



STATE OF ILLINOIS  
EXECUTIVE OFFICE OF THE GOVERNOR  
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET  
CHICAGO 60601

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## State Successfully Sells General Obligation Bonds for *Illinois Jobs Now!* Capital Program

### **Illinois Receives Lowest Rate in Recent State History on Tax Exempt Capital Bonds**

CHICAGO— January 11, 2012. The Governor's Office of Management and Budget today is pleased to announce the State successfully has sold \$525 million of tax exempt General Obligation Bonds and \$275 million of taxable General Obligation Bonds. The bond sale provides funding for the *Illinois Jobs Now!* Capital plan, which was signed into law by Governor Quinn to help revive the state's ailing economy by creating and retaining more than 439,000 jobs over six years.

"Positive feedback like we have seen today from investors demonstrates the strong confidence investors have in Illinois," said David Vaught, Director of the Governor's Office of Management and Budget. "These bond bids make clear that investors know we are taking steps to correct the decades of fiscal mismanagement in our state, and they understand we continue to take major steps to reform pensions and control skyrocketing Medicaid costs in an effort to return Illinois to sound financial footing."

In a competitive sale, the \$525 million tax exempt issuance priced with an interest rate of 3.9125 percent with Wells Fargo as the successful bidder. This is the lowest rate the State has received on a tax-exempt capital bond issuance in recent history. As a note of comparison, in November of 2011, the states triple A rated Build Illinois Bonds priced with an interest rate of 4.07 percent. The state received 8 bids overall.

The \$275 million taxable issuance priced with an interest rate of 5.2992 percent with J.P. Morgan Securities LLC as the successful bidder. The state received 9 bids overall for this issuance. As a basis of comparison, the 2037 maturity has a 5.76 yield which is 277 basis points higher than a comparable U.S. Treasury rate. The most recent General Obligation capital bond issuance in July of 2010 priced similar bonds with a spread of 325 basis points above the comparable U.S. Treasury rate. This equates to a 48 basis point improvement.

“This marks another successful deal for the State of Illinois and is proof that market perception of the State of Illinois remains strong,” said John Sinsheimer, Director of Capital Markets for the Governor’s Office of Management and Budget. “Overall we are very pleased with the number of bids and continued strong demand for Illinois paper.”

The state was assisted by Acacia Financial Group, Inc. as financial advisor and Mayer Brown LLP and Pugh, Jones and Johnson, P.C. as bond counsel.

With the completion of this deal, the state will have the funds to continue work on several important projects across the state while putting Illinoisans back to work.

Closing date for the bonds is set for January 20<sup>th</sup> 2012.

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