

AN ACT concerning government.

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

Section 5. The Intergovernmental Cooperation Act is amended by changing Sections 3.1 and 3.4 as follows:

(5 ILCS 220/3.1) (from Ch. 127, par. 743.1)

Sec. 3.1. Municipal Joint Action Water Agency.

(a) Any municipality or municipalities of this State, any county or counties of this State, any township in a county with a population under 700,000 of this State, any public water district or districts of this State, State university, or any combination thereof may, by intergovernmental agreement, establish a Municipal Joint Action Water Agency to provide adequate supplies of water on an economical and efficient basis for member municipalities, public water districts and other incorporated and unincorporated areas within such counties. Any such Agency shall itself be a municipal corporation, public body politic and corporate. A Municipal Joint Action Water Agency so created shall not itself have taxing power except as hereinafter provided.

A Municipal Joint Action Water Agency shall be established by an intergovernmental agreement among the various member municipalities, public water districts, townships, State

universities, and counties, upon approval by an ordinance adopted by the corporate authorities of each member municipality, public water district, township, State university, or county. This agreement may be amended at any time upon the adoption of concurring ordinances by the corporate authorities of all member municipalities, public water districts, townships, State universities, and counties. The agreement may provide for additional municipalities, public water districts, any State universities, townships in counties with a population under 700,000, or counties to join the Agency upon adoption of an ordinance by the corporate authorities of the joining municipality, public water district, township, or county, and upon such consents, conditions and approvals of the governing body of the Municipal Joint Action Water Agency and of existing member municipalities, public water districts, townships, State universities, and counties as shall be provided in the agreement. The agreement shall provide the manner and terms on which any municipality, public water district, township, or county may withdraw from membership in the Municipal Joint Action Water Agency and on which the Agency may terminate and dissolve in whole or in part. The agreement shall set forth the corporate name of the Municipal Joint Action Water Agency and its duration. Promptly upon any agreement establishing a Municipal Joint Action Water Agency being entered into, or upon the amending of any such agreement, a copy of such agreement or

amendment shall be filed in the office of the Secretary of State of Illinois. Promptly upon the addition or withdrawal of any municipality, public water district, township in a county with a population under 700,000, or county, or upon the dissolution of a Municipal Joint Action Water Agency, that fact shall be certified by an officer of the Agency to the Secretary of State of Illinois.

(b) The governing body of any Municipal Joint Action Water Agency established pursuant to this Section 3.1 shall be a Board of Directors. There shall be one Director from each member municipality, public water district, township, State university, and county of the Municipal Joint Action Water Agency appointed by ordinance of the corporate authorities of the municipality, public water district, township, or county. Each Director shall have one vote, and shall meet the requirements of paragraphs (1) or (2), as applicable.

(1) Each Director shall be the Mayor or President of the member municipality, or the chairman of the board of trustees of the member public water district, the supervisor of the member township, the appointee of the State university, or the chairman of the county board or chief executive officer of the member county or a county board member appointed by the chairman of the county board of the member county, appointing the Director; an elected member of the corporate authorities of that municipality, public water district, township, or county; or other

elected official of the appointing municipality, public water district, township, or county. Any agreement establishing a Municipal Joint Action Water Agency shall specify the period during which a Director shall hold office and may provide for the appointment of Alternate Directors from member municipalities, public water districts, townships, or counties. The Board of Directors shall elect one Director to serve as Chairman, and shall elect persons, who need not be Directors, to such other offices as shall be designated in the agreement.

(2) For any Municipal Joint Action Water Agency established after the effective date of this amendatory Act of the 100th General Assembly, each Director shall either: (i) meet the qualifications specified under paragraph (1); or (ii) be an appointed official of a member municipality, public water district, township, State university, or county, as designated by ordinance or other official action, from time to time by the corporate authorities of the member municipality, public water district, township, State university, or county.

The Board of Directors shall determine the general policy of the Municipal Joint Action Water Agency, shall approve the annual budget, shall make all appropriations (which may include appropriations made at any time in addition to those made in any annual appropriation document), shall approve all contracts for the purchase or sale of water, shall adopt any

resolutions providing for the issuance of bonds or notes by the Agency, shall adopt its by-laws, rules and regulations, and shall have such other powers and duties as may be prescribed in the agreement. Such agreement may further specify those powers and actions of the Municipal Joint Action Water Agency which shall be authorized only upon votes of greater than a majority of all Directors or only upon consents of the corporate authorities of a certain number of member municipalities, public water districts, townships, State universities, or counties.

The agreement may provide for the establishment of an Executive Committee to consist of the municipal manager or other elected or appointed official of each member municipality, public water district, township, State university, or county, as designated by ordinance or other official action, from time to time by the corporate authorities of the member municipality, public water district, township, State university, or county, and may prescribe powers and duties of the Executive Committee for the efficient administration of the Agency.

(c) A Municipal Joint Action Water Agency established pursuant to this Section 3.1 may plan, construct, improve, extend, acquire, finance (including the issuance of revenue bonds or notes as provided in this Section 3.1), operate, maintain, and contract for a joint waterworks or water supply system which may include, or may consist of, without

limitation, facilities for receiving, storing, and transmitting water from any source for supplying water to member municipalities, public water districts, townships, or counties (including county special service areas created under the Special Service Area Tax Act and county service areas authorized under the Counties Code), or other public agencies, persons, or corporations. Facilities of the Municipal Joint Action Water Agency may be located within or without the corporate limits of any member municipality.

A Municipal Joint Action Water Agency shall have such powers as shall be provided in the agreement establishing it, which may include, but need not be limited to, the following powers:

(i) to sue or be sued;

(ii) to apply for and accept gifts or grants or loans of funds or property or financial or other aid from any public agency or private entity;

(iii) to acquire, hold, sell, lease as lessor or lessee, transfer or dispose of such real or personal property, or interests therein, as it deems appropriate in the exercise of its powers, and to provide for the use thereof by any member municipality, public water district, township, or county;

(iv) to make and execute all contracts and other instruments necessary or convenient to the exercise of its powers (including contracts with member municipalities,

with public water districts, with townships, and with counties on behalf of county service areas); and

(v) to employ agents and employees and to delegate by resolution to one or more of its Directors or officers such powers as it may deem proper.

Member municipalities, public water districts, townships, State universities, or counties may, for the purposes of, and upon request by, the Municipal Joint Action Water Agency, exercise the power of eminent domain available to them, convey property so acquired to the Agency for the cost of acquisition, and be reimbursed for all expenses related to this exercise of eminent domain power on behalf of the Agency.

All property, income and receipts of or transactions by a Municipal Joint Action Water Agency shall be exempt from all taxation, the same as if it were the property, income or receipts of or transaction by the member municipalities, public water districts, townships, State universities, or counties.

(d) A Municipal Joint Action Water Agency established pursuant to this Section 3.1 shall have the power to buy water and to enter into contracts with any person, corporation or public agency (including any member municipality, public water district, township, or county) for that purpose. Any such contract made by an Agency for a supply of water may contain provisions whereby the Agency is obligated to pay for the supply of water without setoff or counterclaim and irrespective of whether the supply of water is ever furnished, made

available or delivered to the Agency or whether any project for the supply of water contemplated by any such contract is completed, operable or operating and notwithstanding any suspension, interruption, interference, reduction or curtailment of the supply of water from such project. Any such contract may provide that if one or more of the other purchasers defaults in the payment of its obligations under such contract or a similar contract made with the supplier of the water one or more of the remaining purchasers party to such contract or such similar contract shall be required to pay for all or a portion of the obligations of the defaulting purchasers. No such contract may have a term in excess of 50 years.

A Municipal Joint Action Water Agency shall have the power to sell water and to enter into contracts with any person, corporation or public agency (including any member municipality, any public water district, any township, any State university, or any county on behalf of a county service area as set forth in this Section) for that purpose. No such contract may have a term in excess of 50 years. Any such contract entered into to sell water to a public agency may provide that the payments to be made thereunder by such public agency shall be made solely from revenues to be derived by such public agency from the operation of its waterworks system or its combined waterworks and sewerage system. Any public agency so contracting to purchase water shall establish from time to



time such fees and charges for its water service or combined water and sewer service as will produce revenues sufficient at all times to pay its obligations to the Agency under the purchase contract. Any such contract so providing shall not constitute indebtedness of such public agency so contracting to buy water within the meaning of any statutory or constitutional limitation. Any such contract of a public agency to buy water shall be a continuing, valid and binding obligation of such public agency payable from such revenues.

A Municipal Joint Action Water Agency shall establish fees and charges for the purchase of water from it or for the use of its facilities. No prior appropriation shall be required by either the Municipal Joint Action Water Agency or any public agency before entering into any contract authorized by this paragraph (d).

The changes in this Section made by this amendatory Act of 1984 are intended to be declarative of existing law.

(e) 1. A Municipal Joint Action Water Agency established pursuant to this Section 3.1 may, from time to time, borrow money and, in evidence of its obligation to repay the borrowing, issue its negotiable water revenue bonds or notes pursuant to this paragraph (e) for any of the following purposes: for paying costs of constructing, acquiring, improving or extending a joint waterworks or water supply system; for paying other expenses incident to or incurred in connection with such construction, acquisition, improvement or

extension; for repaying advances made to or by the Agency for such purposes; for paying interest on the bonds or notes until the estimated date of completion of any such construction, acquisition, improvement or extension and for such period after the estimated completion date as the Board of Directors of the Agency shall determine; for paying financial, legal, administrative and other expenses of the authorization, issuance, sale or delivery of bonds or notes; for paying costs of insuring payment of the bonds or notes; for providing or increasing a debt service reserve fund with respect to any or all of the Agency's bonds or notes; and for paying, refunding or redeeming any of the Agency's bonds or notes before, after or at their maturity, including paying redemption premiums or interest accruing or to accrue on such bonds or notes being paid or redeemed or for paying any other costs in connection with any such payment or redemption.

2. Any bonds or notes issued pursuant to this paragraph (e) by a Municipal Joint Action Water Agency shall be authorized by a resolution of the Board of Directors of the Agency adopted by the affirmative vote of Directors from a majority of the member municipalities, public water districts, townships, State universities, and counties, and any additional requirements as may be set forth in the agreement establishing the Agency. The authorizing resolution may be effective immediately upon its adoption. The authorizing resolution shall describe in a general way any project contemplated to be financed by the

bonds or notes, shall set forth the estimated cost of the project and shall determine its period of usefulness. The authorizing resolution shall determine the maturity or maturities of the bonds or notes, the rate or rates at which the bonds or notes are to bear interest and all the other terms and details of the bonds or notes. All such bonds or notes shall mature within the period of estimated usefulness of the project with respect to which such bonds or notes are issued, as determined by the Board of Directors, but in any event not more than 50 years from their date of issue. The bonds and notes may bear interest, payable at such times, at a rate or rates not exceeding the maximum rate established in the Bond Authorization Act, as from time to time in effect. Bonds or notes of a Municipal Joint Action Water Agency shall be sold in such manner as the Board of Directors of the Agency shall determine, either at par or at a premium or discount, but such that the effective interest cost (excluding any redemption premium) to the Agency of the bonds or notes shall not exceed a rate equal to the rate of interest specified in the Act referred to in the preceding sentence.

The resolution authorizing the issuance of any bonds or notes pursuant to this paragraph (e) shall constitute a contract with the holders of the bonds and notes. The resolution may contain such covenants and restrictions with respect to the purchase or sale of water by the Agency and the contracts for such purchases or sales, the operation of the

joint waterworks system or water supply system, the issuance of additional bonds or notes by the Agency, the security for the bonds and notes, and any other matters, as may be deemed necessary or advisable by the Board of Directors to assure the payment of the bonds or notes of the Agency.

3. The resolution authorizing the issuance of bonds or notes by a Municipal Joint Action Water Agency shall pledge and provide for the application of revenues derived from the operation of the Agency's joint waterworks or water supply system (including from contracts for the sale of water by the Agency) and investment earnings thereon to the payment of the cost of operation and maintenance of the system (including costs of purchasing water), to provision of adequate depreciation, reserve or replacement funds with respect to the system or the bonds or notes, and to the payment of principal, premium, if any, and interest on the bonds or notes of the Agency (including amounts for the purchase of such bonds or notes). The resolution shall provide that revenues of the Municipal Joint Action Water Agency so derived from the operation of the system, sufficient (together with other receipts of the Agency which may be applied to such purposes) to provide for such purposes, shall be set aside as collected in a separate fund or funds and used for such purposes. The resolution may provide that revenues not required for such purposes may be used for any proper purpose of the Agency or may be returned to member municipalities.

Any notes of a Municipal Joint Action Water Agency issued in anticipation of the issuance of bonds by it may, in addition, be secured by a pledge of proceeds of bonds to be issued by the Agency, as specified in the resolution authorizing the issuance of such notes.

4. (i) Except as provided in clauses (ii) and (iii) of this subparagraph 4 of this paragraph (e), all bonds and notes of the Municipal Joint Action Water Agency issued pursuant to this paragraph (e) shall be revenue bonds or notes. Such revenue bonds or notes shall have no claim for payment other than from revenues of the Agency derived from the operation of its joint waterworks or water supply system (including from contracts for the sale of water by the Agency) and investment earnings thereon, from bond or note proceeds and investment earnings thereon, or from such other receipts of the Agency as the agreement establishing the Agency may authorize to be pledged to the payment of revenue bonds or notes, all as and to the extent as provided in the resolution of the Board of Directors authorizing the issuance of the revenue bonds or notes. Revenue bonds or notes issued by a Municipal Joint Action Water Agency pursuant to this paragraph (e) shall not constitute an indebtedness of the Agency or of any member municipality, public water district, township, or county within the meaning of any constitutional or statutory limitation. It shall be plainly stated on each revenue bond and note that it does not constitute an indebtedness of the Municipal Joint Action Water

Agency or of any member municipality, public water district, township, or county within the meaning of any constitutional or statutory limitation.

(ii) If the Agreement so provides and subject to the referendum provided for in clause (iii) of this subparagraph 4 of this paragraph (e), the Municipal Joint Action Water Agency may borrow money for corporate purposes on the credit of the Municipal Joint Action Water Agency, and issue general obligation bonds therefor, in such amounts and form and on such conditions as it shall prescribe, but shall not become indebted in any manner or for any purpose in an amount including existing indebtedness in the aggregate which exceeds 5.75% of the aggregate value of the taxable property within the boundaries of the participating municipalities, public water districts, townships, and county service areas within a member county determined by the governing body of the county by resolution to be served by the Municipal Joint Action Water Agency (including any territory added to the Agency after the issuance of such general obligation bonds), collectively defined as the "Service Area", as equalized and assessed by the Department of Revenue and as most recently available at the time of the issue of said bonds. Before or at the time of incurring any such general obligation indebtedness, the Municipal Joint Action Water Agency shall provide for the collection of a direct annual tax, which shall be unlimited as to rate or amount, sufficient to pay the interest on such debt

as it falls due and also to pay and discharge the principal thereof at maturity, which shall be within 40 years after the date of issue thereof. Such tax shall be levied upon and collected from all of the taxable property within the territorial boundaries of such Service Area at the time of the referendum provided for in clause (iii) and shall be levied upon and collected from all taxable property within the boundaries of any territory subsequently added to the Service Area. Dissolution of the Municipal Joint Action Water Agency for any reason shall not relieve the taxable property within such Service Area from liability for such tax. Liability for such tax for property transferred to or released from such Service Area shall be determined in the same manner as for general obligation bonds of such county, if in an unincorporated area, and of such municipality, if within the boundaries thereof. The clerk or other officer of the Municipal Joint Action Water Agency shall file a certified copy of the resolution or ordinance by which such bonds are authorized to be issued and such tax is levied with the County Clerk or Clerks of the county or counties containing the Service Area, and such filing shall constitute, without the doing of any other act, full and complete authority for such County Clerk or Clerks to extend such tax for collection upon all the taxable property within the Service Area subject to such tax in each and every year, as required, in amounts sufficient to pay the principal of and interest on such bonds, as aforesaid, without

limit as to rate or amount. Such tax shall be in addition to and in excess of all other taxes authorized to be levied by the Municipal Joint Action Water Agency or by such county, municipality, township, or public water district. The issuance of such general obligation bonds shall be subject to the other provisions of this paragraph (e), except for the provisions of clause (i) of this subparagraph 4.

(iii) No issue of general obligation bonds of the Municipal Joint Action Water Agency (except bonds to refund an existing bonded indebtedness) shall be authorized unless the Municipal Joint Action Water Agency certifies the proposition of issuing such bonds to the proper election authorities, who shall submit the proposition to the voters in the Service Area at an election in accordance with the general election law, and the proposition has been approved by a majority of those voting on the proposition.

The proposition shall be substantially in the following form:

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Shall general obligation bonds for the purpose of (state purpose), in the sum not to exceed \$....(insert amount), be issued by the ..... (insert corporate name of the Municipal Joint Action Water

Yes

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No



Agency)?

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5. As long as any bonds or notes of a Municipal Joint Action Water Agency created pursuant to this Section 3.1 are outstanding and unpaid, the Agency shall not terminate or dissolve and, except as permitted by the resolution or resolutions authorizing outstanding bonds or notes, no member municipality, public water district, township, or county may withdraw from the Agency. While any such bonds or notes are outstanding, all contracts for the sale of water by the Agency to member municipalities, public water districts, townships, or counties shall be irrevocable except as permitted by the resolution or resolutions authorizing such bonds or notes. The Agency shall establish fees and charges for its operations sufficient to provide adequate revenues to meet all of the requirements under its various resolutions authorizing bonds or notes.

6. A holder of any bond or note issued pursuant to this paragraph (e) may, in any civil action, mandamus or other proceeding, enforce and compel performance of all duties required to be performed by the Agency or such counties, as provided in the authorizing resolution, or by any of the public agencies contracting with the Agency to purchase water, including the imposition of fees and charges, the collection of sufficient revenues and the proper application of revenues as provided in this paragraph (e) and the levying, extension and

collection of such taxes.

7. In addition, the resolution authorizing any bonds or notes issued pursuant to this paragraph (e) may provide for a pledge, assignment, lien or security interest, for the benefit of the holders of any or all bonds or notes of the Agency, (i) on any or all revenues derived from the operation of the joint waterworks or water supply system (including from contracts for the sale of water) and investment earnings thereon or (ii) on funds or accounts securing the payment of the bonds or notes as provided in the authorizing resolution. In addition, such a pledge, assignment, lien or security interest may be made with respect to any receipts of the Agency which the agreement establishing the Agency authorizes it to apply to payment of bonds or notes. Any such pledge, assignment, lien or security interest for the benefit of holders of bonds or notes shall be valid and binding from the time the bonds or notes are issued, without any physical delivery or further act, and shall be valid and binding as against or prior to any claims of any other party having any claims of any kind against the Agency irrespective of whether such other parties have notice of such pledge, assignment, lien or security interest.

A resolution of a Municipal Joint Water Agency authorizing the issuance of bonds or notes pursuant to this paragraph (e) may provide for the appointment of a corporate trustee with respect to any or all of such bonds or notes (which trustee may be any trust company or state or national bank having the power

of a trust company within Illinois). In that event, the resolution shall prescribe the rights, duties and powers of the trustee to be exercised for the benefit of the Agency and the protection of the holders of such bonds or notes. The resolution may provide for the trustee to hold in trust, invest and use amounts in funds and accounts created as provided in the resolution. The resolution authorizing the bonds or notes may provide for the assignment and direct payment to the trustee of amounts owed by public agencies to the Municipal Joint Action Water Agency under water sales contracts for application by the trustee to the purposes for which such revenues are to be used as provided in this paragraph (e) and as provided in the authorizing resolution. Upon receipt of notice of such assignment, the public agency shall thereafter make the assigned payments directly to such trustee.

Nothing in this Section authorizes a Joint Action Water Agency to provide water service directly to residents within a municipality or in territory within one mile or less of the corporate limits of a municipality that operates a public water supply unless the municipality has consented in writing to such service being provided.

(Source: P.A. 94-1007, eff. 1-1-07.)

(5 ILCS 220/3.4) (from Ch. 127, par. 743.4)

Sec. 3.4. (a) Any 2 or more municipalities or counties, or any combination thereof, may, by intergovernmental agreement,

establish a Municipal Joint Sewage Treatment Agency to provide for the treatment, carrying off and disposal of swamp, stagnant or overflow water, sewage, industrial wastes and other drainage of member municipalities and counties. Any such Agency shall itself be a municipal corporation and a public body politic and corporate.

(b) The governing body of any Municipal Joint Sewage Treatment Agency shall be a Board of Directors. The composition and manner of appointment of the Board of Directors shall be determined pursuant to the intergovernmental agreement. However, for any Municipal Joint Sewage Treatment Agency established after the effective date of this amendatory Act of the 100th General Assembly, a Director sitting on the Board of Directors shall not be required to be an elected official of a member municipality or county, but may be an appointed official of a member municipality or county. The Board of Directors shall determine the general policy of the Agency, shall approve the annual budget, shall make all appropriations, shall approve all contracts, shall adopt all resolutions providing for the issuance of bonds or notes by the Agency, shall adopt its bylaws, rules and regulations, and shall have such other powers and duties as may be prescribed in the intergovernmental agreement.

(c) A Municipal Joint Sewage Treatment Agency may plan, construct, reconstruct, acquire, own, lease as lessor or lessee, equip, extend, improve, operate, maintain, repair and

finance drainage and sewage treatment projects, and may enter into agreements or contracts for the provision of drainage or sewage treatment services for member municipalities or counties.

(d) A Municipal Joint Sewage Treatment Agency shall have such powers as shall be provided in the agreement establishing it, which may include, but need not be limited to, the following powers:

(1) to sue or be sued;

(2) to apply for and accept gifts, grants or loans of funds or property, or financial or other aid, from any public agency or private entity;

(3) to acquire, hold, sell, lease as lessor or lessee, transfer or dispose of such real or personal property, or interests therein, as it deems appropriate in the exercise of its powers, and to provide for the use thereof by any member municipality or county;

(4) to make and execute all contracts and other instruments necessary or convenient to the exercise of its power; and

(5) to make and execute any contract with the federal government, a state, or a unit of local government, relating to drainage and the treatment of sewage.

(e) A Municipal Joint Sewage Treatment Agency may, from time to time, borrow money, and, in evidence of its obligation to repay the borrowing, issue its negotiable revenue bonds or

notes for any of the following purposes: for paying costs of planning, constructing, reconstructing, acquiring, leasing, equipping, improving or extending a drainage and sewage treatment project; for paying other expenses incident to or incurred in connection with such project; for repaying advances made to or by the Agency for such purposes; for paying interest on the bonds or notes until the estimated date of completion of any such project and for such period after the estimated completion date as the Board of Directors of the Agency shall determine; for paying financial, legal, administrative and other expenses of the authorization, issuance, sale or delivery of bonds or notes; for providing or increasing a debt service reserve fund with respect to any or all of the Agency's bonds or notes; and for paying, refunding or redeeming any of the Agency's bonds or notes before, after or at their maturity, including paying redemption premiums or interest accruing or to accrue on such bonds or notes being paid or redeemed or for paying any other costs in connection with any such payment or redemption.

The resolution authorizing the issuance of the bonds or notes shall pledge and provide for the application of revenues derived from the operation of the project to payment of the cost of operation and maintenance of the project, to provision for adequate depreciation, reserve or replacement funds with respect to the project, the bonds or notes, and to the payment of principal, premium, if any, and interest on the bonds or

Public Act 100-1076

SB3086 Enrolled

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notes of the Agency. All bonds or notes of the Agency shall be revenue bonds or notes and shall have no claim for payment other than from revenues of the Agency derived from operation of the drainage and sewage treatment project. Bonds or notes issued by the Agency shall not constitute an indebtedness of any member municipality or county.

(Source: P.A. 83-1423.)

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