

1 AN ACT in relation to public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 1-109.1 as follows:

6 (40 ILCS 5/1-109.1) (from Ch. 108 1/2, par. 1-109.1)

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

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

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

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

21 (2) The board of trustees of a pension fund established
22 under Article 5, 6, 8, 9, 10, 11, 12 or 17 of this Code may not
23 transfer its investment authority, nor transfer the assets of
24 the fund to any other person or entity for the purpose of
25 consolidating or merging its assets and management with any
26 other pension fund or public investment authority, unless the
27 board resolution authorizing the ~~such~~ transfer is submitted for
28 approval to the contributors and pensioners of the fund at
29 elections held not less than 30 days after the adoption of such
30 resolution by the board, and such resolution is approved by a
31 majority of the votes cast on the question in both the
32 contributors election and the pensioners election. The

1 election procedures and qualifications governing the election
2 of trustees shall govern the submission of resolutions for
3 approval under this paragraph, insofar as they may be made
4 applicable.

5 (3) Pursuant to subsections (h) and (i) of Section 6 of
6 Article VII of the Illinois Constitution, the investment
7 authority of boards of trustees of retirement systems and
8 pension funds established under this Code is declared to be a
9 subject of exclusive State jurisdiction, and the concurrent
10 exercise by a home rule unit of any power affecting such
11 investment authority is hereby specifically denied and
12 preempted.

13 (4) For the purposes of this Code, "emerging investment
14 manager" means a qualified investment adviser that manages an
15 investment portfolio of ~~at least~~ \$10,000,000 or more but less
16 than \$400,000,000 on January 1, 1993 and is a "minority owned
17 business" or "female owned business" as those terms are defined
18 in the Business Enterprise for Minorities, Females, and Persons
19 with Disabilities Act.

20 It is hereby declared to be the public policy of the State
21 of Illinois to encourage the trustees of public employee
22 retirement systems to use emerging investment managers in
23 managing their system's assets to the greatest extent feasible
24 within the bounds of financial and fiduciary prudence, and to
25 take affirmative steps to remove any barriers to the full
26 participation of emerging investment managers in investment
27 opportunities afforded by those retirement systems.

28 Each retirement system subject to this Code shall prepare a
29 report to be submitted to the Governor and the General Assembly
30 by September 1 of each year. The report shall identify the
31 emerging investment managers used by the system, the percentage
32 of the system's assets under the investment control of emerging
33 investment managers, and the actions it has undertaken to
34 increase the use of emerging investment managers, including
35 encouraging other investment managers to use emerging
36 investment managers as subcontractors when the opportunity

1 arises.

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

5 (Source: P.A. 92-16, eff. 6-28-01.)