



Illinois Finance Authority

Strategies for Public/Private Partnerships

Sustainable University Symposium

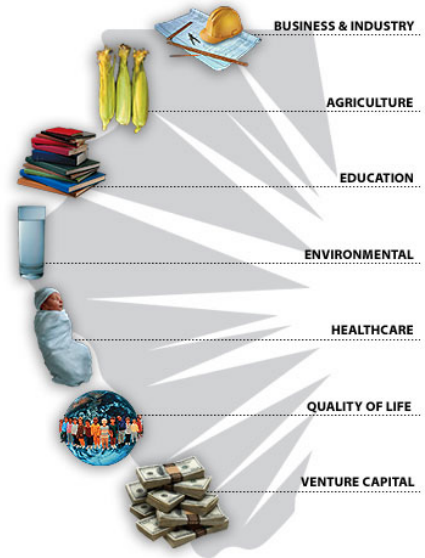
August 14, 2007

Illinois State University

Who is IFA?

Illinois Finance Authority

- An independent, non-appropriated state agency
- Capital arm of economic development
- Statewide conduit authority
- Facility/fixed asset financing for
 - Businesses (mfg.'s, solid waste, pvt. utilities)
 - 501(c)(3)'s (private education, health care, etc.)
 - Local governments (municipalities, school districts, community colleges)
 - Agriculture (farms, agribusiness)
- We bring private capital to the table
 - Bank/Private Sector commitments are required for IFA financings



Mission.....

Illinois Finance Authority mission....

To assist businesses and institutions who create jobs and improve quality of life in Illinois
by providing....

Access to Capital

Bonds, Loans, Guarantees, Programs

Access to Expertise

Depth of knowledge and experience
Coordinate and drive project financing
Connection to state resources
Extensive industry contacts
Depth of management



Education

Serving

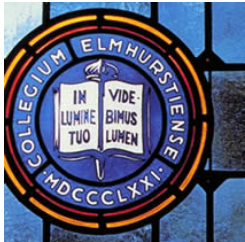
- Colleges and Universities
- Community Colleges
- Public School Systems
- Charter Schools
- Private Schools



IFA Financings

- Illinois Wesleyan University, Bloomington - \$14.26 million
- Loyola University, Chicago - \$58.8 million
- Sauk Valley Community College, Dixon - \$7.12 million
- Northwestern University - \$135.8 million
- IIT Research Institute - \$18.82 million
- Robert Morris College, Peoria, Springfield, Chicago, Orland Park, - \$11.6 million
- North Park University, Chicago - \$33 million
- IFA RAN Program - \$12.7 million (Elmhurst College, Lincoln College, Eureka College)
- Illinois College, Jacksonville - \$15 million for refunding
- UNO Charter School Network - \$7.2 million

Higher Education



Recent “GREEN” Financings

- McKinley Foundation at University of Illinois, Urbana Champaign -- \$30 million (pending)
 - Private certified housing facility
 - Designed to achieve LEEDS Silver Certification
- Elmhurst College, Elmhurst -- \$30 million (pending)
 - Designed to achieve LEEDS Silver Certification

How can we help you?

What is LEED?

The Leadership in Energy and Environmental Design (LEED) Green Building Rating System is the nationally accepted benchmark for the design, construction and operation of high performance green buildings.

Financing 501(c)(3)s

Don't deplete cash reserves / endowment... or pay higher costs of traditional financing

501(c)(3) Revenue Bonds and Leases Applications

- To acquire facilities and real property
- For new construction
- For renovations
- Major equipment purchases
- To refinance all the above



501(c)(3) Revenue Bonds

Bondholder interest is exempt from Federal income tax
Interest cost savings 2 – 3%

501(c)(3) Revenue Bonds

- Up to 100% financing available, ability to refinance
- Fixed or variable rate modes
- Typically over \$1.5 million to be cost effective

501(c)(3) Leases

- Under \$1.5 million
- Maturity of lease will generally match the useful life of the assets financed
- Maximum term = 10 years

Public and Community College Systems

Potentially applicable IFA programs Capital Financings

LG Bonds

Local Gov't Bonds – Double tax exemption reduces borrowing cost

LG Leases

Local Gov't Leases* – Typically under \$1.5 million, used when cost of issuance for a bond is too high

C.O.P.s

C.O.P.* – Above \$1.5 million. Generally feasible if can pay debt service out of general funds



* Exempt from federal taxes only

Guaranteed Energy Contract

Pay debt service out of realized energy savings

- For retrofit or renovation projects
- Concept can be applied to:
 - Bonds
 - Leases
 - C.O.P.'s



Pooled or Cooperative Financing

Minimize Cost and Maximize Savings

- **Statewide** group or "pool" to *share fees and maximize savings*
- **Small and large projects** benefit
- *Local Govt or NFP pool*
- **College RAN Program**



IFA Participation Loan

Lower blended interest rate to the borrower

- ***Up to \$500 K or 50% of bank loan (the lesser of...)***
- ***Interest rate buydown*** on IFA's participation (3 month LIBOR + 100 bp)
- Can finance land & buildings, equipment, construction & renovation
- The participating bank originates, underwrites, and services the loan; IFA shares in collateral with bank *pari passu*
- No additional fee for the borrower
- Terms: 10 year maximum (balloon payments acceptable)
- See details at www.il-fa.com

Next Steps with IFA

- **Review project scope** to identify costs that may be financed with tax-exempt bonds
- **Confer with advisors** and counsel to scope out potential savings & issues with tax-ex bonding
- **Submit application** to IFA as plans emerge
- **Seek Inducement** from IFA well before incurring hard costs for the project
- **Seek final IFA approval** upon completion of substantially final documentation





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