



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3028

Introduced 2/5/2020, by Sen. Steve Stadelman

SYNOPSIS AS INTRODUCED:

New Act
30 ILCS 105/5.930 new

Creates the Infrastructure Development Act. Provides that the State Treasurer shall segregate a portion of the Treasurer's State investment portfolio in the Infrastructure Development Account, an account that shall be maintained separately and apart from other moneys invested by the State Treasurer. Allows the State Treasurer to make investments concerning the Infrastructure Development Account. Provides for Infrastructure Development Account-Recipient Funds created by Illinois infrastructure development firms in which the State Treasurer places money. Provides further requirements concerning Infrastructure Development Account-Recipient Funds. Provides for the adoption rules. Provides that the Infrastructure Development Fund is created as a special fund in the State treasury, which may receive a portion of earnings from the Infrastructure Development Account and may be used by the State Treasurer to pay expenses related to the Act. Defines terms. Amends the State Finance Act to provide for the Infrastructure Development Fund. Effective immediately.

LRB101 19192 RJF 68655 b

1 AN ACT concerning State government.

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

4 Section 1. Short title. This Act may be cited as the
5 Infrastructure Development Act.

6 Section 5. Definitions. As used in this Act:

7 "Development capital" means financing for investments in
8 which the underlying assets involve direct ownership of
9 non-financial assets for developing or expanding in Illinois.

10 "Illinois infrastructure development firm" means an entity
11 that: (i) has more than 50% of its employees in Illinois or
12 that has at least one general partner or principal domiciled in
13 Illinois; (ii) provides financing for investments in which the
14 underlying assets involve direct ownership of non-financial
15 assets to develop or expand in Illinois; or (iii) has a track
16 record of identifying, evaluating, and investing in Illinois
17 infrastructure development projects and providing financing
18 for investments in which the underlying assets involve direct
19 ownership of non-financial assets to develop or expand in
20 Illinois.

21 "Illinois infrastructure development projects" means a
22 project that has as its principal function investing in real
23 assets to develop economic and social infrastructure

1 including, but not limited to, land, buildings,
2 transportation, utilities, communication, renewable energy,
3 schools, healthcare, and other real assets.

4 "Significant presence" means at least one physical office
5 and one full-time employee within the geographic borders of
6 this State.

7 "Track record" means having made, on average, at least one
8 investment in an Illinois infrastructure development project
9 in each of its funds if the Illinois infrastructure development
10 firm has multiple funds or at least 2 investments in Illinois
11 infrastructure development projects if the Illinois
12 infrastructure development firm has only one fund.

13 Section 10. Infrastructure Development Account.

14 (a) The State Treasurer shall segregate a portion of the
15 Treasurer's State investment portfolio, which at no time shall
16 be greater than 5% of the portfolio, in the Infrastructure
17 Development Account, an account that shall be maintained
18 separately and apart from other moneys invested by the State
19 Treasurer. Distributions from the investments in the
20 Infrastructure Development Account may be reinvested into the
21 Infrastructure Development Account without being counted
22 against the 5% cap. The aggregate investment in the
23 Infrastructure Development Account and the aggregate
24 commitment of investment capital in an Infrastructure
25 Development Account-Recipient Fund shall at no time be greater

1 than 5% of the State's investment portfolio, which shall be
2 calculated as: (i) the balance at the inception of the State
3 fiscal year; or (ii) the average balance in the immediately
4 preceding 5 fiscal years, whichever number is greater.
5 Distributions from an Infrastructure Development
6 Account-Recipient Fund, in an amount not to exceed the
7 commitment amount and the total distributions, may be
8 reinvested into the Infrastructure Development Account without
9 being counted against the 5% cap. The State Treasurer may make
10 investments from the Infrastructure Development Account that
11 help attract, assist, and support quality infrastructure
12 development projects in Illinois. A portion of the investment
13 earnings on the Infrastructure Development Account may be
14 deposited into the Infrastructure Development Fund and
15 reinvested by the State Treasurer.

16 (b) The State Treasurer may solicit proposals from entities
17 to manage the Infrastructure Development Account consisting of
18 investments from private sector investors that must invest, at
19 the direction of the general partner, in tandem with the
20 Infrastructure Development Account in a pro-rata portion. The
21 State Treasurer may enter into an agreement with the entity
22 managing the Infrastructure Development Account to advise on
23 the investment strategy of the Infrastructure Development
24 Account and fulfill other mutually agreeable terms. Funds in
25 the Infrastructure Development Account shall be kept separate
26 and apart from moneys in the State treasury.

1 (c) All or a portion of the moneys in the Infrastructure
2 Development Account shall be invested by the State Treasurer to
3 provide development capital to infrastructure development
4 projects, seeking to locate, expand, or remain in Illinois by
5 placing money with Illinois infrastructure development firms.
6 In no case shall more than 15% of the capital in the
7 Infrastructure Development Account be invested in firms based
8 outside of Illinois.

9 (d) Any Infrastructure Development Account-Recipient Fund
10 created by an Illinois infrastructure development firm in which
11 the State Treasurer places money pursuant to this Section shall
12 be required by the State Treasurer to seek investments in
13 Illinois infrastructure development projects seeking to
14 locate, expand, or remain in Illinois. Any Infrastructure
15 Development Account-Recipient Fund created by an Illinois
16 infrastructure development firm in which the State Treasurer
17 places money under this Section shall invest a minimum of twice
18 the aggregate amount of investable capital that is received
19 from the State Treasurer under this Section in Illinois
20 infrastructure development projects during the life of the
21 fund. Investable capital is calculated as committed capital, as
22 defined in the firm's applicable fund's governing documents,
23 less related estimated fees and expenses to be incurred during
24 the life of the fund.

25 (e) All Infrastructure Development Account-Recipient Funds
26 shall also invest additional capital in Illinois

1 infrastructure development projects during the life of the fund
2 if, as determined by the fund's manager, the investment:

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

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

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

10 (f) All Infrastructure Development Account-Recipient Funds
11 shall report the following information to the State Treasurer
12 on a quarterly or annual basis, as determined by the State
13 Treasurer, for all investments, including but not limited to:

14 (1) the names of companies or infrastructure
15 development projects invested in during the applicable
16 investment period;

17 (2) the geographic location of infrastructure
18 development projects;

19 (3) the date of the initial and any follow-on
20 investments;

21 (4) the cost of the investment; and

22 (5) the current fair market value of the investment.

23 (g) If, as of the earlier to occur of (i) the fourth year
24 of the investment period of any Infrastructure Development
25 Account-Recipient Fund or (ii) when that Infrastructure
26 Development Account-Recipient Fund has drawn more than 60% of

1 the investable capital of all limited partners, that
2 Infrastructure Development Account-Recipient Fund has failed
3 to invest the minimum amount required under this Section in
4 Illinois infrastructure development projects, then the State
5 Treasurer shall deliver written notice to the manager of that
6 fund seeking compliance with the minimum amount requirement
7 under this Section. If, after 180 days after delivery of
8 notice, the Infrastructure Development Account-Recipient Fund
9 has still failed to invest the minimum amount required under
10 this Section in Illinois companies, then the State Treasurer
11 may elect, in writing, to terminate any further commitment to
12 make capital contributions to that fund which otherwise would
13 have been made under this Section.

14 Section 15. Rules. The State Treasurer may adopt rules
15 necessary to implement this Act.

16 Section 20. Infrastructure Development Fund. The
17 Infrastructure Development Fund is created as a special fund in
18 the State treasury, which may receive a portion of earnings
19 from the Infrastructure Development Account and may be used by
20 the State Treasurer to pay expenses related to this Act.

21 Section 90. The State Finance Act is amended by adding
22 Section 5.930 as follows:

1 (30 ILCS 105/5.930 new)

2 Sec. 5.930. The Infrastructure Development Fund.

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.