

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 In governmental units with 500,000 or more inhabitants, if

1 ~~If~~ no petition is filed with the clerk or secretary within 30
2 days of publication of the authorizing ordinance and notice,
3 the alternate bonds shall be authorized to be issued. But if
4 within this 30 days period, a petition is filed with such clerk
5 or secretary signed by electors numbering the greater of (i)
6 7.5% of the registered voters in the governmental unit or (ii)
7 200 of those registered voters or 15% of those registered
8 voters, whichever is less, asking that the issuance of such
9 alternate bonds be submitted to referendum, the clerk or
10 secretary shall certify such question for submission at an
11 election held in accordance with the general election law.

12 In governmental units with fewer than 500,000 inhabitants,
13 if no petition is filed with the clerk or secretary within 45
14 days of publication of the authorizing ordinance and notice,
15 the alternate bonds shall be authorized to be issued. But if,
16 within this 45-day period, a petition is filed with such clerk
17 or secretary signed by the necessary number of electors, asking
18 that the issuance of such alternate bonds be submitted to
19 referendum, the clerk or secretary shall certify such question
20 for submission at an election held in accordance with the
21 general election law. In governmental units with fewer than
22 500,000 inhabitants, the necessary number of electors for a
23 governmental unit with more than 4,000 registered voters is the
24 lesser of (i) 5% of the registered voters or (ii) 5,000
25 registered voters. The necessary number of electors for a
26 governmental unit with 4,000 or fewer registered voters is the

1 lesser of (i) 15% of the registered voters or (ii) 200
2 registered voters.

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

18 (c) To the extent payable from enterprise revenues, such
19 revenues shall have been determined by the governing body to be
20 sufficient to provide for or pay in each year to final maturity
21 of such alternate bonds all of the following: (1) costs of
22 operation and maintenance of the utility or enterprise, but not
23 including depreciation, (2) debt service on all outstanding
24 revenue bonds payable from such enterprise revenues, (3) all
25 amounts required to meet any fund or account requirements with
26 respect to such outstanding revenue bonds, (4) other

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

17 (c-1) In the case of alternate bonds issued as variable
18 rate bonds (including refunding bonds), debt service shall be
19 projected based on the rate for the most recent date shown in
20 the 20 G.O. Bond Index of average municipal bond yields as
21 published in the most recent edition of The Bond Buyer
22 published in New York, New York (or any successor publication
23 or index, or if such publication or index is no longer
24 published, then any index of long-term municipal tax-exempt
25 bond yields selected by the governmental unit), as of the date
26 of determination referred to in subsection (c) of this Section.

1 Any interest or fees that may be payable to the provider of a
2 letter of credit, line of credit, surety bond, bond insurance,
3 or other credit enhancement relating to such alternate bonds
4 and any fees that may be payable to any remarketing agent need
5 not be taken into account for purposes of such projection. If
6 the governmental unit enters into an agreement in connection
7 with such alternate bonds at the time of issuance thereof
8 pursuant to which the governmental unit agrees for a specified
9 period of time to pay an amount calculated at an agreed-upon
10 rate or index based on a notional amount and the other party
11 agrees to pay the governmental unit an amount calculated at an
12 agreed-upon rate or index based on such notional amount,
13 interest shall be projected for such specified period of time
14 on the basis of the agreed-upon rate payable by the
15 governmental unit.

16 (d) The determination of the sufficiency of enterprise
17 revenues or a revenue source, as applicable, shall be supported
18 by reference to the most recent audit of the governmental unit,
19 which shall be for a fiscal year ending not earlier than 18
20 months previous to the time of issuance of the alternate bonds.
21 If such audit does not adequately show such enterprise revenues
22 or revenue source, as applicable, or if such enterprise
23 revenues or revenue source, as applicable, are shown to be
24 insufficient, then the determination of sufficiency shall be
25 supported by the report of an independent accountant or
26 feasibility analyst, the latter having a national reputation

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

15 (e) The enterprise revenues or revenue source, as
16 applicable, shall be in fact pledged to the payment of the
17 alternate bonds; and the governing body shall covenant, to the
18 extent it is empowered to do so, to provide for, collect and
19 apply such enterprise revenues or revenue source, as
20 applicable, to the payment of the alternate bonds and the
21 provision of not less than an additional .25 (or .10 for
22 governmental revenue sources) times debt service. The pledge
23 and establishment of rates or charges for enterprise revenues,
24 or the imposition of taxes in a given rate or amount, as
25 provided in this Section for alternate bonds, shall constitute
26 a continuing obligation of the governmental unit with respect

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

22 In the event that alternate bonds shall have been issued
23 and taxes, other than a designated revenue source, shall have
24 been extended pursuant to the general obligation, full faith
25 and credit promise supporting such alternate bonds, then the
26 amount of such alternate bonds then outstanding shall be

1 included in the computation of indebtedness of the governmental
2 unit for purposes of all statutory provisions or limitations
3 until such time as an audit of the governmental unit shall show
4 that the alternate bonds have been paid from the enterprise
5 revenues or revenue source, as applicable, pledged thereto for
6 a complete fiscal year.

7 Alternate bonds may be issued to refund or advance refund
8 alternate bonds without meeting any of the conditions set forth
9 in this Section, except that the term of the refunding bonds
10 shall not be longer than the term of the refunded bonds and
11 that the debt service payable in any year on the refunding
12 bonds shall not exceed the debt service payable in such year on
13 the refunded bonds.

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

19 The changes made by this amendatory Act of 1990 do not
20 affect the validity of bonds authorized before September 1,
21 1990.

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

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.