

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by adding
5 Section 1A-108.5 and by changing Section 15-167 as follows:

6 (40 ILCS 5/1A-108.5 new)

7 Sec. 1A-108.5. Economic opportunity investments.

8 (a) For the purposes of this Section:

9 "Economic opportunity investment" means a qualified
10 investment, managed passively or actively by the pension fund,
11 that promotes economic development within the State of Illinois
12 by providing financially prudent investment opportunities in
13 or through the use of (a) Illinois businesses or (b)
14 Illinois-based projects that promote the economy of the State
15 or a region of the State, including without limitation
16 promotion of venture capital programs, coal and other natural
17 resource development, tourism development, infrastructure
18 development, real estate development, and job development
19 within the State of Illinois, while producing a competitive
20 rate of return commensurate with the risk of investment.

21 "Illinois business" means a business, including an
22 investment adviser, that is headquartered in Illinois.

23 "Illinois-based project" means an individual project of a

1 business, including the provision of products and investment
2 and other services to the pension fund, that will result in the
3 conduct of business within the State, the employment of
4 individuals within the State, or the acquisition of real
5 property located within the State.

6 (b) It is the public policy of the State of Illinois to
7 encourage the pension funds, and any State entity investing
8 funds on behalf of pension funds, to promote the economy of
9 Illinois through the use of economic opportunity investments to
10 the greatest extent feasible within the bounds of financial and
11 fiduciary prudence.

12 (c) Each pension fund, except pension funds created under
13 Articles 3 and 4 of this Code, shall submit a report to the
14 Governor and the General Assembly by September 1 of each year,
15 beginning in 2009, that identifies the economic opportunity
16 investments made by the fund, the primary location of the
17 business or project, the percentage of the fund's assets in
18 economic opportunity investments, and the actions that the fund
19 has undertaken to increase the use of economic opportunity
20 investments.

21 (d) Pension funds created under Articles 2, 14, 15, 16, and
22 18 of this Act, and any State agency investing funds on behalf
23 of those pension funds, must make reasonable efforts to invest
24 in economic opportunity investments.

25 (e) In making economic opportunity investments, trustees
26 and fiduciaries must comply with the relevant requirements and

1 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,
2 1-110, and 1-111 of this Code. Economic opportunity investments
3 that otherwise comply with this Code shall not be deemed
4 imprudent solely because they are investments in an Illinois
5 business or Illinois-based project.

6 (40 ILCS 5/15-167) (from Ch. 108 1/2, par. 15-167)

7 Sec. 15-167. To invest money. To invest the funds of the
8 system, subject to the requirements and restrictions set forth
9 in Sections 1-108.5, 1-109, 1-109.1, 1-109.2, 1-110, 1-111,
10 1-114, 1-115, and 15-158.2(d) of this Code and to invest in
11 real estate acquired by purchase, gift, condemnation or
12 otherwise, and any office building or buildings existing or to
13 be constructed thereon, including any additions thereto or
14 expansions thereof, for the use of the system. The board may
15 lease surplus space in any of the buildings and use rental
16 proceeds for operation, maintenance, improving, expanding and
17 furnishing of the buildings or for any other lawful system
18 purpose.

19 No bank or savings and loan association shall receive
20 investment funds as permitted by this Section, unless it has
21 complied with the requirements established pursuant to Section
22 6 of "An Act relating to certain investments of public funds by
23 public agencies", approved July 23, 1943, as now or hereafter
24 amended. The limitations set forth in such Section 6 shall be
25 applicable only at the time of investment and shall not require

1 the liquidation of any investment at any time.

2 The board shall have the authority to enter into such
3 agreements and to execute such documents as it determines to be
4 necessary to complete any investment transaction.

5 All investments shall be clearly held and accounted for to
6 indicate ownership by the board. The board may direct the
7 registration of securities in its own name or in the name of a
8 nominee created for the express purpose of registration of
9 securities by a national or state bank or trust company
10 authorized to conduct a trust business in the State of
11 Illinois.

12 Investments shall be carried at cost or at a value
13 determined in accordance with generally accepted accounting
14 principles and accounting procedures approved by the Board.

15 All additions to assets from income, interest, and
16 dividends from investments shall be used to pay benefits,
17 operating and administrative expenses of the system, debt
18 service, including any redemption premium, on any bonds issued
19 by the board, expenses incurred or deposits required in
20 connection with such bonds, and such other costs as may be
21 provided in accordance with this Article.

22 (Source: P.A. 90-19, eff. 6-20-97; 90-766, eff. 8-14-98.)

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