



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB3746

Introduced 2/22/2021, 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 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 permanent board shall constitute a quorum. Provides that all actions taken by 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. Makes conforming changes. Effective immediately.

LRB102 16113 RPS 21487 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
5 changing 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) 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 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 The transition board members shall serve until the initial
16 permanent board members are elected and qualified.

17 The transition board of trustees shall select the
18 chairperson of the transition board of trustees from among the
19 trustees for the duration of the transition board's tenure.

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

22 (1) Three members who are mayors, presidents, chief
23 executive officers, chief financial officers, or other
24 officers, executives, or department heads of
25 municipalities or fire protection districts that have
26 participating pension funds and are elected by the mayors

1 and presidents of municipalities or fire protection
2 districts that have participating pension funds. At least
3 one of the 3 elected members must be from a fire protection
4 district.

5 (2) Three members who are participants of
6 participating pension funds and elected by the
7 participants of participating pension funds.

8 (3) One member who is a beneficiary of a participating
9 pension fund and is elected by the beneficiaries of
10 participating pension funds.

11 (4) One member recommended by the Illinois Municipal
12 League who shall be appointed by the Governor with the
13 advice and consent of the Senate.

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

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

23 The permanent board of trustees shall select the
24 chairperson of the permanent board of trustees from among the
25 trustees for a term of 2 years. The holder of the office of
26 chairperson shall alternate between a person elected or

1 appointed under item (1) or (4) of this subsection (b) and a
2 person elected or appointed under item (2), (3), or (5) of this
3 subsection (b).

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

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

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

24 (e) No trustee shall have any interest in any brokerage
25 fee, commission, or other profit or gain arising out of any
26 investment directed by the board. This subsection does not

1 preclude ownership by any member of any minority interest in
2 any common stock or any corporate obligation in which an
3 investment is directed by the board.

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

7 Notwithstanding any provision or interpretation of law to
8 the contrary, any trustee of a fund established under Article
9 4 of this Code may also be appointed as a member of the
10 transition board or elected or appointed as a member of the
11 permanent board.

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

17 (Source: P.A. 101-610, eff. 1-1-20; revised 8-20-20.)

18 (40 ILCS 5/22C-116)

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

21 (a) For the election of the permanent trustees, the
22 transition board shall administer the initial elections and
23 the permanent board shall administer all subsequent elections.
24 Each board shall develop and implement such procedures as it
25 determines to be appropriate for the conduct of such

1 elections. For the purposes of obtaining information necessary
2 to conduct elections under this Section, participating pension
3 funds shall cooperate with the Fund.

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

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

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

13 (3) for trustees to be elected by beneficiaries, by at
14 least 100 beneficiaries.

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

23 Participants and beneficiaries, upon receipt of the
24 ballot, shall vote the ballot and place it in the ballot
25 envelope, seal the envelope, execute the certificate thereon,
26 and return the ballot to the Fund.

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

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

9 The candidate or candidates receiving the highest number
10 of votes for each class of trustee shall be elected; except
11 that if the candidate or candidates under item (1) of
12 subsection (b) of Section 22C-115 receiving the highest number
13 of votes would result in there being no trustee who is from a
14 fire protection district, then the candidate receiving the
15 highest number of votes who is from a fire protection district
16 shall be elected. In the case of a tie vote, the winner shall
17 be determined in accordance with procedures developed by the
18 Department of Insurance.

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

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

26 (1) Each person authorized to vote for an elected

1 trustee may cast one vote for each related position for
2 which such person is entitled to vote and may cast such
3 vote for any candidate or candidates on the ballot for
4 such trustee position.

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

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

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

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

21 (1) One trustee elected pursuant to item (1) of
22 subsection (b) of Section 22C-115 shall serve for a term
23 of 2 years and 2 trustees elected pursuant to item (1) of
24 subsection (b) of Section 22C-115 shall serve for a term
25 of 4 years;

26 (2) One trustee elected pursuant to item (2) of

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

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

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

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

23 For a vacancy of an elected trustee occurring with an
24 unexpired term of 6 months or more, an election shall be
25 conducted for the vacancy in accordance with Section 22C-115
26 and this Section.

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

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

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

19 (40 ILCS 5/22C-117)

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

21 (a) The transition board and the permanent board shall
22 each meet at least quarterly and otherwise upon written
23 request of either the Chairperson or 3 other members. The
24 Chairperson shall preside over meetings of the board. The
25 executive director and personnel of the board shall prepare

1 agendas and materials and required postings for meetings of
2 the board.

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

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

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

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