

October 9, 2012

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:

Congratulations and Thanks to Bill Brandt

Please join me in congratulating our Chairman, Bill Brandt, on his re-appointment on September 24, 2012 by Governor Quinn as Chairman of the Illinois Finance Authority. On a personal note, IFA Staff would like to thank Chairman Brandt for his successful and continuing term of voluntary public service as our Chair.

Chairman Brandt has provided active and effective stewardship at the IFA during a time of prolonged economic challenges beginning with the collapse of the financial markets in 2008. During his tenure at the IFA, Chairman Brandt has upheld fiscal responsibility by ensuring that this self-funded agency both fulfills its public economic development mission and lives within its means. Specifically, Chairman Brandt led an organizational restructuring of the IFA that:

- Reduced operating expenses while maintaining quality customer service and sound financial transaction management standards;
- Reduced IFA expenditures related to its annual operating budget by nearly 40 percent between FY 2008 and FY 2011; and
- Eliminated or mitigated \$56 million in risk to the balance sheets of the State and the IFA.

Notwithstanding the worst economic challenges since the Great Depression, under Chairman Brandt's leadership (January 2008 through present), the IFA facilitated the creation of over 9,300 permanent jobs and over 34,000 construction jobs through 446 conduit debt projects with a combined value of \$15.5 billion.

IFA conduit bonds financed the construction of new Illinois hospitals such as University of Chicago Medical Center, Rush University Medical Center, Carle Foundation, OSF Healthcare, Northwestern Memorial, Ann & Robert H. Lurie Children's Memorial Hospital, Advocate, Elmhurst Memorial, Little Company of Mary, Central DuPage, Sherman, Kewanee, Kishwaukee, and Silver Cross. IFA healthcare financings also include major healthcare system mergers and acquisitions, such as those of Trinity Health, Advocate, Central DuPage Health (Cadence), OSF Healthcare System, NorthShore University and Ascension Health Alliance.

Additional conduit bond volume in the 501(c)(3) not-for-profit sector has resulted in significant facility expansions at The University of Chicago, Roosevelt University, DePaul University, and the Adler School of Professional Psychology, and for significant new cultural facilities including the Modern Wing at The Art Institute of Chicago and the Museum of Science and Industry as well as the newly opened National Hellenic Museum of Chicago and the Poetry Foundation. Additionally, IFA worked with Illinois State University and Northern Illinois University to issue bonds to finance development of new privatized student housing facilities that opened this fall on both campuses. IFA also issued conduit bonds for Illinois College and Passavant Hospital in Jacksonville that enabled these borrowers to finance a series of energy improvement projects.

The IFA has issued 19 industrial revenue bonds that financed the construction or expansion of manufacturing facilities including Freedman Seating, Bison Gear & Engineering, Regis Technologies, Overton Chicago Gear, Anderson Shumaker, and for the Fitzpatrick Brothers Inc. project in Quincy.

Moreover, during Chairman Brandt's stewardship, IFA successfully implemented new program initiatives authorized under federal and State law, including but not limited to:

- A \$150 million surface transportation bond issue for CenterPoint's Joliet Intermodal Center which was the first bond issue for a surface freight intermodal facility in the Midwest under the U.S. Department of Transportation's tax-exempt transportation infrastructure financing program.
- A series of tax-exempt financings from 2010 through 2012 under temporary special storm disaster relief and recovery zone facility programs including:
 - The first Midwestern Disaster Area Revenue Bond issue in Illinois (KONE Investment Fund, LLC, Moline, \$20.2 million).
 - Eight Recovery Zone projects totaling \$211.5 million, including Navistar International projects in Lisle and Joliet.
- Two multi-state 501(c)(3) Revenue Bond issues (Covenant Retirement Communities, Inc., \$65 million; Ascension Health Alliance, \$217 million).

Finally, in the agricultural sector and in cooperation with local banks across Illinois, IFA financed the purchase of 14,117 acres of farmland by family farmers through the issuance of 212 conduit Beginning Farmer Bonds valued at 39,514,792. IFA also provided guarantees to support nearly \$34,643,509 in bank loans to Illinois farmers and agri-businesses throughout Illinois.

Welcome new board members: Lerry Knox and Mordecai Tessler

We are also very pleased to welcome two, new volunteer members to the Authority: Lerry Knox and Mordecai Tessler. Governor Quinn appointed Mr. Knox and Mr. Tessler on October 5, 2012. On behalf of the Members and the Staff of the Authority, we thank you both for your commitment to public service and we look forward to working with you to finance projects that create and retain jobs in our State.

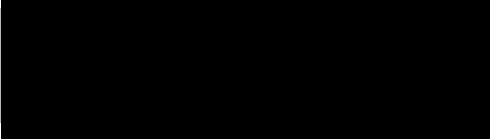
Alliance for Health Sciences: DePaul University and Rosalind Franklin University

On October 3, 2012, two long-time Authority borrowers, DePaul University and Rosalind Franklin University, announced the creation of the Alliance for Health Sciences. Through the

Alliance, the universities will collaborate to develop innovative, rigorous curricula that will allow DePaul undergraduates to pursue healthcare careers in order to address the growing shortage in such careers nationally over the next decade.

Given the Authority's longstanding commitment to healthcare and higher education, we congratulate DePaul University and Rosalind Franklin University on their newly formed Alliance. The Authority is proud to have had assisted both institutions in their tax-exempt borrowings.

Respectfully,



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