

1 AMENDMENT TO SENATE BILL 912

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 912, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The Property Tax Code is amended by adding  
6 Sections 18-50.1, 18-92 and 18-101.47 as follows:

7 (35 ILCS 200/18-50.1 new)

8 Sec. 18-50.1. Notwithstanding any other law to the  
9 contrary, any levy adopted by a School Finance Authority  
10 created under Article 1F of the School Code is valid and  
11 shall be extended by the county clerk if it is certified to  
12 the county clerk by the Authority in sufficient time to allow  
13 the county clerk to include the levy in the extension for the  
14 taxable year.

15 (35 ILCS 200/18-92 new)

16 Sec. 18-92. Downstate School Finance Authority for  
17 Elementary Districts Law. The provisions of the Truth in  
18 Taxation Law are subject to the Downstate School Finance  
19 Authority for Elementary Districts Law.

20 (35 ILCS 200/18-101.47 new)

1       Sec. 18-101.47. Downstate School Finance Authority for  
2       Elementary Districts Law. The provisions of the Cook County  
3       Truth in Taxation Law are subject to the Downstate School  
4       Finance Authority for Elementary Districts Law.

5       Section 10. The School Code is amended by changing  
6       Sections 1B-6 and 1B-8 and adding Article 1F and Section  
7       17-11.2 as follows:

8             (105 ILCS 5/1B-6) (from Ch. 122, par. 1B-6)

9       Sec. 1B-6. General powers. The purpose of the Financial  
10       Oversight Panel shall be to exercise financial control over  
11       the board of education, and, when approved by the State Board  
12       and the State Superintendent of Education, to furnish  
13       financial assistance so that the board can provide public  
14       education within the board's jurisdiction while permitting  
15       the board to meet its obligations to its creditors and the  
16       holders of its notes and bonds. Except as expressly limited  
17       by this Article, the Panel shall have all powers necessary to  
18       meet its responsibilities and to carry out its purposes and  
19       the purposes of this Article, including, but not limited to,  
20       the following powers:

21             (a) to sue and be sued;

22             (b) to provide for its organization and internal  
23       management;

24             (c) to appoint a Financial Administrator to serve as the  
25       chief executive officer of the Panel. The Financial  
26       Administrator may be an individual, partnership, corporation,  
27       including an accounting firm, or other entity determined by  
28       the Panel to be qualified to serve; and to appoint other  
29       officers, agents, and employees of the Panel, define their  
30       duties and qualifications and fix their compensation and  
31       employee benefits;

32             (d) to approve the local board of education appointments

1 to the positions of treasurer in a Class I county school unit  
2 and in each school district which forms a part of a Class II  
3 county school unit but which no longer is subject to the  
4 jurisdiction and authority of a township treasurer or  
5 trustees of schools of a township because the district has  
6 withdrawn from the jurisdiction and authority of the township  
7 treasurer and the trustees of schools of the township or  
8 because those offices have been abolished as provided in  
9 subsection (b) or (c) of Section 5-1, and chief school  
10 business official, if such official is not the superintendent  
11 of the district. Either the board or the Panel may remove  
12 such treasurer or chief school business official;

13 (e) to approve any and all bonds, notes, teachers  
14 orders, tax anticipation warrants, and other evidences of  
15 indebtedness prior to issuance or sale by the school  
16 district; and notwithstanding any other provision of The  
17 School Code, as now or hereafter amended, no bonds, notes,  
18 teachers orders, tax anticipation warrants or other evidences  
19 of indebtedness shall be issued or sold by the school  
20 district or be legally binding upon or enforceable against  
21 the local board of education unless and until the approval of  
22 the Panel has been received;

23 (f) to approve all property tax levies of the school  
24 district and require adjustments thereto as the Panel deems  
25 necessary or advisable;

26 (g) to require and approve a school district financial  
27 plan;

28 (h) to approve and require revisions of the school  
29 district budget;

30 (i) to approve all contracts and other obligations as  
31 the Panel deems necessary and appropriate;

32 (j) to authorize emergency State financial assistance,  
33 including requirements regarding the terms and conditions of  
34 repayment of such assistance, and to require the board of

1 education to levy a separate local property tax, subject to  
2 the limitations of Section 1B-8, sufficient to repay such  
3 assistance consistent with the terms and conditions of  
4 repayment and the district's approved financial plan and  
5 budget;

6 (k) to request the regional superintendent to make  
7 appointments to fill all vacancies on the local school board  
8 as provided in Section 10-10;

9 (l) to recommend dissolution or reorganization of the  
10 school district to the General Assembly if in the Panel's  
11 judgment the circumstances so require;

12 (m) to direct a phased reduction in the oversight  
13 responsibilities of the Financial Administrator and of the  
14 Panel as the circumstances permit;

15 (n) to determine the amount of emergency State financial  
16 assistance to be made available to the school district, and  
17 to establish an operating budget for the Panel to be  
18 supported by funds available from such assistance, with the  
19 assistance and the budget required to be approved by the  
20 State Superintendent;

21 (o) to procure insurance against any loss in such  
22 amounts and from such insurers as it deems necessary;

23 (p) to engage the services of consultants for rendering  
24 professional and technical assistance and advice on matters  
25 within the Panel's power;

26 (q) to contract for and to accept any gifts, grants or  
27 loans of funds or property or financial or other aid in any  
28 form from the federal government, State government, unit of  
29 local government, school district or any agency or  
30 instrumentality thereof, or from any other private or public  
31 source, and to comply with the terms and conditions thereof;

32 (r) to pay the expenses of its operations based on the  
33 Panel's budget as approved by the State Superintendent from  
34 emergency financial assistance funds available to the

1 district or from deductions from the district's general State  
2 aid; and

3 (s) to do any and all things necessary or convenient to  
4 carry out its purposes and exercise the powers given to the  
5 Panel by this Article; and-

6 (t) to recommend the creation of a school finance  
7 authority pursuant to Article 1F of this Code.

8 (Source: P.A. 91-357, eff. 7-29-99.)

9 (105 ILCS 5/1B-8) (from Ch. 122, par. 1B-8)

10 Sec. 1B-8. There is created in the State Treasury a  
11 special fund to be known as the School District Emergency  
12 Financial Assistance Fund (the "Fund"). The School District  
13 Emergency Financial Assistance Fund shall consist of  
14 appropriations, grants from the federal government and  
15 donations from any public or private source. Moneys in the  
16 Fund may be appropriated only to the State Board for the  
17 purposes of this Article and for the purposes of Section  
18 1F-62 of this Code. The appropriation may be allocated and  
19 expended by the State Board as grants or loans to school  
20 districts which are the subject of an approved petition for  
21 emergency financial assistance under Section 1B-4. From the  
22 amount allocated to each such school district the State Board  
23 shall identify a sum sufficient to cover all approved costs  
24 of the Financial Oversight Panel established for the  
25 respective school district. If the State Board and State  
26 Superintendent of Education have not approved emergency  
27 financial assistance in conjunction with the appointment of a  
28 Financial Oversight Panel, the Panel's approved costs shall  
29 be paid from deductions from the district's general State  
30 aid.

31 The Financial Oversight Panel may prepare and file with  
32 the State Superintendent a proposal for emergency financial  
33 assistance for the school district and for the operations

1 budget of the Panel. No expenditures shall be authorized by  
2 the State Superintendent until he has approved the proposal  
3 of the Panel, either as submitted or in such lesser amount  
4 determined by the State Superintendent.

5 The maximum amount of an emergency financial assistance  
6 loan which may be allocated to any school district under this  
7 Article, including moneys necessary for the operations of the  
8 Panel, shall not exceed \$1000 times the number of pupils  
9 enrolled in the school district during the school year ending  
10 June 30 prior to the date of approval by the State Board of  
11 the petition for emergency financial assistance, as certified  
12 to the local board and the Panel by the State Superintendent.  
13 An emergency financial assistance grant shall not exceed \$250  
14 times the number of such pupils. A district may receive both  
15 a loan and a grant.

16 The payment of an emergency State financial assistance  
17 grant or loan shall be subject to appropriation by the  
18 General Assembly. Emergency State financial assistance  
19 allocated and paid to a school district under this Article  
20 may be applied to any fund or funds from which the local  
21 board of education of that district is authorized to make  
22 expenditures by law.

23 Any emergency financial assistance proposed by the  
24 Financial Oversight Panel and approved by the State  
25 Superintendent may be paid in its entirety during the initial  
26 year of the Panel's existence or spread in equal or declining  
27 amounts over a period of years not to exceed the period of  
28 the Panel's existence. All loan payments made from the  
29 School District Emergency Financial Assistance Fund for a  
30 school district shall be required to be repaid, with simple  
31 interest over the term of the loan at a rate equal to 50% of  
32 the one-year Constant Maturity Treasury (CMT) yield as last  
33 published by the Board of Governors of the Federal Reserve  
34 System before discount--rate--on--one-year--United--States

1 ~~Treasury-Bills-as-determined-by-the--last--auction--of--these~~  
2 ~~one-year-bills-that-precedes~~ the date on which the district's  
3 loan is approved by the State Board of Education, not later  
4 than the date the Financial Oversight Panel ceases to exist.  
5 The Panel shall establish and the State Superintendent shall  
6 approve the terms and conditions, including the schedule, of  
7 repayments. The schedule shall provide for repayments  
8 commencing July 1 of each year. Repayment shall be  
9 incorporated into the annual budget of the school district  
10 and may be made from any fund or funds of the district in  
11 which there are moneys available. When moneys are repaid as  
12 provided herein they shall not be made available to the local  
13 board for further use as emergency financial assistance under  
14 this Article at any time thereafter. All repayments required  
15 to be made by a school district shall be received by the  
16 State Board and deposited in the School District Emergency  
17 Financial Assistance Fund.

18 In establishing the terms and conditions for the  
19 repayment obligation of the school district the Panel shall  
20 annually determine whether a separate local property tax levy  
21 is required. The board of any school district with a tax  
22 rate for educational purposes for the prior year of less than  
23 120% of the maximum rate for educational purposes authorized  
24 by Section 17-2 shall provide for a separate tax levy for  
25 emergency financial assistance repayment purposes. Such tax  
26 levy shall not be subject to referendum approval. The amount  
27 of the levy shall be equal to the amount necessary to meet  
28 the annual repayment obligations of the district as  
29 established by the Panel, or 20% of the amount levied for  
30 educational purposes for the prior year, whichever is less.  
31 However, no district shall be required to levy the tax if the  
32 district's operating tax rate as determined under Section  
33 18-8 or 18-8.05 exceeds 200% of the district's tax rate for  
34 educational purposes for the prior year.

1 (Source: P.A. 90-548, eff. 1-1-98; 90-802, eff. 12-15-98.)

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

3 ARTICLE 1F. DOWNSTATE SCHOOL FINANCE AUTHORITY  
4 FOR ELEMENTARY DISTRICTS

5 (105 ILCS 5/1F-1 new)

6 Sec. 1F-1. Short title. This Article may be cited as the  
7 Downstate School Finance Authority for Elementary Districts  
8 Law.

9 (105 ILCS 5/1F-5 new)

10 Sec. 1F-5. Findings; purpose; intent.

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

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

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

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

30 (b) It is the purpose of this Article to provide a  
31 secure financial basis for the continued operation of public



1 schools. The intention of the General Assembly, in creating  
2 this Article, is to establish procedures, provide powers, and  
3 impose restrictions to ensure the financial and educational  
4 integrity of the public schools, while leaving principal  
5 responsibility for the educational policies of public schools  
6 to the boards of education within the State, consistent with  
7 the requirements for satisfying the public policy and purpose  
8 set forth in this Article.

9 (105 ILCS 5/1F-10 new)

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

11 "Authority" means a School Finance Authority created  
12 under this Article.

13 "Bonds" means bonds authorized to be issued by the  
14 Authority under Section 1F-65 of this Code.

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

18 "Chairperson" means the Chairperson of the Authority.

19 "District" means any elementary school district having a  
20 population of not more than 500,000 that prior to December 1,  
21 2002 has had a Financial Oversight Panel established for the  
22 district under Section 1B-4 of this Code following the  
23 district's petitioning of the State Board of Education for  
24 the creation of the Financial Oversight Panel.

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.

1 (105 ILCS 5/1F-15 new)

2 Sec. 1F-15. Establishment of Authority; duties of  
3 district.

4 (a) A Financial Oversight Panel created under Article 1B  
5 of this Code for a district may petition the State Board for  
6 the establishment of a School Finance Authority for the  
7 district. The petition shall cite the reasons why the  
8 creation of a School Finance Authority for the district is  
9 necessary. The State Board may grant the petition upon  
10 determining that the approval of the petition is in the best  
11 educational and financial interests of the district. The  
12 State Board may establish an Authority without a petition  
13 from a Financial Oversight Panel. In any event, an Authority  
14 may only be established by resolution of the State Board  
15 within 5 days after the effective date of this amendatory Act  
16 of the 92nd General Assembly.

17 (b) Upon establishment of the Authority, all of the  
18 following shall occur:

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

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

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

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

1 (105 ILCS 5/1F-20 new)

2 Sec. 1F-20. Members of Authority; meetings.

3 (a) Upon establishment of a School Finance Authority  
4 under Section 1F-15 of this Code, the State Superintendent  
5 shall within 15 days thereafter appoint 5 members to serve on  
6 a School Finance Authority for the district. Of the initial  
7 members, 2 shall be appointed to serve a term of 2 years and  
8 3 shall be appointed to serve a term of 3 years. Thereafter,  
9 each member shall serve for a term of 3 years and until his  
10 or her successor has been appointed. The State Superintendent  
11 shall designate one of the members of the Authority to serve  
12 as its Chairperson. In the event of vacancy or resignation,  
13 the State Superintendent shall, within 10 days after  
14 receiving notice, appoint a successor to serve out that  
15 member's term. The State Superintendent may remove a member  
16 for incompetence, malfeasance, neglect of duty, or other just  
17 cause.

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

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

1 provided in Section 1B-8 of this Code.

2 The Authority may elect such officers as it deems  
3 appropriate.

4 (b) The first meeting of the Authority shall be held at  
5 the call of the Chairperson. The Authority shall prescribe  
6 the times and places for its meetings and the manner in which  
7 regular and special meetings may be called and shall comply  
8 with the Open Meetings Act.

9 Three members of the Authority shall constitute a quorum.  
10 When a vote is taken upon any measure before the Authority, a  
11 quorum being present, a majority of the votes of the members  
12 voting on the measure shall determine the outcome.

13 (105 ILCS 5/1F-25 new)

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

30 (1) To sue and to be sued.

31 (2) To make, cancel, modify, and execute contracts,  
32 leases, subleases, and all other instruments or  
33 agreements necessary or convenient for the exercise of

1 the powers and functions granted by this Article, subject  
2 to Section 1F-45 of this Code. The Authority may at a  
3 regular or special meeting find that the district has  
4 insufficient or inadequate funds with respect to any  
5 contract, other than collective bargaining agreements.

6 (3) To purchase real or personal property necessary  
7 or convenient for its purposes; to execute and deliver  
8 deeds for real property held in its own name; and to  
9 sell, lease, or otherwise dispose of such of its property  
10 as, in the judgment of the Authority, is no longer  
11 necessary for its purposes.

12 (4) To appoint officers, agents, and employees of  
13 the Authority, including a chief executive officer, a  
14 chief fiscal officer, and a chief educational officer; to  
15 define their duties and qualifications; and to fix their  
16 compensation and employee benefits.

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

19 (6) To borrow money, including without limitation  
20 accepting State loans, and to issue obligations pursuant  
21 to this Article; to fund, refund, or advance refund the  
22 same; to provide for the rights of the holders of its  
23 obligations; and to repay any advances.

24 (6.5) To levy all property tax levies that  
25 otherwise could be levied by the district, and to make  
26 levies pursuant to Section 1F-62 of this Code. This levy  
27 or levies shall be exempt from the Truth and Taxation Law  
28 and the Cook County Truth and Taxation Law.

29 (7) Subject to the provisions of any contract with  
30 or for the benefit of the holders of its obligations, to  
31 purchase or redeem its obligations.

32 (8) To procure all necessary goods and services for  
33 the Authority in compliance with the purchasing laws and  
34 requirements applicable to the district.

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

4           (10) To recommend annexation, consolidation,  
5 dissolution, or reorganization of the district, in whole  
6 or in part, to the State Board if in the Authority's  
7 judgment the circumstances so require. No such proposal  
8 for annexation, consolidation, dissolution, or  
9 reorganization shall occur unless the Authority and all  
10 other districts directly affected by the annexation,  
11 consolidation, dissolution, or reorganization have each  
12 approved by majority vote the annexation, consolidation,  
13 dissolution, or reorganization. Notwithstanding any other  
14 law to the contrary, upon approval of the proposal by the  
15 State Board, the State Board and all other affected  
16 entities shall forthwith implement the proposal. When a  
17 dissolution and annexation becomes effective for purposes  
18 of administration and attendance, the positions of  
19 teachers in contractual continued service in the district  
20 being dissolved shall be transferred to the annexing  
21 district or districts, pursuant to the provisions of  
22 Section 24-12 of this Code. In the event that the  
23 territory is added to 2 or more districts, the decision  
24 on which positions shall be transferred to which annexing  
25 districts shall be made by giving consideration to the  
26 proportionate percentage of pupils transferred and the  
27 annexing districts' staffing needs, and the transfer of  
28 teachers in contractual continued service into positions  
29 shall be based upon the request of those teachers in  
30 contractual continued service in order of seniority in  
31 the dissolving district. The status of all teachers in  
32 contractual continued service transferred to an annexing  
33 district shall not be lost, and the board of the annexing  
34 district is subject to this Code with respect to teachers

1 in contractual continued service who are transferred in  
2 the same manner as if the person were the annexing  
3 district's employee and had been its employee during the  
4 time the person was actually employed by the board of the  
5 dissolving district from which the position was  
6 transferred.

7 (105 ILCS 5/1F-30 new)

8 Sec. 1F-30. Chief executive officer. The Authority may  
9 appoint a chief executive officer who, under the direction of  
10 the Authority, shall supervise the Authority's staff,  
11 including the chief educational officer and the chief fiscal  
12 officer, and shall have ultimate responsibility for  
13 implementing the policies, procedures, directives, and  
14 decisions of the Authority.

15 (105 ILCS 5/1F-35 new)

16 Sec. 1F-35. Chief educational officer. The Authority may  
17 at a regular or special meeting find that cause exists to  
18 cancel the contract of the school district's superintendent  
19 who is serving at the time the Authority is established. If  
20 there is no superintendent, then the Authority shall,  
21 following consultation with the district, employ a chief  
22 educational officer for the district, who shall have all of  
23 the powers and duties of a school district superintendent  
24 under this Code and such other duties as may be assigned by  
25 the Authority in accordance with this Code. The chief  
26 educational officer shall report to the Authority or the  
27 chief executive officer appointed by the Authority.

28 The district shall not thereafter employ a superintendent  
29 during the period that a chief educational officer is serving  
30 in the district. The chief educational officer shall hold a  
31 certificate with a superintendent endorsement issued under  
32 Article 21 of this Code.

1 (105 ILCS 5/1F-40 new)

2 Sec. 1F-40. Chief fiscal officer. The Authority may  
3 appoint a chief fiscal officer who, under the direction of  
4 the Authority, shall have all of the powers and duties of the  
5 district's chief school business official and any other  
6 duties regarding budgeting, accounting, and other financial  
7 matters that are assigned by the Authority, in accordance  
8 with this Code. The district may not employ a chief school  
9 business official during the period that the chief fiscal  
10 officer is serving in the district. The chief fiscal officer  
11 may but is not required to hold a certificate with a chief  
12 school business official endorsement issued under Article 21  
13 of this Code.

14 (105 ILCS 5/1F-45 new)

15 Sec. 1F-45. Collective bargaining agreements. The  
16 Authority shall have the power to negotiate collective  
17 bargaining agreements with the district's employees in lieu  
18 of and on behalf of the district. Upon concluding bargaining,  
19 the district shall execute the agreements negotiated by the  
20 Authority, and the district shall be bound by and shall  
21 administer the agreements in all respects as if the  
22 agreements had been negotiated by the district itself.

23 (105 ILCS 5/1F-50 new)

24 Sec. 1F-50. Deposits and investments.

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

28 (b) Subject to the provisions of any contract with or  
29 for the benefit of the holders of its obligations, the  
30 Authority may invest any funds not required for immediate use  
31 or disbursement, as provided in the Public Funds Investment  
32 Act.



1 (105 ILCS 5/1F-55 new)

2 Sec. 1F-55. Cash accounts and bank accounts.

3 (a) The Authority shall require the district or any  
4 officer of the district, including the district's treasurer,  
5 to establish and maintain separate cash accounts and separate  
6 bank accounts in accordance with such rules, standards, and  
7 procedures as the Authority may prescribe.

8 (b) The Authority shall have the power to assume  
9 exclusive administration of the cash accounts and bank  
10 accounts of the district, to establish and maintain whatever  
11 new cash accounts and bank accounts it may deem appropriate,  
12 and to withdraw funds from these accounts for the lawful  
13 expenditures of the district.

14 (105 ILCS 5/1F-60 new)

15 Sec. 1F-60. Financial, management, and budgetary  
16 structure. Upon direction of the Authority, the district  
17 shall reorganize the financial accounts, management, and  
18 budgetary systems of the district in whatever manner the  
19 Authority deems appropriate to achieve greater financial  
20 responsibility and to reduce financial inefficiency.

21 (105 ILCS 5/1F-62 new)

22 Sec. 1F-62. School District Emergency Financial  
23 Assistance Fund; loans.

24 (a) Moneys in the School District Emergency Financial  
25 Assistance Fund established under Section 1B-8 of this Code  
26 may be allocated and expended by the State Board for  
27 emergency financial assistance loans to an Authority that  
28 petitions for emergency financial assistance. An emergency  
29 financial assistance loan to an Authority shall not be  
30 considered as part of the calculation of a district's debt  
31 for purposes of the limitation specified in Section 19-1 of  
32 this Code.

1       (b) The amount of an emergency financial assistance loan  
2 that may be allocated to an Authority under this Article,  
3 including moneys necessary for the operations of the  
4 Authority, and borrowing from sources other than the State  
5 shall not exceed, in the aggregate, \$4,000 times the number  
6 of pupils enrolled in the district during the school year  
7 ending June 30 prior to the date of approval by the State  
8 Board of the petition for emergency financial assistance, as  
9 certified to the school board and the Authority by the State  
10 Superintendent. However, this limitation does not apply to  
11 borrowing by the district secured by amounts levied by the  
12 district prior to establishment of the Authority.

13       (c) The payment of a State emergency financial  
14 assistance loan shall be subject to appropriation by the  
15 General Assembly. State emergency financial assistance  
16 allocated and paid to an Authority under this Article may be  
17 applied to any fund or funds from which the Authority is  
18 authorized to make expenditures by law.

19       (d) Any State emergency financial assistance proposed by  
20 the Authority and approved by the State Superintendent may be  
21 paid in its entirety during the initial year of the  
22 Authority's existence or spread in equal or declining amounts  
23 over a period of years not to exceed the period of the  
24 Authority's existence. The State Superintendent shall not  
25 approve any loan to the Authority unless the Authority has  
26 been unable to borrow sufficient funds to operate the  
27 district.

28       All loan payments made from the School District Emergency  
29 Financial Assistance Fund to an Authority shall be required  
30 to be repaid not later than the date the Authority ceases to  
31 exist, with simple interest over the term of the loan at a  
32 rate equal to 50% of the one-year Constant Maturity Treasury  
33 (CMT) yield as last published by the Board of Governors of  
34 the Federal Reserve System before the date on which the

1 Authority's loan is approved by the State Board.

2 The Authority shall establish and the State  
3 Superintendent shall approve the terms and conditions of the  
4 loan, including the schedule of repayments. The schedule  
5 shall provide for repayments commencing July 1 of each year.  
6 Repayment shall be incorporated into the annual budget of the  
7 district and may be made from any fund or funds of the  
8 district in which there are moneys available. When moneys are  
9 repaid as provided in this Section, they shall not be made  
10 available to the Authority for further use as emergency  
11 financial assistance under this Article at any time  
12 thereafter. All repayments required to be made by an  
13 Authority shall be received by the State Board and deposited  
14 in the School District Emergency Financial Assistance Fund.

15 In establishing the terms and conditions for the  
16 repayment obligation of the Authority, the Authority shall  
17 annually determine whether a separate local property tax levy  
18 is required to meet that obligation. The Authority shall  
19 provide for a separate tax levy for emergency financial  
20 assistance repayment purposes. This tax levy shall not be  
21 subject to referendum approval. The amount of the levy shall  
22 not exceed the amount necessary to meet the annual emergency  
23 financial repayment obligations of the district, including  
24 principal and interest, as established by the Authority.

25 (105 ILCS 5/1F-90 new)

26 Sec. 1F-90. Tax anticipation warrants. An Authority shall  
27 have the same power to issue tax anticipation warrants as a  
28 school board under Section 17-16 of this Code, subject to  
29 Section 1F-62 of this Code.

30 (105 ILCS 5/1F-115 new)

31 Sec. 1F-115. State or district not liable on obligations.  
32 Obligations shall not be deemed to constitute (i) a debt or

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

31 (105 ILCS 5/1F-120 new)

32 Sec. 1F-120. Obligations as legal investments. The  
33 obligations issued under the provisions of this Article are

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

18 (105 ILCS 5/1F-130 new)

19 Sec. 1F-130. Reports.

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

26 (b) Annual reports shall be submitted on or before March  
27 1 of each year.

28 (c) The requirement for reporting to the General  
29 Assembly shall be satisfied by filing copies of the report as  
30 provided in Section 3.1 of the General Assembly Organization  
31 Act and by filing additional copies with the State Government  
32 Report Distribution Center for the General Assembly as  
33 required under subdivision (t) of Section 7 of the State

1 Library Act.

2 (105 ILCS 5/1F-135 new)

3 Sec. 1F-135. Audit of Authority. The Authority shall be  
4 subject to audit in the manner provided for the audit of  
5 State funds and accounts. A copy of the audit report shall be  
6 submitted to the State Superintendent, the Governor, the  
7 Speaker and Minority Leader of the House of Representatives,  
8 and the President and Minority Leader of the Senate.

9 (105 ILCS 5/1F-140 new)

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

24 (105 ILCS 5/1F-145 new)

25 Sec. 1F-145. Property of Authority exempt from taxation.  
26 The property of the Authority is exempt from taxation.

27 (105 ILCS 5/1F-150 new)

28 Sec. 1F-150. Sanctions.

29 (a) No member, officer, employee, or agent of the  
30 district may commit the district to any contract or other

1 obligation or incur any liability on behalf of the district  
2 for any purpose if the amount of the contract, obligation, or  
3 liability is in excess of the amount authorized for that  
4 purpose then available under the financial plan and budget  
5 then in effect.

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

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

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

28 (105 ILCS 5/1F-155 new)

29 Sec. 1F-155. Abolition of Authority. The Authority shall  
30 be abolished 10 years after its creation or one year after  
31 all its obligations issued under the provisions of this  
32 Article have been fully paid and discharged, whichever comes  
33 later. However, the State Board, upon recommendation of the

1 Authority and if no obligations are outstanding, may abolish  
2 the Authority at any time after the Authority has been in  
3 existence for 3 years. Upon the abolition of the Authority,  
4 all of its records shall be transferred to the State Board  
5 and any property of the Authority shall pass to and be vested  
6 in the State Board.

7 (105 ILCS 5/1F-160 new)

8 Sec. 1F-160. Limitations of actions after abolition;  
9 indemnification; legal representation.

10 (a) Abolition of the Authority pursuant to Section  
11 1F-155 of this Code shall bar any remedy available against  
12 the Authority, its members, employees, or agents for any  
13 right or claim existing or any liability incurred prior to  
14 the abolition unless the action or other proceeding is  
15 commenced prior to the expiration of 2 years after the date  
16 of the abolition.

17 (b) The Authority may indemnify any member, officer,  
18 employee, or agent who was or is a party or is threatened to  
19 be made a party to any threatened, pending, or completed  
20 action, suit, or proceeding, whether civil, criminal,  
21 administrative, or investigative, by reason of the fact that  
22 he or she was a member, officer, employee, or agent of the  
23 Authority, against expenses (including attorney's fees,  
24 judgments, fines, and amounts paid in settlement actually and  
25 reasonably incurred by him or her in connection with the  
26 action, suit, or proceeding) if he or she acted in good faith  
27 and in a manner that he or she reasonably believed to be in  
28 or not opposed to the best interests of the Authority and,  
29 with respect to any criminal action or proceeding, had no  
30 reasonable cause to believe his or her conduct was unlawful.  
31 The termination of any action, suit, or proceeding by  
32 judgment, order, settlement, or conviction or upon a plea of  
33 nolo contendere or its equivalent, shall not, of itself,



1 create a presumption that the person did not act in good  
2 faith in a manner that he or she reasonably believed to be in  
3 or not opposed to the best interest of the Authority and,  
4 with respect to any criminal action or proceeding, had  
5 reasonable cause to believe that his or her conduct was  
6 unlawful.

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

25 Reasonable expenses incurred in defending an action,  
26 suit, or proceeding shall be paid by the Authority in advance  
27 of the final disposition of the action, suit, or proceeding,  
28 as authorized by the Authority in the specific case, upon  
29 receipt of an undertaking by or on behalf of the member,  
30 officer, employee, or agent to repay the amount, unless it is  
31 ultimately determined that he or she is entitled to be  
32 indemnified by the Authority as authorized in this Section.

33 Any member, officer, employee, or agent against whom any  
34 action, suit, or proceeding is brought may employ his or her

1 own attorney to appear on his or her behalf.

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

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

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

21 (105 ILCS 5/17-11.2 new)

22 Sec. 17-11.2. Notwithstanding any other law to the  
23 contrary, any levy adopted by a School Finance Authority  
24 created under Article 1F of this Code is valid and shall be  
25 extended by the county clerk if it is certified to the county  
26 clerk by the Authority in sufficient time to allow the county  
27 clerk to include the levy in the extension for the taxable  
28 year.

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