

State of Illinois



BUILD ILLINOIS BONDS (SALES TAX REVENUE BONDS) JUNIOR OBLIGATION SERIES ABC OF FEBRUARY 2024

- **\$300,000,000* TAX-EXEMPT SERIES A**
- **\$150,000,000* TAX-EXEMPT SERIES B**
- **\$150,000,000* TAX-EXEMPT SERIES C**

INVESTOR PRESENTATION

JANUARY 5, 2024



** Preliminary, subject to change.*

Disclaimer

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This electronic presentation can be found at MuniOS.com, <https://roadshow.munios.com/rs/XJ15E>, this link expires on January 17, 2024.

The Preliminary Official Statement for this issue can be found at <https://emma.msrb.org/> under CUSIP 452227

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1. Transaction Overview

Junior Obligation Series ABC of February 2024 – Issuance Terms and Schedule

Financing Overview		Amortization*			
Use of Proceeds	The \$600,000,000* Series ABC of February 2024 Bonds (the “Bonds”) are being issued to finance capital projects under the State’s Build Illinois capital program and to pay costs of issuance of the Bonds	Maturity Date	Capital Tax-Exempt Series A	Capital Tax-Exempt Series B	Capital Tax-Exempt Series C
Security	The Bonds are direct, limited obligations of the State payable solely from the tax revenues and other moneys pledged for the benefit of the Build Illinois Bonds of the State. The Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The holders of the Bonds may not require the levy or imposition of any taxes or the application of other State revenues or funds to the payment of the Bonds except for the tax revenues and other moneys pledged to such Bonds.	15-Jun	Series A	Series B	Series C
Interest Payment Dates*	December 15 and June 15, commencing June 15, 2024	2024			
Redemption	The Series A Bonds are not subject to optional redemption. The Series B and Series C Bonds maturing on or after June 15, 2035, are subject to redemption prior to maturity at the option of the State on any date on or after June 15, 2034	2025	30,000,000		
Credit Ratings	A Stable (S&P) / A+ Stable (Fitch) / AA+ Stable (Kroll)	2026	30,000,000		
Mode	Fixed Rate Bonds	2027	30,000,000		
Sale Date*	January 17, 2024	2028	30,000,000		
Closing*	February 14, 2024	2029	30,000,000		
		2030	30,000,000		
		2031	30,000,000		
		2032	30,000,000		
		2033	30,000,000		
		2034	30,000,000		
		2035		30,000,000	
		2036		30,000,000	
		2037		30,000,000	
		2038		30,000,000	
		2039		30,000,000	
		2040			30,000,000
		2041			30,000,000
		2042			30,000,000
		2043			30,000,000
		2044			30,000,000
		Total	300,000,000	150,000,000	150,000,000

*Preliminary, subject to change.

Build Illinois Bond Program Overview

Build Illinois Bond Program Basics

- The Build Illinois Bond Program, established by the Build Illinois Bond Act (the “Act”) in 1985, 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 infrastructure
 - Fostering economic development and increased employment
 - Well-being of the citizens of Illinois
 - Development and improvement of educational, scientific, technical, and vocational programs and facilities
 - Expansion of health and human services
 - Protection, preservation, restoration and conservation of the State’s environmental natural resources

Key Strengths of the Build Illinois Bond Program

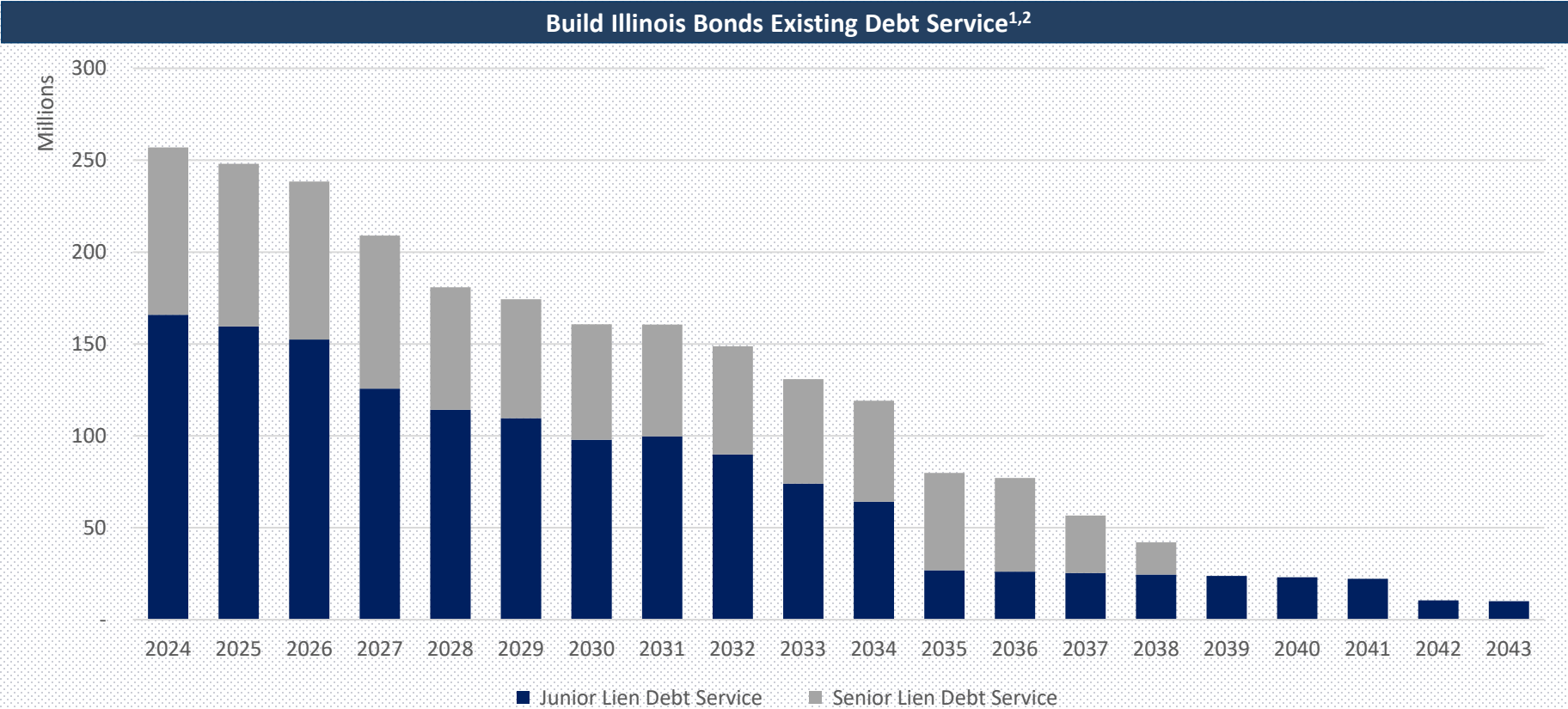
The Build Illinois Bond Program is characterized by the following:

- Conservative debt portfolio that is 100% fixed rate and amortizes rapidly
- Strong security and repayment source
- Irrevocable and continuing debt service appropriation
- Excellent Build Illinois debt service coverage of approximately 43.2x Maximum Annual Debt Service (“MADS”) in FY 2023
- Limiting Additional Bonds Test requiring 20x coverage of MADS for all Senior Bonds and 10.2x coverage of MADS for all Senior and Junior Bonds.

2. Credit and Security Structure

Conservative Debt Portfolio

- Pursuant to the Act, the Build Illinois program is currently authorized to issue up to \$10.02 billion of bonds, exclusive of Refunding Bonds
- The State has issued \$6.18 billion bonds since the Build Illinois program was initiated. Prior to the issuance of the Series of February 2024 Bonds, \$1.86 billion in principal is currently outstanding, consisting of:
 - \$0.71 billion Senior Lien Bonds
 - \$1.15 billion Junior Lien Bonds



1. Before issuance of Series ABC of February 2024 Bonds and additional anticipated bonds.
 2. Source: POS - Outstanding Bonds – Debt Service Schedule Table.

Security Pledged to the Bonds

BONDS ARE SECURED BY A FIRST AND PRIORITY PLEDGE AND LIEN

- Pursuant to Section 12 of the Act, the Bonds are secured by an irrevocable, first priority pledge of and lien on monies on deposit in the Build Illinois Bond Retirement and Interest (“BIBRI”) Fund, 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 Revenue³ and is included in Revenues subject to a first and prior claim and charge for payment of the Bonds

CONTINUING AND IRREVOCABLE ANNUAL APPROPRIATION

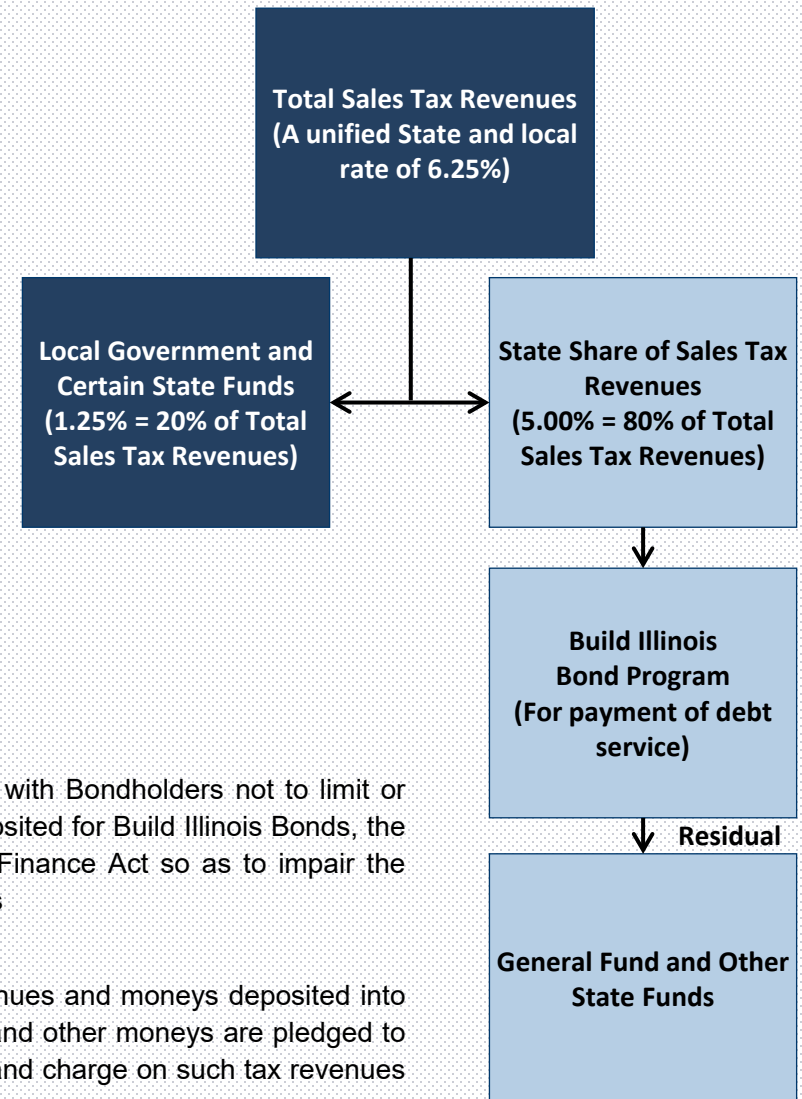
- Pursuant to the Act, the State is required to make an annual appropriation of an amount equal to the Required Bond Transfer (see next slide for details). The Act constitutes an irrevocable and continuing appropriation should the General Assembly fail to make an annual appropriation

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

TRANSFERS CONSTITUTE A FIRST AND PRIOR CLAIM

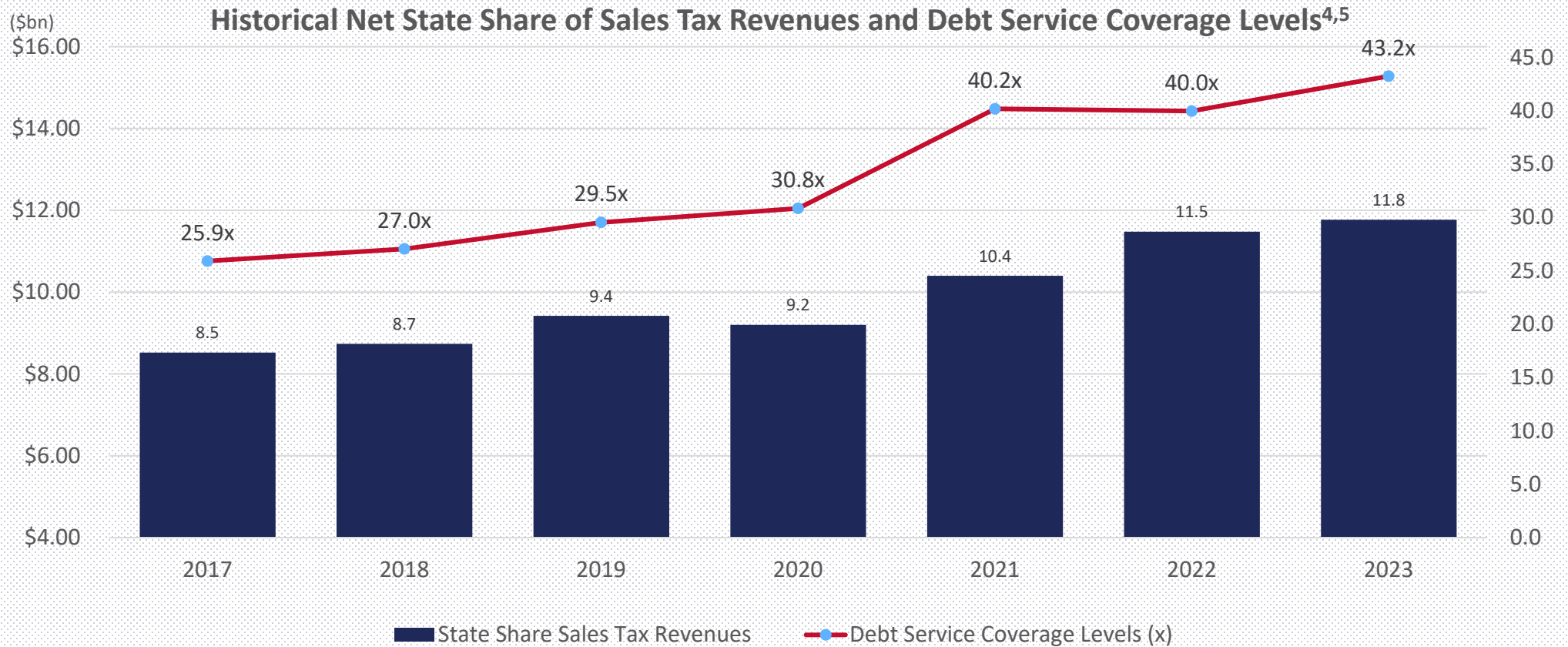
- Transfers to the BIBRI Fund are funded from the State Share of Sales Tax Revenues and moneys deposited into the Capital Projects Fund. Pursuant to Section 12 of the Act these tax revenues and other moneys are pledged to make such transfers with “such pledge constituting a first and prior claim against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



3. 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.

Strong Sales Tax and Debt Service Coverage Performance

- Build Illinois debt service coverage has risen from a low of 25.9x to 43.2x over the past 7 years



Debt Service Coverage has increased by 12.4x since 2020

4. Source: POS – State Share of Sales Tax Revenues Table.
 5. MADS coverage ratio is based on historic cash flows, not the additional bonds formula

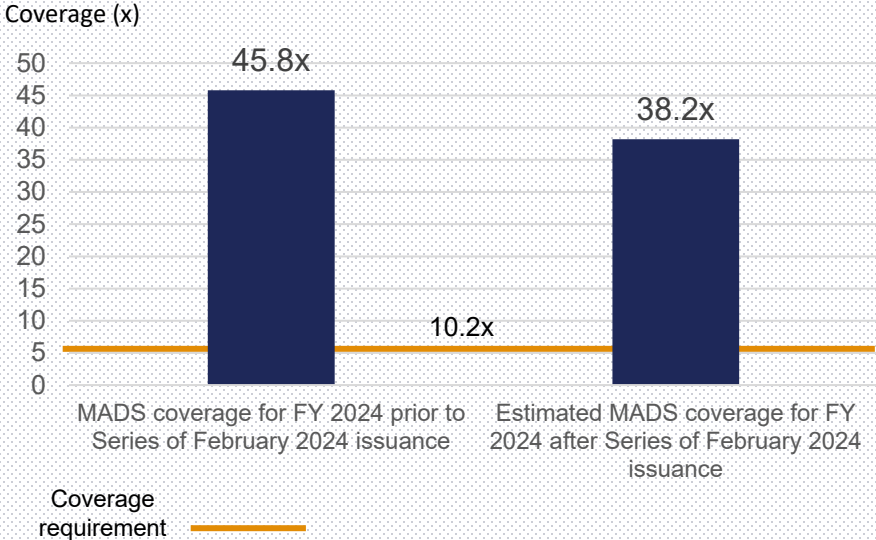
Build Illinois Additional Bonds Test and Debt Service Coverage Levels

- 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 of February 2024⁶

- Current MADS Coverage for all outstanding Senior Bonds: **129.2x**
- Current MADS Coverage for all outstanding Bonds (both Senior Bonds and Junior Obligations): **45.8x**

Current MADS Coverage for all outstanding Bonds^{6,7}



6. Source: Illinois Office of the Comptroller and Governor’s Office of Management and Budget.
 7. Estimated coverage based upon FY 2023 State Share of Sales Tax Revenues.

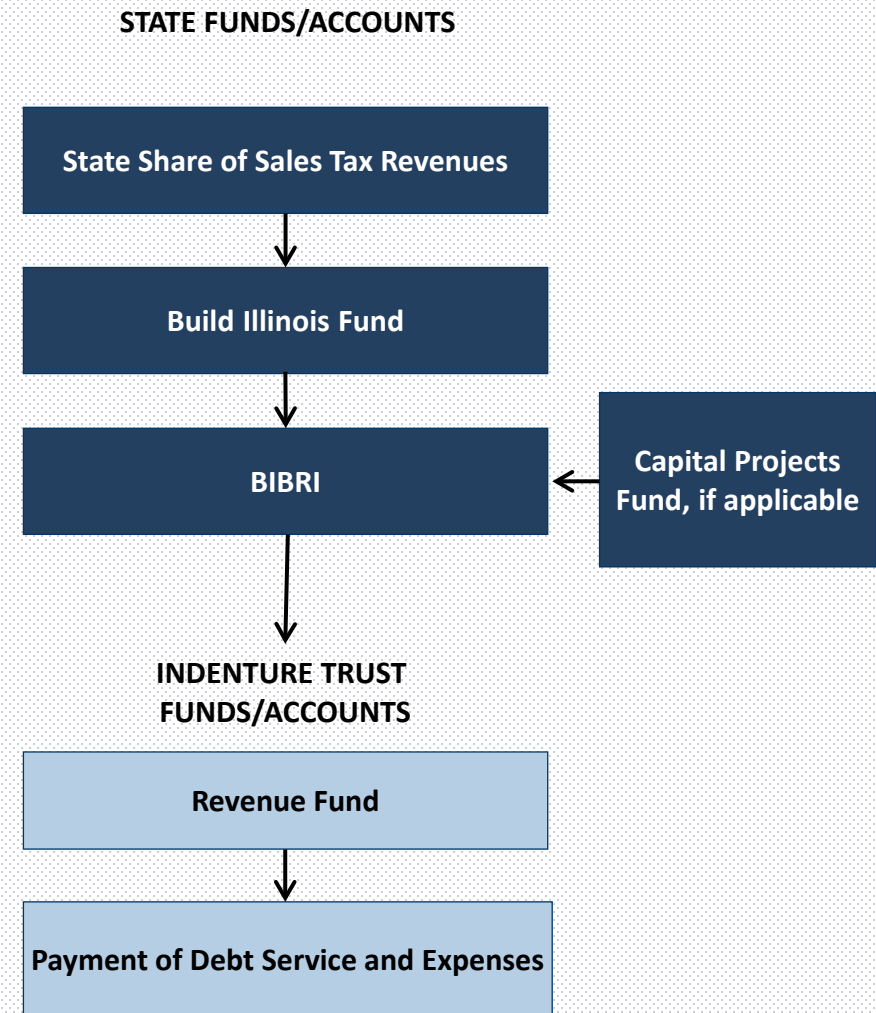
Build Illinois Flow of Funds

REQUIRED BOND TRANSFER AMOUNT

- Each month, funds are transferred from the Build Illinois Fund to BIBRI in an amount equal to the **greater of** 1/12th 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 1/12th of 150% effectively requires transferring at least 1/8th 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 of October 2018 Bonds), transfers to BIBRI come from the Capital Projects Fund before money is transferred from the Build Illinois Bond Account

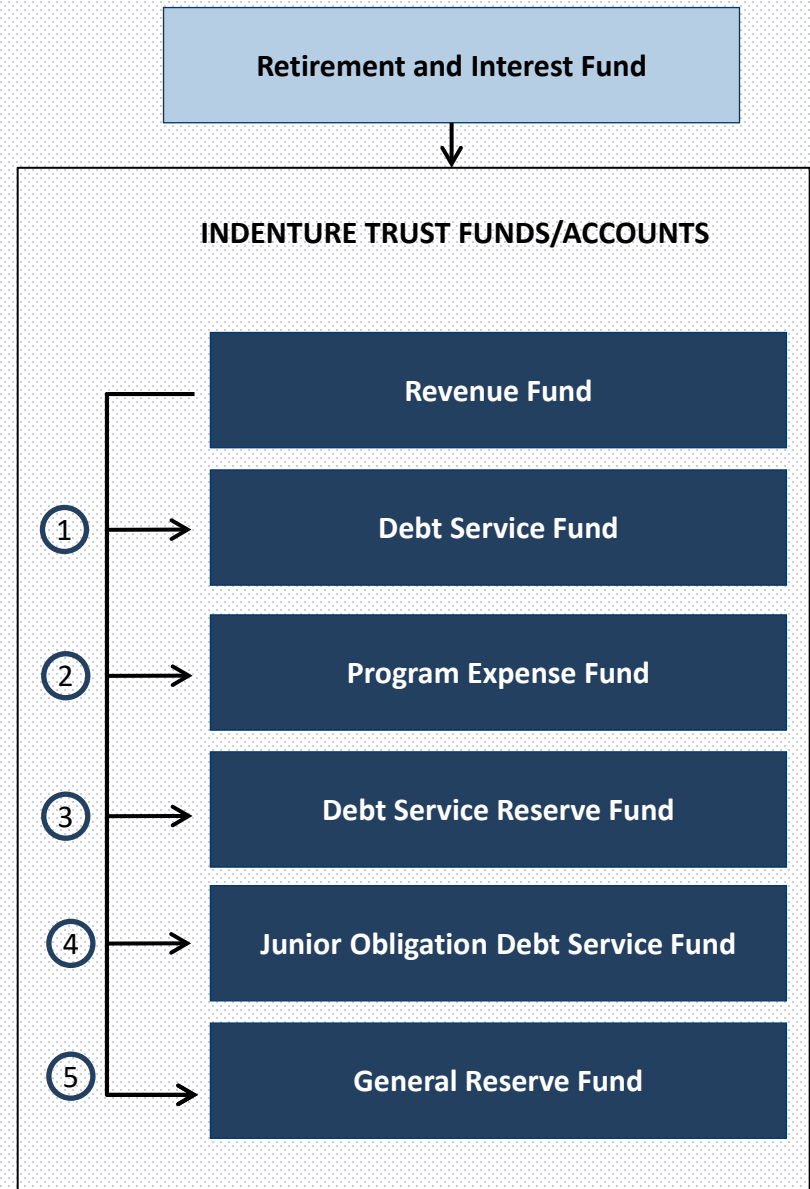
REQUIRED BOND TRANSFER MECHANISM

- 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 BIBRI 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
 - \$51,300 in Program Expenses were spent in FY 2023
 - \$54,000 in Program Expenses were spent in FY 2022
 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 February 2024 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.



Financing Schedule

Date*	Event*	January 2024							February 2024						
Competitive Sale		S	M	T	W	H	F	S	S	M	T	W	H	F	S
January 17	Sale Date		1	2	3	4	5	6					1	2	3
February 14	Closing	7	8	9	10	11	12	13	4	5	6	7	8	9	10
		14	15	16	17	18	19	20	11	12	13	14	15	16	17
		21	22	23	24	25	26	27	18	19	20	21	22	23	24
		28	29	30	31				25	26	27	28	29		

*Preliminary, subject to change

State of Illinois

Governor’s Office of Management and Budget

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