

**MINUTES OF THE NOVEMBER 8, 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 November 8, 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. Michael W. Goetz, Vice Chairman
2. Gila J. Bronner
3. Norman M. Gold
4. Edward H. Leonard, Sr.
5. Terrence M. O’Brien
6. Heather D. Parish
7. Mayor Barrett F. Pedersen
8. Roger E. Poole
9. Bradley A. Zeller

IFA Board Members Absent:

1. William A. Brandt, Jr., Chairman
2. Dr. William Barclay
3. John E. Durburg
4. James J. Fuentes

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
James Senica, Senior Financial Analyst
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, Scott Balice Strategies, LLC
Shannon Williams, Scott Balice Strategies, LLC

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I. Call to Order & Roll Call

The Meeting was called to order at 9:40 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 eight Members present, a quorum was present.

Mayor Barrett F. Pedersen arrived in person at 9:50 a.m. and was added to the roll call by Mr. Cournane. There being nine Members present, a quorum was present.

II. Chairman's Remarks

None.

III. Message from the Executive Director

Director Meister stated that the State Guarantee on the Fifth Third Bank/REG Danville, LLC Loan was released on October 31, 2011. As of this date, it no longer appears as a liability on the IFA's financial statements. Director Meister stated that Daniel Oh, President and Chief Executive Officer of REG Danville, LLC, called to thank the IFA. Director Meister commended Chairman Brandt's leadership on this significant public policy success.

Director Meister reported that he and Mr. Frampton had a productive day on Capitol Hill, where they met with the Offices of Senator Durbin and Senator Kirk, as well as with Congressman Davis, Congresswoman Schakowsky, Congressman Quigley, Congressman Shimkus, Congressman Schock, Congressman Hultgren, Congressman Kinzinger and the Office of Congressman Roskam to discuss the preservation of federally tax-exempt conduit financing. Director Meister was particularly impressed by Mark Roman's, Congressman Schock's Legislative Director, knowledge on this issue. Director Meister thanked Mr. Frampton, who serves on the Board of the Council of Development Finance Agencies.

Director Meister thanked Ms. Lenane on the closing of the Trinity Health Corporation deal and commended Ms. Lenane on the Covenant Retirement Communities, Inc. project, the IFA's first multi-state financing.

IV. Consideration of the Minutes

Vice Chairman Goetz made a motion for the approval of the Minutes. Mr. Leonard seconded the motion. The motion passed unanimously.

V. Presentation and Consideration of the Financial Statements

Ms. Granda stated that the Financial Statements for the Month ended September 30, 2011 overstated Total Revenue. The overstatement was approximately \$168,000 and was related to a reversing entry not posted on interest on the IFA's Participation Loan portfolio. This error was discovered during the IFA's reconciliation process. Appropriate steps have been taken to prevent this from happening again. The correction has been made in the Financial Statements for the Month ended October 31, 2011. The net effect is a reduction of approximately \$126,000 to Interest on Loans.

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Ms. Granda reported that in the Month of October there were eight closings – two in healthcare, two in business and industry and four in agriculture – for a total amount of approximately \$385,000 in closing fees. The IFA's Gross Revenue Year-To-Date ("YTD") is \$2.4 million or approximately \$502,000 above the Fiscal Year 2012 ("FY12") budget. The JP Morgan settlement was recognized as Other Income in October for a total of \$1.02 million.

The IFA's Operating Expenses YTD is \$1.2 million or approximately \$124,000 below the FY12 budget. The Month of October resulted in a Net Income of \$1.0 million due to the recognition of the JPMorgan settlement. The IFA's Net Income YTD is \$1.2 million or approximately \$634,000 above the FY12 budget.

The IFA's risk in the State Guarantee Agri Industry program has decreased by \$13.7 million from \$21.6 million in September to \$7.9 million in October due to the withdrawal and release of the State Guarantee on the Fifth Third Bank/REG Danville, LLC Loan.

Not including the JPMorgan settlement, the IFA's revenues are down by 27.5 percent; expenses are down by 9.1 percent; and net income is down by 74.2 percent. Ms. Granda stated that notwithstanding the reduction in revenue, the IFA's balance sheet remains strong. The IFA's Total Loan Payoffs YTD is \$2.2 million for 11 loans. The IFA expects an additional \$2.1 million in payoffs for 7 loans in the coming months.

Ms. Granda stated that the internal auditors have presented a work plan to the IFA. The internal auditors have begun an analysis of the IFA Bonds and Loan programs. The IFA Board will be updated on the progress of the internal audit at each Board Meeting.

Ms. Granda stated that the IFA submitted the second draft of the audit report to the Office of the Auditor General on November 4, 2011. There were minor changes from the first draft, including: adjusting entry in the amount of approximately \$79,000 to Interest on Loans; change in the Net Assets due to the adjusting entry; change in the Statement of Revenue, Expenses due to the adjusting entry; reclassification of termination of benefits in the Statement of Cash Flows; revised Debt Service Schedule; additional language on the Loan Guarantees; and additional language in the Management Discussion & Analysis. Currently, the IFA received fifteen findings of which fourteen are related to compliance and one is related to Government Auditing Standards.

VI. Committee Reports

Audit Committee

Ms. Bronner reported that the Audit Committee reviewed and discussed the draft audit report and the draft findings, fourteen of which were compliance findings that were non-financial and administrative in nature. Ms. Bronner felt that it was too premature to review each individual finding with the Board because the findings are in draft form; though Ms. Bronner will keep the Board apprised and will review the audit in greater detail with the Board in two months. The exit conference is scheduled for December 2011 and the audit report will be made public in February 2012. Ms. Granda will put a remediation plan in place to address the draft findings.

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Healthcare Committee

Ms. Lenane reported that the Healthcare Committee is awaiting a response from the Office of the Governor on the Medicaid Receivable Payment. Ms. Lenane also reported that healthcare is on budget. The timing of closings depends on the financial team. Mr. Gold inquired about the factors considered by borrowers in healthcare deals. Ms. Lenane mentioned predictability with respect to monthly Board meetings, reputation of the Authority, familiarity with the Authority's staff, the Authority's fee schedule, the State's fiscal condition, percentage of charity care required for property tax exemption, and Medicaid payments. Vice Chairman Goetz thanked Ms. Lenane for her explanation.

Agriculture Committee

Vice Chairman Goetz reported that the Agriculture Committee reviewed two Beginning Farmer Bonds on today's Agenda. The Agriculture Committee recommends approval of those two projects.

Energy Committee

Vice Chairman Goetz reported that the Energy Committee is awaiting a response from the Office of the Governor on the Energy Efficiency for State buildings.

Director Meister reported on the Illinois Broadband Deployment Council (the "Council") meeting on October 12, 2011. The IFA communicated to the Council and the Partnership for a Connected Illinois (the "PCI") that the IFA has experience in local government financing and is enthusiastic about financing broadband projects but the PCI would have to work with incumbent telecom and local municipalities in the field to jumpstart a joint broadband financing program.

VII. Project Reports

Agriculture – Beginning Farmer Bonds

Item No. 1A: Paul J. Gavin – \$161,500 – 30.73 acres

Paul J. Gavin is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$161,500. Bond proceeds will finance the purchase of approximately 30.73 acres of farmland with buildings located in Monmouth Township, Warren County. This project is being presented for one-time consideration.

Item No. 1B: Andrew M. Gavin – \$259,500 – 69.12 acres

Andrew M. Gavin is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$259,500. Bond proceeds will finance the purchase of approximately 69.12 acres of farmland located in Monmouth Township, Warren County. This project is being presented for one-time consideration.

Local Government – Local Government Revenue Bonds

Item No. 2: Waterloo Community Unit School District Number 5 – \$46,200,000

Waterloo Community Unit School District Number 5 (the “District”) is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$46,200,000. This project is being presented for one-time consideration of a Final Bond Resolution. Bond proceeds will be used to: (i) advance refund a portion of the District’s outstanding General Obligation School Bonds, Series 2006, dated July 27, 2006, originally issued through IFA; (ii) finance the costs of construction of school fire prevention and safety improvements to existing school buildings of the District; and (iii) pay costs of issuance.

Healthcare – 501(c)(3) Revenue Bonds

Item No. 3: Covenant Retirement Communities, Inc. – \$70,000,000

Covenant Retirement Communities, Inc. is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$70,000,000. This project is being presented for one-time consideration. This is a multi-state financing that will include locations in Illinois and seven other states. Bond proceeds will be used to: (i) refund Covenant Retirement Communities, Inc. Series 1999, 2004 and 2006 Bonds; (ii) fund past and future capital expenditures; and (iii) pay costs of issuance.

Item No.4: Rush University Medical Center Obligated Group – \$60,000,000

Rush University Medical Center Obligated Group is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$60,000,000. This project is being presented for one-time consideration. Bond proceeds, together with other available monies, will be used to: (i) refund Rush University Medical Center Obligated Group Series 1998A Bonds; and (ii) pay costs of issuance.

Resolutions

Item No. 5: Request to release 6.4 acres of farmland held as a portion of Collateral for Loan Number 1999-GP-1124 (Farmers State Bank of Western Illinois and Edwin and Cindy Summers)

Item No. 6: Resolution authorizing the execution and delivery of a Bond and Loan Agreement in connection with the IDFA Series 2001 Variable Rate Demand Revenue Bonds to enable conversion to a Bank Direct Purchase Structure (The British Home for Retired Men and Women Project) and Related Matters

VIII. Other Business

None.

IX. Public Comment

None.

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X. Adjournment

A motion to adjourn was made by Vice Chairman Goetz and seconded by Mayor Pedersen. The Committee of the Whole Meeting adjourned at 10:27 a.m.

Minutes submitted by:
Brendan M. Cournane
Board Secretary

**MINUTES OF THE NOVEMBER 8, 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 November 8, 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. Michael W. Goetz, Vice Chairman
2. Gila J. Bronner
3. Norman M. Gold
4. Edward H. Leonard, Sr.
5. Terrence M. O’Brien
6. Heather D. Parish
7. Mayor Barrett F. Pedersen
8. Roger E. Poole
9. Bradley A. Zeller

IFA Board Members Absent:

1. William A. Brandt, Jr., Chairman
2. Dr. William Barclay
3. John E. Durburg
4. James J. Fuentes

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.
Fiona A. McCarthy, Acacia Financial Group, Inc.
Bennett J. Johnson, III, Scott Balice Strategies, LLC
Danny Nelson, Scott Balice Strategies, LLC
Shannon Williams, Scott Balice Strategies, LLC

Others Present:

Laura L. Bilas, Foley & Lardner LLP
Beth Buikema, Covenant Retirement Communities, Inc.
Raymond Fricke, Ungaretti & Harris LLP
David J. Kates, Jones Day
Charles D. Katz, Michael Best & Friedrich LLP

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Kayoko Lyons, JPMorgan Chase & Co.
Brendan Malone, Ziegler Investment Bank
John Mordach, Rush University Medical Center Obligated Group
Patricia O'Neil, Rush University Medical Center Obligated Group
Ramon Ortega, Samuel A. Ramirez & Co., Inc.
Candice R. Richmond, JPMorgan Chase & Co.
Timothy J. Ruby, JPMorgan Chase & Co.
James M. Snyder, Ice Miller, LLP
Christopher Walrath, Chapman and Cutler LLP
Steven Washington, Ice Miller, LLP

I. Call to Order & Roll Call

Vice Chairman Goetz, in the stead of the Chairman of the Board, called the Meeting to order at 10:35 a.m. Vice Chairman Goetz asked the Board Secretary, Mr. Cournane, to call the roll. There being nine Members present, a quorum was present.

II. Chairman's Remarks

None.

III. Adoption of Minutes

Vice Chairman Goetz stated that the Financial Statements for the Month ended October 31, 2011 and Minutes of the Committee of the Whole and Board Meetings on October 11, 2011, were reviewed at the Committee of the Whole Meeting held earlier in the morning. Vice Chairman Goetz requested a motion to accept the Financial Statements for the Month ended October 31, 2011 and adopt the Minutes of the Committee of the Whole and Board Meetings on October 11, 2011. Ms. Bronner made the motion and Mr. Leonard 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

Vice Chairman Goetz 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: Paul J. Gavin – \$161,500 – 30.73 acres

Paul J. Gavin is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$161,500. Bond proceeds will finance the purchase of approximately 30.73 acres of farmland with buildings located in Monmouth Township, Warren County. This project is being presented for one-time consideration.

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Local Government – Local Government Revenue Bonds

Item No. 2: Waterloo Community Unit School District Number 5 – \$46,200,000

Waterloo Community Unit School District Number 5 (the “District”) is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$46,200,000. This project is being presented for one-time consideration of a Final Bond Resolution. Bond proceeds will be used to: (i) advance refund a portion of the District’s outstanding General Obligation School Bonds, Series 2006, dated July 27, 2006, originally issued through IFA; (ii) finance the costs of construction of school fire prevention and safety improvements to existing school buildings of the District; and (iii) pay costs of issuance.

Resolutions

Item No. 5: Request to release 6.4 acres of farmland held as a portion of Collateral for Loan Number 1999-GP-1124 (Farmers State Bank of Western Illinois and Edwin and Cindy Summers)

No guests attended to represent Item No. 1A-B, 2 or 5. Vice Chairman Goetz asked if the Members of the Board had any questions related to these items. There being none, Vice Chairman Goetz requested a roll call vote in favor of Item No. 1A-B, 2 and 5. The action was approved with 9 ayes, 0 nays and 0 abstentions.

Resolutions

Item No. 6: Resolution authorizing the execution and delivery of a Bond and Loan Agreement in connection with the IDFA Series 2001 Variable Rate Demand Revenue Bonds to enable conversion to a Bank Direct Purchase Structure (The British Home for Retired Men and Women Project) and Related Matters

No guests attended to represent Item No. 6. Ms. Bronner stated that she would abstain from voting on Item No. 6 because she is related to parties involved in the British Home for Retired Men and Women project. Vice Chairman Goetz requested a roll call vote in favor of Item No. 6. The action was approved with 8 ayes, 0 nays and 1 abstention (Bronner).

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Ms. Lenane introduced Ms. Buikema of Covenant Retirement Communities, Inc. and Mr. Frampton presented the following project:

Healthcare – 501(c)(3) Revenue Bonds

Item No. 3: Covenant Retirement Communities, Inc. – \$70,000,000

Covenant Retirement Communities, Inc. is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$70,000,000. This project is being presented for one-time consideration. This is a multi-state financing that will include locations in Illinois and seven other states. Bond proceeds will be used to: (i) refund Covenant Retirement Communities, Inc. Series 1999, 2004 and 2006 Bonds; (ii) fund past and future capital expenditures; and (iii) pay costs of issuance.

Ms. Buikema thanked the IFA for allowing Covenant Retirement Communities, Inc. to save expenses that will benefit more than 5,000 residents.

Ms. Lenane introduced Mr. Mordach and Ms. O’Neil of Rush University Medical Center Obligated Group and Mr. Frampton presented the following project:

Healthcare – 501(c)(3) Revenue Bonds

Item No.4: Rush University Medical Center Obligated Group – \$60,000,000

Rush University Medical Center Obligated Group is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$60,000,000. This project is being presented for one-time consideration. Bond proceeds, together with other available monies, will be used to: (i) refund Rush University Medical Center Obligated Group Series 1998A Bonds; and (ii) pay costs of issuance.

Mr. Mordach and Ms. O’Neil thanked the IFA and stated that savings from lower interest costs will benefit patients of the Rush University Medical Center Obligated Group.

Vice Chairman Goetz asked if the Members of the Board had any questions related to Item No. 3 and 4. There being none, Vice Chairman Goetz requested a roll call vote in favor of Item No. 3 and 4. The action was approved with 9 ayes, 0 nays and 0 abstentions.

VI. Resolutions

See Agenda Item V.

VII. Other Business

None.

VIII. Public Comment

None.

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IX. Adjournment

Director Meister stated that the State Guarantee on the Fifth Third Bank/REG Danville, LLC Loan was released on October 31, 2011. Director Meister stated that Daniel Oh, President and Chief Executive Officer of REG Danville, LLC, called to thank the IFA. Director Meister commended Chairman Brandt's leadership on this significant public policy success.

Director Meister congratulated Vice Chairman Goetz, Ms. Bronner, Mr. Durburg and Mr. O'Brien on their reappointments to the Board, all of whom were confirmed by the Illinois Senate on October 26, 2011.

Vice Chairman Goetz stated that the next Board Meeting is scheduled for December 13, 2011.

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

The Board Meeting adjourned at 10:48 a.m.

Minutes submitted by:

Brendan M. Cournane

Board Secretary