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LRB094 03163 AMC 46482 a

1 AMENDMENT TO HOUSE BILL 1813

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 1813 by replacing  
3 everything after the enacting clause with the following:

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 through investments in companies, individuals, partnerships,  
13 projects, and financially prudent investment opportunities in  
14 Illinois businesses or Illinois-based projects that promote  
15 the economy of the State or a region of the State, including  
16 without limitation promotion of venture capital programs, coal  
17 and other natural resource development, tourism development,  
18 infrastructure development, real estate development, and job  
19 development within the State of Illinois, while producing a  
20 competitive rate of return commensurate with the risk of  
21 investment.

22 "Illinois business" means a business that meets any of the  
23 following criteria:

24 (1) Conducts 25% or more of its business within the

1       State.

2           (2) Fifty percent or more of its employees are employed  
3       in Illinois.

4           (3) Twenty-five percent of the real property owned by  
5       the business is located within the State.

6       "Illinois-based project" means an individual project of a  
7       business that will result in the conduct of business within the  
8       State, the employment of individuals within the State, or the  
9       acquisition of real property located within the State.

10       (b) It is the public policy of the State of Illinois to  
11       encourage the pension funds, and any State agency investing  
12       funds on behalf of pension funds, to promote the economy of  
13       Illinois through the use of economic opportunity investments  
14       while managing their assets to the greatest extent feasible  
15       within the bounds of financial and fiduciary prudence.

16       (c) Each pension fund, except pension funds created under  
17       Articles 3 and 4 of this Code, shall submit a report to the  
18       Governor and the General Assembly by September 1 of each year  
19       that identifies the economic opportunity investments made by  
20       the fund, the primary location of the business or project, the  
21       percentage of the fund's assets in economic opportunity  
22       investments, and the actions that the fund has undertaken to  
23       increase the use of economic opportunity investments,  
24       including encouraging other investment managers to make  
25       economic opportunity investments through subcontractors.

26       (d) Pension funds created under Articles 2, 14, 15, 16, and  
27       18 of this Act, and any State agency investing funds on behalf  
28       of those pension funds, must make all reasonable efforts to  
29       invest a minimum of 5% of pension fund assets in economic  
30       opportunity investments. If a pension fund invests less than 5%  
31       of pension fund assets in economic opportunity investments,  
32       then the pension fund must include the reason it could not meet  
33       this minimum in the report required under subsection (c).

34       (e) In making economic opportunity investments, trustees

1 and fiduciaries must comply with the relevant requirements and  
2 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,  
3 1-110, and 1-111 of this Code. Economic opportunity investments  
4 that otherwise comply with this Code shall not be deemed  
5 imprudent solely because it is an investment in an Illinois  
6 business or Illinois-based project.

7 (40 ILCS 5/15-167) (from Ch. 108 1/2, par. 15-167)

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

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

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

31 All investments shall be clearly held and accounted for to  
32 indicate ownership by the board. The board may direct the  
33 registration of securities in its own name or in the name of a

1 nominee created for the express purpose of registration of  
2 securities by a national or state bank or trust company  
3 authorized to conduct a trust business in the State of  
4 Illinois.

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

8 All additions to assets from income, interest, and  
9 dividends from investments shall be used to pay benefits,  
10 operating and administrative expenses of the system, debt  
11 service, including any redemption premium, on any bonds issued  
12 by the board, expenses incurred or deposits required in  
13 connection with such bonds, and such other costs as may be  
14 provided in accordance with this Article.

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

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