

June 11, 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:

New Borrowers to the Authority

We are pleased to welcome two new borrowers to the Authority: University of St. Francis (“St. Francis”) and Township High School District Number 113 (“Highland Park High School and Deerfield High School District”).

St. Francis, a non-profit higher educational institution operating continuously in the City of Joliet since 1920, is refinancing debt through the Authority that was originally issued locally. The bond issue for the Highland Park and Deerfield High School District will be the third and largest local government bond issuance through the Authority this calendar year. Local government bonds issued through the Authority are exempt from both federal income taxes and State of Illinois income taxes. Double tax exemption on behalf of local governments can help reduce the burden on local property taxpayers.

Legislative Success

Governor Quinn and the Illinois General Assembly have long-supported the Authority’s public mission to finance capital projects that retain and create good jobs primarily the issuance of tax-exempt bonds. In the face of changing market conditions and continuing economic challenges, the Illinois General Assembly has been receptive to the Authority’s requests to add tools to meet our job retention/creation mission while continuing to operate on a self-supporting basis, without one penny of appropriated State taxpayer dollars. In the Spring 2013 Legislative Session, this support continued with the passage of House Committee Amendment 1 and House Floor Amendment 3 to Senate Bill 1603 (“SB 1603”).

From an economic development perspective, SB 1603:

- expands the Authority’s ability to issue bonds for multi-state projects to for-profit businesses as long as there is an Illinois headquarters or an Illinois project. The Authority has been a good steward of multi-state issuance on

behalf of 501(c)(3) non-profit entities such as Ascension, Covenant Communities and Franciscan Communities since 2010;

- allows the Authority to develop a program to help smaller bond borrowers take advantage of the current low interest rate environment through pooled refinancing;
- modernizes the as yet unfunded Emerald Ash Borer Revolving Loan program to include treatment as well as replacement of diseased trees;
- includes geothermal (“total btu’s of electricity and natural gas”) in the statutory definition of Energy Efficiency Projects and allows the Department of Commerce and Economic Opportunity up to three years to fund energy efficiency projects; and
- restores the Authority’s ability to finance development of new student housing on the campuses of public universities via public-private partnerships. The Authority has successfully financed two student housing projects on the campus of Northern Illinois University and one student housing project at Illinois State University since 2006.

From an efficiency perspective, SB 1603 recognizes the role of the Authority’s volunteer Board Members in overseeing Authority operations relating to procurement matters while maintaining the transparency and accountability policies of recent State procurement reforms. We appreciate the Legislature’s recognition that from a revenue perspective the Authority operations more closely resemble a small private business than a taxpayer supported State agency.

The Authority is very grateful to SB 1603’s lead sponsors, Senator Michael Hastings and Representative Kelly Burke, as well as all of the bill’s bipartisan co-sponsors: Senator Pam Althoff and Representatives Naomi Jakobsson, Joe Sosnowski, Tom Demmer, Pat Verschoore, Jim Sacia, Deborah Mell, Bob Pritchard, Ken Dunkin, Ron Sandack, Jim Durkin, Ann Williams and Robyn Gabel. The Authority is particularly appreciative of the favorable consideration and support of SB 1603 by the four legislative leaders: Speaker Madigan, President Cullerton, Leader Radogno and Leader Cross.

House Bill 2748 (Representative Josh Harms; Senator Jason Barickman) also passed both houses of the General Assembly. This bill memorializes the intent of the late Senator Vince Demuzio and former Representative Gary Hannig, the sponsors of Senate Bill 1075 (P.A. 93-205) which was the bill that created the Authority in the 93rd General Assembly, that at any point in time at least two members of the Authority have expertise in agribusiness or production agriculture.

The Authority recommends that Governor Quinn favorably consider HB 2748 and SB 1603.

Partnership with the newly created Metro East Police District Commission

The Authority is proud to partner with the Metro East Police District Commission (“Commission”) to assist its efforts to improve public safety in the City of East St. Louis and the Villages of Washington Park, Alorton and Brooklyn. A Resolution presenting the proposed form of intergovernmental agreement between the Authority and the Commission is presented for consideration on today’s Board Meeting agenda.

I look forward to continuing to work with you in support of jobs and financing capital expansion projects throughout our great state.

Respectfully,



Christopher B. Meister
Executive Director

Attachments:

Attachment 1 - Monthly Bonds Activity Report; Schedule of Debt