NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See "RATINGS"**

In the opinion of Katten Muchin Rosenman LLP and Charity & Associates, P.C., Co-Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Tax-Exempt Series C Bonds will not be includable in gross income for federal income tax purposes. The Tax-Exempt Series C Bonds are not "private activity bonds" and the interest thereon is not required to be included as an item of tax preference for purposes of computing "alternative minimum taxable income." Interest on the Taxable Series B Bonds is includable in the gross income of the owners for federal income tax purposes. Interest on the Bonds is not exempt from Illinois income taxes.

$362,745,000
STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(Sales Tax Revenue Bonds),
Junior Obligation Series of September 2021

$220,000,000 JUNIOR OBLIGATION TAXABLE SERIES B OF SEPTEMBER 2021

$142,745,000 JUNIOR OBLIGATION TAX-EXEMPT REFUNDING SERIES C OF SEPTEMBER 2021

Dated: Date of Issue **Due: As shown on the inside cover**

Two separate series of Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of September 2021 issued by the State of Illinois (the "State") are offered by this Official Statement and are collectively referred to as the "Series of September 2021 Bonds": the Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Taxable Series B of September 2021 (the "Taxable Series B Bonds"); and the Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Tax-Exempt Refunding Series C of September 2021 (the "Tax-Exempt Series C Bonds"). The Series of September 2021 Bonds are issuable only as fully registered, book-entry bonds in denominations of $5,000 or any integral multiple thereof and, when issued, will be registered under a global book-entry system in the name of Cede & Co., as nominee of The Depository Trust Company. The Series of September 2021 Bonds will bear interest at the rates shown on the inside cover of this Official Statement. Interest on the Series of September 2021 Bonds will be payable June 15 and December 15 of each year, commencing June 15, 2022. The principal of the Series of September 2021 Bonds is payable at the corporate trust office of U.S. Bank National Association, Chicago, Illinois, as trustee. Details of payment of the Series of September 2021 Bonds are described herein.

Each series of Bonds is subject to redemption prior to maturity, as further described herein.

The Taxable Series B Bonds are being used to finance various capital projects and to pay costs of issuance of the Series of September 2021 Bonds. The Tax-Exempt Series C Bonds are being issued to currently refund certain outstanding bonds and to pay costs of issuance of the Series of September 2021 Bonds.

The Series of September 2021 Bonds are direct, limited obligations of the State payable solely from the tax revenues and other moneys pledged for the benefit of the Build Illinois Bonds (Sales Tax Revenue Bonds) of the State. The Series of September 2021 Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The holders of the Series of September 2021 Bonds may not require the levy or imposition of any taxes or the application of other State revenues or funds to the payment of the Series of September 2021 Bonds except for the tax revenues and other moneys pledged to such Bonds.

The Series of September 2021 Bonds are offered when, as and if issued by the State and received by the Underwriters, subject to the approval of legality by Katten Muchin Rosenman LLP and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel, and certain other conditions. Foley & Lardner LLP, Chicago, Illinois and Charity & Associates, P.C. will act as Co-Disclosure Counsel to the State. Certain legal matters will be passed upon for the Underwriters by their counsel, Chico & Nunes, P.C., Chicago, Illinois. It is expected that the beneficial interests in the Series of September 2021 Bonds will be available for delivery through the facilities of DTC on or about September 29, 2021.

Ramirez & Co., Inc. **Loop Capital Markets**

Backstrom, McCarley Berry & Co., LLC **Bancroft Capital LLC** **Harvestons Securities, Inc.** **Stern Brothers & Co.**

Dated: September 15, 2021

$362,745,000
State of Illinois
Build Illinois Bonds
(Sales Tax Revenue Bonds),

$220,000,000 Junior Obligation Taxable Series B of September 2021
MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS

Due June 15	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2022	$11,000,000	0.463%	0.463%	100	452227 SJ1
2023	11,000,000	0.613	0.613	100	452227 SK8
2024	11,000,000	0.941	0.941	100	452227 SL6
2025	11,000,000	1.253	1.253	100	452227 SM4
2026	11,000,000	1.453	1.453	100	452227 SN2
2027	11,000,000	1.799	1.799	100	452227 SP7
2028	11,000,000	1.999	1.999	100	452227 SQ5
2029	11,000,000	2.159	2.159	100	452227 SR3
2030	11,000,000	2.259	2.259	100	452227 SS1
2031	11,000,000	2.359	2.359	100	452227 ST9
2032	11,000,000	2.509	2.509	100	452227 SU6
2033	11,000,000	2.659	2.659	100	452227 SV4
2034	11,000,000	2.789	2.789	100	452227 SW2
2035	11,000,000	2.889	2.889	100	452227 SX0
2036	11,000,000	2.989	2.989	100	452227 SY8
2037	11,000,000	3.089	3.089	100	452227 SZ5
2038	11,000,000	3.109	3.109	100	452227 TA9
2039	11,000,000	3.159	3.159	100	452227 TB7
2040	11,000,000	3.209	3.209	100	452227 TC5
2041	11,000,000	3.259	3.259	100	452227 TD3

$142,745,000 Junior Obligation Tax-Exempt Refunding Series C of September 2021
MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS

Due June 15	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2022	$12,505,000	5.00%	0.15%	103.445	452227 RW3
2023	12,500,000	5.00	0.23	108.140	452227 RX1
2024	12,500,000	5.00	0.32	112.622	452227 RY9
2025	12,500,000	5.00	0.48	116.605	452227 RZ6
2026	12,500,000	5.00	0.67	120.046	452227 SA0
2027	12,500,000	5.00	0.86	123.023	452227 SB8
2028	12,500,000	5.00	1.01	125.825	452227 SC6
2029	12,500,000	5.00	1.17	128.160	452227 SD4
2030	12,500,000	5.00	1.29	130.473	452227 SE2
2031	12,500,000	5.00	1.38	132.792	452227 SF9
2032	12,500,000	5.00	1.47	131.834[c]	452227 SG7
2033	5,240,000	4.00	1.65	121.004[c]	452227 SH5

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* Copyright 2021, American Bankers Association. CUSIP data in this Official Statement are provided by CUSIP Global Services LLC, managed on behalf of the American Bankers Association by Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the Series of September 2021 Bonds and the State does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity may be changed after the issuance of the Series of September 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series of September 2021 Bonds.

[c] Priced to first call dated June 15, 2031.

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STATE OF ILLINOIS

$362,745,000
STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(SALES TAX REVENUE BONDS),

$220,000,000 JUNIOR OBLIGATION
TAXABLE SERIES B OF SEPTEMBER 2021

$142,745,000 JUNIOR OBLIGATION
TAX-EXEMPT REFUNDING SERIES C
OF SEPTEMBER 2021

JB Pritzker
Governor

Alexis Sturm
Director of the Governor's Office of Management and Budget

Paul Chatalas
Director of Capital Markets

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No dealer, broker, salesperson, or other person has been authorized by the State of Illinois (the "State") or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the State. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series of September 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion set forth herein have been furnished by the State and include information from other sources which the State believes to be reliable. Such information and expressions of opinion are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change since the date thereof.

IN CONNECTION WITH THE OFFERING OF THE SERIES OF SEPTEMBER 2021 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES OF SEPTEMBER 2021 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES OF SEPTEMBER 2021 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References in this Official Statement to statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive, and all such references are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. This Official Statement is submitted in connection with the sale of the Series of September 2021 Bonds referred to herein and may not be reproduced or used, in whole or in part for any other purposes.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into and are not part of, this Official Statement.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE STATE FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

FORWARD-LOOKING STATEMENTS

This Official Statement contains disclosures which contain "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," or "continue." These forward-looking statements are based on the current plans and expectations of the State and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations and the State's future financial position including but not limited to changes in general economic conditions, demographic trends and federal programs which may affect the transfer of funds from the federal government to the State. As a consequence, current plans, anticipated actions and future financial positions may differ from those expressed in any forward-looking statements made by the State herein. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement.

WEBSITE INDEX

APPENDIX F—WEBSITE INDEX contains a list of the websites referenced in this Official Statement. Except as otherwise provided herein, none of the information on these websites is being incorporated by reference into this Official Statement and the links to such websites are being provided only for the convenience of those reading this Official Statement. The State takes no responsibility for any information contained on such websites unrelated to the statements made in this Official Statement or for revisions to information on such websites occurring after the date of this Official Statement. State employees or officers may from time to time make statements or post information to such websites that are constitutionally protected political speech. Such statements are not intended to constitute communication to the investor community concerning the securities or the financial condition of the State. The State disseminates and discloses certain information, including material updates to the State's bond disclosures, through EMMA (as defined herein). None of the websites listed in APPENDIX F—WEBSITE INDEX is intended to act as a substitute for the disclosure of the information regarding the State posted on EMMA, nor do these websites necessarily include all of the information regarding the State currently disclosed on EMMA. Please review the State's filings on EMMA for current information on the State's disclosures.

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SUMMARY OF TERMS OF THE SERIES OF SEPTEMBER 2021 BONDS

THIS SUMMARY IS SUBJECT IN ALL RESPECTS TO MORE COMPLETE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ITS APPENDICES, TO WHICH THIS SUMMARY IS ATTACHED THE OFFERING OF THE SERIES OF SEPTEMBER 2021 BONDS TO ANY PERSON IS MADE ONLY BY MEANS OF THE ENTIRE OFFICIAL STATEMENT, WHICH SHOULD BE REVIEWED CAREFULLY IN ITS ENTIRETY. CAPITALIZED TERMS NOT DEFINED IN THIS SUMMARY ARE DEFINED IN APPENDIX C OR ELSEWHERE IN THE OFFICIAL STATEMENT.

The Issue: Two Series	$362,745,000 Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of September 2021 (the "Series of September 2021 Bonds"), is comprised of two series: $220,000,000 Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Taxable Series B of September 2021 (the "Taxable Series B Bonds"); and $142,745,000 Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Tax-Exempt Refunding Series C of September 2021 (the "Tax-Exempt Series C Bonds"). The Series of September 2021 Bonds will be dated the date of their original issue with delivery anticipated on September 29, 2021. The Series of September 2021 Bonds of each series will mature as set forth on the inside cover of this Official Statement.
The Issuer	State of Illinois (the "State").
Build Illinois	The Build Illinois program, initiated in 1985, expands the State's overall efforts in economic development by funding State and local infrastructure, economic development, healthcare and educational facilities, and environmental projects.
Interest	Payable semi-annually on June 15 and December 15, commencing June 15, 2022. Payment of the installments of interest will be made by U.S. Bank National Association, Chicago, Illinois, as trustee, to the registered owners of the Series of September 2021 Bonds as shown on the bond register at the close of business on the 15th day next preceding the interest payment date.
Form of Bonds; Denominations; Book-Entry System	The Series of September 2021 Bonds will be issued as fully registered book-entry bonds in the denomination of $5,000 or any integral multiple of that amount. The Series of September 2021 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be held under DTC's global book-entry system.
Use of Proceeds	The Taxable Series B Bonds are being used to finance projects under the State's capital program and to pay costs of issuance. The Tax-Exempt Series C Bonds are being issued to currently refund certain outstanding bonds and to pay costs of issuance. See "THE OFFERING—APPLICATION OF BOND PROCEEDS."
Optional Redemption	Each maturity of the Taxable Series B Bonds is subject to redemption prior to maturity at the option of the State on any Business Day at the make-whole redemption price as set forth

herein. See "THE OFFERING—REDEMPTION - *Optional Redemption– Taxable Series B Bonds*".

The Taxable Series B Bonds and the Tax-Exempt Series C Bonds maturing on and after June 15, 2032, are subject to redemption prior to maturity at the option of the State on or after June 15, 2031, as a whole or in part, and if in part from such series, maturities as shall be selected by the State, in integral multiples of $5,000, at a redemption price of par, plus accrued interest to the date of redemption. See "THE OFFERING—REDEMPTION - *Optional Redemption– Tax-Exempt Series C Bonds*".

Security for the Series of September 2021 Bonds

The Series of September 2021 Bonds are designated as Junior Obligations under the Indenture, and the payment thereof is subject to the prior payment of Build Illinois Bonds (Sales Tax Revenue Bonds) of the State designated as Senior Bonds and certain other deposits required by the Indenture, as further described herein. All Bonds (as herein defined and which include both Senior Bonds and Junior Obligations) are direct limited obligations of the State, payable solely from and secured by an irrevocable, first priority lien on moneys on deposit in the Build Illinois Bond Retirement and Interest Fund, a separate fund in the State Treasury (the "Retirement and Interest Fund"), and certain other moneys and securities held by the Trustee under the provisions of the Indenture.

Moneys deposited by the State into the Retirement and Interest Fund are derived from two primary sources: (1) the "State Share of Sales Tax Revenues" (as defined in APPENDIX C) and certain tax revenues and other moneys which are required by law to be deposited into the Build Illinois Fund and subsequently transferred to the Retirement and Interest Fund (the "BIBA Revenues"), and (2) certain tax revenues and other moneys, if available, which are required by law to be transferred from the Capital Projects Fund to the Retirement and Interest Fund (the "CPF Revenues") for the payment of Bonds issued pursuant to the Capital Projects Fund Legislation described under "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—REVENUES - *Capital Projects Fund Legislation; Capital Projects Fund*." The State Share of Sales Tax Revenues and the Capital Projects Fund constitute the primary sources of moneys which are ultimately transferred to the Retirement and Interest Fund for payment of debt service on the Bonds under the Build Illinois program. See "SECURITY FOR SERIES OF SEPTEMBER 2021 BONDS."

The Taxable Series B Bonds and the Tax-Exempt Series C Bonds are payable solely from BIBA Revenues.

Revenues from Capital Projects Fund

Public Acts 96-36, 96-1554 and 98-94 collectively increased the authorization for the issuance of Bonds by $2,440,500,000 and provided that with respect to Bonds issued pursuant to such increased authorization, required transfers to the Retirement and Interest Fund are to be made, first to the extent available, from amounts in the Capital Projects Fund, and if such amounts are insufficient, from the Build Illinois Bond Account of the Build Illinois Fund. The Series of September 2021 Bonds are not being issued pursuant to such authorization and therefore will be payable only from BIBA Revenues. See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS."

Irrevocable and Continuing Appropriation

The Build Illinois Act (30 ILCS 425/1 *et seq*.) (the "Act") and the Indenture require the State to appropriate for each Fiscal Year an amount equal to the Required Bond Transfer for such Fiscal Year. The Act further provides that, in the event such appropriation is not made, the Act constitutes an irrevocable and continuing appropriation of such amount and constitutes the irrevocable and continuing authority and direction to the Treasurer of the State and the Comptroller of the State to make the necessary transfers and deposits, as directed by the Governor, and to make the payments as required by the Act. See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—PLEDGE AND STATE COVENANT."

Non-Impairment Covenants

Under the Act and the Indenture, the State irrevocably covenants and agrees with the Bondholders not to limit or alter (i) the basis on which taxes and revenues of the State are required to be collected and deposited in the Build Illinois Fund or, as the case may be, credited to and transferred from the Build Illinois Bond Account, and transferred to the Retirement and Interest Fund, (ii) the purposes of the Retirement and Interest Fund or (iii) the provisions of specified sections of the Act, and the State Finance Act related to payment of debt service so as to impair, in any of the foregoing respects, the obligations of contract incurred by the State in favor of the holders of the Bonds.

Additional Senior Bonds

The maximum Net Debt Service Requirement on all Outstanding Senior Bonds and any proposed additional Senior Bonds may not exceed five percent of the State Share of Sales Tax Revenues for the then most recently completed Fiscal Year. As of the date of issuance of any Series of Senior Bonds, the State Share of Sales Tax Revenues for the then most recently completed Fiscal Year must provide not less than 20 times the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and for such Series. See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—ISSUANCE OF ADDITIONAL BONDS."

Additional Junior Obligations

The greatest amount in any Fiscal Year of the aggregate of the Net Debt Service Requirement on all Outstanding Senior Bonds and the Junior Annual Debt Service on all Outstanding Junior Obligations and any proposed additional Junior Obligations may not exceed 9.8 percent of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year. As of the date of issuance of any series of Junior Obligations, the State Share of Sales Tax Revenues for the most recently completed Fiscal Year must provide not less than 10.2 times the greatest amount in any Fiscal Year of the aggregate of the Net Debt Service Requirement for all Outstanding Senior Bonds, the Junior Annual Debt Service on all Outstanding Junior Obligations and for such additional Series of Junior Obligations.

See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—ISSUANCE OF ADDITIONAL JUNIOR OBLIGATIONS."

No Debt Service Reserve Fund

The Indenture creates a Debt Service Reserve Fund for the benefit of the Senior Bonds. The Series of September 2021 Bonds are not secured by or payable from amounts on deposit in the Debt Service Reserve Fund.

Tax Treatment of Interest

Interest on the Taxable Series B Bonds is includible in gross income of the owners thereof for federal income tax purposes.

In the opinions of Katten Muchin Rosenman LLP and Charity & Associates, P.C., Chicago, Illinois ("Co-Bond Counsel"), under present law, interest on the Tax-Exempt Series C Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax.

Interest on the Series of September 2021 Bonds is not exempt from present State of Illinois income taxes. See "TAX TREATMENT" for a more complete discussion.

Ratings

S&P Global Ratings has assigned a rating of "BBB+" with a Stable Outlook to the Series of September 2021 Bonds; Fitch Ratings, Inc. has assigned a rating of "BBB+" with a Positive Outlook to the Series of September 2021 Bonds; and Kroll Bond Rating Agency, Inc. has assigned a rating of "AA+" with a Stable Outlook to the Series of September 2021 Bonds. See "RATINGS."

Miscellaneous

Additional information regarding the Series of September 2021 Bonds and this Official Statement is available by contacting the Governor's Office of Management and Budget, 100 W. Randolph Street, Suite 15-100, Chicago, Illinois 60601; telephone: (312)-814-0023.

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APPENDICES

$362,745,000
STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(SALES TAX REVENUE BONDS),

$220,000,000 JUNIOR OBLIGATION TAXABLE SERIES B OF SEPTEMBER 2021	**$142,745,000 JUNIOR OBLIGATION TAX-EXEMPT REFUNDING SERIES C OF SEPTEMBER 2021**

INTRODUCTION

This Official Statement (which includes the appendices) provides certain information in connection with the issuance by the State of Illinois (the "State") of its Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of September 2021 (the "Series of September 2021 Bonds") in the aggregate principal amount of $362,745,000. The Series of September 2021 Bonds are comprised of two series: the Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Taxable Series B of September 2021 (the "Taxable Series B Bonds") in the aggregate principal amount of $220,000,000 and the Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Tax-Exempt Refunding Series C of September 2021 (the "Tax-Exempt Series C Bonds") in the aggregate principal amount of $142,745,000. The State is issuing the Series of September 2021 Bonds pursuant to the Build Illinois Act (30 ILCS 425/1 *et seq.*) (the "Act"), and pursuant to the Master Trust Indenture entered into by and between the State and U.S. Bank National Association, Chicago, Illinois as successor trustee (the "Trustee"), dated as of September 15, 1985, as amended and supplemented to date (the "Master Indenture"), and the Sixtieth Supplemental Indenture, dated as of September 1, 2021, by and between the State and the Trustee with respect to the Taxable Series B Bonds (the "Sixtieth Supplemental Indenture"); and the Sixty-First Supplemental Indenture, dated as of September 1, 2021, by and between the State and the Trustee with respect to the Tax-Exempt Series C Bonds (the "Sixty-First Supplemental Indenture"). The Master Indenture, Sixtieth Supplemental Indenture and the Sixty-First Supplemental Indenture, are herein collectively called the "Indenture." The Series of September 2021 Bonds are authorized by the Act and the Indenture to be issued by the State for the Build Illinois program.

The Series of September 2021 Bonds and all additional bonds previously and hereafter issued pursuant to the Act and the Indenture and designated as Junior Obligations under the Indenture are herein called "Junior Obligations." All Senior Bonds, all Junior Obligations and all additional bonds and other obligations previously and hereafter issued pursuant to the Act and the Indenture are herein called "Bonds." After the issuance of the Series of September 2021 Bonds and the refunding of the Refunded Bonds (as defined herein), $827,510,000 of Senior Bonds and $1,418,945,000 of Junior Obligations are outstanding. For additional information on outstanding Bonds, see APPENDIX D - OUTSTANDING BONDS -- BUILD ILLINOIS BONDS (SALES TAX REVENUE BONDS).

The Indenture constitutes a contract between the State and the holders of all Bonds. Certain 1985 amendments to "An Act in relation to State Finance", approved June 10, 1919, as amended (the "Finance Act"), and to the laws imposing the State's Sales Taxes (the "Sales Tax Acts") relating to the payment of and security for the Bonds are also included in the Act. All references to the Act and the Indenture are qualified in their entirety by reference to the complete texts thereof, copies of which are available from the State. All references to the Series of September 2021 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto contained in the Indenture.

Certain capitalized terms used in this Official Statement and the Indenture are defined in APPENDIX C - CERTAIN DEFINITIONS and unless otherwise indicated shall have the respective meanings set forth therein.

THE STATE

The State is formally organized according to executive, legislative and judicial functions. The Governor is the chief executive of the State and is generally responsible for the administration of the Executive Branch of the State other than the offices of other constitutionally-elected officials. The other constitutionally elected officials of the Executive Branch include the Lieutenant Governor, the Attorney General, the Secretary of State, the Illinois

State Comptroller (the "Comptroller") and the Illinois State Treasurer (the "Treasurer"). The Auditor General, Frank J. Mautino, is a constitutional officer appointed for a term of 10 years, effective January 1, 2016, and was confirmed by a three-fifths vote of both houses of the General Assembly.

The Illinois Constitution provides that all elected officials of the Executive Branch hold office for four-year terms. The State's current elected constitutional officials are Governor JB Pritzker, Lieutenant Governor Juliana Stratton, Attorney General Kwame Raoul, Secretary of State Jesse White, Comptroller Susana A. Mendoza and Treasurer Michael W. Frerichs. An election for these offices will be held at the general election on November 8, 2022.

The Comptroller is responsible for the maintenance of the State's fiscal accounting records. The Comptroller provides accounting control over the cash on hand in a specific fund or funds for which the Treasurer is accountable, control over the issuance of warrants for payments of agencies' expenditures and control to ensure that State payments do not exceed legal appropriations and available fund balances. The Treasurer is also responsible for ensuring that investment of State funds complies with the Deposit of State Moneys Act (15 ILCS 520) (the "Deposit Act") and the Public Funds Investment Act (30 ILCS 235).

The legislative power of the State is vested in the General Assembly, which is composed of 59 Senators and 118 members of the House of Representatives. Both the Senate and the House of Representatives meet in annual sessions to enact, amend or repeal laws and to adopt appropriation bills. Pursuant to Illinois law, the election of one-third of the members of the Senate and all members of the House of Representatives was held on November 3, 2020. Members of the House of Representatives were elected to serve two-year terms, while members of the Senate were elected to serve two-year or four-year terms as set forth in the Illinois Constitution. An election for all members of the Senate and the House of Representatives will be held at the general election on November 8, 2022.

The Judicial Branch is composed of the Supreme Court, the Appellate Courts and the Circuit Courts. Pursuant to Illinois law, judicial elections were held on November 3, 2020.

BUILD ILLINOIS

The Build Illinois program, created by the Act in 1985, expands the State's overall efforts in economic development through the funding of projects within the following categories: construction, reconstruction, modernization, and extension of the State's infrastructure, fostering economic development and increased employment and the well-being of the citizens of Illinois; development and improvement of educational, scientific, technical and vocational programs and facilities and expansion of health and human services in the State and protection, preservation, restoration, and conservation of the State's environmental and natural resources.

The current authorization level for Build Illinois Bonds is $9,484,681,100. The table below shows the statutory authorization for all Bonds (other than refunding Bonds). This table does not include the Series of September 2021 Bonds.

BUILD ILLINOIS BONDS AUTHORIZATION
(AS OF SEPTEMBER 15, 2021)

PURPOSE OF BONDS	AMOUNT AUTHORIZED[1]	AMOUNT ISSUED	AUTHORIZED UNISSUED
Public Infrastructure	$4,372,761,200	$3,121,451,998	$1,251,309,202
Economic Development	2,122,970,300	901,666,801	1,221,303,499
Education	2,711,076,600	1,934,185,417	776,891,183
Environmental Protection	277,873,000	224,533,975	53,339,025
Total	$9,484,681,100	$6,181,838,191	$3,302,842,909

Source: Governor's Office of Management and Budget
[1]As authorized under the Build Illinois Bond Act, 30 ILCS 425/1 et seq.

In addition to the $9,484,681,100 of Bonds authorized under the Act for project financing, an unlimited amount of Bonds may be issued for the purpose of refunding or advance refunding any Bonds previously issued under the Act.

Although the Act places certain restrictions on the issuance of Bonds, Public Act 101-0030 (the "Rebuild Illinois Capital Financing Program Act of 2019"), which amended the Act, excluded refunding bonds from the requirement for level annual principal payments and the requirement that at least 25% of bonds issued within a fiscal year be sold pursuant to notice of sale and public bid. The requirement that at least 25% of bonds issued within a fiscal year must be sold pursuant to notice of sale and public bid and the requirement that bonds must be issued with principal or mandatory redemption amounts in equal amounts with the first maturity issued occurring within the fiscal year in which the bonds are issued or within the next succeeding fiscal year continue to apply to bonds issued for non-refunding purposes. The Act also requires the Governor's Office of Management and Budget (the "GOMB") to comply with the Business Enterprise for Minorities, Females, and Persons with Disabilities Act (30 ILCS 575/1, *et seq*.) with respect to procuring services for the issuance of Bonds.

The Act further provides that no refunding Bonds may be offered for sale unless the net present value savings to be achieved by the issuance of the refunding Bonds is three percent or more of the principal amount of the refunding Bonds to be issued.

For other limitations on the issuance of additional Bonds, including refunding Bonds, see "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—ISSUANCE OF ADDITIONAL SENIOR BONDS," "—ISSUANCE OF ADDITIONAL JUNIOR OBLIGATIONS," AND "—ADDITIONAL LIMITATIONS ON ISSUANCE OF ADDITIONAL BONDS."

The State is authorized to use unexpended Bond proceeds to redeem (in accordance with the redemption provisions for the Series of September 2021 Bonds), purchase, advance refund, or defease outstanding Bonds.

THE OFFERING

Description of the Series of September 2021 Bonds

The Series of September 2021 Bonds will be dated the date of their original issue and will bear interest from their date payable as described below semiannually on June 15 and December 15 of each year, commencing June 15, 2022, at the rates per annum as set forth on the inside of the front cover of this Official Statement. Interest on the Series of September 2021 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Purchases of the Series of September 2021 Bonds will be made in denominations of $5,000 principal amount or any integral multiple thereof, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series of September 2021 Bonds. Principal of, premium, if any, and interest on the Series of September 2021 Bonds will be paid by the Trustee, as bond registrar and paying agent for the Series of September 2021 Bonds (the "Trustee"), to

DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Series of September 2021 Bonds. See APPENDIX G - GLOBAL BOOK-ENTRY SYSTEM.

Redemption

Optional Redemption of Taxable Series B Bonds at Par

The Taxable Series B Bonds maturing on or after June 15, 2032, are subject to redemption prior to maturity at the option of the State, on any Business Day on or after June 15, 2031, as a whole or in part and if in part, from such maturities as shall be selected by the State, less than all of a single maturity to be selected on a pro-rata basis as described under “Redemption Procedure for the Taxable Series B Bonds”, at a Redemption Price equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption.

Optional Redemption of Taxable Series B Bonds at Make Whole Redemption Price

Prior to June 15, 2031, each maturity of the Taxable Series B Bonds is subject to redemption prior to maturity at the option of the State, on any Business Day, as a whole or in part, on a pro-rata basis as described under “Redemption Procedure for the Taxable Series B Bonds”, in such principal amounts as may be designated by the State, at the “Make-Whole Redemption Price,” as described below, plus interest accrued thereon, if any, to the date fixed for redemption.

The “Make-Whole Redemption Price” is the greater of (i) 100% of the principal amount of the Taxable Series B Bonds to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Taxable Series B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Taxable Series B Bonds are to be redeemed, discounted to the date on which the Taxable Series B Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the “Treasury Rate” defined below, plus fifteen basis points.

“Treasury Rate” means, with respect to any redemption date for any particular Taxable Series B Bonds, the yield to maturity as of such redemption date of the United States Treasury securities (excluding inflation indexed securities) with a constant maturity most nearly equal to the period from the redemption date to the maturity date of such Taxable Series B Bonds; as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market data; however, if the period from the redemption date to such maturity date is less than one year, then the weekly average yield on actually traded United States Treasury securities with a constant maturity of one year will be used.

Any Make-Whole Redemption Price of Taxable Series B Bonds to be redeemed will be determined by an independent accounting firm, investment banking firm or municipal advisor retained by the State to calculate such redemption price. The State and the Trustee may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or municipal advisor and will not be liable for such reliance.

Optional Redemption of Tax-Exempt Series C Bonds

The Tax-Exempt Series C Bonds maturing on or after June 15, 2032, are subject to redemption prior to maturity at the option of the State on any date on or after June 15, 2031, in whole or in part, and if in part, from such maturities as shall be selected by the State, less than all of the Tax-Exempt Series C Bonds of a single maturity to be selected by lot as described under “--*Redemption Procedure for Tax-Exempt Series C Bonds*” below, in integral multiples of $5,000, at a redemption price equal to 100% of the principal amount of the Tax-Exempt Series C Bonds to be redeemed, plus accrued and unpaid interest to the date fixed for redemption.

Redemption Procedure for Taxable Series B Bonds

The Taxable Series B Bonds will be redeemed only in the principal amount of $5,000 and integral multiples thereof. While the Taxable Series B Bonds are registered in the Book-Entry Only System and so long as DTC or a successor securities depository is the sole registered owner of the Taxable Series B Bonds, if less than all of the Taxable Series B Bonds of a maturity are to be redeemed prior to maturity, the selection for redemption of such Taxable Series B Bonds will be made in accordance with the operational arrangements of DTC or such successor securities depository then in effect. See APPENDIX G—GLOBAL BOOK-ENTRY SYSTEM.

In the case of any partial pro-rata redemption of any Taxable Series B Bonds of the same maturity, the Trustee will direct DTC to provide for such redemption on a pro-rata pass through distribution of principal basis in accordance with DTC procedures and operational arrangements then in effect and if DTC procedures and operational arrangements do not allow for such pro-rata redemption, then the Trustee will direct DTC to provide for redemption by lot.

Notice of any redemption of Taxable Series B Bonds will be sent by certified or first-class mail not less than 30 nor more than 45 days prior to the date fixed for redemption to the registered owner of each Taxable Series B Bond (or portion thereof) to be redeemed at the address shown on the registration books of the State maintained by the Trustee, or at such other address as is furnished in writing by such registered owner to the Trustee.

Failure to give the notice of redemption required above as to any Taxable Series B Bond, or any defect therein as to any Taxable Series B Bond, will not affect the validity of the proceedings for the redemption of any other Taxable Series B Bond. Any notice given as described above shall be conclusively presumed to have been given whether or not actually received by the appropriate addressee.

With respect to an optional redemption of any Taxable Series B Bonds, such notice may, at the option of the State, provide that said redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for redemption of moneys sufficient to pay the applicable redemption price. If such moneys are not so received by the redemption date, such redemption notice will be of no force and effect, the State will not redeem such Taxable Series B Bonds, the applicable redemption price will not be due and payable, and the Trustee will give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Taxable Series B Bonds will not be redeemed. Unless the notice of redemption is made conditional as described above, on or prior to any redemption date, the Treasurer shall provide for deposit with the Trustee of an amount of money sufficient to pay the redemption price of all the Taxable Series B Bonds or portions of Taxable Series B Bonds which are to be redeemed on that date.

When notice of redemption has been given and the redemption price has been deposited with the Trustee as hereinabove provided, the Taxable Series B Bonds or portions of Taxable Series B Bonds so to be redeemed shall on the date fixed for redemption become due and payable at the redemption price therein specified, and from and after such date, provided that funds are on deposit therefor, such Taxable Series B Bonds or portions of Taxable Series B Bonds shall cease to bear interest.

Redemption Procedure for Tax-Exempt Series C Bonds

The Tax-Exempt Series C Bonds will be redeemed only in the principal amount of $5,000 and integral multiples thereof. While the Tax-Exempt Series C Bonds are registered in the Book-Entry Only System and so long as DTC or a successor securities depository is the sole registered owner of the Tax-Exempt Series C Bonds, if less than all of the Tax-Exempt Series C Bonds of a maturity are to be redeemed prior to maturity, the selection for redemption of such Tax-Exempt Series C Bonds will be made in accordance with the operational arrangements of DTC or such successor securities depository then in effect. See APPENDIX G—GLOBAL BOOK-ENTRY SYSTEM.

Notice of any redemption of Tax-Exempt Series C Bonds will be sent by certified or first-class mail not less than 30 nor more than 45 days prior to the date fixed for redemption to the registered owner of each Tax-Exempt Series C Bond (or portion thereof) to be redeemed at the address shown on the registration books of the State maintained by the Trustee, or at such other address as is furnished in writing by such registered owner to the Trustee.

Failure to give the notice of redemption required above as to any Tax-Exempt Series C Bond, or any defect therein as to any Tax-Exempt Series C Bond, will not affect the validity of the proceedings for the redemption of any other Tax-Exempt Series C Bond. Any notice given as described above shall be conclusively presumed to have been given whether or not actually received by the appropriate addressee. With respect to an optional redemption of any Tax-Exempt Series C Bonds, such notice may, at the option of the State, provide that said redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for redemption of moneys sufficient to pay the applicable redemption price. If such moneys are not so received by the redemption date, such redemption notice will be of no force and effect, the State will not redeem such Tax-Exempt Series C Bonds, the applicable redemption price will not be due and payable, and the Trustee will give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Tax-Exempt Series C Bonds will not be redeemed. Unless the notice of redemption is made conditional as described above, on or prior to any redemption date, the Treasurer shall provide for deposit with the Trustee of an amount of money sufficient to pay the redemption price of all the Tax-Exempt Series C Bonds or portions of Tax-Exempt Series C Bonds which are to be redeemed on that date.

When notice of redemption has been given and the redemption price has been deposited with the Trustee as hereinabove provided, the Tax-Exempt Series C Bonds or portions of Tax-Exempt Series C Bonds so to be redeemed shall on the date fixed for redemption become due and payable at the redemption price therein specified, and from and after such date, provided that funds are on deposit therefor, such Tax-Exempt Series C Bonds or portions of Tax-Exempt Series C Bonds shall cease to bear interest.

Application of Bond Proceeds

Financing of Capital Expenditures. Pursuant to the Act, the portion of the proceeds from the sale of Taxable Series B Bonds that is allocated to finance projects and to pay a portion of the costs of issuance of such Bonds will be deposited in the Build Illinois Bond Fund, a separate fund in the State Treasury. Investment income on the Build Illinois Bond Fund shall be deposited in the State's General Revenue Fund.

Refunding. The proceeds of the Tax-Exempt Series C Bonds (aside from the portion of the proceeds thereof used to fund the costs of issuance of the Tax-Exempt Series C Bonds) will be used to refund all or a portion of certain maturities of outstanding Bonds. Table J-1 in APPENDIX J sets forth the series designation, maturity date, interest rate, principal amount and CUSIP number for each maturity of bonds to be refunded with proceeds of the Tax-Exempt Series C Bonds (collectively, the "Refunded Bonds"). All of the Refunded Bonds will be redeemed on October 18, 2021 (the "Redemption Date") at a redemption price of par plus accrued interest to the Redemption Date (the "Redemption Price").

In order to provide for the refunding of the Refunded Bonds, certain proceeds of the Bonds will be deposited into an escrow account (the "Escrow Account") created pursuant to an Escrow Agreement (the "Escrow Agreement"), between the State and U.S. Bank National Association, as escrow agent (the "Escrow Agent"). The amounts in the Escrow Account will be held in cash by the Escrow Agent, and will be sufficient (i) to pay when due the interest on the Refunded Bonds to their Redemption Date, and (ii) to redeem the Refunded Bonds on the Redemption Date at the Redemption Price.

All moneys deposited for the payment of the Refunded Bonds, including interest thereon, are required to be applied solely and irrevocably to the payment of the Refunded Bonds. None of such moneys will serve as security or be available for the payment of the principal of, premium, if any, and interest on the Bonds.

The Escrow Agent will have no claim against or lien on such moneys for any fees or expenses incurred by the Escrow Agent under the Escrow Agreement.

As provided in the Bond Act, following the deposit of the moneys into the Escrow Account, the liability of the State upon the Refunded Bonds will continue, but the holders of the Refunded Bonds are entitled to payment only out of the moneys on deposit in the Escrow Account.

The accuracy of the mathematical computations regarding the adequacy of moneys in the Escrow Account to pay the debt service on the Refunded Bonds will be verified by Robert Thomas CPA, LLC. Such verification shall be based upon information supplied by the Underwriters.

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The State estimates that the proceeds of the sale of the Series of September 2021 Bonds will be applied approximately as set forth below:

Sources:	Taxable Series B Bonds Amounts	Tax-Exempt Series C Bonds Amounts	Total
Principal Amount Issued	$220,000,000.00	$142,745,000.00	$362,745,000.00
Net Premium		30,221,406.85	30,221,406.85
Debt Service Funds on Hand		7,898,437.50	7,898,437.50
Debt Service Reserve Funds Release		10,282,118.40	10,282,118.40
Total Sources	$220,000,000.00	$191,146,962.75	$411,146,962.75
Uses:			
Project Costs	$218,907,716.92	-	$218,907,716.92
Escrow Deposit		190,425,520.83	190,425,520.83
Underwriters' Discount	864,207.90	543,751.70	1,407,959.60
Costs of Issuance	228,075.18	177,690.22	405,765.40
Total Uses	$220,000,000.00	$191,146,962.75	$411,146,962.75

SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS

The Bonds, including the Series of September 2021 Bonds, are direct, limited obligations of the State payable solely from and secured by an irrevocable, first priority pledge of and lien on moneys on deposit in the Build Illinois Bond Retirement and Interest Fund, a separate fund in the State Treasury (the "Retirement and Interest Fund"), and certain other moneys and securities held by the Trustee under the Indenture.

Pledge and State Covenant

The Act and the Indenture require the State to appropriate for each Fiscal Year an amount equal to the Required Bond Transfer (as defined below under "—Retirement and Interest Fund") for such Fiscal Year. The Act further provides that, in the event such appropriation is not made, the Act constitutes an irrevocable and continuing appropriation of such Required Bond Transfer and constitutes the irrevocable and continuing authority and direction to the Treasurer and Comptroller to make the necessary transfers and deposits, as directed by the Governor, and to make the payments as required by the Act.

Under the Act and the Indenture, the State irrevocably covenants and agrees with the Bondholders not to limit or alter (i) the basis on which taxes and revenues of the State are required to be collected and deposited in the Build Illinois Fund or, as the case may be, credited to and transferred from the Build Illinois Bond Account, and transferred to the Retirement and Interest Fund, (ii) the purposes of the Retirement and Interest Fund or (iii) the provisions of specified sections of the Act and the State Finance Act relating to the payment of the principal of and interest on the Bonds, so as to impair, in any of the foregoing respects, the obligations of contract incurred by the State in favor of the holders of the Bonds.

Sources of Payment

Moneys deposited by the State into the Retirement and Interest Fund are derived from two primary sources. The State has pledged to the payment of the Bonds, the State Share of Sales Tax Revenues which by law are required to be deposited into the Build Illinois Fund for the purposes of making the monthly transfers to the Retirement and Interest Fund as required by the Act. Also, certain tax revenues and moneys, to the extent available, are required by law to be deposited into the Capital Projects Fund for the purposes of making transfers to, and payments from, the Retirement and Interest Fund for the payments of the CPF Authorization Bonds, issued pursuant to the Capital Projects Fund Legislation described below under "—REVENUES - *Capital Projects Fund Legislation; Capital Projects Fund*." The BIBA Authorization Bonds, such as the Taxable Series B Bonds and the Tax-Exempt Series C Bonds, are not payable from amounts transferred from the Capital Projects Fund, but are payable only from the State Share of Sales

Tax Revenues deposited into the Build Illinois Fund and subsequently transferred to the Retirement and Interest Fund (the "BIBA Revenues").

The Bonds are secured by moneys on deposit in the Retirement and Interest Fund and moneys on deposit in the funds and accounts maintained under the Indenture to secure the Bonds. The Series of September 2021 Bonds are designated as Junior Obligations under the Indenture. Funds transferred to the Trustee from the Retirement and Interest Fund are required by the Indenture to be deposited first, to pay debt service on Senior Bonds, second, to pay Program Expenses, third, to remedy any deficiencies in the Debt Service Reserve Fund maintained for the benefit of the Senior Bonds and then to pay debt service on Junior Obligations (including the Series of September 2021 Bonds). The Junior Obligations are further secured by a security interest in the Junior Obligation Debt Service Fund, including the moneys, securities and funds held therein. Finally, both Senior Bonds and Junior Obligations are secured by moneys in the General Reserve Account as more completely described in APPENDIX I—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - "Use of Funds." Also see "—INDENTURE FLOW OF FUNDS" under this caption.

The State's Sales Tax revenues constitute one of the primary sources of payment of debt service on the Bonds, including the Series of September 2021 Bonds. As described below under "—REVENUES - *Sales Tax*," 20 percent of the Sales Tax receipts collected under the Sales Tax Acts is distributed to local governments and certain State funds and the remaining 80 percent of such receipts as collected are subject to a first and prior claim and charge in support of the Bonds until each monthly transfer to the Retirement and Interest Fund has been made as required by the Act. The "State Share of Sales Tax Revenues" includes only the State's 80 percent portion of total collected Sales Tax Revenues. The State Share of Sales Tax Revenues aggregated $9,421 million for Fiscal Year 2019, $9,199 million in Fiscal Year 2020 and $10,401 million in Fiscal Year 2021.

The Act and the Indenture require that, on a monthly basis, an amount of State Share of Sales Tax Revenues, equal to the greater of (a) 1/12 of 150 percent of an amount equal to the aggregate of the Aggregate Debt Service on Senior Bonds, Junior Annual Debt Service on Junior Obligations plus amounts required to be deposited into the funds and accounts established by the Indenture, less amounts representing capitalized interest (the "Certified Annual Debt Service Requirement") or (b) the Tax Act Amount (as hereinafter defined) (but in any Fiscal Year not in excess of the greater of the Certified Annual Debt Service Requirement or the Tax Act Amount), be transferred to the Trustee for deposit into the Revenue Fund established by the Indenture. In addition, amounts are transferred from the Capital Projects Fund to the Retirement and Interest Fund to pay debt service on the CPF Authorization Bonds. See "—INDENTURE FLOW OF FUNDS" below for a discussion of the flow of funds from the Revenue Fund under the Indenture

Revenues

Sales Tax. The Sales Tax revenues ("Sales Tax" or "Sales Taxes") consist of the receipts from four separate taxes imposed and collected by the State in connection with retail sales of certain tangible personal property and the transfer of tangible personal property incident to a sale of service. The four taxes are (i) the Retailer's Occupation Tax imposed on persons engaged in the business of selling tangible personal property at retail within the State (this tax is the primary source of Sales Tax revenues); (ii) the Use Tax imposed on the privilege of using tangible personal property in the State; (iii) the Service Occupation Tax imposed on the cost of tangible personal property sold as an incident to service by persons engaged in the business of selling services in the State; and (iv) the Service Use Tax imposed on the privilege of using tangible personal property acquired incidental to a purchase of services. Only one of the four Sales Taxes listed above is imposed on each transaction subject to taxation. The Sales Tax is currently imposed (with certain exceptions) on the gross receipts from the retail sale or the cost price of tangible personal property transferred by the service person and is collected by the seller from the purchaser, except that use taxes imposed on out-of-State purchases may be remitted directly to the State by purchasers. Sales Tax payments are collected by the Illinois Department of Revenue.

The Sales Tax Acts currently impose Sales Taxes at a unified State and local rate of 6.25 percent, consisting of a 5.0 percent State rate portion (representing 80 percent of collections) and a 1.25 percent local rate portion (representing 20 percent of collections). Only the State Share of Sales Tax Revenues is included in the Revenues subject to a first and prior claim and charge for the payment of the Bonds.

Capital Projects Fund Legislation; Capital Projects Fund. In July 2009, legislation was enacted establishing a $31 billion capital plan to be funded from a combination of State bonds and federal, State and local funds; the legislation also established the Capital Projects Fund as a separate fund in the State Treasury (the "Capital Projects Fund Legislation"). As part of this program, State funding is to be to provided either on a pay-as-you-go basis, from federal sources or from the bonded portion of a $31 billion, multi-year capital program. The following revenue sources were designated to support the bonded portion of the program: an increase in motor vehicles fees and fines; an increase in the rate of taxation on sales of candy and grooming products from 1.00 percent to the general merchandise rate of 6.25 percent; expansion of the definition of soft drink so beverages that were not previously considered soft drinks are now also taxed at the rate of 6.25 percent; an increase in taxes on wine, spirits and certain beer products; license fees for video gaming terminals; a tax on net income earned from video gaming; and changes in the operations of the Illinois Lottery designed to generate additional net income to the State.

The Capital Projects Fund Legislation provided that portions of the funds generated by the revenue sources described in the preceding paragraph be deposited in the Capital Projects Fund and used for the payment of debt service on bonds issued for capital projects, which includes the CPF Authorization Bonds as well as the State's General Obligation Bonds authorized to be paid from amounts in the Capital Projects Fund. The Capital Projects Fund Legislation requires $245,178,200 to be transferred annually from the Capital Projects Fund to the General Revenue Fund and the remainder, if any, may be used, subject to appropriation, for capital projects. All tax revenues and other moneys required by law to be deposited in the Capital Projects Fund (including the portion of the Sales Taxes from the sale of candy and grooming products, and soft drinks that had been taxed at a rate of 1.00% prior to September 1, 2009 but that is now taxed at 6.25 percent) shall be paid therein upon receipt. Public Acts 96-36, 96-1554 and 98-94 collectively increased the authorization for the issuance of Bonds by $2,440,500,000 and provided that with respect to all $2.4 billion of Bonds issued pursuant to such increased authorization, required transfers to the Retirement and Interest Fund are to be made to the extent available, first from amounts in the Capital Projects Fund, and if such amounts are insufficient, from BIBA Revenues as described below under "—BUILD ILLINOIS FUND." **The Series of September 2021 Bonds are payable solely from BIBA Revenues.**

Other Revenues. Amounts equal to 20 percent of the receipts from the 6.25 percent Use Tax and Service Use Tax and 100 percent of the receipts from a 1.00 percent local Use Tax and Service Use Tax on food and drugs are deposited monthly into the State and Local Sales Tax Reform Fund (the "Reform Fund") in the State Treasury.

For Fiscal Years 2019, 2020 and 2021, $543.0 million, $586.0 million, and $823.2 million respectively, was deposited in the Reform Fund. Moneys in the Reform Fund are expended or transferred for various State and local governmental purposes in specified percentages or amounts, including monthly transfers to the Build Illinois Fund that may be transferred to the Retirement and Interest Fund. The specified monthly transfers from the Reform Fund to the Build Illinois Fund (the "Reform Fund Amounts") began in Fiscal Year 1994 and continue through Fiscal Year 2025 at $3.15 million.

The Reform Fund Amounts are collectively referred to herein as "Other Revenues." There is no assurance that any of these Other Revenues will be available to pay debt service on the Bonds.

State Share of Sales Tax Revenues

The following table shows the historical State Share of Sales Tax Revenues received by the State for each of the Fiscal Years ended June 30, 2015 through 2021 and the approximate transfers of those Sales Taxes to the Build Illinois Fund and the Retirement and Interest Fund. Also shown are transfers from the Capital Projects Fund to the Retirement and Interest Fund to support the payment of debt service on the CPF Authorization Bonds.

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STATE SHARE OF SALES TAX REVENUES[1]
FISCAL YEAR 2015 - 2021
(IN MILLIONS)

Fiscal Year	(A) State Share Sales Tax Revenues[2]	Transfers from Sales Tax Revenues and Capital Projects Fund to Retirement and Interest Fund[3]	(B) Certified Annual Debt Service[4]	(A/B) Debt Service Coverage Levels (x)[5]	Capital Projects Fund to Retirement and Interest Fund
2015	$8,497.0	$460.7	$370.0	$23.0	$138.4
2016	8,556.7	461.9	353.7	24.2	136.8
2017	8,523.7	460.0	328.9	25.9	136.1
2018	8,736.9	478.8	323.0	27.0	146.8
2019	9,420.6	512.3	319.0	29.5	154.4
2020	9,199.0	504.2	298.2	30.8	154.2
2021	10,400.6	546.1	258.9	40.2	150.7

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget.

1 State Share of Sales Tax Revenues are revenues from the State portion of the Sales Tax, which represents a tax imposed at a rate of 5%.

2 These figures do not include Automobile Renting Tax.

3 This represents the greater of (i) 3.8% of the State Share of Sales Tax Revenues or (ii) Certified Annual Debt Service, plus debt service paid from the Capital Projects Fund for CPF Authorization Bonds, distributed to the Build Illinois Bond Retirement and Interest Fund. If the Capital Projects Fund is insufficient, then the State Share of Sales Tax Revenues will make up for any deficiencies.

4 Certified Annual Debt Service numbers include total annual debt service on junior and senior lien Build Illinois bonds, as well as money set aside annually for Build Illinois program expenses. In Fiscal Year 2021, $200,000 was set aside for program expenses. Money allocated to program expenses is not necessarily fully spent within the Fiscal Year.

5 These debt service coverage levels reflect the amount of Net State Share of Sales Tax Revenues, for any given Fiscal Year, divided by the actual debt service for both Senior Bonds and Junior Obligations for that Fiscal Year. These figures are not necessarily representative of the coverage levels required to issue additional bonds.

The following table shows the historical Sales Tax revenues each month for the Fiscal Years ended June 30, 2015 through June 30, 2021.

Monthly State Share of Sales Tax Revenues
Fiscal Year 2015-2021
(in millions)

Month	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
July	$ 737	$ 734	$ 750	$ 780	$ $771	$ 831	$ $839
August	697	729	741	739	792	819	827
September	720	727	735	735	773	780	803
October	740	743	712	708	786	792	834
November	686	687	663	723	830	832	802
December	802	787	837	801	866	898	947
January	710	714	769	759	825	821	864
February	607	603	560	624	632	683	730
March	634	675	614	655	723	744	829
April	712	692	661	714	769	618	937
May	709	694	732	716	828	638	958
June	743	773	751	782	827	742	1,031
Year Total	**$ 8,497**	**$ 8,557**	**$ 8,524**	**$ 8,737**	**$ 9,421**	**$ 9,199**	**$ 10,401**

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget
Note: Totals might not sum due to rounding.

Build Illinois Fund

The Act creates the Build Illinois Fund which is a separate fund in the State Treasury. Pursuant to the Act and the Indenture, all tax revenues and other moneys required by law to be deposited in the Build Illinois Fund shall be paid therein upon receipt. The "Build Illinois Bond Account" is an account within the Build Illinois Fund. Moneys credited to the Build Illinois Bond Account are required to be transferred monthly to the Retirement and Interest Fund as described below. Moneys remaining credited to the Build Illinois Bond Account at the end of any month, after all required transfers have been made to the Retirement and Interest Fund, are required to be transferred to other funds of the State in accordance with the Act.

Pursuant to the Act and the Indenture, an amount not to exceed the "Annual Specified Amount" shall be credited to the Build Illinois Bond Account for any such Fiscal Year. The Annual Specified Amount is the greater of (i) an amount equal to 3.8 percent of the State Share of Sales Tax Revenues (the "Tax Act Amount") or (ii) the Certified Annual Debt Service Requirement (the "Transfer Amount"). On a monthly basis, the greater of the Tax Act Amount or 1/12 of 150 percent of the Transfer Amount shall be deposited in the Build Illinois Bond Account. This effectively requires that at least 1/8 of 100 percent of the Transfer Amount be deposited each month so that the entire Transfer Amount is deposited during the first eight months in any Fiscal Year. Pursuant to the Act and the Indenture, when additional Bonds are issued during any Fiscal Year, the Transfer Amount for such Fiscal Year shall be adjusted to reflect the issuance of such Bonds.

In addition to the greater of the (i) Tax Act Amount or (ii) the Transfer Amount, the Capital Projects Fund Legislation requires that transfers be made from the Capital Projects Fund to the Retirement and Interest Fund, for the payment of debt service on the CPF Authorization Bonds. The Comptroller's current procedure is to calculate the Transfer Amount by netting out debt service on the CPF Authorization Bonds and allocating available amounts in the Capital Projects Fund for payment of debt service for all CPF Authorization Bonds. Funds from the Capital Projects Fund are transferred directly into the Retirement and Interest Fund. This transfer, combined with those required by the Act and the Indenture, may result in the overfunding of the Retirement and Interest Fund and, subsequently, the Revenue Fund. Under the terms of the Indenture, to the extent that such overfunding occurs, the amount so overfunded is released back to the State after all debt service on both Senior Bonds and Junior Obligations for the year is paid and all funds within the Indenture are fully funded. See "—GENERAL RESERVE FUND."

Retirement and Interest Fund

The Retirement and Interest Fund is a separate fund in the State Treasury. The Act and the Indenture provide that the Bonds are secured by an irrevocable, first priority pledge of and lien on moneys on deposit in the Retirement and Interest Fund.

In each Fiscal Year, the amount transferred to the Retirement and Interest Fund (the "Required Bond Transfer") is equal to the Annual Specified Amount described above. On a monthly basis, the Act and Indenture provide that on the last day of each month a transfer shall be made from the Build Illinois Fund to the Retirement and Interest Fund in an amount equal to the greater of (a) 1/12th of 150 percent of the Certified Annual Debt Service Requirement (the Transfer Amount described above) or (b) the Tax Act Amount deposited in the Build Illinois Bond Account during such month, plus any cumulative deficiency in such transfers and payments for prior months; *provided* that all of such transfers and payments for any such Fiscal Year shall not exceed the greater of (a) the Certified Annual Debt Service Requirement or (b) the Tax Act Amount. Transferring 1/12 of 150 percent effectively requires transferring at least 1/8 of 100 percent of the Transfer Amount each month so that the required amount is deposited during the first eight months of each Fiscal Year.

The Act provides that for each Fiscal Year, the State shall make an annual appropriation of an amount equal to the Required Bond Transfer. The Act further provides that it shall constitute an irrevocable and continuing appropriation of an amount equal to the Required Bond Transfer if for any reason the General Assembly fails to make such appropriation for any Fiscal Year. For the Fiscal Years 2021 and 2022 the General Assembly appropriated $545 million and $574 million. A continuing appropriation will be established if necessary to equal the Required Bond Transfer. Appropriation amounts are based on estimates of the Required Bond Transfer amount, which contemplates existing and anticipated issuances (including any refunding transactions, if planned), as well as an analysis of the Tax Act Amount. The actual amount of appropriation may vary from estimates.

On the last day of each month, the Act and the Indenture require a transfer from the Build Illinois Fund to the Retirement and Interest Fund in the amounts described above. For CPF Authorization Bonds, moneys to pay debt service will be transferred to the Retirement and Interest Fund first from amounts in the Capital Projects Fund, to the extent available, and next from transfers from the Build Illinois Fund to the Retirement and Interest Fund. Further, the Act and Indenture require the State Treasurer and the Comptroller to make monthly payments from the Retirement and Interest Fund on the last day of each month to the Trustee for deposit in the Revenue Fund. The Trustee will receive notice as to the allocation of such monthly payments between BIBA Revenues and CPF Revenues. Finally, under the Indenture, on the first day of each month, the Trustee is required to apply the amount held in the Revenue Fund as described below under the caption "—INDENTURE FLOW OF FUNDS."

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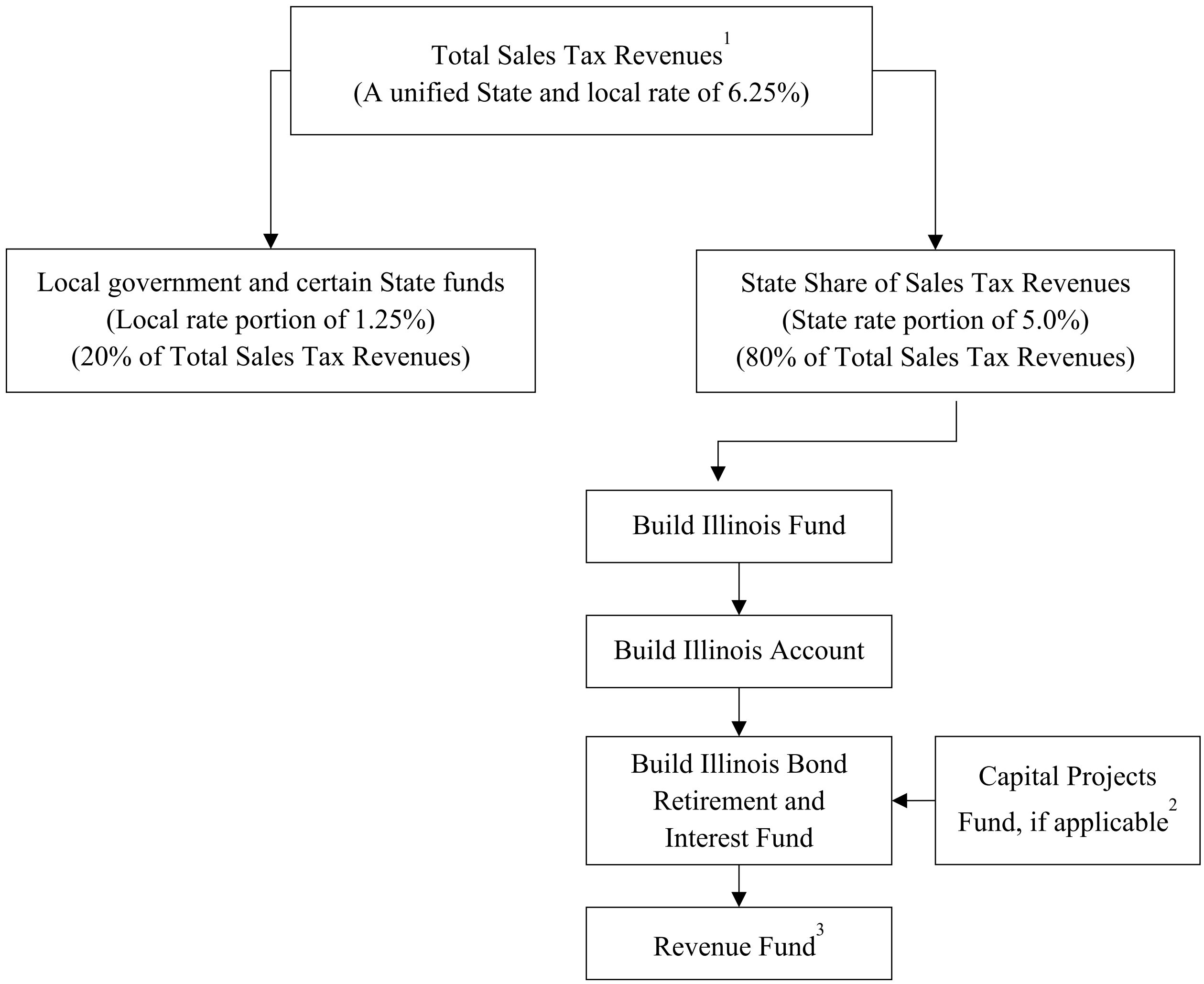
The chart below describes the Revenues available for payment of debt service on the Bonds. The Build Illinois Fund, the Build Illinois Bond Retirement and Interest Fund and the Capital Projects Fund are held in the State Treasury as separate funds pursuant to statute. The Build Illinois Account is an account within the Build Illinois Fund. The Revenue Fund is held by the Trustee.



1 Excluding the incremental portion of the Sales Taxes from the sale of candy, grooming products, and soft drinks currently taxed at 6.25%, as increased from the pre-September 1, 2009 rate of 1.00% which incremental portion is deposited into the Capital Projects Fund for the payment of the CPF Authorization Bonds, but not the BIBA Authorization Bonds such as the Series of September 2021 Bonds. See "—REVENUES - *Capital Projects Fund Legislation; Capital Projects Fund*." Also excluded are receipts from sales of sorbents, which are deposited into the Clean Air Act Permit Fund and 96 million which is deposited annually into the State Crime Laboratory Fund.

2 For payment of the CPF Authorization Bonds, which are issued pursuant to P.A. 96-36, 96-1554, and 98-94 The Capital Projects Fund is the first source of transfers to the Retirement and Interest Fund for these CPF Authorization Bonds, before money is transferred from the Build Illinois Account.

3 The Revenue Fund is held by the Trustee. The Trustee receives allocations from the State describing which Revenues are BIBA Revenues and which Revenues are CPF Revenues.

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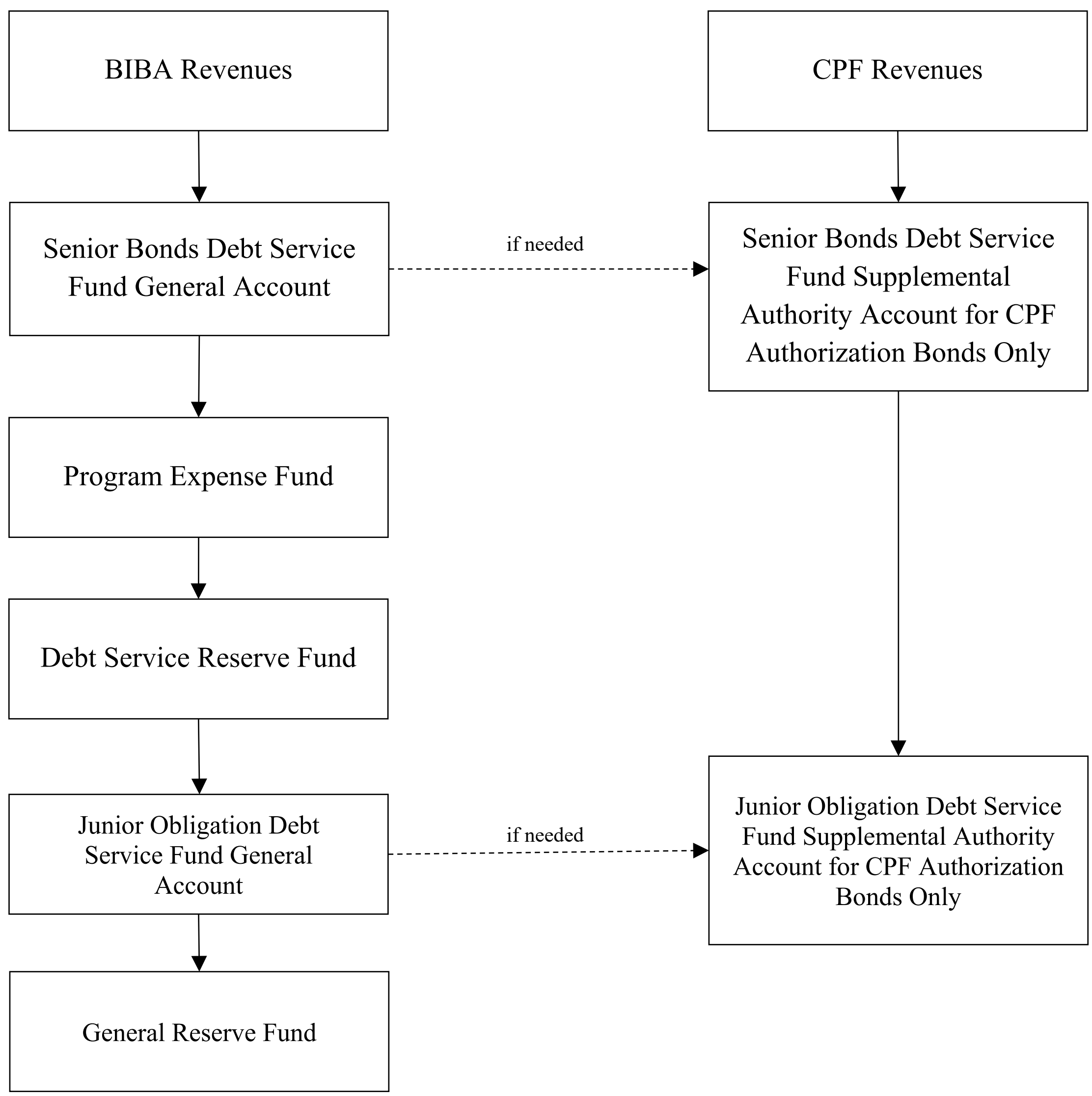
Indenture Flow of Funds

As described in APPENDIX I - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Disbursements from the Revenue Fund," the Trustee is required to transfer the BIBA Revenues and the CPF Revenues to the funds and accounts shown below at the times and the amounts described under such caption.



The Indenture creates a Revenue Fund, a Senior Bonds Debt Service Fund (comprised of a General Account and a Supplemental Authority Account), a Program Expense Fund, a Debt Service Reserve Fund, a Junior Obligation Debt Service Fund (comprised of a General Account and a Supplemental Authority Account) and a General Reserve Fund and provides that on the first day of each month the Trustee shall deposit BIBA Revenues and CPF Revenues received from the Retirement and Interest Fund and shall promptly apply such moneys as follows:

First, (i) from the CPF Revenues, to the Supplemental Authority Account of the Senior Bonds Debt Service Fund, an amount equal to the monthly requirement for debt service on the Senior Bonds that are CPF Authorization Bonds; and (ii) from the BIBA Revenues, to the General Account of the Senior Bonds Debt Service Fund, an amount equal to the monthly requirement for debt service on the Senior Bonds that are BIBA Authorization Bonds and, if needed, for debt service on the Senior Bonds that are CPF Authorization Bonds;

Second, to the Program Expense Fund, an amount, if any, required for Program Expenses;

Third, to the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in the Debt Service Reserve Fund so that it equals the Debt Service Reserve Fund Requirement with respect to the Senior Bonds;

Fourth, (i) from the CPF Revenues, to the Supplemental Authority Account of the Junior Obligation Debt Service Fund, an amount equal to the monthly amount required by any Supplemental Indentures or other instruments authorizing Junior Obligations to pay debt service on the Junior Obligations that are CPF Authorization Bonds; and (ii) from the BIBA Revenues, to the General Account of the Junior Obligation Debt Service Fund, an amount equal to the monthly amount to pay debt service required by the Supplemental Indentures or other instruments authorizing Junior Obligations that are BIBA Authorization Bonds and, if needed, for such debt service on the Junior Obligations that are CPF Authorization Bonds; and

Fifth, to the General Reserve Fund, the balance remaining.

Program Expense Fund

The Program Expense Fund is established for the payment of expenses related to the Bonds payable by the State, including the fees and charges of the Trustee, certain other costs associated with administration of the Bonds, and, if any, costs of credit or liquidity enhancement arrangements, fees of indexing and remarketing agents and costs of arrangements to limit interest rate risk (the "Program Expenses"). In Fiscal Year 2021, these expenses paid from this fund totaled $53,100 in part due to periodic arbitrage calculation fees. For Fiscal Year 2022 expenses are expected to be approximately $57,000.

Debt Service Reserve Fund

The Debt Service Reserve Fund is established for the benefit of Senior Bonds and amounts therein are **not** available to pay principal of and interest on the Series of September 2021 Bonds. As of the date of issuance of the Series of September 2021 Bonds, the Debt Service Reserve Fund is fully funded with respect to all previously issued and outstanding Senior Bonds.

General Reserve Fund

Amounts in the General Reserve Fund shall be used as described in APPENDIX I - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Use of Funds. The State has reserved the right, during the period from June 15 to June 30 of each fiscal year, to transfer all or any part of the moneys in the General Reserve Fund to the State for any lawful purpose, under the circumstances described in such section of APPENDIX I.

Issuance of Additional Senior Bonds

The Indenture permits the issuance of additional Senior Bonds, bearing interest at a fixed or variable rate, which would rank equally and ratably with the Outstanding Senior Bonds. Additional Senior Bonds may be issued for the purpose of financing projects provided that the following conditions, among others, are met:

(1) The maximum Net Debt Service Requirement on all Outstanding Senior Bonds and proposed additional Senior Bonds for the current or any future Fiscal Year does not exceed five percent of the State Share of Sales Tax Revenues for the most recently completed Fiscal Year; and

(2) The Director shall certify that the Debt Service Reserve Fund Requirement, calculated immediately after the issuance of such additional Senior Bonds, will be met within 24 months after the date of such issuance.

Additional Senior Bonds may be issued for the purpose of refunding Outstanding Senior Bonds provided that, among others, the following conditions are met:

(1) Either (a) the maximum Net Debt Service Requirement on all Outstanding Senior Bonds and proposed additional Senior Bonds for the current or any future Fiscal Year does not exceed five percent of the State Share of Sales Tax Revenues for the most recently completed Fiscal Year; or (b) maximum Aggregate Debt Service for the then current or any future Fiscal Year will not increase as a result of such issuance; and

(2) The Director shall certify that the Debt Service Reserve Requirement will be met within 24 months after the date of such issuance.

The limitations set forth in (1) above effectively require that on the date of issuance of any Series of Senior Bonds (other than refunding Bonds that do not increase Aggregate Debt Service in any Fiscal Year), the State Share of Sales Tax Revenues for the then most recently completed Fiscal Year must provide not less than 20 times coverage of the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and for such Series.

Issuance of Additional Junior Obligations

The Indenture permits the issuance of additional Junior Obligations, which would rank equally and ratably with the Series of September 2021 Bonds and the Outstanding Junior Obligations. Junior Obligations may be issued for the purpose of financing projects if the greatest amount of the aggregate of the Net Debt Service Requirement on all Outstanding Senior Bonds and the Junior Annual Debt Service on all Outstanding Junior Obligations and the proposed additional Junior Obligations, for the then current or any future Fiscal Year, will not exceed 9.8 percent of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year.

Additional Junior Obligations may be issued for the purpose of refunding Outstanding Senior Bonds and Junior Obligations if either (1) the greatest amount of the aggregate of the Net Debt Service Requirement on all Outstanding Senior Bonds and the Junior Annual Debt Service on all Outstanding Junior Obligations and the proposed additional Junior Obligations, for the then current Fiscal Year or any future Fiscal Year, will not exceed 9.8 percent of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year, or (2) the greatest amount of the aggregate of the Net Debt Service Requirement on all Outstanding Senior Bonds and the Junior Annual Debt Service for all Outstanding Junior Obligations and the Junior Obligations proposed to be issued, for the then current Fiscal Year or any future Fiscal Year, will not increase as a result of the issuance of such additional Series.

The limitations set forth above effectively require that, on the date of issuance of any Series of Junior Obligations (other than refunding Bonds), the State Share of Sales Tax Revenues for the then most recently completed Fiscal Year must provide not less than 10.2 times coverage of the greatest amount in any Fiscal Year of the aggregate of the Net Debt Service Requirement for all Outstanding Senior Bonds and the Junior Annual Debt Service on all Outstanding Junior Obligations and for such Series.

The Indenture also permits the issuance of bonds and other obligations that are subordinated to Outstanding Senior Bonds and Outstanding Junior Obligations.

Additional Limitations on Issuance of Additional Bonds

The Illinois Constitution, the Act and the Finance Act include certain additional limitations on the issuance of additional Bonds. As a result of the passage of the Rebuild Illinois Capital Financing Program Act of 2019, the requirements for refunding Bonds and non-refunding Bonds continue to be different. Bonds may be sold from time to time pursuant to notice of sale and public bid or by negotiated sale in such amounts and at such times as is directed by the Governor, upon recommendation by the Director of GOMB. At least 25%, based on total principal amount, of all Bonds issued each fiscal year shall be sold pursuant to notice of sale and public bid. At all times during each fiscal year, no more than 75%, based on total principal amount, of the Bonds issued each fiscal year, shall have been sold by negotiated sale. Refunding Bonds are not subject to these requirements. Further, with the exception of fiscal year 2022, the maturities of the refunding Bonds cannot extend beyond the maturities of Bonds they refund, so that for each fiscal year in the maturity schedule of a particular issue of refunding Bonds, the total amount of refunding principal maturing and redemption amounts due in that fiscal year and all prior fiscal years in that schedule shall be greater than or equal to the total amount of the refunded principal and redemption amounts that had been due over that year and all prior fiscal years prior to the refunding.

Future Financings

The State continues to implement its multi-year, $45 billion capital plan announced in 2019. Such capital plan may be financed through a variety of methods including the issuance of General Obligation Bonds and Build Illinois Bonds, the use of pay-as-you-go funding from State funds, the use of federal funds and the use of matching funds. The State will continue to issue bonds to finance capital expenditures at such times and in such amounts as shall be determined by its capital investment program and subject to market conditions.

The State also periodically reviews its existing debt and has authorization to enter into refunding transactions from time to time as dictated by economic conditions. The State evaluates its short-term cash needs from time to time and, based on such evaluations, may seek to issue additional short-term general obligation debt due within one year from its date of issuance.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series of September 2021 Bonds is subject to a variety of risks. Each prospective investor in the Series of September 2021 Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the investment considerations described below which, among others, could affect the payment of the principal of and interest on the Series of September 2021 Bonds and therefore result in a repayment risk for investors, and could also affect the liquidity and/or market value of the Series of September 2021 Bonds after they are issued. The considerations described below are not all of the investment considerations associated with the purchase and ownership of the Series of September 2021 Bonds. The inclusion or omission of investment considerations from this section, and the order of presentation, do not necessarily reflect the relative importance of the various considerations.

Investment Considerations Relating to the Financial Condition of The State

Budget Deficit

Prior to the outbreak of the COVID-19 pandemic, the State projected that, without changes to the trajectory of the State's finances, assuming baseline revenue growth under existing law and assuming no significant new revenues or new spending reforms or controls, the State would have structural deficits in the General Funds Budget in future Fiscal Years beginning with Fiscal Year 2022. See APPENDIX F—WEBSITE INDEX. The Income Tax Amendment (as defined herein), which, along with Public Act 101-8 ("P.A. 101-8"), would have provided substantial additional revenues to the State if adopted, was rejected by the State's electors at the general election held on November 3, 2020. Given the rejection of the Income Tax Amendment, the State will need to reduce expenditures, adjust revenue collections or approve a combination of revenue adjustments and reductions in expenditures. For Fiscal Year 2022, the budget deficit was addressed through several factors, including several changes to corporate income tax deductions, overall minimal increases for state agency appropriations, and improved economic outlook. As a result, the State currently estimates a $88 million surplus. See APPENDIX F herein for a link to the State's budget. The State provides no assurances as to how, when or in what form any structural deficit might be addressed.

Impact of COVID-19

The COVID-19 pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global economies, including economic conditions in the United States. The impact of the COVID-19 pandemic on the U.S. economy has been broad based and is expected to have significant continued negative impacts on national, state and local economies. Various governmental measures have been taken to protect the public health in light of the pandemic. Federal and state dollars have been directed to help support individuals, businesses and communities most impacted by the pandemic.

Illinois' economic performance during the pandemic has largely tracked with the rest of the nation, although every state has handled its response to COVID-19 differently. Similar to the nation as a whole, the recession's impact on Illinois' economy has been uneven across different industries and is influenced in part by the ability to work from home.

GOMB prepares reports for the Legislative Budget Oversight Commission containing information regarding revenue and expenditures, statutory transfers, grants awarded from certain federal relief related to the COVID-19 pandemic, and necessary budget management actions taken by the Office of the Governor, the Governor's Office of Management and Budget, or any state agency. These reports also contain information about the expenditure of federal financial relief by State and local governments related to the COVID-19 pandemic. See APPENDIX F—WEBSITE INDEX herein for a link to such reports.

Bill Payment Delays

The State currently holds a balance of unpaid bills. The Comptroller's estimate of the amount of unpaid bills on hold at the Comptroller's office and at the state agencies as of June 30, 2021 was approximately $4.0 billion. The Comptroller's estimates of the amount of unpaid bills as of November 8, 2017 (the largest amount of unpaid bills the State has had outstanding at any time) and as of June 30, 2020, were $16.7 billion and $6.2 billion, respectively. The Comptroller estimates that $1.97 billion of the unpaid bills held by the Comptroller on June 30, 2021 constituted transfers owed to other State funds in the State Treasury and $947 million reflected bills in processing at the State's agencies and not yet sent to the Comptroller. A backlog of bills held by the Comptroller and the State agencies could occur if unbalanced budgets are enacted in the future or other measures are not taken to pay down the balance of outstanding unpaid bills.

Severe Underfunding of the State's Retirement Systems

The State's retirement systems are severely underfunded. The funding levels for the State's retirement systems are among the lowest in the nation with respect to state pension plans. The State's contributions to the retirement systems, while in conformity with State law, have been less than the contributions necessary to fully fund the retirement systems as calculated by the actuaries for the retirement systems. The unfunded actuarial accrued liability of the State's retirement systems (the amount by which the aggregate actuarial accrued liability exceeds the aggregate value of its assets) at the end of Fiscal Year 2020 totaled approximately $144 billion on a fair value basis and approximately $141 billion on an actuarial basis, resulting in funded ratios (the ratio of the value of assets to the actuarial accrued liability, expressed as a percentage) that equaled 39.0% on a fair value basis and 40.4% on an actuarial basis. The State is required to make contributions to the retirement systems pursuant to the Pension Code at the level percentage of payroll necessary to reach a Funded Rate of 90% by the end of Fiscal Year 2045. As such, the State's contribution to the retirement systems is projected to increase in future years. Such increased pension contributions may require the State to reduce other expenditures, adjust revenue collections or approve a combination of revenue adjustments and reductions in other expenditures. See APPENDIX E—PENSION AND OTHER POST-EMPLOYMENT BENEFITS—"SOURCE INFORMATION," "ACTUARIAL ASSUMPTIONS," "HISTORY OF CONTRIBUTIONS TO THE RETIREMENT SYSTEMS," "FUNDED STATUS" and "PROJECTION OF CONTRIBUTIONS AND FUNDED STATUS."

Impact of Current and Future Health Care Reform Efforts Unpredictable; Future of Affordable Care Act Uncertain

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "ACA"), provides for federal funding to states that choose to expand Medicaid. Under the ACA, the federal government paid 95% of the costs of such Medicaid expansion for calendar year 2017, 94% for calendar year 2018, 93% for calendar year 2019, paid 90% for calendar year 2020 and will pay 90% in calendar year 2021 and subsequent years. The State participates in expanded Medicaid under the ACA pursuant to legislation enacted by the General Assembly in 2013 (the "Medicaid Expansion Legislation"). With respect to liability for the Fiscal Year ended June 30, 2020, the State received approximately $3.0 billion from the federal government and, with respect to the liability for the Fiscal Year ended June 30, 2021, the State received approximately $3.7 billion from the federal government for the base costs of its Medicaid expansion.

The ACA has continually faced legal and legislative challenges, including repeated repeal efforts, since its enactment. To date, no repeal bills have passed both chambers of Congress. On June 17, 2021, the U.S. Supreme Court upheld the constitutionality of the ACA after a legal attempt by 18 states to repeal it. In the future, if the provisions of the ACA providing for federal funding of Medicaid expansion are repealed or the ACA is invalidated, the State would either need to provide additional funds to cover the costs of the Medicaid expansion previously funded by the federal government or discontinue the provision of the expanded Medicaid benefits. Further, under the Medicaid Expansion Legislation, if the amount of funds provided by the federal government with respect to the Medicaid expansion declines below 90% of the cost of the Medicaid expansion, the State would no longer participate in the Medicaid expansion under existing statutes. The State makes no prediction as to the likelihood of (i) the passage of any repeal bills or other health care reform bills, or the contents thereof, or (ii) any future decisions by the U.S. Supreme Court to invalidate the ACA.

Ratings

The Series of September 2021 Bonds have been rated by Kroll ("Kroll"), S&P Global Ratings ("S&P") and Fitch Ratings Inc. ("Fitch"). There is no assurance that such ratings will be maintained for any given period of time or that any rating will not be lowered or withdrawn entirely. Any revision, modification or withdrawal of any such ratings could have a material adverse effect on the availability of a market for the Series of September 2021 Bonds or the prices at which the Series of September 2021 Bonds may be resold. See "RATINGS."

Delays in Exercising Remedies

The rights and remedies of the Bondholders may be limited by and are subject to equitable principles that may affect the enforcement of creditors' rights and liens securing such rights, the police powers of the State and its political subdivisions, the exercise of judicial discretion in appropriate cases and limitations on legal remedies against the State. The opinions of Co-Bond Counsel to be delivered with respect to the Series of September 2021 Bonds will be similarly qualified. Because of delays inherent in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in the ability of the Bondholders to pursue remedies may result in delays in payment of the Series of September 2021 Bonds.

The State is not authorized to file for bankruptcy protection under current federal bankruptcy law. Furthermore, there are federal Constitutional issues which raise doubt about the legality of any legislation of the United States Congress that would purport to permit the State to adjust its debts in a proceeding under federal bankruptcy law.

Changes in Economic and Demographic Conditions

The Fiscal Year 2022 Budget is based on expectations and assumptions of the State that are subject to a number of known and unknown risks and uncertainties, many of which are beyond the State's control. These include, among others, general economic conditions, demographic trends, natural disasters, pandemic, the effects of climate change (including, but not limited to, flooding, blizzards, drought and lakefront erosion), terrorism, U.S. trade policy and reductions in or elimination of federal programs which may adversely affect the transfer of funds from the federal government to the State. In addition, U.S. trade policy may have an effect on the manufacturing and agricultural segments of the State's economy. See APPENDIX A—CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS—"PART III: ECONOMIC DATA" herein. Accordingly, the expectations and assumptions of the State upon which the Fiscal Year 2022 Budget is based may not be realized and the State's financial condition could be further materially adversely affected.

Forward-Looking Statements

This Official Statement contains disclosures which contain "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," or "continue." These forward-looking statements are based on the current plans and expectations of the State and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations and the State's future financial position including but not limited to changes in general economic conditions, demographic trends and federal programs which may affect the transfer of funds from the federal government to the State. As a consequence, current plans, anticipated actions and future financial positions may differ from those expressed in any forward-looking statements made by the State herein. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement.

No Secondary Market

There can be no assurances that a secondary market for the Series of September 2021 Bonds will be established, maintained or functioning. Accordingly, each purchaser should expect to bear the risk of the investment represented by the Series of September 2021 Bonds to maturity.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the State. Despite the implementation of network security measures by the State, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the State does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the State's operations and financial health. Further, as cybersecurity threats continue to evolve, the State may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

On April 29, 2021, Illinois Attorney General Kwame Raoul announced that, in accordance with State statute, the Office of the Attorney General was notifying the public of a ransomware attack that had compromised the Office's network. While the extent of the information compromised was under review, the Attorney General's Office launched a toll-free hotline and provided additional information to the public via its website. The Office also launched an immediate investigation and maintained close contact with federal law enforcement and external technology experts to determine which network components have been compromised. Following the ransomware attack, the Office continued regular operations to the extent possible while efforts to rebuild the network were underway.

On May 5, 2021, Attorney General Raoul testified at an Illinois House committee hearing regarding the ransomware attack and indicated that since the attack, the Office of Attorney General had implemented new safeguards and multiple layers of security, application-level security and monitoring, network authentication requirements and additional firewalls. In addition, Attorney General Raoul testified that the Office of the Attorney General had implemented continuous vulnerability scanning and intrusion detection and response protocols for the Office's network. As of the date hereof, the Office's network is active and the Office of Attorney General continues regular operations, but can make no assurance that similar forms of cyber threats or ransomware attacks will not occur in the future.

Economic Factors May Adversely Affect the Amount of Sales Tax Revenues or the Value of the Series of September 2021 Bonds in the Secondary Market

Due to the character of the taxes that comprise the Revenues, the amount of Revenues collected by the State will be subject to various economic factors. The amount of Sales Tax revenues is dependent upon the level of sales of certain tangible personal property and the transfer of tangible personal property incident to a sale of service. See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—REVENUES" for a description of such taxes. Therefore, changes in local, national and international economic conditions, the rates of employment and economic growth, the availability of consumer credit and the level of consumer spending, and the level of residential and commercial development, among other things, will directly affect the amount of Revenues. Future Sales Tax receipts may fluctuate from historical levels and affect the level of debt service coverage provided by the Revenues for the Series of September 2021 Bonds. Adverse changes in economic conditions, demographic characteristics, population or commercial and industrial activity would negatively impact such debt service coverage.

The State is experiencing a gap between the State's general funds revenues and spending demands. See "—INVESTMENT CONSIDERATION RELATING TO THE FINANCIAL CONDITION OF THE STATE." The State will likely have to increase revenues or implement cuts in spending or some combination thereof to have a general funds budgetary balance. As a result of these decisions, residents or businesses may choose to relocate to other states. A drop in population would have an adverse impact on the amount of Sales Tax revenues.

Sales and Use Tax Not Collected on Certain Sales Over the Internet Adversely Affects Sales Tax Revenues

The future level of sales and use tax collections within the State may be adversely affected by the level of internet sales (also known as ecommerce). Like most states with a sales tax, Illinois enacted a marketplace facilitator sales tax collection law after a June 2018, United States Supreme Court decision, *South Dakota v. Wayfair, Inc.*, which overruled prior court decisions which held that a state cannot require an out-of-state seller with no physical presence in the state to collect and remit sales taxes on goods the seller ships to consumers in the state, and determined that the physical presence rule, of such prior court decisions, is unsound and incorrect.

On October 1, 2018, legislation went into effect that includes a "marketplace fairness" provision providing that a vendor is considered a "retailer maintaining a place of business" in the State if it makes sales of tangible personal property to buyers in the State, from outside of the State and have cumulative gross receipts from sales of such property of $100,000 or more, or has 200 or more separate transactions for the sale of tangible personal property to Illinois buyers. The determination is made quarterly by looking 12 months back from the last day of March, June, September or December. If the criteria is met, the retailer must collect and remit sales tax for one year. At the end of that year, if the criteria continues to be met, collection continues. The Illinois Department of Revenue ("IDOR") recently issued updated sales tax rules and guidance for remote sellers and marketplace facilitators. The updated rules and guidance reflect changes made by the 2019 "Leveling the Playing Field for Illinois Retail Act" that became effective on January 1, 2021 (Public Act 101-0031 and Public Act 101-0604).

Legally, consumers who are Illinois residents owe use tax to the State regardless of whether the retailer is obligated to collect use tax. However, administrative enforcement directly against consumers to collect use tax is extremely burdensome and does not result in satisfactory levels of compliance. Ecommerce vendors compete with local retail businesses and, in the future, the level of ecommerce could reduce the level of use tax collections which otherwise would have occurred within the State. The use of the internet by consumers for their purchases is subject to various market factors as well as consumer behavior and preferences. The ultimate impact of internet sales on the level of use tax collection cannot be determined at this time.

Further, the IDOR takes the position that marketplace sellers cannot qualify for the occasional sale exemption for retailers' occupation tax ("ROT"). Generally, persons who make isolated or occasional sales do not incur tax liability because ROT is imposed on persons engaged in the business of selling tangible personal property. However, according to an IDOR General Information Letter released on Jan. 28, 2021, marketplace sales are not eligible for the occasional sale exemption.

The IDOR noted that under the new administrative rules that took effect in 2021, a marketplace facilitator is considered a retailer engaged in the occupation of selling at retail in Illinois for ROT purposes if it meets the annual $130,000 in sales or 200 transaction thresholds. Thus, a marketplace facilitator makes more than isolated or occasional sales. Additionally, a "marketplace" is a location held out to the public as being habitually engaged in the selling of tangible personal property.

Future Changes in Laws May Adversely Affect the Value of the Series of September 2021 Bonds

Various State laws and constitutional provisions apply to the imposition and collection of the Revenues. The Illinois General Assembly has the authority to amend the provisions of State laws governing the Sales Taxes. Changes to the tax base and exemptions could adversely affect the amount of Sales Tax revenues received by the State. Under the Act and the Indenture, however, the State has irrevocably covenanted and agreed with the Bondholders not to limit or alter certain provisions of the Act, the State Finance Act or the Indenture so as to impair certain obligations of contract incurred by the State in favor of the holders of the Series of September 2021 Bonds. See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—PLEDGE AND STATE COVENANT."

The Issuance of Additional Bonds Will Dilute the Security for the Series of September 2021 Bonds

The Series of September 2021 Bonds are "Junior Obligations" as defined and referred to in the Indenture, and their payment is subject to the prior payment of the various series of Senior Bonds that are currently outstanding and that may be authorized and issued as additional series of Senior Bonds for the purposes and upon the terms and conditions prescribed in the Indenture. All Senior Bonds are equally entitled to the benefit and security of the Indenture, including the pledge of the Revenues. The State has the right to issue additional Senior Bonds payable from the Revenues and secured by a lien on the Revenues that is superior to the lien of the Series of September 2021 Bonds if the specific conditions and requirements which are set forth in an additional bonds test are met. See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—ISSUANCE OF ADDITIONAL SENIOR BONDS." Furthermore, the State also has the right to issue additional Junior Obligations on a parity with the lien of the Series of September 2021 Bonds, if the specific conditions and requirements set forth in an additional bonds test is met by the State. See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—ISSUANCE OF ADDITIONAL JUNIOR OBLIGATIONS." The issuance of additional Senior Bonds or additional Junior Obligations (to the extent issued for purposes other than the refunding of Outstanding Bonds) would dilute the security for the Series of September 2021 Bonds and, in the event of a decline in the Revenues, could affect the level of debt service coverage provided by the Revenues for the Series of September 2021 Bonds.

No Secondary Market

There can be no assurances that a secondary market for the Series of September 2021 Bonds will be established, maintained or functioning. Accordingly, each purchaser should expect to bear the risk of the investment represented by the Series of September 2021 Bonds to maturity.

INVESTMENT CONSIDERATIONS RELATING TO TAX EXEMPT MUNICIPAL OBLIGATIONS

Future Changes in Federal Tax Laws

As discussed under "TAX MATTERS" herein, there are or may be pending in the Congress of the United States legislative proposals relating to the federal tax treatment of interest on the Tax-Exempt Series C Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Tax-Exempt Series C Bonds. Reduction or elimination of the tax exempt status of obligations such as the Tax-Exempt Series C Bonds could have an adverse effect on the State's ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the State.

Loss of Tax Exemption

As discussed under "TAX MATTERS" herein, interest on the Tax-Exempt Series C Bonds could become includible in gross income of the owners thereof for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the State in violation of its covenants in the Tax Exemption Certificate and Agreement entered into in connection with the issuance of the Tax-Exempt Series C Bonds or future Congressional actions. Should such an event of taxability occur, the Tax-Exempt Series C Bonds are not subject to any special redemption solely as a result of the occurrence of events which would cause taxability and will remain outstanding until maturity or redeemed as described under "THE OFFERING—REDEMPTION."

IRS Bond Examinations

The tax exempt bond office of the Internal Revenue Service (the "Service") is conducting audits of tax exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the State as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax exempt obligations of the State could adversely affect the market value and liquidity of the Tax-Exempt Series C Bonds, regardless of the ultimate outcome.

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SERIES OF SEPTEMBER 2021 BONDS - DEBT SERVICE SCHEDULE

The following table shows the annual debt service payments for the Series of September 2021 Bonds for each Fiscal Year.

	Taxable Series B			Tax-Exempt Series C			
Fiscal Year	Principal ($)	Interest ($)	Total ($)	Principal ($)	Interest ($)	Total ($)	Total Combined Debt Service ($)
2022	11,000,000	3,516,715	14,516,715	12,505,000	5,038,116	17,543,116	32,059,830
2023	11,000,000	4,894,450	15,894,450	12,500,000	6,459,600	18,959,600	34,854,050
2024	11,000,000	4,827,020	15,827,020	12,500,000	5,834,600	18,334,600	34,161,620
2025	11,000,000	4,723,510	15,723,510	12,500,000	5,209,600	17,709,600	33,433,110
2026	11,000,000	4,585,680	15,585,680	12,500,000	4,584,600	17,084,600	32,670,280
2027	11,000,000	4,425,850	15,425,850	12,500,000	3,959,600	16,459,600	31,885,450
2028	11,000,000	4,227,960	15,227,960	12,500,000	3,334,600	15,834,600	31,062,560
2029	11,000,000	4,008,070	15,008,070	12,500,000	2,709,600	15,209,600	30,217,670
2030	11,000,000	3,770,580	14,770,580	12,500,000	2,084,600	14,584,600	29,355,180
2031	11,000,000	3,522,090	14,522,090	12,500,000	1,459,600	13,959,600	28,481,690
2032	11,000,000	3,262,600	14,262,600	12,500,000	834,600	13,334,600	27,597,200
2033	11,000,000	2,986,610	13,986,610	5,240,000	209,600	5,449,600	19,436,210
2034	11,000,000	2,694,120	13,694,120	-	-	-	13,694,120
2035	11,000,000	2,387,330	13,387,330	-	-	-	13,387,330
2036	11,000,000	2,069,540	13,069,540	-	-	-	13,069,540
2037	11,000,000	1,740,750	12,740,750	-	-	-	12,740,750
2038	11,000,000	1,400,960	12,400,960	-	-	-	12,400,960
2039	11,000,000	1,058,970	12,058,970	-	-	-	12,058,970
2040	11,000,000	711,480	11,711,480	-	-	-	11,711,480
2041	11,000,000	358,490	11,358,490	-	-	-	11,358,490
Totals	220,000,000	61,172,775	281,172,775	142,745,000	41,718,716	184,463,716	465,636,490

OUTSTANDING BONDS - DEBT SERVICE SCHEDULE

The following table shows the annual debt service payments for each Fiscal Year after the issuance of the Series of September 2021 Bonds. See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—ISSUANCE OF ADDITIONAL JUNIOR OBLIGATIONS."

	Build Illinois Series of September 2021			Outstanding Junior Build Illinois Bonds			Outstanding Senior Build Illinois Bonds*			Total Debt Service
Fiscal Year	Principal ($)	Interest ($)	Total ($)	Principal ($)	Interest ($)	Total ($)	Principal ($)	Interest ($)	Total ($)	Total ($)
2022	23,505,000	8,554,830	32,059,830	121,600,000	45,029,223	166,629,223	54,070,000	34,251,008	88,321,008	287,010,061
2023	23,500,000	11,354,050	34,854,050	103,425,000	40,378,020	143,803,020	60,960,000	32,409,103	93,369,103	272,026,173
2024	23,500,000	10,661,620	34,161,620	96,230,000	35,501,060	131,731,060	60,960,000	30,113,882	91,073,882	256,966,562
2025	23,500,000	9,933,110	33,433,110	95,115,000	30,958,455	126,073,455	60,960,000	27,571,572	88,531,572	248,038,137
2026	23,500,000	9,170,280	32,670,280	93,265,000	26,499,064	119,764,064	60,960,000	24,975,092	85,935,092	238,369,436
2027	23,500,000	8,385,450	31,885,450	71,660,000	22,158,128	93,818,128	60,960,000	22,351,007	83,311,007	209,014,585
2028	23,500,000	7,562,560	31,062,560	64,160,000	18,995,162	83,155,162	46,960,000	19,696,712	66,656,712	180,874,434
2029	23,500,000	6,717,670	30,217,670	63,160,000	16,216,916	79,376,916	46,960,000	17,781,544	64,741,544	174,336,130
2030	23,500,000	5,855,180	29,355,180	55,055,000	13,478,155	68,533,155	46,960,000	15,853,876	62,813,876	160,702,211
2031	23,500,000	4,981,690	28,481,690	60,035,000	11,216,314	71,251,314	46,960,000	13,888,708	60,848,708	160,581,712
2032	23,500,000	4,097,200	27,597,200	53,400,000	8,909,758	62,309,758	46,960,000	11,923,540	58,883,540	148,790,498
2033	16,240,000	3,196,210	19,436,210	47,580,000	6,966,837	54,546,837	46,960,000	9,958,372	56,918,372	130,901,419
2034	11,000,000	2,694,120	13,694,120	45,115,000	5,389,201	50,504,201	46,960,000	7,976,954	54,936,954	119,135,275
2035	11,000,000	2,387,330	13,387,330	9,600,000	3,883,750	13,483,750	46,960,000	5,995,536	52,955,536	79,826,616
2036	11,000,000	2,069,540	13,069,540	9,600,000	3,449,750	13,049,750	46,960,000	4,014,118	50,974,118	77,093,408
2037	11,000,000	1,740,750	12,740,750	9,600,000	3,015,750	12,615,750	29,250,000	2,032,700	31,282,700	56,639,200
2038	11,000,000	1,400,960	12,400,960	9,600,000	2,576,000	12,176,000	16,750,000	773,850	17,523,850	42,100,810
2039	11,000,000	1,058,970	12,058,970	9,600,000	2,142,000	11,742,000				23,800,970
2040	11,000,000	711,480	11,711,480	9,600,000	1,720,500	11,320,500				23,031,980
2041	11,000,000	358,490	11,358,490	9,600,000	1,293,250	10,893,250				22,251,740
2042				9,600,000	866,000	10,466,000				10,466,000
2043				9,600,000	433,000	10,033,000				10,033,000
Totals	362,745,000	102,891,490	465,636,490	1,056,200,000	301,076,293	1,357,276,293	827,510,000	281,567,574	1,109,077,574	2,931,990,357

Note: All bonds have a fixed interest rate. Totals might not sum due to rounding.

**Reflects the refunding of the Series of October 2011 Bonds.*

DEBT SERVICE COVERAGE

The State Share of Sales Tax Revenues constitutes one of the primary sources of deposits to the Retirement and Interest Fund. The Act provides that the State Share of Sales Tax Revenues is subject to a first and prior claim and charge in support of the Bonds until each monthly transfer is made to the Retirement and Interest Fund as required by the Act.

The State Share of Sales Tax Revenues for Fiscal Year 2021 was $10,401 million, which amount is approximately 91.3 times the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and 37.7 times the maximum Net Debt Service Requirement for all Outstanding Senior and Junior Obligations in Fiscal Year 2022.

After the issuance of the Series of September 2021 Bonds and the refunding of the Refunded Bonds, the State Share of Sales Tax Revenues for Fiscal Year 2021 would provide an estimated 111.4 times the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and would provide an estimated 36.2 times the maximum Net Debt Service Requirement for all Outstanding Senior and Junior Obligations.

The limitations established in the Indenture for the issuance of additional Senior Bonds require that the maximum Net Debt Service Requirement for Outstanding Senior Bonds of all Series and for the proposed Series for the current or any future Fiscal Year not exceed five percent of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year. Those limitations effectively require that on the date of issuance of any Series of Senior Bonds, the State Share of Sales Tax Revenues for the then most recently completed Fiscal Year must provide not less than 20 times coverage of the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and for such Series. See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS —ISSUANCE OF ADDITIONAL SENIOR BONDS."

The limitations established in the Indenture for the issuance of additional Junior Obligations require that the aggregate of (i) the maximum Net Debt Service Requirement for Outstanding Senior Bonds, (ii) the Junior Annual Debt Service for all Outstanding Junior Obligations and (iii) the Junior Annual Debt Service for the proposed Series for the current or any future Fiscal Year not exceed 9.8 percent of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year. Those limitations effectively require that, on the date of issuance of any Series of Junior Obligations, the Share of State Sales Tax Revenues for the then most recently completed Fiscal Year must provide not less than 10.2 times coverage of the maximum Net Debt Service Requirement for all Outstanding Senior Bonds, the Junior Annual Debt Service for all Outstanding Junior Obligations and for such Series. See "SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS—ISSUANCE OF ADDITIONAL JUNIOR OBLIGATIONS."

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

A summary of certain provisions of the Indenture can be found in APPENDIX I - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE. Reference is made to the Indenture for a complete statement of the provisions or contents thereof.

LITIGATION

There is no litigation pending, or to the knowledge of the State threatened, in any way questioning the title of the State officials to their respective offices or any proceedings of the State incident to the authorization and issuance of the Bonds, or in any way concerning the validity or enforceability of the Bonds, or the manner of payment thereof or the appropriation for the payment thereof.

The following describes certain lawsuits.

JOHN TILLMAN V. J.B. PRITZKER, MICHAEL W. FRERICHS AND SUSANA A. MENDOZA

On July 1, 2019, John Tillman, the Petitioner, filed a Petition with the Circuit Court of Illinois' Seventh Judicial Circuit for leave to file a taxpayer complaint against the Governor, the Treasurer and the Comptroller, each in their respective official capacities, pursuant to Section 11-303 of the Illinois Code of Civil Procedure. In the Complaint attached to the Petition, the Petitioner alleged that (i) the $10,000,000,000 General Obligation Bonds, Pension Funding Series of June 2003, and (ii) the $6,000,000,000 Initial Section 7.6 Bonds (as defined below) are unconstitutional debt under the Illinois Constitution. Public Act 100-23 ("P.A. 100-23") amended the General Obligation Bond Act of the State of Illinois, as amended to add Section 7.6, which authorized the additional issuance of General Obligation Bonds in the amount of up to $6,000,000,000 (the "Initial Section 7.6 Bonds"), the proceeds of which were to be used for the purpose of paying vouchers incurred by the State prior to July 1, 2017. The Initial Section 7.6 Bonds in the aggregate principal amount of $6,000,000,000 were issued on November 8, 2017, and the proceeds were spent to pay vouchers.

The Petitioner contended that the Illinois Constitution expressly limits the State's power to incur debt, and the purposes for which such bonds were issued are not among the authorized "specific purposes" under Article IX, section 9(b) of the Illinois Constitution. Within the Complaint, the Petitioner sought to enjoin the constitutional offices from making expenditures of public funds to pay debt service on such bonds.

On August 29, 2019, the Circuit Court issued an order denying the petition for leave to file, finding that the legislature stated with reasonable detail the specific purposes for the issuance of the subject bonds and assumption of the debt and, thus, that reasonable grounds do not exist for filing the proposed Complaint.

On Petitioner's appeal, the Illinois Fourth District Appellate Court remanded the case for further proceedings, stating that because the complaint was not frivolous or malicious, the trial court erred by denying the petition for leave to file it.

Having granted the State leave to appeal, the Illinois Supreme Court, on May 20, 2021, reversed the Appellate Court and affirmed the judgment of the Circuit Court denying the Petitioner leave to file his Complaint. The Court reaffirmed its earlier holdings recognizing the discretion of circuit courts to consider the merits of the underlying complaint and any applicable affirmative defenses when presented with a petition for leave to file. The Court specifically ruled that the affirmative defense of laches applied to bar the Petitioner's Complaint, and that reasonable grounds did not exist for filing the proposed Complaint.

BEEKS V. BRADLEY AND MEMISOVSKI V. MARAM

Beeks v. Bradley, 92-cv-4204 (N.D. Ill.), and *Memisovski v. Maram*, 92-cv-1982 (N.D. Ill.), are long-standing, consolidated consent decrees from 1993 and 2005, respectively, that require the State to continue furnishing Medicaid benefits during a budget impasse. In the context of the State's 2015-2017 budget impasse, the district court entered several orders directing payments to be made to Medicaid providers. Those orders eventually culminated in a June 30, 2017, order, in which the district court ordered the State to make payments of $586 million per month (50% of which consist of federal Medicaid matching funds) against vouchers submitted after that date by Medicaid service providers, plus a total of $2 billion over the course of Fiscal Year 2018 (July 1, 2017 through June 30, 2018) to pay down unpaid vouchers submitted for Medicaid services. By January 31, 2018, the Comptroller's Office had paid all of the approximately $4.19 billion of vouchers awaiting payment as of June 30, 2017, plus additional amounts above the $586 million for Fiscal Year 2018 vouchers each month required under the June 30, 2017 order. Between July 1 and January 31, 2018, the Comptroller's Office paid more than $13.7 billion of vouchers for Medicaid-funded services. On January 24, 2018, the court entered an agreed order terminating the State's payment obligations under the June 30, 2017 order. The consent decrees continue to remain in effect.

N.B. V. EAGLESON

N.B. v. Eagleson, filed in 2011 and amended in 2012, is a certified class action lawsuit alleging that the Illinois Department of Healthcare and Family Services (HFS) is not in compliance with the Early and Periodic Screening Diagnostic and Treatment requirement of the federal Medicaid statute for treatment of children's behavioral and mental health disorders. Additionally, the class alleges that HFS is violating the federal Americans with Disabilities Act and the Rehabilitation Act by failing to provide services for these children in most community-integrated settings.

In February 2014, the Court certified a class of "[a]ll Medicaid eligible children under the age of 21 in the State of Illinois: (1) who have been diagnosed with a mental health or behavioral disorder; and (2) for whom a licensed practitioner of the healing arts has recommended intensive home and community-based services to correct or ameliorate their disorders."

The parties conducted settlement discussions, ultimately resulting in a consent decree that the district court preliminarily approved on October 27, 2017. The district court conducted a fairness hearing on December 19, 2017 and granted final approval to the consent decree on January 16, 2018. The consent decree requires HFS to develop, through an implementation plan, a behavioral health delivery model to provide a continuum of Medicaid-authorized mental and behavioral health services, and to achieve certain 5-year and 7-year benchmarks for implementation of the required services. The Implementation Plan was developed by the Department with input from the Expert, Class Counsel and stakeholders and was finalized by agreement of the parties on December 2, 2019. Implementation of the plan is ongoing.

The consent decree also requires an Expert to evaluate, provide input, and report to the parties and the Court on the Department's progress toward benchmarks during implementation. The first "Report of the Expert" in the case was filed on February 22, 2021. The report notes that the Department has made solid gains in finalizing the design for compliance and highlights the implementation "cornerstones" the Department should work on during the coming year.

LIGAS V. EAGLESON AND HOU

Ligas v. Eagleson is a class action lawsuit. On August 18, 2017, HFS and DHS were found not to be in substantial compliance with the Consent Decree entered on June 15, 2011. The agencies were supposed to establish a plan for compliance, but the Court, on June 6, 2018, determined that the proposed plan does not adequately address shortcomings previously identified. They failed to provide resources of sufficient quality, scope, and variety. They were supposed to (1) expand the pool of candidates for service providers, (2) increase funding for wages, (3) enhance monitoring of service delivery, and (4) make programmatic adjustments and enhancements. Efforts were found inadequate to address wages, staffing and retention.

The Court found the Defendants' plan for wages inadequate and declared that for the defendants to truly comply and provide adequate services, the parties and stakeholders will have to come together to formulate a long-term plan to address these issues. The Parties are currently negotiating an adjustment to the reimbursement rates for Direct Support Professionals (DSPs) within the intellectual/developmental disabilities system.

The Court directed the parties to continue to develop a plan to address the issues causing the reduction in services and to bring the State into substantial compliance. In May 2019, the parties finalized the "Implementation Plan FY2019 Revisions" and a "Reasonable Pace" plan for moving people off of the wait list for waiver services. The State is taking other actions to achieve compliance, such as negotiating rate increases for direct service providers and initiating compliance monitoring of a sample of Ligas class members to ensure appropriate services are being provided. Implementation of the plan is ongoing. On September 9, 2020, the "Ligas Implementation Plan FY2021 Revisions" were published, representing the ongoing cooperative efforts of the parties to the consent decree.

RASHO V. WALKER

Rasho v. Walker is a class-action lawsuit, filed in 2007, that challenges the constitutional adequacy of the mental health services provided statewide to offenders with a particular emphasis on those who are seriously mentally ill. A 2012 report identified various deficiencies in Department of Corrections' ("DOC") mental health services. As a result of that report, DOC began engaging in settlement negotiations with the Plaintiffs to change many DOC practices including, but not limited to, filling mental health staffing vacancies, procuring inpatient care for the most seriously mentally ill offenders, and coming up with a comprehensive plan to improve the DOC mental health care system. As part of the comprehensive plan previously agreed to by the then court- appointed monitor and Plaintiffs, DOC established four levels of care: inpatient, residential, outpatient and crisis, and began making plans to provide care at each level, which included capital projects. Offenders in need of inpatient level of care need to be housed in a forensic hospital-like setting. A temporary facility is now open and operational at Elgin Mental Health Center and a new permanent facility is under construction at Joliet. Offenders in need of residential treatment are now being housed in residential treatment units ("RTUs") located at Dixon, Pontiac, Logan, and the Joliet Treatment Center. In addition to serving the residential treatment population, the Joliet Treatment Center serves the sub-acute and behavioral management populations. Establishment of these levels of care and housing units has required extensive hiring and construction.

On May 13, 2016, the judge approved the parties' settlement agreement. Under the settlement agreement, the parties agreed that the Court would retain jurisdiction for at least a three-year period after a budget is approved to allow DOC time to (1) fully develop the four levels of care, (2) complete necessary capital projects, (3) hire and train requisite staff and, ultimately, (4) revamp DOC's entire mental health system and allow plaintiffs to reopen litigation in the event of non-compliance with the terms of the agreement.

The State continues to work on implementation of the *Rasho* settlement. In October 2017, plaintiffs filed a motion to enforce the settlement agreement. The court held hearings and entered an injunction dated December 20, 2018 (later amended on April 23, 2019) finding DOC out of compliance with the settlement agreement, citing inadequate staffing as a chief concern, and imposing certain obligations. DOC has appealed that order to the United States Court of Appeals for the Seventh Circuit. The appeal remains pending.

The Court Monitor has indicated that DOC "has greatly improved its ability to care for mentally ill offenders," but cites staffing issues as a continuing problem still preventing DOC from being substantially compliant with several areas of the settlement agreement.

CAHOKIA UNIT SCHOOL DISTRICT NO. 187 V. GOV. RAUNER AND THE STATE OF ILLINOIS

Cahokia Unit School District No. 187 v. Gov. Rauner and the State of Illinois is a suit filed in St. Clair County by 22 school districts to compel the State of Illinois to increase funding for public schools. Plaintiffs filed an Amended Complaint on May 21, 2018 claiming as a matter of constitutional right that the State's funding of K-12 public education should increase by an additional $7.2 billion and seeking a judgment requiring the State to pay nearly double the existing appropriation. The State filed a motion to dismiss on July 20, 2018. The Court dismissed the complaint with prejudice. The plaintiffs filed a notice of appeal and the case has been heard and decided by the Fifth District Appellate Court in April 2020. The Court affirmed the trial court's dismissal of the case in a split decision. The Plaintiffs filed a petition for leave to appeal to the Illinois Supreme Court which was granted on September 30, 2020. The appeal was fully briefed and oral arguments were heard on May 18, 2021.

KOSS V. EAGLESON AND HOU

Koss v. Eagleson and Hou, Case No. 17-cv-2762; 19-1254, is a class action in the Northern District of Illinois that was filed in April 2017 on behalf of individuals seeking eligibility for and payment of long-term care Medicaid benefits in nursing facilities and supportive living facilities. The plaintiffs allege that the Department of Health and Family Services and Department of Human Services fail to make a timely determination of eligibility and to pay those benefits, and they seek an order requiring the departments to make timely determinations and payments, including by granting presumptive eligibility for benefits when determinations are not timely.

On March 29, 2018, Judge Gottschall certified a class and issued a preliminary injunction requiring the State defendants to determine the eligibility of class members for long-term care Medicaid benefits by June 28, 2018 and, beginning June 28, 2018, to pay the long-term care services and other Medicaid benefits to class members while their applications remain pending beyond the Medicaid Act's deadlines for eligibility determination. The State defendants' motion for reconsideration of that order was denied and an appeal has been filed with the United States Court of Appeals for the Seventh Circuit. The case has been referred to the Seventh Circuit's mediation program and the parties are exploring potential resolution of the case.

Subsequent to the Court's entry of the preliminary injunction in *Koss*, the General Assembly enacted amendments to the Public Aid Code (codified at 305 ILCS 5/11-5.4(h)) providing "provisional eligibility" to individuals while their applications for long-term care services remain pending beyond federally established timelines and requiring payment of claims for Medicaid-covered services during the period of provisional eligibility. In compliance with the preliminary injunction, and in accordance with a subsequently enacted state law, HFS adopted a process for placing individuals into provisional eligibility status if their applications for long term care have been pending beyond 45 days.

IN RE: COVID-19 LITIGATION/SUITS CHALLENGING EXECUTIVE ORDERS

Beginning in March 2020, in response to the COVID-19 public health emergency, the Governor issued a series of disaster proclamations and related executive orders initiating regulatory actions to protect the public health. Since the filing of the first lawsuit in April 2020, a number of lawsuits have been filed challenging the scope of the Governor's continuing authority to take regulatory action regarding the COVID-19 public health emergency through the issuance of disaster proclamations and executive orders. Many of the lawsuits have been consolidated under the caption "In re: COVID-19 Litigation," Case No. 2020 MR 589 (Sangamon County). The State of Illinois has vigorously defended all of the lawsuits and will continue its vigorous defense. None of the suits have successfully enjoined the authority of the Governor to issue the disaster proclamations or the executive orders related to the COVID-19 public health emergency.

COLLECTIVE BARGAINING

As of December 31, 2020, 47,170 (91.6%) of the State's 51,490 employees were covered by collective bargaining agreements.

Moreover, these collective bargaining agreements, including the agreement with the American Federation of State, County and Municipal Employees ("AFSCME"), which covers approximately 36,500 State employees, are effective for a period extending through June 30, 2023.

This is very different from the status of collective bargaining in early 2019. As of March 1, 2019, the collective bargaining agreements covering nearly 40,000 State employees had been expired since June 30, 2015, and new agreements had not been negotiated. The State and the unions were operating under tolling agreements. Because the State had stopped paying the step increases authorized in the agreements after they expired, litigation ensued between the State and AFSCME.

By the end of calendar year 2018, the decisions of two Illinois appellate courts had determined that the State and AFSCME had not reached impasse and that the State should not have stopped paying step increases. The Illinois Labor Relations Board (the "ILRB"), on remand from the courts, issued an order directing the State to restore the status quo of paying step increases and to "make whole" the bargaining unit employees.

In early 2019, with a change in administration, negotiations began between AFSCME and the State regarding a new collective bargaining agreement. In that context, the matters addressed in the ongoing litigation were settled. The State agreed to pay step increases retroactively to the beginning of Fiscal Year 2016. A new collective bargaining agreement was signed in June 2019, which addressed all remaining issues for both the previous period from July 1, 2015 through June 30, 2019 and the prospective period from July 1, 2019 through June 30, 2023. Substantially all payments for step increases accrued since July 1, 2015, have now been paid, an amount totaling approximately $372 million for employees covered by AFSCME.

As of the date hereof, the State has signed collective bargaining agreements effective through June 30, 2023, covering substantially all bargaining unit employees. Those without signed agreements are either seeking ratification or are still in active negotiation.

UNDERWRITING

The Series of September 2021 Bonds are being purchased by an underwriting group (the "Underwriters") led by Samuel A. Ramirez & Co., Inc., as representative, pursuant to, and subject to certain conditions set forth in, a Contract of Purchase by and among the Underwriters and the State (the "Contract of Purchase") at a purchase price of: (i) with respect to the Taxable Series B Bonds, $219,135,792.10 (being the principal amount of $220,000,000.00, less an Underwriters' discount of $864,207.90), and (ii) with respect to the Tax-Exempt Series C Bonds, 172,422,655.15 (being the principal amount of $142,745,000.00, plus $30,221,406.85 aggregate original issue premium, and less an Underwriters' discount of $543,751.70). The Contract of Purchase provides that the Underwriters will purchase all of the Series of September 2021 Bonds if any of the Series of September 2021 Bonds are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase. The Underwriters have agreed to make a bona fide public offering of the Series of September 2021 Bonds at not in excess of the public offering prices set forth on the inside cover of this Official Statement.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the State. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the State.

Stern Brothers & Co., an Underwriter of the Bonds, has entered into an agreement (the "Stern Brothers Agreement") with InspereX LLC ("InspereX") for the distribution of certain municipal securities offerings at the original issue price. Pursuant to the Stern Brothers Agreement, Stern Brothers & Co. may sell the Bonds to InspereX and will share a portion of its selling concession compensation, if applicable.

TAX MATTERS

Taxable Series B Bonds

The following is a summary of the principal United States federal income tax consequences of ownership of the Taxable Series B Bonds (the "*Taxable Bonds*"). This summary deals only with the Taxable Bonds held as capital assets by initial purchasers, and not with special classes of holders, such as dealers in securities or currencies, banks, tax-exempt organizations, life insurance companies, persons that hold the Taxable Bonds as a hedge or as hedged against currency risks or that are part of a straddle or conversion transaction, or persons whose functional currency is not the United States dollar.

The Code contains a number of provisions relating to the taxation of the Taxable Bonds (including but not limited to the treatment of and accounting for interest, premium, and market discount thereon, gain from the disposition thereof and withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. Prospective purchasers of the Taxable Bonds should consult their own tax advisors concerning the consequences, in their particular circumstances, under the Code and the laws of any other taxing jurisdiction, of ownership of the Taxable Bonds.

United States Federal Income Tax Considerations for United States Holders

Payments of Interest to United States Holders. Interest on the Taxable Bonds will be taxable to a United States Holder (as defined below) as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes in accordance with generally applicable principles.

The term "*United States Holder*" refers to a beneficial owner of a Taxable Bond for United States federal income tax law purposes and that is:

- a citizen or resident of the United States;
- a corporation or partnership which is created or organized in or under the laws of the United States or of any political subdivision thereof;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on August 10, 1996 and properly elected to continue to be treated as a United States person.

The term "*Non-U.S. Holder*" refers to any beneficial owner of a Taxable Bond who or which is not a United States Holder.

Sale and Retirement of the Taxable Bonds. United States Holders of any Taxable Bonds must recognize any gain or loss on the sale, redemption, retirement or other disposition of their Taxable Bonds. The gain or loss is measured by the difference between the amount realized on the disposition of a Taxable Bond and the United States Holder's adjusted tax basis in the Taxable Bond. Such gain or loss is capital gain or loss, except to the extent of accrued market discount not previously included in income, and is long term capital gain or loss if at the time of disposition such Taxable Bond has been held for more than one year.

Unearned Income Medicare Contribution Tax. A 3.8% Medicare contribution tax is imposed on the "net investment income" of certain United States individuals and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes interest and certain net gain from the disposition of property (such as the Taxable Bonds), less certain deductions.

United States Federal Income Tax Considerations for Non-U.S. Holders

Withholding Tax on Payments of Principal and Interest on Taxable Bonds. Generally, subject to the discussion of FATCA below, payments of principal and interest on a Taxable Bond will not be subject to United States federal withholding tax, provided that in the case of an interest payment:

- the beneficial owner of the Taxable Bond is not a bank to which the Taxable Bonds constitute an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

- either (A) the beneficial owner of the Taxable Bond certifies to the applicable payor or its agent, under penalties of perjury on an IRS Form W-8BEN (or a suitable substitute form), that such owner is not a United States person and provides such owner's name and address or (B) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and holds the Taxable Bond, certifies under penalties of perjury that such an IRS Form W-8BEN (or suitable substitute form) has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

Except to the extent otherwise provided under an applicable tax treaty, a beneficial owner of a Taxable Bond generally will be taxed in the same manner as a United States Holder with respect to interest and original issue discount payments on a Taxable Bond if such interest and original issue discount is effectively connected with such owner's conduct of a trade or business in the United States. Effectively connected interest received by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or, if applicable, a lower treaty rate), subject to certain adjustments. Such effectively connected interest will not be subject to withholding tax if the holder delivers an IRS Form W-8ECI to the payor.

Gain on Disposition of the Taxable Bonds. A beneficial owner of a Taxable Bond generally will not be subject to United States federal income tax on gain realized on the sale, exchange or redemption of a Taxable Bond unless:

- such owner is an individual present in the United States for 183 days or more in the year of such sale, exchange or redemption and either (A) such owner has a "tax home" in the United States and certain other requirements are met, or (B) the gain from the disposition is attributable to such owner's office or other fixed place of business in the United States; or

- the gain is effectively connected with such owner's conduct of a trade or business in the United States.

Taxation of Payments under FATCA to Foreign Financial Institutions and Certain Other Non-U.S. Holders that are Foreign Entities. A 30% withholding tax generally will apply to payments of interest on, and after December 31, 2016, on gross proceeds from the disposition of, the Taxable Bonds that are made to Non-U.S. Holders that are financial institutions and certain non-financial entities. Such withholding tax, imposed under sections 1471 through 1474 of the Code, or FATCA, generally will not apply where such payments are made to (i) a Non-U.S. Holder that is a financial institution that enters into an agreement with the IRS to, among other requirements, undertake to identify accounts held by certain United States persons or U.S.-owned foreign entities, report annually certain information about such accounts and withhold tax as may be required by such agreement (or otherwise complies with an applicable intergovernmental agreement with respect to FATCA), or (ii) a Non-U.S. Holder that is a non-financial entity that certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. A Non-U.S. Holder generally will be required to provide information with respect to its status for FATCA purposes, generally on the appropriate IRS Form W-8 or any successor form, to avoid withholding taxes under FATCA. Prospective investors should consult their own tax advisors regarding the application and requirements of these information reporting and withholding provisions under FATCA.

U.S. Federal Estate Tax. A Taxable Bond held by an individual who at the time of death is not a citizen or resident of the United States (as specially defined for United States federal estate tax purposes) is not subject to United States federal estate tax if at the time of the individual's death, payments with respect to such Taxable Bond are not effectively connected with the conduct by such individual of a trade or business in the United States.

Backup Withholding and Information Reporting

United States Holders. Information reporting applies to payments of interest on the Taxable Bonds, or the proceeds of the sale or other disposition of the Taxable Bonds with respect to certain non-corporate United States holders, and backup withholding may apply unless the recipient of such payment supplies a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's United States federal income tax liability provided the required information is furnished to the IRS.

Non-U.S. Holders. Backup withholding and information reporting on Form 1099 does not apply to payments of principal and interest on the Taxable Bonds to a Non-U.S. Holder provided the Non-U.S. Holder provides the certification described above under "United States Federal Income Tax Considerations for Non-U.S. Holders-Withholding Tax on Payments of Principal and Interest on Bonds" or otherwise establishes an exemption (provided that neither the State nor its agent has actual knowledge that the holder is a United States person or that the conditions of any other exemptions are not in fact satisfied). Interest payments made to a Non-U.S. Holder may, however, be reported to the IRS and to such Non-U.S. Holder on Form 1042-S.

Information reporting and backup withholding generally do not apply to a payment of the proceeds of a sale of Taxable Bonds effected outside the United States by a foreign office of a foreign broker. However, information reporting requirements (but not backup withholding) will apply to a payment of the proceeds of a sale of Taxable Bonds effected outside the United States by a foreign office of a broker if the broker (i) is a United States person, (ii) derives 50 percent or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) is a "controlled foreign corporation" as to the United States, or (iv) is a foreign partnership that, at any time during its taxable year is 50 percent or more (by income or capital interest) owned by United States persons or is engaged in the conduct of a United States trade or business, unless in any such case the broker has documentary evidence in its records that the holder is a Non-U.S. Holder (and such broker has no actual knowledge to the contrary) and certain conditions are met, or the holder otherwise establishes an exemption. Payment by a United States office of a broker of the proceeds of a sale of Taxable Bonds will be subject to both backup withholding and information reporting unless the holder certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's United States federal income tax liability provided the required information is furnished to the IRS.

Tax Exempt Series C Bonds

Summary of Co-Bond Counsel Opinion in connection with the Tax-Exempt Bonds

Co-Bond Counsel are of the opinion that under existing law, interest on the Tax-Exempt Series C Bonds (the "*Tax-Exempt Bonds*") is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "*Code*"), Co-Bond Counsel are of the opinion that interest on the Tax-Exempt Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Co-Bond Counsel are further of the opinion that the Tax-Exempt Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code and, accordingly, interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income. Interest on the Tax-Exempt Bonds is not exempt from Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Tax-Exempt Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. These requirements relate to the use and investment of the proceeds of the Tax-Exempt Bonds, the payment of certain amounts to the United States, the security and source of payment of the Tax-Exempt Bonds and the use of the property financed with the proceeds of the Tax-Exempt Bonds.

Tax-Exempt Bonds Purchased at a Premium or at a Discount

The difference (if any) between the initial price at which a substantial amount of a maturity of the Tax-Exempt Bonds are sold to the public (the "*Offering Price*") and the principal amount payable at maturity of such Tax-Exempt Bonds is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Tax-Exempt Bond, the difference between the two is known as "*bond premium*;" if the Offering Price is lower than the maturity value of a Tax-Exempt Bond, the difference between the two is known as "*original issue discount*."

Bond premium and original issue discount are amortized over the term of a Tax-Exempt Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Tax-Exempt Bond for federal income tax purposes, to the same extent and with the same limitations as current interest.

Owners who purchase Tax-Exempt Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Tax-Exempt Bonds. In addition, owners of Tax-Exempt Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Tax-Exempt Bonds; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

Exclusion from Gross Income: Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of Tax-Exempt Bond proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain "*temporary periods*," proceeds of the Tax-Exempt Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a "*minor portion*") may generally not be invested in investments having a yield that is "materially higher" (1/8 of one percent) than the yield on the Tax-Exempt Bonds.

Rebate of Arbitrage Profit. Unless the State qualifies for an exemption, earnings from the investment of the "*gross proceeds*" of the Tax-Exempt Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Tax-Exempt Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term "*gross proceeds*" includes the original proceeds of the Tax-Exempt Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Tax-Exempt Bonds.

Covenants to Comply

The State has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Risks of Non-Compliance

In the event that the State fails to comply with the requirements of the Code, interest on the Tax-Exempt Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issue. In such event, the State's agreements with the owners of the Tax-Exempt Bonds require neither acceleration of payment of principal of, or interest on, the Tax-Exempt Bonds nor payment of any additional interest or penalties to the owners of the Tax-Exempt Bonds.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the Tax-Exempt Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Tax-Exempt Bonds that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE TAX-EXEMPT BONDS.

Cost of Carry. Owners of the Tax-Exempt Bonds will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Tax-Exempt Bonds. As discussed below, special allocation rules apply to financial institutions.

Corporate Owners. Interest on the Tax-Exempt Bonds is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Tax-Exempt Bonds is taken into account in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

Individual Owners. Receipt of interest on the Tax-Exempt Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Tax-Exempt Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

Property or Casualty Insurance Companies. Receipt of interest on the Tax-Exempt Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Tax-Exempt Bonds.

Foreign Personal Holding Company Income. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Tax-Exempt Bonds held by such a company is properly allocable to the shareholder.

The opinions of Co-Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Tax-Exempt Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Tax-Exempt Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Tax-Exempt Bonds.

State Tax Matters

Interest on the Bonds is not exempt from State of Illinois income taxes.

CONTINUING DISCLOSURE

The State will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Series of September 2021 Bonds to send certain information annually and to provide notice of certain events to the MSRB pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the SEC under the 1934 Act. The proposed form of the Undertaking is included as APPENDIX H to this Official Statement.

There have been no instances in the previous five years in which the State failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.

The State has filed its "Annual Financial Information" within the time periods prescribed in its various continuing disclosure undertakings. During the last five years, the State's CAFR has not been available when the Annual Financial Information has been filed, consistent with the State's undertakings, but has been filed within 30 days after its availability to GOMB.

A failure by the State to comply with the Undertaking will not constitute a default under the Bond Sale Order, adopted by the Governor and the Director authorizing the issuance of the Series of September 2021 Bonds (the "Bond Sale Order"), and beneficial owners of the Series of September 2021 Bonds are limited to the remedies described in the Undertaking. A failure by the State to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series of September 2021 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series of September 2021 Bonds and their market price.

On May 14, 2012, the State adopted disclosure policies and procedures. Such policies and procedures were amended on March 15, 2019, to incorporate procedures related to the additional reportable events added by amendments to the Rule, which will be included in the Undertaking executed by the State in connection with the issuance of the Series of September 2021 Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series of September 2021 Bonds are subject to the approving legal opinions of Katten Muchin Rosenman LLP and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel, who act as Co-Bond Counsel to the State. Co-Bond Counsel make no representation as to the suitability of the Series of September 2021 Bonds for investment by any investor. The opinions of Co-Bond Counsel will accompany the delivery of the Series of September 2021 Bonds and be in substantially the forms included in this Official Statement as APPENDIX B. Chico & Nunes, P.C., Chicago, Illinois, has been retained by the Underwriters to serve as their counsel. Each of Foley & Lardner LLP and Charity & Associates, P.C. also has been retained by the State to serve as Co-Disclosure Counsel to the State with respect to the Series of September 2021 Bonds. Although as Co-Disclosure Counsel to the State, Co-Disclosure Counsel has assisted the State with certain disclosure matters, Co-Disclosure Counsel has not undertaken to independently verify the accuracy, completeness or fairness of this Official Statement or other offering material related to the Series of September 2021 Bonds and does not guarantee the accuracy, completeness or fairness of such information. Co-Disclosure Counsel's engagement as Disclosure Counsel was undertaken solely at the request and for the benefit of the State, to assist it in discharging its responsibility with respect to this Official Statement, and not for the benefit of any other person (including the Underwriters and any person purchasing Series of September 2021 Bonds from the Underwriters), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. The fees of Co-Bond Counsel and Co-Disclosure Counsel for services rendered with respect to the sale of the Series of September 2021 Bonds are contingent upon the issuance and delivery of the Series of September 2021 Bonds.

RATINGS

S&P Global Ratings ("S&P") has assigned a rating of "BBB+" with a Stable Outlook to the Series of September 2021 Bonds, Fitch Ratings, Inc. ("Fitch") has assigned a rating of "BBB+" with a Positive Outlook to the Series of September 2021 Bonds, and Kroll Bond Rating Agency, Inc. ("Kroll") has assigned a rating of "AA+" with a Stable Outlook to the Series of September 2021 Bonds.

These ratings reflect the view of such organizations, and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. As part of the State's application for the ratings, certain information and materials, some of which are not contained in this Official Statement, have been supplied to the rating agencies. The ratings are neither a "market" rating nor a recommendation to buy, sell or hold the Series of September 2021 Bonds and the ratings and the Series of September 2021 Bonds should be evaluated independently.

The State will provide appropriate periodic credit information necessary for maintaining ratings on the Series of September 2021 Bonds to the rating agencies. Except as may be required by the Continuing Disclosure Undertaking, the State undertakes no responsibility either to bring to the attention of the owners of the Series of September 2021 Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal. If assigned, there is no assurance that any such ratings will be maintained for any given period of time or that they will not be lowered or withdrawn entirely. Any revision or withdrawal of any such ratings may have an adverse effect on the prices at which the Series of September 2021 Bonds may be resold.

LEGAL INVESTMENT

Under the Act, the Series of September 2021 Bonds are securities in which all public officers and bodies of the State and all political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, saving banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all credit unions, pension funds, administrators, and guardians who are now or may hereafter be authorized to invest in bonds or in other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them.

The Act also provides that the Series of September 2021 Bonds are securities which may be deposited with and may be received by all public officers and bodies of the State and all political subdivisions of the State and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

FINANCIAL ADVISOR

Acacia Financial Group, Inc. is employed as Financial Advisor to the State in connection with the issuance of the Series of September 2021 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Series of September 2021 Bonds is contingent upon the issuance and delivery of the Series of September 2021 Bonds. Under the terms of its engagement, the Financial Advisor is not obligated to undertake any independent verification of or assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

AUTHORIZATION

In accordance with the Act and Indenture, the Series of September 2021 Bonds will be issued pursuant to a Bond Sale Order of the Director of the GOMB, to be approved by the Governor of the State.

MISCELLANEOUS

The information contained in this Official Statement is subject to change without notice and no implication may or shall be derived therefrom or from the sale of the Series of September 2021 Bonds that there has been no change in the affairs of the State or the information contained in this Official Statement since the dates as of which such information is given. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the State and the purchaser of any of the Series of September 2021 Bonds.

The State has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered by the Director of GOMB on behalf of the State.

STATE OF ILLINOIS

By: /s/ Alexis Sturm
Director, Governor's Office of Management and Budget

APPENDIX A

CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS

ECONOMIC DATA

Illinois is a state of diversified economic strength. Based on data from the U.S. Department of Commerce Bureau of Economic Analysis, the Illinois economy is the 5th largest in the United States and, based on information from the International Monetary Fund and the World Bank, the Illinois economy is the 19th largest in the world. Personal income and workforce composition in Illinois are similar to that of the United States as a whole. Measured by per capita personal income, Illinois ranks third among the ten most populous states and twelfth among all states. Chicago serves as the transportation center of the Midwest and the headquarters of many of the nation's major corporations and financial institutions. Table A-1 shows the distribution of Illinois non-agricultural employment by industry sector.

The Series of September 2021 Bonds are primarily secured by Sales Tax revenues. Adverse changes in general economic conditions in the State could impact the future rate of growth reflected in the following tables, including the growth and volume of retail sales and Sales Tax revenues. See "CERTAIN INVESTMENT CONSIDERATIONS—INVESTMENT CONSIDERATIONS RELATING TO THE SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS."

Table A-1
NON-AGRICULTURAL PAYROLL JOBS BY INDUSTRY
CALENDAR YEAR 2020
(Thousands)

Industry Employment Sector	Illinois	% of Total	U.S.	% of Total
Financial Activities	406	7.1%	8,724	6.1%
Manufacturing	554	9.7%	12,179	8.6%
Trade, Transportation and Utilities	1157	20.3%	26,590	18.7%
Leisure and Hospitality	461	8.1%	13,327	9.4%
Education and Health Services	892	15.7%	23,235	16.3%
Mining, Logging, Information and Other Services	328	5.8%	8,707	6.1%
Government	786	13.8%	21,909	15.4%
Professional and Business Services	890	15.6%	20,246	14.2%
Construction	217	3.8%	7,269	5.1%
Total	**5,690**	**100.0%**	**142,185**	**100.0%**

Source: Bureau of Labor Statistics, July 23, 2021. Both State and National data are not seasonally adjusted.

Illinois ranks prominently among states for agricultural activity and exports. Table A-2 summarizes key agricultural production statistics including rank among all states in 2019.

TABLE A-2
AGRICULTURAL EXPORTS
CALENDAR YEAR 2019
($ in Millions)

Agricultural Exports	U.S. Total	Illinois Share	% of U.S.	Rank
All Commodities	$135,950	$7,838	5.8%	3
Soybeans	18,663	2,941	15.8%	1
Feed and other Feed Grains	8,380	1,091	13.0%	2
Corn	7,651	1,178	15.4%	2
Grain Products, Processed	4,002	446	11.1%	2

Source: U.S. Department of Agriculture, Economic Research Service. Calendar year 2019 is the most recent calendar year for which information is available, which data was most recently revised as of October 28, 2020.

U.S. trade policy has generated some concern among certain U.S. producers who fear retaliatory tariffs may increase import costs, decrease commodity prices, disrupt supply lines and possibly cause an economic slowdown. Many argue that the main risk to trade growth is uncertainty regarding the direction of U.S. trade policy. In Illinois, the agricultural and manufacturing industries are the most export-dependent industries. Higher tariffs on imports will likely lead to retaliation by trading partners, which could reduce exports.

Per capita income in Illinois is greater than the average in both the United States and the Great Lakes Region. Table A-3 presents per capita income comparisons, and Table A-4 shows unemployment rate comparisons for the United States, Illinois and its metropolitan areas.

TABLE A-3
PER CAPITA PERSONAL INCOME
CALENDAR YEARS 2016-2020
(in dollars)

	2016	2017	2018	2019	2020	2020 Rank
Illinois	$52,413	$54,247	$57,138	$58,786	$62,977	12
United States	49,995	52,096	54,581	56,474	59,729	--
Ten Most Populous States:						
New York	61,391	65,799	68,609	71,682	75,548	1
California	58,074	60,581	63,759	66,745	71,480	2
Illinois	52,413	54,247	57,138	58,786	62,977	**3**
Pennsylvania	51,793	53,277	55,996	58,046	62,198	4
Florida	46,042	48,473	50,939	52,391	55,337	5
Texas	45,803	48,402	51,144	52,829	54,841	6
Ohio	45,204	46,804	48,728	50,167	53,296	7
Michigan	44,621	45,931	47,762	49,238	52,987	8
Georgia	42,868	44,865	46,921	48,188	51,165	9
North Carolina	42,787	44,376	46,172	47,706	50,086	10
Great Lakes States:						
Illinois	52,413	54,247	57,138	58,786	62,977	**1**
Wisconsin	47,577	49,239	51,611	53,207	55,487	2
Ohio	45,204	46,804	48,728	50,167	53,296	3
Michigan	44,621	45,931	47,762	49,238	52,987	4
Indiana	43,648	45,217	47,300	48,687	51,340	5

Source: U.S. Department of Commerce, Bureau of Economic Analysis. As of March 24, 2021.

TABLE A-4
UNEMPLOYMENT RATE (%)

	2016	2017	2018	2019	2020	2021*
United States	4.9	4.4	3.9	3.7	8.1	5.9
Illinois	5.9	5.0	4.4	4.0	9.5	7.2
Bloomington MSA	5.1	4.2	4.2	3.6	6.8	5.4
Carbondale-Marion MSA	5.8	4.8	4.8	3.9	8.2	6.2
Champaign-Urbana MSA	5.0	4.3	4.3	3.6	6.4	5.6
Chicago-Naperville-Elgin MSA	5.8	4.9	4.2	3.9	9.9	8.5
Danville MSA	7.3	6.5	6.1	4.9	8.8	7.1
Davenport-Moline-Rock Island MSA	5.4	4.4	4.2	4.1	7.9	5.7
Decatur MSA	6.6	5.5	5.5	5.0	9.9	8.1
Kankakee MSA	6.5	5.5	5.4	4.8	8.8	6.8
Peoria MSA	6.6	5.5	5.1	4.5	9.0	6.4
Rockford MSA	6.6	6.5	5.6	5.4	11.4	9.5
Springfield MSA	5.0	4.4	4.4	3.9	8.1	6.0

*As of June 30, 2021.

Source: U.S. Department of Labor, Bureau of Labor Statistics. (Data retrieved August 12, 2021).
Note: Illinois and Regional data are not seasonally adjusted. National data are seasonally adjusted.

Illinois is the nation's sixth most populous state. The 2020 Census population for Illinois was 12,812,508, as of April 2020.

Table A-5
POPULATION
ILLINOIS AND SELECTED METROPOLITAN STATISTICAL AREAS
By Census Years

	1990	2000	2010
Illinois	11,430,602	12,419,293	12,830,632
Chicago CMSA (IL Part)	7,410,858	8,273,268	8,586,609
St. Louis MSA (IL Part)	656,987	671,595	703,664
Rockford MSA	283,719	320,204	349,431
Peoria MSA	358,552	366,899	379,186
Springfield MSA	189,550	201,437	210,170
Champaign-Urbana MSA	202,848	210,275	231,891

Source: U.S. Bureau of the Census, as of July 1, 2020

Table A-6
ILLINOIS POPULATION BY AGE GROUP
Calendar Year 2019

	2019	% of Total Population
Under 18 years	2,817,875	22.2%
18 to 24 years	1,157,411	9.1%
25 to 44 years	3,395,231	26.8%
45 to 64 years	3,258,072	25.7%
65 years and over	2,043,232	16.1%
Total	12,671,821	100.0%

Source: U.S. Bureau of the Census, as of July 1, 2020.

In 2021, 38 companies on the Fortune 500 list had headquarters located in Illinois.

TABLE A-7
ILLINOIS-BASED COMPANIES INCLUDED IN THE FORTUNE 500

Rank								
2021	2020	Company	Revenues (millions USD)	Assets (millions USD)	Profits (millions USD)	Industry Category	Location	Number of Employees
16	19	Walgreens Boots Alliance	$ 139,537	$ 87,174	$ 456	Food and Drug Stores	Deerfield, IL	277,000
39	36	State Farm Insurance Cos.	78,898	299,105	3,739	Insurance: Property and Casualty (Mutual)	Bloomington, IL	57,582
51	54	Archer Daniels Midland	64,355	49,719	1,772	Food Production	Chicago, IL	38,332
54	40	Boeing	58,158	152,136	(11,873)	Aerospace & Defense	Chicago, IL	141,000
68	99	AbbVie	45,804	150,565	4,616	Pharmaceuticals	North Chicago, IL	47,000
70	72	Allstate	44,791	125,987	5,576	Insurance: Property and Casualty (Stock)	Northbrook, IL	42,010
78	62	Caterpillar	41,748	78,324	2,998	Construction and Farm Machinery	Deerfield, IL	97,300
88	84	Deere	35,540	75,091	2,751	Construction and Farm Machinery	Moline, IL	69,634
89	104	Abbott Laboratories	34,608	72,548	4,495	Medical Products and Equipment	Abbott Park, IL	109,000
92	95	Exelon	33,039	129,317	1,963	Utilities: Gas and Electric	Chicago, IL	32,340
108	117	Mondelez International	26,581	67,810	3,555	Food Consumer Products	Chicago, IL	79,000
110	122	Kraft Heinz	26,185	99,830	356	Food Consumer Products	Chicago, IL	38,000
128	116	US Foods	22,885	12,423	(226)	Wholesalers: Food and Grocery	Rosemont, IL	26,000
157	156	McDonald's	19,208	52,627	4,731	Food Services	Chicago, IL	200,000
161	178	CDW	18,468	9,345	789	Information Technology Services	Lincolnshire, IL	10,000
186	179	Jones Lang LaSalle	16,590	14,317	403	Real Estate	Chicago, IL	90,800
199	185	Tenneco	15,379	11,852	(1,521)	Motor Vehicles & Parts	Lake Forest, IL	73,000
200	76	United Airlines Holdings	15,355	59,548	(7,069)	Arlines	Chicago, IL	74,400
233	231	Discover Financial Services	12,953	112,889	1,141	Commercial Banks	Riverwoods, IL	17,600
240	229	Illinois Tool Works	12,574	15,612	2,109	Industrial Machinery	Glenview, IL	43,000
258	278	W.W. Grainger	11,797	6,295	695	Wholesalers: Diversified	Lake Forest, IL	22,450
264	282	Baxter International	11,673	20,019	1,102	Medical Products and Equipment	Deerfield, IL	50,000
266	257	LKQ	11,629	12,361	638	Wholesalers: Diversified	Chicago, IL	44,000
283	334	Conagra Brands	11,054	22,304	840	Food Consumer Products	Chicago, IL	16,500
314	298	Molson Coors Beverage	9,654	27,331	(949)	Beverages	Chicago, IL	17,000
362	339	Univar Solutions	8,265	6,355	53	Wholesalers: Diversified	Downers Grove, IL	9,457
389	284	Navistar International	7,503	6,637	(347)	Construction and Farm Machinery	Lisle, IL	12,100
395	403	Motorola Solutions	7,414	10,876	949	Network and Other Communications Equipment	Chicago, IL	18,000
401	427	Old Republic International	7,166	22,815	559	Insurance: Property and Casualty (Stock)	Chicago, IL	9,000
416	429	Arthur J. Gallagher	7,004	22,331	819	Diversified Financials	Rolling Meadows, IL	32,401
429	433	Dover	6,684	9,152	684	Industrial Machinery	Downers Grove, IL	23,000
433	437	Packaging Corp. of America	6,658	7,433	461	Packaging, Containers	Lake Forest, IL	15,200
443	440	Northern Trust	6,301	170,004	1,209	Commercial Banks	Chicago, IL	20,900
451	418	Ulta Beauty	6,152	5,090	176	Specialty Retailers: Other	Bolingbrook, IL	26,500
456	494	Fortune Brands Home & Security	6,090	7,359	553	Home Equipment, Furnishing	Deerfield, IL	27,505
463	475	Ingredion	5,987	6,858	348	Food Production	Westchester, IL	12,000
496	555	Camping World Holdings	5,447	3,256	122	Automotive Retailing, Services	Lincolnshire, IL	11,427
499	471	R.R. Donnelley & Sons	5,399	3,131	99	Publishing, Printing	Chicago, IL	33,000

Source: Fortune Magazine.

APPENDIX B-1

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

TAXABLE SERIES B BONDS

[LETTERHEAD OF CO-BOND COUNSEL]

[TO BE DATED CLOSING DATE]

We have examined a record of proceedings relating to the issuance of $220,000,000 aggregate principal amount of Build Illinois Bonds (Sales Tax Revenue Bonds) Junior Obligation Taxable Series B of September 2021 (the "Bonds") of the State of Illinois (the "State"). The Bonds are direct and limited obligations of the State issued pursuant to the authority of Section 9 of Article IX of the Illinois Constitution of 1970 (the "Constitution") and the Build Illinois Bond Act, 30 Illinois Compiled Statutes 425 (the "Act") and under and in accordance with a Master Trust Indenture Securing Build Illinois Bonds (Sales Tax Revenue Bonds), dated as of September 15, 1985 (the "Master Indenture"), as amended and supplemented to date, from the State to U.S. Bank National Association, as successor trustee (the "Trustee") and a Sixtieth Supplemental Indenture, dated as of September 1, 2021 (the "Sixtieth Supplemental Indenture"), from the State to the Trustee. The Master Indenture, as supplemented by the Sixtieth Supplemental Indenture, is sometimes referred to herein as the "Indenture."

The Bonds are issued and issuable only in fully registered form in the denominations of $5,000 or any integral multiple thereof. The Bonds are dated September 29, 2021. The Bonds mature on June 15, in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on June 15, 2022 and semiannually thereafter on June 15 and December 15 in each year at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2022	$11,000,000	0.463%
2023	11,000,000	0.613
2024	11,000,000	0.941
2025	11,000,000	1.253
2026	11,000,000	1.453
2027	11,000,000	1.799
2028	11,000,000	1.999
2029	11,000,000	2.159
2030	11,000,000	2.259
2031	11,000,000	2.359
2032	11,000,000	2.509
2033	11,000,000	2.659
2034	11,000,000	2.789
2035	11,000,000	2.889
2036	11,000,000	2.989
2037	11,000,000	3.089
2038	11,000,000	3.109
2039	11,000,000	3.159
2040	11,000,000	3.209
2041	11,000,000	3.259

The Bonds maturing on or after June 15, 2032 are subject to redemption prior to maturity at the option of the State, in such principal amounts and from such maturities as the State shall determine and on a pro-rata basis within a single maturity, on June 15, 2031 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

Each maturity of the Bonds is subject to redemption prior to maturity at the option of the State, on any Business Day prior to June 15, 2031, as a whole or in part on a pro-rata basis, at the applicable make whole redemption price determined in accordance with the applicable provisions of the Sixtieth Supplemental Indenture.

Pursuant to the Indenture, a series of bonds may be issued as "Senior Bonds" or as "Junior Obligations" (each as defined and referred to in the Indenture). Senior Bonds are entitled to a priority claim for payment over Junior Obligations. The Bonds are a series of Junior Obligations issued under the Indenture. Under the terms of the Indenture, the State has issued various series of Senior Bonds and Junior Obligations that are currently outstanding and may authorize and issue additional series of Senior Bonds and Junior Obligations for the purposes and upon the terms and conditions prescribed in the Indenture.

We are of the opinion that:

1. The State had and has the right and power under the Constitution and the Act to authorize the Bonds, to enter into the Indenture and to perform its obligations under the Indenture.

2. The Indenture is presently in full force and effect and is binding upon the State in accordance with its terms and is part of the contract of the State with the several owners of the Bonds.

3. The Bonds have been duly authorized and issued, are entitled to the benefits of the Act and the Indenture and are valid and legally binding direct and limited obligations of the State, enforceable in accordance with their terms and payable from the Revenues and the other moneys, securities and funds pledged under the Act and the Indenture and deposited into the Junior Obligation Debt Service Fund maintained under the Indenture. The Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The owners of the Bonds may not require the levy or imposition of any taxes or the application of State revenues or funds for the payment of the Bonds, except as provided in the Act and the Indenture.

4. The Act and the Indenture create a valid pledge of the Revenues and pledge of and lien on moneys on deposit in the Retirement and Interest Fund (as defined in the Indenture) and on the other moneys and securities held or set aside under the Indenture for the benefit and security of the Junior Obligations (including the Bonds), subject to the provisions of the Indenture requiring or permitting the payment, setting apart or application thereof for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under the Indenture, including the priority claim for payment of Senior Bonds over Junior Obligations. Pursuant to the Sixtieth Supplemental Indenture, the Bonds are also secured by a lien on and security interest in the moneys, securities and funds held in the General Account, the Junior Obligation Interest Account and the Junior Obligation Principal Account of the Junior Obligation Debt Service Fund.

Interest on the Bonds is not exempt from Federal or Illinois income taxes.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds and the Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

APPENDIX B-2

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

TAX-EXEMPT SERIES C BONDS

[LETTERHEAD OF CO-BOND COUNSEL]

[TO BE DATED CLOSING DATE]

We have examined a record of proceedings relating to the issuance of $142,745,000 aggregate principal amount of Build Illinois Bonds (Sales Tax Revenue Bonds) Junior Obligation Tax-Exempt Refunding Series C of September 2021 (the "Bonds") of the State of Illinois (the "State"). The Bonds are direct and limited obligations of the State issued pursuant to the authority of Section 9 of Article IX of the Illinois Constitution of 1970 (the "Constitution") and the Build Illinois Bond Act, 30 Illinois Compiled Statutes 425 (the "Act") and under and in accordance with a Master Trust Indenture Securing Build Illinois Bonds (Sales Tax Revenue Bonds), dated as of September 15, 1985 (the "Master Indenture"), as amended and supplemented to date, from the State to U.S. Bank National Association, as successor trustee (the "Trustee") and a Sixty First Supplemental Indenture, dated as of September 1, 2021 (the "Sixty First Supplemental Indenture"), from the State to the Trustee. The Master Indenture, as supplemented by the Sixty First Supplemental Indenture, is sometimes referred to herein as the "Indenture."

The Bonds are issued and issuable only in fully registered form in the denominations of $5,000 or any integral multiple thereof. The Bonds are dated September 29, 2021. The Bonds mature on June 15, in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on June 15, 2022 and semiannually thereafter on June 15 and December 15 in each year at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2022	$12,505,000	5.00%
2023	12,500,000	5.00
2024	12,500,000	5.00
2025	12,500,000	5.00
2026	12,500,000	5.00
2027	12,500,000	5.00
2028	12,500,000	5.00
2029	12,500,000	5.00
2030	12,500,000	5.00
2031	12,500,000	5.00
2032	12,500,000	5.00
2033	5,240,000	4.00

The Bonds maturing on or after June 15, 2032 are subject to redemption prior to maturity at the option of the State, in such principal amounts and from such maturities as the State shall determine, and by lot within a single maturity, on June 15, 2031 and on any date thereafter, at a redemption price equal to the principal amount of each Bond to be redeemed.

Pursuant to the Indenture, a series of bonds may be issued as "Senior Bonds" or as "Junior Obligations" (each as defined and referred to in the Indenture). Senior Bonds are entitled to a priority claim for payment over Junior Obligations. The Bonds are a series of Junior Obligations issued under the Indenture. Under the terms of the Indenture, the State has issued various series of Senior Bonds and Junior Obligations that are currently outstanding and may authorize and issue additional series of Senior Bonds and Junior Obligations for the purposes and upon the terms and conditions prescribed in the Indenture.

We are of the opinion that:

1. The State had and has the right and power under the Constitution and the Act to authorize the Bonds, to enter into the Indenture and to perform its obligations under the Indenture.

2. The Indenture is presently in full force and effect and is binding upon the State in accordance with its terms and is part of the contract of the State with the several owners of the Bonds.

3. The Bonds have been duly authorized and issued, are entitled to the benefits of the Act and the Indenture and are valid and legally binding direct and limited obligations of the State, enforceable in accordance with their terms and payable from the Revenues and the other moneys, securities and funds pledged under the Act and the Indenture and deposited into the Junior Obligation Debt Service Fund maintained under the Indenture. The Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The owners of the Bonds may not require the levy or imposition of any taxes or the application of State revenues or funds for the payment of the Bonds, except as provided in the Act and the Indenture.

4. The Act and the Indenture create a valid pledge of the Revenues and pledge of and lien on moneys on deposit in the Retirement and Interest Fund (as defined in the Indenture) and on the other moneys and securities held or set aside under the Indenture for the benefit and security of the Junior Obligations (including the Bonds), subject to the provisions of the Indenture requiring or permitting the payment, setting apart or application thereof for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under the Indenture, including the priority claim for payment of Senior Bonds over Junior Obligations. Pursuant to the Sixty First Supplemental Indenture, the Bonds are also secured by a lien on and security interest in the moneys, securities and funds held in the General Account, the Supplemental Authority Account, the Junior Obligation Interest Account and the Junior Obligation Principal Account of the Junior Obligation Debt Service Fund.

5. Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. The Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing alternative minimum taxable income.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Bonds. The State has covenanted in the Indenture to comply with these requirements.

Interest on the Bonds is not exempt from Illinois income taxes.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds and the Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

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APPENDIX C

CERTAIN DEFINITIONS

"*Act*" means "AN ACT to create the Build Illinois Bond Act and creating and amending various Acts in relation thereto", Public Act 84-111, approved July 25, 1985, as amended (30 ILCS 425/1 et seq.),

"*Aggregate Debt Service*" means, as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period, an amount of money equal to the aggregate of the amounts of Annual Debt Service with respect to such Fiscal Year or other specified 12-month period and to the Senior Bonds of all Series.

"*Annual Debt Service*" means, as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period and to Senior Bonds of a particular Series, an amount of money equal to the sum of (a) all interest payable during such Fiscal Year or other specified 12-month period on all Bonds of said Series Outstanding on said date of computation (provided that interest on Variable Rate Bonds of said Series shall be included at the Assumed Variable Amount) and (b) all Principal Installments payable during such Fiscal Year or other specified 12-month period with respect to all Bonds of said Series Outstanding on said date of computation, all calculated on the assumption that Bonds of said Series will after said date of computation cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with the Indenture and the Supplemental Indenture creating such Series of Principal Installments payable at or after said date of computation. For purposes of this definition the term "interest" shall not include Subordinated Interest and the term "Principal Installments" shall not include Subordinated Principal Installments.

"*Annual Specified Amounts*" means with respect to any Fiscal Year the amounts designated as Annual Specified Amounts in the Sales Tax Acts.

"*Appreciation and Income Bond*" means any Senior Bond or Senior Bonds of a Series sold at a price less than 97 percent of the Compounded Amount thereof payable at maturity, but only if (a) such Bond or Bonds are designated as an Appreciation and Income Bond or Bonds by the Supplemental Indenture providing for the issuance of such Series of Bonds, (b) Annual Debt Service on such Series of Bonds, together with Annual Debt Service on all other Series of Outstanding Bonds, is as nearly level or equal as possible, taking into consideration prevailing financial techniques, including, without limitation, the possible initial delay of principal maturities in early years and the use of Capitalized Interest, the determination by the Director in the applicable Bond Sale Order as to such level Annual Debt Service being final and conclusive, and (c) such Appreciation and Income Bonds may also be designated either serial or term Bonds by the Supplemental Indenture providing for the issuance of such Bonds.

"*Appreciation Bond*" means any Senior Bond or Senior Bonds of a Series sold at a price less than 97 percent of the Compounded Amount thereof payable at maturity, but only if (a) such Bond or Bonds are designated as an Appreciation Bond or Bonds by the Supplemental Indenture providing for the issuance of such Series of Bonds, (b) Annual Debt Service on such Series of Bonds together with Annual Debt Service on all other Series of Outstanding Bonds is as nearly level or equal as possible, taking into consideration prevailing financial techniques, including, without limitation, the possible initial delay of principal maturities in early years and the use of Capitalized Interest, the determination by the Director in the applicable Bond Sale Order as to such level Annual Debt Service being final and conclusive, and (c) such Appreciation Bonds may also be designated either serial or term Bonds by the Supplemental Indenture providing for the issuance of such Bonds.

"*Assumed Variable Amount*" means, as of any particular date of computation and with respect to a particular al Year or other specified 12-month period and to Variable Rate Bonds of a particular Series of Senior Bonds an amount of money equal to (a) the interest payable on such Variable Rate Bonds calculated at the maximum rate permitted under the Bond Sale Order and Supplemental Indenture authorizing the issuance of such Variable Rate Bonds, less (b) the amount permitted to be credited under the Indenture and the terms of such Supplemental Indenture, against the amount of interest on such Variable Rate Bonds required to be included in any computation with respect to such period, including but not limited to, any computation of Annual Debt Service, Certified Annual Debt Service Requirement and Required Bond Transfer. For purposes of this definition the term "interest" shall not include Subordinated Interest.

"*BIBA Authorization Bonds*" means Bonds issued and Outstanding payable solely from BIBA Revenues, being the Bonds other than CPF Authorization Bonds.

"*BIBA Revenues*" means the amounts transferred from the Build Illinois Bond Account of the State pursuant to Section 13 of the Act for the payment of Bonds.

"*Bond Counsel*" or "*Co-Bond Counsel*" means a firm of attorneys having expertise in the field of law relating to municipal, state and public agency financing, selected by the State and satisfactory to the Trustee.

"*Bondholder*" or "*holder*" or "*owner*" or words of similar import, when used with reference to a Bond, means any person who shall be the bearer of any Outstanding Bond registered to bearer or not registered, or the registered owner of any Outstanding Bond at the time registered other than to bearer.

"*Bonds*" means any Senior Bonds and Junior Obligations of the State authenticated and delivered as a Series under and pursuant to Article II of the Indenture and any Section 209 Obligations.

"*Bond Sale Order*" means any Bond Sale Order as defined in Section 6(a) of the Act.

"*Build Illinois Bond Account*" means the Build Illinois Bond Account in the Build Illinois Fund.

"*Build Illinois Bond Fund*" means the Build Illinois Bond Fund created in the State Treasury pursuant to Section 5.159 of the Finance Act.

"*Build Illinois Fund*" means the Build Illinois Fund created in the State Treasury pursuant to Sections 6z-9 and 5.148 of the Finance Act.

"*Business Day*" means any day other than a Saturday or Sunday or legal holiday or a day on which banking institutions in the State are authorized by law or executive order to close.

"*Capital Projects Fund*" means the Capital Projects Fund created in the State Treasury pursuant to Section 6z77 of the Finance Act.

"*Certified Annual Debt Service Requirement*" for any Fiscal Year means an amount equal to the Aggregate Debt Service and the Junior Annual Debt Service for such Fiscal Year, plus an amount equal to the difference, if any, between (a) the Aggregate Debt Service and the Junior Annual Debt Service for any prior Fiscal Year and (b) the amount of Revenues deposited with the Trustee for such prior Fiscal Year, plus an amount of money equal to the aggregate amounts required by the provisions of the Indenture and a Supplemental Indentures to be deposited from Revenues in all Funds or Accounts under the Indenture and in all funds, accounts and subaccounts created under such Supplemental Indentures in such Fiscal Year minus any moneys in the Capitalized Interest Account to be used to pay interest on Bonds during such Fiscal Year.

"*Compounded Amount*" when used with reference to any Appreciation Bond or any Appreciation and Income Bond, shall mean:

(i) The Initial Offering Price, plus

(ii) the amount, assuming semi-annual compounding, of earnings which would be produced on an investment of the Initial Offering Price, (a) in the case of an Appreciation Bond, beginning on the date of delivery of such Bond, at a yield which, if received throughout the term of such Bond, would produce the principal amount and interest payable at maturity on such Bond in accordance with its terms, and (b), in the case of an Appreciation and Income Bond, beginning on the date of such Bond and ending on the Current Interest Commencement Date, at a yield which, if received until the Current Interest Commencement Date will produce the principal amount plus the compounded interest payable at maturity on such Bond in accordance with its terms.

"*Compounded Amount*" shall further mean, to the extent provided in a Supplemental Indenture, as applied to any particular Series of Bonds, in respect of each $5,000 principal and interest payable at maturity of any Appreciation Bond or any Appreciation and Income Bond, on any June 15 and December 15 prior to maturity, the amount set forth in the table of Compounded Amounts appearing on such Bond, as provided in the applicable Supplemental Indenture. Compounded Amount shall also further mean, to the extent provided in a Supplemental Indenture, as applied to any particular Series of Bonds, in respect of each $5,000 principal and interest payable at maturity of any Appreciation Bond or any Appreciation and Income Bond, on a date other than a June 15 or December 15, the Compounded Amount on the next preceding December 15 or June 15 plus the portion of the difference between the Compounded Amount on the next preceding December 15 or June 15 and the next succeeding June 15 or December 15 that the number of days from the next preceding December 15 or June 15 to the date for which the determination is being calculated bears to the total number of days from the next preceding December 15 or June 15 to the next succeeding June 15 or December 15.

"*Comptroller*" means the Comptroller of the State.

"*Costs of Issuance*" means any item of expense payable or reimbursable, directly or indirectly, by the State and related to the authorization, offering, sale, issuance and delivery of Bonds, including but not limited to travel and other expenses of any officer or employee of the State in connection with the authorization, offering, sale, issuance and delivery of such Bonds, advertising, printing, bond rating, travel, security, and delivery costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary or registrar, legal and municipal advisory fees and disbursements, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, application fees and premiums on municipal bond insurance, initial credit or liquidity facility charges, initial fees of indexing and remarketing agents, initial costs of entering into interest rate swaps, guarantees or arrangements to limit interest rate risk and costs and expenses relating to the refunding of Bonds.

"*CPF Authorization Bonds*" means Bonds issued pursuant to the CPF Authorizations.

"*CPF Authorizations*" means the authorizations for the issuance of Bonds enacted pursuant to Public Acts 96-36, 96-1554 and 98-94 of the Illinois General Assembly or any other act of the Illinois General Assembly authorizing the issuance of Bonds payable from amounts transferred from the Capital Projects Fund.

"*CPF Revenues*" means amounts transferred from the Capital Projects Fund of the State pursuant to Section 13 of the Act for payments of Bonds.

"*Current Interest Commencement Date*" means the date designated in the applicable Supplemental Indenture on which interest on any Appreciation and Income Bond ceases to be deferred and compounded and becomes currently payable on the scheduled interest payment dates.

"*Debt Service Fund*" means the Debt Service Fund created by the Indenture.

"*Debt Service Reserve Fund*" means the Debt Service Reserve Fund created by the Indenture.

"*Debt Service Reserve Fund Requirement*" means at any time an amount equal to 50 percent of the maximum Aggregate Debt Service for the then current or any future Fiscal Year; *provided, however*, that for the purposes of this definition interest payable on each Series of Variable Rate Senior Bonds shall, to the extent includable in Aggregate Debt Service, be included in Aggregate Debt Service at the maximum rate permitted under the Bond Sale Order and Supplemental Indenture authorizing the issuance of such Series.

"*Director*" or "*Acting Director*" means the Director or Acting Director of the GOMB.

"*Federal Obligation*" means any direct obligation of, or any obligation the full and timely payment of principal of and interest on which is guaranteed by, the United States of America, including, but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds—State and Local Government Series or certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of $100,000,000.

"*Fiduciary*" means the Trustee, any trustee under a Supplemental Indenture or any Paying Agent or any or all of them, as may be appropriate.

"*Finance Act*" means "AN ACT in relation to State finance," approved June 10, 1919, as amended.

"*Fiscal Year*" means July 1 through June 30 of the following year.

"*General Reserve Fund*" means the General Reserve Fund created by the Indenture.

"*GOMB*" means the Governor's Office of Management and Budget.

"*Governor*" means the Governor of the State.

"*Indenture*" means the Master Indenture as the same may from time to time be amended or supplemented by Supplemental Indentures executed and delivered by the State and the Trustee in accordance with the Master Indenture.

"*Initial Offering Price*" means the principal amount of an Appreciation Bond or an Appreciation and Income Bond and the price at which such Bond is offered for sale to the public or sold to the initial purchaser thereof at the time of sale thereof by the State without reduction to reflect underwriters' discount or placement agent's fees.

"*Junior Annual Debt Service*" means as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period and with respect to all Junior Obligations and to all Senior Bonds with respect to which Subordinated Interest or Subordinated Principal Installments are payable, an amount of money equal to the sum of (a) all interest and Subordinated Interest payable during such Fiscal Year or other specified 12-month period on all Junior Obligations and all such Senior Bonds Outstanding on said date of computation (provided that interest or Subordinated Interest payable at a variable rate shall be included on the basis of the maximum rate permitted under the Bond Sale Order and Supplemental Indenture or other instrument authorizing the issuance of such Junior Obligations or Senior Bonds, as the case may be, less amounts permitted to be credited under the Indenture and the terms thereof against the amount of interest or Subordinated Interest required to be included in any computation with respect to such period of any debt service reserve fund requirement, the Certified Annual Debt Service Requirement, or the Required Bond Transfer), plus (b) all Principal Installments and Subordinated Principal Installments payable during such Fiscal Year or other specified 12-month period in respect of all Junior Obligations and all such Senior Bonds Outstanding on such date of computation.

"*Junior Obligation Debt Service Fund*" means the Junior Obligation Debt Service Fund created by the Indenture.

"*Junior Obligations*" means Bonds of any Series designated as Junior Obligations in the Supplemental Indenture authorizing such Series, any obligation to pay Subordinated Interest or any Subordinated Principal Installment, and any Section 209 Obligations.

"*Master Indenture*" means the Master Trust Indenture, dated as of September 15, 1985, as originally executed and delivered by the State and the Trustee.

"*Net Debt Service Requirement*" means, as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period, an amount equal to (a) the Aggregate Debt Service less (b) an amount equal to that portion of Aggregate Debt Service which may be paid when due from any moneys. Federal Obligations and Qualified Investments described in paragraphs (f) and (g) of the definition thereof, together with interest thereon, set aside in trust in the Net Debt Service Account solely for the purpose of paying all or any portion of Aggregate Debt Service; provided that the principal of and interest on such Federal Obligations and Qualified Investments, when due (without reinvestment thereof) will provide moneys which, together with any moneys so set aside, shall be sufficient to pay such portion of Aggregate Debt Service when due.

"*Outstanding*," when used with reference to the Bonds, means as of any date, all Bonds theretofore or thereupon being issued pursuant to the Indenture except;

(a) Bonds canceled by the Trustee or the owner of a Section 209 Obligation, as the case may be, at or prior to such date or theretofore delivered to the Trustee or such owner, as the case may be, for cancellation;

(b) Bonds (or portions of Bonds) for the payment or redemption of which there shall be held in trust and set aside for such payment or redemption (whether at, prior to or after the maturity or redemption date) moneys or Federal Obligations and Qualified Investments described in paragraphs (f) and (g) of the definition thereof the principal of and interest on which when due and payable will provide moneys, together with the moneys, if any, deposited with the Trustee at the same time, in an amount sufficient to pay the principal or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, and, if such Bonds are to be redeemed, for which notice of such redemption shall have been given as provided in the Master Indenture or in the related Supplemental Indenture or provisions satisfactory to the Trustee shall have been made for the giving of such notice;

(c) Bonds for the transfer or exchange of, in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture; and

(d) Bonds deemed to have been paid as provided in the Indenture or in any Supplemental Indenture.

"*Principal Installment*" means as of any particular date of computation and with respect to Bonds of a particular Series or particular Section 209 Obligations, an amount of money equal to the aggregate of (i) the principal amount of Outstanding Bonds or Section 209 Obligations which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds or Section 209 Obligations which would at or before said future date be retired by reason of the payment when due and application in accordance with the Indenture of Sinking Fund Payments payable at or before said future date for the retirement of such Outstanding Bonds or Section 209 Obligations, plus (ii) the amount of any Sinking Fund Payments payable on said future date for the retirement of any Outstanding Bonds of such Series or said Section 209 Obligations, and said future date shall, for all purposes of the Indenture, be deemed to be the date when such Principal Installment is payable and the date of such Principal Installment.

"*Program Expense Fund*" means the Program Expense Fund created by the Indenture.

"*Program Expenses*" means any item of expense relating to the Bonds payable or reimbursable, directly or indirectly, by the State and relating to the fees and charges of any Fiduciary or registrar, costs of credit or liquidity enhancement arrangements, fees of indexing or remarketing agents and costs of entering into interest rate swaps, guarantees or arrangements to limit interest rate risk; provided, however, that Program Expenses shall not include any item of expense which is a Cost of Issuance.

"*Qualified Financial Institution*" means any bank, insurance company, corporation or other person having capital, surplus and undivided profits or net worth aggregating not less than $100,000,000 and whose senior debt is rated in one of the two highest rating categories by at least two nationally recognized rating agencies; *provided* that such bank, insurance company, corporation or person shall further meet the requirements imposed by the Act for banks, insurance companies or other persons executing arrangements with the State with respect to interest rate swaps or guarantees or financial futures contracts for the purpose of limiting or restricting interest rate risk.

"*Qualified Investments*" means:

(a) Federal Obligations;

(b) Deposits in interest-bearing deposits or certificates of deposit or similar arrangements issued by any bank or national banking association, including a Fiduciary, which deposits, to the extent not insured by the Federal Deposit Insurance Corporation, shall be secured by Qualified Collateral having a current market value (exclusive of accrued interest) at all times at least equal to 102 percent of the amount of such deposits, and which Qualified Collateral shall have been deposited in trust by such bank or national banking association with the trust department of the Trustee or with a Federal Reserve Bank or branch or, with the written approval of the State and the Trustee, with another bank, trust company or national banking association for the benefit of the State and the appropriate Fund or Account as collateral security for such deposits;

(c) Direct and general obligations of any state of the United States of America, any direct obligations of the State, or any direct obligations of any political subdivision of the State which, in each case, are rated not less than AA or Aa or their equivalents by two nationally recognized bond rating agencies;

(d) Obligations issued by any of the following agencies; Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks System, Federal Land Banks, Export-Import Bank, Tennessee Valley Authority, Government National Mortgage Association, Farmers Home Administration, United States Postal Service, and the Federal National Mortgage Association to the extent that such obligations are guaranteed by the Government National Mortgage Association, any agency or instrumentality of the United States of America and any corporation controlled and supervised by, and acting as an agency or instrumentality of, the United States of America;

(e) Repurchase agreements extending not beyond 30 calendar days with banks which are members of the Federal Reserve System having capital, surplus and undivided profits of at least $100,000,000 or with government bond dealers having capital, surplus and undivided profits or net worth of at least $100,000,000 and recognized as primary dealers by the Federal Reserve Bank of New York that are secured by Federal Obligations having a current market value (inclusive of accrued interest) at all times at least equal to 102 percent of the full amount of the repurchase agreement, and which Federal Obligations shall have been deposited in trust by such banks or dealers with the trust department of the Trustee or with a Federal Reserve Bank or branch, or with the written approval of the State and the Trustee, with another bank, trust company or national banking association for the benefit of the State and the appropriate Fund or Account as collateral security for such repurchase agreements;

(f) Public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America; and

(g) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds or obligations for redemption on the date or dates specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in the definition of Federal Obligation which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in clause (i) of this paragraph (g), as appropriate, and (iii) as to which the principal of and interest on the bonds and obligations of the character described in the definition of Federal Obligation which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph (g) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) of this paragraph (g), as appropriate.

"*Record Date*" means the 15th day (whether or not a business day) next preceding any principal or interest payment date, including any interest payment date resulting from an optional redemption of Series of September 2021 Bonds on a date other than June 15 or December 15.

"*Redemption Price*" means with respect to any Series of Bonds or any particular Section 209 Obligations, the principal amount of the Bonds or Section 209 Obligations plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bonds or Section 209 Obligations or the Supplemental Indenture creating such Series or the installment creating such Section 209 Obligations.

"*Reform Act*" means "AN ACT relating to taxes and the use thereof, amending Acts named therein," Public Act 85-1135, approved July 28, 1988, as amended.

"*Reform Fund*" means the State and Local Sales Tax Reform Fund created in the State Treasury pursuant to Section 6z-17 of the Finance Act.

"*Reform Fund Amounts*" means the amounts of money required to be transferred monthly from the Reform Fund to the Build Illinois Fund as provided in Section 6z-17 of the Finance Act.

"*Required Bond Transfer*" means with respect to any Fiscal Year the amount of money required to be transferred from the Build Illinois Bond Account to the Retirement and Interest Fund and to be paid from the Retirement and Interest Fund to the Trustee for such Fiscal Year as provided in the Indenture and the Act.

"*Retirement and Interest Fund*" means the Build Illinois Retirement and Interest Fund created in the State Treasury pursuant to the Act and the Finance Act.

"*Retailers' Occupation Tax*" means the tax now or hereafter imposed by the State pursuant to Section 3 of the "Retailers' Occupation Tax Act," approved June 28, 1933, as amended.

"*Revenue Fund*" means the Revenue Fund created by Section 501 of the Indenture.

"*Revenues*" means all tax revenues and other moneys, from whatever source (including without limitation the Navy Pier Act), which by law are required to be deposited into the Build Illinois Fund for the purposes of making transfers to and payments from the Retirement and Interest Fund as required by Sections 6z-9 and 8.25 of the Finance Act; and into the Capital Projects Fund for the purpose of making transfers to and payments from the Retirement and Interest Fund as required by Public Acts 96-36, 96-1554 and 98-94 (supplementing Section 13 of the Act), provided, however, that Revenues shall not include (a) any tax revenues and other moneys, from whatever source, which by law, now or hereafter enacted, are required to be transferred from the Build Illinois Fund to the Metropolitan Fair and Exposition Authority Improvement Bond Fund as permitted by the Indenture or (b) l/12th of $5,000,000 of the moneys received by the Illinois Department of Revenue and required to be paid each month into the Build Illinois Fund pursuant to Section 3-1001 of "The Illinois Vehicle Code," approved September 29, 1969, as amended.

"*Sales Tax*" or "*Sales Taxes*" means the taxes now or hereafter imposed by the State pursuant to the Sales Tax Acts.

"*Sales Tax Acts*" means Section 9 of the "Use Tax Act," approved July 14, 1955, as amended, Section 9 of the "Service Use Tax Act," approved July 10, 1961, as amended. Section 9 of the "Service Occupation Tax Act," approved July 10, 1961, as amended, and Section 3 of the "Retailers' Occupation Tax Act," approved June 28, 1933, as amended.

"*Section 209 Obligations*" means any Junior Obligations in the form of obligations incurred by the State to reimburse or repay the issuer or issuers of one or more letters of credit or the provider or providers of lines of credit or other credit or liquidity enhancement facilities securing one or more Series of Bonds as described in Section 209 of the Indenture, including any fees or other amounts payable to the issuer or provider of any such letter of credit or facility , whether such obligations are set forth in one or more agreements entered into between the State and the issuer or provider of any such letter of credit or facility, or in one or more notes or other evidences of indebtedness executed and delivered by the State pursuant thereto, or any combination thereof.

"*Senior Bonds*" means Bonds of any Series designated as Senior Bonds in the Supplemental Indenture authorizing such Series.

"*Series*" shall mean all of the Bonds authenticated and delivered on original issuance pursuant to a Supplemental Indenture and designated as a Series therein, but, unless the context clearly indicates otherwise, shall not include Section 209 Obligations.

"*Series B of September 2021 Bonds*" means a Series of Junior Obligations designated as "Taxable Series B of September 2021 Bonds" in the Sixtieth Supplemental Indenture.

"*Series C of September 2021 Bonds*" means a Series of Junior Obligations designated as "Tax-Exempt Refunding Series C of September 2021 Bonds" in the Sixty First Supplemental Indenture.

"*Service Occupation Tax*" means the tax now or hereafter imposed by the State pursuant to Section 9 of the "Service Occupation Tax Act," approved July 10, 1961, as amended.

"*Service Use Tax*" means the tax now or hereafter imposed by the State pursuant to Section 9 of the "Service Use Tax Act," approved July 10, 1961, as amended.

"*Sinking Fund Payment*" means as of any particular date of determination and with respect to the Outstanding Bonds of any Series or with respect to any particular Section 209 Obligations, the amount required by the Supplemental Indenture creating such Series or the instrument creating such Section 209 Obligations to be paid in any event by the State on a single future date for the retirement of Bonds of such Series or of such Section 209 Obligations which mature after said future date, but does not include any amount payable by the State by reason only of the maturity of a Bond or Section 209 Obligation.

"Sixtieth Supplemental Indenture" means the Sixtieth Supplemental Indenture to the Master Indenture.

"*Sixty-First Supplemental Indenture*" means the Sixty First Supplemental Indenture to the Master Indenture.

"*State*" means the State of Illinois.

"*State Portion*" means, commencing January 1, 1990, the portion of the Sales Taxes remaining after the monthly deposits of 20 percent thereof required to be made from and after such date pursuant to the Reform Act.

"*State Share of Sales Tax Revenues*" means the State's 80 percent portion of total collected sales tax receipts (excluding the 5.25% incremental portion of the Sales Taxes from the sale of candy and grooming products, and soft drinks currently taxed at 6.25%, as increased from the pre-September 1, 2009, rate of 1.00%, which incremental portion is deposited into the Capital Projects Funds for the payment of Bonds issued pursuant to the Capital Projects Fund Legislation).

"*Subordinated Interest*" means interest designated as Subordinated Interest under any Supplemental Indenture authorizing a Series of Senior Bonds which are Variable Rate Bonds and which is payable from the Junior Obligation Debt Service Fund to a person who becomes a Bondholder as a result of providing a credit or liquidity enhancement facility relating to such Series.

"*Subordinated Principal Installment*" means any Principal Installment designated as a Subordinated Principal Installment under any Supplemental Indenture authorizing a Series of Senior Bonds which are Variable Rate Bonds and which is payable from the Junior Obligation Debt Service Fund to a person who becomes a Bondholder as a result of providing a credit or liquidity enhancement facility relating to such Series.

"*Supplemental Indenture*" means an indenture supplemental to or amendatory of the Master Indenture, executed and delivered by the State and the Trustee in accordance with the Indenture.

"*Tax Act Amount*" means the Tax Act Amount as defined in Section 3 of the "Retailers' Occupation Tax Act," approved June 28, 1933, as amended.

"*Treasurer*" means the Illinois State Treasurer.

"*Trustee*" means U.S. Bank National Association, as trustee under the Indenture, or its successor as such trustee hereafter appointed in the manner provided in the Indenture and, with respect to any Supplemental Indenture, the trustee thereunder or its successor as trustee.

"*Use Tax*" means the tax now or hereafter imposed by the State pursuant to Section 9 of the Use Tax Act, approved July 14, 1955, as amended.

APPENDIX D

OUTSTANDING BONDS
BUILD ILLINOIS BONDS (SALES TAX REVENUE BONDS)
(As of September 15, 2021)

Senior Obligation Bonds	Original Principal Amount	Bonds Outstanding
Series of March 2014 (Taxable)	$402,000,000	$284,750,000
Series of May 2013 (Taxable)	300,000,000	200,000,000
Series of May 2012 (Taxable)	425,040,000	265,650,000
Series of October 2011*	300,000,000	187,500,000
Series of April 2002	150,000,000	70,000,000
Series P	100,000,000	7,110,000
Total Senior Bonds		**$1,015,010,000**

Junior Obligation Bonds	Original Principal Amount	Bonds Outstanding
Series A of September 2021	$130,000,000	$130,000,000
Series B of September 2021	220,000,000	220,000,000
Series C of September 2021	142,745,000	142,745,000
Series of October 2018	250,000,000	218,200,000
Series of September 2016	548,790,000	475,650,000
Series of June 2013	604,110,000	232,350,000
Total Junior Obligation Bonds		$1,418,945,000
Total Outstanding Bonds		**$2,433,955,000**

* To be refunded on October 18, 2021. See Table J-1.

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APPENDIX E

PENSION AND OTHER POST EMPLOYMENT BENEFITS

GENERAL

The State provides funding for the Retirement Systems, which provide benefits upon retirement, death or disability to employees and beneficiaries. The Retirement Systems are, in order from largest to smallest membership: (i) the Teachers' Retirement System of the State of Illinois ("TRS"); (ii) the State Universities Retirement System of Illinois ("SURS"); (iii) the State Employees' Retirement System of Illinois ("SERS"); (iv) the Judges Retirement System of Illinois ("JRS"); and (v) the General Assembly Retirement System, State of Illinois ("GARS") (each a "Retirement System" and collectively, the "Retirement Systems").

To fund the benefits to be paid by a defined-benefit pension plan, both employees and employers make contributions to the plan's assets. Generally, employees contribute a fixed percentage of their annual salary, and employers contribute the additional amounts necessary, when combined with the projected investment earnings on plan assets, to pay the benefits under and the expenses of the pension plan. The necessary employer contributions to the Retirement Systems are calculated and recommended annually by an independent actuary based on State law requirements and certified by the Board of each Retirement System. See "—DETERMINATION OF EMPLOYER CONTRIBUTIONS." Information regarding the benefits provided by each Retirement System is available at the website for such system. See APPENDIX F—"WEBSITE INDEX."

For SERS, the State provides the majority of employer contributions for State employees combined with contributions from trust, federal and certain state grant funds. For GARS and JRS, the State provides the sole employer contribution to the Retirement Systems. For TRS, the State's contributions are combined with contributions from federal funds and the individual school districts (which employ the majority of TRS members), special districts and State agencies employing TRS members. For SURS, State contributions, combined with trust and federal funds and contributions from employers for employees paid from certain State grants and non-State funds, serve as the employer contribution.

Section 5 of Article XIII of the Illinois Constitution provides that "[m]embership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired" (the "Pension Protection Clause"). The benefits available under the Retirement Systems accrue throughout the time a member is employed by an employer participating in one of the Retirement Systems. Although the benefits accrue during employment, certain age and service requirements must be achieved for retirement annuities, survivor annuities or death benefits to be paid to the employee or the employee's survivors and beneficiaries, if any, respectively.

State contributions to the Retirement Systems are made following appropriation by the General Assembly. The Board of each Retirement System is required, on or before November 1 of each year, to submit a proposed certification to the State Actuary of the amount necessary to pay the Required Annual Statutory Contribution (as defined below) for inclusion in the Governor's budget for the following fiscal year. On or before November 1 of each year, the Retirement Systems are required to prepare preliminary actuarial valuation reports. By January 1 of each year, the State Actuary is required to issue a report on such preliminary actuarial valuation reports, providing a review of the actuarial assumptions used in the proposed certification by the Retirement Systems and recommending any changes for consideration. See "—RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS—*State Actuary's Fiscal Year 2020 Report.*" The Board of each Retirement System must consider all recommendations of the State Actuary prior to providing a final certification to the State of the Required Annual Statutory Contribution on or before January 15 of each year. This Official Statement reflects the most current, final reports of the Retirement Systems and Auditor General. Final comprehensive annual financial reports ("CAFRs") and final Actuarial Valuations (as defined herein) for Fiscal Year 2020 ("Fiscal Year 2020") may be found at each Retirement System's website. See APPENDIX F—WEBSITE INDEX.

In the event that the General Assembly fails to appropriate the amount certified by the Retirement Systems, the Pension Code (40 ILCS 5/ *et seq*.) and the State Pension Funds Continuing Appropriation Act (40 ILCS 15/ *et seq.*) require payments to be made by the Comptroller and the Treasurer to the Retirement Systems in amounts sufficient to meet the requirements of the Statutory Funding Plan (as defined herein). See "—DETERMINATION OF EMPLOYER CONTRIBUTIONS—*The Actuarial Valuation*" below. Despite the continuing appropriation, the possibility still exists that the Retirement Systems will not receive the required contribution when due if the funds available in the State's

General Funds are insufficient to make such payments. If such funds are not available, the State could fail to meet its payment obligation or be forced to make such payment from another source.

With the exception of a portion of payments that are made to SERS with each payroll voucher, the Retirement Systems submit monthly payment requests to the Comptroller. The Comptroller is not required to make monthly payments upon receipt of such requests. During Fiscal Year 2019 and Fiscal Year 2020, some delays in the monthly payments occurred. The annual payments for Fiscal Year 2019 and Fiscal Year 2020 were paid in full by the end of the Fiscal Year 2019 and 2020 lapse periods, respectively. Delays also occurred in making monthly payments during Fiscal Year 2021. The annual payments for Fiscal Year 2021 were paid in full by the end of the Fiscal Year 2021. If the full amount of Required Annual Statutory Contributions (as defined herein) is not paid in a timely manner, the Retirement Systems may be required to sell more assets than planned to pay benefits as they become due. Asset sales would reduce the amount of assets invested by the Retirement Systems and, as such, reduce the amount of investment income earned by the Retirement Systems in the future. For a description of the instances in which the Retirement Systems have been funded at less than the Actuarially Required Contribution (as defined herein) level, and the effect of a sale of the Retirement Systems' assets to pay benefits, see "—HISTORY OF CONTRIBUTIONS TO THE RETIREMENT SYSTEMS."

SOURCE INFORMATION

With regard to the following, except "Excluded Information" defined below, the information contained in this APPENDIX E relies on materials produced by the Retirement Systems, their independent accountant and their independent actuaries (the "Source Information"). The information in this APPENDIX E is presented on the basis of the Source Information. The State has not independently verified the Source Information and makes no representations nor expresses any opinion as to the accuracy of the Source Information. "Excluded Information" means information contained under the following sub-captions below: "—2010 LEGISLATION MODIFYING PENSION STRUCTURE," "—2013 LEGISLATION MODIFYING PENSION STRUCTURE," "—2017 LEGISLATION MODIFYING PENSION STRUCTURE," "—RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS," "—SEC ORDER," and "—PENSION DISCLOSURE POLICIES AND PROCEDURES."

Furthermore, where tables in this disclosure present aggregate information regarding the Retirement Systems, specifically in Tables E-5 through E-15, such combined information results solely from the arithmetic calculation of numbers compiled from the Source Information.

The State is obligated to make contributions to the Retirement Systems as set forth in the Pension Code. See "—DETERMINATION OF EMPLOYER CONTRIBUTION" herein. In addition, the Retirement Systems' members make contributions to the Retirement Systems from their salaries. For more information on the amount of contributions made by the State and Retirement System members in each of Fiscal Years 2016 through 2020, see Tables E-6 through E-10.

BACKGROUND INFORMATION REGARDING THE RETIREMENT SYSTEMS

As described above, the State provides funding for the five Retirement Systems. The following is a description of each Retirement System. Membership information and member contribution information for each Retirement System is presented at the end of this section in Table E-1.

The Teachers' Retirement System, TRS, is a cost-sharing, multiple-employer, public employee defined-benefit pension plan that provides coverage to teachers employed by public school districts in the State (excluding teachers employed by Chicago Public Schools). TRS is governed by a 15-member Board of Trustees, consisting of the State Superintendent of Education, seven trustees appointed by the Governor with the advice and consent of the Senate, five trustees elected by contributing TRS members, and two trustees elected by TRS annuitants. All trustees except for the State Superintendent of Education serve four-year staggered terms.

Although most of TRS's covered employees are not employees of the State, approximately 95% of the employer funding for TRS is paid by the State. TRS receives contributions from 851 local school districts, 130 special districts and 10 other State agencies. To date, the contributions made by individual school districts, special districts and State agencies have been minimal. However, Public Act 100-0023 ("Public Act 100-23") requires certain additional contributions by such school districts upon implementation of Tier 3 (as defined herein). See "—2017 LEGISLATION MODIFYING PENSION STRUCTURE" herein.

The State Universities Retirement System, SURS, is a cost-sharing, multiple-employer, public employee defined-benefit pension plan. SURS provides coverage to faculty and staff of State universities, community colleges and related agencies. SURS is governed by an 11-member Board of Trustees, consisting of the Chairperson of the Illinois Board of Higher Education, four trustees appointed by the Governor with the advice and consent of the Senate, four trustees elected by contributing SURS members and two trustees elected by SURS annuitants. All trustees except for the Chairperson of the Illinois Board of Higher Education serve six-year staggered terms.

SURS draws contributions from employees of nine universities, 39 community college districts and 13 other affiliated agencies. Public Act 100-23 will require the universities, community colleges and other affiliated agencies participating in SURS to contribute to SURS. See "—2017 LEGISLATION MODIFYING PENSION STRUCTURE" herein.

SURS also provides a public employee defined contribution plan, termed the "Retirement Savings Plan." In a defined contribution plan, the employee and the employer contribute specified amounts to the pension plan. These contributions, plus the investment earnings on the money in each employee's account, represent the employee's benefits under the plan. As opposed to defined-benefit plans which provide a predetermined level of benefits to the employee, the benefit in a defined contribution plan is not predetermined. The benefit is based on the individual account balance (consisting of contributions and investment returns thereon) available at retirement or termination. Members contribute 8.0% of their gross earnings and the State contributes 7.6% of payroll to provide employer contributions (of this amount, up to 1.0% is used to fund disability benefits).

The State Employees' Retirement System, SERS, is a single-employer, public employee defined-benefit pension plan. SERS provides benefits for most State employees not eligible for another State-sponsored retirement plan, as well as for certain employees appointed by the Governor and requiring confirmation by the Senate that elect to become members of SERS. SERS is governed by a 13-member Board of Trustees, consisting of the Comptroller, six trustees appointed by the Governor with the advice and consent of the Senate, four trustees elected by the SERS members, and two trustees elected by the SERS retirees. Three appointed trustee positions are currently vacant. All trustees except for the Comptroller serve five-year staggered terms.

Certain members of SERS are eligible for federal Social Security benefits. As of June 30, 2020, of active employees, 2,348 are coordinated with Social Security. All other active employees are not coordinated with Social Security.

The Judges' Retirement System, JRS, is a single-employer, public employee defined-benefit pension plan that covers judges, associate judges and, under certain conditions, the administrative director of the State courts. Participation by judges is mandatory unless a judge makes an election not to participate within 30 days of receipt of notice of the option not to participate. JRS is governed by a five-person Board of Trustees, consisting of the Treasurer, the Chief Justice of the Supreme Court, and three participating judges who are appointed by the Supreme Court. The three participating judges serve three-year terms.

The General Assembly Retirement System, GARS, is a single-employer, public employee defined-benefit pension plan that covers members of the General Assembly, State Constitutional Officers and, under certain circumstances, the Clerk and Assistant Clerk of the House and the Secretary and Assistant Secretary of the Senate. GARS is governed by a seven-member Board of Trustees, consisting of three members of the Senate appointed by the President of the Senate; three members of the House of Representatives appointed by the Speaker of the House; and one person elected from the member annuitants under rules prescribed by the Board of Trustees. All appointed trustees serve two-year terms while the elected trustee serves a four-year term.

With the exception of certain SERS members, as discussed above, and a small number of SURS members, members of the Retirement Systems do not participate in Social Security through their employment with an employer participating in a Retirement System.

As of June 30, 2020, the membership in each of the Retirement Systems and the required membership contributions as a percentage of member salary were as follows:

TABLE E-1 MEMBERSHIP AND MEMBER CONTRIBUTIONS

Retirement System	Active Members	Inactive/ Entitled to Benefits	Retirees and Beneficiaries	Total	Member Contribution[1]
TRS	163,115	138,279	125,927	427,321	9.0%
SURS	63,206	83,744	69,172	216,122	8.0% - 9.5%[2]
SURS/RSP[3]	13,129	10,280	1,007	24,416	8.0%
SERS	62,621	27,424	75,355	165,400	4.0% - 12.5%[4]
JRS	947	24	1,276	2,247	8.5% or 11%[5]
GARS	124	65	438	627	9.5% or 11.5%[6]
Total	303,142	259,816	273,175	836,133	

Source: CAFRs of the Retirement Systems as of June 30, 2020.

(1) Represents the percentage of salary a member is required to contribute annually to the respective Retirement System under the Pension Code. Certain school districts provide for member contributions on behalf of their employees.

(2) Most members contribute a total of 8.0% of pensionable pay. Police officers and firefighters contribute a total of 9.5% of pensionable pay.

(3) The SURS/RSP refers to the SURS Retirement Savings Plan.

(4) Members covered by Social Security contribute 4% of their salary if ineligible for an alternative benefits formula and 8.5% of salary if eligible for such a formula. Members not covered by Social Security contribute 8% of their salary if ineligible for an alternative benefits formula and 12.5% of salary if eligible for such a formula.

(5) Members contribute 11.0% of their salaries, consisting of a retirement annuity (7.5%), an automatic annuity increase (1.0%) and a survivor's annuity (2.5%). Certain members may elect not to participate in the survivor's annuity and therefore contribute 8.5% of salary

(6) Members contribute 11.5% of their salaries, consisting of a retirement annuity (8.5%), an automatic annuity increase (1.0%) and a survivor's annuity (2.0%). Certain members may elect not to participate in the survivor's annuity and therefore contribute 9.5% of salary

State law regulates the Retirement Systems' investments. The respective Boards of Trustees of TRS and SURS manage the investments of such Retirement Systems. The Illinois State Board of Investment manages the investments of SERS, JRS and GARS. Additional information on each Retirement System's investments and investment management may be found on such Retirement System's website provided in APPENDIX F—"WEBSITE INDEX."

DETERMINATION OF EMPLOYER CONTRIBUTIONS

Actuaries and the Actuarial Process

Under the Pension Code, the required employer contributions to the Retirement Systems are calculated and recommended by independent actuaries on an annual basis. Each Retirement System's actuary produces a report, certified by the board of such Retirement System, called the "Actuarial Valuation," in which the actuary reports in part on the Retirement System's assets, liabilities, and Required Annual Statutory Contribution for the following fiscal year. The Actuarial Valuation also includes financial reporting information prepared pursuant to applicable GASB pronouncements.

The Pension Code requires each Retirement System to produce an Actuarial Valuation for each fiscal year. Each Retirement System hires an actuary independent of the State to prepare its Actuarial Valuation. The Actuarial Valuations are publicly available and may be obtained from the respective Retirement Systems. See "—SOURCE INFORMATION."

The Required Annual Statutory Contribution is computed in accordance with the Pension Code and, more specifically, the Statutory Funding Plan, as hereinafter defined. The Statutory Funding Plan did not conform to the financial reporting standards promulgated by the Governmental Accounting Standards Board ("GASB") previously in effect (such standards to be hereinafter described and defined as the Prior GASB Standards). The Prior GASB Standards required calculation of an "Actuarially Required Contribution"[1] which, as a result of the Statutory Funding Plan,

[1] The Prior GASB Standards refers to this concept as the Annual Required Contribution. In this Official Statement, this concept is referred to as the Actuarially Required Contribution and differs from the State's statutorily defined concept of the Required Annual Statutory Contribution. The

differed from the Required Annual Statutory Contribution. The differences between the requirements of the Prior GASB Standards and the State's statutory requirements are discussed in "—Determination of Employer Contribution–Statutory Funding Plan Not in Accordance with GASB Standards."

The Actuarial Valuation

The primary purpose of the Actuarial Valuation is to determine the amount the State must contribute to each Retirement System in a given fiscal year to satisfy its current and future obligations to pay benefits to eligible members of the Retirement Systems as provided in the Pension Code (the "Required Annual Statutory Contribution"). Each Actuarial Valuation must be accompanied by a statement from an actuarial firm that, to the best of its knowledge, the Actuarial Valuation is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

To determine the Required Annual Statutory Contribution, the actuary calculates both the "Actuarial Accrued Liability" and the "Actuarial Value of Assets." To calculate the Actuarial Accrued Liability, the actuary uses a variety of demographic data about the Retirement System's membership (such as employee age, salary and service credits), the benefit provisions of the Retirement System, and various assumptions (such as estimated salary increases, interest rates, employee turnover, retirement, mortality and disability rates) to estimate future benefit payments, which are then discounted using an assumed investment rate of return to determine the present value of future benefits (the "PV of Future Benefits"). The PV of Future Benefits is an estimate of the value of the benefits to all members as of the date of the Actuarial Valuation, and includes benefits not yet earned, but assumed to be earned, by members of the Retirement System. Beginning with Fiscal Year 2018, any changes in the State's contributions to the Retirement Systems caused by a change in actuarial assumptions are recognized in contributions over a five-year period. See "—ACTUARIAL ASSUMPTIONS" below. Using an actuarial cost method, the actuary allocates the PV of Future Benefits to past, current and future service for each member of the Retirement System. The portion of the PV of Future Benefits allocated to past service is referred to as the Actuarial Accrued Liability and the portion of the PV of Future Benefits allocated to current service is referred to as the "Normal Cost." The Actuarial Value of Assets reflects the value of the investments and other assets held by the Retirement System. Various methods exist for calculating the Actuarial Value of Assets. For a discussion of these methods and assumptions used to calculate the Actuarial Accrued Liability and the Actuarial Value of Assets of the Retirement Systems, see "—ACTUARIAL METHODS" and "—ACTUARIAL ASSUMPTIONS" below.

Any shortfall between the Actuarial Value of Assets and the Actuarial Accrued Liability is referred to as the "Unfunded Actuarial Accrued Liability" or "UAAL." The UAAL represents the portion of the Actuarial Accrued Liability that is not matched by current plan assets. In addition, the actuary will compute the "Funded Ratio," which is the result obtained by dividing the Actuarial Value of Assets by the Actuarial Accrued Liability. The Funded Ratio and the UAAL are used to measure the financial health of a pension plan. An increasing UAAL or a decreasing Funded Ratio from year to year may signal a deterioration in the financial health of a pension plan because it indicates the incurrence of additional liability without a corresponding increase in assets necessary to pay those additional liabilities. Conversely, a decreasing UAAL or an increasing Funded Ratio may indicate an improvement in the financial health of a pension plan because such a change reflects a closing gap between the liabilities accrued by the pension plan and the assets necessary to pay those liabilities when they become due. A 100% Funded Ratio means existing actuarial assets are sufficient to pay the present value of projected benefits earned as of the valuation date.

The actuaries use the Actuarial Accrued Liability, the Actuarial Value of Assets and the UAAL to compute the Required Annual Statutory Contribution for each Retirement System in accordance with the Pension Code. The Pension Code sets forth the manner of calculating the Required Annual Statutory Contribution under the Statutory Funding Plan. The Statutory Funding Plan requires the State to contribute annually an amount equal to a level percent of payroll necessary to allow each Retirement System to achieve a 90% Funded Ratio by Fiscal Year 2045, subject to any revisions necessitated by actuarial gains or losses, or actuarial assumptions.

Actuarially Required Contribution, under the Prior GASB Standards is the amount required to pay the employer's normal cost plus the cost to amortize the plan's UAAL over a period of no more than 30 years. The method of determining the State's Required Annual Statutory Contribution is put forth in the applicable statutes of the Illinois Pension Code (40 ILCS 5/) for each State Retirement System.

In addition, beginning with the fiscal year ended June 30, 2014, the Actuarial Valuation includes the financial reporting information required by the New GASB Standards, as defined and described in the succeeding section hereof.

GASB Financial Reporting Standards

GASB promulgates standards for financial reporting with respect to financial statements prepared by public pension systems and governments sponsoring such pension systems. Although the Retirement Systems' actuaries utilize these standards in preparing certain aspects of the Actuarial Valuation, such standards do not impact the calculation of the State's contribution to the Retirement Systems which is determined pursuant to the Statutory Funding Plan.

At present, several GASB standards apply to preparing financial reports with respect to defined benefit pension plans, specifically: GASB Statement No. 67 (Financial Reporting for Pension Plans) ("GASB 67") which replaced GASB Statement No. 25 (Financial Reporting for Defined Benefit Pension Plans) ("GASB 25"), and GASB Statement No. 68 (Accounting and Financial Reporting for Pensions) ("GASB 68" and, together with GASB 67, the "New GASB Standards") which replaced GASB Statement No. 27 (Accounting for Pensions by State and Local Government Employers) ("GASB 27" and, together with GASB 25, the "Prior GASB Standards"), beginning with the fiscal year ended June 30, 2015. GASB 25 and GASB 67 establish standards for financial reporting by pension plans and GASB 27 and GASB 68 establish standards for financial reporting by the governments sponsoring such pension plans. GASB 67 and GASB 68, were approved by GASB on June 25, 2012. GASB 67 is applicable to fiscal years beginning after June 15, 2013. GASB 68 is applicable to fiscal years beginning after June 15, 2014. The New GASB Standards have subsequently been modified by GASB Statement No. 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date) and GASB Statement No. 73 (Accounting and Financial Reporting for Pensions and Related Assets).

The system of financial reporting established by the Prior GASB Standards measured the funding of pension plans through the calculation of the Actuarially Required Contribution and a comparison of the contributions actually made by an employer during a given period to such Actuarially Required Contribution for such period. The calculation of the Actuarially Required Contribution pursuant to the Prior GASB Standards differs in several ways from the calculation of contributions under the Statutory Funding Plan. The differences between the Statutory Funding Plan and the Prior GASB Standards are described in "*—Statutory Funding Plan Not in Accordance with Prior GASB Standards*" below.

Unlike the Prior GASB Standards, the New GASB Standards do not establish approaches to funding pension plans. Instead, the New GASB Standards provide standards solely for financial reporting and accounting related to pension plans. The New GASB Standards require that the Net Pension Liability (as described below) be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer. In addition, the New GASB Standards require an expense (the "Pension Expense") to be recognized on the income statement. The recognition of the Net Pension Liability and the Pension Expense do not measure the manner in which a pension plan is funded. As such, the New GASB Standards do not conflict with the manner of funding established in the Statutory Funding Plan.

However, certain of the actuarial assumptions and actuarial methods required by the New GASB Standards differ from those used by the Retirement Systems in preparing their Actuarial Valuations. For example, the New GASB Standards require the Retirement Systems to value their assets at the fair market value of such assets on the valuation date, whereas the Pension Code requires the Retirement Systems to use the Asset Smoothing Method (as defined herein) to value their assets for purposes of determining the State's contribution. See "ACTUARIAL METHODS—*Actuarial Value of Assets*" herein. In addition, the New GASB Standards require use of the EAN Method (as defined herein) to calculate the liability of each Retirement System, whereas the Pension Code requires the Retirement Systems to use the PUC Method (as defined herein) for such calculations. See "ACTUARIAL METHODS—*Actuarial Accrued Liability*" herein. Finally, the calculated Discount Rate (as hereinafter defined) used to discount the liabilities of each Retirement System under the New GASB Standards may differ from assumed investment rate of return assumptions separately established by the boards of each of the Retirement Systems. See "ACTUARIAL ASSUMPTIONS—*Assumed Investment Rate of Return*" herein.

Statutory Funding Plan Not in Accordance with Prior GASB Standards

The method of amortizing the UAAL used by the Statutory Funding Plan does not conform with the provisions of the Prior GASB Standards, particularly GASB 25. The provisions of the Statutory Funding Plan differ from those generally accepted accounting principles formerly required by GASB 25 in two significant respects.

First, the goal of the Statutory Funding Plan is to amortize the portion of the UAAL necessary for the Retirement Systems' Funded Ratio to reach 90% over a 50-year closed period, commencing in Fiscal Year 1996 and ending in Fiscal Year 2045, whereas GASB 25 allowed amortization of the entire UAAL over a 30-year open or closed amortization period. Second, the Statutory Funding Plan allowed the State to contribute less than the level percent of payroll necessary to reach the desired funding level for the first 15 years of the Statutory Funding Plan (the "ramp-up" period discussed below, which ended at the conclusion of Fiscal Year 2010). In contrast, GASB 25 did not permit a ramp-up to full contributions.

A closed amortization period means that the UAAL is amortized over a fixed number of years such that the UAAL will decrease to a legally defined target (which, for the State, is a 90% Funded Ratio in accordance with the Statutory Funding Plan) upon the passage of the amount of time established as the amortization period (which, for the State, is the number of years between the current period and 2045 in accordance with the Statutory Funding Plan), provided required payments are made. For example, under the Statutory Funding Plan, a 30-year amortization period was used to calculate the Required Annual Statutory Contribution for Fiscal Year 2016, while a 29-year amortization period was used to calculate the Required Annual Statutory Contribution for Fiscal Year 2017. Conversely, an open amortization period has no term limit and is therefore recalculated over the full period (generally 30 years) each time a valuation is performed. Assuming that the time periods are the same at the beginning of an amortization, amortizing through use of a closed period will have the effect of decreasing the UAAL at a greater rate than an open amortization period and, in the case of the State, will allow the State to reach its funding target by Fiscal Year 2045, provided that all required contributions are made. The actual results of both an open or closed amortization schedule will be impacted by any changes in actuarial assumptions and/or the performance of the asset portfolio.

These differences between GASB 25 and the Statutory Funding Plan account for the variation between the Required Annual Statutory Contribution and the Actuarially Required Contribution. See "—FUNDED STATUS" below. As a result, the Required Annual Statutory Contribution determined by the Retirement Systems' actuaries, while in conformity with State law, historically was less than the contribution that would otherwise have been determined in accordance with GASB 25 (the "Actuarially Required Contribution"). The Actuarially Required Contribution calculated pursuant to the Prior GASB Standards consisted of three components: (1) the Normal Cost, (2) an amortized portion of the UAAL sufficient to eliminate the UAAL over a period of time (as described in "—ACTUARIAL METHODS–*Actuarial Accrued Liability*"), and (3) one year's interest, calculated at the Assumed Actuarial Rate, on the unfunded pension liability. As discussed above, the Statutory Funding Plan requires the determination of the Required Annual Statutory Contribution by calculation of a level percent of payroll necessary to reach a 90% Funded Ratio by Fiscal Year 2045 and does not require elimination of the entire UAAL.

ACTUARIAL METHODS

The Retirement Systems use the following actuarial methods to calculate the Actuarial Value of Assets and the Actuarial Accrued Liability.

Actuarial Value of Assets

Prior to Fiscal Year 2009, the State valued assets at fair value, recognizing all investment gains and losses as they occurred. The Actuarial Value of Assets is a measure of the value of the assets available in the pension plan to pay benefits. Beginning with Fiscal Year 2009, the State recognizes actuarial investment gains and losses on such assets equally over a five-year period when determining the Actuarial Value of Assets. This method of valuation is called the "Asset Smoothing Method." Under the Asset Smoothing Method, the State will recognize in the current year 20% of the investment gain or loss incurred in each of the previous five years. State law provides for application of the Asset Smoothing Method prospectively, beginning with Fiscal Year 2009. The Asset Smoothing Method, which is an approved method for determining the Actuarial Value of Assets under the Prior GASB Standards but is not an approved method under the New GASB Standards (which require calculation of the Actuarial Value of Assets at fair market value), is intended to mitigate against extreme fluctuations in the Actuarial Value of Assets, the UAAL, the Funded Ratio, and the Required Annual Statutory Contribution that may otherwise occur as a result of market volatility. Because asset smoothing recognizes each year's gains and losses over a five-year period, the current

Actuarial Value of Assets does not reflect the fair value of such assets at the time of measurement. As a result, the Actuarial Value of Assets as determined under the Asset Smoothing Method most likely will differ from the value of such assets pursuant to a valuation method that immediately recognizes investment gains and losses annually.

Actuarial Accrued Liability

As described above, the actuary for a Retirement System uses an actuarial cost method in calculating the Actuarial Accrued Liability and the Normal Cost. While actuarial cost methods differ, all are based on the concept that the funding of benefits should occur as benefits are earned by active members of a Retirement System. Different actuarial cost methods will produce different contribution patterns, but such actuarial cost methods will not change the actual cost of the benefits.

The Pension Code requires that the Actuarial Accrued Liability of the Retirement Systems be calculated pursuant to the projected unit credit actuarial cost method (the "PUC Method"), which was an approved actuarial cost method under the Prior GASB Standards. The Prior GASB Standards also authorized the use of the entry age normal actuarial cost method (the "EAN Method") instead of the PUC Method. The EAN Method is the actuarial cost method required by the New GASB Standards.

The PUC Method allocates the PV of Future Benefits based on the service credits of each member of a Retirement System. In contrast, under the EAN Method, the Normal Cost rate for each member is developed as the level percent of payroll that, if applied to the member's pay each year and contributed over the member's expected career, would fully fund the member's PV of Future Benefits. The EAN Method is designed to produce a Normal Cost that is stable in amounts that increase at the same rate as the employer's payroll, whereas the PUC Method results in a Normal Cost that tends to increase at a greater rate than the employer's payroll.

Considered independently of other factors, use of the EAN Method results in higher contribution rates associated with the earlier years of employment for active employees, when compared to the PUC Method. This allows a Retirement System to accumulate greater investment returns throughout the careers of such employees and results in lower aggregate employer contributions in the long-term. In contrast, use of the PUC Method tends to result in lower contribution rates in the earlier years of employment for active employees and, therefore, a slower accumulation of assets and rising, rather than level, contribution rates when compared to the EAN Method. Such differences between the PUC Method and the EAN Method result from the fact that the PUC Method allocates a higher portion of retirement costs closer to retirement, while the EAN Method spreads those costs evenly as a percentage of pay over the member's period of employment.

ACTUARIAL ASSUMPTIONS

General

The Actuarial Valuations of the Retirement Systems use a variety of assumptions to calculate the Actuarial Accrued Liability and the Actuarial Value of Assets. Although several of the assumptions are the same across all of the Retirement Systems, each Retirement System determines, within actuarial standards, the assumptions to be used in its Actuarial Valuation. The specific assumptions used by a Retirement System can have a substantial impact on the UAAL, the Net Pension Liability, the Funded Ratio and the State's required contribution to the Retirement System. No assurance can be given that any of the assumptions underlying the Actuarial Valuations will reflect the actual results experienced by the Retirement Systems. Variances between the assumptions and actual results will cause an increase or decrease in the Actuarial Value of Assets, the Actuarial Accrued Liability, the UAAL, the Funded Ratio or the Actuarially Required Contribution. Certain of these assumptions are summarized in Table E-2. For additional information on these assumptions, please see each Retirement System's Actuarial Valuation.

TABLE E-2 - CERTAIN ACTUARIAL ASSUMPTIONS USED BY THE RETIREMENT SYSTEMS

	TRS	**SURS**	**SERS**	**GARS**	**JRS**
Actuarial Cost Method[1]	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Investment Rate of Return	7.00%	6.75%	6.75%	6.50%	6.50%
Assumed Inflation Rate	2.50%	2.25%	2.25%	2.25%	2.25%
Post-Retirement Increase (Tier 1)[2]	3.00%[3]	3.00%[3]	3.00%[3]	3.00%	3.00%
Projected Salary Increases	Various[4]	3.25% to 12.25%[5]	Various[6]	2.50%[7]	2.50%[7]

Source: Actuarial Valuations of the Retirement Systems as of June 30, 2020.

(1) Under the projected unit credit actuarial cost method, the actuarial liability is the actuarial present value of that portion of a participant's projected benefit that is attributable to service to date on the basis of future compensation projected to retirement. The Normal Cost represents the actuarial present value of the participant's projected benefit that is attributable to service in the current year, also based on future compensation projected to retirement.

(2) All values are compounded.

(3) For members who have accepted a buyout under the AAI Buyout Program (as defined herein), the increase is 1.50%, not compounded, and delayed until the later of age 67 or one year after retirement.

(4) Compensation is assumed to increase between 4.00% and 9.50% based on years of service. Of these increases, 2.50% represents inflation adjustments and 0.75% represents real wage growth.

(5) Each member's compensation is assumed to increase by 3.25% each year, 2.25% reflecting salary inflation and 1.00% reflecting standard of living increases. The rate is increased for members with less than 34 years of service to reflect merit, longevity and promotion increases.

(6) Assumed rates of increase vary by age and include an inflation component of 2.25%.

(7) Consists of an inflation component of 2.25% and a productivity/merit/promotion component of 0.25%.

The Pension Code requires each of the Retirement Systems to conduct an actuarial experience review every three years. TRS is in the process of conducting an experience study for the three-year period ending June 30, 2020. The State Universities Retirement System (SURS) Board of Trustees on June 4, 2021, voted to decrease their long-term investment return assumption rate from 6.75% to 6.5%, effective June 30, 2021. The rate was last reduced in June 2018 from 7.25% to 6.75%. The reduction was made following a review of the June 30, 2017 – June 30, 2020 Actuarial Experience Study presented by Gabriel Roeder Smith and Company. The report is posted at http://www.surs.org/actuarial-valuation-reports-experience-studies. The rate change also impacts money purchase factors used in calculating retirement benefits. The board voted for the change to the money purchase factor and other actuarial tables to take effect July 2, 2022. The purpose of the experience review is to determine the reasonableness of the actuarial assumptions regarding mortality, retirement, disability, employment, turnover, interest and earnable compensation of the members and beneficiaries of the Retirement Systems. Pursuant to the passage of Public Act 97-694, the State Actuary is required to review and deliver a report to the Boards regarding the reasonableness of the actuarial assumptions contained in the Actuarial Valuations of the Retirement Systems. Based upon the results of this review, the board of the applicable Retirement System may revise such actuarial assumptions as it deems appropriate. The most recent report of the State Actuary, with respect to the fiscal year ended June 30, 2020, is discussed under "—RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS—*State Actuary's Fiscal Year 2020 Report.*"

Public Act 100-23 provides that, beginning in Fiscal Year 2018, changes to the amount of the State's contributions to the Retirement Systems caused by a change in the actuarial assumptions of a Retirement System will be recognized over a period of five years. This requirement applies retroactively to any changes in actuarial assumptions made since the Actuarial Valuation for the Fiscal Year ended June 30, 2012, for the Fiscal Year 2014 State contribution, and prospectively for any changes in assumption made beginning with the Fiscal Year 2016 Actuarial Valuation (for the

Fiscal Year 2018 State contribution to the Retirement Systems). See "—2017 LEGISLATION MODIFYING PENSION STRUCTURE" herein.

Assumed Investment Rate of Return

The Actuarial Valuations assume an investment rate of return on the assets in each Retirement System. The State Universities Retirement System (SURS) Board of Trustees on June 4, 2021 voted to decrease their long-term investment return assumption rate from 6.75% to 6.5%, effective June 30, 2021. The rate was last reduced in June 2018 from 7.25% to 6.75%. The reduction was made following a review of the June 30, 2017 – June 30, 2020 Actuarial Experience Study presented by Gabriel Roeder Smith and Company. The report is posted at http://www.surs.org/actuarial-valuation-reports-experience-studies. The rate change also impacts money purchase factors used in calculating retirement benefits. The board voted for the change to the money purchase factors and other actuarial tables to take effect July 2, 2022. SURS reduced its assumed investment rate of return to 6.75% for Fiscal Year 2018. SERS, JRS and GARS reduced their assumed investment rates of return to 6.75%, 6.50% and 6.50% respectively, each such reduction becoming effective beginning with the Actuarial Valuation performed for Fiscal Year 2019. None of the Retirement Systems reduced its investment rate of return assumption further in advance of the Actuarial Valuation performed for Fiscal Year 2020. According to a February 2021 National Association of Retirement Administrators report on public pension plan assumptions, the national median assumed rate of return for public pension plans is 7.23%. The reductions previously approved by the Retirement Systems have the effect of increasing the UAAL and the Required Annual Statutory Contribution as the Retirement Systems assume that plan assets will produce less income to pay projected benefits. Due to the volatility of the marketplace, however, the actual rate of return earned by the Retirement Systems on their assets may be higher or lower than the assumed rate. See Table E-3 for the rates of return on the Retirement Systems' assets for the last ten fiscal years. Changes in the Retirement Systems' assets as a result of market performance will lead to an increase or decrease in the UAAL and the Funded Ratio. As a result of the State's adoption of the Asset Smoothing Method, however, only a portion of these increases or decreases will be recognized in the current year, with the remaining actuarial gain or loss spread over the remaining four years. See "—ACTUARIAL METHODS–Actuarial Value of Assets" above.

The assumed investment rates of return utilized by the Retirement Systems complied with the requirements of the Prior GASB Standards. The New GASB Standards similarly employ a rate, referred to in such statements as the "Discount Rate," which is used to discount the projected benefit payments to current participants to be made by the Retirement Systems to their actuarial present values. The Discount Rate may be a blended rate comprised of (1) a long-term expected rate of return on a Retirement System's investments (to the extent that such assets are projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the New GASB Standards. Therefore, in certain cases in which the assets of a Retirement System are not expected to be sufficient to pay the projected benefits of such Retirement System, the Discount Rate calculated pursuant to the New GASB Standards may be lower than the investment rate of return established by the Retirement System when reporting pursuant to the Prior GASB Standards, which will have the effect of increasing the Net Pension Liability of such Retirement System relative to the Net Pension Liability of such Retirement System calculated under the rate determined pursuant to the Prior GASB Standards. See "—NET PENSION LIABILITY" herein for information regarding the sensitivity of the Net Pension Liability to changes in the Discount Rate.

Adverse market conditions resulted in negative investment returns on the Retirement Systems' assets in certain of the Fiscal Years presented in Table E-3. No assurance can be given that negative trends in investment performance will not occur again in subsequent fiscal years, thereby resulting in a reduction in the Funded Ratio and a corresponding increase in the UAAL when considered independently of other factors.

TABLE E-3 - INVESTMENT RATES OF RETURN, FISCAL YEARS 2011-2020

	TRS		SURS		SERS		GARS		JRS	
Fiscal Year	*Assumed*	*Actual*	*Assumed*	*Actual*	*Assumed*	*Actual*	*Assumed*	*Actual*	*Assumed*	*Actual*
2011	8.50%	23.6%	7.75%	23.8%	7.75%	21.7%	7.00%	21.7%	7.00%	21.7%
2012	8.00%	0.8%	7.75%	0.5%	7.75%	0.1%	7.00%	0.1%	7.00%	0.1%
2013	8.00%	12.8%	7.75%	12.5%	7.75%	14.1%	7.00%	14.1%	7.00%	14.1%
2014	7.50%	17.4%	7.25%	18.2%	7.25%	17.9%	7.00%	17.9%	7.00%	17.9%
2015	7.50%	4.0%	7.25%	2.9%	7.25%	4.7%	7.00%	4.7%	7.00%	4.7%
2016	7.00%	0.0%	7.25%	0.2%	7.00%	-0.8%	6.75%	-0.8%	6.75%	-0.8%
2017	7.00%	12.6%	7.25%	12.2%	7.00%	12.3%	6.75%	12.3%	6.75%	12.3%
2018	7.00%	8.5%	6.75%	8.2%	7.00%	7.6%	6.75%	7.6%	6.75%	7.6%
2019	7.00%	5.2%	6.75%	6.0%	6.75%	7.1%	6.50%	7.1%	6.50%	7.1%
2020	7.00%	0.6%	6.75%	2.6%	6.75%	4.6%	6.50%	4.6%	6.50%	4.6%
5-Yr. Avg. Geometric Return		5.2%		5.8%		6.1%		6.1%		6.1%
10-Yr Avg. Geometric Return		8.3%		8.5%		8.7%		8.7%		8.7%

Source: CAFRs of the Retirement Systems for the fiscal years ending June 30, 2019 through June 30, 2020.

The Retirement Systems periodically release data regarding partial year investment returns. The most recent available information for each of the Retirement Systems is as follows: (i) fiscal year to date investment returns as of March 31, 2021 for SERS, JRS and GARS were 17.2%; (ii) fiscal year to date investment returns as of May 31, 2021 for SURS were 21.88%, and (iii) fiscal year to date as of March 2021, investment returns for TRS were 16.4%.

HISTORY OF CONTRIBUTIONS TO THE RETIREMENT SYSTEMS

Under the Pension Code, the State is required to make the Required Annual Statutory Contribution in each fiscal year.

The General Assembly and Governor enacted the Pension Funding Act in 1994. The Pension Funding Act created a 50-year schedule of State contributions to the Retirement Systems designed to achieve a 90% Funded Ratio by the end of Fiscal Year 2045 (the "Statutory Funding Plan"). In each fiscal year beyond Fiscal Year 2045, the Pension Funding Act requires that the State annually contribute the amount necessary to maintain the Funded Ratio at 90% for each Retirement System.

The Statutory Funding Plan consists of two parts: (i) a ramp-up period of increasing State contributions as a percentage of payroll in each of the Fiscal Years 1996 to 2010 and (ii) a period of contributions equal to the level percent of payroll necessary to cause the assets of the Retirement Systems to equal 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. The level percent of payroll is revised and adjusted each year based on modifications to the actuarial assumptions and changes in the Actuarial Value of Assets. During the ramp-up period, the Statutory Funding Plan required that the percentage of payroll contributed by the State increase by an equal amount in each year such that, by Fiscal Year 2010, the contribution percentage of payroll was equal to the same percentage of payroll required to be contributed for years 2011 through 2045.

The State made the Required Annual Statutory Contribution for each of Fiscal Years 1996 through 2002. These contributions were not sufficient to cover the full Normal Cost and interest, determined pursuant to the Prior GASB Standards, for such fiscal years. As a result, the UAAL continued to grow during the ramp-up period. See "—DETERMINATION OF EMPLOYER CONTRIBUTIONS–*Actuaries and the Actuarial Process*" and "—DETERMINATION OF EMPLOYER CONTRIBUTION–*Statutory Funding Plan Not in Accordance with GASB Standards*" above.

On June 12, 2003, the State issued $10 billion of general obligation pension funding bonds (the "2003 Pension Bonds") pursuant to authority granted by the General Assembly in Public Act 93-0002 (the "2003 Pension Bond Act"). The net proceeds of the 2003 Pension Bonds were used to (i) reimburse the State's General Revenue Fund for $300 million of the Required Annual Statutory Contribution made for Fiscal Year 2003, (ii) provide funding to the State's General Revenue Fund for the full Fiscal Year 2004 Required Annual Statutory Contribution in the amount of $1.86 billion and (iii) fund a portion of the UAAL in the amount of $7.3 billion in Fiscal Year 2004. As a result, the State funded approximately 25% of its Fiscal Year 2003 Required Annual Statutory Contribution and all of its Fiscal Year 2004 Required Annual Statutory Contribution from the proceeds of the 2003 Pension Bonds and not from the General Revenue Fund. The 2003 Pension Bond Act also provided that, beginning in Fiscal Year 2005, the State's Required Annual Statutory Contributions in each fiscal year during which the 2003 Pension Bonds are outstanding may not exceed the Required Annual Statutory Contribution for each Retirement System that would have been required if the System had not received any payments from the proceeds of the 2003 Pension Bonds less the portion of the State's total debt service payments on the 2003 Pension Bonds allocated to such Retirement System based on the total moneys distributed to such Retirement System from the proceeds of the 2003 Pension Bonds (the "2003 Pension Bond Limitation"). See Table E-4 below for a schedule of the remaining annual debt service payments on the 2003 Pension Bonds. Prior to Fiscal Year 2020, the debt service payments on the 2003 Pension Bonds increased gradually year-over-year. Since Fiscal Year 2010, the debt service payments on the 2003 Pension Bonds ranged from $543.6 million in Fiscal Year 2010 to $633.2 million in Fiscal Year 2019.

The $7.3 billion contribution from the proceeds of the 2003 Pension Bonds directly reduced the UAAL, and, therefore, reduced future contributions from the levels that would have been required if the bond proceeds had not been used as additional contributions. The reduction of future Required Annual Statutory Contributions by the debt service payments on the 2003 Pension Bonds had the effect of increasing the UAAL, however, because the State does not make the full contribution originally required by the Statutory Funding Plan as a result of this reduction. At the time of the issuance of the 2003 Pension Bonds, the State assumed that the investment returns made on the 2003 Pension Bond proceeds used to reduce the UAAL would be greater than the debt service on the 2003 Pension Bonds, creating a net decrease in the UAAL in each year. The total interest cost percentage of the 2003 Pension Bond proceeds at the date of issuance was 5.05%. Therefore, in any year that actual investment returns, measured in dollars, exceed debt service payments on the 2003 Pension Bonds for such year, the UAAL is reduced from what the UAAL would have been in the absence of the issuance of the 2003 Pension Bonds. Conversely, in those fiscal years in which actual investment returns, measured in dollars, are less than debt service payments on the 2003 Pension Bonds, the UAAL is increased from what the UAAL would have been in the absence of the issuance of the 2003 Pension Bonds. The Retirement Systems' investment rates of return for Fiscal Years 2011 through 2020 are set forth in Table E-3. The State's future debt service requirements with respect to the 2003 Pension Bonds are set forth in Table E-4. No assurance can be given that future investment trends or legislation affecting the Statutory Funding Plan will not occur, causing further change in the UAAL.

TABLE E-4 - DEBT SERVICE ON 2003 PENSION BONDS(1)

FISCAL YEAR	DEBT SERVICE DUE ON 2003 PENSION BONDS	FISCAL YEAR	DEBT SERVICE DUE ON 2003 PENSION BONDS
2021	$713.4	2028	$ 979.2
2022	749.8	2029	1,018.5
2023	783.7	2030	1,079.0
2024	840.2	2031	1,134.4
2025	892.2	2032	1,159.7
2026	915.4	2033	1,156.1
2027	936.1		

(1) In millions of dollars.

In Fiscal Year 2005, the State made the Required Annual Statutory Contribution, which included a reduction by an amount equal to the debt service due on the 2003 Pension Bonds in that year. The UAAL increased in 2005 despite the State making the full Required Annual Statutory Contribution because the Required Annual Statutory Contribution was less than the Normal Cost plus interest.

State contributions to the Retirement Systems for Fiscal Years 2006 and 2007 were governed by the provisions of Public Act 94-0004 ("PA 94-4"). PA 94-4 modified the Statutory Funding Plan to specify reduced Required Annual Statutory Contributions for these two fiscal years. These reduced contributions were also lower than the Actuarially Required Contributions for such fiscal years. Under the provisions of the Statutory Funding Plan as originally constituted in the Pension Funding Act, the State would have been required to contribute $2.12 billion in Fiscal Year 2006 and $2.51 billion in Fiscal Year 2007. PA 94-4 reduced these contributions to $0.94 billion and $1.37 billion, respectively, which represented reductions of 55.7% and 45.3%, respectively. The contribution reductions required by PA 94-4 had the dual effect of increasing the UAAL and delaying payment of the deferred portion of the contribution to a future fiscal year.

The State made the full Required Annual Statutory Contributions for Fiscal Years 2008 and 2009 subject to the 2003 Pension Bond Limitation. The UAAL increased despite the State making the Required Annual Statutory Contributions under the Statutory Funding Plan because actual investment returns were below rate of return assumptions and the annual contributions were below the Normal Cost plus interest.

With respect to the State's contribution to the Retirement Systems for Fiscal Year 2010, pursuant to authorization under Public Act 96-0043 (the "2010 Pension Bond Act"), the State issued $3.47 billion of general obligation pension funding bonds (the "2010 Pension Bonds") to fund a portion of the Fiscal Year 2010 Required Annual Statutory Contribution. With respect to the State's contribution to the Retirement Systems for Fiscal Year 2011, the State issued $3.7 billion in general obligation pension funding bonds (the "2011 Pension Bonds"), pursuant to the authorization under PA 96-1497 (the "2011 Pension Bond Act"), to fund a portion of the Required Annual Statutory Contribution for Fiscal Year 2011. Neither the 2010 Pension Bond Act nor the 2011 Pension Bond Act contain provisions having an effect similar to that of the 2003 Pension Bond Limitation. In Fiscal Years 2010 and 2011, the UAAL increased even though the State made the Required Annual Statutory Contributions because such contributions were lower than the Normal Cost plus interest.

The State made all required payments to the Retirement Systems during Fiscal Years 2012 through 2020 although certain portions of the required payments were not made monthly or were made during the two month "lapse period" which starts on July 1 of the following Fiscal Year. The State has made all required payments and expects to make all supplemental payments for Fiscal Year 2021 by the end of the Fiscal Year 2021 lapse period. Despite the State making all such required payments, the UAAL of the Retirement Systems continued to increase during this period of time as a result of a variety of factors including contributions being lower than Normal Cost plus interest, investment returns lower than the assumed investment rate of return, and changes in actuarial assumptions. The Retirement Systems have sold assets from time to time to pay benefits as a result of a deficit between the contributions actually received by the Retirement Systems and their annual expenditures, including benefit payments, and as a means of managing cash flow delays. Failure by the State to make its payments to the Retirement Systems on a timely basis can exacerbate the pace at which the Retirement Systems may be required to sell assets to meet benefit payment requirements. If such assets are not replaced, the Actuarial Value of Assets will decrease and the UAAL and future Required Annual Statutory Contributions will increase because the Retirement Systems will no longer have those assets, or the investment earnings on those assets, to pay benefits in the future.

Pursuant to the Statutory Funding Plan, commencing with Fiscal Year 2011, the State is required to make contributions to the Retirement Systems at the level percentage of payroll necessary to increase the Funded Ratio to 90% by the end of Fiscal Year 2045. The State's ability to make the required contributions under the Statutory Funding Plan is subject to the State having the funds necessary to make the contributions required under the plan. The availability of such funds will require funded appropriations and the availability of sufficient revenues to the Retirement Systems by the State or the issuance of additional pension obligation bonds. No assurances can be given that the State will have the revenues necessary to fund the Retirement Systems from continuing operations, that payments from revenues will be made to the Retirement Systems or that such bonds will be issued. If the State for any reason does not contribute the Required Annual Statutory Contribution in any fiscal year, and it does not contribute the shortfall between the actual contribution and the Required Annual Statutory Contribution in a subsequent fiscal year, the Funded Ratio will decrease and it is unlikely that the State will be able to achieve a 90% Funded Ratio by the end of Fiscal Year 2045. If the State issues additional pension obligation bonds to make the Required Annual Statutory Contribution in any year and reduces future Required Annual Statutory Contributions by the amount of the debt service on such bonds, the UAAL will increase by the amount of such debt service. No assurance can be given that the State will not, through legislative action, subsequently modify the amount to be contributed in any given year.

Table E-5 shows the State's Actuarially Required Contributions (for fiscal years 2010 through 2015 for each of the Retirement Systems except TRS, and fiscal years 2010 through 2016 for TRS) and the ADC (as hereinafter defined) (for fiscal years 2016, 2017, 2018 and 2019 for each of the Retirement Systems except TRS, and fiscal years 2017, 2018 and 2019 for TRS) along with the percentage of those contributions actually made in each of 2011 through 2020.

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TABLE E-5 - HISTORY OF STATE CONTRIBUTIONS[1]

Fiscal Year	Amount Contributed[2]	Actuarially Required Contribution or ADC	Percentage Contributed
2011	$4,298.6	$5,906.6	72.8%
2012	5,012.8	6,609.6	75.8%
2013	5,893.9	7,015.3	84.0%
2014	6,944.7	7,752.0	89.6%
2015	7,020.1	7,896.8	88.9%
2016[3]	7,501.9	8,388.4	89.4%
2017[3]	7,803.6	10,422.7	74.9%[4]
2018[3]	7,788.9	11,882.4	65.5%
2019[3]	8,541.5	12,794.5	66.8%
2020[3]	9,191.1	13,475.1	68.2%

Source: Comprehensive Annual Financial Reports of the Retirement Systems for the fiscal years ending June 30, 2011 through June 30, 2020.

(1) In millions of dollars.

(2) Includes all State funds. TRS also includes local employers and federal funds that count towards the Actuarially Required Contribution (ARC).

(3) As described under the heading "DETERMINATION OF EMPLOYER CONTRIBUTIONS—GASB Financial Reporting Standards," the New GASB Standards no longer require the calculation of the Actuarially Required Contribution. Under the New GASB Standards, the Board of a Retirement System calculates an Actuarially Determined Contribution ("ADC") on a basis set forth in its Actuarial Valuation. Prior to the fiscal year ended June 30, 2016 (June 30, 2017 for TRS), the Retirement Systems used the Actuarially Required Contribution as the ADC. Beginning with the fiscal year ended June 30, 2016 (June 30, 2017 for TRS), the Actuarial Valuations of the Retirement Systems included an ADC which amortizes the UAAL of the respective Retirement System over a fixed period of time as opposed to the open 30-year amortization period used to calculate the Actuarially Required Contribution. For the fiscal year ended June 30, 2020, the remaining amortization periods (with the original amortization period provided in parentheses) used in calculating the ADCs of the individual Retirement Systems were as follows: TRS: 17 years (20 years); SURS: 25 (30 years); SERS: 20 years (25 years); JRS: 20 years (25 years); and GARS: 15 years (20 years). Future gains and losses will be amortized over subsequent original amortization periods. As a result of the differences in the calculation of the ADC and the Actuarially Required Contribution discussed in this note, the ADC for the fiscal year ended June 30, 2020 would exceed the amount of the Actuarially Required Contribution had it been calculated, and, as a result, the percentage of the ADC contributed is lower than the percentage of the Actuarially Required Contribution would have been had it been calculated, primarily as a result of the remaining amortization periods used in calculating the ADC being (i) less than the 30 year period used in calculating the Actuarially Required Contribution, and (ii) fixed time periods as opposed to open time periods.

(4) The State's percentage contributed declined in Fiscal Year 2017 primarily as a result of TRS establishing a 20-year closed amortization period in calculating its ADC. This amortization period, which is shorter than that used in calculating the Required Annual Statutory Contribution, causes the ADC for TRS to substantially exceed the Required Annual Statutory Contribution which the State is authorized to pay under the Pension Code, and, as such, the difference between the ADC and the actual State contribution to TRS increased.

The certifications of the State's contribution to the Retirement Systems for Fiscal Year 2021 provided for a contribution of approximately $9,950.4 million. The State expects that its contributions to SERS will increase in future years as a result of the AFSCME Decision, as described in the Preliminary Official Statement under the heading "STATE FINANCIAL INFORMATION– Collective Bargaining", which caused a retroactive increase in pensionable salaries for certain State employees.

FUNDED STATUS

As of the end of Fiscal Year 2020, the Retirement Systems had an aggregate UAAL of approximately $144.2 billion on a fair value basis and approximately $141.0 billion on an actuarial basis (calculated pursuant to the Asset Smoothing Method), resulting in respective Funded Ratios of 39.0% and 40.4%. Factors contributing to the increased UAAL from Fiscal Year 2019 to Fiscal Year 2020 include State contributions less than the Actuarially Required Contribution and actual investment returns less than expected investment returns.

The following tables summarize the financial condition of the Retirement Systems for Fiscal Years 2016 through 2020.

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TABLE E-6

FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS

FISCAL YEAR 2020

($ IN THOUSANDS)

	SERS	**TRS**	**SURS**	**GARS**	**JRS**	**Total**	**Retirement Savings Plan of SURS**[1]
Beginning Net Assets[2]	$18,491,889	$53,262,789	$19,717,348	$59,719	$1,073,104	$92,604,849	$2,729,607
Income							
Member Contributions	$271,749	$994,400	$282,367	$1,206	$14,508	$1,564,230	$95,728
State and Employer Contributions	2,368,905	4,906,110	1,838,786	25,754	144,160	9,283,715	78,253
Investment Income	829,329	275,669	542,178	2,581	48,127	1,697,884	223,640
Total	$3,469,983	$6,176,180	$2,663,331	$29,541	$206,795	$12,545,380	$397,622
Expenditures							
Benefits and Refunds	$2,747,187	$7,099,525	$2,745,194	$25,848	$165,982	$12,783,736	$103,336
Administration	17,413	22,966	18,469	401	1,032	60,281	765
Total	$2,764,599	$7,122,491	$2,763,663	$26,248	$167,014	$12,844,015	$104,101
Ending Net Assets (Fair value)	$19,197,272	$52,316,478	$19,617,016	$63,012	$1,112,885	$92,306,663	$3,023,127
Actuarial Value of Assets	19,389,501	54,890,976	20,091,675	63,880	1,121,251	95,557,283	N/A
Actuarial Accrued Liabilities	50,145,831	135,598,547	47,580,470	373,494	2,849,869	236,548,211	N/A
UAAL (Fair Value)	30,948,559	83,282,069	27,963,454	310,482	1,736,984	144,241,548	N/A
UAAL (Actuarial Value)[3]	30,756,330	80,707,571	27,488,795	309,614	1,728,618	140,990,928	N/A
Funded Ratio (Fair Value)	38.3%	38.6%	41.2%	16.9%	39.0%	39.0%	N/A
Funded Ratio (Actuarial Value)[3]	38.7%	40.5%	42.2%	17.1%	39.3%	40.4%	N/A

Source: Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2020. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

(1) The SURS Retirement Savings Plan ("RSP") is not included in the totals. The RSP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability. See "BACKGROUND INFORMATION REGARDING THE RETIREMENT SYSTEMS".

(2) Reflects valuation of assets on a fair value basis as of June 30, 2019.

(3) The actuarial value is determined by the methods as discussed in "ACTUARIAL METHODS - Actuarial Value of Assets."

TABLE E-7

FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS

FISCAL YEAR 2019

($ IN THOUSANDS)

	SERS	**TRS**	**SURS**	**GARS**	**JRS**	**Total**	**Retirement Savings Plan of SURS**[1]
Beginning Net Assets[2]	$17,463,278	$ 51,969,547	$19,321,076	$ 56,816	$1,012,485	$89,823,202	$2,500,452
Income							
Member Contributions	$ 275,675	$963,972	$ 280,018	$ 1,317	$ 14,610	$ 1,535,592	$ 88,571
State and Employer Contributions	2,274,925	4,554,535	1,642,054	23,253	140,519	$ 8,635,286	71,233
Investment Income	1,118,429	2,617,831	1,129,813	3,449	64,741	$ 4,934,263	162,650
Total	$ 3,669,029	$ 8,136,339	$ 3,051,885	$ 28,020	$ 219,870	$ 15,105,143	$ 322,454
Expenditures							
Benefits and Refunds	$ 2,625,440	$ 6,818,761	$ 2,639,529	$ 24,727	$ 158,341	$ 12,266,798	$ 92,720
Administration	14,979	24,336	16,084	390	911	$56,700	579
Total	$ 2,640,419	$ 6,843,096	$ 2,655,613	$ 25,117	$ 159,251	$ 12,323,496	$ 93,299
Ending Net Assets (Fair value)	$18,491,889	$ 53,262,789	$19,717,348	$ 59,719	$1,073,104	$ 92,604,849	$2,729,607
Actuarial Value of Assets	18,429,186	53,391,193	19,661,891	60,057	1,068,740	$ 92,611,066	N/A
Actuarial Accrued Liabilities	48,731,439	131,456,969	46,443,937	374,597	2,793,016	$229,799,959	N/A
UAAL (Fair Value)	30,239,550	78,194,180	26,726,589	314,878	1,719,913	$137,195,110	N/A
UAAL (Actuarial Value)[3]	30,302,254	78,065,776	26,782,046	314,540	1,724,277	$137,188,893	N/A
Funded Ratio (Fair Value)	37.9%	40.5%	42.5%	15.9%	38.4%	40.3%	N/A
Funded Ratio (Actuarial Value)[3]	37.8%	40.6%	42.3%	16.0%	38.3%	40.3%	N/A

Source: Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2019. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

(1) The RSP is not included in the totals. The RSP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability. See "BACKGROUND INFORMATION REGARDING THE RETIREMENT SYSTEMS".

(2) Reflects valuation of assets on a fair value basis as of June 30, 2019.

(3) The actuarial value is determined by the methods as discussed in "ACTUARIAL METHODS - Actuarial Value of Assets."

TABLE E-8

FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS

FISCAL YEAR 2018

($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Retirement Savings Plan of SURS(1)
Beginning Net Assets(2)	$16,530,180	$ 49,375,665	$18,484,820	$ 54,349	$ 941,804	$ 85,386,818	$2,170,251
Income							
Member Contributions	$254,442	$ 938,037	$ 282,726	$ 1,255	$ 14,296	$1,490,756	$ 84,219
State and Employer Contributions	1,929,175	4,179,758	1,607,880	21,155	135,962	$7,873,930	69,432
Investment Income	1,257,040	4,049,272	1,499,829	3,734	69,950	$6,879,825	259,006
Total	$ 3,440,657	$ 9,167,067	$ 3,390,435	$ 26,144	$220,208	$ 16,244,511	$ 412,657
Expenditures							
Benefits and Refunds	$2,492,301	$ 6,551,634	$ 2,539,783	$ 23,328	$ 148,629	$ 11,755,675	$ 82,004
Administration	15,258	21,551	14,397	348	897	$ 52,451	452
Total	$ 2,507,559	$ 6,573,185	$ 2,554,180	$ 23,676	$ 149,526	$ 11,808,126	$ 82,456
Ending Net Assets (Fair value)	$17,463,278	$ 51,969,547	$19,321,075	$ 56,816	$1,012,485	$ 89,823,201	$2,500,452
Actuarial Value of Assets	17,478,140	51,730,890	19,347,886	57,618	1,012,757	$ 89,627,291	N/A
Actuarial Accrued Liabilities	47,925,683	127,019,330	45,258,751	375,779	2,721,853	$223,301,396	N/A
UAAL (Fair Value)	30,462,405	75,049,783	25,937,676	318,962	1,709,368	$133,478,194	N/A
UAAL (Actuarial Value)(3)	30,447,543	75,288,440	25,910,865	318,160	1,709,096	$133,674,104	N/A
Funded Ratio (Fair Value)	36.4%	40.9%	42.7%	15.1%	37.2%	40.2%	N/A
Funded Ratio (Actuarial Value)(3)	36.5%	40.7%	42.7%	15.3%	37.2%	40.1%	N/A

Source: Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2018. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

(1) The RSP is not included in the totals. The RSP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability. See "BACKGROUND INFORMATION REGARDING THE RETIREMENT SYSTEMS".

(2) Reflects valuation of assets on a fair value basis as of June 30, 2017.

(3) The actuarial value is determined by the methods as discussed in "ACTUARIAL METHODS - Actuarial Value of Assets."

TABLE E-9

FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS

FISCAL YEAR 2017

($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Retirement Savings Plan of SURS[1]
Beginning Net Assets[2]	$15,038,528	$ 45,250,957	$17,005,630	$ 49,052	$ 840,289	$ 78,184,456	$1,825,506
Income							
Member Contributions	$ 251,611	$ 929,130	$ 278,643	$ 1,284	$ 14,770	$ 1,475,438	$ 85,217
State and Employer Contributions	1,798,348	4,135,860	1,650,551	21,721	131,334	7,737,814	66,916
Investment Income	1,812,878	5,520,453	1,994,310	5,140	97,796	9,430,577	266,350
Total	$ 3,862,837	$ 10,585,443	$ 3,923,504	$ 28,145	$ 243,900	$ 18,643,829	$ 418,483
Expenditures							
Benefits and Refunds	$ 2,355,228	$ 6,438,006	$ 2,429,467	$ 22,493	$ 141,471	$ 11,386,665	$ 73,282
Administration	15,957	22,729	14,847	355	914	54,802	456
Total	$ 2,371,185	$ 6,460,735	$ 2,444,314	$ 22,848	$ 142,385	$ 11,441,467	$ 73,738
Ending Net Assets (Fair value)	$16,530,180	$ 49,375,665	$18,484,820	$ 54,349	$ 941,804	$ 85,386,818	$2,170,251
Actuarial Value of Assets	16,558,873	49,467,525	18,594,326	55,063	942,988	85,618,775	N/A
Actuarial Accrued Liabilities	46,701,348	122,904,034	41,853,348	370,758	2,649,258	214,478,746	N/A
UAAL (Fair Value)	30,171,168	73,528,369	23,368,528	316,409	1,707,454	129,091,928	N/A
UAAL (Actuarial Value)[3]	30,142,475	73,436,509	23,259,022	315,695	1,706,270	128,859,971	N/A
Funded Ratio (Fair Value)	35.4%	40.3%	44.2%	14.7%	35.6%	39.8%	N/A
Funded Ratio (Actuarial Value)[3]	35.5%	40.3%	44.4%	14.9%	35.6%	39.9%	N/A

Source: Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2017. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

(1) The RSP is not included in the totals. The RSP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability. See "BACKGROUND INFORMATION REGARDING THE RETIREMENT SYSTEMS".

(2) Reflects valuation of assets on a fair value basis as of June 30, 2016.

(3) The actuarial value is determined by the methods as discussed in "ACTUARIAL METHODS - Actuarial Value of Assets."

TABLE E-10
FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS
FISCAL YEAR 2016
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Retirement Savings Plan of SURS[1]
Beginning Net Assets[2]	$15,258,867	$ 46,406,916	$17,462,968	$ 54,574	$ 833,910	$ 80,017,235	$1,753,554
Income							
Member Contributions	$ 256,198	$ 951,809	$ 278,884	$ 1,310	$ 14,962	$ 1,503,163	$ 76,457
State and Employer Contributions	1,882,243	3,890,510	1,582,294	16,073	132,060	7,503,180	65,370
Investment Income	(125,443)	(44,103)	17,044	(539)	(6,471)	(159,512)	3,192
Total	$ 2,012,999	$ 4,798,216	$ 1,878,222	$ 16,843	$ 140,552	$ 8,846,831	$ 145,019
Expenditures							
Benefits and Refunds	$ 2,217,210	$ 5,931,207	$ 2,320,829	$ 21,983	$ 133,230	$ 10,624,459	$ 72,588
Administration	16,127	22,968	14,731	382	943	55,151	479
Total	$ 2,233,337	$ 5,954,175	$ 2,335,560	$ 22,365	$ 134,173	$ 10,679,610	$ 73,067
Ending Net Assets (Fair value)	$15,038,528	$45,250,957	$17,005,630	$ 49,052	$ 840,289	$ 78,184,456	$1,825,506
Actuarial Value of Assets	15,632,604	47,222,098	17,701,646	50,823	870,893	81,478,064	N/A
Actuarial Accrued Liabilities	45,515,370	118,629,890	40,923,301	363,337	2,546,450	207,978,348	N/A
UAAL (Fair Value)	30,476,842	73,378,934	23,917,671	314,285	1,706,161	129,793,898	N/A
UAAL (Actuarial Value)[3]	29,882,766	71,407,792	23,221,655	312,514	1,675,557	126,500,284	N/A
Funded Ratio (Fair Value)	33.0%	38.1%	41.6%	13.5%	33.0%	37.6%	N/A
Funded Ratio (Actuarial Value)[3]	34.4%	39.8%	43.3%	14.0%	34.2%	39.2%	N/A

Source: Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2016. Table may not add due to rounding. Certain information was provided by the Retirement Systems

(1) The RSP is not included in the totals. The RSP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability. See "BACKGROUND INFORMATION REGARDING THE RETIREMENT SYSTEMS."

(2) Reflects valuation of assets on a fair value basis as of June 30, 2015.

(3) The actuarial value is determined by application of the Asset Smoothing Method as discussed in "ACTUARIAL METHODS–Actuarial Value of Assets."

Table E-11 presents information regarding the aggregate funding progress of the Retirement Systems for Fiscal Years 2011 through 2020.

TABLE E-11 - SCHEDULE OF FUNDING PROGRESS[1]
FAIR VALUE OF ASSETS AND ACTUARIAL VALUE OF ASSETS

($ IN MILLIONS)

BASED ON FAIR VALUE OF ASSETS

FY	Fair Value of Assets[2]	Actuarial Accrued Liability	UAAL	Funded Ratio	Payroll	UAAL as a % of Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	([b-a]/c)
2011	63,382	146,460	83,078	43.3%	17,062	486.9%
2012	61,813	158,612	96,798	39.0%	17,314	559.1%
2013	67,934	165,458	97,524	41.1%	17,357	561.9%
2014	78,630	183,249	104,619	42.9%	17,637	593.2%
2015	79,981	191,028	111,048	41.9%	17,890	620.7%
2016	78,184	207,798	129,794	37.6%	17,798	729.3%
2017	85,387	214,479	129,092	39.8%	17,813	724.7%
2018	89,823	223,301	133,478	40.2%	18,021	740.7%
2019	92,605	229,800	137,195	40.3%	18,726	732.6%
2020	92,307	236,548	144,242	39.0%	19,161	752.8%

BASED ON ACTUARIAL VALUE OF ASSETS

FY	Actuarial Value of Assets[3]	Actuarial Accrued Liability	UAAL	Funded Ratio	Payroll	UAAL as a % of Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	([b-a]/c)
2011	63,553	146,460	82,907	43.4%	17,062	485.9%
2012	64,030	158,612	94,582	40.4%	17,314	546.3%
2013	64,957	165,458	100,501	39.3%	17,357	579.0%
2014	72,068	183,249	111,181	39.3%	17,637	630.4%
2015	78,131	191,028	112,897	40.9%	17,890	631.1%
2016	81,478	207,978	126,500	39.2%	17,798	710.7%
2017	85,619	214,479	128,860	39.9%	17,813	723.4%
2018	89,627	223,301	133,674	40.1%	18,021	741.8%
2019	92,611	229,800	137,189	40.3%	18,726	732.6%
2020	95,557	236,548	140,991	40.4%	19,161	735.8%

Source: Comprehensive Annual Financial Reports of the Retirement Systems for the fiscal years ending June 30, 2011, through June 30, 2020.

(1) The RSP is not included in the totals. The RSP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability. See "BACKGROUND INFORMATION REGARDING THE RETIREMENT SYSTEMS."

(2) Measures assets at fair value.

(3) The actuarial value of assets is determined in accordance with the Asset Smoothing Method. See discussion of Asset Smoothing Method in "ACTUARIAL METHODS–Actuarial Value of Assets."

NET PENSION LIABILITY

GASB 67 calls for the calculation and disclosure of the "Net Pension Liability," which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the New GASB Standards (referred to in such statements as the "Total Pension Liability") and the value of the pension plan's assets (referred to as the "Fiduciary Net Position"), calculated at fair market value.

The concept of the Net Pension Liability is similar to the concept of the UAAL. However, because the Fiduciary Net Position is calculated at fair market value, and because of the differences in the manner of calculating the Total Pension Liability as compared to the Actuarial Accrued Liability under the Prior GASB Standards, the Retirement Systems' UAAL and Net Pension Liability most likely will differ on each measurement date.

Table E-12A presents the Net Pension Liability of each Retirement System as of June 30 of the years 2014 through 2020. Table E-12B provides information regarding the impact of potential changes to the Discount Rate on the Net Pension Liability for fiscal year ended June 30, 2020. For additional discussion regarding the rates of return and the Discount Rate as employed by the actuaries of the Retirement Systems, see "ACTUARIAL ASSUMPTIONS—Assumed Investment Rate of Return" above. The June 30, 2014, calculation of the Net Pension Liability was the initial calculation of the Net Pension Liability pursuant to the New GASB Standards, and, as such, historical information is not available.

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TABLE E-12A - NET PENSION LIABILITY[1]

	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a Percentage of Total Pension Liability
		TRS		
2014	$106,683	$45,824	$60,858	43.0%
2015	111,917	46,407	65,510	41.5%
2016	124,187	45,251	78,936	36.4%
2017	125,774	49,376	76,398	39.3%
2018	129,914	51,970	77,945	40.0%
2019	134,371	53,263	81,108	39.6%
2020	138,532	52,316	86,215	37.8%
		SURS		
2014	$39,182	$17,391	$21,791	44.4%
2015	41,219	17,463	23,756	42.4%
2016	42,971	17,006	25,965	39.6%
2017	43,966	18,485	25,481	42.0%
2018	46,816	19,321	27,495	41.3%
2019	48,437	19,717	28,720	40.7%
2020	50,237	19,617	30,620	39.1%
		SERS		
2014	$41,685	$14,582	$27,104	35.0%
2015	43,267	15,259	28,008	35.3%
2016	49,184	15,039	34,145	30.6%
2017	49,437	16,530	32,907	33.4%
2018	50,520	17,463	33,056	34.6%
2019	51,886	18,492	33,394	35.6%
2020	54,066	19,197	34,869	35.5%
		JRS		
2014	$2,231	$776	$1,455	34.8%
2015	2,353	834	1,519	35.4%
2016	2,638	840	1,797	31.9%
2017	2,713	942	1,771	34.7%
2018	2,784	1,013	1,771	36.4%
2019	2,850	1,073	1,777	37.7%
2020	2,936	1,113	1,823	37.9%
		GARS		
2014	$398	$57	$341	14.3%
2015	333	55	278	16.5%
2016	374	49	325	13.1%
2017	378	54	324	14.3%
2018	383	57	326	14.8%
2019	382	60	322	15.7%
2020	382	63	319	16.5%
		Total		
2014	$190,179	$78,630	$111,549	41.3%
2015	199,090	80,017	119,071	40.2%
2016	219,353	78,185	141,169	35.6%
2017	222,268	85,387	136,881	38.4%
2018	230,416	89,824	140,594	39.0%
2019	237,926	92,605	145,321	38.9%
2020	246,152	92,306	153,845	37.5%

Source: The Actuarial Valuations and, with respect to SURS, SERS, GARS and JRS, the GASB 67/68 Statements, of the Retirement Systems for the fiscal years ended June 30, 2014 through June 30, 2020.
(1) In millions. Rows and columns may not sum due to rounding.

TABLE E-12B - SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE[1]

	FISCAL YEAR 2020		
	1% DECREASE	CURRENT	1% INCREASE
TRS			
Discount Rate	6.00%	7.00%	8.00%
Net Pension Liability	$104,650	$86,215	$71,038
SURS			
Discount Rate	5.49%	6.49%	7.49%
Net Pension Liability	$36,893	$30,620	$25,442
SERS			
Discount Rate	5.35%	6.35%	7.35%
Net Pension Liability	$42,150	$34,869	$28,884
GARS			
Discount Rate	5.37%	6.37%	7.37%
Net Pension Liability	$362	$319	$284
JRS			
Discount Rate	5.26%	6.26%	7.26%
Net Pension Liability	$2,149	$1,823	$1,547

Source: The Actuarial Valuations and, with respect to SURS, SERS, GARS and JRS, the GASB 67/68 Statements, of the Retirement Systems for the fiscal year ended June 30, 2020.
(1) In millions.

COMPONENTS OF CHANGE IN UNFUNDED LIABILITY

A variety of factors impact the Retirement Systems' UAAL. Unexpected increases in member salary and benefits, a lower return on investment than that assumed by the Retirement Systems and employer contributions less than the Actuarially Required Contribution will, each taken independently of other legislative or market effects, cause an increase in the UAAL. Conversely, unexpected decreases in member salary and benefits, a higher return on investment than assumed, an increase in employee contributions and employer contributions in excess of the Actuarially Required Contribution, each taken independently of other legislative or market effects, will decrease the UAAL. In addition, changes in actuarial assumptions and certain other factors may also impact the UAAL. Table E-13 provides information regarding the sources of the change in the UAAL for the Retirement Systems from Fiscal Years 2011 through 2020. The UAAL on an actuarial basis increased from approximately $82.9 billion at the end of Fiscal Year 2011 to approximately $141.0 billion at the end of Fiscal Year 2020, an increase of approximately $58.1 billion. No assurances can be given that the State will make the appropriations necessary to meet any deficiencies incurred by the Retirement Systems.

TABLE E-13 - COMPONENTS OF CHANGE IN UNFUNDED LIABILITY

Fiscal Year	Salary Increases/ (Decreases)	Investment Returns (Higher)/Lower Than Assumed(2)	Employer Contributions (Higher)/Lower than Normal Cost Plus Interest(3)	Benefit Increases	Changes In Actuarial Assumptions	Other Factors(4)	Total Change in Unfunded Liability From Previous Year
2011	$ (847.3)	$ 2,667.2	$3,666.0	$0.0	$ 581.3	$ 1,098.7	$ 7,166.0
2012	(1,294.5)	2,844.8	4,308.0	0.0	4,625.0	1,191.5	11,674.8
2013	(631.2)	2,398.7	3,353.0	0.0	71.3	727.3	5,919.1
2014	(229.0)	(3,130.5)	2,408.9	0.0	11,107.0	524.2	10,680.6
2015	(820.3)	(2,399.6)	3,212.9	0.0	1,559.3	163.7	1,715.9
2016	(957.9)	701.8	2,730.4	0.0	9,669.0	1,471.4	13,614.7
2017	(598.9)	(701.7)	3,195.2	0.0	0.0	465.0	2,359.6
2018	(342.1)	(500.4)	3,189.1	0.0	864.4	1,603.0	4,814.0
2019	(162.4)	997.3	2,719.9	0.0	(259.7)	219.7	3,514.8
2020	17.1	1,374.4	2,226.6	0.0	0.0	182.9	3,801.0
Total	$(5,866.5)	$ 4,252.0	$31,010.0	$0.0	$28,217.6	$7,647.4	$65,260.5

Source: Commission on Government Forecasting and Accountability, Report on the Financial Condition of the Illinois Retirement Systems: Financial Condition as of June 30, 2014. See "RECENT REPORTS AND OTHER DEVELOPMENTS REGARDING THE RETIREMENT SYSTEMS—Report of the Commission on Government Forecasting and Accountability." Information regarding Fiscal Years 2015 through Fiscal Year 2020 was provided by the Retirement Systems.

(1) Dollars in millions. Table may not add due to rounding.

(2) Investment returns based on Asset Smoothing Method.

(3) To determine whether employer contributions represented an increase or decrease in UAAL, such contributions are measured against contributions based on the Normal Cost plus interest. If employer contributions exceed Normal Cost plus interest, the UAAL will decrease. If employer contributions are less than Normal Cost plus interest, the UAAL will increase.

(4) Other factors include, but are not limited to, higher or lower incidences of retirement, disability, in-service mortality, retiree mortality or terminations than assumed.

PROJECTION OF CONTRIBUTIONS AND FUNDED STATUS

Table E-14 provides a projection of the State's Required Annual Statutory Contribution and Table E-15 provides a projection of the Actuarial Value of Assets, the Actuarial Accrued Liability, the UAAL and the Funded Ratio throughout the life of the Statutory Funding Plan. The projections were derived from the Actuarial Valuations of the Retirement Systems for the Fiscal Year ended June 30, 2020. These projections are forward-looking statements regarding future events and are based on the actuarial assumptions contained in the Statutory Funding Plan and assumptions made regarding such future events, including the assumption that all projected contributions to the Retirement Systems are made as required. No assurance can be given that the assumptions underlying these projections will reflect actual experience of the Retirement Systems. In the event that the Retirement Systems' experience is different from these assumptions, no assurance can be given that such experience will not cause material changes to the data presented in this table. These projections do not consider the effect of the COVID-19 pandemic and the response thereto on the State's future Required Annual Statutory Contributions or future funding status of the Retirement Systems. The State makes no prediction as to the degree of the impact of COVID-19 on the value of the assets of the Retirement Systems or the effect thereof on the State's future Required Annual Statutory Contributions and future funding status. See "HISTORY OF CONTRIBUTIONS TO THE RETIREMENT SYSTEMS" herein.

TABLE E-14 - PROJECTED REQUIRED ANNUAL STATUTORY CONTRIBUTIONS TO THE RETIREMENT SYSTEMS [(1)]

Fiscal Year	Projected Required Annual Statutory Contributions[(1)]
2022	$11,612
2023	11,935
2024	12,297
2025	12,658
2030	14,213
2035	17,045
2040	19,257
2045	21,889

Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2020.
(1) Dollars in millions. Excludes, with respect to TRS and SURS, contributions from trust funds and federal funds and, with respect to TRS, minimum retirement allowances.

TABLE E-15- PROJECTION OF FUTURE RETIREMENT SYSTEMS FUNDING STATUS [(1)]

Fiscal Year	Actuarial Value of Assets[(2)]	Actuarial Accrued Liability	Unfunded Accrued Actuarial Liabilities (UAAL)	Funded Ratio
	(a)	(b)	(b-a)	(a/b)
2022	$103,146	$248,606	$145,460	41.5%
2023	106,752	254,721	147,969	41.9%
2024	110,757	260,717	149,960	42.5%
2025	115,833	266,559	150,726	43.5%
2026	121,070	272,226	151,156	44.5%
2027	126,398	277,685	151,287	45.5%
2028	131,810	282,926	151,116	46.6%
2029	137,326	287,931	150,605	47.7%
2030	142,931	292,664	149,733	48.8%
2035	175,936	311,811	135,875	56.4%
2040	243,136	302,769	59,633	80.3%
2045	293,250	325,836	32,586	90.0%

Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2020.

(1) Dollars in millions.

(2) Measured in accordance with the Asset Smoothing Method. See discussion of the Asset Smoothing Method under "ACTUARIAL METHODS—Actuarial Value of Assets."

2010 LEGISLATION MODIFYING PENSION STRUCTURE

The State has not provided significant benefit enhancements for Retirement System members since 2003.

Public Act 96-0889 ("PA 96-889"), enacted into law on April 14, 2010, provided for significant reforms to the Retirement Systems, most notably by establishing a "two-tier" pension system expected to reduce pension payments for employees who become members of the Retirement Systems on or after January 1, 2011 ("Tier 2 Employees"), as compared to those provided to State employees who commenced employment prior to January 1, 2011 ("Tier One Employees"). PA 96-889 did not impact persons that first became members or participants prior to its effective date of January 1, 2011. An additional tier of employees, hereinafter defined as Tier 3 Employees, was created by Public Act 100-23. See "—2017 LEGISLATION MODIFYING PENSION STRUCTURE" herein.

Taken independently of other legislative or market effects, the reduced benefits afforded new hires by PA 96-889 are expected to reduce the growth in the Actuarial Accrued Liability, the UAAL and the Required Annual Statutory Contribution. In calculating the Actuarial Accrued Liability, the actuaries make assumptions about future benefit levels. As a greater percentage of the State's workforce is covered by PA 96-889, the value of future benefits is expected to decrease and the Actuarial Accrued Liability is expected to decrease. Consequently, the UAAL is expected to decrease and the Funded Ratio to increase. As the growth in the UAAL slows, the Required Annual Statutory Contribution is expected to decline as the amount of UAAL to be amortized decreases.

Because the actuarial calculations look to the future to determine the amount of assets and liabilities that will accumulate over time, the reduction in future benefits under PA 96-889 caused an immediate reduction in the State's required contribution to the Retirement System for Fiscal Year 2011 under the current Statutory Funding Plan after recertification pursuant to Public Act 96-1497. In the long-term, this decrease in future benefits is expected to reduce the sum of contributions required to reach the applicable statutorily required target Funded Ratio because the State's liability for benefits is expected to decrease as a greater number of employees earn lower benefits, assuming a relatively static pool of employees. In the short-term, however, these decreased contributions are expected to have the effect of increasing the UAAL because the majority of employees earning benefits in the short-term will earn those benefits under the provisions of the former plan. Therefore, although the cost of benefits will not change dramatically until a large portion of employees are covered by the new benefits, in the short-term the amount of the Required Annual Statutory Contribution will decrease, increasing the UAAL and decreasing the Funded Ratio. The Retirement Systems currently project that the number of Tier 2 Employees will exceed the number of Tier One Employees beginning in the fiscal years as follows: (i) for TRS, Fiscal Year 2026; (ii) for SERS, Fiscal Year 2022; (iii) for SURS, Fiscal Year 2022; and (iv) for JRS, Fiscal Year 2020. The number of Tier 2 Employees currently exceeds the number of Tier One Employees with respect to GARS.

2013 LEGISLATION MODIFYING PENSION STRUCTURE

PA 98-0599 was signed into law on December 5, 2013 and provided for changes to funding levels, automatic annual increases, retirement ages and employee contributions for TRS, SERS, SURS and GARS. PA 98-0599 was scheduled to take effect on June 1, 2014. However, PA 98-0599 was declared unconstitutional and void in its entirety by the Illinois Supreme Court on May 8, 2015. The State did not file an appeal to the U.S. Supreme Court with respect to the Illinois Supreme Court's determination regarding the constitutionality of PA 98-0599.

2017 LEGISLATION MODIFYING PENSION STRUCTURE

Public Act 100-23, which became effective on July 6, 2017, included several reforms to the Retirement Systems. Specifically, Public Act 100-23: (i) established a new benefit plan for Tier 3 Employees (as hereinafter defined), (ii) shifted certain pension costs to local employers participating in a Retirement System, and (iii) smoothed changes in the State's contributions to the Retirement Systems resulting from changes in actuarial assumptions by the Retirement Systems.

Creation and Current Status of Tier 3. With respect to TRS, SURS and SERS, Public Act 100-23 creates an additional tier ("Tier 3") of benefits and related contributions. Employees ("Tier 3 Employees") will join Tier 3 either by (1) being a new employee who elects to receive Tier 3 benefits or (2) being an existing Tier 2 employee who elects to receive Tier 3 benefits. Employees may join Tier 3 once their respective Retirement System implements the plan. The Tier 3 plan was not implemented during Fiscal Years 2018, 2019, 2020 or 2021. The Retirement Systems believe that legislative changes to resolve conflicts between Public Act 100-23 and the Internal Revenue Code are necessary to implement the provisions of Public Act 100-23. Such legislation has not been adopted as of the date hereof, and the Retirement Systems expect that the Tier 3 plan will not be implemented until such legislation is adopted.

If the Tier 3 plan is ultimately implemented, it will offer a combination of a defined benefit and defined contribution plan. The defined benefit portion of Tier 3 includes the following provisions:

- A pensionable salary cap indexed to the social security wage base (currently $142,800);
- A cost of living adjustment equal to ½ of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not compounded;
- A normal retirement age indexed to social security (currently age 67);
- A final average salary equal to the average salary over the last ten years of an employee's service with the retirement annuity calculated by multiplying each year of service by the final average salary multiplied by 1.25%.

Once implemented, local employers and employees will assume the normal cost for the defined benefit costs for Tier 3 Employees. Employees will contribute the lesser of the Normal Cost or 6.2% of salary for the defined benefit portion. Employers of employees who elect to participate in Tier 3 are to contribute (i) with respect to TRS and SURS employers only, the employer normal cost, plus an amount necessary to reduce the UAAL over a 30-year open amortization period, and (ii) beginning in Fiscal Year 2021, an additional 2% of the total payroll of each employee participating in Tier 3. In addition, employers of employees who elect to participate in Tier 2 in lieu of Tier 3 are to contribute (i) with respect to SURS employers only, the employer normal cost, plus an amount necessary to reduce the UAAL over a 30-year open amortization period, and (ii) beginning in Fiscal Year 2021, an additional 2% of the total payroll of each employee participating in Tier 2 in lieu of Tier 3.

In addition to the defined benefit, Tier 3 Employees will have a defined contribution plan. The defined contribution will consist of funds invested in an individual account for each employee. Employees must contribute a minimum of 4% of salary to the defined contribution portion of the Tier 3 plan. Employers must contribute no less than 2%, but no more than 6% of salary for each employee with at least one year of service with that employer.

Tier 3 does not apply to employees participating in GARS or JRS, and only applies to State employees not participating in the federal social security program, with the exception of a small number of SURS employees which will participate in social security in addition to Tier 3.

Public Act 100-23 does not provide for immediate enactment of the Tier 3 plan, though it states that the respective Boards of Trustees of the Retirement Systems should implement the Tier 3 plan as soon as possible. Prior to implementation, each Retirement System must create and establish the Tier 3 plan, and such plan must be approved by the Internal Revenue Service. On and after the respective date of implementation for each Retirement System, all new participants in such Retirement System will be Tier 3 Employees. Employees hired after the implementation of the combination Tier 3 plan will have the option to irrevocably elect to receive Tier 2 benefits and, with respect to SURS, the SURS Retirement Savings Plan (formerly referred to as the SURS Self-Managed Plan). In addition, Tier 2 Employees hired prior to the implementation of the Tier 3 plan will be provided the opportunity to irrevocably elect to become Tier 3 Employees under Public Act 100-23.

TRS, SURS and SERS are currently analyzing the long-term impact that Tier 3 will have on their respective financial positions. The State makes no prediction as to the impact such reform will have on the Retirement Systems or the State's contributions to TRS, SURS and SERS going forward.

Shift of Certain Pension Costs to Local Employers. With respect to TRS and SURS, Public Act 100-23 provides that the individual school districts, universities and community colleges whose employees participate in such Retirement Systems will assume certain costs of benefits upon implementation of the Tier 3 plan. On and after the Tier 3 implementation, local employers will assume the normal costs and future unfunded liabilities for Tier 3 Employees and Tier 2 Employees who elect to become Tier 3 Employees. Beginning in Fiscal Year 2021, such employers will also be responsible for paying to the applicable Retirement System 2% of the total payroll of each employee participating in Tier 3, as well as each employee participating in Tier 2 in lieu of Tier 3.

In addition, Public Act 100-23 requires individual school districts, universities and community colleges to assume the Normal Cost of benefits with respect to all employees whose salaries exceed the Governor's salary to the extent such employee's salary exceeds the Governor's salary.

Smoothing of State Contributions. Public Act 100-23 provides that, beginning in Fiscal Year 2018, the State's contributions to the Retirement Systems will be calculated such that any changes in the State's contributions to any Retirement System caused by a change in the actuarial assumptions employed by such Retirement System in preparing its Actuarial Valuation will be recognized equally over a five-year period ("Contribution Smoothing"). Furthermore, Public Act 100-23 provides that Contribution Smoothing will be retroactively applied to changes in actuarial assumptions which first applied to State contributions during Fiscal Years 2014 through 2017.

The reforms in Public Act 100-23 are expected to reduce the State's UAAL over time. The State's UAAL, as modified by the provisions of Public Act 100-23, has not been recalculated by the Retirement Systems and, as such, the State is unable to provide any information regarding revisions to the UAAL as a result of Public Act 100-23, if any.

ACCELERATED PENSION BENEFIT PAYMENT PROGRAM AND OTHER PROVISIONS UNDER PUBLIC ACT 100-0587

Public Act 100-0587, which became effective on June 4, 2018 ("P.A. 100-587"), establishes two programs pursuant to which eligible members of the Retirement Systems may forego certain benefits to which they are entitled under the Pension Code in exchange for a payment from the State. The first program, which is available to Tier 1 and Tier 2 members of the TRS, SURS and SERS meeting certain eligibility requirements set forth in P.A. 100-587, provides that an eligible member may forfeit rights to future benefit payments in exchange for an accelerated pension benefit payment equal to 60% of the present value of the pension benefit to which the member is entitled (the *"Pension Buyout Program"*). The second program, which is available only to Tier 1 members of TRS, SURS and SERS meeting certain eligibility requirements set forth in P.A. 100-587, provides that an eligible member may forfeit the 3%, compounded automatic annual increase (*"AAI"*) in exchange for (i) a delayed 1.5% non-compounded AAI and an accelerated pension benefit payment from the State equal to 70% of the difference in the present value of such AAIs (the *"AAI Reduction Program"* and, together with the Pension Buyout Program, the *"Programs"*).

Each of the Programs has separate eligibility rules. To be eligible for the Pension Buyout Program, a member must (i) have terminated service, (ii) have accrued sufficient service credit to be eligible to receive a retirement annuity under the applicable article of the Pension Code, and (iii) not have received any retirement annuity under the applicable article of the Pension Code. To be eligible for the AAI Reduction Program, a member must (i) submit an application for a retirement annuity under the applicable article of the Pension Code, (ii) meet the age and service requirements for receiving a retirement annuity under the applicable article of the Pension Code and (iii) not have received any retirement annuity under the applicable article of the Pension Code. In addition, eligible members may participate in only one of the Programs.

With respect to the Pension Buyout Program, eligible members may make the election to participate in such program until June 30, 2024. Such election may be made only after such member has requested a determination by the applicable Retirement System of the amount of the accelerated pension benefit payment offered pursuant to the Pension Buyout Program.

With respect to the AAI Reduction Program, P.A. 100-587 directs each of the applicable Retirement Systems to implement the AAI Reduction Program. Upon the request of an eligible member, the applicable Retirement System will calculate the accelerated pension benefit payment and will offer such payment to the eligible member. Eligible members will then have the opportunity to irrevocably elect to participate in the AAI Reduction Program until June 30, 2024. Such election must be made prior to the eligible member receiving the first payment of a retirement annuity otherwise payable under the applicable article of the Pension Code. Public Act 101-0010 (enacted June 5, 2019) extended the end date of the Programs from June 30, 2021 to June 30, 2024.

P.A. 100-587 provides that, upon receipt by a Retirement System of an election by an eligible member to participate in either of the Programs, such Retirement System will submit a voucher to the Comptroller for payment of the applicable accelerated pension benefit payment. To finance the costs of the Programs, P.A. 100-587 authorizes the issuance of the Section 7.7 Bonds (as defined in the Official Statement) in the amount of $1,000,000,000 and establishes the State Pension Obligation Acceleration Bond Fund (the "Acceleration Fund"). The proceeds of the Section 7.7 Bonds will be deposited into the Acceleration Fund and be used to make the accelerated pension benefit payments as described in this Section. The bond proceeds deposited into the Acceleration Fund constitute the only authorized source of funding for accelerated pension benefit payments, therefore requiring the State to issue Section 7.7 Bonds for the Programs to be operational. As of the date hereof, the State has issued $736,977,800 of the Section 7.7 Bonds so authorized. As of March 4, 2021, the balance in the Acceleration Fund was approximately $65 million. A portion of the March 2021A Bonds in the principal amount of $86,977,800 will constitute Section 7.7 Bonds, the proceeds of which will be deposited into the Acceleration Fund.

The State expects that the Programs will, taken independently of other factors, cause a reduction in the UAAL of the applicable Retirement Systems, however, the State is unable to quantify the amount or timing of any such reduction at this time. The State provides no assurance as to whether the Programs will be implemented or the degree to which members choose to participate in the Programs. Any reduction in the UAAL is dependent on the implementation of, participation by members in and funding of the Programs.

Status of the Programs. SERS began offering accelerated pension benefits pursuant to its AAI Reduction Program to applicants for retirement in December 2018, and began offering the Pension Buyout Program to eligible inactive vested members in April 2019. As of June 30, 2021, SERS has processed payments totaling $194 million for accelerated pension benefits: $185 million for 1,995 retirees participating in the AAI Reduction Program and $8.9 million for 65 eligible inactive vested members in the Pension Buyout Program. As of June 30, 2021, the participation rate for the AAI Reduction Program is 24.9% and the average payout is $92,950; the participation rate for the Pension Buyout Program is 1% and the average payout is $136,400. SERS typically administers approximately 3,000 retirements annually.

TRS opened its AAI Reduction Program in January 2019 and its Pension Buyout Program in September 2019. As of July 20, 2021, TRS has expended proceeds totaling $440.6 million for accelerated pension benefits: $228.4 million for 1,748 retirees participating in the AAI Reduction Program and $212.2 million for 1,725 eligible inactive vested members in the Pension Buyout Program. As of July 20, 2021, the participation rate for the AAI Reduction Program is 15.3% and the average payout is $100,700; the participation rate for the Pension Buyout Program is 11.0% and the average payout is $123,000.

SURS began implementing both the AAI Reduction and the Pension Buyout Program on June 10, 2019. As of June 30, 2021, SURS has expended bond proceeds totaling approximately $24.3 million for accelerated pension benefits: $6.8 million for 72 retirees participating in the AAI Reduction Program and $17.5 million for 42 eligible inactive vested members in the Pension Buyout Program. As of June 30, 2021, the participation rate for the AAI Reduction Program was approximately 1.25%, and the average payment was $93,775.64; the participation rate for the Pension Buyout Program is less than 1% and the average payment was $416,805.59. SURS has approximately 13,000 inactive vested members and 17,000 Tier 1 members who are retirement-eligible. SURS typically administers approximately 2,500 retirements annually.

RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS

State Actuary's Fiscal Year 2020 Report

By January 1 of each year, the State Actuary is required to issue a preliminary report providing a review of the actuarial assumptions used by the Retirement Systems in preparing their proposed certification of the amount necessary to pay the Required Annual Statutory Contribution. The position of State Actuary is within the Office of the Auditor General and responsible for reviewing actuarial practices, assumptions, and valuations of the actuaries of the Retirement Systems. The State Actuary's Fiscal Year 2020 report on the actuarial assumptions and valuations of the Retirement Systems is available on the State Auditor General's website. See APPENDIX F—WEBSITE INDEX. The assumptions contained in the 2020 Actuarial Valuation reports of the Retirement Systems were determined to be generally reasonable by the State Actuary, and the State Actuary did not recommend any changes to these assumptions. However, recommendations were made, among other things, to include certain additional disclosures in future valuations, for changes to the formula for funding the Retirement Systems set forth in the Pension Code to fully fund future plan benefit accruals, for the Retirement Systems set forth in the Pension Code to include stress tests in the Actuarial Valuations, and for the conduct of periodic, independent, actuarial audits by SERS, JRS, and GARS. The Board of each Retirement System must consider all recommendations of the State Actuary; however, no assurance can be given that any recommendations will be adopted. The responses of each System to the recommendations of the State Actuary are contained in Appendix C of the aforementioned report.

Report of the Commission on Government Forecasting and Accountability

The Commission on Government Forecasting and Accountability ("COGFA") prepared a report dated June 2020, on the financial condition of the Retirement Systems as of June 30, 2020 (the "COGFA Report"). COGFA is a bipartisan and bi-cameral legislative commission whose purpose is to provide the General Assembly with information relevant to the State economy, taxes, and other sources of revenue and debt obligations of the State. Among COGFA's list of specific responsibilities is to make an annual estimate of public pension funding requirements and to prepare pension impact notes. Furthermore, COGFA has a mandate to report to the General Assembly on economic trends in relation to long-range planning and budgeting and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as the same may affect the State. As a result of these responsibilities, COGFA issues several reports on an annual basis, including the COGFA Report, which provides an overview of the financial condition of the Retirement Systems.

The COGFA Report provides significant information on the funded status of the Retirement Systems, historical and projected information with respect to each of the Retirement Systems and an exhaustive history of pension legislation. COGFA does not make findings in the COGFA Report. The COGFA Report is available from COGFA's website listed in APPENDIX F—WEBSITE INDEX. The State makes no representations nor expresses any opinion on the COGFA Report.

SEC ORDER

The State was originally contacted in September 2010 by the Securities and Exchange Commission (the "SEC") regarding a non-public inquiry into communications by the State relating to the financial effects of PA 96-889 on Illinois public pensions, including communications relating to the potential savings or reductions in contributions by the State to the Illinois public pensions. The SEC inquiry ultimately turned to disclosures relating to the Statutory Funding Plan.

On March 11, 2013, the SEC instituted administrative proceedings and imposed a cease-and-desist order (the "Order"). The Order is available from the SEC. In its Order, the SEC found that, between 2005 and March 2009, the State acted negligently and (i) misled bond investors by omitting to disclose information about the adequacy of the Statutory Funding Plan and the risks created by the State's structural underfunding of its pension obligations, (ii) misled bond investors about the effect of changes to the Statutory Funding Plan, including the State's failure to make the full pension contributions in 2006 and 2007 and (iii) omitted material information which rendered certain statements misleading to bond investors regarding the State's ability to fund its pension obligations or the impact of the State's pension obligations on the State's financial condition. In agreeing to the Order, the State did not admit or deny the SEC's findings in the Order. Under the terms of the Order, the State was not required to pay any civil fines or penalties, and the SEC noted that it considered the State's cooperation during the inquiry as well as the remedial measures instituted by the State to ensure compliance with its disclosure obligations under the federal securities laws, as described in the Order.

Prior to the SEC inquiry and in response to statements made by the SEC in an enforcement action against the State of New Jersey (SEC Rel. No. 9135, August 18, 2010), the State engaged outside counsel to assist the State in reviewing the enforcement action against New Jersey, to update certain of the information contained in this Appendix and to draft the disclosure policies and procedures set forth in the following subsection. The State has continued to engage Disclosure Counsel to assist the State in updating the information contained in this Appendix and to implement the disclosure policies and procedures set forth in the following subsection.

PENSION DISCLOSURE POLICIES AND PROCEDURES

The State has reviewed, evaluated, and enhanced its pension disclosure process by instituting formal, written policies and procedures. The State's written policies and procedures, among other things, established a committee within the GOMB consisting of GOMB employees (the "Disclosure Committee") to oversee the pension disclosure process. The GOMB Director of Capital Markets serves as chairperson of the Disclosure Committee, and the General Counsel of the GOMB serves as an ex-officio member. The Disclosure Committee has primary responsibility for drafting, editing and updating the State's pension disclosure. Prior to release of the pension disclosure in an official statement or at the time of an update as mandated in the policies and procedures, the pension disclosure is submitted to the Retirement Systems, COGFA, the Office of the Comptroller and the Office of the Attorney General for their review and comment.

In addition, the State has implemented an annual mandatory training program for the Disclosure Committee and the other GOMB employees involved in the disclosure process. The training is intended to ensure compliance with the State's disclosure obligations under the federal securities laws.

OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The State contributes to three separate programs to provide other post-employment benefits ("OPEB") to State employees: (i) the State Employees Group Insurance Program ("SEGIP"), (ii) the Teachers' Retirement Insurance Program ("TRIP") and (iii) the College Insurance Program ("CIP" and, together with SEGIP and TRIP, the "OPEB Programs").

SEGIP is established pursuant to the State Employees Group Insurance Act of 1971 ("Group Insurance Act"), as amended, and authorizes the State to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all State and State university component unit employees become eligible for SEGIP benefits if they become annuitants of one of the State sponsored pension plans. The Department of Central Management Services ("CMS") administers these benefits for annuitants with the assistance of the Retirement Systems. The portions of the Group Insurance Act related to OPEB established SEGIP with a special funding situation for employees of the State's component unit universities.

The TRIP program provides OPEB to certain members covered under the TRS pension, and the CIP provides OPEB to retired employees and their dependents of State community college districts, excluding Chicago.

FUNDING POLICY AND ANNUAL OPEB COST

The State contributes toward the cost of an annuitant's coverage under the basic program of group health, dental, and vision benefits. The amount the State contributes is determined from negotiations with the collective bargaining units within the various Retirement Systems. Therefore, the benefits provided and contribution amounts are subject to periodic changes.

The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees, which could and previously has resulted in a backlog of reimbursements to health care providers and retirees.

The State's Annual OPEB Cost was calculated, prior to Fiscal Year 2018 pursuant to GASB Statement No. 45 ("GASB 45"). GASB 45 funding requirements differ significantly from the pay-as-you-go funding method used by the State to make contributions to the plan. Therefore, the actual contributions made by the State to the plan differed from the Actuarially Required Contribution and the Annual OPEB Cost. The State's Annual OPEB Cost for the prior year and related information is included in Tables E-16, E-17 and E-18. These tables relate only to the State's SEGIP liability. Information with respect to the SEGIP liability under GASB Statement No. 75 is available in the Actuarial Valuation of SEGIP as of June 30, 2018. See APPENDIX F—Website Index herein.

TABLE E-16

NET OTHER POST EMPLOYMENT BENEFITS

OBLIGATION FISCAL YEAR 2017

($ IN MILLIONS)

Actuarially Required Contribution (Net of ARC adjustments)	$ 2,592
Plus: Interest on Net OPEB Obligations	533
Adjustment to ARC	(507)
Annual OPEB Cost	$ 2,617
Benefits paid during the year	(337)
Increase in Net OPEB Obligations	$ 2,281
Net OPEB Obligations at June 30, 2016	14,204
Net OPEB Obligations at June 30, 2017	$16,485

Source: The CAFR.

TABLE E-17
OTHER POST EMPLOYMENT BENEFITS – FISCAL YEARS 2013-2017

($ IN MILLIONS)

	2013	2014	2015	2016	2017
Annual Required Contribution[1]	$2,378	$2,344	$2,292	$2,415	$2,617
Benefits paid during the year	625	905	810	185	337
Increase in Net OPEB Obligations	1,753	1,439	1,482	2,230	2,280
Net OPEB Obligations Balance	9,053	10,492	11,975	14,204	16,485

Source: Illinois State Employment Group Insurance Program GASB No. 45 Actuarial Valuation Report and the CAFR.

1 The Annual Required Contribution numbers include interest on Net OPEB Obligations and adjustments to the Annual Required Contributions.

GASB Statement No. 45 requires the calculation of the OPEB Actuarial Accrued Liability ("AAL") which is the actuarial present value of future plan benefits earned as of the valuation date. The AAL was $38,138 million at the end of Fiscal Year 2016. The AAL has not been calculated for Fiscal Year 2017. The OPEB Actuarially Required Contribution ("ARC") is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded AAL over the amortization period of thirty years.

TABLE E-18

OTHER POST EMPLOYMENT BENEFITS UNFUNDED

ACTUARIAL ACCRUED LIABILITY – FISCAL YEARS 2012-2016

($ IN MILLIONS)

	2012*	2013	2014	2015**	2016
Unfunded Actuarial Accrued Liability	$35,200	$34,488	$33,051	$34,766	$38,138

Source: Illinois State Employment Group Insurance Program GASB No. 45 Actuarial Valuation Report and the CAFR. Includes only OPEB liability related to SEGIP.

Note: The GASB No. 45 Actuarial Valuation Report is produced biennially, however, beginning in Fiscal Year 2015, the report is produced as of June 30 of the previous fiscal year.

* Estimation in the succeeding year's report.

** Estimation in the preceding year's report.

The State adopted GASB Statement No. 75 ("GASB 75") beginning with the Fiscal Year ending June 30, 2018. GASB 75 reforms the manner in which OPEB is accounted for and presented in the financial statements of an employer, such as the State. The adoption of GASB 75 resulted in significant changes to the presentation of the State's OPEB liability in the Fiscal Year 2018 CAFR, including changes to the amount recognized by the State as a liability with respect to OPEB.

The total OPEB liability pursuant to GASB Statement No. 75, based on the Fiscal Year 2018 CAFR, for the three OPEB Programs was a combined $55.178 billion.

Based on the Fiscal Year 2019 CAFR, the OPEB Liability of the three OPEB Programs as of June 30, 2019 were as follows: (i) SEGIP - $38.479 billion, (ii) TRIP - $15.100 billion, and (iii) CIP – $0.943 billion. Based on the Fiscal Year 2020 CAFR, the OPEB Liability of the three OPEB Programs as of June 30, 2020 were as follows: (i) SEGIP - $42.132 billion, (ii) TRIP - $15.920 billion, and (iii) CIP - $0.944 billion.

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APPENDIX F

WEBSITE INDEX

Organization or Department	Website Address	Description of Website
State of Illinois	http://www.illinois.gov/	Lead portal for all State information
Governor's Office of Management and Budget	http://www.illinois.gov/gov/budget/ https://www2.illinois.gov/sites/budget/Pages/PolicyReports.aspx https://www2.illinois.gov/sites/budget/Pages/default.aspx	Lead portal for operating budgets, economic and fiscal reports and three year projections and quarterly reports; portal to reports regarding COVID-19 impact
Fiscal Year 2022 Budget Book	https://www2.illinois.gov/sites/budget/Documents/Budget%20Book/FY2022-Budget-Book/Fiscal-Year-2022-Operating-Budget.pdf	Link to the Governor's Budget Book
State of Illinois Capital Markets	http://www.illinois.gov/gov/budget/capitalmarkets/Pages/default.aspx	Lead portal to the State of Illinois Capital Markets
Illinois Administrative Code	http://www.ilga.gov/commission/jcar/admincode/080/08002200sections.html	Link to Illinois General Assembly's Administrative Code database - CMS State Employees Group Insurance Program Retiree Premium Contributions
Comptroller	http://www.illinoiscomptroller.gov/	Lead portal for all Comptroller based information
Comptroller (CAFR)	https://illinoiscomptroller.gov/financial-data/find-a-report/comprehensive-reporting/comprehensive-annual-financial-report/fiscal-year-2020/	Link to CAFR Library
Comptroller, Traditional Budgetary Financial Report	https://illinoiscomptroller.gov/financial-data/find-a-report/budgetary-reporting/traditional-budgetary-financial-report/	Link to the Traditional Budgetary Financial Report
General Assembly	http://www.ilga.gov/	Lead portal to the Illinois General Assembly
Auditor General	http://www.auditor.illinois.gov/	Lead portal to the Auditor General
College Illinois	http://www.isac.org/about-isac/financial-information.html	Link to the College Illinois actuarial report
Tax Handbook	http://www.ilga.gov/commission/lru/2021TaxHandbook.pdf	Legislative Research Unit handbook on all Illinois taxes
Illinois Department of Revenue	http://iltax.org/	Lead portal to the Department of Revenue
Retirement Systems:		
TRS	http://trsil.org/	Lead portal to Teachers' Retirement System
SURS	http://www.surs.org/	Lead portal to State Universities Retirement System
SERS	http://www.srs.illinois.gov/sers/home_sers.htm	Lead portal to State Employees' Retirement System
JRS	http://www.srs.illinois.gov/Judges/home_jrs.htm	Lead portal to Judges' Retirement System
GARS	http://www.srs.illinois.gov/gars/home_gars.htm	Lead portal to General Assembly Retirement System
Commission on Government Forecasting and Accountability	http://cgfa.ilga.gov/	Lead portal to COGFA, contains its report on the financial condition of the Retirement Systems
Illinois State Board of Investment	http://www.isbinvestment.com	Lead portal to the Illinois State Board of Investment
Illinois Department of Central Management Services	http://www.cms.illinois.gov/	Lead portal to the Illinois Department of Central Management Services
State Actuary Report	http://www.auditor.illinois.gov/Other-Public-Documents/State-Actuary-Reports.asp	Link to the Auditor General's State Actuary Reports
Electronic Municipal Market Access	http://emma.msrb.org/	Lead portal to MSRB's EMMA

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APPENDIX G

GLOBAL BOOK-ENTRY SYSTEM

The Series of September 2021 Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the Series of September 2021 Bonds. The Series of September 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered bond certificates will be issued for each series of the Series of September 2021 Bonds of each maturity, in the aggregate principal amount thereof, and will be deposited with DTC.

THE STATE, THE TRUSTEE AND THE PURCHASER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES OF SEPTEMBER 2021 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES OF SEPTEMBER 2021 BONDS, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES OF SEPTEMBER 2021 BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES OF SEPTEMBER 2021 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE STATE NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OF DTC, OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES OF SEPTEMBER 2021 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE BOND SALE ORDER; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES OF SEPTEMBER 2021 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES OF SEPTEMBER 2021 BONDS.

PORTIONS OF THE INFORMATION BELOW CONCERNING DTC, AND DTC'S BOOK-ENTRY SYSTEM ARE BASED ON INFORMATION FURNISHED BY DTC TO THE STATE. NO REPRESENTATION IS MADE HEREIN BY THE STATE, THE TRUSTEE OR THE PURCHASER AS TO THE ACCURACY, COMPLETENESS OR ADEQUACY OF SUCH INFORMATION, OR AS TO THE ABSENCE OF MATERIAL ADVERSE, CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF THIS OFFICIAL STATEMENT.

DTC will act as securities depository for the Series of September 2021 Bonds. The Series of September 2021 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series of September 2021 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by S&P. The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series of September 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series of September 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series of September 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series of September 2021 Bonds, except in the event that use of the book-entry system for the Series of September 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series of September 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series of September 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series of September 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series of September 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series of September 2021 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series of September 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series of September 2021 Bonds may wish to ascertain that the nominee holding the Series of September 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series of September 2021 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series of September 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series of September 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series of September 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the State or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series of September 2021 Bonds at any time by giving reasonable notice to the State or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but neither of the State nor the Trustee takes any responsibility for the accuracy thereof.

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APPENDIX H

FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (this "*Agreement*") is executed and delivered by the State of Illinois (the "*State*"), in connection with the issuance of its $362,745,000 Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of September 2021 (the "*Bonds*"). The Bonds are being issued under and pursuant to "An Act to create the Build Illinois Bond Act and creating and amending various Acts in relation thereto", as amended (30 ILCS 425/1 *et seq.*) (the "*Act*"), and pursuant to the Master Trust Indenture entered into by and between the State and U.S. Bank National Association, Chicago, Illinois as trustee (the "*Trustee*") dated as of September 15, 1985, as amended and supplemented to date (the "*Master Indenture*"), the Sixtieth Supplemental Indenture, dated as of September 1, 2021, by and between the State and the Trustee with respect to the Taxable Series B of September 2021 Bonds (the "*Sixtieth Supplemental Indenture*"); and the Sixth First Supplemental Indenture, dated as of September 1, 2021, by and between the State and the Trustee with respect to the Tax-Exempt Refunding Series C of September 2021 Bonds (the "*Sixty-First Supplemental Indenture*"). The Master Indenture, the Sixtieth Supplemental Indenture and the Sixty First Supplemental Indenture, are herein collectively called the "*Indenture*." The Bonds are authorized by the Act and the Indenture to be issued by the State for the Build Illinois program. The Bonds shall be payable as provided in the Act, the Indenture and the Bond Sale Orders with respect to the Bonds approved on September 29, 2021 (the "*Bond Order*") on behalf of the State by the Governor of the State and the Director of the Governor's Office of Management and Budget of the State.

In consideration of the issuance of the Bonds by the State and the purchase of such Bonds by the beneficial owners thereof, the State covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the State as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The State represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the Comprehensive Annual Financial Report of the State ("*CAFR*") as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the State and which has filed with the State a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated September 15, 2021, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

Undertaking means the obligations of the State pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The State will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the State will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to "material" in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Bond Order.

6. CONSEQUENCES OF FAILURE OF THE STATE TO PROVIDE INFORMATION. The State shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the State to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the State to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Bond Order, and the sole remedy under this Agreement in the event of any failure of the State to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the State by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the State, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the State (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the State shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the State shall be terminated hereunder if the State shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Order. The State shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The State may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the State chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the State shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the State, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The State shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The State shall not transfer its obligations under the Bond Order unless the transferee agrees to assume all obligations of the State under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

STATE OF ILLINOIS

By: ______________________________

Its: Director
Governor's Office of Management and Budget
Name: Alexis Sturm
Address: 100 W. Randolph, 15th Floor
Chicago, Illinois 60601

Date: September 29, 2021

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

Annual Financial Information: financial information and operating data including information of the type contained in the Official Statement as follows: Sales tax information of the type contained therein in the tables entitled "State Share of Sales Tax Revenues" and "Monthly State Share of Sales Tax Revenues".

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The State shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 330 days after the last day of the State's fiscal year (currently June 30).

Audited Financial Statements are created and published by the Office of the Illinois Comptroller in the form of the State's Comprehensive Annual Financial Report ("CAFR"). Once available to the Governor's Office of Management and Budget, a draft CAFR or final CAFR will be submitted to EMMA within 30 days. The CAFR will be prepared in conformity with generally accepted accounting principles applicable to state governments as prescribed by the General Accounting Standards Board.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the State will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the State[*]
13. The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material[†]
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

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[*] This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

[†] The term "Financial Obligation" means a (i) debt obligation or (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

EXHIBIT III
CUSIP NUMBERS

TAXABLE SERIES B OF SEPTEMBER 2021 BONDS

YEAR OF MATURITY	CUSIP NUMBER
2022	452227 SJ1
2023	452227 SK8
2024	452227 SL6
2025	452227 SM4
2026	452227 SN2
2027	452227 SP7
2028	452227 SQ5
2029	452227 SR3
2030	452227 SS1
2031	452227 ST9
2032	452227 SU6
2033	452227 SV4
2034	452227 SW2
2035	452227 SX0
2036	452227 SY8
2037	452227 SZ5
2038	452227 TA9
2039	452227 TB7
2040	452227 TC5
2041	452227 TD3

TAX-EXEMPT REFUNDING SERIES C OF SEPTEMBER 2021 BONDS

YEAR OF MATURITY	CUSIP NUMBER
2022	452227 RW3
2023	452227 RX1
2024	452227 RY9
2025	452227 RZ6
2026	452227 SA0
2027	452227 SB8
2028	452227 SC6
2029	452227 SD4
2030	452227 SE2
2031	452227 SF9
2032	452227 SG7
2033	452227 SH5

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APPENDIX I

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture, to which reference is made for a complete statement of the provisions or contents thereof. Certain capitalized words and terms used in this summary are defined in the Indenture and shall have the same meanings herein as therein, except as otherwise defined in this Official Statement. Certain of such defined words and terms are set forth in APPENDIX C.

Source of Payment; Pledge of Revenues

The provisions of the Indenture constitute a contract among the State, the Trustee and the Bondholders. The Series of September 2021 Bonds are direct, limited obligations of the State payable solely from and secured by an irrevocable, first priority pledge of and lien on moneys on deposit in the Retirement and Interest Fund and certain other moneys and securities held by the Trustee under the provisions of the Indenture. The State has pledged the Revenues and all moneys and securities held or set aside or to be held or set aside by any Fiduciary under the Indenture to secure the payment of the principal of and premium, if any, and interest on the Series of September 2021 Bonds, such pledge constituting a first and prior claim against and charge on the Revenues and a first priority pledge of and lien on such other moneys and securities, subject only to the provisions of the Indenture requiring or permitting the payment, setting apart or application thereof for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under the Indenture. The Series of September 2021 Bonds are not general obligations of the State and are not secured by the full faith and credit of the State, and the holders of the Series of September 2021 Bonds may not require the levy or imposition of any taxes or the application of other State revenues or funds to the payment of the Series of September 2021 Bonds, except as specifically provided in the Act and Sections 6z-9 and 8.25 of the Finance Act with respect to the Revenues.

Additional Senior Bonds

The Indenture permits the issuance of additional Series of Bonds which may be (i) Senior Bonds or (ii) Junior Obligations on parity with the Series of September 2021 Bonds and other Outstanding Junior Bonds, provided that certain conditions precedent are satisfied, including receipt by the Trustee of the following:

(a) a copy of a Bond Sale Order signed by the Director and approved by the Governor, (i) authorizing the execution and delivery of a Supplemental Indenture, (ii) stating the identity of the purchasers, aggregate purchase price and date and place of delivery of such Series, (iii) stating that no Event of Default has occurred and is continuing under the Indenture, (iv) specifying the uses to which the proceeds of the Bonds of such Series shall be applied, including Costs of Issuance, and (v) certifying that the Build Illinois Fund, the Build Illinois Bond Account and the Retirement and Interest Fund have been established in the State Treasury and are being maintained in full accordance with the provisions of the Act and the Finance Act;

(b) a Counsel's Opinion to the effect that (i) the Indenture and such Supplemental Indenture have been duly and lawfully authorized and executed and are in full force and effect and are valid and binding upon the State, (ii) the Act, the Indenture and such Supplemental Indenture create the valid pledge of Revenues, moneys and securities which they purport to create, and (iii) upon the execution, authentication and delivery thereof, the Bonds of such Series will have been duly and validly authorized and issued in accordance with the Constitution and laws of the State and the Indenture;

(c) an executed counterpart of the Supplemental Indenture; and

(d) with respect to any proposed Series of Senior Bonds, a Certificate signed by the Director certifying that (i) the maximum Net Debt Service Requirement for Outstanding Senior Bonds of all Series and for the proposed Series for the current or any future Fiscal Year will not exceed 5 percent of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year, and (ii) an amount at least equal to the Debt Service Reserve Fund Requirement, calculated immediately after the issuance of the proposed Series, will be on deposit in the Debt Service Reserve Fund within 24 months after the date of issuance of such proposed Series. In calculating the Net

Debt Service Requirement, interest on any Series of Variable Rate Senior Bonds is required to be included at the maximum rate permitted under the applicable Supplemental Indenture, less credits for the sum of (i) certain amounts on deposit in the applicable Variable Rate Interest Subaccount as provided in the applicable Supplemental Indenture, and (ii) amounts required to be deposited in the Variable Rate Interest Subaccount pursuant to agreements with Qualified Financial Institutions for the purpose of limiting interest rate risk, and (iii) beginning in Fiscal Year 1994, and while the amount on deposit in the Debt Service Reserve Fund is at least equal to the Debt Service Reserve Fund Requirement, additional amounts not to exceed 50 percent of the maximum rate permitted under the Supplemental Indenture.

The delivery of Bonds of any Series shall also be subject to the delivery to the Director, the Comptroller and the Treasurer of a Certificate signed by the Trustee, certifying (i) the Annual Debt Service or the Junior Annual Debt Service, as the case may be, for the Series of Bonds then being issued and the total Aggregate Debt Service and Junior Annual Debt Service on all then Outstanding Bonds payable on all future Payment Dates and (ii) the amount of principal of and interest and premium, if any, on all such Bonds payable on each future Payment Date.

The issuance of refunding Bonds of any Series shall be subject to the receipt by the Trustee of:

(a) The documents referred to in paragraphs (a) through (d) above, provided that, with respect to a proposed Series of Senior Bonds, in lieu of the Certificate described in paragraph (d) above the State may deliver a Certificate certifying that the maximum Aggregate Debt Service for the then current or any future Fiscal Year shall not increase as a result of such issuance of refunding Bonds;

(b) If a redemption of Bonds is to be effected, irrevocable instructions to the Trustee to give due notice of redemption of all the Bonds to be redeemed and the redemption date or dates, if any, upon which such Bonds are to be redeemed;

(c) If a redemption of Bonds is to be effected and the redemption is scheduled to occur subsequent to the next succeeding 45 days, irrevocable instructions to the Trustee to give notice of redemption of such Bonds on a specified date prior to their redemption date; and

(d) A certificate of an Independent Accountant stating that the amount of moneys and Federal Obligations and Qualified Investments described in paragraphs (f) and (g) of the definition thereof deposited with the Trustee are sufficient to pay when due the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date or dates or the date or dates of maturity thereof.

Additional Junior Obligations

The Indenture permits the issuance of additional Series of Junior Obligations on a parity with other Outstanding Junior Obligations including the Series of September 2021 Bonds provided that certain conditions in addition to the requirements for the issuance of Senior Bonds described above are satisfied, including receipt by the Trustee with respect to any Series of Junior Obligations proposed to be issued, other than a Series proposed to be issued as refunding Bonds, a Certificate signed by the Director certifying that, as of the time immediately following the issuance of such Series, the greatest amount of the aggregate of (A) the Net Debt Service Requirement for Outstanding Senior Bonds and (B) the Junior Annual Debt Service, for the then current or any future Fiscal Year, will not exceed 9.8% of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year. The issuance of refunding Junior Obligations on a parity with other Junior Obligations is permitted provided that certain conditions in addition to the requirements for the issuance of refunding Senior Bonds described above are satisfied, including receipt by the Trustee of either (1) the Certificate of the Director required for the issuance Junior Obligations for project purposes or (2) a Certificate of the Director, certifying that, as of the time immediately following the issuance of such Series, the greatest amount of the aggregate of (A) the Net Debt Service for Senior Bonds and (B) the Junior Annual Debt Service, for the then current or any future Fiscal Year, shall not increase as a result of the issuance of such Series.

Covenant Against Pledge of Revenues

The State has covenanted that it will not issue or authorize the issuance of any bonds, notes or other evidences of indebtedness secured by the pledge of Revenues contained in the Indenture, other than the Bonds, and that it will not create or cause to be created any pledge, lien or charge on Revenues or on any other amounts pledged for the benefit of owners of Bonds under the Indenture, other than the pledge of Revenues contained in the Indenture, provided, however, that the State may (a) issue or authorize the issuance of bonds, notes or other evidences of indebtedness payable out of, or secured by a pledge of, Revenues to be derived after the pledge contained in the Indenture has been discharged or (b) issue or authorize the issuance of bonds, notes or other evidences of indebtedness which are payable out of, or secured by the pledge of, amounts which may be withdrawn from the General Reserve Fund so long as such pledge is expressly junior and subordinate to the pledge of Revenues contained in the Indenture.

Establishment of Funds and Accounts

The Indenture creates the following Funds and Accounts to be held and administered by the Trustee:

(a) The Revenue Fund;

(b) The Debt Service Fund and four separate Accounts therein to be known as the Capitalized Interest Account, the Interest Account, the Principal Account and the Variable Rate Account;

(c) The Program Expense Fund;

(d) The Debt Service Reserve Fund;

(e) The Junior Obligation Debt Service Fund; and

(f) The General Reserve Fund and a separate Account therein to be known as the Net Debt Service Account.

In addition, the State has established in the State Treasury and agrees to maintain in accordance with the requirements of the Act and the Finance Act, the Build Illinois Bond Fund, the Build Illinois Fund (including the Build Illinois Bond Account established therein), the Capital Projects Fund and the Retirement and Interest Fund.

The Trustee shall, at the written request of the State, establish additional Accounts and subaccounts for the purpose of identifying more precisely the sources of payments into and disbursements from such Funds, Accounts and subaccounts. Additional Accounts and subaccounts may also be created by any Supplemental Indenture.

Deposit of Revenues

All Revenues shall be promptly deposited by the State in Capital Projects Fund or the Build Illinois Fund as applicable, credited to the Build Illinois Bond Account, transferred to the Retirement and Interest Fund and paid to the Trustee for deposit in the Revenue Fund, all as provided in the Act and Sections 6z-9 and 8.25 of the Finance Act.

The State has covenanted that the Governor shall include in each annual State Budget and the General Assembly shall annually appropriate for each Fiscal Year the Required Bond Transfer from the Retirement and Interest Fund in an amount estimated to equal the greater of (a) the Certified Annual Debt Service Requirement for such Fiscal Year or (b) the Tax Act Amount for such Fiscal Year. For the purposes of implementing such appropriations and the transfers and payments required to be made to the Trustee, the Trustee shall deliver a Certificate to the Director, the Comptroller and the Treasurer on or before each June 20 so long as Bonds remain Outstanding, certifying the Certified Annual Debt Service Requirement for the next succeeding Fiscal Year. The Required Bond Transfer for each Fiscal Year shall be equal to the Certified Annual Debt Service Requirement as so certified in such Certificate unless the Tax Act Amount for such Fiscal Year shall be greater than such Certified Annual Debt Service Requirement, in which case the Required Bond Transfer for such Fiscal Year shall be equal to such Tax Act Amount; provided, however, that if Bonds are issued during any such Fiscal Year the Certified Annual Debt Service Requirement for such Fiscal Year shall be increased to reflect the issuance of such Bonds to the extent such issuance was not reflected in the Certified Annual Debt Service Requirement previously certified for such Fiscal Year. The State has covenanted and agreed that in the event the Required Bond Transfer is not made for any Fiscal Year as required under the Indenture and the Act, the Act shall constitute an irrevocable and continuing appropriation of such Required Bond Transfer and the continuing, irrevocable authority for and direction to the Treasurer and the Comptroller to make the necessary transfers and deposits, as directed by the Governor, and to make the payments specified in Sections 6z-9 and 8.25 of the Finance Act and as provided in the Indenture.

The State has covenanted that the Treasurer and the Comptroller shall, on the last day of each month transfer from the Build Illinois Bond Account to the Retirement and Interest Fund and pay from such Fund to the Trustee for deposit in the Revenue Fund an amount equal to the greater of (a) 1/12th of 150 percent of the Certified Annual Debt Service Requirement or (b) the Tax Act Amount deposited in the Build Illinois Bond Account during such month, plus any cumulative deficiency in such transfers and payments for prior months; provided that all of such transfers and payments for any such Fiscal Year shall not exceed the greater of (a) the Certified Annual Debt Service Requirement or (b) the Tax Act Amount. See SECURITY FOR THE SERIES OF SEPTEMBER 2021 BONDS" in this Official Statement.

Disbursements From Revenue Fund

On the first day of each month the Trustee shall make the following deposits from amounts on deposit in the Revenue Fund in the manner and order of priority set forth:

First: To the Debt Service Fund, an amount equal to l/12th of 150 percent of the aggregate amount of Principal Installments and interest included in the Annual Debt Service for all Series of Senior Bonds for the then current Fiscal Year, such amounts to be allocated among the Interest Account, the Principal Account and the Variable Rate Account;

Second: To the Program Expense Fund, an amount equal to the amount, if any, required for Program Expenses;

Third: To the Debt Service Reserve Fund, the amount, if any, necessary to increase the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement;

Fourth: To the Junior Obligation Debt Service Fund, the amount, if any, equal to the amount required by any Supplemental Indentures or other instruments authorizing the issuance of Junior Obligations; and

Fifth: To the General Reserve Fund, the balance remaining.

Use of Funds

The moneys on deposit in the Funds and Accounts listed above shall be used for the purposes and uses specified as follows:

(a) The moneys in the Interest Account shall be used only for the payment of the interest on Fixed Rate Senior Bonds. The moneys in the Principal Account shall be used only for the payment of Principal Installments on Fixed Rate Senior Bonds. Moneys on deposit in the Variable Rate Account and which have been credited to Variable Rate Interest Subaccounts and Variable Rate Principal Subaccounts therein as may have been created for the benefit of a Series of Variable Rate Senior Bonds shall be used for the purposes specified in the Supplemental Indenture creating such Series.

(b) The moneys in the Program Expense Fund shall be used to pay Program Expenses as directed in Certificates filed by the Director with the Trustee.

(c) The moneys in the Debt Service Reserve Fund shall be used for the payment of the interest and Principal Installments (other than Subordinated Interest or Subordinated Principal Installments) on Senior Bonds, whenever and to the extent moneys in the Interest Account, the Principal Account and the Variable Rate Account, respectively, are insufficient therefor. At the direction of the State expressed in a Certificate of the Director filed with the Trustee, moneys in the Debt Service Reserve Fund may be withdrawn from the Debt Service Reserve Fund and deposited into the General Reserve Fund; provided, however, that immediately after such withdrawal, the amount of deposit in the Debt Service Reserve Fund equals or exceeds the Debt Service Reserve Fund Requirement.

(d) The moneys in the Junior Obligation Debt Service Fund shall be transferred by the Trustee to the appropriate trustees or paying agents under the Supplemental Indenture or other instrument authorizing the issuance of Junior Obligations for the purpose of paying such amounts as may be required to be paid by such Supplemental Indenture or other instrument.

(e) The moneys in the General Reserve Fund shall be used for the payment of the interest and Principal Installments on Bonds whenever and to the extent moneys in the Interest Account, the Principal Account, the Variable Rate Account, the Debt Service Reserve Fund, and the Junior Obligation Debt Service Fund, respectively, are insufficient therefor. At the direction of the State, moneys in the General Reserve Fund may be withdrawn and deposited in trust to purchase or redeem or pay or otherwise provide for the payment of Bonds of any Series or of Section 209 Obligations provided the purchase price does not exceed par or the next Redemption Price. At the direction of the State, expressed in a Certificate signed by the Director and filed with the Trustee, moneys. Federal Obligations and Qualified Investments described in paragraphs (f) and (g) of the definition thereof in the General Reserve Fund shall be set aside and held in trust, together with the interest thereon, in the Net Debt Service Account for the sole and exclusive purpose of paying the principal of and premium, if any, and interest on Senior Bonds. The State has reserved the right to direct the Trustee in writing at any time to pay to the State or to such fund, account or official of the State as may be specified in such direction, on any one or more dates during the period commencing on June 15 of a Fiscal Year and ending on June 30 of that Fiscal Year, for any purpose of the State now or hereafter authorized by law, all or any part of the moneys on deposit in the General Reserve Fund; provided, however, that no such payment shall include any amounts set aside in trust in the Net Debt Service Account or any other moneys which have been committed, reserved or restricted pursuant to any Supplemental Indenture or instrument authorizing Section 209 Obligations; and, further provided that no such payment may be made at any time during the existence and continuation of an Event of Default.

(f) If at any time the aggregate amount of all moneys held in all Funds and Accounts established and created under and pursuant to the Indenture shall be sufficient, as certified by the Director, to purchase or redeem or pay or otherwise provide for the payment of all Outstanding Bonds and all Outstanding Section 209 Obligations, such amount shall be irrevocably set aside in trust for such purpose in the manner summarized under "Defeasance" under this caption and shall not be used thereafter for any other purpose.

Qualified Investments

All moneys held in any Fund or Account shall be invested in Qualified Investments at the direction of the Director.

Valuation of Investments

In computing the amount in any Fund or Account, investments shall be valued at amortized cost.

Supplemental Indentures

A Supplemental Indenture which is not contrary to or inconsistent with the Indenture may be adopted at any time and shall be fully effective without the consent of the Bondholders for the following purposes: to limit the issuance of Bonds or other indebtedness; to add covenants, agreements, limitations and restrictions to be observed by the State; to surrender any right, power or privilege reserved to the State; to authorize a Series of Bonds; to confirm, as further assurance, the pledge of the Indenture; to modify any of the provisions of the Indenture but only if such modification shall be effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding; to increase the Required Bond Transfer; and to authorize Section 209 Obligations.

A Supplemental Indenture may be adopted at any time and shall be fully effective upon the consent of the Trustee for the following purposes: to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; or to provide additional duties of the Trustee under the Indenture.

Any other modification or amendment of the Indenture or of any Supplemental Indenture or of the rights and obligations of the State and of the holders of the Bonds may be made by a Supplemental Indenture, with the written consent given as provided in the Indenture (a) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (b) in case less than all of the several Series of the then Outstanding Bonds are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the then Outstanding Bonds of each Series so affected, and (c) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of at least two-thirds in principal amount of the then Outstanding Bonds of the particular Series and maturity entitled to such Sinking Fund Payment. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Default and Remedies

Each of the following events shall be an "Event of Default":

(a) Payment of the principal or Redemption Price, if any, of any Bond shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(b) Payment of any installment of interest on any Bond shall not be made within 30 days after the same shall become due;

(c) The State shall fail or refuse to comply with the provisions of the Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in the Bonds which materially affects the rights of the owners of the Bonds and such failure, refusal or default shall continue for a period of 30 days after written notice thereof by the Trustee or the owners of not less than 25 percent in principal amount of the Outstanding Bonds; provided, however, that so long as the State is exercising due diligence if such default cannot be cured within the 30-day period, the time to cure shall be extended for such period as may be necessary to remedy the default with all due diligence;

(d) An Event of Default shall occur and be continuing under the provisions of any Supplemental Indenture; or

(e) An Event of Default shall occur and be continuing under any Supplemental Indenture or other instrument creating any Section 209 Obligations.

Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) above, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c), (d) or (e) above, the Trustee may proceed, and upon the written request of the owners of not less than 25 percent in principal amount of the Outstanding Bonds, shall proceed, to protect and enforce its rights and the rights of the owners of the Bonds by such of the following remedies or any additional remedies specified in one or more Supplemental Indentures as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(i) By mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the owners of the Bonds including the right to require the State to receive and collect Revenues adequate to carry out the covenants and agreements as to such Revenues and the pledge of the Indenture and to require the State to carry out any other covenant or agreement with the owners of the Bonds and to perform its duties under the Indenture;

(ii) By bringing suit upon the Bonds;

(iii) By action or suit in equity, require the State to account as if it were the trustee of an express trust for the owners of the Bonds; or

(iv) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds.

In the enforcement of any rights and remedies under the Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the State but only out of moneys pledged as security for the Bonds for principal. Redemption Price, interest or otherwise, under any provision of the Indenture or any Supplemental Indenture or of the Bonds and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds without prejudice to any other right or remedy of the Trustee or of the owners of the Bonds, and to recover and enforce a judgment or decree against the State for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under the Indenture for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Defeasance

If the State shall pay or cause to be paid the principal and interest and Redemption Price, if any, to become due on the Bonds of any Series or maturity of a Series, at the times and in the manner stipulated therein and in the Indenture, then, with respect to such Bonds, the pledge of Revenues provided by the Indenture and all other rights granted thereby shall be discharged and satisfied.

Bonds of any Series or maturity within any Series shall be deemed to have been paid if (a) there shall have been deposited with the Trustee either moneys or Federal Obligations and Qualified Investments described in paragraphs (f) and (g) of the definition thereof maturing and bearing interest at times and in amounts sufficient, together with the moneys on deposit with the Trustee for such purpose, to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds, and (b) in case any of said Bonds are to be redeemed on any date prior to their maturity the State shall have given to the Trustee in form satisfactory to it irrevocable instructions to redeem such Bonds.

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APPENDIX J

BONDS REFUNDED BY THE TAX-EXEMPT SERIES C BONDS

This exhibit reflects the bonds anticipated to be refunded with the proceeds of the Tax-Exempt Series C Bonds.

TABLE J-1

All of the Refunded Bonds will be redeemed on October 18, 2021 at a redemption price of par plus accrued interest to the date of redemption.

SERIES DESIGNATION	MATURITY DATE JUNE 15	INTEREST RATE	PAR AMOUNT	CUSIP NUMBER*
Series of October 2011	2022	4.00%	$12,500,000	452227EP2
Series of October 2011	2023	4.00	12,500,000	452227EQ0
Series of October 2011	2024	5.00	12,500,000	452227ER8
Series of October 2011	2025	3.75	12,500,000	452227ES6
Series of October 2011	2026	4.00	12,500,000	452227ET4
Series of October 2011	2027	5.00	12,500,000	452227EU1
Series of October 2011	2028	5.00	12,500,000	452227EV9
Series of October 2011	2029	5.00	12,500,000	452227EW7
Series of October 2011	2030	4.250	12,500,000	452227EX5
Series of October 2011	2031	5.000	12,500,000	452227EY3
Series of October 2011	2032	5.000	12,500,000	452227EZ0
Series of October 2011	2033	5.000	12,500,000	452227FA4
Series of October 2011	2036	4.500	37,500,000	452227FB2

* CUSIP is a registered trademark of American Bankers Association. CUSIP data in this Official Statement are provided by CUSIP Global Services LLC, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Financial, Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the Bonds and the State does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity may be changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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STATE OF ILLINOIS • BUILD ILLINOIS BONDS (SALES TAX REVENUE BONDS), JUNIOR OBLIGATION SERIES OF SEPTEMBER 2021

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