

# HB2685



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB2685

by Rep. Al Riley

#### SYNOPSIS AS INTRODUCED:

70 ILCS 3615/4.04

from Ch. 111 2/3, par. 704.04

Amends the Regional Transportation Authority Act. Provides that the Authority may issue, sell, and deliver additional Working Cash Notes before July 1, 2018 (now 2016) that are over and above and in addition to the \$100,000,000 authorization. Effective immediately.

LRB099 05947 AWJ 25996 b

A BILL FOR

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 Regional Transportation Authority Act is  
5 amended by changing Section 4.04 as follows:

6 (70 ILCS 3615/4.04) (from Ch. 111 2/3, par. 704.04)

7 Sec. 4.04. Issuance and Pledge of Bonds and Notes.

8 (a) The Authority shall have the continuing power to borrow  
9 money and to issue its negotiable bonds or notes as provided in  
10 this Section. Unless otherwise indicated in this Section, the  
11 term "notes" also includes bond anticipation notes, which are  
12 notes which by their terms provide for their payment from the  
13 proceeds of bonds thereafter to be issued. Bonds or notes of  
14 the Authority may be issued for any or all of the following  
15 purposes: to pay costs to the Authority or a Service Board of  
16 constructing or acquiring any public transportation facilities  
17 (including funds and rights relating thereto, as provided in  
18 Section 2.05 of this Act); to repay advances to the Authority  
19 or a Service Board made for such purposes; to pay other  
20 expenses of the Authority or a Service Board incident to or  
21 incurred in connection with such construction or acquisition;  
22 to provide funds for any transportation agency to pay principal  
23 of or interest or redemption premium on any bonds or notes,

1 whether as such amounts become due or by earlier redemption,  
2 issued prior to the date of this amendatory Act by such  
3 transportation agency to construct or acquire public  
4 transportation facilities or to provide funds to purchase such  
5 bonds or notes; and to provide funds for any transportation  
6 agency to construct or acquire any public transportation  
7 facilities, to repay advances made for such purposes, and to  
8 pay other expenses incident to or incurred in connection with  
9 such construction or acquisition; and to provide funds for  
10 payment of obligations, including the funding of reserves,  
11 under any self-insurance plan or joint self-insurance pool or  
12 entity.

13 In addition to any other borrowing as may be authorized by  
14 this Section, the Authority may issue its notes, from time to  
15 time, in anticipation of tax receipts of the Authority or of  
16 other revenues or receipts of the Authority, in order to  
17 provide money for the Authority or the Service Boards to cover  
18 any cash flow deficit which the Authority or a Service Board  
19 anticipates incurring. Any such notes are referred to in this  
20 Section as "Working Cash Notes". No Working Cash Notes shall be  
21 issued for a term of longer than 24 months. Proceeds of Working  
22 Cash Notes may be used to pay day to day operating expenses of  
23 the Authority or the Service Boards, consisting of wages,  
24 salaries and fringe benefits, professional and technical  
25 services (including legal, audit, engineering and other  
26 consulting services), office rental, furniture, fixtures and

1 equipment, insurance premiums, claims for self-insured amounts  
2 under insurance policies, public utility obligations for  
3 telephone, light, heat and similar items, travel expenses,  
4 office supplies, postage, dues, subscriptions, public hearings  
5 and information expenses, fuel purchases, and payments of  
6 grants and payments under purchase of service agreements for  
7 operations of transportation agencies, prior to the receipt by  
8 the Authority or a Service Board from time to time of funds for  
9 paying such expenses. In addition to any Working Cash Notes  
10 that the Board of the Authority may determine to issue, the  
11 Suburban Bus Board, the Commuter Rail Board or the Board of the  
12 Chicago Transit Authority may demand and direct that the  
13 Authority issue its Working Cash Notes in such amounts and  
14 having such maturities as the Service Board may determine.

15 Notwithstanding any other provision of this Act, any  
16 amounts necessary to pay principal of and interest on any  
17 Working Cash Notes issued at the demand and direction of a  
18 Service Board or any Working Cash Notes the proceeds of which  
19 were used for the direct benefit of a Service Board or any  
20 other Bonds or Notes of the Authority the proceeds of which  
21 were used for the direct benefit of a Service Board shall  
22 constitute a reduction of the amount of any other funds  
23 provided by the Authority to that Service Board. The Authority  
24 shall, after deducting any costs of issuance, tender the net  
25 proceeds of any Working Cash Notes issued at the demand and  
26 direction of a Service Board to such Service Board as soon as

1 may be practicable after the proceeds are received. The  
2 Authority may also issue notes or bonds to pay, refund or  
3 redeem any of its notes and bonds, including to pay redemption  
4 premiums or accrued interest on such bonds or notes being  
5 renewed, paid or refunded, and other costs in connection  
6 therewith. The Authority may also utilize the proceeds of any  
7 such bonds or notes to pay the legal, financial, administrative  
8 and other expenses of such authorization, issuance, sale or  
9 delivery of bonds or notes or to provide or increase a debt  
10 service reserve fund with respect to any or all of its bonds or  
11 notes. The Authority may also issue and deliver its bonds or  
12 notes in exchange for any public transportation facilities,  
13 (including funds and rights relating thereto, as provided in  
14 Section 2.05 of this Act) or in exchange for outstanding bonds  
15 or notes of the Authority, including any accrued interest or  
16 redemption premium thereon, without advertising or submitting  
17 such notes or bonds for public bidding.

18 (b) The ordinance providing for the issuance of any such  
19 bonds or notes shall fix the date or dates of maturity, the  
20 dates on which interest is payable, any sinking fund account or  
21 reserve fund account provisions and all other details of such  
22 bonds or notes and may provide for such covenants or agreements  
23 necessary or desirable with regard to the issue, sale and  
24 security of such bonds or notes. The rate or rates of interest  
25 on its bonds or notes may be fixed or variable and the  
26 Authority shall determine or provide for the determination of

1 the rate or rates of interest of its bonds or notes issued  
2 under this Act in an ordinance adopted by the Authority prior  
3 to the issuance thereof, none of which rates of interest shall  
4 exceed that permitted in the Bond Authorization Act. Interest  
5 may be payable at such times as are provided for by the Board.  
6 Bonds and notes issued under this Section may be issued as  
7 serial or term obligations, shall be of such denomination or  
8 denominations and form, including interest coupons to be  
9 attached thereto, be executed in such manner, shall be payable  
10 at such place or places and bear such date as the Authority  
11 shall fix by the ordinance authorizing such bond or note and  
12 shall mature at such time or times, within a period not to  
13 exceed forty years from the date of issue, and may be  
14 redeemable prior to maturity with or without premium, at the  
15 option of the Authority, upon such terms and conditions as the  
16 Authority shall fix by the ordinance authorizing the issuance  
17 of such bonds or notes. No bond anticipation note or any  
18 renewal thereof shall mature at any time or times exceeding 5  
19 years from the date of the first issuance of such note. The  
20 Authority may provide for the registration of bonds or notes in  
21 the name of the owner as to the principal alone or as to both  
22 principal and interest, upon such terms and conditions as the  
23 Authority may determine. The ordinance authorizing bonds or  
24 notes may provide for the exchange of such bonds or notes which  
25 are fully registered, as to both principal and interest, with  
26 bonds or notes which are registerable as to principal only. All

1 bonds or notes issued under this Section by the Authority other  
2 than those issued in exchange for property or for bonds or  
3 notes of the Authority shall be sold at a price which may be at  
4 a premium or discount but such that the interest cost  
5 (excluding any redemption premium) to the Authority of the  
6 proceeds of an issue of such bonds or notes, computed to stated  
7 maturity according to standard tables of bond values, shall not  
8 exceed that permitted in the Bond Authorization Act. The  
9 Authority shall notify the Governor's Office of Management and  
10 Budget and the State Comptroller at least 30 days before any  
11 bond sale and shall file with the Governor's Office of  
12 Management and Budget and the State Comptroller a certified  
13 copy of any ordinance authorizing the issuance of bonds at or  
14 before the issuance of the bonds. After December 31, 1994, any  
15 such bonds or notes shall be sold to the highest and best  
16 bidder on sealed bids as the Authority shall deem. As such  
17 bonds or notes are to be sold the Authority shall advertise for  
18 proposals to purchase the bonds or notes which advertisement  
19 shall be published at least once in a daily newspaper of  
20 general circulation published in the metropolitan region at  
21 least 10 days before the time set for the submission of bids.  
22 The Authority shall have the right to reject any or all bids.  
23 Notwithstanding any other provisions of this Section, Working  
24 Cash Notes or bonds or notes to provide funds for  
25 self-insurance or a joint self-insurance pool or entity may be  
26 sold either upon competitive bidding or by negotiated sale

1 (without any requirement of publication of intention to  
2 negotiate the sale of such Notes), as the Board shall determine  
3 by ordinance adopted with the affirmative votes of at least 9  
4 Directors. In case any officer whose signature appears on any  
5 bonds, notes or coupons authorized pursuant to this Section  
6 shall cease to be such officer before delivery of such bonds or  
7 notes, such signature shall nevertheless be valid and  
8 sufficient for all purposes, the same as if such officer had  
9 remained in office until such delivery. Neither the Directors  
10 of the Authority nor any person executing any bonds or notes  
11 thereof shall be liable personally on any such bonds or notes  
12 or coupons by reason of the issuance thereof.

13 (c) All bonds or notes of the Authority issued pursuant to  
14 this Section shall be general obligations of the Authority to  
15 which shall be pledged the full faith and credit of the  
16 Authority, as provided in this Section. Such bonds or notes  
17 shall be secured as provided in the authorizing ordinance,  
18 which may, notwithstanding any other provision of this Act,  
19 include in addition to any other security, a specific pledge or  
20 assignment of and lien on or security interest in any or all  
21 tax receipts of the Authority and on any or all other revenues  
22 or moneys of the Authority from whatever source, which may by  
23 law be utilized for debt service purposes and a specific pledge  
24 or assignment of and lien on or security interest in any funds  
25 or accounts established or provided for by the ordinance of the  
26 Authority authorizing the issuance of such bonds or notes. Any



1 such pledge, assignment, lien or security interest for the  
2 benefit of holders of bonds or notes of the Authority shall be  
3 valid and binding from the time the bonds or notes are issued  
4 without any physical delivery or further act and shall be valid  
5 and binding as against and prior to the claims of all other  
6 parties having claims of any kind against the Authority or any  
7 other person irrespective of whether such other parties have  
8 notice of such pledge, assignment, lien or security interest.  
9 The obligations of the Authority incurred pursuant to this  
10 Section shall be superior to and have priority over any other  
11 obligations of the Authority.

12 The Authority may provide in the ordinance authorizing the  
13 issuance of any bonds or notes issued pursuant to this Section  
14 for the creation of, deposits in, and regulation and  
15 disposition of sinking fund or reserve accounts relating to  
16 such bonds or notes. The ordinance authorizing the issuance of  
17 any bonds or notes pursuant to this Section may contain  
18 provisions as part of the contract with the holders of the  
19 bonds or notes, for the creation of a separate fund to provide  
20 for the payment of principal and interest on such bonds or  
21 notes and for the deposit in such fund from any or all the tax  
22 receipts of the Authority and from any or all such other moneys  
23 or revenues of the Authority from whatever source which may by  
24 law be utilized for debt service purposes, all as provided in  
25 such ordinance, of amounts to meet the debt service  
26 requirements on such bonds or notes, including principal and

1 interest, and any sinking fund or reserve fund account  
2 requirements as may be provided by such ordinance, and all  
3 expenses incident to or in connection with such fund and  
4 accounts or the payment of such bonds or notes. Such ordinance  
5 may also provide limitations on the issuance of additional  
6 bonds or notes of the Authority. No such bonds or notes of the  
7 Authority shall constitute a debt of the State of Illinois.  
8 Nothing in this Act shall be construed to enable the Authority  
9 to impose any ad valorem tax on property.

10 (d) The ordinance of the Authority authorizing the issuance  
11 of any bonds or notes may provide additional security for such  
12 bonds or notes by providing for appointment of a corporate  
13 trustee (which may be any trust company or bank having the  
14 powers of a trust company within the state) with respect to  
15 such bonds or notes. The ordinance shall prescribe the rights,  
16 duties and powers of the trustee to be exercised for the  
17 benefit of the Authority and the protection of the holders of  
18 such bonds or notes. The ordinance may provide for the trustee  
19 to hold in trust, invest and use amounts in funds and accounts  
20 created as provided by the ordinance with respect to the bonds  
21 or notes. The ordinance may provide for the assignment and  
22 direct payment to the trustee of any or all amounts produced  
23 from the sources provided in Section 4.03 and Section 4.09 of  
24 this Act and provided in Section 6z-17 of "An Act in relation  
25 to State finance", approved June 10, 1919, as amended. Upon  
26 receipt of notice of any such assignment, the Department of

1 Revenue and the Comptroller of the State of Illinois shall  
2 thereafter, notwithstanding the provisions of Section 4.03 and  
3 Section 4.09 of this Act and Section 6z-17 of "An Act in  
4 relation to State finance", approved June 10, 1919, as amended,  
5 provide for such assigned amounts to be paid directly to the  
6 trustee instead of the Authority, all in accordance with the  
7 terms of the ordinance making the assignment. The ordinance  
8 shall provide that amounts so paid to the trustee which are not  
9 required to be deposited, held or invested in funds and  
10 accounts created by the ordinance with respect to bonds or  
11 notes or used for paying bonds or notes to be paid by the  
12 trustee to the Authority.

13 (e) Any bonds or notes of the Authority issued pursuant to  
14 this Section shall constitute a contract between the Authority  
15 and the holders from time to time of such bonds or notes. In  
16 issuing any bond or note, the Authority may include in the  
17 ordinance authorizing such issue a covenant as part of the  
18 contract with the holders of the bonds or notes, that as long  
19 as such obligations are outstanding, it shall make such  
20 deposits, as provided in paragraph (c) of this Section. It may  
21 also so covenant that it shall impose and continue to impose  
22 taxes, as provided in Section 4.03 of this Act and in addition  
23 thereto as subsequently authorized by law, sufficient to make  
24 such deposits and pay the principal and interest and to meet  
25 other debt service requirements of such bonds or notes as they  
26 become due. A certified copy of the ordinance authorizing the

1 issuance of any such obligations shall be filed at or prior to  
2 the issuance of such obligations with the Comptroller of the  
3 State of Illinois and the Illinois Department of Revenue.

4 (f) The State of Illinois pledges to and agrees with the  
5 holders of the bonds and notes of the Authority issued pursuant  
6 to this Section that the State will not limit or alter the  
7 rights and powers vested in the Authority by this Act so as to  
8 impair the terms of any contract made by the Authority with  
9 such holders or in any way impair the rights and remedies of  
10 such holders until such bonds and notes, together with interest  
11 thereon, with interest on any unpaid installments of interest,  
12 and all costs and expenses in connection with any action or  
13 proceedings by or on behalf of such holders, are fully met and  
14 discharged. In addition, the State pledges to and agrees with  
15 the holders of the bonds and notes of the Authority issued  
16 pursuant to this Section that the State will not limit or alter  
17 the basis on which State funds are to be paid to the Authority  
18 as provided in this Act, or the use of such funds, so as to  
19 impair the terms of any such contract. The Authority is  
20 authorized to include these pledges and agreements of the State  
21 in any contract with the holders of bonds or notes issued  
22 pursuant to this Section.

23 (g) (1) Except as provided in subdivisions (g) (2) and (g) (3)  
24 of Section 4.04 of this Act, the Authority shall not at any  
25 time issue, sell or deliver any bonds or notes (other than  
26 Working Cash Notes) pursuant to this Section 4.04 which will

1 cause it to have issued and outstanding at any time in excess  
2 of \$800,000,000 of such bonds and notes (other than Working  
3 Cash Notes). The Authority shall not issue, sell, or deliver  
4 any Working Cash Notes pursuant to this Section that will cause  
5 it to have issued and outstanding at any time in excess of  
6 \$100,000,000. However, the Authority may issue, sell, and  
7 deliver additional Working Cash Notes before July 1, 2018 ~~2016~~  
8 that are over and above and in addition to the \$100,000,000  
9 authorization such that the outstanding amount of these  
10 additional Working Cash Notes does not exceed at any time  
11 \$300,000,000. Bonds or notes which are being paid or retired by  
12 such issuance, sale or delivery of bonds or notes, and bonds or  
13 notes for which sufficient funds have been deposited with the  
14 paying agency of such bonds or notes to provide for payment of  
15 principal and interest thereon or to provide for the redemption  
16 thereof, all pursuant to the ordinance authorizing the issuance  
17 of such bonds or notes, shall not be considered to be  
18 outstanding for the purposes of this subsection.

19 (2) In addition to the authority provided by paragraphs (1)  
20 and (3), the Authority is authorized to issue, sell and deliver  
21 bonds or notes for Strategic Capital Improvement Projects  
22 approved pursuant to Section 4.13 as follows:

23 \$100,000,000 is authorized to be issued on or after  
24 January 1, 1990;

25 an additional \$100,000,000 is authorized to be issued  
26 on or after January 1, 1991;

1           an additional \$100,000,000 is authorized to be issued  
2           on or after January 1, 1992;

3           an additional \$100,000,000 is authorized to be issued  
4           on or after January 1, 1993;

5           an additional \$100,000,000 is authorized to be issued  
6           on or after January 1, 1994; and

7           the aggregate total authorization of bonds and notes  
8           for Strategic Capital Improvement Projects as of January 1,  
9           1994, shall be \$500,000,000.

10          The Authority is also authorized to issue, sell, and  
11          deliver bonds or notes in such amounts as are necessary to  
12          provide for the refunding or advance refunding of bonds or  
13          notes issued for Strategic Capital Improvement Projects under  
14          this subdivision (g) (2), provided that no such refunding bond  
15          or note shall mature later than the final maturity date of the  
16          series of bonds or notes being refunded, and provided further  
17          that the debt service requirements for such refunding bonds or  
18          notes in the current or any future fiscal year shall not exceed  
19          the debt service requirements for that year on the refunded  
20          bonds or notes.

21          (3) In addition to the authority provided by paragraphs (1)  
22          and (2), the Authority is authorized to issue, sell, and  
23          deliver bonds or notes for Strategic Capital Improvement  
24          Projects approved pursuant to Section 4.13 as follows:

25                 \$260,000,000 is authorized to be issued on or after  
26                 January 1, 2000;

1           an additional \$260,000,000 is authorized to be issued  
2           on or after January 1, 2001;

3           an additional \$260,000,000 is authorized to be issued  
4           on or after January 1, 2002;

5           an additional \$260,000,000 is authorized to be issued  
6           on or after January 1, 2003;

7           an additional \$260,000,000 is authorized to be issued  
8           on or after January 1, 2004; and

9           the aggregate total authorization of bonds and notes  
10          for Strategic Capital Improvement Projects pursuant to  
11          this paragraph (3) as of January 1, 2004 shall be  
12          \$1,300,000,000.

13          The Authority is also authorized to issue, sell, and  
14          deliver bonds or notes in such amounts as are necessary to  
15          provide for the refunding or advance refunding of bonds or  
16          notes issued for Strategic Capital Improvement projects under  
17          this subdivision (g) (3), provided that no such refunding bond  
18          or note shall mature later than the final maturity date of the  
19          series of bonds or notes being refunded, and provided further  
20          that the debt service requirements for such refunding bonds or  
21          notes in the current or any future fiscal year shall not exceed  
22          the debt service requirements for that year on the refunded  
23          bonds or notes.

24          (h) The Authority, subject to the terms of any agreements  
25          with noteholders or bond holders as may then exist, shall have  
26          power, out of any funds available therefor, to purchase notes

1 or bonds of the Authority, which shall thereupon be cancelled.

2 (i) In addition to any other authority granted by law, the  
3 State Treasurer may, with the approval of the Governor, invest  
4 or reinvest, at a price not to exceed par, any State money in  
5 the State Treasury which is not needed for current expenditures  
6 due or about to become due in Working Cash Notes.

7 (Source: P.A. 97-769, eff. 7-10-12; 98-392, eff. 8-16-13.)

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