



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).

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

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

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

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

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

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

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."