



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB0883

by Rep. Joe Sosnowski

SYNOPSIS AS INTRODUCED:

30 ILCS 105/6z-45	
30 ILCS 305/7	from Ch. 17, par. 6607
30 ILCS 330/9	from Ch. 127, par. 659
30 ILCS 330/14	from Ch. 127, par. 664
30 ILCS 330/15	from Ch. 127, par. 665
50 ILCS 410/2	from Ch. 85, par. 4302
50 ILCS 410/3	from Ch. 85, par. 4303

Amends the State Finance Act, General Obligation Bond Act, Bond Authorization Act, and the Local Government Credit Enhancement Act. Remove provisions concerning interest payable on variable rate bonds. Removes provisions allowing certain governmental units to enter into agreements to engage in "swap" agreements with respect to all or part of any currently outstanding or proposed bonds. Removes provisions authorizing variable interest rates and certain credit or liquidity enhancement arrangements, including interest rate protection or exchange agreements and guarantees with respect to the issuance of general obligation bonds. Removes provisions concerning the net payments required of the State for such arrangements certified by the Director of the Bureau of the Budget and treated as interest. Makes related changes. Reinstates definitions. Effective immediately.

LRB101 04650 RJF 49659 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Finance Act is amended by changing
5 Section 6z-45 as follows:

6 (30 ILCS 105/6z-45)

7 Sec. 6z-45. The School Infrastructure Fund.

8 (a) The School Infrastructure Fund is created as a special
9 fund in the State Treasury.

10 In addition to any other deposits authorized by law,
11 beginning January 1, 2000, on the first day of each month, or
12 as soon thereafter as may be practical, the State Treasurer and
13 State Comptroller shall transfer the sum of \$5,000,000 from the
14 General Revenue Fund to the School Infrastructure Fund, except
15 that, notwithstanding any other provision of law, and in
16 addition to any other transfers that may be provided for by
17 law, before June 30, 2012, the Comptroller and the Treasurer
18 shall transfer \$45,000,000 from the General Revenue Fund into
19 the School Infrastructure Fund, and, for fiscal year 2013 only,
20 the Treasurer and the Comptroller shall transfer \$1,250,000
21 from the General Revenue Fund to the School Infrastructure Fund
22 on the first day of each month; provided, however, that no such
23 transfers shall be made from July 1, 2001 through June 30,

1 2003.

2 (a-5) Money in the School Infrastructure Fund may be used
3 to pay the expenses of the State Board of Education, the
4 Governor's Office of Management and Budget, and the Capital
5 Development Board in administering programs under the School
6 Construction Law, the total expenses not to exceed \$1,315,000
7 in any fiscal year.

8 (b) Subject to the transfer provisions set forth below,
9 money in the School Infrastructure Fund shall, if and when the
10 State of Illinois incurs any bonded indebtedness for the
11 construction of school improvements under subsection (e) of
12 Section 5 of the General Obligation Bond Act, be set aside and
13 used for the purpose of paying and discharging annually the
14 principal and interest on that bonded indebtedness then due and
15 payable, and for no other purpose.

16 In addition to other transfers to the General Obligation
17 Bond Retirement and Interest Fund made pursuant to Section 15
18 of the General Obligation Bond Act, upon each delivery of bonds
19 issued for construction of school improvements under the School
20 Construction Law, the State Comptroller shall compute and
21 certify to the State Treasurer the total amount of principal
22 of, interest on, and premium, if any, on such bonds during the
23 then current and each succeeding fiscal year. ~~With respect to~~
24 ~~the interest payable on variable rate bonds, such~~
25 ~~certifications shall be calculated at the maximum rate of~~
26 ~~interest that may be payable during the fiscal year, after~~

1 ~~taking into account any credits permitted in the related~~
2 ~~indenture or other instrument against the amount of such~~
3 ~~interest required to be appropriated for that period.~~

4 On or before the last day of each month, the State
5 Treasurer and State Comptroller shall transfer from the School
6 Infrastructure Fund to the General Obligation Bond Retirement
7 and Interest Fund an amount sufficient to pay the aggregate of
8 the principal of, interest on, and premium, if any, on the
9 bonds payable on their next payment date, divided by the number
10 of monthly transfers occurring between the last previous
11 payment date (or the delivery date if no payment date has yet
12 occurred) and the next succeeding payment date. ~~Interest~~
13 ~~payable on variable rate bonds shall be calculated at the~~
14 ~~maximum rate of interest that may be payable for the relevant~~
15 ~~period, after taking into account any credits permitted in the~~
16 ~~related indenture or other instrument against the amount of~~
17 ~~such interest required to be appropriated for that period.~~
18 ~~Interest for which moneys have already been deposited into the~~
19 ~~capitalized interest account within the General Obligation~~
20 ~~Bond Retirement and Interest Fund shall not be included in the~~
21 ~~calculation of the amounts to be transferred under this~~
22 ~~subsection.~~

23 (b-5) The money deposited into the School Infrastructure
24 Fund from transfers pursuant to subsections (c-30) and (c-35)
25 of Section 13 of the Riverboat Gambling Act shall be applied,
26 without further direction, as provided in subsection (b-3) of

1 Section 5-35 of the School Construction Law.

2 (c) The surplus, if any, in the School Infrastructure Fund
3 after payments made pursuant to subsections (a-5), (b), and
4 (b-5) of this Section shall, subject to appropriation, be used
5 as follows:

6 First - to make 3 payments to the School Technology
7 Revolving Loan Fund as follows:

8 Transfer of \$30,000,000 in fiscal year 1999;

9 Transfer of \$20,000,000 in fiscal year 2000; and

10 Transfer of \$10,000,000 in fiscal year 2001.

11 Second - to pay any amounts due for grants for school
12 construction projects and debt service under the School
13 Construction Law.

14 Third - to pay any amounts due for grants for school
15 maintenance projects under the School Construction Law.

16 (Source: P.A. 100-23, eff. 7-6-17.)

17 Section 10. The Bond Authorization Act is amended by
18 changing Section 7 as follows:

19 (30 ILCS 305/7) (from Ch. 17, par. 6607)

20 Sec. 7. Interest rate swaps. ~~For purposes of this Section,~~
21 ~~terms are as defined in the Local Government Debt Reform Act.~~
22 With respect to all or part of any ~~currently outstanding or~~
23 ~~proposed~~ issue of its bonds, a public corporation ~~governmental~~
24 ~~unit~~ whose aggregate principal amount of bonds outstanding ~~or~~

1 ~~proposed~~ exceeds \$10,000,000 may, without prior appropriation,
2 enter into agreements or contracts with any necessary or
3 appropriate person ~~(the counter party)~~ that will have the
4 benefit of providing to the public corporation ~~governmental~~
5 ~~unit:~~ ~~(i)~~ an interest rate basis, cash flow basis, or other
6 basis different from that provided in the bonds for the payment
7 of interest ~~or (ii) with respect to a future delivery of bonds,~~
8 ~~one or more of a guaranteed interest rate, interest rate basis,~~
9 ~~cash flow basis, or purchase price.~~ Such agreements or
10 contracts include without limitation agreements or contracts
11 commonly known as "interest rate swap, collar, cap, or
12 derivative agreements", "forward payment conversion
13 agreements", ~~interest rate locks, forward bond purchase~~
14 ~~agreements, bond warrant agreements, or bond purchase option~~
15 ~~agreements~~ and also include agreements or contracts providing
16 for payments based on levels of or changes in interest rates,
17 ~~including a change in an interest rate index,~~ to exchange cash
18 flows or a series of payments, or to hedge payment, rate
19 spread, or similar exposure. ~~(such agreements or contracts,~~
20 ~~collectively, being "swaps"). Without limiting other permitted~~
21 ~~terms which may be included in swaps, the following provisions~~
22 ~~may or, if hereinafter so required, shall apply:~~

23 ~~(a) Payments made pursuant to a swap (the swap payments)~~
24 ~~which are to be made by the governmental unit may be paid by~~
25 ~~such governmental unit, without limitation, from proceeds of~~
26 ~~the bonds, including bonds for future delivery, identified to~~

1 ~~such swaps, or from bonds issued to refund such bonds, or from~~
2 ~~whatever enterprise revenues or revenue source, including~~
3 ~~taxes pledged or to be pledged to the payment of such bonds,~~
4 ~~which enterprise revenues or revenue source may be increased to~~
5 ~~make such swap payments, and swap payments to be received by~~
6 ~~the governmental unit, which may be periodic, up front, or on~~
7 ~~termination, shall be used solely for and limited to any lawful~~
8 ~~corporate purpose of the governmental unit.~~

9 Net ~~(b) Up front or periodic net swap payments to be paid~~
10 ~~by the governmental unit under such agreements or contracts the~~
11 ~~swaps (the standard swap payments) shall be treated as interest~~
12 ~~for the purpose of calculating any interest rate limit~~
13 ~~applicable to the bonds, provided, however, that for purposes~~
14 ~~of making such standard swap payments only (and not with~~
15 ~~respect to the bonds so issued or to be issued), the bonds~~
16 ~~shall be deemed not exempt from income taxation under the~~
17 ~~Internal Revenue Code for purposes of State law, as contained~~
18 ~~in this Bond Authorization Act, relating to the permissible~~
19 ~~rate of interest to be borne thereon, and, provided further,~~
20 ~~that if payments of any standard swap payments are to be made~~
21 ~~by the governmental unit and the counterparty on different~~
22 ~~dates, the net effect of such payments for purposes of such~~
23 ~~interest rate limitation shall be determined using a true~~
24 ~~interest cost (yield) calculation.~~

25 ~~(c) Any such agreement or contract and the swap payments to~~
26 ~~be made thereunder shall not be taken into account with respect~~

1 to any debt limit applicable to the public corporation
2 ~~governmental unit.~~

3 ~~(d) Swap payments upon the termination of any swap may be~~
4 ~~paid to a counterparty upon any terms customary for swaps,~~
5 ~~including, without limitation, provisions using market~~
6 ~~quotations available for giving the net benefit of the swap at~~
7 ~~the time of termination to the persons entitled thereto (viz.,~~
8 ~~the governmental unit or the counterparty) or reasonable fair~~
9 ~~market value determinations of the value at termination made in~~
10 ~~good faith by either such persons.~~

11 ~~(e) The term of the swap shall not exceed the term of any~~
12 ~~currently outstanding bonds identified to such swap or, for~~
13 ~~bonds to be delivered, not greater than 5 years plus the term~~
14 ~~of years proposed for such bonds to be delivered, but in no~~
15 ~~event longer than 40 years, plus, in each case, any time period~~
16 ~~necessary to cure any defaults under such swap.~~

17 ~~(f) The choice of law for enforcement of swaps as to any~~
18 ~~counterparty may be made for any state of these United States,~~
19 ~~but the law which shall apply to the obligations of the~~
20 ~~governmental unit shall be the law of the State of Illinois,~~
21 ~~and jurisdiction to enforce the swaps as against the~~
22 ~~governmental units shall be exclusively in the courts of the~~
23 ~~State of Illinois or in the applicable federal court having~~
24 ~~jurisdiction and located within the State of Illinois.~~

25 ~~(g) Governmental units, in entering into swaps, may not~~
26 ~~waive any sovereign immunities from time to time available~~

1 ~~under the laws of the State of Illinois as to jurisdiction,~~
2 ~~procedures, and remedies, but such swaps shall otherwise be~~
3 ~~fully enforceable as valid and binding contracts as and to the~~
4 ~~extent provided herein and by other applicable law.~~

5 (Source: P.A. 93-9, eff. 6-3-03.)

6 Section 15. The General Obligation Bond Act is amended by
7 changing Sections 9, 14, and 15 as follows:

8 (30 ILCS 330/9) (from Ch. 127, par. 659)

9 Sec. 9. Conditions for issuance and sale of Bonds;
10 requirements for Bonds.

11 (a) Except as otherwise provided in ~~this subsection,~~
12 subsection (h)~~7~~ and subsection (i), Bonds shall be issued and
13 sold from time to time, in one or more series, in such amounts
14 and at such prices as may be directed by the Governor, upon
15 recommendation by the Director of the Governor's Office of
16 Management and Budget. Bonds shall be in such form (either
17 coupon, registered or book entry), in such denominations,
18 payable within 25 years from their date, subject to such terms
19 of redemption with or without premium, bear interest payable at
20 such times and at such fixed ~~or variable~~ rate or rates, and be
21 dated as shall be fixed and determined by the Director of the
22 Governor's Office of Management and Budget in the order
23 authorizing the issuance and sale of any series of Bonds, which
24 order shall be approved by the Governor and is herein called a

1 "Bond Sale Order"; provided however, that interest ~~payable at~~
2 ~~fixed or variable rates~~ shall not exceed that permitted in the
3 Bond Authorization Act, as now or hereafter amended. Bonds
4 shall be payable at such place or places, within or without the
5 State of Illinois, and may be made registrable as to either
6 principal or as to both principal and interest, as shall be
7 specified in the Bond Sale Order. Bonds may be callable or
8 subject to purchase and retirement ~~or tender and remarketing~~ as
9 fixed and determined in the Bond Sale Order. Bonds, other than
10 Bonds issued under Section 3 of this Act for the costs
11 associated with the purchase and implementation of information
12 technology, (i) except for refunding Bonds satisfying the
13 requirements of Section 16 of this Act and sold during fiscal
14 year 2009, 2010, 2011, 2017, 2018, or 2019 must be issued with
15 principal or mandatory redemption amounts in equal amounts,
16 with the first maturity issued occurring within the fiscal year
17 in which the Bonds are issued or within the next succeeding
18 fiscal year and (ii) must mature or be subject to mandatory
19 redemption each fiscal year thereafter up to 25 years, except
20 for refunding Bonds satisfying the requirements of Section 16
21 of this Act and sold during fiscal year 2009, 2010, or 2011
22 which must mature or be subject to mandatory redemption each
23 fiscal year thereafter up to 16 years. Bonds issued under
24 Section 3 of this Act for the costs associated with the
25 purchase and implementation of information technology must be
26 issued with principal or mandatory redemption amounts in equal

1 amounts, with the first maturity issued occurring with the
2 fiscal year in which the respective bonds are issued or with
3 the next succeeding fiscal year, with the respective bonds
4 issued maturing or subject to mandatory redemption each fiscal
5 year thereafter up to 10 years. Notwithstanding any provision
6 of this Act to the contrary, the Bonds authorized by Public Act
7 96-43 shall be payable within 5 years from their date and must
8 be issued with principal or mandatory redemption amounts in
9 equal amounts, with payment of principal or mandatory
10 redemption beginning in the first fiscal year following the
11 fiscal year in which the Bonds are issued.

12 Notwithstanding any provision of this Act to the contrary,
13 the Bonds authorized by Public Act 96-1497 shall be payable
14 within 8 years from their date and shall be issued with payment
15 of maturing principal or scheduled mandatory redemptions in
16 accordance with the following schedule, except the following
17 amounts shall be prorated if less than the total additional
18 amount of Bonds authorized by Public Act 96-1497 are issued:

19	Fiscal Year After Issuance	Amount
20	1-2	\$0
21	3	\$110,712,120
22	4	\$332,136,360
23	5	\$664,272,720
24	6-8	\$996,409,080

25 Notwithstanding any provision of this Act to the contrary,
26 Income Tax Proceed Bonds issued under Section 7.6 shall be

1 payable 12 years from the date of sale and shall be issued with
2 payment of principal or mandatory redemption.

3 ~~In the case of any series of Bonds bearing interest at a~~
4 ~~variable interest rate ("Variable Rate Bonds"), in lieu of~~
5 ~~determining the rate or rates at which such series of Variable~~
6 ~~Rate Bonds shall bear interest and the price or prices at which~~
7 ~~such Variable Rate Bonds shall be initially sold or remarketed~~
8 ~~(in the event of purchase and subsequent resale), the Bond Sale~~
9 ~~Order may provide that such interest rates and prices may vary~~
10 ~~from time to time depending on criteria established in such~~
11 ~~Bond Sale Order, which criteria may include, without~~
12 ~~limitation, references to indices or variations in interest~~
13 ~~rates as may, in the judgment of a remarketing agent, be~~
14 ~~necessary to cause Variable Rate Bonds of such series to be~~
15 ~~remarketable from time to time at a price equal to their~~
16 ~~principal amount, and may provide for appointment of a bank,~~
17 ~~trust company, investment bank, or other financial institution~~
18 ~~to serve as remarketing agent in that connection. The Bond Sale~~
19 ~~Order may provide that alternative interest rates or provisions~~
20 ~~for establishing alternative interest rates, different~~
21 ~~security or claim priorities, or different call or amortization~~
22 ~~provisions will apply during such times as Variable Rate Bonds~~
23 ~~of any series are held by a person providing credit or~~
24 ~~liquidity enhancement arrangements for such Bonds as~~
25 ~~authorized in subsection (b) of this Section. The Bond Sale~~
26 ~~Order may also provide for such variable interest rates to be~~

1 ~~established pursuant to a process generally known as an auction~~
2 ~~rate process and may provide for appointment of one or more~~
3 ~~financial institutions to serve as auction agents and~~
4 ~~broker-dealers in connection with the establishment of such~~
5 ~~interest rates and the sale and remarketing of such Bonds.~~

6 (b) (Blank). ~~In connection with the issuance of any series~~
7 ~~of Bonds, the State may enter into arrangements to provide~~
8 ~~additional security and liquidity for such Bonds, including,~~
9 ~~without limitation, bond or interest rate insurance or letters~~
10 ~~of credit, lines of credit, bond purchase contracts, or other~~
11 ~~arrangements whereby funds are made available to retire or~~
12 ~~purchase Bonds, thereby assuring the ability of owners of the~~
13 ~~Bonds to sell or redeem their Bonds. The State may enter into~~
14 ~~contracts and may agree to pay fees to persons providing such~~
15 ~~arrangements, but only under circumstances where the Director~~
16 ~~of the Governor's Office of Management and Budget certifies~~
17 ~~that he or she reasonably expects the total interest paid or to~~
18 ~~be paid on the Bonds, together with the fees for the~~
19 ~~arrangements (being treated as if interest), would not, taken~~
20 ~~together, cause the Bonds to bear interest, calculated to their~~
21 ~~stated maturity, at a rate in excess of the rate that the Bonds~~
22 ~~would bear in the absence of such arrangements.~~

23 ~~The State may, with respect to Bonds issued or anticipated~~
24 ~~to be issued, participate in and enter into arrangements with~~
25 ~~respect to interest rate protection or exchange agreements,~~
26 ~~guarantees, or financial futures contracts for the purpose of~~

1 ~~limiting, reducing, or managing interest rate exposure. The~~
2 ~~authority granted under this paragraph, however, shall not~~
3 ~~increase the principal amount of Bonds authorized to be issued~~
4 ~~by law. The arrangements may be executed and delivered by the~~
5 ~~Director of the Governor's Office of Management and Budget on~~
6 ~~behalf of the State. Net payments for such arrangements shall~~
7 ~~constitute interest on the Bonds and shall be paid from the~~
8 ~~General Obligation Bond Retirement and Interest Fund. The~~
9 ~~Director of the Governor's Office of Management and Budget~~
10 ~~shall at least annually certify to the Governor and the State~~
11 ~~Comptroller his or her estimate of the amounts of such net~~
12 ~~payments to be included in the calculation of interest required~~
13 ~~to be paid by the State.~~

14 (c) (Blank). ~~Prior to the issuance of any Variable Rate~~
15 ~~Bonds pursuant to subsection (a), the Director of the~~
16 ~~Governor's Office of Management and Budget shall adopt an~~
17 ~~interest rate risk management policy providing that the amount~~
18 ~~of the State's variable rate exposure with respect to Bonds~~
19 ~~shall not exceed 20%. This policy shall remain in effect while~~
20 ~~any Bonds are outstanding and the issuance of Bonds shall be~~
21 ~~subject to the terms of such policy. The terms of this policy~~
22 ~~may be amended from time to time by the Director of the~~
23 ~~Governor's Office of Management and Budget but in no event~~
24 ~~shall any amendment cause the permitted level of the State's~~
25 ~~variable rate exposure with respect to Bonds to exceed 20%.~~

26 (d) "Build America Bonds" in this Section means Bonds

1 authorized by Section 54AA of the Internal Revenue Code of
2 1986, as amended ("Internal Revenue Code"), and bonds issued
3 from time to time to refund or continue to refund "Build
4 America Bonds".

5 (e) Notwithstanding any other provision of this Section,
6 Qualified School Construction Bonds shall be issued and sold
7 from time to time, in one or more series, in such amounts and
8 at such prices as may be directed by the Governor, upon
9 recommendation by the Director of the Governor's Office of
10 Management and Budget. Qualified School Construction Bonds
11 shall be in such form (either coupon, registered or book
12 entry), in such denominations, payable within 25 years from
13 their date, subject to such terms of redemption with or without
14 premium, and if the Qualified School Construction Bonds are
15 issued with a supplemental coupon, bear interest payable at
16 such times and at such fixed or variable rate or rates, and be
17 dated as shall be fixed and determined by the Director of the
18 Governor's Office of Management and Budget in the order
19 authorizing the issuance and sale of any series of Qualified
20 School Construction Bonds, which order shall be approved by the
21 Governor and is herein called a "Bond Sale Order"; except that
22 interest payable at fixed or variable rates, if any, shall not
23 exceed that permitted in the Bond Authorization Act, as now or
24 hereafter amended. Qualified School Construction Bonds shall
25 be payable at such place or places, within or without the State
26 of Illinois, and may be made registrable as to either principal

1 or as to both principal and interest, as shall be specified in
2 the Bond Sale Order. Qualified School Construction Bonds may be
3 callable or subject to purchase and retirement or tender and
4 remarketing as fixed and determined in the Bond Sale Order.
5 Qualified School Construction Bonds must be issued with
6 principal or mandatory redemption amounts or sinking fund
7 payments into the General Obligation Bond Retirement and
8 Interest Fund (or subaccount therefor) in equal amounts, with
9 the first maturity issued, mandatory redemption payment or
10 sinking fund payment occurring within the fiscal year in which
11 the Qualified School Construction Bonds are issued or within
12 the next succeeding fiscal year, with Qualified School
13 Construction Bonds issued maturing or subject to mandatory
14 redemption or with sinking fund payments thereof deposited each
15 fiscal year thereafter up to 25 years. Sinking fund payments
16 set forth in this subsection shall be permitted only to the
17 extent authorized in Section 54F of the Internal Revenue Code
18 or as otherwise determined by the Director of the Governor's
19 Office of Management and Budget. "Qualified School
20 Construction Bonds" in this subsection means Bonds authorized
21 by Section 54F of the Internal Revenue Code and for bonds
22 issued from time to time to refund or continue to refund such
23 "Qualified School Construction Bonds".

24 (f) Beginning with the next issuance by the Governor's
25 Office of Management and Budget to the Procurement Policy Board
26 of a request for quotation for the purpose of formulating a new

1 pool of qualified underwriting banks list, all entities
2 responding to such a request for quotation for inclusion on
3 that list shall provide a written report to the Governor's
4 Office of Management and Budget and the Illinois Comptroller.
5 The written report submitted to the Comptroller shall (i) be
6 published on the Comptroller's Internet website and (ii) be
7 used by the Governor's Office of Management and Budget for the
8 purposes of scoring such a request for quotation. The written
9 report, at a minimum, shall:

10 (1) disclose whether, within the past 3 months,
11 pursuant to its credit default swap market-making
12 activities, the firm has entered into any State of Illinois
13 credit default swaps ("CDS");

14 (2) include, in the event of State of Illinois CDS
15 activity, disclosure of the firm's cumulative notional
16 volume of State of Illinois CDS trades and the firm's
17 outstanding gross and net notional amount of State of
18 Illinois CDS, as of the end of the current 3-month period;

19 (3) indicate, pursuant to the firm's proprietary
20 trading activities, disclosure of whether the firm, within
21 the past 3 months, has entered into any proprietary trades
22 for its own account in State of Illinois CDS;

23 (4) include, in the event of State of Illinois
24 proprietary trades, disclosure of the firm's outstanding
25 gross and net notional amount of proprietary State of
26 Illinois CDS and whether the net position is short or long

1 credit protection, as of the end of the current 3-month
2 period;

3 (5) list all time periods during the past 3 months
4 during which the firm held net long or net short State of
5 Illinois CDS proprietary credit protection positions, the
6 amount of such positions, and whether those positions were
7 net long or net short credit protection positions; and

8 (6) indicate whether, within the previous 3 months, the
9 firm released any publicly available research or marketing
10 reports that reference State of Illinois CDS and include
11 those research or marketing reports as attachments.

12 (g) All entities included on a Governor's Office of
13 Management and Budget's pool of qualified underwriting banks
14 list shall, as soon as possible after March 18, 2011 (the
15 effective date of Public Act 96-1554), but not later than
16 January 21, 2011, and on a quarterly fiscal basis thereafter,
17 provide a written report to the Governor's Office of Management
18 and Budget and the Illinois Comptroller. The written reports
19 submitted to the Comptroller shall be published on the
20 Comptroller's Internet website. The written reports, at a
21 minimum, shall:

22 (1) disclose whether, within the past 3 months,
23 pursuant to its credit default swap market-making
24 activities, the firm has entered into any State of Illinois
25 credit default swaps ("CDS");

26 (2) include, in the event of State of Illinois CDS

1 activity, disclosure of the firm's cumulative notional
2 volume of State of Illinois CDS trades and the firm's
3 outstanding gross and net notional amount of State of
4 Illinois CDS, as of the end of the current 3-month period;

5 (3) indicate, pursuant to the firm's proprietary
6 trading activities, disclosure of whether the firm, within
7 the past 3 months, has entered into any proprietary trades
8 for its own account in State of Illinois CDS;

9 (4) include, in the event of State of Illinois
10 proprietary trades, disclosure of the firm's outstanding
11 gross and net notional amount of proprietary State of
12 Illinois CDS and whether the net position is short or long
13 credit protection, as of the end of the current 3-month
14 period;

15 (5) list all time periods during the past 3 months
16 during which the firm held net long or net short State of
17 Illinois CDS proprietary credit protection positions, the
18 amount of such positions, and whether those positions were
19 net long or net short credit protection positions; and

20 (6) indicate whether, within the previous 3 months, the
21 firm released any publicly available research or marketing
22 reports that reference State of Illinois CDS and include
23 those research or marketing reports as attachments.

24 (h) Notwithstanding any other provision of this Section,
25 for purposes of maximizing market efficiencies and cost
26 savings, Income Tax Proceed Bonds may be issued and sold from

1 time to time, in one or more series, in such amounts and at
2 such prices as may be directed by the Governor, upon
3 recommendation by the Director of the Governor's Office of
4 Management and Budget. Income Tax Proceed Bonds shall be in
5 such form, either coupon, registered, or book entry, in such
6 denominations, shall bear interest payable at such times and at
7 such fixed or variable rate or rates, and be dated as shall be
8 fixed and determined by the Director of the Governor's Office
9 of Management and Budget in the order authorizing the issuance
10 and sale of any series of Income Tax Proceed Bonds, which order
11 shall be approved by the Governor and is herein called a "Bond
12 Sale Order"; provided, however, that interest payable at fixed
13 or variable rates shall not exceed that permitted in the Bond
14 Authorization Act. Income Tax Proceed Bonds shall be payable at
15 such place or places, within or without the State of Illinois,
16 and may be made registrable as to either principal or as to
17 both principal and interest, as shall be specified in the Bond
18 Sale Order. Income Tax Proceed Bonds may be callable or subject
19 to purchase and retirement or tender and remarketing as fixed
20 and determined in the Bond Sale Order.

21 (i) Notwithstanding any other provision of this Section,
22 for purposes of maximizing market efficiencies and cost
23 savings, State Pension Obligation Acceleration Bonds may be
24 issued and sold from time to time, in one or more series, in
25 such amounts and at such prices as may be directed by the
26 Governor, upon recommendation by the Director of the Governor's

1 Office of Management and Budget. State Pension Obligation
2 Acceleration Bonds shall be in such form, either coupon,
3 registered, or book entry, in such denominations, shall bear
4 interest payable at such times and at such fixed or variable
5 rate or rates, and be dated as shall be fixed and determined by
6 the Director of the Governor's Office of Management and Budget
7 in the order authorizing the issuance and sale of any series of
8 State Pension Obligation Acceleration Bonds, which order shall
9 be approved by the Governor and is herein called a "Bond Sale
10 Order"; provided, however, that interest payable at fixed or
11 variable rates shall not exceed that permitted in the Bond
12 Authorization Act. State Pension Obligation Acceleration Bonds
13 shall be payable at such place or places, within or without the
14 State of Illinois, and may be made registrable as to either
15 principal or as to both principal and interest, as shall be
16 specified in the Bond Sale Order. State Pension Obligation
17 Acceleration Bonds may be callable or subject to purchase and
18 retirement or tender and remarketing as fixed and determined in
19 the Bond Sale Order.

20 (Source: P.A. 99-523, eff. 6-30-16; 100-23, Article 25, Section
21 25-5, eff. 7-6-17; 100-23, Article 75, Section 75-10, eff.
22 7-6-17; 100-587, Article 60, Section 60-5, eff. 6-4-18;
23 100-587, Article 110, Section 110-15, eff. 6-4-18; 100-863,
24 eff. 8-14-18; revised 10-17-18.)

25 (30 ILCS 330/14) (from Ch. 127, par. 664)

1 Sec. 14. Repayment.

2 (a) To provide for the manner of repayment of Bonds, the
3 Governor shall include an appropriation in each annual State
4 Budget of monies in such amount as shall be necessary and
5 sufficient, for the period covered by such budget, to pay the
6 interest, as it shall accrue, on all Bonds issued under this
7 Act, to pay and discharge the principal of such Bonds as shall,
8 by their terms, fall due during such period, to pay a premium,
9 if any, on Bonds to be redeemed prior to the maturity date, and
10 to pay sinking fund payments in connection with Qualified
11 School Construction Bonds authorized by subsection (e) of
12 Section 9. ~~Amounts included in such appropriations for the~~
13 ~~payment of interest on variable rate bonds shall be the maximum~~
14 ~~amounts of interest that may be payable for the period covered~~
15 ~~by the budget, after taking into account any credits permitted~~
16 ~~in the related indenture or other instrument against the amount~~
17 ~~of such interest required to be appropriated for such period.~~
18 ~~Amounts included in such appropriations for the payment of~~
19 ~~interest shall include the amounts certified by the Director of~~
20 ~~the Governor's Office of Management and Budget under subsection~~
21 ~~(b) of Section 9 of this Act.~~

22 (b) A separate fund in the State Treasury called the
23 "General Obligation Bond Retirement and Interest Fund" is
24 hereby created.

25 (c) The General Assembly shall annually make
26 appropriations to pay the principal of, interest on, and

1 premium, if any, on Bonds sold under this Act from the General
2 Obligation Bond Retirement and Interest Fund. ~~Amounts included~~
3 ~~in such appropriations for the payment of interest on variable~~
4 ~~rate bonds shall be the maximum amounts of interest that may be~~
5 ~~payable during the fiscal year, after taking into account any~~
6 ~~credits permitted in the related indenture or other instrument~~
7 ~~against the amount of such interest required to be appropriated~~
8 ~~for such period. Amounts included in such appropriations for~~
9 ~~the payment of interest shall include the amounts certified by~~
10 ~~the Director of the Governor's Office of Management and Budget~~
11 ~~under subsection (b) of Section 9 of this Act.~~

12 If for any reason there are insufficient funds in either
13 the General Revenue Fund or the Road Fund to make transfers to
14 the General Obligation Bond Retirement and Interest Fund as
15 required by Section 15 of this Act, or if for any reason the
16 General Assembly fails to make appropriations sufficient to pay
17 the principal of, interest on, and premium, if any, on the
18 Bonds, as the same by their terms shall become due, this Act
19 shall constitute an irrevocable and continuing appropriation
20 of all amounts necessary for that purpose, and the irrevocable
21 and continuing authority for and direction to the State
22 Treasurer and the Comptroller to make the necessary transfers,
23 as directed by the Governor, out of and disbursements from the
24 revenues and funds of the State.

25 (d) If, because of insufficient funds in either the General
26 Revenue Fund or the Road Fund, monies have been transferred to

1 the General Obligation Bond Retirement and Interest Fund, as
2 required by subsection (c) of this Section, this Act shall
3 constitute the irrevocable and continuing authority for and
4 direction to the State Treasurer and Comptroller to reimburse
5 these funds of the State from the General Revenue Fund or the
6 Road Fund, as appropriate, by transferring, at such times and
7 in such amounts, as directed by the Governor, an amount to
8 these funds equal to that transferred from them.

9 (Source: P.A. 96-828, eff. 12-2-09.)

10 (30 ILCS 330/15) (from Ch. 127, par. 665)

11 Sec. 15. Computation of principal and interest; transfers.

12 (a) Upon each delivery of Bonds authorized to be issued
13 under this Act, the Comptroller shall compute and certify to
14 the Treasurer the total amount of principal of, interest on,
15 and premium, if any, on Bonds issued that will be payable in
16 order to retire such Bonds, the amount of principal of,
17 interest on and premium, if any, on such Bonds that will be
18 payable on each payment date according to the tenor of such
19 Bonds during the then current and each succeeding fiscal year,
20 and the amount of sinking fund payments needed to be deposited
21 in connection with Qualified School Construction Bonds
22 authorized by subsection (e) of Section 9. ~~With respect to the~~
23 ~~interest payable on variable rate bonds, such certifications~~
24 ~~shall be calculated at the maximum rate of interest that may be~~
25 ~~payable during the fiscal year, after taking into account any~~

1 ~~credits permitted in the related indenture or other instrument~~
2 ~~against the amount of such interest required to be appropriated~~
3 ~~for such period pursuant to subsection (c) of Section 14 of~~
4 ~~this Act. With respect to the interest payable, such~~
5 ~~certifications shall include the amounts certified by the~~
6 ~~Director of the Governor's Office of Management and Budget~~
7 ~~under subsection (b) of Section 9 of this Act.~~

8 On or before the last day of each month the State Treasurer
9 and Comptroller shall transfer from (1) the Road Fund with
10 respect to Bonds issued under paragraph (a) of Section 4 of
11 this Act, or Bonds issued under authorization in Public Act
12 98-781, or Bonds issued for the purpose of refunding such
13 bonds, and from (2) the General Revenue Fund, with respect to
14 all other Bonds issued under this Act, to the General
15 Obligation Bond Retirement and Interest Fund an amount
16 sufficient to pay the aggregate of the principal of, interest
17 on, and premium, if any, on Bonds payable, by their terms on
18 the next payment date divided by the number of full calendar
19 months between the date of such Bonds and the first such
20 payment date, and thereafter, divided by the number of months
21 between each succeeding payment date after the first. Such
22 computations and transfers shall be made for each series of
23 Bonds issued and delivered. ~~Interest payable on variable rate~~
24 ~~bonds shall be calculated at the maximum rate of interest that~~
25 ~~may be payable for the relevant period, after taking into~~
26 ~~account any credits permitted in the related indenture or other~~

1 ~~instrument against the amount of such interest required to be~~
2 ~~appropriated for such period pursuant to subsection (c) of~~
3 ~~Section 14 of this Act. Computations of interest shall include~~
4 ~~the amounts certified by the Director of the Governor's Office~~
5 ~~of Management and Budget under subsection (b) of Section 9 of~~
6 ~~this Act.~~ Interest for which moneys have already been deposited
7 into the capitalized interest account within the General
8 Obligation Bond Retirement and Interest Fund shall not be
9 included in the calculation of the amounts to be transferred
10 under this subsection. Notwithstanding any other provision in
11 this Section, the transfer provisions provided in this
12 paragraph shall not apply to transfers made in fiscal year 2010
13 or fiscal year 2011 with respect to Bonds issued in fiscal year
14 2010 or fiscal year 2011 pursuant to Section 7.2 of this Act.
15 In the case of transfers made in fiscal year 2010 or fiscal
16 year 2011 with respect to the Bonds issued in fiscal year 2010
17 or fiscal year 2011 pursuant to Section 7.2 of this Act, on or
18 before the 15th day of the month prior to the required debt
19 service payment, the State Treasurer and Comptroller shall
20 transfer from the General Revenue Fund to the General
21 Obligation Bond Retirement and Interest Fund an amount
22 sufficient to pay the aggregate of the principal of, interest
23 on, and premium, if any, on the Bonds payable in that next
24 month.

25 The transfer of monies herein and above directed is not
26 required if monies in the General Obligation Bond Retirement

1 and Interest Fund are more than the amount otherwise to be
2 transferred as herein above provided, and if the Governor or
3 his authorized representative notifies the State Treasurer and
4 Comptroller of such fact in writing.

5 (b) After the effective date of this Act, the balance of,
6 and monies directed to be included in the Capital Development
7 Bond Retirement and Interest Fund, Anti-Pollution Bond
8 Retirement and Interest Fund, Transportation Bond, Series A
9 Retirement and Interest Fund, Transportation Bond, Series B
10 Retirement and Interest Fund, and Coal Development Bond
11 Retirement and Interest Fund shall be transferred to and
12 deposited in the General Obligation Bond Retirement and
13 Interest Fund. This Fund shall be used to make debt service
14 payments on the State's general obligation Bonds heretofore
15 issued which are now outstanding and payable from the Funds
16 herein listed as well as on Bonds issued under this Act.

17 (c) The unused portion of federal funds received for or as
18 reimbursement for a capital facilities project, as authorized
19 by Section 3 of this Act, for which monies from the Capital
20 Development Fund have been expended shall remain in the Capital
21 Development Board Contributory Trust Fund and shall be used for
22 capital projects and for no other purpose, subject to
23 appropriation and as directed by the Capital Development Board.
24 Any federal funds received as reimbursement for the completed
25 construction of a capital facilities project, as authorized by
26 Section 3 of this Act, for which monies from the Capital

1 Development Fund have been expended may be used for any expense
2 or project necessary for implementation of the Quincy Veterans'
3 Home Rehabilitation and Rebuilding Act for a period of 5 years
4 from the effective date of this amendatory Act of the 100th
5 General Assembly, and any remaining funds shall be deposited in
6 the General Obligation Bond Retirement and Interest Fund.

7 (Source: P.A. 100-23, eff. 7-6-17; 100-610, eff. 7-17-18.)

8 Section 20. The Local Government Credit Enhancement Act is
9 amended by changing Sections 2 and 3 as follows:

10 (50 ILCS 410/2) (from Ch. 85, par. 4302)

11 Sec. 2. For the purposes of this Act: ~~, terms are as~~
12 ~~defined in the Local Government Debt Reform Act~~

13 "Governing board" means the corporate authorities of the
14 municipality, county board, board of trustees, board of
15 education, board of school directors, or other governing body
16 of the unit of local government or school district.

17 "School district" means any public school district
18 organized under the School Code or prior law and includes any
19 dual or unit school district, high school district, special
20 charter district and non-high school district. "School
21 district" also means any community college district organized
22 under the Public Community College Act or prior law.

23 "Unit of local government" shall have the meaning ascribed
24 to it in Article VII, Section 1 of the Illinois Constitution.

1 (Source: P.A. 93-9, eff. 6-3-03.)

2 (50 ILCS 410/3) (from Ch. 85, par. 4303)

3 Sec. 3. In connection with the issuance of its bonds and
4 notes, a ~~governmental~~ unit of local government or school
5 district may enter into arrangements ~~agreements~~ ~~(credit~~
6 ~~agreements)~~ to provide additional security and ~~or~~ liquidity, ~~or~~
7 ~~both~~, for the bonds and notes. These may include, without
8 limitation, municipal bond insurance, letters of credit, lines
9 of credit, ~~standby bond purchase agreements, surety bonds, and~~
10 ~~the like~~, by which the ~~governmental~~ unit of local government or
11 school district may borrow funds to pay or redeem ~~or purchase~~
12 ~~and hold~~ its bonds and a ~~governmental unit may enter into~~
13 ~~agreements for the~~ purchase or remarketing arrangements ~~of~~
14 ~~bonds (remarketing agreements)~~ for assuring the ability of
15 owners of the issuing local government's or school district's
16 bonds to sell or to have redeemed their bonds. The unit of
17 local government or school district may enter into contracts
18 and may agree to pay fees to persons providing such
19 arrangements, including from bond proceeds ~~providing a~~
20 ~~mechanism for remarketing bonds tendered for purchase in~~
21 ~~accordance with their terms. The term of such credit agreements~~
22 ~~or remarketing agreements shall not exceed the term of the~~
23 ~~bonds, plus any time period necessary to cure any defaults~~
24 ~~under such agreements.~~

25 The resolution of the governing board authorizing the

1 issuance of the bonds may provide that interest rates may vary
2 from time to time depending upon criteria established by the
3 governing board, which may include, without limitation, a
4 variation in interest rates as may be necessary to cause bonds
5 to be remarketable from time to time at a price equal to their
6 principal amount, and may provide for appointment of a national
7 banking association, bank, trust company, investment banker,
8 or other financial institution to serve as a remarketing agent
9 in that connection. The resolution of the governing board
10 authorizing the issuance of the bonds may provide that
11 alternative interest rates or provisions will apply during such
12 times as the bonds are held by a person providing a letter of
13 credit or other credit enhancement arrangement for those bonds.
14 ~~Without limiting the terms which may be included in any such~~
15 ~~credit agreements or remarketing agreements, the ordinance may~~
16 ~~or, if hereinafter so required, shall provide as follows:~~

17 ~~(a) Interest rates on the bonds may vary from time to time~~
18 ~~depending upon criteria established by the governing body,~~
19 ~~which may include, without limitation: (i) a variation in~~
20 ~~interest rates as may be necessary to cause bonds to be~~
21 ~~remarketed from time to time at a price equal to their~~
22 ~~principal amount plus any accrued interest; (ii) rates set by~~
23 ~~auctions; or (iii) rates set by formula.~~

24 ~~(b) A national banking association, bank, trust company,~~
25 ~~investment banker or other financial institution may be~~
26 ~~appointed to serve as a remarketing agent in that connection,~~

1 ~~and such remarketing agent may be delegated authority by the~~
2 ~~governing body to determine interest rates in accordance with~~
3 ~~criteria established by the governing body.~~

4 ~~(c) Alternative interest rates or provisions may apply~~
5 ~~during such times as the bonds are held by the person or~~
6 ~~persons (financial providers) providing a credit agreement or~~
7 ~~remarketing agreement for those bonds and during such times,~~
8 ~~the interest on the bonds may be deemed not exempt from income~~
9 ~~taxation under the Internal Revenue Code for purposes of State~~
10 ~~law, as contained in the Bond Authorization Act, relating to~~
11 ~~the permissible rate of interest to be borne thereon.~~

12 ~~(d) Fees may be paid to the financial providers, including~~
13 ~~all reasonably related costs, including therein costs of~~
14 ~~enforcement and litigation (all such fees and costs being~~
15 ~~financial provider payments) and financial provider payments~~
16 ~~may be paid, without limitation, from proceeds of the bonds~~
17 ~~being the subject of such agreements, or from bonds issued to~~
18 ~~refund such bonds, or from whatever enterprise revenues or~~
19 ~~revenue source, including taxes, pledged to the payment of such~~
20 ~~bonds, which enterprise revenues or revenue source may be~~
21 ~~increased to make such financial provider payments, and such~~
22 ~~financial provider payments shall be made subordinate to the~~
23 ~~payments on the bonds.~~

24 ~~(e) The bonds need not be held in physical form by the~~
25 ~~financial providers when providing funds to purchase or carry~~
26 ~~the bonds from others but may be represented in uncertificated~~

1 ~~form in the credit agreements or remarketing agreements.~~

2 ~~(f) The debt or obligation of the governmental unit~~
3 ~~represented by a bond tendered for purchase to or otherwise~~
4 ~~made available to the governmental unit and thereupon acquired~~
5 ~~by either such governmental unit or a financial provider shall~~
6 ~~not be deemed to be extinguished for purposes of State law~~
7 ~~until cancelled by the governmental unit or its agent.~~

8 ~~(g) The choice of law for the obligations of a financial~~
9 ~~provider may be made for any state of these United States, but~~
10 ~~the law which shall apply to the obligations of the~~
11 ~~governmental unit shall be the law of the State of Illinois,~~
12 ~~and jurisdiction to enforce such credit agreement or~~
13 ~~remarketing agreement as against the governmental unit shall be~~
14 ~~exclusively in the courts of the State of Illinois or in the~~
15 ~~applicable federal court having jurisdiction and located~~
16 ~~within the State of Illinois.~~

17 ~~(h) The governmental unit may not waive any sovereign~~
18 ~~immunities from time to time available under the laws of the~~
19 ~~State of Illinois as to jurisdiction, procedures, and remedies,~~
20 ~~but any such credit agreement and remarketing agreement shall~~
21 ~~otherwise be fully enforceable as valid and binding contracts~~
22 ~~as and to the extent provided by applicable law.~~

23 ~~(i) Such credit agreement or remarketing agreement may~~
24 ~~provide for acceleration of the principal amounts due on the~~
25 ~~bonds, provided, however, that such acceleration shall be~~
26 ~~deferred for not less than 18 months from the time any such~~

1 ~~bond is acquired pursuant to any such agreement.~~

2 (Source: P.A. 93-9, eff. 6-3-03.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.