

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by
5 changing Section 22B-120 as follows:

6 (40 ILCS 5/22B-120)

7 Sec. 22B-120. Transition period; transfer of securities,
8 assets, and investment functions.

9 (a) The transition period shall commence on January 1,
10 2020 (the effective date of Public Act 101-610) ~~this~~
11 ~~amendatory Act of the 101st General Assembly~~ and shall end as
12 determined by the board, consistent with and in the
13 application of its fiduciary responsibilities, but in no event
14 later than June 30, 2023 ~~30 months thereafter~~.

15 (b) The board may retain the services of custodians,
16 investment consultants, and other professional services it
17 deems prudent to implement the transition of assets described
18 in this Section. The permanent board of trustees shall not be
19 bound by any contract or agreement regarding such custodians,
20 investment consultants, or other professional services entered
21 into by the transition board of trustees.

22 (c) As soon as practicable after January 1, 2020 (the
23 effective date of Public Act 101-610) ~~this amendatory Act of~~

1 ~~the 101st General Assembly~~, the board, in cooperation with the
2 Department of Insurance, shall audit the investment assets of
3 each transferor pension fund to determine a certified
4 investment asset list for each transferor pension fund. The
5 audit shall be performed by a certified public accountant
6 engaged by the board, and the board shall be responsible for
7 payment of the costs and expenses associated with the audit.
8 Upon completion of the audit for any transferor pension fund,
9 the board and the Department of Insurance shall provide the
10 certified investment asset list to that transferor pension
11 fund. Upon determination of the certified investment asset
12 list for any transferor pension fund, the board shall, within
13 10 business days or as soon thereafter as may be practicable as
14 determined by the board, initiate the transfer of assets from
15 that transferor pension fund. Further and to maintain accuracy
16 of the certified investment asset list, upon determination of
17 the certified investment asset list for a transferor pension
18 fund, that fund shall not purchase or sell any of its pension
19 fund assets.

20 (d) When the Fund is prepared to receive pension fund
21 assets from any transferor pension fund, the executive
22 director shall notify in writing the board of trustees of that
23 transferor pension fund of the Fund's intent to assume
24 fiduciary control of those pension fund assets, and the date
25 at which it will assume such control and that the transferor
26 pension fund will cease to exercise fiduciary responsibility.

1 This letter shall be transmitted no less than 30 days prior to
2 the transfer date. A copy of the letter shall be transmitted to
3 the Department of Insurance. Upon receipt of the letter, the
4 transferor pension fund shall promptly notify its custodian,
5 as well as any and all entities with fiduciary control of any
6 portion of the pension assets. Each transferor pension fund
7 shall have sole fiduciary and statutory responsibility for the
8 management of its pension assets until the start of business
9 on the transfer date. At the start of business on the transfer
10 date, statutory and fiduciary responsibility for the
11 investment of pension fund assets shall shift exclusively to
12 the Fund and the Fund shall promptly and prudently transfer
13 all such pension fund assets to the board and terminate the
14 relationship with the local custodian of that transferor
15 pension fund. The Fund shall provide a receipt for the
16 transfer to the transferor pension fund within 30 days of the
17 transfer date.

18 As used in this subsection, "transfer date" means the date
19 at which the Fund will assume fiduciary control of the
20 transferor pension fund's assets and the transferor pension
21 fund will cease to exercise fiduciary responsibility.

22 (e) Within 90 days after the end of the transition period
23 or as soon thereafter as may be practicable as determined by
24 the board, the Fund and the Department of Insurance shall
25 cooperate in transferring to the Fund all pension fund assets
26 remaining in the custody of the transferor pension funds.

1 (f) The board shall adopt such rules as in its judgment are
2 desirable to implement the transition process, including,
3 without limitation, the transfer of the pension fund assets of
4 the transferor pension funds, the assumption of fiduciary
5 control of such assets by the Fund, and the termination of
6 relationships with local custodians. The adoption and
7 effectiveness of such rules and regulations shall not be
8 subject to Article 5 of the Illinois Administrative Procedure
9 Act.

10 (g) Within 6 months after the end of the transition period
11 or as soon thereafter as may be practicable as determined by
12 the board, the books, records, accounts, and securities of the
13 Fund shall be audited by a certified public accountant
14 selected by the board. This audit shall include, but not be
15 limited to, the following: (1) a full description of the
16 investments acquired, showing average costs; (2) a full
17 description of the securities sold or exchanged, showing
18 average proceeds or other conditions of an exchange; (3) gains
19 or losses realized during the period; (4) income from
20 investments; and (5) administrative expenses incurred by the
21 board. This audit report shall be published on the Fund's
22 official website and filed with the Department of Insurance.

23 (h) To provide funds for payment of the ordinary and
24 regular costs associated with the implementation of this
25 transition process, the Illinois Finance Authority is
26 authorized to loan to the Fund up to \$7,500,000 of any of the

1 Authority's funds, including, but not limited to, funds in its
2 Illinois Housing Partnership Program Fund, its Industrial
3 Project Insurance Fund, or its Illinois Venture Investment
4 Fund, for such purpose. Such loan shall be repaid by the Fund
5 with an interest rate tied to the Federal Funds Rate or an
6 equivalent market established variable rate. The Fund and the
7 Illinois Finance Authority shall enter into a loan or similar
8 agreement that specifies the period of the loan, the payment
9 interval, procedures for making periodic loans, the variable
10 rate methodology to which the interest rate for loans should
11 be tied, the funds of the Illinois Finance Authority that will
12 be used to provide the loan, and such other terms that the Fund
13 and the Illinois Finance Authority reasonably believe to be
14 mutually beneficial. Such agreement shall be a public record
15 and the Fund shall post the terms of the agreement on its
16 official website.

17 (Source: P.A. 101-610, eff. 1-1-20.)

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.