AN ACT concerning finance.

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

Section 5. The Technology Development Act is amended by changing Sections 11 and 20 as follows:

(30 ILCS 265/11)

Sec. 11. Technology Development Account II.

(a) Including the amount provided in Section 10 of this Act, the State Treasurer shall segregate a portion of the Treasurer's State investment portfolio, that at no time shall be greater than 5% of the portfolio, in the Technology Development Account IIa ("TDA IIa"), an account that shall be maintained separately and apart from other moneys invested by the Treasurer. Distributions from the investments in TDA IIa may be reinvested into TDA IIa without being counted against the 5% cap. The aggregate investment in TDA IIa and the aggregate commitment of investment capital in a TDA II-Recipient Fund shall at no time be greater than 5% of the State's investment portfolio, which shall be calculated as: (1) the balance at the inception of the State's fiscal year; or (2) the average balance in the immediately preceding 5 fiscal years, whichever number is greater. Distributions from a TDA II-Recipient Fund, in an amount not to exceed the commitment amount and total distributions received, may be reinvested into TDA IIa without being counted against the 5% cap. The Treasurer may make investments from TDA IIa that help attract, assist, and retain quality technology businesses in Illinois. The earnings on TDA IIa shall be accounted for separately from other investments made by the Treasurer.

(b) The Treasurer may solicit proposals from entities to manage and be the General Partner of a separate fund ("Technology Development Account IIb" or "TDA IIb") consisting of investments from private sector investors that must invest, at the direction of the general partner, in tandem with TDA IIa in a pro-rata portion. The Treasurer may enter into an agreement with the entity managing TDA IIb to advise on the investment strategy of TDA IIa and TDA IIb (collectively "Technology Development Account II" or "TDA II") and fulfill other mutually agreeable terms. Funds in TDA IIb shall be kept separate and apart from moneys in the State treasury.

(c) All or a portion of the moneys in TDA IIa shall be invested by the State Treasurer to provide venture capital to technology businesses, including co-investments, seeking to locate, expand, or remain in Illinois by placing money with Illinois venture capital firms for investment by the venture capital firms in technology businesses. "Venture capital", as used in this Section, means equity or debt financing that is provided for starting up, expanding, or relocating a company, or related purposes such as financing for seed capital, research and development, introduction of a product or process into the marketplace, or similar needs requiring risk capital. "Technology business", as used in this Section, means a company that has as its principal function the providing of services, including computer, information transfer, communication, distribution, processing, administrative, laboratory, experimental, developmental, technical, or testing services; manufacture of goods or materials; the processing of goods or materials by physical or chemical change; computer related activities; robotics, biological, or pharmaceutical industrial activities; or technology-oriented or emerging industrial activity. "Illinois venture capital firm", as used in this Section, means an entity that: (1) has a majority of its employees in Illinois (more than 50%) or that has at least one general partner or principal domiciled in Illinois, and that (2) provides equity financing for starting up or expanding a company, or related purposes such as financing for seed capital, research and development, introduction of a product or process into the marketplace, or similar needs requiring risk capital. "Illinois venture capital firm" may also mean an entity that has a track record of identifying, evaluating, and investing in Illinois companies and that provides equity financing for starting up or expanding a company, or related purposes such as financing for seed capital, research and development, introduction of a product or process into the marketplace, or similar needs requiring risk capital. For purposes of this Section, "track record" means having made, on average, at least one investment in an Illinois company in each of its funds if the Illinois venture capital firm has multiple funds or at least 2 investments in Illinois companies if the Illinois venture capital firm has only one fund. In no case shall more than 15% of the capital in the TDA IIa be invested in firms based outside of Illinois. "Co-investments", as used in this Section, means an indirect investment made through an investment vehicle specifically organized to act on direct investment opportunities in an identified for-profit, Illinois company that is operating as a technology business in which one or more funds sponsored by Illinois venture capital firms have already invested, or are investing alongside such investment vehicle, on the same terms as such investment vehicle. Co-investments are limited to investments in Illinois companies for the purpose of enhancing the overall objectives of this Act.

(d) Any fund created by an Illinois venture capital firm in which the State Treasurer places money pursuant to this Section shall be required by the State Treasurer to seek investments in technology businesses seeking to locate, expand, or remain in Illinois. Any fund created by an Illinois venture capital firm in which the State Treasurer places money under this Section ("TDA II-Recipient Fund") shall invest a minimum of twice (2x) the aggregate amount of investable capital that is received from the State Treasurer under this

Section in Illinois companies during the life of the fund. "Illinois companies", as used in this Section, are companies that are headquartered or that otherwise have a significant presence in the State at the time of initial or follow-on investment. Investable capital is calculated as committed capital, as defined in the firm's applicable fund's governing documents, less related estimated fees and expenses to be incurred during the life of the fund. For the purposes of this subsection (d), "significant presence" means at least one physical office and one full-time employee within the geographic borders of this State.

Any TDA II-Recipient Fund shall also invest additional capital in Illinois companies during the life of the fund if, as determined by the fund's manager, the investment:

(1) is consistent with the firm's fiduciary responsibility to its limited partners;

(2) is consistent with the fund manager's investment strategy; and

(3) demonstrates the potential to create risk-adjusted financial returns consistent with the fund manager's investment goals.

In addition to any reporting requirements set forth in Section 10 of this Act, any TDA II-Recipient Fund shall report the following additional information to the Treasurer on a quarterly or annual basis, as determined by the Treasurer, for all investments:

(1) the names of portfolio companies invested in during the applicable investment period;

(2) the addresses of reported portfolio companies;

(3) the date of the initial (and follow-on) investment;

(4) the cost of the investment;

(5) the current fair market value of the investment;

(6) for Illinois companies, the number of Illinois employees on the investment date; ~~and~~

(7) for Illinois companies, the current number of Illinois employees;~~.~~

(8) the fund name or for any co-investments, the company name;

(9) the fund vintage, or for any co-investments, the date of investment;

(10) the total fund size;

(11) the dollar amount of the capital commitment made by the Treasurer;

(12) the type of strategy pursued, including for co-investments;

(13) to the extent the information is disclosed, whether or not the TDA II-Recipient Fund possesses diverse general partners and management, as listed under item (iv) of paragraph (5) of subsection (h); and

(14) whether or not the TDA II-Recipient Fund is an Illinois venture capital firm.

If, as of the earlier to occur of (i) the fourth year of the investment period of any TDA II-Recipient Fund or (ii) when that TDA II-Recipient Fund has drawn more than 60% of the investable capital of all limited partners, that TDA II-Recipient Fund has failed to invest the minimum amount required under this subsection (d) in Illinois companies, then the Treasurer shall deliver written notice to the manager of that fund seeking compliance with the minimum amount requirement under this subsection (d). If, after 180 days of delivery of notice, the TDA II-Recipient Fund has still failed to invest the minimum amount required under this subsection (d) in Illinois companies, then the Treasurer may elect, in writing, to terminate any further commitment to make capital contributions to that fund which otherwise would have been made under this Section.

(e) The investment of the State Treasurer in any fund created by an Illinois venture capital firm in which the State Treasurer places money pursuant to this Section shall not exceed 15% of the total TDA IIa account balance.

(f) (Blank).

(f-5) The aggregate dollar amount available for new investments entered into following the effective date of this amendatory Act of the 102nd General Assembly shall, as applicable, be allocated as follows:

(1) No more than 15% for emerging TDA II-Recipient Funds for which the Treasurer's investment exceeds 15% of

the total dollar amount under management in that fund. For purposes of this paragraph (1), "emerging TDA II-Recipient Fund" means a fund whose management company or sponsor has sponsored no more than 2 private investment funds, including the prospective TDA II-Recipient Fund in which the Treasurer proposes to invest.

(2) No more than 5% for co-investments.

(3) No less than 80% for TDA II-Recipient Funds that do not meet the criteria in paragraphs (1) or (2) of this subsection (f-5).

(g) The Treasurer may deposit no more than 15% of the earnings of the investments in the Technology Development Account IIa into the Technology Development Fund.

(h) The Treasurer shall disclose on the website of the Treasurer, at least annually, the following aggregate financial performance information for TDA II-Recipient Funds:

(1) the Treasurer's internal rate of return for the past one, 3, 5, and 10 years, and since 2016;

(2) the Treasurer's total commitment;

(3) the capital called;

(4) the cash distributions;

(5) the following information regarding the current portfolio: (i) the value of the portfolio, committed and uncommitted; (ii) the TDA II-Recipient Funds under management within Illinois; (iii) the TDA II-Recipient Funds under management outside of Illinois; and (iv) to

the extent relevant data has been reported to the Treasurer, the dollar amount invested in TDA II-Recipient Funds that have a general partner who is a qualified veteran of the armed forces, qualified service-disabled veteran, minority person, woman, or person with a disability, as those terms are referenced and defined in Section 30 of the State Treasurer Act; and

(6) the amount invested in each investment strategy, including venture capital, growth equity, debt, and co-investments.

(Source: P.A. 100-1081, eff. 8-24-18; 101-657, eff. 3-23-21.)

(30 ILCS 265/20)

Sec. 20. Technology Development Fund.

(a) The Technology Development Fund is created as a nonappropriated trust fund within ~~special fund outside~~ the State treasury ~~with the State Treasurer as custodian~~. Moneys in the Fund may be used by the State Treasurer to pay expenses related to investments from the Technology Development Account. Moneys in the Fund in excess of those expenses may be provided as grants to: (i) Illinois schools to purchase computers, upgrade technology, and support career and technical education; or (ii) incubators, accelerators, innovation research, technology transfer, and educational programs that provide training, support, and other resources to technology businesses to promote the growth of jobs and entrepreneurial and venture capital environments in communities of color or underrepresented or under-resourced communities in the State.

(b) On or before January 31, 2023 and each year thereafter, the Treasurer shall publish on his or her official website the following information regarding the Technology Development Fund for the previous fiscal year:

(1) moneys spent on administration expenses;

(2) moneys provided as grants to Illinois schools to purchase computers, upgrade technology, and support career and technical education;

(3) moneys provided as grants to incubators, accelerators, innovation research, technology transfer, and educational programs; and

(4) notice of all grants awarded.

(Source: P.A. 101-657, eff. 3-23-21.)