

1 AMENDMENT TO HOUSE BILL 1030

2 AMENDMENT NO. _____. Amend House Bill 1030 on page 1,
3 line 5, by changing "9" to "16"; and
4 on page 1 by replacing lines 6 through 31 with the following:

5 "(205 ILCS 5/16) (from Ch. 17, par. 323)
6 Sec. 16. Directors. The business and affairs of a State
7 bank shall be managed by its board of directors that shall
8 exercise its powers as follows:

9 (1) Directors shall be elected as provided in this Act.
10 Any omission to elect a director or directors shall not
11 impair any of the rights and privileges of the bank or of any
12 person in any way interested. The existing directors shall
13 hold office until their successors are elected and qualify.

14 (2) (a) Notwithstanding the provisions of any charter
15 heretofore or hereafter issued, the number of directors,
16 not fewer than 5 nor more than 25, may be fixed from time
17 to time by the stockholders at any meeting of the
18 stockholders called for the purpose of electing directors
19 or changing the number thereof by the affirmative vote of
20 at least two-thirds of the outstanding stock entitled to
21 vote at the meeting, and the number so fixed shall be the
22 board regardless of vacancies until the number of

1 directors is thereafter changed by similar action.

2 (b) Notwithstanding the minimum number of directors
3 specified in paragraph (a) of this subsection, a State
4 bank that has been in existence for 10 years or more and
5 has less than \$20,000,000 in assets, as of the December
6 31 immediately preceding the annual meeting of
7 shareholders at which directors are elected, may, subject
8 to the approval of the Commissioner, have a minimum of 3
9 directors; provided that if a State bank has fewer than 5
10 directors, at least one director shall not be an officer
11 or employee of the bank. The Commissioner shall annually
12 review the appropriateness of the grant of authority to
13 have a reduced minimum number of directors pursuant to
14 this paragraph (b).

15 (3) Except as otherwise provided in this paragraph (3),
16 directors shall hold office until the next annual meeting of
17 the stockholders succeeding their election or until their
18 successors are elected and qualify. If the board of directors
19 consists of 6 or more members, in lieu of electing the
20 membership of the whole board of directors annually, the
21 charter or by-laws of a State bank may provide that the
22 directors shall be divided into either 2 or 3 classes, each
23 class to be as nearly equal in number as is possible. The
24 term of office of directors of the first class shall expire
25 at the first annual meeting of the stockholders after their
26 election, that of the second class shall expire at the second
27 annual meeting after their election, and that of the third
28 class, if any, shall expire at the third annual meeting after
29 their election. At each annual meeting after classification,
30 the number of directors equal to the number of the class
31 whose terms expire at the time of the meeting shall be
32 elected to hold office until the second succeeding annual
33 meeting, if there be 2 classes, or until the third succeeding
34 annual meeting, if there be 3 classes. Vacancies may be

1 filled by stockholders at a special meeting called for the
2 purpose.

3 If authorized by the bank's by-laws or an amendment
4 thereto, the directors of a State bank may properly fill a
5 vacancy or vacancies arising between shareholders' meetings,
6 but at no time may the number of directors selected to fill a
7 vacancy in this manner during any interim period between
8 shareholders' meetings exceed 33 1/3% of the total membership
9 of the board of directors.

10 (4) The board of directors shall hold regular meetings
11 at least once each month, provided that, upon prior written
12 approval by the Commissioner, the board of directors may hold
13 regular meetings less frequently than once each month but at
14 least once each calendar quarter. A special meeting of the
15 board of directors may be held as provided by the by-laws. A
16 special meeting of the board of directors may also be held
17 upon call by the Commissioner or a bank examiner appointed
18 under the provisions of this Act upon not less than 12 hours
19 notice of the meeting by personal service of the notice or by
20 mailing the notice to each of the directors at his residence
21 as shown by the books of the bank. A majority of the board
22 of directors shall constitute a quorum for the transaction of
23 business unless a greater number is required by the charter
24 or the by-laws. The act of the majority of the directors
25 present at a meeting at which a quorum is present shall be
26 the act of the board of directors unless the act of a greater
27 number is required by the charter or by the by-laws.

28 (5) A member of the board of directors shall be elected
29 president. The board of directors may appoint other officers,
30 as the by-laws may provide, and fix their salaries to carry
31 on the business of the bank. The board of directors may make
32 and amend by-laws (not inconsistent with this Act) for the
33 government of the bank and may, by the affirmative vote of a
34 majority of the board of directors, establish reasonable

1 compensation of all directors for services to the corporation
2 as directors, officers, or otherwise. An officer, whether
3 elected or appointed by the board of directors or appointed
4 pursuant to the by-laws, may be removed by the board of
5 directors at any time.

6 (6) The board of directors shall cause suitable books
7 and records of all the bank's transactions to be kept.

8 (7) (a) In discharging the duties of their respective
9 positions, the board of directors, committees of the
10 board, and individual directors may, in considering the
11 best long term and short term interests of the bank,
12 consider the effects of any action (including, without
13 limitation, action that may involve or relate to a merger
14 or potential merger or to a change or potential change in
15 control of the bank) upon employees, depositors,
16 suppliers, and customers of the corporation or its
17 subsidiaries, communities in which the main banking
18 premises, branches, offices, or other establishments of
19 the bank or its subsidiaries are located, and all
20 pertinent factors.

21 (b) In discharging the duties of their respective
22 positions, the board of directors, committees of the
23 board, and individual directors shall be entitled to rely
24 on advice, information, opinions, reports or statements,
25 including financial statements and financial data,
26 prepared or presented by: (i) one or more officers or
27 employees of the bank whom the director believes to be
28 reliable and competent in the matter presented; (ii) one
29 or more counsels, accountants, or other consultants as to
30 matters that the director believes to be within that
31 person's professional or expert competence; or (iii) a
32 committee of the board upon which the director does not
33 serve, as to matters within that committee's designated
34 authority; provided that the director's reliance under

1 this paragraph (b) is placed in good faith, after
2 reasonable inquiry if the need for such inquiry is
3 apparent under the circumstances and without knowledge
4 that would cause such reliance to be unreasonable.

5 (Source: P.A. 90-301, eff. 8-1-97; 91-452, eff. 1-1-00.);

6 and

7 on page 2 by deleting lines 1 through 4.