

January 8, 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:

We begin calendar year 2013 with cautious optimism. Total dollar volume of conduit bonds issued by the Authority increased in calendar year 2012 to \$2.488 billion from \$2.023 billion in calendar year 2011. Likewise, nominal bond issues (excluding beginning farmer bonds) increased to 41 in calendar year 2012 from 28 in calendar year 2011. While both metrics are imperfect measures of the Authority's overall public policy impact as well as its financial stability, both illustrate a positive picture that is reflected in the Authority's revenues through the end of calendar year 2012 - despite continuing difficult economic circumstances.

As to the fiscal cliff, congressional action on January 1, 2013 had little market impact on municipal conduit debt. Also, while the immediate threat to federal tax-exemption of conduit bonds (and to conduit borrowers that rely on federal funding) has temporarily receded, history suggests that as long as large federal deficits persist, so will discussions on all direct and indirect federal expenditures (including municipal bond debt).

Moreover, Congress did not address corporate tax rates, but rather only individual tax rates on January 1, 2012. In the future, any action with respect to corporate tax rates could impact the increasing percentage of the Authority's bond volume structured as bank direct-purchases (approximately \$582 million in calendar year 2012).

Finally, we congratulate incoming members of the 98<sup>th</sup> General Assembly who will be sworn into office on January 9, 2012. We look forward to working with all members of the General Assembly over the next two years to finance capital projects that retain and create jobs for the people of Illinois. We also thank departing members of the 97<sup>th</sup> General Assembly for their public service and their past support of the Authority and its initiatives.

I look forward to working with the members of the Authority as well as our borrowers and public finance professionals to promote job creation and retention through tax-exempt financing over the next twelve months.

Respectfully,



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Christopher B. Meister  
Executive Director

Attachments:

Attachment 1 – Board of Directors Dashboard

Attachment 2 – Quarterly Bonds Activity Report

Attachment 3 – Monthly Bonds Activity Report; Schedule of Debt