

November 8, 2011

TO: William A. Brandt, Jr., Chairman
Dr. William Barclay
Gila J. Bronner
John E. 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:

Although municipal issuance volume has been down from what it was a year ago, October proved to be a strong and healthy month for issuance nationally (*October is Biggest Month So Far*, The Bond Buyer, James Ramage, November 1, 2011). This national municipal debt issuance trend accurately reflects the 30.5 percent increase in new money issued by the Illinois Finance Authority (the "IFA") in October 2011 compared to the same period last year. We are hopeful that the markets will continue to uptick, although it will be tough to match last fiscal year's second quarter volume, when Recovery Zone Facility Bond deals surged.

As for the existential and regulatory challenges facing the federally tax-exempt conduit sector, the IFA joined the Council of Development Finance Agencies ("CDFA") on Capitol Hill on November 2, 2011 to educate Congress on the vital importance of tax-exempt bonds. Rich Frampton, Vice President of Business and Industry, serves on the CDFA Board. The IFA is coordinating its briefing efforts with the CDFA, as well as the National Association of Health and Higher Education Facilities Authorities ("NAHHEFA") and the National Association of Bond Lawyers ("NABL"), all of whom share a strong interest in preserving federally tax-exempt conduit financing – an essential tool for job retention and creation in these difficult economic times. Rich and I met with the Offices of Senator Durbin and Senator Kirk, as well as with Congressman Davis, Congresswoman Schakowsky, Congressman Quigley, Congressman Shimkus, Congressman Schock, Congressman Hultgren, Congressman Kinzinger and the Office of Congressman Roskam. The IFA sent a powerful message to the Illinois Congressional delegation on the preservation of federally tax-exempt conduit debt.

To a more local but very important update, with further direction from the Board, the \$13,641,041 State Guarantee on the Fifth Third Bank/REG Danville, LLC loan, which accomplished its job creation intent, was released on October 31, 2011. As of this date, it no longer appears as a liability on the IFA's financial statements. We commend Chairman Brandt's leadership on this significant public policy success.

We also thank Mr. O'Brien for his leadership on the newly created Legislative Affairs Committee. Even though this Committee has not yet convened, there was progress in the Illinois General Assembly's 2011 Fall Veto Session. Notably, House Bill 442 Amendment 1, which allows the IFA to convert a loan made to the Illinois Facilities Fund by its predecessor State Agency to "permanent capital", passed out the House unanimously and now moves to the Senate, where Senator Steans has pre-filed the bill.

Finally, congratulations to Vice Chairman Goetz, Ms. Bronner, Mr. Durburg and Mr. O'Brien on their reappointments, all of whom were confirmed by the Illinois Senate on October 26, 2011. We thank them all for their voluntary commitment to public service.

As always, the staff of the IFA looks forward to continuing to work with all of you to fulfill our mission to create and retain jobs.

Respectfully,

A handwritten signature in black ink, appearing to read 'C. Meister', with a long horizontal line extending to the right.

Christopher B. Meister
Executive Director

Attachments:

Attachment 1 – Bonds Issued Analyses; Schedule of Debt

Attachment 2 – Audit Tracking Schedule