

1 AN ACT concerning State government.

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

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

1 Supreme Court.

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

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

25 (2) have direct supervisory authority over, or
26 direct responsibility for the formulation,

1 negotiation, issuance or execution of contracts
2 entered into by the State in the amount of \$5,000 or
3 more;

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

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

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

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

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

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

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

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

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

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

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

1 (3) have authority to approve licenses and permits
2 by the unit of local government; this item does not
3 include employees who function in a ministerial
4 capacity;

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

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

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

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

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

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

1 Act.

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

4 (n) Members of the board of any retirement system or
5 investment board established under the Illinois Pension
6 Code, if not required to file under any other provision of
7 this Section.

8 (o) Members of the board of any pension fund
9 established under the Illinois Pension Code, if not
10 required to file under any other provision of this Section.

11 This Section shall not be construed to prevent any unit of
12 local government from enacting financial disclosure
13 requirements that mandate more information than required by
14 this Act.

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

16 (5 ILCS 420/4A-102) (from Ch. 127, par. 604A-102)

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

25 (a) The following interests shall be listed by all

1 persons required to file:

2 (1) The name, address and type of practice of any
3 professional organization or individual professional
4 practice in which the person making the statement was
5 an officer, director, associate, partner or
6 proprietor, or served in any advisory capacity, from
7 which income in excess of \$1200 was derived during the
8 preceding calendar year;

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

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

21 (4) The name of any unit of government which has
22 employed the person making the statement during the
23 preceding calendar year other than the unit or units of
24 government in relation to which the person is required
25 to file.

26 (5) The name of any entity from which a gift or

1 gifts, or honorarium or honoraria, valued singly or in
2 the aggregate in excess of \$500, was received during
3 the preceding calendar year.

4 (b) The following interests shall also be listed by
5 persons listed in items (a) through (f), ~~and~~ item (l), and
6 item (n) of Section 4A-101:

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

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

24 (3) The identity of any compensated lobbyist with
25 whom the person making the statement maintains a close
26 economic association, including the name of the

1 lobbyist and specifying the legislative matter or
2 matters which are the object of the lobbying activity,
3 and describing the general type of economic activity of
4 the client or principal on whose behalf that person is
5 lobbying.

6 (c) The following interests shall also be listed by
7 persons listed in items (g), (h), ~~and~~ (i), and (o) of
8 Section 4A-101:

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

20 (2) Except for professional service entities, the
21 name of any entity and any position held therein from
22 which income in excess of \$1,200 was derived during the
23 preceding calendar year if the entity does business
24 with a unit of local government in relation to which
25 the person is required to file. No time or demand
26 deposit in a financial institution, nor any debt

1 instrument need be listed.

2 (3) The name of any entity and the nature of the
3 governmental action requested by any entity which has
4 applied to a unit of local government in relation to
5 which the person must file for any license, franchise
6 or permit for annexation, zoning or rezoning of real
7 estate during the preceding calendar year if the
8 ownership interest of the person filing is in excess of
9 \$5,000 fair market value at the time of filing or if
10 income or dividends in excess of \$1,200 were received
11 by the person filing from the entity during the
12 preceding calendar year.

13 For the purposes of this Section, the unit of local
14 government in relation to which a person required to file under
15 item (o) of Section 4A-101 shall be the unit of local
16 government that contributes to the pension fund of which such
17 person is a member of the board.

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

19 (5 ILCS 420/4A-106) (from Ch. 127, par. 604A-106)

20 Sec. 4A-106. The statements of economic interests required
21 of persons listed in items (a) through (f), item (j), ~~and~~ item
22 (l), and item (n) of Section 4A-101 shall be filed with the
23 Secretary of State. The statements of economic interests
24 required of persons listed in items (g), (h), (i), ~~and~~ (k), and
25 (o) of Section 4A-101 shall be filed with the county clerk of

1 the county in which the principal office of the unit of local
2 government with which the person is associated is located. If
3 it is not apparent which county the principal office of a unit
4 of local government is located, the chief administrative
5 officer, or his or her designee, has the authority, for
6 purposes of this Act, to determine the county in which the
7 principal office is located. On or before February 1 annually,
8 (1) the chief administrative officer of any State agency in the
9 executive, legislative, or judicial branch employing persons
10 required to file under item (f) or item (l) of Section 4A-101
11 and the chief administrative officer of a board described in
12 item (n) of Section 4A-101 shall certify to the Secretary of
13 State the names and mailing addresses of those persons, and (2)
14 the chief administrative officer, or his or her designee, of
15 each unit of local government with persons described in items
16 (h), (i) and (k) and a board described in item (o) of Section
17 4A-101 shall certify to the appropriate county clerk a list of
18 names and addresses of persons described in items (h), (i), ~~and~~
19 (k), and (o) of Section 4A-101 that are required to file. In
20 preparing the lists, each chief administrative officer, or his
21 or her designee, shall set out the names in alphabetical order.

22 On or before April 1 annually, the Secretary of State shall
23 notify (1) all persons whose names have been certified to him
24 under items (f), ~~and~~ (l), and (n) of Section 4A-101, and (2)
25 all persons described in items (a) through (e) and item (j) of
26 Section 4A-101, other than candidates for office who have filed

1 their statements with their nominating petitions, of the
2 requirements for filing statements of economic interests. A
3 person required to file with the Secretary of State by virtue
4 of more than one item among items (a) through (f) and items
5 (j), ~~and~~ (l), and (n) shall be notified of and is required to
6 file only one statement of economic interests relating to all
7 items under which the person is required to file with the
8 Secretary of State.

9 On or before April 1 annually, the county clerk of each
10 county shall notify all persons whose names have been certified
11 to him under items (g), (h), (i), ~~and~~ (k), and (o) of Section
12 4A-101, other than candidates for office who have filed their
13 statements with their nominating petitions, of the
14 requirements for filing statements of economic interests. A
15 person required to file with a county clerk by virtue of more
16 than one item among items (g), (h), (i), ~~and~~ (k), and (o) shall
17 be notified of and is required to file only one statement of
18 economic interests relating to all items under which the person
19 is required to file with that county clerk.

20 Except as provided in Section 4A-106.1, the notices
21 provided for in this Section shall be in writing and deposited
22 in the U.S. Mail, properly addressed, first class postage
23 prepaid, on or before the day required by this Section for the
24 sending of the notice. A certificate executed by the Secretary
25 of State or county clerk attesting that he has mailed the
26 notice constitutes prima facie evidence thereof.

1 From the lists certified to him under this Section of
2 persons described in items (g), (h), (i), ~~and~~ (k), and (o) of
3 Section 4A-101, the clerk of each county shall compile an
4 alphabetical listing of persons required to file statements of
5 economic interests in his office under any of those items. As
6 the statements are filed in his office, the county clerk shall
7 cause the fact of that filing to be indicated on the
8 alphabetical listing of persons who are required to file
9 statements. Within 30 days after the due dates, the county
10 clerk shall mail to the State Board of Elections a true copy of
11 that listing showing those who have filed statements.

12 The county clerk of each county shall note upon the
13 alphabetical listing the names of all persons required to file
14 a statement of economic interests who failed to file a
15 statement on or before May 1. It shall be the duty of the
16 several county clerks to give notice as provided in Section
17 4A-105 to any person who has failed to file his or her
18 statement with the clerk on or before May 1.

19 Any person who files or has filed a statement of economic
20 interest under this Act is entitled to receive from the
21 Secretary of State or county clerk, as the case may be, a
22 receipt indicating that the person has filed such a statement,
23 the date of such filing, and the identity of the governmental
24 unit or units in relation to which the filing is required.

25 The Secretary of State may employ such employees and
26 consultants as he considers necessary to carry out his duties

1 hereunder, and may prescribe their duties, fix their
2 compensation, and provide for reimbursement of their expenses.

3 All statements of economic interests filed under this
4 Section shall be available for examination and copying by the
5 public at all reasonable times. Not later than 12 months after
6 the effective date of this amendatory Act of the 93rd General
7 Assembly, beginning with statements filed in calendar year
8 2004, the Secretary of State shall make statements of economic
9 interests filed with the Secretary available for inspection and
10 copying via the Secretary's website.

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

12 (5 ILCS 420/4A-107) (from Ch. 127, par. 604A-107)

13 Sec. 4A-107. Any person required to file a statement of
14 economic interests under this Article who willfully files a
15 false or incomplete statement shall be guilty of a Class A
16 misdemeanor.

17 Failure to file a statement within the time prescribed
18 shall result in ineligibility for, or forfeiture of, office or
19 position of employment, as the case may be; provided, however,
20 that if the notice of failure to file a statement of economic
21 interests provided in Section 4A-105 of this Act is not given
22 by the Secretary of State or the county clerk, as the case may
23 be, no forfeiture shall result if a statement is filed within
24 30 days of actual notice of the failure to file. The Secretary
25 of State shall provide the Attorney General with the names of

1 persons who failed to file a statement. The county clerk shall
2 provide the State's Attorney of the county of the entity for
3 which the filing of statement of economic interest is required
4 with the name of persons who failed to file a statement.

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

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

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

17 (5 ILCS 430/1-5)

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

19 "Appointee" means a person appointed to a position in or
20 with a State agency, regardless of whether the position is
21 compensated.

22 "Campaign for elective office" means any activity in
23 furtherance of an effort to influence the selection,
24 nomination, election, or appointment of any individual to any

1 federal, State, or local public office or office in a political
2 organization, or the selection, nomination, or election of
3 Presidential or Vice-Presidential electors, but does not
4 include activities (i) relating to the support or opposition of
5 any executive, legislative, or administrative action (as those
6 terms are defined in Section 2 of the Lobbyist Registration
7 Act), (ii) relating to collective bargaining, or (iii) that are
8 otherwise in furtherance of the person's official State duties.

9 "Candidate" means a person who has filed nominating papers
10 or petitions for nomination or election to an elected State
11 office, or who has been appointed to fill a vacancy in
12 nomination, and who remains eligible for placement on the
13 ballot at either a general primary election or general
14 election.

15 "Collective bargaining" has the same meaning as that term
16 is defined in Section 3 of the Illinois Public Labor Relations
17 Act.

18 "Commission" means an ethics commission created by this
19 Act.

20 "Compensated time" means any time worked by or credited to
21 a State employee that counts toward any minimum work time
22 requirement imposed as a condition of employment with a State
23 agency, but does not include any designated State holidays or
24 any period when the employee is on a leave of absence.

25 "Compensatory time off" means authorized time off earned by
26 or awarded to a State employee to compensate in whole or in

1 part for time worked in excess of the minimum work time
2 required of that employee as a condition of employment with a
3 State agency.

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

6 "Employee" means (i) any person employed full-time,
7 part-time, or pursuant to a contract and whose employment
8 duties are subject to the direction and control of an employer
9 with regard to the material details of how the work is to be
10 performed or (ii) any appointed or elected commissioner,
11 trustee, director, or board member of a board of a State
12 agency, including any retirement system or investment board
13 subject to the Illinois Pension Code or (iii) any other
14 appointee.

15 "Executive branch constitutional officer" means the
16 Governor, Lieutenant Governor, Attorney General, Secretary of
17 State, Comptroller, and Treasurer.

18 "Gift" means any gratuity, discount, entertainment,
19 hospitality, loan, forbearance, or other tangible or
20 intangible item having monetary value including, but not
21 limited to, cash, food and drink, and honoraria for speaking
22 engagements related to or attributable to government
23 employment or the official position of an employee, member, or
24 officer.

25 "Governmental entity" means a unit of local government
26 (including a community college district) or a school district

1 but not a State agency.

2 "Leave of absence" means any period during which a State
3 employee does not receive (i) compensation for State
4 employment, (ii) service credit towards State pension
5 benefits, and (iii) health insurance benefits paid for by the
6 State.

7 "Legislative branch constitutional officer" means a member
8 of the General Assembly and the Auditor General.

9 "Legislative leader" means the President and Minority
10 Leader of the Senate and the Speaker and Minority Leader of the
11 House of Representatives.

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

13 "Officer" means an executive branch constitutional officer
14 or a legislative branch constitutional officer.

15 "Political" means any activity in support of or in
16 connection with any campaign for elective office or any
17 political organization, but does not include activities (i)
18 relating to the support or opposition of any executive,
19 legislative, or administrative action (as those terms are
20 defined in Section 2 of the Lobbyist Registration Act), (ii)
21 relating to collective bargaining, or (iii) that are otherwise
22 in furtherance of the person's official State duties or
23 governmental and public service functions.

24 "Political organization" means a party, committee,
25 association, fund, or other organization (whether or not
26 incorporated) that is required to file a statement of

1 organization with the State Board of Elections or a county
2 clerk under Section 9-3 of the Election Code, but only with
3 regard to those activities that require filing with the State
4 Board of Elections or a county clerk.

5 "Prohibited political activity" means:

6 (1) Preparing for, organizing, or participating in any
7 political meeting, political rally, political
8 demonstration, or other political event.

9 (2) Soliciting contributions, including but not
10 limited to the purchase of, selling, distributing, or
11 receiving payment for tickets for any political
12 fundraiser, political meeting, or other political event.

13 (3) Soliciting, planning the solicitation of, or
14 preparing any document or report regarding any thing of
15 value intended as a campaign contribution.

16 (4) Planning, conducting, or participating in a public
17 opinion poll in connection with a campaign for elective
18 office or on behalf of a political organization for
19 political purposes or for or against any referendum
20 question.

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

26 (6) Assisting at the polls on election day on behalf of

1 any political organization or candidate for elective
2 office or for or against any referendum question.

3 (7) Soliciting votes on behalf of a candidate for
4 elective office or a political organization or for or
5 against any referendum question or helping in an effort to
6 get voters to the polls.

7 (8) Initiating for circulation, preparing,
8 circulating, reviewing, or filing any petition on behalf of
9 a candidate for elective office or for or against any
10 referendum question.

11 (9) Making contributions on behalf of any candidate for
12 elective office in that capacity or in connection with a
13 campaign for elective office.

14 (10) Preparing or reviewing responses to candidate
15 questionnaires in connection with a campaign for elective
16 office or on behalf of a political organization for
17 political purposes.

18 (11) Distributing, preparing for distribution, or
19 mailing campaign literature, campaign signs, or other
20 campaign material on behalf of any candidate for elective
21 office or for or against any referendum question.

22 (12) Campaigning for any elective office or for or
23 against any referendum question.

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

26 (14) Serving as a delegate, alternate, or proxy to a

1 political party convention.

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

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

8 (1) is seeking official action (i) by the member or
9 officer or (ii) in the case of an employee, by the employee
10 or by the member, officer, State agency, or other employee
11 directing the employee;

12 (2) does business or seeks to do business (i) with the
13 member or officer or (ii) in the case of an employee, with
14 the employee or with the member, officer, State agency, or
15 other employee directing the employee;

16 (3) conducts activities regulated (i) by the member or
17 officer or (ii) in the case of an employee, by the employee
18 or by the member, officer, State agency, or other employee
19 directing the employee;

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

23 (5) is registered or required to be registered with the
24 Secretary of State under the Lobbyist Registration Act,
25 except that an entity not otherwise a prohibited source
26 does not become a prohibited source merely because a

1 registered lobbyist is one of its members or serves on its
2 board of directors.

3 "State agency" includes all officers, boards, commissions
4 and agencies created by the Constitution, whether in the
5 executive or legislative branch; all officers, departments,
6 boards, commissions, agencies, institutions, authorities,
7 public institutions of higher learning as defined in Section 2
8 of the Higher Education Cooperation Act (except community
9 colleges), and bodies politic and corporate of the State; and
10 administrative units or corporate outgrowths of the State
11 government which are created by or pursuant to statute, other
12 than units of local government (including community college
13 districts) and their officers, school districts, and boards of
14 election commissioners; and all administrative units and
15 corporate outgrowths of the above and as may be created by
16 executive order of the Governor. "State agency" includes the
17 General Assembly, the Senate, the House of Representatives, the
18 President and Minority Leader of the Senate, the Speaker and
19 Minority Leader of the House of Representatives, the Senate
20 Operations Commission, and the legislative support services
21 agencies. "State agency" includes the Office of the Auditor
22 General. "State agency" does not include the judicial branch.

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

24 "Ultimate jurisdictional authority" means the following:

25 (1) For members, legislative partisan staff, and
26 legislative secretaries, the appropriate legislative

1 leader: President of the Senate, Minority Leader of the
2 Senate, Speaker of the House of Representatives, or
3 Minority Leader of the House of Representatives.

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

7 (3) For State employees who are professional staff or
8 employees of the House of Representatives and not covered
9 under item (1), the Speaker of the House of
10 Representatives.

11 (4) For State employees who are employees of the
12 legislative support services agencies, the Joint Committee
13 on Legislative Support Services.

14 (5) For State employees of the Auditor General, the
15 Auditor General.

16 (6) For State employees of public institutions of
17 higher learning as defined in Section 2 of the Higher
18 Education Cooperation Act (except community colleges), the
19 board of trustees of the appropriate public institution of
20 higher learning.

21 (7) For State employees of an executive branch
22 constitutional officer other than those described in
23 paragraph (6), the appropriate executive branch
24 constitutional officer.

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

1 Governor.

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

3 Section 12. The State Treasurer Act is amended by adding
4 Section 16.10 as follows:

5 (15 ILCS 505/16.10 new)

6 (Section scheduled to be repealed on June 30, 2011)

7 Sec. 16.10. Working group; peer cost comparison. The
8 Treasurer shall convene a working group consisting of
9 representatives from the retirement systems, pension funds,
10 and investment board created under the Illinois Pension Code,
11 persons that provide investment services, and members of the
12 financial industry. The working group shall review the
13 performance of investment managers and consultants providing
14 investment services for the retirement systems, pension funds,
15 and investment board created under the Illinois Pension Code.
16 The group shall develop uniform standards for comparing the
17 costs of investment services and make recommendations to the
18 retirement systems, pension funds, and investment board. In
19 performing its functions under this Section, the working group
20 shall work in coordination with the Commission on Government
21 Forecasting and Accountability. The Office of the State
22 Treasurer shall provide administrative assistance to the
23 working group as the group deems necessary and appropriate. The
24 working group shall draft a report, and the Treasurer must

1 submit such report, to the Governor and the General Assembly by
2 January 1, 2011.

3 This Section is repealed on June 30, 2011.

4 Section 15. The Illinois Pension Code is amended by
5 changing Sections 1-101.2, 1-109.1, 1-110, 1-113.5, 1-125,
6 14-134, 14-134.1, 15-159, 16-163, 16-164, 16-169, and 22A-109
7 and by adding Sections 1-101.5, 1-113.14, 1-113.16, 1-113.18,
8 1-130, 1-135, 1-145, and 1-150 as follows:

9 (40 ILCS 5/1-101.2)

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

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

18 (2) renders investment advice or renders advice on the
19 selection of fiduciaries for a fee or other compensation,
20 direct or indirect, with respect to any moneys or other
21 property of the pension fund or retirement system, or has
22 any authority or responsibility to do so; or

23 (3) has any discretionary authority or discretionary
24 responsibility in the administration of the pension fund or

1 retirement system.

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

3 (40 ILCS 5/1-101.5 new)

4 Sec. 1-101.5. Consultant. "Consultant" means any person or
5 entity retained or employed by the board of a retirement
6 system, pension fund, or investment board to make
7 recommendations in developing an investment strategy, assist
8 with finding appropriate investment advisers, or monitor the
9 board's investments. "Consultant" does not include
10 non-investment related professionals or professionals offering
11 services that are not directly related to the investment of
12 assets, such as legal counsel, actuary, proxy-voting services,
13 services used to track compliance with legal standards, and
14 investment fund of funds where the board has no direct
15 contractual relationship with the investment advisers or
16 partnerships. "Investment adviser" has the meaning ascribed to
17 it in Section 1-101.4.

18

19 (40 ILCS 5/1-109.1) (from Ch. 108 1/2, par. 1-109.1)

20 Sec. 1-109.1. Allocation and Delegation of Fiduciary
21 Duties.

22 (1) Subject to the provisions of Section 22A-113 of this
23 Code and subsections (2) and (3) of this Section, the board of
24 trustees of a retirement system or pension fund established

1 under this Code may:

2 (a) Appoint one or more investment managers as
3 fiduciaries to manage (including the power to acquire and
4 dispose of) any assets of the retirement system or pension
5 fund; and

6 (b) Allocate duties among themselves and designate
7 others as fiduciaries to carry out specific fiduciary
8 activities other than the management of the assets of the
9 retirement system or pension fund.

10 (2) The board of trustees of a pension fund established
11 under Article 5, 6, 8, 9, 10, 11, 12 or 17 of this Code may not
12 transfer its investment authority, nor transfer the assets of
13 the fund to any other person or entity for the purpose of
14 consolidating or merging its assets and management with any
15 other pension fund or public investment authority, unless the
16 board resolution authorizing such transfer is submitted for
17 approval to the contributors and pensioners of the fund at
18 elections held not less than 30 days after the adoption of such
19 resolution by the board, and such resolution is approved by a
20 majority of the votes cast on the question in both the
21 contributors election and the pensioners election. The
22 election procedures and qualifications governing the election
23 of trustees shall govern the submission of resolutions for
24 approval under this paragraph, insofar as they may be made
25 applicable.

26 (3) Pursuant to subsections (h) and (i) of Section 6 of

1 Article VII of the Illinois Constitution, the investment
2 authority of boards of trustees of retirement systems and
3 pension funds established under this Code is declared to be a
4 subject of exclusive State jurisdiction, and the concurrent
5 exercise by a home rule unit of any power affecting such
6 investment authority is hereby specifically denied and
7 preempted.

8 (4) For the purposes of this Code, "emerging investment
9 manager" means a qualified investment adviser that manages an
10 investment portfolio of at least \$10,000,000 but less than
11 \$10,000,000,000 ~~\$2,000,000,000~~ and is a "minority owned
12 business", ~~or~~ "female owned business" or "business owned by a
13 person with a disability" as those terms are defined in the
14 Business Enterprise for Minorities, Females, and Persons with
15 Disabilities Act.

16 It is hereby declared to be the public policy of the State
17 of Illinois to encourage the trustees of public employee
18 retirement systems, pension funds, and investment boards to use
19 emerging investment managers in managing their system's
20 assets, encompassing all asset classes, and increase the
21 racial, ethnic, and gender diversity of its fiduciaries, to the
22 greatest extent feasible within the bounds of financial and
23 fiduciary prudence, and to take affirmative steps to remove any
24 barriers to the full participation ~~of emerging investment~~
25 ~~managers~~ in investment opportunities afforded by those
26 retirement systems, pension funds, and investment boards.

1 On or before January 1, 2010, a retirement system, pension
2 fund, or investment board subject to this Code, except those
3 whose investments are restricted by Section 1-113.2 of this
4 Code, shall adopt a policy that sets forth goals for
5 utilization of emerging investment managers. This policy shall
6 include quantifiable goals for the management of assets in
7 specific asset classes by emerging investment managers. The
8 retirement system, pension fund, or investment board shall
9 establish 3 separate goals for: (i) emerging investment
10 managers that are minority owned businesses; (ii) emerging
11 investment managers that are female owned businesses; and (iii)
12 emerging investment managers that are businesses owned by a
13 person with a disability. The goals established shall be based
14 on the percentage of total dollar amount of investment service
15 contracts let to minority owned businesses, female owned
16 businesses, and businesses owned by a person with a disability,
17 as those terms are defined in the Business Enterprise for
18 Minorities, Females, and Persons with Disabilities Act. The
19 retirement system, pension fund, or investment board shall
20 annually review the goals established under this subsection.

21 If in any case an emerging investment manager meets the
22 criteria established by a board for a specific search and meets
23 the criteria established by a consultant for that search, then
24 that emerging investment manager shall receive an invitation by
25 the board of trustees, or an investment committee of the board
26 of trustees, to present his or her firm for final consideration

1 of a contract. In the case where multiple emerging investment
2 managers meet the criteria of this Section, the staff may
3 choose the most qualified firm or firms to present to the
4 board.

5 ~~Each retirement system subject to this Code shall prepare a~~
6 ~~report to be submitted to the Governor and the General Assembly~~
7 ~~by September 1 of each year. The report shall identify the~~
8 ~~emerging investment managers used by the system, the percentage~~
9 ~~of the system's assets under the investment control of emerging~~
10 ~~investment managers, and the actions it has undertaken to~~
11 ~~increase the use of emerging investment managers, including~~
12 ~~encouraging other investment managers to use emerging~~
13 ~~investment managers as subcontractors when the opportunity~~
14 ~~arises.~~

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

18 (5) Each retirement system, pension fund, or investment
19 board subject to this Code, except those whose investments are
20 restricted by Section 1-113.2 of this Code, shall establish a
21 policy that sets forth goals for increasing the racial, ethnic,
22 and gender diversity of its fiduciaries, including its
23 consultants and senior staff. Each system, fund, and investment
24 board shall annually review the goals established under this
25 subsection.

26 (6) On or before January 1, 2010, a retirement system,

1 pension fund, or investment board subject to this Code, except
2 those whose investments are restricted by Section 1-113.2 of
3 this Code, shall adopt a policy that sets forth goals for
4 utilization of businesses owned by minorities, females, and
5 persons with disabilities for all contracts and services. The
6 goals established shall be based on the percentage of total
7 dollar amount of all contracts let to minority owned
8 businesses, female owned businesses, and businesses owned by a
9 person with a disability, as those terms are defined in the
10 Business Enterprise for Minorities, Females, and Persons with
11 Disabilities Act. The retirement system, pension fund, or
12 investment board shall annually review the goals established
13 under this subsection.

14 (7) On or before January 1, 2010, a retirement system,
15 pension fund, or investment board subject to this Code, except
16 those whose investments are restricted by Section 1-113.2 of
17 this Code, shall adopt a policy that sets forth goals for
18 increasing the utilization of minority broker-dealers. For the
19 purposes of this Code, "minority broker-dealer" means a
20 qualified broker-dealer who meets the definition of "minority
21 owned business", "female owned business", or "business owned by
22 a person with a disability", as those terms are defined in the
23 Business Enterprise for Minorities, Females, and Persons with
24 Disabilities Act. The retirement system, pension fund, or
25 investment board shall annually review the goals established
26 under this Section.

1 (8) Each retirement system, pension fund, and investment
2 board subject to this Code, except those whose investments are
3 restricted by Section 1-113.2 of this Code, shall submit a
4 report to the Governor and the General Assembly by January 1 of
5 each year that includes the following: (i) the policy adopted
6 under subsection (4) of this Section, including the names and
7 addresses of the emerging investment managers used, percentage
8 of the assets under the investment control of emerging
9 investment managers for the 3 separate goals, and the actions
10 it has undertaken to increase the use of emerging investment
11 managers, including encouraging other investment managers to
12 use emerging investment managers as subcontractors when the
13 opportunity arises; (ii) the policy adopted under subsection
14 (5) of this Section; (iii) the policy adopted under subsection
15 (6) of this Section; and (iv) the policy adopted under
16 subsection (7) of this Section, including specific actions
17 undertaken to increase the use of minority broker-dealers.

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

19 (40 ILCS 5/1-110) (from Ch. 108 1/2, par. 1-110)

20 Sec. 1-110. Prohibited Transactions.

21 (a) A fiduciary with respect to a retirement system, ~~or~~
22 pension fund, or investment board shall not cause the
23 retirement system or pension fund to engage in a transaction if
24 he or she knows or should know that such transaction
25 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 fiduciary of a pension fund established under Article
20 3 or 4 shall not knowingly cause or advise the pension fund to
21 engage in an investment transaction when the fiduciary (i) has
22 any direct interest in the income, gains, or profits of the
23 investment adviser ~~adviser~~ through which the investment
24 transaction is made or (ii) has a business relationship with
25 that investment adviser ~~adviser~~ that would result in a
26 pecuniary benefit to the fiduciary as a result of the

1 investment transaction.

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

3 (e) A board member, employee, or consultant with respect to
4 a retirement system, pension fund, or investment board subject
5 to this Code, except those whose investments are restricted by
6 Section 1-113.2, shall not knowingly cause or advise the
7 retirement system, pension fund, or investment board to engage
8 in an investment transaction with an investment adviser when
9 the board member, employee, consultant, or their spouse (i) has
10 any direct interest in the income, gains, or profits of the
11 investment adviser through which the investment transaction is
12 made or (ii) has a relationship with that investment adviser
13 that would result in a pecuniary benefit to the board member,
14 employee, or consultant or spouse of such board member,
15 employee, or consultant as a result of the investment
16 transaction. For purposes of this subsection (e), a consultant
17 includes an employee or agent of a consulting firm who has
18 greater than 7.5% ownership of the consulting firm.

19 Violation of this subsection (e) is a Class 4 felony.

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

21 (40 ILCS 5/1-113.5)

22 Sec. 1-113.5. Investment advisers and investment services
23 for all Article 3 or 4 pension funds.

24 (a) The board of trustees of a pension fund may appoint
25 investment advisers as defined in Section 1-101.4. The board of

1 any pension fund investing in common or preferred stock under
2 Section 1-113.4 shall appoint an investment adviser before
3 making such investments.

4 The investment adviser shall be a fiduciary, as defined in
5 Section 1-101.2, with respect to the pension fund and shall be
6 one of the following:

7 (1) an investment adviser registered under the federal
8 Investment Advisers Act of 1940 and the Illinois Securities
9 Law of 1953;

10 (2) a bank or trust company authorized to conduct a
11 trust business in Illinois;

12 (3) a life insurance company authorized to transact
13 business in Illinois; or

14 (4) an investment company as defined and registered
15 under the federal Investment Company Act of 1940 and
16 registered under the Illinois Securities Law of 1953.

17 (a-5) Notwithstanding any other provision of law, a person
18 or entity that provides consulting services (referred to as a
19 "consultant" in this Section) to a pension fund with respect to
20 the selection of fiduciaries may not be awarded a contract to
21 provide those consulting services that is more than 5 years in
22 duration. No contract to provide such consulting services may
23 be renewed or extended. At the end of the term of a contract,
24 however, the contractor is eligible to compete for a new
25 contract. No person shall attempt to avoid or contravene the
26 restrictions of this subsection by any means. All offers from

1 responsive offerors shall be accompanied by disclosure of the
2 names and addresses of the following:

3 (1) The offeror.

4 (2) Any entity that is a parent of, or owns a
5 controlling interest in, the offeror.

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

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

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

23 The contract shall include all of the following:

24 (1) acknowledgement in writing by the investment
25 adviser that he or she is a fiduciary with respect to the
26 pension fund;

1 (2) the board's investment policy;

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

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

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

21 Within 30 days after the effective date of this amendatory
22 Act of the 95th General Assembly, each investment adviser and
23 consultant providing services on the effective date or subject
24 to an existing contract for the provision of services must
25 disclose to the board of trustees all direct and indirect fees,
26 commissions, penalties, and other compensation paid by or on

1 behalf of the investment adviser or consultant in connection
2 with the provision of those services and shall update that
3 disclosure promptly after a modification of those payments or
4 an additional payment.

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

12 The disclosures required by this subsection shall be in
13 writing and shall include the date and amount of each payment
14 and the name and address of each recipient of a payment.

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

19 (d) Investment services provided by a person other than an
20 investment adviser appointed under this Section, including but
21 not limited to services provided by the kinds of persons listed
22 in items (1) through (4) of subsection (a), shall be rendered
23 only after full written disclosure of direct and indirect fees,
24 commissions, penalties, and any other compensation that shall
25 or may be received by the person rendering those services.

26 (e) The board of trustees of each pension fund shall retain

1 records of investment transactions in accordance with the rules
2 of the Department of Financial and Professional Regulation.

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

4 (40 ILCS 5/1-113.14 new)

5 Sec. 1-113.14. Investment services for retirement systems,
6 pension funds, and investment boards, except those funds
7 established under Articles 3 and 4.

8 (a) For the purposes of this Section, "investment services"
9 means services provided by an investment adviser or a
10 consultant.

11 (b) The selection and appointment of an investment adviser
12 or consultant for investment services by the board of a
13 retirement system, pension fund, or investment board subject to
14 this Code, except those whose investments are restricted by
15 Section 1-113.2, shall be made and awarded in accordance with
16 this Section. All contracts for investment services shall be
17 awarded by the board using a competitive process that is
18 substantially similar to the process required for the
19 procurement of professional and artistic services under
20 Article 35 of the Illinois Procurement Code. Each board of
21 trustees shall adopt a policy in accordance with this
22 subsection (b) within 60 days after the effective date of this
23 amendatory Act of the 96th General Assembly. The policy shall
24 be posted on its web site and filed with the Illinois
25 Procurement Policy Board. Exceptions to this Section are

1 allowed for (i) sole source procurements, (ii) emergency
2 procurements, and (iii) at the discretion of the pension fund,
3 retirement system, or board of investment, contracts that are
4 nonrenewable and one year or less in duration, so long as the
5 contract has a value of less than \$20,000. All exceptions
6 granted under this Section must be published on the system's,
7 fund's, or board's web site, shall name the person authorizing
8 the procurement, and shall include a brief explanation of the
9 reason for the exception.

10 A person, other than a trustee or an employee of a
11 retirement system, pension fund, or investment board, may not
12 act as a consultant or investment adviser under this Section
13 unless that person is registered as an investment adviser under
14 the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1,
15 et seq.) or a bank, as defined in the federal Investment
16 Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.).

17 (c) Investment services provided by an investment adviser
18 or a consultant appointed under this Section shall be rendered
19 pursuant to a written contract between the investment adviser
20 or consultant and the board.

21 The contract shall include all of the following:

22 (1) Acknowledgement in writing by the investment
23 adviser or consultant that he or she is a fiduciary with
24 respect to the pension fund or retirement system.

25 (2) The description of the board's investment policy
26 and notice that the policy is subject to change.

1 (3) (i) Full disclosure of direct and indirect fees,
2 commissions, penalties, and other compensation, including
3 reimbursement for expenses, that may be paid by or on
4 behalf of the consultant in connection with the provision
5 of services to the pension fund or retirement system and
6 (ii) a requirement that the consultant update the
7 disclosure promptly after a modification of those payments
8 or an additional payment.

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

16 (5) Disclosure of the names and addresses of (i) the
17 consultant or investment adviser; (ii) any entity that is a
18 parent of, or owns a controlling interest in, the
19 consultant or investment adviser; (iii) any entity that is
20 a subsidiary of, or in which a controlling interest is
21 owned by, the consultant or investment adviser; (iv) any
22 persons who have an ownership or distributive income share
23 in the consultant or investment adviser that is in excess
24 of 7.5%; or (v) serves as an executive officer of the
25 consultant or investment adviser.

26 (6) A disclosure of the names and addresses of all

1 subcontractors, if applicable, and the expected amount of
2 money each will receive under the contract, including an
3 acknowledgment that the contractor must promptly make
4 notification, in writing, if at any time during the term of
5 the contract a contractor adds or changes any
6 subcontractors. For purposes of this subparagraph (6),
7 "subcontractor" does not include non-investment related
8 professionals or professionals offering services that are
9 not directly related to the investment of assets, such as
10 legal counsel, actuary, proxy-voting services, services
11 used to track compliance with legal standards, and
12 investment fund of funds where the board has no direct
13 contractual relationship with the investment advisers or
14 partnerships.

15 (7) A description of service to be performed.

16 (8) A description of the need for the service.

17 (9) A description of the plan for post-performance
18 review.

19 (10) A description of the qualifications necessary.

20 (11) The duration of the contract.

21 (12) The method for charging and measuring cost.

22 (d) Notwithstanding any other provision of law, a
23 retirement system, pension fund, or investment board subject to
24 this Code, except those whose investments are restricted by
25 Section 1-113.2 of this Code, shall not enter into a contract
26 with a consultant that exceeds 5 years in duration. No contract

1 to provide consulting services may be renewed or extended. At
2 the end of the term of a contract, however, the consultant is
3 eligible to compete for a new contract as provided in this
4 Section. No retirement system, pension fund, or investment
5 board shall attempt to avoid or contravene the restrictions of
6 this subsection (d) by any means.

7 (e) Within 60 days after the effective date of this
8 amendatory Act of the 96th General Assembly, each investment
9 adviser or consultant currently providing services or subject
10 to an existing contract for the provision of services must
11 disclose to the board of trustees all direct and indirect fees,
12 commissions, penalties, and other compensation paid by or on
13 behalf of the investment adviser or consultant in connection
14 with the provision of those services and shall update that
15 disclosure promptly after a modification of those payments or
16 an additional payment. The person shall update the disclosure
17 promptly after a modification of those payments or an
18 additional payment. The disclosures required by this
19 subsection (e) shall be in writing and shall include the date
20 and amount of each payment and the name and address of each
21 recipient of a payment.

22 (f) The retirement system, pension fund, or board of
23 investment shall develop uniform documents that shall be used
24 for the solicitation, review, and acceptance of all investment
25 services. The form shall include the terms contained in
26 subsection (c) of this Section. All such uniform documents

1 shall be posted on the retirement system's, pension fund's, or
2 investment board's web site.

3 (g) A description of every contract for investment services
4 shall be posted in a conspicuous manner on the web site of the
5 retirement system, pension fund, or investment board. The
6 description must include the name of the person or entity
7 awarded a contract, the total amount applicable to the
8 contract, the total fees paid or to be paid, and a disclosure
9 approved by the board describing the factors that contributed
10 to the selection of an investment adviser or consultant.

11 (40 ILCS 5/1-113.16 new)

12 Sec. 1-113.16. Investment transparency.

13 (a) The purpose of this Section is to provide for
14 transparency in the investment of retirement or pension funds
15 and require the reporting of full and complete information
16 regarding the investments by pension funds, retirement
17 systems, and investment boards.

18 (b) A retirement system, pension fund, or investment board
19 subject to this Code and any committees established by such
20 system, fund, or board must comply with the Open Meetings Act.

21 (c) Any retirement system, pension fund, or investment
22 board subject to this Code that establishes a committee shall
23 ensure that the majority of the members on such committee are
24 board members. If any member of a committee is not a member of
25 the board for the system, fund, or board, then that committee

1 member shall be a fiduciary.

2 (d) A retirement system, pension fund, or investment board
3 subject to this Code, except those whose investments are
4 restricted by Section 1-113.2, shall maintain an official web
5 site and make available in a clear and conspicuous manner, and
6 update at least quarterly, all of the following information
7 concerning the investment of funds:

8 (1) The total amount of funds held by the pension fund,
9 retirement system, or investment board.

10 (2) The asset allocation for the investments made by
11 the pension fund, retirement system, or investment board.

12 (3) Current and historic return information.

13 (4) A detailed listing of the investment advisers for
14 all asset classes.

15 (5) Performance of investments compared against
16 established benchmarks.

17 (6) A detailed list of all consultants doing business
18 with the retirement system, pension fund, or investment
19 board.

20 (7) A detailed list of all contractors, other than
21 investment advisers and consultants, doing business with
22 the retirement system, pension fund, or investment board.

23 (8) Any requests for investment services.

24 (9) The names and email addresses of all board members,
25 directors, and senior staff.

26 (10) The report required under Section 1-109.1 of this

1 Code, if applicable.

2 (11) The description of each contract required under
3 subsection (g) of Section 1-113.14 of this Code, if
4 applicable.

5 (e) A pension fund whose investments are restricted by
6 Section 1-113.2 of this Code shall make the information
7 required in subsection (d) of this Section available on its web
8 site or in a location that allows the information to be
9 available for inspection by the public.

10 (f) Nothing in this Section requires the pension fund,
11 retirement system, or investment board to make information
12 available on the Internet that is exempt from inspection and
13 copying under the Freedom of Information Act.

14 (40 ILCS 5/1-113.18 new)

15 Sec. 1-113.18. Ethics training. All board members of a
16 retirement system, pension fund, or investment board created
17 under this Code must attend ethics training of at least 8 hours
18 per year. The training required under this Section shall
19 include training on ethics, fiduciary duty, and investment
20 issues and any other curriculum that the board of the
21 retirement system, pension fund, or investment board
22 establishes as being important for the administration of the
23 retirement system, pension fund, or investment board. The
24 Supreme Court of Illinois shall be responsible for ethics
25 training and curriculum for judges designated by the Court to

1 serve as members of a retirement system, pension fund, or
2 investment board. Each board shall annually certify its
3 members' compliance with this Section and submit an annual
4 certification to the Division of Insurance of the Department of
5 Financial and Professional Regulation. Judges shall annually
6 certify compliance with the ethics training requirement and
7 shall submit an annual certification to the Chief Justice of
8 the Supreme Court of Illinois.

9 (40 ILCS 5/1-125)

10 Sec. 1-125. Prohibition on gifts.

11 (a) For the purposes of this Section:

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

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

15 (i) is seeking official action (A) by the board or (B)
16 by a board member;

17 (ii) does business or seeks to do business (A) with the
18 board or (B) with a board member;

19 (iii) has interests that may be substantially affected
20 by the performance or non-performance of the official
21 duties of the board member; or

22 (iv) is registered or required to be registered with
23 the Secretary of State under the Lobbyist Registration Act,
24 except that an entity not otherwise a prohibited source
25 does not become a prohibited source merely because a

1 registered lobbyist is one of its members or serves on its
2 board of directors.

3 (b) No trustee or employee of a retirement system, pension
4 fund, or investment board created under ~~board created under~~
5 ~~Article 3 or 4~~ of this Code shall intentionally solicit or
6 accept any gift from any prohibited source as prescribed in
7 Article 10 of the State Officials and Employees Ethics Act.
8 ~~The, including the~~ exceptions contained in Section 10-15 of
9 that Act, other than paragraphs (4) and (5) of that Section
10 shall apply to trustees and employees of a retirement system,
11 pension fund, or investment board created under this Code.
12 Solicitation or acceptance of educational materials, however,
13 is not prohibited. For the purposes of this Section, references
14 to "State employee" and "employee" in Article 10 of the State
15 Officials and Employees Ethics Act shall include a trustee or
16 employee of a retirement system, pension fund, or investment
17 board created under ~~a board created under Article 3 or 4~~ of
18 this Code.

19 (c) A municipality may adopt or maintain policies or
20 ordinances that are more restrictive than those set forth in
21 this Section and may continue to follow any existing policies
22 or ordinances that are more restrictive or are in addition to
23 those set forth in this Section.

24 (d) To the extent that the provisions of this Section
25 conflict with the provisions of the State Officials and
26 Employees Ethics Act, the provisions of this Section control.

1 (e) ~~(d)~~ Violation of this Section is a Class A misdemeanor.
2 (Source: P.A. 95-950, eff. 8-29-08.)

3 (40 ILCS 5/1-130 new)

4 Sec. 1-130. No monetary gain on investments. No member or
5 employee of the board of trustees of any retirement system,
6 pension fund, or investment board created under this Code nor
7 any spouse of such member or employee shall knowingly have any
8 direct interest in the income, gains, or profits of any
9 investments made on behalf of a retirement system, pension
10 fund, or investment board created under this Code for which
11 such person is a member or employee, nor receive any pay or
12 emolument for services in connection with any investment. No
13 member or employee of the board of trustees of any retirement
14 system, pension fund, or investment board created under this
15 Code shall become an endorser or surety, or in any manner an
16 obligor for money loaned or borrowed from any retirement system
17 or pension fund created under this Code or the Illinois State
18 Board of Investment. For the purposes of this Section, an
19 annuity otherwise provided in accordance with this Code or any
20 income, gains, or profits related to any non-controlling
21 interest in any public securities, mutual fund, or other
22 passive investment is not considered monetary gain on
23 investments.

24 Violation of this Section is a Class 3 felony.

1 (40 ILCS 5/1-135 new)

2 Sec. 1-135. Fraud. Any person who knowingly makes any false
3 statement or falsifies or permits to be falsified any record of
4 a retirement system or pension fund created under this Code or
5 the Illinois State Board of Investment in an attempt to defraud
6 the retirement system or pension fund created under this Code
7 or the Illinois State Board of Investment is guilty of a Class
8 3 felony.

9 (40 ILCS 5/1-145 new)

10 Sec. 1-145. Contingent and placement fees prohibited. No
11 person or entity shall retain a person or entity to attempt to
12 influence the outcome of an investment decision of or the
13 procurement of investment advice or services of a retirement
14 system, pension fund, or investment board of this Code for
15 compensation, contingent in whole or in part upon the decision
16 or procurement. Any person who violates this Section is guilty
17 of a business offense and shall be fined not more than \$10,000.
18 In addition, any person convicted of a violation of this
19 Section is prohibited for a period of 3 years from conducting
20 such activities.

21 (40 ILCS 5/1-150 new)

22 Sec. 1-150. Approval of travel or educational mission. The
23 expenses for travel or educational missions of a board member
24 of a retirement system, pension fund, or investment board

1 created under this Code, except those whose investments are
2 restricted by Section 1-113.2 of this Code, must be approved by
3 a majority of the board prior to the travel or educational
4 mission.

5 (40 ILCS 5/14-134) (from Ch. 108 1/2, par. 14-134)

6 Sec. 14-134. Board created. The retirement system created
7 by this Article shall be a trust, separate and distinct from
8 all other entities. The responsibility for the operation of the
9 system and for making effective this Article is vested in a
10 board of trustees.

11 The board shall consist of 7 trustees, as follows:

12 (a) the Director of the Governor's Office of Management and
13 Budget; (b) the Comptroller; (c) one trustee, not a State
14 employee, who shall be Chairman, to be appointed by the
15 Governor for a 5 year term; (d) two members of the system, one
16 of whom shall be an annuitant age 60 or over, having at least 8
17 years of creditable service, to be appointed by the Governor
18 for terms of 5 years; (e) one member of the system having at
19 least 8 years of creditable service, to be elected from the
20 contributing membership of the system by the contributing
21 members as provided in Section 14-134.1; (f) one annuitant of
22 the system who has been an annuitant for at least one full
23 year, to be elected from and by the annuitants of the system,
24 as provided in Section 14-134.1. The Director of the Governor's
25 Office of Management and Budget and the Comptroller shall be

1 ex-officio members and shall serve as trustees during their
2 respective terms of office, except that each of them may
3 designate another officer or employee from the same agency to
4 serve in his or her place. However, no ex-officio member may
5 designate a different proxy within one year after designating a
6 proxy unless the person last so designated has become
7 ineligible to serve in that capacity. Except for the elected
8 trustees, any vacancy in the office of trustee shall be filled
9 in the same manner as the office was filled previously.

10 A trustee shall serve until a successor qualifies, except
11 that a trustee who is a member of the system shall be
12 disqualified as a trustee immediately upon terminating service
13 with the State.

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.

19 Beginning on the 90th day after the effective date of this
20 amendatory Act of the 96th General Assembly, the board shall
21 consist of 13 trustees as follows:

22 (1) the Comptroller, who shall be the Chairperson;

23 (2) six persons appointed by the Governor with the
24 advice and consent of the Senate who may not be members of
25 the system or hold an elective State office and who shall
26 serve for a term of 5 years, except that the terms of the

1 initial appointees under this amendatory Act of the 96th
2 General Assembly shall be as follows: 3 for a term of 3
3 years and 3 for a term of 5 years;

4 (3) four active participants of the system having at
5 least 8 years of creditable service, to be elected from the
6 contributing members of the system by the contribution
7 members as provided in Section 14-134.1; and

8 (4) two annuitants of the system who have been
9 annuitants for at least one full year, to be elected from
10 and by the annuitants of the system, as provided in Section
11 14-134.1.

12 For the purposes of this Section, the Governor may make a
13 nomination and the Senate may confirm the nominee in advance of
14 the commencement of the nominee's term of office. The Governor
15 shall make nominations for appointment to the board under this
16 Section within 60 days after the effective date of this
17 amendatory Act of the 96th General Assembly. A trustee sitting
18 on the board on the effective date of this amendatory Act of
19 the 96th General Assembly may not hold over in office for more
20 than 90 days after the effective date of this amendatory Act of
21 the 96th General Assembly. Nothing in this Section shall
22 prevent the Governor from making a temporary appointment or
23 nominating a trustee holding office on the day before the
24 effective date of this amendatory Act of the 96th General
25 Assembly.

26 Each trustee is entitled to one vote on the board, and 4

1 trustees shall constitute a quorum for the transaction of
2 business. The affirmative votes of a majority of the trustees
3 present, but at least 3 trustees, shall be necessary for action
4 by the board at any meeting. On the 90th day after the
5 effective date of this amendatory Act of the 96th General
6 Assembly, 7 trustees shall constitute a quorum for the
7 transaction of business and the affirmative vote of a majority
8 of the trustees present, but at least 7 trustees, shall be
9 necessary for action by the board at any meeting. The board's
10 action of July 22, 1986, by which it amended the bylaws of the
11 system to increase the number of affirmative votes required for
12 board action from 3 to 4 (in response to Public Act 84-1028,
13 which increased the number of trustees from 5 to 7), and the
14 board's rejection, between that date and the effective date of
15 this amendatory Act of 1993, of proposed actions not receiving
16 at least 4 affirmative votes, are hereby validated.

17 The trustees shall serve without compensation, but shall be
18 reimbursed from the funds of the system for all necessary
19 expenses incurred through service on the board.

20 Each trustee shall take an oath of office that he or she
21 will diligently and honestly administer the affairs of the
22 system, and will not knowingly violate or willfully permit the
23 violation of any of the provisions of law applicable to the
24 system. The oath shall be subscribed to by the trustee making
25 it, certified by the officer before whom it is taken, and filed
26 with the Secretary of State. A trustee shall qualify for

1 membership on the board when the oath has been approved by the
2 board.

3 (Source: P.A. 94-793, eff. 5-19-06.)

4 (40 ILCS 5/14-134.1) (from Ch. 108 1/2, par. 14-134.1)

5 Sec. 14-134.1. Board-elected members-vacancies. The 2
6 elected trustees shall be elected, beginning in 1986 and every
7 5 years thereafter, for a term of 5 years beginning July 15
8 next following their election. The trustees to be elected under
9 Section 14-134 of this Code in accordance with this amendatory
10 Act of the 96th General Assembly shall be elected within 90
11 days after the effective date of this amendatory Act of the
12 96th General Assembly for a term of 5 years after the effective
13 date of this amendatory Act. Trustees shall be elected every 5
14 years thereafter for a term of 5 years beginning July 15 next
15 following their election. Elections shall be held on May 1, or
16 on May 2 when May 1 falls on Sunday. Candidates for the
17 contributing trustee shall be nominated by petitions in
18 writing, signed by not less than 400 contributors with their
19 addresses shown opposite their names. Candidates for the
20 annuitant trustee shall be nominated by petitions in writing,
21 signed by not less than 100 annuitants with their addresses
22 shown opposite their names.

23 If there is more than one qualified nominee for either
24 elected trustee, the board shall conduct a secret ballot
25 election by mail for that trustee, in accordance with rules as

1 established by the board.

2 If there is only one qualified person nominated by petition
3 for either trustee, the election as required by this Section
4 shall not be conducted for that trustee and the board shall
5 declare such nominee duly elected.

6 A vacancy occurring in the elective membership of the board
7 shall be filled for the unexpired term by the board.

8 (Source: P.A. 84-1028.)

9 (40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

10 Sec. 15-159. Board created. A board of trustees constituted
11 as provided in this Section shall administer this System. The
12 board shall be known as the Board of Trustees of the State
13 Universities Retirement System.

14 (b) Until July 1, 1995, the Board of Trustees shall be
15 constituted as follows:

16 Two trustees shall be members of the Board of Trustees of
17 the University of Illinois, one shall be a member of the Board
18 of Trustees of Southern Illinois University, one shall be a
19 member of the Board of Trustees of Chicago State University,
20 one shall be a member of the Board of Trustees of Eastern
21 Illinois University, one shall be a member of the Board of
22 Trustees of Governors State University, one shall be a member
23 of the Board of Trustees of Illinois State University, one
24 shall be a member of the Board of Trustees of Northeastern
25 Illinois University, one shall be a member of the Board of

1 Trustees of Northern Illinois University, one shall be a member
2 of the Board of Trustees of Western Illinois University, and
3 one shall be a member of the Illinois Community College Board,
4 selected in each case by their respective boards, and 2 shall
5 be participants of the system appointed by the Governor for a 6
6 year term with the first appointment made pursuant to this
7 amendatory Act of 1984 to be effective September 1, 1985, and
8 one shall be a participant appointed by the Illinois Community
9 College Board for a 6 year term, and one shall be a participant
10 appointed by the Board of Trustees of the University of
11 Illinois for a 6 year term, and one shall be a participant or
12 annuitant of the system who is a senior citizen age 60 or older
13 appointed by the Governor for a 6 year term with the first
14 appointment to be effective September 1, 1985.

15 The terms of all trustees holding office under this
16 subsection (b) on June 30, 1995 shall terminate at the end of
17 that day and the Board shall thereafter be constituted as
18 provided in subsection (c).

19 (c) Beginning July 1, 1995, the Board of Trustees shall be
20 constituted as follows:

21 The Board shall consist of 9 trustees appointed by the
22 Governor. Two of the trustees, designated at the time of
23 appointment, shall be participants of the System. Two of the
24 trustees, designated at the time of appointment, shall be
25 annuitants of the System who are receiving retirement annuities
26 under this Article. The 5 remaining trustees may, but need not,

1 be participants or annuitants of the System.

2 The term of office of trustees appointed under this
3 subsection (c) shall be 6 years, beginning on July 1. However,
4 of the initial trustees appointed under this subsection (c), 3
5 shall be appointed for terms of 2 years, 3 shall be appointed
6 for terms of 4 years, and 3 shall be appointed for terms of 6
7 years, to be designated by the Governor at the time of
8 appointment.

9 The terms of all trustees holding office under this
10 subsection (c) on the effective date of this amendatory Act of
11 the 96th General Assembly shall terminate on that effective
12 date. The Governor shall make nominations for appointment under
13 this Section within 60 days after the effective date of this
14 amendatory Act of the 96th General Assembly. A trustee sitting
15 on the board on the effective date of this amendatory Act of
16 the 96th General Assembly may not hold over in office for more
17 than 90 days after the effective date of this amendatory Act of
18 the 96th General Assembly. Nothing in this Section shall
19 prevent the Governor from making a temporary appointment or
20 nominating a trustee holding office on the day before the
21 effective date of this amendatory Act of the 96th General
22 Assembly.

23 (d) Beginning on the 90th day after the effective date of
24 this amendatory Act of the 96th General Assembly, the Board of
25 Trustees shall be constituted as follows:

26 (1) The Chairperson of the Board of Higher Education,

1 who shall act as chairperson of this Board.

2 (2) Four trustees appointed by the Governor with the
3 advice and consent of the Senate who may not be members of
4 the system or hold an elective State office and who shall
5 serve for a term of 6 years, except that the terms of the
6 initial appointees under this subsection (d) shall be as
7 follows: 2 for a term of 3 years and 2 for a term of 6
8 years.

9 (3) Four active participants of the system to be
10 elected from the contributing membership of the system by
11 the contributing members, no more than 2 of which may be
12 from any of the University of Illinois campuses, who shall
13 serve for a term of 6 years, except that the terms of the
14 initial electees shall be as follows: 2 for a term of 3
15 years and 2 for a term of 6 years.

16 (4) Two annuitants of the system who have been
17 annuitants for at least one full year, to be elected from
18 and by the annuitants of the system, no more than one of
19 which may be from any of the University of Illinois
20 campuses, who shall serve for a term of 6 years, except
21 that the terms of the initial electees shall be as follows:
22 one for a term of 3 years and one for a term of 6 years.

23 For the purposes of this Section, the Governor may make a
24 nomination and the Senate may confirm the nominee in advance of
25 the commencement of the nominee's term of office.

26 (e) The 6 elected trustees shall be elected within 90 days

1 after the effective date of this amendatory Act of the 96th
2 General Assembly for a term beginning on the 90th day after the
3 effective date of this amendatory Act. Trustees shall be
4 elected thereafter as terms expire for a 6-year term beginning
5 July 15 next following their election, and such election shall
6 be held on May 1, or on May 2 when May 1 falls on a Sunday. The
7 board may establish rules for the election of trustees to
8 implement the provisions of this amendatory Act of the 96th
9 General Assembly and for future elections. Candidates for the
10 participating trustee shall be nominated by petitions in
11 writing, signed by not less than 400 participants with their
12 addresses shown opposite their names. Candidates for the
13 annuitant trustee shall be nominated by petitions in writing,
14 signed by not less than 100 annuitants with their addresses
15 shown opposite their names. If there is more than one qualified
16 nominee for each elected trustee, then the board shall conduct
17 a secret ballot election by mail for that trustee, in
18 accordance with rules as established by the board. If there is
19 only one qualified person nominated by petition for each
20 elected trustee, then the election as required by this Section
21 shall not be conducted for that trustee and the board shall
22 declare such nominee duly elected. A vacancy occurring in the
23 elective membership of the board shall be filled for the
24 unexpired term by the elected trustees serving on the board for
25 the remainder of the term.

26 (f) A vacancy on the board of trustees caused by

1 resignation, death, expiration of term of office, or other
2 reason shall be filled by a qualified person appointed by the
3 Governor for the remainder of the unexpired term.

4 (g) Trustees (other than the trustees incumbent on June 30,
5 1995 or as provided in subsection (c) of this Section) shall
6 continue in office until their respective successors are
7 appointed and have qualified, except that a trustee appointed
8 to one of the participant positions shall be disqualified
9 immediately upon the termination of his or her status as a
10 participant and a trustee appointed to one of the annuitant
11 positions shall be disqualified immediately upon the
12 termination of his or her status as an annuitant receiving a
13 retirement annuity.

14 (h) ~~(d)~~ Each trustee must take an oath of office before a
15 notary public of this State and shall qualify as a trustee upon
16 the presentation to the board of a certified copy of the oath.
17 The oath must state that the person will diligently and
18 honestly administer the affairs of the retirement system, and
19 will not knowingly violate or wilfully permit to be violated
20 any provisions of this Article.

21 Each trustee shall serve without compensation but shall be
22 reimbursed for expenses necessarily incurred in attending
23 board meetings and carrying out his or her duties as a trustee
24 or officer of the system.

25 (i) ~~(e)~~ This amendatory Act of 1995 is intended to
26 supersede the changes made to this Section by Public Act 89-4.

1 (Source: P.A. 89-4, eff. 1-1-96; 89-196, eff. 7-21-95.)

2 (40 ILCS 5/16-163) (from Ch. 108 1/2, par. 16-163)

3 Sec. 16-163. Board created. A board of 13 ~~14~~ members
4 constitutes the board of trustees authorized to carry out the
5 provisions of this Article and is responsible for the general
6 administration of the System. The board shall be known as the
7 Board of Trustees of the Teachers' Retirement System of the
8 State of Illinois. The board shall be composed of the
9 Superintendent of Education, ex officio, who shall be the
10 president of the board; 6 ~~4~~ persons, not members of the System,
11 to be appointed by the Governor, who shall hold no elected
12 State office; 4 persons who, at the time of their election, are
13 teachers as defined in Section 16-106, elected by the
14 contributing members; and 2 annuitant members elected by the
15 annuitants of the System, as provided in Section 16-165.

16 (Source: P.A. 94-423, eff. 8-2-05.)

17 (40 ILCS 5/16-164) (from Ch. 108 1/2, par. 16-164)

18 Sec. 16-164. Board - appointed members - vacancies. Terms
19 of office for the appointed members shall begin on July 15 of
20 an even-numbered year, except that the terms of office for
21 members appointed pursuant to this amendatory Act of the 96th
22 General Assembly shall begin upon being confirmed by the
23 Senate. The Governor shall appoint 3 ~~2~~ members as trustees with
24 the advice and consent of the Senate in each even-numbered year

1 who shall hold office for a term of 4 years, except that, of
2 the members appointed pursuant to this amendatory Act of the
3 96th General Assembly, 3 members shall be appointed for a term
4 ending July 14, 2012 and 3 members shall be appointed for a
5 term ending July 14, 2014. Each such appointee shall reside in
6 and be a taxpayer in the territory covered by this system,
7 shall be interested in public school welfare, and experienced
8 and competent in financial and business management. A vacancy
9 in the term of an appointed trustee shall be filled for the
10 unexpired term by appointment of the Governor.

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

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

25 (40 ILCS 5/16-169) (from Ch. 108 1/2, par. 16-169)

1 Sec. 16-169. Board - secretary and other employees. The
2 board, by a majority vote of all its members, shall appoint a
3 secretary who shall not be a member of the board and who shall
4 serve as the chief executive officer responsible for the
5 detailed administration of the system.

6 The secretary and chief executive officer of the system,
7 known as the Executive Director, holding that position on April
8 1, 2009 is terminated on July 1, 2009, by operation of law, and
9 shall thereafter no longer hold those positions or any other
10 employment position with the system. The board is directed to
11 take whatever action is necessary to effectuate this
12 termination.

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

14 (40 ILCS 5/22A-109) (from Ch. 108 1/2, par. 22A-109)

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

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

20 (2) The Treasurer.

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

23 (4) The Chairperson of the General Assembly Retirement
24 System.

25 (5) The Chairperson of the Judges Retirement System of

1 Illinois.

2 ~~(a) ex-officio members consisting of the State Treasurer and~~
3 ~~the Chairman of the board of trustees of each pension fund or~~
4 ~~retirement system, other than pension funds covered by Articles~~
5 ~~3 and 4 of this Code, whose investment functions have been~~
6 ~~transferred to the jurisdiction of this board; and (b) 5~~
7 ~~members appointed by the Governor with the approval of the~~
8 ~~Senate, one of whom shall be a senior citizen age 60 or over.~~

9 The appointive members shall serve for terms of 4 years except
10 that the terms of office of the original appointive members
11 pursuant to this amendatory Act of the 96th General Assembly
12 shall be as follows: One member for a term of 1 year; 1 member
13 for a term of 2 years; 1 member for a term of 3 years; and 2
14 members ~~1 member~~ for a term of 4 years. ~~The member first~~
15 ~~appointed under this amendatory Act of 1984 shall serve for a~~
16 ~~term of 4 years.~~ Vacancies among the appointive members shall
17 be filled for unexpired terms by appointment in like manner as
18 for original appointments, and appointive members shall
19 continue in office until their successors have been appointed
20 and have qualified. ~~Ex-officio members who cannot attend~~
21 ~~meetings of the board or its committees may respectively~~
22 ~~designate one appropriate proxy from within the office of the~~
23 ~~State Treasurer or the trustees of the pension fund or~~
24 ~~retirement system, which proxy shall have the same powers and~~
25 ~~authority as the ex-officio member being represented, but no~~
26 ~~member may designate a different proxy within one year after~~

1 ~~his last designation of a proxy unless the person last so~~
2 ~~designated has become ineligible to serve in that capacity.~~

3 Notwithstanding any provision of this Section to the
4 contrary, the term of office of each trustee of the Board
5 appointed by the Governor who is sitting on the Board on the
6 effective date of this amendatory Act of the 96th General
7 Assembly is terminated on that effective date. A trustee
8 sitting on the board on the effective date of this amendatory
9 Act of the 96th General Assembly may not hold over in office
10 for more than 60 days after the effective date of this
11 amendatory Act of the 96th General Assembly. Nothing in this
12 Section shall prevent the Governor from making a temporary
13 appointment or nominating a trustee holding office on the day
14 before the effective date of this amendatory Act of the 96th
15 General Assembly.

16 Each person appointed to membership shall qualify by taking
17 an oath of office before the Secretary of State stating that he
18 will diligently and honestly administer the affairs of the
19 board and will not violate or knowingly permit the violation of
20 any provisions of this Article.

21 Members of the board shall receive no salary for service on
22 the board but shall be reimbursed for travel expenses incurred
23 while on business for the board according to the standards in
24 effect for members of the Illinois Legislative Research Unit.

25 A majority of the members of the board shall constitute a
26 quorum. The board shall elect from its membership, biennially,

1 a Chairman, Vice Chairman and a Recording Secretary. These
2 officers, together with one other member elected by the board,
3 shall constitute the executive committee. During the interim
4 between regular meetings of the board, the executive committee
5 shall have authority to conduct all business of the board and
6 shall report such business conducted at the next following
7 meeting of the board for ratification.

8 No member of the board shall have any interest in any
9 brokerage fee, commission or other profit or gain arising out
10 of any investment made by the board. This paragraph does not
11 preclude ownership by any member of any minority interest in
12 any common stock or any corporate obligation in which
13 investment is made by the board.

14 The board shall contract for a blanket fidelity bond in the
15 penal sum of not less than \$1,000,000.00 to cover members of
16 the board, the director and all other employees of the board
17 conditioned for the faithful performance of the duties of their
18 respective offices, the premium on which shall be paid by the
19 board. The bond shall be filed with the State Treasurer for
20 safekeeping.

21 (Source: P.A. 87-1265.)

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

24 Section 99. Effective date. This Act takes effect upon
25 becoming law.