

May 8, 2014

TO: William A. Brandt, Jr., Chairman
Gila J. Bronner
James J. Fuentes
Norman M. Gold
Lerry Knox
Edward H. Leonard, Sr.
Carmen Lonstein
Terrence M. O'Brien

Michael W. Goetz, Vice-Chairman
Heather D. Parish
Mayor Barrett F. Pedersen
Roger Poole
Mordecai Tessler
David Vaught
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

Rating Agencies Favorably Receive Governor's Recommended Budget and Revenue Plan

On April 10, 2014, after our last Board meeting, the State of Illinois announced the first winning bid for State General Obligation Bonds at a true interest cost of 4.08% since Governor Quinn's Budget Address on March 26, 2014. The rate is the third-lowest secured by the State of Illinois since Governor Pat Quinn took office five years ago. Much of the improvement is owed to the favorable views of Governor's Quinn's recommended budget and revenue plan which includes maintaining the current state tax rates to provide long-term stability and properly fund education by the three rating agencies:

Standard & Poor's:

"The recommended budget could contribute to enhanced structural alignment due to less severe spending reductions needed to achieve balance . . .

* * * *

If pension reform moves forward and Illinois takes credible action to achieve structural budget balance beginning in fiscal year 2015, we believe that a higher rating would be warranted."

Fitch:

"The governor's recommended budget for the coming fiscal year would . . . provide a basis for the state to achieve fiscal balance."

Moody's:

"Legislative leaders have indicated support for the governor's tax-extension proposals, suggesting lawmakers may reach consensus by the regular session's May 31 end date. We would view timely resolution – whether as suggested by the Governor or in an equally effective way – as a positive development.

* * * *

We believe that State legislators have drafted (pension) reforms that judges could approve . . . Illinois’s status as an outlier based on such measures as pension liability to revenue probably would end with the law’s implementation.”

In short, here at the Authority, we share the unanimous view of the rating agencies that the people of Illinois as well as the Authority’s borrowers would benefit from Governor Quinn’s recommended budget being enacted into law.

Welcome Melinda Gildart – Authority Chief Financial Officer

We are pleased to officially welcome Melinda Gildart to the Authority’s senior management team. As the Authority’s Chief Financial Officer, Melinda brings deep and broad experience from her prior public service at the Chicago Public Schools, the City of Chicago, the Chicago Park District and the federal General Services Administration. She is also active in professional leadership roles with the Government Finance Officers Association (“GFOA”). Since joining the Authority’s staff at the end of March, Melinda has rolled up her sleeves and gotten to work in the Authority’s accounting, investment, audit and procurement functions. Melinda’s public sector auditing and accounting skill has already brought material efficiencies to the transparent and accountable administration of the Authority’s operations.

As always, we look forward to working with the Members of the Authority on our job retention and creation mission.

Respectfully,



Christopher B. Meister
Executive Director

Attachments:

- Attachment 1 – Bonds Issued – Fiscal Year Comparison for the Period Ending April 30, 2014
- Attachment 2 – Bonds Issued and Outstanding as of April 30, 2014
- Attachment 3 – Schedule of Debt as of April 30, 2014