



Sen. Emil Jones Jr.

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1 AMENDMENT TO SENATE BILL 14

2 AMENDMENT NO. _____. Amend Senate Bill 14, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 1. Short title. This Act may be cited as the
6 Illinois Opportunity Fund Act.

7 Section 5. Findings and purposes.

8 (a) The State of Illinois finds that the traditional means
9 by which venture capital and private equity investors direct
10 capital to Illinois markets does not adequately serve the
11 State's needs. The lack of sufficient capital impairs the
12 ability of the State to create jobs, new markets for goods and
13 services, and sustainable economic growth throughout Illinois.
14 The State of Illinois finds that venture capital and private
15 equity investments traditionally have been an efficient means
16 to create jobs, expand new markets for products and services,
17 and generally encourage economic growth. The State of Illinois
18 desires to strengthen the overall economy of the State by
19 increasing the availability and delivery of venture capital and
20 private equity investments for emerging, expanding, and
21 distressed enterprises in Illinois, and to do so in a way that
22 provides for financial returns to private investors.

23 (b) Furthermore, the State of Illinois finds that certain
24 geographic areas and populations within the State have been

1 subject to economic disparities and have lacked access to the
2 private capital needed to create jobs and economic
3 opportunities.

4 (c) Venture capital and private equity investment should be
5 directed to geographic areas and populations within the State
6 that have been subject to economic disparities, have lacked
7 access to the private capital needed to create jobs and
8 economic opportunities, and to sectors considered to be
9 strategic industries for the State of Illinois.

10 (d) This Act has the mission of mobilizing private capital
11 investment in a broad variety of venture capital and private
12 equity investment funds in diversified industries and
13 geographic regions of the State of Illinois. To achieve this
14 mission, the General Assembly believes that it is necessary to
15 retain the private sector culture of focusing on rate of return
16 in the investing process. Therefore, this Act is intended to
17 facilitate the establishment of the Illinois Opportunity Fund,
18 seek private investment, and create interest in these
19 investments by offering State credit enhancements that limit
20 risk to private investors. This Act also has the mission of
21 facilitating and enhancing the flow of venture capital and
22 private equity into the State of Illinois and improving the
23 infrastructure through which capital is delivered throughout
24 the State including to those geographic areas and populations
25 within the State that have been subject to economic
26 disparities, so as to create jobs in Illinois, expand new
27 markets for Illinois products and Illinois services, and to
28 generally grow the Illinois economy. It is the goal and intent
29 of this legislation to accomplish these missions in such a
30 manner as to minimize any appropriations by the State of
31 Illinois to effectuate these purposes.

32 Section 10. Definitions. In this Act, unless the context
33 requires otherwise:

1 "DCEO" means Department of Commerce and Economic
2 Opportunity, or its successor agency.

3 "Corporation" means the Illinois Capital Investment
4 Corporation created by this Act.

5 "Certificate" means an assignable contract between DCEO
6 and an investor in the Illinois Opportunity Fund under which
7 the terms of the tax credits being issued for the benefit of
8 the investor, or any assignee of the investor, as established
9 by DCEO, are set forth.

10 "Person" means an individual, a corporation, a
11 partnership, or any other lawfully organized entity, whether
12 domiciled in Illinois or outside of Illinois.

13 "Illinois Capital Investment Corporation" means the
14 private not-for-profit corporation established pursuant to
15 this Act.

16 "Illinois Opportunity Fund" means the private for-profit
17 fund established by the Illinois Capital Investment
18 Corporation pursuant to this Act.

19 "Tax credits" means credits against taxes imposed pursuant
20 to Section 201 of the Illinois Income Tax Act for any taxable
21 year ending after December 31, 2009, and having such terms as
22 are established by DCEO in accordance with Section 25 of this
23 Act, including any contingencies on redemption.

24 "SBIC" means small business investment company within the
25 meaning of the federal Small Business Investment Act of 1958.

26 "CDFI" and "CDVC". CDFI means a "community development
27 financial institution" as defined in the Illinois Investment
28 and Development Authority Act, and CDVC means community
29 development venture capital, a type of CDFI specific to
30 investing equity interests in Illinois firms with the dual goal
31 of financial returns and economic and social benefit.

32 "Venture capital and private equity investment" includes
33 private institutional, angel, incubator, mezzanine,
34 seed/start-up stage, early stage, expansions stage, later

1 stage, community development venture capital investments and
2 management buyouts, recapitalization of existing companies,
3 and other structured growth private equity transactions.

4 "Venture Capital and Private Equity Professional" means an
5 individual with substantial professional experience, as a
6 principal and not as an intermediary, managing venture capital
7 and private equity funds, who has demonstrated a track record
8 of successful performance that includes realized or exited
9 investments. For purposes of this definition "principal" means
10 an individual with an ownership interest in the venture capital
11 and private equity fund which that individual manages or
12 operates.

13 Section 15. Illinois Capital Investment Corporation.

14 (a) DCEO shall create the Illinois Capital Investment
15 Corporation as a private not-for-profit corporation under the
16 General Not For Profit Corporation Act of 1986 and not as a
17 public corporation or instrumentality of the State. The
18 corporation shall not enjoy any of the privileges nor be
19 required to comply with any of the requirements of a State
20 agency except as provided in this Act. Except as provided in
21 this Act, nothing in this Act exempts the Corporation from the
22 same requirements under State law that apply to other
23 Corporations organized under the General Not For Profit
24 Corporation Act of 1986. The Director or Acting Director of
25 DCEO or his or her designee shall be the incorporator of the
26 Corporation.

27 (b) The Corporation shall establish investment objectives
28 and criteria for venture capital and private equity investment
29 undertaken through the Illinois Opportunity Fund. In
30 establishing these investment objectives and criteria, the
31 Corporation shall consider whether the venture capital and
32 private equity investment is reasonably anticipated (i) to be
33 consistent with a private sector focus on rate of return in the

1 investment process; (ii) to provide financial returns
2 sufficient to meet any obligations to private investors
3 undertaken by the Corporation in accordance with this Act;
4 (iii) to attract investment from private markets in investments
5 within the State of Illinois; and (iv) to result in the
6 strengthening of the State's economy. In establishing these
7 investment objectives and criteria, the Corporation shall
8 consult with leaders in the private sector venture capital and
9 private equity community, business, science, and government to
10 identify strategic industries and sectors that offer the
11 potential to create high quality and sustainable employment
12 opportunities for Illinois residents and create domestic and
13 global markets for the products and services of the investee
14 companies. In addition, in establishing these objectives and
15 criteria, the Corporation shall consider whether venture
16 capital and private equity investment will occur through the
17 Illinois Opportunity Fund in diverse geographies and among
18 populations that have been subject to economic disparities and
19 have lacked access to private capital within Illinois.

20 (c) DCEO shall assist the corporation in performing its
21 duties, and undertake such other responsibilities as are set
22 forth in this Act or as may be necessary or appropriate to give
23 effect to the intent and purposes of this Act.

24 (d) The Corporation shall cooperate and coordinate with
25 DCEO to fulfill the economic development policy of the State as
26 established by the Governor and the General Assembly and
27 implemented by DCEO.

28 (e) The Corporation shall have responsibility for
29 organizing and overseeing the management of the Illinois
30 Opportunity Fund and identifying and engaging a private fund
31 manager or managers for the Illinois Opportunity Fund. The
32 board of directors of the Corporation shall make investment
33 decisions after considering the recommendations of the fund
34 manager or managers. The Corporation shall receive investment

1 returns from the Illinois Opportunity Fund and shall reinvest
2 those funds in venture capital and private equity investments
3 subject to the provisions of this Act.

4 (f) The Corporation shall exercise no governmental
5 functions. Without limiting the authority of DCEO to issue tax
6 credits pursuant to this Act under certificates that are
7 binding on DCEO and the Illinois Department of Revenue, the
8 obligations of the Corporation are not obligations of the State
9 or any political subdivision of the State within the meaning of
10 any Constitutional or statutory debt limitations, but are
11 obligations of the Corporation payable solely and only from the
12 corporation's funds. The Corporation shall itself have no
13 authority to pledge the credit or taxing power of the State or
14 make its debts payable out of any moneys except those of the
15 Corporation.

16 (g) The Corporation shall consist of a board of directors
17 of 7 members, who shall be appointed by the Governor with the
18 advice and consent of the Senate. Upon appointment of the board
19 of directors and every 2 years thereafter, the chairperson of
20 the Corporation shall be selected by the Governor to serve as
21 chairperson for 2 years. The Director or Acting Director of
22 DCEO or his or her designee shall be one of the 7 members of the
23 board of directors of the Corporation. A quorum of the board of
24 directors must exist in order for the board to transact
25 business. A quorum of the board of directors shall consist of a
26 majority of directors then in office but in no event less than
27 3 directors. The appointment of the board of directors of the
28 Corporation shall reflect the geographic and social diversity
29 of the State. At least 3 members of the board of directors
30 shall be Venture Capital and Private Equity Professionals. In
31 making appointments to the Corporation's board of directors, it
32 shall be considered whether (i) each candidate has meaningful
33 experience reviewing, preparing, analyzing, or interpreting
34 financial statements or has sophistication in financial

1 matters generally, (ii) has meaningful experience in the
2 supervision or management of venture capital or private equity
3 investments, (iii) has meaningful experience operating or
4 managing investments in businesses engaged in the industries or
5 sectors targeted as candidates for investment by the
6 Corporation, or (iv) has meaningful experience managing or
7 selecting investments for institutional, seed, angel,
8 mezzanine, or community development venture capital and
9 private equity investment funds or SBIC's. At the time of
10 appointment, the Governor shall designate 3 directors to serve
11 until the third Monday of July 2006, one of whom shall be a
12 Venture Capital and Private Equity Professional, and 3
13 directors to serve until the third Monday in July, 2007, 2 of
14 whom shall be Venture Capital and Private Equity Professionals.
15 Thereafter, appointments shall be made for 3-year terms. A
16 director shall serve until his or her successor shall be
17 appointed and have qualified for office. The Governor may
18 remove any director of the Corporation for cause.

19 (h) A conflict of interest shall be deemed to exist if the
20 Corporation considers entering into a contract with or directly
21 or indirectly sells goods or services to a director, officer,
22 employee of the Board, or the fund manager of the Illinois
23 Opportunity Fund, or any for-profit firm or corporation in
24 which that director, officer, employee, the fund manager of the
25 Illinois Opportunity Fund or any member of his or her immediate
26 family is an officer, partner, or principal stockholder. Upon a
27 showing that a conflict of interest exists, the director,
28 officer, employee, or fund manager of the Illinois Opportunity
29 Fund shall abstain from any discussion or decision making with
30 respect to that contract or agreement, from voting on any
31 matter pertaining to that contract or agreement, and from
32 communicating with other Board members, officers, agents, or
33 employees concerning that contract or agreement. In no event
34 shall the board of directors make any investment in a fund in

1 which a member of the board of directors is a general partner
2 or a limited partner. The Corporation, its board of directors,
3 its officers, its employees, and the fund manager of the
4 Illinois Opportunity Fund are subject to the prohibitions
5 contained in Section 5-55 of the State Officials and Employees
6 Ethics Act.

7 (i) The board of directors of the Corporation shall
8 establish a committee for the selection and evaluation of
9 applicants for the position or positions of fund manager or
10 managers for the Illinois Opportunity Fund. The board of
11 directors of the Corporation shall also establish procedures
12 for the selection and evaluation of applicants for the position
13 or positions of fund manager for the Illinois Opportunity Fund.
14 The committee shall include not more than 3 members of the
15 board of directors of the Corporation, one of which shall be
16 the Director of DCEO or his or her designee. The chairman shall
17 appoint the remaining 2 members of the committee from the
18 members of the board of directors of the Corporation and at
19 least one of whom shall be a Venture Capital and Private Equity
20 Professional. The committee shall receive and review
21 applications for the position of fund manager of the Illinois
22 Opportunity Fund. Any applicant selected to be a fund manager
23 of the Illinois Opportunity Fund shall demonstrate substantial
24 experience in the design, implementation, and management of
25 institutional, seed, angel, mezzanine, or community
26 development venture capital investment and private equity
27 programs or of SBIC's and in capital formation. In reviewing
28 applications, the committee shall consider each applicant's
29 (i) senior level decision making experience in institutional,
30 seed, angel, mezzanine, or community development venture
31 capital and private equity investments or SBIC's investing,
32 including whether the applicant has at least 5 years of such
33 experience, (ii) quality of management, (iii) investment
34 philosophy, (iv) plan for fundraising, (v) ties to Illinois

1 including whether it has a meaningful physical presence in
2 Illinois and knowledge and experience in working with the
3 Illinois venture capital and private equity investment
4 community, and (vi) prior investment fund results, including a
5 track record with a substantial number of realized or exited
6 investments, a time frame over which the track record was
7 achieved, the number of investments the track record is based
8 upon and the economic conditions existing during the time frame
9 of the track record, and shall include a preference that each
10 applicant's experience be financial (as with a formal
11 investment fund) rather than strategic (such as mergers and
12 acquisitions). Each applicant shall submit an investment plan
13 for review by the Corporation, which shall describe the
14 applicant's plan for seeking investment opportunities,
15 evaluating and structuring investments fulfilling the
16 investment objectives and criteria established by the
17 Corporation, and achieving the financial and policy goals of
18 this Act. Upon completion of this evaluation, the committee
19 shall rank the applicants based on their qualifications and
20 recommend a fund manager or managers for selection to the board
21 of directors of the Corporation. The board of directors of the
22 Corporation shall select an applicant or applicants based on
23 the recommendations of the committee, and shall notify the
24 applicant or applicants selected in writing.

25 (j) The Corporation may charge a fee to the Illinois
26 Opportunity Fund, which shall be in addition to any fee payable
27 by the Illinois Opportunity Fund to the fund manager or
28 managers engaged. The fee payable to the Corporation shall be
29 structured to cover the reasonable costs of the corporation in
30 fulfilling its oversight functions and of DCEO in fulfilling
31 its obligations under this Section and Section 25.

32 (k) The directors of the Corporation shall be compensated
33 from the Illinois Opportunity Fund for direct expenses and
34 mileage but shall not receive a director's fee or salary for

1 their service as directors.

2 (l) The Corporation shall indemnify and defend members of
3 the board of directors of the Corporation for any and all
4 claims against the members of the board of directors arising
5 from or related to the performance of their duties to the
6 Corporation.

7 (m) The Corporation shall have the power to engage
8 consultants, expend funds, invest funds, contract, bond or
9 insure against loss, engage counsel, and perform any other act
10 necessary to carry out its mission. Without limiting the
11 foregoing, the Corporation may (i) borrow such funds as may be
12 needed to accomplish its goals; (ii) open and manage bank and
13 short-term investment accounts deemed necessary by its fund
14 manager or managers; and (iii) expend funds to secure
15 investment ratings. The Corporation shall not borrow more than
16 the difference between the aggregate amount of contingent tax
17 credits allowed and the aggregate amount of contingent tax
18 credits issued pursuant to Section 25 of this Act. The
19 Corporation shall engage a certified public accountant to
20 conduct an annual audit of its financial condition and
21 operations, including the Illinois Opportunity Fund.

22 (n) The directors of the Corporation shall adopt bylaws,
23 policies, and procedures necessary to administer the affairs of
24 the corporation.

25 (o) Upon the dissolution of the Corporation, any assets
26 owned by it shall thereupon be distributed to the General
27 Revenue Fund of the State of Illinois.

28 (p) The meetings of the Board of directors, and any
29 committee thereof, are subject to the requirements of the Open
30 Meetings Act. The Board of Directors, and any committees
31 thereof, may hold a closed session to discuss and evaluate any
32 information submitted by applicants to be a fund manager of the
33 Illinois Opportunity Fund to the extent that information exempt
34 from disclosure under subsection 1(g) or 1(h) of Section 7 of

1 the Freedom of Information Act. The procedural requirements of
2 the Open Meetings Act shall apply to this closed session.

3 Section 16. Fund Managers of the Illinois Opportunity Fund.

4 (a) Once selected by the directors of the Corporation, the
5 fund manager or managers of the Illinois Opportunity Fund shall
6 research and select venture capital and private equity
7 investment funds to recommend to the Corporation's board of
8 directors.

9 (b) The fund manager or managers of the Illinois
10 Opportunity Fund shall be compensated from funds raised for and
11 investment returns from the Illinois Opportunity Fund at a
12 level to be established by the directors of the Corporation and
13 consistent with industry norms.

14 (c) No less than 90 days after a majority of the members of
15 the Board of Directors of the Illinois Capital Investment
16 Corporation are nominated by the Governor and approved by the
17 Senate, the Board shall develop a policy adopted by resolution
18 of the Board stating the Board's plan for the use of financial
19 services corporations owned by minorities, females, and
20 persons with disabilities, as defined under the Business
21 Enterprise for Minorities, Females, and Persons with
22 Disabilities Act. The Board shall provide a copy of this
23 resolution to the Governor and the General Assembly upon its
24 adoption.

25 (d) On December 31st of each year, the Board shall report
26 to the General Assembly and the Governor regarding the use of
27 financial services corporations owned by minorities, females,
28 and persons with disabilities, as defined under the Business
29 Enterprise for Minorities, Females, and Persons with
30 Disabilities Act.

31 Section 20. Illinois Opportunity Fund.

32 (a) The Corporation shall organize the Illinois

1 Opportunity Fund as a for-profit limited partnership or limited
2 liability company under Illinois law pursuant to which the
3 Corporation shall be the general partner or managing member, as
4 the case may be.

5 (b) The Corporation is authorized to issue such interests
6 or obligations that shall provide for a fixed or variable rate
7 of return as established by the Corporation with the consent of
8 DCEO. Consistent with this Act, DCEO may award contingent tax
9 credits to investors in the Illinois Opportunity Fund that
10 shall be redeemable if the Illinois Opportunity Fund fails to
11 achieve results sufficient to repay the amounts invested by the
12 investors and provide them with specified returns. Returns on
13 investments generated by the Illinois Opportunity Fund in
14 excess of amounts required to (i) repay the amounts invested by
15 investors and provide them with specified returns, (ii) pay the
16 operating costs of the Corporation, including but not limited
17 to the agreed upon compensation of the fund manager or
18 managers, and (iii) pay all or an agreed upon portion of DCEO's
19 costs incurred in connection with the start-up of the
20 Corporation and the Opportunity Fund and such other costs
21 incurred by DCEO by providing assistance to the Corporation
22 consistent with this Act.

23 (c) The Illinois Opportunity Fund shall operate as a fund
24 of funds that invests principally in high-quality
25 institutional, seed, angel, mezzanine, and community
26 development venture capital funds and SBIC's that (i) maintain
27 a meaningful physical presence in the State of Illinois, (ii)
28 are managed by fund managers who commit that their funds will
29 invest not less than the amount invested with them by the
30 Illinois Opportunity Fund in businesses that are headquartered
31 or maintain meaningful business operations in the State of
32 Illinois, and (iii) meet the investment objectives and criteria
33 established by the Corporation consistent with this Act.

34 (d) No more than 5% of the fully funded (as articulated in

1 Section 25 of this Act) Illinois Opportunity Fund shall be
2 invested in any single investment vehicle. No more than 33 1/3%
3 of the fully funded (as articulated in Section 25 of this Act)
4 Illinois Opportunity Fund shall be invested in any one calendar
5 year. In no event shall the Illinois Opportunity Fund represent
6 or compromise more than 25% of any single investment vehicle or
7 fund.

8 (e) Beginning on September 1 of the next calendar year
9 following the effective date of this Act and continuing on
10 every subsequent September 1 thereafter, the Corporation shall
11 provide to the General Assembly an annual report on its
12 activities and on the performance of the Illinois Opportunity
13 Fund.

14 (f) Twenty-five years after the creation of the Illinois
15 Opportunity Fund by the Corporation, the assets of the Fund
16 shall be liquidated following the payment of any obligations of
17 the Corporation or the Illinois Opportunity Fund as authorized
18 by this Act; any remaining assets shall be deposited into the
19 General Revenue Fund of the State treasury.

20 Section 25. Contingent tax credits.

21 (a) There is authorized to be awarded an aggregate of
22 \$200,000,000 of contingent tax credits, reduced by the amount
23 of indebtedness to the Corporation, if any, which may be
24 allocated and issued by DCEO to investors in the Illinois
25 Opportunity Fund. DCEO shall not be obligated to issue
26 certificates equal to the full aggregate amount allowed by the
27 State of Illinois, and it may elect to suspend or terminate the
28 issuance of certificates at any time if it does not believe
29 that the continued issuance of certificates will assist the
30 State of Illinois in meeting the objectives of this Act. Tax
31 credits may be redeemed in any year but only as and to the
32 extent the Illinois Opportunity Fund is unable to return to its
33 investors the amounts initially invested plus the rate of

1 return specified in the interests or obligations authorized
2 pursuant to Section 20(b) of this Act. Tax credits shall be
3 redeemable not earlier than January 1, 2010 nor later than
4 December 31, 2033 as may be specified in any certificate.

5 (b) The aggregate redemptions of tax credits issued by
6 DCEO, however, shall not exceed \$40,000,000 in any fiscal year
7 of the State of Illinois.

8 (c) All tax credits shall be evidenced by certificates.
9 DCEO shall establish and set forth in each certificate all
10 terms and conditions, including the return of the investment
11 principal and any fixed or variable rate of return, under which
12 tax credits may be redeemed. In establishing the terms of any
13 tax credits and issuing certificates, DCEO shall seek to
14 promote the purposes of this Act. Tax credits may not be
15 redeemed except in accordance with the terms of the certificate
16 under which they have been issued. The certificates shall, upon
17 proper issuance, be binding on DCEO and the Illinois Department
18 of Revenue. The State of Illinois irrevocably pledges and
19 covenants that, prior to the redemption of all certificates
20 awarded under this Act, it will not take action to limit or
21 restrict the ability of the holders of the certificates to
22 redeem the certificates in the form of tax credits.

23 (d) Each certificate shall be redeemable in the form of a
24 tax credit upon the date set forth in the certificate, which
25 date shall not be earlier than January 1, 2010 nor later than
26 December 31, 2033. The value of each certificate at redemption
27 shall be its compounded value, equal to its face amount at the
28 date of issuance plus an additional amount equal to the face
29 amount multiplied by the rate of return established pursuant to
30 Section 20(b) of this Act. This additional amount shall be
31 calculated on an annual basis and added annually to the value
32 of the certificate in determining the compounded value upon
33 redemption. To the extent that the compounded value of any
34 certificate upon redemption thereof exceeds the amount of

1 applicable taxes imposed pursuant to Section 201 of the
2 Illinois Income Tax Act, the amount of that excess may be taken
3 as a tax credit in the subsequent tax year or years; provided
4 that the compounded value of a certificate shall not be
5 increased after its redemption date. DCEO and the Department of
6 Revenue shall promulgate rules regarding tax credits, tax
7 credit certificates, and the redemption thereof, and setting
8 forth, among other matters, the procedures for the calculating
9 of the compounded value of certificates and ability of a
10 certificate holder to redeem a portion of the compounded value
11 of any certificate in a year or years after the year of
12 redemption. The rate of return on each certificate shall under
13 no circumstances exceed the greater of 13 1/2% or 200% of the
14 rate for the most recent date shown in 20 G.O. Bonds Index of
15 Average Municipal Bond Yields as published in the most recent
16 edition of the Bond Buyer published in New York, New York, (or
17 any successor publication or index of long-term municipal bond
18 yields then selected by DCEO) at the time the certificate is
19 issued. Certificates may be redeemed only as and to the extent
20 that the Illinois Opportunity Fund is unable to return to its
21 investors the amounts initially invested plus the rate of
22 return specified in the interests or obligations authorized
23 pursuant to section 20 (b) of this Act.

24 (e) Tax credits issued pursuant to this Section shall be
25 freely transferable by their holders. DCEO shall, in
26 conjunction with the Illinois Department of Revenue, develop a
27 system for registration of any tax credits allowed or
28 transferred pursuant to this Act that permits verification that
29 any tax credit claimed upon a tax return is valid and properly
30 taken in the year of claim, and that any transfers of the tax
31 credit are made in accordance with the requirements of this
32 Act.

33 (f) Tax credits allowed or transferred pursuant to this Act
34 shall not be considered securities under any Illinois law

1 relating to securities.

2 Section 30. Powers and effectiveness. Nothing contained in
3 this Act is or shall be construed as a restriction or
4 limitation upon any powers that DCEO might otherwise have under
5 any other law of this State, and the provisions of this Act are
6 cumulative to those powers. The provisions of this Act do and
7 shall be construed to provide a complete, additional, and
8 alternative method for the doing of the things authorized and
9 shall be regarded as supplemental and additional to powers
10 conferred by any other laws.

11 Section 35. Acceptable investments. Investments by
12 designated investors in the Illinois Opportunity Fund shall be
13 deemed permissible investments for State chartered banks and
14 for domestic insurance companies under the appropriate laws of
15 the State of Illinois.

16 Section 40. Illinois Opportunity Special Projects Fund.
17 The Illinois Opportunity Special Projects Fund is created as a
18 special fund in the State treasury. DCEO may accept
19 disbursements from the Illinois Opportunity Fund for deposit
20 into the Illinois Opportunity Special Projects Fund and expend
21 those funds for the purposes set forth in Sections 15(g),
22 16(b), and 20(b) of this Act, subject to appropriation.

23 Section 100. The Illinois State Auditing Act is amended by
24 changing Section 3-1 as follows:

25 (30 ILCS 5/3-1) (from Ch. 15, par. 303-1)

26 Sec. 3-1. Jurisdiction of Auditor General. The Auditor
27 General has jurisdiction over all State agencies to make post
28 audits and investigations authorized by or under this Act or
29 the Constitution.

1 The Auditor General has jurisdiction over local government
2 agencies and private agencies only:

3 (a) to make such post audits authorized by or under
4 this Act as are necessary and incidental to a post audit of
5 a State agency or of a program administered by a State
6 agency involving public funds of the State, but this
7 jurisdiction does not include any authority to review local
8 governmental agencies in the obligation, receipt,
9 expenditure or use of public funds of the State that are
10 granted without limitation or condition imposed by law,
11 other than the general limitation that such funds be used
12 for public purposes;

13 (b) to make investigations authorized by or under this
14 Act or the Constitution; and

15 (c) to make audits of the records of local government
16 agencies to verify actual costs of state-mandated programs
17 when directed to do so by the Legislative Audit Commission
18 at the request of the State Board of Appeals under the
19 State Mandates Act.

20 In addition to the foregoing, the Auditor General may
21 conduct an audit of the Metropolitan Pier and Exposition
22 Authority, the Regional Transportation Authority, the Suburban
23 Bus Division, the Commuter Rail Division and the Chicago
24 Transit Authority and any other subsidized carrier when
25 authorized by the Legislative Audit Commission. Such audit may
26 be a financial, management or program audit, or any combination
27 thereof.

28 The audit shall determine whether they are operating in
29 accordance with all applicable laws and regulations. Subject to
30 the limitations of this Act, the Legislative Audit Commission
31 may by resolution specify additional determinations to be
32 included in the scope of the audit.

33 In addition to the foregoing, the Auditor General must also
34 conduct a financial audit of the Illinois Sports Facilities

1 Authority's expenditures of public funds in connection with the
2 reconstruction, renovation, remodeling, extension, or
3 improvement of all or substantially all of any existing
4 "facility", as that term is defined in the Illinois Sports
5 Facilities Authority Act.

6 The Auditor General may also conduct an audit, when
7 authorized by the Legislative Audit Commission, of any hospital
8 which receives 10% or more of its gross revenues from payments
9 from the State of Illinois, Department of Public Aid, Medical
10 Assistance Program.

11 The Auditor General is authorized to conduct financial and
12 compliance audits of the Illinois Distance Learning Foundation
13 and the Illinois Conservation Foundation.

14 As soon as practical after the effective date of this
15 amendatory Act of 1995, the Auditor General shall conduct a
16 compliance and management audit of the City of Chicago and any
17 other entity with regard to the operation of Chicago O'Hare
18 International Airport, Chicago Midway Airport and Merrill C.
19 Meigs Field. The audit shall include, but not be limited to, an
20 examination of revenues, expenses, and transfers of funds;
21 purchasing and contracting policies and practices; staffing
22 levels; and hiring practices and procedures. When completed,
23 the audit required by this paragraph shall be distributed in
24 accordance with Section 3-14.

25 The Auditor General shall conduct a financial and
26 compliance and program audit of distributions from the
27 Municipal Economic Development Fund during the immediately
28 preceding calendar year pursuant to Section 8-403.1 of the
29 Public Utilities Act at no cost to the city, village, or
30 incorporated town that received the distributions.

31 The Auditor General must conduct an audit of the Health
32 Facilities Planning Board pursuant to Section 19.5 of the
33 Illinois Health Facilities Planning Act.

34 The Auditor General of the State of Illinois shall annually

1 conduct or cause to be conducted a financial and compliance
2 audit of the books and records of any county water commission
3 organized pursuant to the Water Commission Act of 1985 and
4 shall file a copy of the report of that audit with the Governor
5 and the Legislative Audit Commission. The filed audit shall be
6 open to the public for inspection. The cost of the audit shall
7 be charged to the county water commission in accordance with
8 Section 6z-27 of the State Finance Act. The county water
9 commission shall make available to the Auditor General its
10 books and records and any other documentation, whether in the
11 possession of its trustees or other parties, necessary to
12 conduct the audit required. These audit requirements apply only
13 through July 1, 2007.

14 The Auditor General must conduct audits of the Rend Lake
15 Conservancy District as provided in Section 25.5 of the River
16 Conservancy Districts Act.

17 The Auditor General must conduct financial audits of the
18 Southeastern Illinois Economic Development Authority as
19 provided in Section 70 of the Southeastern Illinois Economic
20 Development Authority Act.

21 The Auditor General must conduct financial and compliance
22 audits of the Illinois Capital Investment Corporation and the
23 Illinois Opportunity Fund.

24 (Source: P.A. 93-226, eff. 7-22-03; 93-259, eff. 7-22-03;
25 93-275, eff. 7-22-03; 93-968, eff. 8-20-04.)

26 Section 105. The State Finance Act is amended by adding
27 Section 5.640 as follows:

28 (30 ILCS 105/5.640 new)

29 Sec. 5.640. The Illinois Opportunity Special Projects
30 Fund.

31 Section 110. Severability. The provisions of this Act are

1 severable under Section 1.31 of the Statute on Statutes.

2 Section 999. Effective date. This Act takes effect upon
3 becoming law.".