



STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

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Illinois completes \$800 million bond sale

The winning bid for the \$450 million Series 2013 A tax-exempt bonds went to Bank of America Merrill Lynch with a bid of 3.92%. This bid is 68-to-145 basis points over the corresponding AAA-rated municipal index. This rate matches the 20-year-low rate of 3.92% that Illinois received on a \$525 million in tax-exempt bonds in its last competitive sale January 11, 2012.

The winning bid for the \$350 million Series 2013 B taxable bonds also went to Bank of America Merrill Lynch with a bid of 4.97%. This bid is 97-to-245 basis points over the corresponding U.S. Treasury rates. This is better than the 5.29% rate the Illinois received on its last offering of \$275 million of taxable bonds, also on January 11, 2012.

Nine banks submitted bids on each offering Tuesday.

"While we are gratified by the attractive low all-in costs, the state continues to pay a significant penalty for its failure to address the shortfall in its pensions," Illinois Director of Capital Markets John Sinsheimer said.

"Gov. Quinn has warned the General Assembly on many occasions that investors have told us we need to rein in our pension costs and that until we do, they would command a higher price for Illinois' bonds," Sinsheimer said. "Today's rate is a direct result of the General Assembly's failure so far to pass a pension reform bill. The good news is that members of the general assembly appear to be moving in that direction, passing several promising component bills in March.

"These bonds will help fund critical capital projects -- roads, rails and schools -- that might otherwise have to shut down. It will keep Illinoisans employed," he said.

The state was advised by Public Resources Advisory Group with Mayer Brown and Burke, Burns and Pinelli as co-bond counsel.

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