

May 14, 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:

Illinois Pension Reform

As of this writing, both the Illinois House and the Illinois Senate have passed major legislative proposals that will materially reduce the State's unfunded pension obligations. We hope that comprehensive pension reform will reach Governor Quinn's desk by the end of this legislative session and then be enacted into law. By the General Assembly responding to Governor Quinn's call more than a year ago to address our State's decades-old pension problem, State finances will be stabilized, taxpayer dollars will be saved and our State's business climate will be dramatically enhanced thus encouraging job growth and private investment across our State. Of specific importance to the Illinois Finance Authority, it is hoped that Illinois conduit borrowers will benefit economically from the State's improved fiscal outlook.

Tax-Exempt Financing Encourages Foreign Investment in Illinois

I am particularly pleased to see the final resolution for Kuusakoski US LLC on our May 2013 agenda. Kuusakoski US LLC is a US-based operating subsidiary of Finland-based Kuusakoski OY. This bond financing will result in up to an estimated \$13.8 million of direct foreign investment in Illinois. The Project will also return a vacant industrial facility in Plainfield to productive use.

Disclosure for Bank Direct Purchase of Tax-Exempt Bonds

The Illinois Finance Authority has long been an active member of the National Association of Health and Education Facilities Finance Authorities (NAHEFFA). Pam Lenane, currently NAHEFFA President, took an active role along with the National Association of Bond Lawyers (NABL) in the development of a comprehensive White Paper entitled "Voluntary Secondary Market Disclosure about Bank Loans." As members of the Authority have noticed, the past several years have seen a dramatic increase in the dollar volume of tax-exempt bonds directly purchased by banks as opposed to being publically offered (and publicly disclosed on the EMMA website of the Municipal Securities and Rulemaking Board (MSRB) in the capital markets. Regulatory bodies such as the MSRB have raised this as an area of concern. We hope that the combined NAHEFFA/NABL effort on this issue will result in greater transparency in the tax-exempt capital markets.

I look forward to continuing to work with you in support of jobs and growth throughout our great state.

Respectfully,



Christopher B. Meister
Executive Director

Attachments:

Attachment 1 - Monthly Bonds Activity Report; Schedule of Debt