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Illinois Fills Debt Manager Post

by Yvette Shields
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CHICAGO – Illinois has tapped a financial advisory specialist – Kelly Hutchinson -- to manage its debt.

Hutchinson recently resigned from Chicago-based A.C. Advisory Inc. and started Monday as the state's new capital markets director, Catherine Kelly, a spokeswoman for Gov. Bruce Rauner, confirmed Wednesday. Hutchinson fills a post vacated in July by Jessica Akey, who resigned to join Standard & Poor's.

Hutchinson is taking over the state's debt management during a borrowing drought and she comes on board after two fresh downgrades to what was already the lowest-rated state.

The timing of the state's next issue also remains up in the air. "The state does expect to sell some bonds in fiscal year 2016 but is not ready now to announce amounts or sale dates," Kelly said Wednesday as word began to spread among the state's public finance community of Hutchinson's hiring.

Hutchinson, who was a director and chief compliance officer at the minority-and-women-owned advisory firm, spent the last 10 years at A.C. Advisory working on deals for most major local issuers and the state government. A profile reports that she has worked on deals valued at more than $15 billion during her tenure. She previously worked as an investment banking analyst at JPMorganChase.

Akey was elevated to debt manager this spring, filling the vacancy left after John Sinsheimer's resignation in February after Rauner took office.

The administration in early September announced the hiring of Alexis Sturm in the Office and Budget Management as deputy director for debt and capital. She came from the Illinois Comptroller's Office, where she was research and fiscal reporting director. Sturm had been covering the duties of capital markets director and also has overseen revenue analysis and some agencies' budgets, according to the administration.

State borrowing has dramatically fallen off as the $31 billion Illinois Jobs Now infrastructure program winds down. The state issued $3.4 billion of debt last year with its last sale in May 2014 and it has not sold any this year.

While lawmakers and Rauner have voiced support for a new capital program it's taken a backseat to the state's inability to enact an operating budget with Rauner and the General Assembly's Democratic majority locked in a stalemate that drove the state's latest downgrades.

Moody's Investors Service in October dropped the state's $27 billion of general obligation debt to Baa1, with a negative outlook, as prospects for tackling its budget and pension mess dim.

The downgrade followed Fitch Ratings' move a week earlier to drop its rating one notch to BBB-plus. Fitch assigned a stable outlook. Standard & Poor's rates the state A-minus, and has the credit on watch for negative implications.

The state is struggling with a $7 billion bill backlog and saddled with $111 billion of unfunded pension liabilities after its 2013 pension reforms were voided by the Illinois Supreme Court in May.
