

1 individually or as a group.

2 (c) "Public records" means all records, reports, forms,
3 writings, letters, memoranda, books, papers, maps,
4 photographs, microfilms, cards, tapes, recordings, electronic
5 data processing records, recorded information and all other
6 documentary materials, regardless of physical form or
7 characteristics, having been prepared, or having been or
8 being used, received, possessed or under the control of any
9 public body. "Public records" includes, but is expressly not
10 limited to: (i) administrative manuals, procedural rules,
11 and instructions to staff, unless exempted by Section 7(p) of
12 this Act; (ii) final opinions and orders made in the
13 adjudication of cases, except an educational institution's
14 adjudication of student or employee grievance or disciplinary
15 cases; (iii) substantive rules; (iv) statements and
16 interpretations of policy which have been adopted by a public
17 body; (v) final planning policies, recommendations, and
18 decisions; (vi) factual reports, inspection reports, and
19 studies whether prepared by or for the public body; (vii) all
20 information in any account, voucher, or contract dealing with
21 the receipt or expenditure of public or other funds of public
22 bodies; (viii) the names, salaries, titles, and dates of
23 employment of all employees and officers of public bodies;
24 (ix) materials containing opinions concerning the rights of
25 the state, the public, a subdivision of state or a local
26 government, or of any private persons; (x) the name of every
27 official and the final records of voting in all proceedings
28 of public bodies; (xi) applications for any contract, permit,
29 grant, or agreement except as exempted from disclosure by
30 subsection (g) of Section 7 of this Act; (xii) each report,
31 document, study, or publication prepared by independent
32 consultants or other independent contractors for the public
33 body; (xiii) all other information required by law to be made
34 available for public inspection or copying; (xiv) information

1 relating to any grant or contract made by or between a public
2 body and another public body or private organization; (xv)
3 waiver documents filed with the State Superintendent of
4 Education or the president of the University of Illinois
5 under Section 30-12.5 of the School Code, concerning nominees
6 for General Assembly scholarships under Sections 30-9, 30-10,
7 and 30-11 of the School Code; (xvi) complaints, results of
8 complaints, and Department of Children and Family Services
9 staff findings of licensing violations at day care
10 facilities, provided that personal and identifying
11 information is not released; and (xvii) records, reports,
12 forms, writings, letters, memoranda, books, papers, and other
13 documentary information, regardless of physical form or
14 characteristics, having been prepared, or having been or
15 being used, received, possessed, or under the control of the
16 Illinois Sports Facilities Authority dealing with the receipt
17 or expenditure of public funds or other funds of the
18 Authority in connection with the reconstruction, renovation,
19 remodeling, extension, or improvement of all or substantially
20 all of an existing "facility" as that term is defined in the
21 Illinois Sports Facilities Authority Act.

22 (d) "Copying" means the reproduction of any public
23 record by means of any photographic, electronic, mechanical
24 or other process, device or means.

25 (e) "Head of the public body" means the president,
26 mayor, chairman, presiding officer, director, superintendent,
27 manager, supervisor or individual otherwise holding primary
28 executive and administrative authority for the public body,
29 or such person's duly authorized designee.

30 (f) "News media" means a newspaper or other periodical
31 issued at regular intervals whether in print or electronic
32 format, a news service whether in print or electronic format,
33 a radio station, a television station, a television network,
34 a community antenna television service, or a person or

1 corporation engaged in making news reels or other motion
2 picture news for public showing.

3 (Source: P.A. 91-935, eff. 6-1-01; 92-335, eff. 8-10-01;
4 92-468, eff. 8-22-01; revised 10-10-01.)"; and

5 in Section 5, in the introductory clause, by replacing
6 "Section 18-190.5" with "Sections 18-190.5 and 18-241"; and

7 in Section 5, immediately below Section 18-190.5, by
8 inserting the following:

9 "(35 ILCS 200/18-241 new)

10 Sec. 18-241. School Finance Authority.

11 (a) A School Finance Authority established under Article
12 1E of the School Code shall not be a taxing district for
13 purposes of this Law.

14 (b) This Law shall not apply to the extension of taxes
15 for a school district for the levy year in which a School
16 Finance Authority for the district is created pursuant to
17 Article 1E of the School Code."; and

18 immediately below Section 5, by inserting the following:

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
26 Code."; and

27 in Section 10, in the introductory clause, after "adding", by
28 inserting "Article 1E and"; and

29 in Section 10, immediately below the introductory clause, by

1 inserting the following:

2 "(105 ILCS 5/Art. 1E heading new)

3 ARTICLE 1E. DOWNSTATE SCHOOL FINANCE AUTHORITY

4 (105 ILCS 5/1E-1 new)

5 Sec. 1E-1. Short title. This Article may be cited as the
6 Downstate School Finance Authority Law.

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

8 Sec. 1E-5. Findings; purpose; intent.

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

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

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

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

28 (b) It is the purpose of this Article to provide a
29 secure financial basis for the continued operation of public
30 schools. The intention of the General Assembly, in creating
31 this Article, is to establish procedures, provide powers, and

1 impose restrictions to ensure the financial and educational
2 integrity of the public schools, while leaving principal
3 responsibility for the educational policies of public schools
4 to the boards of education within the State, consistent with
5 the requirements for satisfying the public policy and purpose
6 set forth in this Article.

7 (105 ILCS 5/1E-10 new)

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

9 "Authority" means a School Finance Authority created
10 under this Article.

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

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

16 "Chairperson" means the Chairperson of the Authority.

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

25 "Financial plan" means the financial plan of the district
26 to be developed pursuant to this Article, as in effect from
27 time to time.

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

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

30 "State Superintendent" means the State Superintendent of
31 Education.

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

(105 ILCS 5/1E-15 new)

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

(a) A Financial Oversight Panel created under Article 1B of this Code for a district may petition the State Board for the establishment of a School Finance Authority for the district. The petition shall cite the reasons why the creation of a School Finance Authority for the district is necessary. The State Board may grant the petition upon determining that the approval of the petition is in the best educational and financial interests of the district.

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

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

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

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

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

(105 ILCS 5/1E-20 new)

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

(a) When a petition for a School Finance Authority is allowed by the State Board under Section 1E-15 of this Code, the State Superintendent shall within 10 days thereafter

1 appoint 5 members to serve on a School Finance Authority for
2 the district. Of the initial members, 2 shall be appointed to
3 serve a term of 2 years and 3 shall be appointed to serve a
4 term of 3 years. Thereafter, each member shall serve for a
5 term of 3 years and until his or her successor has been
6 appointed. The State Superintendent shall designate one of
7 the members of the Authority to serve as its Chairperson. In
8 the event of vacancy or resignation, the State Superintendent
9 shall, within 10 days after receiving notice, appoint a
10 successor to serve out that member's term. The State
11 Superintendent may remove a member for incompetence,
12 malfeasance, neglect of duty, or other just cause.

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

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

31 The Authority may elect such officers as it deems
32 appropriate.

33 (b) The first meeting of the Authority shall be held at
34 the call of the Chairperson. The Authority shall prescribe

1 the times and places for its meetings and the manner in which
2 regular and special meetings may be called and shall comply
3 with the Open Meetings Act.

4 Three members of the Authority shall constitute a quorum.
5 When a vote is taken upon any measure before the Authority, a
6 quorum being present, a majority of the votes of the members
7 voting on the measure shall determine the outcome.

8 (105 ILCS 5/1E-25 new)

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

26 (1) To sue and to be sued.

27 (2) To make and execute contracts, leases,
28 subleases and all other instruments or agreements
29 necessary or convenient for the exercise of the powers
30 and functions granted by this Article.

31 (3) To purchase real or personal property necessary
32 or convenient for its purposes; to execute and deliver
33 deeds for real property held in its own name; and to

1 sell, lease, or otherwise dispose of such of its property
2 as, in the judgment of the Authority, is no longer
3 necessary for its purposes.

4 (4) To appoint officers, agents, and employees of
5 the Authority, including a chief executive officer, a
6 chief fiscal officer, and a chief educational officer; to
7 define their duties and qualifications; and to fix their
8 compensation and employee benefits.

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

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

15 (7) Subject to the provisions of any contract with
16 or for the benefit of the holders of its obligations, to
17 purchase or redeem its obligations.

18 (8) To procure all necessary goods and services for
19 the Authority in compliance with the purchasing laws and
20 requirements applicable to the district.

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

24 (105 ILCS 5/1E-30 new)

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

32 (105 ILCS 5/1E-35 new)

1 Sec. 1E-35. Chief educational officer. Upon expiration of
2 the contract of the school district's superintendent who is
3 serving at the time the Authority is established, the
4 Authority shall, following consultation with the district,
5 employ a chief educational officer for the district. The
6 chief educational officer shall report to the Authority or
7 the chief executive officer appointed by the Authority.

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

17 (105 ILCS 5/1E-40 new)

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

30 (105 ILCS 5/1E-45 new)

31 Sec. 1E-45. Collective bargaining agreements. The
32 Authority shall have the power to negotiate collective

1 bargaining agreements with the district's employees in lieu
2 of and on behalf of the district. Upon concluding bargaining,
3 the district shall execute the agreements negotiated by the
4 Authority, and the district shall be bound by and shall
5 administer the agreements in all respects as if the
6 agreements had been negotiated by the district itself.

7 (105 ILCS 5/1E-50 new)

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

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

12 (b) Subject to the provisions of any contract with or
13 for the benefit of the holders of its obligations, the
14 Authority may invest any funds not required for immediate use
15 or disbursement, as provided in the Public Funds Investment
16 Act.

17 (105 ILCS 5/1E-55 new)

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

19 (a) The Authority shall require the district or any
20 officer of the district, including the district's treasurer,
21 to establish and maintain separate cash accounts and separate
22 bank accounts in accordance with such rules, standards, and
23 procedures as the Authority may prescribe.

24 (b) The Authority shall have the power to assume
25 exclusive administration of the cash accounts and bank
26 accounts of the district, to establish and maintain whatever
27 new cash accounts and bank accounts it may deem appropriate,
28 and to withdraw funds from these accounts for the lawful
29 expenditures of the district.

30 (105 ILCS 5/1E-60 new)

31 Sec. 1E-60. Financial, management, and budgetary

1 structure. Upon direction of the Authority, the district
2 shall reorganize the financial accounts, management, and
3 budgetary systems of the district in whatever manner the
4 Authority deems appropriate to achieve greater financial
5 responsibility and to reduce financial inefficiency.

6 (105 ILCS 5/1E-65 new)

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

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

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

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

6 (105 ILCS 5/1E-70 new)
7 Sec. 1E-70. Terms of bonds.

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

28 (b) In connection with the issuance of its Bonds, the
29 Authority may enter into arrangements to provide additional
30 security and liquidity for the Bonds. These may include
31 without limitation municipal bond insurance, letters of
32 credit, lines of credit by which the Authority may borrow
33 funds to pay or redeem its Bonds, and purchase or remarketing

1 arrangements for ensuring the ability of owners of the
2 Authority's Bonds to sell their Bonds or to have their Bonds
3 redeemed. The Authority may enter into contracts and may
4 agree to pay fees to persons providing the arrangements,
5 including from Bond proceeds, but only under circumstances in
6 which the total interest paid or to be paid on the Bonds,
7 together with the fees for the arrangements (being treated as
8 if interest), would not, taken together, cause the Bonds to
9 bear interest, calculated to their absolute maturity, at a
10 rate in excess of the maximum rate allowed by law.

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

26 (105 ILCS 5/1E-75 new)

27 Sec. 1E-75. Tax levy.

28 (a) Before or at the time of issuing any Bonds, the
29 Authority shall provide by resolution for the levy and
30 collection of a direct annual tax upon all the taxable
31 property located within the district without limit as to rate
32 or amount sufficient to pay and discharge the principal
33 thereof at maturity or on sinking fund installment dates and

1 to pay the interest thereon as it falls due. The taxes as
2 levied shall also include additional amounts to the extent
3 that the collections in the prior years were insufficient to
4 pay and discharge the principal thereof at maturity, sinking
5 fund installments, if any, and interest thereon as it fell
6 due, and the amount so collected shall be placed in the debt
7 service reserve fund. The tax shall be in addition to and
8 exclusive of the maximum of all taxes that the Authority or
9 the district is authorized by law to levy for any and all
10 school purposes. The resolution shall be in force upon its
11 adoption.

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

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

(105 ILCS 5/1E-80 new)

Sec. 1E-80. Debt service fund. The Authority shall establish a debt service fund for the Bonds to be maintained by a paying agent, escrow agent, depository, or corporate trustee, which may be any trust company or bank having the power of a trust company within this State, separate and segregated from all other funds and accounts of the Authority and the district. All moneys on deposit in the debt service fund shall be held in trust in the debt service fund for the benefit of the holders of the Bonds, shall be applied solely for the payment of the principal of and sinking fund installment, redemption premium, if any, and interest on the Bonds, and shall not be used for any other purpose. The holders of the Bonds shall have a security interest in and lien upon all such moneys.

(105 ILCS 5/1E-85 new)

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

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

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

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

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

1 year.

2 (c) All moneys on deposit in the debt service reserve
3 fund shall be held in trust for the benefit of the holders of
4 the Bonds, shall be applied solely for the payment of
5 principal of and sinking fund installments and interest on
6 the Bonds to the extent not paid from the debt service fund,
7 and shall not be used for any other purpose.

8 (d) Any moneys in the debt service reserve fund in
9 excess of the amount determined by the Authority pursuant to
10 a resolution authorizing the issuance of Bonds may be
11 withdrawn by the Authority and used for any of its lawful
12 purposes.

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

16 (105 ILCS 5/1E-90 new)

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

18 (a) After the issuance of Bonds has been authorized, the
19 Authority shall have power to issue from time to time,
20 pursuant to a resolution or resolutions of the Authority,
21 negotiable bond anticipation notes of the Authority in
22 anticipation of the issuance of Bonds.

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

30 (c) The bond anticipation notes may be made payable as
31 to both principal and interest from the proceeds of the
32 Bonds. The Authority may provide for payment of interest on
33 the bond anticipation notes from direct annual taxes upon all

1 the taxable property located within the district that are
2 authorized to be levied annually for that purpose without
3 limit as to rate or amount sufficient to pay the interest as
4 it falls due, in the manner, subject to the security interest
5 and lien, and with the effect provided in Section 1E-75 of
6 this Code.

7 (d) The Authority is authorized to issue renewal notes
8 in the event it is unable to issue Bonds to pay outstanding
9 bond anticipation notes, on terms the Authority deems
10 reasonable.

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

16 (105 ILCS 5/1E-95 new)

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

31 (105 ILCS 5/1E-100 new)

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

1 (a) If the Authority pays or causes to be paid to the
2 holders of all Bonds then outstanding the principal,
3 redemption price, if any, and interest to become due on the
4 Bonds, at the times and in the manner stipulated therein and
5 in the resolution authorizing the issuance of the Bonds, then
6 the covenants, agreements, and other obligations of the
7 Authority to the Bondholders shall be discharged and
8 satisfied.

9 (b) Bonds or interest installments for the payment or
10 redemption of which moneys have been set aside and held in
11 trust by the trustee or other authorized agent provided for
12 in Section 1E-95 of this Code, through deposit by the
13 Authority of funds for the payment, redemption, or otherwise,
14 at the maturity or redemption date, are deemed to have been
15 paid within the meaning and with the effect expressed in
16 subsection (a) of this Section. All outstanding Bonds of any
17 series, prior to the maturity or redemption date, are deemed
18 to have been paid within the meaning and with the effect
19 expressed in subsection (a) of this Section if (1) there has
20 been deposited with the trustee or other authorized agent
21 either (A) moneys in an amount that is sufficient or (B)
22 direct obligations of the United States of America the
23 principal of and the interest on which, when due, will
24 provide moneys that, together with the moneys, if any,
25 deposited with the trustee or other authorized agent at the
26 same time, are sufficient to pay, when due, the principal,
27 sinking fund installment, or redemption price, if applicable,
28 of and interest due and to become due on the Bonds on and
29 prior to the redemption date, sinking fund installment date,
30 or maturity date, as the case may be, and (2) the Authority
31 has given the trustee or other authorized agent, in form
32 satisfactory to it, irrevocable instructions to give notice
33 to the effect and in accordance with the procedures provided
34 in the resolution authorizing the issuance of the Bonds.

1 Neither direct obligations of the United States of America,
2 moneys deposited with the trustee or other authorized agent,
3 or principal or interest payments on the securities shall be
4 withdrawn or used for any purpose other than, and shall be
5 held in trust for, the payment of the principal or redemption
6 price, if applicable, and interest on the Bonds.

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

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

22 (105 ILCS 5/1E-110 new)

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

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

2 Sec. 1E-115. State or district not liable on obligations.
3 Obligations shall not be deemed to constitute (i) a debt or
4 liability of the State, the district, or any political
5 subdivision of the State or district other than the Authority
6 or (ii) a pledge of the full faith and credit of the State,
7 the district, or any political subdivision of the State or
8 district other than the Authority but shall be payable solely
9 from the funds and revenues provided for in this Article. The
10 issuance of obligations shall not directly, indirectly, or
11 contingently obligate the State, the district, or any
12 political subdivision of the State or district other than the
13 Authority to levy any form of taxation therefor or to make
14 any appropriation for their payment. Nothing in this Section
15 shall prevent or be construed to prevent the Authority from
16 pledging its full faith and credit to the payment of
17 obligations. Nothing in this Article shall be construed to
18 authorize the Authority to create a debt of the State or the
19 district within the meaning of the Constitution or laws of
20 Illinois, and all obligations issued by the Authority
21 pursuant to the provisions of this Article are payable and
22 shall state that they are payable solely from the funds and
23 revenues pledged for their payment in accordance with the
24 resolution authorizing their issuance or any trust indenture
25 executed as security therefor. The State or the district
26 shall not in any event be liable for the payment of the
27 principal of or interest on any obligations of the Authority
28 or for the performance of any pledge, obligation, or
29 agreement of any kind whatsoever that may be undertaken by
30 the Authority. No breach of any such pledge, obligation, or
31 agreement may impose any liability upon the State or the
32 district or any charge upon their general credit or against
33 their taxing power.

(105 ILCS 5/1E-120 new)

Sec. 1E-120. Obligations as legal investments. The obligations issued under the provision of this Article are hereby made securities in which all public officers and bodies of this State, all political subdivisions of this State, all persons carrying on an insurance business, all banks, bankers, trust companies, saving banks, and savings associations (including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business), and all credit unions, pension funds, administrators, and guardians who are or may be authorized to invest in bonds or in other obligations of the State may properly and legally invest funds, including capital, in their control or belonging to them. The obligations are also hereby made securities that may be deposited with and may be received by all public officers and bodies of the State, all political subdivisions of the State, and public corporations for any purpose for which the deposit of bonds or other obligations of the State is authorized.

(105 ILCS 5/1E-125 new)

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

(105 ILCS 5/1E-130 new)

Sec. 1E-130. Reports.

(a) The Authority, upon taking office and annually thereafter, shall prepare and submit to the Governor, General Assembly, and State Superintendent a report that includes the audited financial statement for the preceding fiscal year, an approved financial plan, and a statement of the major steps

1 necessary to accomplish the objectives of the financial plan.

2 (b) Annual reports shall be submitted on or before March
3 1 of each year.

4 (c) The requirement for reporting to the General
5 Assembly shall be satisfied by filing copies of the report as
6 provided in Section 3.1 of the General Assembly Organization
7 Act and by filing additional copies with the State Government
8 Report Distribution Center for the General Assembly as
9 required under subdivision (t) of Section 7 of the State
10 Library Act.

11 (105 ILCS 5/1E-135 new)

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

18 (105 ILCS 5/1E-140 new)

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

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

2 Sec. 1E-145. Property of Authority exempt from taxation.

3 The property of the Authority is exempt from taxation.

4 (105 ILCS 5/1E-150 new)

5 Sec. 1E-150. Sanctions.

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

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

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

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

1 termination of employment.

2 (105 ILCS 5/1E-155 new)

3 Sec. 1E-155. Abolition of Authority. The Authority shall
4 be abolished 10 years after its creation or one year after
5 all its obligations issued under the provisions of this
6 Article have been fully paid and discharged, whichever comes
7 later. However, the State Board, upon recommendation of the
8 Authority and if no obligations are outstanding, may abolish
9 the Authority at any time after the Authority has been in
10 existence for 3 years. Upon the abolition of the Authority,
11 all of its records shall be transferred to the State Board
12 and any property of the Authority shall pass to and be vested
13 in the State Board.

14 (105 ILCS 5/1E-160 new)

15 Sec. 1E-160. Limitations of actions after abolition;
16 indemnification; legal representation.

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

24 (b) The Authority may indemnify any member, officer,
25 employee, or agent who was or is a party or is threatened to
26 be made a party to any threatened, pending, or completed
27 action, suit, or proceeding, whether civil, criminal,
28 administrative, or investigative, by reason of the fact that
29 he or she was a member, officer, employee, or agent of the
30 Authority, against expenses (including attorney's fees,
31 judgments, fines, and amounts paid in settlement actually and
32 reasonably incurred by him or her in connection with the

1 action, suit, or proceeding) if he or she acted in good faith
2 and in a manner that he or she reasonably believed to be in
3 or not opposed to the best interests of the Authority and,
4 with respect to any criminal action or proceeding, had no
5 reasonable cause to believe his or her conduct was unlawful.
6 The termination of any action, suit, or proceeding by
7 judgment, order, settlement, or conviction or upon a plea of
8 nolo contendere or its equivalent, shall not, of itself,
9 create a presumption that the person did not act in good
10 faith in a manner that he or she reasonably believed to be in
11 or not opposed to the best interest of the Authority and,
12 with respect to any criminal action or proceeding, had
13 reasonable cause to believe that his or her conduct was
14 unlawful.

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

33 Reasonable expenses incurred in defending an action,
34 suit, or proceeding shall be paid by the Authority in advance

1 of the final disposition of the action, suit, or proceeding,
2 as authorized by the Authority in the specific case, upon
3 receipt of an undertaking by or on behalf of the member,
4 officer, employee, or agent to repay the amount, unless it is
5 ultimately determined that he or she is entitled to be
6 indemnified by the Authority as authorized in this Section.

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

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

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

24 The Authority shall be considered a State agency for
25 purposes of receiving representation by the Attorney General.
26 Members, officers, employees, and agents of the Authority
27 shall be entitled to representation and indemnification under
28 the State Employee Indemnification Act."; and

29 immediately below Section 10, by inserting the following:

30 "Section 15. The Illinois Educational Labor Relations
31 Act is amended by changing Section 2 as follows:

32 (115 ILCS 5/2) (from Ch. 48, par. 1702)

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

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

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

27 (c) "Employee organization" or "labor organization"
28 means an organization of any kind in which membership
29 includes educational employees, and which exists for the
30 purpose, in whole or in part, of dealing with employers
31 concerning grievances, employee-employer disputes, wages,
32 rates of pay, hours of employment, or conditions of work, but
33 shall not include any organization which practices
34 discrimination in membership because of race, color, creed,

1 age, gender, national origin or political affiliation.

2 (d) "Exclusive representative" means the labor
3 organization which has been designated by the Illinois
4 Educational Labor Relations Board as the representative of
5 the majority of educational employees in an appropriate unit,
6 or recognized by an educational employer prior to January 1,
7 1984 as the exclusive representative of the employees in an
8 appropriate unit or, after January 1, 1984, recognized by an
9 employer upon evidence that the employee organization has
10 been designated as the exclusive representative by a majority
11 of the employees in an appropriate unit.

12 (e) "Board" means the Illinois Educational Labor
13 Relations Board.

14 (f) "Regional Superintendent" means the regional
15 superintendent of schools provided for in Articles 3 and 3A
16 of The School Code.

17 (g) "Supervisor" means any individual having authority
18 in the interests of the employer to hire, transfer, suspend,
19 lay off, recall, promote, discharge, reward or discipline
20 other employees within the appropriate bargaining unit and
21 adjust their grievances, or to effectively recommend such
22 action if the exercise of such authority is not of a merely
23 routine or clerical nature but requires the use of
24 independent judgment. The term "supervisor" includes only
25 those individuals who devote a preponderance of their
26 employment time to such exercising authority.

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

29 (i) "Person" includes an individual, educational
30 employee, educational employer, legal representative, or
31 employee organization.

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

34 (k) "Professional employee" means, in the case of a

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

24 (l) "Professional employee" means, in the case of any
25 public school district, or combination of school districts
26 pursuant to joint agreement, any employee who has a
27 certificate issued under Article 21 or Section 34-83 of the
28 School Code, as now or hereafter amended.

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

31 (n) "Confidential employee" means an employee, who (i)
32 in the regular course of his or her duties, assists and acts
33 in a confidential capacity to persons who formulate,
34 determine and effectuate management policies with regard to

1 labor relations or who (ii) in the regular course of his or
2 her duties has access to information relating to the
3 effectuation or review of the employer's collective
4 bargaining policies.

5 (o) "Managerial employee" means an individual who is
6 engaged predominantly in executive and management functions
7 and is charged with the responsibility of directing the
8 effectuation of such management policies and practices.

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

11 (q) "Short-term employee" is an employee who is employed
12 for less than 2 consecutive calendar quarters during a
13 calendar year and who does not have a reasonable assurance
14 that he or she will be rehired by the same employer for the
15 same service in a subsequent calendar year. Nothing in this
16 subsection shall affect the employee status of individuals
17 who were covered by a collective bargaining agreement on the
18 effective date of this amendatory Act of 1991.

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