## 95TH GENERAL ASSEMBLY

## State of Illinois

# 2007 and 2008

#### HB6672

by Rep. William B. Black

### SYNOPSIS AS INTRODUCED:

20 ILCS 3501/801-40

Amends the Illinois Finance Authority Act if and only if House Bill 5618 of the 95th General Assembly, as amended by Senate Amendments 1, 3, and 4, becomes law and takes effect. Provides that certain zip codes shall be included in the Urban Revitalization Program.

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FISCAL NOTE ACT MAY APPLY

A BILL FOR

HB6672

1 AN

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 5. If and only if House Bill 5618 of the 95th 5 General Assembly, as amended by Senate Amendments 1, 3, and 4, 6 becomes law and takes effect, then the Illinois Finance 7 Authority Act is amended by changing Section 801-40 as follows:

8 (20 ILCS 3501/801-40)

9 Sec. 801-40. In addition to the powers otherwise authorized 10 by law and in addition to the foregoing general corporate 11 powers, the Authority shall also have the following additional 12 specific powers to be exercised in furtherance of the purposes 13 of this Act.

14 (a) The Authority shall have power (i) to accept grants, loans or appropriations from the federal government or the 15 16 State, or any agency or instrumentality thereof, to be used for 17 the operating expenses of the Authority, or for any purposes of the Authority, including the making of direct loans of such 18 19 funds with respect to projects, and (ii) to enter into any agreement with the federal government or the State, or any 20 agency or instrumentality thereof, in relationship to such 21 22 grants, loans or appropriations.

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(b) The Authority shall have power to procure and enter

1 into contracts for any type of insurance and indemnity 2 agreements covering loss or damage to property from any cause, 3 including loss of use and occupancy, or covering any other 4 insurable risk.

5 (c) The Authority shall have the continuing power to issue 6 bonds for its corporate purposes. Bonds may be issued by the Authority in one or more series and may provide for the payment 7 8 of any interest deemed necessary on such bonds, of the costs of 9 issuance of such bonds, of any premium on any insurance, or of 10 the cost of any quarantees, letters of credit or other similar 11 documents, may provide for the funding of the reserves deemed 12 necessary in connection with such bonds, and may provide for 13 the refunding or advance refunding of any bonds or for accounts 14 deemed necessary in connection with any purpose of the 15 Authority. The bonds may bear interest payable at any time or times and at any rate or rates, notwithstanding any other 16 17 provision of law to the contrary, and such rate or rates may be established by an index or formula which may be implemented or 18 19 established by persons appointed or retained therefor by the 20 Authority, or may bear no interest or may bear interest payable 21 at maturity or upon redemption prior to maturity, may bear such 22 date or dates, may be payable at such time or times and at such 23 place or places, may mature at any time or times not later than 24 40 years from the date of issuance, may be sold at public or 25 private sale at such time or times and at such price or prices, 26 may be secured by such pledges, reserves, guarantees, letters

of credit, insurance contracts or other similar credit support 1 2 or liquidity instruments, may be executed in such manner, may 3 be subject to redemption prior to maturity, may provide for the registration of the bonds, and may be subject to such other 4 5 terms and conditions all as may be provided by the resolution or indenture authorizing the issuance of such bonds. The holder 6 7 or holders of any bonds issued by the Authority may bring suits 8 at law or proceedings in equity to compel the performance and 9 observance by any person or by the Authority or any of its 10 agents or employees of any contract or covenant made with the 11 holders of such bonds and to compel such person or the 12 Authority and any of its agents or employees to perform any duties required to be performed for the benefit of the holders 13 14 any such bonds by the provision of the resolution of authorizing their issuance, and to enjoin such person or the 15 16 Authority and any of its agents or employees from taking any 17 action in conflict with any such contract or covenant. Notwithstanding the form and tenor of any such bonds and in the 18 absence of any express recital on the face thereof that it is 19 20 non-negotiable, all such bonds shall be negotiable 21 instruments. Pending the preparation and execution of any such 22 bonds, temporary bonds may be issued as provided by the 23 resolution. The bonds shall be sold by the Authority in such manner as it shall determine. The bonds may be secured as 24 25 provided in the authorizing resolution by the receipts, 26 revenues, income and other available funds of the Authority and

by any amounts derived by the Authority from the loan agreement 1 2 or lease agreement with respect to the project or projects; and bonds may be issued as general obligations of the Authority 3 payable from such revenues, funds and obligations of the 4 5 Authority as the bond resolution shall provide, or may be 6 issued as limited obligations with a claim for payment solely 7 from such revenues, funds and obligations as the bond 8 resolution shall provide. The Authority may grant a specific 9 pledge or assignment of and lien on or security interest in 10 such rights, revenues, income, or amounts and may grant a 11 specific pledge or assignment of and lien on or security 12 interest in any reserves, funds or accounts established in the 13 resolution authorizing the issuance of bonds. Any such pledge, assignment, lien or security interest for the benefit of the 14 15 holders of the Authority's bonds shall be valid and binding 16 from the time the bonds are issued without any physical 17 delivery or further act, and shall be valid and binding as against and prior to the claims of all other parties having 18 19 claims against the Authority or any other person irrespective 20 of whether the other parties have notice of the pledge, assignment, lien or security interest. As evidence of such 21 22 pledge, assignment, lien and security interest, the Authority 23 may execute and deliver a mortgage, trust agreement, indenture or security agreement or an assignment thereof. A remedy for 24 25 any breach or default of the terms of any such agreement by the 26 Authority may be by mandamus proceedings in any court of

jurisdiction 1 competent to compel the performance and 2 compliance therewith, but the agreement may prescribe by whom or on whose behalf such action may be instituted. It is 3 expressly understood that the Authority may, but need not, 4 5 acquire title to any project with respect to which it exercises 6 its authority.

7 (d) With respect to the powers granted by this Act, the 8 Authority may adopt rules and regulations prescribing the 9 procedures by which persons may apply for assistance under this 10 Act. Nothing herein shall be deemed to preclude the Authority, 11 prior to the filing of any formal application, from conducting 12 preliminary discussions and investigations with respect to the 13 subject matter of any prospective application.

14 (e) The Authority shall have power to acquire by purchase, 15 lease, gift or otherwise any property or rights therein from 16 any person useful for its purposes, whether improved for the 17 purposes of any prospective project, or unimproved. The Authority may also accept any donation of funds for its 18 purposes from any such source. The Authority shall have no 19 20 independent power of condemnation but may acquire any property or rights therein obtained upon condemnation by any other 21 22 authority, governmental entity or unit of local government with 23 such power.

(f) The Authority shall have power to develop, construct and improve either under its own direction, or through collaboration with any approved applicant, or to acquire

through purchase or otherwise, any project, using for such purpose the proceeds derived from the sale of its bonds or from governmental loans or grants, and to hold title in the name of the Authority to such projects.

5 (q) The Authority shall have power to lease pursuant to a 6 lease agreement any project so developed and constructed or 7 acquired to the approved tenant on such terms and conditions as 8 may be appropriate to further the purposes of this Act and to 9 maintain the credit of the Authority. Any such lease may 10 provide for either the Authority or the approved tenant to 11 assume initially, in whole or in part, the costs of 12 maintenance, repair and improvements during the leasehold 13 period. In no case, however, shall the total rentals from any 14 project during any initial leasehold period or the total loan 15 repayments to be made pursuant to any loan agreement, be less 16 than an amount necessary to return over such lease or loan 17 all costs incurred in connection with the period (1)development, construction, acquisition or improvement of the 18 19 project and for repair, maintenance and improvements thereto 20 during the period of the lease or loan; provided, however, that 21 the rentals or loan repayments need not include costs met 22 through the use of funds other than those obtained by the 23 Authority through the issuance of its bonds or governmental loans; (2) a reasonable percentage additive to be agreed upon 24 25 by the Authority and the borrower or tenant to cover a properly 26 allocable portion of the Authority's general expenses,

including, but not limited to, administrative expenses, 1 salaries and general insurance, and (3) an amount sufficient to 2 pay when due all principal of, interest and premium, if any on, 3 any bonds issued by the Authority with respect to the project. 4 5 The portion of total rentals payable under clause (3) of this 6 subsection (q) shall be deposited in such special accounts, including all sinking funds, acquisition or construction 7 funds, debt service and other funds as provided by any 8 9 resolution, mortgage or trust agreement of the Authority 10 pursuant to which any bond is issued.

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11 (h) The Authority has the power, upon the termination of 12 any leasehold period of any project, to sell or lease for a 13 further term or terms such project on such terms and conditions as the Authority shall deem reasonable and consistent with the 14 15 purposes of the Act. The net proceeds from all such sales and 16 the revenues or income from such leases shall be used to 17 satisfy any indebtedness of the Authority with respect to such project and any balance may be used to pay any expenses of the 18 19 Authority or be used for the further development, construction, 20 acquisition or improvement of projects. In the event any project is vacated by a tenant prior to the termination of the 21 22 initial leasehold period, the Authority shall sell or lease the 23 facilities of the project on the most advantageous terms available. The net proceeds of any such disposition shall be 24 25 treated in the same manner as the proceeds from sales or the 26 revenues or income from leases subsequent to the termination of HB6672 - 8 - LRB095 21842 HLH 52074 b

1 any initial leasehold period.

2 (i) The Authority shall have the power to make loans to 3 persons to finance a project, to enter into loan agreements 4 with respect thereto, and to accept guarantees from persons of 5 its loans or the resultant evidences of obligations of the 6 Authority.

7 (j) The Authority may fix, determine, charge and collect
8 any premiums, fees, charges, costs and expenses, including,
9 without limitation, any application fees, commitment fees,
10 program fees, financing charges or publication fees from any
11 person in connection with its activities under this Act.

12 (k) In addition to the funds established as provided 13 herein, the Authority shall have the power to create and 14 establish such reserve funds and accounts as may be necessary 15 or desirable to accomplish its purposes under this Act and to 16 deposit its available monies into the funds and accounts.

17 (1) At the request of the governing body of any unit of local government, the Authority is authorized to market such 18 19 local government's revenue bond offerings by preparing bond 20 issues for sale, advertising for sealed bids, receiving bids at its offices, making the award to the bidder that offers the 21 22 most favorable terms or arranging for negotiated placements or 23 underwritings of such securities. The Authority may, at its discretion, offer for concurrent sale the revenue bonds of 24 25 several local governments. Sales by the Authority of revenue 26 bonds under this Section shall in no way imply State quarantee 1 of such debt issue. The Authority may require such financial 2 information from participating local governments as it deems 3 necessary in order to carry out the purposes of this subsection 4 (1).

5 (m) The Authority may make grants to any county to which Division 5-37 of the Counties Code is applicable to assist in 6 7 financing of capital development, construction the and 8 renovation of new or existing facilities for hospitals and 9 health care facilities under that Act. Such grants may only be 10 made from funds appropriated for such purposes from the Build 11 Illinois Bond Fund.

12 (n) The Authority may establish an urban development action grant program for the purpose of assisting municipalities in 13 14 Illinois which are experiencing severe economic distress to 15 help stimulate economic development activities needed to aid in 16 economic recovery. The Authority shall determine the types of 17 activities and projects for which the urban development action grants may be used, provided that such projects and activities 18 are broadly defined to include all reasonable projects and 19 20 activities the primary objectives of which are the development of viable urban communities, including decent housing and a 21 22 suitable living environment, and expansion of economic opportunity, principally for persons of low and moderate 23 24 incomes. The Authority shall enter into grant agreements from 25 monies appropriated for such purposes from the Build Illinois 26 Bond Fund. The Authority shall monitor the use of the grants,

and shall provide for audits of the funds as well as recovery 1 2 by the Authority of any funds determined to have been spent in violation of this subsection (n) or any rule or regulation 3 promulgated hereunder. The Authority shall provide technical 4 5 assistance with regard to the effective use of the urban development action grants. The Authority shall file an annual 6 report to the General Assembly concerning the progress of the 7 8 grant program.

9 (o) The Authority may establish a Housing Partnership 10 Program whereby the Authority provides zero-interest loans to 11 municipalities for the purpose of assisting in the financing of 12 projects for the rehabilitation of affordable multi-family 13 housing for low and moderate income residents. The Authority may provide such loans only upon a municipality's providing 14 evidence that it has obtained private funding for the 15 16 rehabilitation project. The Authority shall provide 3 State 17 dollars for every 7 dollars obtained by the municipality from sources other than the State of Illinois. The loans shall be 18 made from monies appropriated for such purpose from the Build 19 20 Illinois Bond Fund. The total amount of loans available under the Housing Partnership Program shall not exceed \$30,000,000. 21 22 State loan monies under this subsection shall be used only for 23 the acquisition and rehabilitation of existing buildings containing 4 or more dwelling units. The terms of any loan made 24 25 by the municipality under this subsection shall require repayment of the loan to the municipality upon any sale or 26

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1 other transfer of the project.

2 (p) The Authority may award grants to universities and institutions, research consortiums 3 research and other not-for-profit entities for the purposes of: remodeling or 4 5 otherwise physically altering existing laboratory or research 6 facilities, expansion or physical additions to existing 7 laboratory or research facilities, construction of new 8 laboratory or research facilities or acquisition of modern 9 support laboratory or research operations equipment to 10 provided that such grants (i) be used solely in support of 11 project and equipment acquisitions which enhance technology 12 transfer, and (ii) not constitute more than 60 percent of the 13 total project or acquisition cost.

(q) Grants may be awarded by the Authority to units of local government for the purpose of developing the appropriate infrastructure or defraying other costs to the local government in support of laboratory or research facilities provided that such grants may not exceed 40% of the cost to the unit of local government.

(r) The Authority may establish a Direct Loan Program to make loans to individuals, partnerships or corporations for the purpose of an industrial project, as defined in Section 801-10 of this Act. For the purposes of such program and not by way of limitation on any other program of the Authority, the Authority shall have the power to issue bonds, notes, or other evidences of indebtedness including commercial paper for purposes of

providing a fund of capital from which it may make such loans. 1 2 The Authority shall have the power to use any appropriations 3 from the State made especially for the Authority's Direct Loan Program for additional capital to make such loans or for the 4 5 purposes of reserve funds or pledged funds which secure the Authority's obligations of repayment of any bond, note or other 6 7 form of indebtedness established for the purpose of providing 8 capital for which it intends to make such loans under the 9 Direct Loan Program. For the purpose of obtaining such capital, 10 the Authority may also enter into agreements with financial 11 institutions and other persons for the purpose of selling loans 12 and developing a secondary market for such loans. Loans made 13 under the Direct Loan Program may be in an amount not to exceed 14 \$300,000 and shall be made for a portion of an industrial 15 project which does not exceed 50% of the total project. No loan 16 may be made by the Authority unless approved by the affirmative 17 vote of at least 8 members of the board. The Authority shall establish procedures and publish rules which shall provide for 18 19 the submission, review, and analysis of each direct loan 20 application and which shall preserve the ability of each board 21 member to reach an individual business judgment regarding the 22 propriety of making each direct loan. The collective discretion 23 of the board to approve or disapprove each loan shall be 24 unencumbered. The Authority may establish and collect such fees 25 and charges, determine and enforce such terms and conditions, 26 and charge such interest rates as it determines to be necessary

and appropriate to the successful administration of the Direct Loan Program. The Authority may require such interests in collateral and such guarantees as it determines are necessary to project the Authority's interest in the repayment of the principal and interest of each loan made under the Direct Loan Program.

7 (s) The Authority may guarantee private loans to third
8 parties up to a specified dollar amount in order to promote
9 economic development in this State.

10 (t) The Authority may adopt rules and regulations as may be 11 necessary or advisable to implement the powers conferred by 12 this Act.

13 (u) The Authority shall have the power to issue bonds, 14 notes or other evidences of indebtedness, which may be used to 15 make loans to units of local government which are authorized to 16 enter into loan agreements and other documents and to issue 17 bonds, notes and other evidences of indebtedness for the purpose of financing the protection of storm sewer outfalls, 18 19 the construction of adequate storm sewer outfalls, and the 20 provision for flood protection of sanitary sewage treatment plans, in counties that have established a 21 stormwater 22 management planning committee in accordance with Section 23 5-1062 of the Counties Code. Any such loan shall be made by the Authority pursuant to the provisions of Section 820-5 to 820-60 24 25 of this Act. The unit of local government shall pay back to the 26 Authority the principal amount of the loan, plus annual interest as determined by the Authority. The Authority shall have the power, subject to appropriations by the General Assembly, to subsidize or buy down a portion of the interest on such loans, up to 4% per annum.

5 6 (v) The Authority may accept security interests as provided in Sections 11-3 and 11-3.3 of the Illinois Public Aid Code.

7 (w) Moral Obligation. In the event that the Authority 8 determines that monies of the Authority will not be sufficient 9 for the payment of the principal of and interest on its bonds 10 during the next State fiscal year, the Chairperson, as soon as 11 practicable, shall certify to the Governor the amount required 12 by the Authority to enable it to pay such principal of and interest on the bonds. The Governor shall submit the amount so 13 14 certified to the General Assembly as soon as practicable, but 15 no later than the end of the current State fiscal year. This 16 subsection shall apply only to any bonds or notes as to which 17 the Authority shall have determined, in the resolution authorizing the issuance of the bonds or notes, that this 18 19 subsection shall apply. Whenever the Authority makes such a 20 determination, that fact shall be plainly stated on the face of the bonds or notes and that fact shall also be reported to the 21 22 Governor. In the event of a withdrawal of moneys from a reserve 23 fund established with respect to any issue or issues of bonds 24 of the Authority to pay principal or interest on those bonds, 25 the Chairperson of the Authority, as soon as practicable, shall 26 certify to the Governor the amount required to restore the

reserve fund to the level required in the resolution or 1 2 indenture securing those bonds. The Governor shall submit the amount so certified to the General Assembly as soon as 3 practicable, but no later than the end of the current State 4 5 fiscal year. The Authority shall obtain written approval from 6 the Governor for any bonds and notes to be issued under this 7 Section. In addition to any other bonds authorized to be issued under Sections 825-60, 825-65(e), 830-25 and 845-5, the 8 9 principal amount of Authority bonds outstanding issued under this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS 10 11 360/2-6(c), which have been assumed by the Authority, shall not 12 exceed \$150,000,000. This subsection (w) shall in no way be 13 applied to any bonds issued by the Authority on behalf of the Illinois Power Agency under Section 825-90 of this Act. 14

15 (x) The Authority may enter into agreements or contracts 16 with any person necessary or appropriate to place the payment 17 obligations of the Authority under any of its bonds in whole or in part on any interest rate basis, cash flow basis, or other 18 basis desired by the Authority, including without limitation 19 20 agreements or contracts commonly known as "interest rate swap agreements", "forward payment conversion agreements", and 21 22 "futures", or agreements or contracts to exchange cash flows or 23 a series of payments, or agreements or contracts, including 24 without limitation agreements or contracts commonly known as 25 "options", "puts", or "calls", to hedge payment, rate spread, 26 or similar exposure; provided that any such agreement or

contract shall not constitute an obligation for borrowed money
 and shall not be taken into account under Section 845-5 of this
 Act or any other debt limit of the Authority or the State of
 Illinois.

5 (y) There should be created, and the Authority shall 6 administer, the Urban Revitalization Program, which shall 7 acquisition, development, construction, promote the 8 reconstruction, improvement, financing, architectural 9 planning, and installation of capital facilities in areas of 10 the State of Illinois where the poverty rate, as determined by 11 using the most recent data released by the United States Census 12 Bureau, is at least 3% greater than the State poverty rate as determined by using the most recent data released by the United 13 14 States Census Bureau, as well as in the Township of Pembroke and in the following zip codes: 60064, 60085, 60087, 60104, 15 16 60153, 60160, 60402, 60406, 60409, 60411, 60419, 60426, 60429, 17 60431, 60432, 60433, 60441, 60472, 60473, 60505, 60608, 60609, 60612, 60614, 60615, 60616, 60617, 60618, 60619, 60620, 60621, 18 60622, 60623, 60624, 60628, 60629, 60630, 60632, 62201, 62203, 19 20 62204, 62205, 62206, 62207, 62208, 62914, 60636, 60637, 60638, 60639, 60641, 60643, 60644, 60647, 60649, 61101, 61102, 61103, 21 22 61104, 61603, 61604, 61605, 60651, 60652, 60653, 60655, 60804, 23 60827, 61801, 61802, 61817, 61820, 61821, 61832, 61833, 61846, 61849, 61865, 61866, 61883, 62002, 62040, 62059, 62060, 62071, 24 25 62090, 62220, 62522, 62523, 62524, 62525, 62526, 62801, 62963, 26 62232, and 62234. Pursuant to the Urban Revitalization Program,

1 the Authority may provide grants, loans, or other investments 2 for the following specific purposes:

3 (1) Grants or mortgages to promote the affordable construction rehabilitation 4 financing of or of 5 developments designed and planned (i) to make housing 6 available at low and moderate rentals; (ii) to promote home 7 ownership to low and moderate income persons and families; 8 (iii) to make housing available to senior citizens, or 9 persons with disabilities, persons with mental illness, or 10 other groups with specialized or adaptive housing needs. 11 For purposes of this item, "low and moderate income persons 12 or families" means persons or families whose adjusted income is less than 80% of the median income of the area of 13 14 residence, adjusted for family size, as adjusted income and 15 median income for the area are determined by the United 16 States Department of Housing and Urban Development for 17 purposes of Section 8 of the United States Housing Act of 1937. 18

(2) Construction, rehabilitation, or expansion of job
 training facilities aimed at promoting the creation or
 retention of jobs within the community.

(3) Business development loans and grants, including
participation loans, interest-free loans, low-interest
micro-loans, small to medium loans to help small businesses
that lack sufficient collateral or equity to access funds
at competitive terms, small loans for entrepreneurs with no

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established credit history, and traditional loans.

2 (4) Acquisition and acceptance by gift, grant, 3 purchase, or otherwise of fee simple title, or such lesser interest as may be desired, in land, and improvements or 4 5 arrangements to improve such land for industrial or 6 commercial site development purposes, and lease or 7 conveyance of such land or interest in land so acquired and 8 so improved.

9 (5) Grants to promote the affordable financing of 10 construction, rehabilitation, or expansion of community 11 organizations and social service facilities.

12 (6) Grants to promote the affordable financing of 13 construction, rehabilitation, expansion, or purchase of 14 equipment of or relating to medical facilities, including 15 hospitals, community and public health clinics, and other 16 facilities providing health care services.

17 (7) Grants to promote the affordable financing of 18 construction, rehabilitation, or expansion of educational 19 institutions, including early childhood education, special 20 education, chartered and public education, and higher 21 education.

(8) Financial assistance for economic development and
commercial revitalization activities as provided in
Section 605-400 of the Department of Commerce and Economic
Opportunity Law of the Civil Administrative Code of
Illinois.

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(9) Acquisition, construction, rehabilitation,
 expansion, or purchase of equipment in support of
 recreational facilities.

4 (10) Grants, loans, and other activities in support of
5 tourism, as well as grants to construct, rehabilitate, or
6 expand cultural institutions.

(11) Grants or loans to promote the affordable 7 8 financing of construction, rehabilitation, or purchase of 9 equipment to improve technological, environmental, and 10 energy infrastructure resources, including qas and 11 electric utility facilities, and water and sewer line 12 extensions, water purification and sewage treatment 13 facilities, and solid waste disposal systems.

14 (12) Construction, rehabilitation, or expansion of
 15 facilities used to support or promote public safety or
 16 community policing.

17 (Source: P.A. 94-91, eff. 7-1-05; 95-470, eff. 8-27-07; 95-481,
18 eff. 8-28-07; 09500HB5618sam001; 09500HB5618sam004.)