

1 AN ACT in relation to education.

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

4 Section 3. The Freedom of Information Act is amended by  
5 changing Section 2 as follows:

6 (5 ILCS 140/2) (from Ch. 116, par. 202)

7 Sec. 2. Definitions. As used in this Act:

8 (a) "Public body" means any legislative, executive,  
9 administrative, or advisory bodies of the State, state  
10 universities and colleges, counties, townships, cities,  
11 villages, incorporated towns, school districts and all other  
12 municipal corporations, boards, bureaus, committees, or  
13 commissions of this State, and any subsidiary bodies of any  
14 of the foregoing including but not limited to committees and  
15 subcommittees which are supported in whole or in part by tax  
16 revenue, or which expend tax revenue, and a School Finance  
17 Authority created under Article 1E of the School Code.

18 "Public body" does not include a child death review team or  
19 the Illinois Child Death Review Teams Executive Council  
20 established under the Child Death Review Team Act.

21 (b) "Person" means any individual, corporation,  
22 partnership, firm, organization or association, acting  
23 individually or as a group.

24 (c) "Public records" means all records, reports, forms,  
25 writings, letters, memoranda, books, papers, maps,  
26 photographs, microfilms, cards, tapes, recordings, electronic  
27 data processing records, recorded information and all other  
28 documentary materials, regardless of physical form or  
29 characteristics, having been prepared, or having been or  
30 being used, received, possessed or under the control of any  
31 public body. "Public records" includes, but is expressly not

1 limited to: (i) administrative manuals, procedural rules,  
2 and instructions to staff, unless exempted by Section 7(p) of  
3 this Act; (ii) final opinions and orders made in the  
4 adjudication of cases, except an educational institution's  
5 adjudication of student or employee grievance or disciplinary  
6 cases; (iii) substantive rules; (iv) statements and  
7 interpretations of policy which have been adopted by a public  
8 body; (v) final planning policies, recommendations, and  
9 decisions; (vi) factual reports, inspection reports, and  
10 studies whether prepared by or for the public body; (vii) all  
11 information in any account, voucher, or contract dealing with  
12 the receipt or expenditure of public or other funds of public  
13 bodies; (viii) the names, salaries, titles, and dates of  
14 employment of all employees and officers of public bodies;  
15 (ix) materials containing opinions concerning the rights of  
16 the state, the public, a subdivision of state or a local  
17 government, or of any private persons; (x) the name of every  
18 official and the final records of voting in all proceedings  
19 of public bodies; (xi) applications for any contract, permit,  
20 grant, or agreement except as exempted from disclosure by  
21 subsection (g) of Section 7 of this Act; (xii) each report,  
22 document, study, or publication prepared by independent  
23 consultants or other independent contractors for the public  
24 body; (xiii) all other information required by law to be made  
25 available for public inspection or copying; (xiv) information  
26 relating to any grant or contract made by or between a public  
27 body and another public body or private organization; (xv)  
28 waiver documents filed with the State Superintendent of  
29 Education or the president of the University of Illinois  
30 under Section 30-12.5 of the School Code, concerning nominees  
31 for General Assembly scholarships under Sections 30-9, 30-10,  
32 and 30-11 of the School Code; (xvi) complaints, results of  
33 complaints, and Department of Children and Family Services  
34 staff findings of licensing violations at day care

1 facilities, provided that personal and identifying  
2 information is not released; and (xvii) records, reports,  
3 forms, writings, letters, memoranda, books, papers, and other  
4 documentary information, regardless of physical form or  
5 characteristics, having been prepared, or having been or  
6 being used, received, possessed, or under the control of the  
7 Illinois Sports Facilities Authority dealing with the receipt  
8 or expenditure of public funds or other funds of the  
9 Authority in connection with the reconstruction, renovation,  
10 remodeling, extension, or improvement of all or substantially  
11 all of an existing "facility" as that term is defined in the  
12 Illinois Sports Facilities Authority Act.

13 (d) "Copying" means the reproduction of any public  
14 record by means of any photographic, electronic, mechanical  
15 or other process, device or means.

16 (e) "Head of the public body" means the president,  
17 mayor, chairman, presiding officer, director, superintendent,  
18 manager, supervisor or individual otherwise holding primary  
19 executive and administrative authority for the public body,  
20 or such person's duly authorized designee.

21 (f) "News media" means a newspaper or other periodical  
22 issued at regular intervals whether in print or electronic  
23 format, a news service whether in print or electronic format,  
24 a radio station, a television station, a television network,  
25 a community antenna television service, or a person or  
26 corporation engaged in making news reels or other motion  
27 picture news for public showing.

28 (Source: P.A. 91-935, eff. 6-1-01; 92-335, eff. 8-10-01;  
29 92-468, eff. 8-22-01; revised 10-10-01.)

30 Section 5. The Property Tax Code is amended by changing  
31 Section 18-185 and adding Sections 18-190.5 and 18-241 as  
32 follows:

1 (35 ILCS 200/18-185)

2 Sec. 18-185. Short title; definitions. This Division 5  
3 may be cited as the Property Tax Extension Limitation Law.  
4 As used in this Division 5:

5 "Consumer Price Index" means the Consumer Price Index for  
6 All Urban Consumers for all items published by the United  
7 States Department of Labor.

8 "Extension limitation" means (a) the lesser of 5% or the  
9 percentage increase in the Consumer Price Index during the  
10 12-month calendar year preceding the levy year or (b) the  
11 rate of increase approved by voters under Section 18-205.

12 "Affected county" means a county of 3,000,000 or more  
13 inhabitants or a county contiguous to a county of 3,000,000  
14 or more inhabitants.

15 "Taxing district" has the same meaning provided in  
16 Section 1-150, except as otherwise provided in this Section.  
17 For the 1991 through 1994 levy years only, "taxing district"  
18 includes only each non-home rule taxing district having the  
19 majority of its 1990 equalized assessed value within any  
20 county or counties contiguous to a county with 3,000,000 or  
21 more inhabitants. Beginning with the 1995 levy year, "taxing  
22 district" includes only each non-home rule taxing district  
23 subject to this Law before the 1995 levy year and each  
24 non-home rule taxing district not subject to this Law before  
25 the 1995 levy year having the majority of its 1994 equalized  
26 assessed value in an affected county or counties. Beginning  
27 with the levy year in which this Law becomes applicable to a  
28 taxing district as provided in Section 18-213, "taxing  
29 district" also includes those taxing districts made subject  
30 to this Law as provided in Section 18-213.

31 "Aggregate extension" for taxing districts to which this  
32 Law applied before the 1995 levy year means the annual  
33 corporate extension for the taxing district and those special  
34 purpose extensions that are made annually for the taxing

1 district, excluding special purpose extensions: (a) made for  
2 the taxing district to pay interest or principal on general  
3 obligation bonds that were approved by referendum; (b) made  
4 for any taxing district to pay interest or principal on  
5 general obligation bonds issued before October 1, 1991; (c)  
6 made for any taxing district to pay interest or principal on  
7 bonds issued to refund or continue to refund those bonds  
8 issued before October 1, 1991; (d) made for any taxing  
9 district to pay interest or principal on bonds issued to  
10 refund or continue to refund bonds issued after October 1,  
11 1991 that were approved by referendum; (e) made for any  
12 taxing district to pay interest or principal on revenue bonds  
13 issued before October 1, 1991 for payment of which a property  
14 tax levy or the full faith and credit of the unit of local  
15 government is pledged; however, a tax for the payment of  
16 interest or principal on those bonds shall be made only after  
17 the governing body of the unit of local government finds that  
18 all other sources for payment are insufficient to make those  
19 payments; (f) made for payments under a building commission  
20 lease when the lease payments are for the retirement of bonds  
21 issued by the commission before October 1, 1991, to pay for  
22 the building project; (g) made for payments due under  
23 installment contracts entered into before October 1, 1991;  
24 (h) made for payments of principal and interest on bonds  
25 issued under the Metropolitan Water Reclamation District Act  
26 to finance construction projects initiated before October 1,  
27 1991; (i) made for payments of principal and interest on  
28 limited bonds, as defined in Section 3 of the Local  
29 Government Debt Reform Act, in an amount not to exceed the  
30 debt service extension base less the amount in items (b),  
31 (c), (e), and (h) of this definition for non-referendum  
32 obligations, except obligations initially issued pursuant to  
33 referendum; (j) made for payments of principal and interest  
34 on bonds issued under Section 15 of the Local Government Debt

1 Reform Act; and (k) made by a school district that  
2 participates in the Special Education District of Lake  
3 County, created by special education joint agreement under  
4 Section 10-22.31 of the School Code, for payment of the  
5 school district's share of the amounts required to be  
6 contributed by the Special Education District of Lake County  
7 to the Illinois Municipal Retirement Fund under Article 7 of  
8 the Illinois Pension Code; the amount of any extension under  
9 this item (k) shall be certified by the school district to  
10 the county clerk.

11 "Aggregate extension" for the taxing districts to which  
12 this Law did not apply before the 1995 levy year (except  
13 taxing districts subject to this Law in accordance with  
14 Section 18-213) means the annual corporate extension for the  
15 taxing district and those special purpose extensions that are  
16 made annually for the taxing district, excluding special  
17 purpose extensions: (a) made for the taxing district to pay  
18 interest or principal on general obligation bonds that were  
19 approved by referendum; (b) made for any taxing district to  
20 pay interest or principal on general obligation bonds issued  
21 before March 1, 1995; (c) made for any taxing district to pay  
22 interest or principal on bonds issued to refund or continue  
23 to refund those bonds issued before March 1, 1995; (d) made  
24 for any taxing district to pay interest or principal on bonds  
25 issued to refund or continue to refund bonds issued after  
26 March 1, 1995 that were approved by referendum; (e) made for  
27 any taxing district to pay interest or principal on revenue  
28 bonds issued before March 1, 1995 for payment of which a  
29 property tax levy or the full faith and credit of the unit of  
30 local government is pledged; however, a tax for the payment  
31 of interest or principal on those bonds shall be made only  
32 after the governing body of the unit of local government  
33 finds that all other sources for payment are insufficient to  
34 make those payments; (f) made for payments under a building

1 commission lease when the lease payments are for the  
2 retirement of bonds issued by the commission before March 1,  
3 1995 to pay for the building project; (g) made for payments  
4 due under installment contracts entered into before March 1,  
5 1995; (h) made for payments of principal and interest on  
6 bonds issued under the Metropolitan Water Reclamation  
7 District Act to finance construction projects initiated  
8 before October 1, 1991; (i) made for payments of principal  
9 and interest on limited bonds, as defined in Section 3 of the  
10 Local Government Debt Reform Act, in an amount not to exceed  
11 the debt service extension base less the amount in items (b),  
12 (c), and (e) of this definition for non-referendum  
13 obligations, except obligations initially issued pursuant to  
14 referendum and bonds described in subsection (h) of this  
15 definition; (j) made for payments of principal and interest  
16 on bonds issued under Section 15 of the Local Government Debt  
17 Reform Act; (k) made for payments of principal and interest  
18 on bonds authorized by Public Act 88-503 and issued under  
19 Section 20a of the Chicago Park District Act for aquarium or  
20 museum projects; and (l) made for payments of principal and  
21 interest on bonds authorized by Public Act 87-1191 and issued  
22 under Section 42 of the Cook County Forest Preserve District  
23 Act for zoological park projects; and (m) made pursuant to  
24 Section 34-53.5 of the School Code, whether levied annually  
25 or not.

26 "Aggregate extension" for all taxing districts to which  
27 this Law applies in accordance with Section 18-213, except  
28 for those taxing districts subject to paragraph (2) of  
29 subsection (e) of Section 18-213, means the annual corporate  
30 extension for the taxing district and those special purpose  
31 extensions that are made annually for the taxing district,  
32 excluding special purpose extensions: (a) made for the taxing  
33 district to pay interest or principal on general obligation  
34 bonds that were approved by referendum; (b) made for any

1 taxing district to pay interest or principal on general  
2 obligation bonds issued before the date on which the  
3 referendum making this Law applicable to the taxing district  
4 is held; (c) made for any taxing district to pay interest or  
5 principal on bonds issued to refund or continue to refund  
6 those bonds issued before the date on which the referendum  
7 making this Law applicable to the taxing district is held;  
8 (d) made for any taxing district to pay interest or principal  
9 on bonds issued to refund or continue to refund bonds issued  
10 after the date on which the referendum making this Law  
11 applicable to the taxing district is held if the bonds were  
12 approved by referendum after the date on which the referendum  
13 making this Law applicable to the taxing district is held;  
14 (e) made for any taxing district to pay interest or principal  
15 on revenue bonds issued before the date on which the  
16 referendum making this Law applicable to the taxing district  
17 is held for payment of which a property tax levy or the full  
18 faith and credit of the unit of local government is pledged;  
19 however, a tax for the payment of interest or principal on  
20 those bonds shall be made only after the governing body of  
21 the unit of local government finds that all other sources for  
22 payment are insufficient to make those payments; (f) made for  
23 payments under a building commission lease when the lease  
24 payments are for the retirement of bonds issued by the  
25 commission before the date on which the referendum making  
26 this Law applicable to the taxing district is held to pay for  
27 the building project; (g) made for payments due under  
28 installment contracts entered into before the date on which  
29 the referendum making this Law applicable to the taxing  
30 district is held; (h) made for payments of principal and  
31 interest on limited bonds, as defined in Section 3 of the  
32 Local Government Debt Reform Act, in an amount not to exceed  
33 the debt service extension base less the amount in items (b),  
34 (c), and (e) of this definition for non-referendum



1 obligations, except obligations initially issued pursuant to  
2 referendum; (i) made for payments of principal and interest  
3 on bonds issued under Section 15 of the Local Government Debt  
4 Reform Act; and (j) made for a qualified airport authority to  
5 pay interest or principal on general obligation bonds issued  
6 for the purpose of paying obligations due under, or financing  
7 airport facilities required to be acquired, constructed,  
8 installed or equipped pursuant to, contracts entered into  
9 before March 1, 1996 (but not including any amendments to  
10 such a contract taking effect on or after that date).

11 "Aggregate extension" for all taxing districts to which  
12 this Law applies in accordance with paragraph (2) of  
13 subsection (e) of Section 18-213 means the annual corporate  
14 extension for the taxing district and those special purpose  
15 extensions that are made annually for the taxing district,  
16 excluding special purpose extensions: (a) made for the taxing  
17 district to pay interest or principal on general obligation  
18 bonds that were approved by referendum; (b) made for any  
19 taxing district to pay interest or principal on general  
20 obligation bonds issued before the effective date of this  
21 amendatory Act of 1997; (c) made for any taxing district to  
22 pay interest or principal on bonds issued to refund or  
23 continue to refund those bonds issued before the effective  
24 date of this amendatory Act of 1997; (d) made for any taxing  
25 district to pay interest or principal on bonds issued to  
26 refund or continue to refund bonds issued after the effective  
27 date of this amendatory Act of 1997 if the bonds were  
28 approved by referendum after the effective date of this  
29 amendatory Act of 1997; (e) made for any taxing district to  
30 pay interest or principal on revenue bonds issued before the  
31 effective date of this amendatory Act of 1997 for payment of  
32 which a property tax levy or the full faith and credit of the  
33 unit of local government is pledged; however, a tax for the  
34 payment of interest or principal on those bonds shall be made

1 only after the governing body of the unit of local government  
2 finds that all other sources for payment are insufficient to  
3 make those payments; (f) made for payments under a building  
4 commission lease when the lease payments are for the  
5 retirement of bonds issued by the commission before the  
6 effective date of this amendatory Act of 1997 to pay for the  
7 building project; (g) made for payments due under installment  
8 contracts entered into before the effective date of this  
9 amendatory Act of 1997; (h) made for payments of principal  
10 and interest on limited bonds, as defined in Section 3 of the  
11 Local Government Debt Reform Act, in an amount not to exceed  
12 the debt service extension base less the amount in items (b),  
13 (c), and (e) of this definition for non-referendum  
14 obligations, except obligations initially issued pursuant to  
15 referendum; (i) made for payments of principal and interest  
16 on bonds issued under Section 15 of the Local Government Debt  
17 Reform Act; and (j) made for a qualified airport authority to  
18 pay interest or principal on general obligation bonds issued  
19 for the purpose of paying obligations due under, or financing  
20 airport facilities required to be acquired, constructed,  
21 installed or equipped pursuant to, contracts entered into  
22 before March 1, 1996 (but not including any amendments to  
23 such a contract taking effect on or after that date).

24 "Debt service extension base" means an amount equal to  
25 that portion of the extension for a taxing district for the  
26 1994 levy year, or for those taxing districts subject to this  
27 Law in accordance with Section 18-213, except for those  
28 subject to paragraph (2) of subsection (e) of Section 18-213,  
29 for the levy year in which the referendum making this Law  
30 applicable to the taxing district is held, or for those  
31 taxing districts subject to this Law in accordance with  
32 paragraph (2) of subsection (e) of Section 18-213 for the  
33 1996 levy year, constituting an extension for payment of  
34 principal and interest on bonds issued by the taxing district

1 without referendum, but not including (i) bonds authorized by  
2 Public Act 88-503 and issued under Section 20a of the Chicago  
3 Park District Act for aquarium and museum projects; (ii)  
4 bonds issued under Section 15 of the Local Government Debt  
5 Reform Act; or (iii) refunding obligations issued to refund  
6 or to continue to refund obligations initially issued  
7 pursuant to referendum. The debt service extension base may  
8 be established or increased as provided under Section 18-212.

9 "Special purpose extensions" include, but are not limited  
10 to, extensions for levies made on an annual basis for  
11 unemployment and workers' compensation, self-insurance,  
12 contributions to pension plans, and extensions made pursuant  
13 to Section 6-601 of the Illinois Highway Code for a road  
14 district's permanent road fund whether levied annually or  
15 not. The extension for a special service area is not  
16 included in the aggregate extension.

17 "Aggregate extension base" means the taxing district's  
18 last preceding aggregate extension as adjusted under Sections  
19 18-215 through 18-230.

20 "Levy year" has the same meaning as "year" under Section  
21 1-155.

22 "New property" means (i) the assessed value, after final  
23 board of review or board of appeals action, of new  
24 improvements or additions to existing improvements on any  
25 parcel of real property that increase the assessed value of  
26 that real property during the levy year multiplied by the  
27 equalization factor issued by the Department under Section  
28 17-30 and (ii) the assessed value, after final board of  
29 review or board of appeals action, of real property not  
30 exempt from real estate taxation, which real property was  
31 exempt from real estate taxation for any portion of the  
32 immediately preceding levy year, multiplied by the  
33 equalization factor issued by the Department under Section  
34 17-30. In addition, the county clerk in a county containing

1 a population of 3,000,000 or more shall include in the 1997  
2 recovered tax increment value for any school district, any  
3 recovered tax increment value that was applicable to the 1995  
4 tax year calculations.

5 "Qualified airport authority" means an airport authority  
6 organized under the Airport Authorities Act and located in a  
7 county bordering on the State of Wisconsin and having a  
8 population in excess of 200,000 and not greater than 500,000.

9 "Recovered tax increment value" means, except as  
10 otherwise provided in this paragraph, the amount of the  
11 current year's equalized assessed value, in the first year  
12 after a municipality terminates the designation of an area as  
13 a redevelopment project area previously established under the  
14 Tax Increment Allocation Development Act in the Illinois  
15 Municipal Code, previously established under the Industrial  
16 Jobs Recovery Law in the Illinois Municipal Code, or  
17 previously established under the Economic Development Area  
18 Tax Increment Allocation Act, of each taxable lot, block,  
19 tract, or parcel of real property in the redevelopment  
20 project area over and above the initial equalized assessed  
21 value of each property in the redevelopment project area.  
22 For the taxes which are extended for the 1997 levy year, the  
23 recovered tax increment value for a non-home rule taxing  
24 district that first became subject to this Law for the 1995  
25 levy year because a majority of its 1994 equalized assessed  
26 value was in an affected county or counties shall be  
27 increased if a municipality terminated the designation of an  
28 area in 1993 as a redevelopment project area previously  
29 established under the Tax Increment Allocation Development  
30 Act in the Illinois Municipal Code, previously established  
31 under the Industrial Jobs Recovery Law in the Illinois  
32 Municipal Code, or previously established under the Economic  
33 Development Area Tax Increment Allocation Act, by an amount  
34 equal to the 1994 equalized assessed value of each taxable

1 lot, block, tract, or parcel of real property in the  
2 redevelopment project area over and above the initial  
3 equalized assessed value of each property in the  
4 redevelopment project area. In the first year after a  
5 municipality removes a taxable lot, block, tract, or parcel  
6 of real property from a redevelopment project area  
7 established under the Tax Increment Allocation Development  
8 Act in the Illinois Municipal Code, the Industrial Jobs  
9 Recovery Law in the Illinois Municipal Code, or the Economic  
10 Development Area Tax Increment Allocation Act, "recovered tax  
11 increment value" means the amount of the current year's  
12 equalized assessed value of each taxable lot, block, tract,  
13 or parcel of real property removed from the redevelopment  
14 project area over and above the initial equalized assessed  
15 value of that real property before removal from the  
16 redevelopment project area.

17 Except as otherwise provided in this Section, "limiting  
18 rate" means a fraction the numerator of which is the last  
19 preceding aggregate extension base times an amount equal to  
20 one plus the extension limitation defined in this Section and  
21 the denominator of which is the current year's equalized  
22 assessed value of all real property in the territory under  
23 the jurisdiction of the taxing district during the prior levy  
24 year. For those taxing districts that reduced their  
25 aggregate extension for the last preceding levy year, the  
26 highest aggregate extension in any of the last 3 preceding  
27 levy years shall be used for the purpose of computing the  
28 limiting rate. The denominator shall not include new  
29 property. The denominator shall not include the recovered  
30 tax increment value.

31 (Source: P.A. 90-485, eff. 1-1-98; 90-511, eff. 8-22-97;  
32 90-568, eff. 1-1-99; 90-616, eff. 7-10-98; 90-655, eff.  
33 7-30-98; 91-357, eff. 7-29-99; 91-478, eff. 11-1-99.)

1 (35 ILCS 200/18-190.5 new)  
 2 Sec. 18-190.5. School districts. The requirements of  
 3 Section 18-190 of this Code for a direct referendum on the  
 4 imposition of a new or increased tax rate do not apply to tax  
 5 levies that are not included in the aggregate extension for  
 6 those taxing districts to which this Law did not apply before  
 7 the 1995 levy year (except taxing districts subject to this  
 8 Law in accordance with Section 18-213 of this Code) pursuant  
 9 to clause (m) of Section 18-185 of this Code.

10 (35 ILCS 200/18-241 new)  
 11 Sec. 18-241. School Finance Authority.  
 12 (a) A School Finance Authority established under Article  
 13 1E of the School Code shall not be a taxing district for  
 14 purposes of this Law.  
 15 (b) This Law shall not apply to the extension of taxes  
 16 for a school district for the levy year in which a School  
 17 Finance Authority for the district is created pursuant to  
 18 Article 1E of the School Code.

19 Section 7. The Local Government Debt Limitation Act is  
 20 amended by adding Section 1.23 as follows:

21 (50 ILCS 405/1.23 new)  
 22 Sec. 1.23. Indebtedness of Downstate School Finance  
 23 Authority. The limitation prescribed in Section 1 of this Act  
 24 does not apply to any indebtedness of a School Finance  
 25 Authority created pursuant to Article 1E of the School Code.

26 Section 10. The School Code is amended by adding Article  
 27 1E and Section 34-53.5 as follows:

28 (105 ILCS 5/Art. 1E heading new)  
 29 ARTICLE 1E. DOWNSTATE SCHOOL FINANCE AUTHORITY

1           (105 ILCS 5/1E-1 new)  
 2           Sec. 1E-1. Short title. This Article may be cited as the  
 3           Downstate School Finance Authority Law.

4           (105 ILCS 5/1E-5 new)  
 5           Sec. 1E-5. Findings; purpose; intent.

6           (a) The General Assembly finds all of the following:

7                 (1) A fundamental goal of the people of this State,  
 8                 as expressed in Section 1 of Article X of the Illinois  
 9                 Constitution, is the educational development of all  
 10                persons to the limits of their capacities. When a board  
 11                of education faces financial difficulties, continued  
 12                operation of the public school system is threatened.

13                (2) A sound financial structure is essential to the  
 14                continued operation of any school system. It is vital to  
 15                commercial, educational, and cultural interests that  
 16                public schools remain in operation. To achieve that goal,  
 17                public school systems must have effective access to the  
 18                private market to borrow short and long term funds.

19                (3) To promote the financial integrity of  
 20                districts, as defined in this Article, it is necessary to  
 21                provide for the creation of school finance authorities  
 22                with the powers necessary to promote sound financial  
 23                management and to ensure the continued operation of the  
 24                public schools.

25           (b) It is the purpose of this Article to provide a  
 26           secure financial basis for the continued operation of public  
 27           schools. The intention of the General Assembly, in creating  
 28           this Article, is to establish procedures, provide powers, and  
 29           impose restrictions to ensure the financial and educational  
 30           integrity of the public schools, while leaving principal  
 31           responsibility for the educational policies of public schools  
 32           to the boards of education within the State, consistent with  
 33           the requirements for satisfying the public policy and purpose

1 set forth in this Article.

2 (105 ILCS 5/1E-10 new)

3 Sec. 1E-10. Definitions. As used in this Article:

4 "Authority" means a School Finance Authority created  
5 under this Article.

6 "Bonds" means bonds authorized to be issued by the  
7 Authority under Section 1E-65 of this Code.

8 "Budget" means the annual budget of the district required  
9 under Section 17-1 of this Code, as in effect from time to  
10 time.

11 "Chairperson" means the Chairperson of the Authority.

12 "District" means any school district having a population  
13 of not more than 500,000 that prior to the effective date of  
14 this amendatory Act of the 92nd General Assembly has had a  
15 Financial Oversight Panel established for the district under  
16 Section 1B-4 of this Code following the district's  
17 petitioning of the State Board of Education for the creation  
18 of the Financial Oversight Panel and for which the Financial  
19 Oversight Panel has been in existence for at least one year.

20 "Financial plan" means the financial plan of the district  
21 to be developed pursuant to this Article, as in effect from  
22 time to time.

23 "Fiscal year" means the fiscal year of the district.

24 "State Board" means the State Board of Education.

25 "State Superintendent" means the State Superintendent of  
26 Education.

27 "Obligations" means bonds and notes of the Authority.

28 (105 ILCS 5/1E-15 new)

29 Sec. 1E-15. Establishment of Authority; duties of  
30 district.

31 (a) A Financial Oversight Panel created under Article 1B  
32 of this Code for a district may petition the State Board for



1 the establishment of a School Finance Authority for the  
 2 district. The petition shall cite the reasons why the  
 3 creation of a School Finance Authority for the district is  
 4 necessary. The State Board may grant the petition upon  
 5 determining that the approval of the petition is in the best  
 6 educational and financial interests of the district.

7 (b) Upon approval of the petition by the State Board all  
 8 of the following shall occur:

9 (1) There is established a body both corporate and  
 10 politic to be known as the "(Name of School District)  
 11 School Finance Authority", which in this name shall  
 12 exercise all authority vested in an Authority by this  
 13 Article.

14 (2) The Financial Oversight Panel is abolished, and  
 15 all of its rights, property, assets, contracts, and  
 16 liabilities shall pass to and be vested in the Authority.

17 (3) The duties and obligations of the district  
 18 under Article 1B of this Code shall be transferred and  
 19 become duties and obligations owed by the district to the  
 20 School Finance Authority.

21 (c) In the event of a conflict between the provisions of  
 22 this Article and the provisions of Article 1B of this Code,  
 23 the provisions of this Article control.

24 (105 ILCS 5/1E-20 new)

25 Sec. 1E-20. Members of Authority; meetings.

26 (a) When a petition for a School Finance Authority is  
 27 allowed by the State Board under Section 1E-15 of this Code,  
 28 the State Superintendent shall within 10 days thereafter  
 29 appoint 5 members to serve on a School Finance Authority for  
 30 the district. Of the initial members, 2 shall be appointed to  
 31 serve a term of 2 years and 3 shall be appointed to serve a  
 32 term of 3 years. Thereafter, each member shall serve for a  
 33 term of 3 years and until his or her successor has been

1 appointed. The State Superintendent shall designate one of  
2 the members of the Authority to serve as its Chairperson. In  
3 the event of vacancy or resignation, the State Superintendent  
4 shall, within 10 days after receiving notice, appoint a  
5 successor to serve out that member's term. The State  
6 Superintendent may remove a member for incompetence,  
7 malfeasance, neglect of duty, or other just cause.

8 Members of the Authority shall be selected primarily on  
9 the basis of their experience and education in financial  
10 management, with consideration given to persons knowledgeable  
11 in education finance. Two members of the Authority shall be  
12 residents of the school district that the Authority serves. A  
13 member of the Authority may not be a member of the district's  
14 school board or an employee of the district nor may a member  
15 have a direct financial interest in the district.

16 Authority members shall serve without compensation, but  
17 may be reimbursed by the State Board for travel and other  
18 necessary expenses incurred in the performance of their  
19 official duties. Unless paid from bonds issued under Section  
20 1E-65 of this Code, the amount reimbursed members for their  
21 expenses shall be charged to the school district as part of  
22 any emergency financial assistance and incorporated as a part  
23 of the terms and conditions for repayment of the assistance  
24 or shall be deducted from the district's general State aid as  
25 provided in Section 1B-8 of this Code.

26 The Authority may elect such officers as it deems  
27 appropriate.

28 (b) The first meeting of the Authority shall be held at  
29 the call of the Chairperson. The Authority shall prescribe  
30 the times and places for its meetings and the manner in which  
31 regular and special meetings may be called and shall comply  
32 with the Open Meetings Act.

33 Three members of the Authority shall constitute a quorum.  
34 When a vote is taken upon any measure before the Authority, a

1 quorum being present, a majority of the votes of the members  
2 voting on the measure shall determine the outcome.

3 (105 ILCS 5/1E-25 new)

4 Sec. 1E-25. General powers. The purposes of the Authority  
5 shall be to exercise financial control over the district and  
6 to furnish financial assistance so that the district can  
7 provide public education within the district's jurisdiction  
8 while permitting the district to meet its obligations to its  
9 creditors and the holders of its debt. Except as expressly  
10 limited by this Article, the Authority shall have all powers  
11 granted to a voluntary or involuntary Financial Oversight  
12 Panel and to a Financial Administrator under Article 1B of  
13 this Code and all other powers necessary to meet its  
14 responsibilities and to carry out its purposes and the  
15 purposes of this Article, including without limitation all of  
16 the following powers, provided that the Authority shall have  
17 no power to violate any statutory provision, to impair any  
18 contract or obligation of the district, or to terminate any  
19 employee without following the statutory procedures for such  
20 terminations set forth in this Code:

21 (1) To sue and to be sued.

22 (2) To make and execute contracts, leases,  
23 subleases and all other instruments or agreements  
24 necessary or convenient for the exercise of the powers  
25 and functions granted by this Article.

26 (3) To purchase real or personal property necessary  
27 or convenient for its purposes; to execute and deliver  
28 deeds for real property held in its own name; and to  
29 sell, lease, or otherwise dispose of such of its property  
30 as, in the judgment of the Authority, is no longer  
31 necessary for its purposes.

32 (4) To appoint officers, agents, and employees of  
33 the Authority, including a chief executive officer, a

1 chief fiscal officer, and a chief educational officer; to  
2 define their duties and qualifications; and to fix their  
3 compensation and employee benefits.

4 (5) To transfer to the district such sums of money  
5 as are not required for other purposes.

6 (6) To borrow money and to issue obligations  
7 pursuant to this Article; to fund, refund, or advance  
8 refund the same; to provide for the rights of the holders  
9 of its obligations; and to repay any advances.

10 (7) Subject to the provisions of any contract with  
11 or for the benefit of the holders of its obligations, to  
12 purchase or redeem its obligations.

13 (8) To procure all necessary goods and services for  
14 the Authority in compliance with the purchasing laws and  
15 requirements applicable to the district.

16 (9) To do any and all things necessary or  
17 convenient to carry out its purposes and exercise the  
18 powers given to it by this Article.

19 (105 ILCS 5/1E-30 new)

20 Sec. 1E-30. Chief executive officer. The Authority may  
21 appoint a chief executive officer who, under the direction of  
22 the Authority, shall supervise the Authority's staff,  
23 including the chief educational officer and the chief fiscal  
24 officer, and shall have ultimate responsibility for  
25 implementing the policies, procedures, directives, and  
26 decisions of the Authority.

27 (105 ILCS 5/1E-35 new)

28 Sec. 1E-35. Chief educational officer. Upon expiration of  
29 the contract of the school district's superintendent who is  
30 serving at the time the Authority is established, the  
31 Authority shall, following consultation with the district,  
32 employ a chief educational officer for the district. The

1 chief educational officer shall report to the Authority or  
2 the chief executive officer appointed by the Authority.

3 The chief educational officer shall have all of the  
4 powers and duties of a school district superintendent under  
5 this Code and such other duties as may be assigned by the  
6 Authority, in accordance with this Code. The district shall  
7 not thereafter employ a superintendent during the period that  
8 a chief educational officer is serving in the district. The  
9 chief educational officer shall hold a certificate with a  
10 superintendent endorsement issued under Article 21 of this  
11 Code.

12 (105 ILCS 5/1E-40 new)

13 Sec. 1E-40. Chief fiscal officer. The Authority may  
14 appoint a chief fiscal officer who, under the direction of  
15 the Authority, shall have all of the powers and duties of the  
16 district's chief school business official and any other  
17 duties regarding budgeting, accounting, and other financial  
18 matters that are assigned by the Authority, in accordance  
19 with this Code. The district may not employ a chief school  
20 business official during the period that the chief fiscal  
21 officer is serving in the district. The chief fiscal officer  
22 may but is not required to hold a certificate with a chief  
23 school business official endorsement issued under Article 21  
24 of this Code.

25 (105 ILCS 5/1E-45 new)

26 Sec. 1E-45. Collective bargaining agreements. The  
27 Authority shall have the power to negotiate collective  
28 bargaining agreements with the district's employees in lieu  
29 of and on behalf of the district. Upon concluding bargaining,  
30 the district shall execute the agreements negotiated by the  
31 Authority, and the district shall be bound by and shall  
32 administer the agreements in all respects as if the

1 agreements had been negotiated by the district itself.

2 (105 ILCS 5/1E-50 new)

3 Sec. 1E-50. Deposits and investments.

4 (a) The Authority shall have the power to establish  
5 checking and whatever other banking accounts it may deem  
6 appropriate for conducting its affairs.

7 (b) Subject to the provisions of any contract with or  
8 for the benefit of the holders of its obligations, the  
9 Authority may invest any funds not required for immediate use  
10 or disbursement, as provided in the Public Funds Investment  
11 Act.

12 (105 ILCS 5/1E-55 new)

13 Sec. 1E-55. Cash accounts and bank accounts.

14 (a) The Authority shall require the district or any  
15 officer of the district, including the district's treasurer,  
16 to establish and maintain separate cash accounts and separate  
17 bank accounts in accordance with such rules, standards, and  
18 procedures as the Authority may prescribe.

19 (b) The Authority shall have the power to assume  
20 exclusive administration of the cash accounts and bank  
21 accounts of the district, to establish and maintain whatever  
22 new cash accounts and bank accounts it may deem appropriate,  
23 and to withdraw funds from these accounts for the lawful  
24 expenditures of the district.

25 (105 ILCS 5/1E-60 new)

26 Sec. 1E-60. Financial, management, and budgetary  
27 structure. Upon direction of the Authority, the district  
28 shall reorganize the financial accounts, management, and  
29 budgetary systems of the district in whatever manner the  
30 Authority deems appropriate to achieve greater financial  
31 responsibility and to reduce financial inefficiency.

1 (105 ILCS 5/1E-65 new)

2 Sec. 1E-65. Power to issue bonds.

3 (a) The Authority may incur indebtedness by the issuance  
4 of negotiable full faith and credit general obligation bonds  
5 of the Authority in an outstanding amount not to exceed at  
6 any time, including existing indebtedness, 13.8% of the  
7 district's most recent equalized assessed valuation,  
8 excluding Bonds of the Authority that have been refunded, for  
9 (i) the purpose of providing the district with moneys for  
10 ordinary and necessary expenditures and other operational  
11 needs of the district; (ii) payment or refunding of  
12 outstanding debt obligations or tax anticipation warrants of  
13 the district, the proceeds of which were used to provide  
14 financing for the district; (iii) payment of fees for  
15 arrangements as provided in subsection (b) of Section 1E-70  
16 of this Code; (iv) payment of interest on Bonds; (v)  
17 establishment of reserves to secure Bonds; (vi) the payment  
18 of costs of issuance of Bonds; (vii) payment of principal of  
19 or interest or redemption premium on any Bonds or notes of  
20 the Authority; and (viii) all other expenditures of the  
21 Authority incidental to and necessary or convenient for  
22 carrying out its corporate purposes and powers.

23 (b) The Authority may from time to time (i) issue Bonds  
24 to refund any outstanding Bonds or notes of the Authority,  
25 whether the Bonds or notes to be refunded have or have not  
26 matured or become redeemable, and (ii) issue Bonds partly to  
27 refund Bonds or notes then outstanding and partly for any  
28 other purpose set forth in this Section.

29 (c) Bonds issued in accordance with subsection (a) of  
30 this Section are not subject to any other statutory  
31 limitation as to debt, including without limitation that  
32 established by the Local Government Debt Limitation Act, and  
33 may be issued without referendum.

1 (105 ILCS 5/1E-70 new)

2 Sec. 1E-70. Terms of bonds.

3 (a) Whenever the Authority desires or is required to  
4 issue Bonds as provided in this Article, it shall adopt a  
5 resolution designating the amount of the Bonds to be issued,  
6 the purposes for which the proceeds of the Bonds are to be  
7 used, and the manner in which the proceeds shall be held  
8 pending the application thereof. The Bonds shall be issued in  
9 the corporate name of the Authority and shall bear such date  
10 or dates and shall mature at such time or times, not  
11 exceeding 20 years from their date, as the resolution may  
12 provide. The Bonds may be issued as serial bonds payable in  
13 installments, as term bonds with sinking fund installments,  
14 or as a combination of these as the Authority may determine  
15 in the resolution. The Bonds shall be in such denominations  
16 as the Authority may determine. The Bonds shall be in such  
17 form, carry such registration privileges, be executed in such  
18 manner, be payable at such place or places, and be subject to  
19 such terms of redemption at such redemption prices, including  
20 premium, as the resolution may provide. The Bonds shall be  
21 sold by the Authority at public or private sale, as  
22 determined by the Authority.

23 (b) In connection with the issuance of its Bonds, the  
24 Authority may enter into arrangements to provide additional  
25 security and liquidity for the Bonds. These may include  
26 without limitation municipal bond insurance, letters of  
27 credit, lines of credit by which the Authority may borrow  
28 funds to pay or redeem its Bonds, and purchase or remarketing  
29 arrangements for ensuring the ability of owners of the  
30 Authority's Bonds to sell their Bonds or to have their Bonds  
31 redeemed. The Authority may enter into contracts and may  
32 agree to pay fees to persons providing the arrangements,  
33 including from Bond proceeds, but only under circumstances in  
34 which the total interest paid or to be paid on the Bonds,



1 together with the fees for the arrangements (being treated as  
2 if interest), would not, taken together, cause the Bonds to  
3 bear interest, calculated to their absolute maturity, at a  
4 rate in excess of the maximum rate allowed by law.

5 The resolution of the Authority authorizing the issuance  
6 of its Bonds may provide that interest rates may vary from  
7 time to time depending upon criteria established by the  
8 Authority, which may include without limitation a variation  
9 in interest rates as may be necessary to cause the Bonds to  
10 be remarketable from time to time at a price equal to their  
11 principal amount, and may provide for appointment of a  
12 national banking association, bank, trust company, investment  
13 banker, or other financial institution to serve as a  
14 remarketing agent in that connection. The resolution of the  
15 Authority authorizing the issuance of its Bonds may provide  
16 that alternative interest rates or provisions shall apply  
17 during such times as the Bonds are held by a person providing  
18 a letter of credit or other credit enhancement arrangement  
19 for those Bonds.

20 (105 ILCS 5/1E-75 new)

21 Sec. 1E-75. Tax levy.

22 (a) Before or at the time of issuing any Bonds, the  
23 Authority shall provide by resolution for the levy and  
24 collection of a direct annual tax upon all the taxable  
25 property located within the district without limit as to rate  
26 or amount sufficient to pay and discharge the principal  
27 thereof at maturity or on sinking fund installment dates and  
28 to pay the interest thereon as it falls due. The taxes as  
29 levied shall also include additional amounts to the extent  
30 that the collections in the prior years were insufficient to  
31 pay and discharge the principal thereof at maturity, sinking  
32 fund installments, if any, and interest thereon as it fell  
33 due, and the amount so collected shall be placed in the debt

1 service reserve fund. The tax shall be in addition to and  
 2 exclusive of the maximum of all taxes that the Authority or  
 3 the district is authorized by law to levy for any and all  
 4 school purposes. The resolution shall be in force upon its  
 5 adoption.

6 (b) The levy shall be for the sole benefit of the  
 7 holders of the Bonds, and the holders of the Bonds shall have  
 8 a security interest in and lien upon all rights, claims, and  
 9 interests of the Authority arising pursuant to the levy and  
 10 all present and future proceeds of the levy until the  
 11 principal of and sinking fund installments and interest on  
 12 the Bonds are paid in full. All proceeds from the levy shall  
 13 be deposited by each county collector directly in the debt  
 14 service fund established pursuant to Section 1E-80 of this  
 15 Code, shall be applied solely for the payment of principal of  
 16 and sinking fund installments and interest on the Bonds, and  
 17 shall not be used for any other purpose.

18 (c) Upon the filing in the office of the county clerk of  
 19 each county where the school district is located of a duly  
 20 certified copy of the resolution, it shall be the duty of  
 21 each county clerk to extend the tax provided for in the  
 22 resolution, including an amount determined by the Authority  
 23 to cover loss and cost of collection and also deferred  
 24 collections and abatements in the amount of the taxes as  
 25 extended on the collectors' books. The tax shall be separate  
 26 and apart from all other taxes of the Authority or the  
 27 district and shall be separately identified by the  
 28 collectors.

29 (105 ILCS 5/1E-80 new)

30 Sec. 1E-80. Debt service fund. The Authority shall  
 31 establish a debt service fund for the Bonds to be maintained  
 32 by a paying agent, escrow agent, depository, or corporate  
 33 trustee, which may be any trust company or bank having the

1 power of a trust company within this State, separate and  
 2 segregated from all other funds and accounts of the Authority  
 3 and the district. All moneys on deposit in the debt service  
 4 fund shall be held in trust in the debt service fund for the  
 5 benefit of the holders of the Bonds, shall be applied solely  
 6 for the payment of the principal of and sinking fund  
 7 installment, redemption premium, if any, and interest on the  
 8 Bonds, and shall not be used for any other purpose. The  
 9 holders of the Bonds shall have a security interest in and  
 10 lien upon all such moneys.

11 (105 ILCS 5/1E-85 new)

12 Sec. 1E-85. Debt service reserve fund.

13 (a) The Authority may create and establish a debt  
 14 service reserve fund to be maintained by a paying agent,  
 15 escrow agent, depository, or corporate trustee, which may be  
 16 any trust company or bank having the power of a trust company  
 17 within the State, separate and segregated from all other  
 18 funds and accounts of the Authority. The Authority may pay  
 19 the following into the debt service reserve fund:

20 (1) any proceeds from the sale of Bonds to the  
 21 extent provided in the resolution authorizing the  
 22 issuance of the Bonds; and

23 (2) any other moneys that may be available to the  
 24 Authority for the purpose of the fund.

25 (b) The amount to be accumulated in the debt service  
 26 reserve fund shall be determined by the Authority but shall  
 27 not exceed the maximum amount of interest, principal, and  
 28 sinking fund installments due in any succeeding calendar  
 29 year.

30 (c) All moneys on deposit in the debt service reserve  
 31 fund shall be held in trust for the benefit of the holders of  
 32 the Bonds, shall be applied solely for the payment of  
 33 principal of and sinking fund installments and interest on

1 the Bonds to the extent not paid from the debt service fund,  
2 and shall not be used for any other purpose.

3 (d) Any moneys in the debt service reserve fund in  
4 excess of the amount determined by the Authority pursuant to  
5 a resolution authorizing the issuance of Bonds may be  
6 withdrawn by the Authority and used for any of its lawful  
7 purposes.

8 (e) In computing the amount of the debt service reserve  
9 fund, investments shall be valued as the Authority provides  
10 in the resolution authorizing the issuance of the Bonds.

11 (105 ILCS 5/1E-90 new)

12 Sec. 1E-90. Bond anticipation notes.

13 (a) After the issuance of Bonds has been authorized, the  
14 Authority shall have power to issue from time to time,  
15 pursuant to a resolution or resolutions of the Authority,  
16 negotiable bond anticipation notes of the Authority in  
17 anticipation of the issuance of Bonds.

18 (b) Bond anticipation notes shall mature not later than  
19 2 years after the date of issuance, may be made redeemable  
20 prior to their maturity, and may be sold in such manner, in  
21 such denominations, and at such price or prices and shall  
22 bear interest at such rate or rates not to exceed the maximum  
23 annual rate authorized by law, as a resolution authorizing  
24 the issuance of the bond anticipation notes may provide.

25 (c) The bond anticipation notes may be made payable as  
26 to both principal and interest from the proceeds of the  
27 Bonds. The Authority may provide for payment of interest on  
28 the bond anticipation notes from direct annual taxes upon all  
29 the taxable property located within the district that are  
30 authorized to be levied annually for that purpose without  
31 limit as to rate or amount sufficient to pay the interest as  
32 it falls due, in the manner, subject to the security interest  
33 and lien, and with the effect provided in Section 1E-75 of

1 this Code.

2 (d) The Authority is authorized to issue renewal notes  
3 in the event it is unable to issue Bonds to pay outstanding  
4 bond anticipation notes, on terms the Authority deems  
5 reasonable.

6 (e) A debt service fund shall be established in the  
7 manner provided in Section 1E-80 of this Code by the  
8 Authority for the bond anticipation notes, and the proceeds  
9 of any tax levy made pursuant to this Section shall be  
10 deposited in the fund upon receipt.

11 (105 ILCS 5/1E-95 new)

12 Sec. 1E-95. Vesting powers in trustee or other authorized  
13 agent. The resolution authorizing issuance of the Bonds shall  
14 vest in a trustee, paying agent, escrow agent, or depository  
15 such rights, powers, and duties in trust as the Authority may  
16 determine and may contain such provisions for protecting and  
17 enforcing the rights and remedies of the holders of the Bonds  
18 and limiting such rights and remedies as may be reasonable  
19 and proper and not in violation of law, including covenants  
20 setting forth the duties of the Authority in relation to the  
21 exercise of its corporate powers and the custody,  
22 safeguarding, and application of all moneys. The resolution  
23 shall provide for the manner in which moneys in the various  
24 funds and accounts of the Authority may be invested and the  
25 disposition of the earnings on the investments.

26 (105 ILCS 5/1E-100 new)

27 Sec. 1E-100. Discharge of bonds.

28 (a) If the Authority pays or causes to be paid to the  
29 holders of all Bonds then outstanding the principal,  
30 redemption price, if any, and interest to become due on the  
31 Bonds, at the times and in the manner stipulated therein and  
32 in the resolution authorizing the issuance of the Bonds, then

1 the covenants, agreements, and other obligations of the  
2 Authority to the Bondholders shall be discharged and  
3 satisfied.

4 (b) Bonds or interest installments for the payment or  
5 redemption of which moneys have been set aside and held in  
6 trust by the trustee or other authorized agent provided for  
7 in Section 1E-95 of this Code, through deposit by the  
8 Authority of funds for the payment, redemption, or otherwise,  
9 at the maturity or redemption date, are deemed to have been  
10 paid within the meaning and with the effect expressed in  
11 subsection (a) of this Section. All outstanding Bonds of any  
12 series, prior to the maturity or redemption date, are deemed  
13 to have been paid within the meaning and with the effect  
14 expressed in subsection (a) of this Section if (1) there has  
15 been deposited with the trustee or other authorized agent  
16 either (A) moneys in an amount that is sufficient or (B)  
17 direct obligations of the United States of America the  
18 principal of and the interest on which, when due, will  
19 provide moneys that, together with the moneys, if any,  
20 deposited with the trustee or other authorized agent at the  
21 same time, are sufficient to pay, when due, the principal,  
22 sinking fund installment, or redemption price, if applicable,  
23 of and interest due and to become due on the Bonds on and  
24 prior to the redemption date, sinking fund installment date,  
25 or maturity date, as the case may be, and (2) the Authority  
26 has given the trustee or other authorized agent, in form  
27 satisfactory to it, irrevocable instructions to give notice  
28 to the effect and in accordance with the procedures provided  
29 in the resolution authorizing the issuance of the Bonds.  
30 Neither direct obligations of the United States of America,  
31 moneys deposited with the trustee or other authorized agent,  
32 or principal or interest payments on the securities shall be  
33 withdrawn or used for any purpose other than, and shall be  
34 held in trust for, the payment of the principal or redemption

1 price, if applicable, and interest on the Bonds.

2 (105 ILCS 5/1E-105 new)

3 Sec. 1E-105. Pledge of the State. The State of Illinois  
4 pledges to and agrees with the holders of Bonds that the  
5 State will not limit or alter the rights and powers vested in  
6 the Authority by this Article with respect to the issuance of  
7 obligations so as to impair the terms of any contract made by  
8 the Authority with these holders or in any way impair the  
9 rights and remedies of these holders until the Bonds,  
10 together with interest on the Bonds, interest on any unpaid  
11 installments of interest, and all costs and expenses in  
12 connection with any action or proceedings by or on behalf of  
13 these holders, are fully met and discharged or provisions  
14 made for their payment. The Authority is authorized to  
15 include this pledge and agreement of the State in any  
16 resolution or contract with the holders of Bonds.

17 (105 ILCS 5/1E-110 new)

18 Sec. 1E-110. Statutory lien. Any pledge, assignment,  
19 lien, or security interest for the benefit of the holders of  
20 Bonds or bond anticipation notes, if any, created pursuant to  
21 this Article are valid and binding from the time the Bonds  
22 are issued, without any physical delivery or further act, and  
23 are valid and binding as against and prior to any claims of  
24 all other parties having claims of any kind in tort,  
25 contract, or otherwise against the State, the Authority, the  
26 district, or any other person, irrespective of whether the  
27 other parties have notice.

28 (105 ILCS 5/1E-115 new)

29 Sec. 1E-115. State or district not liable on obligations.  
30 Obligations shall not be deemed to constitute (i) a debt or  
31 liability of the State, the district, or any political

1 subdivision of the State or district other than the Authority  
2 or (ii) a pledge of the full faith and credit of the State,  
3 the district, or any political subdivision of the State or  
4 district other than the Authority but shall be payable solely  
5 from the funds and revenues provided for in this Article. The  
6 issuance of obligations shall not directly, indirectly, or  
7 contingently obligate the State, the district, or any  
8 political subdivision of the State or district other than the  
9 Authority to levy any form of taxation therefor or to make  
10 any appropriation for their payment. Nothing in this Section  
11 shall prevent or be construed to prevent the Authority from  
12 pledging its full faith and credit to the payment of  
13 obligations. Nothing in this Article shall be construed to  
14 authorize the Authority to create a debt of the State or the  
15 district within the meaning of the Constitution or laws of  
16 Illinois, and all obligations issued by the Authority  
17 pursuant to the provisions of this Article are payable and  
18 shall state that they are payable solely from the funds and  
19 revenues pledged for their payment in accordance with the  
20 resolution authorizing their issuance or any trust indenture  
21 executed as security therefor. The State or the district  
22 shall not in any event be liable for the payment of the  
23 principal of or interest on any obligations of the Authority  
24 or for the performance of any pledge, obligation, or  
25 agreement of any kind whatsoever that may be undertaken by  
26 the Authority. No breach of any such pledge, obligation, or  
27 agreement may impose any liability upon the State or the  
28 district or any charge upon their general credit or against  
29 their taxing power.

30 (105 ILCS 5/1E-120 new)

31 Sec. 1E-120. Obligations as legal investments. The  
32 obligations issued under the provisions of this Article are  
33 hereby made securities in which all public officers and



1 bodies of this State, all political subdivisions of this  
 2 State, all persons carrying on an insurance business, all  
 3 banks, bankers, trust companies, saving banks, and savings  
 4 associations (including savings and loan associations,  
 5 building and loan associations, investment companies, and  
 6 other persons carrying on a banking business), and all credit  
 7 unions, pension funds, administrators, and guardians who are  
 8 or may be authorized to invest in bonds or in other  
 9 obligations of the State may properly and legally invest  
 10 funds, including capital, in their control or belonging to  
 11 them. The obligations are also hereby made securities that  
 12 may be deposited with and may be received by all public  
 13 officers and bodies of the State, all political subdivisions  
 14 of the State, and public corporations for any purpose for  
 15 which the deposit of bonds or other obligations of the State  
 16 is authorized.

17 (105 ILCS 5/1E-125 new)

18 Sec. 1E-125. Complete authority. This Article, without  
 19 reference to any other law, shall be deemed full and complete  
 20 authority for the issuance of Bonds and bond anticipation  
 21 notes as provided in this Article.

22 (105 ILCS 5/1E-130 new)

23 Sec. 1E-130. Reports.

24 (a) The Authority, upon taking office and annually  
 25 thereafter, shall prepare and submit to the Governor, General  
 26 Assembly, and State Superintendent a report that includes the  
 27 audited financial statement for the preceding fiscal year, an  
 28 approved financial plan, and a statement of the major steps  
 29 necessary to accomplish the objectives of the financial plan.

30 (b) Annual reports shall be submitted on or before March  
 31 1 of each year.

32 (c) The requirement for reporting to the General

1 Assembly shall be satisfied by filing copies of the report as  
2 provided in Section 3.1 of the General Assembly Organization  
3 Act and by filing additional copies with the State Government  
4 Report Distribution Center for the General Assembly as  
5 required under subdivision (t) of Section 7 of the State  
6 Library Act.

7 (105 ILCS 5/1E-135 new)

8 Sec. 1E-135. Audit of Authority. The Authority shall be  
9 subject to audit in the manner provided for the audit of  
10 State funds and accounts. A copy of the audit report shall be  
11 submitted to the State Superintendent, the Governor, the  
12 Speaker and Minority Leader of the House of Representatives,  
13 and the President and Minority Leader of the Senate.

14 (105 ILCS 5/1E-140 new)

15 Sec. 1E-140. Assistance by State agencies, units of local  
16 government, and school districts. The district shall render  
17 such services to and permit the use of its facilities and  
18 resources by the Authority at no charge as may be requested  
19 by the Authority. Any State agency, unit of local government,  
20 or school district may, within its lawful powers and duties,  
21 render such services to the Authority as may be requested by  
22 the Authority. Upon request of the Authority, any State  
23 agency, unit of local government, or school district is  
24 authorized and empowered to loan to the Authority such  
25 officers and employees as the Authority may deem necessary in  
26 carrying out its functions and duties. Officers and employees  
27 so transferred shall not lose or forfeit their employment  
28 status or rights.

29 (105 ILCS 5/1E-145 new)

30 Sec. 1E-145. Property of Authority exempt from taxation.  
31 The property of the Authority is exempt from taxation.

1 (105 ILCS 5/1E-150 new)

2 Sec. 1E-150. Sanctions.

3 (a) No member, officer, employee, or agent of the  
4 district may commit the district to any contract or other  
5 obligation or incur any liability on behalf of the district  
6 for any purpose if the amount of the contract, obligation, or  
7 liability is in excess of the amount authorized for that  
8 purpose then available under the financial plan and budget  
9 then in effect.

10 (b) No member, officer, employee, or agent of the  
11 district may commit the district to any contract or other  
12 obligation on behalf of the district for the payment of money  
13 for any purpose required to be approved by the Authority  
14 unless the contract or other obligation has been approved by  
15 the Authority.

16 (c) No member, officer, employee, or agent of the  
17 district may take any action in violation of any valid order  
18 of the Authority, may fail or refuse to take any action  
19 required by any such order, may prepare, present, certify, or  
20 report any information, including any projections or  
21 estimates, for the Authority or any of its agents that is  
22 false or misleading, or, upon learning that any such  
23 information is false or misleading, may fail promptly to  
24 advise the Authority or its agents.

25 (d) In addition to any penalty or liability under any  
26 other law, any member, officer, employee, or agent of the  
27 district who violates subsection (a), (b), or (c) of this  
28 Section is subject to appropriate administrative discipline  
29 as may be imposed by the Authority, including, if warranted,  
30 suspension from duty without pay, removal from office, or  
31 termination of employment.

32 (105 ILCS 5/1E-155 new)

33 Sec. 1E-155. Abolition of Authority. The Authority shall

1 be abolished 10 years after its creation or one year after  
2 all its obligations issued under the provisions of this  
3 Article have been fully paid and discharged, whichever comes  
4 later. However, the State Board, upon recommendation of the  
5 Authority and if no obligations are outstanding, may abolish  
6 the Authority at any time after the Authority has been in  
7 existence for 3 years. Upon the abolition of the Authority,  
8 all of its records shall be transferred to the State Board  
9 and any property of the Authority shall pass to and be vested  
10 in the State Board.

11 (105 ILCS 5/1E-160 new)

12 Sec. 1E-160. Limitations of actions after abolition;  
13 indemnification; legal representation.

14 (a) Abolition of the Authority pursuant to Section  
15 1E-155 of this Code shall bar any remedy available against  
16 the Authority, its members, employees, or agents for any  
17 right or claim existing or any liability incurred prior to  
18 the abolition unless the action or other proceeding is  
19 commenced prior to the expiration of 2 years after the date  
20 of the abolition.

21 (b) The Authority may indemnify any member, officer,  
22 employee, or agent who was or is a party or is threatened to  
23 be made a party to any threatened, pending, or completed  
24 action, suit, or proceeding, whether civil, criminal,  
25 administrative, or investigative, by reason of the fact that  
26 he or she was a member, officer, employee, or agent of the  
27 Authority, against expenses (including attorney's fees,  
28 judgments, fines, and amounts paid in settlement actually and  
29 reasonably incurred by him or her in connection with the  
30 action, suit, or proceeding) if he or she acted in good faith  
31 and in a manner that he or she reasonably believed to be in  
32 or not opposed to the best interests of the Authority and,  
33 with respect to any criminal action or proceeding, had no

1 reasonable cause to believe his or her conduct was unlawful.  
2 The termination of any action, suit, or proceeding by  
3 judgment, order, settlement, or conviction or upon a plea of  
4 nolo contendere or its equivalent, shall not, of itself,  
5 create a presumption that the person did not act in good  
6 faith in a manner that he or she reasonably believed to be in  
7 or not opposed to the best interest of the Authority and,  
8 with respect to any criminal action or proceeding, had  
9 reasonable cause to believe that his or her conduct was  
10 unlawful.

11 To the extent that a member, officer, employee, or agent  
12 of the Authority has been successful, on the merits or  
13 otherwise, in the defense of any such action, suit, or  
14 proceeding referred to in this subsection (b) or in defense  
15 of any claim, issue, or matter therein, he or she shall be  
16 indemnified against expenses, including attorney's fees,  
17 actually and reasonably incurred by him or her in connection  
18 therewith. Any such indemnification shall be made by the  
19 Authority only as authorized in the specific case, upon a  
20 determination that indemnification of the member, officer,  
21 employee, or agent is proper in the circumstances because he  
22 or she has met the applicable standard of conduct. The  
23 determination shall be made (i) by the Authority by a  
24 majority vote of a quorum consisting of members who are not  
25 parties to the action, suit, or proceeding or (ii) if such a  
26 quorum is not obtainable or, even if obtainable, a quorum of  
27 disinterested members so directs, by independent legal  
28 counsel in a written opinion.

29 Reasonable expenses incurred in defending an action,  
30 suit, or proceeding shall be paid by the Authority in advance  
31 of the final disposition of the action, suit, or proceeding,  
32 as authorized by the Authority in the specific case, upon  
33 receipt of an undertaking by or on behalf of the member,  
34 officer, employee, or agent to repay the amount, unless it is

1 ultimately determined that he or she is entitled to be  
2 indemnified by the Authority as authorized in this Section.

3 Any member, officer, employee, or agent against whom any  
4 action, suit, or proceeding is brought may employ his or her  
5 own attorney to appear on his or her behalf.

6 The right to indemnification accorded by this Section  
7 shall not limit any other right to indemnification to which  
8 the member, officer, employee, or agent may be entitled. Any  
9 rights under this Section shall inure to the benefit of the  
10 heirs, executors, and administrators of any member, officer,  
11 employee, or agent of the Authority.

12 The Authority may purchase and maintain insurance on  
13 behalf of any person who is or was a member, officer,  
14 employee, or agent of the Authority against any liability  
15 asserted against him or her and incurred by him or her in any  
16 such capacity or arising out of his or her status as such,  
17 whether or not the Authority would have the power to  
18 indemnify him or her against the liability under the  
19 provisions of this Section.

20 The Authority shall be considered a State agency for  
21 purposes of receiving representation by the Attorney General.  
22 Members, officers, employees, and agents of the Authority  
23 shall be entitled to representation and indemnification under  
24 the State Employee Indemnification Act.

25 (105 ILCS 5/34-53.5 new)

26 Sec. 34-53.5. Capital improvement tax levy; purpose;  
27 maximum amount.

28 (a) For the purpose of providing a reliable source of  
29 revenue for capital improvement purposes, including without  
30 limitation (i) the construction and equipping of a new school  
31 building or buildings or an addition or additions to an  
32 existing school building or buildings, (ii) the purchase of  
33 school grounds on which any new school building or an

1 addition to an existing school building is to be constructed  
2 or located, (iii) both items (i) and (ii) of this subsection  
3 (a), or (iv) the rehabilitation, renovation, and equipping of  
4 an existing school building or buildings, the board may levy,  
5 upon all taxable property of the school district, in calendar  
6 year 2003, a capital improvement tax to produce, when  
7 extended, an amount not to exceed the product attained by  
8 multiplying (1) the percentage increase, if any, in the  
9 Consumer Price Index for All Urban Consumers for all items  
10 published by the United States Department of Labor for the 12  
11 months ending 2 months prior to the month in which the levy  
12 is adopted by (2) \$142,500,000. For example, if the  
13 percentage increase in the Consumer Price Index is 2.5%, then  
14 the computation would be  $\$142,500,000 \times 0.025 = \$3,562,500$ .

15 (b) In each calendar year from 2004 through 2030, the  
16 board may levy a capital improvement tax to produce, when  
17 extended, an amount not to exceed the sum of (1) the maximum  
18 amount that could have been levied by the board in the  
19 preceding calendar year pursuant to this Section and (2) the  
20 product obtained by multiplying (A) the sum of (i) the  
21 maximum amount that could have been levied by the board in  
22 the preceding calendar year pursuant to this Section and (ii)  
23 \$142,500,000 by (B) the percentage increase, if any, in the  
24 Consumer Price Index for All Urban Consumers for all items  
25 published by the United States Department of Labor for the 12  
26 months ending 2 months prior to the month in which the levy  
27 is adopted.

28 (c) In calendar year 2031, the board may levy a capital  
29 improvement tax to produce, when extended, an amount not to  
30 exceed the sum of (1) the maximum amount that could have been  
31 levied by the board in calendar year 2030 pursuant to this  
32 Section, (2) \$142,500,000, and (3) the product obtained by  
33 multiplying (A) the sum of (i) the maximum amount that could  
34 have been levied by the board in calendar year 2030 pursuant

1 to this Section and (ii) \$142,500,000 by (B) the percentage  
2 increase, if any, in the Consumer Price Index for All Urban  
3 Consumers for all items published by the United States  
4 Department of Labor for the 12 months ending 2 months prior  
5 to the month in which the levy is adopted.

6 (d) In calendar year 2032 and each calendar year  
7 thereafter, the board may levy a capital improvement tax to  
8 produce, when extended, an amount not to exceed the sum of  
9 (1) the maximum amount that could have been levied by the  
10 board in the preceding calendar year pursuant to this Section  
11 and (2) the product obtained by multiplying (A) the maximum  
12 amount that could have been levied by the board in the  
13 preceding calendar year pursuant to this Section by (B) the  
14 percentage increase, if any, in the Consumer Price Index for  
15 All Urban Consumers for all items published by the United  
16 States Department of Labor for the 12 months ending 2 months  
17 prior to the month in which the levy is adopted.

18 (e) An initial tax levy made by the board under this  
19 Section must have the approval of the Chicago City Council,  
20 by resolution, before the levy may be extended. The board  
21 shall communicate its adoption of the initial tax levy by  
22 delivering a certified copy of the levy resolution to the  
23 Clerk of the City of Chicago. The Chicago City Council shall  
24 have 60 days after receipt, by the Clerk of the City of  
25 Chicago, of the certified resolution to approve or disapprove  
26 the levy. The failure of the Chicago City Council to take  
27 action to approve or disapprove the initial tax levy within  
28 the 60-day period shall be deemed disapproval of the initial  
29 tax levy. Upon the adoption of each subsequent levy by the  
30 board under this Section, the board must notify the Chicago  
31 City Council that the board has adopted the levy.

32 (f) The board may issue bonds, in accordance with the  
33 Local Government Debt Reform Act, including Section 15 of  
34 that Act, against any revenues to be collected from the



1 capital improvement tax in any year or years and may pledge,  
2 pursuant to Section 13 of the Local Government Debt Reform  
3 Act, those revenues as security for the payment of any such  
4 bonds.

5 Section 15. The Illinois Educational Labor Relations Act  
6 is amended by changing Section 2 as follows:

7 (115 ILCS 5/2) (from Ch. 48, par. 1702)

8 Sec. 2. Definitions. As used in this Act:

9 (a) "Educational employer" or "employer" means the  
10 governing body of a public school district, combination of  
11 public school districts, including the governing body of  
12 joint agreements of any type formed by 2 or more school  
13 districts, public community college district or State college  
14 or university, and any State agency whose major function is  
15 providing educational services. "Educational employer" or  
16 "employer" does not include a Financial Oversight Panel  
17 created pursuant to Section 1A-8 of the School Code due to a  
18 district violating a financial plan but does include a School  
19 Finance Authority created under Article 1E of the School  
20 Code.

21 (b) "Educational employee" or "employee" means any  
22 individual, excluding supervisors, managerial, confidential,  
23 short term employees, student, and part-time academic  
24 employees of community colleges employed full or part time by  
25 an educational employer, but shall not include elected  
26 officials and appointees of the Governor with the advice and  
27 consent of the Senate, firefighters as defined by subsection  
28 (g-1) of Section 3 of the Illinois Public Labor Relations  
29 Act, and peace officers employed by a State university. For  
30 the purposes of this Act, part-time academic employees of  
31 community colleges shall be defined as those employees who  
32 provide less than 6 credit hours of instruction per academic

1 semester.

2 (c) "Employee organization" or "labor organization"  
3 means an organization of any kind in which membership  
4 includes educational employees, and which exists for the  
5 purpose, in whole or in part, of dealing with employers  
6 concerning grievances, employee-employer disputes, wages,  
7 rates of pay, hours of employment, or conditions of work, but  
8 shall not include any organization which practices  
9 discrimination in membership because of race, color, creed,  
10 age, gender, national origin or political affiliation.

11 (d) "Exclusive representative" means the labor  
12 organization which has been designated by the Illinois  
13 Educational Labor Relations Board as the representative of  
14 the majority of educational employees in an appropriate unit,  
15 or recognized by an educational employer prior to January 1,  
16 1984 as the exclusive representative of the employees in an  
17 appropriate unit or, after January 1, 1984, recognized by an  
18 employer upon evidence that the employee organization has  
19 been designated as the exclusive representative by a majority  
20 of the employees in an appropriate unit.

21 (e) "Board" means the Illinois Educational Labor  
22 Relations Board.

23 (f) "Regional Superintendent" means the regional  
24 superintendent of schools provided for in Articles 3 and 3A  
25 of The School Code.

26 (g) "Supervisor" means any individual having authority  
27 in the interests of the employer to hire, transfer, suspend,  
28 lay off, recall, promote, discharge, reward or discipline  
29 other employees within the appropriate bargaining unit and  
30 adjust their grievances, or to effectively recommend such  
31 action if the exercise of such authority is not of a merely  
32 routine or clerical nature but requires the use of  
33 independent judgment. The term "supervisor" includes only  
34 those individuals who devote a preponderance of their

1 employment time to such exercising authority.

2 (h) "Unfair labor practice" or "unfair practice" means  
3 any practice prohibited by Section 14 of this Act.

4 (i) "Person" includes an individual, educational  
5 employee, educational employer, legal representative, or  
6 employee organization.

7 (j) "Wages" means salaries or other forms of  
8 compensation for services rendered.

9 (k) "Professional employee" means, in the case of a  
10 public community college, State college or university, State  
11 agency whose major function is providing educational  
12 services, the Illinois School for the Deaf, and the Illinois  
13 School for the Visually Impaired, (1) any employee engaged in  
14 work (i) predominantly intellectual and varied in character  
15 as opposed to routine mental, manual, mechanical, or physical  
16 work; (ii) involving the consistent exercise of discretion  
17 and judgment in its performance; (iii) of such character that  
18 the output produced or the result accomplished cannot be  
19 standardized in relation to a given period of time; and (iv)  
20 requiring knowledge of an advanced type in a field of science  
21 or learning customarily acquired by a prolonged course of  
22 specialized intellectual instruction and study in an  
23 institution of higher learning or a hospital, as  
24 distinguished from a general academic education or from an  
25 apprenticeship or from training in the performance of routine  
26 mental, manual, or physical processes; or (2) any employee,  
27 who (i) has completed the courses of specialized intellectual  
28 instruction and study described in clause (iv) of paragraph  
29 (1) of this subsection, and (ii) is performing related work  
30 under the supervision of a professional person to qualify  
31 himself or herself to become a professional as defined in  
32 paragraph (1).

33 (l) "Professional employee" means, in the case of any  
34 public school district, or combination of school districts

1 pursuant to joint agreement, any employee who has a  
2 certificate issued under Article 21 or Section 34-83 of the  
3 School Code, as now or hereafter amended.

4 (m) "Unit" or "bargaining unit" means any group of  
5 employees for which an exclusive representative is selected.

6 (n) "Confidential employee" means an employee, who (i)  
7 in the regular course of his or her duties, assists and acts  
8 in a confidential capacity to persons who formulate,  
9 determine and effectuate management policies with regard to  
10 labor relations or who (ii) in the regular course of his or  
11 her duties has access to information relating to the  
12 effectuation or review of the employer's collective  
13 bargaining policies.

14 (o) "Managerial employee" means an individual who is  
15 engaged predominantly in executive and management functions  
16 and is charged with the responsibility of directing the  
17 effectuation of such management policies and practices.

18 (p) "Craft employee" means a skilled journeyman, craft  
19 person, and his or her apprentice or helper.

20 (q) "Short-term employee" is an employee who is employed  
21 for less than 2 consecutive calendar quarters during a  
22 calendar year and who does not have a reasonable assurance  
23 that he or she will be rehired by the same employer for the  
24 same service in a subsequent calendar year. Nothing in this  
25 subsection shall affect the employee status of individuals  
26 who were covered by a collective bargaining agreement on the  
27 effective date of this amendatory Act of 1991.

28 (Source: P.A. 89-409, eff. 11-15-95; 89-572, eff. 7-30-96.)

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