



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB3954

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.

LRB099 07814 SXM 27949 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 (b) Subject to the transfer provisions set forth below,  
3 money in the School Infrastructure Fund shall, if and when the  
4 State of Illinois incurs any bonded indebtedness for the  
5 construction of school improvements under the School  
6 Construction Law, be set aside and used for the purpose of  
7 paying and discharging annually the principal and interest on  
8 that bonded indebtedness then due and payable, and for no other  
9 purpose.

10 In addition to other transfers to the General Obligation  
11 Bond Retirement and Interest Fund made pursuant to Section 15  
12 of the General Obligation Bond Act, upon each delivery of bonds  
13 issued for construction of school improvements under the School  
14 Construction Law, the State Comptroller shall compute and  
15 certify to the State Treasurer the total amount of principal  
16 of, interest on, and premium, if any, on such bonds during the  
17 then current and each succeeding fiscal year. ~~With respect to~~  
18 ~~the interest payable on variable rate bonds, such~~  
19 ~~certifications shall be calculated at the maximum rate of~~  
20 ~~interest that may be payable during the fiscal year, after~~  
21 ~~taking into account any credits permitted in the related~~  
22 ~~indenture or other instrument against the amount of such~~  
23 ~~interest required to be appropriated for that period.~~

24 On or before the last day of each month, the State  
25 Treasurer and State Comptroller shall transfer from the School  
26 Infrastructure Fund to the General Obligation Bond Retirement

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

17 (b-5) The money deposited into the School Infrastructure  
18 Fund from transfers pursuant to subsections (c-30) and (c-35)  
19 of Section 13 of the Riverboat Gambling Act shall be applied,  
20 without further direction, as provided in subsection (b-3) of  
21 Section 5-35 of the School Construction Law.

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

26 First - to make 3 payments to the School Technology

1 Revolving Loan Fund as follows:

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

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

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

5           Second - to pay the expenses of the State Board of  
6 Education and the Capital Development Board in administering  
7 programs under the School Construction Law, the total expenses  
8 not to exceed \$1,200,000 in any fiscal year.

9           Third - to pay any amounts due for grants for school  
10 construction projects and debt service under the School  
11 Construction Law.

12           Fourth - to pay any amounts due for grants for school  
13 maintenance projects under the School Construction Law.

14           (Source: P.A. 97-732, eff. 6-30-12; 98-18, eff. 6-7-13.)

15           Section 10. The Bond Authorization Act is amended by  
16 changing Section 7 as follows:

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

18           Sec. 7. Interest rate swaps. ~~For purposes of this Section,~~  
19 ~~terms are as defined in the Local Government Debt Reform Act.~~

20 With respect to all or part of any ~~currently outstanding or~~  
21 ~~proposed~~ issue of its bonds, a public corporation ~~governmental~~  
22 ~~unit~~ whose aggregate principal amount of bonds outstanding ~~or~~  
23 ~~proposed~~ exceeds \$10,000,000 may, without prior appropriation,  
24 enter into agreements or contracts with any necessary or

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

21 ~~(a) Payments made pursuant to a swap (the swap payments)~~  
22 ~~which are to be made by the governmental unit may be paid by~~  
23 ~~such governmental unit, without limitation, from proceeds of~~  
24 ~~the bonds, including bonds for future delivery, identified to~~  
25 ~~such swaps, or from bonds issued to refund such bonds, or from~~  
26 ~~whatever enterprise revenues or revenue source, including~~

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

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

23 ~~(c) Any such agreement or contract and the swap payments to~~  
24 ~~be made thereunder shall not be taken into account with respect~~  
25 ~~to any debt limit applicable to the public corporation~~  
26 ~~governmental unit.~~

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

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

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

23       ~~(g) Governmental units, in entering into swaps, may not~~  
24 ~~waive any sovereign immunities from time to time available~~  
25 ~~under the laws of the State of Illinois as to jurisdiction,~~  
26 ~~procedures, and remedies, but such swaps shall otherwise be~~



1 ~~fully enforceable as valid and binding contracts as and to the~~  
2 ~~extent provided herein and by other applicable law.~~

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

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

6 (30 ILCS 330/9) (from Ch. 127, par. 659)

7 Sec. 9. Conditions for Issuance and Sale of Bonds -  
8 Requirements for Bonds.

9 ~~(a) Except as otherwise provided in this subsection,~~ Bonds  
10 shall be issued and sold from time to time, in one or more  
11 series, in such amounts and at such prices as may be directed  
12 by the Governor, upon recommendation by the Director of the  
13 Governor's Office of Management and Budget. Bonds shall be in  
14 such form (either coupon, registered or book entry), in such  
15 denominations, payable within 30 ~~25~~ years from their date,  
16 subject to such terms of redemption with or without premium,  
17 bear interest payable at such times and at such fixed ~~or~~  
18 ~~variable~~ rate or rates, and be dated as shall be fixed and  
19 determined by the Director of the Governor's Office of  
20 Management and Budget in the order authorizing the issuance and  
21 sale of any series of Bonds, which order shall be approved by  
22 the Governor and is herein called a "Bond Sale Order"; provided  
23 however, that interest ~~payable at fixed or variable rates~~ shall  
24 not exceed that permitted in the Bond Authorization Act, as now

1 or hereafter amended. Bonds shall be payable at such place or  
2 places, within or without the State of Illinois, and may be  
3 made registrable as to either principal or as to both principal  
4 and interest, as shall be specified in the Bond Sale Order.  
5 Bonds may be callable or subject to purchase and retirement ~~or~~  
6 ~~tender and remarketing~~ as fixed and determined in the Bond Sale  
7 Order. Bonds, other than Bonds issued under Section 3 of this  
8 Act for the costs associated with the purchase and  
9 implementation of information technology, (i) except for  
10 refunding Bonds satisfying the requirements of Section 16 of  
11 this Act and sold during fiscal year 2009, 2010, or 2011, must  
12 be issued with principal or mandatory redemption amounts in  
13 equal amounts, with the first maturity issued occurring within  
14 the fiscal year in which the Bonds are issued or within the  
15 next succeeding fiscal year and (ii) must mature or be subject  
16 to mandatory redemption each fiscal year thereafter up to 25  
17 years, except for refunding Bonds satisfying the requirements  
18 of Section 16 of this Act and sold during fiscal year 2009,  
19 2010, or 2011 which must mature or be subject to mandatory  
20 redemption each fiscal year thereafter up to 16 years. Bonds  
21 issued under Section 3 of this Act for the costs associated  
22 with the purchase and implementation of information technology  
23 must be issued with principal or mandatory redemption amounts  
24 in equal amounts, with the first maturity issued occurring with  
25 the fiscal year in which the respective bonds are issued or  
26 with the next succeeding fiscal year, with the respective bonds

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

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

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

22 ~~In the case of any series of Bonds bearing interest at a~~  
23 ~~variable interest rate ("Variable Rate Bonds"), in lieu of~~  
24 ~~determining the rate or rates at which such series of Variable~~  
25 ~~Rate Bonds shall bear interest and the price or prices at which~~  
26 ~~such Variable Rate Bonds shall be initially sold or remarketed~~

1 ~~(in the event of purchase and subsequent resale), the Bond Sale~~  
2 ~~Order may provide that such interest rates and prices may vary~~  
3 ~~from time to time depending on criteria established in such~~  
4 ~~Bond Sale Order, which criteria may include, without~~  
5 ~~limitation, references to indices or variations in interest~~  
6 ~~rates as may, in the judgment of a remarketing agent, be~~  
7 ~~necessary to cause Variable Rate Bonds of such series to be~~  
8 ~~remarketable from time to time at a price equal to their~~  
9 ~~principal amount, and may provide for appointment of a bank,~~  
10 ~~trust company, investment bank, or other financial institution~~  
11 ~~to serve as remarketing agent in that connection. The Bond Sale~~  
12 ~~Order may provide that alternative interest rates or provisions~~  
13 ~~for establishing alternative interest rates, different~~  
14 ~~security or claim priorities, or different call or amortization~~  
15 ~~provisions will apply during such times as Variable Rate Bonds~~  
16 ~~of any series are held by a person providing credit or~~  
17 ~~liquidity enhancement arrangements for such Bonds as~~  
18 ~~authorized in subsection (b) of this Section. The Bond Sale~~  
19 ~~Order may also provide for such variable interest rates to be~~  
20 ~~established pursuant to a process generally known as an auction~~  
21 ~~rate process and may provide for appointment of one or more~~  
22 ~~financial institutions to serve as auction agents and~~  
23 ~~broker-dealers in connection with the establishment of such~~  
24 ~~interest rates and the sale and remarketing of such Bonds.~~

25 (b) (Blank). ~~In connection with the issuance of any series~~  
26 ~~of Bonds, the State may enter into arrangements to provide~~

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

16 ~~The State may, with respect to Bonds issued or anticipated~~  
17 ~~to be issued, participate in and enter into arrangements with~~  
18 ~~respect to interest rate protection or exchange agreements,~~  
19 ~~guarantees, or financial futures contracts for the purpose of~~  
20 ~~limiting, reducing, or managing interest rate exposure. The~~  
21 ~~authority granted under this paragraph, however, shall not~~  
22 ~~increase the principal amount of Bonds authorized to be issued~~  
23 ~~by law. The arrangements may be executed and delivered by the~~  
24 ~~Director of the Governor's Office of Management and Budget on~~  
25 ~~behalf of the State. Net payments for such arrangements shall~~  
26 ~~constitute interest on the Bonds and shall be paid from the~~

1 ~~General Obligation Bond Retirement and Interest Fund. The~~  
2 ~~Director of the Governor's Office of Management and Budget~~  
3 ~~shall at least annually certify to the Governor and the State~~  
4 ~~Comptroller his or her estimate of the amounts of such net~~  
5 ~~payments to be included in the calculation of interest required~~  
6 ~~to be paid by the State.~~

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

19 (d) "Build America Bonds" in this Section means Bonds  
20 authorized by Section 54AA of the Internal Revenue Code of  
21 1986, as amended ("Internal Revenue Code"), and bonds issued  
22 from time to time to refund or continue to refund "Build  
23 America Bonds".

24 (e) Notwithstanding any other provision of this Section,  
25 Qualified School Construction Bonds shall be issued and sold  
26 from time to time, in one or more series, in such amounts and

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

1 Interest Fund (or subaccount therefor) in equal amounts, with  
2 the first maturity issued, mandatory redemption payment or  
3 sinking fund payment occurring within the fiscal year in which  
4 the Qualified School Construction Bonds are issued or within  
5 the next succeeding fiscal year, with Qualified School  
6 Construction Bonds issued maturing or subject to mandatory  
7 redemption or with sinking fund payments thereof deposited each  
8 fiscal year thereafter up to 25 years. Sinking fund payments  
9 set forth in this subsection shall be permitted only to the  
10 extent authorized in Section 54F of the Internal Revenue Code  
11 or as otherwise determined by the Director of the Governor's  
12 Office of Management and Budget. "Qualified School  
13 Construction Bonds" in this subsection means Bonds authorized  
14 by Section 54F of the Internal Revenue Code and for bonds  
15 issued from time to time to refund or continue to refund such  
16 "Qualified School Construction Bonds".

17 (f) Beginning with the next issuance by the Governor's  
18 Office of Management and Budget to the Procurement Policy Board  
19 of a request for quotation for the purpose of formulating a new  
20 pool of qualified underwriting banks list, all entities  
21 responding to such a request for quotation for inclusion on  
22 that list shall provide a written report to the Governor's  
23 Office of Management and Budget and the Illinois Comptroller.  
24 The written report submitted to the Comptroller shall (i) be  
25 published on the Comptroller's Internet website and (ii) be  
26 used by the Governor's Office of Management and Budget for the



1 purposes of scoring such a request for quotation. The written  
2 report, at a minimum, shall:

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

7 (2) include, in the event of State of Illinois CDS  
8 activity, disclosure of the firm's cumulative notional  
9 volume of State of Illinois CDS trades and the firm's  
10 outstanding gross and net notional amount of State of  
11 Illinois CDS, as of the end of the current 3-month period;

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

16 (4) include, in the event of State of Illinois  
17 proprietary trades, disclosure of the firm's outstanding  
18 gross and net notional amount of proprietary State of  
19 Illinois CDS and whether the net position is short or long  
20 credit protection, as of the end of the current 3-month  
21 period;

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

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

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

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

19                (2) include, in the event of State of Illinois CDS  
20                activity, disclosure of the firm's cumulative notional  
21                volume of State of Illinois CDS trades and the firm's  
22                outstanding gross and net notional amount of State of  
23                Illinois CDS, as of the end of the current 3-month period;

24                (3) indicate, pursuant to the firm's proprietary  
25                trading activities, disclosure of whether the firm, within  
26                the past 3 months, has entered into any proprietary trades

1 for its own account in State of Illinois CDS;

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

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

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

17 (Source: P.A. 96-18, eff. 6-26-09; 96-37, eff. 7-13-09; 96-43,  
18 eff. 7-15-09; 96-828, eff. 12-2-09; 96-1497, eff. 1-14-11;  
19 96-1554, eff. 3-18-11; 97-813, eff. 7-13-12.)

20 (30 ILCS 330/14) (from Ch. 127, par. 664)

21 Sec. 14. Repayment.

22 (a) To provide for the manner of repayment of Bonds, the  
23 Governor shall include an appropriation in each annual State  
24 Budget of monies in such amount as shall be necessary and  
25 sufficient, for the period covered by such budget, to pay the

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

17 (b) A separate fund in the State Treasury called the  
18 "General Obligation Bond Retirement and Interest Fund" is  
19 hereby created.

20 (c) The General Assembly shall annually make  
21 appropriations to pay the principal of, interest on, and  
22 premium, if any, on Bonds sold under this Act from the General  
23 Obligation Bond Retirement and Interest Fund. ~~Amounts included~~  
24 ~~in such appropriations for the payment of interest on variable~~  
25 ~~rate bonds shall be the maximum amounts of interest that may be~~  
26 ~~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. Amounts included in such appropriations for  
4 the payment of interest shall include the amounts certified by  
5 the Director of the Governor's Office of Management and Budget  
6 under subsection (b) of Section 9 of this Act.~~

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

20 (d) If, because of insufficient funds in either the General  
21 Revenue Fund or the Road Fund, monies have been transferred to  
22 the General Obligation Bond Retirement and Interest Fund, as  
23 required by subsection (c) of this Section, this Act shall  
24 constitute the irrevocable and continuing authority for and  
25 direction to the State Treasurer and Comptroller to reimburse  
26 these funds of the State from the General Revenue Fund or the

1 Road Fund, as appropriate, by transferring, at such times and  
2 in such amounts, as directed by the Governor, an amount to  
3 these funds equal to that transferred from them.

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

5 (30 ILCS 330/15) (from Ch. 127, par. 665)

6 Sec. 15. Computation of Principal and Interest; transfers.

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

1 ~~Director of the Governor's Office of Management and Budget~~  
2 ~~under subsection (b) of Section 9 of this Act.~~

3 On or before the last day of each month the State Treasurer  
4 and Comptroller shall transfer from (1) the Road Fund with  
5 respect to Bonds issued under paragraph (a) of Section 4 of  
6 this Act or Bonds issued for the purpose of refunding such  
7 bonds, and from (2) the General Revenue Fund, with respect to  
8 all other Bonds issued under this Act, to the General  
9 Obligation Bond Retirement and Interest Fund an amount  
10 sufficient to pay the aggregate of the principal of, interest  
11 on, and premium, if any, on Bonds payable, by their terms on  
12 the next payment date divided by the number of full calendar  
13 months between the date of such Bonds and the first such  
14 payment date, and thereafter, divided by the number of months  
15 between each succeeding payment date after the first. Such  
16 computations and transfers shall be made for each series of  
17 Bonds issued and delivered. ~~Interest payable on variable rate~~  
18 ~~bonds shall be calculated at the maximum rate of interest that~~  
19 ~~may be payable for the relevant period, after taking into~~  
20 ~~account any credits permitted in the related indenture or other~~  
21 ~~instrument against the amount of such interest required to be~~  
22 ~~appropriated for such period pursuant to subsection (c) of~~  
23 ~~Section 14 of this Act. Computations of interest shall include~~  
24 ~~the amounts certified by the Director of the Governor's Office~~  
25 ~~of Management and Budget under subsection (b) of Section 9 of~~  
26 ~~this Act.~~ Interest for which moneys have already been deposited

1 into the capitalized interest account within the General  
2 Obligation Bond Retirement and Interest Fund shall not be  
3 included in the calculation of the amounts to be transferred  
4 under this subsection. Notwithstanding any other provision in  
5 this Section, the transfer provisions provided in this  
6 paragraph shall not apply to transfers made in fiscal year 2010  
7 or fiscal year 2011 with respect to Bonds issued in fiscal year  
8 2010 or fiscal year 2011 pursuant to Section 7.2 of this Act.  
9 In the case of transfers made in fiscal year 2010 or fiscal  
10 year 2011 with respect to the Bonds issued in fiscal year 2010  
11 or fiscal year 2011 pursuant to Section 7.2 of this Act, on or  
12 before the 15th day of the month prior to the required debt  
13 service payment, the State Treasurer and Comptroller shall  
14 transfer from the General Revenue Fund 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 the Bonds payable in that next  
18 month.

19 The transfer of monies herein and above directed is not  
20 required if monies in the General Obligation Bond Retirement  
21 and Interest Fund are more than the amount otherwise to be  
22 transferred as herein above provided, and if the Governor or  
23 his authorized representative notifies the State Treasurer and  
24 Comptroller of such fact in writing.

25 (b) After the effective date of this Act, the balance of,  
26 and monies directed to be included in the Capital Development



1 Bond Retirement and Interest Fund, Anti-Pollution Bond  
2 Retirement and Interest Fund, Transportation Bond, Series A  
3 Retirement and Interest Fund, Transportation Bond, Series B  
4 Retirement and Interest Fund, and Coal Development Bond  
5 Retirement and Interest Fund shall be transferred to and  
6 deposited in the General Obligation Bond Retirement and  
7 Interest Fund. This Fund shall be used to make debt service  
8 payments on the State's general obligation Bonds heretofore  
9 issued which are now outstanding and payable from the Funds  
10 herein listed as well as on Bonds issued under this Act.

11 (c) The unused portion of federal funds received for a  
12 capital facilities project, as authorized by Section 3 of this  
13 Act, for which monies from the Capital Development Fund have  
14 been expended shall remain in the Capital Development Board  
15 Contributory Trust Fund and shall be used for capital projects  
16 and for no other purpose, subject to appropriation and as  
17 directed by the Capital Development Board. Any federal funds  
18 received as reimbursement for the completed construction of a  
19 capital facilities project, as authorized by Section 3 of this  
20 Act, for which monies from the Capital Development Fund have  
21 been expended shall be deposited in the General Obligation Bond  
22 Retirement and Interest Fund.

23 (Source: P.A. 98-245, eff. 1-1-14.)

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

1 (50 ILCS 410/2) (from Ch. 85, par. 4302)

2 Sec. 2. For the purposes of this Act, the following terms  
3 are defined, unless the context requires otherwise: ~~terms are~~  
4 ~~as defined in the Local Government Debt Reform Act~~

5 (a) "Unit of local government" shall have the meaning  
6 ascribed to it in Article VII, Section 1 of the Illinois  
7 Constitution.

8 (b) "School district" means any public school district  
9 organized under the School Code or prior law and includes any  
10 dual or unit school district, high school district, special  
11 charter district and non-high school district. "School  
12 district" also means any community college district organized  
13 under the Public Community College Act or prior law.

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

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

19 (50 ILCS 410/3) (from Ch. 85, par. 4303)

20 Sec. 3. In connection with the issuance of its bonds and  
21 notes, a ~~governmental~~ unit of local government or school  
22 district may enter into arrangements ~~agreements~~ ~~(credit~~  
23 ~~agreements)~~ to provide additional security and ~~or~~ liquidity, ~~or~~  
24 ~~both~~, for the bonds and notes. These may include, without

1 limitation, municipal bond insurance, letters of credit, lines  
2 of credit, ~~standby bond purchase agreements, surety bonds, and~~  
3 ~~the like,~~ by which the ~~governmental~~ unit of local government or  
4 school district may borrow funds to pay or redeem ~~or purchase~~  
5 ~~and hold~~ its bonds and ~~a governmental unit may enter into~~  
6 ~~agreements for the~~ purchase or remarketing arrangements of  
7 ~~bonds (remarketing agreements)~~ for assuring the ability of  
8 owners of the issuing local government's or school district's  
9 bonds to sell or to have redeemed their bonds. The unit of  
10 local government or school district may enter into contracts  
11 and may agree to pay fees to persons providing such  
12 arrangements, including from bond proceeds ~~providing a~~  
13 ~~mechanism for remarketing bonds tendered for purchase in~~  
14 ~~accordance with their terms.~~ The term of such credit agreements  
15 ~~or remarketing agreements shall not exceed the term of the~~  
16 ~~bonds, plus any time period necessary to cure any defaults~~  
17 ~~under such agreements.~~

18 The resolution of the governing board authorizing the  
19 issuance of the bonds ~~Without limiting the terms which may be~~  
20 ~~included in any such credit agreements or remarketing~~  
21 ~~agreements, the ordinance may or, if hereinafter so required,~~  
22 ~~shall~~ provide interest as follows: (a) Interest rates that on  
23 ~~the bonds~~ may vary from time to time depending upon criteria  
24 established by the governing board body, which may include,  
25 without limitation, ~~(i)~~ a variation in interest rates as may  
26 be necessary to cause bonds to be remarketable ~~remarketed~~ from

1 time to time at a price equal to their principal amount and may  
2 provide for appointment of a ~~plus any accrued interest; (ii)~~  
3 ~~rates set by auctions; or (iii) rates set by formula. (b) A~~  
4 national banking association, bank, trust company, investment  
5 banker or other financial institution ~~may be appointed~~ to serve  
6 as a remarketing agent in that connection, ~~and such remarketing~~  
7 ~~agent may be delegated authority by the governing body to~~  
8 ~~determine interest rates in accordance with criteria~~  
9 ~~established by the governing body. The resolution of the~~  
10 governing board authorizing the issuance of the bonds may  
11 provide that alternative ~~(c) Alternative interest rates or~~  
12 provisions will ~~may~~ apply during such times as the bonds are  
13 held by a ~~the person or persons (financial providers)~~ providing  
14 a letter of credit agreement an remarketable agreement ~~credit~~  
15 ~~agreement or remarketing agreement~~ for those bonds and during  
16 such times, the interest on the bonds ~~may be deemed not exempt~~  
17 ~~from income taxation under the Internal Revenue Code for~~  
18 ~~purposes of State law, as contained in the Bond Authorization~~  
19 ~~Act, relating to the permissible rate of interest to be borne~~  
20 ~~thereon.~~

21 ~~(d) Fees may be paid to the financial providers, including~~  
22 ~~all reasonably related costs, including therein costs of~~  
23 ~~enforcement and litigation (all such fees and costs being~~  
24 ~~financial provider payments) and financial provider payments~~  
25 ~~may be paid, without limitation, from proceeds of the bonds~~  
26 ~~being the subject of such agreements, or from bonds issued to~~

1 ~~refund such bonds, or from whatever enterprise revenues or~~  
2 ~~revenue source, including taxes, pledged to the payment of such~~  
3 ~~bonds, which enterprise revenues or revenue source may be~~  
4 ~~increased to make such financial provider payments, and such~~  
5 ~~financial provider payments shall be made subordinate to the~~  
6 ~~payments on the bonds.~~

7 ~~(e) The bonds need not be held in physical form by the~~  
8 ~~financial providers when providing funds to purchase or carry~~  
9 ~~the bonds from others but may be represented in uncertificated~~  
10 ~~form in the credit agreements or remarketing agreements.~~

11 ~~(f) The debt or obligation of the governmental unit~~  
12 ~~represented by a bond tendered for purchase to or otherwise~~  
13 ~~made available to the governmental unit and thereupon acquired~~  
14 ~~by either such governmental unit or a financial provider shall~~  
15 ~~not be deemed to be extinguished for purposes of State law~~  
16 ~~until cancelled by the governmental unit or its agent.~~

17 ~~(g) The choice of law for the obligations of a financial~~  
18 ~~provider may be made for any state of these United States, but~~  
19 ~~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 such credit agreement or~~  
22 ~~remarketing agreement as against the governmental unit shall be~~  
23 ~~exclusively in the courts of the State of Illinois or in the~~  
24 ~~applicable federal court having jurisdiction and located~~  
25 ~~within the State of Illinois.~~

26 ~~(h) The governmental unit may not waive any sovereign~~

1 ~~immunities from time to time available under the laws of the~~  
2 ~~State of Illinois as to jurisdiction, procedures, and remedies,~~  
3 ~~but any such credit agreement and remarketing agreement shall~~  
4 ~~otherwise be fully enforceable as valid and binding contracts~~  
5 ~~as and to the extent provided by applicable law.~~

6 ~~(i) Such credit agreement or remarketing agreement may~~  
7 ~~provide for acceleration of the principal amounts due on the~~  
8 ~~bonds, provided, however, that such acceleration shall be~~  
9 ~~deferred for not less than 18 months from the time any such~~  
10 ~~bond is acquired pursuant to any such agreement.~~

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

12 Section 99. Effective date. This Act takes effect upon  
13 becoming law.