

1                                    AMENDMENT TO SENATE BILL 1601

2                    AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1601 on page 1,  
3 below line 23, by inserting the following:

4                    "Section 3. The State Finance Act is amended by changing  
5 Section 6z-45 as follows:

6                    (30 ILCS 105/6z-45)

7                    Sec. 6z-45. The School Infrastructure Fund.

8                    (a) The School Infrastructure Fund is created as a  
9 special fund in the State Treasury.

10                    In addition to any other deposits authorized by law,  
11 beginning January 1, 2000, on the first day of each month, or  
12 as soon thereafter as may be practical, the State Treasurer  
13 and State Comptroller shall transfer the sum of \$5,000,000  
14 from the General Revenue Fund to the School Infrastructure  
15 Fund; provided, however, that no such transfers shall be made  
16 from July 1, 2001 through June 30, 2003.

17                    (b) Subject to the transfer provisions set forth below,  
18 money in the School Infrastructure Fund shall, if and when  
19 the State of Illinois incurs any bonded indebtedness for the  
20 construction of school improvements under the School  
21 Construction Law, be set aside and used for the purpose of  
22 paying and discharging annually the principal and interest on

1 that bonded indebtedness then due and payable, and for no  
2 other purpose.

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

17 On or before the last day of each month, the State  
18 Treasurer and State Comptroller shall transfer from the  
19 School Infrastructure Fund to the General Obligation Bond  
20 Retirement and Interest Fund an amount sufficient to pay the  
21 aggregate of the principal of, interest on, and premium, if  
22 any, on the bonds payable on their next payment date, divided  
23 by the number of monthly transfers occurring between the last  
24 previous payment date (or the delivery date if no payment  
25 date has yet occurred) and the next succeeding payment date.  
26 Interest payable on variable rate bonds shall be calculated  
27 at the maximum rate of interest that may be payable for the  
28 relevant period, after taking into account any credits  
29 permitted in the related indenture or other instrument  
30 against the amount of such interest required to be  
31 appropriated for that period. Interest for which moneys have  
32 already been deposited into the capitalized interest account  
33 within the General Obligation Bond Retirement and Interest  
34 Fund shall not be included in the calculation of the amounts

1 to be transferred under this subsection.

2 (c) The surplus, if any, in the School Infrastructure  
3 Fund after the payment of principal and interest on that  
4 bonded indebtedness then annually due shall, subject to  
5 appropriation, be used as follows:

6 First - to make 3 payments to the School Technology  
7 Revolving Loan Fund as follows:

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

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

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

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

15 Third - to pay any amounts due for grants for school  
16 construction projects and debt service under the School  
17 Construction Law.

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

20 (Source: P.A. 91-38, eff. 6-15-99; 91-711, eff. 7-1-00;  
21 92-11, eff. 6-11-01; 92-600, eff. 6-28-02.)"; and

22 on page 1, by replacing all of line 25 with "changing  
23 Sections 7, 9, 14, and 15 as follows:"; and

24 on page 4, below line 19, by inserting the following:

25 "(30 ILCS 330/9) (from Ch. 127, par. 659)

26 Sec. 9. Conditions for Issuance and Sale of Bonds -  
27 Requirements for Bonds.

28 (a) Bonds shall be issued and sold from time to time, in  
29 one or more series, in such amounts and at such prices as may  
30 be directed by the Governor, upon recommendation by the  
31 Director of the Bureau of the Budget. Bonds shall be in such  
32 form (either coupon, registered or book entry), in such

1 denominations, payable within 30 years from their date,  
2 subject to such terms of redemption with or without premium,  
3 bear interest payable at such times and at such fixed or  
4 variable rate or rates, and be dated as shall be fixed and  
5 determined by the Director of the Bureau of the Budget in the  
6 order authorizing the issuance and sale of any series of  
7 Bonds, which order shall be approved by the Governor and is  
8 herein called a "Bond Sale Order"; provided however, that  
9 interest payable at fixed or variable rates shall not exceed  
10 that permitted in the Bond Authorization Act, as now or  
11 hereafter amended. Said Bonds shall be payable at such place  
12 or places, within or without the State of Illinois, and may  
13 be made registrable as to either principal or as to both  
14 principal and interest, as shall be specified in the Bond  
15 Sale Order. Bonds may be callable or subject to purchase and  
16 retirement or tender and remarketing as fixed and determined  
17 in the Bond Sale Order.

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

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

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

31 The State may, with respect to Bonds issued or  
32 anticipated to be issued, participate in and enter into  
33 arrangements with respect to interest rate protection or  
34 exchange agreements, guarantees, or financial futures

1 contracts for the purpose of limiting or restricting interest  
2 rate risk. The arrangements may be executed and delivered by  
3 the Director of the Bureau of the Budget on behalf of the  
4 State. Net payments for such arrangements shall constitute  
5 interest on the Bonds and shall be paid from the General  
6 Obligation Bond Retirement and Interest Fund. The Director  
7 of the Bureau of the Budget shall at least annually certify  
8 to the Governor and the State Comptroller his or her estimate  
9 of the amounts of such net payments to be included in the  
10 calculation of interest required to be paid by the State.

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

23 (Source: P.A. 91-39, eff. 6-15-99; 91-357, eff. 7-29-99;  
24 92-16, eff. 6-28-01.)

25 (30 ILCS 330/14) (from Ch. 127, par. 664)

26 Sec. 14. Repayment.

27 (a) To provide for the manner of repayment of Bonds, the  
28 Governor shall include an appropriation in each annual State  
29 Budget of monies in such amount as shall be necessary and  
30 sufficient, for the period covered by such budget, to pay the  
31 interest, as it shall accrue, on all Bonds issued under this  
32 Act, to pay and discharge the principal of such Bonds as  
33 shall, by their terms, fall due during such period, and to

1 pay a premium, if any, on Bonds to be redeemed prior to the  
2 maturity date. Amounts included in such appropriations for  
3 the payment of interest on variable rate bonds shall be the  
4 maximum amounts of interest that may be payable for the  
5 period covered by the budget, after taking into account any  
6 credits permitted in the related indenture or other  
7 instrument against the amount of such interest required to be  
8 appropriated for such period. Amounts included in such  
9 appropriations for the payment of interest shall include the  
10 amounts certified by the Director of the Bureau of the Budget  
11 under subsection (b) of Section 9 of this Act.

12 (b) A separate fund in the State Treasury called the  
13 "General Obligation Bond Retirement and Interest Fund" is  
14 hereby created.

15 (c) The General Assembly shall annually make  
16 appropriations to pay the principal of, interest on, and  
17 premium, if any, on Bonds sold under this Act from the  
18 General Obligation Bond Retirement and Interest Fund.  
19 Amounts included in such appropriations for the payment of  
20 interest on variable rate bonds shall be the maximum amounts  
21 of interest that may be payable during the fiscal year, after  
22 taking into account any credits permitted in the related  
23 indenture or other instrument against the amount of such  
24 interest required to be appropriated for such period.  
25 Amounts included in such appropriations for the payment of  
26 interest shall include the amounts certified by the Director  
27 of the Bureau of the Budget under subsection (b) of Section 9  
28 of this Act.

29 If for any reason there are insufficient funds in either  
30 the General Revenue Fund or the Road Fund to make transfers  
31 to the General Obligation Bond Retirement and Interest Fund  
32 as required by Section 15 of this Act, or if for any reason  
33 the General Assembly fails to make appropriations sufficient  
34 to pay the principal of, interest on, and premium, if any, on

1 the Bonds, as the same by their terms shall become due, this  
 2 Act shall constitute an irrevocable and continuing  
 3 appropriation of all amounts necessary for that purpose, and  
 4 the irrevocable and continuing authority for and direction to  
 5 the State Treasurer and the Comptroller to make the necessary  
 6 transfers, as directed by the Governor, out of and  
 7 disbursements from the revenues and funds of the State.

8 (d) If, because of insufficient funds in either the  
 9 General Revenue Fund or the Road Fund, monies have been  
 10 transferred to the General Obligation Bond Retirement and  
 11 Interest Fund, as required by subsection (c) of this Section,  
 12 this Act shall constitute the irrevocable and continuing  
 13 authority for and direction to the State Treasurer and  
 14 Comptroller to reimburse these funds of the State from the  
 15 General Revenue Fund or the Road Fund, as appropriate, by  
 16 transferring, at such times and in such amounts, as directed  
 17 by the Governor, an amount to these funds equal to that  
 18 transferred from them.

19 (Source: P.A. 83-1490.)

20 (30 ILCS 330/15) (from Ch. 127, par. 665)

21 Sec. 15. Computation of Principal and Interest;  
 22 transfers.

23 (a) Upon each delivery of Bonds authorized to be issued  
 24 under this Act, the Comptroller shall compute and certify to  
 25 the Treasurer the total amount of principal of, interest on,  
 26 and premium, if any, on Bonds issued that will be payable in  
 27 order to retire such Bonds and the amount of principal of,  
 28 interest on and premium, if any, on such Bonds that will be  
 29 payable on each payment date according to the tenor of such  
 30 Bonds during the then current and each succeeding fiscal  
 31 year. With respect to the interest payable on variable rate  
 32 bonds, such certifications shall be calculated at the maximum  
 33 rate of interest that may be payable during the fiscal year,



1 after taking into account any credits permitted in the  
2 related indenture or other instrument against the amount of  
3 such interest required to be appropriated for such period  
4 pursuant to subsection (c) of Section 14 of this Act. With  
5 respect to the interest payable, such certifications shall  
6 include the amounts certified by the Director of the Bureau  
7 of the Budget under subsection (b) of Section 9 of this Act.

8 On or before the last day of each month the State  
9 Treasurer and Comptroller shall transfer from (1) the Road  
10 Fund with respect to Bonds issued under paragraph (a) of  
11 Section 4 of this Act or Bonds issued for the purpose of  
12 refunding such bonds, and from (2) the General Revenue Fund,  
13 with respect to all other Bonds issued under this Act, to the  
14 General Obligation Bond Retirement and Interest Fund an  
15 amount sufficient to pay the aggregate of the principal of,  
16 interest on, and premium, if any, on Bonds payable, by their  
17 terms on the next payment date divided by the number of full  
18 calendar months between the date of such Bonds and the first  
19 such payment date, and thereafter, divided by the number of  
20 months between each succeeding payment date after the first.  
21 Such computations and transfers shall be made for each series  
22 of Bonds issued and delivered. Interest payable on variable  
23 rate bonds shall be calculated at the maximum rate of  
24 interest that may be payable for the relevant period, after  
25 taking into account any credits permitted in the related  
26 indenture or other instrument against the amount of such  
27 interest required to be appropriated for such period pursuant  
28 to subsection (c) of Section 14 of this Act. Computations of  
29 interest shall include the amounts certified by the Director  
30 of the Bureau of the Budget under subsection (b) of Section 9  
31 of this Act. Interest for which moneys have already been  
32 deposited into the capitalized interest account within the  
33 General Obligation Bond Retirement and Interest Fund shall  
34 not be included in the calculation of the amounts to be

1 transferred under this subsection.

2 The transfer of monies herein and above directed is not  
3 required if monies in the General Obligation Bond Retirement  
4 and Interest Fund are more than the amount otherwise to be  
5 transferred as herein above provided, and if the Governor or  
6 his authorized representative notifies the State Treasurer  
7 and Comptroller of such fact in writing.

8 (b) After the effective date of this Act, the balance  
9 of, and monies directed to be included in the Capital  
10 Development Bond Retirement and Interest Fund, Anti-Pollution  
11 Bond Retirement and Interest Fund, Transportation Bond,  
12 Series A Retirement and Interest Fund, Transportation Bond,  
13 Series B Retirement and Interest Fund, and Coal Development  
14 Bond Retirement and Interest Fund shall be transferred to and  
15 deposited in the General Obligation Bond Retirement and  
16 Interest Fund. This Fund shall be used to make debt service  
17 payments on the State's general obligation Bonds heretofore  
18 issued which are now outstanding and payable from the Funds  
19 herein listed as well as on Bonds issued under this Act.

20 (c) The unused portion of federal funds received for a  
21 capital facilities project, as authorized by Section 3 of  
22 this Act, for which monies from the Capital Development Fund  
23 have been expended shall be deposited upon completion of the  
24 project in the General Obligation Bond Retirement and  
25 Interest Fund. Any federal funds received as reimbursement  
26 for the completed construction of a capital facilities  
27 project, as authorized by Section 3 of this Act, for which  
28 monies from the Capital Development Fund have been expended  
29 shall be deposited in the General Obligation Bond Retirement  
30 and Interest Fund.

31 (Source: P.A. 93-2, eff. 4-7-03.); and

32 on page 8, below line 6, by inserting the following:

33 "Section 99. Effective date. This Act takes effect upon

1 becoming law.".