

AN ACT concerning local government.

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

Section 5. The Illinois Municipal Code is amended by adding Division 135.5 in Article 11 as follows:

(65 ILCS 5/Art. 11 Div. 135.5 heading new)

DIVISION 135.5. REGIONAL WATER COMMISSIONS

(65 ILCS 5/11-135.5-1 new)

Sec. 11-135.5-1. References to Division. This Division may be referred to as the Regional Water Commissions Act.

(65 ILCS 5/11-135.5-5 new)

Sec. 11-135.5-5. Findings. The General Assembly finds that:

(1) It is necessary and in the public interest to help assure a sufficient and economic supply of a source of water of suitable quality within those areas of this State that are dependent on ground water supply from portions of the Cambrian-Ordovician aquifer as well as shallow aquifers, and where those aquifers are expected not to be able to provide a sufficient supply of water or water of suitable quality to one or more municipalities which may

be located in more than a single county, and where, because of economic development and population growth and proximity to large urban centers, the health, safety, and welfare of the residents is threatened by the continuing reduction in the amount of ground water and quality of ground water that can be obtained from the aquifers.

(2) Because of a need to provide such municipalities a continuing, available, and adequate source and supply of water on an economically viable basis, it is necessary and desirable to establish a different structure for municipalities in the affected region to jointly establish a source of water supply and the necessary waterworks and other supporting facilities as needed to provide a reliable, sustainable, and high-quality source of water on a cost-effective basis.

(3) It is not the intent of the General Assembly to interfere with the structure and operation of other water commissions and county water commissions already existing around the State on the effective date of this amendatory Act of the 102nd General Assembly or to interfere with the power of municipalities to provide for the retail distribution of water to its residents or the customers of its water systems.

(4) It is in the State's best interest to provide for a sufficient and economic supply of water to such areas.

(65 ILCS 5/11-135.5-10 new)

Sec. 11-135.5-10. Regional water commissions. Municipalities may enter into joint efforts to acquire, develop, and operate a waterworks system or a common source of supply of water, or both, through intergovernmental cooperation in a regional water commission as provided in this Division.

(65 ILCS 5/11-135.5-15 new)

Sec. 11-135.5-15. Establishment of commission; members; initial costs and funding.

(a) Establishment of commission. Two or more municipalities, at least one of which is located in whole or in part in the county of Cook, Kane, Kendall, Lake, McHenry, or Will and has 140,000 or more inhabitants at the time of establishment of a regional water commission, excluding cities of 500,000 or more inhabitants, may acquire, either by purchase or construction, a waterworks system or a common source of supply of water, or both, and may operate jointly a waterworks system or a common source of supply of water, or both, and improve and extend the same, as provided in this Division. The municipality meeting the requirement to have 140,000 or more inhabitants as required by this paragraph must have attained that population as of the effective date of this amendatory Act of the 102nd General Assembly.

The corporate authorities of the municipalities desiring

to avail themselves of the provisions of this Division shall establish a regional water commission by adopting an ordinance determining and electing to acquire and operate jointly a waterworks system or a common source of supply of water, or both, as the case may be, and approving an intergovernmental agreement among the municipalities establishing the regional water commission. This agreement may be amended at any time upon the adoption of concurring ordinances by the corporate authorities of all member municipalities.

(b) Addition or withdrawal of members; dissolution. The agreement may provide for additional municipalities to join the commission upon adoption of an ordinance by the corporate authorities of the joining municipality and, upon such consents, conditions, and approvals of the board of commissioners and of existing member municipalities as shall be provided in the agreement. The agreement shall provide the manner and terms on which a municipality may withdraw from membership in the commission and on which the commission may terminate and dissolve in whole or in part.

(c) Filing of agreement. Promptly upon entering into the agreement or any amendment to it, a copy of such agreement or amendment shall be filed in the office of the Secretary of State. Promptly upon the addition or withdrawal of a municipality, or, upon the dissolution of the commission, that fact shall be certified by an officer of the commission to the Secretary of State.

(d) Development costs. A municipality whose corporate authorities adopted an ordinance and approved an intergovernmental agreement to acquire and operate jointly a waterworks system or a common source of supply of water, or both, as the case may be, under the provisions of this Division, may from time to time pay, advance, or obligate itself to the commission to bear a proportionate share of the development costs, including principal and interest, of any project proposed by the commission, including plans, feasibility reports, and engineering, even if the project is never constructed or water is never supplied by the commission to such municipality.

Whenever the corporate authorities of a municipality determine that the municipality will pay, advance, or be obligated for its proportionate share of development costs as provided in this subsection, they shall adopt an ordinance declaring their intention that the municipality will do so, fix the maximum amount of the municipality's share of the cost the municipality proposes to pay or that the municipality will advance or to obligate the municipality for, the period over which it is proposed to pay the obligation (not exceeding 10 years), and the maximum amount to be paid annually, if such obligation is to be paid in installments. The time of payment of any such installment obligation may be extended for a period not exceeding 10 years from the final maturity date of the original obligation. On and after the date such ordinance

becomes effective, the municipality shall include an amount sufficient to pay the annual installments of its obligation each year in the next succeeding appropriation ordinances. The commission may require that if any such municipality whose corporate authorities determined to pay, to advance, or to obligate the municipality to the commission for development costs defaults in such payments, advances, or obligations, then the remaining municipalities whose corporate authorities have determined to pay, to advance, or to obligate the respective municipalities to the commission for development costs will be required to pay for all or a portion of the payments, advances by, or obligations of the defaulting municipality. No prior appropriation shall be required for the corporate authorities of a municipality to authorize the payments, advances, or obligations herein provided for.

Whenever the corporate authorities of a municipality have obligated the municipality for development costs as herein provided and after the effective date of the ordinance under which the municipality became obligated for a specific amount for development costs of a project and after approval of such obligation by the commission, the commission is authorized to borrow funds temporarily for payment of such development costs in advance of permanent financing. The commission may from time to time and pursuant to an appropriate ordinance or resolution borrow money and issue its interim notes to evidence borrowings for such purpose, including all necessary

and incidental expenses in connection therewith.

An ordinance or resolution authorizing the issuance of such notes shall describe the project and the development costs to be undertaken and specify the principal amount, rate of interest as authorized under Section 2 of the Bond Authorization Act, and the maturity date, which shall coincide with the due date of the obligations or the installments thereof incurred by the respective municipalities pursuant to this Section not, however, to exceed 10 years from date.

Contemporaneously with the issuance of revenue bonds under Section 11-135.5-30, all outstanding interim notes issued for development costs of a project though they have not then matured shall be paid, both principal and interest to date of payment, from funds derived from the sale of revenue bonds for the permanent financing of any such project for which interim notes may have been issued and such interim notes shall be surrendered and cancelled, or, in the alternative, the commission may determine to pay such interim notes out of receipts from other sources available to the commission, including grants and loans.

Whenever a member municipality has incurred development costs for a project and has advanced funds or otherwise obligated itself for the payment of such costs, the commission is authorized to accept assignment of such debt instruments and the payment obligations thereunder and to thereafter make all necessary payments to meet such obligations out of

receipts from other sources available to the commission, including grants and loans.

As used in this subsection, "development costs" means the costs of development of a project, including debt incurred and principal and interest payments, whether incurred by the commission or a member municipality.

(e) Construction and operating costs. A municipality, the corporate authorities of which adopted an ordinance and approved an intergovernmental agreement to acquire and operate jointly a waterworks system or a common source of supply of water, or both, as the case may be, under the provisions of this Division, may from time to time pay, advance, or obligate itself to the commission to bear a proportionate share of the construction and operating costs of any project proposed by the commission.

Whenever the corporate authorities of a municipality determine that the municipality will pay, advance, or be obligated for its proportionate share of construction or operating costs as above provided, they shall adopt an ordinance declaring their intention to do so, fix the maximum amount of the municipality's share of the cost it proposes to pay, to advance, or to obligate itself for, fix the period over which it is proposed to pay the obligation, and state the maximum amount to be paid annually, if such obligation is to be paid in installments. On and after the date such ordinance becomes effective, the municipality shall include an amount

sufficient to pay the annual installments of its obligation each year in the next succeeding appropriation ordinances. The commission may require that if any such municipality whose corporate authorities determined that the municipality will pay, advance, or be obligated to the commission for construction or operating costs defaults in such payments, advances, or obligations, then the remaining municipalities whose corporate authorities have determined that the municipality will pay, advance, or be obligated to the commission for construction or operating costs will be required to pay for all or a portion of the payments, advances by, or obligations of the defaulting municipality. No prior appropriation shall be required for the corporate authorities of a municipality to authorize the payments, advances, or obligations herein provided for.

Whenever a municipality, through its corporate authorities, has paid, advanced, or obligated the municipality for development, construction, or operating costs as herein provided, the commission may contract with the municipality, on such terms as may be agreed, for the repayment to the municipality by the commission of any payment or advance made by the municipality to the commission and to charge, in addition to all other charges and rates authorized under this Division, such rates and charges for water sold by the commission as shall be necessary to provide for such repayment. In addition, any payment or advance of such costs

made by a municipality pursuant to this Section may be repaid by the commission to the municipality from the proceeds of revenue bonds authorized to be issued by the commission pursuant to this Division or, in the alternative, the commission may determine to pay all or part of such amounts out of receipts from other sources available to the commission, including grants and loans.

Whenever a member municipality has incurred construction and operating costs for a project and has advanced funds or otherwise obligated itself for the payment of such costs, the commission is authorized to accept assignment of such debt instruments and the payment obligations thereunder and to thereafter make all necessary payments to meet such obligations from the proceeds of revenue bonds authorized to be issued by the commission pursuant to this Division or, in the alternative, the commission may determine to pay all or part of such amounts out of receipts from other sources available to the commission, including grants and loans.

As used in this subsection, "construction and operating costs" means the costs of construction and operation of a project, including debt incurred and principal and interest payments, whether incurred by the commission or a member municipality.

(f) Commission facilities. A waterworks system or a common source of supply of water, or both, purchased or constructed by the commission: (1) may be located within or without the

corporate limits of any member municipality; (2) may include, or may consist of, without limitation, facilities for receiving, storing, and transmitting water from any source for supplying water to member municipalities and other purchasers of water from the commission; and (3) may include, without limitation, facilities that are developed, acquired, constructed, extended, or improved by the commission that may at any time be owned by another unit of local government if such facilities will serve the waterworks system or provide a common source of supply of water for the commission.

(65 ILCS 5/11-135.5-20 new)

Sec. 11-135.5-20. Board of commissioners.

(a) Appointment of commissioners. Upon the adoption of an ordinance and intergovernmental agreement by the corporate authorities of a municipality under this Division, the mayor or president, with the approval of the corporate authorities, shall appoint a commissioner.

(b) Commission. The commissioners so appointed by each of the municipalities shall constitute a commission and a municipal corporation and a public body politic and corporate with the powers and duties specified in this Division. The corporate name of the commission and its duration shall be provided in the agreement, and in such name the commission may contract and be contracted with and sue and be sued. The commissioners shall be collectively referred to as a board of

commissioners.

(c) Term; qualifications; compensation; bonds. Each commissioner appointed by a mayor or president shall be the mayor or president or an elected member of the corporate authorities of the municipality from which the appointment is made. The agreement establishing the commission shall specify the period during which a commissioner shall hold office and may provide for the appointment of alternate commissioners from member municipalities. No commissioner may receive any compensation for serving as commissioner. Each commissioner shall furnish a bond for the faithful performance of that commissioner's official duties. This bond shall not be less than \$5,000 and its costs shall be paid by the commission.

(d) Removal; prohibited interests. Each commissioner may be removed by the corporate authorities of the municipality from which the commissioner was appointed for any cause for which any municipal officer may be removed. No commissioner or employee of the commission and no mayor, president, member of the corporate authorities, or employee of any of the municipalities shall be interested, directly or indirectly, in any contract or job of work or materials, or the profits thereof, or services to be performed for or by the commission.

(e) Violations. A violation of this Section is a Class C misdemeanor. A conviction is cause for the removal of a person from office or employment.

(65 ILCS 5/11-135.5-25 new)

Sec. 11-135.5-25. Board organization and powers.

(a) Organization of board. A commission shall organize by electing a chair from among its own members and shall elect persons, who need not be commissioners, to such other offices as shall be designated in the agreement. It shall adopt its own bylaws, rules, and regulations and provide for its meetings. The commission has full and complete supervision, management, and control of the waterworks system or the common source of supply of water, or both, as provided in the agreement and ordinances for acquiring and operating the same, and in their maintenance, operation, and extension. The board of commissioners shall determine the general policy of the commission, shall approve the annual budget, shall make all appropriations (which may include appropriations made at any time in addition to those made in any annual appropriation document), shall approve all contracts for the purchase or sale of water, shall adopt ordinances or resolutions providing for the issuance of bonds or notes by the commission, shall adopt its bylaws, rules, and regulations, and shall have such other powers and duties as may be prescribed in the agreement. Such agreement may further specify the voting and approval requirements for actions regarding the commission's powers and duties, including those powers and actions of the commission which shall be authorized only upon votes of greater than a majority of all commissioners or only upon consents of the

corporate authorities of a certain number of member municipalities, or both.

The agreement may provide for the establishment of a technical advisory committee to consist of a municipal employee member from each member municipality as designated by ordinance or other official action, from time to time by the corporate authorities of the member municipality, and having the qualifications as prescribed in the agreement, and also may provide for such functions and duties of the committee as will support the efficient administration and operation of the commission.

The board of commissioners may establish other committees from time to time, consisting of either members of the board or members who are municipal employees from each member municipality, in order to support the efficient administration and operation of the commission.

(b) Water contracts to acquire water supply. A commission may contract to acquire a supply of water on such terms and conditions as it finds in the best interests of the commission for a period not exceeding 101 years. A commission may contract with any person, corporation, political subdivision, municipal corporation, or other governmental or non-governmental entity for a supply of water, and any such political subdivision, municipal corporation, or other governmental entity is authorized to enter into such a contract with the commission. A commission may accept from a

municipality that is a member of the commission the assignment of a contract to acquire a supply of water and to accept and perform the duties and obligations and make all payments required pursuant to such assigned contract.

A contract made by or assigned to a commission for a supply of water may contain provisions whereby the commission is obligated to pay for such supply of water without setoff or counterclaim and irrespective of whether such supply of water is ever furnished, made available, or delivered to the commission or whether any project for the supply of water contemplated by the contract is completed, operable, or operating and notwithstanding any suspension, interruption, interference, reduction, or curtailment of the supply of water from such project.

No prior appropriation shall be required before entering into or accepting assignment of such contract, and no appropriation shall be required to authorize payments to be made under the terms of the contract, notwithstanding any provision of this Code to the contrary. The contract shall not be a debt within the meaning of any statutory or constitutional limitations.

(c) Water contracts to provide water supply to members. The commission is authorized to contract with the municipalities which established the commission, and with other municipalities that have become members pursuant to the process established in the intergovernmental agreement, for a

supply of water to those municipalities, for a period not exceeding 101 years, and those municipalities are authorized to enter into such contracts with the commission.

Any such contract made by a commission and any such municipalities to supply water may contain provisions whereby the purchasing municipality is obligated to pay for such supply of water without setoff or counterclaim and irrespective of whether such supply of water is ever furnished, made available, or delivered to the purchasing municipality or whether any project for the supply of water contemplated by any such contract is completed, operable, or operating and notwithstanding any suspension, interruption, interference, reduction, or curtailment of the supply of water from such project. Any such contract may provide that if one or more of the other purchasers' defaults in the payment of its obligations under the contract or similar contract made with the supplier of the water, the remaining purchasers party to such contract or such similar contract shall be required to pay for all or a portion of the obligations of the defaulting purchaser. Each municipality that enters into such a contract shall be obligated and have the duty to include an amount sufficient to pay the annual amount of its obligation each year in the next succeeding appropriation ordinances. No prior appropriation shall be required for a municipality to authorize the payments, advances, or obligations provided for in such contracts or this subsection.

(d) Water contracts to provide water supply to nonmembers and extend system. A commission may supply water to and contract with a person, corporation, political subdivision, municipal corporation, or other governmental or non-governmental entity, in addition to the municipalities which have formed the commission and other municipalities that have become members pursuant to the process established in the intergovernmental agreement, and to construct water transmission and distribution lines within a radius of 25 miles outside the corporate limits of member municipalities for the purpose of furnishing water to any additional entities which contract with the commission for a supply of water, upon such payment, terms, and conditions as may be mutually agreed upon. Any such contract shall be a continuing, valid, and binding obligation of the purchaser for such period of years, not to exceed 40, as may be provided in such contract.

Any such contract entered into to supply water to a municipal corporation or political subdivision shall provide that the payments to be made thereunder shall be from the revenues to be derived by such municipality or political subdivision from the operation of the waterworks system or combined waterworks and sewer system of such municipality or political subdivision or from receipts from other sources available to the municipality or political subdivision, including grants and loans. Any such contract made by a commission and a purchaser that is such a municipal

corporation or political subdivision to supply water may contain provisions whereby the purchaser is obligated to pay for such supply of water without setoff or counterclaim and irrespective of whether such supply of water is ever furnished, made available, or delivered to the purchaser or whether any project for the supply of water contemplated by any such contract is completed, operable, or operating and notwithstanding any suspension, interruption, interference, reduction, or curtailment of the supply of water from such project. The contract may provide that, if one or more of the other purchasers defaults in the payment of its obligations under such contract or similar contract made with the supplier of the water, the remaining purchasers party to such contract or such similar contract shall be required to pay for all or a portion of the obligations of the defaulting purchaser. Each municipal corporation or political subdivision that enters into such a contract shall be obligated and have the duty to include an amount sufficient to pay the annual amount of its obligation each year in the next succeeding appropriation ordinances. No prior appropriation shall be required for a municipality or political subdivision to authorize the payments, advances, or obligations provided for in such contracts or this subsection. Any such contract shall not be a debt within the meaning of any statutory or constitutional limitations.

(e) Additional powers. In addition to any other powers set

forth in this Division and in the agreement, a commission has the following powers:

(1) The power to enter into intergovernmental police assistance agreements with any municipality or county.

(2) The power to enter into intergovernmental agreements with any unit of local government or other governmental entity in order to carry out the purposes for which the commission was formed.

(65 ILCS 5/11-135.5-30 new)

Sec. 11-135.5-30. Revenue bonds.

(a) Revenue bonds; power; purposes. A commission may from time to time issue its revenue bonds in such principal amounts as the commission deems necessary to provide sufficient funds to carry out any of its corporate purposes and powers, including, without limitation: developing, acquiring, constructing, extending, or improving a waterworks system or common source of supply of water, or any combination thereof; the funding or refunding of the principal of, redemption premium on, if any, and interest on bonds issued by it, whether or not such bonds or interest to be funded or refunded have or have not become due; the payment of engineering, legal, and other expenses, together with interest to a date one year subsequent to the estimated date of completion of the project; the establishment or increase of reserves to secure or to pay such bonds and interest thereon; the providing of working

capital; and the payment of all other costs or expenses of the commission incident to and necessary or convenient to carry out its corporate purposes and powers. These bonds shall have all the qualities of negotiable instruments under the laws of this State and shall not constitute indebtedness of any of the municipalities constituting the commission.

(b) Source of payment. Every issue of bonds of a commission shall be payable out of the revenues to be derived pursuant to contracts with the specified municipalities and other purchasers of water or by virtue of the operation of any properties acquired or to be acquired or constructed. A commission may issue such types of bonds as it determines, including bonds as to which the principal and interest are payable from the revenues from one or more projects, or from an interest therein or a right to the products and services thereof, or from one or more revenue producing contracts made by the commission, or its revenues generally. Any such bonds may be additionally secured by a pledge of any grant, subsidy, contribution, or other revenue source from the United States, the State of Illinois, or any unit of local government, or any combination thereof.

(c) Receipt of funds by treasurer. Before the treasurer of the commission is entitled to receive the proceeds of the sale of such a bond issue, the treasurer shall supply a corporate surety bond in an amount equivalent to the amount of funds to be derived from the sale of the bonds, and, in addition

thereto, the treasurer shall supply a separate corporate surety bond for the faithful accounting of any funds that may come into that individual's possession in an amount equal to the amount of funds likely to come into the treasurer's hands in any one year from the revenue to be derived from the operation of any of the properties of the commission. The cost of these surety bonds shall be paid by the commission. The requirement to supply corporate surety bonds under this subsection does not apply to the extent that the proceeds of the sale of the bonds and other funds are subject to the administration of the trustee pursuant to a trust indenture with a bank or trust company.

(d) Approval process; terms. The revenue bonds shall be issued pursuant to an ordinance or resolution, or, in the alternative, pursuant to a master trust indenture as well as a supplemental trust indenture with each issuance, and may be issued in one or more series, and shall bear such date or dates, mature at such time or times within the estimated period of usefulness of the project involved and, in any event, not more than 50 years from the date thereof, bear interest at such rate or rates as authorized under Section 2 of the Bond Authorization Act, which rates may be fixed or variable, be in such denominations, be in such form, either coupon or registered, carry such conversion, registration, and exchange privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment at such

place or places within or without the State, be subject to such terms of redemption with or without premium, and contain or be subject to such other terms as the ordinance or resolution, or the master trust indenture or supplemental trust indenture or both, may provide, and shall not be restricted by the provisions of any other law limiting the amounts, maturities, interest rates, or other terms of obligations of public agencies or private persons. The master trust indenture and any supplemental trust indenture shall be entered into with a bank or trust company within or outside the State having trust powers and possessing capital and surplus of not less than \$50,000,000. The bonds shall be sold in such manner as the commission shall determine, at private or public sale. It shall not be necessary that the ordinance or resolution, or the master trust indenture or supplemental trust indenture or both, refer to plans and specifications nor that there be on file for public inspection prior to the adoption of such ordinance or resolution, or the master trust indenture or supplemental trust indenture or both, detailed plans and specifications of the project. This ordinance or resolution, or the master trust indenture or supplemental trust indenture or both, may contain such covenants and restrictions in relation to the operation of the properties under the control of the commission and the issuance of additional revenue bonds thereafter as may be deemed necessary or advisable for the assurance of payment of the bonds thereby authorized and as

may be thereafter issued. It shall be plainly stated on each bond that it does not constitute an indebtedness of any municipality represented by the commission within the meaning of any statutory or constitutional limitation. Upon the issuance of revenue bonds, the revenue of the commission derived pursuant to contracts entered into for the sale of water to the municipalities that have formed the commission and to other municipalities that have become members pursuant to the intergovernmental agreement, as well as contracts entered into with other persons, corporations, political subdivisions, municipal corporations, or other governmental or non-governmental entities and from the operation of its properties, shall be accounted for as provided in the ordinance or resolution, or the master trust indenture or supplemental trust indenture or both, authorizing the issuance of the bonds. Any commission created under the provisions of this Division may also issue bonds for the purpose of providing funds for the payment, refunding, or redemption of any of the commission's bonds or notes before, after, or at their maturity, including the payment of redemption premiums or interest accruing or to accrue on such bonds or notes being paid or redeemed, and for the payment of any installments of interest accrued or to accrue on any bond or note.

(e) No limitation. The provisions of this Section are not a limit upon a municipality that is a home rule unit.

(65 ILCS 5/11-135.5-35 new)

Sec. 11-135.5-35. Revenues; rates; costs; construction contracts.

(a) Revenue fund. Whenever bonds are issued under this Division, the revenue received from the operation of the properties under the control of the commission shall be set aside as collected and deposited in a separate fund to be used only (1) in paying the cost of the operation and maintenance of those properties, (2) in providing an adequate depreciation fund, (3) in paying the principal of and interest upon the revenue bonds issued by the commission, as provided by this Division, (4) to comply with the covenants of the ordinance or resolution, or the master trust indenture or any applicable supplemental trust indenture or both, authorizing the issuance of such bonds, and (5) to carry out the corporate purposes and powers of the commission.

(b) Rates and charges for waterworks system. If the commission has charge of the operation of a complete waterworks system, including the distribution mains, the commission shall establish rates and charges for water and the use of commission waterworks system facilities, which shall be sufficient at all times to pay the cost of operation and maintenance, to provide an adequate depreciation fund, to pay the principal of and interest upon all revenue bonds issued as provided by this Division, to comply with the covenants of the ordinance or resolution, or the master trust indenture or any

applicable supplemental trust indenture or both, authorizing the issuance of such bonds, and to carry out the corporate purposes and powers of the commission. Charges and rates shall be established, revised, and maintained by ordinance and become payable as the commission may determine by ordinance.

(c) Rates and charges for water source of supply. If the commission has charge of the operation of a common source of supply of water, the municipalities represented by the commission shall contract with the commission for water. These municipalities shall establish such charges and rates for water supplied by them to consumers as will be sufficient at all times (1) to pay the cost of operation and maintenance of the respective waterworks systems (or combined waterworks and sewerage systems) of the municipalities, (2) to provide an adequate depreciation fund therefor, (3) to pay the principal of and interest on all revenue bonds of the municipalities payable from the revenues of the waterworks system (or combined waterworks and sewerage system), and (4) to pay the charges and rates established by the commission for the sale of water by the commission to, and the use of commission waterworks system facilities by, those municipalities. The commission shall establish such charges and rates for water supplied to those municipalities and the use of commission waterworks system facilities as will be sufficient at all times (1) to pay the cost of operation and maintenance of the common source of supply of water, (2) to provide an adequate

depreciation fund therefor, (3) to pay the principal of and interest on the revenue bonds issued by the commission, (4) to comply with the covenants of the ordinance or resolution, or the master trust indenture or any applicable supplemental trust indenture or both, authorizing the issuance of such bonds, and (5) to carry out the corporate purposes and powers of the commission, under the provisions of this Division. Contracts entered into between the commission and the specified municipalities shall include covenants for the establishment of rates and charges as provided in this Section.

(d) Pension costs. Contributions to a retirement fund or other pension alternative authorized by the Illinois Pension Code, including, without limitation, the Illinois Municipal Retirement Fund, by commissions created under this Division which have been included under the retirement fund or other pension alternative shall be considered a cost of operation and maintenance for the purposes of this Section.

(e) Enforcement of obligations. A holder of a bond or of any of its coupons issued under this Division, in a civil action, mandamus, or other proceeding, may enforce and compel performance of all duties required by this Division to be performed by such a commission or by any of the municipalities, including the making of rates and charges, the collecting of sufficient revenue, and the application thereof, as provided in this Division.

(f) Construction contracts. All or any portion of a waterworks system or other public improvement of such a commission, when the expense thereof will exceed the greater of (i) \$25,000 or (ii) the amount of expense above which a work or public improvement by a municipality must be let to the lowest responsible bidder after advertising for bids under Section 8-9-1 of this Code, shall be constructed, maintained, or repaired either: (1) by a contract let to the lowest responsible bidder after advertising for bids, in the manner prescribed by the commission's bylaws, rules, and regulations and by the vote required as established in the intergovernmental agreement pursuant to Section 11-135.5-25; or (2) without advertising for bids, if authorized by a vote of greater than a majority of all the commissioners as established in the intergovernmental agreement pursuant to Section 11-135.5-25. The commission's bylaws, rules, and regulations shall provide for an alternative procedure for emergency procurement if an emergency makes it impracticable to follow the procedures in this subsection.

(g) Project labor agreement. In connection with a contract by a commission for the construction of all or any portion of a waterworks system or other public improvement of the commission, the commission must enter into a project labor agreement with the applicable local building trades council prior to the commencement of any and all construction, building, renovation, demolition, or any material change to

the structure or land.

(65 ILCS 5/11-135.5-40 new)

Sec. 11-135.5-40. Property.

(a) Generally. A commission may (i) acquire, hold, sell, lease as lessor or lessee, transfer, or dispose of real or personal property, or interest therein, and (ii) acquire by gift, legacy, or grant any real estate or personal property, or rights therein, in all such instances as it deems appropriate in the exercise of its powers for its lawful purposes, whether the land or personal property is located within or outside the boundaries of the members of the commission. The commission also may accept any grant, subsidy, or contribution from the United States, the State of Illinois, a unit of local government, or any other governmental entity, or any combination thereof.

(b) Private property. Whenever a commission passes an ordinance for the construction or acquisition of any waterworks properties, or improvements or extension or mains, pumping stations, reservoirs, or other appurtenances thereto, which such commission is authorized to make, the making of which will require that private property be taken or damaged, such commission may cause compensation therefor to be ascertained and may condemn and acquire possession thereof in the same manner as nearly as may be, as provided for the exercise of the right of eminent domain under the Eminent

Domain Act. However, proceedings to ascertain the compensation to be paid for taking or damaging private property shall be instituted in the circuit court of the county where the property sought to be taken or damaged is situated.

(c) Public property. When a commission created under this Division requires that public property be taken or damaged for the purposes specified in this Section, the commission may condemn and acquire possession of public property and cause compensation for such public property to be ascertained in the same manner provided for the exercise of the right of eminent domain under the Eminent Domain Act while the commission has the power to initiate action in the manner provided by Article 20 of the Eminent Domain Act.

(d) Highways and public ground. A commission may construct, maintain, alter, and extend its water mains as a proper use of highways along, upon, under, and across any highway, street, alley, or public ground in the State, including highways within a municipality, but so as not to inconvenience the public use thereof, and the commission may construct, maintain, and operate any conduit or conduits, water pipe or pipes, wholly or partially buried or otherwise in, upon, and along any of the lands owned by the State and under any of the public waters therein. However, the right, permission, and authority hereby created shall be subject to all public rights of commerce and navigation and the authority of the United States in behalf of such public rights and also

the laws of the State to regulate and control the same. Notice shall be given to the highway authorities of a municipality, county, township, road district, or township district in which such highway, street, or public way may be situated at least 60 days before any construction or installation work in such highway or street shall commence. All laws and ordinances pertaining to such work for the protection of the public and of public property shall be complied with, except that no fee may be charged such commission for the construction or installation of such facilities in such public places.

(e) Surplus property. When, in the opinion of a commission, real estate owned by it, however acquired, is no longer necessary, appropriate, required for the use of, profitable to, or for best interest of the commission, such commission may, by resolution, lease such surplus real estate for a period not to exceed 99 years or sell such surplus real estate, in accordance with procedures established in the intergovernmental agreement or bylaws or adopted by resolution by such commission.

(f) Tax exemption. All property, income, and receipts of or transactions by a commission shall be exempt from all taxation, the same as if it were the property, income, or receipts of or transaction by the member municipalities.

(g) Agricultural impact mitigation agreement. For any private property that is used for agricultural purposes, as defined in Section 1-60 of the Property Tax Code, that is

damaged or taken by a commission created under this Division, the commission shall enter into an agricultural impact mitigation agreement with the Illinois Department of Agriculture to ensure any negative impacts to private property are properly mitigated.

(65 ILCS 5/11-135.5-45 new)

Sec. 11-135.5-45. Laws not applicable. The provisions of this Division: (i) are not subject to Division 135 or Division 136 of Article 11 of this Code or the Water Commission Act of 1985; and (ii) do not apply to any commission formed or operating under Division 135 or Division 136 of Article 11 of this Code or the Water Commission Act of 1985.

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