



Sen. Christine Radogno

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1 AMENDMENT TO HOUSE BILL 7173

2 AMENDMENT NO. _____. Amend House Bill 7173 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Fiscal Note Act is amended by changing
5 Section 1 as follows:

6 (25 ILCS 50/1) (from Ch. 63, par. 42.31)

7 Sec. 1. Every bill, except those bills making a direct
8 appropriation, (1) the purpose or effect of which is (i) to
9 expend any State funds or to increase or decrease the revenues
10 of the State, either directly or indirectly, or (ii) to require
11 the expenditure of their own funds by, or to increase or
12 decrease the revenues of, units of local government, school
13 districts or community college districts, or to revise the
14 distribution of State funds among units of local government,
15 school districts, or community college districts, either
16 directly or indirectly, or (2) that amends the Mental Health
17 and Developmental Disabilities Code or the Developmental
18 Disability and Mental Disability Services Act shall have
19 prepared for it prior to second reading in the house of
20 introduction a brief explanatory statement or note which, for a
21 bill under item (1), shall include a reliable estimate of the
22 anticipated change in State, local governmental, school
23 district, or community college district expenditures or
24 revenues under its provisions and, for a bill under item (2),

1 shall include a reliable estimate of the fiscal impact of its
2 provisions upon community agencies. For purposes of this Act,
3 indirect revenues include, but are not limited to, increased
4 tax revenues or other increased revenues resulting from
5 economic development, job creation, or cost reduction. The
6 statement or note shall also include an explanation of the
7 methodology used to determine the estimated direct and indirect
8 costs or estimated impact on community agencies. Any notes for
9 bills having a fiscal impact on units of local government,
10 school districts or community college districts shall include
11 such cost estimates as may be required under the State Mandates
12 Act.

13 If a bill authorizes capital expenditures or appropriates
14 funds for capital expenditures, a statement shall be prepared
15 by the Governor's Office of Management and Budget ~~Bureau of the~~
16 ~~Budget~~ specifying by year any principal and interest payments
17 required to finance such capital expenditures.

18 If a bill authorizes the issuance of Bonds, a statement or
19 note shall be prepared by the Governor's Office of Management
20 and Budget specifying the estimated total principal and
21 interest payments (assuming interest is paid at a fixed rate)
22 if all of the Bonds authorized were issued. The statement or
23 note shall include the total principal on all other
24 then-outstanding Bonds of the State.

25 These statements or notes shall be known as "fiscal notes".
26 (Source: P.A. 92-567, eff. 1-1-03; revised 8-23-03.)

27 Section 10. The State Debt Impact Note Act is amended by
28 changing Section 4 as follows:

29 (25 ILCS 65/4) (from Ch. 63, par. 42.74)

30 Sec. 4. The State Debt Impact Note shall be factual in
31 nature and as brief and concise as possible. For bills which
32 would appropriate from bond funds, the note shall provide a

1 reliable estimate of the impact of the bill on the State's debt
2 service requirements; a description of the estimated useful
3 life and intended use of the project; and maintenance and
4 operating costs associated with the project. For bills which
5 would add new or increase existing bond authorization levels
6 the note shall assess current outstanding, unissued, and
7 retired bond authorization levels and make reasonable
8 projections of the cost associated with the retirement of the
9 additional bonds. The estimated costs shall specify the
10 estimated total principal and interest payments (assuming
11 interest is paid at a fixed rate) if all of the Bonds
12 authorized were issued. The statement or note shall include the
13 total principal on all other then-outstanding Bonds of the
14 State. A brief summary or work sheet of computations used in
15 arriving at State Debt Impact Notes shall be attached.

16 (Source: P.A. 81-615.)

17 Section 15. The General Obligation Bond Act is amended by
18 changing Sections 2, 8, 9, 11, and 16 and by adding Sections
19 2.5 and 21 as follows:

20 (30 ILCS 330/2) (from Ch. 127, par. 652)

21 Sec. 2. Authorization for Bonds. The State of Illinois is
22 authorized to issue, sell and provide for the retirement of
23 General Obligation Bonds of the State of Illinois for the
24 categories and specific purposes expressed in Sections 2
25 through 8 of this Act, in the total amount of \$27,658,149,369.

26 The bonds authorized in this Section 2 and in Section 16 of
27 this Act are herein called "Bonds".

28 Of the total amount of Bonds authorized in this Act, up to
29 \$2,200,000,000 in aggregate original principal amount may be
30 issued and sold in accordance with the Baccalaureate Savings
31 Act in the form of General Obligation College Savings Bonds.

32 Of the total amount of Bonds authorized in this Act, up to

1 \$300,000,000 in aggregate original principal amount may be
2 issued and sold in accordance with the Retirement Savings Act
3 in the form of General Obligation Retirement Savings Bonds.

4 Of the total amount of Bonds authorized in this Act, the
5 additional \$10,000,000,000 authorized by this amendatory Act
6 of the 93rd General Assembly shall be used solely as provided
7 in Section 7.2.

8 The issuance and sale of Bonds pursuant to the General
9 Obligation Bond Act is an economical and efficient method of
10 financing the long-term capital ~~and general operating~~ needs of
11 the State. This Act will permit the issuance of a multi-purpose
12 General Obligation Bond with uniform terms and features. This
13 will not only lower the cost of registration but also reduce
14 the overall cost of issuing debt by improving the marketability
15 of Illinois General Obligation Bonds.

16 (Source: P.A. 92-13, eff. 6-22-01; 92-596, eff. 6-28-02;
17 92-598, eff. 6-28-02; 93-2, eff. 4-7-03.)

18 (30 ILCS 330/2.5 new)

19 Sec. 2.5. Limitation on issuance of Bonds.

20 (a) Except as provided in subsection (b), no Bonds may be
21 issued under this Act if, after the issuance, in the next State
22 fiscal year after the issuance, the amount of debt service
23 (including principal and interest) on all then-outstanding
24 Bonds issued under this Act would exceed 7% of the aggregate
25 appropriations from the general funds (which consist of the
26 General Revenue Fund, the Common School Fund, the General
27 Revenue Common School Special Account Fund, and the Education
28 Assistance Fund) and the Road Fund for the fiscal year
29 immediately prior to the fiscal year of the issuance.

30 (b) If the Comptroller and Treasurer each consent in
31 writing, Bonds may be issued under this Act even if the
32 issuance does not comply with subsection (a).

1 (30 ILCS 330/8) (from Ch. 127, par. 658)

2 Sec. 8. Bond sale expenses; ~~capitalized interest.~~

3 (a) ~~All~~ An amount not to exceed 0.5 percent of the
4 ~~principal amount of the proceeds of sale of each bond sale is~~
5 ~~authorized to be used to pay the reasonable costs of issuance~~
6 ~~and sale, including without limitation underwriter's discounts~~
7 ~~and fees,~~ of State of Illinois general obligation bonds
8 authorized and sold pursuant to this Act shall be paid from
9 funds appropriated for that purpose.

10 (b) The Director of the Governor's Office of Management and
11 Budget shall not contract with any underwriter, bond counsel,
12 or financial advisor unless that underwriter, bond counsel, or
13 financial advisor certifies that the underwriter, bond
14 counsel, or financial advisor has not and will not pay a
15 contingent fee to any party for having promoted the selection
16 of the underwriter, bond counsel, or financial advisor for that
17 contract. ~~The Bond Sale Order may provide for a portion of the~~
18 ~~proceeds of the bond sale, representing up to 12 months'~~
19 ~~interest on the bonds, to be deposited directly into the~~
20 ~~capitalized interest account of the General Obligation Bond~~
21 ~~Retirement and Interest Fund.~~

22 (Source: P.A. 93-2, eff. 4-7-03.)

23 (30 ILCS 330/9) (from Ch. 127, par. 659)

24 Sec. 9. Conditions for Issuance and Sale of Bonds -
25 Requirements for Bonds.

26 (a) Except as otherwise provided in this subsection, bonds
27 ~~Bonds~~ shall be issued and sold from time to time, in one or
28 more series, in such amounts and at such prices as may be
29 directed by the Governor, upon recommendation by the Director
30 of the Governor's Office of Management and Budget. Bonds shall
31 be in such form (either coupon, registered or book entry), in
32 such denominations, payable within 25 ~~30~~ years from their date,
33 subject to such terms of redemption with or without premium,

1 bear interest payable at such times and at such fixed or
2 variable rate or rates, and be dated as shall be fixed and
3 determined by the Director of the Governor's Office of
4 Management and Budget in the order authorizing the issuance and
5 sale of any series of Bonds, which order shall be approved by
6 the Governor and is herein called a "Bond Sale Order"; provided
7 however, that interest payable at fixed or variable rates shall
8 not exceed that permitted in the Bond Authorization Act, as now
9 or hereafter amended. Bonds shall be payable at such place or
10 places, within or without the State of Illinois, and may be
11 made registrable as to either principal or as to both principal
12 and interest, as shall be specified in the Bond Sale Order.
13 Bonds may be callable or subject to purchase and retirement or
14 tender and remarketing as fixed and determined in the Bond Sale
15 Order. Bonds must be offered for sale with principal or
16 mandatory redemption amounts in substantially equal amounts,
17 with the first maturity offered for sale occurring within the
18 fiscal year in which the Bonds are offered or within the next
19 succeeding fiscal year, with Bonds offered for sale maturing or
20 subject to mandatory redemption each fiscal year thereafter up
21 to 25 years.

22 In the case of any series of Bonds bearing interest at a
23 variable interest rate ("Variable Rate Bonds"), in lieu of
24 determining the rate or rates at which such series of Variable
25 Rate Bonds shall bear interest and the price or prices at which
26 such Variable Rate Bonds shall be initially sold or remarketed
27 (in the event of purchase and subsequent resale), the Bond Sale
28 Order may provide that such interest rates and prices may vary
29 from time to time depending on criteria established in such
30 Bond Sale Order, which criteria may include, without
31 limitation, references to indices or variations in interest
32 rates as may, in the judgment of a remarketing agent, be
33 necessary to cause Variable Rate Bonds of such series to be
34 remarketable from time to time at a price equal to their

1 principal amount, and may provide for appointment of a bank,
2 trust company, investment bank, or other financial institution
3 to serve as remarketing agent in that connection. The Bond Sale
4 Order may provide that alternative interest rates or provisions
5 for establishing alternative interest rates, different
6 security or claim priorities, or different call or amortization
7 provisions will apply during such times as Variable Rate Bonds
8 of any series are held by a person providing credit or
9 liquidity enhancement arrangements for such Bonds as
10 authorized in subsection (b) of this Section. The Bond Sale
11 Order may also provide for such variable interest rates to be
12 established pursuant to a process generally known as an auction
13 rate process and may provide for appointment of one or more
14 financial institutions to serve as auction agents and
15 broker-dealers in connection with the establishment of such
16 interest rates and the sale and remarketing of such Bonds.

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

34 The State may, with respect to Bonds issued or anticipated

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

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

29 (Source: P.A. 92-16, eff. 6-28-01; 93-9, eff. 6-3-03; 93-666,
30 eff. 3-5-04.)

31 (30 ILCS 330/11) (from Ch. 127, par. 661)

32 Sec. 11. Sale of Bonds. Bonds, except as otherwise provided
33 in this Section, shall be sold from time to time pursuant to

1 notice of sale and public bid ~~or by negotiated sale~~ in such
2 amounts and at such times as is directed by the Governor, upon
3 recommendation by the Director of the Governor's Office of
4 Management and Budget ~~Bureau of the Budget~~.

5 If more than half of the proceeds of an issue of Bonds to
6 be offered for sale is expected to be used for refunding
7 purposes or if more than half of the principal amount of Bonds
8 is offered for sale with a variable rate, the entire issue of
9 the Bonds may be sold pursuant to notice of sale and public bid
10 or by negotiated sale. The any Bonds, including refunding
11 Bonds, are to be sold by negotiated sale, the Director of the
12 Governor's Office of Management and Budget ~~Bureau of the Budget~~
13 shall comply with the competitive sealed bidding or competitive
14 request for proposal process, as applicable, set forth in the
15 Illinois Procurement Code and all other applicable
16 requirements of that Code.

17 If Bonds are to be sold pursuant to notice of sale and
18 public bid, in addition to the requirements of the Illinois
19 Procurement Code, the Director of the Governor's Office of
20 Management and Budget ~~Bureau of the Budget~~ shall, from time to
21 time, as Bonds are to be sold, advertise the sale of the Bonds
22 in at least 2 ~~two~~ daily newspapers, one of which is published
23 in the City of Springfield and one in the City of Chicago. The
24 sale of the Bonds shall also be advertised in the volume of the
25 Illinois Procurement Bulletin that is published by the
26 Department of Central Management Services. Each of the
27 advertisements for proposals shall be published once at least
28 14 ~~10~~ days prior to the date fixed for the opening of the bids.
29 The Director of the Governor's Office of Management and Budget
30 ~~Bureau of the Budget~~ may reschedule the date of sale upon the
31 giving of such additional notice as the Director deems adequate
32 to inform prospective bidders of such change; provided,
33 however, that all other conditions of the sale shall continue
34 as originally advertised.

1 Executed Bonds shall, upon payment therefor, be delivered
2 to the purchaser, and the proceeds of Bonds shall be paid into
3 the State Treasury as directed by Section 12 of this Act.

4 (Source: P.A. 91-39, eff. 6-15-99; revised 8-23-03.)

5 (30 ILCS 330/16) (from Ch. 127, par. 666)

6 Sec. 16. Refunding Bonds. The State of Illinois is
7 authorized to issue, sell, and provide for the retirement of
8 General Obligation Bonds of the State of Illinois in the amount
9 of \$2,839,025,000, at any time and from time to time
10 outstanding, for the purpose of refunding any State of Illinois
11 general obligation Bonds then outstanding, including the
12 payment of any redemption premium thereon, any reasonable
13 expenses of such refunding, any interest accrued or to accrue
14 to the earliest or any subsequent date of redemption or
15 maturity of such outstanding Bonds and any interest to accrue
16 to the first interest payment on the refunding Bonds; provided
17 that all Bonds in an issue that includes ~~such~~ refunding Bonds
18 shall mature no later than the final maturity date of Bonds
19 being refunded; provided that no refunding Bonds shall be
20 offered for sale unless the net present value of savings to be
21 achieved by the issuance of the refunding Bonds is 3% or more
22 of the amount of the refunding Bonds to be issued; and further
23 provided that no refunding Bonds shall be offered for sale that
24 are expected to refund Bonds under a refunding plan that would
25 have the effect of decreasing the State's principal payments on
26 all Bonds in the fiscal year in which the refunding Bonds are
27 offered or in the next succeeding fiscal year by a total of
28 more than 5% of the principal or redemption amounts due on all
29 then-outstanding Bonds in the fiscal year next succeeding the
30 fiscal year in which the refunding Bonds are offered.

31 If more than half of the proceeds of an issue of Bonds to
32 be offered for sale are expected to be used for refunding
33 purposes, those Refunding Bonds may be sold from time to time

1 pursuant to notice of sale and public bid or by negotiated sale
2 in such amounts and at such times, as directed by the Governor,
3 upon recommendation by the Director of the Governor's Office of
4 Management and Budget ~~Bureau of the Budget~~. The Governor shall
5 notify the State Treasurer and Comptroller of such refunding.
6 The proceeds received from the sale of refunding Bonds shall be
7 used for the retirement at maturity or redemption of such
8 outstanding Bonds on any maturity or redemption date and,
9 pending such use, shall be placed in escrow, subject to such
10 terms and conditions as shall be provided for in the Bond Sale
11 Order relating to the Refunding Bonds. Proceeds not needed for
12 deposit in an escrow account shall be deposited in the General
13 Obligation Bond Retirement and Interest Fund. This Act shall
14 constitute an irrevocable and continuing appropriation of all
15 amounts necessary to establish an escrow account for the
16 purpose of refunding outstanding general obligation Bonds and
17 to pay the reasonable expenses of such refunding and of the
18 issuance and sale of the refunding Bonds. Any such escrowed
19 proceeds may be invested and reinvested in direct obligations
20 of the United States of America, maturing at such time or times
21 as shall be appropriate to assure the prompt payment, when due,
22 of the principal of and interest and redemption premium, if
23 any, on the refunded Bonds. After the terms of the escrow have
24 been fully satisfied, any remaining balance of such proceeds
25 and interest, income and profits earned or realized on the
26 investments thereof shall be paid into the General Revenue
27 Fund. The liability of the State upon the Bonds shall continue,
28 provided that the holders thereof shall thereafter be entitled
29 to payment only out of the moneys deposited in the escrow
30 account.

31 Except as otherwise herein provided in this Section, such
32 refunding Bonds shall in all other respects be subject to the
33 terms and conditions of this Act.

34 (Source: P.A. 91-39, eff. 6-15-99; 91-53, eff. 6-30-99; 91-710,

1 eff. 5-17-00; revised 8-23-03.)

2 (30 ILCS 330/21 new)

3 Sec. 21. Truth in borrowing disclosures.

4 (a) Within 10 days after the issuance of any Bonds under
5 this Act, the Director of the Governor's Office of Management
6 and Budget shall publish a truth in borrowing disclosure that
7 discloses the total principal and interest payments to be paid
8 on the Bonds over the full stated term of the Bonds. The
9 disclosure also shall include principal and interest payments
10 to be made by each fiscal year over the full stated term of the
11 Bonds and total principal and interest payments to be made by
12 each fiscal year on all other outstanding Bonds issued under
13 this Act over the full stated terms of those Bonds.

14 (b) Within 10 days after the issuance of any refunding
15 bonds under Section 16 of this Act, the Director of the
16 Governor's Office of Management and Budget shall publish a
17 truth in borrowing disclosure that discloses the estimated
18 present-valued savings to be obtained through the refunding, in
19 total and by each fiscal year that the refunding Bonds may be
20 outstanding.

21 (c) The disclosures required in subsections (a) and (b)
22 shall be published by posting the disclosures for no less than
23 30 days on the web site of the Governor's Office of Management
24 and Budget and by providing the disclosures in written form to
25 the Illinois Economic and Fiscal Commission. These disclosures
26 shall be calculated assuming Bonds are not redeemed or refunded
27 prior to their stated maturities. Amounts included in these
28 disclosures as payment of interest on variable rate Bonds shall
29 be the maximum amounts of interest that may be payable during
30 each fiscal year, after taking into account any credits
31 permitted in the related indenture or other instrument against
32 the amount of such interest for each fiscal year. Amounts
33 included in these disclosures as payment of interest on

1 variable rate Bonds shall include the amounts certified by the
2 Director of the Governor's Office of Management and Budget
3 under subsection (b) of Section 9 of this Act.

4 Section 20. The Build Illinois Bond Act is amended by
5 changing Sections 3, 5, 6, 8, and 15 and by adding Section 8.5
6 as follows:

7 (30 ILCS 425/3) (from Ch. 127, par. 2803)

8 Sec. 3. Findings. The General Assembly hereby makes the
9 following findings and determinations:

10 (a) The issuance and sale of Bonds pursuant to this Act is
11 an economical and efficient method of financing long-term
12 capital needs, including certain of the purposes of the State,
13 as set forth in Section 4 hereof.

14 (b) This Act will permit the issuance of Bonds, from time
15 to time, for various purposes and with varying terms, features
16 and conditions in order to enhance marketability and lower
17 interest costs incurred by the State. Subsection (a) of Section
18 6 of this Act authorizes the issuance, from time to time, of
19 Bonds in one or more series, in such principal amounts, bearing
20 interest at such fixed rates or variable rates and having such
21 other terms and provisions as designated State officers may fix
22 and determine pursuant to the authority delegated under this
23 Act. Subsection (b) of Section 6 of this Act authorizes, in
24 connection with the issuance of and as security for any series
25 of Bonds, the purchase of bond or interest rate insurance, the
26 establishment of credit and liquidity enhancement arrangements
27 with financial institutions, and participation in interest
28 rate swaps or guarantee agreements or other arrangements to
29 limit interest rate risk.

30 (c) The financing of the facilities and other purposes
31 described in Section 4 of this Act through the issuance of
32 Bonds will involve numerous expenditures over extended periods

1 of time, all of which expenditures shall be made only pursuant
2 to and in conformity with appropriations from Bond proceeds by
3 the General Assembly prior to the making of such expenditures.

4 (d) Determinations with respect to (i) advantageous timing
5 and amounts of such expenditures for particular approved
6 facilities or purposes, (ii) establishing an advantageous mix
7 of short-term and long-term debt instruments under bond market
8 conditions prevailing from time to time, and (iii) specific
9 allocations of Bond proceeds to particular facilities and
10 purposes should be based upon financial, engineering and
11 construction management judgments made from time to time.

12 (e) The State's ability to issue Bonds from time to time,
13 without further action by the General Assembly, in separate
14 series, in various principal amounts and with various interest
15 rates, maturities, redemption provisions and other terms will
16 enhance the State's opportunities to obtain such financing as
17 needed, upon favorable terms.

18 In order to provide for flexibility in meeting the
19 financial, engineering and construction needs of the State and
20 its agencies and departments and in order to provide continuing
21 and adequate financing for the aforesaid purposes on favorable
22 terms, the delegations of authority to the Governor, the
23 Director of the Governor's Office of Management and Budget
24 ~~Bureau of the Budget~~, the State Comptroller, the State
25 Treasurer and other officers of the State which are contained
26 in this Act are necessary and desirable because this General
27 Assembly cannot itself as understandingly, advantageously,
28 expeditiously or conveniently exercise such authority and make
29 such specific determinations.

30 (Source: P.A. 84-111; revised 8-23-03.)

31 (30 ILCS 425/5) (from Ch. 127, par. 2805)

32 Sec. 5. Bond Sale Expenses.

33 (a) An amount necessary to pay the reasonable costs of each

1 issuance and sale of Bonds authorized and sold pursuant to this
2 Act, including, without limitation, underwriter's discounts
3 and fees, advertising, printing, bond rating, travel,
4 security, delivery, legal and financial advisory services,
5 insurance, initial fees of trustees, registrars, paying agents
6 and other fiduciaries, initial costs of credit or liquidity
7 enhancement arrangements, initial fees of indexing and
8 remarketing agents, and initial costs of interest rate swaps,
9 guarantees or arrangements to limit interest rate risk, as
10 determined in the related Bond Sale Order, shall ~~is hereby~~
11 ~~authorized to~~ be paid from funds appropriated for that purpose
12 ~~the proceeds of each Bond sale.~~

13 (b) The Director of the Governor's Office of Management and
14 Budget shall not contract with any underwriter, bond counsel,
15 or financial advisor unless that underwriter, bond counsel, or
16 financial advisor certifies that the underwriter, bond
17 counsel, or financial advisor has not and will not pay a
18 contingent fee to any party for having promoted the selection
19 of the underwriter, bond counsel, or financial advisor for that
20 contract.

21 (Source: P.A. 84-111.)

22 (30 ILCS 425/6) (from Ch. 127, par. 2806)

23 Sec. 6. Conditions for Issuance and Sale of Bonds -
24 Requirements for Bonds - Master and Supplemental Indentures -
25 Credit and Liquidity Enhancement. (a) Bonds shall be issued and
26 sold from time to time, in one or more series, in such amounts
27 and at such prices as directed by the Governor, upon
28 recommendation by the Director of the Governor's Office of
29 Management and Budget ~~Bureau of the Budget~~. Bonds shall be
30 payable only from the specific sources and secured in the
31 manner provided in this Act. Bonds shall be in such form, in
32 such denominations, mature on such dates within 25 ~~30~~ years
33 from their date of issuance, be subject to optional or

1 mandatory redemption, bear interest payable at such times and
2 at such rate or rates, fixed or variable, and be dated as shall
3 be fixed and determined by the Director of the Governor's
4 Office of Management and Budget ~~Bureau of the Budget~~ in an
5 order authorizing the issuance and sale of any series of Bonds,
6 which order shall be approved by the Governor and is herein
7 called a "Bond Sale Order"; provided, however, that interest
8 payable at fixed rates shall not exceed that permitted in "An
9 Act to authorize public corporations to issue bonds, other
10 evidences of indebtedness and tax anticipation warrants
11 subject to interest rate limitations set forth therein",
12 approved May 26, 1970, as now or hereafter amended, and
13 interest payable at variable rates shall not exceed the maximum
14 rate permitted in the Bond Sale Order. Said Bonds shall be
15 payable at such place or places, within or without the State of
16 Illinois, and may be made registrable as to either principal
17 only or as to both principal and interest, as shall be
18 specified in the Bond Sale Order. Bonds may be callable or
19 subject to purchase and retirement or remarketing as fixed and
20 determined in the Bond Sale Order. Bonds must be offered for
21 sale with principal or mandatory redemption amounts in
22 substantially equal amounts, with the first maturity offered
23 for sale occurring within the fiscal year in which the Bonds
24 are offered or within the next succeeding fiscal year, with
25 Bonds offered for sale maturing or subject to mandatory
26 redemption each fiscal year thereafter up to 25 years.

27 All Bonds authorized under this Act shall be issued
28 pursuant to a master trust indenture ("Master Indenture")
29 executed and delivered on behalf of the State by the Director
30 of the Governor's Office of Management and Budget ~~Bureau of the~~
31 ~~Budget~~, such Master Indenture to be in substantially the form
32 approved in the Bond Sale Order authorizing the issuance and
33 sale of the initial series of Bonds issued under this Act. Such
34 initial series of Bonds may, and each subsequent series of

1 Bonds shall, also be issued pursuant to a supplemental trust
2 indenture ("Supplemental Indenture") executed and delivered on
3 behalf of the State by the Director of the Governor's Office of
4 Management and Budget ~~Bureau of the Budget~~, each such
5 Supplemental Indenture to be in substantially the form approved
6 in the Bond Sale Order relating to such series. The Master
7 Indenture and any Supplemental Indenture shall be entered into
8 with a bank or trust company in the State of Illinois having
9 trust powers and possessing capital and surplus of not less
10 than \$100,000,000. Such indentures shall set forth the terms
11 and conditions of the Bonds and provide for payment of and
12 security for the Bonds, including the establishment and
13 maintenance of debt service and reserve funds, and for other
14 protections for holders of the Bonds. The term "reserve funds"
15 as used in this Act shall include funds and accounts
16 established under indentures to provide for the payment of
17 principal of and premium and interest on Bonds, to provide for
18 the purchase, retirement or defeasance of Bonds, to provide for
19 fees of trustees, registrars, paying agents and other
20 fiduciaries and to provide for payment of costs of and debt
21 service payable in respect of credit or liquidity enhancement
22 arrangements, interest rate swaps or guarantees or financial
23 futures contracts and indexing and remarketing agents'
24 services.

25 In the case of any series of Bonds bearing interest at a
26 variable interest rate ("Variable Rate Bonds"), in lieu of
27 determining the rate or rates at which such series of Variable
28 Rate Bonds shall bear interest and the price or prices at which
29 such Variable Rate Bonds shall be initially sold or remarketed
30 (in the event of purchase and subsequent resale), the Bond Sale
31 Order may provide that such interest rates and prices may vary
32 from time to time depending on criteria established in such
33 Bond Sale Order, which criteria may include, without
34 limitation, references to indices or variations in interest

1 rates as may, in the judgment of a remarketing agent, be
2 necessary to cause Bonds of such series to be remarketable from
3 time to time at a price equal to their principal amount (or
4 compound accreted value in the case of original issue discount
5 Bonds), and may provide for appointment of indexing agents and
6 a bank, trust company, investment bank or other financial
7 institution to serve as remarketing agent in that connection.
8 The Bond Sale Order may provide that alternative interest rates
9 or provisions for establishing alternative interest rates,
10 different security or claim priorities or different call or
11 amortization provisions will apply during such times as Bonds
12 of any series are held by a person providing credit or
13 liquidity enhancement arrangements for such Bonds as
14 authorized in subsection (b) of Section 6 of this Act.

15 (b) In connection with the issuance of any series of Bonds,
16 the State may enter into arrangements to provide additional
17 security and liquidity for such Bonds, including, without
18 limitation, bond or interest rate insurance or letters of
19 credit, lines of credit, bond purchase contracts or other
20 arrangements whereby funds are made available to retire or
21 purchase Bonds, thereby assuring the ability of owners of the
22 Bonds to sell or redeem their Bonds. The State may enter into
23 contracts and may agree to pay fees to persons providing such
24 arrangements, but only under circumstances where the Director
25 of the Bureau of the Budget (now Governor's Office of
26 Management and Budget) certifies that he reasonably expects the
27 total interest paid or to be paid on the Bonds, together with
28 the fees for the arrangements (being treated as if interest),
29 would not, taken together, cause the Bonds to bear interest,
30 calculated to their stated maturity, at a rate in excess of the
31 rate which the Bonds would bear in the absence of such
32 arrangements. Any bonds, notes or other evidences of
33 indebtedness issued pursuant to any such arrangements for the
34 purpose of retiring and discharging outstanding Bonds shall

1 constitute refunding Bonds under Section 15 of this Act. The
2 State may participate in and enter into arrangements with
3 respect to interest rate swaps or guarantees or financial
4 futures contracts for the purpose of limiting or restricting
5 interest rate risk; provided that such arrangements shall be
6 made with or executed through banks having capital and surplus
7 of not less than \$100,000,000 or insurance companies holding
8 the highest policyholder rating accorded insurers by A.M. Best
9 & Co. or any comparable rating service or government bond
10 dealers reporting to, trading with, and recognized as primary
11 dealers by a Federal Reserve Bank and having capital and
12 surplus of not less than \$100,000,000, or other persons whose
13 debt securities are rated in the highest long-term categories
14 by both Moody's Investors' Services, Inc. and Standard & Poor's
15 Corporation. Agreements incorporating any of the foregoing
16 arrangements may be executed and delivered by the Director of
17 the Governor's Office of Management and Budget ~~Bureau of the~~
18 ~~Budget~~ on behalf of the State in substantially the form
19 approved in the Bond Sale Order relating to such Bonds.

20 (Source: P.A. 84-111; revised 8-23-03.)

21 (30 ILCS 425/8) (from Ch. 127, par. 2808)

22 Sec. 8. Sale of Bonds. Bonds, except as otherwise provided
23 in this Section, shall be sold from time to time pursuant to
24 notice of sale and public bid in such amounts and at such times
25 as are directed by the Governor, upon recommendation by the
26 Director of the Governor's Office of Management and Budget.

27 If more than half of the proceeds of an issue of Bonds to
28 be offered for sale is expected to be used for refunding
29 purposes or if more than half of the principal amount of Bonds
30 is offered for sale with a variable rate, the entire issue of
31 the Bonds may be sold pursuant to notice of sale and public bid
32 or by negotiated sale. The Director of the Governor's Office of
33 Management and Budget shall comply with the competitive sealed

1 bidding or competitive request for proposal process, as
2 applicable, set forth in the Illinois Procurement Code and all
3 other applicable requirements of that Code.

4 If Bonds are to be sold pursuant to notice of sale and
5 public bid, in addition to the requirements of the Illinois
6 Procurement Code, the Director of the Governor's Office of
7 Management and Budget shall, from time to time, as Bonds are to
8 be sold, advertise the sale of the Bonds in at least 2 daily
9 newspapers, one of which is published in the City of
10 Springfield and one in the City of Chicago. The sale of the
11 Bonds shall also be advertised in the volume of the Illinois
12 Procurement Bulletin that is published by the Department of
13 Central Management Services. Each of the advertisements for
14 proposals shall be published once at least 14 days prior to the
15 date fixed for the opening of the bids. The Director of the
16 Governor's Office of Management and Budget may reschedule the
17 date of sale upon the giving of such additional notice as the
18 Director deems adequate to inform prospective bidders of the
19 change; provided, however, that all other conditions of the
20 sale shall continue as originally advertised. Bonds shall be
21 ~~sold from time to time pursuant to advertised notice of sale~~
22 ~~and public bid or by negotiated sale as the Director of the~~
23 ~~Bureau of the Budget shall, in his sole discretion, determine~~
24 ~~in order to market the Bonds in an economic, effective manner.~~
25 Executed Bonds shall, upon payment therefor, be delivered to
26 the purchaser, and the proceeds of Bonds shall be paid into the
27 State Treasury as directed by Section 9 of this Act. The
28 Governor or the Director of the Governor's Office of Management
29 and Budget ~~Bureau of the Budget~~ is hereby authorized and
30 directed to execute and deliver contracts of sale with
31 underwriters and to execute and deliver such certificates,
32 indentures, agreements and documents, including any
33 supplements or amendments thereto, and to take such actions and
34 do such things as shall be necessary or desirable to carry out

1 the purposes of this Act. Any action authorized or permitted to
2 be taken by the Director of the Governor's Office of Management
3 and Budget ~~Bureau of the Budget~~ pursuant to this Act is hereby
4 authorized to be taken by any person specifically designated by
5 the Governor to take such action in a certificate signed by the
6 Governor and filed with the Secretary of State.

7 (Source: P.A. 84-111; revised 8-23-03.)

8 (30 ILCS 425/8.5 new)

9 Sec. 8.5. Truth in borrowing disclosures.

10 (a) Within 10 days after the issuance of any Bonds under
11 this Act, the Director of the Governor's Office of Management
12 and Budget shall publish a truth in borrowing disclosure that
13 discloses the total principal and interest payments to be paid
14 on the Bonds over the full stated term of the Bonds. The
15 disclosure also shall include principal and interest payments
16 to be made by each fiscal year over the full stated term of the
17 Bonds and total principal and interest payments to be made by
18 each fiscal year on all other outstanding Bonds issued under
19 this Act over the full stated terms of those Bonds.

20 (b) Within 10 days after the issuance of any refunding
21 bonds under Section 15 of this Act, the Director of the
22 Governor's Office of Management and Budget shall publish a
23 truth in borrowing disclosure that discloses the estimated
24 present-valued savings to be obtained through the refunding, in
25 total and by each fiscal year that the refunding Bonds may be
26 outstanding.

27 (c) The disclosures required in subsections (a) and (b)
28 shall be published by posting the disclosures for no less than
29 30 days on the web site of the Governor's Office of Management
30 and Budget and by providing the disclosures in written form to
31 the Illinois Economic and Fiscal Commission. These disclosures
32 shall be calculated assuming Bonds are not redeemed or refunded
33 prior to their stated maturities. Amounts included in these

1 disclosures as payment of interest on variable rate Bonds shall
2 be the maximum amounts of interest that may be payable during
3 each fiscal year, after taking into account any credits
4 permitted in the related indenture or other instrument against
5 the amount of such interest for each fiscal year.

6 (30 ILCS 425/15) (from Ch. 127, par. 2815)

7 Sec. 15. Refunding Bonds. Refunding Bonds are hereby
8 authorized for the purpose of refunding any outstanding Bonds,
9 including the payment of any redemption premium thereon, any
10 reasonable expenses of such refunding, and any interest accrued
11 or to accrue to the earliest or any subsequent date of
12 redemption or maturity of outstanding Bonds; provided that all
13 Bonds in an issue that includes ~~such~~ refunding Bonds shall
14 mature no later than the final maturity date of Bonds being
15 refunded; provided that no refunding Bonds shall be offered for
16 sale unless the net present value of savings to be achieved by
17 the issuance of the refunding Bonds is 3% or more of the amount
18 of the refunding Bonds to be issued; and further provided that
19 no refunding Bonds shall be offered for sale that are expected
20 to refund Bonds under a refunding plan that would have the
21 effect of decreasing the State's principal payments on all
22 Bonds in the fiscal year in which the refunding Bonds are
23 offered or in the next succeeding fiscal year by a total of
24 more than 5% of the principal or redemption amounts due on all
25 then-outstanding Bonds in the fiscal year next succeeding the
26 fiscal year in which the refunding Bonds are offered.

27 Refunding Bonds may be sold in such amounts and at such
28 times, as directed by the Governor upon recommendation by the
29 Director of the Governor's Office of Management and Budget
30 ~~Bureau of the Budget~~. The Governor shall notify the State
31 Treasurer and Comptroller of such refunding. The proceeds
32 received from the sale of refunding Bonds shall be used for the
33 retirement at maturity or redemption of such outstanding Bonds

1 on any maturity or redemption date and, pending such use, shall
2 be placed in escrow, subject to such terms and conditions as
3 shall be provided for in the Bond Sale Order relating to the
4 refunding Bonds. This Act shall constitute an irrevocable and
5 continuing appropriation of all amounts necessary to establish
6 an escrow account for the purpose of refunding outstanding
7 Bonds and to pay the reasonable expenses of such refunding and
8 of the issuance and sale of the refunding Bonds. Any such
9 escrowed proceeds may be invested and reinvested in direct
10 obligations of the United States of America, maturing at such
11 time or times as shall be appropriate to assure the prompt
12 payment, when due, of the principal of and interest and
13 redemption premium, if any, on the refunded Bonds. After the
14 terms of the escrow have been fully satisfied, any remaining
15 balance of such proceeds and interest, income and profits
16 earned or realized on the investments thereof shall be paid
17 into the General Revenue Fund. The liability of the State upon
18 the refunded Bonds shall continue, provided that the holders
19 thereof shall thereafter be entitled to payment only out of the
20 moneys deposited in the escrow account and the refunded Bonds
21 shall be deemed paid, discharged and no longer to be
22 outstanding.

23 Except as otherwise herein provided in this Section, such
24 refunding Bonds shall in all other respects be issued pursuant
25 to and subject to the terms and conditions of this Act and
26 shall be secured by and payable from only the funds and sources
27 which are provided under this Act.

28 (Source: P.A. 84-111; revised 8-23-03.)

29 Section 999. Effective date. This Act takes effect upon
30 becoming law."