



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB2006

Introduced 2/15/2019, by Sen. Martin A. Sandoval

SYNOPSIS AS INTRODUCED:

70 ILCS 3615/4.04

from Ch. 111 2/3, par. 704.04

Amends the Regional Transportation Authority Act. Provides that the Regional Transportation Authority may issue, sell, and deliver additional working cash notes and establish lines of credit (rather than only working cash notes) before July 1, 2022 (rather than July 1, 2018) that are over and above and in addition to the \$100,000,000 bond or note authorization. Establishes procedures for establishment of lines of credit. Requires notice to the Governor's Office of Management and Budget and State Comptroller before establishing a line of credit and provides that money borrowed under a line of credit are general obligations of the Authority that are secured by the full faith and credit of the Authority. Effective immediately.

LRB101 09160 AWJ 54254 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning local government.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Section 4.04 which will cause it to have issued and outstanding
2 at any time in excess of \$800,000,000 of such bonds and notes
3 (other than Working Cash Notes and lines of credit). The
4 Authority shall not issue, sell, or deliver any Working Cash
5 Notes or establish a line of credit pursuant to this Section
6 that will cause it to have issued and outstanding at any time
7 in excess of \$100,000,000. However, the Authority may issue,
8 sell, and deliver additional Working Cash Notes or establish a
9 line of credit before July 1, 2022 ~~2019~~ that are over and above
10 and in addition to the \$100,000,000 authorization such that the
11 outstanding amount of these additional Working Cash Notes and
12 lines of credit do ~~does~~ not exceed at any time \$300,000,000.
13 Bonds or notes which are being paid or retired by such
14 issuance, sale or delivery of bonds or notes, and bonds or
15 notes for which sufficient funds have been deposited with the
16 paying agency of such bonds or notes to provide for payment of
17 principal and interest thereon or to provide for the redemption
18 thereof, all pursuant to the ordinance authorizing the issuance
19 of such bonds or notes, shall not be considered to be
20 outstanding for the purposes of this subsection.

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

25 \$100,000,000 is authorized to be issued on or after
26 January 1, 1990;

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

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

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

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

9 the aggregate total authorization of bonds and notes
10 for Strategic Capital Improvement Projects as of January 1,
11 1994, shall be \$500,000,000.

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

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

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

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

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

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

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

11 the aggregate total authorization of bonds and notes
12 for Strategic Capital Improvement Projects pursuant to
13 this paragraph (3) as of January 1, 2004 shall be
14 \$1,300,000,000.

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

26 (h) The Authority, subject to the terms of any agreements

1 with noteholders or bond holders as may then exist, shall have
2 power, out of any funds available therefor, to purchase notes
3 or bonds of the Authority, which shall thereupon be cancelled.

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

9 (j) The Authority may establish a line of credit with a
10 bank or other financial institution as may be evidenced by the
11 issuance of notes or other obligations, secured by and payable
12 from all tax receipts of the Authority and any or all other
13 revenues or moneys of the Authority, in an amount not to exceed
14 the limitations set forth in paragraph (1) of subsection (g).
15 Money borrowed under this subsection (j) shall be used to
16 provide money for the Authority or the Service Boards to cover
17 any cash flow deficit that the Authority or a Service Board
18 anticipates incurring and shall be repaid within 24 months.

19 Before establishing a line of credit under this subsection
20 (j), the Authority shall authorize the line of credit by
21 ordinance. The ordinance shall set forth facts demonstrating
22 the need for the line of credit, state the amount to be
23 borrowed, establish a maximum interest rate limit not to exceed
24 the maximum rate authorized by the Bond Authorization Act, and
25 provide a date by which the borrowed funds shall be repaid. The
26 ordinance shall authorize and direct the relevant officials to

1 make arrangements to set apart and hold, as applicable, the
2 moneys that will be used to repay the borrowing. In addition,
3 the ordinance may authorize the relevant officials to make
4 partial repayments on the line of credit as the moneys become
5 available and may contain any other terms, restrictions, or
6 limitations desirable or necessary to give effect to this
7 subsection (j).

8 The Authority shall notify the Governor's Office of
9 Management and Budget and the State Comptroller at least 30
10 days before establishing a line of credit and shall file with
11 the Governor's Office of Management and Budget and the State
12 Comptroller a certified copy of any ordinance authorizing the
13 establishment of a line of credit upon or before establishing
14 the line of credit.

15 Moneys borrowed under a line of credit pursuant to this
16 subsection (j) are general obligations of the Authority that
17 are secured by the full faith and credit of the Authority.

18 (Source: P.A. 98-392, eff. 8-16-13; 99-238, eff. 8-3-15.)

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