

**MINUTES OF THE OCTOBER 11, 2011, 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 on October 11, 2011, at 9:30 a.m. in the Chicago Office of the IFA, 180 North Stetson Avenue, Suite 2555, Chicago, Illinois 60601.

IFA Board Members Present:

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Dr. William Barclay
4. Gila J. Bronner
5. James J. Fuentes
6. Norman M. Gold
7. Terrence M. O’Brien
8. Heather D. Parish
9. Mayor Barrett F. Pedersen
10. Roger E. Poole

IFA Board Members Absent:

1. John E. Durburg
2. Edward H. Leonard, Sr.
3. Bradley A. Zeller

IFA Staff Present:

Christopher B. Meister, Executive Director
Brendan M. Cournane, General Counsel
Rich Frampton, Vice President
Pamela A. Lenane, Vice President
Ximena Granda, Acting Chief Financial Officer
Norma Sutton, Agency Procurement Officer
Brad Fletcher, Financial/Legal Analyst
Nora O’Brien, Financial/Legal Analyst
Sohair Omar, Policy/Operations Analyst
Terrell Gholston, Intern

IFA Financial Advisors Present:

Courtney Shea, Acacia Financial Group, Inc.
Fiona A. McCarthy, Acacia Financial Group, Inc.
Bennett J. Johnson, III, Public Financial Management Group, Inc.
Shannon Williams, Public Financial Management Group, Inc.

I. Call to Order & Roll Call

The Meeting was called to order at 9:31 a.m. by Vice Chairman Goetz, in the stead of the Chairman of the Board. The Board Secretary, Mr. Cournane, called the roll. There being six Members present, a quorum was not present.

Chairman Brandt arrived in person at 9:37 a.m. and was added to the roll call by Mr. Cournane. Upon arrival, Chairman Brandt stepped in as Chairman of the Meeting. Ms. Bronner, Mr. Gold and Mayor Pedersen arrived in person between 9:38 a.m. and 9:42 a.m. Upon arrival, each was added to the roll call by Mr. Cournane. There being at least eight Members present, a quorum was present.

II. Chairman's Remarks

Chairman Brandt stated there would be a discussion on REG Danville, LLC. Chairman Brandt, Mr. Meister and others have been working on this matter for two to three weeks and have come to an acceptable solution. Chairman Brandt commended everyone that was involved. Mr. Meister stated that it would be discussed under Agenda Item 8 in an open session.

III. Message from the Executive Director

Mr. Meister reported on the National Association of Health and Educational Facilities Finance Authorities conference. He summarized challenges facing the IFA and other issuers of tax-exempt financing, including: (i) the work of the Congressional Super Committee which may potentially restrict or eliminate tax-exempt conduit financing; (ii) regulatory efforts by the Securities and Exchange Commission and the Internal Revenue Service which may reduce the benefits of tax-exempt financing; and (iii) continued national economic difficulties which may reduce the likelihood that borrowers will invest in new capital infrastructure projects with tax-exempt debt. Mr. Meister remains hopeful that the success record of tax-exempt financing will persuade federal decision-makers to maintain tax-exempt financing, especially conduit financing.

IV. Consideration of the Minutes

Dr. Barclay noted that his name had been misspelled in the Minutes. Mr. Meister stated that the scrivener's error would be corrected in the Minutes as prepared and published. Mayor Pedersen made a motion for the approval of the Minutes, as amended; Ms. Bronner offered a second. The motion passed unanimously.

V. Presentation and Consideration of the Financial Statements

Ms. Granda reported that in the month of September there were seven closings – two in the healthcare sector, one in the business and industry sector and four in the agriculture sector – for a total amount of \$285,000 in closing fees. The IFA’s gross revenue Year-To-Date (“YTD”) is \$1.05 million or \$238,000 below the fiscal year 2012. The other income line item includes an adjustment of \$122,000 on our loan loss reserve. The IFA’s operating expenses YTD are \$910,000 or \$105,000 below the fiscal year 2012. The month of September resulted in a net income of \$222,000 which changed the IFA’s YTD net loss from prior months to net income YTD of \$152,000. Comparing actual to budget, the IFA’s revenues are down by 18.4 percent; expenses are down by 10.4 percent; and net income is down by 45.1 percent. Ms. Granda stated that notwithstanding the reduction in revenue, the IFA’s balance sheet remains strong. During September, three participation loans in an aggregate amount of \$476,000 paid off, bringing the IFA’s loan payoff to a total of eleven loans for a total amount of \$2.2 million. Ms. Granda stated that this increase in cash strengthens the IFA’s reserve in the coming year.

Ms. Granda stated that the internal auditors provided a work plan and schedule for the next two years. The internal auditors will start their fieldwork next week.

Ms. Granda stated that the IFA submitted the first draft of the audit report to the Office of the Auditor General (the “OAG”) on October 7, 2011. The IFA received two potential findings on procurement and intergovernmental contracts. The procurement reforms have resulted in higher resource allocation to procurement and contract administration.

Chairman Brandt stated that the IFA’s balance sheet is strong but its annual income lags significantly. He further stated that the IFA reduced its budget projection in each of the past three years. Chairman Brandt stated that he does not know if the IFA will meet or exceed budget projections this year. The trends for revenue are down, for reasons stated earlier by Executive Director Meister, but in the near term the IFA should meet our budget projections.

Chairman Brandt stated that the Illinois Broadband Deployment Council will meet in Champaign on October 12, 2011. The IFA is willing to provide financing for broadband infrastructure projects.

A discussion was held regarding a recent financing of the Authority for The Clare at Water Tower (“The Clare”), and recent news reports about a potential default with respect to the bonds issued for that project. Chairman Brandt stated that the reports of The Clare’s default were exaggerated. He further stated that The Clare is at 40 percent occupancy and may be in bankruptcy soon. Vice Chairman Goetz asked who the bondholders are. Ms. Lenane responded the bonds were offered in a public offering to the general public and an exact list of bondholders or the distribution is not currently available. She stated that 50 percent of the variable rate bonds are backed by Bank of America’s credit support and 50 percent of the bonds are held by a New York fund that buys distressed bonds.

VI. Committee Reports

Healthcare Committee

Dr. Barclay reported that there were two closings in the last month and that three additional closings are expected by the end of November. The Healthcare Committee recommends the approval of all healthcare projects on today's agenda. Dr. Barclay also mentioned news articles on Trinity Health Corporation.

Ms. Lenane reported that the Healthcare Committee also recommends approval of an amendment regarding OSF Healthcare System.

Agriculture Committee

Vice Chairman Goetz reported that the Agriculture Committee met by telephone and reviewed three Beginning Farmer Bonds on today's Agenda. The Committee recommends approval of all three projects.

Venture Capital Committee

Mr. Fuentes reported that the Venture Capital Committee will convene before the end of the year to report progress on the evaluation of the portfolio and the sale of IFA interest in various projects. The Venture Capital Committee is reviewing a proposal to sell or auction off the remaining portfolio. Chairman Brandt stated that the Auditor General requires an annual evaluation which is costly. Mr. Meister stated that the State Treasurer's Office announced a desire to become involved in the venture capital business and the Board may consider transferring its remaining interest to the Treasurer's Office in such an event. Chairman Brandt noted that the IFA has received a return greater than the amounts invested in its venture capital portfolio since 2004.

Strategic Planning Committee

Mr. Meister reported that he and Ms. Parish are working on the IFA's strategic planning process. He stated that the internal audit, which is required under statute, will be considered in the work of the Strategic Planning Committee.

VII. Project Reports

There was a discussion of the current status of an IFA Guarantee in support of a loan from Fifth Third Bank to REG Danville, LLC (formerly Blackhawk Biofuels, LLC). Fifth Third Bank made a loan of approximately \$23 million to REG, and of that amount, approximately \$14 million is guaranteed by the IFA. The Chairman noted that the project created a significant amount of jobs in Illinois, but the need for the IFA Guarantee has waned. And the Guarantee is the single largest State Guarantee of the IFA. The IFA is currently negotiating with other parties about the continuation or the extension of the Guarantee. Chairman Brandt stated that in May or June 2011, the IFA received an annual fee from Fifth Third Bank in the amount of approximately \$28,000. An offer has been made by Fifth Third Bank to withdraw its application for renewal or extension of the IFA Guarantee if the IFA will refund the fee. Chairman Brandt asked the Board to allow the Executive Director and staff to negotiate with the parties to release the Guarantee. By its terms, the Guarantee will expire before the next Board Meeting, and action will be required in the interim. Vice Chairman Goetz inquired whether the plant would close and whether Fifth Third Bank would walk away from the loan. Chairman Brandt responded that based on the information received by the Authority, neither scenario would occur as the loan is current in all material respects. Mr. Meister noted that the resolution appearing as Item 8 on today's Agenda will include the terms approved by the Board. Chairman Brandt stated that this resolution will confirm that Fifth Third Bank will accept the refund of the annual fee to fully and completely release the IFA from the Guarantee and that Fifth Third Bank will withdraw the application submitted to the Board for renewal of the Guarantee. Chairman Brandt noted that Mr. Meister will share the release of the letter, when it becomes available to him.

Agriculture – Beginning Farmer Bonds

Item No. 1A: Jay W. Ohnesorge – \$32,500 – 3.5 acres

Jay W. Ohnesorge is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$32,500. Bond proceeds will finance the purchase of approximately 3.5 acres of farmland with buildings located in Lucas Township, Effingham County, Illinois. This project is being presented for one-time consideration.

Item No. 1B: Chad Randall Borkgren – \$107,369 – 20 acres

Chad Randall Borkgren is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$107,369. Bond proceeds will finance the purchase of approximately 20 acres of farmland located in Andover Township, Henry County, Illinois. This project is being presented for one-time consideration.

Item No. 1C: Matthew W. and Kayla J. Schaffer – \$141,056 – 37.12 acres

Matthew W. and Kayla J. Schaffer are requesting approval of a Final Bond Resolution in an amount not-to-exceed \$141,056. Bond proceeds will refinance an interim loan for 37.12 acres of farmland purchased within the last 60 days in the Eppards Township, Livingston County, Illinois. This project is being presented for one-time consideration.

Business and Industry – Affordable Rental Housing Bonds

Item No. 2: Bravo Properties, LLC, and its affiliates, successors, and assigns (St. Anthony Supportive Living Community Facility Project) – \$20,500,000

Bravo Properties, LLC, and its affiliates, successors, and assigns (St. Anthony Supportive Living Community Facility Project) is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed \$20,500,000. Bond proceeds, together with other available funds, will be used to: (i) acquire land, and construct and equip a new, 125-unit Supportive Living Facility; (ii) pay capitalized interest on the Bonds; (iii) fund certain reserves; and (iv) pay costs of issuance.

Higher Education, Cultural, and Other Non-Healthcare – 501(c)(3) Revenue Bonds

Item No. 3: The University of Chicago – \$480,000,000

The University of Chicago is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed \$480,000,000. Bond proceeds, together with other available funds, will be used to: (i) plan, design, construct, renovate, and equip various projects at the University's Hyde Park Campus and improvements located on 11030 S. Langley Avenue and 450 N. Cityfront Center, all in Chicago; (ii) refund or advance refund certain debt of the University; (iii) provide working capital; (iv) fund one or more debt service reserve funds; and (v) pay costs of issuance.

Item No.4: United Methodist Homes and Services – \$8,000,000

United Methodist Homes and Services is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed \$8,000,000. Bond proceeds, together with other available funds, will be used to: (i) expand, renovate, rehabilitate and make improvements to a nursing and orthopedic rehabilitation facility; (ii) purchase, renovate and equip a nearby building with a parking lot; (iii) finance or refinance outstanding taxable debt; (iv) improve related facilities; and (v) pay costs of issuance.

Healthcare – 501(c)(3) Revenue Bonds

Item No. 5: The Lodge at Northbrook – \$13,000,000

The Lodge at Northbrook is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed \$13,000,000. Bond proceeds, together with other available funds, will be used to: (i) pay off a construction loan for a 3-story brick, 57-unit senior living community; and (ii) pay costs of issuance.

Resolutions

Item No. 6: Resolution authorizing the execution and delivery of a Bond and Loan Agreement in connection with the IDFA Series 1994 Variable Rate Demand Revenue Bonds (Aurora Central Catholic High School Project) to enable conversion to a Bank Direct Purchase Structure

Item No. 7: Resolution approving the transfer of the remaining moneys on deposit in the Project Fund for the IEFA Commercial Paper Pool Program to a new escrow agreement among the IFA, The Bank of New York Mellon Trust Company and OSF Healthcare System and approving the projects for which that money will be used.

Item No. 8: REG Danville, LLC – Status of Agri-Business Guarantee (IFA Loan No. A-AI-TX-GT-6120)

VIII. Other Business

None.

IX. Public Comment

None.

X. Adjournment

The Committee of the Whole Meeting adjourned at 10:37 a.m.

Minutes submitted by:
Brendan M. Cournane
Board Secretary

MINUTES OF THE OCTOBER 11, 2011, MEETING OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY

The Board of Directors (the “Board”) of the Illinois Finance Authority (“IFA”), pursuant to notice duly given, held a Board Meeting on October 11, 2011, at 10:30 a.m. in the Conference Center, One Prudential Plaza, 130 East Randolph Avenue, Suite 750, Chicago, Illinois 60601.

IFA Board Members Present:

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman
3. Dr. William Barclay
4. Gila J. Bronner
5. James J. Fuentes
6. Norman M. Gold
7. Terrence M. O’Brien
8. Heather D. Parish
9. Mayor Barrett F. Pedersen
10. Roger E. Poole

IFA Board Members Absent:

1. John E. Durburg
2. Edward H. Leonard, Sr.
3. Bradley A. Zeller

IFA Staff Present:

Christopher B. Meister, Executive Director
Brendan M. Cournane, General Counsel
Rich Frampton, Vice President
Pamela A. Lenane, Vice President
Brad Fletcher, Financial/Legal Analyst
Nora O’Brien, Financial/Legal Analyst
Sohair Omar, Policy/Operations Analyst

IFA Financial Advisors Present:

Courtney Shea, Acacia Financial Group, Inc.
Bennett J. Johnson, III, Public Financial Management Group, Inc.
Danny Nelson, Public Financial Management Group, Inc.
Shannon Williams, Public Financial Management Group, Inc.

Others Present:

Lorraine Arvin, University of Chicago
Santino Bibbo, Cabrera Capital Markets, LLC
Nancy A. Burke, Chapman and Cutler, LLP
Mary Jane Darby, Prager, Sealy & Co., LLC
Amanda Distel, University of Chicago
Anne Donahoe, OSF Healthcare System's Financial Advisor
Charles W. Freeburg, William Blair Company
Russell Herron, University of Chicago
Lerry Knox, Loop Capital Markets, LLC
Lewis Leonard, Bravo Properties, LLC
Zach Leonard, Bravo Properties, LLC
Christine Linde, Amalgamated Bank of Chicago
Micah Maidenberg, Crain's Chicago Business
Ramon Ortega, Samuel A. Ramirez & Co., Inc.
Michelle Salomon, Bank of America Merrill Lynch
Cory Sandrock, University of Chicago
James M. Snyder, Ice Miller, LLP

I. Call to Order & Roll Call

Chairman Brandt called the Meeting to order at 10:46 a.m. Chairman Brandt asked the Board Secretary, Mr. Cournane, to call the roll. There being ten Members present, a quorum was present.

II. Chairman's Remarks

Chairman Brandt welcomed Members of the Board, the IFA staff, the IFA's guests and others present. Chairman Brandt announced that the next Board Meeting is scheduled for November 8, 2011.

III. Adoption of Minutes

Chairman Brandt stated that the Financial Statements for the period ending September 30, 2011 and Minutes of the Committee of the Whole and Board Meetings on September 13, 2011, were reviewed at the Committee of the Whole Meeting held earlier in the morning. Chairman Brandt requested a motion to accept the Financial Statements for the period ending September 30, 2011 and adopt the Minutes of the Committee of the Whole and Board Meetings on September 13, 2011. Vice Chairman Goetz made the motion and Mr. O'Brien seconded the motion. A roll call vote was taken and the motion carried unanimously.

IV. Acceptance of Financial Statements

See Agenda Item III.

V. Project Approvals

Chairman Brandt asked Mr. Frampton to present the projects and resolutions for consideration to the Board.

Mr. Frampton presented the following projects and resolutions:

Agriculture – Beginning Farmer Bonds

Item No. 1A: Jay W. Ohnesorge – \$32,500 – 3.5 acres

Jay W. Ohnesorge is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$32,500. Bond proceeds will finance the purchase of approximately 3.5 acres of farmland with buildings located in Lucas Township, Effingham County, Illinois. This project is being presented for one-time consideration.

Item No. 1B: Chad Randall Borkgren – \$107,369 – 20 acres

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Item No. 1C: Matthew W. and Kayla J. Schaffer – \$141,056 – 37.12 acres

Matthew W. and Kayla J. Schaffer are requesting approval of a Final Bond Resolution in an amount not-to-exceed \$141,056. Bond proceeds will refinance an interim loan for 37.12 acres of farmland purchased within the last 60 days in the Eppards Township, Livingston County, Illinois. This project is being presented for one-time consideration.

Higher Education, Cultural, and Other Non-Healthcare – 501(c)(3) Revenue Bonds

Item No. 4: United Methodist Homes and Services – \$8,000,000

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Healthcare – 501(c)(3) Revenue Bonds

Item No. 5: The Lodge at Northbrook – \$13,000,000

The Lodge at Northbrook is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed \$13,000,000. Bond proceeds, together with other available funds, will be used to: (i) pay off a construction loan for a 3-story brick, 57-unit senior living community; and (ii) pay costs of issuance.

Resolutions

Item No. 6: Resolution authorizing the execution and delivery of a Bond and Loan Agreement in connection with the IDFA Series 1994 Variable Rate Demand Revenue Bonds (Aurora Central Catholic High School Project) to enable conversion to a Bank Direct Purchase Structure

Item No. 8: REG Danville, LLC – Status of Agri-Business Guarantee (IFA Loan No. A-AI-TX-GT-6120)

Chairman Brandt asked Mr. Cournane to read the REG Resolution. Mr. Cournane stated that this resolution will confirm that Fifth Third Bank will accept the refund of approximately \$28,700 in consideration of, among other things, a full and complete release of the IFA Guarantee and a withdrawal of the current application submitted to the Board for renewal of the Guarantee.

No guests attended to represent Item No. 1A-C, 4-6 or 8. Chairman Brandt asked if the Members of the Board had any questions related to these items. There being none, Chairman Brandt requested leave to apply the previous roll call vote in favor of Item No. 1A-C, 4-6 and 8. The leave was approved unanimously.

Mr. Frampton introduced Ms. Arvin of the University of Chicago and presented the following project:

Higher Education, Cultural, and Other Non-Healthcare – 501(c)(3) Revenue Bonds

Item No. 3: The University of Chicago – \$480,000,000

The University of Chicago is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed \$480,000,000. Bond proceeds, together with other available funds, will be used to: (i) plan, design, construct, renovate, and equip various projects at the University's Hyde Park Campus and improvements located on 11030 S. Langley Avenue and 450 N. Cityfront Center, all in Chicago; (ii) refund or advance refund certain debt of the University; (iii) provide working capital; (iv) fund one or more debt service reserve funds; and (v) pay costs of issuance.

Ms. Arvin thanked the IFA for being a good partner of the University of Chicago. Ms. Arvin explained that the projects that will be funded support the University of Chicago's strategic initiative, including: (i) a research center for molecular engineering; (ii) a new early childhood center; and (iii) improvements to the Friedman Institute for Research in Economics. Ms. Arvin noted that the University of Chicago selected Loop Capital Markets, LLC as a co-manager. Chairman Brandt commended the University of Chicago for embracing the IFA's minority program and thanked Ms. Arvin for attending the Meeting.

Chairman Brandt asked if the Members of the Board had any questions related to Item No. 3. There being none, Chairman Brandt requested leave to apply the previous roll call vote in favor of Item No. 3. The leave was approved unanimously.

Mr. Frampton introduced Ms. Donahoe, OSF Healthcare System's Financial Advisor and presented the following resolution:

Resolution

Item No. 7: Resolution approving the transfer of the remaining moneys on deposit in the Project Fund for the IEFA Commercial Paper Pool Program to a new escrow agreement among the IFA, The Bank of New York Mellon Trust Company and OSF Healthcare System and approving the projects for which that money will be used.

Ms. Donahoe thanked the IFA. Ms. Donahoe explained that OSF Healthcare System came under budget and would like to use the remaining moneys on a project affiliated with the Joslin Diabetes Center in Boston, Massachusetts. Chairman Brandt thanked Ms. Donahoe for attending the Meeting.

Chairman Brandt asked if the Members of the Board had any questions related to Item No. 7. There being none, Chairman Brandt requested leave to apply the previous roll call vote in favor of Item No. 7. The leave was approved unanimously.

Business and Industry – Affordable Rental Housing Bonds

Item No. 2: Bravo Properties, LLC, and its affiliates, successors, and assigns (St. Anthony Supportive Living Community Facility Project) – \$20,500,000

Bravo Properties, LLC, and its affiliates, successors, and assigns (St. Anthony Supportive Living Community Facility Project) is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed \$20,500,000. Bond proceeds, together with other available funds, will be used to: (i) acquire land, and construct and equip a new, 125-unit Supportive Living Facility; (ii) pay capitalized interest on the Bonds; (iii) fund certain reserves; and (iv) pay costs of issuance.

No guests attended to represent Item No. 2. Chairman Brandt asked if the Members of the Board had any questions related to Item No. 2. Vice Chairman Goetz noted that he would abstain from voting on Item No. 2 due to his involvement with certain parties working on the Bravo Properties, LLC project. Chairman Brandt requested a roll call vote in favor of Item No. 2. The action was approved with 9 ayes, 0 nays and 1 abstention (Goetz).

VI. Resolutions

See Agenda Item V.

VII. Other Business

None.

VIII. Public Comment

None.

IX. Adjournment

A motion to adjourn was made by Mr. O'Brien and seconded by Ms. Bronner. The motion passed unanimously.

The Board Meeting adjourned at 11.02 a.m.

Minutes submitted by:
Brendan M. Cournane
Board Secretary