

1 (d) "Bond" means any instrument evidencing the
2 obligation to pay money authorized or issued by or on behalf
3 of a governmental unit under applicable law, including
4 without limitation, bonds, notes, installment or financing
5 contracts, leases, certificates, tax anticipation warrants or
6 notes, vouchers, and any other evidences of indebtedness.

7 (e) "Debt service" on bonds means the amount of
8 principal, interest and premium, if any, when due either at
9 stated maturity or upon mandatory redemption.

10 (f) "Enterprise revenues" means the revenues of a
11 utility or revenue producing enterprise from which revenue
12 bonds may be payable.

13 (g) "General obligation bonds" means bonds of a
14 governmental unit for the payment of which the governmental
15 unit is empowered to levy ad valorem property taxes upon all
16 taxable property in a governmental unit without limitation as
17 to rate or amount.

18 (h) "Governing body" means the legislative body,
19 council, board, commission, trustees, or any other body, by
20 whatever name it is known, having charge of the corporate
21 affairs of a governmental unit.

22 (h-5) "Governmental revenue source" means a revenue
23 source that is either (1) federal or State funds that the
24 governmental unit has received in some amount during each of
25 the 3 fiscal years preceding the issuance of alternate bonds
26 or (2) revenues to be received from another governmental unit
27 under an intergovernmental cooperation agreement.

28 (i) "Governmental unit" means a county, township,
29 municipality, municipal corporation, unit of local
30 government, school district, special district, public
31 corporation, body corporate and politic, forest preserve
32 district, fire protection district, conservation district,
33 park district, sanitary district, and all other local
34 governmental agencies, including any entity created by

1 intergovernmental agreement among any of the foregoing
2 governmental units, but does not include any office, officer,
3 department, division, bureau, board, commission, university,
4 or similar agency of the State.

5 (j) "Ordinance" means an ordinance duly adopted by a
6 governing body or, if appropriate under applicable law, a
7 resolution so adopted.

8 (k) "Revenue bonds" means any bonds of a governmental
9 unit other than general obligation bonds, but "revenue bonds"
10 does include any debt authorized under Section 11-29.3-1 of
11 the Illinois Municipal Code.

12 (l) "Revenue source" means a source of funds, other than
13 enterprise revenues, received or available to be received by
14 a governmental unit and available for any one or more of its
15 corporate purposes.

16 (m) "Limited bonds" means bonds, excluding leases,
17 notes, installment or financing contracts, certificates, tax
18 anticipation warrants or notes, vouchers, and any other
19 evidences of indebtedness, issued under Section 15.01 of this
20 Act.

21 (Source: P.A. 89-385, eff. 8-18-95; 89-658, eff. 1-1-97.)

22 (30 ILCS 350/5.5 new)

23 Sec. 5.5. Notices.

24 (a) Whenever applicable law requires notice in
25 connection with the issuance of bonds, the notice shall be
26 sufficient if the notice appears above the name or title of
27 the person required to give the notice.

28 (b) Whenever applicable law requires any notice of a
29 hearing or meeting held in connection with the issuance of
30 bonds to be supplied to the members of the governing body or
31 news media, such notice may be supplied by facsimile
32 transmission (commonly referred to as fax) or electronic
33 transmission (commonly referred to as e-mail).

1 (30 ILCS 350/9) (from Ch. 17, par. 6909)

2 Sec. 9. Provisions for interest. (a) The proceeds of
3 bonds may be used to provide for the payment of interest upon
4 such bonds for a period not to exceed the greater of 2 years
5 or a period ending 6 months after the estimated date of
6 completion of the acquisition and construction of the project
7 or accomplishment of the purpose for which such bonds are
8 issued.

9 (b) In addition it shall be lawful for the governing
10 body of any governmental unit issuing bonds to appropriate
11 money for the purpose of paying interest on such bonds during
12 the period stated in subsection (a) of this Section. Such
13 appropriation may be made in the ordinance authorizing such
14 bonds and shall be fully effective upon the effective date of
15 such ordinance without any further notice, publication or
16 approval whatsoever.

17 (c) The governing body of any governmental unit may
18 authorize the transfer of interest earned on any of the
19 moneys of the governmental unit, including moneys set aside
20 to pay debt service, into the fund of the governmental unit
21 that is most in need of the interest. This subsection does
22 not apply to any interest earned that has been earmarked or
23 restricted by the governing body for a designated purpose.
24 This subsection does not apply to any interest earned on any
25 funds for the purpose of municipal retirement under the
26 Illinois Pension Code and tort immunity under the Local
27 Governmental and Governmental Employees Tort Immunity Act.
28 Interest earned on those funds may be used only for the
29 purposes authorized for the respective funds from which the
30 interest earnings were derived.

31 (Source: P.A. 85-1419.)

32 (30 ILCS 350/15) (from Ch. 17, par. 6915)

33 Sec. 15. Double-barrelled bonds. Whenever revenue bonds

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

16 Such conditions are:

17 (a) Alternate bonds shall be issued for a lawful
18 corporate purpose. If issued in lieu of revenue bonds,
19 alternate bonds shall be issued for the purposes for which
20 such revenue bonds shall have been authorized. If issued
21 payable from a revenue source in the manner hereinafter
22 provided, which revenue source is limited in its purposes or
23 applications, then the alternate bonds shall be issued only
24 for such limited purposes or applications. Alternate bonds
25 may be issued payable from either enterprise revenues or
26 revenue sources, or both.

27 (b) Alternate bonds shall be subject to backdoor
28 referendum. The provisions of Section 5 of this Act shall
29 apply to such backdoor referendum, together with the
30 provisions hereof. The authorizing ordinance shall be
31 published in a newspaper of general circulation in the
32 governmental unit. Along with or as part of the authorizing
33 ordinance, there shall be published a notice of (1) the
34 specific number of voters required to sign a petition

1 requesting that the issuance of the alternate bonds be
2 submitted to referendum, (2) the time when such petition must
3 be filed, (3) the date of the prospective referendum, and
4 (4), with respect to authorizing ordinances adopted on or
5 after January 1, 1991, a statement that identifies any
6 revenue source that will be used to pay debt service the
7 ~~principal-of-and-interest~~ on the alternate bonds. The clerk
8 or secretary of the governmental unit shall make a petition
9 form available to anyone requesting one. If no petition is
10 filed with the clerk or secretary within 30 days of
11 publication of the authorizing ordinance and notice, the
12 alternate bonds shall be authorized to be issued. But if
13 within this 30 days period, a petition is filed with such
14 clerk or secretary signed by electors numbering the greater
15 of (i) 7.5% of the registered voters in the governmental unit
16 or (ii) 200 of those registered voters or 15% of those
17 registered voters, whichever is less, asking that the
18 issuance of such alternate bonds be submitted to referendum,
19 the clerk or secretary shall certify such question for
20 submission at an election held in accordance with the general
21 election law. The question on the ballot shall include a
22 statement of any revenue source that will be used to pay debt
23 service the ~~principal-of-and-interest~~ on the alternate bonds.
24 The alternate bonds shall be authorized to be issued if a
25 majority of the votes cast on the question at such election
26 are in favor thereof provided that notice of the bond
27 referendum, if held before July 1, 1999, has been given in
28 accordance with the provisions of Section 12-5 of the
29 Election Code in effect at the time of the bond referendum,
30 at least 10 and not more than 45 days before the date of the
31 election, notwithstanding the time for publication otherwise
32 imposed by Section 12-5. Notices required in connection with
33 the submission of public questions on or after July 1, 1999
34 shall be as set forth in Section 12-5 of the Election Code.

1 Backdoor referendum proceedings for bonds and alternate bonds
2 to be issued in lieu of such bonds may be conducted at the
3 same time.

4 (c) To the extent payable from enterprise revenues, such
5 revenues shall have been determined by the governing body to
6 be sufficient to provide for or pay in each year to final
7 maturity of such alternate bonds all of the following: (1)
8 costs of operation and maintenance of the utility or
9 enterprise, but not including depreciation, (2) debt service
10 on all outstanding revenue bonds payable from such enterprise
11 revenues, (3) all amounts required to meet any fund or
12 account requirements with respect to such outstanding revenue
13 bonds, (4) other contractual or tort liability obligations,
14 if any, payable from such enterprise revenues, and (5) in
15 each year, an amount not less than 1.25 times debt service of
16 all (i) alternate bonds payable from such enterprise revenues
17 previously issued and outstanding and (ii) alternate bonds
18 proposed to be issued. To the extent payable from one or more
19 revenue sources, such sources shall have been determined by
20 the governing body to provide in each year, an amount not
21 less than 1.25 times debt service of all alternate bonds
22 payable from such revenue sources previously issued and
23 outstanding and alternate bonds proposed to be issued. The
24 1.25 figure in the preceding sentence shall be reduced to
25 1.10 if the revenue source is a governmental revenue source.

26 The conditions enumerated in this subsection (c) need not be
27 met for that amount of debt service provided for by the
28 setting aside of proceeds of bonds or other moneys at the
29 time of the delivery of such bonds.

30 (c-1) In the case of alternate bonds issued as variable
31 rate bonds (including refunding bonds), debt service shall be
32 projected based on the rate for the most recent date shown in
33 the 20 G.O. Bond Index of average municipal bond yields as
34 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
5 date of determination referred to in subsection (c) of this
6 Section. Any interest or fees that may be payable to the
7 provider of a letter of credit, line of credit, surety bond,
8 bond insurance, or other credit enhancement relating to such
9 alternate bonds and any fees that may be payable to any
10 remarketing agent need not be taken into account for purposes
11 of such projection. If the governmental unit enters into an
12 agreement in connection with such alternate bonds at the time
13 of issuance thereof pursuant to which the governmental unit
14 agrees for a specified period of time to pay an amount
15 calculated at an agreed-upon rate or index based on a
16 notional amount and the other party agrees to pay the
17 governmental unit an amount calculated at an agreed-upon rate
18 or index based on such notional amount, interest shall be
19 projected for such specified period of time on the basis of
20 the agreed-upon rate payable by the governmental unit.

21 (d) The determination of the sufficiency of enterprise
22 revenues or a revenue source, as applicable, shall be
23 supported by reference to the most recent audit of the
24 governmental unit, which shall be for a fiscal year ending
25 not earlier than 18 months previous to the time of issuance
26 of the alternate bonds. If such audit does not adequately
27 show such enterprise revenues or revenue source, as
28 applicable, or if such enterprise revenues or revenue source,
29 as applicable, are shown to be insufficient, then the
30 determination of sufficiency shall be supported by the report
31 of an independent accountant or feasibility analyst, the
32 latter having a national reputation for expertise in such
33 matters, demonstrating the sufficiency of such revenues and
34 explaining, if appropriate, by what means the revenues will

1 be greater than as shown in the audit. Whenever such
2 sufficiency is demonstrated by reference to a schedule of
3 higher rates or charges for enterprise revenues or a higher
4 tax imposition for a revenue source, such higher rates,
5 charges or taxes shall have been properly imposed by an
6 ordinance adopted prior to the time of delivery of alternate
7 bonds. The reference to and acceptance of an audit or
8 report, as the case may be, and the determination of the
9 governing body as to sufficiency of enterprise revenues or a
10 revenue source shall be conclusive evidence that the
11 conditions of this Section have been met and that the
12 alternate bonds are valid.

13 (e) The enterprise revenues or revenue source, as
14 applicable, shall be in fact pledged to the payment of the
15 alternate bonds; and the governing body shall covenant, to
16 the extent it is empowered to do so, to provide for, collect
17 and apply such enterprise revenues or revenue source, as
18 applicable, to the payment of the alternate bonds and the
19 provision of not less than an additional .25 (or .10 for
20 governmental revenue sources) times debt service. The pledge
21 and establishment of rates or charges for enterprise
22 revenues, or the imposition of taxes in a given rate or
23 amount, as provided in this Section for alternate bonds,
24 shall constitute a continuing obligation of the governmental
25 unit with respect to such establishment or imposition and a
26 continuing appropriation of the amounts received. All
27 covenants relating to alternate bonds and the conditions and
28 obligations imposed by this Section are enforceable by any
29 bondholder of alternate bonds affected, any taxpayer of the
30 governmental unit, and the People of the State of Illinois
31 acting through the Attorney General or any designee, and in
32 the event that any such action results in an order finding
33 that the governmental unit has not properly set rates or
34 charges or imposed taxes to the extent it is empowered to do

1 so or collected and applied enterprise revenues or any
2 revenue source, as applicable, as required by this Act, the
3 plaintiff in any such action shall be awarded reasonable
4 attorney's fees. The intent is that such enterprise revenues
5 or revenue source, as applicable, shall be sufficient and
6 shall be applied to the payment of debt service on such
7 alternate bonds so that taxes need not be levied, or if
8 levied need not be extended, for such payment. Nothing in
9 this Section shall inhibit or restrict the authority of a
10 governing body to determine the lien priority of any bonds,
11 including alternate bonds, which may be issued with respect
12 to any enterprise revenues or revenue source.

13 In the event that alternate bonds shall have been issued
14 and taxes, other than a designated revenue source, shall have
15 been extended pursuant to the general obligation, full faith
16 and credit promise supporting such alternate bonds, then the
17 amount of such alternate bonds then outstanding shall be
18 included in the computation of indebtedness of the
19 governmental unit for purposes of all statutory provisions or
20 limitations until such time as an audit of the governmental
21 unit shall show that the alternate bonds have been paid from
22 the enterprise revenues or revenue source, as applicable,
23 pledged thereto for a complete fiscal year.

24 Alternate bonds may be issued to refund or advance refund
25 alternate bonds without meeting any of the conditions set
26 forth in this Section, except that the term of the refunding
27 bonds shall not be longer than the term of the refunded bonds
28 and that the debt service payable in any year on the
29 refunding bonds shall not exceed the debt service payable in
30 such year on the refunded bonds.

31 Once issued, alternate bonds shall be and forever remain
32 until paid or defeased the general obligation of the
33 governmental unit, for the payment of which its full faith
34 and credit are pledged, and shall be payable from the levy of

1 taxes as is provided in this Act for general obligation
2 bonds.

3 The changes made by this amendatory Act of 1990 do not
4 affect the validity of bonds authorized before September 1,
5 1990.

6 (Source: P.A. 90-812, eff. 1-26-99; 91-57, eff. 6-30-99;
7 91-493, eff. 8-13-99; 91-868, eff. 6-22-00.)

8 (30 ILCS 350/16.5)

9 Sec. 16.5. Proposition for bonds. For all elections
10 held after July 1, 2000, the form of a proposition to
11 authorize the issuance of bonds pursuant to either a
12 referendum or backdoor referendum may be as set forth in this
13 Section as an alternative to the form of proposition as
14 otherwise set forth by applicable law. The proposition
15 authorized by this Section shall be in substantially the
16 following form:

17 Shall (name of governmental unit) (state purpose for
18 the bond issue) and issue its bonds to the amount of \$
19 (state amount) for the purpose of paying the costs
20 thereof?

21 If a school district expects to receive a school
22 construction grant from the State of Illinois ~~has-received-a~~
23 ~~grant-entitlement-from-the-Illinois-State-Board-of--Education~~
24 pursuant to the School Construction Law for a school
25 construction project to be financed in part with proceeds of
26 a bond authorized by referendum, then the form of proposition
27 may at the option of the school district additionally contain
28 substantially the following language:

29 (Name of school district) expects to receive a
30 school construction grant from the State of Illinois ~~has~~
31 ~~received--a--grant--entitlement~~ in the amount of \$ (state
32 amount) ~~from--the--Illinois--State--Board--of--Education~~
33 pursuant to the School Construction Law for the school

1 construction project to be financed in part with proceeds
2 of the bonds, based on (i) a grant entitlement from the
3 State Board of Education and (ii) current recognized
4 project costs determined by the Capital Development
5 Board.

6 (Source: P.A. 91-868, eff. 6-22-00.)

7 (30 ILCS 350/17) (from Ch. 17, par. 6917)

8 Sec. 17. Leases and installment contracts.

9 (a) Interest not debt; debt on leases and installment
10 contracts. Interest on bonds shall not be included in any
11 computation of indebtedness of a governmental unit for the
12 purpose of any statutory provision or limitation. For bonds
13 consisting of leases and installment or financing contracts,
14 (1) that portion of payments made by a governmental unit
15 under the terms of a bond designated as interest in the bond
16 or the ordinance authorizing such bond shall be treated as
17 interest for purposes of this Section (2) where portions of
18 payments due under the terms of a bond have not been
19 designated as interest in the bond or the ordinance
20 authorizing such bond, and all or a portion of such payments
21 is to be used for the payment of principal of and interest on
22 other bonds of the governmental unit or bonds issued by
23 another unit of local government, such as a public building
24 commission, the payments equal to interest due on such
25 corresponding bonds shall be treated as interest for purposes
26 of this Section and (3) where portions of payments due under
27 the terms of a bond have not been designated as interest in
28 the bond or ordinance authorizing such bond and no portion of
29 any such payment is to be used for the payment of principal
30 of and interest on other bonds of the governmental unit or
31 another unit of local government, a portion of each payment
32 due under the terms of such bond shall be treated as interest
33 for purposes of this Section; such portion shall be equal in

1 amount to the interest that would have been paid on a
2 notional obligation of the governmental unit (bearing
3 interest at the highest rate permitted by law for bonds of
4 the governmental unit at the time the bond was issued or, if
5 no such limit existed, 12%) on which the payments of
6 principal and interest were due at the same times and in the
7 same amounts as payments are due under the terms of the
8 bonds. The rule set forth in this Section shall be
9 applicable to all interest no matter when earned or accrued
10 or at what interval paid, and whether or not a bond bears
11 interest which compounds at certain intervals. For purposes
12 of bonds sold at amounts less than 95% of their stated value
13 at maturity, interest for purposes of this Section includes
14 the difference between the amount set forth on the face of
15 the bond as the original principal amount and the bond's
16 stated value at maturity.

17 This subsection may be made applicable to bonds issued
18 prior to the effective date of this Act by passage of an
19 ordinance to such effect by the governing body of a
20 governmental unit.

21 (b) Purchase or lease of property. The governing body
22 of each governmental unit may purchase or lease either real
23 or personal property, including investments, investment
24 agreements, or investment services, through agreements that
25 provide that the consideration for the purchase or lease may
26 be paid through installments made at stated intervals for a
27 period of no more than 20 years or another period of time
28 authorized by law, whichever is greater; provided, however,
29 that investments, investment agreements, or investment
30 services purchased in connection with a bond issue may be
31 paid through installments made at stated intervals for a
32 period of time not in excess of the maximum term of such bond
33 issue. Each governmental unit may issue certificates
34 evidencing the indebtedness incurred under the lease or

1 agreement. The governing body may provide for the treasurer,
2 comptroller, finance officer, or other officer of the
3 governing body charged with financial administration to act
4 as counter-party to any such lease or agreement, as nominee
5 lessor or seller. When the lease or agreement is executed by
6 the officer of the governmental unit authorized by the
7 governing body to bind the governmental unit thereon by the
8 execution thereof and is filed with and executed by the
9 nominee lessor or seller, the lease or agreement shall be
10 sufficiently executed so as to permit the governmental unit
11 to issue certificates evidencing the indebtedness incurred
12 under the lease or agreement. The certificates shall be
13 valid whether or not an appropriation with respect thereto is
14 included in any annual or supplemental budget adopted by the
15 governmental unit. From time to time, as the governing body
16 executes contracts for the purpose of acquiring and
17 constructing the services or real or personal property that
18 is a part of the subject of the lease or agreement, including
19 financial, legal, architectural, and engineering services
20 related to the lease or agreement, the governing body shall
21 order the contracts filed with its nominee officer, and that
22 officer shall identify the contracts to the lease or
23 agreement; that identification shall permit the payment of
24 the contract from the proceeds of the certificates; and the
25 nominee officer shall duly apply or cause to be applied
26 proceeds of the certificates to the payment of the contracts.
27 The governing body of each governmental unit may sell, lease,
28 convey, and reacquire either real or personal property, or
29 any interest in real or personal property, upon any terms and
30 conditions and in any manner, as the governing body shall
31 determine, if the governmental unit will lease, acquire by
32 purchase agreement, or otherwise reacquire the property, as
33 authorized by this subsection or any other applicable law.

34 All indebtedness incurred under this subsection, when

1 aggregated with the existing indebtedness of the governmental
2 unit, may not exceed the debt limits provided by applicable
3 law.

4 (Source: P.A. 91-493, eff. 8-13-99; 91-868, eff. 6-22-00.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law."