

1 AN ACT concerning finance.

2 WHEREAS, The General Assembly takes note that
3 governmental units in the State must borrow funds in the
4 current bond market, and the issuance of bonds or other
5 obligations as what are commonly referred to as variable rate
6 demand bonds, auction bonds, or commercial paper bonds is
7 ever increasing, and is frequently the most advisable and
8 economic means of borrowing; and

9 WHEREAS, It is sometimes most advantageous in connection
10 with such borrowings to enter into cap, collar, swap, or
11 other derivative transactions relating to interest rates
12 which serve to hedge interest rate risk and it is frequently
13 necessary to procure credit enhancement in the forms commonly
14 referred to as municipal bond insurance, letters of credit,
15 lines of credit, standby bond purchase agreements, or surety
16 bonds, and the like, in such demand bond and similar
17 transactions; and

18 WHEREAS, Existing law authorizes such transactions, but
19 it is advisable for the law to be more fully stated to
20 accommodate same, expressly permitting certain aspects of
21 such transactions; therefore

22 Be it enacted by the People of the State of Illinois,
23 represented in the General Assembly:

24 Section 3. The State Finance Act is amended by changing
25 Section 6z-45 as follows:

26 (30 ILCS 105/6z-45)

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

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

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

8 (b) Subject to the transfer provisions set forth below,
9 money in the School Infrastructure Fund shall, if and when
10 the State of Illinois incurs any bonded indebtedness for the
11 construction of school improvements under the School
12 Construction Law, be set aside and used for the purpose of
13 paying and discharging annually the principal and interest on
14 that bonded indebtedness then due and payable, and for no
15 other purpose.

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 bonds issued for construction of school improvements under
20 the School Construction Law, the State Comptroller shall
21 compute and certify to the State Treasurer the total amount
22 of principal of, interest on, and premium, if any, on such
23 bonds during the then current and each succeeding fiscal
24 year. With respect to the interest payable on variable rate
25 bonds, such certifications shall be calculated at the maximum
26 rate of interest that may be payable during the fiscal year,
27 after taking into account any credits permitted in the
28 related indenture or other instrument against the amount of
29 such interest required to be appropriated for that period.

30 On or before the last day of each month, the State
31 Treasurer and State Comptroller shall transfer from the
32 School Infrastructure Fund to the General Obligation Bond
33 Retirement and Interest Fund an amount sufficient to pay the
34 aggregate of the principal of, interest on, and premium, if

1 any, on the bonds payable on their next payment date, divided
2 by the number of monthly transfers occurring between the last
3 previous payment date (or the delivery date if no payment
4 date has yet occurred) and the next succeeding payment date.
5 Interest payable on variable rate bonds shall be calculated
6 at the maximum rate of interest that may be payable for the
7 relevant period, after taking into account any credits
8 permitted in the related indenture or other instrument
9 against the amount of such interest required to be
10 appropriated for that period. Interest for which moneys have
11 already been deposited into the capitalized interest account
12 within the General Obligation Bond Retirement and Interest
13 Fund shall not be included in the calculation of the amounts
14 to be transferred under this subsection.

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

19 First - to make 3 payments to the School Technology
20 Revolving Loan Fund as follows:

21 Transfer of \$30,000,000 in fiscal year 1999;
22 Transfer of \$20,000,000 in fiscal year 2000; and
23 Transfer of \$10,000,000 in fiscal year 2001.

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

28 Third - to pay any amounts due for grants for school
29 construction projects and debt service under the School
30 Construction Law.

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

33 (Source: P.A. 91-38, eff. 6-15-99; 91-711, eff. 7-1-00;
34 92-11, eff. 6-11-01; 92-600, eff. 6-28-02.)

1 Section 5. The Bond Authorization Act is amended by
2 changing Sections 7, 9, 14 and 15 as follows:

3 (30 ILCS 305/7) (from Ch. 17, par. 6607)

4 Sec. 7. Interest rate swaps. For purposes of this
5 Section, terms are as defined in the Local Government Debt
6 Reform Act. With respect to all or part of any currently
7 outstanding or proposed issue of its bonds, a governmental
8 unit public--corporation whose aggregate principal amount of
9 bonds outstanding or proposed exceeds \$10,000,000 may,
10 without prior appropriation, enter into agreements or
11 contracts with any necessary or appropriate person (the
12 counter party) that will have the benefit of providing to the
13 governmental unit: (i) public--corporation an interest rate
14 basis, cash flow basis, or other basis different from that
15 provided in the bonds for the payment of interest or (ii)
16 with respect to a future delivery of bonds, one or more of a
17 guaranteed interest rate, interest rate basis, cash flow
18 basis, or purchase price. Such agreements or contracts
19 include without limitation agreements or contracts commonly
20 known as "interest rate swap, collar, cap, or derivative
21 agreements", "forward payment conversion agreements",
22 interest rate locks, forward bond purchase agreements, bond
23 warrant agreements, or bond purchase option agreements and
24 also include agreements or contracts providing for payments
25 based on levels of or changes in interest rates, including a
26 change in an interest rate index, to exchange cash flows or a
27 series of payments, or to hedge payment, rate spread, or
28 similar exposure (such agreements or contracts, collectively,
29 being "swaps"). Without limiting other permitted terms which
30 may be included in swaps, the following provisions may or, if
31 hereinafter so required, shall apply:

32 (a) Payments made pursuant to a swap (the swap payments)
33 which are to be made by the governmental unit may be paid by

1 such governmental unit, without limitation, from proceeds of
2 the bonds, including bonds for future delivery, identified to
3 such swaps, or from bonds issued to refund such bonds, or
4 from whatever enterprise revenues or revenue source,
5 including taxes pledged or to be pledged to the payment of
6 such bonds, which enterprise revenues or revenue source may
7 be increased to make such swap payments, and swap payments to
8 be received by the governmental unit, which may be periodic,
9 up-front, or on termination, shall be used solely for and
10 limited to any lawful corporate purpose of the governmental
11 unit.

12 (b) Up-front or periodic net swap payments to be paid by
13 the governmental unit under the swaps (the standard swap
14 payments) such--agreements--or--contracts shall be treated as
15 interest for the purpose of calculating any interest rate
16 limit applicable to the bonds, provided, however, that for
17 purposes of making such standard swap payments only (and not
18 with respect to the bonds so issued or to be issued), the
19 bonds shall be deemed not exempt from income taxation under
20 the Internal Revenue Code for purposes of State law, as
21 contained in this Bond Authorization Act, relating to the
22 permissible rate of interest to be borne thereon, and,
23 provided further, that if payments of any standard swap
24 payments are to be made by the governmental unit and the
25 counterparty on different dates, the net effect of such
26 payments for purposes of such interest rate limitation shall
27 be determined using a true interest cost (yield) calculation.

28 (c) Any such agreement or contract and the swap payments
29 to be made thereunder shall not be taken into account with
30 respect to any debt limit applicable to the governmental unit
31 public-corporation.

32 (d) Swap payments upon the termination of any swap may
33 be paid to a counterparty upon any terms customary for swaps,
34 including, without limitation, provisions using market

1 quotations available for giving the net benefit of the swap
2 at the time of termination to the persons entitled thereto
3 (viz., the governmental unit or the counterparty) or
4 reasonable fair market value determinations of the value at
5 termination made in good faith by either such persons.

6 (e) The term of the swap shall not exceed the term of
7 any currently outstanding bonds identified to such swap or,
8 for bonds to be delivered, not greater than 5 years plus the
9 term of years proposed for such bonds to be delivered, but in
10 no event longer than 40 years, plus, in each case, any time
11 period necessary to cure any defaults under such swap.

12 (f) The choice of law for enforcement of swaps as to any
13 counterparty may be made for any state of these United
14 States, but the law which shall apply to the obligations of
15 the governmental unit shall be the law of the State of
16 Illinois, and jurisdiction to enforce the swaps as against
17 the governmental units shall be exclusively in the courts of
18 the State of Illinois or in the applicable federal court
19 having jurisdiction and located within the State of Illinois.

20 (g) Governmental units, in entering into swaps, may not
21 wave any sovereign immunities from time to time available
22 under the laws of the State of Illinois as to jurisdiction,
23 procedures, and remedies, but such swaps shall otherwise be
24 fully enforceable as valid and binding contracts as and to
25 the extent provided herein and by other applicable law.

26 (Source: P.A. 87-1176.)

27 (30 ILCS 330/9) (from Ch. 127, par. 659)

28 Sec. 9. Conditions for Issuance and Sale of Bonds -
29 Requirements for Bonds.

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

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

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

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

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

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

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

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

24 (Source: P.A. 91-39, eff. 6-15-99; 91-357, eff. 7-29-99;
25 92-16, eff. 6-28-01.)

26 (30 ILCS 330/14) (from Ch. 127, par. 664)

27 Sec. 14. Repayment.

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

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

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

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

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

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

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

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

21 (30 ILCS 330/15) (from Ch. 127, par. 665)

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

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

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

9 On or before the last day of each month the State
10 Treasurer and Comptroller shall transfer from (1) the Road
11 Fund with respect to Bonds issued under paragraph (a) of
12 Section 4 of this Act or Bonds issued for the purpose of
13 refunding such bonds, and from (2) the General Revenue Fund,
14 with respect to all other Bonds issued under this Act, to the
15 General Obligation Bond Retirement and Interest Fund an
16 amount sufficient to pay the aggregate of the principal of,
17 interest on, and premium, if any, on Bonds payable, by their
18 terms on the next payment date divided by the number of full
19 calendar months between the date of such Bonds and the first
20 such payment date, and thereafter, divided by the number of
21 months between each succeeding payment date after the first.
22 Such computations and transfers shall be made for each series
23 of Bonds issued and delivered. Interest payable on variable
24 rate bonds shall be calculated at the maximum rate of
25 interest that may be payable for the relevant period, after
26 taking into account any credits permitted in the related
27 indenture or other instrument against the amount of such
28 interest required to be appropriated for such period pursuant
29 to subsection (c) of Section 14 of this Act. Computations of
30 interest shall include the amounts certified by the Director
31 of the Bureau of the Budget under subsection (b) of Section 9
32 of this Act. Interest for which moneys have already been
33 deposited into the capitalized interest account within the
34 General Obligation Bond Retirement and Interest Fund shall

1 not be included in the calculation of the amounts to be
2 transferred under this subsection.

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

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

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

32 (Source: P.A. 93-2, eff. 4-7-03.)

33 Section 10. The Local Government Credit Enhancement Act

1 is amended by changing Sections 2 and 3 as follows:

2 (50 ILCS 410/2) (from Ch. 85, par. 4302)

3 Sec. 2. For the purposes of this Act, terms are as
4 defined in the Local Government Debt Reform Act. ~~unless--the~~
5 ~~context--requires--otherwise:~~

6 ~~(a)--"Unit--of--local--government"--shall--have--the--meaning~~
7 ~~ascribed--to--it--in--Article--VII,--Section--1--of--the--Illinois~~
8 ~~Constitution.~~

9 ~~(b)--"School--district"--means--any--public--school--district~~
10 ~~organized--under--the--School--Code--or--prior--law--and--includes--any~~
11 ~~dual--or--unit--school--district,--high--school--district,--special~~
12 ~~charter--district--and--non--high--school--district.---"School~~
13 ~~district"--also--means--any--community--college--district--organized~~
14 ~~under--the--Public--Community--College--Act--or--prior--law.~~

15 ~~(c)--"Governing--board"--means--the--corporate--authorities--of~~
16 ~~the--municipality,--county--board,--board--of--trustees,--board--of~~
17 ~~education,--board--of--school--directors,--or--other--governing--body~~
18 ~~of--the--unit--of--local--government--or--school--district.~~

19 (Source: P.A. 83-1536.)

20 (50 ILCS 410/3) (from Ch. 85, par. 4303)

21 Sec. 3. In connection with the issuance of its bonds and
22 notes, a governmental unit ~~of--local--government--or--school~~
23 ~~district~~ may enter into agreements (credit agreements)
24 arrangements to provide additional security or and liquidity,
25 or both, for the bonds and notes. These may include, without
26 limitation, municipal bond insurance, letters of credit,
27 lines of credit, standby bond purchase agreements, surety
28 bonds, and the like, by which the governmental unit ~~of--local~~
29 ~~government--or--school--district~~ may borrow funds to pay or
30 redeem or purchase and hold its bonds and a governmental unit
31 may enter into agreements for the purchase or remarketing of
32 bonds (remarketing agreements) arrangements for providing a

1 mechanism for remarketing bonds tendered for purchase in
 2 accordance with their terms. The term of such credit
 3 agreements or remarketing agreements shall not exceed the
 4 term of the bonds, plus any time period necessary to cure any
 5 defaults under such agreements assuring-the-ability-of-owners
 6 of-the-issuing-local-government's-or-school-district's--bonds
 7 to--sell--or-to-have-redeemed-their-bonds;--The-unit-of-local
 8 government-or-school-district-may-enter--into--contracts--and
 9 may-agree-to-pay-fees-to-persons-providing-such-arrangements,
 10 including-from-bond-proceeds.

11 Without limiting the terms which may be included in any
 12 such credit agreements or remarketing agreements, the
 13 ordinance The--resolution-of-the-governing-board-authorizing
 14 the-issuance-of-the-bonds may or, if hereinafter so required,
 15 shall provide as follows:

16 (a) that Interest rates on the bonds may vary from time
 17 to time depending upon criteria established by the governing
 18 body board, which may include, without limitation: (i), a
 19 variation in interest rates as may be necessary to cause
 20 bonds to be remarketed remarketable from time to time at a
 21 price equal to their principal amount plus any accrued
 22 interest; (ii) rates set by auctions; or (iii) rates set by
 23 formula. and-may-provide-for-appointment-of,

24 (b) A national banking association, bank, trust company,
 25 investment banker or other financial institution may be
 26 appointed to serve as a remarketing agent in that connection,
 27 and such remarketing agent may be delegated authority by the
 28 governing body to determine interest rates in accordance with
 29 criteria established by the governing body. The-resolution
 30 of-the-governing-board-authorizing-the-issuance-of-the--bonds
 31 may-provide-that

32 (c) Alternative interest rates or provisions may will
 33 apply during such times as the bonds are held by the a person
 34 or persons (financial providers) providing a credit agreement

1 or remarketing agreement letter-of-credit--or--other--credit
2 enhancement--arrangement for those bonds and during such
3 times, the interest on the bonds may be deemed not exempt
4 from income taxation under the Internal Revenue Code for
5 purposes of State law, as contained in the Bond Authorization
6 Act, relating to the permissible rate of interest to be borne
7 thereon.

8 (d) Fees may be paid to the financial providers,
9 including all reasonably related costs, including therein
10 costs of enforcement and litigation (all such fees and costs
11 being financial provider payments) and financial provider
12 payments may be paid, without limitation, from proceeds of
13 the bonds being the subject of such agreements, or from bonds
14 issued to refund such bonds, or from whatever enterprise
15 revenues or revenue source, including taxes, pledged to the
16 payment of such bonds, which enterprise revenues or revenue
17 source may be increased to make such financial provider
18 payments, and such financial provider payments shall be made
19 subordinate to the payments on the bonds.

20 (e) The bonds need not be held in physical form by the
21 financial providers when providing funds to purchase or carry
22 the bonds from others but may be represented in
23 uncertificated form in the credit agreements or remarketing
24 agreements.

25 (f) The debt or obligation of the governmental unit
26 represented by a bond tendered for purchase to or otherwise
27 made available to the governmental unit and thereupon
28 acquired by either such governmental unit or a financial
29 provider shall not be deemed to be extinguished for purposes
30 of State law until cancelled by the governmental unit or its
31 agent.

32 (g) The choice of law for the obligations of a financial
33 provider may be made for any state of these United States,
34 but the law which shall apply to the obligations of the

1 governmental unit shall be the law of the State of Illinois,
2 and jurisdiction to enforce such credit agreement or
3 remarketing agreement as against the governmental unit shall
4 be exclusively in the courts of the State of Illinois or in
5 the applicable federal court having jurisdiction and located
6 within the State of Illinois.

7 (h) The governmental unit may not waive any sovereign
8 immunities from time to time available under the laws of the
9 State of Illinois as to jurisdiction, procedures, and
10 remedies, but any such credit agreement and remarketing
11 agreement shall otherwise be fully enforceable as valid and
12 binding contracts as and to the extent provided by applicable
13 law.

14 (i) Such credit agreement or remarketing agreement may
15 provide for acceleration of the principal amounts due on the
16 bonds, provided, however, that such acceleration shall be
17 deferred for not less than 18 months from the time any such
18 bond is acquired pursuant to any such agreement.

19 (Source: P.A. 83-1536.)

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.