

March 12, 2013

TO: William A. Brandt, Jr., Chairman
Dr. William Barclay
Gila J. Bronner
James J. Fuentes
Norman M. Gold
Roger E. Poole
Mordecai Tessler

Michael W. Goetz, Vice-Chairman
Terrence M. O'Brien
Heather D. Parish
Mayor Barrett F. Pedersen
Lerry Knox
Edward H. Leonard, Sr.
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

Governor's FY14 Budget Address

On March 6, 2013, Governor Pat Quinn presented his Fiscal Year 2014 budget to the Illinois General Assembly. The Governor presented the General Assembly with a difficult budget, but one that is balanced and designed to grow the Illinois' economy, even as our state faces ongoing budgetary pressures due to inaction on pensions. Governor Quinn renewed his call for real and immediate pension reform in Illinois. Today, pension costs consume nineteen percent (19%) of Illinois General Revenue Funds, as opposed to six percent (6%) in 2008. The Illinois Finance Authority strongly supports Governor Quinn's "Balance, Build and Grow" budget, as well as his renewed call for the General Assembly to pass comprehensive pension reform. Seventeen million dollars is added to State's unfunded pension liability each day the General Assembly fails to act. The State's fiscal crisis hampers the Illinois Finance Authority's ability to create and retain jobs by facilitating financing.

March 2013 Projects

This month, we are pleased to present a robust agenda for consideration by the Members of the Authority.

Two Local Government issues will advance key projects for the City Of Elgin and Elgin Community College District Number 509, in amounts not to exceed \$5.025 million and \$10 million, respectively. The City of Elgin is financing the acquisition and installation of a radio communication system as well as improvements to the water and sewer systems. The Community College District will build and equip a Health Careers Center, a Library and a Regional Public Safety Training Facility. They will also build, equip, alter, renovate and repair academic buildings, install technology as well as other building additions and land improvements.

Also of note, the Countryside Montessori Schools, Inc. project is an excellent illustration of the benefits small borrowers (\$2.5 million) derive when utilizing tax-exempt conduit bonds for their capital needs.

Also this month, we anticipate the closing of up to \$160 million in bonds for Franciscan Communities, Inc. This issuance falls under our relatively recent statutory authority to finance eligible non-profit projects across state lines. It allows the borrower to refund bonds issued through Cuyahoga County, Ohio and the Indiana Health Facility Financing Authority in order to take advantage of today's relatively low fixed interest rates.

Small Contractor Working Capital Participation Loans

Recognizing the leadership of State Senator Mattie Hunter on this issue and in partnership with the Chicago Community Loan Fund, we are pleased to present this program to provide access to low-cost capital for these businesses in communities across the state. It is our hope that this program will help remove financial barriers to participation by small and emerging contractors in government construction projects in Illinois.

I look forward to continuing to work with you in support of jobs and growth throughout our great state.

Respectfully,



Christopher B. Meister
Executive Director

Attachments:

Attachment 1 - Monthly Bonds Activity Report; Schedule of Debt