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By Gregory Meyer

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Ill. Facilities Fund expands territory

Newly dubbed IFF is 'on a growth trajectory'

The non-profit Illinois Facilities Fund has shortened its name and broadened its territory. Now known as the IFF, the Chicago lender and consultant to non-profits is scouting opportunities in Missouri, Iowa, Wisconsin and Indiana as well as in Illinois. It's also getting into housing development.

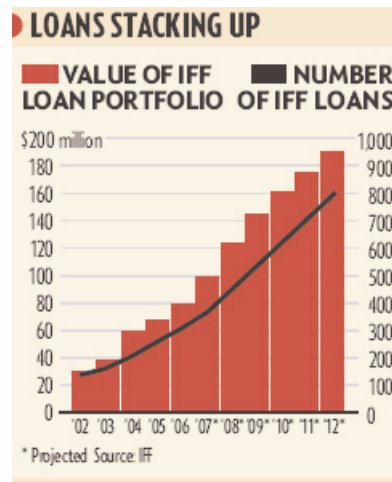
It's part of a growth plan for a non-profit agency whose projections call for a \$190-million loan portfolio in 2012 — twice its current size and six times that of five years ago.

"We are on a growth trajectory," says Trinita Logue, the group's founder and CEO.

The IFF opened in 1990 to provide below-market building loans to social service agencies considered too risky for banks and in too much of a hurry for gifts from foundations. "The IFF was created because there was a demonstrated need for more access to capital" among non-profits, says Valerie Lies, CEO of the Donors Forum of Chicago, an association of foundations and other grantmakers.

One of many "community development financial institutions" designated by the U.S. Treasury Department, the IFF has secured a niche in real estate finance for non-profits with average revenue of \$5 million. Growth also has been spurred by the 1977 Community Reinvestment Act, which prods banks to lend in poorer areas. Several banks lend to or alongside the IFF as a way to satisfy federal rules.

The IFF in turn lends to smaller non-profits, many reliant on shaky revenue sources like state human services contracts.



One borrower is St. Leonard's Ministries, a West Side agency serving recently released inmates. Over a decade, \$1 million in IFF loans helped the group fix old buildings and build a new one, says Bob Dougherty, its executive director. "The IFF has always been available to us for smaller amounts

at good interest," says Mr. Dougherty, whose agency has an annual budget of about \$2 million.

Now borrowers also include Grand Center Inc., which is trying to develop an arts and entertainment district in St. Louis. The group closed its first \$750,000 loan from the IFF three weeks ago to convert a gutted church into a performance space.

Whereas banks will lend at up to 80% of a property's value, the IFF will finance up to 95%, says Brenda Finke, Grand Center's controller. "We have to come up with much less money out of our own pocket to finance a project."

The inherently riskier loans have not posed a problem for the IFF. "We have a default rate that's probably one-tenth that of most banks," Ms. Logue says.

In 2006, IFF wrote off \$771,000 in bad loans out of a portfolio worth \$78.5 million, according to its latest financial statement.