OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHS

May 15, 2018

The Honorable Bruce Rauner
Office of the Governor
207 State House
Springfield, IL 62706

Re: Green Bond Pledge

Governor Rauner,

I am writing you today to ask you to provide information on a new global initiative that emphasizes the need for sustainable infrastructure to fully consider the impact of climate change, and to finance these projects using green bonds whenever applicable. As the issuer of the State of Illinois bonds, I would encourage the Governor's Office of Management and Budget to be a signatory to the Green Bond Pledge. The Treasurer's Office, as an investor of State funds, will be becoming a signatory to the complementary investor commitment.

Climate change threatens our quality of life and poses material risk to our communities. As we build and finance new infrastructure and renovate and maintain our existing infrastructure, we must address the challenges posed by climate change.

The Green Bond Pledge is a simple declaration with broad and far-reaching impact. All bonds that finance long-term infrastructure and capital projects need to address environmental impact and climate risk. Green bonds contribute to beneficial environmental and climate outcomes and signal that these imperatives have been deliberately incorporated into the planning and deployment of infrastructure projects.

The green bond market started in 2007 with initial bonds from the European Investment Bank and the World Bank. The market has grown steadily since then, with over $160 billion in green bonds issued in 2017, doubling the amount issued during the prior year. In 2017 California and New York each issued over $4 billion in 2017 to finance green projects for mass transit, green schools, clean water, land preservation and green housing; and companies as diverse as Apple, Kaiser Permanente and Southern Power Company have issued green bonds. This market is growing in size and breadth.

State Capitol
Room 219
Springfield, IL 62706
Phone: (217) 782-2211
Fax: (217) 785-2777
TTY: (866) 877-6013

James R. Thompson Center
100 West Randolph Street
Suite 15-600
Chicago, IL 60601
Phone: (312) 814-1700
Fax: (312) 814-5930
TTY: (866) 877-6013

Illinois Business Center
400 West Monroe Street
Suite 401
Springfield, IL 62704
Phone: (217) 782-6540
Fax: (217) 524-3822
TTY: (866) 877-6013

Myers Building
One West Old State Capitol Plaza
Suite 400
Springfield, IL 62701
Phone: (217) 785-6998
Fax: (217) 557-9365
TTY: (866) 877-6013

I have attached the language of the Green Bond Pledge and encourage your office to become a signatory to this important pledge. You can find more information on the Green Bond Pledge at www.greenbondpledge.com. I appreciate your time and please let me know if you have any questions.

Sincerely,

Michael Frerichs
Illinois State Treasurer

cc: Kelly Hutchinson, Director of Capital Markets, Hans Zigmund, Director of the Governor's Office of Management and Budget

The Green Bond Pledge - March 2018

Issuer Pledge: Agencies, Government and Companies

We agree that all infrastructure and capital projects will need to be climate resilient and where relevant, support the reduction of greenhouse gas emissions.

We welcome the role that green bonds can play in helping to achieve the financing of that infrastructure.

As a signatory to this pledge, we support the rapid growth of a green bonds market, consistent with global best practices that can meet the financing needs we face and issue, whenever applicable, bonds for infrastructure as green bonds.

We pledge to support this goal by establishing a green bonds strategy that will finance infrastructure and capital projects that meets the challenges of climate change while transforming our community into a competitive, prosperous and productive economy.

greenbondpledge.com