



Rep. Michael J. Zalewski

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09900HB5906ham001

LRB099 18395 RPS 45578 a

1 AMENDMENT TO HOUSE BILL 5906

2 AMENDMENT NO. _____. Amend House Bill 5906 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 22A-109, 22A-111, 22A-113.1, 22A-113.2, and
6 22A-113.3 as follows:

7 (40 ILCS 5/22A-109) (from Ch. 108 1/2, par. 22A-109)

8 Sec. 22A-109. Membership of board. The board shall consist
9 of the following members:

10 (1) Five trustees appointed by the Governor with the
11 advice and consent of the Senate who may not hold an
12 elective State office.

13 (2) The Treasurer.

14 (3) The Comptroller, who shall represent the State
15 Employees' Retirement System of Illinois.

16 (4) The Chairperson of the General Assembly Retirement

1 System.

2 (5) The Chairperson of the Judges Retirement System of
3 Illinois.

4 The appointive members shall serve for terms of 4 years except
5 that the terms of office of the original appointive members
6 pursuant to this amendatory Act of the 96th General Assembly
7 shall be as follows: One member for a term of 1 year; 1 member
8 for a term of 2 years; 1 member for a term of 3 years; and 2
9 members for a term of 4 years. Vacancies among the appointive
10 members shall be filled for unexpired terms by appointment in
11 like manner as for original appointments, and appointive
12 members shall continue in office until their successors have
13 been appointed and have qualified.

14 Notwithstanding any provision of this Section to the
15 contrary, the term of office of each trustee of the Board
16 appointed by the Governor who is sitting on the Board on the
17 effective date of this amendatory Act of the 96th General
18 Assembly is terminated on that effective date. A trustee
19 sitting on the board on the effective date of this amendatory
20 Act of the 96th General Assembly may not hold over in office
21 for more than 60 days after the effective date of this
22 amendatory Act of the 96th General Assembly. Nothing in this
23 Section shall prevent the Governor from making a temporary
24 appointment or nominating a trustee holding office on the day
25 before the effective date of this amendatory Act of the 96th
26 General Assembly.

1 Each person appointed to membership shall qualify by taking
2 an oath of office before the Secretary of State stating that he
3 will diligently and honestly administer the affairs of the
4 board and will not violate or knowingly permit the violation of
5 any provisions of this Article.

6 Members of the board shall receive no salary for service on
7 the board but shall be reimbursed for travel expenses incurred
8 while on business for the board according to the standards in
9 effect for members of the Illinois Legislative Research Unit.

10 A majority of the members of the board shall constitute a
11 quorum. The board shall elect from its membership, biennially,
12 a Chairman, Vice Chairman and a Recording Secretary. These
13 officers, together with one other member elected by the board,
14 shall constitute the executive committee. During the interim
15 between regular meetings of the board, the executive committee
16 shall have authority to conduct all business of the board and
17 shall report such business conducted at the next following
18 meeting of the board for ratification.

19 No member of the board shall have any interest in any
20 brokerage fee, commission or other profit or gain arising out
21 of any investment made by the board. This paragraph does not
22 preclude ownership by any member of any minority interest in
23 any common stock or any corporate obligation in which
24 investment is made by the board.

25 The board shall contract for a blanket fidelity bond in the
26 penal sum of not less than \$1,000,000.00 to cover members of

1 the board, the director and all other employees of the board
2 conditioned for the faithful performance of the duties of their
3 respective offices, the premium on which shall be paid by the
4 board. ~~The bond shall be filed with the State Treasurer for~~
5 ~~safekeeping.~~

6 (Source: P.A. 96-6, eff. 4-3-09.)

7 (40 ILCS 5/22A-111) (from Ch. 108 1/2, par. 22A-111)

8 Sec. 22A-111. The Board shall manage the investments of any
9 pension fund, retirement system, or education fund for the
10 purpose of obtaining a total return on investments for the long
11 term. It also shall perform such other functions as may be
12 assigned or directed by the General Assembly.

13 The authority of the board to manage pension fund
14 investments and the liability shall begin when there has been a
15 physical transfer of the pension fund investments to the board
16 and placed in the custody of the board's custodian ~~State~~
17 ~~Treasurer.~~

18 The authority of the board to manage monies from the
19 education fund for investment and the liability of the board
20 shall begin when there has been a physical transfer of
21 education fund investments to the board and placed in the
22 custody of the board's custodian ~~State Treasurer.~~

23 The board may not delegate its management functions, but it
24 may, but is not required to, arrange to compensate for
25 personalized investment advisory service for any or all

1 investments under its control with any national or state bank
2 or trust company authorized to do a trust business and
3 domiciled in Illinois, other financial institution organized
4 under the laws of Illinois, or an investment advisor who is
5 qualified under Federal Investment Advisors Act of 1940 and is
6 registered under the Illinois Securities Law of 1953. Nothing
7 contained herein shall prevent the Board from subscribing to
8 general investment research services available for purchase or
9 use by others. The Board shall also have the authority to
10 compensate for accounting services.

11 This Section shall not be construed to prohibit the
12 Illinois State Board of Investment from directly investing
13 pension assets in public market investments, private
14 investments, real estate investments, or other investments
15 authorized by this Code.

16 (Source: P.A. 96-1554, eff. 3-18-11.)

17 (40 ILCS 5/22A-113.1) (from Ch. 108 1/2, par. 22A-113.1)

18 Sec. 22A-113.1. Investable funds.

19 Each retirement system under the management of the Illinois
20 State Board of Investment shall report to the board from time
21 to time the amounts of funds available for investment. These
22 amounts shall be transferred immediately to the board's
23 custodian or the custodian's ~~State Treasurer or his~~ authorized
24 agent for the account of the board to be applied for investment
25 by the board. Notice to the Illinois State Board of Investment

1 of each such transfer shall be given by the retirement system
2 as the transfer occurs.

3 (Source: P.A. 78-646.)

4 (40 ILCS 5/22A-113.2) (from Ch. 108 1/2, par. 22A-113.2)

5 Sec. 22A-113.2. Custodian ~~State Treasurer.~~

6 The securities, funds and other assets transferred to the
7 ~~The~~ Illinois State Board of Investment or otherwise acquired by
8 the board shall be placed in the custody of the board's
9 custodian. The custodian shall ~~State Treasurer who shall serve~~
10 ~~as official custodian of the board,~~ provide adequate safe
11 deposit facilities therefor and hold all such securities, funds
12 and other assets subject to the order of the board.

13 As soon as may be practicable, but in no event later than
14 December 31, 2016, the board shall appoint and retain a
15 qualified custodian. Until a custodian has been appointed by
16 the board, the State Treasurer shall serve as official
17 custodian of the board.

18 ~~The State Treasurer shall furnish a corporate surety bond~~
19 ~~of such amount as the board designates, which bond shall~~
20 ~~indemnify the board against any loss that may result from any~~
21 ~~action or failure to act by the Treasurer or any of his agents.~~
22 ~~All charges incidental to the procuring and giving of such bond~~
23 ~~shall be paid by the board. The bond shall be in the custody of~~
24 ~~the board.~~

25 (Source: P.A. 77-611.)

1 (40 ILCS 5/22A-113.3) (from Ch. 108 1/2, par. 22A-113.3)
2 Sec. 22A-113.3. Investable funds of education foundation.
3 The Illinois Bank Examiners' Education Foundation shall report
4 to the board from time to time the amounts of monies available
5 for investment by the board. These amounts shall be transferred
6 promptly to the board's custodian or the custodian's ~~State~~
7 ~~Treasurer or his~~ authorized agent for the account of the board
8 to be applied for investment by the board. Notice to the board
9 of each such transfer shall be given by the Illinois Bank
10 Examiners' Education Foundation after the transfer occurs.
11 (Source: P.A. 84-1127.)

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