

1 AN ACT concerning community development financial
2 institutions.

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

5 Section 1. Short title. This Act may be cited as the
6 Illinois Investment and Development Authority Act.

7 Section 5. Purpose. The purpose of this Act is to
8 create a State entity to support the creation and growth of
9 community development financial institutions, which provide
10 access to capital for business development, capital
11 investments, and other financing to expand private sector
12 activities in economically disadvantaged communities and for
13 low income people, by providing grants, loans, and technical
14 assistance to CDFIs. Assistance by this entity would (i)
15 provide technical assistance and expand financial services
16 and capital access in economically disadvantaged communities,
17 (ii) provide support for the creation of new small businesses
18 and new jobs in economically disadvantaged communities, (iii)
19 create opportunities for financial institutions to obtain
20 federal incentives for investments in a CDFI, (iv) increase
21 this State's share of the money distributed annually by the
22 federal Community Development Financial Institutions Fund,
23 and (v) create a new partnership between the State, banks and
24 thrifts, and CDFIs.

25 Section 10. Definitions. In this Act:

26 "Authority" means the Illinois Investment and Development
27 Authority.

28 "Community development financial institution" or "CDFI"
29 means an Illinois community development financial institution
30 certified in accordance with the federal Community

1 Development Banking and Financial Institutions Act of 1994
2 (Public Law 103-325) and accredited by the Authority under
3 Section 50 of this Act.

4 Section 15. Creation of Illinois Investment and
5 Development Authority; members.

6 (a) There is created a political subdivision, body
7 politic and corporate, to be known as the Illinois Investment
8 and Development Authority. The exercise by the Authority of
9 the powers conferred by law shall be an essential public
10 function. The governing powers of the Authority shall be
11 vested in a body consisting of 13 members, including, as ex
12 officio members, the State Treasurer, the Director of
13 Financial Institutions, the Commissioner of Banks and Real
14 Estate and the Director of Commerce and Community Affairs or
15 their designees. The other 9 members of the Authority shall
16 be appointed by the Governor, with the advice and consent of
17 the Senate, and shall be designated "public members". The
18 public members shall include representatives from banks and
19 other private financial services industries, community
20 development finance experts, small business development
21 experts, and other community leaders. Not more than 6
22 members of the Authority may be of the same political party.
23 The Chairperson of the Authority shall be designated by the
24 Governor from among its public members.

25 (b) Six members of the Authority shall constitute a
26 quorum. However, when a quorum of members of the Authority is
27 physically present at the meeting site, other Authority
28 members may participate in and act at any meeting through the
29 use of a conference telephone or other communications
30 equipment by means of which all persons participating in the
31 meeting can hear each other. Participation in such meeting
32 shall constitute attendance and presence in person at the
33 meeting of the person or persons so participating. All

1 official acts of the Authority shall require the approval of
2 at least 5 members.

3 (c) Of the members initially appointed by the Governor
4 pursuant to this Act, 3 shall serve until the third Monday in
5 January, 2004, 3 shall serve until the third Monday in
6 January, 2005, and 3 shall serve until the third Monday in
7 January, 2006 and all shall serve until their successors are
8 appointed and qualified. All successors shall hold office
9 for a term of 3 years commencing on the third Monday in
10 January of the year in which their term commences, except in
11 case of an appointment to fill a vacancy. Each member
12 appointed under this Section who is confirmed by the Senate
13 shall hold office during the specified term and until his or
14 her successor is appointed and qualified. In case of vacancy
15 in the office when the Senate is not in session, the Governor
16 may make a temporary appointment until the next meeting of
17 the Senate, when the Governor shall nominate such person to
18 fill the office, and any person so nominated who is confirmed
19 by the Senate, shall hold his or her office during the
20 remainder of the term and until his or her successor is
21 appointed and qualified.

22 (d) Members of the Authority shall not be entitled to
23 compensation for their services as members, but shall be
24 entitled to reimbursement for all necessary expenses incurred
25 in connection with the performance of their duties as
26 members.

27 (e) The Governor may remove any public member of the
28 Authority in case of incompetency, neglect of duty, or
29 malfeasance in office, after service on the member of a copy
30 of the written charges against him or her and an opportunity
31 to be publicly heard in person or by counsel in his or her
32 own defense upon not less than 10 days notice.

33 Section 20. Executive Director; other employees. The

1 members of the Authority shall appoint an Executive Director
2 to hold office at the pleasure of the members. The Executive
3 Director shall be the chief administrative and operational
4 officer of the Authority, shall direct and supervise its
5 administrative affairs and general management and perform
6 such other duties as may be prescribed from time to time by
7 the members, and shall receive compensation fixed by the
8 Authority. The Executive Director or any committee of the
9 members may carry out such responsibilities of the members as
10 the members by resolution may delegate. The Executive
11 Director shall attend all meetings of the Authority; however,
12 no action of the Authority shall be invalid on account of the
13 absence of the Executive Director from a meeting. The
14 Authority may engage the services of such other agents and
15 employees, including legal and technical experts and other
16 consultants, as it may deem advisable and may prescribe these
17 persons' duties and fix their compensation.

18 Section 25. Powers of Authority.

19 (a) The Authority possesses all the powers as a body
20 corporate necessary and convenient to accomplish the purposes
21 of this Act, including, without any intended limitation upon
22 the general powers hereby conferred, all of the following:

23 (1) To enter into loans, contracts, and agreements
24 in any matter connected with any of its corporate
25 purposes and to invest its funds.

26 (2) To sue and be sued.

27 (3) To employ those agents, employees, and
28 independent contractors necessary to carry out its
29 purposes, and to fix their compensation, their benefits,
30 and the terms and conditions of their employment.

31 (4) To have and use a common seal and to alter the
32 seal at pleasure.

33 (5) To adopt all needful resolutions, by-laws, and

1 rules for the conduct of its business and affairs.

2 (6) To have and exercise all powers and be subject
3 to all duties usually incident to boards of directors of
4 corporations.

5 (7) To adopt such rules and regulations as are
6 necessary to implement this Act.

7 (b) The Authority shall not have the power to levy taxes
8 for any purpose whatsoever.

9 Section 30. Office. The Authority may maintain an
10 office or branch office anywhere in this State and may
11 utilize, without the payment of rent, any office facilities
12 that the State may conveniently make available to the
13 Authority.

14 Section 35. Secretary; treasurer; funds.

15 (a) The Authority shall appoint a secretary and
16 treasurer, who may be a member or members of the Authority,
17 to hold office at the pleasure of the Authority. Before
18 entering upon the duties of the respective offices, the
19 person or persons shall take and subscribe to the
20 constitutional oath of office, and the treasurer shall
21 execute a bond with corporate sureties to be approved by the
22 Authority. The bond shall be payable to the Authority in
23 whatever penal sum may be directed by the Authority,
24 conditioned upon the faithful performance of the duties of
25 the office and the payment of all money received by him or
26 her according to law and the orders of the Authority. The
27 Authority may, at any time, require a new bond from the
28 treasurer in such penal sum as may then be determined by the
29 Authority. The obligation of the sureties shall not extend
30 to any loss sustained by the insolvency, failure, or closing
31 of any savings and loan association or national or state bank
32 wherein the treasurer has deposited funds if the bank or

1 savings and loan association has been approved by the
2 Authority as a depository for these funds. The oaths of
3 office and the treasurer's bond shall be filed in the
4 principal office of the Authority.

5 (b) All funds of the Authority, including without
6 limitation (i) grants or loans from the federal government,
7 the State, or any agency or instrumentality of the State or
8 federal government, (ii) fees, service charges, interest, or
9 other investment earnings on its funds, (iii) payments of
10 principal of and interest on loans of its funds, and (iv)
11 revenue from any other source, except funds the application
12 of which is otherwise specifically provided for by
13 appropriation, resolution, grant agreement, lease agreement,
14 loan agreement, indenture, mortgage, trust agreement, or
15 other agreement, may be held by the Authority in its treasury
16 and be generally available for expenditure by the Authority
17 for any of the purposes authorized by this Act.

18 (c) In addition to investments authorized by Section 2
19 of the Public Funds Investment Act, funds of the Authority
20 may be invested in (i) obligations issued by any state, unit
21 of local government, or school district, which obligations
22 are rated at the time of purchase by a national rating
23 service within the 2 highest rating classifications without
24 regard to any rating refinement or gradation by numerical or
25 other modifier, or (ii) equity securities of an investment
26 company registered under the federal Investment Company Act
27 of 1940 whose sole assets, other than cash and other
28 temporary investments, are obligations that are eligible
29 investments for the Authority, provided that not more than
30 20% of the assets of the investment company may consist of
31 unrated obligations of the type described in clause (i) of
32 this subsection (c) that the board of directors of the
33 investment company has determined to be of comparable quality
34 to rated obligations described in clause (i) of this

1 subsection (c).

2 (d) Moneys appropriated by the General Assembly to the
3 Authority shall be held in the State treasury unless the Act
4 making the appropriation specifically states that the moneys
5 are appropriated to the Authority's treasury. Such funds as
6 are authorized to be held in the Authority's treasury,
7 deposited in any bank or savings and loan association, and
8 placed in the name of the Authority shall be withdrawn or
9 paid out only by check or draft upon the bank or savings and
10 loan association, signed by the treasurer and countersigned
11 by the Chairperson of the Authority. The Authority may
12 designate any of its members or any officer or employee of
13 the Authority to affix the signature of the Chairperson and
14 may designate another to affix the signature of the treasurer
15 to any check or draft for payment of salaries or wages and
16 for payment of any other obligations of not more than \$2,500.
17 In case any person whose signature appears upon any check or
18 draft, issued pursuant to this Act, ceases to hold his or her
19 office before the delivery of the check or draft to the
20 payee, the signature nevertheless shall be valid and
21 sufficient for all purposes with the same effect as if the
22 person had remained in office until delivery of the check or
23 draft. A bank or savings and loan association may not
24 receive public funds as permitted by this Section unless it
25 has complied with the requirements established pursuant to
26 Section 6 of the Public Funds Investment Act.

27 Section 40. Conflict of interest.

28 (a) No member, officer, agent, or employee of the
29 Authority shall, in his or her own name or in the name of a
30 nominee, be an officer or director or hold an ownership
31 interest of more than 10% in any person, association, trust,
32 corporation, partnership, or other entity that is, in its own
33 name or in the name of a nominee, a party to a contract or

1 agreement upon which the member, officer, agent, or employee
2 may be called upon to act or vote. The prohibition of this
3 subsection (a) does not apply, however, to prohibit contracts
4 or agreements between the Authority and entities qualified
5 under Section 501 of the Internal Revenue Code of 1986 due to
6 a member of the Authority serving as an officer or director
7 of that entity.

8 (b) With respect to any direct or indirect interest,
9 other than an interest prohibited in subsection (a) of this
10 Section, in a contract or agreement upon which the member,
11 officer, agent, or employee may be called upon to act or
12 vote, a member, officer, agent, or employee of the Authority
13 shall disclose the interest to the secretary of the Authority
14 before the taking of final action by the Authority concerning
15 the contract or agreement and shall so disclose the nature
16 and extent of the interest and his or her acquisition of it,
17 and those disclosures shall be publicly acknowledged by the
18 Authority and entered upon the minutes of the Authority. If
19 a member, officer, agent, or employee of the Authority holds
20 such an interest, then he or she shall refrain (i) from any
21 further official involvement in regard to the contract or
22 agreement, (ii) from voting on any matter pertaining to the
23 contract or agreement, and (iii) from communicating with
24 members of the Authority or its officers, agents, and
25 employees concerning the contract or agreement.
26 Notwithstanding any other provision of law, any contract or
27 agreement entered into in conformity with this subsection (b)
28 shall not be void or invalid by reason of the interest
29 described in this subsection (b), nor shall any person so
30 disclosing the interest and refraining from further official
31 involvement as provided in this subsection (b) be guilty of
32 an offense, be removed from office, or be subject to any
33 other penalty on account of that interest.

34 (c) Any contract or agreement made in violation of

1 subsection (a) or (b) of this Section shall be null and void,
2 but shall not give rise to any action against the Authority.

3 Section 45. Audit; fiscal year; report. The accounts
4 and books of the Authority, including its receipts,
5 disbursements, contracts, and other matters relating to its
6 finances, operation, and affairs shall be examined and
7 audited at least once within each 2-year period by a firm of
8 certified public accountants, who shall certify its audit to
9 the State Comptroller. The fiscal year for the Authority
10 shall commence on July 1. As soon after the end of each
11 fiscal year as may be expedient, the Authority shall cause to
12 be prepared and printed a complete report and financial
13 statement of its operations and of its assets and
14 liabilities. A reasonably sufficient number of copies of
15 this report shall be printed for distribution to persons
16 interested, upon request, and a copy of the report shall be
17 filed with the Governor, the Secretary of State, the State
18 Comptroller, the Secretary of the Senate, and the Clerk of
19 the House of Representatives.

20 Section 50. Accreditation.

21 (a) A CDFI must be accredited by the Authority in order
22 to receive assistance from the Authority, unless otherwise
23 specified in this Act. The Authority may revoke accreditation
24 from a CDFI that no longer meets the Authority's
25 accreditation criteria. Accreditation of a CDFI under this
26 Act does not, in and of itself, qualify the CDFI to
27 participate in a financing program administered by the
28 Authority.

29 (b) Authority criteria for accreditation must include
30 certification under the federal Community Development Banking
31 and Financial Institutions Act of 1994 (Public Law 103-325)
32 and any other criteria that the Authority deems appropriate.

1 (c) The Authority shall accredit CDFIs in a manner to
2 ensure the use of CDFIs in all geographic regions of this
3 State to the greatest extent possible.

4 Section 55. Authority's responsibilities.

5 (a) The Authority shall provide technical assistance to
6 CDFIs to (i) expand the financial services the CDFI sector
7 offers, such as micro-business lending, facilities financing,
8 low income housing financing, mortgage lending, and personal
9 financial services for low income persons, (ii) encourage the
10 establishment of CDFIs, and (iii) provide technical
11 assistance and training to CDFIs' borrowers.

12 (b) The Authority may make grants and low-rate loans to
13 CDFIs so that CDFIs may fill a credit gap by engaging in
14 below market rate financing in economically disadvantaged
15 communities and to low income people. As part of a grant or
16 loan agreement, a CDFI may request and the Authority may
17 consent to having the grant or loan proceeds paid directly to
18 a CDFI's creditor. As part of a loan agreement, the
19 Authority may require additional security from the CDFI,
20 including without limitation a pledge of a certain percentage
21 of the CDFI's assets or future earnings.

22 Section 60. Authority grants. Notwithstanding the
23 provisions of subsection (b) of Section 50, the Authority may
24 issue grants to CDFIs or to nonprofit organizations that are
25 attempting to obtain federal certification or Authority
26 accreditation as a CDFI. The Authority may issue, in a
27 manner consistent with subsection (c) of Section 50 of this
28 Act, grants for the purpose of developing or enhancing the
29 ability of the CDFI or nonprofit organization to be
30 accredited as a CDFI under Section 50 of this Act and to
31 receive loans from the Authority under Section 65 of this
32 Act. The Authority may also issue grants or loans to

1 nonprofit organizations that have entered into a written
2 contract with a CDFI or a nonprofit organization receiving
3 grants from the Authority to obtain federal certification or
4 Authority accreditation as a CDFI.

5 In areas of this State where no CDFI exists and no
6 nonprofit organization is working to obtain certification or
7 accreditation as a CDFI, the Authority may issue grants to a
8 nonprofit organization deemed by the Authority to be
9 performing activities consistent with the goals of the
10 federal Community Development Banking and Financial
11 Institutions Act of 1994 (Public Law 103-325). The grants
12 shall be used by the nonprofit organization to provide
13 technical assistance, training, or other support to small
14 businesses or other for-profit or not-for-profit
15 organizations.

16 Section 65. Authority loans. The Authority may make
17 loans to CDFIs, from moneys appropriated for this purpose, on
18 such terms and conditions as the Authority may determine.
19 Loans to CDFIs may be made by the Authority as the sole
20 lender or in cooperation with participating investors
21 pursuant to agreements entered into in accordance with this
22 Act. Loan repayments shall be used by the Authority to make
23 new loans to CDFIs.

24 Section 70. Community development loans.

25 (a) CDFIs that receive loans from the Authority under
26 Section 65 of this Act shall make and use community
27 development loans pursuant to guidelines established by the
28 Authority. The guidelines shall include criteria for the
29 approval of a portfolio of loans submitted by CDFIs.

30 (b) In connection with community development loans under
31 this Section, the recipient of a loan must provide
32 certification to the Authority that the recipient does not

1 have any outstanding debts in the form of delinquent real
2 estate taxes or utility bills that are more than one year
3 outstanding.

4 Section 75. Report to General Assembly. Within 90 days
5 after the end of each fiscal year, the Authority shall
6 prepare a report for that fiscal year and file it with the
7 General Assembly as provided in Section 3.1 of the General
8 Assembly Organization Act. The report shall include the
9 amount of funds appropriated to the Authority that were
10 deposited by the Authority in special accounts in banks or
11 trust companies, the amount of disbursements made from the
12 special accounts, the number, name, and location of CDFIs
13 accredited by the Authority, and the number and amount of
14 grants to CDFIs or nonprofit organizations.