

AN ACT concerning public employee benefits.

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

Section 5. The Illinois Pension Code is amended by changing Sections 22A-109, 22A-111, 22A-113.1, 22A-113.2, and 22A-113.3 as follows:

(40 ILCS 5/22A-109) (from Ch. 108 1/2, par. 22A-109)

Sec. 22A-109. Membership of board. The board shall consist of the following members:

(1) Five trustees appointed by the Governor with the advice and consent of the Senate who may not hold an elective State office.

(2) The Treasurer.

(3) The Comptroller, who shall represent the State Employees' Retirement System of Illinois.

(4) The Chairperson of the General Assembly Retirement System.

(5) The Chairperson of the Judges Retirement System of Illinois.

The appointive members shall serve for terms of 4 years except that the terms of office of the original appointive members pursuant to this amendatory Act of the 96th General Assembly shall be as follows: One member for a term of 1 year; 1 member

for a term of 2 years; 1 member for a term of 3 years; and 2 members for a term of 4 years. Vacancies among the appointive members shall be filled for unexpired terms by appointment in like manner as for original appointments, and appointive members shall continue in office until their successors have been appointed and have qualified.

Notwithstanding any provision of this Section to the contrary, the term of office of each trustee of the Board appointed by the Governor who is sitting on the Board on the effective date of this amendatory Act of the 96th General Assembly is terminated on that effective date. A trustee sitting on the board on the effective date of this amendatory Act of the 96th General Assembly may not hold over in office for more than 60 days after the effective date of this amendatory Act of the 96th General Assembly. Nothing in this Section shall prevent the Governor from making a temporary appointment or nominating a trustee holding office on the day before the effective date of this amendatory Act of the 96th General Assembly.

Each person appointed to membership shall qualify by taking an oath of office before the Secretary of State stating that he will diligently and honestly administer the affairs of the board and will not violate or knowingly permit the violation of any provisions of this Article.

Members of the board shall receive no salary for service on the board but shall be reimbursed for travel expenses incurred

while on business for the board according to the standards in effect for members of the Illinois Legislative Research Unit.

A majority of the members of the board shall constitute a quorum. The board shall elect from its membership, biennially, a Chairman, Vice Chairman and a Recording Secretary. These officers, together with one other member elected by the board, shall constitute the executive committee. During the interim between regular meetings of the board, the executive committee shall have authority to conduct all business of the board and shall report such business conducted at the next following meeting of the board for ratification.

No member of the board shall have any interest in any brokerage fee, commission or other profit or gain arising out of any investment made by the board. This paragraph does not preclude ownership by any member of any minority interest in any common stock or any corporate obligation in which investment is made by the board.

The board shall contract for a blanket fidelity bond in the penal sum of not less than \$1,000,000.00 to cover members of the board, the director and all other employees of the board conditioned for the faithful performance of the duties of their respective offices, the premium on which shall be paid by the board. ~~The bond shall be filed with the State Treasurer for safekeeping.~~

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/22A-111) (from Ch. 108 1/2, par. 22A-111)

Sec. 22A-111. The Board shall manage the investments of any pension fund, retirement system, or education fund for the purpose of obtaining a total return on investments for the long term. It also shall perform such other functions as may be assigned or directed by the General Assembly.

The authority of the board to manage pension fund investments and the liability shall begin when there has been a physical transfer of the pension fund investments to the board and placed in the custody of the board's custodian ~~State Treasurer~~.

The authority of the board to manage monies from the education fund for investment and the liability of the board shall begin when there has been a physical transfer of education fund investments to the board and placed in the custody of the board's custodian ~~State Treasurer~~.

The board may not delegate its management functions, but it may, but is not required to, arrange to compensate for personalized investment advisory service for any or all investments under its control with any national or state bank or trust company authorized to do a trust business and domiciled in Illinois, other financial institution organized under the laws of Illinois, or an investment advisor who is qualified under Federal Investment Advisors Act of 1940 and is registered under the Illinois Securities Law of 1953. Nothing contained herein shall prevent the Board from subscribing to

general investment research services available for purchase or use by others. The Board shall also have the authority to compensate for accounting services.

This Section shall not be construed to prohibit the Illinois State Board of Investment from directly investing pension assets in public market investments, private investments, real estate investments, or other investments authorized by this Code.

(Source: P.A. 96-1554, eff. 3-18-11.)

(40 ILCS 5/22A-113.1) (from Ch. 108 1/2, par. 22A-113.1)

Sec. 22A-113.1. Investable funds.

Each retirement system under the management of the Illinois State Board of Investment shall report to the board from time to time the amounts of funds available for investment. These amounts shall be transferred immediately to the board's custodian or the custodian's ~~State Treasurer or his~~ authorized agent for the account of the board to be applied for investment by the board. Notice to the Illinois State Board of Investment of each such transfer shall be given by the retirement system as the transfer occurs.

(Source: P.A. 78-646.)

(40 ILCS 5/22A-113.2) (from Ch. 108 1/2, par. 22A-113.2)

Sec. 22A-113.2. Custodian ~~State Treasurer~~.

The securities, funds and other assets transferred to the

~~The~~ Illinois State Board of Investment or otherwise acquired by the board shall be placed in the custody of the board's custodian. ~~The custodian shall State Treasurer who shall serve as official custodian of the board,~~ provide adequate safe deposit facilities therefor and hold all such securities, funds and other assets subject to the order of the board.

As soon as may be practicable, but in no event later than December 31, 2016, the board shall appoint and retain a qualified custodian. Until a custodian has been appointed by the board, the State Treasurer shall serve as official custodian of the board.

The custodian ~~State Treasurer~~ shall furnish a corporate surety bond of such amount as the board designates, which bond shall indemnify the board against any loss that may result from any action or failure to act by the custodian ~~Treasurer~~ or any of the custodian's ~~his~~ agents. All charges incidental to the procuring and giving of such bond shall be paid by the board. The bond shall be in the custody of the board.

(Source: P.A. 77-611.)

(40 ILCS 5/22A-113.3) (from Ch. 108 1/2, par. 22A-113.3)

Sec. 22A-113.3. Investable funds of education foundation. The Illinois Bank Examiners' Education Foundation shall report to the board from time to time the amounts of monies available for investment by the board. These amounts shall be transferred promptly to the board's custodian or the custodian's ~~State~~

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~~Treasurer or his~~ authorized agent for the account of the board to be applied for investment by the board. Notice to the board of each such transfer shall be given by the Illinois Bank Examiners' Education Foundation after the transfer occurs.

(Source: P.A. 84-1127.)

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