

1 AN ACT in relation to 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 Section 1-109.1 as follows:

6 (40 ILCS 5/1-109.1) (from Ch. 108 1/2, par. 1-109.1)
7 Sec. 1-109.1. Allocation and Delegation of Fiduciary
8 Duties.

9 (1) Subject to the provisions of Section 22A-113 of this
10 Code and subsections (2) and (3) of this Section, the board
11 of trustees of a retirement system or pension fund
12 established under this Code may:

13 (a) Appoint one or more investment managers as
14 fiduciaries to manage (including the power to acquire and
15 dispose of) any assets of the retirement system or
16 pension fund; and

17 (b) Allocate duties among themselves and designate
18 others as fiduciaries to carry out specific fiduciary
19 activities other than the management of the assets of the
20 retirement system or pension fund.

21 (2) The board of trustees of a pension fund established
22 under Article 5, 6, 8, 9, 10, 11, 12 or 17 of this Code may
23 not transfer its investment authority, nor transfer the
24 assets of the fund to any other person or entity for the
25 purpose of consolidating or merging its assets and management
26 with any other pension fund or public investment authority,
27 unless the board resolution authorizing such transfer is
28 submitted for approval to the contributors and pensioners of
29 the fund at elections held not less than 30 days after the
30 adoption of such resolution by the board, and such resolution
31 is approved by a majority of the votes cast on the question

1 in both the contributors election and the pensioners
2 election. The election procedures and qualifications
3 governing the election of trustees shall govern the
4 submission of resolutions for approval under this paragraph,
5 insofar as they may be made applicable.

6 (3) Pursuant to subsections (h) and (i) of Section 6 of
7 Article VII of the Illinois Constitution, the investment
8 authority of boards of trustees of retirement systems and
9 pension funds established under this Code is declared to be a
10 subject of exclusive State jurisdiction, and the concurrent
11 exercise by a home rule unit of any power affecting such
12 investment authority is hereby specifically denied and
13 preempted.

14 (4) For the purposes of this Code, "emerging investment
15 manager" means a qualified investment adviser that manages an
16 investment portfolio of at least \$10,000,000 but less than
17 \$400,000,000 on January 1, 1993 and is a "minority owned
18 business" or "female owned business" as those terms are
19 defined in the Business Enterprise for Minorities, Females,
20 and Persons with Disabilities Act.

21 It is hereby declared to be the public policy of the
22 State of Illinois to encourage the trustees of public
23 employee retirement systems to use emerging investment
24 managers in managing their system's assets to the greatest
25 extent feasible within the bounds of financial and fiduciary
26 prudence, and to take affirmative steps to remove any
27 barriers to the full participation of emerging investment
28 managers in investment opportunities afforded by those
29 retirement systems.

30 Each retirement system subject to this Code shall prepare
31 a report to be submitted to the Governor and the General
32 Assembly by September 1 of each year. The report shall
33 identify the emerging investment managers used by the system,
34 the percentage of the system's assets under the investment

1 control of emerging investment managers, and the actions it
2 has undertaken to increase the use of emerging investment
3 managers, including encouraging other investment managers to
4 use emerging investment managers as subcontractors when the
5 opportunity arises.

6 The use of an emerging investment manager does not
7 constitute a transfer of investment authority for the
8 purposes of subsection (2) of this Section.

9 (5) Beginning no later than July 1, 2004, the Illinois
10 State Board of Investment and the board of trustees of each
11 retirement system or pension fund established under this Code
12 shall allocate its brokerage business, on an annual basis, as
13 follows:

14 (i) At least 30% of its brokerage business shall be
15 allocated to Illinois brokerage or investment banking
16 firms.

17 (ii) At least 25% of its brokerage business shall
18 be allocated to Illinois brokerage or investment banking
19 firms that are minority owned businesses as defined in
20 the Business Enterprise for Minorities, Females, and
21 Persons with Disabilities Act.

22 (iii) At least 5% of its brokerage business shall
23 be allocated to Illinois brokerage or investment banking
24 firms that are female owned businesses as defined in the
25 Business Enterprise for Minorities, Females, and Persons
26 with Disabilities Act.

27 (iv) To the extent practicable, at least 25% of its
28 non-Illinois brokerage business shall be allocated to
29 brokerage or investment banking firms that are minority
30 owned businesses or female owned businesses as defined in
31 the Business Enterprise for Minorities, Females, and
32 Persons with Disabilities Act.

33 (Source: P.A. 92-16, eff. 6-28-01.)

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