



Rep. Michael J. Madigan

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1 AMENDMENT TO SENATE BILL 364

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 364, AS AMENDED, by  
3 replacing everything after the enacting clause with the  
4 following:

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

8 (5 ILCS 420/4A-101) (from Ch. 127, par. 604A-101)

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

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

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

1 (c) Members of a Commission or Board created by the  
2 Illinois Constitution, and candidates for nomination or  
3 election to such Commission or Board.

4 (d) Persons whose appointment to office is subject to  
5 confirmation by the Senate.

6 (e) Holders of, and candidates for nomination or  
7 election to, the office of judge or associate judge of the  
8 Circuit Court and the office of judge of the Appellate or  
9 Supreme Court.

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

1           and who:

2                   (1) are, or function as, the head of a department,  
3                   commission, board, division, bureau, authority or  
4                   other administrative unit within the government of  
5                   this State, or who exercise similar authority within  
6                   the government of this State;

7                   (2) have direct supervisory authority over, or  
8                   direct responsibility for the formulation,  
9                   negotiation, issuance or execution of contracts  
10                  entered into by the State in the amount of \$5,000 or  
11                  more;

12                  (3) have authority for the issuance or  
13                  promulgation of rules and regulations within areas  
14                  under the authority of the State;

15                  (4) have authority for the approval of  
16                  professional licenses;

17                  (5) have responsibility with respect to the  
18                  financial inspection of regulated nongovernmental  
19                  entities;

20                  (6) adjudicate, arbitrate, or decide any judicial  
21                  or administrative proceeding, or review the  
22                  adjudication, arbitration or decision of any judicial  
23                  or administrative proceeding within the authority of  
24                  the State;

25                  (7) have supervisory responsibility for 20 or more  
26                  employees of the State; or

1           (8) negotiate, assign, authorize, or grant naming  
2           rights or sponsorship rights regarding any property or  
3           asset of the State, whether real, personal, tangible,  
4           or intangible.

5           (g) Persons who are elected to office in a unit of  
6           local government, and candidates for nomination or  
7           election to that office, including regional  
8           superintendents of school districts.

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

22          (i) Persons who are employed by a unit of local  
23          government and are compensated for services as employees  
24          and not as independent contractors and who:

25                 (1) are, or function as, the head of a department,  
26                 division, bureau, authority or other administrative

1 unit within the unit of local government, or who  
2 exercise similar authority within the unit of local  
3 government;

4 (2) have direct supervisory authority over, or  
5 direct responsibility for the formulation,  
6 negotiation, issuance or execution of contracts  
7 entered into by the unit of local government in the  
8 amount of \$1,000 or greater;

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

13 (4) adjudicate, arbitrate, or decide any judicial  
14 or administrative proceeding, or review the  
15 adjudication, arbitration or decision of any judicial  
16 or administrative proceeding within the authority of  
17 the unit of local government;

18 (5) have authority to issue or promulgate rules and  
19 regulations within areas under the authority of the  
20 unit of local government; or

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

23 (j) Persons on the Board of Trustees of the Illinois  
24 Mathematics and Science Academy.

25 (k) Persons employed by a school district in positions  
26 that require that person to hold an administrative or a

1 chief school business official endorsement.

2 (l) Special government agents. A "special government  
3 agent" is a person who is directed, retained, designated,  
4 appointed, or employed, with or without compensation, by or  
5 on behalf of a statewide executive branch constitutional  
6 officer to make an ex parte communication under Section  
7 5-50 of the State Officials and Employees Ethics Act or  
8 Section 5-165 of the Illinois Administrative Procedure  
9 Act.

10 (m) Members of the board of commissioners of any flood  
11 prevention district.

12 (n) Members of the board of any retirement system or  
13 investment board established under the Illinois Pension  
14 Code, if not required to file under any other provision of  
15 this Section.

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

19 This Section shall not be construed to prevent any unit of  
20 local government from enacting financial disclosure  
21 requirements that mandate more information than required by  
22 this Act.

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

24 (5 ILCS 420/4A-102) (from Ch. 127, par. 604A-102)

25 Sec. 4A-102. The statement of economic interests required

1 by this Article shall include the economic interests of the  
2 person making the statement as provided in this Section. The  
3 interest (if constructively controlled by the person making the  
4 statement) of a spouse or any other party, shall be considered  
5 to be the same as the interest of the person making the  
6 statement. Campaign receipts shall not be included in this  
7 statement.

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

10 (1) The name, address and type of practice of any  
11 professional organization or individual professional  
12 practice in which the person making the statement was  
13 an officer, director, associate, partner or  
14 proprietor, or served in any advisory capacity, from  
15 which income in excess of \$1200 was derived during the  
16 preceding calendar year;

17 (2) The nature of professional services (other  
18 than services rendered to the unit or units of  
19 government in relation to which the person is required  
20 to file) and the nature of the entity to which they  
21 were rendered if fees exceeding \$5,000 were received  
22 during the preceding calendar year from the entity for  
23 professional services rendered by the person making  
24 the statement.

25 (3) The identity (including the address or legal  
26 description of real estate) of any capital asset from

1           which a capital gain of \$5,000 or more was realized in  
2           the preceding calendar year.

3           (4) The name of any unit of government which has  
4           employed the person making the statement during the  
5           preceding calendar year other than the unit or units of  
6           government in relation to which the person is required  
7           to file.

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

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

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

25           (2) Except for professional service entities, the  
26           name of any entity and any position held therein from



1           which income of in excess of \$1,200 was derived during  
2           the preceding calendar year, if the entity does  
3           business in the State of Illinois. No time or demand  
4           deposit in a financial institution, nor any debt  
5           instrument need be listed.

6           (3) The identity of any compensated lobbyist with  
7           whom the person making the statement maintains a close  
8           economic association, including the name of the  
9           lobbyist and specifying the legislative matter or  
10          matters which are the object of the lobbying activity,  
11          and describing the general type of economic activity of  
12          the client or principal on whose behalf that person is  
13          lobbying.

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

17          (1) The name and instrument of ownership in any  
18          entity doing business with a unit of local government  
19          in relation to which the person is required to file if  
20          the ownership interest of the person filing is greater  
21          than \$5,000 fair market value as of the date of filing  
22          or if dividends in excess of \$1,200 were received from  
23          the entity during the preceding calendar year. (In the  
24          case of real estate, location thereof shall be listed  
25          by street address, or if none, then by legal  
26          description). No time or demand deposit in a financial

1 institution, nor any debt instrument need be listed.

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

10 (3) The name of any entity and the nature of the  
11 governmental action requested by any entity which has  
12 applied to a unit of local government in relation to  
13 which the person must file for any license, franchise  
14 or permit for annexation, zoning or rezoning of real  
15 estate during the preceding calendar year if the  
16 ownership interest of the person filing is in excess of  
17 \$5,000 fair market value at the time of filing or if  
18 income or dividends in excess of \$1,200 were received  
19 by the person filing from the entity during the  
20 preceding calendar year.

21 For the purposes of this Section, the unit of local  
22 government in relation to which a person required to file under  
23 item (o) of Section 4A-101 shall be the unit of local  
24 government that contributes to the pension fund of which such  
25 person is a member of the board.

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

1 (5 ILCS 420/4A-106) (from Ch. 127, par. 604A-106)

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

1 (k), and (o) of Section 4A-101 that are required to file. In  
2 preparing the lists, each chief administrative officer, or his  
3 or her designee, shall set out the names in alphabetical order.

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

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

1 is required to file with that county clerk.

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

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

20 The county clerk of each county shall note upon the  
21 alphabetical listing the names of all persons required to file  
22 a statement of economic interests who failed to file a  
23 statement on or before May 1. It shall be the duty of the  
24 several county clerks to give notice as provided in Section  
25 4A-105 to any person who has failed to file his or her  
26 statement with the clerk on or before May 1.

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

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

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

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

20 (5 ILCS 420/4A-107) (from Ch. 127, par. 604A-107)

21 Sec. 4A-107. Any person required to file a statement of  
22 economic interests under this Article who willfully files a  
23 false or incomplete statement shall be guilty of a Class A  
24 misdemeanor.

25 Failure to file a statement within the time prescribed

1 shall result in ineligibility for, or forfeiture of, office or  
2 position of employment, as the case may be; provided, however,  
3 that if the notice of failure to file a statement of economic  
4 interests provided in Section 4A-105 of this Act is not given  
5 by the Secretary of State or the county clerk, as the case may  
6 be, no forfeiture shall result if a statement is filed within  
7 30 days of actual notice of the failure to file. The Secretary  
8 of State shall provide the Attorney General with the names of  
9 persons who failed to file a statement. The county clerk shall  
10 provide the State's Attorney of the county of the entity for  
11 which the filing of statement of economic interest is required  
12 with the name of persons who failed to file a statement.

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

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

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

1 (5 ILCS 430/1-5)

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

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

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

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

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

26 "Commission" means an ethics commission created by this



1 Act.

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

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

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

14 "Employee" means (i) any person employed full-time,  
15 part-time, or pursuant to a contract and whose employment  
16 duties are subject to the direction and control of an employer  
17 with regard to the material details of how the work is to be  
18 performed or (ii) any appointed or elected commissioner,  
19 trustee, director, or board member of a board of a State  
20 agency, including any retirement system or investment board  
21 subject to the Illinois Pension Code or (iii) any other  
22 appointee.

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

26 "Gift" means any gratuity, discount, entertainment,

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

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

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

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

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

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

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

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

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

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

13 "Prohibited political activity" means:

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

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

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

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

1 political purposes or for or against any referendum  
2 question.

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

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

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

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

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

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

26 (11) Distributing, preparing for distribution, or

1 mailing campaign literature, campaign signs, or other  
2 campaign material on behalf of any candidate for elective  
3 office or for or against any referendum question.

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

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

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

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

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

16 (1) is seeking official action (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 (2) does business or seeks to do business (i) with the  
21 member or officer or (ii) in the case of an employee, with  
22 the employee or with the member, officer, State agency, or  
23 other employee directing the employee;

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

1 directing the employee;

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

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

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

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

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

6 "Ultimate jurisdictional authority" means the following:

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

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

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

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

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

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

1 board of trustees of the appropriate public institution of  
2 higher learning.

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

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

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

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

13 (15 ILCS 505/16.10 new)

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

15 Sec. 16.10. Working group; peer cost comparison. The  
16 Treasurer shall convene a working group consisting of  
17 representatives from the retirement systems, pension funds,  
18 and investment board created under the Illinois Pension Code,  
19 persons that provide investment services, and members of the  
20 financial industry. The working group shall review the  
21 performance of investment managers and consultants providing  
22 investment services for the retirement systems, pension funds,  
23 and investment board created under the Illinois Pension Code.  
24 The group shall develop uniform standards for comparing the



1 costs of investment services and make recommendations to the  
2 retirement systems, pension funds, and investment board. In  
3 performing its functions under this Section, the working group  
4 shall work in coordination with the Commission on Government  
5 Forecasting and Accountability. The Office of the State  
6 Treasurer shall provide administrative assistance to the  
7 working group as the group deems necessary and appropriate. The  
8 working group shall draft a report, and the Treasurer must  
9 submit such report, to the Governor and the General Assembly by  
10 January 1, 2011.

11 This Section is repealed on June 30, 2011.

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

17 (40 ILCS 5/1-101.2)

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

21 (1) exercises any discretionary authority or  
22 discretionary control respecting management of the pension  
23 fund or retirement system, or exercises any authority or  
24 control respecting management or disposition of its

1 assets;

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

7 (3) has any discretionary authority or discretionary  
8 responsibility in the administration of the pension fund or  
9 retirement system.

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

11 (40 ILCS 5/1-101.5 new)

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

1

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

3 Sec. 1-109.1. Allocation and Delegation of Fiduciary  
4 Duties.

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

9 (a) Appoint one or more investment managers as  
10 fiduciaries to manage (including the power to acquire and  
11 dispose of) any assets of the retirement system or pension  
12 fund; and

13 (b) Allocate duties among themselves and designate  
14 others as fiduciaries to carry out specific fiduciary  
15 activities other than the management of the assets of the  
16 retirement system or pension fund.

17 (2) The board of trustees of a pension fund established  
18 under Article 5, 6, 8, 9, 10, 11, 12 or 17 of this Code may not  
19 transfer its investment authority, nor transfer the assets of  
20 the fund to any other person or entity for the purpose of  
21 consolidating or merging its assets and management with any  
22 other pension fund or public investment authority, unless the  
23 board resolution authorizing such transfer is submitted for  
24 approval to the contributors and pensioners of the fund at  
25 elections held not less than 30 days after the adoption of such

1 resolution by the board, and such resolution is approved by a  
2 majority of the votes cast on the question in both the  
3 contributors election and the pensioners election. The  
4 election procedures and qualifications governing the election  
5 of trustees shall govern the submission of resolutions for  
6 approval under this paragraph, insofar as they may be made  
7 applicable.

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

16 (4) For the purposes of this Code, "emerging investment  
17 manager" means a qualified investment adviser that manages an  
18 investment portfolio of at least \$10,000,000 but less than  
19 \$10,000,000,000 ~~\$2,000,000,000~~ and is a "minority owned  
20 business", ~~or~~ "female owned business" or "business owned by a  
21 person with a disability" as those terms are defined in the  
22 Business Enterprise for Minorities, Females, and Persons with  
23 Disabilities Act.

24 It is hereby declared to be the public policy of the State  
25 of Illinois to encourage the trustees of public employee  
26 retirement systems, pension funds, and investment boards to use

1 emerging investment managers in managing their system's  
2 assets, encompassing all asset classes, and increase the  
3 racial, ethnic, and gender diversity of its fiduciaries, to the  
4 greatest extent feasible within the bounds of financial and  
5 fiduciary prudence, and to take affirmative steps to remove any  
6 barriers to the full participation ~~of emerging investment~~  
7 ~~managers~~ in investment opportunities afforded by those  
8 retirement systems, pension funds, and investment boards.

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

1 retirement system, pension fund, or investment board shall  
2 annually review the goals established under this subsection.

3 If in any case an emerging investment manager meets the  
4 criteria established by a board for a specific search and meets  
5 the criteria established by a consultant for that search, then  
6 that emerging investment manager shall receive an invitation by  
7 the board of trustees, or an investment committee of the board  
8 of trustees, to present his or her firm for final consideration  
9 of a contract. In the case where multiple emerging investment  
10 managers meet the criteria of this Section, the staff may  
11 choose the most qualified firm or firms to present to the  
12 board.

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

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

26 (5) Each retirement system, pension fund, or investment

1 board subject to this Code, except those whose investments are  
2 restricted by Section 1-113.2 of this Code, shall establish a  
3 policy that sets forth goals for increasing the racial, ethnic,  
4 and gender diversity of its fiduciaries, including its  
5 consultants and senior staff. Each system, fund, and investment  
6 board shall annually review the goals established under this  
7 subsection.

8 (6) On or before January 1, 2010, a retirement system,  
9 pension fund, or investment board subject to this Code, except  
10 those whose investments are restricted by Section 1-113.2 of  
11 this Code, shall adopt a policy that sets forth goals for  
12 utilization of businesses owned by minorities, females, and  
13 persons with disabilities for all contracts and services. The  
14 goals established shall be based on the percentage of total  
15 dollar amount of all contracts let to minority owned  
16 businesses, female owned businesses, and businesses owned by a  
17 person with a disability, as those terms are defined in the  
18 Business Enterprise for Minorities, Females, and Persons with  
19 Disabilities Act. The retirement system, pension fund, or  
20 investment board shall annually review the goals established  
21 under this subsection.

22 (7) On or before January 1, 2010, a retirement system,  
23 pension fund, or investment board subject to this Code, except  
24 those whose investments are restricted by Section 1-113.2 of  
25 this Code, shall adopt a policy that sets forth goals for  
26 increasing the utilization of minority broker-dealers. For the

1 purposes of this Code, "minority broker-dealer" means a  
2 qualified broker-dealer who meets the definition of "minority  
3 owned business", "female owned business", or "business owned by  
4 a person with a disability", as those terms are defined in the  
5 Business Enterprise for Minorities, Females, and Persons with  
6 Disabilities Act. The retirement system, pension fund, or  
7 investment board shall annually review the goals established  
8 under this Section.

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

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



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

2 Sec. 1-110. Prohibited Transactions.

3 (a) A fiduciary with respect to a retirement system, ~~or~~  
4 pension fund, or investment board shall not cause the  
5 retirement system or pension fund to engage in a transaction if  
6 he or she knows or should know that such transaction  
7 constitutes a direct or indirect:

8 (1) Sale or exchange, or leasing of any property from  
9 the retirement system or pension fund to a party in  
10 interest for less than adequate consideration, or from a  
11 party in interest to a retirement system or pension fund  
12 for more than adequate consideration.

13 (2) Lending of money or other extension of credit from  
14 the retirement system or pension fund to a party in  
15 interest without the receipt of adequate security and a  
16 reasonable rate of interest, or from a party in interest to  
17 a retirement system or pension fund with the provision of  
18 excessive security or an unreasonably high rate of  
19 interest.

20 (3) Furnishing of goods, services or facilities from  
21 the retirement system or pension fund to a party in  
22 interest for less than adequate consideration, or from a  
23 party in interest to a retirement system or pension fund  
24 for more than adequate consideration.

25 (4) Transfer to, or use by or for the benefit of, a

1 party in interest of any assets of a retirement system or  
2 pension fund for less than adequate consideration.

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

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

7 (2) In his individual or any other capacity act in any  
8 transaction involving the retirement system or pension  
9 fund on behalf of a party whose interests are adverse to  
10 the interests of the retirement system or pension fund or  
11 the interests of its participants or beneficiaries; or

12 (3) Receive any consideration for his own personal  
13 account from any party dealing with the retirement system  
14 or pension fund in connection with a transaction involving  
15 the assets of the retirement system or pension fund.

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

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

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

24 (3) Serving as a trustee in addition to being an  
25 officer, employee, agent or other representative of a party  
26 in interest.

1 (d) A fiduciary of a pension fund established under Article  
2 3 or 4 shall not knowingly cause or advise the pension fund to  
3 engage in an investment transaction when the fiduciary (i) has  
4 any direct interest in the income, gains, or profits of the  
5 investment adviser ~~adviser~~ through which the investment  
6 transaction is made or (ii) has a business relationship with  
7 that investment adviser ~~adviser~~ that would result in a  
8 pecuniary benefit to the fiduciary as a result of the  
9 investment transaction.

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

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

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

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

3           (40 ILCS 5/1-113.5)

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

6           (a) The board of trustees of a pension fund may appoint  
7           investment advisers as defined in Section 1-101.4. The board of  
8           any pension fund investing in common or preferred stock under  
9           Section 1-113.4 shall appoint an investment adviser before  
10          making such investments.

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

14                 (1) an investment adviser registered under the federal  
15                 Investment Advisers Act of 1940 and the Illinois Securities  
16                 Law of 1953;

17                 (2) a bank or trust company authorized to conduct a  
18                 trust business in Illinois;

19                 (3) a life insurance company authorized to transact  
20                 business in Illinois; or

21                 (4) an investment company as defined and registered  
22                 under the federal Investment Company Act of 1940 and  
23                 registered under the Illinois Securities Law of 1953.

24           (a-5) Notwithstanding any other provision of law, a person  
25          or entity that provides consulting services (referred to as a

1 "consultant" in this Section) to a pension fund with respect to  
2 the selection of fiduciaries may not be awarded a contract to  
3 provide those consulting services that is more than 5 years in  
4 duration. No contract to provide such consulting services may  
5 be renewed or extended. At the end of the term of a contract,  
6 however, the contractor is eligible to compete for a new  
7 contract. No person shall attempt to avoid or contravene the  
8 restrictions of this subsection by any means. All offers from  
9 responsive offerors shall be accompanied by disclosure of the  
10 names and addresses of the following:

11 (1) The offeror.

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

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

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

26 (b) All investment advice and services provided by an

1 investment adviser or a consultant appointed under this Section  
2 shall be rendered pursuant to a written contract between the  
3 investment adviser and the board, and in accordance with the  
4 board's investment policy.

5 The contract shall include all of the following:

6 (1) acknowledgement in writing by the investment  
7 adviser that he or she is a fiduciary with respect to the  
8 pension fund;

9 (2) the board's investment policy;

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

14 (4) a requirement that the investment adviser submit  
15 periodic written reports, on at least a quarterly basis,  
16 for the board's review at its regularly scheduled meetings.  
17 All returns on investment shall be reported as net returns  
18 after payment of all fees, commissions, and any other  
19 compensation.

20 (b-5) Each contract described in subsection (b) shall also  
21 include (i) full disclosure of direct and indirect fees,  
22 commissions, penalties, and other compensation, including  
23 reimbursement for expenses, that may be paid by or on behalf of  
24 the investment adviser or consultant in connection with the  
25 provision of services to the pension fund and (ii) a  
26 requirement that the investment adviser or consultant update

1 the disclosure promptly after a modification of those payments  
2 or an additional payment.

3       Within 30 days after the effective date of this amendatory  
4 Act of the 95th General Assembly, each investment adviser and  
5 consultant providing services on the effective date or subject  
6 to an existing contract for the provision of services must  
7 disclose to the board of trustees all direct and indirect fees,  
8 commissions, penalties, and other compensation paid by or on  
9 behalf of the investment adviser or consultant in connection  
10 with the provision of those services and shall update that  
11 disclosure promptly after a modification of those payments or  
12 an additional payment.

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

20       The disclosures required by this subsection shall be in  
21 writing and shall include the date and amount of each payment  
22 and the name and address of each recipient of a payment.

23       (c) Within 30 days after appointing an investment adviser  
24 or consultant, the board shall submit a copy of the contract to  
25 the Division of Insurance of the Department of Financial and  
26 Professional Regulation.

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

8 (e) The board of trustees of each pension fund shall retain  
9 records of investment transactions in accordance with the rules  
10 of the Department of Financial and Professional Regulation.

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

12 (40 ILCS 5/1-113.14 new)

13 Sec. 1-113.14. Investment services for retirement systems,  
14 pension funds, and investment boards, except those funds  
15 established under Articles 3 and 4.

16 (a) For the purposes of this Section, "investment services"  
17 means services provided by an investment adviser or a  
18 consultant.

19 (b) The selection and appointment of an investment adviser  
20 or consultant for investment services by the board of a  
21 retirement system, pension fund, or investment board subject to  
22 this Code, except those whose investments are restricted by  
23 Section 1-113.2, shall be made and awarded in accordance with  
24 this Section. All contracts for investment services shall be  
25 awarded by the board using a competitive process that is



1 substantially similar to the process required for the  
2 procurement of professional and artistic services under  
3 Article 35 of the Illinois Procurement Code. Each board of  
4 trustees shall adopt a policy in accordance with this  
5 subsection (b) within 60 days after the effective date of this  
6 amendatory Act of the 96th General Assembly. The policy shall  
7 be posted on its web site and filed with the Illinois  
8 Procurement Policy Board. Exceptions to this Section are  
9 allowed for (i) sole source procurements, (ii) emergency  
10 procurements, and (iii) at the discretion of the pension fund,  
11 retirement system, or board of investment, contracts that are  
12 nonrenewable and one year or less in duration, so long as the  
13 contract has a value of less than \$20,000. All exceptions  
14 granted under this Section must be published on the system's,  
15 fund's, or board's web site, shall name the person authorizing  
16 the procurement, and shall include a brief explanation of the  
17 reason for the exception.

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

25 (c) Investment services provided by an investment adviser  
26 or a consultant appointed under this Section shall be rendered

1 pursuant to a written contract between the investment adviser  
2 or consultant and the board.

3 The contract shall include all of the following:

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

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

9 (3) (i) Full disclosure of direct and indirect fees,  
10 commissions, penalties, and other compensation, including  
11 reimbursement for expenses, that may be paid by or on  
12 behalf of the consultant in connection with the provision  
13 of services to the pension fund or retirement system and  
14 (ii) a requirement that the consultant update the  
15 disclosure promptly after a modification of those payments  
16 or an additional payment.

17 (4) A requirement that the investment adviser or  
18 consultant, in conjunction with the board's staff, submit  
19 periodic written reports, on at least a quarterly basis,  
20 for the board's review at its regularly scheduled meetings.  
21 All returns on investment shall be reported as net returns  
22 after payment of all fees, commissions, and any other  
23 compensation.

24 (5) Disclosure of the names and addresses of (i) the  
25 consultant or investment adviser; (ii) any entity that is a  
26 parent of, or owns a controlling interest in, the

1 consultant or investment adviser; (iii) any entity that is  
2 a subsidiary of, or in which a controlling interest is  
3 owned by, the consultant or investment adviser; (iv) any  
4 persons who have an ownership or distributive income share  
5 in the consultant or investment adviser that is in excess  
6 of 7.5%; or (v) serves as an executive officer of the  
7 consultant or investment adviser.

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

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

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

25 (9) A description of the plan for post-performance  
26 review.

1           (10) A description of the qualifications necessary.

2           (11) The duration of the contract.

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

4           (d) Notwithstanding any other provision of law, a  
5 retirement system, pension fund, or investment board subject to  
6 this Code, except those whose investments are restricted by  
7 Section 1-113.2 of this Code, shall not enter into a contract  
8 with a consultant that exceeds 5 years in duration. No contract  
9 to provide consulting services may be renewed or extended. At  
10 the end of the term of a contract, however, the consultant is  
11 eligible to compete for a new contract as provided in this  
12 Section. No retirement system, pension fund, or investment  
13 board shall attempt to avoid or contravene the restrictions of  
14 this subsection (d) by any means.

15           (e) Within 60 days after the effective date of this  
16 amendatory Act of the 96th General Assembly, each investment  
17 adviser or consultant currently providing services or subject  
18 to an existing contract for the provision of services must  
19 disclose to the board of trustees all direct and indirect fees,  
20 commissions, penalties, and other compensation paid by or on  
21 behalf of the investment adviser or consultant in connection  
22 with the provision of those services and shall update that  
23 disclosure promptly after a modification of those payments or  
24 an additional payment. The person shall update the disclosure  
25 promptly after a modification of those payments or an  
26 additional payment. The disclosures required by this

1 subsection (e) shall be in writing and shall include the date  
2 and amount of each payment and the name and address of each  
3 recipient of a payment.

4 (f) The retirement system, pension fund, or board of  
5 investment shall develop uniform documents that shall be used  
6 for the solicitation, review, and acceptance of all investment  
7 services. The form shall include the terms contained in  
8 subsection (c) of this Section. All such uniform documents  
9 shall be posted on the retirement system's, pension fund's, or  
10 investment board's web site.

11 (g) A description of every contract for investment services  
12 shall be posted in a conspicuous manner on the web site of the  
13 retirement system, pension fund, or investment board. The  
14 description must include the name of the person or entity  
15 awarded a contract, the total amount applicable to the  
16 contract, the total fees paid or to be paid, and a disclosure  
17 approved by the board describing the factors that contributed  
18 to the selection of an investment adviser or consultant.

19 (40 ILCS 5/1-113.16 new)

20 Sec. 1-113.16. Investment transparency.

21 (a) The purpose of this Section is to provide for  
22 transparency in the investment of retirement or pension funds  
23 and require the reporting of full and complete information  
24 regarding the investments by pension funds, retirement  
25 systems, and investment boards.

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

4       (c) Any retirement system, pension fund, or investment  
5 board subject to this Code that establishes a committee shall  
6 ensure that the majority of the members on such committee are  
7 board members. If any member of a committee is not a member of  
8 the board for the system, fund, or board, then that committee  
9 member shall be a fiduciary.

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

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

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

20           (3) Current and historic return information.

21           (4) A detailed listing of the investment advisers for  
22 all asset classes.

23           (5) Performance of investments compared against  
24 established benchmarks.

25           (6) A detailed list of all consultants doing business  
26 with the retirement system, pension fund, or investment

1 board.

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

5 (8) Any requests for investment services.

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

8 (10) The report required under Section 1-109.1 of this  
9 Code, if applicable.

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

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

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

22 (40 ILCS 5/1-113.18 new)

23 Sec. 1-113.18. Ethics training. All board members of a  
24 retirement system, pension fund, or investment board created  
25 under this Code must attend ethics training of at least 8 hours

1 per year. The training required under this Section shall  
2 include training on ethics, fiduciary duty, and investment  
3 issues and any other curriculum that the board of the  
4 retirement system, pension fund, or investment board  
5 establishes as being important for the administration of the  
6 retirement system, pension fund, or investment board. The  
7 Supreme Court of Illinois shall be responsible for ethics  
8 training and curriculum for judges designated by the Court to  
9 serve as members of a retirement system, pension fund, or  
10 investment board. Each board shall annually certify its  
11 members' compliance with this Section and submit an annual  
12 certification to the Division of Insurance of the Department of  
13 Financial and Professional Regulation. Judges shall annually  
14 certify compliance with the ethics training requirement and  
15 shall submit an annual certification to the Chief Justice of  
16 the Supreme Court of Illinois.

17 (40 ILCS 5/1-125)

18 Sec. 1-125. Prohibition on gifts.

19 (a) For the purposes of this Section:

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

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

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

25 (ii) does business or seeks to do business (A) with the



1 board or (B) with a board member;

2 (iii) has interests that may be substantially affected  
3 by the performance or non-performance of the official  
4 duties of the board member; or

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

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

1 (c) A municipality may adopt or maintain policies or  
2 ordinances that are more restrictive than those set forth in  
3 this Section and may continue to follow any existing policies  
4 or ordinances that are more restrictive or are in addition to  
5 those set forth in this Section.

6 (d) To the extent that the provisions of this Section  
7 conflict with the provisions of the State Officials and  
8 Employees Ethics Act, the provisions of this Section control.

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

11 (40 ILCS 5/1-130 new)

12 Sec. 1-130. No monetary gain on investments. No member or  
13 employee of the board of trustees of any retirement system,  
14 pension fund, or investment board created under this Code nor  
15 any spouse of such member or employee shall knowingly have any  
16 direct interest in the income, gains, or profits of any  
17 investments made on behalf of a retirement system, pension  
18 fund, or investment board created under this Code for which  
19 such person is a member or employee, nor receive any pay or  
20 emolument for services in connection with any investment. No  
21 member or employee of the board of trustees of any retirement  
22 system, pension fund, or investment board created under this  
23 Code shall become an endorser or surety, or in any manner an  
24 obligor for money loaned or borrowed from any retirement system  
25 or pension fund created under this Code or the Illinois State

1 Board of Investment. For the purposes of this Section, an  
2 annuity otherwise provided in accordance with this Code or any  
3 income, gains, or profits related to any non-controlling  
4 interest in any public securities, mutual fund, or other  
5 passive investment is not considered monetary gain on  
6 investments.

7 Violation of this Section is a Class 3 felony.

8 (40 ILCS 5/1-135 new)

9 Sec. 1-135. Fraud. Any person who knowingly makes any false  
10 statement or falsifies or permits to be falsified any record of  
11 a retirement system or pension fund created under this Code or  
12 the Illinois State Board of Investment in an attempt to defraud  
13 the retirement system or pension fund created under this Code  
14 or the Illinois State Board of Investment is guilty of a Class  
15 3 felony.

16 (40 ILCS 5/1-145 new)

17 Sec. 1-145. Contingent and placement fees prohibited. No  
18 person or entity shall retain a person or entity to attempt to  
19 influence the outcome of an investment decision of or the  
20 procurement of investment advice or services of a retirement  
21 system, pension fund, or investment board of this Code for  
22 compensation, contingent in whole or in part upon the decision  
23 or procurement. Any person who violates this Section is guilty  
24 of a business offense and shall be fined not more than \$10,000.

1 In addition, any person convicted of a violation of this  
2 Section is prohibited for a period of 3 years from conducting  
3 such activities.

4 (40 ILCS 5/1-150 new)

5 Sec. 1-150. Approval of travel or educational mission. The  
6 expenses for travel or educational missions of a board member  
7 of a retirement system, pension fund, or investment board  
8 created under this Code, except those whose investments are  
9 restricted by Section 1-113.2 of this Code, must be approved by  
10 a majority of the board prior to the travel or educational  
11 mission.

12 (40 ILCS 5/14-134) (from Ch. 108 1/2, par. 14-134)

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

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

19 (a) the Director of the Governor's Office of Management and  
20 Budget; (b) the Comptroller; (c) one trustee, not a State  
21 employee, who shall be Chairman, to be appointed by the  
22 Governor for a 5 year term; (d) two members of the system, one  
23 of whom shall be an annuitant age 60 or over, having at least 8  
24 years of creditable service, to be appointed by the Governor

1 for terms of 5 years; (e) one member of the system having at  
2 least 8 years of creditable service, to be elected from the  
3 contributing membership of the system by the contributing  
4 members as provided in Section 14-134.1; (f) one annuitant of  
5 the system who has been an annuitant for at least one full  
6 year, to be elected from and by the annuitants of the system,  
7 as provided in Section 14-134.1. The Director of the Governor's  
8 Office of Management and Budget and the Comptroller shall be  
9 ex-officio members and shall serve as trustees during their  
10 respective terms of office, except that each of them may  
11 designate another officer or employee from the same agency to  
12 serve in his or her place. However, no ex-officio member may  
13 designate a different proxy within one year after designating a  
14 proxy unless the person last so designated has become  
15 ineligible to serve in that capacity. Except for the elected  
16 trustees, any vacancy in the office of trustee shall be filled  
17 in the same manner as the office was filled previously.

18 A trustee shall serve until a successor qualifies, except  
19 that a trustee who is a member of the system shall be  
20 disqualified as a trustee immediately upon terminating service  
21 with the State.

22 Notwithstanding any provision of this Section to the  
23 contrary, the term of office of each trustee of the Board  
24 appointed by the Governor who is sitting on the Board on the  
25 effective date of this amendatory Act of the 96th General  
26 Assembly is terminated on that effective date.

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

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

5            (2) six persons appointed by the Governor with the  
6 advice and consent of the Senate who may not be members of  
7 the system or hold an elective State office and who shall  
8 serve for a term of 5 years, except that the terms of the  
9 initial appointees under this amendatory Act of the 96th  
10 General Assembly shall be as follows: 3 for a term of 3  
11 years and 3 for a term of 5 years;

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

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, as provided in Section  
19 14-134.1.

20        For the purposes of this Section, the Governor may make a  
21 nomination and the Senate may confirm the nominee in advance of  
22 the commencement of the nominee's term of office. The Governor  
23 shall make nominations for appointment to the Board under this  
24 Section within 60 days after the effective date of this  
25 amendatory Act of the 96th General Assembly. A trustee sitting  
26 on the board on the effective date of this amendatory Act of

1 the 96th General Assembly may not hold over in office for more  
2 than 90 days after the effective date of this amendatory Act of  
3 the 96th General Assembly. Nothing in this Section shall  
4 prevent the Governor from making a temporary appointment or  
5 nominating a trustee holding office on the day before the  
6 effective date of this amendatory Act of the 96th General  
7 Assembly.

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

25 The trustees shall serve without compensation, but shall be  
26 reimbursed from the funds of the system for all necessary

1 expenses incurred through service on the board.

2 Each trustee shall take an oath of office that he or she  
3 will diligently and honestly administer the affairs of the  
4 system, and will not knowingly violate or willfully permit the  
5 violation of any of the provisions of law applicable to the  
6 system. The oath shall be subscribed to by the trustee making  
7 it, certified by the officer before whom it is taken, and filed  
8 with the Secretary of State. A trustee shall qualify for  
9 membership on the board when the oath has been approved by the  
10 board.

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

12 (40 ILCS 5/14-134.1) (from Ch. 108 1/2, par. 14-134.1)

13 Sec. 14-134.1. Board-elected members-vacancies. The 2  
14 elected trustees shall be elected, beginning in 1986 and every  
15 5 years thereafter, for a term of 5 years beginning July 15  
16 next following their election. The trustees to be elected under  
17 Section 14-134 of this Code in accordance with this amendatory  
18 Act of the 96th General Assembly shall be elected within 90  
19 days after the effective date of this amendatory Act of the  
20 96th General Assembly for a term of 5 years after the effective  
21 date of this amendatory Act. Trustees shall be elected every 5  
22 years thereafter for a term of 5 years beginning July 15 next  
23 following their election. Elections shall be held on May 1, or  
24 on May 2 when May 1 falls on Sunday. Candidates for the  
25 contributing trustee shall be nominated by petitions in



1 writing, signed by not less than 400 contributors with their  
2 addresses shown opposite their names. Candidates for the  
3 annuitant trustee shall be nominated by petitions in writing,  
4 signed by not less than 100 annuitants with their addresses  
5 shown opposite their names.

6 If there is more than one qualified nominee for either  
7 elected trustee, the board shall conduct a secret ballot  
8 election by mail for that trustee, in accordance with rules as  
9 established by the board.

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

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

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

17 (40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

18 Sec. 15-159. Board created. A board of trustees constituted  
19 as provided in this Section shall administer this System. The  
20 board shall be known as the Board of Trustees of the State  
21 Universities Retirement System.

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

24 Two trustees shall be members of the Board of Trustees of  
25 the University of Illinois, one shall be a member of the Board

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

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

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

3 The Board shall consist of 9 trustees appointed by the  
4 Governor. Two of the trustees, designated at the time of  
5 appointment, shall be participants of the System. Two of the  
6 trustees, designated at the time of appointment, shall be  
7 annuitants of the System who are receiving retirement annuities  
8 under this Article. The 5 remaining trustees may, but need not,  
9 be participants or annuitants of the System.

10 The term of office of trustees appointed under this  
11 subsection (c) shall be 6 years, beginning on July 1. However,  
12 of the initial trustees appointed under this subsection (c), 3  
13 shall be appointed for terms of 2 years, 3 shall be appointed  
14 for terms of 4 years, and 3 shall be appointed for terms of 6  
15 years, to be designated by the Governor at the time of  
16 appointment.

17 The terms of all trustees holding office under this  
18 subsection (c) on the effective date of this amendatory Act of  
19 the 96th General Assembly shall terminate on that effective  
20 date. The Governor shall make nominations for appointment under  
21 this Section within 60 days after the effective date of this  
22 amendatory Act of the 96th General Assembly. A trustee sitting  
23 on the board on the effective date of this amendatory Act of  
24 the 96th General Assembly may not hold over in office for more  
25 than 90 days after the effective date of this amendatory Act of  
26 the 96th General Assembly. Nothing in this Section shall

1 prevent the Governor from making a temporary appointment or  
2 nominating a trustee holding office on the day before the  
3 effective date of this amendatory Act of the 96th General  
4 Assembly.

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

8 (1) The Chairperson of the Board of Higher Education,  
9 who shall act as chairperson of this Board.

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

17 (3) Four active participants of the system to be  
18 elected from the contributing membership of the system by  
19 the contributing members, no more than 2 of which may be  
20 from any of the University of Illinois campuses, who shall  
21 serve for a term of 6 years, except that the terms of the  
22 initial electees shall be as follows: 2 for a term of 3  
23 years and 2 for a term of 6 years.

24 (4) Two annuitants of the system who have been  
25 annuitants for at least one full year, to be elected from  
26 and by the annuitants of the system, no more than one of

1 which may be from any of the University of Illinois  
2 campuses, who shall serve for a term of 6 years, except  
3 that the terms of the initial electees shall be as follows:  
4 one for a term of 3 years and one for a term of 6 years.

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

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

1 only one qualified person nominated by petition for each  
2 elected trustee, then the election as required by this Section  
3 shall not be conducted for that trustee and the board shall  
4 declare such nominee duly elected. A vacancy occurring in the  
5 elective membership of the board shall be filled for the  
6 unexpired term by the elected trustees serving on the board for  
7 the remainder of the term.

8 (f) A vacancy on the board of trustees caused by  
9 resignation, death, expiration of term of office, or other  
10 reason shall be filled by a qualified person appointed by the  
11 Governor for the remainder of the unexpired term.

12 (g) Trustees (other than the trustees incumbent on June 30,  
13 1995 or as provided in subsection (c) of this Section) shall  
14 continue in office until their respective successors are  
15 appointed and have qualified, except that a trustee appointed  
16 to one of the participant positions shall be disqualified  
17 immediately upon the termination of his or her status as a  
18 participant and a trustee appointed to one of the annuitant  
19 positions shall be disqualified immediately upon the  
20 termination of his or her status as an annuitant receiving a  
21 retirement annuity.

22 (h) ~~(d)~~ Each trustee must take an oath of office before a  
23 notary public of this State and shall qualify as a trustee upon  
24 the presentation to the board of a certified copy of the oath.  
25 The oath must state that the person will diligently and  
26 honestly administer the affairs of the retirement system, and

1 will not knowingly violate or wilfully permit to be violated  
2 any provisions of this Article.

3 Each trustee shall serve without compensation but shall be  
4 reimbursed for expenses necessarily incurred in attending  
5 board meetings and carrying out his or her duties as a trustee  
6 or officer of the system.

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

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

10 (40 ILCS 5/16-163) (from Ch. 108 1/2, par. 16-163)

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

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

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

2 Sec. 16-164. Board - appointed members - vacancies. Terms  
3 of office for the appointed members shall begin on July 15 of  
4 an even-numbered year, except that the terms of office for  
5 members appointed pursuant to this amendatory Act of the 96th  
6 General Assembly shall begin upon being confirmed by the  
7 Senate. The Governor shall appoint 3 ~~2~~ members as trustees with  
8 the advice and consent of the Senate in each even-numbered year  
9 who shall hold office for a term of 4 years, except that, of  
10 the members appointed pursuant to this amendatory Act of the  
11 96th General Assembly, 3 members shall be appointed for a term  
12 ending July 14, 2012 and 3 members shall be appointed for a  
13 term ending July 14, 2014. Each such appointee shall reside in  
14 and be a taxpayer in the territory covered by this system,  
15 shall be interested in public school welfare, and experienced  
16 and competent in financial and business management. A vacancy  
17 in the term of an appointed trustee shall be filled for the  
18 unexpired term by appointment of the Governor.

19 Notwithstanding any provision of this Section to the  
20 contrary, the term of office of each member of the Board  
21 appointed by the Governor who is sitting on the Board on the  
22 effective date of this amendatory Act of the 96th General  
23 Assembly is terminated on that effective date. A trustee  
24 sitting on the board on the effective date of this amendatory  
25 Act of the 96th General Assembly may not hold over in office  
26 for more than 60 days after the effective date of this



1 amendatory Act of the 96th General Assembly. Nothing in this  
2 Section shall prevent the Governor from making a temporary  
3 appointment or nominating a trustee holding office on the day  
4 before the effective date of this amendatory Act of the 96th  
5 General Assembly.

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

7 (40 ILCS 5/16-169) (from Ch. 108 1/2, par. 16-169)

8 Sec. 16-169. Board - secretary and other employees. The  
9 board, by a majority vote of all its members, shall appoint a  
10 secretary who shall not be a member of the board and who shall  
11 serve as the chief executive officer responsible for the  
12 detailed administration of the system.

13 The secretary and chief executive officer of the system,  
14 known as the Executive Director, holding that position on April  
15 1, 2009 is terminated on July 1, 2009, by operation of law, and  
16 shall thereafter no longer hold those positions or any other  
17 employment position with the system. The board is directed to  
18 take whatever action is necessary to effectuate this  
19 termination.

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

21 (40 ILCS 5/22A-109) (from Ch. 108 1/2, par. 22A-109)

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

24 (1) Five trustees appointed by the Governor with the

1 advice and consent of the Senate who may not hold an  
2 elective State office.

3 (2) The Treasurer.

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

6 (4) The Chairperson of the General Assembly Retirement  
7 System.

8 (5) The Chairperson of the Judges Retirement System of  
9 Illinois.

10 ~~(a) ex-officio members consisting of the State Treasurer and~~  
11 ~~the Chairman of the board of trustees of each pension fund or~~  
12 ~~retirement system, other than pension funds covered by Articles~~  
13 ~~3 and 4 of this Code, whose investment functions have been~~  
14 ~~transferred to the jurisdiction of this board; and (b) 5~~  
15 ~~members appointed by the Governor with the approval of the~~  
16 ~~Senate, one of whom shall be a senior citizen age 60 or over.~~

17 The appointive members shall serve for terms of 4 years except  
18 that the terms of office of the original appointive members  
19 pursuant to this amendatory Act of the 96th General Assembly  
20 shall be as follows: One member for a term of 1 year; 1 member  
21 for a term of 2 years; 1 member for a term of 3 years; and 2  
22 members ~~1 member~~ for a term of 4 years. ~~The member first~~  
23 ~~appointed under this amendatory Act of 1984 shall serve for a~~  
24 ~~term of 4 years.~~ Vacancies among the appointive members shall  
25 be filled for unexpired terms by appointment in like manner as  
26 for original appointments, and appointive members shall

1 continue in office until their successors have been appointed  
2 and have qualified. ~~Ex officio members who cannot attend~~  
3 ~~meetings of the board or its committees may respectively~~  
4 ~~designate one appropriate proxy from within the office of the~~  
5 ~~State Treasurer or the trustees of the pension fund or~~  
6 ~~retirement system, which proxy shall have the same powers and~~  
7 ~~authority as the ex officio member being represented, but no~~  
8 ~~member may designate a different proxy within one year after~~  
9 ~~his last designation of a proxy unless the person last so~~  
10 ~~designated has become ineligible to serve in that capacity.~~

11 Notwithstanding any provision of this Section to the  
12 contrary, the term of office of each trustee 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 Each person appointed to membership shall qualify by taking  
25 an oath of office before the Secretary of State stating that he  
26 will diligently and honestly administer the affairs of the

1 board and will not violate or knowingly permit the violation of  
2 any provisions of this Article.

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

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

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

22 The board shall contract for a blanket fidelity bond in the  
23 penal sum of not less than \$1,000,000.00 to cover members of  
24 the board, the director and all other employees of the board  
25 conditioned for the faithful performance of the duties of their  
26 respective offices, the premium on which shall be paid by the

1 board. The bond shall be filed with the State Treasurer for  
2 safekeeping.

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

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

6 Section 99. Effective date. This Act takes effect upon  
7 becoming law.".