



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB1734

Introduced 2/19/2009, by Sen. Jeffrey M. Schoenberg

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Creates the Illinois Public Employees' Retirement System as an investment system for the 5 State-funded retirement systems. Provides for the transfer of assets to the Illinois Public Employees' Retirement System for investment purposes from the Teachers' Retirement System of the State of Illinois, the State Universities Retirement System, and the Illinois State Board of Investments (who currently invests for the General Assembly Retirement System (GARS), the Judges Retirement System of Illinois (JRS), and the State Employees' Retirement System of Illinois (SERS). Makes other changes related to investment and the ethics of investing retirement system and pension fund assets. Amends various Acts concerning ethics and to replace references to the Illinois State Board of Investment with references to the Illinois Public Employees' Retirement System. Effective immediately.

LRB096 09672 AMC 19833 b

CORRECTIONAL
BUDGET AND
IMPACT NOTE ACT
MAY APPLY

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 1. Findings. The General Assembly makes the
5 following findings:

6 (1) Under the Illinois Pension Code, there currently
7 exist pension systems representing various public entities
8 and annuitants.

9 (2) Such pension systems include the General Assembly
10 Retirement System (GARS), the Judges Retirement System of
11 Illinois (JRS), the Teachers' Retirement System of the
12 State of Illinois (TRS), the State Employees' Retirement
13 System of Illinois (SERS), and the State Universities
14 Retirement System (SURS), which are collectively
15 referenced as the 5 State-funded retirement systems.

16 (3) Each of the 5 State-funded retirement systems have
17 their own independent board of trustees, and investments
18 for the 5 systems are made by 3 independent investment
19 boards.

20 (4) The duplicated investment efforts of the
21 independent boards, staffs, and investment advisors result
22 in an extraordinary cost to the taxpayers, public
23 employees, and annuitants of the retirement systems.

24 (5) It is in the best interest of the taxpayers, public

1 employees, annuitants of the retirement systems, and the
2 State of Illinois to consolidate various investment
3 functions and to ensure ethical and transparent conduct.

4 Section 5. The Illinois Governmental Ethics Act is amended
5 by changing Sections 4A-101, 4A-102, 4A-106, and 4A-107 as
6 follows:

7 (5 ILCS 420/4A-101) (from Ch. 127, par. 604A-101)

8 Sec. 4A-101. Persons required to file. The following
9 persons shall file verified written statements of economic
10 interests, as provided in this Article:

11 (a) Members of the General Assembly and candidates for
12 nomination or election to the General Assembly.

13 (b) Persons holding an elected office in the Executive
14 Branch of this State, and candidates for nomination or
15 election to these offices.

16 (c) Members of a Commission or Board created by the
17 Illinois Constitution, and candidates for nomination or
18 election to such Commission or Board.

19 (d) Persons whose appointment to office is subject to
20 confirmation by the Senate.

21 (e) Holders of, and candidates for nomination or
22 election to, the office of judge or associate judge of the
23 Circuit Court and the office of judge of the Appellate or
24 Supreme Court.

1 (f) Persons who are employed by any branch, agency,
2 authority or board of the government of this State,
3 including but not limited to, the Illinois State Toll
4 Highway Authority, the Illinois Housing Development
5 Authority, the Illinois Community College Board, and
6 institutions under the jurisdiction of the Board of
7 Trustees of the University of Illinois, Board of Trustees
8 of Southern Illinois University, Board of Trustees of
9 Chicago State University, Board of Trustees of Eastern
10 Illinois University, Board of Trustees of Governor's State
11 University, Board of Trustees of Illinois State
12 University, Board of Trustees of Northeastern Illinois
13 University, Board of Trustees of Northern Illinois
14 University, Board of Trustees of Western Illinois
15 University, or Board of Trustees of the Illinois
16 Mathematics and Science Academy, and are compensated for
17 services as employees and not as independent contractors
18 and who:

19 (1) are, or function as, the head of a department,
20 commission, board, division, bureau, authority or
21 other administrative unit within the government of
22 this State, or who exercise similar authority within
23 the government of this State;

24 (2) have direct supervisory authority over, or
25 direct responsibility for the formulation,
26 negotiation, issuance or execution of contracts

1 entered into by the State in the amount of \$5,000 or
2 more;

3 (3) have authority for the issuance or
4 promulgation of rules and regulations within areas
5 under the authority of the State;

6 (4) have authority for the approval of
7 professional licenses;

8 (5) have responsibility with respect to the
9 financial inspection of regulated nongovernmental
10 entities;

11 (6) adjudicate, arbitrate, or decide any judicial
12 or administrative proceeding, or review the
13 adjudication, arbitration or decision of any judicial
14 or administrative proceeding within the authority of
15 the State;

16 (7) have supervisory responsibility for 20 or more
17 employees of the State; or

18 (8) negotiate, assign, authorize, or grant naming
19 rights or sponsorship rights regarding any property or
20 asset of the State, whether real, personal, tangible,
21 or intangible.

22 (g) Persons who are elected to office in a unit of
23 local government, and candidates for nomination or
24 election to that office, including regional
25 superintendents of school districts.

26 (h) Persons appointed to the governing board of a unit

1 of local government, or of a special district, and persons
2 appointed to a zoning board, or zoning board of appeals, or
3 to a regional, county, or municipal plan commission, or to
4 a board of review of any county, and persons appointed to
5 the Board of the Metropolitan Pier and Exposition Authority
6 and any Trustee appointed under Section 22 of the
7 Metropolitan Pier and Exposition Authority Act, and
8 persons appointed to a board or commission of a unit of
9 local government who have authority to authorize the
10 expenditure of public funds. This subsection does not apply
11 to members of boards or commissions who function in an
12 advisory capacity.

13 (i) Persons who are employed by a unit of local
14 government and are compensated for services as employees
15 and not as independent contractors and who:

16 (1) are, or function as, the head of a department,
17 division, bureau, authority or other administrative
18 unit within the unit of local government, or who
19 exercise similar authority within the unit of local
20 government;

21 (2) have direct supervisory authority over, or
22 direct responsibility for the formulation,
23 negotiation, issuance or execution of contracts
24 entered into by the unit of local government in the
25 amount of \$1,000 or greater;

26 (3) have authority to approve licenses and permits

1 by the unit of local government; this item does not
2 include employees who function in a ministerial
3 capacity;

4 (4) adjudicate, arbitrate, or decide any judicial
5 or administrative proceeding, or review the
6 adjudication, arbitration or decision of any judicial
7 or administrative proceeding within the authority of
8 the unit of local government;

9 (5) have authority to issue or promulgate rules and
10 regulations within areas under the authority of the
11 unit of local government; or

12 (6) have supervisory responsibility for 20 or more
13 employees of the unit of local government.

14 (j) Persons on the Board of Trustees of the Illinois
15 Mathematics and Science Academy.

16 (k) Persons employed by a school district in positions
17 that require that person to hold an administrative or a
18 chief school business official endorsement.

19 (l) Special government agents. A "special government
20 agent" is a person who is directed, retained, designated,
21 appointed, or employed, with or without compensation, by or
22 on behalf of a statewide executive branch constitutional
23 officer to make an ex parte communication under Section
24 5-50 of the State Officials and Employees Ethics Act or
25 Section 5-165 of the Illinois Administrative Procedure
26 Act.

1 (m) Members of the board of commissioners of any flood
2 prevention district.

3 (n) Members of the Board of Trustees of the investment
4 system established under Article 25 of the Illinois Pension
5 Code and members of the Illinois Public Employees'
6 Retirement System Oversight Board.

7 This Section shall not be construed to prevent any unit of
8 local government from enacting financial disclosure
9 requirements that mandate more information than required by
10 this Act.

11 (Source: P.A. 95-719, eff. 5-21-08.)

12 (5 ILCS 420/4A-102) (from Ch. 127, par. 604A-102)

13 Sec. 4A-102. The statement of economic interests required
14 by this Article shall include the economic interests of the
15 person making the statement as provided in this Section. The
16 interest (if constructively controlled by the person making the
17 statement) of a spouse or any other party, shall be considered
18 to be the same as the interest of the person making the
19 statement. Campaign receipts shall not be included in this
20 statement.

21 (a) The following interests shall be listed by all persons
22 required to file:

23 (1) The name, address and type of practice of any
24 professional organization or individual professional
25 practice in which the person making the statement was an

1 officer, director, associate, partner or proprietor, or
2 served in any advisory capacity, from which income in
3 excess of \$1200 was derived during the preceding calendar
4 year;

5 (2) The nature of professional services (other than
6 services rendered to the unit or units of government in
7 relation to which the person is required to file) and the
8 nature of the entity to which they were rendered if fees
9 exceeding \$5,000 were received during the preceding
10 calendar year from the entity for professional services
11 rendered by the person making the statement.

12 (3) The identity (including the address or legal
13 description of real estate) of any capital asset from which
14 a capital gain of \$5,000 or more was realized in the
15 preceding calendar year.

16 (4) The name of any unit of government which has
17 employed the person making the statement during the
18 preceding calendar year other than the unit or units of
19 government in relation to which the person is required to
20 file.

21 (5) The name of any entity from which a gift or gifts,
22 or honorarium or honoraria, valued singly or in the
23 aggregate in excess of \$500, was received during the
24 preceding calendar year.

25 (b) The following interests shall also be listed by persons
26 listed in items (a) through (f), ~~and item (l)~~, and item (n) of

1 Section 4A-101:

2 (1) The name and instrument of ownership in any entity
3 doing business in the State of Illinois, in which an
4 ownership interest held by the person at the date of filing
5 is in excess of \$5,000 fair market value or from which
6 dividends of in excess of \$1,200 were derived during the
7 preceding calendar year. (In the case of real estate,
8 location thereof shall be listed by street address, or if
9 none, then by legal description). No time or demand deposit
10 in a financial institution, nor any debt instrument need be
11 listed;

12 (2) Except for professional service entities, the name
13 of any entity and any position held therein from which
14 income of in excess of \$1,200 was derived during the
15 preceding calendar year, if the entity does business in the
16 State of Illinois. No time or demand deposit in a financial
17 institution, nor any debt instrument need be listed.

18 (3) The identity of any compensated lobbyist with whom
19 the person making the statement maintains a close economic
20 association, including the name of the lobbyist and
21 specifying the legislative matter or matters which are the
22 object of the lobbying activity, and describing the general
23 type of economic activity of the client or principal on
24 whose behalf that person is lobbying.

25 (c) The following interests shall also be listed by persons
26 listed in items (g), (h), and (i) of Section 4A-101:

1 (1) The name and instrument of ownership in any entity
2 doing business with a unit of local government in relation
3 to which the person is required to file if the ownership
4 interest of the person filing is greater than \$5,000 fair
5 market value as of the date of filing or if dividends in
6 excess of \$1,200 were received from the entity during the
7 preceding calendar year. (In the case of real estate,
8 location thereof shall be listed by street address, or if
9 none, then by legal description). No time or demand deposit
10 in a financial institution, nor any debt instrument need be
11 listed.

12 (2) Except for professional service entities, the name
13 of any entity and any position held therein from which
14 income in excess of \$1,200 was derived during the preceding
15 calendar year if the entity does business with a unit of
16 local government in relation to which the person is
17 required to file. No time or demand deposit in a financial
18 institution, nor any debt instrument need be listed.

19 (3) The name of any entity and the nature of the
20 governmental action requested by any entity which has
21 applied to a unit of local government in relation to which
22 the person must file for any license, franchise or permit
23 for annexation, zoning or rezoning of real estate during
24 the preceding calendar year if the ownership interest of
25 the person filing is in excess of \$5,000 fair market value
26 at the time of filing or if income or dividends in excess

1 of \$1,200 were received by the person filing from the
2 entity during the preceding calendar year.

3 (Source: P.A. 92-101, eff. 1-1-02; 93-617, eff. 12-9-03.)

4 (5 ILCS 420/4A-106) (from Ch. 127, par. 604A-106)

5 Sec. 4A-106. The statements of economic interests required
6 of persons listed in items (a) through (f), item (j), ~~and~~ item
7 (l), and item (n) of Section 4A-101 shall be filed with the
8 Secretary of State. The statements of economic interests
9 required of persons listed in items (g), (h), (i), and (k) of
10 Section 4A-101 shall be filed with the county clerk of the
11 county in which the principal office of the unit of local
12 government with which the person is associated is located. If
13 it is not apparent which county the principal office of a unit
14 of local government is located, the chief administrative
15 officer, or his or her designee, has the authority, for
16 purposes of this Act, to determine the county in which the
17 principal office is located. On or before February 1 annually,
18 (1) the chief administrative officer of any State agency in the
19 executive, legislative, or judicial branch employing persons
20 required to file under item (f) or item (l) of Section 4A-101
21 and the chairperson of a board described in item (n) of Section
22 4A-101 shall certify to the Secretary of State the names and
23 mailing addresses of those persons, and (2) the chief
24 administrative officer, or his or her designee, of each unit of
25 local government with persons described in items (h), (i) and

1 (k) of Section 4A-101 shall certify to the appropriate county
2 clerk a list of names and addresses of persons described in
3 items (h), (i) and (k) of Section 4A-101 that are required to
4 file. In preparing the lists, each chief administrative
5 officer, or his or her designee, shall set out the names in
6 alphabetical order.

7 On or before April 1 annually, the Secretary of State shall
8 notify (1) all persons whose names have been certified to him
9 under items (f), ~~and~~ (l), and (n) of Section 4A-101, and (2)
10 all persons described in items (a) through (e) and item (j) of
11 Section 4A-101, other than candidates for office who have filed
12 their statements with their nominating petitions, of the
13 requirements for filing statements of economic interests. A
14 person required to file with the Secretary of State by virtue
15 of more than one item among items (a) through (f) and items
16 (j), ~~and~~ (l), and (n) shall be notified of and is required to
17 file only one statement of economic interests relating to all
18 items under which the person is required to file with the
19 Secretary of State.

20 On or before April 1 annually, the county clerk of each
21 county shall notify all persons whose names have been certified
22 to him under items (g), (h), (i), and (k) of Section 4A-101,
23 other than candidates for office who have filed their
24 statements with their nominating petitions, of the
25 requirements for filing statements of economic interests. A
26 person required to file with a county clerk by virtue of more

1 than one item among items (g), (h), (i), and (k) shall be
2 notified of and is required to file only one statement of
3 economic interests relating to all items under which the person
4 is required to file with that county clerk.

5 Except as provided in Section 4A-106.1, the notices
6 provided for in this Section shall be in writing and deposited
7 in the U.S. Mail, properly addressed, first class postage
8 prepaid, on or before the day required by this Section for the
9 sending of the notice. A certificate executed by the Secretary
10 of State or county clerk attesting that he has mailed the
11 notice constitutes prima facie evidence thereof.

12 From the lists certified to him under this Section of
13 persons described in items (g), (h), (i), and (k) of Section
14 4A-101, the clerk of each county shall compile an alphabetical
15 listing of persons required to file statements of economic
16 interests in his office under any of those items. As the
17 statements are filed in his office, the county clerk shall
18 cause the fact of that filing to be indicated on the
19 alphabetical listing of persons who are required to file
20 statements. Within 30 days after the due dates, the county
21 clerk shall mail to the State Board of Elections a true copy of
22 that listing showing those who have filed statements.

23 The county clerk of each county shall note upon the
24 alphabetical listing the names of all persons required to file
25 a statement of economic interests who failed to file a
26 statement on or before May 1. It shall be the duty of the

1 several county clerks to give notice as provided in Section
2 4A-105 to any person who has failed to file his or her
3 statement with the clerk on or before May 1.

4 Any person who files or has filed a statement of economic
5 interest under this Act is entitled to receive from the
6 Secretary of State or county clerk, as the case may be, a
7 receipt indicating that the person has filed such a statement,
8 the date of such filing, and the identity of the governmental
9 unit or units in relation to which the filing is required.

10 The Secretary of State may employ such employees and
11 consultants as he considers necessary to carry out his duties
12 hereunder, and may prescribe their duties, fix their
13 compensation, and provide for reimbursement of their expenses.

14 All statements of economic interests filed under this
15 Section shall be available for examination and copying by the
16 public at all reasonable times. Not later than 12 months after
17 the effective date of this amendatory Act of the 93rd General
18 Assembly, beginning with statements filed in calendar year
19 2004, the Secretary of State shall make statements of economic
20 interests filed with the Secretary available for inspection and
21 copying via the Secretary's website.

22 (Source: P.A. 93-617, eff. 12-9-03; 94-603, eff. 8-16-05.)

23 (5 ILCS 420/4A-107) (from Ch. 127, par. 604A-107)

24 Sec. 4A-107. Any person required to file a statement of
25 economic interests under this Article who willfully files a

1 false or incomplete statement shall be guilty of a Class A
2 misdemeanor.

3 Failure to file a statement within the time prescribed
4 shall result in ineligibility for, or forfeiture of, office or
5 position of employment, as the case may be; provided, however,
6 that if the notice of failure to file a statement of economic
7 interests provided in Section 4A-105 of this Act is not given
8 by the Secretary of State or the county clerk, as the case may
9 be, no forfeiture shall result if a statement is filed within
10 30 days of actual notice of the failure to file.

11 The Attorney General, with respect to offices or positions
12 described in items (a) through (f) and items (j), ~~and~~ (l), and
13 (n) of Section 4A-101 of this Act, or the State's Attorney of
14 the county of the entity for which the filing of statements of
15 economic interests is required, with respect to offices or
16 positions described in items (g) through (i) and item (k) of
17 Section 4A-101 of this Act, shall bring an action in quo
18 warranto against any person who has failed to file by either
19 May 31 or June 30 of any given year.

20 (Source: P.A. 93-617, eff. 12-9-03.)

21 Section 10. The State Officials and Employees Ethics Act is
22 amended by changing Section 1-5 as follows:

23 (5 ILCS 430/1-5)

24 Sec. 1-5. Definitions. As used in this Act:

1 "Appointee" means a person appointed to a position in or
2 with a State agency, regardless of whether the position is
3 compensated.

4 "Campaign for elective office" means any activity in
5 furtherance of an effort to influence the selection,
6 nomination, election, or appointment of any individual to any
7 federal, State, or local public office or office in a political
8 organization, or the selection, nomination, or election of
9 Presidential or Vice-Presidential electors, but does not
10 include activities (i) relating to the support or opposition of
11 any executive, legislative, or administrative action (as those
12 terms are defined in Section 2 of the Lobbyist Registration
13 Act), (ii) relating to collective bargaining, or (iii) that are
14 otherwise in furtherance of the person's official State duties.

15 "Candidate" means a person who has filed nominating papers
16 or petitions for nomination or election to an elected State
17 office, or who has been appointed to fill a vacancy in
18 nomination, and who remains eligible for placement on the
19 ballot at either a general primary election or general
20 election.

21 "Collective bargaining" has the same meaning as that term
22 is defined in Section 3 of the Illinois Public Labor Relations
23 Act.

24 "Commission" means an ethics commission created by this
25 Act.

26 "Compensated time" means any time worked by or credited to

1 a State employee that counts toward any minimum work time
2 requirement imposed as a condition of employment with a State
3 agency, but does not include any designated State holidays or
4 any period when the employee is on a leave of absence.

5 "Compensatory time off" means authorized time off earned by
6 or awarded to a State employee to compensate in whole or in
7 part for time worked in excess of the minimum work time
8 required of that employee as a condition of employment with a
9 State agency.

10 "Contribution" has the same meaning as that term is defined
11 in Section 9-1.4 of the Election Code.

12 "Employee" means (i) any person employed full-time,
13 part-time, or pursuant to a contract and whose employment
14 duties are subject to the direction and control of an employer
15 with regard to the material details of how the work is to be
16 performed or (ii) any appointed or elected commissioner,
17 trustee, director, or board member of a board of a State
18 agency, including the Board of Trustees and Oversight Board of
19 the Illinois Public Employees' Retirement System found in
20 Article 25 of the Illinois Pension Code or (iii) any other
21 appointee.

22 "Executive branch constitutional officer" means the
23 Governor, Lieutenant Governor, Attorney General, Secretary of
24 State, Comptroller, and Treasurer.

25 "Gift" means any gratuity, discount, entertainment,
26 hospitality, loan, forbearance, or other tangible or

1 intangible item having monetary value including, but not
2 limited to, cash, food and drink, and honoraria for speaking
3 engagements related to or attributable to government
4 employment or the official position of an employee, member, or
5 officer.

6 "Governmental entity" means a unit of local government
7 (including a community college district) or a school district
8 but not a State agency.

9 "Leave of absence" means any period during which a State
10 employee does not receive (i) compensation for State
11 employment, (ii) service credit towards State pension
12 benefits, and (iii) health insurance benefits paid for by the
13 State.

14 "Legislative branch constitutional officer" means a member
15 of the General Assembly and the Auditor General.

16 "Legislative leader" means the President and Minority
17 Leader of the Senate and the Speaker and Minority Leader of the
18 House of Representatives.

19 "Member" means a member of the General Assembly.

20 "Officer" means an executive branch constitutional officer
21 or a legislative branch constitutional officer.

22 "Political" means any activity in support of or in
23 connection with any campaign for elective office or any
24 political organization, but does not include activities (i)
25 relating to the support or opposition of any executive,
26 legislative, or administrative action (as those terms are

1 defined in Section 2 of the Lobbyist Registration Act), (ii)
2 relating to collective bargaining, or (iii) that are otherwise
3 in furtherance of the person's official State duties or
4 governmental and public service functions.

5 "Political organization" means a party, committee,
6 association, fund, or other organization (whether or not
7 incorporated) that is required to file a statement of
8 organization with the State Board of Elections or a county
9 clerk under Section 9-3 of the Election Code, but only with
10 regard to those activities that require filing with the State
11 Board of Elections or a county clerk.

12 "Prohibited political activity" means:

13 (1) Preparing for, organizing, or participating in any
14 political meeting, political rally, political
15 demonstration, or other political event.

16 (2) Soliciting contributions, including but not
17 limited to the purchase of, selling, distributing, or
18 receiving payment for tickets for any political
19 fundraiser, political meeting, or other political event.

20 (3) Soliciting, planning the solicitation of, or
21 preparing any document or report regarding any thing of
22 value intended as a campaign contribution.

23 (4) Planning, conducting, or participating in a public
24 opinion poll in connection with a campaign for elective
25 office or on behalf of a political organization for
26 political purposes or for or against any referendum

1 question.

2 (5) Surveying or gathering information from potential
3 or actual voters in an election to determine probable vote
4 outcome in connection with a campaign for elective office
5 or on behalf of a political organization for political
6 purposes or for or against any referendum question.

7 (6) Assisting at the polls on election day on behalf of
8 any political organization or candidate for elective
9 office or for or against any referendum question.

10 (7) Soliciting votes on behalf of a candidate for
11 elective office or a political organization or for or
12 against any referendum question or helping in an effort to
13 get voters to the polls.

14 (8) Initiating for circulation, preparing,
15 circulating, reviewing, or filing any petition on behalf of
16 a candidate for elective office or for or against any
17 referendum question.

18 (9) Making contributions on behalf of any candidate for
19 elective office in that capacity or in connection with a
20 campaign for elective office.

21 (10) Preparing or reviewing responses to candidate
22 questionnaires in connection with a campaign for elective
23 office or on behalf of a political organization for
24 political purposes.

25 (11) Distributing, preparing for distribution, or
26 mailing campaign literature, campaign signs, or other

1 campaign material on behalf of any candidate for elective
2 office or for or against any referendum question.

3 (12) Campaigning for any elective office or for or
4 against any referendum question.

5 (13) Managing or working on a campaign for elective
6 office or for or against any referendum question.

7 (14) Serving as a delegate, alternate, or proxy to a
8 political party convention.

9 (15) Participating in any recount or challenge to the
10 outcome of any election, except to the extent that under
11 subsection (d) of Section 6 of Article IV of the Illinois
12 Constitution each house of the General Assembly shall judge
13 the elections, returns, and qualifications of its members.

14 "Prohibited source" means any person or entity who:

15 (1) is seeking official action (i) by the member or
16 officer or (ii) in the case of an employee, by the employee
17 or by the member, officer, State agency, or other employee
18 directing the employee;

19 (2) does business or seeks to do business (i) with the
20 member or officer or (ii) in the case of an employee, with
21 the employee or with the member, officer, State agency, or
22 other employee directing the employee;

23 (3) conducts activities regulated (i) by the member or
24 officer or (ii) in the case of an employee, by the employee
25 or by the member, officer, State agency, or other employee
26 directing the employee;

1 (4) has interests that may be substantially affected by
2 the performance or non-performance of the official duties
3 of the member, officer, or employee; or

4 (5) is registered or required to be registered with the
5 Secretary of State under the Lobbyist Registration Act,
6 except that an entity not otherwise a prohibited source
7 does not become a prohibited source merely because a
8 registered lobbyist is one of its members or serves on its
9 board of directors.

10 "State agency" includes all officers, boards, commissions
11 and agencies created by the Constitution, whether in the
12 executive or legislative branch; all officers, departments,
13 boards, commissions, agencies, institutions, authorities,
14 public institutions of higher learning as defined in Section 2
15 of the Higher Education Cooperation Act (except community
16 colleges), and bodies politic and corporate of the State; and
17 administrative units or corporate outgrowths of the State
18 government which are created by or pursuant to statute, other
19 than units of local government (including community college
20 districts) and their officers, school districts, and boards of
21 election commissioners; and all administrative units and
22 corporate outgrowths of the above and as may be created by
23 executive order of the Governor. "State agency" includes the
24 General Assembly, the Senate, the House of Representatives, the
25 President and Minority Leader of the Senate, the Speaker and
26 Minority Leader of the House of Representatives, the Senate

1 Operations Commission, and the legislative support services
2 agencies. "State agency" includes the Office of the Auditor
3 General. "State agency" does not include the judicial branch.

4 "State employee" means any employee of a State agency.

5 "Ultimate jurisdictional authority" means the following:

6 (1) For members, legislative partisan staff, and
7 legislative secretaries, the appropriate legislative
8 leader: President of the Senate, Minority Leader of the
9 Senate, Speaker of the House of Representatives, or
10 Minority Leader of the House of Representatives.

11 (2) For State employees who are professional staff or
12 employees of the Senate and not covered under item (1), the
13 Senate Operations Commission.

14 (3) For State employees who are professional staff or
15 employees of the House of Representatives and not covered
16 under item (1), the Speaker of the House of
17 Representatives.

18 (4) For State employees who are employees of the
19 legislative support services agencies, the Joint Committee
20 on Legislative Support Services.

21 (5) For State employees of the Auditor General, the
22 Auditor General.

23 (6) For State employees of public institutions of
24 higher learning as defined in Section 2 of the Higher
25 Education Cooperation Act (except community colleges), the
26 board of trustees of the appropriate public institution of

1 higher learning.

2 (7) For State employees of an executive branch
3 constitutional officer other than those described in
4 paragraph (6), the appropriate executive branch
5 constitutional officer.

6 (8) For State employees not under the jurisdiction of
7 paragraph (1), (2), (3), (4), (5), (6), or (7), the
8 Governor.

9 (Source: P.A. 95-880, eff. 8-19-08.)

10 Section 15. The State Treasurer Act is amended by changing
11 Section 16.5 as follows:

12 (15 ILCS 505/16.5)

13 Sec. 16.5. College Savings Pool. The State Treasurer may
14 establish and administer a College Savings Pool to supplement
15 and enhance the investment opportunities otherwise available
16 to persons seeking to finance the costs of higher education.
17 The State Treasurer, in administering the College Savings Pool,
18 may receive moneys paid into the pool by a participant and may
19 serve as the fiscal agent of that participant for the purpose
20 of holding and investing those moneys.

21 "Participant", as used in this Section, means any person
22 who has authority to withdraw funds, change the designated
23 beneficiary, or otherwise exercise control over an account.

24 "Donor", as used in this Section, means any person who makes

1 investments in the pool. "Designated beneficiary", as used in
2 this Section, means any person on whose behalf an account is
3 established in the College Savings Pool by a participant. Both
4 in-state and out-of-state persons may be participants, donors,
5 and designated beneficiaries in the College Savings Pool.

6 New accounts in the College Savings Pool may be processed
7 through participating financial institutions. "Participating
8 financial institution", as used in this Section, means any
9 financial institution insured by the Federal Deposit Insurance
10 Corporation and lawfully doing business in the State of
11 Illinois and any credit union approved by the State Treasurer
12 and lawfully doing business in the State of Illinois that
13 agrees to process new accounts in the College Savings Pool.
14 Participating financial institutions may charge a processing
15 fee to participants to open an account in the pool that shall
16 not exceed \$30 until the year 2001. Beginning in 2001 and every
17 year thereafter, the maximum fee limit shall be adjusted by the
18 Treasurer based on the Consumer Price Index for the North
19 Central Region as published by the United States Department of
20 Labor, Bureau of Labor Statistics for the immediately preceding
21 calendar year. Every contribution received by a financial
22 institution for investment in the College Savings Pool shall be
23 transferred from the financial institution to a location
24 selected by the State Treasurer within one business day
25 following the day that the funds must be made available in
26 accordance with federal law. All communications from the State

1 Treasurer to participants and donors shall reference the
2 participating financial institution at which the account was
3 processed.

4 The Treasurer may invest the moneys in the College Savings
5 Pool in the same manner and in the same types of investments
6 provided for the investment of moneys by the Illinois Public
7 Employees' Retirement System ~~Illinois State Board of~~
8 ~~Investment~~. To enhance the safety and liquidity of the College
9 Savings Pool, to ensure the diversification of the investment
10 portfolio of the pool, and in an effort to keep investment
11 dollars in the State of Illinois, the State Treasurer may make
12 a percentage of each account available for investment in
13 participating financial institutions doing business in the
14 State. The State Treasurer may deposit with the participating
15 financial institution at which the account was processed the
16 following percentage of each account at a prevailing rate
17 offered by the institution, provided that the deposit is
18 federally insured or fully collateralized and the institution
19 accepts the deposit: 10% of the total amount of each account
20 for which the current age of the beneficiary is less than 7
21 years of age, 20% of the total amount of each account for which
22 the beneficiary is at least 7 years of age and less than 12
23 years of age, and 50% of the total amount of each account for
24 which the current age of the beneficiary is at least 12 years
25 of age. The Treasurer shall develop, publish, and implement an
26 investment policy covering the investment of the moneys in the

1 College Savings Pool. The policy shall be published (i) at
2 least once each year in at least one newspaper of general
3 circulation in both Springfield and Chicago and (ii) each year
4 as part of the audit of the College Savings Pool by the Auditor
5 General, which shall be distributed to all participants. The
6 Treasurer shall notify all participants in writing, and the
7 Treasurer shall publish in a newspaper of general circulation
8 in both Chicago and Springfield, any changes to the previously
9 published investment policy at least 30 calendar days before
10 implementing the policy. Any investment policy adopted by the
11 Treasurer shall be reviewed and updated if necessary within 90
12 days following the date that the State Treasurer takes office.

13 Participants shall be required to use moneys distributed
14 from the College Savings Pool for qualified expenses at
15 eligible educational institutions. "Qualified expenses", as
16 used in this Section, means the following: (i) tuition, fees,
17 and the costs of books, supplies, and equipment required for
18 enrollment or attendance at an eligible educational
19 institution and (ii) certain room and board expenses incurred
20 while attending an eligible educational institution at least
21 half-time. "Eligible educational institutions", as used in
22 this Section, means public and private colleges, junior
23 colleges, graduate schools, and certain vocational
24 institutions that are described in Section 481 of the Higher
25 Education Act of 1965 (20 U.S.C. 1088) and that are eligible to
26 participate in Department of Education student aid programs. A

1 student shall be considered to be enrolled at least half-time
2 if the student is enrolled for at least half the full-time
3 academic work load for the course of study the student is
4 pursuing as determined under the standards of the institution
5 at which the student is enrolled. Distributions made from the
6 pool for qualified expenses shall be made directly to the
7 eligible educational institution, directly to a vendor, or in
8 the form of a check payable to both the beneficiary and the
9 institution or vendor. Any moneys that are distributed in any
10 other manner or that are used for expenses other than qualified
11 expenses at an eligible educational institution shall be
12 subject to a penalty of 10% of the earnings unless the
13 beneficiary dies, becomes disabled, or receives a scholarship
14 that equals or exceeds the distribution. Penalties shall be
15 withheld at the time the distribution is made.

16 The Treasurer shall limit the contributions that may be
17 made on behalf of a designated beneficiary based on the
18 limitations established by the Internal Revenue Service. The
19 contributions made on behalf of a beneficiary who is also a
20 beneficiary under the Illinois Prepaid Tuition Program shall be
21 further restricted to ensure that the contributions in both
22 programs combined do not exceed the limit established for the
23 College Savings Pool. The Treasurer shall provide the Illinois
24 Student Assistance Commission each year at a time designated by
25 the Commission, an electronic report of all participant
26 accounts in the Treasurer's College Savings Pool, listing total

1 contributions and disbursements from each individual account
2 during the previous calendar year. As soon thereafter as is
3 possible following receipt of the Treasurer's report, the
4 Illinois Student Assistance Commission shall, in turn, provide
5 the Treasurer with an electronic report listing those College
6 Savings Pool participants who also participate in the State's
7 prepaid tuition program, administered by the Commission. The
8 Commission shall be responsible for filing any combined tax
9 reports regarding State qualified savings programs required by
10 the United States Internal Revenue Service. The Treasurer shall
11 work with the Illinois Student Assistance Commission to
12 coordinate the marketing of the College Savings Pool and the
13 Illinois Prepaid Tuition Program when considered beneficial by
14 the Treasurer and the Director of the Illinois Student
15 Assistance Commission. The Treasurer's office shall not
16 publicize or otherwise market the College Savings Pool or
17 accept any moneys into the College Savings Pool prior to March
18 1, 2000. The Treasurer shall provide a separate accounting for
19 each designated beneficiary to each participant, the Illinois
20 Student Assistance Commission, and the participating financial
21 institution at which the account was processed. No interest in
22 the program may be pledged as security for a loan. Moneys held
23 in an account invested in the Illinois College Savings Pool
24 shall be exempt from all claims of the creditors of the
25 participant, donor, or designated beneficiary of that account,
26 except for the non-exempt College Savings Pool transfers to or

1 from the account as defined under subsection (j) of Section
2 12-1001 of the Code of Civil Procedure (735 ILCS 5/12-1001(j)).

3 The assets of the College Savings Pool and its income and
4 operation shall be exempt from all taxation by the State of
5 Illinois and any of its subdivisions. The accrued earnings on
6 investments in the Pool once disbursed on behalf of a
7 designated beneficiary shall be similarly exempt from all
8 taxation by the State of Illinois and its subdivisions, so long
9 as they are used for qualified expenses. Contributions to a
10 College Savings Pool account during the taxable year may be
11 deducted from adjusted gross income as provided in Section 203
12 of the Illinois Income Tax Act. The provisions of this
13 paragraph are exempt from Section 250 of the Illinois Income
14 Tax Act.

15 The Treasurer shall adopt rules he or she considers
16 necessary for the efficient administration of the College
17 Savings Pool. The rules shall provide whatever additional
18 parameters and restrictions are necessary to ensure that the
19 College Savings Pool meets all of the requirements for a
20 qualified state tuition program under Section 529 of the
21 Internal Revenue Code (26 U.S.C. 529). The rules shall provide
22 for the administration expenses of the pool to be paid from its
23 earnings and for the investment earnings in excess of the
24 expenses and all moneys collected as penalties to be credited
25 or paid monthly to the several participants in the pool in a
26 manner which equitably reflects the differing amounts of their

1 respective investments in the pool and the differing periods of
2 time for which those amounts were in the custody of the pool.
3 Also, the rules shall require the maintenance of records that
4 enable the Treasurer's office to produce a report for each
5 account in the pool at least annually that documents the
6 account balance and investment earnings. Notice of any proposed
7 amendments to the rules and regulations shall be provided to
8 all participants prior to adoption. Amendments to rules and
9 regulations shall apply only to contributions made after the
10 adoption of the amendment.

11 Upon creating the College Savings Pool, the State Treasurer
12 shall give bond with 2 or more sufficient sureties, payable to
13 and for the benefit of the participants in the College Savings
14 Pool, in the penal sum of \$1,000,000, conditioned upon the
15 faithful discharge of his or her duties in relation to the
16 College Savings Pool.

17 (Source: P.A. 95-23, eff. 8-3-07; 95-306, eff. 1-1-08; 95-521,
18 eff. 8-28-07; 95-876, eff. 8-21-08.)

19 Section 20. The Personnel Code is amended by changing
20 Section 4c as follows:

21 (20 ILCS 415/4c) (from Ch. 127, par. 63b104c)

22 Sec. 4c. General exemptions. The following positions in
23 State service shall be exempt from jurisdictions A, B, and C,
24 unless the jurisdictions shall be extended as provided in this

1 Act:

2 (1) All officers elected by the people.

3 (2) All positions under the Lieutenant Governor,
4 Secretary of State, State Treasurer, State Comptroller,
5 State Board of Education, Clerk of the Supreme Court,
6 Attorney General, and State Board of Elections.

7 (3) Judges, and officers and employees of the courts,
8 and notaries public.

9 (4) All officers and employees of the Illinois General
10 Assembly, all employees of legislative commissions, all
11 officers and employees of the Illinois Legislative
12 Reference Bureau, the Legislative Research Unit, and the
13 Legislative Printing Unit.

14 (5) All positions in the Illinois National Guard and
15 Illinois State Guard, paid from federal funds or positions
16 in the State Military Service filled by enlistment and paid
17 from State funds.

18 (6) All employees of the Governor at the executive
19 mansion and on his immediate personal staff.

20 (7) Directors of Departments, the Adjutant General,
21 the Assistant Adjutant General, the Director of the
22 Illinois Emergency Management Agency, members of boards
23 and commissions, and all other positions appointed by the
24 Governor by and with the consent of the Senate.

25 (8) The presidents, other principal administrative
26 officers, and teaching, research and extension faculties

1 of Chicago State University, Eastern Illinois University,
2 Governors State University, Illinois State University,
3 Northeastern Illinois University, Northern Illinois
4 University, Western Illinois University, the Illinois
5 Community College Board, Southern Illinois University,
6 Illinois Board of Higher Education, University of
7 Illinois, State Universities Civil Service System,
8 University Retirement System of Illinois, and the
9 administrative officers and scientific and technical staff
10 of the Illinois State Museum.

11 (9) All other employees except the presidents, other
12 principal administrative officers, and teaching, research
13 and extension faculties of the universities under the
14 jurisdiction of the Board of Regents and the colleges and
15 universities under the jurisdiction of the Board of
16 Governors of State Colleges and Universities, Illinois
17 Community College Board, Southern Illinois University,
18 Illinois Board of Higher Education, Board of Governors of
19 State Colleges and Universities, the Board of Regents,
20 University of Illinois, State Universities Civil Service
21 System, University Retirement System of Illinois, so long
22 as these are subject to the provisions of the State
23 Universities Civil Service Act.

24 (10) The State Police so long as they are subject to
25 the merit provisions of the State Police Act.

26 (11) (Blank).

1 (12) The technical and engineering staffs of the
2 Department of Transportation, the Department of Nuclear
3 Safety, the Pollution Control Board, and the Illinois
4 Commerce Commission, and the technical and engineering
5 staff providing architectural and engineering services in
6 the Department of Central Management Services.

7 (13) All employees of the Illinois State Toll Highway
8 Authority.

9 (14) The Secretary of the Illinois Workers'
10 Compensation Commission.

11 (15) All persons who are appointed or employed by the
12 Director of Insurance under authority of Section 202 of the
13 Illinois Insurance Code to assist the Director of Insurance
14 in discharging his responsibilities relating to the
15 rehabilitation, liquidation, conservation, and dissolution
16 of companies that are subject to the jurisdiction of the
17 Illinois Insurance Code.

18 (16) All employees of the St. Louis Metropolitan Area
19 Airport Authority.

20 (17) All investment officers employed by the Illinois
21 Public Employees' Retirement System ~~Illinois State Board~~
22 ~~of Investment~~.

23 (18) Employees of the Illinois Young Adult
24 Conservation Corps program, administered by the Illinois
25 Department of Natural Resources, authorized grantee under
26 Title VIII of the Comprehensive Employment and Training Act

1 of 1973, 29 USC 993.

2 (19) Seasonal employees of the Department of
3 Agriculture for the operation of the Illinois State Fair
4 and the DuQuoin State Fair, no one person receiving more
5 than 29 days of such employment in any calendar year.

6 (20) All "temporary" employees hired under the
7 Department of Natural Resources' Illinois Conservation
8 Service, a youth employment program that hires young people
9 to work in State parks for a period of one year or less.

10 (21) All hearing officers of the Human Rights
11 Commission.

12 (22) All employees of the Illinois Mathematics and
13 Science Academy.

14 (23) All employees of the Kankakee River Valley Area
15 Airport Authority.

16 (24) The commissioners and employees of the Executive
17 Ethics Commission.

18 (25) The Executive Inspectors General, including
19 special Executive Inspectors General, and employees of
20 each Office of an Executive Inspector General.

21 (26) The commissioners and employees of the
22 Legislative Ethics Commission.

23 (27) The Legislative Inspector General, including
24 special Legislative Inspectors General, and employees of
25 the Office of the Legislative Inspector General.

26 (28) The Auditor General's Inspector General and

1 employees of the Office of the Auditor General's Inspector
2 General.

3 (Source: P.A. 95-728, eff. date - See Sec. 999.)

4 Section 25. The State Finance Act is amended by changing
5 Sections 6z-11 and 6z-75 as follows:

6 (30 ILCS 105/6z-11) (from Ch. 127, par. 142z-11)

7 Sec. 6z-11. All moneys received by the Illinois Bank
8 Examiners' Education Foundation pursuant to subsection (11) of
9 Section 48 of the Illinois Banking Act shall be deposited into
10 a special fund known as the Illinois Bank Examiners' Education
11 Fund, which is hereby created in the State Treasury, or
12 deposited into an account maintained in a commercial bank or
13 corporate fiduciary in the name of the Illinois Bank Examiners'
14 Education Foundation pursuant to the order and direction of the
15 Board of Trustees of the Illinois Bank Examiners' Education
16 Foundation. The Board of Trustees of the Illinois Bank
17 Examiners' Education Foundation shall determine whether the
18 Treasurer of the State of Illinois shall invest those moneys in
19 the Public Treasurers' Investment Pool or in any other
20 investment he is authorized to make, whether the Illinois
21 Public Employees' Retirement System ~~Illinois State Board of~~
22 ~~Investment~~ shall invest those moneys, or whether the moneys
23 shall be placed on deposit at a commercial bank or corporate
24 fiduciary. All interest or income earned on monies in Illinois

1 Bank Examiners' Education Fund shall be deposited in the Fund.

2 Moneys in the Illinois Bank Examiners' Education Fund may
3 be expended, subject to appropriation, or, if maintained on
4 deposit at a commercial bank or corporate fiduciary, upon the
5 order of the Board of Trustees of the Illinois Bank Examiners'
6 Education Foundation, drawn by the treasurer of the Board of
7 Trustees and countersigned by the secretary of the Board of
8 Trustees for the payment of expenses of the Board of Trustees
9 of the Illinois Bank Examiners' Education Foundation,
10 administrative expenses of the Illinois Bank Examiners'
11 Education Program, and expenses of the Illinois Bank Examiners'
12 Education Program.

13 Whenever funds retained by the Illinois Bank Examiners'
14 Education Foundation in its own treasury are deposited with a
15 commercial bank or corporate fiduciary and the amount of the
16 deposit exceeds the amount of federal deposit insurance
17 coverage, a bond or pledged securities shall be obtained. Only
18 the types of securities that the State Treasurer may, in his
19 discretion, accept for amounts not insured by the Federal
20 Deposit Insurance Corporation under Section 11 of the Deposit
21 of State Moneys Act may be accepted as pledged securities. The
22 market value of the bond or pledged securities shall at all
23 times be equal to or greater than the uninsured portion of the
24 deposit.

25 The Auditor General shall audit or cause to be audited the
26 above items of income and all other income and expenditures of

1 this Fund.

2 (Source: P.A. 90-372, eff. 7-1-98.)

3 (30 ILCS 105/6z-75)

4 Sec. 6z-75. The Illinois Power Agency Trust Fund.

5 (a) Creation. The Illinois Power Agency Trust Fund is
6 created as a special fund in the State treasury. The State
7 Treasurer shall be the custodian of the Fund. Amounts in the
8 Fund, both principal and interest not appropriated, shall be
9 invested as provided by law.

10 (b) Funding and investment.

11 (1) The Illinois Power Agency Trust Fund may accept,
12 receive, and administer any grants, loans, or other funds
13 made available to it by any source. Any such funds received
14 by the Fund shall not be considered income, but shall be
15 added to the principal of the Fund.

16 (2) The investments of the Fund shall be managed by the
17 Illinois Public Employees' Retirement System ~~Illinois~~
18 ~~State Board of Investment~~, for the purpose of obtaining a
19 total return on investments for the long term, as provided
20 for under Article 25 ~~22A~~ of the Illinois Pension Code.

21 (c) Investment proceeds. Subject to the provisions of
22 subsection (d) of this Section, the General Assembly may
23 annually appropriate from the Illinois Power Agency Trust Fund
24 to the Illinois Power Agency Operations Fund an amount not to
25 exceed 90% of the annual investment income earned by the Fund

1 to the Illinois Power Agency. Any investment income not
2 appropriated by the General Assembly in a given fiscal year
3 shall be added to the principal of the Fund, and thereafter
4 considered a part thereof and not subject to appropriation as
5 income earned by the Fund.

6 (d) Expenditures.

7 (1) During Fiscal Year 2008 and Fiscal Year 2009, the
8 General Assembly shall not appropriate any of the
9 investment income earned by the Illinois Power Agency Trust
10 Fund to the Illinois Power Agency.

11 (2) During Fiscal Year 2010 and Fiscal Year 2011, the
12 General Assembly shall appropriate a portion of the
13 investment income earned by the Illinois Power Agency Trust
14 Fund to repay to the General Revenue Fund of the State of
15 Illinois those amounts, if any, appropriated from the
16 General Revenue Fund for the operation of the Illinois
17 Power Agency during Fiscal Year 2008 and Fiscal Year 2009,
18 so that at the end of Fiscal Year 2011, the entire amount,
19 if any, appropriated from the General Revenue Fund for the
20 operation of the Illinois Power Agency during Fiscal Year
21 2008 and Fiscal Year 2009 will be repaid in full to the
22 General Revenue Fund.

23 (3) In Fiscal Year 2012 and thereafter, the General
24 Assembly shall consider the need to balance its
25 appropriations from the investment income earned by the
26 Fund with the need to provide for the growth of the

1 principal of the Illinois Power Agency Trust Fund in order
2 to ensure that the Fund is able to produce sufficient
3 investment income to fund the operations of the Illinois
4 Power Agency in future years.

5 (4) If the Illinois Power Agency shall cease
6 operations, then, unless otherwise provided for by law or
7 appropriation, the principal and any investment income
8 earned by the Fund shall be transferred into the
9 Supplemental Low-Income Energy Assistance Program (LIHEAP)
10 Fund under Section 13 of the Energy Assistance Act of 1989.

11 (e) Implementation. The provisions of this Section shall
12 not be operative until the Illinois Power Agency Trust Fund has
13 accumulated a principal balance of \$25,000,000.

14 (Source: P.A. 95-481, eff. 8-28-07.)

15 Section 30. The Illinois Procurement Code is amended by
16 changing Section 1-15.15 as follows:

17 (30 ILCS 500/1-15.15)

18 Sec. 1-15.15. Chief Procurement Officer. "Chief
19 Procurement Officer" means:

20 (1) for procurements for construction and
21 construction-related services committed by law to the
22 jurisdiction or responsibility of the Capital Development
23 Board, the executive director of the Capital Development Board.

24 (2) for procurements for all construction,

1 construction-related services, operation of any facility, and
2 the provision of any service or activity committed by law to
3 the jurisdiction or responsibility of the Illinois Department
4 of Transportation, including the direct or reimbursable
5 expenditure of all federal funds for which the Department of
6 Transportation is responsible or accountable for the use
7 thereof in accordance with federal law, regulation, or
8 procedure, the Secretary of Transportation.

9 (3) for all procurements made by a public institution of
10 higher education, a representative designated by the Governor.

11 (4) for all procurements made by the Illinois Power Agency,
12 the Director of the Illinois Power Agency.

13 (5) for all applicable procurements made by an investment
14 system created under Article 25 of the Illinois Pension Code, a
15 representative designated by the Board of Trustees of that
16 investment system.

17 (6) ~~(5)~~ for all other procurements, the Director of the
18 Department of Central Management Services.

19 (Source: P.A. 95-481, eff. 8-28-07.)

20 Section 35. The Property Tax Code is amended by changing
21 Section 21-295 as follows:

22 (35 ILCS 200/21-295)

23 Sec. 21-295. Creation of indemnity fund.

24 (a) In counties of less than 3,000,000 inhabitants, each

1 person purchasing any property at a sale under this Code shall
2 pay to the County Collector, prior to the issuance of any
3 certificate of purchase, a fee of \$20 for each item purchased.
4 A like sum shall be paid for each year that all or a portion of
5 subsequent taxes are paid by the tax purchaser and posted to
6 the tax judgment, sale, redemption and forfeiture record where
7 the underlying certificate of purchase is recorded.

8 (a-5) In counties of 3,000,000 or more inhabitants, each
9 person purchasing property at a sale under this Code shall pay
10 to the County Collector a fee of \$80 for each item purchased
11 plus an additional sum equal to 5% of taxes, interest, and
12 penalties paid by the purchaser, including the taxes, interest,
13 and penalties paid under Section 21-240. In these counties, the
14 certificate holder shall also pay to the County Collector a fee
15 of \$80 for each year that all or a portion of subsequent taxes
16 are paid by the tax purchaser and posted to the tax judgment,
17 sale, redemption, and forfeiture record, plus an additional sum
18 equal to 5% of all subsequent taxes, interest, and penalties.
19 The additional 5% fees are not required after December 31,
20 2006. The changes to this subsection made by this amendatory
21 Act of the 91st General Assembly are not a new enactment, but
22 declaratory of existing law.

23 (b) The amount paid prior to issuance of the certificate of
24 purchase pursuant to subsection (a) or (a-5) shall be included
25 in the purchase price of the property in the certificate of
26 purchase and all amounts paid under this Section shall be

1 included in the amount required to redeem under Section 21-355.
2 Except as otherwise provided in subsection (b) of Section
3 21-300, all money received under subsection (a) or (a-5) shall
4 be paid by the Collector to the County Treasurer of the County
5 in which the land is situated, for the purpose of an indemnity
6 fund. The County Treasurer, as trustee of that fund, shall
7 invest all of that fund, principal and income, in his or her
8 hands from time to time, if not immediately required for
9 payments of indemnities under subsection (a) of Section 21-305,
10 in investments permitted by the Illinois Public Employees'
11 Retirement System ~~Illinois State Board of Investment~~ under
12 Article 25 ~~22A~~ of the Illinois Pension Code. The county
13 collector shall report annually to the county clerk on the
14 condition and income of the fund. The indemnity fund shall be
15 held to satisfy judgments obtained against the County
16 Treasurer, as trustee of the fund. No payment shall be made
17 from the fund, except upon a judgment of the court which
18 ordered the issuance of a tax deed.

19 (Source: P.A. 94-412, eff. 8-2-05.)

20 Section 40. The Mobile Home Local Services Tax Enforcement
21 Act is amended by changing Section 235 as follows:

22 (35 ILCS 516/235)

23 Sec. 235. Creation of indemnity fund.

24 (a) Each person purchasing any mobile home at a sale under

1 this Act shall pay to the county collector, prior to the
2 issuance of any certificate of purchase, a fee of \$20 for each
3 item purchased. A like sum shall be paid for each year that all
4 or a portion of subsequent taxes are paid by the tax purchaser
5 and posted to the tax judgment, sale, redemption and forfeiture
6 record where the underlying certificate of purchase is
7 recorded.

8 (b) The amount paid prior to issuance of the certificate of
9 purchase pursuant to subsection (a) shall be included in the
10 purchase price of the mobile home in the certificate of
11 purchase and all amounts paid under this Section shall be
12 included in the amount required to redeem under Section 300.
13 Except as otherwise provided in subsection (b) of Section 240,
14 all money received under subsection (a) shall be paid by the
15 collector to the county treasurer of the county in which the
16 mobile home is situated, for the purpose of an indemnity fund.
17 The county treasurer, as trustee of that fund, shall invest all
18 of that fund, principal and income, in his or her hands from
19 time to time, if not immediately required for payments of
20 indemnities under subsection (a) of Section 245, in investments
21 permitted by the Illinois Public Employees' Retirement System
22 ~~Illinois State Board of Investment~~ under Article 25 ~~22A~~ of the
23 Illinois Pension Act. The county collector shall report
24 annually to the county clerk on the condition and income of the
25 fund. The indemnity fund shall be held to satisfy judgments
26 obtained against the county treasurer, as trustee of the fund.

1 No payment shall be made from the fund, except upon a judgment
2 of the court which ordered the issuance of a tax certificate of
3 title.

4 (Source: P.A. 94-412, eff. 8-2-05.)

5 Section 45. The Illinois Pension Code is amended by
6 changing Sections 1-101.2, 1-109.1, 1-110, 1-113.5, 2-145,
7 2-147, 7-201.1, 12-166.1, 13-706, 14-137, 15-167.1, 16-179.1,
8 17-146.1, 18-153, 18-154, 22-101, 22-101B, 22-803, and 24-105
9 and by adding Sections 1-130, 1-135, 1-140, 1-145, 15-179.5,
10 15-179.6, 16-187.5, 16-187.6, and 22A-111.2 and Article 25 as
11 follows:

12 (40 ILCS 5/1-101.2)

13 Sec. 1-101.2. Fiduciary. A person is a "fiduciary" with
14 respect to a pension fund or retirement system established
15 under this Code to the extent that the person:

16 (1) exercises any discretionary authority or
17 discretionary control respecting management of the pension
18 fund or retirement system, or exercises any authority or
19 control respecting management or disposition of its
20 assets;

21 (2) renders investment advice for a fee or other
22 compensation, direct or indirect, with respect to any
23 moneys or other property of the pension fund or retirement
24 system, or with respect to the selection of other

1 fiduciaries by an entity created under Article 25, or has
2 any authority or responsibility to do so; or

3 (3) has any discretionary authority or discretionary
4 responsibility in the administration of the pension fund or
5 retirement system.

6 (Source: P.A. 90-507, eff. 8-22-97.)

7 (40 ILCS 5/1-109.1) (from Ch. 108 1/2, par. 1-109.1)

8 Sec. 1-109.1. Allocation and Delegation of Fiduciary
9 Duties.

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

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

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

22 (2) The board of trustees of a pension fund established
23 under Article 5, 6, 8, 9, 10, 11, 12 or 17 of this Code may not
24 transfer its investment authority, nor transfer the assets of
25 the fund to any other person or entity for the purpose of

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

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

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

1 Enterprise for Minorities, Females, and Persons with
2 Disabilities Act. For the purposes of this Code, "minority
3 broker-dealer" means a qualified broker-dealer that is
4 certified as a minority owned business, female owned business,
5 or business owned by a person with a disability, as those terms
6 are defined in the Business Enterprise for Minorities, Females,
7 and Persons with Disabilities Act.

8 It is hereby declared to be the public policy of the State
9 of Illinois to encourage the trustees of public employee
10 retirement systems, pension funds, and investment systems to
11 use emerging investment managers in managing their retirement
12 system's, pension fund's, or investment system's ~~system's~~
13 assets to the greatest extent feasible within the bounds of
14 financial and fiduciary prudence, and to take affirmative steps
15 to remove any barriers to the full participation of emerging
16 investment managers in investment opportunities afforded by
17 those retirement systems.

18 Each retirement system, pension fund, and investment
19 system subject to this Code shall adopt policies that identify
20 the retirement system's, pension fund's, or investment
21 system's plan and implementation procedures for increasing the
22 utilization of emerging investment managers and minority
23 broker-dealers.

24 Each retirement system, pension fund, and investment
25 system subject to this Code shall prepare a report to be
26 submitted to the Governor and the General Assembly by September

1 of each year. The report shall identify the emerging
2 investment managers and minority broker-dealers used by the
3 retirement system, pension fund, or investment system, the
4 percentage of the retirement system's, pension fund's, or
5 investment system's ~~system's~~ assets under the investment
6 control of emerging investment managers, the percentage of
7 total commissions paid by the retirement system's, pension
8 fund's, or investment system's investment managers to minority
9 broker-dealers, the policies adopted by the system to increase
10 the utilization of emerging investment managers and minority
11 broker-dealers, and the actions it has undertaken to increase
12 the use of emerging investment managers and minority
13 broker-dealers, including encouraging other investment
14 managers to use emerging investment managers as subcontractors
15 when the opportunity arises and to use minority broker-dealers.

16 The use of an emerging investment manager does not
17 constitute a transfer of investment authority for the purposes
18 of subsection (2) of this Section.

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

20 (40 ILCS 5/1-110) (from Ch. 108 1/2, par. 1-110)

21 Sec. 1-110. Prohibited Transactions.

22 (a) A fiduciary with respect to a retirement system or
23 pension fund shall not cause the retirement system or pension
24 fund to engage in a transaction if he or she knows or should
25 know that such transaction constitutes a direct or indirect:

1 (1) Sale or exchange, or leasing of any property from
2 the retirement system or pension fund to a party in
3 interest for less than adequate consideration, or from a
4 party in interest to a retirement system or pension fund
5 for more than adequate consideration.

6 (2) Lending of money or other extension of credit from
7 the retirement system or pension fund to a party in
8 interest without the receipt of adequate security and a
9 reasonable rate of interest, or from a party in interest to
10 a retirement system or pension fund with the provision of
11 excessive security or an unreasonably high rate of
12 interest.

13 (3) Furnishing of goods, services or facilities from
14 the retirement system or pension fund to a party in
15 interest for less than adequate consideration, or from a
16 party in interest to a retirement system or pension fund
17 for more than adequate consideration.

18 (4) Transfer to, or use by or for the benefit of, a
19 party in interest of any assets of a retirement system or
20 pension fund for less than adequate consideration.

21 (b) A fiduciary with respect to a retirement system or
22 pension fund established under this Code shall not:

23 (1) Deal with the assets of the retirement system or
24 pension fund in his own interest or for his own account;

25 (2) In his individual or any other capacity act in any
26 transaction involving the retirement system or pension

1 fund on behalf of a party whose interests are adverse to
2 the interests of the retirement system or pension fund or
3 the interests of its participants or beneficiaries; or

4 (3) Receive any consideration for his own personal
5 account from any party dealing with the retirement system
6 or pension fund in connection with a transaction involving
7 the assets of the retirement system or pension fund.

8 (c) Nothing in this Section shall be construed to prohibit
9 any trustee from:

10 (1) Receiving any benefit to which he may be entitled
11 as a participant or beneficiary in the retirement system or
12 pension fund.

13 (2) Receiving any reimbursement of expenses properly
14 and actually incurred in the performance of his duties with
15 the retirement system or pension fund.

16 (3) Serving as a trustee in addition to being an
17 officer, employee, agent or other representative of a party
18 in interest.

19 (d) A board member, employee, or fiduciary with respect to
20 ~~of~~ a pension fund or investment system established under
21 Article 3, ~~or~~ 4, or 25 shall not knowingly cause or advise the
22 pension fund to engage in an investment transaction when the
23 board member, employee, or fiduciary, or the spouse of such
24 board member, employee, or fiduciary, (i) has any direct
25 interest in the income, gains, or profits of the investment
26 advisor through which the investment transaction is made or

1 (ii) has a ~~business~~ relationship with that investment advisor
2 that would result in a pecuniary benefit to the board member,
3 employee, fiduciary, or spouse of such board member, employee,
4 or fiduciary as a result of the investment transaction.

5 Violation of this subsection (d) is a Class 4 felony.

6 (Source: P.A. 95-950, eff. 8-29-08.)

7 (40 ILCS 5/1-113.5)

8 Sec. 1-113.5. Investment advisers, consultants, and
9 investment services.

10 (a) The board of trustees of a pension fund, retirement
11 system, or investment system may appoint investment advisers as
12 defined in Section 1-101.4. The board of any pension fund,
13 retirement system, or investment system investing in common or
14 preferred stock under Section 1-113.4 shall appoint an
15 investment adviser before making such investments.

16 The investment adviser shall be a fiduciary, as defined in
17 Section 1-101.2, with respect to the pension fund, retirement
18 system, or investment system and shall be one of the following:

19 (1) an investment adviser registered under the federal
20 Investment Advisers Act of 1940 and the Illinois Securities
21 Law of 1953;

22 (2) a bank or trust company authorized to conduct a
23 trust business in Illinois;

24 (3) a life insurance company authorized to transact
25 business in Illinois; or

1 (4) an investment company as defined and registered
2 under the federal Investment Company Act of 1940 and
3 registered under the Illinois Securities Law of 1953.

4 (a-5) Notwithstanding any other provision of law, a person
5 or entity that provides consulting services (referred to as a
6 "consultant" in this Section) to a pension fund, retirement
7 system, or investment system with respect to the selection of
8 fiduciaries may not be awarded a contract to provide those
9 consulting services that is more than 5 years in duration. No
10 contract to provide such consulting services may be renewed or
11 extended. At the end of the term of a contract, however, the
12 contractor is eligible to compete for a new contract. No
13 pension fund, retirement system, investment system, or
14 consultant ~~person~~ shall attempt to avoid or contravene the
15 restrictions of this subsection by any means.

16 The selection and appointment of a consultant, and the
17 contracting for investment consulting services by a consultant
18 for the investment system created under Article 25, constitute
19 procurements that must be made and awarded in a manner
20 substantially similar to the method of selection required for
21 the procurement of professional and artistic services under
22 Article 35 of the Illinois Procurement Code.

23 All offers from responsive offerors shall be accompanied by
24 disclosure of the names and addresses of the following:

25 (1) The offeror.

26 (2) Any entity that is a parent of, or owns a

1 controlling interest in, the offeror.

2 (3) Any entity that is a subsidiary of, or in which a
3 controlling interest is owned by, the offeror.

4 (4) The offeror's key persons. For the purposes of this
5 item (4), "key person" means any person who (i) has an
6 ownership or distributive income share in the offeror that
7 is in excess of 5%, or an amount greater than 60% of the
8 annual salary of the Governor, or (ii) serves as an
9 executive officer of the offeror.

10 Beginning on July 1, 2008, a person, other than a trustee
11 or an employee of a pension fund or retirement system, may not
12 act as a consultant under this Section unless that person is at
13 least one of the following: (i) registered as an investment
14 adviser under the federal Investment Advisers Act of 1940 (15
15 U.S.C. 80b-1, et seq.); (ii) registered as an investment
16 adviser under the Illinois Securities Law of 1953; (iii) a
17 bank, as defined in the Investment Advisers Act of 1940; or
18 (iv) an insurance company authorized to transact business in
19 this State.

20 (b) All investment advice and services provided by an
21 investment adviser or a consultant appointed under this Section
22 shall be (i) rendered pursuant to a written contract between
23 the investment adviser or consultant and the board, and (ii) in
24 accordance with the board's investment policy.

25 The contract shall include all of the following:

26 (1) acknowledgement in writing by the investment

1 adviser or consultant that he or she is a fiduciary with
2 respect to the pension fund, retirement system, or
3 investment system;

4 (2) the board's investment policy;

5 (3) full disclosure of direct and indirect fees,
6 commissions, penalties, and any other compensation that
7 may be received by the investment adviser or consultant,
8 including reimbursement for expenses; and

9 (4) a requirement that the investment adviser or
10 consultant submit periodic written reports, on at least a
11 quarterly basis, for the board's review at its regularly
12 scheduled meetings. All returns on investment shall be
13 reported as net returns after payment of all fees,
14 commissions, and any other compensation.

15 (b-5) Each contract described in subsection (b) shall also
16 include (i) full disclosure of direct and indirect fees,
17 commissions, penalties, and other compensation, including
18 reimbursement for expenses, that may be paid by or on behalf of
19 the investment adviser or consultant in connection with the
20 provision of services to the pension fund and (ii) a
21 requirement that the investment adviser or consultant update
22 the disclosure promptly after a modification of those payments
23 or an additional payment.

24 Within 30 days after the effective date of this amendatory
25 Act of the 95th General Assembly, each investment adviser and
26 consultant providing services on the effective date or subject

1 to an existing contract for the provision of services must
2 disclose to the board of trustees all direct and indirect fees,
3 commissions, penalties, and other compensation paid by or on
4 behalf of the investment adviser or consultant in connection
5 with the provision of those services and shall update that
6 disclosure promptly after a modification of those payments or
7 an additional payment.

8 A person required to make a disclosure under subsection (d)
9 is also required to disclose direct and indirect fees,
10 commissions, penalties, or other compensation that shall or may
11 be paid by or on behalf of the person in connection with the
12 rendering of those services. The person shall update the
13 disclosure promptly after a modification of those payments or
14 an additional payment.

15 The disclosures required by this subsection shall be in
16 writing and shall include the date and amount of each payment
17 and the name and address of each recipient of a payment.

18 (c) Within 30 days after appointing an investment adviser
19 or consultant, the board shall submit a copy of the contract to
20 the Division of Insurance of the Department of Financial and
21 Professional Regulation.

22 (d) Investment services provided by a person other than an
23 investment adviser appointed under this Section, including but
24 not limited to services provided by the kinds of persons listed
25 in items (1) through (4) of subsection (a), shall be rendered
26 only after full written disclosure of direct and indirect fees,

1 commissions, penalties, and any other compensation that shall
2 or may be received by the person rendering those services.

3 (e) The board of trustees of each pension fund, retirement
4 system, or investment system shall retain records of investment
5 transactions in accordance with the rules of the Department of
6 Financial and Professional Regulation.

7 (f) Notwithstanding any other provision of law, a board of
8 trustees of an investment system established under Article 25
9 of this Code shall comply with the Business Enterprise for
10 Minorities, Females, and Persons with Disabilities Act. The
11 board of trustees shall post upon its website the percentage of
12 its contracts awarded under this Section currently and during
13 the preceding 5 fiscal years that were awarded to "minority
14 owned businesses", "female owned businesses", and "businesses
15 owned by a person with a disability", as those terms are
16 defined in the Business Enterprise for Minorities, Females, and
17 Persons with Disabilities Act.

18 (g) Notwithstanding the foregoing, the investment system
19 established under Article 25 of this Code shall award to
20 "minority owned businesses", "female owned businesses", and
21 "businesses owned by a person with a disability", as those
22 terms are defined in the Business Enterprise for Minorities,
23 Females, and Persons with Disabilities Act, not less than 12%
24 of the total dollar amount of all contracts awarded.

25 (Source: P.A. 95-950, eff. 8-29-08.)

1 (40 ILCS 5/1-130 new)

2 Sec. 1-130. No monetary gain on investments. No member or
3 employee of the Board or Oversight Board of the investment
4 system created under Article 25 nor the spouse of any such
5 member or employee shall have any direct interest in the
6 income, gains, or profits of any investment made on behalf of
7 the investment system created under Article 25. No member or
8 employee of the Board or Oversight Board of the investment
9 system created under Article 25 shall become an endorser or
10 surety or in any manner an obligor for money loaned or borrowed
11 from the investment system created under Article 25. Whoever
12 violates any of the provisions of this Section is guilty of a
13 Class 3 felony.

14 (40 ILCS 5/1-135 new)

15 Sec. 1-135. Fraud. Any person who knowingly makes any false
16 statement or falsifies or permits to be falsified any record of
17 an investment system created under Article 25 or of the Board
18 or Oversight Board of the Illinois Public Employees' Retirement
19 System, in an attempt to defraud the investment system created
20 under Article 25 or the Board or Oversight Board of the
21 Illinois Public Employees' Retirement System, is guilty of a
22 Class 3 felony.

23 (40 ILCS 5/1-140 new)

24 Sec. 1-140. Prohibition on gifts.

1 (a) For the purposes of this Section:

2 "Board" means (i) the board of trustees of the investment
3 system created under Article 25 of this Code.

4 "Gift" means a gift as defined in Section 1-5 of the State
5 Officials and Employees Ethics Act.

6 "Prohibited source" means a person or entity who: (i) is
7 seeking official action (A) by the board, (B) by a board
8 member, or (C) in the case of a board employee, by the
9 employee, the board, a board member, or another employee
10 directing the employee; (ii) does business or seeks to do
11 business (A) with the board, (B) with a board member, or (C) in
12 the case of a board employee, with the employee, the board, a
13 board member, or another employee directing the employee; (iii)
14 has interests that may be substantially affected by the
15 performance or non-performance of the official duties of the
16 board member or employee; or (iv) is registered or required to
17 be registered with the Secretary of State under the Lobbyist
18 Registration Act, except that an entity not otherwise a
19 prohibited source does not become a prohibited source merely
20 because a registered lobbyist is one of its members or serves
21 on its board of directors.

22 (b) No board member or employee of the Illinois Public
23 Employees' Retirement System (ILPERS) shall solicit or accept
24 any gift from a prohibited source or from an officer, agent, or
25 employee of a prohibited source. No prohibited source or
26 officer, agent, or employee of a prohibited source shall offer

1 to an ILPERS board member or employee any gift.

2 (c) Violation of this Section is a Class A misdemeanor.

3 (40 ILCS 5/1-145 new)

4 Sec. 1-145. Contingent fees. No person shall retain a
5 solicitor or placement agent to attempt to influence the
6 outcome of an investment decision of or the procurement of
7 investment advice or services by the Board or Oversight Board
8 of the Illinois Public Employees' Retirement System for
9 compensation, contingent in whole or in part upon the decision
10 or procurement, unless (i) such solicitor is a person
11 enumerated in one of clauses (1) through (5) of Section 1-101.4
12 and is in compliance with Rule 206(4)-3 under the federal
13 Investment Advisers Act of 1940 or (ii) such placement agent is
14 registered as a broker or dealer pursuant to the federal
15 Securities and Exchange Act of 1934, as amended, or the
16 Illinois Securities Law of 1953. Any person who violates this
17 Section is guilty of a business offense and shall be fined not
18 more than \$10,000. In addition, any person convicted of a
19 violation of this Section is prohibited for a period of 3 years
20 from conducting such activities.

21 (40 ILCS 5/2-145) (from Ch. 108 1/2, par. 2-145)

22 Sec. 2-145. Treasurer. The State Treasurer shall be
23 ex-officio the treasurer of the system and shall:

24 (1) Act as official custodian of the cash and securities of

1 the system and provide adequate safe deposit facilities for the
2 preservation of such securities, and hold such cash and
3 securities subject to the order of the board;

4 (2) Receive from the secretary all items of cash belonging
5 to the system, including participants' contributions, State
6 contributions, interest and principal on investments and other
7 income accruing to the system, and deposit all such amounts in
8 a special trust fund for the account of the system;

9 (3) Make payments for purposes specified in this Article
10 upon warrants or direct deposit transmittals of the State
11 Comptroller drawn in accordance with vouchers signed by the
12 secretary pursuant to resolutions of the board;

13 (4) Submit to the board at least once each month a
14 statement of all receipts for the account of the system and all
15 payments chargeable to the system;

16 (5) Furnish a corporate surety bond acceptable to the board
17 in such amount as the board shall designate. The bond shall
18 indemnify the board against any loss which may result from any
19 action or omission of the Treasurer or any of the Treasurer's
20 agents. All reasonable charges incidental to the procuring and
21 giving of the bond shall be paid by the board.

22 Any cash accruing to the system not required for current
23 expenditures by the system shall be transferred to the Illinois
24 Public Employees' Retirement System ~~Illinois State Board of~~
25 ~~Investment~~ for purposes of investment. Until such transfer is
26 made, those funds shall be invested temporarily by the

1 Treasurer on behalf of the system and interest earned thereon
2 shall be credited to the trust fund of the system.

3 (Source: P.A. 86-273.)

4 (40 ILCS 5/2-147) (from Ch. 108 1/2, par. 2-147)

5 Sec. 2-147. State Comptroller. The State Comptroller in
6 drawing salary warrants on payroll vouchers for members shall
7 draw such warrants to participants for the salary specified
8 less the member contributions to be deducted, as certified in
9 the vouchers, and shall draw a warrant to the system for the
10 total of the contributions so withheld on each such payroll
11 voucher. The warrant drawn to the system, and the additional
12 copy of the payroll, shall be transmitted immediately to the
13 secretary.

14 The Comptroller shall draw warrants or prepare direct
15 deposit transmittals upon the State Treasurer payable from the
16 funds of this system for purposes of this Article upon the
17 presentation of vouchers approved by the secretary in
18 accordance with resolutions of the board, and in the exercise
19 of the investment authority, upon presentation of vouchers
20 approved by the Chairperson of the Illinois Public Employees'
21 Retirement System ~~director of the Illinois State Board of~~
22 ~~Investment~~ in accordance with the order and direction of said
23 board.

24 (Source: P.A. 83-1440.)

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

2 Sec. 7-201.1. Participation in commingled investment
3 funds-Transfer of investment functions and securities.

4 (a) The retirement board may invest in any commingled
5 investment fund or funds established and maintained by the
6 Illinois Public Employees' Retirement System ~~Illinois State~~
7 ~~Board of Investment~~ under the provisions of Article 25 ~~22A~~ of
8 this Code. The book value of all commingled equity
9 participations plus the book value of other stock investments
10 owned by this system shall not exceed the maximum permissible
11 percentage rate for equity investments prescribed in Section
12 7-201. All commingled fund participations shall be subject to
13 the law governing the Illinois Public Employees' Retirement
14 System ~~Illinois State Board of Investment~~ and the rules,
15 policies and directives of the Board of Trustees of the
16 Illinois Public Employees' Retirement System ~~that Board~~.

17 (b) The retirement board may, by resolution duly adopted by
18 a majority vote of its membership, transfer to the Illinois
19 Public Employees' Retirement System ~~Illinois State Board of~~
20 ~~Investment~~ created by Article 25 ~~22A~~ of this Code, for
21 management and administration, all investments owned by the
22 Fund of every kind and character. Upon completion of such
23 transfer, the authority of the retirement board to make
24 investments shall terminate. Thereafter, all investments of
25 the reserves of the Fund shall be made by the Illinois Public
26 Employees' Retirement System ~~Illinois State Board of~~

1 ~~Investment~~ in accordance with the provisions of Article 25 ~~22A~~
2 of this Code.

3 Such transfer shall be made not later than the first day of
4 the fourth month next following the date of such resolution.
5 Before such transfer an audit of such investments shall be
6 completed by a certified public accountant selected by the
7 Illinois Public Employees' Retirement System ~~Illinois State~~
8 ~~Board of Investment~~ and approved by the Auditor General of the
9 State of Illinois. The expense of such audit shall be defrayed
10 by the retirement board.

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

12 (40 ILCS 5/12-166.1) (from Ch. 108 1/2, par. 12-166.1)

13 Sec. 12-166.1. Participation in commingled investment
14 funds-Transfer of investment functions and securities.

15 (a) The retirement board may invest in any commingled
16 investment fund or funds established and maintained by the
17 Illinois Public Employees' Retirement System ~~Illinois State~~
18 ~~Board of Investment~~ under the provisions of Article 25 ~~22A~~ of
19 this Code. The book value of all commingled equity
20 participations plus the book value of other stock investments
21 owned by this system shall not exceed the maximum permissible
22 percentage rate for equity investments prescribed in Section
23 12-166. All commingled fund participations shall be subject to
24 the law governing the Illinois Public Employees' Retirement
25 System ~~Illinois State Board of Investment~~ and the rules,

1 policies and directives of that Board.

2 (b) The retirement board may, by resolution duly adopted by
3 a majority vote of its membership, transfer to the Illinois
4 Public Employees' Retirement System ~~Illinois State Board of~~
5 ~~Investment~~ created by Article 25 ~~22A~~ of this Code, for
6 management and administration, all investments owned by the
7 Fund of every kind and character. Upon completion of such
8 transfer, the authority of the retirement board to make
9 investments shall terminate. Thereafter, all investments of
10 the reserves of the Fund shall be made by the Illinois Public
11 Employees' Retirement System ~~Illinois State Board of~~
12 ~~Investment~~ in accordance with the provisions of Article 25 ~~22A~~
13 of this Code.

14 Such transfer shall be made not later than the first day of
15 the fourth month next following the date of such resolution.
16 Before such transfer an audit of such investments shall be
17 completed by a certified public accountant selected by the
18 Illinois Public Employees' Retirement System ~~Illinois State~~
19 ~~Board of Investment~~ and approved by the Auditor General of the
20 State of Illinois. The expense of such audit shall be defrayed
21 by the retirement board.

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

23 (40 ILCS 5/13-706) (from Ch. 108 1/2, par. 13-706)

24 Sec. 13-706. Board powers and duties. The Board shall have
25 the powers and duties set forth in this Section, in addition to

1 such other powers and duties as may be provided in this Article
2 and in this Code:

3 (a) To supervise collections. To see that all amounts
4 specified in this Article to be applied to the Fund, from
5 any source, are collected and applied.

6 (b) To notify of deductions. To notify the Clerk of the
7 Water Reclamation District of the deductions to be made
8 from the salaries of employees.

9 (c) To accept gifts. To accept by gift, grant, bequest
10 or otherwise any money or property of any kind and use the
11 same for the purposes of the Fund.

12 (d) To invest the reserves. To invest the reserves of
13 the Fund in accordance with the provisions set forth in
14 Section 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114, and
15 1-115 of this Code. Investments made in accordance with
16 Section 1-113 of Article 1 of this Code shall be deemed
17 prudent. The Board is also authorized to transfer
18 securities to the Illinois Public Employees' Retirement
19 System ~~Illinois State Board of Investment~~ for the purpose
20 of participation in any commingled investment fund as
21 provided in Article 25 ~~22A~~ of this Code.

22 (e) To authorize payments. To consider and pass upon
23 all applications for annuities and benefits; to authorize
24 or suspend the payment of any annuity or benefit; to
25 inquire into the validity and legality of any grant of
26 annuity or benefit paid from or payable out of the Fund; to

1 increase, reduce, or suspend any such annuity or benefit
2 whenever the annuity or benefit, or any part thereof, was
3 secured or granted, or the amount thereof fixed, as the
4 result of misrepresentation, fraud, or error. No such
5 annuity or benefit shall be permanently reduced or
6 suspended until the affected annuitant or beneficiary is
7 first notified of the proposed action and given an
8 opportunity to be heard. No trustee of the Board shall vote
9 upon that trustee's own personal claim for annuity, benefit
10 or refund, or participate in the deliberations of the Board
11 as to the validity of any such claim. The Board shall have
12 exclusive original jurisdiction in all matters of claims
13 for annuities, benefits and refunds.

14 (f) To submit an annual report. To submit a report in
15 July of each year to the Board of Commissioners of the
16 Water Reclamation District as of the close of business on
17 December 31st of the preceding year. The report shall
18 include the following:

19 (1) A balance sheet, showing the financial and
20 actuarial condition of the Fund as of the end of the
21 calendar year;

22 (2) A statement of receipts and disbursements
23 during such year;

24 (3) A statement showing changes in the asset,
25 liability, reserve and surplus accounts during such
26 year;

1 (4) A detailed statement of investments as of the
2 end of the year; and

3 (5) Any additional information as is deemed
4 necessary for proper interpretation of the condition
5 of the Fund.

6 (g) To subpoena witnesses. To compel witnesses to
7 attend and testify before it upon any matter concerning the
8 Fund and allow witness fees not in excess of \$6 for
9 attendance upon any one day. The President and other
10 members of the Board may administer oaths to witnesses.

11 (h) To appoint employees and consultants. To appoint
12 such actuarial, medical, legal, investigational, clerical
13 or financial employees and consultants as are necessary,
14 and fix their compensation.

15 (i) To make rules. To make rules and regulations
16 necessary for the administration of the affairs of the
17 Fund.

18 (j) To waive guardianship. To waive the requirement of
19 legal guardianship of any minor unmarried beneficiary of
20 the Fund living with a parent or grandparent, and legal
21 guardianship of any beneficiary under legal disability
22 whose husband, wife, or parent is managing such
23 beneficiary's affairs, whenever the Board deems such
24 waiver to be in the best interest of the beneficiary.

25 (k) To collect amounts due. To collect any amounts due
26 to the Fund from any participant or beneficiary prior to

1 payment of any annuity, benefit or refund.

2 (l) To invoke rule of offset. To offset against any
3 amount payable to an employee or to any other person such
4 sums as may be due to the Fund or may have been paid by the
5 Fund due to misrepresentation, fraud or error.

6 (m) To assess and collect interest on amounts due to
7 the Fund using the annual rate as shall from time to time
8 be determined by the Board, compounded annually from the
9 date of notification to the date of payment.

10 (Source: P.A. 94-621, eff. 8-18-05; 95-586, eff. 8-31-07.)

11 (40 ILCS 5/14-137) (from Ch. 108 1/2, par. 14-137)

12 Sec. 14-137. Treasurer. The Treasurer of the State of
13 Illinois shall be, ex-officio, the treasurer of the system. He
14 shall:

15 (a) act as official custodian of the cash and
16 securities belonging to the system and provide adequate
17 safe deposit facilities for their preservation and hold
18 such cash and securities subject to the order of the board;

19 (b) receive all items of cash belonging to the system,
20 as the same are transmitted by the Executive Secretary of
21 the system, including member contributions, State
22 contributions, interest and principal payments on
23 investments and other income accruing to the system, and
24 deposit all such amounts in a special trust fund for the
25 account of this system, and submit a monthly report to the

1 board of all such transactions;

2 (c) make payments for purposes specified in this
3 Article upon warrants or direct deposit transmittals of the
4 State Comptroller issued in accordance with vouchers
5 signed by the Executive Secretary pursuant to
6 authorization of the board.

7 The treasurer shall furnish a corporate surety bond,
8 acceptable to the board in the penal sum of \$50,000,
9 conditioned for the faithful discharge of his duties, and to
10 deliver up all moneys, securities, papers, books, records and
11 other property appertaining to his office as treasurer of the
12 system, whole, safe and undefaced, to his successor in office.
13 Whenever the board deems the amount of the bond insufficient,
14 it may require an increase to a penal sum not to exceed
15 \$100,000. All reasonable charges incidental to the procuring
16 and giving of such bond shall be paid by the board.

17 Any cash accruing to the special trust fund of the system
18 not required for current operating expenditures shall upon
19 direction by the Executive Secretary be transferred
20 immediately to the Illinois Public Employees' Retirement
21 System ~~said Illinois State Board of Investment~~ for purposes of
22 permanent investment for the system. Until such transfer is
23 made, those funds shall be invested temporarily by the
24 Treasurer on behalf of the system and interest earned thereon
25 shall be credited to the trust fund of the system.

26 (Source: P.A. 82-391.)

1 (40 ILCS 5/15-167.1) (from Ch. 108 1/2, par. 15-167.1)

2 Sec. 15-167.1. Participation in commingled investment
3 funds-Transfer of investment functions and securities. (a)
4 The retirement board may invest in any commingled investment
5 fund or funds established and maintained by the Illinois Public
6 Employees' Retirement System ~~Illinois State Board of~~
7 ~~Investment~~ under Article 25 ~~22A~~ of this Code. All commingled
8 fund participations shall be subject to the law governing the
9 Illinois Public Employees' Retirement System ~~Illinois State~~
10 ~~Board of Investment~~ and the rules, policies and directives of
11 the Board of Trustees of the Illinois Public Employees'
12 Retirement System ~~that Board.~~

13 (b) The retirement board may, by resolution duly adopted by
14 a majority vote of its membership, transfer to the Illinois
15 Public Employees' Retirement System ~~Illinois State Board of~~
16 ~~Investment~~ created by Article 25 ~~22A~~ of this Code, for
17 management and administration, all investments owned by the
18 system of every kind and character. Upon completion of such
19 transfer, the authority of the retirement board to make
20 investments shall terminate. Thereafter, all investments of
21 the reserves of the system shall be made by the Illinois Public
22 Employees' Retirement System ~~Illinois State Board of~~
23 ~~Investment~~ in accordance with Article 25 ~~22A~~ of this Code.

24 The transfer shall be made not later than the first day of
25 the fourth month next following the date of such resolution.

1 Before such transfer, an audit of the investments shall be
2 completed by a certified public accountant selected by the
3 Illinois Public Employees' Retirement System ~~Illinois State~~
4 ~~Board of Investment~~ and approved by the Auditor General of the
5 State of Illinois. The expense of the audit shall be assumed by
6 the retirement board.

7 (Source: P.A. 83-1440.)

8 (40 ILCS 5/15-179.5 new)

9 Sec. 15-179.5. Transfer of investment assets to the
10 Illinois Public Employees' Retirement System Board.

11 (a) As soon as possible or practicable after receiving the
12 notification to transfer assets required under Section 25-104,
13 the trustees of the State Universities Retirement System shall
14 transfer to the Illinois Public Employees' Retirement System
15 Board for management and investment all of their securities or
16 for which commitments have been made and all funds, assets, or
17 moneys representing permanent or temporary investments or cash
18 reserves maintained for the purpose of obtaining income
19 thereon.

20 (b) The board of trustees or retirement board of the State
21 Universities Retirement System shall effect a transfer of
22 securities and other assets after completion of an audit by a
23 certified public accountant of such securities and other assets
24 as authorized by the Illinois Public Employees' Retirement
25 System and approved by the Auditor General of the State, the

1 expense of which shall be assumed by the State Universities
2 Retirement System. Upon such transfer, the authority of The
3 Illinois Public Employees' Retirement System to invest and
4 otherwise handle the investments of the State Universities
5 Retirement System is effective. These transfers shall be
6 receipted for in detail by the Chairman and director of the
7 Board.

8 (c) The board of trustees or retirement board of any
9 pension fund or retirement system authorized under the Illinois
10 Pension Code to participate in any commingled investment fund
11 or funds established and managed by the Illinois Public
12 Employees' Retirement System Board under Article 25 may invest
13 in such commingled investment fund or funds upon written notice
14 to the Illinois Public Employees' Retirement System Board. The
15 board of trustees of the Illinois Bank Examiners' Education
16 Foundation is authorized to participate in any commingled
17 investment fund or funds established and managed by the
18 Illinois Public Employees' Retirement System Board. Any
19 participation in a commingled fund and the management thereof
20 shall be in accordance with the governing law and the rules,
21 policies, and directives of the Illinois Public Employees'
22 Retirement System Board.

23 (d) As soon as possible or practicable following the
24 enactment of Article 25 and no later than one year following
25 such enactment, all employees performing investment functions
26 for the State Universities Retirement System shall be

1 transferred to the newly created Illinois Public Employees'
2 Retirement System.

3 (40 ILCS 5/15-179.6 new)

4 Sec. 15-179.6. Funds of the System. Any cash accruing to
5 the special trust fund of the System not required for current
6 operating expenditures shall upon direction by the executive
7 secretary be transferred immediately to the Illinois Public
8 Employees' Retirement System for purposes of permanent
9 investment for the System. Until such transfer is made, those
10 funds shall be invested temporarily by the State Treasurer on
11 behalf of the System and interest earned thereon shall be
12 credited to the trust fund of the System.

13 (40 ILCS 5/16-179.1) (from Ch. 108 1/2, par. 16-179.1)

14 Sec. 16-179.1. To transfer investment functions and
15 securities. The board may, by resolution duly adopted by a
16 majority vote of its membership, transfer to the Illinois
17 Public Employees' Retirement System ~~Illinois State Board of~~
18 ~~Investment~~ created by Article 25 ~~22A~~, for management and
19 administration, all investments owned by the system of every
20 kind and character. Upon completion of such transfer, the
21 authority of the board to make investments shall terminate.
22 Thereafter, all investments of the assets of the system shall
23 be made by the Illinois Public Employees' Retirement System
24 ~~Illinois State Board of Investment~~ in accordance with the

1 provisions of Article 25 22A.

2 Such transfer shall be made not later than the first day of
3 the fourth month next following the date of such resolution.
4 Before such transfer an audit of such investments shall be
5 completed by a certified public accountant selected by the
6 Illinois Public Employees' Retirement System ~~Illinois State~~
7 ~~Board of Investment~~ and approved by the Auditor General of the
8 State of Illinois. The expense of such audit shall be defrayed
9 by the board.

10 (Source: P.A. 83-1440.)

11 (40 ILCS 5/16-187.5 new)

12 Sec. 16-187.5. Transfer of investment assets to the
13 Illinois Public Employees' Retirement System.

14 (a) As soon as possible or practicable after receiving the
15 notification to transfer assets required under Section 25-104,
16 the trustees of the Teachers Retirement System of the State of
17 Illinois shall transfer to the Illinois Public Employees'
18 Retirement System for management and investment all of their
19 securities for which commitments have been made and all funds,
20 assets, or moneys representing permanent or temporary
21 investments or cash reserves maintained for the purpose of
22 obtaining income thereon.

23 (b) The board of trustees or retirement board of the
24 Teachers Retirement System of the State of Illinois shall
25 effect a transfer of securities and other assets after

1 completion of an audit by a certified public accountant of such
2 securities and other assets as authorized by the Illinois
3 Public Employees' Retirement System and approved by the Auditor
4 General of the State, the expense of which shall be assumed by
5 the Teachers Retirement System of the State of Illinois. Upon
6 such transfer, the authority of the Illinois Public Employees'
7 Retirement System to invest and otherwise handle the
8 investments of the Teachers Retirement System of the State of
9 Illinois is effective. These transfers shall be receipted for
10 in detail by the Chairman and director of the Board.

11 (c) The board of trustees or retirement board of any
12 pension fund or retirement system authorized under the Illinois
13 Pension Code to participate in any commingled investment fund
14 or funds established and managed by the Illinois Public
15 Employees' Retirement System under this Article may invest in
16 such commingled investment fund or funds upon written notice to
17 the Illinois Public Employees' Retirement System. The board of
18 trustees of the Illinois Bank Examiners' Education Foundation
19 is authorized to participate in any commingled investment fund
20 or funds established and managed by the Illinois Public
21 Employees' Retirement System. Any participation in a
22 commingled fund and the management thereof shall be in
23 accordance with the governing law and the rules, policies, and
24 directives of the Illinois Public Employees' Retirement
25 System.

26 (d) As soon as possible or practicable following the

1 enactment of Article 25 and no later than one year following
2 such enactment, all employees performing investment functions
3 for the Teachers Retirement System of the State of Illinois
4 shall be transferred to the newly created Illinois Public
5 Employees' Retirement System.

6 (40 ILCS 5/16-187.6 new)

7 Sec. 16-187.6. Funds of the System. Any cash accruing to
8 the special trust fund of the System not required for current
9 operating expenditures shall upon direction by the executive
10 secretary be transferred immediately to the Illinois Public
11 Employees' Retirement System for purposes of permanent
12 investment for the System. Until such transfer is made, those
13 funds shall be invested temporarily by the State Treasurer on
14 behalf of the System and interest earned thereon shall be
15 credited to the trust fund of the System.

16 (40 ILCS 5/17-146.1) (from Ch. 108 1/2, par. 17-146.1)

17 Sec. 17-146.1. Participation in commingled investment
18 funds; transfer of investment functions and securities.

19 (a) The Board may invest in any commingled investment fund
20 or funds established and maintained by the Illinois Public
21 Employees' Retirement System ~~Illinois State Board of~~
22 ~~Investment~~ under the provisions of Article 25 ~~22A~~ of this Code.
23 All commingled fund participations shall be subject to the law
24 governing the Illinois Public Employees' Retirement System

1 ~~Illinois State Board of Investment~~ and the rules, policies and
2 directives of that Board.

3 (b) The Board may, by resolution duly adopted by a majority
4 vote of its membership, transfer to the Illinois Public
5 Employees' Retirement System ~~Illinois State Board of~~
6 ~~Investment~~ created by Article 25 ~~22A~~ of this Code, for
7 management and administration, all investments owned by the
8 Fund of every kind and character. Upon completion of such
9 transfer, the authority of the Board to make investments shall
10 terminate. Thereafter, all investments of the reserves of the
11 Fund shall be made by the Illinois Public Employees' Retirement
12 System ~~Illinois State Board of Investment~~ in accordance with
13 the provisions of Article 25 ~~22A~~ of this Code.

14 Such transfer shall be made not later than the first day of
15 the fourth month next following the date of such resolution.
16 Before such transfer an audit of such investments shall be
17 completed by a certified public accountant selected by the
18 Illinois Public Employees' Retirement System ~~Illinois State~~
19 ~~Board of Investment~~ and approved by the Auditor General of the
20 State of Illinois. The expense of such audit shall be defrayed
21 by the retirement Board.

22 (Source: P.A. 90-19, eff. 6-20-97; 90-32, eff. 6-27-97; 90-566,
23 eff. 1-2-98.)

24 (40 ILCS 5/18-153) (from Ch. 108 1/2, par. 18-153)

25 Sec. 18-153. Duties of Treasurer. The Treasurer of the

1 State of Illinois shall be ex-officio the Treasurer of the
2 System and shall:

3 (1) act as official custodian of the cash and securities of
4 the system, provide adequate safe deposit facilities for the
5 preservation of such securities, and hold such cash and
6 securities subject to the order of the board;

7 (2) receive from the secretary all items of cash belonging
8 to the system, as the same are transmitted by the secretary,
9 including participants' contributions, State contributions,
10 interest and principal on investments and other income accruing
11 to the system, deposit all such amounts in a special trust fund
12 for the account of this system, and notify the board of all
13 such transactions at least once each month;

14 (3) make payments for purposes specified in this Article
15 upon warrants or direct deposit transmittals of the State
16 Comptroller issued in accordance with vouchers signed by the
17 secretary pursuant to resolutions of the board;

18 (4) furnish a corporate surety bond acceptable to the board
19 of such amount as the board designates. The bond shall
20 indemnify the board against any loss which may result from any
21 action or failure to act on the part of the Treasurer or any of
22 his or her agents. All reasonable charges incidental to the
23 procuring of the bond shall be paid by the board.

24 Any cash accruing to the special trust fund representing
25 the system not required for current expenditures shall be
26 transferred to the Illinois Public Employees' Retirement

1 ~~System Illinois State Board of Investment~~ for purposes of
2 investment. Until such transfer is made, those funds shall be
3 invested temporarily by the Treasurer on behalf of the system
4 and interest earned thereon shall be credited to the trust fund
5 of the system.

6 (Source: P.A. 86-273.)

7 (40 ILCS 5/18-154) (from Ch. 108 1/2, par. 18-154)

8 Sec. 18-154. Duties of State Comptroller. The State
9 Comptroller in drawing warrants for salary on payroll vouchers
10 certified by an employer shall draw such warrants for the
11 salary specified, less the employee contribution to be deducted
12 therefrom as certified in the payroll vouchers, and shall draw
13 a warrant to this system for the total of the employee
14 contributions so withheld. The warrant drawn to the system,
15 together with the additional copy of the payroll supplied by
16 the employer, shall be transmitted immediately to the secretary
17 of the board.

18 The Comptroller shall draw warrants or prepare direct
19 deposit transmittals upon the State Treasurer payable from the
20 funds of this system for purposes provided in this Article upon
21 the presentation of vouchers approved by the secretary in
22 accordance with the resolutions of the board, and in the
23 exercise of the investment authority, upon presentation of
24 vouchers approved by the director of the Illinois Public
25 Employees' Retirement System ~~Illinois State Board of~~

1 ~~Investment~~ in accordance with the order and direction of said
2 board.

3 (Source: P.A. 83-1440.)

4 (40 ILCS 5/22-101) (from Ch. 108 1/2, par. 22-101)

5 Sec. 22-101. Retirement Plan for Chicago Transit Authority
6 Employees.

7 (a) There shall be established and maintained by the
8 Authority created by the "Metropolitan Transit Authority Act",
9 approved April 12, 1945, as amended, (referred to in this
10 Section as the "Authority") a financially sound pension and
11 retirement system adequate to provide for all payments when due
12 under such established system or as modified from time to time
13 by ordinance of the Chicago Transit Board or collective
14 bargaining agreement. For this purpose, the Board must make
15 contributions to the established system as required under this
16 Section and may make any additional contributions provided for
17 by Board ordinance or collective bargaining agreement. The
18 participating employees shall make such periodic payments to
19 the established system as required under this Section and may
20 make any additional contributions provided for by Board
21 ordinance or collective bargaining agreement.

22 Provisions shall be made by the Board for all officers and
23 employees of the Authority appointed pursuant to the
24 "Metropolitan Transit Authority Act" to become, subject to
25 reasonable rules and regulations, participants of the pension

1 or retirement system with uniform rights, privileges,
2 obligations and status as to the class in which such officers
3 and employees belong. The terms, conditions and provisions of
4 any pension or retirement system or of any amendment or
5 modification thereof affecting employees who are members of any
6 labor organization may be established, amended or modified by
7 agreement with such labor organization, provided the terms,
8 conditions and provisions must be consistent with this Act, the
9 annual funding levels for the retirement system established by
10 law must be met and the benefits paid to future participants in
11 the system may not exceed the benefit ceilings set for future
12 participants under this Act and the contribution levels
13 required by the Authority and its employees may not be less
14 than the contribution levels established under this Act.

15 (b) The Board of Trustees shall consist of 11 members
16 appointed as follows: (i) 5 trustees shall be appointed by the
17 Chicago Transit Board; (ii) 3 trustees shall be appointed by an
18 organization representing the highest number of Chicago
19 Transit Authority participants; (iii) one trustee shall be
20 appointed by an organization representing the second-highest
21 number of Chicago Transit Authority participants; (iv) one
22 trustee shall be appointed by the recognized coalition
23 representatives of participants who are not represented by an
24 organization with the highest or second-highest number of
25 Chicago Transit Authority participants; and (v) one trustee
26 shall be selected by the Regional Transportation Authority

1 Board of Directors, and the trustee shall be a professional
2 fiduciary who has experience in the area of collectively
3 bargained pension plans. Trustees shall serve until a successor
4 has been appointed and qualified, or until resignation, death,
5 incapacity, or disqualification.

6 Any person appointed as a trustee of the board shall
7 qualify by taking an oath of office that he or she will
8 diligently and honestly administer the affairs of the system
9 and will not knowingly violate or willfully permit the
10 violation of any of the provisions of law applicable to the
11 Plan, including Sections 1-109, 1-109.1, 1-109.2, 1-110,
12 1-111, 1-114, and 1-115 of the Illinois Pension Code.

13 Each trustee shall cast individual votes, and a majority
14 vote shall be final and binding upon all interested parties,
15 provided that the Board of Trustees may require a supermajority
16 vote with respect to the investment of the assets of the
17 Retirement Plan, and may set forth that requirement in the
18 Retirement Plan documents, by-laws, or rules of the Board of
19 Trustees. Each trustee shall have the rights, privileges,
20 authority, and obligations as are usual and customary for such
21 fiduciaries.

22 The Board of Trustees may cause amounts on deposit in the
23 Retirement Plan to be invested in those investments that are
24 permitted investments for the investment of moneys held under
25 any one or more of the pension or retirement systems of the
26 State, any unit of local government or school district, or any

1 agency or instrumentality thereof. The Board, by a vote of at
2 least two-thirds of the trustees, may transfer investment
3 management to the Illinois Public Employees' Retirement System
4 ~~Illinois State Board of Investment~~, which is hereby authorized
5 to manage these investments when so requested by the Board of
6 Trustees.

7 (c) All individuals who were previously participants in the
8 Retirement Plan for Chicago Transit Authority Employees shall
9 remain participants, and shall receive the same benefits
10 established by the Retirement Plan for Chicago Transit
11 Authority Employees, except as provided in this amendatory Act
12 or by subsequent legislative enactment or amendment to the
13 Retirement Plan. For Authority employees hired on or after the
14 effective date of this amendatory Act of the 95th General
15 Assembly, the Retirement Plan for Chicago Transit Authority
16 Employees shall be the exclusive retirement plan and such
17 employees shall not be eligible for any supplemental plan,
18 except for a deferred compensation plan funded only by employee
19 contributions.

20 For all Authority employees who are first hired on or after
21 the effective date of this amendatory Act of the 95th General
22 Assembly and are participants in the Retirement Plan for
23 Chicago Transit Authority Employees, the following terms,
24 conditions and provisions with respect to retirement shall be
25 applicable:

26 (1) Such participant shall be eligible for an unreduced

1 retirement allowance for life upon the attainment of age 64
2 with 25 years of continuous service.

3 (2) Such participant shall be eligible for a reduced
4 retirement allowance for life upon the attainment of age 55
5 with 10 years of continuous service.

6 (3) For the purpose of determining the retirement
7 allowance to be paid to a retiring employee, the term
8 "Continuous Service" as used in the Retirement Plan for
9 Chicago Transit Authority Employees shall also be deemed to
10 include all pension credit for service with any retirement
11 system established under Article 8 or Article 11 of this
12 Code, provided that the employee forfeits and relinquishes
13 all pension credit under Article 8 or Article 11 of this
14 Code, and the contribution required under this subsection
15 is made by the employee. The Retirement Plan's actuary
16 shall determine the contribution paid by the employee as an
17 amount equal to the normal cost of the benefit accrued, had
18 the service been rendered as an employee, plus interest per
19 annum from the time such service was rendered until the
20 date the payment is made.

21 (d) From the effective date of this amendatory Act through
22 December 31, 2008, all participating employees shall
23 contribute to the Retirement Plan in an amount not less than 6%
24 of compensation, and the Authority shall contribute to the
25 Retirement Plan in an amount not less than 12% of compensation.

26 (e) (1) Beginning January 1, 2009 the Authority shall make

1 contributions to the Retirement Plan in an amount equal to
2 twelve percent (12%) of compensation and participating
3 employees shall make contributions to the Retirement Plan in an
4 amount equal to six percent (6%) of compensation. These
5 contributions may be paid by the Authority and participating
6 employees on a payroll or other periodic basis, but shall in
7 any case be paid to the Retirement Plan at least monthly.

8 (2) For the period ending December 31, 2040, the amount
9 paid by the Authority in any year with respect to debt service
10 on bonds issued for the purposes of funding a contribution to
11 the Retirement Plan under Section 12c of the Metropolitan
12 Transit Authority Act, other than debt service paid with the
13 proceeds of bonds or notes issued by the Authority for any year
14 after calendar year 2008, shall be treated as a credit against
15 the amount of required contribution to the Retirement Plan by
16 the Authority under subsection (e)(1) for the following year up
17 to an amount not to exceed 6% of compensation paid by the
18 Authority in that following year.

19 (3) By September 15 of each year beginning in 2009 and
20 ending on December 31, 2039, on the basis of a report prepared
21 by an enrolled actuary retained by the Plan, the Board of
22 Trustees of the Retirement Plan shall determine the estimated
23 funded ratio of the total assets of the Retirement Plan to its
24 total actuarially determined liabilities. A report containing
25 that determination and the actuarial assumptions on which it is
26 based shall be filed with the Authority, the representatives of

1 its participating employees, the Auditor General of the State
2 of Illinois, and the Regional Transportation Authority. If the
3 funded ratio is projected to decline below 60% in any year
4 before 2040, the Board of Trustees shall also determine the
5 increased contribution required each year as a level percentage
6 of payroll over the years remaining until 2040 using the
7 projected unit credit actuarial cost method so the funded ratio
8 does not decline below 60% and include that determination in
9 its report. If the actual funded ratio declines below 60% in
10 any year prior to 2040, the Board of Trustees shall also
11 determine the increased contribution required each year as a
12 level percentage of payroll during the years after the then
13 current year using the projected unit credit actuarial cost
14 method so the funded ratio is projected to reach at least 60%
15 no later than 10 years after the then current year and include
16 that determination in its report. Within 60 days after
17 receiving the report, the Auditor General shall review the
18 determination and the assumptions on which it is based, and if
19 he finds that the determination and the assumptions on which it
20 is based are unreasonable in the aggregate, he shall issue a
21 new determination of the funded ratio, the assumptions on which
22 it is based and the increased contribution required each year
23 as a level percentage of payroll over the years remaining until
24 2040 using the projected unit credit actuarial cost method so
25 the funded ratio does not decline below 60%, or, in the event
26 of an actual decline below 60%, so the funded ratio is

1 projected to reach 60% by no later than 10 years after the then
2 current year. If the Board of Trustees or the Auditor General
3 determine that an increased contribution is required to meet
4 the funded ratio required by the subsection, effective January
5 1 following the determination or 30 days after such
6 determination, whichever is later, one-third of the increased
7 contribution shall be paid by participating employees and
8 two-thirds by the Authority, in addition to the contributions
9 required by this subsection (1).

10 (4) For the period beginning 2040, the minimum contribution
11 to the Retirement Plan for each fiscal year shall be an amount
12 determined by the Board of Trustees of the Retirement Plan to
13 be sufficient to bring the total assets of the Retirement Plan
14 up to 90% of its total actuarial liabilities by the end of
15 2059. Participating employees shall be responsible for
16 one-third of the required contribution and the Authority shall
17 be responsible for two-thirds of the required contribution. In
18 making these determinations, the Board of Trustees shall
19 calculate the required contribution each year as a level
20 percentage of payroll over the years remaining to and including
21 fiscal year 2059 using the projected unit credit actuarial cost
22 method. A report containing that determination and the
23 actuarial assumptions on which it is based shall be filed by
24 September 15 of each year with the Authority, the
25 representatives of its participating employees, the Auditor
26 General of the State of Illinois and the Regional

1 Transportation Authority. If the funded ratio is projected to
2 fail to reach 90% by December 31, 2059, the Board of Trustees
3 shall also determine the increased contribution required each
4 year as a level percentage of payroll over the years remaining
5 until December 31, 2059 using the projected unit credit
6 actuarial cost method so the funded ratio will meet 90% by
7 December 31, 2059 and include that determination in its report.
8 Within 60 days after receiving the report, the Auditor General
9 shall review the determination and the assumptions on which it
10 is based and if he finds that the determination and the
11 assumptions on which it is based are unreasonable in the
12 aggregate, he shall issue a new determination of the funded
13 ratio, the assumptions on which it is based and the increased
14 contribution required each year as a level percentage of
15 payroll over the years remaining until December 31, 2059 using
16 the projected unit credit actuarial cost method so the funded
17 ratio reaches no less than 90% by December 31, 2059. If the
18 Board of Trustees or the Auditor General determine that an
19 increased contribution is required to meet the funded ratio
20 required by this subsection, effective January 1 following the
21 determination or 30 days after such determination, whichever is
22 later, one-third of the increased contribution shall be paid by
23 participating employees and two-thirds by the Authority, in
24 addition to the contributions required by subsection (e) (1).

25 (5) Beginning in 2060, the minimum contribution for each
26 year shall be the amount needed to maintain the total assets of

1 the Retirement Plan at 90% of the total actuarial liabilities
2 of the Plan, and the contribution shall be funded two-thirds by
3 the Authority and one-third by the participating employees in
4 accordance with this subsection.

5 (f) The Authority shall take the steps necessary to comply
6 with Section 414(h) (2) of the Internal Revenue Code of 1986, as
7 amended, to permit the pick-up of employee contributions under
8 subsections (d) and (e) on a tax-deferred basis.

9 (g) The Board of Trustees shall certify to the Governor,
10 the General Assembly, the Auditor General, the Board of the
11 Regional Transportation Authority, and the Authority at least
12 90 days prior to the end of each fiscal year the amount of the
13 required contributions to the retirement system for the next
14 retirement system fiscal year under this Section. The
15 certification shall include a copy of the actuarial
16 recommendations upon which it is based. In addition, copies of
17 the certification shall be sent to the Commission on Government
18 Forecasting and Accountability and the Mayor of Chicago.

19 (h) (1) As to an employee who first becomes entitled to a
20 retirement allowance commencing on or after November 30, 1989,
21 the retirement allowance shall be the amount determined in
22 accordance with the following formula:

23 (A) One percent (1%) of his "Average Annual
24 Compensation in the highest four (4) completed Plan Years"
25 for each full year of continuous service from the date of
26 original employment to the effective date of the Plan; plus

1 (B) One and seventy-five hundredths percent (1.75%) of
2 his "Average Annual Compensation in the highest four (4)
3 completed Plan Years" for each year (including fractions
4 thereof to completed calendar months) of continuous
5 service as provided for in the Retirement Plan for Chicago
6 Transit Authority Employees.

7 Provided, however that:

8 (2) As to an employee who first becomes entitled to a
9 retirement allowance commencing on or after January 1, 1993,
10 the retirement allowance shall be the amount determined in
11 accordance with the following formula:

12 (A) One percent (1%) of his "Average Annual
13 Compensation in the highest four (4) completed Plan Years"
14 for each full year of continuous service from the date of
15 original employment to the effective date of the Plan; plus

16 (B) One and eighty hundredths percent (1.80%) of his
17 "Average Annual Compensation in the highest four (4)
18 completed Plan Years" for each year (including fractions
19 thereof to completed calendar months) of continuous
20 service as provided for in the Retirement Plan for Chicago
21 Transit Authority Employees.

22 Provided, however that:

23 (3) As to an employee who first becomes entitled to a
24 retirement allowance commencing on or after January 1, 1994,
25 the retirement allowance shall be the amount determined in
26 accordance with the following formula:

1 (A) One percent (1%) of his "Average Annual
2 Compensation in the highest four (4) completed Plan Years"
3 for each full year of continuous service from the date of
4 original employment to the effective date of the Plan; plus

5 (B) One and eighty-five hundredths percent (1.85%) of
6 his "Average Annual Compensation in the highest four (4)
7 completed Plan Years" for each year (including fractions
8 thereof to completed calendar months) of continuous
9 service as provided for in the Retirement Plan for Chicago
10 Transit Authority Employees.

11 Provided, however that:

12 (4) As to an employee who first becomes entitled to a
13 retirement allowance commencing on or after January 1, 2000,
14 the retirement allowance shall be the amount determined in
15 accordance with the following formula:

16 (A) One percent (1%) of his "Average Annual
17 Compensation in the highest four (4) completed Plan Years"
18 for each full year of continuous service from the date of
19 original employment to the effective date of the Plan; plus

20 (B) Two percent (2%) of his "Average Annual
21 Compensation in the highest four (4) completed Plan Years"
22 for each year (including fractions thereof to completed
23 calendar months) of continuous service as provided for in
24 the Retirement Plan for Chicago Transit Authority
25 Employees.

26 Provided, however that:

1 (5) As to an employee who first becomes entitled to a
2 retirement allowance commencing on or after January 1, 2001,
3 the retirement allowance shall be the amount determined in
4 accordance with the following formula:

5 (A) One percent (1%) of his "Average Annual
6 Compensation in the highest four (4) completed Plan Years"
7 for each full year of continuous service from the date of
8 original employment to the effective date of the Plan; plus

9 (B) Two and fifteen hundredths percent (2.15%) of his
10 "Average Annual Compensation in the highest four (4)
11 completed Plan Years" for each year (including fractions
12 thereof to completed calendar months) of continuous
13 service as provided for in the Retirement Plan for Chicago
14 Transit Authority Employees.

15 The changes made by this amendatory Act of the 95th General
16 Assembly, to the extent that they affect the rights or
17 privileges of Authority employees that are currently the
18 subject of collective bargaining, have been agreed to between
19 the authorized representatives of these employees and of the
20 Authority prior to enactment of this amendatory Act, as
21 evidenced by a Memorandum of Understanding between these
22 representatives that will be filed with the Secretary of State
23 Index Department and designated as "95-GA-C05". The General
24 Assembly finds and declares that those changes are consistent
25 with 49 U.S.C. 5333(b) (also known as Section 13(c) of the
26 Federal Transit Act) because of this agreement between

1 authorized representatives of these employees and of the
2 Authority, and that any future amendments to the provisions of
3 this amendatory Act of the 95th General Assembly, to the extent
4 those amendments would affect the rights and privileges of
5 Authority employees that are currently the subject of
6 collective bargaining, would be consistent with 49 U.S.C.
7 5333(b) if and only if those amendments were agreed to between
8 these authorized representatives prior to enactment.

9 (i) Early retirement incentive plan; funded ratio.

10 (1) Beginning on the effective date of this Section, no
11 early retirement incentive shall be offered to
12 participants of the Plan unless the Funded Ratio of the
13 Plan is at least 80% or more.

14 (2) For the purposes of this Section, the Funded Ratio
15 shall be the Adjusted Assets divided by the Actuarial
16 Accrued Liability developed in accordance with Statement
17 #25 promulgated by the Government Accounting Standards
18 Board and the actuarial assumptions described in the Plan.
19 The Adjusted Assets shall be calculated based on the
20 methodology described in the Plan.

21 (j) Nothing in this amendatory Act of the 95th General
22 Assembly shall impair the rights or privileges of Authority
23 employees under any other law.

24 (Source: P.A. 94-839, eff. 6-6-06; 95-708, eff. 1-18-08.)

25 (40 ILCS 5/22-101B)

1 Sec. 22-101B. Health Care Benefits.

2 (a) The Chicago Transit Authority (hereinafter referred to
3 in this Section as the "Authority") shall take all actions
4 lawfully available to it to separate the funding of health care
5 benefits for retirees and their dependents and survivors from
6 the funding for its retirement system. The Authority shall
7 endeavor to achieve this separation as soon as possible, and in
8 any event no later than July 1, 2009.

9 (b) Effective 90 days after the effective date of this
10 amendatory Act of the 95th General Assembly, a Retiree Health
11 Care Trust is established for the purpose of providing health
12 care benefits to eligible retirees and their dependents and
13 survivors in accordance with the terms and conditions set forth
14 in this Section 22-101B. The Retiree Health Care Trust shall be
15 solely responsible for providing health care benefits to
16 eligible retirees and their dependents and survivors by no
17 later than July 1, 2009, but no earlier than January 1, 2009.

18 (1) The Board of Trustees shall consist of 7 members
19 appointed as follows: (i) 3 trustees shall be appointed by
20 the Chicago Transit Board; (ii) one trustee shall be
21 appointed by an organization representing the highest
22 number of Chicago Transit Authority participants; (iii)
23 one trustee shall be appointed by an organization
24 representing the second-highest number of Chicago Transit
25 Authority participants; (iv) one trustee shall be
26 appointed by the recognized coalition representatives of

1 participants who are not represented by an organization
2 with the highest or second-highest number of Chicago
3 Transit Authority participants; and (v) one trustee shall
4 be selected by the Regional Transportation Authority Board
5 of Directors, and the trustee shall be a professional
6 fiduciary who has experience in the area of collectively
7 bargained retiree health plans. Trustees shall serve until
8 a successor has been appointed and qualified, or until
9 resignation, death, incapacity, or disqualification.

10 Any person appointed as a trustee of the board shall
11 qualify by taking an oath of office that he or she will
12 diligently and honestly administer the affairs of the
13 system, and will not knowingly violate or willfully permit
14 the violation of any of the provisions of law applicable to
15 the Plan, including Sections 1-109, 1-109.1, 1-109.2,
16 1-110, 1-111, 1-114, and 1-115 of Article 1 of the Illinois
17 Pension Code.

18 Each trustee shall cast individual votes, and a
19 majority vote shall be final and binding upon all
20 interested parties, provided that the Board of Trustees may
21 require a supermajority vote with respect to the investment
22 of the assets of the Retiree Health Care Trust, and may set
23 forth that requirement in the trust agreement or by-laws of
24 the Board of Trustees. Each trustee shall have the rights,
25 privileges, authority and obligations as are usual and
26 customary for such fiduciaries.

1 (2) The Board of Trustees shall establish and
2 administer a health care benefit program for eligible
3 retirees and their dependents and survivors. The health
4 care benefit program for eligible retirees and their
5 dependents and survivors shall not contain any plan which
6 provides for more than 90% coverage for in-network services
7 or 70% coverage for out-of-network services after any
8 deductible has been paid.

9 (3) The Retiree Health Care Trust shall be administered
10 by the Board of Trustees according to the following
11 requirements:

12 (i) The Board of Trustees may cause amounts on
13 deposit in the Retiree Health Care Trust to be invested
14 in those investments that are permitted investments
15 for the investment of moneys held under any one or more
16 of the pension or retirement systems of the State, any
17 unit of local government or school district, or any
18 agency or instrumentality thereof. The Board, by a vote
19 of at least two-thirds of the trustees, may transfer
20 investment management to the Illinois Public
21 Employees' Retirement System ~~Illinois State Board of~~
22 ~~Investment~~, which is hereby authorized to manage these
23 investments when so requested by the Board of Trustees.

24 (ii) The Board of Trustees shall establish and
25 maintain an appropriate funding reserve level which
26 shall not be less than the amount of incurred and

1 unreported claims plus 12 months of expected claims and
2 administrative expenses.

3 (iii) The Board of Trustees shall make an annual
4 assessment of the funding levels of the Retiree Health
5 Care Trust and shall submit a report to the Auditor
6 General at least 90 days prior to the end of the fiscal
7 year. The report shall provide the following:

8 (A) the actuarial present value of projected
9 benefits expected to be paid to current and future
10 retirees and their dependents and survivors;

11 (B) the actuarial present value of projected
12 contributions and trust income plus assets;

13 (C) the reserve required by subsection
14 (b) (3) (ii); and

15 (D) an assessment of whether the actuarial
16 present value of projected benefits expected to be
17 paid to current and future retirees and their
18 dependents and survivors exceeds or is less than
19 the actuarial present value of projected
20 contributions and trust income plus assets in
21 excess of the reserve required by subsection
22 (b) (3) (ii).

23 If the actuarial present value of projected
24 benefits expected to be paid to current and future
25 retirees and their dependents and survivors exceeds
26 the actuarial present value of projected contributions

1 and trust income plus assets in excess of the reserve
2 required by subsection (b)(3)(ii), then the report
3 shall provide a plan of increases in employee, retiree,
4 dependent, or survivor contribution levels, decreases
5 in benefit levels, or both, which is projected to cure
6 the shortfall over a period of not more than 10 years.
7 If the actuarial present value of projected benefits
8 expected to be paid to current and future retirees and
9 their dependents and survivors is less than the
10 actuarial present value of projected contributions and
11 trust income plus assets in excess of the reserve
12 required by subsection (b)(3)(ii), then the report may
13 provide a plan of decreases in employee, retiree,
14 dependent, or survivor contribution levels, increases
15 in benefit levels, or both, to the extent of the
16 surplus.

17 (iv) The Auditor General shall review the report
18 and plan provided in subsection (b)(3)(iii) and issue a
19 determination within 90 days after receiving the
20 report and plan, with a copy of such determination
21 provided to the General Assembly and the Regional
22 Transportation Authority, as follows:

23 (A) In the event of a projected shortfall, if
24 the Auditor General determines that the
25 assumptions stated in the report are not
26 unreasonable in the aggregate and that the plan of

1 increases in employee, retiree, dependent, or
2 survivor contribution levels, decreases in benefit
3 levels, or both, is reasonably projected to cure
4 the shortfall over a period of not more than 10
5 years, then the Board of Trustees shall implement
6 the plan. If the Auditor General determines that
7 the assumptions stated in the report are
8 unreasonable in the aggregate, or that the plan of
9 increases in employee, retiree, dependent, or
10 survivor contribution levels, decreases in benefit
11 levels, or both, is not reasonably projected to
12 cure the shortfall over a period of not more than
13 10 years, then the Board of Trustees shall not
14 implement the plan, the Auditor General shall
15 explain the basis for such determination to the
16 Board of Trustees, and the Auditor General may make
17 recommendations as to an alternative report and
18 plan.

19 (B) In the event of a projected surplus, if the
20 Auditor General determines that the assumptions
21 stated in the report are not unreasonable in the
22 aggregate and that the plan of decreases in
23 employee, retiree, dependent, or survivor
24 contribution levels, increases in benefit levels,
25 or both, is not unreasonable in the aggregate, then
26 the Board of Trustees shall implement the plan. If

1 the Auditor General determines that the
2 assumptions stated in the report are unreasonable
3 in the aggregate, or that the plan of decreases in
4 employee, retiree, dependent, or survivor
5 contribution levels, increases in benefit levels,
6 or both, is unreasonable in the aggregate, then the
7 Board of Trustees shall not implement the plan, the
8 Auditor General shall explain the basis for such
9 determination to the Board of Trustees, and the
10 Auditor General may make recommendations as to an
11 alternative report and plan.

12 (C) The Board of Trustees shall submit an
13 alternative report and plan within 45 days after
14 receiving a rejection determination by the Auditor
15 General. A determination by the Auditor General on
16 any alternative report and plan submitted by the
17 Board of Trustees shall be made within 90 days
18 after receiving the alternative report and plan,
19 and shall be accepted or rejected according to the
20 requirements of this subsection (b)(3)(iv). The
21 Board of Trustees shall continue to submit
22 alternative reports and plans to the Auditor
23 General, as necessary, until a favorable
24 determination is made by the Auditor General.

25 (4) For any retiree who first retires effective on or
26 after January 18, 2008, to be eligible for retiree health

1 care benefits upon retirement, the retiree must be at least
2 55 years of age, retire with 10 or more years of continuous
3 service and satisfy the preconditions established by
4 Public Act 95-708 in addition to any rules or regulations
5 promulgated by the Board of Trustees. Notwithstanding the
6 foregoing, any retiree who retired prior to the effective
7 date of this amendatory Act with 25 years or more of
8 continuous service, or who retires within 90 days after the
9 effective date of this amendatory Act or by January 1,
10 2009, whichever is later, with 25 years or more of
11 continuous service, shall be eligible for retiree health
12 care benefits upon retirement. This paragraph (4) shall not
13 apply to a disability allowance.

14 (5) Effective January 1, 2009, the aggregate amount of
15 retiree, dependent and survivor contributions to the cost
16 of their health care benefits shall not exceed more than
17 45% of the total cost of such benefits. The Board of
18 Trustees shall have the discretion to provide different
19 contribution levels for retirees, dependents and survivors
20 based on their years of service, level of coverage or
21 Medicare eligibility, provided that the total contribution
22 from all retirees, dependents, and survivors shall be not
23 more than 45% of the total cost of such benefits. The term
24 "total cost of such benefits" for purposes of this
25 subsection shall be the total amount expended by the
26 retiree health benefit program in the prior plan year, as

1 calculated and certified in writing by the Retiree Health
2 Care Trust's enrolled actuary to be appointed and paid for
3 by the Board of Trustees.

4 (6) Effective January 18, 2008, all employees of the
5 Authority shall contribute to the Retiree Health Care Trust
6 in an amount not less than 3% of compensation.

7 (7) No earlier than January 1, 2009 and no later than
8 July 1, 2009 as the Retiree Health Care Trust becomes
9 solely responsible for providing health care benefits to
10 eligible retirees and their dependents and survivors in
11 accordance with subsection (b) of this Section 22-101B, the
12 Authority shall not have any obligation to provide health
13 care to current or future retirees and their dependents or
14 survivors. Employees, retirees, dependents, and survivors
15 who are required to make contributions to the Retiree
16 Health Care Trust shall make contributions at the level set
17 by the Board of Trustees pursuant to the requirements of
18 this Section 22-101B.

19 (Source: P.A. 95-708, eff. 1-18-08; 95-906, eff. 8-26-08.)

20 (40 ILCS 5/22-803)

21 Sec. 22-803. Commission on Government Forecasting and
22 Accountability. The Illinois Public Employees' Retirement
23 System ~~Illinois State Board of Investment~~ and all pension funds
24 and retirement systems subject to this Code shall cooperate
25 with the Commission on Government Forecasting and

1 Accountability and shall upon request provide the Commission
2 with such information and other assistance as it may find
3 necessary or useful for the performance of its duties.

4 (Source: P.A. 93-632, eff. 2-1-04; 93-1067, eff. 1-15-05.)

5 (40 ILCS 5/22A-111.2 new)

6 Sec. 22A-111.2. Transfer of investment assets to the
7 Illinois Public Employees' Retirement System.

8 (a) As soon as possible or practicable after receiving the
9 notification to transfer assets required under Section 25-104,
10 the trustees of the Illinois State Board of Investment shall
11 transfer to the Board of Trustees of the Illinois Public
12 Employees' Retirement System for management and investment all
13 of their securities for which commitments have been made and
14 all funds, assets, or moneys representing permanent or
15 temporary investments or cash reserves maintained for the
16 purpose of obtaining income thereon on behalf of the General
17 Assembly Retirement System, the State Employees' Retirement
18 System of Illinois, and the Judges Retirement System of
19 Illinois.

20 (b) The Illinois State Board of Investment shall effect a
21 transfer of securities and other assets after completion of an
22 audit by a certified public accountant of such securities and
23 other assets as authorized by the Illinois Public Employees'
24 Retirement System and approved by the Auditor General of the
25 State, the expense of which shall be assumed by the Illinois

1 State Board of Investment. Upon such transfer, the authority of
2 the Illinois Public Employees' Retirement System to invest and
3 otherwise handle the investments of the Illinois State Board of
4 Investment, including the investment of the assets of the
5 General Assembly Retirement System, the State Employees'
6 Retirement System of Illinois, and the Judges Retirement System
7 of Illinois is effective. These transfers shall be receipted
8 for in detail by the Chairman and director of the Board.

9 (c) The board of trustees or retirement board of any
10 pension fund or retirement system authorized under this Code to
11 participate in any commingled investment fund or funds
12 established and managed by the Illinois Public Employees'
13 Retirement System may invest in such commingled investment fund
14 or funds upon written notice to the Illinois Public Employees'
15 Retirement System. The board of trustees of the Illinois Bank
16 Examiners' Education Foundation is authorized to participate
17 in any commingled investment fund or funds established and
18 managed by the Illinois Public Employees' Retirement System.
19 Any participation in a commingled fund and the management
20 thereof shall be in accordance with the governing law and the
21 rules, policies, and directives of the Illinois Public
22 Employees' Retirement System.

23 (d) As soon as possible or practicable following the
24 enactment of Article 25 and no later than one year following
25 such enactment, all employees performing investment functions
26 for the Illinois State Board of Investment shall be transferred

1 to the newly created Illinois Public Employees' Retirement
2 System.

3 (40 ILCS 5/24-105) (from Ch. 108 1/2, par. 24-105)

4 Sec. 24-105. The State Employees Deferred Compensation
5 Plan shall be administered by the Department of Central
6 Management Services subject to the general supervision of the
7 Illinois Public Employees' Retirement System ~~Illinois State~~
8 ~~Board of Investment~~. Participation in such plan shall be by a
9 specific written agreement between each such employee and the
10 State which agreement shall provide for the deferral of such
11 amount of compensation as requested by the employee. With each
12 distribution of compensation to a participating employee, the
13 employee shall receive a memorandum of the amount by which his
14 gross compensation for the period involved is reduced by reason
15 of the deferment of compensation, which amount shall not be
16 included as a part of his gross compensation as to that period.

17 Funds retained by the State as deferred compensation
18 pursuant to a written deferred compensation agreement between
19 the State and participating employees, may be invested in such
20 investments as are deemed acceptable by the Illinois Public
21 Employees' Retirement System, ~~Illinois State Board of~~
22 ~~Investment~~ including, but not limited to, life insurance or
23 annuity contracts or mutual funds. All such insurance,
24 annuities, mutual funds, or other such investments utilized
25 under this Plan shall have been reviewed and selected by the

1 Board of Trustees of the Illinois Public Employees' Retirement
2 System based on a competitive bidding process as established by
3 such specifications and considerations as are deemed
4 appropriate by the Board of Trustees. Nothing in this Section
5 should be construed as requiring a limitation on the number and
6 variety of insurance, annuity or mutual fund contracts which
7 may be selected as a result of this bidding process. The
8 Illinois Public Employees' Retirement System ~~State Board of~~
9 ~~Investment~~ may also invest any funds retained by the State
10 pursuant to a written deferred compensation agreement between
11 the State and participating employees in share accounts or
12 share certificate accounts of State or federal credit unions,
13 the accounts of which are insured as required by the ~~The~~
14 Illinois Credit Union Act or the Federal Credit Union Act, as
15 applicable. Any income and gain resulting from the investment
16 of a deferred compensation account may be paid to the
17 participant as additional compensation for continued service
18 during the period of participation or be used in part for
19 administrative expenses, all in accordance with the plan. Such
20 investments and payments shall not be construed to be
21 prohibited uses of the general assets of the State.

22 (Source: P.A. 82-789.)

23 (40 ILCS 5/Art. 25 heading new)

24 ARTICLE 25. ILLINOIS PUBLIC EMPLOYEES' RETIREMENT SYSTEM

1 (40 ILCS 5/25-101 new)

2 Sec. 25-101. Creation of consolidated pension investment
3 system. A consolidated pension investment system is created to
4 invest and manage all assets of the retirement systems created
5 under Articles 2, 14, 15, 16, and 18 of this Code. The
6 investment system shall be known as the Illinois Public
7 Employees' Retirement System ("ILPERS"). By such name all its
8 business shall be transacted and its cash and other property
9 held in trust for the purposes of this Article.

10 (40 ILCS 5/25-102 new)

11 Sec. 25-102. Purpose. The purpose of ILPERS is to provide
12 a consolidated investment function for the retirement systems
13 created under Articles 2, 14, 15, 16, and 18 of this Code in
14 order to maximize efficiencies and promote ethics and
15 transparency of investments.

16 (40 ILCS 5/25-103 new)

17 Sec. 25-103. Definitions. The terms used in this Article
18 shall have the meanings ascribed to them in the Sections
19 following this Section and preceding Section 25-104, except
20 when the context otherwise requires.

21 (40 ILCS 5/25-103.01 new)

22 Sec. 25-103.01. Investment system, system, or ILPERS.
23 "Investment system", "system", or "ILPERS" means the Illinois

1 Public Employees' Retirement System.

2 (40 ILCS 5/25-103.02 new)

3 Sec. 25-103.02. Board of Trustees or Board. "Board of
4 Trustees" or "Board" means the Board of Trustees of ILPERS that
5 is created in Section 25-104 to direct the affairs of ILPERS.

6 (40 ILCS 5/25-104 new)

7 Sec. 25-104. Board created.

8 (a) The consolidated pension investment system created by
9 this Article shall be a trust, separate and distinct from all
10 other entities. The responsibility for the operation of the
11 system and for making effective this Article is vested in a
12 board of trustees.

13 (b) The Board of Trustees shall consist of 13 members, as
14 follows:

15 (1) The State Treasurer.

16 (2) The State Comptroller.

17 (3) The Chairman of the Board of Trustees of the
18 General Assembly Retirement System.

19 (4) The Chairman of the Board of Trustees of the Judges
20 Retirement System of Illinois.

21 (5) The Chairman of the Board of Trustees of the State
22 Employees' Retirement System of Illinois.

23 (6) The President of the Board of Trustees of the
24 Teachers' Retirement System of the State of Illinois.

1 (7) The President of the Board of Trustees of the State
2 Universities Retirement System.

3 (8) Four members to be appointed by the Executive
4 Ethics Commission with the advice and consent of the
5 Senate, who shall serve for a term of 4 years.

6 (9) Two members of the ILPERS Oversight Board, who
7 shall shall serve for a term of 2 years, but these members
8 shall not serve consecutive terms.

9 (c) As soon as practical after the effective date of this
10 amendatory Act of the 96th General Assembly and every 2 years
11 thereafter, the Board of Trustees shall elect one of its
12 members as chairperson. The Board shall also elect such other
13 officers as it deems necessary for the prudent operation of the
14 Board.

15 (d) As soon as practical after the effective date of this
16 amendatory Act of the 96th General Assembly and after a
17 majority of the Board is qualified to act, an office is
18 established, staff is employed, and the Board determines that
19 any other measures necessary for the administration of this
20 Article have been achieved, the Board shall send notification
21 in writing to the Teachers' Retirement System of the State of
22 Illinois, the State Universities Retirement System, and the
23 Illinois State Board of Investment and shall instruct those
24 entities to make the transfers of assets required under
25 Sections 15-179.5, 16-187.5, and 22A-111.2. Nothing in this Act
26 shall be interpreted to require the liquidation of any assets

1 of the Teachers' Retirement System of the State of Illinois,
2 the State Universities Retirement System, or the Illinois State
3 Board of Investment that are held by those retirement systems
4 or that investment board on the effective date of this
5 amendatory Act of the 96th General Assembly.

6 (e) Each Board member is entitled to one vote on the Board,
7 and 7 members shall constitute a quorum for the transaction of
8 business. The affirmative vote of at least 7 Board members
9 shall be necessary for action by the Board at any meeting.

10 (f) The Board shall serve without compensation, but shall
11 be reimbursed from the funds of the system for all necessary
12 expenses incurred through service on the Board.

13 (g) Each Board member shall take an oath of office that he
14 or she will diligently and honestly administer the affairs of
15 the system and will not knowingly violate or willfully permit
16 the violation of any of the provisions of law applicable to the
17 system. The oath shall be subscribed to by the Board member
18 making it, certified by the officer before whom it is taken,
19 and filed with the Secretary of State. A Board member shall
20 qualify for membership on the Board when the oath has been
21 approved by the Board.

22 (h) Vacancies among the appointive members shall be filled
23 for unexpired terms by appointment in like manner as for
24 original appointments, and appointed Board members shall
25 continue in office until their successors have been appointed
26 and have qualified. The ex-officio members who cannot attend

1 meetings of the Board or its committees may designate an
2 appropriate proxy from within their office or retirement system
3 board of trustees, who shall have the same powers and authority
4 as the ex-officio member being represented, but no Board member
5 may designate a different proxy within one year after his last
6 designation of a proxy unless the person last so designated has
7 become ineligible to serve in that capacity.

8 (i) All appointed members of the ILPERS board must have a
9 minimum of 5 years of experience in the direct management,
10 analysis, supervision, or investment of assets; experience in
11 government oversight; or experience acting in a fiduciary
12 capacity. The appointees shall not hold any other public
13 office, other than membership on the Oversight Board, nor run
14 for public office during their term on the Board.

15 (j) No member of the Board shall have any interest in any
16 brokerage fee, commission, or other profit or gain arising out
17 of any investment made by the Board. This subsection (j) does
18 not preclude ownership by any member of any minority interest
19 in any common stock or any corporate obligation in which
20 investment is made by the Board.

21 (k) The Board shall contract for a blanket fidelity bond in
22 the penal sum of not less than \$1,000,000 to cover members of
23 the Board, the director, and all other employees of the Board
24 conditioned upon the faithful performance of the duties of
25 their respective offices and employment, the premium on which
26 shall be paid by the Board. The bond shall be filed with the

1 State Treasurer for safekeeping.

2 (40 ILCS 5/25-105 new)

3 Sec. 25-105. Board's powers and duties. The Board shall
4 have the powers and duties stated in the Sections following
5 this Section and preceding Section 25-106.

6 (40 ILCS 5/25-105.01 new)

7 Sec. 25-105.01. To establish an office and system of
8 records. To establish an office or offices for the meetings of
9 the Board and for the administrative personnel, to provide for
10 the installation of a complete and adequate system of accounts
11 and records that will give effect to the requirements of this
12 Article, and to credit all assets of the system according to
13 the purposes for which they are held. All books and records
14 shall be kept in such offices.

15 (40 ILCS 5/25-105.02 new)

16 Sec. 25-105.02. To hold meetings. To hold regular meetings
17 at least quarterly in each year and such special meetings as
18 may be deemed necessary. All meetings shall be open to the
19 public, except meetings on personnel matters. The Board shall
20 keep a record of all its proceedings.

21 (40 ILCS 5/25-105.03 new)

22 Sec. 25-105.03. To adopt rules and administer the system.

1 To adopt rules and formulate policy for the proper operation of
2 ILPERS and the transaction of its business. The rules of the
3 Illinois State Board of Investment in effect on the effective
4 date of this amendatory Act of the 96th General Assembly shall
5 remain in full force and effect as the rules of ILPERS until
6 either amended or repealed, except to the extent that any such
7 rule is inconsistent with the provisions of this Article.

8 (40 ILCS 5/25-105.04 new)

9 Sec. 25-105.04. To establish a budget. To establish an
10 administrative budget sufficient to perform the Board's duties
11 and, as appropriate and reasonable, to draw upon assets of
12 ILPERS to fund the budget.

13 (40 ILCS 5/25-105.05 new)

14 Sec. 25-105.05. To adopt actuarial tables. To adopt all
15 necessary actuarial tables to be used in the operation of the
16 system as prepared by the actuary, and compile such additional
17 data as may be necessary for required actuarial valuation and
18 calculation.

19 (40 ILCS 5/25-105.06 new)

20 Sec. 25-105.06. To have an audit and submit statements. To
21 have the accounts of ILPERS audited annually by a certified
22 public accountant designated by the Auditor General, to submit
23 an annual statement to the Governor and General Assembly as

1 soon as possible after the end of each fiscal year, and to
2 cause to be published for distribution among the members a
3 financial statement showing the assets and liabilities of the
4 pension fund or retirement system, an income statement, an
5 analysis of operating results, and an actuarial valuation of
6 the assets and liabilities of the pension fund or retirement
7 system.

8 (40 ILCS 5/25-105.09 new)

9 Sec. 25-105.09. To obtain services. To obtain, pursuant to
10 the Personnel Code, by employment or contract, the services
11 necessary to exercise the Board's powers and perform the
12 Board's duties and transact the business of the system,
13 including administrative, actuarial, auditing, custodial,
14 investment, and legal services; to pay the expenses of the
15 Board necessary for the operation of the system at such rates
16 and in such amounts as the board determines and approves; and
17 to procure, in a manner substantially similar to the Illinois
18 Procurement Code, and dispose of the goods and property
19 necessary to exercise the Board's powers and perform the
20 Board's duties.

21 (40 ILCS 5/25-105.10 new)

22 Sec. 25-105.10. To subpoena witnesses. To compel witnesses
23 to attend and testify before it upon any necessary matter
24 concerning ILPERS, and to allow reasonable fees to such

1 witnesses for attendance at such meetings in amounts to be
2 determined by the Board. The Chairperson of the Board may
3 administer oaths to witnesses.

4 (40 ILCS 5/25-105.11 new)

5 Sec. 25-105.11. To administer the trust. To administer the
6 trust in accordance with the standards of conduct set forth in
7 subsection (a) of Section 5 and Section 5.1 of the Trusts and
8 Trustees Act.

9 (40 ILCS 5/25-105.12 new)

10 Sec. 25-105.12. To establish a Board and Oversight Board
11 member education program. To establish a board of trustee and
12 Oversight Board member education program. The curriculum shall
13 include, at a minimum, education in the areas of board member
14 duties and responsibilities, including fiduciary duties,
15 ethics, governance processes and procedures, pension plan
16 design and administration of benefits, actuarial principles
17 and methods, the role of staff and consultants in plan
18 administration, legal liability and risk associated with
19 investments, investment strategy and management, and any other
20 subject matter the Board believes is reasonably related to the
21 duties of a board member.

22 Each member of the Board of Trustee and Oversight Board
23 shall complete an orientation program designed by the Board of
24 Trustees, which shall cover, at a minimum, the curriculum set

1 forth in this Section. Such orientation must be completed
2 within 90 days of appointment or election to the Board of
3 Trustees or Oversight Board. On an annual basis each member of
4 the Board of Trustees and Oversight Board shall complete at
5 least 8 hours of continuing education covering, at a minimum,
6 the curriculum set forth in this Section.

7 (40 ILCS 5/25-105.13 new)

8 Sec. 25-105.13. To create a code of ethics for the Board
9 and Oversight Board. To create a code of ethics for the Board
10 and Oversight Board, which shall establish standards of
11 behavior for Board of Trustees and Oversight Board members and
12 shall be distributed to each Board of Trustees and Oversight
13 Board member upon his or her appointment or election to the
14 Board. The code of ethics shall incorporate the State Officials
15 and Employees Ethics Act and shall establish a protocol for the
16 memorialization and disclosure of ex parte communications. The
17 code of ethics shall be created within one year after the
18 effective date of this Article and must be approved by the
19 Executive Ethics Commission. Any and all changes to the code of
20 ethics must be approved by the Executive Ethics Commission
21 prior to adoption.

22 (40 ILCS 5/25-105.14 new)

23 Sec. 25-105.14. To create a code of ethics for investment
24 staff. To create a code of ethics for investment staff, which

1 shall establish standards of behavior for individuals with
2 employment positions at ILPERS relating to investments. The
3 code of ethics shall be disseminated to each such employee upon
4 his or her employment with ILPERS. The code of ethics shall be
5 created within one year after the effective date of this
6 Article and must be approved by the Executive Ethics
7 Commission. All changes to the code of ethics must be approved
8 by the Executive Ethics Commission prior to adoption.

9 (40 ILCS 5/25-106 new)

10 Sec. 25-106. Creation of ILPERS Oversight Board. There is
11 hereby created an Oversight Board to provide advice,
12 consultation, and expertise to the Board of Trustees of the
13 Illinois Public Employees' Retirement System. The Oversight
14 Board shall consist of 13 members, as follows: (i) the ILPERS
15 Chairperson; (ii) 6 elected current retirement system
16 participants or annuitants, at least one each from the General
17 Assembly Retirement System, the Judges Retirement System, the
18 State Employees' Retirement System of Illinois, the State
19 Universities Retirement System, and the Teachers' Retirement
20 System of the State of Illinois; and (iii) 6 members appointed
21 by the Executive Ethics Commission who must be confirmed by the
22 Senate and must include 3 investment professionals, 2 members
23 of organized labor, and one taxpayer advocate.

24 The members of the Oversight Board shall serve for a term
25 of 4 years.

1 Every 2 years beginning on the effective date of this
2 Article, the Oversight Board shall have the power and authority
3 to appoint 2 Oversight Board members to sit on the ILPERS
4 Board. The Oversight Board appointees to the ILPERS Board shall
5 not already have a seat on the ILPERS Board. Oversight Board
6 appointees shall not serve 2 consecutive terms on the ILPERS
7 Board.

8 Each person appointed to membership shall qualify by taking
9 an oath of office before the Secretary of State stating that he
10 or she will diligently and honestly administer the affairs of
11 the Oversight Board and will not violate or knowingly permit
12 the violation of any provisions of this Code.

13 Members of the Oversight Board shall receive no salary for
14 service on the Oversight Board but shall be reimbursed for
15 travel expenses incurred while on business for the Oversight
16 Board according to the standards in effect for members of the
17 Illinois Legislative Research Unit.

18 A majority of the members of the Oversight Board shall
19 constitute a quorum. The Oversight Board shall elect from its
20 membership every 2 years a Chairman, Vice-Chairman, and
21 Recording Secretary. These officers, together with one other
22 member elected by the Oversight Board, shall constitute the
23 executive committee. During the interim between regular
24 meetings of the Oversight Board, the executive committee shall
25 have authority to conduct all business of the Oversight Board
26 and shall report such business conducted at the next following

1 meeting of the Oversight Board for ratification.

2 No member of the Oversight Board shall have any interest in
3 any brokerage fee, commission, or other profit or gain arising
4 out of any investment made by the Board. This paragraph does
5 not preclude ownership by any member of any minority interest
6 in any common stock or any corporate obligation in which
7 investment is made by the Oversight Board.

8 All appointed members of the Oversight Board must have a
9 minimum of 5 years of experience in the direct management,
10 analysis, supervision, or investment of assets; experience in
11 government oversight; or experience acting in a fiduciary
12 capacity. The appointees shall not hold any other public office
13 nor run for public office during their term on the Oversight
14 Board.

15 (40 ILCS 5/25-107 new)

16 Sec. 25-107. Liability of a trustee or other fiduciary.

17 (a) A Board member or other fiduciary who knowingly,
18 intentionally, or willfully breaches a duty imposed by this
19 Article is personally liable to ILPERS for any losses resulting
20 from the breach and any profits made by the Board member or
21 other fiduciary through use of assets of a pension fund
22 retirement system by the Board member or other fiduciary. The
23 Board member or other fiduciary is subject to other equitable
24 remedies as the court considers appropriate, including removal
25 from the Board.

1 (b) An agreement that purports to limit the liability of a
2 Board member or other fiduciary for a breach of duty under this
3 Article is void.

4 (c) ILPERS shall insure itself against liability or losses
5 occurring because of a breach of duty under this Article by a
6 Board member or other fiduciary.

7 (40 ILCS 5/25-108 new)

8 Sec. 25-108. Voluntary election into ILPERS and management
9 of assets.

10 (a) Outside of the mandatory transfer of assets of the
11 retirement systems in Articles 2, 14, 15, 16, and 18 of this
12 Code, the Board shall have the authority to manage the
13 investments of any pension fund, retirement system, or
14 education fund under this Code that wishes to voluntarily
15 transfer its assets to ILPERS for management. The ILPERS Board
16 also shall perform such other functions as may be assigned or
17 directed by the General Assembly by law. The authority of the
18 Board to manage pension fund investments and the liability
19 therefore shall begin when there has been a physical transfer
20 of the pension fund investments to the Board and they have been
21 placed in the custody of the State Treasurer. The authority of
22 the Board to manage moneys from the education fund for
23 investment and the liability of the Board shall begin when
24 there has been a physical transfer of education fund
25 investments to the Board and placed in the custody of the State

1 Treasurer.

2 (b) The board of trustees of any pension fund or retirement
3 system electing to come under the authority of ILPERS for the
4 management of its investments shall effect a transfer of
5 securities and other assets thereof not later than the first
6 day of the 4th month next following the date of such election
7 after completion of an audit by a certified public accountant
8 of such securities and other assets as authorized by ILPERS and
9 approved by the Auditor General of the State, the expense of
10 which shall be assumed by the pension fund or retirement
11 system. Upon such transfer, the authority of ILPERS in the case
12 of such pension fund or retirement system is effective. These
13 transfers shall be receipted for in detail by the Chairman of
14 the Board of Trustees.

15 (c) The board of trustees or retirement board of any
16 pension fund or retirement system authorized under the Illinois
17 Pension Code to participate in any commingled investment fund
18 or funds established and managed by ILPERS under this Article
19 may invest in such commingled investment fund or funds upon
20 written notice to ILPERS. Any participation in a commingled
21 fund and the management thereof shall be in accordance with the
22 governing law and the rules, policies, and directives of
23 ILPERS.

24 (40 ILCS 5/25-109 new)

25 Sec. 25-109. Investment. The assets of the fund in excess

1 of the amount of cash required for current operation as
2 determined by the Board of Trustees shall be invested, subject
3 to the requirements and restrictions set forth in Sections
4 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114 and 1-115 of this
5 Code.

6 No bank or savings and loan association shall receive
7 investment funds as permitted by this Section, unless it has
8 complied with the requirements established pursuant to Section
9 6 of the Public Funds Investment Act. The limitations set forth
10 in Section 6 of the Public Funds Investment Act shall be
11 applicable only at the time of investment and shall not require
12 the liquidation of any investment at any time.

13 All investments shall be clearly held and accounted for to
14 indicate ownership by the Board. The Board of Trustees may
15 direct the registration of securities in its own name or in the
16 name of a nominee created for the express purpose of
17 registration of securities by a national or State bank or trust
18 company authorized to conduct a trust business in the State of
19 Illinois.

20 Investments shall be carried at cost or at a value
21 determined in accordance with generally accepted accounting
22 principles and accounting procedures approved by the Board of
23 Trustees.

24 All additions to assets from income, interest, and
25 dividends from investments shall be used to pay benefits,
26 operating and administrative expenses of the System, debt

1 service, including any redemption premium, on any bonds issued
2 by the Board of Trustees, expenses incurred or deposits
3 required in connection with such bonds, and such other costs as
4 may be provided in accordance with this Article.

5 (40 ILCS 5/25-110 new)

6 Sec. 25-110. Accounting. In the management of pension and
7 education funds, the Board of Trustees:

8 (1) may, for investment purposes, commingle all or a
9 part of the invested assets of one or more retirement
10 system or education funds under its jurisdiction and
11 authority;

12 (2) shall carry assets of all funds at cost or a value
13 determined in accordance with generally accepted
14 accounting principles and accounting procedures approved
15 by the Board; each investment initially transferred to the
16 Board by a retirement system or moneys transferred to the
17 Board by an education fund shall be similarly valued except
18 that the Board may elect to place such value on any
19 investment conditionally, in which case the amount of any
20 later realization of such asset in cash that is in excess
21 of or is less than the amount so credited shall be credited
22 or charged to the retirement system that made the transfer;

23 (3) shall keep proper books of account that shall
24 reflect at all times the value of all investments held by
25 the Board for a retirement system or education fund whether

1 for the separate account of the retirement system or
2 education fund or in a commingled fund;

3 (4) shall charge each pension fund or education fund
4 with its share of all expenses of the Board at
5 quarter-yearly periods pro rata according to the value of
6 the investments held for the respective funds at the
7 beginning of the quarter or any other equitable formula;
8 and

9 (5) shall charge all distributions made by the Board to
10 or for a retirement system or education fund to the account
11 maintained for that retirement system or education fund.

12 (40 ILCS 5/25-111 new)

13 Sec. 25-111. Revolving door prohibition; anti-lobbying
14 provision.

15 (a) No former board member, oversight board member,
16 officer, or ILPERS employee, or spouse or immediate family
17 member living with such person, shall, within a period of one
18 year immediately after termination of their term on the ILPERS
19 board or ILPERS employment, knowingly accept employment or
20 receive compensation or fees for services from a person or
21 entity if the board member, oversight board member, officer, or
22 ILPERS employee, during the year immediately preceding
23 termination of their term on the ILPERS board or ILPERS
24 employment, participated personally and substantially in the
25 decision to award contracts with a cumulative value of over

1 \$25,000 to the person or entity, or its parent or subsidiary.

2 (b) No former board member, oversight board member,
3 officer, or ILPERS employee, or spouse or immediate family
4 member living with such person, shall, within a period of one
5 year immediately after termination of their term on the ILPERS
6 board or ILPERS employment, seek a contract or provide services
7 for fees from ILPERS.

8 (c) Former board members, oversight board members,
9 officers, and ILPERS employees, or spouses or immediate family
10 members living with such persons, shall be prohibited from
11 lobbying, as the term is defined in Section 2 of the Lobbyist
12 Registration Act, ILPERS for a period of one year following the
13 last date of their term as a board member, oversight board
14 member, officer, or employee of ILPERS.

15 (d) The requirements of this Section may be waived in
16 writing by the Executive Ethics Commission. The waiver shall be
17 granted upon an affirmative showing that the prospective
18 employment or relationship did not affect the decisions
19 referred to in subsections (a) through (c), and if the board
20 member, officer, or ILPERS employee can substantiate that no
21 harm or violation of public trust will result from the waiver.

22 (40 ILCS 5/25-112 new)

23 Sec. 25-112. Conflicts of interests.

24 (a) In addition to the provisions of subsection (a) of
25 Section 50-13 of the Illinois Procurement Code, it is unlawful

1 for a member of the Board of Trustees or Oversight Board, as
2 well as any member's spouse or immediate family members living
3 in the member's residence to have or acquire a contract or have
4 or acquire a direct pecuniary interest in a contract with the
5 State that relates to the Board of Trustees or Oversight Board
6 during and for one year after the conclusion of the person's
7 term of office.

8 (b) If (i) a person subject to subsection (a) is entitled
9 to receive more than 7 1/2% of the total distributable income
10 of a partnership, association, corporation, or other business
11 entity or (ii) a person subject to subsection (a) together with
12 his or her spouse and immediate family members living in that
13 person's residence are entitled to receive more than 15%, in
14 the aggregate, of the total distributable income of a
15 partnership, association, corporation, or other business
16 entity, then it is unlawful for that partnership, association,
17 corporation, or other business entity to have or acquire a
18 contract or a direct pecuniary interest in a contract
19 prohibited by subsection (a) during and for one year after the
20 conclusion of the person's term of office.

21 (40 ILCS 5/25-113 new)

22 Sec. 25-113. Disclosure and potential conflicts of
23 interest.

24 (a) Procurements for the investment system created by this
25 Article must be conducted in a manner and in a form that is

1 substantially similar to the Illinois Procurement Code.

2 (b) All offers from responsive bidders shall be accompanied
3 by a statement disclosing all political activity engaged in and
4 political contributions made by the bidder, its principles, and
5 family members.

6 (c) All offers from responsive bidders or offerors with an
7 annual value of more than \$10,000 shall be accompanied by
8 disclosure of the financial interests of the contractor,
9 bidder, or proposer. The financial disclosure of each
10 successful bidder or offeror shall become part of the publicly
11 available contract or procurement file maintained by the
12 appropriate chief procurement officer.

13 (d) Disclosure by the responsive bidders or offerors shall
14 include any ownership or distributive income share that is in
15 excess of 5%, or an amount greater than 60% of the annual
16 salary of the Governor, of the bidding entity or its parent
17 entity, whichever is less, unless the contractor or bidder (i)
18 is a publicly traded entity subject to Federal 10K reporting,
19 in which case it may submit its 10K disclosure in place of the
20 prescribed disclosure, or (ii) is a privately held entity that
21 is exempt from Federal 10K reporting but has more than 400
22 shareholders, in which case it may submit the information that
23 Federal 10K reporting companies are required to report under 17
24 CFR 229.401 and list the names of any person or entity holding
25 any ownership share that is in excess of 5% in place of the
26 prescribed disclosure. The form of disclosure shall be

1 prescribed by the applicable chief procurement officer and must
2 include at least the names, addresses, and dollar or
3 proportionate share of ownership of each person identified in
4 this Section, their instrument of ownership or beneficial
5 relationship, and notice of any potential conflict of interest
6 resulting from the current ownership or beneficial
7 relationship of each person identified in this Section having
8 in addition any of the following relationships:

9 (1) State employment, currently or in the previous 3
10 years, including contractual employment of services.

11 (2) State employment of a spouse, father, mother, son,
12 or daughter, including contractual employment for services
13 in the previous 2 years.

14 (3) Elective status; the holding of elective office of
15 the State of Illinois, the government of the United States,
16 any unit of local government authorized by the Constitution
17 of the State of Illinois or the statutes of the State of
18 Illinois currently or in the previous 3 years.

19 (4) Relationship to anyone holding elective office
20 currently or in the previous 2 years; spouse, father,
21 mother, son, or daughter.

22 (5) Appointive office; the holding of any appointive
23 government office of the State of Illinois, the United
24 States, or any unit of local government authorized by the
25 Constitution of the State of Illinois or the statutes of
26 the State of Illinois, which office entitles the holder to

1 compensation in excess of expenses incurred in the
2 discharge of that office currently or in the previous 3
3 years.

4 (6) Relationship to anyone holding appointive office
5 currently or in the previous 2 years; spouse, father,
6 mother, son, or daughter.

7 (7) Employment, currently or in the previous 2 years,
8 as or by any registered lobbyist of the State government.

9 (8) Relationship to anyone who is or was a registered
10 lobbyist in the previous 2 years; spouse, father, mother,
11 son, or daughter.

12 (9) Compensated employment, currently or in the
13 previous 3 years, by any registered election or re-election
14 committee registered with the Secretary of State or any
15 county clerk in the State of Illinois, or any political
16 action committee registered with either the Secretary of
17 State or the Federal Board of Elections.

18 (10) Relationship to anyone; spouse, father, mother,
19 son, or daughter; who is or was a compensated employee in
20 the last 2 years of any registered election or re-election
21 committee registered with the Secretary of State or any
22 county clerk in the State of Illinois, or any political
23 action committee registered with either the Secretary of
24 State or the Federal Board of Elections.

25 (e) The disclosure in subsection (b) is not intended to
26 prohibit or prevent any contract. The disclosure is meant to

1 fully and publicly disclose any potential conflict to the chief
2 procurement officers, State purchasing officers, their
3 designees, and executive officers so they may adequately
4 discharge their duty to protect the State.

5 (f) In the case of any contract for personal services in
6 excess of \$50,000; any contract competitively bid in excess of
7 \$250,000; any other contract in excess of \$50,000; when a
8 potential for a conflict of interest is identified, discovered,
9 or reasonably suspected, it shall be reviewed and commented on
10 in writing by the Executive Ethics Commission. The comment
11 shall be returned to the responsible chief procurement officer,
12 who must rule in writing whether to void or allow the contract,
13 bid, offer, or proposal, weighing the best interest of the
14 State of Illinois. The comment and determination shall become a
15 publicly available part of the contract, bid, or proposal file.

16 (g) These thresholds and disclosure do not relieve the
17 chief procurement officer, the State purchasing officer, or
18 their designees from reasonable care and diligence for any
19 contract, bid, offer, or proposal. The chief procurement
20 officer, the State purchasing officer, or their designees shall
21 be responsible for using any reasonably known and publicly
22 available information to discover any undisclosed potential
23 conflict of interest and act to protect the best interest of
24 the State of Illinois.

25 (h) Inadvertent or accidental failure to fully disclose
26 shall render the contract, bid, proposal, or relationship

1 voidable by the chief procurement officer if he or she deems it
2 in the best interest of the State of Illinois and, at his or
3 her discretion, may be cause for barring from future contracts,
4 bids, proposals, or relationships with the State for a period
5 of up to 2 years.

6 (i) Intentional, willful, or material failure to disclose
7 shall render the contract, bid, proposal, or relationship
8 voidable by the chief procurement officer if he or she deems it
9 in the best interest of the State of Illinois and shall result
10 in debarment from future contracts, bids, proposals, or
11 relationships for a period of not less than 2 years and not
12 more than 10 years. Reinstatement after 2 years and before 10
13 years must be reviewed and commented on in writing by the
14 Governor of the State of Illinois, or by an executive ethics
15 board or commission he or she might designate. The comment
16 shall be returned to the responsible chief procurement officer,
17 who must rule in writing whether and when to reinstate.

18 (j) In addition, all disclosures shall note any other
19 current or pending contracts, proposals, leases, or other
20 ongoing procurement relationships the bidding, proposing, or
21 offering entity has with any other unit of State government and
22 shall clearly identify the unit and the contract, proposal,
23 lease, or other relationship.

24 (40 ILCS 5/25-114 new)

25 Sec. 25-114. Bulletin content.

1 (a) Invitations for bids. Notice of each and every contract
2 that is offered, including renegotiated contracts and change
3 orders, shall be published in the Illinois Procurement
4 Bulletin. The applicable chief procurement officer may provide
5 by rule an organized format for the publication of this
6 information, but in any case it must include at least the date
7 first offered, the date submission of offers is due, the
8 location that offers are to be submitted to, the purchasing
9 State agency, the responsible State purchasing officer, a brief
10 purchase description, the method of source selection,
11 information on how to obtain a comprehensive purchase
12 description and any disclosure and contract forms, and
13 encouragement to prospective vendors to hire qualified
14 veterans, as defined by Section 45-67 of this Code, and
15 Illinois residents discharged from any Illinois adult
16 correctional center.

17 (b) Contracts let or awarded. Notice of each and every
18 contract that is let or awarded, including renegotiated
19 contracts and change orders, shall be published in the next
20 available subsequent Bulletin, and the applicable chief
21 procurement officer may provide by rule an organized format for
22 the publication of this information, but in any case it must
23 include at least all of the information specified in subsection
24 (a) as well as the name of the successful responsible bidder or
25 offeror, the contract price, the number of unsuccessful
26 responsive bidders, and any other disclosure specified in any

1 Section of this Code. This notice shall include the disclosures
2 under Section 50-37, if those disclosures are required. In
3 addition, the notice shall summarize the outreach efforts
4 undertaken by the agency to make potential bidders or offerors
5 aware of any contract offer other than publication in the
6 Bulletin. This notice must be posted in the online electronic
7 Bulletin no later than 10 business days after services or goods
8 are first provided.

9 (c) Emergency purchase disclosure. Any chief procurement
10 officer, State purchasing officer, or designee exercising
11 emergency purchase authority under this Code shall publish a
12 written description and reasons and the total cost, if known,
13 or an estimate if unknown, the name of the responsible chief
14 procurement officer and State purchasing officer, and the
15 business or person contracted with for all emergency purchases
16 in the next timely, practicable Bulletin. This notice must be
17 posted in the online electronic Bulletin within 10 business
18 days after the earlier of (i) execution of the contract or (ii)
19 whenever services or goods begin to be provided under the
20 contract and, in any event, prior to any payment by the State
21 under the contract.

22 (d) Each State agency shall post in the online electronic
23 Bulletin a copy of its annual report of utilization of
24 businesses owned by minorities, females, and persons with
25 disabilities as submitted to the Business Enterprises Council
26 for Minorities, Females, and Persons with Disabilities

1 pursuant to Section 6(c) of the Business Enterprise for
2 Minorities, Females, and Persons with Disabilities Act within
3 10 business days of the submission of its report to the
4 Council.

5 (e) Renewals. Notice of each contract renewal shall be
6 posted online on the Procurement Bulletin. The Procurement
7 Policy Board by rule shall specify the information to be
8 included in the notice, and the applicable chief procurement
9 officer by rule may provide a format for the information.

10 (f) Other required disclosure. The applicable chief
11 procurement officer shall provide by rule for the organized
12 publication of all other disclosures required in other Sections
13 of this Code in a timely manner.

14 (g) This Section applies to reports submitted, offers made,
15 and notices on contracts executed on or after its effective
16 date.

17 (40 ILCS 5/25-115 new)

18 Sec. 25-115. Competitive sealed bidding.

19 (a) Conditions for use. All contracts shall be awarded by
20 competitive sealed bidding except as otherwise provided in
21 Section 20-5.

22 (b) Invitation for bids. An invitation for bids shall be
23 issued and shall include a purchase description and the
24 material contractual terms and conditions applicable to the
25 procurement.

1 (c) Public notice. Public notice of the invitation for bids
2 shall be published in the Illinois Procurement Bulletin at
3 least 14 days before the date set in the invitation for the
4 opening of bids.

5 (d) Bid opening. Bids shall be opened publicly in the
6 presence of one or more witnesses at the time and place
7 designated in the invitation for bids. The name of each bidder,
8 the amount of each bid, and other relevant information as may
9 be specified by rule shall be recorded. After the award of the
10 contract, the winning bid and the record of each unsuccessful
11 bid shall be open to public inspection.

12 (e) Bid acceptance and bid evaluation. Bids shall be
13 unconditionally accepted without alteration or correction,
14 except as authorized in this Code. Bids shall be evaluated
15 based on the requirements set forth in the invitation for bids,
16 which may include criteria to determine acceptability, such as
17 inspection, testing, quality, workmanship, delivery, and
18 suitability for a particular purpose. Those criteria that will
19 affect the bid price and be considered in evaluation for award,
20 such as discounts, transportation costs, and total or life
21 cycle costs, shall be objectively measurable. The invitation
22 for bids shall set forth the evaluation criteria to be used.

23 (f) Correction or withdrawal of bids. Correction or
24 withdrawal of inadvertently erroneous bids before or after an
25 award, or cancellation of awards of contracts based on bid
26 mistakes, shall be permitted in accordance with rules. After

1 the bid opening, no changes in bid prices or other provisions
2 of bids prejudicial to the interest of the State or fair
3 competition shall be permitted. All decisions to permit the
4 correction or withdrawal of bids based on bid mistakes shall be
5 supported by written determination made by a State purchasing
6 officer.

7 (g) Award. The contract shall be awarded with reasonable
8 promptness by written notice to the lowest responsible and
9 responsive bidder whose bid meets the requirements and criteria
10 set forth in the invitation for bids, except when a State
11 purchasing officer determines it is not in the best interest of
12 the State and by written explanation determines another bidder
13 shall receive the award. The explanation shall appear in the
14 appropriate volume of the Illinois Procurement Bulletin. The
15 written explanation must include:

16 (1) a description of the agency's needs;

17 (2) a determination that the anticipated cost will be
18 fair and reasonable;

19 (3) a listing of all responsible and responsive
20 bidders; and

21 (4) the name of the bidder selected, pricing, and the
22 reasons for selecting that bidder instead of the lowest
23 responsible and responsive bidder. Each agency may adopt
24 rules to implement the requirements of this subsection (g).

25 The written explanation shall be filed with the Legislative
26 Audit Commission and the Procurement Policy Board and be

1 made available for inspection by the public within 30 days
2 after the agency's decision to award the contract.

3 (h) Multi-step sealed bidding. When it is considered
4 impracticable to initially prepare a purchase description to
5 support an award based on price, an invitation for bids may be
6 issued requesting the submission of unpriced offers to be
7 followed by an invitation for bids limited to those bidders
8 whose offers have been qualified under the criteria set forth
9 in the first solicitation.

10 (40 ILCS 5/25-116 new)

11 Sec. 25-116. Contract award disclosure.

12 (a) For the purposes of this Section:

13 "Contracting entity" means an entity that would execute any
14 contract with a State agency.

15 "Key persons" means any persons who (i) have an ownership
16 or distributive income share in the contracting entity that is
17 in excess of 5%, or an amount greater than 60% of the annual
18 salary of the Governor, or (ii) serve as executive officers of
19 the contracting entity.

20 (b) For contracts awarded pursuant to this Article with an
21 annual value of \$50,000 or more, all offers from responsive
22 bidders or offerors shall be accompanied by disclosure of the
23 names and addresses of the following:

24 (1) The contracting entity.

25 (2) Any entity that is a parent of, or owns a

1 controlling interest in, the contracting entity.

2 (3) Any entity that is a subsidiary of, or in which a
3 controlling interest is owned by, the contracting entity.

4 (4) The contracting entity's key persons.

5 (c) Notices of contracts let or awarded pursuant to this
6 Article published in the Procurement Bulletin pursuant to
7 Section 15-25 shall include as part of the notice posted online
8 the names disclosed by the winning bidder or offeror pursuant
9 to subsection (b).

10 (d) This Section applies to contracts first offered on or
11 after its effective date.

12 (40 ILCS 5/25-117 new)

13 Sec. 25-117. Savings. The repeal or amendment of any
14 Section or provision of this Article by this amendatory Act
15 shall not affect or impair any pensions, benefits, rights, or
16 credits accrued or in effect prior thereto.

17 (40 ILCS 5/6-179 rep.)

18 (40 ILCS 5/15-167 rep.)

19 Section 50. The Illinois Pension Code is amended by
20 repealing Sections 6-179 and 15-167.

21 Section 55. The Illinois Banking Act is amended by changing
22 Section 48 as follows:

1 (205 ILCS 5/48) (from Ch. 17, par. 359)

2 Sec. 48. Commissioner's powers; duties. The Commissioner
3 shall have the powers and authority, and is charged with the
4 duties and responsibilities designated in this Act, and a State
5 bank shall not be subject to any other visitorial power other
6 than as authorized by this Act, except those vested in the
7 courts, or upon prior consultation with the Commissioner, a
8 foreign bank regulator with an appropriate supervisory
9 interest in the parent or affiliate of a state bank. In the
10 performance of the Commissioner's duties:

11 (1) The Commissioner shall call for statements from all
12 State banks as provided in Section 47 at least one time during
13 each calendar quarter.

14 (2) (a) The Commissioner, as often as the Commissioner
15 shall deem necessary or proper, and no less frequently than 18
16 months following the preceding examination, shall appoint a
17 suitable person or persons to make an examination of the
18 affairs of every State bank, except that for every eligible
19 State bank, as defined by regulation, the Commissioner in lieu
20 of the examination may accept on an alternating basis the
21 examination made by the eligible State bank's appropriate
22 federal banking agency pursuant to Section 111 of the Federal
23 Deposit Insurance Corporation Improvement Act of 1991,
24 provided the appropriate federal banking agency has made such
25 an examination. A person so appointed shall not be a
26 stockholder or officer or employee of any bank which that

1 person may be directed to examine, and shall have powers to
2 make a thorough examination into all the affairs of the bank
3 and in so doing to examine any of the officers or agents or
4 employees thereof on oath and shall make a full and detailed
5 report of the condition of the bank to the Commissioner. In
6 making the examination the examiners shall include an
7 examination of the affairs of all the affiliates of the bank,
8 as defined in subsection (b) of Section 35.2 of this Act, or
9 subsidiaries of the bank as shall be necessary to disclose
10 fully the conditions of the subsidiaries or affiliates, the
11 relations between the bank and the subsidiaries or affiliates
12 and the effect of those relations upon the affairs of the bank,
13 and in connection therewith shall have power to examine any of
14 the officers, directors, agents, or employees of the
15 subsidiaries or affiliates on oath. After May 31, 1997, the
16 Commissioner may enter into cooperative agreements with state
17 regulatory authorities of other states to provide for
18 examination of State bank branches in those states, and the
19 Commissioner may accept reports of examinations of State bank
20 branches from those state regulatory authorities. These
21 cooperative agreements may set forth the manner in which the
22 other state regulatory authorities may be compensated for
23 examinations prepared for and submitted to the Commissioner.

24 (b) After May 31, 1997, the Commissioner is authorized to
25 examine, as often as the Commissioner shall deem necessary or
26 proper, branches of out-of-state banks. The Commissioner may

1 establish and may assess fees to be paid to the Commissioner
2 for examinations under this subsection (b). The fees shall be
3 borne by the out-of-state bank, unless the fees are borne by
4 the state regulatory authority that chartered the out-of-state
5 bank, as determined by a cooperative agreement between the
6 Commissioner and the state regulatory authority that chartered
7 the out-of-state bank.

8 (2.5) Whenever any State bank, any subsidiary or affiliate
9 of a State bank, or after May 31, 1997, any branch of an
10 out-of-state bank causes to be performed, by contract or
11 otherwise, any bank services for itself, whether on or off its
12 premises:

13 (a) that performance shall be subject to examination by
14 the Commissioner to the same extent as if services were
15 being performed by the bank or, after May 31, 1997, branch
16 of the out-of-state bank itself on its own premises; and

17 (b) the bank or, after May 31, 1997, branch of the
18 out-of-state bank shall notify the Commissioner of the
19 existence of a service relationship. The notification
20 shall be submitted with the first statement of condition
21 (as required by Section 47 of this Act) due after the
22 making of the service contract or the performance of the
23 service, whichever occurs first. The Commissioner shall be
24 notified of each subsequent contract in the same manner.

25 For purposes of this subsection (2.5), the term "bank
26 services" means services such as sorting and posting of checks

1 and deposits, computation and posting of interest and other
2 credits and charges, preparation and mailing of checks,
3 statements, notices, and similar items, or any other clerical,
4 bookkeeping, accounting, statistical, or similar functions
5 performed for a State bank, including but not limited to
6 electronic data processing related to those bank services.

7 (3) The expense of administering this Act, including the
8 expense of the examinations of State banks as provided in this
9 Act, shall to the extent of the amounts resulting from the fees
10 provided for in paragraphs (a), (a-2), and (b) of this
11 subsection (3) be assessed against and borne by the State
12 banks:

13 (a) Each bank shall pay to the Commissioner a Call
14 Report Fee which shall be paid in quarterly installments
15 equal to one-fourth of the sum of the annual fixed fee of
16 \$800, plus a variable fee based on the assets shown on the
17 quarterly statement of condition delivered to the
18 Commissioner in accordance with Section 47 for the
19 preceding quarter according to the following schedule: 16¢
20 per \$1,000 of the first \$5,000,000 of total assets, 15¢ per
21 \$1,000 of the next \$20,000,000 of total assets, 13¢ per
22 \$1,000 of the next \$75,000,000 of total assets, 9¢ per
23 \$1,000 of the next \$400,000,000 of total assets, 7¢ per
24 \$1,000 of the next \$500,000,000 of total assets, and 5¢ per
25 \$1,000 of all assets in excess of \$1,000,000,000, of the
26 State bank. The Call Report Fee shall be calculated by the

1 Commissioner and billed to the banks for remittance at the
2 time of the quarterly statements of condition provided for
3 in Section 47. The Commissioner may require payment of the
4 fees provided in this Section by an electronic transfer of
5 funds or an automatic debit of an account of each of the
6 State banks. In case more than one examination of any bank
7 is deemed by the Commissioner to be necessary in any
8 examination frequency cycle specified in subsection 2(a)
9 of this Section, and is performed at his direction, the
10 Commissioner may assess a reasonable additional fee to
11 recover the cost of the additional examination; provided,
12 however, that an examination conducted at the request of
13 the State Treasurer pursuant to the Uniform Disposition of
14 Unclaimed Property Act shall not be deemed to be an
15 additional examination under this Section. In lieu of the
16 method and amounts set forth in this paragraph (a) for the
17 calculation of the Call Report Fee, the Commissioner may
18 specify by rule that the Call Report Fees provided by this
19 Section may be assessed semiannually or some other period
20 and may provide in the rule the formula to be used for
21 calculating and assessing the periodic Call Report Fees to
22 be paid by State banks.

23 (a-1) If in the opinion of the Commissioner an
24 emergency exists or appears likely, the Commissioner may
25 assign an examiner or examiners to monitor the affairs of a
26 State bank with whatever frequency he deems appropriate,

1 including but not limited to a daily basis. The reasonable
2 and necessary expenses of the Commissioner during the
3 period of the monitoring shall be borne by the subject
4 bank. The Commissioner shall furnish the State bank a
5 statement of time and expenses if requested to do so within
6 30 days of the conclusion of the monitoring period.

7 (a-2) On and after January 1, 1990, the reasonable and
8 necessary expenses of the Commissioner during examination
9 of the performance of electronic data processing services
10 under subsection (2.5) shall be borne by the banks for
11 which the services are provided. An amount, based upon a
12 fee structure prescribed by the Commissioner, shall be paid
13 by the banks or, after May 31, 1997, branches of
14 out-of-state banks receiving the electronic data
15 processing services along with the Call Report Fee assessed
16 under paragraph (a) of this subsection (3).

17 (a-3) After May 31, 1997, the reasonable and necessary
18 expenses of the Commissioner during examination of the
19 performance of electronic data processing services under
20 subsection (2.5) at or on behalf of branches of
21 out-of-state banks shall be borne by the out-of-state
22 banks, unless those expenses are borne by the state
23 regulatory authorities that chartered the out-of-state
24 banks, as determined by cooperative agreements between the
25 Commissioner and the state regulatory authorities that
26 chartered the out-of-state banks.

1 (b) "Fiscal year" for purposes of this Section 48 is
2 defined as a period beginning July 1 of any year and ending
3 June 30 of the next year. The Commissioner shall receive
4 for each fiscal year, commencing with the fiscal year
5 ending June 30, 1987, a contingent fee equal to the lesser
6 of the aggregate of the fees paid by all State banks under
7 paragraph (a) of subsection (3) for that year, or the
8 amount, if any, whereby the aggregate of the administration
9 expenses, as defined in paragraph (c), for that fiscal year
10 exceeds the sum of the aggregate of the fees payable by all
11 State banks for that year under paragraph (a) of subsection
12 (3), plus any amounts transferred into the Bank and Trust
13 Company Fund from the State Pensions Fund for that year,
14 plus all other amounts collected by the Commissioner for
15 that year under any other provision of this Act, plus the
16 aggregate of all fees collected for that year by the
17 Commissioner under the Corporate Fiduciary Act, excluding
18 the receivership fees provided for in Section 5-10 of the
19 Corporate Fiduciary Act, and the Foreign Banking Office
20 Act. The aggregate amount of the contingent fee thus
21 arrived at for any fiscal year shall be apportioned
22 amongst, assessed upon, and paid by the State banks and
23 foreign banking corporations, respectively, in the same
24 proportion that the fee of each under paragraph (a) of
25 subsection (3), respectively, for that year bears to the
26 aggregate for that year of the fees collected under

1 paragraph (a) of subsection (3). The aggregate amount of
2 the contingent fee, and the portion thereof to be assessed
3 upon each State bank and foreign banking corporation,
4 respectively, shall be determined by the Commissioner and
5 shall be paid by each, respectively, within 120 days of the
6 close of the period for which the contingent fee is
7 computed and is payable, and the Commissioner shall give 20
8 days advance notice of the amount of the contingent fee
9 payable by the State bank and of the date fixed by the
10 Commissioner for payment of the fee.

11 (c) The "administration expenses" for any fiscal year
12 shall mean the ordinary and contingent expenses for that
13 year incident to making the examinations provided for by,
14 and for otherwise administering, this Act, the Corporate
15 Fiduciary Act, excluding the expenses paid from the
16 Corporate Fiduciary Receivership account in the Bank and
17 Trust Company Fund, the Foreign Banking Office Act, the
18 Electronic Fund Transfer Act, and the Illinois Bank
19 Examiners' Education Foundation Act, including all
20 salaries and other compensation paid for personal services
21 rendered for the State by officers or employees of the
22 State, including the Commissioner and the Deputy
23 Commissioners, all expenditures for telephone and
24 telegraph charges, postage and postal charges, office
25 stationery, supplies and services, and office furniture
26 and equipment, including typewriters and copying and

1 duplicating machines and filing equipment, surety bond
2 premiums, and travel expenses of those officers and
3 employees, employees, expenditures or charges for the
4 acquisition, enlargement or improvement of, or for the use
5 of, any office space, building, or structure, or
6 expenditures for the maintenance thereof or for furnishing
7 heat, light, or power with respect thereto, all to the
8 extent that those expenditures are directly incidental to
9 such examinations or administration. The Commissioner
10 shall not be required by paragraphs (c) or (d-1) of this
11 subsection (3) to maintain in any fiscal year's budget
12 appropriated reserves for accrued vacation and accrued
13 sick leave that is required to be paid to employees of the
14 Commissioner upon termination of their service with the
15 Commissioner in an amount that is more than is reasonably
16 anticipated to be necessary for any anticipated turnover in
17 employees, whether due to normal attrition or due to
18 layoffs, terminations, or resignations.

19 (d) The aggregate of all fees collected by the
20 Commissioner under this Act, the Corporate Fiduciary Act,
21 or the Foreign Banking Office Act on and after July 1,
22 1979, shall be paid promptly after receipt of the same,
23 accompanied by a detailed statement thereof, into the State
24 treasury and shall be set apart in a special fund to be
25 known as the "Bank and Trust Company Fund", except as
26 provided in paragraph (c) of subsection (11) of this

1 Section. All earnings received from investments of funds in
2 the Bank and Trust Company Fund shall be deposited in the
3 Bank and Trust Company Fund and may be used for the same
4 purposes as fees deposited in that Fund. The amount from
5 time to time deposited into the Bank and Trust Company Fund
6 shall be used to offset the ordinary administrative
7 expenses of the Commissioner of Banks and Real Estate as
8 defined in this Section. Nothing in this amendatory Act of
9 1979 shall prevent continuing the practice of paying
10 expenses involving salaries, retirement, social security,
11 and State-paid insurance premiums of State officers by
12 appropriations from the General Revenue Fund. However, the
13 General Revenue Fund shall be reimbursed for those payments
14 made on and after July 1, 1979, by an annual transfer of
15 funds from the Bank and Trust Company Fund. Moneys in the
16 Bank and Trust Company Fund may be transferred to the
17 Professions Indirect Cost Fund, as authorized under
18 Section 2105-300 of the Department of Professional
19 Regulation Law of the Civil Administrative Code of
20 Illinois.

21 (d-1) Adequate funds shall be available in the Bank and
22 Trust Company Fund to permit the timely payment of
23 administration expenses. In each fiscal year the total
24 administration expenses shall be deducted from the total
25 fees collected by the Commissioner and the remainder
26 transferred into the Cash Flow Reserve Account, unless the

1 balance of the Cash Flow Reserve Account prior to the
2 transfer equals or exceeds one-fourth of the total initial
3 appropriations from the Bank and Trust Company Fund for the
4 subsequent year, in which case the remainder shall be
5 credited to State banks and foreign banking corporations
6 and applied against their fees for the subsequent year. The
7 amount credited to each State bank and foreign banking
8 corporation shall be in the same proportion as the Call
9 Report Fees paid by each for the year bear to the total
10 Call Report Fees collected for the year. If, after a
11 transfer to the Cash Flow Reserve Account is made or if no
12 remainder is available for transfer, the balance of the
13 Cash Flow Reserve Account is less than one-fourth of the
14 total initial appropriations for the subsequent year and
15 the amount transferred is less than 5% of the total Call
16 Report Fees for the year, additional amounts needed to make
17 the transfer equal to 5% of the total Call Report Fees for
18 the year shall be apportioned amongst, assessed upon, and
19 paid by the State banks and foreign banking corporations in
20 the same proportion that the Call Report Fees of each,
21 respectively, for the year bear to the total Call Report
22 Fees collected for the year. The additional amounts
23 assessed shall be transferred into the Cash Flow Reserve
24 Account. For purposes of this paragraph (d-1), the
25 calculation of the fees collected by the Commissioner shall
26 exclude the receivership fees provided for in Section 5-10

1 of the Corporate Fiduciary Act.

2 (e) The Commissioner may upon request certify to any
3 public record in his keeping and shall have authority to
4 levy a reasonable charge for issuing certifications of any
5 public record in his keeping.

6 (f) In addition to fees authorized elsewhere in this
7 Act, the Commissioner may, in connection with a review,
8 approval, or provision of a service, levy a reasonable
9 charge to recover the cost of the review, approval, or
10 service.

11 (4) Nothing contained in this Act shall be construed to
12 limit the obligation relative to examinations and reports of
13 any State bank, deposits in which are to any extent insured by
14 the United States or any agency thereof, nor to limit in any
15 way the powers of the Commissioner with reference to
16 examinations and reports of that bank.

17 (5) The nature and condition of the assets in or investment
18 of any bonus, pension, or profit sharing plan for officers or
19 employees of every State bank or, after May 31, 1997, branch of
20 an out-of-state bank shall be deemed to be included in the
21 affairs of that State bank or branch of an out-of-state bank
22 subject to examination by the Commissioner under the provisions
23 of subsection (2) of this Section, and if the Commissioner
24 shall find from an examination that the condition of or
25 operation of the investments or assets of the plan is unlawful,
26 fraudulent, or unsafe, or that any trustee has abused his

1 trust, the Commissioner shall, if the situation so found by the
2 Commissioner shall not be corrected to his satisfaction within
3 60 days after the Commissioner has given notice to the board of
4 directors of the State bank or out-of-state bank of his
5 findings, report the facts to the Attorney General who shall
6 thereupon institute proceedings against the State bank or
7 out-of-state bank, the board of directors thereof, or the
8 trustees under such plan as the nature of the case may require.

9 (6) The Commissioner shall have the power:

10 (a) To promulgate reasonable rules for the purpose of
11 administering the provisions of this Act.

12 (a-5) To impose conditions on any approval issued by
13 the Commissioner if he determines that the conditions are
14 necessary or appropriate. These conditions shall be
15 imposed in writing and shall continue in effect for the
16 period prescribed by the Commissioner.

17 (b) To issue orders against any person, if the
18 Commissioner has reasonable cause to believe that an unsafe
19 or unsound banking practice has occurred, is occurring, or
20 is about to occur, if any person has violated, is
21 violating, or is about to violate any law, rule, or written
22 agreement with the Commissioner, or for the purpose of
23 administering the provisions of this Act and any rule
24 promulgated in accordance with this Act.

25 (b-1) To enter into agreements with a bank establishing
26 a program to correct the condition of the bank or its

1 practices.

2 (c) To appoint hearing officers to execute any of the
3 powers granted to the Commissioner under this Section for
4 the purpose of administering this Act and any rule
5 promulgated in accordance with this Act and otherwise to
6 authorize, in writing, an officer or employee of the Office
7 of Banks and Real Estate to exercise his powers under this
8 Act.

9 (d) To subpoena witnesses, to compel their attendance,
10 to administer an oath, to examine any person under oath,
11 and to require the production of any relevant books,
12 papers, accounts, and documents in the course of and
13 pursuant to any investigation being conducted, or any
14 action being taken, by the Commissioner in respect of any
15 matter relating to the duties imposed upon, or the powers
16 vested in, the Commissioner under the provisions of this
17 Act or any rule promulgated in accordance with this Act.

18 (e) To conduct hearings.

19 (7) Whenever, in the opinion of the Commissioner, any
20 director, officer, employee, or agent of a State bank or any
21 subsidiary or bank holding company of the bank or, after May
22 31, 1997, of any branch of an out-of-state bank or any
23 subsidiary or bank holding company of the bank shall have
24 violated any law, rule, or order relating to that bank or any
25 subsidiary or bank holding company of the bank, shall have
26 obstructed or impeded any examination or investigation by the

1 Commissioner, shall have engaged in an unsafe or unsound
2 practice in conducting the business of that bank or any
3 subsidiary or bank holding company of the bank, or shall have
4 violated any law or engaged or participated in any unsafe or
5 unsound practice in connection with any financial institution
6 or other business entity such that the character and fitness of
7 the director, officer, employee, or agent does not assure
8 reasonable promise of safe and sound operation of the State
9 bank, the Commissioner may issue an order of removal. If, in
10 the opinion of the Commissioner, any former director, officer,
11 employee, or agent of a State bank or any subsidiary or bank
12 holding company of the bank, prior to the termination of his or
13 her service with that bank or any subsidiary or bank holding
14 company of the bank, violated any law, rule, or order relating
15 to that State bank or any subsidiary or bank holding company of
16 the bank, obstructed or impeded any examination or
17 investigation by the Commissioner, engaged in an unsafe or
18 unsound practice in conducting the business of that bank or any
19 subsidiary or bank holding company of the bank, or violated any
20 law or engaged or participated in any unsafe or unsound
21 practice in connection with any financial institution or other
22 business entity such that the character and fitness of the
23 director, officer, employee, or agent would not have assured
24 reasonable promise of safe and sound operation of the State
25 bank, the Commissioner may issue an order prohibiting that
26 person from further service with a bank or any subsidiary or

1 bank holding company of the bank as a director, officer,
2 employee, or agent. An order issued pursuant to this subsection
3 shall be served upon the director, officer, employee, or agent.
4 A copy of the order shall be sent to each director of the bank
5 affected by registered mail. The person affected by the action
6 may request a hearing before the State Banking Board within 10
7 days after receipt of the order. The hearing shall be held by
8 the Board within 30 days after the request has been received by
9 the Board. The Board shall make a determination approving,
10 modifying, or disapproving the order of the Commissioner as its
11 final administrative decision. If a hearing is held by the
12 Board, the Board shall make its determination within 60 days
13 from the conclusion of the hearing. Any person affected by a
14 decision of the Board under this subsection (7) of Section 48
15 of this Act may have the decision reviewed only under and in
16 accordance with the Administrative Review Law and the rules
17 adopted pursuant thereto. A copy of the order shall also be
18 served upon the bank of which he is a director, officer,
19 employee, or agent, whereupon he shall cease to be a director,
20 officer, employee, or agent of that bank. The Commissioner may
21 institute a civil action against the director, officer, or
22 agent of the State bank or, after May 31, 1997, of the branch
23 of the out-of-state bank against whom any order provided for by
24 this subsection (7) of this Section 48 has been issued, and
25 against the State bank or, after May 31, 1997, out-of-state
26 bank, to enforce compliance with or to enjoin any violation of

1 the terms of the order. Any person who has been the subject of
2 an order of removal or an order of prohibition issued by the
3 Commissioner under this subsection or Section 5-6 of the
4 Corporate Fiduciary Act may not thereafter serve as director,
5 officer, employee, or agent of any State bank or of any branch
6 of any out-of-state bank, or of any corporate fiduciary, as
7 defined in Section 1-5.05 of the Corporate Fiduciary Act, or of
8 any other entity that is subject to licensure or regulation by
9 the Commissioner or the Office of Banks and Real Estate unless
10 the Commissioner has granted prior approval in writing.

11 For purposes of this paragraph (7), "bank holding company"
12 has the meaning prescribed in Section 2 of the Illinois Bank
13 Holding Company Act of 1957.

14 (8) The Commissioner may impose civil penalties of up to
15 \$10,000 against any person for each violation of any provision
16 of this Act, any rule promulgated in accordance with this Act,
17 any order of the Commissioner, or any other action which in the
18 Commissioner's discretion is an unsafe or unsound banking
19 practice.

20 (9) The Commissioner may impose civil penalties of up to
21 \$100 against any person for the first failure to comply with
22 reporting requirements set forth in the report of examination
23 of the bank and up to \$200 for the second and subsequent
24 failures to comply with those reporting requirements.

25 (10) All final administrative decisions of the
26 Commissioner hereunder shall be subject to judicial review

1 pursuant to the provisions of the Administrative Review Law.
2 For matters involving administrative review, venue shall be in
3 either Sangamon County or Cook County.

4 (11) The endowment fund for the Illinois Bank Examiners'
5 Education Foundation shall be administered as follows:

6 (a) (Blank).

7 (b) The Foundation is empowered to receive voluntary
8 contributions, gifts, grants, bequests, and donations on
9 behalf of the Illinois Bank Examiners' Education
10 Foundation from national banks and other persons for the
11 purpose of funding the endowment of the Illinois Bank
12 Examiners' Education Foundation.

13 (c) The aggregate of all special educational fees
14 collected by the Commissioner and property received by the
15 Commissioner on behalf of the Illinois Bank Examiners'
16 Education Foundation under this subsection (11) on or after
17 June 30, 1986, shall be either (i) promptly paid after
18 receipt of the same, accompanied by a detailed statement
19 thereof, into the State Treasury and shall be set apart in
20 a special fund to be known as "The Illinois Bank Examiners'
21 Education Fund" to be invested by either the Treasurer of
22 the State of Illinois in the Public Treasurers' Investment
23 Pool or in any other investment he is authorized to make or
24 by the Illinois Public Employees' Retirement System
25 ~~Illinois State Board of Investment~~ as the board of trustees
26 of the Illinois Bank Examiners' Education Foundation may

1 direct or (ii) deposited into an account maintained in a
2 commercial bank or corporate fiduciary in the name of the
3 Illinois Bank Examiners' Education Foundation pursuant to
4 the order and direction of the Board of Trustees of the
5 Illinois Bank Examiners' Education Foundation.

6 (12) (Blank).

7 (Source: P.A. 94-91, eff. 7-1-05.)

8 Section 97. Severability. The provisions of this Act are
9 severable under Section 1.31 of the Statute on Statutes.

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

1

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3	5 ILCS 420/4A-101	from Ch. 127, par. 604A-101
4	5 ILCS 420/4A-102	from Ch. 127, par. 604A-102
5	5 ILCS 420/4A-106	from Ch. 127, par. 604A-106
6	5 ILCS 420/4A-107	from Ch. 127, par. 604A-107
7	5 ILCS 430/1-5	
8	15 ILCS 505/16.5	
9	20 ILCS 415/4c	from Ch. 127, par. 63b104c
10	30 ILCS 105/6z-11	from Ch. 127, par. 142z-11
11	30 ILCS 105/6z-75	
12	30 ILCS 500/1-15.15	
13	35 ILCS 200/21-295	
14	35 ILCS 516/235	
15	40 ILCS 5/1-101.2	
16	40 ILCS 5/1-109.1	from Ch. 108 1/2, par. 1-109.1
17	40 ILCS 5/1-110	from Ch. 108 1/2, par. 1-110
18	40 ILCS 5/1-113.5	
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20	40 ILCS 5/1-135 new	
21	40 ILCS 5/1-140 new	
22	40 ILCS 5/1-145 new	
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24	40 ILCS 5/2-147	from Ch. 108 1/2, par. 2-147
25	40 ILCS 5/7-201.1	from Ch. 108 1/2, par. 7-201.1

1	40 ILCS 5/12-166.1	from Ch. 108 1/2, par. 12-166.1
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10	40 ILCS 5/17-146.1	from Ch. 108 1/2, par. 17-146.1
11	40 ILCS 5/18-153	from Ch. 108 1/2, par. 18-153
12	40 ILCS 5/18-154	from Ch. 108 1/2, par. 18-154
13	40 ILCS 5/22-101	from Ch. 108 1/2, par. 22-101
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4 40 ILCS 5/25-105.04 new
5 40 ILCS 5/25-105.05 new
6 40 ILCS 5/25-105.06 new
7 40 ILCS 5/25-105.09 new
8 40 ILCS 5/25-105.10 new
9 40 ILCS 5/25-105.11 new
10 40 ILCS 5/25-105.12 new
11 40 ILCS 5/25-105.13 new
12 40 ILCS 5/25-105.14 new
13 40 ILCS 5/25-106 new
14 40 ILCS 5/25-107 new
15 40 ILCS 5/25-108 new
16 40 ILCS 5/25-109 new
17 40 ILCS 5/25-110 new
18 40 ILCS 5/25-111 new
19 40 ILCS 5/25-112 new
20 40 ILCS 5/25-113 new
21 40 ILCS 5/25-114 new
22 40 ILCS 5/25-115 new
23 40 ILCS 5/25-116 new
24 40 ILCS 5/25-117 new
25 40 ILCS 5/6-179 rep.
26 40 ILCS 5/15-167 rep.

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1 205 ILCS 5/48

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