



Rep. Frank J. Mautino

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1 AMENDMENT TO SENATE BILL 3087

2 AMENDMENT NO. _____. Amend Senate Bill 3087, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 3. The State Finance Act is amended by changing
6 Section 6z-78 as follows:

7 (30 ILCS 105/6z-78)

8 Sec. 6z-78. Capital Projects Fund; bonded indebtedness;
9 transfers. Money in the Capital Projects Fund shall, if and
10 when the State of Illinois incurs any bonded indebtedness using
11 the bond authorizations ~~authorization~~ enacted in Public Act
12 96-36 and this amendatory Act of the 96th General Assembly ~~this~~
13 ~~amendatory Act of the 96th General Assembly~~, be set aside and
14 used for the purpose of paying and discharging annually the
15 principal and interest on that bonded indebtedness then due and
16 payable.

1 In addition to other transfers to the General Obligation
2 Bond Retirement and Interest Fund made pursuant to Section 15
3 of the General Obligation Bond Act, upon each delivery of
4 general obligation bonds using bond authorizations
5 ~~authorization~~ enacted in Public Act 96-36 and this amendatory
6 Act of the 96th General Assembly ~~this amendatory Act of the~~
7 ~~96th General Assembly~~ the State Comptroller shall compute and
8 certify to the State Treasurer the total amount of principal
9 of, interest on, and premium, if any, on such bonds during the
10 then current and each succeeding fiscal year. With respect to
11 the interest payable on variable rate bonds, such
12 certifications shall be calculated at the maximum rate of
13 interest that may be payable during the fiscal year, after
14 taking into account any credits permitted in the related
15 indenture or other instrument against the amount of such
16 interest required to be appropriated for the period.

17 (a) Except as provided for in subsection (b), on or before
18 the last day of each month, the State Treasurer and State
19 Comptroller shall transfer from the Capital Projects Fund to
20 the General Obligation Bond Retirement and Interest Fund an
21 amount sufficient to pay the aggregate of the principal of,
22 interest on, and premium, if any, on the bonds payable on their
23 next payment date, divided by the number of monthly transfers
24 occurring between the last previous payment date (or the
25 delivery date if no payment date has yet occurred) and the next
26 succeeding payment date. Interest payable on variable rate

1 bonds shall be calculated at the maximum rate of interest that
2 may be payable for the relevant period, after taking into
3 account any credits permitted in the related indenture or other
4 instrument against the amount of such interest required to be
5 appropriated for that period. Interest for which moneys have
6 already been deposited into the capitalized interest account
7 within the General Obligation Bond Retirement and Interest Fund
8 shall not be included in the calculation of the amounts to be
9 transferred under this subsection.

10 (b) On or before the last day of each month, the State
11 Treasurer and State Comptroller shall transfer from the Capital
12 Projects Fund to the General Obligation Bond Retirement and
13 Interest Fund an amount sufficient to pay the aggregate of the
14 principal of, interest on, and premium, if any, on the bonds
15 issued prior to January 1, 2012 pursuant to Section 4(d) of the
16 General Obligation Bond Act payable on their next payment date,
17 divided by the number of monthly transfers occurring between
18 the last previous payment date (or the delivery date if no
19 payment date has yet occurred) and the next succeeding payment
20 date. If the available balance in the Capital Projects Fund is
21 not sufficient for the transfer required in this subsection,
22 the State Treasurer and State Comptroller shall transfer the
23 difference from the Road Fund to the General Obligation Bond
24 Retirement and Interest Fund; except that such Road Fund
25 transfers shall constitute a debt of the Capital Projects Fund
26 which shall be repaid according to subsection (c). Interest

1 payable on variable rate bonds shall be calculated at the
2 maximum rate of interest that may be payable for the relevant
3 period, after taking into account any credits permitted in the
4 related indenture or other instrument against the amount of
5 such interest required to be appropriated for that period.
6 Interest for which moneys have already been deposited into the
7 capitalized interest account within the General Obligation
8 Bond Retirement and Interest Fund shall not be included in the
9 calculation of the amounts to be transferred under this
10 subsection.

11 (c) On the first day of any month when the Capital Projects
12 Fund is carrying a debt to the Road Fund due to the provisions
13 of subsection (b), the State Treasurer and State Comptroller
14 shall transfer from the Capital Projects Fund to the Road Fund
15 an amount sufficient to discharge that debt. These transfers to
16 the Road Fund shall continue until the Capital Projects Fund
17 has repaid to the Road Fund all transfers made from the Road
18 Fund pursuant to subsection (b). Notwithstanding any other law
19 to the contrary, transfers to the Road Fund from the Capital
20 Projects Fund shall be made prior to any other expenditures or
21 transfers out of the Capital Projects Fund.

22 (Source: P.A. 96-36, eff. 7-13-09; 96-820, eff. 11-18-09.)

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

1 (30 ILCS 330/2) (from Ch. 127, par. 652)

2 Sec. 2. Authorization for Bonds. The State of Illinois is
3 authorized to issue, sell and provide for the retirement of
4 General Obligation Bonds of the State of Illinois for the
5 categories and specific purposes expressed in Sections 2
6 through 8 of this Act, in the total amount of \$41,379,777,443
7 ~~\$37,217,777,443~~ ~~\$36,967,777,443~~.

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

10 Of the total amount of Bonds authorized in this Act, up to
11 \$2,200,000,000 in aggregate original principal amount may be
12 issued and sold in accordance with the Baccalaureate Savings
13 Act in the form of General Obligation College Savings Bonds.

14 Of the total amount of Bonds authorized in this Act, up to
15 \$300,000,000 in aggregate original principal amount may be
16 issued and sold in accordance with the Retirement Savings Act
17 in the form of General Obligation Retirement Savings Bonds.

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

22 The issuance and sale of Bonds pursuant to the General
23 Obligation Bond Act is an economical and efficient method of
24 financing the long-term capital needs of the State. This Act
25 will permit the issuance of a multi-purpose General Obligation
26 Bond with uniform terms and features. This will not only lower

1 the cost of registration but also reduce the overall cost of
2 issuing debt by improving the marketability of Illinois General
3 Obligation Bonds.

4 (Source: P.A. 95-1026, eff. 1-12-09; 96-5, eff. 4-3-09; 96-36,
5 eff. 7-13-09; 96-43, eff. 7-15-09; 96-885, eff. 3-11-10;
6 96-1000, eff. 7-2-10; revised 9-3-10.)

7 (30 ILCS 330/3) (from Ch. 127, par. 653)

8 Sec. 3. Capital Facilities. The amount of \$8,900,463,443
9 ~~\$7,968,463,443~~ is authorized to be used for the acquisition,
10 development, construction, reconstruction, improvement,
11 financing, architectural planning and installation of capital
12 facilities within the State, consisting of buildings,
13 structures, durable equipment, land, interests in land, and the
14 costs associated with the purchase and implementation of
15 information technology, including but not limited to the
16 purchase of hardware and software, for the following specific
17 purposes:

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

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

1 (c) \$599,183,000 ~~\$575,183,000~~ for open spaces,
2 recreational and conservation purposes and the protection
3 of land;

4 (d) \$691,917,000 ~~\$664,917,000~~ for child care
5 facilities, mental and public health facilities, and
6 facilities for the care of disabled veterans and their
7 spouses;

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

11 (f) \$818,100 for cargo handling facilities at port
12 districts and for breakwaters, including harbor entrances,
13 at port districts in conjunction with facilities for small
14 boats and pleasure crafts;

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

17 (h) \$16,940,269 for the provision of facilities for
18 food production research and related instructional and
19 public service activities at the State universities and
20 public community colleges;

21 (i) \$36,000,000 for grants by the Secretary of State,
22 as State Librarian, for central library facilities
23 authorized by Section 8 of the Illinois Library System Act
24 and for grants by the Capital Development Board to units of
25 local government for public library facilities;

26 (j) \$25,000,000 for the acquisition, development,

1 construction, reconstruction, improvement, financing,
2 architectural planning and installation of capital
3 facilities consisting of buildings, structures, durable
4 equipment and land for grants to counties, municipalities
5 or public building commissions with correctional
6 facilities that do not comply with the minimum standards of
7 the Department of Corrections under Section 3-15-2 of the
8 Unified Code of Corrections;

9 (k) \$5,000,000 for grants in fiscal year 1988 by the
10 Department of Conservation for improvement or expansion of
11 aquarium facilities located on property owned by a park
12 district;

13 (l) \$588,590,000 ~~\$432,590,000~~ to State agencies for
14 grants to local governments for the acquisition,
15 financing, architectural planning, development,
16 alteration, installation, and construction of capital
17 facilities consisting of buildings, structures, durable
18 equipment, and land; and

19 (m) \$228,500,000 ~~\$203,500,000~~ for the Illinois Open
20 Land Trust Program as defined by the Illinois Open Land
21 Trust Act.

22 The amounts authorized above for capital facilities may be
23 used for the acquisition, installation, alteration,
24 construction, or reconstruction of capital facilities and for
25 the purchase of equipment for the purpose of major capital
26 improvements which will reduce energy consumption in State

1 buildings or facilities.

2 (Source: P.A. 96-36, eff. 7-13-09; 96-37, eff. 7-13-09;
3 96-1000, eff. 7-2-10.)

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

5 Sec. 4. Transportation. The amount of \$12,443,799,000
6 ~~\$9,948,799,000~~ is authorized for use by the Department of
7 Transportation for the specific purpose of promoting and
8 assuring rapid, efficient, and safe highway, air and mass
9 transportation for the inhabitants of the State by providing
10 monies, including the making of grants and loans, for the
11 acquisition, construction, reconstruction, extension and
12 improvement of the following transportation facilities and
13 equipment, and for the acquisition of real property and
14 interests in real property required or expected to be required
15 in connection therewith as follows:

16 (a) \$5,432,129,000 for State highways, arterial highways,
17 freeways, roads, bridges, structures separating highways and
18 railroads and roads, and bridges on roads maintained by
19 counties, municipalities, townships or road districts for the
20 following specific purposes:

21 (1) \$3,330,000,000 for use statewide,

22 (2) \$3,677,000 for use outside the Chicago urbanized
23 area,

24 (3) \$7,543,000 for use within the Chicago urbanized
25 area,

1 (4) \$13,060,600 for use within the City of Chicago,
2 (5) \$58,987,500 for use within the counties of Cook,
3 DuPage, Kane, Lake, McHenry and Will,
4 (6) \$18,860,900 for use outside the counties of Cook,
5 DuPage, Kane, Lake, McHenry and Will, and
6 (7) \$2,000,000,000 for use on projects included in
7 either (i) the FY09-14 Proposed Highway Improvement
8 Program as published by the Illinois Department of
9 Transportation in May 2008 or (ii) the FY10-15 Proposed
10 Highway Improvement Program to be published by the Illinois
11 Department of Transportation in the spring of 2009; except
12 that all projects must be maintenance projects for the
13 existing State system with the goal of reaching 90%
14 acceptable condition in the system statewide and further
15 except that all projects must reflect the generally
16 accepted historical distribution of projects throughout
17 the State.

18 (b) \$4,280,070,000 ~~\$3,130,070,000~~ for rail facilities and
19 for mass transit facilities, as defined in Section 2705-305 of
20 the Department of Transportation Law (20 ILCS 2705/2705-305),
21 including rapid transit, rail, bus and other equipment used in
22 connection therewith by the State or any unit of local
23 government, special transportation district, municipal
24 corporation or other corporation or public authority
25 authorized to provide and promote public transportation within
26 the State or two or more of the foregoing jointly, for the

1 following specific purposes:

2 (1) \$3,184,270,000 ~~\$2,034,270,000~~ statewide,

3 (2) \$83,350,000 for use within the counties of Cook,
4 DuPage, Kane, Lake, McHenry and Will,

5 (3) \$12,450,000 for use outside the counties of Cook,
6 DuPage, Kane, Lake, McHenry and Will, and

7 (4) \$1,000,000,000 for use on projects that shall
8 reflect the generally accepted historical distribution of
9 projects throughout the State.

10 (c) \$482,600,000 ~~\$371,600,000~~ for airport or aviation
11 facilities and any equipment used in connection therewith,
12 including engineering and land acquisition costs, by the State
13 or any unit of local government, special transportation
14 district, municipal corporation or other corporation or public
15 authority authorized to provide public transportation within
16 the State, or two or more of the foregoing acting jointly, and
17 for the making of deposits into the Airport Land Loan Revolving
18 Fund for loans to public airport owners pursuant to the
19 Illinois Aeronautics Act.

20 (d) \$2,249,000,000 ~~\$1,015,000,000~~ for use statewide for
21 State or local highways, arterial highways, freeways, roads,
22 bridges, and structures separating highways and railroads and
23 roads, and for grants to counties, municipalities, townships,
24 or road districts for planning, engineering, acquisition,
25 construction, reconstruction, development, improvement,
26 extension, and all construction-related expenses of the public

1 infrastructure and other transportation improvement projects
2 which are related to economic development in the State of
3 Illinois.

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

6 (30 ILCS 330/5) (from Ch. 127, par. 655)

7 Sec. 5. School Construction.

8 (a) The amount of \$58,450,000 is authorized to make grants
9 to local school districts for the acquisition, development,
10 construction, reconstruction, rehabilitation, improvement,
11 financing, architectural planning and installation of capital
12 facilities, including but not limited to those required for
13 special education building projects provided for in Article 14
14 of The School Code, consisting of buildings, structures, and
15 durable equipment, and for the acquisition and improvement of
16 real property and interests in real property required, or
17 expected to be required, in connection therewith.

18 (b) \$22,550,000, or so much thereof as may be necessary,
19 for grants to school districts for the making of principal and
20 interest payments, required to be made, on bonds issued by such
21 school districts after January 1, 1969, pursuant to any
22 indenture, ordinance, resolution, agreement or contract to
23 provide funds for the acquisition, development, construction,
24 reconstruction, rehabilitation, improvement, architectural
25 planning and installation of capital facilities consisting of

1 buildings, structures, durable equipment and land for
2 educational purposes or for lease payments required to be made
3 by a school district for principal and interest payments on
4 bonds issued by a Public Building Commission after January 1,
5 1969.

6 (c) \$10,000,000 for grants to school districts for the
7 acquisition, development, construction, reconstruction,
8 rehabilitation, improvement, architectural planning and
9 installation of capital facilities consisting of buildings
10 structures, durable equipment and land for special education
11 building projects.

12 (d) \$9,000,000 for grants to school districts for the
13 reconstruction, rehabilitation, improvement, financing and
14 architectural planning of capital facilities, including
15 construction at another location to replace such capital
16 facilities, consisting of those public school buildings and
17 temporary school facilities which, prior to January 1, 1984,
18 were condemned by the regional superintendent under Section
19 3-14.22 of The School Code or by any State official having
20 jurisdiction over building safety.

21 (e) \$3,050,000,000 for grants to school districts for
22 school improvement projects authorized by the School
23 Construction Law. The bonds shall be sold in amounts not to
24 exceed the following schedule, except any bonds not sold during
25 one year shall be added to the bonds to be sold during the
26 remainder of the schedule:

1 First year \$200,000,000
 2 Second year \$450,000,000
 3 Third year \$500,000,000
 4 Fourth year \$500,000,000
 5 Fifth year \$800,000,000
 6 Sixth year and thereafter \$600,000,000

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

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

11 (30 ILCS 330/6) (from Ch. 127, par. 656)

12 Sec. 6. Anti-Pollution.

13 (a) The amount of \$422,815,000 ~~\$369,815,000~~ is authorized
 14 for allocation by the Environmental Protection Agency for
 15 grants or loans to units of local government in such amounts,
 16 at such times and for such purpose as the Agency deems
 17 necessary or desirable for the planning, financing, and
 18 construction of municipal sewage treatment works and solid
 19 waste disposal facilities and for making of deposits into the
 20 Water Revolving Fund and the U.S. Environmental Protection Fund
 21 to provide assistance in accordance with the provisions of
 22 Title IV-A of the Environmental Protection Act.

23 (b) The amount of \$236,500,000 ~~\$215,500,000~~ is authorized
 24 for allocation by the Environmental Protection Agency for
 25 payment of claims submitted to the State and approved for

1 payment under the Leaking Underground Storage Tank Program
2 established in Title XVI of the Environmental Protection Act.

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

4 (30 ILCS 330/7) (from Ch. 127, par. 657)

5 Sec. 7. Coal and Energy Development. The amount of
6 \$698,200,000 is authorized to be used by the Department of
7 Commerce and Economic Opportunity (formerly Department of
8 Commerce and Community Affairs) for coal and energy development
9 purposes, pursuant to Sections 2, 3 and 3.1 of the Illinois
10 Coal and Energy Development Bond Act, for the purposes
11 specified in Section 8.1 of the Energy Conservation and Coal
12 Development Act, for the purposes specified in Section 605-332
13 of the Department of Commerce and Economic Opportunity Law of
14 the Civil Administrative Code of Illinois, and for the purpose
15 of facility cost reports prepared pursuant to Sections 1-58 or
16 1-75(d) (4) of the Illinois Power Agency Act and for the purpose
17 of development costs pursuant to Section 8.1 of the Energy
18 Conservation and Coal Development Act. Of this amount:

19 (a) \$115,000,000 is for the specific purposes of
20 acquisition, development, construction, reconstruction,
21 improvement, financing, architectural and technical planning
22 and installation of capital facilities consisting of
23 buildings, structures, durable equipment, and land for the
24 purpose of capital development of coal resources within the
25 State and for the purposes specified in Section 8.1 of the

1 Energy Conservation and Coal Development Act;

2 (b) \$35,000,000 is for the purposes specified in Section
3 8.1 of the Energy Conservation and Coal Development Act and
4 making grants to generating stations and coal gasification
5 facilities within the State of Illinois and to the owner of a
6 generating station located in Illinois and having at least
7 three coal-fired generating units with accredited summer
8 capability greater than 500 megawatts each at such generating
9 station as provided in Section 6 of that Bond Act;

10 (c) \$13,200,000 is for research, development and
11 demonstration of forms of energy other than that derived from
12 coal, either on or off State property;

13 (d) \$500,000,000 is for the purpose of providing financial
14 assistance to new electric generating facilities as provided in
15 Section 605-332 of the Department of Commerce and Economic
16 Opportunity Law of the Civil Administrative Code of Illinois;
17 and

18 (e) \$50,000,000 ~~\$35,000,000~~ is for the purpose of facility
19 cost reports prepared for not more than one facility pursuant
20 to Section 1-75(d)(4) of the Illinois Power Agency Act and not
21 more than one facility pursuant to Section 1-58 of the Illinois
22 Power Agency Act and for the purpose of up to \$6,000,000 of
23 development costs pursuant to Section 8.1 of the Energy
24 Conservation and Coal Development Act.

25 (Source: P.A. 95-1026, eff. 1-12-09; 96-781, eff. 8-28-09;
26 96-1000, eff. 7-2-10; 96-1465, eff. 8-20-10.)

1 (30 ILCS 330/9) (from Ch. 127, par. 659)

2 Sec. 9. Conditions for Issuance and Sale of Bonds -
3 Requirements for Bonds.

4 (a) Except as otherwise provided in this subsection, Bonds
5 shall be issued and sold from time to time, in one or more
6 series, in such amounts and at such prices as may be directed
7 by the Governor, upon recommendation by the Director of the
8 Governor's Office of Management and Budget. Bonds shall be in
9 such form (either coupon, registered or book entry), in such
10 denominations, payable within 25 years from their date, subject
11 to such terms of redemption with or without premium, bear
12 interest payable at such times and at such fixed or variable
13 rate or rates, and be dated as shall be fixed and determined by
14 the Director of the Governor's Office of Management and Budget
15 in the order authorizing the issuance and sale of any series of
16 Bonds, which order shall be approved by the Governor and is
17 herein called a "Bond Sale Order"; provided however, that
18 interest payable at fixed or variable rates shall not exceed
19 that permitted in the Bond Authorization Act, as now or
20 hereafter amended. Bonds shall be payable at such place or
21 places, within or without the State of Illinois, and may be
22 made registrable as to either principal or as to both principal
23 and interest, as shall be specified in the Bond Sale Order.
24 Bonds may be callable or subject to purchase and retirement or
25 tender and remarketing as fixed and determined in the Bond Sale

1 Order. Bonds, other than Bonds issued under Section 3 of this
2 Act for the costs associated with the purchase and
3 implementation of information technology, (i) except for
4 refunding Bonds satisfying the requirements of Section 16 of
5 this Act and sold during fiscal year 2009, 2010, or 2011, must
6 be issued with principal or mandatory redemption amounts in
7 equal amounts, with the first maturity issued occurring within
8 the fiscal year in which the Bonds are issued or within the
9 next succeeding fiscal year and (ii) must mature or be subject
10 to mandatory redemption each fiscal year thereafter up to 25
11 years, except for refunding Bonds satisfying the requirements
12 of Section 16 of this Act and sold during fiscal year 2009,
13 2010, or 2011 which must mature or be subject to mandatory
14 redemption each fiscal year thereafter up to 16 years. Bonds
15 issued under Section 3 of this Act for the costs associated
16 with the purchase and implementation of information technology
17 must be issued with principal or mandatory redemption amounts
18 in equal amounts, with the first maturity issued occurring with
19 the fiscal year in which the respective bonds are issued or
20 with the next succeeding fiscal year, with the respective bonds
21 issued maturing or subject to mandatory redemption each fiscal
22 year thereafter up to 10 years. Notwithstanding any provision
23 of this Act to the contrary, the Bonds authorized by Public Act
24 96-43 shall be payable within 5 years from their date and must
25 be issued with principal or mandatory redemption amounts in
26 equal amounts, with payment of principal or mandatory

1 redemption beginning in the first fiscal year following the
2 fiscal year in which the Bonds are issued.

3 In the case of any series of Bonds bearing interest at a
4 variable interest rate ("Variable Rate Bonds"), in lieu of
5 determining the rate or rates at which such series of Variable
6 Rate Bonds shall bear interest and the price or prices at which
7 such Variable Rate Bonds shall be initially sold or remarketed
8 (in the event of purchase and subsequent resale), the Bond Sale
9 Order may provide that such interest rates and prices may vary
10 from time to time depending on criteria established in such
11 Bond Sale Order, which criteria may include, without
12 limitation, references to indices or variations in interest
13 rates as may, in the judgment of a remarketing agent, be
14 necessary to cause Variable Rate Bonds of such series to be
15 remarketable from time to time at a price equal to their
16 principal amount, and may provide for appointment of a bank,
17 trust company, investment bank, or other financial institution
18 to serve as remarketing agent in that connection. The Bond Sale
19 Order may provide that alternative interest rates or provisions
20 for establishing alternative interest rates, different
21 security or claim priorities, or different call or amortization
22 provisions will apply during such times as Variable Rate Bonds
23 of any series are held by a person providing credit or
24 liquidity enhancement arrangements for such Bonds as
25 authorized in subsection (b) of this Section. The Bond Sale
26 Order may also provide for such variable interest rates to be

1 established pursuant to a process generally known as an auction
2 rate process and may provide for appointment of one or more
3 financial institutions to serve as auction agents and
4 broker-dealers in connection with the establishment of such
5 interest rates and the sale and remarketing of such Bonds.

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

23 The State may, with respect to Bonds issued or anticipated
24 to be issued, participate in and enter into arrangements with
25 respect to interest rate protection or exchange agreements,
26 guarantees, or financial futures contracts for the purpose of

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

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

26 (d) "Build America Bonds" in this Section means Bonds

1 authorized by Section 54AA of the Internal Revenue Code of
2 1986, as amended ("Internal Revenue Code"), and bonds issued
3 from time to time to refund or continue to refund "Build
4 America Bonds".

5 (e) Notwithstanding any other provision of this Section,
6 Qualified School Construction Bonds shall be issued and sold
7 from time to time, in one or more series, in such amounts and
8 at such prices as may be directed by the Governor, upon
9 recommendation by the Director of the Governor's Office of
10 Management and Budget. Qualified School Construction Bonds
11 shall be in such form (either coupon, registered or book
12 entry), in such denominations, payable within 25 years from
13 their date, subject to such terms of redemption with or without
14 premium, and if the Qualified School Construction Bonds are
15 issued with a supplemental coupon, bear interest payable at
16 such times and at such fixed or variable rate or rates, and be
17 dated as shall be fixed and determined by the Director of the
18 Governor's Office of Management and Budget in the order
19 authorizing the issuance and sale of any series of Qualified
20 School Construction Bonds, which order shall be approved by the
21 Governor and is herein called a "Bond Sale Order"; except that
22 interest payable at fixed or variable rates, if any, shall not
23 exceed that permitted in the Bond Authorization Act, as now or
24 hereafter amended. Qualified School Construction Bonds shall
25 be payable at such place or places, within or without the State
26 of Illinois, and may be made registrable as to either principal

1 or as to both principal and interest, as shall be specified in
2 the Bond Sale Order. Qualified School Construction Bonds may be
3 callable or subject to purchase and retirement or tender and
4 remarketing as fixed and determined in the Bond Sale Order.
5 Qualified School Construction Bonds must be issued with
6 principal or mandatory redemption amounts or sinking fund
7 payments into the General Obligation Bond Retirement and
8 Interest Fund (or subaccount therefor) in equal amounts, with
9 the first maturity issued, mandatory redemption payment or
10 sinking fund payment occurring within the fiscal year in which
11 the Qualified School Construction Bonds are issued or within
12 the next succeeding fiscal year, with Qualified School
13 Construction Bonds issued maturing or subject to mandatory
14 redemption or with sinking fund payments thereof deposited each
15 fiscal year thereafter up to 25 years. Sinking fund payments
16 set forth in this subsection shall be permitted only to the
17 extent authorized in Section 54F of the Internal Revenue Code
18 or as otherwise determined by the Director of the Governor's
19 Office of Management and Budget. "Qualified School
20 Construction Bonds" in this subsection means Bonds authorized
21 by Section 54F of the Internal Revenue Code and for bonds
22 issued from time to time to refund or continue to refund such
23 "Qualified School Construction Bonds".

24 (f) Beginning with the next issuance by the Governor's
25 Office of Management and Budget to the Procurement Policy Board
26 of a request for quotation for the purpose of formulating a new

1 pool of qualified underwriting banks list, all entities
2 responding to such a request for quotation for inclusion on
3 that list shall provide a written report to the Governor's
4 Office of Management and Budget and the Illinois Comptroller.
5 The written report submitted to the Comptroller shall (i) be
6 published on the Comptroller's Internet website and (ii) be
7 used by the Governor's Office of Management and Budget for the
8 purposes of scoring such a request for quotation. The written
9 report, at a minimum, shall:

10 (1) disclose whether, within the past 3 months,
11 pursuant to its credit default swap market-making
12 activities, the firm has entered into any State of Illinois
13 credit default swaps ("CDS");

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

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

23 (4) include, in the event of State of Illinois
24 proprietary trades, disclosure of the firm's outstanding
25 gross and net notional amount of proprietary State of
26 Illinois CDS and whether the net position is short or long

1 credit protection, as of the end of the current 3-month
2 period;

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

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

12 (g) All entities included on a Governor's Office of
13 Management and Budget's pool of qualified underwriting banks
14 list shall, as soon as possible after the effective date of
15 this amendatory Act of the 96th General Assembly, but not later
16 than January 21, 2011, and on a quarterly fiscal basis
17 thereafter, provide a written report to the Governor's Office
18 of Management and Budget and the Illinois Comptroller. The
19 written reports submitted to the Comptroller shall be published
20 on the Comptroller's Internet website. The written reports, at
21 a minimum, shall:

22 (1) disclose whether, within the past 3 months,
23 pursuant to its credit default swap market-making
24 activities, the firm has entered into any State of Illinois
25 credit default swaps ("CDS");

26 (2) include, in the event of State of Illinois CDS

1 activity, disclosure of the firm's cumulative notional
2 volume of State of Illinois CDS trades and the firm's
3 outstanding gross and net notional amount of State of
4 Illinois CDS, as of the end of the current 3-month period;

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

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

15 (5) list all time periods during the past 3 months
16 during which the firm held net long or net short State of
17 Illinois CDS proprietary credit protection positions, the
18 amount of such positions, and whether those positions were
19 net long or net short credit protection positions; and

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

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

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

3 (30 ILCS 425/2) (from Ch. 127, par. 2802)

4 Sec. 2. Authorization for Bonds. The State of Illinois is
5 authorized to issue, sell and provide for the retirement of
6 limited obligation bonds, notes and other evidences of
7 indebtedness of the State of Illinois in the total principal
8 amount of \$5,703,509,000 ~~\$4,615,509,000~~ herein called "Bonds".
9 Such authorized amount of Bonds shall be reduced from time to
10 time by amounts, if any, which are equal to the moneys received
11 by the Department of Revenue in any fiscal year pursuant to
12 Section 3-1001 of the "Illinois Vehicle Code", as amended, in
13 excess of the Annual Specified Amount (as defined in Section 3
14 of the "Retailers' Occupation Tax Act", as amended) and
15 transferred at the end of such fiscal year from the General
16 Revenue Fund to the Build Illinois Purposes Fund (now
17 abolished) as provided in Section 3-1001 of said Code;
18 provided, however, that no such reduction shall affect the
19 validity or enforceability of any Bonds issued prior to such
20 reduction. Such amount of authorized Bonds shall be exclusive
21 of any refunding Bonds issued pursuant to Section 15 of this
22 Act and exclusive of any Bonds issued pursuant to this Section
23 which are redeemed, purchased, advance refunded, or defeased in
24 accordance with paragraph (f) of Section 4 of this Act. Bonds
25 shall be issued for the categories and specific purposes

1 expressed in Section 4 of this Act.

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

3 (30 ILCS 425/4) (from Ch. 127, par. 2804)

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

7 (a) \$3,213,000,000 ~~\$2,917,000,000~~ for the expenses of
8 issuance and sale of Bonds, including bond discounts, and for
9 planning, engineering, acquisition, construction,
10 reconstruction, development, improvement and extension of the
11 public infrastructure in the State of Illinois, including: the
12 making of loans or grants to local governments for waste
13 disposal systems, water and sewer line extensions and water
14 distribution and purification facilities, rail or air or water
15 port improvements, gas and electric utility extensions,
16 publicly owned industrial and commercial sites, buildings used
17 for public administration purposes and other public
18 infrastructure capital improvements; the making of loans or
19 grants to units of local government for financing and
20 construction of wastewater facilities, including grants to
21 serve unincorporated areas; refinancing or retiring bonds
22 issued between January 1, 1987 and January 1, 1990 by home rule
23 municipalities, debt service on which is provided from a tax
24 imposed by home rule municipalities prior to January 1, 1990 on
25 the sale of food and drugs pursuant to Section 8-11-1 of the

1 Home Rule Municipal Retailers' Occupation Tax Act or Section
2 8-11-5 of the Home Rule Municipal Service Occupation Tax Act;
3 the making of deposits not to exceed \$70,000,000 in the
4 aggregate into the Water Pollution Control Revolving Fund to
5 provide assistance in accordance with the provisions of Title
6 IV-A of the Environmental Protection Act; the planning,
7 engineering, acquisition, construction, reconstruction,
8 alteration, expansion, extension and improvement of highways,
9 bridges, structures separating highways and railroads, rest
10 areas, interchanges, access roads to and from any State or
11 local highway and other transportation improvement projects
12 which are related to economic development activities; the
13 making of loans or grants for planning, engineering,
14 rehabilitation, improvement or construction of rail and
15 transit facilities; the planning, engineering, acquisition,
16 construction, reconstruction and improvement of watershed,
17 drainage, flood control, recreation and related improvements
18 and facilities, including expenses related to land and easement
19 acquisition, relocation, control structures, channel work and
20 clearing and appurtenant work; the making of grants for
21 improvement and development of zoos and park district field
22 houses and related structures; and the making of grants for
23 improvement and development of Navy Pier and related
24 structures.

25 (b) \$541,000,000 ~~\$196,000,000~~ for fostering economic
26 development and increased employment and the well being of the

1 citizens of Illinois, including: the making of grants for
2 improvement and development of McCormick Place and related
3 structures; the planning and construction of a
4 microelectronics research center, including the planning,
5 engineering, construction, improvement, renovation and
6 acquisition of buildings, equipment and related utility
7 support systems; the making of loans to businesses and
8 investments in small businesses; acquiring real properties for
9 industrial or commercial site development; acquiring,
10 rehabilitating and reconveying industrial and commercial
11 properties for the purpose of expanding employment and
12 encouraging private and other public sector investment in the
13 economy of Illinois; the payment of expenses associated with
14 siting the Superconducting Super Collider Particle Accelerator
15 in Illinois and with its acquisition, construction,
16 maintenance, operation, promotion and support; the making of
17 loans for the planning, engineering, acquisition,
18 construction, improvement and conversion of facilities and
19 equipment which will foster the use of Illinois coal; the
20 payment of expenses associated with the promotion,
21 establishment, acquisition and operation of small business
22 incubator facilities and agribusiness research facilities,
23 including the lease, purchase, renovation, planning,
24 engineering, construction and maintenance of buildings,
25 utility support systems and equipment designated for such
26 purposes and the establishment and maintenance of centralized

1 support services within such facilities; and the making of
2 grants or loans to units of local government for Urban
3 Development Action Grant and Housing Partnership programs.

4 (c) \$1,741,358,100 ~~\$1,352,358,100~~ for the development and
5 improvement of educational, scientific, technical and
6 vocational programs and facilities and the expansion of health
7 and human services for all citizens of Illinois, including: the
8 making of construction and improvement grants and loans to
9 public libraries and library systems; the making of grants and
10 loans for planning, engineering, acquisition and construction
11 of a new State central library in Springfield; the planning,
12 engineering, acquisition and construction of an animal and
13 dairy sciences facility; the planning, engineering,
14 acquisition and construction of a campus and all related
15 buildings, facilities, equipment and materials for Richland
16 Community College; the acquisition, rehabilitation and
17 installation of equipment and materials for scientific and
18 historical surveys; the making of grants or loans for
19 distribution to eligible vocational education instructional
20 programs for the upgrading of vocational education programs,
21 school shops and laboratories, including the acquisition,
22 rehabilitation and installation of technical equipment and
23 materials; the making of grants or loans for distribution to
24 eligible local educational agencies for the upgrading of math
25 and science instructional programs, including the acquisition
26 of instructional equipment and materials; miscellaneous

1 capital improvements for universities and community colleges
2 including the planning, engineering, construction,
3 reconstruction, remodeling, improvement, repair and
4 installation of capital facilities and costs of planning,
5 supplies, equipment, materials, services, and all other
6 required expenses; the making of grants or loans for repair,
7 renovation and miscellaneous capital improvements for
8 privately operated colleges and universities and community
9 colleges, including the planning, engineering, acquisition,
10 construction, reconstruction, remodeling, improvement, repair
11 and installation of capital facilities and costs of planning,
12 supplies, equipment, materials, services, and all other
13 required expenses; and the making of grants or loans for
14 distribution to local governments for hospital and other health
15 care facilities including the planning, engineering,
16 acquisition, construction, reconstruction, remodeling,
17 improvement, repair and installation of capital facilities and
18 costs of planning, supplies, equipment, materials, services
19 and all other required expenses.

20 (d) \$208,150,900 ~~\$150,150,900~~ for protection,
21 preservation, restoration and conservation of environmental
22 and natural resources, including: the making of grants to soil
23 and water conservation districts for the planning and
24 implementation of conservation practices and for funding
25 contracts with the Soil Conservation Service for watershed
26 planning; the making of grants to units of local government for

1 the capital development and improvement of recreation areas,
2 including planning and engineering costs, sewer projects,
3 including planning and engineering costs and water projects,
4 including planning and engineering costs, and for the
5 acquisition of open space lands, including the acquisition of
6 easements and other property interests of less than fee simple
7 ownership; the acquisition and related costs and development
8 and management of natural heritage lands, including natural
9 areas and areas providing habitat for endangered species and
10 nongame wildlife, and buffer area lands; the acquisition and
11 related costs and development and management of habitat lands,
12 including forest, wildlife habitat and wetlands; and the
13 removal and disposition of hazardous substances, including the
14 cost of project management, equipment, laboratory analysis,
15 and contractual services necessary for preventative and
16 corrective actions related to the preservation, restoration
17 and conservation of the environment, including deposits not to
18 exceed \$60,000,000 in the aggregate into the Hazardous Waste
19 Fund and the Brownfields Redevelopment Fund for improvements in
20 accordance with the provisions of Titles V and XVII of the
21 Environmental Protection Act.

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

26 (f) Any unexpended proceeds from any sale of Bonds which

1 are held in the Build Illinois Bond Fund may be used to redeem,
2 purchase, advance refund, or defease any Bonds outstanding.

3 (Source: P.A. 96-36, eff. 7-13-09; 96-503, eff. 8-14-09;
4 96-1000, eff. 7-2-10.)

5 Section 15. The Illinois Pension Code is amended by
6 changing Sections 1-113.14, 2-124, 14-131, 15-155, 16-158,
7 18-131, and 22A-111 and by adding Section 1-113.15 as follows:

8 (40 ILCS 5/1-113.14)

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

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

16 (b) The selection and appointment of an investment adviser
17 or consultant for investment services by the board of a
18 retirement system, pension fund, or investment board subject to
19 this Code, except those whose investments are restricted by
20 Section 1-113.2, shall be made and awarded in accordance with
21 this Section. All contracts for investment services shall be
22 awarded by the board using a competitive process that is
23 substantially similar to the process required for the
24 procurement of professional and artistic services under

1 Article 35 of the Illinois Procurement Code. Each board of
2 trustees shall adopt a policy in accordance with this
3 subsection (b) within 60 days after the effective date of this
4 amendatory Act of the 96th General Assembly. The policy shall
5 be posted on its web site and filed with the Illinois
6 Procurement Policy Board. Exceptions to this Section are
7 allowed for (i) sole source procurements, (ii) emergency
8 procurements, and (iii) at the discretion of the pension fund,
9 retirement system, or board of investment, contracts that are
10 nonrenewable and one year or less in duration, so long as the
11 contract has a value of less than \$20,000. All exceptions
12 granted under this Section must be published on the system's,
13 fund's, or board's web site, shall name the person authorizing
14 the procurement, and shall include a brief explanation of the
15 reason for the exception.

16 A person, other than a trustee or an employee of a
17 retirement system, pension fund, or investment board, may not
18 act as a consultant or investment adviser under this Section
19 unless that person is registered as an investment adviser under
20 the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1,
21 et seq.) or a bank, as defined in the federal Investment
22 Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.).

23 (c) Investment services provided by an investment adviser
24 or a consultant appointed under this Section shall be rendered
25 pursuant to a written contract between the investment adviser
26 or consultant and the board.

1 The contract shall include all of the following:

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

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

7 (3) (i) Full disclosure of direct and indirect fees,
8 commissions, penalties, and other compensation, including
9 reimbursement for expenses, that may be paid by or on
10 behalf of the consultant in connection with the provision
11 of services to the pension fund or retirement system and
12 (ii) a requirement that the consultant update the
13 disclosure promptly after a modification of those payments
14 or an additional payment.

15 (4) A requirement that the investment adviser or
16 consultant, in conjunction with the board's staff, submit
17 periodic written reports, on at least a quarterly basis,
18 for the board's review at its regularly scheduled meetings.
19 All returns on investment shall be reported as net returns
20 after payment of all fees, commissions, and any other
21 compensation.

22 (5) Disclosure of the names and addresses of (i) the
23 consultant or investment adviser; (ii) any entity that is a
24 parent of, or owns a controlling interest in, the
25 consultant or investment adviser; (iii) any entity that is
26 a subsidiary of, or in which a controlling interest is

1 owned by, the consultant or investment adviser; (iv) any
2 persons who have an ownership or distributive income share
3 in the consultant or investment adviser that is in excess
4 of 7.5%; or (v) serves as an executive officer of the
5 consultant or investment adviser.

6 (6) A disclosure of the names and addresses of all
7 subcontractors, if applicable, and the expected amount of
8 money each will receive under the contract, including an
9 acknowledgment that the contractor must promptly make
10 notification, in writing, if at any time during the term of
11 the contract a contractor adds or changes any
12 subcontractors. For purposes of this subparagraph (6),
13 "subcontractor" does not include non-investment related
14 professionals or professionals offering services that are
15 not directly related to the investment of assets, such as
16 legal counsel, actuary, proxy-voting services, services
17 used to track compliance with legal standards, and
18 investment fund of funds where the board has no direct
19 contractual relationship with the investment advisers or
20 partnerships.

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

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

23 (9) A description of the plan for post-performance
24 review.

25 (10) A description of the qualifications necessary.

26 (11) The duration of the contract.

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

2 (d) Notwithstanding any other provision of law, a
3 retirement system, pension fund, or investment board subject to
4 this Code, except those whose investments are restricted by
5 Section 1-113.2 of this Code, shall not enter into a contract
6 with a consultant that exceeds 5 years in duration. No contract
7 to provide consulting services may be renewed or extended. At
8 the end of the term of a contract, however, the consultant is
9 eligible to compete for a new contract as provided in this
10 Section. No retirement system, pension fund, or investment
11 board shall attempt to avoid or contravene the restrictions of
12 this subsection (d) by any means.

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

1 recipient of a payment.

2 (f) The retirement system, pension fund, or board of
3 investment shall develop uniform documents that shall be used
4 for the solicitation, review, and acceptance of all investment
5 services. The form shall include the terms contained in
6 subsection (c) of this Section. All such uniform documents
7 shall be posted on the retirement system's, pension fund's, or
8 investment board's web site.

9 (g) A description of every contract for investment services
10 shall be posted in a conspicuous manner on the web site of the
11 retirement system, pension fund, or investment board. The
12 description must include the name of the person or entity
13 awarded a contract, the total amount applicable to the
14 contract, the total fees paid or to be paid, and a disclosure
15 approved by the board describing the factors that contributed
16 to the selection of an investment adviser or consultant.

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

18 (40 ILCS 5/1-113.15 new)

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

20 (a) As used in this Section:

21 "Qualified fund-of-fund management services" means either

22 (i) the services of an investment adviser acting in its

23 capacity as an investment manager of a fund-of-funds or (ii) an

24 investment adviser acting in its capacity as an investment

25 manager of a separate account that is invested on a

1 side-by-side basis in a substantially identical manner to a
2 fund-of-funds, in each case pursuant to qualified written
3 agreements.

4 "Qualified written agreements" means one or more written
5 contracts to which the investment adviser and the board are
6 parties and includes all of the following: (i) the matters
7 described in items (1), (4), (5), (7), (11), and (12) of
8 subsection (c) of Section 1-113.14; (ii) a description of any
9 fees, commissions, penalties, and other compensation payable,
10 if any, directly by the retirement system, pension fund, or
11 investment board (which shall not include any fees,
12 commissions, penalties, and other compensation payable from
13 the assets of the fund-of-funds or separate account); (iii) a
14 description (or method of calculation) of the fees and expenses
15 payable by the Fund to the investment adviser and the timing of
16 the payment of the fees or expenses; and (iv) a description (or
17 method of calculation) of any carried interest or other
18 performance based interests, fees, or payments allocable by the
19 Fund to the investment adviser or an affiliate of the
20 investment adviser and the priority of distributions with
21 respect to such interest.

22 (b) A description of every contract for qualified
23 fund-of-fund management services must be posted in a
24 conspicuous manner on the web site of the retirement system,
25 pension fund, or investment board. The description must include
26 the name of the fund-of-funds, the name of its investment

1 adviser, the total investment commitment of the retirement
2 system, pension fund, or investment board to invest in such
3 fund-of-funds, and a disclosure approved by the board
4 describing the factors that contributed to the investment in
5 such fund-of-funds. No information that is exempt from
6 inspection pursuant to Section 7 of the Freedom of Information
7 Act shall be disclosed under this Section.

8 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

9 Sec. 2-124. Contributions by State.

10 (a) The State shall make contributions to the System by
11 appropriations of amounts which, together with the
12 contributions of participants, interest earned on investments,
13 and other income will meet the cost of maintaining and
14 administering the System on a 90% funded basis in accordance
15 with actuarial recommendations.

16 (b) The Board shall determine the 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 and
19 the prescribed rate of interest, using the formula in
20 subsection (c).

21 (c) For State fiscal years 2011 through 2045, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 sufficient to bring the total assets of the System up to 90% of
25 the total actuarial liabilities of the System by the end of

1 State fiscal year 2045. In making these determinations, the
2 required State contribution shall be calculated each year as a
3 level percentage of payroll over the years remaining to and
4 including fiscal year 2045 and shall be determined under the
5 projected unit credit actuarial cost method.

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

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2006 is
13 \$4,157,000.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2007 is
16 \$5,220,300.

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

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2010 is
25 \$10,454,000 and shall be made from the proceeds of bonds sold
26 in fiscal year 2010 pursuant to Section 7.2 of the General

1 Obligation Bond Act, less (i) the pro rata share of bond sale
2 expenses determined by the System's share of total bond
3 proceeds, (ii) any amounts received from the General Revenue
4 Fund in fiscal year 2010, and (iii) any reduction in bond
5 proceeds due to the issuance of discounted bonds, if
6 applicable.

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

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

23 Notwithstanding any other provision of this Section, the
24 required State contribution for State fiscal year 2005 and for
25 fiscal year 2008 and each fiscal year thereafter, as calculated
26 under this Section and certified under Section 2-134, shall not

1 exceed an amount equal to (i) the amount of the required State
2 contribution that would have been calculated under this Section
3 for that fiscal year if the System had not received any
4 payments under subsection (d) of Section 7.2 of the General
5 Obligation Bond Act, minus (ii) the portion of the State's
6 total debt service payments for that fiscal year on the bonds
7 issued in fiscal year 2003 for the purposes of that Section
8 7.2, as determined and certified by the Comptroller, that is
9 the same as the System's portion of the total moneys
10 distributed under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act. In determining this maximum for State
12 fiscal years 2008 through 2010, however, the amount referred to
13 in item (i) shall be increased, as a percentage of the
14 applicable employee payroll, in equal increments calculated
15 from the sum of the required State contribution for State
16 fiscal year 2007 plus the applicable portion of the State's
17 total debt service payments for fiscal year 2007 on the bonds
18 issued in fiscal year 2003 for the purposes of Section 7.2 of
19 the General Obligation Bond Act, so that, by State fiscal year
20 2011, the State is contributing at the rate otherwise required
21 under this Section.

22 (d) For purposes of determining the required State
23 contribution to the System, the value of the System's assets
24 shall be equal to the actuarial value of the System's assets,
25 which shall be calculated as follows:

26 As of June 30, 2008, the actuarial value of the System's

1 assets shall be equal to the market value of the assets as of
2 that date. In determining the actuarial value of the System's
3 assets for fiscal years after June 30, 2008, any actuarial
4 gains or losses from investment return incurred in a fiscal
5 year shall be recognized in equal annual amounts over the
6 5-year period following that fiscal year.

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

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

12 (40 ILCS 5/14-131)

13 Sec. 14-131. Contributions by State.

14 (a) The State shall make contributions to the System by
15 appropriations of amounts which, together with other employer
16 contributions from trust, federal, and other funds, employee
17 contributions, investment income, and other income, will be
18 sufficient to meet the cost of maintaining and administering
19 the System on a 90% funded basis in accordance with actuarial
20 recommendations.

21 For the purposes of this Section and Section 14-135.08,
22 references to State contributions refer only to employer
23 contributions and do not include employee contributions that
24 are picked up or otherwise paid by the State or a department on
25 behalf of the employee.

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

5 The Board shall also determine a State contribution rate
6 for each fiscal year, expressed as a percentage of payroll,
7 based on the total required State contribution for that fiscal
8 year (less the amount received by the System from
9 appropriations under Section 8.12 of the State Finance Act and
10 Section 1 of the State Pension Funds Continuing Appropriation
11 Act, if any, for the fiscal year ending on the June 30
12 immediately preceding the applicable November 15 certification
13 deadline), the estimated payroll (including all forms of
14 compensation) for personal services rendered by eligible
15 employees, and the recommendations of the actuary.

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

23 (c) Contributions shall be made by the several departments
24 for each pay period by warrants drawn by the State Comptroller
25 against their respective funds or appropriations based upon
26 vouchers stating the amount to be so contributed. These amounts

1 shall be based on the full rate certified by the Board under
2 Section 14-135.08 for that fiscal year. From the effective date
3 of this amendatory Act of the 93rd General Assembly through the
4 payment of the final payroll from fiscal year 2004
5 appropriations, the several departments shall not make
6 contributions for the remainder of fiscal year 2004 but shall
7 instead make payments as required under subsection (a-1) of
8 Section 14.1 of the State Finance Act. The several departments
9 shall resume those contributions at the commencement of fiscal
10 year 2005.

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

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

22 (d) If an employee is paid from trust funds or federal
23 funds, the department or other employer shall pay employer
24 contributions from those funds to the System at the certified
25 rate, unless the terms of the trust or the federal-State
26 agreement preclude the use of the funds for that purpose, in

1 which case the required employer contributions shall be paid by
2 the State. From the effective date of this amendatory Act of
3 the 93rd General Assembly through the payment of the final
4 payroll from fiscal year 2004 appropriations, the department or
5 other employer shall not pay contributions for the remainder of
6 fiscal year 2004 but shall instead make payments as required
7 under subsection (a-1) of Section 14.1 of the State Finance
8 Act. The department or other employer shall resume payment of
9 contributions at the commencement of fiscal year 2005.

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

20 For State fiscal years 1996 through 2005, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 so that by State fiscal year 2011, the State is contributing at
24 the rate required under this Section; except that (i) for State
25 fiscal year 1998, for all purposes of this Code and any other
26 law of this State, the certified percentage of the applicable

1 employee payroll shall be 5.052% for employees earning eligible
2 creditable service under Section 14-110 and 6.500% for all
3 other employees, notwithstanding any contrary certification
4 made under Section 14-135.08 before the effective date of this
5 amendatory Act of 1997, and (ii) in the following specified
6 State fiscal years, the State contribution to the System shall
7 not be less than the following indicated percentages of the
8 applicable employee payroll, even if the indicated percentage
9 will produce a State contribution in excess of the amount
10 otherwise required under this subsection and subsection (a):
11 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
12 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

19 For each of State fiscal years 2008 through 2009, the State
20 contribution to the System, as a percentage of the applicable
21 employee payroll, shall be increased in equal annual increments
22 from the required State contribution for State fiscal year
23 2007, so that by State fiscal year 2011, the State is
24 contributing at the rate otherwise required under this Section.

25 Notwithstanding any other provision of this Article, the
26 total required State General Revenue Fund contribution for

1 State fiscal year 2010 is \$723,703,100 and shall be made from
2 the proceeds of bonds sold in fiscal year 2010 pursuant to
3 Section 7.2 of the General Obligation Bond Act, less (i) the
4 pro rata share of bond sale expenses determined by the System's
5 share of total bond proceeds, (ii) any amounts received from
6 the General Revenue Fund in fiscal year 2010, and (iii) any
7 reduction in bond proceeds due to the issuance of discounted
8 bonds, if applicable.

9 Beginning in State fiscal year 2046, the minimum State
10 contribution for each fiscal year shall be the amount needed to
11 maintain the total assets of the System at 90% of the total
12 actuarial liabilities of the System.

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

25 Notwithstanding any other provision of this Section, the
26 required State contribution for State fiscal year 2005 and for

1 fiscal year 2008 and each fiscal year thereafter, as calculated
2 under this Section and certified under Section 14-135.08, shall
3 not exceed an amount equal to (i) the amount of the required
4 State contribution that would have been calculated under this
5 Section for that fiscal year if the System had not received any
6 payments under subsection (d) of Section 7.2 of the General
7 Obligation Bond Act, minus (ii) the portion of the State's
8 total debt service payments for that fiscal year on the bonds
9 issued in fiscal year 2003 for the purposes of that Section
10 7.2, as determined and certified by the Comptroller, that is
11 the same as the System's portion of the total moneys
12 distributed under subsection (d) of Section 7.2 of the General
13 Obligation Bond Act. In determining this maximum for State
14 fiscal years 2008 through 2010, however, the amount referred to
15 in item (i) shall be increased, as a percentage of the
16 applicable employee payroll, in equal increments calculated
17 from the sum of the required State contribution for State
18 fiscal year 2007 plus the applicable portion of the State's
19 total debt service payments for fiscal year 2007 on the bonds
20 issued in fiscal year 2003 for the purposes of Section 7.2 of
21 the General Obligation Bond Act, so that, by State fiscal year
22 2011, the State is contributing at the rate otherwise required
23 under this Section.

24 (f) After the submission of all payments for eligible
25 employees from personal services line items in fiscal year 2004
26 have been made, the Comptroller shall provide to the System a

1 certification of the sum of all fiscal year 2004 expenditures
2 for personal services that would have been covered by payments
3 to the System under this Section if the provisions of this
4 amendatory Act of the 93rd General Assembly had not been
5 enacted. Upon receipt of the certification, the System shall
6 determine the amount due to the System based on the full rate
7 certified by the Board under Section 14-135.08 for fiscal year
8 2004 in order to meet the State's obligation under this
9 Section. The System shall compare this amount due to the amount
10 received by the System in fiscal year 2004 through payments
11 under this Section and under Section 6z-61 of the State Finance
12 Act. If the amount due is more than the amount received, the
13 difference shall be termed the "Fiscal Year 2004 Shortfall" for
14 purposes of this Section, and the Fiscal Year 2004 Shortfall
15 shall be satisfied under Section 1.2 of the State Pension Funds
16 Continuing Appropriation Act. If the amount due is less than
17 the amount received, the difference shall be termed the "Fiscal
18 Year 2004 Overpayment" for purposes of this Section, and the
19 Fiscal Year 2004 Overpayment shall be repaid by the System to
20 the Pension Contribution Fund as soon as practicable after the
21 certification.

22 (g) For purposes of determining the required State
23 contribution to the System, the value of the System's assets
24 shall be equal to the actuarial value of the System's assets,
25 which shall be calculated as follows:

26 As of June 30, 2008, the actuarial value of the System's

1 assets shall be equal to the market value of the assets as of
2 that date. In determining the actuarial value of the System's
3 assets for fiscal years after June 30, 2008, any actuarial
4 gains or losses from investment return incurred in a fiscal
5 year shall be recognized in equal annual amounts over the
6 5-year period following that fiscal year.

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

11 (i) After the submission of all payments for eligible
12 employees from personal services line items paid from the
13 General Revenue Fund in fiscal year 2010 have been made, the
14 Comptroller shall provide to the System a certification of the
15 sum of all fiscal year 2010 expenditures for personal services
16 that would have been covered by payments to the System under
17 this Section if the provisions of this amendatory Act of the
18 96th General Assembly had not been enacted. Upon receipt of the
19 certification, the System shall determine the amount due to the
20 System based on the full rate certified by the Board under
21 Section 14-135.08 for fiscal year 2010 in order to meet the
22 State's obligation under this Section. The System shall compare
23 this amount due to the amount received by the System in fiscal
24 year 2010 through payments under this Section. If the amount
25 due is more than the amount received, the difference shall be
26 termed the "Fiscal Year 2010 Shortfall" for purposes of this

1 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
2 under Section 1.2 of the State Pension Funds Continuing
3 Appropriation Act. If the amount due is less than the amount
4 received, the difference shall be termed the "Fiscal Year 2010
5 Overpayment" for purposes of this Section, and the Fiscal Year
6 2010 Overpayment shall be repaid by the System to the General
7 Revenue Fund as soon as practicable after the certification.

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

10 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

11 Sec. 15-155. Employer contributions.

12 (a) The State of Illinois shall make contributions by
13 appropriations of amounts which, together with the other
14 employer contributions from trust, federal, and other funds,
15 employee contributions, income from investments, and other
16 income of this System, will be sufficient to meet the cost of
17 maintaining and administering the System on a 90% funded basis
18 in accordance with actuarial recommendations.

19 The Board shall determine the amount of State contributions
20 required for each fiscal year on the basis of the actuarial
21 tables and other assumptions adopted by the Board and the
22 recommendations of the actuary, using the formula in subsection
23 (a-1).

24 (a-1) For State fiscal years 2011 through 2045, the minimum
25 contribution to the System to be made by the State for each

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

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

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$166,641,900.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007 is
19 \$252,064,100.

20 For each of State fiscal years 2008 through 2009, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 from the required State contribution for State fiscal year
24 2007, so that by State fiscal year 2011, the State is
25 contributing at the rate otherwise required under this Section.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is
2 \$702,514,000 and shall be made from the State Pensions Fund and
3 proceeds of bonds sold in fiscal year 2010 pursuant to Section
4 7.2 of the General Obligation Bond Act, less (i) the pro rata
5 share of bond sale expenses determined by the System's share of
6 total bond proceeds, (ii) any amounts received from the General
7 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
8 proceeds due to the issuance of discounted bonds, if
9 applicable.

10 Beginning in State fiscal year 2046, the minimum State
11 contribution for each fiscal year shall be the amount needed to
12 maintain the total assets of the System at 90% of the total
13 actuarial liabilities of the System.

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

26 Notwithstanding any other provision of this Section, the

1 required State contribution for State fiscal year 2005 and for
2 fiscal year 2008 and each fiscal year thereafter, as calculated
3 under this Section and certified under Section 15-165, shall
4 not exceed an amount equal to (i) the amount of the required
5 State contribution that would have been calculated under this
6 Section for that fiscal year if the System had not received any
7 payments under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act, minus (ii) the portion of the State's
9 total debt service payments for that fiscal year on the bonds
10 issued in fiscal year 2003 for the purposes of that Section
11 7.2, as determined and certified by the Comptroller, that is
12 the same as the System's portion of the total moneys
13 distributed under subsection (d) of Section 7.2 of the General
14 Obligation Bond Act. In determining this maximum for State
15 fiscal years 2008 through 2010, however, the amount referred to
16 in item (i) shall be increased, as a percentage of the
17 applicable employee payroll, in equal increments calculated
18 from the sum of the required State contribution for State
19 fiscal year 2007 plus the applicable portion of the State's
20 total debt service payments for fiscal year 2007 on the bonds
21 issued in fiscal year 2003 for the purposes of Section 7.2 of
22 the General Obligation Bond Act, so that, by State fiscal year
23 2011, the State is contributing at the rate otherwise required
24 under this Section.

25 (b) If an employee is paid from trust or federal funds, the
26 employer shall pay to the Board contributions from those funds

1 which are sufficient to cover the accruing normal costs on
2 behalf of the employee. However, universities having employees
3 who are compensated out of local auxiliary funds, income funds,
4 or service enterprise funds are not required to pay such
5 contributions on behalf of those employees. The local auxiliary
6 funds, income funds, and service enterprise funds of
7 universities shall not be considered trust funds for the
8 purpose of this Article, but funds of alumni associations,
9 foundations, and athletic associations which are affiliated
10 with the universities included as employers under this Article
11 and other employers which do not receive State appropriations
12 are considered to be trust funds for the purpose of this
13 Article.

14 (b-1) The City of Urbana and the City of Champaign shall
15 each make employer contributions to this System for their
16 respective firefighter employees who participate in this
17 System pursuant to subsection (h) of Section 15-107. The rate
18 of contributions to be made by those municipalities shall be
19 determined annually by the Board on the basis of the actuarial
20 assumptions adopted by the Board and the recommendations of the
21 actuary, and shall be expressed as a percentage of salary for
22 each such employee. The Board shall certify the rate to the
23 affected municipalities as soon as may be practical. The
24 employer contributions required under this subsection shall be
25 remitted by the municipality to the System at the same time and
26 in the same manner as employee contributions.

1 (c) Through State fiscal year 1995: The total employer
2 contribution shall be apportioned among the various funds of
3 the State and other employers, whether trust, federal, or other
4 funds, in accordance with actuarial procedures approved by the
5 Board. State of Illinois contributions for employers receiving
6 State appropriations for personal services shall be payable
7 from appropriations made to the employers or to the System. The
8 contributions for Class I community colleges covering earnings
9 other than those paid from trust and federal funds, shall be
10 payable solely from appropriations to the Illinois Community
11 College Board or the System for employer contributions.

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

17 (e) The State Comptroller shall draw warrants payable to
18 the System upon proper certification by the System or by the
19 employer in accordance with the appropriation laws and this
20 Code.

21 (f) Normal costs under this Section means liability for
22 pensions and other benefits which accrues to the System because
23 of the credits earned for service rendered by the participants
24 during the fiscal year and expenses of administering the
25 System, but shall not include the principal of or any
26 redemption premium or interest on any bonds issued by the Board

1 or any expenses incurred or deposits required in connection
2 therewith.

3 (g) If the amount of a participant's earnings for any
4 academic year used to determine the final rate of earnings,
5 determined on a full-time equivalent basis, exceeds the amount
6 of his or her earnings with the same employer for the previous
7 academic year, determined on a full-time equivalent basis, by
8 more than 6%, the participant's employer shall pay to the
9 System, in addition to all other payments required under this
10 Section and in accordance with guidelines established by the
11 System, the present value of the increase in benefits resulting
12 from the portion of the increase in earnings that is in excess
13 of 6%. This present value shall be computed by the System on
14 the basis of the actuarial assumptions and tables used in the
15 most recent actuarial valuation of the System that is available
16 at the time of the computation. The System may require the
17 employer to provide any pertinent information or
18 documentation.

19 Whenever it determines that a payment is or may be required
20 under this subsection (g), the System shall calculate the
21 amount of the payment and bill the employer for that amount.
22 The bill shall specify the calculations used to determine the
23 amount due. If the employer disputes the amount of the bill, it
24 may, within 30 days after receipt of the bill, apply to the
25 System in writing for a recalculation. The application must
26 specify in detail the grounds of the dispute and, if the

1 employer asserts that the calculation is subject to subsection
2 (h) or (i) of this Section, must include an affidavit setting
3 forth and attesting to all facts within the employer's
4 knowledge that are pertinent to the applicability of subsection
5 (h) or (i). Upon receiving a timely application for
6 recalculation, the System shall review the application and, if
7 appropriate, recalculate the amount due.

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

17 (h) This subsection (h) applies only to payments made or
18 salary increases given on or after June 1, 2005 but before July
19 1, 2011. The changes made by Public Act 94-1057 shall not
20 require the System to refund any payments received before July
21 31, 2006 (the effective date of Public Act 94-1057).

22 When assessing payment for any amount due under subsection
23 (g), the System shall exclude earnings increases paid to
24 participants under contracts or collective bargaining
25 agreements entered into, amended, or renewed before June 1,
26 2005.

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

5 When assessing payment for any amount due under subsection
6 (g), the System shall exclude earnings increases resulting from
7 overload work, including a contract for summer teaching, or
8 overtime when the employer has certified to the System, and the
9 System has approved the certification, that: (i) in the case of
10 overloads (A) the overload work is for the sole purpose of
11 academic instruction in excess of the standard number of
12 instruction hours for a full-time employee occurring during the
13 academic year that the overload is paid and (B) the earnings
14 increases are equal to or less than the rate of pay for
15 academic instruction computed using the participant's current
16 salary rate and work schedule; and (ii) in the case of
17 overtime, the overtime was necessary for the educational
18 mission.

19 When assessing payment for any amount due under subsection
20 (g), the System shall exclude any earnings increase resulting
21 from (i) a promotion for which the employee moves from one
22 classification to a higher classification under the State
23 Universities Civil Service System, (ii) a promotion in academic
24 rank for a tenured or tenure-track faculty position, or (iii) a
25 promotion that the Illinois Community College Board has
26 recommended in accordance with subsection (k) of this Section.

1 These earnings increases shall be excluded only if the
2 promotion is to a position that has existed and been filled by
3 a member for no less than one complete academic year and the
4 earnings increase as a result of the promotion is an increase
5 that results in an amount no greater than the average salary
6 paid for other similar positions.

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

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

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

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

26 (3) The total amount the System received from each

1 employer as a result of the changes made to this Section by
2 Public Act 94-4.

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

6 (k) The Illinois Community College Board shall adopt rules
7 for recommending lists of promotional positions submitted to
8 the Board by community colleges and for reviewing the
9 promotional lists on an annual basis. When recommending
10 promotional lists, the Board shall consider the similarity of
11 the positions submitted to those positions recognized for State
12 universities by the State Universities Civil Service System.
13 The Illinois Community College Board shall file a copy of its
14 findings with the System. The System shall consider the
15 findings of the Illinois Community College Board when making
16 determinations under this Section. The System shall not exclude
17 any earnings increases resulting from a promotion when the
18 promotion was not submitted by a community college. Nothing in
19 this subsection (k) shall require any community college to
20 submit any information to the Community College Board.

21 (l) For purposes of determining the required State
22 contribution to the System, the value of the System's assets
23 shall be equal to the actuarial value of the System's assets,
24 which shall be calculated as follows:

25 As of June 30, 2008, the actuarial value of the System's
26 assets shall be equal to the market value of the assets as of

1 that date. In determining the actuarial value of the System's
2 assets for fiscal years after June 30, 2008, any actuarial
3 gains or losses from investment return incurred in a fiscal
4 year shall be recognized in equal annual amounts over the
5 5-year period following that fiscal year.

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

10 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
11 96-43, eff. 7-15-09.)

12 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

13 Sec. 16-158. Contributions by State and other employing
14 units.

15 (a) The State shall make contributions to the System by
16 means of appropriations from the Common School Fund and other
17 State funds of amounts which, together with other employer
18 contributions, employee contributions, investment income, and
19 other income, will be sufficient to meet the cost of
20 maintaining and administering the System on a 90% funded basis
21 in accordance with actuarial recommendations.

22 The Board shall determine the amount of State contributions
23 required for each fiscal year on the basis of the actuarial
24 tables and other assumptions adopted by the Board and the
25 recommendations of the actuary, using the formula in subsection

1 (b-3).

2 (a-1) Annually, on or before November 15, the Board shall
3 certify to the Governor the amount of the required State
4 contribution for the coming fiscal year. The certification
5 shall include a copy of the actuarial recommendations upon
6 which it is based.

7 On or before May 1, 2004, the Board shall recalculate and
8 recertify to the Governor the amount of the required State
9 contribution to the System for State fiscal year 2005, taking
10 into account the amounts appropriated to and received by the
11 System under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act.

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

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

21 (b-1) Beginning in State fiscal year 1996, on the 15th day
22 of each month, or as soon thereafter as may be practicable, the
23 Board shall submit vouchers for payment of State contributions
24 to the System, in a total monthly amount of one-twelfth of the
25 required annual State contribution certified under subsection
26 (a-1). From the effective date of this amendatory Act of the

1 93rd General Assembly through June 30, 2004, the Board shall
2 not submit vouchers for the remainder of fiscal year 2004 in
3 excess of the fiscal year 2004 certified contribution amount
4 determined under this Section after taking into consideration
5 the transfer to the System under subsection (a) of Section
6 6z-61 of the State Finance Act. These vouchers shall be paid by
7 the State Comptroller and Treasurer by warrants drawn on the
8 funds appropriated to the System for that fiscal year.

9 If in any month the amount remaining unexpended from all
10 other appropriations to the System for the applicable fiscal
11 year (including the appropriations to the System under Section
12 8.12 of the State Finance Act and Section 1 of the State
13 Pension Funds Continuing Appropriation Act) is less than the
14 amount lawfully vouchered under this subsection, the
15 difference shall be paid from the Common School Fund under the
16 continuing appropriation authority provided in Section 1.1 of
17 the State Pension Funds Continuing Appropriation Act.

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

21 (b-3) For State fiscal years 2011 through 2045, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 sufficient to bring the total assets of the System up to 90% of
25 the total actuarial liabilities of the System by the end of
26 State fiscal year 2045. In making these determinations, the

1 required State contribution shall be calculated each year as a
2 level percentage of payroll over the years remaining to and
3 including fiscal year 2045 and shall be determined under the
4 projected unit credit actuarial cost method.

5 For State fiscal years 1996 through 2005, the State
6 contribution to the System, as a percentage of the applicable
7 employee payroll, shall be increased in equal annual increments
8 so that by State fiscal year 2011, the State is contributing at
9 the rate required under this Section; except that in the
10 following specified State fiscal years, the State contribution
11 to the System shall not be less than the following indicated
12 percentages of the applicable employee payroll, even if the
13 indicated percentage will produce a State contribution in
14 excess of the amount otherwise required under this subsection
15 and subsection (a), and notwithstanding any contrary
16 certification made under subsection (a-1) before the effective
17 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
18 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
19 2003; and 13.56% in FY 2004.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2006 is
22 \$534,627,700.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2007 is
25 \$738,014,500.

26 For each of State fiscal years 2008 through 2009, the State

1 contribution to the System, as a percentage of the applicable
2 employee payroll, shall be increased in equal annual increments
3 from the required State contribution for State fiscal year
4 2007, so that by State fiscal year 2011, the State is
5 contributing at the rate otherwise required under this Section.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2010 is
8 \$2,089,268,000 and shall be made from the proceeds of bonds
9 sold in fiscal year 2010 pursuant to Section 7.2 of the General
10 Obligation Bond Act, less (i) the pro rata share of bond sale
11 expenses determined by the System's share of total bond
12 proceeds, (ii) any amounts received from the Common School Fund
13 in fiscal year 2010, and (iii) any reduction in bond proceeds
14 due to the issuance of discounted bonds, if applicable.

15 Beginning in State fiscal year 2046, the minimum State
16 contribution for each fiscal year shall be the amount needed to
17 maintain the total assets of the System at 90% of the total
18 actuarial liabilities of the System.

19 Amounts received by the System pursuant to Section 25 of
20 the Budget Stabilization Act or Section 8.12 of the State
21 Finance Act in any fiscal year do not reduce and do not
22 constitute payment of any portion of the minimum State
23 contribution required under this Article in that fiscal year.
24 Such amounts shall not reduce, and shall not be included in the
25 calculation of, the required State contributions under this
26 Article in any future year until the System has reached a

1 funding ratio of at least 90%. A reference in this Article to
2 the "required State contribution" or any substantially similar
3 term does not include or apply to any amounts payable to the
4 System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the
6 required State contribution for State fiscal year 2005 and for
7 fiscal year 2008 and each fiscal year thereafter, as calculated
8 under this Section and certified under subsection (a-1), shall
9 not exceed an amount equal to (i) the amount of the required
10 State contribution that would have been calculated under this
11 Section for that fiscal year if the System had not received any
12 payments under subsection (d) of Section 7.2 of the General
13 Obligation Bond Act, minus (ii) the portion of the State's
14 total debt service payments for that fiscal year on the bonds
15 issued in fiscal year 2003 for the purposes of that Section
16 7.2, as determined and certified by the Comptroller, that is
17 the same as the System's portion of the total moneys
18 distributed under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act. In determining this maximum for State
20 fiscal years 2008 through 2010, however, the amount referred to
21 in item (i) shall be increased, as a percentage of the
22 applicable employee payroll, in equal increments calculated
23 from the sum of the required State contribution for State
24 fiscal year 2007 plus the applicable portion of the State's
25 total debt service payments for fiscal year 2007 on the bonds
26 issued in fiscal year 2003 for the purposes of Section 7.2 of

1 the General Obligation Bond Act, so that, by State fiscal year
2 2011, the State is contributing at the rate otherwise required
3 under this Section.

4 (c) Payment of the required State contributions and of all
5 pensions, retirement annuities, death benefits, refunds, and
6 other benefits granted under or assumed by this System, and all
7 expenses in connection with the administration and operation
8 thereof, are obligations of the State.

9 If members are paid from special trust or federal funds
10 which are administered by the employing unit, whether school
11 district or other unit, the employing unit shall pay to the
12 System from such funds the full accruing retirement costs based
13 upon that service, as determined by the System. Employer
14 contributions, based on salary paid to members from federal
15 funds, may be forwarded by the distributing agency of the State
16 of Illinois to the System prior to allocation, in an amount
17 determined in accordance with guidelines established by such
18 agency and the System.

19 (d) Effective July 1, 1986, any employer of a teacher as
20 defined in paragraph (8) of Section 16-106 shall pay the
21 employer's normal cost of benefits based upon the teacher's
22 service, in addition to employee contributions, as determined
23 by the System. Such employer contributions shall be forwarded
24 monthly in accordance with guidelines established by the
25 System.

26 However, with respect to benefits granted under Section

1 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
2 of Section 16-106, the employer's contribution shall be 12%
3 (rather than 20%) of the member's highest annual salary rate
4 for each year of creditable service granted, and the employer
5 shall also pay the required employee contribution on behalf of
6 the teacher. For the purposes of Sections 16-133.4 and
7 16-133.5, a teacher as defined in paragraph (8) of Section
8 16-106 who is serving in that capacity while on leave of
9 absence from another employer under this Article shall not be
10 considered an employee of the employer from which the teacher
11 is on leave.

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

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

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

21 The school district or other employing unit may pay these
22 employer contributions out of any source of funding available
23 for that purpose and shall forward the contributions to the
24 System on the schedule established for the payment of member
25 contributions.

26 These employer contributions are intended to offset a

1 portion of the cost to the System of the increases in
2 retirement benefits resulting from this amendatory Act of 1998.

3 Each employer of teachers is entitled to a credit against
4 the contributions required under this subsection (e) with
5 respect to salaries paid to teachers for the period January 1,
6 2002 through June 30, 2003, equal to the amount paid by that
7 employer under subsection (a-5) of Section 6.6 of the State
8 Employees Group Insurance Act of 1971 with respect to salaries
9 paid to teachers for that period.

10 The additional 1% employee contribution required under
11 Section 16-152 by this amendatory Act of 1998 is the
12 responsibility of the teacher and not the teacher's employer,
13 unless the employer agrees, through collective bargaining or
14 otherwise, to make the contribution on behalf of the teacher.

15 If an employer is required by a contract in effect on May
16 1, 1998 between the employer and an employee organization to
17 pay, on behalf of all its full-time employees covered by this
18 Article, all mandatory employee contributions required under
19 this Article, then the employer shall be excused from paying
20 the employer contribution required under this subsection (e)
21 for the balance of the term of that contract. The employer and
22 the employee organization shall jointly certify to the System
23 the existence of the contractual requirement, in such form as
24 the System may prescribe. This exclusion shall cease upon the
25 termination, extension, or renewal of the contract at any time
26 after May 1, 1998.

1 (f) If the amount of a teacher's salary for any school year
2 used to determine final average salary exceeds the member's
3 annual full-time salary rate with the same employer for the
4 previous school year by more than 6%, the teacher's employer
5 shall pay to the System, in addition to all other payments
6 required under this Section and in accordance with guidelines
7 established by the System, the present value of the increase in
8 benefits resulting from the portion of the increase in salary
9 that is in excess of 6%. This present value shall be computed
10 by the System on the basis of the actuarial assumptions and
11 tables used in the most recent actuarial valuation of the
12 System that is available at the time of the computation. If a
13 teacher's salary for the 2005-2006 school year is used to
14 determine final average salary under this subsection (f), then
15 the changes made to this subsection (f) by Public Act 94-1057
16 shall apply in calculating whether the increase in his or her
17 salary is in excess of 6%. For the purposes of this Section,
18 change in employment under Section 10-21.12 of the School Code
19 on or after June 1, 2005 shall constitute a change in employer.
20 The System may require the employer to provide any pertinent
21 information or documentation. The changes made to this
22 subsection (f) by this amendatory Act of the 94th General
23 Assembly apply without regard to whether the teacher was in
24 service on or after its effective date.

25 Whenever it determines that a payment is or may be required
26 under this subsection, the System shall calculate the amount of

1 the payment and bill the employer for that amount. The bill
2 shall specify the calculations used to determine the amount
3 due. If the employer disputes the amount of the bill, it may,
4 within 30 days after receipt of the bill, apply to the System
5 in writing for a recalculation. The application must specify in
6 detail the grounds of the dispute and, if the employer asserts
7 that the calculation is subject to subsection (g) or (h) of
8 this Section, must include an affidavit setting forth and
9 attesting to all facts within the employer's knowledge that are
10 pertinent to the applicability of that subsection. Upon
11 receiving a timely application for recalculation, the System
12 shall review the application and, if appropriate, recalculate
13 the amount due.

14 The employer contributions required under this subsection
15 (f) may be paid in the form of a lump sum within 90 days after
16 receipt of the bill. If the employer contributions are not paid
17 within 90 days after receipt of the bill, then interest will be
18 charged at a rate equal to the System's annual actuarially
19 assumed rate of return on investment compounded annually from
20 the 91st day after receipt of the bill. Payments must be
21 concluded within 3 years after the employer's receipt of the
22 bill.

23 (g) This subsection (g) applies only to payments made or
24 salary increases given on or after June 1, 2005 but before July
25 1, 2011. The changes made by Public Act 94-1057 shall not
26 require the System to refund any payments received before July

1 31, 2006 (the effective date of Public Act 94-1057).

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

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

10 When assessing payment for any amount due under subsection
11 (f), the System shall exclude salary increases resulting from
12 overload work, including summer school, when the school
13 district has certified to the System, and the System has
14 approved the certification, that (i) the overload work is for
15 the sole purpose of classroom instruction in excess of the
16 standard number of classes for a full-time teacher in a school
17 district during a school year and (ii) the salary increases are
18 equal to or less than the rate of pay for classroom instruction
19 computed on the teacher's current salary and work schedule.

20 When assessing payment for any amount due under subsection
21 (f), the System shall exclude a salary increase resulting from
22 a promotion (i) for which the employee is required to hold a
23 certificate or supervisory endorsement issued by the State
24 Teacher Certification Board that is a different certification
25 or supervisory endorsement than is required for the teacher's
26 previous position and (ii) to a position that has existed and

1 been filled by a member for no less than one complete academic
2 year and the salary increase from the promotion is an increase
3 that results in an amount no greater than the lesser of the
4 average salary paid for other similar positions in the district
5 requiring the same certification or the amount stipulated in
6 the collective bargaining agreement for a similar position
7 requiring the same certification.

8 When assessing payment for any amount due under subsection
9 (f), the System shall exclude any payment to the teacher from
10 the State of Illinois or the State Board of Education over
11 which the employer does not have discretion, notwithstanding
12 that the payment is included in the computation of final
13 average salary.

14 (h) When assessing payment for any amount due under
15 subsection (f), the System shall exclude any salary increase
16 described in subsection (g) of this Section given on or after
17 July 1, 2011 but before July 1, 2014 under a contract or
18 collective bargaining agreement entered into, amended, or
19 renewed on or after June 1, 2005 but before July 1, 2011.
20 Notwithstanding any other provision of this Section, any
21 payments made or salary increases given after June 30, 2014
22 shall be used in assessing payment for any amount due under
23 subsection (f) of this Section.

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

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

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

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

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

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

17 As of June 30, 2008, the actuarial value of the System's
18 assets shall be equal to the market value of the assets as of
19 that date. In determining the actuarial value of the System's
20 assets for fiscal years after June 30, 2008, any actuarial
21 gains or losses from investment return incurred in a fiscal
22 year shall be recognized in equal annual amounts over the
23 5-year period following that fiscal year.

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

1 to the system's actuarially assumed rate of return.

2 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
3 96-43, eff. 7-15-09.)

4 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

6 (a) The State of Illinois shall make contributions to this
7 System by appropriations of the amounts which, together with
8 the contributions of participants, net earnings on
9 investments, and other income, will meet the costs of
10 maintaining and administering this System on a 90% funded basis
11 in accordance with actuarial recommendations.

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

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

1 projected unit credit actuarial cost method.

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

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2006 is
9 \$29,189,400.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2007 is
12 \$35,236,800.

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

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2010 is
21 \$78,832,000 and shall be made from the proceeds of bonds sold
22 in fiscal year 2010 pursuant to Section 7.2 of the General
23 Obligation Bond Act, less (i) the pro rata share of bond sale
24 expenses determined by the System's share of total bond
25 proceeds, (ii) any amounts received from the General Revenue
26 Fund in fiscal year 2010, and (iii) any reduction in bond

1 proceeds due to the issuance of discounted bonds, if
2 applicable.

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

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

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter, as calculated
22 under this Section and certified under Section 18-140, shall
23 not exceed an amount equal to (i) the amount of the required
24 State contribution that would have been calculated under this
25 Section for that fiscal year if the System had not received any
26 payments under subsection (d) of Section 7.2 of the General

1 Obligation Bond Act, minus (ii) the portion of the State's
2 total debt service payments for that fiscal year on the bonds
3 issued in fiscal year 2003 for the purposes of that Section
4 7.2, as determined and certified by the Comptroller, that is
5 the same as the System's portion of the total moneys
6 distributed under subsection (d) of Section 7.2 of the General
7 Obligation Bond Act. In determining this maximum for State
8 fiscal years 2008 through 2010, however, the amount referred to
9 in item (i) shall be increased, as a percentage of the
10 applicable employee payroll, in equal increments calculated
11 from the sum of the required State contribution for State
12 fiscal year 2007 plus the applicable portion of the State's
13 total debt service payments for fiscal year 2007 on the bonds
14 issued in fiscal year 2003 for the purposes of Section 7.2 of
15 the General Obligation Bond Act, so that, by State fiscal year
16 2011, the State is contributing at the rate otherwise required
17 under this Section.

18 (d) For purposes of determining the required State
19 contribution to the System, the value of the System's assets
20 shall be equal to the actuarial value of the System's assets,
21 which shall be calculated as follows:

22 As of June 30, 2008, the actuarial value of the System's
23 assets shall be equal to the market value of the assets as of
24 that date. In determining the actuarial value of the System's
25 assets for fiscal years after June 30, 2008, any actuarial
26 gains or losses from investment return incurred in a fiscal

1 year shall be recognized in equal annual amounts over the
2 5-year period following that fiscal year.

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

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

8 (40 ILCS 5/22A-111) (from Ch. 108 1/2, par. 22A-111)

9 Sec. 22A-111. The Board shall manage the investments of any
10 pension fund, retirement system, or education fund for the
11 purpose of obtaining a total return on investments for the long
12 term. It also shall perform such other functions as may be
13 assigned or directed by the General Assembly.

14 The authority of the board to manage pension fund
15 investments and the liability shall begin when there has been a
16 physical transfer of the pension fund investments to the board
17 and placed in the custody of the State Treasurer.

18 The authority of the board to manage monies from the
19 education fund for investment and the liability of the board
20 shall begin when there has been a physical transfer of
21 education fund investments to the board and placed in the
22 custody of the State Treasurer.

23 The board may not delegate its management functions, but it
24 may, but is not required to, arrange to compensate for
25 personalized investment advisory service for any or all

1 investments under its control, with any national or state bank
2 or trust company authorized to do a trust business and
3 domiciled in Illinois, ~~or~~ other financial institution
4 organized under the laws of Illinois, or an investment advisor
5 who is qualified under Federal Investment Advisors Act of 1940
6 and is registered under the Illinois Securities Law of 1953.
7 Nothing contained herein shall prevent the Board from
8 subscribing to general investment research services available
9 for purchase or use by others. The Board shall also have the
10 authority to compensate for accounting services.

11 This Section shall not be construed to prohibit the
12 Illinois State Board of Investment from directly investing
13 pension assets in public market investments, private
14 investments, real estate investments, or other investments
15 authorized by this Code.

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

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

19 (105 ILCS 230/5-38 new)

20 Sec. 5-38. Fiscal Year 2002 escalation. If a school
21 district has been issued a school construction grant in Fiscal
22 Year 2010 and the school district was on the FY2002 priority
23 ranking, the Capital Development Board shall escalate the state
24 share grant amount of the project on a 3% annual escalation

1 rate.

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.".