	7,437	(5,014)	-67.42%	13,833	30,121	(16,288)	-54.08%
EDUCATION & DEVELOPMENT	-	-	-	0.00%	11,035	893	10,142	1135.17%
TRAVEL & AUTO	4,212	7,615	(3,403)	-44.69%	21,793	31,686	(9,893)	-31.22%
TOTAL EMPLOYEE RELATED EXPENSES	238,080	262,814	(24,734)	-9.41%	1,324,576	1,320,639	3,937	0.30%
PROFESSIONAL SERVICES								
CONSULTING, LEGAL & ADMIN	15,875	28,298	(12,422)	-43.90%	79,629	167,999	(88,370)	-52.60%
LOAN EXPENSE & BANK FEE	9,147	8,335	812	9.74%	47,693	55,710	(8,017)	-14.39%
ACCOUNTING & AUDITING	22,805	14,897	7,908	53.08%	117,872	127,405	(9,533)	-7.48%
MARKETING GENERAL	2,327	1,840	487	26.44%	2,928	13,716	(10,789)	-78.66%
FINANCIAL ADVISORY	18,333	25,000	(6,667)	-26.67%	91,665	125,000	(33,335)	-26.67%
CONFERENCE/TRAINING	895	145	750	0.00%	3,718	8,485	(4,767)	-56.18%
MISC. PROFESSIONAL SERVICES	2,488	-	2,488	0.00%	19,900	20,000	(100)	0.00%
DATA PROCESSING	6,563	2,437	4,126	169.28%	20,279	14,873	5,406	36.35%
TOTAL PROFESSIONAL SERVICES	78,432	80,952	(2,520)	-3.11%	383,684	533,188	(149,504)	-28.04%
OCCUPANCY COSTS								
OFFICE RENT	22,470	25,697	(3,227)	-12.56%	111,914	119,962	(8,049)	-6.71%
EQUIPMENT RENTAL AND PURCHASES	996	3,489	(2,493)	-71.44%	16,201	21,086	(4,885)	-23.17%
TELECOMMUNICATIONS	4,921	4,723	198	4.19%	25,153	20,690	4,463	21.57%
UTILITIES	935	795	140	17.60%	4,893	6,070	(1,176)	-19.38%
DEPRECIATION	4,949	6,527	(1,578)	-24.18%	25,739	32,551	(6,812)	-20.93%
INSURANCE	1,951	1,607	344	21.41%	9,666	8,036	1,630	20.29%
TOTAL OCCUPANCY COSTS	36,222	42,838	(6,616)	-15.45%	193,566	208,394	(14,829)	-7.12%

Illinois Finance Authority
General Fund - Actual to Actual
Statement of Activities
for Period Ending
November 30, 2009

	Actual November 2009	Actual November 2008	Current Month Variance Actual vs. Actual	Current % Variance	Actual YTD FY 2010	Actual YTD FY 2009	Year to Date Variance Actual vs. Actual	YTD % Variance
GENERAL & ADMINISTRATION								
OFFICE SUPPLIES	1,540	3,924	(2,384)	-60.75%	16,457	34,680	(18,223)	-52.54%
BOARD MEETING - EXPENSES	3,260	4,969	(1,709)	-34.39%	14,219	19,756	(5,537)	-28.03%
PRINTING	-	3,819	(3,819)	-100.00%	2,247	10,483	(8,236)	-78.57%
POSTAGE & FREIGHT	1,212	2,074	(862)	-41.57%	5,977	12,114	(6,137)	-50.66%
MEMBERSHIP, DUES & CONTRIBUTIONS	2,097	1,540	557	36.14%	8,798	9,944	(1,146)	-11.52%
PUBLICATIONS	414	454	(39)	-8.67%	720	1,992	(1,272)	-63.84%
OFFICERS & DIRECTORS INSURANCE	15,619	15,509	110	0.71%	78,154	73,606	4,548	6.18%
MISCELLANEOUS	-	532	(532)	0.00%	-	2,428	(2,428)	0.00%
TOTAL GENL & ADMIN EXPENSES	24,142	32,821	(8,679)	-26.44%	126,573	165,003	(38,430)	-23.29%
LOAN LOSS PROVISION/BAD DEBT	25,000	25,000	-	0.00%	125,000	(62,764)	187,764	-299.16%
OTHER								
INTEREST EXPENSE	-	-	-	0.00%	-	-	-	0.00%
TOTAL OTHER	-	-	-	0.00%	-	-	-	0.00%
TOTAL EXPENSES	401,876	444,425	(42,549)	-9.57%	2,153,399	2,164,460	(11,061)	-0.51%
NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) & TRANSFERS	9,322	424,173	(414,851)	-97.80%	952,710	917,019	35,691	3.89%
NET UNREALIZED GAIN/(LOSS) ON INVESTMENT	-	-	-	0.00%	-	-	-	0.00%
TRANSFER	9,324	-	9,324	0.00%	41,262	13,125	28,137	0.00%
REVENUE GRANT	-	-	-	0.00%	-	-	-	0.00%
APPROPRIATIONS FROM STATE	-	-	-	0.00%	-	-	-	0.00%
NET INCOME/(LOSS)	18,646	424,173	(405,527)	-95.60%	993,972	930,144	63,828	6.86%

Illinois Finance Authority
Consolidated
Unaudited
Balance Sheet
for the Five Months Ending November 30, 2009

	Actual November 2008	Actual November 2009
ASSETS		
CASH & INVESTMENTS, UNRESTRICTED	$ 26,003,414	$ 30,408,480
RECEIVABLES, NET	474,368	194,843
LOAN RECEIVABLE, NET	89,210,706	94,471,099
OTHER RECEIVABLES	731,449	1,216,649
PREPAID EXPENSES	95,452	142,397
TOTAL CURRENT ASSETS	116,515,389	126,433,468
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	127,270	72,945
DEFERRED ISSUANCE COSTS	636,325	538,208
OTHER ASSETS		
CASH, INVESTMENTS & RESERVES	49,415,097	36,839,120
VENTURE CAPITAL INVESTMENTS	5,530,076	5,377,739
OTHER	3,682,072	3,000,000
TOTAL OTHER ASSETS	58,627,245	45,216,859
TOTAL ASSETS	$ 175,906,229	$ 172,261,480
LIABILITIES		
CURRENT LIABILITIES	$ 1,158,991	$ 1,108,929
LONG-TERM LIABILITIES	61,654,580	56,990,560
TOTAL LIABILITIES	62,813,571	58,099,489
EQUITY		
CONTRIBUTED CAPITAL	35,608,692	35,608,692
RETAINED EARNINGS	24,795,357	27,173,957
NET INCOME / (LOSS)	275,163	1,259,978
RESERVED/RESTRICTED FUND BALANCE	39,765,275	37,471,193
UNRESERVED FUND BALANCE	12,648,171	12,648,171
TOTAL EQUITY	113,092,658	114,161,991
TOTAL LIABILITIES & EQUITY	$ 175,906,229	$ 172,261,480

MINUTES OF THE NOVEMBER 10, 2009 MEETING OF THE COMMITTEE OF THE WHOLE OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Committee of the Whole Meeting at 8:30 a.m. on November 10, 2009 at the Chicago Office of the IFA at 180 N. Stetson, Suite 2555, Chicago, IL 60601.

Members present:
1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Dr. Roger D. Herrin
4. Terrence M. O'Brien
5. Dr. William J. Barclay
6. James J. Fuentes

Members absent:
1. April D. Verrett
2. Ronald E. DeNard
3. Edward H. Leonard, Sr.
4. Bradley A. Zeller
5. Juan B. Rivera

Vacancies:
4

Members participating by telephone:
None

Staff Members Present:
Chris Meister, Deputy Director – General Counsel
Yvonne Towers, CFO and CTO
Rich Frampton, V.P.
Art Friedson, CHRO
Kara Boulahanis, Project Coordinator & Asst. Secretary to the Board
Eric Reed, Regional Manager
Pamela Lenane, V.P.-Asst. General Counsel

Call to Order

Chairman Brandt called the meeting to order at 8:48 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests.

Chairman's Remarks

Chairman Brandt opened the meeting with a discussion of the Venture Capital (VC) Fund. He stated that Yvonne Towers, Chief Financial and Technology Officer, and Joy Kuhn, Assistant Treasurer will be the new staff liaisons to the Venture Capital Committee. Further, they are in the process of drafting a Request for Proposal (RFP) with Janet Sinisi, IFA's State Purchasing Office (SPO), for a valuation of the VC Fund. The last valuation of the fund was during 2006.

Mr. Fuentes, Chair of the Venture Capital Committee, raised the issue of methodology for the valuation; he stated that it was essential that the methodology satisfy the Auditor General. He inquired if it would be possible to have the methodology pre-approved by the Auditor General. Mr. Goetz responded that it was unlikely, as the Auditor General does not consult on audit issues. It was agreed to vett the methodology through a lawyer before proceeding with any valuation group.

Chairman Brandt then announced that several guests were in attendance from the American Federation of State, County and Municipal Employees (AFSCME) and The Bronner Group. Chairman Brandt introduced Ms. Jo Patton, Director of Special Projects, AFSCME Council 31 and Ms. Meg Lewis-Sidime, Research and Strategic Campaign Coordinator, AFSCME Council 31. He also introduced the guests from The Bronner Group, Gila Bronner and Sara Siegel. The Bronner Group presented on the findings of their compliance review for the IFA loan portfolio.

Chairman Brandt next shared that the Audit Committee had met earlier that morning. Ms. Towers reported that the audit continues to progress reasonably quickly. She stated that two potential findings were communicated, relating to the VC valuation and the Rural Bond Bank. Lastly, Chairman Brandt welcomed Art Friedson to the IFA as the new Chief Human Resources Officer.

Senior Staff Reports

Ms. Towers presented the financials consistent with the Senior Staff Report. She stated that year to date gross revenue was $240,000 above the approved FY10 Budget. She reminded Board Members that the first two quarters of the fiscal year have historically been represented by strong revenue streams, with declines during the last two quarters. Ms. Towers explained that operating expenses were also higher than budgeted.

Ms. Towers passed out a revised FY10 budget. She explained that the new revenue numbers in this budget reflect four months of actual activity and new estimates from each business sector. She clarified the differences between the originally projected budget and the revised version.

The revised FY10 budget reflected revenue at 3.1% higher than originally presented, and expenses 13.1% over the original approved budget. The increase in expenses is due to various new one-time and ongoing expenses, including an additional $50,000 for the audit; additional legal fees for bankruptcy attorneys; vacation and severance pay for employees laid off; an additional $40,000 in telephone and internet transition fees; estimated cost of the Venture Capital Fund valuation; and an additional $200,000 for loan loss reserves. Ms. Towers explained that the IFA could potentially be at a loss for the year overall.

Mr. Meister then introduced Mr. Art Friedson, the new Chief Human Resources Officer. Mr. Friedson thanked the Board and shared a brief history of his work. Chairman Brandt then discussed how Mr. Friedson would work to slowly unwind IFA's relationship with the service provider, ADP Total Source, and reduce human resource-related expenses.

Committee Reports:

Chairman Brandt reported that the audit is progressing as expected and the Audit Committee had nothing further to report. Mr. O'Brien reported that the Compensation Committee will be working with Mr. Friedson to finalize any transition issues after the layoff.

Dr. Barclay shared the Healthcare Committee report. The Healthcare Committee met earlier in the month and at that time recommended all of the projects to the Board. After the meeting Ms. Jo Patton of AFSCME raised some concerns regarding the Resurrection Healthcare project. Resurrection Healthcare is comprised of eight (8) hospitals and this issue benefits the entire group. This debt was originally issued in 1997 and was converted in 2008. It is backed by a letter of credit (LOC) expiring December 2009. Resurrection Healthcare has already been informed that the LOC will not be renewed. Resurrection is currently rated BAA1 and BBB+. AFSCME claims that their labor problems are a contributing factor to the lower rating.

Dr. Herrin asked Dr. Barclay what other factors were contributing to their reduced rating. Ms. Lenane explained that Resurrection had carried a strong "A" rating prior to consolidations with struggling hospitals in 2003 and 2004.

Chairman Brandt explained that according to IFA's bylaws at least 8 votes were necessary for any project to pass, and only 8 votes would be present at the Board Meeting. Therefore, the vote must be unanimous for this project to pass. He also clarified that the next meeting of the Board will be two days after the LOC has expired. Resurrection's bond counsel was scheduled to speak to the consequences of not approving this project in more detail at 10 a.m., but Chairman Brandt believed the bonds will become a demand obligation due and payable at a date very shortly after the LOC expires. This may force Resurrection Health System to default on their debt.

The representatives from AFSCME were also offered the opportunity to speak at 10 a.m. Dr. Herrin emphasized for the Board that if the LOC is allowed to expire and the debt is automatically converted into a demand loan, then the IFA will force Resurrection Healthcare into bankruptcy.

Dr. Herrin then presented the Energy Committee report; explaining that it was divided into policy questions and projects. He began with the policy issues discussed at the meeting.

The Energy Committee has recommended that the staff complete the two current U.S. DOE applications, the Retrofit Ramp-Up and the Development Finance Organizations delegated lender program, as soon as possible. Additionally, the Energy Committee has recommended that the issue of in-state versus out-of-state Power Purchase Agreements (PPAs) be deferred until the Illinois Commerce Commission has ruled on the power procurement plan for the year. The soonest in-state PPAs could be issued is March 2010.

The possibility of creating a tax-exempt financing model for wind farms was also discussed. Dr. Herrin stated that this is a complicated idea that will require significant work before being presented to the Board. A proposal was also presented to the Energy Committee to create a program, based on the local government pooled loan program, for energy efficiency projects. This program would procure approved energy service contractors (ESCOs) to guarantee the project debt. This debt would also be backed by a debt service reserve funded by the U.S. DOE Retrofit Ramp-up Program and the “additional security” of Senate Bill 390, which passed during Veto Session and expands SB1906 to energy efficiency projects. This process will be significantly simpler than the traditional local government pooled loan program. It could be up and running immediately and could potentially create a large number of jobs, with a very low chance of loss. Staff is actively pursuing this opportunity.

Dr. Herrin then moved on to the project reports. Eagle River Coal in Saline County, IL is not yet ready for Board presentation but is a promising project. The Museum of Science and Industry (MSI) energy efficiency project was deferred by the Energy Committee pending further discussions with MSI. Biofuels Manufacturers of Illinois (BMI) requested a waiver of IFA’s credit standards but the Energy Committee is not ready to recommend it to the Board at this time. The “Cinespace” project is also not ready to be recommended to the Board at this time but will be receiving additional due diligence. Lastly, Mr. Trout reported on the Blackhawk Biofuels, LLC and REG merger. There were no changes to report.

Chairman Brandt asked if energy projects will be queued up to close after SB 1906 and SB 390 are enacted on January 1, 2010. Mr. Bill Young, Advisor to the Energy Initiative, replied that projects will most likely begin to close in the fourth quarter or possibly late in the third quarter of FY10.

Mr. Goetz made the Agriculture Committee’s report. He stated that the Committee approved all of the projects presented today. Mr. Reed presented an update on the distressed Husser guaranteed loan. It is currently anticipated that IFA will be made whole through the sale of collateral.
Mr. Reed shared that the Agriculture Committee had also discussed revisiting the IFA’s statutory agriculture consulting relationship with the University of Illinois. Chairman Brandt interjected that from his perspective the IFA needs additional agricultural funding managers downstate. Mr. Reed and Dr. Herrin agreed.

Dr. Barclay added that he had neglected to mention that the Healthcare Committee had discussed ways to make the Hospital Assessment Securitization Program (HAP) program available to the far downstate Illinois safety net hospitals. Ms. Lenane added that the healthcare team is attempting to securitize additional revenue streams for hospitals. Lastly, Chairman Brandt and Ms. Lenane spoke at a healthcare conference earlier this month.

Compliance Presentation

Chairman Brandt introduced Ms. Gila Bronner, President and CEO and Ms. Sara Siegel, Government Services Executive, of The Bronner Group. He requested a report on the compliance review of the IFA loan portfolio. Ms. Bronner made the following presentation:

She stated that the IFA was created in January 2004 and was the consolidation of seven previous authorities. Each authority had created their own control systems, leaving IFA with the challenge of synthesizing these procedures, complicated further by the high degree of turn over in senior management since formation. The Bronner Group was asked to asses IFA procedures with regard to the loan and guarantee portfolios.

The Bronner Group took a three pronged approach to their research. They interviewed personnel, looked at historical files and reviewed internal documents. Their findings were broken out into three areas as well: IFA's MABSCO contract, issues surrounding loan guarantee and loan participation portfolio management as well as broader business management practices.

Ms. Bronner asked Ms. Siegel to share the notable observations and recommendations. Ms. Siegel shared that MABSCO's servicing of our loan is comprised of one person monitoring $28 million worth of IFA loans. IFA does not monitor these loans internally. The Bronner Group's recommendation is to implement internal monitoring in addition to MABSCO. They also noted that MABSCO is receiving .25% of 1% of the outstanding balance of the loan for their services. IFA receives the same percentage, but also underwrites the risk of these loans.

The MABSCO's contract expires in December 2009 but they do not recommend this monitoring be brought in-house at that time. Ms. Siegel continued that MABSCO is not recording payments on loans, even though their contract requires them to do so. The Bronner Groups recommends extending the contract for one year, establishing a formal communication process between IFA and MABSCO, and enforcing the contract's provisions while preparing to move these functions in-house in Dec. 2010. A brief discussion ensued regarding the rules governing the contract with MABSCO. Ms. Siegel added that The Bronner Group recommends IFA hire additional experts in the agricultural sector, as IFA currently only has one.

The Bronner Group recommends continuing to monitor the Blackhawk Biofuels agriculture guaranteed loan of $14.9 million. The Bronner Group noted that IFA has no internal monitoring of loans or loan guarantees. They further pointed out that IFA has guaranteed 85% of these loans leaving the bank with a very low exposure and little incentive to actively monitor these loans.

The Bronner Group also recommends that collateral valuation should be done for the entire loan portfolio. Ms. Siegel noted that no processes were in place for specific industries or geographic areas at the IFA.

Ms. Siegel then moved on to IFA's business management practices. She explained that funding managers have not been held accountable for the loans they have made. IFA's incentive compensation is based on making loans, not on the monitoring of loans. The Bronner Group recommends changing the incentive program to include monitoring of loans.

The Bronner Group also believes that participation loans need to be capped for specific individuals, geographic regions and by income. The participation loan program has been altered many times in recent years and needs programmatic stability. IFA does not have any written policies and procedures to cover all sectors. The IFA also needs loan checklists to ensure that all files are complete and not redundant. The IFA should review its accounting system to ensure it is appropriate for IFA's needs as well.

The Bronner Group has identified six specific next steps for the IFA: (1)Developing a Policies and Procedures Manual; (2) Obtaining an assessment of IFA's computerized financial and information systems; (3) Reviewing the Agency Reporting functions (CO8, GAAP Packages, Other); (4) Creating an Organizational Chart with defined responsibilities; (5) Create and implement a cross-training program, wherever possible; and, (6) Establish procedures to monitor and follow up the financial information (data) furnished to IFA as required by specific bond and loan documents.

A brief discussion ensued regarding the compliance contracts and implementation of The Bronner Group's recommendation. The Board agreed that this would be a top priority for Senior Management.

Project Reports

The Chairman then asked for the projects reports and began with Resurrection Healthcare. Ms. Jo Patton from AFSCME and Ms. Meg Lewis-Sidime from AFSCME were in attendance as were the Resurrection Healthcare bond counsel and underwriters.

Ms. Lenane then gave her presentation:

No. 16: **<u>H-HO-CD-TE-8061 – Resurrection Health Care</u>**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $120 million. The proceeds of this issuance will be used to: (i) current refund approximately $100 million of IFA Series 2008A-B variable rate demand bonds; (ii) fund a debt service reserve fund and (iii) pay costs of issuance. This project is located in multiple locations throughout Illinois.

Ms. Lenane noted that this project was voted on in October, 2009 and passed unanimously with 11 votes. This is a refunding of auction rate securities from the previous year.

Mr. Jim Sykes, Vice President Finance for Resurrection Healthcare, explained that these bonds were originally issued in 1997 as RDNs. In 2008, they were converted to auction rate securities. At that time they were enhanced by a LOC. That LOC expires on December 5th, 2009. If this refinancing is not approved, on December 4th all outstanding bonds must be rendered to the trustee. Then the trustee will make a draw on the LOC for the outstanding balance of the bonds. The entire amount would then be due immediately to the LOC bank. Mr. Skye clarified that Resurrection Healthcare is also currently in the process of trying to renew $240 million in LOCs for other outstanding debt.

Chairman Brandt then invited Ms. Patton to speak. Ms. Patton asked the Board to defer this project. She stated that Resurrection's overall trajectory over recent years has been downward with no sign of a turn around. Over the last three years, Resurrection Healthcare has been downgraded multiple times by all three major rating agencies. AFSCME believes this indicates a serious problem with Resurrection's Management.

AFSCME asked the IFA to look at a broader set of issues when considering projects for approval. AFSCME believes IFA should take into consideration reducing the cost of healthcare. AFSCME believes that if Resurrection's Board of Directors had taken a proactive approach sooner, this could have been avoided. Systemic problems regarding wages and compliance exist with Resurrection, including an outstanding Federal lawsuit, an Office of Civil Rights and an ongoing DHS investigation.

Chairman Brandt reiterated that this project is a reissuance of debt that has existed since 1997. He stated that he believed the Board would look at this project very differently if this was a new issuance. Chairman Brandt stated his belief that the catastrophic events described by bond counsel would not serve AFSCME's purposes either.

Ms. Patton stated that it is not yet clear that Resurrection could not get a limited extension to their LOC, averting the described results. Additionally, the project deferral would underscore the need for a new management team. AFSCME believes the last minute nature of this financing is evidence of the irresponsible management.

Chairman Brandt stated that this is a $120 million bond issue that IFA has stood behind for 10 years. For IFA to potentially engineer, by either extension or inaction, a bond default would send a message to the market that IFA does not want to give. He believes AFSCME has some concerns that are very valid; however at this late date it would be difficult to negotiate any solution.

Dr. Barclay stated that in his opinion, if this was a new issue, these issues would be sufficient to delay or deny this project. He then invited AFSCME to assist in the development of procedures to inform the IFA of relevant information on its borrowers. Mr. Goetz agreed that these issues should have been brought to the IFA sooner. Chairman Brandt told Ms. Patton that the IFA is always happy to hear from AFSCME on any of its deals, but is also open to having AFSCME become more proactively involved.

Mr. O'Brien asked if AFSCME represented any of these employees. Ms. Patton replied that at this time, AFSCME does not currently represent these workers but is in talks with some employees regarding union membership.

Chairman Brandt stated that a roll call vote would be taken on this project at the 11:30 a.m. Board Meeting later that day. Chairman Brandt stated his hope that this discussion served as a wake up call for the Healthcare Committee members, the Board as a whole and Resurrection Healthcare for the need for greater dialogue with labor partners.

Mr. Reed then made the following presentation:

No. 1A: **A-FB-TE-CD-8286– Bruce Boehl**

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $149,000 for the purchase of 50 acres of farmland. This project is located in Oblong, IL (Jasper County).

No. 1B: **A-FB-TE-CD-8287– Paul & Janie Bergschneider**

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $196,000 for the purchase of 90 acres of farmland. This project is located in Alexander, IL (Morgan County).

No. 1C: **A-FB-TE-CD-8288– Daniel Weber**

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $178,000 for the purchase of 70.88 acres of farmland. This project is located in Ganeseo, IL (Henry County).

No. 1D: **A-FB-TE-CD-8289 – DuWayne & Abby Wolber**

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $250,000 for the purchase of 80 acres of farmland. This project is located in Litchfield, IL (Montgomery County).

No. 1E: **A-FB-TE-CD-8290– Chad Niehaus**

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $216,000 for the purchase of 80 acres of farmland. This project is located in Walshville, IL (Macoupin County).

No. 1F: **A-FB-TE-CD-8291– Barrett Hill**

Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $239,000 for the purchase of an undivided half interest in 180 acres of farmland. This project is located in Newton, IL (Richland County).

Mr. O'Brien asked Mr. Reed about the difference in price per acre. Mr. Reed responded that farm land pricing is dependent on several factors similar to traditional real estate with the primary factors being soil quality and location. Mr. Reed presented consistent with the Board report. Minimal discussion ensued and no objections were noted.

No. 2: **A-AD-GT-8292– Benjamin L. & Susan R. Mueller**

Request for final approval for the issuance of an Agri-Debt Guarantee in an amount not-to-exceed $486,000. Proceeds from this financing will be used to provide an 85% loan guarantee in favor of the Bank of Gibson City to refinance the borrowers' debts. This project is located in Sibley, IL (Ford County).

Mr. Reed clarified that IFA's collateral will be a first mortgage on twelve acres with a home and a first mortgage on 100 acres of farm land. IFA has additional exposure to this credit. A specialized livestock guarantee and an outstanding agriculture guarantee have already been made in favor of this family. Both of those loans have performed as expected. Minimal discussion ensued and no objections were noted.

No. 14: **H-HO-TE-CD-8296– Illinois Valley Community Hospital (IVCH)**

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $24 million. The proceeds of this issuance will be used to (i) fund for capital projects, (ii) refinance an existing bank loan and (iii) fund bond issuance costs and other delivery date expenses associated with the transaction. This project is located in Peru, IL (LaSalle County)

The IFA has agreed to give a 50% discount on the fee for IVCH through our program for private issuances on behalf of small and community rural hospitals. Dr. Barclay pointed out the importance of defining "small" with regards to this program. Ms. Lenane further detailed their financing structure. Minimal discussion ensued and no objections were noted.

No. 17: **H-HO-TE-CD-8205 – Rehabilitation Institute of Chicago**

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $125 million. The proceeds of this issuance will be used to (1) refinance a term note with an outstanding amount of approximately $5.5 million; (2) pay or reimburse capital expenditures of approximately $4 million; (3) refinance approximately $53 million of the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 1997 (Rehabilitation Institute of Chicago Project); (4) to fund an approximate $30 million acquisition of land located at the northwest corner of Ontario and McClurg Court in the Chicago, Illinois that is intended to be the future site of a hospital replacement facility; (5) to fund additional costs of issuance and other bond financing costs. This project is located in Chicago, IL (Cook County).

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

No. 18: **H-HO-TE-CD-8090– Advocate Health Care Network**

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $625 million. The proceeds of this issuance will be used 1) finance the merger-related redemption of BroMenn Healthcare's ("BroMenn") existing debt; 2) fund new money projects at both BroMenn and other Advocate hospital campuses, 3) refund a bridge loan provided to repay Midwest Physicians Group ("MPG")'s tax-exempt bonds if deemed necessary or advisable; 4) restructure a portion of Advocate's outstanding debt if deemed necessary or advisable in order to reduce put credit and renewal risk; 5) fund a debt service reserve fund, if deemed necessary or advisable; and 6) pay costs of issuance. This project is located in multiple locations in Cook, DuPage, Lake, McLean & Woodford Counties.

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

No. 19: **H-HO-TE-CD-8147– Southern Illinois Healthcare**

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $23.5 million. The proceeds of this issuance will be used (i) to convert and reissue or refund all or a portion of the $69,000,000 IFA Series 2005 revenue bonds, (ii) to establish a debt service reserve fund for the benefit of the Bonds, if deemed necessary or advisable, (iii) to pay a portion of the interest on the Bonds, if deemed necessary or advisable, and (iv) to pay certain expenses incurred in connection with the issuance of the Bonds. This project is located in Carbondale, Herrin and Murphysboro, IL.

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

No. 20: **NorthShore University Health System Project.** A Resolution Authorizing an Amendment to the Series 1995 & Series 1996 Bond Trust Indenture and Loan Agreements to allow the hospital to convert from Unit Pricing Period to a Demand Period.

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

No. 21: **Authorized Officers Resolution.** A Resolution with respect to Authorized Officers and Appointing Successor Trustees to the Illinois Finance Authority 401(a) Contribution Plan.

Chairman Brandt clarified for the Board Members that the previous authorized officer resolution had expired and this is a reauthorization. Additionally, due to staff departures, the IFA needs to reconstitute the Board of Trustees for the 401(a) program which this resolution does.

Chairman Brandt also noted that as of October 31, 2009, Mr. John Filan is no longer with the IFA and has no remaining business. He wished us well and the IFA does the same to him. Minimal discussion ensued and no objections were noted.

No. 3: **<u>M-MH-TE-CD-7261– Marion Supportive Living, L.P. (River to River Community of Marion SLF Project)</u>**
Request for final approval of the issuance of Affordable Renting Housing Bonds in an amount not-to-exceed $6.2 million. Proceeds from this financing will be used to finance the acquisition of land, and the construction and equipping of a new, 50-unit supportive living facility. This project is located in Marion, IL (Williamson County).

Mr. Frampton presented consistent with the Board report. Mr. Frampton shared with the Board that this is an amendatory final resolution. This project was first approved by the Board in January, 2008. Minimal discussion ensued and no objections were noted.

No. 5: **<u>L-G-MO-8275– IFA Series 2009 Local Government Pooled Bonds Overview Memo</u>**
IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the Issuer. The pooling process allows local governments, and political subdivisions thereof, to realize savings by sharing fixed costs. This project is located in multiple locations throughout Illinois.

No. 6: **<u>L-GP-TE-8082– City of Girard</u>**
Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $825,000. Proceeds from this financing will be used to refinance an existing Interim Loan that closed 7/8/2009. The Project involves (i) demolishing and removing an existing 75,000 gallon water storage tank; (ii) replace with a new 200,000 gallon elevated spheroid water storage tank and constructing a 1,400 linear feet of 10-inch water transmission main, including all related appurtenances; (iii) install a new telemetry system; (iv) to refund outstanding debt, and (v) pay bond issuance. This project is located in Girard, IL. (Macoupin County)

No. 7: **<u>L-GP-MO-7041– Village of Kane</u>**
Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $625,000. Proceeds from this financing will be used to refinance an existing Interim Loan that closed October 6, 2009. The Village of Kane will use the proceeds of the Bonds to construct a 100,000 gallon elevated water storage tank, install two new water wells and pay certain costs associated with the issuance of the Local Government Securities Pooled Bond Program. This project is located in Kane, IL. (Greene County)

No. 8: **L-GP-MO-8274 – City of Warsaw**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $375,000. . Proceeds from this financing will be used to finance the capital improvements to wastewater treatment lagoons. This project is located in Warsaw, IL. (Hancock County)

No. 9: **L-GP-MO-8207 – Village of Cowden**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $315,000. Proceeds from this financing will be used to construct a 75,000-gallon elevated water storage tank, install supply well and loop; and pay certain bond issuance costs. This project is located in Cowden, IL. (Shelby County)

No. 10: **L-GP-MO-8011 – Village of Farmersville**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $680,000. Proceeds from this financing will be used to construct a 150,000 gallon water tank and to demolish the Village's existing tank. This project is located in Farmersville, IL. (Montgomery County)

No. 11: **L-GP-MO-7042 – City of Bunker Hill**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $300,000. Proceeds from this financing will be used for the acquisition of certain property, consisting of two parcels of land, three buildings and other improvements; one for a facility that will house vehicles and equipment of the City. This project is located in Bunker Hill, IL. (Macoupin County)

No. 12: **L-GP-MO-8273 – City of Herrin**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $370,000. Proceeds from this financing will be used for the acquisition, construction, and installation of water and sewer main replacements and facilities improvements and land acquisition and rights in real estate and other related facilities improvements and costs. This project is located in Herrin, IL. (Williamson County)

No. 13: **L-GP-MO-8272 – Avoca Drainage District**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $815,000. Proceeds from this financing will be used to install two miles of 24" and 36" drainage tiles through farmland to improve drainage, relieve pressure on existing tile, relieve flooding and improve crop yields within the Drainage District. This project is located in Unincorporated Livingston County, IL.

Ms. Kim Du'Prey presented consistent with the Board report. She informed Board Members that this is the first pool issue in some time. She explained that the local government team ensured that all of these deals have waterfall security and very conservative estimates on total coverage. Minimal discussion ensued and no objections were noted. Minimal discussion ensued and no objections were noted.

Chairman Brandt noted that the local government pooled loan program is exceptionally labor intensive for IFA's staff. Ms. Du'Prey and Mr. Frampton, as well as everyone who assisted them, did a phenomenal job underwriting these credits. The IFA will be simplifying this process in the future to decrease the amount of time forming a pool will take.

No. 4: **<u>N-NP-TE-CD-8223 – Museum of Science and Industry ("MSI")</u>**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $70 million. The proceeds of this issuance will be used to: (1) refinance several outstanding series of IFA (IEFA) Variable Rate Bonds to conform debt covenants and extend the final maturity date; (2) finance the purchase and installation of a new, integrated HVAC system and various other improvements. This project is located in Chicago, IL.

Mr. Frampton presented consistent with the Board report. He clarified that this transaction has been bifurcated into a bond issue and shorter term bank debt to achieve the lowest possible cost for the museum. Minimal discussion ensued and no objections were noted.

Closing Remarks and Adjournment:

The meeting adjourned at 11:23 a.m.

Respectfully Submitted,

Kara Nystrom-Boulahanis, Assistant Secretary

MINUTES OF THE NOVEMBER 10, 2009 MEETING OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Board Meeting at 11:30 a.m. on Tuesday, November 10, 2009 at the Conference Center at One Prudential Plaza, 7th Floor, 130 E. Randolph Street, Chicago, IL 60601.

Members present:
1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Terrence M. O'Brien
4. Dr. Roger D. Herrin
5. Dr. William J. Barclay
6. James J. Fuentes
7. Ronald E. DeNard
8. April D. Verrett

Members absent:
1. Juan B. Rivera

Vacancies:
Four

Members participating by telephone:
1. Edward H. Leonard, Sr.*
2. Bradley A. Zeller

* Mr. Leonard participated from the call to order at 11:34 a.m. until 11:44 a.m.. He voted on the financials, minutes, project 4 and project 16.

GENERAL BUSINESS

Call to Order, Establishment of Quorum and Roll Call

Chairman Brandt called the meeting to order at 11:34 a.m. with the above members present. Chairman Brandt welcomed members of the Board and all guests and asked Assistant Secretary Kara Nystrom-Boulahanis to call the roll. There being eight (8) members physically present and two (2) additional members on the phone Ms. Nystrom-Boulahanis declared a quorum present.

Acceptance of Financial Statements and Minutes

Financial statements for the period ending October 31, 2009 and minutes for both the October 10, 2009 Committee of the Whole and the Board of Directors meetings were presented to members of the Board. Chairman Brandt stated that the Authority's financial statements and minutes were reviewed at the regularly scheduled Committee of the Whole Meeting held today at 8:30 a.m. Chairman Brandt requested a motion to approve the October 31, 2009 Financial Statements and minutes from both the October 10, 2009 Committee of the Whole and the Board of Directors' meeting.

The motion was moved by Mr. O'Brien and seconded by Mr. Goetz. The October 31, 2009 Financial Statements and minutes from both the October 10, 2009 Committee of the Whole and the Board of Directors meeting were unanimously approved by members of the Board.

Chairman's Remarks

Chairman Brandt welcomed Board Members and guests. He stated that several guests were present and wished to discuss one of the projects and he wished to begin immediately.

Senior Staff Reports

None.

Project Approvals

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

Mr. Frampton presented the following projects for board approval:

No. 16: **<u>H-HO-CD-TE-8061 – Resurrection Health Care</u>**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $120 million. The proceeds of this issuance will be used to: (i) current refund approximately $100 million of IFA Series 2008A-B variable rate demand bonds; (ii) fund a debt service reserve fund and (iii) pay costs of issuance. This project is located in multiple locations throughout Illinois.

Ms. Pamela Lenane introduced Mr. James Sykes, Vice President of Finance for Resurrection Health Care. Chairman Brandt asked if the representatives from the American Federation of State, County and Municipal Employees (AFSCME) were interested in speaking. Seeing no representatives, Chairman Brandt asked if the Board had any questions with regard to this project. Dr. Barclay, Chair of the Healthcare Committee, stated the Healthcare Committee will be taking seriously the suggestion to put procedures in place for advance notification of labor issues with any applicant borrowers. Chairman Brandt clarified that representatives from both Resurrection Healthcare and AFSCME had presented at the Committee of the Whole and asked Asst. Secretary Nystrom-Boulahanis to conduct a roll-call vote for this project. The project passed unanimously, with 10 ayes, 0 nays and 0 abstentions.

No. 4: **<u>N-NP-TE-CD-8223 – Museum of Science and Industry ("MSI")</u>**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $70 million. The proceeds of this issuance will be used to: (1) refinance several outstanding series of IFA (IEFA) Variable Rate Bonds to conform debt covenants and extend the final maturity date; (2) finance the purchase and installation of a new, integrated HVAC system and various other improvements. This project is located in Chicago, IL.

No guests attended with respect to Project No. 4 and Chairman Brandt asked if the Board had any questions with respect to Project No. 4. There being none, Chairman Brandt requested a roll call vote on Project No. 4, having previously been informed that Mr. Fuentes was a member of the Board of Directors of the Museum of Science and Industry. Asst. Secretary Nystrom-Boulahanis conducted a roll call vote and the project passed unanimously, with 9 ayes, 0 nays and 1 abstention.

Mr. Edward H. Leonard, Sr., Board Member, signed off the call after the roll call vote on Project No. 4.

No. 1A: **<u>A-FB-TE-CD-8286– Bruce Boehl</u>**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $149,000 for the purchase of 50 acres of farmland. This project is located in Oblong, IL (Jasper County).

No. 1B: **<u>A-FB-TE-CD-8287– Paul & Janie Bergschneider</u>**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $196,000 for the purchase of 90 acres of farmland. This project is located in Alexander, IL (Morgan County).

No. 1C: **A-FB-TE-CD-8288– Daniel Weber**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $178,000 for the purchase of 70.88 acres of farmland. This project is located in Ganeseo, IL (Henry County).

No. 1D: **A-FB-TE-CD-8289 – DuWayne & Abby Wolber**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $250,000 for the purchase of 80 acres of farmland. This project is located in Litchfield, IL (Montgomery County).

No. 1E: **A-FB-TE-CD-8290– Chad Niehaus**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $216,000 for the purchase of 80 acres of farmland. This project is located in Walshville, IL (Macoupin County).

No. 1F: **A-FB-TE-CD-8291– Barrett Hill**
Request for final approval of the issuance of a Beginning Farmer Bond in an amount not-to-exceed $239,000 for the purchase of an undivided half interest in 180 acres of farmland. This project is located in Newton, IL (Richland County).

No guests attended with respect to Project Nos. 1a, 1b, 1c, 1d, 1e, or 1f. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 1a, 1b, 1c, 1d, 1e, or 1f. There being none, Mr. Goetz made a motion to approve the projects. Dr. Barclay seconded that motion. Asst. Secretary Nystrom-Boulahanis conducted a roll-call vote for this project. The project passed unanimously, with 9 ayes, 0 nays and 0 abstentions.

No. 2: **A-AD-GT-8292– Benjamin L. & Susan R. Mueller**
Request for final approval for the issuance of an Agri-Debt Guarantee in an amount not-to-exceed $486,000. Proceeds from this financing will be used to provide an 85% loan guarantee in favor of the Bank of Gibson City to refinance the borrowers' debts. This project is located in Sibley, IL (Ford County).

No. 3: **M-MH-TE-CD-7261– Marion Supportive Living, L.P. (River to River Community of Marion SLF Project)**
Request for final approval of the issuance of Affordable Renting Housing Bonds in an amount not-to-exceed $6.2 million. Proceeds from this financing will be used to finance the acquisition of land, and the construction and equipping of a new, 50-unit Supportive Living Facility. This project is located in Marion, IL (Williamson County).

No guests attended with respect to Project Nos. 2 or 3. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 2 or 3. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 2 and 3. Leave was granted. Project Nos. 2 and 3 received final approval with 9 ayes, 0 nays, and 0 abstentions.

No. 5: **L-G-MO-8275– IFA Series 2009 Local Government Pooled Bonds Overview Memo**
IFA's Local Government Pooled Bond Program combines the needs of more than one unit of local government into a pooled bond issue, with the IFA serving as the Issuer. The pooling process allows local governments, and political subdivisions thereof, to realize savings by sharing fixed costs. This project is located in multiple locations throughout Illinois.

No. 6: **L-GP-TE-8082– City of Girard**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $825,000. Proceeds from this financing will be used to refinance an existing Interim Loan that closed 7/8/2009. The Project involves (i) demolishing and removing an existing 75,000 gallon water storage tank; (ii) replace with a new 200,000 gallon elevated spheroid water storage tank and constructing a 1,400 linear feet of 10-inch water transmission main, including all related appurtenances; (iii) install a new telemetry system; (iv) to refund outstanding debt, and (v) pay bond issuance. This project is located in Girard, IL. (Macoupin County)

No. 7: **L-GP-MO-7041– Village of Kane**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $625,000. Proceeds from this financing will be used to refinance an existing Interim Loan that closed October 6, 2009. The Village of Kane will use the proceeds of the Bonds to construct a 100,000 gallon elevated water storage tank, install two new water wells and pay certain costs associated with the issuance of the Local Government Securities Pooled Bond Program. This project is located in Kane, IL. (Greene County)

No. 8: **L-GP-MO-8274 – City of Warsaw**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $375,000. . Proceeds from this financing will be used to finance the capital improvements to wastewater treatment lagoons. This project is located in Warsaw, IL. (Hancock County)

No. 9: **L-GP-MO-8207 – Village of Cowden**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $315,000. Proceeds from this financing will be used to construct a 75,000-gallon elevated water storage tank, install supply well and loop; and pay certain bond issuance costs. This project is located in Cowden, IL. (Shelby County)

No. 10: **L-GP-MO-8011 – Village of Farmersville**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $680,000. Proceeds from this financing will be used to construct a 150,000 gallon water tank and to demolish the Village's existing tank. This project is located in Farmersville, IL. (Montgomery County)

No. 11: **L-GP-MO-7042 – City of Bunker Hill**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $300,000. Proceeds from this financing will be used for the acquisition of certain property, consisting of two parcels of land, three buildings and other improvements; one for a facility that will house vehicles and equipment of the City. This project is located in Bunker Hill, IL. (Macoupin County)

No. 12: **L-GP-MO-8273 – City of Herrin**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $370,000. Proceeds from this financing will be used for the acquisition, construction, and installation of water and sewer main replacements and facilities improvements and land acquisition and rights in real estate and other related facilities improvements and costs. This project is located in Herrin, IL. (Williamson County)

No. 13: **L-GP-MO-8272 – Avoca Drainage District**

Request for the final approval of the issuance of Local Government Pooled Bonds in an amount not-to-exceed $815,000. Proceeds from this financing will be used to install two miles of 24” and 36” drainage tiles through farmland to improve drainage, relieve pressure on existing tile, relieve flooding and improve crop yields within the Drainage District. This project is located in Unincorporated Livingston County, IL.

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

No. 14: **H-HO-TE-CD-8296– Illinois Valley Community Hospital**

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $24 million. The proceeds of this issuance will be used to (i) funding for capital projects, (ii) the refinance of an existing bank loan and (iii) funding for bond issuance costs and other delivery date expenses associated with the transaction. This project is located in Peru, IL (LaSalle County)

No guests attended with respect to Project No. 14. Chairman Brandt asked if the Board had any questions with respect to Project No. 14. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project No. 14. Leave was granted. Project No. 14 received final approval with 9 ayes, 0 nays, and 0 abstentions.

No. 15: **WITHDRAWN**

No. 17: **H-HO-TE-CD-8205 – Rehabilitation Institute of Chicago**

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $125 million. The proceeds of this issuance will be used to (1) refinance a term note with an outstanding amount of approximately $5.5 million; (2) pay or reimburse capital expenditures of approximately $4 million; (3) refinance approximately $53 million of the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 1997 (Rehabilitation Institute of Chicago Project); (4) to fund an approximate $30 million acquisition of land located at the northwest corner of Ontario and McClurg Court in the Chicago, Illinois that is intended to be the future site of a hospital replacement facility; (5) to fund additional costs of issuance and other bond financing costs. This project is located in Chicago, IL (Cook County).

No. 18: **H-HO-TE-CD-8090– Advocate Health Care Network**

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $625 million. The proceeds of this issuance will be used 1) finance the merger-related redemption of BroMenn Healthcare’s (“BroMenn”) existing debt; 2) fund new money projects at both BroMenn and other Advocate hospital campuses, 3) refund a bridge loan provided to repay Midwest Physicians Group (“MPG”)’s tax-exempt bonds if deemed necessary or advisable; 4) restructure a portion of Advocate’s outstanding debt if deemed necessary or advisable in order to reduce put, credit and renewal risk; 5) fund a debt service reserve fund, if deemed necessary or advisable; and 6) pay costs of issuance. This project is located in multiple locations in Cook, DuPage, Lake, McLean & Woodford Counties.

No. 19: **<u>H-HO-TE-CD-8147– Southern Illinois Healthcare</u>**
Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed $23.5 million. The proceeds of this issuance will be used (i) to convert and reissue or refund all or a portion of the $69,000,000 IFA Series 2005 revenue bonds, (ii) to establish a debt service reserve fund for the benefit of the Bonds, if deemed necessary or advisable, (iii) to pay a portion of the interest on the Bonds, if deemed necessary or advisable, and (iv) to pay certain expenses incurred in connection with the issuance of the Bonds. This project is located in Carbondale, Herrin and Murphysboro, IL.

No guests attended with respect to Project Nos. 17, 18 or 19. Chairman Brandt asked if the Board had any questions with respect to Project Nos. 17, 18 or 19. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Project Nos. 17, 18 and 19. Leave was granted. Project Nos. 17, 18 and 19 received final approval with 9 ayes, 0 nays, and 0 abstentions.

No. 20: **NorthShore University Health System Project.** A Resolution Authorizing an Amendment to the Series 1995 & Series 1996 Bond Trust Indenture and Loan Agreements to allow the hospital to convert from Unit Pricing Period to a Demand Period.

No. 21: **Authorized Officers Resolution.** A Resolution with respect to Authorized Officers and Appointing Successor Trustees to the Illinois Finance Authority 401(a) Contribution Plan.

Mr. Meister shared with the Board that this resolution is a continuation of Authorized Officer status through April 30, 2010. It also appoints Mr. Art Friedson, Chief Human Resources Officer, and Ms. Yvonne Towers, Chief Financial and Technology Officer as trustees to the employee 401 (a) plan. Mr. Meister is reappointed as a trustee as well.

Chairman Brandt added that the IFA is still without an Executive Director and anticipates that it will be into the New Year before the Governor offers his candidates to the Board.

No guests attended with respect to Resolution Nos. 20 or 21. Chairman Brandt asked if the Board had any questions with respect to Resolution Nos. 20 or 21. There being none, Chairman Brandt requested leave to apply the last unanimous vote in favor of Resolution Nos. 20 and 21. Leave was granted. Resolution Nos. 20 and 21 received final approval with 9 ayes, 0 nays, and 0 abstentions.

<u>Other Business</u>

Chairman Brandt asked if there was any other business to come before the Board. There being none, Chairman Brandt requested a motion to adjourn. Upon a motion by Mr. O'Brien and seconded by Mr. Fuentes, the meeting adjourned at 12:23 p.m.

Chairman Brandt reminded all guests that next month's meeting will be on December 8, 2009 at the Prudential Plaza Conference Center at 130 E. Randolph Ave., 7th Floor, Chicago, IL 60601.

Respectfully Submitted,

Kara Nystrom-Boulahanis, Assistant Secretary

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Eric Reed/lk

Date: December 8, 2009

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached project
- **Amount:** Up to $469,200 maximum of new money for each project*
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: $1,218,695**
- **Calendar Year Summary:** (as of December 8, 2009)
  - – Volume Cap: $15,000,000
  - – Volume Cap Committed: $8,075,634
  - – Volume Remaining: $6,924,766
  - – Average Acreage Farm Size: 70
  - – Number of Farms Financed: 42
- **IFA Benefits:**
  - – **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - – **New Money Bonds:**
    - – convey tax-exempt status
    - – will use dedicated 2009 IFA Volume Cap set-aside for Beginning Farmer transactions
- **IFA Fees**:
  - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's Bank
  - The Borrower's Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Participating Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd**
  Stephen F. Welcome, Esq.
  Three First National Plaza, Suite 4300
  Chicago, IL 60602

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

A.

Project Number:	**A-FB-TE-CD-8297**	
Funding Manager:	Eric Reed	
Borrower(s):	**Brewer, Jared W.**	
Borrower Benefit:	First Time Land Buyer	
Town:	Cambridge, IL	
Amount:	$166,375	
Use of Funds:	Farmland – 55 acres	
Purchase Price:	$302,000 / ($5,491 per ac)	
%Borrower Equity	5%	
%USDA Farm Service Agency	45% *(Subordinate Financing)*	
%IFA	50%	
County/Region:	Henry / Northwest	
Lender/Bond Purchaser	Central Bank Illinois / Mark Mosbarger	
Legislative Districts:	Congressional:	17th, Phil Hare
	State Senate:	36th, Mike Jacobs
	State House:	71st, Mike Boland

Principal shall be paid annually in installments determined pursuant to a Twenty five year amortization schedule, with the first principal payment date to begin on December 22, 2010. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to on December 22, 2010 with the twenty fifth and final payment of all outstanding balances due twenty five years from the date of closing.

Jared Brewer: Note shall bear simple interest at the expressed rate. The expressed rate shall be 5.75% fixed for the first five years and adjust every five years thereafter to 4.0% above the weekly average yield on US Treasury Securities adjusted to a constant maturity of five years. Lender will charge a .25% closing fee.
IFA Fee: $2,496

B.

Project Number:	**A-FB-TE-CD-8298**	
Funding Manager:	Eric Reed	
Borrower(s):	**Killam, Mark J. & Beth A.**	
Borrower Benefit:	First Time Land Buyer	
Town:	Auburn, IL	
Amount:	$469,200	
Use of Funds:	Farmland – 76.48 acres undivided 1/3 interest	
Purchase Price:	$469,200 / ($6,134 per ac)	
%Borrower Equity	0%	
%Other Agency	0%	
%IFA	100%	
County/Region:	Sangamon / Central	
Lender/Bond Purchaser	First National Bank of Raymond / William Buske	
Legislative Districts:	Congressional:	19th, John Shimkus
	State Senate:	50th, Larry Bomke
	State House:	100th, Rich Brauer

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on January 22, 2011. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to on January 22, 2011 with the twenty and final payment of all outstanding balances due twenty years from the date of closing.

Mark & Beth Killam: Note shall bear simple interest at the expressed rate. The expressed rate shall be 3.75% fixed for the first five years and adjust every five years thereafter to 200 basis points below national prime as quoted in the Wall Street Journal. The note will have a ceiling of 7.75% and a floor of 3.75%.
I FA Fee: $7,038

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

C.

Project Number:	**A-FB-TE-CD-8299**
Funding Manager:	Eric Reed
Borrower(s):	**Nichelson, William C. & Jennie M.**
Borrower Benefit:	First Time Land Buyer
Town:	Girard, IL
Amount:	$469,200
Use of Funds:	Farmland – 76.48 acres undivided 1/3 interest
Purchase Price:	$469,200 / ($6,134 per ac)
%Borrower Equity	0%
%Other Agency	0%
%IFA	100%
County/Region:	Sangamon / Central
Lender/Bond Purchaser	First National Bank of Raymond / William Buske
Legislative Districts:	Congressional: 17th, Phil Hare
	State Senate: 49th, Deanna Demuzio
	State House: 97th, Jim Watson

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, with the first principal payment date to begin on January 22, 2011. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to on January 22, 2011 with the twenty and final payment of all outstanding balances due twenty years from the date of closing.

William & Jennie Nichelson: Note shall bear simple interest at the expressed rate. The expressed rate shall be 3.75% fixed for the first five years and adjust every five years thereafter to 200 basis points below national prime as quoted in the Wall Street Journal. The note will have a ceiling of 7.75% and a floor of 3.75%.
I FA Fee: $7,038

D.

Project Number:	**A-FB-TE-CD-8300**
Funding Manager:	Eric Reed
Borrower(s):	**Holland, Nicholas L.**
Borrower Benefit:	First Time Land Buyer
Town:	Mason, IL
Amount:	$113,920
Use of Funds:	Farmland – 40 acres
Purchase Price:	$142,400 / ($3,560 per ac)
%Borrower Equity	20%
%Other Agency	0%
%IFA	80%
County/Region:	Effingham / Southeastern
Lender/Bond Purchaser	First Mid Illinois Bank & Trust / Doug Kopplin
Legislative Districts:	Congressional: 19th, John Shimkus
	State Senate: 51st, Kyle McCarter
	State House: 102nd, Ron Stephens

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on March 1, 2011. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 1, 2010, with the thirtieth and final payment of all outstanding balances due December 1, 2039.

Nicholas L. Holland: Note shall bear simple interest at the expressed rate. The expressed rate shall be 4.0% fixed until March 1, 2013 and adjust every three years thereafter to a tax exempt yield equivalent to 3.75% above the US Treasury yield three years from maturity as quoted in the Wall Street Journal. The note will have a ceiling of 8.5% and a floor of 3.5%. Lender will charge .25% closing fee. I FA Fee: $1,709

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

ILLINOIS FINANCE AUTHORITY

NON-CONDUIT

December 8, 2009

$300,000
Baby Bacon, Inc.
AGRI-DEBT GUARANTEE

REQUEST	Purpose: Provide 85% loan guarantee in favor of Resource Bank to refinance the Borrower's debts. Project Description: The proposed loan of $300,000 will refinance and restructure operating losses incurred by the company over the past two years. The loan will be secured by a 1st mortgage on 73 acres with Hog Buildings and all livestock and equipment. Program Product Type: Agri-Debt Guarantee State Treasurer's Funds at Risk: $255,000 Conditions: **1)** No distributions or dividends to owners without prior consent from IFA and Resource Bank. **2)** Quarterly Company Profit/Loss statements and annual Balance Sheets provided to Resource Bank and IFA. **3)** Copies of formal marketing agreements for inputs and hog sales. **4)** No capital purchases in excess of $10,000 annually, without prior consent from Resource Bank and IFA. **5)** Subordination and deferral by owners for all debt to shareholders. **6)** Written verification of $100,000 cash injection into BBI by ownership **7)** No additional term debt without prior consent from Resource Bank and IFA.
BOARD ACTIONS	Final Resolution-85% Loan Guarantee Voting Record: None prior
MATERIAL CHANGES	N/A
JOB DATA	4 Current jobs; N/A New jobs projected N/A Retained jobs; N/A Construction jobs projected
BORROWER DESCRIPTION	● Type of entity: S-Corporation ● Location: Amboy/Lee County/Northwest Region ● When was it established: 1979 ● What does the entity do: Hog farm ● Who does the entity serve: N/A ● What will new project facilitate: Refinancing Borrower's debts
Proposed Structure	Originating Bank: Resource Bank ("Bank") Collateral: 73 Acres and Hog buildings; Collateral Position: 1st Mortgage Lien on Equipment & Livestock Maturity Years: 5 Years with 30 Year amortization Interest Rate: Fixed for initial 3 years (See Confidential Section)
Sources and Uses	IFA Guarantee: $255,000; Operating Loans $50,000 Resource Bank $45,000; Term Loans $250,000 **Total $300,000**; **Total $300,000**
Recommendation	Credit Review Committee Recommends: Approval subject to conditions above.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 8, 2009

Project: Baby Bacon, Inc.

STATISTICS

Project Number:	A-AD-GT-8293	Amount:	$300,000
Type:	Agri-Debt Guarantee	IFA Staff:	Eric Reed
County/Region:	Lee/Northeast	City:	Amboy

BOARD ACTION

Final Resolution-85% Loan Guarantee
Extraordinary conditions: None
State Treasurer's Reserve Funds at risk: $255,000

VOTING RECORD

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

PURPOSE

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

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

N/A

JOBS

Current employment:	4	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Guarantee:	$255,000	Uses:	Operating Loans	$250,000
	Resource Bank	$45,000		Term Loan	$50,000
	Total	**$300,000**			**$300,000**

FINANCING SUMMARY/STRUCTURE

Security:	1st Real Estate mortgage on 73 acres and hog facilities, a first lien on equipment, and first lien on all livestock.
Structure:	5 year term and 30 year amortization, with option for 5 year renewals subject to IFA approval.
Interest Mode:	Fixed for initial 3 years
Credit Enhancement:	IFA 85% Guarantee
Personal Guarantees:	Unlimited Personal Guarantees from all owners
Maturity:	5 years with option for 5 year renewals up to 30 years total, subject to IFA approval.

Estimated Closing Date: January 30, 2010

PROJECT SUMMARY

Summary: Baby Bacon Inc. is a corporate swine farm headquartered in Amboy, which currently operates a 525 head wean to finish operation and produces 12,000 weaned pigs annually. The company, which was formed in 1978, is currently owned by five separate individuals. Resource Bank has requested an 85% guarantee from the IFA to provide financing to refinance $300,000 of operating and term debt.

Project Rationale: Baby Bacon Inc. has requested that Resource Bank refinance portions of their existing operating and term loans in order for Resource Bank to provide additional operating funds for the company. Resource Bank also indicates that they will be able to provide a reduced interest rate to the borrower and longer amortization on the term loan with the addition of the IFA guarantee.

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

BUSINESS SUMMARY

Baby Bacon Inc. is a corporate swine farm headquartered in Amboy, which currently operates a 525 head wean to finish operation, which produces 12,000 weaned pigs annually. The company, which was formed in 1978, is currently owned by four separate individuals. The company has historically sold 75% of their production on contract to four contract finishers in the area. The company recently began a partnership with another firm to finish it's remaining 25% of production.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Baby Bacon, Inc.

Project Location: 944 Inlet Road
Amboy, IL 61310

Ownership: Interest	Charles Foster	33.33%
	Robert Gilmore	16.67%
	Ruth Otterbach	16.66%
	Dave Sanderson	16.67%
	Dan Sanderson	16.67%

Ownership: Baby Bacon, Inc.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	N/A		
Accountant:	Illinois Valley FBFM	Ottawa	Scott Newport
Originating Bank:	Resource Bank	Malta	Tim Funfsinn
Bank Counsel:	N/A		
IFA Advisors:	Scott Balice Strategies, LLC	Chicago	Lois Scott
IFA Counsel:	N/A		

LEGISLATIVE DISTRICTS

Congressional: Bill Foster, 14th
State Senate: Tim Bivins, 45th
State House: Jerry Mitchell, 90th

BACKGROUND INFORMATION

Baby Bacon, Inc. (BBI) is a corporate swine farming operation headquartered in Amboy, which operates a 525 sow farrow to finish hog farm. BBI produces 12,000 pigs annually, of which they finish and sell 10,500 market hogs. The company owns a 73 acre site in Lee County, which houses all of its farrowing and nursery buildings. The Company leases finishing space for approximately 75% of its production, of which the company retains animal ownership. The remaining 25% of weaned pigs are sold to a local farm family on contract, however Resource does not obtain financial information from the contractor to evaluate their situation.

The company, which was formed in 1978, is currently owned by five separate individuals, who are:

Charles Foster	33.33%
Robert Gilmore	16.67%
Ruth Otterbach	16.66%
Dave Sanderson	16.67%
Dan Sanderson	16.67%
	100.0%

BBI has enjoyed many years of successful production with no debt obligations. However, low hog prices over the past 2 years caused the company to seek operating financing from Resource Bank in late 2007. Recurring operating losses experienced by BBI have necessitated that they obtain further working capital financing from Resource in 2008. Resource advanced additional short term financing in April of 2009 in order to meet payable obligations for BBI. As losses mounted in 2009, Resource has discussed long term options with BBI, including restructuring their short term debts and losses, as well as asking the owners to inject capital into the company, and defer receivables from the company.

BBI leases finishing space with four separate area owners: Unit #1 (1,050 head), Unit #2 (450 head), Unit #3 (775 head), and Unit #4 (660 head). The numbers fed at Unit #2 are reduced due to small capacity of the unit. Unit #1 and Unit #3 provide corn for feed and the related feed grinding services. BBI's employs a production manager at the various finishing sites and makes the related marketing decisions. Each of the individual contractors is responsible for the daily labor requirements. BBI provides all soybean meal required for feed. Depending on varying storage capacity at each site, corn is either purchased and stored or purchased as needed for feed. Generally, BBI does not have any price protection on corn, however, they forward price soybean meal for the coming year with Farmland Foods through the Amboy Co-op. BBI purchases most of its corn from Bill and Ken Otterbach ,(Ruth Otterbach's sons) who farm approximately 2,000 acres.

BBI employs the services of veterinarian Dr. Richard Collins, who has over 30 years of experience in the swine industry. BBI has a strict bio-security policy, which restricts access to the farm. Anyone visiting the sow farm is asked to remain isolated from any other hogs, hog equipment or facilities for 48 hours prior to entering the BBI facility. Upon arrival, each entrant is asked to shower-in and shower-out. In addition, none of BBI’s employees visit any of the contract finishing units.

BBI employs four full-time employees, each of who have separate duties and expertise. Pete Rood oversees the sow farm operation and maintains the related production records. Larry Hanson oversees the breeding and gestation operations. Dean Erbes is primarily responsible for farrowing. Don Erbes oversees the nursery and is responsible for maintenance of the facility. He also prepares feed, including fee grinding duties. Three of the four employees are Certified Livestock Managers, and all of the employees have been with the company for over 25 years.

BBI currently does not have a formal contract for selling its fat hogs, as they generally sell their market hogs on the open market through Farmland Foods. Resource notes that Farmland will forward price up to a year in advance. Presently, BBI does not have any of its anticipated production forward priced. IFA has requested that Resource encourage and seek formal marketing plans from BBI for inputs and production sales.

Resource has provided a $250,000 line of credit on a revolving basis, and another $250,000 on a term basis. The term note was most recently increased back in April. Resource seeks to enhance its existing loans with the proposed guaranty while also looking for a means to provide additional credit. Resource is unwilling to provide additional credit without credit enhancement and may consider additional credit subject to a guaranty.

CONDUIT

ILLINOIS FINANCE AUTHORITY

December 8, 2009

$25,000,000

AMERICAN WATER CAPITAL CORP., ON BEHALF OF ILLINOIS-AMERICAN WATER COMPANY

REQUEST	Purpose: Provide conduit financing for Water Furnishing Facilities and Wastewater Treatment Facilities (Private Water Utility) Project Description: Finances Construction, Equipment, and Bond Issuance Costs Program: Exempt Facilities No State resources. Volume Cap required $25,000,000 (Carryforward; $25.0 MM of 2008 Carryforward for Water Furnishing Facilities Revenue Bonds; additional Carryforward could be required if a portion of the proceeds were required to be financed as Wastewater Treatment Facilities) Extraordinary Conditions: None (Standard condition: subject to availability of Volume Cap or Carryforward Volume Cap).
BOARD ACTIONS	Preliminary Bond Resolution This is the first time this project has been presented to the IFA Board of Directors.
MATERIAL CHANGES	None. This is the first time this financing has been presented to the IFA Board.
JOB DATA	476 Current jobs — 0-2 New jobs projected N/A Retained jobs — 70 Construction jobs projected (12 mo.'s)
BORROWER DESCRIPTION	● Type of entity: Private Water Utility ● Location (Multiple – Statewide; see p. 2) ● When was it established: predecessors to Illinois-American Water Company – 1884 ● What does the entity do: Private Water Utility serving general public ● Who does the entity serve: all water users within the Company's service areas ● What will new project facilitate: enhanced drinking water capacity and quality.
CREDIT INDICATORS	● Rated. Underlying Ratings and anticipated Bond Ratings: Baa2/BBB+ (Moody's/S&P)
PROPOSED STRUCTURE	Not Enhanced (sold based on underlying Baa2/BBB+ rating of Borrower) Fixed Rate Bonds: estimated rate of 5.00% to 5.25% as of 11/25/2009 Maturity Years: 30
SOURCES AND USES	IFA Bonds: $25,000,000 — Project Cost: $35,400,000 Equity: 11,449,000 — Costs of Issuance 1,049,000 **Total $36,449,000** — **Total $36,449,000**
RECOMMENDATION	Credit Review Committee recommends approval.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 8, 2009

Project: American Water Capital Corp. on behalf of Illinois-American Water Company

STATISTICS

Project Number:	PU-WD-TE-CD-8304	Amount:	$25,000,000
Type:	Water Furnishing Facilities Revenue Bonds (Exempt Facility Bonds)	IFA Staff:	Rich Frampton
*Locations:	Champaign District, Interurban District (East St. Louis and Granite City), Lincoln District, Peoria District, Pontiac District (see Project Summary for details)	*Counties/ Regions:	Champaign/East Central Livingston/North Central, Madison/Southwestern, Peoria/North Central, St. Clair/Southwestern

*These projects will benefit multiple municipalities and adjacent unincorporated areas that comprise each service district.

BOARD ACTION

Preliminary Bond Resolution
Conduit Tax-Exempt Water Furnishing Facilities Revenue Bonds
No IFA funds at risk
Staff recommends approval (subject to an allocation of Volume Cap, or Carryforward Volume Cap, a standard IFA pre-condition)
No extraordinary conditions

VOTING RECORD

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

PURPOSE

As proposed, IFA would issue up to $25 million of New Money Water Furnishing Facilities Revenue Bonds to finance a portion of the cost of new capital improvements to certain Illinois-American Water Company (“Illinois-American” or the “Operating Company”) drinking water systems located statewide. The total construction cost of these projects is approximately $35.4 million including, but not limited to, various mains, meters, pumping stations, and water treatment plant improvements.

The proposed IFA Series 2010 Bonds will finance a portion of total capital improvement costs (subject to complying with the Illinois Commerce Commission’s regulatory Debt to Capitalization ratio) located in Illinois-American Water Company’s Champaign, Interurban (Granite City and East St. Louis), Lincoln, Peoria, and Pontiac Districts.

IFA PROGRAM AND CONTRIBUTION

The Bonds will be issued as Tax-Exempt Water Furnishing Facilities Revenue Bonds, a category of Exempt Facilities Bonds under the Internal Revenue Code (Section 142(a)(4)). These Bonds provide Tax-Exempt financing for capital improvements for drinking water furnishing facilities owned by investor-owned water companies. These Bonds would be issued under IFA's general statute, consistent with past practice.

Water Furnishing Facilities Revenue Bonds finance essential purpose drinking water system improvements that improve the quality of life by (1) increasing drinking water capacity to facilitate continued economic development, (2) financing access to an improved water supply, (3) providing financing for ongoing improvements in drinking water quality and to enable compliance with upcoming EPA Drinking Water standards, and (4) providing capacity enhancements that will enable improved fire protection service in certain districts.

IFA (IDFA) has had a longstanding relationship with Illinois-American Water Company and its predecessors (including Northern Illinois Water Corporation and Citizens Utilities Company of Illinois) since 1984. As of 11/30/2009, IFA had approximately $95.2 million of Revenue Bonds outstanding for Illinois-American Water Company (and predecessors) comprising six bond issues (the "Prior Bonds").

VOLUME CAP

Calendar Year Cap Required: This proposed financing will close in 2010. Accordingly, this financing will require up to $25.0 million of 2008 Carryforward Volume Cap designated specifically for Water Furnishing Facilities Bonds pursuant to an IRS 8328 Carryforward Election filed in February 2009. Additionally, to the extent Bonds are issued for Wastewater Treatment Facilities, 2009 Carryforward Volume Cap may be necessary to finance facilities that represent Wastewater Treatment Facilities.

Volume Cap Justification: The primary purpose of IFA's Tax-Exempt Water Furnishing Facilities or Wastewater Treatment Facilities Revenue Bonds is to provide ICC-regulated, investor-owned water utilities that serve the general public with the same access to municipal bond financing that these citizens would have if their water distribution or wastewater treatment facilities were publicly-owned. Reduced costs resulting from IFA's Tax-Exempt Water Furnishing and Wastewater Treatment Facilities Revenue Bonds of local projects are ultimately reflected in the rate base of the local service district, thereby producing savings for local residents, businesses, not-for-profits, and units of government. *Accordingly, direct job creation at these water utilities is a secondary purpose of these essential purpose projects that provide drinking water facilities that serve the general public.*

Portions of certain Illinois-American Water Company Service Districts that will benefit from the proposed IFA Series 2010 Bonds are located in (1) a Federal Empowerment Zone (i.e., City of East St. Louis), several DCEO-designated Enterprise Zones, including (2) American Bottoms (St. Clair County), Bartonville/Peoria County, Champaign/Champaign County, Granite City (Madison County), East St. Louis/Washington Park (St. Clair County), Peoria (Peoria), and Urbana (Champaign County)); and, (3) a State-Designated River Edge Redevelopment Zone (i.e., portions of East St. Louis).

Illinois-American Water Company provides approximately one million Illinois citizens with drinking water and wastewater treatment services.

ESTIMATED SOURCES AND USES OF FUNDS (PRELIMINARY, SUBJECT TO CHANGE)

Sources:	IFA New Money Bonds	$25,000,000	Uses:	Project Costs	$35,400,000
	Equity	11,449,000		Costs of Issuance	1,049,000
	Total	**$36,449,000**		**Total**	**$36,449,000**

Source of Equity: To the extent the Costs of Issuance exceed the amounts represented above (*or* if the Costs of Issuance exceed 2% of bond proceeds) any additional costs of issuance will be drawn from available corporate resources. Although Illinois-American's regulatory borrowing limit for this financing (and these projects) is expected to be approximately $39.0 million, the Company currently anticipates borrowing $25.0 million for these projects.

JOBS (PRELIMINARY, SUBJECT TO CHANGE)

Current employment:	476 statewide	Projected new jobs:	0-2
Jobs retained:	Not Applicable	Construction jobs:	70

The primary purpose of IFA Water Furnishing Facilities Revenue Bonds is to provide low-cost, essential purpose drinking water infrastructure to communities served by private water utilities. Savings attributable to IFA's Bonds are ultimately reflected in the Illinois Commerce Commission's rate base cases, thereby reducing water rates for residential, commercial, non-profit, and units of local government in Illinois-American Service Districts that benefit from IFA Bond financing.

The proposed IFA Series 2010 Bonds will finance a series of essential purpose drinking water infrastructure projects that will enable Illinois-American to provide additional drinking water capacity and enhance drinking water quality throughout the subject service areas and to improve and automate chemical storage and feeds to improve water treatment and reduce operating costs. <u>Because employment creates overhead that must be recovered through Illinois-American's rate base, long-term job creation is a secondary result of these financings.</u>

FINANCING SUMMARY

Security: Bonds will be sold based on the rating of **American Water Capital Corp.** (**"AWCC"** or the **"Borrower"**), a wholly-owned subsidiary of **American Water Works Company, Inc. ("AWK"**, or the **"Parent Company"**) and an affiliate of the Operating Company.

AWCC is a wholly-owned financing subsidiary of American Water Works Company, Inc., and serves as the borrowing entity for all of the Parent Company's operating subsidiaries, including Illinois-American Water Company.

Rating: AWCC's Long Term Debt is currently rated Baa2/BBB+ (Moody's/S&P), both with Stable outlooks. Bonds will be sold in minimum denominations of $5,000 consistent with requirements specified in IFA's Bond Program Handbook.

Structure: Fixed Rate Bonds. Estimated market rate of 5.00% to 5.25% as of 10/31/2009.
Maturity: Approximately 30 years (estimated June 1, 2040)

Estimated
Closing Date: March-June 2010 (timing of closing depend Illinois Commerce Commission approval and on market conditions for pricing 30-year, fixed rate Baa2/BBB+ rated Tax-Exempt Bonds)

Rationale: This financing will enable a regulated public utility that provides drinking water to 21 counties and 125 municipalities serving approximately one million residents (and 273,000 metered water customers) in Illinois. The subject Bonds will enable Illinois-American to finance the proposed drinking water improvements across its districts more economically. Again, the degree of customer savings will vary based across Districts based on the extent to which assets are financed with IFA Series 2010 Bonds.

PROJECT SUMMARY FOR IFA BOND RESOLUTION

Bond proceeds will be used by American Water Capital Corp. to provide lower cost financing for its Illinois-American Water Company operating affiliate. Bond proceeds will be used to finance various capital improvements to Illinois-American Water Company's drinking water systems including, but not limited to, mains, meters, pumping stations, and treatment plants located in portions of Illinois-American Water Company's service area and including, but not limited to, a series of local capital improvement projects identified below (and comprising the "Project"):

Summary of Preliminary Reimbursement-Eligible Project Costs for the proposed not-to-exceed $25,000,000 Bond issue (see detailed descriptions of the underlying projects following this preliminary reimbursement schedule):

Project 1: Grand Blvd. Improvements - Peoria:	$1,474,000
Project 2: Replace San Koty Well #12 - Peoria:	500,000
Project 3: South WTF Pump Station Replacement - Lincoln	1,599,000
Project 4: Pontiac WTP Chem Feed System Improvements - Pontiac:	1,850,000
Project 5: Tolono Pump Station Replacement – Champaign District:	455,660
Project 6: Interurban PAC Improvements – Granite City and East St. Louis:	2,000,000
Project 7: Peoria Main Station Pilot Study and Filtration Improvements – Peoria:	19,000,000
Project 8: Neil Street Booster Station – Champaign:	740,671
Project 9: Embarrass Area Pump Station – Champaign:	397,931
Project 10: Granite City WTP Clearwell Improvements – Granite City:	2,700,000
Subtotal – Bond Reimbursement Eligible IAWC Capital Expenditures:	**$30,717,262**
+ IAWC Equity toward these Capital Expenditure Projects:	**4,677,217**
Total Project Cost:	**$35,394,479**
	(Rounded to $35,400,000 in Uses of Funds on p. 1 and p. 3)

Descriptions of the ten (10) underlying projects are detailed below:

(1) **Project 1: Grand Blvd. Improvements – Peoria District:** Design and construction of pump station improvements. Existing pumping station capacity in Peoria District is inadequate to accommodate anticipated flow after expansion of treatment plant. Improvements will increase capacity of distribution system and improve energy efficiency. The estimated construction cost of this project is $1,474,000 and the bond financed portion of this project is estimated at $1,474,000.

(2) **Project 2: Replace San Koty Well #12 – Peoria District:** Design and construction of a new water supply well. An Existing supply well for the San Koty WTP in the Peoria District is failing due to age and condition of the subsurface components of the well. A new well will be installed in the same general vicinity to replace this supply capacity. Construction is expected to begin during Summer 2011 and be completed by Fall 2011. The estimated construction cost of this project is $500,000 and the bond financed portion of this project is estimated at $500,000.

(3) **Project 3: South WTF Pump Station Replacement – Lincoln District:** Design and construction of new raw water pump station to feed the South WTP in the Lincoln District. The existing raw water pump station is subject to flooding and has poor reliability due to potential flooding and age/condition of existing equipment. A new pump station will be constructed with protection from flooding to provide more reliable and energy efficient operation. Construction is expected to begin during Summer 2011 and be completed by Fall 2011. The estimated construction cost of this project is $1,599,000 and the bond financed portion of this project is estimated at $1,599,000.

(4) **Project 4: Pontiac WTP Chem Feed System Improvements – Pontiac District:** Design and construction of new chemical storage and feed facilities in the Pontiac District. Existing chemical feed facilities are located within the flood plain and do not meet current standards for containment, redundancy, etc. New building and equipment will meet current and anticipated new standards for chemical storage and feed systems, will be protected from flooding, and will add an ammonia feed system to aid in compliance with disinfection byproduct regulations. Construction is expected to begin during Spring 2011 and be completed by Spring 2012. The estimated construction cost of this project is $1,850,000, and the bond financed portion of this project is estimated at $1,850,000.

(5) **Project 5: Tolono Pump Station Replacement – Champaign District: (capacity upgrades and water quality enhancement):** Design and construction of a new pump station to replace aging infrastructure in the Champaign District. Growth in service area and condition of existing pump station dictated the replacement of the existing pump station to improve supply and reliability.

Construction is expected to begin during Spring/Summer 2011 and be completed by Fall 2011. The estimated construction cost of this project is $455,660, and the bond financed portion of this project is estimated at $455,660.

(6) **Project 6: Interurban Powdered Activated Carbon ("PAC") Improvements – Granite City and East St. Louis Interurban District:** Design and construction of powdered activated carbon ("PAC") storage and feed facilities to serve the Granite City and East St. Louis Water Treatment Plants ("WTPs"). The existing PAC storage and feed systems are undersized to provide the level of PAC feed required, are unreliable due to age and harshness of the PAC material, and utilize a dry storage and fee method which is maintenance intensive and a fire risk. The existing systems are also within plant buildings which house other facilities and these facilities are impacted by the PAC material. The new facilities will be sized for anticipated increases in treatment capacity, will utilize a wet (i.e., slurry) storage and feed method to eliminate fire risk, and will be housed in separate structures to eliminate impacts on other plant facilities. Construction is expected to begin during Winter 2009/2010 and be completed by Fall 2010. The estimated construction cost of these improvements is approximately $4,735,000, while the bond financed portion of this project is estimated at $2,000,000. (Note: this project was previously included in the previous December 2008 Inducement Resolution for American Water Capital Corp., but was not financed in the IFA Series 2009 Bonds that closed 10/1/2009.)

(7) **Project 7: Peoria Main Stations Pilot Study and Filtration Improvements -- Peoria:** Completion of preliminary treatment investigation, and the design and construction of plant improvements to provide enhanced treatment and an additional 8 million gallons per day of treatment capacity at the existing Peoria Main Station Water Treatment Plant. Project will include treatment process modification, additional coagulation, settling, filtration and clearwell capacity, and electrical improvements for the existing high service pump station. Maximum-day demands in the Peoria District have increase, and are anticipated to continue increasing in the future. These increasing demands are anticipated to outpace current water supply capacity in the next five years. Additionally, new regulations will lower allowable levels of disinfection by-products ("DBPs") by the end of 2011, requiring modifications to the current treatment process. Construction is expected to begin during Spring/Summer 2010 and be completed by Fall 2011. The estimated project construction cost is approximately $20,892,000, while the bond financed portion of this project is estimated at $19,000,000.

(8) **Project 8: Neil Street Booster Station – Champaign District:** Design and construction of a new pump station to replace aging infrastructure. Ongoing economic growth in the Champaign District service area and the condition of the existing pump station dictated the replacement of the existing pump station to improve supply and reliability. Construction is expected to begin during Summer 2011 and be completed by Fall 2011. The estimated construction cost of this project if $740,671, and the bond financed portion of this project is estimated at $740,671.

(9) **Project 9: Embarrass Area Pump Station – Champaign District:** Design and construction of a new pump station to replace aging infrastructure. Ongoing growth in the Champaign District service area dictates replacement of the existing pump station to increase available supply and pressure to the Embarrass Area Water Sub-District. Construction is expected to begin during Spring 2010 and be completed by Fall 2010. The estimated construction cost of this project is $448,168, while the bond financed portion of this project is estimated at $397,931.

(10) **Project 10: Granite City Water Treatment Plant ("WTP") Clearwell Improvements – Interurban/Granite City District:** Design and construction of a new clearwell at the Granite City Water Treatment Plant ("WTP"). Regulatory requirements dictate the need for additional clearwell capacity to equalize flow through the plant and provide additional disinfection capability. Construction is expected to begin during Spring 2010 and be completed by Fall 2010. The estimated construction cost of this project is $2,700,000, and the bond financed portion of this project is estimated at $2,700,000.

BUSINESS SUMMARY

Background: **Illinois-American Water Company** ("**Illinois-American**", "**IAWC**", or the "**Operating Company**") was established and incorporated under State of Illinois law in 1967 (although predecessors of the Company have provided drinking water to Champaign Illinois since 1884). The Company is a wholly-owned subsidiary of **American Water Works Company, Inc.**, a publicly traded company on the NYSE (ticker symbol: "**AWK**").

AWK became an independent, stand-alone company again following its September 28, 2007 partial spin-off from **RWE AG** ("**RWE**"), a stock corporation incorporated in the Federal Republic of Germany. AWK remains an indirect majority-owned subsidiary of RWE. Prior to being acquired by RWE in 2003, AWK was the largest publicly traded water utility company in the United States.

AWK is a holding company for its various operating subsidiaries, including its regulated water utility operations throughout the U.S., including Illinois-American Water Company. *AWK conducts all of its borrowing activity through its American Water Capital Corp. subsidiary.*

American Water Capital Corp. ("**AWCC**" or the "**Borrower**") is a wholly-owned financing subsidiary of American Water Works Company, Inc. AWCC incurs long-term debt to fund capital expenditures at AWK's regulated subsidiaries (including Illinois-American Water). Additionally, AWCC also issues short-term Commercial Paper and borrows under Credit Facilities to provide short-term and working capital financing to all AWK operating subsidiaries (including Illinois-American Water). AWK upstreams payments from its operating subsidiaries to cover anticipated payments on AWCC's debt obligations.

See "Ownership" section on Pages 9-10 of the Economic Disclosure Statement section of this report for a description and organization chart that indicates the ownership and organizational structure of American Water Works Company, Inc. and its various operating subsidiaries including (1) Illinois-American Water Company, a regulated subsidiary, and (2) American Water Capital Corp., a rated, non-regulated subsidiary through which AWK finances the operations of its various affiliates.

Description: Illinois-American Water Company provides drinking water and/or wastewater services to more than one million people in 125 incorporated municipalities and in unincorporated areas throughout Illinois. IAWC now operates in 12 districts with primary service areas concentrated in Champaign County, Peoria/Pekin and vicinity, Alton/Interurban/Metro East (Jersey, Madison and St. Clair Counties), and Suburban Chicago (portions of Cook, DeKalb, DuPage, Grundy, Kendall, and Will Counties). Illinois-American also owns systems located in Cairo (Alexander Co.), Lincoln (Logan Co.), Pontiac (Livingston Co.), South Beloit (Winnebago Co.), Sterling (Whiteside Co.), and Streator (LaSalle and Livingston Counties). Illinois-American and its predecessors have been operating in Illinois since 1884. (Also see map of Illinois-American Water Company's Major Service Areas on Page 12.)

Illinois-American's parent company is American Water Works Company ("American Water"), the largest and most geographically diverse investor-owned water and wastewater utility company in the United States as measured by both operating revenue and population served. AWK was established in 1886 and provides water, wastewater, and other water resource management services to more than 15 million people in 32 states. American Water operates through nineteen state subsidiaries. According to the Borrower, American Water has invested over $1.5 billion over the past three years on water and wastewater treatment facility infrastructure improvements across the US. AWK employs approximately 6,900 people in the US.

As a public utility operating in Illinois, Illinois-American is regulated by the Illinois Commerce Commission ("ICC"). The ICC approves rates, franchise areas, rates of return to stockholders, establishes debt management policies, and establishes certain operating policies and procedures.

Statewide, Illinois-American employs 476 people across Illinois. According to the Company, approximately 70% of Illinois-American's employees are skilled, 22% are clerical and administrative, and 8% are professional. Approximately 75% of Illinois-American's direct employees are members of collective bargaining units.

In addition to Illinois-American's 476 employees, Illinois-American's parent company (American Water Works Company, Inc.) also operates (1) a National customer service call center in Alton and (2) a National research/testing laboratory in Belleville that together employ over 100 people. (The cost of these corporate employees is allocated across all of American Water Works Company's operating entities, including Illinois-American Water Company. These employees have not been included in Illinois-American's current employment total [476].)

The US EPA and Illinois EPA regulate environmental, health, safety, and water quality matters (e.g., compliance with the Safe Drinking Water Act). According to Illinois-American's management, all of Illinois-American's drinking water complies with current EPA Safe Drinking Water Act standards.

Today, Illinois-American Water's operations include facilities formerly owned by (1) Northern Illinois Water Company (purchased in 1999; serves Champaign-Urbana-Savoy & vicinity;

Pontiac, Sterling, Streator), and (2) Citizens Utilities Company (purchased in 2002; territory now comprised of Chicago Metro District).

IFA (IDFA) currently has six series of Prior Bonds outstanding totaling approximately $95,245,000 for Illinois American Water (and predecessors) as of 11/30/2009, including:

- $23,325,000, Series 1997, American Water Capital Corp. (Citizens Utilities Company Project), due 5/1/2032
- $6,990,000, Series 1992, Northern Illinois Water Company, due 12/1/2026
- $5,865,000 Series 1994, Northern Illinois Water Company, due 2/1/2028
- $5,715,000 Series 1993, Illinois-American Water Company Project), due 8/1/2023
- $24,860,000, Series 2002, American Water Capital Corp. (Illinois-American Water Company), due 3/1/2032
- $28,500,000, Series 2009, American Water Capital Corp., due 10/1/2039

All payments relating to all prior IDFA obligations with the Borrower and its predecessors (including the Prior Bonds) were current as of 11/30/2009.

ICC Regulation and approval of Debt Financing: The Company is a regulated public water utility that is subject to regulation by the **Illinois Commerce Commission** ("**ICC**"). The ICC has jurisdiction with respect to rates, service, accounting procedures, acquisitions, financial leverage, and other matters. Accordingly, Illinois-American Water Company has already submitted details of this financing to the ICC.

According to Illinois-American's management, the ICC regulates IAWC's leveraging (and debt issuance through American Water Capital Corp.). IAWC has received approval from the ICC to issue debt in an amount up to $39 million, including tax-exempt bonds issued through the Illinois Finance Authority. According to the Company, this authorization to issue up to $39 million of debt (including through prospective IFA bond issues) expires June 30, 2010.

According to IAWC's management, no additional public hearings will be required to obtain approval for proceeding with the proposed projects. Nevertheless, the portion of the proposed expenditures projected to occur in 2010 are including in IAWC's rate case currently pending before the ICC (as of 11/25/2009) and will be reviewed by parties to the case, including ICC staff. Expenditures projected to occur in 2011 and 2012 would be include in a future rate proceeding before the ICC. As with prior financings, Illinois-American expects that the ICC will consider the rate impact each project will have on its respective District.

Illinois-American again plans to finance this project through its rated American Water Capital Corp. affiliate (which itself is also a wholly-owned subsidiary of American Water Works Company, Inc.). Accordingly, Illinois-American will be requesting permission to borrow directly from its rated affiliate (i.e., American Water Capital Corp.) to finance the proposed projects. (As noted previously, American Water Capital Corp. currently has long-term debt ratings of Baa2/BBB+ from Moody's/S&P.)

ECONOMIC DISCLOSURE STATEMENT

Applicant/Primary Contact: American Water Capital Corp. (Contact: Mr. Mark A. Chierici, Manager – Treasury Services, American Water Capital Corp., 1025 Laurel Oak Road, Voorhees, NJ 08043; Direct: 856-566-4088; Fax: 856-566-4004; E-mail: Mark.Chierici@amwater.com)

Illinois-American Contact:	Illinois-American Water Company, 300 N. Water Works Drive, Belleville, IL 62223 (Contact: Scott Rungren, Financial Analyst, (314) 996-2454)
Web Sites:	American Water Works Company, Inc.: www.amwater.com Illinois-American Water Company: www.amwater.com/ilaw/
Project name:	IFA Series 2010 Water Furnishing Facilities Revenue Bonds (American Water Capital Corp. (Illinois-American Water Company Project)
Locations:	Champaign District (Champaign, Urbana, Savoy, Bondville, Pesotum, and portions of unincorporated Champaign County); Interurban District (East St. Louis, Granite City and adjacent municipalities and unincorporated areas of Madison and St. Clair Counties); Lincoln District (Lincoln and adjacent unincorporated portions of Logan County); Peoria District (Bartonville, Peoria, Peoria Heights, West Peoria, and adjacent municipalities and portions of unincorporated Peoria County); Pontiac District (Pontiac and adjacent unincorporated portions of Livingston County).
Land Owner:	The principal plants and properties of Illinois-American Water Company, other than mains, meters, regulators, pumping stations, and treatment plants are located on property owned in fee simple interest. Substantially all water mains are located under public rights-of-way (i.e., public streets, alleys, and highways), or under property owned by other under grants of easement. Illinois-American Water Company also already owns the subject properties.

	American Water Works Company, Inc. (Parent)	*American Water Capital Corp. (Financing Subsidiary/Affiliate)*	*Illinois-American Water Co. Oper. Sub.)*
Organization:	Corporation	Corporation	Corporation
State:	Delaware	Delaware	Illinois

Ownership: Illinois-American Water Company is a wholly-owned subsidiary of American Water Works Company, Inc., with stock traded on the New York Stock Exchange. Major shareholders of more than 5.0% of AWK's stock (i.e., SEC ownership disclosure threshold) according to public filings as of 6/30/2009 were:

- **RWE Aqua Holdings, GmbH**, a limited liability company organized under the laws of the Federal Republic of Germany that is a holding company for RWE's global water business is a direct beneficial owner: **23.54%** (as of 8/19/2009 per SEC)
    - RWE Aqua Holdings, GmbH is a direct wholly-owned subsidiary of **RWE Aktiengesellschaft** ("RWE"), a stock corporation incorporated in the Federal Republic of Germany whose shares are publicly listed on the Frankfurt and Dusseldorf stock exchanges.
    - RWE Aktiengesellschaft indirectly beneficially owns these shares through its ownership of RWE Aqua Holdings GmbH
    - Both RWE Aqua Holdings, GmbH, and its Parent Company (RWE Aktiengesellschaft) are headquartered at: RWE, Opernplatz 1, Essen, 2M, 45128.
    - *Because RWE Aktiengesellschaft is an offshore company, no further ownership disclosure is required pursuant to IFA policy.*
- **Capital World Investors**, 333 South Hope Street, 55th Floor, Los Angeles, CA 90071-1447; Phone: 213-486-9200. **5.07%** (as of 6/30/2009).
    - Capital World Investors is an institutional money management firm as registered on Form 13F with the Securities and Exchange Commission. Capital World Investors is affiliated with The Capital Group Companies and The American Funds family of mutual funds.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Jones Day LLP	Chicago, IL	Bill Harmon

Auditor:	PricewaterhouseCoopers, LLP	Philadelphia, PA	Timothy Connor
Bond Counsel:	Negotiating with several prospective bond counsel, including but not limited to Greenberg Traurig LLP, and Kutak Rock LLP		
Underwriter:	Negotiating with several prospective underwriters, including, but not limited to Stifel Nicolaus, Edward D. Jones, JPMorgan Securities, Morgan Stanley, Goldman Sachs, Loop Capital Markets, and Blaylock Robert Van LLC		
Co-Manager:	Company will allow prospective Underwriters to also bid to serve as a Co-Manager on a competitive basis. Co-Manager bids to be selected at equal or higher price (i.e., equal or lower interest rate).		
Underwriter's Counsel:	Negotiating with several prospective bond counsel, including but not limited to Greenberg Traurig LLP, and Kutak Rock LLP		
General Contractor:	To be determined for each project prior to consideration of the Bond Resolution		
Project Engineer:	To be determined for each project prior to consideration of the Bond Resolution		
Trustee:	Negotiating with US Bank, National Association; Bank of New York/Mellon, and Wells Fargo Corporate Trust Services		
Rating Agencies:	Moody's Investors Service	New York, NY	
	Standard & Poor's Rating Service	New York, NY	
Issuer's Counsel:	Goldberg Kohn	Chicago, IL	Keith Sigale
IFA Financial Advisor:	Scott Balice Strategies, LLC	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Note: Illinois-American Water Company has preliminarily identified project sites located in the following legislative districts at the time of application for Inducement Resolution. Illinois-American ultimately plans to apply proceeds to a portion of these projects based on useful life considerations and reimbursement timing prior to closing. *Accordingly, the list of prospective projects and legislative districts will be subject to change prior to closing.*

	Champaign District (Champaign, Pesotum)
Congressional:	15
State Senate:	52, 53, 55
State House:	103, 105, 110

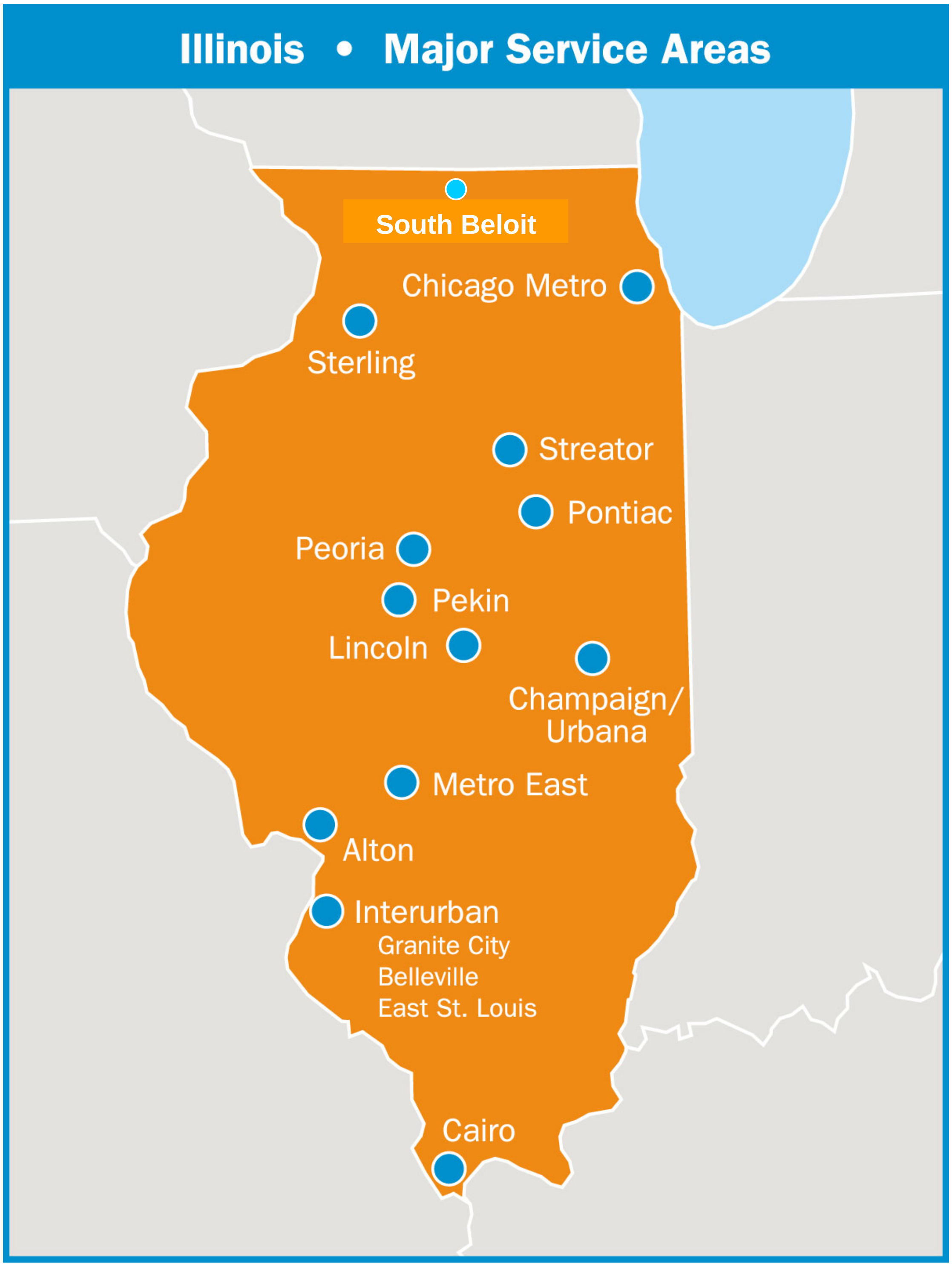
Interurban District (Granite City and East St. Louis)	
Congressional:	12, 19
State Senate:	56, 57
State House:	111, 112, 113, 114

	Lincoln District
Congressional:	18
State Senate:	44, 50
State House:	87, 100

	Peoria District
Congressional:	18
State Senate:	37, 46
State House:	73, 91, 92

	Pontiac District
Congressional:	15
State Senate:	53
State House:	105, 106

Illinois-American Water Company – Major Service Areas



NON-CONDUIT

December 8, 2009

$475,632.50
Midwest Investment Solutions, Inc.
(Orbital Tool Technologies Corp. Project)

REQUEST	**Purpose**: to (i) provide permanent financing for the construction of an 11,400 SF addition to its existing 23,920 SF manufacturing facility located at 6550 Revlon Drive, Belvidere (Boone County), Illinois that is leased to Orbital Tool Technologies Corp. (ii) finance installation expenses for existing equipment, and (iii) fund accrued interest on a construction loan for the subject property. Midwest Investment Solutions, Inc. and Orbital Tool Technologies Corp. are affiliates that have identical shareholders and management. **Program**: Participation Loan **Extraordinary Condition**: IFA's Participation Agreement will be amended to add an Intercreditor Agreement/Rider that will require that Alpine Bank repay the combined IFA/Alpine Bank $951,265 Participation Loan first prior to liquidating any other Alpine Bank Loans irrespective of security position of the loan (this would make an existing IFA Participation Loan provision more explicit).
BOARD ACTIONS	**Board Action:** Re-approval and extension of a Participation Loan Resolution. Amount of IFA/Alpine Bank Participation Loan reduced from $485,000 to $475,632.50 due to final construction costs that were below budget.
MATERIAL CHANGES	Instead of sharing *pari passu on the new loan combined with an existing $652,400 loan, the new IFA/Alpine Bank Participation Loan will instead be secured by a Second Mortgage that pursuant to an Intercreditor Agreement with Alpine Bank and will be paid first before the $652,400 first mortgage loan.*
JOB DATA	61 Current jobs; 39 New jobs projected N/A Retained jobs; 20 Construction jobs (7 Month Period; now completed)
DESCRIPTION	● Location (Belvidere / Boone County / Northern Region) ● Midwest Investment Solutions, Inc. (the "Applicant", the "Obligor", or "Midwest") is an Illinois S Corporation and serves as a special purpose real estate entity that owns (1) the subject property and (2) selected equipment that is leased to Orbital Tool Technologies Corp. (the "Tenant", "Operating Company", "Corporate Guarantor", or "Orbital"), Orbital is an Illinois C Corporation ● Orbital provides its customers with complete outage support services, specializing in on-site field machining, shaft restoration, reverse engineering services, machine tool manufacturing, on-site welding services, and in providing and fabricating term that serves power generation facilities (fossil, hydroelectric, nuclear), chemical and petrochemical production facilities; and commercial and military marine cargo ship turbines. ● Orbital was formed in 1996 with three employees and annual sales of $600,000 and now has 61 employees in Belvidere.
CREDIT INDICATORS	● Loan-to-discounted fair market appraised value of less than 50% based on structure ● Strong historical debt service coverage, acceptable projected debt service coverage.
PROPOSED STRUCTURE	• Although IFA and Alpine Bank would be secured by a *pari passu* security interest in a 2nd Mortgage Loan that will be financing the proposed addition, due to the Intercreditor Agreement to be executed with Alpine Bank, the new $951,625 IFA Participation/Alpine Banks loans will be paid first from any liquidation or disposition of proceeds connected with any other Alpine Bank loan, including their existing First Mortgage Loan of $652,409.
SOURCES AND USES	*See Sources and Uses Table on Page 3.*
RECOMMENDATION	Credit Committee recommends approval subject to satisfying all Bank conditions and execution of an Intercreditor Agreement/Rider satisfactory to IFA.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 8, 2009

Project: Midwest Investment Solutions, Inc. (Orbital Tool Technologies Corp. Project)

STATISTICS

Project Number:	B-LL-TX-8193	Amount:	$475,632.50 (not-to-exceed)
		Total Bank Loan:	$951,265
Project Type:	Participation Loan	IFA Staff:	Rich Frampton
Location:	Belvidere	County/Region:	Boone /Northern

BOARD ACTION

Approval of Commitment Reinstatement and Extension Request to an IFA Participation Loan Resolution to March 31, 2010.
Purchase of a Participation Loan from Alpine Bank & Trust Company (Belvidere, IL)
IFA Funds contributed and at risk: $475,632.50
Staff recommends approval subject to compliance with all of Alpine Bank & Trust Company's terms and conditions (including execution of Alpine Bank's required Environmental Questionnaire/Statement.) and the additional term/condition listed below.

Additional term/condition:

1. IFA's Participation Agreement will require that all present and future Alpine Bank loans secured by the subject project Real Estate will be subordinate to the IFA/Alpine Bank combined maximum $951,625 Participation Loan (in addition to the standard IFA Participation Loan Agreement condition – this will be evidenced by a separate acknowledgement/agreement satisfactory to IFA Counsel – pursuant to this Agreement this $951,265 combined IFA/Alpine Bank Loan would be repaid first, before any of Alpine Bank's other term loans).

VOTING RECORD

The Board approved the Borrower's initial loan request on January 13, 2009 by the following vote:

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

PURPOSE

This project will provide permanent financing on a building addition that is currently under construction that will enable Orbital to consolidate all activity at its Belvidere, Illinois facility.

IFA Participation Loan proceeds will be loaned to Midwest Investment Solutions, Inc. to (i) provide permanent financing for the construction of an 11,400 SF addition to its existing 23,920 SF manufacturing facility located at 6550 Revlon Drive, Belvidere (Boone County), Illinois that is leased to Orbital Tool Technologies Corp. (ii) finance installation expenses for existing equipment, and (iii) fund accrued interest on a construction loan for the subject property. Midwest Investment Solutions, Inc. and Orbital Tool Technologies Corp. are affiliates that have identical shareholders and management.

The subject project site is located in the DCEO-designated Belvidere/Boone County Enterprise Zone.

IFA PROGRAM AND CONTRIBUTION

Under the IFA Participation Loan Program, the Authority purchases *pari passu* participations in bank loans financing capital projects for business, industry, farmers and agri-industry. The Authority will purchase participations in loans for up to 10 years at a rate of interest that may be fixed for up to 5 years and coterminous with the bank loan. IFA's loan may be extended to a maximum maturity of 10 years. The interest rate for IFA participation is set at closing based at 100 basis points below the Bank's interest rate. The Authority shares *pro rata* in the Bank's collateral and generally (in conjunction with the Bank's loan) advances funds at rates up to 80% of appraised fair market value for real estate, 65% of cost for new equipment and 65% of appraised orderly liquidated value for used equipment. IFA's participation produces a lower, blended interest rate for the Borrower.

VOLUME CAP

Not applicable.

JOBS

Current employment: 61
Jobs retained: N/A
Projected new jobs: 39 (two years)
Construction jobs: 20 (7 months – now completed)

ESTIMATED SOURCES AND USES OF FUNDS – Construction of Addition

Sources:	IFA Participation Loan:	$475,632.50	Uses:	Building – Addition	$ 1,050,025
	Alpine Bank – New	475,632.50			
	Equity Contribution	98,760			
	Total	**$1,050,025**		**Total**	**$1,050,025**

- There is also an existing Alpine Bank Loan is a First Mortgage Loan of approximately $652,409 which will remain outstanding (but will be subject to payment from any Alpine Bank foreclosure/disposition after the new combined $951,265 IFA Participation/Alpine Bank Second Mortgage Loan pursuant to an Intercreditor Agreement/Rider between IFA and Alpine Bank).

- Original Structure approved at January 2009 Board Meeting: This IFA/Alpine Bank Participation Loan was to be combined with an existing 1st Mortgage Loan in the amount of approximately $652,400 (the outstanding balance as of 10/31/2009), thereby resulting in IFA having a *pari passu* interest in a new combined 1st Mortgage Loan totaling approximately $1,592,209. Nevertheless due to the already approved subordination of an existing 2nd Mortgage Loan by the US Small Business Administration ("SBA" – Local SBA 504 Lender is the Rockford Local Development Corp.), Alpine Bank requested that the proposed structure (i.e., the new IFA Participation/Alpine Bank Loans of up to $970,000) be secured by a 2nd Mortgage on the subject property in order to avoid need for SBA to reapprove this subordination request).

- Revised Structure presented for approval: After discussing with IFA Special Counsel for the Participation Loan Program, IFA has revised the structure proposed executing a Intercreditor Agreement/Rider to the standard Participation Agreement (as satisfactory in the sole opinion of IFA Counsel) that will require Alpine Bank to pay down the combined 2nd Mortgage IFA Participation Loan/Alpine Bank Loans totaling approximately $951,625 *before* paying down Alpine Bank's existing 1st Mortgage Loan balance of approximately $652,409 in the event of foreclosure on this loan.

- As a result of this revised structure, IFA would be recovering its principal and interest on a *pari passu* basis on the first $951,265 of collateral liquidated, rather than the combined loan balances $1,592,209 as originally contemplated. This revised structure strengthens this loan by improving the Authority's prospective recovery on any disposition of assets.

FINANCING SUMMARY

Obligor: Midwest Investment Solutions, Inc.

Corporate Guarantor: Orbital Tool Technologies Corp.

Personal Guarantors:

- Terry A. Orcholski [President of Orbital Tool Technologies Corp. and Vice President of Midwest Investment Solutions, Inc.] and Anne Orcholski (Spouse)
- Harry A. Beck [President of Midwest Investment Solutions, Inc. and VP of Orbital Tool Technologies Corp. (Single)]

Security:

- IFA will purchase a $475,632.50 *pari passu* participation in a Second Mortgage Loan of $951,265 by Alpine Bank & Trust Company. Although secured by a Second Mortgage, there will be an Intercreditor Agreement between IFA and Alpine Bank that will require Alpine Bank to apply the proceeds of any asset disposition to repayment of the $951,265 IFA Participation/Alpine Bank loan first, before applying to any other assets. The IFA Participation/Alpine Bank Loan will be secured by the project real estate located at 6550 Revlon Drive, Belvidere, Boone County, Illinois 61008, having an estimated Fair Market Value upon Completion of the Project [i.e., construction of a proposed 11,400 SF addition to the existing 23,920 SF building] at $2,500,000 as of October 22, 2008. The appraiser confirmed on 11/18/2009 that the subject building was constructed in accordance with the plans and specifications.
- Corporate guaranty of Orbital Tool Technologies Corp. (Tenant and affiliate of Borrower)
- Collateral assignment of rents and leases on the subject property.
- Personal guarantees of the shareholders of Midwest Investment Solutions, Inc. (the Borrower and Obligor) and Orbital Tool Technologies Corp. (the Tenant, Operating Company, and Corporate Guarantor).

Maturity Date/ Term on IFA Participation: Approximately 4 year initial term (i.e., 11/12/2013 maturity) with balloon [and initial term of up to 5 years from closing date of IFA Participation loan would be acceptable]. Alpine Bank will evaluate performance and pricing at that time. (Assuming the loan is performing adequately, IFA could extend its commitment for additional terms until 11/12/2019, which is ten years after the original closing date.)

Amortization: 25 Years. (IFA Participation Loan will initially be subject to the 4 year balloon imposed by Alpine Bank and, prospectively, may be extended subject to bank and IFA approval for up to 10 years from the original closing date.) This extension is not mandatory.

IFA Interest Rate: Rate of 4.875% as of 11/12/2009, which is to be set at 1.0% less than the Alpine Bank's rate of 5.875% (fixed for an initial term of four years through 11/12/2013). As a result, the new blended rate of 5.375% will be approximately 0.295% higher than the original 5.08% estimated interest rate approved in January 2009.

[Nevertheless, due to the reduction of the combined principal amount on the IFA/Alpine Bank loans (i.e., from $970,000 to $951,265), Orbital/Midwest Investment's scheduled monthly payments will increase by only $57/month (i.e., from $5,716/mo. to $5,773/mo.]

Estimated
Closing Date: December 10, 2009 to December 31, 2010

Rationale: This Participation Loan will provide permanent financing to help Orbital Tool Technologies Corp. (through its Midwest Investment Solutions, Inc. real estate affiliate) expanding its manufacturing and job shop/assembly operations at its principal facility in Belvidere, Illinois. The new addition will also accommodate anticipated growth.

The new facility addition will be used to manufacture replacement parts including bushings, sleeves, stems, discs, and screens and nuts for the power generating industry. Ultimately, this consolidation is expected to improve operating efficiencies by enabling Orbital to more effectively utilize both its production capabilities and employees.

Additional local support is evidenced by the willingness of the US Small Business Administration /Rockford Local Development Corporation to subordinate its existing $337,000 SBA 504 Second Mortgage Loan to 3rd Mortgage position, behind the new IFA Participation/Alpine Bank Loan (of $939,800).

Savings attributable to the reduced IFA Participation Loan interest rate will generate approximately $4,756 of initial annual savings, thereby improving debt service coverage on the subordinate loan provided by Rockford Local Development Corporation/SBA 504 Loan.

This financing was referred to IFA by Growth Dimensions, Inc. of Belvidere/Boone County (a 501(c)(3) economic development organization for Boone County and its municipalities), and Alpine Bank of Belvidere.

Finally, as required as a standard condition in all IFA Participation Loan Agreements, the combined IFA/Alpine Bank First Mortgage Loans of approximately $951,265 will effectively be senior to all other term loans secured by real estate between Alpine Bank and Midwest Investment Solutions, Inc., and Orbital Tool Technologies Corp., as a result of the proposed Rider to the Participation Agreement to be executed between IFA and Alpine Bank.

PROJECT SUMMARY

IFA's Participation Loan will be combined with loan proceeds from (1) Alpine Bank & Trust Co. (Belvidere), and (2) $98,760 of Cash Equity (from Orbital), to provide permanent financing for Midwest Investment Solutions, Inc.'s new, approximately 11,400 SF building addition to its existing 23,920 SF manufacturing facility located on an approximately 2.424 acre site at 6550 Revlon Drive, Belvidere, IL (Boone County) 61008. The Facility will be leased to Orbital Tool Technologies Corp., an affiliated company with common ownership.

$98,760 of Cash Equity from the Borrowers has been injected to finance building construction, as initially required by Alpine Bank.

BUSINESS SUMMARY

Organization: Midwest Investment Solutions, Inc. (the "Applicant", the "Obligor", or "Midwest") is an Illinois S Corporation and serves as a special purpose real estate entity that owns (1) the subject property and (2) selected equipment that is leased to Orbital Tool Technologies Corp. (the "Tenant", "Operating Company", "Corporate Guarantor", or "Orbital"), Orbital is an Illinois C Corporation.

Midwest and Orbital are under common ownership. Orbital was established in 1996 by Mr. Harry A. Beck (President of Midwest; VP of Orbital) and Mr. Terry Orcholski (VP of Midwest and President of Orbital). Mr. Beck and Mr. Orcholski each own 50% of both Midwest and Orbital.

Midwest also owns an unrelated residential rental property (single family home) located in Belvidere (a legacy asset; Alpine Bank is also the lender).

Background: Orbital Tool Technologies Corp. is a full service repair and engineering service established in 1996 in Belvidere, Illinois (Boone County). Orbital specializes in the repair of large turbines and other machined components used in various steam and gas turbines and industrial valves used in the power generating, chemical, and petrochemical industries.

Orbital provides its customers with complete outage support services, specializing in on-site field machining, shaft restoration, reverse engineering services, machine tool manufacturing, on-site welding services, and in providing and fabricating term that serves power generation facilities (fossil, hydroelectric, nuclear), chemical and petrochemical production facilities; and commercial and military marine cargo ship turbines.

According to the Company, Orbital is the world's only company that specializes in stationary shaft and journal machining.

Orbital provides these services both on-site and in–house machining and assembly at its Belvidere production facility. Orbital has several in-house rapid response emergency service teams that are on call 365 days/year.

Orbital was formed in 1996 with three employees and annual sales of $600,000 and now has 61 employees in Belvidere.

Orbital has been located at its present facility since 1996. Orbital leased the subject facility from the Chrysler Corporation – the subject building was originally constructed in 1990 as a parts warehouse facility (9,595 SF) serving Chrysler's nearby Belvidere Assembly Plant. The subject building was later purchased and also expanded by Midwest/Orbital in 2003, with construction of a 14,325 SF addition, bringing the building up to 23,920 SF (its current size, prior to the subject project).

According to the Company's management, Orbital Tool Technologies Corp. is one of America's premier on-site repair companies serving the (1) power generating, (2) petrochemical and oil refining, and (3) chemical industries worldwide.

- Major power industry customers include Alliant Energy, Ameren UE (Missouri), Ameren CIPS and Ameren IP (Illinois), Florida Power and Light, and Wisconsin Electric Power.
- Major oil refining customers include: ConocoPhillips, Shell Oil Products, ExxonMobil, and BP.
- Major chemical customers include Dow Chemical and Eastern Chemical Corporation.

Owners' Backgrounds: Mr. Beck and Mr. Orcholski already had 23 years combined experience in working on field engineering jobs for heavy industrial service companies when they established Orbital in 1996.

Mr. Beck and Mr. Orcholski previously worked together at Continental Field Machining Company in Schaumburg, Illinois where they developed skills in heavy machinery specialty tool design and development. The principal previously worked together in similar capacities at In-Place Machining Company's Norfolk, VA facility.

Harry Beck currently has over than 25 years' experience in managing field machining jobs for heavy industry. At Orbital, Mr. Beck is responsible for all of the managerial and administrative areas of the company. He also schedules and manages field projects so they are completed in a timely fashion. Mr. Beck holds a BS in Mechanical Engineering and is a Journeyman Machinist.

Mr. Orcholski currently has over 22 years' of design, development and marketing of machine tools for heavy industry including the public power industry. Prior to founding Orbital, for Mr. Orcholski was a Lead Field Technician and General Manager in charge of all field equipment tracking and costing at Holiday Service International in Milwaukee, WI. He later joined In-Place Machining Company, Norfolk, VA, and Continental Field Machining Company, Schaumburg, IL, respectively, in various engineering, sales, and management positions. Mr. Orcholski has also designed and developed specialty machine tools used in heavy field industry applications.

At Orbital, Mr. Orcholski is in charge of overseeing manufacturing, prototype testing, and field use of the latest state of the art equipment to accomplish on-site manufacturing machining globally.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant/ Obligor: Midwest Investment Solutions, Inc.
Operating Co./ Corporate Guarantor: Orbital Tool Technologies Corp.
Contact: Mr. Terry A. Orcholski, President, Orbital Tool Technologies Corp., 6550 Revlon Drive, Belvidere, IL 61008; Ph.: 815-547-3725
Project Location: 6550 Revlon Drive, Belvidere (Boone County), Illinois 61008
Organization: Midwest Investment Solutions, Inc. Orbital Tool Technologies Corp.
Form/State: S Corporation (Illinois) C Corporation (Illinois)
Ownership: For Both Midwest Investment Solutions, Inc. and Orbital Tool Technologies Corp:

- Harry A. Beck, (President of Midwest Investment Solutions, Inc. and VP of Orbital Tool Technologies Corp.), 2111 NE 55th Street, Fort Lauderdale, FL 33308: 50%
- Terry A. Orcholski, (VP of Midwest Investment Solutions, Inc. and President of Orbital Tool Technologies Corp.), 1315 Iles Ave., Belvidere, IL 61008: 50%.

Current Land Owner: The subject land is already owned by the Applicant (Midwest Investment Solutions, Inc.)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Law Offices of Nathan J. Noble	Belvidere, IL	Nathan J. Noble
Accountant:	Boeke and Associates, Ltd.	Rockford, IL	
Bank:	Alpine Bank & Trust Company	Belvidere, IL	Paul Fischer
Bank Counsel:	Law Offices of James Stevens	Rockford, IL	James Stevens
Appraiser:	W. Dale Scott & Associates	Loves Park, IL	Glenn Scott
IFA Counsel:	Dykema Gossett PLLC	Chicago, IL	Darrell Pierce
IFA Financial Advisor:	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	16	Donald Manzullo
State Senate:	34	Dave Syverson
State House:	69	Ronald A. Wait

CONDUIT

$650,000

THE JOLIET MONTESSORI SCHOOL

December 8, 2009

REQUEST	Proceeds of the Bonds will be used to (i) pay amounts due under the Borrower's Tax-Exempt Lease (evidenced by a Sublease dated as of April 1, 1998), (ii) paying or reimbursing the Borrower for costs of acquiring, constructing, renovating, remodeling and equipping approximately 2,325 SF educational facility located at 1612 Root Street, Crest Hill (Will County), Illinois; (iii) funding a debt service reserve fund for the benefit of the Series 2009 Bonds; (iv) paying a portion of the interest on the Series 2009 Bonds; (v) providing working capital, if deemed necessary; and (vi) paying certain expenses incurred in connection with the issuance of the Series 2009 Bonds
BOARD ACTIONS	Final Bond Resolution Voting Record for Preliminary Bond Resolution from October 14, 2009: Ayes- 11; Nays- 0; Abstentions- 0; Absent- 1 (Verrett); Vacancies- 4
MATERIAL CHANGES	Final Maturity Date and Amortization extended from 10 years to 15 years.
JOB DATA	17 Current jobs; 5 New jobs projected N/A Retained jobs; 15/6 months Construction jobs projected
BORROWER	● Joliet Montessori School (the "School") ● The School was incorporated in May, 1966, and is one of the oldest Montessori schools in the United States. ● The School offers programs from Pre-K through grades 7 and 8. It is one of the few Montessori schools that offer adolescent teaching programs. ● The School's students come from primarily Will, and Southwestern Cook Counties. ● The expansion of the existing building will allow for an increase in student enrollment. The School cannot grow without the new Adolescent Center. The refinancing of the School's existing Tax-Exempt Lease will improve operating cash flow.
CREDIT INDICATORS	● The Bonds will be a direct purchase by the First Community Bank of Joliet (Joliet, Illinois) for its investment portfolio as Direct Lender/Investor. ● The Bonds will not be insured and will not be rated.
CREDIT ENHANCEMENT	None (Direct Purchase). First Community Bank will be secured by a first mortgage on all School property. The Bonds will be Cross-Collateralized and Cross-Defaulted with a $100,000 working capital line of credit also with First Community Bank.
PROPOSED STRUCTURE	● 501(c)(3) Not For Profit Bonds with 5-year interest rate reset provisions ● Fixed at 5.00% for initial five term, subject to extension with interest rate resets after years 5 and 10; payments amortized over fifteen (15) years; proposed final maturity date: 12/1/2024

SOURCES AND USES

Sources		Uses	
IFA Bonds	$650,000	Project Cost	$381,470
Equity	$91,470	Refinancing	$340,000
		Cost of Issuance	$ 20,000
Total	**$741,470**	**Total**	**$741,470**

RECOMMENDATION Credit Review Committee recommends approval.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 8, 2009

Project: The Joliet Montessori School

STATISTICS

Project Number:	E-PS-TE-CD-8270	Amount:	$650,000
Type:	501(c)(3) Bonds	IFA Staff:	Rich Frampton and Kim DuPrey
County/Region:	Will/Northeast	City:	Crest Hill

BOARD ACTION

Final Bond Resolution
IFA Funds contributed: None

Credit Review Committee recommends approval.
Extraordinary conditions: None

VOTING RECORD

Preliminary Bond Resolution, October 14, 2009:

Ayes: 11 Nays: 0 Abstentions: 0 Absent: 1 (Verrett) Vacancies: 4

PURPOSE

Proceeds of the Bonds will be used to (i) pay amounts due under the Borrower's Sublease dated as of April 1, 1998, (ii) paying or reimbursing the Borrower for costs of acquiring, constructing, renovating, remodeling and equipping approximately 2,325 SF educational facility located at 1612 Root Street, Crest Hill (Will County), Illinois; (iii) funding a debt service reserve fund for the benefit of the Series 2009 Bonds, if necessary; (iv) paying a portion of the interest on the Series 2009 Bonds, if necessary; (v) providing working capital, if necessary; and (vi) paying certain costs of issuance in connection with the Series 2009 Bonds.

IFA PROGRAM AND CONTRIBUTION

Convey Tax Exempt status on a $650,000 501(c)(3) Revenue Bond issuance. 501(c)(3) Bonds are a form of municipal security that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Lease paid to the lease holder and thereby reduce the borrower's interest expense.

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

JOBS

Current employment:	17	Projected new jobs:	5
Jobs retained:	N/A	Construction jobs:	15/6 months

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA Lease	$650,000	Uses:	Project Costs	$381,470
Equity	91,470		Refinancing	340,000
			Bond Issuance Costs	20,000
Total	**$741,470**		**Total**	**$741,470**

FINANCING SUMMARY/STRUCTURE

Security:	The Bonds will be secured by a first mortgage on all School property.
Structure:	Fixed Rate Bonds to be sold directly to the First Community Bank of Joliet of Joliet, Illinois for its investment portfolio as Direct Lender/Investor.
Interest Rate:	5.00%

Interest Mode:	Fixed at 5.00% for an initial term of five years, and subject to reset and extension for up to a maximum of 15 years from the date of closing. Principal payments to be amortized over 15 years.
Maturity:	15 years (12/1/2024 – proposed final maturity date)
Rating:	Not applicable. The Bonds will be purchased directly by First Community Bank (Joliet, IL) as a direct investment.
Estimated Closing Date:	December 16, 2009

PROJECT SUMMARY

Proceeds of the Bonds will be used to (i) pay amounts due under the Borrower's Sublease (evidenced by a Sublease Agreement dated as of April 1, 1998), (ii) paying or reimbursing the Borrower for costs of acquiring, constructing, renovating, remodeling and equipping approximately 2,325 SF educational facility located at 1612 Root Street, Crest Hill (Will County), Illinois; (iii) funding a debt service reserve fund for the benefit of the Series 2009 Bonds; (iv) paying a portion of the interest on the Series 2009 Bonds; (v) providing working capital, if deemed necessary; and (vi) paying certain expenses incurred in connection with the issuance of the Series 2009 Bonds.

Summary of Project Costs:

Construction/Renovation	$316,470
Equipment	65,000
Refinance outstanding loan	340,000
Total	**$721,470**

Project Rationale: The School wishes to consolidate its debt at a favorable tax-exempt rate and finance the renovation and expansion of its school building to create a new Adolescent Center for the Grades 7 and 8. The former space occupied by the Adolescent Center will be converted into another classroom for grades 1 through 3, which will make it possible for the School to increase enrollment by approximately 32 students. If the project is not pursued, the School believes that enrollment growth will stall resulting in the possible elimination of teaching positions. The estimated completion date is June, 2010.

BUSINESS SUMMARY

Description of Business: The Joliet Montessori School (the "Applicant" or the "School") is one of the oldest Montessori schools in the United States. The School is a non-denominational private school that welcomes qualified students of all races and religious beliefs. The School was incorporated in 1966 as an Illinois Not for Profit Corporation. The mission of the school is to inspire students to engage academically and socially every day to develop independence, a love of work, and a respect for all. The School is governed by an 18-member Board (a list of members is provided for review on page four). The Joliet Montessori School was also a prior IFA (IDFA) borrower which has been current on all payments relating to its outstanding IFA (IDFA) Series 1998 Tax-Exempt Lease obligation with a stated maturity of September 1, 2018.

Student enrollment: Enrollment as of November, 2009 for the 2009-2010 academic year is 155 students. The teacher/student ratio is approximately 27:1. The School offers programs beginning with Pre-K (three-year olds) through Grade 8. It is one of the few Montessori schools that offer adolescent teaching programs. The School serves primarily Will County, but has attracted students from the Southwest Chicago suburbs, as far east as Tinley Park, and as far south as Wilmington. The School offers after-school care and programs for students of working parents.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant:	The Joliet Montessori School
Project Location:	1612 Root Street, Crest Hill (Will County) Illinois 60403
Borrower:	The Joliet Montessori School
Contact:	Ms. Kathy Bertani, Business Manager, 815-741-4180 (kbertani@jolietmontessorischool.org)
Ownership	Illinois 501(c)(3) Corporation

Board of Directors:

All Board Members serve on a volunteer basis and are not compensated for time or services rendered as Board Members.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Specia, Ayers & Ardaugh	Joliet, IL	Christian Specia
Accountant:	Dave Marchio, CPA	Joliet, IL	Dave Marchio, CPA
Bond Counsel:	Ungaretti & Harris	Chicago, IL	Ray Fricke
Purchasing Bank:	First Community Bank of Joliet	Joliet, IL	Steve Laken, VP
Bank Counsel:	In House		
Trustee:	Not applicable: Bonds will be directly purchased by First Community Bank		
Issuer's Counsel:	Miller, Hall & Triggs, LLC	Peoria, IL	Richard M. Joseph
IFA Advisor:	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	13	Judy Biggert
State Senate:	43	A. J. Wilhelmi
State House:	85	Emily McAsey

SERVICE AREA

Joliet and nearby communities in Will County and SW Cook County.

CONDUIT

December 8, 2009	**$955,000** **COMMUNITY MEMORIAL HOSPITAL**
REQUEST	**Purpose**: Community Memorial Hospital will use bond proceeds to finance the (i) construction of a 5,500 square foot medical office building that will provide space to house Hospital physicians who are currently in space within the Hospital and who are committed to transition to the new offices (ii) Acquisition of equipment for use therein and (iii) legal and professional issuance costs associated with the bond issuance. **Program**: 501 (c) (3) Revenue Bonds **Extraordinary Conditions**: None **Volume cap required** None
BOARD ACTIONS	Preliminary Bond Resolution requested Initial IFA Board Vote - This project is being presented for the first time.
MATERIAL CHANGES	Not applicable
JOB DATA	162 Current jobs; 6 New jobs projected N/A Retained jobs; 15 Construction jobs projected (range over 6-month period)
BORROWER DESCRIPTION	● Community Memorial Hospital is a 501 (c) (3) not-for-profit corporation that operates a 25-bed, short stay, non-denominational critical access hospital ● The Project will be located in Staunton, Illinois – Central Region
CREDIT INDICATORS	● Not Rated ● Direct Bond Purchaser will be First National Bank in Staunton
PROPOSED STRUCTURE	● Not enhanced ● Bonds will be purchased directly by First National Bank in Staunton and held as an investment ● Tax-exempt fixed rate is being negotiated with the Bank ● Maturity:10 years with a 10-year amortization

ESTIMATED SOURCES AND USES

IFA Bond:	$955,000	Project Cost:	$1,155,000
Equity	250,000	Cost of Issuance	50,000
Total	**$1,205,000**	**Total**	**$1,205,000**

RECOMMENDATION Credit Review Committee Recommends Approval.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

December 8, 2009

Project: Community Memorial Hospital

STATISTICS

IFA Project:	H-HO-TE-CD-8301	Amount:	$955,000 (not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Jim Senica
County/ Region:	Macoupin/ Central	Location:	Staunton

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Bonds
Credit Committee Recommends Approval

No IFA funds at risk
No extraordinary conditions

VOTING RECORD

Preliminary Bond Resolution, no prior vote

PURPOSE

IFA Bond proceeds along with equity funds will be used to finance (i) the construction of a 5,500 square foot medical office building to be built on land owned by and adjacent to the Hospital located in Staunton, Illinois (ii)) the acquisition of equipment for use therein, and (iii) the bond issuance costs.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

SOURCES AND USES OF FUNDS

Sources:	IFA 501 (c) (3) bonds	$955,000	Uses:	Project Cost	$1,155,000
	Equity	250,000		Issuance Costs	50,000
	Total	**$1,205,000**		**Total**	**$1,205,000**

JOBS

Current employment:	162	Projected new jobs:	6
Jobs retained:	N/A	Construction jobs:	15 (over 6 months)

FINANCING SUMMARY

Structure:	As proposed, the Bonds will be purchased directly by First National Bank in Staunton, the Direct Lender/Investor, and held as a portfolio investment until maturity.
Direct Lender/ Bond Investor Security:	First National Bank in Staunton will be secured by a first mortgage on the project real estate (land & building).
Interest Rate:	Interest rate will be fixed for 5 years at a tax-exempt rate currently being negotiated with the purchasing bank and then reset at the end of the final 5 year term.
Term:	10 years (Final Maturity)
Amortization Period:	10-years
Timing:	Bond closing expected in the second to third quarter of calendar year 2010
Rationale:	The proposed project will enable Community Memorial Hospital to provide office space for hospital physicians currently using space within the main hospital building to enable the hospital to free-up space needed for other Hospital activities

BUSINESS SUMMARY

Description: Community Memorial Hospital ("the Hospital") is an Illinois 501 (c) (3) not-for-profit corporation incorporated in 1946 that operates a 25-bed hospital in Staunton, Illinois, a community of 5,000 residents approximately 30 miles northeast of St. Louis. The Hospital is a short-stay, non-denominational facility that maintains medical surgical units and multi-bed special care units. Twenty-four hour emergency care is available 365 days a year and nurses are specially trained in cardiac support, trauma life support and specialized pediatric care. The hospital has provided continuous health care to area residents since 1951 and holds full accreditation by JCAHO (Joint Commission on Accreditation of Health Care Organizations) and is licensed by the Illinois Department of Public Health.

Community Memorial Hospital is one of 51 small hospitals located throughout the state that are designated as Critical Access Hospitals (CAHs). The CAH Program was created by Congress in 1997 as a safety net to assure Medicare beneficiaries access to health care services in rural areas. It was designed to allow more flexible staffing options to respond to community needs, simplify billing methods, and create incentives to develop local integrated health delivery systems, including acute, primary, emergency, and long-term care.

The Hospital offers a wide array of surgical services including inpatient, outpatient, day surgery and minimally invasive procedures. Types of surgeries typically provided include:

- General Surgery
- Ear-Nose-Throat
- Endoscopy/Laparoscopy
- Gynecological
- Orthopedic
- Ophthalmology
- Podiatry
- Thoracic Surgery
- Urology

The Hospital provides a variety of specialty services in Audiology, Cardiology, Pulmonary, Dermatology, Neurology, Oncology, Ophthalmology, Orthopedics and Sports Medicine, Otolaryngology, Podiatry and Urology. Speech therapy services are also available to individuals who experience difficulties with their speech, language, cognitive-linguistic or swallowing abilities. Dietician/nutrition evaluations and teaching for individual diet needs as well as outpatient infusion and injections are also available at the Hospital.

Service Area: Community Memorial Hospital's current service area consists primarily of southern Macoupin County and the very northern part of Madison County which includes the towns of Staunton, Benld, Sawyerville, Gillespie, Livingston, Bunker Hill, Mount Olive, New Douglas, Alhambra, Hamel and Worden. The Hospital had over 28,000 patient visits during the last fiscal year.

Rationale: Community Memorial Hospital's medical staff consists of eight physicians offering general surgery, family practice, internal medicine and pediatrics. The Hospital is in critical need of additional space within its facility to expand and further enhance its services and thus will obtain the area by relocating these physicians to the new facility which will be equipped with all of the amenities customarily associated with state-of-the-art medical practice facilities. Macoupin County is classified as a medically underserved area and management hopes that building a new medical office building will help in recruiting additional physicians to improve the availability of medical care for Staunton and the surrounding area.

Ground-breaking for the new medical office building has recently taken place and construction should begin soon.

PROJECT SUMMARY

Bond proceeds will be used to finance:

(i) construction of a 5,500 square foot medical office building that will provide space to house Hospital physicians who are currently located in space within the Hospital and who are committed to transition to the new offices
(ii) acquisition of equipment for use therein and
(iii) legal and professional issuance costs associated with the bond issuance.

Estimated project costs are as follows:

Building construction, site work & renovation	$1,040,000
Building Fixtures/Equipment	15,000
Architectural/Engineering	100,000
Total Project Costs	**$1,155,000**

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Community Memorial Hospital 400 Cladwell Staunton, Illinois 62088; Ph: (618) 635-4242		
Contact:	Donald Brunnworth, Chief Financial Officer		
Project name:	Community Family Practice Clinic		
Location:	325 N. Cladwell Staunton, Illinois (Macoupin County)		
Borrower:	Community Memorial Hospital		
Organization:	Illinois 501 (c) (3) Corporation		
Board of Directors:	Hulda Black	Wayne Brooke	Mike Cox
	Bernice Henke	Don Kasubke	Larry Lux
	Nicolas Pineda, M.D.	Saracco Eddy	Larry Ziglar

PROFESSIONAL & FINANCIAL

General Counsel:	To be determined		
Accountant:	Kerber, Eck & Braeckel	St. Louis, MO	
Bond Counsel:	To be determined		
Bond Purchaser:	First National Bank in Staunton	Staunton, Illinois	Brian Ury
IFA Counsel:	Requested		
IFA Financial Advisors:	Scott Balice Strategies, LLC	Chicago, IL	Lois Scott

LEGISLATIVE DISTRICTS

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

CONDUIT

December 8, 2009

$10,000,000

SAINT ANTHONY'S HEALTH SYSTEM

REQUEST	**Purpose**: Proceeds will be used by Saint Anthony's Health Center, an Illinois not-for-profit corporation (the "Borrower"), to fund capital expenditures and other improvements for the health care facilities of the Borrower including, but not limited to, certain radiology, hospital and other medical and non-medical equipment, information systems hardware and software, and various hospital building renovations and improvements. **Program**: Conduit 501(c)(3) Revenue Bonds **Extraordinary Conditions**: None.
BOARD ACTIONS	Preliminary Bond Resolution
MATERIAL CHANGES	None
JOB DATA	809 Current jobs — 0 New jobs projected 809 Retained jobs — 0 Construction jobs projected
DESCRIPTION	● Location: Alton ● Saint Anthony's Health Center is a two-campus, 200-bed acute care facility located in Alton, Illinois. Comprised of Saint Anthony's Hospital and Saint Clare's Hospital, the organization offers the latest in technology and state-of-the-art medicine administered with care and skill. ● Both the Health System and Saint Anthony's are operated by the Sisters of Saint Francis of the Martyr Saint George, some of who are employees of Saint Anthony's. The Sisters is a worldwide congregation based in Germany with its American headquarters in Alton, Illinois.
CREDIT	● The plan of finance contemplates the issuance of (i) fixed rate bonds, and / or (ii) bonds with an interest rate that will be adjusted every three years based on a pre-determined calculation involving the 3-year interest rate swap rate as published by the Federal Reserve Board.
SECURITY	● The Bonds will be secured a first priority security interest in capital equipment being financed with bond proceeds and notes of Saint Anthony's Health Center under a Master Trust Indenture.
INDICATORS	● Non-rated
MATURITY	● No later than 2020

SOURCES AND USES

IFA Bonds	$10,000,000	Project Costs	$10,000,000
Equity	$,000	Cost of Issuance	$,000
Total	**$10,000,000**	Total	**$10,000,000**

Recommendation	Credit Committee recommends approval.

12/4/2009 10:16 AM

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 8, 2009

Project: Saint Anthony's Health Center

STATISTICS

Project Number: H-HO-TE-CD-8303
Type: 501(c)(3) Bonds
County/Region: Madison

Amount: $10,000,000 (Not-to-Exceed)
IFA Staff: Pam Lenane & Bill Claus
City: Alton

BOARD ACTION

Preliminary Bond Resolution
No IFA Funds contributed
Conduit 501(c)(3) bonds

No extraordinary conditions
Credit Committee recommends approval.

VOTING RECORD

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

PURPOSE

Proceeds will be used by Saint Anthony's Health Center, an Illinois not-for-profit corporation (the "Borrower"), to fund capital expenditures and other improvements for the health care facilities of the Borrower including, but not limited to, certain radiology, hospital and other medical and non-medical equipment, information systems hardware and software, and various hospital building renovations and improvements.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment: 809
Jobs retained: 809

Jobs created by project: 0
Construction jobs created by project: 0

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bond proceeds	$10,000,000	Uses:	Project Costs	$10,000,000
	Total	$10,000,000		Total	$10,000,000

FINANCING SUMMARY/STRUCTURE

Security: The Bonds will be secured a first priority security interest in capital equipment being financed with bond proceeds and notes of Saint Anthony's Health Center under a Master Trust Indenture.

Structure: The plan of finance contemplates the issuance of two $5 million private placements (i.e. direct purchases) with GE Government Finance, Inc, and another lender to be determined.

Interest Rate: To be determined three days before closing

Interest Mode:	The plan of finance contemplates the issuance of (i) fixed rate bonds, and / or (ii) bonds with an interest rate that will be adjusted every three years based on a pre-determined calculation involving the 3-year interest rate swap rate as published by the Federal Reserve Board.
Credit Enhancement:	None.
Maturity:	Not later than 2020
Rating:	The Series 2010 Bonds will not be rated.
Est. Closing Date:	January 2010

PROJECT SUMMARY

CON Status: Not required

Summary Description:

The project will include:

- Renovate patient rooms to create a private room environment;
- Apply some finish work to ED and replace some ED equipment;
- Extend the MRI and CT for the next 5 years;
- Upgrade the laboratory information system;
- Move the Health Center to a digital PACS environment for radiology only;
- Move the Health Center to digital mammography;
- To provide other various equipment replacement.

BUSINESS SUMMARY

Background: Saint Anthony's Health Center ("Saint Anthony's") is an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Saint Anthony's operates a 200-bed, dual campus, acute care facility located in Alton, Illinois. It was incorporated in 1925 under the laws of Illinois. The sole member of Saint Anthony's is Saint Anthony's Health System, an Illinois not-for-profit corporation. Both the Health System and Saint Anthony's are operated by the Sisters of Saint Francis of the Martyr Saint George, some of who are employees of Saint Anthony's. The Sisters is a worldwide congregation based in Germany with its American headquarters in Alton, Illinois.

Description: Saint Anthony's Health Center is a two-campus, 200-bed acute care facility located in Alton, Illinois. Comprised of Saint Anthony's Hospital and Saint Clare's Hospital, the organization offers the latest in technology and state-of-the-art medicine administered with care and skill.

Services based at Saint Anthony's Hospital, located on Saint Anthony's Way, include: Emergency, Obstetrics, Surgery, Cardiology, a Gastrointestinal Diagnostic Center, other diagnostic services and medical care. The Saint Clare's Hospital campus at 915 East Fifth Street features: Cancer Treatment, Adult Day Services, outpatient and inpatient Rehabilitative Services, and Extended Care Services. Saint Clare's Villa, a supportive living facility for seniors, is also located on the Saint Clare's campus.

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

In addition to these inpatient and outpatient services, the Health Center offers a multitude of community outreach programs. The Home Health Care staff serves patients in a five-county region with home health, hospice and Lifeline services. Although inpatient admissions have declined, the Health Center's outpatient business is increasing.

Utilization Stats:

	2006	**2007**	**2008**	**October 2008 YTD**	**October 2009 YTD**
Average Beds in Operation	146	146	146	146	146
Discharges	5,894	5,369	5,127	4,294	4,118
Average Length of Stay	5.81	5.85	5.91	5.98	5.49
Patient Days	34,269	31,830	30,291	25,675	22,603
Percentage Occupancy	64.80	59.73	56.69	57.66	50.93
Emergency Room Visits	21,743	22,248	23,867	20,196	20,376
Home Health Visits	20,648	21,234	20,682	16,640	17,842
Total Outpatient Visits	89,495	96,776	101,735	85,534	89,840

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Saint Anthony's Health Center
Project Location: #1 Saint Anthony's Way
Alton, IL 62002
Borrower: Saint Anthony's Health Center
Saint Anthony's Health Center Board Members:

Daniel V. Beiser
Sr. M. Anselma Belongea
Dr. Edward B. Blair, Jr.
Dale T. Chapman
Mother M. Regina Pacis Coury
William R. Haine
Sr. M. Kateri Hawley
A. Jesse Hopkins
James M. Hudson
E.J. J. Kuiper
Dr. Salvador LoBianco
Dwight A. Werts
Sheila A. Mayer
Sr. M. Mikela Meidl
Thomas M. Moore
Sr. M. Angelica Neumann
Donald W. Norton
Dr. Larry D. Reed
Jane Saale
Herman L. Seedorf
Joan L. Sheppard
Jim Shrader
Mark F. Weber
Dr. Steven P. Zenker

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Thompson Coburn LLP	St. Louis, MO	Deborah K. Rush
Accountant:	BKD LLP	St. Louis, MO	
Bond Counsel:	Jones Day	Chicago, IL	Mike Mitchell
Underwriter:	GE Government Finance, Inc.	Eden Prairie, MN	Bill Reveille
Underwriter's Counsel:	Kutak Rock	Omaha, NE	Brad Nielsen
Issuer's (IFA) Counsel:	K&L Gates	Chicago, IL	Lawrence Epply
Escrow & Paying Agent:	Wells Fargo Bank, N.A.	Chicago, IL	Patricia Martirano

LEGISLATIVE DISTRICTS

Congressional: 12th District State Senate: 56th District State House: 111th District

SERVICE AREA

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

Inpatient Case Origins

Primary Service Area Originations*

	Inpatients	% of Total
62002 - Alton	1,619	32.2%
62035 - Godfrey	654	13.0%
62095 - Wood River	435	8.6%
62024 - E. Alton	406	8.1%
62010 - Bethalto	300	6.0%
62012 - Brighton	255	5.0%
62052 - Jerseyville	237	4.7%
62018 - Cottage Hills	187	3.7%
62014 - Bunker Hill	80	1.6%
62025 - South Roxana	79	1.6%
Top 10 Subtotal	4,252	84.4%
Total	5,034	100.0%

* Source: Hospital Industry Data Institute, January, 2009

Secondary Service Area Originations*

	Inpatients	% of Total
62014 - Bunker Hill	59	1.2%
62048 - Hartford	53	1.1%
62067 - Moro	46	0.9%
62084 - Roxana	43	0.9%
62016 - Carrollton	42	0.8%
62037 - Grafton	36	0.7%
62047 - Hardin	35	0.7%
62040 - Granite City	34	0.6%
62063 - Medora	33	0.6%
62686 - Shipman	33	0.6%
Top 10 Subtotal	414	8.1%
Total	5,034	100.0%

* Source: Hospital Industry Data Institute, January, 2009

CONDUIT

$140,000,000

December 8, 2009 **SWEDISH COVENANT HOSPITAL**

REQUEST	**Purpose**: Proceed will be used to 1) to refund all or a portion of the outstanding Series 2003A, 2003B, and 2008B Variable Rate Demand Bonds, 2) to establish a debt service reserve fund; 3) to pay Cost of Issuance of the Bonds; and 4) fund future hospital renovation and equipment purchases. **Program**: Conduit 501(c)(3) Revenue Bonds **Extraordinary Conditions**: None.
BOARD ACTIONS	Preliminary Bond Resolution This is the first time this project has been brought before the Board.
MATERIAL CHANGES	None
JOB DATA	1,704 FTE's Current jobs N/A New jobs projected 1,704 FTE's Retained jobs N/A Construction jobs projected
DESCRIPTION	• Location (Cook County) • Swedish Covenant Hospital (the "Hospital") is an Illinois not for profit corporation which operates an acute care, community and teaching hospital on the northwest side of Chicago. The Hospital was founded in 1886 by The Evangelical Covenant Church (the "Church") and was known as the Swedish Home of Mercy. The Hospital is licensed by the State of Illinois for 323 beds, of which 317 were in service as of October 31, 2009. The Hospital has received a determination letter from the Internal Revenue Service ("IRS") that it is exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986 (the "Code") as an organization described in Section 501(c)(3) of the Internal Revenue Code. • The Hospital offers a wide range of inpatient and outpatient diagnostic and therapeutic services and related ancillary services. The Hospital's inpatient services include all major categories of medicine and surgery. The outpatient programs and services provide a continuum of care for patients in the Hospital's service area. The Hospital operates several satellite primary care facilities in various sections of its service area.
CREDIT	• Fixed Rate Bonds
SECURITY	• The Bonds are expected to be secured by an Obligation of Swedish Covenant Hospital under a Master Trust Indenture. Collateral is expected to include a Mortgage and/or unrestricted receivables
INDICATORS	• BBB+ (S&P) and A- (Fitch)
MATURITY	• No later than ----

SOURCES AND USES

IFA Bonds	$138,936,360	Project Fund	$35,000,000
		Series 2003A Refunding	$19,550,000
		Series 2003B Refunding	$26,100,000
		Series 2008B Refunding	$42,500,000
		Debt Service Reserve	$12,945,500
		Cost of Issuance	$2,840,100
		Other	$760
Total	**$138,936,360**	Total	**$138,936,360**

Recommendation Credit Committee recommends approval.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2009

Project: Swedish Covenant Hospital

STATISTICS

Project Number:H-HO-TE-CD-8305
Type: 501(c)(3) Bonds
County/Region: Cook/Northeast

Amount: $140,000,000 (Not-to-Exceed)
IFA Staff: Pam Lenane and Shannon Govia
City: Chicago

BOARD ACTION

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

Staff recommends approval.
No extraordinary conditions

VOTING RECORD

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

PURPOSE

Proceed will be used to 1) to refund all or a portion of the outstanding Series 2003A, 2003B, and 2008B Variable Rate Demand Bonds, 2) to establish a debt service reserve fund; 3) to pay Cost of Issuance of the Bonds; and 4) fund future hospital renovation and equipment purchases.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment: 1,704 FTE's
Jobs retained: 1,704 FTE's

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

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA bonds	$138,936,360	Uses:	Project Fund	$35,000,000
				Series 2003A Refunding	$19,550,000
				Series 2003B Refunding	$26,100,000
				Series 2008B Refunding	$42,500,000
				Debt Service Reserve	$12,945,000
				Cost of Issuance	$2,840,000
				Other	$760
	Total	$138,936,360		Total	$138,936,360

FINANCING SUMMARY/STRUCTURE

Security:	The Bonds are expected to be secured by an Obligation of Swedish Covenant Hospital under a Master Trust Indenture. Collateral is expected to include a Mortgage and/or unrestricted receivables
Interest Rate:	To be determined the day of pricing depending on market conditions. The fixed rate portion of the refunding is estimated to be in the 6.3% to 6.5% range.
Interest Mode:	Fixed Rate Bonds
Credit Enhancement:	None
Credit Rating:	BBB+ (S&P) and A- (Fitch)
Maturity:	2039
Estimated Closing Date:	January 2010

PROJECT SUMMARY

Bond proceeds will be used for refunding existing debt. Swedish Covenant Hospital will borrow additional monies up to $35.0 million to fund future capital renovation projects and purchase of medical equipment and information technology.

Project Rationale:	Refunding necessary to replace expiring letters of credit.
Timing:	February 4, 2010

BUSINESS SUMMARY

Description of Business: Swedish Covenant Hospital (the "Hospital") is an Illinois not for profit corporation which operates an acute care, community and teaching hospital on the northwest side of Chicago. The Hospital was founded in 1886 by The Evangelical Covenant Church (the "Church") and was known as the Swedish Home of Mercy. The Hospital is licensed by the State of Illinois for 323 beds, of which 317 were in service as of October 31, 2009. The Hospital has received a determination letter from the Internal Revenue Service ("IRS") that it is exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986 (the "Code") as an organization described in Section 501(c)(3) of the Internal Revenue Code.

The Hospital offers a wide range of inpatient and outpatient diagnostic and therapeutic services and related ancillary services. The Hospital's inpatient services include all major categories of medicine and surgery. The outpatient programs and services provide a continuum of care for patients in the Hospital's service area. The Hospital operates several satellite primary care facilities in various sections of its service area.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Swedish Covenant Hospital
Project Location: 5145 N. California Avenue, Chicago, Illinois 60625
Borrower: Swedish Covenant Hospital
Ownership/Board Members (501c3):

BOARD OF DIRECTORS	**EX-OFFICIO**
ADAIR, Charles L.	ANDERSON, Lawrence P.

PROFESSIONAL & FINANCIAL

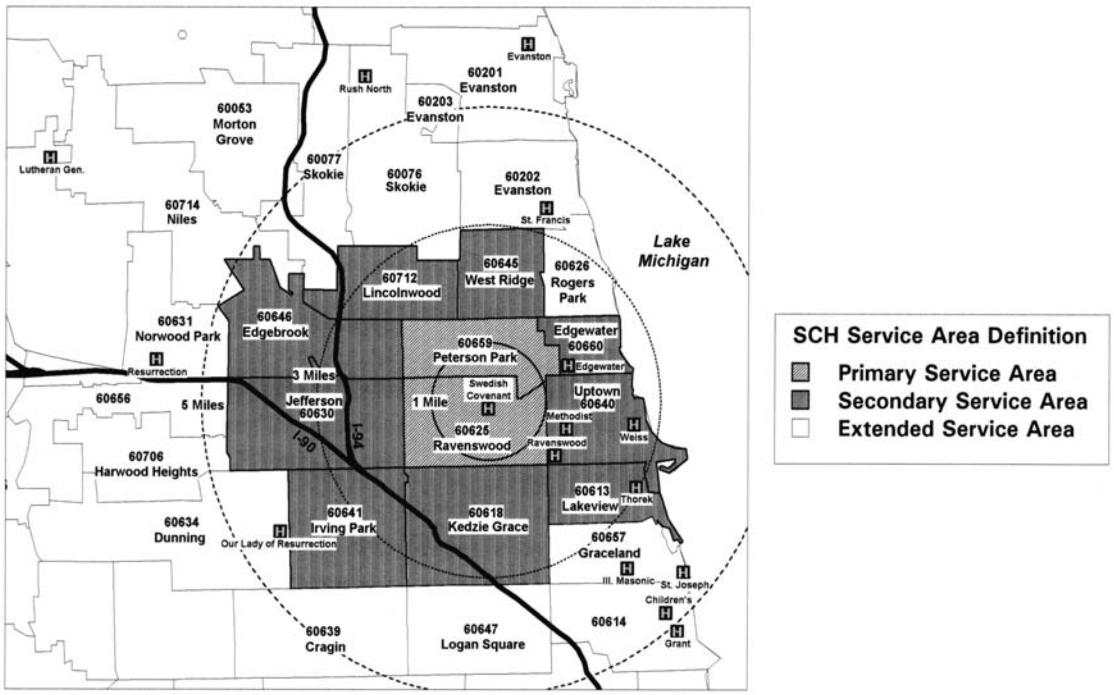
Borrower's Counsel:	Katten Muchin Roseman, LLP	Chicago	Janet Hoffman
Accountant:	Deloitte & Touche, LLC	Chicago	Andy Van Houtte
Bond Counsel:	Jones Day	Chicago	Rich Tomei
Credit Enhancer:	TBD	Chicago	N/A
Financial Advisor	Ponder & Co.	Chicago	Jennifer Dunn
Bank Counsel:	TBD	Chicago	N/A
Bond Underwriter:	Merrill Lynch	Chicago	Ken Vallrugo
	Ziegler Capital	Chicago	Don Carlson
Underwriter's Counsel:	Foley & Lardner	Chicago	Heidi Jeffery
Issuer's Counsel:	Burke, Burns & Pinelli	Chicago	Mary Ann Murray
IFA Advisors:	Scott Balice Strategies	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

Congressional:	5th Mike Quigley
State Senate:	7th Heather Steans; 8th Ira I. Silverstein
State House:	13th Greg Harris; 15th John D'Amico

SERVICE AREA

Swedish Covenant Hospital Service Area



CONDUIT

December 8, 2009

$24,000,000
ILLINOIS VALLEY COMMUNITY HOSPITAL

REQUEST	**Purpose**: 2009 Bonds will be used to provide: (i) funding for capital projects, (ii) the refinance of an existing bank loan and (iii) funding for bond issuance costs and other delivery date expenses associated with the transaction. **Project Description**: The project includes a 29,320 sq. ft. replacement and renovation of both clinical and non-clinical space. Specifically, IVCH is proposing to replace its Obstetric and Intensive Care Units. **Program**: Variable Rate Demand Bonds Backed by a Bank Letter of Credit (Harris Bank NA) **Extraordinary Conditions**: None.
BOARD ACTIONS	Final Bond Resolution Voting Record: Voting Record from Preliminary Bond Resolution approved November 10, 2009: 9 Ayes, 0 Nays, 0 Abstentions, Absent 1 (Rivera), 4 Vacancies
MATERIAL CHANGES	None
JOB DATA	615 Current jobs — 3 Jobs created from Project 615 Retained jobs — 200 Construction Jobs created by Project
DESCRIPTION	● Location (Peru / La Salle / North Region) ● Illinois Valley Community Hospital (IVCH) is a 71-bed hospital that provides a wide range of inpatient, outpatient and emergency services. IVCH's portfolio of healthcare services includes all the standard services expected of a hospital including General Surgery, Emergency Medicine, and Radiology. ● IVCH differentiates itself from other community hospitals by housing physicians encompassing more than 30 specialties. Emergency medical services are offered 24 hours a day.
CREDIT INDICATORS	● Variable Rate Debt ● Bonds will be issued based on the underlying credit of Harris Bank NA ● Bonds will Mature no later than 2035

Sources and Uses

Sources		Uses	
IFA Bonds	$24,000,000	Project Cost	$14,221,012
		Refinancing:	$9,000,457
		Letter of Credit Fees:	$445,916
		Costs of Issuance / UD	$332,615
Total	**$24,000,000**	**Total**	**$24,000,000**

Recommendation: Credit Committee recommends approval.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 8, 2009

Project: Illinois Valley Community Hospital

STATISTICS

Project Number: H-HO-TE-CD-8296	Amount: $24,000,000 (Not-to-Exceed)
Type: 501(c)3 Bonds	IFA Staff: Pam Lenane & Shannon Govia
County/Region: LaSalle County / Northern	City: Peru

BOARD ACTION

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

VOTING RECORD

Voting Record: Voting Record from Preliminary Bond Resolution approved November 10, 2009:
9 Ayes, 0 Nays, 0 Abstentions, Absent 1 (Rivera), 4 Vacancies

PURPOSE

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

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

N/A

JOBS

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bond proceeds	$24,000,000	Uses:	Project Costs	$14,221,012
				Refinancing	9,000,457
				Letter of Credit Fees	445,916
				Costs of Issuance / UD	332,615
	Total	$24,000,000		**Total**	$24,000,000

FINANCING SUMMARY/STRUCTURE

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

PROJECT SUMMARY

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

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

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

Non-Clinical Additions and Renovations

Highlights of the nonclinical aspects of the project are:

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

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

Clinical Additions and Renovations

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

Highlights of the clinical aspects of the project are:

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

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

A vast majority of the proposed project is newly constructed square footage, essentially replacing and/or expanding the current dilapidated or obsolete departments. As expected given the number of births taking place at IVCH, the largest area of expansion in the proposed project is in the Labor-Deliver-Recovery Suite and the Newborn Nurseries.

CON Status: Approval expect in December 2009 or January 2010

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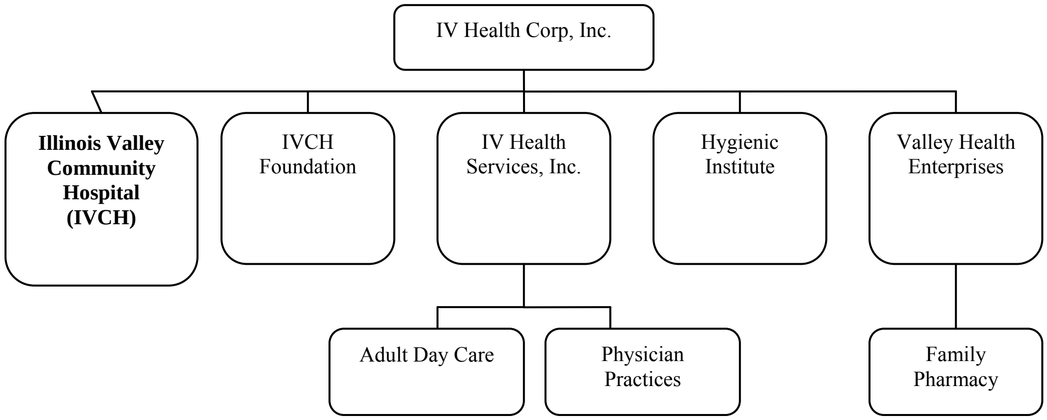
BUSINESS SUMMARY

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

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

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

Therefore, the board members are strongly committed to the long-term success of the Hospital. A list of the board members is in the table below.



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

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant:	Illinois Valley Community Hospital
Project Location:	925 West Street Peru, IL 61354
Borrower:	Illinois Valley Community Hospital

Board Members (501(c)(3))

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

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Herbolsheimer Law Office	LaSalle, IL	Doug Gift
Bond Counsel:	Jones Day	Chicago, IL	Michael Mitchell
Bond Underwriter:	Lancaster Pollard & Co.	Columbus, OH	Steve Kennedy
Underwriter's Counsel:	Peck Shaffer	Chicago, IL	Thomas Smith
Issuer's (IFA) Counsel:	Miller Canfield	Chicago, IL	Paul Durbin
Issuer's (IFA) Advisors:	Scott Balice Strategies	Chicago, IL	Lois Scott
LOC Bank:	Harris Bank	Chicago, IL	Stan Rosendahl
LOC Bank Counsel:	Chapman & Cutler LLP	Chicago, IL	Carol Thompson

LEGISLATIVE DISTRICTS

Congressional:	11th Debbie Halvorson
State Senate:	38th Gary Dahl
State House:	76th Frank Mautino

SERVICE AREA

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

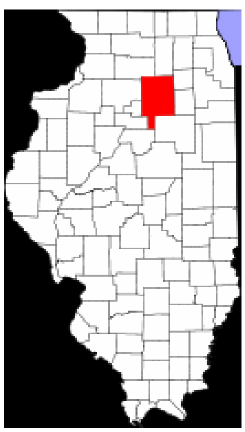
Inpatient Discharges by Zip*

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

* Internally provided as of 8/2009

Socio-Economic Profile of La Salle County

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



Employment by Industry La Salle County*

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

*Demographics Now (2008 Data)

The Illinois Valley encompasses the cities of LaSalle, Peru, Oglesby, Spring Valley, and a number of surrounding villages. The valley has a population of 38,491. To the right is a sampling of some of the larger employers in the Illinois Valley. In 2008, the major communities that comprise the Illinois Valley generated over $720MM in retail sales revenue, while the tri-county area encompassing the Illinois Valley generated nearly $1.5B in retail sales[1]. In addition to the employers listed to the above, the Illinois Valley has fourteen banks, six major automobile dealerships, five nursing homes, and over 100 civic, fraternal and social organizations. The Illinois Valley has both international and regional firms and does not rely on one employer as an economic anchor to the community.

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

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

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

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

Fedstats.gov - Revised August 2008

ILLINOIS FINANCE AUTHORITY

CONDUIT

December 8, 2009

$185,000,000
MEMORIAL HEALTH SYSTEM

REQUEST

Purpose: to provide funds to Memorial Health System, Memorial Medical Center, Taylorville Memorial Hospital and The Abraham Lincoln Memorial Hospital (collectively, the "Borrowers"), each an Illinois not for profit corporation, together with certain funds of the Borrowers, necessary to (i) pay or reimburse, or refinance certain indebtedness the proceeds of which were used to pay or reimburse, the costs of acquiring, constructing, renovating, remodeling and equipping certain of the Borrowers' health care facilities, (ii) cash defease and/or currently refund all or a portion of the outstanding principal amount of the $48,460,000 Illinois Health Facilities Authority Revenue Bonds, Series 1997 (Memorial Health System) (the "Series 1997 Bonds"), (iii) fund a debt service reserve fund, if deemed necessary or advisable, (iv) pay a portion of the interest on the Bonds, if deemed necessary or advisable, (v) provide working capital, if deemed necessary or advisable, and (vi) pay certain expenses incurred in connection with the issuance of the Bonds, including but not limited to the costs of cash defeasing and/or refunding the Series 1997 Bonds.

Project Description: Capital expenditures for the Borrowers, including but not limited to: (i) 116,323 sq/ft replacement hospital facility for Abraham Lincoln Memorial Hospital ("ALMH"), (ii) 32,693 sq/ft outpatient addition for The Taylorville Memorial Hospital ("TMH"), (iii) replacement of a 336 car parking garage with a 500 car garage at Memorial Medical Center ("MMC") and (iv) various other capital projects at MMC including operating room expansion, medical/surgery expansion, and renovation of outpatient imaging services.

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

Extraordinary Conditions: None.

BOARD ACTIONS

Final Bond Resolution

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

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MATERIAL CHANGES

None

JOB DATA

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

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DESCRIPTION

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

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CREDIT INDICATORS

- Fixed Rate Debt
- Bonds will be issued based on the underlying credit of Memorial Health System "A1" Moody (S&P rating to come)
- Bonds will Mature no later than 2040

Sources and Uses

IFA Bonds	$185,000,000	Project Cost	$136,400,000
		Refinancing:	30,000,000
		Debt Service Reserve Fund:	16,500,000
		Costs of Issuance:	2,100,000
Total	**$185,000,000**	Total	**$185,000,000**

Recommendation

Credit Committee recommends approval

12/3/2009 11:37 AM

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 8, 2009

Project: Memorial Health System

STATISTICS

Project Number:	H-HO-TE-CD-8276	Amount:	$185,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane & Bill Claus
County/Region:	Sangamon County / Central Christian County / Central Logan County / Central	Cities:	Springfield, Taylorville and Lincoln

BOARD ACTION

Final Bond Resolution
No IFA Funds contributed
Conduit 501(c)(3) bonds

No extraordinary conditions
Credit Committee recommends approval

VOTING RECORD

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

PURPOSE

Proceeds, together with certain funds of the Borrowers, will be used by the Borrowers to (i) pay or reimburse, or refinance certain indebtedness the proceeds of which were used to pay or reimburse, the costs of acquiring, constructing, renovating, remodeling and equipping certain of the Borrowers' health care facilities, (ii) cash defease and/or currently refund all or a portion of the Series 1997 Bonds, (iii) fund a debt service reserve fund, if deemed necessary or advisable, (iv) pay a portion of the interest on the Bonds, if deemed necessary or advisable, (v) provide working capital, if deemed necessary or advisable and (vi) pay certain expenses incurred in connection with the issuance of the Bonds, including but not limited to the costs of cash defeasing and/or refunding the Series 1997 Bonds.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA bond proceeds	$185,000,000	Uses:	Project Costs	$136,400,000
				Refinancing	30,000,000
				Debt Service Reserve Fund	16,500,000
				Costs of Issuance	2,100,000
	Total	$185,000,000		Total	$185,000,000

FINANCING SUMMARY/STRUCTURE

Security:	To evidence the loans by the Authority to the System and the Medical Center (together with the System the "Obligated Group") of a portion of the proceeds of the Series 2009 Bonds, the System and the Medical Center will each issue and deliver to the Authority a Direct Note Obligation under a Master Trust Indenture. To guaranty the loans by the Authority to Taylorville Memorial Hospital and The Abraham Lincoln Memorial Hospital of a portion of the proceeds of the Series 2009 Bonds, the System will issue and deliver to the Authority two Guaranty Obligations. The Direct Note Obligations & Guaranty Obligations are general unsecured obligations of the Obligated Group.
Structure:	The plan of finance contemplates the issuance of fixed rate debt. The fixed rate bonds will carry the rating of Memorial Health System which is "A1"Moody's (S&P rating expected late November)
Interest Rate:	To be determined the day of pricing.
Interest Mode:	The plan of finance contemplates the issuance of Fixed Rate Bonds.
Credit Enhancement:	None. (The bonds will carry the credit rating of Memorial Health System.)
Maturity:	Not later than 2040
Rating:	"A1" Moody's (S&P rating expected late November)
Est. Closing Date:	December 2009

PROJECT SUMMARY

The bond financing, together with funds of the Borrowers, will be used to cash defease and/or currently refund all or a portion of the Series 1997 Bonds and toward capital expenditures for the health care facilities of the Borrower or its affiliates, including but not limited to the ALMH replacement facility (Lincoln, IL), TMH expansion (Taylorville, IL), MMC imaging facility renovations (Springfield, IL), MMC operating room expansion, MMC medical/surgical expansion and MMC parking garage replacement (collectively, the "Project") being constructed for Memorial Health System ("MHS").

A Certificate of Need (CON) for the outpatient services center on the Taylorville Memorial Hospital campus was approved by the state of Illinois on September 1, 2009. This 32,693 sq. ft. addition will house the emergency department, surgery center, and the radiology center for Taylorville Memorial Hospital. The $21,000,479 project cost includes radiology and surgery equipment of $5,300,000. This project timeline will begin construction in the fall of 2009, and be ready for occupancy early in 2011.

A CON was approved by the Illinois Health Facilities Planning Board on January 27, 2009 for a replacement hospital facility for The Abraham Lincoln Memorial Hospital in Lincoln encompassing 116,323 square feet at a cost of $49,958,815. Construction began in July 2009 and will be completed in January 2011.

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

Further projects on the MMC campus include remodeling and conversion of the existing office and diagnostic testing into a new 22-bed, all private medical surgical unit at an estimated cost of $5,700,000. Completion is expected in late 2009. In addition, an existing 336-car parking garage will be demolished and replaced with a new 500-car parking garage at an estimated cost of $13,179,458 in late 2010. An operating room expansion project is also underway which will include two additional operating rooms, recovery bays, and support space within the existing inpatient operating room suite. This project will be completed in early 2010 and will cost approximately $7,903,000.

The project costs are allocated between the three campuses as following:

1. Lincoln = $42 million
2. Taylorville = $18 million
3. Springfield = $75 million

BUSINESS SUMMARY

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

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

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

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant:	Memorial Health System
Project Location:	701 N 1st Street Springfield, IL 62781
Borrower:	Memorial Health System

Board Members (501(c)3)

Mark H. Ferguson (CHAIR)	Joseph M. Hurwitz (1st VICE CHAIR)
James P. Bruner (2nd VICE CHAIR)	Carol A. Hansen Posegate (SECRETARY)
John D. Blackburn (TREASURER)	Dwight H. O'Keefe III (IMMEDIATE PAST CHAIR)
Clifton R. Baxter	Edgar J. Curtis
J. Kevin Dorsey, M.D., Ph.D	William R. Enlow
Randall S. Germeraad	Nina M. Harris
Louis G. Lower II	M.G. Nelson
Howard A. Peters III	Diane K. Rutledge, Ph.D.
Martha S. Sumner	

PROFESSIONAL & FINANCIAL

Borrowers' Counsel:	Sorling, Northrup, Hanna, Cullen & Cochran, Ltd	Springfield, IL	James Broadway
Accountant:	Ernst & Young LLP	St. Louis, MO	Randy Koning
Bond Counsel:	Jones Day	Chicago, IL	Dan Bacastow
Bond Underwriter:	Piper Jaffray	Chicago, IL	Nessy Shems
	Morgan Stanley	Chicago, IL	Jerry Berg
Borrowers' Advisor:	Ponder & Co.	Valparaiso, IN	Mike Tym

Underwriter's Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Renee M. Friedman
Issuer's (IFA) Counsel:	Hart, Southworth & Witsman	Springfield, IL	Samuel Witsman
Issuer's (IFA) Advisor:	Scott Balice Strategies, Inc.	Chicago, IL	Lois Scott

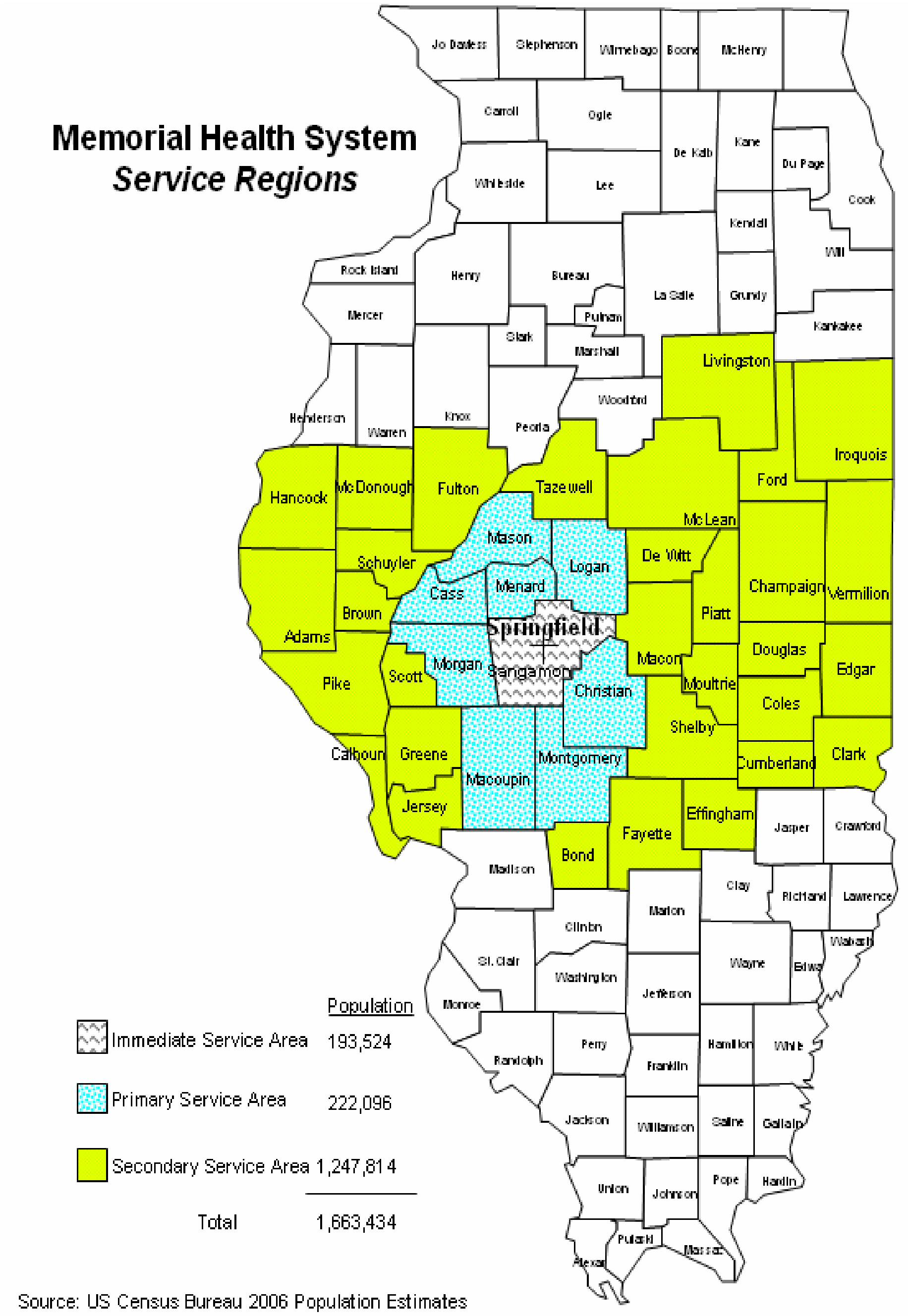
LEGISLATIVE DISTRICTS

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

SERVICE AREA

The System has a wide service area, drawing patients from a 40 county area in the entire central portion of Illinois. The primary service area, which includes Sangamon County and eight other surrounding counties, accounts for 87.8% of the System's inpatient discharges. Sangamon County, the immediate service area for MMC, accounts for 48.6% of the System's inpatient discharges. The System's secondary service area includes 31 counties spanning the middle of the State and accounts for 9.9% of the System's inpatient discharges. The other 2.3% come from other locations in Illinois and from surrounding states. The System's overall service area has remained constant over the past five years. The map and table depict the primary & secondary service areas and trends in inpatient origins.

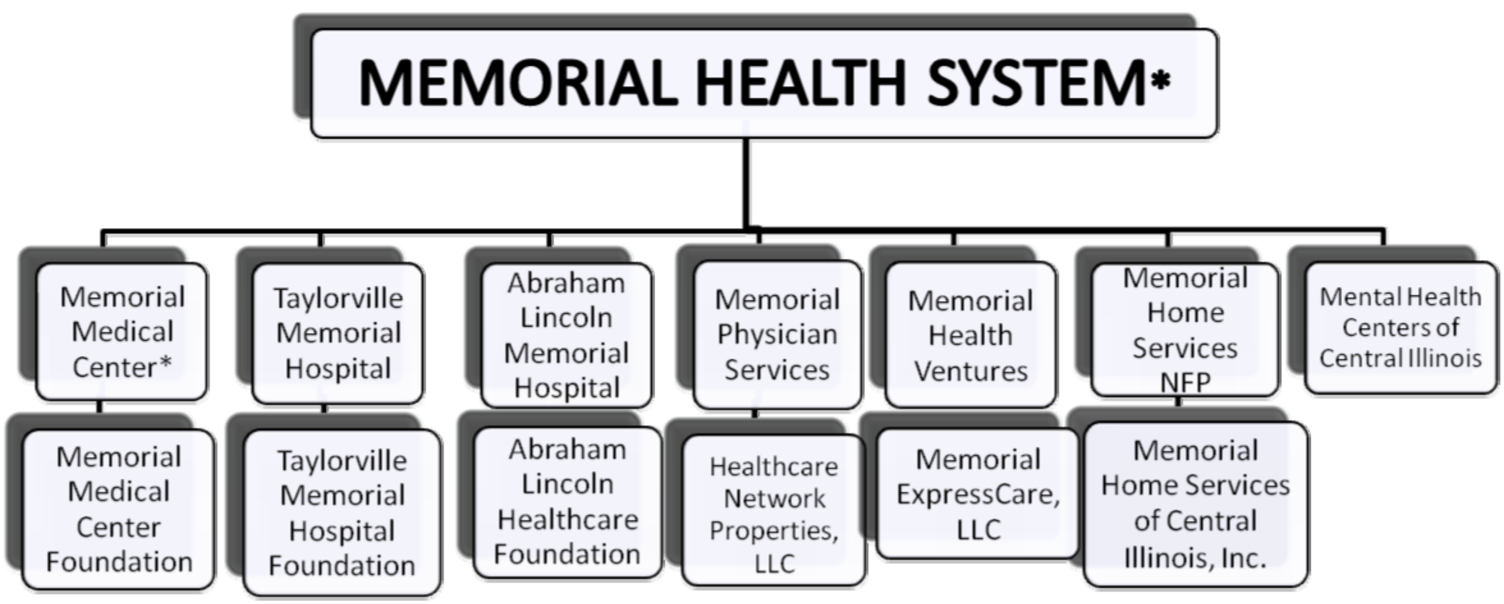
MHS Primary and Secondary Markets (Map)



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

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

Source: Illinois Hospital Association/COMPdata



* Obligated Group

CONDUIT

December 8, 2009

$30,000,000
REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME, D/B/A PROVIDENCE LIFE SERVICES

REQUEST

Purpose: Proceeds will be used to: (i) refund a majority of the Illinois Finance Authority Weekly Adjustable Rate Revenue Bonds, Series 2004B (Rest Haven Christian Services), and (ii) fund certain professional and bond issuance costs.

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

Extraordinary Conditions: None.

BOARD ACTIONS

Final Bond Resolution – One-time final due to market conditions

MATERIAL CHANGES

None

JOB DATA

1,433	Current jobs	0	New jobs projected
1,433	Retained jobs	0	Construction jobs projected

DESCRIPTION

● Location (Cook, Will, and DuPage Counties)

● Providence Life Services ("Providence") was founded in 1956 as an Illinois not-for-profit corporation to furnish health care and retirement living facilities for the proper care and treatment of the elderly.

● Providence has grown to be a leading senior living system in the United States and is currently ranked as the following in the AAHSA/Ziegler 100

- #29 by total senior living units,
- #36 by total independent living units,
- #32 by total assisted living units, and
- #33 by total nursing care beds.

● Providence Management and Development Company ("Providence Management") is the for-profit management, development and consulting affiliate of Providence.

CREDIT

● Bank Qualified Bank Purchase Bonds

SECURITY

● Secured by equipment, inventory, accounts, receivables, and a mortgage in favor of the Master Trustee

INDICATORS

● Providence Life Services is not rated

MATURITY

● No later than 2034

SOURCES AND USES

IFA Bonds	$30,000,000	Refunding Escrow	$29,412,000
		Cost of Issuance	$588,000
Total	**$30,000,000**	Total	**$30,000,000**

RECOMMENDATION

Credit Committee recommends approval.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 8, 2009

Project: Providence Life Services

STATISTICS

Project Number: H-SL-RE-TE-CD-8283
Type: 501(c)(3) Bonds
County/Region: Cook/Northeast

Amount: $30,000,000 (Not-to-Exceed)
IFA Staff: Pam Lenane and Bill Claus
City: Chicago

BOARD ACTION

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

Staff recommends approval
No extraordinary conditions

VOTING RECORD

This is the first time the project will be brought before the board.

PURPOSE

Proceeds will be used to: (i) refund a majority of the Illinois Finance Authority Weekly Adjustable Rate Revenue Bonds, Series 2004B (Rest Haven Christian Services), and (ii) fund certain professional and bond issuance costs.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment:	1,433	Projected new jobs:	0
Jobs retained:	1,433	Construction jobs:	0

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA bonds	$30,000,000	Uses:	Refunding Escrow	$29,412,000
	Trustee Held Funds				
	Equity Contribution*	_________		Issuance Costs*	$588,000
	Total	$30,000,000	Total		$30,000,000

*An equity contribution will be made to cover cost of issuance in excess of the 2% tax limit. There is no equity contribution assumed at this time.

FINANCING SUMMARY/STRUCTURE

Security: Secured by equipment, inventory, accounts, receivables, and a mortgage in favor of the Master Trustee

Structure: The Series 2009 Bonds will be purchased directly by MB Financial and TCF Bank and Providence Life Services has elected to utilize bank qualified status.

Interest Rate:	Fixed and Floating Rate mix will be determined based upon market rates
Interest Mode:	Bank Qualified
Rating:	Providence Life Services is not rated
Maturity:	2034 (maximum)
Estimated Closing Date:	December 22, 2009

PROJECT SUMMARY

Providence Life Services is issuing the Series 2009 Bonds in order to refund a majority of the Illinois Finance Authority Weekly Adjustable Rate Revenue Bonds, Series 2004B (Rest Haven Christian Services). Sovereign / Santander, the lead bank on the existing Letter of Credit supporting the 2004 bonds, has decided to withdraw from the senior living market. MB Financial and TCF Bank are currently participants in the existing Letter of Credit and have a desire to continue a relationship with Providence. The issuance of the bonds will significantly reduce the credit exposure for Sovereign / Santander while also allowing MB Financial and TCF Bank to continue their relationship with Providence.

BUSINESS SUMMARY

Providence Life Services, f/k/a Rest Haven Illiana Christian Convalescent Home is a 501(c)(3) corporation based in Tinley Park, Illinois (Will County) established in 1954 as an outgrowth of the Second Christian Reformed Church located in the Englewood community of Chicago.

Providence opened its first skilled nursing home in 1960. Providence offers a continuum of independent living, assisted living, skilled nursing, hospice, specialized care, and rehabilitation services at its various facilities.

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

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

- #29 by total senior living units,
- #36 by total independent living units,
- #32 by total assisted living units, and
- #33 by total nursing care beds.

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

Providence currently owns and manages 11 senior housing properties totaling approximately 1,700 units located in Suburban Chicago (Southern Cook County, Will County, and DuPage County), and Western Michigan (Grand Rapids and Zeeland). Providence also has two proposed senior projects under development located in Elmhurst (Park Place of Elmhurst) and Northwest Indiana (St. John). Several of these properties provide services to elderly residents who need assistance with one or more activities of daily living.

Providence's seven existing senior housing/senior care projects in Illinois include the following properties that collectively provide (1) 509 skilled nursing beds, (2) 182 assisted living beds, and (3) 463 independent living beds:

Project	**Illinois Location**	**Type of Project**	**Total Beds/Units**
Village Woods	Crete	Assisted Living (47 Units); Independent Living (100 Units); *Note: This structurally obsolete facility will be ultimately replaced by the new, affordable Oaks at Village Woods SLF facility.*	147
Providence Healthcare and Rehabilitation Center	Palos Heights	Skilled Nursing (193 beds)	193
Holland Home	South Holland	Assisted Living (55 Units); Independent Living (236 Units)	291
Providence Healthcare and Rehabilitation Center	South Holland	Skilled Nursing (171 beds)	171
Saratoga Grove	Downers Grove	Assisted Living (21 beds); Independent Living (75 Units)	96
Grand Victorian	Homer Glen	Independent Living (52 Beds)	52
Victorian Inn	Homer Glen	Assisted Living (59 Beds)	29

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Project name: Providence Life Services
Home Office: 18601 North Creek Drive, Suite A, Tinley Park, IL 60477

Applicant: Providence Life Services

Ownership (501(c)(3)): 501(c)(3) Not-for-Profit Corporation

State: Illinois

Board of Trustees:

Ms. Pat Bilthouse	Mr. Kenneth Mels	Mr. Sam Van Til
Ms. Janice DeBoer	Mr. Ron Porter	Mr. George Vande Werken
Mr. Arnold Koldenhoven	Mr. Kurt Nelson	Mr. Steven Vryhof
Ms. Cathy Larsen	Mr. Richard Van Hattem	Mr. Robert Workman
Mr. Don Mannes	Mr. Bill Van Kley	Mr. Van Zeilstra

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Timothy G. Lawler, Attorney at Law	Chicago	Tim Lawler
Accountant:	KPMG	Chicago	Daryl Buikema
Bond Counsel:	Jones Day	Chicago	John Bibby
Bank:	MB Financial	Chicago	Don De Graff
	TCF Bank		Luke Oosterhouse
Bank's Counsel:	TBD	Chicago	TBD
Master Trust Trustee:	Bank of New York Mellon	Chicago	Mietka Collins
Issuer's Counsel:	Perkins Coie LLP	Chicago	William Corbin
Issuer's Advisor:	Scott Balice Strategies	Chicago	Lois Scott

LEGISLATIVE DISTRICTS

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

SERVICE AREA

The following map shows the locations of Providence and its affiliates.

A DOWNERS GROVE, ILLINOIS

PROVIDENCE Healthcare (SNF)	630.969.2900
SARATOGA GROVE (IL | AL)	630.971.1995

B HOMER GLEN, ILLINOIS

PROVIDENCE at Home	708.301.3229
VICTORIAN VILLAGE (IL | AL)	708.301.0800

C PALOS HEIGHTS, ILLINOIS

PROVIDENCE Healthcare (SNF)	708.597.1000

D TINLEY PARK, ILLINOIS

PROVIDENCE LIFE SERVICES	708.342.8100
PROVIDENCE Research & Education Institute	708.342.8105

E SOUTH HOLLAND, ILLINOIS

HOLLAND HOME (IL | AL)	708.596.3050
PROVIDENCE Healthcare (SNF)	708.596.5500
PROVIDENCE at Home	708.331.2005
PROVIDENCE Hospice	708.331.0400

F CRETE, ILLINOIS

VILLAGE WOODS (IL | AL)	708.672.6111

G ST. JOHN, INDIANA

PROVIDENCE at Home	219.365.3229

H ZEELAND, MICHIGAN

PROVIDENCE Healthcare (SNF)	616.772.4641
ROYAL ATRIUM INN (AL)	616.772.1248
ROYAL PARK PLACE (IL)	616.772.2224
PROVIDENCE at Home	616.772.2935

I GRAND RAPIDS, MICHIGAN

EMERALD MEADOWS (AL)	616.954.2366

SNF | Skilled Nursing Facility
IL/AL | Independent / Assisted Living

PROVIDENCE LIFE SERVICES
PROVIDENCE LIFE SERVICES IS A CHRISTIAN 501(C)3 NOT-FOR-PROFIT ORGANIZATION

CONDUIT

December 8, 2009

$5,000,000
VILLA GUADALUPE SENIOR SERVICES CORPORATION

REQUEST	**Purpose**: Proceeds will be used to: 1) refund the existing Series 1990 Variable Rate Demand Bonds issued by the County of Cook, Illinois 2) fund future capital expenditures, and 3) pay for cost of issuance associated with the Series 2009 Bonds. **Program**: Conduit 501(c)(3) Revenue Bonds. **Extraordinary Conditions**: None.
BOARD ACTIONS	Final Bond Resolution Voting Record: Voting Record from Preliminary Bond Resolution approved October 14, 2009: 11 Ayes, 0 Nays, 0 Abstentions, Absent 1 (Verrett), 4 Vacancies.
MATERIAL CHANGES	None.
JOB DATA	9 Current jobs 0 New jobs projected 9 Retained jobs 0 Construction jobs projected
DESCRIPTION	● Location (Cook County). ● Villa Guadalupe is a 53 unit retirement apartment building located at 91st Street and Brandon on the southeast side of the City of Chicago. Villa Guadalupe has been serving the elderly needs of the community since 1979. Villa Guadalupe is affiliated with the Congregation of the Sons of the Immaculate Heart of Mary Eastern Province, Inc which is commonly known as the Claretians. ● The Claretians were established in 1849 and are comprised of Roman Catholic priests, brothers, deacons and students. The Claretians founded the National Shrine of St. Jude here in Chicago as well as parishes in Jamaica, Guatemala, and Mexico. ● In addition to their ministries, the Claretians are also the publisher of the award winning US Catholic magazine, a national publication, as well as a number of award-winning newsletters – Word One, Context, and At Home with Our Faith. The Claretians have a long and vibrant history and will be providing a full guarantee to Villa Guadalupe for the Series 2009 Bonds.
CREDIT	● Bank Qualified Bank Purchase Bonds.
SECURITY	● There will be no real-estate pledged as collateral. The issue will be guaranteed by the Claretians.
INDICATORS	● The Villa Guadalupe Senior Services Corporation is not rated.
MATURITY	● No later than 2030
SOURCES AND USES	
RECOMMENDATION	Credit Committee recommends approval.

Sources and Uses

Sources		Uses	
IFA Bonds	$5,000,000	Refunding Escrow	$3,500,000
		Capital Expenditures	1,400,000
		Cost of Issuance	$100,000
Total	**$5,000,000**	Total	**$5,000,000**

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 8, 2009

Project: Villa Guadalupe Senior Services Corporation

STATISTICS

Project Number: H-SL-RE-TE-CD-8283	Amount: $5,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Bill Claus
County/Region: Cook/Northeast	City: Chicago

BOARD ACTION

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

VOTING RECORD

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

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

PURPOSE

Proceeds will be used to: 1) refund the existing Series 1990 Variable Rate Demand Bonds issued by the County of Cook, Illinois 2) fund future capital expenditures, and 3) pay for cost of issuance associated with the Series 2009 Bonds.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment:	9 PTE's	Projected new jobs:	0
Jobs retained:	9 PTE's	Construction jobs:	0

ESTIMATED SOUCES AND USES OF FUNDS

Sources:	IFA bonds	$5,000,000	Uses:	Refunding Escrow	$3,500,000
	Trustee Held Funds			Capital Expenditures	$1,400,000
	Equity Contribution*	________		Issuance Costs*	$100,000
	Total	$5,000,000	Total		$5,000,000

*An equity contribution will be made to cover cost of issuance in excess of the 2% tax limit. There is no equity contribution assumed at this time.

FINANCING SUMMARY/STRUCTURE

Security:	This financing will not be secured with any mortgage on the property or other real estate. This financing will be bank qualified direct purchase from Fifth Third Bank. The Claretians will be providing a guarantee to Fifth Third Bank.

Structure:	The Series 2009 Bonds will be structured as bank qualified bonds by Fifth Third Bank (see below for rating).
Interest Rate:	Floating: 70% of (LIBOR + 440 bps) floating with a floor of 3.75% Fixed: May be converted by interest rate swap against tax-exempt 1M LIBOR: 4.33%
Interest Mode:	Bank Qualified
Maturity:	2030 (20 Year amortization).
Rating:	The Bonds will be direct purchase bank qualified bonds but not be rated. The underlying borrower does not have a credit rating on its own.
Estimated Closing Date:	December 15, 2009

PROJECT SUMMARY

Villa Guadalupe is issuing the Series 2009 Bonds in order to refund the existing Series 1990 Bonds and to fund future capital expenditures for the campus. Villa Guadalupe will be lowering their annual debt service payment by extending the final maturity of the Series 1990 bonds. Bond Counsel is in the process of reviewing the average life of the assets that were financed in 1990 and will verify that the average life of the bonds will not exceed the remaining average life of the assets.

BUSINESS SUMMARY

Description of Business: Villa Guadalupe is a 53 unit retirement apartment building located at 91st Street and Brandon on the southeast side of the City of Chicago. Villa Guadalupe has been serving the elderly needs of the community since 1979. Villa Guadalupe is affiliated with the Congregation of the Sons of the Immaculate Heart of Mary Eastern Province, Inc which is commonly known as the Claretians. The Claretians were established in 1849 and are comprised of Roman Catholic priests, brothers, deacons and students. The Claretians founded the National Shrine of St. Jude here in Chicago as well as parishes in Jamaica, Guatemala, and Mexico. In the United States, the Claretians have 6 parishes, three of which are in Chicago, one in Perth Amboy, New Jersey, one in Atlanta Georgia, and one in Springfield, Missouri. In addition to their ministries, the Claretians are also the publisher of the award winning *US Catholic* magazine, a national publication, as well as a number of award-winning newsletters – Word One, Context, and At Home with Our Faith. The Claretians have a long and vibrant history and will be providing a full guarantee to Villa Guadalupe for the Series 2009 Bonds.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant:	Villa Guadalupe Senior Services Corporation
Project Location:	3201 E. 91st Street Chicago, IL 60617
Borrower:	Villa Guadalupe Senior Services Corp.
Ownership (501(c)(3)):	Villa Guadalupe Senior Services Corp is a 501(c)(3) organization. Its parent, The Congregation of the Sons of the Immaculate Heart of Mary Eastern Province, Inc., is also a 501(c)(3) organization.

<u>Villa Guadalupe Board of Directors</u>
Clare Retrum – Chairperson
Rev. Mark Brummel – Secretary/Treasurer, (CMF appointee)
Michelle Scheidt – member
Dan Hermann - member
Andy Jaworski – member
Gail Peters – member

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Mandel Legal Aid Clinic	Chicago	Jeff Leslie
Accountant:	Frank L. Sassetti & Co.		
Bond Counsel:	Katten Muchin Rosenman LLP	Chicago	Elizabeth Fleming Weber
Bank Qualified Bank:	Fifth Third Bank	Chicago	Jack Demes
Bank Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Placement Agent:	Ziegler Capital Markets	Chicago	Lynn Daly
Placement Counsel:	Katten Muchin Rosenman LLP	Chicago	Elizabeth Fleming Weber
IFA Advisors:	Scott Balice Strategies, Inc.	Chicago	Lois Scott
Issuer's Counsel:	Steve Lawrence & Associates	Chicago	Steve Lawrence
Bond Trustee:	US Bank, N.A.	Chicago	Vernita Anderson

LEGISLATIVE DISTRICTS

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

SERVICE AREA

When Villa Guadalupe senior housing was developed in 1991, its 53 apartments were in direct response to South Chicago seniors' plea for decent, secure and affordable housing. The Project was developed without federal funds which enabled flexibility in design and added common space. Villa Guadalupe was the first new residential construction in ten years in the community and was a catalyst for neighborhood revitalization within South Chicago.

Villa Guadalupe Senior Services is a non-profit organization with a history of finding creative solutions to meet the needs of local seniors. The problem of social services for isolated community seniors had long been an issue in South Chicago. Villa Guadalupe Senior Services is dedicated to creating solutions that meets the needs of our diverse senior population in cooperation with many local and city-wide partners. In South Chicago, 18 percent of the population is over 65, and nearly all of them are long-term residents; tied to the community through family, social, and spiritual relationships. Though South Chicago has suffered economic losses that caused younger residents to move away, many of South Chicago's seniors remained. The seniors that Villa Guadalupe serves are a racially diverse, low income population, and a significant number are Limited English Proficient, with most Latino seniors being monolingual in Spanish. The community ills have caused a lack of confidence in the future for these seniors, who are coping with the physical, emotional, and financial losses that accompany aging. For them, the importance of aging in place cannot be overstated. The key to a healthy aging process is the ability to remain in one's community, close to sources of security such as friends and family, the spiritual solace of a familiar place of worship, and the trust in merchants and sources of care that have developed over time.

The South Chicago senior population reflects the cultural diversity of South Chicago: 55 percent are Spanish-speaking Latino, 35 percent are African-American, 10 percent are Caucasian. Seventy percent are women. Most live below the poverty level. Of those Villa Guadalupe serves, approximately 50 percent receive Medicare, 30 percent receive Medicaid (available for those with low incomes) and 20 percent are uninsured and undocumented. (Undocumented persons are unable to receive either Medicare or Medicaid.)

ILLINOIS FINANCE AUTHORITY
Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: December 8, 2009

Re: Re: Resolution to approve a First Supplemental Security Agreement and to Authorize Execution of an Account Control Agreement, and to authorize the substitution of certain collateral securing the Loan (The Center for Research Libraries Project – IEFA Series 1985 Cultural Pool)

IEFA Series 2000 Cultural Pool Loan – The Center for Research Libraries

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Request:

The Center for Research Libraries ("CRL" or the "Borrower"; web site: www.crl.edu) is requesting approval of a Resolution to approve and authorize the execution of a First Supplemental Security Agreement and an Account Control Agreement.

CRL is requesting approval of this technical change to the existing documents to enable CRL to substitute collateral pledged to the IFA. Specifically, CRL intends to replace an underlying Letter of Credit with pledged collateral (i.e., cash or securities or other property) as allowed under its Security Agreement (subject to consent of the IFA and JPMorgan Chase Bank, N.A., as existing credit provider). JPMorgan Chase Bank has advised CRL that the foregoing is agreeable to it.

There will be no material change to Bondholder Security as a result in this LOC Bank collateral substitution, since Bondholders will continue to be secured by the same JPMorgan Chase Letter of Credit.

The current outstanding balance on the IEFA Cultural Pool Loan to CRL was approximately $1.5 million as of 11/1/2009.

Because this Resolution will not result in a technical reissuance of the Bonds, IFA will only charge the Borrower counsel fees to recover costs related to time spent to accomplish this change in collateral to the LOC Bank (or to provide a legal opinion, if necessary).

Background:

IEFA (IFA) originated an approximately $2.4 million Cultural Pool Loan that was funded in 2000 with recycled proceeds from the IEFA Series 1985 Cultural Pool. Proceeds of the IEFA 2000 Cultural Pool loan were used by CRL to (a) refinance certain outstanding indebtedness of CRL (including accrued interest thereon) relating to a loan from The University of Chicago Hospitals (now known as The University of Chicago Medical Center) to CRL, the proceeds of which were used by CRL for the acquisition, construction, renovation, equipping and expansion of CRL's existing facilities and (b) finance the acquisition, construction, renovation, equipping and expansion of certain of CRL's existing facilities, including, without limitation, replacement of a portion of a roof, replacement of HVAC related equipment and upgrade and replacement of information technology equipment, including upgrading of computer servers, personal computers and software.

All payments relating to the IEFA (IFA) 2000 Cultural Pool Loan for the Center for Research Libraries were current as of 11/1/2009.

The Center for Research Libraries is a worldwide membership organization comprised university, college, and independent research libraries that is based on the campus of The University of Chicago at 6050 S. Kenwood Avenue. CRL is governed by a Board of Directors representing the research and higher education community.

CRL acquires and preserves newspapers, journals, documents, archives, and other traditional and digital resources from a global network of sources, and makes them available to researchers through participating libraries by interlibrary loan and electronic delivery. Most of the materials acquired are from outside of the United States, and many are from the emerging regions of the world: Africa, the Middle East, Southeast Asia, South Asia, and Latin America.

VOTING RECORD

There are no prior voting records on this matter. This is the first time this matter has been considered by the IFA Board of Directors (all prior considerations were by the Illinois Educational Facilities Authority).

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	To be determined	Chicago, IL	
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy Burke
Direct Pay LOC Bank:	JPMorgan Chase Bank	Chicago, IL	Elizabeth May
Counsel to LOC Bank:	JPMorgan Chase Bank (In-house counsel)		
Bond Trustee:	US Bank, N.A.	Chicago, IL	Grace Gorka
IFA Counsel:	The Law Office of Kevin Cahill	Chicago, IL	Kevin Cahill
IFA Financial Advisor:	Scott Balice Strategies LLC	Chicago, IL	Lois Scott

Enclosure: Copy of IFA Resolution 2009-12-13

BOARD OF DIRECTORS

Draft as of 12/4/2009

IFA RESOLUTION 09-12-13

RESOLUTION AUTHORIZING THE SUBSTITUTION OF CERTAIN COLLATERAL FOR A LETTER OF CREDIT CURRENTLY IN EFFECT SECURING THE LOAN TO THE CENTER FOR RESEARCH LIBRARIES OF A PORTION OF THE PROCEEDS OF THE ILLINOIS EDUCATIONAL FACILITIES AUTHORITY ADJUSTABLE RATE DEMAND REVENUE BONDS (CULTURAL POOLED FINANCING PROGRAM), SERIES 1985, AND THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL SECURITY AGREEMENT AND, IF DEEMED NECESSARY, AN ACCOUNT CONTROL AGREEMENT, TO EFFECT SUCH SUBSTITUTION; AND AUTHORIZING AND APPROVING CERTAIN RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, as successor to the Illinois Educational Facilities Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "Authority"), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq*, as supplemented and amended (the "Act"), has heretofore issued $20,000,000 in original aggregate principal amount of the Illinois Educational Facilities Authority Adjustable Rate Demand Revenue Bonds (Cultural Pooled Financing Program), Series 1985 (the "Series 1985 Pool Bonds") pursuant to that certain Trust Indenture dated as of December 1, 1985, as supplemented and amended (the "Indenture"), between the Authority and U.S. Bank National Association ("U.S. Bank"), as successor trustee (the "Trustee"); and

WHEREAS, payment of principal of, interest on and purchase price for the Series 1985 Pool Bonds is secured by credit and liquidity facilities issued by JPMorgan Chase Bank, N.A., as successor credit and liquidity provider (“JPMorgan”); and

WHEREAS, proceeds from the sale of the Series 1985 Pool Bonds are loaned from time to time to “private institutions of higher education” and “cultural institutions,” as such terms are defined in the Act; and

WHEREAS, The Center for Research Libraries, an Illinois not for profit corporation (“CRL”), has borrowed a portion of the proceeds from the sale of the Series 1985 Pool Bonds in the original principal amount of $2,400,000 by issuing and selling to the Authority its Secured Note, Series 2000 (the “Note”) pursuant to the Security Agreement dated as of June 1, 2000 (the “Security Agreement”) between the Authority and CRL; and

WHEREAS, to secure CRL’s obligations under the Security Agreement and the Note, the Security Agreement requires CRL to (a) provide to the Trustee an effective Cultural Institution Letter of Credit (as defined in the Security Agreement) or (b) grant to the Authority a security interest in, or a first mortgage lien on, certain of its personal or real property acceptable to the Authority and having a fair market value of not less than 1.67% of the outstanding principal amount of the Note (the “Collateral”); and

WHEREAS, CRL has provided to the Trustee an effective Cultural Institution Letter of Credit provided by JPMorgan Chase Bank, N.A. (the “Existing Letter of

Credit"), as successor credit provider, which Existing Letter of Credit is currently in effect; and

WHEREAS, CRL desires to substitute the Collateral for the Existing Letter of Credit; and

WHEREAS, the Security Agreement allows CRL to substitute such Collateral for the Existing Letter of Credit with the consent of the Authority and JPMorgan, in its capacity as Line Issuer (as defined in the Indenture); and

WHEREAS, JPMorgan has consented to such substitution; and

WHEREAS, in connection with such substitution, CRL desires to make certain amendments to the Security Agreement and, if deemed necessary, enter into an Account Control Agreement (the "Account Control Agreement") with the Authority, the Trustee and U.S. Bank, as depository (the "Depository"); and

WHEREAS, CRL has requested that the Authority authorize and approve (a) the substitution of the Existing Letter of Credit with the Collateral and (b) certain amendments to the Security Agreement and, if deemed necessary, the execution of an Account Control Agreement, to effect such substitution; and

WHEREAS, the Authority desires to approve (a) the substitution of the Existing Letter of Credit with the Collateral and (b) certain amendments to the Security Agreement and, if deemed necessary, the execution of an Account Control Agreement, to effect such substitution, and authorize and approve the execution and delivery of any necessary or appropriate documentation to effect the foregoing;

NOW, THEREFORE, Be It Resolved by the members of the Illinois Finance Authority as follows:

Section 1. Security Substitution. That the substitution of the Existing Letter of Credit with the Collateral to secure CRL's obligations under the Security Agreement and the Note is hereby authorized and approved.

Section 2. Supplemental Security Agreement. That the Authority is hereby authorized to enter into a First Supplemental Security Agreement (the "Supplemental Security Agreement") with CRL, supplementing and amending the Security Agreement, to accomplish the purposes described in this Resolution, such Supplemental Security Agreement to be in substantially the same form now before the Authority; that the form, terms and provisions of the Supplemental Security Agreement be, and they hereby are, in all respects approved; that the Chairperson, the Vice Chairperson, the Treasurer, any Assistant Treasurer, the Executive Director, any Assistant Executive Director, the Chief Financial Officer, any Assistant Chief Financial Officer or the Deputy Director – General Counsel (and for purposes of this Resolution, any person duly appointed to such office on an interim basis) (each, an "Authorized Officer") of the Authority be, and each of them hereby is, authorized, empowered and directed to execute, and the Secretary or any Assistant Secretary of the Authority be, and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Supplemental Security Agreement in the name, for and on behalf of the Authority, and thereupon to cause the Supplemental Security Agreement to be delivered to CRL; the Supplemental Security Agreement to be in substantially the same form as is now before the Authority or with such changes therein as an Authorized Officer shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of any and all changes or revisions therein from the form of the Supplemental Security Agreement now before the Authority; that when the Supplemental Security Agreement is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Supplemental Security Agreement will be binding on the Authority; that from and after the execution and delivery of the Supplemental Security Agreement the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Supplemental Security Agreement as executed; and that the Supplemental Security Agreement shall constitute, and hereby is made, a part of this Resolution, and a copy of the Supplemental Security Agreement shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 3. Account Control Agreement. That the Authority is hereby authorized to enter into the Account Control Agreement with CRL, the Trustee and the Depository, if deemed necessary, in the form to be approved by bond counsel and counsel to the Authority; that the Authorized Officers be, and each of them hereby is, authorized, empowered and directed to execute and deliver the Account Control Agreement in the form so approved; that when the Account Control Agreement is executed and delivered on behalf of the Authority as hereinabove provided, it shall be binding upon the Authority; and that from and after the execution and delivery of the Account Control Agreement, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Account Control Agreement as executed.

Section 4. *Other Necessary Documents.* That the Authorized Officers of the Authority and any other officer of the Authority be, and each of them hereby is, authorized to execute and deliver such documents, certificates and undertakings of the Authority, and to take such actions as may be required in connection with the substitution of the Existing Letter of Credit with the Collateral and the execution, delivery and performance of the Supplemental Security Agreement and the Account Control Agreement, if any.

Section 5. *Ratification of Actions*. That all acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, ratified, approved and confirmed.

Section 6. *Separable Provisions.* That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 7. *Conflicting Resolutions*. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 8. *Effectiveness*. That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

ILLINOIS FINANCE AUTHORITY
Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: December 8, 2009

Re: Resolution to approve an Amended and Restated Trust Indenture and a First Amendment to the Loan Agreement , which provides for the creation of a new interest rate mode, and related matters (Embers Elementary School Project)

IDFA File Number 9737-NP

Request:

Embers Elementary School ("Embers" or the "Borrower") is requesting approval of a Resolution to approve an Amended and Restated Trust Indenture to enable creation of a Direct Purchased Mode.

Embers is requesting approval of this Resolution to enable Embers to replace is existing LOC-enhanced structure (secured by a Direct Pay Letter of Credit from Bank of America) with a Direct Purchase Structure for the next five years. The initial purchasers will be two individuals, Eugene Carter and Michael Winn, who will collectively be the "Purchaser". These individuals are currently personal guarantors on the existing Bank of America Direct Pay Letter of Credit. Mr. Eugene Carter is President of Park Ridge Community Bank. Mr. Michael Winn is a private investor.

Both individuals will be required to sign an Accredited Investor Letter and indemnify the Authority.

Embers' primary banking relationship will continue to be with Park Ridge Community Bank.

The outstanding Par Amount of the IFA (IDFA) Series 2002 Bonds issued for the Embers project was approximately $2,050,000 as of 11/1/2009.

This new structure, due to the addition of this new interest rate mode will be considered a reissuance for tax purposes. IFA's fee for this restructuring will be $5,000.

Background:

IFA (IDFA) originally issued $2,315,000 of Bonds on behalf of Embers in 2002. Bond proceeds financed the acquisition, renovation, and equipping of an existing building for use as a private elementary school located in Park Ridge, Illinois. All payments relating to the IFA (IDFA) Series 2002 Bonds have been current and paid as scheduled.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Speranza & Bates	Lake Forest, IL	Carmen Speranza
Bond Counsel:	Greenberg Traurig, LLP	Chicago, IL	Matt Lewin
Lender:	Park Ridge Community Bank	Park Ridge, IL	Eugene Carter
Bond Purchaser:	Eugene Carter and Michael Winn , c/o Park Ridge Community Bank, Park Ridge, IL		
Bank Counsel:	Greenberg Traurig, LLP	Chicago, IL	Debbi Boye
Bond Trustee:	US Bank, N.A.	St. Paul, MN	Ken Brandt
IFA Counsel:	Burke Warren MacKay & Serritella, P.C.	Chicago, IL	
IFA Financial Advisor:	Scott Balice Strategies LLC	Chicago, IL	Lois Scott

BOARD OF TRUSTEES

Thomas E. Carter, 1602 Forest Dr., Glenview, IL;
Patrick Hanretty, 502 N. Harvard, Arlington Heights, IL;
Thomas Herman, 5815 N. Cicero Ave., Chicago, IL;
Henry Laurent, 6224 N. Moody, Chicago, IL; and
James Paschall, 210 N. Hickory, Arlington Heights, IL.

Enclosure: Copy of IFA Resolution 2009-12-14

IFA RESOLUTION NO. 09-12-14

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED INDENTURE OF TRUST AND A FIRST AMENDMENT TO LOAN AGREEMENT RELATING TO $2,315,000 ORIGINAL PRINCIPAL AMOUNT OF EDUCATIONAL FACILITY VARIABLE RATE DEMAND REVENUE BONDS (EMBERS ELEMENTARY SCHOOL PROJECT) SERIES 2002 OF THE ILLINOIS DEVELOPMENT FINANCE AUTHORITY WHICH AMENDMENTS PROVIDE FOR THE ADDITION OF A NEW INTEREST RATE MODE; AND RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, successor to the Illinois Development Finance Authority and a political subdivision and a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "Authority"), including, without limitation, the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the "Act"), has previously issued its $2,315,000 aggregate principal amount Educational Facility Variable Rate Demand Revenue Bonds (Embers Elementary School Project) Series 2002 which are outstanding as of the date hereof in the aggregate principal amount of $2,050,000 (the "Bonds"); and

WHEREAS, in furtherance of the issuance of the Bonds, the Authority entered into an Indenture of Trust dated as of April 1, 2002 (the "Indenture") with U.S. Bank National Association (as successor to LaSalle Bank National Association), as Trustee (the "Trustee"), and a Loan Agreement dated as of April 1, 2002 (the "Loan Agreement") with Embers Elementary School, an Illinois not for profit corporation (the "Borrower"), pursuant to which the proceeds of the Bonds were loaned by the Authority to the Borrower to finance a portion of the costs of the acquisition, renovation and equipping of certain educational facilities of the Borrower in Park Ridge, Illinois and to finance a portion of certain cost of issuing the Bonds; and

WHEREAS, payment of the principal of the Bonds, or that portion of the purchase price of the Bonds tendered and not remarketed corresponding to principal of the Bonds, and payment of an amount equal to 106 days of interest on the Bonds (at a maximum rate of 12%), or that portion of the purchase price of the Bonds tendered and not remarketed corresponding to interest on the Bonds, is currently secured by a Letter of Credit (the "Initial Letter of Credit") issued by Bank of America (as successor to LaSalle Bank National Association) (the "Bank"), which expires on January 31, 2010; and

WHEREAS, the Bank has indicated that it will not renew the Initial Letter of Credit and the Borrower desires to add a new interest rate mode (the "Direct Purchase Mode") under which the Bonds will be initially owned by Eugene Carter and Michael Winn (collectively, the "Purchaser"), will initially bear interest at a Fixed Direct Purchase Rate commencing on the date of the purchase of the Bonds by the Purchaser and, during such initial Direct Purchase Mode, principal and interest will be payable monthly and the Bonds may be secured by a mortgage and/or security agreement from the Borrower to the Purchaser; and

WHEREAS, the Bonds currently bear interest at a Weekly Rate and are in a Weekly Mode and, pursuant to the terms of Section 3.01(a) of the Indenture, while the Bonds are in the Weekly Mode, they are subject to optional redemption in whole on any Business Day at the direction of the Borrower, together with the written consent of the Bank, upon at least 45 days' (or such shorter period of time acceptable to the Trustee) prior written notice from the Borrower to the Trustee at a redemption price equal to 100% of the aggregate principal amount of the Bonds, plus accrued interest thereon to the redemption date, without premium; and

WHEREAS, Section 3.01(c) of the Indenture provides that the Borrower, with the written consent of the Bank, shall have the option to cause the Bonds to be subject to mandatory purchase in lieu of an optional redemption of Bonds pursuant to Section 3.01(a) of the Indenture by the delivery by the Borrower to the Trustee on or prior to the Business Day preceding the optional redemption date of a written notice specifying that the Bonds shall not be redeemed but instead shall be subject to mandatory purchase at a purchase price equal to the price at which the Bonds would have been redeemed on the date which would have been the optional redemption date; and

WHEREAS, (i) the Borrower has directed the Trustee to call the Bonds for optional redemption on January 5, 2010, (ii) the Trustee has mailed the 30 day written notice of such redemption to the registered owners of the Bonds and the other parties as required by Section 3.05 of the Indenture, and (iii) the Borrower has delivered written notice to the Trustee, consented to by the Bank, specifying that the Bonds shall not be redeemed on January 5, 2010 but instead shall be subject to mandatory purchase on such date at a purchase price equal to the price at which the Bonds would have been redeemed on the date which would have been the optional redemption date;

WHEREAS, the payment of the purchase price of the Bonds on January 5, 2010 will be made from one or more drawings made by the Trustee under the Initial Letter of Credit and, upon reimbursement to the Bank of such drawings on January 5, 2010, there will be no "Bank" under the Indenture and Loan Agreement because there will be no Letter of Credit then in effect; and

WHEREAS, Sections 9.02 and 10.02 of the Indenture permit the supplementation and amendment of the Indenture and the Loan Agreement with the consent of each affected Bondholder and the Trustee and Section 9.06 of the Indenture requires the consent of the Borrower before an amendment or supplement to the Indenture or the Bonds becomes effective; and

WHEREAS, (i) the Trustee has agreed that it will consent to amendments to the Indenture (including the revised form of Bond contained therein) and the Loan Agreement in the form, respectively, of the Amended and Restated Indenture of Trust dated as of January 1, 2010 (the "Amended Indenture") between the Authority and the Trustee and the First Amendment to Loan Agreement dated as of January 1, 2010 (the "Amended Loan Agreement") between the Authority and the Borrower, to add the Direct Purchase Mode and related provisions not inconsistent with the provisions of this Resolution; (ii) the Borrower has agreed that it will enter into the Amended Loan Agreement and will consent to the entering into of the Amended Indenture and that it will also enter into or provide any supplemental tax or other certificates required by Greenberg Traurig, LLP, as Bond Counsel (the "Supplemental Certificates"); and (iii) the Purchaser, as the registered owner of 100% of the outstanding principal amount of the Bonds on January 5, 2010 will consent to the entering into of the Amended Indenture and the Amended Loan Agreement; and

WHEREAS, in order to effectuate the above, the Borrower has requested the Authority to approve and to enter into the Amended Indenture (including the revised form of Bond contained therein) and the Amended Loan Agreement, each in substantially the form submitted to the Authority and before it at this meeting, and to enter into or provide any Supplemental Certificates; and

WHEREAS, it is necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of (i) the Amended Indenture, (ii) the Amended Loan Agreement, and (iii) the revised Bonds in substantially the form set forth in the Amended Indenture (the "Revised Bonds");

NOW THEREFORE, BE IT RESOLVED by the Members of the Illinois Finance Authority on December 8, 2009, as follows:

Section 1. That all of the recitals contained in the preambles to this Resolution are full, true and correct, and are hereby incorporated into this Resolution by this reference.

Section 2. That, pursuant to the Act, the modification of the terms of the financing of the educational facilities financed with the proceeds of the Bonds in accordance with the terms of the Amended Indenture and the Amended Loan Agreement are hereby approved and authorized, and such modifications are in furtherance of the Authority's public purposes.

Section 3. That the Authority is hereby authorized to enter into the Amended Indenture with the Trustee in substantially the same form now before the Authority; that the form, terms and provisions of the Amended Indenture be, and they hereby are, in all respects approved; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute, and the Secretary or any Assistant Secretary of the Authority be, and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Amended Indenture in the name, for and on behalf of the Authority, and thereupon to cause the Amended Indenture to be delivered to the Trustee in substantially the form now before the Authority or with such changes or revisions therein as the individual executing the Amended Indenture on behalf of the Authority shall approve, his or her execution thereof to constitute conclusive evidence of such approval of any and all changes and revisions therein from the form of the Amended Indenture now before the Authority; that when the Amended Indenture is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Amended Indenture shall be binding on the Authority; that from and after the execution and delivery of the Amended Indenture, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Amended Indenture as executed; and that the Amended Indenture shall constitute, and hereby is made, a part of this Resolution, and a copy of the Amended Indenture shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 4. That the Authority is hereby authorized to enter into the Amended Loan Agreement with the Borrower in substantially the same form now before the Authority; that the form, terms and provisions of the Amended Loan Agreement be, and they hereby are, in all respects approved; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute, and the Secretary or any Assistant Secretary of the Authority be, and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Amended Loan Agreement in the name, for and on behalf of the Authority, and thereupon to cause the Amended Loan Agreement to be delivered to the Borrower in substantially the form now before the Authority or with such changes or revisions therein as the individual executing the Amended Loan Agreement on behalf of the Authority shall approve, his or her execution thereof to constitute conclusive evidence of such approval of any and all changes and revisions therein from the form of the Amended Loan Agreement now before the Authority; that when the Amended Loan Agreement is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Amended Loan Agreement shall be binding on the Authority; that from and after the execution and delivery of the Amended Loan Agreement, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Amended Loan Agreement as executed; and that the Amended Loan Agreement shall constitute, and hereby is made, a part of this Resolution, and a copy of the Amended Loan Agreement shall be placed in the official records of the Authority and shall be available for public inspection at the office of the Authority.

Section 5. That the form of the Revised Bonds in substantially the same form now before the Authority, subject to appropriate insertions and revisions in order to comply with the provisions of the Amended Indenture (as executed and delivered), is hereby approved; that the Revised Bonds shall be executed in the name, for and on behalf of the Authority with the manual or facsimile signature of the Chairman, the Vice Chairman, the Treasurer or the Executive Director and attested with the manual or facsimile signature of the Secretary or any Assistant Secretary and the official seal of the Authority shall be impressed or imprinted thereon; that the Authority deems it proper to delegate to the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority the power to approve any and all changes to the Revised Bonds as the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority shall, on behalf of the Authority, determine, subject to the terms of the Revised Bonds contained in the Amended Indenture; that any such determinations shall be conclusive, shall be evidenced by the execution and delivery by the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority of the Revised Bonds, and shall be authorized by this

Resolution; that the Revised Bonds, as executed, shall be binding on the Authority; that the Chairman, the Vice Chairman, the Treasurer or the Executive Director of the Authority or the Secretary or any Assistant Secretary of the Authority shall cause the Revised Bonds, as so executed and attested, to be delivered to the Trustee for authentication; that when the Revised Bonds shall be executed on behalf of the Authority in the manner and containing the terms contemplated by the Amended Indenture and this Resolution in an aggregate principal amount not to exceed the amount of Bonds outstanding on the date of such execution, they shall represent the approved form of Revised Bonds of the Authority.

Section 6. That the Chairman, the Vice Chairman, the Treasurer, the Executive Director, the Secretary and any Assistant Secretary of the Authority be, and each of them hereby is, authorized to execute and deliver such documents, Supplemental Certificates, certificates, and undertakings of the Authority and to take such other actions as may be required in connection with the execution, delivery and performance of the Amended Indenture, the Amended Loan Agreement and the Revised Bonds authorized by this Resolution, including without limitation the signing of IRS Form 8038 and the filing thereof with the Internal Revenue Service if required by Bond Counsel.

Section 7. That all acts of the officers, employees and agents of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, be, and the same hereby are, in all respects, ratified, confirmed and approved.

Section 8. That any references in this Resolution to the “Executive Director” shall be deemed also to refer to the “Authorized Officers” to whom the delegation of the authority of the Executive Director was authorized and approved pursuant to, and in accordance with the terms of, Section 2 of Resolution Number 2009-06-17 adopted by the Authority on June 9, 2009.

Section 9. That the provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 10. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 11. That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

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Passed and approved this 8th day of December, 2009.

Attest: ILLINOIS FINANCE AUTHORITY

[SEAL] By ______________________________________

By ______________________________

CERTIFICATE

I, __________________, Secretary of the Illinois Finance Authority (the "Authority"), a political subdivision and a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the Resolution of the Authority passed at a meeting held upon all due and proper public notice required by law, on the 8th day of December, 2009, at which a quorum of members was present and acting throughout, and that the Resolution set forth in the foregoing extract was duly adopted at such meeting, has not been amended, modified or rescinded and is in full force and effect on the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of December, 2009.

[SEAL]

____
[Secretary/Assistant Secretary]

RESOLUTION 2009-12-16

ESTABLISHING CREDIT CRITERIA OF THE ILLINOIS FINANCE AUTHOIRTY

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

WHEREAS, under Section 801-5(n) of the Act, the Authority should seek "to increase job opportunities and to retain existing jobs in the State, by making available through the Illinois Finance Authority, hereinafter created, funds for the development, improvement and creation of industrial, housing, local government, educational, health, public purpose and other projects;" and

WHEREAS, the Authority has determined that it will advance the purposes of the Act and will be in the best interests of the citizens of the State to approve formal credit criteria for its programs (the "credit criteria"); and

WHEREAS, the Authority has determined that it should delegate to its Executive Director, Authorized Officers, and/or/her/his/their designees the authority to take all necessary actions to implement the credit criteria consistent with the provisions of this Resolution; and

WHEREAS, the Members of the Authority have the power to adopt this Resolution pursuant to the Act; and

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

Section 1. Recitals. The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

Section 2. Adoption of Credit Criteria. The Authority does hereby approve and adopt the Illinois Finance Authority credit criteria as attached hereto as Exhibit A.

Section 3. Delegation of Authority. The Executive Director, Authorized Officers, and/or/her/his/their designees, are hereby directed to take any actions consistent with this Resolution and the Act.

Section 4. Enactment. This Resolution shall take effect immediately.

Section 5. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

This Resolution 2009-12-16 is adopted this 8th day of December by roll vote as follows

Ayes:

Nays:

Abstain:

Absent:

____

Chairman

Attested to:

____

Secretary

RESOLUTION 2009-12-17

ESTABLISHING THE ILLINOIS FINANCE AUTHORITY HEALTHCARE INITIATIVE 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, AND REDUCING THE AUTHORITY FEES THEREFOR, AND DELEGATING TO THE EXECUTIVE DIRECTOR OR INTERIM EXECUTIVE DIRECTOR OR AUTHORIZED OFFICERS OF THE AUTHORITY TO IMPLEMENT SAID INITIATIVE

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

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

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

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

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

WHEREAS, the Authority has determined that it will advance the purposes of the Act and will be in the best interests of the citizens of the State to develop a private placement initiative to provide these Facilities with access to low cost capital to fund Projects, such program to be known as the "Illinois Finance Authority Healthcare Initiative" (the "Initiative"); and

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

WHEREAS, the Authority has determined that in order to establish the Initiative in a timely and efficient manner and to alert Facilities throughout the State of the Initiative, the Authority should (i) authorize the establishment of the Initiative, (ii) establish the Authority's fees for the issuance of Bonds for Facilities participating in the Initiative, and (iii) delegate to its Executive Director, Authorized Officers (or any person duly appointed by the Members of the Authority to serve in such position on an interim basis) and her/his designees the authority to take all necessary actions to implement the Initiative consistent with the provisions of this Resolution and the Act including; and

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

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

Section 1. Recitals. The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

Section 2. Adoption of Initiative. The Authority does hereby approve and adopt the "Illinois Finance Authority Healthcare Initiative" as provided herein.

Section 3. Participants in the Initiative. As provided herein, the purpose of the Initiative is to provide access to low cost capital to fund Projects for certain Facilities such as small- and mid-size rural and urban not-for-profit hospitals, critical access hospitals, and community providers of behavioral healthcare services.

Section 4. Authority Fees. Notwithstanding any other Resolution or policy, in an effort to further reduce the cost of capital for Participants, the Authority hereby reduces its fee charged to Participants to an amount equal to 50 percent (50%) of the Authority's usual and customary fees as provided in its fee schedule, as such schedule may be amended from time to time. In addition to payment of the Authority fee, each Participant shall also pay the Authority's legal counsel its fee as provided in the Authority's "Issuer Counsel Fee Schedule," as such schedule may be amended from time to time.

Section 5. Delegation of Authority. The Executive Director of the Authority, Authorized Officers, (or any person duly appointed and qualified by the Members of the Authority to serve in such position on an interim basis) or her/his designees, are hereby authorized and directed to take any and all action consistent with this Resolution and the

Act to establish the Initiative, and to undertake specific transactions under the Initiative in order to issue Bonds on behalf of a Project or Projects, *provided, however,* that once the final determination of the terms of a specific transaction have been agreed to by the Authority, and the Agreements related thereto are in substantially final form, a Bond Resolution shall be presented to the Members of the Authority for final approval.

Section 6. Enactment. This Resolution shall take effect immediately. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

This Resolution 2009-12-17 is adopted this 8th day of December by roll vote as follows

Ayes:

Nays:

Abstain:

Absent:

____
Chairman

Attested to:

____
Secretary

Exhibit A

Credit Criteria of The Illinois Finance Authority

Introduction and Background: A subcommittee of IFA Credit Review Committee (the "IFA Staff Credit Policy Committee") was created to establish threshold credit criteria guidelines (the "Guidelines") for evaluating projects.

These Guidelines establish minimum financial performance benchmarks for future IFA financings. Although projects that do not conform to these minimum benchmarks will not be rejected outright, IFA Staff will be required to identify additional mitigating factors and/or negotiate additional conditions (including, but not limited to, additional pledged collateral, supplemental, guarantees, or additional equity) that must be satisfied as additional conditions precedent to an affirmative recommendation to the IFA Staff Credit Review Committee. These guidelines have been developed to further support IFA's mission and IFA Board-approved operating policies.

These Guidelines primarily focus on assuring the ability to repay the proposed IFA debt from operating revenues and, secondarily, from its Balance Sheet resources or from pledged collateral, as applicable.

Each Funding Manager completes a due diligence review of each project based on the Guidelines pertinent to the IFA financing product under review. Furthermore, the IFA Credit Review Committee, in conjunction with the Authority's third-party Financial Advisors, will review each IFA Board Summary (Due Diligence) Report and Funding Manager provides recommendations based on the specified Guidelines for the pertinent sector in advance of presentation to the IFA Board of Directors. Exceptions to stated guidelines must be substantiated by mitigating factors documents in the report.

As explained further herein, these Guidelines have been designed to conform IFA's due diligence to correspond to risk undertaken by the Authority with these transactions. Information regarding IFA's application content and a summary overview of IFA's internal approval procedures is presented in Appendix A.

Overview on Presentation of the Evaluative Criteria: These Evaluative Criteria are generally presented in order based on magnitude of risk with IFA's highest risk products presented first. More specifically, an overview of the criteria for IFA's "At Risk" Financings and IFA's Conduit Financings follows below:

I. IFA "At-Risk" Financings:

- Section A: IFA or State Funds at Risk (i.e., Guarantee, Moral Obligation, or Loans)
- Section B: Energy Products
- Section C: State Supported Agricultural Guarantee Programs

II. IFA Conduit "Non-Risk" Financings:

- Section D: Conduit Bonds for Investment Grade Rated Borrowers (Baa2/BBB/BBB long-term ratings, or better)
- Section E-1: Credit Enhanced or Direct Purchase Conduit Non-Rated 501(c)(3) Bonds or Leases
- Section E-2: Credit Enhanced or Direct Purchase Conduit Bonds for Non Rated For-Profit Borrowers

Again, these sections present IFA's Guidelines in order of magnitude beginning with IFA's highest risk financings, as presented in ***Sections A-C*** (i.e., financings that use IFA funds or retained earnings, are secured by a State guarantee, or the State's Moral Obligation).

Section D identifies structures for which the underlying Borrower has its own Investment Grade credit rating (i.e., Baa2/BBB/BBB or better from Moody's/Standard & Poor's/Fitch). An overview that describes the bond credit rating categories for the three rating agencies is presented in Appendix B.

Sections E-1 and E-2 provide for when the underlying Borrower (either 501(c)(3) or For-Profit) may not be rated but a Bank (or Bond Insurer) will assume all underlying default risk by either Credit Enhancing with a Letter of Credit or Bond Insurance. Alternatively, many Banks and Finance Companies are increasingly purchasing the bonds directly as an investment (as Lender/Investor) under a streamlined structure that is economical to execute, particularly for non-rated (and small) 501(c)(3) and Industrial Revenue Bond borrowers.

Significantly, most of IFA's small 501(c)(3) and small local government borrowers do not have bond ratings. Additionally, the rating agencies have never provided ratings for privately-owned manufacturing companies. Accordingly, these non-rated conduit Borrowers have always relied on third party credit enhancement to attain market access

Overview of Key Threshold Credit Standards for Most Conduit Bond Issues:

In addition to Credit Agency Ratings, IFA staff uses financial ratio benchmark analysis, including industry-specific performance metrics, supplemented by an evaluation of supporting documentation (e.g., accountant reports, appraisals, feasibility studies, benchmarking reports, etc.) to evaluate a Borrower's ability to repay proposed debt and other fixed obligations.

Note: Failure to attain any covenant on a conduit financing does not result in rejecting the application. Rather, the Board Summary Report shall explain mitigating factors that merit/justify an exception.

The general format presentation for pertinent Financial Ratios follows below:

Sample Threshold Credit Standards on IFA Conduit Financings						
Market Type	**Debt Service Coverage**	**Pro Forma Debt Service Coverage**	**Liquidity Ratio**	**Current Ratio**	**Leverage**	**Other Criteria / Evaluative Issues**
Generic Rated, Credit Enhanced, or Direct Purchase Bond	Minimum of 1.10x	Minimum of 1.15x	Minimum of 60 Days Cash	Minimum of 1.0:1	Applicable Debt-to-Equity or Debt-to-Net Asset Standards Vary Based on Industry/Product	Dependant on Product. Dependent on lender/enhancer covenants.

Debt Service Coverage: (EBITDA; Cash flow available for debt service payments and other fixed obligations)

Pro Forma Debt Service Coverage: (Uses prior year EBITDA from audited financial statements, but adds proposed Debt Service Payments to Scheduled Debt Service Payments to test a Borrower's ability to service the new debt service payments with historical cash flow/EBITDA)

Liquidity Ratios: (Days Cash on Hand / Cash to Debt Ratio / Days Cash and Investments) - pertinent for Borrowers with rated credit enhancement whose bonds are being sold to Investors without any third party credit enhancement. Requires explanation if below target.

Current Ratio: (Liquidity Ratio for Small to Mid Size Borrowers – primarily used to evaluate liquidity for small and medium sized Borrowers)

Leverage: (Debt to Equity) Explanation Required if Below Target – must be evaluated in context of pledged collateral (which may include assets pledged by affiliated special purpose entities or by the owners/corporate guarantors on small business transactions)

Table of Contents

I. Non Conduit Credit Risk Products:
Section A. IFA or State Funds at Risk

There are four major categories of projects and financings structured with IFA or State funds at risk.

1. Local Government Direct Loans and Moral Obligation Supported Pool Bonds - require an analysis of debt service coverage, alternate sources of revenue to secure the bonds (e.g., State Aid Intercept), the rate structure of the local government utility, etc. Even though these loans allow the IFA to intercept State revenues to the local government unit, IFA staff primarily relies on the evaluation of general (or, if applicable, enterprise system) revenues to determine creditworthiness of prospective Direct Loan and Moral Obligation Borrowers.

2. Non-Government Moral Obligation Projects – Non-Governmental Moral Obligation projects may include any for-profit submarket (e.g.; film studios, hotels, supply chain) that would otherwise qualify for IFA Bond Financing. IFA Credit Policy requires minimum net equity (excluding grants and tax credits) of at least 20%; amortization of principal payments beginning by no later than year four; and, a maximum loan-to-value advance rate of 70%.

3. Participation Loans - are made to private companies with IFA Funds directly at risk. Under this program, IFA purchases a participation interest in a conventional bank loan used to finance a new fixed asset project. IFA is secured by a *pari passu* shared first security interest in all underlying assets. Although IFA receives and reviews a copy of the Bank's due diligence credit approval memorandum, because IFA funds are directly at risk, the IFA Funding Manager evaluates the Bank's upfront due diligence reports and also independently assesses the loan request based on IFA's specified Participation Loan credit criteria/guidelines based on a review of the underlying accountant-prepared financial reports, real estate appraisals, personal financial statements, and by preparing internal IFA forecasts to evaluate reasonableness of the request.

4. Agri-Debt Guarantees for Business – IFA is authorized to issue Guarantees to support qualifying loans for businesses that are supported by the Full Faith and Credit of the State of Illinois pursuant to requirements set forth in the Illinois Finance Authority Act and in related Administrative Rules. The Lender and Borrower must agree and certify to the terms of the Guidelines (Act and Rules) before the closing of an Agri-Debt Guaranteed Loan.

Credit Evaluation Standards

#	Market Type	Debt Service Coverage (cash available for debt service for principal and interest)	Pro Forma Debt Service Coverage in combination of three years of projections	Leverage (Debt To Equity) Explanation Required if Below Target	Liquidity Ratio (Days Cash on Hand / Cash to Debt) Secondary Indicator	Current Ratio Secondary Indicator	Other Criteria/Evaluative Issues - Bank Line of Credit - Adequacy, recent draws and historical reliance
A1	Local Government Direct Loans, Distressed Cities and State Moral Obligation Supported Pooled Bonds	> 1.10x	Alternate Revenue Bonds > 1.25x Revenue Bonds > 1.20X General Obligation Bonds > 1.10x	Not Applicable - Funding Based coverage ability on primary fund and intercept as a secondary means of repayment.	Not Applicable - Funding Based coverage ability on primary fund and intercept as a secondary means of repayment.	Not Applicable - Funding Based coverage ability on primary fund and intercept as a secondary means of repayment.	Evaluation of Equalized Assessed Value and Tax Collection Rate Trends.
A2	Non-Governmental Moral Obligation Projects	> 1.10x	>1.25x	Dependent on Industry Less than 4.0:1.	Evaluation of Trends	Evaluation of Trends	Minimum Net Equity of 20% (after deduction of grants and tax credits); Principle Repayment by year four; Maximum Advance Rate of 70% Loan to Value - Fair Market Value Appraisal
A3	Participation Loans	> 1.10x	>1.20x	Dependent on Industry Less than 4.0:1. (Microcap borrowers)	Evaluation of Trends	Evaluation of Trends	Review of Personal Guarantee, Appraisals: by certified appraiser and completed within 12 months, Standards: 80% of Appraised Fair Market Value for Real Estate; Orderly liquidation Value or Vendor Put value on Equipment, Maximum 65% Loan to Value on Equipment. Subject to judgment based on Fair Market Value.
A4	Agri-Debt Guarantees for Business	> 1.10x	>1.20x	Varies on type of business but target of 0.5:1	Evaluation of Trends	Evaluation of Trends	Review of appraisal - 65% Equipment 80% Real Estate 70% Breeding Livestock

Documentation Required				
#	Market Type	Borrower Accounting & Financial Reporting Standards	Forecast Projections only prepared for private companies.	Revenue and Other Indicators
A1	Local Government Direct Loans, Distressed Cities and State Moral Obligation Supported Pooled Bond	**Audited; Reviewed; Compiled** (External Statements with Footnotes) Statements shall comply with Illinois Municipal Auditing Act or other Applicable Law.	Three years of projections prepared by the funding manager to evaluate default risk to IFA and state.	Revenue Bonds: Pledged Fund Operating Statement and Balance Sheet; General Obligation Bonds Governmental Fund Operating Statement and Balance Sheet; Alternate Revenue Bonds: Pledged and Gov Fund Statements
A2	Non Governmental Moral Obligation Projects	**Audited; Reviewed;** (External Statements with Footnotes; Reviewed Statements for Companies with Sales Volume under $20MM; Audits for Companies with Sales Volume over $20 million).	Three years of projections prepared by the funding manager to evaluate reasonableness of borrowers projections or feasibility study forecasts. Borrower prepared forecast also required.	Documentation of Equity Contribution (Dependant on Industry for additional criteria) Real-estate: Fair Market Value from a certified licensed appraiser Machinery and Equipment: Orderly Liquidation Appraisal, or Buy back ("put") agreement with equipment vendor Feasibility Study: On Financings Over $10MM Evaluate Competition and Market Demand
A3	Participation Loans	**Audited** (External Statements with Footnotes, even if compiled; Reviewed Statements for Companies with Sales Volume over $10MM; Audits for Companies with Sales Volume over $20 million).	Three years of projections prepared by the funding manager to evaluate reasonableness of borrowers projections..	Real-estate: Fair Market Value from a certified licensed appraiser Machinery and Equipment: Orderly Liquidation Appraisal, or Buy back ("put") agreement with equipment vendor Startup Business's: Feasibility Study and Business Plan with five year forecasts required. Personal Guarantees Required; Pari Passu Security Interest; Statement of sales concentration with percentages
A4	Agri-Debt Guarantees for Business	**Audited; Reviewed; Compiled** (External Statements with Footnotes, even if compiled; Reviewed Statements for Companies with Sales Volume over $10MM; Audits for Companies with Sales Volume over $20 million).	Three years of projections prepared by the funding manager to evaluate reasonableness of borrowers / bank projections.	First lien on collateral Real-estate: Fair Market Value from a certified licensed appraiser Machinery and Equipment: Orderly Liquidation Appraisal, or Buy back ("put") agreement with equipment vendor Feasibility Study: On Acquisition of Expansions Over $30MM Must indicate Market Demand

Section B. Energy Products

Senate Bill 1906 provides $3 billion in state guaranteed bond and loan support authorization for the energy sector that is intended to facilitate development of renewable energy projects and energy efficiency projects throughout the state. The legislation specifically targets the coal, clean coal, renewable energy and energy efficiency sectors. Currently, wind energy and energy efficiency projects are the most economically viable and have the most well-developed and understood credit criteria.

The following sectors are eligible for consideration:

- **Renewable Energy –** Wind, Bio-Mass, Solar, Hydro, Other
- **Renewable Fuels –** Ethanol, Bio-Diesel, Retrofit, Other
- **Coal** - Conventional Coal, Clean Coal, Coal Gasification, Carbon Capture, Other
- **Other** - Transmission Infrastructure, Energy Storage (Battery Technology), Supply Chain, Other

Please refer to Appendix D for the detailed Program Guidelines applicable for the energy sector that was approved by the IFA Board on September 9, 2009.

Section C. State Supported Agricultural Guarantee Programs

The Authority is authorized to issue Guarantees to qualifying loans supported by the Full Faith and Credit of the State of Illinois under requirements set forth in the Illinois Finance Authority Act and related Administrative Rules. The Lender and Borrower must agree and certify compliance with terms specified in the IFA Act and related Administrative Rules as a condition precedent to closing the Guaranteed Loan.

The Agriculture related bonds/loans are: Agri-Debt Guarantee; Specialized Livestock Guarantee; Agri-Industry Guarantee (under $1million); Agri-Industry Guarantee (over $1million); Young Farmer Guarantee; Value Added Stock Guarantee; Farm Purchase Guarantee; and Agricultural Participation Loan.

Credit Evaluation Standards									
#	Market Type	Ownership Equity (Net Worth / Total Assets)	Debt to Assets (Total Liabilities / Total Assets)	Working Capital to AGI (Working Cap / Value of Farm Production + Non-Farm Income)	Capital Debt Repayment Capacity	Maximum Net Worth	Minimum Net Worth	Debt Service Coverage (cash available for debt service for principal and interest)	Collateral
C1	Agri-Debt Guarantee	50%	40-65%	0.15	1.15	n/a	n/a	1.10x (1.25x preferred)	65% Equipment 80% Real Estate 70% Breeding Livestock
C2	Specialized Livestock Guarantee	50%	<70%	0.15	1.15	n/a	n/a	1.10x (1.25x preferred)	65% Equipment 80% Real Estate 70% Breeding Livestock
C3	Agri-Industry Guarantee	50%	n/a	0.15	1.15	n/a	n/a	1.10x (1.25x preferred)	65% Equipment 80% Real Estate 70% Breeding Livestock
C4	Agri-Industry Guarantee (over $1MM)	50%	n/a	0.15	1.15	n/a	n/a	1.10x (1.25x preferred)	65% Equipment 80% Real Estate 70% Breeding Livestock
C5	Young Farmer Guarantee	50%	40-70%	0.15	1.15	n/a	$10,000	1.10x (1.25x preferred)	65% Equipment 80% Real Estate 70% Breeding Livestock
C6	Value Added Stock Guarantee	50%	<70%	0.15	1.15	n/a	n/a	1.10x (1.25x preferred)	65% Equipment 80% Real Estate 70% Breeding Livestock
C7	Farm Purchase Guarantee	50%	40-70%	0.15	1.15	$500,000	$10,000	1.10x (1.25x preferred)	65% Equipment 80% Real Estate 70% Breeding Livestock

Documentation Required					
#	Market Type	Projections/Forecasts	Personal Financial Statements	Borrower Financial Statements Included	Guarantees / PL's
C1	Agri-Debt Guarantee	Required. Internally / Bank prepared and reviewed by Funding Manager	Required. Internally / Bank prepared and reviewed by Funding Manager	Audited; Reviewed; Compiled (External Statements with Footnotes, even if compiled).	Required Guarantees
C2	Specialized Livestock Guarantee	Required. Internally / Bank prepared and reviewed by Funding Manager	Required. Internally / Bank prepared and reviewed by Funding Manager	Audited; Reviewed; Compiled (External Statements with Footnotes, even if compiled).	Required Guarantees
C3	Agri-Industry Guarantee (under $1MM)	Required. Internally / Bank prepared and reviewed by Funding Manager	Required. Internally / Bank prepared and reviewed by Funding Manager	Audited; Reviewed; Compiled (External Statements with Footnotes, even if compiled).	Required Guarantees - Thirty Day advance notice to the Governor's Office of Management and Budget
C4	Agri-Industry Guarantee (over $1MM)	Required. Internally / Bank prepared and reviewed by Funding Manager	Required. Internally / Bank prepared and reviewed by Funding Manager	Audited; Reviewed; Compiled (External Statements with Footnotes, even if compiled).	Required Guarantees
C5	Young Farmer Guarantee	Required. Internally / Bank prepared and reviewed by Funding Manager	Required. Internally / Bank prepared and reviewed by Funding Manager	Audited; Reviewed; Compiled (External Statements with Footnotes, even if compiled).	Required Guarantees
C6	Value Added Stock Guarantee	Required. Internally / Bank prepared and reviewed by Funding Manager	Required. Internally / Bank prepared and reviewed by Funding Manager	Audited; Reviewed; Compiled (External Statements with Footnotes, even if compiled).	Required Guarantees
C7	Farm Purchase Guarantee	Required. Internally / Bank prepared and reviewed by Funding Manager	Required. Internally / Bank prepared and reviewed by Funding Manager	Audited; Reviewed; Compiled (External Statements with Footnotes, even if compiled).	Required Guarantees

II. <u>Conduit – Non-risk Financings</u>
Section D. Conduit Bonds for Investment Grade Rated Borrowers

These are bond issues that do not involve any IFA nor State funds, but are issued though the IFA so the underlying Borrower can benefit from tax exempt status on the Bonds, thus providing lower interest rates than with a conventional borrowing.

Although neither State nor IFA funds are involved, IFA Funding Managers and the IFA Credit Review Committee undertake a due diligence review in an effort to assure that these financings are successful. However, IFA does not require Investment Grade Borrowers (or public companies that are SEC reporting entities) to prepare information that will not be presented to Bondholders (e.g., projections) or shareholders.

In lieu of projections (the preparation of which for external use could create securities law issues for the Borrower), IFA prepares *pro-forma* debt service coverage computations to evaluate repayment ability of the Borrower (as an adjunct to the Borrower's stated credit rating).

Note – Please see Appendix A for more detail on Rating Agencies

Credit Evaluation Standards							
#	Market Type	Debt Service Coverage (cash available for debt service for principal and interest)	Pro Forma Debt Service Coverage for the most recent audited year adjusted to reflect debt service on proposed bonds (in lieu of projections)	Liquidity Ratio (Days Cash on Hand / Cash to Debt) Days Cash and Investments - pertinent for borrowers whose bonds are being sold to Investors without any third party credit enhancement	Current Ratio (Liquidity Criterion for Micro Cap Borrowers)	Leverage (Debt To Equity) Explanation Required if Below Target	Other Criteria / Evaluative Issues
D1	Healthcare	>1.10x	>1.25x	Minimum of 60 Days	Minimum of 1.0:1	Maximum of 1.0:1	Certificate of need permit
D2	Higher Ed / Cultural	>1.10x	>1.25x	Minimum of 60 Days	Minimum of 1.0:1	Maximum of 1.0:1	Enrollment / Attendance Trends - Trends on Donations
D3	Local Government Bonds (stand-alone)	>1.10x	Alternate Revenue Bonds > 1.25x Revenue Bonds > 1.20X General Obligation Bonds > 1.0x	Minimum of 60 Days	Minimum of 1.0:1	Maximum of 1.0:1	Equalized Assessed Value Trends Three years of property tax collection rate history Intercept Coverage of 2.00x
D4	Publicly-Traded For-Profit Companies (e.g., Utilities; Solid Waste Companies; Water Utility Companies)	>1.10x	Not Applicable	Evaluate Trend	Evaluate Trend	Evaluate Trend	Underlying investment grade rating mitigates any criteria violations.

Documentation Required					
#	Market Type	Borrower Accounting & Financial Reporting Standards	Forecast	Collateral Evaluation	Revenue and Other Indicators
D1	Healthcare	Three Years of Audited financial statements (to be included in Appendix A of the Official Statement)	Pro Forma Debt Service Coverage (in lieu of projections) prepared by the Borrower and verified by the Funding Manager	Evaluated by Rating Agency or Credit Enhancer	Service Map - List of amount and percentage of top revenue sources averaged over the last three years or most current year
D2	Higher Ed / Cultural	Three Years of Audited financial statements (to be included in Appendix A of the Official Statement)	Pro Forma Debt Service Coverage (in lieu of projections) prepared by the Borrower and verified by the Funding Manager	Evaluated by Rating Agency or Credit Enhancer	Three years of Enrollment History - Endowment and Capital Campaign Status, List of amount and percentage of top 3-5 revenue sources averaged over the last three years or most current year
D3	Local Government Bonds (stand-alone)	Three Years of Audited financial statements (to be included in Appendix A of the Official Statement)	Pro Forma Debt Service Coverage (in lieu of projections) prepared by the Borrower and verified by the Funding Manager	Back door referendum and signed resolution General Obligation of Municipality Possible State Aid and Revenue Intercept (if applicable)	Equalized Assesed Value Trends Three years of property tax collection rate history Intercept Coverage of 2.00x
D4	Publicly-Traded For-Profit Companies (e.g., Utilities; Solid Waste Companies; Water Utility Companies)	All SEC mandated 10-K & 10-Q Reports	Not Applicable Exempt from this requirement due to SEC “Forward Looking Statement Exemption”	Evaluated by Rating Agency or Credit Enhancer	Sales Trends Net Income as percentage of sales, EBITDA trends.

Section E-1. Credit Enhanced or Direct Purchase Conduit Bonds or Leases for Non-Rated 501(c)(3) Borrowers

These Bonds do not involve any IFA nor State funds, but are issued though the IFA so the underlying Borrower can benefit from IFA's conveyance of municipal bond status to the financing, thereby resulting in a lower interest rate to the Borrower than conventional financing. Neither State of Illinois nor IFA funds are involved.

Although IFA does not bear direct credit risk on these financings, IFA undertakes a review of these projects to provide evaluate reasonableness/viability of the underlying request.

Credit Enhancement Structures –
Letter of Credit: Provides an irrevocable guarantee to the Bondholder that assures that the investor will be paid irrespective of whether the underlying Borrower is able to pay. The Letter of Credit provider assumes all repayment risk associated with the underlying Borrower. Accordingly, the Letter of Credit provider is fully secured by senior mortgages and blanket first security interests in all assets of the underlying Borrower and affiliates, along with cross-collateralization and cross-default provisions from Borrower affiliates (including personal guarantees from owners for lower capitalization for-profit borrowers if deemed necessary).

Municipal Bond Insurance: Municipal Bond Insurance was never available to Non-Rated 501(c)(3) Borrowers. A binding agreement under which a third party bond insurer guarantees the principal and interest payments for the entire life of the bond issue in return for an upfront premium. Historically, the bond insurers have been typically Single-A, Double-A or Triple-A rated entities that have historically required the underlying Borrower to have a minimum investment grade rating of Baa3/BBB+/BBB+ or better. Given the turmoil in the credit markets relating to Asset-Backed Securities and Structured Investment Vehicles, all of the Bond Insurers have been downgraded. As a result, the use of Bond Insurance to structure 501(c)(3) financings has diminished as numerous downgrades in the credit ratings have occurred.

Direct Purchase Structure
Direct (Bank or Finance Company) Purchase: Bonds are issued and purchased directly by the Bank (or Finance Company) as Direct Lender/Investor. The Direct Lender/Investor assumes 100% of the credit risk relating to the underlying Borrower.

#	Market Type	Debt Service Coverage (cash available for debt service for principal and interest)	Pro Forma Debt Service Coverage in combination of three years of projections	Leverage (Debt To Equity) Explanation Required if Above Target	Liquidity Ratio (Days Cash on Hand / Cash to Debt Secondary Indicator)	Current Ratio Secondary Indicator - Evaluation of Trends	Other Criteria/Evaluative Issues - Bank Line of Credit - Adequacy, recent draws and historical reliance
Credit Evaluation Standards							
E1	Higher Education / Cultural	>1.00x	>1.15x	Maximum of 1.0:1	Minimum of 60 Days	Minimum of 1.0:1	Revenue Composition: Top (3-5) Enrollment Trends
E2	Private Schools	>1.00x	>1.15x	Maximum of 1.0:1	Minimum of 60 Days	Minimum of 1.0:1	Revenue Composition: Top (3-5) Enrollment Trends
E3	Corporate Based Recreational Facilities (e.g., YMCA)	>1.00x	>1.15x	Maximum of 1.0:1	Minimum of 60 Days	Minimum of 1.0:1	Revenue Composition: Top (3-5) Attendance membership Trends
E4	Charter Schools	>1.00x	>1.15x	Maximum of 1.0:1 (may be higher since limited operating history)	Minimum of 60 Days	Minimum of 1.0:1	Revenue Composition: Top (3-5) Enrollment Trends
E5	Social Services	>1.00x	>1.15x	Maximum of 1.0:1	Minimum of 60 Days	1.50x to 2.00x minimum	Revenue Composition: Top (3-5) Dependence upon State Aid (%) Describe menu of services and respective sources of funding
E6	Healthcare	>1.00x	>1.15x	Maximum of 1.0:1	Minimum of 60 Days	Minimum of 1.0:1	Non-rated: Requires Feasibility study and detailed explanation of pay or mix (reliance upon Medicaid/Medicare funding)
E7	Senior Living - Start-up Continuing Care Retirement Communities	>1.00x	>1.15x	Maximum of 1.0:1	Minimum of 60 Days or 20% Cash to Debt	Minimum of 1.0:1	Non-rated: Requires feasibility study with acceptable ratios (coverage and liquidity). Also requires marketing and occupancy covenants aligned with feasibility study assumptions.

E8	Single Purpose Leisure Facility - 501(c)(3) (e.g., Ice Rinks)	>1.00x	>1.15x	Dependent on Industry Less than 4.0:1.	Evaluation of Trends	Evaluation of Trends	Minimum Net Equity of 20%; Principle Repayment by year four; 85% Loan to Value - Fair Market Value Appraisal Operating Reserves for new facilities -Report % of Time (and $ revenues) pre-leased -Evaluate sufficiency of operating reserves, particularly if facility is not pre-leased with "credit" tenants -Examine credit quality of underlying credits

Documentation Required					
#	Market Type	Borrower Accounting & Financial Reporting Standards	Forecast - Projections only prepared for private companies. Public Companies protected by SEC regulations (or subsidiaries of public companies).	Collateral Evaluation	Revenue and Other Indicators
E1	Higher Education / Cultural	Three Years of Historical Audited, Reviewed, or Compiled financial statements.	Three years of projections prepared by the funding manager to verify Borrower's projections and three years of enrollment forecast and explanation	Evaluated by Bank purchasing bonds or providing letter of credit (or by Rating Agency if rated (investment grade) Baa2/BBB/BBB or higher)	Three years of enrollment trends.
E2	Private Schools	Three Years of Historical Audited, Reviewed, or Compiled financial statements.	Three years of projections prepared by the funding manager to verify Borrower's projections and three years of enrollment forecast and explanation.	Evaluated by Bank purchasing bonds or providing letter of credit (or by Rating Agency if rated (investment grade) Baa2/BBB/BBB or higher)	Three years of enrollment trends.
E3	Charter Schools	Three Years of Historical Audited, or Reviewed, financial statements.	Three years of projections prepared by the funding manager to verify Borrower's projections and three years of enrollment forecast and explanation.	Evaluated by Bank purchasing bonds or providing letter of credit (or by Rating Agency if rated (investment grade) Baa2/BBB/BBB or higher)	Three years enrollment trends. Discussing of Charter Term - Disclosure in Board Report.
E4	Corporate Based Recreational Facilities (e.g.,YMCA)	Three Years of Historical Audited, Reviewed, or Compiled financial statements.	Three years of projections prepared by the funding manager to verify Borrower's projections and three years of membership forecast and explanation.	Evaluated by Bank purchasing bonds or providing letter of credit (or by Rating Agency if rated (investment grade) Baa2/BBB/BBB or higher)	Membership Trends - New location or addition. Percentage of Revenues from Membership.
E5	Social Services	Three Years of Historical Audited financial statements. (i.e., Recipients of Government funding).	Three years of projections prepared by the funding manager to verify Borrower's projections.	Evaluated by Bank purchasing bonds or providing letter of credit (or by Rating Agency if rated (investment grade) Baa2/BBB/BBB or higher)	Three years of attendance / enrollment, Aging report or general vacancy rates based on business type. Note: Percentage of Revenues from State of Illinois Agencies list amount and percentage of top five sources of revenue

E6	Healthcare	Three Years of Historical Audited, or Reviewed, Compiled financial statements.	Three years of projections prepared by the funding manager to verify Borrower's projections and three years of enrollment forecast and explanation.	Evaluated by Bank purchasing bonds or providing letter of credit (or by Rating Agency if rated (investment grade) Baa2/BBB/BBB or higher)	Three years of occupancy trends. Service Map, Percentage and amount of any receivable State Aid.
E7	Senior Living - Start-up Senior Living - Start-up Continuing Care Retirement Communities	Three Years of Historical Audited, Reviewed, or Compiled financial statements.	Five years of projections prepared by the a third party feasibility firm to verify net operating income (debt service coverage) and liquidity measures including explanations.	Evaluated by Bank purchasing bonds or providing letter of credit (or by Rating Agency if rated (investment grade) Baa2/BBB/BBB or higher)	Three years of occupancy trends. Service Map, Percentage and amount of any receivable State Aid. Market study will also be required (typically included in feasibility study)
E8	Leisure Activities	Audited; Reviewed; Compiled (External Statements with Footnotes, even if compiled; Reviewed Statements for Companies with Sales Volume under $20MM; Audits for Companies with Sales Volume over $20 million).	Funding Manager evaluates market study forecasts	Real-estate: Fair Market Value from a certified licensed appraiser Machinery and Equipment: Orderly Liquidation Appraisal or buy back (“put”) agreement with equipment vendor	Minimum Borrower Cash Equity of 20% Pre-Leasing Facts Preliminary Market Study at Preliminary Final Market Study (acceptable to IFA at Final) (Dependant on Industry for additional criteria)

Section E-2. Credit Enhanced or Direct Purchase Conduit Bonds for Non-Rated, For-Profit Borrowers

As with Conduit 501(c)(3) Revenue Bonds, neither IFA nor the State has any direct liability. Each is issued though the IFA to attain tax-exempt status and reduces interest rate costs for the Conduit Borrower.

Credit Enhancement Structures –
Letter of Credit: Provides an irrevocable guarantee to the Bondholder that assures that the investor will be paid irrespective of whether the underlying Borrower is able to pay. The Letter of Credit assumes all repayment risk associated with the underlying borrower. Accordingly, the Letter of Credit provider is fully secured by senior mortgages and blanket first security interest in all assets of the underlying borrower and affiliates, along with cross-collateralization and cross-default provisions from any borrower affiliates (including personal guarantees from owners for lower capitalization for-profit borrowers).

Municipal Bond Insurance: Municipal Bond Insurance has only available to publicly-traded companies rated BBB+ or better (e.g., utilities and publicly-held Solid Waste Companies . Because no closely-held, privately-owned manufacturing company is rated by the rating agencies, no prospective Industrial Revenue Bond borrower has ever been a candidate for bond insurance.

Municipal Bond Insurance is a binding agreement under which a third party bond insurer guarantees the principal and interest payments for the entire life of the bond issue in return for an upfront premium. Historically, the bond insurers are typically Single-A, Double-A or Triple-A rated entities that generally required the underlying Borrower to have a minimum investment grade rating of Baa3/BBB+/BBB+ (Moody's/S&P, Fitch) or better.

Given turmoil in the credit markets resulting from the collapse of insured Asset-Backed Securities and Structured Investment Vehicles, all of the Bond Insurers have been downgraded. As a result, the use of Bond Insurance to structure 501(c)(3) financings has diminished as numerous downgrades in the credit ratings have continued.

Direct Purchase Structure
Direct (Bank or Finance Company) Purchase: Bonds are issued and purchased directly by the Bank (or Finance Company) as Direct Lender/Investor. Tax-Exempt Bonds issued for Privately-owned companies are not eligible for Bank Qualified status

Credit Evaluation Standards							
#	Market Type	Debt Service Coverage (cash available for debt service for principal and interest)	Pro Forma Debt Service Coverage in combination with three years of projections	Leverage (Debt To Equity) Explanation Required if Below Target	Liquidity Ratio (Days Cash on Hand / Cash to Debt) Secondary Indicator	Current Ratio Secondary Indicator	Other Criteria/Evaluative Issues - Bank Line of Credit - Adequacy, recent draws and historical reliance
E9	Beginning Farmer Bonds	Evaluated by Bank purchasing bonds	Evaluated by Bank purchasing bonds.	Evaluated by Bank purchasing bonds	Review of Bond Purchase Agreement	Beginning Farmer Bonds	Evaluated by Bank purchasing bonds
E10	Industrial Revenue Bonds (Micro-Cap)	>1.10x	>1.20x	<4.0:1 (Micro Cap Private Company)	Evaluation of Trends	Evaluation of Trends	Availability of current year Volume Cap
E11	Solid Waste Disposal Revenue Bonds	>1.10x	>1.20x (No Projections required for Public Companies)	Minimum of 1.0:1 (Generally Small Cap to Mid Cap Public Companies)	Evaluation of Trends	Evaluation of Trends	Illinois Environmental Protection Agency Construction Permits in Place in advance of Final Bond Resolution (prior to Preliminary Bond Resolution on landfill and solid waste transfer station projects.) Energy projects Power Purchase Agreement in place at time of Final Bond Resolution, if applicable..
E12	Water or Gas Utility Revenue Bonds	>1.10x	>1.15x(No Projections required for Public Companies)	Minimum of 1.0:1 (Generally Small Cap to Mid Cap Public Companies)	Evaluation of Trends	Evaluation of Trends	Illinois Comerence Commission approval preferred at time of Final Bond Resolution (or in process with proposed timing)
E13	Multi-Family Housing Revenue Bonds	>1.10x	>1.10x (project financing)	Not Applicable (Project Financing)	Examine funded reserves (for Debt service and lease-up)	Not Applicable (Project Financings)	Market Study Prior to Final Bond Resolution

Documentation Required					
#	Market Type	Borrower Accounting & Financial Reporting Standards	Forecast	Collateral Evaluation	Revenue and Other Indicators
E9	Beginning Farmer Bonds	Evaluated by Bank purchasing bonds	Evaluated by Bank purchasing bonds.	Evaluated by Bank purchasing bonds	Review of Bond Purchase Agreement
E10	Industrial Revenue Bonds	Three Years of Historical **Audited, Reviewed, or Compiled** financial statements.	Three years of projections prepared by the funding manager to verify Borrower's projections.	Evaluated by Bank purchasing bonds or providing Letter of Credit.	Explanation of extraordinary Sales Growth if in excess of 20% per annum in any recent year. Explain fluctuations in net income.
E11	Solid Waste Disposal Revenue Bonds	Three Years of Historical **Audited, Reviewed, or Compiled** financial statements.	Pro Forma Debt Service Coverage (in lieu of projections) prepared by the Funding Manager SEC Prohibits public companies from releasing forward-looking statements	Evaluated by Bank purchasing bonds or providing letter of credit (or by Rating Agency if rated (investment grade) Baa2/BBB/BBB or higher)	Describe service area, Statement of sales percentage. Illinois Environmental Protection Agency Construction Permits in place prior to Final Bond Resolution (Preliminary Bond Resolution for landfill and solid waste transfer station). Energy projects Power Purchase Agreement in place at time of Final Bond Resolution.
E12	Water or Gas Utility Revenue Bonds	Three Years of Historical **Audited,** financial statements.	Pro Forma Debt Service Coverage (in lieu of projections) prepared by the Funding Manager SEC Prohibits public companies from releasing forward-looking statements	Evaluated by Bank purchasing bonds or providing letter of credit (or by Rating Agency if rated (investment grade) Baa2/BBB/BBB or higher)	Describe service area, and current / proposed Water rate. Illinois Comerence Commission approval of debt, prior to Final Bond Resolution
E13	Multi-Family Housing Revenue Bonds	Prepare Stabilized Net Operating Income statement	Three years of projected Net Operation Income statements prepared by the Funding Manager to verify Borrower's projections.	Evaluated by Bank purchasing bonds or providing Letter of Credit. Market study will suggest value of collateral as an "affordable" property.	Vacancy and Collection loss rate. Market Study prior to Final Bond Resolution. Report General Rental Vacancy rates at comparables in submarket. Evaluate proposed absorption rate and note if lease-up reserves sufficient. Examine timing benchmarks of tax credit investor equity injections.

III. Appendix A: General Threshold Application Information and Overview on Internal Review Procedures

Application: To be considered for IFA financings, potential borrowers must submit an application for the particular product or program they seek to use. Borrowers may obtain an application by downloading from the IFA website or requesting a hardcopy or e-mail copy. For most programs, an application fee is charged and must be submitted with the application. The application must include, at a minimum, the following information (and supplemented with appropriate accountant-prepared financial reports [e.g., audits, reviews, compilations], appraisals, benchmarking reports, feasibility studies, market studies, brochures, IFA Staff Site Visit and Interview, as appropriate):

A. Company Information - name, address, financing type, NAICS/SIC codes, form of organization, ownership, management and history or background of the borrower

B. Project Information – description; time frame; occupancy and tenants; use and users; products produced; machinery and equipment details; location; economically distressed area/tax area designation; site details and improvements; districts; building details and collateral

C. Sources and Uses of Funds – project cost summary; detailed sources of funds, detailed uses of funds

D. Financing – existing financing arrangements, proposed bond purchaser, type of sale and guarantees

E. Employment – current employment, 1 year if applicable and 2 year employment projections by category; tenant and tenant employment data; projection assumptions; job retention data; construction jobs

F. Community Impact – description of the Project's impact on the surrounding community; statement as to Project's necessity; market/feasibility study

G. Professionals – contact information for general counsel, bond counsel, accountant and consultant and other professionals engaged.

H. Financial Data – 3-year historical and 3-year forecast income statement and balance sheet with supplemental supporting explanation; projected cash flow analysis; owner's statement of personal history and personal financial statement

Each Application is certified by the Borrower (required only if personal guarantees required). Furthermore, the Borrower agrees to comply with all applicable State of Illinois laws (a condition that the Borrower covenants in its formal financing agreement with IFA).

IFA Internal Due Diligence Upon Receipt of Application: The Funding Manager shall conduct a due diligence review of the narrative and financial informaiton included in the application and request additional information as needed in order to prepare a comprehensive IFA Board Summary Report.

Upon completion of this Board Summary Report (the “Report”), the Funding Manager submits the Report (along with recommended conditions, as applicable) for review by I, the IFA Credit Review Committee (the “Committee”), and the Authority’s third party financial advisors in advance of presenting to the IFA Board of Directors for consideration.

The Funding Manager presents and discusses the project with members of the IFA Credit Review Committee, which includes IFA’s third party financial advisors. The Committee reviews, provides comments (and prospectively follow-up questions) for the Funding Manager and provides a recommendation of approval (or disapproval) along with conditions.

Projects that are recommended for presentation to the IFA Board are then submitted to the Board of Directors at a subsequent Board Meeting for consideration. The recommendation of the IFA Credit Review Committee is not binding, however. The IFA Board of Directors has discretion to approve, disapprove, or impose additional conditions on any transaction presented for consideration.

Appendix B: Description of Rating Agency Categories

The Rating Agencies: There are currently three sanctioned agencies that issue credit ratings for municipal bond issues: Moody's, Standard & Poor's, and Fitch.

Credit ratings provide guidance to investors on a Borrower's ability to repay debt and other fixed obligations and withstand other sources of financial or economic stress. At the time of issue, bond ratings are intended to help provide forward-looking evaluation of a Borrower's ability to repay scheduled interest and principal payments.

Investment grade bonds are believed to have a low probability of default whereas below-investment-grade bonds are thought to have a relatively greater probability of default.

Long Term - Credit Risk	**Moody's** **(Sub-Ratings from High to Low:** **1, 2, 3)**	**Standard & Poor's** **(Sub-Ratings from High to Low:** **+, , -)**	**Fitch** **(Sub-Ratings from High to Low:** **+. _, -)**
Highest quality	Aaa	AAA	AAA
High quality (very strong)	Aa	AA	AA
Upper medium grade (strong)	A	A	A
Medium investment grade	Baa	BBB	BBB
Lower medium grade (somewhat speculative)	Ba	BB	BB
Low grade (speculative)	B	B	B
Poor quality (may default)	Caa	CCC	CCC
Most speculative	Ca	CC	CC
No interest being paid or bankruptcy petition filed	C	C	C
In default	D	D	D

Triple-A rated Bonds are deemed protected by a "large and exceptionally stable margin and principal is secure," according to Moody's. While Triple-A rated companies are, as with all borrowers, subject to potential changes in their outlook, these changes are "unlikely to impair the fundamentally strong position" of these Borrowers.

Double-A rated Bonds "differ from the highest-rated obligations only in small degree," according to Standard & Poor's. Borrowers that carry a Double-A rating are believed to have a very strong capacity to meet financial obligations. They are rated lower than Triple-A because margins of protection may not be as large as in Triple-A securities or there may be other elements present which make the long-term risk appear somewhat larger than the Aaa securities.

Single-A rated Bonds, are less secure and considered "susceptible" to changing business and economic conditions and their ability to repay debts is considered merely "adequate." Thus, investment in Single-A rated bonds carries a somewhat higher degree of risk than the high investment grade categories do.

Triple-B rated Bonds are on the borderline between investment- and speculative-grade debt. As Moody's puts it, they are "neither highly protected nor poorly secured." Triple-B bonds are felt to have less protective elements than higher rated bonds and are considered vulnerable to potential changes in both an obligor's underlying business fundamentals as well as the general economic factors. Companies in this category are therefore likely to have a weakened capacity to repay debts under changed circumstances or general economic deterioration.

Bonds rated below Baa2/BBB/BBB by Moody's/S&P/Fitch are also deemed to be "speculative grade" according to policies specified in IFA's Bond Program Handbook and subject to more stringent investor requirements.

V. Appendix C: Applicability of SEC Rule 15c2-12 to IFA and IFA Borrowers:

As required in the Authority's November 2004 Bond Program Handbook, Borrowers must comply with any and all applicable Federal and State securities laws, including but not limited to those requiring full and complete disclosure of all material facts to potential investors specified by the U.S. Securities and Exchange Commission (i.e., SEC Rule 15c2-12).

Pursuant to SEC Rule 15c2-12, Municipal Bond Borrower is responsible to determine the appropriate investigations, material facts, and required disclosures (including financial statement disclosures) to investors via the Municipal Securities Rulemaking Board's ("MSRB's") EMMA disclosure repository. Because third party bond purchasers or credit enhancers assume all credit risk on many IFA conduit financings for small 501(c)(3) organizations and private companies, these Borrowers are currently exempted from reporting their underlying financial statements to EMMA.

Under existing 15c2-12 requirements, IFA does not assume any responsibility for EMMA disclosures. (Additionally, IFA Issuer's Counsel specifically disclaims any responsibility for such disclosures in their legal opinions on each transaction.)

VI. Appendix D: Energy Initiative Program Guidelines

ILLINOIS FINANCE AUTHORITY
Energy Initiative

Program Guidelines
September 9, 2009

Adopted by Resolution of the Board of the Illinois Finance Authority at the 11:30 a.m. Board Meeting on September 9, 2009.
Members present and voting for: William A. Brandt, Jr., Chairman, Michael W. Goetz, Vice-Chairman, Dr. William J. Barclay, James J. Fuentes, Dr. Roger D. Herrin, Edward H. Leonard, Sr., Terrence M. O'Brien, Juan B. Rivera, and Bradley A. Zeller
Members present and voting against: None
Members absent: Ronald E. DeNard, April D. Verrett

FINANCIAL ASSISTANCE FOR CLEAN COAL, COAL AND RENEWABLE ENERGY PROJECTS

EXECUTIVE SUMMARY

I. RISK ASSET ACCEPTANCE CRITERIA

II. PROJECT APPROVAL PROCESS AND REQUIREMENTS

III. ASSET GUARANTEE AND APPLICATION PRICING

IV. PORTFOLIO MANAGEMENT, TRANSACTION MONITORING, AND REPORTING REQUIREMENTS

EXECUTIVE SUMMARY

Pursuant to Public Act 96-103 (20 ILCS 3501/825-65; 20 ILCS 3501/825-70; 20 ILCS 3501/825-75), the IFA is authorized to provide up to $3 billion in "Additional Security" (moral obligation) loan guarantees or bonds to help facilitate the development of Renewable Energy, Coal and Clean Coal projects in Illinois.

Although reducing default risk is a priority of all IFA financings, risk management is especially important for transactions employing Illinois "Additional Security" (moral obligation) or Illinois State Guarantee assistance. To appropriately manage the default risk, the IFA plans to engage in a rigorous review of a proposed project, together with its business and finance plans, before approving and issuing, such guarantees.

This document details the credit underwriting criteria, due diligence standards and credit origination and risk management process the IFA staff will follow to manage this program.

Specifically, the document memorializes the board approval for the following items -

i. Risk Asset Acceptance Criteria;
ii. Project approval process and requirements;
iii. Asset guarantee and application pricing;
iv. Portfolio management, transaction monitoring and reporting requirements.

I. RISK ASSET ACCEPTANCE CRITERIA (RAAC)

The general RAAC is outlined below for energy transactions to qualify for credit support through an "Additional Security" (moral obligation) guarantee or bond. As appropriate, the IFA will develop specific credit criteria for specific market segments that will supersede the general RAAC.

GENERAL PROJECT RAAC

Comply with Act 096-0103	The project fully complies with all legal requirements included in the $3.0 billion in bond or debt guarantee program.
Borrower:	Standard background and due diligence checks, acceptable to the IFA.
Technology Risk:	For commercially available technology - proven technology, with proven and operating facilities. For innovative technology, smaller scale operating test plant and IET review of and approval of the technology is desirable. Independent engineering studies and/or other third party support for feasibility are required. No start up or venture capital risk is provided credit support at this time.
Predictable source of debt repayment:	Long-term off-take, power purchase agreement, or payment obligation from acceptable counter-party that will fully amortize the IFA bond or debt guarantee. Counterparty risk acceptable to IFA, ideally investment grade. Refinancing risk, to the extent accepted, is mitigated by future contractual cash flows from a long-term off-take, power purchase agreement or credit

worthy payment obligation.

Third Party Pari-Passu Credit Participation:	Pari-passu credit obligation, in all respects, from one of the following: 1. Third party regulated financial institution, 2. Federal government agency guarantee or direct obligation, or 3. Public or private placement of debt that is rated investment grade by one nationally recognized rating agency.
Cash Equity Requirement:	Minimum of 15% to 20%, net of any developer fees and/or cash grants from the state or federal government.
Debt Service Coverage Requirement:	Minimum 1.25x for each year of the forecast period. Debt service is defined as (EBITDA – maintenance capital expenditures – cash taxes)/ (principal and interest) for all borrower debt.
Interest Rate Hedging:	Acceptable interest rate hedging, mitigating interest rate volatility and mismatch between contractual cash flow obligations and debt service obligations.
Acceptable project due diligence:	Due diligence to include, but not be limited to, the following: 1. Engineering studies, reviewed and acceptable to the IET 2. Environmental studies, reviewed and acceptable to IET 3. Zoning and permitting due diligence confirmed by IFA third party legal counsel 4. Developer model reviewed and verified by a third party accounting firm, acceptable to the IFA 5. Any other due diligence deemed appropriate by Illinois Energy Team and/or IFA.
Legal documentation:	Standard legal documentation, prepared or reviewed by approved IFA counsel, to include perfected first lien security interest in all project assets, including turbine, PPA, land (or land lease for term equivalent to the term of the PPA), and other physical assets or contracts required to operate the project. Documentation will also include standard cash traps (based on poor financial performance and dividend blocks)

Mitigating factors for the aforementioned credit criteria include personal guarantees with identifiable unencumbered assets, secondary sources of repayment or acceptable third party corporate guarantee, and other factors will be considered, all subject to final board approval.

WIND PROJECT RAAC

Given expected wind development activity and the 75% wind requirement under the Illinois Renewable Portfolio Standard (“RPS”), the IFA has developed specific wind RAAC criteria:

Borrower:	Standard background and due diligence checks, acceptable to the IFA.
Power Purchase Agreement:	A Power Purchase Agreement (PPA) is required with price certainty for at the full term of the debt and, at a minimum, eighteen months beyond the final maturity of the debt. Debt is fully amortized from cash flows from PPA with no balloon payments or construction contingency. Approved

PPA counterparties include ComEd, Amren and the IPA. Any other PPA counterparty requires both a BBB+/Baa1 rating and IFA Board approval.

Third Party Pari-Passu Credit Participation:

Pari-passu credit obligation, in all respects, from either

1. Third party regulated financial institution,
2. Federal government agency guarantee or direct obligation, or
3. Public or private placement of debt that is rated investment grade by one nationally recognized rating agency.

Cash Equity Requirement:

Minimum of 15% to 20%, net of any developer fees and/or cash grants from the state or federal government.

Debt Service Coverage Requirement:

Minimum 1.25x for each year of the forecast period. Debt service is defined as (EBITDA – maintenance capital expenditures – cash taxes)/(principal and interest) for all borrower debt.

Amortization:

Loan to fully amortize over the life of the PPA supported only by cash flows from the PPA.

Any balloon risk, if accepted, is mitigated through remaining cash flows adequate to fully amortize the balloon loan at maturity.

Interest Rate Hedging:

Acceptable interest rate hedging, mitigating interest rate volatility and mismatch between contractual cash flow obligations and debt service obligations.

Construction Financing:

Construction risk will be mitigated in an acceptable manner, which will include fixed price contracts, liquidated damages etc

Acceptable project due diligence:

Due diligence to include, but not be limited to the following:

1. P90 Wind Study required from reputable engineering firm with experience in Illinois or surround state wind projects. The engineering study will also be required to estimate long-term maintenance capital expenditures and operating costs for the project.
2. Environmental studies, reviewed and acceptable to IET
3. Zoning and permitting due diligence confirmed by IFA third party legal counsel
4. Developer model reviewed and verified by a third party accounting firm, acceptable to the IFA

Legal documentation:

Standard legal documentation, prepared or reviewed by approved IFA counsel, to include perfected first lien security interest in all project assets, including turbine, PPA, land (or land lease for term equivalent to the term of the PPA), and other physical assets or contracts required to operate the project. Documentation will also include standard cash traps (based on poor financial performance and dividend blocks)

No modifications of the RAAC are permitted without subsequent IFA board approval.

II. Staff and Board Approval Process:

There will be six major phases to this transaction review process:

Phase I – Initial Discussion with Applicants

A prospective applicant must provide to the IFA general project information, such as background on the developer, the technology, the project and the financial projections, and must meet the minimum criteria listed below regarding the project economics, project readiness, regulatory process, capitalization, technology feasibility and the project team qualifications, to meet the initial hurdles for consideration.

The following are the minimum threshold requirements to be met for a project to be considered for further review:

Minimum Threshold Requirements for Prospective Applicants

Project Economics	Output Sales and Supply Purchase Agreements	Term sheet executed by the project and a third party to secure output sales contracts with creditworthy buyers and supply purchase contacts from reliable suppliers (if applicable). These agreements shall have terms matching the term of the debt, mitigate pricing risk and ensure ongoing debt coverage.
Project Readiness	The Site	Identified and controlled by the developer
	The Wind Resource (for wind power projects only)	A completed wind study or other evidence of ample wind.
Regulatory Process	Zoning, Permitting, Environmental	Completed or likely to be completed within 18 months
Capitalization	Development Budget	At least 50% of the development budget required to reach financial close has been raised or committed.
	Project Equity	At least 25% of the required equity has been raised or committed, with a credible plan for raising the balance from internal resources, existing investors or a recognized equity arranger.
Technological Viability	Commercially Available	Key technology has been

		successfully employed in projects of similar application and scale. Independent engineering studies and/or other third party support for feasibility.
	Innovative Technologies, with a reasonable likelihood of success	Technology has been proven at smaller scale or in comparable applications. IET review of technology hurdles. Independent engineering studies and/or other third party support for feasibility.
The Project Team	Management and the Project Operator	Experience managing and operating a similar project
	The Development Team	Experience developing similar projects

Interested developers will be provided with this list of the minimum threshold requirements to be considered for this funding program. To the extent that a project does not meet these minimum criteria, suggestions for meeting these criteria will be provided by the IFA, and the applicant will be invited to resubmit their project for consideration once these milestones have been achieved.

Phase II - Approval to proceed (green light) from IFA Energy Credit Committee

If a project does meet the minimum threshold requirements outlined above, a short summary of the project will be presented to the Energy Credit Committee ("ECC") to seek their approval to proceed. The ECC will be composed of members of the Board Energy Committee, representatives from IL EPA, representatives from GOMB and representatives from DCEO. Once a project receives an approval to proceed, the developer will be permitted to apply to the IFA for bond and/or loan guarantees. The ECC may recommend that a project seek preliminary approval from the Board Energy Committee or even the full IFA Board. In addition, the ECC may recommend that a member of the Illinois Energy Team complete a full technical and/or environmental review of the project.

If an applicant is notified that the project will not be subject to further consideration in the review process at this time, IFA will, to the extent reasonable, provide the developer the basis of this decision and suggested actions the Applicant can take to cure the deficiencies. Any Applicant whose proposal is denied further review at this stage will not be barred from re-submitting an updated or revised project proposal. Information and review status on projects being reviewed by IFA will be provided to both GOMB and the IFA Board on an on-going basis.

Phase III – Application by Applicants

Once a project receives the green light from the ECC, the applicant will be invited to submit a formal application to the IFA. This application should be signed by the Applicant and be accompanied by a $25,000 retainer for third party review costs associated with this project. Such third party reviews will include, but not be limited to, such items as: the project financial feasibility, the technical aspects of the technology, and the environmental impact of this project. To the extent all of these fees have not been used to cover expenses, any excess will be returned to the applicant. In addition, the IFA retains the right to request additional funds to cover these third party reviews throughout this application process, as necessary.

This application must contain, at a minimum, the following items:

(i) a business plan including (1) an overview of the proposed project, (2) a description of the applicable technology, its manufacturer and licensees, if any, and its generally accepted life cycle, (3) the estimated total project costs (including escalation and contingencies), (4) the timetable for construction and commencement of operation, (5) proposed location of the project, (6) identity and experience of the contractor, (7) identity and experience of the operator of the project and (7) description of any supply and/or off-take contracts providing financial support for the project.

(ii) Copies of any Feasibility Studies completed.

(iii) a description of the Applicant, including (1) financial ability to undertake and support the project and (2) its experience in project investment, development, construction, operation and maintenance;

(iv) a financing plan, describing (1) the equity to be invested and the timing and sources of such equity contributions, (2) the amount of the total debt obligations to be incurred and the funding sources of all such debt, (3) the amount and source of any debt or performance guarantees and (4) a financial model detailing the investments and cash flows generated from the project over the term of the proposed financing and projections for a minimum of three years beyond the scheduled debt repayment date;

(v) a detailed term sheet, setting forth the proposed terms and conditions of any bonds to be issued by the IFA or loans to be guaranteed through the State Moral Obligation;

(vi) a description of how the project will comply with the requirements of a Clean Coal, Coal and Renewable Energy Project, as described in the Authorizing Statute, and, if such project is a “new electric generating facility”, a copy of the application, if any, submitted to the Illinois Department of Commerce and Economic Opportunity for financial assistance to energy generation facilities and the disposition thereof;

(vii) an outline of the potential environmental impacts of the project and how these impacts will be mitigated, including any environmental studies completed to date, and any discussions with the US EPA or State of Illinois EPA;

(viii) identification of any and all government assistance (e.g., financial assistance, tax credits, other loan guarantees), from whatever source (federal, State, any other state, local, or foreign) which has been obtained or applied for, or expected to be obtained or applied for, to support financing, acquisition, construction, or operation of the project;

(ix) a description of how the proposed project meets the purposes of the Authorizing Statute – including the level of Illinois’ coal resources to be used and whether the location of any new generating facilities constitutes an area of Illinois where demand for power exceeds generating capacity; and

(x) an executive summary briefly stating the key project features and attributes, and its economic market analysis

(xi) copies of any engineering studies completed to date.

(xii) Description of all permits and authorizations required and their status, including zoning, environmental etc.

A Funding Manager will review this application and maintain contact with the Applicant throughout this process. Applications that are deemed complete and acceptable from a risk asset perspective will be allowed to move to the next phase of this review process.

Phase IV - Approval of Inducement Resolution and Conditional Approval Letter by Board Energy Committee, IFA Board and GOMB

After consultation with and approval from the Board Energy Committee, a formal submission to the IFA Board and GOMB will be made to approve an inducement resolution for projects that are deemed suitable to participate in this program and a Conditional Approval Letter for the proposed support from the State. No term sheet or conditional approvals will be issued on any project prior to the approval by the IFA Board and GOMB.

If the IFA determines that a project is suitable and appropriate for bond financing or loan guarantees through the IFA, the IFA will notify the Applicant in writing and will provide the Applicant with a Conditional Approval Letter that may contain conditions precedent that must be met prior to closing.

If the IFA determines not to proceed further with an Application for a project, the IFA will inform the Applicant in writing of its denial, and the basis for such denial, permitting the Applicant to correct such deficiencies and reapply.

Upon IFA's receipt back of the acceptance by the applicant of the terms and conditions of the IFA's Conditional Approval Letter, documentation will be commenced based upon the Conditional Approval Letter approved by the Board. Any material changes to these terms and conditions will be discussed thoroughly with the Energy Committee and if appropriate, the IFA Board. The IFA will issue bonds or loan guarantees for Applicant's project if and only if all funding and other contractual, statutory and regulatory requirements, or any other condition precedent, have been satisfied, which will include such issues as the zoning, environmental and other permitting requirements for the project. The Applicant will be required to provide to the IFA on a timely basis any and all updated information in the event of any changes to the terms of the project financing or the project prior to the issuance of the bonds, which will be discussed with the IFA Board, as appropriate.

Phase V - Board Approval of Final Resolution (with any changes from Conditional Approval Letter)

Once an Applicant has successfully completed the prior phases, and is moving to the closing of the financing, a submission will be made to the IFA Board to request approval of the Final Resolution, which will also incorporate any changes to the original Conditional Approval Letter approved by the Board.

Prior to the closing date, the Authority will confirm that the documentation for the project contains all terms and conditions agreed to by the Authority and the Applicant in the Conditional

Approval Letter, or as otherwise represented by the Applicant to the Authority in the Application. Any issuance of bonds or loan guarantees by the Authority will be subject to compliance with the limitations on financing contained in the Authorizing Statute, and will be subject to the approval of the Final Resolution by the IFA Board. The IFA Board will delegate authority to the Executive Director or the General Counsel to determine if all conditions precedent have been met prior to closing.

Phase VI - Closing

Subsequent to the approval by the IFA Board of the Final Resolution, and the meeting of all conditions precedent required for this transaction to close, the contemplated financing can be closed.

III. Asset Guarantee and Application Pricing

APPLICATION RETAINER FEES

Each Application shall be accompanied by a retainer of $25,000. These funds will be used to pay the out-of-pocket costs incurred by the IFA for the reasonable fees and expenses of counsel to the IFA and financial advisor to the IFA, in each case as selected by the IFA. Also, the IFA may retain one or more professionals to assist it in the review and analysis of the project, including any technical material, feasibility studies, legal matters, IEPA etc. The Applicant will be responsible for paying the out-of-pocket costs incurred by the IFA in the retention of such consultants. In addition, IFA reserves the right to request additional fee retainers as the project review process continues, as necessary. If there are any funds left from this retainer when a project financing closes, or the IFA determines not to proceed with a project, such excess funds will be returned to the Applicant.

CLOSING FEES: Equal to 0.50% of the notional amount of debt

ONGOING CREDIT ENHANCEMENT FEES:

i. The annual enhancement fee is equal to 0.75% - 1.5% multiplied by the notional amount of the moral obligation guarantee. The enhancement fee is paid quarterly in advance on a non refundable basis.

ii. Standard fees are set for each asset class when credit criteria are approved: a standard fee for wind projects meeting the wind project criteria, bio fuel projects, etc.

iii. The enhancement fee includes a prepayment penalty (minimum fee payment requirement – equal to 1/5 of the guarantee tenor multiplied by the enhancement fee) to compensate for allocation of risk.

iv. All excess enhancement fees and closing fees, net of IFA expenses, are returned to the State of Illinois once the final guarantee is retired.

v. The enhancement fee is continually reviewed by the IFA Board to insure it does not exceed approximately 1/2 of the difference between the unenhanced market spread to LIBOR and the IFA moral obligation supported LIBOR spread.

OTHER FEES

In addition, fees may be assessed for the use of volume cap. The IFA's fees for bond issuance will be provided at the time of the Application.

The IFA may assess other administrative charges relating to the IFA's subsequent monitoring and servicing of the project and the bond issue.

IV. Portfolio Management, Project Monitoring and Reporting Requirements

Portfolio Management

IFA staff will monitor the portfolio of loans within the energy sector on a continuing basis. It will be important to track transactions for compliance with the limitations contained in the authorizing legislation, as well as for the credit quality of the projects being financed. The energy group will report to the Energy Committee and the IFA Board on the quality of the portfolio on a quarterly basis.

Project Monitoring

Regular monitoring of all projects supported by IFA/State credit enhancement is critical to managing the State's exposure. IFA's loan monitoring practices should generally follow the practices that commercial banks use to monitor loans and other credit facilities extended to finance energy projects. These practices help banks to anticipate problems before they arise, develop procedures to guide actions and respond quickly and effectively to evolving conditions.

During Construction: To the extent that IFA is prepared to finance the construction phase of projects, IFA should engage an independent construction engineer to monitor progress and alert IFA to cost overruns, delays or other problems that could cause the developer to exhaust the project budget before completing the project. Depending on the project, it may be appropriate for other senior lenders and/or guarantors to share the services of the construction engineer. Lien waivers may be required, as appropriate.

This early warning, together with rights to approve all construction draws, gives IFA leverage to force the developer to promptly address construction problems before they become major issues. IFA should review construction progress reports on a monthly basis.

During Operation: IFA staff should monitor individual projects on a quarterly basis, tracking quarterly financial results and position versus forecast, and compliance with covenants and loan benchmarks established for each project. On an annual basis, staff should make a site visit, call on management and re-underwrite the asset. All annual reviews will include an update on loan classifications outlined below.

Loan Classification

IFA should develop a loan classification similar to the one developed by the Office of the Comptroller of the Currency ("OCC") for federal chartered commercial banks. That system includes the following categories:

- Current: Performing as forecast
- Special Mention: Variance of 10% to 15% or more from forecast
- Substandard: High risk of payment default on loans guaranteed
- Doubtful: Probable that IF A will have to fund under the moral obligation pledge

Loss Reserves

IFA should consider reserving for expected losses by applying a recognized accounting principal such as FAS114 adopted by the Financial Accounting Standards Board or another appropriate accounting rulemaking body, using OCC guidelines.

Reporting Requirements

IFA staff should provide the Energy Committee and the Board with quarterly reports, summarizing trends within the loan portfolio – segregated between projects in development and projects that have begun operation. These reports should highlight any non-performing or troubled credits, and should track actual versus forecasted performance and reevaluate the loan's risk rating. As staff becomes aware of major situations in a specific project, updates should be provided to the Energy Committee and the Board as soon as possible.

APPENDIX A TO ENERGY INITIATIVE PROGRAM GUIDELINES

PUBLIC ACT 096-0103 FACT SHEET

SUMMARY The State of Illinois (State) wishes to encourage the construction of coal-fueled electric generating plants and renewable energy resource projects in Illinois. Toward that end, the IFA and the State have implemented a program to assist financially certain clean coal, coal and renewable energy projects in Illinois. The IFA is authorized to issue up to $3.0 billion in bonds and loan guarantees in order to encourage such projects in Illinois. An applicant must submit an application for consideration by IFA for a bond issuance or loan guarantee under this program.

IMPLEMENTING PUBLIC ACT 096-0103

PROGRAM EFFECTIVE DATE January 1, 2010

DEFINITIONS

Clean Coal Projects include:

(i) "clean coal facility" as defined in the Illinois Power Agency Act,
(ii) "clean coal SNG facility" as defined in the Illinois Power Agency Act;
(iii) transmission lines and associated equipment that transfer electricity from points of supply to points of delivery for Clean Coal Projects;
(iv) pipelines or other methods to transfer carbon dioxide from the point of production to the point of storage or sequestration for Clean Coal Projects; and
(v) projects to provide carbon abatement technology for existing generation facilities.

Coal Projects include:

new electric generating facilities, as defined in Section 605-332 of the Department of Commerce and Economic Opportunity Law of the Civil administrative Code of Illinois,

Renewable Energy Projects include:

(i) projects that use renewable energy resources, as defined in Section 1-10 of the Illinois Power Agency Act;
(ii) projects to use environmentally preferable technologies and practices that result in improvements to the production of renewable fuels, including but not limited to cellulosic conversion,

water and energy conservation, fractionation, alternative feedstocks or reduced greenhouse gas emissions;

(iii) transmission lines and associated equipment that transfer electricity from points of supply to points of delivery for projects described in (ii) above; and

(iv) projects that use technology for the storage of renewable energy, including without limitations the use of battery or electrochemical storage technology for mobile or stationary applications.

(v) pipelines or other methods to transfer carbon dioxide from the point of production to the point of storage or sequestration for Renewable Energy Projects

PROGRAM LIMITS

The principal amount of financing to be provided by the IFA for qualifying Clean Coal, Coal and Renewable Energy Projects is subject to the following limitations:

PROPOSED PROJECT	**LIMITATION**
Transmission facilities as described in clause (iii) under Clean Coal Projects and clause (iii) under Renewable Energy Projects above	Up to $300 million
Pipelines and other methods for transfer of CO2 and carbon abatement projects for existing facilities as described in clauses (iv) and (v) under Clean Coal Projects above	Up to $500 million
Clean coal facilities and clean coal SNG facilities as described in clauses (i) and (ii) under Clean Coal Projects above and Coal Projects as described above	Up to $2.0 billion
Renewable energy projects described in clauses (i), (ii) and (iv) under Renewable Energy Projects above	Up to $2.0 billion

In addition to the above limits, the total size approved by the legislation for this program is $3 billion in total. The aggregate exposure of the categories outlined above may not exceed this $3 billion limit. Further, an application for a loan financed from bond proceeds for a Clean Coal, Coal or Renewable Energy Project may not be approved for an amount in excess of $450 million for any borrower or its affiliates.