

State of Illinois



PRESENTATION TO KROLL BOND RATING AGENCY

BUILD ILLINOIS BONDS (SALES TAX REVENUE BONDS)

JUNIOR OBLIGATION SERIES OF OCTOBER 2018

\$150,000,000* TAX-EXEMPT SERIES A

\$60,000,000* TAX-EXEMPT SERIES B

\$35,000,000* TAXABLE SERIES C

September 21, 2018



* Preliminary, subject to change.

Key Contacts

- **GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**
 - Hans Zigmund, *Director*
 - Jim Foys, *Chief of Staff*
 - Kelly Hutchinson, *Director of Capital Markets**
 - Robert Steere, *General Counsel*
 - Charles Salmans, *Financial Analyst*
- **KATTEN MUCHIN ROSENMAN LLP – BOND COUNSEL**
 - Lewis Greenbaum, *Partner*
 - Renee Friedman, *Partner*
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State of Illinois Management Team

Hans Zigmund, *Director*

- Mr. Zigmund has served as Director of GOMB since mid-January. Previously, he was director of economic policy in the Governor's Office. From 2013 to August 2017, he was Chief Economist at the Department of Revenue; he was also Associate Director of GOMB from 2011 to 2013. Before his first tour at GOMB Mr. Zigmund was an economist at the Department of Revenue for five years.
- In the private sector Mr. Zigmund worked as a defined benefits analyst with Hewitt Associates. He has taught economics, statistics and public finance at Roosevelt University where he also earned his masters degree in economics. He also holds a BA in economics from Barat College in Lake Forest.

Jim Foys, *Chief of Staff*

- Mr. Foys has served as Chief of Staff for GOMB since December of 2017. He has almost 20 years of state government experience. Prior to his current position, Mr. Foys worked at GOMB, from August 2015 to November 2017. He served as Deputy Director of the Healthcare, Transportation and Regulatory agencies.
- Prior to joining GOMB, Mr. Foys worked on the Illinois Senate Republican Staff for 16 years. He first began working with the State as a Senate Staff Analyst. After 13 years, Mr. Foys became Deputy Director of Appropriations.

Kelly Hutchinson, *Director of Capital Markets*

- Ms. Hutchinson joined GOMB as Director of Capital Markets in November of 2015. Prior to her current position, Ms. Hutchinson worked as Director and Chief Compliance Officer at a nationally-ranked financial advisory firm for over 10 years, advising large municipalities. She also worked in investment banking for several years. Ms. Hutchinson received her Bachelor's Degree from Pomona College and her Juris Doctor from Tulane University Law School.

Robert Steere, *General Counsel*

- Mr. Steere came to GOMB as General Counsel in October 2017. For several years, he served in international development as a program director, legal advisor and trainer for Democracy & Governance and Rule of Law projects funded by USAID and the US State Department in Kosovo, Iraq, Azerbaijan and Libya. He also served in the United Nations Mission in Kosovo.
- Previously, he served in Illinois government as Counsel to Governor James R. Thompson, General Counsel to the Bureau of the Budget, General Counsel and Assistant Director of the Department of Revenue, and Inspector General for State Treasurer Judy Baar Topinka.

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Section I. State of Illinois Credit Highlights

State of Illinois Credit Fundamentals are Improving

The State's Credit Fundamentals are Improving

- General Funds Base Revenues increased to \$36.9 billion in FY18, an increase of 21.89% from FY17, largely reflecting an increase in individual and corporate income tax rates.
- As of June 30, 2018, the State estimates that the bill backlog was \$6.8 billion, lower than the previous estimate of \$7.7 billion, and significantly lower than the high pointed reached on November 8, 2017 of \$16.7 billion.
- Following the issuance of the Series 2018 G.O. Refunding Bonds, the State has eliminated all of its derivative exposure, while also generating \$97 million NPV savings and \$127 million cashflow savings.

Recent Developments

- Higher than anticipated revenues in fiscal year 2018:
 - Individual income tax in FY18 was 0.7% higher than projected
 - Corporate income tax in FY18 was 7.1% higher than projected
 - Overall, State Sales Tax Revenues have been trending upward since FY 2010 following the financial crisis
 - Federal sources finished the year \$614 million, or 17.9%, above projections
- Wayfair decision in June benefits the State by allowing collection of sales tax from online retailers.
 - The State will begin collecting receipts in October, resulting in expected revenues of \$143 million for FY19 (\$200 million is expected annually thereafter)

Inherent Credit Strengths

- Sovereign state with significant revenue raising flexibility.
- Illinois' economy is the 5th largest in the U.S. and 19th largest worldwide.¹
- The Build Illinois Bond Act offers several protections for the BI bondholders including an irrevocable continuing appropriation for all debt service payments on BI Bonds.
- Excellent historical BI bond coverage, 27.1x of Maximum Annual Debt Service ("MADS") in FY18 prior to this issuance.
- Limiting Additional Bonds Tests.

Note: Amounts related to the bill backlog are estimates

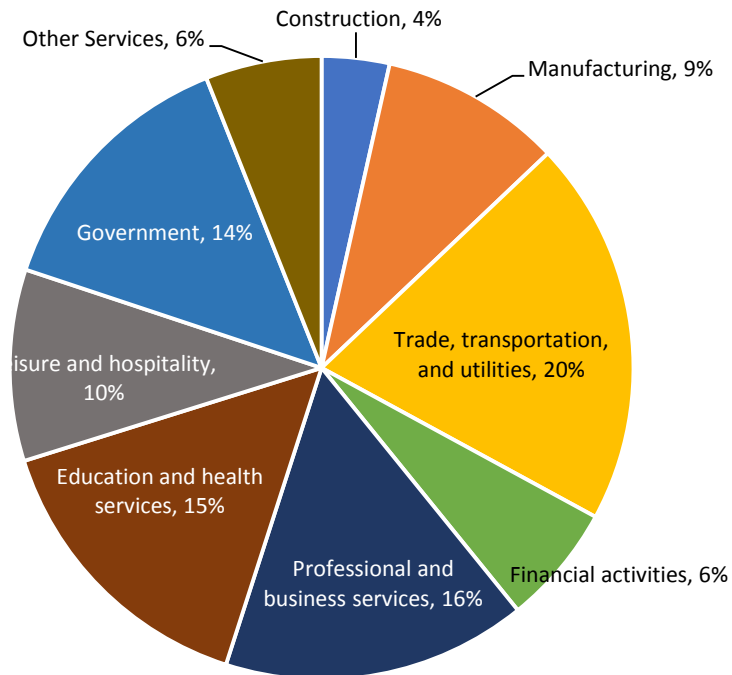
1. Source: US Department of Commerce Bureau of Economic Analysis for the Illinois ranking. IMF and World Bank for the international ranking

Section II. Strengthening Economic Drivers for Sales Tax Performance

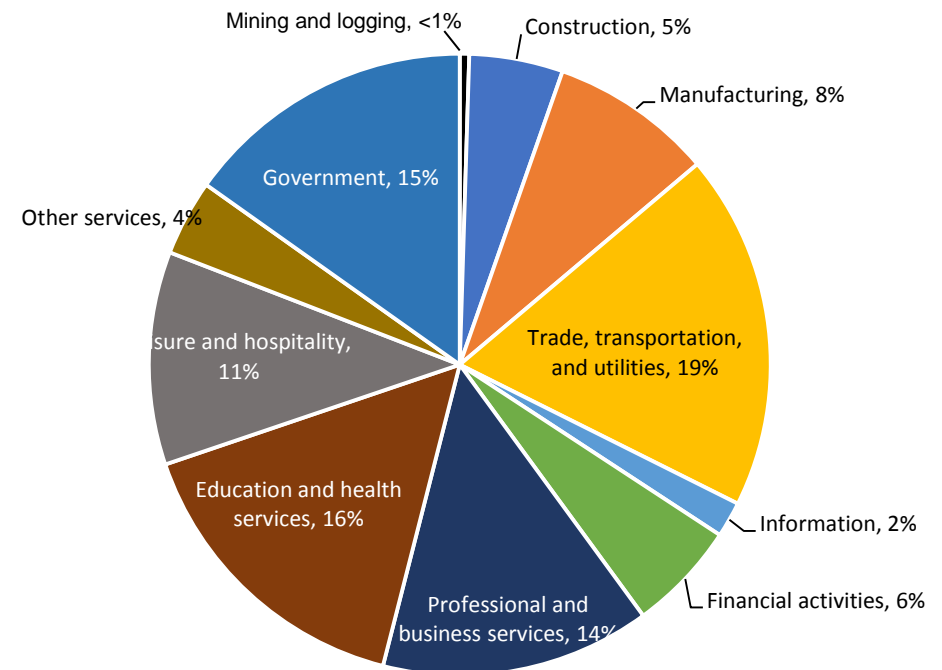
Illinois Benefits from a Diverse and Resilient Economy

- Economy includes representation from every major industry segment: trade, transportation, and utilities; government; education and health services; professional and business services; leisure and hospitality; and manufacturing.
 - No industry accounts for more than 20%
 - Robust industry base cushions the State from employment declines in any one area
- The State’s economy mirrors the broader U.S. economy and is well positioned for long-term stability through economic cycles.

State of Illinois MSA Non-Farm Payroll Jobs by Industry¹



U.S. Non-Farm Payroll Jobs by Industry



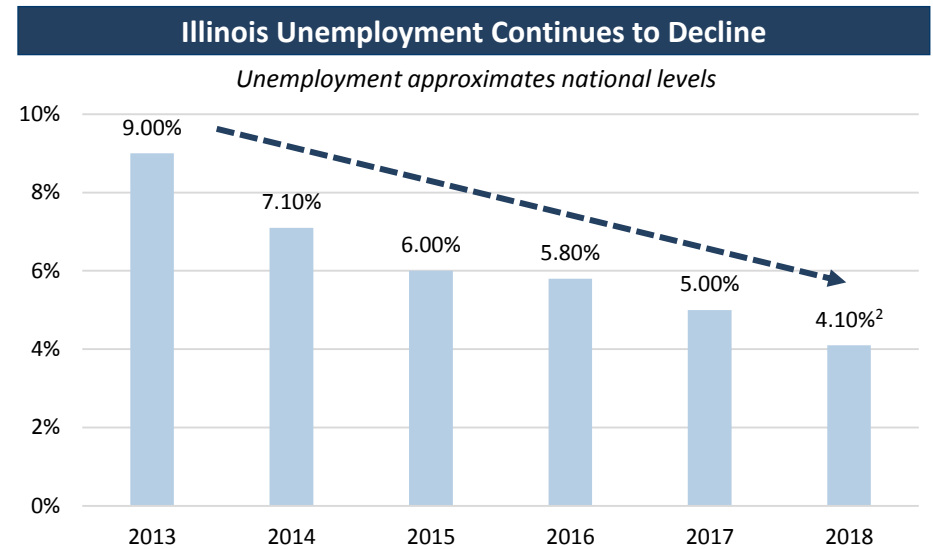
1. Other Services includes mining and lodging, information and other services

Source: Bureau of Labor Statistics

Note: State of Illinois Non-Farm Payroll Jobs by Industry is as of Nov. 2016 & U.S. Non-Farm Payroll Jobs by Industry is as of June 2018

Illinois' Economic Growth is Driven by a Large, Highly Educated Population and Diverse Employment Mix

- Illinois is the 6th most populous state in the nation and its highly educated population has fueled the region's growing and diversified economy.
 - 12.8% of the State's population has a bachelor's degree or higher compared to 10.2% nationally¹
- Illinois is home to two of the nation's busiest airports and is a major hub for rail, trucking and waterway transportation networks.



Select Illinois-Headquartered Fortune 500 Companies

37 Fortune 500 companies are headquartered in Illinois; only New York, California, and Texas have more



Source: Bureau of Labor Statistics; Fortune; US Department of Commerce Bureau of Economic Analysis; IMF; World Bank

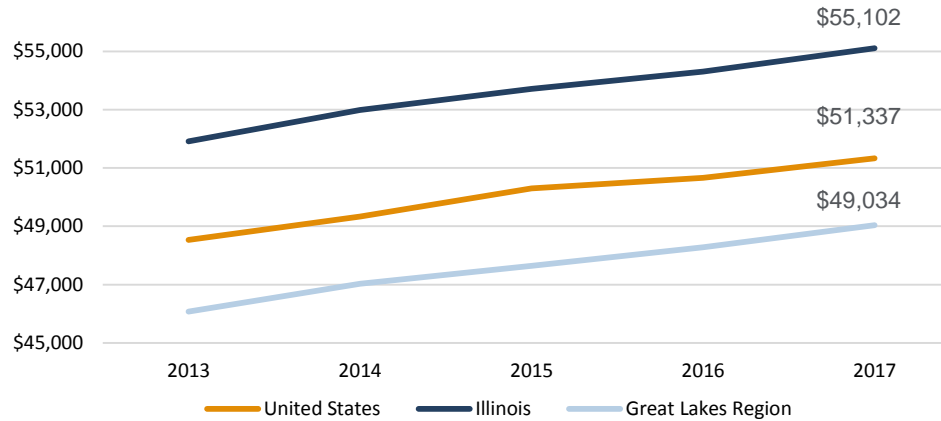
1. 2012-2016 American Community Survey 5-year Estimates

2. 2018 unemployment data as of August 1, 2018

Illinois is the Economic Leader of the Midwest and Continues to Grow

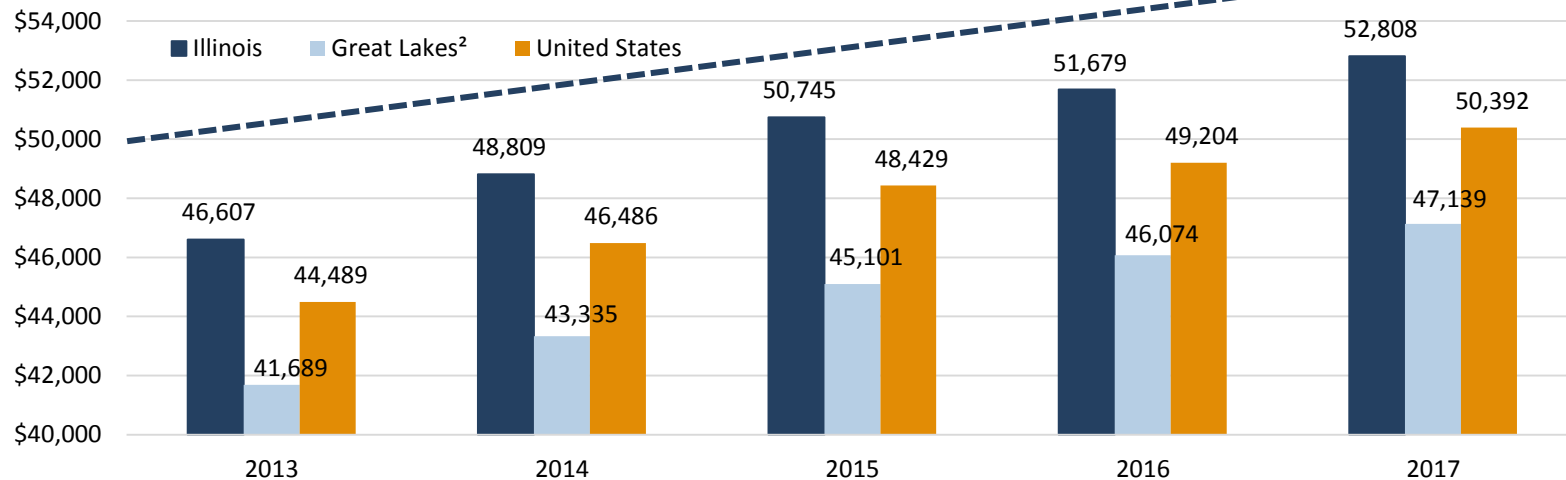
Upward Trend in Illinois Real GDP Per Capita¹

Illinois outperforms the U.S. and Great Lakes Region in terms of Real GDP



Per Capita Personal Income

Illinois' Per Capita Income is ranked 3rd among the 10 most populous states and 15th among all states



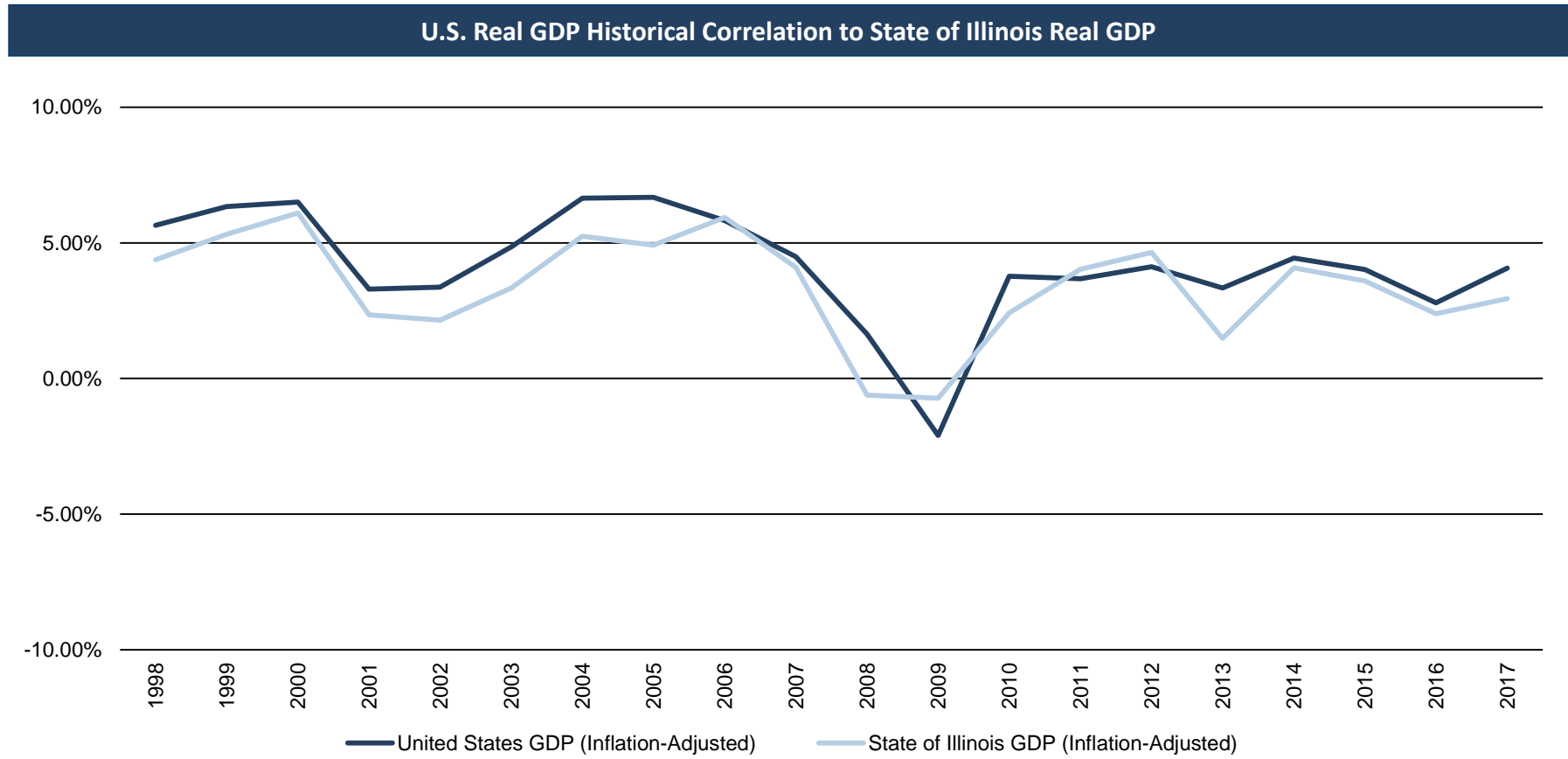
Source: U.S. Department of Commerce, U.S. Census Bureau; Bureau of Economic Analysis; U.S. Department of Labor, Bureau of Labor Statistics

1. 2009 Chained Dollars

2. Great Lakes Per Capita Personal Income consists of Illinois, Wisconsin, Ohio, Michigan and Indiana

State of Illinois GDP Highly Correlated with U.S. GDP

- State of Illinois mirrors the National Real GDP over the past 20 years, and outperformed the National GDP during the 2009 financial crisis.



Source: US Bureau of Economic Analysis

Section III. Overview of State Finances

FY 2018 General Funds Revenue Update

- In FY18, the State’s General Fund base revenues totaled \$36.9 billion, nearly \$6.6 billion higher than FY17.
- Net individual and corporate income taxes increased by \$4.7 billion.
 - Increases reflect changes in individual and corporate income tax rates – individual up to 4.95% from 3.75%, corporate up to 7.00% from 5.25%
- Net sales taxes totaled \$7.8 billion.
- Approximately \$1.6 billion was deposited directly into the local government sharing funds¹ instead of first being deposited in the general funds.
- Transfers In increased to \$1.9 billion, up from \$1.5 billion.
- Federal sources increased to \$4.0 billion approximately \$1.5 billion increase over FY2017 actual.
 - \$1.2 billion in federal reimbursements received in FY18 for FY17 Medicaid bills paid with bond proceeds in November 2017 are not included in the FY18 totals
- Fund reallocations in the approximate amount of \$269 million and interfund borrowing of \$533 million.

(\$ billions) – Totals may not add due to rounding	Actual FY 2017	Actual FY 2018	% Change	\$ Change
State Sources: Revenues				
Net Individual Income Taxes	13.7	17.7	29.2%	4.0
Net Corporate Income Taxes	1.3	2.0	53.8%	0.7
Net Sales Taxes	8.0	7.8	(2.5%)	(0.2)
Total Income and Sales Taxes	23.0	27.5	19.6%	4.5
Other State Revenues and Transfers	3.3	3.5	6.1%	0.2
Transfers In	1.5	1.9	26.7%	0.4
Total State Sources	27.9	32.9	17.9%	5.0
Federal Sources	2.5	4.0	60.0%	1.5
TOTAL, BASE, RESOURCES	30.3	36.9	21.8%	6.6
Interfund Borrowing and Fund Reallocations	-	0.8	-	0.8
TOTAL RESOURCES	30.3	37.7	24.4%	7.4

1. Local Government Distributive Fund (LGDF), Public Transportation Fund (PTF), and Downstate Public Transportation Fund (DPTF)

Note: General Funds was redefined for FY18 to include the Commitment to Human Services Fund (HSF), the Fund for the Advancement of Education (FAE) and the Budget Stabilization Fund (BSF) along with the Common School Fund, General Revenue-Common School Special Account Fund, Education Assistance Fund, and General Revenue Fund in the definition of General Funds. The FY17 revenue actuals in this table reflect the new definition.

Estimated Spending for FY 2018

- Total estimated expenditures of \$38.6 billion.
- Elementary and Secondary education appropriations are up \$505 million.
- \$221 million contribution to the Chicago teachers' pension system and health insurance.
- The general fund pension contributions increased by \$63 million.
- Statutory transfers out are projected to decline by \$1.8 billion, primarily reflecting the switch to direct deposit of local government revenue sharing.
- FY18 appropriations include a full GRF appropriation of \$1.9 billion for State employee and retiree health insurance (this represents the normal cost for a fiscal year).
 - No deposits were made in FY16 or FY17 to the Health Insurance Reserve Fund due to the budget impasse, but approximately \$4 billion from the backlog borrowing effectively covered those liabilities
- The State has paid down \$4.7 billion in Medicaid bills. \$2.5 billion of the proceeds from the bill backlog bond sale (November 2017) were used to pay FY17 bills.
- A \$1.1 billion general funds supplemental appropriation has been passed for FY18 to cover unfunded prior year FY17 liabilities.

General Funds Expense Estimates				
(\$ billions) – Totals may not add due to rounding	Actual FY 2017	Estimated FY 2018	% Change	\$ Change
Operating Budget (from Appropriations)	31.0	35.2	13.5%	4.2
GO Bond Debt Service Transfers	2.2	2.8	27.3%	0.6
Other Statutory Transfers	2.4	0.6	(75.0%)	(1.8)
TOTAL EXPENDITURES	35.7	38.6	8.4%	2.9
Comptroller Budgetary Basis Adjustments	-	-	-	-
General Funds Surplus/(Deficit)	(5.1)	(0.8)		4.3
FY 2017 Carryover Need (Additional Appropriations)	-	-		-
Backlog Borrowing Proceeds ¹	-	2.5		2.5
Federal Revenue Due to Medicaid Backlog Payments	-	1.2		1.2
Adjusted General Funds Surplus/(Deficit)	(7.9)	2.9		8.0

¹ Approximately \$4.0 billion of the November 2017 backlog borrowing proceeds were deposited into the Health Insurance Reserve Fund and \$2.5 billion deposited into the General Revenue Fund.

FY19 Budget Overview

- The State’s three largest revenue sources, individual income tax, corporate income tax and sales tax are estimated to total \$28.3 billion in FY19. Other sources for the General Funds are expected to total \$9.4 billion in FY19. This number assumes the receipt of \$300 million from the anticipated divestiture of the James R. Thompson Center.
- The FY19 State resources estimate excludes deposits of \$1.7 billion into the Local Government Distributive Fund, Public Transportation Fund and Downstate Public Transportation Funds from income and sales tax receipts prior to the deposit of these revenue sources into the General Funds.
- In FY19, Transfers In and Federal Sources are expected to bring \$1.9 billion and \$3.8 billion to the State sources, respectively. Interfund borrowing is projected to add an additional \$800 million to the State’s Total Resources, contributing to a 2.1% increase from FY18.
- The FY19 projected surplus of \$14 million will be earmarked to address the backlog of accounts payable. This surplus does not take into account the undetermined cost of wage increases for AFSCME State workers, retroactive to July 1, 2015, which may exceed \$400 million.

General Funds Projections				
	Actual	Projected		
(\$ billions) - Totals may not add due to rounding	FY 2018	FY 2019	(%) Change	(\$ Change
Total Income and Sales Taxes	27.5	28.3	2.90%	0.8
Other State Revenue and Transfers	3.5	3.6	2.90%	0.1
Transfers In	1.9	1.9	-	-
Federal Sources	4.0	3.8	(5.00%)	(0.2)
Subtotal, Resources	36.9	37.7	2.20%	0.8
Interfund Borrowing and Fund Realocations	0.8	0.8	-	-
Total Resources	37.7	38.5	2.10%	0.8
Total Expenditures¹	38.6	38.5	(0.30%)	(0.1)
General Funds Surplus/(Deficit)	(0.8)	-	-	0.8

1. Total Expenditures are estimated for FY 2018

Pension Overview

- Actuarial Assets as of FY 2017 for the five systems combined are \$85.6 billion and the Fair Market Value of Assets is \$85.4 billion.
- The State Retirement Systems, in aggregate, were funded at 39.9% as of FY 2017 based on the asset smoothing method and 39.8% using fair market value; individual percentages for each fund vary.
- FY17 investment returns were in excess of 12%, above actuarial assumptions.

History of Employer Contributions for TRS, SURS, SERS, GARS and JRS (\$millions)

Fiscal Year	Amount Contributed ¹	ARC/ADC Per GASB ²	Percentage Contributed
2014	6,944.7	7,752.0	89%
2015	7,020.1	7,896.8	88%
2016	7,501.9	8,388.4	89%
2017	7,803.6	10,422.7	74%

Investment Rate of Return Assumptions Used by the Retirement Systems³

	2009	2017
TRS	8.50%	7.00%
SURS	8.50%	7.25%
SERS	8.50%	7.00%
GARS	8.00%	6.75%
JRS	8.00%	6.75%

Notes: Annual Actuarial valuations of the Retirement Systems as of June 30, 2017. Comprehensive Annual Financial Reports of the Retirement Systems for the fiscal years ending June 30, 2017
 1. Includes General Revenue Funds and Other State Funds; 2. TRS revised ADC calculation for 2017 which led to a \$1.6B increase for their annual contribution See the Preliminary Official Statement for a discussion of the Actuarially Required Contribution ("ARC") and the Actuarially Determined Contribution ("ADC"). Amounts shown for 2014 and 2015 reflect the ARC while amounts shown for 2016 and 2017 reflect the ADC. 3. SURS Board revised its investment assumption to 6.75% on March 9, 2018, which will impact FY2020 contributions

Accelerated Pension Benefit Payment Program and Other Provisions Under P.A. 100-587

- P.A. 100-587 establishes two programs for eligible members of TRS, SURS, and SERS to forego certain benefits to which they are entitled in exchange for up-front payments from the State.
- Pension Buyout Program.
 - Tier 1 and Tier 2 members meeting certain requirements may forfeit rights to future annuity benefit payments in exchange for a current payment equal to 60% of the present value of the pension benefit to which the member is entitled
- Automatic Annual Increase (AAI) Reduction Program.
 - Tier 1 members meeting certain requirements may forfeit the 3% compounded AAI in exchange for (i) a 1.5% non-compounded AAI and (ii) a current pension benefit payment from the State equal to 70% of the difference in the present value of the AAI
- Programs have not yet been implemented by the eligible Retirement Systems.
- P.A. 100-587 authorized the issuance of \$1 billion G.O. Bonds to provide the source of payment for these accelerated benefit programs.
- The Fiscal Year 2019 Budget was prepared based on an estimate that these programs will result in General Funds savings for the State of approximately \$400 million, however, the State can provide no assurance as to the amount of savings actually realized from the implementation of such programs.

Section IV. Appendix

Security Pledged to the Bonds

BONDS ARE SECURED BY A FIRST AND PRIORITY PLEDGE AND LIEN

- Pursuant to Section 12 of the Build Illinois Bond Act, the Bonds are secured by an irrevocable, first priority pledge of and lien on monies on deposit in the BIBRI, a separate fund in the State Treasury.
- The State Share of Sales Tax Revenues constitutes a primary source of payment for debt service on the Bonds.
 - The Sales Tax Acts currently impose Sales Taxes at a unified State and local rate of 6.25%, consisting of a 5.00% State rate portion (representing 80% of collections) and a 1.25% local rate portion (representing 20% of collections)
 - The 80% portion, or the 5.00% tax, is the State Share of Sales Tax Revenues¹ and is included in Revenues subject to a first and prior claim and charge for payment of the Bonds

TRANSFERS CONSTITUTE A FIRST AND PRIOR CLAIM

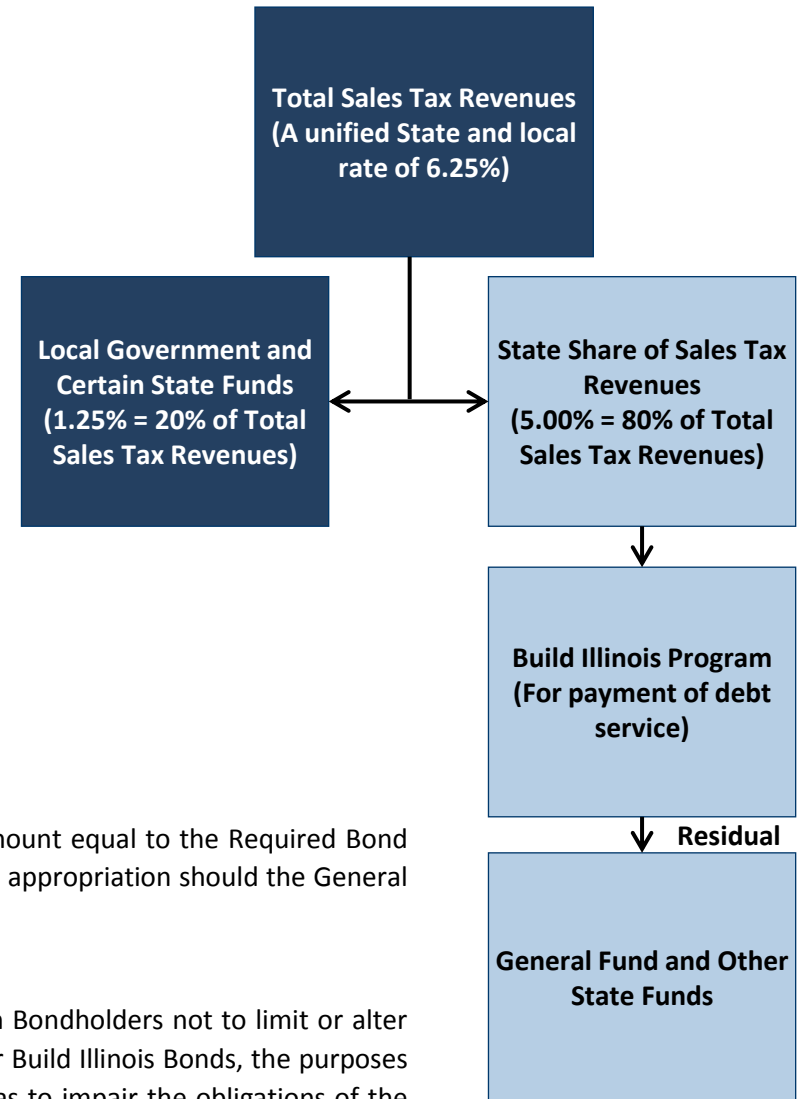
- Transfers to the Build Illinois Bond Retirement and Interest Fund are funded from the State Share of Sales Tax Revenues and moneys deposited into the Capital Projects Fund. Pursuant to Section 12 of the Build Illinois Bond Act these tax revenues and other moneys are pledged to make such transfers with “such pledge constituting a first and prior claim against and charge on such tax revenues and other moneys.”

CONTINUING AND IRREVOCABLE ANNUAL APPROPRIATION

- Pursuant to the Act, the State is required to make an annual appropriation of an amount equal to the Required Bond Transfer (see next slide for details). The Act constitutes an irrevocable and continuing appropriation should the General Assembly fail to make an annual appropriation.

STRONG NON-IMPAIRMENT COVENANTS

- Under Section 14 of the Act and the Indenture, the State irrevocably covenants with Bondholders not to limit or alter the basis on which taxes and revenues are required to be collected and deposited for Build Illinois Bonds, the purposes of BIBRI or the provisions of certain sections of the Act or the State Finance Act so as to impair the obligations of the contract incurred by the State in favor of the holders of the Bonds.



1. Excluding the 6.25% incremental portion of the Sales Taxes from the sale of candy, grooming and hygiene products, and soft drinks currently taxed at 6.25%, as increased from the pre-September 1, 2009 rate of 1.00%, which incremental portion is deposited into the Capital Projects Fund for the payment of Bonds, including the Series of October 2018 Bonds, issued pursuant to the Capital Projects Fund Legislation. Also excluded are receipts from sales of sorbents, which are deposited into the Clean Air Act Permit Fund and \$6 million which is deposited annually into the State Crime Laboratory Fund.

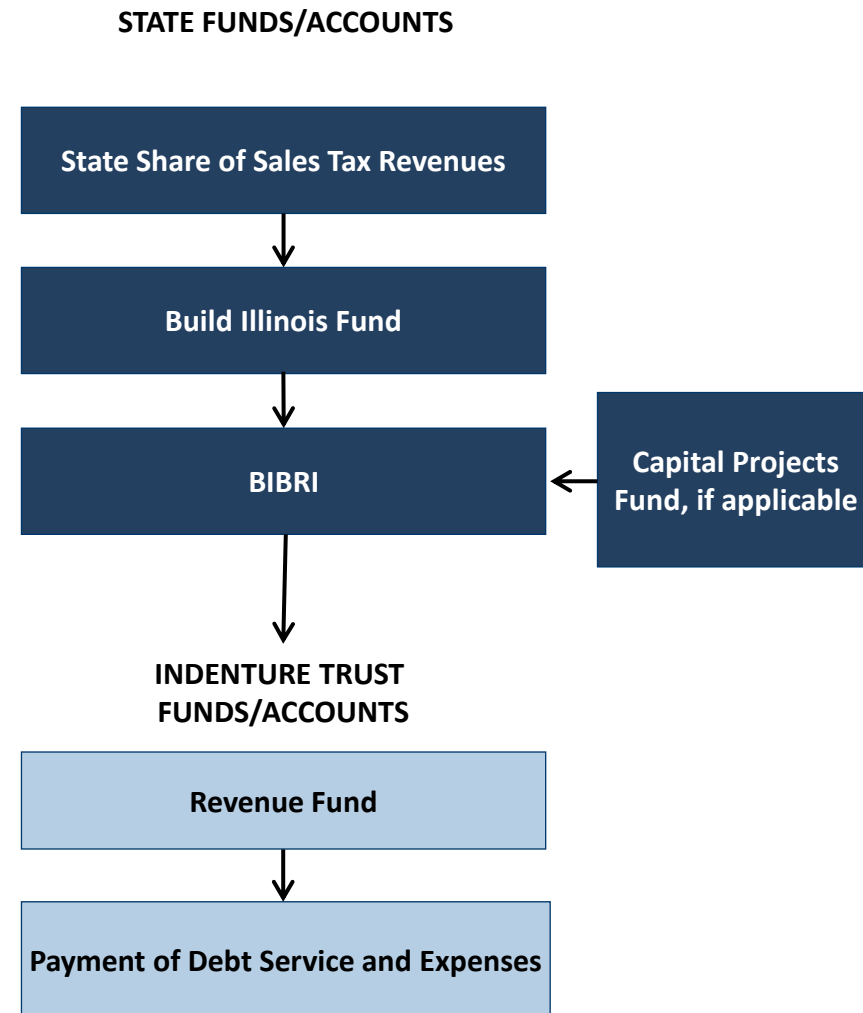
Build Illinois Flow of Funds

REQUIRED BOND TRANSFER AMOUNT

- Each month, funds are transferred from the Build Illinois Fund to BIBRI in an amount equal to the **greater of** $1/12^{\text{th}}$ of 150% of the Certified Annual Debt Service Requirement; or the Tax Act Amount (which is equal to 3.8% of the State Share of Sales Tax Revenues) provided that such transfers from the Build Illinois Fund for any such fiscal year not exceed the greater of Certified Annual Debt Service Requirement or the Tax Act Amount.
 - Transferring $1/12^{\text{th}}$ of 150% effectively requires transferring at least $1/8^{\text{th}}$ of 100% of the Transfer Amount each month so that **the required amount is deposited during the first eight months of each Fiscal Year**
 - Since 2008, the Tax Act Amount has been the greater of the two transfer amounts
- For payment of Bonds issued pursuant to P.A. 96-36, 96-1554, and 98-94 (including the Series B and C of October 2018 Bonds), the Capital Projects Fund is the first source of transfers to BIBRI for these Bonds, before money is transferred from the Build Illinois Bond Account.

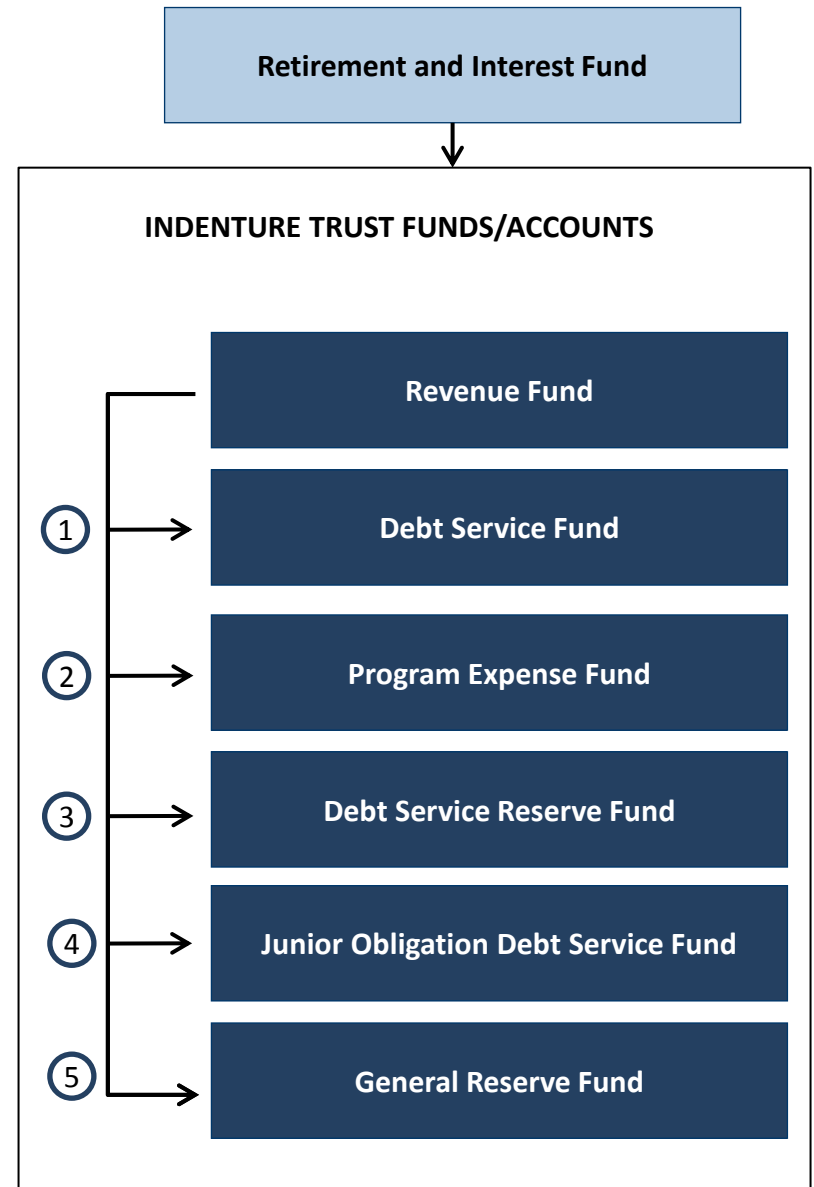
REQUIRED BOND TRANSFER MECHANISM

- The Treasurer and the Comptroller are required on the last day of the month to make the monthly transfer of the Required Bond Transfer Amount in the Retirement and Interest Fund to the Trustee for deposit in the Revenue Fund.
- On the first day of each month, amounts held in the Revenue Fund are then applied by the Trustee as per the Indenture flow of funds.



Build Illinois Indenture Flow of Funds

- The Indenture requires that the Trustee apply funds in the Revenue Fund in the following order:
 1. Monthly requirement for debt service on the Senior Bonds
 2. Required amount, if any, for Program Expenses
 - \$62,750 in Program Expenses were spent in FY 2017
 - \$63,300 in Program Expenses were spent in FY 2018
 3. Amount needed, if any, to replenish the Debt Service Reserve Fund for the benefit of Senior Bonds
 - The Debt Service Reserve Fund is fully funded and has never been drawn upon in the history of the Build Illinois program
 4. Monthly requirement for debt service on the Junior Obligations
 5. Remaining balance is applied to the General Reserve Fund; funds in the General Reserve Fund can, upon written request and subject to certain restrictions, be released to the State for its general purposes between June 15-30 of each year
- The Series of October 2018 Bonds are not secured by or payable from amounts on deposit in the Debt Service Reserve Fund.
- The Junior Obligations are secured by amounts on deposit in the Junior Obligation Debt Service Fund and the General Reserve Fund.



Limitation on Usage of BI Bond Proceeds

Permitted Uses

- The Build Illinois program, including the Build Illinois Bond Act (the “Act”), was enacted by the Illinois General Assembly. It expands the State’s overall efforts in economic development by funding projects within the following categories;
 - Construction, reconstruction, modernization and extension of the State’s public infrastructure
 - Fostering economic development and increased employment and the well being of the citizens of Illinois
 - Development and improvement of educational, scientific, technical, and vocational programs and facilities and expansion of health and human services
 - Protection, preservation, restoration and conservation of the State’s environmental natural resources

**State Does Not Currently
Contemplate Any Expansion of
BI Permitted Usages**

Build Illinois Bond Authorization

Purpose of Bonds	Amount Authorized ¹	Amount Issued ²	Authorized Unissued
Public Infrastructure	\$3,222,800,000	\$2,984,651,771	\$238,148,229
Economic Development	849,000,000	478,839,996	370,160,004
Education	1,944,058,100	1,944,058,099	1
Environmental Protection	230,150,900	203,642,602	26,508,298
Total	\$6,246,009,000	\$5,611,192,469	\$634,816,531

1. As authorized under the Build Illinois Bond Act, 30 ILCS 425/1 et seq

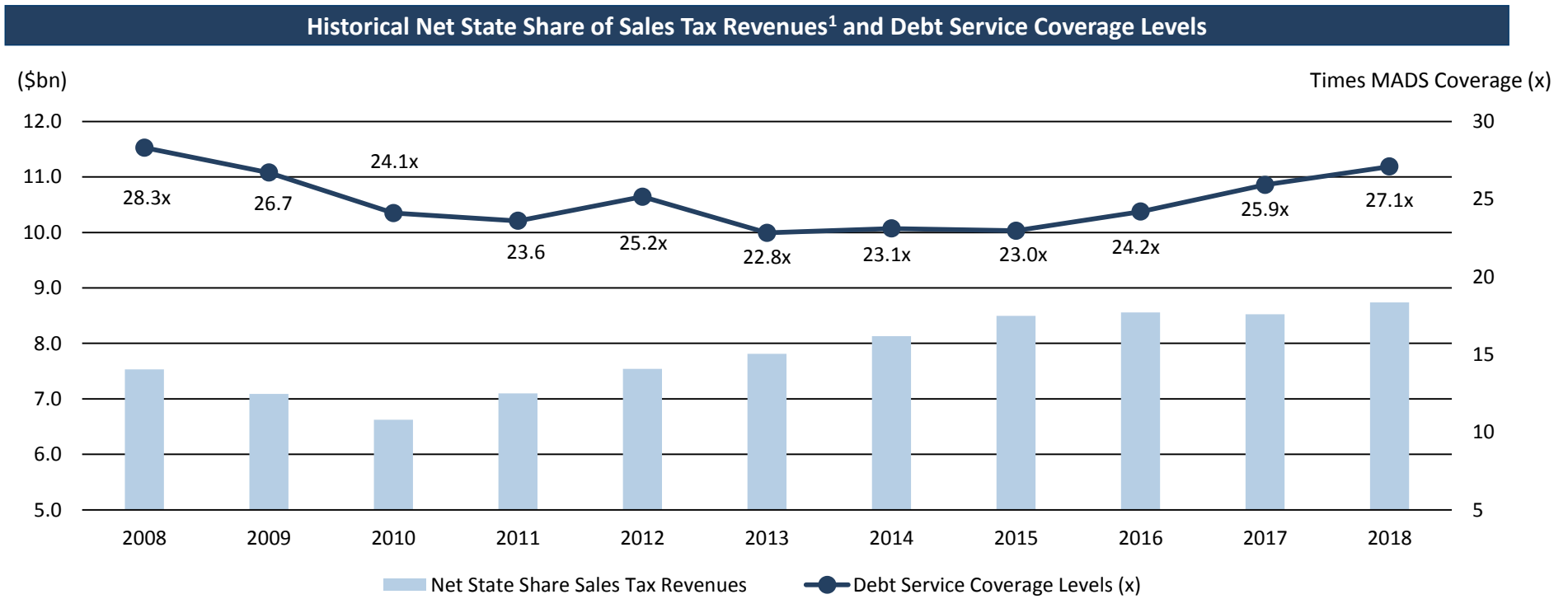
2. Includes bond premium

Source: Governor’s Office of Management and Budget

Note: Totals may not sum due to rounding

Strong Sales Tax and Debt Service Coverage Performance

- Overall, State Sales Tax Revenues have been trending upward since FY 2010 following the financial crisis.
- Debt Service coverage has ranged from a low of 22.8x to a high of 28.3x over the past 11 years.



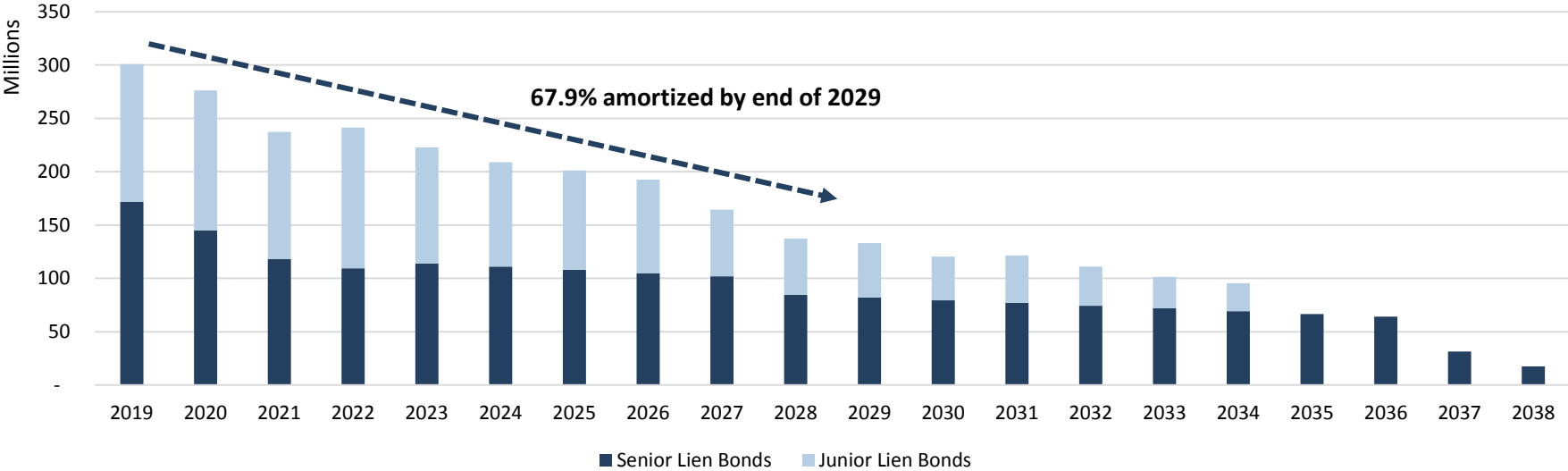
State Share of Sales Tax Revenues has averaged \$7.3 billion over the past 20 years²

1. MADS coverage ratio is based on historic cash flows, not the additional bonds formula.
 2. Source: Preliminary Official Statement for fiscal years 1999-2018.

Conservative Debt Portfolio

- Pursuant to the Act, the Build Illinois program is currently authorized to issue up to \$6.246 billion of Bonds, exclusive of Refunding Bonds.
- The State has issued \$5.928 billion Bonds since the Build Illinois program was initiated. Prior to the issuance of the Series 2018 Bonds, \$2.272 billion in principal is currently outstanding, consisting of:
 - \$1.302 billion Senior Lien Bonds
 - \$0.970 billion Junior Lien Bonds

Build Illinois Bonds Existing Debt Service¹



1. Before issuance of series 2018 bonds

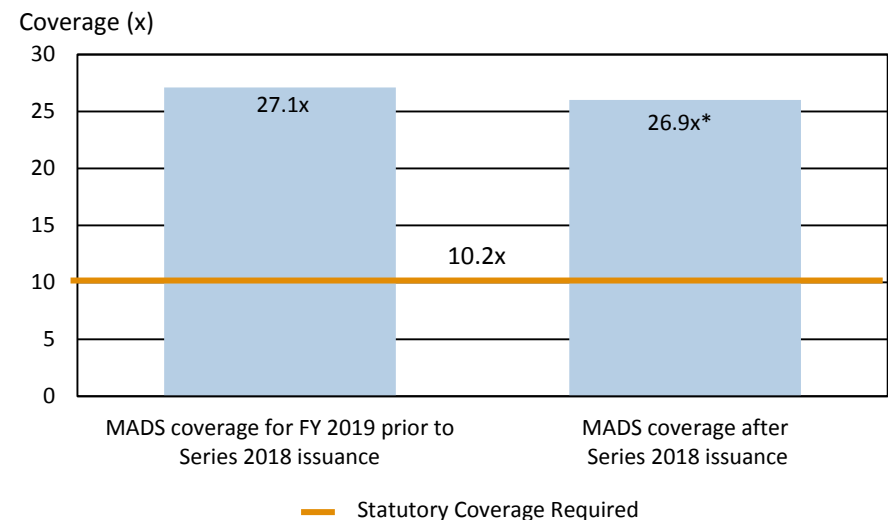
Build Illinois Additional Bonds Test and Debt Service Coverage Levels

- To issue additional Senior Bonds, the State must demonstrate that:
 - The maximum Net Debt Service Requirement for **all Senior Bonds**, post issuance of the new debt, will not exceed 5% of the State Share of Sales Tax Revenues (e.g. 20x coverage) and that the Debt Service Reserve Fund will be fully funded within 24 months.
- To issue additional Junior Obligation Bonds, the State must demonstrate that:
 - The maximum Net Debt Service Requirement for **all Senior Bonds and the Junior Annual Debt Service**, post issuance of the new debt, will not exceed 9.8% of the State Share of Sales Tax Revenues (e.g. 10.2x coverage).

Debt Service Coverage Ratio Before Series 2018 Bonds

- Current MADS Coverage for all outstanding Senior Bonds: **50.9x**
- Current MADS Coverage for all outstanding Bonds (both Senior Bonds and Junior Obligations): **27.1x**

Debt Service Coverage ¹



1. Estimated coverage based upon FY 2018 Net State Share of Sales Tax Revenues.

* Preliminary, subject to change.

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget.

Series of October 2018 Bond Structure

- **SIZE AND PURPOSE OF THE ISSUE**

- \$245 million* State of Illinois Build Illinois Bonds (Sales Tax Revenue Bonds) Series of October 2018 Bonds are being issued to finance various capital projects and to pay costs of issuance.

- **ISSUANCE AND AMORTIZATION***

- The Tax-Exempt Series A & B Bonds consist of tax-exempt fixed rate serial and term bonds maturing 6/15/2043*.
- The Taxable Series C Bonds consist of Taxable fixed rate serial and term bonds maturing 6/15/2028*.

- **OPTIONAL REDEMPTION**

- The Tax-Exempt Series A & B Bonds are subject to optional redemption on or after 6/15/2028* at a redemption price of par plus accrued interest to the date of the redemption.

- **MAKE WHOLE CALL**

- The Taxable Series C Bonds are subject to a Make Whole call.

\$245,000,000*			
State of Illinois			
Build Illinois Bonds			
(Sales Tax Revenue Bonds)			
Tax-Exempt Series A & B) & Taxable Series C			
Series 2018			
Maturity (June 15)	Series A Par Amount*	Series B Par Amount*	Series C Par Amount*
2019	6,000,000	2,400,000	3,500,000
2020	6,000,000	2,400,000	3,500,000
2021	6,000,000	2,400,000	3,500,000
2022	6,000,000	2,400,000	3,500,000
2023	6,000,000	2,400,000	3,500,000
2024	6,000,000	2,400,000	3,500,000
2025	6,000,000	2,400,000	3,500,000
2026	6,000,000	2,400,000	3,500,000
2027	6,000,000	2,400,000	3,500,000
2028	6,000,000	2,400,000	3,500,000
2029	6,000,000	2,400,000	
2030	6,000,000	2,400,000	
2031	6,000,000	2,400,000	
2032	6,000,000	2,400,000	
2033	6,000,000	2,400,000	
2034	6,000,000	2,400,000	
2035	6,000,000	2,400,000	
2036	6,000,000	2,400,000	
2037	6,000,000	2,400,000	
2038	6,000,000	2,400,000	
2039	6,000,000	2,400,000	
2040	6,000,000	2,400,000	
2041	6,000,000	2,400,000	
2042	6,000,000	2,400,000	
2043	6,000,000	2,400,000	
Total	\$150,000,000	\$60,000,000	\$35,000,000

* Preliminary, subject to change.