

State of Illinois



BUILD ILLINOIS BONDS (SALES TAX REVENUE BONDS)

JUNIOR OBLIGATION SERIES B OF SEPTEMBER 2021

\$210,000,000* TAXABLE

JUNIOR OBLIGATION REFUNDING SERIES C OF SEPTEMBER 2021

\$190,000,000* TAX-EXEMPT

INVESTOR PRESENTATION

SEPTEMBER 3, 2021



** Preliminary, subject to change.*

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This electronic presentation can be found at MuniOS.com, <https://roadshow.munios.com/MP3AN>, this link expires on September 15, 2021

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 Taxable Series B of September 2021 – Issuance Terms and Schedule

Financing Overview	
Use of Proceeds	The Taxable Series B Bonds (Project Bonds) are being issued to finance various capital projects and to pay costs of issuance of the Project Bonds.
Security	The Project 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 Project 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 Project 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 Project Bonds except for the tax revenues and other moneys pledged to such Project Bonds.
Interest Payment Dates*	December 15 and June 15, commencing June 15, 2022
Tax Status	Federally Taxable
Mode	Fixed Rate Bonds
Ratings	BBB+ stable (S&P) / BBB+ positive (Fitch) / AA+ stable (Kroll)
Pricing*	September 15 th
Closing*	September 29 th

*Preliminary, subject to change.

** Any additional bonds, if issued, would be “Junior Obligations” and would be sold pursuant to one or more negotiated sales. Upon issuance of the September 2021 Bonds, the State may issue up to \$180 million in new money bonds during the remainder of fiscal year 2022 pursuant to negotiated sales.

Junior Obligation Tax-Exempt Refunding Series C of September 2021 – Issuance Terms and Schedule

Financing Overview	
Use of Proceeds	The Tax-Exempt Refunding Series C Bonds (Refunding Bonds) are being used to currently refund certain outstanding bonds and to pay costs of issuance of the Refunding Bonds.
Security	The Refunding 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 Refunding 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 Refunding 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 Refunding Bonds except for the tax revenues and other moneys pledged to such Refunding Bonds.
Interest Payment Dates*	December 15 and June 15, commencing June 15, 2022
Tax Status	Federally Tax-Exempt
Mode	Fixed Rate Bonds
Ratings	BBB+ stable (S&P) / BBB+ positive (Fitch) / AA+ stable (Kroll)
Pricing*	September 15 th
Closing*	September 29 th

*Preliminary, subject to change.

**Any additional bonds, if issued, would be “Junior Obligations” and would be sold pursuant to one or more negotiated sales.

Build Illinois Bond Program Overview

Build Illinois Program Basics

- The Build Illinois program, including the Build Illinois Bond Act (the “Act”) was enacted by the Illinois General Assembly in 1985. It expands the State’s overall efforts in economic development by funding state and local public infrastructure, economic development, education and environmental projects.
- Pursuant to the Act, the Build Illinois program is authorized to issue up to \$9.485 billion of Bonds, exclusive of Refunding Bonds.
- The State has issued \$5.962 billion Bonds since the Build Illinois program was initiated and \$2.071 billion Bonds are currently outstanding.

Key Strengths of the Build Illinois Bond Program

The Build Illinois program is characterized by the following:

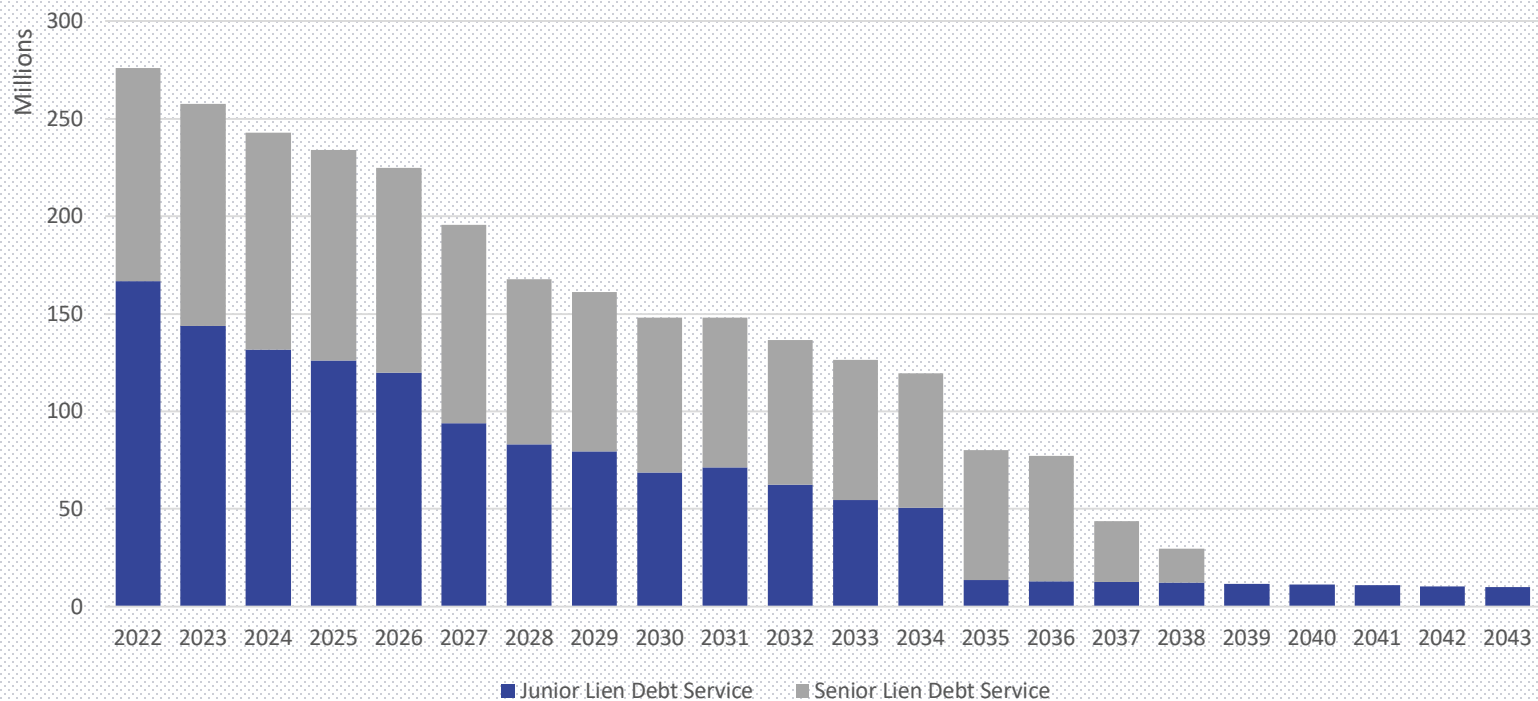
- Conservative debt portfolio that is 100% fixed rate and amortizes rapidly.
- Strong Security and Repayment Sources.
- Irrevocable and Continuing Debt Service Appropriation.
- Excellent Debt Service Coverage of approximately 37.7x Maximum Annual Debt Service (“MADS”) in FY 2021.
- Limiting Additional 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 \$9.485 billion of Bonds, exclusive of Refunding Bonds.
- The State has issued \$5.962 billion Bonds since the Build Illinois program was initiated. After the issuance of the Series A of September 2021 Bonds, \$2.071 billion in principal is currently outstanding, consisting of:
 - \$1.015 billion Senior Lien Bonds
 - \$1.056 billion Junior Lien Bonds

Build Illinois Bonds Existing Debt Service¹



1. Before issuance of Series B and C of September 2021 Bonds

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.

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

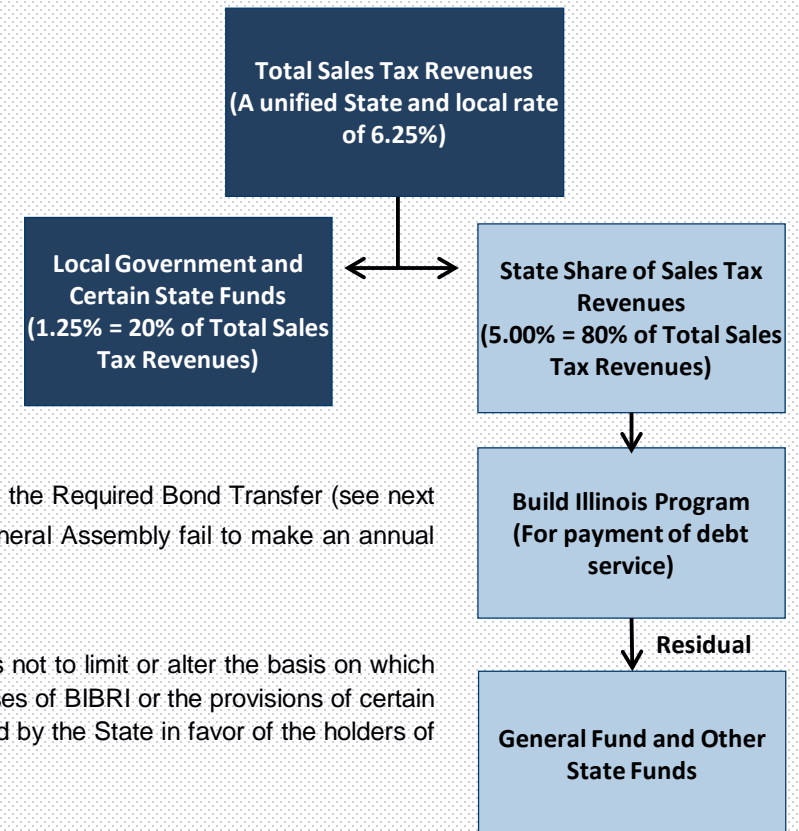
- Under Section 14 of the Act and the Indenture, the State irrevocably covenants with Bondholders not to limit or alter the basis on which taxes and revenues are required to be collected and deposited for Build Illinois Bonds, the purposes of BIBRI or the provisions of certain sections of the Act or 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 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.”

SERIES B AND C OF SEPTEMBER 2021 BONDS ARE PAID FROM STATE SHARE OF SALES TAX REVENUES

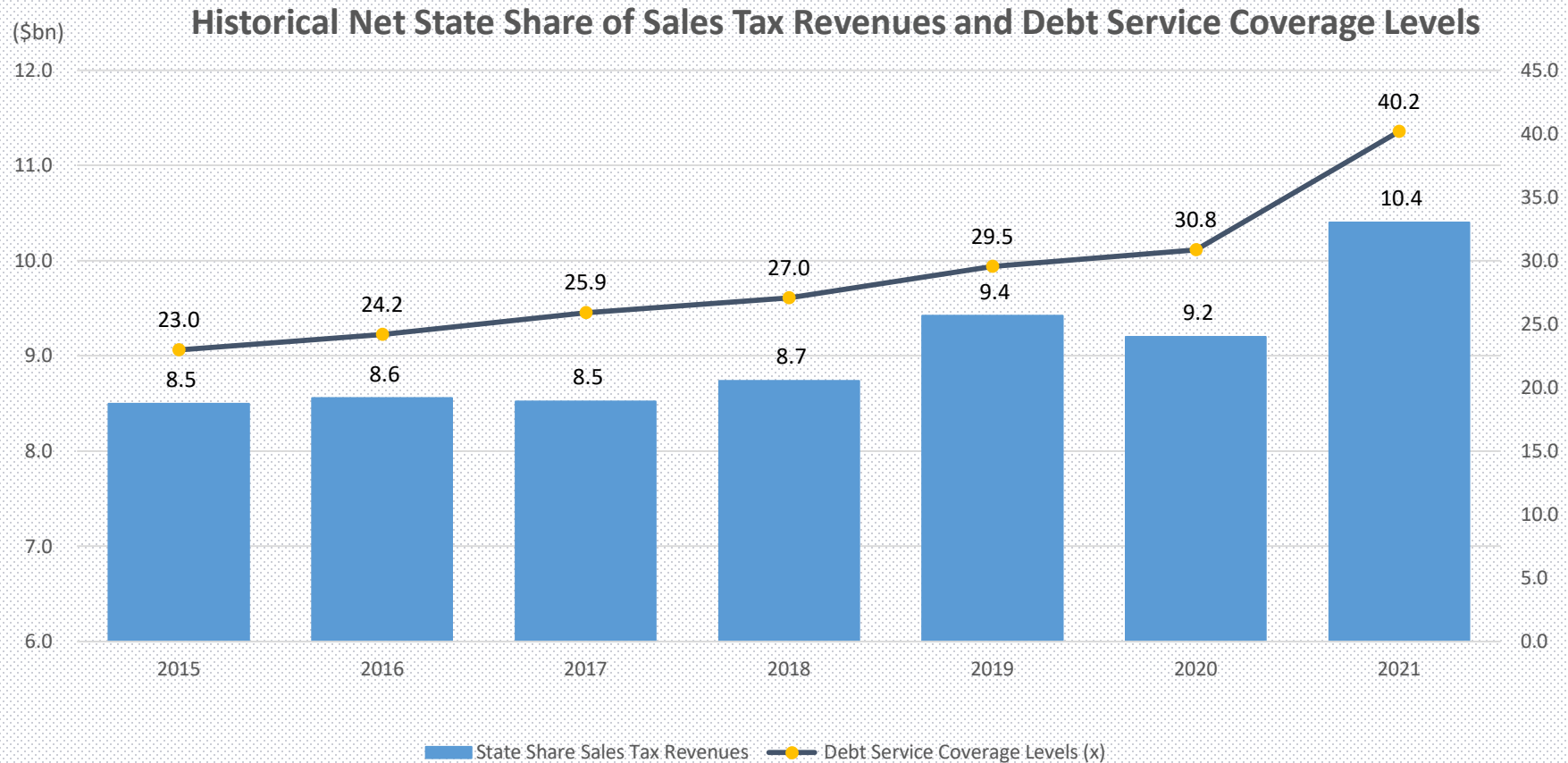
- The “State Share of Sales Tax Revenues” and certain tax revenues and other moneys which are required by law to be deposited into the Build Illinois Fund and subsequently transferred to the Retirement and Interest Fund are referred to as the “BIBA Revenues.” **The Series B and C of September 2021 Bonds are payable solely from BIBA Revenues and will not have a claim on moneys deposited into the Capital Projects Fund.**



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, for the payment of the CPF Authorization Bonds, but not the BIBA Authorization Bonds such as the Series B and Series C of September 2021 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

- State Sales Tax Revenues have increased since the financial crisis.
- Debt Service coverage has risen from a low of 23.0x to 40.2x over the past 7 years.



State Share of Sales Tax Revenues has averaged \$9 billion over the past 7 years

Note: Coverage ratio is based on historic cash flows, not the additional bonds formula. Coverage shown here is actual DS coverage, which differs from MADS Coverage shown on slide 12.

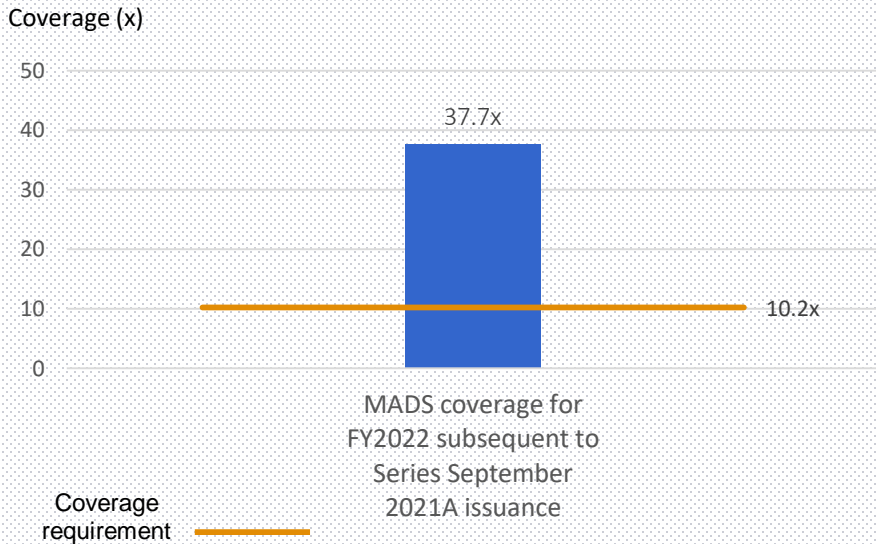
Build Illinois Additional Bonds Test and Debt Service Coverage Levels

- 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 After September 2021A Bonds

- Current MADS Coverage for all outstanding Senior Bonds: **91.3x**
- Current MADS Coverage for all outstanding Bonds (both Senior Bonds and Junior Obligations): **37.7x**

Debt Service Coverage



• Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget.
 • Note: Coverage shown here is MADS Coverage, which differs from Actual DS coverage shown on slide 11

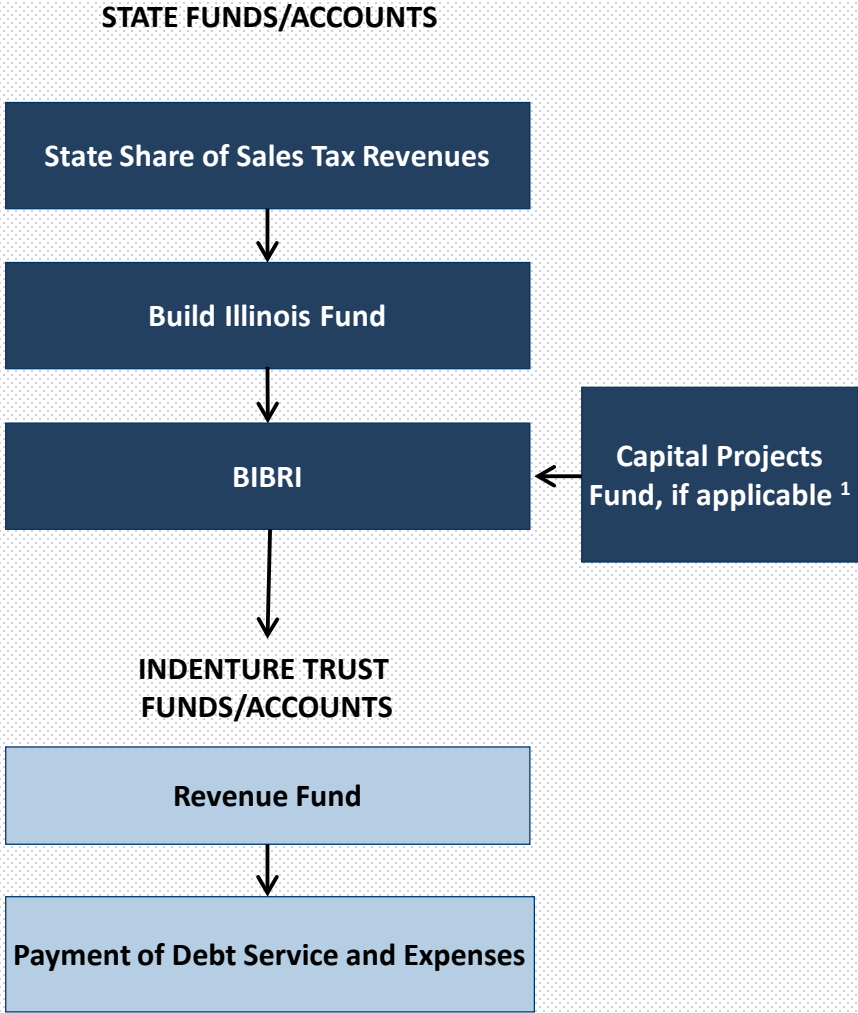
Build Illinois Flow of Funds

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 Fiscal Year 2013, the Tax Act Amount has been the greater of the two transfer amounts.

REQUIRED BOND TRANSFER MECHANISM

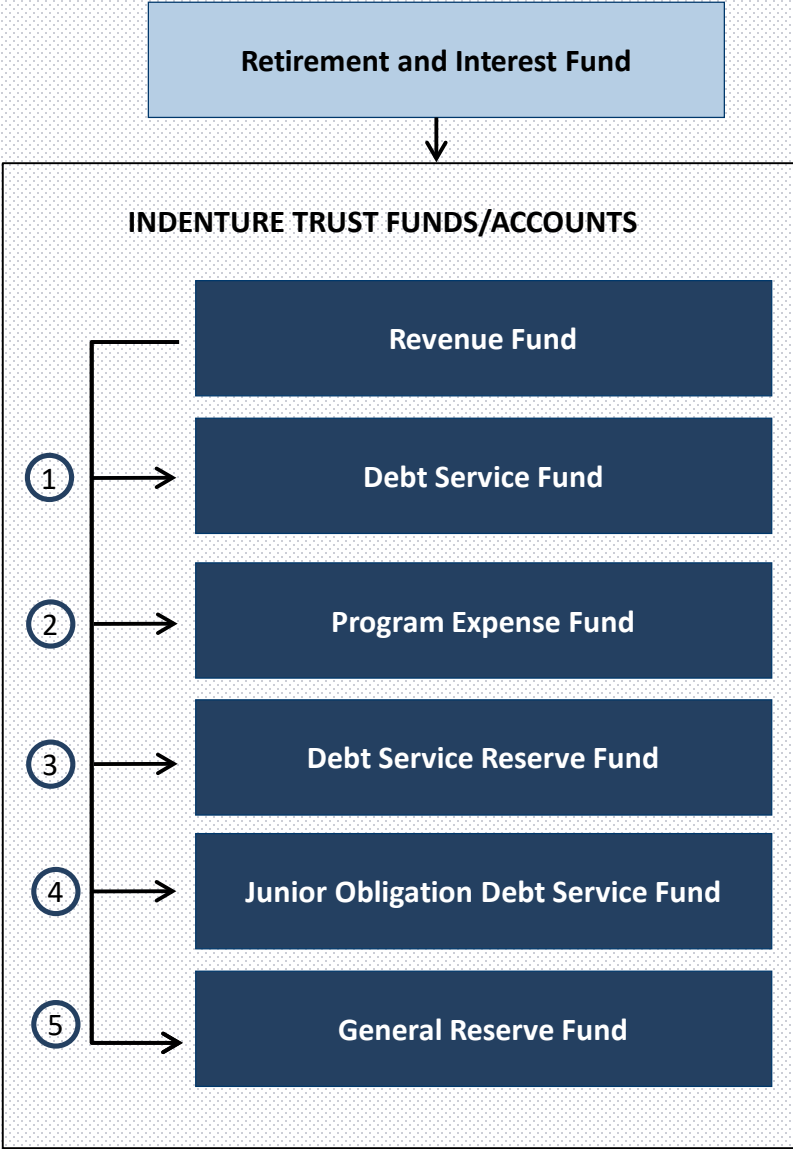
- The Treasurer and the Comptroller are required on the last day of the month to make the monthly transfer of the Required Bond Transfer Amount in the Retirement and Interest Fund to the Trustee for deposit in the Revenue Fund.
- On the first day of each month, amounts held in the Revenue Fund are then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



¹ In addition to the greater of the (i) Tax Act Amount or (ii) the Transfer Amount, the Capital Projects Fund Legislation requires that transfers be made from the Capital Projects Fund to the Retirement and Interest Fund, for the payment of debt service on the CPF Authorization Bonds. Note the Series B and C of September 2021 are not CPF Authorization Bonds.

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
 - \$53,100 in Program Expenses were spent in FY 2021¹
 - \$57,000 in Program Expenses are expected to be 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
- The Series B and C of September 2021 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.



¹ In Fiscal Year 2021, \$200,000 was set aside for program expenses. Money allocated to program expenses is not necessarily fully spent within the Fiscal Year.

Financing Schedule

Date*	Event*
Negotiated Sale	
September 15	Pricing
September 29	Closing

*Preliminary, subject to change

September 2021						
S	M	T	W	H	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

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