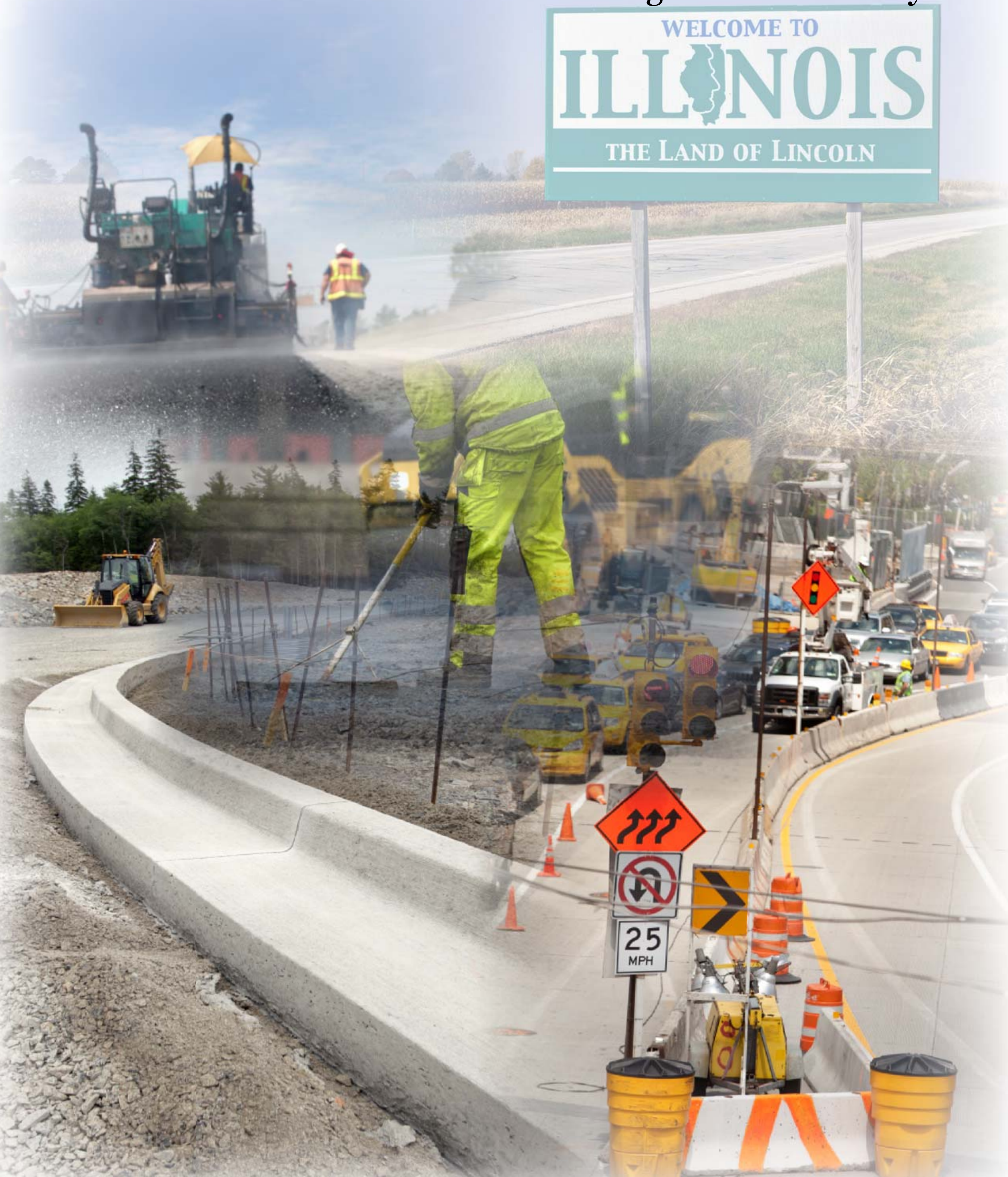
Illinois FY 2012 Capital Plan

Commission on Government Forecasting & Accountability



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INTRODUCTION

State statute requires the Office of Management and Budget to prepare and submit an assessment of the State's capital needs both current and five years forward (20 ILCS 3010/1). This is presented as part of the Governor's Budget. The Commission on Government Forecasting and Accountability, in turn, is statutorily required each year to submit a capital plan analysis based on this information and to prepare a consolidated review of the debt of State bonding authorities, and a review of the State's debt and ability to further market bonds. (25 ILCS 155/3)

The Capital Plan Analysis is divided into four sections. The first section of the report uses the Governor's capital expenditure plan, which lists projects to be funded from the FY 2011 appropriation request. This analysis is based on what is contained in the capital component of the budget book. It is used as a basis for looking at the Governor's project priorities and should provide insight into what can be expected to occur if the Governor's budget recommendation is approved. Bond-funded capital projects fall under the following categories: capital facilities, school construction, anti-pollution, coal and energy development, Transportation A (roads and bridges), Transportation B (mass transit, rail and aeronautics), Transportation D (State and local roads and bridges), and economic development (Build Illinois bonds).

The second section discusses current bond-related topics and legislation that affects either the State's debt or the debt of one of the bonding authorities. It also includes information related to programs and borrowing that the Commission tracks: the School Construction Program, the State's Short-term borrowing, and whether the Office of Management and Budget is following the debt responsibility and transparency guidelines set by the Legislature.

The third section looks at how the Governor's FY 2012 recommended capital plan would affect the State's bonded indebtedness. Illinois issues several forms of formal long-term debt. State Supported bonds include the State's general obligation bonds, State-issued revenue bonds, and locally-issued revenue bonds that are repaid or secured by the State. This section includes authorization available, the level of outstanding debt, future debt issuance, and annual debt service. Although Pension Obligation Bonds and Notes are not a part of the Capital Budget, they will be noted throughout the report due to their impact on the State's debt.

The final section of the report concerns Non-State Supported debt, which consists of those bonds which are issued by State universities and authorities created by the State, but for which the State is said to have only a moral obligation or no obligation to repay.

Information for this report was provided by the Governor's Office of Management and Budget, the Office of the Comptroller, bonding authorities and State universities.

EXECUTIVE SUMMARY

- The FY 2012 capital budget request includes new appropriations of $4.0 billion and $23.1 billion in reappropriations for projects approved in previous years under the Illinois Jobs Now program.

- Bond authorization increases:
    - General Obligation bond authorization of $4.162 billion for new projects;
    - Pension Obligation eight-year notes for $4.096 billion;
    - Build Illinois authorization was increased by $1.088 billion.

- The State has sold $1.2 billion in G.O bonds for capital projects and $3.7 billion in Pension Bonds since the beginning of FY 2011. Short-term borrowing, in the amount of $1.3 billion has also been sold. The Governor's Office of Management and Budget hopes to sell another $300 million of G.O. bonds and $300 million of Build Illinois bonds by the end of the fiscal year for capital projects.

- Estimated bond sales for FY 2012 are $2.13 billion for G.O. bonds and $370 million for Build Illinois bonds.

- In December 2010, the Railsplitter Tobacco Settlement Authority sold $1.503 billion in tobacco securitization bonds with a maximum 17-year maturity. The State sold its rights to roughly 50% of its Tobacco Settlement payments (based on a 5% negative annual growth rate) to the Authority. These payments will pay for the debt service, with up to 2x coverage of debt service. In return, the State received approximately $1.35 billion in bond proceeds transferred to the General Revenue Fund to pay for unpaid bills from FY 2010.

- In January 2011, the State's Appellate Court ruled that the State's 2009 funding plan for the Capital Projects program was unconstitutional due to a violation of the "single subject rule". The State has since appealed the ruling and is currently awaiting a decision from the Illinois Supreme Court. Pending that ruling, a stay has been issued which allows revenues to continue to be collected and allows the Illinois Gaming Board to proceed in the process of implementing video gaming in Illinois.

- In January 2011, Fitch took Illinois off of the negative watch list and affirmed its rating at "A" stable. Standard & Poor's has taken Illinois off of its Credit Watch list for a possible downgrade, but still affirms Illinois has a negative outlook. Moody's affirmed Illinois' A1 rating with a negative outlook.

TABLE 1	ILLINOIS BONDS AT A GLANCE (in millions)						
	FY 2010*	FY 2011**	$ Change	% Change	FY 2012**	$ Change	% Change
Bond Sales		estimated			estimated		
General Obligation	6,168.0	5,200.0	-968.0	-15.7%	2,130.0	-3,070.0	-59.0%
Revenue	530.0	300.0	-230.0	100.0%	370.0	70.0	23.3%
Total	**$6,698.0**	**$5,500.0**	**-$1,198.0**	**-17.9%**	**$2,500.0**	**-$3,000.0**	**-54.5%**
Outstanding Principal							
General Obligation	24,456.0	28,002.0	3,546.0	14.5%	28,666.0	664.0	2.4%
Revenue	2,427.5	2,553.3	125.8	5.2%	2,749.9	196.6	7.7%
Total	**$26,883.5**	**$30,555.3**	**$3,671.8**	**13.7%**	**$31,415.9**	**$860.6**	**2.8%**
Debt Service							
General Obligation	$1,676.8	$2,897.5	1,220.7	72.8%	$2,909.5	12.0	0.4%
Revenue	$288.5	$312.8	24.3	8.4%	$335.8	23.0	7.4%
Total	**$1,965.3**	**$3,210.3**	**$1,245.0**	**63.3%**	**$3,245.3**	**$35.0**	**1.1%**
General Revenues^	**$27,090.0**	**$30,406.0**	**$3,316.0**	**12.2%**	**$34,282.0**	**$3,876.0**	**12.7%**
G.O. & Revenue Debt Service as % General Revenues	**7.25%**	**10.56%**			**9.47%**		
GO Bond Rating							
Moody's	Aa3	A1			A1		
Standard & Poor's	A+	A+			A+		
Fitch	A+	A			A		

* FY 2010 G.O. bond sales include $246 million for Medicaid Enhancement Funding.

**Bond estimates for FY 2011 and FY 2012 are from the Governor's Office of Management and Budget FY 2012 Capital Plan Budget Request and current Bond Sales.

^General Revenues estimate shown for FY 2011 and FY 2012 are from CGFA. Revenues exclude decoupling provisions.

Note: Bond Sales include Pension Bonds, but do not include refunding sales or Short-term borrowing.

The State has sold $1.2 billion in G.O. Build America bonds and $3.7 billion of Pension Obligation Bonds since the beginning of FY 2011. Current General Obligation bond authorization for capital projects is $26.933 billion, with approximately $8.136 billion remaining unissued as of March 21, 2011. Total Build Illinois bond authorization equals $5.704 billion with $1.79 billion remaining unissued as of March 21, 2011.

FY 2012 RECOMMENDED CAPITAL BUDGET

- **FY 2012 Capital Plan Appropriations**
- **Appropriations History**
- **The Capital Projects Fund**
- **FY 2012 Capital Projects by Agency**

FY 2012 Capital Plan Appropriations

Public Acts 96-0004, 96-0035, 96-0039, and 96-0819 combined to be the first multi-year capital program the State has had since the Illinois First program was approved in 1999. The FY 2010 capital program, called Illinois Jobs Now, will cost approximately $31 billion, including the FY 2009 "mini capital plan" for shovel-ready projects. The FY 2012 capital budget request includes new appropriations of $4.0 billion and $23.1 billion in reappropriations for projects approved in previous years under the Illinois Jobs Now program.

TABLE 2 FY 2012 CAPITAL PLAN REQUESTED APPROPRIATIONS ($ in Billions)			
FUND TYPE	NEW APPROPRIATIONS	RE-APPROPRIATIONS	TOTAL
Bond	$1,400,453,800	$14,560,907,782	**$15,961,361,582**
State Funds	$2,465,819,100	$7,408,100,926	**$9,873,920,026**
Federal/Trust	$175,725,000	$1,131,350,610	**$1,307,075,610**
TOTAL	**$4,041,997,900**	**$23,100,359,318**	**$27,142,357,218**

FY 2011 CAPITAL PLAN APPROPRIATIONS ($ in Billions)			
FUND TYPE	NEW APPROPRIATIONS	RE-APPROPRIATIONS	TOTAL
Bond	$203,113,550	$17,172,656,621	**$17,375,770,171**
State Funds	$2,531,242,700	$7,444,764,795	**$9,976,007,495**
Federal/Trust	$160,725,000	$696,218,771	**$856,943,771**
TOTAL	**$2,895,081,250**	**$25,313,640,187**	**$28,208,721,437**

The budget request for appropriations to the Capital Development Board (CDB) and through CDB for other agencies for capital projects includes new appropriations of $914 million, all of which would come from the Capital Development Fund. Reappropriations for CDB would total $4.5 billion, mainly from the Capital Development Fund and the School Construction Fund. The remainder of the Governor's request of new appropriations would be appropriated to specific agencies.

TABLE 3 FY 2012 CDB REQUESTED APPROPRIATIONS ($ in Millions)			
FUND TYPE	NEW APPROPRIATIONS	RE-APPROPRIATIONS	TOTAL
Capital Development	$914,403,800	$2,659,487,895	**$3,573,891,695**
School Construction	$0	$1,397,672,185	**$1,397,672,185**
Build Illinois	$0	$443,006,438	**$443,006,438**
Asbestos Abatement	$0	$298,462	**$298,462**
TOTAL	**$914,403,800**	**$4,500,464,980**	**$5,414,868,780**

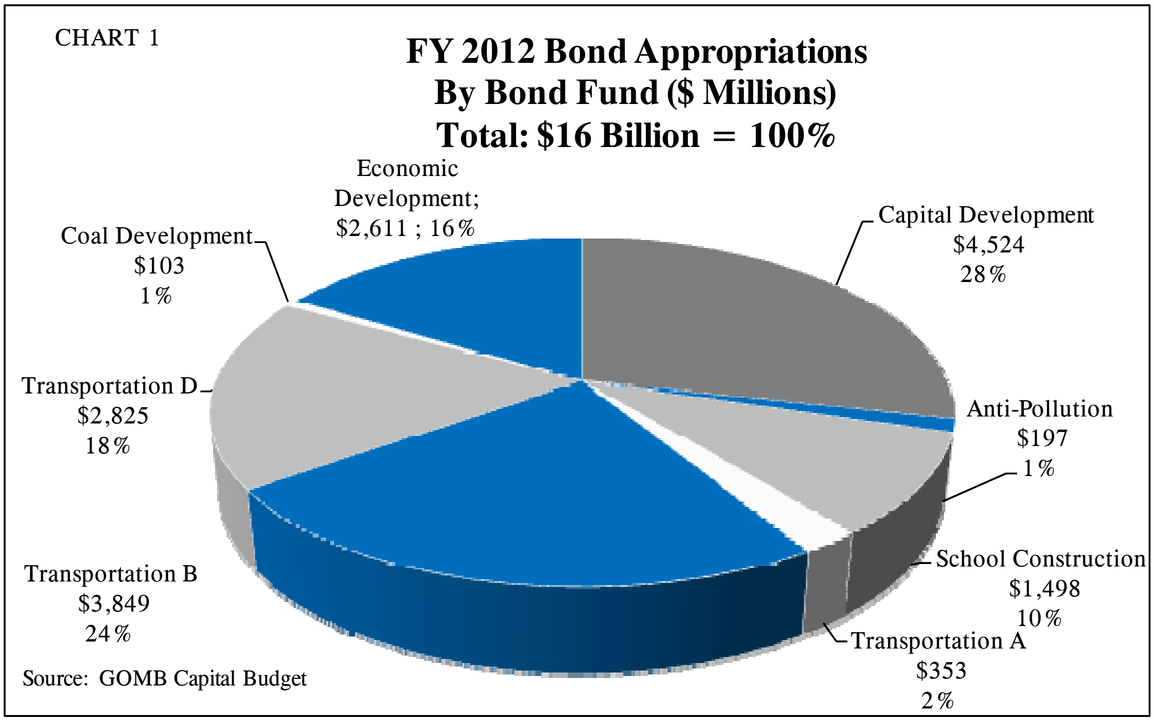
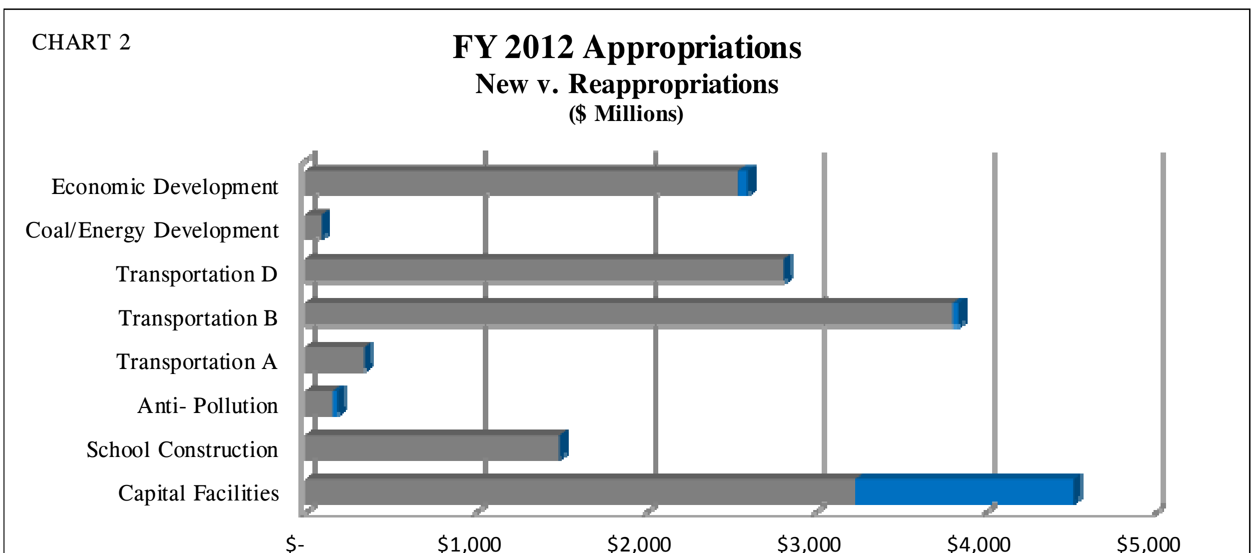


Chart 1 shows FY 2012 bond appropriations by percentage of bond fund, including Build Illinois categorized as economic development. Chart 2 compares new appropriations versus reappropriations.



	Capital Facilities	School Construction	Anti- Pollution	Transportation A	Transportation B	Transportation D	Coal/Energy Development	Economic Development
Reappropriations	$3,243	$1,498	$168	$353	$3,816	$2,825	$103	$2,555
New Appropriations	$1,282	$0	$29	$0	$33	$0	$0	$56

Source: GOMB Capital Budget

Below is the Office of Management and Budget's six year General Obligation Bond expenditure plan for FY 2012 appropriations [FY 2012 Capital Budget Appendix C].

FY 2012 General Obligation Bonds
Capital Expenditure Plan
($ thousands)

Fund Name	FY 12 Appropriaitons	Spending from FY 12 Appropriations					
		FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Capital Development							
Prior Appropriations	$992,042	$54,184	$98,516	$118,220	$118,220	$118,220	$118,220
Illinois Jobs Now!	$2,250,703	$331,545	$329,736	$315,260	$257,612	$257,612	$257,612
New Appropriations	$1,281,704	$194,271	$321,748	$116,520	$124,168	$124,168	$124,168
TOTAL Capital Development	**$4,524,449**	**$580,000**	**$750,000**	**$550,000**	**$500,000**	**$500,000**	**$500,000**
School Construction							
Prior Appropriations	$31,886	$6,696	$4,783	$4,464	$3,826	$3,826	$3,826
Illinois Jobs Now!	$1,465,786	$343,147	$395,217	$345,536	$180,943	$180,943	$20,000
New Appropriations							
TOTAL School Construction	**$1,497,672**	**$349,843**	**$400,000**	**$350,000**	**$184,769**	**$184,769**	**$23,826**
Anti-Pollution							
Prior Appropriations	$12,651						
Illinois Jobs Now!	$155,430	$33,698	$25,000	$25,000	$20,400	$20,400	$20,400
New Appropriations	$29,400	$29,400					
TOTAL Anti-Pollution	**$197,481**	**$63,098**	**$25,000**	**$25,000**	**$20,400**	**$20,400**	**$20,400**
Transportation Series A							
Prior Appropriations							
Illinois Jobs Now!	$353,362	$353,362					
New Appropriations							
TOTAL Transportation A	**$353,362**	**$353,362**	**$0**	**$0**	**$0**	**$0**	**$0**
Transportation Series B							
Prior Appropriations	$80,299	$12,050	$21,690	$16,067	$8,033	$8,033	$8,033
Illinois Jobs Now!	$3,735,848	$541,460	$388,425	$773,622	$108,787	$108,787	$108,787
New Appropriations	$33,000	$33,000					
TOTAL Transportation B	**$3,849,147**	**$586,510**	**$410,115**	**$789,689**	**$116,820**	**$116,820**	**$116,820**
Transportation Series D							
Prior Appropriations							
Illinois Jobs Now!	$2,825,178	$640,000	$572,000	$550,000	$500,000	$500,000	$63,177
New Appropriations							
TOTAL Transportation D	**$2,825,178**	**$640,000**	**$572,000**	**$550,000**	**$500,000**	**$500,000**	**$63,177**
Coal & Energy Developmment							
Prior Appropriations	$86,843	$9,784	$13,977	$17,471	$10,483	$10,483	$5,000
Illinois Jobs Now!	$16,200	$10,000	$6,200				
New Appropriations							
TOTAL Coal & Energy Development	**$103,043**	**$19,784**	**$20,177**	**$17,471**	**$10,483**	**$10,483**	**$5,000**
ALL FUNDS							
Prior Appropriations	$1,203,721	$82,714	$138,966	$156,222	$140,562	$140,562	$135,079
Illinois Jobs Now!	$10,802,507	$2,253,212	$1,716,578	$2,009,418	$1,067,742	$1,067,742	$469,976
New Appropriations	$1,344,104	$256,671	$321,748	$116,520	$124,168	$124,168	$124,168
TOTAL ALL FUNDS	**$13,350,332**	**$2,592,597**	**$2,177,292**	**$2,282,160**	**$1,332,472**	**$1,332,472**	**$729,223**

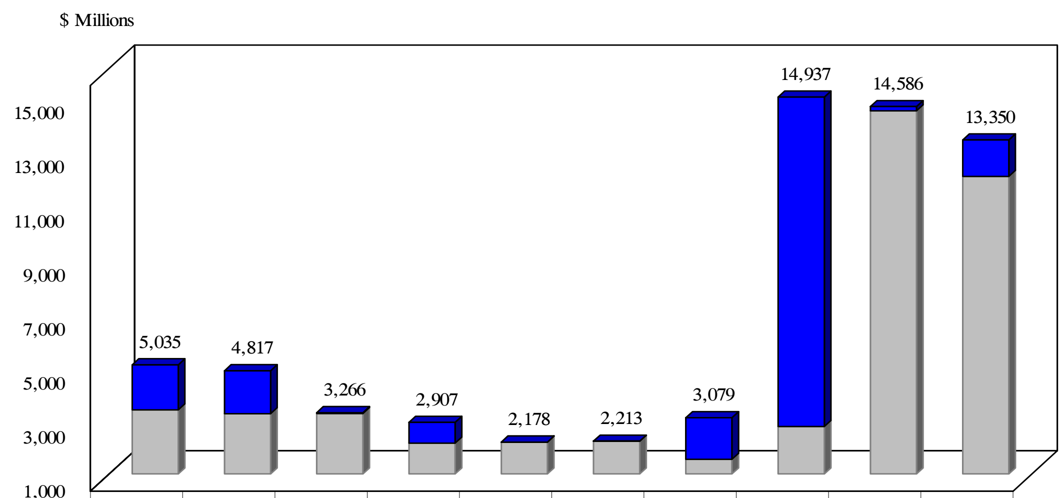
Appropriations History

The annual General Obligation appropriations from FY 2003 to FY 2012 amounts are illustrated in the chart below. New appropriations of General Obligation bond funds were minimal from FY 2005 through 2008, with FY 2007 and FY 2008 having no new appropriations.

G.O. new appropriations for FY 2010 were $12 billion due to the start of the Illinois Jobs Now Program. FY 2012 G.O. new appropriations are requested to be $1.3 billion. New appropriations from FY 2010 and FY 2011, for which the bonds have not been sold and the expenditures not made, show up as reappropriations in subsequent years.

CHART 3

10-Year History of G.O. Bond Appropriations



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012*
New Appropriations	1,665	1,587	34	769	0	0	1,540	12,185	158	1,344
Reappropriations	3,370	3,230	3,232	2,138	2,178	2,213	1,539	2,752	14,428	12,006

Reappropriations New Appropriations

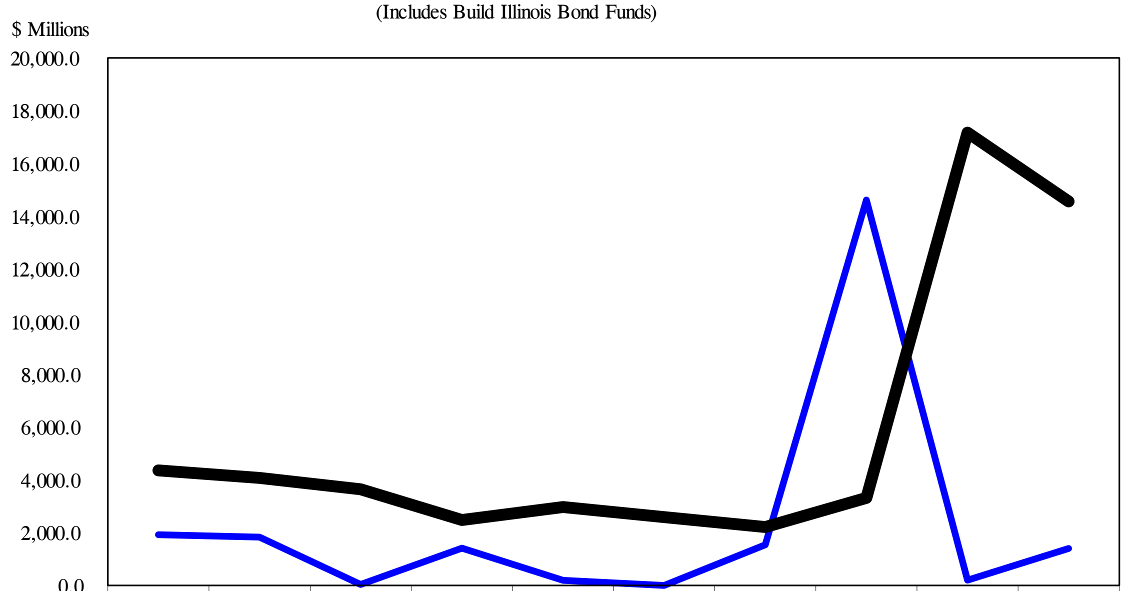
Source: GOMB FY 2012 Capital Plan
* GOMB Estimate

Chart 4 shows the amount of new appropriations versus reappropriations of all bond funds, including Build Illinois bond funds. Historically, the majority of project funding came from general obligation bond funds. In FY 2010 a significant portion of project appropriations came from the Build Illinois Bond Fund. Total bond funds combined for fiscal years 2003 through requested 2012 are shown.

In FY 2003 combined bond fund new appropriations dipped below the $2 billion level of the previous three years. From FY 2005 through FY 2009, the only years with any real bond funding for capital appropriations were FY 2006 with $1.4 billion and FY 2009 with $1.5 billion. The remaining years in that time period had new appropriations under $200 million, with FY 2008 being $0. Due to the Illinois Jobs Now program, new appropriations skyrocketed to $14.6 billion in FY 2010. Those funds, not being fully spent are counted as reappropriations in subsequent years.

CHART 4

10-Year History of Combined Bond Funds
New Appropriations v. Reappropriations
(Includes Build Illinois Bond Funds)



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012*
Reappropriations	4,361.4	4,074.9	3,647.4	2,478.1	2,972.8	2,590.0	2,212.0	3,316.0	17,173.0	14,561.0
New Appropriations	1,923.8	1,831.6	34.5	1,413.5	192.9	0.0	1,540.0	14,616.0	203.0	1,400.0

Reappropriations New Appropriations

Source: GOMB FY 2012 Capital Plan
* GOMB Estimate

The Capital Projects Fund

The Capital Projects Fund (CPF) was created to help fund the Illinois Jobs Program [Public Act 96-0034]. Subject to appropriation, it is to be used only for capital projects and the payment of debt service on bonds issued for capital projects. Public Acts 96-0034, 96-0037, and 96-0038 generate the revenues for the Capital Projects Fund.

In January 2011, the State's Appellate Court ruled that the State's 2009 funding plan for the Capital Projects program was unconstitutional due to a violation of the "single subject rule". The State has since appealed the ruling and is currently awaiting a decision from the Illinois Supreme Court. Pending that ruling, a stay has been issued which allows revenues to continue to be collected and allows the Illinois Gaming Board to proceed in the process of implementing video gaming in Illinois.

VIDEO GAMING: **Original Revenue Assumption: $288-$534 million**

---5/6 of the 30% tax on the newly legal Video Gaming

- Since approved, over 75 communities and 4 counties have "opted out" of allowing video gambling, or approximately 13.9% of the population.
- City of Chicago must "opt in" before video gaming would be allowed there. While initial estimates were based on conservative assumptions i.e. per machine estimates, the exclusion of Chicago would significantly compromise earlier expectations as over 36% of the state's population would be affected, and a similar amount of revenue.
- Recent reports indicate the first machines could go online by the end of 2011.
- While video gaming is anticipated to be one of the major revenue sources for the Capital Projects Fund, it should be noted that there is currently no provision restricting local governments from receiving funding from the Capital Projects Fund, even if that governmental body bans video gaming in their area.
- The future of video gaming is still in question, not only because of the appellate court ruling, but also due to the Senate President introducing legislation repealing the Video Gaming Act and replacing these revenues with a cigarette tax increase.

TABLE 4

CGFA Video Gaming Estimates

Accounting for the Impact of Communities Banning Video Gaming (millions)

Original estimate based on 45,000 to 65,000 video gaming machines generating approximately $70 to $90 per day and taxed at 30%.	Amount to Capital Project Fund (5/6 of Total)		Amount to Participating Local Governments (1/6 of Total)		Total Tax Revenue Amount from Video Gaming	
	Low	*High*	*Low*	*High*	*Low*	*High*
Original CGFA Estimate	**$287.4**	**$533.8**	**$57.5**	**$106.8**	**$344.9**	**$640.6**
Impact of City of Chicago not "Opting In"*	($63.6)	($118.0)	($12.7)	($23.6)	($76.3)	($141.7)
Impact of Communities "Opting Out"**	($39.9)	($74.0)	($8.0)	($14.8)	($47.8)	($88.8)
CGFA Estimate with Impact of Banned Areas	**$184.0**	**$341.7**	**$36.8**	**$68.3**	**$220.8**	**$410.1**

* The Commission uses the City of Chicago's portion of the State's population (approximately 22.1%) to estimate the impact of Chicago not "opting in" to video gaming.

** The communities banning video gaming (as of 1/31/11) make up approximately 13.9% of the State's population. As the number of communities opting out of video gaming continues to grow, so will their impact on video gaming revenues.

LOTTERY: Original Revenue Assumption: $150 million (GOMB)
---5 year Online Lottery pilot program-- excess revenues not already going to the Common School Fund
---10 year lease for the private management of the Lottery-- excess revenues not already going to the Common School Fund

- The Northstar Lottery Group was selected September 15, 2010, to privately manage and expand the Illinois Lottery. Northstar is to take over day-to-day operations on July 1, 2011 assuming resolution of court issues. It is not certain how long after that new efficiency measures could/would be implemented.
- Approximately $32.9 million from the Lottery went into the capital projects fund in FY 2011. This was made possible by legislative changes which index lottery transfers to the Common School Fund to the actual FY 2009 levels of $625 million. Amounts above inflation are to be made available for capital projects [above $642M in FY 12].

SALES & USE TAX EXPANSION: Original Revenue Assumption: $65 million
---expanding definition of soft drinks and increasing the tax from 1% to 6.25%
---including candy in the definition of food consumed off premises now taxed at 6.25%
---no longer exempting grooming & hygiene products, now taxed at 6.25%

- In FY 2011 thru mid-March, approximately $38 million from the sales tax expansion has been deposited into the Capital Projects Fund, or approximately $4.2 million per month, which annualizes to approximately $50 million.

INCREASES TO LIQUOR TAXES: Original Revenue Assumption: $108 million
---Beer by $0.046 per gallonage
---Wine up to 14% by $0.66 per gallonage
---Wine over 14% by $0.66 per gallonage
---Distilled liquor by $4.05 per gallonage

- The raising of liquor taxes has resulted in a number of lawsuits. As a result, to date [thru mid-March] $59 million in liquor taxes have been deposited in the Protest Fund rather than the Capitol Projects Fund [approximately $16.8 million has been deposited into the CPF].

INCREASES TO MOTOR VEHICLE FEES: Original Revenue Assumption: $332 million
---Vehicle Registrations by $20
---Transfers of Registrations by $10
---Certificate of Title by $30
---License Fees by $20
---Increases in penalties for violating the increased weight limit of 80,000 pounds

- Through mid-March, approximately $217 million from motor vehicle fees have been deposited into the CPF in FY 2011. Due to timing, year-to-date fees do not lend themselves to simple annualizations.

TOTAL	$943 million to $1.189 billion

As a temporary fix to the issues related to funding the new capital plan, Public Act 96-0820 was passed. This Act allows for the transfer of funds from the Road Fund to the General Obligation Bond Retirement and Interest Fund if the balance in the Capital Projects Fund is insufficient to make the required transfer for debt service. This must be repaid to the Road Fund when there are funds available in the Capital Projects Fund.

FY 2012 Capital Projects by Agency

The projects in this section are only those, for which a new appropriation is being sought, reappropriations are not listed. Project requests are listed by agency.

Agriculture

The Governor's capital budget request of $37.1 million for the Department of Agriculture consists of $27.4 million from the Capital Development Fund, $8 million from the Partners for Conservation Projects Fund (formerly Conservation 2000 Projects Fund), and $1.7 million from the Agricultural Premium Fund.

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: Grants to Soil and Water Conservation Districts	$16.0
• IL State Fairgrounds, Springfield: upgrade electrical system	11.2
• IL State Fairgrounds, Springfield: various repairs	3.4
• IL State Fairgrounds, Springfield: Life Safety improvements	3.0
• DuQuoin Fairgrounds: Life Safety improvements	3.0
• DuQuoin Fairgrounds: various repairs	0.5

Architect of the Capitol

Approximately $6.3 million would be appropriated from the Capital Development Fund for projects at the Capitol, including ADA compliance upgrades, replacement of vestibule and doors, and upgrades for security.

Attorney General

The Attorney General Building in Springfield would receive $0.5 million from the Capital Development Fund to install an emergency generator.

Capital Development Board (CDB)

The Capital Plan request for the Capital Development Board is $35.9 million, all of which would come from the Capital Development Fund.

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: emergencies, minor repairs remodeling	$12.0
• Statewide: Americans with Disabilities Act upgrades	5.0
• Statewide: energy efficiency upgrades	5.0
• Statewide: hazardous materials	5.0
• Statewide: upgrade elevators	5.0
• Statewide: exterior repairs/tuckpointing	3.0
• Statewide: Capital Planning & Condition Assessment/Analysis	0.9

Central Management Services (CMS)

The recommendation for CMS is $289.9 million to come entirely from the Capital Development Fund. The $200 million for the Health Care IT system will provide for the creation of an integrated healthcare information system in Illinois, capable of tracking and analyzing the anticipated growth in Medicaid enrollment.

PROGRAMS ($ millions)	FY2012 (in millions)
• CMS – Healthcare IT System	$200.0
• Offender Tracking System conversion	20.0
• Statewide: Illinois Century Network	19.0
• Thompson Center: HVAC, elevators, exterior repairs	12.4
• One Stop Shop pilot program	10.0
• Statewide: upgrade/replace HVAC systems	8.0
• IL Centers Rehab & Education: renovations	6.8
• Springfield Computer Facility: upgrade HVAC & electrical	5.1
• Statewide: renovate State-owned space for office use	4.0
• Statewide: replace roofing systems, windows & exterior facades	4.0
• Research & Collection Center, Springfield: replace chiller/cooling tower	0.4
• Courts: Elgin roof	0.2

Children and Family Services

The Department of Children and Family Services would receive $18 million from the Capital Development Fund for replacing roofing systems, upgrading HVAC systems and utilities, and security upgrades across the State.

Commerce and Economic Opportunity (DCEO)

The $36.4 million in new appropriations for DCEO would come from the Build Illinois Bond Fund.

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: grants for Community and Education Programs	20.1
• Statewide: Asian Carp; Business & Market Development	10.0
• Statewide: grant for infrastructure to match Federal stimulus	6.3

Community College Board

The Community College Board would receive $160.4 million from the Capital Development Fund through the Capital Development Board. Approximately $34 million of these projects are part of Governor Quinn's Green Initiative:

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: Capital Renewal	94.1
• Richard J. Daley College: construct Industrial Technology Center	32.8
• Joliet Junior College: City Center/Adult Education construction	21.6
• Spoon River College: expand/renovate educational buildings	4.9
• Lincoln Land CC, Taylorville: expand Regional Education Center	3.0
• Sauk Valley CC: renovate Natural Sciences Labs	2.7
• Southeastern IL College, Carmi: construct Vocational Building	1.3

Corrections

The FY 2011 Capital Budget requests approximately $136.6 million from the Capital Development Fund for State correctional facilities, all of which would flow through the Capital Development Board. The various projects include $75 million worth of Green Initiatives:

PROGRAMS ($ millions)	FY2012 (in millions)
• Stateville CC: construct Centralized Medical/Long-Term Care Facility	$55.0
• Statewide: upgrade HVAC systems/site utilities	25.0
• Stateville CC: construct an X-House	20.0
• Statewide: replacing roofing systems	10.0
• Statewide: upgrade security/locks	10.0
• Dixon CC: upgrade fire alarm system	8.6
• Statewide: Life/Safety improvements	7.0
• Pinckneyville CC: correction of structural issues	1.0

Environmental Protection Agency (EPA)

The Environmental Protection Agency would receive a total $426.4 million, of which $397 million would come from the Water Revolving Fund, while the remainder of $29.4 million would come from the Anti-Pollution Fund for the following programs:

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: Wastewater Loan Program	$286.0
• Statewide: Drinking Water Loan Program	106.0
• Statewide: Water Revolving Fund State Match	29.4
• Statewide: Green Infrastructure Grant Program	5.0

Higher Education

The FY 2011 capital plan requests $265.4 million in new capital appropriations to State Universities through the Capital Development Board using bond proceeds from the Capital Development Fund. $52 million of the U of I and ISU projects are a part of the Governor's Green Initiative. Specific projects are listed below:

PROGRAMS ($ millions)	FY2012 (in millions)
• CSU: electrical work at eight facilities	$6.5
• CSU: capital renewal	5.0
• EIU: capital renewal	8.0
• GSU: capital renewal	2.9
• ISU: capital renewal	15.8
• NEIU: capital renewal	5.9
• NIU: capital renewal	18.0
• SIU, Carbondale: capital renewal	25.2
• SIU, Edwardsville: capital renewal	11.8
• WIU: capital renewal	12.3
• U of I, Champaign-Urbana: capital renewal	64.3
• U of I, Chicago: construct Advanced Chemical Technology Facility	43.0
• U of I, Chicago: capital renewal	43.0
• U of I, Springfield: capital renewal	3.6

Historic Preservation

The Historic Preservation Agency would receive $25.2 million from the Capital Development Fund, funneled through the Capital Development Board, for the following projects:

PROGRAMS ($ millions)	FY2012 (in millions)
• Executive Mansion: capital upgrades	$13.0
• Statewide: repair/renovate/ restore Lincoln Sites	7.0
• Old State Capitol, Springfield: restore interior/exterior, elevators	3.8
• Mt. Pulaski Courthouse: restore interior/exterior	1.3

Human Services

The Department of Human Services would receive $51.3 million from the Capital Development Fund, funneled through the Capital Development Board, for projects at the various mental health and developmental centers, the Illinois School for the Visually Impaired, and the Illinois School for the Deaf. Projects include:

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: Life/Safety improvements	$15.0
• Statewide: replacing roofing systems	6.5
• Murray DC: renovate Central Dietary/Residential Kitchens	5.0
• Shapiro DC: upgrade steam and condensate lines	5.0
• Elgin MHC: renovate Central Dietary	4.4
• Ludeman DC: renovate 7 residences	3.6
• McFarland MHC: upgrade electrical systems	3.1
• Rushville Treatment & Detention: construct addition or new facility	3.0
• Jacksonville DC: upgrade Power Plant	2.3
• Fox DC: Power Plant renovation	2.0
• Madden Mental Health Center: renovate Life/Safety systems	0.6
• Kiely DC: replace sprinkler heads/upgrade Fire Alarm System	0.5
• Chester Mental Health Center: replace roofing at 22 buildings	0.4

Military Affairs

Approximately $23.6 million would be appropriated from the Capital Development Fund ($23.4 million) and the Illinois National Guard Amory Construction Fund ($200,000) to the Department of Military Affairs through the Capital Development Board. The following projects would be funded:

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: system upgrades/interior & exterior renovations	$10.0
• North Riverside MEB Armory: New Readiness Center	6.5
• Statewide: replace roofing systems	5.0
• Camp Lincoln: Land Acquisition	1.5
• Camp Lincoln: install Geothermal System – AGO Building	0.4
• Construction of ILANG Facilities	0.2

Natural Resources

The Department of Natural Resources would receive $214 million in new appropriations under the Governor's capital plan, from various federal/state trust funds and State revenue funds. This amount includes $152.9 million from the Capital Development Fund, $20 million from the Build Illinois Bond Fund, $7.7 million in federal/state trust funds, and an additional $33.3 million from specific natural resource-related funds, such as: the Park & Conservation Fund, State Boating Act Fund, Natural Areas Acquisition Fund, Open Space Land Acquisition & Development Fund, and Land & Water Recreation Fund, to name a few. Programs are listed below:

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: Safety at Dams and Waterway Infrastructure Projects	50.7
• IL River Basin: Conservation Reserve Enhancement	30.0
• Flood Control (State and Federal)	24.4
• Abandoned Well Plugging	20.0
• Upgrade Waste Treatment/Sewage Systems, construct vault toilets	14.0
• Outdoor Recreation (bike, trails, boat, snowmobile, off-highway vehicles)	14.0
• Natural Areas and Open Space Land Acquisition	13.0
• State Match for Federal Corp Ecosystem Restoration Projects	12.3
• Renovate/Replace lodges, site buildings, roofing, bridges, playgrounds	11.5
• upgrade campground and electrical/site utilities	10.0
• Abandoned Mined Lands Reclamation (State and federal)	7.5
• Wildlife Conservation and Restoration	3.5
• Forestry and fire protection programs (State and federal)	2.7
• Lake County: rehab of facilities at North Point Marina	0.4
• Chain O' Lakes-Fox River Waterway Management System: operating expenses	0.2
• Statewide Landowner Grant Program under the Illinois Oil & Gas Act	0.1

Public Health

The Capital Budget request for the Department of Public Health is $15 million from the Capital Development Fund for the planning and beginning of a new lab in Chicago. This is part of the Governor's Green Initiatives.

Revenue

The Department of Revenue would be appropriated $15.3 million from the Capital Development Fund for security upgrades, system upgrades and building renovations at the Willard Ice Building.

Secretary of State

The Secretary of State would receive $23 million from the Capital Development Fund for the following projects:

PROGRAMS ($ millions)	FY2012 (in millions)
• Motor Vehicle Services, Springfield: HVAC, life/safety & roofs	15.9
• Capitol Complex: HVAC, utilities systems, life/safety & roofs	5.0
• Capitol Complex: capital upgrades	1.7
• Capitol Complex: replace steam absorption chillers	0.6

State Police

The Capital Development Fund would fund $13.5 million in projects for the Department of State Police.

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: upgrade firing ranges	7.0
• ISP Central Headquarters, Springfield: upgrade HVAC – Facility Building	4.0
• Statewide: construct/replace Communication Towers/Buildings	2.5

Supreme Court

The Supreme Court would receive $1.1 million from the Capital Development Fund for Phase II building renovations at Mt. Vernon Appellate Court Building, and for ADA and security updates at the Ottawa Appellate Court Building.

Transportation (IDOT)

The Governor has requested $2.227 billion in new appropriations in FY 2011. The majority of funding for appropriations would come from current state funds as pay-as-you-go funding, include $1.26 billion in Road Funds, $720 million from the State Construction Account Fund, and $42 million from other transportation-related funds: Grade Crossing Protection Fund, the State Rail Freight Loan Repayment Fund, and the Rail Freight Loan Repayment Fund. Federal Funds would make up approximately $168 million of funding ($130 million from the Federal Local Airport Fund and $38 million from the Federal Mass Transit Trust Fund). Finally, the remainder of transportation funding would come from $33 million of Transportation B bond proceeds. Projects being funded appear below:

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: transportation-related construction	$1,284.0
• Local match for Statewide Road Program	565.2
• Federal/Local: financial assistance to airports	130.0
• Maintenance, Traffic, Physical Research/Formal Contracts A & B	47.6
• Grade Crossing protections/separations	39.0
• Federal Transportation grants for Mass Transit	38.0
• Apportionments to Counties, Cities and Townships	35.8
• Statewide: grants for Air navigation	33.0
• Township Bridge Program	15.0
• Permanent Improvements to IDOT facilities	13.5
• Statewide: TIGER II Federal earmarks	12.8
• Motorist Damage to Highway Structures	5.5
• Statewide: Local match for TIGER II Federal earmarks	3.2
• Statewide: Rail Freight Loan Repayment Program	2.7
• Disposal of Hazardous Materials	0.8
• Rail Freight Loan Repayment (State & Federal)	0.5

Veterans Affairs

The Department of Veterans Affairs would receive approximately $20.6 million from the Capital Development Fund, of which $11.5 million is for a Green Initiative.

PROGRAMS ($ millions)	FY2012 (in millions)
• Statewide: Life/Safety, HVAC and utilities systems	20.0
• Anna Veterans Home: roofing repairs	0.4
• Manteno & Quincy Veterans Homes: cemetery renovation	0.2

CURRENT BOND TOPICS

- **Short-Term Borrowing**
- **Railsplitter Tobacco Settlement Authority $1.5 Billion Bond Sale**
- **Metropolitan Pier and Exposition Authority Debt Restructuring**
- **Toll Highway Authority Congestion-Relief Program Update**
- **School Construction Update**
- **Debt Responsibility and Transparency**

Short-Term Borrowing

Illinois sold $1.3 billion in General Obligation Certificates in July under Section 9d of the Illinois State Constitution, "to meet deficits caused by emergencies or failures of revenue". The State will make payments in April, May and June of 2011 and pay approximately $17 million in interest. The State received $9 million in premium from the competitive bond sale, that was deposited into the General Obligation Bond Retirement and Interest Fund, which will go towards paying debt service on the borrowing.

HISTORY OF SHORT TERM BORROWING			
Date Issued	**Date Retired**	**Purpose**	**Amount (millions)**
June-July 1983	May 1984	To maintain adequate cash balances caused by revenue shortfalls	$200
February 1987	February 1988*	To improve the cash position of the General Funds	$100
August 1991	June 1992	For cash flow purposes	$185
February 1992	October 1992*	To pay Medicaid providers through the Medicaid Developmentally Disabled Provider Participation Fee, Medicaid Long-Term Care Provider Participation Fee, and Hospital Services Trust Funds	$500
August 1992	May 1993	To improve payment cycle to Medicaid service providers	$600
October 1992	June 1993	For cash flow purposes	$300
August 1993	June 1994	For cash flow to pay Medicaid service providers through the Hospital Provider Fund	$900
August 1994	June 1995	To pay Medicaid service providers through the Long-Term Care and Hospital Provider Funds	$687
August 1995	June 1996	To GRF for cash flow and payment to Medicaid service providers through the Long-Term Care Provider Fund and Hospital Provider Fund	$500
July 2002	June 2003	For Cash Flow; payments for medical assistance; to medical providers for long-term care; Income Tax Refunds	$1,000
May 2003	May 2004*	For Cash Flow; payments for medical assistance; to medical providers for long-term care; for Income Tax Refunds; for State Aid to K-12 school districts	$1,500
June 2004	October 2004*	For Medicaid service providers and the Children's Health Insurance Program	$850
March 2005	June 2005	For Cash Flow; for payments to Medicaid Service Providers through the Hospital Provider Fund.	$765
November 2005	June 2006	For Cash Flow; for payments for Medicaid and the Children's Health Insurance Program.	$1,000
February 2007	June 2007	For the Hospital Provider Assessment Tax Program; health care related funds; General Revenue Fund liquidity.	$900
September 2007	November 2007	For the Hospital Provider Assessment Tax Program; health care related funds; General Revenue Fund liquidity.	$1,200
April 2008	June 2008	For the Hospital Provider Assessment Tax Program; health care related funds; General Revenue Fund liquidity.	$1,200
December 2008	June 2009	To relieve General Revenue Fund cash flow pressures.	$1,400
May 2009	May 2010*	Failure of Revenues	$1,000
August 2009	June 2010	Failure of Revenues	$1,250
July 2010	June 2011	Failure of Revenues	$1,300
Source: Governor's Office of Management & Budget *Across fiscal year borrowing			

Railsplitter Tobacco Settlement Authority $1.5 Billion Bond Sale

Under Public Act 96-0958, the Railsplitter Tobacco Settlement Authority, which is separate and independent of the State, was created to issue up to $1.75 billion in bonds securitized by a portion of the State's Master Settlement Agreement revenues. Under the law, during fiscal years 2010 and 2011, the State may sell its rights to a portion of tobacco settlement proceeds to the Authority in return for the proceeds of the bonds. The Authority was allowed to sell the bonds by competitive bid or negotiated sale, with a maximum 19 year maturity, and may refund the bonds when expedient provided that the refunding debt matures within the term of the bonds to be refunded. The Authority shall be terminated 6 months after all of its liabilities have been met or otherwise discharged. The bond proceeds are to be deposited into the newly created Tobacco Settlement Bond Proceeds Account and shall be used by the State either directly or by reimbursement for the payment of outstanding obligations of the General Revenue Fund or to supplement the newly created Tobacco Settlement Residual Account to pay for appropriated obligations of the Tobacco Settlement Recovery Fund for State FY 2011-FY 2013. The bonds are not an indebtedness or obligation of the State.

In December 2010, the Railsplitter Tobacco Settlement Authority sold $1.503 billion in tobacco securitization bonds with a maximum 17-year maturity. The bonds received an A rating from Standard & Poor's and a BBB+ from Fitch, ratings slightly higher than the rest of the tobacco bond sector, of which most are considered junk bonds. The tax-exempt bonds offered a yield of up to 6.2% for the longest maturity.

The State sold its rights to roughly 50% of its Tobacco Settlement payments (based on a 5% negative annual growth rate) to the Authority. These payments will pay for the debt service, with up to 2x coverage of debt service. In return, the State received approximately $1.35 billion in bond proceeds transferred to the General Revenue Fund to pay for unpaid bills from FY 2010.

From the Bond proceeds approximately $146.8 million was placed in the Debt Service Reserve Account to be used when timing issues require. Master Settlement payments must be made to states on or before April 15 annually. Debt service payments on the Railsplitter bonds are required in June and December annually. If the Debt Service Reserve Account is used, Tobacco Settlement payments must reimburse the Account, keeping it at the funding level of $146.8 million.

<u>Issues in Decline of Tobacco Settlement payments</u>: Illinois received $284 million in FY 2010 and expects to receive $305 million in FY 2011 in Tobacco Settlement payments. The tobacco companies paid states $6.39 billion in FY 2010, down from the $8.14 billion original base estimate in the agreement. Tobacco Settlement payments are dependent on tobacco company revenues which are affected by declines in smoking. There are also lawsuits by participating members in the settlement dispute, making up about 10% of the MSA payments, who allege that lax enforcement of non-participating members has hurt their market share, therefore they want to decrease further how much

they are paying states. The issue is the subject of arbitration, which is expected to take two to four years.

The Railsplitter bond sale was very conservatively structured so that debt would be covered in the case of up to 10% annual consumption decline over the life of the bonds, and with a much shorter maturity schedule than other tobacco securitizations. If decline is higher than that or a tobacco company fails to make its payments, then that risk is placed on bond holders, and the State is not obligated to pay for anything further than what is offered in the bond sale's debt service and debt reserve accounts.

Railspitter Tobacco Settlement Authority

$1,503,460,000.00 Tobacco Settlement Revenue Bonds, Series 2010

Statement of Debt Service

	Tobacco Settlement Revenue Bonds, Series 2010		
Fiscal Year Ending June 30	Principal	Interest	Total
2010			
2011		38,251,709	38,251,709
2012	59,375,000	79,598,931	138,973,931
2013	63,550,000	77,480,131	141,030,131
2014	70,860,000	74,938,131	145,798,131
2015	76,820,000	71,868,756	148,688,756
2016	80,655,000	68,027,756	148,682,756
2017	84,700,000	64,183,744	148,883,744
2018	89,040,000	59,948,744	148,988,744
2019	93,620,000	55,496,744	149,116,744
2020	98,565,000	50,781,625	149,346,625
2021	103,900,000	45,606,963	149,506,963
2022	109,655,000	40,120,288	149,775,288
2023	107,260,000	34,089,263	141,349,263
2024	104,945,000	28,189,963	133,134,963
2025	103,455,000	21,630,900	125,085,900
2026	102,380,000	15,423,600	117,803,600
2027	101,275,000	9,280,800	110,555,800
2028	53,405,000	3,204,300	56,609,300
Total	1,503,460,000	838,122,346	2,341,582,346

Issue Dated	12/08/10
True Interest Cost (Incl Expenses)	5.59840

Metropolitan Pier & Exposition Authority (MPEA) Debt Restructuring

There are two categories of bonds sold by the MPEA. The "Dedicated State Tax Revenue" bonds get transfers from the Build Illinois Fund for annual debt service (the Build Illinois Fund receives portions of the State's sales tax, hotel tax and vehicle use tax).

Back-up Maximum (in millions)		
	Current	Proposed
FY 2011	$146	$146
FY 2012	$153	$153
FY 2013	$161	$161
FY 2014	$170	$170
FY 2015	$179	$179
FY 2016	$189	$189
FY 2017	$199	$199
FY 2018	$210	$210
FY 2019	$221	$221
FY 2020	$233	$233
FY 2021	$246	$246
FY 2022	$260	$260
FY 2023	$275	$275
FY 2024	$275	$275
FY 2025	$275	$275
FY 2026	$275	$279
FY 2027	$275	$292
FY 2028	$275	$307
FY 2029	$275	$322
FY 2030	$275	$338
FY 2031	$275	$350
FY 2032	$275	$350
FY 2030-2042	$275 annually	$350 annually
FY 2043-2060	--------	$350 annually

"Expansion Bonds" are paid for from Chicago-related taxes: the airport departure tax, automobile renting tax, hotel tax, and local restaurant sales tax. In the event that the funds to pay debt service on the Expansion Bonds are not sufficient, a backup pledge of sales tax revenue from the Build Illinois Fund may be used, up to a maximum amount as stated in the sales tax acts, shown in the table to the left. The backup pledge amounts mirror the debt service payments of the Expansion bonds.

The State backup funds, in the past, have only been used in a borrowing situation and have been paid back:

- $18 million in FY 2004,
- $28 million in FY 2005,
- $38 million in FY 2006,
- $30 million in FY 2007, and
- $38 million in FY 2008.
- $53.3 million was borrowed in FY 2009, but only $34.5 million was paid back. MPEA kept $18.8 million.

In FY 2010, the draw on the State backup pledge that would not be paid back could have ended up equaling $37 million - $40 million. With lower taxes coming in, the MPEA had to rely on conventions bringing in revenues.

In the Spring of 2010, McCormick Place learned that they were losing two big shows, the Healthcare Information & Management Systems Society which will be moving to Las Vegas for its 2012 convention, and the Society of the Plastics Industry Inc. which will move its 2012 and 2015 shows to Orlando. Las Vegas and Orlando are McCormick Place's two biggest competitors. According to Crain's Chicago Business, “Both groups cited the high costs of doing business in the city and contending with strict work rules at the convention center as factors in their decision to leave”[“Trade shows to McPier: Change, or we’ll walk”, April 1, 2010]. The loss of these shows will hurt McCormick Place, local businesses and State and local government revenues. This loss will further aggravate the MPEA’s ability to pay for debt service and operations.

Fitch downgraded the Authority from AA- to A+ in July, stating, "Without approval from the Illinois General Assembly to restructure its debt or increase revenues, the authority will continue to need state sales tax revenues to meet escalating debt service requirements…This amount will continue to widen without revenue or expenditure adjustments - both of which are outside the authority's control." Moody’s downgraded the Authority in July of 2009 from A1 to A3 when it downgraded the State’s credit, because of the MPEA’s reliance on the State for Dedicated Bonds debt service and Expansion bonds backup. Standard and Poor’s has kept the Authority’s rating at AA-, although the Expansion Bonds are rated AAA.

The Authority needed major changes and financial relief. As a result of the aforementioned issues, the Legislature passed Public Act 96-0882 which replaced the thirteen-member MPEA Board with a 7-member Interim Board with members chosen by the Governor and the Mayor of Chicago. At least one of the members chosen by the Governor had to have academic credentials in labor law or human resources. The Interim Board was charged with coming up with ideas of how to solve the budget issues of the Authority. After that time a new board would be created.

The Interim Board (appointed from June 2010 through December 2011) held meetings to work out costs and work rules. This work led to Public Act 96-0898 being passed. The following are the provisions of the Act:

- Restructure and refund MPEA debt and extend the refunding maturities to 2050 (now 2042), past the maturities of the bonds they would be refunding. Refunding at this time would bring in a lower interest rate, while extending and restructuring debt service payments would give them breathing room, even if local taxes under-perform in the future.

- Authorization was increased by $450 million to expand their Hyatt Regency-McCormick Place Hotel from 800 rooms to 1400, and include a ballroom, meeting space, parking facility and other improvements for McCormick Place to remain competitive.

- Part of the plan to pay back the new authorization and refunded bonds would be to extend the State’s back-up pledge of sales taxes to 2060 (changes shown in the table on the previous page). This would also prolong the Chicago-related taxes being imposed by the Authority for another 8 years within the MPEA area, with an increase on taxi rides of $2.

- The State will also contribute $25.8 million over the next four years from GRF to the MPEA for bond repayments. Reimbursement of State payments will be deferred until FY 2015, with half of each year's surplus going that year and in future years to reimburse the State until the $55 million in backup sales tax payments are repaid. Any further draws on the State's backup are to be immediately reimbursed out of the next available surplus.

- The Authority is allowed to use a portion of these taxes for operating shortfalls, up to $10 million in FY 2011, and up to $5 million annually for the subsequent three years.

The restructuring and other allowances came at the price of an overhaul of the MPEA's governance and operating structure. Costs were lowered and union work rules eased to allow for a more user-friendly and competitive experience for shows and exhibitors. The savings from the restructuring is expected to save the State $800 million in subsidies and give the MPEA short-term relief and long-term stability.

The Authority has approximately $2.5 billion in debt after the October 2010 sale of restructuring bonds. Debt service in FY 2010 was $171 million. After the restructuring, FY 2011 debt service will be $81 million.

At the end of March 2011 due to union lawsuits, a federal judge ruled that the State was not allowed to revise work rules for union labor that are achieved through collective bargaining. The other provisions of the law were allowed to stand. The MPEA is asking for a stay of execution on the order pending their appeal.

Toll Highway Authority Congestion-Relief Program Update

The Illinois State Toll Highway Authority is in its 7th year of its Congestion-Relief Program (CRP), which will end up costing $5.8 billion. At this point, the program is approximately 85% complete of its goal to widen and rebuild 120 miles of roadway, construct the southern extension of I-355, and convert the system to open road tolling.

The Tollway has sold almost $3.6 billion of bonds for this program to date and in 2008 refunded $766 million of debt. The last Congestion Relief Program bond sale was a $280 million Build America Bonds issuance in November 2010. Build America Bonds receive a 35% interest subsidy from the Federal Government. There are no additional bond issuances planned for the program, and the Tollway currently anticipates funding the remainder of the Program from on-going revenues.

The Tollway also restructured and remarketed another $700 million of variable-rate demand bonds in 2007 because they were insured by the downgraded XL Capital Assurance Inc. and getting increased interest rates from the weekly remarketing cycles up to 7%. The restructuring allowed the Tollway to remove this insurance policy before Fitch further downgraded it to junk status.

There is outstanding authorization from the Tollway's Board to issue $570.7 million in Refunding Bonds. This authorization expired on 12-31-2010, but is expected to be extended through 12-31-2011. The extent to which any of the $570.7 million in Refunding authorization would be exercised depends on market conditions. The Authority is also looking to refinance $1.5 billion of variable rate bonds previously sold for the program.

There is no dollar amount limit on the Authority's bonding, and the bonds are allowed a maximum maturity of 25 years [605 ILCS 10/17]. Tollway bonds are not backed by the State, but the Governor must approve bond sales. Total outstanding debt stands at $4.1 billion, as of June 30, 2010. The three rating agencies have affirmed the Tollway's long-term ratings of AA-/Aa3.

The Tollway's 2011 budget of $680 million will pay for $255 million in operating expenses, $251 million in debt service and $174 million in pay-as-you-go capital investment.

The 2011 portion of the Congestion Relief Program will focus on:

- Tri-State Tollway (I-80/I-294/I-94)
- Jane Addams Memorial Tollway (I-90)
- Reagan Memorial Tollway (I-88)
- Veterans Memorial Tollway (I-355)
- Open Road Tolling
- System-wide Projects of maintenance, repair and renewal.

Future Capital Plans. In November 2008, the Tollway approved a second phase to the Congestion-Relief Program, entitled Tomorrow's Transportation Today Plan (TTT). This $1.8 billion capital program would continue to improve mobility through converting 80 miles of the Tollway's heaviest traffic areas to managed toll lanes and would include interchange construction. As passed, these costs would be bonded and paid for through an increase in commercial vehicle tolls:

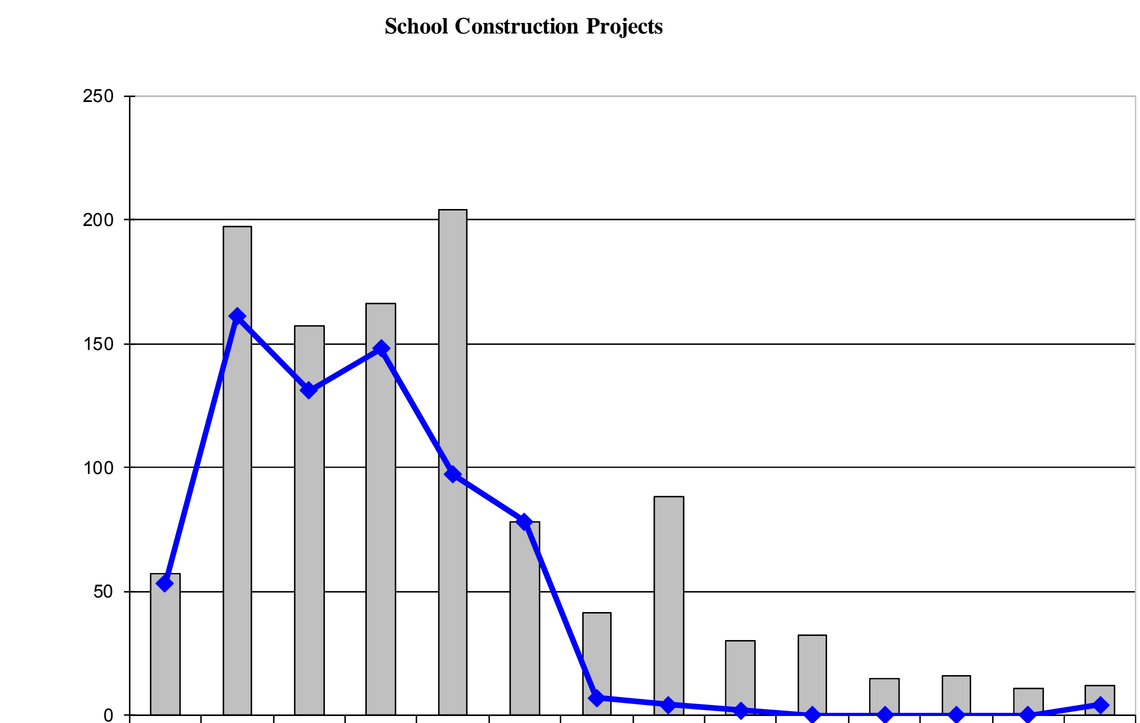
- January 1, 2015 — 40% above 2008 rates
- January 1, 2016 — 50% above 2008 rates
- January 1, 2017 — 60% above 2008 rates
- From January 1, 2018 an annual inflator would be applied that would equal the percentage change in the Consumer Price Index for all Urban Consumers.

This program was put on hold in 2009 pending a review by the Authority's Inspector General of the process by which the TTT was conceived and approved by the Authority. The findings concluded that there was no evidence of impropriety. The program is still on hold at this time while the Tollway consults with Governor Quinn on the future of the program and its funding due to current economic factors.

No contracts have been let nor proposals solicited for TTT. No expenditures will be made, according to the Board and Tollway management, and any future capital plans would likely differ significantly from the original TTT plan. The Authority is reassessing funding priorities for operations and future capital plans.

School Construction Update

The chart below shows the applications received by the State Board of Education through FY 2011. The ISBE has a backlog of over 200 applications from fiscal years FY'04 through FY'11. The applications dwindled in the later years due to the lack of funding.



	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002*	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Received	57	197	157	166	204	78	41	88	30	32	15	16	11	12
Entitled	53	161	131	148	97	78	7	4	2	0	0	0	0	4

[1.] *"Entitlement signifies that a district has demonstrated a need and is eligible for a grant should sufficient funds be appropriated." (Source: Illinois State Board of Education)*
[2.] *There were 191 applications entitled in 2002, but approximately ½ were not able to secure their local share and were moved into the 2003/2004 cycles.*

<u>History</u>: Public Act 92-0598, which was signed into law at the end of FY 2002, increased School Construction authorization by $930 million to $3.15 billion. In FY 2003 and FY 2004, appropriations of $500 million each year allowed for the funding of 87% of the entitled FY 2002 projects. Of the 97 entitled applications in FY 2002, 24 entitled projects remained on the list and had not received funding. FY 2003 through FY 2009 entitlements were suspended except for emergency situations.

With the FY 2010 appropriations and increase in authorization for bonds sales, the 24 entitled programs from FY 2002 were appropriated. This $420 million in bond proceeds also covered 14 programs entitled in FY 2003 and 4 emergencies in FY 2011. With the FY 2011 increase in authorization of $646 million, the remaining FY 2003 applications were reviewed and were all entitled in anticipation of funding.

FY 2010 appropriations equaled $1.73 billion:

Amount	Fund	Projects
$1.351 billion	School Construction Fund	Statewide School Construction grants
$149 million	School Construction Fund	24 entitled programs from FY 2002
$100 million	School Construction Fund	School Maintenance grants
$25 million	Capital Development Fund	Severely overcrowded schools
$50 million	Capital Development Fund	Energy efficiency projects
$45 million	Build Illinois Bond Fund	Early childhood construction
$10 million	Build Illinois Bond Fund	Technology Immersion Project

Authorization was increased for grants to school districts for school implemented projects authorized by the School Construction Law:

FY 2010 $420 million
FY 2011 $646 million

State school construction grants of $3.1 billion to date have benefited 502 school districts. The FY 2010 Illinois Jobs Now capital program added an additional $1.5 billion for the School Construction Grant program. With $419 million in grants to 42 school districts, the matching State funds will help build 11 new schools, 66 additions and 106 school renovations.

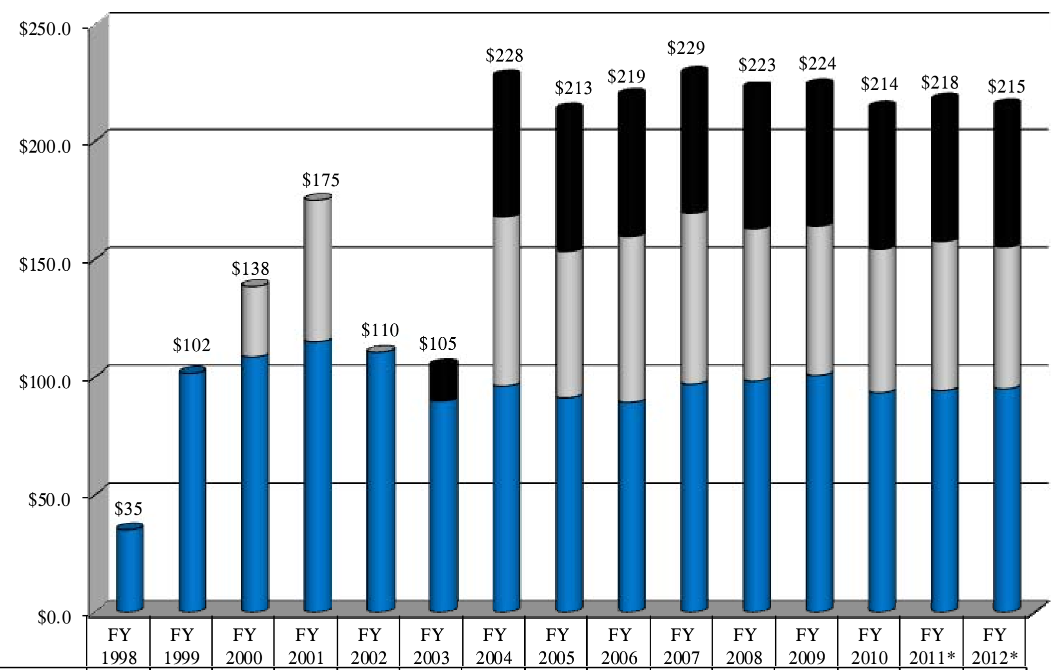
Appropriations for projects	
FY 1998	$30.0
FY 1999	$260.0
FY 2000	$500.0
FY 2001	$500.0
FY 2002	$740.0
FY 2003	$500.0
FY 2004	$500.0
FY 2005	$0.0
FY 2006	$18.0
FY 2007	$0.0
FY 2008	$0.0
FY 2009	$0.0
FY 2010	$1,730.0

Need: The Illinois State Board of Education and the Capital Development Board conducted the first Capital Needs Assessment in 2004. Of the 690 districts responding to the survey, the estimated need was $6.7 billion. In 2006, the 450 school districts responding to the survey reported capital needs of over $8.2 billion. In 2008, the 456 school districts responding to the survey reported capital needs of over $7.8 billion. Of the 618 school districts responding to the 2011 survey, the estimated need is over $9.9 billion**:**

- Over $1.3 billion is needed to build 97 school buildings;
- $7.7 billion is needed for overall general repair and remodeling, of which $3.7 billion is needed for Health/Life Safety needs;
- Nearly $1 billion is needed for 209 building additions;
- To ease overcrowding, districts are using 596 temporary classrooms;
- 59 school districts are considering consolidation;
- 566 Pre-Kindergarten classrooms are needed; and
- 527 Kindergarten classrooms are needed.

Funding: Traditionally, debt service on School Construction bonds is paid for by transfers from the School Infrastructure Fund. This fund receives transfers from the General Revenue Fund in the amount of $60 million a year (approximately 75% of the additional liquor tax increase from IL FIRST), $60 million a year from the cigarette tax ($5 million a month from the cigarette tax increase enacted in FY 2002 which began April 1, 2003), and 1/7th of the 7% Telecommunications Excise tax from the School Reform Act.

School Infrastructure Fund Revenues



	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011*	FY 2012*
■ Cigarette Tax						$15.0	$60.0	$60.0	$60.0	$60.0	$60.0	$60.2	$60.0	$60.0	$60.0
□ Liquor Tax/GRF			$30.0	$60.0	$0.0	$0.0	$71.8	$62.0	$70.3	$72.5	$64.6	$63.3	$60.9	$63.3	$60.0
■ Telecom Tax	$35.2	$101.5	$108.4	$114.9	$110.4	$89.7	$96.1	$91.2	$89.1	$96.9	$98.2	$100.6	$93.2	$94.2	$95.0

** FY 2011 and FY 2012 numbers are CGFA estimates.*
Note: The Liquor Tax transfer was suspended from FY 2002-FY 2003 as part of budget agreements.

As the annual liquor and cigarette tax revenues deposited into the School Infrastructure Fund are set amounts, the telecommunications tax revenues become the main factor in determining if revenues will cover School Construction debt service. The Telecom revenues portion has been below $101 million each year since FY 2003. Whenever this amount falls under the 1999 level of $101 million, GRF backfills the shortage amount, which has been done since FY 2004.

General Revenue Fund Backfill amounts for School Infrastructure Fund ($ in millions)							
FY 2004	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**
$11.8	$2.0	$10.3	$12.5	$4.6	$3.3	$0.9	$3.3*

Telecom revenues for FY 2011 are estimated to be $94.2 million (CGFA estimate). The Comptroller has already transferred an additional $3.3 million from GRF into the School Infrastructure Fund (through March 23, 2011) for current bonding debt service to be paid in FY 2011. Additional transfers from the General Revenue Fund are allowed since School Construction bonds are general obligations of the State and would normally be paid from the General Revenue Fund. School Construction bonds are "double barrel" bonds because they carry the State's general obligation pledge plus they have specific revenue streams to fund them.

Debt service on School Construction G.O. Bonds ($ in Millions)							
FY 2004	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011†**
$154.6	$196.7	$225.9	$232.9	$235.9	$223.1	$228.7	$211.0

†*CGFA estimate.*

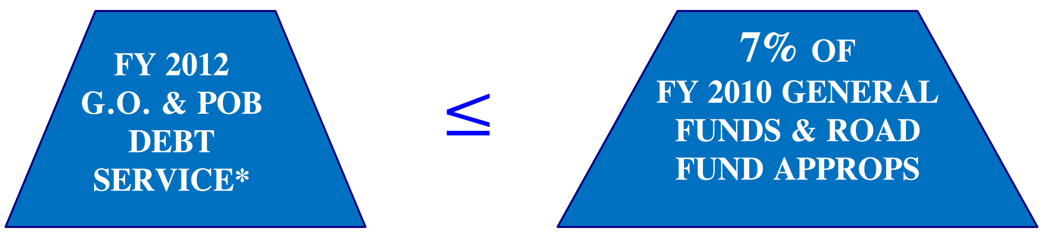
School Infrastructure Fund revenues are estimated to be $217.5 million in FY 2011 and $215 million in FY 2012 (CGFA estimate). Debt service is expected to be $211 million in FY 2011 and $199 million in FY 2012. Moneys in the School Infrastructure Fund are transferred to the General Obligation Bond Retirement and Interest Fund to pay for the school construction portion of debt service.

Debt Responsibility and Transparency

P.A. 93-0839 set limits on debt and created greater transparency through disclosure of bond deals from the Governor's Office of Management and Budget. Limitations are put on the following aspects of issuance.

<u>General Obligation Bond sale limit</u>

No bonds may be issued if, in the next fiscal year after the issuance the amount of debt service on all then outstanding bonds would exceed 7% of the aggregate appropriations (excluding transfers out) from the general funds and the Road Fund for the fiscal year immediately prior to the fiscal year of issuance, unless consented in writing by the Comptroller and Treasurer.



*FY 2012 debt service is based on FY 2011 bond sales.

FY 2011 bond issuance available is based on expected FY 2012 debt service as a percentage of FY 2010 General Funds and Road Fund appropriations. ***According to the Comptroller as of June 30, 2010, FY 2010 General Funds and Road Fund appropriations (excluding transfers out) equal $33.866 billion.*** *This puts the 7% cap at a maximum $2.371 billion in debt service for FY 2012. According to the Governor's Office of Management and Budget, G.O. debt service for 2012 (including the 2003 Pension Obligation Bonds) will be approximately $1.921 billion at 5.67%. This would leave room for approximately $450 million in additional debt service in FY 2012.* ***The State is currently at 5.58%.***

A future negative factor to this equation will be the increasing debt service to pay off the 2003 Pension Obligation Bonds. Debt service to date has been $500-$550 million, but as the State begins to pay on the principal of the bonds, debt service will increase and reach over $1 billion annually for the last five years of payment. *[See the Pension Obligation Bonds and Notes Debt Service schedule on page 40]*

The $3.466 billion of G.O. Pension Obligation Notes sold in January 2010 and the $3.7 billion Pension Obligation Bonds sold in March 2011 are excluded from the 7% debt cap.

Cost of issuance limitations.
Both the G.O. and Build Illinois bond acts allow for up to 0.5% cost of issuance, including underwriter's fees and discounts. Bond insurance is excluded, and State office operating expenses or employee salaries are not allowed. Public Act 96-0828 allows for the State to sell Build America Bonds (BABs) under the General Obligation and Build Illinois Acts, and Qualified School Construction Bonds (QSCB) under the General Obligation Bond Act. The cost of issuance allowed under these Acts is increased to 1.0% of the bond sale for these two types of bonds.

Limitations on costs of issuance have been followed by the Office of Management and Budget.

Competitive/Negotiated Sales
A minimum of 25% of bond sales must be sold competitively.

Percentage of Competitive Sales			
(in millions)	Competitive GO & BI	Total GO & BI	% Competitive
FY 2005	$360	$1,075	33.5%
FY 2006	$365	$1,415	25.8%
FY 2007	$150	$587	25.6%
FY 2008*	$175	$175	100.0%
FY 2009*	$150	$150	100.0%
FY 2010	$1,157	$3,232	35.8%
FY 2011 ytd	$300	$900	33.3%

Excludes: Pension Bonds & Refunding bonds FY 2009-2011
* - only one issuance which was sold competitively

- *Public Act 96-0018 excludes G.O. and Build Illinois Refunding Bonds sold in FY 2009, FY 2010 and FY 2011 from the Competitive sale provision.*
- *Public Acts 96-0043 and 96-1497 exclude the 2010 and 2011 Pension Obligation bonds from the Competitive sale provision.*

Payment and Maturity
- Equal principal or mandatory redemption amounts.
- First maturity occurring within the fiscal year in which the bonds are offered or within the next succeeding fiscal year, and maturing or subject to mandatory redemption each fiscal year thereafter.
- Maximum 25 year maturities.

The payment and maturity requirements, when applicable, have been followed by the Office of Management and Budget.

NO Capitalized Interest.

No interest on new project bonds has been capitalized since this requirement went into affect.

No Certificates of Participation

The Office of Management and Budget is not allowed to issue Certificates of Participation unless otherwise authorized by law.

No Certificates of Participation have been issued by the Office of Management and Budget since this Act went into affect.

Refunding bonds

- Net present value of debt service savings must be 3% or more of the principal amount of the refunding bonds to be issued.
- All bonds in an issue that include refunding bonds must mature no later than the final maturity date of the bonds being refunded.
- Refunding principal maturing and redemption amounts due shall be greater than or equal to that of the bonds they are refunding.

Public Act 96-0018 excludes G.O. and Build Illinois Refunding Bonds sold form FY 2009-FY 2010 from these first two refunding provisions, but requires that they must mature or be subject to mandatory redemption each fiscal year thereafter up to 16 years (was 25 years).

Transparency.

The Office of Management and Budget:

- Must not contract with anyone who pays a contingent fee to a third party for promoting their selection.
- Must wait 2 calendar years before contracting with a party who made a false certification of contingent fees.
- Must make detailed cost of issuance summaries available to the public and submit copies of all contracts for costs of issuance to the Commission on Government Forecasting and Accountability.

"Truth in borrowing" disclosures

Truth in borrowing disclosures are required for every bond issuance and must include:

- Principal and interest payments to be paid on the bonds over the full stated term.
- Total principal and interest to be made each fiscal year on all other outstanding bonds issued over the full stated terms of those bonds.

Debt Responsibility Measures						
FY 2009	**Costs Of Issuance Limit .5% [BABs 1%]**	**Capitalized Interest**	**Within Maximum Maturity**	**Negotiated v. Competitive**	**Level principal**	**Annual maturity/ mandatory redemption**
G.O. April 2009 $150 million	0.39%	no	√	Competitive	√	√
FY 2010						
G.O. September 2009 $400 million	0.45%	no	√	Competitive	√	√
Build IL December 2009 Series A $155 million	0.47%	no	√	Competitive	√	√
Build IL December 2009 Series B $375 million	0.40%	no	√	Negotiated	√	√
GO Pension Obligation Notes January 2010 $3.466 billion	0.42%	no	√	Negotiated	√	√
GO Build America Bonds (February) 2010-1 $1.0 billion	0.58%	no	√	Negotiated	√	√
GO Refunding March 2010 $1.5 billion	0.44%	yes excluded	√	Negotiated	excluded	√
GO Medicaid April 2010 $246 million	0.17%	no	√	Competitive	n/a	n/a
GO Build America Bonds (April) 2010-2 $356 million	0.71%	no	√	Competitive	√	√
GO Build America Bonds (April) 2010-3 $700 million	0.59%	no	√	Negotiated	√	√
Build IL Refunding June 2010 $455 million	0.48%	no	√	Negotiated	excluded	√
FY 2011						
GO Build America Bonds (June) 2010-4 $300 million	1.00%	no	√	Competitive	√	√
GO Build America Bonds (June) 2010-5 $900 million	0.60%	no	√	Negotiated	√	√
GO Pension Obligation Bonds March 2011 $3.7 billion	0.44%	no	√	Negotiated	excluded	√

DEBT MANAGEMENT

- Summary of State-Supported Bond Debt
- Bond Authorization
- Bond Sales
- Outstanding Debt
- Debt Service
- Recent Illinois Ratings History
- Debt Comparisons: Illinois v. Other States

Summary of State Supported Bond Debt

State Supported bond debt can be divided into three categories: general obligation debt backed by the full faith and credit of the State, State-issued revenue debt supported by dedicated tax revenues or lease payments, and locally-issued revenue debt supported by the pledge of State taxes or lease payments. Bonds are sold to provide funds either for projects or to refund previously issued bonds.

The State issues General Obligation bonds for its continuing capital program that began in FY 1971. Bond proceeds are distributed under categories for capital facilities, anti-pollution, coal and energy development, school construction, and transportation projects—roads and bridges, mass transit, rail and aviation.

Bonds secured by dedicated tax revenues are issued by the State for the Build Illinois program and for civic centers. The Build Illinois program uses bond proceeds for infrastructure and transportation, educational purposes, environmental protection and economic development. Civic Center bond proceeds were used to pay for construction of civic center related projects or for debt service on construction projects and improvements from bonds issued by local civic center authorities. There have been no new project Civic Center bonds issued since FY 1992.

Certificates of participation (COPs) have been authorized and issued by the State and its agencies to finance the lease/purchase of equipment and the lease/purchase of facilities. Beginning in FY 2005, P.A. 93-0839 eliminated the issuance of COPs unless they were authorized by law. This report does not include State-issued COPs.

Locally-issued revenue bonds supported by State revenue include those issued by the Metropolitan Pier and Exposition Authority (McCormick Place and Navy Pier), the Illinois Sports Facilities Authority (U.S. Cellular Field and Soldier Field), and the Regional Transportation Authority (Strategic Capital Improvement Bonds for its Service Boards: the Chicago Transportation Authority, Metra and Pace).

The following section looks at various debt-related statistics in an attempt to explain what has occurred in this area and what direction the State's bonding programs may take in the future.

Bond Authorization

General Obligation Bonds

General Obligation bonds are seen as the most secure type of bond issuance by any government because they carry the pledge that the government will pay the bondholders from any and all revenues. States often issue debt when funds are not available to pay for projects and in time of budget crises.

Today, the G.O. pledge is used in new areas to make the sale of certain types of bonds more attractive in the current market. Illinois is no different, having legislated G.O. authorization for Tobacco "Securitization" bonds and Pension Obligation Bonds. With these changes in the General Obligation arena, authorization has become more complicated. Below are authorization levels including legislative changes made over the past years to the General Obligation Bond Act:

TABLE 5 GENERAL OBLIGATION AUTHORIZATION LEVELS

(in billions)	New Projects	Tobacco* Securitization	Pension Systems	Medicaid† Enhancement	Subtotal	Refunding	Total
May 2000	$14.198	N/a	N/a	N/a	**$14.198**	$2.84	**$17.037**
June 2001	$15.265	N/a	N/a	N/a	**$15.265**	$2.84	**$18.104**
June 2002	$16.908	$0.750	N/a	N/a	**$17.658**	$2.84	**$20.497**
April 2003	$16.908	$0.750	$10.000	N/a	**$27.658**	$2.84	**$30.497**
January 2004	$16.927	N/a	$10.000	N/a	**$26.927**	$2.84	**$29.766**
January 2009	$16.962	N/a	$10.000	N/a	**$26.962**	$2.84	**$29.801**
April 2009	$19.962	N/a	$10.000	N/a	**$29.962**	$2.84	**$32.801**
July 2009	$22.771	N/a	$13.466	N/a	**$36.237**	$4.84	**$41.076**
March 2010	$22.771	N/a	$13.466	$0.250	**$36.487**	$4.84	**$41.326**
January 2011	$22.771	N/a	$17.562	$0.250	**$40.583**	$4.84	**$45.422**
March 2011	$26.933	N/a	$17.562	$0.250	**$44.745**	$4.84	**$49.584**

† The Medicaid Enhancement Funding is allowed only in FY 2010 and must be repaid within one year.
* Tobacco Securitization Authorization was allowed only for FY 2003. It was not used and has now expired.

- General Obligation bond authorization for projects was increased in Public Act 96-1554 (effective March 18, 2011) by $4.162 billion:

Capital Facilities	$932 million
Transportation B: mass transit	$1.150 billion
airports	$111 million
Transportation D local roads/bridges	$1.234 billion
School Construction	$646 million
Anti-Pollution	$74 million
Coal and Energy Development	$15 million

- Public Act 96-1497 (effective January 14, 2011) raised General Obligation bond authorization by $4.096 billion for eight-year Pension Obligation Bonds. Proceeds will be used to comprise the GRF portion of the State's contribution to the five pension systems in FY 2011. The State sold $3.7 billion in Pension Obligations Bonds in March of 2011.

- The Governor's Office of Management and Budget is requesting authorization for G.O. Restructuring bonds in the amount of $8.75 billion with maximum maturities of 15 years. This debt would be excluded from the 7% debt cap and must be sold by July 1, 2012. Cost of issuance is allowed to be up to 1.0%, and these bonds are exempt from the mandatory level principal payments. Debt service payments are not subject to appropriation, and under the G.O. Bond Act, there is an irrevocable and continuing appropriation of all amount necessary for the payment of the bonds. Proceeds from these bonds sales would go to:
  - (i) paying, from time to time, vouchers that are at least 60 days past due;
  - (ii) paying medical expenses and other obligations incurred by the State under its health plans and programs;
  - (iii) paying corporate income tax refunds; and
  - (iv) paying other unfunded liabilities of the State as incurred from time to time.

  The Treasurer and Comptroller shall transfer $129 million into the GO Restructuring Bond Debt Service Fund monthly until enough is available to pay the debt service for the fiscal year.

Current General Obligation bond authorization for capital projects is $26.933 billion, with approximately $8.136 billion remaining unissued as of March 21, 2011. As the table on the following page shows, although authorization was increased, it was not enough to cover all appropriations through FY 2011. Future increases in authorization will be required to pay for all FY 2011 and requested FY 2012 appropriations.

State-Issued Revenue Bonds

TABLE 6 RECENT BUILD IL AUTHORIZATION INCREASES (in millions)

Year	Public Act	Increase
1999	91-0039	$754.0
2000	91-0709	$61.0
2001	92-0009	$688.7
2002	92-0598	$264.8
2009	96-0036	$810.0
2011	96-1554	$1,088.0

Build Illinois authorization was increased by $1.088 billion by Public Act 96-1554. Total Build Illinois bond authorization equals $5.704 billion with $1.79 billion remaining unissued as of March 21, 2011. There is no refunding limit placed on Build Illinois bonds.

The Build Illinois program began in 1985 as a $1.3 billion economic development initiative composed of $948 million in bonds and $380 million in current funding. Since that time, the bond program has been expanded and authorization increased several times.

Authorization for Civic Center bonds is limited to $200 million of new project bonds outstanding at one time. Refunding authorization is unlimited. Since October 1991, no applications have been approved and no new funding has been issued. Civic Center Authorization available, as of February 28, 2011, is $154 million.

TABLE 7	STATUS OF G.O. AND STATE-ISSUED REVENUE BONDS as of March 21, 2011			
(in billions)	Authorization	Un-Issued	Appropriated†	Available after appropriations
Capital Facilities	$8.900	$1.937	$10.138	-$1.238
School Construction	$4.216	$0.830	$4.700	-$0.484
Anti-Pollution	$0.659	$0.162	$0.661	-$0.002
Transportation A	$5.432	$0.447	$5.395	$0.037
Transportation B	$4.763	$2.609	$5.847	-$1.084
Transportation D	$2.249	$1.564	$3.554	-$1.305
Coal & Energy Development	$0.713	$0.587	$0.237	$0.476
SUBTOTAL	**$26.932**	**$8.136**	**$30.532**	**-$3.600**
Pension bonds	$17.562	$0.396	$17.562	$0.000
Medicaid Funding Series	$0.250	$0.004	$0.250	$0.000
TOTAL	**$44.744**	**$8.536**	**$48.344**	**-$3.600**
	Limit	**Un-Issued**	**Outstanding**	**Available**
G.O. Refunding°	$4.839	$1.928	$2.911	$1.928
	Authorization	**Un-Issued**	**Appropriated†**	**Available after appropriations**
Build Illinois	$5.704	$1.790	$6.525	-$0.821
	Limit	**Un-Issued**	**Outstanding**	**Available**
Build IL Refunding	Unlimited	Unlimited	$0.907	Unlimited
	Authorization	**Un-Issued**	**Outstanding**	**Available**
Civic Center	$0.200	$0.154	$0.046	0.154
	Limit	**Un-Issued**	**Outstanding**	**Available**
Civic Center Refunding	Unlimited	Unlimited	$0.036	Unlimited

Source: Illinois Office of the Comptroller, "Recap of General and Special Obligation Bonded Indebtedness and Update of Comparisons of General and Special Obligation Bond Activity"

†Includes cumulative expenditures for prior years up through FY 2011 appropriations and reappropriations.

°Refunding is limited only by how much is outstanding at one time. As principal amounts are paid off, those amounts become available for future refundings.

Excludes Bond issue premiums.

Bond authorization increases do not cover the entire capital plan. Funding is also an issue. The law increasing fees to pay for these capital projects is in the courts. The law was declared unconstitutional by a lower court and is now on appeals at the Illinois Supreme Court. If the law is struck down, then all of the capital appropriations related to the law could be void. The Legislature would have to try to pass the separate portions of the program and its funding again.

Locally-Issued Revenue Bonds

MPEA: In August 2001, the Legislature increased authorization for the Metropolitan Pier and Exposition Authority by $800 million for another expansion of McCormick Place. These bonds were issued July 2, 2002. In May of 2010, Public Act 96-0898 increased the Authority's authorization by $450 million to expand their Hyatt Regency-McCormick Place Hotel from 800 rooms to 1400, and include a ballroom, meeting space, parking facility and for other improvements to help McCormick Place remain competitive. The Act also allowed the MPEA to restructure and refund their debt and extend the refunding maturities to 2050 (now 2042), past the maturities of the bonds they would be refunding. The MPEA sold $201 million in bonds in October 2010 leaving approximately $250 million in available authorization.

RTA: The RTA has bonds supported by state funding called Strategic Capital Improvement Project (SCIP) bonds. The RTA was given authorization of $1.3 billion for the SCIP II bond program, as a part of the Illinois First program, with approximately $260 million of authorization remaining. Due to $117.0 million in premiums received from previous SCIP II bond sales, the Administration had discussed the possibility of lowering the remaining amount allowed to be issued to $143 million. After negotiations occurred between the Administration and the RTA for the FY 2007 budget, PA 94-0839 was passed which allowed the RTA to spend the proceeds of SCIP bonds issued, rather than just the authorization level, to take advantage of the premiums received on SCIP bonds in earlier fiscal years due to the strong bond market. The Authority sold $250 million of bonds in FY 2007, leaving approximately $9.65 million in authorization. The RTA will not be requesting an increase in authorization at this time.

ISFA: In FY 2001, the General Assembly increased bonding authorization for the Illinois Sports Facilities Authority (ISFA) Act by $399 million to finance renovations for the Chicago Bears Stadium at Soldier Field and related lakefront improvements. The bonds were issued in October of 2001. According to the ISFA, they have approximately $103.5 million of unissued authorization.

Bond Sales

The following table provides information on General Obligation and State-issued bond sales that have occurred for FY 2010 and year-to-date for FY 2011.

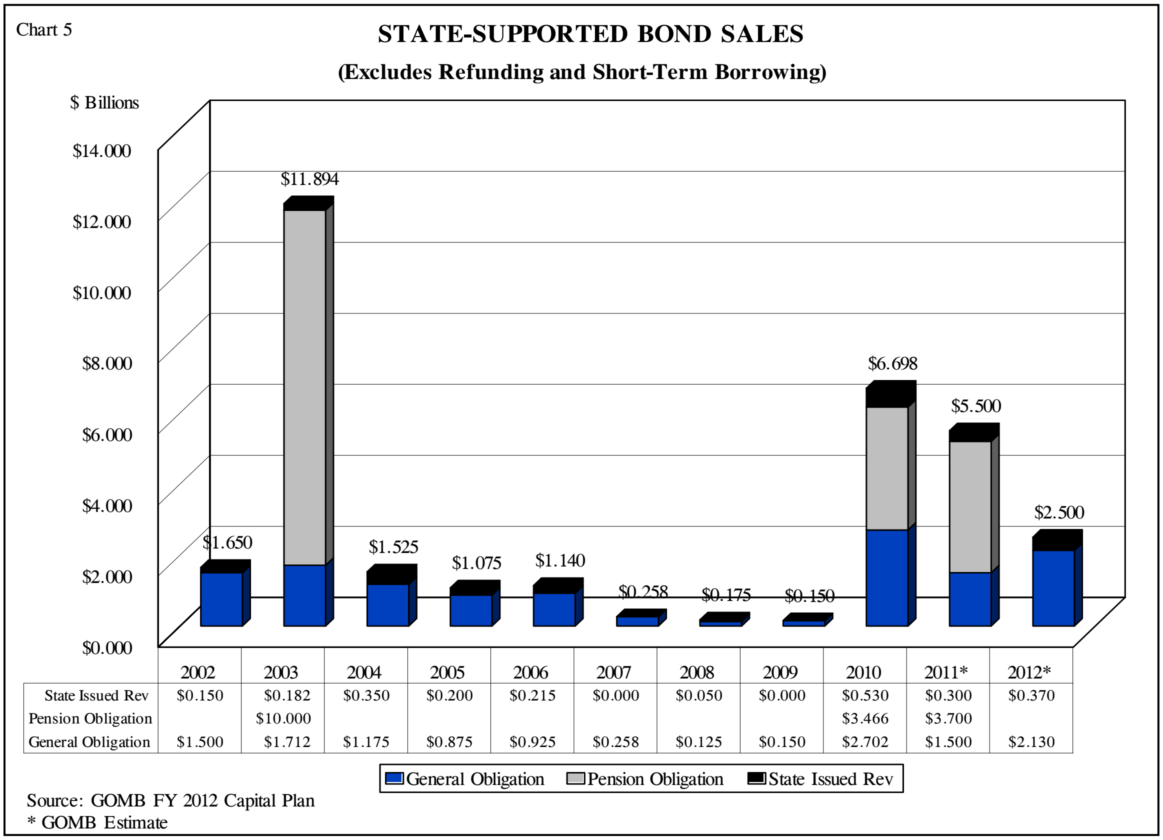
TABLE 8	BOND SALES ($ In Millions)			
FY 2010				
Type of Bond	**Issuance**	**Amount**	**Competitive or Negotiated**	**Purpose**
G.O. Certificates	August 2009	$1,250	Competitive	Short-Term Borrowing
General Obligation	September 2009	$400	Competitive	Project Funding
Build Illinois	December 2009	$155	Competitive	Project Funding
Build Illinois	December 2009	$375	Negotiated	Project Funding
G.O. Pension Notes	January 2010	$3,466	Competitive	Pension Funding
General Obligation	February 2010	$1,000	Negotiated	Project Funding
General Obligation	March 2010	$1,501	Negotiated	Refunding
General Obligation	April 2010	$246	Competitive	Medicaid Funding
General Obligation	April 2010	$356	Competitive	Project Funding
General Obligation	April 2010	$700	Negotiated	Project Funding
Build Illinois	June 2010	$455	Negotiated	Refunding
	Total	**$9,904**		
FY 2011 Year-To-Date				
Type of Bond	**Issuance**	**Amount**	**Competitive or Negotiated**	**Purpose**
General Obligation	July 2010	$300	Competitive	Project Funding
General Obligation	July 2010	$900	Negotiated	Project Funding
G.O. Certificates	July 2010	$1,300	Competitive	Short-Term Borrowing
G.O. Pension Bonds	March 2011	$3,700	Negotiated	Pension Funding
	Total	**$6,200**		

FY 2010 shows the State selling $2.456 billion in G.O. project bonds and $530 million in Build Illinois project bonds. Another $1.25 billion was sold for Short-term borrowing, $246 million in Medicaid funding, and $3.466 billion for Pension funding. Refunding bonds included $1.5 billion in General Obligation bonds and $455 in Build Illinois bonds.

The State has sold $1.2 billion in G.O bonds for capital projects and $3.7 billion in Pension Bonds since the beginning of FY 2011. Short-term borrowing, in the amount of $1.3 billion has also been sold. The Governor's Office of Management and Budget hopes to sell another $300 million of G.O. bonds and $300 million of Build Illinois bonds by the end of the fiscal year for capital projects.

Estimated bond sales for FY 2012 are $2.13 billion for G.O. bonds and $370 million for Build Illinois bonds.

Chart 5, below, shows the level of general obligation bond and State-issued revenue bond sales from FY 2002 through estimated FY 2012. In FY 2003 $10 billion in Pension Obligations bonds were sold, while General Obligation project bonds were at a high of $1.712 billion. While G.O. sales increased up through FY 2003, they began to decline after that record year due to no new authorization and the lack of any bond funded capital appropriations since FY 2004. Build Illinois issuances reached $350 million in FY 2004, and remained above the $200 million mark through FY 2006.



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012*
State Issued Rev	$0.150	$0.182	$0.350	$0.200	$0.215	$0.000	$0.050	$0.000	$0.530	$0.300	$0.370
Pension Obligation		$10.000							$3.466	$3.700	
General Obligation	$1.500	$1.712	$1.175	$0.875	$0.925	$0.258	$0.125	$0.150	$2.702	$1.500	$2.130

In FY 2007, General Obligation bond sales declined to $258 million and the FY 2008 issuance of $125 million of G.O. bonds was the lowest since FY 1990. FY 2009 remained low with a single $150 million issuance. There were no Build Illinois bond sales in FY 2007 and FY 2009, and the $50 million issuance in FY 2008 was the lowest dollar amount issuance since FY 1998.

For FY 2010, the $31 billion Illinois Jobs Now capital plan was approved and authorization for both G.O. and Build Illinois bonds was increased in 2010 and 2011 allowing for the issuance of new project bonds. Legislation also passed for two Pension Obligation Bond sales in 2010 in the amount of $3.466 billion and in FY 2011 for $3.7 billion.

Locally-Issued Revenue Bonds

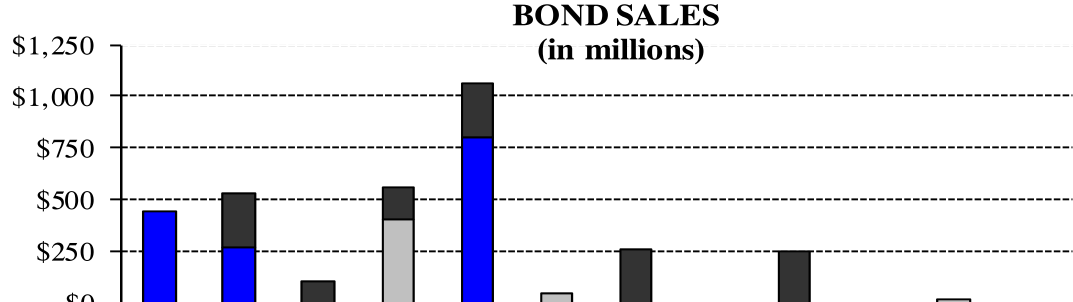
Metropolitan Pier and Exposition Authority: In 2001 the State increased the MPEA's bonding authorization by $800 million. Expansion bonds were sold July 2, 2002 in the amount of $802 million. Other issuances in FY 2003 and FY 2004 were refundings of $285.7 million and $42.5 million respectively. The MPEA sold $201 million in new project bonds and $918 million in restructuring bonds in October of 2010, as part of their FY 2011 bond sales.

Regional Transportation Authority: The RTA sold $260 million in Strategic Capital Improvement Project (SCIP) bonds in FY 2005 and $250 million in FY 2007. The FY 2007 SCIP bond sale depleted the $1.3 billion in authorization granted under the Illinois FIRST program.

Illinois Sports Facilities Authority: The November 2000 General Assembly passed an increase in authorization of $399 million for the Illinois Sports Facilities Authority. In October of 2001 the ISFA sold the $399 million in new bonds for the renovation of Soldier Field and related lakefront property. The Authority issued project bonds in FY 2004 in the amount of $42.5 million for U.S. Cellular Field renovations. In December 2009, the Authority issued $10 million in bonds to finance the redevelopment of the 35th Street infrastructure. The project consisted of the demolition of ramps replaced by elevators and escalators for public access.

CHART 6

LOCALLY-ISSUED REVENUE NEW CAPITAL BOND SALES (in millions)



	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
RTA	$0	$260	$100	$160	$260	$0	$260	$0	$250	$0	$0	$0
ISFA	$0	$0	$0	$399	$0	$43	$0	$0	$0	$0	$10	$0
MPEA	$444	$268	$0	$0	$802	$0	$0	$0	$0	$0	$0	$0

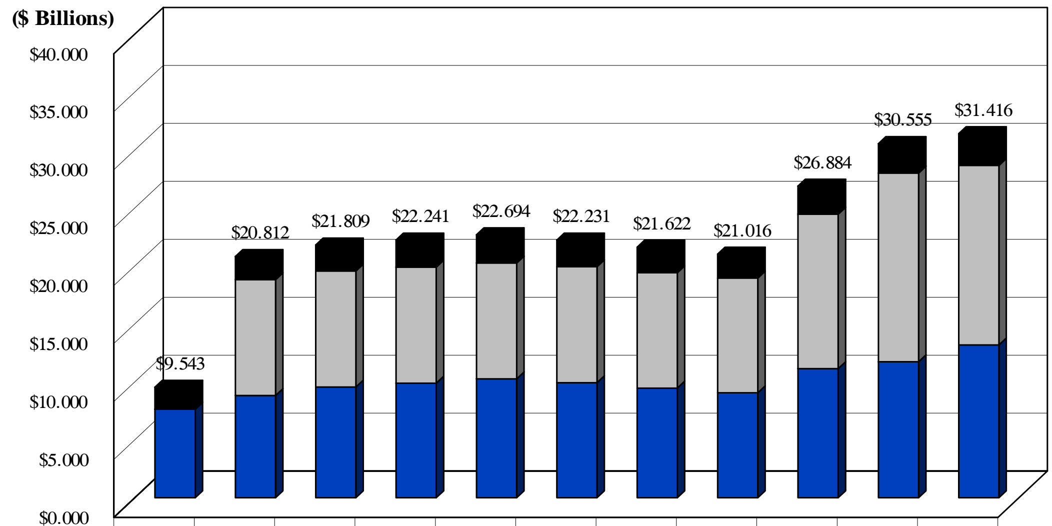
MPEA ISFA RTA

The ISFA and RTA do not expect to issue any bonds in FY 2011.

Outstanding Debt

Chart 7

STATE-SUPPORTED PRINCIPAL OUTSTANDING



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012*
State-Issued Revenue	$1.913	$1.999	$2.253	$2.348	$2.443	$2.305	$2.209	$2.064	$2.428	$2.553	$2.750
Pension		$10.000	$10.000	$10.000	$10.000	$10.000	$9.950	$9.900	$13.316	$16.273	$15.480
General Obligation	$7.630	$8.813	$9.556	$9.893	$10.251	$9.926	$9.463	$9.052	$11.140	$11.729	$13.186

General Obligation / Pension / State-Issued Revenue

Note: FY 2010 includes the $246 million in Medicaid Funding.
Source: GOMB FY 2012 Capital Plan
* GOMB Estimate

State-Issued Principal Outstanding

In FY 2006 principal outstanding for all State Supported debt was at a high of $22.694 billion. From FY 2007 to FY 2009, principal outstanding decreased by $1.678 billion, to $21.016 billion. This decline was due to lack of bond issuance and the payment of debt service. Bonds sold over the FY 2007-FY 2009 period equaled $583 million, while bonds sold over the previous three-year period, FY 2004-FY 2006, equaled $3.7 billion. Any bond issuances over those few years were made to pay for appropriated projects from previous years. The State made its required debt service payments on General Obligation and State-Issued Revenue bonds, which paid down approximately $2.255 billion of principal from FY 2007 to FY 2009.

Principal Outstanding increased in FY 2010 and again in FY 2011 due to bond sales for the Pension funding and the Jobs Now capital program. Principal Outstanding will decrease by $1.4 billion - $1.8 billion annually from FY 2012 to FY 2019 as the FY 2010 and FY 2011 Pension Notes and Bonds get paid off.

Locally Issued Revenue Bonds

- Principal outstanding for locally-issued revenue bonds saw growth in FY 2000 due to a McCormick Place expansion bond sale of $444 million, and a $260 million sale by the RTA--the first of a series of "Strategic Capital Improvement Project II" bond sales authorized through Illinois First.

- In FY 2001, principal outstanding increased due to another McCormick Place expansion bond sale of $268 million and an RTA SCIP sale of $100 million.

- FY 2002 saw the sale of $399 million of Soldier Field renovation bonds through the Illinois Sports Facilities Authority and another $160 million of RTA SCIPs.

- The large increase in FY 2003 comes from an $802 million MPEA expansion project bond sale and an RTA SCIP sale of $260 million.

- In FY 2004 the ISFA sold approximately $43 million in new project bonds.

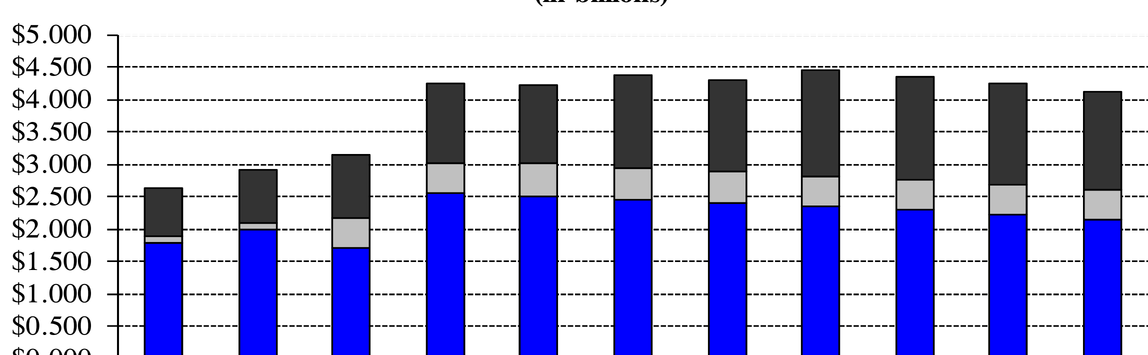
- Increases in FY 2005 and FY 2007 are attributed to the sale of RTA SCIP bonds $260 million and $250 million, respectively.

- With only a $10 million bond sale in FY 2009 by the Illinois Sports Facility Authority, principal outstanding combined for the three Authorities decreased each year over the past two fiscal years by approximately 2.4%, to $4.237 billion in FY 2009.

- There were no bond sales in FY 2010, causing principal outstanding for locally-issued revenue bonds to decrease.

CHART 8

LOCALLY-ISSUED REVENUE BONDS
PRINCIPAL OUTSTANDING
(in billions)



	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
RTA	$0.733	$0.823	$0.973	$1.218	$1.199	$1.438	$1.409	$1.628	$1.595	$1.557	$1.517
ISFA	$0.104	$0.088	$0.479	$0.471	$0.504	$0.495	$0.485	$0.474	$0.464	$0.460	$0.445
MPEA	$1.782	$1.996	$1.695	$2.545	$2.503	$2.450	$2.409	$2.337	$2.283	$2.220	$2.145

MPEA ISFA RTA

Debt Service

The following section looks at the required debt service levels for the various types of State Supported debt. Debt service can be broken out by how much is paid towards principal each year, and how much is paid in interest. The following sections will show a ten year history for General Obligation, Build Illinois and Civic Center bonds broken out by principal and interest. The General Obligation section also shows Pension Obligation bond debt service, and also breaks out G.O. debt service by funds that pay for it.

General Obligation

G.O. debt service is paid from the General Obligation Bond Retirement and Interest Fund (GOBRI), which receives transfers from the Road Fund for Transportation A/highways and bridges, the School Infrastructure Fund, and the General Revenue Fund. Beginning in FY 2010, for the new capital program, the Capital Projects Fund will also be transferring funds to GOBRI, and when the Capital Projects Fund does not have the funding for debt service for Transportation D projects, then the Road Fund may transfer additional funds for debt service.

The increases in G.O. debt service for the new multi-year capital plan will be paid for by increases in Road Fund transfers and transfers from the newly created Capital Projects Fund.

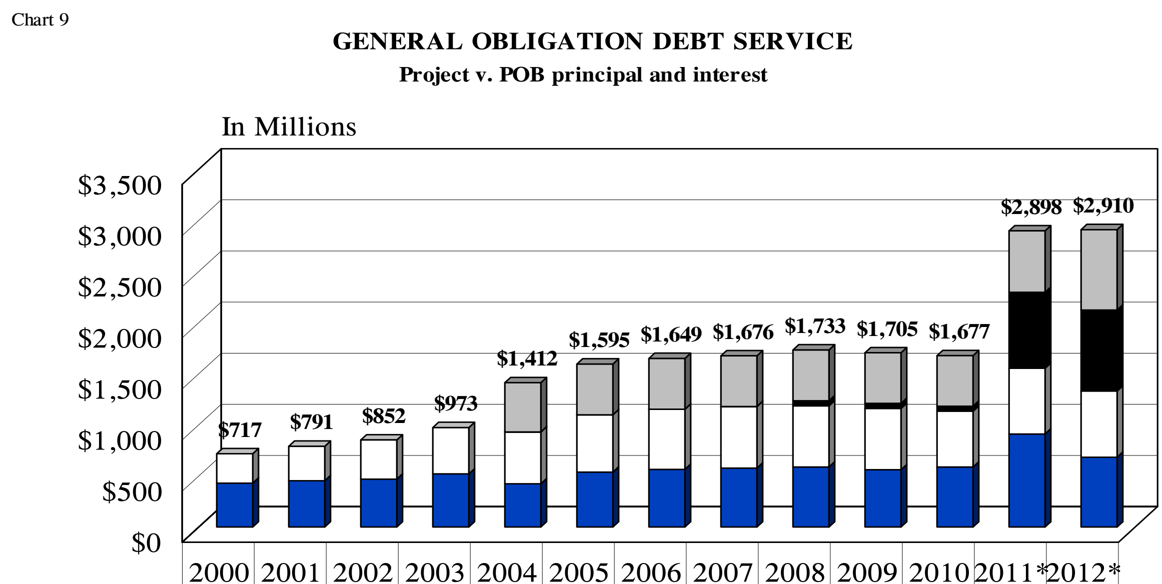
TABLE 9	GENERAL OBLIGATION DEBT SERVICE BY FUND					
($ Millions)	FY 2010 Amount	FY 2010 % of Total	FY 2011 Amount*	FY 2011 % of Total	FY 2012 Amount*	FY 2012 % of Total
Road Fund	$257	22.7%	$331	21.3%	$360	27.1%
School Infrastructure Fund	$228.7	20.2%	$211	13.6%	$199	14.9%
Capital Projects Fund	n/a	n/a	$107	6.9%	$156	11.7%
General Revenue Fund	$648.0	57.2%	$904	58.2%	$616	46.3%
SUBTOTAL	**$1,134**	**100.0%**	**$1,554**	**100.0%**	**$1,331**	**100.0%**
GRF/SERS for 2003 POBs	$544	100.0%	$542	40.3%	$590	37.4%
GRF for 2010 PONs			$803	59.7%	$794	50.3%
GRF for 2011 PONs					$195	12.3%
SUBTOTAL	**$544**	**100.0%**	**$1,344**	**100.0%**	**$1,579**	**100.0%**
GRAND TOTAL	**$1,677**		**$2,898**		**$2,910**	

* GOMB estimated amounts based on the presented FY 2012 Budget

Table 10, on the following page, shows the break out of debt service for all three Pension Obligation Bond sales.

TABLE 10	COMBINED DEBT SERVICE OF 2003, 2010 and 2011 PENSION OBLIGATION BONDS AND NOTES											
	FY2003 $10 BILLION PENSION OB BONDS			FY 2010 $3.466 BILLION PENSION OB NOTES			FY 2011 $3.7 BILLION PENSION OB BONDS			COMBINED TOTALS		
Fiscal Year	2003 Principal	2003 Interest	2003 POB Total	2010 Principal	2010 Interest	2010 PON Total	2011 Principal	2011 Interest	2011 POB Total	Total Principal	Total Interest	Grand Total
FY 2004	$0	$481,038,333	**$481,038,333**							**$0**	**$481,038,333**	**$481,038,333**
FY 2005	0	496,200,000	**$496,200,000**							**$0**	**$496,200,000**	**$496,200,000**
FY 2006	0	496,200,000	**$496,200,000**							**$0**	**$496,200,000**	**$496,200,000**
FY 2007	0	496,200,000	**$496,200,000**							**$0**	**$496,200,000**	**$496,200,000**
FY 2008	50,000,000	496,200,000	**$546,200,000**							**$50,000,000**	**$496,200,000**	**$546,200,000**
FY 2009	50,000,000	494,950,000	**$544,950,000**							**$50,000,000**	**$494,950,000**	**$544,950,000**
FY 2010	50,000,000	493,550,000	**$543,550,000**							**$50,000,000**	**$493,550,000**	**$543,550,000**
FY 2011	50,000,000	491,900,000	**$541,900,000**	$693,200,000	$109,277,049	**$802,477,049**				**$743,200,000**	**$601,177,049**	**$1,344,377,049**
FY 2012	100,000,000	490,125,000	**$590,125,000**	$693,200,000	$101,061,628	**$794,261,628**		$194,500,800	**$194,500,800**	**$793,200,000**	**$785,687,428**	**$1,578,887,428**
FY 2013	100,000,000	486,375,000	**$586,375,000**	$693,200,000	$81,887,716	**$775,087,716**		$199,488,000	**$199,488,000**	**$793,200,000**	**$767,750,716**	**$1,560,950,716**
FY 2014	100,000,000	482,525,000	**$582,525,000**	$693,200,000	$58,866,544	**$752,066,544**	$100,000,000	$199,488,000	**$299,488,000**	**$893,200,000**	**$740,879,544**	**$1,634,079,544**
FY 2015	100,000,000	478,575,000	**$578,575,000**	$693,200,000	$30,646,372	**$723,846,372**	$300,000,000	$195,462,000	**$495,462,000**	**$1,093,200,000**	**$704,683,372**	**$1,797,883,372**
FY 2016	100,000,000	474,525,000	**$574,525,000**				$600,000,000	$181,929,000	**$781,929,000**	**$700,000,000**	**$656,454,000**	**$1,356,454,000**
FY 2017	125,000,000	470,175,000	**$595,175,000**				$900,000,000	$152,163,000	**$1,052,163,000**	**$1,025,000,000**	**$622,338,000**	**$1,647,338,000**
FY 2018	150,000,000	464,737,500	**$614,737,500**				$900,000,000	$103,878,000	**$1,003,878,000**	**$1,050,000,000**	**$568,615,500**	**$1,618,615,500**
FY 2019	175,000,000	458,212,500	**$633,212,500**				$900,000,000	$52,893,000	**$952,893,000**	**$1,075,000,000**	**$511,105,500**	**$1,586,105,500**
FY 2020	225,000,000	449,550,000	**$674,550,000**							**$225,000,000**	**$449,550,000**	**$674,550,000**
FY 2021	275,000,000	438,412,500	**$713,412,500**							**$275,000,000**	**$438,412,500**	**$713,412,500**
FY 2022	325,000,000	424,800,000	**$749,800,000**							**$325,000,000**	**$424,800,000**	**$749,800,000**
FY 2023	375,000,000	408,712,500	**$783,712,500**							**$375,000,000**	**$408,712,500**	**$783,712,500**
FY 2024	450,000,000	390,150,000	**$840,150,000**							**$450,000,000**	**$390,150,000**	**$840,150,000**
FY 2025	525,000,000	367,200,000	**$892,200,000**							**$525,000,000**	**$367,200,000**	**$892,200,000**
FY 2026	575,000,000	340,425,000	**$915,425,000**							**$575,000,000**	**$340,425,000**	**$915,425,000**
FY 2027	625,000,000	311,100,000	**$936,100,000**							**$625,000,000**	**$311,100,000**	**$936,100,000**
FY 2028	700,000,000	279,225,000	**$979,225,000**							**$700,000,000**	**$279,225,000**	**$979,225,000**
FY 2029	775,000,000	243,525,000	**$1,018,525,000**							**$775,000,000**	**$243,525,000**	**$1,018,525,000**
FY 2030	875,000,000	204,000,000	**$1,079,000,000**							**$875,000,000**	**$204,000,000**	**$1,079,000,000**
FY 2031	975,000,000	159,375,000	**$1,134,375,000**							**$975,000,000**	**$159,375,000**	**$1,134,375,000**
FY 2032	1,050,000,000	109,650,000	**$1,159,650,000**							**$1,050,000,000**	**$109,650,000**	**$1,159,650,000**
FY 2033	1,100,000,000	56,100,000	**$1,156,100,000**							**$1,100,000,000**	**$56,100,000**	**$1,156,100,000**
TOTAL	**$10,000,000,000**	**$11,933,713,333**	**$21,933,713,333**	**$3,466,000,000**	**$381,739,309**	**$3,847,739,309**	**$3,700,000,000**	**$1,279,801,800**	**$4,979,801,800**	**$17,166,000,000**	**$13,595,254,442**	**$30,761,254,442**

Chart 9 shows General Obligation debt service payments broken out by project versus Pension Obligation Bond principal and interest.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012*
POB Interest					$481	$496	$496	$496	$496	$495	$494	$601	$786
POB Principal					$0	$0	$0	$0	$50	$50	$50	$743	$793
Project Interest	$287	$337	$383	$453	$508	$561	$588	$602	$599	$599	$546	$642	$646
Project Principal	$431	$454	$469	$520	$424	$538	$565	$578	$588	$561	$588	$911	$685

Project Principal Project Interest POB Principal POB Interest

Source: GOMB FY 2012 Capital Plan
* GOMB Estimate

The State will pay $2.898 billion in General Obligation debt service in FY 2011. Of that amount $665 million was for principal on project bonds and $636 million was for interest. The G.O. Medicaid Funding bonds will be paid off in FY 2011, with $246 million for principal and $6 million for interest. The remaining $1.344 billion will pay for the 2003 and 2010 Pension Obligation bonds consisting of $743 million in principal and $601 million in interest.

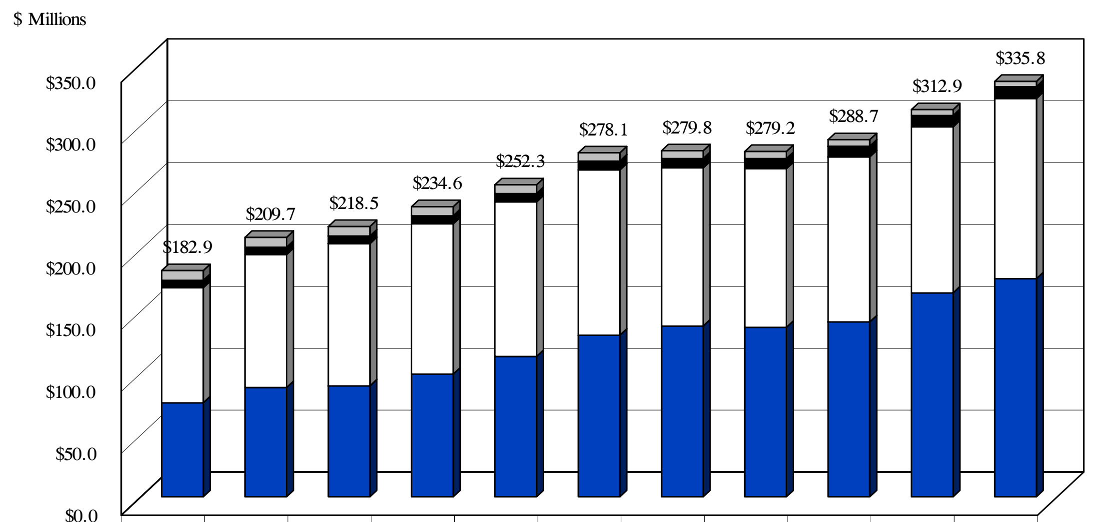
General Obligation debt service to be paid in FY 2012 will be $2.910 billion. Only interest will be paid on the 2011 Pension bonds in FY 2012. Principal of $793 million and interest of $786 million will be paid on the POBs. G.O. principal for projects will be $685 million and interest will be $646 million.

State-Issued Revenue Bonds

State-issued revenue bonds currently outstanding include Build Illinois and Civic Center bonds. Total debt service costs for the remaining bonds outstanding in this category are shown in Chart 10. Debt service from 2007 through 2009 remained steady at under $280 million annually. In FY 2010 and FY 2011, debt service will increase due to the Build Illinois bonds to be sold for projects appropriated in the FY 2010 capital plan.

Chart 10

STATE-ISSUED REVENUE DEBT SERVICE
Principal and Interest



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012*
CC Interest	$7.9	$8.0	$7.7	$7.4	$7.1	$6.7	$6.2	$5.8	$5.3	$4.8	$4.2
CC Principal	$5.9	$5.9	$6.2	$6.5	$6.8	$7.2	$7.6	$8.1	$8.6	$9.1	$9.6
BI Interest	$93.1	$107.5	$115.0	$121.5	$125.0	$133.5	$127.8	$128.2	$133.4	$134.3	$145.7
BI Principal	$76.0	$88.4	$89.7	$99.2	$113.4	$130.7	$138.1	$137.1	$141.4	$164.8	$176.3

BI Principal BI Interest CC Principal CC Interest

Source: Governor's Office of Management and Budget

Build Illinois. These bonds comprise the majority of debt service costs for the State-issued revenue bonds. The slight decline in debt service is due to lower issuance of Build Illinois bonds since FY 2007. No Build Illinois bonds were sold in FY 2007 and FY 2009, and only $50 million were sold in FY 2008. Debt service has increased due to bond sales of $530 million in FY 2010. Bond sales are estimated to be $300 million in FY 2011 and $370 million in FY 2012. Approximately $33 million of FY 2011 debt service will be paid from the Capital Projects Fund and $62 million in FY 2012.

Civic Center. The State refunded $48.6 million of Series 1990A and $0.7 million of Series 1990B Civic Center bonds in FY 2001 to lower debt service costs through the year 2016. Because these bonds were issued using a level debt service repayment structure, annual debt service costs will remain at approximately $13.9 million annually through FY 2016, and then increase to $14.4 million through FY 2020.

Locally-Issued Revenue Bonds

The MPEA's Dedicated State Tax Revenue bonds get transfers from the Build IL Fund for annual debt service. The McCormick Place Expansion Bonds are paid for from Chicago-related taxes, but there is a back up pledge of State sales tax in the case they are needed. The MPEA has borrowed from, but paid back, the back-up fund from FY 2004 to FY 2008. In FY 2009, the MPEA borrowed from the State back-up pledged but was unable to pay back $18.8 million of the amount. As part of the changes in Public Act 96-0898, the State's back-up pledge of sales taxes is extended to 2060, and prolongs the Chicago-related taxes being imposed by the Authority for another 8 years within the MPEA area, with an increase on taxi rides of $2. The State will also contribute $25.8 million over the next four years from GRF to the MPEA for bond repayments. Reimbursement of State payments will be deferred until FY 2015, with half of each year's surplus going that year and in future years to reimburse the State until the $55 million in backup sales tax payments are repaid. Any further draws on the State's backup are to be immediately reimbursed out of the next available surplus.

The State pays debt service on RTA Strategic Capital Improvement Project bonds. There are two issues with the timing of debt service payment on the bonds. First, it now takes the State's Executive Branch six months from the beginning of the fiscal year to approve the grant for the annual payment. Additionally, once the SCIP requisition is submitted, it is not paid for six months due to the State's fiscal condition. In the meantime, the RTA must dip into its reserves to pay the amount and basically wait for the "reimbursement" from the State. Unpaid SCIP requisitions from State FY 2010 combined with accruals from the first half of State FY 2011 could reach $127 million.

The Illinois Sports Facilities Authority has reported that they have no issues covering their expected $28.7 million debt service payment for FY 2011.

TABLE 11	LOCALLY-ISSUED REVENUE BOND DEBT SERVICE HISTORY											
		FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	est. FY 2011
MPEA Dedicated Bonds	PRINCIPAL	$13,785,000	$14,645,000	$16,061,317	$15,059,374	$17,595,000	$18,715,000	$19,920,000	$21,170,000	$22,515,000	$24,015,000	$0
	INTEREST	$17,807,075	$16,985,138	$15,530,000	$16,545,000	$13,994,211	$12,861,241	$11,687,366	$10,433,248	$9,055,190	$7,585,090	$965,619
	TOTAL	**$31,592,075**	**$31,630,138**	**$31,591,317**	**$31,604,374**	**$31,589,211**	**$31,576,241**	**$31,607,366**	**$31,603,248**	**$31,570,190**	**$31,600,090**	**$965,619**
MPEA Expansion Bonds	PRINCIPAL	$13,965,000	$18,670,000	$23,885,000	$28,710,000	$35,110,000	$23,695,000	$51,525,000	$37,205,000	$44,825,000	$55,340,000	$22,160,000
	INTEREST	$66,031,185	$65,324,862	$65,100,938	$64,277,983	$60,132,941	$78,296,113	$56,458,162	$88,785,264	$87,171,260	$83,652,267	$58,060,608
	TOTAL	**$79,996,185**	**$83,994,862**	**$88,985,938**	**$92,987,983**	**$95,242,941**	**$101,991,113**	**$107,983,162**	**$125,990,264**	**$131,996,260**	**$138,992,267**	**$80,220,608**
ISFA	PRINCIPAL	$7,825,000	$8,140,000	$8,465,000	$8,805,000	$9,245,000	$10,070,000	$10,620,000	$11,341,388	$12,906,033	$14,760,316	$3,096,432
	INTEREST	$4,526,050	$10,552,481	$13,279,200	$14,633,478	$14,909,189	$14,446,939	$13,952,746	$13,473,743	$13,542,783	$13,744,035	$25,578,906
	TOTAL	**$12,351,050**	**$18,692,481**	**$21,744,200**	**$23,438,478**	**$24,154,189**	**$24,516,939**	**$24,572,746**	**$24,815,131**	**$26,448,816**	**$28,504,351**	**$28,675,338**
RTA SCIP I	PRINCIPAL	$9,775,000	$9,900,000	$10,460,000	$11,175,000	$12,005,000	$12,735,000	$13,625,000	$14,575,000	$15,620,000	$16,650,000	$17,700,000
	INTEREST	$29,228,000	$28,672,000	$28,116,000	$27,414,000	$26,662,000	$25,816,000	$24,950,000	$24,026,000	$23,023,000	$21,943,000	$20,908,000
	TOTAL	**$39,003,000**	**$38,572,000**	**$38,576,000**	**$38,589,000**	**$38,667,000**	**$38,551,000**	**$38,575,000**	**$38,601,000**	**$38,643,000**	**$38,593,000**	**$38,608,000**
RTA SCIP II	PRINCIPAL	$0	$0	$5,030,000	$7,530,000	$9,450,000	$16,280,000	$17,050,000	$18,995,000	$22,285,000	$23,525,000	$24,760,000
	INTEREST	$9,231,000	$20,931,000	$29,387,000	$41,870,000	$55,271,000	$58,836,000	$61,080,000	$69,361,000	$68,293,000	$67,105,000	$65,854,000
	TOTAL	**$9,231,000**	**$20,931,000**	**$34,417,000**	**$49,400,000**	**$64,721,000**	**$75,116,000**	**$78,130,000**	**$88,356,000**	**$90,578,000**	**$90,630,000**	**$90,614,000**
TOTAL	PRINCIPAL	$45,350,000	$51,355,000	$63,901,317	$71,279,374	$83,405,000	$81,495,000	$112,740,000	$103,286,388	$118,151,033	$134,290,316	$67,716,432
	INTEREST	$126,823,310	$142,465,481	$151,413,138	$164,740,461	$170,969,341	$190,256,293	$168,128,274	$206,079,255	$201,085,233	$194,029,392	$171,367,133
	GRAND TTL	$172,173,310	$193,820,481	$215,314,455	$236,019,835	$254,374,341	$271,751,293	$280,868,274	$309,365,643	$319,236,266	$328,319,708	$239,083,565

Recent Illinois Ratings History

Ratings:

TABLE 12	ILLINOIS GENERAL OBLIGATION BOND RATINGS									
RATING AGENCIES	July 1997	June 1998	June 2000	May 2003	Dec 2008	Mar-July 2009	Dec 2009	Mar-Apr 2010	June 2010	MAXIMUM RATING
Fitch Ratings	AA	AA	AA+	AA	AA-	A	A	A-/A+*	A	AAA
Standard & Poor's	AA	AA	AA	AA	AA	AA-	A+	A+	A+	AAA
Moody's	Aa3	Aa2	Aa2	Aa3	Aa3	A1	A2	A2/Aa3*	A1	Aaa/Aa1

*Fitch and Moody's recalibrated their Municipal Bond ratings to be on a scale with their global ratings, thereby moving Illinois up to A+ and Aa3, respectively. These are NOT considered upgrades.

FITCH	**December 2008**	**↓ 1x**	**AA-**
	July 2009	**↓ 2x**	**A**
	March 2010	**↓ 1x**	**A-**
	March 2010	**recalibration**	**A+**
	June 2010	**↓ 1x**	**A**

In January 2011, Fitch took Illinois off of the negative watch list and affirmed its rating at "A" stable:

> The Outlook revision to Stable from Negative reflects the steps the state has taken to address its budget imbalance through a sizeable increase in both corporate and personal income taxes. Following several years during which the state was unwilling to take action to restructure its budget to achieve balance and increased reliance on borrowing to close budget gaps, the tax increase and enacted spending limits close a significant portion of the structural gap in the state's budget through fiscal 2014. Because the tax increases are temporary, the state will need to find a more permanent solution to the mismatch between spending and revenues. Further…the state is expected to continue to rely on one-time revenues, including the expected use of debt financing for operations, in fiscal 2012. The state must still take action to address its accounts payable backlog, which totaled $6.4 billion at the end of fiscal year 2010, equal to 23% of general fund resources. Proposed borrowing to finance the backlog has not yet been authorized by the Illinois legislature. While the borrowing would add to the state's growing debt load, the ability of the state to bring its payment obligations more current in a timely manner will be limited without the borrowing. The state's debt burden is above average and rising and additional borrowing is expected under the $31 billion capital plan. Significant borrowing is expected to retire the unfunded liabilities accumulated through the past two to three years of operating deficits.

S&P	**March 2009**	**↓ 1x**	**AA-**
	December 2009	**↓ 1x**	**A+**

Standard & Poor's has taken Illinois off of its Credit Watch list for a possible downgrade, but still affirms Illinois has a negative outlook.

The CreditWatch removal reflects our view of the state's recently enacted legislation that provides for structural budget solutions, which we believe will likely allow the state to begin to address its sizable accumulated budget deficit and could provide a foundation for structural budget balance in the future as well as improved liquidity…We also assigned a negative outlook to the GO ratings. The negative outlook reflect our view of ongoing weakness in the state's pension funds and the possibility that the state might issue a significant amount of additional debt as part of its effort to address the large accumulated budget deficit. If the pension funding levels continue to deteriorate and debt levels increase significantly, which would pressure the state's near-term financial performance, we could lower the ratings. If pension funding levels stabilize and revenues meet the state's current projections, thereby stabilizing liquidity, we could revise the outlook to stable.

MOODY'S	**April 2009**	**↓ 1x**	**A1**
	December 2009	**↓ 1x**	**A2**
	April 2010	**recalibration**	**Aa3**
	June 2010	**↓ 1x**	**A1**

Moody's affirmed Illinois' A1 rating with a negative outlook.

Recent fiscal actions constitute a major step toward beginning to address Illinois' chronic budget imbalances. They alleviate immediate downward rating pressure and will have a positive effect on state operating fund liquidity, while also resolving current-year pension funding questions. The outlook nevertheless remains negative, signaling that significant challenges persist. Plans to address an accounts payable backlog are not yet approved and entail execution risk, given reliance on borrowing. Any financings to create a long-term amortization schedule for the state's payables would crystallize the increase in debt levels, although the operating budget impact would be limited by dedication of incremental tax revenue through maturity. Debt burden growth, also reflecting about $7.5 billion of pension notes needed for the current and prior fiscal year contributions, will constrain financial flexibility in coming years. Resolution of the accounts-payable issue, action on a proposed cigarette tax increase and legislative adoption of the budget for fiscal 2012 will be important considerations for the rating and outlook in coming months.

Build Illinois Bonds Downgrade

MOODY'S	April 2009	↓ 1x	A1
	December 2009	↓ 1x	A2

TABLE 13 BUILD ILLINOIS BOND RATINGS

Rating Agencies	Apr/July 2009	Oct 2009	Dec 2009	Mar-Apr 2010*	June 2010
Fitch, Inc.	**AA**	**AA**	**AA**	**AA+**	**AA+**
Standard & Poor's	**AAA**	**AAA**	**AAA**	**AAA**	**AAA**
Moody's	**Aa3**	**A1**	**A2**	**Aa3**	**A1**

*Fitch and Moody's Recalibarion.

History: On **May 13, 2003**, Moody's lowered the State of Illinois' general obligation rating from Aa2 to Aa3, after the sale of $1.5 billion in G.O. Certificates, the short-term borrowing plan to pay off overdue bills. On May 23, 2003, Fitch lowered Illinois' rating from AA+ to AA. Both agencies explained that in addition to the short-term borrowing plan, a combination of factors led to this change in status, including the increase by $10 billion of principal outstanding for the state's unfunded pension liability. Other factors involved were the second annual decline in State tax collections, an increase in the GAAP deficit recorded in the General Fund, budget uncertainty, and the increase of the State's debt ratios due to the issuance of the Pension Obligation Bonds. [Downgrades affect what is called State tax-supported debt. This includes General Obligation, Build Illinois, Civic Center, and McCormick Place Expansion Project bonds.]

In **August of 2005**, Standard & Poor's removed Illinois from their negative watch list and affirmed their AA rating as stable. In **April 2006**, Fitch reaffirmed its AA rating, but put the State on their negative watch list due to concerns over Illinois' unfunded pension liability.

For the G.O. bond sales in **June of 2006**, Moody's reaffirmed its Aa3 rating and stable outlook "based on broad governmental powers to raise revenues and lower spending, as well as a diversified economy returning to growth in line with national trends...Balanced against these strengths are credit challenges such as narrow reserve and liquidity levels, the use of non-recurring measures to address structural budget gaps, a sizeable accumulated pension fund deficit, and a growing debt burden".

In **April 2008**, Standard & Poor's reaffirmed its stable outlook on the AA rated bonds adding strengths of--ongoing budgetary adjustments, increased combined funds and budget stabilization fund cash reserves, reductions in accounts payable including lapse period spending, approved pension reform, and the ability through legislative action to access substantial amounts of cash for operations that are on deposit in other funds. S&P sees the challenges to the State as being the High GAAP general funds deficit, the large unfunded actuarial accrued liability for its five pensions, and a fairly high debt burden.

In an **April 2008** review of Illinois G.O. debt for the State's April $125 million issuance, Fitch reaffirmed its AA rating with a continued negative outlook. "The Negative Rating Outlook reflects continued financial challenges, including a current year revenue shortfall and balancing an upcoming budget pressured by the weakened national economic environment and continued significant growth in funding requirements to address the pension systems' large unfunded liabilities...Fitch will revisit the outlook and rating following decisions made in the 2009 budget and will assess the extent to which solutions address fiscal balance.

The State sold $1.4 billion in General Obligation Certificates in **December 2008**. Fitch Ratings downgraded Illinois' G.O. bonds from an AA to an AA- with a stable outlook, stating that "the rating downgrade reflects deterioration of the state's fiscal position and a continuing inability to achieve solutions...given the controversy and uncertainty surrounding the Governor's [Blagojevich] situation, as well as the inability last fiscal year, and so far this year, to achieve a consensus on corrective measures, it is unclear at this time how budgetary solutions will move forward and be implemented". [www.fitchratings.com, "Fitch Downgrades Illinois' GO Bonds to 'AA-'; Outlook Stable", December 15, 2008]

As of **April 2009**, Fitch gave Illinois a negative outlook stating that although the "state's political situation has improved…its financial situation has continued to deteriorate as economically sensitive revenues – particularly income and sales taxes – have dramatically declined and a two year budget deficit of $11.6 billion is now projected…The negative watch will be resolved following the sale of the GO notes, the enactment of the budget, and an assessment of the extent to which the final budget addresses the funding imbalances."

In **December 2008**, Standard and Poor's put Illinois' G.O. bonds on its credit ratings watch list for a possible negative downgrade stating, "The CreditWatch placement reflects our opinion of the state's growing budgetary shortfall, now projected at $2.0 billion for the current fiscal year, and our concern that the legal charges now facing the governor and his chief of staff may challenge the state to respond to this fiscal situation on a timely basis." [www.ratingsdirect.com, S&PCORRECTED: "Illinois' GO Rating Placed On CreditWatch Negative", December 11, 2008]. In March 2009, S&P did lower the State's rating to AA-, due to the "State's limited action to date to address what we view as a sizable budget gap for fiscal 2009", which has "weakened liquidity and contributed to substantial payment delays...[T]he State has historically maintained minimal financial reserves that we believe limit flexibility; it also has very high unfunded pension liabilities that will likely create added budget pressure in the next several years". At this time, S&P also put the December 2008 G.O. Certificates, which have an SP-1+ rating, on negative watch due to concerns over the State's liquidity. The April 2010 G.O. short-term borrowing will receive a lower SP-1 rating due to worries over the State's cash flow. [www.ratingsdirect.com].

Moody's gave the State's **December 2008** G.O. Certificates a MIG 2 rating, lower than the MIG 1 ratings given to the G.O. Certificates of April 2008 and September 2007. The lower rating was given due to the State's stressed liquidity, increases in accounts payable, and the State's current fiscal year deficit. Moody's downgraded the State from Aa3 to A1 in April 2009, citing the state's plan to use deficit borrowing across fiscal years, which they say is a clear indication of fiscal stress, along with other strains on the state's finances.

Debt Comparisons: Illinois v. Other States

Table 14 shows Illinois' ranking in comparison with the top ten states for the highest net tax-supported debt per capita as reported in Moody's *State Debt Medians* reports of 2003 through 2010. The 2002 column shows the State's pre-Pension Obligation Bond debt per capita at $1,040 reflecting the 11th highest state in the nation. In 2004 the per capita debt outstanding rose across the nation with the national average at $999; and in 2005 the national average rose to $1,060. After the sale of the 2003 Pension Obligation bonds Illinois moved up to be the 6th highest state in debt per capita, where we stayed from 2003 through 2005.

Illinois dropped down to 7th place from 2006 through 2007, and dropped again to 8th in 2008, while the national average was $1,195. Illinois dropped further down to 11th place in 2009, with net tax-supported debt per capita of $1,856.

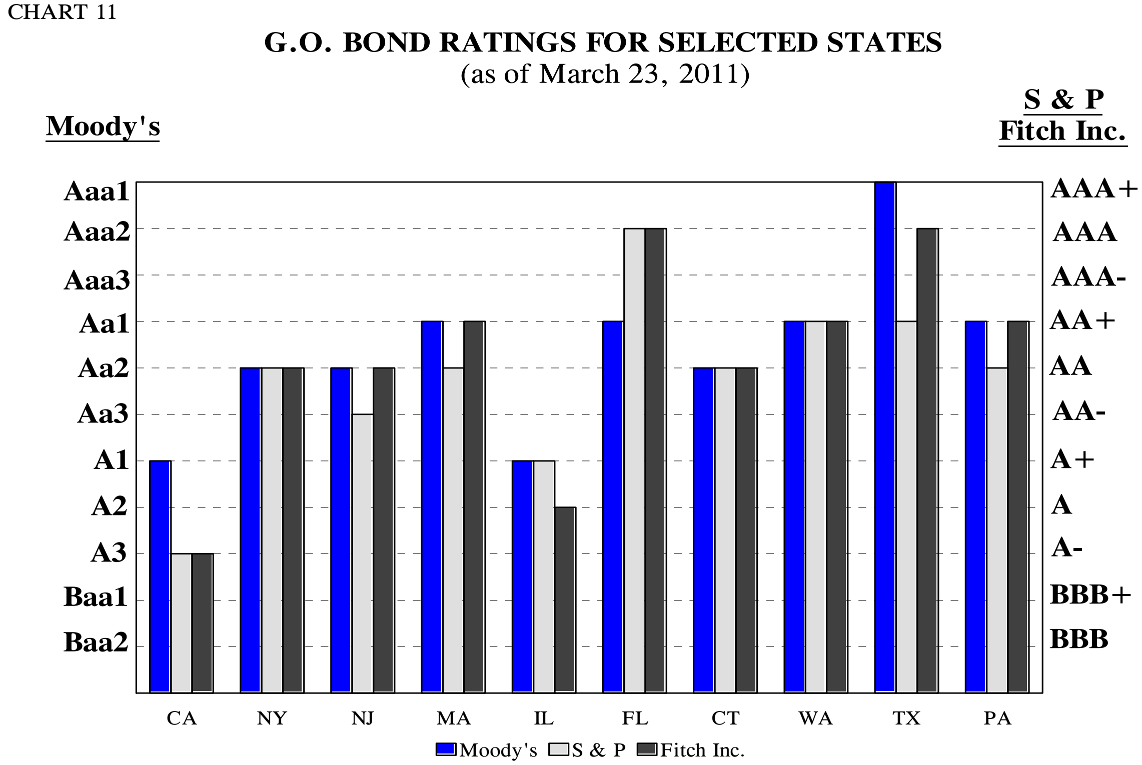
TABLE 14	NET TAX-SUPPORTED DEBT PER CAPITA					
	2002 (pre POB sale)		2005		2009	
RANK	STATE	PER CAPITA DEBT OUTSTANDING	STATE	PER CAPITA DEBT OUTSTANDING	STATE	PER CAPITA DEBT OUTSTANDING
1	Connecticut	$3,440	Massachusetts	$4,128	Connecticut	$4,859
2	Massachusetts	$3,298	Hawaii	$3,905	Massachusetts	$4,606
3	Hawaii	$3,111	Connecticut	$3,624	Hawaii	$3,996
4	New Jersey	$2,110	New Jersey	$3,276	New Jersey	$3,669
5	New York	$2,095	New York	$2,569	New York	$3,135
6	Delaware	$1,599	**Illinois**	**$2,026**	Delaware	$2,489
7	Rhode Island	$1,508	Delaware	$1,845	California	$2,362
8	Washington	$1,507	Washington	$1,684	Washington	$2,226
9	Mississippi	$1,207	California	$1,597	Rhode Island	$2,127
10	Kentucky	$1,095	Wisconsin	$1,437	Oregan	$1,859
11	**Illinois**	**$1,040**			**Illinois**	**$1,856**
RANGE	$3,440 to $38 (Nebraska)		$4,128 to $27 (Nebraska)		$4,490 to $17 (Nebraska)	
SOURCE: Moody's State Debt Medians reports from 2003 through 2010.						
This table uses a measure created and calculated by Moody's rating agency.						

Table 15 lists the ten states that have the highest net tax supported debt in the U.S. In 2002 (pre-Pension Obligation Bonds), Illinois was ranked 6th highest in net tax supported debt with $13.1 billion, an estimated 5% of the nation's $261 billion total. In 2004 (not shown here), the national total was $340 billion, and Illinois was ranked 3rd with $25.7 billion in net tax-supported debt, making up approximately 7.5% of the nation's total. In 2005, Illinois' debt increased by approximately $200 million but still dropped to the 5th highest state with 7.2% of the nation's $360 billion total. In 2006 and 2007, Illinois hovered around the level of 6.5% of the nation's debt, placing it as the 5th highest state in the nation. In 2008 and 2009, the State was still 5th in the nation, but had lowered its debt to the $24 billion level. In 2009, Illinois held 5.2% of the nation's $460 billion in debt.

TABLE 15	10 HIGHEST STATES IN NET TAX-SUPPORTED DEBT								
	2002 National Total = $261			2005 National Total = $360			2009 National Total = $460.0		
	2002 (pre POB sale)			2005			2009		
RANK	STATE	DEBT	% OF NATION	STATE	DEBT	% OF NATION	STATE	DEBT	% OF NATION
1	New York	$40.1	15.4%	California	$57.7	16.0%	California	$87.3	19.0%
2	California	$28.4	10.9%	New York	$49.5	13.7%	New York	$61.3	13.3%
3	Massachusetts	$21.2	8.1%	New Jersey	$28.6	7.9%	New Jersey	$32.0	7.0%
4	New Jersey	$18.1	6.9%	Massachusetts	$26.4	7.3%	Massachusetts	$30.4	6.6%
5	Florida	$16.5	6.3%	**Illinois**	**$25.9**	**7.2%**	**Illinois**	**$24.0**	**5.2%**
6	**Illinois**	**$13.1**	**5.0%**	Florida	$17.4	4.8%	Florida	$20.8	4.5%
7	Connecticut	$11.9	4.6%	Connecticut	$12.7	3.5%	Connecticut	$17.1	3.7%
8	Washington	$9.1	3.5%	Washington	$10.6	2.9%	Washington	$14.8	3.2%
9	Ohio	$8.6	3.3%	Ohio	$10.5	2.9%	Texas	$12.9	2.8%
10	Pennsylvania	$8.5	3.3%	Pennsylvania	$9.5	2.6%	Pennsylvania	$11.8	2.6%
RANGE	$40 billion to $61 million			$58 billion to $48 million			$87 billion to $27 million		
SOURCE: Moody's State Debt Medians reports from 2003 through 2009.									
This table uses a measure created and calculated by Moody's rating agency.									

The current ratings for the above states are shown in the chart below.

CHART 11



Note: After Fitch and Moody's recalibrations.

2008 was a year where the Auction Rate Securities market fell, large investment banks claimed bankruptcy, and municipal bond insurers with failing portfolios were downgraded. Municipal issuers were suddenly on the wrong side of variable rate interest deals, and had to work to refinance to fixed rates and make deals to rid themselves of auction rate securities. State and local governments themselves had been hit hard due to years of lower revenues and the economic recession. Many states sold few or no bonds in 2008, lowering their total debt burden.

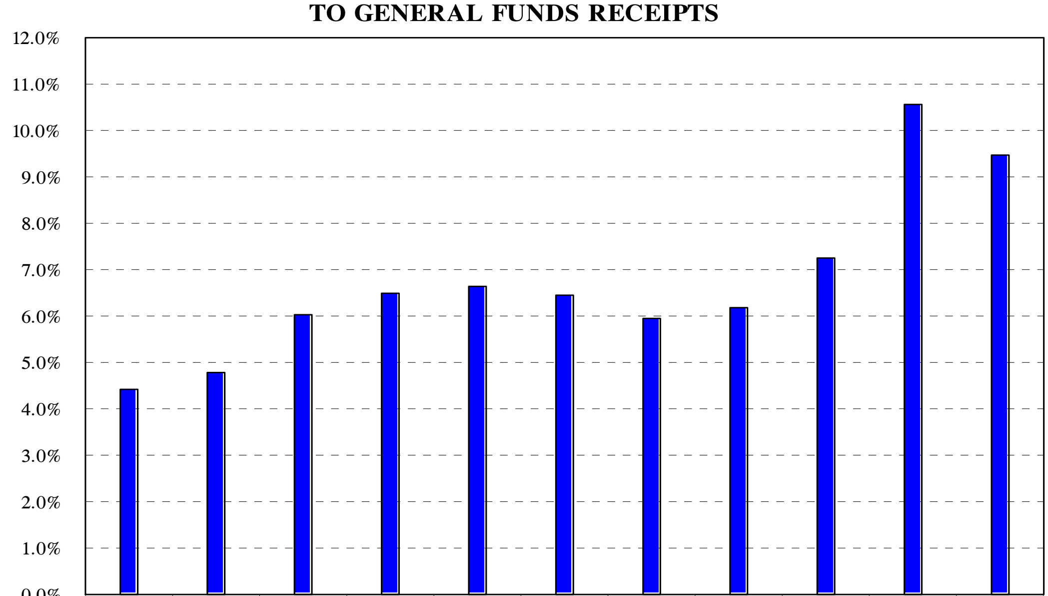
In 2009, bond sales rose due to pent up demand, low interest rates and the stabilization of the bond markets. The federal American Recovery and Reinvestment Act gave a boost to the bond market by authorizing several bond programs to help municipalities, including Build America Bonds, which allow the issuer to sell taxable bonds and receive a federal debt service subsidy. Moody's report states that net tax-supported debt for states increased 10.3% from 2008 to 2009.

> "Even states that have historically limited debt issuance embarked on substantial capital programs...State debt issuance in 2010 is expected to increase, however the rate of growth is not expected to mirror the growth experienced in 2009...[S]tates will continue to use long-term debt to finance capital needs as the ability to cash fund projects amid weak revenue growth and following dramatic budget reductions is no longer an option and states will continue to view long-term financing as a way to improve economic activity."

Chart 12 shows a history of general obligation and State-issued revenue debt service as a percentage of general funds receipts.

CHART 12

G.O. AND STATE-ISSUED REVENUE BOND DEBT SERVICE TO GENERAL FUNDS RECEIPTS



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012*
percentage	4.4%	4.8%	6.0%	6.5%	6.6%	6.5%	6.0%	6.2%	7.3%	10.6%	9.5%

*CGFA Estimate

NON-STATE SUPPORTED BOND DEBT

- Summary of Non-State Supported Bond Debt
- State Universities' Certificates of Participation
- State Universities' Capital Plans
- Moral Obligation Bonds
- Moral Obligation Defaults
- Bonded Indebtedness of Authorities and Universities

Summary of Non-State Supported Bond Debt

Non-State Supported debt can be broken down into two categories based on the degree of State obligation: "no obligation" and "moral obligation". No obligation bonds, secured solely by project revenue, have no direct State obligation. These include "User charge" supported debt, which is paid for by charges to the user of the service or the constructed building, road, etc, and is issued by such authorities as the Illinois Student Assistance Commission (ISAC), the Illinois Housing Development Authority, State universities, and the Illinois State Toll Highway Authority. "Conduit debt" is backed by revenues from the project the bonds are sold for or by the local entity benefiting from the project, and is issued by such authorities as the Illinois Finance Authority.

"Moral obligation debt" is that which the State pledges to back in case the issuing authority has insufficient funds to pay the debt. Bonding authorities issuing moral obligation debt must first receive approval from the Governor before each issue. In the event of default on moral obligation bonds - although the State is not legally obligated - the Governor must notify the General Assembly of any such shortfall and may include the amount in his budget for possible action by the legislature.

State Universities' Certificates of Participation

Under the newly created **State University Certificates of Participation Act** [110 ILCS 73], any State university planning to issue Certificates of Participation (COPs) must appear before the Commission on Government Forecasting & Accountability at a public hearing to present the details of the proposal. Upon adoption by a vote of the majority of appointed members, the Commission shall issue a record of findings within 60 days after the request by the university, within 15 days after the hearing. As part of the Commission's consideration and findings the Commission shall consider the effect the issuance of a certificate of participation shall have on the State University's annual debt service and overall fiscal condition. Within the findings shall be a statement in which the Commission makes a recommendation of either (i) "favorably recommended", (ii) "recommended with concerns", or (iii) "non-support of issuance". Upon a finding of "non-support of issuance", a State university may not proceed with the issuance of the certificate involved in the finding without the approval of the General Assembly through adoption of a joint resolution.

Northeastern Illinois University. Northeastern Illinois University requested approval to issue Certificates of Participation for 11 Energy Conservation Measures (ECMs) projects. The Commission's hearing was conducted on August 4, 2010, with a unanimous vote to recommend the issuance. The $6.06 million in Certificates were issued in September 2010, as part of the Build America program, which allows the issuer to receive 35% of their interest from a subsidy from the federal government. The true interest cost, net of the interest subsidy is 3.652%. The debt service will be paid from savings generated by the energy conservation measures.

Western Illinois University. Western Illinois University requested a hearing to sell Certificates of Participation for follow up projects to the previous year's issuance. Projects include another phase of replacing steam lines throughout the University, plus HVAC, electrical, class and lab upgrades along with building repairs and maintenance. The hearing was conducted on February 9, 2011, with a unanimous vote to recommend the issuance. WIU sold $11.775 million in March 2011 with a true interest cost of 4.88%. The University's Facilities Enhancement and Life Safety Fee pays for the debt service on its 2005, 2010, and 2011 Certificates of Participation.

Illinois State University. Illinois State University requested a hearing to sell $15 million in COPs for Energy Conservation Measures and improvements to academic facilities. The hearing was conducted on February 9, 2011, with a unanimous vote to recommend the issuance. The debt service on the ECMs portion will be paid for by the savings created by the projects, and the improvements to academic facilities will be paid for by general revenue funds. The COPs are tentatively scheduled to be sold April 14, 2011.

Effective June 22, 2009, the Act set limits on each university to a specific amount of debt service outstanding at one time. The table below lists each university's limits, FY 2010 debt service, outstanding principal and recent sales.

TABLE 16	STATE UNIVERSITIES' CERTIFICATES OF PARTICIPATION				
University	Annual Debt Service Limit	FY 2010 Debt Service Level	Principal Outstanding as of June 30, 2010	COP Issuance FY 2010	Estimated COP Issuance FY 2011
Chicago State University	**$5,000,000**	$0	$0	$0	$0
Eastern Illinois University	**$10,000,000**	$4,736,916	$100,805,000	$84,930,000	$0
Governors State University	**$5,000,000**	$1,716,602	$18,685,000	$0	$0
Illinois State University	**$10,000,000**	$1,717,000	$21,322,000	$0	$15,000,000
Northeastern Illinois University	**$5,000,000**	$1,184,631	$13,535,000	$0	$6,060,000
Northern Illinois University	**$20,000,000**	$625,000	$4,165,000	$0	$0
Southern Illinois University	**$20,000,000**	$3,891,140	$22,920,000	$0	$0
University of Illinois	**$100,000,000**	$56,729,405	$536,050,000	$0	$0
Western IL University	**$10,000,000**	$823,884	$21,060,000	$11,585,000	$11,775,000

State Universities' Capital Plans

State universities request funding from the State for instructional building funding only. Those requests go through the Illinois Board of Higher Education which makes a priority list for the Office of Management and Budget to aid in the planning of the State's capital plan. If a state university would like to finance the construction of a non-educational building, they will sell revenue bonds or Certificates of Participation. Annually, each State university must submit their three-year capital plans for approval to the Illinois Board of Higher Education. Below is a summary of the proposed capital plans of the State's universities.

Governors State University has various construction, maintenance, and improvement projects:

- State capital appropriations are to pay for approximately $54.8 million for a teaching/learning complex, multi-purpose building, Engbretson Hall and roadway improvements.
- Bonds and COPs for $3.7 million in remaining upgrades, maintenance and improvements. Part of a multi-year plan spanning FY 2007 - FY 2012 totaling $25.8 million.
- DCEO grant and local funds equaling $353,000 for a wind turbine.
- Performance Contract for the $4.8 million Campus Energy Savings Project.
- NSF Federal Grant of $3.8 million for a science research lab renovation.

Illinois State University has two projects planned:

- In FY 2011, $15 million in COPs will finance Energy Conservation Measures, Hovey Hall renovations and academic facilities improvements.
- In FY 2012, $15 million in bonds and $3 million in gifts to the ISU will finance renovations to Hancock Stadium.

Northeastern Illinois University has one project in the works and three requesting the State's assistance:

1. Performance Energy Contracts - $6.1 million - Certificates of Participation issued in September 2010. The project commenced in Sept 2010 and is expected to be finished in September 2011.
2. Education Building - $73.0 million – General obligation bonds of the State of Illinois
3. Latino Cultural Center - $1.5 million - General obligation bonds of the State of Illinois
4. Capital Renewal deferred maintenance projects – $1.7 million – General obligation bonds of the State of Illinois

Funding for projects 2-4 have not been approved nor appropriated, so there are no dates on when the projects may actually proceed.

Southern Illinois University has requested approval for construction projects at its various locations.

- In Carbondale:
  - $83 million Saluki Way football stadium construction and arena addition was approved and will be paid for with student fees, Carbondale sales tax, user fees, donations and interest income.
  - Student Services Building – $1.8 million, bond financed with debt service paid by student fees.
  - Research Park Site and Roadway – $1.6 million, Federal, IDOT and bond financed.
  - Student Recreation Center addition and upgrades for $23.5 million, debt financed, pending approval.
  - Student Services Building – total $34.5 million, paid for with $24.75 million of 20-year revenue bonds and $9.75 million in fees.
  - Deferred Maintenance of $25 million with 20-year revenue bonds.
  - Transportation Education Center for $27 million funded with State, Federal and private funding.
  - School of Law Legal Clinic, classroom and library addition - $8 million in university funds over three years [FY 2012 – FY 2015].
  - Biotech Research & Education Lab Modernization Facility – $8.8 million from University funding.
  - Agricultural Sciences Undergrad Teaching & Research Greenhouse Facility - $4.5 million from private contributions.
  - Facility Maintenance Projects – COPs totaling $25 million issued over multiple years [FY 2012- FY 2015] and Student Fees funding of $28 million.

- At Edwardsville:
  - Construction of new Science Building, renovation and equipment - $83 million from FY 2011 – FY 2012.
  - Health Science Building Planning - $50,000 with State funding.
  - Engineering Expansion - $13 million with State funding for designing and debt financing for the construction.
  - Art & Design Building planning and construction - $8.3 million with State funding for designing and University funding for construction.
  - Vadalabene Center Expansion - $4.5 million with funding from the State and other University funds.
  - Greek Housing design and beginning construction - $5 million.
  - MDL lab at the Dental School - $4.5 million.

- At School of Medicine:
  - ➢ Simulation Center for Biomedical & Behavioral Research - $9.6 million in FY 2012.
  - ➢ Education & Research Facility – planning and land acquisition, for $121 million over FY 2012 – FY 2015.
  - ➢ LAM Cage Washing Room Exp. - $2.6 million.
  - ➢ Transdisciplinary Research Core Facility - $1.3 million.

The **University of Illinois** at Urbana-Champaign has one project in the planning stages, Goodwin Green Student Apartments for $24 million, which they plan to fund with 20-year bonds. They will request Board approval in FY 2013.

Western Illinois University will close on $11.775 million in COPS in March 2011 to finance Phase II of utility steam line replacements and the renovation, repair, maintenance and improvement of existing facilities. Future plans call for the University to borrow additional funds between 2013 and 2014 to continue the renovation, repair, maintenance and improvements of existing facilities, including:

- Macomb Campus Life Safety and Accessibility Improvements for $20 million,
- Macomb Campus utility/chilled water infrastructure at a cost of $17.3 million,
- Macomb Campus Science Complex planning at $11.1 million, and
- Quad Cities Riverfront Campus Building Complex 3 planning construction for $2.8 million.

Moral Obligation Bonds

Process: When an authority initially decides to issue bonds for an entity, they must first get the authorization from their Board of Directors. At this time they would also get the approval of the board to request the moral obligation pledge from the State. Once approved by their board, the authority would then submit a request to the Office of the Governor for the moral obligation pledge along with all of the data regarding the bonds and the project. The Governor's Office would have the request reviewed by different departments including economic development, legal, and the Office of Management and Budget, who would then make a recommendation to the Governor. The Governor's Office would review all of this information before the Governor makes this decision.

The moral obligation pledge must be allowed by the State before the authority gets their bond rating and goes to market. The moral obligation of the State given as a pledge behind the bonds allows the bond sale to get a higher rating. The authority would request a bond rating from Standard and Poor's, who would usually give bonds with Illinois' moral obligation pledge an A rating. In the event of default on moral obligation bonds, the issuing authority is to send written notice to the Governor. Although the State is not legally obligated, the Governor must notify the General Assembly of any such shortfall and may include the amount in the budget for possible action by the legislature. To date, the State has appropriated funds to Authorities to cover defaulted loans [See Moral Obligation Defaults section on the following pages]. If the State did not pay the moral obligation defaults, then the rating our authorities would receive on the State of Illinois' moral obligation pledge would be lower.

Current Status: The State has several authorities which are allowed to issue moral obligation debt with the approval of the Governor. Only four authorities actually have moral obligation debt outstanding (as of December 31, 2010):

Illinois Housing Development Authority	$ 0.1 million
Southwestern Illinois Development Authority	$ 31.6 million
Illinois Finance Authority/Rural Bond Bank	$ 275.1 million
Upper Illinois River Valley Development Authority	$ 20.5 million
TOTAL	**$327.3 million**

Moral Obligation Defaults

There have been six loan payment defaults on moral obligation bonds issued at two of the authorities--two at the Upper Illinois River Valley Development Authority (UIRVDA) and four at the Southwestern Illinois Development Authority (SWIDA). At UIRVDA there are currently two moral obligation bond issues outstanding, both of which are currently in default:

Gemini Acres, LP – UIRVDA sold $22.7 million in bonds for this company in 2000. The company has tried to avoid its three most recent debt service payments. With UIRVDA threatening legal action, two payments were made four to five months late. The most recent payment, scheduled for August 1, 2010, was not made and UIRVDA is working on referring the matter to the Attorney General's Office.

Waste Recovery Inc., Illinois - These bonds were sold by UIRVDA in 1998. The company stopped making bond payments in 2002 and the facility has been shut down. The Authority has made debt service payments from the Debt Reserve funds, which the State has appropriated over $2 million to keep funded for current and future debt service payments since the time of default. The company had also not paid real estate taxes since 2002 and the taxes were auctioned off to a tax buyer. UIRVDA has bought the tax deed so that they still claim rights to the property and can lease it to another waste disposal company.

Waste Recovery has received loans from both UIRVDA and SWIDA, with the State appropriating approximately $6.1 million, and the Authorities expending $4.4 million of that to cover the debt service payments through FY 2009.

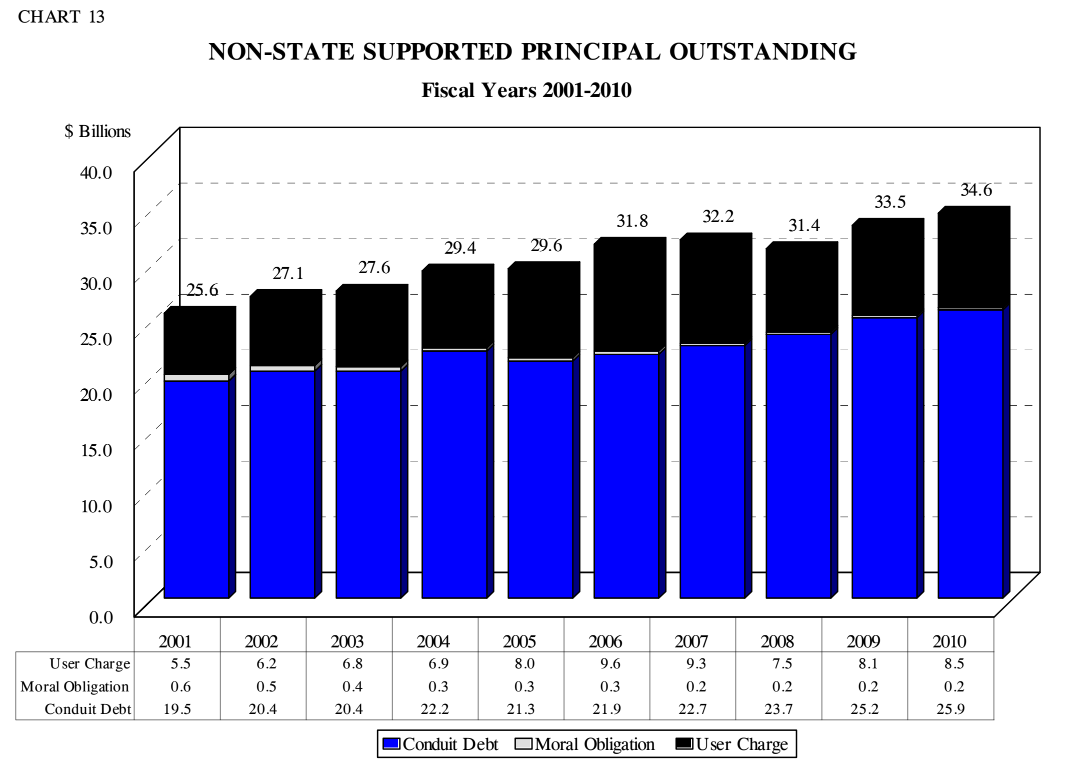
SWIDA has also had moral obligation defaults caused by the Laclede Steel Company. It is estimated that the State has paid close to $5 million from 1999 through 2001 for debt service since Laclede filed for Chapter 11. Laclede has paid the trustee $3.6 million to cover debt service from December 2001 through February 2006 and also turned over to the State 265,732 shares of stock in the reorganized company. The State appropriated $7.2 million from FY 2007 through FY 2011 to cover debt service, of which $6.3 million was expended.

Spectrulite Consortium has also defaulted for the past five years on its loan from SWIDA, and the State has appropriated $4.5 million for their debt service through FY 2008, of which $2.7 million has been expended. In FY 2009, Spectrulite Consortium repaid SWIDA for its defaulted bonds.

FY 2006 was the first year of default for Alton Center Business Park with the State appropriating up to $6.4 million for debt service, of which approximately $4.7 million has been expended.

TABLE 17	STATE FUNDS APPROPRIATED TO COVER MORAL OBLIGATION DEFAULTS														
Authority	Bonds in Default		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	TOTAL
Southwestern Illinois Development Authority	Alton Center Business Park	Approp						$0	$1,950,000	$1,010,000	$1,026,000	$971,300	$782,705	$681,896	**$6,421,901**
		Expended					new	$0	$1,450,000	$820,000	$1,026,000	$645,000	$367,000	$400,000	**$4,708,000**
	Spectrulite Consortium	Approp					$232,700	$1,420,700	$737,725	$737,726	$719,313	$694,600	*repaid in*		**$4,542,764**
		Expended						$1,420,700	$210,000	$451,183	$324,144	$269,484	*April 2009*		**$2,675,511**
	Waste Recovery	Approp		$260,410			$464,700	$644,000	$360,715	$364,225	$415,655	$366,200	$365,860	$369,635	**$3,611,400**
		Expended						$644,000	$344,824	$340,471	$354,404	$363,162	$45,430	$39,818	**$2,132,109**
	Laclede Steel	Approp	$1,594,731	$1,697,594	$1,696,164	$0	$0	$0	$0	$1,391,143	$1,441,643	$1,483,200	$1,420,143	$1,460,443	**$12,185,061**
		Expended							$0	$1,195,607	$1,387,409	$1,469,564	$1,075,821	$1,149,321	**$6,277,722**
Principal Outstanding as of the end of FY 2010 = 17.9 million															
Upper Illinois River Valley Development Authority	Waste Recovery	Approp		$195,491			$353,414	$283,927	$512,123	$280,163	$277,591	$283,884	$290,000	$292,900	**$2,476,593**
		Expended					$289,815	$290,670	$235,935	$285,905	$290,285	$288,780	$289,000	$292,900	**$2,263,290**
	Gemini Acres, LP	Approp												$1,277,100	**$1,277,100**
		Expended													**$0**
Principal Outstanding as of the end of FY 2010 = $1.0 million															
Sources: Southwestern Illinois Development Authority and the Upper Illinois River Valley Development Authority															

Bonded Indebtedness of Authorities and Universities



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
User Charge	5.5	6.2	6.8	6.9	8.0	9.6	9.3	7.5	8.1	8.5
Moral Obligation	0.6	0.5	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Conduit Debt	19.5	20.4	20.4	22.2	21.3	21.9	22.7	23.7	25.2	25.9

Principal Outstanding: Chart 13 shows the level of outstanding principal for non-state supported bonds as reported by the issuing authorities and universities. Principal outstanding rose by $2.1 billion in FY 2009, but only by $1.1 billion in FY 2010. The Illinois Finance Authority sold $2 billion in bonds, while paying off $1.3 billion in principal from its predecessor authorities, netting an increase in principal outstanding of $700 million.

The principal outstanding in the Moral Obligation category has overall remained steady. Increases in User Charge principal outstanding are mainly from the Illinois State Toll Highway Authority's net increase of $279 million for its 10-year program, the Illinois Housing Development Authority's net increase of $154 million and approximately $144 million for the RTA.

Increases in Authorization:

- IFA: Due to the current level of unused authorization and the possible extension of Federal programs, the Illinois Finance Authority is looking to increase their authorization by at least $3 billion. Their current general authorization is $28.15 billion.
- UIRVDA: Legislation has been introduced to increase the Upper Illinois River Valley Development Authority's authorization from $250 million to $500 million and to remove the use of the State's moral obligation pledge.
- QCREDA: In January 2010, the Quad Cities Regional Economic Development Authority's authorization was raised from $100 million to

$250 million, and the ability to use the State's moral obligation pledge was removed.

- WKRDA: Will-Kankakee Regional Development Authority is nearing its $100 million authorization ceiling, and is looking to increase their bonding authority.
- The Legislature approved temporary cash flow borrowing for public universities and community colleges, and increased the maximum allowed working cash notes (short-term borrowing with up to 24 months maturity) of the RTA to $400 million.

Table 18 gives a more detailed breakout of principal outstanding and bond sales by each bonding authority.

TABLE 18 NON-STATE SUPPORTED DEBT BY AUTHORITY			
Authority	Type of Debt	Outstanding Principal FY 2010	Bonds Issued in FY 2010
IL Finance Authority	conduit	$16,737,037,394	$2,188,004,931
IL Development Finance Authority	conduit	$2,587,643,528	$0
IL Education Facilities Authority	conduit	$1,446,134,000	$0
IL Farm Development Authority	conduit	$42,054,595	$0
IL Health Facilities Authority	conduit	$2,907,320,600	$0
IL Rural Bond Bank	conduit	$2,390,000	$0
IL Environmental Facilities	conduit	$688,505,000	$0
Quad Cities Regional Economic Development Authority	conduit	$45,656,697	$0
Regional Transportation Authority (non SCIP)	conduit	$768,675,000	$175,100,000
Southeastern IL Economic Development Authority	conduit	$9,567,904	$0
Southwestern IL Development Authority	conduit	$541,021,000	$18,353,000
Upper IL River Valley Development Authority	conduit	$111,553,000	$3,200,000
Western IL Economic Development Authority	conduit	$20,020,000	$0
Will-Kankakee Regional Development Authority	conduit	$37,145,000	$0
CONDUIT TOTAL		**$25,944,723,718**	**$2,384,657,931**
IL Housing Development Authority	moral	$311,393	$0
IL Rural Bond Bank	moral	$26,385,000	$0
IL Finance Authority	moral	$94,385,000	$4,460,000
IL Development Finance Authority	moral	$4,660,000	$0
Southwestern IL Development Authority	moral	$34,254,000	$0
Upper IL River Valley Development Authority	moral	$20,900,000	$0
MORAL OBLIGATION TOTAL		**$180,895,393**	**$4,460,000**
Chicago State University	usercharge	$18,295,000	$0
Eastern IL University	usercharge	$35,405,000	$0
Governors State University	usercharge	$8,320,000	$0
IL Housing Development Authority	usercharge	$1,707,259,996	$385,746,667
IL State University	usercharge	$103,278,000	$0
IL Student Assistance Commission-IDAPP	usercharge	$1,022,750,000	$88,350,000
IL State Toll Highway Authority	usercharge	$4,074,675,000	$280,000,000
Northeastern IL University	usercharge	$17,685,000	$0
Northern IL University	usercharge	$95,795,000	$0
Southern IL University	usercharge	$292,923,326	$0
University of IL	usercharge	$1,049,155,708	$0
Western IL University	usercharge	$36,360,000	$0
USERCHARGE TOTAL		**$8,461,902,030**	**$754,096,667**
TOTAL OF CONDUIT & USERCHRGE		**$34,406,625,748**	**$3,138,754,598**
TOTAL CONDUIT, USERCHRGE, & MORAL		**$34,587,521,141**	**$3,143,214,598**

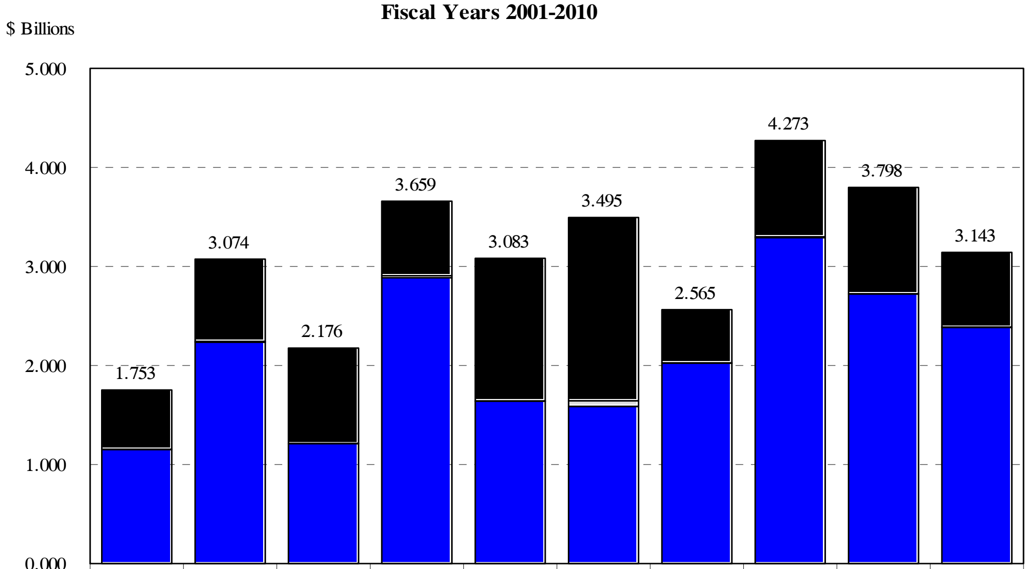
Source: Information received from the Authorities and Universities.

Bond Sales: Bond sales decreased from FY 2008 to FY 2009 by 11% and by 17% from FY 2009 to FY 2010. The big issuers in FY 2010 were the Illinois Finance Authority at $2.2 billion, the Illinois Housing Development Authority by $386 million, and the Tollway with $280 million. Other notable sales were the RTA sold $175 million and ISAC sold $88 million. Many of the universities put off the sale of bonds and even COPs, waiting for funding from the State's new Capital Program.

CHART 14

NON-STATE SUPPORTED BOND ISSUES

Fiscal Years 2001-2010



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
User Charge	0.600	0.831	0.964	0.752	1.441	1.852	0.539	0.973	1.073	0.754
Moral Obligation	0.001	0.009	0.000	0.021	0.002	0.056	0.002	0.009	0.002	0.004
Conduit	1.152	2.234	1.212	2.886	1.640	1.587	2.024	3.291	2.723	2.385

Conduit Moral Obligation User Charge

* Excludes Refunding issues.

Debt Service Issues:

- The debt service on two RTA issues from January 2010 is being funded by a long-term grant from the Illinois Department of Transportation, through calendar year 2035. For FY 2011, debt service on these bonds will be $8.7 million. This plan arranged with the Governor, will allow the RTA to use Federal capital funds for the CTA's budget deficit. These federal funds can be used for operations with the approval of the Federal Transit Administration. Governor Quinn has offered to pay approximately $15 million in debt service over FY 2010 and FY 2011 from the Governor's discretionary funds, and it has been indicated that future year's debt service could be covered.

- In the FY 2011 - FY 2102 Legislative session, the Central Illinois Economic Development Authority is requesting that the State divert $22.5 million annually from sales tax collected from the areas serviced by the Authority to CIEDA for debt service.

APPENDIX

- **Authorities and State Universities - Boards of Directors**

Appendix A

Authorities and State Universities - Boards of Directors

AUTHORITIES	Terms	City	County
Illinois Finance Authority			
William A. Brandt, Jr., Chair	2010-2012	Winnetka	Cook
Michael W. Goetz, Vice Chair	2010-2011	Springfield	Sangamon
Dr. William J. Barclay	2007-2008	Oak Park	Cook
Gila Bronner	2010-2011	Highland Park	Lake
Ronald E. DeNard	2005-2013	Chicago	Cook
John E. Durburg	2009-2011	Lake Forest	Lake
James J. Fuentes	2005-2009	South Barrington	Cook
Norman M. Gold	2010-2012	Chicago	Cook
Dr. Roger Herrin	2004-2013	Harrisburg	Saline
Edward H. Leonard, Sr.	2003-2012	Niantic	Macon
Joseph McInerney	2009-2010	River Forest	Cook
Terrence M. O'Brien	2004-2011	Glenview	Cook
Heather D. Parish	2010-2013	Chicago	Cook
Roger Poole	2009-2012	Smithton	St. Clair
Bradley A. Zeller	2005-2012	Alexander	Morgan
Illinois Housing Development Authority			
Terry E. Newman, Chair	2003-2009		Cook
Karen A. Davis, Vice Chair	2005-2009		Sangamon
Mary Kane, Treasurer	2006-2009		Madison
Mark Kochan, Secretary	2006-2009		Williamson
Deborah Telman	2010-2011		Cook
Vacant			
Vacant			
Vacant			
Vacant			
Illinois Sports Facilities Authority			
Governor James R. Thompson, Chair	2006-2009	Chicago	Cook
John T. McCarthy, Treasurer	2006-2010	Evergreen Park	Cook
Timothy Ray, Secretary	2006-2009	Chicago	Cook
Alvin Boutte, Jr.	2007-2011	Chicago	Cook
Joan Etten Krall	2006-2008	Park Ridge	Cook
William R. Power	2004-2013	Chicago	Cook
Peter Q. Thompson	2007-2012	Chicago	Cook
Illinois Student Assistance Commission			
Donald J. McNeil, Chair	2005-2009	Chicago	Cook
Sharon Alpi, Vice Chair	2005-2011	Decatur	Macon
Dr. Lynda Andre	2005-2009	Edwardsville	Madison
Sean Dauber	2008-2009	Frankfort	Will
Dr. Mary Ann Louderback	2003-2007	Cary	McHenry
Hugh Van Voorst	2002-2007	Union Hill	Kankakee
Jonathon Wilson, Student Member	2009-2011		
Vacant			
Vacant			
Vacant			

AUTHORITIES	Terms	City	County
Illinois State Toll Highway Authority			
Paula Wolff, Chair	2009-2013	Chicago	Cook
James J. Banks	1993-2009	Chicago	Cook
Thomas Canham	2007-2011	Evanston	Cook
William Morris	2009-2011	Grayslake	Lake
Arthur George Pradel	2001-2007	Naperville	DuPage
James M. Roolf	2004-2009	Joliet	Will
Maria Saldana	2009-2011	Chicago	Cook
Carl O. Towns	2002-2009	Rockford	Winnebago
Thomas Weisner	2009-2011	Aurora	Kane
Governor Patrick Quinn, ex officio			
IDOT Secretary Gary Hannig, ex officio			
Metropolitan Pier and Exposition Authority INTERIM BOARD			
David R. Mosena, Chair	2010-2011	Chicago	Cook
Sarah Nava Garvey, Secretary/Treasurer	2010-2011	Chicago	Cook
Julian Green	2010-2011	Chicago	Cook
Roger J. Kiley, Jr.	2010-2011	Chicago	Cook
Carmen H. Lonstein	2010-2011	Chicago	Cook
Ronald E. Powell	2010-2011	Mundelein	Lake
Larry R. Rogers, Sr.	2010-2011	Chicago	Cook
Quad Cities Regional Economic Development Authority			
J.P. Jacobs, Chair	Term Expires 2005	Rock Island	Rock Island
Ann DeSmith, Vice-Chair	Term Expires 2009	Atkinson	Henry
Mark A. Appleton Treasurer	Term Expires 2003	Aledo	Mercer
Scott Verschoore, Secretary	Term Expires 2008	Reynolds	Rock Island
Robert Anderson	Term Expires 2004	Moline	Rock Island
Harry S. Coin	Term Expires 2011	Moline	Rock Island
Oliver Ferguson	Term Expires 2007	Galesburg	Knox
Bill Olson	Term Expires 2013	Aledo	Mercer
Vacancy			
Vacancy			
Bob Westover, DCEO, ex officio		Evanston	Cook
Regional Transportation Authority			
James Buchanan	2007-2012	Chicago	Cook
Jan E. Carlson	2008-2013	Elburn	Kane
William R. Coulson	2007-2011	Glenview	Cook
Tyrone Crider	2008-2013	Country Club Hills	Cook
Patrick J. Durante	1999-2009	Addison	DuPage
Philip Fuentes	2008-2012	Chicago	Cook
John S. Gates, Jr.	2010-2014	Chicago	Cook
Albert M. Jourdan	2008-2013	McHenry	McHenry
Dwight A. Magalis	1999-2009	Libertyville	Lake
Andre Rice	2010-2013	Chicago	Cook
Patrick V. Riley, Jr.	2005-2010	Schaumburg	Cook
Michael Rosenberg	1995-2013	Chicago	Cook
J.D. Ross	2008-2013	Joliet	Will
Horace Smith	2009-2012	Chicago	Cook
Judy Baar Topinka	2007-2011	Riverside	Cook
Douglas M. Troiani	1995-2010	Chicago Heights	Cook

AUTHORITIES	Terms	City	County
Southeastern Illinois Economic Development Authority			
D.R. Smith, Chair	Term Expires 2010	Robinson	Crawford
Dan Ramey, Treasurer	Term Expires 2008	Centralia	Marion
Marcia K. Scott, Secretary	Term Expires 2009	Bluford	Jefferson
James B. Rippy	Term Expires 2008	Mt. Vernon	Jefferson
Vacancy			
Vacancy			
Vacancy			
Vacancy			
Vacancy			
Joshua A. Weger, DCEO Appointment		Lawrenceville	Lawrence
Southwestern Illinois Development Authority			
Robert P. Lombardi, Chair	1988-2011	Edwardsville	Madison
James S. Nations, Vice Chair	2000-2011	Swansea	St. Clair
Robert L. Plummer, Treasurer	2001-2008	Edwardsville	Madison
Jim Sullivan, Asst. Treasurer	2003-2008	Trenton	Clinton
David A. Miller, 1st Asst. Treasurer	2006-2007	Belleville	St. Clair
Dave Willey, 2nd Asst. Treasurer	2010-2011	Greenville	Bond
Barbara S. Johnson, Secretary	2004-2007	Swansea	St. Clair
Khalil El-Amin, 1st Asst. Secretary	2007-2010	East St. Louis	St. Clair
Roger E. Poole, 2nd Asst. Secretary	2008-2011	Smithton	St. Clair
Reggie Sparks, 3rd Asst. Secretary	1997-2012	Dorsey	Madison
Mary E. Koch, DCEO, ex officio	2004-	O'Fallon	St. Clair
James Stack, DOT, ex officio	20009-	Collinsville	Madison
Vacancy			
Vacancy			
Upper Illinois River Valley Development Authority			
Robert Bakewell, Chair	Term Expires 2012	Wenona	Marshall
James Miller, Vice-Chair	Term Expires 2012	Princeton	Bureau
Dennis Hackett, Treasurer	Term Expires 2004	Morris	Grundy
William Steep, Secretary	Term Expires 2005	Seneca	LaSalle
James Ghiglieri, Jr.	Term Expires 2004	Toluca	Marshall
Barbara Griffith	Term Expires 2004	McNabb	Putnam
Michael Guilfoyle	Term Expires 2013	Mendota	LaSalle
Blake Hobson	Term Expires 2012	Huntley	McHenry
Philip McCully	Term Expires 2005	Toluca	Marshall
William Meagher	Term Expires 2004	LaSalle	LaSalle
Greg Meyers	Term Expires 2013	Aurora	Kane
Kevin Olson	Term Expires 2012	Morris	Grundy
Thomas Setchell	Term Expires 2005	Ottawa	LaSalle
John Shaw	Term Expires 2004	Morris	Grundy
Gilbert Tonozzi	Term Expires 2012	Hennepin	Putnam
Jeffrey Wilkins	Term Expires 2011	Yorkville	Kendall
Vacancy			
Vacancy			
Tim Duckworth, CMS, ex officio		Springfield	Sangamon
Bob Westover, DCEO, ex officio		Evanston	Cook

AUTHORITIES

Western Illinois Economic Development Authority

	Terms	City	County
Hubert G. Staff, Chair	Term Expires 2009	Quincy	Adams
H.O. Brownback, Vice-Chair	Term Expires 2007	Ashland	Cass
Michael Barnett, Treasurer	Term Expires 2011	Beardstown	Cass
Thomas Doran, Secretary	Term Expires 2010	Stronghurst	Henderson
Tiffany Cole	Term Expires 2006	Monmouth	Warren
Matt Dickenson	Term Expires 2008	Carthage	Hancock
Monte Graham	Term Expires 2006	Havana	Mason
David M. Gross	Term Expires 2011	Jacksonville	Morgan
Richard Hitchcock	Term Expires 2009	Farmington	Fulton
Robin Allen Johnson	Term Expires 2010	Monmouth	Warren
Eric Little	Term Expires 2007	Winchester	Scott
Mike McLaughlin	Term Expires 2006	Quincy	Adams
R. Mathew Plater	Term Expires 2006	Rushville	Schuyler
Darrell Sarff	Term Expires 2007	Chandlerville	Mason
Kai Schnitker	Term Expires 2006	Jacksonville	Morgan
Mervin Sorrells, Jr.	Term Expires 2007	Augusta	Hancock
Patrick K. Syrcle	Term Expires 2009	Barry	Pike
Ed Teefey	Term Expires 2008	Mount Sterling	Brown
Mick Wisslead	Term Expires 2010	Macomb	McDonough
Tim Duckworth, CMS, ex officio		Springfield	Sangamon
Tom Carper, DCEO, ex officio		Macomb	McDonough

Will Kankakee Regional Development Authority

	Terms	City	County
Nelson Collins, Chair	Term Expires 2013	Beecher	Will
Alice Argyelan, Vice-Chair	Term Expires 2012	Bourbonnais	Kankakee
Phillip Williams, Treasurer	Term Expires 2011	Lockport	Will
Patrick Heenan, Secretary	Term Expires 2011	Manteno	Kankakee
Howard Norberg	Term Expires 2012	Joliet	Will
Charles Parsons	Term Expires 2013	Kankakee	Kankakee
Barbara Peterson	Term Expires 2003	Beecher	Will
Vacancy			
Vacancy			
Bob Westover, DCEO, ex officio		Evanston	Cook

STATE UNIVERSITIES

Chicago State University

	Terms	City	County
Rev. Leon D. Finney, Jr., Ph.D., Chair	2005-2011	Chicago	Cook
Rev. Richard L. Tolliver, Ph.D., Vice Chair	2005-2011	Chicago	Cook
Betsy Hill, Secretary	1999-2011	Chicago	Cook
Lisa Morrison Butler	2009-2013	Chicago	Cook
Langdon Neal, Attorney At Law		Chicago	Cook
Gary Lydell Rozier	2009-2013	Chicago	Cook
Julie Carol Samuels	2009-2011	Oak Park	Cook
Zaldwaynaka Scott	2009-2013	Chicago	Cook
Frank Pogue, CSU President, Ex-Officio			
Neffer-Oduntunde A. Kerr, Student Trustee			

Eastern Illinois University

	Terms	City	County
Leo Welch, Chair	2004-2013	O'Fallon	St. Clair
Dr. Robert Webb, Vice Chair	2004-2011	Mattoon	Coles
Robert L. Kratochvil, Secretary	2004-2007	Mt. Olive	Macoupin
Julie Nimmons	2001-2007	Litchfield	Montgomery
William O'Rourke, Member Pro Tem	2005-2011	Springfield	Sangamon
Don Yost	2005-2011	Charleston	Coles
Aaron Wiessing, Student Trustee	2010-2011		Shelby
Vacancy			

STATE UNIVERSITIES	Terms	City	County
Governors State University			
Lorine Samuels, Chair	2001-2007	New Lenox	Will
Kristi DeLaurentiis, Vice Chair	1996-2011	Lansing	Cook
Jack Beaupre, Secretary	2000-2012	Bourbonnais	Kankakee
Bruce Friefeld	1996-2007	Mokena	Will
Lois Mayer	2006-2011	New Lenox	Will
Brendan Hollandsworth, Student Representative	2010-2011	Flossmoor	Cook
Vacancy			
Vacancy			
Illinois State University			
Michael McCuskey, Chair	2005-2011	Urbana	Champaign
Joanne Maitland, Secretary	2008-2013	Bloomington	McLean
Jay D. Bergman	2005-2011	Hinsdale	DuPage
Anne Davis	2005-2011	Tinley Park	Cook
Bob Dobski	2008-2013	Bloomington	McLean
Betty Kinser	2005-2011	Normal	McLean
Sean Palmer, Student Trustee	2010-2011	Normal	McLean
Northeastern Illinois University			
Carlos Azcoitia, Chair	2006-2011	Chicago	Cook
Jin Lee, Vice Chair	2005-2009	Des Plaines	Cook
Grace G. Dawson, Secretary	2007-2011	Chicago	Cook
Carole Balzekas	1996-2007	Chicago	Cook
Omar Duque	2007-2011	Chicago	Cook
Edward G. Dykla	1996-2007	Barrington	Cook
Marvin Garcia	2009-2013	Chicago	Cook
Cheryl Rose Devenny, Student Trustee	2010-2011	Chicago	Cook
Northern Illinois University			
Mark J. Strauss, Chair	Term Expires Jan. 2011	DeKalb	DeKalb
John R. Butler, Vice Chair	Term Expires Jan. 2013	Chicago	Cook
Robert T. Boey, Secretary	Term Expires Jan. 2013	DeKalb	DeKalb
Cherilyn G. Murer	Term Expires Jan. 2011	Joliet	Will
Manuel Sanchez	Term Expires Jan. 2013	Lisle	DuPage
Myron E. Siegel	Term Expires Jan. 2011	Bannockburn	Lake
Barbara Giorgi Vella	Term Expires Jan. 2011	Rockford	Winnebago
Robert Sorsby, Student Trustee	2010-2011	DeKalb	DeKalb
Southern Illinois University			
Roger Tedrick, Chair	2004-2009	Mt. Vernon	Jefferson
Ed Hightower, Vice Chair	2001-2013	Edwardsville	Madison
John Simmons, Secretary	2004-2013	Godfrey	Madison
Frank William Bonan II	2008-2011	Benton	Franklin
Keith R. Sanders	2004-2013	Spring Grove	McHenry
Marquita Wiley	2005-2009	Belleville	St. Clair
Nate Brown, Student Trustee, SIUC	2009-2010	Chester	Randolph
Amber Suggs, Student Trustee, SIUE	2008-2010	Wood River	Madison
Vacant			

STATE UNIVERSITIES	Terms	City	County
University of Illinois			
Christopher G. Kennedy, Chair	2009-2015	Kenilworth	Cook
Dr. Frances G. Carroll	2005-2011	Chicago	Cook
Karen A. Hasara	2009-2011	Springfield	Sangamon
Dr. Timothy N. Koritz	2009-2013	Roscoe	Winnebago
Edward L. McMillan	2009-2015	Greenville	Bond
James D. Montgomery	2007-2013	Chicago	Cook
Lawrence Oliver II	2009-2013	Orland Park	Cook
Pamela B. Strobel	2009-2015	Winnetka	Cook
Carlos E. Tortolero	2009-2011	Berwyn	Cook
Daniel A. Soso, UIUC Student Rep.	2010-2011	Urbana	Champaign
Roshina K. Khan, UIC Student Rep.	2010-2011	Chicago	Cook
Charles L. Olivier III, UIS Student Rep.	2010-2011	Springfield	Sangamon
Pat Quinn, Governor of Illinois			
Western Illinois University			
J. Michael Houston, Chair	1997-2013	Springfield	Sangamon
Carolyn J. Ehlert Fuller, Vice Chair	1998-2007	Milan	Rock Island
William L. Epperly, Secretary	2004-2011	Chicago	Cook
Donald W. Giffin	2006-2007	Macomb	McDonough
Steven L. Nelson	2006-2013	Rock Island	Rock Island
Christopher G. Bronson, Student Trustee	2010-2011	Arlington Heights	Cook
Vacancy			
Vacancy			

BACKGROUND

The Commission on Government Forecasting and Accountability (CGFA), a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

1) Preparation of annual revenue estimates with periodic updates;
2) Analysis of the fiscal impact of revenue bills;
3) Preparation of State debt impact notes on legislation which would appropriate bond funds or increase bond authorization;
4) Periodic assessment of capital facility plans;
5) Annual estimates of public pension funding requirements and preparation of pension impact notes;
6) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
7) Administration of the State Facility Closure Act.

The Commission also 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 it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes several reports each year. In addition to a "Monthly Briefing", the Commission publishes the "Revenue Estimate and Economic Outlook" which describes and projects economic conditions and their impact on State revenues. The "Legislative Capital Plan Analysis" examines the State's capital appropriations plan and debt position. "The Financial Conditions of the Illinois Public Retirement Systems" provides an overview of the funding condition of the State's retirement systems. Also published are an Annual Fiscal Year "Budget Summary"; "Report on the Liabilities of the State Employees' Group Insurance Program"; and "Report of the Cost and Savings of the State Employees' Early Retirement Incentive Program". The Commission also publishes each year special topic reports that have or could have an impact on the economic well-being of Illinois. All reports are available on the Commission's website.

These reports are available from:

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(217) 782-5320
(217) 782-3513 (FAX)
http://www.ilga.gov/commission/cgfa/cgfa_home.html