



Rep. Natalie A. Manley

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10300HB0529ham001

LRB103 04099 RPS 61330 a

1 AMENDMENT TO HOUSE BILL 529

2 AMENDMENT NO. _____. Amend House Bill 529 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 22B-115, 22B-116, and 22B-120 as follows:

6 (40 ILCS 5/22B-115)

7 Sec. 22B-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 who are
14 mayors, presidents, chief executive officers, chief
15 financial officers, or other officers, executives, or
16 department heads of municipalities and appointed from

1 among candidates recommended by the Illinois Municipal
2 League;

3 (2) three members representing participants and who
4 are participants, 2 of whom shall be appointed from among
5 candidates recommended by a statewide fraternal
6 organization representing more than 20,000 active and
7 retired police officers in the State of Illinois, and one
8 of whom shall be appointed from among candidates
9 recommended by a benevolent association representing sworn
10 police officers in the State of Illinois;

11 (3) two members representing beneficiaries and who are
12 beneficiaries, one of whom shall be appointed from among
13 candidates recommended by a statewide fraternal
14 organization representing more than 20,000 active and
15 retired police officers in the State of Illinois, and one
16 of whom shall be appointed from among candidates
17 recommended by a benevolent association representing sworn
18 police officers in the State of Illinois; and

19 (4) one member who is a representative of the Illinois
20 Municipal League.

21 The transition board members shall serve until the initial
22 permanent board members are elected and qualified.

23 The transition board of trustees shall select the
24 chairperson of the transition board of trustees from among the
25 trustees for the duration of the transition board's tenure.

26 (b) The permanent board of trustees shall consist of 9

1 members as follows:

2 (1) Three members who are mayors, presidents, chief
3 executive officers, chief financial officers, or other
4 officers, executives, or department heads of
5 municipalities that have participating pension funds and
6 are elected by the mayors and presidents of municipalities
7 that have participating pension funds.

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

11 (3) Two members who are beneficiaries of participating
12 pension funds and are 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 The permanent board of trustees shall select the
18 chairperson of the permanent board of trustees from among the
19 trustees for a term of 2 years. The holder of the office of
20 chairperson shall alternate between a person elected or
21 appointed under item (1) or (4) of this subsection (b) and a
22 person elected under item (2) or (3) of this subsection (b).

23 (c) Each trustee shall qualify by taking an oath of office
24 before the Secretary of State or the legal counsel of the fund
25 stating that he or she will diligently and honestly administer
26 the affairs of the board and will not violate or knowingly

1 permit the violation of any provision of this Article.

2 (d) Trustees shall receive no salary for service on the
3 board but shall be reimbursed for travel expenses incurred
4 while on business for the board according to Article 1 of this
5 Code and rules adopted by the board ~~the standards in effect for~~
6 ~~members of the Commission on Government Forecasting and~~
7 ~~Accountability.~~

8 A municipality employing a police officer who is an
9 elected or appointed trustee of the board must allow
10 reasonable time off with compensation for the police officer
11 to conduct official business related to his or her position on
12 the board, including time for travel. The board shall notify
13 the municipality in advance of the dates, times, and locations
14 of this official business. The Fund shall timely reimburse the
15 municipality for the reasonable costs incurred that are due to
16 the police officer's absence.

17 (e) No trustee shall have any interest in any brokerage
18 fee, commission, or other profit or gain arising out of any
19 investment directed by the board. This subsection does not
20 preclude ownership by any member of any minority interest in
21 any common stock or any corporate obligation in which an
22 investment is directed by the board.

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

26 Notwithstanding any provision or interpretation of law to

1 the contrary, any trustee of a fund established under Article
2 3 of this Code may also be appointed as a member of the
3 transition board or elected or appointed as a member of the
4 permanent board.

5 The restriction in Section 3.1 of the Lobbyist
6 Registration Act shall not apply to a member of the transition
7 board appointed pursuant to item (4) of subsection (a) or to a
8 member of the permanent board appointed pursuant to item (4)
9 of subsection (b).

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

11 (40 ILCS 5/22B-116)

12 Sec. 22B-116. Conduct and administration of elections;
13 terms of office.

14 (a) For the election of the permanent trustees, the
15 transition board shall administer the initial elections and
16 the permanent board shall administer all subsequent elections.
17 Each board shall develop and implement such procedures as it
18 determines to be appropriate for the conduct of such
19 elections. For the purposes of obtaining information necessary
20 to conduct elections under this Section, participating pension
21 funds shall cooperate with the Fund.

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

24 (1) for trustees to be elected by the mayors and
25 presidents of municipalities that have participating

1 pension funds, by at least 20 such mayors and presidents;

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

4 (3) for trustees to be elected by beneficiaries, by at
5 least 100 beneficiaries.

6 (c) A separate ballot shall be used for each class of
7 trustee. The board shall prepare and send ballots and ballot
8 envelopes to the participants and beneficiaries eligible to
9 vote in accordance with rules adopted by the board. The
10 ballots shall contain the names of all candidates in
11 alphabetical order. The ballot envelope shall have on the
12 outside a form of certificate stating that the person voting
13 the ballot is a participant or beneficiary entitled to vote.

14 Participants and beneficiaries, upon receipt of the
15 ballot, shall vote the ballot and place it in the ballot
16 envelope, seal the envelope, execute the certificate thereon,
17 and return the ballot to the Fund.

18 The board shall set a final date for ballot return, and
19 ballots received prior to that date in a ballot envelope with a
20 properly executed certificate and properly voted shall be
21 valid ballots.

22 The board shall set a day for counting the ballots and name
23 judges and clerks of election to conduct the count of ballots
24 and shall make any rules necessary for the conduct of the
25 count.

26 The candidate or candidates receiving the highest number

1 of votes for each class of trustee shall be elected. In the
2 case of a tie vote, the winner shall be determined in
3 accordance with procedures developed by the Department of
4 Insurance.

5 In lieu of conducting elections via mail balloting as
6 described in this Section, the board may instead adopt rules
7 to provide for elections to be carried out solely via Internet
8 balloting or phone balloting. Nothing in this Section
9 prohibits the Fund from contracting with a third party to
10 administer the election in accordance with this Section.

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

12 (1) Each person authorized to vote for an elected
13 trustee may cast one vote for each related position for
14 which such person is entitled to vote and may cast such
15 vote for any candidate or candidates on the ballot for
16 such trustee position.

17 (2) If only one candidate for each position is
18 properly nominated in petitions received, that candidate
19 shall be deemed the winner and no election under this
20 Section shall be required.

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

23 (e) The initial election for permanent trustees shall be
24 held and the permanent board shall be seated no later than 12
25 months after the effective date of this amendatory Act of the
26 101st General Assembly. Each subsequent election shall be held

1 no later than 30 days prior to the end of the term of the
2 incumbent trustees.

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

7 (1) one trustee elected pursuant to item (1) of
8 subsection (b) of Section 22B-115 shall serve for a term
9 of 2 years and 2 trustees elected pursuant to item (1) of
10 subsection (b) of Section 22B-115 shall serve for a term
11 of 4 years;

12 (2) two trustees elected pursuant to item (2) of
13 subsection (b) of Section 22B-115 shall serve for a term
14 of 2 years and one trustee elected pursuant to item (2) of
15 subsection (b) of Section 22B-115 shall serve for a term
16 of 4 years; and

17 (3) one trustee elected pursuant to item (3) of
18 subsection (b) of Section 22B-115 shall serve for a term
19 of 2 years and one trustee elected pursuant to item (3) of
20 subsection (b) of Section 22B-115 shall serve for a term
21 of 4 years.

22 (g) The trustee appointed pursuant to item (4) of
23 subsection (b) of Section 22B-115 shall serve for a term of 2
24 years commencing on the first business day of the first month
25 after the election of the elected trustees.

26 (h) A member of the board who was elected pursuant to item

1 (1) of subsection (b) of Section 22B-115 who ceases to serve as
2 a mayor, president, chief executive officer, chief financial
3 officer, or other officer, executive, or department head of a
4 municipality that has a participating pension fund shall not
5 be eligible to serve as a member of the board and his or her
6 position shall be deemed vacant. A member of the board who was
7 elected by the participants of participating pension funds who
8 ceases to be a participant may serve the remainder of his or
9 her elected term.

10 For a vacancy of a trustee under item (1) of subsection (b)
11 of Section 22B-115, the vacancy shall be filled by appointment
12 by the board for the unexpired term from a list of candidates
13 recommended by the trustees under item (1) of subsection (b)
14 of Section 22B-115. The list of candidates shall be compiled
15 and presented to the board by the executive director of the
16 Fund.

17 For a vacancy of a trustee under item (2) of subsection (b)
18 of Section 22B-115, the vacancy shall be filled by appointment
19 by the board for the unexpired term from a list of candidates
20 recommended by the trustees under item (2) of subsection (b)
21 of Section 22B-115. The list of candidates shall be compiled
22 and presented to the board by the executive director of the
23 Fund.

24 For a vacancy of a trustee under item (3) of subsection (b)
25 of Section 22B-115, the vacancy shall be filled by appointment
26 by the board for the unexpired term from a list of candidates

1 recommended by the trustees under item (3) of subsection (b)
2 of Section 22B-115. The list of candidates shall be compiled
3 and presented to the board by the executive director of the
4 Fund.

5 ~~For a vacancy of an elected trustee occurring with an~~
6 ~~unexpired term of 6 months or more, an election shall be~~
7 ~~conducted for the vacancy in accordance with Section 22B 115~~
8 ~~and this Section.~~

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

22 Vacancies among the appointed trustees shall be filled for
23 unexpired terms by appointment in like manner as for the
24 original appointments.

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

1 (40 ILCS 5/22B-120)

2 Sec. 22B-120. Transition period; transfer of securities,
3 assets, and investment functions.

4 (a) The transition period shall commence on the effective
5 date of this amendatory Act of the 101st General Assembly and
6 shall end as determined by the board, consistent with and in
7 the application of its fiduciary responsibilities, but in no
8 event later than 36 ~~30~~ months thereafter.

9 (b) The board may retain the services of custodians,
10 investment consultants, and other professional services it
11 deems prudent to implement the transition of assets described
12 in this Section. The permanent board of trustees shall not be
13 bound by any contract or agreement regarding such custodians,
14 investment consultants, or other professional services entered
15 into by the transition board of trustees.

16 (c) As soon as practicable after the effective date of
17 this amendatory Act of the 101st General Assembly, the board,
18 in cooperation with the Department of Insurance, shall audit
19 the investment assets of each transferor pension fund to
20 determine a certified investment asset list for each
21 transferor pension fund. The audit shall be performed by a
22 certified public accountant engaged by the board, and the
23 board shall be responsible for payment of the costs and
24 expenses associated with the audit. Upon completion of the
25 audit for any transferor pension fund, the board and the
26 Department of Insurance shall provide the certified investment

1 asset list to that transferor pension fund. Upon determination
2 of the certified investment asset list for any transferor
3 pension fund, the board shall, within 10 business days or as
4 soon thereafter as may be practicable as determined by the
5 board, initiate the transfer of assets from that transferor
6 pension fund. Further and to maintain accuracy of the
7 certified investment asset list, upon determination of the
8 certified investment asset list for a transferor pension fund,
9 that fund shall not purchase or sell any of its pension fund
10 assets.

11 (d) When the Fund is prepared to receive pension fund
12 assets from any transferor pension fund, the executive
13 director shall notify in writing the board of trustees of that
14 transferor pension fund of the Fund's intent to assume
15 fiduciary control of those pension fund assets, and the date
16 at which it will assume such control and that the transferor
17 pension fund will cease to exercise fiduciary responsibility.
18 This letter shall be transmitted no less than 30 days prior to
19 the transfer date. A copy of the letter shall be transmitted to
20 the Department of Insurance. Upon receipt of the letter, the
21 transferor pension fund shall promptly notify its custodian,
22 as well as any and all entities with fiduciary control of any
23 portion of the pension assets. Each transferor pension fund
24 shall have sole fiduciary and statutory responsibility for the
25 management of its pension assets until the start of business
26 on the transfer date. At the start of business on the transfer

1 date, statutory and fiduciary responsibility for the
2 investment of pension fund assets shall shift exclusively to
3 the Fund and the Fund shall promptly and prudently transfer
4 all such pension fund assets to the board and terminate the
5 relationship with the local custodian of that transferor
6 pension fund. The Fund shall provide a receipt for the
7 transfer to the transferor pension fund within 30 days of the
8 transfer date.

9 As used in this subsection, "transfer date" means the date
10 at which the Fund will assume fiduciary control of the
11 transferor pension fund's assets and the transferor pension
12 fund will cease to exercise fiduciary responsibility.

13 (e) Within 90 days after the end of the transition period
14 or as soon thereafter as may be practicable as determined by
15 the board, the Fund and the Department of Insurance shall
16 cooperate in transferring to the Fund all pension fund assets
17 remaining in the custody of the transferor pension funds.

18 (f) The board shall adopt such rules as in its judgment are
19 desirable to implement the transition process, including,
20 without limitation, the transfer of the pension fund assets of
21 the transferor pension funds, the assumption of fiduciary
22 control of such assets by the Fund, and the termination of
23 relationships with local custodians. The adoption and
24 effectiveness of such rules and regulations shall not be
25 subject to Article 5 of the Illinois Administrative Procedure
26 Act.

1 (g) Within 6 months after the end of the transition period
2 or as soon thereafter as may be practicable as determined by
3 the board, the books, records, accounts, and securities of the
4 Fund shall be audited by a certified public accountant
5 selected by the board. This audit shall include, but not be
6 limited to, the following: (1) a full description of the
7 investments acquired, showing average costs; (2) a full
8 description of the securities sold or exchanged, showing
9 average proceeds or other conditions of an exchange; (3) gains
10 or losses realized during the period; (4) income from
11 investments; and (5) administrative expenses incurred by the
12 board. This audit report shall be published on the Fund's
13 official website and filed with the Department of Insurance.

14 (h) To provide funds for payment of the ordinary and
15 regular costs associated with the implementation of this
16 transition process, the Illinois Finance Authority is
17 authorized to loan to the Fund up to \$7,500,000 of any of the
18 Authority's funds, including, but not limited to, funds in its
19 Illinois Housing Partnership Program Fund, its Industrial
20 Project Insurance Fund, or its Illinois Venture Investment
21 Fund, for such purpose. Such loan shall be repaid by the Fund
22 with an interest rate tied to the Federal Funds Rate or an
23 equivalent market established variable rate. The Fund and the
24 Illinois Finance Authority shall enter into a loan or similar
25 agreement that specifies the period of the loan, the payment
26 interval, procedures for making periodic loans, the variable

1 rate methodology to which the interest rate for loans should
2 be tied, the funds of the Illinois Finance Authority that will
3 be used to provide the loan, and such other terms that the Fund
4 and the Illinois Finance Authority reasonably believe to be
5 mutually beneficial. Such agreement shall be a public record
6 and the Fund shall post the terms of the agreement on its
7 official website.

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

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