



LOCAL GOVERNMENT POOLED BOND PROGRAM

Description

The IFA combines the borrowing needs of more than one unit of local government in its Pooled Bond Program.

IFA then operates as a financing conduit. The IFA purchases the local government securities (bonds) of the various units of local government, and, in turn, issues its own obligations (tax-exempt revenue bonds) on the financial markets.

The pooling process allows local governments to realize savings that are achieved by sharing fixed costs and achieving economies of scale. These savings are both in terms of costs as well as through the streamlining of various procedures and related documents.

In addition, IFA Pooled Bond Issues may be supported by the "moral obligation" of the State of Illinois. Interest earned on the bonds is exempt from both State and federal income taxes. The State's moral obligation backing and the double tax-exempt status of the IFA's bonds both serve to lower the overall borrowing rates of the local government participants.