

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 Local Government Debt Reform Act is amended
5 by changing Section 15 as follows:

6 (30 ILCS 350/15) (from Ch. 17, par. 6915)

7 Sec. 15. Double-barrelled bonds. Whenever revenue bonds
8 have been authorized to be issued pursuant to applicable law or
9 whenever there exists for a governmental unit a revenue source,
10 the procedures set forth in this Section may be used by a
11 governing body. General obligation bonds may be issued in lieu
12 of such revenue bonds as authorized, and general obligation
13 bonds may be issued payable from any revenue source. Such
14 general obligation bonds may be referred to as "alternate
15 bonds". Alternate bonds may be issued without any referendum or
16 backdoor referendum except as provided in this Section, upon
17 the terms provided in Section 10 of this Act without reference
18 to other provisions of law, but only upon the conditions
19 provided in this Section. Alternate bonds shall not be regarded
20 as or included in any computation of indebtedness for the
21 purpose of any statutory provision or limitation except as
22 expressly provided in this Section.

23 Such conditions are:

1 (a) Alternate bonds shall be issued for a lawful corporate
2 purpose. If issued in lieu of revenue bonds, alternate bonds
3 shall be issued for the purposes for which such revenue bonds
4 shall have been authorized. If issued payable from a revenue
5 source in the manner hereinafter provided, which revenue source
6 is limited in its purposes or applications, then the alternate
7 bonds shall be issued only for such limited purposes or
8 applications. Alternate bonds may be issued payable from either
9 enterprise revenues or revenue sources, or both.

10 (b) Alternate bonds shall be subject to backdoor
11 referendum. The provisions of Section 5 of this Act shall apply
12 to such backdoor referendum, together with the provisions
13 hereof. The authorizing ordinance shall be published in a
14 newspaper of general circulation in the governmental unit.
15 Along with or as part of the authorizing ordinance, there shall
16 be published a notice of (1) the specific number of voters
17 required to sign a petition requesting that the issuance of the
18 alternate bonds be submitted to referendum, (2) the time when
19 such petition must be filed, (3) the date of the prospective
20 referendum, and (4), with respect to authorizing ordinances
21 adopted on or after January 1, 1991, a statement that
22 identifies any revenue source that will be used to pay debt
23 service on the alternate bonds. The clerk or secretary of the
24 governmental unit shall make a petition form available to
25 anyone requesting one.

26 Except as provided in the following paragraph, if ~~if~~ no

1 petition is filed with the clerk or secretary within 30 days of
2 publication of the authorizing ordinance and notice, the
3 alternate bonds shall be authorized to be issued. But if within
4 this 30 days period, a petition is filed with such clerk or
5 secretary signed by electors numbering the greater of (i) 7.5%
6 of the registered voters in the governmental unit or (ii) 200
7 of those registered voters or 15% of those registered voters,
8 whichever is less, asking that the issuance of such alternate
9 bonds be submitted to referendum, the clerk or secretary shall
10 certify such question for submission at an election held in
11 accordance with the general election law.

12 Notwithstanding the previous paragraph, in governmental
13 units with fewer than 500,000 inhabitants that propose to issue
14 alternate bonds payable solely from enterprise revenues as
15 defined under Section 3 of this Act, except for such alternate
16 bonds that finance or refinance projects concerning public
17 utilities, public streets and roads or public safety
18 facilities, and related infrastructure and equipment, if no
19 petition is filed with the clerk or secretary within 45 days of
20 publication of the authorizing ordinance and notice, the
21 alternate bonds shall be authorized to be issued. But if,
22 within this 45-day period, a petition is filed with such clerk
23 or secretary signed by the necessary number of electors, asking
24 that the issuance of such alternate bonds be submitted to
25 referendum, the clerk or secretary shall certify such question
26 for submission at an election held in accordance with the

1 general election law. For purposes of this paragraph, the
2 necessary number of electors for a governmental unit with more
3 than 4,000 registered voters is the lesser of (i) 5% of the
4 registered voters or (ii) 5,000 registered voters; and the
5 necessary number of electors for a governmental unit with 4,000
6 or fewer registered voters is the lesser of (i) 15% of the
7 registered voters or (ii) 200 registered voters.

8 The question on the ballot shall include a statement of any
9 revenue source that will be used to pay debt service on the
10 alternate bonds. The alternate bonds shall be authorized to be
11 issued if a majority of the votes cast on the question at such
12 election are in favor thereof provided that notice of the bond
13 referendum, if held before July 1, 1999, has been given in
14 accordance with the provisions of Section 12-5 of the Election
15 Code in effect at the time of the bond referendum, at least 10
16 and not more than 45 days before the date of the election,
17 notwithstanding the time for publication otherwise imposed by
18 Section 12-5. Notices required in connection with the
19 submission of public questions on or after July 1, 1999 shall
20 be as set forth in Section 12-5 of the Election Code. Backdoor
21 referendum proceedings for bonds and alternate bonds to be
22 issued in lieu of such bonds may be conducted at the same time.

23 (c) To the extent payable from enterprise revenues, such
24 revenues shall have been determined by the governing body to be
25 sufficient to provide for or pay in each year to final maturity
26 of such alternate bonds all of the following: (1) costs of

1 operation and maintenance of the utility or enterprise, but not
2 including depreciation, (2) debt service on all outstanding
3 revenue bonds payable from such enterprise revenues, (3) all
4 amounts required to meet any fund or account requirements with
5 respect to such outstanding revenue bonds, (4) other
6 contractual or tort liability obligations, if any, payable from
7 such enterprise revenues, and (5) in each year, an amount not
8 less than 1.25 times debt service of all (i) alternate bonds
9 payable from such enterprise revenues previously issued and
10 outstanding and (ii) alternate bonds proposed to be issued. To
11 the extent payable from one or more revenue sources, such
12 sources shall have been determined by the governing body to
13 provide in each year, an amount not less than 1.25 times debt
14 service of all alternate bonds payable from such revenue
15 sources previously issued and outstanding and alternate bonds
16 proposed to be issued. The 1.25 figure in the preceding
17 sentence shall be reduced to 1.10 if the revenue source is a
18 governmental revenue source. The conditions enumerated in this
19 subsection (c) need not be met for that amount of debt service
20 provided for by the setting aside of proceeds of bonds or other
21 moneys at the time of the delivery of such bonds.

22 (c-1) In the case of alternate bonds issued as variable
23 rate bonds (including refunding bonds), debt service shall be
24 projected based on the rate for the most recent date shown in
25 the 20 G.O. Bond Index of average municipal bond yields as
26 published in the most recent edition of The Bond Buyer

1 published in New York, New York (or any successor publication
2 or index, or if such publication or index is no longer
3 published, then any index of long-term municipal tax-exempt
4 bond yields selected by the governmental unit), as of the date
5 of determination referred to in subsection (c) of this Section.
6 Any interest or fees that may be payable to the provider of a
7 letter of credit, line of credit, surety bond, bond insurance,
8 or other credit enhancement relating to such alternate bonds
9 and any fees that may be payable to any remarketing agent need
10 not be taken into account for purposes of such projection. If
11 the governmental unit enters into an agreement in connection
12 with such alternate bonds at the time of issuance thereof
13 pursuant to which the governmental unit agrees for a specified
14 period of time to pay an amount calculated at an agreed-upon
15 rate or index based on a notional amount and the other party
16 agrees to pay the governmental unit an amount calculated at an
17 agreed-upon rate or index based on such notional amount,
18 interest shall be projected for such specified period of time
19 on the basis of the agreed-upon rate payable by the
20 governmental unit.

21 (d) The determination of the sufficiency of enterprise
22 revenues or a revenue source, as applicable, shall be supported
23 by reference to the most recent audit of the governmental unit,
24 which shall be for a fiscal year ending not earlier than 18
25 months previous to the time of issuance of the alternate bonds.
26 If such audit does not adequately show such enterprise revenues

1 or revenue source, as applicable, or if such enterprise
2 revenues or revenue source, as applicable, are shown to be
3 insufficient, then the determination of sufficiency shall be
4 supported by the report of an independent accountant or
5 feasibility analyst, the latter having a national reputation
6 for expertise in such matters, who is not otherwise involved in
7 the project being financed or refinanced with the proceeds of
8 the alternate bonds, demonstrating the sufficiency of such
9 revenues and explaining, if appropriate, by what means the
10 revenues will be greater than as shown in the audit. Whenever
11 such sufficiency is demonstrated by reference to a schedule of
12 higher rates or charges for enterprise revenues or a higher tax
13 imposition for a revenue source, such higher rates, charges or
14 taxes shall have been properly imposed by an ordinance adopted
15 prior to the time of delivery of alternate bonds. The reference
16 to and acceptance of an audit or report, as the case may be,
17 and the determination of the governing body as to sufficiency
18 of enterprise revenues or a revenue source shall be conclusive
19 evidence that the conditions of this Section have been met and
20 that the alternate bonds are valid.

21 (e) The enterprise revenues or revenue source, as
22 applicable, shall be in fact pledged to the payment of the
23 alternate bonds; and the governing body shall covenant, to the
24 extent it is empowered to do so, to provide for, collect and
25 apply such enterprise revenues or revenue source, as
26 applicable, to the payment of the alternate bonds and the

1 provision of not less than an additional .25 (or .10 for
2 governmental revenue sources) times debt service. The pledge
3 and establishment of rates or charges for enterprise revenues,
4 or the imposition of taxes in a given rate or amount, as
5 provided in this Section for alternate bonds, shall constitute
6 a continuing obligation of the governmental unit with respect
7 to such establishment or imposition and a continuing
8 appropriation of the amounts received. All covenants relating
9 to alternate bonds and the conditions and obligations imposed
10 by this Section are enforceable by any bondholder of alternate
11 bonds affected, any taxpayer of the governmental unit, and the
12 People of the State of Illinois acting through the Attorney
13 General or any designee, and in the event that any such action
14 results in an order finding that the governmental unit has not
15 properly set rates or charges or imposed taxes to the extent it
16 is empowered to do so or collected and applied enterprise
17 revenues or any revenue source, as applicable, as required by
18 this Act, the plaintiff in any such action shall be awarded
19 reasonable attorney's fees. The intent is that such enterprise
20 revenues or revenue source, as applicable, shall be sufficient
21 and shall be applied to the payment of debt service on such
22 alternate bonds so that taxes need not be levied, or if levied
23 need not be extended, for such payment. Nothing in this Section
24 shall inhibit or restrict the authority of a governing body to
25 determine the lien priority of any bonds, including alternate
26 bonds, which may be issued with respect to any enterprise

1 revenues or revenue source.

2 In the event that alternate bonds shall have been issued
3 and taxes, other than a designated revenue source, shall have
4 been extended pursuant to the general obligation, full faith
5 and credit promise supporting such alternate bonds, then the
6 amount of such alternate bonds then outstanding shall be
7 included in the computation of indebtedness of the governmental
8 unit for purposes of all statutory provisions or limitations
9 until such time as an audit of the governmental unit shall show
10 that the alternate bonds have been paid from the enterprise
11 revenues or revenue source, as applicable, pledged thereto for
12 a complete fiscal year.

13 Alternate bonds may be issued to refund or advance refund
14 alternate bonds without meeting any of the conditions set forth
15 in this Section, except that the term of the refunding bonds
16 shall not be longer than the term of the refunded bonds and
17 that the debt service payable in any year on the refunding
18 bonds shall not exceed the debt service payable in such year on
19 the refunded bonds.

20 Once issued, alternate bonds shall be and forever remain
21 until paid or defeased the general obligation of the
22 governmental unit, for the payment of which its full faith and
23 credit are pledged, and shall be payable from the levy of taxes
24 as is provided in this Act for general obligation bonds.

25 The changes made by this amendatory Act of 1990 do not
26 affect the validity of bonds authorized before September 1,

1 1990.

2 (Source: P.A. 97-542, eff. 8-23-11.)

3 Section 99. Effective date. This Act takes effect January
4 1, 2014.