

1 AN ACT concerning education.

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

4 Section 5. The Higher Education Student Assistance Act is
5 amended by adding Section 152 as follows:

6 (110 ILCS 947/152 new)

7 Sec. 152. Bonds guaranteed by the State of Illinois.
8 Notwithstanding any other provision of this Act, bonds issued
9 in accordance with the provisions of this Act may be designated
10 by the Commission as guaranteed by the State of Illinois, and
11 any bonds so designated shall so state on the face thereof.
12 This guarantee shall constitute a general obligation of the
13 State of Illinois, and the full faith, credit, and resources of
14 the State of Illinois are hereby irrevocably pledged for the
15 punctual payment of the principal of, interest on, and premium,
16 if any, on any such bond as the same shall become due, whether
17 at maturity or upon any earlier redemption date. The provisions
18 of this Section shall be irrepealable until all such bonds are
19 paid in full as to both principal and interest. Any bonds
20 designated pursuant to this Section shall be issued by the
21 Commission on or prior to December 31, 2009 and shall be
22 limited in aggregate principal issuance amount to not greater
23 than \$50,000,000.

1 Any bonds designated pursuant to this Section shall mature
2 at such time or times not exceeding 5 years from the date
3 thereof and must be issued with a debt service reserve equal to
4 at least 4% of the principal amount of the bonds, of which 75%
5 of such reserve shall be funded from the proceeds of the bonds,
6 and 25% of such reserve shall be funded by the Commission and
7 not out of proceeds of the bonds. Proceeds of any bonds
8 designated pursuant to this Section may be used only in
9 connection with the rehabilitation loan program, to fund a debt
10 service reserve as herein described, and for costs of issuance
11 of the bonds.

12 Upon written notice to the Governor from the Chairperson of
13 the Commission that the Commission has determined that amounts
14 pledged pursuant to Section 150 of this Act to pay the bonds
15 will not be sufficient for the payment of amounts due with
16 respect to the bonds during the next State of Illinois fiscal
17 year, the Governor shall include an appropriation in the State
18 of Illinois budget for the next fiscal year with respect to the
19 bonds. The appropriation shall be for such amount as determined
20 by the Commission. Amounts included in the appropriation for
21 the payment of interest on variable rate bonds may, at the
22 determination of the Commission, be up to the maximum amount of
23 interest that may be payable for the period covered by the
24 budget; provided that any amounts appropriated for interest on
25 variable rate bonds in excess of amounts necessary to pay the
26 interest shall promptly be reimbursed by the Commission to the

1 State of Illinois.

2 If for any reason the General Assembly fails to make
3 appropriations sufficient to pay the principal of, interest on,
4 and premium, if any, on the bonds, as the same by their terms
5 shall become due, this Section shall constitute an irrevocable
6 and continuing appropriation of all amounts necessary for that
7 purpose and the irrevocable and continuing authority for and
8 direction to the State Treasurer and the State Comptroller to
9 make the necessary transfers, as directed by the Governor, out
10 of and disbursements from the revenues and funds of the State
11 of Illinois.

12 The State of Illinois pledges and agrees that it will not
13 limit or alter the rights and powers vested in the Commission
14 in this Section so as to impair the terms of any such
15 irrevocable guarantee of the State of Illinois until each such
16 guarantee is satisfied in full or the bonds shall have
17 otherwise been paid in full.

18 If the State of Illinois fails to honor any guarantee made
19 pursuant to this Section, a civil action to compel payment may
20 be instituted in the Supreme Court of Illinois as a court of
21 original jurisdiction by any holder or holders of the bonds to
22 which such failure relates. Delivery of a summons and a copy of
23 the complaint to the Attorney General shall constitute
24 sufficient service to give the Supreme Court of Illinois
25 jurisdiction of the subject matter of such a suit and
26 jurisdiction over the State of Illinois and its officers named

1 as defendants for the purpose of compelling such payment. Any
2 case, controversy, or cause of action concerning the validity
3 of this Section relates to the revenue of the State of
4 Illinois.

5 If the Supreme Court of Illinois denies any holder or
6 holders of bonds leave to file an original action in the
7 Supreme Court, the holder or holders may bring such action in
8 the Circuit Court of Sangamon County.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.