

1 AN ACT concerning local government.

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

4 Section 5. The Illinois Municipal Code is amended by  
5 adding Division 135.5 in Article 11 as follows:

6 (65 ILCS 5/Art. 11 Div. 135.5 heading new)

7 DIVISION 135.5. REGIONAL WATER COMMISSIONS

8 (65 ILCS 5/11-135.5-1 new)

9 Sec. 11-135.5-1. References to Division. This Division may  
10 be referred to as the Regional Water Commissions Act.

11 (65 ILCS 5/11-135.5-5 new)

12 Sec. 11-135.5-5. Findings. The General Assembly finds  
13 that:

14 (1) It is necessary and in the public interest to help  
15 assure a sufficient and economic supply of a source of  
16 water of suitable quality within those areas of this State  
17 that are dependent on ground water supply from portions of  
18 the Cambrian-Ordovician aquifer as well as shallow  
19 aquifers, and where those aquifers are expected not to be  
20 able to provide a sufficient supply of water or water of  
21 suitable quality to one or more municipalities which may

1 be located in more than a single county, and where,  
2 because of economic development and population growth and  
3 proximity to large urban centers, the health, safety, and  
4 welfare of the residents is threatened by the continuing  
5 reduction in the amount of ground water and quality of  
6 ground water that can be obtained from the aquifers.

7 (2) Because of a need to provide such municipalities a  
8 continuing, available, and adequate source and supply of  
9 water on an economically viable basis, it is necessary and  
10 desirable to establish a different structure for  
11 municipalities in the affected region to jointly establish  
12 a source of water supply and the necessary waterworks and  
13 other supporting facilities as needed to provide a  
14 reliable, sustainable, and high-quality source of water on  
15 a cost-effective basis.

16 (3) It is not the intent of the General Assembly to  
17 interfere with the structure and operation of other water  
18 commissions and county water commissions already existing  
19 around the State on the effective date of this amendatory  
20 Act of the 102nd General Assembly or to interfere with the  
21 power of municipalities to provide for the retail  
22 distribution of water to its residents or the customers of  
23 its water systems.

24 (4) It is in the State's best interest to provide for a  
25 sufficient and economic supply of water to such areas.

1 (65 ILCS 5/11-135.5-10 new)

2 Sec. 11-135.5-10. Regional water commissions.  
3 Municipalities may enter into joint efforts to acquire,  
4 develop, and operate a waterworks system or a common source of  
5 supply of water, or both, through intergovernmental  
6 cooperation in a regional water commission as provided in this  
7 Division.

8 (65 ILCS 5/11-135.5-15 new)

9 Sec. 11-135.5-15. Establishment of commission; members;  
10 initial costs and funding.

11 (a) Establishment of commission. Two or more  
12 municipalities, at least one of which is located in whole or in  
13 part in the county of Cook, Kane, Kendall, Lake, McHenry, or  
14 Will and has 140,000 or more inhabitants at the time of  
15 establishment of a regional water commission, excluding cities  
16 of 500,000 or more inhabitants, may acquire, either by  
17 purchase or construction, a waterworks system or a common  
18 source of supply of water, or both, and may operate jointly a  
19 waterworks system or a common source of supply of water, or  
20 both, and improve and extend the same, as provided in this  
21 Division. The municipality meeting the requirement to have  
22 140,000 or more inhabitants as required by this paragraph must  
23 have attained that population as of the effective date of this  
24 amendatory Act of the 102nd General Assembly.

25 The corporate authorities of the municipalities desiring

1 to avail themselves of the provisions of this Division shall  
2 establish a regional water commission by adopting an ordinance  
3 determining and electing to acquire and operate jointly a  
4 waterworks system or a common source of supply of water, or  
5 both, as the case may be, and approving an intergovernmental  
6 agreement among the municipalities establishing the regional  
7 water commission. This agreement may be amended at any time  
8 upon the adoption of concurring ordinances by the corporate  
9 authorities of all member municipalities.

10 (b) Addition or withdrawal of members; dissolution. The  
11 agreement may provide for additional municipalities to join  
12 the commission upon adoption of an ordinance by the corporate  
13 authorities of the joining municipality and, upon such  
14 consents, conditions, and approvals of the board of  
15 commissioners and of existing member municipalities as shall  
16 be provided in the agreement. The agreement shall provide the  
17 manner and terms on which a municipality may withdraw from  
18 membership in the commission and on which the commission may  
19 terminate and dissolve in whole or in part.

20 (c) Filing of agreement. Promptly upon entering into the  
21 agreement or any amendment to it, a copy of such agreement or  
22 amendment shall be filed in the office of the Secretary of  
23 State. Promptly upon the addition or withdrawal of a  
24 municipality, or, upon the dissolution of the commission, that  
25 fact shall be certified by an officer of the commission to the  
26 Secretary of State.

1       (d) Development costs. A municipality whose corporate  
2 authorities adopted an ordinance and approved an  
3 intergovernmental agreement to acquire and operate jointly a  
4 waterworks system or a common source of supply of water, or  
5 both, as the case may be, under the provisions of this  
6 Division, may from time to time pay, advance, or obligate  
7 itself to the commission to bear a proportionate share of the  
8 development costs, including principal and interest, of any  
9 project proposed by the commission, including plans,  
10 feasibility reports, and engineering, even if the project is  
11 never constructed or water is never supplied by the commission  
12 to such municipality.

13       Whenever the corporate authorities of a municipality  
14 determine that the municipality will pay, advance, or be  
15 obligated for its proportionate share of development costs as  
16 provided in this subsection, they shall adopt an ordinance  
17 declaring their intention that the municipality will do so,  
18 fix the maximum amount of the municipality's share of the cost  
19 the municipality proposes to pay or that the municipality will  
20 advance or to obligate the municipality for, the period over  
21 which it is proposed to pay the obligation (not exceeding 10  
22 years), and the maximum amount to be paid annually, if such  
23 obligation is to be paid in installments. The time of payment  
24 of any such installment obligation may be extended for a  
25 period not exceeding 10 years from the final maturity date of  
26 the original obligation. On and after the date such ordinance

1 becomes effective, the municipality shall include an amount  
2 sufficient to pay the annual installments of its obligation  
3 each year in the next succeeding appropriation ordinances. The  
4 commission may require that if any such municipality whose  
5 corporate authorities determined to pay, to advance, or to  
6 obligate the municipality to the commission for development  
7 costs defaults in such payments, advances, or obligations,  
8 then the remaining municipalities whose corporate authorities  
9 have determined to pay, to advance, or to obligate the  
10 respective municipalities to the commission for development  
11 costs will be required to pay for all or a portion of the  
12 payments, advances by, or obligations of the defaulting  
13 municipality. No prior appropriation shall be required for the  
14 corporate authorities of a municipality to authorize the  
15 payments, advances, or obligations herein provided for.

16 Whenever the corporate authorities of a municipality have  
17 obligated the municipality for development costs as herein  
18 provided and after the effective date of the ordinance under  
19 which the municipality became obligated for a specific amount  
20 for development costs of a project and after approval of such  
21 obligation by the commission, the commission is authorized to  
22 borrow funds temporarily for payment of such development costs  
23 in advance of permanent financing. The commission may from  
24 time to time and pursuant to an appropriate ordinance or  
25 resolution borrow money and issue its interim notes to  
26 evidence borrowings for such purpose, including all necessary

1 and incidental expenses in connection therewith.

2 An ordinance or resolution authorizing the issuance of  
3 such notes shall describe the project and the development  
4 costs to be undertaken and specify the principal amount, rate  
5 of interest as authorized under Section 2 of the Bond  
6 Authorization Act, and the maturity date, which shall coincide  
7 with the due date of the obligations or the installments  
8 thereof incurred by the respective municipalities pursuant to  
9 this Section not, however, to exceed 10 years from date.

10 Contemporaneously with the issuance of revenue bonds under  
11 Section 11-135.5-30, all outstanding interim notes issued for  
12 development costs of a project though they have not then  
13 matured shall be paid, both principal and interest to date of  
14 payment, from funds derived from the sale of revenue bonds for  
15 the permanent financing of any such project for which interim  
16 notes may have been issued and such interim notes shall be  
17 surrendered and cancelled, or, in the alternative, the  
18 commission may determine to pay such interim notes out of  
19 receipts from other sources available to the commission,  
20 including grants and loans.

21 Whenever a member municipality has incurred development  
22 costs for a project and has advanced funds or otherwise  
23 obligated itself for the payment of such costs, the commission  
24 is authorized to accept assignment of such debt instruments  
25 and the payment obligations thereunder and to thereafter make  
26 all necessary payments to meet such obligations out of

1 receipts from other sources available to the commission,  
2 including grants and loans.

3 As used in this subsection, "development costs" means the  
4 costs of development of a project, including debt incurred and  
5 principal and interest payments, whether incurred by the  
6 commission or a member municipality.

7 (e) Construction and operating costs. A municipality, the  
8 corporate authorities of which adopted an ordinance and  
9 approved an intergovernmental agreement to acquire and operate  
10 jointly a waterworks system or a common source of supply of  
11 water, or both, as the case may be, under the provisions of  
12 this Division, may from time to time pay, advance, or obligate  
13 itself to the commission to bear a proportionate share of the  
14 construction and operating costs of any project proposed by  
15 the commission.

16 Whenever the corporate authorities of a municipality  
17 determine that the municipality will pay, advance, or be  
18 obligated for its proportionate share of construction or  
19 operating costs as above provided, they shall adopt an  
20 ordinance declaring their intention to do so, fix the maximum  
21 amount of the municipality's share of the cost it proposes to  
22 pay, to advance, or to obligate itself for, fix the period over  
23 which it is proposed to pay the obligation, and state the  
24 maximum amount to be paid annually, if such obligation is to be  
25 paid in installments. On and after the date such ordinance  
26 becomes effective, the municipality shall include an amount



1 sufficient to pay the annual installments of its obligation  
2 each year in the next succeeding appropriation ordinances. The  
3 commission may require that if any such municipality whose  
4 corporate authorities determined that the municipality will  
5 pay, advance, or be obligated to the commission for  
6 construction or operating costs defaults in such payments,  
7 advances, or obligations, then the remaining municipalities  
8 whose corporate authorities have determined that the  
9 municipality will pay, advance, or be obligated to the  
10 commission for construction or operating costs will be  
11 required to pay for all or a portion of the payments, advances  
12 by, or obligations of the defaulting municipality. No prior  
13 appropriation shall be required for the corporate authorities  
14 of a municipality to authorize the payments, advances, or  
15 obligations herein provided for.

16 Whenever a municipality, through its corporate  
17 authorities, has paid, advanced, or obligated the municipality  
18 for development, construction, or operating costs as herein  
19 provided, the commission may contract with the municipality,  
20 on such terms as may be agreed, for the repayment to the  
21 municipality by the commission of any payment or advance made  
22 by the municipality to the commission and to charge, in  
23 addition to all other charges and rates authorized under this  
24 Division, such rates and charges for water sold by the  
25 commission as shall be necessary to provide for such  
26 repayment. In addition, any payment or advance of such costs

1 made by a municipality pursuant to this Section may be repaid  
2 by the commission to the municipality from the proceeds of  
3 revenue bonds authorized to be issued by the commission  
4 pursuant to this Division or, in the alternative, the  
5 commission may determine to pay all or part of such amounts out  
6 of receipts from other sources available to the commission,  
7 including grants and loans.

8 Whenever a member municipality has incurred construction  
9 and operating costs for a project and has advanced funds or  
10 otherwise obligated itself for the payment of such costs, the  
11 commission is authorized to accept assignment of such debt  
12 instruments and the payment obligations thereunder and to  
13 thereafter make all necessary payments to meet such  
14 obligations from the proceeds of revenue bonds authorized to  
15 be issued by the commission pursuant to this Division or, in  
16 the alternative, the commission may determine to pay all or  
17 part of such amounts out of receipts from other sources  
18 available to the commission, including grants and loans.

19 As used in this subsection, "construction and operating  
20 costs" means the costs of construction and operation of a  
21 project, including debt incurred and principal and interest  
22 payments, whether incurred by the commission or a member  
23 municipality.

24 (f) Commission facilities. A waterworks system or a common  
25 source of supply of water, or both, purchased or constructed  
26 by the commission: (1) may be located within or without the

1 corporate limits of any member municipality; (2) may include,  
2 or may consist of, without limitation, facilities for  
3 receiving, storing, and transmitting water from any source for  
4 supplying water to member municipalities and other purchasers  
5 of water from the commission; and (3) may include, without  
6 limitation, facilities that are developed, acquired,  
7 constructed, extended, or improved by the commission that may  
8 at any time be owned by another unit of local government if  
9 such facilities will serve the waterworks system or provide a  
10 common source of supply of water for the commission.

11 (65 ILCS 5/11-135.5-20 new)

12 Sec. 11-135.5-20. Board of commissioners.

13 (a) Appointment of commissioners. Upon the adoption of an  
14 ordinance and intergovernmental agreement by the corporate  
15 authorities of a municipality under this Division, the mayor  
16 or president, with the approval of the corporate authorities,  
17 shall appoint a commissioner.

18 (b) Commission. The commissioners so appointed by each of  
19 the municipalities shall constitute a commission and a  
20 municipal corporation and a public body politic and corporate  
21 with the powers and duties specified in this Division. The  
22 corporate name of the commission and its duration shall be  
23 provided in the agreement, and in such name the commission may  
24 contract and be contracted with and sue and be sued. The  
25 commissioners shall be collectively referred to as a board of

1 commissioners.

2 (c) Term; qualifications; compensation; bonds. Each  
3 commissioner appointed by a mayor or president shall be the  
4 mayor or president or an elected member of the corporate  
5 authorities of the municipality from which the appointment is  
6 made. The agreement establishing the commission shall specify  
7 the period during which a commissioner shall hold office and  
8 may provide for the appointment of alternate commissioners  
9 from member municipalities. No commissioner may receive any  
10 compensation for serving as commissioner. Each commissioner  
11 shall furnish a bond for the faithful performance of that  
12 commissioner's official duties. This bond shall not be less  
13 than \$5,000 and its costs shall be paid by the commission.

14 (d) Removal; prohibited interests. Each commissioner may  
15 be removed by the corporate authorities of the municipality  
16 from which the commissioner was appointed for any cause for  
17 which any municipal officer may be removed. No commissioner or  
18 employee of the commission and no mayor, president, member of  
19 the corporate authorities, or employee of any of the  
20 municipalities shall be interested, directly or indirectly, in  
21 any contract or job of work or materials, or the profits  
22 thereof, or services to be performed for or by the commission.

23 (e) Violations. A violation of this Section is a Class C  
24 misdemeanor. A conviction is cause for the removal of a person  
25 from office or employment.

1 (65 ILCS 5/11-135.5-25 new)

2 Sec. 11-135.5-25. Board organization and powers.

3 (a) Organization of board. A commission shall organize by  
4 electing a chair from among its own members and shall elect  
5 persons, who need not be commissioners, to such other offices  
6 as shall be designated in the agreement. It shall adopt its own  
7 bylaws, rules, and regulations and provide for its meetings.  
8 The commission has full and complete supervision, management,  
9 and control of the waterworks system or the common source of  
10 supply of water, or both, as provided in the agreement and  
11 ordinances for acquiring and operating the same, and in their  
12 maintenance, operation, and extension. The board of  
13 commissioners shall determine the general policy of the  
14 commission, shall approve the annual budget, shall make all  
15 appropriations (which may include appropriations made at any  
16 time in addition to those made in any annual appropriation  
17 document), shall approve all contracts for the purchase or  
18 sale of water, shall adopt ordinances or resolutions providing  
19 for the issuance of bonds or notes by the commission, shall  
20 adopt its bylaws, rules, and regulations, and shall have such  
21 other powers and duties as may be prescribed in the agreement.  
22 Such agreement may further specify the voting and approval  
23 requirements for actions regarding the commission's powers and  
24 duties, including those powers and actions of the commission  
25 which shall be authorized only upon votes of greater than a  
26 majority of all commissioners or only upon consents of the

1 corporate authorities of a certain number of member  
2 municipalities, or both.

3 The agreement may provide for the establishment of a  
4 technical advisory committee to consist of a municipal  
5 employee member from each member municipality as designated by  
6 ordinance or other official action, from time to time by the  
7 corporate authorities of the member municipality, and having  
8 the qualifications as prescribed in the agreement, and also  
9 may provide for such functions and duties of the committee as  
10 will support the efficient administration and operation of the  
11 commission.

12 The board of commissioners may establish other committees  
13 from time to time, consisting of either members of the board or  
14 members who are municipal employees from each member  
15 municipality, in order to support the efficient administration  
16 and operation of the commission.

17 (b) Water contracts to acquire water supply. A commission  
18 may contract to acquire a supply of water on such terms and  
19 conditions as it finds in the best interests of the commission  
20 for a period not exceeding 101 years. A commission may  
21 contract with any person, corporation, political subdivision,  
22 municipal corporation, or other governmental or  
23 non-governmental entity for a supply of water, and any such  
24 political subdivision, municipal corporation, or other  
25 governmental entity is authorized to enter into such a  
26 contract with the commission. A commission may accept from a

1 municipality that is a member of the commission the assignment  
2 of a contract to acquire a supply of water and to accept and  
3 perform the duties and obligations and make all payments  
4 required pursuant to such assigned contract.

5 A contract made by or assigned to a commission for a supply  
6 of water may contain provisions whereby the commission is  
7 obligated to pay for such supply of water without setoff or  
8 counterclaim and irrespective of whether such supply of water  
9 is ever furnished, made available, or delivered to the  
10 commission or whether any project for the supply of water  
11 contemplated by the contract is completed, operable, or  
12 operating and notwithstanding any suspension, interruption,  
13 interference, reduction, or curtailment of the supply of water  
14 from such project.

15 No prior appropriation shall be required before entering  
16 into or accepting assignment of such contract, and no  
17 appropriation shall be required to authorize payments to be  
18 made under the terms of the contract, notwithstanding any  
19 provision of this Code to the contrary. The contract shall not  
20 be a debt within the meaning of any statutory or  
21 constitutional limitations.

22 (c) Water contracts to provide water supply to members.  
23 The commission is authorized to contract with the  
24 municipalities which established the commission, and with  
25 other municipalities that have become members pursuant to the  
26 process established in the intergovernmental agreement, for a

1 supply of water to those municipalities, for a period not  
2 exceeding 101 years, and those municipalities are authorized  
3 to enter into such contracts with the commission.

4 Any such contract made by a commission and any such  
5 municipalities to supply water may contain provisions whereby  
6 the purchasing municipality is obligated to pay for such  
7 supply of water without setoff or counterclaim and  
8 irrespective of whether such supply of water is ever  
9 furnished, made available, or delivered to the purchasing  
10 municipality or whether any project for the supply of water  
11 contemplated by any such contract is completed, operable, or  
12 operating and notwithstanding any suspension, interruption,  
13 interference, reduction, or curtailment of the supply of water  
14 from such project. Any such contract may provide that if one or  
15 more of the other purchasers' defaults in the payment of its  
16 obligations under the contract or similar contract made with  
17 the supplier of the water, the remaining purchasers party to  
18 such contract or such similar contract shall be required to  
19 pay for all or a portion of the obligations of the defaulting  
20 purchaser. Each municipality that enters into such a contract  
21 shall be obligated and have the duty to include an amount  
22 sufficient to pay the annual amount of its obligation each  
23 year in the next succeeding appropriation ordinances. No prior  
24 appropriation shall be required for a municipality to  
25 authorize the payments, advances, or obligations provided for  
26 in such contracts or this subsection.



1       (d) Water contracts to provide water supply to nonmembers  
2 and extend system. A commission may supply water to and  
3 contract with a person, corporation, political subdivision,  
4 municipal corporation, or other governmental or  
5 non-governmental entity, in addition to the municipalities  
6 which have formed the commission and other municipalities that  
7 have become members pursuant to the process established in the  
8 intergovernmental agreement, and to construct water  
9 transmission and distribution lines within a radius of 25  
10 miles outside the corporate limits of member municipalities  
11 for the purpose of furnishing water to any additional entities  
12 which contract with the commission for a supply of water, upon  
13 such payment, terms, and conditions as may be mutually agreed  
14 upon. Any such contract shall be a continuing, valid, and  
15 binding obligation of the purchaser for such period of years,  
16 not to exceed 40, as may be provided in such contract.

17       Any such contract entered into to supply water to a  
18 municipal corporation or political subdivision shall provide  
19 that the payments to be made thereunder shall be from the  
20 revenues to be derived by such municipality or political  
21 subdivision from the operation of the waterworks system or  
22 combined waterworks and sewer system of such municipality or  
23 political subdivision or from receipts from other sources  
24 available to the municipality or political subdivision,  
25 including grants and loans. Any such contract made by a  
26 commission and a purchaser that is such a municipal

1 corporation or political subdivision to supply water may  
2 contain provisions whereby the purchaser is obligated to pay  
3 for such supply of water without setoff or counterclaim and  
4 irrespective of whether such supply of water is ever  
5 furnished, made available, or delivered to the purchaser or  
6 whether any project for the supply of water contemplated by  
7 any such contract is completed, operable, or operating and  
8 notwithstanding any suspension, interruption, interference,  
9 reduction, or curtailment of the supply of water from such  
10 project. The contract may provide that, if one or more of the  
11 other purchasers defaults in the payment of its obligations  
12 under such contract or similar contract made with the supplier  
13 of the water, the remaining purchasers party to such contract  
14 or such similar contract shall be required to pay for all or a  
15 portion of the obligations of the defaulting purchaser. Each  
16 municipal corporation or political subdivision that enters  
17 into such a contract shall be obligated and have the duty to  
18 include an amount sufficient to pay the annual amount of its  
19 obligation each year in the next succeeding appropriation  
20 ordinances. No prior appropriation shall be required for a  
21 municipality or political subdivision to authorize the  
22 payments, advances, or obligations provided for in such  
23 contracts or this subsection. Any such contract shall not be a  
24 debt within the meaning of any statutory or constitutional  
25 limitations.

26 (e) Additional powers. In addition to any other powers set

1 forth in this Division and in the agreement, a commission has  
2 the following powers:

3 (1) The power to enter into intergovernmental police  
4 assistance agreements with any municipality or county.

5 (2) The power to enter into intergovernmental  
6 agreements with any unit of local government or other  
7 governmental entity in order to carry out the purposes for  
8 which the commission was formed.

9 (65 ILCS 5/11-135.5-30 new)

10 Sec. 11-135.5-30. Revenue bonds.

11 (a) Revenue bonds; power; purposes. A commission may from  
12 time to time issue its revenue bonds in such principal amounts  
13 as the commission deems necessary to provide sufficient funds  
14 to carry out any of its corporate purposes and powers,  
15 including, without limitation: developing, acquiring,  
16 constructing, extending, or improving a waterworks system or  
17 common source of supply of water, or any combination thereof;  
18 the funding or refunding of the principal of, redemption  
19 premium on, if any, and interest on bonds issued by it, whether  
20 or not such bonds or interest to be funded or refunded have or  
21 have not become due; the payment of engineering, legal, and  
22 other expenses, together with interest to a date one year  
23 subsequent to the estimated date of completion of the project;  
24 the establishment or increase of reserves to secure or to pay  
25 such bonds and interest thereon; the providing of working

1 capital; and the payment of all other costs or expenses of the  
2 commission incident to and necessary or convenient to carry  
3 out its corporate purposes and powers. These bonds shall have  
4 all the qualities of negotiable instruments under the laws of  
5 this State and shall not constitute indebtedness of any of the  
6 municipalities constituting the commission.

7 (b) Source of payment. Every issue of bonds of a  
8 commission shall be payable out of the revenues to be derived  
9 pursuant to contracts with the specified municipalities and  
10 other purchasers of water or by virtue of the operation of any  
11 properties acquired or to be acquired or constructed. A  
12 commission may issue such types of bonds as it determines,  
13 including bonds as to which the principal and interest are  
14 payable from the revenues from one or more projects, or from an  
15 interest therein or a right to the products and services  
16 thereof, or from one or more revenue producing contracts made  
17 by the commission, or its revenues generally. Any such bonds  
18 may be additionally secured by a pledge of any grant, subsidy,  
19 contribution, or other revenue source from the United States,  
20 the State of Illinois, or any unit of local government, or any  
21 combination thereof.

22 (c) Receipt of funds by treasurer. Before the treasurer of  
23 the commission is entitled to receive the proceeds of the sale  
24 of such a bond issue, the treasurer shall supply a corporate  
25 surety bond in an amount equivalent to the amount of funds to  
26 be derived from the sale of the bonds, and, in addition

1 thereto, the treasurer shall supply a separate corporate  
2 surety bond for the faithful accounting of any funds that may  
3 come into that individual's possession in an amount equal to  
4 the amount of funds likely to come into the treasurer's hands  
5 in any one year from the revenue to be derived from the  
6 operation of any of the properties of the commission. The cost  
7 of these surety bonds shall be paid by the commission. The  
8 requirement to supply corporate surety bonds under this  
9 subsection does not apply to the extent that the proceeds of  
10 the sale of the bonds and other funds are subject to the  
11 administration of the trustee pursuant to a trust indenture  
12 with a bank or trust company.

13 (d) Approval process; terms. The revenue bonds shall be  
14 issued pursuant to an ordinance or resolution, or, in the  
15 alternative, pursuant to a master trust indenture as well as a  
16 supplemental trust indenture with each issuance, and may be  
17 issued in one or more series, and shall bear such date or  
18 dates, mature at such time or times within the estimated  
19 period of usefulness of the project involved and, in any  
20 event, not more than 50 years from the date thereof, bear  
21 interest at such rate or rates as authorized under Section 2 of  
22 the Bond Authorization Act, which rates may be fixed or  
23 variable, be in such denominations, be in such form, either  
24 coupon or registered, carry such conversion, registration, and  
25 exchange privileges, have such rank or priority, be executed  
26 in such manner, be payable in such medium of payment at such

1 place or places within or without the State, be subject to such  
2 terms of redemption with or without premium, and contain or be  
3 subject to such other terms as the ordinance or resolution, or  
4 the master trust indenture or supplemental trust indenture or  
5 both, may provide, and shall not be restricted by the  
6 provisions of any other law limiting the amounts, maturities,  
7 interest rates, or other terms of obligations of public  
8 agencies or private persons. The master trust indenture and  
9 any supplemental trust indenture shall be entered into with a  
10 bank or trust company within or outside the State having trust  
11 powers and possessing capital and surplus of not less than  
12 \$50,000,000. The bonds shall be sold in such manner as the  
13 commission shall determine, at private or public sale. It  
14 shall not be necessary that the ordinance or resolution, or  
15 the master trust indenture or supplemental trust indenture or  
16 both, refer to plans and specifications nor that there be on  
17 file for public inspection prior to the adoption of such  
18 ordinance or resolution, or the master trust indenture or  
19 supplemental trust indenture or both, detailed plans and  
20 specifications of the project. This ordinance or resolution,  
21 or the master trust indenture or supplemental trust indenture  
22 or both, may contain such covenants and restrictions in  
23 relation to the operation of the properties under the control  
24 of the commission and the issuance of additional revenue bonds  
25 thereafter as may be deemed necessary or advisable for the  
26 assurance of payment of the bonds thereby authorized and as

1 may be thereafter issued. It shall be plainly stated on each  
2 bond that it does not constitute an indebtedness of any  
3 municipality represented by the commission within the meaning  
4 of any statutory or constitutional limitation. Upon the  
5 issuance of revenue bonds, the revenue of the commission  
6 derived pursuant to contracts entered into for the sale of  
7 water to the municipalities that have formed the commission  
8 and to other municipalities that have become members pursuant  
9 to the intergovernmental agreement, as well as contracts  
10 entered into with other persons, corporations, political  
11 subdivisions, municipal corporations, or other governmental or  
12 non-governmental entities and from the operation of its  
13 properties, shall be accounted for as provided in the  
14 ordinance or resolution, or the master trust indenture or  
15 supplemental trust indenture or both, authorizing the issuance  
16 of the bonds. Any commission created under the provisions of  
17 this Division may also issue bonds for the purpose of  
18 providing funds for the payment, refunding, or redemption of  
19 any of the commission's bonds or notes before, after, or at  
20 their maturity, including the payment of redemption premiums  
21 or interest accruing or to accrue on such bonds or notes being  
22 paid or redeemed, and for the payment of any installments of  
23 interest accrued or to accrue on any bond or note.

24 (e) No limitation. The provisions of this Section are not  
25 a limit upon a municipality that is a home rule unit.

1 (65 ILCS 5/11-135.5-35 new)

2 Sec. 11-135.5-35. Revenues; rates; costs; construction  
3 contracts.

4 (a) Revenue fund. Whenever bonds are issued under this  
5 Division, the revenue received from the operation of the  
6 properties under the control of the commission shall be set  
7 aside as collected and deposited in a separate fund to be used  
8 only (1) in paying the cost of the operation and maintenance of  
9 those properties, (2) in providing an adequate depreciation  
10 fund, (3) in paying the principal of and interest upon the  
11 revenue bonds issued by the commission, as provided by this  
12 Division, (4) to comply with the covenants of the ordinance or  
13 resolution, or the master trust indenture or any applicable  
14 supplemental trust indenture or both, authorizing the issuance  
15 of such bonds, and (5) to carry out the corporate purposes and  
16 powers of the commission.

17 (b) Rates and charges for waterworks system. If the  
18 commission has charge of the operation of a complete  
19 waterworks system, including the distribution mains, the  
20 commission shall establish rates and charges for water and the  
21 use of commission waterworks system facilities, which shall be  
22 sufficient at all times to pay the cost of operation and  
23 maintenance, to provide an adequate depreciation fund, to pay  
24 the principal of and interest upon all revenue bonds issued as  
25 provided by this Division, to comply with the covenants of the  
26 ordinance or resolution, or the master trust indenture or any



1 applicable supplemental trust indenture or both, authorizing  
2 the issuance of such bonds, and to carry out the corporate  
3 purposes and powers of the commission. Charges and rates shall  
4 be established, revised, and maintained by ordinance and  
5 become payable as the commission may determine by ordinance.

6 (c) Rates and charges for water source of supply. If the  
7 commission has charge of the operation of a common source of  
8 supply of water, the municipalities represented by the  
9 commission shall contract with the commission for water. These  
10 municipalities shall establish such charges and rates for  
11 water supplied by them to consumers as will be sufficient at  
12 all times (1) to pay the cost of operation and maintenance of  
13 the respective waterworks systems (or combined waterworks and  
14 sewerage systems) of the municipalities, (2) to provide an  
15 adequate depreciation fund therefor, (3) to pay the principal  
16 of and interest on all revenue bonds of the municipalities  
17 payable from the revenues of the waterworks system (or  
18 combined waterworks and sewerage system), and (4) to pay the  
19 charges and rates established by the commission for the sale  
20 of water by the commission to, and the use of commission  
21 waterworks system facilities by, those municipalities. The  
22 commission shall establish such charges and rates for water  
23 supplied to those municipalities and the use of commission  
24 waterworks system facilities as will be sufficient at all  
25 times (1) to pay the cost of operation and maintenance of the  
26 common source of supply of water, (2) to provide an adequate

1 depreciation fund therefor, (3) to pay the principal of and  
2 interest on the revenue bonds issued by the commission, (4) to  
3 comply with the covenants of the ordinance or resolution, or  
4 the master trust indenture or any applicable supplemental  
5 trust indenture or both, authorizing the issuance of such  
6 bonds, and (5) to carry out the corporate purposes and powers  
7 of the commission, under the provisions of this Division.  
8 Contracts entered into between the commission and the  
9 specified municipalities shall include covenants for the  
10 establishment of rates and charges as provided in this  
11 Section.

12 (d) Pension costs. Contributions to a retirement fund or  
13 other pension alternative authorized by the Illinois Pension  
14 Code, including, without limitation, the Illinois Municipal  
15 Retirement Fund, by commissions created under this Division  
16 which have been included under the retirement fund or other  
17 pension alternative shall be considered a cost of operation  
18 and maintenance for the purposes of this Section.

19 (e) Enforcement of obligations. A holder of a bond or of  
20 any of its coupons issued under this Division, in a civil  
21 action, mandamus, or other proceeding, may enforce and compel  
22 performance of all duties required by this Division to be  
23 performed by such a commission or by any of the  
24 municipalities, including the making of rates and charges, the  
25 collecting of sufficient revenue, and the application thereof,  
26 as provided in this Division.

1       (f) Construction contracts. All or any portion of a  
2 waterworks system or other public improvement of such a  
3 commission, when the expense thereof will exceed the greater  
4 of (i) \$25,000 or (ii) the amount of expense above which a work  
5 or public improvement by a municipality must be let to the  
6 lowest responsible bidder after advertising for bids under  
7 Section 8-9-1 of this Code, shall be constructed, maintained,  
8 or repaired either: (1) by a contract let to the lowest  
9 responsible bidder after advertising for bids, in the manner  
10 prescribed by the commission's bylaws, rules, and regulations  
11 and by the vote required as established in the  
12 intergovernmental agreement pursuant to Section 11-135.5-25;  
13 or (2) without advertising for bids, if authorized by a vote of  
14 greater than a majority of all the commissioners as  
15 established in the intergovernmental agreement pursuant to  
16 Section 11-135.5-25. The commission's bylaws, rules, and  
17 regulations shall provide for an alternative procedure for  
18 emergency procurement if an emergency makes it impracticable  
19 to follow the procedures in this subsection.

20       (g) Project labor agreement. In connection with a contract  
21 by a commission for the construction of all or any portion of a  
22 waterworks system or other public improvement of the  
23 commission, the commission must enter into a project labor  
24 agreement with the applicable local building trades council  
25 prior to the commencement of any and all construction,  
26 building, renovation, demolition, or any material change to

1 the structure or land.

2 (65 ILCS 5/11-135.5-40 new)

3 Sec. 11-135.5-40. Property.

4 (a) Generally. A commission may (i) acquire, hold, sell,  
5 lease as lessor or lessee, transfer, or dispose of real or  
6 personal property, or interest therein, and (ii) acquire by  
7 gift, legacy, or grant any real estate or personal property,  
8 or rights therein, in all such instances as it deems  
9 appropriate in the exercise of its powers for its lawful  
10 purposes, whether the land or personal property is located  
11 within or outside the boundaries of the members of the  
12 commission. The commission also may accept any grant, subsidy,  
13 or contribution from the United States, the State of Illinois,  
14 a unit of local government, or any other governmental entity,  
15 or any combination thereof.

16 (b) Private property. Whenever a commission passes an  
17 ordinance for the construction or acquisition of any  
18 waterworks properties, or improvements or extension or mains,  
19 pumping stations, reservoirs, or other appurtenances thereto,  
20 which such commission is authorized to make, the making of  
21 which will require that private property be taken or damaged,  
22 such commission may cause compensation therefor to be  
23 ascertained and may condemn and acquire possession thereof in  
24 the same manner as nearly as may be, as provided for the  
25 exercise of the right of eminent domain under the Eminent

1 Domain Act. However, proceedings to ascertain the compensation  
2 to be paid for taking or damaging private property shall be  
3 instituted in the circuit court of the county where the  
4 property sought to be taken or damaged is situated.

5 (c) Public property. When a commission created under this  
6 Division requires that public property be taken or damaged for  
7 the purposes specified in this Section, the commission may  
8 condemn and acquire possession of public property and cause  
9 compensation for such public property to be ascertained in the  
10 same manner provided for the exercise of the right of eminent  
11 domain under the Eminent Domain Act while the commission has  
12 the power to initiate action in the manner provided by Article  
13 20 of the Eminent Domain Act.

14 (d) Highways and public ground. A commission may  
15 construct, maintain, alter, and extend its water mains as a  
16 proper use of highways along, upon, under, and across any  
17 highway, street, alley, or public ground in the State,  
18 including highways within a municipality, but so as not to  
19 inconvenience the public use thereof, and the commission may  
20 construct, maintain, and operate any conduit or conduits,  
21 water pipe or pipes, wholly or partially buried or otherwise  
22 in, upon, and along any of the lands owned by the State and  
23 under any of the public waters therein. However, the right,  
24 permission, and authority hereby created shall be subject to  
25 all public rights of commerce and navigation and the authority  
26 of the United States in behalf of such public rights and also

1 the laws of the State to regulate and control the same. Notice  
2 shall be given to the highway authorities of a municipality,  
3 county, township, road district, or township district in which  
4 such highway, street, or public way may be situated at least 60  
5 days before any construction or installation work in such  
6 highway or street shall commence. All laws and ordinances  
7 pertaining to such work for the protection of the public and of  
8 public property shall be complied with, except that no fee may  
9 be charged such commission for the construction or  
10 installation of such facilities in such public places.

11 (e) Surplus property. When, in the opinion of a  
12 commission, real estate owned by it, however acquired, is no  
13 longer necessary, appropriate, required for the use of,  
14 profitable to, or for best interest of the commission, such  
15 commission may, by resolution, lease such surplus real estate  
16 for a period not to exceed 99 years or sell such surplus real  
17 estate, in accordance with procedures established in the  
18 intergovernmental agreement or bylaws or adopted by resolution  
19 by such commission.

20 (f) Tax exemption. All property, income, and receipts of  
21 or transactions by a commission shall be exempt from all  
22 taxation, the same as if it were the property, income, or  
23 receipts of or transaction by the member municipalities.

24 (g) Agricultural impact mitigation agreement. For any  
25 private property that is used for agricultural purposes, as  
26 defined in Section 1-60 of the Property Tax Code, that is

1 damaged or taken by a commission created under this Division,  
2 the commission shall enter into an agricultural impact  
3 mitigation agreement with the Illinois Department of  
4 Agriculture to ensure any negative impacts to private property  
5 are properly mitigated.

6 (65 ILCS 5/11-135.5-45 new)

7 Sec. 11-135.5-45. Laws not applicable. The provisions of  
8 this Division: (i) are not subject to Division 135 or Division  
9 136 of Article 11 of this Code or the Water Commission Act of  
10 1985; and (ii) do not apply to any commission formed or  
11 operating under Division 135 or Division 136 of Article 11 of  
12 this Code or the Water Commission Act of 1985.

13 Section 99. Effective date. This Act takes effect upon  
14 becoming law.