



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5096

Introduced 2/18/2020, by Rep. Steven Reick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/22C-115
40 ILCS 5/22C-116
40 ILCS 5/22C-117

Amends the Firefighters' Pension Investment Fund Article of the Illinois Pension Code. Adds a member, to be appointed by the Governor, who is recommended by a statewide association representing fire protection districts to the transition board of trustees of the investment fund and the permanent board of trustees of the investment fund. Provides that at least one of the 3 elected members who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities or fire protection districts that have participating pension funds must be from a fire protection district. Provides that if the candidate or candidates receiving the highest number of votes would result in there being no trustee who is from a fire protection district, then the candidate receiving the highest number of votes who is from a fire protection district shall be elected. Provides that 7 members (instead of 6 members) of the board shall constitute a quorum. Provides that all actions taken by the transition board and the permanent board shall require a vote of at least 6 (instead of 5) trustees, except that certain actions shall require a vote of at least 7 (instead of 6) trustees. Effective immediately.

LRB101 17517 RPS 66928 b

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

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 changing
5 Sections 22C-115, 22C-116, and 22C-117 as follows:

6 (40 ILCS 5/22C-115)

7 Sec. 22C-115. Board of Trustees of the Fund.

8 (a) ~~The No later than one month after the effective date of~~
9 ~~this amendatory Act of the 101st General Assembly or as soon~~
10 ~~thereafter as may be practicable, the~~ Governor shall appoint,
11 by and with the advice and consent of the Senate, a transition
12 board of trustees consisting of 10 ~~9~~ members as follows:

13 (1) three members representing municipalities and fire
14 protection districts who are mayors, presidents, chief
15 executive officers, chief financial officers, or other
16 officers, executives, or department heads of
17 municipalities or fire protection districts and appointed
18 from among candidates recommended by the Illinois
19 Municipal League;

20 (2) three members representing participants who are
21 participants and appointed from among candidates
22 recommended by the statewide labor organization
23 representing firefighters employed by at least 85

1 municipalities that is affiliated with the Illinois State
2 Federation of Labor;

3 (3) one member representing beneficiaries who is a
4 beneficiary and appointed from among the candidate or
5 candidates recommended by the statewide labor organization
6 representing firefighters employed by at least 85
7 municipalities that is affiliated with the Illinois State
8 Federation of Labor; ~~and~~

9 (4) one member recommended by the Illinois Municipal
10 League; ~~and~~

11 (5) one member who is a participant recommended by the
12 statewide labor organization representing firefighters
13 employed by at least 85 municipalities and that is
14 affiliated with the Illinois State Federation of Labor;
15 and-

16 (6) one member who is recommended by a statewide
17 association representing fire protection districts.

18 The transition board members shall serve until the initial
19 permanent board members are elected and qualified.

20 The transition board of trustees shall select the
21 chairperson of the transition board of trustees from among the
22 trustees for the duration of the transition board's tenure.

23 (b) The permanent board of trustees shall consist of 10 ~~9~~
24 members comprised as follows:

25 (1) Three members who are mayors, presidents, chief
26 executive officers, chief financial officers, or other

1 officers, executives, or department heads of
2 municipalities or fire protection districts that have
3 participating pension funds and are elected by the mayors
4 and presidents of municipalities or fire protection
5 districts that have participating pension funds. At least
6 one of the 3 elected members must be from a fire protection
7 district.

8 (2) Three members who are participants of
9 participating pension funds and elected by the
10 participants of participating pension funds.

11 (3) One member who is a beneficiary of a participating
12 pension fund and is elected by the beneficiaries of
13 participating pension funds.

14 (4) One member recommended by the Illinois Municipal
15 League who shall be appointed by the Governor with the
16 advice and consent of the Senate.

17 (5) One member recommended by the statewide labor
18 organization representing firefighters employed by at
19 least 85 municipalities and that is affiliated with the
20 Illinois State Federation of Labor who shall be appointed
21 by the Governor with the advice and consent of the Senate.

22 (6) One member who is recommended by a statewide
23 association representing fire protection districts who
24 shall be appointed by the Governor with the advice and
25 consent of the Senate.

26 The permanent board of trustees shall select the

1 chairperson of the permanent board of trustees from among the
2 trustees for a term of 2 years. The holder of the office of
3 chairperson shall alternate between a person elected or
4 appointed under item (1) or (4) of this subsection (b) and a
5 person elected or appointed under item (2), (3), or (5) of this
6 subsection (b).

7 (c) Each trustee shall qualify by taking an oath of office
8 before the Secretary of State stating that he or she will
9 diligently and honestly administer the affairs of the board and
10 will not violate or knowingly permit the violation of any
11 provision of this Article.

12 (d) Trustees shall receive no salary for service on the
13 board but shall be reimbursed for travel expenses incurred
14 while on business for the board according to the standards in
15 effect for members of the Commission on Government Forecasting
16 and Accountability.

17 A municipality or fire protection district employing a
18 firefighter who is an elected or appointed trustee of the board
19 must allow reasonable time off with compensation for the
20 firefighter to conduct official business related to his or her
21 position on the board, including time for travel. The board
22 shall notify the municipality or fire protection district in
23 advance of the dates, times, and locations of this official
24 business. The Fund shall timely reimburse the municipality or
25 fire protection district for the reasonable costs incurred that
26 are due to the firefighter's absence.

1 (e) No trustee shall have any interest in any brokerage
2 fee, commission, or other profit or gain arising out of any
3 investment directed by the board. This subsection does not
4 preclude ownership by any member of any minority interest in
5 any common stock or any corporate obligation in which an
6 investment is directed by the board.

7 (f) Notwithstanding any provision or interpretation of law
8 to the contrary, any member of the transition board may also be
9 elected or appointed as a member of the permanent board.

10 Notwithstanding any provision or interpretation of law to
11 the contrary, any trustee of a fund established under Article 4
12 of this Code may also be appointed as a member of the
13 transition board or elected or appointed as a member of the
14 permanent board.

15 The restriction in Section 3.1 of the Lobbyist Registration
16 Act shall not apply to a member of the transition board
17 appointed pursuant to items (4) or (5) of subsection (a) or to
18 a member of the permanent board appointed pursuant to items (4)
19 or (5) of subsection (b).

20 (Source: P.A. 101-610, eff. 1-1-20.)

21 (40 ILCS 5/22C-116)

22 Sec. 22C-116. Conduct and administration of elections;
23 terms of office.

24 (a) For the election of the permanent trustees, the
25 transition board shall administer the initial elections and the

1 permanent board shall administer all subsequent elections.
2 Each board shall develop and implement such procedures as it
3 determines to be appropriate for the conduct of such elections.
4 For the purposes of obtaining information necessary to conduct
5 elections under this Section, participating pension funds
6 shall cooperate with the Fund.

7 (b) All nominations for election shall be by petition. Each
8 petition for a trustee shall be executed as follows:

9 (1) for trustees to be elected by the mayors and
10 presidents of municipalities or fire protection districts
11 that have participating pension funds, by at least 20 such
12 mayors and presidents; except that this item (1) shall
13 apply only with respect to participating pension funds;

14 (2) for trustees to be elected by participants, by at
15 least 400 participants; and

16 (3) for trustees to be elected by beneficiaries, by at
17 least 100 beneficiaries.

18 (c) A separate ballot shall be used for each class of
19 trustee. The board shall prepare and send ballots and ballot
20 envelopes to the participants and beneficiaries eligible to
21 vote in accordance with rules adopted by the board. The ballots
22 shall contain the names of all candidates in alphabetical
23 order. The ballot envelope shall have on the outside a form of
24 certificate stating that the person voting the ballot is a
25 participant or beneficiary entitled to vote.

26 Participants and beneficiaries, upon receipt of the

1 ballot, shall vote the ballot and place it in the ballot
2 envelope, seal the envelope, execute the certificate thereon,
3 and return the ballot to the Fund.

4 The board shall set a final date for ballot return, and
5 ballots received prior to that date in a ballot envelope with a
6 properly executed certificate and properly voted shall be valid
7 ballots.

8 The board shall set a day for counting the ballots and name
9 judges and clerks of election to conduct the count of ballots
10 and shall make any rules necessary for the conduct of the
11 count.

12 The candidate or candidates receiving the highest number of
13 votes for each class of trustee shall be elected; except that
14 if the candidate or candidates under item (1) of subsection (b)
15 of Section 22C-115 receiving the highest number of votes would
16 result in there being no trustee who is from a fire protection
17 district, then the candidate receiving the highest number of
18 votes who is from a fire protection district shall be elected.

19 In the case of a tie vote, the winner shall be determined in
20 accordance with procedures developed by the Department of
21 Insurance.

22 In lieu of conducting elections via mail balloting as
23 described in this Section, the board may instead adopt rules to
24 provide for elections to be carried out solely via Internet
25 balloting or phone balloting. Nothing in this Section prohibits
26 the Fund from contracting with a third party to administer the

1 election in accordance with this Section.

2 (d) At any election, voting shall be as follows:

3 (1) Each person authorized to vote for an elected
4 trustee may cast one vote for each related position for
5 which such person is entitled to vote and may cast such
6 vote for any candidate or candidates on the ballot for such
7 trustee position.

8 (2) If only one candidate for each position is properly
9 nominated in petitions received, that candidate shall be
10 deemed the winner and no election under this Section shall
11 be required.

12 (3) The results shall be entered in the minutes of the
13 first meeting of the board following the tally of votes.

14 (e) The initial election for permanent trustees shall be
15 held and the permanent board shall be seated no later than 12
16 months after the effective date of this amendatory Act of the
17 101st General Assembly. Each subsequent election shall be held
18 no later than 30 days prior to the end of the term of the
19 incumbent trustees.

20 (f) The elected trustees shall each serve for terms of 4
21 years commencing on the first business day of the first month
22 after election; except that the terms of office of the
23 initially elected trustees shall be as follows:

24 (1) One trustee elected pursuant to item (1) of
25 subsection (b) of Section 22C-115 shall serve for a term of
26 2 years and 2 trustees elected pursuant to item (1) of

1 subsection (b) of Section 22C-115 shall serve for a term of
2 4 years;

3 (2) One trustee elected pursuant to item (2) of
4 subsection (b) of Section 22C-115 shall serve for a term of
5 2 years and 2 trustees elected pursuant to item (2) of
6 subsection (b) of Section 22C-115 shall serve for a term of
7 4 years; and

8 (3) The trustee elected pursuant to item (3) of
9 subsection (b) of Section 22C-115 shall serve for a term of
10 2 years.

11 (g) The trustees appointed pursuant to items (4) and (5) of
12 subsection (b) of Section 22C-115 shall each serve for a term
13 of 4 years commencing on the first business day of the first
14 month after the election of the elected trustees.

15 (h) A member of the board who was elected pursuant to item
16 (1) of subsection (b) of Section 22C-115 who ceases to serve as
17 a mayor, president, chief executive officer, chief financial
18 officer, or other officer, executive, or department head of a
19 municipality or fire protection district that has a
20 participating pension fund shall not be eligible to serve as a
21 member of the board and his or her position shall be deemed
22 vacant. A member of the board who was elected by the
23 participants of participating pension funds who ceases to be a
24 participant may serve the remainder of his or her elected term.

25 For a vacancy of an elected trustee occurring with an
26 unexpired term of 6 months or more, an election shall be

1 conducted for the vacancy in accordance with Section 22C-115
2 and this Section.

3 For a vacancy of an elected trustee occurring with an
4 unexpired term of less than 6 months, the vacancy shall be
5 filled by appointment by the board for the unexpired term as
6 follows: a vacancy of a member elected pursuant to item (1) of
7 subsection (b) of Section 22C-115 shall be filled by a mayor,
8 president, chief executive officer, chief financial officer,
9 or other officer, executive, or department head of a
10 municipality or fire protection district that has a
11 participating pension fund; a vacancy of a member elected
12 pursuant to item (2) of subsection (b) of Section 22C-115 shall
13 be filled by a participant of a participating pension fund; and
14 a vacancy of a member elected under item (3) of subsection (b)
15 of Section 22C-115 shall be filled by a beneficiary of a
16 participating pension fund.

17 Vacancies among the appointed trustees shall be filled for
18 unexpired terms by appointment in like manner as for the
19 original appointments.

20 (Source: P.A. 101-610, eff. 1-1-20.)

21 (40 ILCS 5/22C-117)

22 Sec. 22C-117. Meetings of the board.

23 (a) The transition board and the permanent board shall each
24 meet at least quarterly and otherwise upon written request of
25 either the Chairperson or 3 other members. The Chairperson

1 shall preside over meetings of the board. The executive
2 director and personnel of the board shall prepare agendas and
3 materials and required postings for meetings of the board.

4 (b) Seven ~~Six~~ members of the board shall constitute a
5 quorum.

6 (c) All actions taken by the transition board and the
7 permanent board shall require a vote of least 6 ~~5~~ trustees,
8 except that the following shall require a vote of at least 7 ~~6~~
9 trustees: the adoption of actuarial assumptions; the selection
10 of the chief investment officer, fiduciary counsel, or a
11 consultant as defined under Section 1-101.5 of this Code; the
12 adoption of rules for the conduct of election of trustees; and
13 the adoption of asset allocation policies and investment
14 policies.

15 (Source: P.A. 101-610, eff. 1-1-20.)

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