

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 expand financial services and capital access in economically
16 disadvantaged communities, (ii) provide support for the
17 creation of new small businesses and new jobs in economically
18 disadvantaged communities, (iii) create opportunities for
19 banks to get a federal incentive for investments in a CDFI,
20 (iv) increase this State's share of the money distributed
21 annually by the federal Community Development Financial
22 Institutions Fund, and (v) create a new partnership between
23 the State, banks and thrifts, and CDFIs.

24 Section 10. Definitions. In this Act:

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

27 "Community development financial institution" or "CDFI"
28 means an Illinois community development financial institution
29 certified in accordance with the federal Community
30 Development Banking and Financial Institutions Act of 1994

1 (Public Law 103-325) and accredited by the Authority under
2 Section 50 of this Act.

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

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

23 (b) Six members of the Authority shall constitute a
24 quorum. However, when a quorum of members of the Authority is
25 physically present at the meeting site, other Authority
26 members may participate in and act at any meeting through the
27 use of a conference telephone or other communications
28 equipment by means of which all persons participating in the
29 meeting can hear each other. Participation in such meeting
30 shall constitute attendance and presence in person at the
31 meeting of the person or persons so participating. All
32 official acts of the Authority shall require the approval of
33 at least 5 members.

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

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

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

31 Section 20. Executive Director; other employees. The
32 members of the Authority shall appoint an Executive Director
33 to hold office at the pleasure of the members. The Executive

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

16 Section 25. Powers of Authority.

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

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

24 (2) To sue and be sued.

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

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

31 (5) To adopt all needful resolutions, by-laws, and
32 rules for the conduct of its business and affairs.

33 (6) To have and exercise all powers and be subject

1 to all duties usually incident to boards of directors of
2 corporations.

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

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

10 Section 35. Secretary; treasurer; funds.

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

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

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

32 (d) Moneys appropriated by the General Assembly to the
33 Authority shall be held in the State treasury unless the Act
34 making the appropriation specifically states that the moneys

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

23 Section 40. Conflict of interest.

24 (a) No member, officer, agent, or employee of the
25 Authority shall, in his or her own name or in the name of a
26 nominee, be an officer or director or hold an ownership
27 interest of more than 7.5% in any person, association, trust,
28 corporation, partnership, or other entity that is, in its own
29 name or in the name of a nominee, a party to a contract or
30 agreement upon which the member, officer, agent, or employee
31 may be called upon to act or vote. The prohibition of this
32 subsection (a) does not apply, however, to prohibit contracts
33 or agreements between the Authority and entities qualified

1 under Section 501 of the Internal Revenue Code of 1986 due to
2 a member of the Authority serving as an officer or director
3 of that entity.

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

30 (c) Any contract or agreement made in violation of
31 subsection (a) or (b) of this Section shall be null and void,
32 but shall not give rise to any action against the Authority.

33 Section 45. Audit; fiscal year; report. The accounts

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

17 Section 50. Accreditation.

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

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

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

1 Section 55. Authority's responsibilities.

2 (a) The Authority shall make grants and low-rate loans
3 to CDFIs so that CDFIs may fill a credit gap by engaging in
4 below market rate financing in economically disadvantaged
5 communities and to low income people. As part of a grant or
6 loan agreement, a CDFI may request and the Authority may
7 consent to having the grant or loan proceeds paid directly to
8 a CDFI's creditor. As part of a loan agreement, the
9 Authority may require additional security from the CDFI,
10 including without limitation a pledge of a certain percentage
11 of the CDFI's assets or future earnings.

12 (b) The Authority shall provide technical assistance to
13 CDFIs to (i) expand the financial services the CDFI sector
14 offers, such as micro-business lending, facilities financing,
15 low income housing financing, and personal financial services
16 for low income persons, (ii) encourage the establishment of
17 downstate CDFIs, and (iii) provide technical assistance and
18 training to CDFIs' borrowers.

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

33 In areas of this State where no CDFI exists and no

1 nonprofit organization is working to obtain certification or
2 accreditation as a CDFI, the Authority may issue grants to a
3 nonprofit organization deemed by the Authority to be
4 performing activities consistent with the goals of the
5 federal Community Development Banking and Financial
6 Institutions Act of 1994 (Public Law 103-325). The grants
7 shall be used by the nonprofit organization to provide
8 technical assistance, training, or other support to small
9 businesses or other for-profit or not-for-profit
10 organizations.

11 Section 65. Authority loans. The Authority may make
12 loans to CDFIs, from moneys appropriated for this purpose, on
13 such terms and conditions as the Authority may determine.
14 Loans shall be made and used in a manner consistent with the
15 requirements of the federal Community Development Banking and
16 Financial Institutions Act of 1994 (Public Law 103-325).
17 Loans to CDFIs may be made by the Authority as the sole
18 lender or in cooperation with participating investors
19 pursuant to agreements entered into in accordance with this
20 Act. Loan repayments shall be used by the Authority to make
21 new loans to CDFIs.

22 Section 70. Community development loans.

23 (a) CDFIs that receive loans from the Authority under
24 Section 65 of this Act shall make and use community
25 development loans pursuant to guidelines established by the
26 Authority and in a manner consistent with the federal
27 Community Development Banking and Financial Institutions Act
28 of 1994 (Public Law 103-325). The guidelines shall include
29 criteria for the approval of a portfolio of loans submitted
30 by CDFIs.

31 (b) In connection with community development loans under
32 this Section, the recipient of a loan must provide

1 certification to the Authority that the recipient does not
2 have any outstanding debts in the form of delinquent real
3 estate taxes or utility bills that are more than one year
4 outstanding.

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