

Date: August 6, 2021

To: William Hobert, Chair
Peter Amaro
Drew L. Beres
James J. Fuentes
Arlene A. Juracek
Roxanne Nava
George Obernagel

Roger Poole
José Restituyo
Timothy Ryan
Eduardo Tobon
Randal Wexler
Jeffrey Wright
Bradley A. Zeller

From: Christopher B. Meister, Executive Director

Subject: *Message from the Executive Director*

Dear Member of the Authority:

As I write this message in advance of the Authority's regularly scheduled meeting on August 10, 2021, the United States Senate is advancing Bipartisan Infrastructure Legislation through its processes. As some of the information below may be superseded between now and the time of the Authority's meeting, I will supplement accordingly.

Bipartisan Infrastructure Legislation in the U.S. Senate

Of paramount importance to the Authority, its state statutory mission, and its ability to support ongoing operations without state taxpayer appropriations, are the provisions of the federal tax code with respect to federally tax-exempt conduit bonds (or "***Private Activity Bonds***"). To the best of my knowledge, the Bipartisan Infrastructure Legislation currently contains three provisions that will expand the scope of Private Activity Bonds:

1. ***Transportation Conduit Bonds.*** While not subject to traditional Private Activity Bond volume cap, surface transportation and surface freight transfer facility bonds issued for the benefit of private developer and operators have historically been limited to a national issuance limitation of \$15 billion that is allocated by the Secretary of the United States Department of Transportation ("USDOT"). As proposed, the national issuance limitation will increase from \$15 billion to \$30 billion, and USDOT will continue to competitively award allocations directly to project applications that are jointly submitted by conduit borrowers and conduit issuers. The Authority has become a national leader in this area, having submitted a joint project application with CenterPoint Joliet Terminal Railroad LLC to USDOT that ultimately resulted in the issuance of \$605 million in transportation conduit bonds over five series between 2010 and 2020 to finance development of its intermodal freight transfer project in Will County.

2. ***Carbon Capture Conduit Bonds.*** New program-designated national issuance limit (likely through US Treasury) will reportedly allow private borrowers to issue federally tax-exempt conduit bonds to finance Carbon Dioxide Capture Facilities.
3. ***Broadband Conduit Bonds.*** New program-designated national issuance limit (likely through US Treasury) will reportedly allow private borrowers to issue federally tax-exempt conduit bonds to finance Qualified Broadband projects, particularly in rural and underserved areas.

With respect to the last two categories, Carbon Capture Conduit Bonds and Broadband Conduit Bonds, if either category becomes federal law, there may be a lengthy implementation timeline as borrowers, which had not previously been familiar with conduit bonds in general, come to understand the economic benefits and as the US Treasury refines the regulations.

What is NOT included in the Bipartisan Infrastructure Legislation

Currently, tax-exempt bond refinancing for both State and Local Governments and conduit 501(c)(3) borrowers (“***Advance Refunding***”) as well as modernized industrial revenue and agricultural tax-exempt conduit bonds (“***MAMBA***”) are not included in the Bipartisan Infrastructure Legislation. It remains possible that Advance Refunding and MAMBA may be ultimately included in federal budget reconciliation legislation, and accordingly, the Authority will revisit its budget assumptions as necessary.

The August 10, 2021 Agenda

The Authority will consider resolutions with respect to Private Activity Bonds issued previously on behalf of ***Freeport Regional Health Care Foundation*** and ***Lawrence Hall formerly known as Lawrence Hall Youth Services.***

Respectfully,



Christopher B. Meister
Executive Director