



Sen. Donne E. Trotter

Filed: 1/6/2011

09600HB5960sam002

LRB096 17668 PJG 44822 a

1 AMENDMENT TO HOUSE BILL 5960

2 AMENDMENT NO. _____. Amend House Bill 5960, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The General Obligation Bond Act is amended by
6 changing Sections 2, 3, 4, 5, 6, 7, and 9 as follows:

7 (30 ILCS 330/2) (from Ch. 127, par. 652)

8 Sec. 2. Authorization for Bonds. The State of Illinois is
9 authorized to issue, sell and provide for the retirement of
10 General Obligation Bonds of the State of Illinois for the
11 categories and specific purposes expressed in Sections 2
12 through 8 of this Act, in the total amount of \$41,379,777,443
13 ~~\$37,217,777,443~~ ~~\$36,967,777,443~~.

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

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

1 \$2,200,000,000 in aggregate original principal amount may be
2 issued and sold in accordance with the Baccalaureate Savings
3 Act in the form of General Obligation College Savings Bonds.

4 Of the total amount of Bonds authorized in this Act, up to
5 \$300,000,000 in aggregate original principal amount may be
6 issued and sold in accordance with the Retirement Savings Act
7 in the form of General Obligation Retirement Savings Bonds.

8 Of the total amount of Bonds authorized in this Act, the
9 additional \$10,000,000,000 authorized by Public Act 93-2 and
10 the \$3,466,000,000 authorized by Public Act 96-43 shall be used
11 solely as provided in Section 7.2.

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

20 (Source: P.A. 95-1026, eff. 1-12-09; 96-5, eff. 4-3-09; 96-36,
21 eff. 7-13-09; 96-43, eff. 7-15-09; 96-885, eff. 3-11-10;
22 96-1000, eff. 7-2-10; revised 9-3-10.)

23 (30 ILCS 330/3) (from Ch. 127, par. 653)

24 Sec. 3. Capital Facilities. The amount of \$8,900,463,443
25 ~~\$7,968,463,443~~ is authorized to be used for the acquisition,

1 development, construction, reconstruction, improvement,
2 financing, architectural planning and installation of capital
3 facilities within the State, consisting of buildings,
4 structures, durable equipment, land, interests in land, and the
5 costs associated with the purchase and implementation of
6 information technology, including but not limited to the
7 purchase of hardware and software, for the following specific
8 purposes:

9 (a) \$3,007,228,000 ~~\$2,511,228,000~~ for educational
10 purposes by State universities and colleges, the Illinois
11 Community College Board created by the Public Community
12 College Act and for grants to public community colleges as
13 authorized by Sections 5-11 and 5-12 of the Public
14 Community College Act;

15 (b) \$1,648,420,000 ~~\$1,617,420,000~~ for correctional
16 purposes at State prison and correctional centers;

17 (c) \$599,183,000 ~~\$575,183,000~~ for open spaces,
18 recreational and conservation purposes and the protection
19 of land;

20 (d) \$691,917,000 ~~\$664,917,000~~ for child care
21 facilities, mental and public health facilities, and
22 facilities for the care of disabled veterans and their
23 spouses;

24 (e) \$1,777,990,000 ~~\$1,630,990,000~~ for use by the
25 State, its departments, authorities, public corporations,
26 commissions and agencies;

1 (f) \$818,100 for cargo handling facilities at port
2 districts and for breakwaters, including harbor entrances,
3 at port districts in conjunction with facilities for small
4 boats and pleasure crafts;

5 (g) \$274,877,074 ~~\$248,877,074~~ for water resource
6 management projects;

7 (h) \$16,940,269 for the provision of facilities for
8 food production research and related instructional and
9 public service activities at the State universities and
10 public community colleges;

11 (i) \$36,000,000 for grants by the Secretary of State,
12 as State Librarian, for central library facilities
13 authorized by Section 8 of the Illinois Library System Act
14 and for grants by the Capital Development Board to units of
15 local government for public library facilities;

16 (j) \$25,000,000 for the acquisition, development,
17 construction, reconstruction, improvement, financing,
18 architectural planning and installation of capital
19 facilities consisting of buildings, structures, durable
20 equipment and land for grants to counties, municipalities
21 or public building commissions with correctional
22 facilities that do not comply with the minimum standards of
23 the Department of Corrections under Section 3-15-2 of the
24 Unified Code of Corrections;

25 (k) \$5,000,000 for grants in fiscal year 1988 by the
26 Department of Conservation for improvement or expansion of

1 aquarium facilities located on property owned by a park
2 district;

3 (l) \$588,590,000 ~~\$432,590,000~~ to State agencies for
4 grants to local governments for the acquisition,
5 financing, architectural planning, development,
6 alteration, installation, and construction of capital
7 facilities consisting of buildings, structures, durable
8 equipment, and land; and

9 (m) \$228,500,000 ~~\$203,500,000~~ for the Illinois Open
10 Land Trust Program as defined by the Illinois Open Land
11 Trust Act.

12 The amounts authorized above for capital facilities may be
13 used for the acquisition, installation, alteration,
14 construction, or reconstruction of capital facilities and for
15 the purchase of equipment for the purpose of major capital
16 improvements which will reduce energy consumption in State
17 buildings or facilities.

18 (Source: P.A. 96-36, eff. 7-13-09; 96-37, eff. 7-13-09;
19 96-1000, eff. 7-2-10.)

20 (30 ILCS 330/4) (from Ch. 127, par. 654)

21 Sec. 4. Transportation. The amount of \$12,443,799,000
22 ~~\$9,948,799,000~~ is authorized for use by the Department of
23 Transportation for the specific purpose of promoting and
24 assuring rapid, efficient, and safe highway, air and mass
25 transportation for the inhabitants of the State by providing

1 monies, including the making of grants and loans, for the
2 acquisition, construction, reconstruction, extension and
3 improvement of the following transportation facilities and
4 equipment, and for the acquisition of real property and
5 interests in real property required or expected to be required
6 in connection therewith as follows:

7 (a) \$5,432,129,000 for State highways, arterial highways,
8 freeways, roads, bridges, structures separating highways and
9 railroads and roads, and bridges on roads maintained by
10 counties, municipalities, townships or road districts for the
11 following specific purposes:

12 (1) \$3,330,000,000 for use statewide,

13 (2) \$3,677,000 for use outside the Chicago urbanized
14 area,

15 (3) \$7,543,000 for use within the Chicago urbanized
16 area,

17 (4) \$13,060,600 for use within the City of Chicago,

18 (5) \$58,987,500 for use within the counties of Cook,
19 DuPage, Kane, Lake, McHenry and Will,

20 (6) \$18,860,900 for use outside the counties of Cook,
21 DuPage, Kane, Lake, McHenry and Will, and

22 (7) \$2,000,000,000 for use on projects included in
23 either (i) the FY09-14 Proposed Highway Improvement
24 Program as published by the Illinois Department of
25 Transportation in May 2008 or (ii) the FY10-15 Proposed
26 Highway Improvement Program to be published by the Illinois

1 Department of Transportation in the spring of 2009; except
2 that all projects must be maintenance projects for the
3 existing State system with the goal of reaching 90%
4 acceptable condition in the system statewide and further
5 except that all projects must reflect the generally
6 accepted historical distribution of projects throughout
7 the State.

8 (b) \$4,280,070,000 ~~\$3,130,070,000~~ for rail facilities and
9 for mass transit facilities, as defined in Section 2705-305 of
10 the Department of Transportation Law (20 ILCS 2705/2705-305),
11 including rapid transit, rail, bus and other equipment used in
12 connection therewith by the State or any unit of local
13 government, special transportation district, municipal
14 corporation or other corporation or public authority
15 authorized to provide and promote public transportation within
16 the State or two or more of the foregoing jointly, for the
17 following specific purposes:

- 18 (1) \$3,184,270,000 ~~\$2,034,270,000~~ statewide,
19 (2) \$83,350,000 for use within the counties of Cook,
20 DuPage, Kane, Lake, McHenry and Will,
21 (3) \$12,450,000 for use outside the counties of Cook,
22 DuPage, Kane, Lake, McHenry and Will, and
23 (4) \$1,000,000,000 for use on projects that shall
24 reflect the generally accepted historical distribution of
25 projects throughout the State.

26 (c) \$482,600,000 ~~\$371,600,000~~ for airport or aviation

1 facilities and any equipment used in connection therewith,
2 including engineering and land acquisition costs, by the State
3 or any unit of local government, special transportation
4 district, municipal corporation or other corporation or public
5 authority authorized to provide public transportation within
6 the State, or two or more of the foregoing acting jointly, and
7 for the making of deposits into the Airport Land Loan Revolving
8 Fund for loans to public airport owners pursuant to the
9 Illinois Aeronautics Act.

10 (d) \$2,249,000,000 ~~\$1,015,000,000~~ for use statewide for
11 State or local highways, arterial highways, freeways, roads,
12 bridges, and structures separating highways and railroads and
13 roads, and for grants to counties, municipalities, townships,
14 or road districts for planning, engineering, acquisition,
15 construction, reconstruction, development, improvement,
16 extension, and all construction-related expenses of the public
17 infrastructure and other transportation improvement projects
18 which are related to economic development in the State of
19 Illinois.

20 (Source: P.A. 96-5, eff. 4-3-09; 96-36, eff. 7-13-09; 96-37,
21 eff. 7-13-09.)

22 (30 ILCS 330/5) (from Ch. 127, par. 655)

23 Sec. 5. School Construction.

24 (a) The amount of \$58,450,000 is authorized to make grants
25 to local school districts for the acquisition, development,

1 construction, reconstruction, rehabilitation, improvement,
2 financing, architectural planning and installation of capital
3 facilities, including but not limited to those required for
4 special education building projects provided for in Article 14
5 of The School Code, consisting of buildings, structures, and
6 durable equipment, and for the acquisition and improvement of
7 real property and interests in real property required, or
8 expected to be required, in connection therewith.

9 (b) \$22,550,000, or so much thereof as may be necessary,
10 for grants to school districts for the making of principal and
11 interest payments, required to be made, on bonds issued by such
12 school districts after January 1, 1969, pursuant to any
13 indenture, ordinance, resolution, agreement or contract to
14 provide funds for the acquisition, development, construction,
15 reconstruction, rehabilitation, improvement, architectural
16 planning and installation of capital facilities consisting of
17 buildings, structures, durable equipment and land for
18 educational purposes or for lease payments required to be made
19 by a school district for principal and interest payments on
20 bonds issued by a Public Building Commission after January 1,
21 1969.

22 (c) \$10,000,000 for grants to school districts for the
23 acquisition, development, construction, reconstruction,
24 rehabilitation, improvement, architectural planning and
25 installation of capital facilities consisting of buildings
26 structures, durable equipment and land for special education

1 building projects.

2 (d) \$9,000,000 for grants to school districts for the
3 reconstruction, rehabilitation, improvement, financing and
4 architectural planning of capital facilities, including
5 construction at another location to replace such capital
6 facilities, consisting of those public school buildings and
7 temporary school facilities which, prior to January 1, 1984,
8 were condemned by the regional superintendent under Section
9 3-14.22 of The School Code or by any State official having
10 jurisdiction over building safety.

11 (e) \$3,050,000,000 for grants to school districts for
12 school improvement projects authorized by the School
13 Construction Law. The bonds shall be sold in amounts not to
14 exceed the following schedule, except any bonds not sold during
15 one year shall be added to the bonds to be sold during the
16 remainder of the schedule:

17	First year	\$200,000,000
18	Second year	\$450,000,000
19	Third year	\$500,000,000
20	Fourth year	\$500,000,000
21	Fifth year	\$800,000,000
22	Sixth year and thereafter	\$600,000,000

23 (f) \$1,066,000,000 ~~\$420,000,000~~ grants to school districts
24 for school implemented projects authorized by the School
25 Construction Law.

26 (Source: P.A. 96-36, eff. 7-13-09.)

1 (30 ILCS 330/6) (from Ch. 127, par. 656)

2 Sec. 6. Anti-Pollution.

3 (a) The amount of \$422,815,000 ~~\$369,815,000~~ is authorized
4 for allocation by the Environmental Protection Agency for
5 grants or loans to units of local government in such amounts,
6 at such times and for such purpose as the Agency deems
7 necessary or desirable for the planning, financing, and
8 construction of municipal sewage treatment works and solid
9 waste disposal facilities and for making of deposits into the
10 Water Revolving Fund and the U.S. Environmental Protection Fund
11 to provide assistance in accordance with the provisions of
12 Title IV-A of the Environmental Protection Act.

13 (b) The amount of \$236,500,000 ~~\$215,500,000~~ is authorized
14 for allocation by the Environmental Protection Agency for
15 payment of claims submitted to the State and approved for
16 payment under the Leaking Underground Storage Tank Program
17 established in Title XVI of the Environmental Protection Act.

18 (Source: P.A. 96-36, eff. 7-13-09.)

19 (30 ILCS 330/7) (from Ch. 127, par. 657)

20 Sec. 7. Coal and Energy Development. The amount of
21 \$698,200,000 is authorized to be used by the Department of
22 Commerce and Economic Opportunity (formerly Department of
23 Commerce and Community Affairs) for coal and energy development
24 purposes, pursuant to Sections 2, 3 and 3.1 of the Illinois

1 Coal and Energy Development Bond Act, for the purposes
2 specified in Section 8.1 of the Energy Conservation and Coal
3 Development Act, for the purposes specified in Section 605-332
4 of the Department of Commerce and Economic Opportunity Law of
5 the Civil Administrative Code of Illinois, and for the purpose
6 of facility cost reports prepared pursuant to Sections 1-58 or
7 1-75(d) (4) of the Illinois Power Agency Act and for the purpose
8 of development costs pursuant to Section 8.1 of the Energy
9 Conservation and Coal Development Act. Of this amount:

10 (a) \$115,000,000 is for the specific purposes of
11 acquisition, development, construction, reconstruction,
12 improvement, financing, architectural and technical planning
13 and installation of capital facilities consisting of
14 buildings, structures, durable equipment, and land for the
15 purpose of capital development of coal resources within the
16 State and for the purposes specified in Section 8.1 of the
17 Energy Conservation and Coal Development Act;

18 (b) \$35,000,000 is for the purposes specified in Section
19 8.1 of the Energy Conservation and Coal Development Act and
20 making grants to generating stations and coal gasification
21 facilities within the State of Illinois and to the owner of a
22 generating station located in Illinois and having at least
23 three coal-fired generating units with accredited summer
24 capability greater than 500 megawatts each at such generating
25 station as provided in Section 6 of that Bond Act;

26 (c) \$13,200,000 is for research, development and

1 demonstration of forms of energy other than that derived from
2 coal, either on or off State property;

3 (d) \$500,000,000 is for the purpose of providing financial
4 assistance to new electric generating facilities as provided in
5 Section 605-332 of the Department of Commerce and Economic
6 Opportunity Law of the Civil Administrative Code of Illinois;
7 and

8 (e) \$50,000,000 ~~\$35,000,000~~ is for the purpose of facility
9 cost reports prepared for not more than one facility pursuant
10 to Section 1-75(d)(4) of the Illinois Power Agency Act and not
11 more than one facility pursuant to Section 1-58 of the Illinois
12 Power Agency Act and for the purpose of up to \$6,000,000 of
13 development costs pursuant to Section 8.1 of the Energy
14 Conservation and Coal Development Act.

15 (Source: P.A. 95-1026, eff. 1-12-09; 96-781, eff. 8-28-09;
16 96-1000, eff. 7-2-10; 96-1465, eff. 8-20-10.)

17 (30 ILCS 330/9) (from Ch. 127, par. 659)

18 Sec. 9. Conditions for Issuance and Sale of Bonds -
19 Requirements for Bonds.

20 (a) Except as otherwise provided in this subsection, Bonds
21 shall be issued and sold from time to time, in one or more
22 series, in such amounts and at such prices as may be directed
23 by the Governor, upon recommendation by the Director of the
24 Governor's Office of Management and Budget. Bonds shall be in
25 such form (either coupon, registered or book entry), in such

1 denominations, payable within 25 years from their date, subject
2 to such terms of redemption with or without premium, bear
3 interest payable at such times and at such fixed or variable
4 rate or rates, and be dated as shall be fixed and determined by
5 the Director of the Governor's Office of Management and Budget
6 in the 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. Bonds shall be payable at such place or
12 places, within or without the State of Illinois, and may be
13 made registrable as to either principal or as to both principal
14 and interest, as shall be specified in the Bond Sale Order.
15 Bonds may be callable or subject to purchase and retirement or
16 tender and remarketing as fixed and determined in the Bond Sale
17 Order. Bonds, other than Bonds issued under Section 3 of this
18 Act for the costs associated with the purchase and
19 implementation of information technology, (i) except for
20 refunding Bonds satisfying the requirements of Section 16 of
21 this Act and sold during fiscal year 2009, 2010, or 2011, must
22 be issued with principal or mandatory redemption amounts in
23 equal amounts, with the first maturity issued occurring within
24 the fiscal year in which the Bonds are issued or within the
25 next succeeding fiscal year and (ii) must mature or be subject
26 to mandatory redemption each fiscal year thereafter up to 25

1 years, except for refunding Bonds satisfying the requirements
2 of Section 16 of this Act and sold during fiscal year 2009,
3 2010, or 2011 which must mature or be subject to mandatory
4 redemption each fiscal year thereafter up to 16 years. Bonds
5 issued under Section 3 of this Act for the costs associated
6 with the purchase and implementation of information technology
7 must be issued with principal or mandatory redemption amounts
8 in equal amounts, with the first maturity issued occurring with
9 the fiscal year in which the respective bonds are issued or
10 with the next succeeding fiscal year, with the respective bonds
11 issued maturing or subject to mandatory redemption each fiscal
12 year thereafter up to 10 years. Notwithstanding any provision
13 of this Act to the contrary, the Bonds authorized by Public Act
14 96-43 shall be payable within 5 years from their date and must
15 be issued with principal or mandatory redemption amounts in
16 equal amounts, with payment of principal or mandatory
17 redemption beginning in the first fiscal year following the
18 fiscal year in which the Bonds are issued.

19 In the case of any series of Bonds bearing interest at a
20 variable interest rate ("Variable Rate Bonds"), in lieu of
21 determining the rate or rates at which such series of Variable
22 Rate Bonds shall bear interest and the price or prices at which
23 such Variable Rate Bonds shall be initially sold or remarketed
24 (in the event of purchase and subsequent resale), the Bond Sale
25 Order may provide that such interest rates and prices may vary
26 from time to time depending on criteria established in such

1 Bond Sale Order, which criteria may include, without
2 limitation, references to indices or variations in interest
3 rates as may, in the judgment of a remarketing agent, be
4 necessary to cause Variable Rate Bonds of such series to be
5 remarketable from time to time at a price equal to their
6 principal amount, and may provide for appointment of a bank,
7 trust company, investment bank, or other financial institution
8 to serve as remarketing agent in that connection. The Bond Sale
9 Order may provide that alternative interest rates or provisions
10 for establishing alternative interest rates, different
11 security or claim priorities, or different call or amortization
12 provisions will apply during such times as Variable Rate Bonds
13 of any series are held by a person providing credit or
14 liquidity enhancement arrangements for such Bonds as
15 authorized in subsection (b) of this Section. The Bond Sale
16 Order may also provide for such variable interest rates to be
17 established pursuant to a process generally known as an auction
18 rate process and may provide for appointment of one or more
19 financial institutions to serve as auction agents and
20 broker-dealers in connection with the establishment of such
21 interest rates and the sale and remarketing of such Bonds.

22 (b) In connection with the issuance of any series of Bonds,
23 the State may enter into arrangements to provide additional
24 security and liquidity for such Bonds, including, without
25 limitation, bond or interest rate insurance or letters of
26 credit, lines of credit, bond purchase contracts, or other

1 arrangements whereby funds are made available to retire or
2 purchase Bonds, thereby assuring the ability of owners of the
3 Bonds to sell or redeem their Bonds. The State may enter into
4 contracts and may agree to pay fees to persons providing such
5 arrangements, but only under circumstances where the Director
6 of the Governor's Office of Management and Budget certifies
7 that he or she reasonably expects the total interest paid or to
8 be paid on the Bonds, together with the fees for the
9 arrangements (being treated as if interest), would not, taken
10 together, cause the Bonds to bear interest, calculated to their
11 stated maturity, at a rate in excess of the rate that the Bonds
12 would bear in the absence of such arrangements.

13 The State may, with respect to Bonds issued or anticipated
14 to be issued, participate in and enter into arrangements with
15 respect to interest rate protection or exchange agreements,
16 guarantees, or financial futures contracts for the purpose of
17 limiting, reducing, or managing interest rate exposure. The
18 authority granted under this paragraph, however, shall not
19 increase the principal amount of Bonds authorized to be issued
20 by law. The arrangements may be executed and delivered by the
21 Director of the Governor's Office of Management and Budget on
22 behalf of the State. Net payments for such arrangements shall
23 constitute interest on the Bonds and shall be paid from the
24 General Obligation Bond Retirement and Interest Fund. The
25 Director of the Governor's Office of Management and Budget
26 shall at least annually certify to the Governor and the State

1 Comptroller his or her estimate of the amounts of such net
2 payments to be included in the calculation of interest required
3 to be paid by the State.

4 (c) Prior to the issuance of any Variable Rate Bonds
5 pursuant to subsection (a), the Director of the Governor's
6 Office of Management and Budget shall adopt an interest rate
7 risk management policy providing that the amount of the State's
8 variable rate exposure with respect to Bonds shall not exceed
9 20%. This policy shall remain in effect while any Bonds are
10 outstanding and the issuance of Bonds shall be subject to the
11 terms of such policy. The terms of this policy may be amended
12 from time to time by the Director of the Governor's Office of
13 Management and Budget but in no event shall any amendment cause
14 the permitted level of the State's variable rate exposure with
15 respect to Bonds to exceed 20%.

16 (d) "Build America Bonds" in this Section means Bonds
17 authorized by Section 54AA of the Internal Revenue Code of
18 1986, as amended ("Internal Revenue Code"), and bonds issued
19 from time to time to refund or continue to refund "Build
20 America Bonds".

21 (e) Notwithstanding any other provision of this Section,
22 Qualified School Construction Bonds shall be issued and sold
23 from time to time, in one or more series, in such amounts and
24 at such prices as may be directed by the Governor, upon
25 recommendation by the Director of the Governor's Office of
26 Management and Budget. Qualified School Construction Bonds

1 shall be in such form (either coupon, registered or book
2 entry), in such denominations, payable within 25 years from
3 their date, subject to such terms of redemption with or without
4 premium, and if the Qualified School Construction Bonds are
5 issued with a supplemental coupon, bear interest payable at
6 such times and at such fixed or variable rate or rates, and be
7 dated as shall be fixed and determined by the Director of the
8 Governor's Office of Management and Budget in the order
9 authorizing the issuance and sale of any series of Qualified
10 School Construction Bonds, which order shall be approved by the
11 Governor and is herein called a "Bond Sale Order"; except that
12 interest payable at fixed or variable rates, if any, shall not
13 exceed that permitted in the Bond Authorization Act, as now or
14 hereafter amended. Qualified School Construction Bonds shall
15 be payable at such place or places, within or without the State
16 of Illinois, and may be made registrable as to either principal
17 or as to both principal and interest, as shall be specified in
18 the Bond Sale Order. Qualified School Construction Bonds may be
19 callable or subject to purchase and retirement or tender and
20 remarketing as fixed and determined in the Bond Sale Order.
21 Qualified School Construction Bonds must be issued with
22 principal or mandatory redemption amounts or sinking fund
23 payments into the General Obligation Bond Retirement and
24 Interest Fund (or subaccount therefor) in equal amounts, with
25 the first maturity issued, mandatory redemption payment or
26 sinking fund payment occurring within the fiscal year in which

1 the Qualified School Construction Bonds are issued or within
2 the next succeeding fiscal year, with Qualified School
3 Construction Bonds issued maturing or subject to mandatory
4 redemption or with sinking fund payments thereof deposited each
5 fiscal year thereafter up to 25 years. Sinking fund payments
6 set forth in this subsection shall be permitted only to the
7 extent authorized in Section 54F of the Internal Revenue Code
8 or as otherwise determined by the Director of the Governor's
9 Office of Management and Budget. "Qualified School
10 Construction Bonds" in this subsection means Bonds authorized
11 by Section 54F of the Internal Revenue Code and for bonds
12 issued from time to time to refund or continue to refund such
13 "Qualified School Construction Bonds".

14 (f) Beginning with the next issuance by the Governor's
15 Office of Management and Budget to the Procurement Policy Board
16 of a request for quotation for the purpose of formulating a new
17 pool of qualified underwriting banks list, all entities
18 responding to such a request for quotation for inclusion on
19 that list shall provide a written report to the Governor's
20 Office of Management and Budget and the Illinois Comptroller.
21 The written report submitted to the Comptroller shall (i) be
22 published on the Comptroller's Internet website and (ii) be
23 used by the Governor's Office of Management and Budget for the
24 purposes of scoring such a request for quotation. The written
25 report, at a minimum, shall:

26 (1) indicate any data pertinent to the previous 3

1 months, pursuant to credit default swap market-making
2 activities, including disclosure of the firm's entry into
3 any State of Illinois credit default swaps ("CDS");

4 (2) include, in the event of State of Illinois CDS
5 activity, disclosure of the firm's cumulative notional
6 volume of State of Illinois CDS trades and the firm's
7 outstanding gross and net notional amount of State of
8 Illinois CDS, as of the end of the current 3-month period;

9 (3) indicate, pursuant to the firm's proprietary
10 trading activities, disclosure of whether the firm, within
11 the past 3 months, has entered into any proprietary trades
12 for its own account in State of Illinois CDS;

13 (4) include, in the event of State of Illinois
14 proprietary trades, disclosure of the firm's outstanding
15 gross and net notional amount of proprietary State of
16 Illinois CDS and whether the net position is short or long
17 credit protection, as of the end of the current 3-month
18 period;

19 (5) list all time periods during the past 3 months
20 during which the firm held net long or net short
21 proprietary credit protection positions, the amount of
22 such positions, and whether those positions were net long
23 or net short credit protection positions; and

24 (6) indicate whether, within the previous 3 months, the
25 firm released any publicly available research or marketing
26 reports that reference State of Illinois CDS and include

1 those research or marketing reports as attachments.

2 (g) All entities included on a Governor's Office of
3 Management and Budget's pool of qualified underwriting banks
4 list shall, as soon as possible after the effective date of
5 this amendatory Act of the 96th General Assembly, but not later
6 than January 21, 2011, and on a quarterly fiscal basis
7 thereafter, provide a written report to the Governor's Office
8 of Management and Budget and the Illinois Comptroller. The
9 written reports submitted to the Comptroller shall be published
10 on the Comptroller's Internet website. The written reports, at
11 a minimum, shall:

12 (1) indicate any data pertinent to the previous 3
13 months, pursuant to credit default swap market-making
14 activities, including disclosure of the firm's entry into
15 any State of Illinois credit default swaps ("CDS");

16 (2) include, in the event of State of Illinois CDS
17 activity, disclosure of the firm's cumulative notional
18 volume of State of Illinois CDS trades and the firm's
19 outstanding gross and net notional amount of State of
20 Illinois CDS, as of the end of the current 3-month period;

21 (3) indicate, pursuant to the firm's proprietary
22 trading activities, disclosure of whether the firm, within
23 the past 3 months, has entered into any proprietary trades
24 for its own account in State of Illinois CDS;

25 (4) include, in the event of State of Illinois
26 proprietary trades, disclosure of the firm's outstanding

1 gross and net notional amount of proprietary State of
2 Illinois CDS and whether the net position is short or long
3 credit protection, as of the end of the current 3-month
4 period;

5 (5) list all time periods during the past 3 months
6 during which the firm held net long or net short
7 proprietary credit protection positions, the amount of
8 such positions, and whether those positions were net long
9 or net short credit protection positions; and

10 (6) indicate whether, within the previous 3 months, the
11 firm released any publicly available research or marketing
12 reports that reference State of Illinois CDS and include
13 those research or marketing reports as attachments.

14 (Source: P.A. 96-18, eff. 6-26-09; 96-37, eff. 7-13-09; 96-43,
15 eff. 7-15-09; 96-828, eff. 12-2-09.)

16 Section 10. The Build Illinois Bond Act is amended by
17 changing Sections 2 and 4 as follows:

18 (30 ILCS 425/2) (from Ch. 127, par. 2802)

19 Sec. 2. Authorization for Bonds. The State of Illinois is
20 authorized to issue, sell and provide for the retirement of
21 limited obligation bonds, notes and other evidences of
22 indebtedness of the State of Illinois in the total principal
23 amount of \$5,703,509,000 ~~\$4,615,509,000~~ herein called "Bonds".

24 Such authorized amount of Bonds shall be reduced from time to

1 time by amounts, if any, which are equal to the moneys received
2 by the Department of Revenue in any fiscal year pursuant to
3 Section 3-1001 of the "Illinois Vehicle Code", as amended, in
4 excess of the Annual Specified Amount (as defined in Section 3
5 of the "Retailers' Occupation Tax Act", as amended) and
6 transferred at the end of such fiscal year from the General
7 Revenue Fund to the Build Illinois Purposes Fund (now
8 abolished) as provided in Section 3-1001 of said Code;
9 provided, however, that no such reduction shall affect the
10 validity or enforceability of any Bonds issued prior to such
11 reduction. Such amount of authorized Bonds shall be exclusive
12 of any refunding Bonds issued pursuant to Section 15 of this
13 Act and exclusive of any Bonds issued pursuant to this Section
14 which are redeemed, purchased, advance refunded, or defeased in
15 accordance with paragraph (f) of Section 4 of this Act. Bonds
16 shall be issued for the categories and specific purposes
17 expressed in Section 4 of this Act.

18 (Source: P.A. 96-36, eff. 7-13-09.)

19 (30 ILCS 425/4) (from Ch. 127, par. 2804)

20 Sec. 4. Purposes of Bonds. Bonds shall be issued for the
21 following purposes and in the approximate amounts as set forth
22 below:

23 (a) \$3,213,000,000 ~~\$2,917,000,000~~ for the expenses of
24 issuance and sale of Bonds, including bond discounts, and for
25 planning, engineering, acquisition, construction,

1 reconstruction, development, improvement and extension of the
2 public infrastructure in the State of Illinois, including: the
3 making of loans or grants to local governments for waste
4 disposal systems, water and sewer line extensions and water
5 distribution and purification facilities, rail or air or water
6 port improvements, gas and electric utility extensions,
7 publicly owned industrial and commercial sites, buildings used
8 for public administration purposes and other public
9 infrastructure capital improvements; the making of loans or
10 grants to units of local government for financing and
11 construction of wastewater facilities, including grants to
12 serve unincorporated areas; refinancing or retiring bonds
13 issued between January 1, 1987 and January 1, 1990 by home rule
14 municipalities, debt service on which is provided from a tax
15 imposed by home rule municipalities prior to January 1, 1990 on
16 the sale of food and drugs pursuant to Section 8-11-1 of the
17 Home Rule Municipal Retailers' Occupation Tax Act or Section
18 8-11-5 of the Home Rule Municipal Service Occupation Tax Act;
19 the making of deposits not to exceed \$70,000,000 in the
20 aggregate into the Water Pollution Control Revolving Fund to
21 provide assistance in accordance with the provisions of Title
22 IV-A of the Environmental Protection Act; the planning,
23 engineering, acquisition, construction, reconstruction,
24 alteration, expansion, extension and improvement of highways,
25 bridges, structures separating highways and railroads, rest
26 areas, interchanges, access roads to and from any State or

1 local highway and other transportation improvement projects
2 which are related to economic development activities; the
3 making of loans or grants for planning, engineering,
4 rehabilitation, improvement or construction of rail and
5 transit facilities; the planning, engineering, acquisition,
6 construction, reconstruction and improvement of watershed,
7 drainage, flood control, recreation and related improvements
8 and facilities, including expenses related to land and easement
9 acquisition, relocation, control structures, channel work and
10 clearing and appurtenant work; the making of grants for
11 improvement and development of zoos and park district field
12 houses and related structures; and the making of grants for
13 improvement and development of Navy Pier and related
14 structures.

15 (b) \$541,000,000 ~~\$196,000,000~~ for fostering economic
16 development and increased employment and the well being of the
17 citizens of Illinois, including: the making of grants for
18 improvement and development of McCormick Place and related
19 structures; the planning and construction of a
20 microelectronics research center, including the planning,
21 engineering, construction, improvement, renovation and
22 acquisition of buildings, equipment and related utility
23 support systems; the making of loans to businesses and
24 investments in small businesses; acquiring real properties for
25 industrial or commercial site development; acquiring,
26 rehabilitating and reconveying industrial and commercial

1 properties for the purpose of expanding employment and
2 encouraging private and other public sector investment in the
3 economy of Illinois; the payment of expenses associated with
4 siting the Superconducting Super Collider Particle Accelerator
5 in Illinois and with its acquisition, construction,
6 maintenance, operation, promotion and support; the making of
7 loans for the planning, engineering, acquisition,
8 construction, improvement and conversion of facilities and
9 equipment which will foster the use of Illinois coal; the
10 payment of expenses associated with the promotion,
11 establishment, acquisition and operation of small business
12 incubator facilities and agribusiness research facilities,
13 including the lease, purchase, renovation, planning,
14 engineering, construction and maintenance of buildings,
15 utility support systems and equipment designated for such
16 purposes and the establishment and maintenance of centralized
17 support services within such facilities; and the making of
18 grants or loans to units of local government for Urban
19 Development Action Grant and Housing Partnership programs.

20 (c) \$1,741,358,100 ~~\$1,352,358,100~~ for the development and
21 improvement of educational, scientific, technical and
22 vocational programs and facilities and the expansion of health
23 and human services for all citizens of Illinois, including: the
24 making of construction and improvement grants and loans to
25 public libraries and library systems; the making of grants and
26 loans for planning, engineering, acquisition and construction

1 of a new State central library in Springfield; the planning,
2 engineering, acquisition and construction of an animal and
3 dairy sciences facility; the planning, engineering,
4 acquisition and construction of a campus and all related
5 buildings, facilities, equipment and materials for Richland
6 Community College; the acquisition, rehabilitation and
7 installation of equipment and materials for scientific and
8 historical surveys; the making of grants or loans for
9 distribution to eligible vocational education instructional
10 programs for the upgrading of vocational education programs,
11 school shops and laboratories, including the acquisition,
12 rehabilitation and installation of technical equipment and
13 materials; the making of grants or loans for distribution to
14 eligible local educational agencies for the upgrading of math
15 and science instructional programs, including the acquisition
16 of instructional equipment and materials; miscellaneous
17 capital improvements for universities and community colleges
18 including the planning, engineering, construction,
19 reconstruction, remodeling, improvement, repair and
20 installation of capital facilities and costs of planning,
21 supplies, equipment, materials, services, and all other
22 required expenses; the making of grants or loans for repair,
23 renovation and miscellaneous capital improvements for
24 privately operated colleges and universities and community
25 colleges, including the planning, engineering, acquisition,
26 construction, reconstruction, remodeling, improvement, repair

1 and installation of capital facilities and costs of planning,
2 supplies, equipment, materials, services, and all other
3 required expenses; and the making of grants or loans for
4 distribution to local governments for hospital and other health
5 care facilities including the planning, engineering,
6 acquisition, construction, reconstruction, remodeling,
7 improvement, repair and installation of capital facilities and
8 costs of planning, supplies, equipment, materials, services
9 and all other required expenses.

10 (d) \$208,150,900 ~~\$150,150,900~~ for protection,
11 preservation, restoration and conservation of environmental
12 and natural resources, including: the making of grants to soil
13 and water conservation districts for the planning and
14 implementation of conservation practices and for funding
15 contracts with the Soil Conservation Service for watershed
16 planning; the making of grants to units of local government for
17 the capital development and improvement of recreation areas,
18 including planning and engineering costs, sewer projects,
19 including planning and engineering costs and water projects,
20 including planning and engineering costs, and for the
21 acquisition of open space lands, including the acquisition of
22 easements and other property interests of less than fee simple
23 ownership; the acquisition and related costs and development
24 and management of natural heritage lands, including natural
25 areas and areas providing habitat for endangered species and
26 nongame wildlife, and buffer area lands; the acquisition and

1 related costs and development and management of habitat lands,
2 including forest, wildlife habitat and wetlands; and the
3 removal and disposition of hazardous substances, including the
4 cost of project management, equipment, laboratory analysis,
5 and contractual services necessary for preventative and
6 corrective actions related to the preservation, restoration
7 and conservation of the environment, including deposits not to
8 exceed \$60,000,000 in the aggregate into the Hazardous Waste
9 Fund and the Brownfields Redevelopment Fund for improvements in
10 accordance with the provisions of Titles V and XVII of the
11 Environmental Protection Act.

12 (e) The amount specified in paragraph (a) above shall
13 include an amount necessary to pay reasonable expenses of each
14 issuance and sale of the Bonds, as specified in the related
15 Bond Sale Order (hereinafter defined).

16 (f) Any unexpended proceeds from any sale of Bonds which
17 are held in the Build Illinois Bond Fund may be used to redeem,
18 purchase, advance refund, or defease any Bonds outstanding.

19 (Source: P.A. 96-36, eff. 7-13-09; 96-503, eff. 8-14-09;
20 96-1000, eff. 7-2-10.)

21 Section 15. The Illinois Pension Code is amended by
22 changing Sections 1-113.14, 2-124, 14-131, 15-155, 16-158,
23 18-131, and 22A-111 and by adding Section 1-113.15 as follows:

24 (40 ILCS 5/1-113.14)

1 Sec. 1-113.14. Investment services for retirement systems,
2 pension funds, and investment boards, except those funds
3 established under Articles 3 and 4.

4 (a) For the purposes of this Section, "investment services"
5 means services provided by an investment adviser or a
6 consultant other than qualified fund-of-fund management
7 services as defined in Section 1-113.15.

8 (b) The selection and appointment of an investment adviser
9 or consultant for investment services by the board of a
10 retirement system, pension fund, or investment board subject to
11 this Code, except those whose investments are restricted by
12 Section 1-113.2, shall be made and awarded in accordance with
13 this Section. All contracts for investment services shall be
14 awarded by the board using a competitive process that is
15 substantially similar to the process required for the
16 procurement of professional and artistic services under
17 Article 35 of the Illinois Procurement Code. Each board of
18 trustees shall adopt a policy in accordance with this
19 subsection (b) within 60 days after the effective date of this
20 amendatory Act of the 96th General Assembly. The policy shall
21 be posted on its web site and filed with the Illinois
22 Procurement Policy Board. Exceptions to this Section are
23 allowed for (i) sole source procurements, (ii) emergency
24 procurements, and (iii) at the discretion of the pension fund,
25 retirement system, or board of investment, contracts that are
26 nonrenewable and one year or less in duration, so long as the

1 contract has a value of less than \$20,000. All exceptions
2 granted under this Section must be published on the system's,
3 fund's, or board's web site, shall name the person authorizing
4 the procurement, and shall include a brief explanation of the
5 reason for the exception.

6 A person, other than a trustee or an employee of a
7 retirement system, pension fund, or investment board, may not
8 act as a consultant or investment adviser under this Section
9 unless that person is registered as an investment adviser under
10 the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1,
11 et seq.) or a bank, as defined in the federal Investment
12 Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.).

13 (c) Investment services provided by an investment adviser
14 or a consultant appointed under this Section shall be rendered
15 pursuant to a written contract between the investment adviser
16 or consultant and the board.

17 The contract shall include all of the following:

18 (1) Acknowledgement in writing by the investment
19 adviser or consultant that he or she is a fiduciary with
20 respect to the pension fund or retirement system.

21 (2) The description of the board's investment policy
22 and notice that the policy is subject to change.

23 (3) (i) Full disclosure of direct and indirect fees,
24 commissions, penalties, and other compensation, including
25 reimbursement for expenses, that may be paid by or on
26 behalf of the consultant in connection with the provision

1 of services to the pension fund or retirement system and
2 (ii) a requirement that the consultant update the
3 disclosure promptly after a modification of those payments
4 or an additional payment.

5 (4) A requirement that the investment adviser or
6 consultant, in conjunction with the board's staff, submit
7 periodic written reports, on at least a quarterly basis,
8 for the board's review at its regularly scheduled meetings.
9 All returns on investment shall be reported as net returns
10 after payment of all fees, commissions, and any other
11 compensation.

12 (5) Disclosure of the names and addresses of (i) the
13 consultant or investment adviser; (ii) any entity that is a
14 parent of, or owns a controlling interest in, the
15 consultant or investment adviser; (iii) any entity that is
16 a subsidiary of, or in which a controlling interest is
17 owned by, the consultant or investment adviser; (iv) any
18 persons who have an ownership or distributive income share
19 in the consultant or investment adviser that is in excess
20 of 7.5%; or (v) serves as an executive officer of the
21 consultant or investment adviser.

22 (6) A disclosure of the names and addresses of all
23 subcontractors, if applicable, and the expected amount of
24 money each will receive under the contract, including an
25 acknowledgment that the contractor must promptly make
26 notification, in writing, if at any time during the term of

1 the contract a contractor adds or changes any
2 subcontractors. For purposes of this subparagraph (6),
3 "subcontractor" does not include non-investment related
4 professionals or professionals offering services that are
5 not directly related to the investment of assets, such as
6 legal counsel, actuary, proxy-voting services, services
7 used to track compliance with legal standards, and
8 investment fund of funds where the board has no direct
9 contractual relationship with the investment advisers or
10 partnerships.

11 (7) A description of service to be performed.

12 (8) A description of the need for the service.

13 (9) A description of the plan for post-performance
14 review.

15 (10) A description of the qualifications necessary.

16 (11) The duration of the contract.

17 (12) The method for charging and measuring cost.

18 (d) Notwithstanding any other provision of law, a
19 retirement system, pension fund, or investment board subject to
20 this Code, except those whose investments are restricted by
21 Section 1-113.2 of this Code, shall not enter into a contract
22 with a consultant that exceeds 5 years in duration. No contract
23 to provide consulting services may be renewed or extended. At
24 the end of the term of a contract, however, the consultant is
25 eligible to compete for a new contract as provided in this
26 Section. No retirement system, pension fund, or investment

1 board shall attempt to avoid or contravene the restrictions of
2 this subsection (d) by any means.

3 (e) Within 60 days after the effective date of this
4 amendatory Act of the 96th General Assembly, each investment
5 adviser or consultant currently providing services or subject
6 to an existing contract for the provision of services must
7 disclose to the board of trustees all direct and indirect fees,
8 commissions, penalties, and other compensation paid by or on
9 behalf of the investment adviser or consultant in connection
10 with the provision of those services and shall update that
11 disclosure promptly after a modification of those payments or
12 an additional payment. The person shall update the disclosure
13 promptly after a modification of those payments or an
14 additional payment. The disclosures required by this
15 subsection (e) shall be in writing and shall include the date
16 and amount of each payment and the name and address of each
17 recipient of a payment.

18 (f) The retirement system, pension fund, or board of
19 investment shall develop uniform documents that shall be used
20 for the solicitation, review, and acceptance of all investment
21 services. The form shall include the terms contained in
22 subsection (c) of this Section. All such uniform documents
23 shall be posted on the retirement system's, pension fund's, or
24 investment board's web site.

25 (g) A description of every contract for investment services
26 shall be posted in a conspicuous manner on the web site of the

1 retirement system, pension fund, or investment board. The
2 description must include the name of the person or entity
3 awarded a contract, the total amount applicable to the
4 contract, the total fees paid or to be paid, and a disclosure
5 approved by the board describing the factors that contributed
6 to the selection of an investment adviser or consultant.

7 (Source: P.A. 96-6, eff. 4-3-09.)

8 (40 ILCS 5/1-113.15 new)

9 Sec. 1-113.15. Qualified fund-of-fund management services.

10 (a) As used in this Section:

11 "Qualified fund-of-fund management services" means either
12 (i) the services of an investment adviser acting in its
13 capacity as an investment manager of a fund-of-funds or (ii) an
14 investment adviser acting in its capacity as an investment
15 manager of a separate account that is invested on a
16 side-by-side basis in a substantially identical manner to a
17 fund-of-funds, in each case pursuant to qualified written
18 agreements.

19 "Qualified written agreements" means one or more written
20 contracts to which the investment adviser and the board are
21 parties and includes all of the following: (i) the matters
22 described in items (1), (4), (5), (7), (11), and (12) of
23 subsection (c) of Section 1-113.14; (ii) a description of any
24 fees, commissions, penalties, and other compensation payable,
25 if any, directly by the retirement system, pension fund, or

1 investment board (which shall not include any fees,
2 commissions, penalties, and other compensation payable from
3 the assets of the fund-of-funds or separate account); (iii) a
4 description (or method of calculation) of the fees and expenses
5 payable by the Fund to the investment adviser and the timing of
6 the payment of the fees or expenses; and (iv) a description (or
7 method of calculation) of any carried interest or other
8 performance based interests, fees, or payments allocable by the
9 Fund to the investment adviser or an affiliate of the
10 investment adviser and the priority of distributions with
11 respect to such interest.

12 (b) A description of every contract for qualified
13 fund-of-fund management services must be posted in a
14 conspicuous manner on the web site of the retirement system,
15 pension fund, or investment board. The description must include
16 the name of the fund-of-funds, the name of its investment
17 adviser, the total investment commitment of the retirement
18 system, pension fund, or investment board to invest in such
19 fund-of-funds, and a disclosure approved by the board
20 describing the factors that contributed to the investment in
21 such fund-of-funds. No information that is exempt from
22 inspection pursuant to Section 7 of the Freedom of Information
23 Act shall be disclosed under this Section.

24 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

25 Sec. 2-124. Contributions by State.

1 (a) The State shall make contributions to the System by
2 appropriations of amounts which, together with the
3 contributions of participants, interest earned on investments,
4 and other income will meet the cost of maintaining and
5 administering the System on a 90% funded basis in accordance
6 with actuarial recommendations.

7 (b) The Board shall determine the amount of State
8 contributions required for each fiscal year on the basis of the
9 actuarial tables and other assumptions adopted by the Board and
10 the prescribed rate of interest, using the formula in
11 subsection (c).

12 (c) For State fiscal years 2011 through 2045, the minimum
13 contribution to the System to be made by the State for each
14 fiscal year shall be an amount determined by the System to be
15 sufficient to bring the total assets of the System up to 90% of
16 the total actuarial liabilities of the System by the end of
17 State fiscal year 2045. In making these determinations, the
18 required State contribution shall be calculated each year as a
19 level percentage of payroll over the years remaining to and
20 including fiscal year 2045 and shall be determined under the
21 projected unit credit actuarial cost method.

22 For State fiscal years 1996 through 2005, the State
23 contribution to the System, as a percentage of the applicable
24 employee payroll, shall be increased in equal annual increments
25 so that by State fiscal year 2011, the State is contributing at
26 the rate required under this Section.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2006 is
3 \$4,157,000.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2007 is
6 \$5,220,300.

7 For each of State fiscal years 2008 through 2009, the State
8 contribution to the System, as a percentage of the applicable
9 employee payroll, shall be increased in equal annual increments
10 from the required State contribution for State fiscal year
11 2007, so that by State fiscal year 2011, the State is
12 contributing at the rate otherwise required under this Section.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2010 is
15 \$10,454,000 and shall be made from the proceeds of bonds sold
16 in fiscal year 2010 pursuant to Section 7.2 of the General
17 Obligation Bond Act, less (i) the pro rata share of bond sale
18 expenses determined by the System's share of total bond
19 proceeds, (ii) any amounts received from the General Revenue
20 Fund in fiscal year 2010, and (iii) any reduction in bond
21 proceeds due to the issuance of discounted bonds, if
22 applicable.

23 Beginning in State fiscal year 2046, the minimum State
24 contribution for each fiscal year shall be the amount needed to
25 maintain the total assets of the System at 90% of the total
26 actuarial liabilities of the System.

1 Amounts received by the System pursuant to Section 25 of
2 the Budget Stabilization Act or Section 8.12 of the State
3 Finance Act in any fiscal year do not reduce and do not
4 constitute payment of any portion of the minimum State
5 contribution required under this Article in that fiscal year.
6 Such amounts shall not reduce, and shall not be included in the
7 calculation of, the required State contributions under this
8 Article in any future year until the System has reached a
9 funding ratio of at least 90%. A reference in this Article to
10 the "required State contribution" or any substantially similar
11 term does not include or apply to any amounts payable to the
12 System under Section 25 of the Budget Stabilization Act.

13 Notwithstanding any other provision of this Section, the
14 required State contribution for State fiscal year 2005 and for
15 fiscal year 2008 and each fiscal year thereafter, as calculated
16 under this Section and certified under Section 2-134, shall not
17 exceed an amount equal to (i) the amount of the required State
18 contribution that would have been calculated under this Section
19 for that fiscal year if the System had not received any
20 payments under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act, minus (ii) the portion of the State's
22 total debt service payments for that fiscal year on the bonds
23 issued in fiscal year 2003 for the purposes of that Section
24 7.2, as determined and certified by the Comptroller, that is
25 the same as the System's portion of the total moneys
26 distributed under subsection (d) of Section 7.2 of the General

1 Obligation Bond Act. In determining this maximum for State
2 fiscal years 2008 through 2010, however, the amount referred to
3 in item (i) shall be increased, as a percentage of the
4 applicable employee payroll, in equal increments calculated
5 from the sum of the required State contribution for State
6 fiscal year 2007 plus the applicable portion of the State's
7 total debt service payments for fiscal year 2007 on the bonds
8 issued in fiscal year 2003 for the purposes of Section 7.2 of
9 the General Obligation Bond Act, so that, by State fiscal year
10 2011, the State is contributing at the rate otherwise required
11 under this Section.

12 (d) For purposes of determining the required State
13 contribution to the System, the value of the System's assets
14 shall be equal to the actuarial value of the System's assets,
15 which shall be calculated as follows:

16 As of June 30, 2008, the actuarial value of the System's
17 assets shall be equal to the market value of the assets as of
18 that date. In determining the actuarial value of the System's
19 assets for fiscal years after June 30, 2008, any actuarial
20 gains or losses from investment return incurred in a fiscal
21 year shall be recognized in equal annual amounts over the
22 5-year period following that fiscal year.

23 (e) For purposes of determining the required State
24 contribution to the system for a particular year, the actuarial
25 value of assets shall be assumed to earn a rate of return equal
26 to the system's actuarially assumed rate of return.

1 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09.)

2 (40 ILCS 5/14-131)

3 Sec. 14-131. Contributions by State.

4 (a) The State shall make contributions to the System by
5 appropriations of amounts which, together with other employer
6 contributions from trust, federal, and other funds, employee
7 contributions, investment income, and other income, will be
8 sufficient to meet the cost of maintaining and administering
9 the System on a 90% funded basis in accordance with actuarial
10 recommendations.

11 For the purposes of this Section and Section 14-135.08,
12 references to State contributions refer only to employer
13 contributions and do not include employee contributions that
14 are picked up or otherwise paid by the State or a department on
15 behalf of the employee.

16 (b) The Board shall determine the total amount of State
17 contributions required for each fiscal year on the basis of the
18 actuarial tables and other assumptions adopted by the Board,
19 using the formula in subsection (e).

20 The Board shall also determine a State contribution rate
21 for each fiscal year, expressed as a percentage of payroll,
22 based on the total required State contribution for that fiscal
23 year (less the amount received by the System from
24 appropriations under Section 8.12 of the State Finance Act and
25 Section 1 of the State Pension Funds Continuing Appropriation

1 Act, if any, for the fiscal year ending on the June 30
2 immediately preceding the applicable November 15 certification
3 deadline), the estimated payroll (including all forms of
4 compensation) for personal services rendered by eligible
5 employees, and the recommendations of the actuary.

6 For the purposes of this Section and Section 14.1 of the
7 State Finance Act, the term "eligible employees" includes
8 employees who participate in the System, persons who may elect
9 to participate in the System but have not so elected, persons
10 who are serving a qualifying period that is required for
11 participation, and annuitants employed by a department as
12 described in subdivision (a) (1) or (a) (2) of Section 14-111.

13 (c) Contributions shall be made by the several departments
14 for each pay period by warrants drawn by the State Comptroller
15 against their respective funds or appropriations based upon
16 vouchers stating the amount to be so contributed. These amounts
17 shall be based on the full rate certified by the Board under
18 Section 14-135.08 for that fiscal year. From the effective date
19 of this amendatory Act of the 93rd General Assembly through the
20 payment of the final payroll from fiscal year 2004
21 appropriations, the several departments shall not make
22 contributions for the remainder of fiscal year 2004 but shall
23 instead make payments as required under subsection (a-1) of
24 Section 14.1 of the State Finance Act. The several departments
25 shall resume those contributions at the commencement of fiscal
26 year 2005.

1 (c-1) Notwithstanding subsection (c) of this Section, for
2 fiscal year 2010 only, contributions by the several departments
3 are not required to be made for General Revenue Funds payrolls
4 processed by the Comptroller. Payrolls paid by the several
5 departments from all other State funds must continue to be
6 processed pursuant to subsection (c) of this Section.

7 (c-2) For State fiscal year 2010 only, on or as soon as
8 possible after the 15th day of each month the Board shall
9 submit vouchers for payment of State contributions to the
10 System, in a total monthly amount of one-twelfth of the fiscal
11 year 2010 General Revenue Fund appropriation to the System.

12 (d) If an employee is paid from trust funds or federal
13 funds, the department or other employer shall pay employer
14 contributions from those funds to the System at the certified
15 rate, unless the terms of the trust or the federal-State
16 agreement preclude the use of the funds for that purpose, in
17 which case the required employer contributions shall be paid by
18 the State. From the effective date of this amendatory Act of
19 the 93rd General Assembly through the payment of the final
20 payroll from fiscal year 2004 appropriations, the department or
21 other employer shall not pay contributions for the remainder of
22 fiscal year 2004 but shall instead make payments as required
23 under subsection (a-1) of Section 14.1 of the State Finance
24 Act. The department or other employer shall resume payment of
25 contributions at the commencement of fiscal year 2005.

26 (e) For State fiscal years 2011 through 2045, the minimum

1 contribution to the System to be made by the State for each
2 fiscal year shall be an amount determined by the System to be
3 sufficient to bring the total assets of the System up to 90% of
4 the total actuarial liabilities of the System by the end of
5 State fiscal year 2045. In making these determinations, the
6 required State contribution shall be calculated each year as a
7 level percentage of payroll over the years remaining to and
8 including fiscal year 2045 and shall be determined under the
9 projected unit credit actuarial cost method.

10 For State fiscal years 1996 through 2005, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 so that by State fiscal year 2011, the State is contributing at
14 the rate required under this Section; except that (i) for State
15 fiscal year 1998, for all purposes of this Code and any other
16 law of this State, the certified percentage of the applicable
17 employee payroll shall be 5.052% for employees earning eligible
18 creditable service under Section 14-110 and 6.500% for all
19 other employees, notwithstanding any contrary certification
20 made under Section 14-135.08 before the effective date of this
21 amendatory Act of 1997, and (ii) in the following specified
22 State fiscal years, the State contribution to the System shall
23 not be less than the following indicated percentages of the
24 applicable employee payroll, even if the indicated percentage
25 will produce a State contribution in excess of the amount
26 otherwise required under this subsection and subsection (a):

1 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
2 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution to the System for State
5 fiscal year 2006 is \$203,783,900.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution to the System for State
8 fiscal year 2007 is \$344,164,400.

9 For each of State fiscal years 2008 through 2009, the State
10 contribution to the System, as a percentage of the applicable
11 employee payroll, shall be increased in equal annual increments
12 from the required State contribution for State fiscal year
13 2007, so that by State fiscal year 2011, the State is
14 contributing at the rate otherwise required under this Section.

15 Notwithstanding any other provision of this Article, the
16 total required State General Revenue Fund contribution for
17 State fiscal year 2010 is \$723,703,100 and shall be made from
18 the proceeds of bonds sold in fiscal year 2010 pursuant to
19 Section 7.2 of the General Obligation Bond Act, less (i) the
20 pro rata share of bond sale expenses determined by the System's
21 share of total bond proceeds, (ii) any amounts received from
22 the General Revenue Fund in fiscal year 2010, and (iii) any
23 reduction in bond proceeds due to the issuance of discounted
24 bonds, if applicable.

25 Beginning in State fiscal year 2046, the minimum State
26 contribution for each fiscal year shall be the amount needed to

1 maintain the total assets of the System at 90% of the total
2 actuarial liabilities of the System.

3 Amounts received by the System pursuant to Section 25 of
4 the Budget Stabilization Act or Section 8.12 of the State
5 Finance Act in any fiscal year do not reduce and do not
6 constitute payment of any portion of the minimum State
7 contribution required under this Article in that fiscal year.
8 Such amounts shall not reduce, and shall not be included in the
9 calculation of, the required State contributions under this
10 Article in any future year until the System has reached a
11 funding ratio of at least 90%. A reference in this Article to
12 the "required State contribution" or any substantially similar
13 term does not include or apply to any amounts payable to the
14 System under Section 25 of the Budget Stabilization Act.

15 Notwithstanding any other provision of this Section, the
16 required State contribution for State fiscal year 2005 and for
17 fiscal year 2008 and each fiscal year thereafter, as calculated
18 under this Section and certified under Section 14-135.08, shall
19 not exceed an amount equal to (i) the amount of the required
20 State contribution that would have been calculated under this
21 Section for that fiscal year if the System had not received any
22 payments under subsection (d) of Section 7.2 of the General
23 Obligation Bond Act, minus (ii) the portion of the State's
24 total debt service payments for that fiscal year on the bonds
25 issued in fiscal year 2003 for the purposes of that Section
26 7.2, as determined and certified by the Comptroller, that is

1 the same as the System's portion of the total moneys
2 distributed under subsection (d) of Section 7.2 of the General
3 Obligation Bond Act. In determining this maximum for State
4 fiscal years 2008 through 2010, however, the amount referred to
5 in item (i) shall be increased, as a percentage of the
6 applicable employee payroll, in equal increments calculated
7 from the sum of the required State contribution for State
8 fiscal year 2007 plus the applicable portion of the State's
9 total debt service payments for fiscal year 2007 on the bonds
10 issued in fiscal year 2003 for the purposes of Section 7.2 of
11 the General Obligation Bond Act, so that, by State fiscal year
12 2011, the State is contributing at the rate otherwise required
13 under this Section.

14 (f) After the submission of all payments for eligible
15 employees from personal services line items in fiscal year 2004
16 have been made, the Comptroller shall provide to the System a
17 certification of the sum of all fiscal year 2004 expenditures
18 for personal services that would have been covered by payments
19 to the System under this Section if the provisions of this
20 amendatory Act of the 93rd General Assembly had not been
21 enacted. Upon receipt of the certification, the System shall
22 determine the amount due to the System based on the full rate
23 certified by the Board under Section 14-135.08 for fiscal year
24 2004 in order to meet the State's obligation under this
25 Section. The System shall compare this amount due to the amount
26 received by the System in fiscal year 2004 through payments

1 under this Section and under Section 6z-61 of the State Finance
2 Act. If the amount due is more than the amount received, the
3 difference shall be termed the "Fiscal Year 2004 Shortfall" for
4 purposes of this Section, and the Fiscal Year 2004 Shortfall
5 shall be satisfied under Section 1.2 of the State Pension Funds
6 Continuing Appropriation Act. If the amount due is less than
7 the amount received, the difference shall be termed the "Fiscal
8 Year 2004 Overpayment" for purposes of this Section, and the
9 Fiscal Year 2004 Overpayment shall be repaid by the System to
10 the Pension Contribution Fund as soon as practicable after the
11 certification.

12 (g) For purposes of determining the required State
13 contribution to the System, the value of the System's assets
14 shall be equal to the actuarial value of the System's assets,
15 which shall be calculated as follows:

16 As of June 30, 2008, the actuarial value of the System's
17 assets shall be equal to the market value of the assets as of
18 that date. In determining the actuarial value of the System's
19 assets for fiscal years after June 30, 2008, any actuarial
20 gains or losses from investment return incurred in a fiscal
21 year shall be recognized in equal annual amounts over the
22 5-year period following that fiscal year.

23 (h) For purposes of determining the required State
24 contribution to the System for a particular year, the actuarial
25 value of assets shall be assumed to earn a rate of return equal
26 to the System's actuarially assumed rate of return.

1 (i) After the submission of all payments for eligible
2 employees from personal services line items paid from the
3 General Revenue Fund in fiscal year 2010 have been made, the
4 Comptroller shall provide to the System a certification of the
5 sum of all fiscal year 2010 expenditures for personal services
6 that would have been covered by payments to the System under
7 this Section if the provisions of this amendatory Act of the
8 96th General Assembly had not been enacted. Upon receipt of the
9 certification, the System shall determine the amount due to the
10 System based on the full rate certified by the Board under
11 Section 14-135.08 for fiscal year 2010 in order to meet the
12 State's obligation under this Section. The System shall compare
13 this amount due to the amount received by the System in fiscal
14 year 2010 through payments under this Section. If the amount
15 due is more than the amount received, the difference shall be
16 termed the "Fiscal Year 2010 Shortfall" for purposes of this
17 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
18 under Section 1.2 of the State Pension Funds Continuing
19 Appropriation Act. If the amount due is less than the amount
20 received, the difference shall be termed the "Fiscal Year 2010
21 Overpayment" for purposes of this Section, and the Fiscal Year
22 2010 Overpayment shall be repaid by the System to the General
23 Revenue Fund as soon as practicable after the certification.

24 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09; 96-45,
25 eff. 7-15-09; 96-1000, eff. 7-2-10.)

1 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

2 Sec. 15-155. Employer contributions.

3 (a) The State of Illinois shall make contributions by
4 appropriations of amounts which, together with the other
5 employer contributions from trust, federal, and other funds,
6 employee contributions, income from investments, and other
7 income of this System, will be sufficient to meet the cost of
8 maintaining and administering the System on a 90% funded basis
9 in accordance with actuarial recommendations.

10 The Board shall determine the amount of State contributions
11 required for each fiscal year on the basis of the actuarial
12 tables and other assumptions adopted by the Board and the
13 recommendations of the actuary, using the formula in subsection
14 (a-1).

15 (a-1) For State fiscal years 2011 through 2045, the minimum
16 contribution to the System to be made by the State for each
17 fiscal year shall be an amount determined by the System to be
18 sufficient to bring the total assets of the System up to 90% of
19 the total actuarial liabilities of the System by the end of
20 State fiscal year 2045. In making these determinations, the
21 required State contribution shall be calculated each year as a
22 level percentage of payroll over the years remaining to and
23 including fiscal year 2045 and shall be determined under the
24 projected unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2006 is
6 \$166,641,900.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2007 is
9 \$252,064,100.

10 For each of State fiscal years 2008 through 2009, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 from the required State contribution for State fiscal year
14 2007, so that by State fiscal year 2011, the State is
15 contributing at the rate otherwise required under this Section.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2010 is
18 \$702,514,000 and shall be made from the State Pensions Fund and
19 proceeds of bonds sold in fiscal year 2010 pursuant to Section
20 7.2 of the General Obligation Bond Act, less (i) the pro rata
21 share of bond sale expenses determined by the System's share of
22 total bond proceeds, (ii) any amounts received from the General
23 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
24 proceeds due to the issuance of discounted bonds, if
25 applicable.

26 Beginning in State fiscal year 2046, the minimum State

1 contribution for each fiscal year shall be the amount needed to
2 maintain the total assets of the System at 90% of the total
3 actuarial liabilities of the System.

4 Amounts received by the System pursuant to Section 25 of
5 the Budget Stabilization Act or Section 8.12 of the State
6 Finance Act in any fiscal year do not reduce and do not
7 constitute payment of any portion of the minimum State
8 contribution required under this Article in that fiscal year.
9 Such amounts shall not reduce, and shall not be included in the
10 calculation of, the required State contributions under this
11 Article in any future year until the System has reached a
12 funding ratio of at least 90%. A reference in this Article to
13 the "required State contribution" or any substantially similar
14 term does not include or apply to any amounts payable to the
15 System under Section 25 of the Budget Stabilization Act.

16 Notwithstanding any other provision of this Section, the
17 required State contribution for State fiscal year 2005 and for
18 fiscal year 2008 and each fiscal year thereafter, as calculated
19 under this Section and certified under Section 15-165, shall
20 not exceed an amount equal to (i) the amount of the required
21 State contribution that would have been calculated under this
22 Section for that fiscal year if the System had not received any
23 payments under subsection (d) of Section 7.2 of the General
24 Obligation Bond Act, minus (ii) the portion of the State's
25 total debt service payments for that fiscal year on the bonds
26 issued in fiscal year 2003 for the purposes of that Section

1 7.2, as determined and certified by the Comptroller, that is
2 the same as the System's portion of the total moneys
3 distributed under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act. In determining this maximum for State
5 fiscal years 2008 through 2010, however, the amount referred to
6 in item (i) shall be increased, as a percentage of the
7 applicable employee payroll, in equal increments calculated
8 from the sum of the required State contribution for State
9 fiscal year 2007 plus the applicable portion of the State's
10 total debt service payments for fiscal year 2007 on the bonds
11 issued in fiscal year 2003 for the purposes of Section 7.2 of
12 the General Obligation Bond Act, so that, by State fiscal year
13 2011, the State is contributing at the rate otherwise required
14 under this Section.

15 (b) If an employee is paid from trust or federal funds, the
16 employer shall pay to the Board contributions from those funds
17 which are sufficient to cover the accruing normal costs on
18 behalf of the employee. However, universities having employees
19 who are compensated out of local auxiliary funds, income funds,
20 or service enterprise funds are not required to pay such
21 contributions on behalf of those employees. The local auxiliary
22 funds, income funds, and service enterprise funds of
23 universities shall not be considered trust funds for the
24 purpose of this Article, but funds of alumni associations,
25 foundations, and athletic associations which are affiliated
26 with the universities included as employers under this Article

1 and other employers which do not receive State appropriations
2 are considered to be trust funds for the purpose of this
3 Article.

4 (b-1) The City of Urbana and the City of Champaign shall
5 each make employer contributions to this System for their
6 respective firefighter employees who participate in this
7 System pursuant to subsection (h) of Section 15-107. The rate
8 of contributions to be made by those municipalities shall be
9 determined annually by the Board on the basis of the actuarial
10 assumptions adopted by the Board and the recommendations of the
11 actuary, and shall be expressed as a percentage of salary for
12 each such employee. The Board shall certify the rate to the
13 affected municipalities as soon as may be practical. The
14 employer contributions required under this subsection shall be
15 remitted by the municipality to the System at the same time and
16 in the same manner as employee contributions.

17 (c) Through State fiscal year 1995: The total employer
18 contribution shall be apportioned among the various funds of
19 the State and other employers, whether trust, federal, or other
20 funds, in accordance with actuarial procedures approved by the
21 Board. State of Illinois contributions for employers receiving
22 State appropriations for personal services shall be payable
23 from appropriations made to the employers or to the System. The
24 contributions for Class I community colleges covering earnings
25 other than those paid from trust and federal funds, shall be
26 payable solely from appropriations to the Illinois Community

1 College Board or the System for employer contributions.

2 (d) Beginning in State fiscal year 1996, the required State
3 contributions to the System shall be appropriated directly to
4 the System and shall be payable through vouchers issued in
5 accordance with subsection (c) of Section 15-165, except as
6 provided in subsection (g).

7 (e) The State Comptroller shall draw warrants payable to
8 the System upon proper certification by the System or by the
9 employer in accordance with the appropriation laws and this
10 Code.

11 (f) Normal costs under this Section means liability for
12 pensions and other benefits which accrues to the System because
13 of the credits earned for service rendered by the participants
14 during the fiscal year and expenses of administering the
15 System, but shall not include the principal of or any
16 redemption premium or interest on any bonds issued by the Board
17 or any expenses incurred or deposits required in connection
18 therewith.

19 (g) If the amount of a participant's earnings for any
20 academic year used to determine the final rate of earnings,
21 determined on a full-time equivalent basis, exceeds the amount
22 of his or her earnings with the same employer for the previous
23 academic year, determined on a full-time equivalent basis, by
24 more than 6%, the participant's employer shall pay to the
25 System, in addition to all other payments required under this
26 Section and in accordance with guidelines established by the

1 System, the present value of the increase in benefits resulting
2 from the portion of the increase in earnings that is in excess
3 of 6%. This present value shall be computed by the System on
4 the basis of the actuarial assumptions and tables used in the
5 most recent actuarial valuation of the System that is available
6 at the time of the computation. The System may require the
7 employer to provide any pertinent information or
8 documentation.

9 Whenever it determines that a payment is or may be required
10 under this subsection (g), the System shall calculate the
11 amount of the payment and bill the employer for that amount.
12 The bill shall specify the calculations used to determine the
13 amount due. If the employer disputes the amount of the bill, it
14 may, within 30 days after receipt of the bill, apply to the
15 System in writing for a recalculation. The application must
16 specify in detail the grounds of the dispute and, if the
17 employer asserts that the calculation is subject to subsection
18 (h) or (i) of this Section, must include an affidavit setting
19 forth and attesting to all facts within the employer's
20 knowledge that are pertinent to the applicability of subsection
21 (h) or (i). Upon receiving a timely application for
22 recalculation, the System shall review the application and, if
23 appropriate, recalculate the amount due.

24 The employer contributions required under this subsection
25 (f) may be paid in the form of a lump sum within 90 days after
26 receipt of the bill. If the employer contributions are not paid

1 within 90 days after receipt of the bill, then interest will be
2 charged at a rate equal to the System's annual actuarially
3 assumed rate of return on investment compounded annually from
4 the 91st day after receipt of the bill. Payments must be
5 concluded within 3 years after the employer's receipt of the
6 bill.

7 (h) This subsection (h) applies only to payments made or
8 salary increases given on or after June 1, 2005 but before July
9 1, 2011. The changes made by Public Act 94-1057 shall not
10 require the System to refund any payments received before July
11 31, 2006 (the effective date of Public Act 94-1057).

12 When assessing payment for any amount due under subsection
13 (g), the System shall exclude earnings increases paid to
14 participants under contracts or collective bargaining
15 agreements entered into, amended, or renewed before June 1,
16 2005.

17 When assessing payment for any amount due under subsection
18 (g), the System shall exclude earnings increases paid to a
19 participant at a time when the participant is 10 or more years
20 from retirement eligibility under Section 15-135.

21 When assessing payment for any amount due under subsection
22 (g), the System shall exclude earnings increases resulting from
23 overload work, including a contract for summer teaching, or
24 overtime when the employer has certified to the System, and the
25 System has approved the certification, that: (i) in the case of
26 overloads (A) the overload work is for the sole purpose of

1 academic instruction in excess of the standard number of
2 instruction hours for a full-time employee occurring during the
3 academic year that the overload is paid and (B) the earnings
4 increases are equal to or less than the rate of pay for
5 academic instruction computed using the participant's current
6 salary rate and work schedule; and (ii) in the case of
7 overtime, the overtime was necessary for the educational
8 mission.

9 When assessing payment for any amount due under subsection
10 (g), the System shall exclude any earnings increase resulting
11 from (i) a promotion for which the employee moves from one
12 classification to a higher classification under the State
13 Universities Civil Service System, (ii) a promotion in academic
14 rank for a tenured or tenure-track faculty position, or (iii) a
15 promotion that the Illinois Community College Board has
16 recommended in accordance with subsection (k) of this Section.
17 These earnings increases shall be excluded only if the
18 promotion is to a position that has existed and been filled by
19 a member for no less than one complete academic year and the
20 earnings increase as a result of the promotion is an increase
21 that results in an amount no greater than the average salary
22 paid for other similar positions.

23 (i) When assessing payment for any amount due under
24 subsection (g), the System shall exclude any salary increase
25 described in subsection (h) of this Section given on or after
26 July 1, 2011 but before July 1, 2014 under a contract or

1 collective bargaining agreement entered into, amended, or
2 renewed on or after June 1, 2005 but before July 1, 2011.
3 Notwithstanding any other provision of this Section, any
4 payments made or salary increases given after June 30, 2014
5 shall be used in assessing payment for any amount due under
6 subsection (g) of this Section.

7 (j) The System shall prepare a report and file copies of
8 the report with the Governor and the General Assembly by
9 January 1, 2007 that contains all of the following information:

10 (1) The number of recalculations required by the
11 changes made to this Section by Public Act 94-1057 for each
12 employer.

13 (2) The dollar amount by which each employer's
14 contribution to the System was changed due to
15 recalculations required by Public Act 94-1057.

16 (3) The total amount the System received from each
17 employer as a result of the changes made to this Section by
18 Public Act 94-4.

19 (4) The increase in the required State contribution
20 resulting from the changes made to this Section by Public
21 Act 94-1057.

22 (k) The Illinois Community College Board shall adopt rules
23 for recommending lists of promotional positions submitted to
24 the Board by community colleges and for reviewing the
25 promotional lists on an annual basis. When recommending
26 promotional lists, the Board shall consider the similarity of

1 the positions submitted to those positions recognized for State
2 universities by the State Universities Civil Service System.
3 The Illinois Community College Board shall file a copy of its
4 findings with the System. The System shall consider the
5 findings of the Illinois Community College Board when making
6 determinations under this Section. The System shall not exclude
7 any earnings increases resulting from a promotion when the
8 promotion was not submitted by a community college. Nothing in
9 this subsection (k) shall require any community college to
10 submit any information to the Community College Board.

11 (l) For purposes of determining the required State
12 contribution to the System, the value of the System's assets
13 shall be equal to the actuarial value of the System's assets,
14 which shall be calculated as follows:

15 As of June 30, 2008, the actuarial value of the System's
16 assets shall be equal to the market value of the assets as of
17 that date. In determining the actuarial value of the System's
18 assets for fiscal years after June 30, 2008, any actuarial
19 gains or losses from investment return incurred in a fiscal
20 year shall be recognized in equal annual amounts over the
21 5-year period following that fiscal year.

22 (m) For purposes of determining the required State
23 contribution to the system for a particular year, the actuarial
24 value of assets shall be assumed to earn a rate of return equal
25 to the system's actuarially assumed rate of return.

26 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;

1 96-43, eff. 7-15-09.)

2 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

3 Sec. 16-158. Contributions by State and other employing
4 units.

5 (a) The State shall make contributions to the System by
6 means of appropriations from the Common School Fund and other
7 State funds of amounts which, together with other employer
8 contributions, employee contributions, investment income, and
9 other income, will be sufficient to meet the cost of
10 maintaining and administering the System on a 90% funded basis
11 in accordance with actuarial recommendations.

12 The Board shall determine the amount of State contributions
13 required for each fiscal year on the basis of the actuarial
14 tables and other assumptions adopted by the Board and the
15 recommendations of the actuary, using the formula in subsection
16 (b-3).

17 (a-1) Annually, on or before November 15, the Board shall
18 certify to the Governor the amount of the required State
19 contribution for the coming fiscal year. The certification
20 shall include a copy of the actuarial recommendations upon
21 which it is based.

22 On or before May 1, 2004, the Board shall recalculate and
23 recertify to the Governor the amount of the required State
24 contribution to the System for State fiscal year 2005, taking
25 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act.

3 On or before July 1, 2005, the Board shall recalculate and
4 recertify to the Governor the amount of the required State
5 contribution to the System for State fiscal year 2006, taking
6 into account the changes in required State contributions made
7 by this amendatory Act of the 94th General Assembly.

8 (b) Through State fiscal year 1995, the State contributions
9 shall be paid to the System in accordance with Section 18-7 of
10 the School Code.

11 (b-1) Beginning in State fiscal year 1996, on the 15th day
12 of each month, or as soon thereafter as may be practicable, the
13 Board shall submit vouchers for payment of State contributions
14 to the System, in a total monthly amount of one-twelfth of the
15 required annual State contribution certified under subsection
16 (a-1). From the effective date of this amendatory Act of the
17 93rd General Assembly through June 30, 2004, the Board shall
18 not submit vouchers for the remainder of fiscal year 2004 in
19 excess of the fiscal year 2004 certified contribution amount
20 determined under this Section after taking into consideration
21 the transfer to the System under subsection (a) of Section
22 6z-61 of the State Finance Act. These vouchers shall be paid by
23 the State Comptroller and Treasurer by warrants drawn on the
24 funds appropriated to the System for that fiscal year.

25 If in any month the amount remaining unexpended from all
26 other appropriations to the System for the applicable fiscal

1 year (including the appropriations to the System under Section
2 8.12 of the State Finance Act and Section 1 of the State
3 Pension Funds Continuing Appropriation Act) is less than the
4 amount lawfully vouchered under this subsection, the
5 difference shall be paid from the Common School Fund under the
6 continuing appropriation authority provided in Section 1.1 of
7 the State Pension Funds Continuing Appropriation Act.

8 (b-2) Allocations from the Common School Fund apportioned
9 to school districts not coming under this System shall not be
10 diminished or affected by the provisions of this Article.

11 (b-3) For State fiscal years 2011 through 2045, the minimum
12 contribution to the System to be made by the State for each
13 fiscal year shall be an amount determined by the System to be
14 sufficient to bring the total assets of the System up to 90% of
15 the total actuarial liabilities of the System by the end of
16 State fiscal year 2045. In making these determinations, the
17 required State contribution shall be calculated each year as a
18 level percentage of payroll over the years remaining to and
19 including fiscal year 2045 and shall be determined under the
20 projected unit credit actuarial cost method.

21 For State fiscal years 1996 through 2005, the State
22 contribution to the System, as a percentage of the applicable
23 employee payroll, shall be increased in equal annual increments
24 so that by State fiscal year 2011, the State is contributing at
25 the rate required under this Section; except that in the
26 following specified State fiscal years, the State contribution

1 to the System shall not be less than the following indicated
2 percentages of the applicable employee payroll, even if the
3 indicated percentage will produce a State contribution in
4 excess of the amount otherwise required under this subsection
5 and subsection (a), and notwithstanding any contrary
6 certification made under subsection (a-1) before the effective
7 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
8 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
9 2003; and 13.56% in FY 2004.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2006 is
12 \$534,627,700.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2007 is
15 \$738,014,500.

16 For each of State fiscal years 2008 through 2009, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 from the required State contribution for State fiscal year
20 2007, so that by State fiscal year 2011, the State is
21 contributing at the rate otherwise required under this Section.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$2,089,268,000 and shall be made from the proceeds of bonds
25 sold in fiscal year 2010 pursuant to Section 7.2 of the General
26 Obligation Bond Act, less (i) the pro rata share of bond sale

1 expenses determined by the System's share of total bond
2 proceeds, (ii) any amounts received from the Common School Fund
3 in fiscal year 2010, and (iii) any reduction in bond proceeds
4 due to the issuance of discounted bonds, if applicable.

5 Beginning in State fiscal year 2046, the minimum State
6 contribution for each fiscal year shall be the amount needed to
7 maintain the total assets of the System at 90% of the total
8 actuarial liabilities of the System.

9 Amounts received by the System pursuant to Section 25 of
10 the Budget Stabilization Act or Section 8.12 of the State
11 Finance Act in any fiscal year do not reduce and do not
12 constitute payment of any portion of the minimum State
13 contribution required under this Article in that fiscal year.
14 Such amounts shall not reduce, and shall not be included in the
15 calculation of, the required State contributions under this
16 Article in any future year until the System has reached a
17 funding ratio of at least 90%. A reference in this Article to
18 the "required State contribution" or any substantially similar
19 term does not include or apply to any amounts payable to the
20 System under Section 25 of the Budget Stabilization Act.

21 Notwithstanding any other provision of this Section, the
22 required State contribution for State fiscal year 2005 and for
23 fiscal year 2008 and each fiscal year thereafter, as calculated
24 under this Section and certified under subsection (a-1), shall
25 not exceed an amount equal to (i) the amount of the required
26 State contribution that would have been calculated under this

1 Section for that fiscal year if the System had not received any
2 payments under subsection (d) of Section 7.2 of the General
3 Obligation Bond Act, minus (ii) the portion of the State's
4 total debt service payments for that fiscal year on the bonds
5 issued in fiscal year 2003 for the purposes of that Section
6 7.2, as determined and certified by the Comptroller, that is
7 the same as the System's portion of the total moneys
8 distributed under subsection (d) of Section 7.2 of the General
9 Obligation Bond Act. In determining this maximum for State
10 fiscal years 2008 through 2010, however, the amount referred to
11 in item (i) shall be increased, as a percentage of the
12 applicable employee payroll, in equal increments calculated
13 from the sum of the required State contribution for State
14 fiscal year 2007 plus the applicable portion of the State's
15 total debt service payments for fiscal year 2007 on the bonds
16 issued in fiscal year 2003 for the purposes of Section 7.2 of
17 the General Obligation Bond Act, so that, by State fiscal year
18 2011, the State is contributing at the rate otherwise required
19 under this Section.

20 (c) Payment of the required State contributions and of all
21 pensions, retirement annuities, death benefits, refunds, and
22 other benefits granted under or assumed by this System, and all
23 expenses in connection with the administration and operation
24 thereof, are obligations of the State.

25 If members are paid from special trust or federal funds
26 which are administered by the employing unit, whether school

1 district or other unit, the employing unit shall pay to the
2 System from such funds the full accruing retirement costs based
3 upon that service, as determined by the System. Employer
4 contributions, based on salary paid to members from federal
5 funds, may be forwarded by the distributing agency of the State
6 of Illinois to the System prior to allocation, in an amount
7 determined in accordance with guidelines established by such
8 agency and the System.

9 (d) Effective July 1, 1986, any employer of a teacher as
10 defined in paragraph (8) of Section 16-106 shall pay the
11 employer's normal cost of benefits based upon the teacher's
12 service, in addition to employee contributions, as determined
13 by the System. Such employer contributions shall be forwarded
14 monthly in accordance with guidelines established by the
15 System.

16 However, with respect to benefits granted under Section
17 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
18 of Section 16-106, the employer's contribution shall be 12%
19 (rather than 20%) of the member's highest annual salary rate
20 for each year of creditable service granted, and the employer
21 shall also pay the required employee contribution on behalf of
22 the teacher. For the purposes of Sections 16-133.4 and
23 16-133.5, a teacher as defined in paragraph (8) of Section
24 16-106 who is serving in that capacity while on leave of
25 absence from another employer under this Article shall not be
26 considered an employee of the employer from which the teacher

1 is on leave.

2 (e) Beginning July 1, 1998, every employer of a teacher
3 shall pay to the System an employer contribution computed as
4 follows:

5 (1) Beginning July 1, 1998 through June 30, 1999, the
6 employer contribution shall be equal to 0.3% of each
7 teacher's salary.

8 (2) Beginning July 1, 1999 and thereafter, the employer
9 contribution shall be equal to 0.58% of each teacher's
10 salary.

11 The school district or other employing unit may pay these
12 employer contributions out of any source of funding available
13 for that purpose and shall forward the contributions to the
14 System on the schedule established for the payment of member
15 contributions.

16 These employer contributions are intended to offset a
17 portion of the cost to the System of the increases in
18 retirement benefits resulting from this amendatory Act of 1998.

19 Each employer of teachers is entitled to a credit against
20 the contributions required under this subsection (e) with
21 respect to salaries paid to teachers for the period January 1,
22 2002 through June 30, 2003, equal to the amount paid by that
23 employer under subsection (a-5) of Section 6.6 of the State
24 Employees Group Insurance Act of 1971 with respect to salaries
25 paid to teachers for that period.

26 The additional 1% employee contribution required under

1 Section 16-152 by this amendatory Act of 1998 is the
2 responsibility of the teacher and not the teacher's employer,
3 unless the employer agrees, through collective bargaining or
4 otherwise, to make the contribution on behalf of the teacher.

5 If an employer is required by a contract in effect on May
6 1, 1998 between the employer and an employee organization to
7 pay, on behalf of all its full-time employees covered by this
8 Article, all mandatory employee contributions required under
9 this Article, then the employer shall be excused from paying
10 the employer contribution required under this subsection (e)
11 for the balance of the term of that contract. The employer and
12 the employee organization shall jointly certify to the System
13 the existence of the contractual requirement, in such form as
14 the System may prescribe. This exclusion shall cease upon the
15 termination, extension, or renewal of the contract at any time
16 after May 1, 1998.

17 (f) If the amount of a teacher's salary for any school year
18 used to determine final average salary exceeds the member's
19 annual full-time salary rate with the same employer for the
20 previous school year by more than 6%, the teacher's employer
21 shall pay to the System, in addition to all other payments
22 required under this Section and in accordance with guidelines
23 established by the System, the present value of the increase in
24 benefits resulting from the portion of the increase in salary
25 that is in excess of 6%. This present value shall be computed
26 by the System on the basis of the actuarial assumptions and

1 tables used in the most recent actuarial valuation of the
2 System that is available at the time of the computation. If a
3 teacher's salary for the 2005-2006 school year is used to
4 determine final average salary under this subsection (f), then
5 the changes made to this subsection (f) by Public Act 94-1057
6 shall apply in calculating whether the increase in his or her
7 salary is in excess of 6%. For the purposes of this Section,
8 change in employment under Section 10-21.12 of the School Code
9 on or after June 1, 2005 shall constitute a change in employer.
10 The System may require the employer to provide any pertinent
11 information or documentation. The changes made to this
12 subsection (f) by this amendatory Act of the 94th General
13 Assembly apply without regard to whether the teacher was in
14 service on or after its effective date.

15 Whenever it determines that a payment is or may be required
16 under this subsection, the System shall calculate the amount of
17 the payment and bill the employer for that amount. The bill
18 shall specify the calculations used to determine the amount
19 due. If the employer disputes the amount of the bill, it may,
20 within 30 days after receipt of the bill, apply to the System
21 in writing for a recalculation. The application must specify in
22 detail the grounds of the dispute and, if the employer asserts
23 that the calculation is subject to subsection (g) or (h) of
24 this Section, must include an affidavit setting forth and
25 attesting to all facts within the employer's knowledge that are
26 pertinent to the applicability of that subsection. Upon

1 receiving a timely application for recalculation, the System
2 shall review the application and, if appropriate, recalculate
3 the amount due.

4 The employer contributions required under this subsection
5 (f) may be paid in the form of a lump sum within 90 days after
6 receipt of the bill. If the employer contributions are not paid
7 within 90 days after receipt of the bill, then interest will be
8 charged at a rate equal to the System's annual actuarially
9 assumed rate of return on investment compounded annually from
10 the 91st day after receipt of the bill. Payments must be
11 concluded within 3 years after the employer's receipt of the
12 bill.

13 (g) This subsection (g) applies only to payments made or
14 salary increases given on or after June 1, 2005 but before July
15 1, 2011. The changes made by Public Act 94-1057 shall not
16 require the System to refund any payments received before July
17 31, 2006 (the effective date of Public Act 94-1057).

18 When assessing payment for any amount due under subsection
19 (f), the System shall exclude salary increases paid to teachers
20 under contracts or collective bargaining agreements entered
21 into, amended, or renewed before June 1, 2005.

22 When assessing payment for any amount due under subsection
23 (f), the System shall exclude salary increases paid to a
24 teacher at a time when the teacher is 10 or more years from
25 retirement eligibility under Section 16-132 or 16-133.2.

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude salary increases resulting from
2 overload work, including summer school, when the school
3 district has certified to the System, and the System has
4 approved the certification, that (i) the overload work is for
5 the sole purpose of classroom instruction in excess of the
6 standard number of classes for a full-time teacher in a school
7 district during a school year and (ii) the salary increases are
8 equal to or less than the rate of pay for classroom instruction
9 computed on the teacher's current salary and work schedule.

10 When assessing payment for any amount due under subsection
11 (f), the System shall exclude a salary increase resulting from
12 a promotion (i) for which the employee is required to hold a
13 certificate or supervisory endorsement issued by the State
14 Teacher Certification Board that is a different certification
15 or supervisory endorsement than is required for the teacher's
16 previous position and (ii) to a position that has existed and
17 been filled by a member for no less than one complete academic
18 year and the salary increase from the promotion is an increase
19 that results in an amount no greater than the lesser of the
20 average salary paid for other similar positions in the district
21 requiring the same certification or the amount stipulated in
22 the collective bargaining agreement for a similar position
23 requiring the same certification.

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude any payment to the teacher from
26 the State of Illinois or the State Board of Education over

1 which the employer does not have discretion, notwithstanding
2 that the payment is included in the computation of final
3 average salary.

4 (h) When assessing payment for any amount due under
5 subsection (f), the System shall exclude any salary increase
6 described in subsection (g) of this Section given on or after
7 July 1, 2011 but before July 1, 2014 under a contract or
8 collective bargaining agreement entered into, amended, or
9 renewed on or after June 1, 2005 but before July 1, 2011.
10 Notwithstanding any other provision of this Section, any
11 payments made or salary increases given after June 30, 2014
12 shall be used in assessing payment for any amount due under
13 subsection (f) of this Section.

14 (i) The System shall prepare a report and file copies of
15 the report with the Governor and the General Assembly by
16 January 1, 2007 that contains all of the following information:

17 (1) The number of recalculations required by the
18 changes made to this Section by Public Act 94-1057 for each
19 employer.

20 (2) The dollar amount by which each employer's
21 contribution to the System was changed due to
22 recalculations required by Public Act 94-1057.

23 (3) The total amount the System received from each
24 employer as a result of the changes made to this Section by
25 Public Act 94-4.

26 (4) The increase in the required State contribution

1 resulting from the changes made to this Section by Public
2 Act 94-1057.

3 (j) For purposes of determining the required State
4 contribution to the System, the value of the System's assets
5 shall be equal to the actuarial value of the System's assets,
6 which shall be calculated as follows:

7 As of June 30, 2008, the actuarial value of the System's
8 assets shall be equal to the market value of the assets as of
9 that date. In determining the actuarial value of the System's
10 assets for fiscal years after June 30, 2008, any actuarial
11 gains or losses from investment return incurred in a fiscal
12 year shall be recognized in equal annual amounts over the
13 5-year period following that fiscal year.

14 (k) For purposes of determining the required State
15 contribution to the system for a particular year, the actuarial
16 value of assets shall be assumed to earn a rate of return equal
17 to the system's actuarially assumed rate of return.

18 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
19 96-43, eff. 7-15-09.)

20 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

21 Sec. 18-131. Financing; employer contributions.

22 (a) The State of Illinois shall make contributions to this
23 System by appropriations of the amounts which, together with
24 the contributions of participants, net earnings on
25 investments, and other income, will meet the costs of

1 maintaining and administering this System on a 90% funded basis
2 in accordance with actuarial recommendations.

3 (b) The Board shall determine the amount of State
4 contributions required for each fiscal year on the basis of the
5 actuarial tables and other assumptions adopted by the Board and
6 the prescribed rate of interest, using the formula in
7 subsection (c).

8 (c) For State fiscal years 2011 through 2045, the minimum
9 contribution to the System to be made by the State for each
10 fiscal year shall be an amount determined by the System to be
11 sufficient to bring the total assets of the System up to 90% of
12 the total actuarial liabilities of the System by the end of
13 State fiscal year 2045. In making these determinations, the
14 required State contribution shall be calculated each year as a
15 level percentage of payroll over the years remaining to and
16 including fiscal year 2045 and shall be determined under the
17 projected unit credit actuarial cost method.

18 For State fiscal years 1996 through 2005, the State
19 contribution to the System, as a percentage of the applicable
20 employee payroll, shall be increased in equal annual increments
21 so that by State fiscal year 2011, the State is contributing at
22 the rate required under this Section.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2006 is
25 \$29,189,400.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2007 is
2 \$35,236,800.

3 For each of State fiscal years 2008 through 2009, the State
4 contribution to the System, as a percentage of the applicable
5 employee payroll, shall be increased in equal annual increments
6 from the required State contribution for State fiscal year
7 2007, so that by State fiscal year 2011, the State is
8 contributing at the rate otherwise required under this Section.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2010 is
11 \$78,832,000 and shall be made from the proceeds of bonds sold
12 in fiscal year 2010 pursuant to Section 7.2 of the General
13 Obligation Bond Act, less (i) the pro rata share of bond sale
14 expenses determined by the System's share of total bond
15 proceeds, (ii) any amounts received from the General Revenue
16 Fund in fiscal year 2010, and (iii) any reduction in bond
17 proceeds due to the issuance of discounted bonds, if
18 applicable.

19 Beginning in State fiscal year 2046, the minimum State
20 contribution for each fiscal year shall be the amount needed to
21 maintain the total assets of the System at 90% of the total
22 actuarial liabilities of the System.

23 Amounts received by the System pursuant to Section 25 of
24 the Budget Stabilization Act or Section 8.12 of the State
25 Finance Act in any fiscal year do not reduce and do not
26 constitute payment of any portion of the minimum State

1 contribution required under this Article in that fiscal year.
2 Such amounts shall not reduce, and shall not be included in the
3 calculation of, the required State contributions under this
4 Article in any future year until the System has reached a
5 funding ratio of at least 90%. A reference in this Article to
6 the "required State contribution" or any substantially similar
7 term does not include or apply to any amounts payable to the
8 System under Section 25 of the Budget Stabilization Act.

9 Notwithstanding any other provision of this Section, the
10 required State contribution for State fiscal year 2005 and for
11 fiscal year 2008 and each fiscal year thereafter, as calculated
12 under this Section and certified under Section 18-140, shall
13 not exceed an amount equal to (i) the amount of the required
14 State contribution that would have been calculated under this
15 Section for that fiscal year if the System had not received any
16 payments under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act, minus (ii) the portion of the State's
18 total debt service payments for that fiscal year on the bonds
19 issued in fiscal year 2003 for the purposes of that Section
20 7.2, as determined and certified by the Comptroller, that is
21 the same as the System's portion of the total moneys
22 distributed under subsection (d) of Section 7.2 of the General
23 Obligation Bond Act. In determining this maximum for State
24 fiscal years 2008 through 2010, however, the amount referred to
25 in item (i) shall be increased, as a percentage of the
26 applicable employee payroll, in equal increments calculated

1 from the sum of the required State contribution for State
2 fiscal year 2007 plus the applicable portion of the State's
3 total debt service payments for fiscal year 2007 on the bonds
4 issued in fiscal year 2003 for the purposes of Section 7.2 of
5 the General Obligation Bond Act, so that, by State fiscal year
6 2011, the State is contributing at the rate otherwise required
7 under this Section.

8 (d) For purposes of determining the required State
9 contribution to the System, the value of the System's assets
10 shall be equal to the actuarial value of the System's assets,
11 which shall be calculated as follows:

12 As of June 30, 2008, the actuarial value of the System's
13 assets shall be equal to the market value of the assets as of
14 that date. In determining the actuarial value of the System's
15 assets for fiscal years after June 30, 2008, any actuarial
16 gains or losses from investment return incurred in a fiscal
17 year shall be recognized in equal annual amounts over the
18 5-year period following that fiscal year.

19 (e) For purposes of determining the required State
20 contribution to the system for a particular year, the actuarial
21 value of assets shall be assumed to earn a rate of return equal
22 to the system's actuarially assumed rate of return.

23 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09.)

24 (40 ILCS 5/22A-111) (from Ch. 108 1/2, par. 22A-111)

25 Sec. 22A-111. The Board shall manage the investments of any

1 pension fund, retirement system, or education fund for the
2 purpose of obtaining a total return on investments for the long
3 term. It also shall perform such other functions as may be
4 assigned or directed by the General Assembly.

5 The authority of the board to manage pension fund
6 investments and the liability shall begin when there has been a
7 physical transfer of the pension fund investments to the board
8 and placed in the custody of the State Treasurer.

9 The authority of the board to manage monies from the
10 education fund for investment and the liability of the board
11 shall begin when there has been a physical transfer of
12 education fund investments to the board and placed in the
13 custody of the State Treasurer.

14 The board may not delegate its management functions, but it
15 may, but is not required to, arrange to compensate for
16 personalized investment advisory service for any or all
17 investments under its control, with any national or state bank
18 or trust company authorized to do a trust business and
19 domiciled in Illinois, or other financial institution
20 organized under the laws of Illinois, or an investment advisor
21 who is qualified under Federal Investment Advisors Act of 1940
22 and is registered under the Illinois Securities Law of 1953.
23 Nothing contained herein shall prevent the Board from
24 subscribing to general investment research services available
25 for purchase or use by others. The Board shall also have the
26 authority to compensate for accounting services.

1 This Section shall not be construed to prohibit the
2 Illinois State Board of Investment from directly investing
3 pension assets in public market investments, private
4 investments, real estate investments, or other investments
5 authorized by this Code.

6 (Source: P.A. 84-1127.)

7 Section 20. The School Construction Law is amended by
8 adding Section 5-38 as follows:

9 (105 ILCS 230/5-38 new)

10 Sec. 5-38. Fiscal Year 2002 escalation. If a school
11 district has been issued a school construction grant in Fiscal
12 Year 2010 and the school district was on the FY2002 priority
13 ranking, the Capital Development Board shall escalate the state
14 share grant amount of the project on a 3% annual escalation
15 rate.

16 Section 99. Effective date. This Act takes effect upon
17 becoming law."