

SB1292



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB1292

Introduced 2/10/2009, by Sen. Iris Y. Martinez

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-109.1

from Ch. 108 1/2, par. 1-109.1

Amends the Illinois Pension Code. Requires each retirement system to establish a policy with the goal of increasing the racial, ethnic, and gender diversity of its fiduciaries, update the goals annually, and submit a report to the Governor and General Assembly by September 1 of each year.

LRB096 08007 AMC 19275 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 changing
5 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 of
11 trustees of a retirement system or pension fund established
12 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 pension
16 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 not
23 transfer its investment authority, nor transfer the assets of

1 the fund to any other person or entity for the purpose of
2 consolidating or merging its assets and management with any
3 other pension fund or public investment authority, unless the
4 board resolution authorizing such transfer is submitted for
5 approval to the contributors and pensioners of the fund at
6 elections held not less than 30 days after the adoption of such
7 resolution by the board, and such resolution is approved by a
8 majority of the votes cast on the question in both the
9 contributors election and the pensioners election. The
10 election procedures and qualifications governing the election
11 of trustees shall govern the submission of resolutions for
12 approval under this paragraph, insofar as they may be made
13 applicable.

14 (3) Pursuant to subsections (h) and (i) of Section 6 of
15 Article VII of the Illinois Constitution, the investment
16 authority of boards of trustees of retirement systems and
17 pension funds established under this Code is declared to be a
18 subject of exclusive State jurisdiction, and the concurrent
19 exercise by a home rule unit of any power affecting such
20 investment authority is hereby specifically denied and
21 preempted.

22 (4) For the purposes of this Code, "emerging investment
23 manager" means a qualified investment adviser that manages an
24 investment portfolio of at least \$10,000,000 but less than
25 \$2,000,000,000 and is a "minority owned business" or "female
26 owned business" as those terms are defined in the Business

1 Enterprise for Minorities, Females, and Persons with
2 Disabilities Act.

3 It is hereby declared to be the public policy of the State
4 of Illinois to encourage the trustees of public employee
5 retirement systems to use emerging investment managers in
6 managing their system's assets encompassing all asset classes
7 and brokerage to the greatest extent feasible within the bounds
8 of financial and fiduciary prudence, and to take affirmative
9 steps to remove any barriers to the full participation of
10 emerging investment managers in investment opportunities
11 afforded by those retirement systems.

12 Each retirement system subject to this Code shall prepare a
13 report to be submitted to the Governor and the General Assembly
14 by September 1 of each year. The report shall identify the
15 emerging investment managers used by the system, the percentage
16 of the system's assets under the investment control of emerging
17 investment managers, and the actions it has undertaken to
18 increase the use of emerging investment managers, including
19 encouraging other investment managers to use emerging
20 investment managers as subcontractors when the opportunity
21 arises.

22 The use of an emerging investment manager does not
23 constitute a transfer of investment authority for the purposes
24 of subsection (2) of this Section.

25 (5) Each retirement system subject to this Code shall
26 establish a policy with the goal of increasing the racial,

1 ethnic, and gender diversity of its fiduciaries, including its
2 consulting and senior staff. Goals shall be updated annually,
3 with each retirement system preparing a report to be submitted
4 to the Governor and the General Assembly by September 1 of each
5 year.

6 (Source: P.A. 94-471, eff. 8-4-05.)