

In the opinions of Katten Muchin Rosenman LLP and Sanchez Daniels & Hoffman LLP, Co-Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Series of February 2024 Bonds will not be includable in gross income for federal income tax purposes. The Series of February 2024 Bonds are not “private activity bonds” and the interest thereon does not constitute an item of tax preference in computing alternative minimum taxable income for purposes of the individual alternative minimum tax. Interest on the Series of February 2024 Bonds is included in computing the adjusted financial statement income of those corporations subject to the corporate alternative minimum tax. Interest on the Series of February 2024 Bonds is not exempt from Illinois income taxes. See “TAX MATTERS” herein for a complete discussion.



\$600,000,000
STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(Sales Tax Revenue Bonds),
Junior Obligation Series of February 2024

\$300,000,000
JUNIOR OBLIGATION
SERIES A OF FEBRUARY 2024

\$150,000,000
JUNIOR OBLIGATION
SERIES B OF FEBRUARY 2024

\$150,000,000
JUNIOR OBLIGATION
SERIES C OF FEBRUARY 2024

Dated: Date of Issue

Due: As shown on the inside cover

Three separate series of Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of February 2024 issued by the State of Illinois (the “State”) are offered by this Official Statement and are collectively referred to as the “Series of February 2024 Bonds”: the Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series A of February 2024 (the “Series A Bonds”); the Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series B of February 2024 (the “Series B Bonds”); and the Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series C of February 2024 (the “Series C Bonds”). The Series of February 2024 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 February 2024 Bonds will bear interest at the rates shown on the inside cover of this Official Statement. Interest on the Series of February 2024 Bonds will be payable June 15 and December 15 of each year, commencing June 15, 2024. The principal of the Series of February 2024 Bonds is payable at the corporate trust office of U.S. Bank Trust Company, National Association, Chicago, Illinois, as trustee. Details of payment of the Series of February 2024 Bonds are described herein.

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

The Series of February 2024 Bonds are being issued to finance various capital projects and to pay costs of issuance of the Series of February 2024 Bonds.

The Series of February 2024 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 February 2024 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 February 2024 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 February 2024 Bonds except for the tax revenues and other moneys pledged to such Bonds.

The Series of February 2024 Bonds are offered when, as and if issued by the State and received by the Purchasers (as defined herein), subject to the approval of legality by Katten Muchin Rosenman LLP and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, Co-Bond Counsel, and certain other conditions. Foley & Lardner LLP, Chicago, Illinois and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, will act as Co-Disclosure Counsel to the State. It is expected that the beneficial interests in the Series of February 2024 Bonds will be available for delivery through the facilities of DTC on or about February 14, 2024.

Dated: January 17, 2024

\$600,000,000
State of Illinois
Build Illinois Bonds
(Sales Tax Revenue Bonds)

\$300,000,000 Junior Obligation Series A of February 2024
MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS

Due June 15	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2025	\$30,000,000	5.00%	3.16%	102.384	452227 UA7
2026	30,000,000	5.00	3.08	104.291	452227 UB5
2027	30,000,000	5.00	2.95	106.463	452227 UC3
2028	30,000,000	5.00	2.90	108.494	452227 UD1
2029	30,000,000	5.00	2.85	110.569	452227 UE9
2030	30,000,000	5.00	2.85	112.379	452227 UF6
2031	30,000,000	5.00	2.86	114.067	452227 UG4
2032	30,000,000	5.00	2.86	115.768	452227 UH2
2033	30,000,000	5.00	2.90	117.064	452227 UJ8
2034	30,000,000	5.00	2.90	118.635	452227 UK5

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\$150,000,000 Junior Obligation Series B of February 2024
MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS

Due June 15	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2035	\$30,000,000	5.00%	2.99%	117.754 ^C	452227 UL3
2036	30,000,000	5.00	3.10	116.689 ^C	452227UM1
2037	30,000,000	5.00	3.22	115.540 ^C	452227 UN9
2038	30,000,000	5.00	3.36	114.216 ^C	452227 UP4
2039	30,000,000	5.00	3.44	113.468 ^C	452227 UQ2

\$150,000,000 Junior Obligation Series C of February 2024
MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS

Due June 15	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2040	\$30,000,000	5.00%	3.58%	112.173 ^C	452227 UR0
2041	30,000,000	5.00%	3.66	111.441 ^C	452227 US8
2042	30,000,000	5.00%	3.75	110.624 ^C	452227 UT6
2043	30,000,000	5.00%	3.80	110.173 ^C	452227 UU3
2044	30,000,000	5.00%	3.85	109.725 ^C	452227 UV1

^C Priced to call at the earliest call date of June 15, 2034.

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STATE OF ILLINOIS

\$600,000,000
STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(SALES TAX REVENUE BONDS),

\$300,000,000
JUNIOR OBLIGATION
SERIES A OF FEBRUARY 2024

\$150,000,000
JUNIOR OBLIGATION
SERIES B OF FEBRUARY 2024

\$150,000,000
JUNIOR OBLIGATION
SERIES C OF FEBRUARY 2024



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 purchaser 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 February 2024 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 FEBRUARY 2024 BONDS, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES OF FEBRUARY 2024 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PURCHASER MAY OFFER AND SELL THE SERIES OF FEBRUARY 2024 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 PURCHASER.

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.

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 February 2024 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.

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

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.

SUMMARY OF TERMS OF THE SERIES OF FEBRUARY 2024 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 FEBRUARY 2024 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: Three Series	\$600,000,000 Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of February 2024 (the “Series of February 2024 Bonds”), is comprised of three series: \$300,000,000 Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series A of February 2024 (the “Series A Bonds”); \$150,000,000 Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series B of February 2024 (the “Series B Bonds”); and \$150,000,000 Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series C of February 2024 (the “Series C Bonds” and collectively, the “Series of February 2024 Bonds”). The Series of February 2024 Bonds will be dated the date of their original issue with delivery anticipated on February 14, 2024. The Series of February 2024 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, 2024. Payment of the installments of interest will be made by U.S. Bank Trust Company, National Association, Chicago, Illinois, as trustee, to the registered owners of the Series of February 2024 Bonds as shown on the bond register at the close of business on the 15 th day next preceding the interest payment date.
Form of Bonds; Denominations; Book-Entry System	The Series of February 2024 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 February 2024 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 Series of February 2024 Bonds are being issued to finance projects under the State’s capital program and to pay costs of issuance. See “THE OFFERING—APPLICATION OF BOND PROCEEDS.”
Optional Redemption	The Series A Bonds are not subject to optional redemption. The Series B Bonds and the Series C Bonds are subject to

redemption prior to maturity at the option of the State on or after June 15, 2034, 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— Series of February 2024 Bonds*”.

**Security for the Series of
February 2024 Bonds**

The Series of February 2024 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 FEBRUARY 2024 BONDS—REVENUES - *Capital Projects Fund Legislation; Capital Projects Fund.*” The State Share of Sales Tax Revenues and the Capital Projects Fund constitutes 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 FEBRUARY 2024 BONDS.”

The Series of February 2024 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 bond 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 February 2024 Bonds are not being issued pursuant to such separate authorization and therefore will be payable only from BIBA Revenues. See “SECURITY FOR THE SERIES OF FEBRUARY 2024 BONDS.”

Irrevocable and Continuing Appropriation

The Build Illinois Bond 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 FEBRUARY 2024 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 FEBRUARY 2024 BONDS—ISSUANCE OF ADDITIONAL SENIOR 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 FEBRUARY 2024 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 February 2024 Bonds are not secured by or payable from amounts on deposit in the Debt Service Reserve Fund.

Tax Treatment of Interest

In the opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and Sanchez Daniels & Hoffman LLP, Chicago, Illinois (“Co-Bond Counsel”), under present law, interest will not be includable in gross income for federal income tax purposes. The Series of February 2024 Bonds are not “private activity bonds” and the interest thereon does not constitute an item of tax preference in computing alternative minimum taxable income for purposes of the individual alternative minimum tax. Interest on the Series of February 2024 Bonds is included in computing the adjusted financial statement income of those corporations subject to the corporate alternative minimum tax.

Interest on the Series of February 2024 Bonds is not exempt from present State of Illinois income taxes. See “TAX MATTERS” for a more complete discussion.

Ratings

S&P Global Ratings has assigned a rating of “A” with a Stable Outlook to the Series of February 2024 Bonds; Fitch Ratings, Inc. has assigned a rating of “A+” with a Stable Outlook to the Series of February 2024 Bonds; and Kroll Bond Rating Agency, Inc. has assigned a rating of “AA+” with a Stable Outlook to the Series of February 2024 Bonds. See “RATINGS.”

Miscellaneous

Additional information regarding the Series of February 2024 Bonds and this Official Statement is available by contacting the Governor’s Office of Management and Budget, 555 W. Monroe Street, Chicago, Illinois 60661; telephone: (312) 814-0023.

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\$600,000,000
STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(SALES TAX REVENUE BONDS),

\$300,000,000
JUNIOR OBLIGATION
SERIES A OF FEBRUARY 2024

\$150,000,000
JUNIOR OBLIGATION
SERIES B OF FEBRUARY 2024

\$150,000,000
JUNIOR OBLIGATION
SERIES C OF FEBRUARY 2024

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 February 2024 (the “Series of February 2024 Bonds”) in the aggregate principal amount of \$600,000,000. The February 2024 Bonds are comprised of three series: the Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series A of February 2024 (the “Series A Bonds”) in the aggregate principal amount of \$300,000,000, the Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series B of February 2024 (the “Series B Bonds”) in the aggregate principal amount of \$150,000,000, and the Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series C of February 2024 (the “Series C Bonds”) in the aggregate principal amount of \$150,000,000. The State is issuing the Series of February 2024 Bonds pursuant to the Build Illinois Bond 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 February 15, 1985, as amended and supplemented to date (the “Master Indenture”), and the Sixty-Second Supplemental Indenture, dated as of February 1, 2024, by and between the State and the Trustee with respect to the Series A Bonds (the “Sixty-Second Supplemental Indenture”); the Sixty-Third Supplemental Indenture, dated as of February 1, 2024, by and between the State and the Trustee with respect to the Series B Bonds (the “Sixty-Third Supplemental Indenture”); and the Sixty-Fourth Supplemental Indenture, dated as of February 1, 2024, by and between the State and the Trustee with respect to the Series C Bonds (the “Sixty-Fourth Supplemental Indenture”). The Master Indenture, Sixty-Second Supplemental Indenture, the Sixty-Third Supplemental Indenture and the Sixty-Fourth Supplemental Indenture, are herein collectively called the “Indenture.” The Series of February 2024 Bonds are authorized by the Act and the Indenture to be issued by the State for the Build Illinois program.

The Series of February 2024 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 February 2024 Bonds, \$712,480,000 of Senior Bonds and \$1,746,915,000 of Junior Obligations are expected to be 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, also are 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 February 2024 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 Comptroller and the Treasurer.

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 Alexi Giannoulias, Comptroller Susana Mendoza and Treasurer Michael W. Frerichs. An election for these offices will be held at the general election in November 2026.

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 responsible for ensuring that investment of State funds complies with the Deposit of State Moneys Act (15 ILCS 520/0.01 *et seq.*) (the "Deposit Act") and the Public Funds Investment Act (30 ILCS 235/0.01 *et seq.*).

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 appropriation bills. Pursuant to Illinois law, the election of all members of the Senate and all members of the House of Representatives was held on November 8, 2022. 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 of approximately one-third of the members of the Senate and all members of the House of Representatives will be held at the general election on November 5, 2024. Auditor General Frank J. Mautino is a constitutional officer of the Legislative Branch, was 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 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 8, 2022, and judicial elections and judicial retentions will be on the ballot at the general election on November 5, 2024.

The Governor's Office of Management and Budget ("GOMB") is responsible for, among other things, (i) assisting the Governor in developing the State's annual operating and capital budgets, (ii) advising the Governor regarding the availability of revenues and the allocation of those resources to agency programs, (iii) managing the State's capital programs and (iv) recommending the issuance of the State's general obligation bonds ("GO Bonds") and the State's dedicated State tax revenue bonds, titled "Build Illinois Bonds." In addition, GOMB provides financial and other information regarding the State to securities investors, the Municipal Securities Rulemaking Board ("MSRB") under its Electronic Municipal Market Access ("EMMA") system and other securities information repositories or state information depositories as required by federal securities rules.

GOMB is organized under the Governor's Office of Management and Budget Act (20 ILCS 3005/0.01 *et seq.*) (the "GOMB Act") and is headed by a Director (the "Director") appointed by the Governor.

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 \$10,019,681,100. The table below shows the statutory authorization for all Bonds (other than refunding Bonds).¹

**BUILD ILLINOIS BONDS AUTHORIZATION
(AS OF DECEMBER 1, 2023)**

PURPOSE OF BONDS	AMOUNT AUTHORIZED ²	AMOUNT ISSUED	AUTHORIZED UNISSUED
Public Infrastructure and Transportation	\$4,506,094,533	\$3,221,451,998	\$1,284,642,535
Economic Development	2,474,636,967	1,101,666,801	1,372,970,166
Education	2,761,076,600	2,234,185,417	526,891,183
Environmental Protection	277,873,000	224,533,975	53,339,025
Total	\$10,019,681,100	\$6,781,838,191	\$3,237,842,909

Source: Governor's Office of Management and Budget

¹Includes the Series of February 2024 Bonds.

²As authorized under the Build Illinois Bond Act, 30 ILCS 425/1 *et seq.*

In addition to the \$10,019,681,100 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 (colloquially referred to as the “Rebuild Illinois Capital Financing Program Act of 2019”), which, among other things, 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, Women, and Persons with Disabilities Act (30 ILCS 575/0.01 *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 refunded Bonds or 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 FEBRUARY 2024 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 February 2024 Bonds), purchase, advance refund, or defease outstanding Bonds.

THE OFFERING

Description of the Series of February 2024 Bonds

The Series of February 2024 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, 2024, at the rates per annum specified by the successful bidder, as set forth on the inside of the front cover of this Official Statement. Interest on the Series of February 2024 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Purchases of the Series of February 2024 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 February 2024 Bonds. Principal of, premium, if any, and interest on the Series of February 2024 Bonds will be paid by the Trustee, as bond registrar and paying agent for the Series of February 2024 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 February 2024 Bonds. See APPENDIX G - GLOBAL BOOK-ENTRY SYSTEM.

Redemption

Optional Redemption

The Series A Bonds are not subject to optional redemption.

The Series B Bonds are subject to redemption prior to maturity at the option of the State on any date on or after June 15, 2034, in whole or in part, and if in part, from such maturities and interest rates as shall be selected by the State, less than all of the Series B Bonds of a single maturity and interest rate to be selected by lot as described under “--*Redemption Procedure for Series of February 2024 Bonds*” below, in integral multiples of \$5,000, at a redemption price equal to 100% of the principal amount of the Series B Bonds to be redeemed, plus accrued and unpaid interest on the Series B Bonds to be redeemed to the redemption date.

The Series C Bonds are subject to redemption prior to maturity at the option of the State on any date on or after June 15, 2034, in whole or in part, and if in part, from such maturities and interest rates as shall be selected by the State, less than all of the Series C Bonds of a single maturity and interest rate to be selected by lot as described under “--*Redemption Procedure for Series of February 2024 Bonds*” below, in integral multiples of \$5,000, at a redemption price equal to 100% of the principal amount of the Series C Bonds to be redeemed, plus accrued and unpaid interest on the Series C Bonds to be redeemed to the redemption date.

Redemption Procedure for Series of February 2024 Bonds

The Series of February 2024 Bonds will be redeemed only in the principal amount of \$5,000 and integral multiples thereof. While the Series of February 2024 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 Series of February 2024 Bonds, if less than all of the Series of February 2024 Bonds of a maturity and interest rate are to be redeemed prior to maturity, the selection for redemption of such Series of February 2024 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 Series of February 2024 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 Series of February 2024 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 Series of February 2024 Bond, or any defect therein as to any Series of February 2024 Bond, will not affect the validity of the proceedings for the redemption of any other Series of February 2024 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 Series of February 2024 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 Series of February 2024 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 Series of February 2024 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 Series of February 2024 Bonds or portions of Series of February 2024 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 Series of February 2024 Bonds or portions of Series of February 2024 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 Series of February 2024 Bonds or portions of Series of February 2024 Bonds shall cease to bear interest.

Application of Bond Proceeds

Pursuant to the Act, the portion of the proceeds from the sale of Series of February 2024 Bonds that is allocated to finance projects 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.

The State estimates that the proceeds of the sale of the Series of February 2024 Bonds will be applied approximately as set forth below:

<u>Sources:</u>	<u>Series A Bonds</u> <u>Amounts</u>	<u>Series B Bonds</u> <u>Amounts</u>	<u>Series C Bonds</u> <u>Amounts</u>	<u>Total</u>
Principal Amount Issued	\$300,000,000	\$150,000,000	\$150,000,000	\$600,000,000
Premium	33,034,200	23,300,100	16,240,800	72,575,100
Total Sources	\$333,034,200	\$173,300,100	\$166,240,800	\$672,575,100
<u>Uses:</u>				
Project Costs	\$332,070,200	\$173,058,100	\$165,773,800	\$670,902,100
Purchasers’ Discount	714,000	117,000	342,000	1,173,000
Costs of Issuance	250,000	125,000	125,000	500,000
Total Uses	\$333,034,200	\$173,300,100	\$166,240,800	\$672,575,100

SECURITY FOR THE SERIES OF FEBRUARY 2024 BONDS

The Bonds, including the Series of February 2024 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 Series of February 2024 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 February 2024 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 February 2024 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 Fund, 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 February 2024 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 \$10,401 million for Fiscal Year 2021, \$11,478 million in Fiscal Year 2022 and \$11,768 million in Fiscal Year 2023.

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 Retailers’ 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 provided either on a pay-as-you-go basis, from federal sources or from the bonded portion of the \$31 billion, multi-year capital program. The following revenue sources were designated to support the bonded portion of the program: an increase in motor vehicle 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; imposition of 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 percent 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 February 2024 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 2021, 2022 and 2023, \$823.2 million, \$551.5 million and \$658.1 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, 2017, through 2023 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 REVENUES¹
FISCAL YEAR 2017 - 2023
(IN MILLIONS)

Fiscal Year	(A) State Share Sales Tax Revenues²	Transfers from Sales Tax Revenues and Capital Projects Fund to Retirement and Interest Fund³	(B) Certified Annual Debt Service⁴	(A/B) Debt Service Coverage Levels (x)⁵	Capital Projects Fund to Retirement and Interest Fund
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
2022	11,478.2	573.0	287.2	40.0	131.8
2023	11,768.4	589.2	272.2	43.2	123.6

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 2023, \$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, 2017 through June 30, 2023.

**Monthly State Share of Sales Tax Revenues
Fiscal Year 2017-2023
(in millions)**

Month	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
July	\$ 750	\$ 780	\$ 771	\$ 831	\$ 839	\$ 986	\$ 1,009
August	741	739	792	819	827	922	1,005
September	735	735	773	780	803	955	985
October	712	708	786	792	834	944	975
November	663	723	830	832	802	908	1,018
December	837	801	866	898	947	1,094	1,042
January	769	759	825	821	864	993	1,006
February	560	624	632	683	730	756	834
March	614	655	723	744	829	929	912
April	661	714	769	618	937	972	945
May	732	716	828	638	958	960	993
June	751	782	827	742	1,031	1,060	1,045
Year Total	\$ 8,524	\$ 8,737	\$ 9,421	\$ 9,199	\$10,401	\$11,478	\$11,768

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 State Finance Act (30 ILCS 105/6z-9) 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.

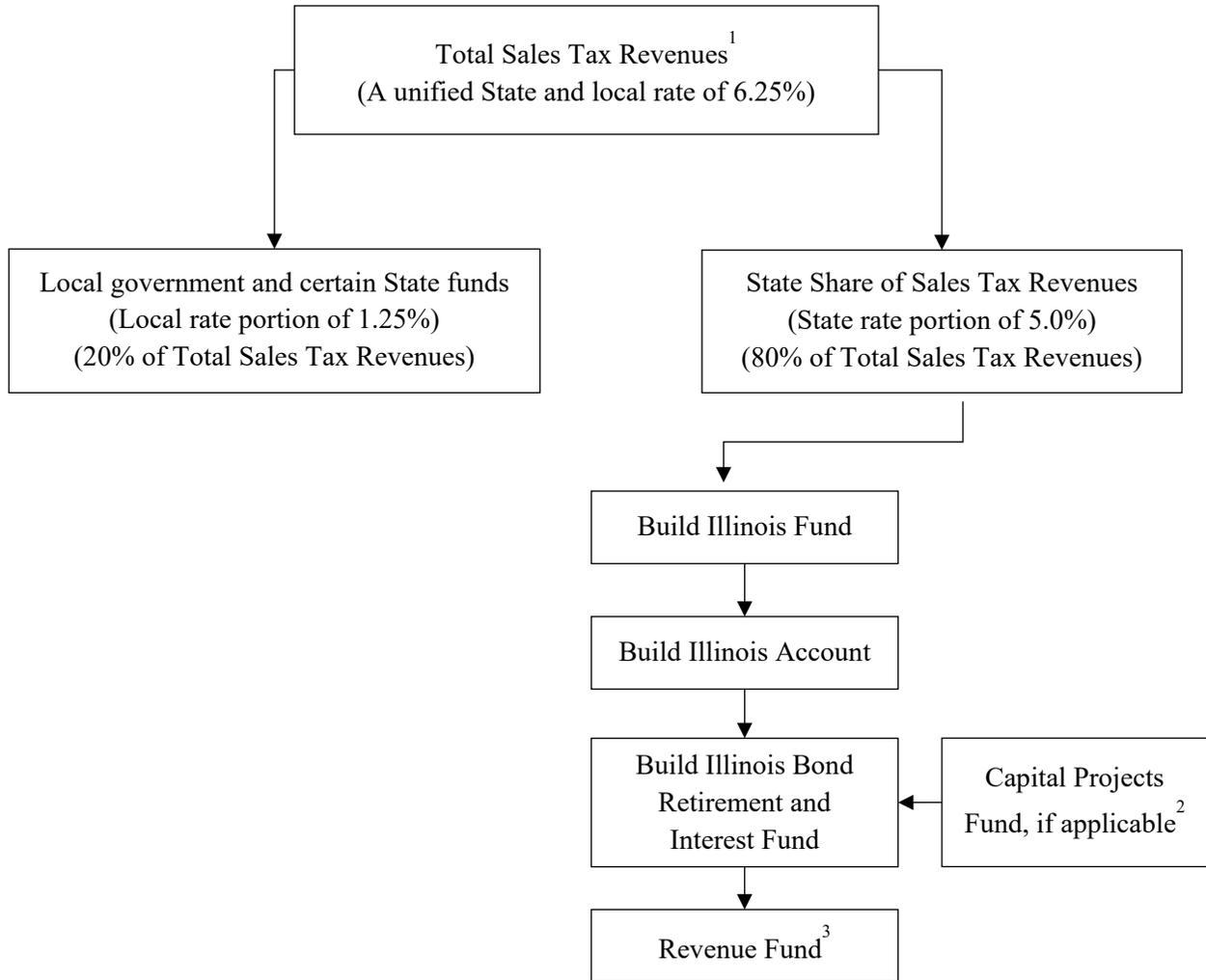
In each Fiscal Year, the amount transferred to the Retirement and Interest Fund (the “Required Bond Transfer”) is equal to the Annual Specified Amount described above. On a monthly basis, the Act and Indenture provide that on the last day of each month a transfer shall be made from the Build Illinois 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 2022 and 2023 the General Assembly appropriated \$574 million and \$581 million respectively. For Fiscal Year 2024 the General Assembly appropriated \$601 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.



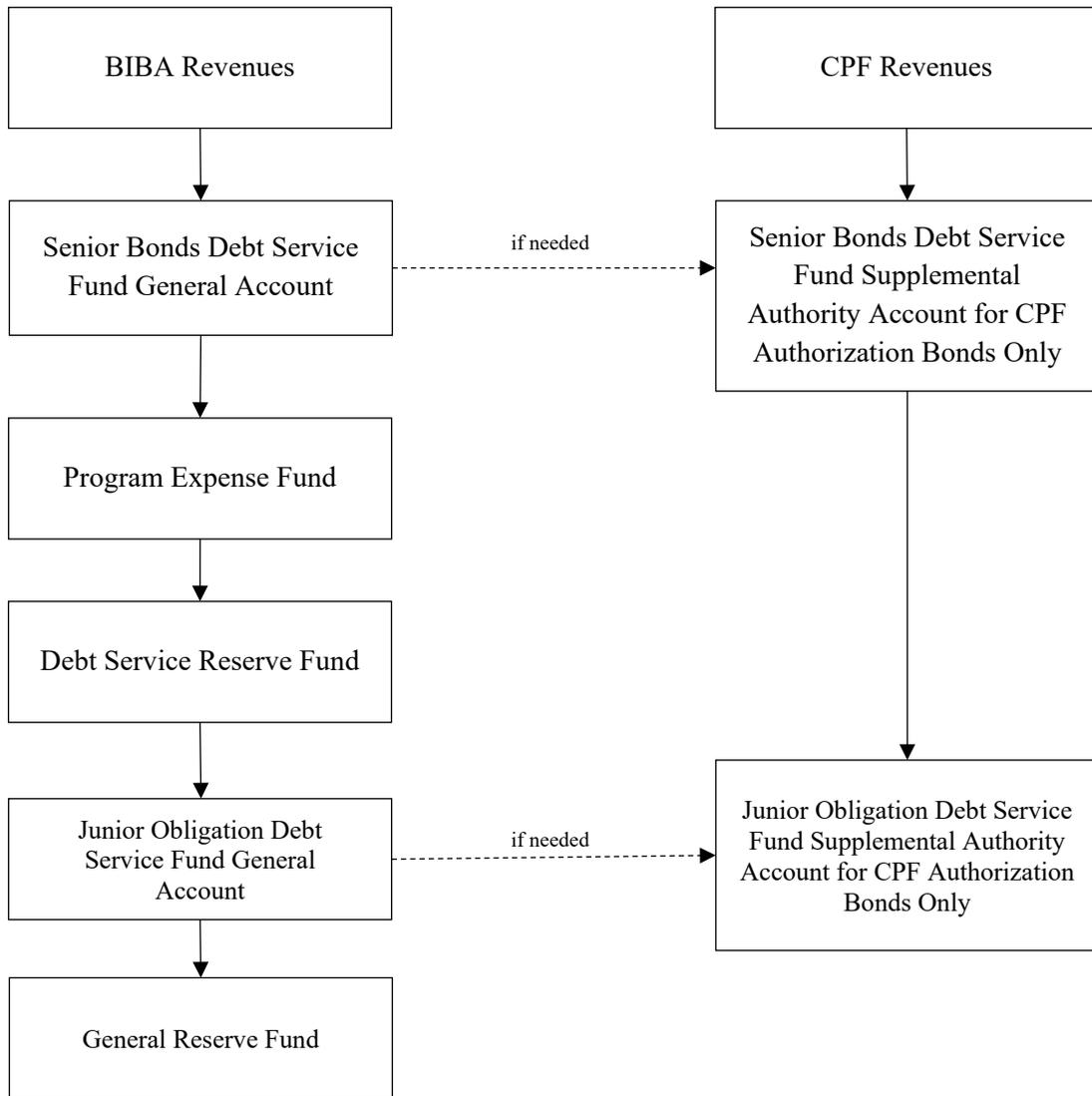
1 Excluding the incremental portion of the Sales Taxes from the sale of candy, grooming products, and soft drinks currently taxed at 6.25%, as increased from the pre-September 1, 2009, rate of 1.00% which incremental portion is deposited into the Capital Projects Fund for the payment of the CPF Authorization Bonds, but not the BIBA Authorization Bonds such as the Series of February 2024 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, sales tax amounts on motor fuels that deposited into the Road 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.

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 2022, these expenses paid from this fund totaled \$54,000 in part due to periodic arbitrage calculation fees. In Fiscal Year 2023, these expenses paid from this fund totaled \$51,300 in part due to periodic arbitrage calculation fees. For Fiscal Year 2024 expenses are expected to be approximately \$52,100.

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 February 2024 Bonds. As of the date of issuance of the Series of February 2024 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 February 2024 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, refunding Bonds shall mature within the term of the Bonds being refunded in compliance with paragraph (e) of Section 9 of Article IX of the Illinois Constitution of 1970.

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 February 2024 Bonds is subject to a variety of risks. Each prospective investor in the Series of February 2024 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 February 2024 Bonds and therefore result in a repayment risk for investors, and could also affect the liquidity and/or market value of the Series of February 2024 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 February 2024 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

Underfunding of the State's Retirement Systems

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. Based on the Actuarial Valuations for the Retirement Systems for Fiscal Year 2023, the Retirement Systems had an aggregate UAAL of approximately \$142.2 billion on a fair value basis and approximately \$141.4 billion on an actuarial basis, resulting in respective Funded Ratios estimated at 45.6% and 44.9%. See APPENDIX E—PENSION AND OTHER POST EMPLOYMENT BENEFITS for additional information on the State's Retirement Systems.

This Official Statement reflects the final reports of the Retirement Systems and Auditor General Final annual comprehensive financial reports ("ACFRs") for Fiscal Year 2022. This Official Statement reflects the most current, preliminary ACFR for TRS for Fiscal Year 2023. Each ACFR may be found at each Retirement System's website. This Official Statement reflects the most current GASB 67/68 Statements of the Retirement Systems for Fiscal Year 2023 except for TRS, which is preliminary. This Official Statement reflects Actuarial Valuation for Fiscal Year 2023 for the Retirement Systems. See APPENDIX F—WEBSITE INDEX.

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 and will pay 90% for calendar year 2020 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”).

During the Fiscal Years 2021, 2022 and 2023, the State received approximately \$5.6 billion, \$6.7 billion and \$7.8 billion, respectively, from the federal government as reimbursement for ACA Medicaid expansion costs, across all agencies and all funds. While the majority of these costs are paid through the Department of Healthcare and Family Services (“HFS”), the State's Medicaid agency, ACA-eligible Medicaid clients also drive costs in other State agencies, most notably the Department of Human Services.

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. Additionally, though the United States Supreme Court has recently reaffirmed the constitutionality of the ACA, new litigation remains a possibility. 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) a decision by the U.S. Supreme Court to invalidate the ACA.

Ratings

The Series of February 2024 Bonds have been rated by S&P Global Ratings (“S&P”) and Fitch Ratings Inc. (“Fitch”) and Kroll Bond Rating Agency, Inc. (“Kroll”). 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 February 2024 Bonds or the prices at which the Series of February 2024 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 Bond Counsel to be delivered with respect to the Series of February 2024 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 February 2024 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 2024 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. Accordingly, the expectations and assumptions of the State upon which the Fiscal Year 2024 Budget is based may not be realized and the State's financial condition could be further materially adversely affected. The Governor of the State is expected to present his proposed Fiscal Year 2025 Budget on February 21, 2024.

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.

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 (the "Office") 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 were 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, the Office of the Attorney General has 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.

On June 28, 2023, the Illinois Department of Innovation & Technology (“DoIT”) notified the public in accordance with State statute that State information technology systems were impacted by a May 31, 2023, coordinated attack on large multinational businesses and governments resulting from a security breach in the MOVEit managed file transfer software. DoIT announced that hackers obtained personal information of individuals during the breach but were removed from the State’s infrastructure within hours. In response, DoIT notified the Office of the Attorney General and the three credit reporting agencies of the attack and cooperated with federal and State authorities in their investigation of the breach. DoIT offered credit monitoring services for 12 months to all impacted individuals. As of the date hereof, State information technology systems are active and have been secured against the MOVEit security breach, but the State can make no assurance that similar forms of cyber 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 February 2024 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 FEBRUARY 2024 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 February 2024 Bonds. Adverse changes in economic conditions, demographic characteristics, population or commercial and industrial activity would negatively impact such debt service coverage.

In Fiscal Year 2024, 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 also 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 fairness sales tax collection law after a June 2018, United States Supreme Court decision, *South Dakota v. Wayfair, Inc.*, which overruled prior court decisions that 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, Public Act 100-0587 went into effect that includes a “marketplace fairness” provision that indicates 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 if it has cumulative gross receipts from sales of such property of \$100,000 or more to purchasers in Illinois, or has 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois. The determination is made quarterly by looking 12 months back from the last day of March, June, September, and December. If the criteria is met, the retailer must collect and remit Use Tax and file returns for one year. At the end of that year, if the criteria continues to be met, collection and remittance continues. Public Acts 101-31 and 101-604 amended the Retailers' Occupation Tax Act and Use Tax Act, as well as enacted the Leveling the Playing Field for Illinois Retail Act. These changes are intended to “level the playing field” between Illinois-based retailers and remote retailers by requiring remote retailers to remit State and local retailers’ occupation taxes just like Illinois brick and mortar retailers. As a result, beginning January 1, 2021, a remote retailer as defined in 35 ILCS 120/1, is liable for all applicable State and locally imposed retailers' occupation taxes if either of the tax remittance thresholds is met as discussed above. A remote retailer that meets either of the two thresholds is engaged in the business of selling at the Illinois location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser. 35 ILCS 120/2-12(6).

Public Act 101-0009 added a Use Tax collection and remittance obligation for marketplace facilitators effective January 1, 2020. A marketplace is a physical or electronic place, forum, platform, application, or other method by which a marketplace seller sells or offers to sell items. See 35 ILCS 120/1; 86 Ill. Adm. Code 131.105. A Marketplace Facilitator is a person who, pursuant to an agreement with an unrelated third-party marketplace seller, directly or indirectly through one or more affiliates, facilitates a retail sale by an unrelated third-party marketplace seller by listing or advertising for sale, by the marketplace seller in a marketplace, tangible personal property that is subject to tax under the Retailers' Occupation Tax Act; and either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the marketplace seller regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services. See 35 ILCS 120/1; 86 Ill. Adm. Code 131.105. A Marketplace Seller is a person who makes sales through a marketplace operated by an unrelated third-party marketplace facilitator and who has obtained a certification from the marketplace facilitator as provided in 86 Ill. Adm. Code 131.145. See 35 ILCS 120/1; 86 Ill. Adm. Code 131.105. Beginning January 1, 2021, a marketplace facilitator, as defined above, is considered a retailer engaged in the occupation of selling at retail in Illinois for purposes of the Retailers' Occupation Tax Act if either of the tax remittance thresholds is met. Marketplace facilitators meeting either of these thresholds are required to register with the Department, file returns, and remit all applicable State and local retailers' occupation taxes administered by the Department for all sales made over the marketplace to Illinois purchasers, including their own sales and sales made on behalf of marketplace sellers. See 86 Ill. Adm. Code 131.145(a) and 131.145(c). Further, marketplace facilitators are subject to audit on all such sales. Section 131.145(c).

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. Section 8 of the Use Tax Act requires retailers maintaining a place of business in this State to collect and remit Use Tax from their customers on retail transactions. When out-of-State sellers meeting a tax remittance threshold were added to the definition of "retailer maintaining a place of business in this State," that requirement was extended to them. However, since there are no local use taxes on unregistered tangible personal property administered by the Illinois Department of Revenue ("IDOR"), local governments were still missing out on tax revenue generated from their locally imposed retailers' occupation taxes. Capturing this local tax revenue was the purpose behind the Leveling the Playing Field legislation discussed above. Ecommerce vendors compete with local retailers, and, in the future, the level of ecommerce could reduce the level of sales 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 sales 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, marketplace sales are not eligible for the occasional sale exemption. 86 Ill. Adm. Code 131.140(b)(3).

The IDOR noted that under the new administrative rules that took effect in 2022, 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 \$100,000 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.

See "LITIGATION" for a discussion of a recently filed constitutional challenge to the Leveling the Playing Field legislation.

Future Changes in Laws May Adversely Affect the Value of the Series of February 2024 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 February 2024 Bonds. See “SECURITY FOR THE SERIES OF FEBRUARY 2024 BONDS—PLEDGE AND STATE COVENANT.”

The Issuance of Additional Bonds Will Dilute the Security for the Series of February 2024 Bonds

The Series of February 2024 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 February 2024 Bonds if the specific conditions and requirements which are set forth in an additional bonds test are met. See “SECURITY FOR THE SERIES OF FEBRUARY 2024 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 February 2024 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 FEBRUARY 2024 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 February 2024 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 February 2024 Bonds.

No Secondary Market

There can be no assurances that a secondary market for the Series of February 2024 Bonds will be established, maintained or functioning. Accordingly, each purchaser should expect to bear the risk of the investment represented by the Series of February 2024 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 Series of February 2024 Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Series of February 2024 Bonds. Reduction or elimination of the tax exempt status of obligations such as the Series of February 2024 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 Series of February 2024 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 Series of February 2024 Bonds or future Congressional actions. Should such an event of taxability occur, the Series of February 2024 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 involving

the State. 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 Series of February 2024 Bonds, regardless of the ultimate outcome.

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SERIES OF FEBRUARY 2024 BONDS - DEBT SERVICE SCHEDULE

The following table shows the annual debt service payments for the Series of February 2024 Bonds for each Fiscal Year.

Fiscal Year	Series A			Series B			Series C			Total Combined Debt Service (\$)
	Principal (\$)	Interest (\$)	Total (\$)	Principal (\$)	Interest (\$)	Total (\$)	Principal (\$)	Interest (\$)	Total (\$)	
2024	-	5,041,667	5,041,667	-	2,520,833	2,520,833	-	2,520,833	2,520,833	10,083,333
2025	30,000,000	15,000,000	45,000,000	-	7,500,000	7,500,000	-	7,500,000	7,500,000	60,000,000
2026	30,000,000	13,500,000	43,500,000	-	7,500,000	7,500,000	-	7,500,000	7,500,000	58,500,000
2027	30,000,000	12,000,000	42,000,000	-	7,500,000	7,500,000	-	7,500,000	7,500,000	57,000,000
2028	30,000,000	10,500,000	40,500,000	-	7,500,000	7,500,000	-	7,500,000	7,500,000	55,500,000
2029	30,000,000	9,000,000	39,000,000	-	7,500,000	7,500,000	-	7,500,000	7,500,000	54,000,000
2030	30,000,000	7,500,000	37,500,000	-	7,500,000	7,500,000	-	7,500,000	7,500,000	52,500,000
2031	30,000,000	6,000,000	36,000,000	-	7,500,000	7,500,000	-	7,500,000	7,500,000	51,000,000
2032	30,000,000	4,500,000	34,500,000	-	7,500,000	7,500,000	-	7,500,000	7,500,000	49,500,000
2033	30,000,000	3,000,000	33,000,000	-	7,500,000	7,500,000	-	7,500,000	7,500,000	48,000,000
2034	30,000,000	1,500,000	31,500,000	-	7,500,000	7,500,000	-	7,500,000	7,500,000	46,500,000
2035	-	-	-	30,000,000	7,500,000	37,500,000	-	7,500,000	7,500,000	45,000,000
2036	-	-	-	30,000,000	6,000,000	36,000,000	-	7,500,000	7,500,000	43,500,000
2037	-	-	-	30,000,000	4,500,000	34,500,000	-	7,500,000	7,500,000	42,000,000
2038	-	-	-	30,000,000	3,000,000	33,000,000	-	7,500,000	7,500,000	40,500,000
2039	-	-	-	30,000,000	1,500,000	31,500,000	-	7,500,000	7,500,000	39,000,000
2040	-	-	-	-	-	-	30,000,000	7,500,000	37,500,000	37,500,000
2041	-	-	-	-	-	-	30,000,000	6,000,000	36,000,000	36,000,000
2042	-	-	-	-	-	-	30,000,000	4,500,000	34,500,000	34,500,000
2043	-	-	-	-	-	-	30,000,000	3,000,000	33,000,000	33,000,000
2044	-	-	-	-	-	-	30,000,000	1,500,000	31,500,000	31,500,000
Totals	300,000,000	87,541,667	387,541,667	150,000,000	100,020,833	250,020,833	150,000,000	137,520,833	287,520,833	925,083,333

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 February 2024 Bonds. See “SECURITY FOR THE SERIES OF FEBRUARY 2024 BONDS—ISSUANCE OF ADDITIONAL JUNIOR OBLIGATIONS.”

Fiscal Year	Build Illinois Series of February 2024			Outstanding Junior Build Illinois Bonds			Outstanding Senior Build Illinois Bonds			Total Debt Service
	Principal (\$)	Interest (\$)	Total (\$)	Principal (\$)	Interest (\$)	Total (\$)	Principal (\$)	Interest (\$)	Total (\$)	Total (\$)
2024	-	10,083,333	10,083,333	119,730,000	46,162,680	165,892,680	60,960,000	30,113,882	91,073,882	267,049,896
2025	30,000,000	30,000,000	60,000,000	118,615,000	40,891,565	159,506,565	60,960,000	27,571,572	88,531,572	308,038,137
2026	30,000,000	28,500,000	58,500,000	116,765,000	35,669,344	152,434,344	60,960,000	24,975,092	85,935,092	296,869,436
2027	30,000,000	27,000,000	57,000,000	95,160,000	30,543,578	125,703,578	60,960,000	22,351,007	83,311,007	266,014,585
2028	30,000,000	25,500,000	55,500,000	87,660,000	26,557,722	114,217,722	46,960,000	19,696,712	66,656,712	236,374,434
2029	30,000,000	24,000,000	54,000,000	86,660,000	22,934,586	109,594,586	46,960,000	17,781,544	64,741,544	228,336,130
2030	30,000,000	22,500,000	52,500,000	78,555,000	19,333,335	97,888,335	46,960,000	15,853,876	62,813,876	213,202,211
2031	30,000,000	21,000,000	51,000,000	83,535,000	16,198,004	99,733,004	46,960,000	13,888,708	60,848,708	211,581,712
2032	30,000,000	19,500,000	49,500,000	76,900,000	13,006,958	89,906,958	46,960,000	11,923,540	58,883,540	198,290,498
2033	30,000,000	18,000,000	48,000,000	63,820,000	10,163,047	73,983,047	46,960,000	9,958,372	56,918,372	178,901,419
2034	30,000,000	16,500,000	46,500,000	56,115,000	8,083,321	64,198,321	46,960,000	7,976,954	54,936,954	165,635,275
2035	30,000,000	15,000,000	45,000,000	20,600,000	6,271,080	26,871,080	46,960,000	5,995,536	52,955,536	124,826,616
2036	30,000,000	13,500,000	43,500,000	20,600,000	5,519,290	26,119,290	46,960,000	4,014,118	50,974,118	120,593,408
2037	30,000,000	12,000,000	42,000,000	20,600,000	4,756,500	25,356,500	29,250,000	2,032,700	31,282,700	98,639,200
2038	30,000,000	10,500,000	40,500,000	20,600,000	3,976,960	24,576,960	16,750,000	773,850	17,523,850	82,600,810
2039	30,000,000	9,000,000	39,000,000	20,600,000	3,200,970	23,800,970	-	-	-	62,800,970
2040	30,000,000	7,500,000	37,500,000	20,600,000	2,431,980	23,031,980	-	-	-	60,531,980
2041	30,000,000	6,000,000	36,000,000	20,600,000	1,651,740	22,251,740	-	-	-	58,251,740
2042	30,000,000	4,500,000	34,500,000	9,600,000	866,000	10,466,000	-	-	-	44,966,000
2043	30,000,000	3,000,000	33,000,000	9,600,000	433,000	10,033,000	-	-	-	43,033,000
2044	30,000,000	1,500,000	31,500,000	-	-	-	-	-	-	31,500,000
Totals	600,000,000	325,083,333	925,083,333	1,146,915,000	298,651,660	1,445,566,660	712,480,000	214,907,464	927,387,464	3,298,037,457

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

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 2023 was \$11,768 million, which amount was approximately 126.0 times the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and 43.3 times the maximum Net Debt Service Requirement for all Outstanding Senior and Junior Obligations in Fiscal Year 2023.

After the issuance of the Series of February 2024 Bonds, the State Share of Sales Tax Revenues for Fiscal Year 2023 would provide an estimated 129.2 times the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and would provide an estimated 38.2 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 FEBRUARY 2024 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 FEBRUARY 2024 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.

There is one matter pending described below, which challenges the Leveling the Playing Field legislation.

PetMed Express, Inc. v. Illinois Department of Revenue (23-TT-04). Taxpayer, PetMed Express, is an online retailer of pet medications, foods, supplements, treats, tangible personal property, and certain veterinary services. Through audit, the Illinois Department of Revenue (IDOR) assessed approximately \$1.3 million in tax and interest for the period October 1, 2018 through June 30, 2021. Out-of-state sellers with economic nexus became obligated to collect and remit state Use Tax on sales made to Illinois customers on October 1, 2018, following

the Supreme Court's decision in *Wayfair v. South Dakota* and subsequent legislation enacted by the Illinois General Assembly, and such sellers further became obligated to collect state and local Retailers' Occupation Taxes on January 1, 2021, following enactment of Illinois' Leveling the Playing Field legislation. Taxpayer argues in its petition to the Independent Tax Tribunal that (i) the assessment violates the Commerce Clause of the U.S. Constitution by discriminating against interstate commerce and creating an undue burden on out-of-state retailers, and (ii) the assessment violates the uniformity requirements of the Illinois Constitution. This case is the first filed constitutional challenge to the Leveling the Playing Field legislation. The petition and the assessment at issue are currently being evaluated, and initial status in the case is set for January 16, 2024.

COLLECTIVE BARGAINING AGREEMENTS

As of June 30, 2023, 45,521 (90.4%) of the State's 50,353 employees were covered by collective bargaining agreements that were set to expire on June 30, 2023. This included the agreement with the American Federation of State, County and Municipal Employees ("AFSCME"), which covered approximately 35,685 State employees. A new collective bargaining agreement with AFSCME that is effective through June 30, 2027, was signed in September 2023. Another seven (7) collective bargaining agreements with other unions have been ratified as of December 2023. The remaining collective bargaining agreements are still in active negotiations.

PURCHASE

Each series of the Series of February 2024 Bonds was offered for sale by the State at a public, competitive sale on January 17, 2024. The State accepted the bid and awarded the contract for sale of the Series A Bonds to BofA Securities Inc. ("BofA") at a price of \$332,320,200, representing the par amount of the Series A Bonds, plus an original issue premium of \$33,034,200, less BofA's discount of \$714,000. The State accepted the bid and awarded the contract for sale of the Series B Bonds to J.P. Morgan Securities LLC ("J.P. Morgan" and together with BofA, the "Purchasers") at a price of \$173,183,100, representing the par amount of the Series B Bonds, plus an original issue premium of \$23,300,100, less J.P. Morgan's discount of \$117,000. The State accepted the bid and awarded the contract for sale of the Series C Bonds to J.P. Morgan at a price of \$165,898,800, representing the par amount of the Series C Bonds, plus an original issue premium of \$16,240,800, less J.P. Morgan's discount of \$342,000. The Purchasers have agreed to purchase all of such series of the Series of February 2024 Bonds offered hereby. The Purchasers have agreed to make a bona fide public offering of the Series of February 2024 Bonds at not in excess of the public offering prices set forth on the inside front cover page of this Official Statement.

TAX MATTERS

Summary of Bond Counsel Opinion in connection with the Series of February 2024 Bonds

Bond Counsel is of the opinion that under existing law, interest on the Series of February 2024 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"), Bond Counsel is of the opinion that interest on the Series of February 2024 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is further of the opinion that the Series of February 2024 Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code and, accordingly, interest on the Series of February 2024 Bonds is not an item of tax preference in computing alternative minimum taxable income for purposes of the individual alternative minimum tax. Interest on the Series of February 2024 Bonds is included in computing the adjusted financial statement income of those corporations subject to the corporate alternative minimum tax. Interest on the Series of February 2024 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 Series of February 2024 Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series of February 2024 Bonds. These requirements relate to the use and investment of the proceeds of the Series of February 2024 Bonds, the payment of certain amounts to the United States, the security and source of payment of the Series of February 2024 Bonds and the use of the property financed with the proceeds of the Series of February 2024 Bonds.

Series of February 2024 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 Series of February 2024 Bonds are sold to the public (the “Offering Price”) and the principal amount payable at maturity of such Series of February 2024 Bonds is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Series of February 2024 Bond, the difference between the two is known as “*bond premium*,” if the Offering Price is lower than the maturity value of a Series of February 2024 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 Series of February 2024 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 Series of February 2024 Bond for federal income tax purposes, to the same extent and with the same limitations as current interest.

Owners who purchase Series of February 2024 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 Series of February 2024 Bonds. In addition, owners of Series of February 2024 Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Series of February 2024 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 Series of February 2024 Bonds. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of Series of February 2024 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 Series of February 2024 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 Series of February 2024 Bonds.

Rebate of Arbitrage Profit. Unless the State qualifies for an exemption, earnings from the investment of the “*gross proceeds*” of the Series of February 2024 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 Series of February 2024 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 Series of February 2024 Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Series of February 2024 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 Series of February 2024 Bonds.

Risks of Non-Compliance

In the event that the State fails to comply with the requirements of the Code, interest on the Series of February 2024 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 Series of February 2024 Bonds require neither acceleration of payment of principal of, or interest on, the Series of February 2024 Bonds nor payment of any additional interest or penalties to the owners of the Series of February 2024 Bonds.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the Series of February 2024 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 Series of February 2024 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 SERIES OF FEBRUARY 2024 BONDS.

Cost of Carry. Owners of the Series of February 2024 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 Series of February 2024 Bonds. As discussed below, special allocation rules apply to financial institutions.

Corporate Owners. Interest on the Series of February 2024 Bonds is included in the calculation of the "adjusted financial statement income" of those corporations subject to the corporate alternative minimum tax, which tax is effective for taxable years beginning after December 31, 2022. Interest on the Series of February 2024 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 Series of February 2024 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 Series of February 2024 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 Series of February 2024 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 Series of February 2024 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 Series of February 2024 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 Series of February 2024 Bonds held by such a company is properly allocable to the shareholder.

The opinions of 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 Series of February 2024 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 Series of February 2024 Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Series of February 2024 Bonds.

State Tax Matters

Interest on the Series of February 2024 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 February 2024 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 ACFR 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 of the State and the Director of GOMB (the “Director”) authorizing the issuance of the Series of February 2024 Bonds (the “Bond Sale Order”), and beneficial owners of the Series of February 2024 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 February 2024 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series of February 2024 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 February 2024 Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series of February 2024 Bonds are subject to the approving legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and Sanchez Daniels & Hoffman LLP, 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 February 2024 Bonds for investment by any investor. The opinions of Co-Bond Counsel will accompany the delivery of the Series of February 2024 Bonds and be in substantially the forms included in this Official Statement as APPENDIX B. Each of Foley & Lardner LLP and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, has been retained by the State to serve as Co-Disclosure Counsel to the State with respect to the Series of February 2024 Bonds. Although as Co-Disclosure Counsel to the State, Co-Disclosure Counsel has assisted the State with certain disclosure matters, Co-Disclosure Counsel have not undertaken to independently verify the accuracy, completeness or fairness of this Official Statement or other offering material related to the Series of February 2024 Bonds and does not guarantee the accuracy, completeness or fairness of such information. Co-Disclosure Counsel’s engagement as Co-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 Purchasers and any person purchasing Series of February 2024 Bonds from the Purchasers), 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 February 2024 Bonds are contingent upon the issuance and delivery of the Series of February 2024 Bonds.

RATINGS

S&P Global Ratings (“S&P”) has assigned a rating of “A” with a Stable Outlook to the Series of February 2024 Bonds, Fitch Ratings, Inc. (“Fitch”) has assigned a rating of “A+” with a Stable Outlook to the Series of February 2024 Bonds, and Kroll Bond Rating Agency, Inc. (“Kroll”) has assigned a rating of “AA+” with a Stable Outlook to the Series of February 2024 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 February 2024 Bonds and the ratings and the Series of February 2024 Bonds should be evaluated independently.

The State will provide appropriate periodic credit information necessary for maintaining ratings on the Series of February 2024 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 February 2024 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 February 2024 Bonds may be resold.

LEGAL INVESTMENT

Under the Act, the Series of February 2024 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 February 2024 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

PFM Financial Advisors LLC is employed as Financial Advisor to the State in connection with the issuance of the Series of February 2024 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Series of February 2024 Bonds is contingent upon the issuance and delivery of the Series of February 2024 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 February 2024 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 February 2024 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 February 2024 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

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APPENDIX A

CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS

ECONOMIC DATA

Illinois is a state of diversified economic strength. Based on Federal Reserve Economic Data as of June 30, 2023, 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 18th 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 sixteenth 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 February 2024 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 FINANCIAL CONDITION OF THE STATE.”

Table A-1
NON-AGRICULTURAL PAYROLL JOBS BY INDUSTRY
CALENDAR YEAR 2022
(Thousands)

Industry Employment Sector	Illinois	% of Total	U.S.	% of Total
Financial Activities	403	6.7%	9,045	5.9%
Manufacturing	570	9.4%	12,825	8.4%
Trade, Transportation and Utilities	1,217	20.2%	28,643	18.8%
Leisure and Hospitality	566	9.4%	15,835	10.4%
Education and Health Services	932	15.4%	24,350	16.0%
Mining, Logging, Information and Other Services	349	5.8%	9,387	6.2%
Government	791	13.1%	22,171	14.5%
Professional and Business Services	974	16.1%	22,572	14.8%
Construction	231	3.8%	7,748	5.1%
Total	6,033	100.0%	152,576	100.0%

Source: Bureau of Labor Statistics, November 13, 2023. Both State and National data are not seasonally adjusted. Table may not add due to rounding.

Note: Figures represent the annual average for each month of the calendar year.

Illinois ranks prominently among states for agricultural activity and exports. Table A-2 summarizes key agricultural production statistics including rank among all states in 2022.

TABLE A-2
AGRICULTURAL EXPORTS
CALENDAR YEAR 2022
(\$ in Millions)

Agricultural Exports	U.S. Total	Illinois Share	% of U.S.	Rank
All Commodities	\$188,857	\$13,690	7.2%	3
Soybeans	34,368	5,506	16.0%	1
Corn	18,571	2,890	15.6%	2
Feed and other Feed Grains	12,963	1,773	13.7%	2
Grain Products, Processed	4,590	552	12.0%	2

Source: U.S. Department of Agriculture, Economic Research Service. Calendar year 2022 is the most recent calendar year for which information is available, which data was most recently revised as of November 10, 2023.

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 2018-2022
(in dollars)

	2018	2019	2020	2021	2022	2022 Rank
Illinois	\$56,072	\$57,721	\$61,587	\$67,278	\$67,655	16
United States	53,309	55,547	59,153	64,430	65,470	--
Ten Most Populous States:						
California	\$60,984	\$64,174	\$70,061	\$76,991	\$77,036	1
New York	64,218	66,415	69,873	75,948	75,407	2
Illinois	56,072	57,721	61,587	67,278	67,655	3
Florida	51,009	53,640	56,561	63,078	64,806	4
Pennsylvania	54,468	56,125	60,320	64,042	64,506	5
Texas	51,341	53,247	55,118	60,548	62,586	6
North Carolina	46,040	48,366	51,781	56,705	58,109	7
Ohio	47,822	49,404	52,879	57,026	57,777	8
Michigan	47,088	48,569	52,786	56,601	57,038	9
Georgia	46,626	48,535	51,469	56,184	56,589	10
Great Lakes Region:						
Illinois	\$56,072	\$57,721	\$61,587	\$67,278	\$67,655	1
Wisconsin	50,522	52,364	55,431	60,381	61,475	2
Indiana	46,556	48,270	51,719	56,934	58,323	3
Ohio	47,822	49,404	52,879	57,026	57,777	4
Michigan	47,088	48,569	52,786	56,601	57,038	5

Source: U.S. Department of Commerce, Bureau of Economic Analysis, last updated September 29, 2023

TABLE A-4
UNEMPLOYMENT RATE (%)
CALENDAR YEARS 2019-2023

	2019	2020	2021	2022	2023*
United States	3.7	8.1	5.4	3.7	3.7
Illinois	4.0	9.4	6.1	4.6	4.4
Bloomington-Normal MSA	3.7	6.9	4.7	3.6	4.0
Carbondale-Marion MSA	3.9	8.4	5.6	4.2	4.6
Champaign-Urbana MSA	3.6	6.6	4.9	3.7	4.3
Chicago-Naperville-Elgin MSA	3.9	9.7	6.2	4.6	4.3
Danville MSA	5.0	9.4	6.7	5.0	5.9
Davenport-Moline-Rock Island MSA	4.1	8.0	5.2	3.8	4.3
Decatur MSA	5.0	10.0	7.7	5.5	6.2
Kankakee MSA	4.8	9.0	6.6	5.3	6.0
Peoria MSA	4.5	9.1	6.0	4.5	5.1
Rockford MSA	5.4	11.5	8.6	5.9	6.5
Springfield MSA	3.9	8.3	5.6	4.1	4.4

Source: U.S. Department of Labor, Bureau of Labor Statistics, data as of November 16, 2023.

Note: All figures are not seasonally adjusted. Figures represent the annual average unemployment rate for each month of the calendar year.

*Figures represent the annual average unemployment for each month of 2023 through September 2023. September 2023 MSA and State data is preliminary, subject to change.

Illinois is the nation's sixth most populous state. The 2020 Census population for Illinois was 12,812,545, as of April 2020.

The U.S. Bureau of the Census released its Post Enumeration Survey on May 19, 2022 (the "PES Survey"). The PES Survey found that the State is one of six states that had its population significantly undercounted by the 2020 U.S. Census. The data in the PES provides that the undercount for the State was equal to 1.97%, equating to approximately 250,000 residents. If such residents had been included in the State's 2020 U.S. Census count, the State's adjusted population would have been 13,062,545, which would represent a population growth from the number of residents included in the 2010 U.S. Census.

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

	1990	2000	2010	2020
Illinois	11,430,602	12,419,293	12,830,632	12,812,545
Chicago CMSA (IL Part)	7,410,858	8,273,268	8,586,609	8,730,688
St. Louis MSA (IL Part)	656,987	671,595	703,664	682,761
Peoria MSA	358,552	366,899	379,186	402,391
Rockford MSA	283,719	320,204	349,431	338,798
Champaign-Urbana MSA	202,848	210,275	231,891	222,538
Springfield MSA	189,550	201,437	210,170	208,640

Source: U.S. Bureau of the Census, Population Division.

Table A-6
ILLINOIS POPULATION BY AGE GROUP
Calendar Year 2022

	2022	% of Total Population
Under 18 years	2,720,131	21.6%
18 to 24 years	1,169,741	9.3%
25 to 44 years	3,364,693	26.7%
45 to 64 years	3,164,170	25.1%
65 years and over	2,163,297	17.2%
Total	12,582,032	100.0%

Source: U.S. Bureau of the Census, released June 2023.

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In 2023, 33 companies on the Fortune 500 list had headquarters located in Illinois.

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

Rank		Company	Revenues (millions USD)	Assets (millions USD)	Profits (millions USD)	Industry Category	Location	Number of Employees
2023	2022							
27	18	Walgreens Boots Alliance	132,703	90,124	4,337	Food and Drug Stores	Deerfield	262,500
35	38	Archer Daniels Midland	101,556	59,774	4,340	Food Production	Chicago	41,181
44	42	State Farm Insurance Cos.	89,328	318,243	-6,654	Insurance: Property and Casualty (Mutual)	Bloomington	60,519
73	63	AbbVie	58,054	138,805	11,836	Pharmaceuticals	North Chicago	50,000
81	84	Deere	52,577	90,030	7,131	Construction and Farm Machinery	Moline	82,239
84	66	Allstate	51,412	97,957	-1,311	Insurance: Property and Casualty (Stock)	Northbrook	54,250
96	146	United Airlines Holdings ⁽¹⁾	44,955	67,358	737	Airlines	Chicago	92,795
99	86	Abbott Laboratories	43,653	74,438	6,933	Medical Products and Equipment	Abbott Park	115,000
117	117	US Foods	34,057	12,773	265	Wholesalers: Food and Grocery	Rosemont	29,000
131	121	Mondelez International	31,496	71,161	2,717	Food Consumer Products	Chicago	91,000
153	139	Kraft Heinz	26,485	90,513	2,363	Food Consumer Products	Chicago	37,000
166	166	CDW	23,749	13,132	1,115	Information Technology Services	Lincolnshire	15,100
169	152	McDonald's	23,183	50,436	6,117	Food Services	Chicago	150,000
190	185	Jones Lang LaSalle	20,862	15,594	655	Real Estate	Chicago	103,300
218	99	Exelon	19,078	95,349	2,170	Utilities: Gas and Electric	Chicago	19,063
260	252	Illinois Tool Works	15,932	15,422	3,034	Industrial Machinery	Glenview	46,000
272	284	W.W. Grainger	15,228	7,588	1,547	Wholesalers: Diversified	Lake Forest	24,500
273	281	Discover Financial Services	15,202	131,628	4,392	Commercial Banks	Riverwoods	20,200
274	292	Baxter International	15,113	28,287	-2,433	Medical Products and Equipment	Deerfield	60,000
319	283	LKQ	12,794	12,038	1,149	Wholesalers: Diversified	Chicago	45,000
360	331	Conagra Brands	11,536	22,435	888	Food Consumer Products	Chicago	18,000
361	369	Univar Solutions	11,475	7,146	545	Wholesalers: Diversified	Downers Grove	9,746
365	492	CF Industries Holdings	11,186	13,313	3346	Chemicals	Deerfield	2,659
374	352	Molson Coors Beverage	10,701	25,868	-175	Beverages	Chicago	16,600
383	402	Ulta Beauty	10,209	5,370	1242	Specialty Retailers: Other	Bolingbrook	35,750
418	423	Motorola Solutions	9,112	12,814	1,363	Network and Other Communications Equipment	Chicago	20,000
443	422	Arthur J. Gallagher	8,551	38,908	1114	Diversified Financials	Rolling Meadows	43,640
445	433	Dover	8,508	10,897	1,065	Industrial Machinery	Downers Grove	25,000
447	441	Packaging Corp. of America	8,478	8,004	1030	Packaging, Containers	Lake Forest	15,100
462	476	Ingredion	8,084	25,159	686	Food Production	Westchester	9,500
468	376	Old Republic International	7,946	7,561	492	Insurance: Property and Casualty (Stock)	Chicago	11,700
469	444	Fortune Brands Home & Security	7,923	6,121	687	Home Equipment, Furnishing	Deerfield	11,200
477	493	Northern Trust	7,752	155,037	1,336	Commercial Banks	Chicago	23,600

Source: Fortune Magazine

(1) In December 2022, United announced an order of 100 Boeing 787 Dreamliners and 100 Boeing 737 Max airplanes. In conjunction with this order, United announced plans to add thousands of new jobs, including approximately 2,600 new jobs in Illinois.

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APPENDIX B-1

PROPOSED FORM OF OPINION OF BOND COUNSEL

SERIES A OF FEBRUARY 2024

[LETTERHEAD OF BOND COUNSEL]

[TO BE DATED CLOSING DATE]

We have examined a record of proceedings relating to the issuance of \$300,000,000 aggregate principal amount of Build Illinois Bonds (Sales Tax Revenue Bonds) Junior Obligation Series A of February 2024 (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 Trust Company, National Association, as successor trustee (the “Trustee”) and a Sixty Second Supplemental Indenture, dated as of February 1, 2024 (the “Sixty Second Supplemental Indenture”), from the State to the Trustee. The Master Indenture, as supplemented by the Sixty Second 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 February 14, 2024. The Bonds bear interest from their date at the rate of five percentum (5.00%) per annum, payable on June 15, 2024 and semiannually thereafter on June 15 and December 15 in each year.

The Bonds mature (without option of prior redemption) on June 15 of each following years in the respective principal amount set forth opposite each such year, in the following table:

Year	Principal Amount
2025	\$30,000,000
2026	30,000,000
2027	30,000,000
2028	30,000,000
2029	30,000,000
2030	30,000,000
2031	30,000,000
2032	30,000,000
2033	30,000,000
2034	30,000,000

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 Second 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.

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 for purposes of the individual alternative minimum tax. You are advised, however, that interest on the Bonds is included in computing adjusted financial statement income of those corporations subject to the corporate alternative minimum tax.

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,

APPENDIX B-2

PROPOSED FORM OF OPINION OF BOND COUNSEL

SERIES B OF FEBRUARY 2024

[LETTERHEAD OF BOND COUNSEL]

[TO BE DATED CLOSING DATE]

We have examined a record of proceedings relating to the issuance of \$150,000,000 aggregate principal amount of Build Illinois Bonds (Sales Tax Revenue Bonds) Junior Obligation Series B of February 2024 (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 Trust Company, National Association, as successor trustee (the “Trustee”) and a Sixty Third Supplemental Indenture, dated as of February 1, 2024 (the “Sixty Third Supplemental Indenture”), from the State to the Trustee. The Master Indenture, as supplemented by the Sixty Third 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 February 14, 2024. The Bonds bear interest from their date at the rate of five percentum (5.00%) per annum, payable on June 15, 2024 and semiannually thereafter on June 15 and December 15 in each year.

The Bonds mature on June 15 of each following years in the respective principal amount set forth opposite each such year, in the following table:

Year	Principal Amount
2035	\$30,000,000
2036	30,000,000
2037	30,000,000
2038	30,000,000
2039	30,000,000

The Bonds 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 or after June 15, 2034, at a redemption price equal to the principal amount thereof 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 Third 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.

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 for purposes of the individual alternative minimum tax. You are advised, however, that interest on the Bonds is included in computing adjusted financial statement income of those corporations subject to the corporate alternative minimum tax.

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,

APPENDIX B-3

PROPOSED FORM OF OPINION OF BOND COUNSEL

SERIES C OF FEBRUARY 2024

[LETTERHEAD OF BOND COUNSEL]

[TO BE DATED CLOSING DATE]

We have examined a record of proceedings relating to the issuance of \$150,000,000 aggregate principal amount of Build Illinois Bonds (Sales Tax Revenue Bonds) Junior Obligation Series C of February 2024 (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 Trust Company, National Association, as successor trustee (the “Trustee”) and a Sixty Fourth Supplemental Indenture, dated as of February 1, 2024 (the “Sixty Fourth Supplemental Indenture”), from the State to the Trustee. The Master Indenture, as supplemented by the Sixty Fourth 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 February 14, 2024. The Bonds bear interest from their date at the rate of five percentum (5.00%) per annum, payable on June 15, 2024 and semiannually thereafter on June 15 and December 15 in each year.

The Bonds mature on June 15 of each following years in the respective principal amount set forth opposite each such year, in the following table:

Year	Principal Amount
2040	\$30,000,000
2041	30,000,000
2042	30,000,000
2043	30,000,000
2044	30,000,000

The Bonds 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 or after June 15, 2034, at a redemption price equal to the principal amount thereof 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 Fourth 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.

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 for purposes of the individual alternative minimum tax. You are advised, however, that interest on the Bonds is included in computing adjusted financial statement income of those corporations subject to the corporate alternative minimum tax.

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,

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 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 “*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 5.160 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 6z-77 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 February 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 February 2024 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) 1/12th 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 February 20, 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 A of February 2024 Bonds*” means a Series of Junior Obligations designated as “Series A of February 2024 Bonds” in the Sixty Second Supplemental Indenture.

“*Series B of February 2024 Bonds*” means a Series of Junior Obligations designated as “Series B of February 2024 Bonds” in the Sixty Third Supplemental Indenture.

“*Series C of February 2024 Bonds*” means a Series of Junior Obligations designated as “Series C of February 2024 Bonds” in the Sixty Fourth 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.

“*Sixty-Fourth Supplemental Indenture*” means the Sixty – Fourth Supplemental Indenture to the Master Indenture.

“*Sixty-Second Supplemental Indenture*” means the Sixty – Second Supplemental Indenture to the Master Indenture.

“*Sixty-Third Supplemental Indenture*” means the Sixty – Third 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 Trust Company, 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.

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APPENDIX D

**OUTSTANDING BONDS
BUILD ILLINOIS BONDS (SALES TAX REVENUE BONDS)
(As of December 1, 2023)***

Senior Obligation Bonds	Original Principal Amount	Bonds Outstanding
Series of March 2014 (Taxable)	\$402,000,000	\$251,250,000
Series of May 2013 (Taxable)	300,000,000	175,000,000
Series of May 2012 (Taxable)	425,040,000	230,230,000
Series of April 2002	150,000,000	56,000,000
Total Senior Bonds		\$712,480,000
Junior Obligation Bonds	Original Principal Amount	Bonds Outstanding
Series A of February 2024	\$300,000,000	\$300,000,000
Series B of February 2024	150,000,000	150,000,000
Series C of February 2024	150,000,000	150,000,000
Series A of September 2021	130,000,000	110,000,000
Series B of September 2021	220,000,000	198,000,000
Series C of September 2021	142,745,000	117,740,000
Series of October 2018	250,000,000	197,000,000
Series of September 2016	548,790,000	384,765,000
Series of June 2013	604,110,000	139,410,000
Total Junior Obligation Bonds		\$1,746,915,000
Total Outstanding Bonds		\$2,459,395,000

* Includes the Series of February 2024 Bonds.

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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 ("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 ("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 2023 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 final reports of the Retirement Systems and Auditor General Final annual comprehensive financial reports ("ACFRs") for Fiscal Year 2022. This Official Statement reflects the most current, preliminary ACFR for Retirement Systems, except for TRS which is Final Fiscal Year 2023. Final ACFR may be found at each Retirement System's website. This Official Statement reflects the most current GASB 67/68 Statements of the Retirement Systems for Fiscal Year 2023 except for TRS which is preliminary for Fiscal Year ending June 30, 2023. This Official Statement reflects the Actuarial Valuation for Fiscal Year 2023 for the Retirement Systems. The Final Fiscal Year 2023 GASB 67/68 Statements are available for the Retirement System, except for TRS which is preliminary, on their websites. 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 5/1-101 *et seq.*) and the State Pension Funds Continuing Appropriation Act (40 ILCS 15/0.1 *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. In each of the past several years, the State has prioritized timely release of these payments.

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 amount of the monthly payment requests is typically determined at the beginning of each Fiscal Year by agreement between the Comptroller and the Retirement Systems, calculated by dividing the applicable appropriation by 12. The Comptroller is not required to make monthly payments upon receipt of such requests, which allows the Comptroller to maintain flexibility to manage the various State payment requests. During Fiscal Years 2016 through 2020, some delays in the monthly payments occurred as the State recovered from the budgetary impasse, but all annual payments were paid in full by the end of the respective “lapse period” for such fiscal years. In Fiscal Years 2021, and 2022, some delays in monthly payments occurred, but the State paid the full appropriated amounts by the end of the respective Fiscal Year. There were no such delays for Fiscal Year 2023. 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” in this Appendix.

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 accountants 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 CONTRIBUTIONS” 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 2019 through 2023, 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 99% of the employer funding for TRS is paid by the State. TRS receives contributions from 851 local school districts, 135 special districts and 9 other State agencies. To date, the contributions made by individual school districts, special districts and State agencies have been minimal. However, Public Act 100-023 ("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" (formerly referred to as the "Self-Managed 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. 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, 2023, of 61,651 active employees, approximately 2,400 are not coordinated with Social Security. All other active employees are 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, 2023, 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

<u>Retirement System</u>	<u>Active Members</u>	<u>Inactive/ Entitled to Benefits</u>	<u>Retirees and Beneficiaries</u>	<u>Total</u>	<u>Member Contribution⁽¹⁾</u>
TRS	169,889	147,329	131,017	448,235	9.0%
SURS ⁽³⁾	74,645	100,738	72,580	247,963	8.0% - 9.5% ⁽²⁾
SERS	61,651	32,969	78,189	172,809	4.0% - 12.5% ⁽⁴⁾
JRS	953	25	1,378	2,356	8.5% or 11% ⁽⁵⁾
GARS	124	64	441	629	9.5% or 11.5% ⁽⁶⁾
Total	307,262	281,125	283,605	871,992	

Source: Actuarial Valuations of the Retirement Systems, except for TRS which used its Preliminary ACFR as of June 30, 2023.

- (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) Does not include the SURS Retirement Savings Plan (the "RSP") which is not included in the totals. The RSP is a defined contribution plan and therefore does not carry any unfunded liability.
- (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, 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

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 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 5/1-101 *et seq.*) for each State Retirement System.

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.

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**

	<u>TRS</u>	<u>SURS</u>	<u>SERS</u>	<u>GARS</u>	<u>JRS</u>
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%	6.50%	6.75%	6.50%	6.50%
Assumed Inflation Rate ⁽²⁾	2.50%	2.25%	2.25%	2.25%	2.25%
Post-Retirement Increase (Tier 1) ⁽³⁾	3.00% ⁽⁴⁾	3.00% ⁽⁴⁾	3.00% ⁽⁴⁾	3.00%	3.00%
Projected Salary Increases	Various ⁽⁵⁾	3.00% to 12.25% ⁽⁶⁾	Various ⁽⁷⁾	2.50% ⁽⁸⁾	2.50% ⁽⁸⁾

Source: Actuarial Valuations of the Retirement Systems for the fiscal year ended June 30, 2023.

- (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) Represents the portion of the investment rate of return assumption attributed to inflation. The difference between the investment rate of return assumption and the assumed inflation rate for each Retirement System represents the real rate of return. The assumed inflation rate component of the investment rate of return is separate from the salary inflation assumptions described in footnotes 5, 6, 7 and 8 to this Table E-2.
- (3) All values are compounded.
- (4) 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.
- (5) Compensation is assumed to increase between 3.75% and 8.75% based on years of service. Of these increases, 2.50% represents inflation adjustments and 0.75% represents real wage growth.
- (6) 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.
- (7) Assumed rates of increase vary by age and include an inflation component of 2.25% and 0.50% for productivity increases.
- (8) 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. GARS, JRS and SERS last conducted an actuarial experience review based on the three-year period ending June 30, 2018. An experience review for the period from July 1, 2018, through June 30, 2021, was implemented for the Actuarial Valuation for Fiscal Year 2022. TRS conducted an experience review for the period July 1, 2017, through June 30, 2020, in preparation of the Actuarial Valuation for the Fiscal Year ended June 30, 2021. TRS's next experience study will be prepared in calendar year 2024. SURS most recent experience study was based on the three-year period ended June 30, 2020. 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 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, 2023, is discussed under "—RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS—*State Actuary's Fiscal Year 2023 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 assumptions 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. For the Fiscal Year ending June 30, 2009, each Retirement System assumed an investment rate of return of either 8.00% or 8.50%. Each Retirement System has since reduced its respective investment rate of return. TRS reduced its respective investment rate of return assumptions to 7.00%, and GARS and JRS reduced their respective investment rate of return assumptions to 6.75% for Fiscal Year 2016 and to 6.5% for Fiscal Year 2019. SURS reduced its assumed investment rate of return to 6.75% for Fiscal Year 2018 and to 6.5% for Fiscal Year 2021. 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. According to a March 2023 National Association of Retirement Administrators report on public pension plan assumptions, the national median assumed rate of return for public pension plans is 6.93%. The State's weighted-average investment rate of return assumption has decreased from 8.49% for the fiscal year ended June 30, 2001, to 6.84% for Fiscal Year 2023 based on the latest available valuation reports for the Retirement Systems. 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.

TABLE E-3 - INVESTMENT RATES OF RETURN, FISCAL YEARS 2014-2023

Fiscal Year	<u>TRS</u>		<u>SURS</u>		<u>SERS</u>		<u>GARS</u>		<u>JRS</u>	
	<i>Assumed</i>	<i>Actual</i>								
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%
2021	7.00%	25.5%	6.50%	23.8%	6.75%	24.9%	6.50%	24.9%	6.50%	24.9%
2022	7.00%	(1.2)%	6.50%	(1.4)%	6.75%	(6.4)%	6.50%	(6.4)%	6.50%	(6.4)%
2023	7.00%	7.2%	6.50%	5.3%	6.75%	6.2%	6.50%	6.2%	6.50%	6.2%
5-Yr. Avg. Geometric Return		7.1%		6.9%		6.8%		6.8%		6.8%
10-Yr Avg. Geometric Return		7.7%		7.5%		7.5%		7.5%		7.5%

Source: ACFRs of the Retirement Systems for fiscal years ended June 30, 2019 through June 30, 2023.

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 Public Act 88-593 on August 22, 1994 (the “Pension Funding Act”). 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 93-002 (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 \$783.7 million in Fiscal Year 2023.

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 2014 through 2023 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
2024	\$840.2	2029	\$1,018.5
2025	892.2	2030	1,079.0
2026	915.4	2031	1,134.4
2027	936.1	2032	1,159.7
2028	979.2	2033	1,156.1

(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 94-004 (“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 96-043 (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 2023 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 made all required Fiscal Year 2022 payments to the Retirement Systems, including an additional supplemental contribution of \$300 million, by the end of Fiscal Year 2022 and made all of the appropriated payments by the end of Fiscal Year 2023, including supplemental contributions totaling \$400 million. For Fiscal Year 2023, the final required contribution to SERS was determined to exceed the relevant appropriation by \$98.6 million, which amount was paid to SERS pursuant to the State’s continuing appropriation authority in October 2023. Despite the State making all such required payments, the UAAL of the Retirement Systems continued to increase during this period 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, 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. No assurance can be given that the State will not, through legislative action, subsequently modify the amount to be contributed in any given year.

Public Act 102-0696 authorized an additional payment to the Retirement Systems in the amount of \$300 million during Fiscal Year 2022. In addition, the Fiscal Year 2023 Budget appropriated an additional \$200 million to the State's Pension Stabilization Fund to reduce the UAALs of the Retirement Systems. GOMB estimates that these additional payments will save the State's taxpayers \$1.8 billion in future payments to the Retirement Systems. The State made the additional payment to the Retirement System for Fiscal Year 2023 on the first day of Fiscal Year 2023 to maximize the projected effect of such payment on the Retirement System's UAALs. The State also made an additional supplemental contribution to the Retirement Systems in the amount of \$200 million in Fiscal Year 2023, which supplemental contribution was authorized along with the enactment of the Fiscal Year 2024 Budget. The Fiscal Year 2024 Budget provides for the State to contribute the full Required Annual Statutory Contributions during Fiscal Year 2024 without any additional contributions. Such additional contributions, however, have been made in the prior two Fiscal Years totaling \$700 million.

Table E-5 shows the State's Actuarially Required Contributions (for fiscal years 2014 and 2015 for each of the Retirement Systems except TRS, and fiscal years 2014 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 2014 through 2023.

TABLE E-5 - HISTORY OF STATE CONTRIBUTIONS ⁽¹⁾

Fiscal Year	Amount Contributed⁽²⁾	Actuarially Required Contribution or ADC	Percentage Contributed
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%
2021 ⁽³⁾	9,773.2	14,000.5	69.8%
2022 ⁽³⁾	10,852.8	14,530.0	74.7%
2023 ⁽³⁾	10,989.9	14,955.7	73.5%

Source: Annual Comprehensive Financial Reports of the Retirement Systems for the fiscal years ended June 30, 2014 through June 30, 2023.

(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, 2023, 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: 14 years (20 years); SURS: 21 (30 years); SERS: 17 years (25 years); JRS: 17 years (25 years); and GARS: 12 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, 2023, 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.

FUNDED STATUS

As of the end of Fiscal Year 2022, the Retirement Systems had an aggregate UAAL of approximately \$139.7 billion on a fair value basis and approximately \$139.0 billion on an actuarial basis (calculated pursuant to the Asset

Smoothing Method), resulting in respective Funded Ratios of 43.8% and 44.1%. The primary reason for the decrease in the fair value Funded Ratio from Fiscal Year 2021 to Fiscal Year 2022 was investment returns experienced being lower than the assumed investment rates of return for such Fiscal Year. The actuarial-basis Funded Ratio increased from Fiscal Year 2021 to Fiscal Year 2022 due primarily to investment returns as calculated by the Asset Smoothing Method exceeding assumed investment rates of return for the same period of time.

Based on Actuarial Valuations of the Retirement Systems for Fiscal Year 2023, the Retirement Systems had an aggregate UAAL of approximately \$142.2 billion on a fair value basis and approximately \$141.4 billion on an actuarial basis (calculated pursuant to the Asset Smoothing Method), resulting in respective Funded Ratios estimated of 44.6% and 44.9%.

The following tables summarize the financial condition of the Retirement Systems for Fiscal Years 2019 through 2023.

TABLE E-6
FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS
FISCAL YEAR 2023⁽¹⁾
(\$'S IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total
Beginning Net Assets ⁽²⁾	\$22,224,503	\$62,833,626	\$22,523,553	\$77,078	\$1,277,764	\$108,936,525
Income						
Member Contributions	\$ 297,411	\$ 1,109,498	\$ 299,585	\$ 1,304	\$ 15,007	\$ 1,722,805
State and Employer Contributions	2,666,685	6,133,906	2,138,712	28,081	147,430	11,114,814
Investment Income	1,398,587	4,427,043	1,329,721	4,795	79,833	7,239,979
Total	\$4,362,683	\$11,670,477	\$ 3,768,018	\$34,181	\$ 242,269	\$ 20,077,598
Expenditures						
Benefits and Refunds	\$3,153,281	\$ 7,967,330	\$ 3,074,609	\$ 27,483	\$ 193,060	\$ 14,415,763
Administration	18,517	32,026	23,715	346	1,075	75,679
Total	\$3,171,798	\$ 7,999,356	\$ 3,098,324	\$ 27,829	\$ 194,136	\$ 14,491,442
Ending Net Assets (Fair value)	23,415,388	66,504,717	23,193,247	83,430	1,325,898	114,522,680
Actuarial Value of Assets	24,072,129	66,502,287	23,381,241	85,838	1,357,082	115,398,577
Actuarial Accrued Liabilities	53,908,519	148,398,296	51,050,783	365,694	3,041,421	256,764,712
UAAL (Fair Value)	30,493,131	81,893,579	27,857,535	282,264	1,715,523	142,242,031
UAAL (Actuarial Value) ⁽³⁾	29,836,390	81,896,009	27,669,542	279,856	1,684,338	141,366,136
Funded Ratio (Fair Value)	43.4%	44.8%	45.4%	22.8%	43.6%	44.6%
Funded Ratio (Actuarial Value) ⁽³⁾	44.7%	44.8%	45.8%	23.5%	44.6%	44.9%

Source: Actuarial Valuations of the Retirement Systems for the fiscal year ended June 30, 2023. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

- (1) The RSP, which is presented in tables E-8 through E-10 herein, is no longer available due to the adoption of GASB Statements No. 84 and 97. The implementation requires that SURS exclude financial information which are not under its direct control. The RSP is a defined contribution and, by definition, is fully funded and does not carry unfunded liability.
- (2) Reflects valuation of assets on a fair value basis as of June 30, 2023.
- (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 2022⁽¹⁾
(\$'S IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total
Beginning Net Assets ⁽²⁾	\$23,883,339	\$64,212,505	\$23,768,313	\$79,809	\$1,380,438	\$113,324,403
Income						
Member Contributions	\$288,830	\$1,072,639	\$289,071	\$1,179	\$14,574	\$1,666,293
State and Employer Contributions	2,665,685	5,987,676	2,136,059	28,500	155,993	10,973,914
Investment Income	(1,528,469)	(743,042)	(685,633)	(4,930)	(88,098)	(3,050,172)
Total	\$1,426,046	\$6,317,273	\$1,739,497	\$24,750	\$82,469	\$9,590,036
Expenditures						
Benefits and Refunds	\$3,018,343	\$7,669,576	\$2,962,103	\$26,934	\$181,227	\$13,858,183
Administration	18,186	26,576	22,584	387	1,124	68,856
Total	\$3,036,529	\$7,696,152	\$2,984,687	\$27,321	\$182,351	\$13,927,039
Ending Net Assets (Fair value)	\$22,272,856	\$62,833,626	\$22,523,123	\$77,239	\$1,280,556	\$108,987,401
Actuarial Value of Assets	22,892,723	62,910,402	22,554,752	79,721	1,309,800	109,747,398
Actuarial Accrued Liabilities	52,049,732	143,523,731	49,869,932	363,153	2,955,628	248,762,177
UAAL (Fair Value)	29,776,876	80,690,105	27,346,809	285,915	1,675,072	139,774,776
UAAL (Actuarial Value) ⁽³⁾	29,157,009	80,613,329	27,315,180	283,433	1,645,828	139,014,779
Funded Ratio (Fair Value)	42.8%	43.8%	45.2%	21.3%	43.3%	43.8%
Funded Ratio (Actuarial Value) ⁽³⁾	44.0%	43.8%	45.2%	22.0%	44.3%	44.1%

Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2022. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

- (1) The RSP, which is presented in tables E-8 through E-10 herein, is no longer available due to the adoption of GASB Statements No. 84 and 97. The implementation requires that SURS exclude financial information which are not under its direct control. The RSP is a defined contribution and, by definition, is fully funded and does not carry unfunded liability.
- (2) Reflects valuation of assets on a fair value basis as of June 30, 2022.
- (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 2021
(\$'S IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total
Beginning Net Assets ⁽²⁾	\$19,197,272	\$52,316,478	\$19,617,016	\$63,012	\$1,112,885	\$92,306,663
Income						
Member Contributions	\$280,584	\$1,023,532	\$288,476	\$1,238	\$14,600	1,608,430
State and Employer Contributions	2,478,210	5,238,242	1,978,743	27,299	148,625	9,871,119
Investment Income	4,756,150	13,046,154	4,762,970	14,630	275,453	22,855,356
Total	\$7,514,944	\$19,307,928	\$7,030,189	\$43,167	\$438,678	\$34,334,906
Expenditures						
Benefits and Refunds	\$2,870,651	\$7,388,143	\$2,859,503	\$26,219	\$173,495	\$13,318,010
Administration	16,577	23,758	19,389	331	1,013	61,068
Total	\$2,887,228	\$7,411,901	\$2,878,892	\$26,549	\$174,508	\$13,379,079
Ending Net Assets (Fair value)	\$23,824,988	\$64,212,505	\$23,768,313	\$79,629	\$1,377,055	\$113,262,490
Actuarial Value of Assets	21,323,631	58,979,923	21,484,799	72,183	1,227,406	103,087,942
Actuarial Accrued Liabilities	51,828,480	138,914,275	48,898,480	373,724	2,920,600	242,935,559
UAAL (Fair Value)	28,003,493	74,701,770	25,130,167	294,095	1,543,545	129,673,069
UAAL (Actuarial Value) ⁽³⁾	30,504,850	79,934,352	27,413,681	301,541	1,693,194	139,847,617
Funded Ratio (Fair Value)	46.0%	46.2%	48.6%	21.3%	47.2%	46.6%
Funded Ratio (Actuarial Value) ⁽³⁾	41.1%	42.5%	43.9%	19.3%	42.0%	42.4%

Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2021. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

- (1) The RSP, which is presented in tables E-7 through E-10 herein, is no longer available due to the adoption of GASB Statements No. 84 and 97. The implementation requires that SURS exclude financial information which are not under its direct control. The RSP is a defined contribution and, by definition, is fully funded and does not carry unfunded liability.
- (2) Reflects valuation of assets on a fair value basis as of June 30, 2021.
- (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 2020
(\$'S 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: 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 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, 2020.

(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 2019
(\$'S 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: 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-11 presents information regarding the aggregate funding progress of the Retirement Systems for Fiscal Years 2014 through 2023.

**TABLE E-11 - SCHEDULE OF FUNDING PROGRESS⁽¹⁾
FAIR VALUE OF ASSETS AND ACTUARIAL VALUE OF ASSETS**

(\$'S 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)
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%
2021	113,262	242,936	129,673	46.6%	19,629	660.6%
2022	108,987	248,762	139,775	43.8%	20,252	690.2%
2023	114,523	256,765	142,242	44.6%	21,400	664.7%

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)
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%
2021	103,088	242,936	139,848	42.4%	19,629	712.5%
2022	109,747	248,762	139,015	44.1%	20,252	686.4%
2023	115,399	256,765	141,366	45.0%	21,400	660.6%

Source: Annual Comprehensive Financial Reports of the Retirement Systems for the fiscal years ending June 30, 2014, through June 30, 2023.

- (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 2018 through 2023. 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, 2023. 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.

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
			TRRS	
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%
2021	142,224	64,213	78,011	45.1%
2022	146,674	62,834	83,840	42.8%
2023	151,485	66,505	84,981	43.9%
			SURS	
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%
2021	52,297	23,768	29,529	45.5%
2022	51,601	22,523	29,078	43.7%
2023	52,638	23,193	29,445	44.1%
			SERS	
2018	\$50,520	\$17,463	\$33,056	34.6%
2019	51,886	18,492	33,394	35.6%
2020	54,065	19,197	34,868	35.5%
2021	56,984	23,883	33,101	41.9%
2022	54,561	22,225	32,336	40.7%
2023	56,454	23,334	33,120	41.3%
			JRS	
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%
2021	3,052	1,380	1,671	45.2%
2022	3,014	1,278	1,736	42.4%
2023	3,098	1,321	1,777	42.6%
			GARS	
2018	\$383	\$57	\$326	14.8%
2019	382	60	322	15.7%
2020	382	63	319	16.5%
2021	382	80	305	20.8%
2022	369	77	292	20.9%
2023	371	83	288	22.4%
			Total	
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%
2021	254,939	113,324	141,615	44.5%
2022	256,219	108,984	147,282	42.5%
2023	264,046	114,436	149,611	43.3%

Source: Actuarial Valuations and the GASB 67/68 Statements, of the Retirement Systems for the fiscal years ended June 30, 2018 through June 30, 2023, except that information related to GASB 67/68 for TRS is preliminary. Certain information was provided by the Retirement Systems.

(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 2023		
	1% DECREASE	CURRENT	1% INCREASE
TRS			
Discount Rate	6.00%	7.00%	8.00%
Net Pension Liability	\$104,599	\$84,981	\$68,699
SURS			
Discount Rate	5.37%	6.37%	7.37%
Net Pension Liability	\$35,695	\$29,445	\$24,237
SERS			
Discount Rate	5.59%	6.59%	7.59%
Net Pension Liability	\$40,337	\$33,120	\$27,151
GARS			
Discount Rate	5.43%	6.43%	7.43%
Net Pension Liability	\$327	\$288	\$256
JRS			
Discount Rate	5.37%	6.37%	7.37%
Net Pension Liability	\$2,097	\$1,777	\$1,504

Source: The Actuarial Valuations for TRS and, with respect to SURS, SERS GARS, and JRS, the GASB 67/68 Statements for fiscal year ended June 30, 2023.

(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 2013 through 2023. The UAAL on an actuarial basis increased from approximately \$100.5 billion at the end of Fiscal Year 2014 to approximately \$141.4 billion at the end of Fiscal Year 2023, an increase of approximately \$40.9 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
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	(957.90)	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
2021	290.8	(2,924.3)	1,838.4	0.0	(179.6)	(169.0)	(1,143.7)
2022	152.3	(771.7)	610.2	0.0	(510.8)	(312.9)	(832.9)
2023	1,074.5	145.0	411.5	0.1	0.0	720.4	2,351.4
Total	(\$1,576.0)	(\$7,209.7)	\$22,543.0	\$0.1	\$22,249.6	\$4,868.3	\$40,875.4

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 2023 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, 2023. 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. Changes to the statutory structure of certain benefits could also impact the State’s Required Annual Statutory Contribution, the UAAL, or the Funded Ratio of the Statutory Funding Plan. The Commission on Government Forecasting and Accountability (“COGFA”) procured and published an analysis by an independent actuary of the potential impact of changes to TRS, SERS, and SURS benefits for Tier 2 members (as defined herein, see “2010 LEGISLATION MODIFYING PENSION STRUCTURE” herein) in relation to the Social Security Act, the Federal Insurance Contributions Act (FICA) and FICA’s safe harbor provisions. Legislation has been proposed to address changes to Tier 2 benefits for purposes of federal law (*see e.g.*, House Bill 4098 of the 103rd General Assembly) and legislative hearings have been conducted related to those matters. Further, TRS, SERS, and SURS are each considering whether and how best to propose changes to the structure of Tier 2 benefits to ensure that they are and remain compliant with federal safe harbor provisions. To date, the State has not adjusted the Tier 2 benefits related to safe harbor issues. The independent actuary’s analysis is available on COGFA’s website listed in APPENDIX F—WEBSITE INDEX. The State makes no representations nor expresses any opinion on the actuary’s analysis or any proposed legislation the provisions of which may never be enacted. The State also 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 SYSTEMS¹⁾

Fiscal Year	Projected Required Annual Statutory Contributions ⁽¹⁾
2024	\$10,917.30
2025	11,121.04
2030	12,573.89
2035	14,975.26
2040	16,660.18
2045	18,675.42

Source: Actuarial Valuations of the Retirement Systems for the fiscal year ended June 30, 2023.

(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)
2024	\$120,881.31	\$262,779.53	\$141,898.22	46.0%
2025	127,364.01	268,663.85	141,299.84	47.4%
2030	154,296.50	296,199.85	141,903.35	52.1%
2035	189,553.74	317,745.44	128,191.69	59.7%
2040	236,791.46	331,073.62	94,282.16	71.5%
2045	302,697.87	336,332.16	33,634.29	90.0%

Source: Actuarial Valuations of the Retirement Systems for the fiscal year ended June 30, 2023.

(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 96-889 (“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 1 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 authorized 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 1 Employees in the near future.

2013 LEGISLATION MODIFYING PENSION STRUCTURE

PA 98-599 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 98-599 was scheduled to take effect on June 1, 2014. However, PA 98-599 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 98-599.

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, 2021, 2022 or 2023. 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 enacted as of the date hereof, and the Retirement Systems expect that the Tier 3 plan will not be implemented until such legislation is enacted.

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 \$160,200);
- 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 Self-Managed Plan (recently renamed the “Retirement Savings 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.

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 100-587

Public Act 100-587, 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”). P.A. 102-718, which became

effective on May 5, 2022, extended the Programs and provided additional authorization to the State to borrow to fund 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, 2026. 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, and P.A. 102-718 extended the Programs' end date 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. P.A. 102-718 increased the State's authorization to issue Section 7.7 Bonds to \$2,000,000,000. Following the issuance of the December 2023A Bonds, the State will have issued \$1,533,562,800 of the Section 7.7 Bonds so authorized.

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 December 18, 2023, SERS has processed payments totaling \$451.9 million for accelerated pension benefits: \$430.2 million for 3,588 retirees participating in the AAI Reduction Program and \$21.7 million for 131 eligible inactive vested members in the Pension Buyout Program. As of December 18, 2023, the participation rate for the AAI Reduction Program is 26.7% and the average payout is \$119,900; the participation rate for the Pension Buyout Program is less than 1% and the average payout is \$165,700. 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 December 31, 2023, TRS has expended bond proceeds totaling \$846.0 million for accelerated pension benefits: \$582.0 million for 4,174 retirees participating in the AAI Reduction Program and \$264.4 million for 2,111 eligible inactive vested members in the Pension Buyout Program. Additional accelerated pension benefit transactions have

been processed for payment from bond proceeds. As of December 31, 2023, the participation rate for the AAI Reduction Program is 19.3% and the average payout is \$137,118; the participation rate for the Pension Buyout Program is 10.8% and the average payout is \$133,222.

SURS began implementing both the AAI Reduction and the Pension Buyout Program on June 10, 2019. As of December 31, 2023, SURS has expended bond proceeds totaling approximately \$43.9 million for accelerated pension benefits: \$18.6 million for 198 retirees participating in the AAI Reduction Program and \$25.3 million for 96 eligible inactive vested members in the Pension Buyout Program. As of December 31, 2023, the participation rate for the AAI Reduction Program was approximately 1.6%, and the average payment was \$93,861; the participation rate for the Pension Buyout Program is less than 1% and the average payment was \$263,623. SURS has approximately 11,000 inactive vested members and 19,000 Tier 1 members who are retirement-eligible. SURS typically administers approximately 2,500 retirements annually.

In addition to this program, members of the SURS portable plan (the “Portable Plan”) have the option to take a lump sum refund (the “Portable Lump Sum”) pursuant to which they would receive a one-time payment of employee contributions, matching employer contributions, and full interest at the effective rate in exchange for forfeiting all accrued rights and benefits in SURS. The Portable Lump Sum may exceed the buyout amounts offered under other programs. Since 2019, SURS has issued \$172.7 million in Portable Lump Sum refunds to 1,264 SURS members.

RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS

State Actuary’s Fiscal Year 2023 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 2023 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 2023 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

COGFA prepared a report dated December 2023, on the financial condition of the Retirement Systems as of June 30, 2022 (the “COGFA Report”). Additionally, COGFA recently published a monthly briefing for the month ended November 2023, available at: <https://cgfa.ilga.gov/Upload/1123%20Special%20Pension%20Briefing.pdf>. Such report preliminarily indicates that the State’s pension liabilities increased by nearly \$3 billion during Fiscal Year 2023. COGFA is a bipartisan 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 Public Act 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 and locally-employed teachers: (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.

The State is the primary funder of SEGIP. The TRIP and CIP programs are jointly funded by the State, local employers and active employees and retirees. For Fiscal Year 2023, the State was allocated 57.6% of TRIP OPEB liability as a non-employer contributing entity and 50.0% of CIP OPEB liability.

As of June 30, 2023, 235,509 employees were covered by the SEGIP OPEB Program, consisting of (i) 109,062 active employees, (ii) 26,297 inactive employees entitled to but not yet receiving benefit payments and (iii) 100,150 inactive employees or beneficiaries currently receiving benefit payments.

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.

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 Table E-16. This table relates 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, 2022. See APPENDIX F—Website Index herein.

TABLE E-16
TOTAL SEGIP OPEB LIABILITY
OBLIGATION FISCAL YEAR 2022
(\$ IN THOUSANDS)

Service Cost	\$ 981,107
Interest on the total OPEB liability	405,583
Difference between expected and actual experience	(5,726,367)
Changes of Assumptions	(12,343,588) ⁽¹⁾
Benefit Payments	(1,148,424)
Net Change in OPEB liability	\$(17,831,689)
Net OPEB Obligations at June 30, 2021	\$ 34,911,897
Net OPEB Obligations at June 30, 2022	\$ 17,080,208

Source: SEGIP 2022 Actuarial Valuation.

- (1) Reflects the effect of changes in the State’s collective bargaining agreement and other negotiated contract changes with carriers.

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 ACFR, including changes to the amount recognized by the State as a liability with respect to OPEB.

The total Fiscal Year 2022 State OPEB liability pursuant to GASB Statement No. 75, for the three OPEB Programs as of June 30, 2022 was a combined \$21.367 billion, a \$27.106 billion reduction (-55.9% decrease) from June 30, 2021. These liabilities will be reported in the Fiscal Year 2023 ACFR.

The total State OPEB liability of the three OPEB Programs as of June 30, 2022 were as follows: (i) SEGIP - \$17.080 billion (including liability amounts allocated to component units of the State), (ii) TRIP - \$3.945 billion, and (iii) CIP – \$0.342 billion. The total State OPEB liability of the three OPEB Programs as of June 30, 2021 were as follows: (i) SEGIP - \$34.912 billion (including liability amounts allocated to component units of the State), (ii) TRIP - \$12.693 billion, and (iii) CIP – \$0.868 billion. The reduction between Fiscal Year 2021 and Fiscal Year 2022 was due primarily to updated actuarial assumptions reflecting the impact of changes in collective bargaining agreements, negotiated contract changes with carriers, and the impact of reduced costs of the Medicare Advantage Prescription Drug programs including zero premium rates from 2023 to 2028.

The State’s contributions to the three plans for fiscal year 2023 were as follows: (i) for SEGIP, \$2.403 billion (including contribution amounts from component units of the State), (ii) for TRIP, \$107.704 million, and (iii) for CIP, \$29.945 million.

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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
GOMB	https://budget.illinois.gov/ https://budget.illinois.gov/policy-reports.html	Lead portal for the Governor’s Budget Book, operating budgets, economic and fiscal reports and five year projections and quarterly reports
State of Illinois Capital Markets	http://www2.illinois.gov/sites/capitalmarkets/Pages/default.aspx	Lead portal to the State of Illinois Capital Markets
General Assembly	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	https://illinoiscomptroller.gov/financial-data/find-a-report/comprehensive-reporting/comprehensive-annual-financial-report-Annual-Report/	Link to Annual Report Library
Comptroller	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	https://www.collegeillinois.org/Downloads/Actuarial-Soundness-Val-22.pdf	Link to the College Illinois actuarial report
Illinois Department of Revenue	https://www2.illinois.gov/rev/Pages/default.aspx	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://www2.illinois.gov/sites/SRS/SERS/Pages/default.aspx	Lead portal to State Employees’ Retirement System
JRS	http://www2.illinois.gov/sites/SRS/JRS/Pages/default.aspx	Lead portal to Judges’ Retirement System
GARS	http://www2.illinois.gov/sites/SRS/GARS/Pages/default.aspx	Lead portal to General Assembly Retirement System
COGFA	http://cgfa.ilga.gov/ https://cgfa.ilga.gov/Upload/SEGIP_GASB75_2021.pdf	Lead portal to COGFA, contains its report on the financial condition of the Retirement Systems SEGIP June 30, 2021 Actuarial Valuation
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	https://www.auditor.illinois.gov/Audit-Reports/Performance-Special-Multi/State-Actuary-Reports/2023-State-Actuary-Rpt-Full.pdf	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 February 2024 Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the Series of February 2024 Bonds. The Series of February 2024 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 February 2024 Bonds of each maturity, in the aggregate principal amount thereof, and will be deposited with DTC.

THE STATE, THE TRUSTEE AND THE PURCHASERS 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 FEBRUARY 2024 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES OF FEBRUARY 2024 BONDS, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES OF FEBRUARY 2024 BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES OF FEBRUARY 2024 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 FEBRUARY 2024 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 FEBRUARY 2024 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES OF FEBRUARY 2024 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 PURCHASERS 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 February 2024 Bonds. The Series of February 2024 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 February 2024 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 February 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series of February 2024 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 February 2024 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 February 2024 Bonds, except in the event that use of the book-entry system for the Series of February 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series of February 2024 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 February 2024 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 February 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series of February 2024 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 February 2024 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series of February 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series of February 2024 Bonds may wish to ascertain that the nominee holding the Series of February 2024 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 February 2024 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 February 2024 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 February 2024 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 February 2024 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 February 2024 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 \$600,000,000 Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of February 2024 (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 Trust Company, National Association, Chicago, Illinois as trustee (the “*Trustee*”) dated as of February 15, 1985, as amended and supplemented to date (the “*Master Indenture*”), the Sixty-Second Supplemental Indenture, dated as of February 1, 2024, by and between the State and the Trustee with respect to the Series A of February 2024 Bonds (the “*Sixty-Second Supplemental Indenture*”); the Sixty-Third Supplemental Indenture, dated as of February 1, 2024, by and between the State and the Trustee with respect to the Series B of February 2024 Bonds (the “*Sixty-Third Supplemental Indenture*”); and the Sixty-Fourth Supplemental Indenture, dated as of February 1, 2024, by and between the State and the Trustee with respect to the Series C of February 2024 Bonds (the “*Sixty-Fourth Supplemental Indenture*”). The Master Indenture, the Sixty Second Supplemental Indenture, the Sixty Third and the Sixty Fourth 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 January 17, 2024 (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 Annual Comprehensive Financial Report of the State (“*ACFR*”) 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 January 17, 2024, 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

Date: February __, 2024

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 Annual Comprehensive Financial Report (“ACFR”). Once available to the Governor’s Office of Management and Budget, a draft ACFR or final ACFR will be submitted to EMMA within 30 days. The ACFR 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.

* 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**

SERIES A OF FEBRUARY 2024 BONDS

YEAR OF MATURITY	CUSIP NUMBER
2025	452227 UA7
2026	452227 UB5
2027	452227 UC3
2028	452227 UD1
2029	452227 UE9
2030	452227 UF6
2031	452227 UG4
2032	452227 UH2
2033	452227 UJ8
2034	452227 UK5

SERIES B OF FEBRUARY 2024 BONDS

YEAR OF MATURITY	CUSIP NUMBER
2035	452227 UL3
2036	452227UM1
2037	452227 UN9
2038	452227 UP4
2039	452227 UQ2

SERIES C OF FEBRUARY 2024 BONDS

YEAR OF MATURITY	CUSIP NUMBER
2040	452227 UR0
2041	452227 US8
2042	452227 UT6
2043	452227 UU3
2044	452227 UV1

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 February 2024 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 February 2024 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 February 2024 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 February 2024 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 February 2024 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 February 2024 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 February 2024 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 FEBRUARY 2024 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 1/12th 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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