



**94TH GENERAL ASSEMBLY**  
**State of Illinois**  
**2005 and 2006**  
**SB0134**

Introduced 2/1/2005, by Sen. James F. Clayborne, Jr.

**SYNOPSIS AS INTRODUCED:**

40 ILCS 5/7-190	from Ch. 108 1/2, par. 7-190
40 ILCS 5/7-201	from Ch. 108 1/2, par. 7-201
40 ILCS 5/7-201.1	from Ch. 108 1/2, par. 7-201.1
40 ILCS 5/22A-113	from Ch. 108 1/2, par. 22A-113
40 ILCS 5/7-188 rep.	
40 ILCS 5/7-195 rep.	

Amends the Illinois Pension Code to place the investment authority of the Illinois Municipal Retirement Fund under the Illinois State Board of Investment, beginning no later than January 1, 2006. Effective immediately.

LRB094 07114 EFG 37259 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

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 7-190, 7-201, 7-201.1, and 22A-113 as follows:

6 (40 ILCS 5/7-190) (from Ch. 108 1/2, par. 7-190)

7 Sec. 7-190. To fix compensation of employees. To determine  
8 and fix the rate of compensation to be paid to the executive  
9 director, actuary, investment counsel (until January 1, 2006),  
10 auditor, legal or medical counsel, and employees.

11 (Source: Laws 1963, p. 161.)

12 (40 ILCS 5/7-201) (from Ch. 108 1/2, par. 7-201)

13 Sec. 7-201. Investment authority.

14 (a) This subsection (a) applies until the date on which the  
15 investments of the Fund are transferred to the Illinois State  
16 Board of Investment in accordance with Section 7-201.1, but in  
17 no event later than January 1, 2006.

18 The assets of the fund in excess of the amount of cash  
19 required for current operation as determined by the board shall  
20 be invested, subject to the requirements and restrictions set  
21 forth in Sections 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114  
22 and 1-115 of this Code.

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

31 The board may sell any security belonging to the fund at

1 any time in its judgment that it is necessary or desirable to  
2 do so.

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

6 All investments shall be clearly held and accounted for to  
7 indicate ownership by the board. The board may direct the  
8 registration of securities or the holding of interests in real  
9 property in its own name or in the name of a nominee created  
10 for the express purpose of registration of securities or the  
11 holding of interests in real property by a savings and loan  
12 association or national or State bank or trust company  
13 authorized to conduct a trust business in the State of  
14 Illinois. The board may hold title to interests in real  
15 property in the name of the Fund or in the name of a title  
16 holding corporation created for the express purpose of holding  
17 title to interests in real property.

18 Investments shall be carried at cost or at a book value in  
19 accordance with generally accepted accounting principles and  
20 accounting procedures approved by the board.

21 The book value of investments held by any pension fund or  
22 retirement system in one or more commingled investment accounts  
23 shall be the cost of its units of participation in such  
24 commingled account or accounts as recorded on the books of the  
25 board.

26 (b) Beginning on the date on which the investments of the  
27 Fund are transferred to the Illinois State Board of Investment  
28 in accordance with Section 7-201.1, but in no event later than  
29 January 1, 2006, the authority to invest the assets of the Fund  
30 is vested in the Illinois State Board of Investment under  
31 Article 22A of this Code.

32 (Source: P.A. 89-136, eff. 7-14-95.)

33 (40 ILCS 5/7-201.1) (from Ch. 108 1/2, par. 7-201.1)

34 Sec. 7-201.1. ~~Participation in commingled investment~~  
35 ~~funds~~—Transfer of investment functions and securities.

1           (a) (Blank). ~~The retirement board may invest in any~~  
2 ~~commingled investment fund or funds established and maintained~~  
3 ~~by the Illinois State Board of Investment under the provisions~~  
4 ~~of Article 22A of this Code. The book value of all commingled~~  
5 ~~equity participations plus the book value of other stock~~  
6 ~~investments owned by this system shall not exceed the maximum~~  
7 ~~permissible percentage rate for equity investments prescribed~~  
8 ~~in Section 7-201. All commingled fund participations shall be~~  
9 ~~subject to the law governing the Illinois State Board of~~  
10 ~~Investment and the rules, policies and directives of that~~  
11 ~~Board.~~

12           (b) On or before January 1, 2006, the ~~The~~ retirement board  
13 shall ~~may, by resolution duly adopted by a majority vote of its~~  
14 ~~membership,~~ transfer to the Illinois State Board of Investment  
15 created by Article 22A of this Code, for management and  
16 administration, all investments owned by the Fund of every kind  
17 and character. Upon completion of such transfer, the authority  
18 of the retirement board to make investments shall terminate.  
19 Thereafter, all investments of the reserves of the Fund shall  
20 be made by the Illinois State Board of Investment in accordance  
21 with the provisions of Article 22A of this Code.

22           ~~Such transfer shall be made not later than the first day of~~  
23 ~~the fourth month next following the date of such resolution.~~  
24 Before such transfer an audit of such investments shall be  
25 completed by a certified public accountant selected by the  
26 Illinois State Board of Investment and approved by the Auditor  
27 General of the State of Illinois. The expense of such audit  
28 shall be defrayed by the retirement board.

29 (Source: P.A. 78-645.)

30 (40 ILCS 5/22A-113) (from Ch. 108 1/2, par. 22A-113)

31 Sec. 22A-113. Transfer of securities and investment  
32 functions.

33 (a) As soon as possible or practicable following the  
34 enactment of this Article and prior to July 1, 1970, the  
35 trustees of the State Employees' Retirement System, the General

1 Assembly Retirement System and the Judges Retirement System,  
2 shall transfer to this board for management and investment all  
3 of their securities or for which commitments have been made,  
4 and all funds, assets or moneys representing permanent or  
5 temporary investments, or cash reserves maintained for the  
6 purpose of obtaining income thereon.

7 (a-5) On or before January 1, 2006, the retirement board of  
8 the Illinois Municipal Retirement Fund shall transfer to this  
9 Board for management and investment all investments owned by  
10 the Fund of every kind and character.

11 (b) The board of trustees or retirement board of any  
12 pension fund or retirement system electing to come under the  
13 authority of the Illinois State Board of Investment for the  
14 management of its investments and the performance of investment  
15 functions previously performed by such board of that pension  
16 fund or retirement system shall effect a transfer of securities  
17 and other assets thereof not later than the first day of the  
18 4th month next following the date of such election, or as  
19 otherwise provided by law, after completion of an audit by a  
20 certified public accountant of such securities and other assets  
21 as authorized by the Illinois State Board of Investment and  
22 approved by the Auditor General of the State, the expense of  
23 which shall be assumed by the pension fund or retirement  
24 system. Upon such transfer, the authority of the ~~The~~ Illinois  
25 State Board of Investment in the case of such pension fund or  
26 retirement system is effective. These transfers shall be  
27 receipted for in detail by the Chairman and director of the  
28 board.

29 (c) The board of trustees or retirement board of any  
30 pension fund or retirement system authorized under the Illinois  
31 Pension Code to participate in any commingled investment fund  
32 or funds established and managed by the Illinois State Board of  
33 Investment under this Article may invest in such commingled  
34 investment fund or funds upon written notice to the Illinois  
35 State Board of Investment. The board of trustees of the  
36 Illinois Bank Examiners' Education Foundation is authorized to

1 participate in any commingled investment fund or funds  
2 established and managed by the Illinois State Board of  
3 Investment upon providing written notice to the Illinois State  
4 Board of Investment. Any participation in a commingled fund and  
5 the management thereof shall be in accordance with the  
6 governing law and the rules, policies and directives of the  
7 Illinois State Board of Investment.

8 (Source: P.A. 84-1127.)

9 (40 ILCS 5/7-188 rep.)

10 (40 ILCS 5/7-195 rep.)

11 Section 10. The Illinois Pension Code is amended by  
12 repealing Sections 7-188 and 7-195 on January 1, 2006.

13 Section 99. Effective date. This Act takes effect upon  
14 becoming law.