

January 10, 2012

TO: William A. Brandt, Jr., Chairman
Dr. William Barclay
Gila J. Bronner
Jack Durburg
James J. Fuentes
Norman M. Gold
Edward H. Leonard, Sr.

Michael W. Goetz, Vice-Chairman
Terrence M. O'Brien
Heather D. Parish
Mayor Barrett F. Pedersen
Roger E. Poole
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

Welcome to 2012. You, the volunteer members of the Authority, deserve recognition for your leadership of the Authority, for your guidance over the past year, and for your public service.

Calendar Year 2011 – A Summary

Despite a difficult and uncertain economy, the Authority worked diligently to fulfill its mission to finance capital projects that retain and create jobs and local government financings for essential purpose public facilities and infrastructure projects. In calendar year 2011, the Authority closed 67 federally tax-exempt conduit bond financings that totaled over \$2.0 billion.

Healthcare projects comprised approximately \$1.5 billion of this volume and included 15 projects that financed or re-financed state-of-the-art hospital construction, continuing care retirement community construction and other healthcare financings. The remaining \$490 million of the 2011 volume comprised of 12 projects that financed or re-financed construction of state-of-the-art facilities for higher education institutions, student housing, charter schools, several social service providers and other 501(c)(3) organizations as well as for local governments and manufacturing facilities.

Through our agricultural programs and in conjunction with banks state-wide, the Authority financed the purchase of nearly 2,400 acres of farmland by first-time farmers through the issuance of 40 conduit Beginning Farmer Revenue Bonds totaling over \$7.8 million. The IFA also provided guarantees to support approximately \$1 million in bank loans to Illinois farmers.

Even in the face of systemic economic challenges, the Authority's 2011 volume was comprised of several landmark conduit bond issues including:

- The Authority's first multi-state project (Covenant Retirement Communities);
- Two privatized student housing projects at two public universities (Collegiate Housing Foundation at Northern Illinois University and Illinois State University);
- The first entry by a major national health system into Illinois (Trinity Health's acquisition of Loyola University Medical Center); and
- A major charter school operator in Chicago (UNO Charter School Network).

Consistent with national trends, the Authority's 2011 conduit bond issuances were generally fewer in number, with lower principal amounts (*The Bond Buyer*, "Volume Lowest in 10 Years: Munis Ended 2011 at \$295 billion," Taylor Riggs, January 3, 2012). Clearly, in 2011, IFA's borrowers had to navigate a more challenging environment for credit support than in prior years. Moreover, the Authority's 2011 bond issuance volume (in dollars) in calendar year 2011, consistent with national trends, was the lowest since the Authority's inception in 2004. However, from industry-based reports, it does not appear that the Authority lost significant volume to other issuers.

Calendar Year 2012

Given the ongoing economic obstacles, calendar year 2012 appears challenging. We look to collaborate with you to expand or maintain the Authority's profile in the following areas:

- Infrastructure and transportation finance by building on the Authority's profile developed in connection with the Governor's Commissions on Broadband and the Elgin-O'Hare Western Access/Bypass, respectively;
- Promoting the use of Midwestern Disaster Area Revenue Bonds – a unique resource available to finance substantial real estate renovation and new construction projects located in 18 Illinois counties that will expire as of December 31, 2012;
- Continuing the Authority's leadership in financing 501(c)(3) hospital and healthcare facility projects; and
- Expanding collaboration with sister State Agencies to develop prospective programs including, but not limited to, the Medicaid Vendor Payment program and the pilot State facilities Energy Efficiency program, which are both under development.

Conclusion

Finally, I thank Governor Quinn as well as all of you, the Members of the Authority, for your continued support. Working together, I know we will continue to strengthen the Authority with a renewed focus on the tools that most effectively retain and create jobs for the people of Illinois.

Respectfully,



Christopher B. Meister
Executive Director

Attachments:

- Attachment 1 – Board of Directors Dashboard
- Attachment 2 – Quarterly Bonds Issued Analyses since Inception
- Attachment 3 – Direct Purchase and Market Securities Report for Calendar Year 2011
- Attachment 4 – Monthly Bonds Issued Analyses; Schedule of Debt