

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

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

6 (30 ILCS 105/6z-78)

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

16 In addition to other transfers to the General Obligation
17 Bond Retirement and Interest Fund made pursuant to Section 15
18 of the General Obligation Bond Act, upon each delivery of
19 general obligation bonds using bond authorizations
20 ~~authorization~~ enacted in Public Act 96-36 and this amendatory
21 Act of the 96th General Assembly ~~this amendatory Act of the~~
22 ~~96th General Assembly~~ the State Comptroller shall compute and
23 certify to the State Treasurer the total amount of principal

1 of, interest on, and premium, if any, on such bonds during the
2 then current and each succeeding fiscal year. With respect to
3 the interest payable on variable rate bonds, such
4 certifications shall be calculated at the maximum rate of
5 interest that may be payable during the fiscal year, after
6 taking into account any credits permitted in the related
7 indenture or other instrument against the amount of such
8 interest required to be appropriated for the period.

9 (a) Except as provided for in subsection (b), on or before
10 the last day of each month, the State Treasurer and State
11 Comptroller shall transfer from the Capital Projects Fund to
12 the General Obligation Bond Retirement and Interest Fund an
13 amount sufficient to pay the aggregate of the principal of,
14 interest on, and premium, if any, on the bonds payable on their
15 next payment date, divided by the number of monthly transfers
16 occurring between the last previous payment date (or the
17 delivery date if no payment date has yet occurred) and the next
18 succeeding payment date. Interest payable on variable rate
19 bonds shall be calculated at the maximum rate of interest that
20 may be payable for the relevant period, after taking into
21 account any credits permitted in the related indenture or other
22 instrument against the amount of such interest required to be
23 appropriated for that period. Interest for which moneys have
24 already been deposited into the capitalized interest account
25 within the General Obligation Bond Retirement and Interest Fund
26 shall not be included in the calculation of the amounts to be

1 transferred under this subsection.

2 (b) On or before the last day of each month, the State
3 Treasurer and State Comptroller shall transfer from the Capital
4 Projects Fund to the General Obligation Bond Retirement and
5 Interest Fund an amount sufficient to pay the aggregate of the
6 principal of, interest on, and premium, if any, on the bonds
7 issued prior to January 1, 2012 pursuant to Section 4(d) of the
8 General Obligation Bond Act payable on their next payment date,
9 divided by the number of monthly transfers occurring between
10 the last previous payment date (or the delivery date if no
11 payment date has yet occurred) and the next succeeding payment
12 date. If the available balance in the Capital Projects Fund is
13 not sufficient for the transfer required in this subsection,
14 the State Treasurer and State Comptroller shall transfer the
15 difference from the Road Fund to the General Obligation Bond
16 Retirement and Interest Fund; except that such Road Fund
17 transfers shall constitute a debt of the Capital Projects Fund
18 which shall be repaid according to subsection (c). Interest
19 payable on variable rate bonds shall be calculated at the
20 maximum rate of interest that may be payable for the relevant
21 period, after taking into account any credits permitted in the
22 related indenture or other instrument against the amount of
23 such interest required to be appropriated for that period.
24 Interest for which moneys have already been deposited into the
25 capitalized interest account within the General Obligation
26 Bond Retirement and Interest Fund shall not be included in the

1 calculation of the amounts to be transferred under this
2 subsection.

3 (c) On the first day of any month when the Capital Projects
4 Fund is carrying a debt to the Road Fund due to the provisions
5 of subsection (b), the State Treasurer and State Comptroller
6 shall transfer from the Capital Projects Fund to the Road Fund
7 an amount sufficient to discharge that debt. These transfers to
8 the Road Fund shall continue until the Capital Projects Fund
9 has repaid to the Road Fund all transfers made from the Road
10 Fund pursuant to subsection (b). Notwithstanding any other law
11 to the contrary, transfers to the Road Fund from the Capital
12 Projects Fund shall be made prior to any other expenditures or
13 transfers out of the Capital Projects Fund.

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

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

17 (30 ILCS 330/2) (from Ch. 127, par. 652)

18 Sec. 2. Authorization for Bonds. The State of Illinois is
19 authorized to issue, sell and provide for the retirement of
20 General Obligation Bonds of the State of Illinois for the
21 categories and specific purposes expressed in Sections 2
22 through 8 of this Act, in the total amount of \$41,379,777,443
23 ~~\$37,217,777,443~~ ~~\$36,967,777,443~~.

24 The bonds authorized in this Section 2 and in Section 16 of

1 this Act are herein called "Bonds".

2 Of the total amount of Bonds authorized in this Act, up to
3 \$2,200,000,000 in aggregate original principal amount may be
4 issued and sold in accordance with the Baccalaureate Savings
5 Act in the form of General Obligation College Savings Bonds.

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

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

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

22 (Source: P.A. 95-1026, eff. 1-12-09; 96-5, eff. 4-3-09; 96-36,
23 eff. 7-13-09; 96-43, eff. 7-15-09; 96-885, eff. 3-11-10;
24 96-1000, eff. 7-2-10; revised 9-3-10.)

25 (30 ILCS 330/3) (from Ch. 127, par. 653)

1 Sec. 3. Capital Facilities. The amount of \$8,900,463,443
2 ~~\$7,968,463,443~~ is authorized to be used for the acquisition,
3 development, construction, reconstruction, improvement,
4 financing, architectural planning and installation of capital
5 facilities within the State, consisting of buildings,
6 structures, durable equipment, land, interests in land, and the
7 costs associated with the purchase and implementation of
8 information technology, including but not limited to the
9 purchase of hardware and software, for the following specific
10 purposes:

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

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

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

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

26 (e) \$1,777,990,000 ~~\$1,630,990,000~~ for use by the

1 State, its departments, authorities, public corporations,
2 commissions and agencies;

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

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

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

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

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

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

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

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

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

20 (Source: P.A. 96-36, eff. 7-13-09; 96-37, eff. 7-13-09;
21 96-1000, eff. 7-2-10.)

22 (30 ILCS 330/4) (from Ch. 127, par. 654)

23 Sec. 4. Transportation. The amount of \$12,443,799,000
24 ~~\$9,948,799,000~~ is authorized for use by the Department of
25 Transportation for the specific purpose of promoting and

1 assuring rapid, efficient, and safe highway, air and mass
2 transportation for the inhabitants of the State by providing
3 monies, including the making of grants and loans, for the
4 acquisition, construction, reconstruction, extension and
5 improvement of the following transportation facilities and
6 equipment, and for the acquisition of real property and
7 interests in real property required or expected to be required
8 in connection therewith as follows:

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

14 (1) \$3,330,000,000 for use statewide,

15 (2) \$3,677,000 for use outside the Chicago urbanized
16 area,

17 (3) \$7,543,000 for use within the Chicago urbanized
18 area,

19 (4) \$13,060,600 for use within the City of Chicago,

20 (5) \$58,987,500 for use within the counties of Cook,
21 DuPage, Kane, Lake, McHenry and Will,

22 (6) \$18,860,900 for use outside the counties of Cook,
23 DuPage, Kane, Lake, McHenry and Will, and

24 (7) \$2,000,000,000 for use on projects included in
25 either (i) the FY09-14 Proposed Highway Improvement
26 Program as published by the Illinois Department of

1 Transportation in May 2008 or (ii) the FY10-15 Proposed
2 Highway Improvement Program to be published by the Illinois
3 Department of Transportation in the spring of 2009; except
4 that all projects must be maintenance projects for the
5 existing State system with the goal of reaching 90%
6 acceptable condition in the system statewide and further
7 except that all projects must reflect the generally
8 accepted historical distribution of projects throughout
9 the State.

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

20 (1) \$3,184,270,000 ~~\$2,034,270,000~~ statewide,

21 (2) \$83,350,000 for use within the counties of Cook,
22 DuPage, Kane, Lake, McHenry and Will,

23 (3) \$12,450,000 for use outside the counties of Cook,
24 DuPage, Kane, Lake, McHenry and Will, and

25 (4) \$1,000,000,000 for use on projects that shall
26 reflect the generally accepted historical distribution of

1 projects throughout the State.

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

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

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

24 (30 ILCS 330/5) (from Ch. 127, par. 655)

25 Sec. 5. School Construction.

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

11 (b) \$22,550,000, or so much thereof as may be necessary,
12 for grants to school districts for the making of principal and
13 interest payments, required to be made, on bonds issued by such
14 school districts after January 1, 1969, pursuant to any
15 indenture, ordinance, resolution, agreement or contract to
16 provide funds for the acquisition, development, construction,
17 reconstruction, rehabilitation, improvement, architectural
18 planning and installation of capital facilities consisting of
19 buildings, structures, durable equipment and land for
20 educational purposes or for lease payments required to be made
21 by a school district for principal and interest payments on
22 bonds issued by a Public Building Commission after January 1,
23 1969.

24 (c) \$10,000,000 for grants to school districts for the
25 acquisition, development, construction, reconstruction,
26 rehabilitation, improvement, architectural planning and

1 installation of capital facilities consisting of buildings
2 structures, durable equipment and land for special education
3 building projects.

4 (d) \$9,000,000 for grants to school districts for the
5 reconstruction, rehabilitation, improvement, financing and
6 architectural planning of capital facilities, including
7 construction at another location to replace such capital
8 facilities, consisting of those public school buildings and
9 temporary school facilities which, prior to January 1, 1984,
10 were condemned by the regional superintendent under Section
11 3-14.22 of The School Code or by any State official having
12 jurisdiction over building safety.

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

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

25 (f) \$1,066,000,000 ~~\$420,000,000~~ grants to school districts
26 for school implemented projects authorized by the School

1 Construction Law.

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

3 (30 ILCS 330/6) (from Ch. 127, par. 656)

4 Sec. 6. Anti-Pollution.

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

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

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

21 (30 ILCS 330/7) (from Ch. 127, par. 657)

22 Sec. 7. Coal and Energy Development. The amount of
23 \$698,200,000 is authorized to be used by the Department of
24 Commerce and Economic Opportunity (formerly Department of

1 Commerce and Community Affairs) for coal and energy development
2 purposes, pursuant to Sections 2, 3 and 3.1 of the Illinois
3 Coal and Energy Development Bond Act, for the purposes
4 specified in Section 8.1 of the Energy Conservation and Coal
5 Development Act, for the purposes specified in Section 605-332
6 of the Department of Commerce and Economic Opportunity Law of
7 the Civil Administrative Code of Illinois, and for the purpose
8 of facility cost reports prepared pursuant to Sections 1-58 or
9 1-75(d)(4) of the Illinois Power Agency Act and for the purpose
10 of development costs pursuant to Section 8.1 of the Energy
11 Conservation and Coal Development Act. Of this amount:

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

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

1 station as provided in Section 6 of that Bond Act;

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

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

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

17 (Source: P.A. 95-1026, eff. 1-12-09; 96-781, eff. 8-28-09;
18 96-1000, eff. 7-2-10; 96-1465, eff. 8-20-10.)

19 (30 ILCS 330/9) (from Ch. 127, par. 659)

20 Sec. 9. Conditions for Issuance and Sale of Bonds -
21 Requirements for Bonds.

22 (a) Except as otherwise provided in this subsection, Bonds
23 shall be issued and sold from time to time, in one or more
24 series, in such amounts and at such prices as may be directed
25 by the Governor, upon recommendation by the Director of the

1 Governor's Office of Management and Budget. Bonds shall be in
2 such form (either coupon, registered or book entry), in such
3 denominations, payable within 25 years from their date, subject
4 to such terms of redemption with or without premium, bear
5 interest payable at such times and at such fixed or variable
6 rate or rates, and be dated as shall be fixed and determined by
7 the Director of the Governor's Office of Management and Budget
8 in the order authorizing the issuance and sale of any series of
9 Bonds, which order shall be approved by the Governor and is
10 herein called a "Bond Sale Order"; provided however, that
11 interest payable at fixed or variable rates shall not exceed
12 that permitted in the Bond Authorization Act, as now or
13 hereafter amended. Bonds shall be payable at such place or
14 places, within or without the State of Illinois, and may be
15 made registrable as to either principal or as to both principal
16 and interest, as shall be specified in the Bond Sale Order.
17 Bonds may be callable or subject to purchase and retirement or
18 tender and remarketing as fixed and determined in the Bond Sale
19 Order. Bonds, other than Bonds issued under Section 3 of this
20 Act for the costs associated with the purchase and
21 implementation of information technology, (i) except for
22 refunding Bonds satisfying the requirements of Section 16 of
23 this Act and sold during fiscal year 2009, 2010, or 2011, must
24 be issued with principal or mandatory redemption amounts in
25 equal amounts, with the first maturity issued occurring within
26 the fiscal year in which the Bonds are issued or within the

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

21 In the case of any series of Bonds bearing interest at a
22 variable interest rate ("Variable Rate Bonds"), in lieu of
23 determining the rate or rates at which such series of Variable
24 Rate Bonds shall bear interest and the price or prices at which
25 such Variable Rate Bonds shall be initially sold or remarketed
26 (in the event of purchase and subsequent resale), the Bond Sale

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

24 (b) In connection with the issuance of any series of Bonds,
25 the State may enter into arrangements to provide additional
26 security and liquidity for such Bonds, including, without

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

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

1 Director of the Governor's Office of Management and Budget
2 shall at least annually certify to the Governor and the State
3 Comptroller his or her estimate of the amounts of such net
4 payments to be included in the calculation of interest required
5 to be paid by the State.

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

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

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

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

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

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

1 report, at a minimum, shall:

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

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

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

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

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

26 (6) indicate whether, within the previous 3 months, the

1 firm released any publicly available research or marketing
2 reports that reference State of Illinois CDS and include
3 those research or marketing reports as attachments.

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

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

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

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

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

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

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

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

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

20 (30 ILCS 425/2) (from Ch. 127, par. 2802)

21 Sec. 2. Authorization for Bonds. The State of Illinois is
22 authorized to issue, sell and provide for the retirement of
23 limited obligation bonds, notes and other evidences of
24 indebtedness of the State of Illinois in the total principal

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

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

21 (30 ILCS 425/4) (from Ch. 127, par. 2804)

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

25 (a) \$3,213,000,000 ~~\$2,917,000,000~~ for the expenses of

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

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

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

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

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

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

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

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

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

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

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

21 (Source: P.A. 96-36, eff. 7-13-09; 96-503, eff. 8-14-09;
22 96-1000, eff. 7-2-10.)

23 Section 15. The Illinois Pension Code is amended by
24 changing Sections 1-113.14, 2-124, 14-131, 15-155, 16-158,
25 18-131, and 22A-111 and by adding Section 1-113.15 as follows:

1 (40 ILCS 5/1-113.14)

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

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

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

1 retirement system, or board of investment, contracts that are
2 nonrenewable and one year or less in duration, so long as the
3 contract has a value of less than \$20,000. All exceptions
4 granted under this Section must be published on the system's,
5 fund's, or board's web site, shall name the person authorizing
6 the procurement, and shall include a brief explanation of the
7 reason for the exception.

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

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

19 The contract shall include all of the following:

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

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

25 (3) (i) Full disclosure of direct and indirect fees,
26 commissions, penalties, and other compensation, including

1 reimbursement for expenses, that may be paid by or on
2 behalf of the consultant in connection with the provision
3 of services to the pension fund or retirement system and
4 (ii) a requirement that the consultant update the
5 disclosure promptly after a modification of those payments
6 or an additional payment.

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

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

24 (6) A disclosure of the names and addresses of all
25 subcontractors, if applicable, and the expected amount of
26 money each will receive under the contract, including an

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

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

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

15 (9) A description of the plan for post-performance
16 review.

17 (10) A description of the qualifications necessary.

18 (11) The duration of the contract.

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

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

1 eligible to compete for a new contract as provided in this
2 Section. No retirement system, pension fund, or investment
3 board shall attempt to avoid or contravene the restrictions of
4 this subsection (d) by any means.

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

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

1 (g) A description of every contract for investment services
2 shall be posted in a conspicuous manner on the web site of the
3 retirement system, pension fund, or investment board. The
4 description must include the name of the person or entity
5 awarded a contract, the total amount applicable to the
6 contract, the total fees paid or to be paid, and a disclosure
7 approved by the board describing the factors that contributed
8 to the selection of an investment adviser or consultant.

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

10 (40 ILCS 5/1-113.15 new)

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

12 (a) As used in this Section:

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

21 "Qualified written agreements" means one or more written
22 contracts to which the investment adviser and the board are
23 parties and includes all of the following: (i) the matters
24 described in items (1), (4), (5), (7), (11), and (12) of
25 subsection (c) of Section 1-113.14; (ii) a description of any

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

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

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

2 Sec. 2-124. Contributions by State.

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

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

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

24 For State fiscal years 1996 through 2005, the State
25 contribution to the System, as a percentage of the applicable
26 employee payroll, shall be increased in equal annual increments

1 so that by State fiscal year 2011, the State is contributing at
2 the rate required under this Section.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2006 is
5 \$4,157,000.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2007 is
8 \$5,220,300.

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

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

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

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

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

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

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

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

18 As of June 30, 2008, the actuarial value of the System's
19 assets shall be equal to the market value of the assets as of
20 that date. In determining the actuarial value of the System's
21 assets for fiscal years after June 30, 2008, any actuarial
22 gains or losses from investment return incurred in a fiscal
23 year shall be recognized in equal annual amounts over the
24 5-year period following that fiscal year.

25 (e) For purposes of determining the required State
26 contribution to the system for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal
2 to the system's actuarially assumed rate of return.

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

4 (40 ILCS 5/14-131)

5 Sec. 14-131. Contributions by State.

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

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

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

22 The Board shall also determine a State contribution rate
23 for each fiscal year, expressed as a percentage of payroll,
24 based on the total required State contribution for that fiscal
25 year (less the amount received by the System from

1 appropriations under Section 8.12 of the State Finance Act and
2 Section 1 of the State Pension Funds Continuing Appropriation
3 Act, if any, for the fiscal year ending on the June 30
4 immediately preceding the applicable November 15 certification
5 deadline), the estimated payroll (including all forms of
6 compensation) for personal services rendered by eligible
7 employees, and the recommendations of the actuary.

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

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

1 shall resume those contributions at the commencement of fiscal
2 year 2005.

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

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

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

1 contributions at the commencement of fiscal year 2005.

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

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

1 will produce a State contribution in excess of the amount
2 otherwise required under this subsection and subsection (a):
3 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
4 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

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

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

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

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

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

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

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

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

18 As of June 30, 2008, the actuarial value of the System's
19 assets shall be equal to the market value of the assets as of
20 that date. In determining the actuarial value of the System's
21 assets for fiscal years after June 30, 2008, any actuarial
22 gains or losses from investment return incurred in a fiscal
23 year shall be recognized in equal annual amounts over the
24 5-year period following that fiscal year.

25 (h) For purposes of determining the required State
26 contribution to the System for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal
2 to the System's actuarially assumed rate of return.

3 (i) After the submission of all payments for eligible
4 employees from personal services line items paid from the
5 General Revenue Fund in fiscal year 2010 have been made, the
6 Comptroller shall provide to the System a certification of the
7 sum of all fiscal year 2010 expenditures for personal services
8 that would have been covered by payments to the System under
9 this Section if the provisions of this amendatory Act of the
10 96th General Assembly had not been enacted. Upon receipt of the
11 certification, the System shall determine the amount due to the
12 System based on the full rate certified by the Board under
13 Section 14-135.08 for fiscal year 2010 in order to meet the
14 State's obligation under this Section. The System shall compare
15 this amount due to the amount received by the System in fiscal
16 year 2010 through payments under this Section. If the amount
17 due is more than the amount received, the difference shall be
18 termed the "Fiscal Year 2010 Shortfall" for purposes of this
19 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
20 under Section 1.2 of the State Pension Funds Continuing
21 Appropriation Act. If the amount due is less than the amount
22 received, the difference shall be termed the "Fiscal Year 2010
23 Overpayment" for purposes of this Section, and the Fiscal Year
24 2010 Overpayment shall be repaid by the System to the General
25 Revenue Fund as soon as practicable after the certification.

26 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09; 96-45,

1 eff. 7-15-09; 96-1000, eff. 7-2-10.)

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

3 Sec. 15-155. Employer contributions.

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

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

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

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

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2006 is
8 \$166,641,900.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2007 is
11 \$252,064,100.

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

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

1 applicable.

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

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

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

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

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

1 foundations, and athletic associations which are affiliated
2 with the universities included as employers under this Article
3 and other employers which do not receive State appropriations
4 are considered to be trust funds for the purpose of this
5 Article.

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

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

1 other than those paid from trust and federal funds, shall be
2 payable solely from appropriations to the Illinois Community
3 College Board or the System for employer contributions.

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

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

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

21 (g) If the amount of a participant's earnings for any
22 academic year used to determine the final rate of earnings,
23 determined on a full-time equivalent basis, exceeds the amount
24 of his or her earnings with the same employer for the previous
25 academic year, determined on a full-time equivalent basis, by
26 more than 6%, the participant's employer shall pay to the

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

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

26 The employer contributions required under this subsection

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

9 (h) This subsection (h) applies only to payments made or
10 salary increases given on or after June 1, 2005 but before July
11 1, 2011. The changes made by Public Act 94-1057 shall not
12 require the System to refund any payments received before July
13 31, 2006 (the effective date of Public Act 94-1057).

14 When assessing payment for any amount due under subsection
15 (g), the System shall exclude earnings increases paid to
16 participants under contracts or collective bargaining
17 agreements entered into, amended, or renewed before June 1,
18 2005.

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

23 When assessing payment for any amount due under subsection
24 (g), the System shall exclude earnings increases resulting from
25 overload work, including a contract for summer teaching, or
26 overtime when the employer has certified to the System, and the

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

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

25 (i) When assessing payment for any amount due under
26 subsection (g), the System shall exclude any salary increase

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

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

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

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

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

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

24 (k) The Illinois Community College Board shall adopt rules
25 for recommending lists of promotional positions submitted to
26 the Board by community colleges and for reviewing the

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

13 (l) 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 (m) 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 5/16-158) (from Ch. 108 1/2, par. 16-158)

5 Sec. 16-158. Contributions by State and other employing
6 units.

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

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

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

24 On or before May 1, 2004, the Board shall recalculate and
25 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2005, taking
2 into account the amounts appropriated to and received by the
3 System under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act.

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

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

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

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

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

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

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

1 the rate required under this Section; except that in the
2 following specified State fiscal years, the State contribution
3 to the System shall not be less than the following indicated
4 percentages of the applicable employee payroll, even if the
5 indicated percentage will produce a State contribution in
6 excess of the amount otherwise required under this subsection
7 and subsection (a), and notwithstanding any contrary
8 certification made under subsection (a-1) before the effective
9 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
10 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
11 2003; and 13.56% in FY 2004.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2006 is
14 \$534,627,700.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2007 is
17 \$738,014,500.

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2010 is
26 \$2,089,268,000 and shall be made from the proceeds of bonds

1 sold in fiscal year 2010 pursuant to Section 7.2 of the General
2 Obligation Bond Act, less (i) the pro rata share of bond sale
3 expenses determined by the System's share of total bond
4 proceeds, (ii) any amounts received from the Common School Fund
5 in fiscal year 2010, and (iii) any reduction in bond proceeds
6 due to the issuance of discounted bonds, if 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 subsection (a-1), shall

1 not exceed an amount equal to (i) the amount of the required
2 State contribution that would have been calculated under this
3 Section 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 (c) Payment of the required State contributions and of all
23 pensions, retirement annuities, death benefits, refunds, and
24 other benefits granted under or assumed by this System, and all
25 expenses in connection with the administration and operation
26 thereof, are obligations of the State.

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

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

18 However, with respect to benefits granted under Section
19 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
20 of Section 16-106, the employer's contribution shall be 12%
21 (rather than 20%) of the member's highest annual salary rate
22 for each year of creditable service granted, and the employer
23 shall also pay the required employee contribution on behalf of
24 the teacher. For the purposes of Sections 16-133.4 and
25 16-133.5, a teacher as defined in paragraph (8) of Section
26 16-106 who is serving in that capacity while on leave of

1 absence from another employer under this Article shall not be
2 considered an employee of the employer from which the teacher
3 is on leave.

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

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

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

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

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

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

1 paid to teachers for that period.

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

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

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

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

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

1 attesting to all facts within the employer's knowledge that are
2 pertinent to the applicability of that subsection. Upon
3 receiving a timely application for recalculation, the System
4 shall review the application and, if appropriate, recalculate
5 the amount due.

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

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude salary increases paid to a
26 teacher at a time when the teacher is 10 or more years from

1 retirement eligibility under Section 16-132 or 16-133.2.

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

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

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude any payment to the teacher from
2 the State of Illinois or the State Board of Education over
3 which the employer does not have discretion, notwithstanding
4 that the payment is included in the computation of final
5 average salary.

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

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

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

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

25 (3) The total amount the System received from each
26 employer as a result of the changes made to this Section by

1 Public Act 94-4.

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

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

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

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

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

22 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)
23 Sec. 18-131. Financing; employer contributions.

24 (a) The State of Illinois shall make contributions to this
25 System by appropriations of the amounts which, together with

1 the contributions of participants, net earnings on
2 investments, and other income, will meet the costs of
3 maintaining and administering this System on a 90% funded basis
4 in accordance with actuarial recommendations.

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

10 (c) 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.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2006 is

1 \$29,189,400.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2007 is
4 \$35,236,800.

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

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

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

25 Amounts received by the System pursuant to Section 25 of
26 the Budget Stabilization Act or Section 8.12 of the State

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

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

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

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

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

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

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

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

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

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

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

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

1 for purchase or use by others. The Board shall also have the
2 authority to compensate for accounting services.

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

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

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

11 (105 ILCS 230/5-38 new)

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

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.