STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SPRINGFIELD, ILLINOIS 62706

Pat Quinn
GOVERNOR

January 6, 2010

The Honorable Jeffrey M. Schoenberg, Co-Chair
The Honorable Richard P. Myers, Co-Chair
Commission on Government Forecasting and Accountability
703 Stratton Office Building
Springfield, IL 62706

To the Honorable Members of the Commission on Government Forecasting and Accountability:

Enclosed is additional information on how the proceeds of the proposed sale of the Thomson Correctional Center (Thomson) to the federal government would be used.

The bonds used to fund the construction of Thomson were a portion of 23 different issuances over more than 10 years. The Thomson-related bonds make up approximately $125 million (less than 2 percent) of more than $7 billion in bonds within those issuances. A number of those issuances have been refinanced already. The total outstanding principal, attributable to Thomson, is approximately $60.8 million.

Of the monies used to construct Thomson, approximately $121 million came from the Capital Development Fund and approximately $3 million came from GRF. (Another $4.6 million was granted to the City of Thomson for infrastructure improvements.) Based on our preliminary analysis, under the State Property Control Act, $121 million of the proceeds from the sale of Thomson would go back to the Capital Development Fund and any remainder would go to GRF. See 30 ILCS 605/7.1(d) ("All moneys received for the sale of surplus real property shall be deposited in the General Revenue Fund, except where moneys expended for the acquisition of such real property were from a special fund which is still a special fund in the State treasury, this special fund shall be reimbursed in the amount of the original expenditure and any amount in excess thereof shall be deposited in the General Revenue Fund.").

Since Thomson was paid for through tax exempt bonds, some portion of the sale must go to either redemption of the bonds or, within two years, to other capital projects, in order to preserve the tax exempt status of the bond issuances of which Thomson was a part. The payment into the Capital Development Fund, required under the State Property Control Act, should cover this remedial action. There is no State or federal obligation to pay off the Thomson portion of the bonds in full. Right now, the estimated cost to preserve the tax exempt status of the bonds is $14.7 million for redemption and $72.1 million for alternative capital expenditure, which would be covered through the $121 million payment into the Capital Development Fund.

We intend to ask the General Assembly to appropriate all of the proceeds from the sale of Thomson for capital projects. We also intend to ask the General Assembly to prioritize additional capital funding to complete two projects that are currently being funded with design money in the capital bill in the Department of Corrections (DOC). The first project is an inmate housing unit at the Stateville Correctional Center, and the second is a centralized medical and long-term care facility also at Stateville. Both of these projects will help DOC operate more efficiently and effectively.

Please feel free to follow up with myself or the Governor's Legislative Director Lindsay Hansen Anderson.

Sincerely,

Jack Lavin
Chief Operating Officer

Cc:
Senator Bill Brady
Senator Michael Frerichs
Senator Matt Murphy
Senator Dave Syverson
Senator Donne Trotter
Representative Patricia Bellock
Representative Kevin McCarthy
Representative Elaine Nekritz
Representative Raymond Poe
Representative Al Riley