

Bond Case Briefs

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BONDS - ILLINOIS

1001 Ogden Avenue Partners v. Henry

Appellate Court of Illinois, Second District - September 21, 2017 - N.E.3d - 2017 IL App (2d) 160838 - 2017 WL 4174080

Taxpayers brought action against school districts, alleging that districts unlawfully issued bonds to improve and maintain school buildings without holding direct referendums.

The Circuit Court granted summary judgment to districts. Taxpayers appealed.

The Appellate Court held that:

- Improving, maintaining, equipping, altering, and repairing school buildings qualify as “corporate purposes” for which boards of education may issue working-cash-fund bonds without direct referendum;
- The School Code section permitting boards of education to issue bonds is not the sole statutory provision under which a school district may raise funds and issue bonds to improve, maintain, equip, alter, and repair school buildings; and
- School districts complied with public notice requirements of School Code and Bond Issue Notification Act.

Improving, maintaining, equipping, altering, and repairing school buildings qualify as “corporate purposes” for which boards of education may issue working-cash-fund bonds without direct referendum, since such activities are germane to the objectives for which such boards are created.

The School Code section permitting boards of education to issue bonds is not the sole statutory provision under which a school district may raise funds and issue bonds to improve, maintain, equip, alter, and repair school buildings, as there are several other Code provisions permitting same.

School districts complied with public notice requirements of School Code and Bond Issue Notification Act, where districts adopted resolutions explaining intent to issue working-cash-fund bonds, and published notices in newspaper detailing time and place of public hearings, requirements to trigger referendum by petition, amount of bonds sought, and purpose of raising money to meet demands for ordinary and necessary expenditures for “corporate purposes,” despite not specifying or defining “corporate purposes.”